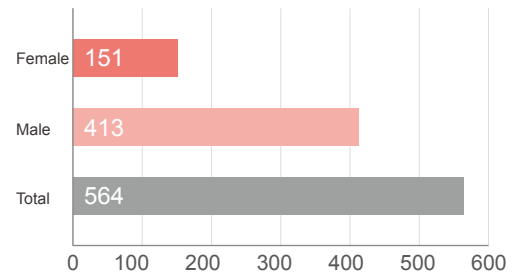


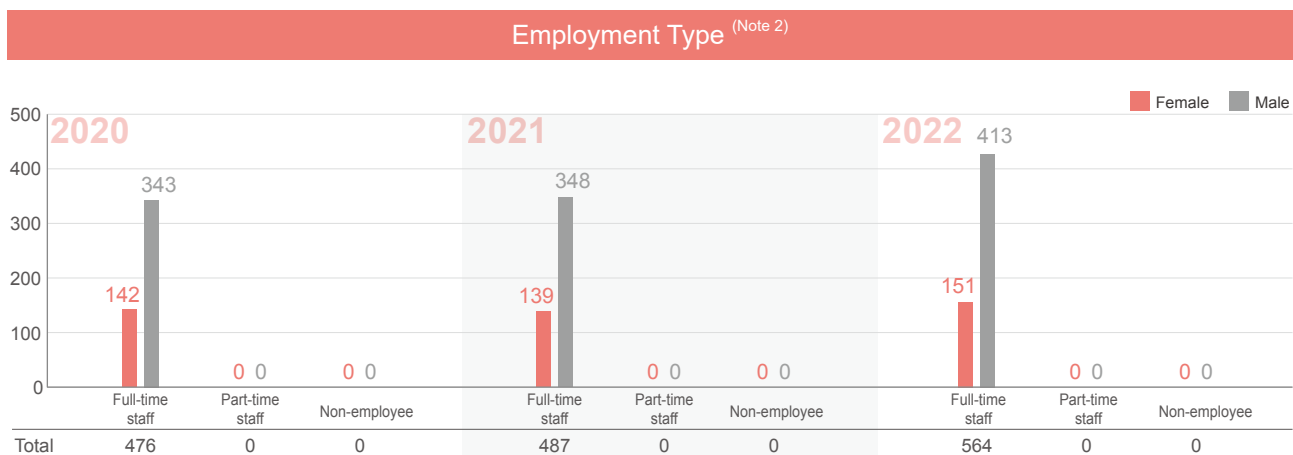
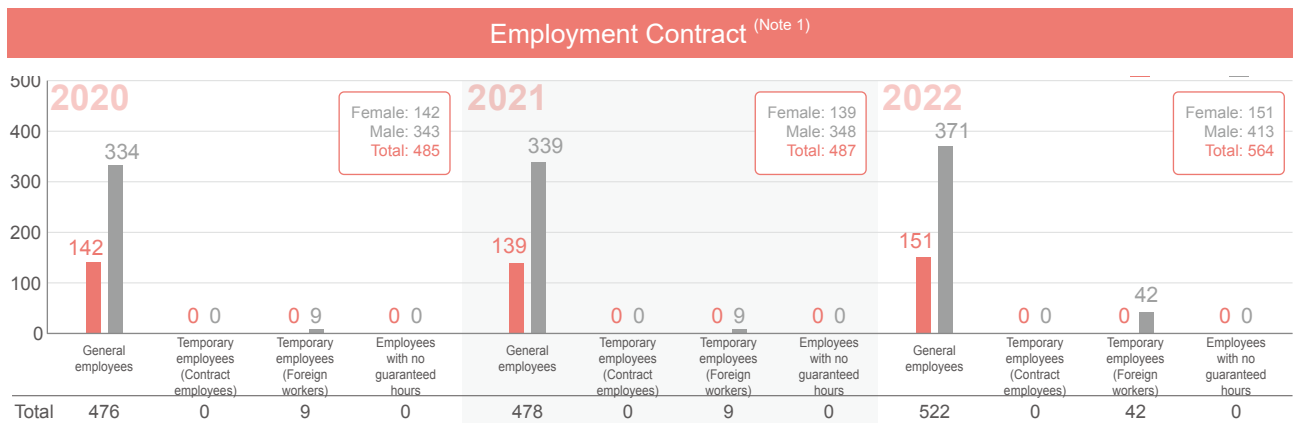
## 4.1 Diverse and Inclusive Workplace

Kaori recognizes employees as important partners for building global first-rate organization and sustainable practice. We are committed to creating a friendly and healthy workplace, one that is free of discrimination and inequality. Kaori provides employees with comprehensive compensation and benefits and offers diverse training programs to help employees grow. By giving employees a safe and healthy place to work, we look forward to creating a sustainable corporate culture that is unique to Kaori.

Kaori reported a total number of employees of 564 in 2022; 413 (73%) of whom were male and 151 (27%) of whom were female. All managers of the Company were of R.O.C. nationality, and 100% of senior managers were locally hired. Kaori supports requirements of the “People with Disabilities Rights Protection Act” and takes the initiative to offer equal employment opportunities for the underprivileged. A total of three people with disabilities were hired in 2022.



### Employee Structure by Gender



Note 1: The workforce can be distinguished by employment contract into permanent employees (with undefined service duration) and temporary employees (with defined service duration, including foreign workers and interns but excluding temporary workers).

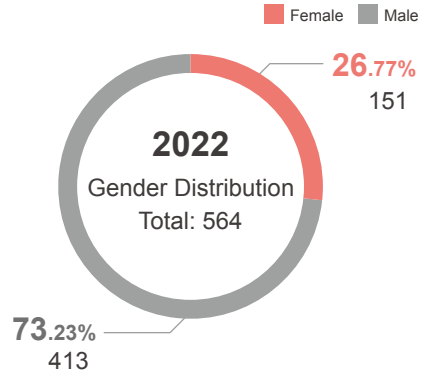
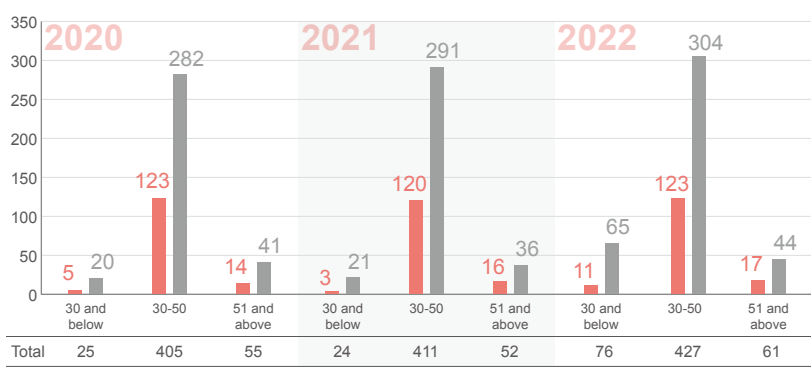
Note 2: The workforce can be distinguished by employee type into full-time staff (that work above the statutory hours a week), part-time staff (that work partial and less than the statutory hours a week), and non-employees (including contractors, interns, apprentices, and volunteers).

