

金寶電子 KINPO ESG

KINPO 2021 SUSTAINABILITY REPORT





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Editorial Principles

Kinpo Electronics, Inc. (referred to as "Kinpo", "The Company", and "We" in this report) has embraced "Innovate, Accord, Transcend" as its business philosophy and the pursuit of corporate sustainability since its establishment in 1973.

To realize our goal of corporate sustainability, we engage in robust management to ensure stable profits, safeguard investor interests, and look after our employees. We provide a sound work environment, encourage employees to take part in social welfare activities, practice energy conservation, waste reduction, and environmental protection, and strive to fulfill our social responsibility as a good corporate citizen.

This is the ninth "Sustainability Report" to be published by Kinpo. Through this report, we hope to communicate to the general public and all stakeholders with an interest in Kinpo all the efforts and accomplishments we've made in our business activities as well as the economic, social, environmental and labor aspects. An electronic version of this report is available in the interest of environmental friendliness and can be downloaded from the ESG section of our corporate website.



Download the Kinpo Electronics ESG Report

Company website: <https://www.kinpo.com.tw>

Reporting period

The contents of disclosure in this report cover the 2021 financial year of Kinpo (January 1, 2021, to December 31, 2021).

Reporting scope

The scope of this report encompass the Taiwan sites (Shenkeng Office Building, Shenkeng Office, Tianmu Office, Nanjing E. Rd. Office, Daye Office, Hsinchu Office), China sites, Philippines sites, Thailand sites, Malaysia sites, Brazil sites, Mexico sites, and U.S. sites. Disclosure on sustainability topics therefore covers more sites compared to 2020. Some projects will also feature past content from 2020 and 2021 to provide a more complete picture of the topics and our performance.

Guidelines

- Global Reporting Initiative (GRI): GRI Standards Core option
- Sustainability Accounting Standards Board (SASB): Hardware Industry
- Taiwan Stock Exchange: Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- United Nations: Sustainable Development Goals (SDGs)
- Financial Stability Board (FSB): Task Force on Climate-related Financial Disclosures (TCFD)

Third-party Assurance

The contents of this report were prepared in accordance with the GRI Standards. Limited Assurance was carried out by the accounting firm Ernst & Young in accordance with SAES No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation (based on the International Standard on Assurance Engagements IASE 3000). The independent assurance report of the CPA is included as Attachment 1.

All financial disclosures in this report were sourced from the annual report certified by the accounting firm Ernst & Young. The information security, environmental, safety and health management systems mentioned in this report undergo not only regular internal audits but also external ISO audits.

Publication

Report first published in 2014
Current report published in September 2022
Next report to be published in June 2023

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Our Accomplishments



Green Environment

- Improvements to efficiency of energy-intensive equipment is expected to save **4,698,377 kWh/year**
- Renewable energy accounts for **3.5% of total power usage**
- Construction of a **sustainable supply chain management mechanism**
- Active participant in the Carbon Disclosure Project (CDP) since 2018, and the climate change disclosure in 2021 was rated **Management level**



Social Inclusion

- Delivering charity assistance to disadvantaged rural regions - **85 employees** donated **NT\$730,000**
- Blood donation drive - **102 employees** rolled up their sleeves and donated **142 bags of blood**
- Hosted the "147 Charity Bazaar" and raised **NT\$12,280**



Corporate Governance

- Revenue: **NT\$139.778 billion**
- Net profit: **NT\$221 million**
- Earnings per share: **NT\$0.01**
- Taiwan sites obtained **ISO 27001 information security** certification through external audit
- Set up the Risk Management Committee to establish a **robust risk management mechanism**
- Set up the **Sustainability Committee** to enforce sustainable corporate development



Happy Workplace

- Introduced an e-learning platform that conducted classes for up to **2,890** people; information was viewed **5,776** times
- Newborn subsidy program of **NT\$66,000** per child disbursed **NT\$3,489,000** in subsidies
- Held a walkathon to promote employee physical, mental and **spiritual well-being** that was attended by **335** people; **189** employees took part in a weight-loss competition and lost more than **400 kg**



From the Management

Welcome to the Kinpo 2021 Sustainability Report, the ninth to be published by Kinpo. We believe that corporate sustainability is a process of continuous improvement, so the preparation of the Environmental, Social, and Corporate Governance (ESG) report each year serves as a way for Kinpo to review all of our actions in environmental, social and corporate governance. The ESG framework was introduced in accordance with the GRI Sustainability Reporting Standards to systematically disclose our practices in each sustainability aspect, and to help stakeholders understand the sustainability initiatives adopted by Kinpo in the three main aspects of ESG.

In 2021, we witnessed repeated surges of the COVID-19 pandemic and the growing threat of extreme climate around the world. As a key member of the global technology industry, Kinpo continued to uphold its business philosophy of "innovate, accord, transcend", and the Company gave its support to the UN Sustainable Development Goals by setting up the "Sustainability Committee". The Committee also met for the first time to formulate our policies and goals on sustainable development in order to demonstrate our commitment to combating climate change by taking action on net zero carbon as well as our initiatives in social responsibility and corporate governance.

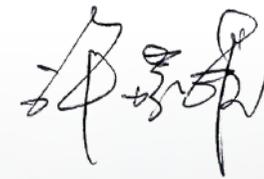
We strongly believe that the relationship between corporate growth and the ecological environment is a symbiotic one. Extensive planning therefore went into greenhouse gas inventories, planning of science-based carbon reduction targets, improving the efficiency of energy-intensive equipment, and renewable energy to establish a carbon neutral management capability. At the same time, we hoped to expand sustainable management beyond our own immediate operations. By collaborating with upstream and downstream partners to define a sustainable supply chain mechanism we can work together to bring about low-carbon sustainability throughout the entire industry.

In addition to the strengthening of environmental sustainability, we also believe that "people" are crucial to sustainability. In the last two years, we not only maintained the continuity of operations at the Company while protecting the health and safety of our employees, we also encouraged employees to engage in lifelong learning through the e-learning platform. The Group also worked through the "Hsu Chauing Social Welfare Charity Foundation", our corporate charity, to expand our social engagement capability, support disadvantaged groups and rural education, and give back to society in diverse ways.

In terms of governance, revenue reached a 5-year high in 2021. Risk management rules were also formulated to reduce the risk in business operations. ISO 27001 certification on information security was obtained as well to build the best cybersecurity defenses. We also continued to host innovation proposal challenges to build our innovation ability and capacity.

Sustainability is about constant improvement rather than perfection. More importantly, one must act right now in order to face the challenges of a swiftly-changing world. Kinpo now considers ESG to be critical for enhanced competitiveness. A vertically-integrated approach to change and management has been adopted along with systematic management strategies and action plans. At the same time, we rely on everyone at Kinpo working together at their respective posts in order to continue forging ahead along the path to sustainability.

Chairperson Hsu, Sheng-Hsiung,
Kinpo Electronics



General Manager Chen, Wei-Chang,
Kinpo Electronics



Chapter 1

Sustainability Management

KINPO **2021**
SUSTAINABILITY
REPORT



1.1 Company Profile

Kinpo Electronics was founded in 1973 and started out making calculators. After nearly five decades of development, we are now an international Electronics Manufacturing Services (EMS) provider producing a variety of different products. We supply customers with innovative technologies as well as products and services for global operations including calculators, printers, storage devices, domestic appliances, network communication products, and more.

Operating Locations

Kinpo has leveraged its years of expertise in lean production to set up production locations all around the world. Our operations in China, Southeast Asia, and Central and South America provide customers with the highest quality of products and services. By siting production locations near our markets we reduce logistics costs for the customer and meet environmental targets; a highly-efficient ERP platform is used within the Company to strengthen internal management and provide customers with accurate shipping information. The use of an app data management system breaks down the constraints of time and space. Our real-time management application system provides a win-win outcome for both the Company and our customers.

Company Profile

Company name Kinpo Electronics, Inc.

Stock code TWSE 2312

Location of headquarters 10F, No.99, Sec. 5, Nanjing E. Rd., Taipei City, Taiwan

Management Chairperson: Hsu, Sheng-Hsiung / General Manager: Chen, Wei-Chang

Employees 55602

Primary businesses Manufacture, processing, buying and selling of consumer electronics, network communication products, and video products.

Date established April 24, 1973

Registered capital NT\$14.7 billion

Operating income NT\$139.778 billion

Company website <https://www.kinpo.com.tw/>

Kinpo Global Locations



1.3 Business Overview

Financial performance

Year	2019	2020	2021
Consolidated revenue (NT\$100 million)	1375.55	1282.19	1397.78

Product distribution

Year/Percentage	2019	2020	2021
Consumer electronics	98.18	97.61	97.16
Other	1.82	2.39	2.84
Total	100	100	100

Products and Services



Electronic calculators

Kinpo's competitive advantages in design, manufacturing, pricing, production and sales help customers maximize their market share.



Home networking products

The introduction of ultra-high definition or 4K premium TV subscription services have generated demand for upgrades.



Domestic vacuum cleaners and hairstyling appliances

Greater emphasis on hygiene, cleanliness and epidemic prevention due to COVID-19 helped boost market demand. It reduced people's willingness to visit hair salons and made the use of various hairstyling appliances at home the new norm. As a result, the market for hairstyling appliances is continuing to grow at a steady rate.



Printers and peripherals

There has been a large jump in demand for entry-level printers due to printing requirements associated with working and studying from home.



Plastic molds

The optimization of production processes and introduction of production automation reduces the dependence on manpower and personnel costs.



Storage products

The development of new businesses based on cloud and corporate storage requirements continues to boost the non-PC storage share of our business.

Taxation Policy

The following taxation principles on taxation governance were implemented by the Company in pursuit of sustainability and to implement corporate social responsibility:

1. Compliance principle: Comply with local tax laws through the honest filing and paying of taxes on time in order to fulfill our social responsibility as taxpayers.
2. Transparency principle: Disclose taxation information in financial statements as required by regulations to ensure our transparency.
3. Business policy principle: Related party transactions are conducted in accordance with the OECD Transfer Pricing Guidelines.
4. Arm's length principle: The pricing and terms for related party transactions should be similar to those of non-related party transactions.
5. Proactive communications principle: Establish mutual trust and respect through communication with taxation authorities.
6. Holistic decision-making principle: The Company takes the tax implications of all material transactions and decisions into account.
7. Legal tax mitigation principle: Use only legal and transparent tax incentives rather than engage in illegal tax avoidance.
8. Risk management principle: Assess related risks and adopt appropriate measures for the formulation and execution of the tax policy.

1.4 Sustainability Commitment and Implications

Kinpo focuses on the three ESG axes of Environment, Society, and Corporate Governance with the three aspects of ESG - Economy, Society, Environment - as its framework. Added to this is our corporate commitment to employees and value chains. The UN SDGs are then combined with our corporate core vision and philosophy as well as short, medium, and long-term strategies and action plans to establish a comprehensive structure for the promotion and development of sustainability.

NKG Sustainability Strategy Axes



Environment

Innovative production and environmental friendliness



Social

People-centric and harmonious inclusion

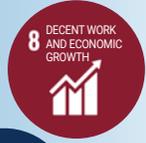


Governance

Sustainability governance and renewed pursuit of excellence



Core ESG	Five Main Axes	Strategy/Plan	SDGs	Corresponding GRI Standards Topic	Corresponding Section
Economy	Corporate Governance (G)	Ethical management Compliance Risk management Internal control Economic performance Information security		GRI 201: Economic performance GRI 205: Anti-corruption GRI 307: Environmental compliance GRI 419: Socioeconomic compliance	Chapter 2 Sustainable Governance Chapter 5 Partnerships
Environment	Environmental Sustainability (E)	Energy management Water resources Chemicals		GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 306: Effluents and waste	Chapter 4 Sustainable Environment
Society	Social Engagement (S)	Looking after the disadvantaged Local engagement		NA	Chapter 7 Social Inclusion
	Employee care	Respect for human rights Occupational health and safety Work-life balance Personnel development		GRI 202: Market presence GRI 401: Employment GRI 403: Occupational health and safety GRI 404: Training and education GRI 405: Diversity and equality opportunity GRI 406: Non-discrimination GRI 408: Child labor GRI 412: Human rights assessment	Chapter 6 Employee Care
	Value chain relationship	Customer commitment Supplier management		GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	Chapter 5 Partnerships
Innovative research and development Green production Quality management			GRI 417: Marketing and labeling GRI 416: Customer health and safety GRI 418: Customer privacy	Chapter 3 R&D Innovation	

Short-term Goals 2022-2024			Medium-term Goals 2025-2027	Long-term Goals 2028-2030	SDGs	
Environment						
Green Product Design	<ul style="list-style-type: none"> Zero violations in hazardous substance management Green design workshop C2C certification for products 	<ul style="list-style-type: none"> NKG green design standards 	<ul style="list-style-type: none"> Introduce life cycle assessment Develop low-carbon products 	<ul style="list-style-type: none"> Set up sustainable materials inventory Transition to circular economy 	   	
Greenhouse Gas Management	<ul style="list-style-type: none"> 100% of plants ISO 14064 certified Submit STB commitment 	<ul style="list-style-type: none"> NKG 50th anniversary climate declaration Implement carbon pricing Introduce ISO 14067 Propose a carbon neutrality road map 	<ul style="list-style-type: none"> Submit SBT targets CDP Leadership 	<ul style="list-style-type: none"> Achieve medium-term SBT targets Commit to SBT Net Zero Propose Net Zero road map 		<ul style="list-style-type: none"> Carbon neutrality of NKG headquarters Achieve the SBT 1.5°C target
Energy Management	<ul style="list-style-type: none"> Establish energy baseline and targets Establish an energy monitoring system (Shenkeng) 	<ul style="list-style-type: none"> Set renewable energy target RE100 initiative Introduce ISO 50001 	<ul style="list-style-type: none"> Establish an energy monitoring system (overseas plants) ISO 50001 certification of plants 	<ul style="list-style-type: none"> 30% reduction in energy consumption at NKG headquarters 		<ul style="list-style-type: none"> 50% reduction in energy consumption at NKG headquarters RE100 at NKG headquarters 100% use of electric company vehicles at NKG headquarters
Value Chain Management	<ul style="list-style-type: none"> Promote supply chain sustainability assessment 	<ul style="list-style-type: none"> COC signed by 100% of key suppliers GHG inventory 	<ul style="list-style-type: none"> Setting of carbon reduction targets for supply chain 	<ul style="list-style-type: none"> 100% compliance from key suppliers on NKG sustainable purchasing guidelines Establish ISO 20400-compliant sustainable purchasing and supply chain 		
Social						
Talent Recruitment and Retention	<ul style="list-style-type: none"> Create an equitable and harmonious working environment where employees fulfill their potential. Employee retention > 70% 		<ul style="list-style-type: none"> Motivate employees by continuing to provide a performance evaluation system that is more comprehensive and connected to more competitive compensation Employee retention > 75% 	<ul style="list-style-type: none"> Continue to construct a more diverse, inclusive and friendly work environment that attracts quality talent from more nationalities Employee retention > 80% 	   	
Salary and Benefits	<ul style="list-style-type: none"> Employee satisfaction survey > 80% Reinstatement rate after unpaid parental leave > 80% 		<ul style="list-style-type: none"> Employee satisfaction survey > 85% Reinstatement rate after unpaid parental leave > 85% 	<ul style="list-style-type: none"> Employee satisfaction survey > 90% Reinstatement rate after unpaid parental leave > 90% 		
Talent Development	<ul style="list-style-type: none"> Increase the budget and number of education and training courses to enhance employee skills and added value Hours of training per person > 10 hours 		<ul style="list-style-type: none"> Combine with employee promotion credit policy to encourage employee participation in various core and management competency training courses on their own initiative Hours of training per person > 12 hours 	<ul style="list-style-type: none"> Incubate the overall management and core competencies of talented people needed for key management positions within the group Hours of training per person > 15 hours 		
Human Rights, Diversity, and Inclusion	<ul style="list-style-type: none"> Labor disputes < 5% Attendance rate for education and training on human rights > 80% Proportion of women in management > 30% 		<ul style="list-style-type: none"> Labor disputes < 4% Attendance rate for education and training on human rights > 85% Proportion of women in management > 35% 	<ul style="list-style-type: none"> Labor disputes < 3% Attendance rate for education and training on human rights > 90% Proportion of women in management > 40% 		
Occupational Health and Safety	<ul style="list-style-type: none"> ISO 45001 certification for Taiwan headquarters 		<ul style="list-style-type: none"> ISO 45001 certification for all overseas plants 	<ul style="list-style-type: none"> Mentor and help 80% of suppliers to obtain ISO 45001 certification 		
Governance						
Strengthening the Structure of the Board of Directors	<ul style="list-style-type: none"> Enforce the target of rejuvenating the Board of Directors Enhance mutual independence among members of the Board Increase the proportion of female directors 		<ul style="list-style-type: none"> Add the requirement for external evaluation of Board performance to be conducted at least once every 3 years Increase the number of independent directors to 1/3 of all seats At least 1/2 of independent directors must have served no more than 3 consecutive terms 	<ul style="list-style-type: none"> Set up the Risk Management Committee for systematic management of company risks Set up non-statutory functional committees such as the Nomination Committee and Sustainability Committee 	  	
Optimization of Corporate Governance	<ul style="list-style-type: none"> Continue to optimize corporate governance and improve performance in "Corporate Governance Evaluation" as required by government agencies Continue to promote the signing of the Ethical Management Statement by directors and managers Continue to promote and provide directors with diverse continuing education courses Provide a variety of channels for participation in shareholders' meetings and amend the articles to allow for participation through video conferencing etc. 		<ul style="list-style-type: none"> Incorporate risk management into the Company's risk management and identify the different risks brought about by climate change using TCFD Enhance external communications and increase the frequency of investor conferences for communicating with investors 	<ul style="list-style-type: none"> Maintain technological innovation and win over the market through differentiation from peers 		
Enforcing Corporate Sustainability	<ul style="list-style-type: none"> Obtain third-party assurance for the sustainability report Publish an English version of the sustainability report 		<ul style="list-style-type: none"> Achieve recognition from domestic ESG awards 	<ul style="list-style-type: none"> Achieve recognition from international ESG awards 		
Upgrading Information Security	<ul style="list-style-type: none"> Keep customer complaints over privacy at zero Continue to refine the ISO 27001 information security management system Strengthen information security awareness for all employees and reduce risks through continuous improvement 		<ul style="list-style-type: none"> Establish a consistent information security governance system across all group business units 	<ul style="list-style-type: none"> Establish a joint information security system to strengthen management synergies across the group 		

1.5 2021 Accomplishments

Environment

Developing carbon neutrality management capability

1. GHG inventory at 80% of plants passed third-party ISO 14064 certification (100% plant certification expected by September 2022).
2. Planning of Science Based Target - Materiality identification for Scope 3.
3. Improvements to efficiency of energy-intensive equipment are expected to save 4,698,377 kWh/year.
4. Renewable energy accounted for 3.5% of total power usage in 2021.

Enhancing NKG green design creativity

Total carbon reduction

73,907 t CO₂ e

Total electricity savings

38,180 kWh

Total waste reduction

22,792 tonnes

Total water savings

93.5 tonnes

1. Sustainable materials - Use of materials with low environmental impact

- Consolidation of power supply conversion ICs for all network communication products improved product energy efficiency by 2%.
- USB cable length shortened from 60" to 24".
- PCB fusion design reduced waste boards by 6%.
- Reduction of PCB dimensions reduced PCB usage by 7%.
- Substitution of RCP resin reduced demand for natural resources.
- Replaced virgin plastic with recycled plastic.

2. Sustainable production - Lowering the environmental impact of production processes

- Replaced screws with snaps to reduce the amount of waste generated.
- Eliminated plastic electroplating process for ABS plastic to improve recycling rate.
- Introduced rainwater recovery system for spray painting booths.

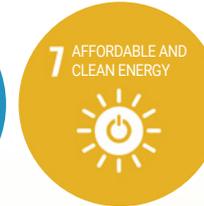
3. Green packaging and transportation - Promotion of green packaging and transportation

- Replaced ABS plastic blister packs with cardboard packaging.
- Switched from air bags (LLDPE) to paper cushions (paper materials).
- Switched from plastic to recyclable paper for UPC labels on cardboard boxes.
- Switched to QR codes for the user manuals of Verifone products to reduce paper consumption by 75%.
- Eliminated power cords from printer accessory packs.
- Changed to molded cardboard packaging.

Establishment of a sustainable supply chain management mechanism —

Formulated a sustainable supply chain management framework

Corresponding SDGs



Social

Introduced an e-learning platform for talent development in any location

- Developed an e-library and online learning platform to support the daily learning of employees

Promoted sporting lifestyles to look after the physical, mental and spiritual well-being of employees

- Held a walkathon attended by 335 people; and a weight-loss competition that 189 employees took part in to lose more than 400 kg altogether

Helped fight the aging population by providing childbirth incentives

- Launched the "66 Program" to offer every employee a newborn subsidy of NT\$66,000 per child; a total of NT\$3,498,000 in subsidies was disbursed to 53 newborns in 2021.

Assisted employees with epidemic prevention to safeguard employee health

- Work From Home (WFH) and staggered shifts were implemented during the COVID-19 epidemic to safeguard employee health. An in-house app was also used for epidemic prevention education and management to keep company operations running smoothly. Paid vaccination leave was introduced to encourage employees to get vaccinated. In 2021, vaccination leave was used 505 times for a total of 12,303 hours/1,538 days of leave. The total cost of paid leave to the Company was NT\$3,841,764.

Delivering charity to the disadvantaged in rural areas

- Kinpo partnered with Hsu Chauing Social Welfare Charity Foundation to organize the "Dreams on Wings" program and Lunar New Year outreach activities; a total of 85 employees volunteered and raised NT\$730,000 in donations.

Encouraging employee participation and building an inclusive society

- Blood donation drive - 102 employees rolled up their sleeves and donated 142 bags of blood
- Hosted the "147 Charity Bazaar" and raised NT\$12,280
- Donated 16 boxes containing 214 pairs of used shoes to the "Shoes for Life" campaign organized by the "Step 30 International Ministries".

Corresponding SDGs



Governance

There were no incidents of anti-competitive and monopolistic behavior in the last three years

Boosted value and set new standards

- Revenues reached 5-year high

Strengthened integrity of the information security management system

- Obtained ISO 27001 information security certification through external audit

Integrated resources and sustained innovation

- Recognized as a Top 100 Global Innovator by the international research firm Clarivate
- Hosted a competition for innovative proposals to encourage innovative thinking

Enhanced global governance and strengthened the risk management system

- Formulated risk management regulations

Enforced sustainable corporate development

- Established the Sustainability Committee with defined goals and organization
- Expanded internal and external sustainability communications by publishing the NKG international sustainability publication (founding issue of Sustainability News released in November 2021)

Corresponding SDGs



Sustainability Management Organization



Kinpo ESG Working Groups

Environmental Sustainability Team		Social Inclusion Team		Sustainable Governance Team
Supply Chain Management	Sustainable Production	Employee care	Social Engagement	Corporate Governance
Responsible Minerals Management	Greenhouse gas management	Friendly working environment	Charity assistance	Economic performance
Restricted substance management	Energy management	Compensation and benefits	Philanthropy	Ethical management
Supply chain sustainability management	Green product design	Labor relations	Community engagement	Compliance
Green procurement	Water resource management	Education and training		Information security
Local purchasing	Waste management			Intellectual property rights
Water resource management				

Sustainability Management Organization and Operation

The "Sustainability Committee" was set up by the Company to enforce corporate governance to satisfy the requirements of government laws and regulators. The Committee is composed of senior executives and is divided into three functional working groups. Each group is responsible for a separate aspect of the Company's ESG sustainability activities and their incorporation into routine corporate operations. Related measures are periodically reported to the Board of Directors by the Committee to bring about the implementation of corporate governance as well as social and environmental sustainability.

Organization	Meeting/Publishing Frequency	Task
Board of Directors	Irregularly 5 times in 2021	Provide periodic guidance and supervision on the sustainability activities and performance of the Company based on the Company's operational status and current circumstances.
Sustainability Committee	Every 6 months	The Committee is composed of senior executives and is the top-decision body on corporate sustainability. It also engages in bilateral communication with the Board of Directors to improve the effectiveness of execution. Optimal use is made of external developments (e.g. regulations, economy, market, changes in the macro environment) and internal resources (e.g. company developments, company vision) to formulate the sustainable development goals and vision of the Company.
Sustainability Committee Task Force	Monthly	The Task Force is made up of senior executives from each team. It provides regular performance reports on corporate governance, environmental sustainability and social inclusion as well as follow-up and improvements.
Sustainability Committee Working Groups	Every 2 weeks	Exchange information on the three aspects of corporate governance, environmental sustainability and social inclusion as well as interdepartmental coordination of resources and related initiatives.
Sustainability News	Quarterly	Report on the practices and recommendations of benchmark companies in the three aspects of corporate governance, environmental sustainability and social inclusion in order to serve as the platform for internal exchange and communication between employees.

1.6 Stakeholder Identification and Material Topics Analysis

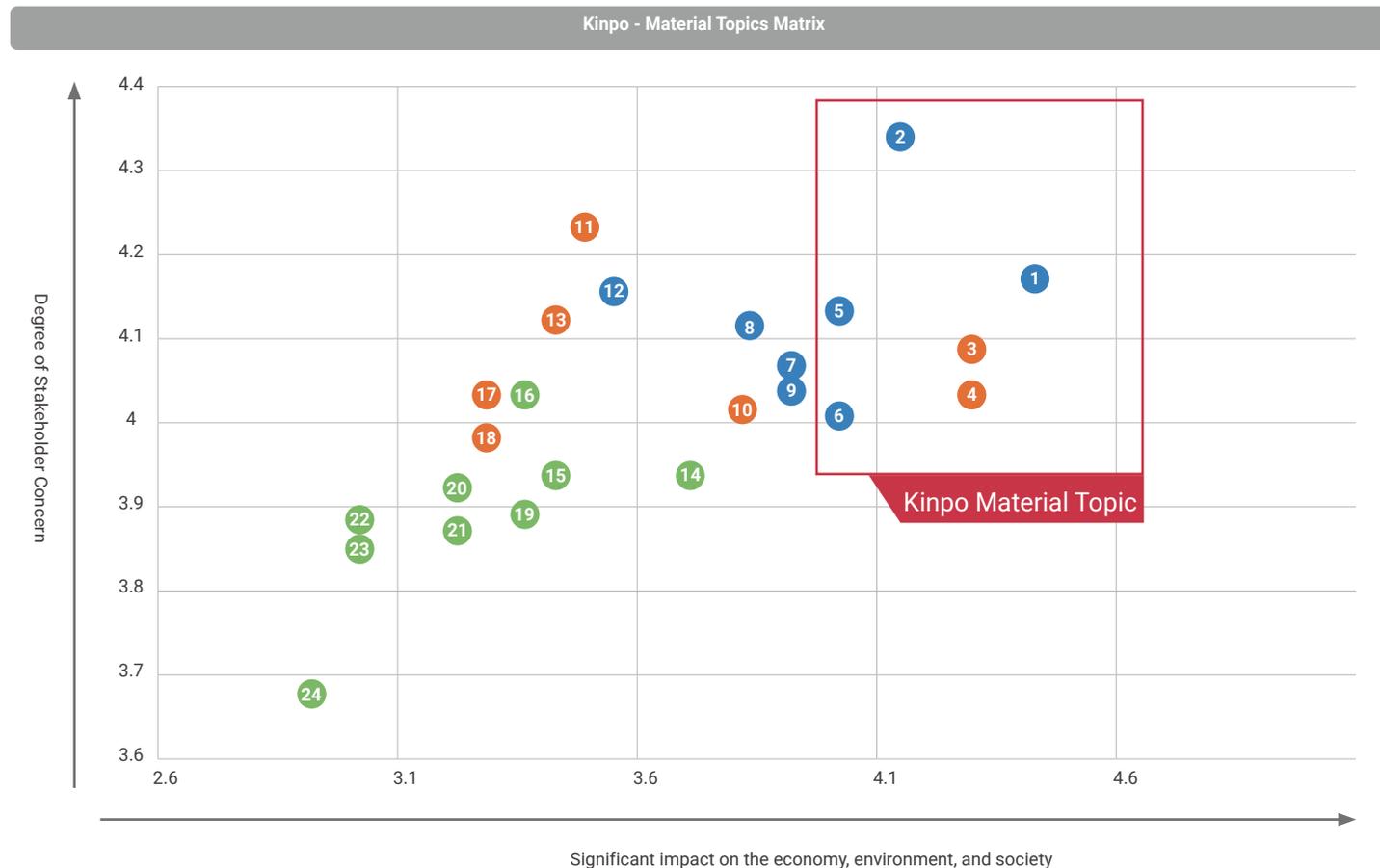
Stakeholder Identification

The AA1000 Stakeholder Engagement Standard (AA1000 SES) is used by Kinpo as the criteria in accordance with the GRI Standards. Analysis based on the five principles of Responsibility, Influence, Tension, Communication Frequency, and Dependency identified the six key stakeholders as Employees, Customers, Suppliers, Government Agencies, Shareholders/Investors, and Media. The main topics of communication and communication frequency were as follow:

Important economic, social and environmental topics on the international level and in the industry were compiled to promote the sustainability of Kinpo. The sustainability topics of concern to stakeholders were identified through materiality analysis.

