



KINIK 2025 Sustainability Report





共好:你好.我好.大家好

Good Together: Good to You, Me & ALL

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About This Report

KINIK Company (hereinafter referred to as "KINIK" or "the Company") has long paid close attention to sustainable development trends. This year, KINIK publishes its fourth Sustainability Report (hereinafter referred to as "the Report"), presenting the Company's sustainable management strategies and performance across governance and economic, environmental, and social dimensions (including human rights), and addressing stakeholders' concerns regarding sustainability issues.

Reporting Boundary and Scope

The Report includes sustainability performance data across governance, economic, environmental, and social dimensions (including human rights). The reporting boundary covers KINIK's five factories in Taiwan (Yingge Factory, Shulin Factory, Hsinchu Factory, Zhubei Factory, and Hsinchu Science Park Factory), excluding subsidiaries. The Report discloses performance information for the period from January 1, 2025 to December 31, 2025, with some content covering prior years and 2026. Greenhouse gas data covers the five factories in Taiwan, various operating locations, and certain subsidiaries (Hongia, Dongguan Kinik Trading Co., Ltd., Kinli Investment Co., Ltd., and KTC), and are categorized in accordance with ISO 14064:2018. The financial data in the Report are aligned with the scope of KINIK's consolidated financial statements and are derived from the annual financial statements audited by independent accountants (including subsidiaries), with New Taiwan Dollars as the reporting currency. Any restatements of information for prior reporting periods are disclosed in the relevant sections, with detailed explanations provided in [Appendix 1: Data Restatements and Corrections](#).

The guidelines followed and referenced in this report are listed as follows:

Guideline Issuing Organization	Followed Guidelines
Global Reporting Initiative (GRI)	GRI Universal Standards, Sector Standards, and Topic Standards (GRI Standards)
Sustainability Accounting Standards Board (SASB) under the IFRS Foundation	Sector Standards (SASB Standards) - Semiconductors
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD) Framework

Report Preparation and Review Process

To ensure the accuracy of disclosed information, the report is prepared by seven task forces under the Executive Committee, which are responsible for data statistics, data collection, and report compilation for each department. The Sustainability Development Committee and the Executive Committee's ex officio members review the report to ensure the accuracy and consistency of the information. Finally, the report is submitted to the Board of Directors for presentation and reviewed by the Chairman, followed by graphic design and layout, and is published on the external website along with relevant information.

Data Collection and Compilation

Data collection and compilation are carried out by seven task forces under the Executive Committee.



Drafting and Content Review Finalization

- The content is reviewed by the Sustainability Development Committee and the Executive Committee's ex officio members, and then presented to the Board of Directors.
- The final content is reviewed and approved by the Chairman of the highest governance body.



External Assurance

Engaged Deloitte Taiwan to conduct limited assurance in accordance with the ROC Assurance Guidelines 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information." For the scope and conclusion of the assurance, please refer to the third-party assurance report in Appendix 6 of this report.



External Disclosure

The information in this report is disclosed on the Company's official website and the Market Observation Post System (MOPS).



Report Issuance Date and Cycle

This year's Sustainability Report discloses performance information for the period from January 1, 2025 to December 31, 2025. Some content also covers information from prior years and 2026. The Company publishes one Sustainability Report annually.

- Previous year's (2024) report publication date: August 2025
- Current year's (2025) report publication date: July 2026
- Next year's (2026) report expected publication date: August 2027

Feedback and Contact Information

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- Telephone : +886-2-2679-1931 #1214
- E-mail : tzuyi@kinik.com.tw
- Official Website : <https://www.kinik.com.tw/en-us/>

Message from the Chairman and Chief Sustainability Officer

Amid the global transition toward net zero, the responsibility of enterprises extends beyond creating economic value to also advancing environmental and social sustainability. KINIK upholds its corporate mission of "Strive for Excellence to Create Innovative Value for the Industry and Customers" and is actively engaged in areas such as environmental protection, the circular economy, and corporate governance.

Looking back on 2025, our key achievements in sustainability initiatives are as follows :

1. Record-high Financial Performance

In 2025, KINIK acquired MKS and MGT, two companies under Japan's Mitsui Mining & Smelting Co, Ltd., expanding our production capacity and market presence in Japan and Southeast Asia. This expansion further strengthens our product portfolio. Together with our existing CMP diamond disk and wafer reclamation services, it has enhanced KINIK's competitiveness in the grinding sector.

The KINIK Group's consolidated revenue reached a record high of NT\$8.149 billion since its listing, representing a year-on-year increase of 16.10%. Net income after tax amounted to NT\$1.397 billion, up 31.53% year-on-year, demonstrating the effectiveness of KINIK's global expansion strategy.

2. Strong Performance in Greenhouse Gas Reduction

In 2025, total greenhouse gas emissions from KINIK's five factories in Taiwan amounted to 34,362.28 tCO₂e, representing a reduction of 7.01% compared to 2024 and 25.16% compared to the base year. In recognition of its outstanding carbon reduction performance, KINIK received the "Carbon Reduction Benchmark Award" from its customer, UMC.

3. Outstanding Performance in International ESG Ratings

KINIK was successfully selected as a member of the 2025 S&P Global Sustainability Yearbook and was honored with the "Industry Mover" distinction in the Machinery and Electrical Equipment category.

4. Continued Promotion of AI to Drive Digital Transformation

In 2025, over 40% of KINIK's annual Lean projects incorporated AI tools for improvement, with the proportion increasing year by year. AI applications have also evolved from expert systems, machine learning, and deep learning to generative AI, keeping pace with technological advancements.

As the global political and economic landscape becomes increasingly complex and the influence of AI technology continues to expand, KINIK remains committed to its founding philosophy of "Good to You, Good to Me, and Good to All." Looking ahead, KINIK will continue to advance both traditional and semiconductor grinding technologies while integrating AI technologies to create value together. Guided by its vision of "To Become an Excellent Green Intelligent Manufacturing and Service Center for Grinding Solutions," KINIK will continue striving to build a sustainable and outstanding brand enterprise and work together with all stakeholders to create a sustainable future of "Good Together."



Chairman and
Chief Sustainability Officer



About KINIK

Company Introduction

The Significance and Value of KINIK

KINIK was established in 1953, starting with grinding wheels used for grinding soybean milk stones, other stones, and metal materials. With advancements in the industry, the Company has evolved toward producing more efficient and precise CBN grinding wheels and diamond grinding wheels for use in the optoelectronics and semiconductor industries. Since 2000, in response to the growing demands of Taiwan's semiconductor industry, KINIK has adapted its diamond grinding wheel technology for use in diamond disc products for CMP planarization processes. Additionally, KINIK has refined its diamond grinding wheels to penetrate the reclaimed wafer grinding market. By offering environmentally friendly and low-carbon test wafers, KINIK provides valuable solutions to semiconductor manufacturing factories, enhancing customer value. The grinding wheels and tools currently produced by KINIK are not only used in the precision and ultra-precision machining of metal materials but are also widely applied in the semiconductor industry. This includes semiconductor wafer materials, chip processing, and die packaging, covering upstream, midstream, and downstream sectors. KINIK is a company that advances along the rotational trajectory of grinding wheels, dedicated to innovating grinding values and expanding application fields.

From its inception, the company has embraced the "Good Together" philosophy of "Good to You, Good to Me, and Good to All". To fulfill this founding vision, we integrate the supply chain and develop green manufacturing technologies. We provide customers with the grinding solutions they need at the most innovative and cost-effective rates. By continuously striving for excellence and creating new value for our customers, we extend this benefit to the community and society, working together to shape a sustainable future of "Good Together."

Throughout our journey, we have always adhered to a strong vision, mission, and core competencies as our driving force, guided by the following three principles:

1. Leading Direction :

With our core competency in grinding, we cultivate professional talent and integrate the latest green technologies to pioneer new directions in the grinding industry.

2. Keeping Pace :

Through innovative thinking and management, we continuously improve and enhance our processes to provide the best solutions.

3. Creating Value :

We exert a positive social impact and create new value for our customers and stakeholders.

By realizing our founding vision of "Good to You, Good to Me, and Good to All" for "Good Together", we work together towards a promising future of mutual prosperity.

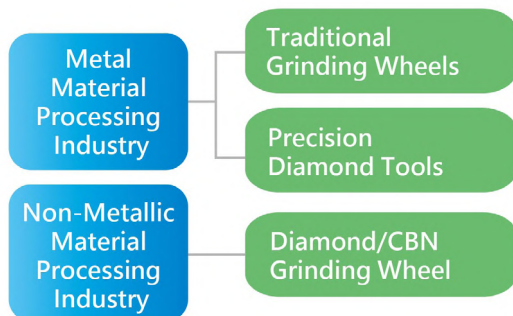


Operational Value Chain

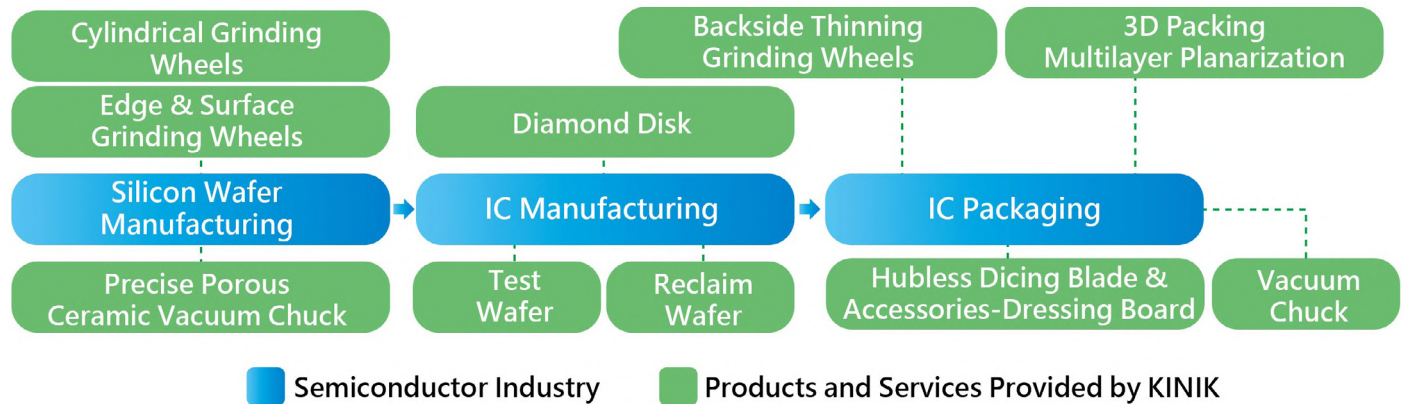
Precision machining processes require grinding wheels, especially in high-precision applications such as slide rails, gears, molds, and drills. Traditional grinding wheels and diamond tools are used for grinding metal materials, while diamond/CBN grinding wheels are used for non-metal materials. In recent years, the grinding industry has faced a technology-driven elimination race, where manufacturers unable to upgrade their technology are phased out. With the relocation of low-end industries and the upgrading of domestic precision industries, some manufacturers have moved production to countries with lower costs due to increased domestic production costs. For manufacturers that remain in Taiwan, the demand for the manufacturing and after-sales service capabilities of grinding tools has increased due to their own technological advancements. Influenced by market dynamics, the grinding industry is developing towards higher technical levels, process capabilities that meet demands, and diversified product customization.

In the semiconductor industry ecosystem, from upstream wafer materials and midstream wafer foundry to downstream wafer packaging, diamond tools play a critical role. KINIK provides a comprehensive product system, including cylindrical grinding wheels, edge and surface grinding wheels, and vacuum chucks for wafer material processing. In the wafer foundry process, KINIK offers diamond disks, test wafers, and reclaimed wafers. For wafer packaging, the product range includes wafer back grinding wheels, dicing blades, dressing board, vacuum chucks, and planarization grinding wheels for high-precision 3D packaging. Particularly in the diamond disk segment, many of KINIK's new products have passed customer certifications and entered mass production. The high demand from semiconductor customers has led to KINIK's increasing market share in advanced processes, securing a leading position in the 3-nanometer market. Taiwan plays a crucial role in the global semiconductor industry chain, continuously leading in advanced processes while also experiencing high demand for mature processes, driving the demand for reclaimed wafers.

The Role of KINIK Grinding Wheels in the Precision Machining Industry



The Role of KINIK Grinding Wheels and Technology in the Semiconductor Industry



Company Profile

Company Name	KINIK Company
Headquarters Location	No. 64, Zhongshan Rd., Yingge Dist., New Taipei City 239010, Taiwan (R.O.C.)
Date of Establishment	April 1, 1953
Chairman	Po-Chuan Lin
CEO	Jung-Che Hsieh
Industry Type	Machinery and Electrical Equipment
Main Products or Services	• Manufacturing, processing, distribution, and agency of various abrasives and cutting tools, along with grinding and processing services • Reclaimed wafers • Manufacturing of other metal products: metal alloys, heat treatment, surface treatment, and mold manufacturing
Nature of Ownership and Legal Form	A privately held joint-stock company listed on the Taiwan Stock Exchange (TWSE : 1560).
Total Number of Employees	1,780 people (2025/12/31)
Paid-in capital	NT\$1,469,410,800 (2025/12/31)



Distribution of KINIK's Headquarters and Factories

Headquarters

No. 64, Zhongshan Rd., Yingge Dist. New Taipei City 239010, Taiwan

Yingge Factory - Abrasives B.U., Diamond B.U.

No. 64, Zhongshan Rd., Yingge Dist. New Taipei City 239010, Taiwan

Shulin Factory - Abrasives B.U., Diamond B.U.

No.16, Ln. 151, Sec. 2, Zhongshan Rd., Shulin Dist., New Taipei City 238010, Taiwan

Hsinchu Factory - Abrasives B.U., Diamond B.U.

No.6, Wenhua Rd., Hukou, Hsinchu Ind. Park, Hsinchu County 303035, Taiwan

Zhubei Factory - Semiconductor Materials B.U.

No.260, Shixing Rd., Zhubei City, Hsinchu County 302059, Taiwan

Science Park Factory - Semiconductor Materials B.U.

No. 6, Kebei 5th Rd., Jhunan Township, Miaoli County 350401, Taiwan

Dahu Factory

No. 2, Yucuo Ln., Dahu Rd., Yingge Dist., New Taipei City 239008, Taiwan

Hongia Industry Co., Ltd.

No. 2, Yucuo Ln., Dahu Rd., Yingge Dist., New Taipei City 239008, Taiwan

Global Sales Division

No. 64, Zhongshan Rd., Yingge Dist. New Taipei City 239010, Taiwan

Yingge Sales Office

No. 64, Zhongshan Rd., Yingge Dist. New Taipei City 239010, Taiwan

Hsinchu Sales Office

No.6, Wenhua Rd., Hukou, Hsinchu Ind. Park, Hsinchu County 303035, Taiwan

Taichung Sales Office

No.177, Jiande St., East Dist., Taichung City 401014, Taiwan

Changhua Office

No.437, Lunping S. Rd., Changhua City, Changhua County 500050, Taiwan

Tainan Sales Office

No.30, Beicheng Rd., North Dist., Tainan City 704020, Taiwan

Kaohsiung Sales Office

No.501, Haijing St., Zuoying Dist., Kaohsiung City 813003, Taiwan

Kinli Investment Co., Ltd.

No.16, Ln. 151, Sec. 2, Zhongshan Rd., Shulin Dist., New Taipei City 238010, Taiwan

Kinli Real Estate Management and Development Co., Ltd.

No.16, Ln. 151, Sec. 2, Zhongshan Rd., Shulin Dist., New Taipei City 238010, Taiwan

Dongguan Kinik Trading Co., Ltd.

Room 3701-2, 8th Building, Wanke Center, No. 1 Changqing South Road, Changan Town, Dinghuan City, Guangdong Province, China

Kinik-Thai Co., Ltd. (KTC)

225 Moo 7, Khok Pip, Simahosot, Prachinburi 25190 Thailand.

Max Kinik Grinding Technology Co., Ltd. (MGT)

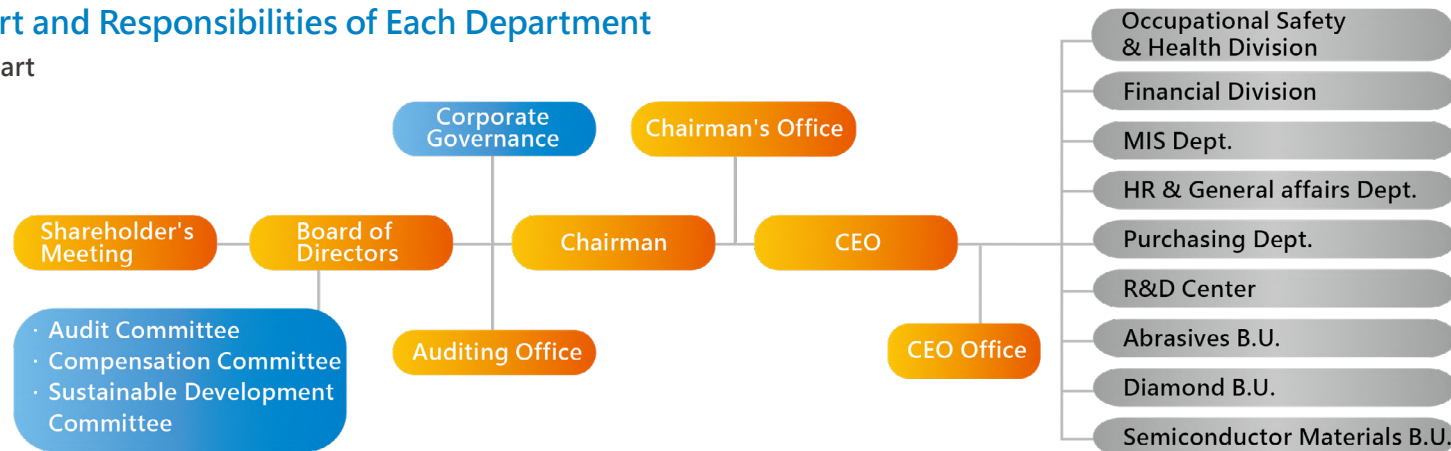
700/338 Moo.6 Amata City Chonburi Industrial Estate, Bangna-Trad Rd., Tambol Donhuaroe, Amphur Muangchonburi, Chonburi 20000 Thailand

Max Kinik Seimitsu Co., Ltd. (MKS)

11-10, Sayamagahara, Iruma-shi, Saitama-ken 358-0032, Japan

Organizational Chart and Responsibilities of Each Department

KINIK Organizational Chart



Department	Main Responsibilities
Chairman Office	- Strategic planning of the Company's business and Shareholders services. - Parliamentary unit of the Board of Directors and the Shareholders' Meeting.
CEO Office	Planning of the Company's overall operations and supervision on the execution thereof, patent management, legal affairs, trademark management.
Auditing Office	Responsible for planning and implementing audit operations, ensuring the continuous implementation of internal control systems, and serving as a basis for their review and revision.
Occupational Safety & Health Division	Manage occupational safety, health, and environmental protection activities, including the formulation, planning, supervision, and promotion of safety and health management tasks, and guiding various units in implementing related measures.
R&D Center	Focus on basic research, product improvement, intelligent automation, circular economy, and new business development as R&D directions. Establish a service platform for intelligent manufacturing and solutions, and a grinding technology development center.
Financial Division	Responsible for financial management, including finance, accounting, investments, and stock affairs, as well as setting performance goals and indicators, and tracking their progress and improvements.
MIS Dept.	Primarily responsible for information management and telecommunications equipment management, including procurement, network maintenance, system analysis, and equipment requisition.
HR & General affairs Dept.	As the company's talent and administrative management center, its work items include employee training, human resources management, document system, and general affairs.
Purchasing Dept.	Primarily responsible for procurement management, including procurement management, contract control, supply chain management, and evaluation, among other tasks.
Abrasives B.U.	Design, production, sales and process improvement of traditional products such as Al₂O₃, SiC, diamond, and CBN abrasives.
Diamond B.U.	Design, production, sales and process improvement of new application products of diamond, CBN, and PCD abrasives.
Semiconductor Materials B.U.	Technical services for the processing of 6/8-inch and 12-inch reclaimed wafers, 8-inch and 12-inch test wafers, carrier wafers, wafering and other compound semiconductor materials.

Participation in Industry Associations

KINIK actively participates in relevant industry and trade associations, using these platforms to exchange information with industry partners on technological developments, market trends, and industry policies. Through such engagement, KINIK continues to stay informed of developments in the semiconductor and precision grinding industries, thereby strengthening its operational strategies and enhancing the Company's competitiveness. KINIK has established net-zero emissions by 2050 as its long-term goal and has formulated a decarbonization pathway to progressively promote energy conservation, carbon reduction, and low-carbon transformation strategies, in alignment with the goals of the Paris Agreement to limit global warming. The Company also monitors issues related to climate change, energy policies, and sustainable industrial development through participation in industry and trade associations, enabling it to stay informed of relevant policies and industry trends while promoting internal energy-saving, carbon reduction, and sustainability initiatives. A review of the industry and trade associations in which KINIK currently participates found no significant inconsistencies between their organizational purposes and related activities and KINIK's sustainability goals.

Name of the Public Association	Role of KINIK's Participation
Taiwan Association of Machinery Industry	Wen-Liang Pai (Vice Chairman) / Consultant
Taiwan Excellent Brand Association	Wen-Liang Pai (Vice Chairman) / Honorary Consultant
Taiwan Electronic Equipment Industry Association	Ching-Chung Pai (Vice President of Chairman's Office) / Director
New Taipei City Industrial Association	Wen-Liang Pai (Vice Chairman) / Honorary Chairman
Chemical Mechanical Planarization User Group Taiwan	Wen-Liang Pai (Vice Chairman) / Supervisor Ching-Chung Pai (Vice President of Chairman's Office) / Chairman
Chinese Professional Management Association of Hsinchu	Jung-Che Hsieh (CEO) / Standing Supervisor
Taiwan Society of Abrasive Technology	Jung-Che Hsieh (CEO) / Directors and Supervisors
Powders and Powder Metallurgy Association of the Republic of China	Shao-Chung Hu (Deputy General Manager of ABU Division) / Representative of Directors and Supervisors
Taiwan Cutting-Tool Engineering Association	Tsung-Ta Chou (Manager) / Directors and Supervisors
Accounting Research and Development Foundation	Group Honorary Member
Taiwan Digital Enterprise Alliance	Member
The Allied Association for Science Park Industries	Member
Taiwan Machine Tool & Accessory Builders Association	Member
Taiwan Ceramic Society	Member

Name of the Public Association	Role of KINIK's Participation
Hsinchu County Industrial Park Manufactures Association	Member
Japan Society for Abrasive Technology	Member
Taiwan Institute of Directors	Member
Chinese Society for Quality	Member
SEMI Taiwan	Member
Hsinchu County Industrial Association	Member
Taiwan Yinggooo Potsware Association	Member
Taiwan Semiconductor Industry Association (TSIA)	Member
Taiwan ITRI New Venture Association (TINVA)	Member
New Taipei City Regional Joint Defense Organization for Toxic and Concerned Chemical Substances – Northern District Group F01905	Member

Donations and Other Contributions to Industry Associations in 2022–2025

Item (NT\$)	2022	2023	2024	2025
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	1,047,341	769,683	857,078	1,638,635
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0
Total contributions and other spending	1,047,341	769,683	857,078	1,638,635
Data coverage (as % of denominator, indicating the organizational scope of the reported data)	100%	100%	100%	100%

Note 1 : KINIK's donations to industry associations are made as part of its commitment to giving back to local communities and fulfilling its corporate social responsibility. Such expenditures mainly consist of membership fees and sponsorships for association activities, and do not constitute political contributions for lobbying or any other purposes.

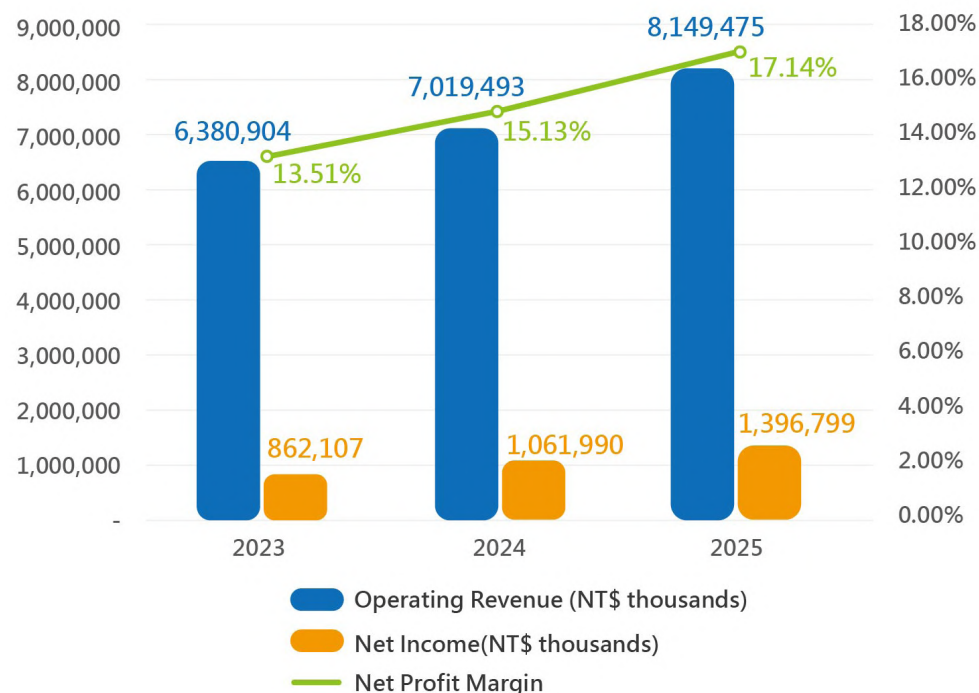
Note 2 : Starting from the 2025 Sustainability Report, the data disclosed in this table have been adjusted to include only expenditures related to industry associations, excluding other donation items such as charitable organizations.

