KINGSTATE

Kingstate
Sustainability Report

2024

### ■ About this Report

This is 2024 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, 2024 to December 31, 2024, with significant events up to June 30, 2025 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 Kingstate 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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### ■ Report Issuance

Current version : August 2025
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■　**Message from the Chairman**

The world continues to face extreme weather—from record heat in Europe and Asia, droughts in the United States and Africa, to floods and storms in Southeast Asia and South America. These crises threaten lives, biodiversity, and food security. At the same time, conflicts in Ukraine, Gaza, Sudan, and elsewhere deepen humanitarian emergencies and increase displacement, complicating progress toward the UN Sustainable Development Goals (SDGs).

Amid closer scrutiny from global capital and consumers, businesses must meet stricter ESG standards, accelerate climate action, advance net-zero transitions, and safeguard human rights. Natural and man-made disasters have become a new normal. Individuals, companies, and governments must act proactively, accept responsibility, and work together to tackle the challenges of our era.

Kingstate treats climate response and regulatory compliance as core responsibilities. Since 2021, we have conducted greenhouse-gas inventories, pursued reduction programs, and voluntarily disclosed management information. We continue to strengthen systems and certifications across quality, environmental and hazardous-substance management, occupational health and safety, greenhouse-gas inventory, product carbon footprint, and information security. We also advance green production, reduce packaging emissions, and encourage supply-chain partners to join green manufacturing to achieve our goals.

Specializing in acoustic technology, Kingstate accelerates R&D and collaborates with strategic partners to serve smart home, automotive, consumer electronics, healthcare, and AI markets. We deliver professional project management and acoustic testing to ensure high-quality solutions. Beginning in 2024, we are partnering with National Ocean University on passive fan-noise reduction for laptops, integrating ESG principles while cultivating talent and social benefit.

We value social responsibility and community service. Our teams support annual fundraisers for the Bali Happy Mount Nursing Institution and Genesis Social Welfare Foundation 's donation campaigns; cooperate with Tamsui District Office on emergency aid and elderly volunteer services; organize industrial-park blood drives; and contribute to initiatives such as "Old Shoes Save Lives," "Flying Wings," "Child Welfare Alliance", etc. We also promote employee well-being through in-house clubs, departmental banquets, health checkups, team gatherings, emergency relief allowances and more.

Kingstate believes sound corporate governance strengthens our foundation and is a source of competitive advantage. We continually improve through a rigorous governance framework, with scores rising in consecutive evaluations. We will further enhance practices to deliver reliable value to shareholders, employees, and society. Committed to our ESG mission, we will deepen governance, engage stakeholders, and practice sustainability. Guided by our values—integrity, innovation, and pursuit of excellence—we will keep improving operational efficiency and meeting the expectations of shareholders, employees, and society. We sincerely thank our shareholders, directors, customers, and suppliers for their continued support and look forward to working together for sustainable development and for a better planet.

Stay sustainable
as a responsible global citizen

Keep profitable
as a responsible corporate

Chairman
Yen Tang, Chang

# *1. Acoustic Expert*

**1.1 About us**

**1.2 History & Milestone**

**1.3 Financial Performance**

## 1.1 About us

| 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., Tamsui Dist, New Taipei City 251402, Taiwan |
| Locations | Taipei Headquarters, Dongguan Kingstate, 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, Home Security, Digital Smart Hearing Aid |
| Capital | NTD 589 million (as of 2024/12/31) |
| Number of workers | 905 (as of 2024/12/31) |
| Revenue Size | NTD 3.68 billion (2024) |

## ■ 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.
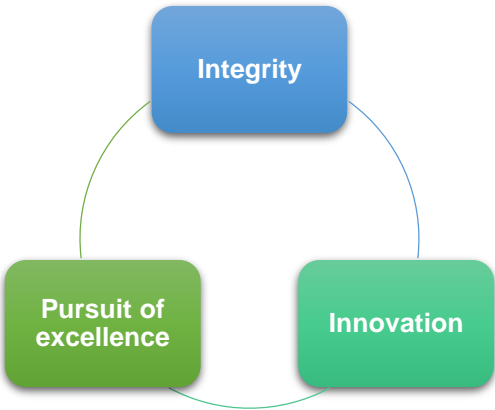
Over the years, Kingstate's products have been favored by international manufacturers and are widely used in AI industry, smart home, consumer electronics, information technology, home appliances, automotive electronics, security, medical and industrial equipment and other related fields.
We have always 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 are not sourced from conflict zones. These are Kingstate's continuous pursuit of quality and our firm commitment to it.

## ■ Business Philosophy ( Core Value )

Its business philosophy is the core of Kingstate's values, reflecting Kingstate's unique vitality and competitiveness. Like a rock, this philosophy remains steady over time—unshaken and immovable like a mountain. It shapes the mindset and behavior of every employee, forming a culture of strong execution.

• Integrity
The foundation of Kingstate's values.

• Innovation
The driving force behind our growth and strategic direction.

• Pursuit of Excellence
Every Kingstate team member embraces a broad perspective, works with mutual trust, and faces challenges with optimism, resilience, and a relentless drive for excellence.

Integrity

Pursuit of excellence

Innovation

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## 1.2 History & Milestone

| 1977 | 1993 | 1996 | 2000 | 2001 | 2004 | 2005 |
|---|---|---|---|---|---|---|
| Established Kingstate in October in Taiwan | ISO9002 certification | Established Dongguan factory in China | ISO9001 certification | TL9000 certification | ISO14001 certification | TS16949 certification Established Suzhou factory in China |

| 2007 | 2011 | 2013 | 2014 | 2015 | 2017 |
|---|---|---|---|---|---|
| Public listed in the OTC market in Taiwan | Apple Mfi manufacturer | 100+ Patents Secured Advancing product value with compact design and powerful sound output | First Skype/Lync unified lab in Taiwan | QC080000 certification | First Cortana v3.0 voice test lab in Taiwan |

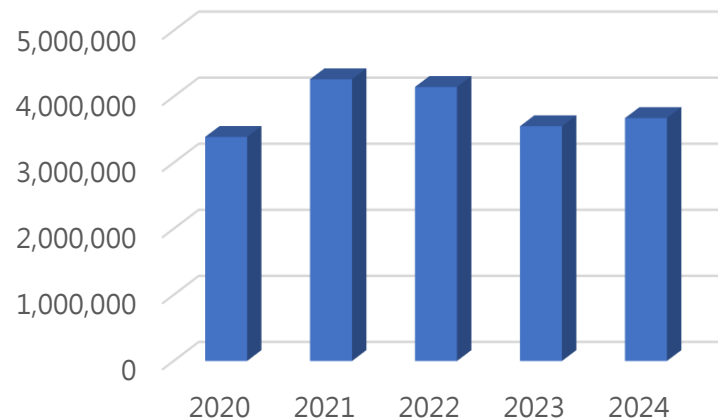| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| IATF16949 certification | Amazon ALEXA AQT Voice test lab | ISO45001 certification RBA ver 6.0 code of Conduct- Responsible Business Alliance | ISO13485 certification | ISO14064-1 certification | ISO14067 certification ISO50001 certification | ISO27001:2022 certification RBA ver 8.0 code of Conduct- Responsible Business Alliance |

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## 1.3 Financial Performance

In 2024, Kingstate's consolidated operating revenue was NT$3.68 billion This represents an increase of NT$123 million compared to 2023, with a growth rate of 3.46%.

Net operating profit for 2024 was NT$230 million, a decrease of NT$86 million compared to 2023. A decrease of 27.21%. The main reason was an increase in operating expenses.

In 2024, pre-tax net profit was NT$336 million, a decrease of NT$61 million compared to 2023. This represents a decrease of 15.38%.

Additionally, non-operating income in 2024 increased by 0.25 billion yuan compared to 2023, primarily due to growth in other income and exchange gains.



Operating Revenues (In Thousands of New Taiwan Dollars)

| Historical Revenue and Profit or Loss | | | | | |
|---|---|---|---|---|---|
| Unit: Thousand dollars (NT) | 2020 | 2021 | 2022 | 2023 | 2024 |
| Revenue | 3,390,132 | 4,262,959 | 4,146,996 | 3,552,984 | 3,675,973 |
| Operating Costs | 2,781,167 | 3,655,813 | 3,326,603 | 2,775,978 | 2,883,845 |
| Gross Profit | 608,965 | 607,146 | 820,393 | 777,006 | 792,128 |
| Operating Expenses | 400,338 | 464,793 | 557,302 | 461,531 | 562,483 |
| Marketing Expenses | 136,063 | 157,150 | 183,874 | 141,575 | 158,627 |
| Administrative Expenses | 158,287 | 187,374 | 240,882 | 226,576 | 274,417 |
| R&D Expenses | 105,988 | 107,740 | 100,600 | 93,139 | 129,960 |
| Expected Credit Loss and Gain | 0 | 12,529 | 31,946 | 241 | -521 |
| Operating Profit | 208,627 | 142,353 | 263,091 | 315,475 | 229,645 |
| Non-operating Income (Expense) | -5,679 | 38,918 | 61,555 | 81,308 | 106,100 |
| Net Profit Before Tax | 202,948 | 181,271 | 324,646 | 396,783 | 335,745 |
| Income Tax Expense | 46,564 | 49,958 | 112,531 | 112,665 | 118,345 |
| Net Profit for the Period | 156,384 | 131,313 | 212,115 | 284,118 | 241,741 |
| Non-controlling interests | 0 | 0 | 0 | 0 | -24,341 |
| Other Comprehensive Income for the Period | 8,683 | 7,644 | 18,518 | -10,963 | 46,981 |
| Total Consolidated Profit or Loss for the Period | 165,067 | 138,957 | 230,633 | 273,155 | 264,381 |
| Earnings Per Share | 2.90 | 2.39 | 3.60 | 4.82 | 4.10 |
| GRI Specific Exposure Expenditure Items | | | | | |
| Employee Salaries and Benefits | 524,059 | 614,906 | 577,829 | 488,657 | 567,804 |

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                 Expert          **Sustainable
                                 Management**          Corporate
                                                       Governance          Green
                                                                           Environment          Friendly Workplace
                                                                                                Social Engagement          Appendix

# *2. Sustainable Management*

**2.1 Commitment**

**2.2 Stakeholder Communication Status**

**2.3 Materiality Analysis & Identification**

## 2.1 Commitment

### ■ Kingstate 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

### ■ Sustainable Development Task Force

Kingstate's 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 Sustainable Development Policy

**Sustainable Environment**

Environmental Sustainability Management

Greenhouse Gas Management

Operational Carbon Reduction Management

Supply Chain Management

Green Procurement

**Social Engagement**

Public Welfare Strategy Planning and Implementation

Community Engagement

Social Responsibility

Corporate Image

**Risk Management**

Information and Communication Security Risk Management

Intellectual Property Risk Management

Financial Risk Management

Operational Risk Management

Climate Change Risk Management

**Corporate Governance**

Stakeholder Communication

Board of Directors/Shareholders' Meeting

Corporate Governance Evaluation

Organizational Strategy

Integrity in Business Operations

Shareholder Rights

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## 2.2 Stakeholder Communication Status

Kingstate defines interested parties as individuals or groups that affect or are affected by Kingstate. Key stakeholders include governments, employees, shareholders, customers, suppliers, and communities. We engage through various channels to understand their concerns and develop policies and actions in response to their needs.

| Stakeholders | Priority Issues | Communication Channels, Response Methods, and Communication Frequency | Importance to Kingstate | Communication and Implementation Effectiveness |
|---|---|---|---|---|
| Government and Competent Authorities | Regulatory compliance | Participate in policy discussions and seminars organized by regulatory authorities on an irregular basis | Kingstate adheres to the laws and regulations of the government and regulatory authorities, establishes a comprehensive compliance management system, conducts employee training, implements monitoring and reporting mechanisms, maintains transparency and communication, reduces legal and operational risks, and promotes Kingstate's long-term sustainable development. | Participate in the latest regulatory updates and sustainability-related briefings organized by the Taiwan Stock Exchange (TWSE) to stay informed about the latest regulatory developments and strengthen sustainability-related initiatives. |
| | Customer Protection and Communication | Cooperate with regulatory authorities in supervision and audits | | |
| | Corporate Governance | Meet with regulatory authorities to establish direct communication channels | | |
| | Risk Management | Conduct annual risk management meetings | | |
| | Contact person | hr@kingstate.com.tw  Ms. Lin | | |
| Employees | Employee Benefits | Regularly announce various employee benefits (health check-ups, group insurance, club activities), event information, and important operational updates | Employees are Kingstate's most valuable asset. We prioritize employee welfare, provide a safe and comfortable work environment, implement effective incentive programs, and ensure compliance with labor laws and regulations to maximize employee potential and promote Kingstate's success and sustainable development. | 2024 Employee Satisfaction Survey. The participation rate for this survey reached 100%. The survey results, with a maximum score of 5, showed an overall average satisfaction rating of 4.39, indicating that most employees hold a positive view of Kingstate. |
| | Employee Evaluation Mechanism | Semi-annual performance evaluation process | | |
| | Labor-Management Relations | Quarterly Labor-Management Meetings | | |
| | Occupational Safety and Health | Fire Drills Every Six Months | | |
| | Contact Person | hr@kingstate.com.tw  Ms. Lin | | |
| Shareholders and Investors | Corporate Governance | Major Announcements: Public Information Observation Station, real-time disclosure of important information | Announcing major information, publishing annual reports and financial statements, and holding investor conferences are critical communication channels between companies and their shareholders and investors. Ensuring transparency, accuracy, and timeliness of information, using clear language and detailed financial data, establishing effective communication channels, and complying with regulations are essential to implementing corporate governance systems and gaining the trust of shareholders and investors. | 2024 Annual General Meeting of Shareholders. In 2024, Kingstate received approximately 50 inquiries from investors via telephone, with Kingstate spokesperson providing timely and accurate information to address investors' concerns. |
| | Operational Performance | Operational performance is announced on a monthly basis Financial and business information | | |
| | Shareholder participation | Annual shareholders' meetings are held, and annual reports and sustainability reports are published. Investor relations meetings are conducted in accordance with regulations. | | |
| | Contact Information | KS3206@kingstate.com.tw Ms. Chen | | |

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## 2.2 Stakeholder Communication Status

| Stakeholders | Priority Issues | Communication Channels, Response Methods, and Communication Frequency | Importance to Kingstate | Communication and Implementation Effectiveness |
|---|---|---|---|---|
| Customer | Service Quality | Conduct regular customer satisfaction surveys annually by the Marketing Department | Kingstate places great importance on customer needs and satisfaction, striving to enhance customer loyalty, optimize products and services, strengthen brand image, and gain a competitive edge in the market. Therefore, establishing good customer relationships and implementing effective customer management strategies are the core keys to Kingstate's success. | 2024 Annual Customer Satisfaction Survey Results: Quality 91.43, Delivery 90.71, Service 96.43, Complaint Handling 92.14, Overall Performance 92.85; Overall Average: 92.71 points. Overall performance remains stable, with service receiving the highest evaluation, demonstrating the team's professionalism and efficiency. There is room for improvement in delivery and customer complaint handling, and we will continue to optimize operational processes to enhance the customer experience. |
| | Product and Service Responsibility | Regularly update Kingstate website to keep customers informed about product and service information | | |
| | Technical R&D | Provide testing equipment and technical support to assist customers in product application | | |
| | Contact Information | info@kingstate.com.tw Ms. Chen | | |
| Suppliers | Sustainable Development Strategy | Conduct regular supplier evaluations, sign agreements committing to the non-use of environmentally restricted substances, integrity and integrity commitment statements, with 100% of major suppliers signing such agreements, and maintain two-way communication with suppliers | Establishing stable cooperative relationships with suppliers for mutual benefit, ensuring commercial objectives while jointly promoting ESG social responsibility and environmental protection, and building a long-term, stable supply chain relationship to achieve a win-win outcome. | Completed sustainability surveys for 125 suppliers in 2024, representing 46% of the total. In 2024, integrate supplier resources and select 56 suppliers from 194 qualified suppliers for annual audits, covering 29% of the total. The audits include on-site quality, environmental, hazardous substance process management, anti-terrorism, occupational health and safety, social responsibility, and information security. Non-conformities identified during the audit process are addressed through corrective actions, and the effectiveness of improvements and delivery performance are tracked and confirmed by SQE, resulting in continuous improvement of the overall supply chain standards. |
| | Contact Person | mf@kingstate.com.tw Mr. Chen | | |
| Community Groups | Corporate Image | Actively participating in forums and seminars organized by various community and academic organizations | Through collaboration with community organizations, Kingstate is better able to fulfill its social responsibilities, support community development, and establish a positive social image, thereby enhancing Kingstate's reputation and value. | 2024 Annual Social Care Activities Achievements:<br>• Activity expenditure: 105,370 yuan, supporting various social care activities and programs<br>• Donation amount: 854,035 yuan (including employee donations), allocated to education, environmental protection, and support for vulnerable groups<br>• Volunteer participation: 137 participants, with employees actively engaging in social responsibility initiatives<br>• Total volunteer hours: 392 hours, actively participating in charitable activities and demonstrating social responsibility<br>• 2024 Blood Donation Campaigns: A total of 158 units of blood (39,500 cc) were donated<br>• Total beneficiaries: 1,170 people |
| | Care and Public Welfare | Long-term donations to Leshan Nursing Home, Genesis Foundation, Christmas activities, blood donation, and collaboration with the Tamsui District Office on various social welfare programs | | |
| | Park Environment and Safety | Regular participation in park management committee meetings to establish environmental safety policies and training programs | | |
| | Contact Information | esg@kingstate.ocm.tw Ms. Huang | | |

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**Sustainable
Management**

Corporate
Governance

Green
Environment

Friendly Workplace
Social Engagement

Appendix

# 2.3 Materiality Analysis and Identification

Kingstate aligns with GRI Standards (2021) to identify highly material issues across operations, business relationships, and the supply chain. Through stakeholder engagement and cross-functional discussions, we assess topics affecting both Kingstate and the external economy, environment, and society. "Double materiality" means prioritizing issues by weighing stakeholder views alongside impacts on profitability, reputation, and operational risk. Each year we analyze material topics, track changes in external concerns and stakeholder input, benchmark against international standards and indicators, quantify impacts, set strategies, policies, and targets, and integrate issue identification with sustainability risk management.

