KWANTEX®

KWANTEX RESEARCH INC.



2023 ESG SUSTAINABILITY REPORT

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About the Report

Kwantex Research Inc., (referred to as "Kwantex" or the "Company" in this report) was established in 1996. The Company operates as a "Company Limited by shares", with ownership belonging to all shareholders. We adhere to the principles of integrity, pragmatism, transparency, and openness, disclosing in detail our strategies, management framework, and results on key sustainability issues. We respond in good faith to the expectations of stakeholders and strive to achieve corporate sustainability goals.

Scope of Report

- Reporting time: January 1, 2023 to December 31, 2023
- Report information: This covers the operations and activities of the main plant of Kwantex Research Inc., and Kwanmiao Factory. The scope of the report's data covers performance in economic, social, and environmental aspects. The scope and period of the report align with the parent company's financial statements, focusing primarily on Kwantex's operations in Taiwan.

Compilation Principles

This report follows the latest version of the GRI Standards, the United Nations Sustainable Development Goals (SDGs), and the United Nations Global Compact (UNGC). The report discloses the Company's operational activities during the reporting period, including its planning, strategies, and management performance. Additionally, the report includes a GRI Content Index for easy reference.

Report Quality

- Internal Review
  The report was drafted and completed by the Sustainability Promotion Team, coordinated by the Administration Department. It was reviewed by relevant department heads and finalized by the General Manager, following internal verification procedures to ensure the accuracy of disclosed information.
- External Assurance
  To enhance the transparency and reliability of the disclosed content, this report was verified by a third-party organization, SGS Taiwan Ltd., from July 23, 2024, to September 18, 2024. The verification followed the AA1000AS v3 assurance standard and GRI Standards for sustainability reporting. The verification results meet the requirements of AA1000 Type 1 Moderate Assurance and the GRI Standards. An independent assurance statement is included in the report's appendix. The 2023 GHG emissions will undergo verification and obtain the ISO 14064-1: 2018 certification by November 2024.

Issuance Period

Kwantex has published its first sustainability report in 2023 and will issue reports regularly, making them available on the Company's official website.

- Date of issuance of this report: October 2024
- Date of issuance of the next version: Expected to be released in October 2026

Contact Person

If you have any comments, questions, or suggestions about this report, you are welcome to contact us at the following contact information:

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Website→



Message from the General Manager

At this challenging yet opportunistic time, it is an honor to share Kwantex's vision and strategies for economic, environmental, and human well-being. We firmly believe that a company's value is not only reflected in its financial performance but also in its positive impact on society and the environment.

Climate change is the greatest threat to global sustainable development today. Countries around the world are announcing net-zero GHG emission targets, reminding us that we must reassess our relationship with the environment. To this end, Kwantex voluntarily introduced GHG inventory and product carbon footprint in 2022, committing to strengthen energy management and actively promote emission reduction measures to minimize the environmental impact of global warming.

Our goal is to prevent and reduce negative impacts while maximizing positive effects on the economy, environment, and humanity through innovative and sustainable business models. Our strategy balances short-term profits with long-term sustainability, ensuring that our actions align with the highest ethical and environmental standards.

We have established sustainable strategies and prioritized management issues, actively addressing the broad trends in the macroeconomic, social, and political environment that have a profound impact on our sustainability strategy.

In the past year, we have made significant progress in reducing our carbon footprint, promoting green technology innovation, and enhancing supply chain transparency. While we faced some challenges and setbacks, these experiences have strengthened our resolve to move forward.

We have established a series of specific goals and indicators, which we rigorously monitored and evaluated during the reporting period. In the future, we will focus on addressing key challenges and continue to pursue our SDGs.

We are committed to continuing to promote sustainability in the future, constantly enhancing our business models and operational methods. We believe that through our collective efforts, we can achieve a win-win situation for the economy, the environment, and human well-being.

Thank you all for your continuous support and trust.

Kwantex Research Inc.

General Manager

About Kwantex



Kwantex Research Inc. was established in 1996 and is mainly focused on research and design in the fasteners field. We are one of the few companies that holds the most patents for fasteners and have collaborated with many outstanding fastener companies around the world to innovate products. Kwantex has about 158 employees in Taiwan and extensive production capacity. Our quality policy is “Products, delivery and know-how”. The products mainly focus on high-end fasteners for construction and industrial applications, with most patented products already in mass production and successfully entered markets in many advanced countries/regions. Kwantex continuously innovates product designs, planning to launch 1 to 3 new products each year. This not only helps our agents or partners update their product features but also expands into new markets. This innovative spirit makes customers feel satisfied. We believe that innovation is power, and only new products can win.



KWANTEX® Brand Value
Your reliable wood screw expert



Brand Highlights

Professional innovation

With a robust R&D and sales team, and the implementation of Industry 4.0 at our Tainan production plant, we collaborate with customers to design and develop innovative products, such as IPE screws and hidden deck screw systems, meeting various application needs.

International certification

Through certifications including ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, ISO 14064-1: 2018, ISO 14067: 2018, as well as RISE C4, CE-EN14592, CE-EN14566, ETA 20/0183, ETA 21/0453, and ICC-ES ESR-4201, we ensure our products comply with global standards and regulatory requirements.

Customized service

We provide online production system services that offer real-time order status and information, ensuring customers receive efficient supply chain management.

Corporate social responsibility

We are committed to upholding the highest standards of corporate social responsibility in our operations, demonstrating our dedication to sustainable development, employee well-being, community contribution, and environmental protection.

Strategic Planning

In terms of strategic planning, our short-term goal is to increase order value by 10%, while our long-term goal focuses on implementing energy-saving and carbon-reduction initiatives to promote a circular economy. To achieve these goals, we will adopt a market strategy that enhances product competitiveness through patents. In terms of R&D program, our goal is to design and improve wood screws that achieve optimal performance with low driving torque and high pull-out strength.



Risks and Challenges

However, we also face some risks and challenges. Regarding market risks, the pursuit of low costs may lead to the adoption of low-quality screws or direct procurement from upstream manufacturers, potentially causing traders to face the risk of losing orders. In terms of competitive challenges, there are many patented products from others on the market that have excellent functionality and unique designs, posing a threat to us. In terms of internal risks, since the Company does not operate as a complete supply chain and relies on external suppliers, we are unable to obtain materials at lower costs when order volumes are low, which has a certain impact on our operations.

Professionalism and R&D

Since its establishment, Kwantex Research Inc., has upheld the ideal of professional manufacturing and R&D, and in recent years, its performance in the fastener technology field has been highly recognized by existing customers. We initially entered the Japanese market and established strict quality requirements, gradually expanding to other regions thereafter. Currently, our main markets are distributed in advanced regions such as Europe and the United States.

The Company's product range includes fasteners for construction materials as well as specialized fasteners for industrial use. Our philosophy is to design fasteners in appropriate forms or functions according to customer requirements, effectively fastening various materials together to achieve the desired results. The R&D department makes various functional modifications and additions based on customer needs, which not only earns customer recognition and expands market scale but also successfully obtains multiple domestic and international patents.

Innovation and Market Expansion

The Company plans to launch 1 to 3 new products each year, which not only helps our partners update their existing product lines in the market but also creates new market opportunities. This spirit of innovation provides customers with higher satisfaction. To achieve results in R&D and the market, we have established a rigorous system and an efficient team, placing great importance on values recognized internationally. Therefore, environmental protection, health and safety, and corporate culture have become important considerations for us to meet customer requirements and maintain effective internal operations.

Public Association Participation

Name of Participating Association	Membership Qualifications	Influence
Taiwan Industrial Fasteners Institute	Premium Class A Member	By participating in industry exchanges with other fastener manufacturers, we have the opportunity to establish close cooperative relationships with member companies of other associations, jointly engaging in activities such as technical exchanges, market development, and product innovation, to collaboratively explore new business opportunities and markets.
Tainan City General Industrial Association	Class B Member	The Tainan City General Industrial Association can assist businesses by coordinating industrial relations, enhancing common interests, seeking improvements and promotions, promoting economic development, strengthening talent development through training, and facilitating labor-management harmony.

Initiatives Response

Initiative I

Healthy Corporate Citizenship (CHR) in 2023 (promise)

Introduction

The Common Health Magazine (part of the CommonWealth Magazine Group) established the CHR Corporate Healthy Citizenship mark in 2019. Common Health aligns with international standards, evolving from CSR to ESG, focusing on encouraging participation and commitment. It promises that companies will invest in “knowledge”, “action”, "food" and “assistance”, striving to practice and promote employee health.



Promotion Effectiveness

1.Passing on Health Knowledge
- Conveying accurate health knowledge through various channels.
- Organized seminars on physical and mental health.
- Regularly performing stretching exercises weekly to relieve musculoskeletal stress.
- Emphasis on ergonomic engineering.

2.Health Service
- Hiring dedicated occupational health nurses and contracted health service physicians.
- Placing emphasis on maternal health care.
- Tracking employee health check results and providing various physical and mental health consultations.

3.Health Promotion Program
- Continuously planning and promoting various health promotion-related initiatives.
- Enhancing employee well-being through the design of health promotion activities, creating a happy corporate brand.

4.Weekly Company Newsletter
- Weekly issuance of a diverse and vivid company newsletter, including:

1.Sharing key news from both domestic and international sources.
2.Reminders for important events next week (company activities, company trips, etc.).
3.Sharing information about arts and cultural events across Taiwan.
4.Topics for reflection section (can include diverse themes such as professional, knowledge-based, environmental-themed book reviews, or sharing of professional experiences related to the work field).
5.General topics (professional knowledge, new technological insights, successful cases in management or business, health information, anecdotes, and lifestyle or leisure sharing).

5.Support Vegetable Day
- Responding to Vegetable Friday each week, contributing to personal health and reducing carbon emissions for the planet.

6.Friendly Workplace
- Continuously promoting a friendly workplace to safeguard employee health.
- Emphasizing employee health care to encourage more colleagues to adopt a healthy lifestyle, creating a balance between work and life.

7.Outstanding Healthy Workplace
- Continuously promoting an outstanding healthy workplace nvironment.
- Creating a gender-equal working environment.

Initiative II

The 2023 Sports Enterprise Certification Program of the Sports Administration, Ministry of Education

Introduction

To encourage collaboration between the government and enterprises, this program aims to highlight the actual achievements in sports participation and demonstrate the management effectiveness that enhances competitive advantages. The Sports Administration of the Ministry of Education has specially formulated the Sports Enterprise Certification Guidelines with the following objectives:
① Encourage enterprises to actively promote regular exercise habits among employees and fulfill their Corporate Social Responsibility (CSR) by caring for employees.
② Collaborate with corporate efforts to support the development of the sports industry.
③ Highlight the enterprise’s healthy human resources and brand value.

Promotion Effectiveness

1.Outdoor Walking Activity
- Held occasionally to encourage participation by employees and their families.
- Plan routes through hilly terrain near the Company, allowing participants to enjoy beautiful mountain views while achieving physical activity goals.

2.Internal Sports Activities during the Pandemic
- Arrange walking routes within the plant premises.
- Establish incentives to encourage employees to participate after work hours.
- Track participation frequency and distribute bonuses.

3.Activity Results and Impact
- Significantly increase the willingness of employees to participate in sports activities.
- Cultivate employees' habits of exercising regularly at designated times and locations.
- After the event, many employees continued to participate in the sports activities.

Initiative III

Tainan City Government Public Health Bureau's Automated External Defibrillator (AED) Safe Site Certification Implementation Plan

Introduction

To implement the placement of Automated External Defibrillators (AEDs) in the city, this plan aims to train employees in first aid skills, manage AED equipment, and ensure the safety quality of the environment. Through a certification mechanism, the public will be able to clearly identify the locations of AEDs in public areas, thus this plan has been established.

Promotion Effectiveness

100% of employees completed CPR and AED training and obtained the "Tainan City AED Safe Workplace Certification."



▲ The 9th D&B Top 1000 Elite SME Award



▲ D&B Top 1000 Elite SME Award



▲ SGS Quality Sustainability Award



▲ SME Innovation and Research Award

Awards

Year	Contents of Awards
2010	Taiwan SME Innovation and Research Award (KTX-Torpedo Screw)
2014	German Red Dot Award for Product Design (KTX-Torpedo 1 Screw)
2016	Received the "SGS Quality Sustainability Award"
2018	Healthy Workplace Certification (Activation Badge)
2019	Awarded by the Sports Administration, Ministry of Education for hiring sports instructors and certified as a Healthy Workplace (Healthy Activation Badge)
2019,2020 2022,2023	Tainan City declares the award for the Outstanding Resource Recycling Award
2020	Healthy Workplace Certification (Promotion Badge)
2021	Safe Workplace Certification (Main plant)
2022	Safe Workplace Certification (Kwanmiao Factory)
2022	The 9th D&B Top 1000 Elite SME Award
2022	"TTX Drive" won the "US Fastener Innovation Award"
2023	Extension of Healthy Workplace Certification (Promotion Badge)
2023	CHR Corporate Health Responsibility Certification (Common Health Magazine)
2023	Sports Enterprise Certification (Ministry of Education)

Certification

Year	Verification content
1998	Passed ISO 9001 Certification
2003	Passed ISO 14001 and OHSAS 18001 Certification (OHSAS 18001 was converted to ISO 45001: 2018 in 2020)
2011	Passed the EU CE EN14566 Certification
2011	"KTCO" Nano Coating - C4 Anti-Corrosion Certification
2013	Passed the EU CE EN14592 Certification
2021	EU ETA 20/0183 Safety Certification, ETA 21/0453 Safety Certification, US ICC-ES Report ESR-4201 Certification
2021	ESG-AQF, SMETA Ethical Trade Audit
2023	Obtained ISO 14064-1: 2018 (GHG Inventory) Statement
2023	Obtained ISO 14067:2018 (Product Carbon Footprint) Statement

Effectiveness of ESG Promotion in 2023

Aspects	Performance Items	Results (qualitative or quantitative description)
Corporate Governance	Regular internal audits of various systems to ensure smooth operation	The following external audits have passed: ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, ISO 14064-1: 2018, ISO 14067: 2018, internal audits are conducted to enhance the continuous effectiveness of each verification system.
	Strict information security control for internal use with peace of mind	Through daily checks and antivirus software protection, along with implementing information security awareness campaigns 6 times a year, an investment of NTD 367,680 was made. As a result, there were 0 incidents of personal data leakage.
	Respect for human rights, gender equality, anti-discrimination, anti-violence, anti-stalking, and anti-sexual harassment	Transparent and open communication channels have resulted in 0 incidents of violations related to human rights, discrimination, gender equality, workplace violence, stalking, or sexual harassment, allowing employees to work comfortably and safely.
	The Company operates with ethical corporate management and honesty. All members do not receive benefits and abide by ethical regulations and behaviors.	Through diverse reporting channels and strict adherence to the Company's "Employee Code of Conduct and Behavior Statement", there were zero reports of illegal benefits in 2023.
Employee Care	Appointment of sports instructors	Awarded the "Active Talent Enterprise Award for Hiring Sports Instructors" trophy by the Sports Administration of the Ministry of Education.
	Health checkup provided	In accordance with Article 11 of the Regulations of Labor Health Protection, the Company provides regular health checkups for employees within the prescribed period and offers comprehensive health checks exceeding regulatory requirements (including various ultrasound scans, endoscopy, hepatitis tests, new cancer marker tests, and arteriosclerosis detection), achieving a 100% implementation rate.
	Participated in the Common Health Magazine CHR Corporate Health Responsibility Certification	Received the 2023 CHR Healthy Corporate Citizenship Commitment Mark.
	Provide a safe and comfortable working environment	Statistics on occupational accidents 2023: 0 / FR: 0, SR: 0.
	Implement health promotion programs	Awarded the "Healthy Workplace - Healthy Activation and Promotion Certification Label" by the Health Promotion Administration of the Ministry of Health and Welfare.
	Participated in the Sports Enterprise Certification of the Sports Administration, Ministry of Education	Awarded the "Sports Enterprise Certification and Award" by the Sports Administration, Ministry of Education.
	First aid course education and training	100% of employees completed CPR and AED training and obtained the "Tainan City AED Safe Workplace Certification."
Employee Care	Employee education and training totaled 4,946 hours	Including internal training for all employees, external training, professional certification retraining, assemblies, and seminars.
	Occupational safety and health education and training totaled 3,636 hours	Including internal training for all employees, external training for occupational safety personnel, professional certification retraining, and assemblies.
	Promoted four major workplace plans, including "Prevention Plan for Illegal Infringement During Duty", "Prevention Plan for Ergonomic Hazards", "Prevention Plan for Illness Induced by Abnormal Workload", and "Health Protection Plan for Maternal Workers".	Promote employee health services, and conduct workplace health risk assessment and health management. Annual performance statistics are conducted every year. For 2023: “Prevention Plan for Illegal Infringement During Duty”: 0 high-risk cases and 0 reports./ “Prevention Plan for Ergonomic Hazards”: 1 physician consultation, 16 preventive health education sessions by plant nurses./ “Prevention Plan for Illness Induced by Abnormal Workload”: 7 physician consultations, 15 preventive health education sessions by plant nurses./ Health Protection Plan for Maternal Workers: 5 physician consultations, 5 individuals classified as Level 1 risk (able to maintain original work).

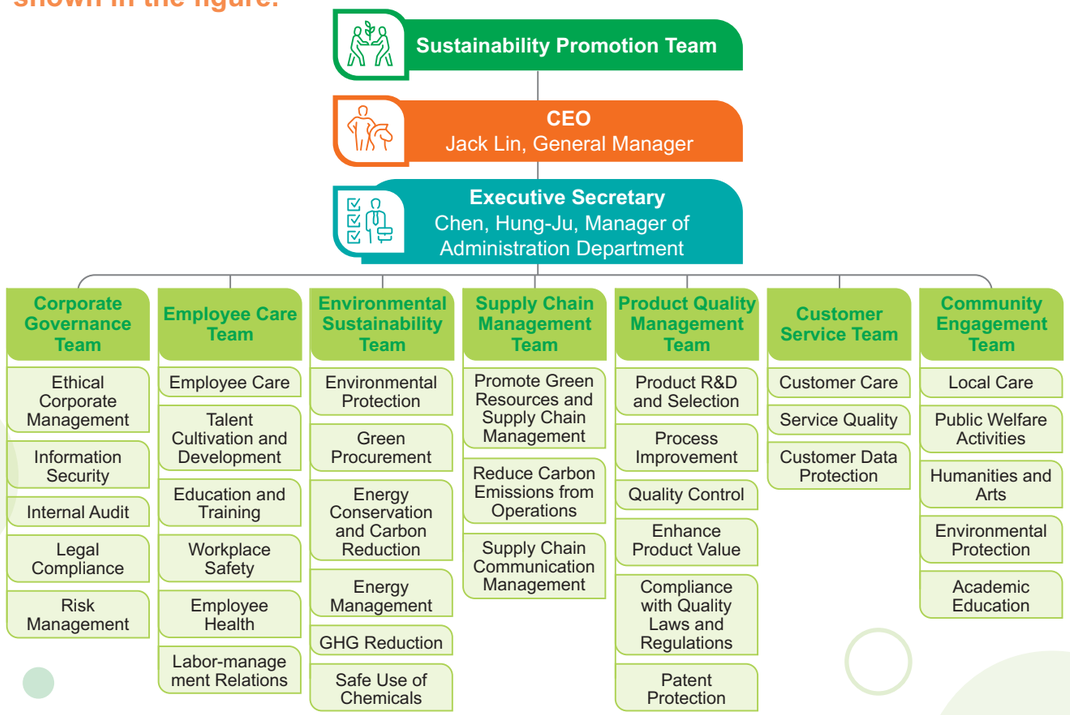
Aspects	Performance Items	Results (qualitative or quantitative description)
Environmental Sustainability	Implement waste recycling and reuse	Plan to proactively seek contractors capable of waste recycling. Currently, a contractor for recycling and reusing discarded wood has been identified, focusing on the regeneration of waste wood products. In the future, we will continue to explore the potential for recycling and reusing waste plastic.
	Installation of water-saving devices on all faucets throughout the plant	Conducted tests by opening a regular faucet and a faucet with a water-saving device to maximum flow simultaneously, using a measuring cup to calculate water usage. The results showed that the water-saving device can save approximately 40% of water.
	Replace all lighting fixtures in the plant with LED lights	The complete replacement of lighting fixtures with LED lights was completed in November 2023. From January to June 2024, the average daily electricity consumption compared to the same period in 2023 decreased by 2.03%.
Supply Chain Management	Local procurement	In 2023, 100% of raw materials were procured from Taiwan.
	Inventory management	Self-owned MIS system to manage inventory details, with monthly reports generated for non-order inventory to remind staff to check when a new order is received.
	Credit investigation	When contacting suppliers by phone, take the opportunity to inquire about their order status. Additionally, when personnel visit the plants, they can observe the actual conditions and gather information through other relevant contractors.
	Supplier evaluation	1. Processing category: Every six months, suppliers are assessed based on delivery status regarding quality, delivery time, and cooperation level, recorded in the “Supplier Evaluation Form”. 2. Service category: Every six months, service providers are evaluated based on service conditions, including the provision of professional knowledge, pricing levels, service quality, and coordination, recorded in the “Service Provider Evaluation Form”. 3. Grade A (80 (inclusive) to 100 points): Listed as a qualified supplier. Grade B (60 (inclusive) to 80 points): Notification through correspondence documents. Grade C (less than 60 points): Notification through correspondence documents and classified as unqualified suppliers.
	Recycling and regeneration	The Company-generated waste wood (R-0701) is entrusted to qualified recycling and contractors, who crush the waste wood and reshape it into fuel pellets. These fuel pellets can replace coal and are considered renewable energy.
	Green procurement	According to local regulations required by the customer, plastic boxes may contain 20 to 30% recycled material. Ratio of about 35.69%.
Product Quality Management	Development success rate	The development success rate in 2023 was 95.56%.
	Number of patent applications	In 2023, the number of patent applications was 3.
Giving Back to the Community	Long-term donations to local elementary schools to enable students to engage in diverse learning opportunities	Sponsored Singuang Elementary School with NTD 300,000 for the 2022 academic year, which is used for after-school teaching, music skills, English language learning, and other diversified instruction. Additionally, each academic year, a student achievement booklet is published for junior, middle, and senior grades, with some funds allocated for campus beautification maintenance. Both teachers and students are very grateful for this support.
	Spare no effort in environmental protection for the Kwanmiao District and Longqi District	Sponsored NTD 527,995 for 7 villages in the Kwanmiao District and NTD 160,000 for 8 villages in the Longqi District, allocated for environmental protection and dengue fever prevention efforts, ensuring a good environment for residents to live comfortably and safely.
	Cleaning the areas under national highways and community parks	Regular cleaning and weeding of the areas under national highways and community parks every Friday to maintain a clean and tidy environment and ensure good environmental conditions.
	Taiping Song Formation cultural revival	Kwantex spares no effort in the cultural revival of Taiping Song, having invested NTD 708,543 from 2014 to 2023 for teacher training, the purchase of Taiping Song formation costumes, performances, and other expenses. This has led to significant results while preserving the original artistic performances.

