

Category	Sustainability indicators	Unit	2021	2022	2023
Health and safety	Passed ISO 45001 occupational safety and health system certification	Passed	--	--	Passed
	New employees' participation in safety and health education training reached 100%	%	100%	100%	100%
	Health checkup participation rate ≥80%	%	94%	100%	82%
	Completion rate for high-risk operator training reached 100%	%	100%	100%	100%
	Major occupational accidents ≤ 5 cases/year (excluding deaths)	Cases/Year	0	0	3
	Improvement rate for risks and opportunities reached 100%	%	100%	100%	100%
	Contractor disabling injury frequency rate <1.77	Cases/Year	0	0	0
	Disabling injury frequency rate (FR) <1.77	%/Year	0	20.7	4.08
	Disabling injury severity rate (SR) ≤35	%/Year	0	4.7	4.08
Fragile States Index (FSI) < 0.249	%/Year	0	0.31	0.129	

## Appendix 2: Comparison of GRI Standards (2021) and ESG Sustainability Report Chapters

Statement of Use	Reported by Kaori Heat Treatment Co., Ltd. in accordance with the GRI Standards
Reporting period	From January 1 to December 31, 2023
Use of GRI 1	Foundation 2021
Applicable GRI Industry Standards	None

General disclosure (2-1 ~ 2-30)			
	GRI indicators	Corresponding ESG chapters	Remarks
Organization and Reporting Practices	2-1 Details of the organization	2.1 Company profile	
	2-2 Entities included in the organization's sustainability reports	<ul style="list-style-type: none"> <li>Report Overview and Scope</li> <li>Scope and boundaries</li> <li>Reporting period</li> <li>Frequency of issuance</li> <li>Contact window</li> </ul>	
	2-3 Reporting period, frequency, and contacts	<ul style="list-style-type: none"> <li>Changes in reporting</li> </ul>	Material issues increased to 10
	2-4 Restatement of information	<ul style="list-style-type: none"> <li>Ensuring the accuracy of public information</li> <li>External verification</li> </ul>	
	2-5 External assurance/verification		
Events and Workers	2-6 Activities, value chain and other business relationships	3.1 Operating Performance 3.3 Customer Relations Management	
	2-7 Employees a. Total number of employees, and the total number by gender and region b. Report the total number of different categories of employees	7.2 Manpower Structure - Diverse and Inclusive Workplace The distribution of the manpower structure in the last two years	
	2-8 Workers Who Are Non-Employees	The distribution of the manpower structure in the last two years	No dispatched manpower
Governance	2-9 Governance Structure and Composition	2.2 Corporate Governance 2.2.2 Operations of the Board of Directors • Powers of the Board of Directors	The Company's Sustainable Development Committee is not a functional committee under the Board of Directors but is chaired by the individual holding the position of Chairman.
	2-10 Nomination and Selection of the Highest Governing Body	2.2.2 Operations of the Board of Directors • Board of directors nomination and election procedures • Annual general meetings • Powers of the Board of Directors	The candidate nomination system is adopted for the election of directors.

