

2022 King Steel



Sustainability Performance Summary Report

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This Report

Reporting period of the information provided	January 1, 2022 to December 31, 2022
Scope and boundary	The scope of disclosure includes King Steel's operating bases, brands and activities in Taiwan
Date of previous report	First release
Reporting cycle	Once per year
The effects and reasons for restatement of any information provided in the previous report	None
Significant changes in material topics and topic boundaries compared to previous reporting periods	None
Current release	Released in April 2023
Next release	Scheduled to be released in June 2024

Compliance Standards

The report has been prepared in accordance with the GRI Universal Standards 2021 issued by the Global Reporting Initiative (GRI) in October 2021 and AA1000 AP (2018) Account Ability Principles. It discloses the sustainable management strategies and execution results of King Steel Machinery Co., Ltd (hereinafter referred to as King Steel), covering three major aspects, the environment, society and governance, and responds to stakeholders' concern in King Steel's sustainable development.

The dates in the Report are presented in the Gregorian year, and the financial data is in accordance with the International Financial Reporting Standards (IFRS) where the unit of measure is New Taiwan Dollars.

Publication Information

King Steel's 2022 Sustainability Performance Summary Report is released after the Chairman of the ESG Sustainability Promotion Committee reviewed and confirmed that the Report has covered all major topics, and has been disclosed in the Company's website.

ESG Contact Information

If you have any comments regarding the Report's content or questions or suggestions related to the sustainable development of King Steel, please feel free to contact us at:

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King Steel Corporate Spirit and Culture:



King Steel's corporate spirit and culture is based on the core values of "excellence, innovation, sharing, and sustainability", which stem from the corporate spirit and culture of "going above and beyond and innovative value" advocated by the Chairman. These core values are embedded in the minds of every King Steel employee and we hope to achieve the founder's goal of "becoming stronger than steel". At King Steel, every employee continues to learn, grow, and outperform themselves. We use our experience and expertise to empower the team's innovation and share technologies and results with employees, customers, strategic partners, shareholders and suppliers to achieve operational sustainability and environmental sustainability for King Steel and our partners.

To ensure the implementation of the corporate vision of "Nature × Future" and the corporate spirit and culture of "excellence, innovation, sharing, and sustainability", King Steel focuses on humanity, which is the key factor for King Steel's steadfast growth. For this purpose, King Steel actively created a corporate culture and exclusive growth plan for employees to maximize the employee experience.

Every employee is King Steel's most critical partner and the Company pays close attention to the physical, mental, and spiritual health of employees. We hope employees achieve everything they set their minds to at King Steel. We hope to enhance employees' self-esteem, improve the frequency and value of communication, understand employees' needs, and assist them in planning their careers through the establishment of the structure and processes of the employee care system. We shall work together to form a consensus and create a "people culture" exclusive for King Steel. In the future, King Steel Group plans to gradually expand from the inside out and use the King Steel culture to create a brand that extend to external partners. We aim to maximize the user experience for everyone to live in culture and experience and enjoy King Steel culture. They will help King Steel continue to create value and become an irreplaceable company.

Nature × Future

ESG Introduction

Since its establishment in 1978, King Steel has been actively dedicated to innovation and sustainable operation. The Company's core philosophy, "Nature × Future", comprises two meanings: "Nature × Technology", "Humanity × Digitization".

"Nature × Technology" symbolizes the Company's professional research and development skills. The new NexCell® physical foaming elastomer injection process implements friendly practice and goals to the earth's environment, and this is "Nature". While "Future (Technology)" refers to King Steel having successfully developed the world's leading technology with its multi-injector multi-station electromechanical integration capabilities from its years of experience. With the actual integration of nature and technology, King Steel strongly hopes that the brand new process is able to lead the Company and industry in reaching new heights.

Looking forward, King Steel Company will fully invest in specific planning and gradually perfect the execution based on four major guidelines, "surpassing, innovation, sharing, sustainability". It will focus on promoting green manufacturing, creating an inclusive workplace, cultivating talent and establishing a supply chain, and strive to fulfill the role of a corporate citizen, achieving the goals of "sharing and common good", for the sustainability of the economy and earth. King Steel will continue to progress steadily and strive to be an "excellent enterprise that pursues innovative growth and sustainable future".

ESG Steering Committee Chairperson

“Nature × Technology” and “Humanity × Digitization”

Beginning 2020, the world has been greatly affected by COVID-19, and various industries were forced to speed up their change and transformation. During the transformation process, we redefined the meaning of “Nature × Future”, and that is, “Humanity × Digitization”. Besides the necessity and importance of digital transformation, “Humanity” is also the key for King Steel’s sustainable development. Digital aspect: The Company actively conducts digital transformation. Through the implementation and integration of digital tools, it significantly optimizes the speed and accuracy of the operation and production chain process, as well as changes the Company’s internal conversation culture. Humanity aspect: Talent cultivation and development have always been areas the Company highly values, and we treat all employees as part of the family. We strongly encourage our employees to share their creativity and ideas at all times by promoting a self-management system to cultivate the 5 core competencies - applicability competency, integration competency, value creation competency, adaptability competency and common good competency, accompanying employees in growing together and contributing their expertise. Hence, we strongly believe that personal growth is an important force in promoting team progress and the sustainable development of King Steel.

Since its establishment, King Steel has gone through two organizational and technological transformations, from the original product diversification to focus strategy, bringing us explosive growth in terms of talent and finance in each transformation.

Today, King Steel is undergoing its third organizational and technological transformation. Based on the core philosophy of “Nature × Future”, the Company upholds the spirit of “Nature × Technology” and “Humanity × Digitization”, paying close attention to important global sustainable development trends, and setting sustainability goals and a common vision. Together with its employees, customers, key suppliers, shareholders and stakeholders, King Steel will aim to achieve sustainable development and profit sharing, and fulfill corporate social responsibility.



King Steel Machinery Co., Ltd
Chairman

陳法勝

2022 Performance Overview



Green Product

Completed the world's first physical foam injection molding machine for mass-production, achieving 100% recyclable finished goods and waste-free processing process, and replacing chemical foaming agent with ordinary air.



TALENT, in Taiwan

Joined TALENT, in Taiwan.



Awards Information

- Harvard Business Review Digital Transformation in Manufacturing Elite Award - Model Award
- US MUSE Design Awards



MUSE
DESIGN
AWARDS



CHAPTER 1 About King Steel

KING STEEL

1-1 Company Overview

King Steel was established in 1978. Based in Taiwan Taichung, it has offices and service centers in China, Southeast Asia (Vietnam, India and Indonesia). King Steel's main businesses are the manufacturing of rubber injection molding machines and various types of automation machinery and manufacturing, processing and trading of hardware parts. It will continue to focus on the research and development and manufacturing of foam elastomer and industrial elastomer injection molding machines.

Since its incorporation, King Steel has been establishing itself in the shoe making industry, and has gained a solid foundation in the knowledge and technology of shoe making. Taiwan, known as the shoe-making kingdom, was highly competitive in the early days, and King Steel's products stood out due to its technological innovation and highly customized services, allowing it to steadily establish itself and take a leading position in the market.

King Steel Machinery Co.,Ltd



Date of Establishment

November 20, 1978

Location of Headquarters

No. 22, Gongyequ 7th Rd,
Xitun District, Taichung City

Chairman

Francis Chen

President

Jim Chen

Paid-in Capital

NT\$ 450 million

Number of Employees

186



Milestones in Recent Years

2018

Implemented Microsoft M365 and Teams, unleashing the employees' creativity and work efficiency

2019

Implemented Microsoft CRM system, providing customers with more real-time services

2020

Implemented Microsoft Dynamics 365 business management solution, fully digitizing the operation

2021

Implemented smart manufacturing in the plant using Microsoft Azure cloud computing and IoT technologies

2022

Implemented Microsoft Cloud for Sustainability/ESG Year One

Operational Goals

- 1 Fully promote NexCell® supercritical fluid foaming injection solution, continue to innovate and optimize to maintain leading position in the industry
- 2 Actively manage the existing EVA composite material injection molding machine market. Through equipment function upgrade and optimization, deepen existing customer base and actively develop new customers, increasing market share

<p>Operational Strategies</p>	<p>Promote environmental protection, full recycling, energy-saving, automation, digital production management solutions</p>	<p>Develop non-shoe industry, raise brand visibility</p>	<p>Strengthen suppliers relationship and management</p>	<p>Raise management’s strategic thinking capability and legal knowledge</p>	<p>Implement ESG inspection, take stock of King Steel’s past, present and future</p>
<p>Results</p>	<p>From development to sales, all testing raw materials of NexCell® are fully recycled and reused, realizing automated and digitized functions of foam elastomer, successfully attracting the attention and inquiries from shoe making and non-shoe making industries</p>	<p>Cultivate regional talents, increase members’ market reach and capabilities by participating in international large-scale exhibitions such as K Show Germany, and maintain and improve new and old customer relationships</p>	<p>Improve supply chain purchase efficiency, quality boost production efficiency and capacity utilization, improve labor safety management, increase production quality</p>	<p>Engage PWC and Lee and Li, Attorneys-at-Law, to guide middle and senior supervisors in their strategic thinking, and improve their legal knowledge, as well as guide the team in strengthening their logical thinking capability in all aspects</p>	<p>Through the guidance of Deloitte, ESG will be digitized, establishing a dedicated ESG ecosystem for King Steel. Together with the Company’s future development strategy and ESG execution items, King Steel’s development path and direction will be set</p>

1-2 Glory and Affirmation

2020

MUSE Design Awards

Platinum Winner: NexCell® Platinum Award

Reddot Award

Winner: NexCell®



2021

iF Design Award

NexCell®



2022

Comprehensive Digital Transformation Awards, Manufacturing Category, Elite Award

Model Award

MUSE Design Awards

Gold Winner: NexCell® RX2



1-3 Development Strategy and Innovative Research and Development



Officially Unveiled World's First Mass-produced

Officially unveiled world's first mass-produced physical foaming injection molding machine

More Than A Hundred Patents

Cooperates with Lee and Li, Attorneys-at-Law in enhancing the star-chained patent network, comprising more than a hundred patents

King Steel is a pioneer in elastomer equipment manufacturing, dedicated to research and development and innovation. With the advantages of its leading technology and highly customized services, it has been holding a leading position in the market over the years, and has established a close cooperative relationship with customers. "YOU NAME IT, WE MAKE IT." is self-confidence as well as the industry's affirmation for King Steel. In the development process, King Steel complies with ISO 9001 Process Approach. In future development plans, King Steel will continue to invest in the research and development of environmental protection process equipment, injecting momentum into the world's circular economy and sustainable operation.



King Steel's Innovative Products and Solutions

Nexcell® Supercritical Fluid-foamed Injection Molding Machine and Integration Solutions

- Through SCF foam injection technology, significantly reduce production process and cost
- Implement MICS customized multi-stations core technologies, comply with various industrial applications
- Use recyclable materials in production, implement sustainability through recyclable characteristics
- Design and manufacture with high-precision specifications, providing users with lean and reliable products



	Production	Finished Goods	Post-Production Waste	Unit Material Cost	Production Cost	Environmental Pollution
Physical foaming (Innovatively adopted by King Steel)	Change the gas state into foaming agent through physical means and mix it into the material to make the material foams, and the material has no chemical changes	Recyclable products with no chemical reaction, can be reused after recycling	Can be recycled and reused, no waste	High	Low	No, using physical foaming for production leaves no residue and does not pollute the material and environment
Chemical foaming (Adopted traditionally)	Through chemical method, gas is generated to make the material foams, and the material itself has also undergone chemical change	Non-recyclable waste after going through chemical reaction	Non-recyclable waste	Low	High	Yes, the gas and heat released during the reaction from the foaming agent used for chemical foaming has a certain degree of impact on the environment

King Steel's Innovative Products and Solutions

KS Gateway 4.1TM Wifi / 5G IoT Solutions

- Provide real-time monitoring of parameter changes to enable users to conduct precise and effective adjustment
- Data is regularly and concurrently updated to the cloud, providing various types of digital products inspections
- Database comparative analysis provide users with recommended parameters and error elimination
- Smart production model, record and predict production performance and support synchronous monitoring management

Besides actively investing in innovative research and development, King Steel also signed a joint development agreement with Otrajet and Germany's BASF in 2022. The three parties combine their resource advantages and niches in various aspects such as plastic injection molding machine design, physical foaming process and special elastic polymer materials, together research and develop non-toxic, low-carbon and energy-saving products that can be **100% recycled**, to meet the requirements of users from industries such as shoe manufacturing, automobile parts, children's toys, sports protective gear and household products, etc.



King Steel has signed MOU with Siemens and Ruhyih Automation, implementing smart manufacturing technologies through cooperation with Siemens and Ruhyih Automation. It also cultivates many high-level talents, equipping them with key knowledge and skills in the domains of smart production and Industry 4.0, **accelerating the development of shoe making industry in smart factories, and hopes to be the best example in the world's shoe making machinery industry stepping into industrial 4.0 .**



CHAPTER 2 Sustainability Management

GOVERNANCE

2-1 Sustainability Promotion Organization and Development Strategy

Definition of sustainable development :
Development that meets the needs of the present
without compromising the ability of future generations
to meet their own needs.

[World Commission on Environment and Development \(WCED\), 1987](#)

Since its establishment, King Steel has been moving towards the vision of corporate sustainable development in various aspects of development such as corporate governance, work environment, product research and development, talent cultivation, etc. King Steel not only strives to create economic values for the Company and stakeholders, but also increases the earth's sustainable value through its environmentally friendly manufacturing with its technological development. With "Nature × Future" as its core philosophy, King Steel adheres to the spirits of "Nature × Technology" and "Humanity x Digitization", paying close attention to important global sustainable development trends. It also sets up ESG Sustainability Promotion Committee, and incorporates ESG (Environmental, Social, Governance) measurement indicators into the core concept of business operation and value chain, setting long-term goals of sustainable development and common vision, and realizing corporate sustainability together with all stakeholders.

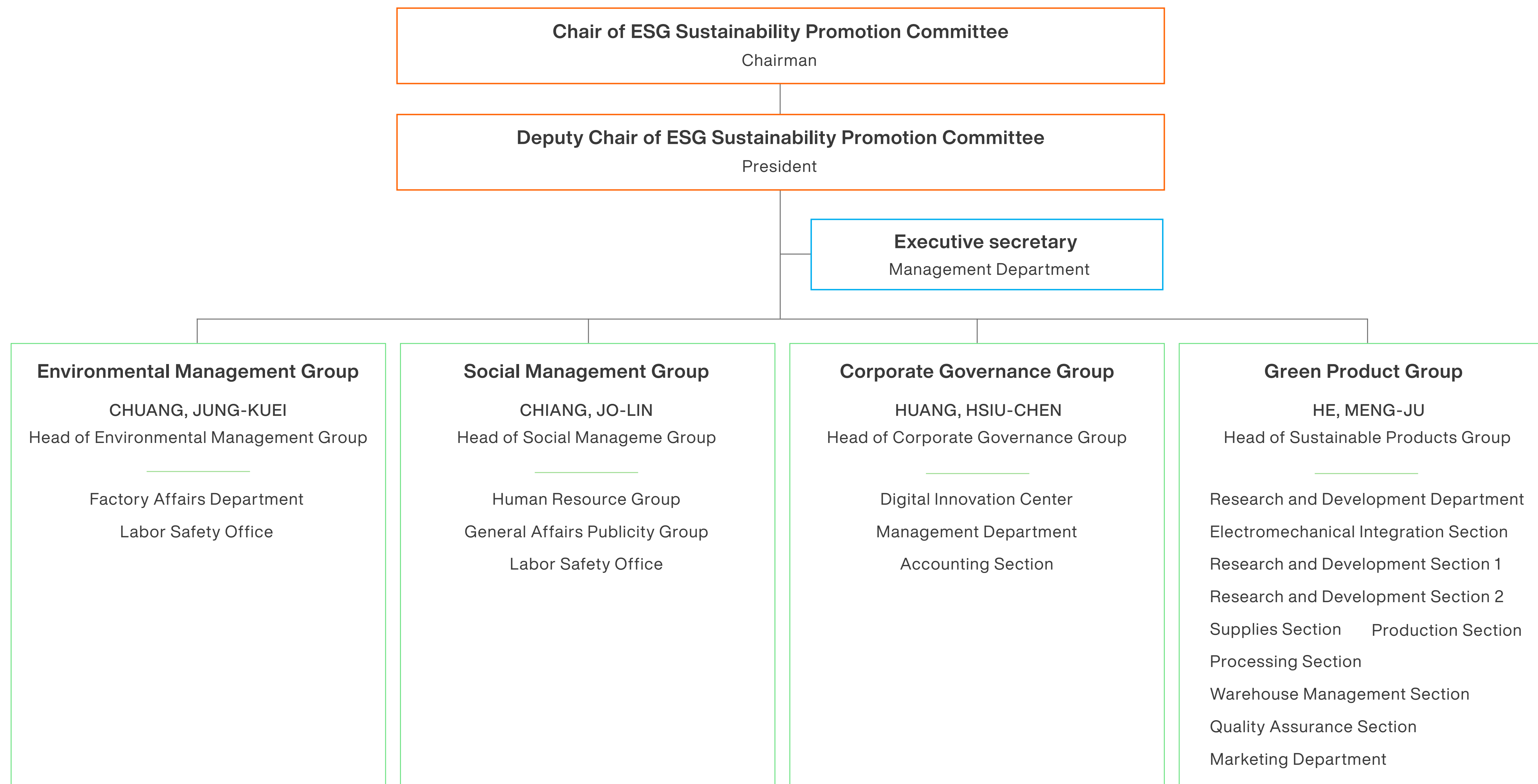


ESG Sustainability Promotion Committee

In 2022, King Steel established ESG Sustainability Promotion Committee, where the Chairman assumes the role of the Chair and the President as the Deputy Chair, and the Chair appoints senior supervisors from different departments as committee members. The Committee comprises 4 groups, “Environmental Management Group”, “Social Management Group”, “Corporate Governance Group” and “Green Product Group”, and the Deputy Chairman conducts regular inspection on the implementation effectiveness of the 4 groups in promoting sustainability.