Major Industry Association Expenditures in 2025

Name of the Industry Association	Membership Fee / Event Sponsorship Amount (NT\$)	Main Activities
Taiwan Institute of Directors	280,000	KINIK participates in activities organized by the Taiwan Institute of Directors, including corporate governance forums, professional training programs, and research exchanges, while continuing to monitor trends in strengthening corporate governance systems and sustainable development. By acquiring professional knowledge related to board operations, risk management, and the integration of sustainability strategies, KINIK aims to enhance the quality of decision-making and the effectiveness of supervisory mechanisms, as well as strengthen the Board's understanding and oversight of issues related to climate change, ethical management, and stakeholder engagement. At the same time, through exchanges with directors and professionals from various industries, KINIK continues to improve the transparency of corporate governance and its accountability framework, thereby promoting sound corporate operations and long-term value creation.
Taiwan Semiconductor Industry Association (TSIA)	250,000	Through participation in industry forums and policy exchange platforms organized by the Taiwan Semiconductor Industry Association (TSIA), KINIK stays informed of global semiconductor supply chain development trends and emerging sustainability issues. Through communication and collaboration with industry members and government agencies, KINIK strengthens its focus on energy conservation, carbon reduction, process efficiency improvement, and industrial responsibility, while continuing to pay close attention to technological innovation and talent development in order to enhance overall competitiveness. Through industry collaboration and participation in policy discussions, KINIK further strengthens its governance foundation in areas such as risk management, information transparency, and responsible business practices.
Taiwan Yinggooo Potsware Association	211,000	KINIK supports the cultural revitalization and sustainable development of Yingge's local ceramics industry through participation in the Taiwan Yinggooo Potsware Association. The association was jointly established by several heritage brands and is dedicated to promoting local tourism, brand collaboration, and intergenerational exchange. By participating in related activities such as the "Yingge Open House," the Company strengthens its connections with local industries and communities, promotes resource sharing and collaborative mechanisms, and demonstrates its commitment to preserving local culture and supporting sustainable industrial development. Through supporting place-based cultural activities and local industrial development, the Company enhances its focus on traditional manufacturing processes, resource utilization, and sustainability concepts. KINIK also actively participates in low-impact tourism and local economic circulation through concrete actions, further demonstrating its commitment to environmental friendliness and social inclusion.
The Allied Association for Science Park Industries	144,000	The Company participates in association activities and exchange activities organized by the Taiwan Science Park Industry Association, strengthening cooperative relationships with science park enterprises and government agencies through platforms for industry-government-academia dialogue and policy recommendation mechanisms. By staying informed of industry developments and regulatory trends, the Company enhances its ability to respond to environmental management, energy usage, and compliance risks, while also promoting professional knowledge sharing and talent exchange to strengthen connections within the industry community. Through public-private collaboration and information exchange mechanisms, the Company continues to enhance the quality of corporate governance and the integration of its sustainable development strategies.

Financial Performance

In 2025, KINIK's consolidated revenue reached NT\$ 8.149 billion, representing a growth of 16.10% compared to NT\$ 7.019 billion in 2024. The net profit after tax was NT\$ 1.396 billion, an increase of 31.57% from the previous year. For 2025, the earnings per share (EPS) stood at NT\$ 9.28, with a net profit margin of 17.14%. Regarding the revenue composition and market share of KINIK's major products in 2025: Reclaimed Wafers: Revenue proportion 46.22%; market share approximately 20%. Diamond Disks: Revenue proportion 29.50%; market share approximately 35%. Abrasive Wheels and Tools: Revenue proportion 24.28%; market share approximately 35% for traditional vitrified/resinoid grinding wheels and approximately 15% for diamond tools. KINIK's primary sales regions include Taiwan, the United States, Singapore, Japan, Thailand, and China. In 2025, the domestic sales ratio in Taiwan reached 62.85%. Despite the fluctuations in the global industry environment, both revenue and profit in 2025 grew compared to 2024, setting a record high for revenue since the company's listing. This demonstrates the effectiveness of the company's global expansion strategy.



Item (NT\$ thousands)	2023	2024	2025
Operating Revenue	6,380,904	7,019,493	8,149,475
Operating Costs	(4,438,673)	(4,831,377)	(5,502,434)
Gross Profit	1,942,231	2,188,116	2,647,041
Operating Expenses	(952,994)	(1,032,919)	(1,343,734)
Political Contributions	-	-	-
Operating Income	989,237	1,155,197	1,303,307
Non-operating Income and Expenses	71,168	133,585	355,543
Income Before Income Tax	1,060,405	1,288,782	1,658,850
Income Tax Expense	(198,298)	(226,792)	(262,051)
Net Income	862,107	1,061,990	1,396,799

Economic Value Generated and Distributed (Parent Company Only)		
Category	Item	2025 (NT\$ thousands)
Economic Value Generated (A)	Operating Revenue	7,169,428
	Operating Costs	4,738,149
Economic Value Distributed (B)	Employee Salaries and Benefits (Operating Expenses)	499,349
	Income Tax Expense	257,787
	Payments to Providers of Capital	611,563
	Community Investment	4,449
	Political Contributions	0
	Total	6,082,074
Economic Value Retained (A-B)		1,087,354

Note 1 : For detailed financial data, please refer to [KINIK's Consolidated Financial Reports](#)

Note 2 : In 2025, the amount of tax exemptions obtained by KINIK from the government was NT\$ 33,803 thousand. Financial subsidies included NT\$ 7,425 thousand from the "Industrial Upgrading Innovation Platform Guidance Program" of the Ministry of Economic Affairs, NT\$ 264 thousand from the "Enterprise Human Resources Uplift Program" of the Ministry of Labor, and NT\$ 672 thousand from the "Childcare Measures Financial Subsidy," totaling NT\$ 42,164 thousand.

Sustainable Management

Sustainable Performance

Environmental Aspect (E)

25.16%

In 2025, greenhouse gas emissions (Category 1 and Category 2) from KINIK Group's five factories were reduced by a total of 11,552.30 metric tons of CO₂e compared to the 2021 base year, representing a reduction of 25.16%.

7.55%

In 2025, total energy consumption decreased by 24,891.25 GJ compared to the 2021 base year, representing a reduction of 7.55%.

24.25%

In 2025, reclaimed water volume reached 397.05 million liters, with a water recycling rate of 24.25%.

1.63%

In 2025, nitrogen oxides (NO_x) emissions decreased by 40 kg compared to 2024, representing a reduction of 1.63%.

92.72%

In 2025, the waste resource recovery rate reached 92.72%.

17.70 metric tons

In 2025, the cumulative reuse amount of resin grinding wheels reached 17.70 metric tons.

Grade B

2025 CDP Climate Change Questionnaire: Score B

Grade C

2025 CDP Water Security Questionnaire: Score C

Obtained ISO 46001 Water Efficiency Management Systems certification in 2025.

Social Aspect (S)

NT\$12,231,291

In 2025, KINIK's employee subsidies totaled NT\$12,231,291.

95%

In 2025, the performance evaluation rate for KINIK employees (including senior management) reached 95%.

33,880 hours

In 2025, KINIK's total employee training hours reached 33,880 hours.

9,108 hours

In 2025, KINIK conducted 77 human rights protection-related training courses, totaling 9,108 training hours, with 5,251 participant attendances.

392 hours

In 2025, a total of 102 on-site health service sessions were conducted, with 392 hours invested by healthcare professionals.

900 participants

In 2025, KINIK organized various health promotion activities, attracting nearly 900 participants.

Economic and Governance Aspect (G)

NT\$8.149 billion

In 2025, revenue reached NT\$8.149 billion, the highest since KINIK was listed.

93.68%

In 2025, KINIK's overall customer satisfaction rate reached 93.68%.

100%

In 2025, the signing rate of KINIK's Supplier Code of Conduct among suppliers reached 100%.

100%

In 2025, the signing rate of KINIK's Non-use of Conflict Minerals Declaration among suppliers reached 100%.

21%~35%

In 2025, KINIK's Corporate Governance Evaluation ranking remained within the 21%–35% tier.

No major information security incidents or customer personal data breaches

68.60%

KINIK's S&P CSA score increased from 35 to 59, representing an improvement of 68.60%.

Awards and Honors

Awarded Project	Project Description	Event Highlights
S&P Global Sustainability Yearbook 2026	Selected for the S&P Global Sustainability Yearbook 2026 and recognized as an Industry Mover.	
Carbon Reduction Benchmark Award	Received the Carbon Reduction Benchmark Award from United Microelectronics Corporation (UMC) as a 2025 Low-Carbon Supplier.	
2025 Taiwan Best-in-Class 100 by Institutional Investors	Recognized as one of the Taiwan Best-in-Class 100 for two consecutive years.	
2025 National Outstanding CEO Award	Received the 2025 National Outstanding CEO Award from the Chinese Professional Management Association.	
New Taipei City Age-Friendly Workplace Certification – Silver Level	Yingge Factory received the 2025 New Taipei City Age-Friendly Workplace Certification – Silver Level.	

Sustainability Vision and Strategy

KINIK's vision is to "Become an Excellent Green Intelligent Manufacturing and Service Center for Grinding Solutions," and its mission is to "Strive for Excellence to Create Innovative Value for the Industry and Customers." In its decision-making and operational development processes, KINIK adheres to the business philosophy of "Good to You, Good to Me, and Good to All," striving to meet customers' grinding needs, safeguard shareholders' rights and interests, enhance employee well-being, and improve operational performance in order to give back to society. Based on cross-functional resource integration, KINIK is committed to implementing the United Nations Sustainable Development Goals (SDGs) and actively advancing low-carbon operations. KINIK has established six key strategic pillars: "Excellence and Innovation," "Sustainable Procurement," "Eco-friendly Operations," "Diverse Talent Development," "Social Engagement," and "Corporate Integrity," to effectively integrate resources across functional departments and achieve its sustainability development goals.

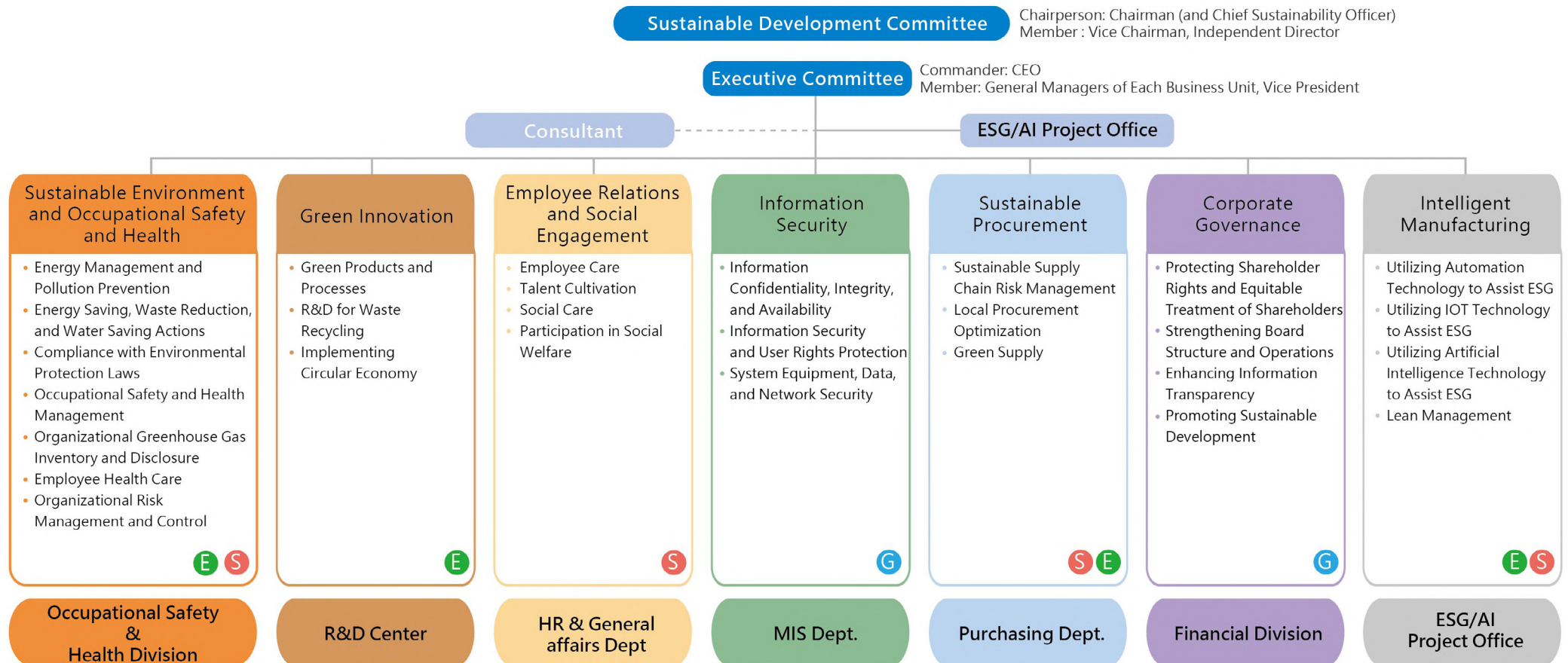
KINIK Sustainability Development Strategy Pyramid



Sustainable Development Organizational Structure

To promote sustainable transformation and enhance corporate governance performance, KINIK established the Sustainable Development Committee in December 2021, as approved by the Board of Directors, to serve as the core organization for sustainability governance. The Sustainable Development Committee is chaired by the Chairman of the Board and comprises an Executive Committee and seven working groups: Corporate Governance, Sustainable Procurement, Information Security, Employee Relations and Social Engagement, Green Innovation, Sustainable Environment and Occupational Safety and Health, and Intelligent Manufacturing. The members of each working group are drawn from relevant business units, and the group leaders are appointed from managers at or above the director level. To implement the corporate sustainability strategy, each working group establishes ESG performance indicators based on its responsibilities. The effectiveness of these indicators is reviewed regularly through meetings, and subsequent objectives and action plans are formulated to ensure continuous improvement toward KINIK's sustainability vision.

The Company's Sustainable Development Committee adheres to the highest guiding principle of corporate sustainable development. It holds at least one meeting every six months to review the company's sustainable management strategies, formulate ESG strategy implementation plans, and track and review the company's sustainable development implementation and effectiveness. The committee reports the annual sustainability execution results and key material issues to the board of directors at least twice a year, communicating key material issues with the directors. The relevant evaluations and execution results serve as the basis for the board's oversight and management. In 2025, the Sustainable Development Committee held two meetings and reported ESG implementation to the board. For other key material issues communicated with the highest governance unit, please refer to the Company's major information section.



Materiality Analysis and Stakeholder Engagement

Stakeholder Engagement

Following cross-functional evaluation and discussion, KINIK defines stakeholders as groups that either influence the Company's operations or are affected by its operational activities. In accordance with the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES), KINIK identified six major categories of internal and external stakeholders, including customers, employees, competent authorities, suppliers, investors, and society. To further understand stakeholder expectations and assess the impacts of various sustainability issues, the Company distributed questionnaires to internal and external stakeholders. Based on stakeholder characteristics and topics of concern, KINIK evaluates impact results and determines appropriate engagement approaches and communication channels. The results of stakeholder engagement and the impact assessment of material issues are reviewed by the CEO and reported to the Board of Directors, enabling the Board to fully understand the impacts of the Company's operations on economy, environment, and community (including human rights), while ensuring the effectiveness of the stakeholder engagement process.

Stakeholders	Stakeholder Significance and Engagement Purpose	Top Five Impact Issues (Combined Positive and Negative Impacts)	Engagement Channels and Frequency	2025 Engagement Results
Customers 	KINIK values customer feedback and needs, and strives to earn customers' long-term trust and support through high-quality professional services and products. By enhancing customer satisfaction, KINIK aims to help customers solve problems and meet their needs.	- Ethical Management and Legal Compliance - Customer Privacy and Information Security - Business Performance - Customer Relationship Management - Product R&D and Technology Innovation	[Regularly] - Annually: Customer satisfaction survey [Irregularly] - Customer meetings - Audit by customer - Customer relations contact window on the company's official website	- Overall customer satisfaction reached 93.68% - A total of 15 on-site customer audits were conducted - A total of 33 online customer audits were conducted

Stakeholders	Stakeholder Significance and Engagement Purpose	Top Five Impact Issues (Combined Positive and Negative Impacts)	Engagement Channels and Frequency	2025 Engagement Results
Employees 	KINIK is committed to safeguarding the rights and interests of all employees and creating a diverse and inclusive workplace environment, ensuring that every employee receives equal care and development opportunities. Through these efforts, KINIK aims to attract and retain outstanding talent for long-term development.	• Business Performance • Occupational Safety and Health • Product R&D and Technology Innovation • Product Quality and Responsibility • Customer Privacy and Information Security	[Regularly] • Quarterly: Labor-Management Meetings, Employees Welfare Committee Meetings, Retirement Fund Supervision Committee Meetings, Occupational Safety, Health and Environment Committee Meetings, Fire Management Committee Meetings • Annually: Employee satisfaction survey [Irregularly] • KINIK Journal • Employee complaint hotline (including dedicated electronic documents) • Employee suggestion box and Improvement proposal box • Employees welfare committee activity questionnaire survey • Employee relations contact window on the company's official website	• In 2025, 17 Occupational Safety, Health, and Environment Committee meetings were held. • In 2025, 26 labor-management meetings were held. • In 2025, 4 Employees Welfare Committee meetings and 5 Retirement Fund Supervision Committee meetings were held. • In 2025, KINIK conducted two satisfaction surveys (Employee Satisfaction Survey and Event Satisfaction Survey). • 3 issues of KINIK Journal
Competent Authorities 	KINIK strictly complies with laws and regulations and actively aligns with government policies to gain trust, support, and opportunities for collaboration. Together with competent authorities, KINIK strives to promote industry innovation and foster a positive and sustainable industrial environment.	• Ethical Management and Legal Compliance • Product Quality and Responsibility • Occupational Safety and Health • Corporate Governance and Risk Management • Business Performance	[Irregularly] • Participated in briefings, public hearings, forums, and seminars organized by the Ministry of Economic Affairs, National Taxation Bureau, Securities and Futures Bureau, and New Taipei City Government. • Communicated with competent authorities through industry associations, including the Allied Association for Science Park Industries, Taiwan Association of Machinery Industry, New Taipei City Industrial Association, and Hsinchu City Industrial Association. • Official correspondence	• Participated in regulatory promotion briefings held by the Occupational Safety and Health Administration, Ministry of Environment, and Energy Administration • Participated in the 2025 Business Promotion Conference for Listed Companies • Participated in the 2025 Corporate Governance Evaluation Promotion Seminar • Participated in the 2025 Seminar on Promoting the Adoption of International Financial Reporting Standards (IFRS) in Taiwan

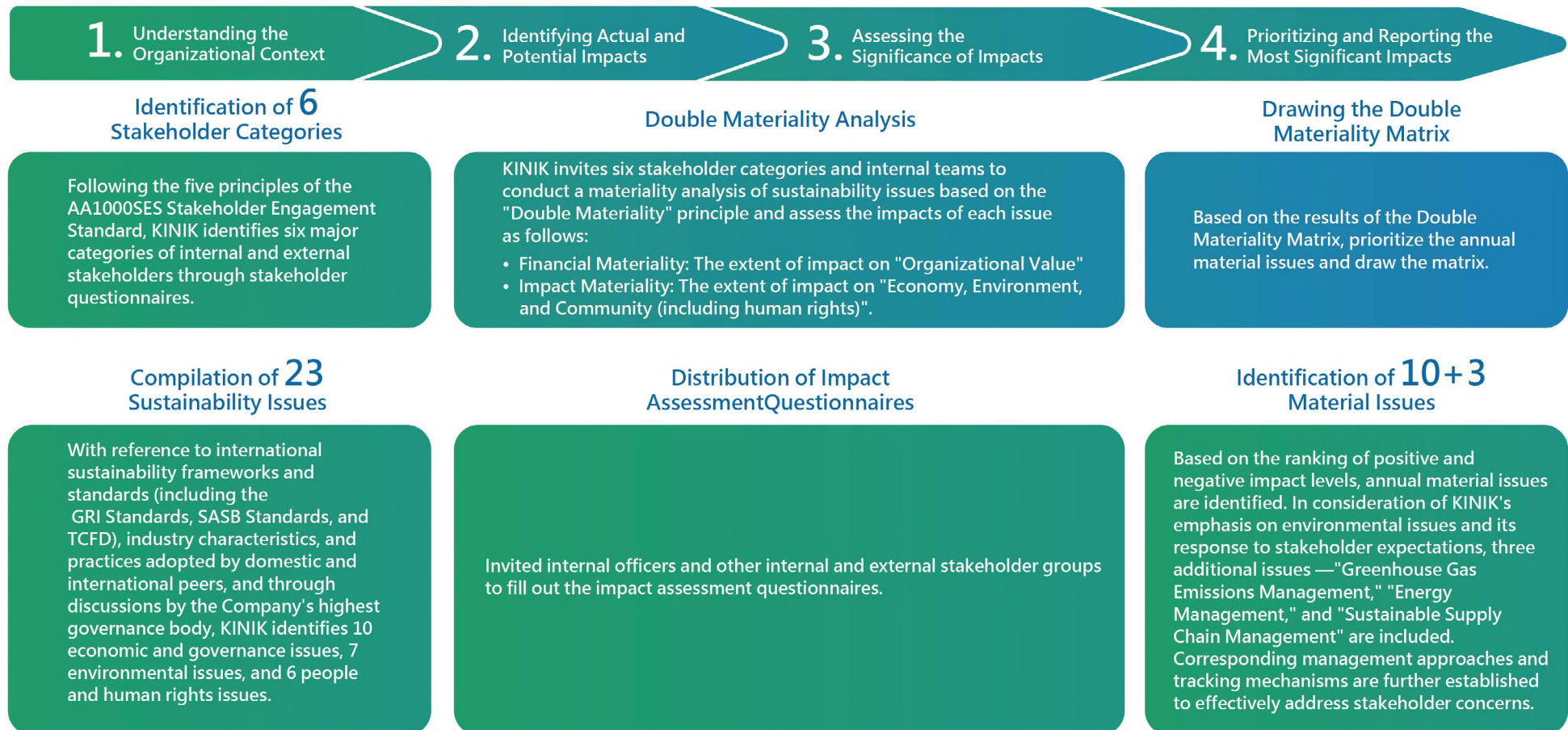
Stakeholders	Stakeholder Significance and Engagement Purpose	Top Five Impact Issues (Combined Positive and Negative Impacts)	Engagement Channels and Frequency	2025 Engagement Results
Suppliers 	Long-term and stable partnerships with suppliers help ensure the quality of KINIK's products, promote balanced development across ESG dimensions, and jointly build a mutually beneficial and sustainable supply chain.	• Customer Privacy and Information Security • Employee Cultivation and Talent Development • Ethical Management and Legal Compliance • Labor-management Relations • Customer Relationship Management	[Regularly] • Annually: Written evaluation management, on-site audits [Irregularly] • Supplier meetings • Supply chain environmental, safety, and health awareness programs • Promotion of ethical standards for suppliers • Supplier section and supplier relations contact window on the company's official website	• 100% of suppliers signed the Supplier Code of Conduct • 100% of suppliers signed the Declaration of Non-use of Conflict Minerals • A total of 1,106 suppliers signed the KINIK Supplier Sustainable Business Code of Conduct and completed anti-corruption policy training, with a signing rate of 100% • The supplier learning platform launched 7 supplier sustainability education and training courses, with a total of 840 training hours
Investors 	Investors are important stakeholders in KINIK's sustainable development, driving the Company to continuously deliver stable profitability and investment returns while creating shared value.	• Business Performance • Product R&D and Technology Innovation • Product Quality and Responsibility • Ethical Management and Legal Compliance • Employee Cultivation and Talent Development	[Regularly] • Quarterly: Financial reports, investor conferences • Annually: General shareholders' meetings, annual report of the general shareholders' meeting [Irregularly] • Respond to investor inquiries and collect feedback via email • Release major information on the Market Observation Post System (MOPS) or publish various company news on the company's website • Investor relations contact window on the company's official website	• Financial reports were announced within 30 days after the end of each quarter • Invited to participate in 14 investor conferences in 2025, including four held overseas (Hong Kong) • The shareholders' meeting was held on June 19, 2025, and the meeting handbook and the annual report in both Chinese and English versions were made available for download on the company's website.

