



ECO
FRIENDLY

2023 Kingstate Sustainability Report



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About this Report

This is 2023 Sustainability Report of Kingstate Electronics Corporation (hereinafter referred to as "Kingstate", "we", "us", "our"). The contents of the report are open and transparent to convey the management and planning of sustainability issues. We hope that all stakeholders can understand the efforts and achievements of Kingstate in the areas of environmental protection, social engagement, employee's healthcare, corporate governance and risk management.

Reporting Period

The information disclosed in this report covers Kingstate's concepts and actions in the areas of "Corporate Governance," "Environmental Protection," and "Social Engagement" for the period from January 1, 2023 to December 31, 2023, with significant events up to June 30, 2024 being disclosed. The contents of this report are based on the corporate headquarters of Kingstate Electronics Corp. in Taiwan, which includes Dongguan Kingstate, Suzhou Kingstate, and the financial data are disclosed in accordance with the scope of the consolidated financial statements, while the community care activities cover some of the Group's overseas subsidiaries.

Global Sustainability standard

This report follows the latest Sustainability Reporting Standards (GRI Standards 2021) of the Global Reporting Initiative (GRI) as the basis for information disclosure, corresponds the Code of Practice on Corporate Sustainability for Listed and OTC Companies, and incorporates the United Nations' Sustainability Goals (SDGs), sharing our efforts and contributions in promoting sustainable development. Additionally, it references the hardware industry indicators corresponding to the standards of the SASB. All information is available on the ESG section of Kingstate's official website.

Contact Information

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Message from the Chairman



Stay sustainable
as a responsible global citizen

Keep profitable
as a responsible corporate

Chairman
Yen Tang, Chang 張鴻昌

In recent years, the planet has been under constant threat from extreme climate changes, including global warming, persistent heat waves, droughts and floods, and loss of biodiversity. Global warming can result in many serious alterations to our environment, eventually impacting all living things on the earth. It is time for everyone, every company and every country to take a serious approach to accelerating the response and addressing these issues.

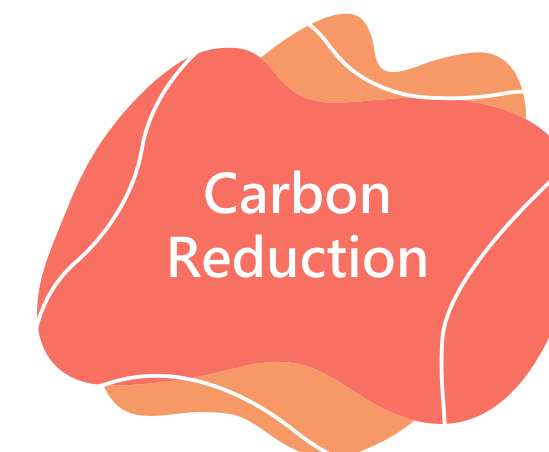
It is our sustainable responsibility and obligation to pay close attention to the global climate change trend and the international response. Starting from 2021, Kingstate has conducted the greenhouse gas emission inventory, actively participated in the reduction program, and independently disclosed the information on greenhouse gas management. Kingstate has been committed to reducing and regulating greenhouse gas emissions, and has been awarded the C Recognition Level by the CDP Climate Change Questionnaire in 2022. Meanwhile, we continue to improve on green production and carbon reduction in packaging, and promotes and encourages supply chain partners to join in green manufacturing.

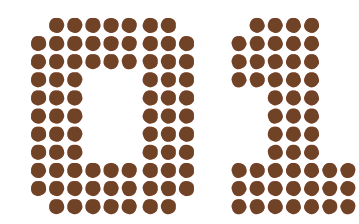
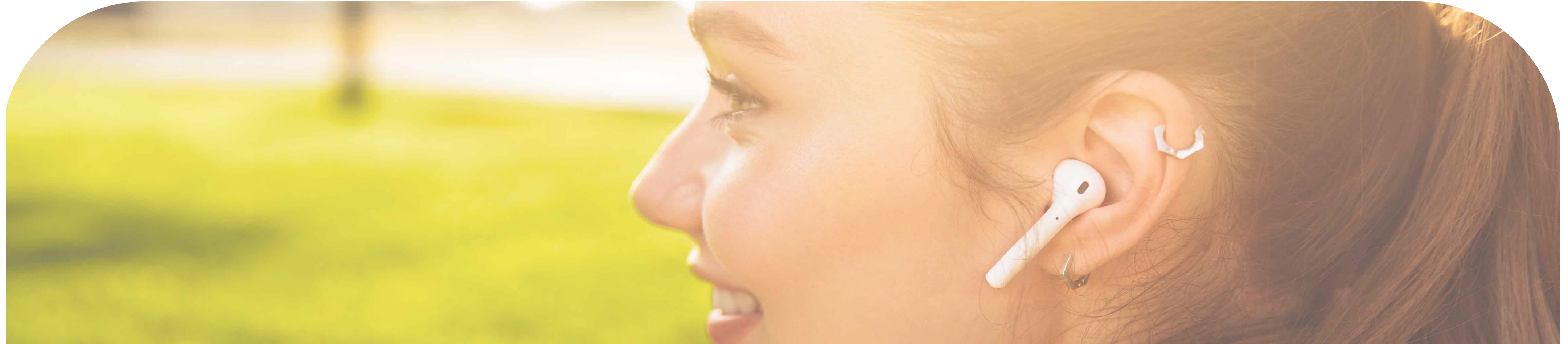
Kingstate is also committed to accelerating the development of acoustic expertise and strengthening teamwork with strategic partners to meet the needs of markets such as smart home, automotive, consumer electronics, medical and artificial intelligence, and to provide high-quality project management and acoustic testing to ensure that customers receive professional acoustic solutions. We also continue to strengthen our practical efforts in environmental protection and energy conservation, energy management and reuse to implement carbon reduction and energy saving policies.

We care about social engagement and encourage our employees and their families to participate in community activities. In addition to supporting Bali Happy Mount Nursing Institution and Genesis Social Welfare Foundation 's donation campaigns, we also promote volunteer programs, blood and material donations, etc. For our employees, we have implemented many campaigns and events, such as in-house clubs, teambuilding, annual health check-ups, departmental banquets, and emergency relief allowances, etc.

Kingstate firmly believes that good corporate governance strengthens a company's operational quality and makes ESG (Environmental, Social and Corporate Governance) a source of competitiveness. We emphasize the importance of corporate governance assessment and continue to enhance our operations through a rigorous governance framework. In the 10th Corporate Governance Assessment in 2023, the scores have improved over the previous year and we are committed to continuous improvement in governance.

We are committed to fulfilling our ESG mission, continuing to promote corporate governance, maintaining close interaction with stakeholders, and fulfilling our corporate responsibility for sustainable development. Kingstate will uphold the core values of "Integrity, Innovation, and Pursuit of Excellence" and continue to improve operational efficiency to realize the values and expectations of shareholders, employees, and society. We thank our shareholders, directors, employee, customers and suppliers for their continuous support and recognition, and look forward to your continued guidance and assistance in the future.





Acoustic Expert

- 1.1 About Kingstate
- 1.2 History & Milestone
- 1.3 Financial Performance



1.1 About Kingstate

Company Profile	
Company Name	Kingstate Electronics Corporation
Stock Code	3206
Chairman of the Board	Yen Tang, Chang
Established	1977/7/24
Counter Time	2007/2/8
Company Headquarters	10F, No. 69-11, Sec.2, JhongJheng E. Rd., Danshui Dist, New Taipei City 251402, Taiwan
Locations	Taipei Headquarters, Dongguan Kingstate (Shipai/Pingnan), Suzhou Kingstate
Product Line	Piezo Buzzer, Magnetic Buzzer, Speaker, Receiver, MEMS Microphone, ECM, Acoustic Module, TWS Wireless Earbuds, Headset, Bluetooth Wearable Device, Smart Device, Wireless Alarm, IoT Product, Digital Smart Hearing Aid
Capital	NTD 589 million (as of 2023/12/31)
Number of workers	1,020 (as of 2023/12/31)
Revenue Size	NTD 3.55 billion (2023)

Total Sound Solution Expert

Established in July 1977, Kingstate is the first professional acoustic company in Taiwan to obtain ISO quality management certification. Since its establishment, we have continued to devote ourselves to the research, development and production of electro-acoustic products such as buzzers, speakers, microphones, receivers, MEMS microphone modules, audio modules, TWS, Bluetooth headsets, smart hearing aids, etc. We have always adhered to the service philosophy of "Providing our customers with high-quality and total sound solutions".

Kingstate's headquarters is located in Taipei, Taiwan, and we have established production bases in Dongguan, Pingnan, and Suzhou, China. With a strong team of R&D, design, manufacturing, marketing and quality management, we are actively expanding the territory of electro-acoustic products across the world. We have established a complete global marketing channel to provide customized services rapidly and become the preferred professional manufacturer of sound solutions for our customers.

Over the years, Kingstate's products have been favored by international manufacturers and are widely used in AI industry, smart home, consumer electronics, information technology, home appliances, automotive electronics, security, medical and industrial equipment and other related fields.

We have always been in the forefront of the industry in terms of quality management, and have obtained ISO9002, ISO9001, ISO14001, IATF16949, ISO45001, ISO13485, QC080000, RBA, ISO14064-1, ISO14067, ISO50001, and other certifications.

Since 2006, we have fully implemented the European Union's RoHS and Reach regulations for environmental processes and testing, and have strictly adhered to the Electronic Industry Code of Conduct (EICC), sourcing raw materials only from environmentally and socially responsible suppliers and ensuring that metals in the raw materials supplied to Kingstate Electronics are not sourced from conflict zones. These are Kingstate's continuous pursuit of quality and our firm commitment to it.

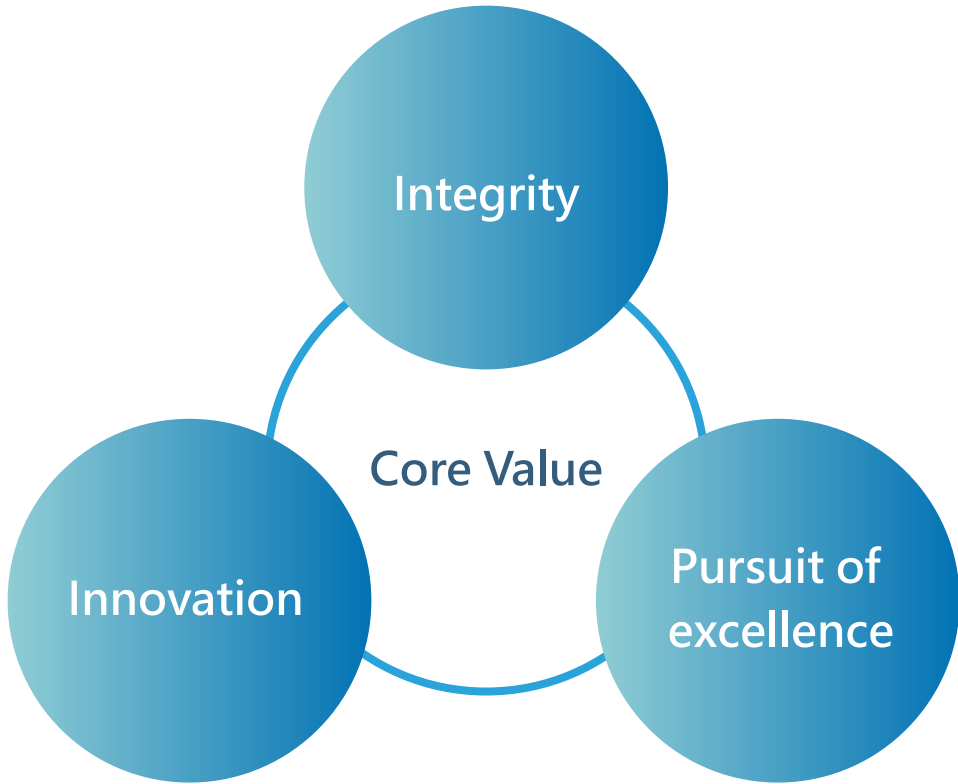
Business Philosophy (Core Value)

Kingstate pursues sustainable development, the business philosophy is the core value of Kingstate, representing Kingstate's different vitality and competitiveness. The business philosophy is like a rock, it will not change with time, and it will remain as immovable as a mountain after a long period of time. Kingstate's business philosophy influences the behavior and ideology of its employees, which shapes a strong executive culture.

■ **Integrity:** Kingstate's basic and most important core value.

■ **Innovation:** The source of Kingstate's growth and the direction of our most important practice.

■ **Pursuit of excellence:** Each member of the Kingstate team is capable of not being parochial, creating the future with excellent tacit understanding and unremitting endurance, and pursuing excellence with a positive and optimistic attitude to face any difficulties!



1.2 History & Milestone

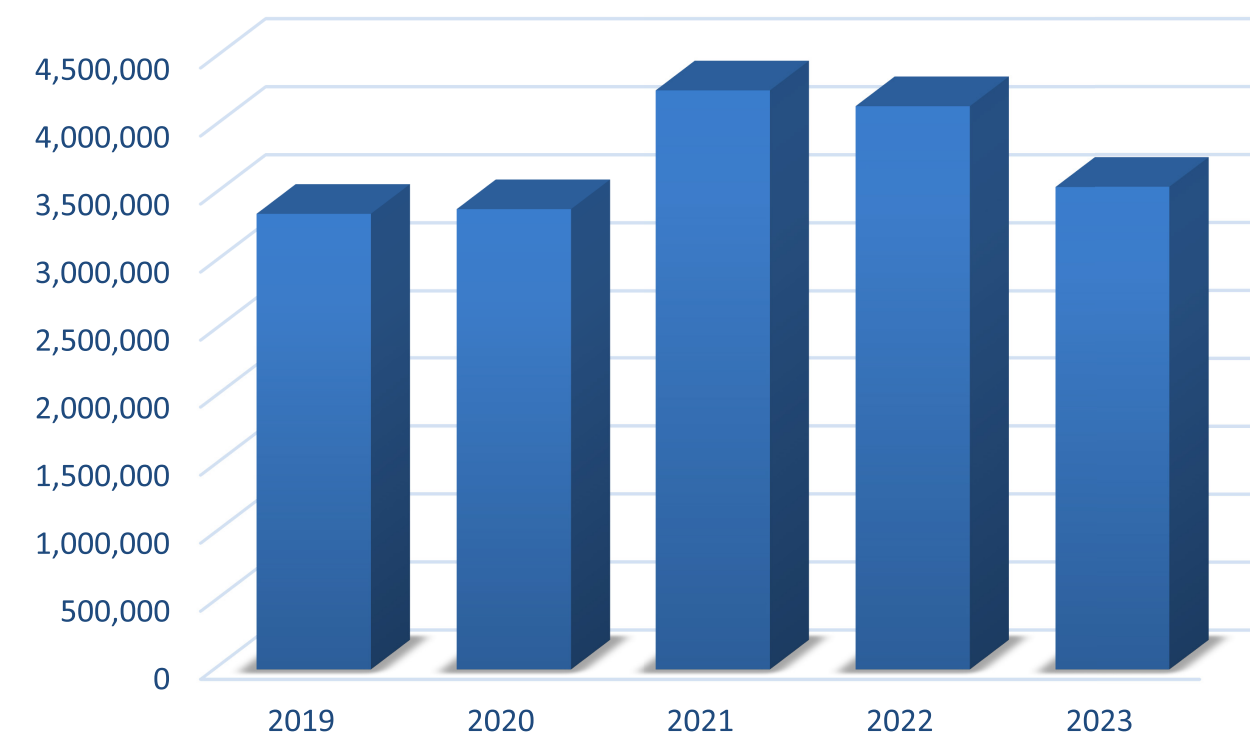


1.3 Financial Performance

Kingstate's consolidated revenue in 2023 was NT\$3.55 billion, a decrease of NT\$594 million (14.32%) from 2022. Consolidated net profit before tax was NT\$397 million, an increase of NT\$72 million (22.22%) from 2022.

The increase in gross profit in 2023 compared to 2022 was mainly due to more shipments of high margin component products. The increase of \$72 million (33.95%) in net operating income in 2023 as compared to 2022 was due to the increase in gross operating profit. Non-operating income increased by \$0.2 billion in 2023 compared to 2022, mainly due to the increase in other income.

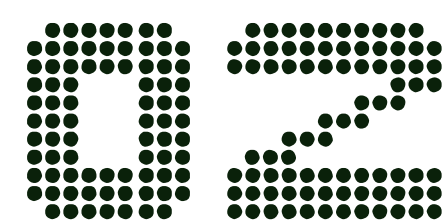
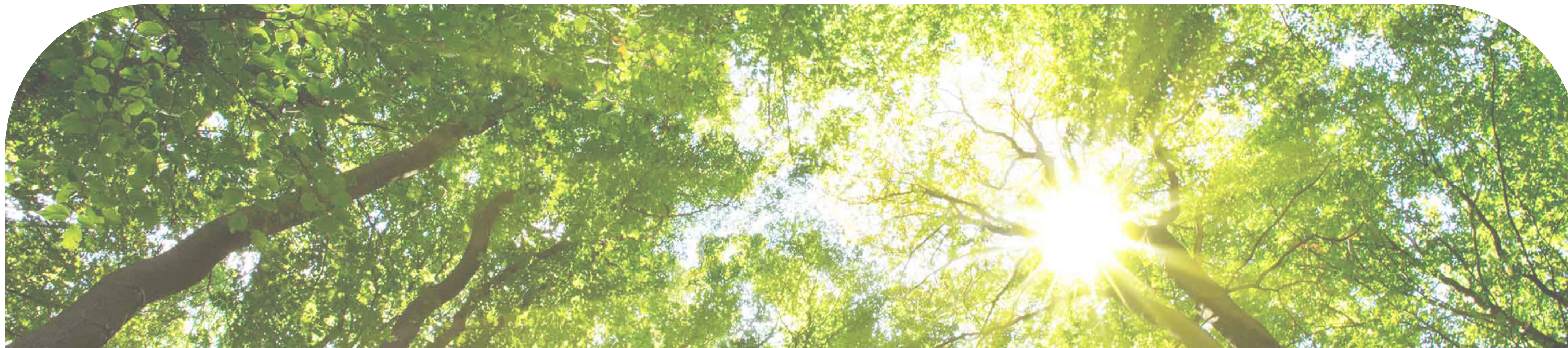
Overall, although the revenue has decreased, Kingstate has successfully enhanced its financial performance by improving gross profit margins and reducing the operating expenses, demonstrating its good adaptability and effective cost management in the face of challenges.



Operating Revenues (In Thousands of New Taiwan Dollars)

Historical Revenue and Profit or Loss					
Unit: Thousand dollars (NT)	2019	2020	2021	2022	2023
Revenue	3,355,818	3,390,132	4,262,959	4,146,996	3,552,984
Operating Costs	2,664,514	2,781,167	3,655,813	3,326,603	2,775,978
Gross Profit	691,304	608,965	607,146	820,393	777,006
Operating Expenses	506,524	400,338	464,793	557,302	461,531
Marketing Expenses	201,188	136,063	157,150	183,874	141,575
Administrative Expenses	193,522	158,287	187,374	240,882	226,576
R&D Expenses	111,686	105,988	107,740	100,600	93,139
Expected Credit Loss and Gain	128	0	12,529	31,946	241
Operating Profit	184,780	208,627	142,353	263,091	315,475
Non-operating Income (Expense)	42,710	-5,679	38,918	61,555	81,308
Net Profit Before Tax	227,490	202,948	181,271	324,646	396,783
Income Tax Expense	57,577	46,564	49,958	112,531	112,665
Net Profit for the Period	169,913	156,384	131,313	212,115	284,118
Other Comprehensive Income for the Period	-25,418	8,683	7,644	18,518	-10,963
Total Consolidated Profit or Loss for the Period	144,495	165,067	138,957	230,633	273,155
Earnings Per Share	3.15	2.90	2.39	3.60	4.82
GRI Specific Exposure Expenditure Items					
Employee Salaries and Benefits	630,053	524,059	614,906	577,829	488,657





Sustainable Management

2.1 Commitment

2.2 Stake holder Communication Status

2.3 Material Issues Evaluation & Identification



2.1 Commitment

Kingstate's Vision & Mission

Based on the corporate vision and in order to achieve the mission of becoming a "full range of professional sound solutions expert", Kingstate is committed to spreading the sound to every corner of the world. For more than four decades, we have been molding ourselves into a virtuous enterprise, listening to the voices of our stakeholders, embracing the spirit of pursuing excellence and striving for perfection, and seriously doing everything to the best of our ability. And through continuous review and improvement, we will implement our management philosophy. In order to fulfill our commitment to sustainable development, we have implemented the following principles.

Implementation of Corporate Governance

Developing a Sustainable Environment

Helping to Create a Better Society

Enhancing Information Disclosure on Corporate Sustainability

Tasks of the Sustainable Development Committee

Kingstate's the Board of Directors approved the appointment of the Head of Corporate Governance on March 8, 2022, and established the Corporate Governance and Sustainability Committee on May 3, 2022, which consists of four promotion groups under the Board of Directors and is composed of different departments to promote the implementation and promotion of corporate sustainability. Each team arranges courses and training on an ongoing basis to familiarize themselves with important regulations and international sustainability issues and dynamics, and collects feedback from stakeholders on major issues and best practices to respond to economic, environmental, and social issues.

Kingstate's Sustainability Policy



Sustainable Earth

- Green Procurement
- Supply Chain Management
- Greenhouse Gas Management
- Environment Sustainability Management
- Business Carbon Reduction Management

Social Engagement

- Charity Event
- Community Care
- Community Engagement
- Corporate Social Responsibility



Risk Management

- Finance
- Business
- Information Security
- Intellectual Property Rights

Governance

- Integrity
- Stockholder's Equity
- Structure & Strategy
- Stakeholder's Communication
- Corporate Governance Evaluation
- Board of Directors/Shareholder's Meeting



2.2 Stakeholder Communication Status

Kingstate defines an interested party as a person, group or organization that affects or is affected by Kingstate. Stakeholders of Kingstate include government and authorities, employees, shareholders and investors, customers, suppliers, and community organizations. We use a variety of communication channels to understand the concerns of our stakeholders, and based on these channels, we discuss major issues and formulate management policies and implementation plans to respond to the needs and expectations of our stakeholders.

Stakeholders	Priority Issues	Communication Channels, Response Methods & Frequency of Communication	Importance to Kingstate
Government Agencies	Compliance	Participate in policy discussions and symposiums of competent authorities from time to time.	Kingstate complies with the laws and regulations of the government and competent authorities, establishes a comprehensive compliance management system, conducts employee training, implements monitoring and reporting mechanisms, maintains transparency and communication, and reduces legal, operational and management risks in order to promote the long-term sustainable development of the company.
	Customer Protection & Communication	Cooperate with the competent authorities in monitoring and checking	
	Corporat Governance	Meeting with authorities to establish direct communication opportunities	
	Risk Management	Quarterly risk management meetings	
	Contact Window	hr@kingstate.com.tw Ms. Lin	
Employees	Employee Benefits	Announcement of various employee benefits (health check, group insurance, club activities), event information, and important operational information from time to time.	Employees are the company's most valuable assets. We value the welfare of our employees, provide a good and safe working environment, implement effective incentives, and ensure lawful and compliant labor management to maximize the potential of our employees and promote the success and sustainable development of the company.
	Staff Appraisal Mechanism	Semi-annual performance appraisals are conducted,	
	Labor Relations	Quarterly labor meetings	
	Occupational Safety &Health	Semi-annual fire drills	
	Contact Window	hr@kingstate.com.tw Ms. Lin	
Shareholders & Investors	Corporate Governance	Important information: Public information observatory, real-time announcement of important information.	Announcing material information and releasing annual and financial reports are crucial for communicating with shareholders and investors. Key aspects include ensuring transparency, accuracy, and timeliness of information; using clear language and detailed financial data; establishing effective communication channels; complying with regulations; and implementing strong corporate governance to build trust.
	Operational Performance	Operational Performance Monthly Regular Announcement of Financial and Business Information	
	Shareholder Participation	Annual shareholders' meeting and publication of annual report and sustainability report.	
	Contact Window	KS3206@kingstate.com.tw Ms. Chen	
Clients	Quality of Service	Annual Customer Satisfaction Survey by Marketing Department	Kingstate focuses on customer needs and satisfaction to boost loyalty, optimize products and services, and strengthen its brand image. This approach enhances its competitive edge in the market. Establishing strong customer relationships and effective management strategies are essential for the company's success.
	Product & Service Responsibility	Update the company's website from time to time, so that customers can quickly understand the product and service information.	
	Technology Development	Provide test equipment and technical support to assist customers in product utilization.	
	Contact Window	info@kingstate.com.w Ms. Chen	
Suppliers	Sustainable Development Strategy	Regular supplier appraisal, signing a pledge not to use environmentally restricted substances, integrity and honesty pledge, 100% of major suppliers signing the pledge, and two-way communication with suppliers.	To establish a solid partnership with suppliers for mutual benefit, to promote ESG social responsibility and environmental protection while ensuring business objectives, and to build a long-term solid supply chain relationship for a win-win situation.
	Contact Window	mf@kingstate.com.tw Mr. Chen	
Community Organizations	Corporate Image	Actively participate in forums and seminars organized by various civic and academic organizations.	Through cooperation with community organizations, Kingstate is able to better fulfill their social responsibilities and support community development.
	Employee Caring for the Community	Ongoing donations to Leshan Sanatorium, the Genesis Foundation, Christmas events, blood drives, and social relief efforts with the Tamsui District Office and other organizations.	
	Campus Environmental Safety Mmaintenance	Regular participation in Park Management Committee meetings to formulate environmental safety policies and training.	
	Contact Window	esg@kingstate.ocm.tw Ms. Huang	

2.3 Material Issues Evaluation & Identification

Based on the GRI Standards 2021 issued by the Global Reporting Initiative (GRI), we assessed and compiled internal and external impacts and stakeholder concerns, and with reference to international standards, domestic and international model companies, and requirements of governmental organizations, we selected seven major issues to analyze and evaluate the impacts and influences of the issues on Kingstate as the key points of disclosure in this report.



Evaluation Steps & Explanations

Understanding the Organizational Context

Based on Kingstate's operational status and industry-related activities, we identify the issues of concern to six categories of stakeholders and consider potential risks or opportunities, as well as possible impacts and effects, mapping potential impacts to 16 sustainability issues.

1

Identification of External and Internal Impacts

Based on stakeholder feedback and interactions, the Sustainability Development Committee and department supervisors assess the actual or potential impacts and opportunities of each issue from various perspectives.