ESG Sustainability Promotion Committee’s Organizational Structure and Responsibilities

Chair	Main person in charge of the Committee, formulates and supervises ESG policies and overall goals
Deputy Chair	Convenes and hosts relevant meetings, reviews the yearly Sustainability Performance Summary Report, reviews ESG plan, monitors the progress and reports to the Chair for approval
Executive Secretary	Assists the ESG Sustainability Promotion Committee in operation; Responsible for collating and reporting to the Chair
Committee Members of the Various Groups	Submit current year’s implementation results, ESG related proposals and progress of improvement items



Sustainable Development Strategy

Sustainability Governance



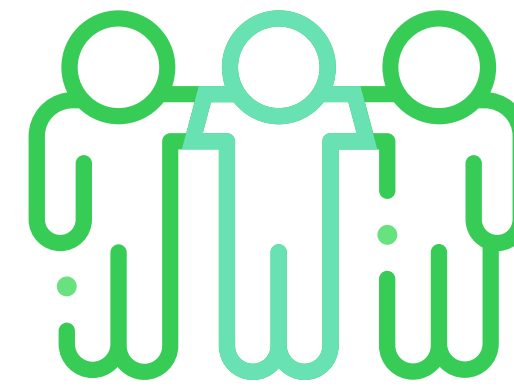
Use ESG as important indicators in strengthening the six major governance aspects, including research and development, production, sales, finance, manpower resources and digital operations, to create sustainable values for stakeholders.

Sustainable Products



Incorporate research and development process based on ESG development philosophy, and develop energy-saving, carbon-reduction, safe, highly efficient and environmental friendly products according to customers' operational needs, together build a sustainable society and ecosystem.

Friendly Workplace



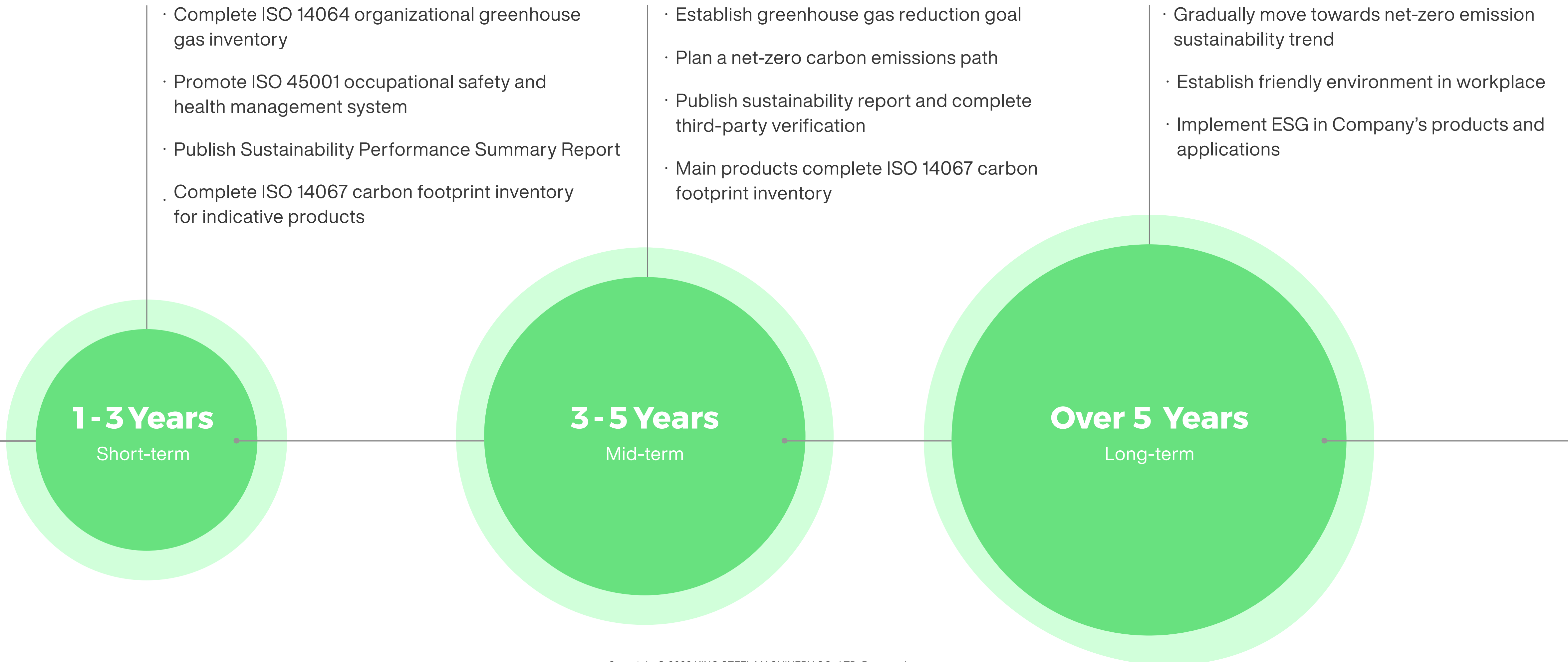
Create a safe and healthy work environment to enable like-minded employees in becoming key members of a sustainable enterprise and society in a place of equality, freedom, tolerance and growth.

Profit Sharing



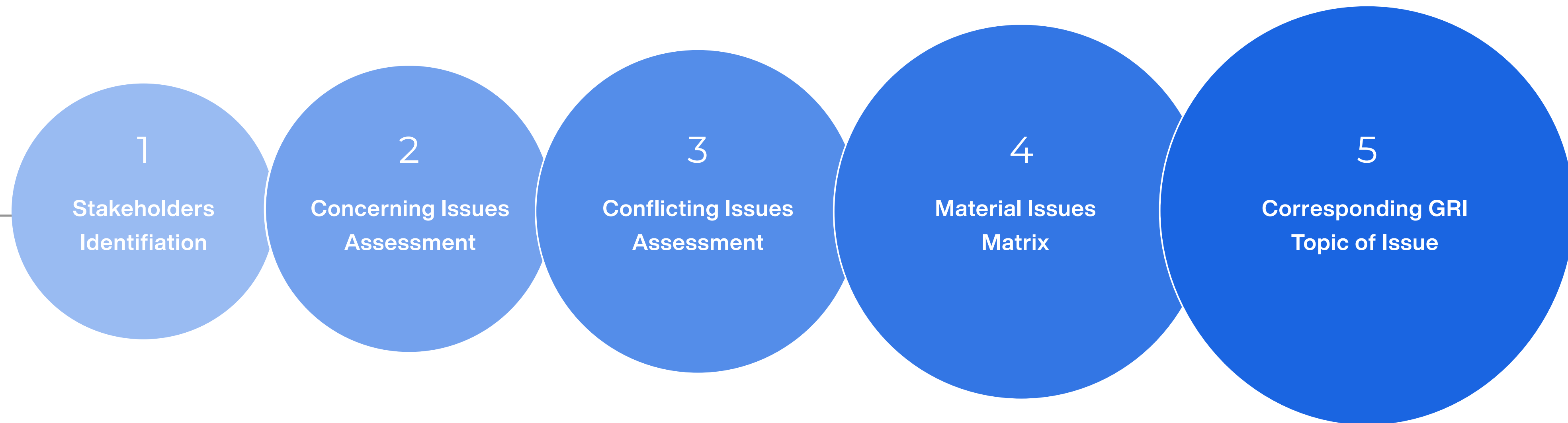
Invest in the career growth of employees, technological development of key suppliers, and care of vulnerable groups based on financial results, in the aim to become a kind and positive force in the society.

Sustainable Development Goals



2-2 Material Issues Analysis and Stakeholders Interaction

Material Issues Identification Process and Analysis



1 Stakeholder identification: Identifying 6 types of stakeholders

Based on the Stakeholder Engagement Standards of A A1000 SES, important stakeholders are identified as employees, customers, investors/shareholders, regulatory authorities, suppliers, and contractors.

2 Issue prioritization assessment: 90 concern assessment questionnaires

Through external surveys, a questionnaire is sent out to assess the level of concern of each issue by major stakeholders.

3 Impact assessment: 24 impact assessment questionnaires

Through internal surveys, company executives assess the impact of each issue on business operations to determine the importance of issue disclosure.

4 Materiality matrix: Identifying 9 significant issues

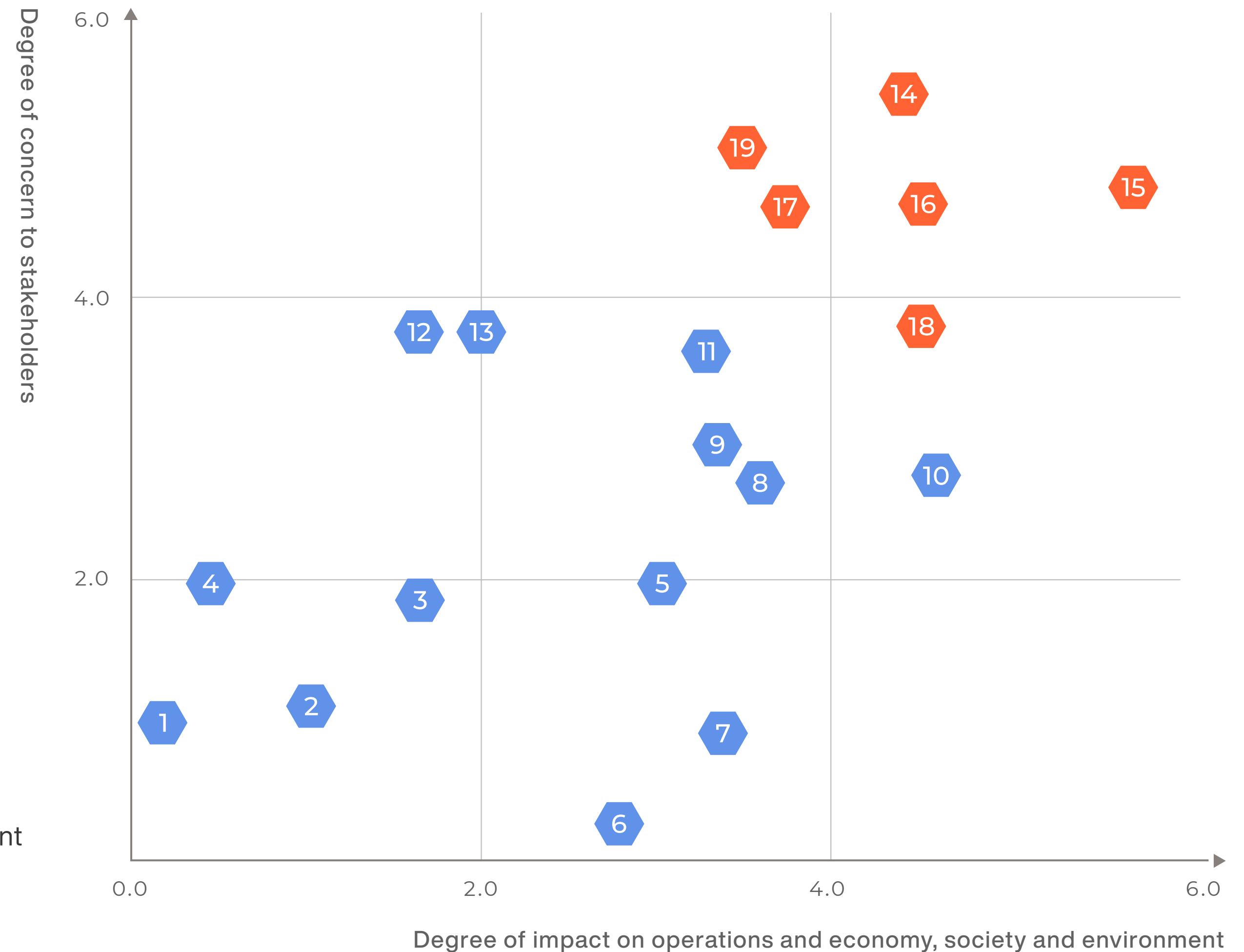
A statistical analysis is conducted based on the external concern and potential impact of each issue on the company, and a materiality matrix is drawn up. This includes product quality management, occupational health and safety, compliance with laws and regulations, information system security management and business continuity management, innovation research and development and value creation, and product intelligence. In addition, the company also considers talent development and sustainable trends, and includes talent recruitment and cultivation, green products, and energy and greenhouse gas management as significant issues.

5 Corresponding GRI themes: 100% of issues meet sustainability and integrity requirements

The results of the significant issue identification are reviewed and approved by the ESG Sustainability Promotion Committee to ensure compliance with sustainability and integrity requirements.