Sustainability Management

The highest governance body of the Company is chaired by the General Manager, who is authorized by the Company to serve as the Executive Director of the Sustainability Promotion Team. The Manager of the Administration Department acts as the Executive Secretary, coordinating the Company's sustainable development direction and goal formulation, and is tasked with managing impact responsibilities. The Sustainability Promotion Team has established seven sub-groups, including the Corporate Governance Group, Employee Care Group, Environmental Sustainability Group, Supply Chain Management Group, Product Quality Management Group, Customer Service Group, and Community Engagement Group. High-level executives at the level of section manager or above are appointed as the leaders of each sub-group. The Executive Secretary of the Sustainability Promotion Team and members of each group regularly review the performance and goal achievement status of their respective groups, and report the results and future plans to the Executive Director annually. The report not only includes the execution results of the ESG Sustainable Development Team but also the identification results of material topics, challenges (note), and issues faced during the year. It explains the measures taken by the Company in response (e.g., improving ESG risk ratings, adhering to the requirements of Corporate Governance 3.0, engaging ESG professional consultants, establishing a climate change team, and setting up an ESG information zone). The Company's managers are also actively improving their sustainability knowledge and taking ESG, TCFD and SASB courses to strengthen their corporate governance capabilities. Through the effective division of labor within the Sustainability Promotion team, internal and external resources are systematically integrated, leading the Company toward the vision of "customer satisfaction, employee recognition, and social responsibility". Although the Company is not yet publicly listed and operates as a sole proprietorship, our highest governance body still adheres to the principle of avoiding conflicts of interest in corporate governance and is based on integrity and ethical management. In the future, we will actively promote the establishment of specific internal management regulations to enhance the quality of corporate governance.

Note: The sustainability issues prioritized for management and reporting in 2023 were identified by the Sustainability Promotion Team and, after approval by the General Manager, became key outcomes presented in this report.

The task structure of the Sustainability Promotion Team and each sub-group is shown in the figure.



Stakeholder Identification and Communication

Kwantex identifies key stakeholders by referring to the five principles of the AA1000SES (AA1000 Stakeholder Engagement Standard): Responsibility, Influence, Tension, Diverse Perspectives, and Dependency. During the initial screening, we employed a quantitative methodology to ensure that no key stakeholders were overlooked. We established a review mechanism within the Sustainability Promotion Team to re-discuss those that did not meet the significant threshold, ultimately evaluating each indicator quantitatively.

Through the evaluation and discussion by the Sustainability Promotion Team, we have identified six key stakeholders, including customers, banks, government agencies, suppliers, the community, and employees. Kwantex values the rights and opinions of every stakeholder. To listen to their genuine thoughts, we have established open communication channels, with the responsible units closest to each group managing exchanges with various stakeholders. We continuously pay attention to the topics of their concern and use their feedback or shared insights as motivation for internal growth.

Communication methods and frequencies with the six key stakeholders of Kwantex

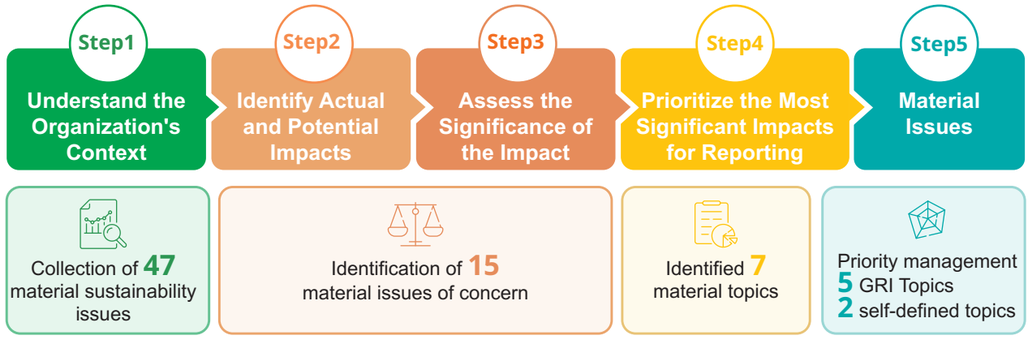
Stakeholders	Significance to Kwantex	Issues of Concern	Communication Channel (Type/Method)		Communication Frequency
Employees	Employees are the core of the Company's operations, and their efforts and innovations directly impact production efficiency and product quality. Loyal and capable employees can enhance the Company's competitiveness and market position.	• Occupational Safety and Health • Labor-management Relations • Environmental Management • Talent Recruitment and Retention	Meetings	Working meeting	Daily
				All-staff meetings	Weekly
				Labor-management meetings	Quarterly
				Forum	Semi-annually
				Two-way communication	Annually
			Care	Health consultation	Quarterly
				Satisfaction survey	Annually
				Suggestion Box	Occasionally
				Complaint hotline	Occasionally
				Mail	Occasionally
			Announcement	Announcement	Occasionally
			Training	Education and Training	Occasionally
			Activities	Employee activities	Monthly, annually
				Welfare activities	Occasionally
			Committees	Safety Committee	Quarterly
				Welfare Committee	Occasionally



Stakeholders	Significance to Kwantex	Issues of Concern	Communication Channel (Type/Method)		Communication Frequency
Banks	Banks provide necessary funding and financial services, serving as the backbone for the Company's financial management and expansion. The support from banks ensures that the Company does not encounter difficulties in cash flow and financial stability.	• GHG Emissions • Energy Management • Community Engagement	Meetings	Meetings	Occasionally
				Seminar	
			Public relations	Visit	Occasionally
			Communication	Mail	Occasionally
				Telephone	
				Fax	
Government agencies	Government regulations and policies impact the Company's operating environment and compliance. Government infrastructure and policy support contribute to the Company's long-term development and fulfillment of social responsibilities.	• Waste Management • Occupational Safety • Community Engagement • Ethical Corporate Management	Meetings	Forum	Occasionally
				Seminar	
			Communication	Telephone	Occasionally
				Mail	
			Audit	Correspondence/Report	Occasionally
				Audit	
				On-site visit	
Customers	Customers are the main source of revenue for the Company. The Company needs to adjust marketing strategies and improve products based on customer needs and feedback to enhance brand loyalty and increase market share.	• GHG Emissions • Supply Chain Management • Energy Management • Ethical Corporate Management	Communication	Website	Occasionally
				Mail	
				Telephone	
			Care	Satisfaction survey	Annually
			Meetings	Communication meeting	Occasionally
			Public relations	Visit	Occasionally
			Audit	Audit	Annually, Occasionally
			Activities	Exhibition	Occasionally
Community	Community support and response influence the Company's social image and brand value. By participating in community activities, the Company can fulfill its social responsibilities and build strong community relationships.	• Community Engagement • Waste Management • Employee Training • Labor-management Relations	Communication	Telephone	Annually/Occasionally
				Mail	Occasionally
			Meetings	Communication meeting	Occasionally
			Public relations	Donation/Sponsorship	Occasionally
				Support for engineering repairs	
				Support for environmental maintenance	
				Event support	
Suppliers	Suppliers provide essential raw materials and services, making them a crucial part of the Company's supply chain. High-quality and stable supply ensures the smooth production process of the Company and reduces operational risks.	• Occupational Safety and Health • Customer Service Management • R&D and Innovation	Communication	Telephone	Occasionally
				Mail	
				Fax	
			Meetings	Communication meeting	Occasionally
			Audit	Audit	Occasionally
			Public relations	Visit	Occasionally
			Activities	Supplier-related activities	Occasionally

Material Topic Management

2023 Sustainability Issue Materiality Assessment Process



Step ① Understand the Organization's Context

Kwantex refers to the GRI Standards 2021 and AA 1000: The 2018 Accountability Principles Standard employs four key principles, namely Inclusiveness, Materiality, Responsiveness, and Impact, to identify material issues. To respond to stakeholder concerns and expectations, and to address opportunities and challenges in sustainable operations, we have referenced industry benchmarks, the sustainability indicators of the World Steel Association, the United Nations Sustainable Development Goals (SDGs), and global standards and frameworks (such as SASB, GRI, TCFD, etc.) to identify various sustainability issues related to the Company's operations.

Step ② Identify Actual and Potential Impacts

Kwantex's Sustainability Promotion Team integrates the important sustainability issues into four core areas of environment, economy, society, and governance, totaling 15 key issues. Based on these issues, a questionnaire is created and sent to stakeholders for their input. Based on their feedback, these opinions will serve as an important foundation for the Company's sustainable development and operational strategy planning, as well as a primary reference for information disclosure in this report.

Our impact assessment adopts a qualitative methodology, with priority given to handling and managing issues related to human rights. In the future, Kwantex will continue to communicate with stakeholders, provide high-quality products to meet societal needs, and promote the Company’s sustainable development.

Scope of Impact of Sustainability Issues

Based on the industry chain assessment, the Company evaluates the external impact of its operations, including influence and risks, and takes appropriate measures to mitigate negative effects on business operations, ensuring sustainable development. The following outlines the Company’s evaluation of actual and potential positive and negative impacts across each stage of the value chain for key sustainability issues.

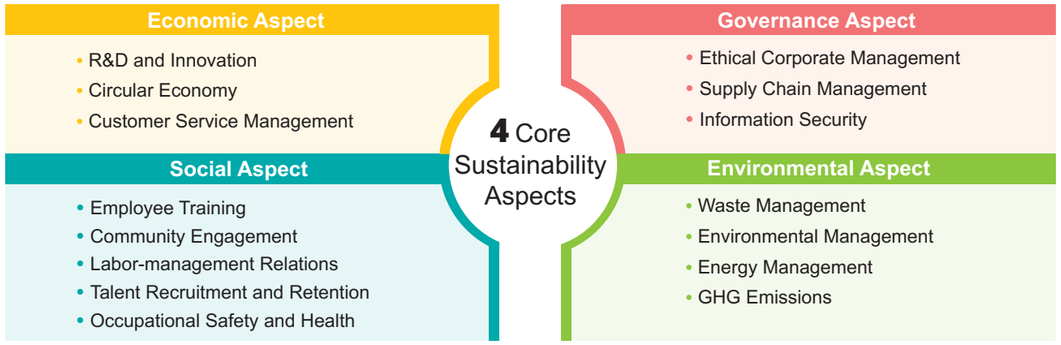
● Direct ○ Indirect No impact

Issues	Source of Impact: Upstream – Raw Material Acquisition Stage	The Organization Itself – Outsourced Manufacturing Stage	The Organization Itself – In-plant Manufacturing Stage	The Organization Itself – Shipment Stage	Downstream – Sales Stage	Negative Impact	Positive Impact
GHG Emissions	●	●	●	●	●	The GHG emissions from metal fastener processing accelerate climate change, leading to increased extreme weather events, rising sea levels, ecosystem shifts, and posing threats to air quality and public health.	Actively participating in GHG emission management by systematically quantifying and analyzing challenges, providing solutions, and measuring and improving emission intensity.
Energy Management	●	●	●	●	●	The metal processing and manufacturing process requires substantial energy, especially electricity and fuel, which puts pressure on energy resources and may rely on high-carbon-emission energy sources.	Implement comprehensive energy management measures to effectively monitor and manage energy consumption, develop sustainable development strategies, and make significant contributions to improve energy efficiency.
Circular Economy	●	●	●	●	●	In a circular economy, the transportation and handling of waste can impact air and water quality. Proper transportation methods and processing facilities, along with monitoring and controlling emissions, can help mitigate these effects.	Implementing circular economy policies helps improve resource efficiency, reduce production costs, enhance corporate competitiveness, and promote sustainable economic development.
Waste Management	●	●	●	●	●	Waste management policies and resource recycling also increase costs and management burdens.	Emphasize compliance with waste management policies and regulations to ensure that business activities do not have a negative impact on the environment.
Environmental Management	●	●	●	●	●	May face challenges such as increased costs and management burdens. This requires companies to strive to overcome relevant challenges while balancing various interests, achieving a positive interaction between environmental protection and business development.	Actively promoting the implementation of environmental management policies and regulations, along with enhancing environmental monitoring and emergency response measures, helps improve the Company's sense of environmental responsibility and sustainability while strengthening the ability to respond to environmental risks.
Occupational Safety and Health	No impact	●	●	○	○	The lack of safety measures may lead to legal issues, with the Company facing fines and lawsuits. An unsafe working environment reduces employee efficiency and satisfaction, increases absenteeism and turnover rates, and affects productivity. Finally, outdated safety equipment may expose the Company to technological and safety risks.	Implementing effective occupational safety management measures not only helps reduce safety risks in surrounding communities and minimizes potential negative impacts but also enhances occupational safety standards within the supply chain. This not only enhances the reliability of the supply chain but also reduces the risk of production interruptions, thereby stabilizing the entire supply chain operation.
Employee Training	No impact	●	●	○	○	Employee training may increase business costs, and employee turnover can lead to investment losses and knowledge drain, affecting competitiveness. Unfair training resources may exacerbate social injustice.	This has a positive impact on the internal management and operations of the enterprise, and also has a positive external impact on the development of the entire industry and the progress of society.

● Direct ○ Indirect No impact

Issues	Source of Impact: Upstream – Raw Material Acquisition Stage	The Organization Itself – Outsourced Manufacturing Stage	The Organization Itself – In-plant Manufacturing Stage	The Organization Itself – Shipment Stage	Downstream – Sales Stage	Negative Impact	Positive Impact
Talent Recruitment and Retention	○	●	●	○	●	Excessive reliance on talent recruitment and retention policies may lead to unfair competition, increase instability in the talent market, and impact the internal development of the Company.	Effective talent recruitment and retention policies can attract outstanding talent to join the Company, increase employment opportunities, promote industry development, and maintain corporate stability.
Labor-management Relations	No impact	●	●	○	●	Poor labor-management relations can lead to labor disputes, affect production efficiency, and create negative impacts on the industry.	Good labor-management relations promote harmony in the workplace, enhance production efficiency, and improve the competitiveness of the entire industry.
Community Engagement	○	○	○	●	●	Lack of community engagement can lead to dissatisfaction and protests, impacting the Company's reputation and business operations.	Active community engagement enhances the Company's image and community relations, increases community support, and helps create a stable environment.
Supply Chain Management	●	●	●	●	●	Improper supply chain management can lead to production disruptions, inventory issues, and even human rights problems, resulting in negative impacts on the industry.	Good supply chain management helps improve efficiency, reduce costs, and facilitate timely product delivery, thereby enhancing the competitiveness of the entire industry.
Information Security	No impact	●	●	●	●	Information security vulnerabilities can lead to sensitive data breaches, damaging the Company's reputation and negatively impacting the overall market.	Strengthening information security can build customer trust, ensure business continuity, and help maintain the stability of the entire industry.
Customer Service Management	No impact	○	○	●	●	Customer complaints may lead to customer loss, damage the Company's reputation, and negatively impact business continuity and market competitiveness.	Effective customer service management can build strong customer relationships, enhance customer satisfaction, and help expand market share and brand reputation.
Ethical Corporate Management	No impact	○	○	●	●	Lack of business integrity may lead to loss of customer trust, customer attrition, damage to corporate image, and negatively impact the overall market.	Ethical corporate management helps build a positive corporate image, enhance customer trust, strengthen market position, and uphold industry reputation.
R&D and Innovation	●	●	●	○	○	Lack of R&D may result in outdated products, reduced competitiveness, and limit the industry's growth potential.	R&D and innovation drive product and service advancement, enhance industry competitiveness, create more job opportunities, and promote economic growth.

4 Core Sustainability Aspects, 15 Sustainability Topics



Step ③ Assess the Significance of the Impact

(1) The Sustainability Promotion Team conducted a quantitative assessment of 15 sustainability issues, scoring both positive and negative impact indices by considering "scope of impact", "degree of impact", and "likelihood of occurrence". The results indicate that no issue reached a high-impact significance level. The evaluation results are listed in the following table.

Significance of Impact: ★ low ★★ medium ★★★ high

Material Issues	Significance of Impact		External Impact Assessment Aspects			
	Negative	Positive	Economy	Environment	Society	Human Rights
GHG Emissions	★	★★	v	v		
Energy Management	★	★	v	v		
Circular Economy	★	★	v	v		
Waste Management	★	★	v	v		
Environmental Management	★	★	v	v		
Occupational Safety and Health	★★	★★	v		v	v
Employee Training	★	★	v		v	v
Talent Recruitment and Retention	★	★	v		v	v
Labor-management Relations	★	★★	v		v	v
Community Engagement	★	★★	v		v	
Supply Chain Management	★	★	v	v		v
Information Security	★	★	v			v
Customer Service Management	★	★★	v		v	
Ethical Corporate Management	★	★★	v		v	v
R&D and Innovation	★	★★	v		v	

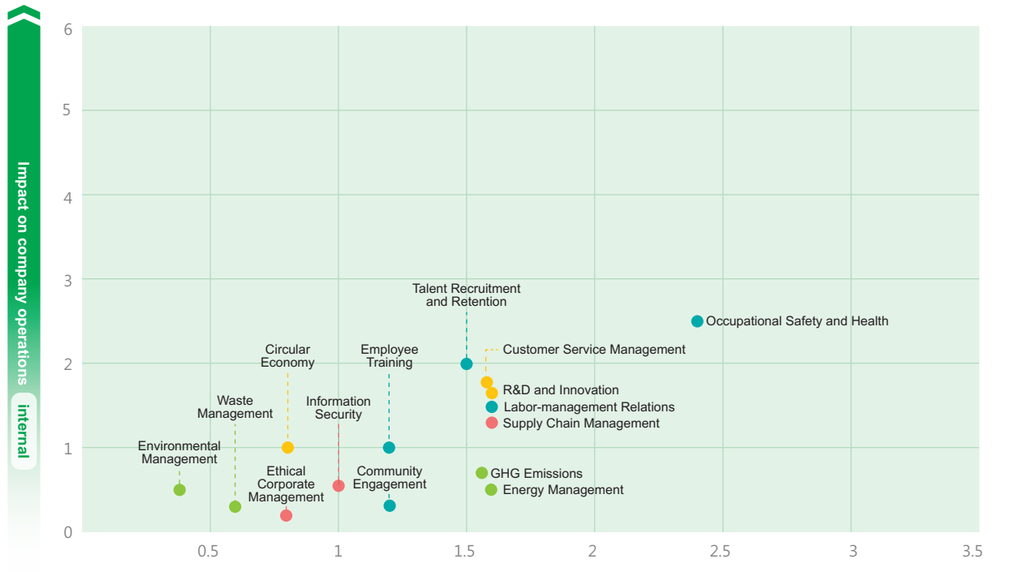
(2) At the same time, the Company's senior managers assessed the actual or potential impact of these issues on operations. The results indicated that none of the issues reached a high level of significance.

(3) The Sustainability Promotion Team set the significance threshold for material issues based on the assessment results to be moderate or above impact. With the approval of the General Manager, the issues identified with moderate or above impact for 2023 have been confirmed as the priority reporting items for this year.

Step ④ Prioritize the Most Significant Impacts for Reporting

According to the assessment results, "Occupational Safety and Health" is the only issue showing moderate significance among negative impacts, requiring special attention and management. In terms of positive impacts, the issues of "Labor-management Relations", "Community Engagement", "Ethical Corporate Management", "Occupational Safety and Health", "R&D and Innovation", "GHG Emissions", and "Customer Service Management" have been assessed as moderately significant topics, contributing notably to the Company's operations and image. We will rank the assessment results of these positive and negative impacts separately and create corresponding materiality matrix.

Negative Impact Materiality Matrix



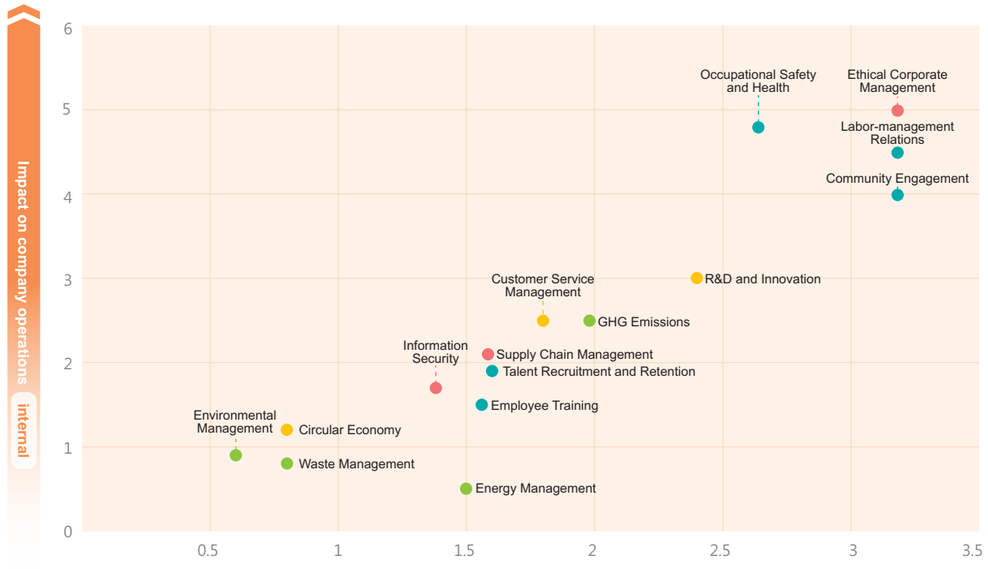
Note: The significance threshold values for internal and external impacts are set at 2.5 and 1.8, respectively.

Negative Impact Ranking

	Issues	Degree of significance
1	Occupational Safety and Health	★★
2	Labor-management Relations	★
3	Supply Chain Management	★
4	Customer Service Management	★
5	R&D and Innovation	★
6	Energy Management	★
7	GHG Emissions	★
8	Talent Recruitment and Retention	★
9	Employee Training	★
10	Community Engagement	★
11	Information Security	★
12	Circular Economy	★
13	Ethical Corporate Management	★
14	Waste Management	★
15	Environmental Management	★

Environmental Aspect Economic Aspect Social Aspect Governance Aspect

Positive Impact Materiality Matrix



Note: The significance threshold values for internal and external impacts are set at 2.5 and 1.8, respectively.

Positive Impact Ranking

	Issues	Degree of significance
1	Labor-management Relations	★★
2	Community Engagement	★★
3	Ethical Corporate Management	★★
4	Occupational Safety and Health	★★
5	R&D and Innovation	★★
6	GHG Emissions	★★
7	Customer Service Management	★★
8	Talent Recruitment and Retention	★
9	Supply Chain Management	★
10	Employee Training	★
11	Energy Management	★
12	Information Security	★
13	Circular Economy	★
14	Waste Management	★
15	Environmental Management	★

Environmental Aspect Economic Aspect Social Aspect Governance Aspect

Step ⑤ Material Issues

The Sustainability Promotion Team, through the evaluation results of the material issue identification process mentioned above, has confirmed 7 material topics that require active management, including "Occupational Safety and Health", "Labor-management Relations," "Community Engagement", "Ethical Corporate Management", "R&D and Innovation", "GHG Emissions", and "Customer Service Management". The following is the management content of material topics.

Labor-management Relations

Corresponding GRI Topic

GRI 401: Employment 2016
GRI 402: Labor/Management Relations 2016

Significance to the Organization

We value diversity and inclusion, respect our employees' differences, and enhance their sense of belonging and self-worth. At the same time, we provide support measures to help employees balance work and family life. This not only creates a friendly workplace environment and enhances employee efficiency, but also attracts and retains outstanding talent, further enhancing the Company's competitiveness and harmonious and stable labor-management relations.