2022	Head count
No. of senior managers	16
No. of locally hired senior managers	16

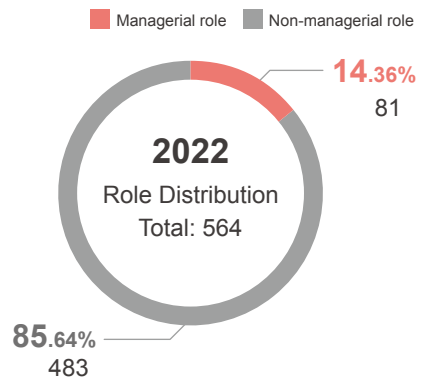
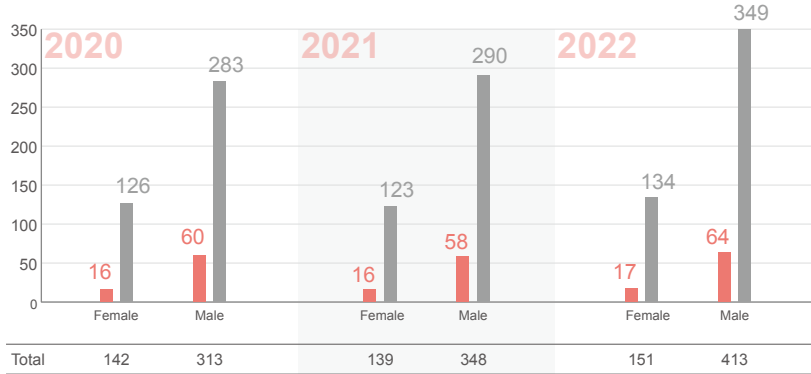
Note: “Local” is defined by nationality

Diversity

Employees' Age Distribution

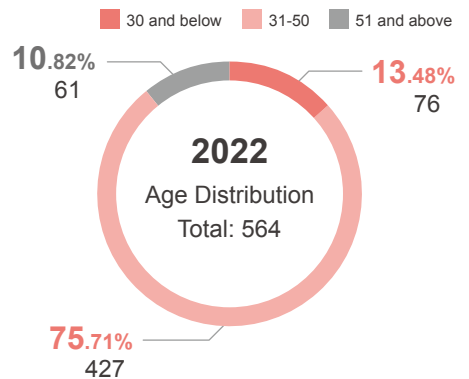
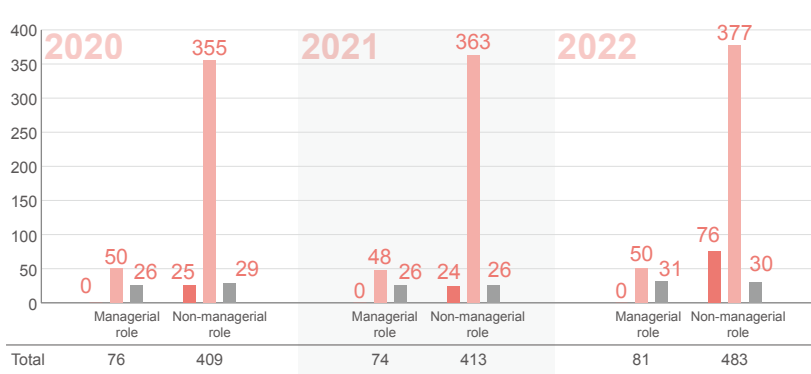


Employee Counted by Grade and Gender



Note: managerial role refers to section chief and above

Employee Counted by Grade and Age



Note: managerial role refers to section chief and above

Other Diversity Indicators

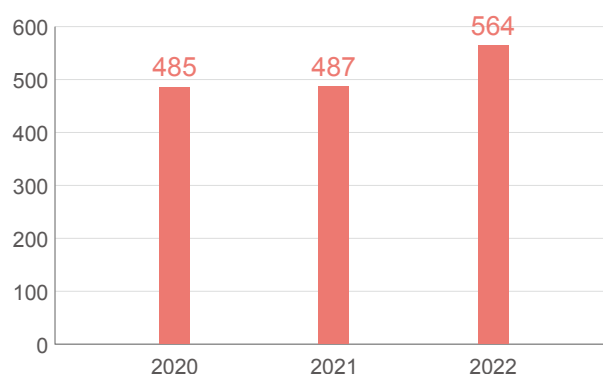
Statistics for Taiwan	No. of persons with disabilities hired	No. of foreign (non-Taiwanese) employees hired	No. of minority peoples (indigenous) hired
2020	3	13	4
2021	3	12	4
2022	3	46	4

## Percentage of New Permanent Employees and Attrition Rate for 2022

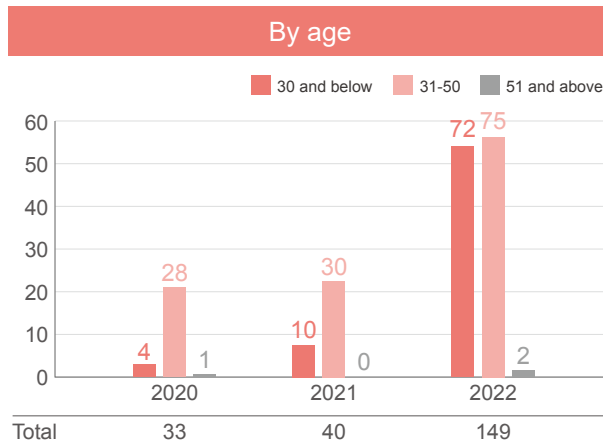
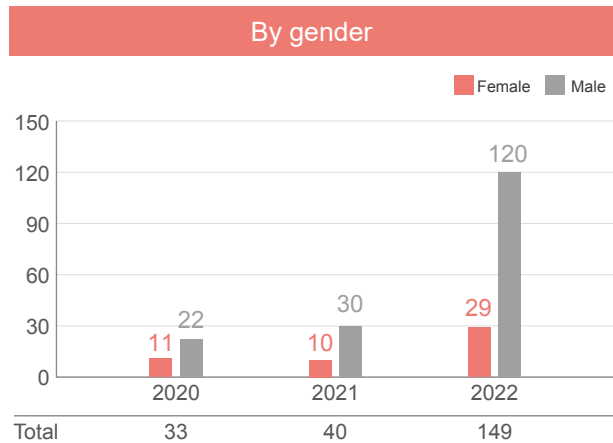
Kaori had 149 new recruits in 2022 that represented 26.42% of the total workforce; 120 of the new recruits were male and 29 were female. 73 employees resigned during the year, representing an attrition rate of 12.94%; 52 of the resigned employees were male and 21 were female. By analyzing data on new recruits and resignees, the Company evaluates the appropriateness of its existing salaries and benefits and determines whether it has met its goal of creating a friendly workplace. For resignees, the Company surveys the cause of resignation and take their responses into consideration for future improvements. Employees' resignation requests are handled strictly in accordance with the Labor Standards Act; employees who wish to terminate their employment contract are required to serve advance notice of no more than 30 days depending on seniority, which complies with prevailing laws.

## Growth of Employee Size in the Last Three Years

Owing to the ongoing energy transformation in Europe and increasing demand for SOFC thermal reactors in the US, Kaori has been recruiting additional workforce to support the growth of its expansion.



