



Kwong Fong Industries Corporation

2023 Sustainability Report



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About This Report

We are pleased to present the first Corporate Sustainability Report (hereinafter referred to as "the Report") of Kuang Fu International Co., Ltd. (hereinafter referred to as "KFIC"). This report comprehensively covers KFIC’s ESG (Environmental, Social, and Governance) management strategies, activities, and performance, demonstrating our commitment to sustainable development and environmental responsibility.

Scope of Disclosure

Company Name	Importance	Included in Sustainability Report	Included in Financial Report	Reasons for Not Including
Kwong Fong Industries Corporation	Others	Yes	Yes	N/A
Pao Fong Asset Management Co., Ltd. (Subsidiaries)	Construction	Yes	Yes	N/A
Kwong Fong Holdings Ltd. (Overseas Subsidiaries)	Overseas Investment	No	Yes	No overseas branches / No overseas affiliates
Galaxy Digital Co., Ltd. (Subsidiaries)	Information Software Services	Yes	Yes	N/A
MDBS Digital Technology Co., Ltd. (Subsidiaries)	Information Software Services	Yes	Yes	N/A
Digital Securities Investment Consultant Co., Ltd. (Subsidiaries)	Securities Investment Advisory Services	No	Yes	Wholly-owned subsidiaries of Galaxy Digital Co., Ltd.

Drafting Guidelines

The data and information in this report are provided by respective departmental representatives and compiled by the Audit Department. The accuracy of the content is reviewed by department heads and subsequently approved by the Board of Directors for disclosure, forming the final official report. Through transparent and comprehensive disclosure of information, we aim to provide our stakeholders with a clearer understanding of Kwong Fong Industries Corporation's performance and achievements in advancing corporate sustainability in 2023.

Report Framework

This report was prepared in accordance with the Global Reporting Initiative (GRI) standards, based on the 2021 version of the GRI standards.

Reporting Period

From January 1, 2023, to December 31, 2023.

Reporting Cycle

An annual report will be published, with the next report scheduled for publication in August 2024, and the following report planned for August 2025.

Information Integration

Due to the disclosure of the sustainability report, there is no need to provide additional integration.

Data Calculation

Financial and Operational Performance is derived from the annual report, prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The figures are reported in New Taiwan Dollars (NTD) and have been audited by PricewaterhouseCoopers Taiwan (PwC).

Certification Assurance

There is no certification agency that provides assurance.

Contact Information

Kwong Fong International Co., Ltd	
Contact Person	Joe Cheng Senior Manager
Email	joe.cheng@kfic.com.tw
Phone	02-27048111
Website	https://www.kfic.com.tw/
Address	28F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106420 , Taiwan (R.O.C.)

Message from the Chairman

In the past two years, the global pandemic has shocked the world, forcing companies worldwide to rapidly adjust their supply chains, market channels, and consumer habits. However, challenges also bring opportunities. Kwong Fong Company has responded swiftly, growing alongside our customers, and facing the changing environment hand in hand. This report details Kwong Fong's outstanding performance in 2023, while we also continue to receive strong support from shareholders, creating shareholder value. Kwong Fong Company adheres to the business philosophy of "reform and innovation, continuous advancement," and is committed to integrating resources to develop systems and provide customers with the strongest support for digital transformation.

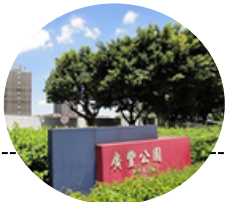


By maintaining a focus on innovation and technology, deeply cultivating industry and customer groups, and integrating advanced technology and services, Kwong Fong Company aims to benefit the financial technology sector. As a global citizen, we are dedicated to fulfilling our corporate social responsibility. Kwong Fong Company will promote "environmental sustainability," "social participation," and "corporate governance" through the ESG principles, and implement the philosophy of "taking from society, giving back to society." Our goal is to make Kwong Fong not only a provider of employment opportunities and economic contributions but also an active participant in social engagement and environmental sustainability, becoming a model for sustainable development and a forward-looking enterprise.

The key to sustainable management is people. To this end, we have implemented comprehensive training programs to enhance the knowledge and skills of our employees, ensuring their labor rights, and providing them with the competitive advantage to support their well-being and prosperity. We are also committed to enhancing the health and safety of our employees, continuing to build a friendly workplace, and working together with our employees to grow and succeed. Looking forward, Kwong Fong Company will continue to seek profits from international business operations, actively participate in governmental policies on greenhouse gas emissions and occupational safety, and collaborate on ESG sustainability goals to achieve our company's sustainable management objectives.

Sustainability Performance Highlights

2023 Key Achievements	
Aspect	Highlight Content
Economic	<p>1. In 2023, the Group's strong sales strategy and effective management policies led to a 19% growth in annual group revenue, a 62% increase in gross profit, and a 14% increase in net profit after tax. Moreover, the Group's subsidiaries saw a remarkable 347.84% growth in income, contributing to a 22.42% growth in the stock price by the end of the year, with the overall return to shareholders significantly increasing.</p> <p>2. The company continues to cooperate with local governments and developers in green building design, with future plans to align with "urban and community green building labeling regulations." It is expected that the joint construction of green buildings and housing will comply with sustainable development strategies (Chapter 6) and continue to promote green building labeling systems (Chapter 7).</p>
Environmental	<p>1. The company has established an environmental protection policy and commitment to sustainable development, including the construction of rainwater harvesting and gray water recycling systems, achieving sustainable development through resource recycling.</p> <p>2. The company promotes green energy, reduces the use of fossil fuels, and contributes to reducing greenhouse gas emissions. It has continued to implement corporate social responsibility by integrating sustainable development into the company's core business.</p>
Social	<p>1. The company has signed an agreement with the Taoyuan City Library to allocate a portion of the commercial and comprehensive zone area for the Taoyuan Children's Art Museum.</p> <p>2. The company donated land to the Taoyuan City Government for the construction of public facilities—KwongFong Park—to promote neighborhood engagement and interaction.</p> <p>3. The company in cooperation with Keda Construction, is developing the Meiren section project in Songshan District, which qualifies for incentives under the Urban Dangerous and Dilapidated Building Volume Incentive Regulations.</p> <p>4. Kwong Fong Plaza, with sustainable development as its core philosophy, integrates a 5,000-ping outdoor green space of KwongFong Park to create the largest mixed-use green shopping center in Taiwan. Its design concept blends urban and natural elements to create a stress-free shopping environment. The center features a large children's art museum and a municipal library, promoting culture and education. It has introduced numerous energy-saving devices, encourages green transportation, offers ample parking spaces, and actively promotes environmental protection and sustainable development, providing Taoyuan residents with a new green living experience.</p>



Company Overview

Basic Company Information

Company Name	Kwong Fong Industries Corporation
Head Office Address	28th Floor, No. 97, Section 2, Dunhua South Road, Taipei City, Taiwan
Company Registration Number	1416
Industry Category	Others
Establishment Date	June 28, 1968
Capital Amount	NT\$1,853,421,680
Number of Issued Shares	185,342,168 shares
Number of Employees	119 people
Operating Locations	Taiwan

Business Locations



Kwong Fong Industries Corporation
Address: 28th Floor, No. 97, Section 2, Dunhua South Road, Taipei City, Taiwan
Phone: 02-270481111
Headquarters: Taiwan



MDBS Digital Technology Co., Ltd.
Address: Rm. B, 18F., No. 105, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106424, Taiwan (R.O.C.)
Phone: 02-27029139
Subsidiary Company 1
Location: Taiwan



Galaxy Digital Technology Co., Ltd.
Address: Rm. A, 18F., No. 105, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106424, Taiwan (R.O.C.)
Phone: 02-27029139
Subsidiary Company 2
Location: Taiwan

Note: The above data is as of December 2023

Company Introduction and History:

June 1968

"Kwong Fong Industries Corporation" was founded by the previous chairperson Ho Ying-Tsai. The capital stock was NT\$20,000,000; the "LIFE" trademark was created.

1969

Built the Yarn-spinning Factory No.1.

1970

Built the Fabric-weaving Factory.

1976

Shares went public.

1979

Merged Le Cheng Textile Company.

1980

Completed expansion of automatic towel machines in the Towel Factory.

1983

Implemented rapid transportation and streamlined production processes, enhancing financial management functions.

1984

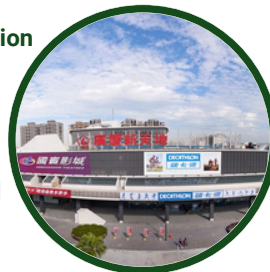
Became the first in Taiwan to introduce the SPUN technology for quick-drying yarn production.

1992

Kwong Fong Holdings Limited through investment. invested in the Hong Kong-based "Mega Group."

1997

Applied for the urban land in Bade City, Taoyuan County.



1998

Expanded the towel business division into the "Home Products Division."

1999

Entered the formal military uniform market and began developing high-end bedding products in collaboration with renowned international brands such as Disney and KAFEN.

2003

Set up Pao Fong Investment Management Co., Ltd. through investment. to undertake the development of the urban land in Bade City.

2007

Pao Fong Investment Management Co., Ltd. launched the "Taoyuan Yangmei Apple Community" and "Tamsui Xiaopingding Westin Hilla," both receiving great acclaim.

2009

Consolidated the urban land (the land on which Kwong Fong's Taoyuan factories sat) in Bade City, Taoyuan County and completed the development of the land for the early phase of the urban land consolidation project.

2010

Launched "Kwong Fong Park NO.1" project.

2011

Launched "Kwong Fong Park NO.2" project.

2013

Launched "Kwong Fong Park NO.3" project.

2017

"Kwong Fong Plaza" was completed and put into operation

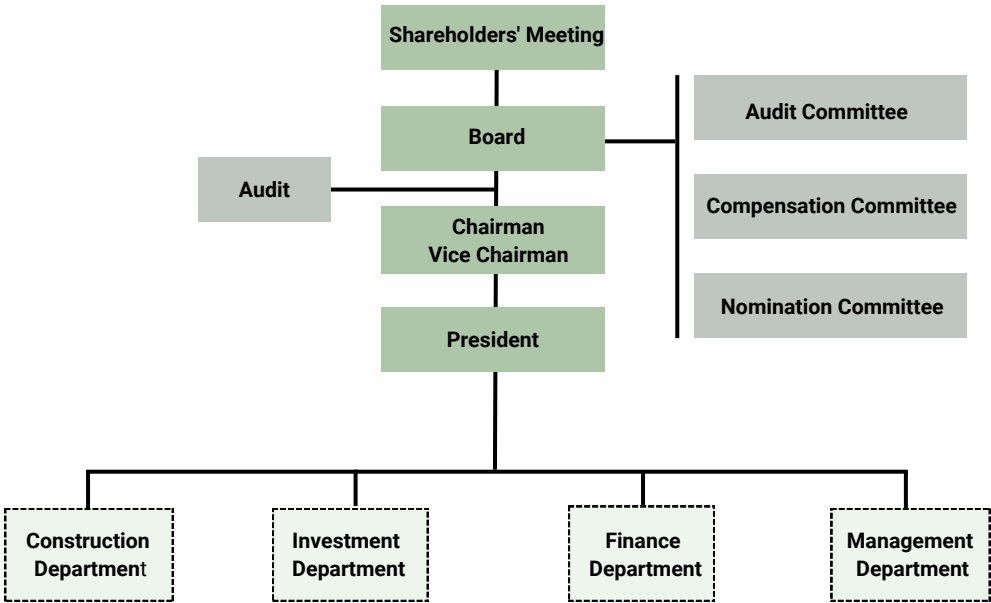
2020

1. Sold "Kwong Fong Plaza."
2. Invested "MDBS Digital Technology Co., Ltd." and "Galaxy Digital Co., Ltd."

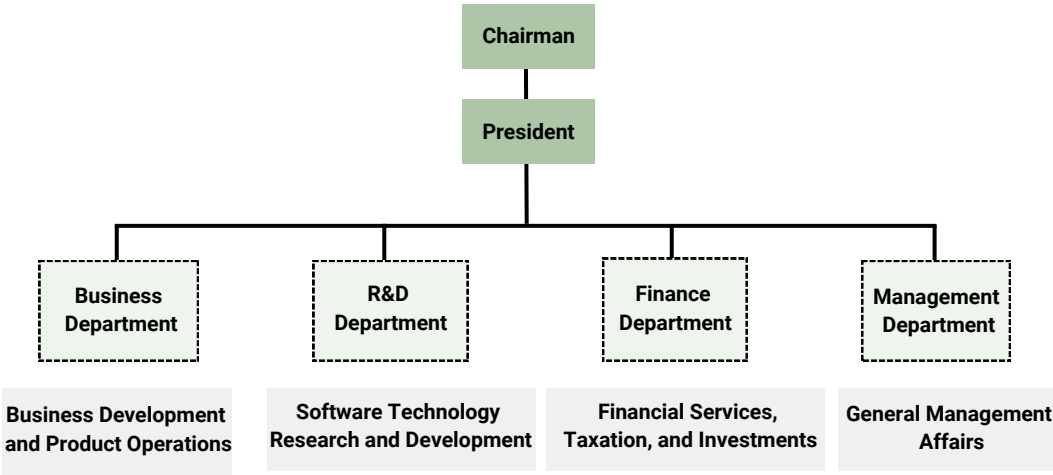


Organizational Structure

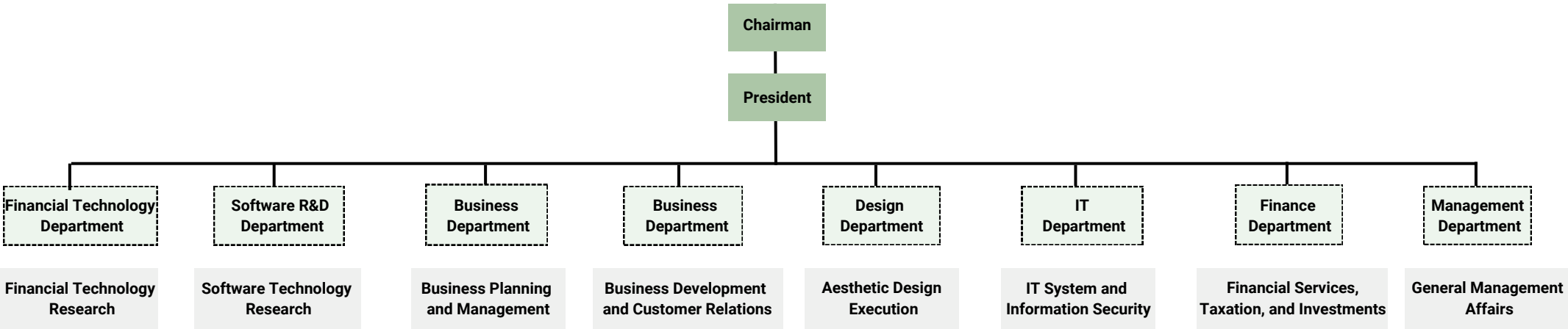
Organizational Structure - Kwong Fong Industries Corporation (Parent Company)



Organizational Structure - Galaxy Digital Technology Co., Ltd. (Subsidiary)



Organizational Structure - MDBS Digital Technology Co., Ltd. (Subsidiary)



Management Philosophy

Management Philosophy:

Our company adheres to the management philosophy of "Reform and Innovation, Continuous Advancement," and therefore, we strive to adapt to industrial and economic changes, meet customer needs, stabilize business operations, build a solid foundation, and pursue sustainable corporate development.