Goals

1. In response to the labor shortage caused by declining birth rates, we promote a workplace that fosters collaboration between younger and older generations. We encourage retired colleagues to return and pass on stable work skills, ensuring that younger employees have guidance for effective skill acquisition.
2. From 2024 to 2028, two senior colleagues are expected to reach the legal retirement age of 65. The Company will encourage these two colleagues to return to work.

Policy/Commitment

Reasonable working conditions, diversity and inclusion, employee well-being, work-life balance

Evaluation Mechanism

Hold labor-management meetings every three months and accept consultation requests

Action Plan

1. Regularly visit the Ministry of Labor's labor law inquiry system website to update labor regulations and supplement legal knowledge
2. Regularly hold labor-management meetings to review labor conditions and worker proposals

Responsible Units and Grievance Mechanism

- The Human Resources Division holds labor-management meetings every three months to discuss and communicate relevant labor-management relationship issues
- If you have any questions or suggestions, please feel free to contact us at nancy@kwantex.com.

Non-compliance

In 2023, there was a violation of Article 2 of the Employee Welfare Fund Act for failing to establish an Employee Welfare Committee, resulting in a fine of NTD 3,000.

Negative Impact

→The work during the unpaid parental leave period for colleagues is shared among team members within the department, and there is no mechanism to apply for temporary contract agents.

→Due to the declining birth rate, promoting the re-employment of middle-aged and elderly retirees can only temporarily address the labor shortage for about 5 to 10 years, and we will still need to rely on foreign labor.

Positive Impact

→Labor harmony is valued by the Company. A labor rights consultation form and inquiry registration sheet have been set up, allowing employees to fill out the form or directly call the Human Resource Section with any questions, and they will provide immediate responses.

→Employee care includes regular health consultations for employees' physical and mental well-being, as well as immediate support and assistance during significant family events. Support channels include the labor feedback mailbox and complaint channels, labor-management meetings, and complaint channels for sexual harassment and workplace infringement.

→Implementing a return-to-work program for older retirees to pass on their skills ensures high stability among middle-aged and older workers, addressing the labor shortage and establishing diverse working arrangements.

2023 Annual Performance

→0 labor inspection

→0 cases of severance pay

→2 appropriate job transfers were made for personnel adjustments (employees wishing to leave Kwantex were transferred to suitable positions in other affiliated companies and successfully retained)

Occupational Safety and Health

Corresponding GRI Topic

GRI 403: Occupational Health and Safety 2018

Significance to the Organization

The Company places a high priority on occupational safety management, committing to prevent environmental pollution, reduce occupational risks, and comply with relevant regulations. We continue to promote environmental and occupational safety management systems, enhancing the working environment and safety performance through goal setting. At the same time, we enhance employees' awareness of environmental protection and occupational safety through education and training, ensuring workplace safety and conducting regular health checks. We encourage employee participation and continuously improve the working environment to move towards sustainable development goals.

Action Plan

The Company focuses on the production, R&D, and marketing of screws. Based on the interactions between operational activities, products, environment, and occupational safety and health, we actively promote occupational safety and health management activities to enhance occupational safety and health performance. To achieve this goal, we establish an occupational safety and health management system based on the latest version of ISO 45001: 2018. By utilizing the PDCA (Plan-Do-Check-Act) cycle, we aim for continuous improvement in our occupational safety and health management activities.

Responsible Units and Grievance Mechanism

- The General Manager appoints the Manager of the Administration Department as the representative for the Company's environmental and occupational safety management. This representative has full authority to handle matters related to environmental and occupational health and safety management on behalf of the Company, leading the tracking and improvement of the execution effectiveness of the environmental and occupational health and safety management system.
- If you have any questions or suggestions, please feel free to contact us at nancy@kwantex.com.

Non-compliance

In 2023, there were no violations or negative information reported.

Policy/Commitment

Marketing green products and implementing health and safety measures

Fulfill responsibilities and achieve sustainable development

Goals

1. Occupational safety and health management plan implementation rate: The plan is formulated annually and executed 100%.
2. Legal compliance and updates: Update the regulatory list once per quarter, ensuring 100% compliance with relevant standards.
3. Number of inspections: At least 100 inspections are completed every year.
4. Environmental safety and health testing implementation rate: The plan is formulated annually and executed 100%.
5. Labor health service implementation rate: The plan is formulated annually and executed 100%.
6. Accidents and occupational disasters: ≤2 accidents and 0 occupational disasters per year.
7. Occupational safety and health education and training achievement rate: The plan is formulated annually and executed 100%.

Evaluation Mechanism

1. The Safety and Health Committee checks the achievement of goals based on the environmental, health, and safety management plan, assesses performance, tracks the progress and effectiveness of the plan, and holds review meetings regularly or as needed.
2. Through internal audits of occupational safety and health, the effectiveness of various safety and health measures is assessed.
3. Regularly hold management review meetings to assess the operation of the management system and ensure compliance with standards and requirements.

Negative Impact

→If a workplace safety incident occurs, it can lead to business losses and damage to reputation, affecting customer confidence in the Company's products and brand.

→Work suspension, lawsuits, and fines in severe cases.

→Fires and occupational accidents can lead to production interruptions, which also affect employees' mindset and workplace safety.

→Communication barriers, differing opinions, and personal biases can lead to discriminatory behavior, negative emotions, impact team efficiency, and reduce productivity.

→Discrimination can lead to marginalization, affecting personnel performance and accompanying negative impacts and emotions, ultimately reducing employee productivity and stakeholder confidence.

Positive Impact

→We comply with labor laws, enhance corporate reputation, and regularly monitor the workplace environment to ensure safety. We have established effective communication channels, respect employee rights, manage occupational safety from the source, and implement in accordance with ISO 45001: 2018 standards. The Company regularly conducts risk assessments and training, and has established internal and external reporting channels to protect the rights of whistleblowers.

2023 Annual Performance

→The execution rate of daily management reached 100%. (Daily management includes: Occupational Safety and Health Management, Legal Compliance and Updates, Environmental Safety and Health Testing, Labor Health Services, and Occupational Safety and Health Education and Training)

→Occupational accident statistics for 2023: 0 cases (FR: 0.00; SR: 0; FSI: 0)

→Reports of workplace illegal infringement incidents: 2023: 0 cases

R&D and Innovation

Corresponding GRI Topic

Customize Topics

Significance to the Organization

R&D and innovation is a crucial factor for the Company's survival. The pursuit of innovation can enhance industry competition, resulting in the production of higher-quality products that attract customer preference. Innovation also contributes to sustainable development. Through process improvements, it can reduce carbon emissions and waste generation, thereby contributing to environmental protection.

Policy/Commitment

Products, delivery and know-how

Action Plan

Continuously develop new designs while avoiding infringement on others' patents, and pursue patent layouts in various countries.

Short-term Goals

1. The annual successful development rate reaches over 80%.
2. The number of patent applications exceeds two per year.

Evaluation Mechanism

1. The development success rate is tracked annually.
2. The number of patent applications is tracked annually.

Responsible Units and Grievance Mechanism

- R&D Department, Intellectual Property Division.
- If you have any questions or suggestions, please feel free to contact us at rd@kwantex.com.

Non-compliance

In 2023, there were no violations or negative information reported.

Negative Impact

→Customers are gradually avoiding patented products to avoid being tied to specific patent-holding manufacturers.

Positive Impact

→Innovative design and patent applications not only enhance product functionality to increase market share and prevent imitation by competitors but also maintain healthy competition among manufacturers as they continuously improve their designs, enabling consumers to access higher-quality products.

2023 Annual Performance

→Won the TTX Fastener Innovation Award.

→Obtained AS' patent.

→Obtained TTX patent.

Ethical Corporate Management

Corresponding GRI Topic

GRI 205: Anti-corruption 2016

Significance to the Organization

We are committed to ethical corporate management and improve the ethical standards and professional capabilities of our employees. Employees must adhere to company policies to avoid conflicts of interest and must not accept or offer improper benefits to ensure the long-term success and development of the Company and its partners. At the same time, we encourage stakeholders to raise suggestions or inquiries regarding the legality and ethical conduct of employees and to report any concerns to the Administration Department managers at any time.

Policy/Commitment

Customer satisfaction, employee recognition, social responsibility.

Action Plan

The Sustainability Promotion Team conducts risk assessments of material issues related to company operations and formulates corresponding risk response strategies.

Short-term Goals

1.Shareholders, employees, and suppliers strictly adhere to business ethics, with 100% training completion.

2.Human rights are protected in accordance with the Kwantex Human Rights Policy, with 0 negative human rights reports.

Evaluation Mechanism

Regularly convene corporate sustainability implementation team meetings to strengthen stakeholder communication and integration of relevant opinions.

Responsible Units and Grievance Mechanism

- The General Manager serves as the convener, with department heads and designated personnel forming a disclosure team responsible for developing material stakeholder issue response strategies.
- If you have any questions or suggestions, please feel free to contact us at nancy@kwantex.com.

Non-compliance

In 2023, there were no violations or negative information reported.

Negative Impact

→Implementing human rights policies and ethical behavior requires additional efforts in employee training and communication.

Positive Impact

→In response to global market trends and international sustainability policies, the Company regularly reviews its risks and opportunities. Upholding human rights policies, all employees and suppliers adhere to shared principles, implementing proper ethical values to achieve the Company’s commitment to ethical corporate management and sustainable operations.

2023 Annual Performance

→The “Employee Code of Ethics and Conduct Statement” has been communicated to every employee.

→Communicated and required suppliers to comply with the “Supplier Corporate Social Responsibility Commitment”

Customer Service Management

Corresponding GRI Topic

GRI 416: Customer Health and Safety 2016
GRI 418: Customer Privacy 2016

Significance to the Organization

We are committed to meeting customer needs, establishing good communication and connections, and providing high-quality services to enhance customer satisfaction. At the same time, we ensure that our products and services meet customer needs and monitor customer satisfaction with the Company. This data will serve as a basis for improving our subsequent quality management system.

Policy/Commitment

Products, delivery and know-how

Action Plan

1.We can provide ISO 9001:2015, ISO 14001: 2015, ISO 45001: 2018, ISO 14064-1: 2018, ISO 14067: 2018, REACH, RoHS, SCIP, and other environmental and safety-related reports to facilitate local sales and services.

2.In response to international trends and CBAM requirements, we have established an Environmental Management and GHG Inventory Team to calculate GHG emissions and carbon footprint data.

3.A dedicated personnel is responsible for communication with certification bodies to enhance communication efficiency and ensure smooth interactions.

4.Possessing third-party certified ESG audit reports, such as SEDEX/SMETA, AQF audits, and EcoVadis assessments, enhances competitiveness.

5.Using steel wire rods from CSC, with traceable material certification and furnace numbers for source verification.

Evaluation Mechanism

1.Customer satisfaction surveys (once a year) to assess customer satisfaction with products, services, delivery performance, and product development, along with their feedback and opinions.

2.Statistics on customer acquisition and attrition rates (twice a year) to evaluate the reasons for new customer acquisition, growth, and loss, along with improvement strategies.

Non-compliance

In 2023, there were no violations or negative information reported.

Goals

- **Short-term Goal (3 to 5 years)**

1.Comply with increasingly stringent environmental regulations in Europe and the United States to reduce the environmental impact of the manufacturing process, while customer willingness and demand for purchasing green products are increasing.

2.According to the European Directive 97/129/EC, customers require that packaging shipped to the EU should bear environmental labels and comply with regulations by indicating the corresponding codes for the material used in the packaging.

3.Group customers and large retail customers prioritize ESG (labor, health and safety, environment, business ethics) and require suppliers to comply with ESG standards.

4.The United Nations Human Rights Council officially listed "owning a clean, healthy and sustainable environment" as a basic human right, emphasizing human rights requirements.

5.The EU has imposed sanctions on Russia, establishing regulations that prohibit the use of steel raw materials originating from Russia, and requires the provision of material certificates to prove the source of the materials.

- **Mid-term Goal (5 to 10 years)**

1.Redesign products and plan packaging printing according to local environmental regulations and customer requirements.

2.Market green products and introduce the Company's ESG policies to external guests, strengthening the Company's positive image regarding ESG, environment, and safety.

3.Continue to implement relevant ESG policies, conduct ESG audits in line with customer requirements, and strive to secure orders.

4.Integrate marketing resources to showcase international environmental and safety certifications and ESG audit reports on the Company website to increase visibility and competitiveness.

Responsible Units and Grievance Mechanism

- Ensure that the Company's products and services meet customer needs, with dedicated personnel responsible for communication with various departments to enhance efficiency and smooth interactions.
- If you have any questions or suggestions, please feel free to contact us at sales@kwantex.com.

Negative Impact

→Customer complaints may lead to customer loss, damage the Company’s reputation, and negatively impact business continuity and market competitiveness.

Positive Impact

→Effective customer service management can build strong customer relationships, enhance customer satisfaction, and help expand market share and brand reputation.

2023 Annual Performance

→The overall score for the customer satisfaction survey in 2023 was 87.78 points.

→We can provide ISO 14064-1: 2018 GHG inventory and ISO 14067: 2018 carbon footprint inventory, and we can supply relevant data as required by customers to assist them in filling out the EU CBAM declaration forms.

Community Engagement

Corresponding GRI Topic
Customize Topics

Significance to the Organization

We actively engage with the community, giving back to the neighborhood by organizing cultural and artistic experiences for local residents, and assisting elementary schools in remote areas in promoting specialized teaching. We also sponsor and support community cleanliness and protection efforts, actively participating in environmental activities to contribute to environmental protection.

Policy/Commitment

Implementing local care/social participation/ environmental sustainability (education, culture, assistance, environmental protection)

Action Plan

1.Donating to a rural elementary school (Singuang Elementary School) for student after-school learning and campus environmental beautification.
2.Supporting environmental protection efforts in the local Kwanmiao District and neighboring Longqi District with a fixed annual budget for environmental initiatives.
3.Support for cultural revitalization by sponsoring annual funding to ensure that the Taiping Song can continuously showcase its cultural arts.
4.Sponsor funding for disaster relief and training for the Kwanmiao Volunteer Fire Brigade.

Short-term Goal (3 to 5 years)

Employees actively participate in community environmental service at least once a year.

Evaluation Mechanism

Discuss the direction of volunteer activities for the next year.

Responsible Units and Grievance Mechanism

- The management representative convenes department heads to discuss the execution plan.
- If you have any questions or suggestions, please feel free to contact us at nancy@kwantex.com.

Non-compliance

In 2023, there were no violations or negative information reported.

Negative Impact

→Employees participate in charitable activities during their off-duty hours, but the turnout may not be enthusiastic.

Positive Impact

→In addition to the Company's financial sponsorship, we also engage human resources in environmental protection efforts. Managers lead by example, which can inspire more employees to participate, fostering a collective commitment to protecting and caring for the Earth's environment. This approach significantly enhances the Company's positive image.

2023 Annual Performance

→2023 CHR Corporate Health Responsibility Certification (Common Health Magazine)

GHG Emissions

Corresponding GRI Topic
GRI 305: Emissions 2016

Significance to the Organization

The Company conducts independent inventory with the aim of effectively managing GHG emission sources and reducing GHG production. This demonstrates our commitment to environmental protection and enhances our sustainability and competitiveness.

Action Plan

1.The Company voluntarily discloses the ISO 14064-1: 2018 GHG inventory statement to stakeholders annually to monitor GHG data.
2.Regularly review and improve environmental, safety, and health policies and practices, providing transparency to stakeholders. Work together to protect the environment and occupational safety and health, promote responsible care, and voluntarily implement various management guidelines. Continuously improve the existing working environment to achieve sustainable development goals.
3.Prioritize the procurement of high-efficiency energy-saving equipment, and select green energy-saving products as the first choice, committed to reducing energy consumption.
4.Gradually replace all lighting fixtures in the plant with energy-saving LED lights to reduce electricity consumption.
5.Evaluate the feasibility of purchasing green power.
6.Implement measures to reduce GHG emissions caused by goods transportation and delivery (e.g., consolidate shipping plans to minimize unnecessary transport frequency).

Policy/Commitment

Strive to reduce the use of water, energy, and raw materials, while improving energy efficiency to minimize the consumption and waste of natural resources.

Goals

- **Short-term Goal (3 to 5 years)**
  The GHG emission intensity for the entire plant has decreased by 0.5% compared to the baseline year.
- **Mid-term Goal (5 to 10 years)**
  1.Committed to reducing the GHG emission intensity of all plants by 1.0% from the base year before 2030.
  2.Striving to reduce carbon emissions and commit to achieving overall net-zero emissions in the supply chain by 2050, making the utmost contribution to this important goal.

Evaluation Mechanism

Annual internal reviews and regular external third-party inspections.

Responsible Units and Grievance Mechanism

- Administration Department, GHG Inventory Team
- If you have any questions or suggestions, please feel free to contact us at nancy@kwantex.com.

Non-compliance

In 2023, there were no violations or negative information reported.

Negative Impact

→The Company primarily relies on outsourcing for processing, making it challenging to reduce GHG emissions related to transportation.

Positive Impact

→We actively disclose the ISO 14064-1: 2018 GHG inventory statement, ensuring that stakeholders have a comprehensive understanding of our GHG management measures and demonstrating our commitment to environmental sustainability.

2023 Annual Performance

→In 2023, the total carbon emissions of the entire plant decreased by 44% compared to 2022, while the carbon intensity increased by 4.47%. However, due to a decrease in orders, the intensity of GHG emissions fell short of the expected target. We will continue to work hard to achieve our emission reduction targets.

ESG STRATEGY AND VISION

Our ESG Vision

ACHIEVING SUSTAINABLE DEVELOPMENT AND BUILDING A BETTER FUTURE TOGETHER.

In today's globalized and highly competitive business environment, Kwantex firmly believes that corporate sustainability (ESG) have become a key strategic pillar for our development. ESG is not merely a business strategy but a commitment to our responsibilities toward society, the environment, and corporate governance. We place great importance on global warming issues, actively engaging in environmental sustainability efforts, striving to reduce carbon emissions, and participating in environmental protection activities to address the challenges of climate change. At the same time, our sustainability efforts emphasize the importance of revitalizing economic vitality by adopting sustainable business strategies, fostering innovation, and creating job opportunities to achieve economic growth and social development. Our business model is based on addressing social problems and meeting societal needs, aiming to achieve greater social justice and well-being. Ultimately, we believe the value of sustainable management lies in establishing a long-term, stable business model that balances economic, social, and environmental benefits, creating shared value for the Company, society, and the environment.



Strategy →	Target →	Corresponding topic →
E Emphasis on global warming and participation in environmental sustainability	We actively respond to global warming and other environmental challenges, promoting the Company's sustainable development.	ENVIRONMENT • Energy Management • GHG Emissions • Waste Management • Environmental Management
E/S The key to reviving economic vitality	We promote economic vitality and innovation to facilitate continuous economic growth, create job opportunities, and maintain social stability.	ECONOMY • R&D and Innovation • Circular Economy • Customer Service Management SOCIETY • Labor-management Relations • Talent Recruitment and Retention • Employee Training
S Starting from solving social problems and needs	We strive to address material social issues and actively support local community development and social welfare to enhance our positive impact in society.	SOCIETY • Occupational Safety and Health • Community Engagement
G The value and significance of sustainable management	We are committed to strengthening the Company's governance structure, enhancing transparency and accountability, thereby creating long-term value and significance.	GOVERNANCE • Ethical Corporate Management • Supply Chain Management • Information Security





1 Environment

1.1 Energy Management
1.2 GHG Emissions
1.3 Waste Management
1.4 Environmental Management

In the operations of the Company, Kwantex places environmental protection and management at the core of our corporate social responsibility. We not only adhere to relevant regulations but also actively promote environmental protection and management to improve the working environment, ensure employee safety, efficiently utilize resources, and foster corporate sustainability. The following are our key measures and future development goals in energy management, GHG emissions, waste management, and chemical safety usage.

1.1 Energy Management

Regarding climate change and resource efficiency, we are committed to:

- GHG management: In response to climate change, the Company voluntarily discloses the ISO 14064-1: 2018 GHG inventory statement to stakeholders annually to monitor GHG data.
- Resource and energy efficiency: Strive to reduce the use of water, energy, and raw materials, while improving energy efficiency to minimize the consumption and waste of natural resources.
- Climate change adaptation strategy: Regularly review and improve environmental, safety, and health policies and practices, providing transparency to stakeholders. Work together to protect the environment and occupational safety and health, promote responsible care, and voluntarily implement various management guidelines. Continuously improve the existing working environment to achieve sustainable development goals.

Overview of Energy Use

Kwantex's main businesses include the trading and manufacturing of screws and hardware, the R&D and quality inspection of screws and hardware, and general import and export trade. Due to the majority of manufacturing being outsourced, our plant primarily focuses on R&D, quality management, and packaging. Therefore, Kwantex's energy consumption mainly comes from purchased electricity, with the primary energy usage concentrated in plant lighting, air conditioning, and the power consumption of R&D and quality inspection laboratories. The Company's total energy usage has decreased year by year over the past three years, particularly with a significant reduction in the use of diesel and gasoline for company cars. These changes reflect the Company's efforts to reduce energy consumption and improve energy efficiency. The usage of refrigerants saw a significant increase in 2022, which may be a key area for the Company to focus on to ensure more sustainable energy use in the future.

Item	Unit	2021	2022	2023
LPG	GJ	16.462	20.150	15.150
Water and fertilizer	GJ	242.639	235.084	234.340
Refrigerant	GJ	32.932	139.917	140.200
Generator diesel	GJ	4.854	4.854	4.854
Gasoline for company cars	GJ	965.676	1,017.824	887.209
Diesel for company cars	GJ	841.456	667.977	487.496
Direct Energy Consumption	GJ	2,104.019	2,085.806	1,769.249
Indirect Energy Consumption	GJ	3,753.616	3,244.644	2,812.257
Total Energy Consumption	GJ	5,857.635	5,330.450	4,581.506

Energy Management Measures

Smart meter installation plan

The Company plans to install smart electricity meters to monitor electricity consumption in real time and improve the transparency and efficiency of energy use. This program will enable the Company to more accurately monitor electricity usage, allowing for targeted energy-saving measures to further reduce energy waste.

Use of energy-saving equipment

Although the Company has not yet established clear energy efficiency goals and related measures, we have already adopted a range of energy-saving equipment, including variable frequency air conditioning, LED lighting, and water-saving faucet devices, and has implemented electricity and water conservation measures. These measures help reduce energy consumption, lower operational costs, and enhance competitiveness.

Employee Engagement

The Company actively encourages employees to participate in energy conservation and management. By holding all-staff meetings and other forms of communication, we promote the importance of energy conservation and enhance employees' awareness and participation in energy-saving measures. For example, turning off the lights during the plant's lunch break saves energy, achieving a 30-minute reduction in electricity usage. Employee participation helps to foster energy-saving awareness and habits, promoting the in-depth implementation of energy management efforts.

