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Friendly Workplaces

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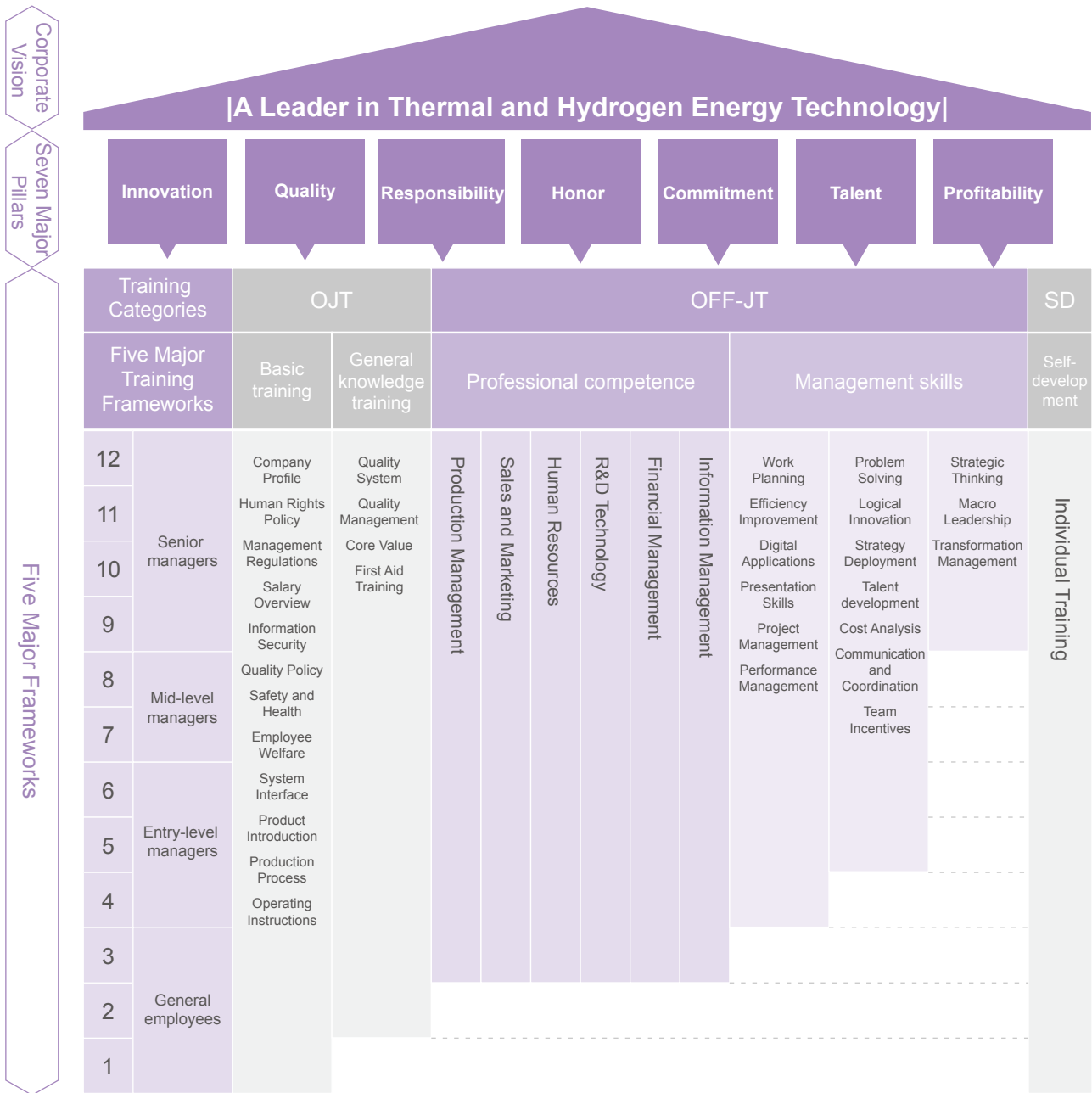
7.3 Talent cultivation and development