Corporate Vision:

Kwong Fong Group's three major visions are "Deep Resource Integration," "Value Maximization," and "Shared Prosperity." We are committed to clarifying the "Sustainable Value Creation Model," effectively integrating internal and external resources, identifying growth drivers, and creating value in the process of sustainable development. Our aim is to enhance employee benefits, increase shareholder returns, and share the company's growth and profitability with all stakeholders.

Product and Service Introduction

Product and Service Introduction

In the B2B market, our company provides real-time financial trading brands like Speedy, large-scale system integration, instant big data analysis, financial AI innovation platforms, webpage design, website construction, and APP development services. We also offer services in financial consulting and comprehensive integration of customized business solutions, which has recently attracted the attention of the retail and consumer markets. We are targeting e-commerce and consumer electronics markets to satisfy customers throughout their product lifecycle, expanding into the B2C market, and promoting innovative services, thus creating new revenue streams for the company.

Our subsidiary, MDBS, offers comprehensive digital services, including website and platform development, app development and maintenance, multi-terminal website construction, system integration and development, and professional visual design. In website and platform development, we cover various types of portals, corporate websites, and classic RWD (Responsive Web Design) with multi-device support, adhering to the latest UI/UX standards. Our app development and maintenance focus on user-friendly intuitive interfaces, internationalized visual design, streamlined navigation, and flexible code structure. Our multi-terminal website construction integrates architecture process, conceptual prototyping, and interactive design, meticulously planning each design aspect. System integration and development include membership systems, payment components, content publishing, and large-scale existing system development and integration. Our professional visual design meets Android, iOS, new UI/UX, and micro-interaction visual design standards.

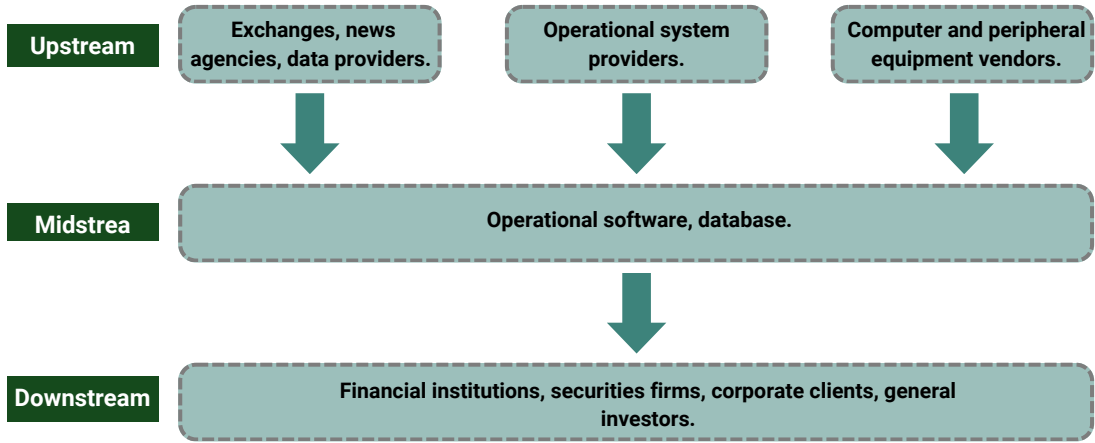
Our company's subsidiary, Galaxy, offers a product called Roomi, an innovative application that combines chatting, entertainment, and financial information in one platform. With Roomi, users can create courses within chat rooms and engage in real-time voice interactions, enhancing direct community communication. Additionally, the app features a virtual fish pond with a variety of fish species, where users can experience the fun of investing through a fishing game and earn virtual rewards, R-Coins. In the stock discussion area, users can conveniently check real-time stock price trends and share them with the community with just one click, fulfilling all financial information needs. This product seamlessly blends fun and engaging chat functions with comprehensive financial information. Furthermore, Galaxy Digital has established the Galaxy Investment Academy, which offers a variety of investment tools and products, such as Taiwan Stock University, Stock Gene, Financial Maverick, Taiwan Stock Time Machine, Zhu Jia Hong APP, and Guo Sheng Winner, dedicated to providing high-quality investment knowledge and skills training. The academy's courses cover various financial products, including stocks, bonds, funds, and derivatives, and feature industry experts who share practical experience. Through online and offline courses, learners can flexibly study and enhance their investment decision-making abilities.

Value Chain

Digital Technology Business

Information service providers refer to professionals in knowledge and information technology who begin by adding value to raw data and information. They manage, store, create integration, and network optimization to build the best information system, providing value to both themselves and different users.

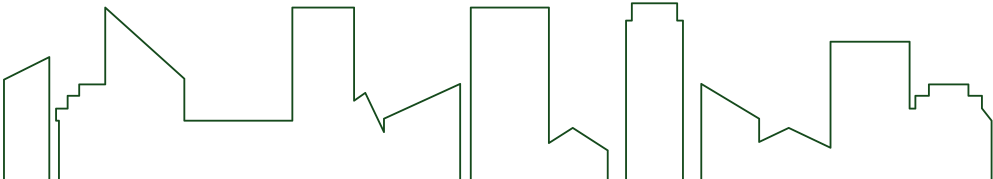
Our company’s digital technology business serves a wide range of customer groups, with a recent focus on the financial services sector. The explanation of the financial industry information service market is as follows:



The upstream suppliers primarily consist of information source providers (such as market quotes and post-market information), operating system manufacturers, and hardware equipment suppliers. Examples include Chunghwa Telecom, SYSCOM, SYSTEX, and TAIFEX. Our company's digital technology business mainly offers information integration, application design, and interface optimization, providing either single products or comprehensive solutions to downstream clients. These clients include securities firms (such as CTBC Securities, Mega Securities, IBF Securities, FSI, KGI Securities, FBS, Entrust Securities, Capital Securities, and Taiwan Cooperative Securities), futures brokers (such as IBF Futures, SinoPac Futures, and PFC), banks (such as Next Bank), insurance companies, financial holdings companies, institutional traders, and individual investors for further development or use.

Construction Business

The upstream raw materials in the real estate industry mainly consist of land and construction materials. Once the land is acquired, experienced midstream architects are required to handle product planning, while high-quality construction companies are responsible for the building process. Afterward, experienced downstream sales agencies or brokers are in charge of product sales. Acquiring prime land has become increasingly difficult, coupled with consumers placing greater emphasis on residential products and space planning. Therefore, future product planning must be even more meticulous, not only meeting consumer needs but also creating unique products that stand out in the market, thereby enhancing brand image and competitiveness.





Chapter **01 Sustainability Strategy**

1-1 Sustainability Governance Structure
1-2 Sustainability Strategy

Sustainability Governance Framework

In 2023, our company established a Sustainability Preparatory Team, followed by the formation of a Sustainability Development Steering Committee in 2024, composed of senior executives from various departments. This committee is responsible for driving sustainability initiatives related to the environment, economy, and people. The committee meets periodically each year to set the company's sustainability strategies and goals, and to discuss these with stakeholders. The outcomes are then submitted to the highest governing body—the Board of Directors—for approval. Sustainability tasks and objectives are assigned to the relevant departments, with the Chief Sustainability Officer (CSO) tracking the execution and effectiveness, and reporting annually to the Board.

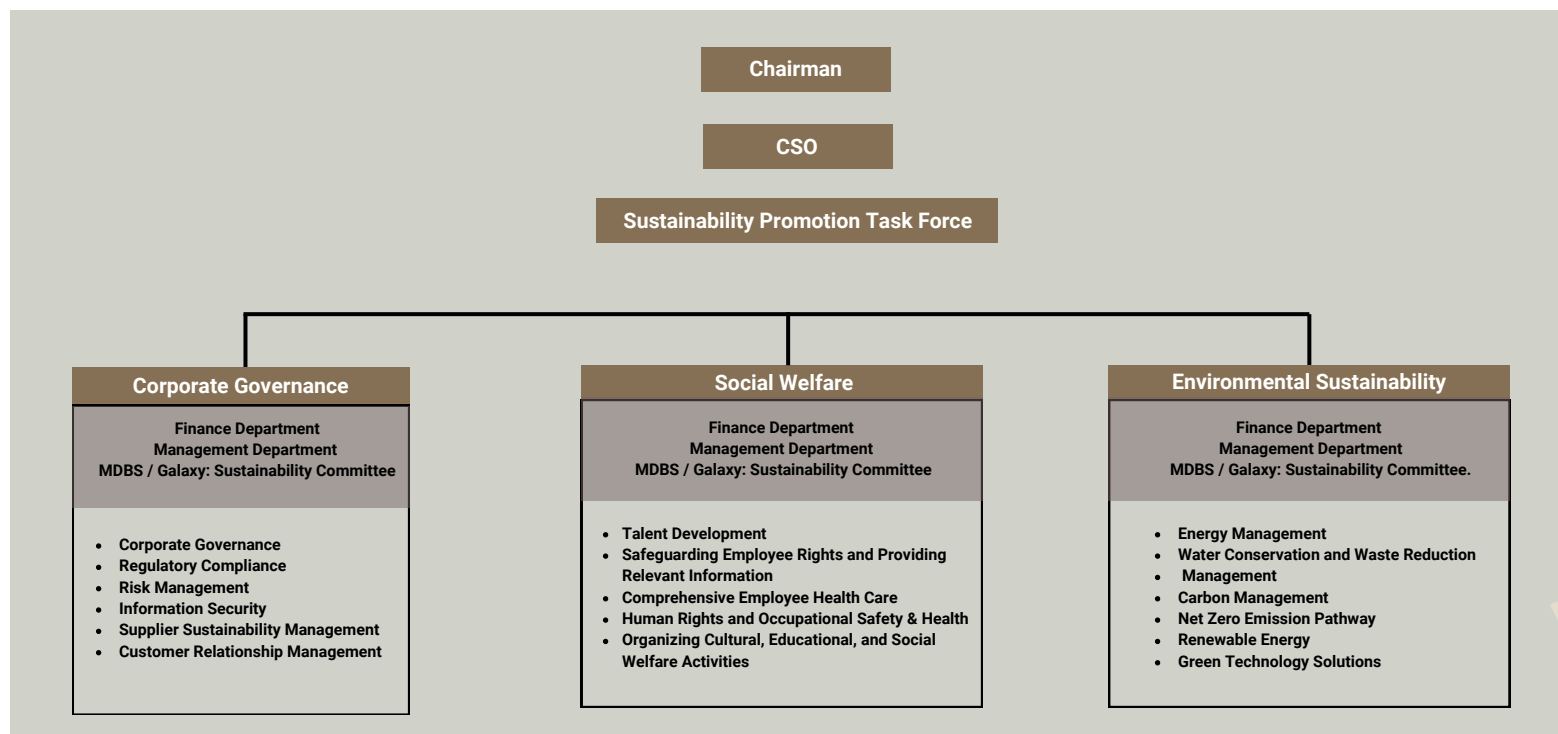
Our Sustainability Development Steering Committee operates according to a structured system that includes: **Strategic Planning:** Establishing the company's sustainability development strategy, setting short-term, mid-term, and long-term goals, and planning future development directions. **Plan Execution:** Task forces are responsible for implementing various projects related to environmental sustainability, corporate governance, and employee well-being and social participation. **Performance Evaluation:** Monitoring the performance of ESG initiatives to ensure alignment with established goals and directions; preparing annual performance reports that consolidate the company's overall sustainability efforts. **Improvement Management:** Engaging in communication with stakeholders to gather their sustainability requirements and developing continuous improvement plans.



The Sustainability Development Steering Committee formulates sustainability policies and goals based on stakeholder consultations and significant issues impacting the economy, environment, and people. These policies and goals are then approved by the Board of Directors and distributed across departments for execution. Department heads assign specific tasks to their staff to implement the sustainability policies effectively. Department heads report progress in meetings to the CSO, who then consolidates the information and reports to the Board.



Organizational Chart of the Sustainability Task Force / Sustainability Development Committee



Operation Model of the Sustainability Working Group / Sustainability Development Committee

To implement corporate sustainability, the Board has authorized the Chairman to act as the highest governing body within the sustainability governance framework. A Sustainability Promotion Group has been established, with the role of CSO created and concurrently held by the President. The Board has appointed the CSO as the primary leader of the Sustainability Promotion Group, overseeing the three working groups—Corporate Governance Group, Social Responsibility Group, and Environmental Sustainability Group. The CSO is responsible for supervising and managing the effectiveness of project execution and facilitating coordination and cooperation among the company's various departments in advancing sustainability initiatives. The CSO will report project progress to the Chairman as needed and provide an annual report on the implementation of sustainability initiatives to the Board.