2

Management Guidelines Proposal

Each responsible department, based on the evaluation results and in accordance with Kingstate's operational regulations, formulates management policies and goals for each issue and implements them accordingly.

3

Determination of Material Sustainability Issues

After discussions and resolutions by the Sustainability Development Committee, 9 major issues were identified and approved. These issues are mapped to GRI themes and the information is disclosed accordingly.

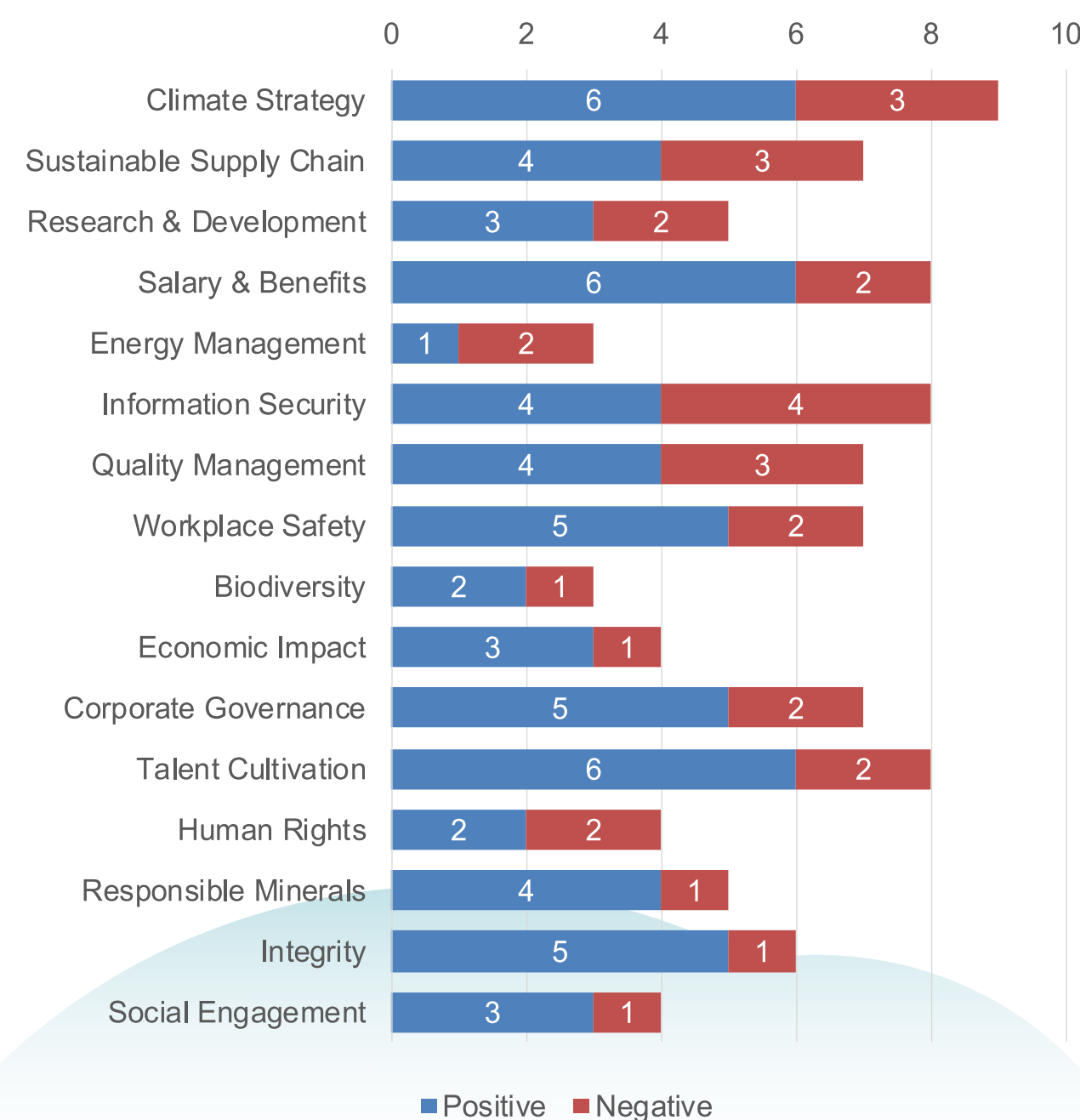
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Identification Results of Material Issues

Internal Impact

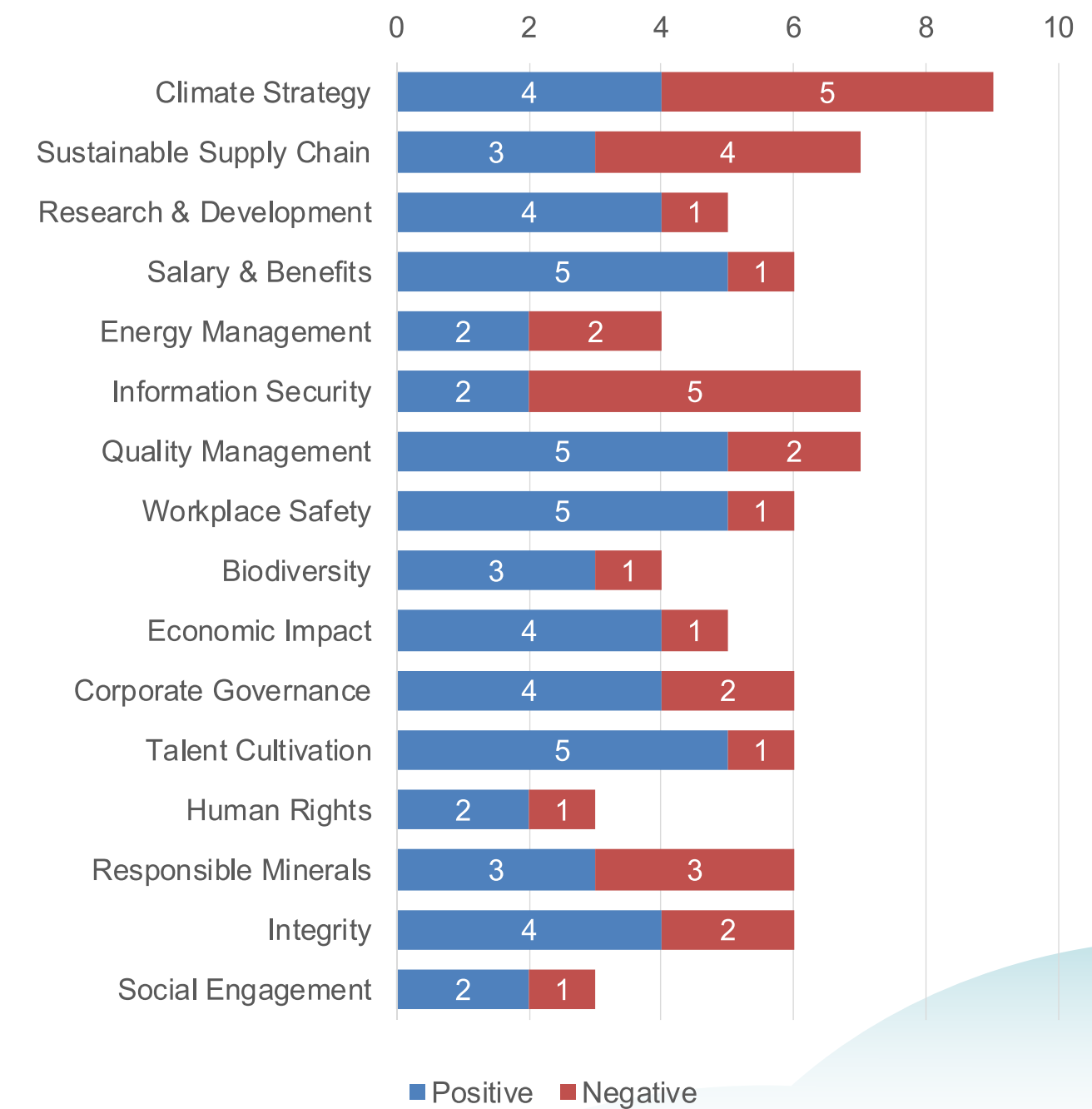
Positive (Revenue ↑, Company Reputation ↑)
Negative (Cost ↑, Company Reputation ↓)



Positive Negative

External Shock

Positive (Enhance overall external impact and create positive impact)
Negative (Negative events due to negligence or economic incentives, etc.)



Positive Negative

2.3 Material Issues Evaluation & Identification

Material Issues & Impact Hotspots

Sustainability Focus	Material Issues	Impact Hotspots on Value Chain			Impact Evaluations				Management Policies & Disclosure Sections
		Upstream	Corporate Operation	Downstream	On Kingstate		On Environment, Economy & People		
					Positive	Negative	Positive	Negative	
Climate Action	Climate Management	○	○	○	6	3	4	5	4.1 Sustainable Policies 4.2 Greenhouse Gases 4.3 Energy & Waste Management 4.4 TCFD
	Sustainable Supply Chain	○	○		4	3	3	4	3.7 Supply Chain Management
Corporate Governance	Corporate Governance		○		5	2	4	2	3.1 Governance Structure
	Information Security		○	○	4	4	2	4	3.4 Information Security
	Quality Management	○	○	○	4	3	5	2	1.2 History & Milestone 3.7 Supply Chain Management
	Integrity		○		5	1	4	2	3.2 Integrity & Legal Compliance
Talent Assets	Workplace Safety	○	○		5	2	6	1	5.4 Workplace Safety & Health Care
	Talent Cultivation	○	○	○	6	2	5	1	5.2 Talents & Training
	Salary & Benefits		○		6	2	5	1	5.3 Benefits & Communication



Corporate Governance

3.1 Governance Organization
3.2 Integrity & Legal Compliance
3.3 Risk Management
3.4 Information Security

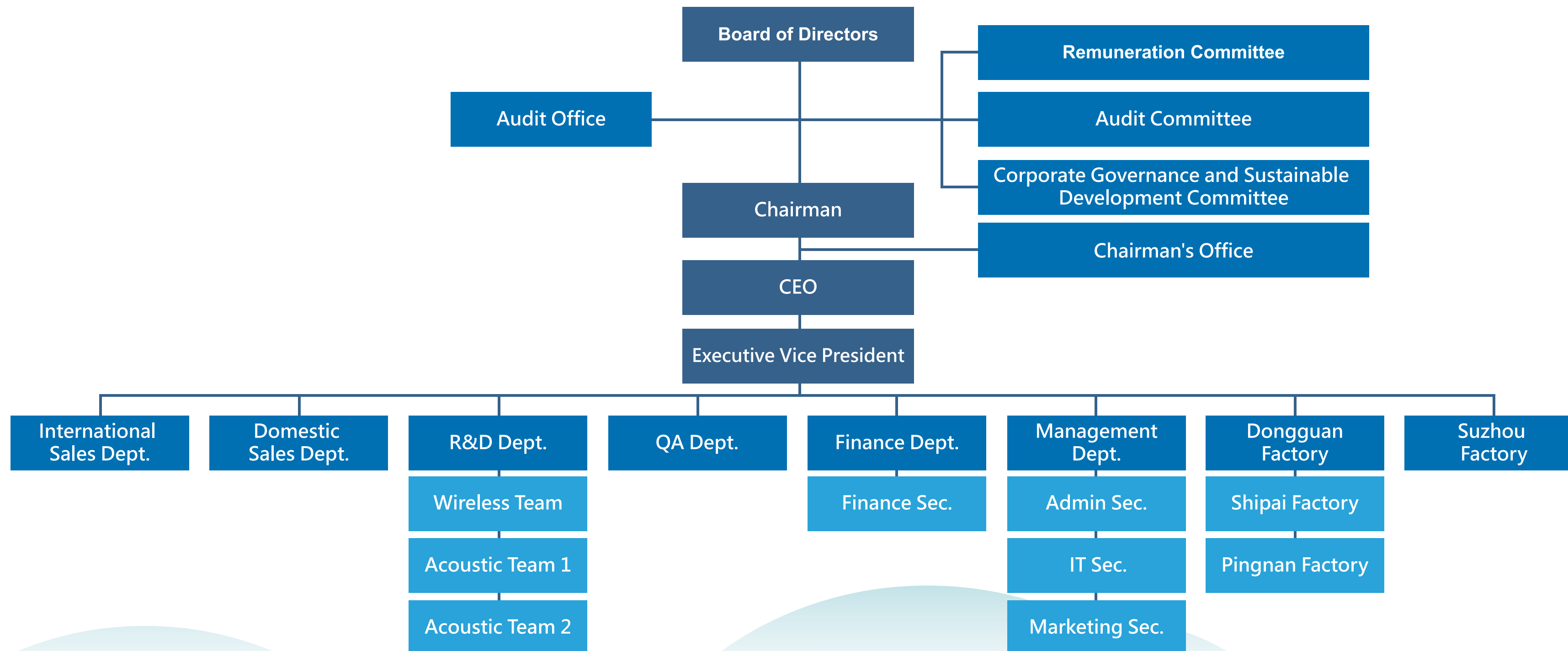
3.5 Regulation Compliance
3.6 Customer Service
3.7 Supply Chain Management
3.8 Intellectual Property Risks



3.1 Governance Organization

In accordance with Kingstate's business management operation, three functional committees have been set up under the Board of Directors, which are responsible for discussing important issues related to operations, including economic, environmental, social, and risk management issues, and reporting to the Board of Directors. The highest governance department of Kingstate is the Board of Directors. In order to strengthen the structure of the Board of Directors and to achieve a seamless cross-team collaboration, the Remuneration Committee, Audit Committee, and Corporate Governance and Sustainable Development Committee have been established under the Board of Directors. For information on the number of members, terms of office, duties, work priorities, and operation of corporate governance of each committee under the Board of Directors, please refer to the 2023 Annual Report of the Shareholders' Meeting P23 ~ P 36 and this report for details.

Organization Chart of Kingstate Group



3.1 Governance Organization

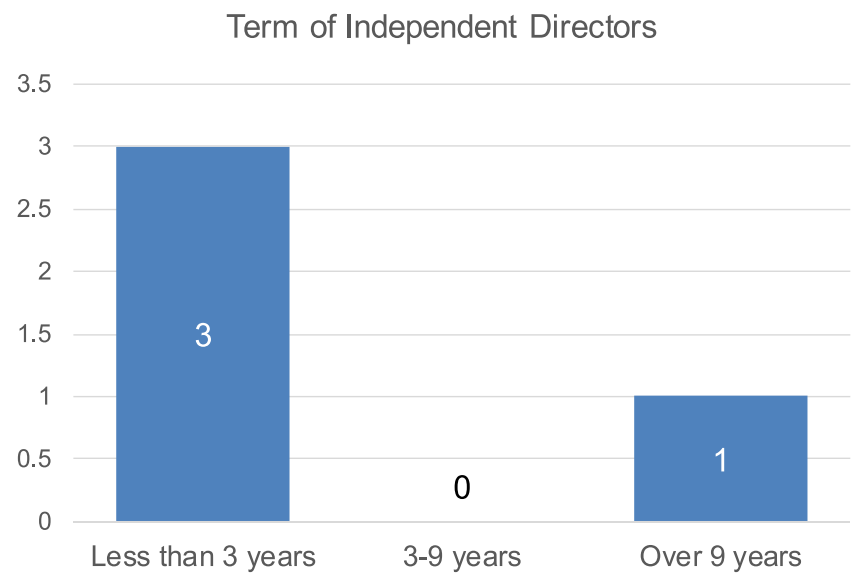
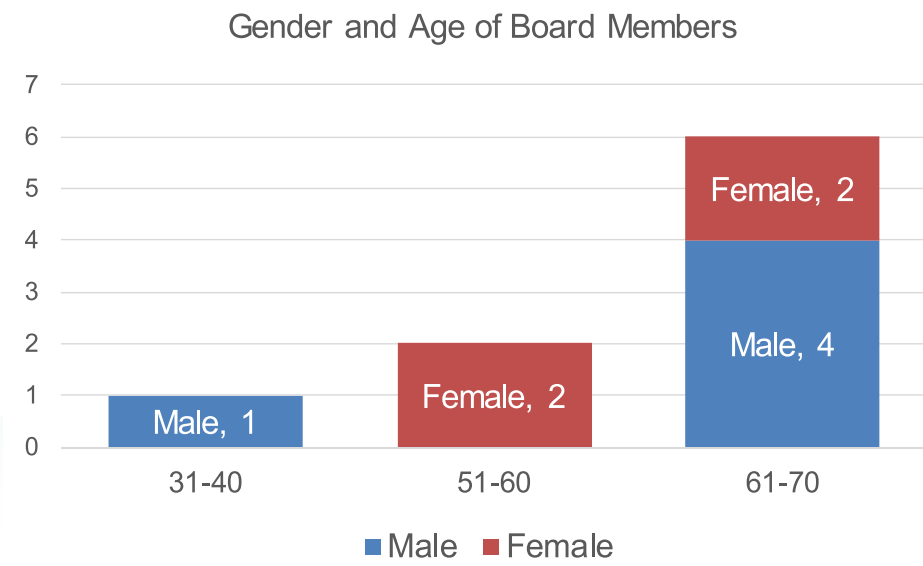
Board and Functional Committee Operations

Kingstate's governance structure consists of the Board of Directors and functional committees, including the Audit Committee, the Compensation Committee, and the Corporate Governance and Sustainable Development Committee. The operation of these committees must comply with relevant laws and regulations and resolutions of the shareholders' meeting in exercising their respective powers and duties. Members of the Board of Directors come from a variety of backgrounds and fields, including the management team, executives from related industries, and individuals with professional backgrounds in finance and accounting. This diversity ensures that the Board of Directors is able to effectively fulfill its duties in ensuring the transparency of Kingstate's information, appointing senior management, formulating policies on the distribution of surpluses, and supervising and directing business operations. In carrying out their duties, the relevant personnel must abide by ethical rules and regulations to prevent any behavior that may be detrimental to the interests of Kingstate and its shareholders. This emphasizes the importance of professional ethics and sense of responsibility in corporate governance.

Board Members Board Oversight Management

The term for the board of the directors is three years, as stipulated in Article 15 of Kingstate's Articles of Incorporation, and the election is based on a candidate nomination system, whereby shareholders holding at least one percent of the total number of outstanding shares and the Board of Directors may propose a list of candidates for election as directors, and after the Board of Directors approves that the candidates fulfill the criteria required of a director, the proposal is submitted to the Shareholders' Meeting for the shareholders' election of the directors from among the list of candidates for election. The Board of Directors of Kingstate consists of 9 members, with the Chairman being the President, 5 directors and 4 independent directors, all of whom possess extensive business management knowledge and professional background. The number of seats held by independent directors accounted for 44% of the board of directors, and the proportion of female directors reached 44%. 5 meetings were held in fiscal year 2023, with 100% of all directors (including independent directors) attending the meetings in person. Please refer to P10-P12 of the 2023 Annual Report for a profile of the Board of Directors.

Current Term		July 20, 2021 to May 31, 2024
Member	Board Member	Yentang Chang (Chairman), David Peng, World Vision Unites Group Rep. Fei Shih, Feng, Fu Tai Construction Co.,Ltd. Rep. Su Yu, Wu, Bai Le Co., Ltd. Rep. Ming Chung, Huang
	Independent Directors	Fang Chu, Hsieh, Li Mei, Chen, Rih Sheng, Chen, Yu Jhen, Jhou



Board of Directors Supervision & Management

The board of directors, as the highest governing body of the company, bears the core responsibility of overseeing and strengthening corporate governance. The board meets at least once every quarter, with the meetings convened and chaired by the chairman to ensure the effectiveness and transparency of the decision-making process. To enhance governance efficiency and focus on specialized management areas, the board has established functional committees, including the "Remuneration Committee," the "Audit Committee," and the "Corporate Governance and Sustainable Development Committee." These committees hold regular meetings within their respective scopes of authority, report on, discuss, and decide on relevant matters, and then submit the results to the board for final review and decision-making.In 2023, the board made key decisions in several important areas such as corporate governance, Remuneration, auditing, and sustainable development. These decisions pertain to Kingstate's future strategic direction and operational regulations. Detailed resolutions and related information have been made publicly available on Kingstate's official website or in the annual report for review by interested parties. We are committed to continuous improvement in corporate governance through rigorous board operations and transparent decision-making processes, ensuring the long-term stability and development of the company.

Procedures for Submission of Directors' Meetings





3.1 Governance Organization



Board Performance Evaluation

In order to implement corporate governance and enhance the functions of Kingstate's Board of Directors and Functional Committee members, Kingstate established the "Board of Directors' Performance Evaluation Method" in November 2020, which should be implemented once a year according to the regulations (2023 period 20230101~20231231).

■ Approach & Criteria for Internal Assessment of Board Performance

(1) The performance evaluation was compiled byManagement Department - Stock Affairs, and was conducted by means of an internal self-assessment questionnaire for each evaluated unit, with the evaluation scope based on the four sections of directors' assessment of the Board of Directors' operation, directors' assessment of their own participation, the Remuneration Committee's assessment of the Committee's operation, and the Audit Committee's assessment of the Committee's operation.

(2) The results of the performance evaluation will be used as a reference for the selection or nomination of directors, and the results of the performance evaluation of the directors and members of the functional committees will be used as a reference for the determination of their individual salary compensation.

(3) After the questionnaires are collected in December of each year, Kingstate’s Management Department and the Stock Affairs Section summarize and analyze the results of the questionnaires and report the results to the Board of Directors in the first quarter of the following year, and propose ways to improve the situation in response to the directors' suggestions.

■ Report to the Board on the Results of the Internal Assessment of the Board's Performance

(1) In December 2023, we completed an internal evaluation of the performance of our Board of Directors, the Board of Directors, the Compensation Committee, and the Audit Committee, and proposed to The Board of Directors meeting on March 12, 2024 will report the results of the evaluation.

(2) The achievement rate of the assessment items for the year ranged from 95% to 98%, and the result was excellent or above, i.e., members of the Board of Directors of Kingstate, the existing systems and implementation results of the Board of Directors and the functional committees are still sound, and there are no recommendations for improvement.

■ Approach & Criteria for Internal Assessment of Board Performance

Performance Evaluation of the Board of Directors and Functional Committees, Internal Self-Assessment of the Board, Self-Assessment of Board Members, 2023 Evaluation Results as follows.

Scope of Assessment	Evaluation Method	Evaluation Content	Average Achievement Rate
Individual Board Members	Self-evaluation by Board Members	(1) Mastery of Company Objectives and Tasks	98.20%
		(2) Recognition of Directors' Duties	
		(3) Degree of Participation in the Company's Operations	
		(4) Internal Relationship Management and Communication	
		(5) Directors' Professional and Continuing Education	
		(6) Internal Control	
Board of Directors	Internal Board Self-Assessment	(1) Degree of Participation in the Company's Operations	95.80%
		(2) Enhancing the Quality of Board Decisions	
		(3) Composition and Structure of the Board of Directors	
		(4) Election of Board of Directors and Continuing Education	
		(5) Internal Control	
Remuneration Committee	Internal Self-Assessment of the Remuneration Committee	(1) Degree of Participation in the Company's Operations	96.60%
		(2) Functional Committee Recognition of Responsibilities	
		(3) Enhancing the Quality of Decision-making in Functional Committees	
		(4) Composition and Election of Members of the Functional Committee	
Audit Committee	Internal Self-Assessment of the Audit Committee	(1) Degree of Participation in the Company's Operations	97.20%
		(2) Functional Committee Recognition of Responsibilities	
		(3) Enhancing the quality of Decision-making in Functional Committees	
		(4) Composition and Election of Members of the Functional Committee	
		(5) Internal Control	



3.1 Governance Organization



Information on the Operation of the Board of Directors

Attendance at Board of Directors' Meetings: The Board of Directors held 5 meetings in fiscal year 2023 (20230101~20231231) and the attendance was as follows.

Title	Name (Note 1)	Actually Attendance B	Attendance by Proxy B	Actual Attendance (%) [B/A]
Chairman of the Board	Yen Tang, Chang	5	0	100%
Director	Bai Le Co., Ltd. Rep. Ming Chung, Huang	5	0	100%
Director	World Vision Unites Group Rep. Fei Shih, Feng	5	0	100%
Director	David Peng	5	0	100%
Director	Fu Tai Construction Co.,Ltd. Rep. Su Yu, Wu	5	0	100%
Independent Director	Fang Chu, Hsieh	5	0	100%
Independent Director	Li Mei, Chen	5	0	100%
Independent Director	Rih Sheng, Chen	5	0	100%
Independent Director	Yu Jhen, Jhou	5	0	100%



Board Improvements

In order to encourage Kingstate's directors to enhance their professional knowledge and implement the corporate governance system, board members undertake continuous learning of professional knowledge or skills during their tenure as a director, covering professional competence, corporate governance, sustainable development (ESG), risk management, internal control system, or financial reporting, etc. The rate of board members' further education in 2023 was 100%. The internal training courses on "Global Economic Outlook 2024" and "How to Enhance the Credibility of Corporate Sustainability Reporting" were arranged on November 07, 2023 and December 26, 2023 respectively, and the total number of training hours for each of the Directors and Independent Directors in 2023 was 54 hours, and all the 9 Directors complied with the requirements of the "Listed on the Stock Exchange". All 9 Directors met the required number of hours of study as stipulated in the "Implementation Guidelines for the Further Training of Directors and Supervisors of Listed and OTC Companies".



Directors Conflict of Interest Policy

Kingstate's regulations for directors' meetings stipulate that if a director has a personal interest in a matter, they, or the legal entity they represent, must disclose the significant details of their interest at the board meeting. If there is a risk of harming Kingstate's interests, the director must abstain from discussing or voting on the matter and cannot represent other directors in voting.



Succession Planning for Board Members & Key Management Personnel

Kingstate has a systematic management and development strategy for the selection, grooming and evaluation of Board members and key management to ensure the long-term stability and sustainable development of Kingstate.

Board Member Succession Planning & Operations

(1) Candidate Nomination System and Code of Practice on Corporate Governance:
The selection of Board members is based on the candidate nomination system in accordance with Kingstate's Articles of Incorporation, and at the same time follows the Code of Corporate Governance Practices to ensure a diversified composition of the Board of Directors and to establish a diversified approach in accordance with Kingstate's operations, business model and development needs.

(2) Board structure and operational requirements:
Taking into account the scale of Kingstate's business development and the shareholdings of its major shareholders, the Board's structure has been adjusted to meet actual operational needs.