Energy-saving and emission-reduction logistics

Our energy-saving and emission-reduction logistics solutions effectively reduce transportation costs while actively minimizing environmental impact. By optimizing transportation modes and processes, we have reduced energy consumption and carbon emissions while improving transportation efficiency and customer satisfaction. The following are specific implementation description:

- **Recommend consolidating customer shipments** to maximize load, ideally shipping full containers. This helps avoid multiple customs clearances and transport trips, especially for heavy products, as sea freight is generally more cost-effective and energy-efficient.
- **Provide optimal shipping route options** for more energy-efficient transportation, such as sea/air intermodal transport, to save on transportation time and distance, thereby reducing energy consumption and carbon emissions. Companies can consolidate shipments and choose environmentally friendly transportation methods, such as offering customers the option of green eco-ships that use low-sulfur fuel.
- **Adopt methods such as cargo consolidation and centralized distribution** to reduce transportation mileage and energy consumption. Companies aim to arrange same-day deliveries to each dock and maximize cargo loading efficiency to achieve the highest possible load per pallet. Additionally, by coordinating return trips, we consolidate shipments from multiple customers to the docks or collaborate with suppliers to fill entire containers. This strategy reduces the frequency of customs clearance and pickup trips, further saving energy and lowering carbon emissions.

1.2 GHG Emissions

The Company regularly prepares the GHG inventory report every year, which includes a detailed emission source identification table that clearly lists the relevant information of each emission source. We use the emission factor method to calculate the Company's GHG emissions, and each year we invite a third-party certification agency to conduct verifications to ensure the accuracy and credibility of the data. Although we have not yet set reduction targets for GHG emissions, we have already taken active measures. For example, the entire plant has been replaced LED lighting to reduce GHG emissions. Although we have not conducted a cost-benefit analysis of the emission reduction measures, these actions have already brought tangible benefits to the environment.

Inventory Standards and Methods

From 2021 to 2023, the organizational GHG inventory was conducted in accordance with the ISO 14064-1: 2018 standard, and the control rights approach was adopted to recognize 100% of the GHG emissions caused by the facilities under the management or operational control of the Company. The inventory period is from January 1 to December 31 of the year. The organizational boundary setting covers: The Company's geographical location is No. 7, Lane 376, Zong-Zeng Rd., Kwanmiao Dist., Tainan City. All management processes and facilities in the plant site, including employee rest areas, office areas, production lines, warehouses, public facilities, etc. The GHG emissions are mainly calculated using the "emission coefficient method". The formula is activity data times emission coefficient times global warming potential (GWP). All calculation results for the year are summarized as CO2e (carbon dioxide equivalent), and the measurement unit is metric tons. The scope of each category is explained as follows:

Category 1

Activity data sources include the Company's LPG, gasoline for company cars, diesel for forklifts, diesel for generators, personnel working hours (septic tank), refrigerants, carbon dioxide fire extinguishers, rust removers (WD-40), and others.

Category 2

Purchased electricity



Category 3

Indirect GHG emissions from transportation, including the transportation of raw materials, transportation and distribution of organizational products (shipping costs paid by the Company), employee commuting, and business travel.



Category 4

Indirect GHG emissions resulting from the use of products by the organization, including emissions from the purchase of goods and emissions from the disposal of waste.

The GHG emissions of Kwantex for Category 1 and 2 from 2021 to 2023 (in metric tons of CO2e)

Category	2021 (metric tons of CO2e)	2022 (metric tons of CO2e)	2023 (metric tons of CO2e)
Category 1	149.0307	154.1747	131.3779
Category 2	530.7195	446.1385	385.9042
Category 3	6,379.4434	4,109.6878	2,247.4631
Category 4	40,392.8561	23,826.3514	13,317.8928
Total emissions (metric tons of CO2e)	47,452.0497	28,536.3524	16,082.6380
Total sales volume (metric tons)	14,038.2020	10,036.9550	5,414.9470
Emission intensity (Total emissions/Total sales volume)	3.3802	2.8431	2.9700

Category 1

Item	Total emissions equivalent of single emission sources in 2021 (metric tons of CO2e)	Total emissions equivalent of single emission sources in 2022 (metric tons of CO2e)	Total emissions equivalent of single emission sources in 2023 (metric tons of CO2e)
LPG	1.0388	1.2715	0.9560
Water and fertilizer	13.6208	13.1967	13.1549
Refrigerant	4.6562	19.2386	19.2386
Generator diesel	0.3599	0.3599	0.3599
Gasoline for company cars	66.9627	70.5788	61.5216
Diesel for company cars	62.3923	49.5292	36.1469
Category 1 in total	149.0307	154.1747	131.3779

Category 2

Item	Total emissions equivalent of single emission sources in 2021 (metric tons of CO2e)	Total emissions equivalent of single emission sources in 2022 (metric tons of CO2e)	Total emissions equivalent of single emission sources in 2023 (metric tons of CO2e)
Purchased electricity	530.7195	446.1385	385.9042
Category 2 in total	530.7195	446.1385	385.9042

Note 1: Due to the timing of the third-party verification of the GHG inventory being later than the report's publication date, the verified information disclosed in this report is up to the latest year of 2022.

Note 2: The scope of the GHG inventory disclosure from 2021 to 2023 pertains to the headquarters of Kwantex Research Inc. In 2022, the ISO 14064-1: 2018 GHG inventory was implemented, and the calculation method for refrigerant in equipment was adjusted, establishing 2022 as the baseline year for the Company's GHG inventory.

Note 3: GHG emission types include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), sulfur hexafluoride (SF6), perfluorocarbons (PFCs), and nitrogen trifluoride (NF3).

Note 4: Global warming potential (GWP) is referenced from the IPCC Sixth Assessment Report 2021.

Note 5: The source of the conversion factors used is the latest GHG emission factor management table (version 6.0.4) published by the Ministry of Environment of the Executive Yuan.

Note 6: Indirect energy emissions include purchased electricity. The electricity emission factors are: 2021 = 0.509 kgCO2e, 2022 = 0.495 kgCO2e, 2023 = 0.494 kgCO2e.

1.3 Waste Management

Waste management is a key aspect of corporate social responsibility, essential for environmental protection and promoting sustainable development. The waste generated from our operations is limited to general industrial waste, with no hazardous waste involved. In 2023, waste disposal costs accounted for approximately 0.06% of our revenue. A detailed analysis of the weight, disposal methods, and disposal locations for our various types of waste is provided in the table.

General industrial waste	Weight (metric tons)	Treatment method	On-site/Off-site
D1801 Business Waste, H-0002 Employee Domestic	1.68	Incineration	Off-site
D-0699 Waste paper mixture	1.8	Incineration	Off-site
D1504 Non-hazardous organic waste liquids and waste solvents	0.5	Incineration	Off-site
R-0701 Waste Wood, D-0701 Waste Wood Pallets	7.82	Recycled and reprocessed	Off-site
R0601 Waste paper	24.73	Recycled	Off-site
R0201 Waste plastic	6.361	Recycled	Off-site
R1301 Scrap iron	22.532	Recycled	Off-site
Total	65.423		

In our corporate social responsibility efforts, we place great importance on waste management, particularly the handling of recyclable waste. In 2023, a total of 61.443 metric tons of recyclable waste, including scrap wood, paper, plastic, and iron, accounted for approximately 94% of our total waste. These resources were handled by certified waste disposal companies, contributing not only to environmental protection and sustainable development but also showcasing our efforts and achievements in promoting a green economy and reducing resource waste. The following are the Company's key measures and highlights in waste management:

01 Waste classification and treatment:	The Company has implemented clear categorization of different waste types, including industrial waste, employee domestic waste, waste paper, plastic waste, and wood waste. This facilitates effective waste management and disposal.
02 Entrusting legal disposal contractors:	For certain types of waste, such as industrial waste, employee domestic waste, and mixed paper waste, the Company entrusts licensed disposal contractors to transport them to incinerators for processing, ensuring compliance with relevant regulations.
03 Recycling waste wood:	The Company implements specific recycling measures for waste wood and wooden pallets by entrusting qualified contractors to shred and repurpose them into new products, helping reduce resource waste and promoting efficient resource utilization.
04 Recycling qualifications - waste paper and waste plastic:	For recyclable waste paper and waste plastic, the company commissions qualified vendors to come to the facility for removal and sorting. This helps reduce the consumption of natural resources and promotes environmental protection.
05 Provision of storage and disposal facilities:	The Company provides appropriate storage and disposal facilities to ensure the safe storage and handling of waste. Depending on the type of waste, qualified suppliers are commissioned for processing, which helps ensure the smooth and compliant waste disposal process.

1.4 Environmental Management

In the Company's operations, we always adhere to the principle of environmental protection and incorporate it into our core values. In terms of environmental management, we are committed to:

- Reducing environmental pollution:Strengthen preventive measures against environmental pollution, personnel injuries, and diseases, and continuously improve and effectively utilize energy resources to reduce environmental pollution.
- Compliance with regulations and continuous improvement:Adhere to all relevant environmental protection, safety, and health regulations and other requirements, and commit to continuously improving environmental and safety performance to meet or exceed regulatory requirements.
- Waste reduction and circular economy:Actively reduce the generation of waste and emissions, seeking solutions for a circular economy, including the recycling and reuse of resources, to minimize the environmental burden.

Action Measures

- Resource use and conservation

The Company executes according to the "PA08 Energy Resource Usage Management Procedure", incorporating the management of water, electricity, natural gas, oil equipment, and chemical substance experiments. Specific measures include replacing all lights in the plant with energy-efficient LED bulbs and planning to install smart meters to monitor electricity consumption.

- Environmental monitoring and evaluation

The Company executes according to the "PA19 Performance Measurement and Monitoring Management Procedure", ensuring regular and occasional measurements and monitoring of operational processes related to environmental and occupational health and safety impacts. During the annual environmental, safety, and health management review, selected environmental indicators are identified, relevant data is collected, and annual target values are established. When environmental, safety, and health performance does not meet the established indicators, the Company will provide a review explanation and treat it as a corrective action for improvement.

- Chemical Safety Management



01 Do not use toxic chemicals

The Company is committed to not using toxic chemical substances to ensure a safe working environment and the health of employees.

02 Safe storage and management

All chemicals are stored in a locked chemical cabinet, with the keys kept by the hazardous operations manager for proper control. In addition, chemical management includes the establishment of a list of hazardous chemicals, which contains information such as chemical categories, suppliers and their contact numbers, using units, and storage locations.

03 Use management and promotion

When using chemicals, users must log the quantity used and have the Safety Data Sheet (SDS) nearby for reference to avoid hazards. Conduct regular chemical awareness promotion every year, classify chemicals into specific chemicals (acidic) and organic solvents (alkaline), and establish a corresponding chemical list and SDS, which are placed in the drug room for users to view.

04 Labeling and storage regulations

Chemicals are classified into specific categories (acidic) and organic solvents (alkaline), with each bottle labeled with the name and hazard indication. They are stored in designated chemical cabinets labeled for acidic substances and organic solvents, respectively. Chemical labeling and storage practices that comply with legal requirements.

05 Emergency response measures

Conduct chemical accident drills on a regular basis every year, including commissioning contractors certified by the Occupational Safety and Health Administration, Ministry of Labor, to conduct operating environment testing (sulfur dioxide, acetone), and publish the operating environment testing report in a conspicuous place for employees to view.



2 Economy

2.1 Product and Technology Innovation

2.2 Circular Economy

2.3 Customer Service Management

By promoting economic vitality and continuous innovation, we are committed to driving stable economic growth while creating more job opportunities and strengthening social harmony and stability. In our valued process of R&D and innovation and promoting a circular economy, customer service is at the core of our work. We not only continue to provide employee training to enhance service levels and product quality but also focus on effective talent recruitment and retention strategies, establishing good labor-management relations. These measures not only promote the development of our business but also yield positive results in fulfilling our social responsibility and advancing sustainable development.

2.1 Product and Technology Innovation

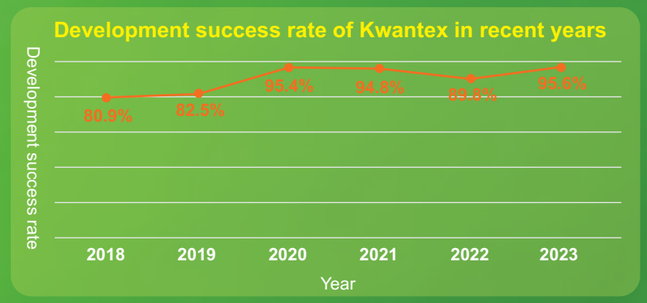
Creating product value, our commitment and practice

- The Company is committed to enhancing product value and continuous innovation. We closely track international product information to understand market trends and continuously brainstorm products that better meet customer needs. Sometimes, we also explore the possibility of applying various tool designs to screws by observing their appearances to meet customer needs.
- We regularly review and update relevant documents to ensure compliance with the latest regulatory requirements, including EU regulations such as REACH and RoHS.
- We are committed to employee training, including regularly holding meetings to explain and review quality regulation compliance, especially training related to chemical regulations, to ensure that employees continuously update their knowledge of quality regulations.
- In terms of product quality, we monitor the average defect rate, error rate during the manufacturing process, and return rate to ensure the stability and improvement of product quality.
- In terms of product quality, we closely monitor the average defect rate, error rate during the manufacturing process, and return rate to ensure the stability and improvement of product quality. In 2023, 100% of the raw materials supplied by CSC met the non-radioactive contamination standards, and all products manufactured complied 100% with the EU's RoHS and REACH standards.

  In addition, we did not violate any health and safety regulations related to products and services in 2023.
- In terms of R&D and innovative technologies, we control the R&D cost to about 15% of the revenue and ensure that the successful development rate reaches 80% every year.
- We have comprehensive product development management procedures and patent management procedures. In 2023, the revenue from patented products accounted for 50% of the total revenue.
- We have implemented patent protection for our products and technologies to safeguard our innovative achievements and technological advantages.



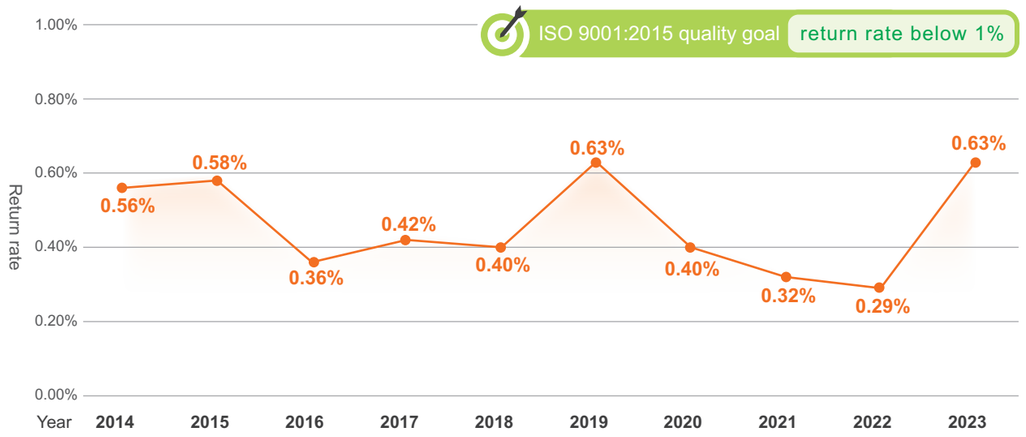
2022 United States Fastener Innovation Award



Process management and continuous improvement

- In outsourcing processing, we conduct various process inspections based on customer requirements or internal regulations, noting key manufacturing points and precautions on the outsourcing processing orders to remind the processing plants to pay special attention to process quality, ensuring stable product quality.
- We have established a process improvement mechanism, allowing internal teams or partner factories to propose change requests after discussions when encountering manufacturing issues during sampling or mass production. This facilitates continuous improvement of process issues, making the production process smoother.

Line chart of return rate from 2014 to 2023



Strategic patent protection and global market strategy

The Company has actively applied for patents in the past two years, and the number of patent approvals were both 3 in 2022 and 2023, respectively. We focus on patent applications to protect the Company's core technology and main products or services. Although we have not collaborated with other companies to apply for patents, we continuously monitor domestic and international patent application trends to ensure our leading position in technology protection.

During the patent application process in foreign countries, we may encounter different challenges or problems than domestic applications. To address these challenges, our intellectual property team works closely with the patent office to analyze and discuss. We provide appropriate reasons and methods to the review committee to explain the differences between the application and the cited cases to safeguard the Company's patent rights.

In addition, we regularly evaluate and update our international patent strategy to respond to market changes, technological advancements, and shifts in the legal environment. Before developing new products, we conduct patent searches, infringement analyses, and patent avoidance strategies to ensure that our products have adequate patent protection in the global market.



▲ The Japan Patent Certificate for Archimedes' Secret Screw

2.2 Circular Economy

- Circular economy is one of the important directions of global development. In this field, the Company has begun incorporating 25 to 30% recycled materials into packaging based on customer local regulatory requirements to promote resource recycling and reuse. This not only meets environmental protection standards but also helps reduce reliance on natural resources and lowers the carbon footprint.
- The Company has also started using eco-friendly pallets for shipping goods based on specific customer requirements. The use of these eco-friendly pallets not only reduces the consumption of forest resources but also helps lower carbon emissions during transportation.

However, the Company has not yet formulated a complete circular economy strategy and plan. In the future, we will continue to conduct in-depth research and exploration to formulate a comprehensive circular economy strategy, covering all aspects from product design, production processes, to end-of-life product management. We are committed to creating more value under the circular economy model while making positive contributions to the environment.

2.3 Customer Service Management

Kwantex is committed to providing customers with high-quality service and a better experience, which is at the core of our values. We are not only committed to building strong customer relationships, meeting customer needs, and enhancing customer satisfaction, but we also continuously improve our customer service processes. Our goal is to provide customers with more attentive and professional services while establishing long-term, solid partnerships with them. These efforts not only strengthen our competitive advantage in the market but also demonstrate our commitment and responsibility to customer service management.

Comprehensive customer service coverage

The Company offers a variety of customer services, including correspondence, sample development, complaint handling, industry information provision, customer visits, and participation in exhibitions, ensuring customer satisfaction and long-term collaboration.

Innovative online services

We have launched the online process Production On-line Service, allowing customers to view order production progress, shipping schedules, historical shipping records, and download quality inspection reports at any time. This helps customers understand their order status while also achieving paperless operations, contributing to environmental sustainability.

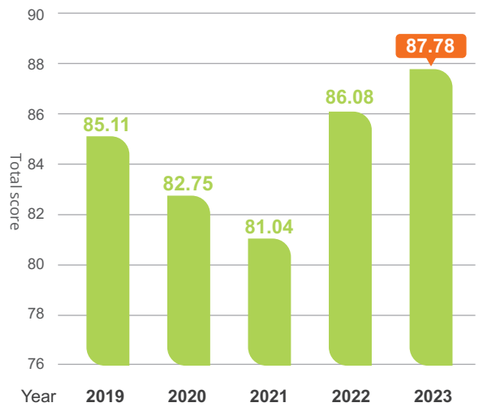


▲ Production On-line Service

Regular satisfaction survey

The Company conducts an annual satisfaction survey to assess customer satisfaction with products, services, delivery, and development. Survey results from the past few years indicate that overall ratings have been above 80 points, with the 2023 customer satisfaction survey rising to 87.78 points.

Overall Rating Form



We have set the following 3 standards for service quality

①Customer demand response time:
We are committed to responding quickly to customer needs, ensuring that their issues and requests are addressed and replied to in a timely manner.

②Handling and responding to customer feedback:
We value customer opinions and suggestions and actively address and respond to them, ensuring that the voices of our customers are acknowledged and resolved.

③After-sales service:
We provide comprehensive after-sales service, including addressing customer issues, offering technical support, and responding to customer feedback, to ensure that customers feel our care and support even after their purchase.

*If any of the above items fall below 80%, the responsible unit will fill out a "Continuous Improvement Report" to clarify the issues and implement corrective measures. Our satisfaction survey questionnaire follows the ISO 9001: 2015 Procedure P0301 Customer Satisfaction Survey Procedure to ensure the effectiveness and accuracy of the survey.

Focus on customer relationship management

- The Company places great importance on customer service management and has implemented a Customer Relationship Management (CRM) system to manage customer information and interactions. It details the Company's current status, significant events, financial conditions, product and packaging management, customer visits, and other specifics.
- For customer complaints, the Company processes them according to ISO 9001: 2015 Procedure P0302 Customer Service Procedure and records the discussion process of the complaint on the "Customer Complaint 8D Problem Analysis and Resolution" form. After receiving customer complaints, we will immediately notify relevant personnel to handle them, and reply to customers on the same day to appease their emotions. If it is determined to be a company error and the compensation amount exceeds a specific threshold, it will be included in the quality target complaint statistics. The details will be recorded on the "Customer Complaint Handling Form," and the "Customer Complaint 8D Problem Analysis and Resolution" form will be submitted for the General Manager's confirmation before providing a response to the customer through the sales team.



Proactive Customer Handling

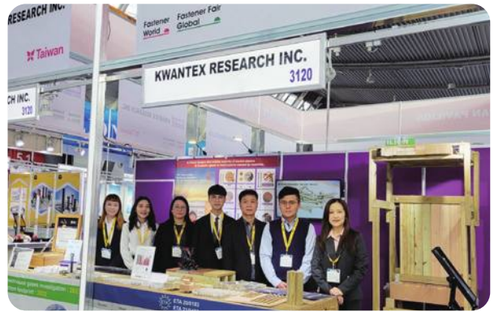
In 2023, there was only one foreign customer complaint case for Kwantex. Kwantex always prioritizes customer satisfaction, so when a U.S. customer reported issues with the paint peeling and chipping on the screw head, we took immediate action. We actively assist customers with return shipments and reprocess the head painting to ensure that the quality of the products for re-export meets high standards. In addition, we are willing to bear the costs of reprocessing and shipping, demonstrating our responsible attitude and determination toward our customers. Kwantex consistently upholds a customer-oriented value system, committed to helping resolve issues to ensure that customers receive the best product and service experience.



Market Trends and New Product Development

The Company regularly participates in domestic and international exhibitions and subscribes to fastening magazines to understand market demands and trends. Based on the latest market needs, we intermittently develop or improve new products and provide them to customers for testing to obtain product feedback.





▲ 2023 Las Vegas, USA and Stuttgart, Germany

Customer Data Protection

The Company collects customer information mainly through exhibitions, customer correspondence, and magazines, filtering out any customer data that is unrelated to the Company's products to ensure the validity and relevance of the information. The collected customer information is limited to what is necessary, and appropriate filtering and screening are conducted before use to ensure the protection of customer privacy rights.

The Company primarily uses customer information for future customer development and product promotion, such as collecting business cards for future customer contacts and communications. The IT department restricts personnel access to certain functions and data reading permissions, has installed firewalls, and conducts daily data backups.

The Company has defined access permissions, allowing only authorized personnel to access relevant data and functions.

The Company rarely shares customer information with third parties, and this only occurs when necessary, such as when producing customer patent products, at which point appropriate confidentiality agreements are signed. Although the Company has not established a specific response plan for data leakage incidents, we have implemented a series of information security measures, such as regular awareness campaigns on information security risks, to protect the security and privacy of customer data. In 2023, we did not receive any verified complaints regarding violations of customer privacy, nor did any incidents of customer data leakage, theft, or loss occur.