Materiality Matrix

- ◆ 1 Climate change governance
- 2 Sewage discharge management
- 3 Suppliers sustainability management
- 4 Waste handling
- ◆ 5 **Talent recruitment and cultivation**
- 6 Corporate governance and code of business conduct
- 7 Operating performance
- ◆ 8 **Green products**
- 9 Customer relations management
- 10 Labor-management relationship and working conditions
- 11 Human rights protection and diversity
- 12 Risk management
- ◆ 13 **Energy and greenhouse gas management**
- ◆ 14 Product quality control management
- ◆ 15 Occupational safety and health
- ◆ 16 Legal and regulatory compliance
- ◆ 17 Information system security management and business continuity management
- ◆ 18 Innovative research and development and value creation
- ◆ 19 Product intelligence



2-3 Material Topics Management Methods

Based on the analysis and assessment of the topic's degree of concern and degree of impact, and taking into account its relevance to the Company's actual operation, the material topics' management methods are established as follows:

Product Quality Control Management

Policy Adhere to the goal of King Steel's quality policy, "quality improvement, leading speed", and maintain the spirit of continual improvement of ISO-9001 quality management system, to achieve quality awareness by all employees

Goal setting

-
- Short-term goals**
 - Establish suitable measurement tools to quickly and accurately confirm product quality and confirm abnormal data, to achieve prompt handling of abnormality and maintenance of process stability
 - Reduce factory defect rate: In the second half of the year, monthly scrap value drops by about 75% compared to the first half of the year
-
- Mid-term goals**
 - Establish a complete manpower training system to strengthen quality assurance, and train sales personnel in resolving anomalies, to quickly process required tasks and achieve multitasking efficiency
 - Visualization of site's real-time management information to facilitate management and improve daily efficiency and effectiveness of operators
-
- Long-term goals**
 - Promote digital collection, strengthen data analysis, achieve the goal of quality stability

2022 Goal Achievement Status

- ✓ Target incoming quality control failure rate: 0.6%/month ↓
- ✓ Man-hours for abnormal quality of assembly parts (>120 minutes): 5 cases/month ↓
- ✓ Number of customer complaints: 4 cases/month ↓

Occupational Safety and Health

Policy With adhering to people-oriented principles and emphasizing employees' physical and mental health as the basic requirements, actively create a safe, healthy, efficient and work environment to achieve corporate sustainability

Goal setting

-
- Short-term goals**
- Reduce the number of disabling injuries by 3 cases/year, and propose response and preventive corrective action measures to prevent the disaster from happening again
 - Plan to conduct health examination and workplace health promotion activities, with 100% employee participation
 - According to the types and hazards of the employees' job, plan and arrange relevant safety and health training for employees
-
- Mid-term goals**
- Continue to conduct hazard identification and risk assessment, and conduct corrective and preventive measures to prevent occurrence of occupational illness
-
- Long-term goals**
- All employees participate in "disaster-free campaign" to build a safe and healthy work environment

2022 Goal Achievement Status

Establish an occupational safety and health management system, plan and establish hazard risk assessment, contractor management, health care and personal protective gear for medical personnel, and arrange relevant courses such as safety training and emergency contingency drill

- ✓ Voluntary participation rate in health programs 100%
- ✓ 0 case of major occupational accident
- ✓ Total disaster event (exclude transportation to and from work) ≤ 3 cases
- ✓ Cases of machinery/equipment/tool safety improvement
- ✓ 0 case of violations and fines

Legal and Regulatory Compliance

Policy King Steel has been closely tracking the changes in occupational safety, environment and social law and regulations over the years, and regularly consults and discusses with legal consultants, and through adjustment of operation process, internal regulations, etc., ensure compliance with regulatory requirements

Goal setting Truly comply with all government and economic, occupational safety and environment and society related law and regulations, achieving the goal of zero violations

-
- Short-term goals**
- Engage legal consultants from renowned legal firms for long-term cooperation, maintain and safeguard Company's intellectual property rights registration and applications
 - Education and training: Provide physical and online legal compliance courses (intellectual property/copyright/patent related courses) for employees to enable them to have a clear understanding of the conveyance and consultation of laws and regulations
-
- Mid-term goals**
- Fully promote the signing of "Supplier Integrity Commitment" with suppliers and contractors
 - Regularly track the information of the latest amendments to the laws, and promptly convey them to the various units
 - Ready to promote ISO 45001 occupational health and safety management system
-
- Long-term goals**
- Obtain ISO 45001 certification and implement it
 - Establish a clear and appropriate legal communication, consultation, coordination and reporting system

2022 Goal Achievement Status

- ✓ Parts violations: In response to international trends and through regular regulatory tracking to ensure regulatory compliance, ISO9001 quality management system was implemented, **and there has been no violation of regulations for more than 5 years**

Information System Security Management and Business Continuity Management

Policy Based on the requirements of information security policy, conduct yearly information security risk assessment. Internal and external information security issues are also taken into consideration, based on the scale of likelihood, degree of impact, degree of influence, etc., the risk quantification score is obtained, and the degree of impact to the operation is then assessed by checking against the control scale

Goal setting

-
- Short-term goals** • Establish, implement and maintain information security management policies
-
- Mid-term goals** • By cultivating and raising all employees' information security awareness
• Strengthen information security environment and adaptability
-
- Long-term goals** • Attain measurement indicators of information security policies

2022 Goal Achievement Status

Risk assessment items:

- ✓ Microsoft Secure Score 43.42%
- ✓ Software licensing and compliance 100%

Innovative Research and Development and Value Creation

Policy Develop new processes to cater to future market trends; Based on market and customer needs, establish Company' characteristics and customized functions for development

Goal setting

-
- Short-term goals**
- Finished goods from the new process can be produced stably; Establish functions based on customer requirements, and able to operate normally
 - Optimize electrical circuit and program, enable equipment to manufacture stably
-
- Mid-term goals**
- New process equipment can carry out mass production; Based on original function, establish user- friendly operation optimization, enable users to be familiar with the equipment more quickly
 - Continue to optimize human-machine interface, enable operators to obtain equipment information from the interface more easily, reduce difficulty in operating due to unclear equipment status information
-
- Long-term goals**
- Optimize equipment framework, enhance usability and stability, and reduce cost; Build sales and service interaction with customers, and continue to optimize for customers
 - Based on customer requirements and research and development requirements, continue to update equipment software and hardware system

2022 Goal Achievement Status

- ✓ Mass production of new process equipment; Function updates continue to be user-friendly, and simpler in terms of operation

Product Intelligence

Policy Self-develop KS Gateway: Data networking function provides machine networking and information integration capabilities

Goal setting

-
- Short-term goals**
- Equipped with complete data networking capabilities
 - Collaborate with Digital Innovation Center to discuss the standards for data collection methods
-
- Mid-term goals**
- Closely combine with customer requirements, and optimize existing functions
 - Cooperate with Digital Innovation Center in performing reverse writing of production parameters to equipment
-
- Long-term goals**
- Combine with big data analysis through KS Gateway, provide capacity optimization recommendations
 - Effective collection and use of equipment information and product information

2022 Goal Achievement Status

- ✓ 80% actually adopted by customers
- ✓ Completed Phase 1 development

Green Products

Policy All product designs and developments adhere to the philosophies of energy-saving, carbon reduction, increasing sustainability, etc., loving the earth together with customers, brands and suppliers

Goal setting

-
- | | |
|-------------------------|--|
| Short-term goals | • Conduct efficiency optimization for Nexcell® process equipment to increase energy efficiency |
|-------------------------|--|
-
- | | |
|-----------------------|--|
| Mid-term goals | • Develop new energy-saving machines to provide customers and brands with higher productivity and lower resource consumption solutions |
|-----------------------|--|
-
- | | |
|------------------------|--|
| Long-term goals | • Establish product carbon footprint labels and use low carbon raw materials to achieve the effect of carbon reduction |
|------------------------|--|

2022 Goal Achievement Status

- ✓ Implement Siemens design and development process to reduce 20% of component waste generated during trial production phase
- ✓ Recycle finished goods produced from Nexcell® process equipment and achieve 90% recycling rate

Energy and Greenhouse Gas Management

Policy Responding to the far-reaching and unknown greenhouse effects to the entire ecological environment and global climate. To achieve the goal of effective carbon emissions reduction, set up an electricity consumption inquiry committee and conduct greenhouse gas inventory, regularly consult and discuss with professional consultants, conduct investigations on emission identification tables, significant indirect emission evaluation tables, etc. and establish electricity consumption check, power consumption weakness analysis and power consumption improvement, etc.

Goal setting

By referencing international trends and operating guidelines, first cultivate self-awareness and implement weakness analysis, and ultimately introduce ISO 14064-1 greenhouse gas inventory system, to actively disclose the enterprise's determination in environmental protection and environment to the stakeholders, and present how the enterprise set goals for greenhouse gas, and the areas that need to be improved or strengthened through official report

2022 Goal Achievement Status

- ✓ Establish electricity consumption monitoring system, conduct inventory survey of usage status, analyze own strengths and weaknesses, promote the execution of policies more effectively

Talent Recruitment and Cultivation

Policy King Steel actively negotiates industry-academia collaboration with colleges in the central region, providing a learning opportunity for students who have a passion for machinery manufacturing, and cultivating industrial talents through rigorous internship programs

Goal setting

-
- Short-term goals**
- Actively develop industry-academia collaboration with colleges in the central region, to attract talents who have a passion for mechanical assembly
 - Provide diverse training courses and opportunities for learning and growth, and encourage employees to actively learn and grow
-
- Mid-term goals**
- Develop industry-academia collaboration with colleges not in the central region, to attract talents who have a passion for mechanical assembly
 - Introduce job competency system, encourage employees to actively learn and grow, and plan personal career development
 - Attract potential talents with industry-specific issues such as rubber injection molding machine, machinery and equipment, shoe, etc.) through information sharing mechanism
-
- Long-term goals**
- Develop industry-academia collaboration with overseas colleges to attract overseas students who have a passion for mechanical assembly (foreign students, overseas Chinese students, etc.)
 - Optimize job competency system and make use of methods such as visualization, data-driven and digitization to promote learning atmosphere
 - Compile and package internal mechanical processes into courses, and assist heads and employees with the expertise to be active in campus, public sector and related activities through knowledge sharing mechanism, thereby lay the foundation in the domain and attract talents

2022 Goal Achievement Status

- ✓ 5 industrial-academia collaboration students from Chin-Yi
- ✓ Added 3 colleges as recruitment bases, making it a total of 4

An aerial photograph of a dense forest, showing a mix of green and brown tones. A prominent white geometric line graphic is overlaid on the image, starting from the top center, going down, then right, then down again, and finally right towards the bottom right corner. The text is located in the bottom left area of the image.

CHAPTER 3 Environmental Sustainability

ENVIRONMENT



Compared to 2021,
scope 1 and 2 greenhouse gas
emissions in 2022 decreased by **10.713** Tons CO₂e

Energy-saving, carbon-reduction or environmental protection to save the earth have long been a global issue, and is also the responsibility and duty of every earth citizen. Among which, economic activities cause damage to the environment. King Steel has set corporate sustainable development as its goal, and hopes that the green products manufactured based on the green spirit of NexCell® can influence every citizen or consumer. Consumers who are willing to purchase green products represent that they also agree with King Steel's business philosophy and core values.



3-1 Resource Reuse



Goal Setting :

Reduce by **1%** every year compared to the base year

2022 is the first year of ESG for King Steel. However, before the concept of ESG was popularized, King Steel had already promoted various environmentally friendly measures. It is currently more in line with the promotion of ESG, and in terms of the management strategy direction, environmental safety and health systems such as ISO 14064 and ISO 45001 are expected to be implemented, and relevant energy-saving and carbon reduction goals established. It will start to assess environmentally friendly related equipment or system establishment, promote current friendly environment measures, maintain resources to be recyclable and reusable, and actively promote the use of reusable products. For example, measures such as thermostat setting, categorizing the grade of printing paper, increasing recycling and reuse, providing eco-friendly cups, encouraging the use of shopping bags, reducing single-use utensils, etc.

King Steel's Friendly Environment Measures



	<p>General Affairs</p>	<p>Procure eco-friendly products, reduce number of papers, increase reuse rate</p>
<p>Develop package record APP</p>		<p>Registration of package information is changed from paper work to online notification, reducing the use of paper.</p>
<p>Eco-friendly recycled printing paper</p>		<p>Rate of replacing the entire factory's paper with eco-friendly recycled paper has reached 90%. One-side used A4 paper can be recycled and used in fax documents and personal unofficial use. There are 10 packs of official documents including agreements and contracts, and it is expected that by 2023, recycled printing paper will be mainly used.</p>
<p>Recycled sticky notes</p>		<p>Made with 100% recycled paper with green eco-friendly label, no individual exterior plastic packaging within the box, reduce plastic packaging material.</p>
<p>Needleless stapler</p>		<p>Taking into consideration the need for binding thick documents, mainly needleless staplers will be provided in the stationery. Without using any supplies, the failure rate of shredder can be reduced.</p>

King Steel's Friendly Environment Measures



Living

Procure items that use eco-friendly material, reduce environmental pollution, increase the chances of reusing the paper box

Eco-friendly toilet paper

Procure eco-friendly toilet paper, paper towels, protect forest resources, reduce environmental pollution.

Eco-friendly packet drinks

Choose to purchase mineral water brands with low-carbon manufacturing process, and products which reduce 47-54% plastic usage, reduce 69.5-77g CO₂e carbon emission in manufacturing process, reduce 44-70% recycling and increase space, and won low-carbon label.

Stainless steel cup

No longer provide paper cup for beverage, reduce use single-use beverage cup, work towards the target of 1% waste reduction.

Eco-friendly detergent

Select products where more than 95% of its raw materials can be decomposed by nature, with eco-friendly labels, and friendly to the ecological environment.

Packaging material recycling and reuse

Reduce individual packaging, increase utilization rate of paper box (Example: for the delivery of the monthly foundation's lunch box, request the supplier to put 40 meals into 1-2 paper boxes and deliver to the Company, the paper box can be used as recycling box, by recycling and reusing it for packing other products).

Resource recycling

Recyclable and reusable items provided to the vulnerable groups for free.

King Steel's Friendly Environment Measures



Meal

Use reusable dining utensils, reduce use of plastic bags and reduce generating recyclablese

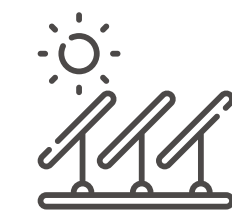
Insulated lunch bag

During the pandemic, employees dine in batches at the canteen, reusable shopping bags were provided for the group meal in response to environmental protection, reducing and lunch plastic bags by 3,168/year.

Stainless steel plate

During the pandemic, canteen diners were provided with stainless steel plates for the dishes, reducing single-use lunch box by 13,200/year.

King Steel's Friendly Environment Measures



Equipment

Increase the use of rooftop to the factory's temperature

Build elevated solar power equipment

Facilitate air circulation can effectively reduce the factory's indoor temperature by 3-5 degree Celsius (At present, "rent a roof" model is adopted; plan to set up solar power equipment on Factory A's rooftop in the future for self-use).

King Steel's Waste Management

In 2022, King Steel's waste removal amounted to 0.729 tons

King Steel imposes strict control on the disposal of waste generated during the manufacturing process, and ensures it will not cause any environment pollution or flow to any organism habitat, not affecting the ecology or diversity of any species.

The waste generated from King Steel's operations is general industrial waste. Centralized waste storage and management to effectively control the source of waste output. After the waste is optimally classified, it is handed over to qualified waste removal and management companies. During the waste removal, King Steel tracks and ensures the waste is properly handled from time to time.