(3) The criteria for building a database of director candidates:
▲ Integrity, Responsibility, Innovation and Decision Making, in line with Kingstate's core values.
▲ Industry experience relevant to Kingstate's business.
▲ Professional knowledge and skills that can effectively contribute to the continuous development of Kingstate.
▲ Meet the professional background required for the overall Board of Directors, including the fields of corporate strategy and management, accounting and taxation, finance and law.

(4) The Board's performance evaluation methodology:
The Board of Directors' Performance Evaluation Program was established to evaluate the performance of the Board members, including their grasp of Kingstate's goals and missions, fulfillment of directors' duties, participation in Kingstate's operations, internal relationship management and communication, expertise and continuing education, internal control and expression of opinions.

Key Management Succession Planning & Operations

(1) Definition and Requirements of Key Management Levels: Management levels at the associate level and above are responsible for the relevant operations and management of the organization, and have duty agents to ensure the continuity and stability of business operations.

(2) Incubation and training mechanism:
▲ Cultivate key management and their duty agents, including professional competency development, corporate governance coursework, and opportunities to participate in key board and internal meetings.
▲ Arrange for key management to participate in strategy and management related seminars and exchanges on an annual basis to enhance their understanding and ability to apply leadership, management, technological innovation and industry trends.

(3) Performance Appraisal and Personal Development Planning:
Employee performance appraisals are conducted on a half-yearly basis and personal development planning is carried out based on the results to ensure the growth and advancement of the management in their duties.



3.1 Governance Organization



Board Diversity & Independence

■ Pursuant to Article 20 of the Code of Corporate Governance Practices (Competence of the Board as a whole)

Kingstate's Board of Directors shall direct Kingstate's strategy, supervise management, and be accountable to Kingstate and its shareholders. The operations and arrangements of Kingstate's corporate governance system shall ensure that the Board of Directors exercises its powers and functions in accordance with the laws and regulations, Kingstate's Articles of Incorporation, or the resolutions of the shareholders' meeting. The structure of Kingstate's Board of Directors shall determine the appropriate number of seats for five or more directors, taking into account the scale of Kingstate's operations and development and the shareholdings of its major shareholders, as well as the needs of practical operation. The composition of the Board of Directors should be diversified, and except for the fact that the number of directors who are managers should not exceed one-third of the total number of directors, the Board of Directors should also formulate appropriate diversification policies with respect to its own operation, business style and development needs, which should include but not be limited to the following two major criteria:

- (1) Basic requirements and values: gender, age, nationality and culture, etc., with the proportion of female directors reaching one-third of the total number of directors.
- (2) Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Board members should generally possess the knowledge, skills and qualities necessary for the performance of their duties. In order to achieve the desired goal of corporate governance, the board of directors as a whole should possess the abilities of (A) business judgment, (B) accounting and financial analysis, (C) business management, (D) crisis management, (E) industry knowledge, (F) international market view, (G) leadership, and (H) decision-making.

■ Board Independence

- (1) The Board of Directors consists of 9 members, including 4 independent directors. The percentage of directors is 55.56%, the percentage of independent directors is 44.44%, and the percentage of female directors (including representatives) is 44.44%. Kingstate emphasizes gender equality among its Board members. The term of the independent directors is more than 9 years (1 director) and less than 3 years (3 directors). The age of directors (including representatives) is 61-70 years old for 6 directors, 51-60 years old for 2 directors, and 31-40 years old for 1 director.
- (2) The Board of Directors emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their powers independently. The independent directors also comply with relevant laws and regulations and, in conjunction with the Audit Committee's duties, review the control of Kingstate's existing or potential risks, etc., so as to ensure the supervision of the effective implementation of Kingstate's internal controls, the selection (dismissal) of certified public accountants, and the independence and proper preparation of the financial statements.
- (3) The independent directors have complied with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there is no conflict of interest between the directors and the independent directors. The circumstances described in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

■ The Diversity & Independence of the Board Members are as follows.

Title	Name & Surname	Gender	Also serves as an Employee of the Company	Operational Judgment	Accounting & Financial Analysis	Operations Management	Crisis Management	Industry Knowledge	International Market View	Leadership	Decision-making Ability
		Age									
Chairman	Yen Tang, Chang	Male 61~70 years old	V	V		V	V	V	V	V	V
Director	Bai Le Co., Ltd. Rep. Ming Chung, Huang	Male 61~70 years old		V		V	V	V	V	V	V
Director	World Vision Unites Group Rep. Fei Shih, Feng	Male 31~40 years old		V		V	V	V	V	V	V
Director	Fu Tai Construction Co.,Ltd. Rep. Su Yu, Wu	Female 61~70 years old		V		V	V	V	V	V	V
Director	David Peng	Male 61~70 years old		V		V	V	V	V	V	V
Independent Director	Fang Chu, Hsieh	Female 61~70 years old		V	V	V	V	V	V	V	V
Independent Director	Li Mei, Chen	Female 51~60 years old		V	V	V	V	V	V	V	V
Independent Director	Yu Jhen, Jhou	Female 51~60 years old		V	V	V	V	V	V	V	V
Independent Director	Rih Sheng, Chen	Male 61~70 years old		V		V	V	V	V	V	V



3.1 Governance Organization



Operation & Member of the Remuneration Committee

The purpose of Kingstate's Compensation Committee is to assist the Board of Directors in implementing and evaluating Kingstate's overall compensation and benefit policies, and to periodically review the compensation system for directors and managers and make recommendations to the Board of Directors. The members of the Compensation Committee are appointed by the Board of Directors, and the current members are three independent directors, and the term of office for the members of the Compensation Committee is the same as the term of the Board of Directors, as stipulated in the Compensation Committee's Organizational Rules and Regulations.

Information on the Operation of the Remuneration Committee

The Compensation Committee met three times in FY2023 (20230101~20231231) and the attendance

Title	Name and surname	Actual Attendance	Attendance by proxy	Actual Attendance
Convener	Fang Chu, Hsieh	3	0	100%
Member of the Remuneration Committee	Li Mei, Chen	3	0	100%
Member of the Remuneration Committee	Rih Sheng, Chen	3	0	100%



Linking of Directors' & Managers' Performance Evaluation and Compensation

(1) Honorarium policy

In accordance with Article 25 of Kingstate's Articles of Incorporation, if there is a profit for the year, not less than 1% shall be set aside as remuneration for employees and not more than 3% as remuneration for directors. However, if Kingstate has accumulated losses, Kingstate should reserve an amount to cover such losses in advance. Our policy on the payment of honoraria is based on the salary level of the position in the industry market, the scope of authority and responsibility of the position within Kingstate, and the degree of contribution to our operating objectives.

(2) Linkage between Directors' remuneration and performance evaluation

In accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors", Kingstate conducts a Board of Directors' Performance Evaluation at the end of each year. The directors' self- assessment includes the following items: personal mastery of Kingstate's goals and objectives, recognition of the directors' duties and responsibilities, level of participation in our operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control. The results of each year's "Board of Directors' Performance Evaluation" are provided to the Remuneration Committee. In addition, in order to implement corporate governance, rationalize and institutionalize the transparency of directors' remuneration, and strengthen the link between directors' performance and remuneration, we have formulated an internal method for the allocation of directors' remuneration, which is based on the degree of directors' participation in Kingstate's operations and the value of their contributions, and is weighted according to the weighted results.

(3) Linkage between Executive Compensation and Performance Evaluation

Senior managers conduct performance evaluations at the end of each half year based on the Key Performance Indicators (KPIs) for each function. Key Performance Indicators (KPIs) for each function include: Group EPS, Group Operating Target, Group Gross Profit, and Group Gross Profit.Targets, Key Account Development, Net Profit Before Tax, Inventory Targets, Costdown Targets and Sustainability Execution Performance Indicators. Evaluation items include financial indicators linked to short-, medium-, and long-term planning and execution status. The annual performance evaluation and compensation allocation for senior executives are submitted to the Compensation Committee. Strengthening the link between executive compensation and Kingstate's medium- and long-term business performance to enhance the staff's centripetal force and sense of identity, and to share Kingstate's operating results. For details of the remuneration paid to directors and managers in the most recent year, please refer to P17-P22 of the 2023 Annual Report.





3.1 Governance Organization



Operation of the Audit Committee & Management

Kingstate has established the Audit Committee in August 2021. Currently, the Audit Committee consists of four independent directors and is responsible for performing audits of the fair presentation of Kingstate's financial statements, the selection (dismissal) and independence of the certified public accountants, the effective implementation of Kingstate's internal controls, Kingstate's compliance with relevant laws and regulations, and the control and management of Kingstate's risks, if any, as well as the major matters of its authority as set forth below:

- (1) Establishment or amendment of internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Establishing or amending procedures for significant financial operations such as acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, and endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- (4) Matters in which a Director has a personal interest.
- (5) Significant Asset or Derivative Transactions.
- (6) Loans, endorsements or guarantees of significant financial instruments.

■ Information on the Participation of the Audit Committee in the Operation of the Board of Directors.

The Audit Committee met five times in fiscal year 2023 (20230101~20231231) and the attendance was as follows:

Title	Name and surname	Actual Attendance	Actual Attendance Rate
Audit Committee	Fang Chu, Hsieh	5	100%
Audit Committee	Li Mei, Chen	5	100%
Audit Committee	Rih Sheng, Chen	5	100%
Audit Committee	Yu Jhen, Jhou	5	100%



Internal Audit & Prevention of Insider Trading by Members

Under the Board of Directors, there is a professional and independent audit office, and a full-time internal auditor is appointed. In addition to possessing the qualifications required by the Securities and Futures Bureau, he/she continues to take professional courses on internal auditing every year, completes the annual declaration of the register of internal auditors in accordance with the law, and continues to audit and supervise the internal management functions in order to promote the performance of Kingstate's operations. Communication between the independent directors and the head of internal audit and accountants: The independent directors of Kingstate understand the business and financial situation of Kingstate through regular audit reports and financial reports, and communicate with the head of internal audit and accountants as necessary. Communication between the independent directors and the head of internal audit: The frequency is at least once a year. For details of communication matters, please refer to P31 of the 2023 Annual Report. Kingstate upholds the principle of good faith in the execution of its business, and in order to avoid improper disclosure of material internal information affecting the stock price, Kingstate follows the regulations of the "Management Practices for the Prevention of Insider Trading" and incorporates them into its internal control system in order to implement the execution of the management practices for the prevention of insider trading.





3.2 Integrity & Legal Compliance



Establishment of Integrity Management Policies & Programs

The Board of Directors' Report dated March 8, 2022 of Kingstate amends the "Operating Procedures and Behavioral Guidelines for Honest Business Practices" and the "Corporate Code of Business Conduct on Honest Business Practices". Kingstate's directors, managers, employees, appointees, or persons with substantial control shall not, in the course of engaging in business practices, directly or indirectly, offer, promise, request, or accept any improper benefits, or engage in other dishonest acts such as breach of trust, wrongful acts, or breach of fiduciary obligations, in order to obtain or maintain benefits. In the following years, we will continue to update the regulations in accordance with the laws and regulations. On March 8, 2022, the Head of Corporate Governance was established and an organization chart of the Corporate Governance and Sustainable Development Committee was proposed, specifying that the Corporate Governance and Integrity Management Team was established to be responsible for the enforcement of relevant regulations by the by Management Dept.. The Board of Directors is also required to report to the Board of Directors on a regular basis (at least once a year).



Practices for Implementing the Integrity Management Policy

■ Signing of Integrity Guarantee for important customers and signing of Integrity Guarantee Clause for supplier contracts.

■ In order to implement the principle of avoidance of interest, all of Kingstate's directors exercise a high degree of self-discipline, and are allowed to express their opinions and answer questions on the motions listed in the Board of Directors' Meetings if they have an interest in the motions or the legal entities they represent, which could be harmful to Kingstate's interests, but not to join in the discussion or vote, and to abstain from discussions and voting, as well as not to act as proxies for other directors in the exercise of their voting rights. For more information on the process of effective management of conflicts of interest by the highest governance body and disclosure of information, please refer to P 24 of the Annual Report of the Shareholders' Meeting 2023.

■ In order to establish an effective and complete accounting system and internal control mechanism, Kingstate has implemented computerization of all operations, linking the management functions of personnel, finance, operations, production, and materials with each other through computers, and checking them at all levels to carry out exception management. Kingstate has also established a professional and independent internal audit operation structure, which is divided into three major levels. The first level is carried out by the Audit Office under the Board of Directors of Kingstate, while the second level is carried out by the General Administration Office of Kingstate for routine and project-specific independent auditing, and the third level requires each department of Kingstate to carry out independent business inspections on a regular basis to realize the spirit of internal control to all aspects of Kingstate. In addition, since internal auditing is the responsibility of all employees, the third level requires that each department of Kingstate should conduct regular business inspections on its own, so as to fulfill the spirit of internal control at all levels of Kingstate.

■ Kingstate's business philosophy is integrity, innovation, and the pursuit of excellence. The concept of integrity is implemented in the corporate culture of Kingstate, and the relevant integrity management rules and regulations are disclosed on Kingstate's website. New employees receive integrity management-related training courses and sign a commitment to integrity and confidentiality when they are hired.

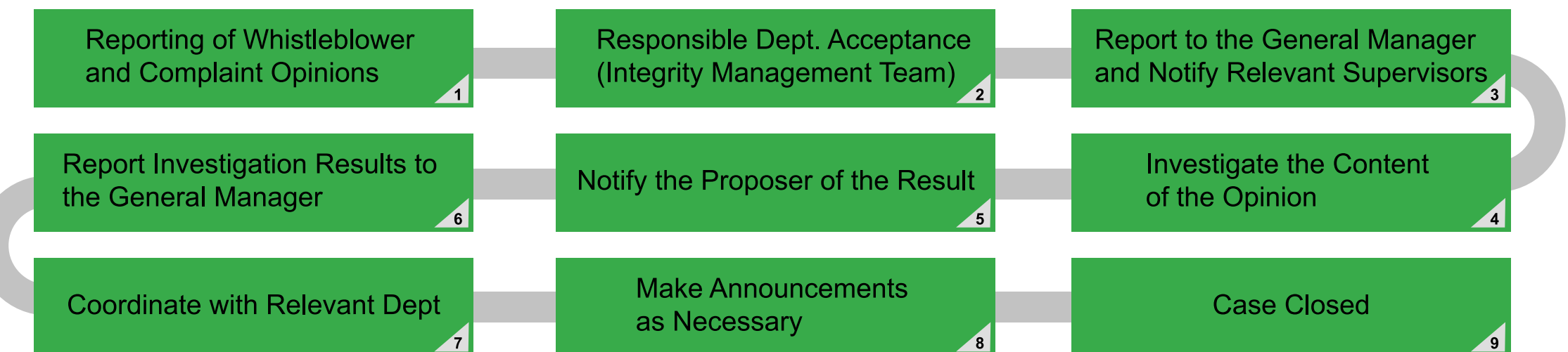
■ 2023 Implementation status of integrity management education and training

We organized 168 training courses on issues related to integrity management (including Kingstate's Code of Conduct on Integrity Management, Guidelines on Operating Procedures and Behaviors for Integrity Management, and the Code of Ethics and Conduct), with an average post-training evaluation score of 96.4 points.



Reporting & Grievance System & Procedures

In accordance with Article 23 of Kingstate's "Code of Business Integrity", Kingstate has established a reporting and complaint management system to prevent illegal, unethical, or dishonest behavior from harming the rights and interests of shareholders, employees, and partners (suppliers), and to implement a corporate culture of business integrity and sound development.



Reporting Pipelines & Departments

Informants can be handled in writing, by telephone, or by e-mail through the following channels:

Telephone: (02) 28095651 #1593 Ms. Lin

E-mail: hr@kingstate.com.tw

Address: 10th Floor, No. 69-11, Sec. 2, Zhongzheng East Road, Tamshui District, New Taipei City 251, Taiwan
Corporate Governance and Integrity Management Group of Kingstate Electronics Co., Ltd.

If the report is made by telephone, the receiving unit shall notify the complainant to come to the designated place to make a record and give it to the complainant to read and sign. However, if the complainant fails to cooperate, the receiving unit may make a record of the complaint and assess whether the complaint is acceptable or unacceptable.

■ Total pecuniary loss due to lawsuits related to the Anti-Competitive Behavior Ordinance: \$0



3.3 Risk Management

Risk Management Organization Chart



Execution Status

Kingstate actively promotes the implementation of the risk management system, convenes regular meetings of the risk management team and reports its operation to the Board of Directors once a year, and the major operations in 2023 were as follows. Kingstate's Risk Management Team meeting reported to the Corporate Governance and Sustainability Committee on June 29, 2023, which included the following when the annual assessment of the various risks faced by Kingstate, including the risk environment, risk management priorities, risk assessment and response measures, and to the Board of Directors' meeting held on August 098, 2023 to report on the business carried out by Kingstate's risk management team, including the assessment of the risks, the scope of the risk environment, and the risk control measures adopted and the operation of risk management. Kingstate's important risks and related measures for prevention and contingency. In fiscal year 2023, the trainees of education and training is 244 people, including information security risk 192 people and intelligent property risk 52 people.

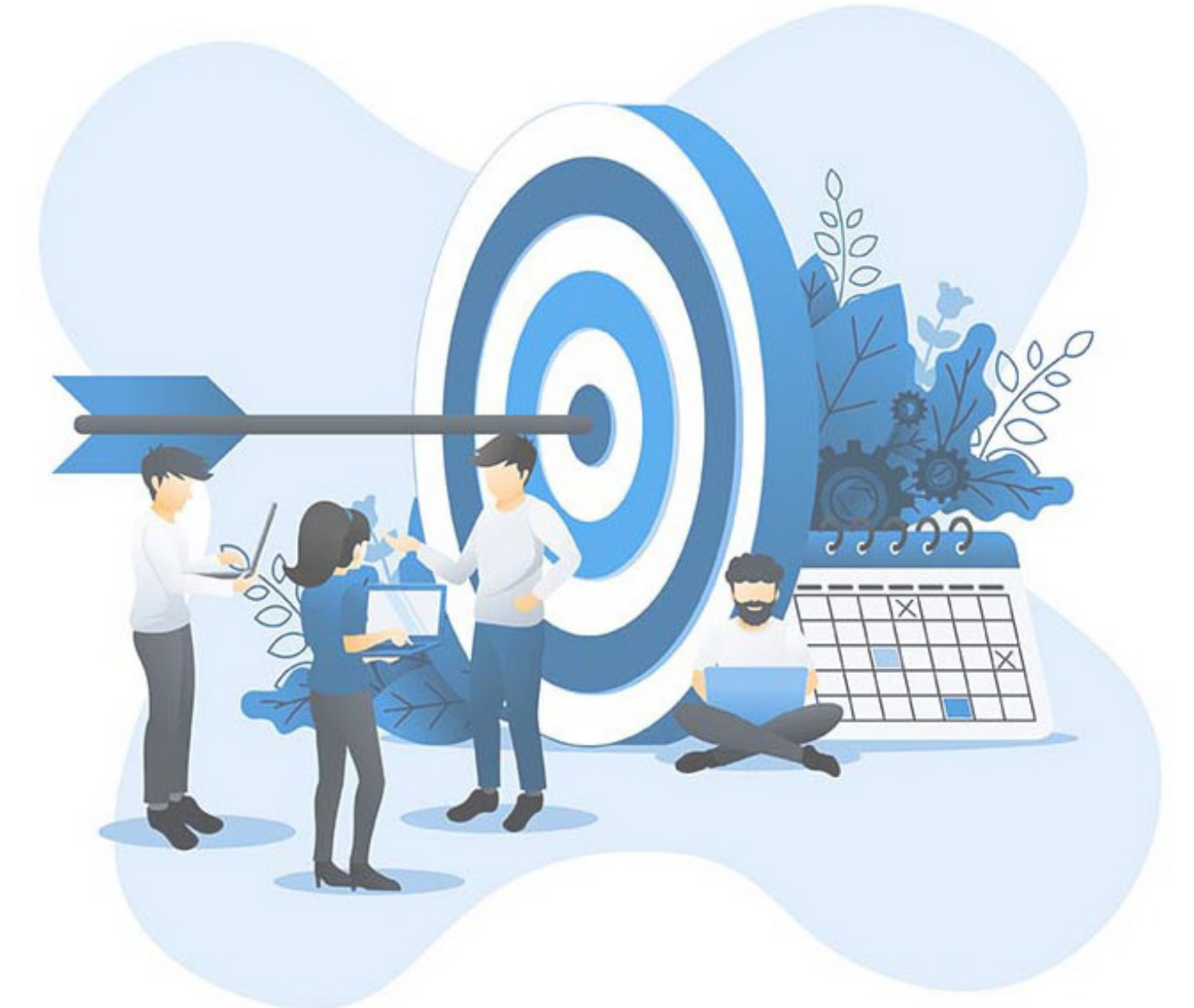


3.3 Risk Management

Risk Issues & Countermeasures

Kingstate has established a Risk Management Team, with the Executive Vice President as the top supervisor, responsible for promoting and implementing Kingstate's overall risk management. The major risk items, risk management section and risk response strategies are summarized below. In view of the rapid and drastic changes in the external operating environment, Kingstate Electronics, in order to ensure Kingstate's steady growth and sustainable operation, has formulated a hierarchical and dedicated control of the possible risks in the operation, and has structured the management of Kingstate's possible risks and reviewed the attribution of responsibilities through risk transfer and implementation of the internal control audit system, in order to minimize the operational risks and ensure the achievement of the operational goals.

Major Risks		Risk Management Sec.	Risk Management
Information Security Risks	Information Security Changes	Management Dept./ IT Sec.	In accordance with the latest information security related laws and regulations, we have conducted a comprehensive inventory of Kingstate's information security structure in 2023 and have budgeted for the implementation of the upgrade plan, and we expect to converge with the ISO 27001 certification before 2024.
Wise Money Risks	Intelligent Property Rights Management	R&D Dept.	We continue to collect the latest patent and competitor patent information, enhance the technology of our &D team and increase our patent fillings, as well as pay attention to industry think-tanks and litigation information in order to formulate and implement countermeasures.
Financial Risks	Interest rate risk	Finance Dept.	In order to avoid the impact of interest rate fluctuations, Kingstate keeps abreast of market interest rate trends, adjusts its borrowing portfolio by currency, and selects a number of prudent financial institutions to obtain appropriate borrowing and financing rates.
	Exchange Rate Risk		Most of Kingstate's transactions are hedged by forward exchange operations to minimize the impact of exchange rate fluctuations on gross profit. The Group also pays close attention to the international economic situation and takes into account banks' analysis reports, and undertakes forward foreign exchange or sells U.S. dollar-denominated spot currencies directly, depending on the actual needs of hedging methods to minimize the impact of exchange rate fluctuations.
	Credit Risk		Coordinate with all Sales Dept. to monitor and control the process from customer credit checking, selection of payment method, determination of credit limit to collection of payment to ensure the safety and collection time of accounts receivable.
	Inflation risk		Although there has not been any significant impact on profit or loss due to inflation, we will maintain good interaction with our suppliers and customers, monitor changes in market prices, and appropriately coordinate price adjustments to minimize the impact of inflationary fluctuations.
Operational Risk	Changes in policy & legislation	Management Dept.	We continue to monitor changes in policies and laws and regulations, and promptly update our internal business practices and propose preventive measures.
	Personnel Behavior, Conduct and Ethics	Every Dept.	We will continue to publicize the rules and regulations related to integrity and ethical behavior/prevention of insider trading/financial security/information security to strengthen the behavior and attitude of all employees in complying with the rules and regulations.
	Centralized Sales	Sales Dept.	The diversification of products and customer groups has mitigated the risk of diversification and will continue to do so.
	Climate Risks	QA Dept.	In the short term, we will continue to implement greenhouse gas reduction, water and electricity conservation as climate management targets. In the medium and long term, we will study and evaluate the frequency of major climate risk events and the severity of their impact on operations, define risk control priorities and risk levels, and adopt corresponding risk management strategies according to the risk levels.





3.4 Information Security



Information Security Management Policy

To ensure the security of Kingstate's mainframe, network equipment and network communications, to effectively reduce the risk of theft, misuse, leakage, tampering or destruction of information assets due to human negligence, intentional or natural disasters, etc., and to establish information security management standards. Ensure the confidentiality of Kingstate's information, safeguard the integrity and availability of corporate secrets, personal data, and business-related information, and improve the quality of operational efficiency. We also cooperate with the promotion of company policies to enhance the information security protection capability and ensure Kingstate's goal of sustainable operation.



Information Security Management Plan

In order to implement information security management, Kingstate should set up an information security organization, which should include senior executives of Kingstate, to be responsible for promoting, coordinating and supervising the following information security management issues.