General disclosure (2-1 ~ 2-30)		
GRI indicators	Corresponding ESG chapters	Remarks
2-11 Chair of the highest governance body	<ul style="list-style-type: none"> <li>Educational experiences of Board members</li> <li>Powers of the Board of Directors</li> </ul>	The Company's Chairman serves as the Chair.
2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>Powers of the Board of Directors</li> </ul>	The vision, strategy, and verification timeline for promoting sustainable management
a. The role of the highest governance unit and the role of senior management in the organization's purpose, values or vision, and strategy.	<ul style="list-style-type: none"> <li>2.3 Business integrity</li> <li>2.4 Business philosophy and legal compliance</li> <li>Improve the grievance mechanism, channels and investigation process</li> </ul>	The Company reports the state of communication with stakeholders, including shareholders, employees, customers, communities, competent authorities, and suppliers, to the Board of Directors every year.
b. The role of the highest governance body in overseeing organizational due diligence and reviewing the effectiveness of organizational procedures.	<ul style="list-style-type: none"> <li>Investigation process</li> <li>2.5 Internal audit and management verification system</li> </ul>	
2-13 Delegation of responsibility for managing impacts		
a. How the highest governance body delegates responsibility for managing the organization's economic, environmental, and population impacts	<ul style="list-style-type: none"> <li>1.1.1 ESG Organization and Responsibilities</li> <li>Responsibilities of the ESG Committee</li> </ul>	The General Manager serves as the primary convener of the Sustainability Committee, and each unit is responsible for promoting business-related work matters.
b. Management procedures for the economic, environmental, and population impacts of senior management or other employees on the highest governance unit.	<ul style="list-style-type: none"> <li>2.1.2 Organizational structure and Responsibilities</li> <li>1.2 Main stakeholder communication and grievance channels</li> <li>2.7 Risk management</li> </ul>	
2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> <li>0 Message from the Chairman</li> <li>Promote the vision and strategy for sustainable operations (including the progress of initiatives, such as verification timelines).</li> <li>Responsibilities of the ESG Committee</li> <li>(6) Regularly report the ESG implementation plan and results to the Board of Directors every year.</li> </ul>	The Company's Board of Directors is responsible for strategic planning and oversight of ESG initiatives, while the ESG Committee is responsible for execution.
a. The highest governance unit shall review and approve the reported information.		
b. If the highest governance body does not have the responsibility for reviewing and approving reported information (including the organization's material topics), explain the reasons.		
2-15 Conflicts of interest		
a. Describe the process by which the highest governance body ensures that conflicts of interest are avoided and mitigated.	<ul style="list-style-type: none"> <li>2.3 Business integrity</li> <li>Business and Ethical Code of Conduct</li> <li>Implementation Effectiveness</li> <li>Reporting/Grievance system</li> </ul>	Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
b. Whether the report discloses conflicts of interest to stakeholders.		
2-16 Communication on key major incidents		
a. How to communicate key material events with the highest governance unit	<ul style="list-style-type: none"> <li>2.2.2 Operations of the Board of Directors</li> <li>1.1.1 ESG organization and responsibilities</li> </ul>	The Company did not have any major incidents that needed to be reported to the Board of Directors this year.
2-17 Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>2.2.2 Operations of the Board of Directors</li> </ul>	
a. Group knowledge, skills, and experience of the highest governance unit in sustainable development.	<ul style="list-style-type: none"> <li>Educational experiences of Board members</li> <li>2.2.3 Continuing education and performance of Board members</li> <li>Board diversity</li> </ul>	Continuing education of Board members
2-18 Evaluation of the performance of the highest governance body		
a. Procedures for the highest governance body to oversee the organization's performance in managing economic, environmental, and population-related impacts.	<ul style="list-style-type: none"> <li>Board performance evaluation procedures and frequency</li> </ul>	
2-19 Remuneration policy	<ul style="list-style-type: none"> <li>2.2.2 Operations of the Board of Directors</li> <li>Director remuneration</li> <li>7.4.1 Salary policy</li> </ul>	
2-20 Remuneration determination process	<ul style="list-style-type: none"> <li>2.2.2 Operations of the Board of Directors</li> <li>Director remuneration</li> <li>7.4.1 Salary policy</li> </ul>	
a. The organization designs its compensation policy and compensation decision process.	<ul style="list-style-type: none"> <li>Ratio of the general manager's annual salary to employees' median salary</li> </ul>	
2-21 Annual total compensation ratio	<ul style="list-style-type: none"> <li>The ratio of entry-level employee salary to the legal salary in 2023, and the ratio of general employees to middle and senior managers in the past two years</li> </ul>	
2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>0 Message from the Chairman - Sustainable Development Strategy</li> </ul>	
a. A statement of the relationship between the highest governance unit or top management and sustainable development strategies.		
2-23 Policy commitments		
a. Describe the policy commitments related to responsible business conduct.	<ul style="list-style-type: none"> <li>7.1 Talent Management Policy and Commitment</li> <li>Corporate Sustainable Development Policy</li> <li>Implementation of the eight human rights policies</li> </ul>	Commit to the implementation of the eight human rights policies
b. Describe a specific policy commitment to respect human rights.		
2-24 Incorporation of policy commitments		
a. How to integrate each Responsible Business Conduct policy commitment into its activities and business relationships.	<ul style="list-style-type: none"> <li>1.4.1 Responses to material and secondary issues</li> <li>10 material issues list management</li> </ul>	"Appendix 2-1"