3 Society

3.1 Human Rights and Sustainable Practices
3.2 Diversity, Fairness, and Inclusion
3.3 Labor-management Relations
3.4 Talent Recruitment and Retention
3.5 Employee Training
3.6 Occupational Health and Safety
3.7 Social Welfare
3.8 Local Care

Kwantex is committed to creating job opportunities and actively maintaining social stability. Besides striving to address material social issues, we also actively support local community development and social welfare to enhance our positive impact in society.

People-oriented Commitment and Actions

① Implement excellent labor practices and human rights policies to ensure employee health and safety.

② Take concrete actions and make a clear commitment to diversity, equality, and inclusion.

③ Value the uniqueness of our employees, put safety first, and establish a corporate culture of fairness and respect.

④ In terms of talent management, effective strategies have been adopted to ensure that employees can maximize their potential.

Deepening Local Social Engagement

① Actively participate in social safety and environmental protection, sponsor local fire training and environmental protection work, and ensure the safety of the community and the sustainable development of the environment.

② Support local farmers, residents, and cultural activities to enhance community cohesion.

③ A clear commitment and contribution to academic education, with particular focus on supporting for rural elementary schools.

3.1 Human Rights and Sustainable Practices

Kwantex is committed not only to fulfilling corporate social responsibility but also to supporting and adhering to the ten principles of human rights, labor, environment, and anti-corruption advocated by the United Nations Global Compact (UNGC). We are dedicated to continuously implementing the vision and ideals of the UN Sustainable Development Goals (SDGs). To safeguard employee rights and ensure a fair, just, and inclusive work environment, we implement human rights protection measures based on international standards and internal regulations. We also communicate and require business partners, suppliers, and contractors to comply with the "Supplier Corporate Social Responsibility Commitment". Through these measures, we strive to create a harmonious, healthy, and positive working environment, ensuring that every employee can fully realize their potential and contribute to the Company's growth. At the same time, we are committed to building a more responsible and sustainable supply chain, thereby promoting the long-term development of the entire enterprise.

Below are Kwantex's practices in response to the Ten Principles of the United Nations Global Compact (UNGC) (For detailed practices, please refer to the respective sections of this report).

Classification		Responding to the Ten Principles of the United Nations Global Compact (UNGC)	Description of Kwantex's Report or Current Practices
Human Rights Practice	Human Rights	① Support the protection of human rights	Kwantex supports and respects internationally recognized human rights, ensuring protection for all workers (including employees and non-employee workers) as well as suppliers and business partners.
		② Not engaging in activities that violate human rights	Kwantex ensures a workplace free from sexual, psychological, physical, or verbal harassment, abuse, or intimidation, while respecting the dignity of every employee and upholding non-discrimination.
	Labor	③ Support the freedom of association and recognize the right to collective bargaining	Kwantex respects employees' rights to freedom of association, including the right to choose, form, join, or decline membership in unions or other employee organizations, as well as to participate in related activities.
		④ Eliminate all forms of forced and compulsory labor	Kwantex prohibits all forms of forced and compulsory labor and implements strict measures to prevent such practices. We do not require employees to submit any government-issued identification, passports, or work permits. Employees have the right to leave the workplace after completing their standard working hours and may terminate their employment relationship with reasonable notice.
		⑤ Explicitly prohibiting child labor	Kwantex firmly prohibits the use of child labor, commits to preventing any form of human trafficking, and ensures that all employees are of the age that has completed mandatory education or meets the legal working age as per local regulations.
		⑥ Eliminating discrimination in employment and occupation	Kwantex eliminates discrimination in employment and occupation, ensuring that employees are not discriminated against based on gender, sexual orientation, race, religion, age, disability, marital status, pregnancy, nationality, political views, social origin, or any other factors in recruitment, hiring, remuneration, promotion, training, discipline, contract termination, retirement, and other matters related to employee rights and welfare.
Sustainable Practices	Environment	⑦ Support preventive measures to address environmental challenges	Kwantex supports preventive measures to address environmental challenges. We specifically require outsourced suppliers during the manufacturing process to not only protect public health and safety but also minimize adverse impacts on the community, environment, and natural resources, while strictly complying with all local environmental regulations. Suppliers must identify and manage chemicals and other substances that may pose a hazard to the surrounding environment, ensuring that these substances are safely handled, transported, stored, used, recycled, or disposed of.
		⑧ Respond to initiatives to strengthen environmental responsibility	Kwantex communicates and collaborates with stakeholders to reduce environmental impacts throughout the lifecycle, including R&D, raw materials, transportation and logistics, production, packaging, and products and services.
		⑨ Encourage the development and promotion of environmentally friendly technologies	Kwantex takes environmentally friendly actions, continuously improving performance in resource consumption, waste management, circular economy, and pollution prevention. The Company actively collaborates with customers and suppliers to establish a green supply chain from design and manufacturing to products and services.
	Anti-corruption	⑩ Enterprises firmly oppose any form of corruption, including extortion and bribery	Kwantex firmly opposes any form of corruption, including extortion and bribery. We have established the "Employee Code of Ethical Conduct", which clearly requires all employees to uphold ethics and integrity, respect individuals and clients, avoid conflicts of interest, eliminate improper gifts and business hospitality, and ensure that information is complete, appropriate, accurate, and disclosed in a timely manner. We are committed to preventing fraudulent activities and encouraging whistleblowing, firmly opposing any anti-competitive behavior.

3.2 Diversity, Fairness, and Inclusion

Respect and Equality

Kwantex is dedicated to creating a working environment that respects each employee's unique background and abilities, ensuring that everyone is treated fairly in terms of compensation, promotion opportunities, and working conditions. We implement a diversity recruitment and promotion policy to eliminate the impact of factors such as gender and nationality on employee development, ensuring that every employee has equal opportunities.

Action Measures

(1) Prevention of discrimination in the hiring process

Our recruitment process strictly follows the PA30 recruitment operational procedure to ensure that all applicants are treated fairly throughout the hiring process. We are committed to conducting personnel recruitment fairly and ensuring that no discrimination occurs based on race, gender, age, religion, or other factors.

(2) Preventing discrimination in career development and promotion

In terms of employees' career development and promotion, we follow the promotion guidelines outlined in the announcements, basing promotions on individual performance evaluations. Additionally, managers can propose special promotions based on employee performance, ensuring that each employee has an equal opportunity for upward advancement.

(3) Diversity, discrimination and harassment awareness training

We place great importance on employees' awareness of diversity, discrimination, and harassment issues. In 2023, we launched a company-wide course to promote the Universal Declaration of Human Rights, discrimination, harassment, and ethical concepts. These trainings are jointly organized by the Human Resources and Occupational safety and health management entities, conducted in accordance with the P0501 Training Control Procedure, aimed at raising awareness and sensitivity among all employees.

(4) Promoting wage equality

In terms of remuneration policy, we determine the salaries of employees based on their education, ability, skills and experience, regardless of gender. Although our salary is confidential, we ensure that every employee receives fair treatment.

(5) Prevention of workplace infringement and sexual harassment

To effectively prevent and handle workplace violence and sexual harassment, the Company has established an anti-bullying team and a sexual harassment prevention and grievance handling team. These teams are managed by departments responsible for handling grievances. Upon receiving a complaint regarding workplace infringement or sexual harassment, a grievance committee is established within seven days to initiate investigation and review. The committee includes representatives from both management and labor, with at least half of the members being female and no less than one-third being male. We may also refer to the "Sexual Harassment Investigation Professional Talent Pool" established by the Ministry of Health and Welfare to invite experts and scholars to serve as committee members, ensuring professionalism and fairness in the investigation.

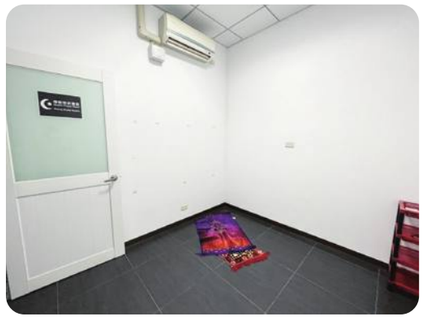
During the process, we strictly maintain the confidentiality of the parties' names, identifiable information, and details of the complaint. The Company's management will provide protection, placement, and assistance based on the severity of harm caused by unlawful infringement during duty and offer mental and physical health support to the victim. Victims should receive immediate, lasting, and supportive arrangements, including counseling, peer support, rehabilitation, or leave. The occupational safety unit, in coordination with relevant departments, should arrange flexible adjustments to job content and working hours, providing support and encouragement. For severe infringement incidents, the management unit will assist employees in filing damage claims and other legal actions. If the perpetrator is an internal employee, the management unit will apply internal disciplinary actions according to company regulations and keep the victim informed of the process. Job duties or department assignments will be adjusted if necessary. In 2023, there were no complaints of illegal infringement and no incidents of sexual harassment in the Company.

Our procedures for accepting complaints of workplace infringement and sexual harassment are as follows:

Grievance channel	Acceptance	Investigation	Resolution and Disposition
Hotline for complaints of workplace infringement and sexual harassment: (06)595-6111 #240 Administration Department / Chen, Hung-Ju Email：nancy@kwantex.com	The Anti-Workplace Bullying Team and the Sexual Harassment Prevention Complaint Handling Team will establish a complaint handling committee within 7 days of receiving a complaint.	The grievance handling committee investigates, collects evidence, clarifying facts, and verifying grievances.	Based on the investigation results, the committee will determine appropriate measures, including protection, placement, and assistance. A decision shall be made within 2 months from the date of acceptance of the complaint.

Support and Integration

Kwantex encourages open communication and mutual respect, ensuring that every voice is heard and valued. To support the integration of diverse cultures within the Company, a prayer room has been established in the dormitory for Indonesian colleagues to respect their beliefs. Regular discussions are held with foreign workers, with special invitations extended to employees from their home countries. This not only promotes the interaction and connection between them, but also helps to alleviate the nostalgic feeling that may arise from working away from home. At the same time, to ensure that all participants can express their thoughts and feelings fluently, we provide translation services, which not only promotes smooth communication, but also strengthens our commitment and respect for multiculturalism. Forums also serve as an important avenue for us to understand and respond to employee needs. Through these exchanges, we can better adjust our policies and support measures to ensure that every employee feels valued and supported within the Company.



▲ Prayer Room

Diversity and Inclusion

Kwantex consistently upholds the values of respect, inclusivity, and fairness, creating a positive working environment filled with growth opportunities for every employee. Promoting gender equality and diversity is a fundamental principle of the Company. We regularly hold compliance courses for all employees to help them better understand and implement the concept of gender equality, such as learning about the latest amendments to the Gender Equality in Employment Act by the Ministry of Labor, enabling them to practice this concept in their daily work.

We actively promote acceptance and inclusion of minorities and vulnerable groups, and we have fully employed individuals with physical and mental disabilities within the Company. We firmly believe that diversity not only brings more innovation and vitality, but also promotes harmony and progress within the Company. Although we have not yet implemented job redesign, we are committed to making further improvements in this area in the future to create a more inclusive and supportive work environment for all employees.





▲ Regularly hold seminars for foreign migrant workers to promote exchanges





▲ Sharing hometown dishes with foreign colleagues

3.3 Labor-management Relations

Employee Overview and Talent Management

As of the end of 2023, the Company has a total of 158 employees, including 39 managers (team leaders and above) and 119 regular staff. Among them, 126 employees are permanently hired full-time staff note, and 32 foreign employees are regularly hired full-time personnel. There are no interns, industry cooperation workers, part-time employees, or employees without guaranteed working hours. Among them, 32 are foreign migrant workers and 2 are employees with disabilities. In addition, the Company employs 22 non-employee workers, primarily outsourced labor, responsible for security, packaging, and cleaning tasks.

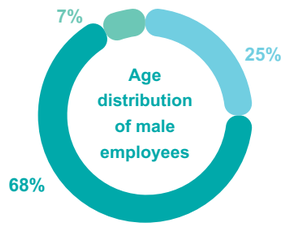
Note: The numbers of employees and non-employee workers are based on the calculations as of December 31, 2023. "Full-time" is defined by the Ministry of Labor as "full-time workers" who work a normal 40-hour week.

In terms of gender composition, male employees account for approximately 35% (56 individuals), while female employees represent about 65% (102 individuals). As of the end of 2023, we have 22 female employees in manager roles, accounting for approximately 22% of the total number of female employees. There are 17 male managers, representing about 30% of the total number of male employees. In the future, we will continue to promote gender equality and enhance diversity and inclusiveness within the Company's management.

Additionally, according to the age distribution statistics of employees, approximately 69% are aged between 30 and 49, a crucial age group that serves as the primary labor force in society. This age structure not only provides a stable growth platform for employees but also contributes to social stability and harmony. Kwantex is dedicated to creating a happy workplace and will continue to strive for progress in gender equality, enhancing gender diversity across all levels of positions to maintain the Company's competitiveness.

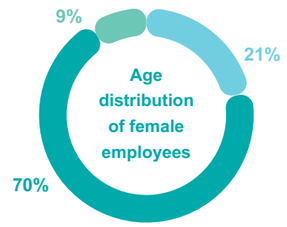


Male	56
Female	102
Total	158



Age 29 (inclusive) or younger	14
Aged 30 to 49	38
Aged 50 (inclusive) or older	4

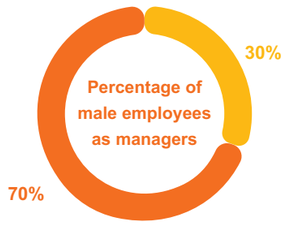
Note: The age distribution ratio for male employees is calculated based on the total number of male employees.



Age 29 (inclusive) or younger	22
Aged 30 to 49	71
Aged 50 (inclusive) or older	9

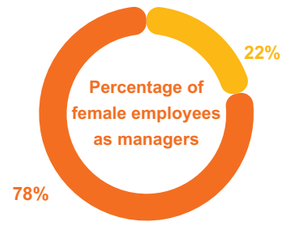
Note: The age distribution ratio for female employees is calculated based on the total number of female employees.





Managers	17
Non-managers	39

Note: Managers refer to positions at the level of team leader and above.



Managers	22
Non-managers	80

Note: Managers refer to positions at the level of team leader and above.

Human Resources Management Measures

(1) Human resource planning

1. Human resource planning in the Company is determined by department heads based on work conditions and the volume of orders for the year, with a focus on practical skills in the manufacturing department.
2. The Company has a recruitment procedure book that is used to plan the recruitment and talent introduction process.

(2) Performance management

1. The Company sets annual goals, and each department establishes its own departmental objectives while filling out a two-way satisfaction survey. The annual review meeting is led by the General Manager, who determines the goals for the next year.
2. Regularly assess whether the goals have been achieved (annually) and provide ongoing feedback on the execution results in the following year before setting new goals.
3. Although the Company currently does not have a performance management system or tools, these processes have already been implemented internally.

New Recruit and Resignation Status

We place a high value on the integration and growth of new employees by providing a clear company introduction, a comprehensive training program, and regular feedback and evaluations to help them quickly adapt to the workplace environment. In 2023, Kwantex continued to hire 24 new employees to meet business needs and promote employment development opportunities. In 2023, our employee turnover rate reached 12.88%. To address this challenge, we actively conduct exit interviews with departing employees to gain insights into their reasons for leaving and to make improvements based on the issues raised. For example, we assisted two colleagues in transferring to affiliates, consulting with both the employees and the managers of the hiring units to ensure mutual agreement. Looking ahead, we will continue to strengthen communication channels, actively listen to employees' voices, and enhance welfare measures to create an ideal workplace that meets employees' expectations.

Note: The formula for calculating the employee turnover rate is: Turnover Rate = Number of resigned employees (excluding those who left during the probation period) / [(Number of employees at the beginning of the period + number of employees at the end the period) / 2] × 100.

The following is an overview of employee turnover in 2023, categorized by gender and age group, expressed as a percentage of the total number of employees at the end of the year.

New recruits

Number of people by category		Number of people	Percentage Note 1
Gender ratio	New employees (female)	19	18.63%
	New employees (male)	5	8.93%
Gender ratio	New employees (Aged 29 (inclusive) or younger)	15	41.67%
	New employees (Aged 30 to 49)	9	8.26%
	New employees (Age 50 (inclusive) or older)	0	0%
Total number of new employees & percentage of total new employees Note2		24	15.19%

Note 1: The percentage is calculated as "number in that category ÷ total number of employees in that category as of December 31"

Note 2: New employee ratio = Total number of new employees ÷ total number of active employees as of December 31

Resigned employees

Number of people by category		Number of people	Percentage Note 1
Gender ratio	New employees (female)	23	22.54%
	New employees (male)	10	17.86%
Gender ratio	New employees (Aged 29 (inclusive) or younger)	15	41.67%
	New employees (Aged 30 to 49)	17	15.60%
	New employees (Age 50 (inclusive) or older)	1	7.69%
Total number of resigned employees & percentage of total resigned employees Note2		33	20.87%

Note 3: Resigned employee ratio = Total number of resigned employees ÷ total number of active employees as of December 31

Open Communication Channels

The Company actively expands diverse communication channels to promote labor-management harmony. We regularly hold communication activities and set up employee suggestion boxes to ensure transparent and genuine communication between the Company and employees. We value and incorporate employee suggestions as a driving force for the Company's progress, and are committed to safeguarding the rights of every employee. The diverse communication channels provided by Kwantex are as follows:

Employee care	Occupational health support and oversight for employees are provided by occupational physicians and nurses.
Consultation and complaint hotline/ mailbox	Establish transparent and open grievance channels and assign dedicated personnel to handle employees' problems and complaints. • Consultation and grievance hotline: (06)595-6111 ext. 240 Administration Department/ Chen, Hung-Ju • Consultation and grievance email: nancy@kwantex.com
Company suggestion box	The Company has established public suggestion boxes for all employees (including local and foreign staff) to provide immediate feedback and complaints. ① Kwantex Main Plant: The restroom on the west side of the packaging department in Area A has no surveillance cameras nearby. ② Kwanmiao Factory: The entrance guard room (clock-in area) has no surveillance cameras nearby.
Employee satisfaction survey	We encourage employees to provide feedback and suggestions, and collect employee opinions through the annual review meeting and regular surveys.
Upward communication	Emphasizing the establishment of an inclusive work culture, the Company encourages open communication and mutual respect, supporting employees in directly voicing their opinions to supervisors.
Labor-management meetings	Regular labor-management meetings are held every three months to ensure a balance between employee rights and company interests.
Employee forum	We hold a foreign worker forums every six months and hire translators to assist with communication.
Employee activities	We value celebrating employees' achievements and recognizing outstanding performance, such as awarding prizes during the year-end party to motivate employees to continuously pursue excellence.

3.4 Talent Recruitment and Retention

Implementing diversified talent strategies

Kwantex is committed to selecting suitable talent through fair and open recruitment channels, ensuring that factors such as gender and nationality do not lead to any differences, and that every applicant has equal opportunities. The Company has demonstrated a diversified strategy in talent recruitment and retention, actively using various recruitment channels to attract talent. Additionally, we value brand building and actively participate in community environmental initiatives and educational sponsorships to strengthen our reputation and brand image, further attracting more talented individuals to join our team.

Diversified recruitment channels are the key to attracting the best talent

The Company actively uses diverse recruitment channels such as job bank, online campus recruitment, and participation in job fairs to ensure the attraction of the best talent. Emphasizing brand establishment, the Company actively participates in community environmental protection and educational sponsorship to build a good reputation and brand image.

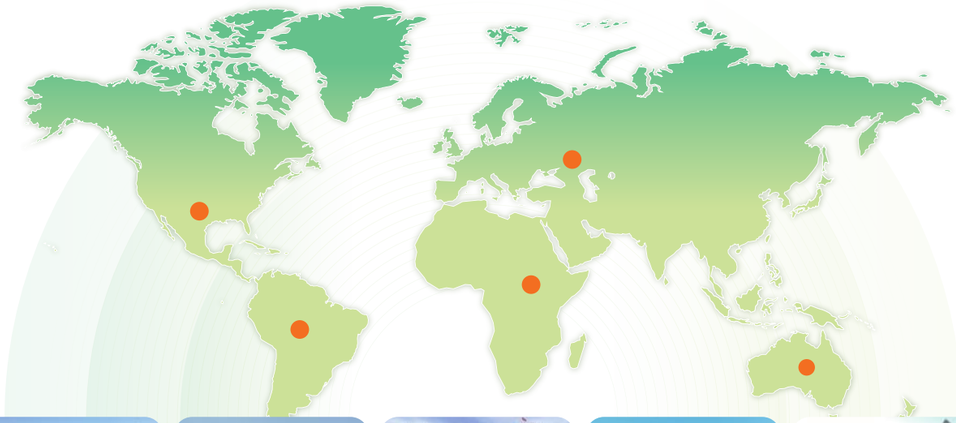
Diverse benefits for retention of outstanding employees

The Company is committed to offering competitive remuneration and comprehensive benefits policies, including various bonuses, staff dormitories, transportation allowances, and domestic and international employee travel, to attract new talent while retaining outstanding employees.

Provide comprehensive support for promotion and education and training for career development and growth

We attach great importance to the career development of our employees and provide regular retraining and annual education and training programs. At the same time, we have established a clear promotion system and career development path to provide employees with opportunities and platforms for promotion and encourage them to continue to grow and improve. The Company is dedicated to helping each employee find their own growth and value here.

Employees in Kwantex have traveled and left footprints on many countries





Employee benefits

Item	Content
Insurance benefits	Health insurance and occupational insurance
	Pension appropriation
	Employer's compensation liability insurance and group injury insurance
Food and beverage benefits	Group meals
Transportation benefits	Employee parking space, friendly parking space (only for pregnant and elderly people)

Item	Content
Bonuses	Annual bonus (year-end, Dragon Boat Festival, Mid-Autumn Festival)
	Process development bonus, product R&D bonus
	Proposal bonus, project bonus, retention bonus
Recreational benefits	Allowance for entertainment between Departments
	Domestic and overseas employee trips
Subsidies	Childcare allowance, transportation allowance
Other benefits	Library, breastfeeding room, employee dormitory, red and white envelope gift, sharing of seasonal ingredients, night shift desserts

3.5 Employee Training

In today’s rapidly changing business environment, continuous learning and development are key for companies to maintain competitiveness. To ensure our employees have the latest knowledge and skills, the Company has established a comprehensive talent development system that includes internal training and external continuing education. We provide a variety of training options based on each employee's expertise and career development needs, including on-site training, online courses, and in-depth learning in specialized fields.

Introduction of external training resources

Every year, we develop an education plan based on the training needs expressed by employees and collaborate with multiple professional institutions to introduce high-quality external training resources. These resources not only meet the individual learning needs of employees at work, but also expand their professional horizons. In terms of external training, we encourage employees to choose or select courses in designated professional fields to promote in-depth learning and professional growth in specific areas. These courses not only enrich employees' knowledge base but also help them apply new skills and insights in their work.

Implementation and strengthening of internal training programs

At the same time, our internal training programs focus on collective learning and growth within teams. We invite professional lecturers to conduct team-based courses at the Company and ensure training effectiveness through well-equipped facilities. In these internal training sessions, we emphasize the importance of practice and feedback, encouraging employees to share their learning outcomes so that we can continuously improve the training programs and ensure their maximum effectiveness. Additionally, the involvement of internal experts as instructors further enriches our training system, providing employees with deeper learning opportunities and professional guidance. This not only strengthens knowledge sharing and transfer within the Company but also promotes teamwork and overall development.