- **Approval and supervision of information security policy**
- **Assignment and coordination of information security responsibilities**
- **Supervision of Information Asset Protection Matters**
- **Review and Oversight of Information Security Incidents**
- **Approval of Other Information Security Matters**
- **Regular Information Security Meetings**



Virus Prevention



Personal Data Protection



Data Access



Account Management



Personal Data Protection



System Source Code Management



Physical and Environmental Security Manage



Backup Operations Management



Network Security Management

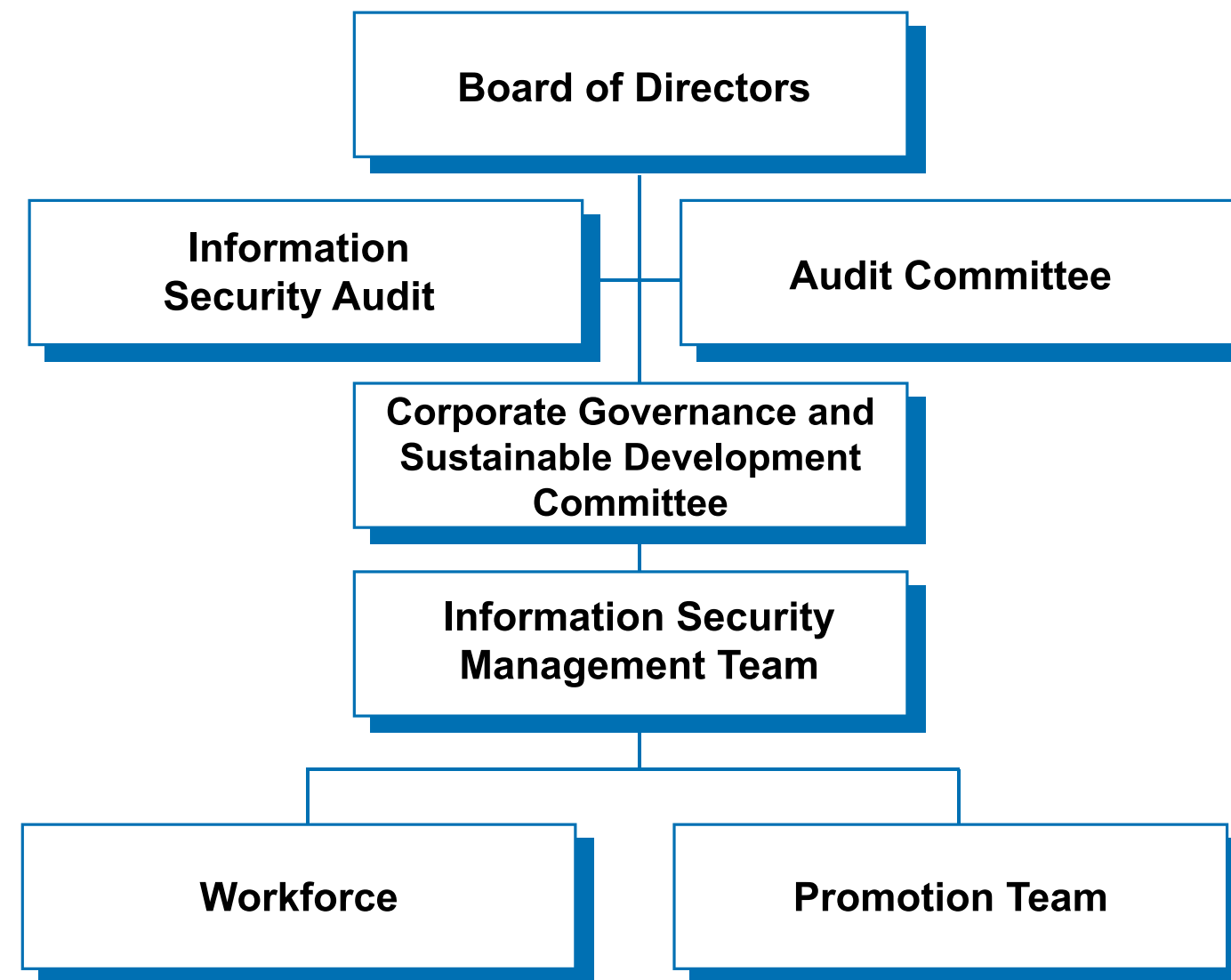


Information System Availability Management



3.4 Information Security

Information Security Organization Chart



Organizational Responsibility & Management Practices for Information Security

On March 8, 2022, Kingstate adopted the establishment of the Head of Corporate Governance and established the Corporate Governance and ESG Sustainability Committee, and the Risk Management Team, which includes the Information Security Risk Management Team, with the Head of Information being responsible for coordinating the formulation of policies related to information security and protection, implementation, risk management, and compliance checking; and the Head of Corporate Governance, together with the other risk teams, reporting annually on information security management effectiveness, information security-related issues and directions to the Audit Committee/Board of Directors. Together with other risk teams, the Head of Corporate Governance reports annually to the Audit Committee / Board of Directors on the effectiveness of information security management, as well as information security related issues and directions.

■ Information security-related duties are handled by each member of the information staff at the head office and overseas subsidiaries, and are budgeted annually in accordance with the need for information security updates.

■ Information Security Policies and Objectives: Kingstate's information security policies and objectives are to ensure the confidentiality, integrity, and availability of information systems and information assets, and to prevent Kingstate's operations from being impacted by information security incidents in order to minimize operational risks.

■ In order to effectively implement information security management, the information security organization of Kingstate's information security headquarters in Taiwan and each information unit of its overseas subsidiaries hold regular meetings to review the applicability of information security policies and protection measures.

■ The impact of information security risks on Kingstate's financial operations and the measures to address such risks. Kingstate has established comprehensive network and computer-related information security measures, but cannot guarantee that the computer systems it controls or maintains for Kingstate's important corporate functions, such as manufacturing, operations and accounting, are completely protected from cyber-attacks from any third-party paralyzed systems. Kingstate endeavors to ensure the appropriateness and effectiveness of its information security protection mechanism by continuously reviewing and evaluating it.

■ In 2023, there were no significant losses or impacts on Kingstate's financial operations as a result of major information security incidents, but the related countermeasures continue to be discussed in the context of strengthening the security of Kingstate's information in order to minimize operational risks.



3.4 Information Security

Information Security Management Focus



Information Security Management Policy

- Establish a dedicated information security team responsible for promoting, coordinating, supervising, and reviewing information security management matters.
- Regularly review and update information security management policies based on the latest technological developments, business needs, and regulatory changes.
- Develop information security management procedures according to international standards to ensure that security policies comply with relevant laws, regulations, and industry standards.
- Conduct regular information security audits to assess the effectiveness and compliance of security management policies and establish a mechanism for continuous improvement.



Risk Management

- Conduct annual asset inventory and valuation to identify the scope of core systems and deploy control mechanisms based on core system management principles.
- Perform regular information security risk assessments and develop control measures and improvement plans based on risk levels.
- Conduct annual disaster recovery drills to ensure the effectiveness of backups and redundancies, and establish standard procedures for disaster recovery.
- Join information security intelligence sharing organizations to obtain security alerts, threat intelligence, and vulnerability information.



Information Security Education and Training

- Conduct regular social engineering drills** to raise employee awareness of malicious emails and prevent exploitation by hackers.
- Hold at least three annual cybersecurity training sessions** to enhance employee awareness of information security.
- Periodically promote information security policies and risks** to increase employee familiarity with security principles and responsibilities.
- Develop targeted training programs for different functions** to ensure that relevant personnel possess necessary cybersecurity knowledge.



Information Security Protection Measures

- Implement antivirus and anti-hacking protection systems to reduce the likelihood of equipment being compromised by hackers.
- Regularly review network control principles for foundational network devices to minimize the risk of threats and accidental access to malicious websites by employees.
- Enforce backup and redundancy plans and check execution results daily to improve backup availability and minimize data loss during disasters.
- Regularly review privileged accounts and reassess permission settings to prevent unauthorized software installation or exploitation by malicious software.
- Periodically check the status of antivirus software and operating system updates to accelerate the patching of system vulnerabilities.
- Engage third-party experts for penetration testing and vulnerability scanning and perform necessary patches or controls to reduce the likelihood of breaches.
- Regularly replace outdated equipment to enhance the overall performance, stability, and security of the information environment, reducing the risk of service interruptions.



3.4 Information Security



Management & Results of Implementation in 2023

■ **Hardware:** Firewalls, switches, uninterruptible power supply systems, servers, multi-networks, VPN equipment, NAS, etc.

■ **Software:** Anti-virus software, spam filtering, backup software, server virtualization software, etc.

■ Security Policy

- (1) We have formulated and implemented the information security management system in accordance with the spirit of ISO 27001.
- (2) Asset valuation method/approach implemented.
- (3) Information Risk Assessment (IRA) methodology/practice implementation.
- (4) The backup and backup management mechanism is revised based on asset values and risks to minimize the impact of security risks on operations.

■ Implementation of the Ares Security Framework Enhancement Project:

- (1) March 2023 Information security clinic, including network architecture review, packet listening and analysis, network equipment log file analysis, user host review, server host review, directory server settings review / firewall connection settings.
- (2) First penetration test and vulnerability scanning will be conducted in April 2023.
- (3) The first email social engineering exercise will be conducted in April 2023 with a total of 60 participants and 300 social engineering exercise emails.
- (4) August 2023 Second penetration test and vulnerability scan.
- (5) The second email social engineering exercise will be conducted in September 2023, with a target audience of 60 people and a total of 300 social engineering exercise emails.
- (6) November 2023 Upgrade and replace old servers and migrate to virtualization management.
- (7) January 2024 DNS will be moved to a third-party service to avoid DDoS paralysis or malicious attacks such as hijacking.

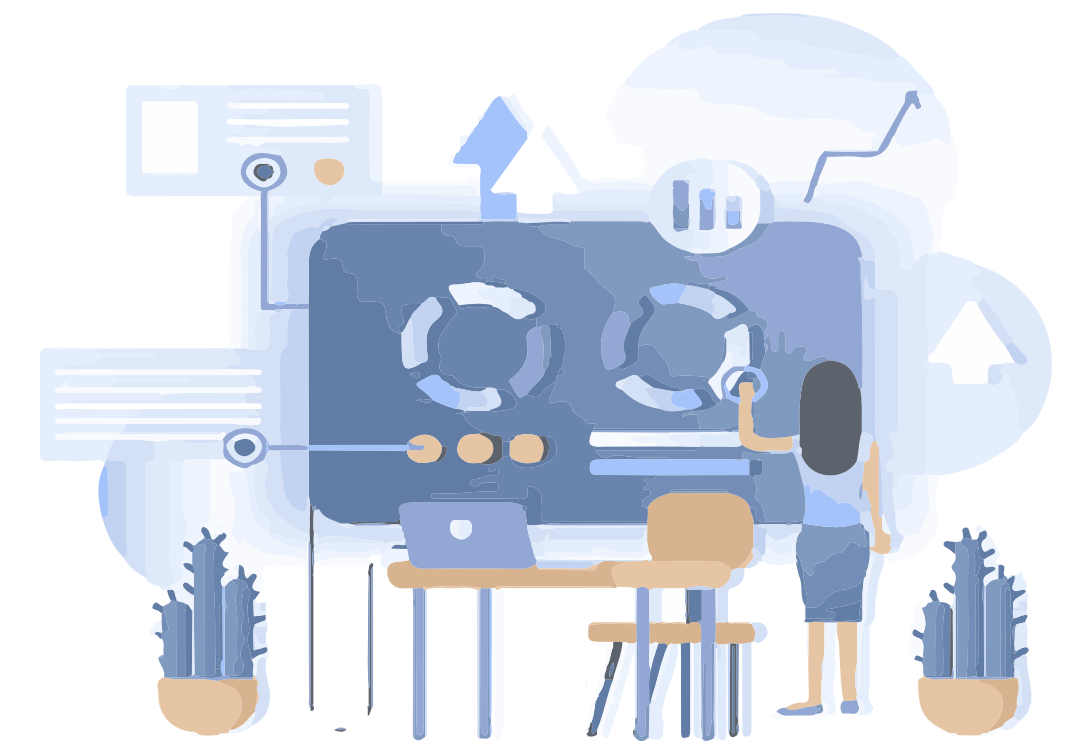
■ Educational Training:

- (1) July 2023 Completed the first Information Security cum Email Social Engineering Prevention and Control Awareness Course for 2 hours with a total of 47 participants.
- (2) November 2023 Completed the second Information Security cum Email Social Engineering Prevention and Control Advocacy Course for 2 hours with a total of 49 participants.

■ Other input Resources:

- (1) Every day, the status of the ecosystem is inspected.
- (2) Regularly check the status of the backup plan on a weekly basis.
- (3) Regular monthly servo equipment checkups.
- (4) Regular quarterly inspections of the electrical system equipment.
- (5) Internal audit of the information cycle.
- (6) Accountant Audit.

■ Kingstate has revised its Information Security Management Policies and Procedures and Information Security Management Current Status and Implementation as reported by the Board of Directors on December 26, 2023



3.5 Regulation Compliance

Compliance with International Environmental Protection Norms & Laws

Kingstate collects and evaluates the local laws and regulations of the government where each operation site is located, and appoints specialists to collect and update the relevant laws and regulations on a regular basis, such as: International IEC regulations, electronics industry regulations, environmental protection, occupational safety and health, labor & social responsibility, information security - network security - privacy protection security management system requirements, energy, finance and taxation, corporate governance, low carbon, intellectual property, non-conflict raw material procurement, etc. All colleagues and suppliers are required to understand the laws and regulations related to their business and make proper business and ethical judgments. In 2023, Kingstate didn't get penalized for any violation of environmental regulations or related laws and regulations.

Kingstate has signed a confidentiality contract with each customer and supplier, and all kinds of contracts with customers or suppliers are first evaluated internally by Kingstate and then by Kingstate's legal adviser to minimize the risk of laws and regulations. We have also formulated the "Confidential Documents Management Measures" to ensure the effective protection of Kingstate, customers, suppliers, synergists, and the government or related parties, such as product design patents, related technical data, samples, etc., and to ensure that the interests of the customers and all related parties are protected. At the same time, Kingstate annually independent independent research and development technology initiative to apply for patents, to ensure that the product shipments to the countries and regions specified by the customer, will not be in conflict with the intellectual property rights and technical disputes, or violations of relevant laws and regulations. Every year, we continue to collect statistics on whether customers, third-party manufacturers, certification bodies, third-party testing organizations, local governments, non-government organizations, other relevant information, and our employees have complained about the leakage of product design patents or technical information, etc. According to the statistics, from 2020 to 2023, we have not received any complaints or grievances from any of the above related parties for four consecutive years.

Identify the Relevant Laws & Regulations as Follows

The total number of compliance items is 881. Quarterly inquiries are made about regulation updates, which are reviewed and communicated to the relevant departments and staff for timely implementation.

Statutory Differences	1. Product Technology	2. Environment & Occupation	3. Medical Devices	4. HSF	5. CTPAT Counter-Terrorism	6. RBA	7. GHG	8. Labor Protection	9. Information Security	10. Energy Management
Number of regulations (881)	80	104	9	24	4	175	17	129	218	121





3.6 Customer Service



Customer Satisfaction Survey

Adhering to the business philosophy of "Integrity, Innovation, and Pursuit of Excellence", Kingstate strives for win-win cooperation with customers and supplier partners. With the quality policy of "meeting customers' requirements and exceeding customers' expectations", we are fully committed to serving our customers. With the aim of serving all customers, we have established a team mainly composed of sales and CQE customer service, and formulated relevant regulations such as "Customer Satisfaction Management Plan", "Service Control Plan", "Product Sales Control Plan", and "Customer Complaint and Returns Control Plan", according to which we will provide fast and quality services to all customers. At the end of each year, a customer satisfaction survey plan is formulated, and the survey of customers is completed and analyzed within one month (the relatively low delivery scores in 2023 were due to the delayed communication between the two sides on new products and requirements of new customers, which have been improved and started normally). In the past four consecutive years, 2020/2021/2022/2023 has achieved the target scores. However, for those with relatively low scores, we conducted further customer follow-ups, deeply analyzed the reasons, and formulated corresponding improvement measures. We are committed to continuously improving customer satisfaction to better meet customer needs and expectations, ensuring that our service quality remains at the leading level in the industry.

Satisfaction Survey Items	2020	2021	2022	2023
Product Quality	95	96	96	97.5
Product Delivery Time	92.5	96	96	92.5
Convenience of communication and contact with Kingstate	97.5	99	97	95
Sales person for product/solution analysis	92.5	99	97	95
Timely communication between sales person and your company	100	100	97	100
Speed of customer service response on problem complaints	95	98	96	97.5
Customer service for communicating	95	99	96	95
Customer Service for Problem Solving Skills	90	98	98	100
Timeliness of HSF information collection by sales person	92.5	97	97	95
Environmental Control of Kingstate	92.5	99	98	100
Total Average Score	94.3	98.1	97	96.75



3.7 Supply Chain Management

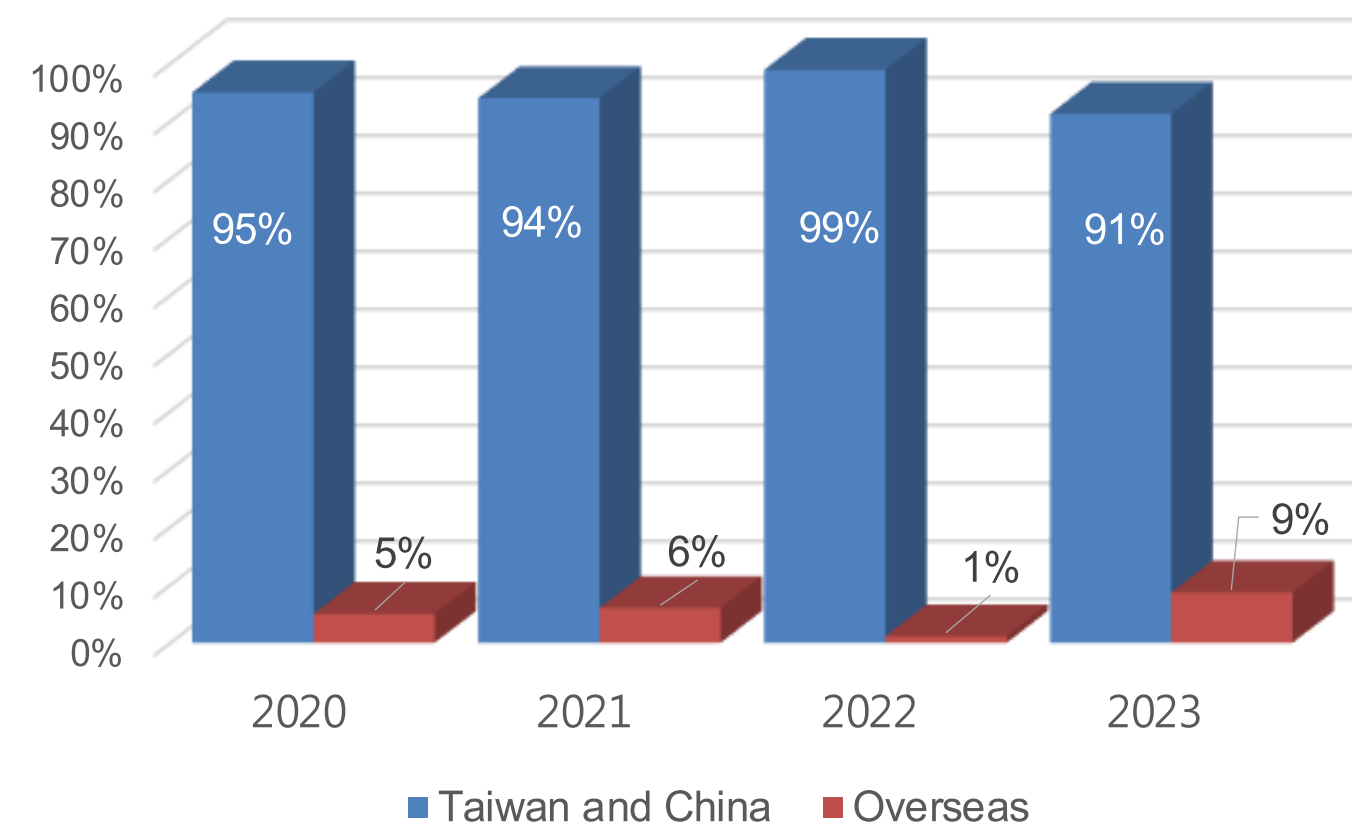
Supply Chain Evaluation & Audit

Kingstate has established "Purchasing Control Plan", "Supplier Control Plan" and related supplier management standards. The Purchasing Department leads and the Quality Assurance and R&D Departments assist in the management of suppliers: firstly, new suppliers are selected and qualified to be included in the list of cooperating suppliers; then, an annual audit plan is set up regularly for the qualified suppliers after the establishment of the transaction and regular audits are conducted; at the same time, the SQE leads and evaluates the performance of the suppliers on a monthly basis. At the same time, the SQE supervisor evaluates the performance of suppliers on a monthly basis. The selection and periodic audits and performance evaluation plans cover financial, quality, environmental, hazardous materials, corporate culture, occupational health and safety, social responsibility, anti-terrorism, and information security.

Our procurements are divided into two categories:

- (1) Parts and materials: plastics, hardware, wires, batteries, glues, solvents, cartons and packaging materials;
- (2) Outsourced processing: e.g. cable outsourcing, PCBA processing, etc.

Percentage of Procurement in 2023 (by Region)



Supplier Environmental Assessment

Since 2004, Kingstate has implemented full environmental protection manufacturing and does not produce non-environmental friendly products. The management of both hardware and software is in full compliance with the regulations and meets the environmental protection requirements of domestic and foreign customers:

Software Management

Kingstate follows environmental regulations such as RoHS 2.0 directive, REACH regulation, CA65 certification, etc., identifies and evaluates international customers' environmental and hazardous substance requirements and establishes QC080000 Hazardous Substance Process Management System, which passes the audit of third-party certification organizations and obtains certification, which includes three aspects: identifying laws and regulations and customer's requirements, and managing the internal management of Kingstate company and suppliers. It includes identification of regulations and customer requirements, management within Kingstate and suppliers.

Hardware Management

From 2004 to 2019, we have purchased and put into operation 3 sets of Energy Dispersive X-ray Fluorescence Analyzers (Shimadzu EDX720, Huawei UX-220, EDX-LE Plus), 2 sets of Gas Chromatograph-Mass Spectrometer (SHIMADZE QP2010SE, EWAI3200), Gas Chromatograph VOC Tester (SHIMADE GC-2010Pro), Atomic Absorption Spectrophotometer (SHIMADE GC-2010Pro), and Gas Chromatograph VOC Test (SHIMADE GC-2010Pro). QP2010SE, EWAI3200), Gas Chromatograph VOC tester (SHIMADZE GC-2010Pro), Atomic Absorption Spectrophotometer (SHIMADZE AA6880).

Kingstate has set up environmental safety and health and GP team, the implementation of Kingstate's environmental safety and occupational health and safety management system, to ensure that product design and production activities in line with environmental requirements; at the same time, the GP team identifies and collects hazardous substances related laws and regulations and customer requirements, to ensure that the product design process and the whole process of the production process in line with the requirements of the HSF. 2023 Organize suppliers to Kingstate to participate in the Supply Chain ESG Conference, the In 2023, we organized suppliers to attend the Supply Chain ESG Conference at Kingstate to share and communicate with suppliers the current requirements of Kingstate and its customers, as well as domestic and international requirements on the environment and other aspects of the business.

In 2023, we consolidated supplier resources and selected 28 suppliers among 195 qualified suppliers for annual audits, including on-site quality, environment, HSF hazardous substances process management, anti-terrorism, occupational health and safety, RBA social responsibility, information security, etc. Non-conformities found during the audit process have been rectified and rectification has been initiated, and SQE tracking has been conducted to confirm the improvement effect and performance of delivery process, and the overall standard of the supply chain has been continuously improved. The overall standard of the supply chain has been continuously improved and one unsuitable supplier was eliminated in 2023.

Supplier Category	2023 Supplier Evaluation				
	Numbers of Suppliers	Survey Ratio	Approved	Counselling	Eliminated
New Supplier	5	100%	4	4	1
Approved Suppliers	28	100%	28	28	0

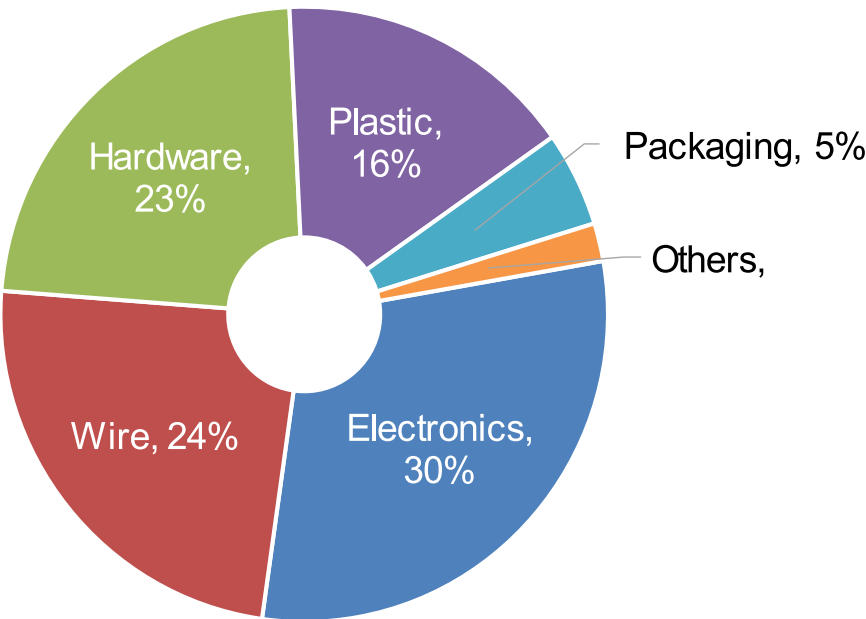
3.7 Supply Chain Management

Supply Chain Product Classification & Management Model

Each supplier and partner has been cooperating closely with Kingstate for many years and has good business credit and quality assurance. Meanwhile, in order to reduce the risks brought by the increasing changes of domestic and overseas environment, we have formulated corresponding risk measures, such as recognizing at least two or more suppliers for key materials with higher risks, risky stocking, etc., and establishing a one-file management and audit mode for each supplier. We are also committed to improving product development time, and shorten the supply cycle of mass production of raw materials. At the same time, we save the logistics costs of both parties to achieve the goal of reducing carbon emissions, and develop new materials from existing suppliers first, based on the principle of proximity, and then develop new suppliers in the surrounding areas if the existing suppliers are unable to meet the conditions. Regularly optimize and consolidate supplier resources on an annual basis to ensure that all suppliers are located in and around Kingstate's provinces, and will not procure suppliers that are located farther away. In addition, for materials or parts that have special characteristics or are similar to the nature of foreign monopoly industries, we will centralize the procurement and stocking of such materials or parts from our Taipei head office, so as to prevent the risks of supplying goods brought about by long procurement cycles or small quantities in a single procurement. We intend to collect and identify ISO28000/28001/28002/28003/28004 standards for supply chain security management, establish related systems and pass third-party audits and certifications to improve supply chain security management, ensure the safety of customers' and Kingstate's products, and safeguard intellectual property rights and Kingstate's intellectual property rights.

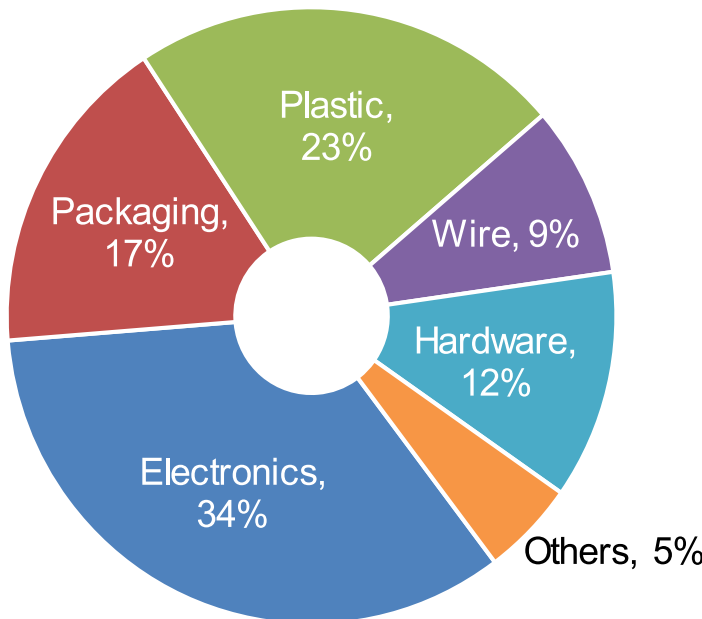
Percentage of Purchase Amount by Materials, 2023

Electronics	Wire	Hardware	Plastic	Packaging	Others
30%	24%	23%	16%	5%	2%



Percentage of Numbers of Suppliers by Materials, 2023

Electronics	Packaging	Plastic	Wire	Hardware	Others
34%	17%	23%	9%	12%	5%





3.7 Supply Chain Management



Supply Chain ESG Conference

■ Vision

Through Kingstate sustainable supply chain, we hope that all suppliers and partners will lead their employees, staff will lead families, schools and the whole society to form a general consensus and behavioral habits of low carbon, and to promote more enterprises, organizations and people from all walks of life to jointly care for the earth and the home.