King Steel's Waste Reduction Action

Recycle and reuse
volume amounted to **5.2** Tons

Recycle and reuse raw materials, reduce waste of resources:

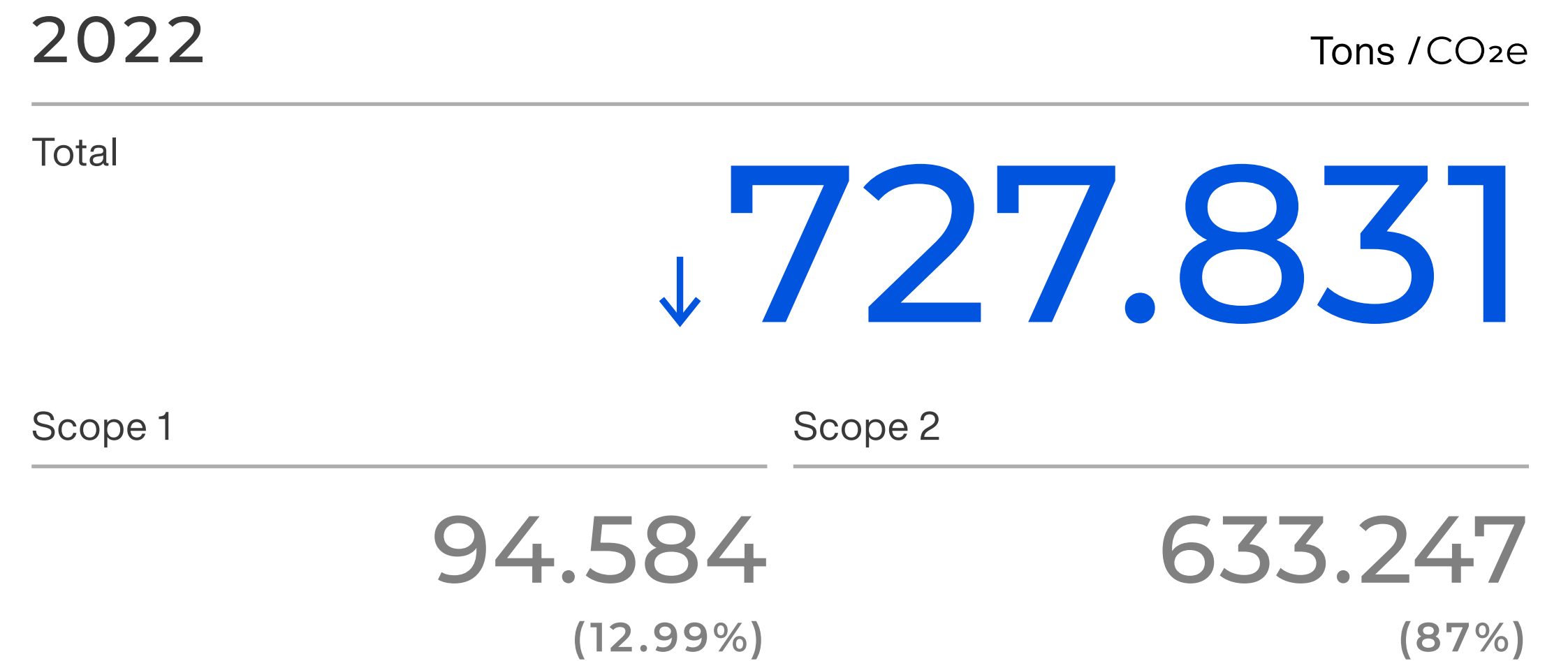
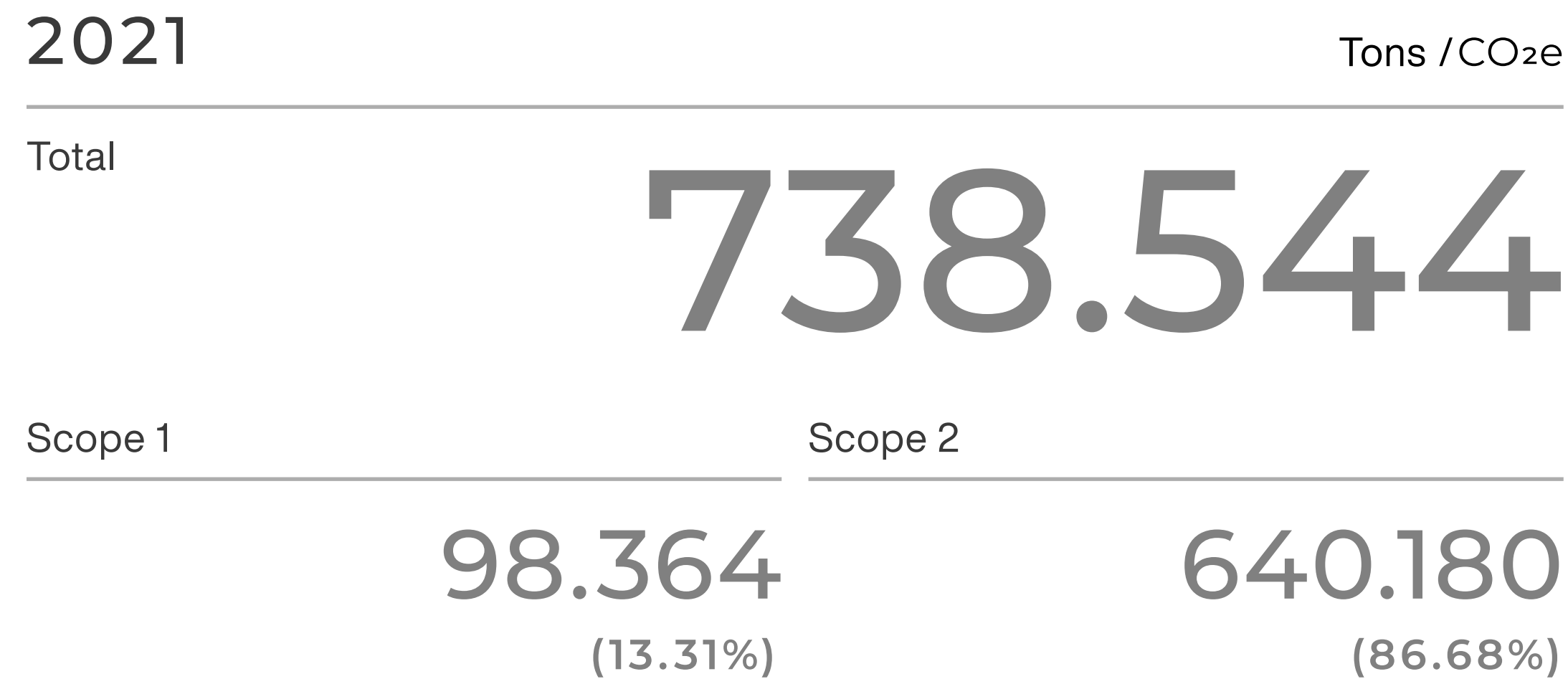
Cooperate with professional raw materials suppliers, through change of the physical properties of raw materials, transform the waste to qualified raw materials. In 2022, purchased EVA new materials 0.2 tons, recycle and reuse volume amounted to 5.2 tons, enabling waste generated from the equipment during test run can be reused, effectively reducing the amount of waste.

Sort and reuse waste pallets to reduce the generation of waste wood:

Pallets with complete appearance can be recycled and reused, and will be returned to the original suppliers for reuse; For those with partially damaged appearance, request the factory personnel to repair and then reuse. For those with poor condition and unable to be reused, inform qualified waste management companies to collect and recycle.

3-2 Greenhouse Gas Management

King Steel has implemented ISO 14064-1:2018 organizational greenhouse gas inventory since 2021. We use the data and metrics from the results of the inventory to measure the influence and impact of business activities on the environment and plan greenhouse gas reduction strategies. According to the results of the 2022 inventory, King Steel's greenhouse gas emissions totaled 727.831 tons CO₂e. Greenhouse gas from direct emissions (emission source belonging to or controlled by the Company) (Scope 1) amounted to 13% (94.584 tons CO₂e) and the main source was CO₂ emissions. Greenhouse gas from indirect emissions (emission from the Company's operations, emission source belongs to or controlled by another company) (Scope 2) amounted to 87% (633.247 tons CO₂e), mainly due to the electricity consumption of production equipment.



The scope of the inspection includes King Steel's Taichung Headquarter and external warehouses.

3-3 Energy Management and Energy-Saving Measures



King Steel has since 2019, prepared yearly budget to gradually replace equipment with energy-saving equipment, the following are the measures and results since 2019:



Equipment

Use energy-saving lights and upgrade same specification to improve lighting equipment

LED panel light

T8 lights (72W/lamp) in office areas upgrade to LED panel lights (36W/lamp) from 2019-2020, a total of 223 lamps; Save about 50% of electricity per year, in 2022, continue to install LED panel lights in factory offices during renovation.

LED bay lighting

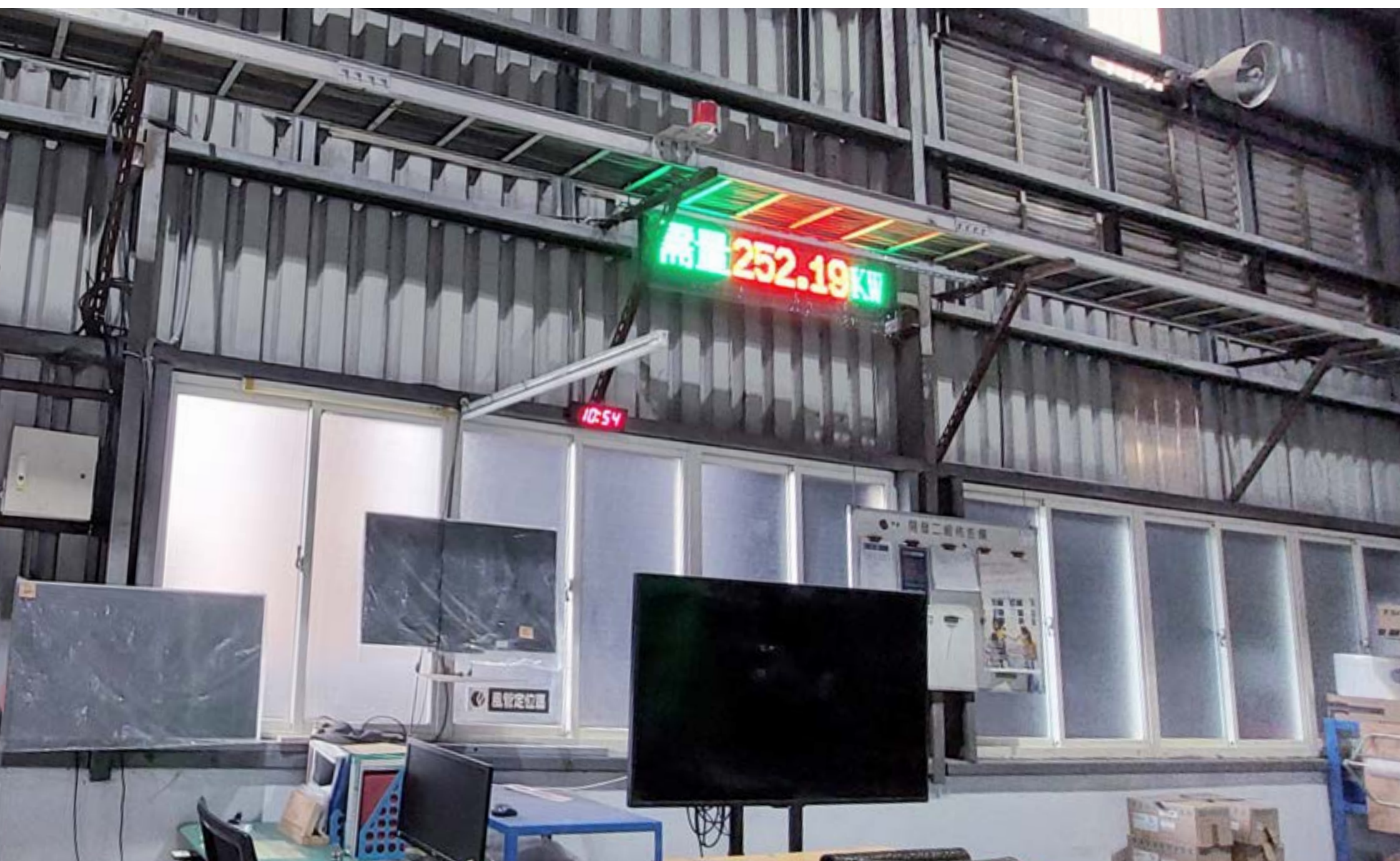
From 2019 to 2020, replaces the work area's 150W ceramic composite metal lamp with 150W LED light of the same power specification, and requires illumination to be above 200 Lux in compliance with the Occupational Safety and Health Act.

Split air-conditioning

Replace old equipment with brands of Tier 1 energy-efficiency label as first priority.

Water dispenser

Replace the entire plant's water dispensers with brands of Tier 1 energy-efficiency label as first priority. The average power consumption for 1 machine is 530 kWh/year (originally 730 kWh/year), reducing carbon emission by 100.4 tons/year.



Electricity

Target electricity consumption shall not exceed the contracted capacity of 450KW

Equipment's electricity consumption inventory

Understand the top 20 equipment's monthly cumulative electricity consumption, and discuss how to adjust the use of equipment or further reduce equipment's electricity consumption by 1% -5%.

Set up digital meters

Monitor electricity consumption data and electricity consumption of each plant and use it on production scheduling to help adjust production electricity consumption, reduce the penalty for exceeding the contracted amount during concurrent usage.

Establish measures for managing indoor air-conditioning temperature limit

Average temperature of indoor air-conditioning needs to be maintained at above 26 degree Celsius, and electric fans are to be used concurrently to facilitate indoor air circulation, accelerating temperature reduction. Regular air-conditioning filters cleaning are conducted once a year to reduce dust and preventing decreasing cooling effect.

Assess setting up self-generating and self-consumption solar power equipment



CHAPTER 4 Friendly Workplace

HUMANISM

4-1 Workplace Partnership and Policy

0 Case of Labor-management Dispute

Not only are employees important assets of King Steel, but are also King Steel's key advantages in operational growth. King Steel values the rights and interests of every employee, and hopes that employees enjoy the work and the life with their families. Hence, through reasonable working conditions and comprehensive employee benefits, create a win-win work environment for labor and management.

By 2022 Q1, the ratio of new employees has reached 50% of the total number of the workforce in the last three years (2019-2021). The average seniority is nearly 10 years, and the average age is 38~38 years old. In traditional manufacturing industry, the imbalanced gender ratio is very common. By establishing and adjusting recruitment strategies, the proportion of female employees has also increased gradually, reaching 35% as of Q3.

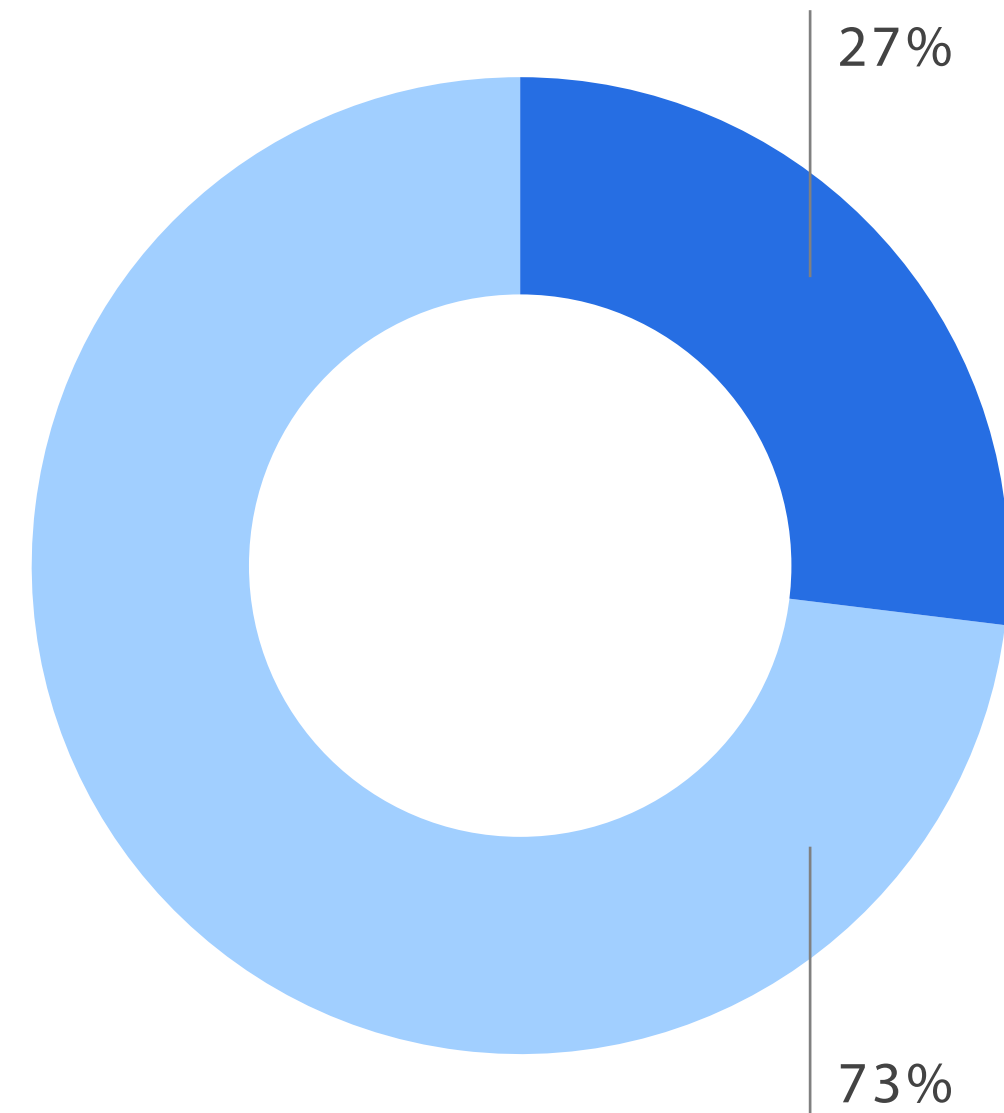
There are three types of employee status, and they are Taiwanese employees, Indonesian employees and interns. In order to attain an active organization's culture and manpower resource development, it will actively plan to recruit employees with different backgrounds in the future.