The Sustainability Promotion Group, based on the outcomes of stakeholder engagements and the evaluation of the company's economic, environmental, and social impacts, will present major themes for decision-making to the Head of the Sustainability Promotion Group. The Group will then discuss these major themes with department heads, plan management policies and objectives, and submit them to the Chairman for approval.

Sustainability Strategy

Sustainability Strategy Blueprint

Long-term Vision	Kwong Fong is committed to sustainable operations, striving for business and profit growth, enhancing corporate governance to protect shareholders' interests, reducing greenhouse gas emissions, caring for employees' physical and mental health and safety, and actively participating in public welfare to achieve the goal of corporate sustainability.
Long-term Goals	Enhance operational profitability and corporate value. Strengthen core technologies and competitiveness. Expand the customer base and improve overall operational efficiency. Deepen engagement in the financial sector to increase profitability. Enhance and update employees' knowledge and skills. Reduce greenhouse gas emissions. Protect shareholders' interests and care for employees' physical and mental health and safety.
Achievement Strategies	
Environmental Aspect	<ul style="list-style-type: none"> Align with government carbon reduction policies to decrease greenhouse gas emissions. Comply with the Air Pollution Control Act and Waste Disposal Act requirements by: Using environmentally friendly refrigerants. Minimizing the use of single-use items. Gradually reducing the use of disposable waste each year.
Economic Aspect	<ul style="list-style-type: none"> In financial investments, select low-risk targets to ensure investment safety and secure a stable cash flow from dividends. In strategic investments, carefully invest in forward-looking and developmental companies, and participate in policy formulation and operational decisions. Continuously strengthen core technologies and competitiveness, optimize applications, expand the customer base, and increase revenue. Continue investing in financial industry application systems to provide customers with the best solutions.
Social Aspect	<ul style="list-style-type: none"> Plan and organize various training programs, offering a competitive compensation system and comprehensive employee benefits that comply with the Labor Standards Act or other relevant regulations. Show care for employees by ensuring their physical and mental health and safety, while providing a competitive compensation system and comprehensive employee benefits. Actively participate in public welfare and other ESG sustainability initiatives.



Our responsible business policies are all published on the official corporate website (<https://www.kfic.com.tw/>). These policies are established by the relevant committees, approved by the Board of Directors, and then implemented as detailed in the table below. The company has formulated the following policies to ensure regular communication with stakeholders and internal policy promotion, enabling stakeholders to understand the policy content and expedite its execution. Throughout 2023, the respective policy-related units continued to assist in promoting these policies, and there were no instances of policy violations during their implementation.

Policy Name	Policy Decision-Making Process	Policy Implementation Process and Tracking Management and Policy Implementation Methods
<p>Corporate Governance Best Practices Code</p>	<p>Corporate Governance Best Practices Code</p> <p>Our company, in accordance with relevant laws, regulations, and the Articles of Incorporation, has established the following:</p> <ol style="list-style-type: none"> 1.Internal Control System 2.Shareholders' Meeting Rules of Procedure 3.Rules for the Election of Directors 4.Independent Director System 5.Functional Committees of the Board of Directors 6.Rules of Procedure for Board Meetings 7.Directors' Fiduciary Duties and Responsibilities 8.Stakeholder Rights and Interests 9.Information Disclosure System (e.g., corporate governance website, investor conferences, etc.) 	<ol style="list-style-type: none"> 1.Internal Control System <ul style="list-style-type: none"> In addition to diligently conducting self-assessments of the Internal Control System, the management should review the self-assessment results of each department at least annually and conduct quarterly reviews of the audit reports issued by the internal audit department. The Audit Committee should also monitor and oversee these activities. Independent Directors should regularly engage with internal audit personnel to review and discuss deficiencies in the Internal Control System, document these discussions, track and implement improvements, and report the findings to the Board of Directors. The company should establish effective communication channels and mechanisms between Independent Directors, the Audit Committee, and the head of internal audit. The company's management should prioritize the internal audit unit and its personnel by granting them sufficient authority to effectively inspect and assess deficiencies in the Internal Control System and evaluate operational efficiency. This ensures that the system continues to be effectively implemented and supports the Board of Directors and management in fulfilling their responsibilities, thereby strengthening the overall corporate governance framework. 2.Rules of Procedure for Shareholders' Meetings <ul style="list-style-type: none"> The Chairperson of the Shareholders' Meeting should be fully informed of and adhere to the company's Rules of Procedure, ensuring the smooth conduct of the meeting and refraining from arbitrarily declaring its adjournment. Significant financial and business activities should be approved by the Shareholders' Meeting. The company must prioritize the rights of shareholders to be informed and take measures to prevent insider trading. Dedicated personnel should be assigned to appropriately handle shareholder proposals and suggestions. The Board is responsible for establishing an interactive mechanism with shareholders. 3.Regulations for the Election of Directors 4.Independent Director System 5.Regulations for the Functional Committees of the Board of Directors 6.Rules of Procedure for Board Meetings 7.Duties and Responsibilities of Directors in Good Faith and Due Diligence 8.Stakeholder Rights and Interests Management 9.Information Disclosure System (e.g., corporate governance website, investor conferences, etc.)



Code of Ethical Business Conduct

This Code of Conduct is established to set forth the principles of ethical business practices, applicable to our company, its subsidiaries, foundations that are directly or indirectly funded by more than fifty percent, and other entities under substantial control.

- Prohibition of Unethical Conduct
- The company's Integrity Management Policy should clearly and comprehensively outline specific practices for integrity management and measures to prevent unethical conduct (hereafter referred to as the "Prevention Program"). This includes operating procedures, behavioral guidelines, and training programs. The Prevention Program should comply with relevant laws and regulations in the locations where the company and its group entities operate. During the formulation of the Prevention Program, the company should communicate with employees, labor unions, key business partners, or other stakeholders.
- The company should establish a mechanism for assessing the risk of unethical conduct, regularly analyzing and evaluating business activities with higher risks of unethical behavior within its operations. Based on this assessment, the company should develop a Prevention Program and periodically review its appropriateness and effectiveness.
- The company should require directors and senior management to issue a statement of compliance with the Integrity Management Policy and include adherence to this policy as a condition of employment.
- The company should remain vigilant regarding the development of integrity management regulations both domestically and internationally, and encourage directors, supervisors, managers, and employees to provide suggestions. These suggestions should be used to review and improve the company's Integrity Management Policy and its implementation measures to enhance the effectiveness of integrity management.

Code of Conduct and Ethics

To ensure that the actions of our company's directors and managers adhere to ethical standards, and to enhance stakeholders' understanding of the company's ethical principles, this Code is formulated in accordance with the Model Guidelines for the Establishment of Ethical Conduct Standards for Listed Companies," as promulgated by the Taiwan Stock Exchange Corporation.

TPrevention of Conflicts of Interest, Prohibition of Personal Gain, Confidentiality Obligation, Fair Trade, Proper Protection and Use of Company Assets, Compliance with Laws and Regulations, Encouragement of Reporting Any Illegal or Unethical Conduct, Penalties and Remedies

Risk Management Policy and Procedures

To establish a sound risk management awareness and reasonably ensure the achievement of strategic objectives, this procedure has been formulated to support sustainable development.

Our company's risk management is conducted through the processes of risk identification, risk response, and risk monitoring, and is adjusted in a timely manner to align with changes in the operating environment, business activities, and operational activities.

- Risk Identification: This should include, but is not limited to, operational risks, financial risks, investment risks, management risks, information security risks, legal risks, and other identifiable risks associated with the company.
- Risk Response: For identified risks, provide a status report or response measures, and confirm whether the risk falls within the company's acceptable range.
- Risk Monitoring: Ensure that identified risks have effective management plans in place, and assess whether they should be included in the audit unit's annual audit plan to monitor implementation.

**Procedure for Handling Reports of Illegal, Unethical, or Unfaithful Conduct**

To implement the provisions of Article 10 of the Company's Code of Ethical Conduct and Article 23 of the Integrity Management Guidelines, and to encourage the reporting of any illegal acts or violations of the Code of Ethical Conduct or Integrity Management Guidelines, this procedure has been established for compliance.

Audit Office: Handles reports from external parties such as shareholders, investors, suppliers, and contractors.
Management Department: Handles reports from internal parties such as directors, managers, and employees.

Procedure:

- **IWhistleblower Identification:** Whistleblowers must submit their reports to the designated handling unit listed in Article 3 of these procedures, providing sufficient information to facilitate verification. This includes the name, department, and job title of the person being reported, as well as the date and description of the incident.
- **IVerification Process:** Upon receiving a named report, the handling unit should first verify the authenticity of the whistleblower. The report's intent and specific evidence should then be clarified. Anonymous reports are generally not accepted, but if the content warrants investigation, it may be processed separately and used for internal review.
- **IReporting Channels:** If the reported issue involves a general employee, it should be escalated to the department head. If it involves a director or senior management, it should be reported to the independent directors. Verified reports that reveal violations of laws, unethical behavior, or dishonest actions should be sanctioned according to the severity of the offense and relevant company regulations, with evidence and disciplinary recommendations submitted to the Chairman for approval.
- **IRights Protection:** To protect the rights of the person being reported and prevent retaliation, the company must provide the reported individual an opportunity to express their opinion or file an appeal.
- **IReporting to Independent Directors:** If the investigation confirms significant misconduct, the company must handle the case according to legal requirements or internal regulations and immediately draft a report to notify the independent directors in writing.
- **IDocument Retention:** All documentation related to the whistleblower case, including the acceptance, investigation process, and results, must be retained in written form for five years, either physically or electronically. If litigation related to the whistleblower report arises before the retention period expires, the related documents must be preserved until the conclusion of the litigation.
- **Internal Controls Review:** If the whistleblower report is substantiated, the relevant company units must review and improve the associated internal control procedures to prevent the recurrence of similar incidents.

Human Rights Policy

The Company is committed to maintaining and protecting basic human rights. It recognizes and supports the human rights protection spirit and fundamental principles enshrined in international human rights conventions such as the United Nations Universal Declaration of Human Rights," the "United Nations Global Compact, and the "International Labour Conventions, and prohibits any acts of infringement and violation of human rights.

- Compliance with Labor and Environmental Regulations
- Equal Employment and Non-Discrimination
- Prohibition of Forced Labor and Child Labor
- Provision of a Safe and Healthy Work Environment



**Integrity
Management
Procedures and
Code of Conduct**

The Company conducts business activities based on the principles of fairness, honesty, trustworthiness, and transparency. To implement the Integrity Management Policy and actively prevent unethical behavior, this procedure and code of conduct have been formulated in accordance with the "Guidelines for Integrity Management of Listed and OTC Companies." It specifically outlines the matters that the Company's personnel should pay attention to when performing their duties. This procedure and code of conduct also apply to the Company's subsidiaries and other entities or legal entities within the corporate group that have substantial control.

- Prohibition on Offering or Accepting Improper Benefits and Establishment of Handling Procedures, Prohibition on Facilitation Payments and Related Procedures
- Handling Procedures for Political Contributions, Charitable Donations, or Sponsorships
- Prohibition of Unfair Competition Practices
- Prevention of Products or Services from Harming Stakeholders
- Prohibition of Insider Trading and Confidentiality Agreements
- Compliance with and Declaration of Integrity in Business Operations. Conducting Integrity Assessments Before Establishing Business Relationships. Communicating Integrity Policies to Business Partners. Avoiding Transactions with Unethical Entities
- Incorporating Integrity Clauses in Contracts, Handling Company Personnel Involved in Unethical Behavior, and Addressing Unethical Behavior by Others Towards the Company
- Internal Promotion, Establishment of Reward and Punishment Systems, Appeal Mechanisms, and Disciplinary Actions



Management Measures for Negative Impact Issues Faced by the Company

Management Measures for Addressing Negative Impact Issues

Negative Impact Issues	Management Guidelines for Mitigating/Remediating Negative Impacts	
Business Performance	Rapid Response Mechanism	Establish a specialized crisis management evaluation team to continuously monitor financial status and market dynamics, enabling prompt response and development of countermeasures.
	Transparent Communication	Provide timely updates to shareholders and relevant stakeholders to ensure they are informed about the company's response measures and plans.
	Risk Assessment and Control	Evaluate and implement preventive measures against potential financial and operational risks, conducting periodic stress tests to ensure preparedness.
	Resource Allocation and Support	Mobilize resources to support and strengthen the company's ability to respond to business challenges.
	Continuous Improvement	After improving business performance, conduct in-depth analysis to identify root causes and implement improvements. Introduce advanced management tools and technologies to enhance the company's overall operational efficiency and risk response capabilities.
Information Security	Rapid Response Mechanism	Establish an information security emergency team responsible for handling various information security incidents. Conduct regular information security drills to ensure the team can swiftly respond to potential attacks or data breaches.
	Transparent Communication	Provide timely updates to employees and relevant stakeholders to ensure all parties are prepared to address information security risks.
	Risk Assessment and Control	Evaluate and take preventive measures against potential information security risks, conducting periodic stress tests to ensure preparedness.
	Resource Allocation and Support	Allocate necessary resources to enhance security protection capabilities and improve the company's ability to respond to information security incidents.
	Continuous Improvement	After handling information security incidents, conduct in-depth analysis to identify root causes and implement improvements, enhancing the company's information security level.
Management of System Risks from Technological Disruption	Rapid Response Mechanism	Establish a specialized technology risk management team responsible for promptly responding to technological disruptions and system failures. Conduct regular system failure drills to ensure the team can swiftly respond to technological disruptions or system risks.
	Transparent Communication	Provide timely updates to employees and relevant stakeholders to ensure all parties are prepared to address technological disruption risks.
	Risk Assessment and Control	Evaluate and implement preventive measures against potential technological disruption risks, conducting periodic stress tests to ensure preparedness.
	Resource Allocation and Support	Allocate necessary resources to enhance system stability and improve the company's ability to manage system risks.
	Continuous Improvement	After technological disruptions or system failures, conduct in-depth analysis to identify root causes and implement improvements. Introduce advanced technologies and management methods to enhance the company's ability to respond to technological risks.
Customer Privacy	Rapid Response Mechanism	Establish a customer privacy protection emergency team responsible for promptly handling various privacy breach incidents.
	Transparent Communication	Provide timely updates to customers, take measures to protect customer privacy, and prevent the situation from escalating.
	Risk Assessment and Control	Develop preventive measures for potential privacy breach risks and conduct regular privacy protection drills.
	Resource Allocation and Support	Allocate necessary resources to strengthen privacy protection measures and improve the company's ability to respond to privacy protection incidents.
	Continuous Improvement	After handling privacy breach incidents, conduct in-depth analysis to identify root causes and implement improvements, enhancing the company's ability to manage privacy risks.
Employee Welfare and Mental Health	Rapid Response Mechanism	Establish an employee welfare and health emergency team responsible for promptly addressing employee welfare and health issues.
	Transparent Communication	Provide timely updates to employees, ensuring they can quickly receive support in the event of emergencies.
	Risk Assessment and Control	Evaluate and implement preventive measures against potential risks affecting employee welfare and health.
	Resource Allocation and Support	Allocate necessary resources to provide comprehensive welfare and health support, improving the company's overall level of employee care.
	Continuous Improvement	After addressing employee welfare and health incidents, conduct in-depth analysis to identify root causes and implement improvements, enhancing the overall level of employee well-being in the company.