## ■ Analysis 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.
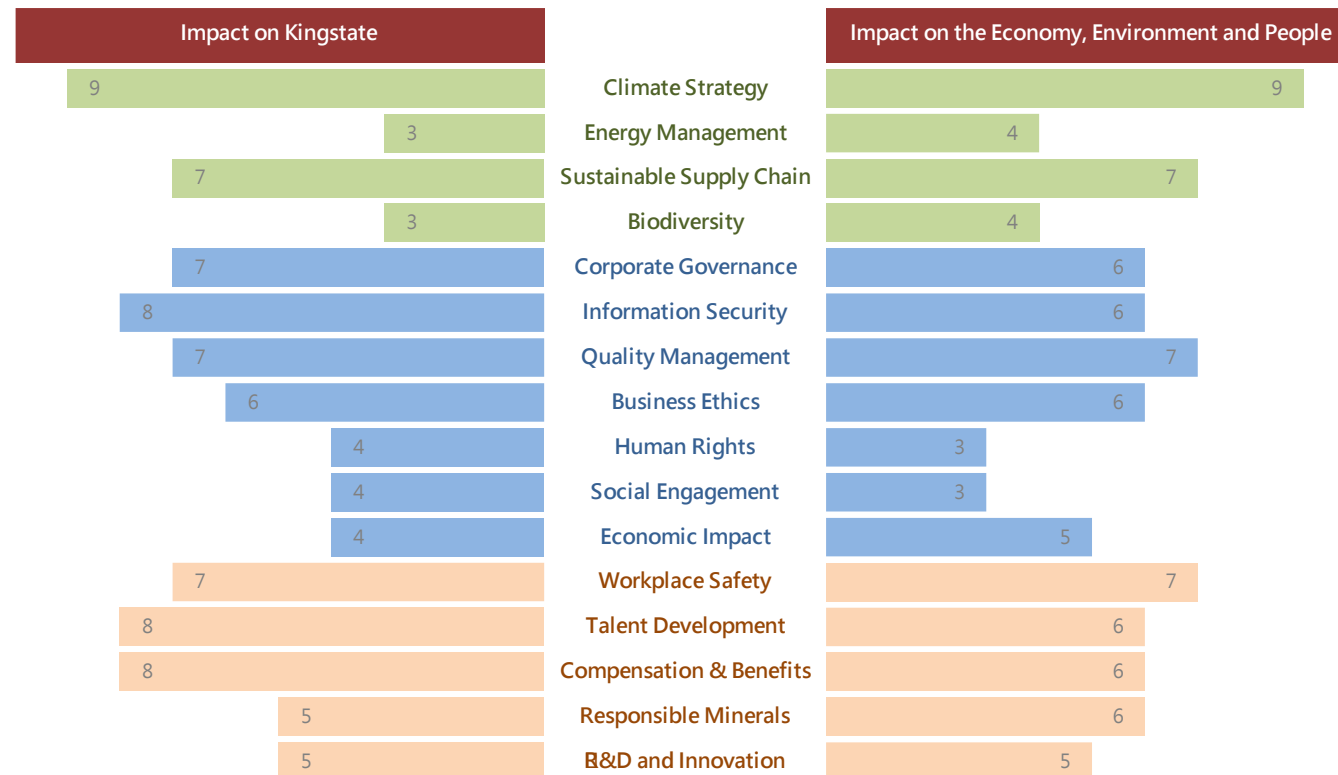
**3**

### 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.

**4**

## ■ Materiality

| Impact on Kingstate | | Impact on the Economy, Environment and People |
|---|---|---|
| 9 | Climate Strategy | 9 |
| 3 | Energy Management | 4 |
| 7 | Sustainable Supply Chain | 7 |
| 3 | Biodiversity | 4 |
| 7 | Corporate Governance | 6 |
| 8 | Information Security | 6 |
| 7 | Quality Management | 7 |
| 6 | Business Ethics | 6 |
| 4 | Human Rights | 3 |
| 4 | Social Engagement | 3 |
| 4 | Economic Impact | 5 |
| 7 | Workplace Safety | 7 |
| 8 | Talent Development | 6 |
| 8 | Compensation & Benefits | 6 |
| 5 | Responsible Minerals | 6 |
| 5 | R&D and Innovation | 5 |

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## 2.3 Materiality Analysis and Identification

### ■ Material Issues

| Main Focus | Materiality Issues | Value Chain Impact Hotspots | | | Impact Assessment | | | | Management Policies and Corresponding Sections |
|---|---|---|---|---|---|---|---|---|---|
| | | Upstream End | Operational Aspects | Downstream End | For Kingstate | | Environment, Economy, and People | | |
| | | | | | Positive | Negative | Positive | Negative | |
| Climate action | Climate strategy | ○ | ○ | ○ | 6 | 3 | 4 | 5 | 4.1 Climate Change<br>4.2 Greenhouse Gas<br>4.3 Energy Management<br>4.4 Water Resource Management<br>4.5 Waste Management |
| | Sustainable Supply Chain | ○ | ○ | | 5 | 2 | 3 | 4 | 3.6 Supply Chain Management |
| Corporate Governance | Corporate Governance | | ○ | | 5 | 2 | 5 | 2 | 3.1 Governance Organization |
| | Information Security | | ○ | ○ | 4 | 5 | 2 | 4 | 3.4 Information Security |
| | Quality Management | ○ | ○ | ○ | 4 | 3 | 5 | 2 | 1.2 History and Development<br>3.6 Supply Chain Management |
| | Business Ethics | | ○ | | 5 | 1 | 5 | 2 | 3.2 Integrity in Business Operations |
| Human Capital | Workplace Safety | ○ | ○ | | 6 | 2 | 5 | 1 | 5.4 Friendly Workplace & Healthcare |
| | Talent Development | ○ | ○ | ○ | 6 | 2 | 6 | 1 | 5.2 Talent & Training |
| | Compensation & Benefits | | ○ | | 6 | 3 | 5 | 1 | 5.3 Benefits & Communication |

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# *3. Corporate Governance*

**3.1 Governance Structure**

**3.2 Integrity & Legal Compliance**

**3.3 Risk Management**

**3.4 Information Security**

**3.5 Regulation Compliance**

**3.6 Supply Chain Management**

**3.7 Intellectual Property**

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## 3.1 Governance Structure

In accordance with Kingstate's operational management, three functional committees are established under the Board of Directors, each responsible for discussing important operational matters related to economic, environmental, social, and risk management issues, and reporting to the Board of Directors. The highest governance body of Kingstate is the Board of Directors. To further strengthen the structure and operational division of the Board of Directors, the following committees are established under the Board of Directors: the Compensation Committee, the Audit Committee, and the Corporate Governance and Sustainable Development Committee. For details regarding the number of members, term of office, responsibilities, key tasks, and the operation of corporate governance for the committees established under the Board of Directors, please refer to pages 17 to 25 of the 2024 Annual Report and this report.

■ **Organization Chart of Kingstate Group**
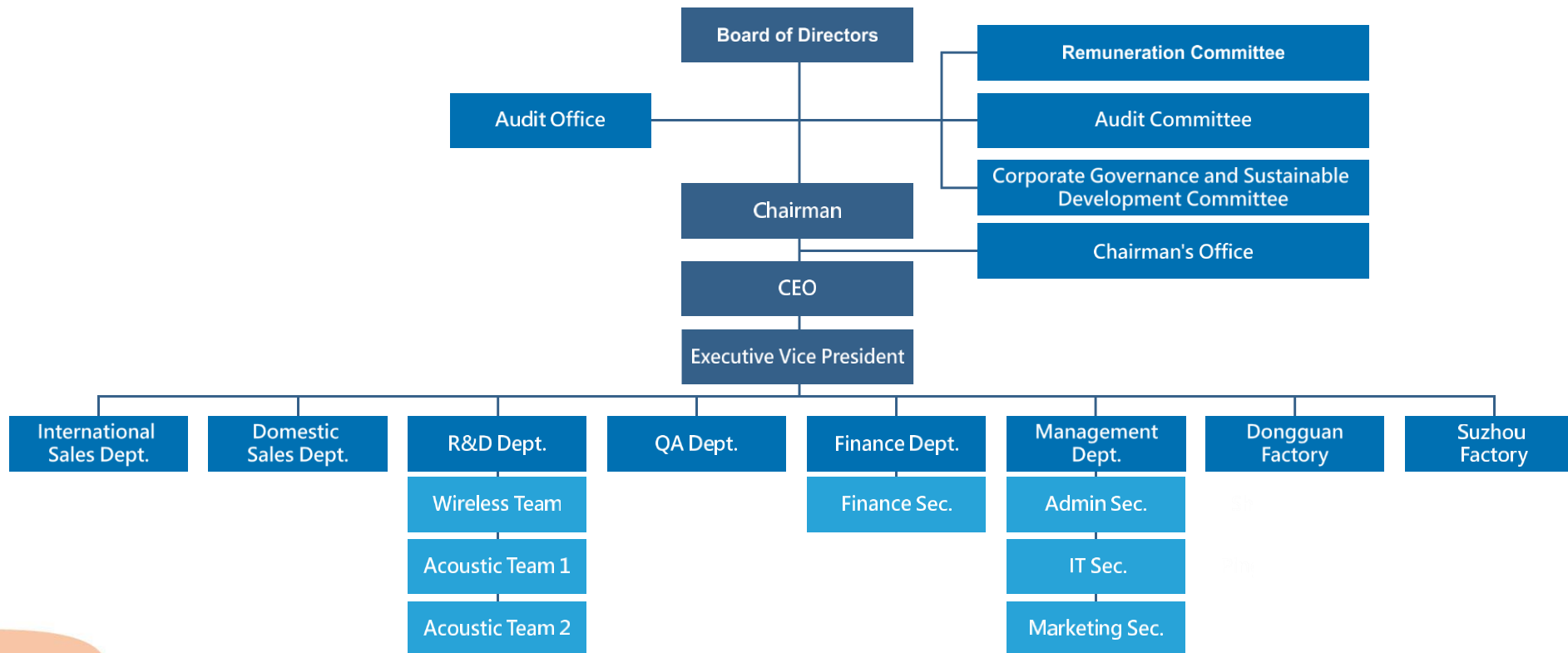
# 3.1 Governance Structure

## ■ Selection and Diversity of Board Members

The selection process for board members is conducted in accordance with Article 15 of Kingstate's Articles of Association, whereby board members are elected by the shareholders' meeting in accordance with the law for a term of three years. The election follows a candidate nomination system, whereby shareholders holding one percent or more of the total issued shares and the board of directors may propose a list of board candidate nominees. After the board of directors confirms that the nominees meet the qualifications required for board members, the list is submitted to the shareholders' meeting, which then elects the board members from the list of nominees. The Board of Directors of Kingstate consists of nine members, including the Chairman, who is also the President, five directors, and four independent directors. All members possess independence, professional expertise, and relevance to Kingstate's operations and development, while also considering the diversity of the Board's composition.

Independent directors account for 44% of the board of directors, and female directors account for 44%. Detailed information on individual members (such as gender, age, and concurrent positions held in Kingstate or other companies) is available on pages 4 to 6 of the 2024 Annual Report.

| Term of Office | | May 31, 2024, to May 30, 2027 |
|---|---|---|
| Members | Directors | Yen Tang, Chang (Chairman), David Peng, World Vision Unites Group Rep. Hui Min Fang, Futai Construction Co., Ltd. Rep. Gary Chang, Bai Le Co., Ltd. Rep. Miao Fen Duan. |
| | Independent Directors | Fang Chu, Hsieh, Li Mei, Chen, Rih Sheng, Chen, Yu Jhen, Jhou |

| Project | Classification | Percentage |
|---|---|---|
| Gender | Male | 55.5 |
| | Female | 44.44 |
| Age | 29 years old or younger | 0 |
| | 30–50 | 22.22 |
| | 51 years old and above | 77.78 |

## ■ Procedures for Submission of Directors' Meetings

Proposals from Responsible Dept. → Reports, Discussions and Resolution of Functional Committees → Submitting to the Board of Directors for Reports, Discussions and Resolution

● **Role and Oversight of Sustainable Governance**

• **Board Oversight of Sustainable Initiatives**

The Board of Directors guides long-term strategies and oversees sustainability. Each year, the Corporate Governance and Sustainable Development Committee sets guidelines based on major issues and Kingstate's vision, reports to the Board, and issues policies after approval. The Risk Management Subcommittee annually surveys senior management and stakeholders on ESG impacts, identifies key issues, and submits them to the Board. Subcommittees manage project guidelines, risk assessments, and response strategies, meeting quarterly to review risks, report progress, and submit consolidated updates via the Corporate Governance Officer.

• **Sustainability Reporting Management**

Annually, subcommittees collect and review sustainability content and data. The Corporate Governance Officer compiles the information, submits it to the Board for review and approval, and issues the final report.

● **Performance Evaluation of Sustainability Management**

The Board of Directors oversees sustainability performance, with the Corporate Governance and Sustainable Development Committee reporting twice in 2024 on integrity management, intellectual property, information security, and social care. Reports covered operations, goal achievement, and stakeholder communication. The Board reviewed results, urged strategy adjustments, and holds quarterly meetings to oversee major decisions, review initiatives, ensure goals are met, and provide suggestions to enhance transparency and management effectiveness.

| Meeting Date | Communication Items | Resolution Results |
|---|---|---|
| August 6, 2024 | 2024 ESG Mid-Year Work Implementation Report | Resolved by the unanimous resolution of all directors present |
| December 24, 2024 | Corporate Governance 2024 Annual Implementation Report and 2025 Annual Implementation Plan | Approved by the resolution of all attending directors |

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## 3.1 Governance Structure

### ■ Board Performance Evaluation

To implement corporate governance and enhance the functions of the Board of Directors and its functional committees, Kingstate established the "Board of Directors Performance Evaluation Guidelines" in November 2020. In accordance with the regulations, a performance evaluation must be conducted annually (evaluation period for 2024: January 1, 2024, to December 31, 2024).

● **Internal Evaluation Methods and Standards for Board Performance**

• Performance evaluations are compiled by the Administrative Department - Shareholder Services Division using self-assessment questionnaires from each evaluated unit. The scope includes four areas: directors' assessment of board operations, their self-assessment of participation, and committee members' assessments of the compensation and audit committees.
• Results serve as references for director selection or nomination, and for determining compensation of directors and committee members.
• Collected annually, questionnaires are compiled and analyzed, with results submitted to the Board in the first quarter. Improvement measures are proposed based on directors' recommendations.

● **The results of the internal performance evaluation of the Board of Directors are reported as an agenda item at the Board of Directors meeting.**

• The internal performance evaluations for the Board of Directors, Compensation Committee, and Audit Committee for 2024 have been completed. The evaluation results were reported at the Board of Directors meeting held on March 12, 2025, and the reporting process has been completed.

• The achievement rate for this year's evaluation items ranged from 92.2% to 96.4%, with results classified as excellent or above. This indicates that the current systems and implementation results of Kingstate's board members, the board of directors, and various functional committees are generally sound, with no recommendations for improvement.

● **Performance Evaluation Method and Standards for the Board of Directors**

The performance evaluation of the Board of Directors and functional committees, including the internal self-assessment by the Board of Directors and the self-assessment by individual directors, is as follows:

| Assessment Scope | Assessment Method | Evaluation Content | Average Achievement Rate |
|---|---|---|---|
| Individual Board Members | Self-assessment by board members | (1) Understanding of Company Goals and Objectives<br>(2) Understanding of director responsibilities<br>(3) Level of involvement in company operations<br>(4) Management of Internal Relationships and Communication<br>(5) Professional Qualifications and Continuing Education of Directors<br>(6) Internal control | 94.6 |
| Board of Directors | Board of Directors' Self-Assessment | (1) Level of involvement in company operations<br>(2) Improving the quality of board decisions<br>(3) Composition and Structure of the Board of Directors<br>(4) Appointment and Continuing Education of the Board of Directors<br>(5) Internal Control | 96.4 |
| Compensation Committee | Internal Self-Assessment of the Compensation Committee | (1) Level of involvement in company operations<br>(2) Understanding of the responsibilities of functional committees<br>(3) Improving the quality of functional committee decision-making<br>(4) Composition and Selection of Functional Committee Members | 94.2 |
| Audit Committee | Internal Self-Assessment of the Audit Committee | (1) Level of involvement in company operations<br>(2) Understanding of Functional Committee Responsibilities<br>(3) Improving the quality of functional committee decision-making<br>(4) Composition and Selection of Functional Committee Members<br>(5) Internal control | 92.2 |

## 3.1 Governance Structure

### ■ Board of Directors Operations and Members

Kingstate generally holds one Board of Directors meeting per quarter. In 2024, a total of seven regular Board of Directors meetings were held, with an average attendance rate of 98.42%.

In 2024, the Board of Directors held 7 meetings (January 1, 2024, to December 31, 2024), with the following attendance:

| Title | Name | Actual Attendance (Listed) | Number of times attended by proxy | Actual attendance rate (%) |
|---|---|---|---|---|
| Chairman of the Board | Yen Tang, Chang | 7 | 0 | 100 |
| Director | Bai Le Co., Ltd. Representative: Miao Fen, Duan | 6 | 0 | 88 |
| Director | World Vision Unites Group Representatives: Hui Min Fang | 7 | 0 | 10 |
| Director | David Peng | 7 | 0 | 100 |
| Director | Futai Construction Co., Ltd. Representative: Gary Chang | 7 | 0 | 100 |
| Independent Director | Fang Chu, Hsieh | 7 | 0 | 100 |
| Independent Director | Li Mei, Chen | 7 | 0 | 100 |
| Independent Director | Rih Sheng, Chen | 7 | 0 | 100 |
| Independent Director | Yu Jhen, Jhou | 7 | 0 | 100 |

### ■ Continuing Education on Sustainable Development

To strengthen directors' professionalism and corporate governance, Kingstate requires board members to attend courses on corporate governance, ESG, risk management, internal control, and finance. Annual training is arranged to enhance knowledge in governance, economics, environment, and society, improving risk management capabilities. In 2024, total training reached 78 hours, averaging over 8.6 hours per director. Details are in pages 21–22 of the Shareholders' Meeting Annual Report.

● **Participation of Directors in Continuing Education Related to Sustainable Development**

| Type | Date | Course/Seminar Name | Hours |
|---|---|---|---|
| In-person Course | 2024/11/5 | Climate Change and Its Impact on Corporate Finance: Strategies for Response | 3 hours |
| In-person course | 2024/12/24 | Carbon Trading Mechanisms and Carbon Management | 3 hours |
| In-person course | September 24–25, 2024 | Practical Training Workshop for Directors and Corporate Governance Officers | 12 hours |
| In-person course | July 30, 2024 – July 31, 2024 | Board Members and Corporate Governance Officers Practical Training Workshop | 12 hours |

### ■ Conflict of Interest Avoidance Mechanism

The Chairman also serves as General Manager, using industry and operational expertise to align board resolutions with execution and improve efficiency. The Board's Rules of Procedure and committee regulations address conflicts of interest. If a resolution involves a director, their spouse, close relatives, or related companies, the director must disclose the conflict, abstain from discussion and voting, and not act as a proxy. Relevant names, matters, and recusals are recorded in meeting minutes. Directors and managers must file an annual related-party transaction declaration for Audit Committee review.

## 3.1 Governance Structure

### ■ Succession Plan for Board Members and Key Management Personnel

Kingstate has established systematic management and development strategies for the selection, cultivation, and evaluation of Board members and key management personnel to ensure Kingstate's long-term stability and sustainable development.

● **Succession Planning for Board Members and Operational Procedures**
• Board member selection follows the candidate nomination system in the Articles of Association and the "Corporate Governance Best Practices Guidelines" to ensure diversity. Kingstate also sets diversity policies aligned with its operations, business model, and development needs.
• Board Structure and Operational Requirements
 The Board of Directors adjusts its structure based on Kingstate's operational scale, development needs, and major shareholder ownership structure to align with actual operational requirements.
• Standards for Establishing a Director Candidate Database
 ▲ Integrity, responsibility, innovation, and decision-making ability, consistent with Kingstate's core values.
 ▲ Possess industry experience relevant to Kingstate's business operations.
 ▲ Possess professional knowledge and skills that can effectively contribute to Kingstate's sustained development.
 ▲ Possess the professional background required for the overall Board of Directors, including corporate strategy and management, accounting and taxation, finance and banking, and legal fields.
• Board Performance Evaluation Guidelines
Establish a Board Performance Evaluation Policy to assess members' understanding of company goals, fulfillment of responsibilities, involvement in operations, management of relationships and communication, professional knowledge and development, internal control, and opinion expression.

● **Succession Planning for Key Management Personnel**
• Establish a succession plan and operational mechanisms for key management personnel:
 Designate a deputy for positions at the assistant manager level and above to ensure the stability and continuity of management operations.
• Training and Development Mechanisms:
 A. Cultivate professional capabilities and corporate governance literacy.
 B. Participate in board meetings, strategic planning sessions, and senior management meetings.
 C. Annual participation in strategic and management seminars to enhance understanding and application of trends.
• Internal and External Training Integration: Combine internal experience sharing with external benchmarking to enhance management practices and innovation capabilities.

### ■ Compensation Committee Operations and Members

The Compensation Committee of Kingstate consists of three members, all of whom are independent directors, with a gender ratio of 1:2. The current term of the Compensation Committee runs from June 18, 2024, to May 30, 2027. The Compensation Committee holds at least one meeting per quarter. In 2024, the Compensation Committee held four meetings, with an overall attendance rate of 100%. Detailed information on individual members and the committee's operations is available on page 41 of the Annual Report.

● **Information on the Operations of the Compensation Committee**
The Compensation Committee held four meetings in 2024 (January 1, 2024, to December 31, 2024), with the following attendance:

| Position | Name | Actual Attendance | Number of times delegated to attend | Actual attendance rate |
|---|---|---|---|---|
| Convener | Fang Chu, Hsieh | 4 | 0 | 100 |
| Compensation Committee Member | Li Mei, Chen | 4 | 0 | 100 |
| Compensation Committee Member | Rih Sheng, Chen | 4 | 0 | 100 |

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# 3.1 Governance Structure

## ■ Performance Evaluation and Compensation Linkage for Directors and Managers

● Board Compensation Structure and Compensation Determination Process
Directors' compensation, set per Article 25 of the Articles of Association, is reviewed by the Compensation Committee and approved by the Board. It includes salaries, allowances, severance, bonuses, and incentive awards. The Committee adjusts compensation based on industry standards and individual performance, with bonuses tied to performance indicators. Details for 2024 are in pages 11–13 of the Annual Report.Senior management compensation is proposed by the Compensation Committee and approved by the Board, including salaries, retirement benefits, and performance bonuses based on indicators. Their retirement system matches other employees. 2024 details are on pages 14–15 of the Annual Report.

● Recovery Mechanism
To ensure sustainable and ethical operations, any director or employee violating the Code of Ethics and Conduct and facing disciplinary action will have compensation or rewards handled per the Code's disciplinary measures.