The 2021 Material Topic Matrix is as shown below:

Matrix of Material Topics for Stakeholder Engagement



- Economic Aspect**
 - 1 Financial Performance
 - 2 Business Continuity Management
 - 5 Product Quality Management
 - 6 Risk management
 - 7 Information security
 - 8 Innovative research and development
 - 9 Corporate Governance
 - 12 Ethical Management and Compliance
- Social Aspect**
 - 3 Talent Recruitment and Retention
 - 4 Salary and Benefits
 - 10 Education and training
 - 11 Occupational Health and Safety Management
 - 13 Corporate Image
 - 17 Human Rights
 - 18 Social Engagement
- Environmental Aspect**
 - 14 Climate Change Response
 - 15 Green Products
 - 16 Supplier management
 - 19 Energy management
 - 20 Waste management
 - 21 Material Management
 - 22 Greenhouse gas management
 - 23 Effluent and Wastewater Management
 - 24 Air Pollution Prevention

Order of Materiality	Topic	Organizational Significance/Critical Risks and Opportunities	Company Strategy and Goals	Corresponding Section
1	Financial Performance (GRI 201)	Create value for customers by partnering with the supply chain to pursue technological, process, product, and strategic innovation while taking market trends and customer requirements into account.	Utilize our global presence and leverage group synergies to introduce new customers and products that boost the overall profitability of the Company.	Chapter 1 Sustainability Management 1.2 Business Overview
2	Business Continuity Management (GRI103)	Ensure the continuity of operations when the organization is affected by natural or man-made disasters. Combine preventive and recovery management measures and procedures to mitigate and limit disruption to operations from disasters and management deficiencies to an acceptable level.	Introduce ISO 22301 to enhance the responsiveness and strategic execution ability of personnel as well as enhance the effectiveness of the Company's overall operations. Implement business continuity management and planning to minimize the impact and disruption caused by accidents, disasters, or management deficiencies.	Chapter 2 Corporate Governance 2.4 Risk Management Policy
3	Talent Recruitment and Retention (GRI202)	People are the basic building blocks and the most important asset of any business. A sound talent recruitment and retention strategy/plan must be put into place to prevent the loss of critical talent due to retirement of key personnel, strong employment market, or headhunting by other companies.	Diverse and innovative recruitment channels are used to construct a diverse, inclusive and friendly work environment in order to attract talented people from around the world. We also strive to build a happy workplace where everyone works together to realize sustainable growth for customers and the Company.	Chapter 6 Employee Care 6.1 Human Resource Management Policy 6.2 Salary and Benefits 6.3 Employee Development 6.4 Employee Communication 6.5 Employee Health
4	Salary and Benefits (GRI404)	Analyze and review the current state of internal compensation and benefits and take appropriate measures to maintain the overall competitiveness of compensation packages.	Provide a fair, competitive, and motivating compensation and benefit system that encourages employee productivity and the pursuit of excellence. Company profits are also shared with employees to boost employee loyalty and create a win-win outcome for both the employer and employees.	Chapter 6 Employee Care 6.1 Human Resource Management Policy 6.2 Salary and Benefits 6.4 Employee Communication
5	Product Quality Management (GRI417)	Provide high quality products and services in a sustained and consistent manner through quality improvements in R&D, production and management. Enhance the core competitiveness of the Group and aim for a win-win outcome with customers.	Uphold the quality policy of "providing customers with satisfactory products and services, doing things right the first time, continuing to improve and excel in the pursuit of quality" in order to deliver the quality expected by customers. Utilize quality management certifications such as ISO 13485, IATF 16949, TL 9000 and AS 9100 to construct a total sustainable quality management system that ensures the delivery of the best product and service quality to customers, to enhance the competitiveness of the overall industry chain.	Chapter 3 R&D Innovation 3.4 Quality Management
6	Climate Change Response (GRI201-2)	Take action to support international initiatives and national policies, identify the risks and threats brought about by climate change, and prepare in advance for climate resilience to reduce the risk of financial impact. The effectiveness of energy management is also to be assured through the introduction of international management systems.	Introduce the TCFD framework and energy management practices and set medium and long-term energy conservation targets. Maintain the PDCA cycle to ensure that energy conservation goals can be achieved.	Chapter 4 Environmental Friendliness 4.2 Climate-related Financial Disclosures and Risks
7	Energy management (GRI302)	Ensure effective energy management over the long-term through a sound energy system.	Ensure the effectiveness of energy management through the introduction of international management systems.	Chapter 4 Environmental Friendliness 4.4 Energy Management
8	Greenhouse gas management (GRI305)	GHG net zero emissions is the main challenge in the climate crisis. Promoting net zero emissions may lead to higher operating costs but the transition to net zero operations may also generate new business opportunities.	Establish baseline GHG data, obtain ISO 14064 certification, and introduce science-based carbon reduction targets in order to develop carbon reduction initiatives such as energy-efficiency projects, renewable energy, carbon rights, and so on. Promote a sustainable supply chain for mitigation of Scope 3 emissions. Goal: Achieve carbon neutrality for NKG Headquarters by 2030 Achieve net zero emissions at NKG operating locations by 2050	Chapter 4 Environmental Friendliness 4.3 Greenhouse Gas Management

Explanation of significant changes to material topics in 2021 compared to 2020: (1) Stakeholder and material topic identification was conducted for the first time in 2021

1.7 Stakeholder Communication Channels

Stakeholder	Significance to Kinpo	Main Topics of Communication	Communication Channel and Window	Frequency	Our Response and Actions
 Employees	People are the most important asset of the Company. Kinpo became a world-class enterprise through the efforts of our employees around the world.	Labor and Human Rights Labor Relations Compensation and Benefits Training and Education Environmental Health and Safety	<ul style="list-style-type: none"> Labor Health and Safety Meeting Employee Welfare Committee Employee Satisfaction Survey Employee Suggestion Box Contact: Ms. Hsu - Opinion@kinpo.com.tw <ul style="list-style-type: none"> New hire satisfaction survey Performance interview and evaluation 	Quarterly Monthly Periodic announcement Processed immediately	<ul style="list-style-type: none"> In 2021, Labor Health and Safety Meetings were held once per quarter for a total of 4 sessions In 2021, the Employee Welfare Committee convened 3 times. An employee satisfaction survey was conducted by the General Administration Department in 2021, and the average score was 8 out of 10. In 2021, performance evaluations were conducted in the first and second half of the year as planned Around 200 e-mails on company epidemic prevention measures were sent at various times (an average of 4 e-mails a week) The "CEO Town Hall" was held 11 times for employee communication during 2021 A total of 20 employee complaints were received in 2021
 Customers	Uphold a customer-oriented approach to satisfying customer requirements and supply the best service and products through continuous innovation.	Products and Services Labor and Human Rights Energy management and reduction Environmental Health and Safety Risk management	<ul style="list-style-type: none"> Customer satisfaction survey Customer questionnaire or on-site audit Global support center and after-sales service Contact window: Mr. Lo - Customer@kinpo.com.tw <ul style="list-style-type: none"> International exhibitions for electronic products Launch conferences for new customer products 	Annually As required	<ul style="list-style-type: none"> The brand global call center serviced 8,961 cases in 2021, including 1,267 repair service cases.
 Suppliers/ Contractors	Suppliers provide Kinpo with outstanding products and services. We strive to realize sustainability through cooperation based on mutual trust.	Products and Services Supplier management	<ul style="list-style-type: none"> Supplier web portal Supplier evaluation Contact window: Mr. Wu - Ethics@kinpo.com.tw <ul style="list-style-type: none"> Supplier audit/contractor evaluation Supplier conference 	Annually Quarterly As required	<ul style="list-style-type: none"> In addition to requiring suppliers to sign the "Conflict Minerals Policy Statement" in 2021, we also conducted due diligence on minerals in the supply chain.
 Government Agencies	Respond to the regulatory requirements issued by local governments and work together to create a sound work environment.	Compliance Environmental Health and Safety Energy management and reduction Complaint mechanism	<ul style="list-style-type: none"> Official correspondence/questionnaire survey Awards and competitions Legislative information seminars/symposiums Contact Window: Ms. Winnie Gu - Winnie_gu@ kinpo.com.tw	Irregularly	<ul style="list-style-type: none"> Provided 3 responses to the TWSE in 2021 Provided 1 response to the Securities and Futures Investors Protection Center in 2021
 Shareholders/ Investors	Support the Kinpo journey towards sustainability through the investment of funds and participation in corporate governance.	Economic performance Corporate governance and compliance Shareholder rights	<ul style="list-style-type: none"> Shareholders' meeting Investor conference Investor meeting Contact window: Mr. Chang - Invest@kinpo.com.tw <ul style="list-style-type: none"> Telephone/e-mail communication platform Market Observation Post System 	Annually Irregularly	<ul style="list-style-type: none"> Held 4 communication sessions between the management team, directors, supervisors, and CPAs in 2021 Hosted 1 shareholders' meeting in 2021 Held 1 investor conference in 2021
 Media	The media provides oversight on corporate sustainability relations and can be used to cultivate a positive corporate image and influence.	Innovation Market image Philanthropy	<ul style="list-style-type: none"> Press conferences Press releases/press statements Questionnaire surveys/interviews Contact Window: Ms. Winnie Gu - Winnie_gu@ kinpo.com.tw	Irregularly	<ul style="list-style-type: none"> Total of 41 media exposures in 2021

Chapter 2

Corporate Governance

KINPO **2021**
SUSTAINABILITY
REPORT



Business transparency and corporate governance are important to Kinpo. We comply with the Securities and Exchange Act and other applicable regulations with an emphasis on establishing an effective corporate governance structure, strengthening the functionality of the Board, protecting the interests of shareholders, carrying out internal controls and audits, and improving information transparency. We have also drawn up a range of systems and regulations in accordance with the best practices in ethical corporate management to enforce the spirit of corporate governance, improve our business performance, and engage in sustainable corporate management.

We strive to strengthen the performance of the Board of Directors so that it can function more effectively. Corporate governance evaluations serve to shape our corporate governance culture. A comprehensive stakeholder liaison platform has been set up to promote shareholder activism, and the quality of non-financial disclosures has been improved to enhance the disclosure of corporate governance information.

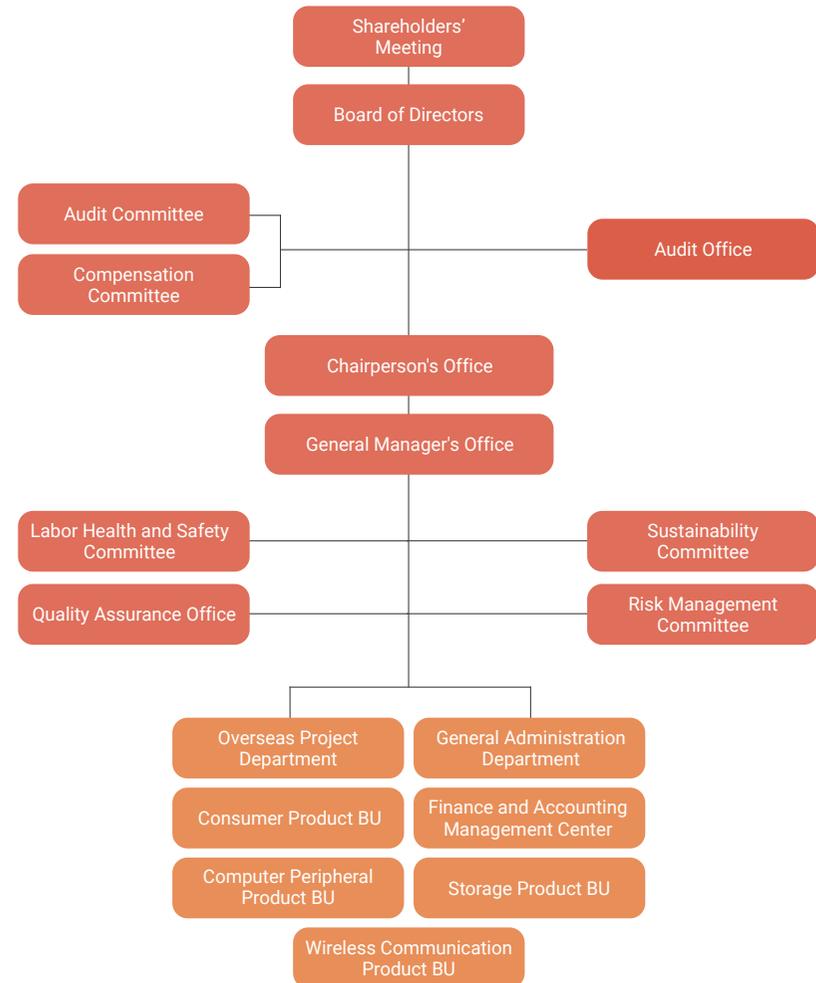
Kinpo Corporate Governance Strategy

Topic	Corresponding Corporate Governance Requirements	Content
Compliance	Compliance with international guidelines	International sustainability guidelines are periodically searched for and incorporated into our corporate governance planning. Corporate governance requirements issued by regulators have also been written into our Articles of Incorporation to serve as a basis for internal governance.
Division of labor	Strengthening the function of the Board of Directors Cultivation of corporate sustainability culture	The diverse make-up of the Board is reflected in their different specialties, backgrounds, and experiences. The "Compensation Committee" and "Audit Committee" were also set up to provide the management with their professional advice on governance and to regularly track management progress.
Performance evaluation	Enhancing the function of the Board of Directors Enhancing corporate governance	Kinpo took part in the "Corporate Governance Evaluation for TWSE/TPEX-listed Companies" conducted by the competent authority, and strategies were developed to strengthen our governance activities. The "Performance Evaluation Measures for the Board of Directors" were also drawn up for annual performance evaluations of Board members and each functional committee.
Information disclosure	Improved transparency	The Board convenes at least once per quarter to review the Company's business performance and discuss key strategies. Important resolutions passed by the Board are also published on the Market Observation Post System and corporate website to keep investors up to date on important company information.
Communication and interaction	Strengthening of stakeholder communication	General shareholders' meetings and investor conferences are periodically held by the Company to communicate directly with investors and shareholders on governance matters. Annual reports and CSR reports are also published on the corporate website. "Stakeholder Communication Channels" are announced on the corporate website as well to facilitate bilateral communication between stakeholders and the Company.

2.1 Corporate Governance Structure

The Board of Directors is the top governance and decision-making body for governance and important business strategies. Its primary responsibility is to supervise the operation of the Company to ensure compliance with the law, Articles of Incorporation, and shareholders' meeting. At the same time, the Board provides the management with professional strategies and recommendations aimed at creating higher returns for shareholders and protecting the interests of all stakeholders.

The Chairperson of the Board does not concurrently hold any other executive roles in the Company and the management team is composed of professional managers so that the business and management performance goals can be realized.



2.2 Operation of the Board of Directors and Shareholders' Meeting

The make-up of the Kinpo Board of Directors is relatively diverse. The Board is made up of exceptionally talented and experienced professionals with industry, academic, and management backgrounds. The Board is composed of 15 directors (including 3 independent directors, with 1 independent director being a woman) who carry out their duties in accordance with the applicable laws, Articles of Incorporation, and resolutions of the Board. The Board supervises the performance of the Company's management team and provides Kinpo with advice on business operations, technology and finance in an independent and objective manner. The Board works together to take responsibility for the Company's strategy, operations, and supervision. When a meeting of the Board is convened, the chief auditor is invited to report on the status of auditing operations. Project leaders may also be invited to attend and answer inquiries depending on the agenda. The background information, education, work experience, continuing education status, meetings, and positions held in other companies by Board members are all voluntarily disclosed in our annual report, on the corporate website, and on the Market Observation Post System. Please refer to pages 16-21 of the 2021 Annual Report for more information.

▼ Kinpo 2021 Annual Report



The Board convened a total of 5 times during 2021. The regular meetings were used to discuss company operations and the content of the discussions was published in accordance with the law. The internal conflict of interest prevention system is enforced for any matters that involve a director. Information on conflicts of interest and recusals during meetings can be found on page 31 of the Annual Report. The average attendance rate for all Board directors in 2021 was 87%.

Board Members

The Corporate Governance Best Practice Principles call for diversity in the composition of the Board (e.g. financial, high-technology, or legal backgrounds). To strengthen the structure of the Kinpo Board, members of the Board represent a mix of different professional backgrounds, genders, and specializations. In addition to the above characteristics, diversification guidelines appropriate to the Company's own operations, business type, and development requirements were also formulated for the members of the Board. The guidelines include standards in the two following major aspects:

1. Basic conditions and values: Gender, age, etc.
2. Professional knowledge and skills: Professional background, professional skills, industry experience, etc.

Performance Evaluation for the Board of Directors

Self-assessments by the Board of Directors were implemented in 2021 to enforce corporate governance and enhance Board function. In August 2020, the "Performance Evaluation Measures for the Board of Directors" were passed by a resolution of the Board. Under the Measures, a performance evaluation is conducted for the Board, Board members, and each functional committee (Audit and Compensation committees) on an annual basis.

The most recent evaluation period ran from January 1, 2021, to December 31, 2021. Performance was evaluated on a scale of 1 to 5 with 1 being very poor and 5 being very good.

Performance Evaluation Aspects	Performance Evaluation Metrics	Average Score	Overall Rating
 Board of Directors	Five Main Aspects A. Level of participation in company operations B. Improvement of Board decision-making quality C. Board composition and structure D. Selection of directors and their continued education E. Internal controls	4.79	The Board of Directors took an active and constructive role in overall operations that satisfied the expectations on corporate governance.
 Individual Board members	Six Main Aspects A. Understanding of company goals and missions B. Understanding of director's role and responsibilities C. Level of participation in company operations D. Internal relationship management and communication E. Director's expertise and continued education F. Internal control	4.70	Directors were efficient and effective in their understanding of each aspect.
 Functional Committee - Audit Committee	Five Main Aspects A. Level of participation in company operations B. Understanding of the functional committee's role and responsibilities C. Improvement of functional committee decision-making quality D. Composition of functional committee and selection of its members E. Internal controls	4.88	The functional committee operated in a sound manner that satisfied the expectations of corporate governance and effectively enhanced the functioning of the Board.
 Functional Committee - Compensation Committee	Four Main Aspects A. Level of participation in company operations B. Understanding of the functional committee's role and responsibilities C. Improvement of functional committee decision-making quality D. Composition of functional committee and selection of its members	4.87	

Key Executives

Management planning at Kinpo emphasizes the organization and skills required for the Company's future development goals. Successors are not only expected to possess outstanding strategic planning and management ability but also to be strong advocates and practitioners of the Company's core values (Innovation, Accord, Transcend). The rotation of senior executives through different assignments at Group companies serves to strengthen their professional ability as well as expand the scope and depth of their actual applications.

The Board also meets regularly to discuss the performance and development plans of senior executives to ensure that their development is consistent with the organizational direction.

Corporate Succession Plan

Succession planning was launched by Kinpo 12 years ago to cultivate professional managers and rotate through key positions at our investment subsidiaries and the Company. The managers also serve on the Kinpo Board to familiarize them with the Board's operations. For senior Group executives, talented professionals with potential are developed through rotations and external assignments. Broadening their skill set helps strengthen future management teams in a planned and systematic manner. The Company's current general manager and Group CEO were all promoted from within the Company and succession planning has been restarted.

Members



The top governance body and decision-making organization in the Company responsible for supervising the Company's performance as well as ensuring proper governance and compliance.

Mechanism



All 15 members (including 3 independent directors and 1 woman) satisfy the statutory requirements and possess professional knowledge, skills, and expertise. In terms of age distribution, those aged between 40-50 accounted for 7%, those aged between 51-65 accounted for 33%, and those over 65 accounted for 60%.

Meeting Frequency



The Board of Directors convened 5 times during 2021 to discuss topics such as corporate business strategy and governance operations.

Directors' Remuneration

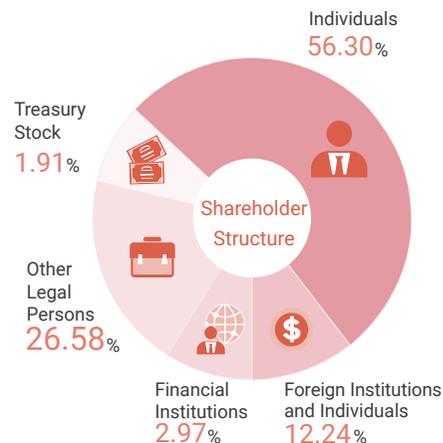


The four types of compensation were compensation, pension, directors' remuneration, and operating expenses. Total value amounted to 123.93% of all net profits after tax as stated in the financial statement.

Remarks:

- The current Board of Directors is the 18th session. The members were selected through the candidate nomination system in June 2019. The resume, remuneration and other relevant information of Board members can be found on pages 24-25 of the 2021 Annual Report. The Chairperson is elected by the Board as its highest-ranking representative for guiding the Company's business strategy and direction but is not a part of the management team.
- The Board of Directors complies with the relevant regulations on professional background and management ability. The composition of the Board gives priority to the professional expertise of directors and how they complement each other to promote the sustainability of the Company. Please refer to page 41 of the Annual Report for information on how the Board diversity policy was implemented.
- Board members are required to engage in continuing education on management practices in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Details on continuing education are also published on the Market Observation Post System by the Company. Details on continuing education for directors are also available on pages 44-45 of the 2021 Annual Report.
- For information on governance operations and proposals, please refer to pages 29-31 of the Annual Report.

Shareholders' Meeting Operations



Channels for stakeholder interaction and communication are valued by the Company. Shareholders' meetings serve to promote a more visionary and sustainable approach to the Company's development.

The Company convened 1 shareholders' meeting and 1 investor conference in 2021. Key resolutions, their subsequent implementation, and the list of major shareholders can be found on page 57 of the Kinpo 2021 Annual Report. To improve the level of disclosure and transparency in annual reports, English versions of the Annual Report and Shareholders' Meeting Manual were published concurrently for stakeholders' reference in 2021.

(See p. 66 of the Annual Report for more information)

[Kinpo 2021 Annual Report \(English Edition\)](#)



Shareholder Rights

A dedicated unit was set up to communicate and deal with shareholders in a fair manner to enhance and realize sound corporate governance.

Dividend Policy

The disbursement of company dividends complies with the Company Act and Article 26, Paragraph 1 of our Articles of Incorporation. Any surplus from the Company's annual final accounts should first go towards paying taxes and making up for past losses before setting 10% aside as the statutory surplus reserve as required by law or the regulations set by the competent authority, or rolled over as special reserve. A meeting of the Board of Directors with more than two-thirds of all directors present may approve the payment of dividends with a majority vote. The decision shall be reported to the Shareholders' Meeting. Kinpo decided to pay cash dividend from profit for 2021. A special resolution was passed by the Board on March 10, 2022, to disburse NT\$290,551,443 (NT\$0.2 per share) in cash dividend to shareholders, or NT\$200 in unencumbered cash dividend per thousand shares.

Year	2019	2020	2021	Year	2019	2020	2021
Earnings per Share (EPS)	0.34	0.11	0.01	Total Amount of Dividend Paid Out to Shareholders (NT\$100 million)	4.28	4.20	2.91
Cash divided per share (NTD)	0.30	0.30	0.20	Dividend Paid to Shareholders Out of Annual Surplus (NT\$100 million)	4.28	4.20	2.91
Dividend Payout Ratio	88.24	272.73	2000.00	Cash Dividend per Share	0.31	0.29	0.20
Dividend Yield	2.73	2.60	1.50	Return on Equity (ROE) (%)	1.75	0.95	0.87

Remarks:

- The dividend yield for each financial year is calculated using the share price one day before the Board of Directors' meeting in the following year.
- The Kinpo shareholder structure and dividend policy are detailed on pages 67-68 of the 2021 Annual Report.
- The Company's "Articles of Incorporation" are published in full on our corporate website under Corporate Governance / Organizational Rules / Articles of Incorporation.

2.3 Functional Committees

Operation of the Audit Committee

The Audit Committee was set up by the Company to enhance corporate governance and strengthen the professional competency of the Board in accordance with Article 4, Paragraph 4 of the "Securities and Exchange Act" and the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies". Organizational regulations for the Audit Committee were also drawn up. The Audit Committee consists of the three independent directors Mei-Yue Ho, Chih-Peng Huang, and Fa-Dah Hsieh, with Mei-Yue Ho elected as the convener.

The Audit Committee meets periodically with the Company's CPAs to review the quarterly financial statements and audit outcomes, as well as discuss other matters as required by law. The Audit Committee also conducts independent reviews on the selection of the CPAs and the audit and non-audit-related matters they provide. A summary of audit findings is reported by the Company's chief auditor to the Audit Committee on a regular basis in accordance with the annual audit plan. The Audit Committee in turn conducts regular evaluations of the Company's internal control system, internal auditors, compliance, and control of existing or potential risks.

During the period of this report, there were no proposals that were rejected by the Audit Committee or conflicts of interest involving independent directors. The Committee convened 4 times in 2021 with an average attendance of 100%.

Operation of the Compensation Committee

The Kinpo Compensation Committee consists of the 3 independent directors. The responsibility of the Committee is to periodically review and formulate the remuneration for directors and managers, as well as to periodically review the policies, systems, standards, and structure of performance evaluation and compensation for directors and managers. Linking the compensation to individual and company performance ensures reasonable compensation as well as the retention of quality talent. The Compensation Committee **convened 3 times in 2021** with an average attendance rate of **100%**. **Details on the operation of the Compensation Committee can be found on pages 45-46 of the Company's Annual Report.**

2.4 Risk Management Policy

The purpose of Kinpo's risk management policy is to identify in advance risk factors that may have a negative business impact then transfer, mitigate, and ultimately prevent such losses through proper evaluation and response. At the same time, we also seek to detect and provide advanced warning on risks from changes in the internal and external environments so that employees at all Kinpo locations around the world can engage in timely risk management as part of their work.

Risk Assessment and Management

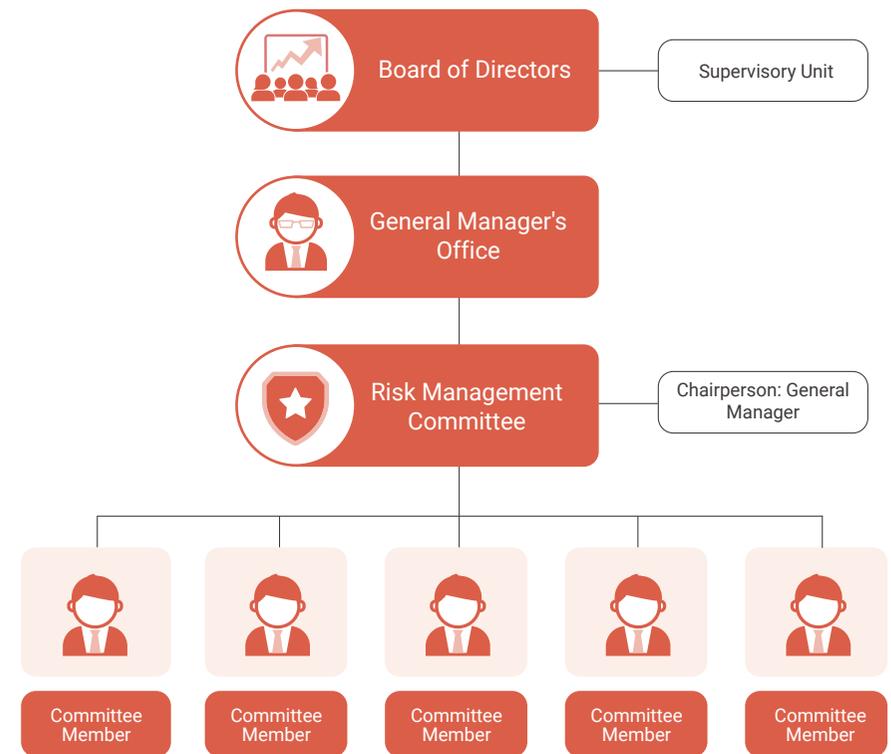
The Risk Management Committee is the top risk management body of the Company, and the General Manager serves as the head of the Risk Management Committee. The Committee convenes regularly to develop preventive measures on risks identified by each business unit and to confirm the effectiveness of their execution. The Committee also evaluates risks from the perspective of the Company as a whole.

Members of the Risk Management Committee consist of the heads of business units or their appointed representatives. Its key responsibilities include:

- (1) Timely and correct transmission of risk information.
- (2) Ensuring the effective implementation of risk regulations with each unit.
- (3) Providing recommendations and responses to risks based on changes in the external environment and internal strategy.

The Board of Directors is briefed on risk management matters at least once a year. Implementation of risk management during 2021 was reported to the Board on March 10, 2022.