To ensure that stakeholders' complaints are addressed in a timely, fair, and effective manner, the grievance or whistleblowing mechanism is outlined as follows. The company believes that through this grievance handling process, it is committed to resolving stakeholders' complaints promptly, maintaining good relationships with all stakeholders, and promoting the company's sustainable development.

Complaint/Grievance Handling Mechanism

Grievance Issues	Grievance Channels	Stakeholder Categories	Grievance Handling Process
Sexual Harassment Prevention	<p>Whistleblower Hotline: 02-27061858</p> <p>Whistleblower Email: kfic@kfic.com.tw</p> <p>Written Report: Mail to Management Department, 28F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106420 , Taiwan (R.O.C.)</p>	Employee	<ul style="list-style-type: none"> • IComplaint Submission: Establish multiple channels (e.g., telephone, email, written submission) for stakeholders to submit complaints. Ensure that these channels are accessible and allow for anonymous submissions to protect the privacy of the complainant. • IComplaint Receipt and Registration: A designated department is responsible for receiving complaints and thoroughly recording each one, including the basic information of the complainant, the content of the complaint, and the submission date. The complainant is then notified of the receipt, along with information on the processing procedure and the expected timeframe for resolution. • IPreliminary Assessment and Assignment: Conduct a preliminary assessment of the complaint, and based on its nature and severity, assign it to the relevant department or specialized personnel for handling. Urgent or serious complaints are prioritized, with immediate emergency response measures initiated if necessary. • IComplaint Investigation: An investigation team conducts a detailed inquiry into the complaint, gathering relevant evidence and information, and communicating with the complainant and related parties. The investigation process must remain impartial and independent, free from any interference or influence. • IResolution and Feedback: Based on the investigation results, appropriate actions are taken, and the complainant is informed of the outcome and measures implemented. If the complaint reveals deficiencies in company policies or procedures, necessary revisions and improvements are made. • IComplaint Tracking and Follow-up: Follow-up on resolved complaints to ensure the effectiveness of the implemented actions and continue monitoring for any changes in the situation. Record and analyze the process and outcomes of complaint handling, identifying common issues for further improvement to enhance the company's overall management level. • ISummary and Reporting: Regularly summarize complaint handling activities and prepare complaint handling reports to be presented to senior management and the board of directors. Continuously refine and optimize the complaint handling process based on the outcomes, aiming to improve the company's ability to address stakeholder complaints and increase satisfaction.
Insider Trading		All Stakeholders	

Stakeholder Communication Issues and Channels

The company defines stakeholders as "internal and external groups or individuals that influence or are influenced by the company." In alignment with the AA 1000 SES (Stakeholder Engagement Standards), stakeholder engagement is conducted through five key principles: dependency, responsibility, influence, diverse perspectives, and tension. Based on these principles, five primary stakeholder groups have been identified: employees, government, customers, shareholders, and suppliers. Through various communication channels, the company listens to and understands the issues of concern to stakeholders, ensuring that the disclosed information meets their expectations.

Stakeholders	Stakeholders' Importance to Kuang Feng	Communication Issues	Communication Frequency / Channels	Company Response
Employees	Employees are among the company's most important assets, as their skills, knowledge, and loyalty directly influence productivity and innovation. By providing a conducive work environment, competitive compensation, and development opportunities, the company can enhance employee satisfaction and retention, thereby improving overall performance.	<ul style="list-style-type: none"> Managing System Risks from Technical Disruptions Talent Recruitment Employee Benefits and Well-being Talent Development and Retention Internal Training and Development 	<ul style="list-style-type: none"> Managing System Risks from Technical Disruptions: Quarterly risk assessment meetings are conducted, and contingency plan drills are held semi-annually. Communication is carried out through internal emails, corporate communication software, internal bulletins, and training exercises. Talent Recruitment: Monthly recruitment progress update meetings are held, along with quarterly open days or information sessions. Communication channels include the company website, recruitment platforms, social media, internal emails, and recruitment bulletins. Employee Benefits and Well-being: Quarterly notifications of benefits and wellness activities are provided, with annual health check-ups. Communication is facilitated through internal emails, corporate communication software, health seminars, events, and the employee handbook. Talent Development and Retention: Semi-annual training needs assessments and quarterly career development plan updates are conducted. Communication is managed via internal emails, corporate communication software, training courses, and career development plans. Internal Training and Development: Quarterly training needs assessments and monthly internal training courses are conducted. Communication is carried out through internal emails, corporate communication software, training platforms, and manuals. 	Our company anticipates conducting risk assessment meetings and contingency drills on an irregular basis in the future. Communication will be facilitated through internal emails and bulletins to ensure that employees are equipped with the necessary skills and knowledge to maintain operational stability.
Government	Government plays a pivotal role in setting and enforcing regulations that directly affect the company's compliance and operational environment. By adhering to regulations, paying taxes, and engaging in social responsibility initiatives, the company can build positive government relations, gaining policy support and competitive advantages.	<ul style="list-style-type: none"> Operational Performance 	<ul style="list-style-type: none"> Operational Performance: Quarterly financial reports and annual operational performance reports. Submission through email, online reporting systems, public website disclosures, and regular financial briefing meetings. 	To promote transparency and compliance, we will issue quarterly financial reports and annual business performance reports, fostering government trust and support, which will aid in policy alignment and resource acquisition.

Stakeholders	Stakeholders' Importance to Kuang Feng	Communication Issues	Communication Frequency / Channels	Company Response
Customers	Customers are the source of the company's revenue, and their needs and satisfaction are critical to the company's success. By delivering high-quality products and superior service, the company can foster strong customer relationships, increase brand loyalty, and drive business growth.	<ul style="list-style-type: none"> Managing System Risks from Technical Disruptions Information Security Customer Privacy Customer Relationship Management 	<ul style="list-style-type: none"> Managing System Risks from Technical Disruptions: Quarterly system risk assessment reports and semi-annual emergency response plan drills. Communication through email notifications, customer platform updates, instant messaging, and risk management reports. Information Security: Quarterly information security reports and annual cybersecurity training or seminars. Communication via email notices, updates on customer portals, webinars, and cybersecurity newsletters. Customer Privacy: Semi-annual privacy policy updates and quarterly data privacy protection status reports. Communication through email notices, updates to website privacy policy pages, customer service hotlines, and privacy protection newsletters. Customer Relationship Management: Monthly customer satisfaction surveys and quarterly customer feedback meetings. Communication via email surveys, CRM system updates, feedback meetings, and customer interviews. 	Our company anticipates ensuring system stability and safeguarding customer interests through annual system risk assessments and periodic contingency plan drills. Future efforts will also focus on enhancing customer data security through annual information security reports and ad-hoc cybersecurity training. We aim to protect customer privacy by regularly updating our privacy policy and issuing annual privacy protection reports. Additionally, we plan to conduct annual customer satisfaction surveys.
Shareholders	Shareholders provide essential capital support, which is crucial for the company's financial health and sustainable development. Through effective corporate governance and transparent financial reporting, the company can bolster shareholder confidence, ensuring a stable capital inflow and continuous enhancement of shareholder value.	<ul style="list-style-type: none"> Management of System Risks from Technical Disruptions Operational Performance 	<ul style="list-style-type: none"> Management of System Risks from Technical Disruptions: Quarterly system risk assessment reports and semi-annual emergency response plan drills. Communication through email notifications, shareholder report platforms, risk management reports, and specialized presentations at the annual shareholder meeting. Operational Performance: Quarterly financial reports and annual operational performance reports. Communication via email notifications, the investor relations section of the company website, quarterly and annual financial reports, and operational performance presentations at the annual shareholder meeting. 	To protect shareholder interests, our company will ensure system stability through annual system risk assessments and periodic contingency plan drills. Financial transparency and increased shareholder confidence will be supported by quarterly financial reports and annual business performance reports. We also plan to enhance data security through annual information security reports and yearly cybersecurity collaboration meetings. Protecting customer data will be a priority through annual privacy protection reports and updates to privacy measures.
Suppliers	Suppliers are integral to the company's supply chain, with their reliability and quality directly impacting production and services. Establishing stable and sustainable supplier relationships ensures supply chain stability and efficiency, thereby reducing operational risks.	<ul style="list-style-type: none"> Information Security 	<ul style="list-style-type: none"> Information Security: Quarterly information security reports and semi-annual cybersecurity training or workshops. Communication via email notifications and report updates. 	Our company anticipates improving supply chain information security levels and ensuring stable partnerships and trust through annual information security reports and yearly cybersecurity training or seminars.

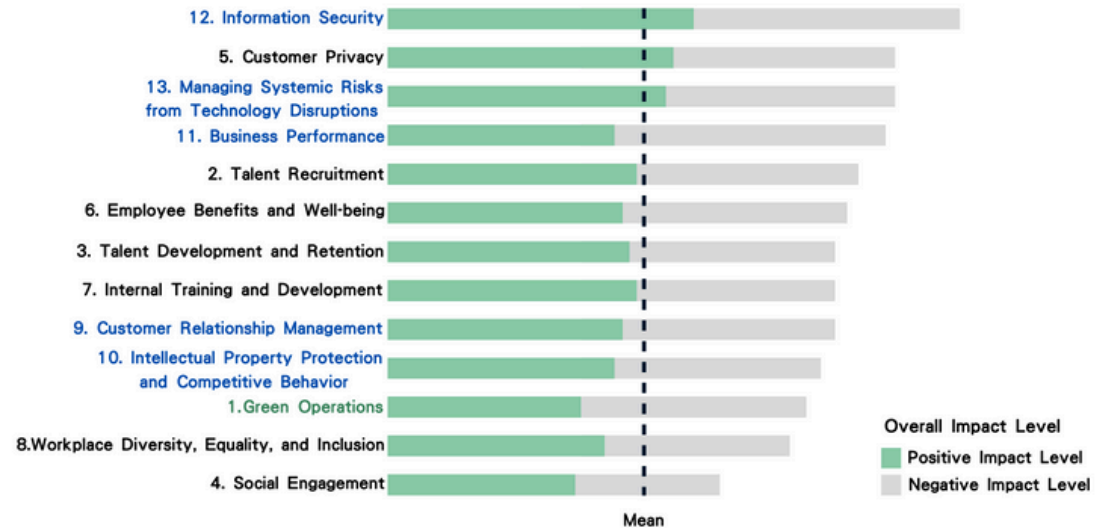
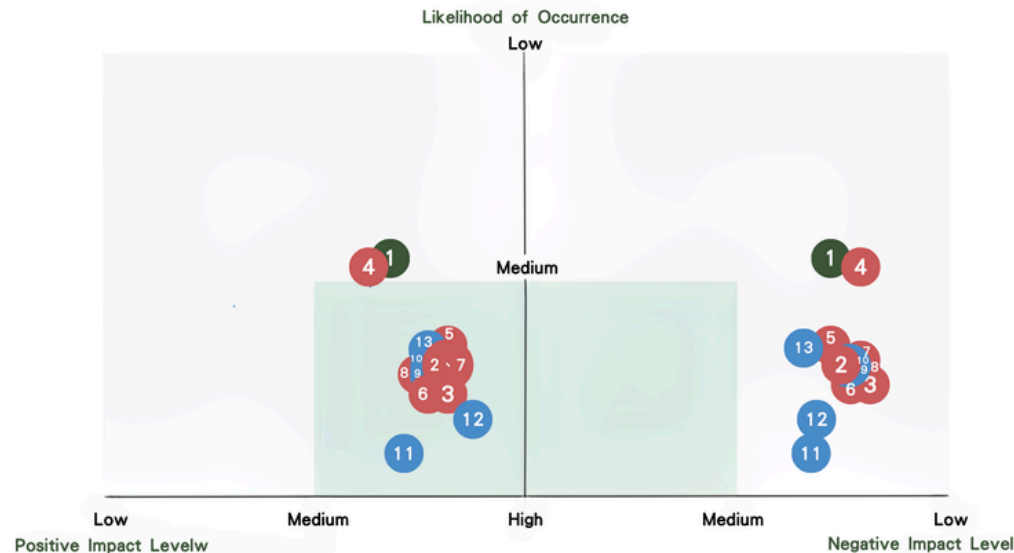
Note: The company does not have original equipment manufacturer (OEM) type stakeholders, as MDBS leases the Google Cloud platform and the local infrastructure is hosted at Chunghwa Telecom's data center. MDBS supplies and distributes the APPs developed by Galaxy.