Employee Training Overview

In 2023, the average training hours for managers were 32 hours, while non-managers averaged 36 hours. The average number of hours of training for all employees in the same year was 35 hours. The statistics of employee training are as follows:

Employee Category	Male			Female		
	Total Number of Employees	Total Training Hours	Average Training Hours	Total Number of Employees	Total Training Hours	Average Training Hours
Managers	17	596	35	22	639	29
Non-managers	39	1328	34	80	3000	38
Total	56	1924	34	102	3639	36

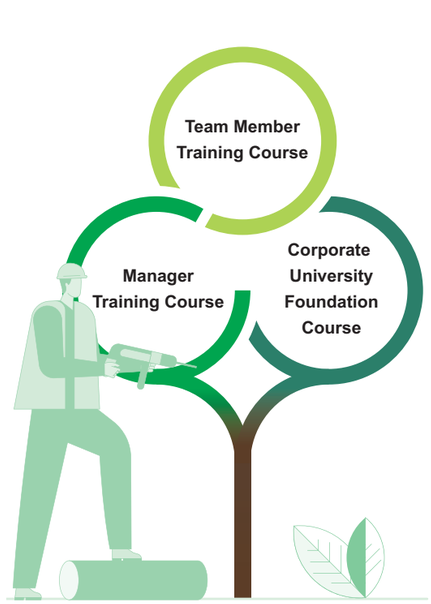
Description: The number of employees aligns with the "Human Resource Structure" and is based on the number of insured employees under labor insurance for the year.

New employee training

The Company places great importance on comprehensive training and guidance for new employees to help them quickly adapt to the working environment and smoothly integrate into our team. New employees will receive multifaceted training, including company policies, work rules, and occupational safety and health education. We particularly emphasize the importance of ISO standards, which are not only our management approach but also our commitment to quality and safety. Additionally, new employees must learn how to effectively use company facilities and operate various essential procedure manuals. Through these trainings, we aim to help new employees build a solid professional foundation and grow together with the Company.

General knowledge training

To enhance the overall quality and professional capabilities of our employees, we offer general knowledge training courses that strengthen communication skills and teamwork, while providing comprehensive foundational knowledge about the Company. Below is an introduction to our three major general knowledge trainings:



Team Member Training Course

The goal of the team member training course is to achieve win-win communication and coordination skills. This course is designed for team members to develop their communication and coordination skills, achieving better teamwork outcomes. Through the training, team members will learn how to communicate effectively, coordinate team tasks, and manage conflicts, achieving win-win collaboration.

Manager Training Course

The goal of the manager training course is to strengthen personal communication skills and improve work performance. This course is specifically designed for managers at all levels within the Company, aiming to help them improve their communication skills and promote a more efficient working environment. Through this training, managers will learn how to better communicate information, motivate their teams, and resolve conflicts, thereby enhancing overall work effectiveness.

Corporate University Foundation Course

The corporate university foundation courses provide comprehensive knowledge and skills training about the Company, laying a solid professional foundation for employees. This course covers various aspects of corporate knowledge, from company culture and core values to basic business processes, aiming to help employees gain a comprehensive understanding of business operations and enhance their competitiveness in the workplace.

In-service employee training

To enhance employees' professional skills and workplace competitiveness, the Company offers various on-the-job training courses, covering management and technical courses, certification training, and compliance education. The following are the various on-the-job training courses offered in 2023 (for details on environmental, safety, and health education, see Section 3.6 Workplace Health and Safety of this report):

Category	Course Title
Management and Technology	Application of the Seven New QC Techniques
	Energy Storage System Application Practice
	SPC Statistical Process Control
	Measurement and Calibration Management Foundation Class
	Frequently Asked Questions about General Affairs and Solutions
	Triangular Trade Practice
	Information Security Training
	Frequently Asked Questions about General Affairs and Solutions
	Production and Property Management Practices
	Safety Operation Briefing on Roller Platform for Crane Operators
	Nail Gun Training for On-site Personnel

Category	Course Title
Certification	ISO 14064-1: 2018 Organizational GHG Internal Verifier Training Course
	ISO 14067: 2018 Carbon Footprint Management and Calculation Foundation Course
	ISO 9001: 2015 Quality Management System Internal Auditor Training Course
	AEO Quality Corporate Supply Chain Security Training Course
	Practice of GRI Standards (GRI Certification) and Report Assurance Practice
	Land Investment and Development Analyst Certification Program
	Class A Waste Management Technician Training Program
	Physical Fitness Class-C Instructor Certification
Legal Compliance	Labor-management Mediation and Labor Law Analysis
	Ethical and Business Human Rights Guidance Principles (ETI & UNCP)
	2023 New Withholding Tax Regulations and Practices
	Anti-corruption and Anti-bribery Training
	International Carbon Tariff Trends and Promotion


▲ Industrial Power Distribution


▲ Psychology + Management


▲ Carpentry


▲ Lathe and Milling Machine


▲ Masonry


▲ Manufacturing Process


▲ Selection and Application Techniques for Steel Materials


▲ Introduction to Screws


▲ Heat Treatment and Surface Treatment of Screws

Comprehensive Corporate Knowledge and Skill Training

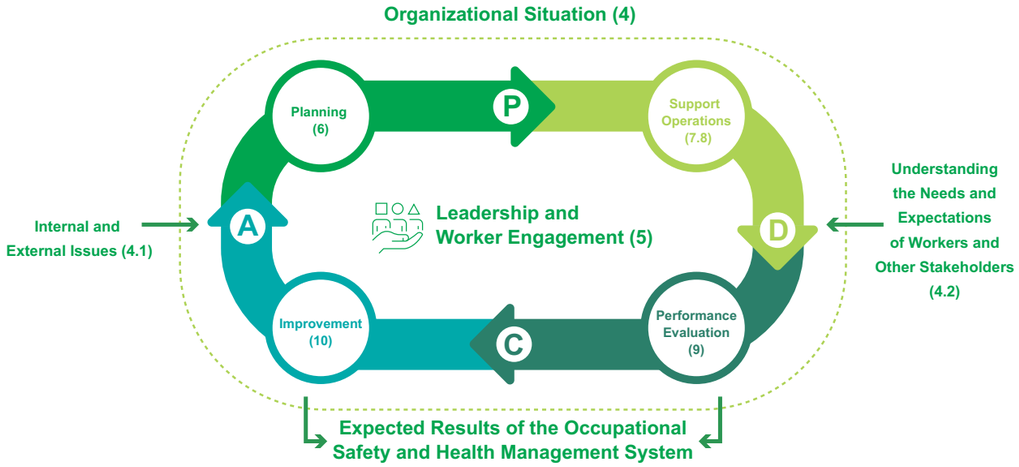
Build a solid foundation for employees' workplace competitiveness

3.6 Occupational Health and Safety

To ensure the health and safety of employees, Kwantex regularly implements hazard identification, risk assessment, and control measures according to occupational safety and health management procedures, ensuring the effectiveness of these measures. Additionally, we communicate and require suppliers to comply with the "Supplier Corporate Social Responsibility Commitment" to safeguard the health and safety of their employees and all workers.

Occupational Safety and Health Management System

To enhance worker safety and health, Kwantex has established and implemented a management system that complies with legal requirements based on occupational safety and health regulations, and has obtained ISO 45001: 2018 certification. According to the "PA02 Occupational Safety and Health Hazard Identification, Risk Assessment, and Control Procedure", regular hazard identification and risk assessments are conducted, along with the implementation of corresponding control measures. At the same time, based on the latest version of ISO 45001: 2018, Kwantex continuously improves occupational safety and health management activities through the PDCA cycle model to ensure the effective operation of the occupational safety and health management system, fully safeguarding the health and safety of all workers.



(a) Continuous improvement of occupational safety and health performance

(b) Fulfill legal and other requirements

(c) Achievement of occupational safety and health goals

Commitment to Occupational Safety and Health Management

- Occupational safety and health system and performance improvement: Thoroughly implement an Environmental and Occupational Safety and Health Management System to enhance environmental and occupational safety and health performance by setting and reviewing target objectives.
- Employee education and participation: Encourage employees to actively engage in environmental protection activities and workplace safety awareness by providing relevant training and education to enhance their awareness and understanding of environmental and safety issues.
- Working environment safety: Ensure a safe working environment for employees and monitor their health status, providing necessary protective gear and safety equipment, and conducting regular health checks for employees as mandated by law.
- Commitment to Worker Participation and Consultation: We will regularly review and improve our environmental and occupational safety and health policies and practices, communicate these policies, and work together to protect the environment and ensure occupational safety and health, providing transparency to stakeholders.

Worker participation, consultation, and communication on occupational safety and health

To ensure that Kwantex's occupational safety and health management complies with the ISO 45001: 2018 standard, we have established a Safety and Health Committee and an Internal Environmental and Occupational Safety and Health Audit Team, clearly delineating responsibilities at all levels to effectively promote the implementation of occupational safety and health management. The following is a brief description of the tasks of each responsible unit.

The Safety and Health Committee

is responsible for formulating and managing environmental safety and health goals and plans, consisting of members appointed by various units, Adminstration Department, management representatives, and the General Manager. The committee holds regular meetings to propose improvement measures for all workers, including outsourced personnel, ensuring the comprehensiveness and effectiveness of the safety and health management system. Those who propose suggestions or reports will not face penalties for non-compliance with company policies. The committee actively listens to and incorporates feedback from all parties to continuously improve the safety and health management program.

The Administration Department

is responsible for monitoring and managing the progress of various programs, regularly reporting the progress to the committee, and adjusting management strategies as necessary to achieve the expected goals.

The management representative

reviews the environmental and occupational safety and health goals, targets, and management plans to ensure compliance with relevant regulations and standards, providing professional opinions and recommendations to facilitate the achievement of objectives and the effective implementation of management plans.

The General Manager

is responsible for approving the environmental and occupational safety and health objectives, targets, and plans, and ensuring their effective implementation at all levels of the Company. The General Manager regularly reviews the results of the safety and health management system and makes decisions as needed to promote improvements.

Additionally, we hold occasional meetings with outsourced personnel, such as security staff meetings, to provide them with information related to occupational safety and health and to facilitate effective communication, enhancing their understanding and compliance with the safety and health management system.

The main tasks of the Safety and Health Committee include:



Formulating environmental and safety health goals based on the environmental and occupational safety and health policy and the results of significant environmental and safety health considerations assessment.

Evaluating and setting quantitative targets, ensuring that the measurement indicators for achieving these goals are clear.

Logging and auditing environmental and occupational safety and health objectives and management plans to ensure compliance with relevant regulations and requirements.

Tracking and evaluating the implementation progress and effectiveness of each plan, and proposing improvement measures.

Timely revising environmental and occupational safety and health objectives and plans based on changes in regulations, policies, and management review resolutions.

Safety Compliance and Zero Occupational Disaster

2023 Occupational Injury Indicators	Employees	Non-employees
Disabling Injury Frequency Rate (FR)	0.00	0.00
Disabling Injury Severity Rate (SR)	0	0
Frequency-Severity Indicator (FSI)	0	0

1. Disability Injury Frequency Rate (FR) = Number of lost working hours due to occupational injuries (D) × million working hours / total working hours for the year, rounded to two decimal places, discarding the third decimal place.
2. Disability Injury Severity Rate (SR) = Number of days of lost working hours × million working hours / total working hours for the year, rounded to the nearest whole number, discarding any decimal places.
3. Frequency-Severity Indicator (FSI)=√[(FR×SR)/1,000]

Prevention and mitigation of occupational safety and health impacts at the workplace

(1) Equipment Management

To ensure the safe operation of machinery and equipment, the Company has established the "P1001 Machinery and Equipment Management Procedure". Operators are responsible for inspecting machinery and equipment daily and recording the results on the "Daily Machinery and Equipment Inspection Form". Each month, the Company inspects hazardous power equipment and records the results in the "Monthly Self-Inspection Record Form". In addition, the Company schedules an annual "Machinery Annual Maintenance Plan", which is executed upon approval by the management representative, with maintenance records documented in the "Machinery and Equipment History Form".

(2) Education and Training

The Company has established the "P0501 Training Control Procedure" and scheduled the annual "Emergency Response Drill Timetable" to conduct relevant training sessions. These trainings ensure employees understand and master emergency procedures and safety regulations, enhancing their response capabilities in critical situations.

(3) Emergency Response Measures

To address various emergencies, the Company has established procedures such as the “PA20 Emergency Preparedness and Response Management Procedure”, “WA2001 Fire Protection Plan”, “WA2002 Laboratory Emergency Response Guide”, and “WA2003 Anti-riot Response Guide”, ensuring orderly and effective actions during emergencies.

(4) Special Emergency Response Guidelines

The Company has formulated the “WA1001 Pandemic Prevention Guide” and the “WA1301 Security Operations Guide” to ensure appropriate responses in pandemic control and security management.

(5) Health Management

The Company promotes employee health services and conducts workplace health risk assessments and management in accordance with the “PA10 Employee Health Management Procedure”. The Safety and Health Section, composed of occupational safety and health personnel, health service nurses, fitness instructors, and contracted on-site health service physicians, regularly reviews and improves workplace health and safety to enhance employees' physical and mental well-being and foster a healthy working environment.

(6) Corrective Action

The Company follows the "PA21 Environmental, Safety, and Health Corrective Action Management Procedure" and uses the "RA2101-B Corrective Action Form" to record and manage corrective actions, ensuring timely and effective resolution and improvement of various environmental, safety, and health issues.

(7) Performance Measurement and Supervision

The Company regularly reviews and improves workplace health and safety measures in accordance with the "PA19 Performance Measurement and Monitoring Management Procedure", ensuring that the overall health environment meets the expected objectives.

The Company's safety and health work regulations include specific provisions for emergency evacuation measures:



01 Evacuation Procedures

- When an immediate danger occurs in the workplace, our employer or the person responsible for the workplace will promptly issue a stop-work order and instruct all employees to evacuate swiftly to a safe location.

02 Disaster Response

- In the event of a disaster, on-site personnel should remain calm and quickly evacuate to a safe location.
- Follow the instructions of management personnel and actively participate in rescue efforts, ensuring that the priority is to save lives, followed by the protection of property.

03 Teamwork

- We emphasize team spirit and encourage all employees to collaborate in rescue efforts to minimize the losses caused by the disaster.
- We respect workers' rights to immediately stop work and evacuate to a safe location when faced with an immediate danger while performing their duties, and we guarantee that no termination, reassignment, suspension of wage payments, or other adverse actions will be taken against them for doing so.

Hazard Identification and Risk Assessment

Kwantex prioritizes environmental, safety, and health risk assessments as a core measure to protect employee health and safety. Therefore, each year, all units are required to submit a job list that includes positions, ergonomics, changes in operations, contractors, and visitor operations, and conduct a comprehensive inventory and assessment of the work. By identifying all relevant occupational safety and health hazards related to operations, activities, and facilities, considering the Company's work arrangements, social factors, leadership, and culture, as well as reviewing past incidents and potential emergencies, we analyze the impact of all personnel activities both inside and outside the workplace on safety.

During the assessment process, we utilize an operational activity checklist and a hazard identification and risk assessment form to meticulously document relevant information, including the impact of operations and activities, their status, the categories of personnel involved, and the control measures implemented. These rigorous assessment processes help us effectively maintain and improve the Company's performance in environmental protection and employee health and safety, ensuring a safe and healthy working environment.

2023 Hazard Identification and Risk Assessment Results:

Category	Hazard Factor	Possible Health Hazards	Preventive Management Measures
Physical	Noise	Hearing impairment	① Establish a hearing protection plan ② Regularly hold educational training ③ Provision of protective equipment
	Insufficient lighting	Visual impairment	① Occupational environment monitoring ② Install LED ceiling lights
	Forklift, crane	Collision	① Establish operating instructions ② Regular safety and health promotion ③ Regular retraining for licenses ④ Machinery and equipment inspection
	Machinery and equipment	Pinching/rolling/crushing injuries/ Electric leakage/electrocution (including static electricity)	① Establish operating instructions ② Regular safety and health promotion ③ Machinery and equipment inspection form
	Item stacking	Falls/slips	① Regular safety and health promotion ② Regular personnel inspection
Chemical	Contact with hazardous substances	Liver and kidney damage, contact dermatitis, respiratory irritation	① Short usage frequency ② Short exposure time ③ Set up local exhaust ventilation ④ Provision of protective equipment ⑤ Set up emergency showers
	Chemical or waste fluid leakage	Liver and kidney damage, contact dermatitis, respiratory irritation	
Biological	Vector breeding	Health hazard	① Occasional advocacy ② Regular environmental inspections ③ Strengthen environmental cleanliness prevention through "patrol, empty, clean, and scrub".
Ergonomics	Moving heavy objects	Spinal injury	① Conduct weekly health stretching exercises for all employees ② Teach correct working posture ③ On-site health services from plant safety personnel and occupational physicians ④ Provide proper medical channels
	Incorrect posture	Musculoskeletal injuries	
	Traffic accidents	Health hazard	Strengthen traffic safety awareness
Psychosocial	Work-related stress	Physical and mental illnesses	① Prohibition of illegal infringement ② Announce complaint channels and methods ③ Communication skill training ④ On-site health services from plant safety personnel and occupational physicians ⑤ Provide proper medical channels
	Overworked	Brain and cardiovascular diseases	① Attendance and working hour control ② Identification and management of high-risk groups ③ On-site health services from plant safety personnel and occupational physicians ④ Provide proper medical channels

Four Major Plans for Protecting Employee Health

Kwantex actively responds to the Ministry of Labor's Occupational Safety and Health Act by implementing four major workplace plans, including the "Prevention Plan for Ergonomic Hazards", the "Prevention Plan for Illness Induced by Abnormal Workload", the "Prevention Plan for Illegal Infringement During Duty", and the "Health Protection Plan for Maternal Workers". These plans aim to address specific workplace safety and health facilities and management matters to protect the physical and mental well-being of workers. The following is an overview of the implementation of the four major plans in 2023.

01 Prevention Plan for Ergonomic Hazards

We are committed to optimizing the working environment, including workstation design and workflows, to minimize the potential impact of human factors on employee health.

- An active survey is conducted annually, where employees fill out the "Musculoskeletal Symptoms Survey".
- A current risk assessment survey is conducted by occupational safety and health personnel and health service nurses, including:
  ① health and absenteeism monitoring, ② labor complaints, ③ work hazard risk assessment, and ④ ergonomics evaluation. Suspected hazards are identified, and a tracking overview is established.
- Arrange for on-site health service physicians to understand the causes of individual case symptoms and provide appropriate improvement recommendations.

Implementation Overview

In 2023, consultations with occupational health service physicians totaled 1 person, while preventive health education sessions conducted by occupational health service nursing staff reached 16 people.

Analysis

In the 2023 hazard identification and risk assessment, we conducted a musculoskeletal symptom survey among 153 employees. The results showed that only 3 individuals reported discomfort scores exceeding 3, and their issues were unrelated to work, while the discomfort levels of the remaining employees were generally mild.

In the ergonomics assessment, all operational units met the standards and did not reach a level that required improvement. These results indicate that we have achieved significant success in working environment design and employee health management.

02 Prevention Plan for Illness Induced by Abnormal Workload

We prevent and manage workplace overwork issues by regularly assessing workload and providing appropriate work arrangements, ensuring a balance between employees' work and personal lives.

- The Occupational safety and health management entities assesses "**high-risk groups for diseases caused by abnormal workload**" through individual risk factors, overload, and working hours.
- Based on the results of health examinations, the estimated risk of cardiovascular diseases among company employees over the next ten years is assessed.
- Assess the overload situation of employees by having them fill out the "Personal and Work Fatigue Scale".

Implementation Overview

Based on the personal risk factors, a total of 0 high-risk, 7 medium-risk, and 151 low-risk employees were identified in 2023.

- Occupational health service nurses provide preventive health education and appropriate assistance occasionally.

Analysis

(1) Arranged interviews and health guidance with on-site health service physicians for 7 medium-risk employees/ 7 employees were deemed suitable for their original positions.
(2) 100% health check participation rate.
(3) All employees participated in health promotion activities.

03 Prevention Plan for Illegal Infringement During Duty

We implement preventive measures, including training employees to identify and respond to potential workplace violence situations, and establish effective response mechanisms to protect employee safety and well-being.

The General Manager publicly declares the prohibition of workplace violence, and the senior management signs the "Written Statement on the Prevention of Illegal Infringement During Duty". We firmly believe that the workplace should be a safe and comfortable environment. To ensure the health and safety of every employee, we implement the following measures:

Measures	Description
Employee Education and Training	All new and existing employees receive specialized training on preventing workplace violence, including processes for identifying, reporting, and addressing illegal infringement.
Working Environment Improvement	Establish a safe workplace by regularly assessing and improving the design of the working environment to reduce the likelihood of illegal infringement.
Support Mechanism	Provide free psychological counseling services to help employees cope with stress and anxiety, and regularly offer stress relief information and resources.
Complaint and Investigation	Establish a dedicated investigation team for reporting and handling cases of illegal infringement, responsible for receiving, investigating, and addressing all complaints.
System Guarantee	Strengthen anti-discrimination, stalking, and harassment policies to ensure all employees are treated fairly and protected, especially those who may be at risk.
Assistance and Support	Provide comprehensive support and assistance, including psychological counseling, peer support, job adjustments, and legal assistance.

Implementation Overview

In 2023, there were 0 reported incidents of workplace illegal infringement.

04 Health Protection Plan for Maternal Workers

We provide specialized support and protective measures to ensure that pregnant employees and new mothers receive appropriate health protection and care in the workplace.

Upon learning about the pregnancy of employees and those returning to work within a year after giving birth, female employees are required to refer to the maternal handbook and health check results to complete a health self-assessment by filling out the "Self-Assessment Form for Workers in the First Year Post-Pregnancy and Childbirth". Occupational safety and health personnel, along with health service nurses, conduct assessments of maternal health hazards in the workplace and operations, completing the "Hazard Assessment and Maternal Health Protection Measures Form".

Implementation Overview

In 2023, a total of 99 female employees of childbearing age received maternal health protection.
A total of 5 consultations and health guidance sessions were conducted with female employees, including those who are pregnant and those who have returned to work within a year after childbirth.

Detailed identification and assessment of physical, chemical, biological, ergonomic, work-related stress, and other types of hazards were conducted.
→Hazard management reached Level 1, with no incidents of maternal health hazards occurring.

100% regular prenatal checkup rate.
100% health guidance rate.
→Health guidance: Comprehensive educational information regarding pregnancy and postpartum care is provided, along with notifications about relevant parental benefits.