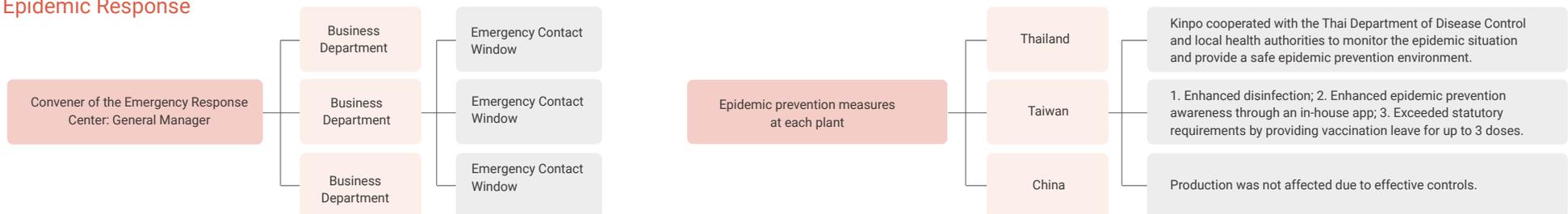
Organization of the Risk Management Committee



An analysis was conducted based on the materiality principle of sustainability reporting. The following findings were made on the Company's material risks and management policy:

Material Topic	Risk Assessment Item	Description	Countermeasure	Opportunity
 Environment	Environmental Impact	Risks may disrupt normal company operations and production resulting in loss of personnel and property.	The implementation of process safety management and systematic management through the introduction of international management systems ensures the effectiveness of energy management, improves energy efficiency, reduces the emission of pollutants, and lowers their impact on the environment.	Expansion into the green sector by increasing the use of renewable energy and reducing the generation of carbon emissions.
	Climate Change		<ol style="list-style-type: none"> 1. Take action to support international initiatives and national policies. Use the TCFD framework to identify the risks and threats brought about by climate change, and prepare in advance for climate resilience. 2. Examine the potential impacts to the Company and effectively reduce risks by using ISO 14064 GHG management and Science-based Reduction Targets (SBTs). 	Promote green manufacturing and continue to adopt new technologies that improve energy efficiency and reduce GHG emissions.
 Society	Occupational Safety	Risks due to non-compliance may lead to personnel injuries in severe cases or even have a negative impact on the general public or supply chain partners' perception and approval of the Company.	<ol style="list-style-type: none"> 1. Verification of ISO 45001 Occupational Health and Safety Management is used to actively strengthen harm prevention measures and correct unhealthy situations. 2. Annual firefighting exercises and industrial safety training are conducted to train employees on emergency response and personal safety management. 	Comply with international conventions and local laws to build a safe work environment and a happy workplace.
	Human Rights Risks		<ol style="list-style-type: none"> 1. On a regulatory level, the labor policy must comply with domestic/international human rights conventions as well as local statutory requirements. 2. In terms of labor relations, employer-employee meetings are periodically convened for bilateral communication and consensus-building on topics relating to the enforcement of the human rights policy, work environment, and conditions, policies, and compensation. Efforts are made to ensure transparency and effective communication between the employer and employees. 	The establishment of a friendly and inclusive workplace provides employees with the opportunity to live up their potential, secure reasonable compensation, and cultivate a positive image for the employer.
 Governance	Business Continuity Risk	Disruption to continuity of operations from the impact on employee and equipment safety.	Emergencies that may disrupt operations due to their impact on employees, equipment, and the environment are assessed (e.g. pandemics, fires, typhoons) and preventive measures are devised to reduce their frequency.	Proper management of operational risks not only serves to protect employees, our most important asset, but also to strengthen stakeholder confidence in Kinpo's operations. For suppliers and customers this translates into better protection of business cooperation.
	Interest Rate Changes	Floating rate investments and floating interest rates for accounts payable and receivable, and fixed-rate loans.	In terms of interest rate exposure at the end of the financial report period, including floating rate investments and loans, assume that the interest rate increase/decreased by 10 basis points in one financial year and analyze the degree of impact on Kinpo's bottom-line.	Forecast the financial impact of interest rate fluctuations.
	Exchange Rate Changes	Associated with business activities (when the currency used for income or expenses is different from the functional currency of the Company) and the net investments of overseas business organizations.	The difference for assets and liabilities priced in non-functional currencies is periodically examined with long-range foreign exchange contracts used to manage exchange rate risk. The value of long-range foreign exchange contracts is based on the capital requirements of Kinpo in each currency.	The impact of exchange rate fluctuations on cash flow and asset value can then be effectively controlled.
	Information security	May lead to loss of important company assets or even disruption to business operations, damage to property, and undermine sustainability.	Set up an information security management system (ISMS) that complies with international standards to protect the confidentiality, integrity, accessibility, and continuity of the Company's IT assets and reduce operational risks in a reasonable manner.	Adhere to a strict information security policy and conduct periodic audits on the effective operation of the information system to establish a reputation for reliability with customers.

COVID-19 Epidemic Response Measures



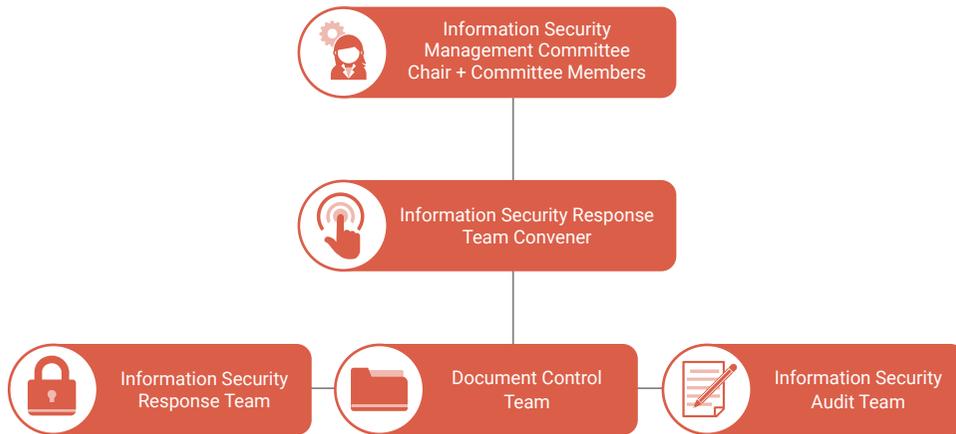
Information Security Policy

ISO 27001 information security certification was obtained in 2021 to ensure the confidentiality integrity and availability of company data, reliability of IT equipment (including computer hardware, software, and peripherals) and network systems, and employee awareness on information security. Kinpo also ensured that the aforementioned resources were protected against all forms of interference, tampering, intrusion, malicious activities or intentions that are against customer and company interests.

Our target in 2022 is to strengthen internal audits as well as the periodic evaluation and improvement of the information security management systems in order to control and continue to reduce information security risks. Company business, operations and productions were not significantly impacted by online attacks or events in 2021. Kinpo was not involved in any related litigation or investigated by regulators.

Organization of the Information Security Committee

Organization Chart of the Kinpo Information Security Management Committee



2.5 Internal Control and Audit System

An independent internal "Audit Office" was set up at the Taiwan headquarters to meet the requirements for corporate governance, prevent external/internal corruption, and crack down on illegal activities. The Office reports directly to the Board of Directors and conducts periodic as well as random audits as part of the annual audit plan, special audits, or as directed by the Company.



Audit Plan

- An audit plan is drawn up each year in accordance with statutory requirements as well as the risk assessments for internal operations and the external environment. Audits are carried out in accordance with the plan once it is approved by the Board.

Audit Execution

- This includes review of written records, on-site audits, and personnel interviews. Communication is also conducted with the unit being audited.
- If anything is found during the audit then recommendations are proposed in a timely manner and the unit being audited is asked to propose corrective measures. All of the above items are disclosed in full in the audit report.

Audit Findings

- The audit report is presented to the Chairperson and independent directors for review.
- The chief auditor attends the Audit Committee meeting and reports auditing operations to the Board of Directors. Any questions or directions from directors are responded to in a timely manner and implemented as directed.

Follow-up

- Defects and anomalies disclosed in the audit report are tracked on a quarterly basis to ensure that corrective measures are completed by the given deadline and implemented in future business operations.

2021 Information Management Performance

- Staggered shifts were introduced during the COVID-19 pandemic. Highly secure SSL-VPN connections and authentication mechanisms were employed to provide enhanced information system services and network connection security management for employees working from home.
- A network detection and response system was introduced as part of network security. The system was also integrated with SOC active detection warning to significantly boost response times and effectively reduce information security risks.
- Kinpo is now pushing for the standardization of information security management operations across all global operations in keeping with the spirit of ISO 27001.
- Information security reporting and incident response was strengthened at Kinpo. A joint security framework was set up with Taiwan Computer Emergency Response Team / Coordination Center and the "National Center for Cyber Security Technology" to enhance our internal detection and protection capabilities.
- Business continuity evaluation, risk response drills, and internal audits for core business information systems were completed in October 2021. External audit and certification for ISO 27001 was completed in December of the same year.
- The 2021 implementation outcomes were reported to the Board of Directors on March 10, 2022.

Periodic Testing and Inspection

- Security awareness education and education on the prevention of malicious e-mails and social engineering was conducted. Employees also underwent information security training. The Information Security Promotion Team was responsible for tracking and enhancing information security operations at each department.
- At least one information asset value inventory is organized each year. Risk assessment is then conducted and used to compile a business impact analysis report. Sustained business risk planning and exercises are conducted for high-risk items.
- All Group hardware is regularly scanned for vulnerabilities and patched in a timely manner.

2.6 Ethical Management and Compliance

The ethical corporate management policy of the Company is disclosed in our internal rules, annual report, corporate website, or other written materials to ensure proper ethical management and compliance. Related internal training courses are also held to periodically promote the core values of ethical management, boost employee awareness on ethical management, and ultimately enhance our corporate governance. Kinpo continues to monitor international laws and policies that might potentially affect company operations and finances. Company rules on corporate governance rules and regulations have also been drawn up. Anti-corruption and anti-bribery policies have also been drawn up by Kinpo and published on the corporate website to establish a consistent framework. Kinpo has also publicly stated that employees may not accept demands in any form, accept bribes, or obtain other improper benefits. We also require external partners to sign the "Anti-Corruption Statement". Partners may not attempt to bribe the Company's employees and their friends and relatives. If the violation of ethical regulations produces damage, Kinpo will use the anti-corruption statement signed by the contractor to seek compensation. Legal action will also be taken if necessary. A complaint window has been set up to receive and investigate any accusations of corruption and bribery. Employees and business partners will notice any activities that violate the "Anti-corruption and Anti-bribery" policy. All accusations are handled in the strictest confidence by the Company. There were no incidents of corruption or bribery at Kinpo in 2021.



◀ Kinpo Anti-corruption and Anti-bribery Policy

Kinpo complaints window: response@kinpo.com.tw

Target	Compliance	Management activities
 Board of Directors	<ol style="list-style-type: none"> Rules of Procedure for Board of Directors Meetings Code of Ethical Conduct Ethical Management Best Practice Principles Kinpo Ethical Management Procedures and Behavioral Guidelines Regulations relating to the Board of Directors 	<ol style="list-style-type: none"> Defined rules on conflicts of interest. If a person or the legal person they represent may have a conflict of interest with the Company over a matter on the agenda, they may not take part in the discussion or voting. Liability insurance coverage up to US\$30 million was purchased for directors and managers in 2021 to protect the rights of all shareholders and reduce business risks for the Company.
 Management/ Employees	<ol style="list-style-type: none"> Code of Ethical Conduct Ethical Management Best Practice Principles Kinpo Ethical Management Procedures and Behavioral Guidelines 	<ol style="list-style-type: none"> Employees are required to sign the "Employee Integrity Declaration". Managers sign the "Ethical Management Statement". In 2021, 224 employees took part in 44.8 hours of ethical management education and training. The implementation status for 2021 was reported to the Board of Directors on March 10, 2022. The Company continues to promote the business philosophy of "integrity" and to strengthen all the measures outlined in the "Ethical Management Procedures and Behavioral Guideline".
 Customers	<ol style="list-style-type: none"> International and industry standards Commercial contracts 	The legality of potential business partners and whether they have a past record of unethical behavior should be evaluated before any business relationship is formed to ensure there will be no soliciting, offering, or accepting of bribes.
 Suppliers/ Contractors	<ol style="list-style-type: none"> Supplier Code of Conduct Confidentiality Contract Procurement Contract Responsible Business Alliance (RBA) Code of Conduct 	Vendors are required to sign the Anti-bribery Declaration agreeing to accept the measures outlined therein including criminal liability, punitive fines for breach of contract, as well as the immediate suspension, revocation or termination of all contracts and agreements with the signatory, and more.

Ethical Management Practices and Outcomes

Scope	Content	Management Approach	2021 Outcomes
 Anti-corruption, Anti-bribery	<ol style="list-style-type: none"> Losses suffered by the Company due to employee corruption. Termination of relationships by business partners due to corruption and non-compliance. 	Anti-corruption and anti-bribery policies have been formulated to establish clear and unified standards for anti-corruption and anti-bribery.	No incidents of corruption or bribery reported.
 Anti-competitive behavior	Engaging in anti-competitive behavior, anti-trust, and monopoly practices.	Enhance compliance awareness among employees to prevent legal risks and negative effects resulting from violation of the law.	There were no violations of ethical management, anti-trust, or anti-competitive behavior.
 Non-compliance with environmental laws and regulations	Sanctions for non-compliance with environmental protection laws and regulations.	Periodic inventory and updating of international regulations as well as their enforcement in corporate governance.	<p>The Company was penalized for a Board resolution approving the transfer of treasury stock to employees.</p> <ol style="list-style-type: none"> Failure by directors to recuse themselves. The Compensation Committee did not evaluate the reasonableness of the amount to be distributed based on individual performance, company performance, nature of the industry, and other factors. The holding of multiple positions by the Chief Strategy Officer was not presented by the Company to the Board for discussion. <p>Attorneys have been retained by the Company to file an appeal with the Executive Yuan (Page 57 of the Annual Report).</p>
 Socio-economic non-compliance	Sanctions for non-compliance with laws and regulations in the social and economic area.		
 Prohibition against child, forced, or compulsory labor	<ol style="list-style-type: none"> Sanctions for the illegal hiring of workers under the local minimum age for workers. Sanctions for forced labor and inhumane treatment of employees. 	Identification and verification of employee status at time of hiring was strengthened. Employee education and training was also enhanced, and equal treatment enforced.	There were no incidents of discrimination or child labor.
 Privacy and intellectual property rights protection	Violation of privacy or loss of intellectual property due to human negligence or hardware problems.	Strengthening of information security risk management operations. Upgrading of backup and protection capabilities.	There were no violations of privacy or loss of intellectual property.

2.7 Membership of Associations

Industry Exchanges

- 中華民國資訊經理人協會 | Information Management Association
- 台北市進出口商業同業公會 | Importers and Exporters Association of Taipei
- 台北市電腦商業同業工會 | Taipei Computer Association
- 台灣區電機電子工業同業公會 | Taiwan Electrical and Electronic Manufacturer's Association
- 中美經濟合作策進會 | ROC-USA Business Council
- 台日商務交流協進會 | Taiwan-Japan Cultural and Economic Association
- 華聚產業共同標準推動基金會 | SINOCO Industrial Standards Foundation

Corporate Sustainability Management

- 中華民國資訊經理人協會 | Information Management Association
- 新北市護理師護士公會 | New Taipei City Nurses Association
- 中華民國公開發行公司股務協會 | Taiwan Stock Affairs Association
- 中華民國品質學會 | Chinese Society for Quality
- 中國民國勞資關係協進會 | Association of Industrial Relation
- 中華卓越經營協會 | Chinese Excellent Management Association
- 責任商業聯盟 | Responsible Business Alliance (RBA)

Responsible Business Alliance (RBA)

Kinpo became a formal member of the Responsible Business Alliance in 2014. We are committed to the member vision and to adhere to the RBA Code of Conduct. Our overseas plants undergo regular audits using the RBA Validated Audit Process (VAP) to ensure compliance with core social responsibility values. Our suppliers are also required to follow our Supplier Code of Conduct. We provide our supply chain vendors with support and encouragement on adopting the same practices.

The Group continues to focus on sustainability with an emphasis on safety, health and benefits. We take the interests of all parties into account, comply with regulatory requirements, and ensure that our practices are in harmony with international standards of behavior. We strive to better fulfill society's expectations in our decision-making and operational management. Social responsibility is implemented across the board in order to meet the expectations and requirements of our stakeholders.



Chapter 3

R&D Innovation

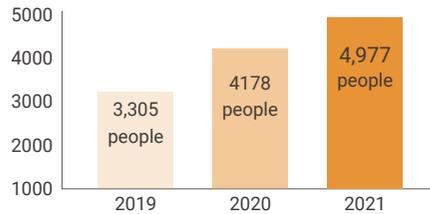
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3.1 R&D Innovation

The corporate mission of Kinpo is underpinned by our core value of "Innovation." We have continued to invest in innovative R&D to keep pace with technological development. Extensive resources were invested in innovative R&D in recent years, with NT\$291,414,000 spent on R&D in 2021 (2.08% of 2021 revenue).

R&D Personnel



Year	2019	2020	2021
Expenditure (NT\$10 million)	27.8	27	29
Percentage of Revenues	2.03%	2.11%	2.08%

Kinpo has established in all four major global markets of China, US, Japan and Europe to improve our products and services. We are also actively applying for patents around the world to realize the goal of patent internationalization so that we can better serve our customers.



In 2021, Kinpo was recognized as one of the Top 100 Global Innovators by Clarivate, the international leader in IT services. Five other companies won the award alongside Kinpo and the significant increase in our patent approval rate reflected our capability for innovative R&D.



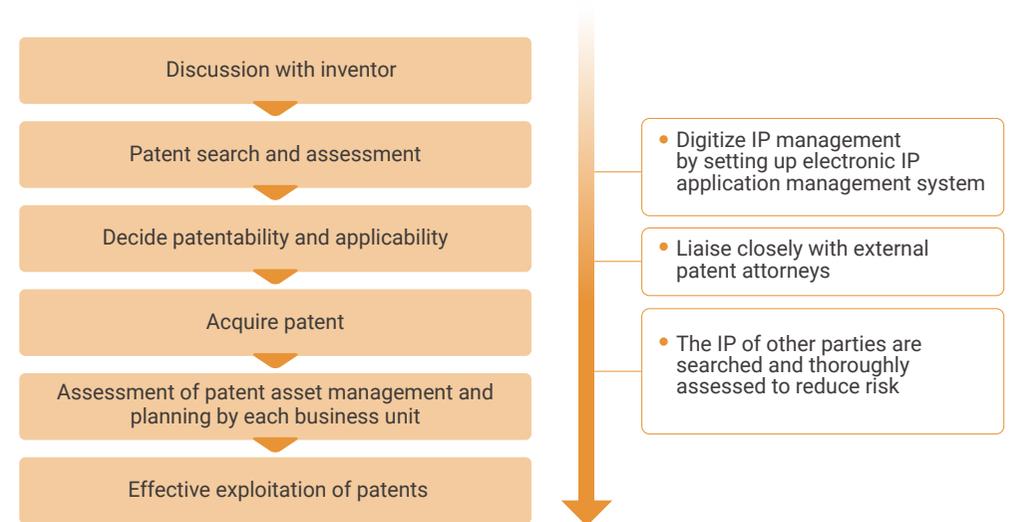
To encourage employees to think outside of the box and embrace innovation, Kinpo organized an internal contest and received 66 innovation proposals. These included 16 product and technology innovations, and 50 innovations that should produce estimated savings of NT\$26 million for the Company. The contents entered its second stage in 2022 and Kinpo hopes that innovative will drive our progress.

3.2 R&D Patents

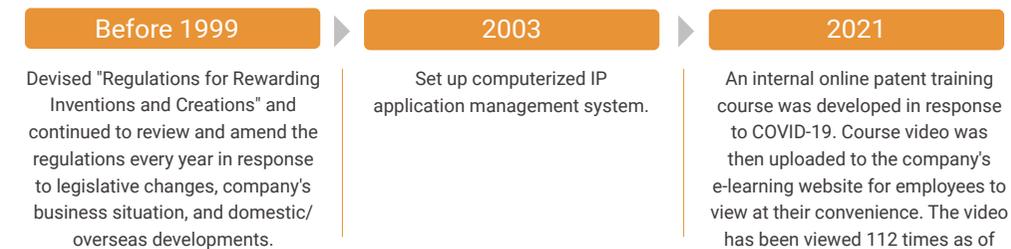
In our information age, intellectual property rights is regarded as the "currency of the 21st century." Kinpo's "measures for intellectual property management" along with the IP Management Office serve to effectively handle patent filing, IP management, and related legal affairs.

At the same time, to encourage employees to value our own IP as well as IP of others, we established the "Innovation Incentivization Policy."

Innovation Incentivization Policy Application Process at Kinpo Electronics



IP Development at Kinpo Electronics



Benefits of Patent Strategy

As of December 2021, Kinpo has filed more than 3,000 patents around the world with over 2,050 approved so far. 32 domestic and overseas patents were acquired in 2021.



(1) Encouragement of R&D

Incentive scheme helps to stimulate employee creativity and harness such R&D energy into patents. Provide remuneration to create a positive feedback cycle.



(2) Demonstration of R&D capability

Demonstrate Kinpo's R&D capabilities through patents, which also protects the fruits of our R&D capability.



(3) Corporate competitiveness and sustainability

Combining Kinpo's high-quality products with the protection offered by patents ensures our continued competitiveness and sustainability.



(4) Continued leadership

By building up our patent portfolio, we can prevent competing counterfeits and protect customers' interests. Kinpo can then continue to maintain our competitive advantage in the market.



(5) Reduce risk of litigation

A diversified patent portfolio gives us more bargaining power in the event of litigation, which in turn further reduces the risk of patent litigation



(6) Bargaining chip for cross-licensing

As a bargaining power with other enterprises, the two enterprises may consider 1 cross-licensing to achieve a win-win result.



(7) Additional returns

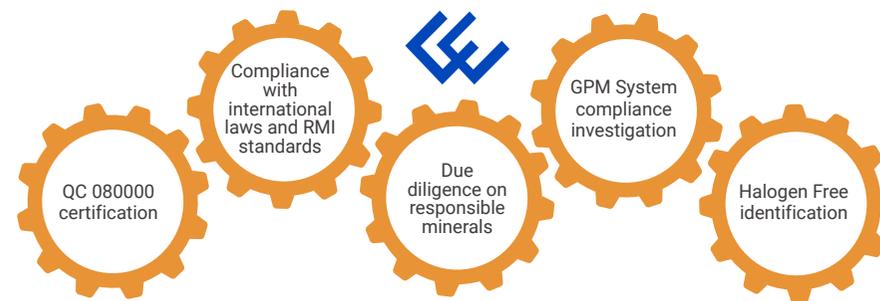
Kinpo can create additional economic benefits by licensing or transferring patents to other enterprises.

3.3 RoHS Management

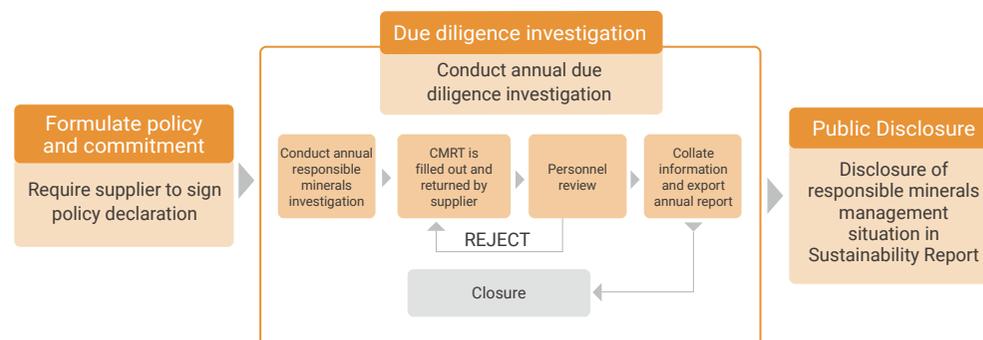
Kinpo fully complies with the Restriction of Hazardous Substances (RoHS) and Responsible Minerals Initiative. We also provide related information to our customers. All Kinpo products conform to international safety standards and environmental guidelines. Products or their packaging are marked with conformity information as required by the product and environmental regulations for their shipping region (e.g. EU RoHS Directive, EU WEEE Directive, China RoHS, CE certification, FCC certification, BSMI certification). There were no violations of regulations in 2021.

Kinpo uses the following methods to achieve the goals of environmental compliance, zero risk, fast introduction and high effectiveness in the use of critical substances. Implementation details are outlined below:

Scope	Content
System can be deleted	Established IECQ QC 080000 Hazardous Substance Process Management System; carried out conformity assessment of hazardous substance (HS) process documentation; continue to maintain the effectiveness of the management mechanism; identify the degree of risk in parts and materials; publish list of restricted substances; supplier conferences are also periodically held to educate suppliers on quality and can be deleted. These ensure that suppliers continue to conform to the Group's code of conduct.
Regulatory can be deleted	Periodically collect and identify the of international hazardous substance regulations and RMI standards; conduct regulatory audits, and keep employees up to date on international regulations through internal training; a total of 8 training sessions were held in 2021.
Hazardous Substance Management	<ol style="list-style-type: none"> 1. Introduction of GPM System: The Green Product Management (GPM) system was rolled out across all business groups to accelerate conformity audits for parts and components as well as improve the management efficiency of the supply chain. 2. Halogen-free Identifier: Employees in Design and R&D as well as plant IQC can all use the Halogen Free (HF) identifier to determine part attributes. 3. Green Design: Customer requirements on green design and production are introduced during the product design and production stages to reduce their environmental impact. Hazardous substance compliance investigations are also carried out through the supply chain to ensure the effectiveness and integrity of HS controls.
Responsible Minerals Management	<ol style="list-style-type: none"> 1. RBA Code of Conduct: Due diligence is conducted on suppliers in accordance with the "Due Diligence Guidance" issued by the Organization for Economic Co-operation and Development (OECD). We fulfill our responsibility as a corporate citizen by upholding our commitment and complying with the Responsible Business Alliance Code of Conduct. 2. Due diligence: To practice responsible sourcing of minerals, we not only require suppliers to sign the "Conflict Minerals Policy Declaration" but also conduct responsible minerals investigations of the supply chain every year. The CRMT template issued by RMI is used to make disclosure on the smelters that Tin, Tantalum, Tungsten and Gold were sourced from and to determine whether they came from mining regions in Conflict-Affected and High-Risk Areas (CAHRAs). The completion rate for due diligence in 2021 was 100% and all conformed to the requirement for the non-use of conflict minerals.



Responsible Minerals Investigation Process at Kinpo Electronics



Percentage of income from products containing substances declarable under IEC 62474

Unit: Thousands NTD

In 2021, 100% of Kinpo's XYZ printer product contained substances declarable under IEC 62474. The Company is continuing to monitor each substance to see if they exceed the reporting threshold for all substances listed in IEC 62474 DSL and manage them in accordance with the above restricted substance management regulations.

Income from products containing declarable substances	457.161
Total income from electrical and electronic products	457.161
Percentage of declarable substances	100%

Weight of scrapped products and electronic waste recovered

Unit: Metric tons

For Kinpo XYZ printer products sold to Europe, external recycling companies were contracted to handle the recovery of waste/scrapped products in 2021. Recovery rate was 100% and a total of 1,727 tons were recovered in 2021.

Total weight recovered	1.727.8
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3.4 Quality Management

Quality management is practiced at Kinpo to provide clear guidelines for product design, sales, and customer service activities in order to fulfill our goals on quality assurance, customer satisfaction and compliance.

Scope	Content
Policy and commitment	<p>Policies on quality, reduction or elimination of hazardous substances, and corporate social responsibility are formulated in a professional and objective manner. The establishment of a sound quality culture and values serve to uphold company and customer interests.</p> <p>Quality excellence and customer satisfaction are fundamental to our business management so our quality policy is defined as follows:</p> <ul style="list-style-type: none">  Provide customers with satisfactory products and services.  Do things right the first time.  Pursuit of continued progress and breakthroughs in quality.
Responsibility	<p>The ISO 9001 quality management system ensures proper quality control for all products throughout the production cycle before shipping. A GP management system was also established using the QC 080000 hazardous substance process management system. Compliance during the design, procurement, manufacturing and sales with international standards (e.g. RoHS and REACH) ensure that products are free of hazardous substances. Certification with other quality management systems such as TL 9000, IATF 16949, and ISO 13485 have also been incorporated due to the increasing diversity of company products.</p> <p>In addition to satisfying the product quality requirements of our customers, as a member of the Responsible Business Alliance (RBA) Kinpo is also committed to conducting due diligence on our supply chain and monitoring the issue of conflict minerals to ensure that they are not used in our materials. Regular investigations are conducted using the supplier management model and RMI_CMRT in accordance with the conflict minerals declaration and commitment published on our website to protect the environment and fulfill our civic responsibility.</p>
Goal	<p>Set up management and internal quality audit systems based on the Company quality, environmental, and CSR policies to ensure the proper implementation of quality, environmental management and CSR systems, as well as the protection of company and customer interests. Set up product hazardous substance review and management system to ensure that products comply with the requirements for non-use of hazardous substances and enhance quality assurance for company products. Develop short, medium and long-term quality processes and systems to manage the quality of design, production, personnel, material and equipment in order to supply products and services that comply with quality requirements inspire customer confidence.</p>
Comprehensive Quality Assurance system	<p>To meet the needs of product development and to satisfy customer requirements, the IECQ QC 080000 hazardous substance process management system was introduced in addition to the ISO 9001 quality management system to ensure that products comply with quality and hazardous substance requirements from design to production. To meet the needs of different industries, other quality systems including ISO 13485 for medical devices, IATF 16949 for the automotive industry, TL 9000 for the communications industry, and AS 9100 for the aerospace industry were progressively introduced. Risk management measures (e.g. FMEA, SWOT) and reliability engineering were also promoted to meet customer requirements during the design phase and avoid the repeating of defects.</p>

Management and Execution	<p>A total quality management policy has been implemented. In addition to ensuring that all material approval, procurement, product design, production and shipping operations comply with quality management standards, regular internal audits and third-party verification are also employed for the continuous improvement of management processes. These measures verify the effective operation of company quality management mechanisms at every stage.</p> <p>Green design and production requirements were also introduced during product design and production to reduce their environmental impact. We are also continuing to compile the latest developments in international regulations and our customers' environmental requirements. These maintain the effectiveness of the hazardous substance management system by ensuring that company products comply with international regulations and customer requirements on hazardous substance management.</p>
Personnel	<p>To strengthen our corporate quality culture and establish a total quality management capability, quality training is on average, held once a month. In addition to the continued development of quality management skills in existing employees, these also ensure that all new hires have undergone systemic training on quality and hazardous substances. Improving the quality awareness and skills of our personnel enhances the overall quality standards of the Company. The Company should check and provide the necessary human resources to realize the effective implementation of the quality and hazardous substance process management systems, as well as its operation and control.</p> <p>Personnel involved with product quality should undergo a screening process and be provided with the necessary training, evaluations, and development to ensure their competence.</p> <p>The skills required for the job must be defined along with the provision of appropriate training and evaluation.</p> <p>Personnel must understand the relevance and importance of their role as well as how quality targets can be achieved.</p>
Complaint Channels	<ol style="list-style-type: none"> Different communication channels are used to provide customer assistance. For example, Sales use (daily) phone calls and e-mail, (quarterly) sales reviews and (annual) customer satisfaction surveys to determine the degree of customer satisfaction on quality. Under the "Quality Anomaly Response Procedure" devised by QA directs, the owner unit is responsible for anomaly analysis and report. QA is responsible for assessing improvement outcomes and whether the case should be closed.