Our company adheres to the GRI Standards, conducting a materiality analysis through four key steps: gathering sustainability topics, assessing stakeholder concerns, analyzing material issues, and conducting reviews and discussions. This process serves as the guiding principle for the preparation of our sustainability report and forms the basis for our disclosures, providing a comprehensive overview of the company's current state of sustainable development.

Collection of Sustainability Topics	Following GRI Standards and Stakeholder Concerns as the Basis for Collecting Sustainability Topics, We Identified 13 Key Sustainability Issues.
Impact Assessment	Through a Questionnaire Survey, We Assessed the Positive and Negative Impacts of Sustainability Issues and Their Likelihood of Occurrence.
Materiality Analysis	After Consolidating All Survey Data (34 Responses), We Analyzed the Impact of Sustainability Issues and Ranked Them by Impact Severity.
Review and Discussion	Based on the Results of the Materiality Analysis, We Conducted Discussions and Ultimately Selected 9 Material Topics. We Defined the Internal and External Boundaries of Each Material Topic, Enhanced Management, and Disclosed Relevant Indicators in This Report.

Materiality Matrix

Material topics reflect the significant economic, environmental, and social impacts of the company on these issues, or substantively influence the assessments and decisions of stakeholders. By defining the boundaries of material topics, the company can understand the scope of their impacts and recognize the positive or negative contributions to sustainable development.



● : Direct impact ○ : Indirect impact

Aspect	Key Issues	Significance and Impact Explanation of Key Issues	Internal within the organization		External to the organization			Corresponding GRI	Disclosure Section
			Company	Employee	Customer	OMI	Supplier		
Social	Talent Recruitment	Focus on finding candidates with professional skills and value alignment, while also emphasizing diversity and inclusion. Implement a fair, transparent recruitment process and active talent development plans	●	●	○	○	○	GRI 3、GRI 401	Sustainability Strategy, Employee Care, Employee Benefits
	Talent Development and Retention	Provide continuous professional training and career development opportunities to ensure employees can realize their potential while maintaining alignment with the company's values and goals	●	●	○	○	○	GRI 3、GRI 404	Sustainability Strategy, Talent Development
	Customer Privacy	Ensuring the protection of personal data and customer privacy is a crucial part of corporate reputation and customer trust	●	●	○	○	○	GRI 3、GRI 418	Sustainability Strategy, Customer Relationship Management
	Employee Welfare and Physical/Mental Health	Offer multiple welfare measures, continuously improve employee welfare systems; promote various health enhancement activities to reduce workplace accidents and operational risks	●	●	○	○	○	GRI 3、GRI 401、GRI 403	Sustainability Strategy, Employee Care, Employee Benefits, Occupational Safety
	Internal Training and Development	Build a sound training framework and system to cultivate professional talents while focusing on improving employee professional skills	●	●	○	○	○	GRI 3、GRI 404	Sustainability Strategy, Talent Development
	Customer Relationship Management	Through proactive communication, listen to customer feedback, and continuously improve products and services, striving to establish long-term stable customer relationships	●	●	●	○	○	GRI 3	Sustainability Strategy
Governance	Operational Performance	Pursuing continuous operational performance to achieve profit goals is the cornerstone of stable business operations	●	●	●	●	●	GRI 3、GRI 201	Sustainability Strategy, Operational Performance
	Information Security	Continuously enhance information security governance systems and strengthen protection capabilities to comply with domestic and international practices and implement them in daily business operations	●	●	●	●	●	GRI 3、GRI 418	Sustainability Strategy, Customer Relationship Management
	Managing System Risks from Technical Interruptions	Establish a robust risk management system to address the impact of technical failures on operations. Regular risk assessments and enhanced emergency response plans ensure continuous business operations to protect the interests of customers and stakeholders	●	●	●	●	●	GRI 3、GRI 418	Sustainability Strategy, Customer Relationship Management



Aspect	Major Issues	Responsible Unit	Evaluation Mechanism	Short-Term Goals (2024)	Mid-Long Term Goals (2027)
Social	Talent Recruitment	Human Resources Dept.	Recruitment period, recruitment success rate, diversity of candidates. Conduct periodic surveys of recruitment data, analyze recruitment process efficiency and diversity statistics.	Shorten the recruitment period, improve recruitment efficiency. Increase the proportion of diverse candidates.	Establish a comprehensive recruitment data analysis system.
	Talent Training and Retention	Human Resources Dept.	Employee training hours, retention rate, employee satisfaction survey results. Track training program implementation, regularly conduct employee satisfaction surveys, analyze employee turnover data.	Increase employee training participation. Regularly conduct employee satisfaction surveys to understand retention status.	Increase employee retention rate, reduce talent turnover.
	Customer Privacy	Each Business Unit	Number of data breach incidents, number of customer complaints, frequency of privacy policy updates. Monitor and record data breach incidents and customer complaints, regularly review and update privacy policies.	Improve customer satisfaction with privacy protection.	Establish a comprehensive data protection system. Ensure all company departments comply with privacy protection policies.
	Employee Welfare and Well-being	Human Resources Dept.	Employee welfare participation rate, health check participation rate, occupational disease and injury data. Regularly survey employee satisfaction with welfare and health programs, analyze health check results and occupational disease data.	Increase the proportion of employees participating in health checks.Increase employee satisfaction with welfare programs.	Establish a comprehensive employee health management system. Regularly update and improve welfare programs.
	Internal Training and Development	Human Resources Dept.	Training participation rate, training effectiveness evaluation, number of career development opportunities. Track training participation data, collect and analyze post-training effectiveness evaluations and feedback.	Increase training participation. Collect and analyze post-training effectiveness evaluations.	Establish a comprehensive training and development system. Continuously improve training content, enhance employee skills.
Governance	Customer Relationship Management	Each Business Unit	Customer satisfaction, customer retention rate, customer complaint processing time. Regularly conduct customer satisfaction surveys, analyze customer retention data and complaint processing data.	Improve customer satisfaction. Shorten customer complaint processing time.	Establish long-term stable customer relationships. Increase customer retention rate.
	Operational Performance	Finance Dept.	Revenue growth rate, profitability, shareholder return rate. Regularly review financial indicators, analyze operational performance data.	Increase revenue and profitability. Improve shareholder return rate.	Establish a stable financial growth indicator system.
	Information Security	Information Security Dept.	Number of information security incidents, employee information security training participation rate, frequency of information security policy updates. Monitor and record information security incidents, regularly review and update information security policies.	Increase employee participation in information security training.	Establish a comprehensive information security management system. Regularly update information security policies as needed.
	Managing System Risks from Technological Disruptions	Each Business Unit	Number of system failures, success rate of emergency drills, system recovery time. Conduct periodic risk assessments and failure drills, analyze emergency drill success rates, measure system recovery time.	Increase the success rate of emergency drills. Shorten system recovery time.	Establish a sound risk management system. Continuously improve emergency drill plans to ensure stable system operation.



Chapter **02 Corporate Governance**

- 2-1 Corporate Governance
- 2-2 Operational Performance
- 2-3 Integrity Management
- 2-4 Regulatory Compliance
- 2-5 Product Safety
- 2-6 Customer Relationship Management
- 2-7 Sustainable Supply Chain

Corporate Governance

Board Structure and Mechanisms

Board

The current Board consists of 8 members, comprising 5 general directors and 3 independent directors. The gender composition is 100% male for both general and independent directors. The age distribution of the 5 general directors includes 2 directors aged 41-50, 2 directors aged 61-70, and 1 director aged 71-80. Among the 3 independent directors, 1 is aged 41-50 and 2 are aged 61-70. The average shareholding percentage for the 5 general directors is 9.22%. In terms of education, 37.5% of the directors hold a bachelor's degree, while 62.5% hold a master's degree. All directors possess core competencies in risk management, international market insight, crisis management, leadership, decision-making, and business management. Additionally, 75% of the directors have expertise in finance, securities, and futures.

Audit Committee

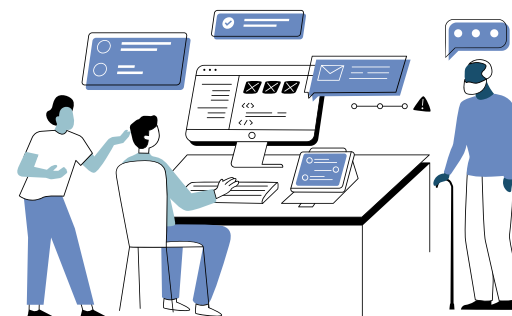
The company's Audit Committee consists of 3 members, including the Chairperson, Liu, Wei-Ting, and members Ho, Chin-Chih and Kuan, Chi-Jui. Each member's professional qualifications and experience are thoroughly documented to ensure they possess the necessary expertise to fulfill their responsibilities. The current term of the committee members is from July 1, 2021, to June 30, 2024. The primary supervisory duties of the committee include the audit or review of the company's financial statements, the selection (and dismissal) of certified public accountants (CPAs), along with ensuring their independence and performance, the effective implementation of the company's internal control system, adherence to relevant laws and regulations, and the management of existing or potential risks. In 2023, the committee held four meetings, with full attendance by all members.

Compensation Committee

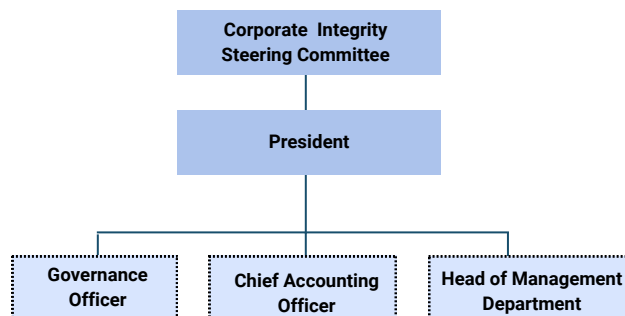
The Compensation Committee consists of 3 members, all of whom possess the necessary professional qualifications and work experience in business, law, finance, accounting, or relevant company operations. All members meet the required standards in their respective fields to ensure that they have the requisite knowledge and skills to perform their duties effectively. The current term of the committee members is from July 1, 2021, to June 30, 2024, ensuring continuity and stability within the committee. During 2023, the Compensation Committee held 3 meetings, with each member attending all 3 meetings, achieving a 100% attendance rate. This demonstrates the committee members' strong commitment and active participation in fulfilling their responsibilities.

Nomination Committee

The Nomination Committee is composed of 5 members, each possessing extensive experience in business, law, finance, or corporate management. All members have over five years of relevant experience and hold senior management positions or possess professional technical qualifications, ensuring they have the knowledge and judgment required to perform their duties effectively. The committee is responsible for the nomination and selection of the company's directors and senior management. The current term of the committee members is from November 10, 2023, to June 30, 2024. In 2023, the Nomination Committee held 1 meeting, with full attendance by all members, demonstrating their strong sense of responsibility and active participation.



Integrity Committee Structure



To implement the principles of ethical corporate management, the company has established a "Corporate Integrity Promotion Task Force" as a dedicated unit. The General Manager is appointed as the Chairperson, responsible for formulating and overseeing the implementation of integrity management policies and prevention measures. The Chairperson reports annually to the Board of Directors on the execution status and effectiveness of these measures. The task force comprises governance officers, accounting managers, and management department heads. Upholding the principles of integrity, transparency, and accountability, the company has formulated integrity-based policies, established sound corporate governance, and risk management mechanisms, and created an operational environment conducive to sustainable development. The company adheres to the "Employee Code of Conduct," "Integrity Management Code," and "Integrity Management Operating Procedures and Behavior Guidelines" approved by the Board of Directors to conduct promotional activities.

Board Nomination Procedure

When appointing directors, the Company should consider the overall composition of the Board. The composition of the Board should be diversified, taking into account its operations, business model, and developmental needs to establish appropriate diversity policies. These policies should include, but are not limited to, the following two major criteria: 1) Basic Qualifications and Values: Gender, age, nationality, and culture; and 2) Professional Knowledge and Skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional expertise, and industry experience. Board members should collectively possess the knowledge, skills, and attributes necessary to perform their duties, and the Board as a whole should have the following capabilities: 1) Operational judgment capability; 2) Accounting and financial analysis capability; 3) Management capability; 4) Crisis management capability; 5) Industry knowledge; 6) International market perspective; 7) Leadership capability; and 8) Decision-making capability. More than half of the Board seats should not be held by individuals who have a spousal or second-degree kinship relationship. The Company's Board should consider adjusting its composition based on the results of performance evaluations.

The qualifications of the Company's independent directors shall comply with Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The selection of the Company's independent directors shall adhere to Articles 5, 6, 7, 8, and 9 of the same regulations and be conducted in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

The election of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures specified in Article 192-1 of the Company Act. If a director is dismissed for any reason and the number of directors falls below five, a by-election shall be held at the next shareholders' meeting. However, if the number of vacancies exceeds one-third of the seats stipulated in the Articles of Incorporation, a special shareholders' meeting shall be convened within 60 days from the date of the occurrence to conduct a by-election. If the number of independent directors falls below the minimum required by the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting; if all independent directors are dismissed, a special shareholders' meeting shall be convened within 60 days from the date of the occurrence to conduct a by-election.

The election of the Company's directors shall adopt a cumulative voting system, where each share has voting rights equivalent to the number of directors to be elected, and such votes may be cast for a single candidate or distributed among several candidates.

The appointment of the Company's directors has taken into account each director's professional background and industry experience. The Board members collectively possess the necessary knowledge, skills, and attributes required to perform their duties. The Board consists of eight directors (including independent directors), with expertise in business management, finance, construction, and law.