Stakeholders	Stakeholder Significance and Engagement Purpose	Top Five Impact Issues (Combined Positive and Negative Impacts)	Engagement Channels and Frequency	2025 Engagement Results
 Society	Practicing corporate social responsibility is an important value of KINIK's local engagement. Through open communication channels, KINIK maintains strong relationships with local communities, addresses social and environmental issues, and creates positive impacts.	- Employee Cultivation and Talent Development - Labor-management Relations - Occupational Safety and Health - Product R&D and Technology Innovation - Social Influence	[Irregularly] - Sponsorship of charitable, academic, sports, and cultural activities - Participation in community activities - Participation in external public associations - Community relations contact window on the company's official website	In 2025, KINIK, the Lin Hsin-Cheng Education Foundation, the Bai Yung-Chuan Memorial Education Foundation, and various subsidiaries invested approximately NT\$11.65 million in social and community initiatives. The major initiatives are listed below: - Sponsored overseas exchange programs and baseball team training programs for students of New Taipei City Ganyuan Junior High School - Sponsored the improvement project for the multi-purpose sports court at Er-Qiao Elementary School in Yingge District, New Taipei City - Sponsored scholarships for underprivileged students at New Taipei Municipal Yingge Vocational High School - Sponsored sports equipment for the volleyball and tug-of-war teams of New Taipei Municipal Yingge Junior High School - Sponsored the KINIK Awards and calligraphy academic seminars at National Taiwan University of Arts - Sponsored the Yingge Industrial Chain Sustainability Support Program organized by the Taiwan Yinggooo Potsware Association - Long-term sponsorship of community meals and health promotion activities for the elderly, supporting various public welfare activities. - Participated in small charity activities and cooperated with the Christian Love Neighbor Foundation on the co-branded "Love Charity Gift Box". - Co-organized the 9th KINIK Yung-Chuan Cup Hard-Pen Calligraphy Competition with the Lin Hsin-Cheng Education Foundation

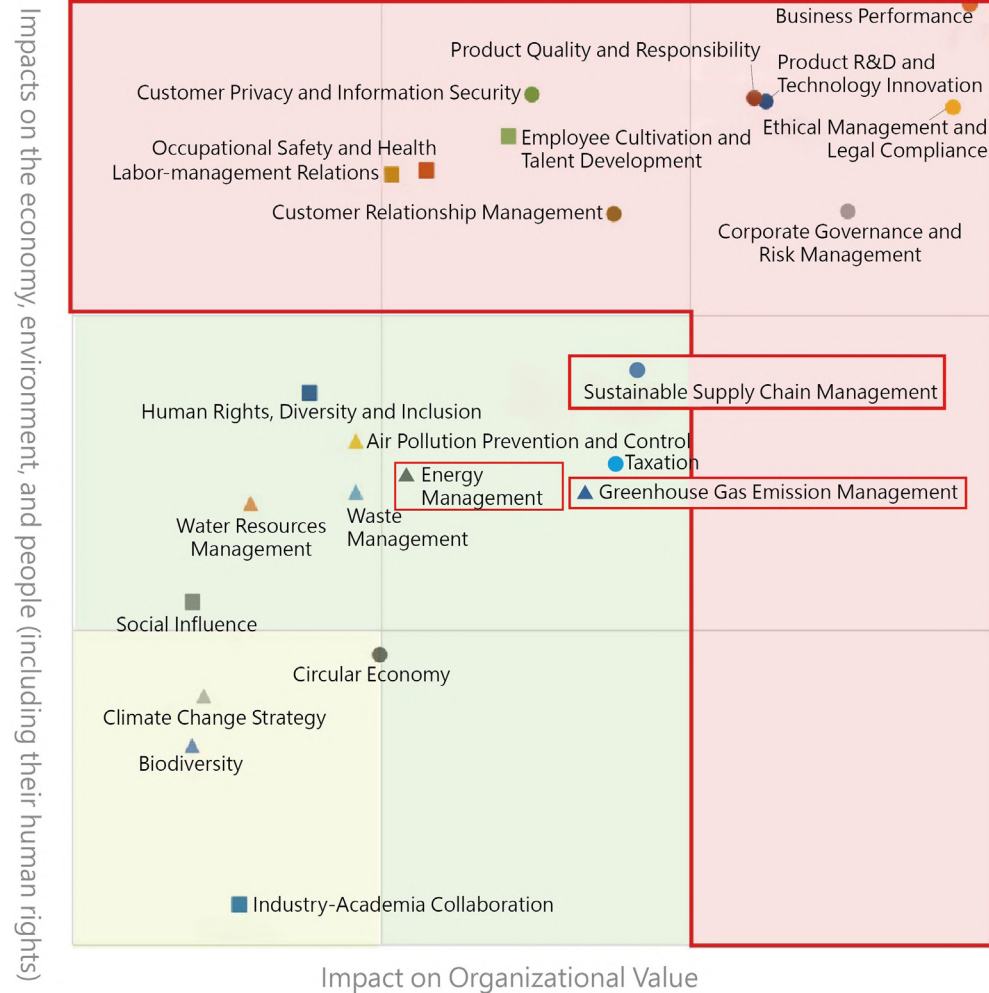
Note : The Board of Directors participates in stakeholder engagement activities, including visits from key customers, Occupational Safety, Health and Environment Committee meetings, shareholders' meetings, investor conferences, and community investment.

Identification and Response to Material Issues

KINIK adopted the "Double Materiality" principle proposed by the European Union (EU) to conduct materiality analysis on sustainability issues. Following the four-stage materiality identification process outlined in the GRI Standards (2021), KINIK invited senior management and internal and external stakeholders to jointly assess the actual and potential positive and negative impacts of sustainability issues. If a sustainability issue is determined to have either "Impact Materiality" or "Financial Materiality," the issue is identified as a material issue. Material issues are identified at least once every two years, and the identification results are reported to the Board of Directors and incorporated into the overall risk management process. In accordance with the material issue identification cycle, KINIK reconducted the materiality analysis in 2025 and identified a total of 13 material issues. The analysis results and management approaches are described below.



Material Issues Matrix



2025 Material Issues	
▲ Environmental Sustainability	Greenhouse Gas Emission Management
	Energy Management
■ Social Co-Prosperity	Employee Cultivation and Talent Development
	Occupational Safety and Health
	Labor-management Relations
● Corporate Governance	Business Performance
	Ethical Management and Legal Compliance
	Product R&D and Technology Innovation
	Corporate Governance and Risk Management
	Product Quality and Responsibility
	Customer Privacy and Information Security
	Customer Relationship Management
	Sustainable Supply Chain Management

In response to industry development trends, changes in the regulatory environment, and key stakeholder concerns, "Customer Relationship Management" and "Biodiversity" were newly included in this year's materiality assessment scope, resulting in the identification of 13 material issues. Compared with the previous year's assessment results, the primary difference was the inclusion of "Customer Relationship Management" as a material issue this year.

Management of Material Issue Impacts

Material Issue Category	Material Issue	Description of Positive and Negative Impacts and Their Actual and Potential Nature	Corresponding GRI Topics and SASB Standards	Value Chain Impact Boundaries			Management Results (Please refer to the following sections)
				Upstream	KINIK Operations	Downstream	
				Suppliers/ Contractors		Customers	
Environmental Sustainability	Greenhouse Gas Emission Management	▲ Potential Negative Impact Greenhouse gas emissions contribute to global warming and accelerate climate change, posing risks to business operations. Effective greenhouse gas management measures help ensure regulatory compliance and alignment with international trends. Failure to properly manage greenhouse gas emissions may result in administrative penalties, increased carbon fees or taxes, and higher operational costs.	GRI 305 : Emissions TC-SC-110a.1: (1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds TC-SC-110a.2: Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	●	●	●	3.1 Climate Action
	Energy Management	▲ Potential Negative Impact Rising domestic electricity prices continue to increase operating costs. To achieve energy-saving and emission-reduction goals, effective energy management can improve energy efficiency and reduce unnecessary operating costs.	GRI 302 : Energy TC-SC-130a.1: (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable		●		3.1 Climate Action
Social Co-Prosperity	Employee Cultivation and Talent Development	▲ Potential Negative Impact A comprehensive education and training system helps enhance employees' professional capabilities, foster a supportive environment for long-term talent development, and cultivate a positive corporate culture. Inadequate training and development systems may lead to talent loss, reduced innovation capacity, and weakened corporate competitiveness.	GRI 401 : Employment GRI 404 : Training and Education GRI 405 : Diversity and Equal Opportunity		●		4.1 Talent Attraction 4.2 Talent Development
			TC-SC-330a.1 : Percentage of employees that require a work visa				

Management of Material Issue Impacts

Material Issue Category	Material Issue	Description of Positive and Negative Impacts and Their Actual and Potential Nature	Corresponding GRI Topics and SASB Standards	Value Chain Impact Boundaries			Management Results (Please refer to the following sections)
				Upstream	KINIK Operations	Downstream	
				Suppliers/Contractors		Customers	
Social Co-Prosperity	Occupational Safety and Health	▲ Potential Negative Impact Sound occupational health and safety management measures help safeguard employees' health and safety. Inadequate occupational health and safety management may expose employees to high-risk working environments, potentially resulting in additional losses and weakened corporate competitiveness.	GRI 403 : Occupational Health and Safety TC-SC-320a.1: Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards TC-SC-320a.2: Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations		●		4.4 Occupational Safety and Health
	Labormanagement Relations	▲ Potential Negative Impact Effective communication channels between labor and management help promote constructive dialogue and communication, thereby enhancing employee cohesion. Inadequate communication mechanisms between labor and management may lead to disagreements, directly affecting the Company's competitiveness and corporate image.	GRI 402 : Labor/Management Relations		●		4.3 Human Rights and Labor-Management Relations
Corporate Governance	Business Performance	▲ Actual Positive Impact Strong operating performance reflects the stability of the Company's long-term operations and profitability. In contrast, unstable operating performance may increase exposure to economic downturn risks and adversely affect profitability.	GRI 201 : Economic Performance	●	●	●	Financial Performance

Management of Material Issue Impacts

Material Issue Category	Material Issue	Description of Positive and Negative Impacts and Their Actual and Potential Nature	Corresponding GRI Topics and SASB Standards	Value Chain Impact Boundaries			Management Results (Please refer to the following sections)
				Upstream	KINIK Operations	Downstream	
				Suppliers/ Contractors		Customers	
Corporate Governance	Ethical Management and Legal Compliance	▲ Potential Negative Impact Sound business conduct and ethical standards contribute to sustainable business operations. Failure to comply with laws and regulations or other misconduct may damage the Company's reputation and potentially result in significant compensation losses.	GRI 205 : Anti-corruption GRI 206 : Anti-competitive Behavior TC-SC-520a.1: Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	●	●	●	6.1 Corporate Governance 6.2 Regulatory Compliance
	Product R&D and Technology Innovation	▲ Actual Positive Impact Technological innovation and breakthroughs can meet customers' demands for raw materials in advanced manufacturing processes, help customers enhance the added value of their products, and strengthen industry competitiveness. Conversely, failure to meet customers' technological requirements may result in the loss of competitive competitiveness.	Custom Topic		●	●	1.1 R&D Innovation and Intellectual Property Management
	Corporate Governance and Risk Management	▲ Actual Positive Impact, Potential Negative Impact A sound corporate governance structure is fundamental to effective corporate management and helps ensure long-term operational stability. Conversely, inadequate management systems may give rise to potential risks that could adversely affect the Company's operational stability.	Custom Topic		●	●	6.1 Corporate Governance 6.2 Regulatory Compliance 6.4 Risk Management

Management of Material Issue Impacts

Material Issue Category	Material Issue	Description of Positive and Negative Impacts and Their Actual and Potential Nature	Corresponding GRI Topics and SASB Standards	Value Chain Impact Boundaries			Management Results (Please refer to the following sections)
				Upstream	KINIK Operations	Downstream	
				Suppliers/Contractors		Customers	
Corporate Governance	Product Quality and Responsibility	▲ Potential Negative Impact Consistent product quality helps establish long-term customer relationships and maintain the Company's operational performance. Conversely, failure to maintain customer trust in product quality may adversely affect the Company's reputation and profitability.	GRI 416 : Customer Health and Safety GRI 417 : Marketing and Labeling		●	●	1.2 Product Quality and Responsibility
	Customer Privacy and Information Security	▲ Potential Negative Impact A sound information security management framework effectively reduces the risk of information leakage and data breaches. Conversely, information security incidents may severely damage the Company's competitiveness and reputation.	GRI 418 : Customer Privacy		●	●	6.5 Information Security
	Customer Relationship Management	▲ Actual Positive Impact A sound customer relationship management mechanism helps strengthen customer trust and long-term cooperative relationships while enhancing service quality and response efficiency. Conversely, inadequate customer relationship management may adversely affect customer satisfaction and loyalty, thereby negatively impacting the Company's competitiveness and brand image.	Custom Topic		●	●	1.3 Customer Relationship Management

Management of Material Issue Impacts

Material Issue Category	Material Issue	Description of Positive and Negative Impacts and Their Actual and Potential Nature	Corresponding GRI Topics and SASB Standards	Value Chain Impact Boundaries			Management Results (Please refer to the following sections)
				Upstream	KINIK Operations	Downstream	
				Suppliers/Contractors		Customers	
Corporate Governance	Sustainable Supply Chain Management	▲ Potential Negative Impact Effective supply chain management mechanisms help identify stable business partners and build a sustainable supply chain aligned with the Company's sustainability goals. Conversely, poor supplier quality management may lead to supply chain disruptions and adversely affect operational performance.	GRI 204 : Procurement Practices GRI 308 : Supplier Environmental Assessment GRI 409 : Forced or Compulsory Labor	●	●	●	2.1 Sustainable Supply Chain
			TC-SC-440a.1 : Description of the management of risks associated with the use of critical materials				2.2 Sustainable Supply Management
							4.3 Human Rights and Labor-Management Relations

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Environmental Sustainability	 13.3	Greenhouse Gas Emission Management	Continue to conduct ISO 14064-1 greenhouse gas inventories, obtain annual external verification, and track annual greenhouse gas emissions and reduction performance.	In 2025, KINIK Group's Category 1 and Category 2 greenhouse gas emissions were reduced by a total of 11,552.30 tCO₂e compared to the 2021 base year, representing a reduction of 25.16%.	Reduce greenhouse gas emissions (Category 1 and Category 2) by 3% annually, using 2021 as the base year.	- Reduce greenhouse gas emissions (Category 1 and Category 2) by 3% annually, using 2021 as the base year. - Achieve a 34% reduction in greenhouse gas emissions (Category 1 and Category 2) by 2030, using 2021 as the base year.	- Reduce greenhouse gas emissions (Category 1 and Category 2) by 3% annually, using 2021 as the base year. - Achieve a 70% reduction in greenhouse gas emissions (Category 1 and Category 2) by 2040, using 2021 as the base year. - Achieve net-zero emissions by 2050
	 7.3	Energy Management	Continuously achieve an annual 2% reduction in energy consumption, maintain the operation and certification of the ISO 50001 Energy Management System, and effectively manage the performance of energy-consuming equipment.	In 2025, total annual energy consumption decreased by 24,891.25GJ compared to the 2021 base year, representing a reduction of 7.55%.	Reduce energy consumption by 2% compared to the previous year.	- Reduce energy consumption by 2% compared to the previous year. - Achieve RE30 by 2030.	- Reduce energy consumption by 2% compared to the previous year. - Achieve RE60 by 2040. - Achieve RE100 by 2050.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Social Co-Prosperity	 4.5	Employee Cultivation and Talent Development	Provide diverse learning opportunities regardless of gender and ethnicity, enhancing employees' professional capabilities for continuous employment. Develop career development plans aligned with KINIK's business strategy to meet employees' growth needs, cultivate talent required for sustainable business operations, strengthen the industry's talent pool, implement the concept of mutual benefit, and fulfill corporate social responsibility.	- In 2025, a total of 1,851 employees participated in education and training programs, with total training hours reaching 33,880 hours and an average of 18.3 training hours per employee. - In 2025, subsidies for senior management continuing education totaled NT\$331,700. - A total of eight AutoML workshops were conducted, with a combined duration of 25 hours. - A total of 44 lean education and training sessions were conducted, totaling 150 hours, including 11 sessions (45 hours) held for overseas subsidiaries for the first time.	- Establish learning systems and develop diverse and convenient learning channels. In addition to existing in-person courses, internal teaching resources will be utilized to develop e-learning courses, making learning more accessible and enhancing employee engagement. - Establish talent development and succession planning systems, including the launch of a management trainee program. - Sign industry-academia collaboration agreements with schools : - Launch smart manufacturing courses, beginning with management-level training to strengthen digital capabilities. - Provide smart manufacturing internship opportunities for graduate students and collaborate with the Company's R&D and manufacturing departments on smart manufacturing projects. - Select supervisors and employees to pursue specialized degree programs and professional programs in order to cultivate talent required for sustainable business operations through diversified development approaches.		Effectively utilize and develop human resources to align employee growth with the company's development goals.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Social Co-Prosperity	 3.4  8.8	Occupational Safety and Health	In accordance with the Occupational Health and Safety Policy, management framework, and related management documents, KINIK promotes continuous improvement in occupational health and safety, enhances occupational safety and health performance, and maintains certification of the ISO 45001 Occupational Health and Safety Management System.	• All five of the Company's factories obtained ISO 45001:2018 certification. • A total of 387 internal auditors have been trained, with regular on-the-job training sessions conducted. • The Injury Rate (IR) was 3.10. • The Lost Day Rate (LDR) was 37.70. • The Lost-Time Injury Rate (LTIR) was 0.62.	• Maintain ISO 45001 Occupational Health and Safety Management System certification with a 100% certification rate. • Reduce the annual injury rate (IR) by 10% compared to the previous year. • Reduce the annual lost day rate (LDR) by 10% compared to the previous year.	• Achieve an Injury Rate (IR) of <1.20 by 2030. • Achieve a Lost Day Rate (LDR) of <20 by 2030.	
	-	Labor- management Relations	Provide diverse communication management to maintain good labor-management relations.	• Regular labor-management meetings were held, with a total of 26 meetings conducted in 2025. • In 2025, two employee satisfaction surveys and one employee-related human rights due diligence were conducted. • In 2025, a total of one employee feedback form was received, and corrective actions and improvements were completed.	• Strengthen communication and promotion of Company policies. • Conduct annual employee satisfaction surveys to collect employee feedback as an important basis for maintaining and improving labor-management relations. • Encourage employees to participate in corporate social responsibility (CSR) activities to enhance their sense of identity, engagement, and cohesion.	• Implement the business philosophy of mutual prosperity and good together.	

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	 8.1	Business Performance	- Hold monthly management meetings to review and improve the achievement status of each business unit's operational targets. - Hold quarterly Board of Directors meetings to report business performance results to Board members.	- Consolidated revenue reached NT\$8.149 billion. - Net profit after tax reached NT\$1.397 billion. - Gross profit margin was 32.48%. - Earnings per share (EPS) reached NT\$9.28.	- To expand overseas operations, continue product integration and business development for subsidiaries. - Maintain a gross profit margin above 30%.	Achieve an average annual revenue growth rate of over 10%.	- Achieve operating revenue of over NT\$12 billion by 2030. - Increase per-capita output value by 8%.
	 16.5 16.6	Ethical Management and Legal Compliance	Establish the "Code of Ethical Conduct" and the "Code of Professional Ethics," along with related regulations and procedures, to establish a sound corporate governance system and foster a culture of integrity.	- In 2025, the Company actively promoted trade secret education and training programs, totaling 293 training hours. - In 2025, education, training, and promotion of the "Code of Ethical Conduct" and "Code of Professional Ethics" were implemented, achieving a 100% training participation rate among suppliers.	- Implement education, training, and promotion of the "Code of Ethical Conduct" and "Code of Professional Ethics," achieving a 100% training participation rate among all employees of KINIK and its subsidiaries. - Promote the "Code of Ethical Conduct" and "Code of Professional Ethics" to suppliers.	- Implement education, training, and promotion of the "Code of Ethical Conduct" and "Code of Professional Ethics," achieving a 100% training participation rate among all employees of KINIK and its subsidiaries. - Promote the "Code of Ethical Conduct" and "Code of Professional Ethics" to suppliers.	- Implement education, training, and promotion of the "Code of Ethical Conduct" and "Code of Professional Ethics," achieving a 100% training participation rate among all employees of KINIK and its subsidiaries. - Promote the "Code of Ethical Conduct" and "Code of Professional Ethics" to suppliers.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	 9.5	Product R&D and Technology Innovation	R&D progress is managed through weekly R&D meetings and various project meetings conducted with plant departments. Annual R&D achievement reports and technology transfer reports are used to monitor R&D progress and outcomes, while R&D project reports, technology transfer reports, and R&D records are maintained for knowledge management purposes.	- Successfully transferred advanced packaging and third-generation semiconductor grinding wheel technologies to production units, obtaining customer certification and continuous orders. - Achieved phased technical milestones for single-crystal diamond substrate CVD growth technology. - Developed grinding wheel solutions for large-size 12-inch silicon carbide grinding applications.	- Develop advanced packaging and grinding consumables for third-generation semiconductors. - Develop next-generation diamond substrate grinding and polishing technologies. - Provide grinding solutions for semiconductor and optoelectronic materials. - Develop automated production technologies.	- Develop next-generation diamond substrate inspection and process technologies. - Develop ESG-related industrial technologies and products. - Develop green process technologies for product manufacturing.	- Develop ESG-related industrial technologies and products - Develop green process technologies for product manufacturing.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	 16.6	Corporate Governance and Risk Management	Conduct annual performance evaluations of the Board of Directors, the Compensation Committee, and the Audit Committee to continuously strengthen corporate governance, implement risk management, and improve Corporate Governance Evaluation results.	In 2025, KINIK ranked within the 21%–35% tier in the Corporate Governance Evaluation.	- Achieve a ranking within the 6%–20% tier in the Corporate Governance Evaluation. - Increase the representation of directors of different genders on the Board. - Update and redesign the Chinese and English corporate governance and ESG webpages. - Continue preparing sustainability reports. - Establish offsite backup production capabilities for reclaimed wafers and diamond disks.	- Maintain a ranking within the 6%–20% tier in the Corporate Governance Evaluation. - Commission external institutions to conduct Board performance evaluations. - Evaluate international and regional economic conditions to plan overseas expansion.	- Maintain a ranking within the 6%–20% tier in the the Corporate Governance Evaluation. - Continue implementing energy-saving and carbon reduction strategies. - Promote the circular economy and resource reuse. - Develop a roadmap for climate change response and net-zero emissions.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	 12.6	Product Quality and Responsibility	Implement the ISO 9001 Quality Management System and establish management standards and guidelines for various processes. Through the participation of all employees, KINIK continuously improves product quality and pursues excellence. In addition, the Company has completed carbon footprint verification for its three major products. KINIK is committed to providing customers with high-quality products and services and strives to become a world-class company.	No major quality-related customer complaints were reported in 2025.	No major quality-related customer complaints.	No major quality-related customer complaints.	No major quality-related customer complaints.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	-	Customer Privacy and Information Security	Strengthen information security management to ensure the confidentiality, integrity, and availability of the Company's information assets, provide the environment and infrastructure required for KINIK's information operations, and comply with relevant regulatory requirements to prevent intentional or accidental internal and external threats.	- No major information security incidents occurred in 2025. - Passed the annual surveillance audit for ISO 27001 certification in 2025. - Completed vulnerability scanning in 2025. - Subscribed to MDR information security services in 2025. - Implemented information security policies and employee training programs on social engineering.	- No major information security incidents - Strengthen basic information security defense and preventive measures through vulnerability scanning. - Implement information security policies and employee training programs on social engineering.	- No major information security incidents - Implement automated and AI-driven information security technologies. - Regularly conduct information security testing and strengthen cyber defense capabilities.	- Establish a Zero Trust architecture. - Continuously strengthen information security risk management and monitoring. - Enhance information security incident response and disaster recovery capabilities.
	 12.6	Customer Relationship Management	Establish transparent and effective communication channels to respond to customer expectations regarding product quality, services, and responsible business practices, while incorporating relevant feedback into internal improvement mechanisms to continuously enhance corporate value and stakeholder trust.	Customer satisfaction reached 93.68% in 2025.	Achieve a customer satisfaction rate of ≥97%.	Achieve a customer satisfaction rate of ≥98%.	Achieve a customer satisfaction rate of ≥99%.

Material Issues and Short-, Medium-, and Long-term Goals

Aspects	Relevant SDGs	Material Issue	Policies and Management	Implementation Results in FY2025	Short-term Goals (2026 - 2028)	Medium-term Goals (2028 - 2030)	Long-term Goals (Beyond 2030)
Corporate Governance	 12.6	Sustainable Supply Chain Management	Establish a supply chain management mechanism that incorporates environmental and social factors into supplier selection in addition to quality considerations. Furthermore, enhance supply chain management effectiveness through the adoption of the RBA framework.	- Included environmental and social considerations in the SAQ for new supplier selection. - Achieved a 100% completion rate for conflict minerals due diligence.	- New supplier selection – continuously incorporate environmental screening factors. - Supplier ESG risk assessment - initiate proactive investigation mechanisms to understand the sustainability risks of the supply chain. - Complete the due diligence process for conflict minerals. - RBA implementation and execution – Incorporated into other business units (BUs).	- New supplier selection – continuously incorporate social screening factors. - Supplier ESG risk assessment – Expand the active investigation mechanism and supplier audits to monitor and improve sustainability risks within the supply chain. - Continuously monitor conflict minerals due diligence procedures. - RBA implementation and execution – Incorporated into other business units (BUs).	- New supplier selection – continuously incorporate social screening factors. - Supplier ESG risk assessment – Expand the active investigation, supplier audits, and coaching mechanisms to monitor sustainability risks within the supply chain and enhance suppliers' ESG capabilities. - Continuously monitor conflict minerals due diligence procedures. - RBA implementation and execution – Incorporated into other business units (BUs).