## No. of New Permanent Employees



## New recruitment rate

Employees (including interns)	Gender		Total	Age			Total
	Female	Male		30 and below	31-50	51 and above	
2020	2.27%	4.54%	6.80%	0.82%	5.77%	0.21%	6.80%
2021	2.05%	6.16%	8.21%	2.05%	6.16%	0.00%	8.21%
2022	5.14%	21.28%	26.42%	12.77%	13.30%	0.35%	26.42%

Preamble

1 Sustainability and development

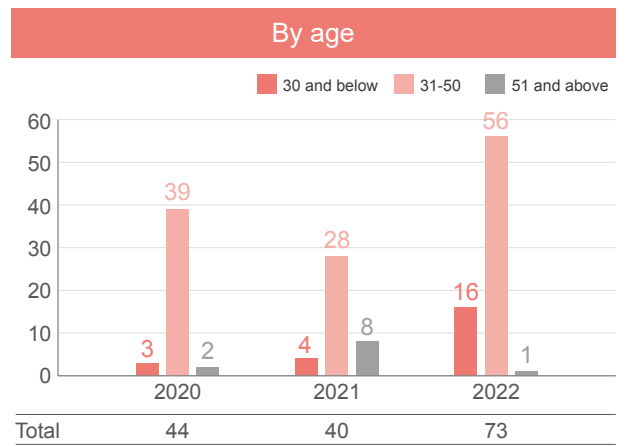
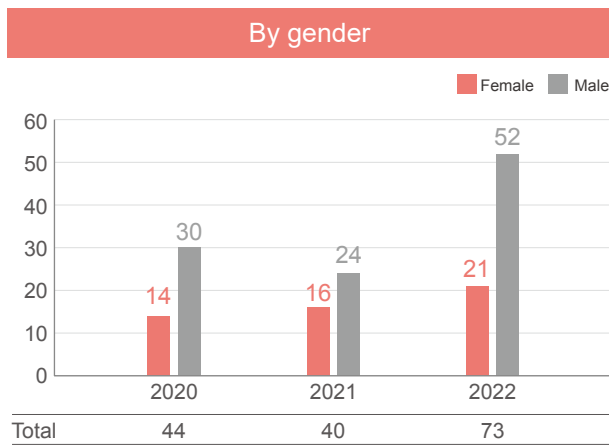
2 Honor and Integrity

3 Innovation and quality

4 Responsibility and care

5 Environmental protection and inclusion

No. of Permanent Employees Resigned



Attrition rate

Employees (including interns)	Gender		Total	Age			Total
	Female	Male		30 and below	31-50	51 and above	
2020	2.89%	6.19%	9.07%	0.62%	8.04%	0.41%	9.07%
2021	3.29%	4.93%	8.21%	0.82%	5.75%	1.64%	8.21%
2022	3.72%	9.22%	12.94%	2.84%	9.93%	0.18%	12.94%

Note: the percentage of new recruits is calculated by dividing the total number of new recruits for the year by the total employee count at the end of the year, multiplied by 100%; the attrition rate is calculated by dividing the total number of resignees for the year by the total employee count at the end of the year, multiplied by 100%.



## 4.2 Talent Recruitment and Development

Kaori adopts a fair, open, just, and efficient recruitment system that emphasizes recruiting the best and most suitable talent. The recruitment system pays attention to basic human rights, including equal employment opportunities, and is supported by talent selection, education, and retention measures to ensure the quality of new recruits, the stability of the workforce, and that competent talent is assigned to suitable roles. Kaori places great emphasis on unity. Aside from recruiting people that share common values, the Company offers favorable compensation, comprehensive benefits, and open communication channels to create a friendly, harmonious, safe, and mutually beneficial work environment that attracts and retains talent.

### Equal Employment Opportunities

The Company values workers' rights and assigns employees to suitable positions depending on their skill sets and competence. In terms of recruitment, salary, performance, promotion, training, and benefits, the Company does not discriminate by gender, religion, nationality, or ethnicity. In addition to prohibitions against child labor, Kaori adopts a fair recruitment principle that discourages all forms of unreasonable restriction (such as withholding ID cards/passports or collecting inappropriate gains). Furthermore, employment contracts are drafted in languages and texts that employees can easily understand.

### Recruitment Channels

Kaori continued to recruit employees primarily using online platforms in 2022, and it empowered the heads of various recruiting departments to set up interviews with potential candidates as needed. Kaori also sourced talent through other channels such as employment service stations, campus recruitment programs, the Workforce Development Agency, and professional training institutions. Kaori currently engages Cheng-kung Senior Industrial Commercial Vocational School and Lunghwa University of Science and Technology in a series of industry-academia collaborations to bring fresh graduates into the professional field.

### 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.

### Annual Total Compensation Ratio and Variation

Year	2020	2021	2022
Annual total compensation ratio (Note 1)	5.7460 : 1	5.1955 : 1	5.1303 : 1
Variation of annual total compensation ratio (Note 2)	N/A	0.1330 : 1	0.7875 : 1

Note 1: Formula for annual total compensation ratio: Annual total compensation for the organization's highest-paid individual / the median annual total compensation across all employees (excluding the highest-paid individual)

Note 2: Variation of annual total compensation ratio is calculated as: Percentage increase in annual total compensation for the organization's highest-paid individual / percentage increase in the median annual total compensation across all employees (excluding the highest-paid individual)

### Compensation Distribution by Gender for 2022

Salary ratio	Managerial role	Non-managerial role
Female	1	1
Male	1	1

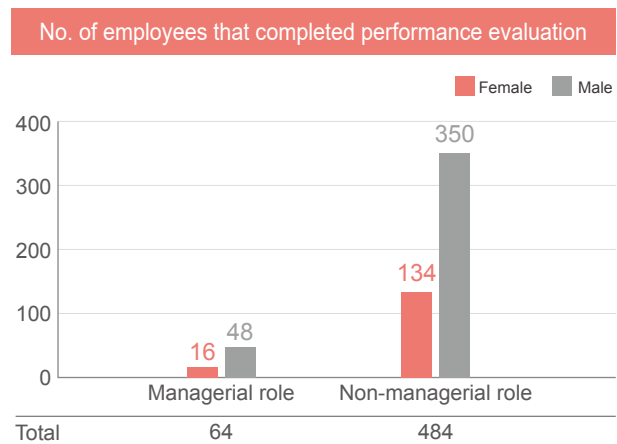
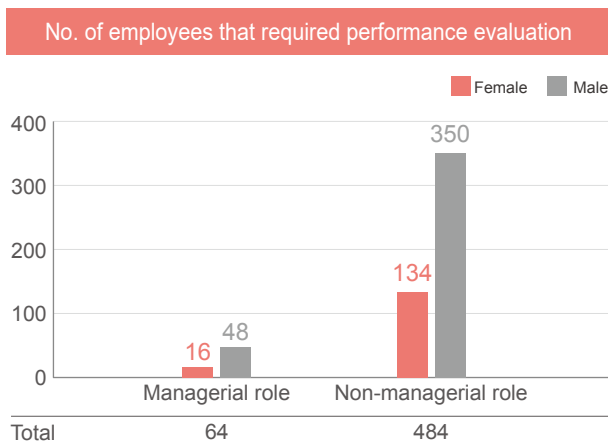
Note: managerial role refers to section chief and above; salary adjustments were consistent across employees and were not discriminated by gender

### Performance Evaluation

Employees undergo performance evaluation two times a year and are entitled to promotional opportunities and rewards according to the performance evaluation policy. The Company hopes to see every employee realize their full potential and have the best talent lead the teams in taking responsibility, making decisions, coordination, execution, and collaboration toward accomplishing corporate goals.

In 2022, **100% of Kaori employees underwent performance evaluation**. Employees' annual performance evaluations are conducted by their respective line managers. The evaluation covers work performance, attendance, work attitude, and other work-related aspects. The Company also requires all managers to pay particular attention to the fairness of the performance evaluation and to avoid all forms of discrimination and unfair treatment whether due to gender, age, or other factors unrelated to work.

