7.4 Remuneration and benefits

7.4.1 Salary Policy

The Company sets salaries at levels that reflect employees' skills, professional capacity, experience, and individual performance. The promotion system has also been designed to be fair and open to employees. The Company strives to maintain equality between genders and offer equal compensation for employees with the same job role. The Company does not differentiate by gender, ethnicity, religion, political association, or marital status. Kaori regularly examines the salaries offered by industry peers to ensure that its compensation and welfare policy remains competitive at attracting and retaining talent. For new recruits, salary is determined based on professional capacity, technical know-how, experience, and work-related skills. Existing employees, also have salary levels and benefits determined according to performance. The Company calculates compensation and benefits in accordance with the laws of Taiwan, and entry-level employees are offered salaries that are higher than the local minimum wage on average. For senior employees, the Company has a talent retention program that offers special benefits such as life insurance and full health checkups. Employees that exhibit outstanding performance are entitled to extraordinary salary adjustment as encouragement. In response to the expansion of the Company's operation scale, the "Remuneration Policy" has been formulated.

In 2024, the salaries of entry-level employees were verified based on their educational backgrounds, and there was no difference based on gender. The ratio of salaries of entry-level employees in 2024 to the legal wage ratio and the gender ratio of general employees to mid-level and senior supervisors in the past two years are as follows:

Year	Personnel item	Average Starting Salary for Fresh Graduates	Ratio of 2023 Starting Salary for Fresh Graduates to the Statutory Minimum Wage	Remarks
2023	Direct employees	33,588	1.27	• Calculation basis as a technician on the following basis: Base salary + position allowances + attendance bonus + meal allowance + technical allowance + certification allowance (shift allowance is calculated separately)
	Indirect employees	32,000	1.21	• Calculation basis as an administrative assistant (8H): Basic salary + attendance bonus + meal allowance
2024	Direct employees	34,000	1.24	• Calculation basis as a technician on the following basis: Base salary + position allowances + attendance bonus + meal allowance + technical allowance + certification allowance (shift allowance is calculated separately)
	Indirect employees	34,600	1.26	• Calculation basis as an administrative assistant (8H): Basic salary + attendance bonus + meal allowance

Note: The above table reflects statistics for local workers in Taiwan. The statutory minimum wage was NTD 26,400 in 2023 and NTD 27,470 in 2024.

- 2024 Annual total compensation ratio

Ratio of the general manager’s annual salary to the median employees salary = 8.11

Note: The above employee data excludes the Chairperson, Honorary Chairperson, Vice Chairperson, and President.

- Year-over-year percentage change in total compensation from 2023 to 2024

Item	Annual Salary Change Percentage (2023 → 2024)	Remarks
Annual Salary Change Percentage for the President	6.8%	Based on actual salary adjustments
Annual salary change percentage for all other employees (excluding the Chairperson, Honorary Chairperson, Vice Chairperson, and President)	0.61%	Calculation Formula: (Total Annual Salary in 2024 - Total Annual Salary in 2023) ÷ Total Annual Salary in 2023
Annual Total Compensation Change Rate	11.21	Calculation Formula: 6.8% ÷ 0.61%

- Average and Median Salaries of Full-Time Employees Not Holding Managerial Positions, and Their Changes Over the Past Two Years

Job Rank/Year	2023	2024	Changes
Average salaries of non-managerial role (NTD thousand)	933	907	-2.8%
Median salaries of non-managerial role (NTD thousand)	806	792	-1.7%

Note 1: Non-managerial positions refer to all employees excluding the Chairperson, Honorary Chairperson, Vice Chairperson, President, Vice Presidents, Assistant Vice Presidents, Chief Financial Officer, Chief Accounting Officer, and Corporate Governance Officer.

Note 2: Salary figures are based on actual recorded amounts and are not annualized.

Note 3: Most of the new hires in 2024 were entry-level employees who had not completed a full year of service, resulting in lower average and median salary figures in 2024 compared to 2023.

7.4.2 Retirement protection

The pension system planning is based on the "Labor Standards Act" and the "Labor Pension Act" to protect the rights and interests of employees to claim pensions in the future.

- Retirement eligibility:

  An employee may apply for voluntary retirement under any of the following circumstances,

  1. Those who have served for more than 15 years and are at least 55 years old.
  2. Those who have served for more than 25 years.

  An employee may be forced to retire under any of the following circumstances:

  1. Aged 65 or above.
  2. Mentally or physically disabled, making them unfit for work.

- Benefit standard (pension under the old scheme):

  For each year of service less than 15 years, two base figures are given for each year of service. Those with more than 15 years of service experience are given a base number for each year of service. The maximum total is 45 bases. Any portion less than half a year is to be counted as half a year; any portion more than half a year is to be counted as one year. An employee who has been forced to retire and suffers from mental or physical disability attributable to duty shall be subject to an additional 20% of the amount specified in the preceding two paragraphs.

- Base calculation (pension under the old scheme):

  The pension base conversion standard is the average salary for the six months prior to the approved retirement.

- Payment period:

  Retirees who meet the requirements for voluntary retirement shall be paid pension in full within 30 days from the date of retirement. If payment cannot be made all at once, the Company may report to the competent authority for approval and make payment in installments.

- Other regulations:

  Retirees shall fill out the Retirement Application Form and proceed with approval. After each unit signs off for employees subject to mandatory retirement, they notify the retirees to complete the formalities. The employee's right to claim pension shall be extinguished if not exercised within five years from the month following the date of retirement.