No fines or warnings were issued against Kinpo for violation of product or service laws in 2021. There were no violations of voluntary codes either.

Chapter 4

Environmental Friendliness

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Environmental Sustainability Management Approach and Goals

Social progress means that the focus of environmental sustainability is now expanding beyond conventional end-of-pipe pollution control. Rapid industrialization and the ensuing mass consumption of resources are leading to global resource shortages and climate change that everyone will be impacted by. The environmental sustainability strategy at Kinpo is defined as "Innovative production and environmental friendliness". We have adopted a proactive approach to environmental sustainability management, climate change, and net zero emission issues by continuing to promote green product design, strengthening environmental sustainability initiatives, and transitioning to carbon neutral and environmentally-friendly production. We aim to realize our goal of environmental sustainability through these three key programs.

Goal

Environmental sustainability strategy: Innovative production and environmental friendliness

Implementation plan

- | | | |
|---|--|---|
| 1. Continue to promote green product design | 2. Strengthen environmental sustainability initiatives | 3. Transition to carbon neutral and environmentally-friendly production |
|---|--|---|

	Short-term Goals 2022-2024		Medium-term Goals 2025-2027	Long-term Goals 2028-2030
Environment				
Green Product Design	<ul style="list-style-type: none"> Zero violations in hazardous substance management Green design workshop C2C certification for products 	<ul style="list-style-type: none"> NKG green design standards 	<ul style="list-style-type: none"> Introduce life cycle assessment Develop low-carbon products 	<ul style="list-style-type: none"> Set up sustainable materials inventory Transition to circular economy
Greenhouse gas management	<ul style="list-style-type: none"> 100% of plants ISO 14064 certified Submitting STB commitment 	<ul style="list-style-type: none"> NKG 50th anniversary climate declaration Implement carbon pricing Introduce ISO 14067 Propose a carbon neutrality road map 	<ul style="list-style-type: none"> Submit SBT targets CDP Leadership 	<ul style="list-style-type: none"> Achieve medium-term SBT targets Commit to SBT Net Zero Propose Net Zero road map
Energy Management	<ul style="list-style-type: none"> Establish energy baseline and targets Establish an energy monitoring system (Shenkeng) 	<ul style="list-style-type: none"> Set renewable energy target RE100 initiative Introduce ISO 50001 	<ul style="list-style-type: none"> Establish an energy monitoring system (overseas plants) ISO 50001 certification of plants 	<ul style="list-style-type: none"> 30% reduction in energy consumption at NKG headquarters
Value chain management	<ul style="list-style-type: none"> Promote supply chain sustainability assessment 	<ul style="list-style-type: none"> COC signed by 100% of key suppliers GHG inventory 	<ul style="list-style-type: none"> Setting of carbon reduction targets for supply chain 	<ul style="list-style-type: none"> 100% compliance from key suppliers on NKG sustainable purchasing guidelines Establish ISO 20400-compliant sustainable purchasing and supply chain

4.1 Sustainability Management System

The aim of the sustainability management system is to establish the social, economic, and environmental impact of certain activities. To develop a more comprehensive management system, ensure the proper implementation of sustainability policies and initiatives, build a persistent internal corporate training system for the organization, and cultivate the corporate image, Kinpo has constructed management systems corresponding to each ESG topic. The systems were also harmonized with international standards and certified to ensure that corporate sustainability and social responsibility policies and approaches are incorporated into the routine operations of each plant. To this end, Kinpo conducted an inventory of sustainability management systems at each plant. The inventory will help Kinpo improve its social responsibility, reduce its environmental footprint, and identify business risks and opportunities.

As a corporate citizen, Kinpo will continue to promote its energy-saving policy, implement energy conservation and waste reduction, recycling and reuse policies. Our conservation initiatives include both raw materials and energy. We look at the sources in energy management, water management, industrial waste reduction and process safety management in order to eliminate the risk of environmental pollution, and enforce proper pollution prevention, control and risk management.

Kinpo was not engaged in any development or construction projects during the reporting period so there was no local community participation in the environmental impact assessment.

Scope	Standard	Certification status													
		Taipei / Taiwan	Changan / China	Wujing / China	Yueyang / China	MAN / Thailand	PET / Thailand	Philippines	SD / USA	Reynosa / Mexico	Manaus / Brazil	CPTH / Thailand	CPPE / Thailand	CPMA / Thailand	CPDG / China
Quality	ISO9001 Quality Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
	TL 9000 Telecommunications Quality Management							✓		✓					
	IATF 16949 Global Automotive Quality Management System					✓	✓								
	ISO 13485 Medical Devices – Quality Management System								✓						
	ISO 17025 Quality Management Systems for Laboratories					✓									
	AS 9100 Aerospace Management Standard									✓					
	ANSI ESD S20.20 Electrostatic Discharge Control Certification					✓	✓								
Environment	ISO 14001 Environment Management System		✓	✓	✓	✓	✓	✓		✓	✓				
	IECQ QC 080000 Hazardous Substances Management System	✓	✓	✓				✓	✓						
	ISO 14064 GHG Verification	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Business	ISO 22301 Business Continuity Management							✓							
Occupational Safety	ISO 45001 Occupational Health and Safety Management System		✓	✓	✓	✓	✓	✓			✓				
Information Security	ISO 27001 Information Security Management	✓													

4.2 Climate-related Financial Disclosures and Risks

Kinpo plays a critical role in the global electronic industry chain. We must deal carefully with the effects of climate topics in the net zero era and include climate change issues in our scope of risk. By identifying climate-related risks and opportunities, developing scientific responses to climate change, as well as implementing low-carbon transformation and climate adaptation. We can continue to respond to stakeholder concerns and expectations on the effects of climate change. The TCFD framework was introduced by Kinpo in 2021. The disclosure of climate change risks and opportunities reflects Kinpo's strong interest in and management approach to climate change.

4.2.1 Sustainability Strategy

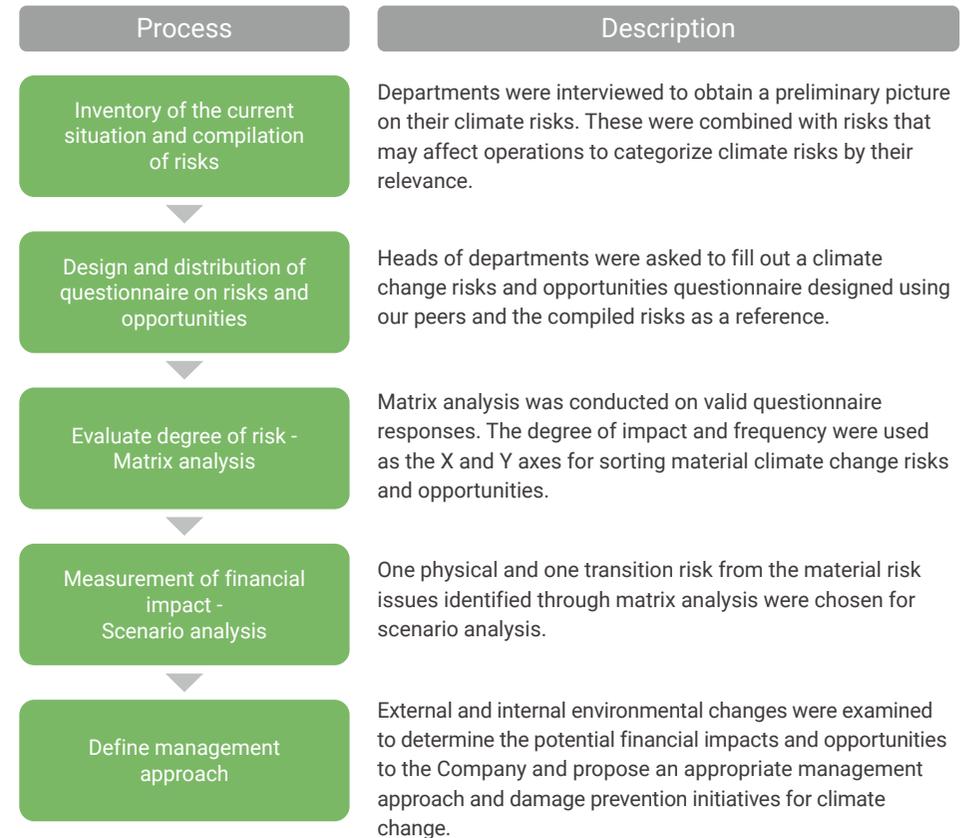
Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD framework was introduced by Kinpo to disclose our climate change management and actions in terms of "Governance", "Strategy", "Risk Management", and "Metrics and Targets" so that we can prevent and mitigate the impact of climate change.

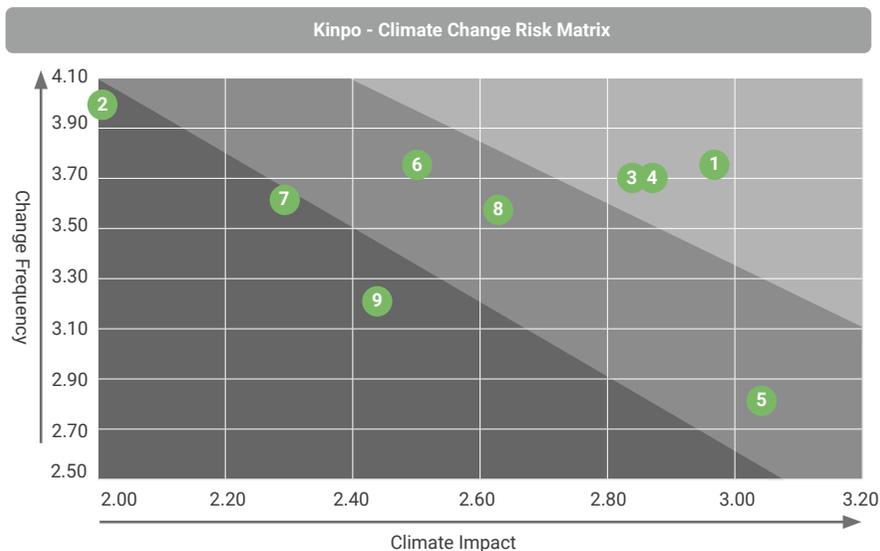
Aspect	Description	Responsible Unit
Governance	<ol style="list-style-type: none"> The Board of Directors is the top governance body for climate topics. The General Manager makes periodic reports to the Board on climate change risks as well as adaptation and mitigation measures. The Board is responsible for the supervision, approval, and the formulation of the budget relating to climate change risk response. The Sustainability Committee is responsible for ensuring that the Company's climate action is moving in the right direction. It also coordinates interdepartmental resources, assists with the identification of climate risks and opportunities, devises the climate strategy, promotes climate action, and makes periodic reports to the Board on the current progress. Production sites cooperate with the relevant plans set down by the Sustainability Committee in promoting and participating in proposals for the mitigation of climate change. 	Board of Directors General Manager's Office Sustainability Committee Production Sites
Strategy	<ol style="list-style-type: none"> Perform matrix analysis of climate change risks and opportunities. Analyze the potential financial impacts of material climate risks. Promote GHG reduction projects to meet the 1.5°C scenario and plan the carbon neutrality and reduction road map. 	Sustainability Committee
Risk management	<ol style="list-style-type: none"> Conduct scenario analysis of the physical and transition risks identified by each business unit, plan preventive measures, and confirm the outcomes of each project. Engage in interdepartmental interactions and communication on risk management from a company-level perspective. Comply with internal corporate risk management regulations and follow the management procedures for risk identification, risk assessment, risk control, risk supervision, and communication management. 	Sustainability Committee
Metrics and Targets	<ol style="list-style-type: none"> Conduct periodic assessments on the probability of flooding and devise preventive measures based on the outcomes of TCFD risk identification. Set energy conservation and renewable energy targets for factories with ISO 50001 certification planned for 2023. 100% of plants ISO 14064 certified. Submit the Science Based Targets Commitment Letter in 2022. Approve the setting of Science-based Reduction Targets (SBT) in 2023. 	Sustainability Committee Production Sites

4.2.2 Climate Change Management

Interviews were conducted by the Company and external consultants to define 9 climate risks and 6 climate opportunities. A questionnaire survey was then distributed among managers. Matrix analysis conducted on "Frequency" and "Impact" identified 3 material climate change risks and 3 material climate opportunities.



Climate Change Risk Matrix



High Risk This type of climate risk falls in the high impact/high frequency category; the adoption of risk mitigation measures is recommended

Moderate Risk This type of climate risk falls in the high impact/low frequency or low impact/high frequency categories; the adoption of risk management and risk mitigation measures is recommended

Low Risk This type of climate risk falls in the low impact/low frequency category; the adoption of risk assumption measures is recommended

- 1 Physical risk: Increase in intensity of extreme weather events
- 2 Transition risk: General environmental laws and regulations
- 3 Transition risk: Emission caps, carbon rights and energy transactions
- 4 Transition risk: Renewable energy
- 5 Transition risk: Supply of materials
- 6 Transition risk: Unstable energy supply
- 7 Transition risk: Shifts in customer requirements
- 8 Transition risk: Change in market demand/New industry technologies
- 9 Transition risks: Climate issues of stakeholder concern

Explanation of Climate Change Risks

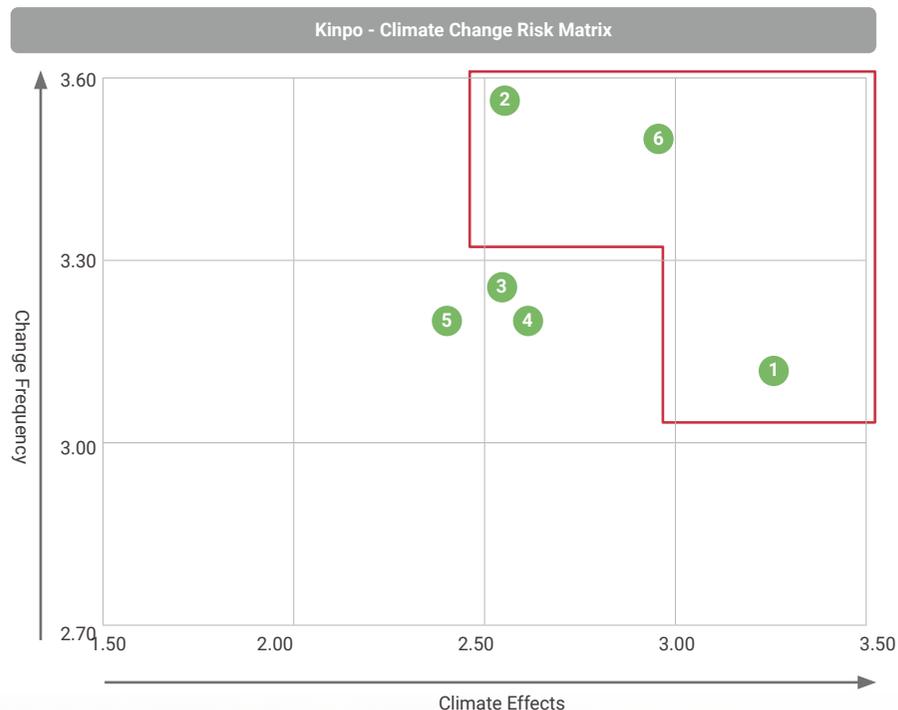
Risk Assessment Physical risk

Risk Topic	Climate Change Risk Event	Response Strategy
Increase in intensity of extreme weather events	Extreme weather events such as cyclones, hurricanes and flooding of the surrounding area impact the operation and safety of factories and their equipment	<ol style="list-style-type: none"> 1. Periodic assessment and tracking of the impact of natural disasters on plants. Emergency response drills are also conducted for all employees. For example, rainfall tracking, periodic cleaning of drains and equipment evacuation drills are carried out for flooding risk. 2. Set up a Business Continuity Management (BCM) mechanism and define a Business Continuity Plan (BCP) for each type of extreme weather. 3. Climate change factors will be taken into account for future factories.

Risk Assessment Transition risk

Risk Topic	Climate Change Risk Event	Response Strategy
Emission caps, carbon rights and energy transactions	Compulsory purchase of carbon rights as well as higher fees and taxes relating to GHG emissions	<ol style="list-style-type: none"> 1. Continue to monitor GHG management strategies in each country (e.g. control measures such as carbon credits, carbon taxes, and emission caps) to ensure early compliance. 2. Implement technological improvements, process optimizations, equipment upgrades, and construction of renewable energy generation facilities. 3. Launch SBT assessment projects to estimate the amount of carbon reduction that the Company will need to accept in the future and set carbon reduction targets. 4. Promote internal carbon pricing. 5. Set up carbon asset management.
Renewable energy	Increased costs from future tightening of renewable energy regulations	<ol style="list-style-type: none"> 1. Continue to monitor trends in renewable energy legislation. 2. Set up an energy conservation reward mechanism (e.g. innovative proposal challenge) within the Group to reward units for effective energy conservation or development of energy-saving technologies. 3. Evaluate different sources of renewable energy such as construction of in-house renewable energy supplies or signing of purchasing agreements for green electricity or renewable energy certificates.
Change in market demand/ New industry technologies	Failure to innovate in response to market demand may lead to replacement by emerging technologies/industries; legacy processes/technologies cannot meet the requirements for low-carbon products	<ol style="list-style-type: none"> 1. Set GHG reduction targets for the supply chain to boost supplier interest in carbon reduction. 2. Develop green materials that satisfy new environmental requirements by R&D units, and ask suppliers to supply green materials.
Unstable energy supply	Production disruptions due to instability in energy supply/ transportation or government restrictions on electricity supply	<ol style="list-style-type: none"> 1. Install uninterruptible power supplies (UPS) in factories with regular testing and inspection so they can be activated during brown- or black-outs. 2. Develop and search for alternate energy sources suitable for production operations to reduce the impact of electricity restrictions. 3. Conduct energy-saving diagnostics on key processes, electrical systems and key technical equipment and use technical consultations and modifications to improve energy efficiency.
Supply of materials	High material costs or shortages	<ol style="list-style-type: none"> 1. Set up alternative suppliers to diversify the sources of materials and avoid shortages caused by single suppliers. 2. Periodically review supply risks in the supply chain and evaluate alternative suppliers.
Shifts in customer requirements	Customer requirements on the environmental aspects of production processes (emissions, procurement, water, pollution etc.	<ol style="list-style-type: none"> 1. Introduce clean energy and promote and maintain the environmental management system, hazardous substance management system, energy management system, and so on. 2. Take waste reduction, recycling, and reuse into consideration during the design phase, and introduce eco-friendly materials and alternative low-pollution materials. 3. Host regular green seminars to provide company employees with environmental knowledge and skills. 4. Engage in industry-academia cooperation to expand the ability to design eco-friendly products.
General environmental laws and regulations	Higher environmental costs or mandatory shutdowns/closures due to tightening of general environmental regulations or special hazardous substance/ chemical regulations	<ol style="list-style-type: none"> 1. Establish a robust management system, strengthen pollution control hardware, introduce low-pollution raw materials, and actively cooperate with the pollution control requirements of regulators. 2. Inspect all chemicals used in the production processes of the supply chain and practice source control by selecting eco-friendly products for use on the production line.
Climate issues of concern to stakeholders	Stakeholders (e.g. NGOs, regulators of importing countries, brand customers) requiring the publication of carbon footprint information and commitment to reduction	<ol style="list-style-type: none"> 1. Strengthen external channels for disclosure such as multimedia design and interactive functionality, stakeholder communication and feedback channels, the corporate sustainability section of the corporate website, and electronic versions of reports. 2. Actively participate in international advocacy and sustainability ratings along with public disclosure of management and outcomes on climate change topics.

Climate Change Opportunity Matrix



- 1 Climate change opportunities: Enhance business reputation
- 2 Climate change opportunities: Participate in renewable energy programs and carbon trading markets
- 3 Climate change opportunities: Promote low-carbon green production
- 4 Climate change opportunities: Technological innovation opportunities
- 5 Climate change opportunities: Supply chain stability
- 6 Climate change opportunities: Improve defenses against natural disasters

Explanation of Climate Change Opportunities

Risk Topic	Climate Change Risk Event	Response Strategy
Improve defenses against natural disasters	<ol style="list-style-type: none"> 1. Drought - Implement water-saving measures and improve water efficiency 2. Flooding - Conduct scenario analysis on flooding to manage flooding risks within factories 3. Other natural disasters - Formulate crisis management procedures and set up an emergency response system 	<ol style="list-style-type: none"> 1. Raise the foundations of factories or place high-value equipment on higher floors. 2. Periodic cleaning of the rainwater drainage system. 3. Notify each department in a timely manner of weather forecasts and supervise their execution of emergency preparations.
Enhance business reputation	<p>Improve performance at stakeholder sustainability evaluations to increase stakeholder willingness to investment in the long-term</p>	<ol style="list-style-type: none"> 1. Actively invest in green product design, energy-conservation management at factories, and resilience to extreme climate events. 2. Push for key plants to build and apply for national certification on Green Factory, Green Supply Chain, Green Campus, and Green Products.
Participate in renewable energy programs and carbon trading markets	<ol style="list-style-type: none"> 1. Increase energy diversity and improve the energy structure 2. Obtain public-sector incentives, cooperate on GHG trading and carbon trading markets 	<ol style="list-style-type: none"> 1. Enforce the energy management system and reduce electricity consumption by production processes. 2. Conduct energy-saving diagnostics and carry out technical modifications to improve energy efficiency.
Promote low-carbon green production	<ol style="list-style-type: none"> 1. Improve energy efficiency and reduce operating costs 2. Formulate a Supplier Code of Conduct and enforce the evaluation mechanism 3. Recycle raw materials and simplify production processes 	<p>Give preference to materials with smaller carbon footprints during procurement to reduce carbon emissions from every stage of the produce life cycle.</p>
Technological innovation opportunities	<p>Product compliance with energy efficiency regulations, providing better energy efficiency, and reduction in overall costs will boost customer willingness to place orders and generate revenue growth.</p>	<ol style="list-style-type: none"> 1. Increase R&D investment in production processes, develop and design low-carbon products, and keep up with market trends for higher efficiency and lower power consumption. 2. Engage in industry-academia cooperation to expand the ability to design eco-friendly products. 3. Host regular green seminars to provide company employees with environmental knowledge and skills.
Supply chain stability	<p>Maintaining a close relationship with supply chain partners will help strengthen supply chain resilience, reduce risk of non-compliance with energy-efficiency regulations, and lower manufacturing costs.</p>	<ol style="list-style-type: none"> 1. Incorporate ESG aspects into supply chain evaluations, conduct periodic on-site/written audits and follow-up on improvements. 2. Offer to mentor non-compliant suppliers on transformation and set deadlines.

Scenario Analysis

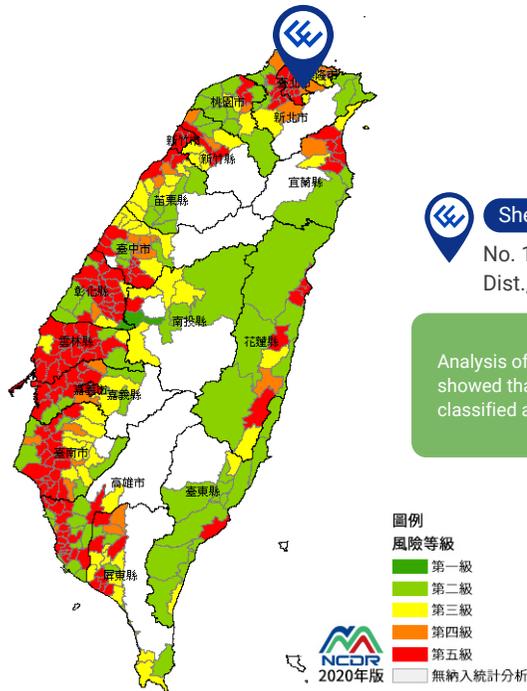
Climate change risks are already having an impact on Kinpo operations. Extreme climate change in Taiwan can trigger seasonal and regional water shortages. The typhoon and monsoon seasons may also produce flooding. Carbon-related fees and emission controls may all impact and affect Kinpo financially in the future as well. "Physical risks" and "transition risks" are therefore all carefully assessed by Kinpo for proactive management to reduce operational risks.

Physical risk

We adopted the "Representative Concentration Pathways" (RCPs) at our plant in Shenkeng and used the variance between the year 2100 and the year 1750 through radiative forcing as the indicator.

The worst-case scenario for Taiwan was assumed by using the RCPs 8.5 Scenario - Continued increase in radiative forcing in the year 2100. Data on flood damage, vulnerability and exposure from the Disaster Risk Adaptation platform of the National Science and Technology Center for Disaster Reduction was then used to predict the climate conditions in the middle of this century (2036-2065) for a flood risk analysis.

Flood Risk Analysis of Taiwan

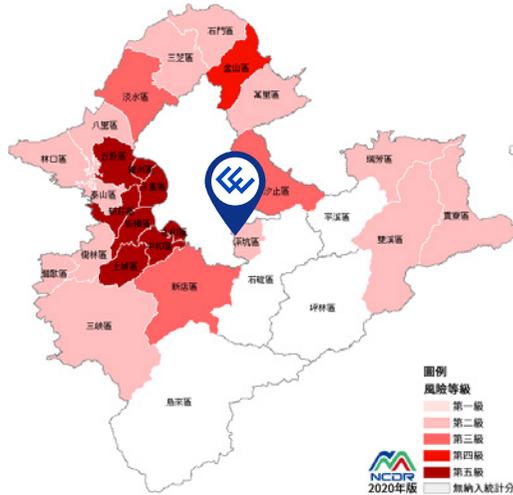


Shenkeng Plant
No. 147, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City

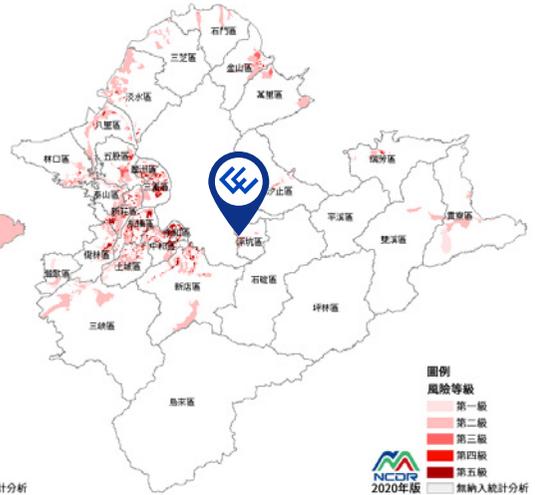
Analysis of overlays for Taiwan as a whole showed that Shenkeng plant's location was classified as level 3 with moderate risk.

Flood Risk Analysis of New Taipei City

New Taipei City - Flood Risk Analysis of Rural and Urban Regions



New Taipei City - Flood Risk Analysis of the Smallest Statistical Units



Shenkeng Plant
No. 147, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City

Analysis of flood risk overlays for New Taipei City showed that Shenkeng plant was classified as level 2 and was located in an area with a relatively low level of disaster risk. The results showed that our Shenkeng plant was at moderate to low risk with relatively low likelihood of flooding under normal climate conditions.

However, the increasing frequency of future extreme weather events does make it necessary to take extreme weather events such as typhoons or super heavy storms into consideration and plan accordingly. If the plant is flooded then the cost of repairs for damaged equipment at the Company's Shenkeng plant has been estimated to be NT\$1,900,000. To prevent incurring repair costs and disruption to operations from flooding of the plant by future extreme weather events, Kinpo will draw up a response policy based on the results of this analysis, carefully evaluate the potential threat, and develop a suitable management and action plan.

4.3 Greenhouse Gas Management

The 26th UN Climate Change Conference (COP26) in 2021 saw the signing of the Glasgow Climate Pact by participating countries that set a goal of keeping global warming under 1.5°C. Kinpo plans to develop a short-term Science-Based Reduction Target (SBT) in 2022 to show our support for the Glasgow Climate Pact. Further planning will be progressively carried out to reach the medium and long-term goals of achieving carbon neutrality by 2030 and net zero carbon emissions by 2050.

In 2021, the following methods were adopted by Kinpo to realize our goal of setting a SBT:

Establish GHG Emissions Baseline

We launched GHG inventories at our plants worldwide in 2021 and increased GHG coverage from 65% to 100%. The data was also verified through third-party ISO 14064 audits.