#### Number of Employees Receiving Regular Performance and Career Development Reviews in 2022



- Percentage of employees that completed performance evaluation in 2022

Percentage	Managerial role	Non-managerial role	Subtotal
Female	100%	100%	100%
Male	100%	100%	100%
<b>Subtotal</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note: managerial role refers to section chief and above



### Retention Incentives

For senior employees, the Company has a talent retention program that offers special benefits such as life insurance, full health checkup, and trust subsidies. Employees that exhibit outstanding performance are entitled to extraordinary salary adjustment as encouragement.

## Talent Development

The Company has “Training Management Procedures” in place to help employees expand knowledge and skills in ways that contribute to the organization’s competitiveness. Kaori strongly believes knowledge and skills to be the key to improving work efficiency and quality, which in turn contributes to the Company’s sustainable development goals.

The Company offers diverse training methods and opportunities and implements training programs that are closely aligned with employees’ duties and corporate strategies. Employees are subsidized for taking on-the-job training and external training to improve professional and language skills. It is the Company’s intention to support employees with the training resources needed.

Department heads and employees have the opportunity to take part in company or department-level training courses and seminars to prepare themselves for future trends and projects. Employees are encouraged to take advantage of the complete range of training options the Company has to offer to grow their professional capacity and competitiveness. All new recruits are required to undergo complete general knowledge training and orientation when commencing duty. Through a combination of manuals, practices, and exams, new employees are quickly brought up to speed and readied for the tasks on hand. We provide all permanent employees with a training roadmap that they can follow to advance their careers within their respective departments and make persistent improvements to training resources within and outside the organization. By having managers participate in various meetings, we help them develop adequate understanding of how each department functions and applicable company policies, so that they may grow to undertake greater responsibilities in the future.

### Short-, Medium-, and Long-Term Focus of Employee Training and Succession Plans

Kaori has implemented different training durations based on employees’ performance evaluation:

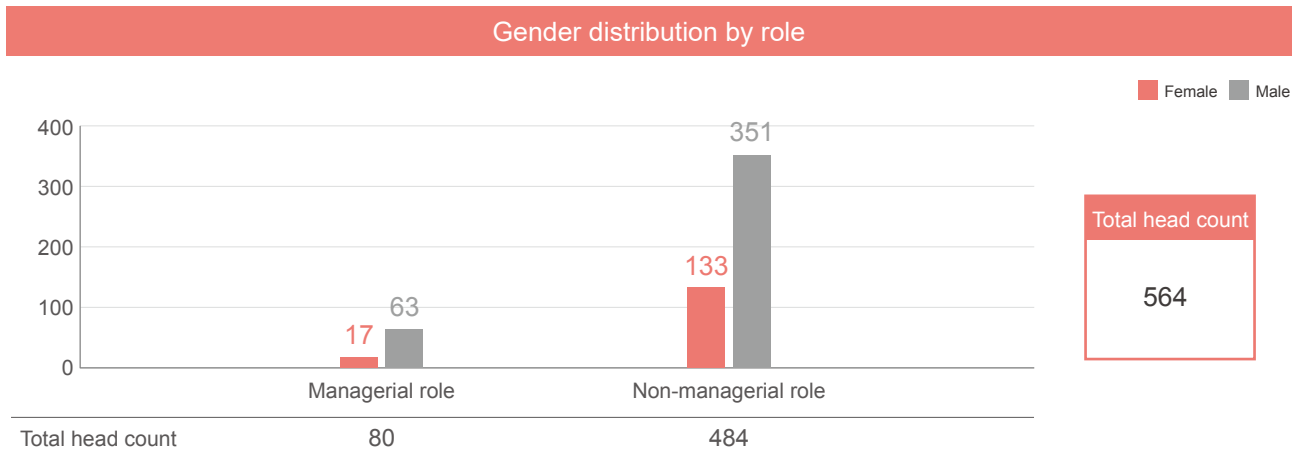
<b>Short-term</b>	In addition to providing a general introduction and description on human resources, work safety, quality, and the Employee Welfare Committee, each business department arranges its own orientation training to help new employees familiarize themselves with the products offered, the technologies involved, and the application scopes.
<b>Medium-term</b>	Kaori has developed its own training roadmap and annual training plan; through capacity analysis and performance evaluation, employees are assigned to internal and external training courses that are suitable for them.
<b>Long-term</b>	Kaori offers educational subsidies to help employees learn skills in their own capacity, grow careers, and improve work performance. The Company also adopts an internal instructor system that turns individual knowledge into a corporate resource, thereby helping employees improve competence and progress beyond their limits.

Kaori organized a total of 444 training sessions in 2022, which received 3,376 enrollments and delivered 11,595 hours of training in total, averaging 21 hours per employee. More than NT\$540 thousand in training expenses was committed.

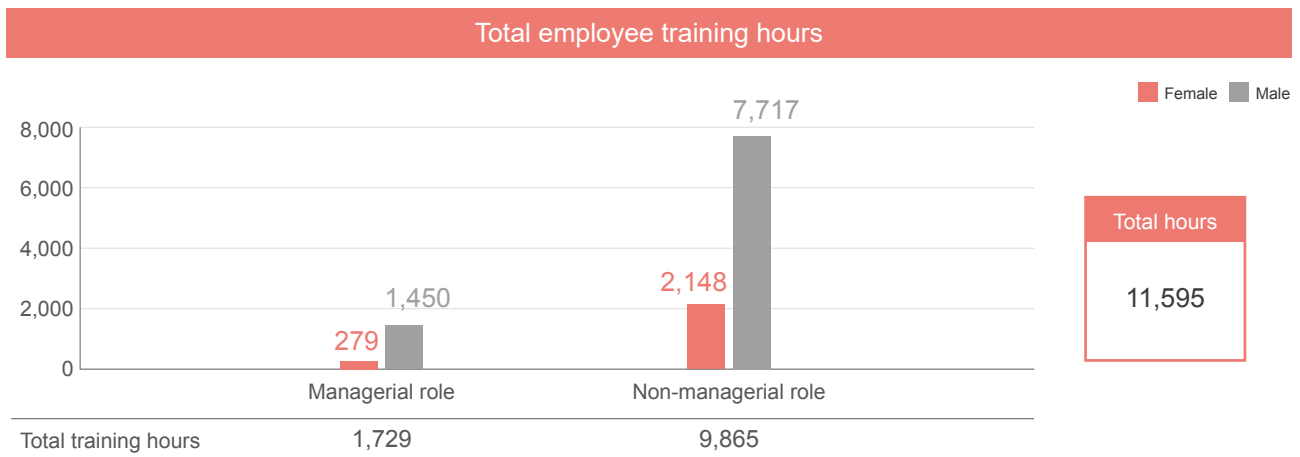
### Training and Certifications Completed by Employees in 2022:

- Internal auditor
- Occupational safety and health officer
- Occupational safety and health manager
- Training for stationary crane operators and operators of forklifts weighing 1 tonne or more
- Fire safety manager
- First-aid personnel
- Radiation protection training