● Linkage between Senior Manager Compensation and Sustainability Performance
Kingstate includes ESG objectives in managers' variable compensation. A performance appraisal and bonus scheme rewards senior management based on participation in ESG initiatives and achievement of departmental targets. Starting in 2024, four key goals—regulatory compliance, sustainable activity participation, occupational safety, and greenhouse gas reduction—will guide semiannual performance evaluations and bonus distribution, linking sustainability goals to incentives.

● Linkage between director compensation and performance evaluation
Kingstate annually evaluates the Board under the "Board Performance Evaluation Guidelines." Self-assessment covers understanding goals, responsibilities, participation, relationships, communication, competence, and internal control. Results go to the Compensation Committee. A transparent system links director pay to performance, with allocation based on participation and contributions using a weighted scoring system.

● Director and Senior Management Resignation and Retirement Policies
The resignation notice period for directors and senior management follows local regulations, with notice and severance terms identical to other employees. No additional cash or in-kind benefits are provided.

## ■ Compensation Ratio

For the 2024 fiscal year, the ratio of the highest individual annual total compensation to the median annual total compensation of Kingstate (excluding the highest compensated individual) is 7.3:1; The ratio of the percentage increase in the annual total compensation of the highest-paid individual to the percentage increase in the median total compensation of Kingstate (excluding the highest-paid individual) is 1.33:1. The highest-paid individual is the General Manager of Kingstate, whose responsibilities include overall operational strategy planning, major investment decisions, organizational performance oversight, and promotion of corporate sustainability, and who has a significant influence on Kingstate's operational performance.

Although the total compensation ratio is 7.3 times, this ratio remains within a reasonable range compared to benchmark companies in the same industry, indicating that Kingstate's compensation design for senior management balances market competitiveness and internal fairness. Additionally, the compensation growth ratio of 1.33:1 indicates that the salary increase for the highest-paid individual is slightly higher than the median salary increase, primarily reflecting performance-based compensation growth resulting from improvements in Kingstate's annual operational performance, without excessive disparities. Kingstate continues to review and adjust its compensation policies on a regular basis in accordance with performance-oriented, market-based, and fairness principles to ensure that the compensation system remains attractive to high-performing talent while maintaining overall compensation fairness for all employees.

| Item | 2024 | 2023 | 2022 |
|---|---|---|---|
| The ratio of the annual total compensation of the highest-paid individual in the organization to the median annual total compensation of all employees in the organization (excluding the highest-paid individual) | 7.1:1 | 7.8:1 | 6.9:1 |
| The ratio of the percentage increase in the annual total compensation of the highest-paid individual in the organization to the median percentage increase in the annual total compensation of all employees in the organization (excluding the highest-paid individual) | 1.33:1 | 9.8:1 | 13:1 |

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# 3.1 Governance Structure

## ■ Audit Committee Operations and Members

The Audit Committee has four independent directors (gender ratio 1:3) serving from May 31, 2024, to May 30, 2027. It meets at least quarterly; in 2024, seven meetings were held with 100% attendance. Details are on pages 23–25 of the Annual Report.The committee reviews financial statements, oversees selection and independence of certifying accountants, ensures effective internal controls, monitors legal compliance, and manages risks.

- Establishing or revising internal control systems in accordance with Article 14-1 of the Securities Exchange Act
- Evaluating the effectiveness of the internal control system
- Establishing or revising procedures for major financial transactions, such as the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, or providing guarantees or endorsements for others, in accordance with Article 36-1 of the Securities Exchange Act
- Matters involving conflicts of interest of directors
- Major asset or derivative transactions
- Major loans, guarantees, or provision of guarantees

● **Information on the Audit Committee's participation in board operations**

The Audit Committee held 7 meetings in 2024 (January 1, 2024, to December 31, 2024), with the following attendance:

| Title | Name | Actual Attendance | Actual Attendance Rate |
|---|---|---|---|
| Audit Committee Member | Fang Chu, Hsieh | 7 | 100 |
| Audit Committee Member | Li Mei, Chen | 7 | 100 |
| Audit Committee | Rih Sheng, Chen | 7 | 100 |
| Audit Committee Member | Yu Jhen, Jhou | 7 | 100 |

## ■ Internal Audit and Prevention of Insider Trading

The Board of Directors has established an independent audit department and appointed full-time internal auditors. In addition to meeting the qualifications required by the Securities and Futures Bureau, they undergo annual professional training in internal auditing and submit the roster of internal auditors in accordance with the law. They continuously audit and supervise all internal management functions to enhance operational performance. Communication between Independent Directors, Internal Audit Manager, and Accountant: Kingstate Independent Directors review Kingstate business and financial status through regular audit reports and financial statements, and communicate with the Internal Audit Manager and Accountant as needed.

Communication between Independent Directors and Internal Audit Manager: At least once a year. Details of meeting discussions are provided on Page 26 of Kingstate annual report. Kingstate conducts its business in accordance with the principle of integrity. To prevent the improper disclosure of internal material information that may affect stock prices, Kingstate has established regulations in accordance with the "Management Procedures for Preventing Insider Trading," which have been incorporated into the internal control system to ensure the effective implementation of measures to prevent insider trading.

## 3.2 Integrity in Business Operations

■ **Integrity in Business Operations: Philosophy, Policies, and Behavioral Standards**

Kingstate follows ethical conduct standards, with preventive and remedial measures, and an independent Dept. to ensure compliance. Guidelines are Board-approved and implemented. To promote integrity policies, stakeholders sign documents, receive training via various channels, and suppliers undergo due diligence to meet standards.

● **Independent Communication Channels**

Kingstate provides independent communication channels—written, phone, and dedicated email—for anonymous reporting or inquiries on the Code of Integrity. The designated department follows standard procedures, updates the complainant, and investigates misconduct with supporting evidence. Allegations involving directors or managers are reported to independent directors.

• Reporting channels:  Dedicated hotline: (02)28095651 #1593 Ms. Lin
• Email: hr@kingstate.com.tw
• Mailing Address: 251402 New Taipei City, Tamsui District, Zhongzheng East Road Section 2, No. 69-11, 10th Floor, Kingstate Electronics Co., Ltd. Corporate Governance and Integrity Operations Task Force

For telephone reports, the receiving Dept. asks the whistleblower to visit a designated location to create and sign a record. If they refuse, the Dept. may record the report directly and decide whether to accept it.

● **Standard Procedures for Handling Reports and Complaints**

Under Article 23 of Kingstate's Code of Integrity, the Whistleblowing and Complaint Management Regulations prevent misconduct and promote transparency. The policy encourages reporting by all parties and ensures fair, prompt handling to uphold integrity Process: The designated department files reports, an independent team investigates, and violations lead to disciplinary actions such as termination. Causes are addressed with preventive measures, and results are reported to the complainant and the Board.

● **Integrity Standards for Stakeholders**

| Identity | Date | Documents to be signed | Signature Ratio |
|---|---|---|---|
| New employees | Upon joining Kingstate | Integrity and Confidentiality Commitment Letter / Confidentiality and Intellectual Property Rights Agreement / Agreement on the Protection of Employee Personal Privacy and Compliance with Business Ethics Standards | 100% |
| Current Employees | Every six months | Computer Resource Usage Commitment Form/Conflict of Interest Disclosure Form (Procurement + Quality)/Customer Confidentiality Agreement ] | 100 |
| Governance Dept. and Management | Annually | No Violation of Integrity Principles Declaration/Internal Procedures for Handling Material Information and Preventing Insider Trading | 100 |
| New suppliers | Prior to contract signing | Anti-Commercial Bribery Agreement with Relevant Parties/Conflict-Free Metal Declaration/Supplier Commitment to RBA Code of Conduct/Purchase Contract/Supplier Anti-Terrorism Commitment/Environmental Substance Survey Form (ROHS 2.0)/ Kingstate EU REACH SVHC 241 Substances Declaration as of June 27, 2024/ National Standard (VOCs) Volatile Organic Compounds Standard Guarantee Certificate/Supplier Integrity, Integrity, and Confidentiality Commitment Letter/EU REACH Regulation Notice | 100 |
| Existing Suppliers | At the time of signing | Anti-Commercial Bribery Agreement / Conflict-Free Metal Declaration / Supplier Commitment to RBA Code of Conduct / Purchase Contract / Supplier Anti-Terrorism Commitment / Environmental Substance Survey Form (ROHS 2.0) / Kingstate EU REACH SVHC 241 Substances Declaration as of June 27, 2024 / National Standard (VOCs) Volatile Organic Compounds Standard Guarantee Certificate/Supplier Integrity, Integrity, and Confidentiality Commitment Letter/EU REACH Regulation Notice | 100 |

● **Integrity Policy Commitment**

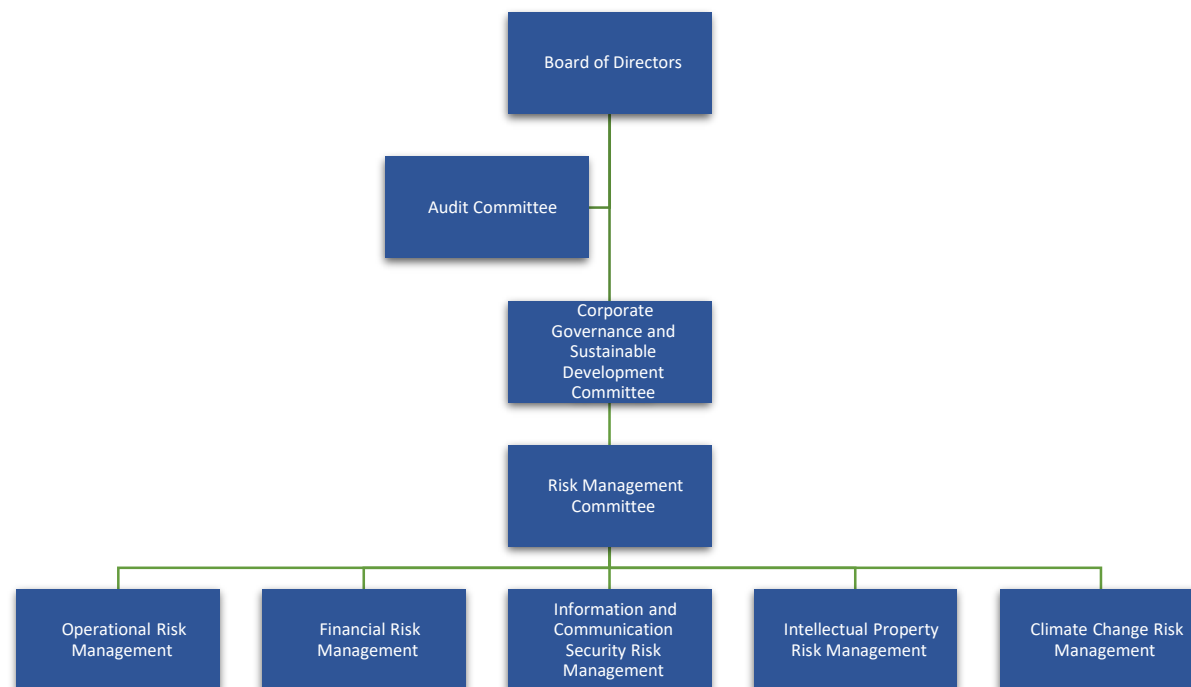| Policy Guidelines | Approving Authority | Implementing Authority | Announcement Link |
|---|---|---|---|
| Company Code of Conduct for Integrity in Business Operations | Shareholders' Meeting | Management Dept. | https://www.kingstate.com.tw/upload/files/constitution111-09.pdf |

**\* Total financial losses resulting from legal proceedings related to anti-competitive conduct regulations: NTD 0**

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# 3.3 Risk Management

## ■ Risk Management Mechanism

Kingstate has a risk management structure with clear policies covering operational, information security, intellectual property, financial, and climate risks. Led by the Executive Vice President, departments meet annually to execute measures, with all employees involved. Department heads integrate risk assessment into daily operations. For potential business-impacting uncertainties, relevant departments must assess them in advance to ensure professional and forward-looking strategies.

## ■ Risk Management Organization Chart

```
                Board of Directors
                        |
                Audit Committee
                        |
          Corporate Governance and
          Sustainable Development
                Committee
                        |
          Risk Management Committee
     _____|_____|_____
    |        |        |        |        |
Operational  Financial  Information and  Intellectual  Climate Change
Risk         Risk       Communication    Property      Risk
Management    Management  Security Risk   Risk          Management
                        Management       Management
```

## ■ Operational Status

Kingstate actively promotes a comprehensive risk management system and establishes a forward-looking and early warning management mechanism to strengthen the resilience of its operations and the foundation for sustainable development. To this end, Kingstate has established a "Risk Management Task Force" and integrates internal and external risk information through regular meetings, cross-departmental cooperation, and continuous monitoring mechanisms to ensure that risks are identified, properly assessed, and effectively controlled in a timely manner.

The "Risk Management Task Force Meeting" reported to the Corporate Governance and Sustainable Development Committee on June 25, 2024. The report included an assessment of the various risks faced by Kingstate during the year, including the risk environment, risk management priorities, risk assessment, and response measures. On August 6, 2024, the Risk Management Task Force reported to the Board of Directors on its operations, including risk assessment, the scope of the risk environment, the risk control measures implemented, and the operational status of risk management.

Kingstate will continue to strengthen its risk governance mechanisms, integrate risk management into daily operations and strategic planning, and use this as a cornerstone for enhancing organizational stability, increasing stakeholder trust, and advancing toward sustainable operations.
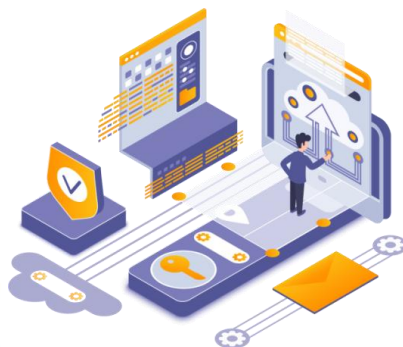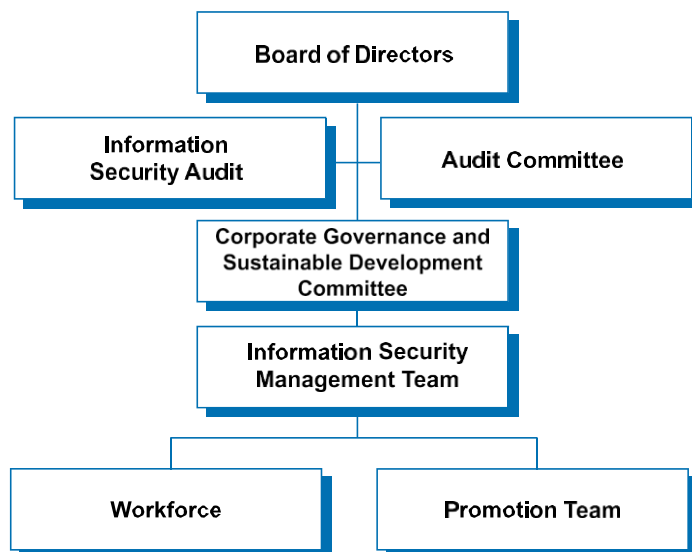
## 3.3 Risk Management

### ■ Risk Issues and Response Strategies

Our Risk Management Task Force, led by the Executive Vice President, coordinates company-wide risk management. Key risk areas, responsible units, and strategies are outlined below. To ensure steady growth amid rapid external changes, Kingstate identifies potential operational risks, applies authority-based management, and adopts risk transfer strategies. Risk structuring and accountability reviews help control and mitigate risks to meet objectives. The Task Force reported to the Corporate Governance and Sustainable Development Committee on June 25, 2024, with a summary submitted to the Board on August 6, 2024.

| Key Risk Items | | Risk Management Unit | Risk Mitigation Strategies |
|---|---|---|---|
| Information Security Risks | Failure of backup for critical core systems | Management Department/IT Department | Regularly review backup results in accordance with the backup plan and resolve any backup anomalies. Conduct regular disaster recovery drills to verify effectiveness. |
| | Hacker intrusion information security incident | | Regularly review the security and update status of the operating system. Network Architecture Enhance network access control security to reduce the risk of hacker intrusions. |
| Intellectual property risks | Avoid infringing on others' valid patent rights. | Research and Development Department | Regularly monitor infringement activities in the market, with a particular focus on competitors and high-risk markets. Regularly review R&D processes and product designs for compliance to ensure adherence to regulatory requirements. Reduce patent infringement risks through technical cooperation and cross-licensing agreements. |
| | Intellectual Property Documentation and Confidentiality | | Regularly review vulnerabilities and improper conduct related to the storage of confidential information. Establish procedures for timely reporting and response to intellectual property leakage incidents. |
| Financial risk | Foreign exchange risk | Finance Department | Kingstate's finance department has dedicated personnel to assess exchange rate fluctuations and manage the impact of exchange rate changes on Kingstate. |
| | Obsolete Inventory Risk | | Implement measures at each control point and conduct regular audits. |
| Operational Risk | Overseas Expansion | Management Department/Sales Department | Production capacity/supply chain-related planning. Strategic Alliance Cooperation. |
| | Market Competition and Product Strategy | Business Division | Enhance price competitiveness by optimizing product lines and implementing product modularization to reduce price competition pressure. Accelerate the development of patents to ensure product uniqueness. |
| Climate Change Risks | Greenhouse gas emissions control | Quality Assurance Department | Conduct greenhouse gas risk assessments, develop scientific emission reduction and adaptation measures to address the challenges posed by climate change, while enhancing Kingstate's sustainability capabilities and competitiveness. Establish a continuous data collection system to monitor emissions data and risk indicators. |
| | Compliance with customer ESG requirements | | Through various design techniques and planning measures, improve production efficiency, reduce production space and process complexity, and enhance resource efficiency. Establish a continuous monitoring and evaluation mechanism to ensure that technical operations meet expected outcomes. Share resources and waste among different companies to maximize resource utilization and minimize waste emissions. |

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Appendix

## 3.3 Information Security

### ■ Information Security Organization Chart



### ■ Information Security Organization Responsibilities and Management Measures

To strengthen corporate governance and address increasingly severe information security challenges, Kingstate has established a comprehensive information security management framework to ensure operational continuity and mitigate potential risks.

● **Governance Structure and Responsibilities**

On March 8, 2022, Kingstate approved the "Corporate Governance and ESG Sustainability Committee." Under its Risk Management Sub-committee, the "Information Security Management Sub-committee," led by the Information Security Officer, oversees policy formulation, implementation, risk assessment, and compliance. The Corporate Governance Officer reports annually to the Audit Committee and Board on management effectiveness, major issues, and future plans.

● **Organizational Structure and Resource Allocation**

The daily operations and execution of information security are jointly handled by members of the information departments of the headquarters and all overseas subsidiaries. Kingstate commits to allocating sufficient resources, with a dedicated budget allocated annually based on the latest information security threat landscape and protection requirements, to ensure that protective measures remain up-to-date.

● **Policy Objectives and Implementation**

The core objective of Kingstate's information security policy is to ensure the confidentiality, integrity, and availability of core information systems and digital assets. We are committed to preventing any information security incidents from impacting company operations, thereby minimizing operational risks. To achieve this goal, the information units of the Taiwan headquarters and overseas subsidiaries hold regular meetings to jointly review the applicability of current information security policies, assess the effectiveness of various protective measures, and implement continuous improvements.

● **Risk Assessment and Mitigation Measures**

Kingstate has information security measures covering networks, systems, and endpoints, but no system is fully immune to threats. While controls protect core functions like manufacturing, operations, and accounting, they cannot fully prevent severe third-party cyberattacks. Kingstate uses proactive strategies, reviewing and adjusting defenses through internal and external assessments to ensure operational safety and stability. Standard procedures guide incident reporting, with the Information Security Management Team as the contact. Incidents must be resolved within the target response time, followed by review, analysis, and corrective actions to prevent recurrence.

## 3.4 Information Security

### ■ Information Security Management Policy

To ensure the confidentiality, integrity, and availability of the organization's information assets and to safeguard the continuity of business operations, this Information Security Management Policy has been established as a guideline for all personnel to follow. This policy aims to establish a comprehensive, proactive, and continuously improving Information Security Management System (ISMS) to effectively address internal and external information security threats and challenges.

#### Framework

- **Cybersecurity Committee:** Create a cross-department team led by senior executives to set strategy, allocate resources, and oversee implementation.
- **Policy Review:** Update cybersecurity policies annually based on technology, process, and regulatory changes.
- **Compliance:** Follow ISO 27001 to meet regulatory, contractual, and industry requirements.
- **Audit & Improvement:** Audit regularly, improve per results, and apply the PDCA cycle for continuous enhancement.