Note : Short-term goals are defined as 1-3 years, medium-term goals are 3-5 years, and long-term goals are more than 5 years.

Excellence and Innovation

1.1 R&D Innovation and Intellectual Property Management

1.2 Product Quality and Responsibility

1.3 Customer Relationship Management



Excellence and Innovation

As an innovative and R&D-focused semiconductor company, KINIK is committed to enhancing its industry competitiveness and investing in the development of innovative products and technologies to meet the ever-changing market demands. In recent years, KINIK has been refining its product technologies through industry-academia collaborations and internal R&D units, and protecting its intellectual property rights by applying for patents. KINIK is dedicated to ensuring product quality and process management, strictly controlling harmful substances in its products. While staying attuned to international industry trends, maintaining KINIK's competitiveness, and formulating management strategies, KINIK also places great emphasis on customer relationship management. Regular meetings and events are held to nurture customer relationships, proactively understand customer needs and satisfaction, and strive to provide customers with better products and services.

Material Issues GRI Indicators

GRI 416 : Customer Health and Safety

GRI 417 : Marketing and Labeling

Corresponding Material Issues

Product Quality and Responsibility

Product R&D and Technology Innovation

Customer Relationship Management

Priority Stakeholders

Customers, Investors, Society, Competent Authorities, Employees, Suppliers

1.1 R&D Innovation and Intellectual Property Management

As Taiwanese industries continue to relocate to countries with lower labor costs and as precision industries upgrade, the semiconductor and grinding industries are facing a technology-driven obsolescence trend. KINIK, as a company rooted in Taiwan, needs to not only continuously improve its process and product technologies but also cultivate customized products and diversified markets. Therefore, KINIK has continued to maintain a stable human resource and R&D budget in recent years, investing in the development of Grinding Wheels, Diamond disks, and Reclaimed Wafer Services, strengthening its product innovation capabilities and quality stability, and consolidating its market position.

1.1.1 Innovative R&D Philosophy

KINIK focuses on grinding technology, utilizes the optimizing processes to implement mass production, solve problems and create competitive advantages. In addition, KINIK extends its R&D capability from fundamental research to product improvement and innovation. Beyond accelerating product development through academic-industry collaborations, flexible workspace development, and mergers and acquisitions, KINIK has established a smart manufacturing and solution service platform, forged cross-industry value chains and ecosystems, improved processes and extended product lifecycles, broadened its technology spectrum and fundamental research projects, and scaled up mass production technologies for next-generation products while strengthening intellectual property protection. These initiatives position KINIK to become a premier green manufacturing and service center for grinding solutions.



R&D Expenses as a Percentage of Revenue over the Past Three Years
(NT\$ Thousands)

Item	2023	2024	2025
R&D Expenses	156,505	164,104	191,203
Sales Revenue	6,380,904	7,019,493	8,149,475
R&D Expenses as a Percentage of Revenue	2.45%	2.33%	2.35%

Innovative R&D Achievements

In recent years, KINIK has been diversifying its business, solidifying its position as a leading grinding tool manufacturer and reclaimed wafer service provider. KINIK will focus its product research and development on grinding tools, grinding technology, and diamond materials. By expanding the application of its core technologies to energy-saving and electronic industries, KINIK aims to provide customers with optimal solutions in line with industry trends.

In 2025, KINIK successfully developed and mass-produced diamond disks for 2nm semiconductor processes, 19nm specification reclaimed wafers, and high grit thinning wheels for silicon carbide wafers. Furthermore, KINIK has initiated research on advanced diamond disks for next-generation semiconductor process applications, 17nm specification reclaimed wafers, high removal rate silicon-based semiconductor grinding wheels for high-power and ultra-high precision equipment, large-size silicon carbide wafer grinding wheels, and diamond substrate processing technologies.

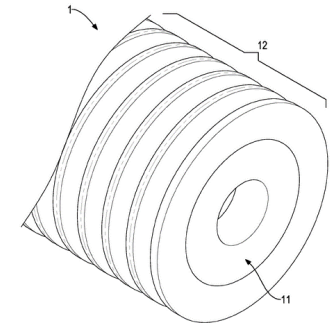
KINIK's R&D strategy includes industry-academia-research cooperation projects. In 2025, KINIK continued to promote various project initiatives in collaboration with National Chin-Yi University of Technology, National Taiwan University of Science and Technology, and National Cheng Kung University.

Collaborating Institutions	Project Duration	Industry-Academia R&D Collaboration Project Content
National Chin-Yi University of Technology	2025/03/01 – 2026/02/28	KINIK is a member of the Academic-Industry Alliance for Advanced Machining Technologies. KINIK also provided sustained sponsorship for academic research and the advancement of ultra-precision grinding and processing techniques within the alliance.
	2025/03/01 – 2026/02/28	Joint Development of CMP Diamond Disk Processing Technologies
National Taiwan University of Science and Technology	2025/01/01 – 2025/12/31	Establishing and cultivating capabilities in the performance characterization and device manufacturing processes for diamond semiconductor substrates.
National Cheng Kung University	2024/12/01 – 2025/11/30	Focusing on the development and research of next-generation ultimate semiconductor substrates, specifically undertaking the development of large-area single-crystal diamond wafer growth technology.

Key Patents from 2025 R&D Achievements

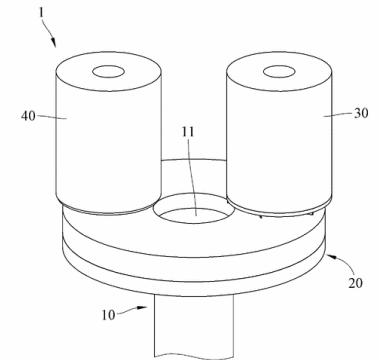
Ingot Grooving Wheel (TWI879483B)

The present invention provides an ingot grooving wheel, comprising a basic unit, and the basic unit comprises a wheel body and an abrasive layer. The wheel body has an axis hole in an axis center. The abrasive layer has two first working parts and one second working part formed on a rim of the wheel body. The second working part is formed concavely toward the axis hole relative to the first working parts. Each first working part is used to form an indentation on a curved side of a semiconductor crystal ingot, which allows a wire saw to be put in, and widths of the first working parts are independently 1.05 to 1.95 times a diameter of the wire saw. The ingot grooving wheel has effects of improving the accuracy and stabilizing the quality of cutting process with the wire saw, and promoting the quality of the produced wafer.



Wafer Grinding System and Grinding Plate Assembly (TWI893862B)

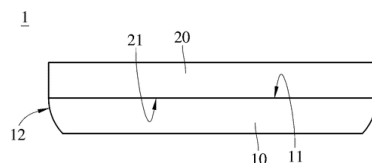
A grinding system is configured to grind at least one wafer. The grinding system includes a rotation device, a grinding plate assembly, a dresser and at least one wafer carrier. The grinding plate assembly is mounted on the rotation device for being rotated by the rotation device. The grinding plate assembly includes a substrate and a plurality of abrasive units. The abrasive units are removably disposed on the substrate. The dresser is located above the substrate. The wafer carrier is configured to support the wafer and is located above the substrate. The wafer carrier and the dresser respectively correspond to different positions of the substrate. The dresser and the wafer on the wafer carrier contact the abrasive units of the grinding plate assembly simultaneously or in turn, such that the dresser dresses the abrasive units, and the abrasive units grinds the wafer.



Key Patents from 2025 R&D Achievements

Composite Substrate and Manufacturing Process (TWI903868B)

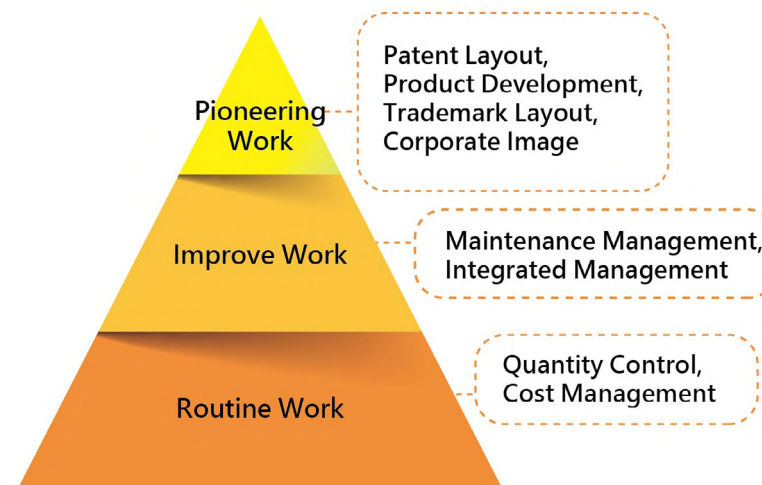
The manufacturing process of composite substrate includes serving a remaining material produced from cutting a product-level wafer as a residual layer, where the residual layer has a first bonding surface and a side surface, the side surface is connected to a periphery of the first bonding surface, and the side surface is an asymmetrical surface; bonding a second bonding surface of a bonding layer to the first bonding surface of the residual layer, where the bonding layer is an ingot. The bonding layer and the residual layer are made of a same material. The bonding layer is cut after its second bonding surface is bonded to the first bonding surface of the residual layer.



1.1.2 Intellectual Property Management

KINIK formulates "Patent Management Measures" to establish a complete patent layout for the company's core technologies. It also standardizes the management process of intellectual property formation process, proposal examination and patent approval, including formulating a patent proposal and application reward system, encouraging the company's employees to apply for patents, and improving R&D performance and technical standards. In addition, KINIK self-constructed "KINIK Patent Map", to keep track of the latest patent layout dynamics and trends of ourselves and competitors, as important reference information for product development and patent layout, so as to improve the quality and protection intensity of patent cases and effectively avoid patent infringement disputes with competitors.

KINIK Patent Management Structure

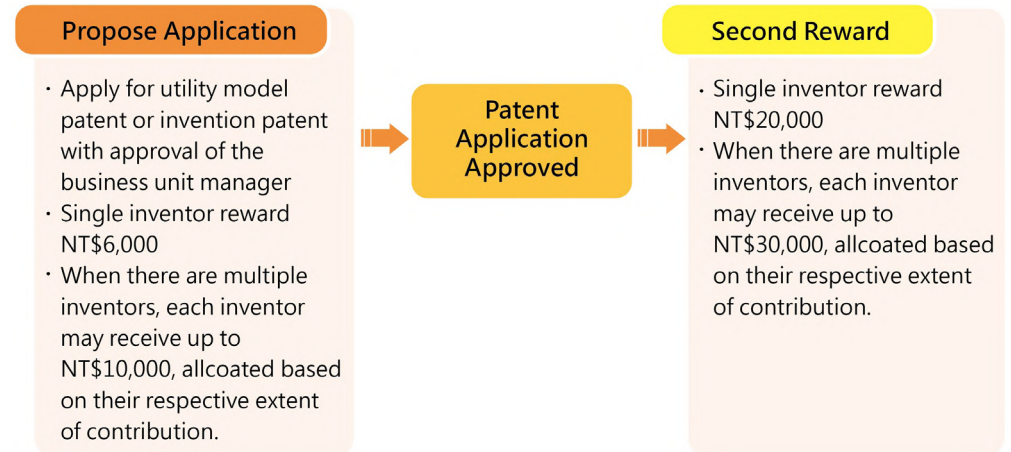


Patent and Trademark Applications and Patent Incentive Mechanism

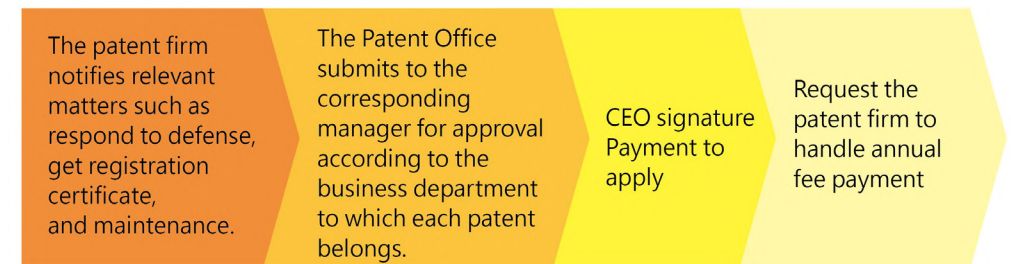
To protect innovation and R&D achievements, the company actively files and strategically deploys patents and trademarks to sustain its long-term operations. As of the end of 2025, the company had accumulated more than 570 patent applications worldwide (56% domestic patents and 44% overseas patents), with more than 380 patents granted across various countries (63% domestic patents and 37% overseas patents).

In terms of trademark applications, the company had accumulated more than 120 trademark applications worldwide (30% domestic trademarks and 70% overseas trademarks), with more than 100 trademarks granted across various countries (31% domestic trademarks and 69% overseas trademarks).

In addition, in accordance with the Patent Management Regulations, employees who submit invention patents or utility model patents to the Patent Office are eligible to receive incentive awards upon patent approval. Through this mechanism, the company encourages employees to actively participate in patent R&D activities and recognizes their contributions to the company.



Patent Maintenance



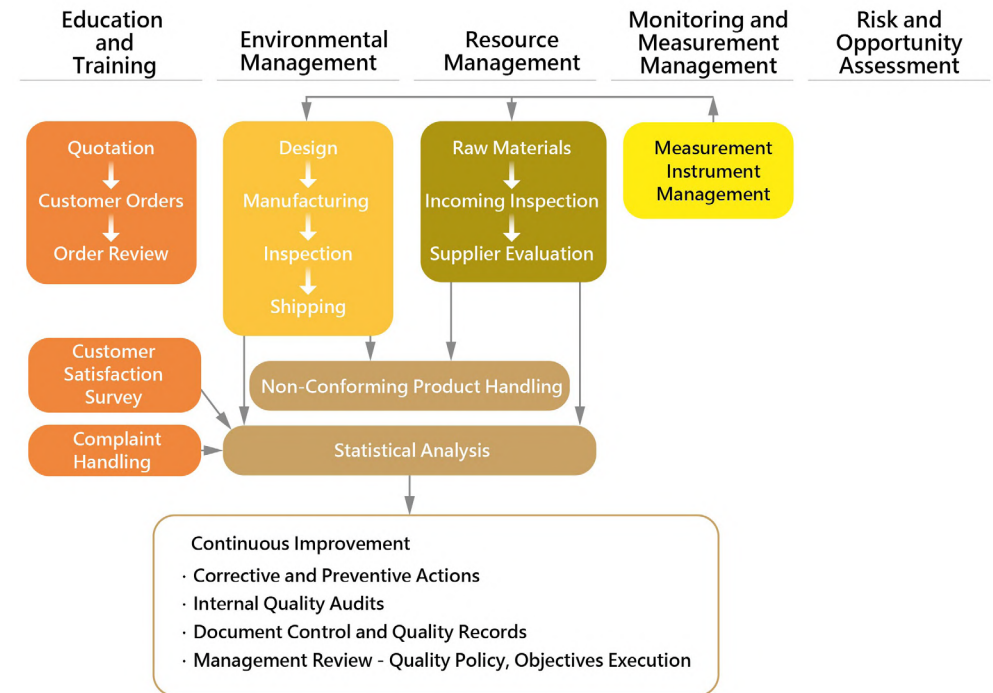
1.2 Product Quality and Responsibility

All KINIK's manufacturing sites have implemented the ISO 9001:2015 quality management system and established KINIK's Quality Management System Manual in accordance with international standards. The manual covers raw material management, procurement standards, process control, product inspection, non-conforming product handling, customer satisfaction surveys, and customer complaint management. The company has established a comprehensive quality management process covering all stages from raw material procurement prior to production to subsequent handling of complaints about non-conforming products, serving as the basis for quality management implementation across all manufacturing sites.

1.2.1 Product Quality Management

In accordance with the requirements of the ISO 9001:2015 standard, the company has established its Quality Management System Manual to ensure strict control over product quality. The manual covers management procedures for sales quotation and order processing, product realization planning, design and development, procurement, manufacturing and service operations, as well as the monitoring and control of measuring equipment.

Quality System Diagram

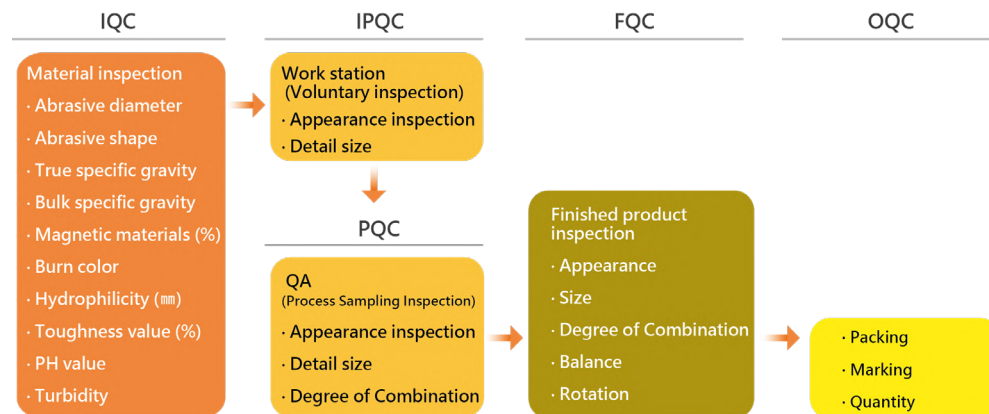


According to the Quality Management System Manual, each business unit sets annual quality objectives. Based on the Quality Control Regulations, these objectives (such as product yield targets and defect rate targets) are subject to management review and documentation, with monthly, quarterly, and annual tracking and evaluation. In 2025, all business units achieved their product quality objectives.

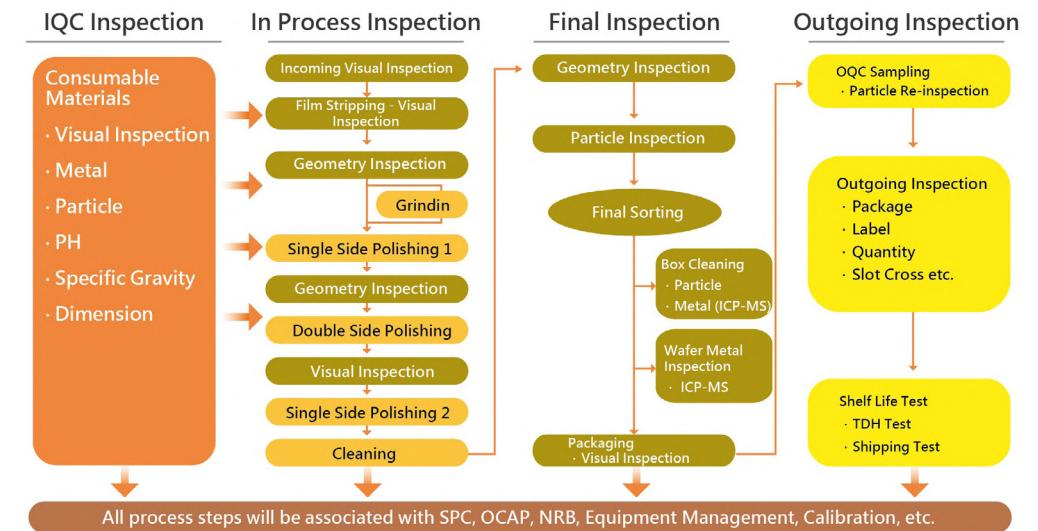
Furthermore, through the quality management system, KINIK conducts inspections before product delivery to identify and prevent potential quality issues, thereby reducing the risk of product recalls.

KINIK's three major business units—Abrasive B.U., Semiconductor Materials B.U., and Diamond B.U.—each establish management processes, operating standards, and inspection methods tailored to their product characteristics, in compliance with the Quality Management System Manual.

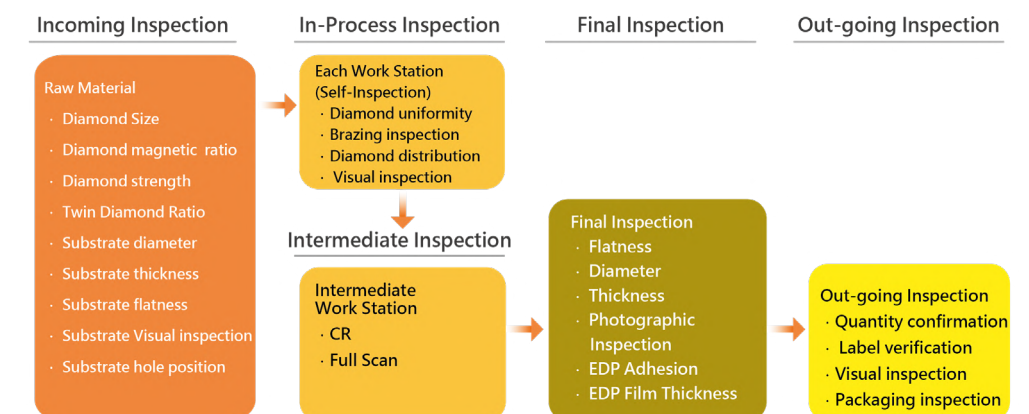
Abrasive B.U. (Plant A) Quality Management Process



Semiconductor Materials B.U. Quality Management Process



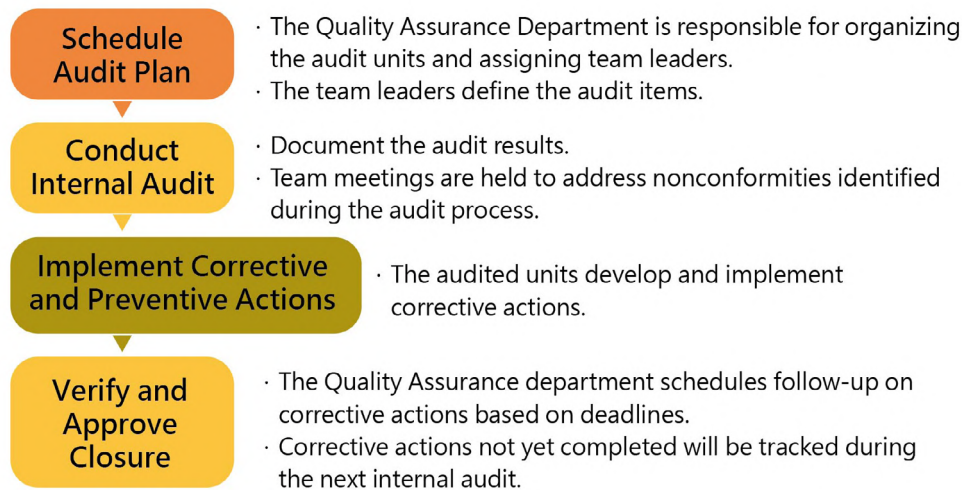
Diamond B.U. Quality Management Process



To ensure the effective operation of the quality management system, KINIK has established the Internal Audit Procedure for the Quality System. Internal audits are conducted at least once a year on a regular basis, and ad-hoc internal audits are performed when significant quality issues occur. Through these audit measures, the company ensures that product quality complies with relevant domestic and international regulations and customer requirements, improves manufacturing processes, and reduces defect rates.

In 2025, each business unit conducted one annual internal audit, and all necessary corrective and preventive actions were properly implemented.

The internal audit process is as follows :



KINIK has established a complaint email address and a [stakeholder/customer relations contact window](#) on its official website, allowing customers and other external stakeholders to provide feedback regarding product quality concerns.

In the event that a customer raises product quality concerns, KINIK will immediately initiate a comprehensive investigation process involving both the customer side and the manufacturing side in accordance with the Complaint Handling Procedure. If it is determined that the relevant part numbers and their preceding and succeeding batch products may present quality concerns at the customer side, KINIK will notify customers and initiate product recall actions. In 2025, KINIK did not experience any product recall incidents.

	2022	2023	2024	2025
Number of recall incidents	0	0	0	0
Number of units recalled	0	0	0	0

Quality Training

In 2025, KINIK's five factories completed a total of 12,781 training participations in quality education and training, with a total of 18,749 training hours. The training programs covered topics including the use of basic quality tools and systems, process change procedures, the seven basic quality control tools, ISO 9001 internal auditor training, and instructional examples of charts and diagrams.

During the reporting year, there were no incidents of non-compliance with regulations concerning product information and labeling, nor were there any violations related to product and service health and safety regulations. In addition to maintaining stringent hazardous substance management for its own products and services, KINIK also requires suppliers to provide hazardous substance testing reports and sign a Declaration of Non-Use of Restricted Substances to ensure that all products supplied by KINIK pose no risk to customer health and safety.