2019-2021 GHG Inventory Coverage				
Plant Region	Plant Site	2019	2020	2021
Taiwan	Shenkeng	v	v	v
China	Chang'an	v	v	v
	Wujiang	v	v	v
	Cal-Comp Optical Electronics (Yueyang)		v (New plant)	v
	NKG Advanced Intelligence & Technology Development (Yueyang)		v (New plant)	v
	Cal-Comp Precision (Yueyang)		v (New plant)	v
	Cal-Comp Precision (Dongguan)	No inventory		v
Thailand	Mahachai	v	v	v
	Petchaburi	v	v	v
	CPMA	No inventory		v
	CPPE	No inventory		v
	CPTH	No inventory		v
Philippines	KPPH1	v	v	Scheduled for completion in October 2022
	KPPH2	v	v	
	CPPH	No inventory		
Brazil	CCBR	v	v	v
	CCBS	v	v	v
Mexico	CCMX	v	v	v
Malaysia	CPMY	No inventory		v
U.S.	CCSD	No inventory		v
GHG Inventory Coverage		50%	65%	100%

2019-2021 GHG Emissions

Expanding the boundary for GHG inventory in 2021 led to higher total GHG emissions compared to previous years. Scope 1 emissions accounted for 2%, while Scope 2 emissions accounted 98%. GHG emission intensity in 2021 was 1% lower than 2020.

Unit: (tons CO₂e)

2019-2021 GHG Emissions at Each Plant									
Plant/Scope	2019			2020			2021		
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Taiwan	219.18	2,337.84	2,557.03	198.89	1862.64	2,061.52	310.17	2,318.97	2,629.14
China	786.80	39,172.62	39,959.42	1,093.54	76,362.70	77,456.25	1,142.57	61,178.87	62,321.44
Thailand	2,545.49	65,053.25	67,598.74	2,777.43	59,196.34	61,973.77	1,416.00	81,883.00	83,299.00
Philippines	1,032.86	4,9171.13	50,203.99	1,196.73	29,728.56	30,925.28	-	-	-
Malaysia	-	-	-	-	-	-	57.29	5,136.96	5,194.25
Brazil	170.85	8,288.44	8,459.29	209.05	7,273.81	7,482.86	141.27	2,548.52	2,689.79
Mexico	102.73	2,487.27	2,589.99	120.06	2,601.47	2,721.53	559.58	2,115.17	2,674.75
U.S.	-	-	-	-	-	-	1.79	236.84	238.63
Total	4,857.92	166,510.54	171,368.46	5,595.69	177,025.51	182,621.21	3,656.84	220,184.34	223,841.18

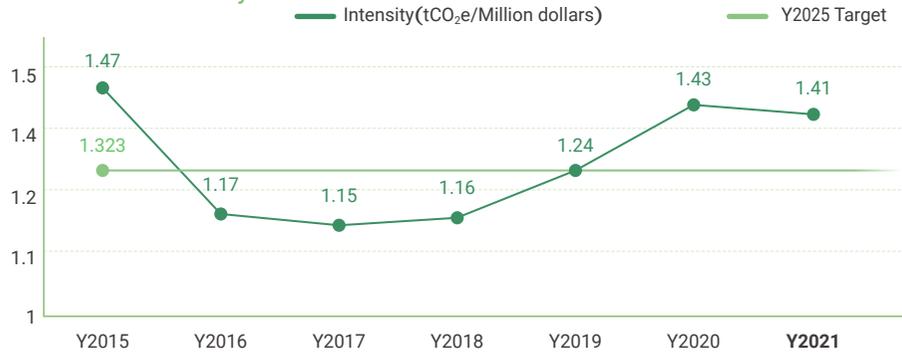
Remarks:

1. GHG inventory coverage at NKG was 100% in 2021 and 65% in 2020.
2. In 2021, 85% of GHG inventories at NKG plants obtained ISO 14064 verification. FPIP, LIMA and CPPH are expected to be verified in October, 2022.

2021 Distribution of GHG Emissions

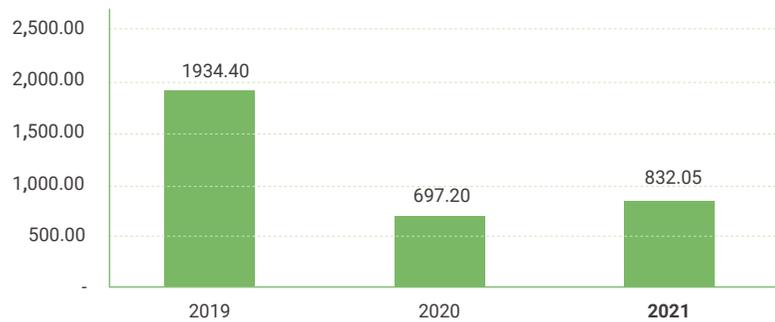


GHG Emissions Intensity



2019-2021 Scope 3 GHG Emissions at Shenkeng Plant

Material scope 3 emissions at Shenkeng plant consisted of employee commute and business travel. Total emissions in 2021 amounted to 832.05 tCO₂e. The COVID-19 situation in 2021 was not as serious as 2020 so the frequency of employee business trips increased again.

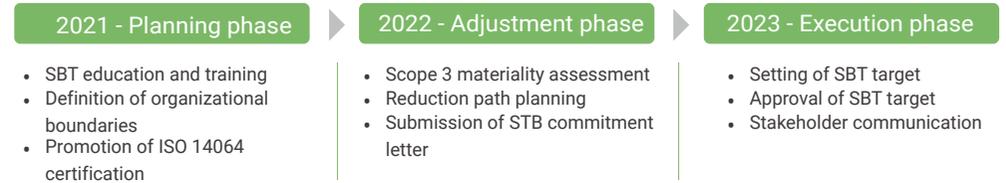


Information on Thailand Plants

CCET has two plants in Thailand located in Mahachai and Petchaburi. A comparison of their GHG emissions per US\$1 million of revenue in 2020 and 2021 is shown in the table below:

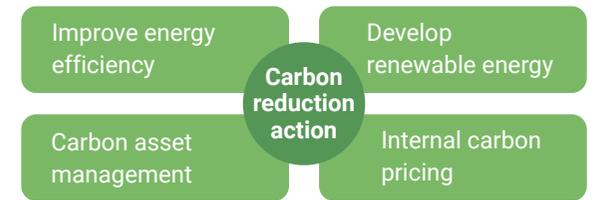
Plant/Scope	2020		2021	
	Scope 1	Scope 2	Scope 1	Scope 2
Mahachai	2,777.43	59,196.32	1,068.00	63,303.00
Petchaburi				
Total	61,973.75		64,371.00	

Introduction of Scientific Methodology



Development of Carbon Reduction Actions

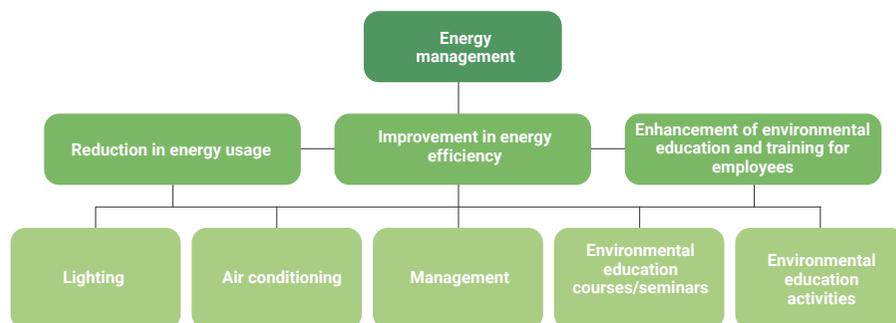
The industry structure and technological trends are always changing. Businesses must engage in continuous innovation to maintain their sustainability. The following methods are employed by Kinpo as a corporate citizen to effectively track GHG emissions:



- GHG management strategy:**
The impact of global climate change as well as its adaptation and mitigation is now the most important international topic. GHG management has already been incorporated by Kinpo into its management. The GHG report and carbon reduction strategy plan are also submitted to the Taiwan Stock Exchange (TWSE) every year. An internal GHG inventory procedure has been put into place. Quarterly GHG reports and annual CDP carbon disclosure reports are also prepared for external customers. We also continue to develop our medium and long-term carbon reduction strategy plans in response to the impact of climate change on our internal and external management strategies.
- GHG emission plan:**
Kinpo continues to introduce energy conservation and carbon reduction measures such as upgrading or replacing energy-intensive equipment, and switching to LED lighting. Our goal is reduce our GHG emissions per US\$1 million of revenue in 2025 by 10% compared to the baseline year of 2015.
- Carbon reduction effects of products and services for customers or consumers:**
Green design principles such as green design and supply are applied by Kinpo during product development and production to realize carbon reduction. Kinpo requires the parts, components, materials, products, and packaging materials provided by all suppliers to comply with the Company's environmental requirements from the initial design phase in order to reduce their impact on the environment and climate change. Green product design reduced our GHG emissions by 73,907 tCO₂e in 2021.

4.4 Energy Management

The three main directions adopted by Kinpo for energy efficiency management are reduction in energy usage, improvement in energy efficiency, and enhancement of environmental education and training for employees. The goal is to reduce energy usage by 1% each year.



Energy Usage Analysis

Most of the energy consumed by the Company, including electricity and fuel (natural gas, LPG, and diesel), was purchased externally. Externally purchased electricity was the largest component at 99.99% followed by natural gas.

2021 Energy Usage				
Plant/Type	Externally purchased electricity (MWh)	Natural gas (m ³)	Liquefied petroleum gas (kg)	Diesel (L)
Taiwan	3,865	0	0	0
China	294,651	129,651	0	0
Thailand	177,269	0	36,250	13,460
Philippines	53,706,470	0	528	300
Malaysia	8,766	0	28	0
Mexico	5	15,081	0	1,000
Brazil	20,135	0	17	1,695
U.S.	1,047	0	0	0
Total	54,212,208	144,732	36,823	16,455
Energy Unit (Megajoules)	195,163,948,800	5,450,165	1,782,851	578,328
2021 Energy Intensity (Megajoule per \$100 million of revenue)	139,624,224.70	3,899.16	1,275.49	413.75
Each Energy Type as a Proportion of Total Usage	99.996%	0.003%	0.001%	0%

2020 Energy Usage

Energy Category	Externally purchased electricity (MWh)	Diesel (KL)	Natural gas (1000m ³)
Taiwan Plants	3,865	0	0
China Plants	90,437	31	135
Philippines Plants	87,708	163	0
Thailand Plants	119,491	8	0
Brazil Plants	17,797	13	0
Mexico Plants	5,151	6	20
Total	324,449	221	155
Energy Unit	1,047	0	0
Total	324,449	221	155
Energy Unit (Megajoules)	1,168,016,400	7,770,802	5,839,470
2020 Energy Intensity (Megajoule per \$100 million of revenue)	910,954.23	6,060.57	4,554.29

The 2020 energy consumption inventory did not include the Malaysia plant as well as some plants in China, the Philippines and Thailand. These were included for the 2021 inventory. Energy usage went up as a result in 2021.

The table below shows a comparison of electricity usage from 2020 and 2021 between the CCET Mahachai and Petchaburi plants in Thailand:

Category	2020	2021
Electricity consumption (MWh)	119,491	126,637

4.5 Water Resource Management

Due to the nature of the industry, most Kinpo operations are assembly plants, and there is generally speaking no large-scale consumption of water resources. Water is mainly used by plant infrastructure such re-circulated water in the air-conditioning and air compressors, as well as domestic water use by employees. All water used is sourced from public water utilities and there is no independent tapping of rivers, lakes or underground water sources. There is therefore no significant impact on water sources and community water usage.

We continue to push for water savings with a target of reducing water usage by 1% each year. In addition to strengthening the management and replacement of water-saving facilities at each plant, we also inspect and maintain underground pipelines and firefighting conduits for leaks. Employee education to change their water-usage behavior is also carried out to improve water efficiency.

Water-saving measures at Kinpo:

- Change of chemicals to reduce AC water usage
- Upgrade of water distributors in cooling towers to prevent spills from imbalance
- Installation of valve flow regulators in flush toilets and daily inspections for leaks
- Kitchen floors are mopped rather than hosed down every day; water from washing vegetables is used for mopping.
- Stored water is used and valves are closed during the night
- Daily inspections of water valves and water usage

Unit/Water Usage: Megaliters

2019-2021 Water Usage					
Year/Plant	2019	2020	2021	Water usage increase or decrease compared to last year	Reason for increase (or decrease) in water usage compared to last year
Taiwan	38.20	42.50	42.96	0.46	Water usage increased slightly by 1.1% in 2021 compared to last year. The slight increase was attributed to more frequent hand-washing by employees to prevent the spread of COVID-19.
China	652.02	2,267.56	706.85	-1,560.71	<ol style="list-style-type: none"> 1. Underground leaks are dealt with in a timely manner and leaking buried pipes are changed to above-ground pipes. 2. Rainwater is reclaimed. 3. Cooling towers are used in multiple stages to reduce spatter.
Philippines	659.65	606.88	667.50	60.62	More frequent hand-washing and cleaning by employees due to COVID-19.
Thailand	577.76	534.36	643.70	109.35	<ol style="list-style-type: none"> 1. More frequent hand-washing by employees to prevent the spread of COVID-19. 2. Increase in production line and front-line operators. 3. Testing of the fire sprinkler system at new plant building.
Brazil	0.80	0.91	1.11	0.20	Increase in number of factory workers.
Mexico	8.20	11.35	9.25	-2.10	Water usage decreased due to reduction in number of plant personnel.
Malaysia	26.03	23.05	28.60	5.55	Production decreased in 2020 due to the COVID-19 movement control orders imposed by Malaysia. Production output returned to normal in 2021.
U.S.	2.53	0.71	0.50	-0.21	Water usage decreased to reduction in plant output.
Total	3,855.41	6,897.03	4,119.62	-2,777.41	

4.6 Waste Management and Recycling

Kinpo production processes consist mainly of electronics assembly. The two main types of waste produced include "Employee domestic waste" and "process waste."

Employee domestic waste management includes employee training and guidelines on effective waste reduction and sorting to improve resource usage and recycling value. For process waste such as waste hardware and semi-assembly packaging, reduction management focuses on appropriate packaging and minimizing the proportion of hazardous waste. The goal is to reduce waste by 1% each year.

The main purposes of centralized waste processing are sorting and safety. Waste is managed by a dedicated unit at location to effectively track and control the sources and amount of waste. We also cooperate with recycling companies to improve recycling value. Our ultimate goal is zero waste.

Waste processing prioritizes in-process recovery followed by source reduction. Waste that cannot be recycled is collected by licensed operators for incineration and landfilling in accordance with environmental protection regulations. We use the following waste disposal methods:

Category	Method of disposal
Domestic waste	Disposal through qualified and professional waste disposal companies or local government health authorities.
General industrial waste	Waste is disassembled after testing and disposed of through Class A professional waste disposal companies.
Hazardous industrial waste	Waste is stored in the hazardous waste storage area for removal and disposal by qualified contractors.
Recyclable waste	Disposal through garbage collection or sale to qualified contractors (e.g. PET bottles, aluminum cans, steel cans, waste plastics, metal hardware).

With regard to environmental topics, the Company complied fully with government laws and regulations for the reporting period and there were no incidents of environmental non-compliance.

Waste Sorting and Statistics



2021 Waste Disposal Method

Year/Category	Domestic waste	Hazardous waste	General business waste
Taiwan	Incineration (80%) and recycling (20%)	None	None
China	100% incinerated for power generation	100% incineration	100% recycling
Philippines	60% recycling, 40% landfilling	Disposal and removal	100% recycling
Thailand	90% recycling, 10% landfilling	70% incineration, 30% landfilling	100% recycling
Brazil	70% recycling, 30% incineration	70% recycling, 30% incineration	70% recycling, 30% incineration
Mexico	100% incineration	70% incineration, 30% landfilling	100% recycling
Malaysia	100% disposal through professional landfills	100% reclamation	100% recycling
U.S.	60% recycling, 40% landfilling	100% collection and disposal by professionals	100% recycling

Chapter 5

Partnerships

KINPO **2021**
SUSTAINABILITY
REPORT



5.1 Customer Privacy

Protection of customer privacy and strong emphasis on maintaining the confidentiality of customer information are important Kinpo policies. We aim for "zero customer complaints" in terms of products and services during the sales process in accordance with the ISO 9001 international standard.

The relevant personnel are required to sign non-disclosure agreements and attend regular information security and confidentiality education sessions to ensure customer objects, information or data are not leaked in any form. Critical sensitive information is uploaded to the document control system and the appropriate access permissions are set. A complete backup mechanism for system data ensures the integrity of customer information. Regular audits are conducted to establish rigorous information security measures to ensure that customer and Company interests are not affected by inappropriate use of private customer data.

To continue strengthening the information security awareness of employees, regular information security education is supplemented by regular information security training for personnel involved in sensitive projects. A total of 6 sessions were conducted and attended by 931 people in 2021. The course contents included information security concepts, protection of customer information, and enforcement of company information security regulations. In addition to the enforcement operations of the IT security department, an information security reporting mechanism has been set up on the corporate portal website so that every employee can submit timely feedback on information security incidents or recommendations to the IT security department. Appropriate response measures are then taken by the IT security department based on the severity of the incident to reduce damage and loss to critical business service IT systems, as well as important IT assets and operations. There no complaints over the compromise of customer privacy in 2021.

- 1

**[Step 1]
Information Security Team**

 1. Conduct risk assessment and corrective action
 2. Strengthen Company information security maturity
- 2

**[Step 2]
Data protection**

 1. Upload important sensitive data to the document control system and set appropriate access permissions
 2. A complete backup mechanism for system data ensures the integrity of customer information
- 3

**[Step 3]
For employees**

 1. Sign non-disclosure agreement to ensure the confidentiality of customer information
 2. Regular information security and confidentiality education
- 4

**[Step 4]
For customers**

Sign mutual commercial non-disclosure agreements between customers

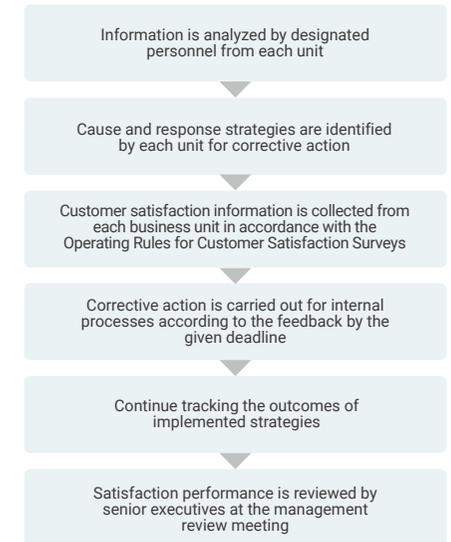
- "Zero customer complaints" as target
- Compliance with the "ISO 9001" international standard

5.2 Customer Service

We conduct a "Customer Satisfaction Survey" every year with "Service Performance", "Engineering Capability", "Management Capability", and "Factory Performance" as the four survey metrics. Strategic recommendations are proposed an in-depth analysis is carried out based on the survey findings before coming up with substantive corrective strategies and proposals.



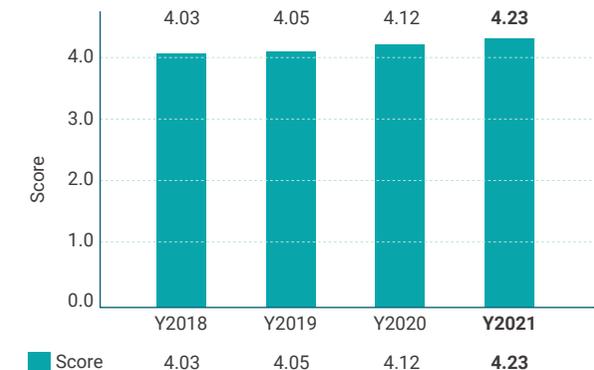
Kinpo Customer Satisfaction Survey Flow Chart



Customer Satisfaction Survey Outcomes

Average Score of Ability Metric

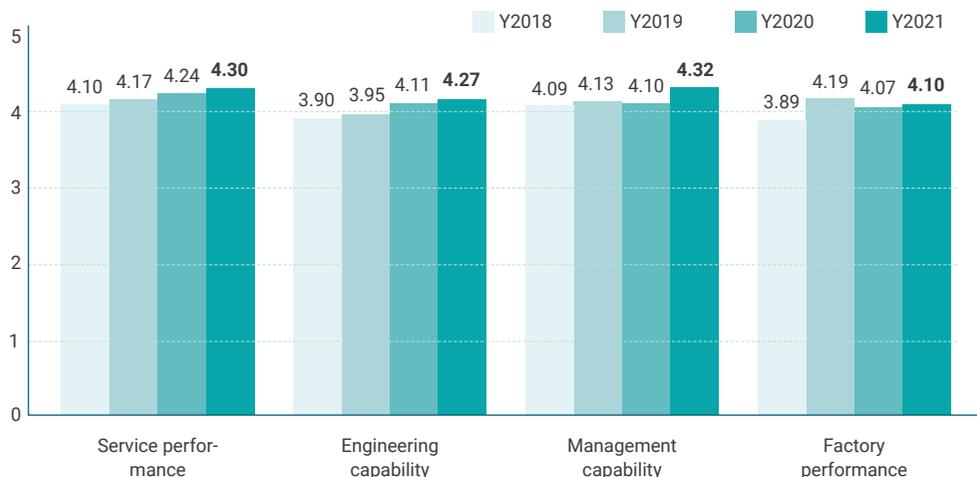
Interval	Score
Excellent	5
Good	4
Fair	3
Poor	2
Bad	1



Customers were too busy to answer the survey due to COVID-19 in 2020, so the recovery rate was just 81.8%. In 2021, the survey response rate was 100%, so the average score from the customer satisfaction survey saw a 22.2% improvement in customer feedback.

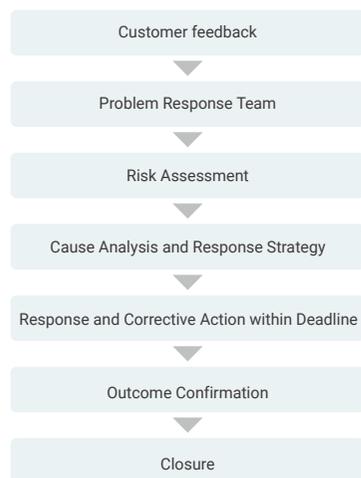
Average Score of the Four Ability Metrics in Recent Years

The four ability metrics all saw improvement compared to 2020. Management capability in particular grew by 5.3% mainly due to the improved operational proficiency of our personnel. Engineering capability was next with an improvement of 3.89%. Other aspects such as service performance and factory performance grew by 1.41% and 0.73%, respectively.



In terms of customer complaints, we received 42 cases in 2020 and 24 cases in 2021, a reduction of 18 cases (43%). The main reasons for the decrease in cases were the timely handling of customer complaints and follow up on corrective actions.

Kinpo Customer Complaints Process Flowchart



Comparison of Customer Complaint Cases in the Last Two Years

Customer complaint cases	Y2020	Y2021
Service performance	11	5
Engineering capability	11	11
Management capability	12	5
Factory performance	8	3
Total	42 cases	24 cases

5.3 Sustainable Supply Chain Supplier Management Strategy

High quality parts from suppliers are crucial to Kinpo for producing high quality products that satisfy customer requirements. The Operating Rules for Supplier Evaluation Management and Regulations for Periodic Evaluation of Supplier Delivery Quality were therefore devised to pick out quality suppliers and mentor existing suppliers on realizing the goal of high quality supply.

Regulations for Periodic Evaluation of Supplier Delivery Quality

The Group classifies suppliers into the four grades of A, B, C, and D through periodic supplier evaluations. Grade of A is excellent, B is pass, C is under observation, and D is mentoring required. The Supplier Quality Assurance Department is the Kinpo unit in charge of mentoring suppliers. A target of no suppliers with repeated D ratings was set in 2022 in order to realize the Group goal of 100% of suppliers having A or B ratings of 2023.

The Group conducts paper and on-site audits of all new suppliers. Supplier evaluations from each plant are also compiled each month for rating all Kinpo suppliers. Purchasing units communicate with suppliers given a C or D rating by the Group in a timely manner to realize the synergy of interdepartmental supplier management.

The annual supplier quality conference is used to announce trends in Group supplier ratings, the Top 20 quality suppliers, and the list of suppliers that need to improve their quality for a balanced approach of encouraging and urging. One supplier quality conference was held in 2021.

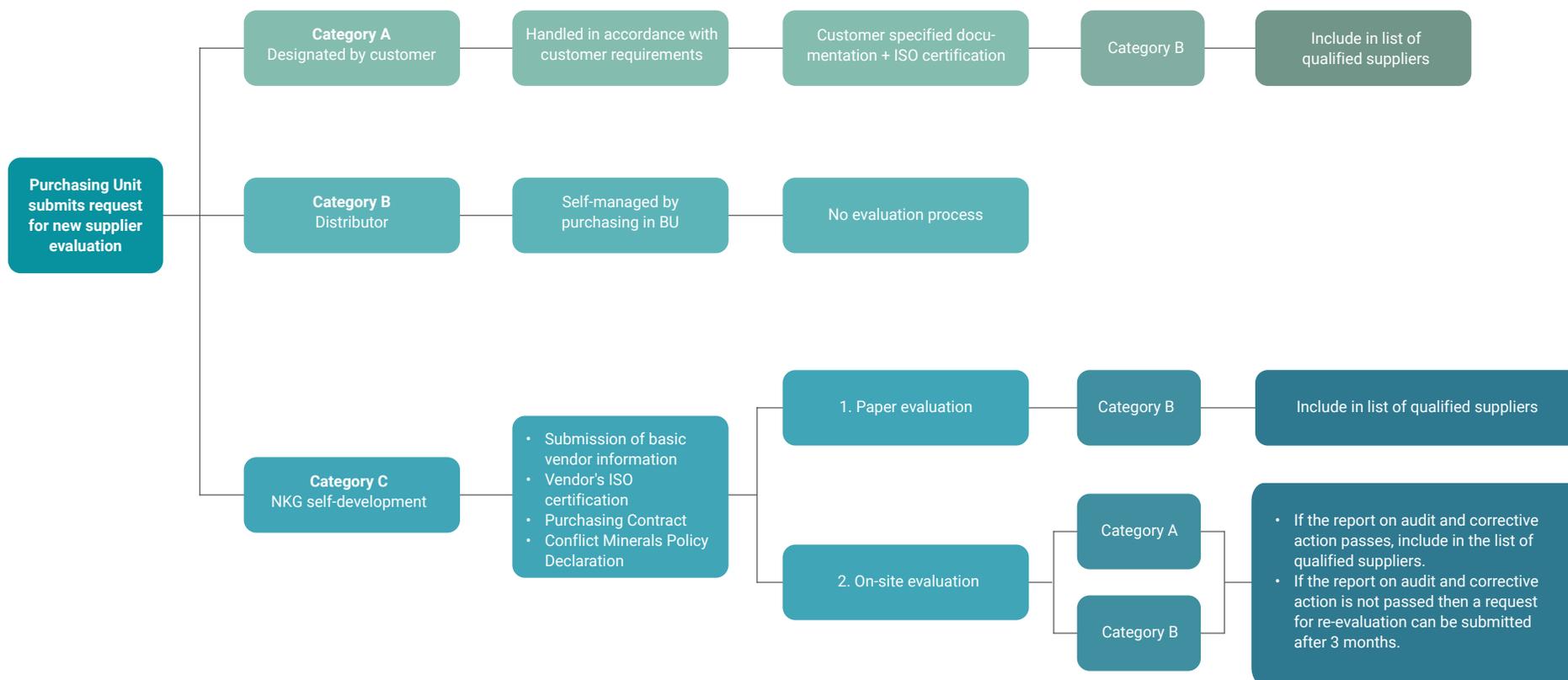


New Supplier Evaluation

If a new supplier wishes to do business with the Company then they must sign and submit the "Supply Purchase Agreement", "Conflict Minerals Policy Declaration", and the supplier's own basic information including company profile, organization, and existing customers. Documentation on ISO quality management system certification must also be provided to the Group Quality Assurance Center for review.

Suppliers are also required to conduct preliminary self-assessments using Kinpo's audit checklist. The areas covered by the Kinpo audit checklist include quality management system, process quality control, green product design requirements such as the EU RoHS Directive, and product design and development process controls.

NKG Supplier Evaluation – Flowchart



A total of 11 vendors underwent new supplier evaluation in 2021. 82% (9/11) passed the evaluation the first time. Breakdown of evaluations included 5 on-site audits, 3 written audits, and 3 online audits.



Supplier Annual Re-evaluation Procedure

In December each year, Group QA asks buyers from each business unit to provide a list of suppliers that must undergo the annual re-evaluation.