Governance

Strategies, policies and practices



General disclosure (2-1 ~ 2-30)			
	GRI indicators	Corresponding ESG chapters	Remarks
Strategies, policies and practices	2-25 Procedures for remediating negative impacts a. Negative impacts that the organization believes caused or contributed to. b. Describe the method for identifying and handling grievances.	1.2 Major stakeholder communication and grievance channels 6.4 Environmental and Energy Management 6.4.2 Greenhouse Gas Management	
	2-26 Mechanisms for seeking advice and raising concerns	1.2 Major stakeholder communication and grievance channels	Stakeholder communication on issues of concern and grievance channels
	2-27 Legal compliance a. Total number of major violations during the reporting period.	2.4.2 Legal compliance	No violations in the past two years (2022-2023)
	2-28 Membership of associations	8.2 Participation in external organizations and initiatives • Participation in external organizations	
	2-29 Stakeholder engagement policy a. Describe the approach to stakeholder engagement.	1.1.2 Identifying major stakeholders 1.2 Major stakeholder communication and grievance channels	
Stakeholder engagement	2-30 Collective bargaining agreements a. Percentage of total employees covered by collective agreements.	7.5.3 Labor-management communication 7.5.4 Freedom of association	The Company does not have a collective bargaining agreement, but conducts labor-management meetings.
	Material issues	*Guidelines for determining material issues 3-1 Process for determining material issues	1.1.1 ESG Organization and Responsibilities 1.1.2 Identifying major stakeholders 1.2 Major stakeholder communication and grievance channels 1.3 Communication on issues of concern to stakeholders and the process of identifying material issues 1.4 Identification and ranking of material issues and responses
3-2 a. List of material issues b. Changes to the list of material topics		1. Implement sustainable management 1.5 Impact of sustainable management 1.5.1 Value chain relationships of material issues in Kaori 1.5.2 Risk management of material issues • Report Overview and Scope • Changes in reporting	
3-3 Management of material issues		1.5.2 Risk management of material issues • List and management of 10 material issues	"Appendix 2-1"

List of 10 Material Issues and Management and ESG Responses "Appendix 2-1"				
NO	Provisions	Highlights of the GRI Provisions	Corresponding ESG chapters	Remarks
1. Operating performance	201	Management and disclosure of material topics 3-3	Operation performance management approach and policies	Units produced by product category as a percentage of revenue
	201-1	Direct economic value generated by the organization	3.2 Operating Performance • Operating strategies and management guidelines • The operational results of the generation and distribution of direct economic value over the past three years.	
	201-2	Financial impacts and risks of climate change	6. Sustainable environment • The types of climate change risks, potential operational impacts, and adaptation methods.	Climate Change Governance, Strategies, Risks, and Target Indicators
	201-3	Defined benefit plan obligations and retirement plans	7.4 Remuneration and benefits 7.4.2 Retirement protection 7.4.3 Diversified welfare system	
	201-4	Financial subsidies received from the government	2.2.5 Tax management approach • Tax policy	No government financial subsidies

List of 10 Material Issues and Management and ESG Responses "Appendix 2-1"