[illegible][illegible]

SGS		樣品(Na): E7K552528V01 日期(Date): 22-May-2025 頁數(Pages): 2 of 7		
測試報告 Test Report 中國檢驗認證集團有限公司 (CNAS COMPANY) 新加坡管理學院中心檢驗部 (INCLAS, ZHONGSHAN HANG, YINGGE DIST. NEW TAIPEI CITY 239, TAIWAN (R.O.C.))				
測試設備/儀器 (Test Description) Na1 儀器型號 (Model All Parts)				
測試結果 (Test Results)				
測試項目 (Test Items)	測試方法 (Method)	單位 (Unit)	MDL (mg/L)	結果 (Results)
銻 (Cadmium) (Cd)	參照 IEC 62321-5: 2013，以標準物質 銻量標準溶液 (Na1) 作為參考 IC 62321-5: 2013, analysis was performed by ICP-AES (Na1)	mg/kg	2	nd
鉛 (Lead) (Pb)	參照 IEC 62321-5: 2013，以標準物質 鉛量標準溶液 (Na1) 作為參考 IC 62321-5: 2013, analysis was performed by ICP-AES (Na1)	mg/kg	2	nd
鎘 (Mercury) (Hg)	參照 IEC 62321-5: 2013，以標準物質 鎘量標準溶液 (Na1) 作為參考 IC 62321-5: 2013, analysis was performed by ICP-AES (Na1)	mg/kg	2	nd
六價鉻 (Pentavalent Chromium) (CrVI)	參照 IEC 62321-5: 2013，以標準物質 (Na1) 作為參考，以 IEC 62321-5: 2013 IC 62321-5: 2013, analysis was performed by AAS (Na1)	mg/kg	8	nd
一價鉻 (Monovalentchromium)		mg/kg	5	nd
二價鉻 (Divalentchromium)		mg/kg	5	nd
三價鉻 (Trivalentchromium)		mg/kg	5	nd
四價鉻 (Tetravalentchromium)		mg/kg	5	nd
五價鉻 (Pentavalentchromium)		mg/kg	5	nd
六價鉻 (Hexavalentchromium)	參照 IEC 62321-6: 2015，以標準物質 銻量標準溶液 (Na1) 作為參考 IC 62321-6: 2015, analysis was performed by GC/MS (Na1)	mg/kg	5	nd
七價鉻 (Heptavalentchromium)		mg/kg	5	nd
八價鉻 (Octavalentchromium)		mg/kg	5	nd
九價鉻 (Nonavalentchromium)		mg/kg	5	nd
十價鉻 (Decavalentchromium)		mg/kg	5	nd
十一價鉻 (Univalentchromium)		mg/kg	5	nd
總鉻量 (Sum of Chromium)		mg/kg	-	nd

1.2.3 Quality Culture

KINIK's quality policy is "to satisfy customer needs through the most cost-effective approach" and "to continuously create product value and earn comprehensive customer recognition." During daily operations, each production plant continuously enhances product quality and fosters a quality-oriented culture through quality training programs, activities, quarterly reports, competitions, and improvement initiatives.

Lean Management

To strengthen the company's culture of continuous improvement, KINIK has promoted lean management initiatives since 2020. Each year, departments propose improvement projects focused on enhancing efficiency, shortening lead times, reducing costs, and improving quality, all of which are regularly reviewed by the Lean Project Team.

KINIK also holds annual lean management achievement workshops and provides incentives for outstanding projects. In recent years, in response to the development of AI technologies and ESG trends, lean management initiatives have gradually expanded toward AI applications and energy-saving and carbon reduction topics. From 2020 to 2025, a total of 124 improvement projects have been implemented, demonstrating significant results.

In 2025, the Company held two Lean Management Achievement Workshops, featuring a total of 33 project teams. Key highlights of the events included the following :

1. For the first time, overseas subsidiaries, including MKS (Japan), KTC (Thailand), and MGT (Thailand), participated in the event. Presentations were conducted in English with the support of an AI-enabled real-time translation system covering Chinese, English, Japanese, and Thai. This initiative further strengthened international technical exchange and collaboration across the KINIK Group.
2. A total of 11 projects adopted AI-enabled tools, representing over 30% of all submissions. The results demonstrated significant effectiveness of AI-driven improvements. Notably, the "Intelligent Wafer Rework Classification System" developed by the Semiconductor Materials B.U. was awarded the first place in the presentation results. Traditionally, rework decisions relied on particle count indicators, which were insufficient to accurately identify wafers suitable for rework, resulting in a rework yield of less than 60% and inefficient utilization of equipment capacity. By integrating AI-based image recognition with conventional particle count metrics, the rework yield improved by 11%, while rework input was reduced by 17%, equivalent to saving 17% of production capacity. These improvements contributed to cost optimization and enhanced revenue generation.
3. In alignment with the Company's carbon reduction targets, six energy-saving projects were proposed, accounting for nearly 20% of the total initiatives. At the Yingge Plant, key measures included the replacement of air-conditioning systems with variable-frequency units, achieving annual electricity savings of approximately 77,000 kWh; the upgrade to high-efficiency LED lighting, saving approximately 230,000 kWh; and optimization of air compressor operating parameters, saving approximately 7,800 kWh. These initiatives delivered substantial energy-saving performance and supported the Company's sustainability commitments.

4. For the first time, a project utilizing generative AI tools was introduced under the theme of a "Chinese-to-English Standard Documentation Translation System." Through the adoption of a large language model (LLM) designed for commercial contract documentation, the project effectively improved translation efficiency while reducing outsourcing costs. By closely monitoring developments in AI technologies and embracing innovative management approaches, the Company continues to enhance operational efficiency and provide optimal solutions to customers and stakeholders.

Improvement Proposal

KINIK encourages employees to propose innovative ideas or suggestions for problems encountered in their daily work. Employees who submit outstanding improvement proposals are appropriately rewarded and recognized. The Abrasive B.U. compiles the implementation results of these proposals into a quarterly quality report for employee reference. The report includes outstanding quality improvement and enhancement projects proposed by employees each quarter, aiming to inspire more process optimization and quality enhancement proposals through the sharing of successful cases. The quality report also regularly shares trends in quality and process improvement, enabling employees to gain new professional knowledge through quarterly review and learning.



▲ The Abrasive B.U. 2025 Q4 Quality Report

Quality Competitions

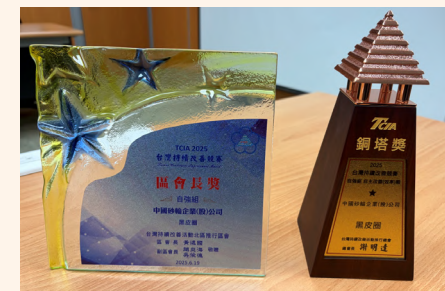
KINIK actively participates in various quality competitions to encourage employees to develop innovative approaches for enhancing product quality and to gain external recognition for its quality management achievements. In 2025, the Diamond B.U. participated in the Continuous Improvement Competition organized by the Corporate Synergy Development Center and was awarded the Bronze Tower Award in the Self-Directed Improvement (Efficiency) category, as well as the Chapter President Award. These achievements demonstrate the Company's ongoing commitment to strengthening quality management and fostering a culture of continuous improvement.

Project Description

KINIK participated in the Continuous Improvement Competition organized by the Corporate Synergy Development Center and received the Bronze Tower Award as well as the Chapter President Award.

KINIK participated in the Continuous Improvement Competition organized by the Corporate Synergy Development Center.

Event Highlights



1.3 Customer Relationship Management

KINIK values customer experience and satisfaction, striving for excellence to create innovative and sustainable value for the industry and customers, with the goal of establishing long-term cooperative relationships. Therefore, the sales teams of the Abrasives B.U., Diamond B.U., and Semiconductor Materials B.U. hold regular meetings with customers, organize customer workshops, conduct routine domestic and international visits, and carry out customer satisfaction surveys annually to maintain good customer relationships.

Regular Meetings :
Discuss product quality, customer needs, and special technical projects.

Routine Visits :
Regularly maintain customer relationships through phone calls, video conferences, and on-site visits both domestically and internationally.

Customer Workshop :
Introducing KINIK's new technologies, products, and services to customers.

Customer Feedback :
Annually send out questionnaires to gather customer feedback on service experience and satisfaction.

Customer Request Management

KINIK values customer request and suggestion. If the Business Department receives a customer complaints or feedback, it will be promptly handled in accordance with the "Customer Complaint Handling Procedures," with an initial response provided within 24 hours and case resolution completed within 7 to 10 working days. In 2025, KINIK did not receive any major customer complaints. The most common issues were related to product quality or lifespan, all of which were addressed, and follow-up actions to improve the customer experience have been completed.

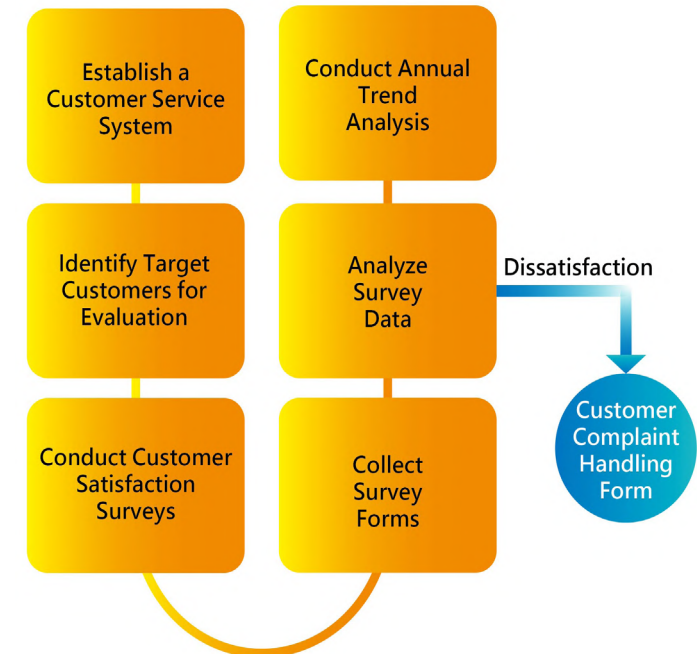


Customer Satisfaction Survey

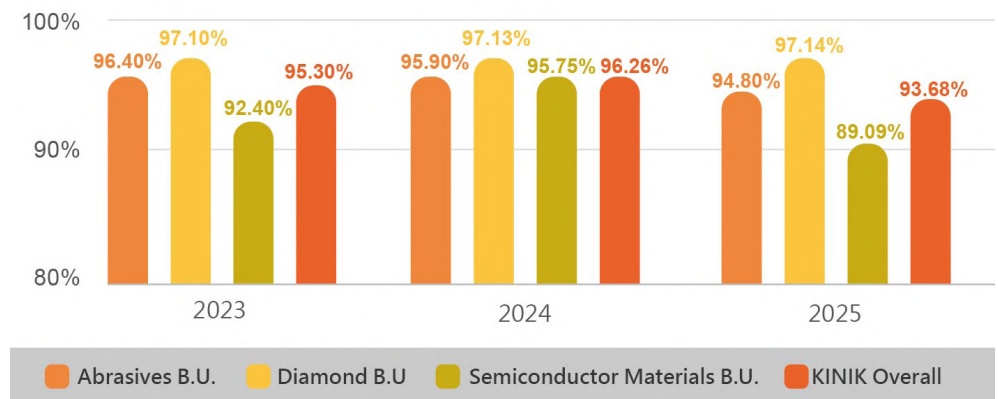
Customer satisfaction surveys and feedback are important procedures in KINIK's customer relationship management. The Abrasives B.U., Diamond B.U., and Semiconductor Materials B.U distribute customer satisfaction questionnaires to customers annually in accordance with the "Customer Satisfaction Survey Regulations" The content of the questionnaires is customized based on the business characteristics of each unit and covers various aspects such as quality, delivery, service, procurement, and material management. The survey results help KINIK understand customer needs and areas for improvement and serve as an important reference for planning product and service optimization in the following year.

Currently, the company conducts product sales solely through physical sales channels and has not established an online sales platform. Therefore, no revenue has been generated from online sales activities. Nevertheless, KINIK remains committed to delivering professional services and consistent product quality, continuously strengthening customer relationships and enhancing the overall customer experience.

In 2025, KINIK distributed customer satisfaction surveys to approximately 200 customers, covering the various aspects mentioned above. The results showed an overall customer satisfaction rate of 93.68%. Compared to the previous year, the satisfaction rate declined slightly, mainly due to customers' increasing expectations regarding product quality and service standards. In response, KINIK has initiated relevant review and adjustment mechanisms. As future capacity expansion plans progress, KINIK will be able to respond more flexibly to customers' actual needs and further improve service quality. Looking ahead, KINIK will continue to enhance product and service quality, strengthen customer feedback mechanisms, and strive to achieve a customer satisfaction rate of over 97% by 2027.



KINIK Customer Satisfaction Over the Past Three Years



Sustainable Procurement

2.1 Sustainable Supply Chain

2.2 Sustainable Supply Management

2.3 Responsible Procurement

Sustainable Procurement

KINIK is an industry leader in terms of production scale, R&D technology, product yield, and service. It has established a comprehensive management mechanism for the supply chain, and has incorporated sustainability elements into the supplier evaluation items, conducting supplier screening and evaluation. KINIK adheres to the spirit of responsible procurement, promotes green procurement and local procurement, and are committed to avoiding the use of conflict minerals, as well as implementing due diligence measures.

Material Issues GRI Indicators

GRI 204 : Procurement Practices

GRI 308 : Supplier Environmental Assessment

GRI 409 : Forced or Compulsory Labor

Corresponding Material Issues

Sustainable Supply Chain Management

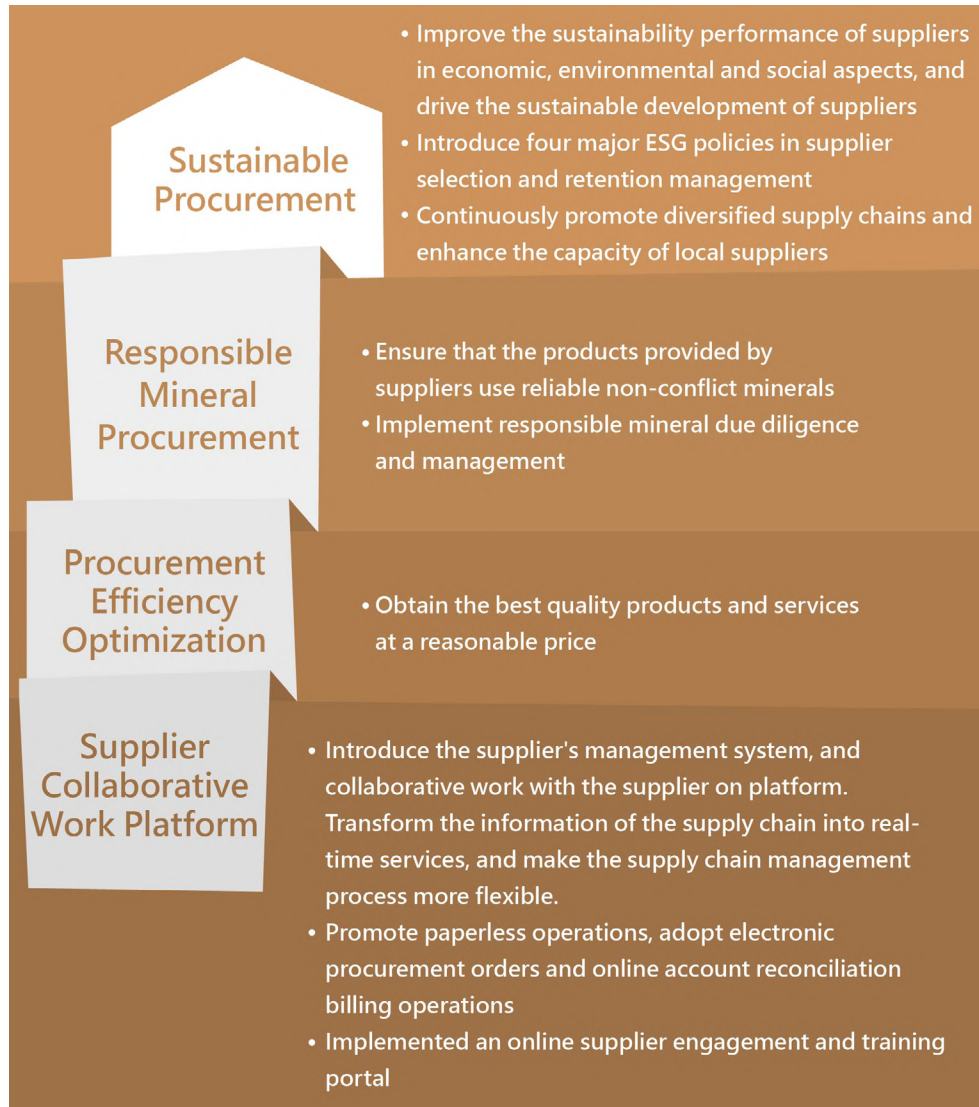
KINIK and its suppliers have a mutual support partnership, and have established a comprehensive management mechanism for the supply chain. We actively invest in the sustainable development of suppliers and uphold the spirit of responsible procurement, working together with suppliers for mutual benefit and prosperity to continuously strengthen the resilience of the supply chain.

2.1 Sustainable Supply Chain

Sustainable Supply Chain Management Goals and Achievements

Item	2023	2024	2025
Percentage of suppliers signing code of conduct	100.00%	100.00%	100.00%
Percentage of Supplier signing non-use of conflict minerals declaration	100.00%	100.00%	100.00%
Percentage of critical supplier completion of ESG SAQ	48.00%	70.83%	67.74%
Percentage of critical suppliers assessed with on-site ESG audits (accumulated within six years)	8.00%	20.83%	25.81%
Percentage of Important supplier completion of ESG SAQ	38.78%	55.00%	73.33%
Percentage of important suppliers assessed with on-site ESG audits (accumulated within six years)	6.12%	13.33%	26.67%
Percentage of local procurement amount to total procurement amount	52.32%	48.47%	47.67%

Sustainable Supply Chain Management Strategy and Risk Control Process



KINIK and its suppliers build long-term partnerships to implement sustainable procurement. Therefore, in daily procurement operations, in addition to cost and quality considerations, KINIK pays more attention to the overall sustainable value generated by the supply chain. KINIK follows the supply chain management strategy, in accordance with the four major policies of supply chain management: ESG guidelines compliance, ESG risk assessment, ESG Audit & Verification, ESG mentorship and capacity enhancement, to implement sustainable supply chain management.

Supply Chain Management Four Major Policies



2.2 Sustainable Supply Management

Supplier Overview

KINIK regards suppliers as long-term cooperative partners, and advocates the establishment of a sustainable supply chain with suppliers, committed to responsible procurement and the development of supply chain technical capabilities. For supplier selection, we adopt a strategic selection approach that balances local Taiwanese suppliers with global partners. KINIK requires suppliers to comply with relevant laws and regulations, meet high standards of business ethics, protect human rights, pay attention to the physical and mental health and safety of workers, protect the environment and fulfill corporate social responsibility. KINIK's main operating base is in Taiwan, and its suppliers mainly come from Taiwan, Japan, South Korea and other countries, and some come from the Americas and Europe.

The regional distribution of inventory procurement in 2025 were as follows: Asia 90.82%, Europe 3.55%, Americas 5.63%. KINIK conducts a preliminary risk assessment of its geographical location and supply category, and analyzes the business relationship with upstream suppliers to implement supply chain management.

Suppliers are broadly divided into inventory and service categories. Inventory refers to production-related materials. Direct materials — refer to materials directly used for production and manufacturing, and which have a significant impact on the product quality of the final process — as well as indirect materials and packaging materials. Service suppliers are divided into machinery and equipment, factory engineering, material, waste management, maintenance, transportation and logistics and miscellaneous services. Graded management is implemented according to the supplier category. In addition, all categories of suppliers must comply with KINIK's Code of Conduct for sustainable business and related risk assessment mechanisms.

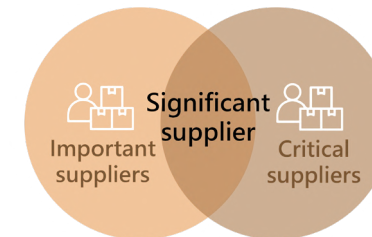
In order to effectively manage supply chain risks, KINIK identified a total of 358 tier-1 suppliers in 2025 and implemented a graded supplier management approach by categorizing suppliers into important suppliers, critical suppliers, and significant suppliers. This ensures alignment with sustainable supply chain requirements for

supplier ESG development. In 2025, KINIK has monitored 60 important suppliers (accounting for 87.85% of the total procurement amount), 31 critical suppliers (accounting for 42.29% of the total procurement amount), 17 significant suppliers (accounting for 41.29% of the total purchase amount). Moving forward, the Company will not only continue to track the status of these suppliers, but will also launch more proactive risk control measures in the future.

Composition of KINIK Suppliers

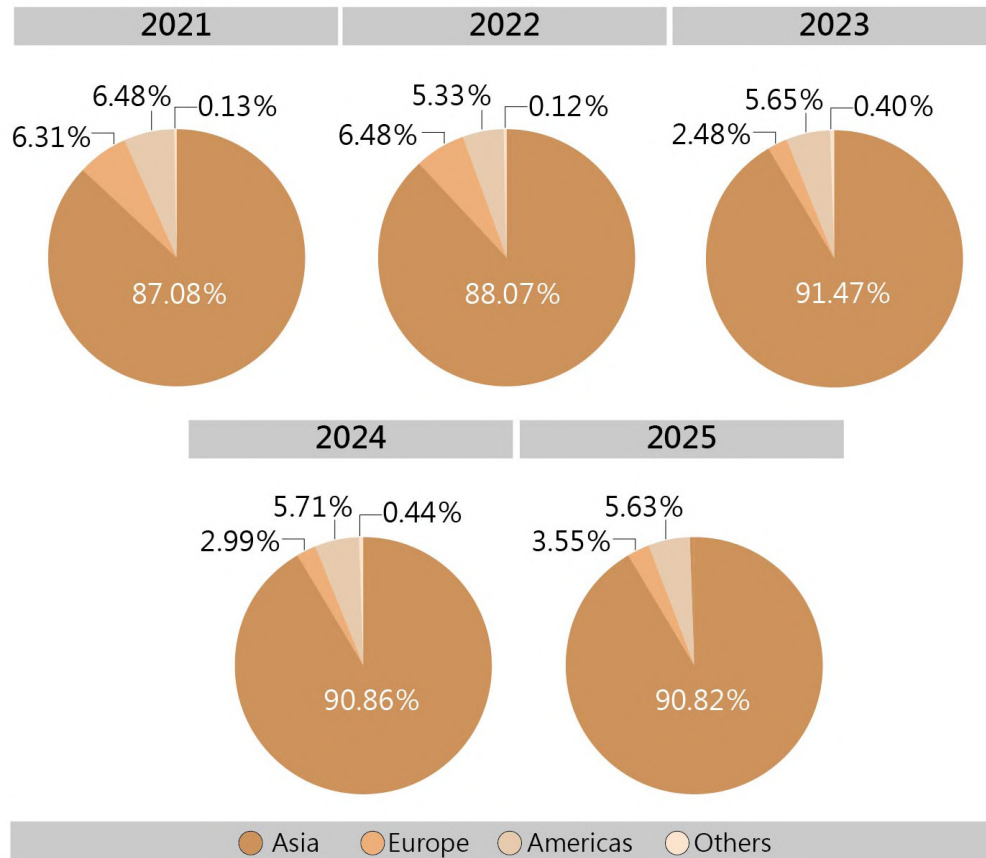
- Material
- Machinery and Equipment
- Factory Engineering
- Maintenance
- Waste Management
- Transportation and Logistics
- Miscellaneous Items

Supplier Category



Note : Important Supplier : Suppliers who supply inventory and whose annual transactions reach NT\$3 million, excluding by-products or special items
Critical Supplier : Suppliers who supply inventory and have a high impact on product quality, and are single-source material suppliers
Significant Supplier : Significant suppliers who are also critical suppliers
Tier-1 Supplier : This refers to suppliers who have at least one purchase transaction with KINIK within the year, whose supplied items are classified as inventory category, and who deliver products directly as the manufacturer

The proportion of procurement amount for inventory by Region



The proportion of procurement amounts for important and critical suppliers

Category	2021	2022	2023	2024	2025
Important Suppliers	88.35%	88.95%	88.46%	90.72%	87.85%
Critical Suppliers	24.39%	22.61%	36.60%	40.89%	42.29%
Significant Suppliers	22.30%	20.79%	35.55%	40.20%	41.29%

Screening and Selection of New Supplier

KINIK's new supplier selection process includes a quality system questionnaire (covering quality, delivery, technical capability, and the supplier's quality management system), as well as corporate sustainability assessments, including environmental, health and safety, and business ethics. Furthermore, supplier need to provide third-party certification of its quality management system if necessary, and its management guidelines for Product Change Notice (PCN), and complete hazardous substances management questionnaire. Only after review and approval by KINIK's functional units, they can be qualified suppliers.