■ Timing

To be implemented in two phases in 2023.

■ Participants

Suppliers' top management, Quality Department and Management Department ESG-related department heads.

■ The plan of the General Assembly

- (1) Definition and explanation of ESG, interpretation and description of laws and regulations.
- (2) The ESG requirements of the governments of Europe and the United States, Taiwan and China, such as carbon peaks and carbon neutrality, are described in detail.
- (3) A detailed description of the current ESG requirements of our major customers.
- (4) Kingstate has been focusing on ESG strategy, planning, resource allocation, organizational structure and functions, internal and third-party audits, internal and external changes since the implementation of ESG, customer recognition, and evaluation of Kingstate by official organizations.
- (5) Experience sharing in ESG management of Kingstate, e.g. newly established ISO45001, RBA, RBP, ISO14064-1 on top of the original ISO9001/14001/QC080000/OHSAS18000/SA8000, ISO14067, ISO50001 management system and passed the third party audit certification or factory inspection, passed the NRcan cert audit, and plan to obtain the SSPA audit, NBCU audit, establish ISO28001 system and pass the third party audit certification in 2024. Discuss and share our current ESG status and future plans for ESG with suppliers.
- (6) Discuss and share our current ESG status and future plans for ESG with suppliers.

■ Implementation Mode

A combination of on-site meetings and online survey forms to ensure coverage of all suppliers and partners.

- (1) Plan: Phase 1: Organize an on-site ESG conference; Phase 2: Conduct an ESG survey to map out the current status of all suppliers, and then launch ESG-related activities for suppliers at different levels.
- (2) Implementation Supervision: Regularly collect carbon emission data from each supplier to calculate the carbon emissions, incorporate the performance into the annual assessment indicators, implement incentives for good performance, and provide guidance and counseling for unsatisfactory performance, so as to ensure that all the management requirements are communicated to and implemented among suppliers and their downstream suppliers.

■ Effectiveness & Feedback

Regularly collect reports on ESG from suppliers, analyze the effectiveness of implementation and suggest improvements, and categorize the implementation according to the size of suppliers to achieve overall improvement.

■ Kingstate Dongguan Supply Chain ESG Conference 2023



■ Kingstate Suzhou Supply Chain ESG Conference





3.8 Intellectual Property Risks



Intellectual Property Risk Management Plan

In order to protect R&D resources, maintain innovative energy, strengthen competitive advantages, enhance corporate profits, achieve operational goals, stabilize leadership positions, and ensure sustainable operations, Kingstate continues to promote intellectual property management.

Basic Policies

(1) R&D Dept. of Kingstate is the specialized department responsible for formulating and implementing the management of Kingstate's trade secrets, trademarks, patents, copyrights, and other intellectual property. R&D Dept. is responsible for formulating and implementing procedures for the management of trade secrets, trademarks, patents, copyrights, and other intellectual property.

(2) Kingstate's personnel shall comply with the aforementioned regulations on intellectual property, and shall not disclose to others Kingstate's trade secrets, trademarks, patents, copyrights, and other intellectual property known to Kingstate, and shall not inquire about or collect non-duty-related Company trade secrets, trademarks, patents, copyrights, and other intellectual property.

Patent Management & Protection

(1) The "Proposal Incentive System Implementation Regulations" encourages employees to actively participate in product innovation and research and development to create an innovative environment for Kingstate and maximize Kingstate's profits, in order to enhance the quality and quantity of Kingstate's intellectual property rights.

(2) Technology development is carried out by R&D Dept., and from time to time, external patent firms are appointed to carry out patent layout application planning.

(3) Regular Patent Monitoring: Fully grasp the recent patent approvals in the industry and understand the market development trend.

(4) Patent Sharing: Adopting a case study model to share the recently granted patents of competitors to stimulate R&D staff's design ideas and enhance their sensitivity to patentable concepts. Annually review the use of the licensed patents and their relevance to the products to assess the need for continued maintenance.

(5) Patent examination meeting: Adopting a case-by-case approach, each patent proposal will go through multiple levels of internal examination before going through the official application process, including pre-case search, patent element examination, preliminary examination meeting, and final examination meeting, in order to effectively control the quality of the patent.

(6) Patent concept promotion: Adopting a thematic approach every year. Enhance R&D team members' knowledge of patents and respect for patents to understand the legal boundaries of product development.

Trademark Management & Protection

(1) We have been registering and protecting our trademarks since 1990 and registered our overseas trademarks in 1997. In terms of trademark management, Kingstate conducts a proposal evaluation process prior to the filing of a trademark application to determine whether it meets the trademark elements such as distinctiveness and whether there are any identical or similar trademarks that have been approved by the competent authorities.

(2) Regularly review the use of registered trademarks to assess the need for continued maintenance; observe the future planning and development of the enterprise and apply for new trademark registration in advance.

Copyright Management & Protection

(1) Kingstate uses a version control system to manage project execution and product development data. Users must use the data in accordance with their authorization, and unauthorized persons cannot access the data to achieve the purpose of control.

(2) Our company regularly publishes monthly e-newsletters to our clients and employees, which are the results of research and studies conducted by our senior staff in their specialized fields, and are regularly compiled and posted on our website for public reference. In addition to letting our clients understand the depth of our expertise, it also serves as a reference for our staff. In addition to enhancing professional skills in practical application, it effectively promotes the innovation, progress and development of the whole company's business.

(3) Brand Marketing Planning: Kingstate has established a marketing team to produce its own marketing materials and formulate marketing strategies in order to create a consistent brand image and style. Regularly review the use of licensed branded works and plans for future use to evaluate the need for continued licensing.



3.8 Intellectual Property Risks

Intellectual Property Risk Management Plan

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Management & Protection of Trade Secrets

- (1) Sign a "Confidentiality and Patent Agreement" with new employees, in which we specify the ownership of intellectual property (including but not limited to copyrights, trademarks, trade secrets, etc.) and confidentiality requirements, as well as the prohibition of non-competition.
- (2) Sign confidentiality agreements with clients and subcontractors, specifying the ownership of intellectual property (including but not limited to copyrights, patents, trademarks, trade secrets, etc.) and confidentiality requirements, as well as damages.
- (3) Sign the "Employee Separation Handover Form" with the former employee, in which it is stated that the former employee has the obligation to keep confidential the intellectual property (including but not limited to technology, programs, business secrets, etc.) that the former employee knew during his/her employment, and that the former employee shall be liable for compensation if any breach of this obligation results in a loss to Kingstate.
- (4) Access control security management: Our employees are all equipped with access control magnetic cards, and are given access rights according to their departmental affiliation; non-employees should register their identity when entering and visiting Kingstate, and limit their activities to the front desk or meeting room public space, and must be accompanied by our employees throughout the entire process.
- (5) Information security management: All computer equipment in our company is accessed by the employee's personal account and password, and the password must be changed on a regular basis.
- (6) Dedicated space for departmental files: Kingstate provides each department with its own physical and virtual file storage space, which is independently planned and utilized by each department. For physical space, keys must be kept securely; for virtual space, read/write privileges will be set.
- (7) Education and training to promote the concept of confidentiality: A thematic approach is adopted. Signing confidentiality contracts for all new recruits and emphasizing the importance of confidentiality, in order to make them aware of the importance of business secrets and effectively promote the establishment of a sense of the rule of law.

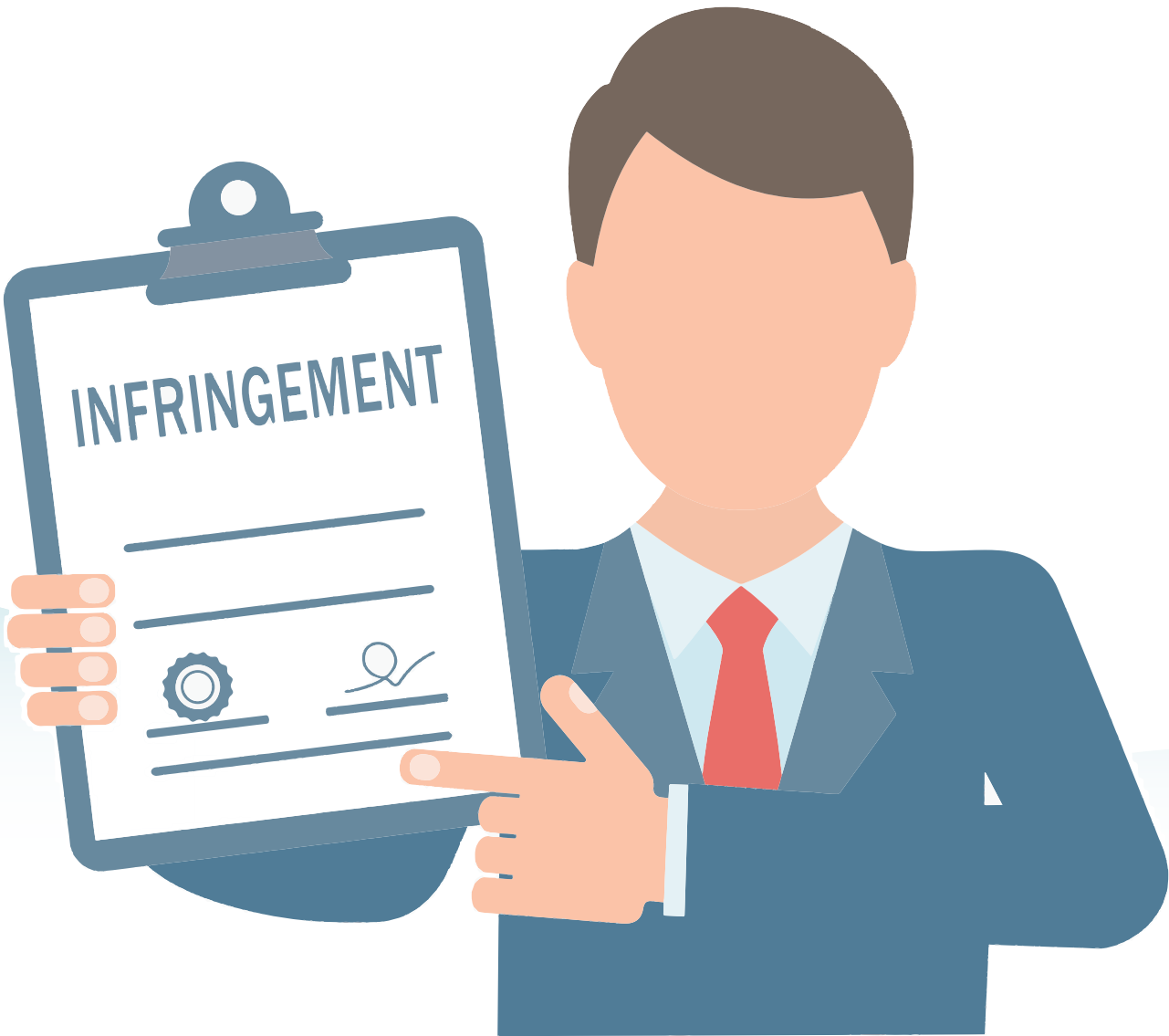
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Method of Disclosure

The Company establishes an Intellectual Property Policy and Management Plan and discloses its implementation

Intellectual Property Risk Management Implementation

Months	Intelligent Property Policy and Management Implementation Plan 2023
May	Formulation of Product Patent Application Form / Patent Creation Instructions / Patent Evaluation Form / Patent Bonus Methods. Revision of application procedures for the acquisition and maintenance of intellectual property rights.
June	For the patent fee inventory, we have examined the use of the 112 issued patents and their relation to the products, and evaluated the usefulness of the patents. 2023 patent proposal reached 13 cases, the total number of applications worldwide over the years is 257 cases, the number of inventions: 5 cases, invention cases accounted for about 5% of the total number of cases in line with the direction of strategic development of products, regularly update the official website "Patent Information" page. (2023.12.26)
July	Revision of Intellectual Property Policy and Management Plan.
December	It is expected that main customer contracts will be reviewed once a year. 1218~1220 online training of Intellectual Property Policy and Management Plan 1 hour, 52 people. 12/21 Tested 52 people, average score of 96 points.





Green Environment

- 4.1 Sustainable Policies
- 4.2 Greenhouse Gas
- 4.3 Energy & Waste Management
- 4.4 TCFD





4.1 Sustainable Policies

Policy	Compliance with environmental requirements, green design and manufacturing, prevention of pollution and reduction of toxic waste, energy saving and loss reduction, and continuous improvement of the environment.	
Importance & Purpose	(1) Continuously reduce the use of energy for production and living and replace fossil energy with clean energy, reduce corporate operating costs, improve corporate competitiveness, enhance entrepreneurial social responsibility and brand image, and establish a green supply chain.	
	(2) All employees implement environmental protection concepts and corporate culture, assume corporate social responsibility, vertically drive the entire enterprise upstream and downstream, horizontally expand the influence of the enterprise, and practically implement environmentally friendly production and life.	
Management Strategy	(1) Regular identification, evaluation and implementation of environmental laws and regulations and customer requirements.	(5) Strengthening of environmental awareness in the supply chain and solidification and implementation of management systems.
	(2) Corporate culture includes environmental planning, training and sedimentation.	(6) Continuous improvement and upgrading of environmental non-conformities or technological innovations.
	(3) Development, implementation and updating of environmental protection systems and documentation requirements	(7) The introduction and continuous innovation of new materials, new technologies, new processes and new ideas.
	(4) Design and development of green products and processes.	(8) To participate in professional external training on environmental protection and to implement professional training internally.
Commitments & Goals	Short-term Target (2025)	Medium to Long-term Target (2030)
	(1) Implementing automated and semi-automated processes to replace manual work, enhancing efficiency, saving energy and reducing consumption.	(1) Strictly comply with domestic and international laws and regulations, and take precautionary measures to ensure that there are no cases of non-compliance.
	(2) Firefighting piping, water piping, air piping renovation, electrical upgrading to eliminate leakage and energy waste.	(2) PV power generation project formally put into operation, maintenance, and statistics, and implement 30% green power for domestic electricity and hot water consumption.
	(3) Installation of photovoltaic power generation facilities for the use of clean energy	(3) Use of green and energy-efficient public transportation for office, workshop, business trips and commuting across the Group
	(4) No major non-conformities in ISO14001 external audits and customer audits.	(4) Encourage suppliers to use EV transportation for more than 30% of the delivery.
	(5) Zero environmental complaints from surrounding factories, residents, government, organizations and other related parties.	(5) Gradually implement energy saving and carbon reduction management by suppliers to achieve over 20% recycling of packaging materials
Responsible Dept.	Led by Environmental Safety & Health Management Center and QS of Quality Assurance Department, with the participation of manufacturing department and all departments.	
Management System	External system	Internal System
	(1) Relevant laws and regulations of the country and the local environmental protection bureau	EHS Manual 1 item and 9 annexes, 31 programs, 12 codes of practice, total 44 items: EHS Management Manual, Environmental Consideration Surface Assessment Program, EHS Policy Management Program, Environmental Laws, Regulations and Other Requirements Management Program, Environmental Objectives and Programs Management Program, Environmental Information and Communication Management Program, Environmental Management Implementation and Operation Program, Water Pollution Management Program, Waste Management Program, Noise Management Program, Air Pollution Management Program, Dangerous Goods Management Program, Environmental Analysis and Stakeholders' Requirements Management Program, etc. Noise Management Program, Air Pollution Management Program, Dangerous Goods Management Program, Environmental Analysis and Stakeholder Requirements Management Program, etc.
	(2) Environmental protection laws and regulations of the Environmental Protection Administration	
	(3) ISO14001 & ISO45001 standards and customer's green requirements.	
Supervisory Mechanism	Internal Monitoring & Evaluation	External Monitoring & Evaluation
	(1) Daily inspection and supervision by EHS, QS and Audit Office	(1) the needs, cooperation or support of the company's stakeholders in terms of environmental impacts
	(2) Regular monitoring of environmental targets, regular data collection and statistical analysis of all KPIs for improvement.	(2) Regular monitoring by environmental testing organizations; wastewater monitoring system by the Environmental Protection Bureau and occasional spot checks by the Safety Supervision Bureau.
	(3) ISO14001&ISO45001 environmental safety and health management system internal audit at the end of the year, and management review after the internal audit.	(3) Audit and certification by certification bodies, and customer environmental surveys.

4.2 Greenhouse Gas

Greenhouse Gas Direction

A Win-win Situation

Kingstate is well aware of the increasing importance of environmental issues. In order to fulfill the corporate social and environmental responsibility and implement the government's environmental protection laws and regulations and related requirements, Kingstate not only needs to assist its employees in understanding the environmental protection policies and professional knowledge, but also needs to accelerate the synchronized growth with its suppliers to create a win-win situation and to jointly safeguard the beautiful earth and the future.

Energy Saving & Carbon Reduction

In line with the international guidelines on the implementation of carbon footprint, peak carbon, net-zero emission and carbon neutrality policies and the carbon neutrality targets required by our customers, we keep working with our suppliers to achieve carbon neutrality by 2050. We will set energy saving and carbon reduction targets on a yearly basis and implement effective measures to promote the achievement of these targets.

Environmental Sustainability

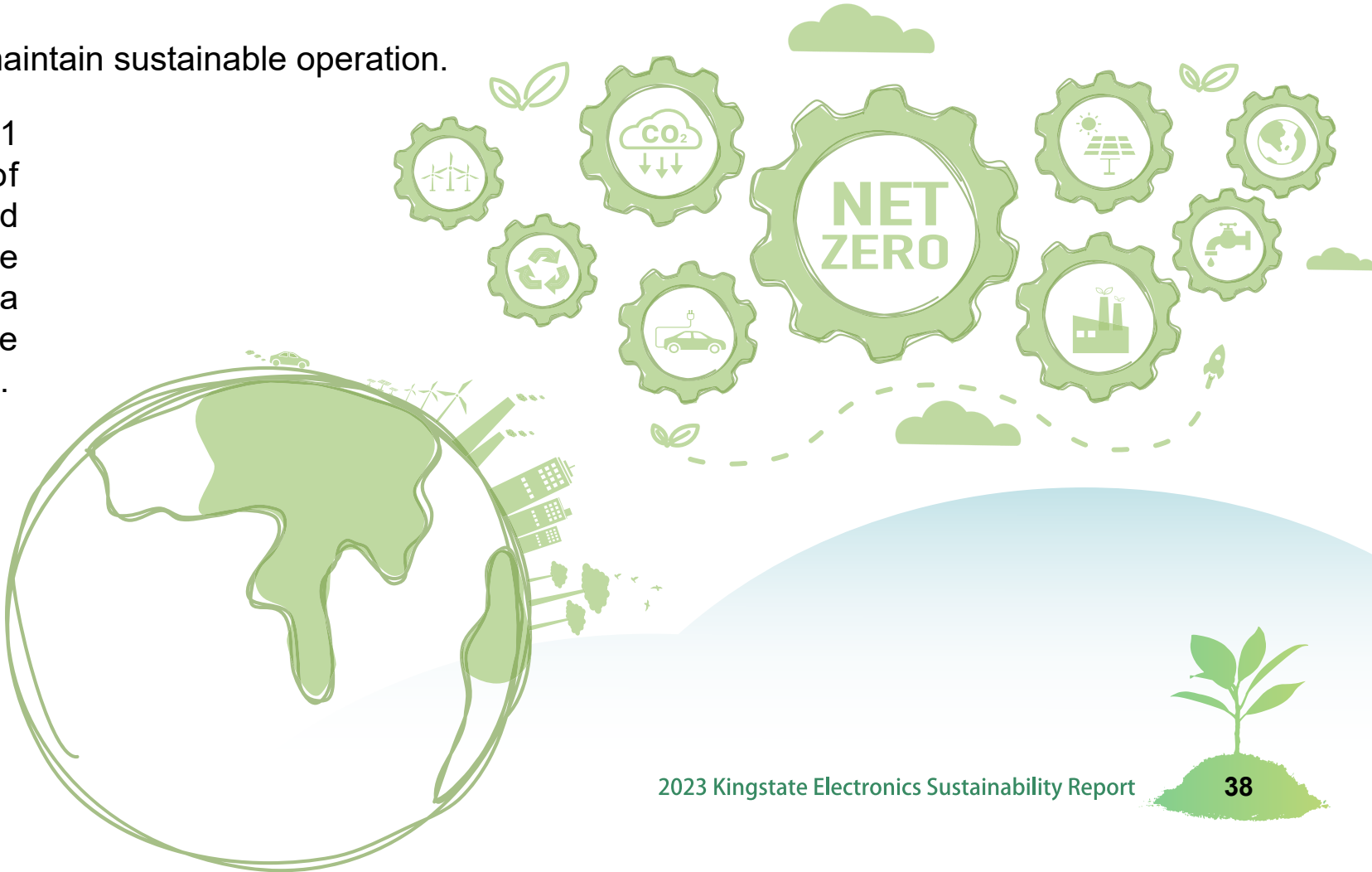
Adhering to the concept of environmental sustainability and continuously innovating management methods and technologies for energy saving and emission reduction are regarded as the core competitiveness of Kingstate Electronics' necessary development. In order to ensure the achievement of these goals, annual environmental targets have been set in phases and are strictly scrutinized for implementation and continuous improvement.

Greenhouse Gas Implementation Strategy

-  2023 Ongoing implementation of ISO14064-1 GHG management system with inventory and certification by a third party certification body
-  Overall consideration of greenhouse gas management policies and the authority and responsibility of each department, evaluation of energy saving and emission reduction plans of each unit and regular statistical data analysis.
-  Implementing energy saving and carbon reduction, regularly evaluating photovoltaic data, and collaborating with manufacturers and organizations to conduct inventories and audits.
-  Pay attention to and learn from GHG training and forums organized by customers and the government, and combine them with the GHG management process to enhance the advantages, improve the shortcomings, and make continuous improvements.
-  Gather new international and domestic GHG laws and regulations, learn the latest scientific carbon reduction new ideas and new methods, break through the limitations, and maintain sustainable operation.

Inspect Organizational Boundaries	2022	2023
	Taiwan Headquarters, Dongguan Factory, Suzhou Factory	
	Unit: tCO2e	
Scope 1	190.38	206.29
Scope 2	1,358.12	1,440.89
Scope 3	8,717.11	19,594.73
Total emissions	10,265.61	21,241.91

 In 2023, our company's total greenhouse gas emissions were 21,241.91 metric tons CO2e. According to the inventory results, the majority of emissions were from Scope 3, accounting for 92.25%, while Scope 1 and Scope 2 accounted for approximately 0.97% and 6.78%, respectively. The increase in emissions compared to the previous year is primarily due to a more comprehensive assessment of organizational boundaries and a more detailed inclusion of value chain partners (customers and suppliers) in 2023.





4.3 Energy & Waste Management

Policy	Compliance with environmental requirements, green design and manufacturing, prevention of pollution and reduction of toxic waste, energy saving and loss reduction, and continuous improvement of the environment.	
Importance and Commitment	(1)Comply with environmental protection laws and regulations and related requirements, and realize the emission of pollutants to meet the standards	(4) To continuously enhance the environmental awareness of all staff and to equip them with knowledge and skills in environmental protection.
	(2) Minimizing the generation of pollutants in the production process	(5) Respond to various industrial policies and manufacture green products to meet customer and environmental protection requirements
	(3) Full control and management of waste and legal disposal	(6) Adhering to the concept of sustainable development, implementing energy conservation and environmental protection, cleaner production, and utilizing environmentally friendly technologies.
Management Strategy	(1) Formulate [Program for Environmental Consideration Surface Assessment] and implement the assessment.	(5) Formulate [environmental management implementation and operation procedures] to ensure that the operation is standardized, institutionalized, and sustained.
	(2) Developing [environmental laws and regulations and other requirement management programs / laws and regulations and related party requirement control programs], identifying laws and regulations	(6) Develop [waste management procedures] for the management of wastes
	(3) Develop [environmental target objectives and program management program/energy management target indicators and management program control program], establish targets and manage them statistically.	(7) to establish [procedures for the management of hazardous substances] for the management of hazardous wastes
	(4) Develop [environmental information and communication management program] to ensure timely and effective communication.	(8) Focus on the latest international and domestic energy saving and emission reduction trends, and introduce new technologies and techniques for continuous innovation.
Target and Goal	Energy Conservation (2024 Target)	Waste Reduction (2024 Target)
	(1) Centralized consolidation of factory dormitories with fewer staff to reduce electricity consumption for air conditioning and lighting	(1) Strictly comply with domestic and international laws and regulations to ensure that the annual number of illegal discharges of waste materials is zero.
	(2) This course is designed for students who are interested in energy saving and emission reduction, and for those who have good performance, we will give them incentives to reduce waste.	(2) Encourage suppliers to use reusable plastic boxes instead of cardboard boxes, and their secondary suppliers. Reduce Waste Emissions
	(3) Award to 10 suppliers selected after the survey on energy saving and carbon reduction with good performance in launching energy saving and consumption reduction programs.	(3) Suppliers of glues and chemicals to minimize the formation of hazardous waste due to residual expiry through small package or sub-package use
	(4) Continuous focus on energy-efficient technologies to replace old technologies and facilities and equipment	(4) Replacement of the original process with an environmentally friendly and waste-free process, e.g., changing datecode printing to laser engraving, to reduce the volatilization of ink and gradually cover all products.
	(5) Implementing new energy platform transportation vehicles for suppliers' deliveries or shipments to reduce carbon emissions and energy consumption of empty truck	(5) E-operation by department and data type, reducing paper document waste and saving 1/4 of paper consumption per year.
Responsible Dept.	Environmental Safety Center; Health Management Center/Quality Assurance Department QS/Management Department/Production Department	
Management System	External system	Internal system
	(1) Country's and local environmental protection bureaus, and laws and regulations related to energy management.	There are 2 manuals, 38 program requirements, 17 operation instructions, totaling 57 items: ISO14001 Environmental Management Mar ISO50001 Energy Management Manual, Energy Audit Control Program, Energy Benchmarking and Energy Performance Parameter Sett Control Program, Energy Management Target Indicator and Management Plan Control Program, Energy Design Control Program for Ne Renovation, and Expansion Projects, and Energy Operation Control Program, Energy Statistics Management Program, Energy Monitorir and Measurement Management Program, Energy Procurement Control Program, Energy Services, Products, Equipment and Energy Procurement Control Program, Laws, Regulations and Requirements of Relevant Parties Control Program, and Energy and Energy Equipment Management System.
	(2) Environmental protection laws and regulations of the Environmental Protection Administration; ISO14001 environmental management system standards.	
	(3) ISO 50001 Energy Management System Standard	
Supervisory Mechanism	Internal Monitoring and Evaluation	External Monitoring and Evaluation
	(1) The Environmental, Safety, Health and Energy Management Center conducts regular inspections based on the environmental target goals and program implementation tracking table and energy target goals.	(1) Whether there are complaints or grievances from parties around the company due to hazardous waste, or whether there are routine random inspections by the safety monitoring organization.
	(2) Internal monitoring of environmental indicators and energy targets, regular statistical analysis and evaluation of various KPIs.	(2) Collaborate with manufacturers in professional hazardous waste recycling for professional treatment
	(3) ISO14001 Environmental Management System, ISO50001 Energy Management System Internal Audit, Management Review	(3) Annual audit and certification by ISO14001 and ISO50001 management system third party certification organizations.



