

### 2.2.5 Tax Management Approach

The Company's tax policies support product and technology innovation and sustainable development and are committed to controlling tax risks, pursuing sustainable development, and fulfilling corporate social responsibility. Kaori is committed to:

- Major operational decisions are made in compliance with relevant laws and regulations, and the impact of tax risks is assessed accordingly.
- Comply with the OECD's Base Erosion and Profit Shifting Action Plan (BEPS), ensuring that the Company generate profit with economic substance and obtain tax residency status in the respective countries, complying with local tax regulations.
- Do not engage in tax planning or transactions in low-tax jurisdictions for the purpose of tax avoidance.
- Disclosure in financial reports is conducted in accordance with relevant laws, and tax information is fully disclosed as required by applicable regulations.
- Establish a relationship of mutual respect and good communication with the tax authority under the tax jurisdiction based on good faith.
- In 2023, the Company complied with tax policies and regulations and did not receive any government financial subsidies.

## 2.3 Business integrity

Kaori has implemented a business integrity policy with the Board of directors' approval and developed its own accounting policies and internal control system to enforce business integrity. Internal auditors have been assigned to audit compliance on a regular basis. Kaori has clearly stated its core values of innovation, quality, responsibility, and honor in external communications and established business integrity policies that all directors, senior managers, employees, and the controller must obey when carrying out their duties. The Company has established the "Business Integrity Code of Conduct," "Business Integrity Procedures and Behavioral Guidelines," relevant "Ethical Conduct Guidelines," "Investor Relationship Management Policy," and "Risk Management Policy" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."

### Integrity Management Approach

1. Incorporating integrity and moral values into the Company's operating strategies and establishing integrity assurance and fraud prevention measures in accordance with laws.
2. Implementing measures against dishonest conduct, including standard operating procedures and behavioral guidelines.
3. Planning internal organization and duties and implementing checks and balances for business activities that present higher risks of dishonest conduct.
4. Coordinating integrity policy awareness and training programs.

The Company has designated the Special Assistant's Office as the unit responsible for the amendment, execution, interpretation, and consultation of the procedures and behavioral guidelines, as well as the supervision of regulatory reporting and filing works. The Special Assistant's Office operates under the supervision of the Audit Office, which is an independent unit created directly under the Board of directors. The Audit Office conducts regular audits on business integrity and compliance and is responsible for monitoring internal operations and presenting audit reports to the Board of directors.

The Company convenes "monthly general assemblies" to verbally promote the importance of avoiding dishonest conduct in all business activities. Employees are also encouraged to undergo internal and external training on a regular basis. Kaori encountered no financial losses from lawsuits relating to bribery or corruption in 2023. It received one report on breach of integrity and ethics that resulted in no material impact. The incident has been handled according to internal policies with preventive measures taken.

### Building an Integrity Culture

Kaori upholds “innovation, quality, responsibility, and honor” and recognizes integrity as the core of its corporate culture. By implementing a set of ethical behavior guidelines, the Company enforces values such as fair trade, avoidance of improper gains, protection of business secrets, human rights, and compliance in all aspects of business operations. The Company has implemented rigorous preventive and disciplinary measures to enforce high ethical standards among employees and prevent violations when engaging in business activities. Misconduct reporting channels have also been set up, and any employee that violates the behavioral guidelines will be disciplined according to the Work Rules.

In addition to tracking yearly internal control self-assessments conducted by various departments and making adjustments to policies and laws that affect corporate operations, Kaori also reiterates the importance of corporate governance and ethics to employees from time to time. Employees who commit violations of the law, safety rules/regulations, employment contracts, or commercial ethics will be subject to legal consequences and disciplinary measures. These violations will also be considered in employee performance evaluations as part of our efforts to build a culture of integrity within the organization.

### Complete Grievance Systems, Channels, and Investigation Procedures

Kaori upholds integrity in all business activities and prohibits corruption and all forms of fraud. All reports of suspicious activities or violations against ethical behavior guidelines that involve Kaori's employees or any personnel related to the Company are handled in secrecy unless otherwise specified by law, for which the Company will assign relevant departments to investigate in a timely manner.

An Investors Section has been created on the corporate website to disclose the contact number and e-mail of service personnel for institutional customers and shareholders and to handle investors' suggestions, queries, and disputes. The Company has open communication channels in place to maintain productive interaction with investors, suppliers, customers, and stakeholders. Interactions with the above-mentioned parties are carried out with the utmost integrity and in conformity with the Company's internal control system and management policy.