Regular Evaluation of Qualified Suppliers

KINIK conducts regular evaluations of qualified suppliers annually, with the evaluation objects divided into inventory and service categories. The evaluation criteria generally include quality, delivery, technical capability, occupational health and safety (OHS), and ESG compliance. The relevant department will score and classified them into three levels: A, B, and C based on the evaluation results. Suppliers with underperforming evaluation results will be rated as Level B and placed under a corrective action program, requiring them to submit improvement measures and verification within six months. If a supplier fails the re-evaluation, they will be demoted to Level C, resulting in the termination of their supplier qualification and cooperation. This serves as the basis for supplier graded management and continuous improvement across our supply chain. In the future, we will integrate sustainability performance into our evaluation methods to encourage suppliers to view sustainability performance as part of their competitiveness and help ensure sustainable development of the supply chain.

Supplier Type	Assessment Management Mechanism		
	Level A (Score ≥ 70)	Level B (Score : 60-69)	Level C (Score < 60)
Inventory	Continuous collaboration	Placed under mentorship, required to submit a corrective action plan, with a 6-month window for improvement verification; failure to comply results in demotion to Level C	Terminate cooperation
	Continuous collaboration	Placed under mentorship, required to submit a corrective action plan, with a 6-month window for improvement verification; failure to comply results in demotion to Level C	Terminate cooperation
Services	Continuous collaboration	Placed under mentorship, required to submit a corrective action plan, with a 6-month window for improvement verification; failure to comply results in demotion to Level C	Terminate cooperation
	Continuous collaboration	Placed under mentorship, required to submit a corrective action plan, with a 6-month window for improvement verification; failure to comply results in demotion to Level C	Terminate cooperation

ESG Guideline Compliance

Sustainable Supply Chain Strategy

KINIK is committed to ESG sustainability continuous improvement and advancement, and expects suppliers to be sustainable with KINIK. KINIK establishes a Supply Chain Management Strategy, incorporates the concept of corporate sustainable development into the management strategy, follows the four major policies of supply chain management, ESG guideline compliance, ESG risk assessment, ESG Audit & Verification, ESG Mentorship and Capacity Enhancement, and continuously improve the overall sustainable value of the supply chain.

Code of Conduct for Sustainable Business

KINIK has formulated KINIK's Supplier Code of Sustainable Conduct with reference to relevant international standards and initiatives, including the Responsible Business Alliance (RBA), the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights. The Code covers six major pillars, including labor, health and safety, environment, ethics, supply chain management, and management systems, as shown in the table below. In particular, the environmental aspect further incorporates emerging topics such as climate change response, biodiversity commitments, and the reduction of environmental impacts.

KINIK requires all suppliers to comply with this Code of Conduct. The relevant requirements are also embedd in purchase orders and published on our official corporate website, ensuring that all suppliers understand and strictly adhere to the applicable management requirements in every business transaction with the Company.

In 2025, a total of 1,106 suppliers signed KINIK's Supplier Code of Sustainable Conduct and completed anti-corruption policy training, achieving a signing rate of 100%. In addition, the Company encourages suppliers to establish sustainability-related management requirements for their own upstream supply chains, thereby contributing jointly to the sustainable transformation of the overall industry chain.

Scope of Supplier Sustainable Business Code of Conduct

Labor	Health and Safety	Environment	Ethics	Supply Chain Management	Management System
Prohibition of Forced Labor	Occupational health and safety	Permits and reporting	Business integrity	Company commitment	Management accountability and responsibility
Young workers and Child labor	Emergency preparedness	Pollution prevention and resource conservation	No improper benefits	Material restrictions	Legal and customer requirements
Working hours	Occupational injury and illness	Hazardous substances	Disclosure of information	Responsible Minerals Procurement	Risk assessment and Improvement objectives
Wages and benefits	Physical labor and machine safeguarding	Waste and Air emissions	Intellectual property	Curb potential counterfeit threats	Awareness and grievance channels
Humane treatment	Sanitation, food, and housing	Water management	Fair trade, advertising and competition	Supplier responsibility	Assessments, Corrective action and Documentation and records
Non-discrimination/ Non-harassment		Energy consumption and greenhouse gas emissions	Protection of Identity and Non-retaliation		
Freedom of association		Response to climate change	Privacy		
		Biodiversity commitment			
		Reducing environmental impact			

Supplier Communication and Training

KINIK works closely with our supplier partners, actively launches sustainable actions with upstream suppliers, and uses the "Supplier Learning Platform" as an integrated communication channel for suppliers. Supplier communication and training courses are held from time to time, and the training content includes workplace hygiene, employee health, fire maintenance, greenhouse gas inventory, climate change response, regulatory risk, corruption and bribery and conflict minerals and other trend issues. This is to enhance the supplier's awareness and management capabilities on sustainable development, environmental protection and occupational safety and health issues, and to achieve a common good corporate philosophy. In 2025, a total of seven supplier sustainability training courses were launched through this platform, covering topics such as the Responsible Business Alliance (RBA) Code of Conduct, restricted substances awareness, and KINIK's Raw Material Product Change Notification (PCN) policy. A total of 840 suppliers participated in these training programs, including all 17 significant suppliers.

Supply Chain Management Personnel Training

Our supply chain management team are the main interface between KINIK and suppliers, and play a key role in motivating suppliers to improve sustainability. KINIK is committed to continually enhancing the awareness and capabilities of our supply chain personnel in sustainability management. We conducted sustainable procurement guidance training to ensure the effective execution of our sustainable procurement policy and helped us guide suppliers in improving their sustainability capabilities.

The training courses for supply chain management personnel are as follows. As of 2025, a total of 13 employees had successfully completed the training, with a passing rate of 72.2%.

Sustainable Procurement-Guidance

Course Content :

This course integrates Environmental (E), Social (S), and Governance (G) principles into procurement decision-making. It covers sustainable policy development, supplier risk management, and life cycle cost considerations, with the aim of reducing supply chain risks and promoting overall corporate social responsibility.

Supplier Complaint Channel

On our official website, KINIK provides a complaint [email box](#) and a [contact window for stakeholders/ suppliers](#) covering issues including, but not limited to, corruption and bribery, human rights, environmental hazards, and other related concerns. Complaints can be submitted via an online form or the email address provided on the website. Dedicated personnel are assigned to handle complaint cases and ensure that complainants are protected from retaliation or threats.

Email : sr@kinik.com.tw

ESG Risk Assessment

Active Investigation

Suppliers are important partners in KINIK 's sustainable operations. Therefore, KINIK has established screening criteria for new supplier and actively conducts environmental and social assessments. The assessment factors include potential negative impact risks in the environmental, social, and corporate governance dimensions. By investigating data from the supplier's factory, preliminary assessment and screening are conducted to reduce potential risks to the overall supply chain. The proportion of new suppliers selected using environmental standards in 2025 is 100%, the selection ratio of new suppliers meeting social standards requirements is 100%. Due to the close connection of the global supply chain, when major incidents occur internationally, investigations into affected regions, industries, and supply sources will also be conducted. This enable KINIK to swiftly deploy emergency contingency measures, thereby minimizing any possible impacts.

Supplier ESG Risk Assessment

KINIK, based on relevant international regulations such as the Responsible Business Alliance (RBA), the Organization for Economic Co-operation and Development (OECD), etc., has formulated the Sustainability Assessment Questionnaire (SAQ) as the basis for risk assessment. The questionnaire includes aspects such as supply chain management, restricted substances, and labor ethics. Through different screening aspects and screening methods, supplier risk surveys are conducted to identify suppliers with potential high risks, and audits and guidance are conducted on them to ensure that their risks can be effectively controlled and reduced. Suppliers scoring below the established threshold are classified as high-risk suppliers and subject to guidance and improvement measures. In 2025, no high-risk suppliers were identified.

Items	Content
Environment	Hazardous substance management, greenhouse gas inventory
Social	Labor health and safety, child labor and forced labor, working hours and wages and benefits, ethics
Corporate Governance	Business Continuity, information security, supply chain management, conflict minerals investigation

In order to continuously understand the sustainability risk within our supply chain and strengthen the completeness and response rate of our evaluations, KINIK monitors completion tracking and supporting data responses through the supplier platform. Starting in 2024, KINIK began sending the Sustainability Assessment Questionnaire (SAQ) to suppliers. In addition to completing the questionnaire self-assessment, suppliers must also provide corresponding supporting documents for each topic. In 2025, a total of 129 suppliers completed the Sustainability Assessment Questionnaire (SAQ) of which 44 were important suppliers, 21 were critical suppliers, and 13 were significant suppliers.

KINIK evaluates "critical materials" and "critical suppliers" for materials that must be processed during production and have a high impact on product quality. Critical suppliers are the key audit targets for supply chain management, and the critical raw materials supplied must maintain the highest inventory safety level in daily operations. When there is a risk of critical raw material shortages, the procurement department will urgently convene a discussion meeting and formulate response strategies to reduce the impact of damage.

According to the 2025 Sustainability Assessment Questionnaire (SAQ), a total of 52 suppliers have completed the evaluation, with the detailed data disclosed as follows :

Supplier Classification	Number of Suppliers Assessed	Percentage of Suppliers in that Category
Important Suppliers	44	73.33%
Critical Suppliers	21	67.74%
Significant Suppliers	13	76.47%

ESG Audit & Verification

After reviewing the supplier's Sustainability Assessment Questionnaire (SAQ), KINIK conducts on-site audit (including online audits) on suppliers in accordance with the RBA VAP verification method to monitor the sustainability performance of suppliers. The audit scope include labor, health and safety, environment, ethics and management system, and the audit team is formed by different functional units. In 2025, a total of 13 suppliers were audited, including 9 inventory suppliers and 4 service suppliers.

The number of inventory suppliers that underwent ESG on-site audits in 2025 is as follows :

Supplier Classification	Number Completed	Percentage of Suppliers in that Category
Important Suppliers	9	15.00%
Critical Suppliers	3	9.68%
Significant Suppliers	3	23.08%

According to audit records, the performance of all suppliers met KINIK's requirements. No qualified suppliers had their supplier status revoked due to non-compliance with labor, health and safety, environmental, ethical, or management system.



ESG Mentorship and Capacity Enhancement

To promote suppliers' continuous sustainability improvement, a total of 13 audit activities were conducted, resulting in 70 improvement recommendations, including those involving 3 significant suppliers. Following each audit, KINIK requires suppliers to submit corrective action plans within six months. The company also provides timely improvement suggestions and necessary support to assist suppliers in completing corrective actions as soon as possible. In 2025, KINIK guided 13 suppliers, including 3 significant suppliers, to complete corrective actions, and no supplier relationships were terminated due to identified deficiencies.

The list of supplier audit deficiencies and improvement actions in 2025 is as follows :

Category	Item	Key Findings	Improvement Actions
Labor	Working Hours / Non-discrimination, Non-harassment & Humane Treatment	Underpayment of subcontracting fees; no measures in place against unlawful infringement	Formalize calculation method for overtime payment; establish management procedures and require regular on-the-job training
Health & Safety	Machine Safety Protection / Emergency Preparedness	Personal Protective Equipment (PPE) not properly worn; no water quality inspection reports; lack of machine safety protection devices; absence of multilingual safety notices or signage	Install machine safety protection devices and conduct regular inspections; enhance reporting and inspection checklists; establish new forms and regular audits; provide multilingual versions based on employee nationalities
Ethics	No Improper Benefits	No defined standards for accepting benefits; no multiple grievance channels established	Establish management procedures; implement both electronic and physical grievance channels
Management System	Supplier Responsibility	Incomplete supplier management procedures; lack of regular employee training system	Revise management procedure manuals; establish regular employee training programs

2.3 Responsible Procurement

Responsible Minerals Procurement

KINIK is committed to responsible and sustainable procurement. KINIK has formulated responsible mineral procurement policies and supplier conflict mineral due diligence mechanisms to avoid using conflict minerals obtained from illegal operations, including tungsten, tin, tantalum, gold, cobalt, mica, natural graphite, lithium, copper, and nickel. KINIK aligned with the Responsible Minerals Initiative (RMI) requirements and the OECD "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" to establish a comprehensive due diligence framework. We commit not to use conflict minerals in the process of product manufacturing and sales, and requires suppliers to comply with the non-conflict mineral policy.

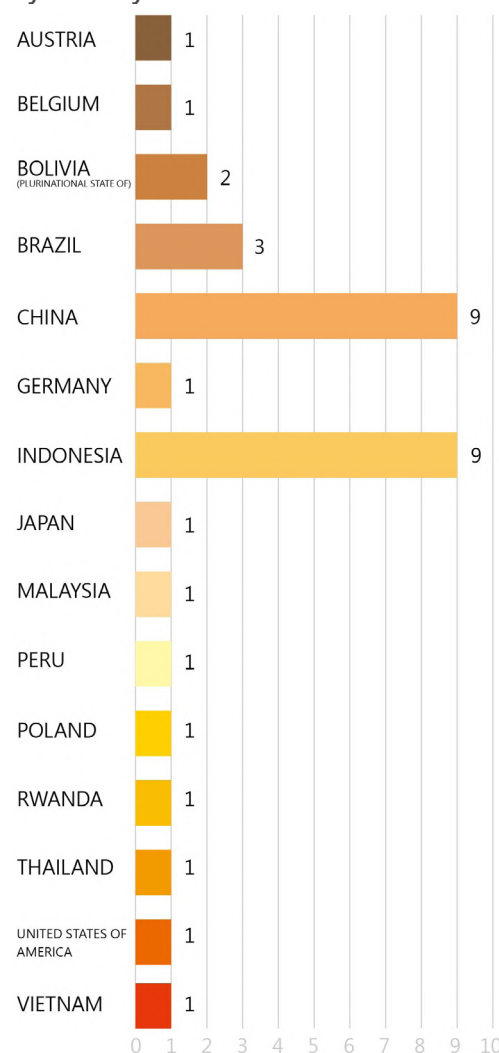
In 2025, KINIK did not use conflict minerals. For regulated metal and chemical raw material suppliers, the company achieved a 100% return rate of Conflict Minerals Declaration Forms, covering a total of 102 suppliers.

Among them, 4 suppliers underwent conflict minerals due diligence, identifying 34 smelters in total, including 2 cobalt smelters, 22 tin smelters, and 10 tungsten smelters. All identified suppliers were verified as compliant with conflict minerals requirements.

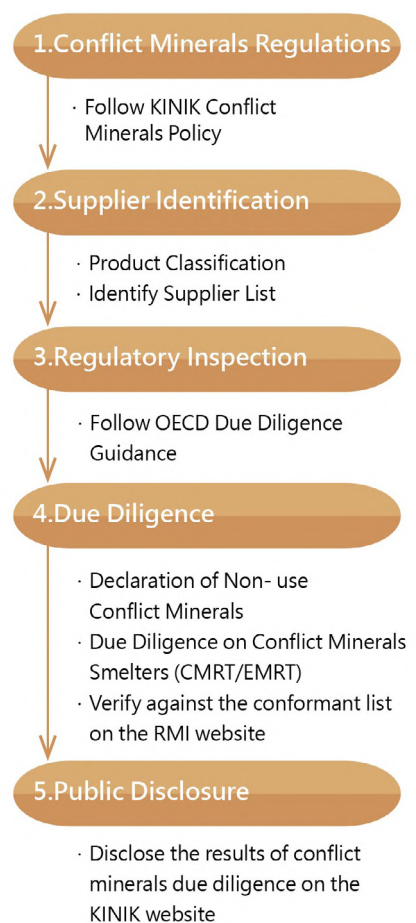
In addition, the procurement department further cross-checks the smelters identified by suppliers against the Responsible Minerals Initiative (RMI) list of conformant smelters to ensure that all smelters are validated as conflict-free.

Going forward, KINIK will continue to promote conflict minerals due diligence and implement rolling adjustments and corrective management measures in accordance with applicable laws and regulations.

Distribution Analysis of Smelter Locations by Country



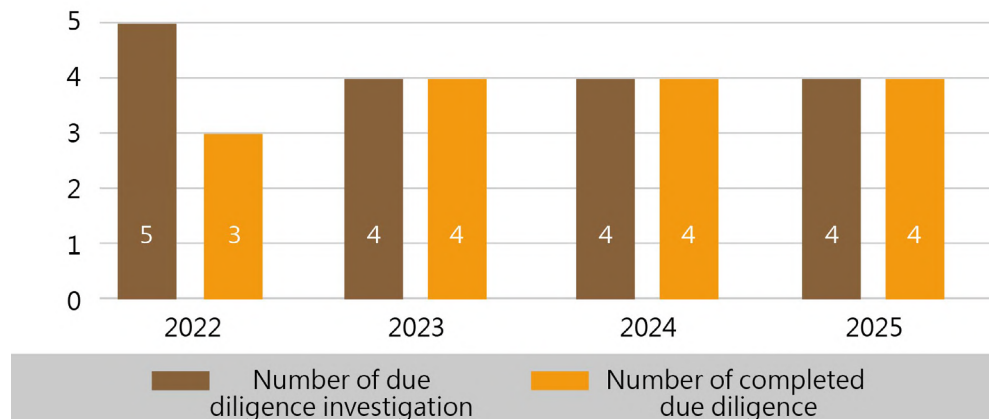
Responsible Minerals Management Process



Due Diligence

Under our due diligence framework, KINIK aligns with the "OECD Due Diligence Guidance" to require suppliers to sign the "Declaration of Non-use of Conflict Minerals (DNCM)" and use the CMRT/EMRT template published by the RMI to complete the due diligence process. The Company has established a management mechanism that complies with the OECD due diligence guidelines through document auditing and supplier mentorship. The responsible minerals policy and due diligence results are disclosed on the KINIK website.

Due Diligence and Declaration of Non-Use of Conflict Minerals

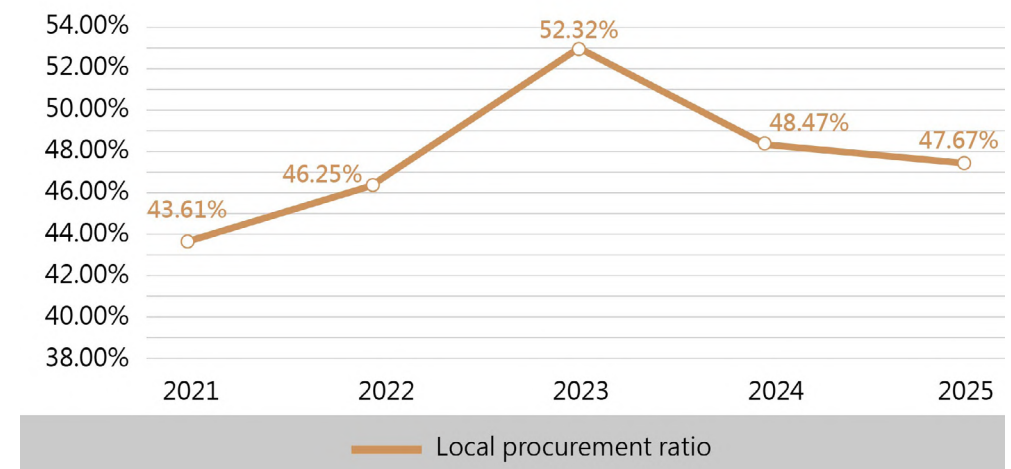


Item	2022	2023	2024	2025
Declaration of Non-use Conflict Minerals signing rate	100.00%	100.00%	100.00%	100.00%
Due diligence completion rate	60.00%	100.00%	100.00%	100.00%

Local Procurement

KINIK's headquarters and principal operating sites are all located in Taiwan, therefore, Taiwan is designated as the scope of local procurement, and local procurement is prioritized in procurement activities, with the objective of increasing the proportion of local procurement year by year. According to 2025 statistics, KINIK's local purchases accounted for 47.67% of the total procurement amount. Due to the impact of the overall economic environment in 2025, the Company adjusted its inventory levels, resulting in reduced domestic raw material purchases and a slight decline in the proportion of local procurement. In addition to considering cost-effectiveness during the procurement process, KINIK will continue to uphold its commitment to local procurement and strengthen long-term partnerships with Taiwanese suppliers. Through these efforts, KINIK aims to promote local economic development, enhance supply efficiency, reduce supply chain risks, and lower carbon emissions, thereby realizing its vision of shared prosperity and sustainable development.

KINIK Annual Local Procurement Proportion Trend Chart



Note : Local procurement, supply source comes from Taiwan.

Green Procurement

Throughout our operational growth, KINIK's operating strategy must take environmental impacts into account. In order to realize the concept of coexistence and prosperity between corporate growth and the ecological environment, while aligning with regulatory green consumption policy, KINIK prioritizes materials that are low-energy, non-toxic, recyclable, and energy-efficient during our procurement process. This approach allows KINIK fulfill its commitment to green procurement and enhances the green brand image of the enterprise.

Procurement of Green Label Products

In order to comply with government policies and implement the 12th item of the SDGs "Promote Green Economy, Ensure Sustainable Consumption and Production Patterns", we use products with environmental labels certified by domestic and foreign institutions or government units. The main procurement of green label products are multifunctional lease business machines, energy-saving lamps, electrical appliances, photocopying consumables, with the total procurement value reached NT\$52.12 million in 2025. KINIK is committed to implementing climate risk management and mitigation actions, actively developing a green and sustainable supply chain, and strengthening the action of reducing carbon in the local supply chain. Through the continuous promotion of renewable energy adoption, each of our operational sites not only reviews local renewable energy regulations and policies, market trends, prices and costs, and traceability information integrity at various bases, but also considers the long-term nature of renewable energy and continuously evaluate alternative renewable energy equipment or power generation and power retail suppliers. By identifying bottlenecks during actual implementation process and deeply investigating their root causes, we proactively seek opportunities for improvement. The procurement value of green electricity in 2025 is about NT\$28.23 million.

Eco-Friendly Operations

3.1 Climate Action

3.2 Environmental Management System

3.3 Water Resource Management

3.4 Air Emissions Management

3.5 Waste Management

3.6 Circular Economy



Eco-Friendly Operations

KINIK upholds the principle that business operations should balance environmental protection, continuously implementing environmentally friendly management strategies and measures. In line with international sustainability trends and the national 2050 net-zero roadmap, KINIK is steadily working toward its carbon reduction targets through organizational greenhouse gas inventories, product carbon footprint assessments, and the introduction of circular economy projects. Additionally, KINIK values the risks and opportunities related to climate change and has integrated climate action into its risk management and operational strategies. Proactive strategies and contingency plans are being developed in response. For environmental concerns such as water resources, air pollution, and waste management, KINIK is promoting various management and reduction programs, advancing towards its vision of sustainable operations.

Material Issues GRI Indicators

GRI 302 : Energy

GRI 305 : Emissions

Corresponding Material Issues

Greenhouse Gas Emission Management

Energy Management

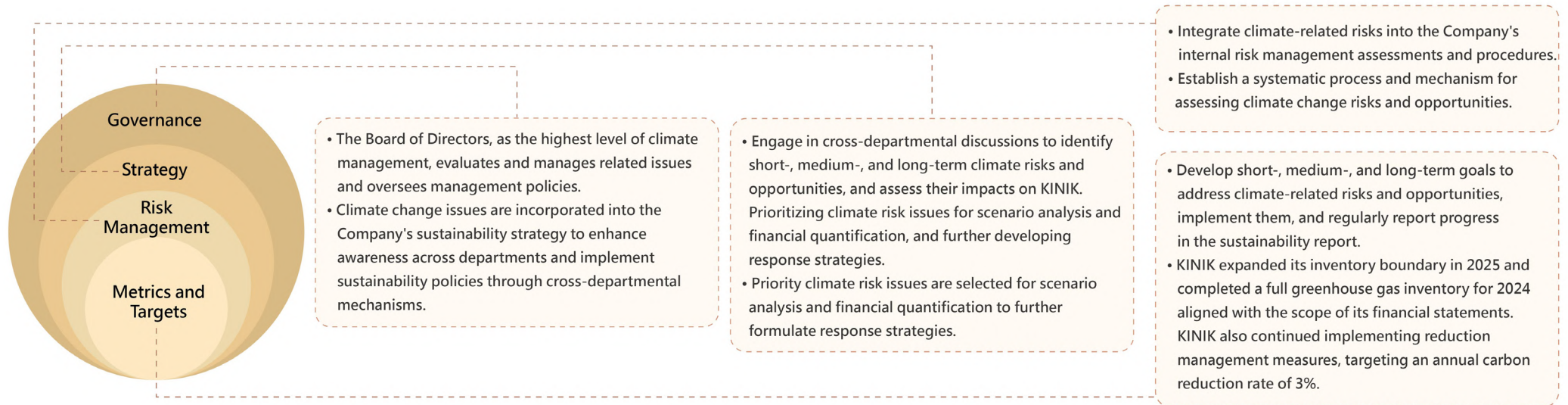
3.1 Climate Action

Adhering to the spirit of "Good for You, Good for Me, and Good for All", KINIK is committed to promoting environmental sustainability and improving its practices. In alignment with the national 2050 net-zero roadmap, the Company has established a baseline for future carbon reduction efforts by conducting organizational greenhouse gas and product carbon footprint assessments. Furthermore, in response to emerging risks from climate change, the Company has integrated this issue into its management and oversight systems, actively developing strategies and contingency plans. Regarding environmental issues such as water resources, air pollution, and waste management, the Company is implementing various management measures and advancing circular economy initiatives to move towards KINIK's vision of sustainable operations.