Occupational Safety and Health Education and Training

In 2023, Kwantex focused on enhancing employees' safety awareness and response capabilities through a diverse range of occupational training courses. We hold regular fire drills, earthquake drills, and first aid courses each year to ensure that employees can respond quickly and take appropriate actions in the event of emergencies. Additionally, anti-violence drills and hearing protection training help specific departments or personnel respond to unique situations and environments. In the areas of workplace illegal infringement prevention advocacy, occupational safety and health advocacy, and hazardous substance operations advocacy, we emphasize prevention and management to ensure a safe working environment and health for every employee. By promoting health information, traffic safety awareness, and training on the four steps of correct handling, we enhance health knowledge and skills, further supporting employees' overall safety in both their personal and professional lives. These training courses not only fulfill legal requirements but also demonstrate our commitment to employee workplace health and safety. Statistics of training results and the number of individuals who passed certification are shown in the table below:



▲ Occupational Safety Advocacy


▲ Anti-riot Drill


▲ Correct Handling

Occupational safety training and promotion in 2023

Title of Training Course	Training Frequency	Training Hours	Trainees	Number of Participants	Participation Rate
Fire Drill Course	Once/ 6 months	4 hours	All employees (including outsourced manpower)	175	100%
Earthquake Drill	Once/annually	1 hour	All employees (including outsourced manpower)	175	100%
First Aid Course	Once/ 6 months	1 hour	All employees (including outsourced manpower)	180	100%
Anti-riot Drill	Once/annually	1 hour	Employees of the anti-riot team	24	100%
Hearing protection education and training	Once/annually	1 hour	All employees (including outsourced manpower)	179	100%
Promotion of workplace illegal infringement prevention	Once/annually	1 hour	All employees (including outsourced manpower)	182	100%
Occupational safety and health promotion	Once/annually	1 hour	All employees (including outsourced manpower)	177	100%
Hazardous substance operations promotion	Once/annually	1 hour	All employees (including outsourced manpower)	176	100%
Health information promotion	Occasionally	1 hour	All employees (including outsourced manpower)	181	100%
Traffic safety promotion	Once/ 6 months	1 hour	All employees (including outsourced manpower)	179	100%
Four steps to correct handling	Occasionally	1 hour	All employees (including outsourced manpower)	179	100%

Outsourced manpower: Packaging personnel, security guards, cleaning personnel




▲ Fire Drill



▲ Internal Training - first aid course CPR+AED for all employees

Statistics of qualified occupational-related statutory licenses in 2023

Name of license	Licenses required for work	Reserve license	Subtotal
Forklift operator with a load of more than one metric ton	10	9	19
Operation of fixed cranes with a lifting capacity of less than 3 metric tons	0	5	5
Operation of fixed cranes with a lifting capacity of less than 5 metric tons	1	1	2
Operation of fixed cranes with a lifting capacity of more than 3 metric tons	4	2	6
Fixed crane operation - overhead - ground operation	9	2	11
Personnel engaged in hoisting operations using cranes	1	4	5
Managers of operations involving organic solvents	2	2	4
Managers of operations involving specific chemical substances	1	1	2
Emergency personnel	4	2	6
Construction safety assessor	1	1	2
Fire prevention manager	2	3	5
Hypoxia operation manager	0	1	1
Occupational health service nursing personnel	1	0	1
Type B occupational safety and health business manager	0	1	1
Occupational safety and health manager	3	0	3
Type A occupational safety and health business manager in the construction industry	0	1	1
Nurses	1	0	1
Physical Fitness Class-C Instructor	1	0	1
Class A Waste Management Technician	0	1	1
Total number of licenses	41	36	77

The Company continues to conduct retraining to maintain the occupational qualifications for various operational certifications

Contractor and Non-employee Worker Management

Kwantex has established a comprehensive contractor management system to ensure that contractors and non-employees comply with environmental, safety, and health standards during operations, maintaining workplace safety. We continuously enhance safety standards and supervise the operations of contractors and non-employees to ensure compliance with regulations, reducing risks to company personnel, contractors, non-employees, and the environment, creating a safe and friendly working environment. We have established management regulations for contractors and non-employees before and during entry into the facility, with the following specific content:

Management points before entering the plant:

①Survey of the current status of environmental safety and health management for contractors and non-employee workers:

Before contractors operate on-site, relevant departments must investigate their environmental safety and health management status based on supplier basic information to understand the contractors' environmental safety and health management conditions and gradually strengthen their management concepts.

②Signing of the environmental safety and health commitment letter by contractors and non-employee workers:

Contractors must understand the environmental safety and health management requirements of the plant and relevant regulations, and sign the "Contractor Commitment Letter" to guarantee compliance with the environmental safety and health requirements.

③Education and training:

The Company provides education and training to all contractors and non-employee workers on work content, operating environment, hazard factors, first aid methods, and emergency response procedures, and maintains relevant records for future reference.

④Equipment and operator access control:

Before the entry of machinery, equipment, and personnel, control measures must be implemented to ensure compliance with the safety regulations of the plant.



Management points when entering the plant:

①Environmental safety and health requirements and supervision:

Contractors must comply with the "Contractor's Declaration", implement environmental, safety, and health management requirements, and ensure construction safety.

②Safety and health requirements in the plant:

- Maintain the cleanliness of the factory area and toilets.
- Use tools and machinery correctly and take necessary protection.
- Power usage requires approval and connection by the Layout Division.
- Machine operation is subject to training and assessment.
- Safety shoes must be worn when entering the plant.
- The speed limit of vehicles in the plant is 10 km/h.
- Cranes and forklifts must avoid pedestrians during operation.

③Joint operation safety agreement:

If the Company and contractor workers perform joint operations, a safety and health coordination committee must be organized, with regular meetings held to coordinate safety management.

④Hazardous operations and environmental management:

Contractors must comply with the control of hazardous operations, such as hot work and elevated work, and implement safety measures.

⑤Statement of ESG compliance:

Contractors must adhere to the Company's ESG regulations, including policies on employee ethics, prohibiting sexual harassment and violence, and prohibiting discrimination.

Health Promotion

Kwantex views employees and all workers as family and places special emphasis on the health of each worker. Automated External Defibrillators (AEDs) have been installed at both the headquarters and the Kwanmiao Factory, and all personnel have completed training in Cardiopulmonary Resuscitation (CPR) and the use of AEDs. The Company has designated maternal and child rooms and fitness rooms, offering a variety of sports equipment, and has hired professional sports instructor to plan suitable exercise programs to encourage healthy living among employees. For consultation or health services, we also provide the following channels:





Consulting and health service hotline: (06)595-6111 #180 Occupational safety and health management entities / Lo, Chi-Chen (full-time nurse)
(06)595-6111 #380 Occupational safety and health management entities / Hsu, Chia-Wen (full-time sports instructor)

Inquiry and health service email: safety@kwantex.com

Additionally, the Company arranges health exercises and stretching activities weekly and provides a calorie assessment chart for group lunches to ensure the physical and mental well-being of workers in the workplace. The Company also conducts employee health checkups and seminars on a regular basis, actively promoting workplace sports and supporting the development of the sports industry. Kwantex also grants non-employee workers access to the Company's health facilities and encourages them to participate in health promotion activities, enjoying the same health protections and benefits.

In 2023, the Company received Sports Enterprise Certification from the Sports Administration of the Ministry of Education, pledged to the "CHR Healthy Corporate Citizenship Action", and qualified for the Health Promotion Label under the Healthy Workplace Certification.





▲ Fitness Room



▲ Maternal and Child Rooms







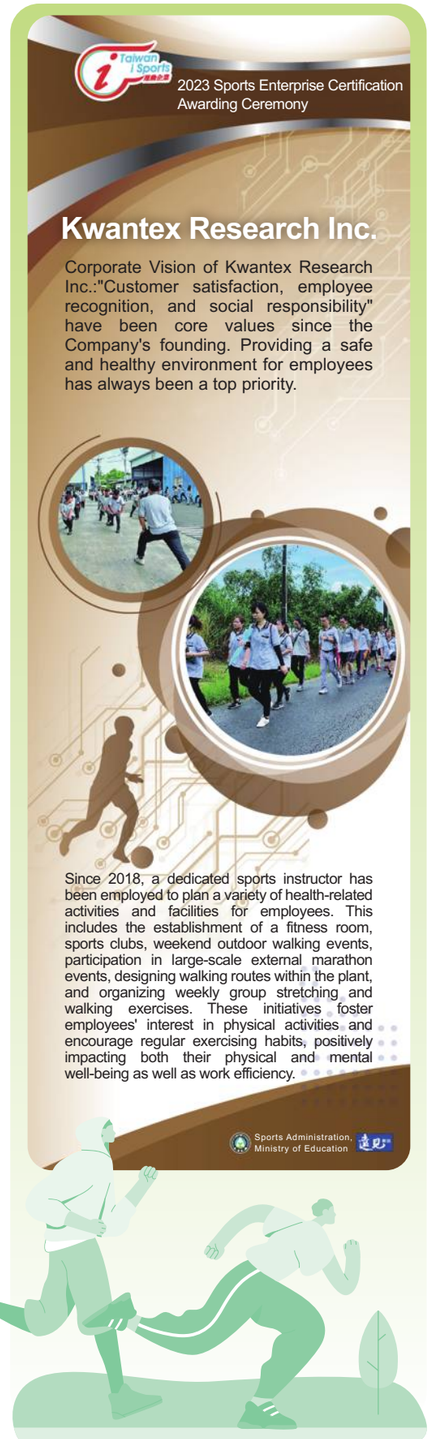
▲ Employee Healthy Exercise and Stretching Activities







▲ Fast Walking Activity











▲ Sports Enterprise Certification of the Sports Administration, Ministry of Education



▲ Sports Instructor Award







▲ Group photo of the 2023 Sports Enterprise Certification and Awarding Ceremony



3.7 Social Welfare

The Company actively engages in public welfare activities, focusing on three key areas: promoting local development, social participation, and environmental sustainability. These efforts include specific actions in education, culture, rescue, and environmental protection. The Administration Department is responsible for planning and execution. The following is a summary of the main activities:

Local Development

The Company has long supported Singuang Elementary School in Kwanmiao District, with sponsorships totaling NTD 300,000 in 2023. These funds were used for after-school programs, music skills, English language learning, and the publication of achievement booklets for junior, middle, and senior grades. Part of the budget also went toward campus greening and maintenance, earning appreciation and recognition from teachers and students.

Social Participation

The Company also prioritizes social safety by sponsoring the Kwanmiao Volunteer Fire Brigade with an annual donation of NTD 25,000 for various firefighting training programs, enhancing local firefighting capabilities and ensuring community safety.

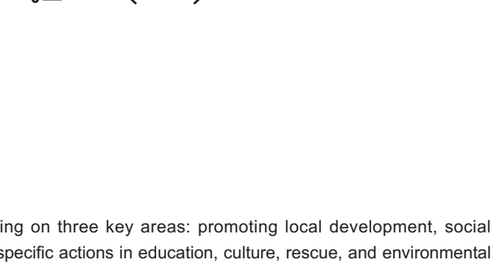
Environmental Sustainability

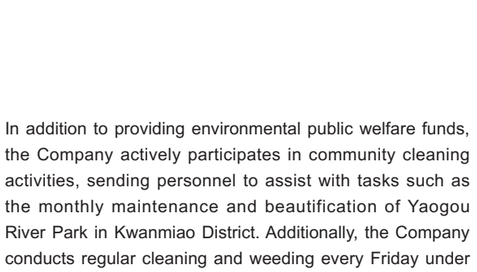
The Company spares no effort in environmental protection, donating a total of NTD 687,995 in 2023 to support environmental initiatives and dengue fever prevention efforts in the nearby Kwanmiao and Longqi districts. Of this amount, NTD 527,995 was donated to seven villages in Kwanmiao District, while NTD 160,000 was allocated to eight villages in Longqi District. These funds help maintain a good environment, ensuring a comfortable and secure living for residents.



In addition to providing environmental public welfare funds, the Company actively participates in community cleaning activities, sending personnel to assist with tasks such as the monthly maintenance and beautification of Yaogou River Park in Kwanmiao District. Additionally, the Company conducts regular cleaning and weeding every Friday under highway bridges and in community parks to maintain a clean and tidy environment. The village leaders and residents of Longqi District expressed their gratitude for the Company's sponsorship and hope for continued support. Each year, the village secretaries actively collect relevant certificates and photos of environmental activities to provide the Company with an understanding of the implementation status.

The Company's local care, social engagement, and environmental sustainability activities not only strengthen community cohesion but also demonstrate the Company's commitment to environmental protection and social responsibility, earning high recognition from the local community.





▲ Employees were dispatched to Yaogou River Farm for weeding

2023 Social Welfare Sponsorship Overview

Name of Event	Sponsorship related to environmental protection in Kwanmiao District	Funding for environmental protection and dengue fever prevention efforts in the Longqi District	Sponsorship for the Kwanmiao Volunteer Fire Brigade
Date and Time	2023.1.1 ~ 2023.12.31	2023.1.1 ~ 2023.12.31	2023.1.1 ~ 2023.12.31
Location	Xinguang Vil., Huayuan Vil., Wujia Vil., Xinpu Vil., Dongshi Vil., Beishi Vil.Songjiao Vil.	Within all 8 villages in the Longqi District	Within Kwanmiao District
Purpose of the Event	Environmental Protection	Environmental protection and dengue fever prevention operations	Educational and other sponsorship support for the volunteer fire brigade
Number of Participants	100 people	100 people	100 people
Content of Event	① Purchase environmentally friendly cleaning products ② Expenses for volunteer activities	① Purchase environmentally friendly cleaning products ② Expenses for volunteer activities ③ Expenses related to dengue fever prevention	Various fire safety advocacy, training, and other investments related to the volunteer fire brigade
Participation Method	Led by village leaders to call for volunteers to participate in environmental protection activities	Coordinated and planned by the leaders of each village	Coordinated and planned by the captain of the volunteer fire brigade
Content of Sponsorship	A total of NTD 527,995 was donated in 2023	A total of NTD 160,000 was donated in 2023	A total of NTD 25,000 was donated in 2023

3.8 Local Care

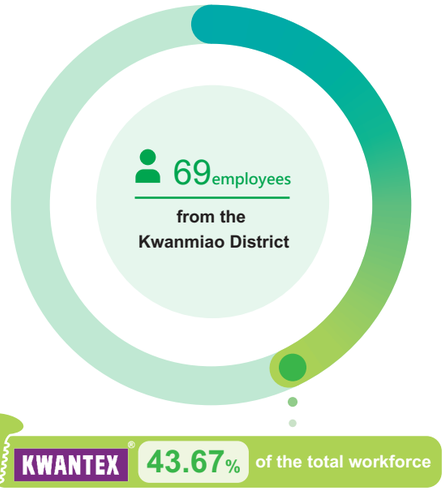
The Company is committed to local care, supporting farmers, residents, and cultural activities in Kwanmiao and its surrounding areas through various means to enhance community cohesion and promote local economic development.

Support local farmers

The Company annually orders pineapples and jujubes from local farmers in Kwanmiao and purchases mangoes, pomelos, tangerines, bluefin tunas, Spanish mackerels, and sailfishes from farmers and fishermen across Taiwan as benefits for employees and suppliers. This not only supports the livelihoods of farmers and fishermen but also promotes the development of local agriculture and fisheries.

Provide job opportunities

The Company prioritizes hiring residents from Kwanmiao and nearby areas, providing job opportunities for local residents and enhancing the community's employment rate and quality of life. As of December 31, 2023, the Company has 69 employees from the Kwanmiao District, accounting for 43.67% of the total workforce. To further motivate employees, we offer referral bonuses and long-term service bonuses. The Company offers a referral bonus to encourage employees to recommend suitable candidates for employment, while a long-service bonus is awarded to recognize employees who have served the Company for a certain number of years, honoring their loyalty and contributions.



Sponsoring community events

The Company sponsors various community activities in the Kwanmiao area each year, promoting the inheritance and development of community culture and traditions. This not only supports the continuation of local traditional culture but also enhances the cultural identity and sense of belonging among community residents.

During the Ghost Festival offerings in 2023

NTD **30,000**
The Company sponsored for Huayuan Vil.

DONATE
NTD **10,000**
The Company sponsored for for Wujia Vil.

Xinguang Vil., Taiping Song Event: In 2023

NTD **40,500** was sponsored to support the rehabilitation of Taiping Song and cultural activities.
The Company sponsored for Xinguang Vil.

01 Special Report

Commitment to the academic improvement of rural elementary schools

Kwantex has a clear commitment to academic education, particularly in supporting rural elementary schools. We support a variety of educational activities through funding for the school, including after-school programs, music skills, and English language learning. Additionally, we encourage students to participate in the annual special publication's thematic reports, fostering their research skills and teamwork spirit. Our donations not only go toward providing educational resources but also include support for campus greening, initiatives that have been met with appreciation from both teachers and students.





Support rural education

Create a local elementary school's academic hall, from special reports to professional training.

The Company has always been very concerned about the teaching staff and student conditions in rural elementary schools. To attract more students to attend the elementary school in the Kwanmiao District, the principal has made a request to us. We fully understand the importance of school development and have therefore provided financial support for related expenses.

In addition, we actively participate in academic activities within the school, where the principal and teachers guide students on how to conduct project reports, fostering their research and teamwork skills.

Our goal is to transform the local elementary school into an academic institution. From students' project reports to professional training, we will continue to strive to contribute to the development of education in rural areas.

02 Special Report

Promoting the development of local agriculture and fishers

The Company annually orders pineapples and jujubes from local farmers in Kwanmiao and purchases mangoes, pomelos, tangerines, bluefin tunas, Spanish mackerels, and sailfishes from farmers and fishermen across Taiwan as benefits for employees and suppliers. This not only supports the livelihoods of farmers and fishermen but also promotes the development of local agriculture and fisheries.



▲ Jujube



▲ Mango



▲ Pomelo

The Company's friendly care for employees, akin to familial support, aims for every colleague to feel the Company's concern and warmth, whether through daily benefits or seasonal gifts. In these moments of gathering, we see the smiles on every colleague's face and feel the satisfaction in everyone's hearts, which deeply assures us that the Company's care and efforts have not been in vain.



▲ Delicious Spanish mackerel soup



▲ Tender and juicy sashimi



▲ Delicious sailfish soup

Whenever we receive fresh fish, the Company will send someone to cook it carefully and share it with all employees. For example, the rich and delicious Spanish mackerel soup, the fresh and juicy sashimi, and the refreshing fish broth are not only rewards for the employees' hard work but also a reflection of the Company's care and gratitude towards them.

Support local farmers and fishermen

Bulk purchases of seasonal ingredients help farmers and fishermen reduce surplus, allowing us to share festive gifts together.

We strongly support local farmers and fishermen by purchasing seasonal ingredients and fresh catches in bulk. This helps alleviate surplus production issues for farmers and fishermen, including items like pineapples, Indian jujubes, mangoes, oranges, bluefin tuna, sailfish, and Spanish mackerel. For festive gifts, we choose family-friendly food items such as pork, sausages, and fish, sharing not only with our employees but also benefiting our suppliers. The Company treats its colleagues with the same care and affection as family, ensuring that all employees feel the Company's commitment. Only when each employee experiences the warmth of home can they work together to create a better future.

03 Special Report

Promote the inheritance and development of community culture and traditions

Kwantex firmly believes that the protection and inheritance of culture is part of corporate social responsibility. In 2014, we collaborated with the local community of Xinguang Vil., in Tainan's Kwanmiao District, providing financial support to help reorganize the Taiping Song Formation and revitalize this traditional cultural activity. This is not just a cultural event, it is our commitment to community connection and cultural foundation.

Positive impact of the revival of the Taiping Song Formation

• Promoting parent-child inclusion and youth participation

The parent-child integration model of the Taiping Song Formation fosters deeper emotional connections between parents and children while involving teenagers in cultural transmission through musical performances, laying a solid foundation for future development.

• Strengthen the cohesion of local communities

Kwantex's support extends beyond funding. We actively participate in organizing and planning various local events, such as the Kwanmiao 2018 Religious Ceremony and the Prince of Chifu's Birthday Celebration. These events not only strengthen community cohesion but also bring a sense of honor and pride to the residents of Xinguang Vil.

Taiping Song Formation Archives

The Taiping Song Formation is a musical formation in Taiwanese folk traditions, distinct from martial formations, typically affiliated with temples or housed in dedicated venues. The main performance of Taiping Song Formation involves singing Taiping songs, characterized by a popularized style and upbeat rhythm, with particular emphasis on the combination of "the beginning chapter" and "melodies". This type of formation originates from folk beliefs, participating in temple festivals and celebrations for deities' birthdays, making it an important form of performance in Taiwanese culture.













▲ Kwantex sponsors the Taiping Song Formation by providing instructors, clothing for members, and supporting the necessary teaching resources for their learning.

Support for cultural revitalization

Reorganization and Revitalization - The Cultural Revival of the Taiping Song Formation at Daitian Temple in Xinguang Vil.

The Taiping Song Formation at Daitian Temple in Xinguang Vil., is a cultural symbol of the Nanliao, Beiliao, and Yaogou River communities in the Kwanmiao District of Tainan. This parade formation has experienced ups and downs, and it was revitalized again in 2018, showcasing its unique community cultural mission in a restructured form. Since its revival, Kwantex has actively supported cultural renaissance activities each year, continuously providing sponsorship funds.(Sponsored NTD 708,543 from 2014 to 2023)

The revival of the Taiping Song Formation stems from the enthusiasm and determination of local residents. With the collaboration between Singuang Elementary School and Kwantex, along with the active participation of community members and graduates, this team has reemerged on stage, injecting new vitality into the preservation of local culture.



4 Governance

4.1 Ethical Corporate Management

4.2 Legal Compliance

4.3 Supply Chain and Procurement Management

4.4 Information Security Management

4.1 Ethical Corporate Management

Kwantex actively implements integrity, honesty, and ethical values, strengthens corporate governance and risk management, and fosters a culture of integrity to promote comprehensive business operations. To enhance the conduct, ethics, and professional skills of the Company and all employees, an "Employee Code of Conduct" has been specifically formulated and issued. We adhere to the principles of fairness, honesty, trust, and transparency in business activities, implementing ethical corporate management policies and actively preventing unethical behavior, with specific guidelines on matters employees should observe during business execution.

Employee Code of Ethical Conduct

We firmly believe that as an organization committed to ethical corporate management, each employee's behavior directly impacts the Company's overall image and reputation. Therefore, all employees have the responsibility to maximize the Company's benefits within the legal framework while preventing any loss or depletion of those benefits. The Company expects all employees to adhere to this code of ethics in their daily work and business execution to gain public trust and ensure the Company's sustainable growth and development. This code applies to all workers and is overseen by a designated supervisor appointed by the General Manager, who is responsible for formulating an investigation team to look into any reported suspected fraudulent activities.

Employee Code of Ethical Conduct	Key Explanation
Ethics and Integrity	• Comply with laws and company policies. • Ethical corporate management is not limited to the scope permitted by law. • All transactions are recorded, business data is kept confidential, and business assets and intellectual property are respected.
Respect for individuals and customers	• Protect employee privacy and personal data. • Treat customers, suppliers, competitors, and other employees fairly. • Encourage open communication and feedback.
Avoidance of conflicts of interest	• Prior disclosure of activities that may lead to conflicts of interest is required, along with obtaining approval. • Prohibited activities include engaging in actions that may conflict with the Company's interests, such as taking opportunities or abusing authority.
Gifts and business hospitality	• Prohibited to receive or offer improper benefits, but accepting small gifts or hospitality is allowed, provided it is reported. • Gifts with the Company's logo should be used as much as possible.
Complete, fair, correct, and timely disclosure	• Book records must accurately, completely, and timely reflect transactions and asset disposals. • Ensure that the financial statements and related disclosures are free of material errors.
Fraud prevention and reporting	• Comply with laws and company rules. • Provide whistleblowing mechanisms to protect whistleblowers from retaliation. • Appropriate disciplinary action will be taken against violations.
Anti-competitive behavior	• The Company must comply with relevant antitrust and monopoly laws and regulations.