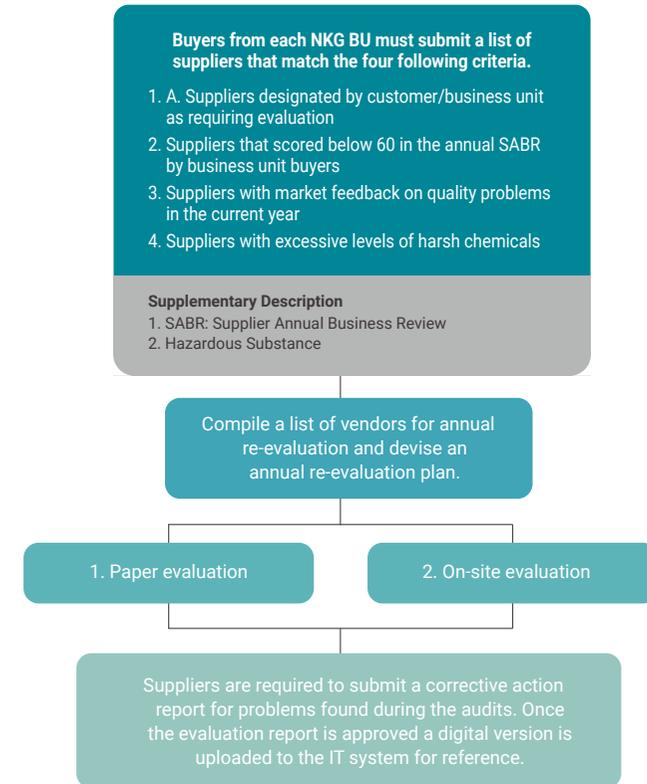
- A. Suppliers designated by customer/business unit as requiring evaluation
- B. Suppliers that scored below 60 in the annual SABR by business unit buyers
- C. Suppliers that were reported as having quality issues by the market in the current year
- D. Suppliers with excessive levels of hazardous substances

A list of these suppliers is compiled by Group QA to draw up an annual audit plan. Supplier evaluations for the year are then conducted according to the plan to generate evaluation reports and findings. Suppliers are then asked to submit an improvement report and to continue making improvements. Group QA arranges for on-site assessments or written review for the plants of suppliers that require on-site evaluation or written reviews.

A dedicated "Supplier Scoring Form - Annual Re-evaluation" is used for the annual re-evaluation. Areas of interest include quality management system, process quality control, and green product design requirements such as the EU RoHS Directive.

Annual re-evaluations were carried out by 21 suppliers in 2021. All of them passed the evaluation process successfully. These included 3 in Taiwan, 3 in China's Huanan region, 3 in China's Huadong region, and 12 vendors in Thailand.

Supplier Annual Re-evaluation Procedure



RBA Supplier CSR and Environmental Audit

Kinpo suppliers are required to implement and adhere to the Responsible Business Alliance (RBA) Code of Conduct in labor rights, health and safety, the environment, business ethics, and management system in their business conduct. Sustainability audits and other operations are periodically conducted to examine supplier execution for the year to build a partnership for sustainable supply chains.

Total number of suppliers that underwent the RBA audit or equivalent	2	Total number of suppliers that failed the RBA audit or equivalent	2
Total number of suppliers in phase 1	30	Total number of high-priority non-conformities	2
Total number of high-risk suppliers	30	Total number of high-priority non-conformities already corrected	2
(a) Percentage of all suppliers (%)	7%	Total number of other non-conformities	16
(b) Percentage of high-risk suppliers (%)	7%	Total number of other non-conformities already corrected	0

Regulations for Periodic Evaluation of Supplier Delivery Quality

At the end of each month, Group QA asks the incoming quality control unit at each production location to submit a monthly report on periodic evaluation of supplier delivery quality by the 10th of the following month.

The monthly reports are compiled by Group QA and suppliers are given one of four ratings based on the evaluation items/scoring criteria/rating principle for supplier delivery quality.

Evaluations look at the three main criteria of incoming material quality, anomalies in process material quality, and timeliness of response on corrective action for material quality anomalies/strategy to prevent further recurrence (8D response).

Scoring is out of 100 and individual evaluation items are not weighted. All scoring is via point deductions. The evaluation items are shown in the table below:

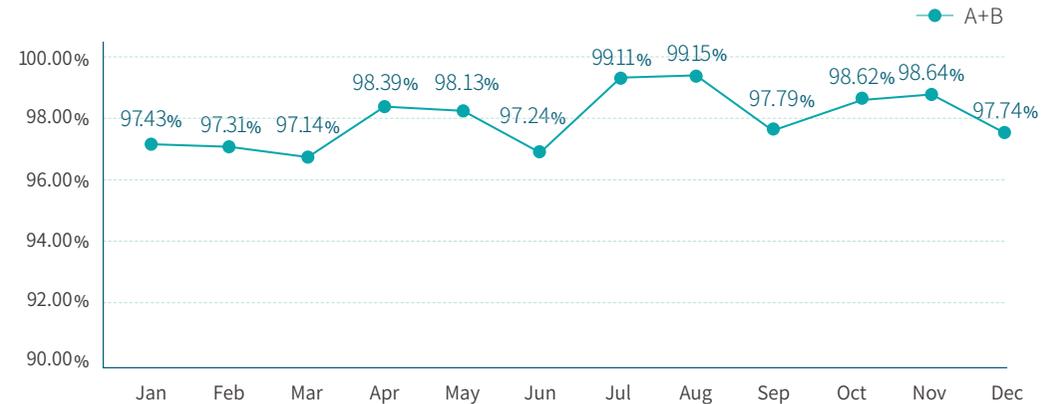
Evaluation of Supplier Delivery Quality - Evaluation Item		
• Incoming material quality	• Anomalies in process material quality	• Timeliness of response on corrective action for material quality anomalies/strategy to prevent further recurrence

Suppliers are then sorted into the four following grades based on their total score

A	Cooperation on delivery quality and response to corrective strategies for material quality anomalies are excellent. Preference should be given during purchasing for new orders.
B	Cooperation on delivery quality and response to corrective strategies for material quality anomalies are acceptable. Current purchasing can be maintained.
C	Flag the supplier and have plant IQC require the supplier to submit an improvement report.
D	Flag the supplier for close scrutiny and have plant IQC require the supplier to submit an improvement plan. The purchasing unit is also to push for supplier cooperation on continuous improvement.

Kinpo will continue to monitor the delivery quality of the supplier with the Group QA, BU purchasing, and plant IQC (incoming quality control) units working together to achieve the goal of continuous improvement in product quality.

The results of the 2021 periodic evaluation of supplier delivery quality are shown in the following graph. The average score for suppliers rated as Grade A + Grade B was 98.07%.



Chapter 6

Employee Care

KINPO **2021**
SUSTAINABILITY
REPORT



Employees are an important company asset and the key to continued competitiveness in business. Kinpo has grown into the largest electronics manufacturing service provider in Southeast Asia since its founding more than 40 years ago. Employees are fundamental to our corporate sustainability, so we look after our employees and make this the foundation of our human resources development. Talented people are recruited from across the world to build a happy workplace and work together to deliver customer service and sustainable corporate growth.

6.1 Human Resource Management Policy

Kinpo believes that people define a company and form its most precious asset. We respect the uniqueness of each person, comply with local labor regulations and international human rights conventions at each Group operating location, and strive to maintain the human rights of our employees. Reasonable compensation, comprehensive benefits, a robust talent cultivation system, and appropriate communication have also been put into place. As a result, there were no violations of human rights such as child labor, forced labor, labor disputes, violation of gender equality, or sexual harassment during the reporting period.

Employee Overview

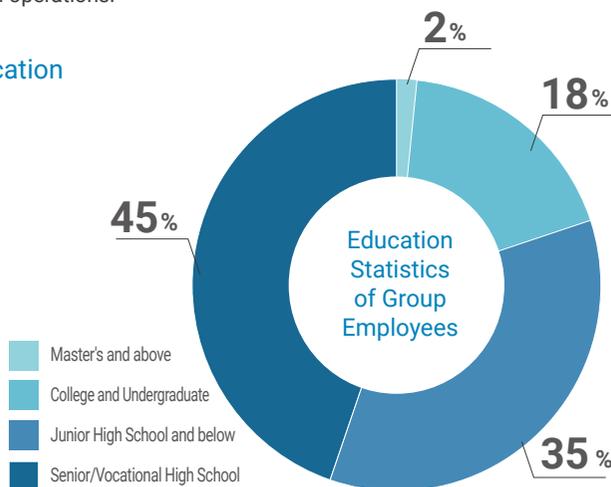
Kinpo is headquartered in Taiwan so the main R&D departments and administration center are located here. Manufacturing bases have been set up in China, the Philippines, Thailand, Brazil, Mexico, Malaysia, and the U.S.

The Company does not take gender, nationality or religion into account in any way during employee recruitment, talent cultivation, performance management, compensation and benefits. A consistent standard is followed to foster an equitable and harmonious work environment where employees can put their skills to good use.

We embrace diversity in our employment and there have never been any incidents of human rights violations or discrimination. There were therefore no violations of Indigenous rights, external human rights audits, and impact assessments for this reporting period. There is no risk of forced or compulsory labor in any of the Company's internal operations.

Distribution of Employee Education

Education	Percentage
Master's and above	1.65%
Associate's and Bachelor's	18.47%
Senior/Vocational High School	34.91%
Junior High School and below	44.93%
Total	100%



Personnel Structure by Gender, Role, and Age

- Taiwan plants employed 2,008 people including 1,203 men (60%) and 805 women (40%); there were 978 people in middle and senior management including 726 men (74%) and 252 women (26%); 307 people were aged 51 and over (15%).

Taiwan Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	2	2	538	203	186	47	726	252
Staff	85	107	364	400	28	46	477	553
Direct Employees	0	0	0	0	0	0	0	0
Total Employees	87	109	902	603	214	93	1203	805

- China plants employed 10,633 people including 4,980 men (47%) and 5,653 women (53%); there were 415 people in middle and senior management including 276 men (67%) and 139 women (33%); 1,533 people were aged 51 and over (14.4%).

China Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	1	2	242	135	33	2	276	139
Staff	238	157	611	293	3	1477	852	1927
Direct Employees	1972	966	1871	2612	9	9	3852	3587
Total Employees	2211	1125	2724	3040	45	1488	4980	5653

- (3) Philippines plants employed 13,689 people including 4,657 men (34%) and 9,032 women (66%); there were 201 people in middle and senior management including 139 men (69%) and 62 women (31%); 109 people were aged 51 and over (0.8%).

Philippines Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	5	9	112	49	22	4	139	62
Staff	272	227	440	222	5	3	717	452
Direct Employees	2876	5096	915	3357	10	65	3801	8518
Total Employees	3153	5332	1467	3628	37	72	4657	9032

- (5) Malaysia plants employed 149 people including 123 men (83%) and 26 women (17%); there were 18 people in middle and senior management including 14 men (78%) and 4 women (22%); 10 people were aged 51 and over (6.7%).

Malaysia Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	0	0	10	4	4	0	14	4
Staff	7	5	22	10	2	0	31	15
Direct Employees	43	2	34	2	1	3	78	7
Total Employees	50	7	66	16	7	3	123	26

- (4) Thailand plants employed 26,733 people including 12,902 men (48%) and 13,831 women (52%); there were 351 people in middle and senior management including 190 men (54%) and 161 women (46%); 370 people were aged 51 and over (1.4%).

Thailand Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	20	8	122	102	48	51	190	161
Staff	1186	806	733	533	15	24	1934	1363
Direct Employees	7423	7765	3331	4334	24	208	10778	12307
Total Employees	8629	8579	4186	4969	87	283	12902	13831

- (6) Brazil plants employed 1,652 people including 822 men (50%) and 830 women (50%); there were 64 people in middle and senior management including 41 men (64%) and 23 women (36%); there were 46 people aged 51 and over (2.8%).

Brazil Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	1	5	28	17	12	1	41	23
Staff	98	95	175	104	19	1	292	200
Direct Employees	275	271	204	323	10	13	489	607
Total Employees	374	371	407	444	41	15	822	830

(7) Mexico plants employed 654 people including 311 men (48%) and 343 women (52%); there were 22 people in middle and senior management including 19 men (86%) and 3 women (14%); 53 people were aged 51 and over (8%).

Mexico Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	2	0	16	3	1	0	19	3
Staff	25	9	48	16	1	0	74	25
Direct Employees	116	144	77	145	25	26	218	315
Total Employees	143	153	141	164	27	26	311	343

(8) U.S. plants employed 84 people including 54 men (64%) and 30 women (36%); there were 32 people in middle and senior management including 27 men (84%) and 5 women (16%); 76 people were aged 51 and over (90%).

U.S. Plants – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	0	0	9	2	18	3	27	5
Staff	0	0	3	1	4	1	7	2
Direct Employees	1	0	7	5	12	18	20	23
Total Employees	1	0	19	8	34	22	54	30

(9) Our global plant locations employed a total of 55,602 people including 25,052 men (45%) and 30,550 women (55%); there were 2,081 people in middle and senior management including 1,432 men (69%) and 649 women (31%); 2494 people were aged 51 and over (4.5%).

Total Global Workforce – 2021 (Total Employees)								
Age	Under 30		31-50		51 and over		Subtotal	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Section level and above	31	26	1077	515	324	108	1432	649
Staff	1911	1406	2396	1579	77	1552	4384	4537
Direct Employees	12706	14244	6439	10778	91	342	19236	25364
Total Employees	14648	15676	9912	12872	492	2002	25052	30550

Gender ratios of Kinpo (1) Management (2) Production personnel and (3) All other employees.

Gender Ratio			
Gender	Male	Female	Other
Total Employees	45%	55%	0%
Management	3%	1%	0%
Production Personnel	35%	46%	0%
Other Employees	8%	8%	0%

* Management: Management roles above the section level.

* Production Personnel: Employees that work directly on production lines.

* Other Employees: Any employees not in management or production.

Total Employees



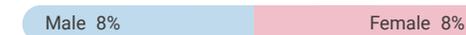
Production Personnel



Management



Other Employees



Percentage of senior management at significant operating locations hired from the local community

Number of senior managers hired from the local community	Total number of senior managers	Ratio
76	76	100%

* Senior Management definition: Department chief or higher.

* Company definition of "local" community: Location of corporate headquarters.

Employment of People with Disabilities

Kinpo works with national governments to promote the employment of people with physical and mental disabilities. Kinpo Taiwan collaborates with the Eden Foundation charity to hire visually-impaired people to provide stress-relieving massages that help employees unwind and relax. We currently employed 18 people with disabilities in Taiwan (5 with minor disabilities, 3 with moderate disabilities, 10 with serious and very serious disabilities) spread across multiple departments in administrative, R&D, IT, and cost analysis roles. People with disabilities hired at overseas plants mainly assist with the production line activities of the assembly and manufacturing departments. The nature of the work depends on their level of disability (level 1, 2, 3) and physical condition.

Employee Recruitment and Turnover

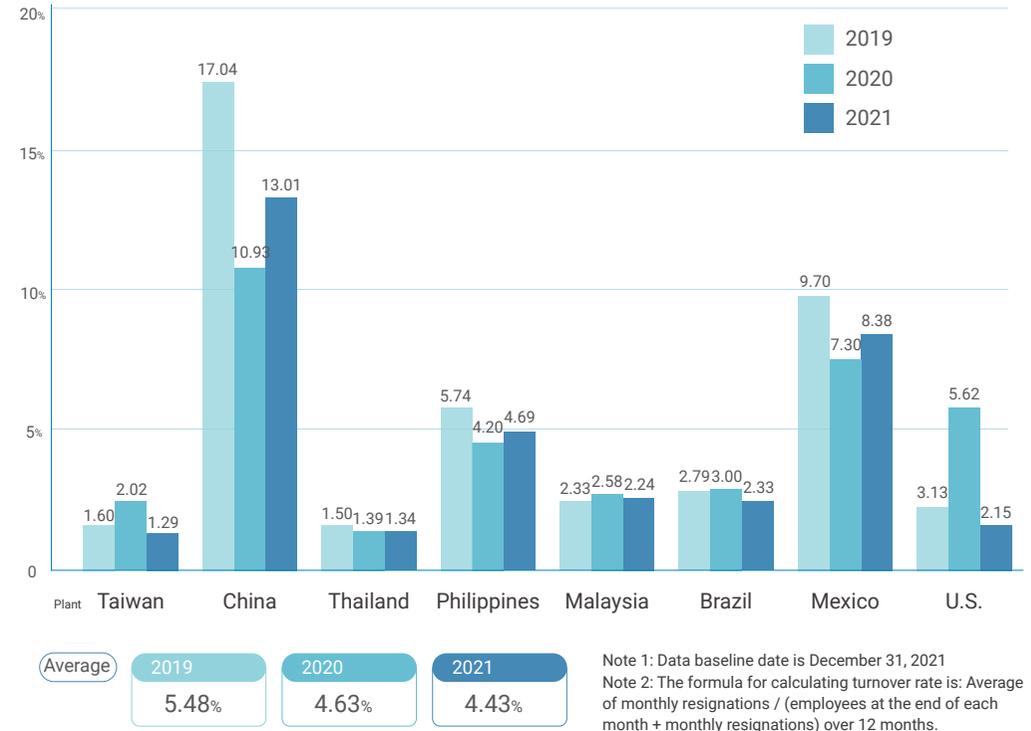
Implications for the Company/Goal of Management Approach	Kinpo believes that people define a company and form its most precious asset. Diverse and innovative recruitment channels are used to construct a diverse, inclusive and friendly work environment in order to attract talented people from around the world. We also strive to build a happy workplace where everyone works together to realize sustainable growth for customers and the Company.
Policy and commitment	Responsible units have been set up by Kinpo to manage related matters. We strive to uphold the human rights of employees in accordance with the local labor laws of the Group's operational locations as well as international human rights conventions. Our selection process is fair, impartial and open, and there is no discrimination in our employment policy. Employees are provided with reasonable compensation, sound benefits, a robust talent cultivation system and support services to effectively improve their productivity and team spirit.
Goal	<p>1. Short-term goals:</p> <ul style="list-style-type: none"> • Create an equitable and harmonious work environment so that employees can put their skills to good use. Aim for a retention rate of over 70% for talented people. • Practice employee care by providing all kinds of benefits. <p>2. Medium and long-term goals:</p> <ul style="list-style-type: none"> • Motivate employees by continuing to provide a performance evaluation system that is more comprehensive and connected to more competitive compensation • Comply with the local labor laws of the Group's operating locations and international human rights conventions. Continue to stay free of human rights violations or incidents of discrimination. • Continue to look after the physical and mental well-being of employees and develop more flexible benefit packages tailored to employee needs.

The recruitment targets at Kinpo are based on the state of the industry and manpower demands for the year. In 2021, Taiwan made use of external recruitment websites and responded to the inquiries of job seekers in a transparent and timely manner. At the same time, overseas plants analyzed their own recruitment requirements in order to find talented personnel.

New hires at Kinpo undergo orientation training the same day they start work. The training introduces them to the Company's internal/external environments and software/hardware, helps new hires adjust to an unfamiliar environment, and provides counseling and assistance on duties and responsibilities. If an employee wishes to resign from the Company they are interviewed by Human Resources personnel to learn about their needs and reason for leaving. The information is recorded and the employee is asked to stay on.

Age Statistics of New Hires/Resigning Employees

2019-2021 Kinpo Turnover Rate



A comparison of turnover rates at each plant over the past three years in the table above shows no major changes, though turnover rates were higher at the China plants. The main reason for this was that the only Group plants in China in 2019 were located in Chang'an and Wujiang. There are many factories in these two locations and more job opportunities. Employees can find other work easily so turnover rates were higher. After 2020, the Group set up three factories in Yueyang in Hunan. The turnover rates were still on the high side but better than the Chang'an and Wujiang plants. The average turnover rates in China have therefore trended down.

2021 Employee Turnover Rate

Taiwan Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	55	14.1%	2.7%
	31-50	175	45.0%	8.7%
	51 and over	27	7.0%	1.4%
	Subtotal	257	66.1%	12.8%
Female	Under 30	48	12.3%	2.4%
	31-50	77	19.8%	3.8%
	51 and over	7	1.8%	0.4%
	Subtotal	132	33.9%	6.6%
Total		389	100.0%	19.4%

Philippines Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	1965	28.0%	14.4%
	30-50	514	7.3%	3.8%
	51 and over	9	0.1%	0.1%
	Subtotal	2488	35.5%	18.2%
Female	Under 30	3173	45.3%	23.2%
	31-50	1328	18.9%	9.7%
	51 and over	20	0.3%	0.1%
	Subtotal	4521	64.5%	33.0%
Total		7009	100.0%	51.2%

China Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	8544	35.4%	80.4%
	30-50	7881	32.6%	74.1%
	51 and over	15	0.1%	0.1%
	Subtotal	16440	68.1%	154.6%
Female	Under 30	4472	18.5%	42.1%
	30-50	3226	13.4%	30.3%
	51 and over	9	0.0%	0.1%
	Subtotal	7707	31.9%	72.5%
Total		24147	100.0%	227.1%

Thailand Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	4658	38.3%	17.4%
	31-50	906	7.5%	3.4%
	51 and over	1	0.0%	0.0%
	Subtotal	5565	45.8%	20.8%
Female	Under 30	5528	45.5%	20.7%
	31-50	1060	8.7%	4.0%
	51 and over	4	0.0%	0.0%
	Subtotal	6592	54.2%	24.7%
Total		12157	100.0%	45.5%

2021 Employee Turnover Rate

Malaysia Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	18	34.6%	12.1%
	31-50	17	32.7%	11.4%
	51 and over	5	9.6%	3.4%
	Subtotal	40	76.9%	26.8%
Female	Under 30	6	11.5%	4.0%
	31-50	6	11.5%	4.0%
	51 and over	0	0.0%	0.0%
	Subtotal	12	23.1%	8.1%
Total		52	100.0%	34.9%

Mexico Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	372	45.1%	56.9%
	31-50	129	15.6%	19.7%
	51 and over	11	1.3%	1.7%
	Subtotal	512	62.1%	78.3%
Female	Under 30	224	27.2%	34.3%
	31-50	82	9.9%	12.5%
	51 and over	7	0.8%	1.1%
	Subtotal	313	37.9%	47.9%
Total		825	100.0%	126.1%

Brazil Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	114	23.0%	6.9%
	31-50	133	26.9%	8.1%
	51 and over	2	0.4%	0.1%
	Subtotal	249	50.3%	15.1%
Female	Under 30	125	25.3%	7.6%
	31-50	110	22.2%	6.7%
	51 and over	11	2.2%	0.7%
	Subtotal	246	49.7%	14.9%
Total		495	100.0%	30.0%

U.S. Plants – 2021 (Employee Turnover Rate)				
Gender	Age	Resigning employees	Percentage of all resigning employees	Percentage of all employees
Male	Under 30	2	10.0%	2.4%
	31-50	2	10.0%	2.4%
	51 and over	9	45.0%	10.7%
	Subtotal	13	65.0%	15.5%
Female	Under 30	0	0.0%	0.0%
	31-50	3	15.0%	3.6%
	51 and over	4	20.0%	4.8%
	Subtotal	7	35.0%	8.3%
Total		20	100.0%	23.8%

Note: The formula for calculating the turnover rate of each region:

Number of employees in that region of that age and gender that resigned in 2021 / total number of employees in that region of that age and gender.

Total number of employees that resigned: 45,094

2021 New Hire Rate

Taiwan Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	37	14.1%	1.9%
	31-50	102	39.0%	5.1%
	51 and over	10	3.8%	0.5%
	Subtotal	149	56.9%	7.5%
Female	Under 30	51	19.4%	2.5%
	31-50	61	23.3%	3.0%
	51 and over	1	0.4%	0.1%
	Subtotal	113	43.1%	5.6%
Total		262	100.0%	13.1%

Philippines Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	1637	22.4%	12.0%
	31-50	272	3.7%	2.0%
	51 and over	10	0.1%	0.1%
	Subtotal	1919	26.2%	14.0%
Female	Under 30	4118	56.3%	30.1%
	31-50	1278	17.5%	9.3%
	51 and over	2	0.0%	0.0%
	Subtotal	4521	64.5%	33.0%
Total		7317	100.0%	53.5%

China Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	10952	45.8%	103.0%
	31-50	4967	20.8%	46.7%
	51 and over	8	0.0%	0.1%
	Subtotal	15927	66.6%	149.8%
Female	Under 30	4999	20.9%	47.0%
	31-50	2988	12.5%	28.1%
	51 and over	11	0.0%	0.1%
	Subtotal	7707	31.9%	72.5%
Total		23925	100.0%	225.0%

Thailand Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	6671	30.2%	25.0%
	31-50	4136	18.7%	15.5%
	51 and over	55	0.2%	0.2%
	Subtotal	10862	49.1%	40.6%
Female	Under 30	6637	30.0%	24.8%
	31-50	4350	19.7%	16.3%
	51 and over	258	1.2%	1.0%
	Subtotal	11245	50.9%	42.1%
Total		22107	100.0%	82.7%

2021 New Hire Rate

Malaysia Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	25	58.1%	16.8%
	31-50	13	30.2%	8.7%
	51 and over	0	0.0%	0.0%
	Subtotal	38	88.4%	25.5%
Female	Under 30	2	4.7%	1.3%
	31-50	3	7.0%	2.0%
	51 and over	0	0.0%	0.0%
	Subtotal	5	11.6%	3.4%
Total		43	100.0%	28.9%

Mexico Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	234	36.3%	35.8%
	31-50	66	10.2%	10.1%
	51 and over	2	0.3%	0.3%
	Subtotal	302	46.8%	46.2%
Female	Under 30	253	39.2%	38.7%
	31-50	86	13.3%	13.1%
	51 and over	4	0.6%	0.6%
	Subtotal	343	53.2%	52.4%
Total		645	100.0%	98.6%

China Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	225	29.9%	13.7%
	31-50	152	29.7%	13.6%
	51 and over	10	20.1%	9.2%
	Subtotal	387	1.3%	0.6%
Female	Under 30	216	51.1%	23.4%
	31-50	150	28.5%	13.1%
	51 and over	4	19.8%	9.1%
	Subtotal	370	0.5%	0.2%
Total		757	100.0%	48.9%

U.S. Plants – 2021 (New Hire Rate)				
Gender	Age	Number of new hires	Percentage of all new hires	Percentage of all employees
Male	Under 30	4	26.7%	4.8%
	31-50	0	0.0%	0.0%
	51 and over	5	33.3%	6.0%
	Subtotal	9	60.0%	10.7%
Female	Under 30	0	0.0%	0.0%
	31-50	1	6.7%	1.2%
	51 and over	5	33.3%	6.0%
	Subtotal	6	40.0%	7.1%
Total		15	100.0%	17.9%

Once a new hire completes their 3-month probation they are asked to fill out a probation report. The report covers their understanding of company rules, how well they fit into their job, and whether things are going well. HR can use the report to determine whether the new hire requires assistance and whether company rules need to be improved.

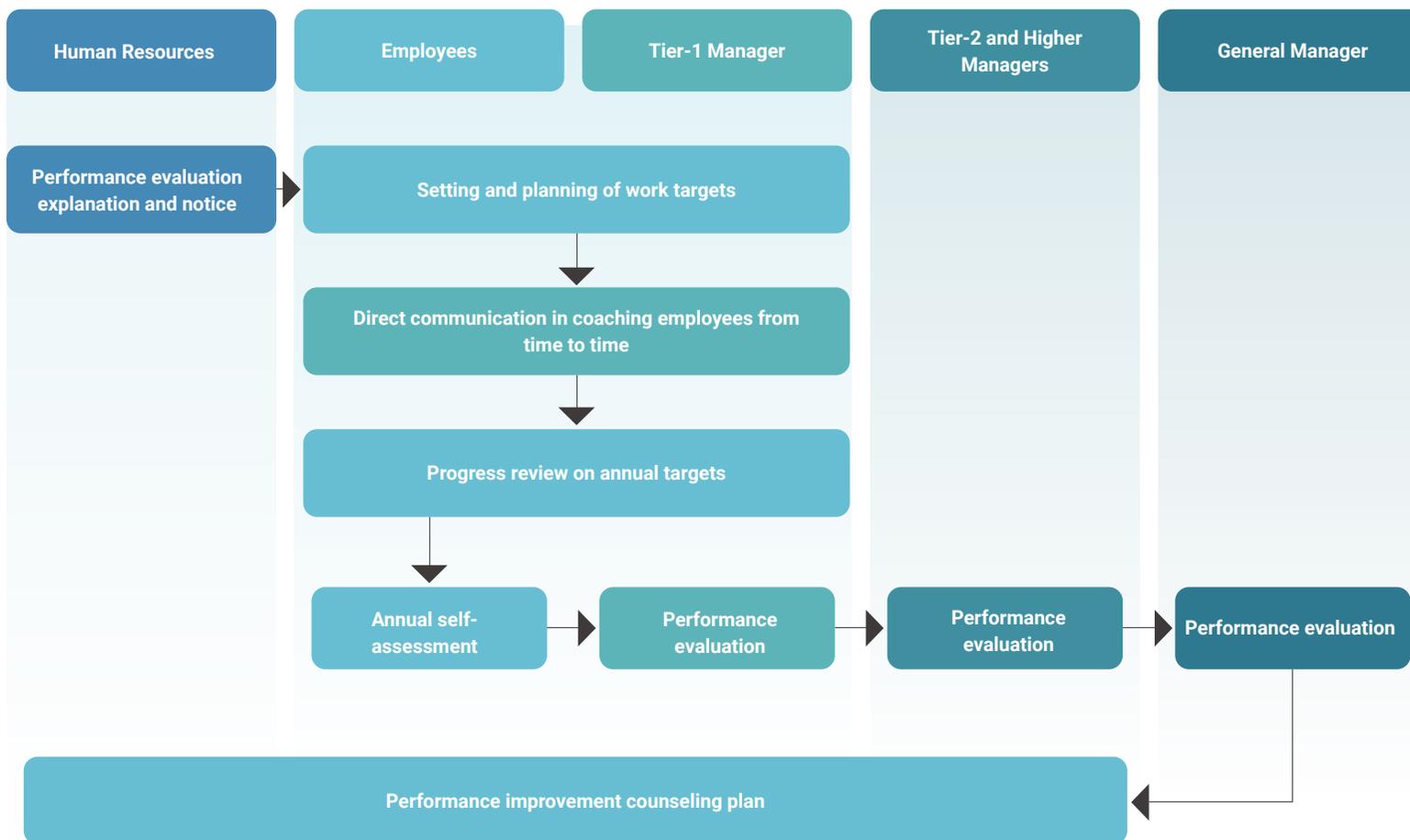
Performance Evaluation and Rotation

The Employee Performance Management Regulations were drawn up by the Company to obtain a proper understanding of employee performance. The information is used for promotions, training & development, salary adjustments, employee compensation, and performance improvement. Evaluations are conducted every 6 months.