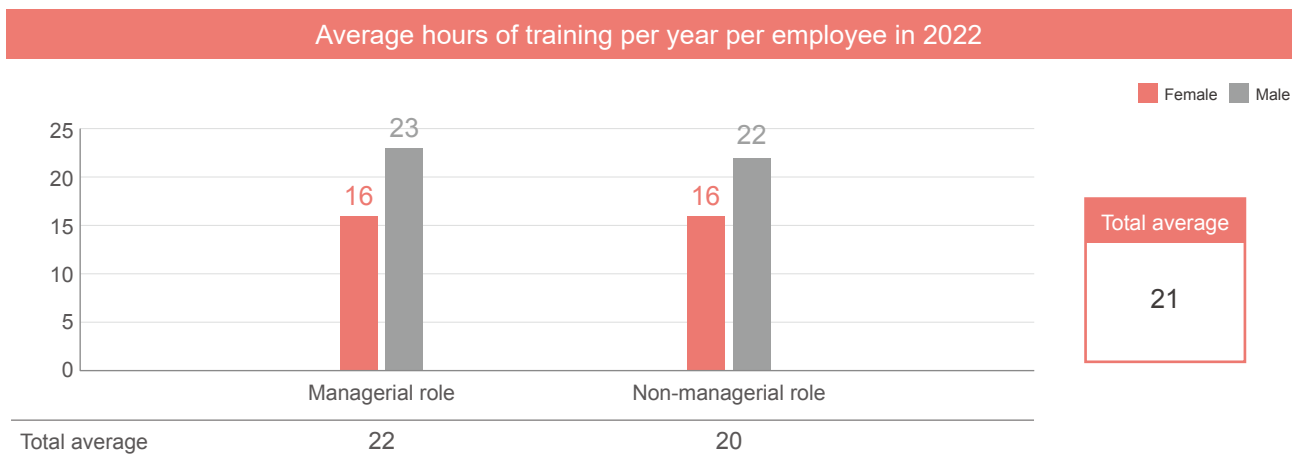
### Training Overview for 2022



Note: managerial role refers to section chief and above



Note: managerial role refers to section chief and above



Note: managerial role refers to section chief and above



### Outcomes of Training Conducted in 2022

#	Item	Course sessions	Total enrollments	Total training hours	Total expenses (NT\$)
1	Training of managerial skills	3	10	31	29,560
2	Self-inspiration training	8	8	1,422	165,670
3	Specialist training	351	2,355	6,011	228,634
4	General knowledge training	25	309	2,234	0
5	Worker safety and health	57	694	1,897	118,070
	Total	444	3,376	11,595	541,934



▲ General knowledge course for new recruits




▲ Insider Prevention for Directors and Senior Managers; Legal Responsibilities and Case Studies

### 4.3 Occupational Health and Safety

Kaori values the safety of its workplace and is committed to providing a safe, comfortable, and healthy work environment for stakeholders including employees, customers, and business partners. The Company has begun planning for the introduction of ISO 45001 Occupational Health and Safety Management System to support future operations and capacity expansion. Construction activities are expected to commence in 2023 to further improve the safety of the work environment, lessen or even eliminate workplace hazards and illnesses, and accomplish the Company's goals toward business continuity and social responsibility.

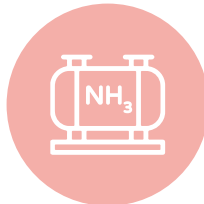
With regards to risk assessment, the Company assesses plant premises regularly for potential risks, and it conducted a total of 5 special risk assessments in 2022:

Assessment of the opening of in-plant cafeterias




New business development - hydrogen over-lead (Pb) operations

Assessment of the implementation of ammonia power generators



Assessment of COVID-19 infection measures



In-plant work safety investigation

By eliminating hazards and making ongoing improvements, the Company takes steps toward preventing accidents. The Company has also assembled an Occupational Safety and Health Committee that consists of plant managers, occupational safety personnel, and worker-elected representatives. Kaori has a total of 18 committee members in the Zhongli Site, including seven in the Zhongli 1st Plant, four in the Zhongli 2nd Plant, and seven in the Zhongli 3rd Plant (including worker health service personnel), as well as 8 committee members in the Kaohsiung Plant. The Occupational Safety and Health Committee convenes meetings regularly to discuss, promote, review, supervise, and resolve issues concerning occupational safety, health, and environmental protection. Through regular supervision and execution of improvement plans, the committee is able to promote work safety awareness among plant workers and take steps toward reducing the injury rate and contributing to the Company's zero hazard vision.

### Occupational Safety and Health Committee

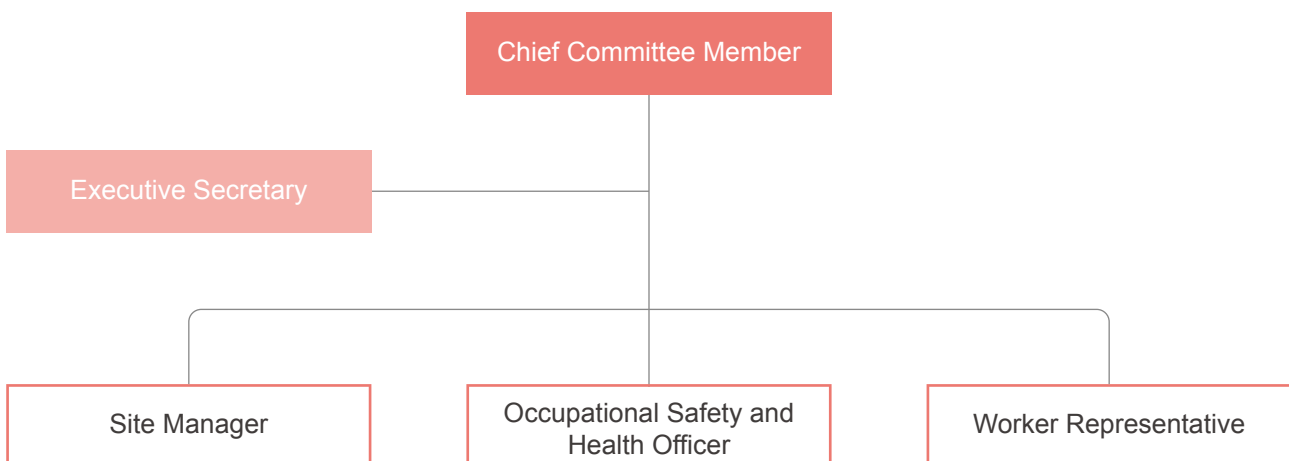
Number of occupational safety and health committee members		Total worker representatives in committees	
Zhongli Site	Kaohsiung Plant	Zhongli Site	Kaohsiung Plant
18	8	8	2

Note: The Zhongli Site includes the Zhongli 1st Plant, Zhongli 2nd Plant, and Zhongli 3rd Plant

### Overview of Occupational Safety and Health Committee Meetings in 2022:

Safety and health committee meetings/year	4 sessions
Key resolutions and actions	<ul style="list-style-type: none"> <li>• Installation of security system at the Zhongli Site</li> <li>• On-site service by occupational health specialist at the 1st Plant</li> <li>• Fire safety investigation - in-plant private appliance survey</li> <li>• COVID-19 monitoring and survey</li> <li>• The Kaohsiung Plant has a nursery room for use by female employees</li> </ul>

### Organizational Chart of the Occupational Safety and Health Committee



Professional Certification and Training

Zhongli Site

Certified occupational safety and health officers: 11

- Class-C occupational safety and health managers: 2
- Class-C occupational safety and health managers (construction industry): 1
- Class-A occupational safety and health managers: 4
- Class B occupational safety and health officers: 1
- Class A occupational safety and health officers: 2
- Professional nurses: 1