Employees are required to report, using the following channels, any violations of laws, policies, or contract terms or any attempts to exploit the vested authority for improper gains against the Company's interests:

- Physical Mailbox  
Special Assistant's Office |  
No. 5-2, Jilin North Road, Zhongli District,  
Taoyuan City 32030
- Website “Integrity - Grievance mailbox”.
- Email  
csr@kaori.com.tw



Misconduct reports are handled by the Special Assistant's Office under the supervision of the Audit Office. Employees who are found to have violated the Company's behavioral or ethical guidelines will be disciplined and instructed to make improvements within a given period of time. Incidents of high severity may be referred to judicial institutions. The Company has zero tolerance for criminal behavior and takes legal action against all violations. Whistleblowers' identities, the information they provide, and subsequent progress are kept strictly confidential so that whistleblowers may communicate with the management free of concern for retaliation, threat, and harassment.

### Investigation Procedures:

- 1 Misconduct reports that involve general employees are escalated to the heads of departments, whereas misconduct reports that involve directors or senior managers are escalated to independent directors.
- 2 Upon receiving a report, the responsible unit and the head or staff of the appropriate department shall proceed to investigate the facts immediately, and they may seek help from compliance or other departments if necessary.
- 3 If the reported misconduct is verified to constitute a violation of the law or the Company's business integrity policy or rules, the violator will be ordered to cease and desist such conduct and subjected to disciplinary action and claims through legal proceedings if necessary to protect the Company's interests and reputation.
- 4 Details including the misconduct report, investigation process, and findings must be maintained in written or electronic form and retained for five years. Should any litigation arise in relation to the reported misconduct before expiry of the retention period, the above documents will have to be retained until the litigation is concluded.
- 5 For every verified misconduct report, the department concerned is required to examine the internal control system and operating procedures and propose improvement measures to prevent similar occurrences in the future.
- 6 The responsible unit shall report to the Board of directors the reported misconduct along with details on how they are handled and the improvement measures undertaken. Violators may also be reported to the competent authority or judicial institutions if necessary.

### Enhancement of Integrity Awareness Within the Value Chain

Kaori exerts ESG influence by requiring all key (Grade A) suppliers to sign a "Supplier Code of Conduct" that outlines the integrity principles as well as the environmental, labor, human rights, and occupational safety regulations that suppliers are bound to comply with during production activities. 100% of suppliers have signed the commitment to the clause to date.

### Ethical Behavior Guidelines

1. Offering and acceptance of bribes.
2. Offering of illegal political donations.
3. Inappropriate donation or sponsorship.
4. Offering or acceptance of inappropriate gifts, treatment or benefits.
5. Infringement on business secrets, trademarks, patents, copyrights, and other intellectual property rights.
6. Engagement in unfair competition.
7. Direct or indirect damage to consumers' or stakeholders' interests, health or safety during research, development, procurement, manufacturing, offering, or sale of products and services.

### Implementation Results

The Company regularly organizes employee education and training to promote the principles of business integrity and establish anonymous reporting channels. These measures help employees understand and comply with the company's integrity policies, enhancing the effectiveness of our business integrity practices.