#### Management

- **Asset Management:** Annually inventory and classify information assets by importance and risk, identify critical systems, and apply protective measures.
- **Risk Response:** Regularly assess cybersecurity risks, identify threats and vulnerabilities, and develop response plans.
- **Continuity & Recovery:** Maintain BCP and DRP, run recovery drills, and optimize backup and restoration.
- **Threat Intelligence:** Join ISAC platforms and integrate intelligence into daily defenses for proactive response.

#### System

- **Defense-in-Depth:** Build layered defenses with NGFW and email gateways to reduce attack and access risks.
- **Network Control:** Review and strengthen access controls, segment networks, and filter web traffic.
- **Backup & Recovery:** Maintain critical system backups, test recovery, and ensure data availability.
- **Access Management:** Apply least privilege, review privileged accounts, and control authorization.
- **Vulnerability Management:** Use systematic patching, third-party testing, and risk-based remediation.
- **Lifecycle:** Replace outdated equipment and software to maintain stability and security.

#### Awareness

- **Social Engineering Drills:** Conduct annual themed drills (e.g., phishing, malicious USB) and use results to improve training and awareness.
- **Mandatory Training:** All employees complete at least three hours of cybersecurity training yearly, covering threats, policies, and responsibilities.
- **Awareness Campaigns:** Promote policies, risk cases, and best practices via announcements and emails to embed security in the culture.
- **Role-Based Training:** Provide tailored training for roles such as IT, developers, and managers to ensure advanced, relevant skills.

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# 3.4 Information Security

## ■ 2024 Annual Information Security Management Resource Allocation and Implementation Results Report

To ensure the confidentiality, integrity, and availability of Kingstate's information assets and to establish a highly resilient and defensive information security environment, Kingstate continued to invest in multi-layered resources this year. The specific implementation results are detailed below:

● **Infrastructure and Defense Technology Deployment**

To strengthen our information security defenses, Kingstate has deployed and maintains the following critical hardware infrastructure and software protection systems:

● **Hardware Infrastructure**

• **Perimeter Protection:** Deploy firewalls to filter traffic and VPNs for secure remote access.

• **Network Stability:** Use security-managed switches, multi-line design, and UPS for critical systems.

• **Data Security:** Use NAS for centralized data storage and protection.

● **Software Systems**

• **Threat Defense:** Use antivirus on all endpoints and spam filters to block malware and email threats.

• **Data Protection:** Execute regular backups with professional software to ensure disaster recoverability.

• **Performance Optimization:** Apply server virtualization to improve resource use and recovery flexibility.

## ■ Information Security Governance and Policy Framework

Our company has established and continuously improves information security management systems in accordance with international standards and regulatory requirements:

• **Management System:** Following ISO 27001, we implemented "Information Security Management Regulations" as the highest standard for security operations.

• **Risk Management:** Established procedures to assess asset value and information risks for systematic identification and evaluation.

• **Backup & Recovery:** Revise mechanisms based on risk assessments to ensure critical operations withstand security incidents.

• **Compliance:** In October 2024, updated security policies and procedures to meet new government guidelines.

## ■ Enhancing personnel cybersecurity awareness and professional competencies

To ensure effective information security policy implementation, Kingstate enhances all employees' awareness and dedicated personnel's skills. 2024 training outcomes are as follows:

| Course Category | Course Name | Training Hours | Number of Participants |
|---|---|---|---|
| Management and Governance | September 2024 - Listed Company Information Security Management Guidelines Training Course | 6 hours | 2 |
| Professional Technical | September 2024 - Cybersecurity Risk Assessment Simulation and Practical Implementation Course | 6 hours | 2 |
| Incident Response | October 2024 - Cybersecurity Incident Emergency Response Course | 2 hours | 7 |
| Awareness | October 2024 - Basic Concepts of Information and Communication Security Protection Course | 1 hour | 43 |
| Awareness | October 2024 - Social Engineering Protection Practical Course | 1 hour | 43 |

## ■ Regular Maintenance and Audit Inspections

Routine maintenance and internal/external audit procedures:

● **Daily Maintenance Checks:**

• Conduct daily system status checks to monitor service operation status in real time. Weekly reviews of backup plan execution to ensure backup integrity.

● **Periodic Equipment Maintenance:**

• Conduct monthly health checks on core server equipment. Conduct quarterly functional testing and inspection of the uninterruptible power supply system.

● **Independent Audit:**

• Internal Audit: Regularly audit information systems' internal controls. External Audit: Independent firm audits security controls to verify effectiveness.

Kingstate reported the newly established information security management policies and procedures, along with the current status and implementation progress, to the Board of Directors on November 5, 2024.

## 3.5 Regulatory Compliance

### ■ Compliance

Kingstate Group adheres to the principles of lawful operation and integrity-based governance. We comply with domestic and international laws and regulations, as well as the compliance requirements of our major clients, through a systematic approach to identify and adhere to relevant domestic and international regulations and standards. The Group has designated dedicated personnel to regularly collect, update, and review government regulations applicable to all operational locations, such as:

- International IEC standards and requirements related to the electronics industry
- Environmental protection, occupational safety and health, labor, and social responsibility
- Information security, cybersecurity, and personal data protection
- Energy management, tax systems, corporate governance, and low-carbon transition
- Intellectual property rights and conflict-free raw material procurement policies, etc.

Kingstate signs confidentiality agreements with all clients and suppliers. Contracts are reviewed internally and by legal counsel to reduce legal and regulatory risks. A "Confidential Document Management Policy" protects product design patents, technical documents, samples, and other confidential materials of Kingstate, clients, suppliers, subcontractors, and relevant parties. Kingstate applies annually for patents on independently developed technologies to prevent infringement and legal disputes. Complaints regarding the leakage of patents or technical documents from various stakeholders are continuously collected and analyzed. To ensure effective regulation enforcement, Kingstate maintains a regulation list and compliance tracking system, and provides ongoing compliance training for employees and suppliers to enhance legal awareness and ethical decision-making. Kingstate Electronics Group monitors global regulatory trends, builds early warning and response capabilities, and uses these to support sustainable development.

| Category | Number of Payments in 2024 (Unit: Number) | 2024 Annual Payment Amount (Unit: Yuan) |
|---|---|---|
| Number of Penalty Incidents in 2024 | 0 | 0 |
| Penalty incidents occurring in previous years | 0 | 0 |

### ■ Major Regulatory Violations

Kingstate did not incur any major regulatory violations in 2024.

# 3.6 Supply Chain Management

## ■ Supply Chain Evaluation and Audit

● **Value Chain**

• The upstream customer base covers automotive, industrial, medical, consumer products, and toys, mainly in electroacoustics, totaling 673 companies. Suppliers provide plastic parts/membranes, hardware, magnets, auxiliary materials, tuning paper/EVA pads/mesh fabric, electronic materials/PCB/PCBA, packaging materials, ear tips/rubber, wires, and receivers. In 2024, the value chain saw no major changes, as production remained focused on buzzers, speakers, microphones, and headphones, with no shifts in customers or raw materials.

● **Procurement expenditure ratio**

Kingstate had a total of 279 qualified suppliers in 2024, with a local procurement ratio of approximately 61% (local suppliers are defined as qualified suppliers based in Guangdong and Suzhou, totaling 171).

### Procurement Region Proportion

■ Non-local procurement    ■ Local procurement



Non-local procurement, 108 suppliers, 39%

Local procurement, 171 suppliers, 61%
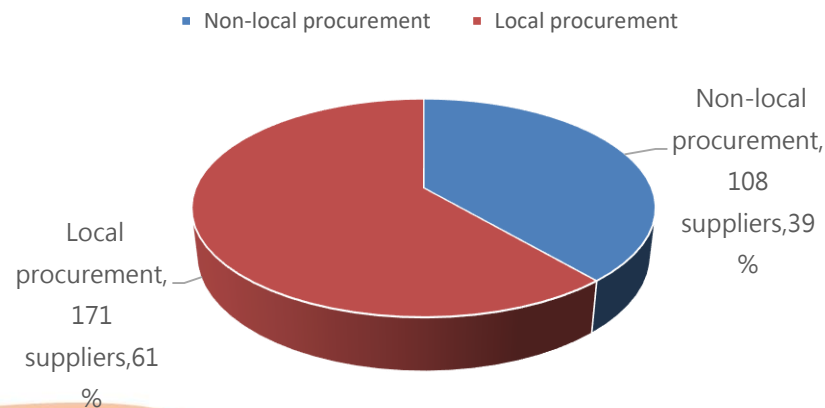
● **Selection Criteria and Audit Status**

Supplier Selection: Purchasing selects suitable suppliers from the list of qualified suppliers based on demand. Purchasing selects suppliers from the qualified list based on demand, schedule, quality, price, and payment terms; lists from all companies are shared and updated with engineering, quality, and GM Office approval. For new materials, confirm HSF certification; if required, purchase only from HSF-certified suppliers or those meeting HSF requirements before procurement.

• Certification/testing institutions: Use the customer's designated institution, or if unspecified, select one meeting international/national standards, legal requirements, industry norms, and customer approval.
• Calibration institutions: Must be ISO 17025 certified, CNCA-approved, CNAS-accredited, have relevant calibration capabilities, good reputation, and client acceptance.
• Instrument/equipment/software suppliers: Must be in the Pearl River Delta, specialize in relevant products, and provide maintenance. Agents lacking service are prohibited unless pre-approved in writing by the using and procurement departments.
• Legal/regulatory compliance: If customers specify destination-related legal requirements, the business department must notify procurement and quality in writing, who will ensure supplier compliance (e.g., raw materials not from the Democratic Republic of the Congo or nearby regions).

In 2024, audits were conducted on 56 suppliers (20% of total), covering system documentation, material control, process control, engineering control, and EICC, with all passing. Environmental and social impact assessments were also performed. Nine suppliers had negative environmental impacts and eight had negative social impacts; all agreed to improvements, and no cooperation was terminated. Overall, results show strong supplier willingness to improve, supporting sustainable supply chain management.

● **Audit results of supplier audits**

| Project | Environmental Impact Assessment | Social Impact Assessment |
|---|---|---|
| Total number of screened suppliers | 5 | 56 |
| Number of suppliers identified as having (or potentially having) negative impacts | 9 | 8 |
| Number of suppliers agreeing to improve | 9 | 8 |
| Number of suppliers whose cooperation has been terminated | 0 | 0 |

Note: Environmental impact assessments include energy usage, greenhouse gas emissions, water resource management, and waste disposal;
Social impact assessment includes employee rights, occupational safety and health, human rights protection, stakeholder relations, and community impact.

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Preface     Acoustic
            Expert     Sustainable
                       Management     Corporate
                                      Governance     Green
                                                     Environment     Friendly Workplace
                                                                     Social Engagement     Appendix

# 3.7 Intellectual Property Risk

## ■ Intellectual Property Risk Management Plan

● **Trade Secret Management and Protection**

• New employees sign a "Confidentiality and Patent Agreement" outlining IP ownership, confidentiality, and non-compete requirements.

• Enter into confidentiality agreements with clients and subcontractors, clearly defining the ownership and confidentiality requirements for intellectual property (including but not limited to copyrights, patent rights, trademark rights, trade secrets, etc.) in the agreements, and specifying liability for damages.

• Departing employees must sign an "Employee Departure Handover Form" agreeing to keep all intellectual property (technology, programs, trade secrets, etc.) confidential. Any breach causing company losses will result in liability for compensation.

• Access Control and Security Management: All employees of Kingstate are issued access cards, and access permissions are granted based on departmental attributes. Non-employees must register their identity upon entry and are restricted to designated areas such as the front desk or meeting rooms, and must be accompanied by a Company employee at all times.

• Information Security Management: All computer equipment in Kingstate is accessed using individual employee account passwords, which must be changed regularly.

• Each department has its own physical and virtual storage space. Physical space must be locked; virtual space has controlled read/write permissions.

• Confidentiality training is conducted in specialized sessions. New employees sign a confidentiality agreement and are informed of its importance to protect trade secrets and promote legal awareness.

● **Disclosure Methods**

Kingstate has established an intellectual property policy and management plan, which is disclosed on Kingstate website or in the annual report. The implementation status is reported to the board of directors at least once a year.

## ■ Intellectual Property Risk Management Implementation Status

| Item | Implementation Plan Description |
|------|--------------------------------|
| 1 | Develop product patent application forms/patent creation guidelines/patent evaluation forms/patent incentive policies, and revise procedures for obtaining and maintaining intellectual property rights. |
| 2 | Conduct an annual review of patent fees, assess the usage status and relevance to products of the 121 patents obtained, and evaluate and select patents based on their practicality. |
| 3 | Achieved 17 patent proposals in 2024, with a total of 274 patent applications filed in various countries over the years, including 5 invention patents, accounting for approximately 5% of the total filed cases, aligning with the product strategy development direction. Regularly update the "Patent Information" page on the official website. (2024.12.31) |
| 4 | On October 8, 2024, a practical course on intellectual property and patent applications was held, with 20 participants and a duration of 1 hour. All new employees received basic intellectual property training and signed confidentiality agreements. |

# *4. Green Environment*

**4.1 Climate Change**

**4.2 Greenhouse Gas**

**4.3 Energy Management**

**4.4 Water Resource Management**

**4.5 Waste Management**

## 4.1 Climate Change

Climate change is among the most critical global challenges of the 21st century, with extreme weather increasingly threatening environmental, economic, and social stability. Recognizing its potential impact on operations and the supply chain, Kingstate treats it as a key long-term issue and continually strengthens governance, risk assessment, and strategic measures. The following summarizes our implementation in each area.

### ■ TCFD - Climate Risks and Opportunities Management

| Project | Implementation Status | | | | |
|---|---|---|---|---|---|
| Description of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities | The Board of Directors, as the highest decision-making body for risk management, appoints and supervises management, ensures operational objectives are met, and confirms the effectiveness of risk and internal control systems to support steady development and address climate risks. The Executive Vice President coordinates risk management implementation, with departments executing business risk measures and climate response plans. Management oversees these plans, ensuring clear objectives, responsibilities, and timely execution to mitigate climate impacts. Annual risk management meetings update the Board, assess key climate-related issues, and align decisions with the latest assessments. The Board and management work closely to make effective decisions, while pursuing innovation and sustainable strategies to drive growth and competitiveness amid global environmental changes. | | | | |
| Describe how the identified climate risks and opportunities impact Kingstate's business, strategy, and finances (short-term, medium-term, and long-term) | Kingstate prioritizes the operational and financial impacts of climate change, developing forward-looking strategies to enhance resilience and ensure sustainability. It defines short-term (under 5 years), medium-term (5–10 years), and long-term (over 10 years) timeframes to assess risks and opportunities, enabling targeted action planning. | | | | |

| Type | Climate-related issues | Short-term | Medium | Long-term | Response Measures |
|---|---|---|---|---|---|
| Physical risks | • Heavy precipitation and extreme drought<br>• Rising average temperatures | • Extreme precipitation damages roads, disrupts transport, and halts supply chain material intake.<br>• Government weather-related work suspensions cut working days, delaying production and delivery. | • Severe water shortages pose significant adverse impacts on production, manufacturing, and the product supply chain<br>• As climate change intensifies, the likelihood and severity of natural disasters increase, leading to higher insurance costs | • Continuous rise in average temperature will lead to increased electricity consumption and cooling water usage for equipment, further driving up operational costs and expanding carbon emissions | • Create water shortage plans with production adjustments, usage priorities, and alternative sources. Train staff on energy conservation, encouraging shutdown of unused lights and equipment<br>• Assess factory flood risks and prepare response measures<br>• Promote a green supply chain.<br>• Maintain air conditioning regularly |
| Transformation Risks | • Rising raw material prices.<br>• Greater market focus on sustainability and low-carbon standards, raising customer requirements.<br>• Stricter government carbon policies, increasing emission fees. | • Carbon taxes add operational costs.<br>• Investing in energy-efficient equipment to meet reduction targets increases expenses. | • Suppliers pass on costs from renewable energy rules and carbon taxes.<br>• Regulations requiring more renewable energy use add investment and operational pressure. | • Rising demand for low-carbon products is reducing revenue from non-compliant items.<br>• Not meeting customer sustainability standards leads to fewer orders and lower revenue. | • Monitor government emissions reduction support programs and leverage subsidy and incentive mechanisms to reduce operational costs.<br>• Committed to developing innovative green products that reduce energy consumption and environmental impact |
| Opportunities | • Policy incentives<br>• Improving resource efficiency<br>• Utilizing low-carbon energy | • Implement energy-saving technologies to cut water and electricity use, lowering costs.<br>• Invest in high-efficiency equipment to improve energy utilization. | • Gain carbon credits via government awards and collaborations to support emission reduction.<br>• Promote green water use, conservation, and recycling to cut consumption. | • Develop new product lines to meet rising low-carbon demand.<br>• Apply for carbon credits and join the trading market to manage carbon assets. | • Join government carbon reduction programs to gain support and incentives.<br>• Replace outdated equipment and upgrade systems to boost efficiency and cut waste.<br>• Develop low-carbon products to increase environmental value and competitiveness. |

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## 4.1 Climate Change

### ■ TCFD - Climate Risks and Opportunities Management

| Project | Implementation Status | | |
|---|---|---|---|
| | **Item** | **Description** | **Financial Impact** |
| Describe the impact of extreme weather events and transition actions on financial performance | Extreme weather events | Extreme climate change may impact Kingstate's operations and supply chain transportation | Extreme weather or supply chain disruptions may affect operations and logistics, leading to reduced production capacity and revenue |
| | Transition Actions | Opportunities that climate change may present at this stage include developing low-carbon products and services, as well as enhancing Kingstate's resilience to climate change | Developing low-carbon solutions: As sustainability trends gain momentum, demand for low-carbon products and services is increasing, presenting opportunities for revenue growth<br><br>Enhancing climate change response strategies: Through internal management optimization and process improvements, operational efficiency is enhanced and operational costs are reduced |
| Describe how the identification, assessment, and management of climate risks are integrated into the overall risk management system | Kingstate has established a sound risk management organizational structure and formulated clear management policies and procedures to ensure that risk management mechanisms comprehensively cover operational, information security, intellectual property, financial, and climate change risks. At the same time, we have formally incorporated climate change risk management into our risk management policies and procedures to ensure that Kingstate can effectively respond to climate-related challenges.<br><br>Risk management is implemented by the Executive Vice President, who convenes relevant responsible units annually to implement risk management measures based on different risk types, emphasizing a comprehensive risk control mechanism involving all employees. Unit managers are required to implement risk assessment and control in their daily management operations to ensure that risk management is not merely a policy but is deeply integrated into actual operations.<br><br>For uncertainties that may affect business operations, Kingstate requires all responsible units to conduct careful assessments prior to implementation to ensure the professionalism and forward-looking nature of risk management strategies. In terms of climate change risk management, Kingstate identifies key risk issues based on the results of risk management meetings, formulates hedging measures, and reports regularly to the board of directors to ensure that Kingstate can actively respond to the risks and opportunities brought about by climate change and maintain sustainable development. | | |
| If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be specified. | The IPCC's assessment reports present four climate change scenarios based on Representative Concentration Pathways (RCPs), summarized as follows:<br>(1) RCP2.6 is a low-emission scenario, limiting global warming to within 2°C (compared to pre-industrial levels), also known as the 2°C scenario.<br>(2) RCP4.5 is a medium-emission scenario that does not meet the 2°C limit or the 1.5°C target, and is projected to result in approximately 2.4°C of warming.<br>(3) RCP6.0 is a high-emission scenario, with greenhouse gas emissions peaking around 2060 and beginning to decline by the end of the century, potentially resulting in a temperature rise of 2.8°C.<br>(4) RCP8.5 aligns with current policies and represents a high-emission scenario, with a potential temperature rise of 4.3°C, and is also considered to represent a "business-as-usual" scenario.<br>Kingstate selected two different climate change scenarios for assessment as follows: | | |


| | Scenario Assumptions | Scenario Description Assumptions | Financial Impact |
|---|---|---|---|
| | High-risk scenario (RCP8.5) | Global carbon emissions continue to rise, extreme weather events become more frequent, leading to supply chain disruptions, increased energy costs, and higher carbon taxes | In the high-risk RCP8.5 scenario, frequent extreme weather events and rising carbon emissions will have multifaceted negative impacts on revenue, costs, profits, cash flow, and asset values. Climate change will pose significant challenges to Kingstate's financial condition. Kingstate must address a range of negative impacts, including rising policy costs, energy cost volatility, natural disaster losses, and supply chain disruptions, with the expected impact exceeding 1%. |
| | Low-risk scenario (RCP2.6) | Global efforts to reduce carbon emissions are intensifying, and low-carbon technologies are becoming widespread. Companies must accelerate their green transformation to meet market demand. | Under the RCP2.6 low-risk scenario, the financial impacts on Kingstate are relatively mild and more predictable. While Kingstate will need to bear policy costs (such as carbon taxes), initial capital expenditures for energy transition, and additional costs from supply chain adjustments, these initial investments will yield long-term competitive advantages as carbon emission policies are gradually implemented and market demand shifts toward green transformation. Kingstate will benefit from the growing market demand for sustainable products and reduce the risk of energy price volatility. From a financial perspective, this may increase Kingstate's market share, expand revenue streams, and enhance overall financial health, with an impact of less than 0.1%. |