Manpower Structure

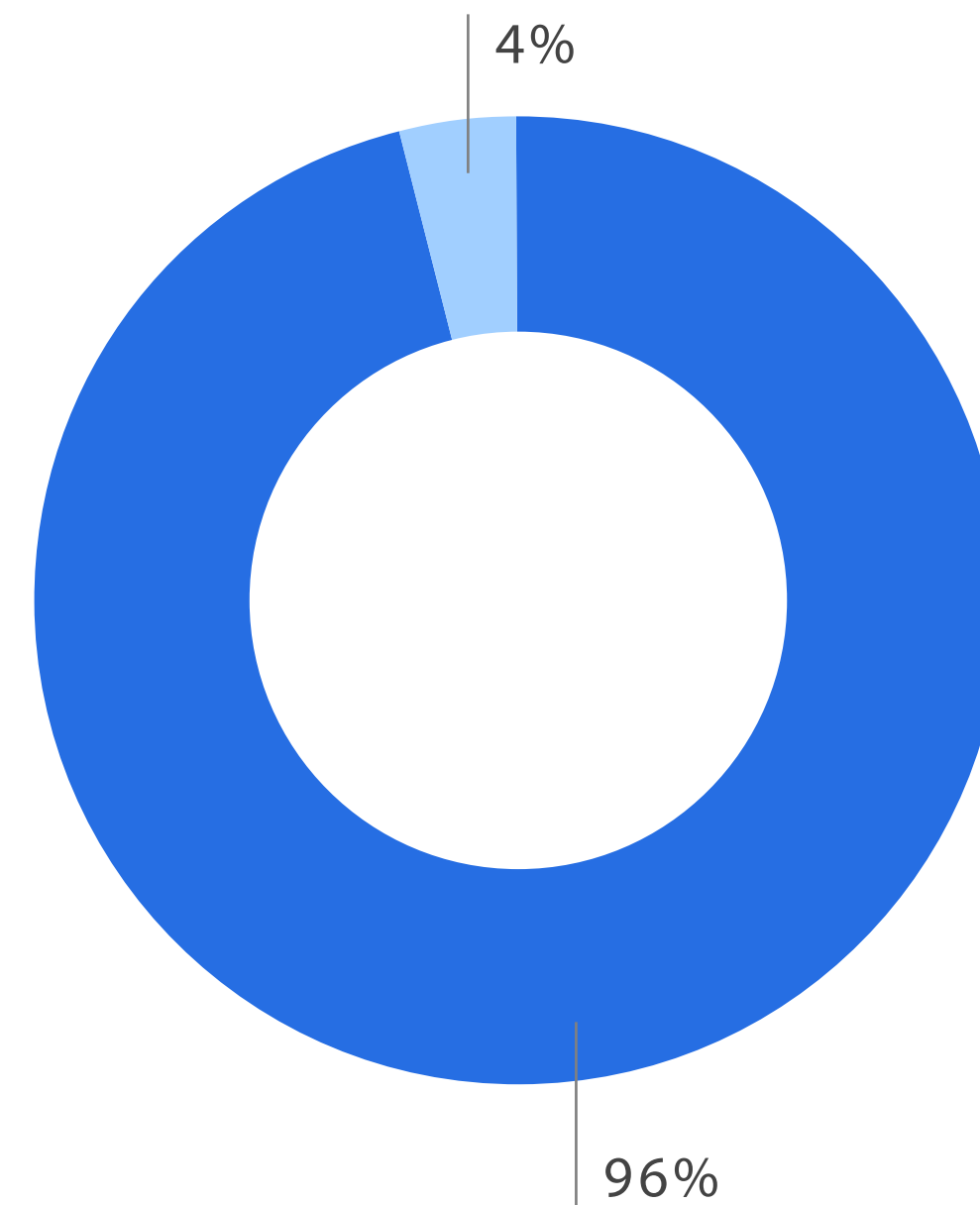
Total Employees Classified by Gender

- ◆ Female : 48
- ◆ Male : 133



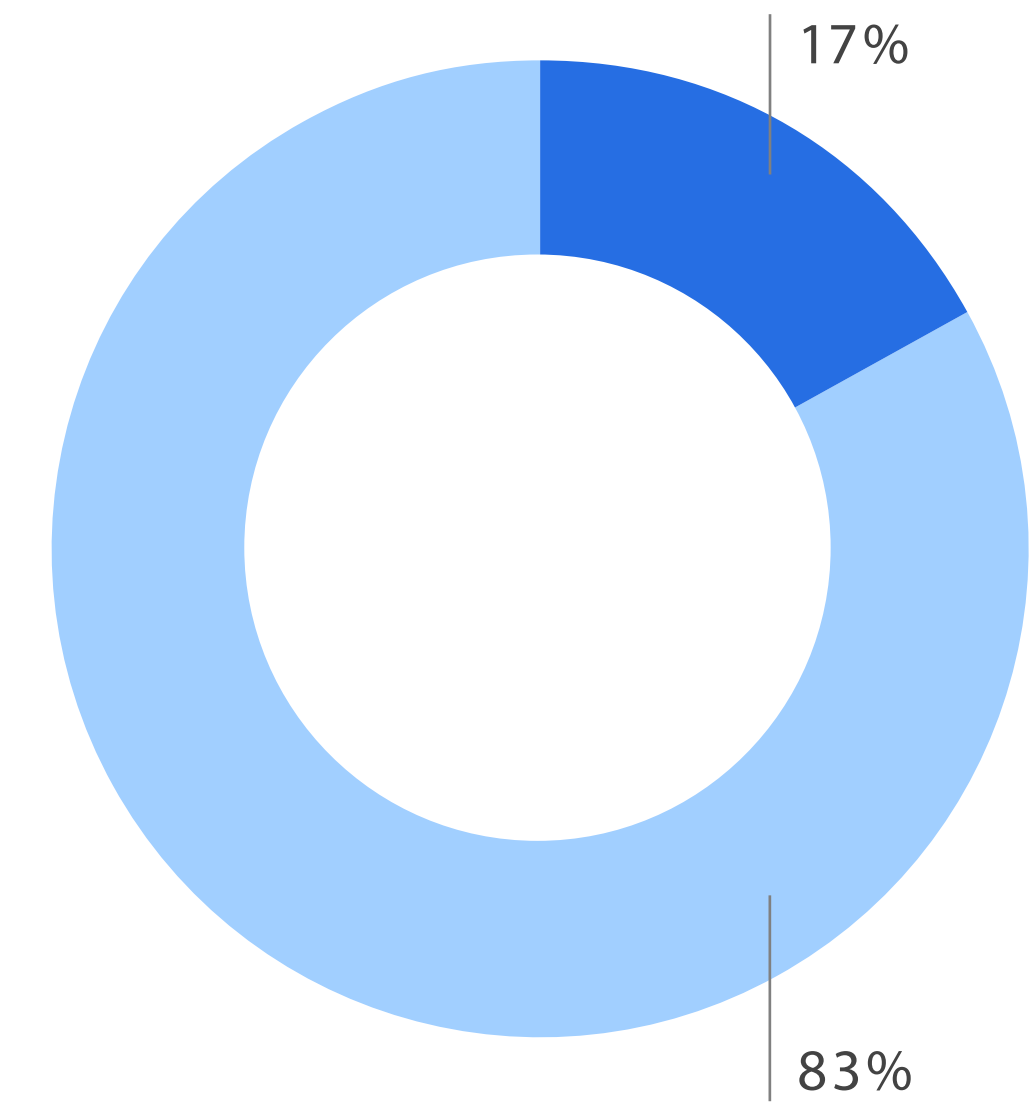
Total Employees Classified by Employment Contract and Employment Type

- ◆ Full-time employees : 173
- ◆ Temporary employees : 8



Total Employees Classified by Job Distribution of Full-Time Employees

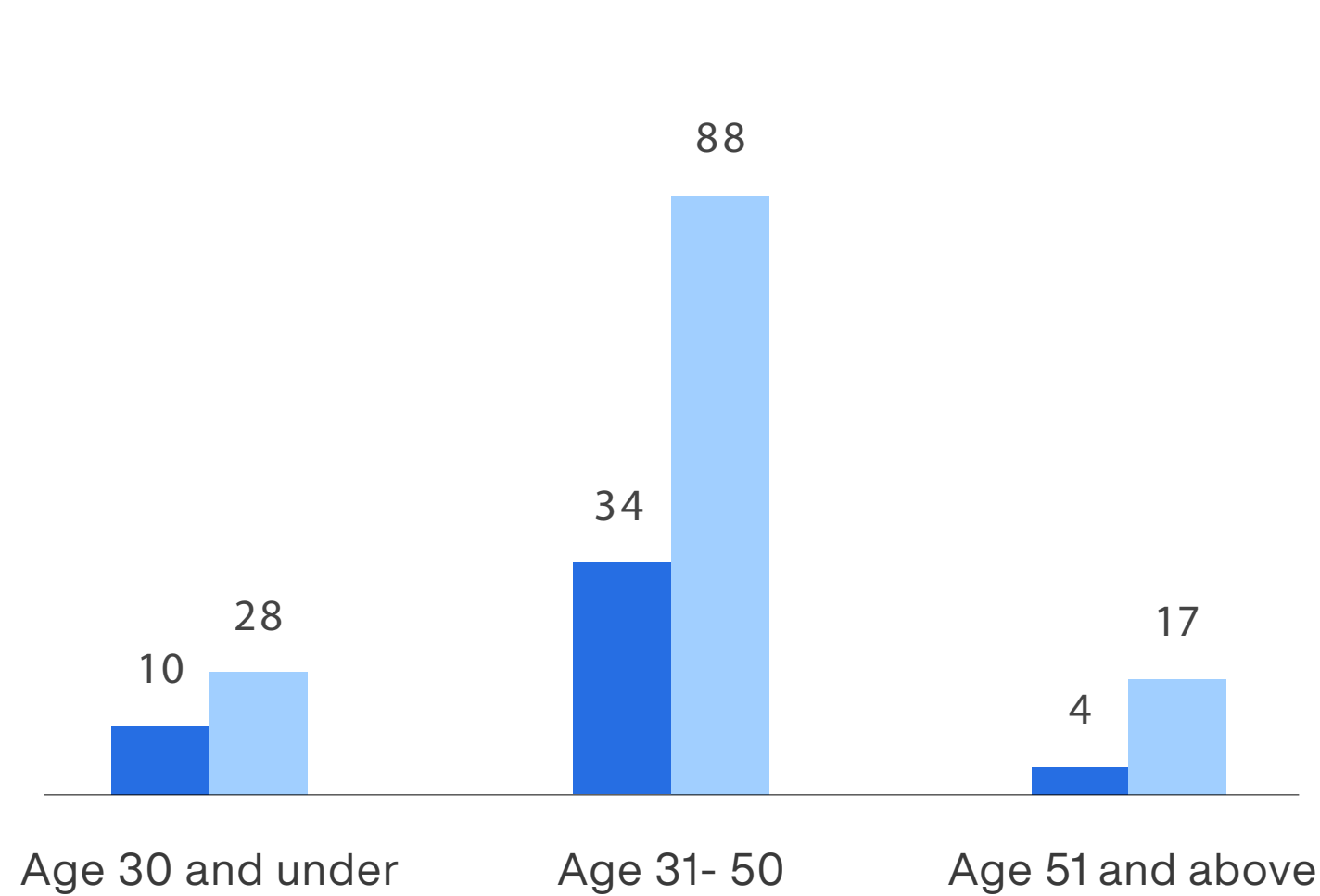
- ◆ Supervisory : 31
- ◆ Non-supervisory : 150



Manpower Structure

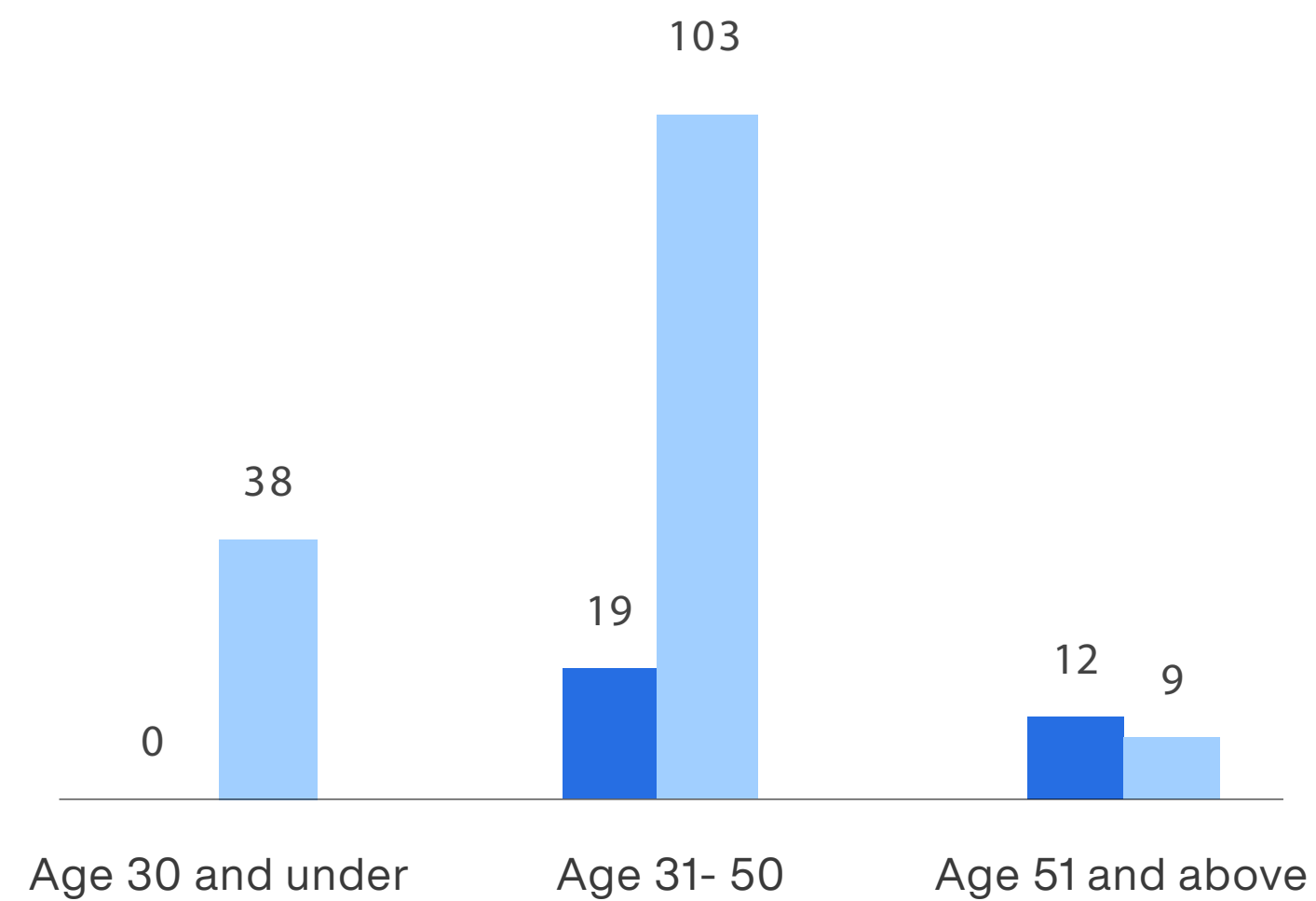
Amount of Males and Females in Different Age Groups