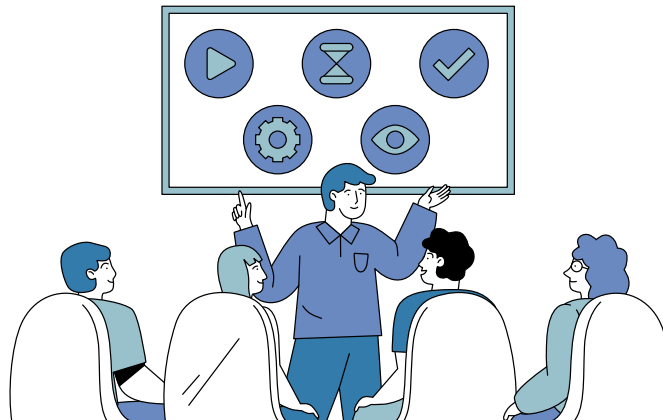
The Chairperson of the Board, who is also the highest governance authority, does not concurrently hold an executive position. In matters related to conflicts of interest, employees may report to their immediate supervisors. The Company's Board meeting rules specify that directors and supervisors must adhere to the principle of recusal in the event of a conflict of interest; they shall not participate in discussions and must refrain from voting on relevant proposals.

Material Event Disclosure Process

In accordance with relevant laws, regulations, and the Taiwan Stock Exchange's procedures for verifying and disclosing material information for listed securities companies, as well as related guidelines and this operational procedure, the Company ensures the timeliness, accuracy, and completeness of information disclosure. For significant decisions or major events that meet the Taiwan Stock Exchange's criteria for material information disclosure, the responsible department must complete the "Material Information Disclosure Application Form" and the "Material Information Assessment Checklist" on the date of the event. After the department supervisor's approval, these documents must be submitted to the designated unit responsible for reviewing material information. Following a review by the spokesperson, the material information must be disclosed within the legally required timeframe. There were no major events or disclosures in 2023; all other routine disclosures were handled in accordance with regulations.

Board Training Policy

Considering the aforementioned competencies required of directors, core training courses encompass obligations and responsibilities of directors, the composition and structure of the board, meeting procedures, and collaboration with the management team. These courses aim to assist company directors in becoming familiar with their roles, functions, responsibilities, and obligations within the board to effectively implement corporate governance practices. Professional courses, beyond the directors' own expertise, are planned in alignment with the "Guidelines for the Promotion of Continuing Education for Directors and Supervisors of Listed and OTC Companies" (hereinafter referred to as "Promotion Guidelines"). These courses cover key topics such as corporate governance, finance, risk management, business operations, commerce, legal affairs, accounting, corporate social responsibility, internal control systems, and financial reporting responsibilities. The training hours specified in the Promotion Guidelines should primarily focus on core courses, supplemented by professional courses related to corporate governance and corporate social responsibility, with the goal of guiding the company's decision-making and governance culture to enhance the international competitiveness of Taiwanese enterprises.



The continuing education hours for the Company's directors are as follows: 1. Newly appointed directors must complete at least 12 hours of training in the year they assume their position. 2. Reappointed directors must complete at least 6 hours of training annually during their term.

Board Training				
Course Name		Organizer	Number of Directors Attending	Course Hours
Topics on Competition and Consumer Protection in the Digital Economy		Chinese Corporate Governance Association	1	3
The Role and Responsibilities of the Board of Directors/Senior Management in ESG Governance			2	6
Shareholders' Meetings/Management Rights and Equity Strategies			1	3
Forward-Looking Green Business Opportunities: Zero-Carbon Energy Production Management and Green Power Applications			2	6
Big Data Analytics and Corporate Fraud Detection and Prevention			1	3
How the Board of Directors Formulates ESG Sustainability Governance Strategies			1	3
Latest ESG Trends: Sustainable Business Strategies in the Securities (Financial) Industry		Taiwan Securities Association	1	3
Anti-Money Laundering and Counter-Terrorism Financing (Retraining)			2	18
Seminar on Derivatives Financial Markets for Listed Companies: Moving Towards Corporate Sustainability		Securities & Futures Institute	1	3
2023 Annual Compliance Briefing on Insider Trading of Equity			1	3
Advanced Practical Seminar for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officers - Post-Pandemic Human Capital Sustainability Challenges			1	3
Advanced Practical Seminar for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officers - Challenges of Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory			1	3
			Total	57



Board Performance Evaluation Method

Internal Self-Evaluation	
Evaluation Unit	Conducted by the board members themselves using the "Board Performance Evaluation Self-Assessment Questionnaire," "Board Member Performance Evaluation Self-Assessment Questionnaire," and "Functional Committee Performance Evaluation Self-Assessment Questionnaire."
Self-Evaluation Frequency	Annually
Evaluation Content	<p>Board Member Performance Evaluation Criteria include:</p> <ol style="list-style-type: none"> 1. Understanding of company goals and missions. 2. Awareness of board responsibilities. 3. Level of participation in company operations. 4. Management and communication of internal relationships. 5. Professional expertise and continuous development. 6. Internal control. <p>Compensation Committee Performance Evaluation Criteria include:</p> <ol style="list-style-type: none"> 1. Level of participation in company operations. 2. Enhancement of decision-making quality within the Remuneration Committee. 3. Composition and structure of the Compensation Committee. 4. Selection of committee members. <p>Audit Committee Performance Evaluation Criteria include:</p> <ol style="list-style-type: none"> 1. Level of participation in company operations. 2. Enhancement of decision-making quality within the Audit Committee. 3. Compliance of the Audit Committee's composition and structure with the Corporate Governance Best Practice Principles (Article 37). 4. Selection of committee members.
Self-Evaluation Results	The company completed the performance evaluations of the board, board members, Remuneration Committee, and Audit Committee in February 2024. The results of the 2023 board performance evaluation ranged between 5 points ("Strongly Agree") and 4 points ("Agree"). Board members generally strongly agreed with the performance indicators, evaluating the overall operation of the board as good, in line with corporate governance requirements, effectively strengthening board functions, and protecting shareholders' rights. The 2023 evaluation results will be reviewed by the Nomination Committee on March 15, 2024, and reported to the board on the same day.

Association

To promote industry development, our company actively participates in industry association organizations and their events. We aspire to serve as an advocate for key industry issues, working alongside the international community to advance industry growth. Through active involvement in various initiatives and task forces, we aim to share our values of sustainable development with peers and value chain partners, thereby amplifying our social impact. Since 1970, our company has been a member of the Taiwan Spinning Industry Association.

Compensations

Our company's policy, standards, and composition for compensation. The compensation for directors and supervisors primarily includes salaries and director/supervisor remuneration, which is determined according to the company's Articles of Incorporation. The compensation for the general manager and deputy general managers primarily includes salaries, bonuses, and employee remuneration, determined based on the positions held, contributions to the company, and reference to industry standards. Compensation determination process. The remuneration for directors, supervisors, and managers is regularly evaluated and set by the company's Compensation Committee in accordance with regulations, with the outcomes reported to the Board of Directors. Correlation between compensation, business performance, and future risks. The remuneration for directors, supervisors, and managers is determined after careful consideration of the company's operational goals, financial condition, and responsibilities, balancing factors such as future risks.

Compensation Committee meetings and resolutions in 2023: January 13, 2023: The 7th meeting of the 5th term reviewed the disbursement of year-end bonuses for managers in 2022. The committee unanimously approved the proposal without any objections, and the decision was reported to the Board of Directors. March 24, 2023: The 8th meeting of the 5th term reviewed the 2022 director and employee remuneration allocation plan. The committee unanimously approved the proposal without any objections, and the decision was reported to the Board of Directors. August 11, 2023: The 9th meeting of the 5th term reviewed the 2022 manager remuneration disbursement and salary adjustment plan. The committee unanimously approved the proposal without any objections, and the decision was reported to the Board of Directors. The above outlines the matters discussed and resolutions passed by the Compensation Committee in 2023. The committee's opinions and resolutions were reported to the Board of Directors as per procedure to ensure decision-making transparency and fairness. Annual total compensation ratios are shown in the table below. The percentage increase in the median total annual compensation for all employees (excluding the highest total compensation) is -0.95%, primarily due to the departure of high-salaried senior executives in the previous 1-2 years, with the incoming managers having lower salaries, resulting in negative growth.

	2022	2023
1. Annual Total Compensation of the Highest Executive	3,508,400	3,508,400
2. Median Annual Total Compensation of All Employees (Excluding the Highest Executive)	823,600	815,750
Annual Compensation Ratio (a/b)	425.98%	430.08%
3. Percentage Increase in Annual Compensation for the Highest Individual	-	0.00%
4. Percentage Increase in Median Annual Compensation of All Employees (Excluding the Highest Executive)	-	-0.95%
Annual Compensation Change Ratio (c/d)	-	0.00%

Note: Excludes personnel who joined or left during the year.

Operational Performance

Economic Performance

The company’s consolidated operating revenue for 2023 amounted to NTD 295,859 thousand, representing an 18.63% growth compared to the previous year. The consolidated net profit after tax was NTD 110,000 thousand, reflecting a 14% increase from the previous year.

Unit: NT\$ thousand		
Item	2022	2023
Operating Revenue	\$249,391	\$295,859
Operating Costs	-182,848	-188,215
Gross Profit	131,337	130,119
Cash Dividend	92,671	92,671
Income Tax	17,011	16,700
Retained Earnings	1,422,928	1,425,378

Government Financial Assistance

The company did not receive any government financial assistance in 2023.

Tax Risk Management

Kwong Fong's tax risk is managed by the Finance Department, which regularly monitors tax regulations across all operational locations, ensuring proper tax payments and mitigating related tax disputes and risks.

Tax Stakeholder Communication and Management

Kwong Fong and its subsidiaries, in accordance with regulations in each country, regularly fulfill tax obligations and participate in tax advocacy activities organized by the relevant authorities to stay updated on the latest tax trends and legislation. The company engages in communication and management with government authorities, ensuring that annual tax results are transparently disclosed in financial statements, thereby communicating the company’s tax responsibilities to stakeholders. MDBS / Galaxy also adhere to country-specific tax regulations, regularly fulfilling tax obligations, and participating in government tax advocacy activities to stay informed about the latest trends and regulations. Annual tax results are transparently disclosed in financial statements to communicate the company’s tax responsibilities to stakeholders.

In addition, Kwong Fong follows tax governance principles to ensure that tax filings and disclosures at each operational location comply with regulatory requirements, thereby enhancing transparency. The company conducts industry tax investment based on government policies and has established a tax risk management mechanism. For routine business inquiries, the company proactively consults with regulatory authorities, completes tax filings as required by law, and actively cooperates with tax audits. The company has a dedicated internal department responsible for tax management and risk control to ensure the effective operation of the tax management system. Significant tax risks are reviewed biannually, and the tax governance and management framework are assessed annually to ensure the comprehensiveness and compliance of tax management. The company also evaluates tax risks according to the OECD’s Base Erosion and Profit Shifting (BEPS) Action Plan and formulates corresponding management strategies. Based on integrity, Kwong Fong has established a mutually respectful and positive communication relationship with tax authorities to enhance tax management efficiency and compliance.



Operational Performance

Tax Governance

In alignment with tax governance trends and the principles of corporate sustainability and integrity, our company has established a tax policy that adheres strictly to local tax regulations at each operational location. This policy upholds the responsibility of corporate citizenship through honest tax payment, aiming to optimize tax management and enhance corporate value. We ensure compliance with local tax laws and tax-related disclosure requirements, maintaining transparency in financial reporting. Our affiliates are required to follow tax audit and invoicing principles and adhere to the transfer pricing guidelines issued by the Organisation for Economic Co-operation and Development (OECD). The company avoids shifting transactions to low-tax jurisdictions or tax havens with no substantive operations for the purpose of improper tax avoidance. We focus on enhancing the professional knowledge and capabilities of our tax personnel to improve tax management efficiency. Maintaining the integrity of our business operations, we support government policies related to sustainable development and ensure open communication with tax authorities in all regions.

Our company's key decisions always consider the tax implications. We strive to optimize tax management, strengthen risk management, and create value for our shareholders. Kwong Fong supports tax policies that encourage corporate product and technological innovation and sustainable development, and we are committed to managing tax risks in pursuit of sustainable growth and fulfilling corporate social responsibility. In line with the OECD's Base Erosion and Profit Shifting (BEPS) Action Plan, our company generates profits efficiently and secures tax residency status, applying the local tax norms. We do not engage in transactions in low-tax jurisdictions for tax avoidance purposes. All financial disclosures are conducted in accordance with relevant laws, and tax information is fully disclosed as required. On the basis of integrity, we have established mutually respectful and positive communication relationships with the tax authorities in the jurisdictions where we operate.

Our company adheres to the tax systems of all operational locations, and in 2023, we paid a total of 16,700 in income tax.

Tax Information Over the Past Two Years (Consolidated Financial Statements)

Unit: NT\$ thousand

Item	2022 Fiscal Year	2023 Fiscal Year	Average Value
Net Profit Before Tax	106,996	148,642	127,819
Income Tax Expenses	10,740	38,642	24,691
Effective Tax Rate (%)	10%	26%	19%
Taxes Already Paid	17,011	92,671	16,856

Tax Information by Region

Unit: NT\$ hundred million

Region	Net Profit Before Tax	Current Year Tax Payable	Income Tax Already Paid
Taiwan	94,617	33,245	11,303
Mainland China, Hong Kong	-	-	-
Other Asia-Pacific, Europe, and America	54,025	5,397	5,397



Integrity in Business Operations

Anti-Corruption Policy

Our company has not yet established an anti-corruption policy, nor has it conducted corruption risk assessments for its operational sites. There were no confirmed incidents of corruption or actions taken in 2023.

Anti-Competition Policy

The company has not set policies against anti-competitive behavior, antitrust, or monopolistic practices. However, there were no legal actions related to anti-competitive behavior, antitrust, or monopoly measures in 2023.

Prevention of Insider Misconduct

In 2023, the company did not make any donations to political parties or political groups.

Legal Compliance

Kwong Fong closely monitors legal and regulatory trends to ensure compliance across all affiliated entities. In addition to general laws such as the Company Act and the Securities Exchange Act, the company establishes various governance procedures aligned with corporate governance legal frameworks to ensure compliance and protect the rights of the company and its shareholders. The company's governance procedures are accessible via this link: <https://www.kfic.com.tw/shareholders.html>. In 2023, there were no significant violations.