## 4.1 Climate Change

### ■ TCFD - Climate Risks and Opportunities Management

| Project | Implementation Status | | |
|---|---|---|---|
| | To effectively manage climate-related risks, Kingstate has established a comprehensive transition plan to reduce the impact of climate change on operations and ensure compliance with global carbon reduction trends and regulatory requirements. The plan covers key areas such as carbon emissions management, energy transition, supply chain carbon reduction, and green technology application. Through a systematic risk identification mechanism, Kingstate ensures that it can maintain steady development in the face of climate change challenges. | | |
| | **Transition Plan Content** | | |
| | GHG Management: Apply ISO 14064 at manufacturing sites, set phased carbon reduction targets, and track performance to meet the 2050 neutrality goal. Energy Optimization: Increase renewable energy use in factories to cut reliance on traditional sources and comply with carbon fees and trading rules. Low-Carbon Supply Chain: Require suppliers to improve ESG compliance, adopt low-carbon technologies, and support collective reductions. | | |
| | **Identification and Management of Physical Risks and Transition Risks** | | |
| If there is a transition plan to address climate-related risks, describe the plan's content, as well as the indicators and targets used to identify and manage physical risks and transition risks | Physical Risks | Through operational risk assessment mechanisms, monitor the potential impacts of climate change on production, supply chains, and logistics, and establish contingency plans, such as enhancing disaster prevention capabilities, strengthening water resource management, and improving energy resilience. | |
| | Transition Risks | Monitor government emissions reduction support programs, leverage subsidy and incentive mechanisms to reduce operational costs, and commit to developing innovative green products to minimize energy consumption and environmental impact. | |
| | Key Indicators and Targets | Greenhouse Gas Emissions Reduction Target: Reduce emissions by 8% in 2025 compared to 2024, with a continued annual reduction to steadily progress toward long-term carbon reduction goals. | |
| | | Recycled Materials Application Target: Increase the proportion of recycled materials in design by 4% by 2025 compared to 2024, promote a circular economy, and reduce resource consumption. | |
| | | Green electricity usage target: Increase the proportion of green electricity usage by 10% by 2025 compared to 2024, reducing reliance on traditional energy sources. | |
| | | Increase the proportion of green energy use by 2030. | |
| | | Achieve carbon neutrality by 2050 | |
| | Through the aforementioned plans and risk management measures, Kingstate will continue to strengthen its climate risk response capabilities, ensure stable business operations, and promote sustainable development. | | |
| If internal carbon pricing is used as a planning tool, the basis for price determination should be explained. | Kingstate has adopted ISO 14064 at its factories for greenhouse gas inventories and set carbon reduction targets to support a low-carbon transition. We monitor carbon trading policies in mainland China and conduct annual inventories to set short-, medium-, and long-term targets, ensuring measurable progress. Carbon reduction strategies are adjusted per government policies and market trends to maintain competitiveness while promoting sustainability. Carbon tax costs are factored into capital expenditure planning. Renewable Material Target: Increase renewable materials in design by 4% by 2025 compared to 2024 to promote a circular economy and reduce resource use. | | |
| If climate-related targets have been set, the scope of activities covered, greenhouse gas emission scopes, planning timelines, and annual progress toward achieving these targets should be disclosed. If carbon offsets or renewable energy certificates (RECs) are used to achieve these targets, the sources and quantities of the offset carbon reduction credits or the quantities of renewable energy certificates (RECs) should be disclosed. | For climate change mitigation, Kingstate uses greenhouse gas emissions as the main metric and is committed to reducing its carbon footprint to meet sustainability goals. We promote environmentally friendly materials, set recycled material targets, and expand green energy use to cut reliance on traditional sources and lower emissions. GHG Reduction Target: Cut emissions by 8% in 2025 vs. 2024, with ongoing annual reductions toward long-term goals. Green Energy Target: Raise green energy use by 10% in 2025 vs. 2024. 2030: Increase green energy applications. 2040: Achieve zero $CO_2$ emissions growth. 2050: Reach carbon neutrality via energy transition, carbon capture, and offsets. | | |
| Greenhouse Gas Inventory, Verification Status, Reduction Targets, Strategies, and Specific Action Plans | As a company with a capital of less than 5 billion yuan, we are required to conduct an individual company inventory by 2026 and complete verification by 2028 in accordance with the guidelines of the Sustainability Development Roadmap for Listed Companies. | | |

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## 4.2 Greenhouse Gas Management

■ **Strategies, Methods, and Targets for Greenhouse Gas Management**

| Greenhouse Gas Management and Reduction Targets |
|---|

To actively address climate change issues and advance toward net-zero carbon emissions, our company conducts greenhouse gas inventories in accordance with the guidelines of the ISO 14064-1:2018 standard. The greenhouse gas inventory for our Dongguan Plant and Suzhou Plant covers the following three major emission source categories:
Category 1 (Direct Greenhouse Gas Emissions): Emissions from owned equipment and facilities, such as diesel generators, canteen stoves, company vehicles, refrigeration equipment, carbon dioxide fire extinguishers, and septic tanks.
Category 2 (Indirect greenhouse gas emissions from energy use): Emissions resulting from the use of purchased electricity.
Category 3 (Other Indirect Greenhouse Gas Emissions): Includes activities in the upstream and downstream supply chain, such as raw material transportation, product land transportation, waste transportation, employee commuting, raw material procurement, and solid waste disposal.
The baseline year selected by Kingstate is 2022, with greenhouse gas reduction targets based on 10,265.61 tCO2e.

| Short-term target (by the end of 2025) | Mid-term target (by the end of 2030) | Long-term target (by 2050) |
|---|---|---|
| Reduce total greenhouse gas emissions by 8% compared to 2024 | Reduce emissions by 35%; increase the proportion of renewable energy use, with 15% of factory electricity coming from renewable sources; gradually introduce low-carbon production processes | Achieve carbon neutrality through energy transition, carbon capture technology, and carbon offset mechanisms to achieve net-zero emissions |

| Greenhouse Gas Strategy and Specific Action Plan |
|---|

Our company adheres to the core principle of environmental sustainability and actively responds to the challenges posed by climate change, striving to reduce greenhouse gas emissions generated during our operations. To achieve our long-term goal of net-zero carbon emissions, we have established a comprehensive greenhouse gas management strategy. Through the adoption of energy-efficient equipment and technologies, we are improving energy efficiency across all stages of production and operations while gradually increasing the proportion of renewable energy used and actively procuring green electricity to replace traditional energy sources.
Greenhouse Gas Reduction Initiatives:
Water Conservation: Centralizing the drainage pipes of air conditioning condensate water and redirecting them to green belts to achieve wastewater reuse, thereby conserving water and improving resource utilization efficiency
Energy Conservation: Modifying hot water supply systems and replacing them with low-energy consumption equipment
Electricity savings: Installing photovoltaic power generation facilities
Carbon Reduction: Encourage suppliers to use new energy platform transportation vehicles for deliveries to reduce empty-run rates and carbon emissions

## 4.2 Greenhouse Gas Management

### ■ Greenhouse Gas Emissions

Kingstate complies with ISO 14064-1: 2018 Greenhouse Gas Inventory Standard to calculate greenhouse gas emissions. The 2024 inventory results are Scope 1: 178.67 $tCO_2e$, Scope 2: 1,477.18 $tCO_2e$, and Scope 3: 10,876.61 $tCO_2e$, with an emission intensity of 3.41 $tCO_2e$ per million dollars of revenue. The 2024 emissions increased by 22% compared to the baseline year, and the greenhouse gas emission intensity increased by 38% compared to the baseline year 2022. The primary reason is that the scope of the carbon audit calculation in 2024 was broader than that in 2022.
 Kingstate has established a greenhouse gas inventory standard mechanism in accordance with ISO 14064-1 and the Ministry of Ecology and Environment's Greenhouse Gas Verification Guidelines, conducting annual greenhouse gas emissions inventories for the Suzhou Plant and Dongguan Plant, and obtaining verification from a third-party verification company. In 2023 and 2024, Hangzhou Wantai Certification Co., Ltd. conducted verification in accordance with the requirements of ISO 14064-1:2018, confirming that the verification meets the verification criteria, achieves a reasonable assurance level, and satisfies the substantive requirements.

| Greenhouse gas emissions | 2024 | 2023 | 2022 |
|---|---|---|---|
| Scope 1 ($tCO_2e$) | 178.67 | 206.29 | 190.38 |
| Scope 2 ($tCO_2e$) | 1,477.18 | 1,440.89 | 1,358.12 |
| Category 3 ($tCO_2e$) | 10,876.61 | 19,594.73 | 8,717.11 |
| Total emissions ($tCO_2e$) | 12,532.46 | 21,241.91 | 10,265.61 |
| Emissions intensity ($tCO_2e$/million yuan of revenue) | 3.41 | 5.96 | 2.48 |

**Greenhouse gas emissions**



Total emissions ($tCO_2e$)

■ 2022   ■ 2023   ■ 2024

- Scope 1 Data Scope: Completed for the parent company and subsidiaries: Dongguan Kingstate Electronics Co., Ltd. and Suzhou Kingstate Electronics Co., Ltd. Scope 2 Data Scope: Completed for the parent company and subsidiaries: Dongguan Kingstate Electronics Co., Ltd. and Suzhou Kingstate Electronics Co., Ltd. Scope 3 Data Scope: Completed for the parent company and subsidiaries: Dongguan Kingstate Electronics Co., Ltd. and Suzhou Kingstate Electronics Co., Ltd.
- The types of greenhouse gases calculated include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.
- The scope of greenhouse gas emission intensity calculations includes greenhouse gases generated from Scope 1, Scope 2, and Scope 3 activities.
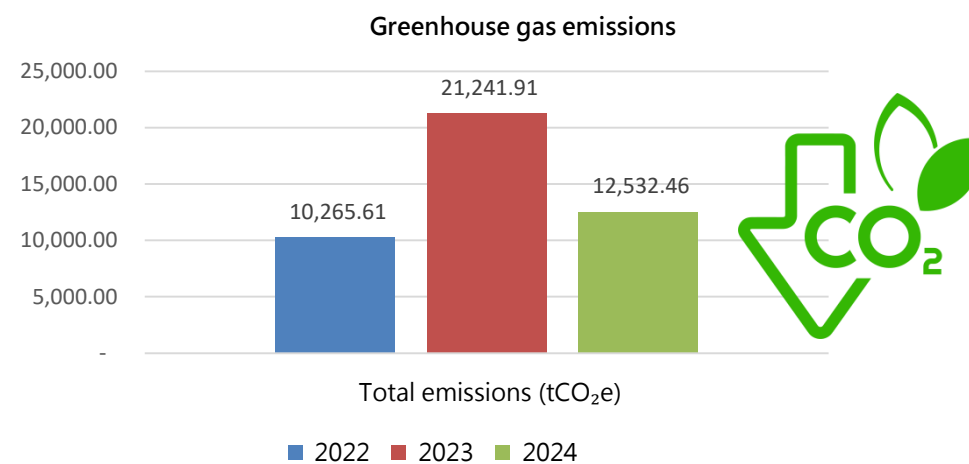
## 4.3 Energy Management

### ■ Energy Usage Policy

Kingstate has implemented an energy management system, with the Management and Quality Assurance Departments coordinating energy use, identifying primary energy types, and setting short-, medium-, and long-term efficiency goals.

Energy Efficiency Policy: Improve efficiency and reduce consumption by using high-efficiency equipment, optimizing production and operations, and lowering energy use across product lifecycles. Promote renewable energy adoption to support a low-carbon transition.

● In terms of energy reduction targets

Kingstate targets a 5% electricity use reduction in 2025 vs. 2024. In 2024, usage fell by 186,148 kWh (6.4%) from 2023. Long-term, we aim for a 15% cut by 2050 through high-efficiency equipment and management improvements.

Renewable Energy Commitment: Under the RE100 pledge, Kingstate targets 16% renewable energy use by 2030 and 100% by 2050. Initiatives include rooftop solar PV systems, with self-generated green electricity expected to reach 300,000 kWh by 2025. We have purchased 280 MW of green electricity via a certificate trading platform (TWD 10,000) and are exploring scalable renewable sources.

● Energy Saving & Green Design: We adopt smart manufacturing and automation to boost efficiency and reduce waste. Product and packaging design follows green principles, using recyclable/renewable materials and a recycled materials policy to promote circular use and minimize waste. Green Supply Chain: The Supplier Management Policy (approved Aug 9, 2022) sets standards for quality, cost, delivery, environment, human rights, and sustainability, promoting recycling and sustainable development.

● Energy Management: Since Oct 2023, Dongguan and Suzhou plants have implemented ISO 50001:2018, aiming for year-end certification, with policies to improve efficiency and cut consumption.

● Actions: Shipai Plant's solar system generates 300,579 kWh/year, reducing 300 tons $CO_2$; green travel initiatives cut 1.85 tons $CO_2$. Suzhou Plant targets reducing gasoline vehicle use from 95% to 90% by 2025.

### ◆ Energy Conservation Achievements

| Project | Savings | Energy Consumption Reduction (GJ) | Unit Energy Value | Heat Value Coefficient |
|---|---|---|---|---|
| Natural gas | 504 cubic meters | 19.05 | 52.7 MJ/kWh | 35,590 kJ/m³ |
| Electricity | 186,148 kWh | 670.1328 | 3.6 MJ/kWh | 3,600,000 J/kWh |

Note: 1 gigajoule (GJ) = $10^9$ joules (J); 1 kilocalorie (kcal) = 4,186.8 joules (J); 1 kilowatt-hour (kWh) = $3.6 \times 10^6$ joules (J).

**Energy Reduction Goal**



2050 Long-Term Goals
Reduce electricity consumption by 15%
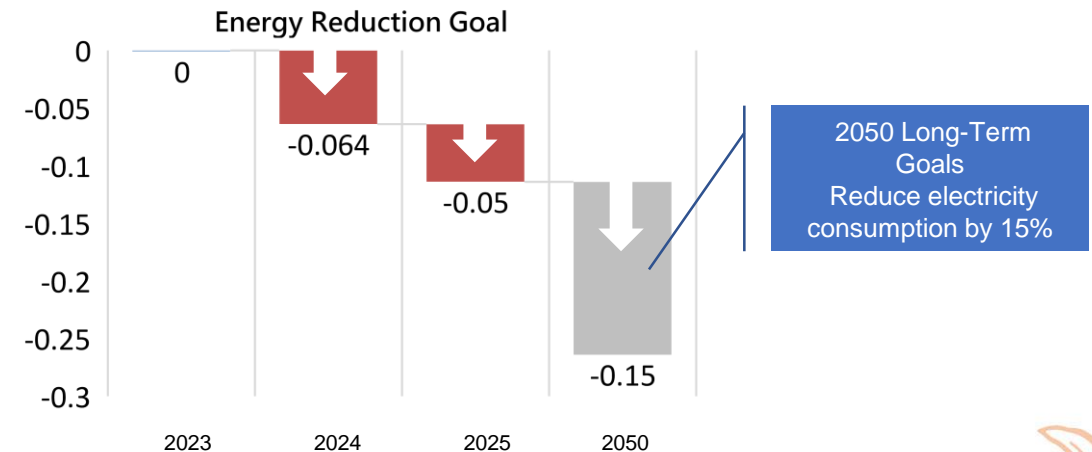
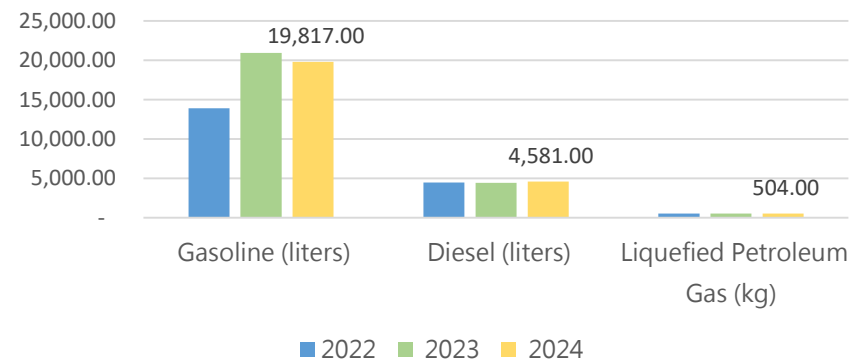KINGSTATE

## 4.3 Energy Management

### ■ Energy Usage

The total energy consumption of our company in 2024 was 11,005.84 GJ, with the following breakdown: purchased electricity: 83%, renewable energy usage rate: 10%, and other energy sources: 7%. Kingstate has installed solar panels at its Dongguan facility to replace non-renewable energy sources previously used. In 2024, a total of 282,323 kilowatt-hours were generated and consumed on-site.
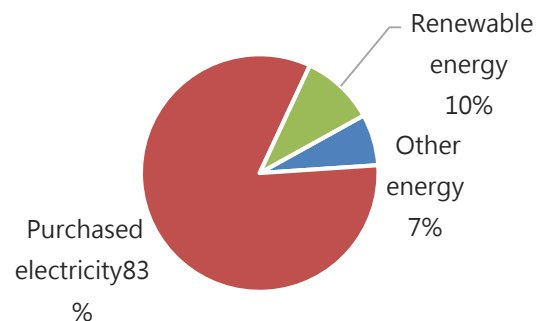
#### ◆ Energy Consumption Analysis Table

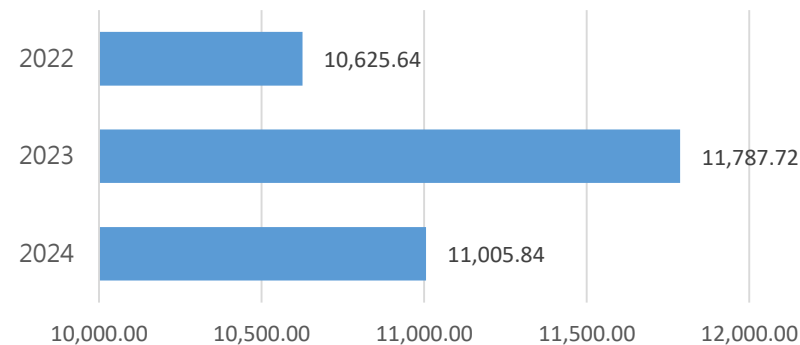| Energy Consumption Items | 2024 | 2023 | 2022 |
|---|---|---|---|
| Gasoline (liters) | 19,817.00 | 20,933.00 | 13,893.00 |
| Diesel (liters) | 4,581.00 | 4,408.00 | 4,479.00 |
| Liquefied Petroleum Gas (kg) | 504.00 | 504.00 | 504.00 |
| Electricity - Renewable Energy (kWh) | 304,835.00 | 335,095.00 | 48,588.00 |
| Electricity - Non-renewable energy (kWh) | 2,729,088.00 | 2,915,236.00 | 2,885,445.00 |
| Total Energy Consumption (GJ) | 11,005.84 | 11,787.72 | 10,625.64 |
| Energy intensity (GJ) | 4.46 | 3.32 | 2.56 |

**Energy Consumption Categories Over the Past Three Years**



**Energy consumption share in 2024 (unit: billion joules, GJ)**



**Total energy consumption over the past three years (GJ)**

Preface    Acoustic
           Expert    Sustainable
                     Management    Corporate
                                   Governance    Green
                                                 Environment    Friendly Workplace
                                                                Social Engagement    Appendix

## 4.4 Water Resource Management

| Water Resource Management or Reduction Targets |
| --- |

Kingstate regularly assesses and reviews the impacts of water resources and drainage-related issues. Based on the results of water resource risk and impact pathway assessments, Kingstate establishes corresponding management policies and targets to reduce water resource risks and the extent of impacts on the environment or society at all locations. Kingstate uses WRI's water risk assessment tool to analyze Taiwan's water resource status, which indicates that the current situation falls within the low-risk range.

