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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.

2.4.2 Compliance

Kaori complies with regulations by regularly collecting and compiling relevant business-related laws and regulations for identification. If there are any new or revised regulations, the responsible departments immediately review whether the current business practices and operations are in compliance. Additionally, they assist in communicating and promoting these regulations to all departments. To protect the legal rights and interests of the Company, the Company periodically holds legal courses and produce legal materials to enhance employees' legal knowledge.

The Company's compliance with corporate governance, environmental, economic, and social regulations, including relevant important legal sources, internal policies, or procedures, as well as any violations in the past two years (2022–2023), are detailed in the table below:

Category	Important legal sources in Taiwan	Corresponding measures or procedures of the Company	Whether there was any violation in 2022-2023
Corporate governance	Company Act, Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, Audit Committee Charter, Remuneration Committee Charter	Articles of Incorporation, Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Audit Committee Charter, Remuneration Committee Charter	The Company has acted in accordance with the law, and as a result, no significant monetary fines or other non-pecuniary penalties have been imposed on the Company.
Employee labor rights and conditions	Labor Standards Act, Employment Service Act Gender Equality in Employment Act, Labor Insurance Act, Labor Pension Act, National Health Insurance Act, Employee Welfare Fund Act, Regulations of Leave-Taking of Workers, Regulations for Implementing Labor-Management Meeting, etc.	Employee Code of Conduct, Labor-Management Meeting Election Measures, Personal Data Protection Management Measures	The Company has complied with the Labor Standards Act and has not been penalized for violating the Labor Standards Act or labor disputes. There have been no incidents of forced labor at any of the Company's operating locations and important suppliers.
Health and safety	Occupational Safety and Health Act, Enforcement Rules of the Occupational Safety and Health Act, Labor Health Protection Rules, Labor Safety and Health Facilities Rules, Occupational Safety and Health Education and Training Rules, etc.	Occupational Safety and Health Work Principles Verification and Backup Occupational Safety and Health Organization and Personnel Verification and Backup ISO 45001 Occupational Health Management System and related procedures	No occupational accident and fined by the labor inspection department
Environmental	The Basic Environment Act, Climate Change Response Act, Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act, Noise Control Act, Drinking Water Management Act, Effluent Standards, Water Pollution Control Act and its Enforcement Rules, etc.	ISO 14001 Environmental Management System and related procedures, SOPs, and forms, including waste disposal procedures, noise control procedures, drinking water management procedures, wastewater management procedures, etc. Introduce the ISO 14064-1 greenhouse gas inventory operation system and issue the greenhouse gas inventory report	The Company complies with environmental laws and regulations, and has not been penalized for violating environmental laws and regulations.
Economic	Fair Trade Act, Patent Act, Copyright Act, Intellectual Property Act, Trade Secrets Protection Act, Computer Processing and Personal Data Protection Act, etc.	Labor contract, code of ethics for employees below the section level, code of ethics for managers and senior professionals, personnel-related management system	The Company has no records of violations of economic and social regulations and no incidents of being fined.
Social	Civil Code, Communicable Disease Control Act, Sexual Harassment Prevention Act		
Product	Fair Trade Act, Computer Processing and Personal Data Protection Act, QC 080000 Hazardous Substance Process Management System	ISO 9001 Quality Management System and related procedures, SOPs, and forms Introduce the ISO 14067 carbon footprint criteria to comply with the international carbon reduction trend	The Company has not experienced any incidents of customer privacy breaches that resulted in fines or compensation claims from customers. The Company has complied with the Marketing and Communication Act and has not violated any laws or health and safety regulations related to products and services.

Kaori has several effective controls in place to ensure compliance. The Company checks new regulatory amendments on a monthly basis and conducts compliance audits on all plant sites on a yearly basis. In 2023, there was no record of violation of safety and health, environmental protection, fire safety, and other laws and regulations. Aside from the above, no major compensations or losses were reported in annual internal audits.