The Company has an internal transfer mechanism that people can use to transfer to another unit if they satisfy the following criteria:

1. If there is a change in the organization of the department, people in the department can transfer to another department in the same business unit based on their qualifications and personal preference.
2. If a department is planning to downsize, people in the department can transfer to another department in the same business unit based on their qualifications and personal preference.
3. To cultivate talented personnel, the head of the department can select and arrange for them to rotate through other units so they can train to become all-rounders.

Kinpo Performance Evaluation Process (not including new hires)

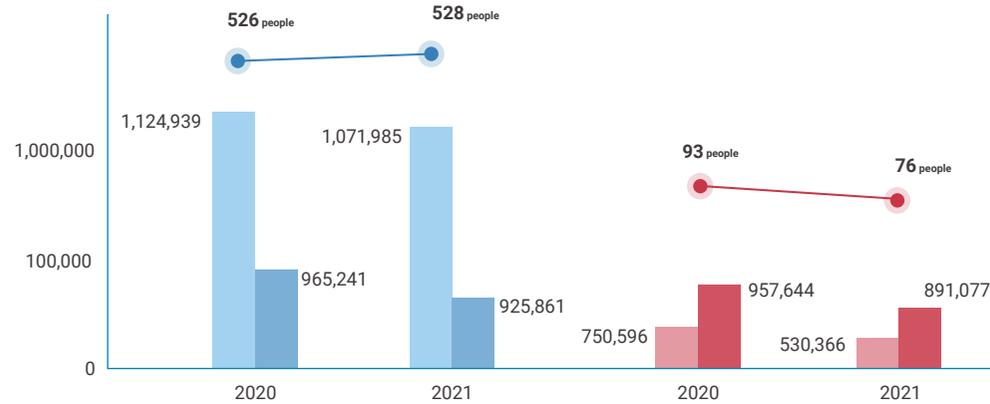


6.2 Salary and Benefits

The Company has defined salary management regulations in place that combine the employee performance evaluation system with the bonus system. Annual bonuses are disbursed on the basis of business and individual performance to share the Company's profits with employees. In addition to statutory social/health insurance and pension benefits, we also provide a variety of benefits so that employees can identify with the Company and focus on their work. Kinpo believes that compliance with government regulations is fundamental to ethical management, which in turn will help us realize our goals of corporate sustainability and strong growth.

Taiwan Stock Exchange regulations require publicly listed companies to disclose the number of full-time employees in non-management positions, average salary, median salary, as well as how they have changed compared to the previous year.

Average Salary and Median Salary for the Year



Kinpo Annual Comparisons (2020/2021)

Full-time employees increased by **2 people**
Average salary decreased by **\$52,954**
Median salary decreased by **\$39,380**

Average salary (light blue bar), Median (dark blue bar), Number of full-time employees (blue circle)

CastleNet Annual Comparisons (2020/2021)

Full-time employees decreased by **17 people**
Average salary increased by **\$207,048**
Median salary increased by **\$360,711**

Average salary (light red bar), Median (dark red bar), Number of full-time employees (red circle)

The main reason for the decrease in average and median salaries was the reduction in the Company's pre-tax profits for 2021. The amount of money allocated for employee compensation was therefore reduced as well so employee compensation was lower than 2020.

Benefits that go beyond stipulated by law

Category	Plant	Content
Flexitime	Taiwan/U.S.	Employees can schedule when to start and end their workday within a given range.
Employee compensation/bonus	Taiwan/Mexico/Brazil	Bonuses are paid based on the Company's business performance for the year and individual performance.
Employee stock options	Taiwan	Eligibility is based on employee performance.
KPI performance bonus	Taiwan	Bonus is based on individual performance.
Childbirth stipend	Taiwan	\$1000 childbirth stipend.
Childbirth bonus	Taiwan	In addition to actual employees, employees' children are eligible to receive the childbirth bonus of NT\$66,000 for each newborn
Club subsidy	Taiwan	Clubs can apply for subsidies.
Scholarship subsidy	Taiwan	Employees and their children attending a local or foreign elementary school (senior years), junior high school, senior high/vocational school and university may apply for a scholarship if they meet the academic performance criteria.
Language learning bonus	Taiwan	Those that pass the proficiency test and satisfy the criteria receive the bonus for 2 years.
Volunteering leave	Taiwan	Employees that participate in company-organized volunteer activities can apply for volunteering leave during work hours.
COVID-19 care leave	Taiwan	Employees are offered COVID-19 care leave so they can look after their children at home when schools are closed due to a surge in COVID-19.
Vaccination leave	Taiwan	Employees are provided with paid vaccination leave on the day of the vaccination and the day after to encourage employees to get vaccinated for COVID-19.
Employee shuttle bus	Taiwan/Philippines/Brazil/Mexico/Malaysia	Employees are provided with shuttle buses for commuting to and from work, and overtime..
Employee meals	Taiwan/China/Thailand/Philippines/Brazil/Mexico	Lunch is provided to employees on work days.
Stress-relieving massage	Taiwan	Visually-impaired masseuses are retained to provide stress-relieving massages.
Travel stipend	Taiwan	Employees are provided with a travel stipend
Annual bonus	Taiwan/China/Thailand/Malaysia	Proportional to individual salary/performance/how long they were employed for during the year.
Annual holiday and birthday bonuses	Taiwan/China/Thailand/Philippines/Brazil/Mexico	Employees presented with birthday bonuses and annual holiday bonuses/gifts.
Employee gathering/prize draw	Taiwan/China/Thailand/Philippines/Brazil/Mexico/Malaysia	Lunar New Year Banquet, End of Year Banquet/Group Meals and Lottery Draws.
Annual health exam	Taiwan/China/Philippines/Thailand/Brazil/Mexico/Malaysia	Free employee health exams.
Employee referral bonus	China	Bonuses are offered for referrals of new hires.
Medical subsidy	Taiwan	Employees are provided medical subsidy.
Night shift stipend	China/Thailand/Philippines/Malaysia/Brazil/Mexico	Stipends are offered for night shifts.
Lunar New Year retention bonus	China	Bonus for no absenteeism during the Lunar New Year holidays and returning to the factory on time.
Attendance bonus	China/Philippines/Thailand/Brazil/Mexico/Malaysia	Employees are provided with attendance bonuses for motivation.

Retirement Scheme and Social Insurance

Employee retirements at Kinpo's Taiwan Headquarters are governed by the Employee Retirement Regulations. All pension contributions and payments comply with the Labor Standards Act and Labor Pension Act. Actuaries are retained to regularly prepare an actuarial report on the pension fund to protect the future pension benefits of employees.

All employees that joined the company from July 1, 2005 (inclusive) onwards fall under the new pension system defined by the Labor Pension Act.

Plants in other countries also provide employees with social insurance in accordance with local government regulations. Examples include the 5 insurances + 1 fund (pension, medical, unemployment, work injury, maternity insurance + housing fund) for the China plants, the Social Security System (SSS) and Health Insurance (PhilHealth) for the Philippines plants, and the Social Security Organization (SOCSO) and Employer Provident Fund (EPF) for the Malaysia plants. These help protect the basic rights of employees.

Childbirth Bonus for Taiwanese Employees

As of 2011, all permanently employees or the children of permanent employees at Kinpo in Taiwan receive NT\$66,000 in childbirth bonus for each newborn. A total of NT\$11,484,000 in childbirth bonuses was paid to 174 people between 2019 and 2021.

Year	Persons	Amount
2019	63	4,158,000
2020	58	3,828,000
2021	53	3,498,000
Total	174	11,484,000

Comprehensive Employee Welfare Committee

Kinpo set up an "Employee Welfare Committee" funded by 0.05-0.15% of monthly revenues to help employees take care of their personal lives outside of work. The Employee Welfare Committee consists of both labor and management representatives. With the exception of management representatives, all Committee members are internally elected or nominated by each department. The Committee meets regularly each year to discuss and execute matters and activities related to employee welfare. The Welfare Committee is also responsible for employee welfare activities and looking after employees' everyday lives.

The Company makes monthly contributions to the Employee Welfare Committee as required by law for organizing various employee benefits including: Holiday bonuses, Labor Day bonus, birthday bonus, pension payment, marital and funeral stipend, for injury and illness, children's education subsidy and scholarships, company holidays, and annual end-of-year banquets.

LOHAS at NKG

Employees were encouraged to venture outdoors during 2021 despite the COVID-19 pandemic. Walkathons were held to demonstrate the LOHAS spirit of balancing work and life.

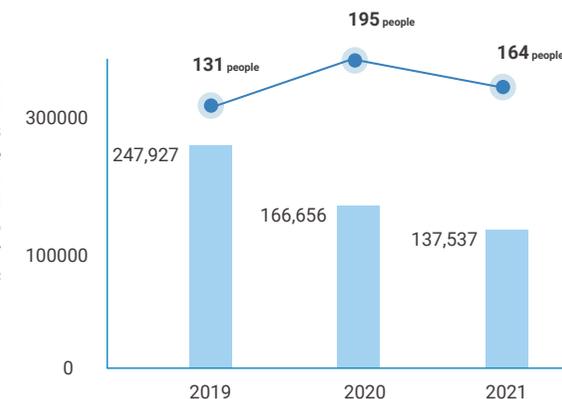
Employee Welfare Items and Expenses in Taiwan

Category	2019	2020	2021	Remarks
Subsidies and stipends (weddings, funerals, childbirth and hospitalization)	748,500	740,600	722,100	Paid by Welfare Committee
Travel stipend	3,228,645	1,522,792	2,917,349	
Holiday and birthday bonuses	8,829,000	7,220,000	6,834,000	
Scholarship for employees' children	556,000	558,500	359,000	
Amount of club activity subsidies	247,927	166,656	137,537	
Departmental gatherings and Lunar New Year gifts	7,549,960	10,335,574	0	Paid by the Company
Annual dinner party	4,190,000	10,655,444	6,406,000	
Professional certification and language incentive bonus	7,634,503	6,292,200	4,822,531	
Total	32,984,535	37,491,766	22,198,517	

Department gatherings and annual dinner parties could not be held in 2021 due to COVID-19 so there was a reduction in related expenses.

Employee Clubs

Employees are encouraged to form their own clubs to look after their physical and mental well-being. Club activities help employees relax, build up camaraderie, and improve family relations. In 2021 there were a total of 6 clubs and their activities were attended 160 times. Total subsidies amounted to NT\$140,000. There are currently company clubs for sports, arts and literature, public service, and other health promoting activities.



6.3 Employee Development

Kinpo believes that people are what defines a company and its most precious asset. A comprehensive training system assists employees in their continued self-development to enhance their professional ability, added value, and productivity, as well as support the overall development of the Company. Courses and annual training plans are developed in response to the Company's business vision and survey of employee requirements. A variety of parallel basic internal training methods (new hire training, Group quality basics training, firefighting exercises etc.), specialist courses (including management courses, tool skills courses, language training), external training, departmental training (on-the-job training) are used to provide education and training on core competencies, management competencies, and general competencies. By strengthening the professional knowledge, skills and expertise of current employees, we can boost their work performance so they can continue to improve their ability and skills. The Kinpo Online Library was set up to expand the scope of learning and training. The library contains a rich selection of magazines and books for employee study and self-development. A mobile app for mobile learning allows employees to learn at any time, any place! In addition to enhancing their professional knowledge, we also cultivate in employees the willingness to learn new knowledge at any time.

The e-learning platform NKG Online Academy was set up as a complement to the current shift towards e-learning. Online learning courses were developed based on the learning needs of current employees including language training, tools and methods (e.g. courses on Excel and PowerPoint), soft seminars (emotion management, stress relief) and industry trend seminars to provide a rich range of learning resources.

Establishment of online learning platform	A total of 19 common courses attended up to 2,890 times was held in 2021.
Online Library	Kinpo purchased 20 books/magazines for employees to read. In 2021, these books and magazines were borrowed by 5,776 people.

Kinpo places a strong emphasis on employee career planning and talent cultivation. Employees are encouraged to develop different training and development strategies (as shown below) and take part in all kinds of training courses, boost their competitiveness, and make a contribution for Kinpo.



2021 Employee Education and Training Outcomes



Career Path

Kinpo has established a friendly and comprehensive internal promotion scheme to use the right people in the right places and encourage employees to improve their work performance. The scheme ensures that there are open channels for promotion, satisfies the personal development needs of the Company and employees, boosts the core competitiveness of the Company and employees, and, ultimately, enhances our business performance.

2021 Employee Education and Training Outcomes at Each Plant

The employee and education training outcomes for employees from each plant sorted by profession and gender in 2021:

Taiwan Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	8,013	16.8
General employee - Female	11,140	20.1	
Section level and above - Male	7,912.5	10.9	
Section level and above - Female	4,592	18.2	

Malaysia Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	468	12.00
General employee - Female	240	12.00	
Section level and above - Male	408	12.00	
Section level and above - Female	96	12.00	

China Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	21,613	17.05
General employee - Female	12,827	17.09	
Section level and above - Male	1,765	17.45	
Section level and above - Female	1,929	15.09	

Brazil Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	2,506	3.21
General employee - Female	979	1.21	
Section level and above - Male	330	8.05	
Section level and above - Female	460	20.00	

Philippines Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	6,259	8.73
General employee - Female	5,488	12.14	
Section level and above - Male	434	3.12	
Section level and above - Female	85	1.36	

Mexico Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	13,036	22.87
General employee - Female	12,134	27.51	
Section level and above - Male	41	6.83	
Section level and above - Female	2	2.00	

Thailand Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	691	0.36
General employee - Female	1,361	1.00	
Section level and above - Male	160	0.84	
Section level and above - Female	160	0.99	

U.S. Plants	Type of personnel	Training hours for the year	Hours/Employees
	General employees - Male	405	15.00
General employee - Female	435	15.00	
Section level and above - Male	135	5.00	
Section level and above - Female	25	5.00	

6.4 Employee Communication

The Kinpo business philosophy of "Innovation, Accord, Transcend" is why we have always placed a strong emphasis on labor relations since our founding in 1973. Various internal channels for open communication have been set up to enhance bilateral communication between the employer and employees. The channels ensure that employee ideas and opinions can be dealt with and responded to in a timely manner. No effort is spared when it comes to protecting employee rights either. Policies have therefore been put into place to take employee rights into account and ensure their proper protection. We are guided by the philosophy that people are what define a company and its most precious asset. We also believe that maintaining harmonious labor relations and work environments are conducive to continued business growth.

At Kinpo, we hope that employees can embrace our corporate culture of "Innovation, Accord, Transcend". Harmonious labor relations are maintained at each company and all work rules comply with the relevant laws and regulations. As a result, there have been no losses due to labor disputes.

Diverse Communication Channels

Kinpo has placed particular emphasis on labor relations since its founding. Our labor relations have always been quite harmonious. In addition to setting out our philosophy of "accord", we also utilize different communication channels in our everyday operations to listen to feedback and suggestions from employees at all level.

The Company offers a variety of channels for whistleblowing and complaints to strengthen labor communications, promote positive labor relations, as well as to eliminate illegal, unethical, and other behaviors in violation of government laws and company rules. An employee mailbox has been set up for employees to report problems and make suggestions. Employees can also file complaints or appeals through their supervisor, the local audit officer, HR manager, legal affairs manager, whistleblower mailbox, or opinion box. Complaints will be received by the appropriate personnel and dealt with in a proper manner.

The communication channels help reduce misunderstandings and disaffection by letting employees voice their opinions and make their suggestions known to the senior management. The employee complaints scheme has been implemented by the Company for many years so the channels for employee communications are well-developed already.

Channel	Description
Physical mailbox	Physical mailbox in the plant
Register complaint online	A support mailbox is provided on the employee website. Employees can fill out and submit their opinions directly online.
E-mail	Employees can send their suggestions to the dedicated e-mail address CEO_Andrew@kinpogroup.com

Number of Employee Feedback and Suggestions

Year	2019	2019	2021
Cases	378	378	447

Labor Relations

A full Employee Welfare Committee has been set up with elected representatives from within the Company. The Committee also meets regularly to organize employee benefits and activities. At Kinpo, we hope that employees can embrace our corporate culture of "Innovation, Accord, Transcend". Harmonious labor relations are maintained at each company and all work rules comply with the relevant laws and regulations. As a result, there have been no losses due to labor disputes.

Channel	Description
NKG EIP	Set up internal corporate website for announcing important company news, regulations, and activities.
CEO Forum	A monthly update is issued in the CEO's name explaining the Company's vision and short-term planning to employees.
NKG Channel	The NKG Channel on Youtube was set up to provide multimedia content such as interviews with company executives and important events for employees to watch.
TV Wall	A TV wall is installed at each main entrance in the Shenkeng Plant for playing Company initiatives and activities. Employees are also invited to take part.
WeChat Public Account of each Plant	Dedicated public accounts have been set up for each plant for announcing plant-related news and updates.



▲ TV Wall



▲ NKG EIP

Labor Organization/Number of Worker Representatives

Category	Taiwan	China	Philippines	Thailand	Brazil	Mexico
Total Participants	44	47	16	32	27	9
Number of Labor Representatives	22	32	12	24	23	5
Number of Employer Representatives	22	15	4	8	4	4
Employer-Employee Ratio	5:5	6.8:3.2	7.5:2.5	7.5:2.5	8.5:1.5	5.5:4.5

No labor organizations were set up at the Malaysia Plant and U.S. plants so no data is available.

6.5 Employee Health

Kinpo adheres to and complies with national and government laws and regulations on environment, safety and health. We promote education and training on the environment, safety and health to improve the environmental, safety and health awareness among employees, and encourage their participation.

Through pollution prevention, accident prevention, energy conservation, and responsible care, environmental, safety and health performance can continue to be improved. Particular emphasis is placed on the control, process waste reduction, and improvements to safety and hygiene facilities. This will help prevent spread the pollution and reduce risk.

At the same time, a positive communication channel must be set up to continue communicating the Company's environmental safety policy to employees, suppliers, relevant groups and the general public.

Occupational Safety

Kinpo strives to protect the health and work safety of employees. We make "accident-free" our goal to reduce the harm to personnel from production activities. In addition to the provision of safe and appropriate work environments, we also actively promote environmental safety, emphasize the cultivation of safety awareness among employees, and made the health and safety training course compulsory for new hires upon starting work. The course mainly teaches new hires how to avoid injuries at work and how to respond in an emergency. Equipping employees with proper and professional awareness of environmental safety upon joining helps to reduce the risk of hazards.

Workplace safety education, internal training, and on-site training by external professionals are conducted on a routine basis. The internal website, e-mail and bulletin board announcements are also used to raise employee awareness on proper occupational health and safety concepts. Comprehensive emergency response processes and reporting mechanisms also serve to ensure the health and safety of employees.

Taiwan - Hours of Occupational Health and Safety Training for New Hires

Year/Hours/New Hires	2019	2020	2021
Sessions	3	2	8
Hours	360	456	3720
New Hires	120	114	155

To provide employees with a safe and comfortable environment as well as ensure the health of employees and training is an unchanging commitment of the Company. We use the following methods to ensure on-site security:

- (1) Employees entering the plant must carry their ID badge with them at all times. They can only enter the plant after swiping their ID card.
- (2) Vehicles undergo a thorough inspection upon departure. The glove box, boot, cabin, roof, and body must be inspected to see if the manifest matches the cargo.
- (3) Security monitors are installed in each region. There are IR alarms on the perimeter. IR testing is performed and anomalies are reported up the chain of command.
- (4) The plants are patrolled 24 hours by security to prevent security incidents.
- (5) Surveillance cameras are installed to protect the Company personnel and assets and assets of the Company.

The Taiwan plants conduct two 4-hour firefighting training sessions each year. The classes are taught on-site by firefighters and are targeted at members of the firefighting team and new hires. The trainees are taught CPR and the correct use of fire extinguishers and fire hydrants. Training for the first half of 2021 was canceled due to COVID-19, so only one session was held in the second half of the year. The total number of trainees was 116.



Occupational Injury Data for Each Plant

Plant Region	Year	Injury Rate (IR)*		Lost Day Rate (LDR)*		Absence Rate (AR)*	
		Male	Female	Male	Female	Male	Female
Taiwan Plants	2019	1.00	1.00	2.89	6.53	0.42%	0.39%
	2020	1.66	1.43	12.05	14.63	0.47%	0.47%
	2021	1.00	1.00	2.89	6.53	0.42%	0.39%
China Plants	2019	1.63	0.38	39.22	5.00	0.20%	0.21%
	2020	1.73	0.77	54.56	5.19	0.24%	0.25%
	2021	1.40	0.43	37.44	30.77	0.30%	0.37%
Philippines Plants	2019	0.00	0.00	0.00	0.00	0.52%	0.91%
	2020	0.00	0.00	0.00	0.00	0.75%	1.46%
	2021	0.00	0.00	0.00	0.00	0.52%	1.06%
Thailand Plants	2019	1.24	0.38	3.94	0.53	0.57%	0.51%
	2020	0.60	0.42	3.97	1.07	0.62%	0.53%
	2021	0.70	0.28	3.64	0.55	1.62%	1.35%
Malaysia Plants	2019	2.71	0.00	10.86	0.00	0.01%	0.00%
	2020	0.00	0.00	0.00	0.00	0.00%	0.00%
	2021	6.05	0.00	420.13	0.00	0.38%	0.00%
Brazil Plants	2019	0.95	3.78	141.57	653.95	0.86%	1.68%
	2020	0.35	1.41	67.52	239.15	0.98%	1.99%
	2021	0.67	2.68	102.27	119.71	0.46%	0.34%
Mexico Plants	2019	1.08	2.16	8.12	10.82	0.46%	0.69%
	2020	0.47	4.24	4.24	33.00	0.42%	0.43%
	2021	0.55	3.32	6.64	36.53	0.34%	0.49%
U.S. Plants	2019	0.60	0.60	0.60	0.60	0.01%	0.01%
	2020	0.00	0.00	0.00	0.00	0.00%	0.00%
	2021	0.00	30.30	0.00	30.30	0.00%	0.02%

Note: There were no work-related fatalities, serious injuries, or occupational disease in the last three years (2019-2021)

The new plant in Yueyang, China, commenced operations in 2020. The higher rate of injuries was due to employee unfamiliarity with production line operations. The injury rate is now decreasing after sustained communication and corrective action.

* Injury Rate (IR): (Frequency of injuries / total work hours) * 1,000,000

* Lost Day Rate: (Total days lost due to injury / total work hours) * 1,000,000

* Absence Rate (AR): (Total absent days (work-related injury leave + sick leave) / total work hours) * 100%

Employee Health Promotion

The physical and mental well-being of employees is important to Kinpo. Health e-newsletters are regularly produced and sent over the network to all employees for health education. We also provide all current employees with free personal health exams each year. Health advice and support is offered through consultations with on-site physicians as well. An employee health exam database has also been set up by a designated unit to track employee health.

In 2021, the Taiwan plants not only conducted the statutory health exams but also added screening for Hepatitis B, Hepatitis C, and cancer to help employees understand their own health.

Preventive occupational disease health exams were arranged for employees at high risk of occupational disease. Employees with abnormal readings were registered and provided with individual health advice, support and guidance to help them keep track of their own health.

Year/Item	2019	2020	2021
Annual Employee Health Exam	1,909	1,338	1,612
Mammography	73	64	84
Pap smear	192	170	181
Health consultation with on-site physician	61	40	122
Flu vaccination	218	234	256

The Brazil plant carried out ergonomic analysis and improvement projects for each work station to prevent occupational injury to employees. These included the design of adjustable pedals and work benches for employees of different heights, a desktop for placing the keyboard, and the use of more sturdy materials for the work frame so they don't wear out as quickly and cause delays. These measures improved employee health significantly by making their work easier and less arduous.

To encourage employees to stay healthy, the Taiwan plants organized the 2021 mountain hike event that 335 employees registered for. A weight-loss challenge was also held to encourage employees to pay attention to their health. A total of 189 employees took part with 85 realizing the target of losing 2kg in 3 months. More than 400 kg of weight was lost in total.

Preventive occupational disease health exams were arranged for employees at high risk of occupational disease. Employees with abnormal readings were registered and provided with individual health advice, support and guidance to help them keep track of their own health.

In terms of diet, Kinpo also pays attention to the healthiness of employee cafeterias so that employees can trust what they eat and look after their health.

Cafeteria Safety Guidelines

<ul style="list-style-type: none"> • Monthly testing of cafeteria food 	<ul style="list-style-type: none"> • Food hygiene and safety education
<ul style="list-style-type: none"> • Samples from each meal are preserved for 48 hours and managed by dedicated personnel 	<ul style="list-style-type: none"> • Food safety certification required for kitchen managers
<ul style="list-style-type: none"> • Set up FGA36 goods accounting to record sources of foods 	<ul style="list-style-type: none"> • Kitchen staff must hold proof of health for food and beverage service workers

Looking after Female Employees

Diversity and inclusivity are important to Kinpo. We take a strong interest in topics relating to female employees in response to the push towards gender equality. A variety of measures is employed to enhance women's benefits and rights in the workplace. These include:

- (1) Lactation rooms set up on company premises and female employees offered an unlimited number of expressing leave during business hours.
- (2) Maternity, maternity exam, paternal and unpaid parental leaves are offered in accordance with the law.

Number of Employees eligible to apply for Unpaid Parental Leave

Year/Item	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of Employees that Applied for and Returned from Unpaid Parental Leave in Taiwan	161	108	151	90	143	82
Actual Number of Employees on Unpaid Parental Leave	1	16	3	12	3	10
Number of Employees Reinstated during the year	1	12	0	7	3	8
Reinstatement Rate	100%	75%	0%	58.33%	100%	80%
Number of Employee that stayed on for at Least one year after Reinstatement	1	9	0	6	0	2
Retention Rate	100%	75%	0%	85.71%	0%	25%

Chapter 7

Social Engagement

KINPO **2021**
SUSTAINABILITY
REPORT



Kinpo has complied with environmental, safety, and pollution management laws and regulations since its founding in 1973. In keeping with the spirit of "giving back to society", we not only participate in the charity initiatives of the "Hsu Chauing Social Welfare Charity Foundation" we co-established with the Kinpo Group, but also encourage employees to volunteer for social services outside of work to fulfill the spirit of "total charity".

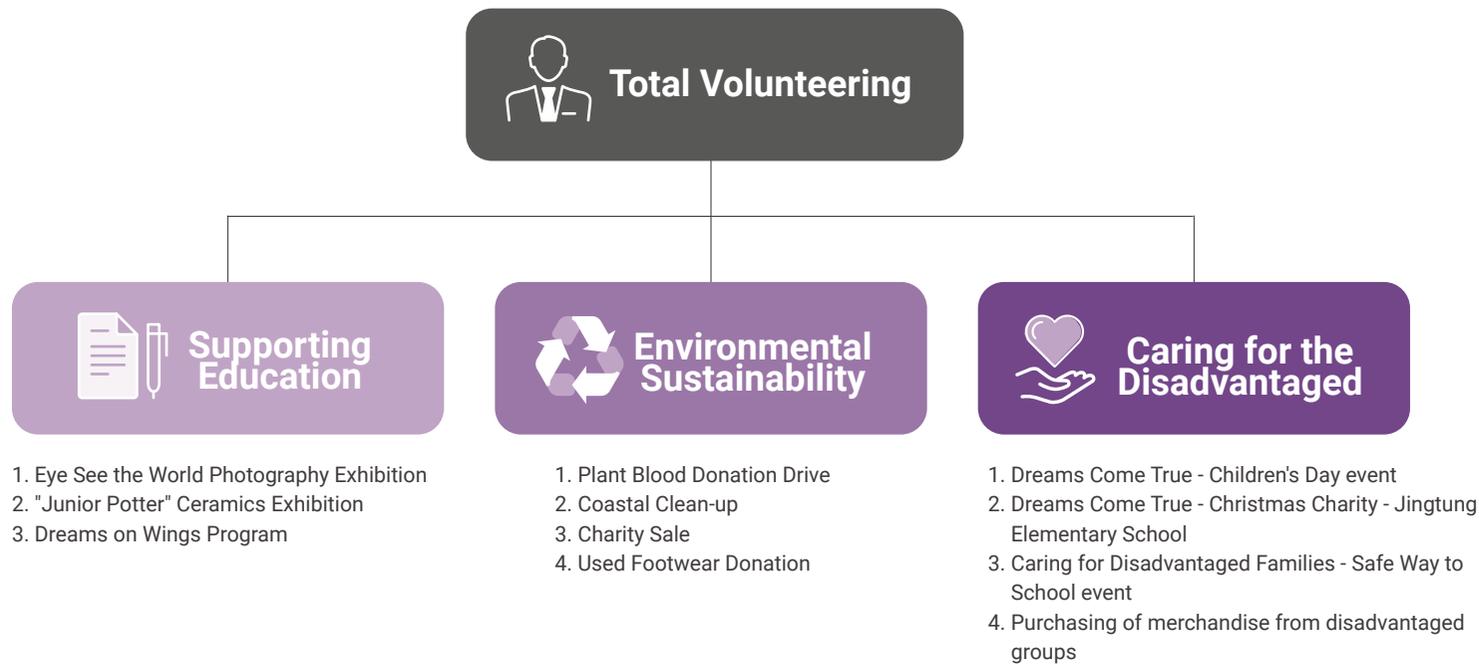
To encourage active employees' participation in volunteering activities, we offer paid volunteering leave as an incentive to employees.