Kingstate's water supply primarily comes from tap water provided by Taiwan Water Corporation, mainly used for employee daily needs and factory equipment. Kingstate's drainage system discharges water that meets environmental protection requirements. Production wastewater is treated through on-site treatment facilities before discharge, while domestic wastewater is treated through a sewage system to ensure no significant impact on the environment.

| Short-term goals (by the end of 2025) | Mid-term Goals (by the end of 2030) | Long-term target (by 2050) |
| --- | --- | --- |
| Reduce total water consumption by 5% compared to 2024. | Reduce total water consumption by 15% compared to 2024, and increase the proportion of recycled water in the production process to 30%. | Achieve zero growth in total water consumption and achieve a recycling rate of over 50%. |

| Wastewater Management |
| --- |

All wastewater generated at our facilities is treated through on-site wastewater treatment facilities and discharged after meeting discharge standards. In addition to internal water quality testing, we also commission a third-party agency to conduct wastewater sampling and analysis to prevent wastewater discharge from impacting the environment and ensure that wastewater quality meets local discharge standards.
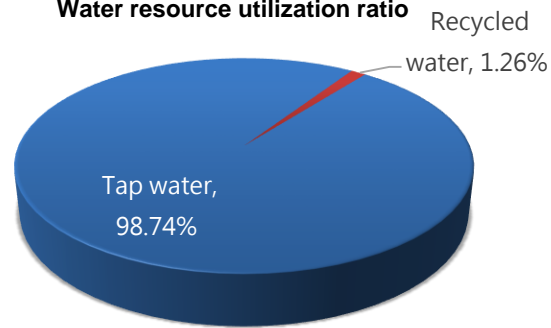
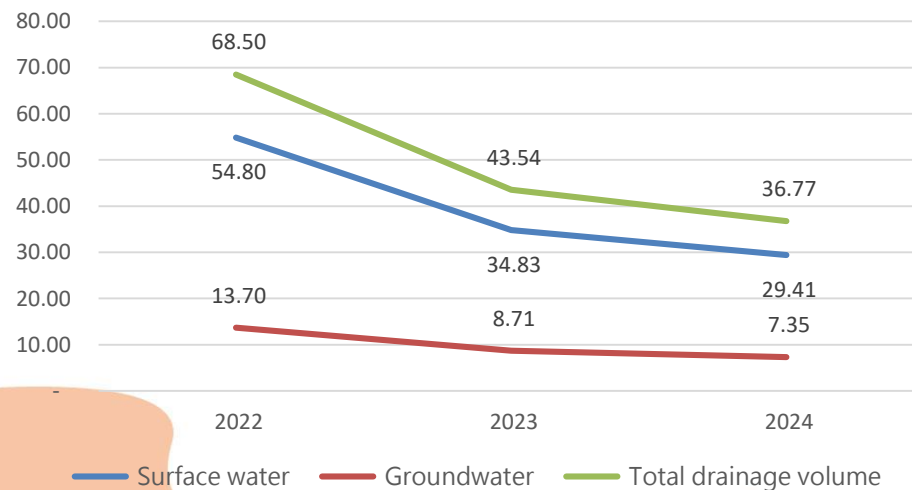KINGSTATE

# 4.4 Water Resource Management

## ■ Water Usage

Kingstate's total water consumption in 2024 was 36,767.23 cubic meters, with water sources including 98.74% from tap water and 1.26% from recycled water. The water intensity was 33.27 cubic meters per person per year.

**Water resource utilization ratio**

Recycled water, 1.26%

Tap water, 98.74%

**Discharge end point volume**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total drainage volume | 68.50 | 43.54 | 36.77 |
| Surface water | 54.80 | 34.83 | 29.41 |
| Groundwater | 13.70 | 8.71 | 7.35 |

◆ **Water withdrawal and consumption in water-stressed areas**

| Item (Unit: thousand cubic meters) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Third-party water | 36.7 | 43.54 | 68.50 |
| Total water withdrawal | 36.77 | 43.54 | 68.50 |
| Total discharge volume | 36.77 | 43.54 | 68.50 |
| Total water consumption | - | - | - |

◆ **Water Withdrawal Details**

| Water withdrawal category (Unit: thousand cubic meters) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Groundwater | 0.46 | NA | NA |
| Third-party water | 36.30 | 43.54 | 68.50 |
| Total water withdrawal | 36.77 | 43.54 | 68.50 |

◆ **Discharge Situation**

| Discharge endpoint category (Unit: thousand cubic meters) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Surface water | 29.41 | 34.83 | 54.80 |
| Groundwater | 7.35 | 8.71 | 13.70 |
| Total drainage volume | 36.77 | 43.54 | 68.50 |

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## 4.5 Waste Management

### Waste Management or Reduction Targets

Our company is committed to continuously promoting waste reduction and the efficient use of resources, actively fulfilling our responsibility to protect the environment, and striving to minimize the environmental impact of our operations and product lifecycles.

Environmental Awareness and Training for All Employees: To enhance environmental awareness among all employees, Kingstate regularly conducts training sessions on environmental protection and waste management, covering topics such as hazardous waste classification and disposal regulations, resource recycling and reduction principles, green manufacturing, and sustainable development goals. Additionally, through internal communication channels (such as newsletters and bulletin boards), we continuously emphasize the importance of "reduction at source, proper sorting, and recycling" as well as "reducing hazardous waste," encouraging all employees to actively participate in environmental initiatives and foster a green workplace culture.

Product Design and Supply Chain Waste Reduction Strategies: During the product design phase, we strive to enhance modularization and component integration, which not only reduces material waste but also extends product lifespan and improves recycling efficiency. Additionally, in supply chain management, we encourage and gradually promote suppliers to adopt reusable packaging materials and biodegradable eco-friendly materials. This not only effectively reduces waste generation and hazardous waste disposal costs but also aligns with the trend toward greener and carbon-neutral product packaging.

Our company follows ISO 14001 management procedures to establish a dedicated management unit, effectively tracking the sources, output, and management measures of waste. We conduct detailed analyses and responses to the actual and potential impacts related to waste. Our company's waste management objectives are as follows:

| Short-term goals (by the end of 2025) | Mid-term goals (by the end of 2030) | Long-term goals (by 2050) |
|---|---|---|
| Compared to 2024, reduce total waste volume by 8%, reduce hazardous waste by 5%, and simultaneously establish a precise waste classification management system to improve classification accuracy to over 95%. This phase will focus on strengthening internal management processes and staff training to ensure waste reduction measures are implemented in daily operations. | The focus will be on systematic improvements and resource recycling and reuse. Compared to 2024, the amount of waste generated per unit of product is expected to be reduced by 20%, hazardous waste by 15%, and the recycling and reuse rate of waste will be increased to 70%. | Moving toward the sustainable vision of "Zero Landfill." The goal is to reduce hazardous waste to the minimum level, retaining only items permitted by regulations and without alternative solutions, and establish a waste management system covering the entire product lifecycle, from design to end-of-life recycling, to achieve true resource circulation and sustainable operations. |

### Greenhouse Gas Strategy and Specific Action Plan

In terms of inputs, Kingstate primarily uses raw materials and packaging materials (such as pallets, cardboard boxes, and plastic) supplied by upstream suppliers, which may generate waste during logistics and production processes; In terms of activities, Kingstate's own operations, particularly the production of automotive electronic products, may generate hazardous waste such as isopropyl alcohol; In terms of outputs, total waste includes general waste and hazardous waste, which may have potential impacts on the environment. These impacts are related to both the waste generated by Kingstate's own operations and the waste generated by upstream suppliers in the value chain.

Kingstate has established a comprehensive waste classification and recycling system to maximize resource recovery efficiency, reduce reliance on natural resources, and optimize waste management processes.

For waste generated from its own operations and suppliers, Kingstate commissions qualified third-party waste management service providers to incinerate, reuse, or dispose of waste in other legally compliant ways. To ensure that third-party waste management service providers properly manage waste in accordance with contractual and legal obligations, Kingstate conducts rigorous qualification reviews prior to engagement to assess their professional capabilities and legal qualifications for waste management, and clearly stipulates waste management standards and responsibilities in contracts. At least once a year, Kingstate sends an audit team to the waste treatment facility to inspect the actual treatment process and ensure that it complies with legal and contractual requirements, thereby ensuring proper disposal of waste.

In terms of data management, Kingstate has established a comprehensive waste data collection and monitoring process, starting with the establishment of a recording system at the point of waste generation to accurately track the quantity, type, and disposal method of waste. Monthly internal audits are conducted to ensure the accuracy and consistency of data, and quarterly management reports are generated to analyze trends in different types of waste, serving as a basis for improving waste management strategies.

## 4.5 Waste Management

### ■ Waste Generation

The total amount of waste generated by our company in 2024 was 20.73 metric tons, consisting of hazardous waste and non-hazardous industrial waste. Of this total, 3 metric tons were hazardous industrial waste, accounting for 15%, and 17.73 metric tons were non-hazardous industrial waste, accounting for 85%.

Kingstate primarily handles waste disposal through a licensed waste management company, which conducts recycling, incineration, and landfill operations. The total amount of waste disposed of or transferred by Kingstate in 2024 was 20.73 metric tons, with 15% of hazardous waste undergoing recycling treatment. Except for the aforementioned waste, all other waste is uniformly disposed of by licensed waste management companies. The total amount of waste directly disposed of by Kingstate in 2024 was 0 metric tons.

◆ **Waste transferred from disposal during recycling operations**

| Project (Unit: metric tons) | Disposal/Transfer Method | On-site disposal | Off-site disposal | Total |
|---|---|---|---|---|
| Hazardous Industrial Waste | Preparation for reuse | - | - | 0 |
| Hazardous industrial waste | Recycling | - | - | 0 |
| Hazardous industrial waste | Other recycling operations | - | 3.00 | 3 |
| Hazardous industrial waste | Total | - | 3.00 | 3 |
| Non-hazardous industrial waste | Preparation for reuse | - | - | 0 |
| Non-hazardous industrial waste | Recycling | - | - | 0 |
| Non-hazardous industrial waste | Other recycling operations | - | 17.73 | 17.73 |
| Non-hazardous industrial waste | Total | - | 17.73 | 17.73 |

◆ **Summary table of industrial waste generation, transfer during disposal, and direct disposal over the past three years**

| Item (Unit: metric tons) | Type | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Generation Volume | Hazardous Waste | 3.00 | - | 1.379 |
| Generation quantity | Non-hazardous waste | 17.73 | 23.00 | 24 |
| Generation volume | Total | 20.73 | 23.00 | 25.3795 |
| Disposal/Transfer (Recycling) Volume | Hazardous waste | 3.00 | - | 1.3795 |
| Disposal/Transfer (Recycling) Volume | Non-hazardous waste | 17.73 | 23.00 | 24 |
| Disposal/Transfer (Recycling) Volume | Total | 20.73 | 23.00 | 25.3795 |
| Direct Disposal Quantity | Hazardous waste | - | - | 0 |
| Direct disposal volume | Non-hazardous waste | - | - | 0 |
| Direct disposal volume | Total | - | - | 0 |

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# 5. Friendly Workplace & Social Engagement

**5.1 Human Resources Development**

**5.2 Talents & Training**

**5.3 Benefits & Communication**

**5.4 Friendly Workplace & Healthcare**

**5.5 Social Engagement**

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Management

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Friendly Workplace
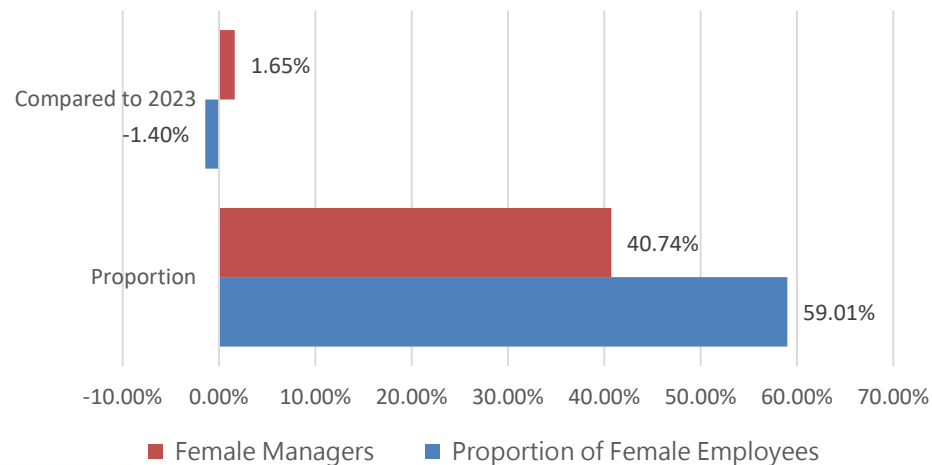Social Engagement

Appendix

## 5.1 Human Resources Development
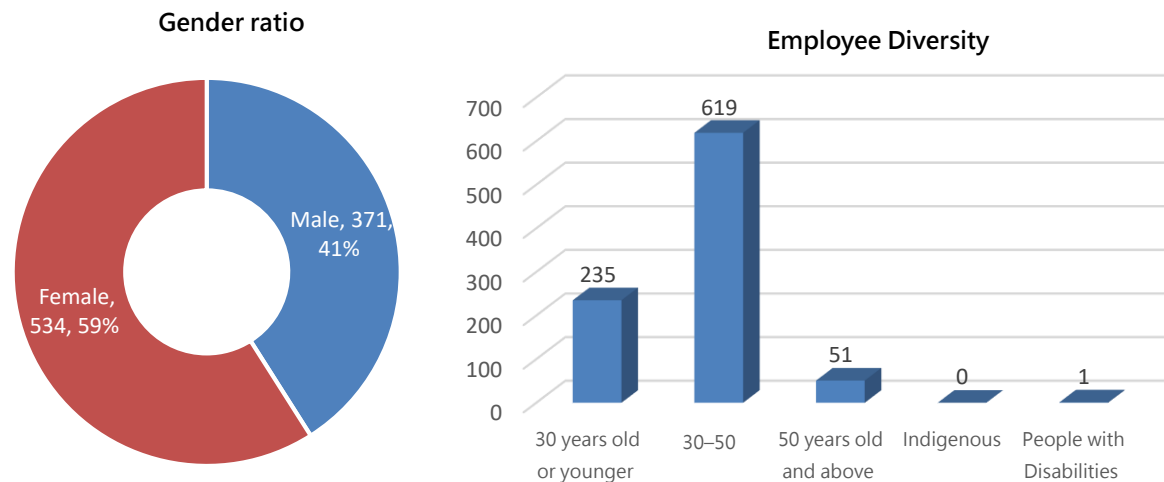
### ■ Employee Diversity, Inclusion, and Equality

Kingstate and its overseas subsidiaries value diversity and respect the needs of minority groups. In 2024, the company employed one person with disabilities, representing 0.11% of the workforce. Recruitment practices emphasize inclusivity, encouraging women returning to the workforce and retaining employees past retirement age to benefit from their professional expertise. Kingstate offers a friendly workplace, on-the-job training, and continuous skills development to help employees of all ages and backgrounds integrate smoothly.

To advance gender equality, Kingstate has set 2030 goals for at least 50% female employees overall and 45% female managers at all levels. In 2024, women made up 59.01% of employees, a slight drop of 1.4% from the previous year, while women in management rose to 40.74%, up 1.65%. The 2024 turnover rate was 20.22% and the resignation rate 23.31%, reflecting the stable trend seen over the past three years.

**Analysis of the Proportion of Female Employees and Managers**



- Female Managers
- Proportion of Female Employees

### ◆ Employee diversity

**Gender ratio**



Male, 371, 41%
Female, 534, 59%

**Employee Diversity**



- 30 years old or younger: 235
- 30–50: 619
- 50 years old and above: 51
- Indigenous: 0
- People with Disabilities: 1

### ◆ Information on Newly Hired and Departing Employees

| New Hires and Departures | Newly hired employees (Number) | Proportion of new hires (%) | Departing Employees (people) | Employee turnover rate (%) |
|---|---|---|---|---|
| Male | 83 | 9.17 | 112 | 12.38 |
| Female | 100 | 11.05 | 102 | 11.27 |
| 30 years old or younger | 75 | 8.29 | 126 | 13.92 |
| 30–50 | 107 | 11.82 | 85 | 9.39 |
| 50 years old and above | 1 | 0.11 | 3 | 0.33 |
| Taiwan | 0 | 0 | 3 | 0.33 |
| Asia (excluding Taiwan) | 183 | 20.22 | 211 | 23.31 |

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## 5.1 Human Resources Development

### ■ Employee Structure

As of December 31, 2024, Kingstate had a total of 905 employees, with a gender ratio of 40.99% male and 59.01% female. Female managers accounted for 40.74% of all management staff. There have been no significant changes in Kingstate's workforce over the past two years.

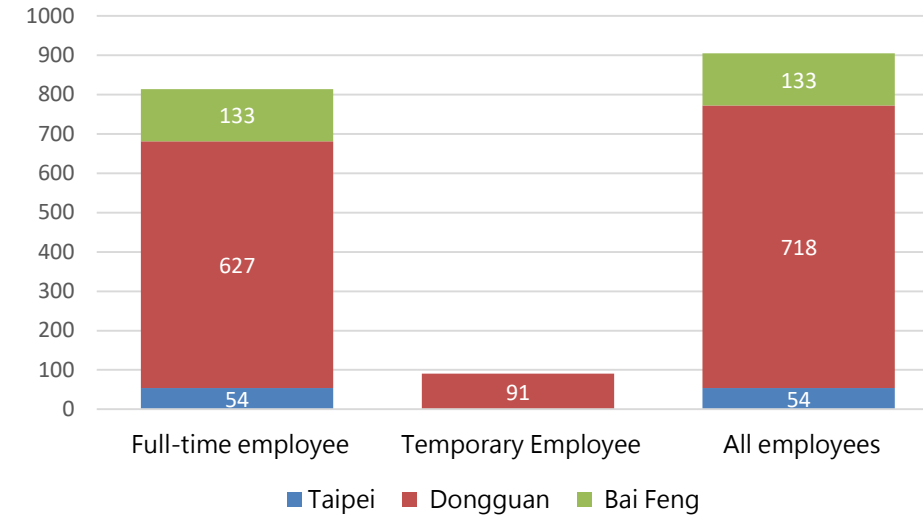◆ **Employee Structure as of December 31, 2024 (Unit: Persons)**



Regular employees: Employment contracts are indefinite-term contracts (non-fixed-term contracts).
Temporary Employees: Employment contracts are fixed-term contracts.
Kingstate does not employ non-guaranteed-hour employees.

### ■ Number of employees by region



### ■ Non-employee structure

Some of our operations are outsourced to staffing agencies or contractors, such as office and factory security personnel, cleaning staff, employee cafeteria contractors, and transportation drivers. The number of non-employee workers at our company has not undergone significant changes in the past two years.

**NON-EMPLOYEE STRUCTURE CHART**



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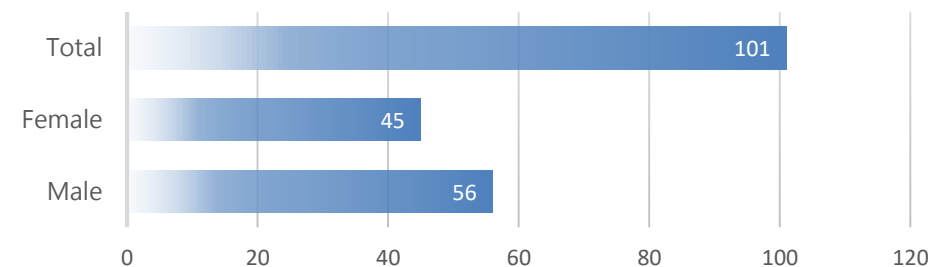
## 5.1 Human Resources Development

### ■ Human Rights Policy and Commitments

● **Human Rights Commitments**

Kingstate references the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, ILO Declaration, and other conventions to set policies on non-discrimination, freedom of association, collective bargaining, and prohibitions on child and forced labor, safeguarding the rights of employees and stakeholders.

● **Scope of Application**

This Human Rights Management System applies to Kingstate and all its subsidiaries.

● **Education and Training**

To raise awareness of human rights protection, Kingstate conducts annual training for all employees and extends it to business partners to reduce human rights incidents. In 2024, 169 participants completed 169 total training hours. Details are in pages 51–52 of the Annual Report. Human rights policies are also integrated into supplier management and new employee onboarding to ensure effective implementation.