Material issues	Management Approach
	<p>Policy Talent is the driving force of the Company's growth and strength, and we continuously nurture and develop employees' professional and management skills.</p>
 <p>Talent development and cultivation</p>	<p>Goal Established a training and development system and a performance evaluation mechanism to nurture and develop employees' personal capabilities and career competencies.</p>
	<p>Commitment Implement the education and training procedures and the annual professional and management training plan formulated by the Company, using due diligence and early warning communication to effectively improve the skills required for employees' work.</p>
	<p>Measures</p> <ul style="list-style-type: none"> Established the "Education and Training Management Procedures" and "Annual Performance Evaluation Implementation Regulations" for managers at all levels to follow. Formulate and implement the "Annual Talent Cultivation and Development Plan" according to the strategic development and needs of the enterprise

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 various ways and opportunities for further education based on core competencies. Training activities and talent development programs are promoted, starting from the Company's operational strategies and linking them to the professional skills training blueprint. 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 blueprint 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.



7.3.1 Employee training priority planning

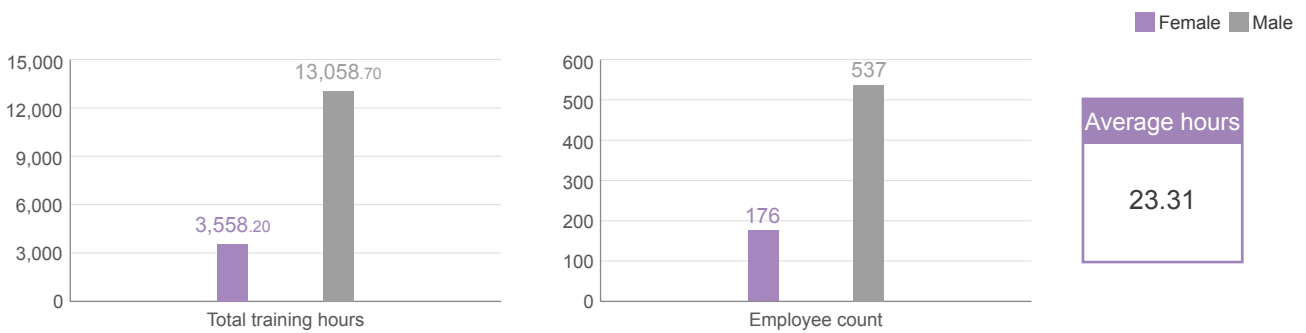
Kaori has implemented different training durations based on employees' performance evaluation:

- Short-term** In addition to comprehensive introductions and explanations in various fields by HR, occupational safety, quality, and the welfare committee, each business unit also arranges relevant pre-employment training to help new employees understand the products, technologies, and application areas of their respective units.

- Medium-term** Kaori has developed its own training blueprint and annual training plan; through capacity analysis and performance evaluation, employees are assigned to internal and external training courses that are suitable for them.

- Long-term** Provide education subsidies to assist employees in career development, so that employees can self-study to strengthen their professional functions and improve work performance. There is an internal lecturer mechanism for transforming personal knowledge into corporate resources, improving personnel quality, and continuing to make breakthroughs and progress.

Training Overview for 2023



Classification		Total training hours	No. of participants	Employee count	Average training hours
Employee gender	Female	3,558.20	1,377	176	20.22
	Male	13,058.70	4,515	537	24.32
Employee category	Direct	9,836.90	3,596	442	22.26
	Indirect	6,780.00	2,296	271	25.02
All employees	Managerial role	2,800.10	852	98	28.57
	Non-managerial role	13,816.80	5,040	615	22.47

Annual average training hours **23.31 hour(s)**

Note: Annual average training hours = total training hours / number of employees in the year = (3,558 + 13,059) / (176 + 537) = 23.31 hours per employee.

Outcomes of Training Conducted in 2023

Item	Item	Course sessions	Total training hours	No. of participants	Total expenses
1	Specialist training	372	6,041.00	2,508	851,780
2	Worker safety and health	105	6,303.90	1,956	356,975
3	Training of managerial skills	10	210.50	62	55,352
4	General knowledge training	32	1,862.00	153	2,700
5	Self-inspiration training	3	886.00	3	40,973
6	Cybersecurity management	8	312.50	246	57,300
7	Sustainable talent development	8	1,001.00	964	-
	Total	538	16,616.90	5,892	1,365,080

In order to maintain competitiveness, we continue to plan various training activities every year, including management communication series and professional skill improvement courses. Kaori provides learning resources through multiple channels to enhance employees' capabilities. Employees have expressed that the courses arranged by the company meet their job requirements, improve their work efficiency, and achieve the goal of aligning training with job needs.