Each person is entitled to 8 hours of volunteering leave a week and these must be used for volunteering events organized by the Company. Additional hours can be applied for on a case-by-case basis.

Despite the uncertain COVID-19 situation in 2021 and the need to take epidemic prevention measures, we remained committed to the following:

- Follow an "education-centric" approach in looking after the disadvantaged and helping families in need.
- Launched "Total Volunteering" to ignite the flame of passion in more employees and participate in charity activities together.
- Focus on "grassroots development and sustainability" by actively planning and participating in social services.

Goal



Number of Employees that Took Part in Charity Activities between 2019-2021, and Amounts Donated

Year	2019	2020	2021
Employees	42	53	85
Donations	498,000	582,000	730,000
Sponsor a Child	28	34	47

Caring for the Disadvantaged

(1) Meal deliveries for seniors living alone in the community

The aging society in Taiwan means that a growing number of elderly people now live alone. Some elderly people have mobility issues and can't feed themselves. To bring charity to the local community, Kinpo volunteered to supply lunch on work days to elderly people living alone in Shengkeng and Shiding through the Huashan Foundation. The meal deliveries helped the seniors avoid starvation due to physical infirmity and lack of assistance. It ensured a stable source of food and more balanced nutrition as well.

 15 meals provided per day on work days

(2) "Helping Children's Dreams Come True through Love and Blessings - Dreams Come True Program"

On the eve of 2021 Children's Day, we partnered with Hsu Chuang Social Welfare Charity Foundation to reach out to disadvantaged children and help make a wish come true for them. We hope that each gift is a wish, a bit of love, and a blessing.

 In 2021, 20 employees helped the children make a gift that made their dream come true at last



(3) Dreams Come True Volunteer - Caring for Disadvantaged Families - Safe Way to School event

The livelihoods of many disadvantaged families were hard hit when the COVID-19 pandemic was at its height. To help students adapt to school life and reduce the economic burden of preparing start-of-school supplies on disadvantaged families, employees were invited to become Dream volunteers and help the children obtain their long-awaited supplies.

 In 2021, 31 employees answered the call and took part in the adoption event



(4) Helping Children's Dreams Come True - "Christmas Dreams Come True" - Jingtung Elementary School

In December 2021, Shengkeng Plant invited all the teachers and students from the local "Jingtung Elementary School, Pingxi District, New Taipei City" to visit the plant and celebrate Christmas together. Employees were asked to donate gifts before the event and the quota was reached with gifts flooding in from each plant in just one day. On the day of the event, the children thanked the big brothers and sisters with enthusiastic talent show performances for a very heart-warming day.

 In 2021, 31 employees answered the call and took part in the gift donation event

Cindy (student alias)

"The big brothers and sisters at Kinpo put a great deal of thought into the gifts. They were very enthusiastic about our performances as well. I am so happy to receive a gift."

Estella (student alias)

"I drew a card several weeks ago that I meant to give to the big brothers and sisters preparing the gifts. I traded my card for a gift today. I chose crayons because I want to use them to draw a great picture to give back to the big brothers and sisters."

Jade (student alias)

"I really love their gifts. I am sure they will like our performance too."



(5) Charitable Procurement - Go for Love - "Procurement of Lunar New Year Holiday Gift Boxes from Jixian Shelter Workshop"

To provide further assistance to charities, Kinpo gives preference to products from charity groups during procurement in order to help the disadvantaged groups in society in a substantive manner. In 2021, for example, Lunar New Year Holiday gift boxes were purchased from Jixian Shelter Workshop in New Taipei City to thank all employees for their efforts over the year and to celebrate the New Year together.



Approximately NT\$1 million was spent on charitable procurement in 2021 in support to social charities

(6) Supporting epidemic prevention in Thailand by bridging the health care gap

During the COVID-19 pandemic, the Thailand plants donated cash to the Phetchaburi Hospital towards the purchase of medical equipment and expansion of hospital capacity to fight the epidemic together.



Donated 470,000 Thai Baht to support epidemic prevention efforts in Thailand in 2021



(7) Donations for immediate aid during Thai floods

Thailand was hard hit by flooding in 2021 and Phetchaburi Province was flooded as well. Kinpo made donations to render immediate aid to the general public.



Donated 500,000 Thai Baht of aid in 2021



Supporting Education

(1) Seeing the World through Children's Eyes - "Eye See the World Photography Exhibition"

Kinpo has a longstanding partnership with Hsu Chauing Social Welfare Charity Foundation to inject an appreciation of aesthetics into children's education through art and cultural education in rural areas. In 2021, we collaborated for the first time with Hsin Kwang Elementary School in Jianshi Township, Hsinchu County. Employees that viewed the works of photography were asked to write their thoughts and blessings as a way of encouraging the children to not give up their hopes and dreams.



Photographic works of 35 children were exhibited in 2021



(2) Love without Distance - "Junior Potter" Ceramics Exhibition

In December 2021, a charity sale was held at the exhibition of ceramics by children from the arts and culture class at Hsu Chauing Foundation. In addition to the exhibition of ceramic artworks, the proceeds of the charity sale was also directed towards the promotion of maker education.



In 2021, NT\$19,500 in proceeds from a charity sale were donated to Zun-Tou Elementary School in Dayuan District, Taoyuan City



Art and cultural education starts on campus. At a small school in Taoyuan's Dayuan District, the teachers walked children patiently through the process of forming, glazing, and firing to unleash their creativity. The result was many unique and beautiful works.



(3) Releasing the Chains of Life - "Dreams on Wings Program"

In 2021, Kinpo took part in the "Dreams on Wings Program" of Hsu Chuang Social Welfare Charity Foundation to assist children at risk of dropping out of school for no fault of their own by providing financial assistance to economically disadvantaged children that show promise. The appeal was answered by 85 employees and NT\$730,000 was raised to help the children fulfill their dreams.



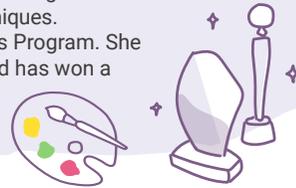
NT\$730,000 donated to the Dreams on Wings Program in 2021

Sunny (alias)

Her parents did not have regular jobs, and after her father went to prison for using drugs, they now depended on the mother's temporary work to survive. Her family was too poor to pay the National Health Insurance so she doesn't have an NHI card. She doesn't get three square meals a day and there is no one to pick her up after school, so she is often left wandering around the school.

Sunny is a very polite and serious child. She has many friends, and loves to sing and draw. Her teacher says that she is a talented painter too. To help the child study after school, NT\$1,500 in Dreams on Wings each month was used to arrange for a professional teacher to teach Sunny more painting techniques.

Sunny has opened up after joining the Dreams on Wings Program. She is working even harder to improve her painting skills and has won a number of competitions and awards.



Nora (alias)

Nora is very skinny and her home is quite narrow. She doesn't get proper nutritious food. Her parents have divorced but still live under the same roof. Her father is a temporary cement layer who earns too little to make ends meet. Her mother is a foreign spouse looking after her older sister with a serious heart disease, so she cannot go out to work. For Nora, all of her school expenses are funded by charity. Thanks to her sponsors, she can attend the school's art club like other students and any money left over is used to improve her life.



Dick (alias)

His father passed away in an accident when he was in second grade. His mother took on the heavy economic burden of raising the student and his older sister by herself. Despite the hardships, Dick studies hard and he is a star performer. He also gets on well with his classmates and was elected class captain because he was so responsible. He even came second in the school's recital competition.

His sister was recently hospitalized due to a mental breakdown however. His mother had to quit her job to look after her sister, so his family was in serious financial distress. Thanks to the Dreams on Wings program, Dick can continue to attend school as normal without being affected by family circumstances. The program not only reduced economic stress for the family but also gave the child an opportunity to learn and find his true potential in the recital world.

Second place winner in the school recital competition



Kyle (alias)

The family subsists on what their father makes as a temporary laborer. Sometimes there is no money at all. Kyle loves music and dancing. He is glad that he has the opportunity to receive one-to-one piano lessons. He now looks forward most to Wednesday each week when he can compose a stanza of his dreams on the keyboard of the piano.

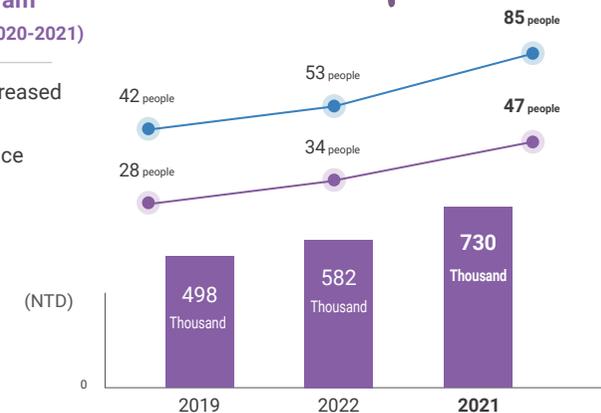


Dreams on Wings Program Annual Comparisons (2020-2021)

Employee participation increased by **32 people**

Children receiving assistance increased by **13 people**

- Donations (NTD)
- Children sponsored
- Participating Employees



Environmental Sustainability

(1) "Kinpo Donate Blood and Share the Love" event - Hot-blooded Kinpo People Helping Others in Need

In 2021, Shenkeng Plant and Taipei Blood Donation Center co-organized a blood donation drive that received an overwhelming response from employees.



A total of 102 employees took part and donated 142 bags of blood in 2021.



(2) "Zhouzhiwan Coastal Clean Up at Danshui" - Guardians of the Marine Environment

In 2021, Kinpo took part in a coastal clean-up of "Zhouzhiwan" adopted by AcBel, a Group affiliate. The clean-up helped to keep the coastline neat and reflected the importance of environmental protection.



More than 110 employees took part in 2021
357 kg of marine waste was removed on the day



(3) "Charity Sale" - Turning Your Old Favorites into Someone Else's New Best

Shenkeng Plant hosted three rounds of "End-of-Year Charity Sale" in 2021 to invite employees to embrace sustainability through the sharing of resources and giving back to society. Unused items from home were donated for other employees that need them to buy. During the campaign, more than 500 items were donated by employees. The proceeds of the charity sales were donated to Hsu Chaung Social Welfare Charity Foundation for funding the schooling of disadvantaged children.



The 2021 charity sales raised NT\$12,280.



(4) "Used Footwear Donation" - Shoes for Life

The global pandemic is not yet over but remote rural regions in Africa are already starved of resources. To give poor children something to wear once schools restart, a "Used Footwear Donation" drive was held in support of the Shoes for Life foundation. Employees were invited to donate clean and intact sports shoes or sneakers (any size) they no longer need or wear. The enthusiastic response from Kinpo will eventually reach East Africa, brimming over with precious wishes.



214 pairs of footwear in 16 cartons were raised in 2021



(5) Supporting local agriculture and Taiwanese pomelo

COVID-19 disrupted the sale of agricultural produce and triggered a glut during the pomelo season. To support local agriculture and development, Kinpo partnered with channel operators to give out 4 pomelos to each employees so they could enjoy the great taste together.



In 2021 Kinpo purchased and gave out 5,620 pomelos to employees

GRI

Appendix

KINPO **2021**
SUSTAINABILITY
REPORT



GRI Standards Index

General Disclosures			Page
Organizational profile			
GRI-102-01	General Disclosures	Name of the organization	7
GRI-102-02	General Disclosures	Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	8
GRI-102-03	General Disclosures	Location of headquarters	7
GRI-102-04	General Disclosures	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	7
GRI-102-05	General Disclosures	Ownership and legal form	7
GRI-102-06	General Disclosures	Markets served	7
GRI-102-07	General Disclosures	Scale of the organization	7
GRI-102-08	General Disclosures	Information on employees and other workers	50-57
GRI-102-09	General Disclosures	Supply chain	45
GRI-102-10	General Disclosures	Significant changes to the organization's size, structure, ownership, or supply chain.	No significant changes
GRI-102-11	General Disclosures	Whether and how the organization applies the Precautionary Principle or approach.	21
GRI-102-12	General Disclosures	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	24
GRI-102-13	General Disclosures	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	25
Strategy			
GRI-102-14	General Disclosures	A statement from the most senior decision-maker of the organization.	5
GRI-102-15	General Disclosures	A description of key impacts, risks, and opportunities.	22
Ethics and integrity			
GRI-102-16	General Disclosures	A description of the organization's values, principles, standards, and norms of behavior such as best practice principles and code of ethics.	18
GRI-102-17	General Disclosures	A description of internal and external mechanisms for seeking advice about ethical and lawful behavior, and organizational integrity.	24
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GRI-102-18	General Disclosures	Governance structure of the organization, including committees responsible for decision-making on economic, environmental, and social topics.	18
GRI-102-19	General Disclosures	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	18
GRI-102-20	General Disclosures	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body.	13-14
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GRI-102-22	General Disclosures	Composition of the highest governance body and its committees	19
GRI-102-23	General Disclosures	Whether the chair of the highest governance body is also an executive officer in the organization.	18
GRI-102-24	General Disclosures	Nomination and selection processes for the highest governance body.	19
GRI-102-25	General Disclosures	Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and whether conflicts of interest are disclosed to stakeholders.	19
GRI-102-26	General Disclosures	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	13
GRI-102-27	General Disclosures	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	9-10
GRI-102-28	General Disclosures	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.	19
GRI-102-29	General Disclosures	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities.	16,21
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GRI-102-32	General Disclosures	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	14
GRI-102-33	General Disclosures	Process for communicating critical concerns to the highest governance body.	24
GRI-102-34	General Disclosures	Total number and nature of critical concerns that were communicated to the highest governance body, and mechanism(s) used to address and resolve critical concerns.	20
GRI-102-35	General Disclosures	Remuneration policies for the highest governance body and senior executives.	20
GRI-102-36	General Disclosures	Process for determining remuneration. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Any other relationships that the remuneration consultants have with the organization.	19
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GRI-102-40	General Disclosures	A list of stakeholder groups engaged by the organization.	14
GRI-102-41	General Disclosures	Percentage of total employees covered by collective bargaining agreements.	No collective bargaining agreements at present.
GRI-102-42	General Disclosures	The basis for identifying and selecting stakeholders with whom to engage.	14
GRI-102-43	General Disclosures	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	16
GRI-102-44	General Disclosures	How the organization has responded to those key topics and concerns, including through its reporting; the stakeholder groups that raised each of the key topics and concerns.	15

General Disclosures			Page
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GRI-102-45	General Disclosures	A list of all entities included in the organization's consolidated financial statements or equivalent documents.	3
GRI-102-46	General Disclosures	An explanation of the process for defining the report content and the topic Boundaries, and an explanation of how the organization has implemented the Reporting Principles for defining report content.	14
GRI-102-47	General Disclosures	A list of the material topics identified in the process for defining report content.	14
GRI-102-48	General Disclosures	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	No significant changes
GRI-102-49	General Disclosures	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	No significant changes
GRI-102-50	General Disclosures	Reporting period for the information provided (for example, fiscal year or calendar year)	3
GRI-102-51	General Disclosures	If applicable, the date of the most recent previous report.	3
GRI-102-52	General Disclosures	Reporting cycle (for example, annual or biennial)	3
GRI-102-53	General Disclosures	The contact point for questions regarding the report or its contents.	3
GRI-102-54	General Disclosures	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards.	3
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GRI-205-02	Anti-corruption	Communication and training about anti-corruption policies and procedures	24
GRI-205-03	Anti-corruption	Confirmed incidents of corruption and actions taken	24
GRI 301 Materials			
103-1-103-3	The management approach and its components, evaluation of the management approach		29
GRI-301-03	Materials	Percentage of reclaimed products and their packaging materials for each product category.	29
GRI 302 Energy			
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GRI-302-01	Energy	Energy consumption within the organization	40
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GRI 305: Emissions			
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305-5	Emissions	Reduction of GHG emissions	39
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306-1	Waste	Waste generation and significant waste-related impacts	42
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GRI 308: Supplier environmental assessment			
308-1	Supplier environmental assessment	Percentage of new suppliers that were screened using environmental criteria.	29
GRI 401: Employment			
103-1-103-3	The management approach and its components, evaluation of the management approach		50
401-1	Employment	Total number and rate of new employee hires and turnover during the reporting period, by age group, gender and region.	50-57
401-2	Employment	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	59
401-3	Employment	Return to work and retention rates of employees that took parental leave, by gender.	65
GRI 403: Occupational health and safety			
103-1-103-3	The management approach and its components, evaluation of the management approach		63
403-2	Occupational health and safety	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by region and gender.	64
GRI 404: Training and education			
103-1-103-3	The management approach and its components, evaluation of the management approach		61
404-1	Education and training	Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category.	61
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103-1-103-3	The management approach and its components, evaluation of the management approach		50
405-1	Diversity and equal opportunity	Percentage of individuals within the organization's governance bodies by gender, age group, other indicators of diversity, and employee category.	50-57
GRI 406: Non-discrimination			
406-1	Non-discrimination	Incidents of discrimination and corrective actions taken	24
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408-1	Child labor	Operations and suppliers considered to have significant risk for incidents of child labor, and measures taken intended to contribute to the effective abolition of child labor.	24
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409-1	Forced or compulsory labor	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor, and measures taken intended to contribute to the elimination of all forms of forced or compulsory labor.	24

103-1-103-3	The management approach and its components, evaluation of the management approach		45
414-1	Supplier social assessment	New suppliers that were screened using social criteria	45
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417-1	Product and service labeling	Requirements for product and service information and labeling	30
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GRI 418: Customer privacy			
418-1	Customer privacy	Total number of substantiated complaints received concerning breaches of customer privacy, or losses of customer data.	44
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419-1	Socioeconomics Compliance	Non-compliance with laws and regulations in the social and economic area	24

SASB Index

Topic	Accounting Metric	Code	Page
Product Security	Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	23, 44
Employee diversity and inclusion	Percentage of the representation for (1) management (2) technical and (3) all other employees	TC-HW-330a.1	52
Product Life Cycle Management	Percentage of income from products containing substances declarable under IEC 62474	TC-HW-410a.1	29
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	Kinpo OEM/ODM operations in 2021 were under contract to customers. All related certifications/registrations were carried out on the customer side so could not be investigated;
	Percentage of eligible products, by revenue, meeting the requirements for ENERGY STAR® registration or equivalent	TC-HW-410a.3	3D printers produced by the company-owned brand XYZ were not eligible for certification.
	Weight of end-of-life products and e-waste recovered, percentage recycled	TC-HW-410a.4	29
Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP), or equivalent, by (a) all facilities and (b) high-risk facilities	TC-HW-430a.1	47
	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other nonconformances.	TC-HW-430a.2	47
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	29

Third-party Assurance Statement



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CPA Independent Assurance Report

To: Kinpo Electronics, Inc.

I. Scope of Assurance

The Firm has been appointed by Kinpo Electronics, Inc. (hereinafter referred to as Kinpo Electronics) to conduct limited assurance on sustainability performance selected in the 2021 sustainability report and issue a report.

For information on the subject matter and applicable standards selected by Kinpo Electronics, please refer to Attachment 1.

Responsibility of Management

Management of Kinpo Electronics shall prepare its 2021 sustainability report in accordance with an appropriate basis and refer to the GRI Reporting Standards published by the Global Reporting Initiatives (GRI). Management of Kinpo Electronics shall design, execute, maintain and report internal controls related to the preparation of the report in order to collect and disclose the contents of the report.

Responsibility of the Firm

The Firm planned and carried out limited assurance work in accordance with the requirements of the Assurance Standards Bulletin No. 1 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation (ARDF).

II. Assurance Work

The nature and time to carry out the procedures of limited assurance cases differ from those applicable to reasonable assurance cases as the scope is smaller; hence, the degree of assurance obtained is significantly lower than that in reasonable assurance cases. To obtain limited assurance, the Firm considered the effectiveness of Kinpo Electronics' internal controls in determining the nature and scope of the assurance process. However, this is not to express an opinion on the effectiveness of Kinpo Electronics' internal controls.

In order to reach a conclusion of limited assurance, the Firm performed the following work:

- Interviews were conducted with management and employees of Kinpo Electronics to understand the process, relevant internal controls and information systems of subject information selected in Attachment 1 prepared by Kinpo Electronics;
- Interviews and reviews of relevant documents allowed the Firm to understand the expectations and needs of the key stakeholders and stakeholders of Kinpo Electronics, the communication channels of both parties, as well as how Kinpo Electronics should respond to such expectations and needs;
- Performed analytical procedures on suitability performance information selected in the report; collected and evaluated other supporting evidence and statement of management obtained; if necessary, samples would be tested;

- Read the sustainability report of Kinpo Electronics to confirm that it was consistent with understanding the overall practice of corporate suitability performance obtained by the Firm.

III. Inherent Limitations

As the non-financial information in the CSR report is influenced by measurement uncertainty, selecting different measurement methods may result in material differences in performance measurement. Assurance work is performed by sampling and all internal controls have inherent limitations; hence it may not be possible to detect all material misstatements already existing, whether due to fraud or error.

IV. Quality Control and Independence

The Firm follows the "Accounting Firm Quality" of Auditing Standards No. 46 and has established and maintained a complete quality control system, covering written policies and procedures in accordance with the Code of Professional Ethics, professional standards and applicable laws. The Firm also follows the CPA Code of Professional Ethics concerning independence and other ethics regulations to regulate basic principles of integrity, impartiality and objectivity, professional competence, and due professional care, confidentiality and professionalism.

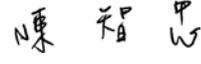
V. Conclusion

Based on the procedures performed and evidence obtained by the Firm, it was found that no material revisions to the sustainability performance information selected by Kinpo Electronics were required, as the information was prepared in accordance with the applicable standards. In addition, the Firm did not find that the 2021 CSR report of Kinpo Electronics was not prepared in accordance with the core options of the GRI Guidelines that required material revisions.

EY

CPA: Chen Chih-Chung

September 28, 2022

陳智忠



Attachment 1:

No.	Page	Title	Subject information	Applicable standards																																																																																																																																												
1		Conformity assurance	The 2021 sustainability report disclosed by Kinpo Electronics was prepared in accordance with the core options of the GRI Standards published by the Global Reporting Initiatives (GRI).	Core options of the GRI Standards																																																																																																																																												
2	41	Annual Water Usage	In 2021, water consumed in Taiwan plants was 42.96 million liters	GRI Standards 303-5 Water Consumption Total water consumption in a million liters in Taiwan plants in 2021																																																																																																																																												
3	50	Personnel Structure by Gender, Role, and Age	2021 Personnel Structure of Total Employees by Gender, Role, and Age in Taiwan Plants: <table border="1"> <thead> <tr> <th rowspan="2">Age</th> <th colspan="2">Under 30 years old</th> <th colspan="2">31-50 years old</th> <th colspan="2">51 years old and over</th> <th rowspan="2">Total</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Section level and above</td> <td>2</td> <td>2</td> <td>538</td> <td>203</td> <td>186</td> <td>47</td> <td>726</td> </tr> <tr> <td>Staff</td> <td>85</td> <td>107</td> <td>364</td> <td>400</td> <td>28</td> <td>46</td> <td>477</td> </tr> <tr> <td>Total number of employees</td> <td>87</td> <td>109</td> <td>902</td> <td>603</td> <td>214</td> <td>93</td> <td>1,203</td> </tr> </tbody> </table>	Age	Under 30 years old		31-50 years old		51 years old and over		Total	Male	Female	Male	Female	Male	Female	Section level and above	2	2	538	203	186	47	726	Staff	85	107	364	400	28	46	477	Total number of employees	87	109	902	603	214	93	1,203	GRI Standards 102-7 Scale of the organization 2021 Total Number of Employees in Taiwan Plants																																																																																																						
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4	54-56	Age Statistics of New Employees/Departed Employees	2021 Total Number and Percentage of New Employees in Taiwan Plants: <table border="1"> <thead> <tr> <th rowspan="2">Gender</th> <th rowspan="2">Age</th> <th rowspan="2">New Employees</th> <th colspan="2">As a percentage of new employees %</th> <th colspan="2">As a percentage of all employees %</th> </tr> <tr> <th>Number</th> <th>%</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Male</td> <td>Under 30 years old</td> <td>37</td> <td>14.1%</td> <td>1.9%</td> <td></td> <td></td> </tr> <tr> <td>31-50 years old</td> <td>102</td> <td>39.0%</td> <td>5.1%</td> <td></td> <td></td> </tr> <tr> <td>50 years old and over</td> <td>10</td> <td>3.8%</td> <td>0.5%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Subtotal</td> <td>149</td> <td>56.9%</td> <td>7.5%</td> <td></td> <td></td> </tr> <tr> <td rowspan="3">Female</td> <td>Under 30 years old</td> <td>51</td> <td>19.4%</td> <td>2.5%</td> <td></td> <td></td> </tr> <tr> <td>31-50 years old</td> <td>61</td> <td>23.3%</td> <td>3.0%</td> <td></td> <td></td> </tr> <tr> <td>50 years old and over</td> <td>1</td> <td>0.4%</td> <td>0.1%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Subtotal</td> <td>113</td> <td>43.1%</td> <td>5.6%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Total</td> <td>262</td> <td>100.0%</td> <td>13.1%</td> <td></td> <td></td> </tr> </tbody> </table> 2021 Total Number and Percentage of Departed Employees in Taiwan Plants: <table border="1"> <thead> <tr> <th rowspan="2">Gender</th> <th rowspan="2">Age</th> <th rowspan="2">Departed</th> <th colspan="2">As a percentage of all departed employees</th> <th colspan="2">As a percentage of all employees %</th> </tr> <tr> <th>Number</th> <th>%</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Male</td> <td>Under 30 years old</td> <td>55</td> <td>14.1%</td> <td>2.7%</td> <td></td> <td></td> </tr> <tr> <td>31-50 years old</td> <td>175</td> <td>45.0%</td> <td>8.7%</td> <td></td> <td></td> </tr> <tr> <td>50 years old and over</td> <td>27</td> <td>7.0%</td> <td>1.4%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Subtotal</td> <td>257</td> <td>66.1%</td> <td>12.8%</td> <td></td> <td></td> </tr> <tr> <td rowspan="3">Female</td> <td>Under 30 years old</td> <td>48</td> <td>12.3%</td> <td>2.4%</td> <td></td> <td></td> </tr> <tr> <td>31-50 years old</td> <td>77</td> <td>19.8%</td> <td>3.8%</td> <td></td> <td></td> </tr> <tr> <td>50 years old and over</td> <td>7</td> <td>1.8%</td> <td>0.4%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Subtotal</td> <td>132</td> <td>33.9%</td> <td>6.6%</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Total</td> <td>389</td> <td>100.0%</td> <td>19.4%</td> <td></td> <td></td> </tr> </tbody> </table>	Gender	Age	New Employees	As a percentage of new employees %		As a percentage of all employees %		Number	%	Number	%	Male	Under 30 years old	37	14.1%	1.9%			31-50 years old	102	39.0%	5.1%			50 years old and over	10	3.8%	0.5%			Subtotal		149	56.9%	7.5%			Female	Under 30 years old	51	19.4%	2.5%			31-50 years old	61	23.3%	3.0%			50 years old and over	1	0.4%	0.1%			Subtotal		113	43.1%	5.6%			Total		262	100.0%	13.1%			Gender	Age	Departed	As a percentage of all departed employees		As a percentage of all employees %		Number	%	Number	%	Male	Under 30 years old	55	14.1%	2.7%			31-50 years old	175	45.0%	8.7%			50 years old and over	27	7.0%	1.4%			Subtotal		257	66.1%	12.8%			Female	Under 30 years old	48	12.3%	2.4%			31-50 years old	77	19.8%	3.8%			50 years old and over	7	1.8%	0.4%			Subtotal		132	33.9%	6.6%			Total		389	100.0%	19.4%			GRI Standards 401-1 New Employees and Departed Employees 2021 Number of New Employees by Age and Gender 2021 Ratio of Number of New Employees by Age and Gender Divided by Total Number of Employees at the End of Reporting Period 2021 Ratio of Number of Departed Employees by Age and Gender Divided by Total Number of Employees at the End of Reporting Period
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5	61	Employee Education and Training Outcomes	2021 Statistics of Number of Training Hours in Taiwan Plants: <table border="1"> <thead> <tr> <th rowspan="2">Type of personnel</th> <th colspan="2">No. of training hours</th> <th rowspan="2">Hours/Employee</th> </tr> <tr> <th>General employees - Male</th> <th>General employees - Female</th> </tr> </thead> <tbody> <tr> <td>General employees - Male</td> <td>8,013.0</td> <td>11,140.0</td> <td>16.8</td> </tr> <tr> <td>General employees - Female</td> <td>7,912.6</td> <td>10,912.6</td> <td>20.1</td> </tr> <tr> <td>Section level and above - Female</td> <td>4,592.0</td> <td>4,592.0</td> <td>18.2</td> </tr> </tbody> </table>	Type of personnel	No. of training hours		Hours/Employee	General employees - Male	General employees - Female	General employees - Male	8,013.0	11,140.0	16.8	General employees - Female	7,912.6	10,912.6	20.1	Section level and above - Female	4,592.0	4,592.0	18.2	GRI Standards 404-1 Average hours of training per year received by employees The average number of training hours per person is the total number of training hours divided by the total number of people, which is then rounded up.																																																																																																																										
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