● **Communication Platforms, Mitigation, and Remedial Measures**

(1) Kingstate has established diverse human rights communication channels to ensure that employees and stakeholders can safely and effectively express their opinions and concerns regarding human rights. These platforms include:
- Complaint and Reporting Channels: An anonymous email box and hotline allow employees and stakeholders to report forced labor, discrimination, harassment, and other human rights concerns.
- Regular Communication: Labor-management meetings, surveys, announcements, and the Employee Welfare Committee gather human rights-related feedback.
- Dedicated Contact Point: A designated department receives, handles, and tracks complaints, providing necessary support.
- Training and Awareness: Internal training and e-learning platforms strengthen employees' understanding and sensitivity to human rights issues.

(2) Prevention and Mitigation Measures:
- Establish a risk assessment mechanism to regularly review the potential impact of operational activities on human rights.
- Strengthen supply chain management by requiring suppliers to sign the "Supplier Code of Conduct" and incorporate human rights provisions.

(3) Compensation Mechanism:
- Once a human rights violation is confirmed, an investigation is launched, and appropriate remedies—such as medical aid, counseling, monetary compensation, or job reassignment—are provided. Internal systems are then improved to prevent recurrence.

| | |
|---|---|
| ● Human Rights Policy | • Human Rights Policy and Management Plan |
| ● Policy-making Authority | • Board of Directors |
| ● Supervisory Body | • Audit Committee |
| ● Review Frequency | • Every six months |
| ● Applicable Parties | • All employees, customers, suppliers, contractors, and female employees who are pregnant or have recently given birth |
| ● Investigation or Communication Mechanism | • Multiple reporting channels: including HR contact points, dedicated email addresses, internal suggestion platforms, employee surveys, internal audits, and supplier audits.<br>• Confidentiality and Non-Retaliation Principles<br>• Timely Response and Two-Way Communication<br>• Investigation and resolution mechanism<br>• Reporting to the Board of Directors or the Corporate Governance and Sustainability Committee<br>• Continuous Monitoring and System Improvement |
| ● Mitigation and Compensation Measures | • Conduct formal investigations and provide written explanations<br>• Immediate improvement measures<br>• Formal apology and communication<br>• Financial compensation or remedies<br>• Medical, psychological, or legal assistance<br>• Reinstatement Arrangements<br>• Follow-up and Satisfaction Confirmation<br>• Disciplinary action against responsible personnel<br>• System revisions and risk prevention |
| ● Policy commitment linkage | https://www.kingstate.com.tw/upload/files/constitution112-21-1.pdf |

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## 5.2 Talent Development and Training

### ■ Kingstate Education and Training Policy

1. Foster corporate ethics and steady practices
2. Implement sustainable management concepts
3. Enhance talent quality and competitiveness
4. Build team consensus for organizational growth
5. People-oriented approach to career planning

### ■ Talent Development and Training

Kingstate places great importance on employee development and regards talent cultivation and development as a key strategy for enhancing competitiveness. We have established a comprehensive education and training system and a variety of training programs aimed at helping employees improve their professional skills, management capabilities, and personal growth.

● **Key Measures and Strategies for Talent Development and Training**

• Establishment of Education and Training Management Regulations

Kingstate's "Education and Training Management Regulations" outline objectives and principles, emphasizing skill and knowledge enhancement as key to efficiency and quality. Each year, training plans are tailored to departmental needs, fostering employees' professional growth and continuous improvement.

• Effective Utilization and Development of Human Resources

Ensuring that training plans align with corporate development objectives ensures that employee growth is consistent with Kingstate's long-term strategic goals. This strategy helps enhance employee job satisfaction and loyalty while strengthening Kingstate's competitiveness and adaptability.

• Continuous Optimization of Professional Skills

Through continuous education and training, we continuously enhance employees' professional capabilities to respond to market changes and challenges. This not only helps employees' personal career development but also promotes Kingstate's innovation and business growth.

In summary, through systematic talent development and training strategies, Kingstate has not only enhanced employees' professional capabilities and work efficiency but also effectively driven Kingstate's overall development and competitive advantage. This approach of promoting employee development through education and training effectively enhances Kingstate's innovation capabilities and market competitiveness.

### ■ Establishing a Career Development Training Program

**New Employee Training**

• Assist new employees in familiarizing themselves with Kingstate and providing an introductory overview of Kingstate's knowledge and skills. This helps employees understand Kingstate culture, build a sense of belonging, and improve work efficiency.

**Professional Skills Training**

• Help employees master specific skills and professional competencies required in their respective fields to continuously improve work performance and achieve results

**Management Training**

• A training program tailored for mid-to-senior level managers and future successors, aimed at enhancing their leadership, decision-making, strategic thinking, management skills, and comprehensive understanding of Kingstate's future development

**Regulatory and Compliance Training**

• Ensure employees comply with relevant laws, regulations and company policies, laying the foundation for a culture of integrity and transparent operations

**Occupational Safety Training**

• Training on workplace safety, health protection, risk identification and emergency response

**ESG Sustainability Training**

• Compliance with regulations and enhancement of corporate competitiveness, including cross-functional career development plans for ESG members beyond their core responsibilities

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## 5.2 Talent Development and Training

### ■ Career Development Training Implementation

| Skill Training Categories | Number of Participants | Hours | Total Hours |
|---|---|---|---|
| A. New Employee Training | 75 | 17 | 42 |
| B. Professional Skills Training (including R&D, Quality Assurance, and department-specific job functions) | 1004 | 130 | 268 |
| C. Management Training (including training for front-line, middle-management, senior-management, and succession planning) | 157 | 64 | 115 |
| D. Regulatory and Compliance Training (courses required by local authorities) | 141 | 103 | 8333 |
| E. Occupational Safety Training | 177 | 101 | 9962 |
| F.ESG Sustainable Development Training | 813 | 106 | 2644.5 |
| G. Other | 366 | 47 | 973 |

Kingstate places great emphasis on employee career development, and all employees are eligible to participate in training programs. In 2024, the total number of training hours for group employees was 30,026.5 hours, with an average of 4.78 hours per employee.

● **Education and Training**

In 2024, Kingstate averaged 9 training hours per manager (+2.86 from 2023) and 3 hours per non-managerial employee (unchanged). The company promotes an environment where managers and teams engage in continuous learning to enhance overall growth.

**Average number of hours of employee training**
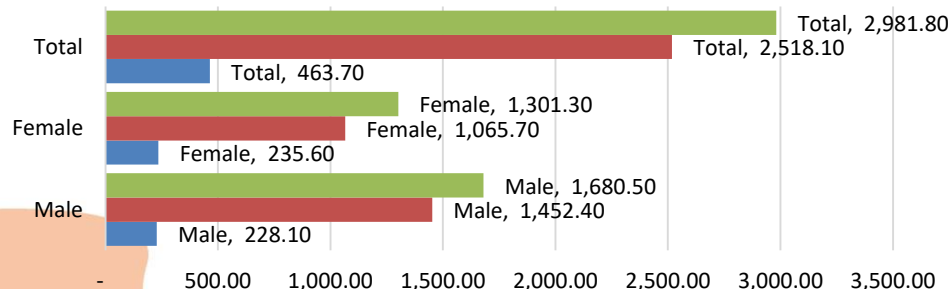


### ■ Average number of hours of employee training

| Average number of hours of employee training | Supervisors | Non-supervisory | Total |
|---|---|---|---|
| Male | 228.10 | 1,452.40 | 1,680.50 |
| Female | 235.60 | 1,065.70 | 1,301.30 |
| Total | 463.70 | 2,518.10 | 2,981.80 |

● **Performance Evaluation**

Performance evaluations at Kingstate guide salary adjustments, career development, and promotions for high performers, encouraging leadership and team improvement. Under the "Employee Evaluation Regulations," evaluations are held twice a year for all eligible employees, including those past probation, with in-depth goal reviews and behavior feedback. In 2024, coverage reached 100%. Results inform targeted training and development plans to enhance competencies and support organizational growth.

**Average number of hours of employee training**



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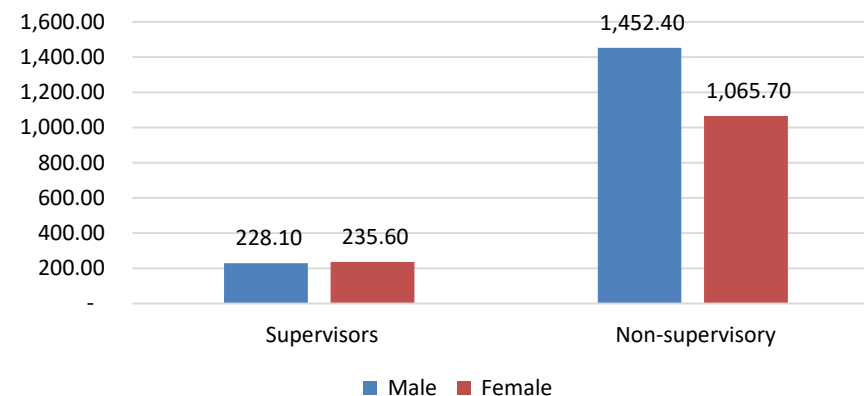
## 5.3 Diverse Benefits and Communication

### ■ Welfare System

To protect rights and strengthen cohesion, Kingstate offers a comprehensive welfare system beyond legal benefits such as insurance, annual, maternity, and childcare leave. An Employee Welfare Committee manages a revenue-based fund to provide holiday and birthday gifts, wedding and funeral assistance, subsidies, company trips, and club activities.

| Company Welfare Measures | Employee Welfare Committee Benefits |
|---|---|
| Employee compensation (as stipulated in Kingstate charter) | Annual Trip: Annual domestic (or international) travel subsidy |
| Year-End Bonus (based on operational performance) | Club Activity Subsidies |
| Performance bonuses (based on operational performance) | Gifts for weddings, funerals, childbirth, and employee birthdays |
| Long-service awards for senior employees | Labor Day, Dragon Boat Festival, and Mid-Autumn Festival gift allowances |
| Group accident insurance | Hospitalization condolence allowance (for the employee themselves, their immediate family |
| Administrative emergency assistance | **Government regulations** |
| Education and Training Assistance | Labor and health insurance and retirement benefits are handled in accordance with applicable laws and regulations |
| Annual health check-up | |
| Year-End Raffle Dinner Banquet | Compensation for work-related injuries or illnesses in accordance with the Labor Standards Act |
| Retention Bonus | All other matters are handled in accordance with relevant laws and regulations |
| Employee Stock Ownership Trust | |



### ■ Long-service awards for senior employees

We sincerely appreciate the contributions and efforts of every Kingstate employee, especially the dedication of senior employees who have been with us for many years. Every year, we award bonuses and medals to senior employees with 10, 20, 30, and 40 years of service or more, expressing our gratitude for their continued commitment to maintaining Kingstate's shared values.
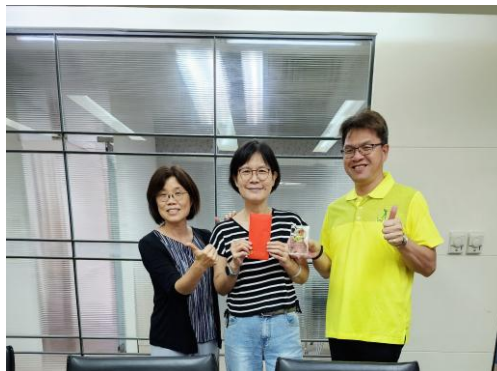


### ■ Diverse club activities

We encourage employees to develop their personal interests and expertise through club activities. In 2023, there are three clubs: the Handicraft and Creativity Club, the Hiking and Trekking Club, and the Literary and Arts Club. Each club holds one activity per month.

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## 5.3 Diverse Benefits and Communication

### ■ Employee Compensation

Employee salaries are determined by the administrative management department based on market salary trends, Kingstate's financial status, and organizational structure. Salary standards are established accordingly. Individual salaries are then determined based on employees' professional skills, job responsibilities, performance, and Kingstate's achievement of operational goals. Salaries for new hires are not differentiated based on gender, race, political affiliation, ideology, religion, sexual orientation, or marital status.

Kingstate distributes employee bonuses, year-end bonuses, and performance bonuses based on operational performance to motivate all employees to work together toward company goals. In accordance with Article 25 of Kingstate Charter, if Kingstate achieves profits in a fiscal year, it shall allocate no less than 1% for employee bonuses and no more than 3% for director bonuses. However, if Kingstate has accumulated losses, it shall first set aside an amount to offset such losses. The recipients of employee bonuses paid in stock or cash may include employees of affiliated or subsidiary companies who meet certain conditions.

### ■ Gender-based statistical analysis of the average annual salary difference ratio between male and female employees at each job level

| Statistics by gender for employees in each job grade<br><br>Average annual compensation difference ratio | Annual compensation (female: male) | Basic salary (female: male) |
|---|---|---|
| Manager (Taiwan) | 1.5:1 | 1.5:1 |
| Non-Managerial (Taiwan) | 1:1.4 | 1:1.3 |
| Manager (Non-Taiwan) | 1.25:1 | 0.88:1 |
| Non-Manager (Non-Taiwan) | 2.07:1 | 2.74:1 |

### ■ Leave system

#### ● Retirement provisions

Kingstate's "Labor Retirement Regulations" provide retirement fund contributions for all employees, with a "Retirement Fund Supervision and Management Committee" overseeing the old system fund and compliance. Under the old system, monthly contributions follow the Labor Standards Act and are deposited in Taiwan Bank for safekeeping. Under the new system, 6% of monthly wages is contributed to individual pension accounts per the Executive Yuan's wage grading table. Employees meeting statutory conditions may retire; in 2024, one employee retired.

#### ● Leave of Absence with Retention of Position

In line with the Labor Standards Act, Kingstate allows employees facing childcare or serious illness to take leave with retention of position upon supervisor approval. In 2024, one Taipei headquarters employee took maternity leave, and another returned from such leave. This policy enables focus on family and health without job loss, showing our commitment to work-life balance and well-being, while boosting satisfaction, loyalty, and long-term stability.

| Maternity Leave Re-employment and Retention Status | Male | Female | Total |
|---|---|---|---|
| Number of employees eligible for maternity leave in the current year | 0 | 1 | 1 |
| Number of employees who applied for leave of absence during the current year | 0 | 0 | 0 |
| Number of employees originally eligible to return to work after maternity leave (A) | 0 | 2 | 2 |
| Number of employees originally eligible for maternity leave and child care leave who should have returned to work and actually returned (B) | 0 | 1 | 1 |
| Reemployment rate (B/A) | 0 | 50 | 50 |
| Number of employees who were eligible for reinstatement after maternity leave and actually returned to work in the previous year (C) | 0 | 0 | 0 |
| Number of employees who returned to work after maternity leave and continued working for more than 12 months (D) | 0 | 0 | 0 |
| Retention rate (D/C) | % | 0 | 0 |

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## 5.3 Diverse Benefits and Communication

### ■ Employee Rights

● **Prioritizing Employee Health and Well-being**

Preventing obesity and the "three highs" (hypertension, hyperglycemia, hyperlipidemia) is a key health goal for Kingstate. Measures include:

- Employee Health Management Program: Free annual health check-ups each September, focusing on the three highs and related screenings.
- Healthy Eating: Weekly vegetarian meals every Friday, emphasizing high fiber, low fat, and low sugar.
- Exercise & Activities: Group sports with rewards; in 2024, two walking competitions drew 53 participants, totaling 3,029,787 steps.

These actions lower obesity and related disease risks, boosting productivity, satisfaction, and reducing absenteeism and medical costs. Integrating health management into Kingstate's long-term strategy strengthens future competitiveness.
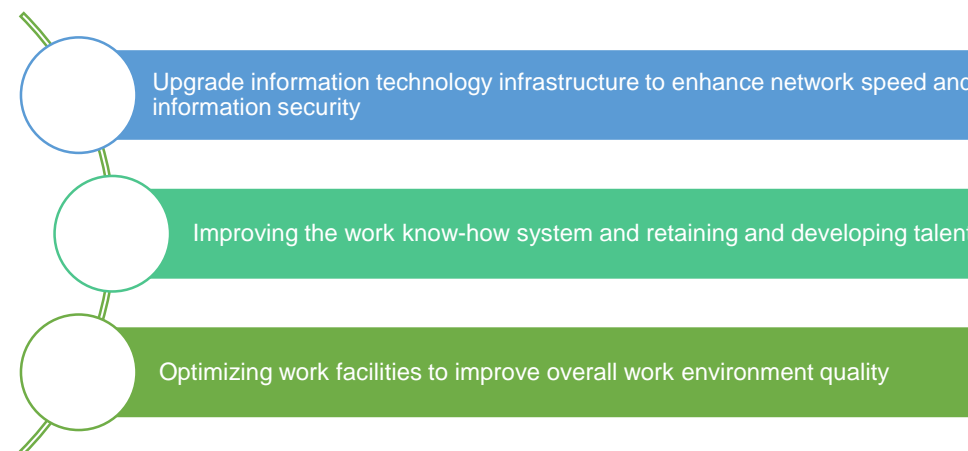
### ■ Communication Channels

The communication mechanism provides employees with channels for immediate feedback and regular exchanges, listens to employee voices, promotes a harmonious work atmosphere, and fosters a win-win situation for both employers and employees.

| Communication Mechanism | |
| --- | --- |
| Mechanism | Method |
| Departmental Communication/Project Matters | Establish WeChat/Line groups |
| Company Strategy and Operational Development Communication | Strategy Meeting/Managerial Meeting |
| Cross-departmental communication | Production and Sales Coordination Meetings/Managerial Meetings |
| Labor-Management Communication | Labor-Management Meetings/Employee Satisfaction Surveys |
| Welfare Policies and Implementation | Welfare Committee Meetings |
| Issue Reporting and Information Consultation | Employee Contact: hr@kingstate.com.tw |
| | Suggestion Box |
| Complaints and Appeals | Dedicated Hotline: (02)28095651 ext. 1593 |
| | Email: hr@kingstate.com.tw |

● **Implementation of Employee Satisfaction Surveys**

Kingstate conducted its 2024 annual employee satisfaction survey in April 2025. The survey covered five key areas: compensation and benefits, teamwork and management communication, work environment, sustainable operations and social responsibility, and career development. The survey achieved a 100% participation rate, indicating that all employees actively participated, and a high level of corporate identity. The survey results showed an overall average satisfaction score of 4.39 (on a five-point scale), reflecting that the majority of employees. Based on the feedback provided by our colleagues, Kingstate has implemented the following improvement measures in 2025:

Upgrade information technology infrastructure to enhance network speed and information security

Improving the work know-how system and retaining and developing talent

Optimizing work facilities to improve overall work environment quality

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## 5.4 Friendly Workplace and Health Care

### ■ Accident Reporting and Handling Procedures

Kingstate has established a detailed process in accordance with the "Accident Investigation and Management Procedure" to handle accidents that occur within Kingstate. Accident Handling Process:

- **Accident Reporting and Initial Response**

Employees must promptly report incidents to their department supervisor, who completes the "Accident Investigation Report" and submits it to management. Upon receiving the report, the supervisor organizes rescue efforts, assists the injured, and secures the accident area to ensure safety.

- **Formation of the Accident Investigation Team**

The department head where the accident occurred forms an investigation team with management, involved parties, witnesses, relevant staff, and external representatives. Within 48 hours, the team conducts an in-depth investigation to determine the accident's root cause, nature, and corrective and preventive measures.

- **Reporting and Communication:**

For recordable accidents (fires, chemical leaks, property damage, etc.), the management unit must report to headquarters within 24 hours. After investigation, the team defines corrective and preventive actions, assigns responsibility, and sets deadlines. The department head must share results with affected staff, visitors, or external company employees.

- **Compliance with Regulations**

All processes must follow safety, health, and environmental rules with transparent, timely communication. Kingstate ensures swift, effective incident response to protect employees and assets, comply with laws, and maintain stable, sustainable operations.

### ■ Occupational Disease Prevention and Control

Kingstate prioritizes environmental safety and employee health, implementing "Occupational Disease Prevention and Control Procedures" for those exposed to toxic substances or in special roles. Employees undergo regular health checks, and cases of occupational disease are treated, documented, and, if necessary, reassigned. The company works with relevant departments to strengthen education, ensure proper use of protective gear, and focus on female employee protection. Kingstate controls major hazards to meet safety and health goals, promoting continuous improvement.

### ■ Monitor and measure environmental safety and health performance

The Environmental Safety and Health Promotion Committee at Kingstate's factory premises is responsible for supervising and inspecting operational controls, the achievement of environmental safety and health objectives, and compliance with laws and regulations; it is also responsible for the calibration and maintenance of environmental safety and health monitoring equipment.