3.1.1 Climate Governance

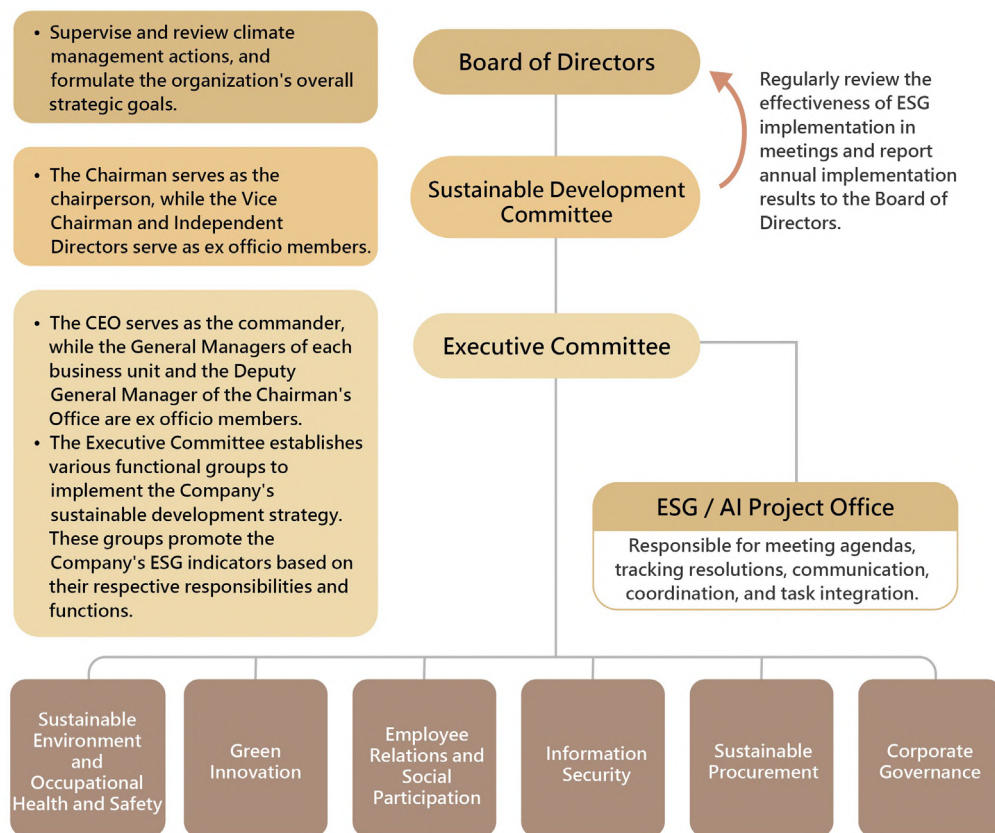
Following international trends and domestic regulations, KINIK has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework, which is based on four core elements: Governance, Strategy, Risk Management, and Metrics and Targets. KINIK has established a management mechanism to assess the impacts of climate-related issues on business activities, identify climate-related risks and opportunities, conduct scenario analysis and financial quantification, and formulate corresponding action plans and improvement strategies. KINIK conducts a climate risk and opportunity assessment at least once every two years to understand the impact of climate change on company operations and adjust response strategies based on risk changes.

KINIK Follows the Core Elements of TCFD Climate-related Financial Disclosures



The climate governance structure at KINIK is overseen by the Board of Directors, which serves as the highest supervisory body. The Board is responsible for formulating the Company's climate strategy and making key decisions on major climate-related initiatives. Under the Board, the Sustainable Development Committee reports to the Board at least twice a year on the execution of climate governance.

Reporting to the Sustainable Development Committee, the Executive Committee, along with the ESG/AI Project Office and various functional teams under its supervision, serves as the primary execution unit. They are responsible for implementing response measures and improvement plans related to climate risks and opportunities. The ESG/AI Project Office is specifically tasked with planning and tracking climate actions. Beginning in 2024, KINIK convenes quarterly Net Zero Carbon Reduction Project Meetings to monitor the energy-saving and carbon-reduction performance across all factories. A total of four such meetings were held in 2025. The execution process of climate governance is outlined as follows :



This year, through the identification of climate risks and opportunities, the Company identified climate-related impacts relevant to KINIK's current situation. The identification process is described as follows :

Climate Risk and Opportunity Identification Process

1 Establish a list of climate risks and opportunities.

Through the collection and review of domestic regulations and policies, peer case studies, and research reports, KINIK identified 11 climate risks and 10 climate opportunity topics.

2 Assess and identify priorities.

Through a climate questionnaire survey, the Company analyzed the probability of occurrence, impact severity, and potential vulnerability/ capability of the 11 climate risks and 10 climate opportunity topics. The assessment results from responsible managers of each functional unit were compiled to identify the priority of the issues.

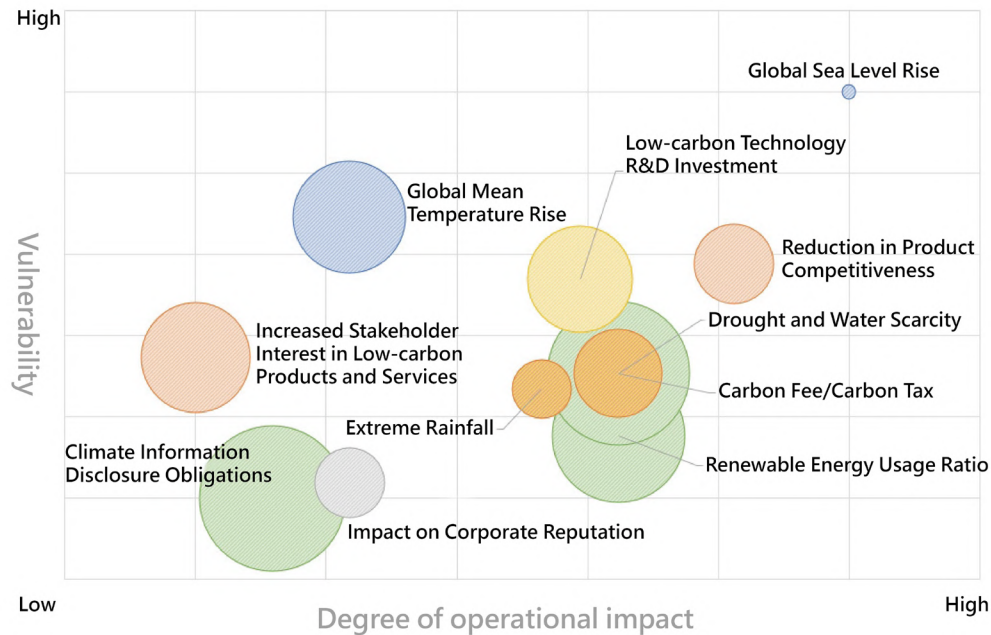
3 Establish critical risks and opportunities.

Based on the analysis results from Step 2, we created a climate risk and opportunity matrix and Identify material risks and opportunities as a reference for strategy formulation and project implementation.

4 Review actions and set targets

Integrate the responsibilities of various departments in addressing climate change issues, assess KINIK's existing measures, formulate short-, medium-, and long-term action plans, and evaluate the expected resource investments as key considerations for project budgeting.

Climate Risk Matrix



Note :

Horizontal axis - Impact level : The extent to which the occurrence of this risk could severely affect the Company's revenue or operations.

Vertical axis - Vulnerability : The Company's preparedness and adaptive capacity in response to this risk.

Bubble size - Probability of occurrence : The likelihood that this risk factor could impact the Company.

Climate Risk List

Category	Risk Item	Possible Occurrence Time	Significance Level	Value Chain Impact Scope		
				Upstream (Supply Chain)	Operations	Downstream (Customers)
Physical Risk	Acute	Extreme Rainfall	Short-term	Low	●	●
	Acute	Drought and Water Scarcity	Short-term	Medium	●	●
	Chronic	Global Mean Temperature Rise	Long-term	High	●	●
	Chronic	Global Sea Level Rise	Long-term	Medium	●	●
Transition Risk	Regulatory and Policy	Climate Information Disclosure Obligations	Short-term	Medium	●	●
	Regulatory and Policy	Carbon Fee/Carbon Tax	Short-term	High	●	●
	Regulatory and Policy	Renewable Energy Usage Ratio	Short-term	High	●	●
	Market	Increased Stakeholder Interest in Low-carbon Products and Services	Medium-term	Medium	●	●
	Market	Reduction in Product Competitiveness	Medium-term	Medium	●	●
	Technology	Low-carbon Technology R&D Investment	Medium-term	High	●	●
	Reputation	Impact on Corporate Reputation	Short-term Medium-term	Low	●	●

The Company's 2025 climate risk and opportunity assessment identified major climate risk issues, including Carbon Fee/Carbon Tax, Global Mean Temperature Rise, Renewable Energy Usage Ratio, Low-carbon Technology R&D Investment, Reduction in Product Competitiveness, Global Sea Level Rise, Climate Information Disclosure Obligations, and Drought and Water Scarcity. Major climate opportunity issues identified include Information Transparency Enhancement, Expansion into Green Product Supply Chains, Energy Efficiency Improvement, and Green Procurement and Supplier Management. The corresponding response strategies for each issue are described below.

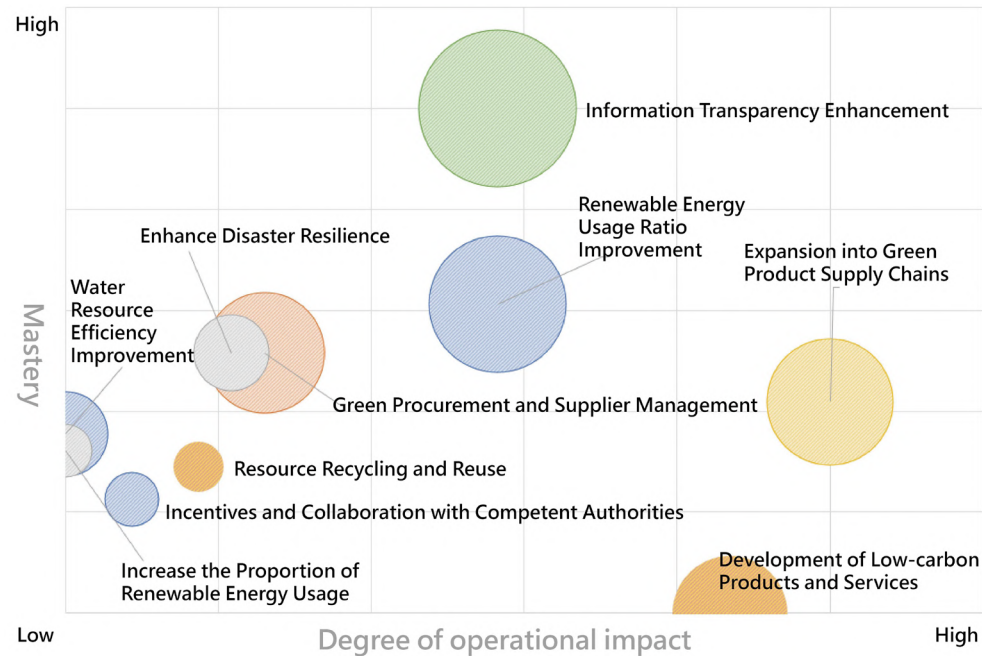
Key Climate Risks and Response Strategies

Risk Factors	Risk Description	Impact Area	Response Strategy
Carbon Fee/ Carbon Tax	Climate change-related regulations in Taiwan continue to evolve, and carbon fee mechanisms have been formally implemented. In addition, the EU and the U.S. are progressively introducing carbon border adjustment mechanisms such as CBAM and CCA. As a result, companies may incur additional carbon-related costs, thereby increasing operating costs and affecting product competitiveness.	• Cost	- Formulate carbon reduction targets and action plans, track performance through carbon reduction project meetings, and regularly respond to key customers. - Conduct greenhouse gas inventories across the Group to understand overall carbon emissions. - Deepen and expand product carbon footprint assessments to accurately identify carbon emission hotspots, formulate carbon reduction plans, and enhance the cost-effectiveness of carbon reduction efforts. - Establish a digital carbon management system to improve the efficiency of carbon emissions data collection and management. - Implement project management for energy-saving and carbon reduction measures at each factory. - The estimated investment cost for related inventories and system implementation is approximately NT\$5 million.
Global Mean Temperature Rise	Climate change has led to rising global average temperatures. To maintain process stability and operational safety, the Company may need to increase the operation of air conditioning and cooling equipment to ensure that the production environment meets operational requirements. The resulting increase in energy consumption may lead to higher electricity usage and operating costs.	• Cost	- Introduce large-scale chilled water system sensors and intelligent control systems to optimize energy-saving operations. - Gradually replace outdated air conditioning equipment with inverter air conditioning systems to reduce energy consumption. - Conduct backup power interruption response drills to reduce the risk of power supply disruptions caused by extreme climate events.
Renewable Energy Usage Ratio	Government and customer requirements for renewable energy installation and green electricity procurement ratios are gradually increasing. The Company may need to invest in renewable energy installations or green electricity procurement to comply with relevant regulations and market expectations. Failure to meet such requirements may result in regulatory penalties or negatively affect market competitiveness and revenue performance.	• Cost	- KINIK plans to add 5 million kWh of renewable energy in 2026, with cumulative renewable energy usage expected to reach 20 million kWh by 2030. - Continuously evaluate and adjust the optimal renewable energy usage strategy based on regulatory requirements and external market changes.

Risk Factors	Risk Description	Impact Area	Response Strategy
Low-carbon Technology R&D Investment	In response to low-carbon transition trends and market demand, the Company must invest in low-carbon product development and process improvements. The associated increases in human resource and R&D costs may affect short-term operating costs and profitability.	Cost	Gradually invest in R&D for low-carbon product process technologies, including third-generation semiconductors and diamond semiconductor substrates, while managing investment costs.
Reduction in Product Competitiveness	Investor and customer demand for low-carbon products and alternative raw materials is increasing. If the Company's products fail to align with low-carbon transition trends in the market, existing products may be replaced, thereby affecting revenue performance and industry competitiveness.	- Cost - Revenue	- Deepen and expand product carbon footprint assessments to accurately identify carbon emission hotspots, formulate carbon reduction plans, and enhance the cost-effectiveness of carbon reduction efforts. - Utilize automation and AI tools to support carbon reduction initiatives and effectively reduce product carbon emissions. - Develop product recycling and reuse technologies.
Global Sea Level Rise	Climate change may increase the risks of coastal flooding and seawater intrusion. If the Company's operating sites or supply chain are located in affected areas, this may result in asset losses, operational disruptions, or supply chain instability, thereby affecting shipment stability and operational continuity.	- Cost - Revenue - Supply Chain - Operational Disruption - Delivery Schedule	- Flood risk assessments are incorporated into the site selection process for new factories, and the adequacy of flood prevention facilities is reviewed. - None of KINIK's current factories are located in flood-prone areas.
Climate Information Disclosure Obligations	As regulations and stakeholder expectations for climate information transparency continue to increase, the Company must invest resources in greenhouse gas inventories, energy-saving and carbon reduction initiatives, and related climate information disclosure. The associated management and disclosure costs may affect the allocation of operational resources.	Cost	- Establish a digital carbon management system to improve the efficiency of carbon emissions data collection and management. - Train greenhouse gas inventory personnel to progressively strengthen internal carbon management capabilities and reduce reliance on external consultants.

Risk Factors	Risk Description	Impact Area	Response Strategy
Drought and Water Scarcity	Extreme climate events may lead to uneven rainfall distribution and increased drought conditions. If water rationing measures are implemented, the supply of process water may be affected, thereby reducing production efficiency or increasing the risk of operational disruptions.	• Cost • Revenue • Operational Disruption • Delivery Schedule	• Establish annual water-saving targets, aiming to reduce water withdrawal by 1% annually and increase the water recycling rate by 1.5%. • Install water storage facilities and establish water truck dispatch backup mechanisms to respond to potential water rationing situations. • Yingge Factory introduced the ISO 46001 Water Efficiency Management System in 2025 and plans to gradually expand implementation to other factories. • Promote water-saving and water recycling programs.

Climate Opportunity Matrix



Note :

Horizontal axis - Degree of impact : How much revenue or cost savings it will bring to the Company if the opportunity occurs.

Vertical axis - Mastery : if the opportunity arises, the Company's readiness to create a competitive advantage.

Bubble size - probability of occurrence : The probability of occurrence of the benefits that this opportunity factor brings to the Company.

Climate Opportunity List

Category	Opportunity Item	Possible Occurrence Time	Significance Level	Value Chain Impact Scope		
				Upstream (Supply Chain)	Operations	Downstream (Customers)
Resource Efficiency	Water Resource Efficiency Improvement	Short-term	Low		●	
	Renewable Energy Usage Ratio Improvement	Short-term	High		●	
	Resource Recycling and Reuse	Medium-term	Low		●	
Energy Sources	Increase the Proportion of Renewable Energy Usage	Short-term	Low		●	
	Incentives and Collaboration with Competent Authorities	Short-term	Low		●	
Products and Services	Development of Low-carbon Products and Services	Medium-term	Medium		●	●
Market	Information Transparency Enhancement	Short-term	High		●	●
	Expansion into Green Product Supply Chains	Medium-term	High	●	●	●
Resilience	Enhance Disaster Resilience	Short-term	Low	●	●	
	Green Procurement and Supplier Management	Short-term Medium-term	Medium	●		

Key Climate Opportunities and Response Strategies

Opportunity Factor	Opportunity Description	Impact Area	Response Strategy
Information Transparency Enhancement	Public disclosure of corporate sustainability performance and climate-related information helps enhance the Company's information transparency and governance maturity, strengthen stakeholder trust in the Company's ability to respond to climate change, and improve corporate brand image and market recognition.	Increase Revenue	- Regularly review the achievement of ESG targets and disclose the results in the sustainability report. - Publish sustainability reports in both Chinese and English to enhance the completeness of information disclosure. - Establish ESG and Investor Relations sections on the Company's official website to disclose sustainability strategies, management systems, and related performance results. - Continue participating in international sustainability assessments such as CDP and the S&P CSA to demonstrate the Company's achievements in climate action and sustainability governance.
Expansion into Green Product Supply Chains	As demand for low-carbon raw materials and green products in the semiconductor industry continues to increase, the Company may expand customer collaboration opportunities and order sources by meeting supply chain carbon reduction requirements, thereby strengthening its supply position and market competitiveness within the industry chain.	- Increase Revenue - Supply Chain	- Conduct greenhouse gas inventories across the Group to understand overall carbon emissions. - Formulate carbon reduction targets and action plans, track performance through carbon reduction project meetings, and regularly respond to key customers. - Deepen carbon footprint assessments for diamond disks and reclaimed wafers to accurately identify carbon emission hotspots and develop effective carbon reduction solutions.
Energy Efficiency Improvement	Through the introduction of energy-saving equipment and energy management measures, the Company reduces energy consumption and greenhouse gas emissions, helping to lower operating costs and improve energy efficiency, thereby enhancing operational performance and resource utilization capabilities.	Cost Reduction	- Promote various energy-saving initiatives and equipment replacement plans. - Continuously improve energy performance in accordance with the ISO 50001 Energy Management System. - Hold quarterly carbon reduction meetings to review energy-saving performance and establish future action directions. - Implement lean management projects annually to continuously improve quality and enhance efficiency.
Green Procurement and Supplier Management	Through the promotion of green procurement and sustainable supply chain management mechanisms, the Company prioritizes suppliers with sustainability commitments and proven implementation performance, helping to enhance supply stability and risk management capabilities while strengthening overall operational resilience.	Supply Chain	- Conduct supplier greenhouse gas inventories starting in 2026 to understand supply chain carbon emissions. - Establish a supplier tiered management mechanism and progressively assist suppliers in implementing greenhouse gas inventories and carbon reduction measures.

Climate Scenario Analysis and Financial Impacts

Among the identified risk issues, KINIK considered operational relevance and the feasibility of quantitative assessment, and selected "Drought and Water Scarcity" (physical risk) and "Carbon Fee/Carbon Tax" (transition risk) for scenario analysis and financial impact assessment.

Among the identified opportunity issues, "Energy Efficiency Improvement," which has a higher level of urgency and stronger relevance to KINIK's operational capabilities, was selected for opportunity scenario analysis and financial impact assessment.

Risk

1. Physical Risk Scenario Analysis: Drought and Water Scarcity

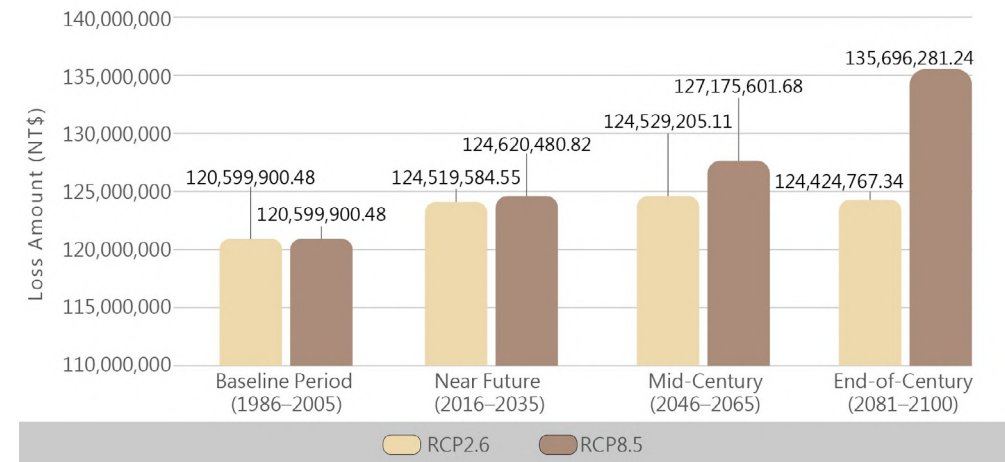
Taiwan's water resources primarily rely on plum rain season and summer typhoon rainfall. However, due to the impacts of extreme climate events, the temporal and regional distribution of rainfall has become increasingly uneven, leading to more frequent occurrences of droughts and heavy rainfall events. Water rationing policies implemented by the government in response to these conditions may also affect corporate operations. Accordingly, KINIK compiled the maximum water shortage volumes experienced by its five factories in Taiwan under past water rationing policies and incorporated parameters such as unit water consumption and average product prices for each product line as the basis for risk assessment. In addition, KINIK referenced the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform Project" (TCCIP) developed by the National Science and Technology Council (NSTC). Based on the RCP 2.6 and RCP 8.5 scenarios, the Company analyzed the variation rates of consecutive dry days in New Taipei, Hsinchu, and Miaoli, where KINIK's factories are located, across the near future (2016–2035), mid-century (2046–2065), and end of the century (2081–2100), as the basis for projecting future water shortage volumes.

By integrating the above parameters into scenario simulations, KINIK assessed the potential impacts of water scarcity risks on production capacity and the associated financial losses under different climate scenarios. According to the analysis results, under both the most favorable warming scenario (RCP 2.6) and the most adverse warming scenario (RCP 8.5), if water shortages result in reduced production capacity

or process interruptions, the Company may incur annual revenue losses exceeding NT\$124.52 million during the near-future period (2016–2035). Based on KINIK's gross profit margin of approximately 34% in 2025, the estimated negative impact on annual net operating profit would be approximately NT\$42.33 million.

To mitigate the operational impacts of water scarcity risks, each factory has actively promoted various water-saving projects and established related water resource targets to reduce dependence on tap water and strengthen operational resilience. For more information on water resource management measures and performance, please refer to Section 3.3 Water Resource Management.

Projected Financial Losses Due to Drought and Water Scarcity



Risk

2. Transition Risk Scenario Analysis : Carbon Fee Collection

Taiwan's carbon fee system will officially commence in 2026. To assess the potential financial impacts of carbon fees, KINIK divided the analysis into a BAU (Business As Usual) scenario without specific carbon reduction measures and a Company Target Scenario in which carbon reduction plans are actively implemented. Using 2021 as the base year, KINIK calculated carbon emission intensity per unit of revenue. Under the BAU scenario, assuming a 3% compound annual growth rate in revenue, the Company projected combined Scope 1 and Scope 2 emissions for each factory through 2030 as the basis for determining whether carbon fee thresholds would be exceeded. Under the Company Target Scenario, the Company further incorporated its established carbon reduction targets and renewable energy usage plans into the assessment.

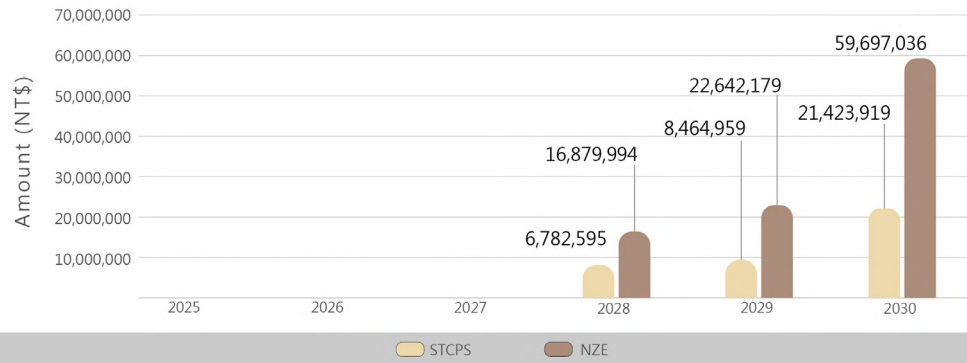
Regarding assumptions on carbon fee price changes, KINIK referenced the International Energy Agency (IEA) World Energy Model and adopted projected carbon fee prices under the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) as the basis for estimating future carbon fee growth in Taiwan. This was further used to assess differences in carbon fee impacts before and after the implementation of the Company's carbon reduction targets.