Employees subjected to relevant safety and health training: 208

- Fire safety managers: 4
- Organic solvent operations managers: 4
- Dust operations supervisors: 1
- Hypoxia operations supervisors: 3
- Pressurized gas supply and consumption supervisors: 4
- Pressurized gas production safety officers: 2
- Special chemical substances supervisors: 2
- 1-tonne+ forklift operators: 34
- First-aid personnel: 24
- Oxy-fuel welding operators: 3
- Crane operators: 55
- Crane operators for loads of 3 (5) tonnes or more: 3
- Stationary crane operators (for loads less than 3 tonnes): 52
- Radiation protection training in place of Radiation Safety Certificate: 3
- Pressurized gas equipment operators: 14

Kaohsiung Plant

Certified occupational safety and health officers: 2

- Class-A occupational safety and health managers: 1
- Occupational safety and health officers: 1

Employees subjected to relevant safety and health training: 33

- Forklift operators: 7
- Stationary crane operators: 18
- Pressurized gas equipment operators: 3
- Training for first-aid personnel: 4 persons



Preamble

1

Sustainability and development

2

Honor and integrity

3

Innovation and quality

4

Responsibility and care

5

Environmental protection and inclusion

### Worker Health Service Nurses (Stationed Nurses)

- Primary tasks:
  1. Complete employee health checkups (for general and special operations).
  2. Apply tier-based management for general and special health checkups and offering health guidance and knowledge.
  3. Suitability assessment and reinstatement of new recruits and existing employees.
  4. Implement and evaluate the four main programs (abnormal workload, ergonomic, maternity, and over-stress).
  5. Implement and evaluate the senior program, respiratory protection program, and hearing protection program.
  6. Organize first-aid personnel training programs.
  7. Create the Company's health promotion account on LINE, which is intended to provide employees with useful health information.
- Future plans:
  1. Improve and prevent occupational illness at plant sites:

By leveraging the expertise and knowledge of both general practitioners and medical specialists, Kaori aims to identify hazards associated with the workplace and operations and provide employees with the knowledge and recommendations needed to avoid occupational hazards and accidents.
  2. Enhance emergency response and first-aid skills at plant sites:

Kaori will train first aid personnel on a monthly basis and organize courses that other employees may take part in from time to time. These training efforts will help improve emergency response and crisis awareness of plant workers, and strengthen employees' knowledge on emergency aid.
  3. Improve employees' health consciousness:

Health-related articles will be disseminated to strengthen employees' health knowledge.
  4. ESG practices and social responsibilities:

Plan and organize blood donation events in line with the Company's sustainability philosophy and mobilize employees toward supporting the cause.



## Responsibilities and Future Plans for Worker Health Service Personnel

- Duties:
  1. Organize health checkups.
  2. Enforce tier-based management for general and special health checkups.
  3. Select and assign new recruits; assign and reinstate existing employees.
  4. Organize health promotion activities.
  5. Annual worker health promotion campaigns.
  6. Execute the four main programs (abnormal workload, ergonomic, maternity, and over-stress), the middle/senior age program, and the respiratory protection program according to guidelines.
  7. Organize first-aid personnel training programs.
- Future plans:
 

Kaori values the health and safety of its employees. In addition to annual health checkups, the Company is progressively enhancing health management and skill training for employees through the following measures:

  1. Improvement and prevention of occupational illness at plant sites: Instead of general practitioners, the Company is starting to engage physicians specialized in occupational medicine to station at plant premises, where they contribute their expertise by evaluating the employees' work environment and work practices and raising suggestions that help improve the work environment and prevent occupational illness.
  2. Enhancement of emergency response and first-aid skills: The Company helps medical personnel develop professional skills and attain certification for EMT-1 emergency medical technician. The certified personnel then organize internal training for plant workers.
  3. Promotion of employees' self-health awareness: The Company organizes health seminars and distributes articles on health to raise employees' health awareness.

## Safety and Health Policy

Driven by its goal toward sustainability, Kaori is fully committed to developing a culture of safety and self-management. The Company has implemented the following “Occupational Safety and Health Policy” as a way to reduce occupational safety and health hazards:



Respect for life



Safety discipline



General participation



Ongoing improvement



Preamble

1

Sustainability and development

2

Honor and Integrity

3

Innovation and quality

4

Responsibility and care

5

Environmental protection and inclusion

### Commitments of the Occupational Safety and Health Policy:

- To adopt practices that are appropriate given the nature and scope of the organization's safety and health risks
- To prevent injuries and illnesses and make ongoing improvements to safety and health management and performance
- To comply with the regulations that are relevant to the organization's safety, health, and hazards, as well as other requirements that the organization is bound to comply with
- To provide a framework for setting and reviewing safety and health goals
- To implement and ensure proper documentation of the occupational safety and health management system
- To properly communicate with all personnel within the organization, so that they are made aware of individual safety and health responsibilities
- To communicate openly with stakeholders
- To review policies on a regular basis and ensure that they remain relevant and appropriate for the organization
- To gather opinions from employees and their representatives and encourage them to actively take part in all activities of interest under the occupational safety and health management system

### ISO 14001 Environmental Management System

- Scope of the management system:  
The certification covers the manufacturing of plate heat exchangers at Kaori's Benzhou Plant (No. 3, Bengong 2nd Road, Benzhou Industrial Park, Kaohsiung City).
- To ensure that all requirements of environmental management are met, the Company conducts a total investigation and evaluation of possible risks that may pose environmental concern before the establishment or implementation of an environmental management system. Past and current environmental management performance are also examined and evaluated to provide reference for new environmental policies, goals, and systems. These practices help improve the efficiency of management practices and allow Kaori to better conform with environmental standards while making persistent improvements.
- Kaori examines its products, activities, and services on a yearly basis for issues that may impact the environment, such as waste, noise, effluents, pollutants, storage/transfer/use of chemicals or supplies, use of energy sources, work environment, etc. These assessments also cover suppliers and business partners that are relevant to the Company's operations and include both direct and indirect impacts. Based on the outcomes of environmental assessments, Kaori convenes meetings to discuss and select issues of material concern in line with environmental policies and commitments, while taking various factors into consideration such as costs, laws, technologies, finances, market requirements, and other requirements of stakeholders. Improvements are made in conformity with applicable laws and principles of persistent improvement, whereas environmental goals and management solutions are devised and executed accordingly. If the actual performance differs significantly from the goals or if the environmental targets cannot be achieved, the Company may convene review meetings to adjust target values or execution plans and decide whether to follow the "Correction and Prevention Procedures" depending on the level of deviation. Meanwhile, the Company adopts its quality management PDCA cycle to facilitate ongoing improvements.
- Preparation and response to emergency events:  
Kaori has the "Emergency Response Protocol" in place that requires analyses to be performed on the most likely plant incidents. Outcomes of the analyses are used to plan responses and training, so that employees know how to react to incidents and what actions to take to minimize damage and loss.

## Prominent Outcomes for 2022 - Work Safety and Identification of Systematic Risks

Kaori has developed and implemented occupational safety and health procedures to address safety and health issues on the plant premises. Some of the prominent accomplishments made in 2022 include:

- Assessment of work safety and systematic risks:

1. Monthly compliance audits:

Kaori adopts the PDCA concept and regularly inspects plant premises for compliance with safety, health, and fire regulations while correcting non-compliant issues. The 2022 audits found full compliance with regulations.

2. Production procedure safety evaluation and management:

All new production procedures and equipment have to be evaluated for possible risks and adjustments. In 2022, evaluations were performed on the experiment and manufacturing of ammonia power generator by the New Business Development - Hydrogen Power and the improvement of high temperature processes involving continuous furnace for fuel cell production.