Customer Relationship Management

Information Security Risk



The company's Information Security Unit is responsible for managing information security risks and establishing an information security policy to protect customer privacy and prevent internal information from being leaked. There were no confirmed complaints regarding breaches of customer privacy in 2023.

Product Safety

Product Quality and Responsibility

Kwong Fong upholds a high level of integrity and responsibility in product quality and accountability, maintaining strong relationships with customers and suppliers. The company has established grievance mechanisms for stakeholders to ensure that all issues are resolved promptly and effectively. All marketing and labeling of products and services strictly adhere to relevant regulations and international standards, ensuring transparency and accuracy of information.

In the construction business, Kwong Fong selects contractors with superior construction quality for its projects, with experienced downstream sales companies or brokers handling product sales. For development projects, the company adopts self-construction or co-construction methods. Self-constructed projects are primarily awarded to large-scale domestic contractors, while co-construction projects seek partnerships with local construction companies that have extensive experience, ensuring that the planned products meet the needs of the target market and guarantee construction quality.

In the digital technology sector, Kwong Fong embraces its mission as an innovator in financial industry information. The company has a deep understanding of market and customer needs, upholding quality and paying attention to every detail. With innovative thinking and continuously advancing technology, Kwong Fong ensures that every customer requirement is met with excellence, providing products and services that meet or even exceed customer expectations.

Additionally, Kwong Fong places great importance on its cybersecurity policies, ensuring the integrity and availability of business-related information, which enhances work efficiency and quality. These measures not only protect the company's data security but also strengthen customer confidence in its products.

Product Regulatory Compliance

In 2023, our company's services and products were not subject to assessments regarding their impact on health and safety, and there were no violations or fines related to product or health and safety regulations.

Product Information and Labeling

All products produced by our company must comply with various regulations and customer requirements. Business units are required to adhere to relevant legal provisions, and the company provides employees with related training to ensure that everyone understands the applicable agreements and rules. As with product labeling and advertising, we are committed to providing consumers with accurate and legally compliant product information. There were no incidents of non-compliance with regulations regarding product and service information and labeling in 2023.

Product Marketing

Our company remains committed to providing professional services and accurate and comprehensive information. All advertisements are meticulously reviewed by designated personnel, and the customer service department conducts periodic spot checks and requires improvements when necessary. We believe that responsible product and service labeling promotes transaction safety and helps consumers make informed decisions. In 2023, there were no incidents of non-compliance with regulations or voluntary codes concerning product and service information and labeling.

Sustainable Supply Chain

Local Procurement

Our company prioritizes selecting local suppliers to reduce the carbon footprint associated with product transportation, support the local economy, and increase employment opportunities. In 2023, the proportion of spending on local suppliers accounted for approximately 100% of our local procurement.

Supplier Category	Procurement Ratio
Information Source Providers	100%
Operations System Manufacturers	
Computer and Peripheral Equipment	

New Supplier Screening

Before engaging with suppliers, our company carefully considers their past reputation, quality, delivery timelines, and service standards. We also monitor whether they have any records of environmental impact, violations of occupational safety and health regulations, or breaches of labor rights. Our company is committed to collaborating with suppliers to enhance corporate social responsibility. In 2023, new suppliers met the aforementioned screening criteria. Currently, as our suppliers are primarily information source providers, we do not have formal written screening standards, but our suppliers are often industry-leading companies, such as Chunghwa Telecom, the Taiwan Stock Exchange, Taipei Exchange, and Ericsson. Our company has not yet conducted formal evaluations or ratings of suppliers.





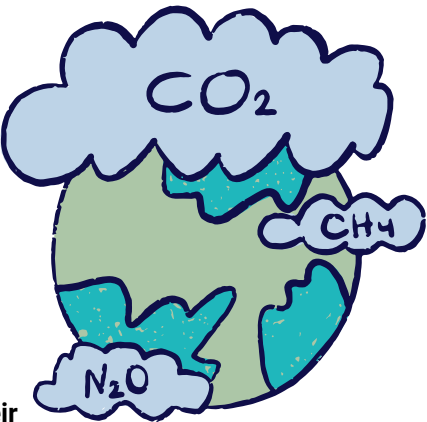
Chapter **03 Environmental Sustainability**

- 3-1 Greenhouse Gas Management
- 3-2 Energy Management
- 3-3 Water Resource Management

Greenhouse Gas Management

Greenhouse Gas Management

Our company is currently planning a greenhouse gas inventory and expects to disclose relevant data in subsequent years.



Energy Management

Energy Consumption

In 2023, Kwong Fong's internal energy consumption amounted to 318.3225 gigajoules (GJ) of purchased electricity. Kwong Fong is planning to assess the carbon footprint of its products and will collect data on energy-saving measures and their effectiveness in the coming years. The company anticipates implementing the following energy-saving measures in subsequent years:

- **Energy Monitoring and Management:** Regular energy audits will be conducted to assess office energy consumption and develop corresponding improvement measures.
- **High-Efficiency Lighting Systems:** Replacing traditional office lighting with high-efficiency LED lights to reduce energy consumption.
- **Selection of High-Efficiency Office Equipment:** Regular maintenance and inspection of office equipment to ensure efficient operation and minimize unnecessary energy use.
- **Employee Energy Conservation Awareness Training:** Regular energy-saving training and awareness activities will be held to increase employees' awareness of energy conservation and proactive behavior. An energy-saving behavior guide will be developed, such as turning off computers and lighting when leaving the office to reduce unnecessary energy consumption.
- **Promotion of Green Office Practices:** Encouraging paperless operations to reduce paper usage and waste. Implementing electronic signatures and document management systems to improve office efficiency and energy-saving outcomes.
- **Policy and Goal Setting:** Establishing clear energy-saving goals and policies, integrating energy-saving measures into the company's management system. Regularly evaluating and reporting the effectiveness of energy-saving measures and continuously improving energy management.

Water Resource Management

Water Resource

The total water withdrawal for our company was 785.55 tons, with tap water being the primary source for our operations. Our third-party water supplier is the Taipei Water Department.





Chapter **04** Employee Care

- 4-1 Human Resources Structure
- 4-2 Employee Benefits
- 4-3 Talent Development
- 4-4 Labor Relations
- 4-5 Occupational Safety

Workforce Structure

Workforce Structure Overview

In 2023, the total number of employees (including subsidiaries) was 119, all of whom were full-time employees. The overall average age was 40.09 years, with an average tenure of 6.43 years. There were no non-employee workers during the year.

Kwong Fong Industries Co., Ltd. and its subsidiaries:
Pao Fong Investment Management Co., Ltd., Kwong Fong Holdings Limited (through investment), MDBS Digital Technology Co., Ltd., and Galaxy Digital Co., Ltd. (including Digital Securities Investment Consultant Co., Ltd.)

Recent Two Years of Employee Data (Extracted from Annual Reports)

	2022	2023	As of March 31, 2023
Number of Employees			
Sales and Management Staff	47	42	41
Programmers and Designers	74	77	74
Total	121	119	115
Average Age of Employees	40.21	40.09	42.13
Average Years of Service	6.36	6.43	6.96
Educational Background Distribution Ratio			
Doctorate	0%	0%	0%
Master's Degree	14.88%	15.97%	15.65%
Bachelor's Degree	80.99%	79.83%	80%
High School	4.13%	4.20%	4.35%
Below High School	0%	0%	0%

Workforce Structure

As of the end of December 2023, the company had a total of 119 employees, with 45% being female and 55% male. All employees were full-time, with no part-time workers. The average age of the workforce was 40.09 years, and the average length of service was 15.48 years.

2023 Employee Count		Unit: Persons
Employment Contract Type	Male	Female
Governance Unit	3	2
Senior Management	7	5
Middle Management	15	4
Full-Time Employees	41	31
Part-Time Employees	0	2
Total	65	54

1. Employee data collection scope covers Taiwan; data as of December 31, 2023.

2023 Employee Education Information (Group-Wide)

Employment Contract Type	Number	%
Doctorate	0	0
Master's Degree	19	15.97
Associate Degree	95	79.83
High School (and below)	5	4.2
Total	119	100



Workforce Structure

Compensation System

Kwong Fong is headquartered in Taipei City. To provide a friendly workplace environment and attract and retain top talent, the company has established a comprehensive performance management and compensation system. This system links organizational and individual performance goals, with regular reviews, feedback, and evaluations. Employee compensation is based on experience, background, and individual performance, without discrimination based on gender, race, religion, political stance, or marital status.

The following shows the gender pay ratio:

Employment Contract Types	Male	Female
Managerial Staff	5.92	4.87
Full-Time Employees	2.66	2.57
Hourly Employees	-	-

Salary Overview for Non-Supervisory Full-Time Employees		Unit: NT\$ thousand
Year	2022	2023
Number of Non-Supervisory Full-Time Employees	71	74
Average Salary of Non-Supervisory Full-Time Employees	814	831
Median Salary of Non-Supervisory Full-Time Employees	754	780

Note: In 2023, the ratio of the statutory minimum wage to the base salary of entry-level employees was 1:3.35.



Annual Employee Turnover and New Hires

In 2023, the company hired 30 new employees and had 32 employees leave. The total number of employees at year-end was 119.

Number and Proportion of New Employees				
Gender	Female		Male	
Age Groups	Number	%	Number	%
Under 30 years (No. of people)	7	54%	9	53%
30-50 years (No. of people)	6	46%	8	47%
Over 50 years (No. of people)	0	0%	0	0%
Total (No. of people)	13	100%	17	100%
New Hire Rate (%)	-	43%	-	57%

Number and Proportion of Departing Employees				
Gender	Female		Male	
Age Groups	Number	%	Number	%
Under 30 years (No. of people)	5	29%	5	33%
30-50 years (No. of people)	12	71%	10	67%
Over 50 years (No. of people)	0	0%	0	0%
Total (No. of people)	17	100%	15	100%
Leave Rate (%)	-	53%	-	47%

Employee Benefits

Welfare System

Kwong Fong Company, through a comprehensive welfare system, takes care of employees' lives, promotes physical and mental health, and maintains harmonious labor-management relations. It enriches employees' leisure life and enhances camaraderie among colleagues. The company complies with government regulations, providing benefits such as labor insurance, health insurance, pension plans, various types of leave (personal leave, sick leave, maternity leave, prenatal leave, paternity leave, menstrual leave, family care leave, marriage leave, bereavement leave, work injury leave, special leave, and parental leave). All employees are eligible for the aforementioned benefits.

Category	Item
Additional Bonuses	<ul style="list-style-type: none">Year-End Bonus: Based on the Year-End Bonus Distribution Policy, the bonus is assessed considering years of service, unused leave days, and attendance. Additional rewards are given for exceptional performance.Performance Bonus: Based on the Performance Bonus Distribution Policy, the distribution is determined by the distributable profit and loss allocated to employees.
Activity Subsidies	Company Family Day, Mid-Autumn BBQ, domestic/international employee travel once a year, Christmas activities, year-end parties.

Parental Leave

The company fully complies with relevant regulations regarding applications for parental leave without pay. Employees can also apply for reinstatement upon the expiration of their parental leave. In 2023, one person was eligible for parental leave without pay, with no male and one female applicant.

Item	Male	Female	Total
A. Number of employees eligible for parental leave in 2023	0	1	1
B. Number of employees who actually applied for parental leave in 2023	0	1	1
C. Number of employees expected to return from parental leave in 2023	0	1	1
D. Number of employees who actually returned from parental leave in 2023	0	1	33
Reinstatement Rate (D / C)	-	-	100%
E. Number of employees who returned from parental leave in 2022	0	1	1
F. Number of employees who remained employed one year after returning from parental leave in 2022	0	0	0
Retention Rate (F / E)	-	-	0%
A: Number of employees applying for paternity and maternity leave between 2023/01/01 and 2023/12/31 B: Number of employees applying for parental leave without pay between 2023/01/01 and 2023/12/31 C: Number of employees whose parental leave without pay expired between 2023/01/01 and 2023/12/31 D: Number of employees who returned from parental leave without pay between 2023/01/01 and 2023/12/31 E: Number of employees who returned from parental leave between 2022/01/01 and 2022/12/31 F: Number of employees who remained employed one year after returning from parental leave between 2022/01/01 and 2022/12/31			

Talent Development

Talent Development Initiatives

To cultivate exceptional talent and enhance employees' professional capabilities, efficiency, and quality in their roles, the company arranges periodic training sessions across various departments. The total training hours amount to 156, with an average of 16 hours of training per employee. In 2023, the company did not track training hours/personnel based on job titles but plans to do so in the following years.

Skills Enhancement and Support Programs

The company currently does not offer programs specifically designed to assist employees in enhancing their skills.

Performance Management

To effectively implement personnel performance management, Kwong Fong Industries Corporation has established a year-end bonus and performance bonus assessment system. This system aligns with the criteria and evaluation methods set for different personnel categories and job descriptions, ensuring fair and objective assessments. Moreover, these assessments are intended to guide employees in aligning their job performance, behavior, and output with the company's operational goals, thereby ensuring that all personnel's performance is in sync with the company's expectations and supports its business objectives.



Kwong Fong Industries Corporation has consistently adhered to principles of fairness, justice, and transparency in executing performance evaluations for all personnel, regardless of nationality or gender. These evaluations apply to all formal employees. As of December 31, 2023, the number of employees in Kwong Fong Taiwan was 10, all of whom participated in performance evaluations, accounting for 100% of the total workforce.