- Contributions to pensions under the new pension scheme:

  The Company makes contributions according to the monthly salary grading table, with a contribution rate of 6% to the individual pension account held with the Bureau of Labor Insurance.

According to the Labor Standards Act, Kaori makes monthly contributions to a "retirement reserve fund," which is held in a trust account at the Bank of Taiwan. In response to the implementation of the new labor pension system in 2005, we also completed the selection between the old and new pension schemes for all employees. The Company's monthly contribution for employees choosing the old system is 6% of the total salaries of employees under the old system. In addition, based on the actuarial report from the previous year, we calculate the total annual retirement contribution for the following year. The accounting department then prorates this amount over 12 months. If the monthly contribution based on 6% falls short of the prorated amount, the accounting department will make up the shortfall to align with the actuarial estimate. For employees who have chosen the new pension system, the Company contributes 6% of their insured salary to their personal pension account every month.

Employees may also voluntarily contribute within 6% of their monthly wages to pension funds. The portion voluntarily contributed by laborers can be fully deducted from the total comprehensive personal income of the year. In addition, employees are entitled to various insurance benefits in accordance with relevant laws and regulations. Statutory insurances: labor insurance, national health insurance, and company group insurance.

7.4.3 Diverse welfare systems

Kaori arranges Labor Insurance and National Health Insurance coverage for employees as required by laws and ensures that employees are paid the benefits they are entitled to. By promoting a harmonious labor-management relationship and catering to employees' wellbeing and health, the Company aims to help employees grow in life and at work. In 2024, Kaori paid birth and child care subsidies totaling NTD 1.58 million.

Expenses of benefits of the past two years

Unit: NTD

Benefits/year	2023	2024
Life insurance	2,865,954	2,448,626
Health checkup	1,130,986	1,277,437
Childbirth and childcare subsidies	1,450,000	1,580,000
Wedding subsidies	543,400	447,020

Key Benefit Measures

Benefit Category	Benefit details
Life insurance	Life insurance, accident insurance, medical insurance, cancer insurance, occupational hazard insurance
Health insurance	Health insurance
Health checkup	Health checkups once a year
Employee catering	Establishment of employee cafeterias (subsidized 50%)

Pension Plan

Contribution Plan	Description
Pension fund contribution plan	• Old scheme: The employer makes contributions equal to 2% of workers' monthly salaries into a labor pension fund account • New scheme: Contributions equal to 6% of employees' monthly compensations are made into their individual accounts held with the Bureau of Labor Insurance
Contribution as a percentage of remuneration	7%

Other Benefit Measures

The Company's Employee Welfare Committee ensures that 0.15% of the operating revenue and 20% of the income from the sale of scrap are contributed to the benefits pool on a monthly basis. The Employee Welfare Committee continues to organize activities that aim to relieve stress and promote interactions between employees. Below are some of the benefits arranged by the committee:

1. Domestic and foreign group trips
2. Childbirth, wedding, funeral, hospitalization, and military service subsidies

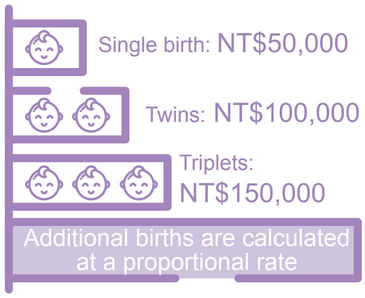
2.1 Childbirth subsidy:
- Single birth: NT$50,000
- Twins: NT$100,000
- Triplets: NT$150,000
- Additional births are calculated at a proportional rate

2.2 Childcare subsidy:
Applicable to children below the age of 6 who are registered in the same household as the Company's employee; paid at NTD 10,000 per child per household per year.

3. Emergency relief
4. Children's scholarships
5. Festival bonuses
6. Sports and recreational equipment
7. Birthday celebrations: birthday cake, birthday cash

Childcare benefits and unpaid parental leave

Employees who have childcare needs are entitled to apply for unpaid parental leave according to laws. Kaori not only offers childbirth subsidies in response to the government's birth incentives, but also tends to the needs of working mothers with the establishment of nursery rooms that cater to employees' individual and family needs. In 2024, three male employees and two female employees applied for unpaid parental leave. During the same year, three male employees and seven female employees returned to work upon completion of their leave, resulting in a reinstatement rate of 100%.



Reinstatement and retention of unpaid parental leave

Category Items	Gender	2023	2024
No. of employees qualified for parental leave in the current year	Male	11	14
	Female	5	1
	Total	16	15
No. of employees applied for parental leave in the current year	Male	3	3
	Female	4	0
	Total	7	3
No. of people due for reinstatement in the current year (A)	Male	3	3
	Female	2	7
	Total	5	10
No. of people reinstated in the current year (B)	Male	3	3
	Female	2	7
	Total	5	10
Reinstatement rate (B/A)	Male	100%	100%
	Female	100%	100%
No. of reinstated employees due for reinstatement from unpaid parental leave in the previous year (C)	Male	0	3
	Female	2	2
	Total	2	5
No. of employees having worked for more than 12 months after reinstatement (D)	Male	0	3
	Female	2	2
	Total	2	5
Retention rate (D/C)	Male	-	-
	Female	100%	100%

Note: Reinstatement rate = actual total number of employees after parental leave (B) / total number of employees who should be reinstated after parental leave (A) * 100%.

Retention rate = Total number of employees who remained on the job for 12 months after completing the parental leave (D) / Total number of employees who were reinstated from the parental leave during the previous reporting period (C) * 100%