Human rights management policy	Specific plans
Diversity, inclusion, and equal opportunity	<ol style="list-style-type: none"> <li>1. Value the diversity of all employees and treat them equally. All partners are entitled to equal opportunities, regardless of position, age, gender, or nationality.</li> <li>2. Menstrual leave is better than the one under the Gender Equality in Employment Act.</li> <li>3. Adequate employment of employees with disabilities.</li> </ol>
Against discrimination, bullying, and harassment.	<ol style="list-style-type: none"> <li>1. Issue a statement against unlawful violations, promote it through emails and the official LINE account, and post it on bulletin boards in all plant locations.</li> <li>2. An anonymous suggestion box is set up in each plant location.</li> <li>3. Invite psychologists or lawyers to conduct workshops or seminars.</li> <li>4. If any related issues arise, the Occupational Safety and Health Department will immediately intervene and conduct an investigation.</li> </ol>
Comply with basic wage and reasonable working hours	<ol style="list-style-type: none"> <li>1. The working hours of mid-day and night shifts are reduced by 0.5 hours, which takes precedence over the working hours of the day stipulated by the Labor Standards Act.</li> <li>2. Provide entry-level employees with initial salaries that are higher than the minimum wage regulated by local laws.</li> <li>3. Meal allowances are provided based on overtime hours.</li> </ol>
Forced labor is prohibited, and protections are in place for young workers (ages 16-18). Child labor is not used.	<ol style="list-style-type: none"> <li>1. Comprehensive explanations of Company policies and job responsibilities are provided during interviews to reduce issues arising from information asymmetry.</li> <li>2. Comply with laws and regulations and do not use child labor, and have a rigorous review process to prevent misuse.</li> </ol>
Healthy and Safe Workplace Environment	<ol style="list-style-type: none"> <li>1. Obtained the ISO 45001:2018 - Occupational Health and Safety Management System certification.</li> <li>2. Fully equipped nursing rooms and medical rooms are available.</li> <li>3. Clean and well-lit office environment.</li> <li>4. Company facilities include heating and air conditioning, warm water sinks, and bidet toilet seats.</li> <li>5. Rest areas feature a coffee bar and massage chairs.</li> <li>6. Health seminars and health information are provided periodically.</li> <li>7. Doctors are stationed at the plants to provide health education and health consultations regularly.</li> <li>8. Employee health management and follow-up management and health guidance for those with abnormal health examination results.</li> <li>9. Provide a variety of club activities.</li> <li>10. Free employee health checks every year.</li> </ol>
Implementation of Cybersecurity	<ol style="list-style-type: none"> <li>1. Obtained the ISO 27001 - Cybersecurity Management System certification</li> <li>2. Employees undergo regular cybersecurity testing.</li> <li>3. Computer security updates are conducted regularly.</li> <li>4. Cybersecurity awareness is promoted regularly to enhance employees' understanding.</li> </ol>
Promoting Harmonious Employment Relations	<ol style="list-style-type: none"> <li>1. Regularly hold labor-management meetings.</li> <li>2. Hold seminars for migrant workers from time to time.</li> </ol>
Grievance and Reports	<ol style="list-style-type: none"> <li>1. Set up grievance mailboxes and telephone numbers.</li> <li>2. An anonymous suggestion box is set up in each plant location.</li> </ol>



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Corporate Governance and Risk Management

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Human rights management policy

Specific plans

Others

1. In 2023, a total of 555 people participated in 5 human rights training sessions.
2. In accordance with occupational safety regulations, in-service training and occupational safety and health seminars were organized in 2023, with approximately 1,180 participants, totaling 3,400 hours.
3. Two AED emergency training sessions were held in 2023, with approximately 385 participants, all of whom obtained certification.
4. A total of 127 employees have received health consultations from the onsite doctors since 2022.

### Reporting/Grievance system

Kaori focuses on respecting human rights, protecting intellectual property, and preventing the improper transfer of benefits that could harm the interests of the company, customers, and suppliers. To ensure the implementation of business integrity, we have established an independently operated Audit Office. This department conducts regular or ad-hoc internal audits each year and provides convenient and accessible grievance channels for internal and external stakeholders to report issues and receive appropriate responses. These measures help reduce operational risks and foster a positive interaction model with stakeholders. 2023 Implementation Results: No managers or employees violated the principles of integrity.

## 2.4 Business Philosophy and Legal Compliance

### 2.4.1 Management Philosophy

The Company's business philosophy is guided by four core principles: innovation, quality, responsibility, and honor. With the primary goal of pursuing profit and surplus, we are committed to ensuring the creation of new products, increasing added value and profitability, and continuously improving our team's professionalism and leadership skills to enhance operational performance.

### Anti-bribery and anti-corruption

Kaori has established an "Employee Code of Conduct" to ensure the normal operation of the enterprise and maintain fair competition. The code regulates commercial purchase and sales behaviors and prohibits any form of improper gains, such as corruption, extortion, and embezzlement. Kaori strictly regulates all business activities and external interactions, including contact with government departments, negotiations with customer representatives, customer QC inspections, and impartial execution of product testing, inspections, and audits. In these activities, any improper practices, such as offering or accepting kickbacks, promotional fees, advertising expenses, service fees, expense reimbursements, or providing domestic or international travel under any guise, are prohibited. These rules are in place to prevent the direct or indirect exchange of cash, goods, or other benefits outside of the transaction.

Kaori complies with the RBA Code of Conduct and accepts relevant audits and self-evaluation activities from customers. In areas such as labor, health and safety, environment, ethics, and management systems, there have been no major non-compliance issues. Additionally, the Company continuously implements relevant training and awareness activities each year.