NO	Provisions	Highlights of the GRI Provisions	Corresponding ESG chapters	Remarks
2. Energy and GHG management	302	Energy: Management and disclosure of material topics 3-3	Energy and Greenhouse Gas Management approach and policies	Specific Results of Energy Conservation Improvement Plans in 2023
	302-1	Energy consumption within the organization	6.4 Environmental and Energy Management	
	302-2	Energy consumption outside the organization	• Energy management and goals	
	302-3	Energy intensity	• Energy efficiency and electricity intensity	
	302-4	Reduction of energy consumption	• Power conservation rate by Plant	
	302-5	Reductions in energy requirements of products and services	• Energy conservation targets	
	305	Emissions: management and disclosure of material topics 3-3	Energy and Greenhouse Gas Management approach and policies	
3. Risk management		Risk management: Management and disclosure of material topics 3-3	Risk management policies and approach 2.7 Risk management 2.7.2 Risk management process and countermeasures	
	201-2	Financial impacts and risks of climate change	6. Sustainable environment	Climate Change Governance, Strategies, Risks, and Target Indicators/6-1
	TCFD	Financial Impacts of Climate Change on Businesses	• The types of climate change risks, potential operational impacts, and adaptation methods.	
4. Product quality		Product quality: Management and disclosure of material topics 3-3	Product quality policy and management approach	The Company encountered zero instances of product recalls due to safety concerns or otherwise in 2023 and suffered no financial losses from lawsuits concerning product safety. Free of hazardous substances and conflict metals
	416	Customer health and safety	4.5 Quality management • Quality management procedures • Promotion of quality awareness • Quality assurance • Comply with hazardous substances management regulations • Responsible mineral procurement	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
5. Innovative R&D		Management and disclosure of material topics: Innovative R&D 3-3	4. Product innovation and quality management 4.1 Development of innovative products • Innovative R&D policy and management approach Four core business units: Fulfill the United Nations Sustainable Development Goals (SDGs)	Kaori prides itself for being able to persistently innovate and support the industry's transition to net-zero emissions.
6. Customer Relations Management	416	Management and disclosure of material topics 3-3	Risk management approach and policies 3.3 Customer Relations Management 3.3.1 Customer Satisfaction Survey Process and Results 3.3.2 Customer Complaints and Subsequent Improvement Measures	Free of hazardous substances and conflict metals
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	5.6 Suppliers' implementation of social responsibilities • Comply with hazardous substances management regulations • Responsible mineral procurement	
	418	Customer Privacy: Management and disclosure of topics 3-3	Customer Privacy Policy: Compliance with policies and regulations to protect customer privacy. 3.4 Customer Data Confidentiality Mechanism	
7. Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of personal data	The Company values intellectual property rights and is committed to protecting its intellectual properties and those of others, particularly during the transfer of know-how and production experience. 1.2 Major stakeholder communication and grievance channels	Kaori received no complaints concerning violations of customers' privacy or secrets in 2023.

List of 10 Material Issues and Management and ESG Responses "Appendix 2-1"

NO	Provisions	Highlights of the GRI Provisions	Corresponding ESG chapters	Remarks
8. Health and safety	403	Occupational health and safety: Management and disclosure of topics 3-3	Material issue: Safety and health policy and management approach	
	403-1	Occupational health and safety management system	7.6 Workplace Safety and Health	
	403-2	Hazard Identification, risk assessment, and incident investigation	• 2023 Benchmark Implementation Results	
	403-3	Occupational health services	• Implementation of safety and health indicators in 2023	
	403-4	Occupational safety and health worker participation, consultation, and communication	7.6.3 Occupational health services	Implemented ISO 45001 in 2023
	403-5	Training for occupational safety and health workers	7.6.2 Occupational Safety and Health Committee	Occupational safety and health management system, internationally certified by a third party
	403-6	Promotion of worker health	• Professional certifications and training status	
	403-7	Mitigation or diminishing of direct impacts on occupational health and safety	• Occupational safety and health training implementation results in 2023	
			• Measures taken for promoting employees' health in 2023	
			• Worker involvement	
		7.6.5 Promotion of work injury prevention		
	403-8	Occupational safety and health management system workers	7.6.2 Occupational Safety and Health Committee	• Statistical table of occupational accidents for the last two years • No occupational disease occurred during the health checkup in 2023.
	403-9	Occupational injury and accident statistics	7.6.6 Workplace injury statistics	
	403-10	Occupational diseases	• Health checkup with five major protection plans • Health checkup risk management • Regular follow-up and care	
9. Sustainable products	Management and disclosure of material topics: Sustainable products 3-3		Sustainable product policy and management approach	The four core business units:
			4.2 Strategic Goals for New Products and Technologies	See 1.6 Fulfill the UN Sustainable Development Goals (SDGS)/2-14 for details.
10. Talent development and cultivation	404	Management and disclosure of material topics 3-3	Policies and management approaches for talent development and cultivation	
	404-1	Average hours of training per year per employee	7.3 Talent Cultivation and Development 7.3.1 Employee training priority planning	404 Education and Training
	404-2	Programs for upgrading employee skills and transition assistance programs	• Training overview for 2023 7.3.2 Performance evaluation and career functions (1) Employee career development (2) Employee performance evaluation and career development	
Employment	401-1	New employee hires and employee turnover	7.2 Manpower Structure - Diverse and Inclusive Workplace	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.2.1 Employee structure 7.4 Remuneration and benefits 7.4.2 Retirement protection 7.4.3 Diversified welfare system	
	401-3	Parental leave	• Reinstatement and retention of unpaid parental leave	



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Appendices