- Female
- Male



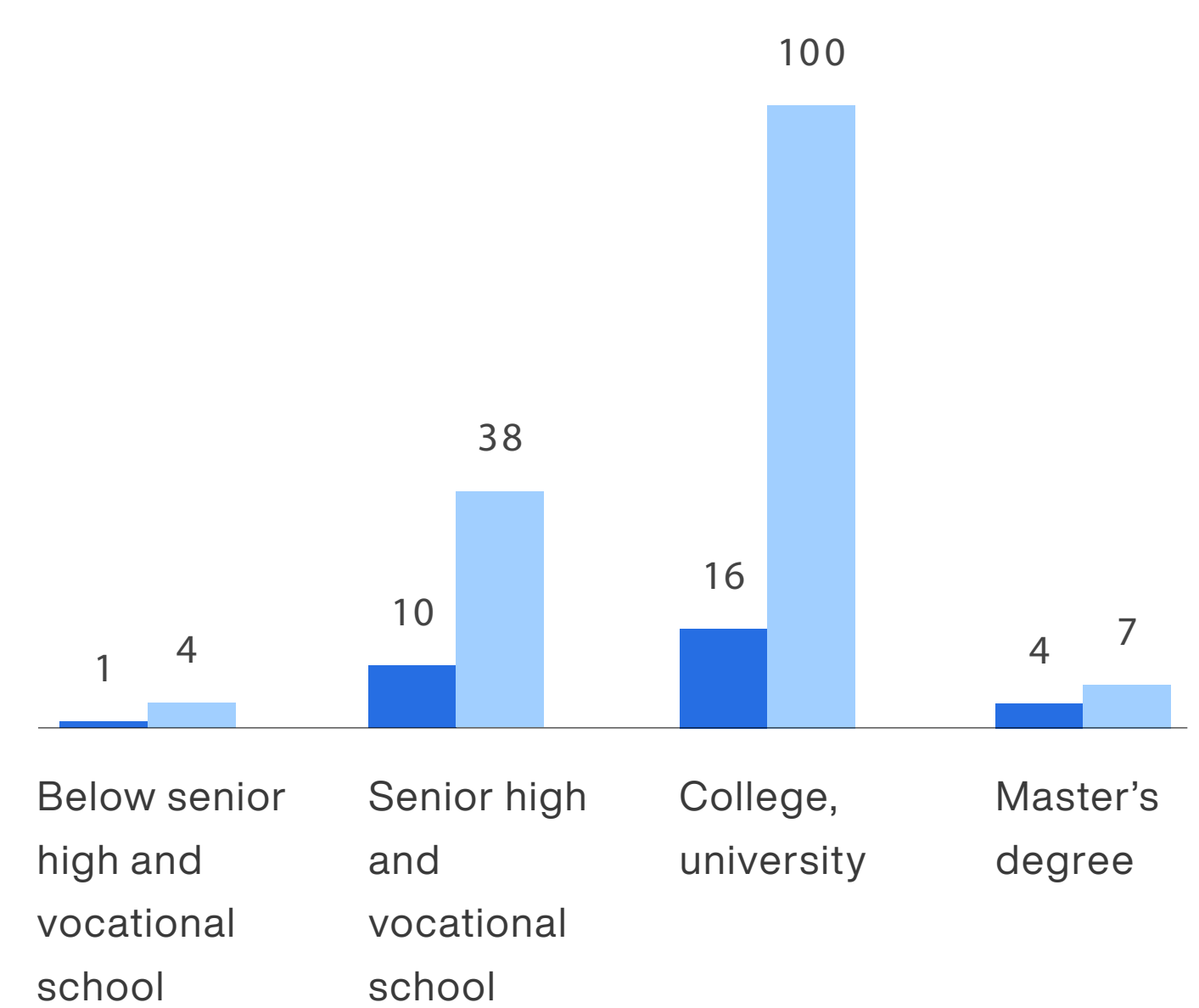
Amount of Employees in Different Job Levels Based on Age

- Supervisory
- Non-supervisory



Amount of Employees with Different Educational Backgrounds

- Supervisory
- Non-supervisory



4-2 Talent Recruitment and Cultivation

King Steel recruits talents through diverse channels based on operational strategies. The recruitment process strictly complies with the Labor Standards Act and the Company's human rights policy, and prohibits employing children. It also provides all employees with labor conditions which comply with local laws and regulations, and they include: Operations management regulations such as salary, leave system, number of working hours, working hours, etc.

King Steel's recruits candidates based on their professional knowledge, skills and work experience, and do not consider differently due to their race, class, language, thinking, religion, party affiliation, dialect group, place of birth, gender, sexual orientation, age, marital status, appearance, mental and physical conditions or union membership. However, after the physically or mentally handicapped employees left the company and the difficulty in recruiting in recent years, the Company is paying a fee for recruiting an insufficient number of disabled employees at present. In the future will still actively recruit physically or mentally handicapped candidates, and arrange and adjust manageable workload for them through understanding, and also provide care, support and assistance.



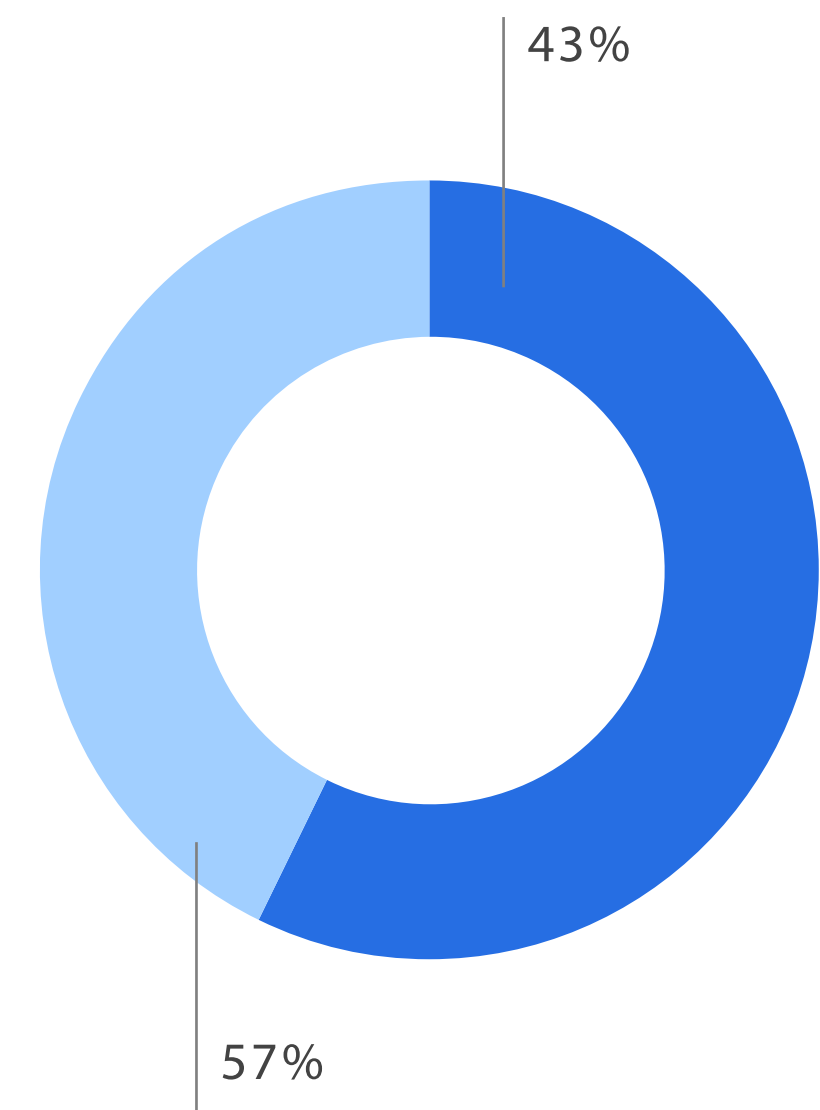
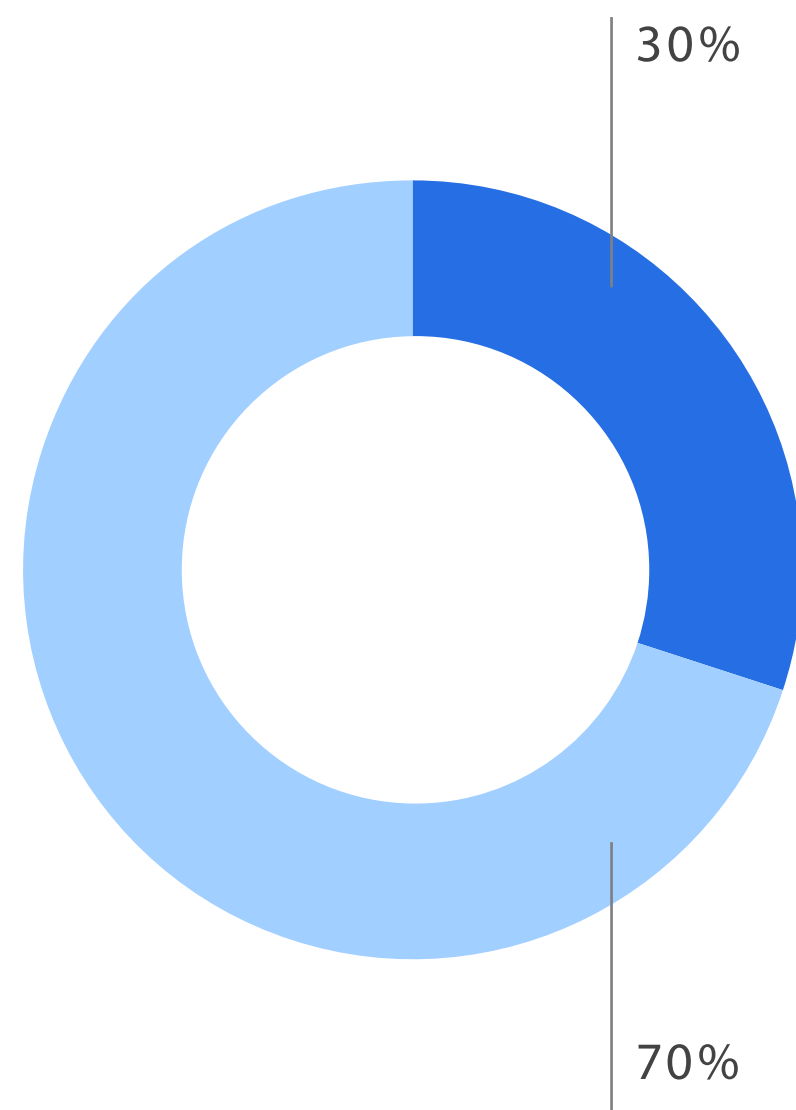
Recruitment Channels

Digital Channel	The indicative job bank, 104.com, is the main channel for collecting resumes. The Human Resource department also conducts talent search and development through this platform from time to time. In the future, in order to cater to Generation Z's digital perspective and behavioral model, will gather recruitment information from non-recruitment platforms (such as YouTube, LinkedIn, GoogleMap, etc.).
Physical Channel	Cooperate with public sector (employment service center) to conduct onsite recruitment activities and report to the Company, attract talents through industry-academia collaboration with central region's colleges, put up recruitment information in public places such as school website or notice board, and participate in recruitment activities held by public sector.
Outsourcing Agency	Recruit technical talents with the help of management consulting companies and recruitment agencies.
Others	<p>Encourage employees to introduce their friends and relatives to the plant, and provide referral fees of NT\$10,000, or recommend upstream and downstream suppliers employees during their career switch.</p> <p>In the future, will make active and in-depth plans for relevant recruitment measures to introduce King Steel to potential job seekers, thereby generate their interest and enable them to get to know King Steel, and finally generate their trust and interest to join King Steel.</p>

Number of New Full-time Employees

Female : 10
Male : 21

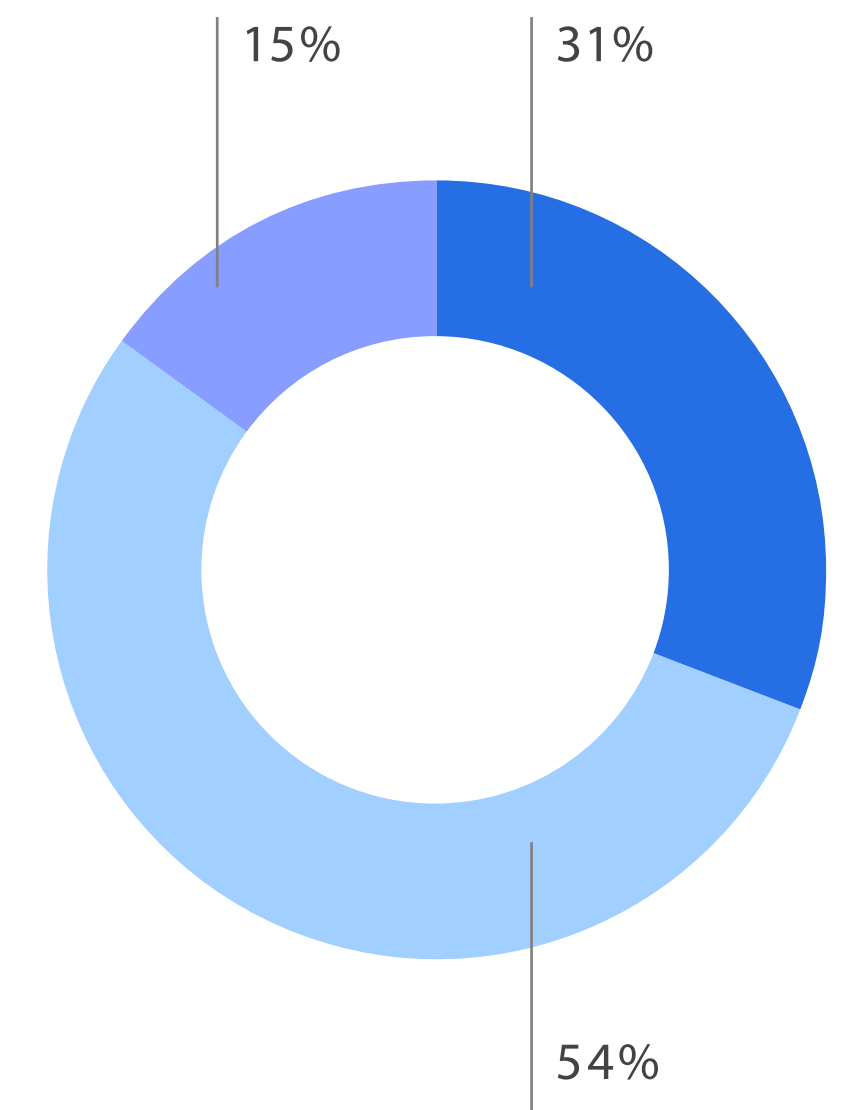
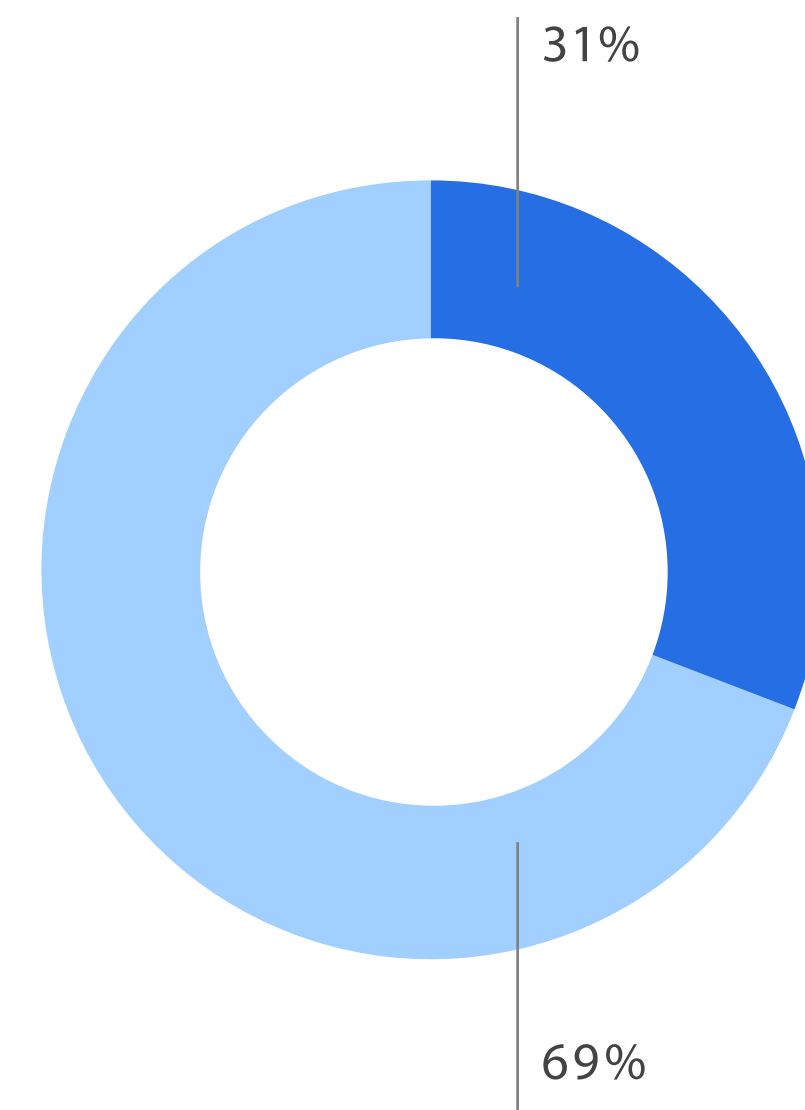
Age 30 and under : 17
Age 31 - 50 : 14



Number of Full-time Employees Who Has Left

Female : 8
Male : 18

Age 30 and under : 8
Age 31 - 50 : 14
Age 51 and above : 4



Talent Retention and Performance Appraisal

In 2022, **153 people** are to / have received performance appraisal; Appraisal completion rate **100%**

King Steel has a complete talent retention program, rewards system and fair and just annual performance appraisal system, providing employees with immediate and meaningful encouragement. King Steel also provides a complete training system to allow new employees to understand King Steel’s culture and philosophy through orientation, thereby quickly adapting to King Steel’s environment, reducing the chance of them leaving due to inability to adapt to the new environment.