Employee training hours

In 2023, the total training hours for employees reached 16,617 hours, with a total of 713 employees on staff that year, resulting in an average of 23.31 training hours per employee annually. Additionally, the expenditure on education and training in 2023 was NTD 1,365,080, with an average training cost of NTD 1,915 per employee.

Kaori's education and training system is structured to cater to both new employee training and on-the-job training. The training framework and system are designed to evolve with the Company's operations and employee development, taking into account the broader environment and future company development, as well as shifts in personnel roles.

New Employee Training Mechanism

To enable new employees to familiarize themselves with the environment, understand their job roles, and quickly assimilate into the corporate culture, pre-employment training courses are regularly conducted. The frequency and duration of these courses are adjusted flexibly based on actual needs. The pre-employment training courses for new employees include both general knowledge courses and specialized pre-employment training. General education courses include: Company introduction, human rights policy, management regulations, salary overview, cybersecurity, quality safety, labor safety and health, and employee benefits. Except for the 3-hour quality safety course and 6-hour labor safety and health course, the remaining courses are scheduled flexibly, with a total of 12 training hours. Pre-employment training for specific business units is arranged and determined by each unit individually.

7.3.2 Performance evaluation and career functions

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.

Employee Career Development

Performance evaluation helps to improve the Company's human resources system and further improve the overall management system. New employees of Kaori are required to be evaluated after three months of employment. This process guides supervisors and colleagues to understand the company's expectations regarding behavior, results, and personality traits. It also evaluates the employee's work abilities and attitudes during the probationary period to determine whether they meet the expectations of their supervisor, colleagues, and team, as well as how well they have integrated into the corporate culture. Supervisors conduct fair, reasonable, and objective performance evaluations in accordance with operational guidelines, ensuring that every team member clearly understands the role they are expected to play in their position. This process encourages employees to strive to meet performance expectations across various roles, while also providing them with clear work objectives and guidance for future performance improvements, all aimed at achieving the overall business objectives.

In 2023, 100 new employees were required for evaluation (the number of Taiwanese new recruits). A total of 96 employees participated in the probationary evaluation, and 90 participated in the annual evaluation, regardless of gender. In addition to emphasizing reaching a consensus on work goals between employees and supervisors, its purpose is to adjust its functions into two major goals of "focus on developing employee capabilities, with performance evaluations as a secondary support," hoping to nurture and develop employees' personal capabilities to enable them to master their roles proficiently, thereby enhancing the Company's competitiveness and overall organizational effectiveness, with the expectation that they will become key contributors to the Company.

• Evaluation of new Taiwanese employees

Annual assessment Category	Total head count in 2023			
	New Taiwanese employees: 100			
	Number of people evaluated		Percentage %	
Job position	Male	Female	Male	Female
Indirect employees	10	9	11.1%	10.0%
Direct employees	65	6	72.2%	6.7%
Total	75	15	83.3%	16.7%



■ Subjected to performance evaluation
■ Not subjected to performance evaluation

Employee Performance Evaluation and Career Development

In addition to new employees, the Company conducts performance evaluations every six months based on job levels. This helps in monitoring work progress and adjusting bonus amounts. The evaluation rate for all employees, excluding new hires, is 100%. In addition, based on supervisor evaluations/attendance/individual performance, supervisors at all levels nominate employees with excellent work performance. In 2023, 25 employees were promoted, with 60% in technical roles, 40% in administrative roles, and 56% in direct personnel.

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 2023, 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 2023 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	Fresh graduate starting salary Average salary	2023 Comparison of fresh graduate starting salary to the statutory minimum wage	Remarks
2023	Direct employees	33,588	1.27	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Calculation basis as an administrative assistant (8H): Basic salary + attendance bonus + meal allowance

Note: The above table is based on Taiwan's local labor statistics. In 2023, it was NT\$26,400.



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