4.3 Energy & Waste Management

In response to the impact of climate change on energy resources, we will actively implement the aforementioned energy saving targets, and also incorporate environmental and energy saving thinking into our daily operations and measures, continuously promoting and educating our employees on the concept and determination to protect the earth's resources and the environment, and to save energy and reduce carbon emissions in order to provide our employees with a healthy workplace environment. We will continue to implement various energy-saving and sustainable measures, and from 2022, we will continue to monitor and set targets for annual reductions in water consumption and usage.



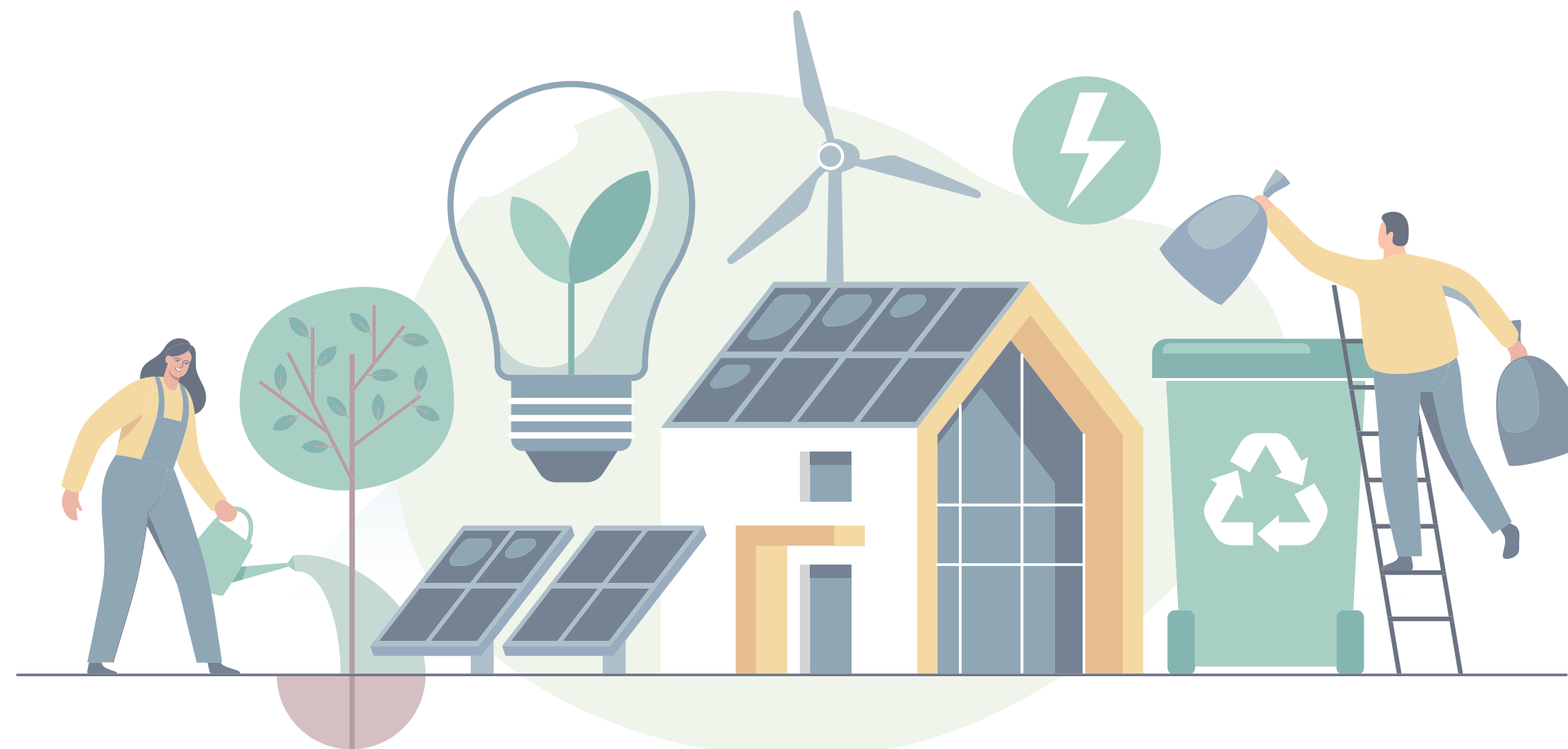
Water Consumption Reduction Statistics (Unit: m3)

Location	2022	2023	Annual Reduction (%)
Kingstate Taipei	845	889	5.21%
Kingstate Dongguan	46,049	35,744	-22.38%
Kingstate Suzhou	10,923	6,903	-36.81%
Total	57,817	43,536	-24.70%



Electricity Consumption Reduction Statistics (Unit: kWh)

Location	2022	2023	Annual Reduction (%)
Kingstate Taipei	166,204	166,860	0.39%
Kingstate Dongguan	2,641,908	2,503,591	-5.24%
Kingstate Suzhou	271,016	244,786	-9.68%
Total	3,079,128	2,915,237	-5.32%



4.4 Climate Change Information Disclosure (TCFD)

Managing Risks & Opportunities Associated with Climate Change

Number	Project	Enforcement Scenarios
1	describes the Board's and management's oversight and governance of climate-related risks and opportunities.	In accordance with Kingstate's business management operations, three functional committees have been established under the Board of Directors, which are responsible for discussing important issues related to operations, including economic, environmental, social, and risk management issues in accordance with their duties, and reporting to the Board of Directors. The Risk Management Group is responsible for operational, information security, intellectual property, financial and climate change risk management. Kingstate's Board of Directors and management play a key role in overseeing and managing climate-related risks and opportunities. Their respective responsibilities are set out below: (1) Board of Directors - The Board of Directors is the highest decision-making body for risk management of Kingstate. It appoints and supervises the management of Kingstate, is responsible for the overall operation of Kingstate and the establishment of precise objectives, and recognizes the overall effectiveness of the risk management and internal control system. (2) Management - The Executive Vice President is responsible for coordinating and directing the promotion and operation of the risk management program, under which each department is responsible for promoting risk management in each business. Overseeing and managing the implementation of climate risk response and opportunity utilization plans across Kingstate. This includes ensuring that each department has clear objectives and responsibilities, and is able to implement them as planned, in order to meet the challenges posed by possible climate change. Regular risk management meetings are held annually and are responsible for providing the Board with an updated report assessing the key issues and hedges for Kingstate's climate-related risks. Close cooperation between the Board and management is required to ensure that Kingstate is able to make informed and effective decisions in the face of climate change and related risks while also capitalizing on opportunities that may arise to advance Kingstate's sustainability objectives.
2	Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization. (short, medium and long term)	Kingstate focuses on climate-related risks and opportunities: (1) Business and strategy and financial aspects, in the short, medium and long term, we will encounter situations such as the government levying carbon and energy-related taxes, which will lead to an increase in operating costs, so we will implement the strategy of using low-carbon energy in our factories and adopt more efficient and improved production equipment to cope with the situation. In addition, the inevitable pressure on water resources and changes in average temperatures will lead to changes in labor management and planning, which will require us to improve our overall disaster response capabilities and introduce more diversified alternative energy sources in order to reduce the impact of risk. (2) Kingstate has also strengthened the use of new renewable energy equipment and intelligent energy monitoring to enhance energy efficiency, adjust the reasonable temperature of offices and equipment, and strengthen Kingstate's resilience to extreme weather. Provide energy-efficient technologies: Consulting with external expert systems to enhance energy-saving technologies, incorporating low-carbon product standards into Kingstate's supplier management, and building a low-carbon supply chain. Through various design techniques and planning measures, we will improve production efficiency, reduce production space and process complexity, enhance resource efficiency, and establish a continuous monitoring and evaluation mechanism to ensure that the effectiveness of technology operation meets expectations. (3) In addition to various policy risks/legal risks/industry regulations and customer energy saving and carbon reduction risks, we not only emphasize the implementation of various ESG promotions, but also formulate regulations on energy saving and carbon reduction advocated by suppliers and monitor the degree of their implementation, so as to avoid the risk of being reduced by the customer's opportunities for cooperation or eliminated from the cooperative supply chain.
3	Describe the financial impacts of extreme climate events and transformational actions	Extreme weather events such as typhoons, floods, droughts or extreme temperatures may cause damage to Kingstate's assets, production disruptions, supply chain disruptions, etc... This could result in increased investment costs, facility restoration costs, etc., which in turn could affect Kingstate's operations. Therefore, it is important to assess the specific financial impacts of extreme climate events and transformation actions, and to develop strategies to address the key risks of climate change to ensure Kingstate's ability to adapt to these changes, as well as to assess Kingstate's ability to maintain financial soundness during the transformation process.

4.4 Climate Change Information Disclosure (TCFD)

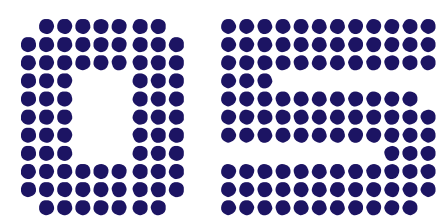
Managing Risks & Opportunities Associated with Climate Change

Number	Project	Enforcement scenarios
4	Describe how the process of identifying, assessing and managing climate risks is integrated into the overall risk management system.	(1) Kingstate has established a sound risk management organization structure, management policies and procedures. The scope of risks covers operational, information security, intellectual property, financial, and climate change risks, and Kingstate's risk management policies and procedures have been incorporated into the climate change risk management specifications.
		(2) The management of risk is based on the type of risk, and the Executive Vice President convenes the unit of responsibility to implement risk management measures, and emphasizes the comprehensive risk control of all employees and the implementation of the relevant norms of the internal control system in order to effectively implement risk management. The supervisors of each unit are required to conduct risk assessment and control in their daily management operations.
		(3) Kingstate shall convene a meeting of authorities and relevant units to discuss uncertainties that may threaten the operation of the business before implementation, and shall consult external advisors as necessary to assess risks and propose preventive measures. The audit unit shall supervise each executive unit to follow the authority to audit and the relevant management methods and procedures to ensure that all employees are aware of risk management and its implementation.
		(4) Based on the identification of climate change risks in the risk management meeting, key risk issues and risk avoidance measures are listed and reported to the Board of Directors.
5	If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analyzing factors, and major financial impacts should be described.	Scenario analysis has not yet been used to assess the resilience of climate change risks and is planned to be introduced within 2 years.
6	If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives for identifying and managing entity risks and transition risks.	The specific content of the climate risk transition plan has not yet been formulated.
7	If internal carbon pricing is to be used as a planning tool, the basis for price setting should be specified.	Internal carbon pricing assessment tool has not yet used.
8	If climate-related targets are set, information on the activities covered, the scope of GHG emissions, the planning horizon, and the annual progress of achievement should be provided; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or the number of renewable energy certificates (RECs) offset should be provided.	In accordance with the ISO 14064-1 carbon inventory guidelines, we are advancing our efforts and planning the timeline based on actual reduction targets. We anticipate reviewing the carbon inventory status for Kingstate Group's greenhouse gas emissions for the years 2022 and 2023 by the end of 2024, after which we will update and set the baseline year.
9	Greenhouse Gas Inventory and Confirmation Status	For details of the greenhouse gas inventory data, please refer to Chapter 4.2 of this report.

4.4 Climate Change Information Disclosure (TCFD)

Climate Change Related Indicators & Targets

Deal	Compliance with environmental requirements, green design and manufacturing, prevention of pollution and reduction of toxic waste, energy saving and loss reduction, and continuous improvement of the environment.	
Importance and Purpose	(1) Continuously reduce the use of energy for production and living and replace fossil energy with clean energy, reduce corporate operating costs, improve corporate competitiveness, enhance entrepreneurial social responsibility and brand image, and establish a green supply chain.	
	(2) All employees implement environmental protection concepts and corporate culture, assume corporate social responsibility, vertically drive the entire enterprise upstream and downstream, horizontally expand the influence of the enterprise, and practically implement environmentally friendly production and life.	
Management Strategy	(1) Regular identification, evaluation and implementation of environmental laws and regulations and customer requirements.	(5) Strengthening of environmental awareness in the supply chain and solidification and implementation of management systems.
	(2) Corporate culture includes environmental planning, training and sedimentation.	(6) Continuous improvement and upgrading of environmental non-conformities or technological innovations.
	(3) Development, implementation and updating of environmental protection systems and documentation requirements	(7) The introduction and continuous innovation of new materials, new technologies, new processes and new ideas.
	(4) Design and development of green products and processes.	(8) To learn from the trends and forums of our clients or professional third party organizations in the field of environmental protection.
Commitments and Goals	Short-term Goal (2025)	Medium to Long Term Target (2030)
	(1) Implementing automated and semi-automated processes to replace manual work, enhancing efficiency, saving energy and reducing consumption.	(1) Strictly comply with domestic and international laws and regulations, and take precautions to ensure that there are no violations.
	(2) Firefighting piping, water piping, air piping renovation, electrical upgrading to eliminate running, bubbling, dripping, leaking and energy waste.	(2) PV power generation project formally put into operation, maintenance, and statistics, and implement 30% green power for domestic electricity and hot water consumption.
	(3) Installation of photovoltaic power generation facilities to utilize clean energy.	(3) Use of green and energy-efficient public transportation for office, workshop, business trips and commuting across the Group
	(4) No major non-conformities in ISO14001 external audits and customer audits.	(4) Supplier management to promote the use of new energy transportation vehicles for more than 30% of the delivery vehicles.
	(5) Environmental complaints from surrounding factories, residents, governments, organizations and other interested parties.	(5) Gradually implement energy saving and carbon reduction management by suppliers to achieve over 20% recycling of packaging materials
Responsible Unit	Led by Environmental Safety & Health Management Center and QS of Quality Assurance Department, with the participation of manufacturing department and all departments.	
Management System	External System	Internal System
	(1) Relevant laws and regulations of the State Environmental Protection Administration (SEPA) and the local environmental protection bureau (EPB)	There are 1 EHS manual and 9 annexes, 31 plans, and 12 codes of practice, totaling 44 items: EHS management manual, environmental assessment procedure, EHS policy management plans, environmental laws and regulations and other requirements management procedure, environmental objectives and programs management procedure, environmental information and communication management procedure, environmental management implementation and operation procedure, water pollution management procedure, waste management procedure, noise management procedure, air pollution management procedure, hazardous materials management procedure, environmental analysis and related party requirements management procedure, etc. Environmental information and communication management procedure, environmental management implementation and operation procedure, water pollution management procedure, waste management procedure, noise management procedure, air pollution management procedure, hazardous materials management procedure, environmental analysis and related parties' demand management procedure, and so on.
	(2) Environmental protection laws and regulations of the Environmental Protection Administration, Executive Yuan.	
	(3) ISO14001 & ISO45001 standards and customer's green requirements.	
Supervisory Mechanism	Internal Monitoring and Evaluation	External Monitoring and Evaluation
	(1) Daily inspection and supervision by EHS, QS and Audit Office	(1) The needs, cooperation or support of the company's stakeholders in terms of environmental impacts
	(2) Regular monitoring of environmental targets, regular data collection and statistical analysis of all KPIs for improvement.	(2) Regular monitoring by environmental testing organizations; wastewater monitoring system by the Environmental Protection Bureau and occasional spot checks and supervision by the Safety Supervision Bureau,
	(3) ISO14001&ISO45001 environmental safety and health management system internal audit at the end of the year, internal audit and then management review.	(3) Audit and certification by certification bodies, and customer environmental surveys.



Friendly Workplace Social Engagement

- 5.1 Employees & Human Rights
- 5.2 Talents & Training
- 5.3 Benefits & Communication
- 5.4 Safe Workplace & Healthcare
- 5.5 Social Engagement



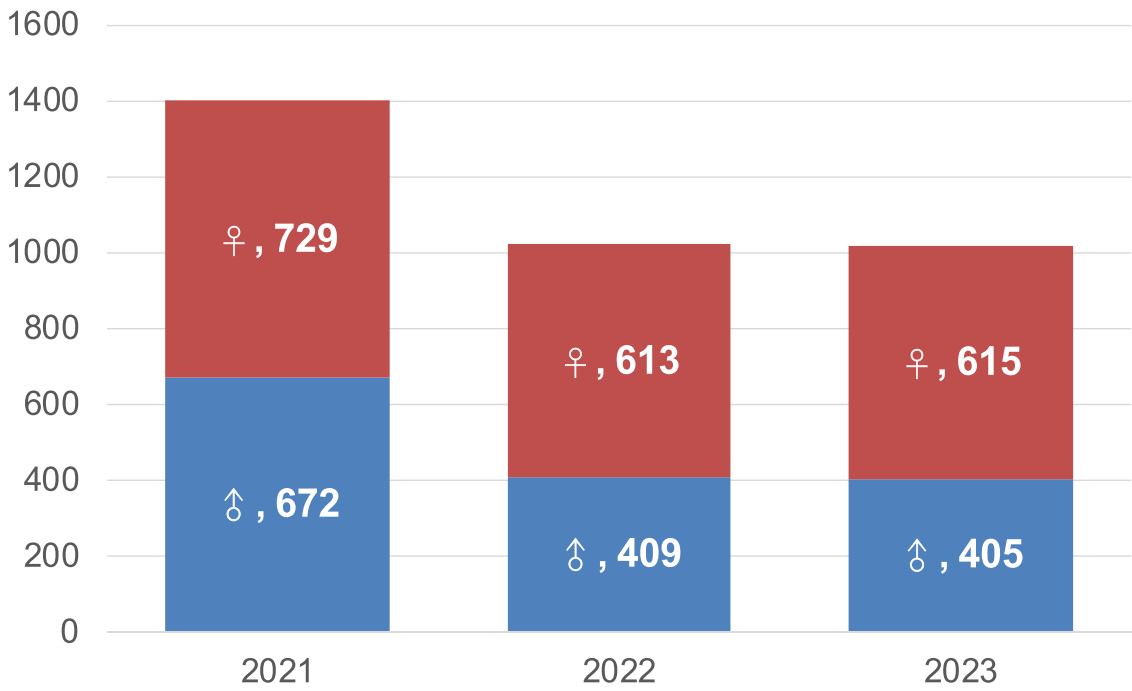
5.1 Employee & Human Rights

Employee Structure & Diversity

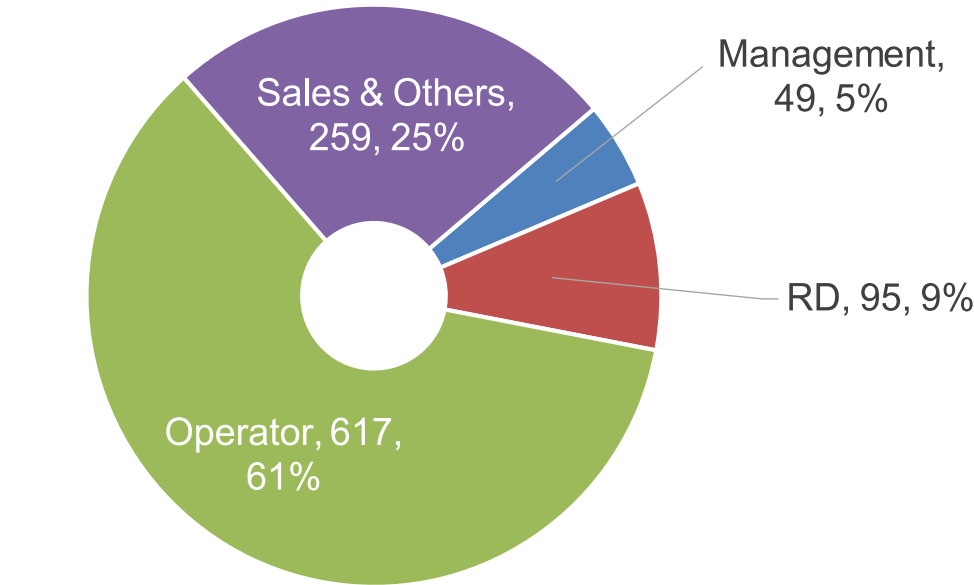
Talents are the foundation of an enterprise. We implement the business philosophy of "Integrity, Innovation, and Pursuit of Excellence" with an innovative approach, undaunted by difficulties and challenges, and with the intention of not compromising until the goal is reached, and with the intention of self-expecting to reach the top. Kingstate complies with labor laws and regulations and recruits diversified talents. Kingstate also emphasizes human rights and gender equality, protects employees' legitimate rights and interests, and creates a friendly workplace environment so that employees can maximize their performance and grow together with Kingstate!

At the end of 2023, the total number of employees was 1,020, with 405 male employees. 40% and 615 female employees accounted for 60%. The total number of employees in Taiwan is 57, and the remaining 963 employees are located in the three plants in China. Our management consists of 49 people, of which 19 are female, accounting for 39%.

Three-Year Gender Ratio

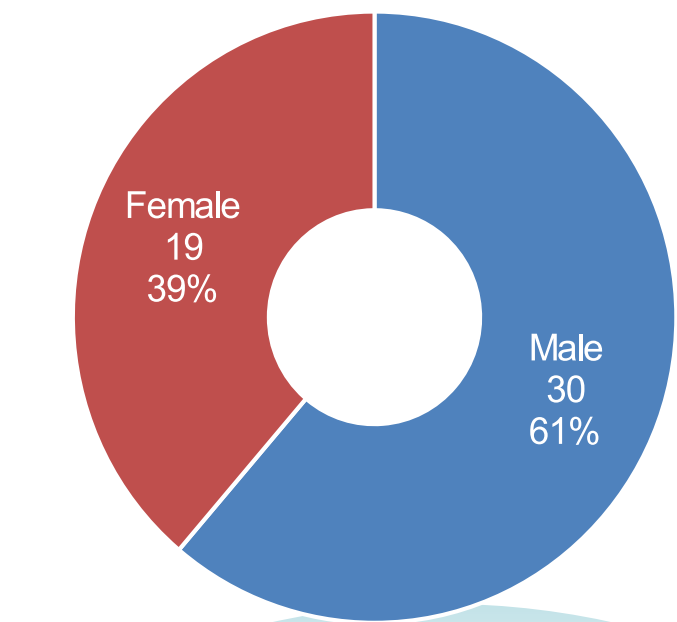


Job Function Analysis



Functional Analysis Totals 1,020 People

Management Gender Ratio



Total Management Level is 49 People

Analysis of Employee Structure for Past 3 Years

Year		2021		2022		2023	
Total Number of Employees		1,401		1,022		1,020	
		Male	Female	Male	Female	Male	Female
		672	729	409	613	405	615
Indirect Labor	Under 30 years old	52	70	70	89	29	38
	31-50 years old	155	169	119	131	141	162
	Over 51 years old	14	16	9	14	15	18
Direct Labor	Under 30 years old	318	217	133	129	138	144
	31-50 years old	132	248	78	246	80	242
	Over 51 years old	1	9	0	4	2	11
Structure	Management	26	16	29	17	30	19
	R&D	81	31	64	25	71	24
	Sales and Others	117	205	105	192	84	175
	On-site Operators	448	477	211	379	220	397
New Hire	Indirector Labor	89	85	22	45	24	48
	Director Labor	420	471	179	235	240	236
Resignation	Indirector Labor	124	106	16	33	28	59
	Director Labor	366	403	237	267	175	177



5.1 Employee & Human Rights



Overview of Kingstate's Employees

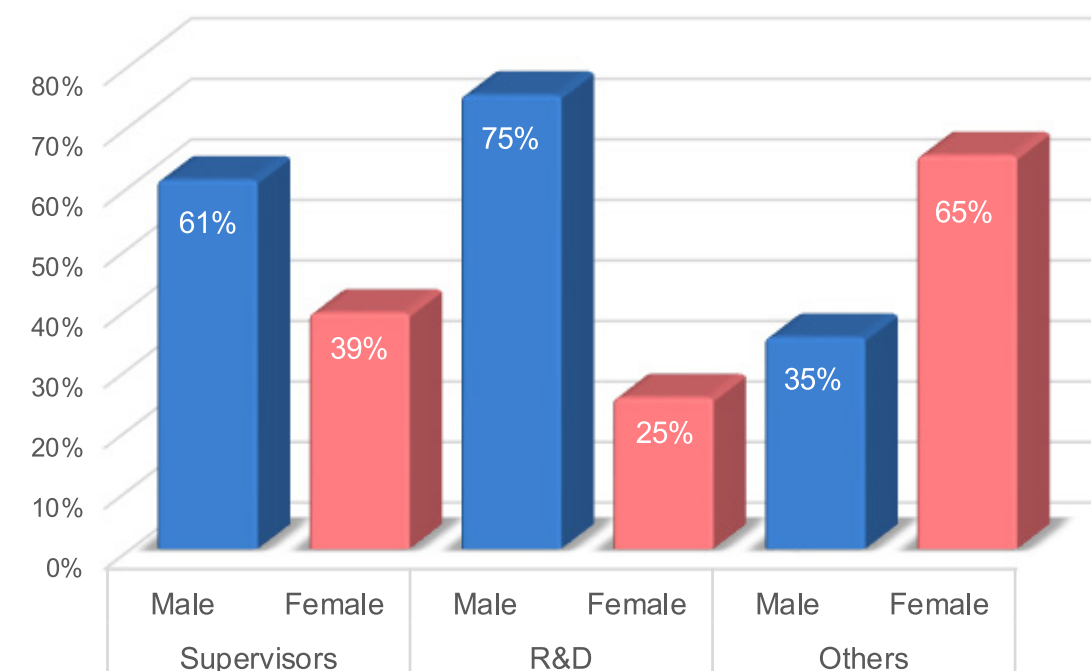
Kingstate emphasizes on the safety and comfort of the workplace, and every employee deserves the respect they deserve. Therefore, we have established an equal employment policy to ensure that every employee is treated fairly in every place. Employees are an important asset of Kingstate and the key to sustainable operation. Based on the creation of a friendly and safe workplace environment, and the establishment of a good salary system, welfare measures, and effective education and training for the right person, we try our best to satisfy the reasonable needs of our employees and provide them with opportunities for self-fulfillment. All employees are committed to their positions, and in the spirit of pursuing excellence and striving for excellence, they are serious about doing their best in everything they do and in every task they undertake, and through continuous review and improvement, they ensure that the overall goal is achieved.