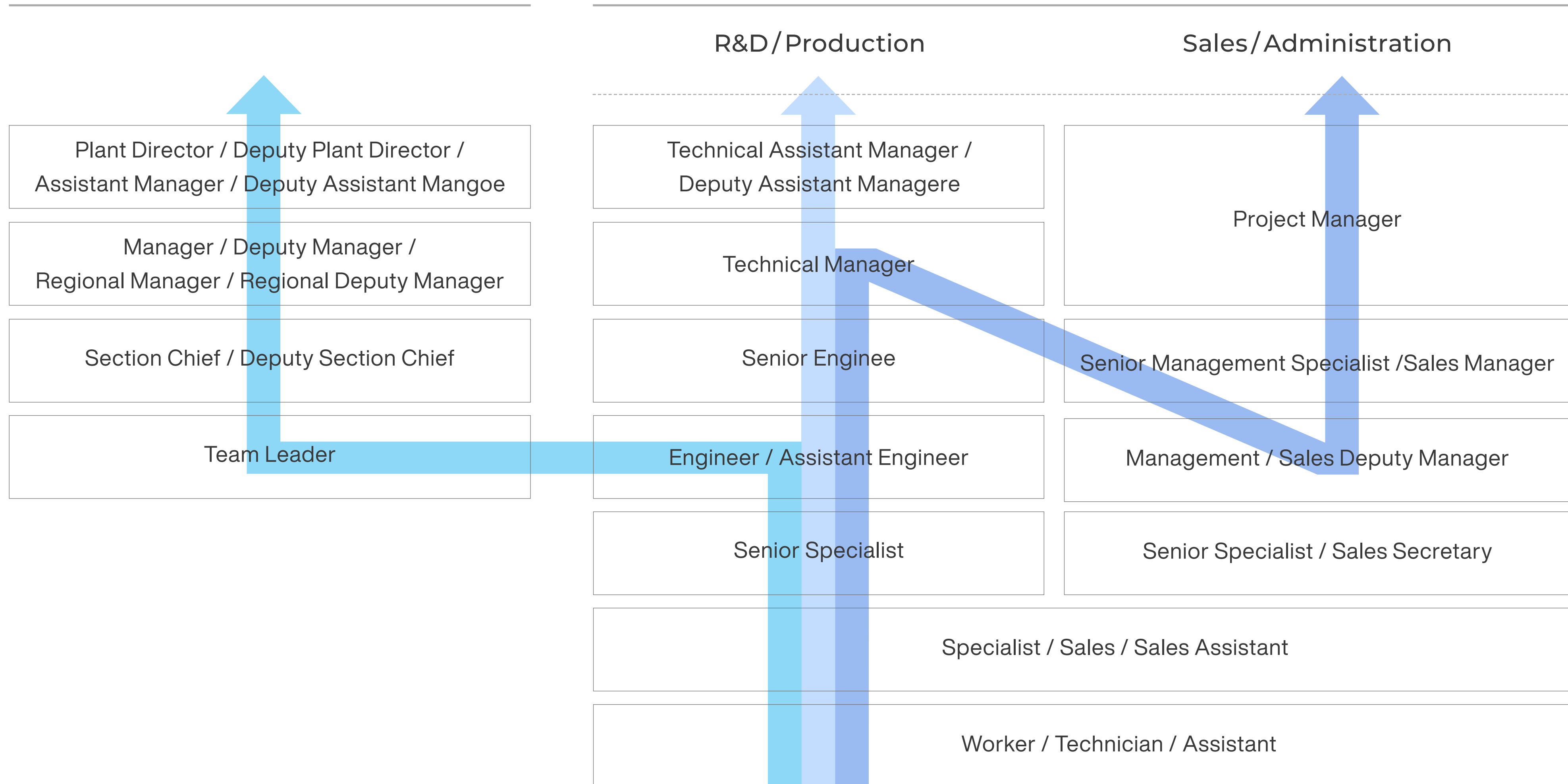
The Company conducts two regular promotion exercises every year, while salary adjustment is made in June and July every year. The basis of reference for the above exercise performance is the annual results calculated from the performance appraisal, and is used as the relevant reward benchmark.

In the future will actively analyze the common characteristics, experience and background and key behaviors of outstanding talents, and formulate rewards measures through individual performance and ranking system. Through this policy or measure, assist employees in their personal growth and career development.

	Supervisory	Non-supervisory	Sub-total
Female	6	33	39
Male	20	94	114
Sub-total	26	127	153

Management

Professionals



Talent Cultivation

4 Corporate Spirit:

Excellence, Innovation, Sharing, Sustainability

5 Core Competencies:

Common good competency: Satisfy the relevant people

Applicability competency: Able to apply the knowledge and skills learnt on work improvement solutions

Integration competency: Able to effectively coordinate and integrate the resource and manpower required

Value creation competency: Effectively break away from existing way and logic of thinking, summarize information and create new proposals

Adaptability competency: Able to perceive or take action to understand change in environment and constraints

In King Steel's "Nature × Future" core concept, "Humanity × Digitalization" is an important key for King Steel in sustainable development. With regards to humanity, "talent cultivation and development" is an aspect which King Steel highly pays attention to. During the course of promoting the relevant trainings for talent growth, King Steel incorporates the corporate mission of "surpassing, innovation, sharing, sustainability" and the core competencies of "common good competency, applicability competency, integration competency, value creation competency, adaptability competency" which the employees would learn from the course, into the course during the design phase and after-class evaluation. Various training courses are conducted with the goal of strengthening the organization's competitiveness and spirit of sustainable development. To encourage employees to further their studies, employees may, based on their work requirements, apply for external training. If the training is conducted during working hours, leave shall be granted, and King Steel fully subsidizes the employees' course fee.

Talent Cultivation



Education and Training Category

New employees training	Include basic training and mentorship guidance. In addition, the interactive meetings by unit supervisors for new employees also help new employees to quickly adapt to the Company's culture and the unit's job scope.
General knowledge training	Including personnel regulations, general affairs/publications, information security for new employees, and other government's regulatory policies, company policy requirements, and general knowledge at company-wide or all levels on topics such as labor safety and health training, and personal confidentiality obligation and principle for Company's confidentiality and intellectual property.
Professional / Functional training	Including technical and professional training required by each functional unit, such as equipment engineering course, process engineering course, accounting course, information technology course, etc.; Personnel of specific position needs to be equipped with relevant licenses, which have to be renewed regularly.
Customized training	Development or training based on the current situation of each organization and key plan of talent cultivation.
Supervisory personnel training	Plan management development training activities according to the management competency and management responsibilities required for supervisors at all levels. Content includes core courses for junior-level, mid-level and senior supervisors, and other elective courses.

2022 Training Hours of Participants

	Number of trainees	Total training hours	Average training hours
Female	232	519	2.2H
Male	243	1,112	4.6H
Total	475	1,631	3.4H
Supervisory	40	257	6.4H
Non-Supervisory	435	1,374	3.2H
Total	475	1,871	3.9H

2022 Training Courses

Core Competencies	Course Name	Number of Classes	Total number of trainees	Total training hours
Integration competency	• Process design and inter-departmental communication	1	22	154H
Value creation competency	• Basic aesthetics and image shaping	1	13	104H
Applicability competency	• ISO 9001 Quality Management System Internal Auditor	1	20	240H
	• Environmental safety and health related training	8	24	557H
Adaptability competency	• Expand the territory! Unfamiliar development skills for first-class business	1	2	12H
	• BCG problem solving: 15 lessons for high-efficiency	1	5	5H
	• Junior management's management skills training	1	5	60H
Common good competency	• Corporate public relations practice - protecting corporate image and building a sustainable brand	1	2	14H
Total		15	88	1,086H

4-3 Employee Rights and Benefits

Employee Rights

King Steel has not formed a union in accordance with the Collective Agreement Act”. However, in order to create a harmonious relationship between labor and management, King Steel has in accordance with the “Regulations for Implementing Labor-Management Meeting” published by the Ministry of Labor, set up “Labor-Management Meeting Committee” as an alternative mode of operation for the “Collective Agreement Act”.

In 2022, 2 labor-management meetings were held, and the topics are: Working hours extension/off days/work during off days to meet order delivery date and production progress, key points on pregnancy checkup and accompaniment leave and paternity leave, Eden Lunchbox project, change of issuance of payslip, etc. and other labor-management issues and related ad-hoc issues discussion. **In 2022, there were no labor-management disputes.**

King Steel takes into consideration the needs of the employees’ work and life, and provides diverse welfare measures in various aspects in addition to the relevant requirements of the laws and regulations, enabling employees to feel that the Company values and cares for them in terms of workplace and life planning. King Steel supports gender equality and allows employees with personal or family needs to apply for parental leave without pay. In 2022, 3 applied for maternity leave, and 2 applied for paternity leave; and for parental leave without pay, **2 female employees and 0 male employees applied. In 2022, 11 employees applied to the Welfare Committee for childbirth subsidy, which amounted to NT\$880,000.**

Employee Benefits and Activities

King Steel advocates work-life balance for employees. Besides providing various types of rewards and benefits, it also organizes various welfare measures such as employee travel. In the future will actively convene relevant discussions with representatives from the Employee Welfare Committee and management, and continue to base on the three major aspects, namely group, employee achievement and participation, and social welfare to design the activities.

Through justifiable and periodic expenditure, encourage and advocate or gather all employees of the plant to participate in charitable activities such as community cleaning, care service, beach cleanup, blood donation, less meat diet, greening and tree planting, etc., and formulate activity plans for the year based on the situation. It is hoped that employees will gain a sense of achievement directly through participation, shaping King Steel's brand and image together with the Company.



Welfare Measures

Life insurance	Life insurance NT\$ 200,000 / 500,000
Health insurance	• Accident / illness hospitalization fixed amount (NT\$ 1,000 / Day each)
Accident insurance	• Accident insurance NT\$ 1,800,000 - 9,500,000 • Fracture without hospitalization • medical treatment • Reimbursement up to NT\$ 30,000 • Accident NT\$ 1,000/day
Overseas business travel insurance	• Death NT\$ 10,000,000 • Illness hospitalization compensation NT\$ 100,000 • Accidental medical treatment NT\$ 1,000,000 • Illness clinical consultation NT\$ 15,000 • Illness hospitalization NT\$ 1,000,000 - 4,000,000 (based on region) • Emergency medical treatment NT\$ 15,000
Birthday gift	Birthday gift of NT\$ 1,100 - 1,600 based on rank
Parental leave	In accordance with Article 16 Paragraph 1 of the Act of Gender Equality in Employment
Leave optimization	Implement paid menstrual leave for female / Implement full/half-day paid vaccination leave
Regular onsite medical and nursing services	• Doctor's onsite consultation time: • Nurse: - Doctor: Once per year, 2 hours each - Friday 9:30 - 11:30 (4 times per month) - Occupational medicine: Thrice per year, 3 hours each
Work from home	For individual case or special circumstances, employees who have received home isolation notice in line with pandemic prevention measures, or whose family members require short-term care, may apply to work from home due to official needs with the approval of the unit supervisor

2022 Employee Activities Results

Annual Company's Trip

A total of 107 people, including 76 employees and 31 spouses, participated.



38 Women's Day

All female employees of the plant received a small gift and took a photo in the conference room.



Tool Cart Assembly Competition

Through the experience and knowledge gained from work, design a new tool cart, and the result is presented by a representative from the group. The top 3 groups were awarded certificates by the Company as a form of encouragement.



4-4 Occupational Safety and Health

In 2017 and 2021,
it has achieved **480,000 disaster-free records**

“We are family”, is a strong “people-oriented” corporate culture of the Company. With the employees’ physical and mental health as the minimum requirement, it is committed to establishing a comprehensive workplace, providing every employee with a secure, safe and friendly workplace.

Adhering to the national occupational safety and health laws and regulations, King Steel establishes the occupational safety and health management system, regularly identifies and evaluates the environmental hazard factors, arranges for occupational safety training and publicity and raises safety and health awareness, minimizing the impact of risk, creating a safe and healthy environment, and safeguarding the employees and other stakeholders. The Company has since 2011, been committed to

promoting “Disaster-Free Working Hours Record”. In 2017 and 2021, it has achieved 480,000 disaster-free records, and encourages employee participation through “Safety and Health Reward and Punishment Measures”.

King Steel will continue to work towards the goal of corporate responsibility and sustainable management, implement safety and health management work, deepen the employees’ concept of environmental protection, raise safety awareness, and together maintain and promote environmental and occupational safety and health management system, achieving zero occupational accidents.