- **Employee health checks**

Specialized workers (electricians, chemical managers): once a year. Workers exposed to toxic or harmful substances: once a year. Canteen staff, cleaners, and support staff: once a year. Examinations are conducted by hospitals at the district level or above. If any adverse health conditions are identified during the examination, the employee should be reassigned to another position. If an occupational disease is diagnosed, it should be reported to the relevant government administrative department (typically the Health Bureau or a specialized occupational disease prevention institution) in accordance with the Occupational Disease Management Regulations, and the patient should receive specialized treatment until recovery (or stabilization).

- **Environmental, Safety, and Health Professional Inspection**

Conduct environmental, safety, and health inspections every six months. These inspections are organized by the Implementation Committee, with a focus on special operations, special equipment, and special areas such as welding, lifting equipment, boilers and pressure vessels, flammable and explosive areas, and the storage and handling of hazardous materials.

Monitoring and measurement of environmental safety and health operational parameters: The Implementation Committee monitors and measures environmental safety and health operational parameters in accordance with relevant documents. Currently monitored items include: workshop and factory boundary noise measurements, discharge of screen washing water, monitoring of air quality in screen printing workshops, and compliance checks on the use of chemicals.

- **Labor Discipline Inspection**

Management Dept. conduct inspections of labor discipline in accordance with the requirements of labor discipline management regulations.

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## 5.4 Friendly Workplace and Health Care

### ◼ Occupational Safety and Health Management System

To achieve sustainability and fulfill corporate social responsibility, companies must prioritize occupational safety and health management. Kingstate earned ISO 45001 certification in 2020. This system helps reduce safety risks, boost efficiency, prevent injuries, improve health, enhance customer trust, strengthen reputation, and provide a safe, healthy workplace.

● **Group occupational accident categories, number of incidents, and rates**

January to December 2024: Taipei and China plant occupational accident cases: 0 people, occupational accident rate: 0%, occupational accident category: unclassified electronic components manufacturing.

### ◼ Workplace Environment and Employee Safety Protection Measures

● Annual fire safety inspections are conducted in collaboration with fire authorities. The 2024 inspection was completed in May and all facilities met regulatory requirements.

● Daily inspections are conducted by designated staff members using a checklist to ensure the safety of the work environment in the 9th and 10th floor office areas, laboratories, and warehouses.

● Access control systems with card swipe and day/night security personnel are in place to ensure the safety of personnel entering and exiting the premises. A surveillance camera system is installed to monitor the safety of personnel entering and exiting the premises.

● Disaster Prevention and Response: Established "Emergency Response Procedures" and "Workplace Safety and Health Guidelines."

● In accordance with the "Occupational Safety and Health Act," Kingstate has appointed occupational safety and health managers and first aid personnel, and conducts training in accordance with the "Occupational Safety and Health Training Regulations." In accordance with the "Fire Prevention Act," Kingstate has appointed fire safety managers who regularly participate in fire safety training.

● Mandatory training credits for new and existing employees: Labor Safety and Health Concepts and Safety and Health Work Guidelines, pre-work, during-work, and post-work self-inspections, standard operating procedures, emergency response procedures, fire safety and first aid knowledge, and drills.

● The 2024 Self-Defense Firefighting Team Practical Drill Training was completed in June and December of this year, with two on-site training sessions. Number of trainees: 12, total hours: 6 hours, total training hours: 72 hours.

### ◼ Occupational Hazard Identification and Risk Assessment Process

Kingstate's Occupational Safety and Health Hazard Identification and Risk Assessment follows ISO 45001, establishing a safety management system and team. The team assesses all hazards per risk evaluation standards, calculating risk levels. Hazards at levels 1–3 are major and require objectives and management plans. For risks at levels 1–4, operational control documents must be created if none exist to prevent deviations from safety policies or objectives.

The Environmental, Health, and Safety Management Team should organize all departments to re-identify, assess, approve, and update hazards and major hazards based on Kingstate's current status during the first quarter of each year. Specific management plans should also be updated promptly. Key personnel involved in hazard identification and risk assessment should have received professional training. Occupational health and safety hazard identification and assessment should also be conducted when changes occur in the production site.

### ◼ Disaster Prevention and Emergency Response

Kingstate conducts regular fire drills in the industrial park annually, establishes emergency response measures and post-disaster recovery plans, and ensures that employees are familiar with fire safety information, including the use of fire extinguishers, evacuation routes within the facility, and related emergency response measures. An emergency response team is also established. The Taipei headquarters conducts two emergency response and disaster prevention safety drills annually, while overseas facilities conduct regular fire drills.

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## 5.4 Friendly Workplace and Health Care

### ■ Occupational Safety and Health Training

To help new employees adapt, Kingstate provides occupational safety and health training with assessments to build safety awareness and skills. Annual plans based on regulations ensure proper knowledge. In 2024, all staff received safety, emergency response, and fire training, strengthening awareness and disaster prevention.

### ■ Walking Together for Health ♡ Health in Step

Employee health is key to sustainable growth. Walking events across both sides of the strait encouraged participation, promoted teamwork, and improved health awareness and fitness. Walking boosts cardiovascular function, stamina, and work efficiency.

### ■ Health Checkups and Management

Kingstate values employees' physical and mental health. Beyond legal requirements, the Taipei headquarters offers annual health checkups with contracted physicians providing on-site consultations, follow-ups, referrals, and diverse care services. In 2024, 53 employees participated, an 88.33% rate. High-risk cases receive ongoing monitoring for early detection and treatment..



| 2024 Occupational Safety Training Statistics Table | | | | |
|---|---|---|---|---|
| Region | Course Name | Total Number of Participants | Total Hours | Average Hours |
| Taipei | Occupational Safety and Health Manager On-the-Job Training Course (Refresher) | 1 | 7.5 | 7. |
| | Self-Defense Firefighting Team Training | 2 | 4 | 2 |
| Dongguan | Work Safety Laws and Regulations | 65 | 65 | 1 |
| | Post-Holiday Resumption of Work and Production Safety Training | 291 | 291 | 1 |
| | Machinery and Equipment Safety Training | 291 | 291 | 1 |
| | Refresher Training for Enterprise Key Personnel and Safety Management Personnel | 2 | 1 | 8 |
| | Full-Factory Fire Emergency Evacuation Drill | 29 | 291 | 1 |
| | Waste Management Training | 291 | 291 | 1 |
| | Road Traffic Safety Basics | 291 | 291 | 1 |
| | Occupational Health and Safety Basics | 291 | 291 | 1 |
| | Kitchen Environmental Work Standards | 6 | 6 | 1 |
| | Electrical Safety Training | 11 | 11 | 1 |
| | Hazardous Chemical Safety Knowledge | 2 | 2 | 1 |
| | Fire Drill 1 | 368 | 736 | 2 |
| | Fire Drill 2 | 332 | 664 | 2 |
| | Safety Knowledge Training | 8 | 12 | 1.5 |
| | ISO 27001:2022 Information Security Management System Standard and Company System Training | 6 | 36 | 6 |
| | ISO 27001:2022 Information Security Management System Standard and Internal Auditor Training | 6 | 36 | 6 |
| Bai Feng | Level 3 Security Education | 137 | 3288 | 24 |
| | Hazardous Chemicals Management Training | 1 | 1 | 16 |
| | Safety Production Management Personnel Training | 1 | 8 | 8 |
| | Fire Drills, Fire Safety, and Emergency Evacuation Procedures | 116 | 464 | 4 |
| | Legal and Regulatory Training (Quality/Safety/Environment) | 16 | 64 | 4 |
| | Basic Safety Production Knowledge Explanation | 39 | 78 | 2 |
| | Hazardous Chemicals Drill/Hazardous Chemicals Warehouse Management Training | 5 | 10 | 2 |
| | Safety Management System Improvement Training | 130 | 390 | 3 |
| | Hazardous Chemicals Management Training | 1 | 1 | 16 |
| | Hazardous Chemicals Management Training | 38 | 76 | 2 |
| | Traffic Safety, Occupational Protection, and Workplace Safety | 130 | 520 | 4 |

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## 5.5 Social Engagement

Kingstate has established its local community base in the Tamsui District of New Taipei City, deeply rooted in the local development. Guided by the United Nations Sustainable Development Goals (SDGs), Kingstate actively addresses global challenges such as climate change, poverty, inequality, education, and health.

Tamsui District boasts a rich historical and cultural heritage, having served as an important gateway for international trade since the Ming Zheng period. During the Qing Dynasty and Japanese colonial era, it developed into a cultural and economic hub in northern Taiwan. Today, Tamsui captivates visitors with its unique cultural landscape, Red Fortress, Tamsui Old Street, and natural scenery, showcasing its deep historical roots and social diversity.

We integrate Tamsui's cultural characteristics and local resources through continuous education and awareness campaigns to promote sustainable development in the local community. We actively collaborate with schools, community organizations, and relevant stakeholders to advance technology and environmental education, and through the participation of our employees and their families, we extend positive influence to every corner of society.

Kingstate firmly believes that collective efforts can create a more inclusive, fair and sustainable future. I'm good, you're good, and together we're even better!



### ■ 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 Babies ♡ Organic Fruit & Vegetable Volunteers and Donations

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 Drive

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 ♡ Old Clothes and Shoes Save Lives

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 Box‧Invoice Box

Kingstate actively engages in social welfare, offering economic aid and material support to disadvantaged groups while conveying hope and warmth. This year, we joined the Genesis Foundation's "Cold Weather Feast for the Needy," encouraging public support for long-term vegetative patients and underprivileged families, helping them enjoy the warmth of a New Year reunion. We also funded the 18th low-income elderly care home in Hualien County and supported the purchase of care facilities to improve lives. Inspired by ECPAT Taiwan and Genesis Foundation, we placed donation boxes at our main reception to promote daily charitable giving, uniting more people to build a fair, inclusive, and sustainable society.

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## 5.5 Social Engagement

### ■ Sharing and Passing on ♡ Acoustics Knowledge Camp

Kingstate hosted the 2nd "Kingstate Acoustics Knowledge Camp" at Dengkong Elementary School in Tamsui, introducing students to the basics of sound science and the acoustics of everyday musical instruments. The camp also promoted the SDGs, highlighted the significance of Earth Day Taiwan, and encouraged students to practice sustainable development. Activities included interactive quizzes and DIY Bluetooth speaker projects, fostering both acoustic knowledge and environmental awareness. Kingstate is committed to supporting local education in Tamsui, inspiring the next generation to engage in environmental protection and sustainability, and building a strong foundation for the community's future.

### ■ Volunteers with Love ♡ A Barrier-Free Society

Aligning with SDGs and ESG principles, Kingstate supports the Tamsui community through relief donations, volunteer training, and social services. In 2023, 18 employees joined activities such as "Companionship for the Elderly" outings and regular check-in calls, fostering well-being for elderly individuals living alone. These efforts demonstrate Kingstate's commitment to social responsibility and sustainable development.

### ■ Culture and Art ♡ Tamsui Formosa International Poetry Festival

In 2024, Kingstate sponsored the Tamsui Formosa International Poetry Festival, integrating ESG principles and the UN SDGs into local cultural events. The sponsorship promoted arts and culture, enriched citizens' spiritual lives, boosted the local economy and tourism and encouraged inclusive cultural participation across generations and ethnic groups. Kingstate invited employees, residents, and artists to join, strengthening community bonds, advancing the "social" aspect of ESG, and fostering civic awareness and cultural literacy. Through such actions, Kingstate affirms its commitment to sustainability and to building a vibrant, happy Tamsui.

# 6.  *Appendix*

**6.1 GRI Index**
**6.2 SASB Index**
**6.3 Sustainability Disclosure Indicators**

## 6.1 GRI 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 us | | 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 us<br>3.6 Supply Chain Management | | 6<br>29 |
| 2 - 7 | Employees | 5.1 Human Resources Development | | 44-46 |
| 2 - 8 | Workers who are not employees | 5.1 Human Resources Development | | 44-46 |
| 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 Ggovernance 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 Materiality Analysis & Identification | | 12-13 |
| 2 - 14 | The Role of the Top Governance Dept. 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 |

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## 6.1 GRI 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 & Legal Compliance<br>3.5 Regulation Compliance<br>3.6 Supply Chain Management<br>5.1 Human Resources Development<br>5.4 Friendly Workplace and Healthcare | | 22<br>28<br>29<br>44-46<br>52–54 |
| 2 - 24 | Embedding Policy Commitments | 3.2 Integrity & Legal Compliance<br>3.5 Regulation Compliance<br>3.6 Supply Chain Management<br>5.1 Human Resources Development<br>5.4 Friendly Workplace and Healthcare | | 22<br>28<br>29<br>44-46<br>52–54 |
| 2 - 25 | Procedures for Remediating Negative Impacts | 2.2 Stakeholder Communication Status<br>3.2 Integrity & Legal Compliance<br>3.5 Regulation Compliance | | 11<br>22<br>28 |
| 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 | | 28 |
| 2 - 28 | Membership of the HKSA | - | Taiwan Electrical and Electronic Trade Association<br>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 | - |

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## 6.1 GRI Index

| Material Topics | | | | |
|---|---|---|---|---|
| | Disclosure Item | Corresponding Chapter | Description | Page |
| GRI 3: Material Topics 2021 | | | | |
| 3 - 1 | Process to Determine Material Topics | 2.3 Materiality Analysis & Identification | | 12-13 |
| 3 - 2 | List of Material Topics | 2.3 Materiality Analysis & Identification | | 12-13 |
| Material Topic 1: Corporate Governance | | | | |
| 3 - 3 | Management of Material Topics | 3.1 Governance Structure<br>3.2 Integrity & Legal Compliance | | 15-21<br>22 |
| GRI 205 Anticorruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 3.2 Integrity & Legal Compliance | | 22 |
| | 205-3 Confirmed incidents of corruption and actions taken | - | No such thing | - |
| Kingstate Custom Topics: Risk Management Issues - Information Security | | 3.4 Information Security | | 25-27 |
| Material Topic 2: Climate Action | | | | |
| 3 - 3 | Management of Material Topics | 3.6 Supply Chain Management<br>4.1 Climate Change | | 29<br>32-34 |
| GRI 302 Energy 2016 | 302-4 Reduction of Energy Consumption | 4.3 Greenhouse Gas<br>4.4 Energy Management<br>4.5 Waste Management | | 37-38<br>39-40<br>41-42 |
| GRI 305 Emissions 2016 | 305-1 Direct (Scope 1) GHG Emissions | 4.2 Greenhouse Gas | | 35-36 |
| | 305-2 Direct (Scope 2) GHG Emissions | 4.2 Greenhouse Gas | | 35-36 |
| | 305-3 Direct (Scope 3) GHG Emissions | 4.2 Greenhouse Gas | | 35-36 |
| GRI 308 Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 3.6 Supply Chain Management | | 29 |
| GRI 414 Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 3.6 Supply Chain Management | | 29 |

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## 6.1 GRI Index

| | Disclosure Item | Corresponding Chapter | Description | Page |
|---|---|---|---|---|
| Material Topic 3: Talent Assets | | | | |
| 3 - 3 | Management of Material Topics | 5.1 Human Resources Development<br>5.2 Talents and Training<br>5.3 Benefits & Communication<br>5.4 Friendly Workplace and Healthcare | | 44-46<br>47-48<br>49-51<br>52-54 |
| GRI 404 Training and Education 2016 | 404-1 Average hours of training per year per employee | 5.2 Talents and Training | | 47-48 |
| GRI 405 Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 5.1 Human Resources Development | | 44-46 |
| GRI 401<br>Employment 2016 | 401-1 New employee hires and employee turnover | 5.3 Benefits and Communication | | 49-51 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 5.3 Benefits and Communication | | 49-51 |
| | 401-3 Parental leave | 5.3 Benefits and Communication | | 49-51 |
| GRI 403<br>Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-3 Occupational health services | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-5 Worker training on occupational health and safety | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-6 Promotion of worker health | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-8 Workers covered by an occupational health and safety management system | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-9 Work-related injuries | 5.4 Friendly Workplace and Healthcare | | 52-54 |
| | 403-10 Occupational diseases | 5.4 Friendly Workplace and 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 | The acoustic components and headphone systems produced by Kingstate do not pose any information security risks in their back-end manufacturing processes or customer usage methods |
| 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 | By gender: Management: 59.26% male, 40.74% female; Employees: 40.99% male, 59.01% female. By employment type: 814 regular employees, 91 temporary employees. By age: 25.97% aged 30 or younger, 68.4% aged 30–50, and 5.63% aged 50 or older.<br> Please refer to Section 5.1 Human Resource Development |
| 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 revenue from products manufactured by Kingstate that contain substances listed in IEC 62474 is 0%. Kingstate employs product data management through a dedicated database established by the GP team. By implementing full material chain control from supplier sources to Kingstate's design and manufacturing processes, we ensure that all components comply with customer requirements, environmental regulations, IEC 62474 standards, hazardous substance test reports, material safety data sheets, safety/compliance reports, etc., with a 100% reporting completion rate.<br><br> Please refer to Sections 3.6 and 4.1 on Supply Chain Management and Greenhouse Gas Emissions. |
| | 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 subject to EPEAT regulations |
| | TC-HW-410 a.3 | Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria | Kingstate's products are not subject to energy efficiency certification standards |
| | 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 brand contract manufacturer, not engaged in the marketing of final consumer products. Therefore, the end-of-life disposal, recycling services, and recycling weight of products are planned by the customer. |

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## 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 first-tier suppliers audited / Total number of first-tier suppliers: (56/279) * 100% = 20%<br><br>(b) Number of high-risk first-tier suppliers audited / Total number of high-risk first-tier suppliers: 100% VAP<br><br>Equivalent audits: Supplier audits conducted by qualified audit teams commissioned by Kingstate, using the RBA Supplier Social Responsibility Assessment Form as the standard, which is based on local laws and regulations, the RBA Code of Conduct, customer requirements, Kingstate's relevant corporate social responsibility management regulations, and other applicable requirements. |
| | 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, with a non-conformance rate of 0%, and no suppliers with non-conformities or corrective actions required |
| Materials Sourcing | TC-HW-440a.1 | Description of the management of risks associated with the use of critical materials | KINGSTATE Group has established a Green Product Management Platform to implement source management of raw materials in the supply chain, primarily using the Dingxin T100 system, integrated with GP and other information platforms to form a comprehensive management information system. Suppliers are required to commit to using responsible mineral sources and strive to ensure that the minerals used in their products (e.g., tantalum, tin, gold, tungsten), suppliers must disclose foundry information if they use conflict minerals, declare this on the GP Green Product Management Platform, and will be notified to transition. Additionally, for suppliers using critical materials, we implement systematic audit procedures to manage supplier operational capabilities based on environmental and social risk factors, and establish robust hazardous substance management programs to ensure the safe use of critical materials. We also establish proper critical material inventory mechanisms to prevent supply chain disruptions. All materials fully comply with lead-free manufacturing requirements, meeting the EU RoHS Directive and halogen-free requirements. Hazardous substance control compliance rate: 100%. |
| | | Activity Metric | |
| IFRS S2: Climate-related Disclosures | TC-HW-000.A | Number of units produced by product category | Total product production volume: 192,856Kpcs<br><br>Audio finished products: 17,576Kpcs<br>Acoustic Components: 175,280Kpcs |
| | TC-HW-000.B | Area of manufacturing facilities | The factory includes Dongguan Kingstate and Suzhou Baifeng, with a combined factory floor area of 28,838 m² (square meters) |
| | TC-HW-000.C | Percentage of production from owned facilities | 100% (including joint venture factories) |

## 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).<br><br>Percentage (%) | Total energy consumption: 11,005.84 GJ; Percentage of purchased electricity: 83%; Renewable energy usage rate: 10%, Other energy: 7%. |
| 2 | Total water withdrawn, total water consumption | Quantitative | Thousands of cubic meters ($M^3$) | 43,535 M3 |
| 3 | Total hazardous waste generated and percentage recycled | Quantitative | Metric tons (t), Percentage (%) | Weight: 3 t<br>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%<br>No Occupational Disasters |
| 5 | Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled | Quantitative | Metric tons (t), Percentage (%) | Weight: 1.2145 + 22.31 = 23.5245 t<br>Recycling percentage: 22.31 / 23.5245 × 100% = 94.8% |
| 6 | Description of the management of risks associated with the use of critical materials | Qualitative Description | Not applicable | Please refer to Section 3.6 Supply Chain Management KINGSTATE Group has established the "Green Product Inspection Procedures," which defines the list of critical components in accordance with the procedures' specifications. In accordance with the procurement risk management procedures, when abnormalities occur in the procurement of critical components, red/yellow alerts are issued based on the severity, and corresponding control measures are implemented. |
| 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 | 192,856 Kpcs |

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我們將持續以負責任的行動實踐永續承諾，共創企業與社會共榮的未來。

We remain committed to responsible actions that fulfill our sustainability goals and create a shared future of prosperity for both business and society.