As of December 31, 2023, the total number of employees is 1,020, covering Taipei Headquarters, Dongguan, Suzhou, and Pingnan plants. Among them, 877 are full-time employees, accounting for 86%, and 143 are part-time employees, making up 14%.

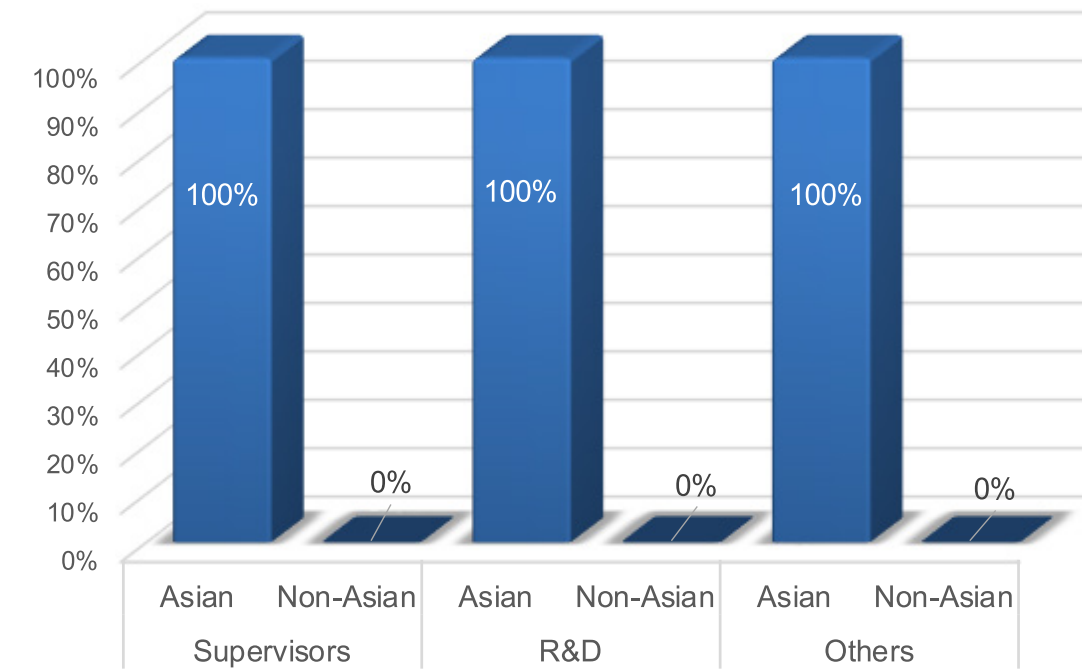
Area	Type of Contract				Total
	Indefinite		Fixed-term		
	Male	Female	Male	Female	
Taipei	26	31	0	0	57
Dongguan	299	390	56	87	832
Suzhou	24	107	0	0	131
Total	349	528	56	87	1,020

Employee Diversity and Inclusion

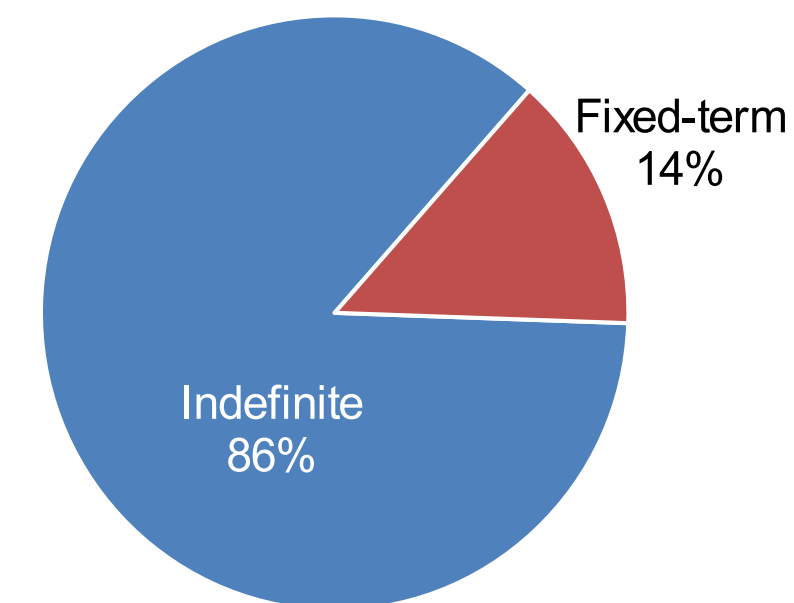
Gender Statistics



Ethnic Statistics



Percentage for Type of Contract



5.1 Employee & Human Rights



Human Rights Policy

In order to protect and safeguard basic human rights, Kingstate and its subsidiaries recognize and support the spirit and basic principles of human rights protection disclosed in international human rights treaties such as the United Nations Universal Declaration of Human Rights, the United Nations Global Covenants, and the International Labour Conventions, and to realize the responsibility of respecting and protecting human rights as well as complying with the labor-related laws and regulations of the places where Kingstate is located, Kingstate has formulated a human rights policy and management plan, which is published on the website of Kingstate, and has committed to comply with the national labor laws and regulations and to continuously improve the working conditions and welfare of all employees. We are committed to complying with national labor laws and regulations and to continuously improving the working conditions and welfare of all employees.



Providing Healthy & Safe Workplaces

Kingstate complies with relevant laws and regulations on occupational safety and health, and provides a safe, healthy and hygienic workplace environment for its employees through safety and health work, education and training, employee health checkups, and health promotion activities to improve the physical and mental health of its employees, enhance the safety and hygiene conditions of the workplace, and reduce the risk of occupational hazards.



Human Rights Protection Training Practices

■ New Hire Training

Upon arrival, they will be required to conduct on-line legal compliance awareness, including: prevention and treatment of sexual harassment, anti-discrimination, anti-harassment, implementation of work hour management, protection of humane treatment, and healthy and safe working environment.

■ Prevent Workplace Violence

Through publicity and announcements, employees understand that they have the responsibility to help and reasonably avoid the occurrence of unlawful infringement in the workplace in the course of performing their duties, and disclose the complaint line in order to create a friendly working environment.

■ Occupational Safety Training Series

Occupational safety and health education and training, fire safety training, emergency response, first aid training, etc.

■ Integrity and Ethics are Preached

Regular education and awareness-raising to provide a healthy and positive company culture.



Grievance Mechanism

Kingstate has provided a channel for employees to report complaints with department heads and the Corporate Governance and Integrity Management Team if they encounter any problems. In addition, in order to protect gender equality at work and to provide a working and service environment free from sexual harassment for employees and interviewers, we have set up a dedicated complaint mailbox and e-mail address for the prevention of sexual harassment. During the investigation of a complaint, it is handled in a confidential manner and the name of the complainant or any other information sufficient to identify the complainant is not divulged for the protection of the complainant.



Human Rights Management Plan

■ Provide a Safe and Healthy Working Environment

Kingstate has passed the audit and certification of ISO14001 Environmental Management System, ISO45001 Occupational Health and Safety Management System, the Code of Conduct for Business Associations, in order to provide a safe working environment for Kingstate's employees. In addition to providing a safe and healthy working environment in accordance with laws and regulations, Kingstate also conducts regular education and training on safety, hygiene, and fire prevention, and takes necessary precautions to prevent occupational accidents, thereby reducing the risk factors in the working environment.

■ Implementation of Equal Pay for Equal Work

Kingstate does not discriminate in the payment of salaries to employees on the basis of gender or sexual orientation; those who perform the same work or have the same value are paid the same salary. However, there are no exceptions for seniority, rewards and penalties, performance, or other legitimate reasons that are not based on gender or sexual orientation.

■ Elimination of Unlawful Discrimination to Reasonably Ensure Equal Opportunities at Work

Kingstate's Recruitment and Appointment Management Policy on labor rights and benefits such as employment, compensation and benefits, training, promotion, seniority, and retirement does not discriminate against employees and job applicants based on factors such as race, religion, belief, gender, marital or reproductive status, age, political affiliation, nationality, disability, sexual orientation, astrological sign, blood type, or any other factor that affects the recruitment process and decision, or other discriminatory factors. unfair treatment.

■ Prohibition of Child Labor

In order to ensure compliance with sustainability and ethics, Kingstate's work rules for employees stipulate that no child labor will be employed.

■ Prohibition of Forced Labor

- (1) Kingstate's regulations on daily and weekly normal working hours, extended working hours, vacations, special leaves and other types of leaves are in compliance with laws and regulations.
- (2) Not to force or coerce any unwilling employee into labor practices. Physical and mental health and work balance.

■ Support Freedom of Association

- (1) Kingstate provides appropriate funding subsidies to encourage employees to participate in social and health activities. Employees can form their own clubs to unite the feelings of colleagues through social activities.
- (2) Organize departmental gathering, year-end party, and other activities to restore employees' balance and well-being, and strengthen team cohesion.



5.2 Talent & Training

Kingstate Education & Training Policy



Talent Development and Training

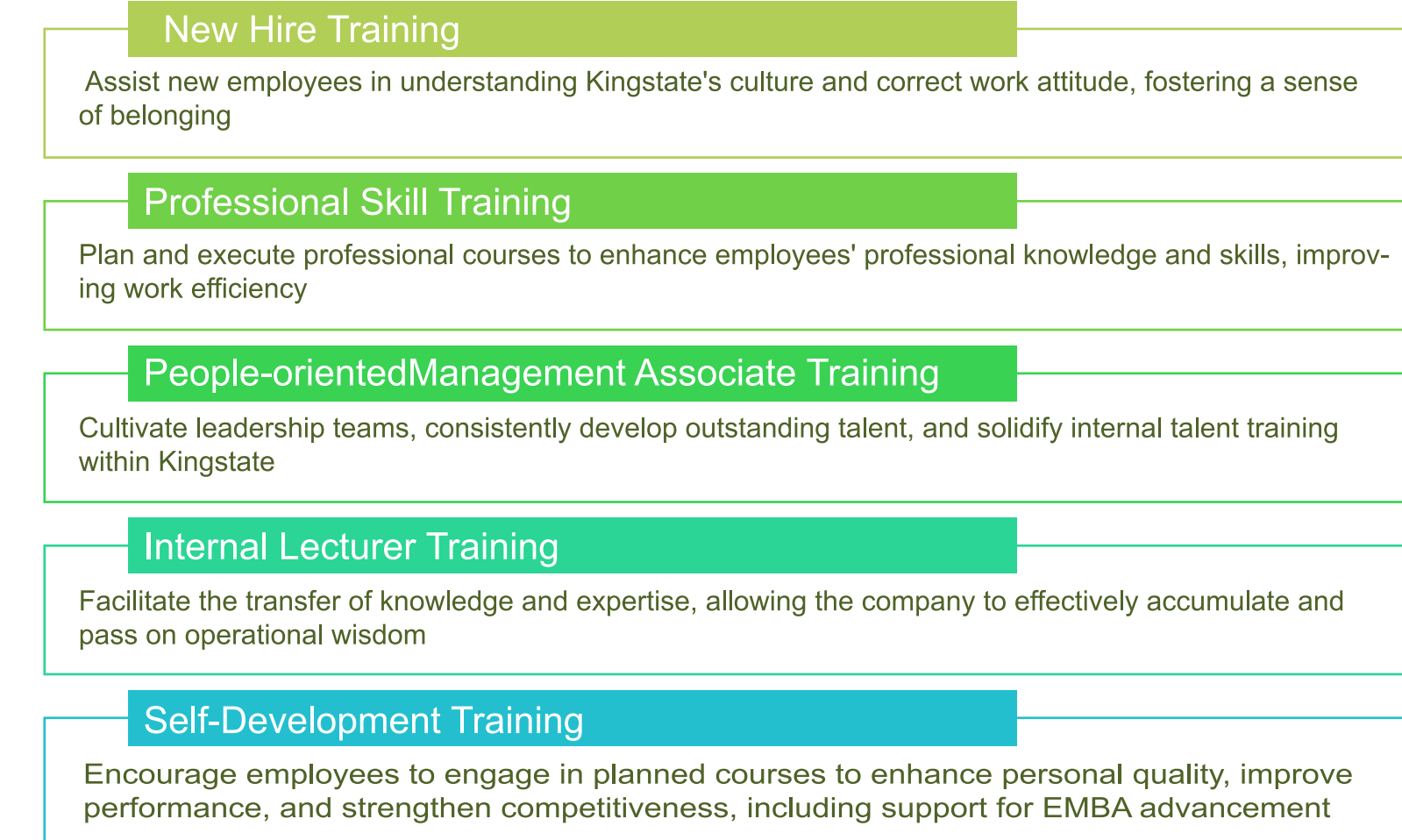
Kingstate emphasizes on staff development and regards talent cultivation and development as an important strategy to enhance competitiveness. We have established a complete education and training system and a variety of training courses, aiming to help our employees improve their professional skills, management ability and personal growth.

Key Initiatives and Strategies for Talent Development and Training

- (1) The development of education and training management methods:
The "Education and Training Management Regulations" have been established to clarify the objectives and principles of education and training. Kingstate attaches great importance to the enrichment of employees' knowledge and skills, and uses training as an important means to improve work efficiency and quality.
- (2) Annual training program development:
Each year, we formulate a specific annual training program based on the training needs of each department. Kingstate maintains its commitment to optimizing the professional functions of its employees to ensure their continuous improvement and growth.
- (3) Effective utilization and development of human resources:
Ensure that training programs are aligned with corporate development goals so that employee growth is consistent with Kingstate's long-term strategy. Such a strategy helps to increase employee job satisfaction and loyalty, and at the same time enhances Kingstate's competitiveness and resilience.
- (4) Continuous optimization of professional functions:
Through continuous education and training, we constantly enhance the professional competence of our employees to cope with market changes and challenges. This not only contributes to the career development of individual employees, but also contributes to the innovation and business growth of Kingstate.

In conclusion, through the systematic talent development and training strategy, Kingstate not only improves the professional ability and work efficiency of employees, but also effectively promotes the overall development and competitive advantage of the enterprise. This method of promoting staff development through education and training can effectively enhance the innovative ability and market competitiveness of the enterprise.

Training Development System



Training Hours 2023

Items	Total Number of Trainees	Total Hours	Average Hours
Training for New Employees	501	1,874	3.74
Professional Job Training	637	999	1.57
Management Associate Training	169	458	2.71
In-house Instructor Training	102	766	7.51
System-related Training	1,973	5,604	2.84
Other Training	1,193	11,083	9.29

We value our employees' career development, and all employees have access to educational training.

The total number of training hours for Group employees in 2023 was 20,783.5 hours, with an average of 4.5 hours per employee.



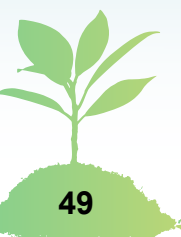
5.2 Talent & Training



ESG Teambuilding Camp

During Kingstate's 2-day ESG Teambuilding Camp, we came together to deeply inspire collective goals and build consensus. This event was more than just a simple team outing; it was a crucial opportunity to embed the principles of ESG into the hearts and minds of the participants. Through ESG-themed board games and quiz sessions, we enhanced our understanding and recognition of the ESG mission in a relaxed and enjoyable atmosphere. The event was held in the picturesque Taipingshan, providing team members with the chance to appreciate the magnificent mountain scenery while learning about the unique forest landscape features of the area. This not only strengthened team cohesion but also deepened everyone's awareness of the importance of protecting the natural environment, further promoting the practice of ESG principles.

The core purpose of the event was to deepen the consensus on ESG among all Kingstate employees, encouraging each team member to actively take on the responsibility of our sustainable development. We believe that only when all employees understand and actively participate in ESG practices can we truly advance towards sustainable development. This event not only demonstrated our commitment to environmental protection but also emphasized the importance of social responsibility and good governance, which will become a vital foundation for our future development. Through this meaningful event, our team not only gained valuable memories but also took a solid step forward in ESG consensus and practice. We will continue to uphold ESG principles and actively promote various sustainability initiatives, striving tirelessly for a sustainable future for both the company and society. We firmly believe that these efforts will not only enhance the overall development of Kingstate but also bring positive changes to our environment and society.





5.3 Benefits & Communication

Welfare System

In order to protect the rights and interests of employees and enhance Kingstate's centripetal force, Kingstate provides employees with a comprehensive welfare system. In addition to the basic rights such as labor and health insurance, special leave, maternity leave, and parental leave as stipulated in the law, Kingstate also provides rich and diversified employee welfare subsidies, incentive tours, clubs and other activities.

Company Welfare	Employee Welfare Committee Initiatives
Remuneration of Employees (In Accordance with the Articles of Association)	Annual travel subsidies
Year-end bonus (Base on Business Performance)	Subsidies for club activities
Performance Bonus (Based on Business Performance)	Gifts for weddings, funerals, births, employee birthdays, etc.
Senior Staff Long-term Incentives	Labor day, Dragon boat festival and Mid-autumn festival gifts
Group Accident Insurance	Hospitalization Relief
Emergency Aid	
Education and Training Subsidies	
Annual Health Check	Labor Law and Regulations
Year-end Incentive Party	Labor insurance, health insurance, pension
Employee Retention Bonus	Compensation for occupational injuries and illnesses in accordance with the Labor Standards Act
Employee Benefit Trust	The rest are in accordance with the relevant laws and regulations



Long-Term Incentive for Senior Employees

Thanks to the dedication and hard work of every Kingstate employee, especially the perseverance of senior employees, bonuses and plaques are awarded to senior employees with 10, 20, 30, and 40 years of experience every year for continuing to maintain the common values of Kingstate.



Diversified Club Activities

Encourage employees to develop their personal interests and expertise through clubs. In 2023, there are 3 clubs: Handicraft and Creative Club, Hiking Club, and Book Club, running activities monthly.

Handmade Creative Club	Mountaineering and Hiking Club	Literary Arts Club



5.3 Benefits & Communication

Employee Remuneration

Employee salaries are determined by Management Dept. with reference to the salary market, Kingstate's financial situation, and the organizational structure. The overall salary is also determined based on the employees' individual professionalism, job responsibilities, performance and achievement of Kingstate's operational goals. Salaries for new employees do not differ based on gender, race, party affiliation, ideology, religion, sexual orientation, or marital status. Kingstate provides employees' compensation, year-end bonuses, and performance bonuses based on business performance to encourage all employees to work together to achieve Kingstate's goals. According to Article 25 of Kingstate's Articles of Incorporation, if Kingstate makes a profit in a year, no less than 1% shall be set aside as employees' remuneration and no more than 3% as directors' remuneration. However, if Kingstate has accumulated losses, Kingstate shall reserve an amount to cover such losses in advance. The targets of the aforementioned employee compensation in the form of stock or cash may include employees of controlled or subordinate companies who meet certain criteria.

Retirement System

In order to encourage employees to serve professionally and to stabilize their life after retirement, Kingstate has established the Labor Pension Scheme and contributes to the labor pension for each employee. At the same time, the Pension Supervisory and Management Committee was established in accordance with the law to be responsible for the management of the old pension system and the implementation of the pension plan, and the contribution regulations under the old and new systems are as follows:

■ For those who are subject to the old pension regulations under the Labor Standards Act, monthly contributions will be made to the pension fund in accordance with the Labor Standards Act, which will be supervised by the Labor Retirement Reserve Supervisory Committee of Kingstate, and deposited in the name of the Committee into the Bank of Taiwan, which is responsible for the handling of receipts, disbursements, custody, and utilization of the pension fund.

■ Under the Labor Pension Act, Kingstate is required to contribute 6% of the monthly salaries to the Labor Pension Fund and to deposit the contributions into the Labor Pension Fund in accordance with the monthly contribution schedule approved by the Executive Yuan. Employees who meet the statutory retirement requirements may apply for retirement, and upon completion of the procedures, those with old service will be entitled to receive old system pension. The number of applicants for retirement in 2023 is 0.



Leave System

In accordance with the provisions of the Labor Standards Act, the supervisor approves the application for a leave of absence without pay in the event of childcare, serious injury, or illness, in order to take care of the needs of the individual and the family. In 2023, there are 2 employees on maternity leave at Taipei Headquarters. China Plants had 11 employees on maternity leave and 7 were reinstated.

Communication Pipes

The communication mechanism provides a channel for employees to respond immediately and communicate regularly, listen to employees' voices, promote a harmonious working atmosphere, and create a win-win situation for both labor and management.

Communication Mechanism	
Mechanism	Methods
Departmental Communication/Projects	Create WeChat/Line Groups
Communication on Corporate Strategy and Business Development	Council of Managers/Council of Supervisors
Interdepartmental Communication	Production and Sales Coordination Meeting/Supervisor's Meeting
Labor-Management Communication	Labor-Management Conference
Welfare Policy and Promotion	Welfare Committee Meetings
Response to Questions and Information Requests	E-mail: hr@kingstate.com.tw Opinion Box
Reporting and Complaints	Telephone: (02) 28095651 ext. 1593 E-mail: hr@kingstate.com.tw



5.4 Safe Workplace & Healthcare



Occupational Safety & Health Management System

In order to achieve the goal of sustainable management and demonstrate corporate social responsibility, enterprises should first implement safety and health management. Kingstate has passed the International Occupational Safety and Health Management System (ISO45001) certification in 2020, in order to effectively implement the safety and health management system, reduce the risk of occupational safety and health, improve the efficiency of the organization's operations to prevent employees from work-related injuries and health hazards, and to improve the occupational safety and health of the organization's reputation. improvement, increase customer trust, enhance the reputation of the organization, and provide a safe and healthy workplace.

Types, Number and Rate of Occupational Hazards in Kingstate Group

January to December 2023: Number of occupational hazards: 0, occupational hazard rate: 0%, occupational hazard category is unclassified electronic component manufacturing.



Measures to Protect the Working Environment & Personal Safety of Employees

Kingstate implements safety and hygiene and pays attention to the safety and health of the employees. For the occupational hazards in the laboratories and other workplaces, Kingstate has formulated the "Code of Practice for Occupational Safety and Health".:

■ In accordance with Article 25 of the Labor Safety and Health Act, a safety and health code of practice has been established to stipulate safety management matters for employees to follow.

■ In accordance with Article 14 of the Labor Safety and Health Act, the Company establishes personnel planning for labor safety and health management, and supervises labor safety and health management, labor safety education and training, and safety and health inspections in each department.

Maintenance and Inspection of Equipment

Monthly inspections are performed and supervised by department heads or management, command, or supervisory personnel.

Laboratory Environment Notes

Keep the laboratory tidy and clean, make sure to fulfill the 5S requirements, and notify the relevant staff to handle any problems.

Employees Should Observe the Following

- (1) To ensure compliance with laboratory regulations, to understand correctly the use of chemicals and mechanical equipment, and to take appropriate precautions against possible hazards in the course of experiments.
- (2) Recognize and remember where the nearest fire extinguishers, first aid kits and emergency flushes are located and know how to use them.

■ Our company complies with the Labor Safety and Health Law and holds regular annual health checkups for all employees; we also provide the results of the health checkups to our employees so that they can keep track of their health status at all times.



Occupational Hazard Identification & Risk Assessment Process

Kingstate occupational safety and health hazard identification and risk assessment follow the provisions of ISO45001 to specify the environmental safety and health management system to implement the establishment of an environmental safety and health management team, and the team members should carry out risk assessment on hazardous sources and risks according to the risk evaluation standards one by one: risk evaluation should determine the risk level of Kingstate, and must quantitatively calculate the risk of each type of hazardous source. Hazardous sources with a risk level of 1, 2, or 3 are classified as significant. Improvements are considered necessary for Level 1, Level 2 and Level 3 risks, and objectives and management programs are required. Operational control documents should be developed for risks in levels 1 - 4 where undocumented conditions could lead to deviation from the occupational health and safety policy or objectives.

In the first quarter of each year, the Environmental Safety and Health Management Team shall organize all departments to identify, risk evaluate, confirm, approve and update the hazardous sources and major hazardous sources according to the current status of Kingstate, and at the same time, update the specific management plan in a timely manner. The key personnel involved in identification and risk evaluation should have received professional training. Occupational health and safety hazards identification and evaluation should also be carried out when changes occur in the production site.



Disaster Prevention & Emergency Response

Kingstate organizes regular fire drills every year to formulate contingency measures and post-disaster recovery plans, so that employees can understand fire safety information, including the use of fire equipment, factory evacuation routes, and related contingency measures, as well as to set up an emergency response team. The Taipei headquarters organizes emergency response and disaster prevention drills twice a year, and fire drills are held regularly at overseas plants.



5.4 Safe Workplace & Healthcare

Incident Reporting & Handling Process

Kingstate has established detailed procedures to deal with incidents occurring within Kingstate in accordance with the "Incident Investigation Management Plan". Incident Handling Procedure : The following is the procedure for handling an incident.

Incident Reporting and Initial Handling

Employees should report the situation to their department supervisor immediately after an incident occurs. An Incident Investigation Report must be completed by department supervisor and submitted to the Management Dept. within 12 hours of the incident. Rescue and Protection Measures: Upon receipt of the report, the supervisor should immediately organize the rescue of the injured and isolate the accident area to protect the safety of the site.

Incident Investigation Team

The head of the department where the incident occurred is responsible for the formation of the incident investigation team, which includes the head of the department where the incident occurred, the management dept., the person involved in the incident, witnesses, related personnel, and representatives of outside companies. The team is responsible for commencing an in-depth investigation within 48 hours of an incident to determine the root cause of the incident, the nature of the incident, and to identify corrective and preventive measures.