Actions to prevent employee dishonesty

Kwantex is committed to upholding high standards of ethics and ethical corporate management in business. Through comprehensive training, strict audits, and close collaboration with partners, we ensure that all employees and collaborators adhere to the Code of Ethical Conduct. We will continue to optimize these measures to maintain the Company's reputation and promote a fair and just business environment. The following are the summary of specific preventive measures.

Anti-corruption Measures

Our measures to address corruption and bribery issues include:

- **New employee education and training:** Ensure that all newly hired employees understand and comply with the Company's ethical standards.
- **Training for all employees:** Conduct ethical training for all employees on a regular basis.
- **Amount limit:** Set a dining hospitality limit of NTD 1,000 per person and a gifting limit of NTD 5,000 per person.

Recusal of conflict of interests

Measures for addressing conflicts of interest:

- **New employee education and training:** New employee orientation training.
- **Training for all employees:** All employees must avoid possible conflicts of interest to ensure fair decision-making.

Fraud prevention

Measures to prevent fraudulent activities:

- **New employee education and training:** Teach new employees the basics of integrity and ethical behavior.
- **Training for all employees:** Emphasis on ethical corporate management and ethical standards.

Prevention of money laundering

Measures to prevent money laundering activities:

- **New employee education and training:** Ensure that new employees understand the hazards of money laundering and preventive measures.
- **Training for all employees:** Regularly educate all employees to prevent and identify money laundering behavior.

Whistleblower mechanism

We have established a reporting channel for stakeholders to prevent corruption and bribery. These reporting channels are also included in the "Supplier Corporate Social Responsibility Commitment" to ensure that anyone who discovers misconduct can conveniently report it.

Audit control

We have established strict auditing control procedures in areas such as accounting and procurement to prevent corruption and bribery. CPAs conduct audits based on established procurement processes, using both forward and backward checks to ensure transparency and compliance at every transaction stage.

Corporate transparency and communication mechanisms

In the process of the Company's sustainable development, we place great importance on transparency and communication mechanisms to ensure that employees and stakeholders are fully informed about the Company's operational status and decision-making. We have set up various channels to share information, including the Company's website, internal email announcements, bulletin board, and regular Monday meetings to ensure that all employees receive the latest information in a timely manner. We take internal and external communication seriously and respond actively to ensure that every voice is heard and valued.

- During daily work meetings, personnel from each department will present their opinions, provide feedback to the relevant units, and discuss these points in the meeting to ensure that every suggestion is addressed and responded to promptly.
- The Administration Department is responsible for logging and tracking these suggestions and responses, ensuring the completeness and transparency of the feedback process.



- External stakeholders can communicate through various channels, including website comments, emails, official correspondences, and annual customer feedback surveys.
- Feedback received will be discussed in the daily work meetings and responded to by the relevant departments.
- The Administration Department will record all feedback and responses to ensure that every external voice is taken seriously and addressed.

2023 Ethical Communication Statistics

Subject	Total number of employees/ number of companies	Number of people/ companies communicated	Communicated percentage	Communication method
Board of Directors	2	2	100%	Advocacy: Statement on Employee Code of Ethics and Conduct, Human Rights Policy, and Various Human Rights Issues
Employees	158	158	100%	Training & Advocacy: ① Statement of Employee Ethics and Conduct ② Statement of Prohibiting Sexual Harassment in the Workplace ③ Statement of Prohibiting Workplace Violence ④ Statement of Prohibiting Discrimination, Stalking, and Harassment in the Workplace ⑤ Supplier Corporate Social Responsibility Commitment ⑥ Human Rights Policy of Kwantex
Business partners	257	257	100%	We communicate with suppliers and require them to comply with the various regulations outlined in the "Supplier Corporate Social Responsibility Commitment".

4.2 Legal Compliance

Full compliance with Taiwan and foreign laws and regulations

The Company strictly complies with both Taiwanese and international laws and regulations, including the Labor Standards Act, Occupational Safety and Health Act, environmental protection regulations, Chemical Control Banding, Fire Services Act, Value-added and Non-value-added Business Tax Act, Regulations Governing Assessment of Profit-seeking Enterprise Income Tax, Tax Collection Act, Trademark Act, and Patent Act, among others. International regulations such as CE, REACH, RoHS, and CBAM, as well as international standards like ISO, DIN, IFI, CNS, and ASTM, are also included within our compliance scope. In 2023, there was only 1 incident of violation of social regulations note, for which the fine has been paid. Additionally, there have been no other incidents of administrative penalties.

Note:The Company received a notification from the relevant authorities on May 12, 2023, regarding improvements to employee welfare funds and the establishment of committees. Although the Welfare Committee has not yet been established, Kwantex has been meticulously planning through labor-management meetings to continuously promote and protect employee rights.

Professional division of labor to ensure the implementation of laws and regulations

Each department of the Company has specialized personnel responsible for researching, identifying, and implementing relevant regulations and standards. The Occupational safety and health management entities is responsible for Occupational Safety and Health Act and environmental regulations, the Layout Division handles the Fire Services Act, the Quality Assurance Division manages hazardous chemical regulations, the Human Resources Division oversees the Labor Standards Act, the Intellectual Property Division is in charge of the Trademark Act and the Patent Act, the Finance Department manages tax regulations, while the Products Design Division, Quality Assurance Division, Sales Division, and Administration Department are responsible for compliance with international regulations and various standards.

Regular review and education and training

Although the Company is not publicly listed, we still strictly adhere to government regulations and fulfill all requirements in a timely manner. During the operation of the Company's various ISO systems, we regularly hold management review meetings to examine and discuss the implementation of relevant regulations, including directives from various countries required by customers. The Company conducts employee training and education in accordance with regulatory requirements and reviews and schedules training courses annually to ensure that employees' understanding of regulations meets expectations. In the event of a violation of the law, it will be discussed in an open meeting, and the head of each department will decide how to deal with it. We proactively respond to issues related to stakeholders, ensuring that all actions comply with regulatory requirements to uphold the Company's reputation and interests.

Internal Audit

Each year, the Company conducts audits for ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, and ISO 14064-1: 2018, and regularly implements internal management audits. Through these audit activities, we implement the PDCA (Plan-Do-Check-Act) management cycle to ensure the effective implementation of the management system and continuous compliance with company regulations and international standards. The following is an overview of the internal management audit process:

01	Formulation and approval of the annual management audit plan	The management representative formulates the annual management audit plan, which is then approved by the General Manager.
02	Appointment of the audit team and assurance of independence.	The management representative appoints auditors according to the plan, ensuring that auditors have no direct authority or responsibility relationship with the audited unit to maintain the independence of the audit.
03	Audit preparation and notification	The management representative discusses the audit plan and items with the audit team members, arranges for auditors to conduct audits according to the operational procedures, and notifies the managers of the audited units in advance.
04	On-site audit implementation	The auditors refer to the internal audit checklist/deficiency tracking form, international standard clauses, legal regulations, or relevant standards to document each phase's findings, aiming to improve system performance.
05	Completion and review of the audit report	Auditors fill out the internal audit checklist/deficiency tracking form, which is then reviewed and confirmed by the management representative. If there are non-conformities, an internal management audit report is filled out, and corrective actions and deadlines are agreed upon with the audited personnel.
06	Management review and corrective action confirmation	The Administration Department issues a comprehensive report based on the audit content, which is then submitted for signature by the management representative and the General Manager. The auditors are responsible for following up and confirming that the corrective measures have eliminated the non-conformities.
07	Continuous improvement and review meetings	The audit results and confirmed items are listed as the discussion topics in the management review meeting to ensure continuous improvement.

Risk Management

Each year, all departments in the Company conduct risk assessments using SWOT analysis. Risks are divided into three levels: high, medium, and low based on their probability and severity. Detailed risk assessment control procedures and table tools have been established based on the ISO system, with the assessment results presented in tabular form. The report includes the likelihood of risk occurrence, severity, and assessment guidelines. Based on the planning of the ISO management system, we have established corresponding risk management strategies, assessing risk levels according to their impact and likelihood. Our risk management strategies encompass measures of acceptance, diversification, reduction, and prevention. Department managers and management representatives review the risk assessment results and submit them for approval to the General Manager. We regularly update our risk management strategies to respond to new assessment results and new risks and challenges. (The risk management process is shown in the figure)

Risk Management Process



Action Measures

Formulate contingency plans

The Company's contingency plan covers various types of risks, including infectious diseases, fire, hazardous materials, violent intrusions, natural disasters (such as power outages, typhoons, water supply interruptions, and earthquakes), and traffic accidents. Each year, each department identifies the risk factors that require a contingency plan. The Occupational safety and health management entities drafts the emergency response plan, which is then implemented upon approval by the General Manager or management representative.

Contingency Drill Process and Execution

The contingency plan prioritizes based on risk assessment levels for conducting drills. The Company first fills out an overview of the emergency drill schedule and provides clear guidelines and flowcharts explaining the response procedures, covering the who, what, when, where, and what that are involved in the drill process. Communicate with relevant personnel and conduct training before the drill to ensure the smooth progress of the drill.

Drill Records and Continuous Improvement

Drills are conducted annually according to the overview of the contingency drill schedule, with different drill content having varying fixed frequencies. After the drill, the responsible unit will thoroughly record the details in the contingency drill review report. This report will be jointly reviewed by the responsible unit, the Occupational safety and health management entities, and the management representative to identify areas for improvement and subsequent action plans, ensuring the Company can effectively respond to various risks and continuously enhance its risk management capabilities.

Risk items and measures in 2023

Responsible Unit	Risk items	Mitigation Measures/ Countermeasures
Administration Department/ Occupational safety and health management entities	Infectious diseases	Pandemic Prevention Instructions/ Pandemic Prevention Drills and Measures
Administration Department/ Layout Division	Firefighting	Fire Protection Plan/Fire Drill
Production Department/Quality Assurance Division	Chemicals	Laboratory Emergency Response Instructions/Laboratory Drills
Administration Department/ Occupational safety and health management entities	Violent intrusion	Riot Control Response Instructions/ Riot Control Drills
Administration Department/ Layout Division	Natural disasters (power outages, typhoons, water cuts, earthquakes)	Disaster Prevention Instructions/ Disaster Drills and Prevention
Administration Department/ Occupational safety and health management entities	Traffic accidents	Traffic Accident Handling Instructions/Traffic Accident Reporting Process

4.3 Supply Chain and Procurement Management

Promote environmental protection and respect for human rights

We are committed to establishing a sustainable procurement policy that promotes environmental protection while respecting labor rights and the dignity of human rights.

Sustainable procurement policy in terms of the environment

In our procurement process, we prioritize environmental considerations as one of the key indicators to ensure that the suppliers and products we choose meet environmental protection standards. Specifically, we review the environmental permits of heat treatment and surface treatment plants, and we include requirements for environmental considerations, hazard identification, and risk assessment on our purchase orders, requiring products to comply with RoHS standards and to include RoHS documentation. At the same time, we require our partner plants to provide relevant environmental permits to ensure that their production activities comply with environmental regulations.

Sustainable procurement policy in terms of labor and human rights

We recognize the importance of labor and human rights, which is why we communicate and require our suppliers to comply with the Supplier Corporate Social Responsibility Commitment, pledging to adhere to social responsibility, ethical, and environmental standards. Through this commitment, we ensure that no violations of labor rights or human rights occur within our supply chain and actively promote the respect of labor rights and human dignity.

Supply Chain Management

In supplier management, we are committed to establishing a comprehensive evaluation system to ensure that our suppliers demonstrate strong business management, order management, technical capabilities, quality systems, and environmental management practices. We evaluate suppliers based on these standards and award additional points for achievements such as obtaining certifications or having no violations. Only suppliers that meet certain score criteria or customer requirements are listed as qualified suppliers.

To ensure the accuracy of evaluations, we regularly review qualified suppliers' data and update their relevant information as needed. In particular, when suppliers relocate, expand, or add equipment, we reassess their qualifications.

In terms of the production process

when necessary, we require suppliers to provide SDS documentation for material components and assign production to our qualified suppliers to ensure compliance with our standards.

For inventory management

we have our own MIS system for managing inventory details and use the first-in, first-out method. A no-order inventory report is generated monthly to remind relevant departments to clear outstanding items and reduce no-order inventory.

In terms of communication

we communicate with suppliers through various channels, including telephone, fax, email, and dispatching field personnel to the plant to ensure timely and effective communication.

In terms of outsourcing of production

we adopt a cautious approach by continuing to accept orders for existing products from clients while also developing new products based on customer and internal demands. Depending on the situation, we may outsource processing or manufacture in-house to ensure product quality and reliability.

Management of Outsourced Processing Contractors

Kwantex places great emphasis on the management of outsourced processors to ensure their compliance with relevant regulations and standards.

- **Rigorous evaluation process :**

  Use the "Supplier Selection Evaluation Form" to comprehensively cover areas such as business management, order management, technology, quality systems, and environmental management, ensuring suppliers comply with relevant regulations and standards.

- **Continuous improvement and monitoring:**

  Enhanced monitoring measures were implemented for identified issues, with special attention to quality, delivery times, and cooperation, along with regular evaluations to ensure continuous improvement and compliance of qualified suppliers.

- **Transparent evaluation results :**

  In 2023, a total of 129 suppliers were evaluated, with 90 rated as Grade A, demonstrating Kwantex's transparency and rigor in supplier management.

- **Establish a solid partnership :**

  Through strict management and continuous monitoring, long-term stable partnerships have been established, enhancing the quality and reliability of products and services, providing greater value and service to customers.

Green Procurement

The green procurement policy is an important part of a enterprise's practice of sustainable development. The following are Kwantex's specific measures in this area:

(1) Product greening improvement:

The Company adds 25% to 30% recycled materials in the production process of plastic boxes according to local regulatory requirements of customers, reducing the demand for raw materials while promoting recycling practices.

(2) Environmentally friendly pallets used for shipping:

In response to customer demands, the Company uses environmentally friendly pallets for shipping, helping to reduce deforestation of natural forests.

(3) Improvement of supplier evaluation criteria:

The Company incorporates environmental management into the supplier evaluation criteria, meaning that suppliers must meet relevant environmental standards and requirements during the production process, thus promoting greening improvements throughout the entire supply chain.

(4) Occupational safety and health considerations:

The Company also conducts audits of suppliers regarding labor law compliance to ensure that their production processes meet occupational safety and health regulations, further protecting the rights and safety of workers.

(5) Local procurement:

We actively promote local procurement, prioritizing local suppliers and raw materials to support local economic development while reducing the environmental impact of long-distance transportation.



Local Procurement Statistics in 2023	a Non-raw materials	b Raw materials
Domestic Procurement Amount (Taiwan)	53,458,204	303,216,547
Domestic Procurement Amount (Taiwan) - Label	3,478,148	
Foreign Procurement Amount (non-Taiwan)	-	0
Subtotal of procurement amount	56,936,352	303,216,547
Proportion of procurement amount Note 1	15.8%	84.2%
Number of domestic suppliers	66	103
Number of domestic suppliers - Label	4	-
Number of foreign suppliers	-	0
Subtotal of the number of suppliers	70	103
Proportion of each type of supplier Note2	40.5%	59.5%
Total annual procurement amount	360,152,899	

Local Procurement Statistics in 2023	a Non-raw materials	b Raw materials
Total number of suppliers of the year	173	
Percentage of local (domestic) procurement Note 3	99.0%	
Percentage of local (domestic) suppliers Note4	97.7%	

Note 1: Subtotal of each procurement category ÷ Total annual procurement amount = Proportion of each procurement category

Note 2: Subtotal of supplier quantity ÷ Total number of suppliers of the year = Proportion of each supplier category

Note 3: Domestic procurement amount (a non-raw material + b raw material) ÷ Total annual procurement amount = Proportion of local (domestic) procurement amount

Note 4: Number of domestic suppliers (a non-raw material + b raw material) ÷ Total number of suppliers of the year = Proportion of local (domestic) suppliers

4.4 Information Security Management

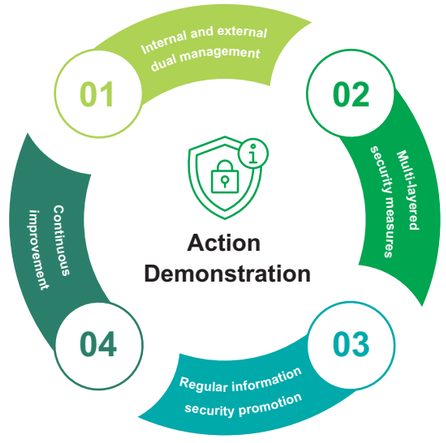
Multi-layered safety measures and regular promotions comprehensively enhance the safety awareness of employees and partners

In today's information-driven environment, information security has become one of the important issues in corporate management. To ensure the information security of the enterprise, we must not only strengthen the information security awareness of internal employees but also supervise and manage external partners.

The Company prioritizes data security management, ensuring the safety of internal servers and cloud data. We have implemented multi-layered security measures, including data backup, access control restrictions, and encryption technologies such as DES, AES, and RSA. In addition, we have set up firewalls to separate internal and external networks, allowing only authorized devices and communication ports to access them, thereby reducing security risks. Although we have not yet set up an intrusion detection system, we conduct information security promotions every two months on average to enhance employees' ability to identify online fraud and phishing websites. Although we have not yet established a cybersecurity incident response plan, we will strive to strengthen the Company's overall information security management to address future challenges. In 2023, a total of six information security promotional activities were conducted, covering various topics from personal information protection to malware prevention, effectively raising employees' security awareness.

In addition, the Company invested a total of NTD 367,680 in information security execution in 2023, covering important items such as email server warranty maintenance, antivirus software, and behavior detection and response for devices. These measures not only ensure the security of the Company's systems but also enhance overall defensive capabilities, providing a solid guarantee for the stable operation of the Company's business. Through these efforts, Kwantex has enhanced the quality of its products and services while also providing customers with a higher level of security assurance.

We also recognize the importance of external partners to our enterprise's information security. Therefore, we require our partners and suppliers to comply with the "Supplier Corporate Social Responsibility Commitment", clearly protecting our information security. In this commitment, we particularly emphasize privacy protection to ensure that our customers' and corporate information is not violated.



Appendix

GRI Disclosure Indicators Index

Assurance Statement



GRI Disclosure Indicators Index

Statement of Use	Kwantex Research Inc., reports the information referenced in the GRI Content Index for the period from January 1, 2023, to December 31, 2023, in accordance with the GRI standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Industry Standards	None

GRI 2: General Disclosures 2021

Indicator	Disclosure item	Corresponding chapter of the report	Description	Page
2-1	Organizational details	About the Report	-	4
2-2	Entities included in the organization's sustainability reporting	About the Report	-	4
2-3	Reporting period, frequency and contact point	About the Report	-	4
2-4	Restatements of information	-	Initial publication, no restatement of information	-
2-5	External assurance	About the Report	-	4
2-7	Employees	3.3 Labor-management Relations	-	51
2-8	Workers who are not employees	3.3 Labor-management Relations	-	51
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management	-	13
2-13	Delegation of responsibility for managing impacts	Sustainability Management	-	13
2-14	Role of the highest governance body in sustainability reporting	Sustainability Management	-	13
2-22	Statement on sustainable development strategy	Message from the General Manager	-	6
2-23	Policy commitments	1.1 Energy Management 1.4 Environmental Management 2.1 Product and Technology Innovation 3.2 Diversity, Fairness, and Inclusion 3.6 Occupational Health and Safety 4.1 Ethical Corporate Management 4.3 Supply Chain and Procurement Management	-	32 37 40 48 58 78 83
2-24	Embedding policy commitments	3.1 Human Rights and Sustainable Practices	-	46
2-25	Processes to remediate negative impacts	3.3 Labor-management Relations	-	53
2-26	Mechanisms for seeking advice and raising concerns	3.3 Labor-management Relations	-	53
2-27	Compliance with laws and regulations	4.2 Legal Compliance	-	80
2-28	Membership associations	About Kwantex	-	9
2-29	Approach to stakeholder engagement	Sustainability Management - Stakeholder Identification and Communication	-	14

GRI 3: Material Topics 2021

Indicator	Disclosure item	Corresponding chapter of the report	Page
3-1	Process to determine material topics	Sustainability Management - Material Topic Management	16
3-2	List of material topics	Sustainability Management - Material Topic Management	19
3-3	Material Topic Management	Sustainability Management - Material Topic Management	22~28
Material Topic 1: Occupational safety and health			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	3.6 Occupational Health and Safety	58
	403-2 Hazard identification, risk assessment, and incident investigation	3.6 Occupational Health and Safety	61~62
	403-3 Occupational health services	3.6 Occupational Health and Safety	63~65
	403-4 Worker participation, consultation, and communication on occupational health and safety	3.6 Occupational Health and Safety	59
	403-5 Worker training on occupational health and safety	3.6 Occupational Health and Safety	65~68
	403-6 Promotion of worker health	3.6 Occupational Health and Safety	69
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.6 Occupational Health and Safety	60~61
	403-9 Work-related injuries	3.6 Occupational Health and Safety	60
Material Topic 2: Labor-management relations			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	3.3 Labor-management Relations	52
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.3 Labor-management Relations	54
Material Topic 3: Community engagement			
Self-defined topics	None	3.7 Social Welfare 3.8 Local Care	71~76
Material Topic 4: Ethical corporate management			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	4.1 Ethical Corporate Management	79~80
Material Topic 5: R&D and Innovation			
Self-defined topics	None	2.1 Product and Technology Innovation	40~41
Material Topic 6: GHG emissions			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	1.2 GHG Emissions	34~36
	305-2 Energy indirect (Scope 2) GHG emissions	1.2 GHG Emissions	34~36
Material Topic 7: Customer service management			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	2.1 Product and Technology Innovation	40
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.1 Product and Technology Innovation	40
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3 Customer Service Management	44

Voluntary Disclosure Topics

Indicator	Disclosure item	Corresponding chapter of the report	Page
Employee Training			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.5 Employee Training	55
Supply Chain Management			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	4.3 Supply Chain and Procurement Management	85~86

Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KWANTEX RESEARCH INC.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by KWANTEX RESEARCH INC. (hereinafter referred to as KWANTEX) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the Sustainability Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/07/23~2024/09/18) in KWANTEX headquarters.

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all KWANTEX's Stakeholders.

RESPONSIBILITIES
The information in the KWANTEX's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of KWANTEX. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all KWANTEX's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3: 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

TWLPP 5008 Issue 2404

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, non-material topics and its specific indicators has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from KWANTEX, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE / VERIFICATION OPINION
On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

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ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

KWANTEX has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reports, KWANTEX may proactively consider setting specific inclusivity metrics to measure the effectiveness, outcomes, and impact of stakeholder engagement.

MATERIALITY

KWANTEX has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

KWANTEX has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, KWANTEX's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to KWANTEXT's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on the assessment of human rights impacts and the related due diligence processes.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-SDFEP

Stephen Pao
Business Assurance Director
Taipei, Taiwan
08 October, 2024
WWW.SGS.COM

TWLPP 5008 Issue 2404



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