Our Policy Commitments:

Compliance with laws and regulations, participation by all employees

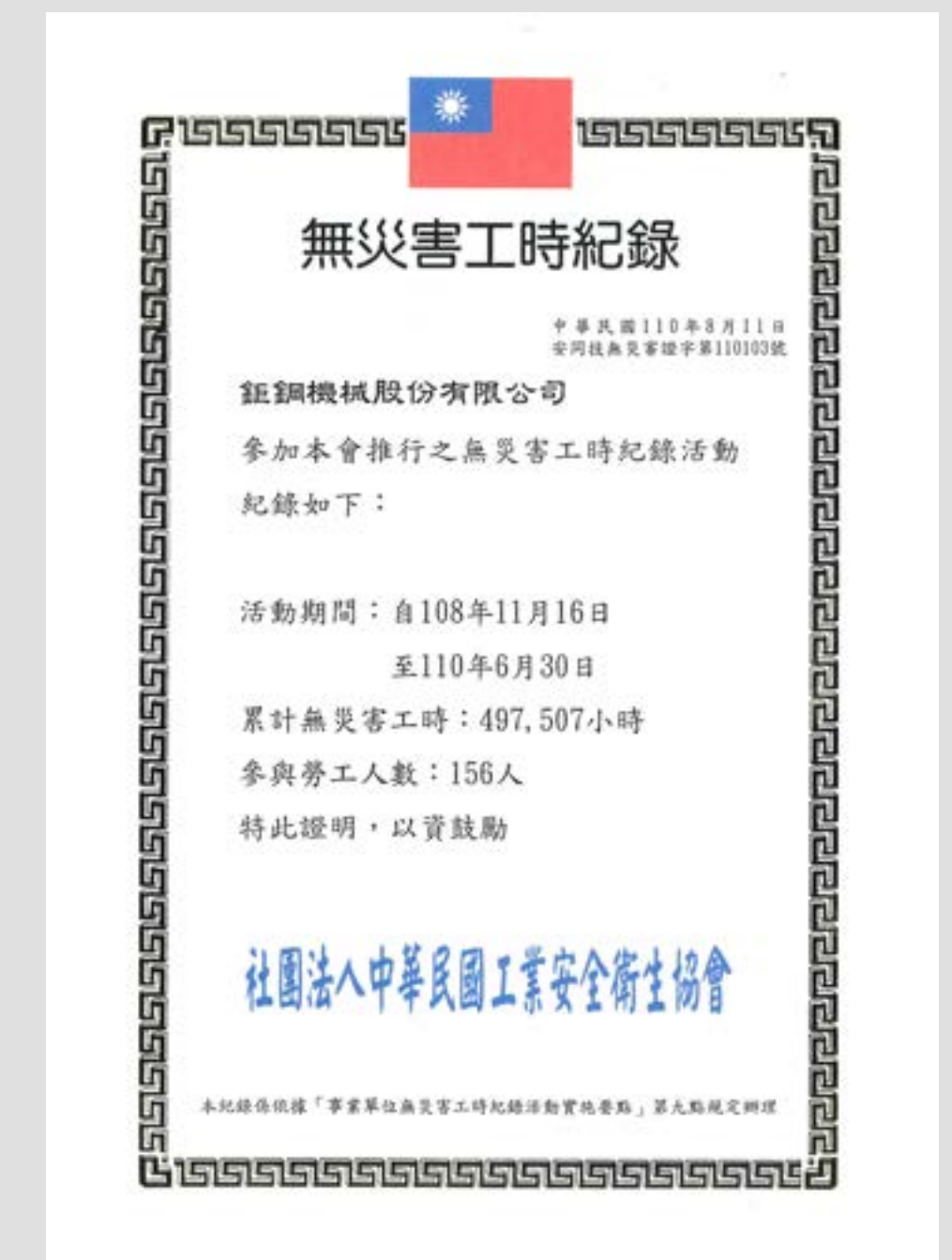
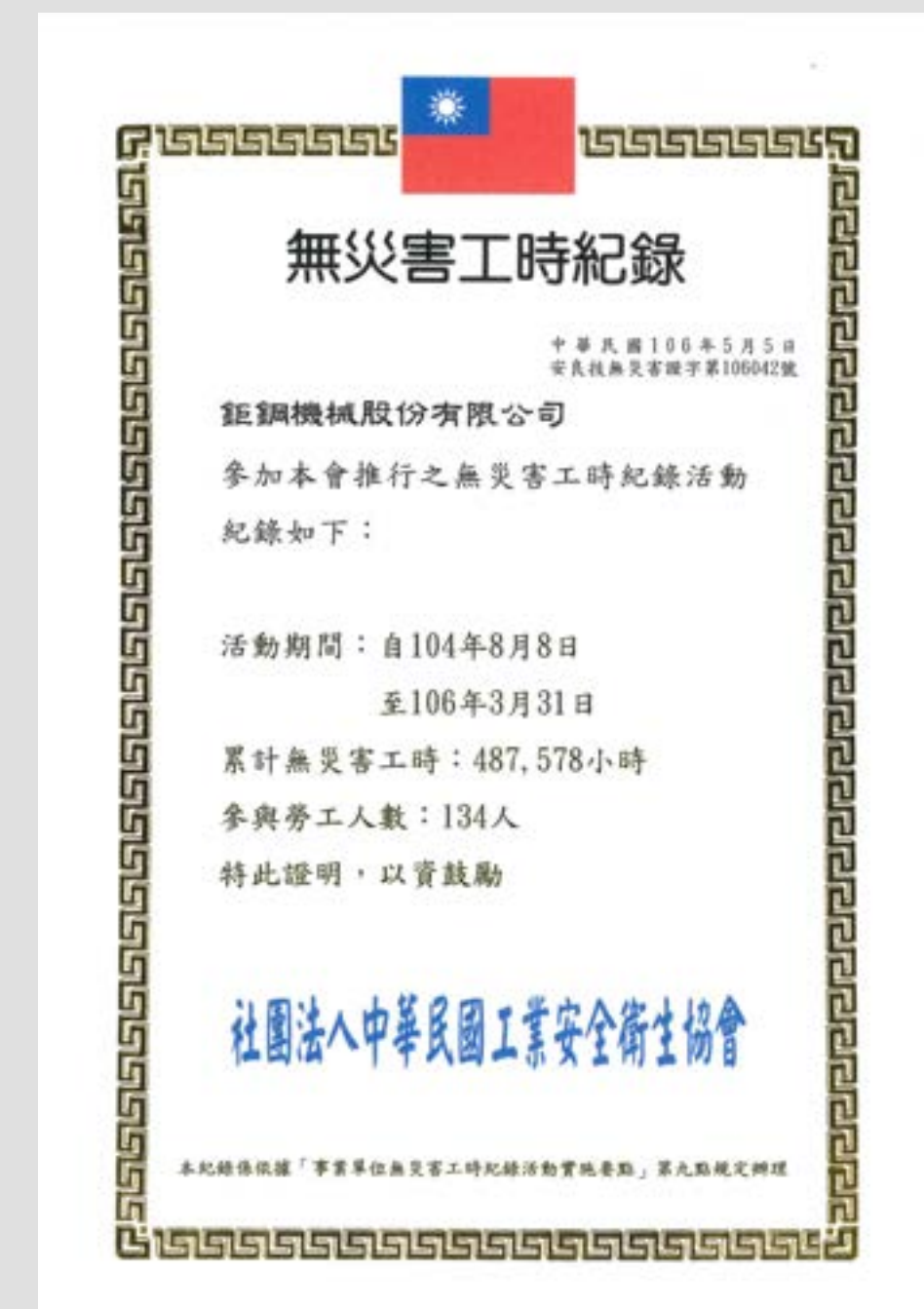
Ensure compliance with various laws and regulations and requirements, conduct training and strengthen safety awareness for all employees.

Continuous improvement of safety and health management

Establish a sound safety and health management system, implement risk management and auditing system, continue to reduce hazard risk, thereby achieving the goal of “zero disaster”.

Healthy workplace, friendly environment

Prevent work related illness and improve work environment, and regularly implement health examination to safeguard employees’ physical and mental health.



Labor Safety and Health Management Office

King Steel has set up the Labor Safety and Health Management Office, a level 1 responsible unit under the President’s Office, with 2 administrators responsible for implementing safety and health regulations, employees’ health promotion, training, occupational hazards prevention, etc.

King Steel has in accordance with the Regulations Governing Occupational Safety and Health, set up the Occupational Safety and Health Committee, and convene meetings every three months. The Committee consists of 13 members including the President, and departmental heads and employees of the Company. Among them, 7 are employee (labor) representatives, constituting 54% of the total number.

Labor Safety and Health Management Office Qualifications / Responsibilities

<p>Manager</p>	<p>Holds Class-1 manager of occupational safety and health affairs qualifications, in charge of directing and supervising the safety and health management affairs of the unit in charge, and coordinating and guiding relevant personnel in the implementation.</p>
<p>Safety and Health Management Personnel</p>	<p>Holds Level A Technician for Occupational Safety and Health Management certificate, in charge of formulating, planning and handling safety and health management matters in response to occupational safety regulations, and promoting and guiding relevant departments in improving their operations.</p>

Implementation status of Occupational Safety and Health Committee

Number of meetings convened	4 times per year
2022 Major Resolutions of Meeting	Establish “Safety and Health Performance Management Measures”, and implement in July 2022.
Supplementary Notes	The Company upholds the goal of “disaster-free working hours”. To implement occupational health and safety policies and prevent unsafe behavior or cause damage to the environment, the Company audits the reason of every occurrence of occupational accident in the plant, and based on safety and health performance evaluation method, urge employees to cultivate safety awareness, establish a safe and secure working atmosphere, and formulate the “Safety and Health Performance Management Measures”.

2022 Plant’s Work Safety System Achievement

- 1** With the amendment to onsite conditions for occupational medicine specialists on January 1, 2022, in Article 3 of the Regulations Governing the Labor Health Protection, the onsite service of the specially contracted occupational medical physician was changed in July.

- 2** Conduct employee health examination for 165 people, amounting to about NT\$ 300,000/year.

- 3** In July, compiled and announced the implementation of the “Safety and Health Performance Management Measures”.

- 4** Investigate and update the chemical inventory, chemical storage layout diagram of the operating environment, chemical inventory, storage volume and material safety data sheet, and conduct hazard labeling according to the regulations. 20 chemical items.

- 5** In view of the fact that the “eco-friendly stain removal oil” used at site contains n-Hexane, it is included into environmental monitoring and chemical management.



- 6 Conduct hazard identification and environment test on the factory's operating environment and type, and conduct occupational safety and health engineering improvement:
- Install balance tensioner on handheld electric (pneumatic) tools in mold opening and closing area to reduce employees' workload.
 - Change the electrical group's hand tools to automatic machinery and equipment (electric pliers, pneumatic wire strippers) to reduce chances of carpal tunnel syndrome.
 - Replace trolleys with automatic lifting trolleys, reducing manual moving and employees' workload.
 - Pipe joint noise reduction project to reduce decibel of noise, prevent hearing problem.
 - Fall prevention improvement project to reduce the occurrence of employees' occupational disaster.

Health and Safety Training

To strengthen employees' safety awareness, King Steel establishes a corporate culture for safe working by providing the following trainings:

1 New employees

- Complete 3 hours of safety and health training within 3 months of employment.
- Arrange external training for new employees who need to operate hazardous machinery three months after employment (stationary crane or forklift course).
- Arrange foreign workers (Indonesian) to login to Safety and Health Resume Intelligent.
- Cloud (Occupational Safety and Health Administration, Ministry of Labor) for foreign workers' teaching materials, for a total of 6 sessions and 6 hours.

2 For current employees, conduct 3 hours of safety and health training every 2 years.

3 Arrange for regular relevant on-the-job training for safety and health personnel, emergency rescue personnel, hazardous machine operators, etc.

4 The Occupational Safety and Hygiene Office issues "Occupational Safety and Health Educational Publicity" materials every month, where the units' supervisors are to convey to the employees.

5 Establish a firefighting and self-defense group (firefighting team, evacuation team, safety protection team, reporting team, rescue team), and conduct one emergency disaster drill every half a year.



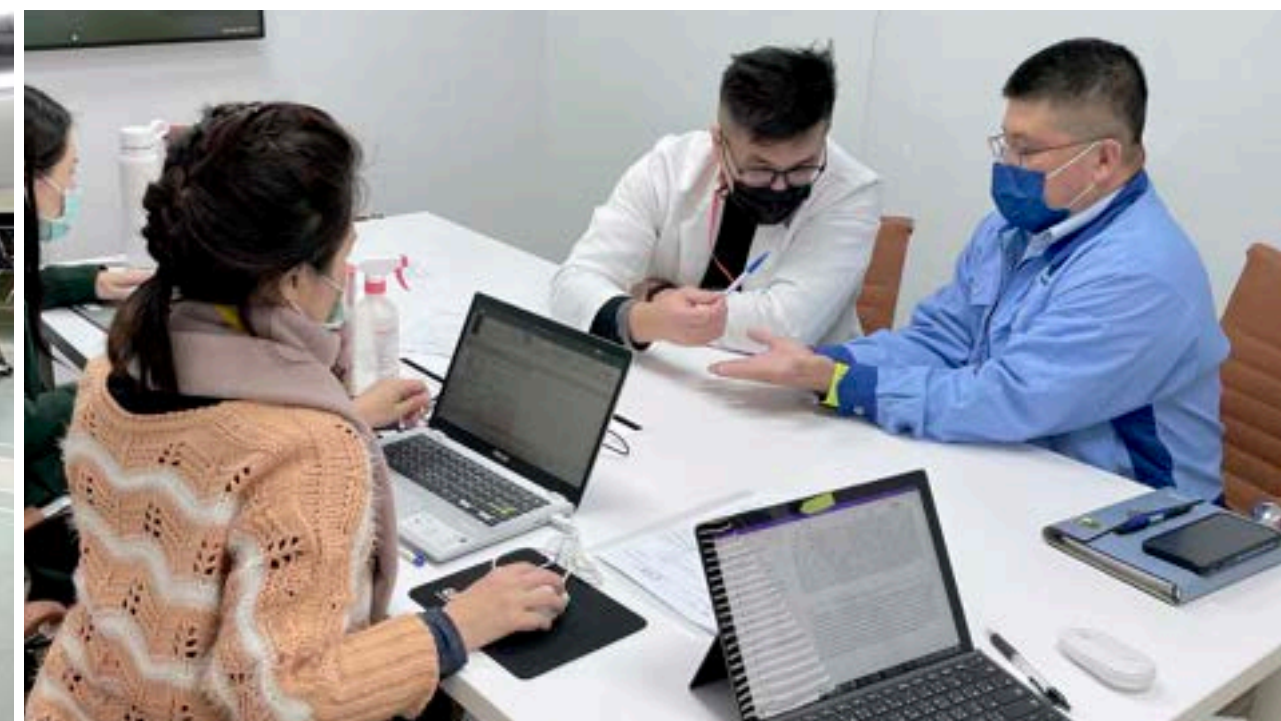
Health Management

King Steel fully subsidizes health examinations for current employees once every two years. Besides the general health examination items as required by law, the Company appreciates the employees' hard work by increasing health examination items and fees, as well as increasing senior employees' health promotion welfare subsidies. [Health examination items will be upgraded for those with age + seniority >=80.](#)

In September 2022, health examinations for 165 current employees were arranged, and after which, medical personnel from the hospital conducting the examination visited the plant to provide health examination report consultation to each employee for free. Arrangements were also made for employees to visit the hospital's outpatient clinic for follow-up, with the outpatient registration fee waived.

King Steel' relevant measures in promoting the health of employees:

- 1** Subsidies for encouraging employees to set up clubs (Example: badminton club, basketball club).
- 2** Emphasis on employees' meal nutrition (Example: provide fruits regularly).
- 3** Onsite nursing hours to provide employees with individual professional medical consultation service.
- 4** Shows concern to employees with major illness or have applied for several sick leaves by engaging medical personnel to provide health care service, adjust work content where appropriate, and help employees reduce workload until they recover based on recommendations.
- 5** In April 2022, AED (automated external defibrillator) was set up in the plant, creating a safe and healthy work environment for employees.



COVID-19 Prevention and Management

In 2019, in response to COVID-19, planned to formulate “2019 Company’s COVID-19 Epidemic Prevention” in line with the government’s pandemic prevention policy. The situation of the epidemic was severe in 2022, and after the first case of infection happened in May, King Steel immediately conducted health care service for the infected. The plant’s nurses provide individual care for the health and psychological condition and relevant health education consulting. After the employee recovered and returned to the workplace, interviews were conducted to learn about their condition and provide recommendations.

- 1** Regularly arrange disinfection in the plant, encourage employees to make appointments for vaccination, adjust epidemic prevention (infection) leave regulations, limit number of people in gatherings, work from home, regulations for entering the plant or dining, and other epidemic prevention measures.
- 2** When Taiwan encountered a serious shortage of masks, COVID-19 rapid test kits, etc., King Steel contacted manufacturers and pharmacies through various channels to purchase large quantities and issue to employees, fighting the pandemic together with all employees.



Occupational Accident Statistics Survey

King Steel has established an injury reporting system for personnels who sustained injury in the plant. The injured personnel is to first report to the supervisor before seeking medical treatment, and fill out the “Accident Injury Report Form” after returning to the plant. Based on the reason for the accident according to the “Reward and Punishment Measures for Safety and Health Management”, punishment will be imposed and the report will be submitted to the President for decision. Occupational accidents getting to and off from work: The Management Department to inform the labor safety unit.

In the event of occupational injury, measures such as reporting, first aid, rescue, investigation and improvement shall be conducted, and based on the root cause of the accident, propose improvement measures and adopt a horizontal development to stop the accident from happening again. Occupational injuries and absenteeism related information are compiled annually, and the effectiveness of the health and safety management is reviewed and used as reference for continuous improvement.

	2022
Number of hours worked	254,739
Number of work-related fatalities	0
Number serious work-related injuries	0
Number of recordable work-related injuries	2
Rate of recordable work-related injuries (Calculated based on 1 million working hours)	7.851173162



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