Report and Communication

For recordable incidents (e.g. fire/explosion, chemical leakage, property damage, etc.), the management dept. is required to report the incident to the headquarters within 24 hours of the incident.

Upon completion of the investigation, the investigation team should identify corrective and preventive measures and assign responsibility and deadlines for completion. The incident department head is required to communicate the results of the investigation to the affected departmental employees and visitors or 3rd party company employees.

Law Compliance

All processes need to comply with safety, health, and environmental protection regulations, and maintain transparency and timely communication. Kingstate ensures prompt response and effective management of all types of incidents to maximize the safety of employees and Company assets, while complying with laws and regulations to ensure the stability and sustainability of Kingstate's operations.

Occupational Disease Prevention & Control

Kingstate prioritizes environmental safety and employee health. The factory has established "Occupational Disease Prevention and Control Procedures" for workers exposed to toxic substances and those in special roles, ensuring they receive regular medical checkups and adhere to occupational hygiene standards. Workers with occupational diseases receive systematic treatment, and those with severe conditions or unsuitable for their roles are reported to management and reassigned. The company collaborates with relevant departments to enhance worker health through education, labor protection guidance, and special attention to female workers. Kingstate also manages hazardous operations to meet environmental safety and health objectives and promote continuous improvement.

Monitoring & Measurement of Environmental Safety & Hygiene Performance

Kingstate plants have set up an implementation committee to supervise and inspect the operation control, fulfillment of environmental safety and hygiene targets, and compliance with laws and regulations, and to be responsible for the calibration and maintenance of the environmental safety and hygiene monitoring equipment.

Employee Physical Checkup

Specialty workers (electrician, chemical manager): once a year. Workers who come into contact with toxic and hazardous substances: once a year. Cafeteria workers, janitors, and logistics workers: once a year. The checkups are conducted by hospitals at or above the regional level. If adverse health phenomena are found during the inspection, the workers should be transferred out of the workplace. When an occupational disease is found, it should be reported to the competent governmental administrative department (usually the Health Bureau or a professional organization for the prevention and control of occupational diseases) in accordance with the requirements of the Occupational Disease Management Ordinance, and the patient should be given specialized treatment until he/she recovers (can be stabilized).

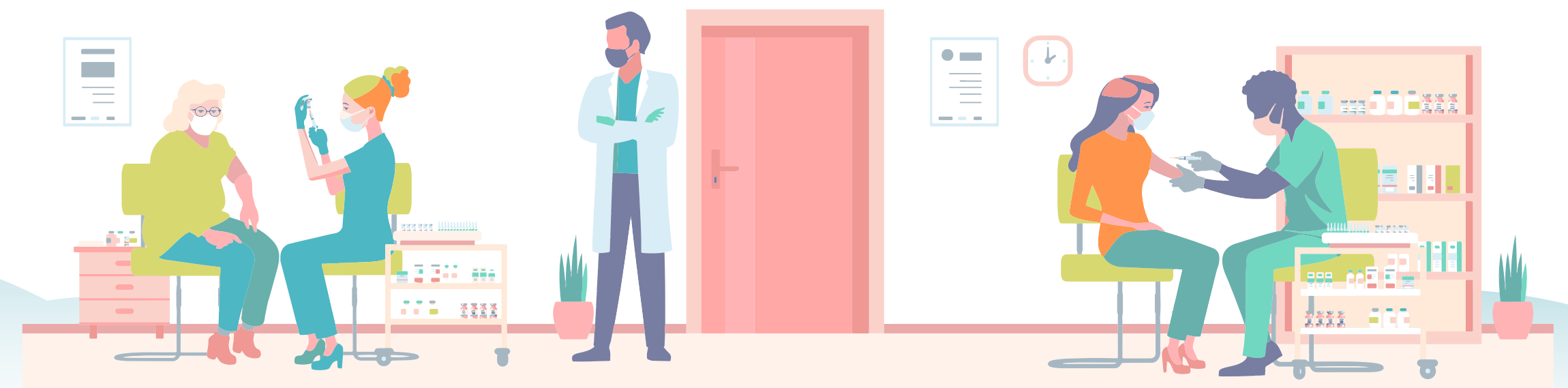
Environmental Safety and Health Professional Inspection

Every six months for a professional inspection of the environment, safety and health, professional inspection organized by the implementation of the Committee, the focus of the inspection is on special operations, special equipment, special places, such as welding, lifting equipment, boilers, pressure vessels, flammable and explosive places, storage and storage of hazardous substances, and so on.

Monitoring and Measurement of Environmental Safety and Health Operation Parameters: The Implementation Committee monitors and measures environmental safety and health operation parameters according to relevant documents. Currently, the monitoring items include: noise measurement in the workshop and factory boundary, discharge of screen washing water, monitoring of air quality in the silkscreen workshop, and compliance check of chemical usage conditions.

Labor Discipline Inspection

Management Dept. conducts inspections of labor discipline in all departments in accordance with the requirements of labor discipline regulations.



5.4 Safe Workplace & Healthcare



Occupational Safety & Health Training

In order to familiarize new employees with Kingstate's related operations, we arrange for new employees to participate in occupational safety and health education and training when they report to work, and conduct assessments and evaluations based on the course content in order to promote employees' awareness of safety and health protection as well as operational content. Every year, we schedule an annual education and training program in accordance with safety and health related laws and regulations as well as the needs of the factory to ensure that every employee receives the correct knowledge of safety and health.

In 2023, Kingstate's education and training team organized safety and health education and training for new recruits and employees, emergency response and firefighting training, and other related courses both inside and outside the plant to enhance employees' awareness of safety and health and to prevent disasters.



Walking with a Partner ♡ Healthy Walk

We believe employee health is crucial for our company's sustainable development. The "Walking for Health" campaign encourages staff to engage in group walks and competitions, fostering a culture of health at Chi Fung. This initiative boosts personal health awareness, fitness, and work efficiency while enhancing confidence and cardiorespiratory health. Let's embrace the benefits of walking together.



2023 Safety-Related Education and Training			
Area	Program	Total	Total Hours
Taipei	Fire Protection and Self-Defense Drill and CPR & AED (Cardiac Defibrillator) Drill	1	3
	Fire Prevention Manager Training	1	8
	On-job first-aiders Training	1	5
	Fire Drill and CPR & AED Training	9	2
Dongguan	Production Safety Laws and Regulations	72	72
	Safety Training for Resumption of Work and Production after Holiday	455	455
	Mechanical Equipment Safety Training	455	455
	Factory Fire Emergency Evacuation Drill	455	910
	General Knowledge of Road Traffic Safety	455	455
	Occupational Health and Safety Basics	455	455
	Electricity Safety Training	22	22
	Requirements for the Safe Use of Computers and Networks	45	90
	Hazardous Chemicals Safety	20	20
	Fire Emergency Evacuation Drill	455	910
	Fire Drill	772	772
	Information Security Asset Identification and Risk Assessment	5	10
	Information Security Principles	7	42
	Information Security Management System Internal Auditor Training	5	30
	Basic Information Security Control Requirements and Related Measures	392	784
	Level 3 Security Education	367	8808
	Hazardous Chemicals Management Training	1	8
	Production Safety Management Training	1	8
	Fire Drill, Fire Safety and Evacuation Knowledge	126	504
Suzhou	Safety Standardization Training	19	57
	Knowledge of Electrostatic Protection	41	82
	Basic knowledge Training on the Use of First Aid for Heat Stroke	23	46
	Electrical Workshop Attention and Safety Training	2	4
	Basic Knowledge of Work Safety	37	74
	Staff Safety Awareness Enhancement Education and Training	125	250
	Hazardous Chemicals Exercise / Hazardous Chemicals Warehouse Management Training	6	12
	Hazardous Chemicals Management Training	40	80
	Traffic Safety, Occupational Protection, Production Safety	94	376



Health Check-up & Management

Kingstate prioritizes employee health by exceeding regulatory requirements with annual health checkups conducted by professional doctors and medical teams from contracted hospitals. In 2023, 56 Taipei Headquarters employees participated, achieving a 90% participation rate. High-risk cases are tracked and managed for early detection and treatment.





5.5 Social Engagement

Kingstate is committed to addressing global challenges such as climate change, poverty, inequality, education and health, guided by SDGs. Through continuous education and awareness-raising, we strive to achieve these goals at all levels and work with stakeholders to promote social stability and progress. We also encourage our staff and their families to respond together and continue to spread the power of goodness. Better me, better you, better all of us!



Danshui River Convention ♡ Beach Cleanup ♡ Mountain Cleanup

Biodiversity is facing a great threat in today's climate change. Kingstate is located on the banks of the beautiful Danshui River, and understands the urgency of saving and preserving the ecology of the river. We also concerned about the protection of the marine ecosystem, as the decline of marine biodiversity also poses a major challenge to the balance of the earth's ecosystem. We organize quarterly beach or mountain cleanups, which is not only a practical action to clean up the forests and riverbanks, but also an opportunity for our employees to experience the beauty and fragility of nature. Let's become more responsible and civic-minded citizens of the earth and work together to protect this beautiful earth!



Support for the Weak ♡ Donation & Volunteer

Kingstate has long supported Happy Mount Education and Nursing Institution with donations, charity meals, and Christmas activities. Our efforts provide warmth and hope to children, offering not just material aid but also psychological support and social acceptance. Happy Mount helps these children through rehabilitation and life skills training. Additionally, we regularly donate to educational and welfare organizations like Junyi Academy and the Child Welfare League Foundation, aiming to bridge the education gap between urban and rural areas and extend our support to disadvantaged children.



5.5 Social Engagement

Waiting-for-a-home Baby ♥ Organic Fruit & Vegetable Volunteer

Every year, more than 600 babies and young children are admitted to placement organizations such as nurseries and orphanage, but most of them are underfunded, especially for the lack of fruits and vegetables that can be eaten safely. We have joined Waiting-for-a-home Baby's organic fruit and vegetable packaging volunteers; organic fruit and vegetable box donations to deliver safe and non-toxic fruits and vegetables to 46 nurseries and orphanage.



Heart to Heart ♥ Blood Donation Campaign

Donating blood not only helps the lives of others, but also benefits the donors themselves. Every time we donate a bag of blood, we can help save up to three patients in addition to reducing the risk of cardiovascular disease of our own, promoting good health, and helping to reduce iron buildup, saving lives and helping others. Someone is needing Blood somewhere and we are here to help.



International Aid ♥ Shoes for Life

Jiggers are parasitic fleas that burrow under the skin, affecting hands and feet, and significantly threaten East Africans. Prevention requires health education, a clean environment, and wearing shoes. However, many East Africans cannot afford shoes, earning only \$2USD daily, with limited resources and infrastructure. Every year, Kingstate regularly join "Shoes for Life" campaign and sends used clothing, shoes and school bags in good condition to Step30 international ministries, and then sends them to Africa. This is not only a tangible way to help the local people in Africa, but also improves their quality of life. We hope to contribute to improving the living conditions of the local people. These actions not only demonstrate Kingstate's commitment to global social responsibility, but also inspire our employees and community to participate in building a fairer and more inclusive society.

Social Assistance ♥ Donation Boxes

Kingstate actively participates in social assistance efforts by donating to people in need, including providing financial assistance and material support. These efforts not only support the underprivileged in material terms, but more importantly, spread hope and warmth to them so that they can feel the care and support of the community. This year, we took the lead in supporting and sponsoring Genesis 30th Free Meal to my Home campaign, which called on the public to support for the disadvantaged and the underprivileged, so that these families can also feel the atmosphere of reunion during Chinese New Year.



We also follow the spirit of ECPAT Taiwan and Genesis Foundation and actively participate in social welfare programs. We have set up a donation box for ECPAT and an uniform invoice donation box for Genesis Foundation at our front desk at headquarters to incorporate charity activities into our daily life. We hope that these actions will arouse more people's concern for the underprivileged in society and encourage more people to join us.



5.5 Social Engagement

Passing on the Legacy ♡ Acoustic Knowledge Camp

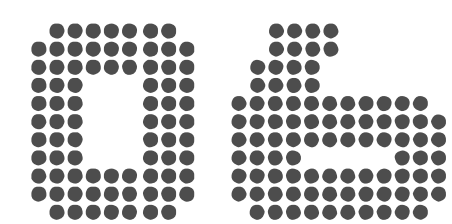
Kingstate held the first "Kingstate Acoustics Knowledge Camp" at Dengkong Elementary School in Tamshui. The camp taught the basics of sound science, including the principles of acoustics related to musical instruments in daily life. At the same time, the camp also promoted the concept of SDGs and the importance of Earth Day Taiwan, and guided the children to recognize and practice the concept of sustainable development. During the camp, the children participated in a wealth of quizzes and DIY of Bluetooth speakers. It is expected that it will further develop the children's knowledge of acoustics and sustainability. Through this event, Kingstate promises to be a long-term contributor to the local school children and education culture in Tamshui, and to inspire the next generation to actively participate in environmental protection and sustainable development, laying a solid foundation for the future of the community.



Volunteers with Love ♡ Social Accessibility

Caring for the local community and deeply cultivating in Tanshui is one of Kingstate's contributions to the local society. In addition to donations for local emergency relief in Tanshui, Kingstate regularly exchanges ESG social care issues with District Chief Woo of the Tanshui District Office. In Taipei, 18 employees completed a 12-hour basic and special training course for volunteers and officially became a local social service force. In 2023, we volunteered "FUN Tour with seniors in solitude" activity, which accompanied disadvantaged elderly people living alone on a tour of Shidian, so that elderly people living alone, who seldom go out on trips, could spend a joyful weekend with caring volunteers who acted as grandchildren of grandmothers and grandfathers for a day. In addition, Kingstate's volunteers also take turns to visit the Danshui District Office to make phone calls to singleton seniors in need of care, and pay regular attention to their lives and health status. Kingstate will continue to fulfill its responsibility of corporate social sustainability by providing local disadvantaged services. In addition to demonstrating the fulfillment of corporate social responsibility, we will also guide our colleagues to care for the local community and enhance the centripetal force of our employees, so that we can help the disadvantaged and seniors in the community.





Appendix

- 6.1 GRI Content Index
- 6.2 SASB Index
- 6.3 Sustainability Disclosure Indicators





6.1 GRI Content Index

	Disclosure Item	Corresponding Chapter	Description	Page
GRI 2: General Disclosure 2021				
The organization and its reporting practices				
2 - 1	Organization Details	1.1 About Kingstate		6
2 - 2	Entities Included in Organization Sustainability Reporting	0.0 About this Report		3
2 - 3	Reporting Period, Frequency and Contact Person	0.0 About this Report		3
2 - 4	Restatement of Information	0.0 About this Report	No information was restated during the year	3
Activities and workers				
2 - 6	Activities, Value Chain and Other Business Relationships	1.1 About Kingstate 3.7 Supply Chain Management		6 31-33
2 - 7	Employees	5.1 Employees and Human Rights		45-47
2 - 8	Workers who are not employees	5.1 Employees and Human Rights		45-47
Governance				
2 - 9	Governance Structure and Composition	3.1 Governance Structure		15-21
2 - 10	Nomination and Selection of the Highest Governance Body	3.1 Governance Structure		15-21
2 - 11	Chair of the Highest Governance Body	3.1 Governance Structure		15-21
2 - 12	Role of the Highest Governance Body in Overseeing the Management of Impacts	3.1 Governance Structure		15-21
2 - 13	Delegation of Responsibility for Managing Impacts	2.3 Analysis and Identification of Material Issues		12-14
2 - 14	The Role of the Top Governance Unit in Sustainability Reporting	0.0 About this Report		3
2 - 15	Conflict of Interest	3.1 Governance Structure		15-21
2 - 16	Communication of Critical Concerns	3.1 Governance Structure		15-21
2 - 17	Collective Knowledge of the Highest Governance Body	3.1 Governance Structure		15-21
2 - 18	Evaluation of the Performance of the Highest Governance Body	3.1 Governance Structure		15-21



6.1 GRI Content Index

	Disclosure Item	Corresponding Chapter	Description	Page
2 - 19	Remuneration Policy	3.1 Governance Structure	Establishment of a Remuneration Committee	15-21
2 - 20	Process to Determine Remuneration	3.1 Governance Structure	Establishment of a Remuneration Committee	15-21
Strategy, Policy and Practice				
2 - 22	Statement of Sustainable Development Strategy	0.1 Message from the Chairman		4
2 - 23	Policy Commitments	3.2 Integrity and Legal Compliance 3.5 Regulation Compliance 3.7 Supply Chain Management 5.1 Employees and Human Rights 5.4 Safe Workplace and Healthcare		22 29 31-33 45-47 52-54
2 - 24	Embedding Policy Commitments	3.2 Integrity and Legal Compliance 3.5 Regulation Compliance 3.7 Supply Chain Management 5.1 Employees and Human Rights 5.4 Safe Workplace and Healthcare		22 29 31-33 45-47 52-54
2 - 25	Procedures for Remediating Negative Impacts	2.2 Stakeholder Communication Status 3.2 Integrity and Legal Compliance 3.5 Regulation Compliance		11 22 29
2 - 26	Mechanism for Seeking Advice and Raising Concerns	2.2 Stakeholder Communication Status		11
2 - 27	Compliance with Laws and Regulations	3.5 Regulation Compliance		29
2 - 28	Membership of the HKSA	-	Taiwan Electrical and Electronic Trade Association Taipei Electronic Components Business Association	-
Stakeholder Engagement				
2 - 29	Approach to Stakeholder Engagement	2.2 Stakeholder Communication Status		11
2 - 30	Collective Bargaining Agreement	-	No such agreement signed	-



6.1 GRI Content Index

Material Topics				
	Disclosure Item	Corresponding Chapter	Description	Page
GRI 3: Material Topics 2021				
3 - 1	Process to Determine Material Topics	2.3 Analysis and Identification of Material Issues		12-13
3 - 2	List of Material Topics	2.3 Analysis and Identification of Material Issues		12-13
Material Topic 1: Corporate Governance				
3 - 3	Management of Material Topics	3.1 Governance Structure 3.2 Integrity and Legal Compliance 3.3 Risk Management		15-21 22 23-24
GRI 205 Anticorruption 2016	205-2 Communication & Training about Anti-corruption Policies & Procedures	3.2 Integrity and Legal Compliance		22
	205-3 Confirmed Incidents of Corruption & Actions Taken	-	No such thing	-
Kingstate Custom Topcs: Risk Management Issues - Information Security		3.4 Information Security		25-28
Material Topic 2: Climate Action				
3 - 3	Management of Material Topics	3.7 Supply Chain Management 4.1 Sustainable Policies		31-33 37
GRI 302 Energy 2016	302-4 Reduction of Energy Consumption	4.3 Energy and Waste		39-40
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	4.2 Greenhouse Gas		38
	305-2 Direct (Scope 2) GHG Emissions	4.2 Greenhouse Gas		38
	305-3 Direct (Scope 3) GHG Emissions	4.2 Greenhouse Gas		38
GRI 308 Supplier Environmental Assessment 2016	308-1 New Suppliers that Were Screened Using Environmental Criteria	3.7 Supply Chain Management		31-33
GRI 414 Supplier Social Assessment 2016	414-1 New Suppliers that were Screened Using Social Criteria	3.7 Supply Chain Management		31-33

6.1 GRI Content Index

Material Topic 3: Talent Assets				
3 - 3	Management of Material Topics	5.1 Employees and Human Rights 5.2 Talents and Training 5.3 Multi-Benefits and Communication 5.4 Safe Workplace and Healthcare		45-47 48-49 50-51 52-54
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	5.2 Talents & Training		48-49
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	5.1 Employees & Human Rights		45-47
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	5.3 Benefits & Communication		50-51
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Benefits & Communication		50-51
	401-3 Parental Leave	5.3 Benefits & Communication		50-51
GRI 403 Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	5.4 Safe Workplace & Healthcare		52-54
	403-2 Hazard identification, risk assessment, and incident investigation	5.4 Safe Workplace & Healthcare		52-54
	403-3 Occupational Health Services	5.4 Safe Workplace & Healthcare		52-54
	403-4 Worker participation, Consultation, and Communication on Occupational Health & Safety	5.4 Safe Workplace & Healthcare		52-54
	403-5 Worker training on occupational health and safety	5.4 Safe Workplace & Healthcare		52-54
	403-6 Promotion of Worker Health	5.4 Safe Workplace & Healthcare		52-54
	403-7 Prevention & Mitigation of Occupational Health & Safety impacts Directly linked by Business Relationships	5.4 Safe Workplace & Healthcare		52-54
	403-8 Workers Covered by an Occupational Health & Safety Management System	5.4 Safe Workplace & Healthcare		52-54
	403-9 Work-related Injuries	5.4 Safe Workplace & Healthcare		52-54
	403-10 Occupational Diseases	5.4 Safe Workplace & Healthcare		52-54

6.2 SASB Index

Theme	Code	Accounting Metric	Reference and Description
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	There is no information security risk associated with the back-end processing and production of the acoustic components and headphone produced by Kingstate or the way they are used by customers.
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	Statistics by gender: Supervisors: Male 61%, Female 39%, R&D: Male 75%, Female 25%, Others: Male 35%, Female 65% By race/ethnicity: Supervisors: 100% Asian, 0% Non-Asian, R&D: 100% Asian, 0% Non-Asian. Others: 100% Asian, 0% Non-Asian. Please refer to 5.1 Employees and Human Rights.
Product Lifecycle Management (IFRS S2: Industry-based disclosure requirements)	TC-HW-410 a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The percentage of sales amount of products manufactured by Kingstate containing substances of IEC 62474 is 0%. Kingstate adopts product data management by the GP team to establish a specialized database to ensure that the constituent materials of all our parts comply with the customer's requirements of environmental regulations, IEC 62474, hazardous substance test reports, material safety data sheets, safety/compliance reports, etc., by means of a full chain of control from the supplier's source to Kingstate's design and manufacturing process. Please refer to 3.7 Supply Chain Management and 4.1 Sustainable Policies.
	TC-HW-410 a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent Circular Economy	Products manufactured by Kingstate are not EPEAT compliant.
	TC-HW-410 a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Products manufactured by Kingstate are not certified for energy efficiency.
	TC-HW-410 a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Kingstate is an electronic component manufacturer and OEM service, not a final consumer product marketing company, so the final life cycle of the product, such as waste, recycling services, recycling weight, etc. are planned by the customer.

 6.2 SASB Index

Theme	Code	Accounting Metric	Reference and Description
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent (Customer Managed Audit, CMA), by (a) all facilities and (b) high-risk facilities	(a) Number of 1 Tier supplier audits / Total number of 1 Tier suppliers: (95/107) * 100% = 88.8% (b) Number of high-risk 1st stage supplier audits / Total number of high-risk 1st stage suppliers: 100% VAP Equivalent Audit: Supplier audits completed by a qualified audit team appointed by Kingstate. The audit tool is the supplier social responsibility RBA assessment form, which is developed with reference to local laws and regulations, the Code of Conduct of the Responsible Business Alliance (RBA), customer requirements, Kingstate's management regulations on corporate social responsibility, and other relevant applicable requirements as the standard.
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent (CMA), and (2) associated corrective action rate for (a) priority non conformances and (b) other non-conformances	All suppliers have passed the audit and evaluation, and there are no suppliers that do not meet the requirements or need to be corrected.
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	KINGSTATE established a green product management platform to implement source management of raw materials in the supply chain. Tingxin T100 system is used as the main system, and GP and other information platforms are integrated to form a complete management information system, and suppliers are required to commit themselves to adopting responsible sources of minerals, and to make efforts to ensure that the minerals (such as tantalum, tin, gold, and tungsten) are used in their products, and that the suppliers must be forced to disclose smelter information and declare it in the GP of Chifeng Green Product Management Platform, and will notify the suppliers to make the switch. If suppliers use conflict metals, they are required to disclose the information of the smelter and declare it on the GP of Kingstate's green product management platform, and suppliers will be notified to make the switch. In addition, suppliers using critical materials are subject to a systematic audit program to manage the quality of their operations based on environmental, social and other risks, as well as a comprehensive hazardous substance management program to ensure the safe use of critical materials, and a proper inventory mechanism for critical materials to avoid the risk of chain breakage. All materials are fully compliant with the requirements of lead-free manufacturing processes and comply with the RoHS Directive and halogen-free requirements of the European Union. Please refer to 3.7 Supplier Chain Management
Activity Metric			
IFRS S2: Climate-related Disclosures	TC-HW-000.A	Number of units produced by product category	Total production capacity: 185,648Kpcs. Audio Products: 22,004Kpcs Acoustic Components : 163,644Kpcs
	TC-HW-000.B	Area of manufacturing facilities	The manufacturing facilities consist Kingstate Dongguan (including Pingnan plant) and Kingstate Suzhou, with a total plant area of 28,838 m2 (square meters).
	TC-HW-000.C	Percentage of production from owned facilities	100% (including joint venture plants)



6.3 Sustainability Disclosure Indicators

Number	Indicator	Indicator Type	Unit (of measure)	Annual Disclosure
1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	Quantitative	Billions of joules (GJ).	Total energy consumption: 10,476 GJ, Percentage of purchased electricity: 83%, Renewable energy utilization rate of renewable energy: 25%
			Percentage (%)	
2	Total water withdrawn, total water consumption	Quantitative	Thousands of cubic meters (^{M3})	43,536 M3
3	Total hazardous waste generated and percentage recycled	Quantitative	Metric tons (t), Percentage (%)	Weight: 1.01695 t
				Percentage recycled: 100 %
4	Types of, number of employees in and rate of occupational accidents	Quantitative	Ratio (%), Quantity	No. of persons: 0 (all general occupational accidents) Injury rate: 0%
				No Occupational Disasters
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled	Quantitative	Metric tons (t), Percentage (%)	Weight: 8.08 t + 11.56 t = 19 .64 t
				Percentage recycled: 100 %
6	Description of the management of risks associated with the use of critical materials	Qualitative Description	Not applicable	See 3.7 Supply Chain Management
				KINGSTATE has formulated the "Green Product Inspection Regulations", defined the list of critical components in accordance with the Regulations, and issued red/yellow alarms according to the severity of the abnormalities in the importation of critical components in accordance with the Purchasing Risk Management Regulations, and carried out corresponding control measures.
7	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	NT	0, no relevant events during the year
8	Production by product category	Quantitative	Kpcs	185,648Kpcs

*Sustainable ambitions, fulfilling the responsibilities of global citizenship.
Abundant sustainability, safeguarding shareholder investment interests.*