3. Assessment of potential risks:

Considering how COVID-19 affected employees' health, Kaori took a more favorable approach than what the laws required and instructed infected employees who had served their quarantine to return to work only if the rapid test showed a negative result, thereby preventing spreading disease to others. These off-work days were treated as official leave.

4. Testing of respiratory protection gear:

Respiratory protection gear is employees' final line of defense, and the incorrect choice or use of gear may still expose workers to potential risks. For this reason, Kaori organized a fit test in 2022, during which it instructed emergency response personnel, such as the rescue team and cleanup team, to test the fit of their respiratory protection gears, thereby ensuring the safety of rescue and response team members. Fit tests are organized at least once a year. The test involves using instruments to measure the fit of protection gear. Adjustments are made to the size or the method by which gear is worn in the case of poor fit.

5. Creation of the Kaori Health Section on LINE:

This approach takes advantage of LINE's popularity and responsiveness for COVID-19 surveys, infection reports, safety alerts, and dissemination of health information.



Preamble

1 Sustainability and development

2 Honor and integrity

3 Innovation and quality

4 Responsibility and care

5 Environmental protection and inclusion

## Employee Health Checkups

Kaori has long been committed to “protecting the safety, health, and welfare of workers and stakeholders, preventing occupational hazards, and promoting employees' physical and mental health”, and has implemented policies that are more stringent than what the laws require. The Company organizes employee health checkups once a year. An organization-wide health risk assessment is conducted after each checkup report to highlight high-risk employees for consultation and regular follow-up with physicians and to identify medium-risk employees for health-related discussions. A total of 312 employees underwent health checkup in 2022, for which the Company paid more than NT\$434 thousand in subsidies.

- Execution of employee care programs in 2022:
  - No. of employees consulted under the maternity health protection program: **8**
  - No. of employees evaluated by physicians under the respiratory protection program: **12**
  - No. of new employees consulted for abnormal checkup results: **20**
  - No. of employees subjected to occupational hazard follow-up (commuting accident): **3**
  - Employees subjected to general injury/illness follow-up: **13**
  - Employees subjected to reinstatement evaluation: **2**
  - Middle-age and senior employees subjected to health management: **3**
  - Employees with hypertension subjected to regular testing and follow-up: **33**
  - No. of high-risk employees surveyed through ergonomic hazard prevention questionnaires: **44**
  - No. of high-risk employees surveyed through abnormal workload questionnaires: **16**
  - No. of employees subjected to health checkup risk management interviews: **150**

## Health Promotion

Kaori has committed significant resources to the prevention of occupational illness as well as health promotion activities in an attempt to alleviate employees' concerns toward occupational safety while providing better care for their physical and mental health. The Company has also been actively promoting a smoke-free workplace for health reasons and compliance with the Tobacco Hazards Prevention Act.

- Measures taken for promoting employees' health and safety in 2022
  - 1.** Improvement of high temperature operating environments:  
Installed barriers and insulation for thermal radiation from continuous furnaces.
  - 2.** Health risk management:  
16 high-risk employees and 137 medium-risk employees were identified, all of whom had completed health consultation and guidance.
  - 3.** COVID-19 monitoring and survey:  
Kaori surveyed COVID-19 infections and disseminated government-subsidized rapid test kits on a daily basis.
  - 4.** All stamping presses purchased by the Occupational Safety and Health Administration were certified with the TS mark (a safety certification for machinery)



- Measures taken for promoting employees' health in 2022

- Sports clubs:

Kaori has established a yoga club and a fitness boxing club and hired professional instructors to teach and improve employees' state of health.

- The Company also engages qualified caterers to manage employee cafeterias and invites professional nutritionists to design menus that are aimed at correcting the irregular, high-fat, high-salt, and high-sugar diets of the modern population, thereby improving employees' state of health.

- Health-related articles are disseminated on a weekly basis.

- Arrangements are made to have physicians provide medical advice at plant sites on a regular basis.



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## Occupational Safety and Health Training and Promotion

Kaori plans to introduce ISO 45001 Occupational Health and Safety Management System in 2023 as a solution to minimize occupational hazards, strengthen management practices, and enforce supporting measures. This system not only contributes to the safety and health of the entire industry, but raises Kaori's overall competitiveness as well.

- Themes and focuses of occupational safety-related training in 2022:

**1.** Occupational hazard awareness at plant sites:

Through case studies, employees were reminded to stay alert and check the safety of their work activities.

**2.** Training for supervising personnel:

Help employees develop the ability to check work safety and enhances safety awareness.

**3.** Training on hazard identification:

The ability to anticipate hazards ahead of time minimizes potential damage.

**4.** Training on prevention of physical or mental abuse while performing duties:

Incidents of workplace violence were lessened through training.

**5.** Awareness of machinery safety, use of fire safety equipment, escape routes, and safe use of chemicals.



- Safety and health-related training organized for employees in 2022 included:
  - Training for new recruits
  - Training for occupational safety and health managers
  - Training for fire safety officers
  - Fire safety drills
  - Training for forklift operators
  - Organic solvent operations managers
  - Training for first-aid personnel
  - Training for stationary crane operators
  - Training for pressurized gas equipment operators
  - Training for hypoxia operations supervisors
  - Training for special chemical substances supervisors
  - Training for respiratory gear fit tests



### Contractor Occupational Safety Management

Kaori maintains close relationships with suppliers and contractors, as they are essential business partners for the Company's continuity. This is also why we have directed significant attention to the work safety of our business partners. To assure the safety of Kaori employees and contractors, the Company has directed special attention to work safety planning and work supervisor training and made sure that safety is supervised throughout entire projects.

### Management of Transportation Vehicles

All employees who drive transportation vehicles are properly certified and licensed. Vehicle inspections and repairs are arranged on a regular basis. All transportation vehicles (trucks) used in the Kaohsiung Plant have been fitted with digital video recorders and vision-based driver-assistance systems. Furthermore, Kaori imposes eligibility requirements on suppliers' truck drivers and requires the use of temporary permits for hazardous supplies. Suppliers are audited on a yearly basis; the 2022 audit found no illegal conduct and assured the legitimacy of suppliers' transportation vehicles.

### Promotion of Work Injury Prevention

The following measures have been taken to promote employees' awareness of work injury prevention:

- Unscheduled promotion during monthly meetings
- Occupational hazard awareness at plant sites
- Training for first-aid personnel
- Training for supervising personnel:
- Training on hazard identification: employees are trained on the prevention of physical or mental abuse while performing duties.



## Work Injury Statistics and Reporting

Kaori investigates each incident of occupational hazard according to its accident reporting, resolution, and investigation procedures (SH-P-00-0009). Findings have been reported in the 2022 In-plant Hazard Report (including Occupational Traffic Accidents). The report not only records the occurrence of occupational incidents, but also includes detailed analysis of statistical data. Meanwhile, occupational hazard data is reported on the Ministry of Labor's safety and health resume intelligent cloud website on a yearly basis. A total of seven occupational injuries were reported for permanent employees and no cases were reported for contract workers in 2022. As for the types of injury suffered, two were from falling objects, one was from crushing, one was from cutting, one was from accidental kicking, and two were commuting accidents. The Company will continue promoting awareness and enhance safety training and audits to prevent accidents.