Performance Evaluation Participation Statistics				
Job Title	Male	Male Percentage (%)	Female	Female Percentage (%)
Director Level (including above)	2	67	1	33
Assistant Manager/Manager Level	0	0	2	100
Direct Employees	0	0	0	0
Indirect Employees	3	60	2	40

Labor-Management Communication

Kwong Fong respects all employees' rights to freely associate and form unions in accordance with the law and establishes employee communication channels based on local regulations. In 2023, there were no strikes or work stoppages. We highly value employee rights, transparently disclose operational status, listen to employees' opinions, provide timely feedback, and improve. We strive to achieve a win-win goal for both labor and management. Additionally, when Kwong Fong Industry Co., Ltd. encounters situations outlined in Article 11 of the Labor Standards Act, it conducts pre-employment communication with employees. Employees who have worked for more than three months but less than one year will be given a ten-day notice; those who have worked continuously for more than one year but less than three years will be given a twenty-day notice; those who have worked continuously for more than three years will be given a thirty-day notice. Kwong Fong has become a holding company and currently does not have a union or welfare committee.

Human Rights Policy

Kwong Fong Company requires suppliers to comply with sustainability-related rights protection, including workers' rights to freedom of association or collective bargaining. If there are potential risks, the company will continue to request improvements.

Comprehensive Protection of Labor Rights

Kwong Fong Company requires suppliers to comply with sustainability-related rights protection, including workers' rights to freedom of association or collective bargaining. If there are potential risks, the company will continue to request improvements.

No Use of Child Labor

As a leading enterprise, Kwong Fong Company is committed to providing a safe working environment, protecting employee rights, and operating sustainably with integrity. We strictly prohibit the employment of child labor under the legal minimum age for employment. The company also complies with recruitment regulations mandated by the authorities, and company policies are revised in accordance with relevant labor laws to ensure respect and protection of employees' legal rights.

No Forced Labor

No Forced Labor

The company conducts regular annual assessments of international labor risks, improves human rights measures, and creates an equal working environment. The evaluation result for 2023 in this report indicates that the operating location at "28F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City" is a low-risk operation site.

Protection of Indigenous Rights

Kwong Fong Company values forest conservation and local community safety. To implement care for local residents, the company provides services related to indigenous rights, aiming to enhance the quality of life and environment for local residents. If there are any needs, Kwong Fong Company will communicate or assist in a timely manner. In this report, there were no incidents involving violations of indigenous rights in 2023.



Policy Guidelines

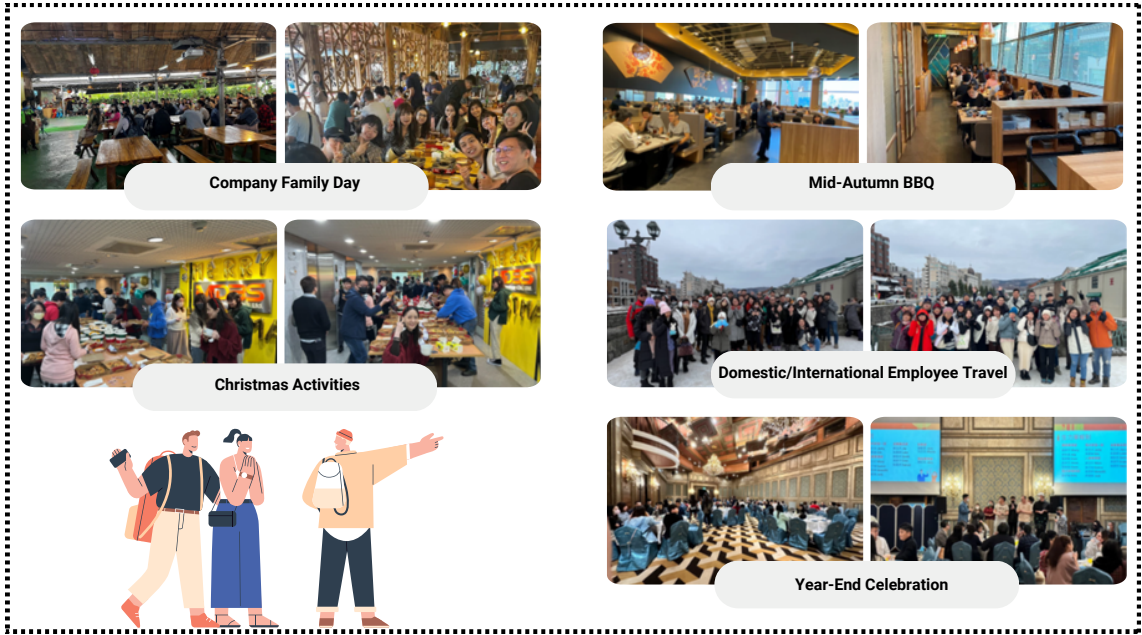
In 2023, the company has not yet established an occupational safety and health system but plans to do so in the coming years. The current policy guidelines dictate that before engaging with any vendors, the company considers their past reputation and continuously monitors if they have any records of environmental impact, violations of occupational safety and health, or labor rights. Additionally, the company conducts occupational safety education and training for new employees in accordance with relevant occupational safety regulations and provides health check-ups every two years, exceeding regulatory requirements, to ensure a safe environment and employee health. The company has not yet established a formal process for identifying occupational hazards and conducting risk assessments.

Health Promotion

To help employees maintain their health, the company provides occupational health services to all employees. Colleagues are entitled to a fully subsidized health check-up every two years or an annual health check-up at a special rate, further promoting a healthy lifestyle for employees.

The company not only emphasizes employee benefits and development but also focuses on relieving workplace stress. We strive to create a diverse and happy work environment where employees can balance work with family and mental and physical well-being, allowing them to realize their full potential while enhancing employee cohesion and corporate competitiveness.

Company Family Day	Outdoor activities with colleagues on workdays to foster camaraderie.
Mid-Autumn BBQ	Barbecue activities during the Mid-Autumn Festival.
Domestic/International Employee Travel	An annual domestic or international trip for employees.
Christmas Activities	A festive Christmas banquet.
Year-End Celebration	A year-end party to appreciate hard-working colleagues, including a banquet and prize draw activities.



Occupational Injuries and Occupational Diseases

In 2023, the company did not experience any occupational injuries. The company aims to implement the following policies to prevent occupational injuries in the coming years:

- Establish a comprehensive occupational safety management system and develop and implement health and safety policies and procedures. Conduct regular occupational safety risk assessments to identify and analyze potential occupational hazard risks.
- Provide regular occupational safety training to employees to enhance safety awareness and self-protection capabilities.
- Encourage employees to use office equipment correctly to prevent occupational diseases caused by improper posture.
- Promote work-life balance among employees to reduce excessive fatigue and work-related stress.
- Develop emergency response plans, including measures for unexpected incidents such as fires and earthquakes. Regularly organize emergency drills to improve employees' self-rescue and mutual aid capabilities in emergencies.
- Hold regular safety meetings to communicate safety policies and measures with employees, enhancing their sense of involvement and responsibility.
- Regularly collect and analyze occupational hazard data, identify causes, and develop preventive measures.

Retirement System

According to the Labor Standards Act and the Labor Pension Act, employees who joined the company on or before June 30, 2005, enjoy the benefits of the old pension scheme. However, employees who choose to switch to the new pension scheme are eligible for new pension benefits. The new pension scheme mandates that a 6% monthly contribution is made to the employee's individual retirement account, based on the employee's labor pension grade. In addition to the employer's fixed 6% pension contribution, employees may voluntarily contribute between 0% and 6% of their pension to their individual retirement accounts. Currently, the company operates solely under the new pension scheme, and there are no employees under the old pension scheme.





Chapter 05 Appendices

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5-2 SASB Standards Index

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301-3 Reclaimed Products and Their Packaging Materials	-	Not Applicable
302-1 Energy Consumption Within the Organization	34	
302-2 Energy Consumption Outside of the Organization	-	Not Collected
302-3 Energy Intensity	-	Not Collected
302-4 Reduction of Energy Consumption	-	Not Collected
302-5 Reductions in Energy Requirements of Products and Services	-	Under Planning
303-1 Interactions with Water as a Shared Resource	-	Not Applicable
303-2 Management of Water Discharge-Related Impacts	-	Not Applicable
303-3 Water Withdrawal	-	Not Applicable
303-4 Water Discharge	-	Not Applicable
303-5 Water Consumption	-	Not Applicable
304-1 Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value	-	The company's sites are not located near protected areas or areas with high biodiversity value
304-2 Significant Impacts of Activities, Products, and Services on Biodiversity	-	
304-3 Habitats Protected or Restored	-	
304-4 IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations	-	
305-1 Direct (Scope 1) GHG Emissions	-	Not Yet Conducted GHG Inventory
305-2 Energy Indirect (Scope 2) GHG Emissions	-	

Appendix 1: GRI Standards Reference Table

Indicator Name	Page Number	Notes
305-3 Other Indirect (Scope 3) GHG Emissions	-	Not Yet Conducted GHG Inventory
305-4 GHG Emissions Intensity	-	Not Applicable
305-5 Reduction of GHG Emissions	-	Not Applicable
305-6 Emissions of Ozone-Depleting Substances (ODS)	-	Not Applicable
305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions	-	Not Applicable
306-1 Waste Generation and Significant Waste-Related Impacts	-	Not Applicable
306-2 Management of Significant Waste-Related Impacts	-	Not Applicable
306-3 Waste Generated	-	Not Applicable
306-4 Waste Diverted from Disposal	-	Not Applicable
306-5 Waste Directed to Disposal	-	Not Applicable
308-1 New Suppliers That Were Screened Using Environmental Criteria	-	No Screening Standards Yet
308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken	-	Supplier Evaluation Not Yet Conducted
401-1 New Employee Hires and Employee Turnover	36	
401-2 Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees	38	
401-3 Parental Leave	38	
402-1 Minimum Notice Periods Regarding Operational Changes	38	
403-1 Occupational Health and Safety Management System	-	No Occupational Health and Safety Management System Yet
403-2 Hazard Identification, Risk Assessment, and Incident Investigation	-	No Formal Process for Occupational Hazard Identification and Risk Assessment

Appendix 1: GRI Standards Reference Table

Indicator Name	Page Number	Notes
403-3 Occupational Health Services	41	
403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	-	No Occupational Safety Training Held in 2023; no external occupational safety courses or certifications acquired yet
403-5 Worker Training on Occupational Health and Safety	-	No Occupational Safety Training Held in 2023; no external occupational safety courses or certifications acquired yet
403-6 Promotion of Worker Health	41	
403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked to Business Relationships	41	
403-8 Workers Covered by an Occupational Health and Safety Management System	-	No Occupational Health and Safety Management System Yet
403-9 Work-Related Injuries	41	
403-10 Work-Related Ill Health	41	
404-1 Average Hours of Training per Year per Employee	37	
404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	37	
404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews	36	
405-1 Diversity of Governance Bodies and Employees	36	
405-2 Ratio of Basic Salary and Remuneration of Women to Men	37	
406-1 Incidents of Discrimination and Corrective Actions Taken	38	

Appendix 1: GRI Standards Reference Table

Indicator Name	Page Number	Notes
407-1 Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May Be at Risk	38-40	
408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor	38-40	
409-1 Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	38-40	
410-1 Security Personnel Trained in Human Rights Policies or Procedures	-	Company's Comprehensive Security Management is Handled by a Property Management Committee
411-1 Incidents of Violations Involving Rights of Indigenous Peoples	38-40	
413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	-	No Disclosure
413-2 Operations with Significant Actual or Potential Negative Impacts on Local Communities	-	No Disclosure
414-1 New Suppliers That Were Screened Using Social Criteria	-	No Screening Standards Yet
414-2 Negative Social Impacts in the Supply Chain and Actions Taken	-	Supplier Evaluation Not Yet Conducted
415-1 Political Contributions	-	
416-1 Assessment of the Health and Safety Impacts of Product and Service Categories	31	
416-2 Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	31	
417-1 Requirements for Product and Service Information and Labeling	31	
417-2 Incidents of Non-Compliance Concerning Product and Service Information and Labeling	31	
417-3 Incidents of Non-Compliance Concerning Marketing Communications	31	
418-1 Substantiated Complaint Concerning Breaches of Customer Privacy and Loss of Customer Data	44-50	

Appendix 1: GRI Standards Reference Table

Indicator Name	Page Number	Notes
GRI Standards Reference Table	11	
Scope of the Sustainability Report	3	

Appendix 2: SASB Standards Reference Table

Topic	Metric Code	Metric Name	Responsible Department	Page Number
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Management Department, Subsidiary Company Management, Parent Company Management	34
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Management Department, Subsidiary Company Management, Parent Company Management	Not Applicable
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.3	Description of the integration of environmental considerations into strategic planning for data center needs	Finance Department	None
Data Privacy and Freedom of Expression	TC-SI-220a.1	Number of users whose information is used for secondary purposes and their percentage of total users	Finance Department, Subsidiary Company Management, Parent Company Information Department	In the Year's Incident Report
Data Privacy and Freedom of Expression	TC-SI-220a.2	Description of policies and practices relating to behavioral advertising and user privacy	Finance Department, Subsidiary Company Management, Parent Company Information Department	In the Year's Incident Report
Data Privacy and Freedom of Expression	TC-SI-220a.3	Number of government requests for user information, number of users whose information was requested, percentage complied	Finance Department, Subsidiary Company Management, Parent Company Information Department	In the Year's Incident Report
Data Privacy and Freedom of Expression	TC-SI-220a.4	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Subsidiary Company Management, Parent Company Information Department	In the Year's Incident Report
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Subsidiary Company Management, Parent Company Information Department	In the Year's Incident Report
Data Security	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Subsidiary Company Management, Parent Company Information Department	20-22

Appendix 2: SASB Standards Reference Table

Topic	Metric Code	Metric Name	Responsible Department	Page Number
Workforce Diversity and Inclusion	VTC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Management Department, Subsidiary Company Management	36
Workforce Diversity and Inclusion	TC-SI-330a.2	Employee engagement as indicated by (1) engagement score and (2) volunteer participation rate	Management Department, Subsidiary Company Management	36
Intellectual Property Protection and Competitive Behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Finance Department	In the Year's Incident Report
Systemic Risk Management	TC-SI-550a.1	(1) Number of significant service disruptions, (2) number of business continuity tests performed	Parent Company Information Department	In the Year's Incident Report
Systemic Risk Management	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Parent Company Information Department	16,20-22