### Occupational Injuries for the Year

Employment type	Year	Total work hours	Deaths by occupational injury		No. of people suffering severe occupational injury	
			Head count	Percentage	Head count	Percentage
Permanent employees	2022	1,048,508	0	0.00	7	6.68
	2021	963,984	0	0.00	3	3.11
Contract workers	2022	34,728	0	0.00	0	0.00
	2021	2,880	0	0.00	0	0.00

## 4.4 Human Rights Protection and Employee Welfare

### Labor-Management Communication

Good labor-management communication helps the Company improve weaknesses and develop the solid foundation needed to raise competitiveness. The Company provides a broad diversity of communication channels that employees can use to express opinions. Kaori believes that effective communication and bilateral interaction between labor and management is a useful way of uniting employees.

Employees who have physical or mental disabilities are offered assistance from a variety of sources; meanwhile, efforts are made to learn and adjust their workload and to provide care, support, and assistance where possible.

Employees are able to express opinions through the Employee Welfare Committee, labor-management meetings, the grievance mailbox, and the grievance hotline. Kaori has the "Regulations for Implementing Labor-Management Meeting" in place to support a harmonious work environment. Labor-management meetings are held once every three months to facilitate communication and cooperation between labor and management for the benefit of both sides. The Company also ensures that all of the employees' opinions, suggestions, and feedback are handled by dedicated personnel. Meanwhile, systems have been implemented to protect employees from all forms of retaliation and threat. Although the Company has not established a union or signed a collective bargaining agreement, it convenes labor-management meetings on a regular basis. A total of four such meetings were convened in 2022, and each meeting had 20 participants. No complaints were raised internally but one misconduct report was raised externally during the year. Kaori handled the report according to relevant policies and will continue following up on subsequent progress while taking preventive measures.

### Grievance Channels



Grievance mailbox: [jocelyn@kaori.com.tw](mailto:jocelyn@kaori.com.tw)



Grievance hotline: 03-4527005 #236

## Human Rights Protection

Kaori values human rights and enforces labor policies and a proper work spirit in a fair and respectful manner. The Company is committed to creating a culture of fairness, inclusivity, and open communication as well as shaping a work environment that protects human rights; it goes to great lengths to incorporate relevant values into employees' work activities and corporate culture. In addition to complying with national laws, the Company protects workers out of respect for their human rights and observes international conventions regarding gender equality, prohibition against all forms of discrimination, forced labor, child labor, and avoidance of long work hours. We do not tolerate any form of harassment, discrimination, or any behaviors that are against employment laws. Kaori committed no human rights violations in 2022. The Company expects to introduce a human rights protection system and establish its own human rights policies in 2023.

- Foreign worker engagement - Creating a culture of diversity, fairness, and inclusivity

The Company places great emphasis on communication with foreign workers. The management communicates with workers face-to-face and encourages them to raise opinions, feedback, or queries, if any.



## Employee Benefits

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 2022, Kaori paid birth and child care subsidies totaling NT\$1.03 million. More than NT\$610 thousand in children's scholarships was paid to a total of 223 beneficiaries.

## Benefit Details

Unit: NT\$

Benefits/year	2020	2021	2022
Life insurance	2,491,223	2,366,086	2,477,760
Health insurance	1,380,290	1,160,914	1,103,105
Club subsidies	1,838,300	2,241,900	2,788,357
Childbirth and childcare subsidies	1,130,000	1,060,000	1,030,000
Wedding subsidies	359,800	293,800	285,000

## Key Benefit Measures

Benefit category	Benefit details
Life insurance	Life insurance, accident insurance, medical insurance, cancer insurance, occupational hazard insurance
Health insurance	Health insurance
Pension subsidies	Shareholding trust (subsidized 20%)
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
Percentage of contribution relative to salary	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 key benefits arranged by the committee:

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

Applicable to children below the age of 6 that are registered in the same household as the Company's employee.




    - Single birth: NT\$50 thousand
    - Twins: NT\$100 thousand
    - Triplets: NT\$150 thousand
    - Additional births are calculated at a proportional rate
  - 2.2 Childcare subsidy:
 

Applicable to children below the age of 6 that are registered in the same household as the Company's employee; paid at NT\$10 thousand 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
8. Club activities: yoga, fitness boxing



### Childcare Benefits

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 2022, seven male employees and seven female employees applied for unpaid parental leave, and five female employees were reinstated at the end of their unpaid parental leaves during the year, representing a reinstatement rate of 50%.

 **Single birth: NT\$50,000**  
 **Twins: NT\$100,000**  
 **Triplets: NT\$150,000**  
**Additional births are calculated at proportional rate**

### Unpaid Parental Leave in the Last Three Years

Item	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
No. of employees eligible to apply for unpaid parental leave	8	12	20	8	9	17	7	7	14
No. of employees who applied for unpaid parental leave	5	1	6	4	0	4	9	1	10
No. of employees due to be reinstated from unpaid parental leave (A)	1	0	1	3	1	4	10	1	11
No. of employees due for reinstatement and restated from unpaid parental leave (B)	0	0	0	2	1	3	5	1	6
No. of employees reinstated from unpaid parental leave in the current year (C)	2	1	3	1	0	1	3	0	3
No. of employees reinstated in the current year who worked for one full year in the previous year (D)	2	1	3	1	0	1	1	0	1
Unpaid parental leave reinstatement rate % = B/A	0%	N/A	0%	67%	100%	75%	50%	100%	55%
Unpaid parental leave retention rate % = D/C	100%	100%	100%	100%	N/A	1	33%	N/A	33%

## 4.5 Social Engagement

As a Taiwanese business, Kaori is grateful for the opportunities that have been bestowed upon it by Taiwan, and it has made a commitment to exert social influence by sharing this positive energy with more people. Driven by care for society, Kaori gives back by making charity donations and providing aid to underprivileged organizations. The Company will continue committing resources to supporting local cultural activities, such as promoting or sponsoring events of local performance groups or arts/cultural activities. A sum of NT\$130,000 was committed to this cause in 2022. By providing appropriate support to parties in need, Kaori hopes to contribute what it can to create a better, more friendly environment.

Donee	Amount (NT\$)/items donated
Eden Social Welfare Foundation	10,000
Shing Sha Social Welfare Foundation	10,000
Taiwan Thermal Management Association	100,000
Taitung Christian Medical Foundation, Taitung Christian Hospital	10,000
National skill competition - Refrigeration and air conditioning Kaori has been donating heat exchangers for three consecutive years between 2020 and 2022 to be used for competitions and courses on energy conservation technology	20 heat exchangers

### Environmental Education - Coastal Cleanup



On August 13, 2022, Kaori followed Taiwan RE-THINK Environmental Education Association to the estuary of Xinjie River, Taoyuan, and took part in the “2022 RE-CONNECTED” Coastal Cleanup event. It was comforting to see so many employees and family members supporting the coastal cleanup. The event has been meaningful in the way that we took action to promote a green lifestyle, and that by cleaning up the ocean, we helped restore nature to its beauty.





### Blood Donation

On November 2, 2022, Kaori organized its first blood donation event out of respect for ESG and corporate social responsibility, during which it mobilized employees to help those in need and contribute to decency within society.

“Make your day and make their day by donating blood” has been the first slogan used in the initial stages of our blood donation efforts.



### Academic Exchange

On December 22, 2022, at Chung Yuan Christian University Department of Mechanical Engineering (Heat Exchanger Systems Course) with a total of 36 students. Visitors were taught the principles of plate heat exchangers. Through introductions to the design and development of heat exchangers, Kaori hopes to inspire students' interest in hands-on practice.



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