Scenario	Scenario 1 – Stated Policies Scenario (STEPS)	Scenario 2 – Net Zero Emissions Scenario (NZE)
Scenario Description	Development under stated policies, with the global average temperature rising by 2.6° C above pre-industrial levels by 2100.	Assesses global progress toward achieving the 1.5° C target and other energy-related sustainable development goals.
Carbon Price	2025 : NT\$ 300/ton 2030 : NT\$ 1,500/ton	2025 : NT\$ 300/ton 2030 : NT\$ 4,179.70/ton

According to the results of this model analysis, under the BAU scenario, KINIK's Zhubei Factory is expected to become subject to carbon fee collection as early as 2028. By 2030, Yingge Factory may also be required to pay carbon fees if its emissions reach the applicable threshold. Under the Stated Policies Scenario (STEPS), if the Company achieves its carbon reduction targets according to the established pathway, carbon fee expenses in 2030 are expected to be reduced by more than NT\$20 million compared to a scenario without carbon reduction actions. These results highlight the importance of establishing clear carbon reduction targets and actively promoting action plans to mitigate potential financial impacts. Based on these findings, KINIK will further develop more proactive carbon reduction strategies to continuously enhance operational resilience and reduce the substantive impacts of carbon fee collection on financial performance.

Analysis of KINIK's current greenhouse gas emission structure indicates that the majority of emissions are concentrated in Scope 2 emissions (indirect greenhouse gas emissions from imported energy). To effectively reduce such emissions, KINIK has established an RE30 target for 2030 and plans to progressively increase the proportion of renewable energy usage. Through measures such as the procurement of Taiwan Renewable Energy Certificates (T-REC), the Company continues to strengthen its renewable energy allocation strategy and promote the transition toward low-carbon energy. For more information on the implementation performance of energy-saving and low-carbon projects, please refer to Section [3.1.3 Energy Management](#).

Carbon Fee Projections by Scenario Prior to Setting Company Carbon Reduction Targets



Carbon Fee Projections by Scenario After Setting Company Carbon Reduction Targets

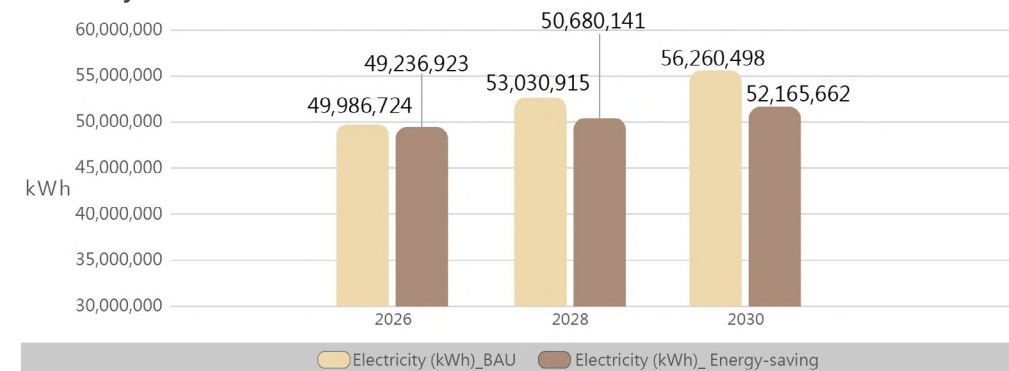


Opportunity 1. Climate Opportunity Scenario Analysis: Improved Energy Efficiency

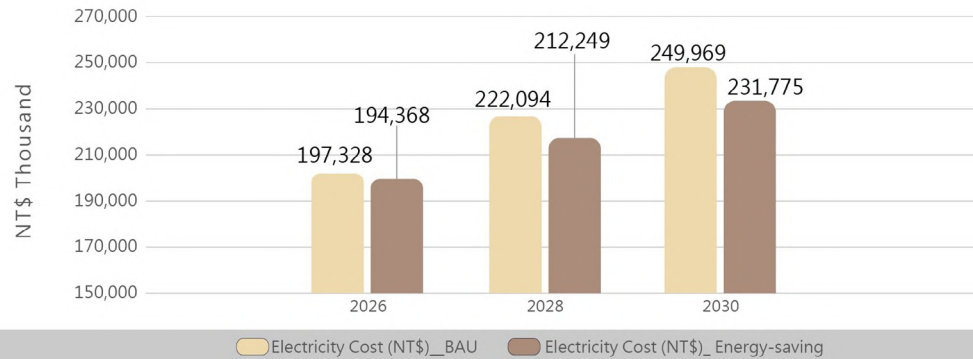
Taiwan's energy supply primarily relies on imported fossil fuels, such as natural gas and coal-fired power generation. Due to limited natural resources and geopolitical factors, energy prices have shown an upward trend, resulting in increased electricity costs. In recent years, Taiwan's industrial electricity prices have increased by more than 50% from 2022 to 2025. In addition, as KINIK continues to expand production capacity in the future, electricity consumption is also expected to increase. Therefore, improving energy efficiency has become one of KINIK's key strategies for addressing climate change and reducing energy costs.

In this scenario analysis, the Company selected the reclaimed wafer production line, which accounts for approximately 70% of the Company's total electricity consumption, as the analysis target. Assuming a 3% annual growth in reclaimed wafer production capacity, a 3% annual increase in industrial electricity prices, and an annual 1.5% improvement in energy efficiency as the energy-saving target, the Company analyzed the differences between the BAU (Business As Usual) scenario and the energy-saving scenario. The results are as follows :

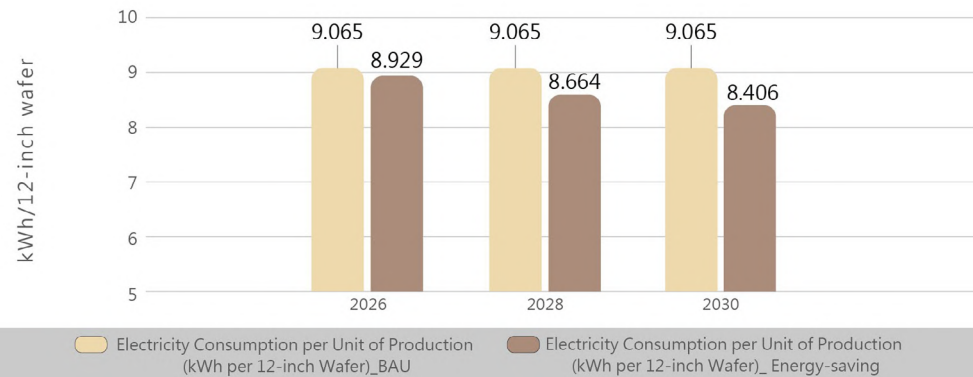
Electricity



Electricity Cost



Electricity Consumption per Unit of Production



Under the energy-saving scenario, the analysis of electricity consumption and electricity cost changes from 2026 to 2030 indicates that, by 2030, electricity consumption will be reduced by 4,094,836 kWh compared to the BAU scenario, while electricity costs will decrease by NT\$18.194 million. Meanwhile, electricity consumption per unit of production will improve from 9.065 kWh/12-inch wafer to 8.406 kWh/12-inch wafer, representing a 7.28% improvement in energy efficiency. KINIK continues to enhance energy efficiency through measures such as process improvements, equipment replacement, and energy management mechanisms. For more information on energy-saving measures and performance, please refer to [Section 3.1.3 Energy Management](#).

3.1.2 Greenhouse Gas (GHG) Emission Management

Carbon Management Milestones

The KINIK Group remains committed to advancing greenhouse gas management and low-carbon transformation. Since 2021, the Company has completed Category 1 and Category 2 greenhouse gas (GHG) inventories for its five major factories in Taiwan, namely the Yingge Factory, Shulin Factory, Hsinchu Factory, Zhubei Factory, and Science Park Factory.

In 2022, KINIK further concluded the Product Carbon Footprint assessments for three core product lines: Vitriified Grinding Wheels, Diamond Disks, and Reclaimed Wafers. In 2024, aligned with the GHG Protocol framework, the Group initiated GHG inventories based on financial reporting boundaries. By 2025, external verification was completed for the Group's Category 1, Category 2, and selected items within Categories 3 to 6. Looking forward to 2026, the Company plans to extend carbon footprinting to a broader range of target products, progressively establishing a robust carbon management mechanism across the entire product life cycle.

Expansion of Group GHG Inventory Boundaries

In 2025, KINIK initiated a Group-wide greenhouse gas inventory aligned with its financial reporting boundaries and obtained the ISO 14064-1:2018 verification statement. The inventory scope encompasses all business locations in Taiwan and domestic and overseas subsidiaries, including the five major production sites in Taiwan—Yingge, Shulin, Hsinchu, Zhubei, and Science Park factories—as well as various sales offices and subsidiaries such as Hongia Industry Co., Ltd., KTC, and Dongguan Kinik Trading Co., Ltd., to fully monitor the Group's carbon emission status.

In April 2025, the Company acquired Max Kinik Seimitsu Co., Ltd. (MKS) and Max Kinik Grinding Technology Co., Ltd. (MGT). According to the Company's organizational boundary setting principles (e.g., the operational control approach), these newly invested subsidiaries are currently in the integration and establishment phase of their GHG data management systems. As their monitoring mechanisms are not yet complete and cannot provide inventory data that meets quality requirements, they are excluded from this year's inventory. Disclosure will commence once their data monitoring processes are fully aligned with the Group's systems.

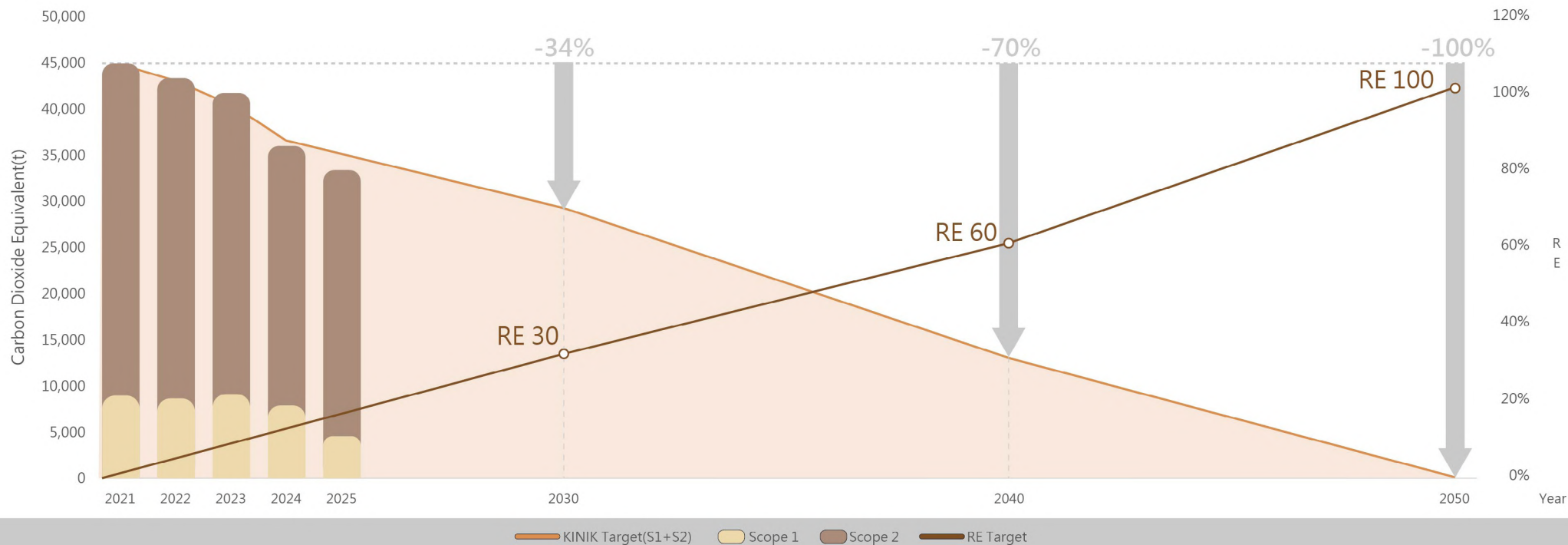
Carbon Management Targets and Base Year Establishment

In 2021, KINIK's five manufacturing factories in Taiwan completed their greenhouse gas inventories and passed external verification; consequently, 2021 was established as the base year. The base year Category 1 and Category 2 GHG emissions totaled 45,914.58 tCO₂e, serving as the foundation for subsequent carbon reduction performance tracking. In terms of target planning, KINIK has adopted a phased implementation strategy for the same scope (Category 1 and Category 2): the short-term target is an annual 3% GHG emission reduction and 2% electricity saving; the medium-term target aims for a 34% GHG emission reduction compared to the base year by 2030; and the long-term target is to achieve net-zero emissions by 2050, progressively driving the enterprise toward a low-carbon transformation.

To strengthen the promotion and management of carbon reduction strategies, the Company's ESG/AI Project Office convenes the "KINIK Net-Zero Targets and Carbon Reduction Actions Project Meeting" on a quarterly basis. Meeting participants include high-level management such as the Chairman and CEO, as well as heads of various business divisions and factories, facility departments, and the Occupational Safety and Health (OSH) unit. Through this cross-departmental and cross-factory participation mechanism, the execution progress and effectiveness of various carbon reduction action plans are regularly reviewed.

Furthermore, the meeting serves as a vital platform for exchanging energy-saving and carbon-reduction measures among different factories. By sharing implementation experiences and technical approaches from each site, the feasibility of parallel replication across other factories is evaluated to enhance overall carbon reduction efficiency. Concurrently, when promoting various process and management improvements under the Lean Project, the Company incorporates energy-saving and carbon-reduction benefits as key performance indicators (KPIs) to simultaneously achieve operational efficiency enhancement and environmental sustainability.

In 2025, KINIK continued to deepen the Group's carbon management system. Building upon the 2024 achievements in completing the Group-wide greenhouse gas (GHG) inventory across Categories 1 to 6, the Company further advanced third-party verification in 2025. Verification operations were successfully concluded for Category 1, Category 2, and selected items within Category 3 and Category 4, thereby ensuring the accuracy and credibility of the GHG inventory data. Through continuous inventories and robust data management, the Company is able to more comprehensively master the sources and structure of the Group's carbon emissions, establishing a vital foundation for subsequent carbon reduction strategy planning and climate transition management.



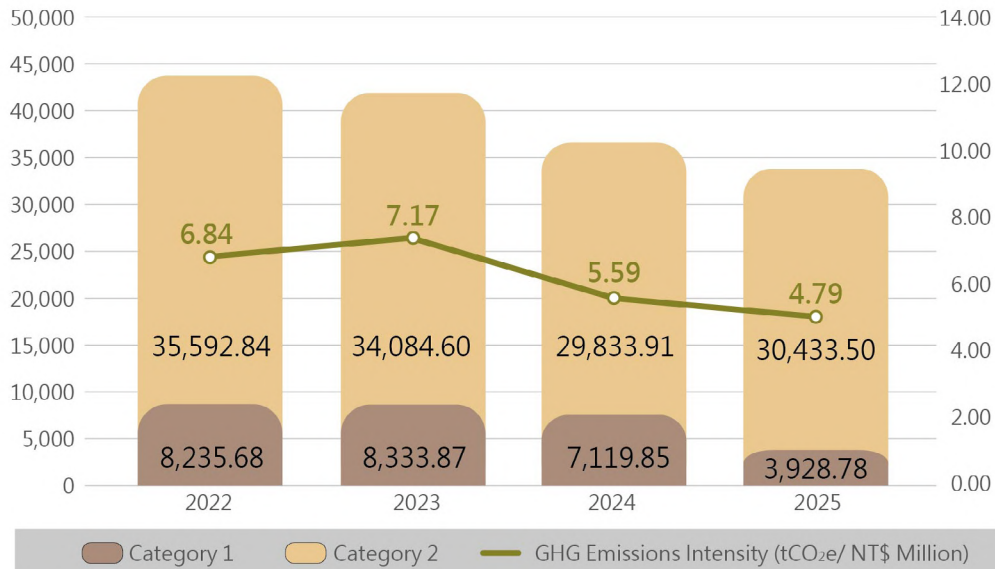
GHG Emissions Overview for the Five Factories in Taiwan (Category 1 & Category 2)

In 2025, the total greenhouse gas (GHG) emissions for KINIK Group's five factories in Taiwan amounted to 34,362.28 tCO₂e. Compared to 2024, Category 1 (Direct Emissions) decreased by 3,191.08 tCO₂e, while Category 2 (Energy Indirect Emissions) increased by 599.59 tCO₂e, resulting in a combined reduction of 2,591.49 tCO₂e. This represents an overall reduction rate of 7.01%, successfully achieving the annual GHG emission reduction target of 3% in Category 1 and Category 2 compared to the base year (2021), Category 1 emissions decreased by 4,625.74 tCO₂e, and Category 2 emissions decreased by 6,926.56 tCO₂e, achieving a cumulative reduction of 11,552.30 tCO₂e, which is a 25.16% decrease against the baseline. In terms of emission efficiency, the carbon intensity declined from 5.89 in 2024 to 4.79 in 2025. This continuous improvement demonstrates that KINIK has successfully decoupled its operational growth from carbon emissions, steadily enhancing its overall carbon efficiency.

Furthermore, KINIK has continuously strengthened its emission management for Perfluorocarbons (PFCs), which are high global warming potential gases generated during manufacturing processes. Following the installation and completion of CF₄ local scrubbers at the Zhubei Factory and Science Park Factory in December 2024, PFC emissions have decreased significantly. In 2025, the combined PFC carbon emissions of these two factories totaled 357.91 tCO₂e, representing an approximate 89% reduction compared to 3,347.57 tCO₂e in 2024. This notable decline demonstrates that the abatement performance has fully achieved the expected reduction benefits of the tail-gas treatment equipment. The results reflect that the relevant mitigation measures have effectively curbed greenhouse gas emissions from production processes, further reinforcing the management efficacy of high global warming potential (GWP) gases.

Year		2022	2023	2024	2025
Category(tCO ₂ e)					
Category 1		8,235.68	8,333.87	7,119.85	3,928.78
Category 2	Location-based	35,592.84	34,290.60	32,203.91	32,851.58
	Market-based	35,592.84	34,084.60	29,833.91	30,433.50
Total	Location-based	43,828.52	42,624.67	39,323.77	36,780.36
	Market-based	43,828.52	42,418.47	36,953.77	34,362.28

Greenhouse Gas Emissions Over the Past Four Years (tCO₂e)



Note1: The greenhouse gas (GHG) inventories from 2021 to 2025 adopted the operational control approach. The inventory boundary comprises the Yingge Factory, Shulin Factory, Hsinchu Factory, Zhubei Factory, and Science Park Factory, achieving 100% coverage of the operational sites.

Note2: The types of GHGs included in the inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

Note3: The emission source for Category 2 (Energy Indirect Emissions) is purchased electricity.

Note4: GHG emissions intensity = [Total Category 1 + Category 2 GHG emissions (tCO₂e)] / [Annual parent-company-only revenue (NT\$ Million)].

Note5: Emission factors are based on the Global Warming Potential (GWP) values announced in the IPCC Sixth Assessment Report (AR6) published in 2021. The electricity emission factors utilize the official annual grid carbon intensity coefficients announced by the Energy Administration, Ministry of Economic Affairs (MOEA) for each respective inventory year.

Note6: Emissions for the 2021 base year are recorded as: Category 1: 8,554.52 tCO₂e; Category 2: 37,360.06 tCO₂e.

Overview of KINIK Group GHG Inventory

Through the comprehensive Group-wide inventory, the total greenhouse gas (GHG) emissions of the entire KINIK Group amounted to 163,448.65 tCO₂e. This comprises Category 1 (Direct Emissions) at 4,491.94 tCO₂e, Category 2 (Energy Indirect Emissions) at 32,631.25 tCO₂e, and Categories 3 to 6 (Other Indirect Emissions) at 104,147.23 tCO₂e.

In April 2025, the Company acquired Max Kinik Seimitsu Co., Ltd (MKS) and Max Kinik Grinding Technology Co., Ltd (MGT). According to the Company's organizational boundary setting principles (e.g., the operational control approach), these newly invested subsidiaries are currently in the integration and establishment phase of their GHG data management systems. As their monitoring mechanisms are not yet complete and cannot provide inventory data that meets quality requirements, they are excluded from this year's inventory. Disclosure will commence once their data monitoring processes are fully aligned with the Group's systems.

2025 KINIK Group GHG Emissions Data

ISO14064 : 2018	GHG Protocol	Calculation Basis / Emission Source	GHG Emissions (tCO ₂ e)	Third-Party Verification
Category 1 : Direct GHG emissions	Scope 1 : Direct GHG emissions	Direct emissions from sources owned or controlled by the company	4,491.94	Group-Wide External Verification Fully Concluded
Category 2 : Indirect emissions from imported energy	Scope 2 : Energy indirect GHG emissions	Indirect emissions from purchased electricity, steam, heating, and cooling	32,631.25	Group-Wide External Verification Fully Concluded
Category 3 : Fuel- and energy-related activities (not included in Category 1 or 2)	Scope 3 – Category 4 : Upstream Transportation and Distribution	The transportation of raw materials and goods from suppliers to the organization, including the emissions generated during this process.	1,315.10	Group-Wide External Verification Fully Concluded (Inventory product transportation emissions only)
	Scope 3 – Category 6 : Business Travel	Greenhouse gas emissions generated from all travel activities undertaken by employees for business purposes.	3,042.41	Self-assessed
	Scope 3 – Category 7 : Employee Commuting	Emissions generated from employees commuting between their homes and the workplace	5,681.42	Self-assessed
	Scope 3 – Category 9 : Downstream Transportation and Distribution	Emissions generated during the transportation and distribution of sold products to end customers	4,607.68	Self-assessed
Category 4 : Indirect GHG Emissions from the Use of Products Provided by Other Organizations	Scope 3 – Category 1 : Purchased Goods and Services	Emissions generated during the production of goods and services purchased from suppliers	54,464.23	Group-Wide External Verification Fully Concluded (Purchased inventory products emissions only)
	Scope 3 – Category 2 : Capital Goods	Emissions from the life cycle of fixed assets such as buildings, machinery, and equipment	19,807.06	Self-assessed
	Scope 3 – Category 3 : Fuel- and Energy-related Activities (not included in Category 1 or 2)	Emissions from the full life cycle of fuel and energy use, excluding the use phase	9,487.30	Group-Wide External Verification Fully Concluded
	Scope 3 – Category 5 : Waste Generated in Operations	Emissions from the treatment and transportation of waste generated at facilities	425.28	Group-Wide External Verification Fully Concluded

ISO14064 : 2018	GHG Protocol	Calculation Basis / Emission Source	GHG Emissions (tCO ₂ e)	Third-Party Verification
	Scope 3 – Category 8 : Upstream Leased Assets	Emissions from assets leased out to other organizations during the lease term	59.80	Self-assessed
Category 5 : Indirect GHG Emissions from the Use of the Organization's Products	Scope 3 – Category 10 : Processing of Sold Products	Emissions generated from further processing of sold products during the reporting year	No relevant emissions from KINIK	-
	Scope 3 – Category 11 : Use of Sold Products	Emissions generated during the use of sold products by consumers or businesses	No relevant emissions from KINIK	-
	Scope 3 – Category 12 : End-of-Life Treatment of Sold Products	Emissions generated during the disposal and treatment of products after consumer use	2,252.31	Self-assessed
	Scope 3 – Category 13 : Downstream Leased Assets	Emissions from the use of assets leased from other organizations	14.42	Self-assessed
	Scope 3 – Category 14 : Franchises	Emissions from business activities conducted under franchise agreements	No relevant emissions from KINIK	-
	Scope 3 – Category 15 : Investments	Indirect emissions resulting from investment and financing activities in external projects or companies	2,990.22	Self-assessed
Category 6 : Indirect GHG Emissions from Other Sources	-	-	No relevant emissions from KINIK	-

Note 1 : The electricity emission factor is based on the latest factor announced by the local authority.

Note 2 : Category 3~6 emission factors are sourced from the Ministry of Environment, Taiwan's Product Carbon Footprint Information Platform and international emission factor databases.

3.1.3 Energy Management

Renewable Energy Deployment and Generation Achievements

To fulfill its commitment to achieving net-zero emissions by 2050, the KINIK Group has actively deployed renewable energy to enhance the energy self-sufficiency rate of its production sites and reduce carbon emissions. Since 2023, the Group has progressively installed solar photovoltaic (PV) systems at the Zhubei Factory and Shulin Factory, which were officially commissioned in 2024. This initiative not only raises the proportion of green energy utilization but also diminishes reliance on conventional energy sources. In 2025, the total installed capacity of the KINIK Group's solar photovoltaic (PV) systems reached 118.68 kWp, with a total renewable energy generation of approximately 136,467 kWh, which is estimated to reduce carbon emissions by about 67.39 tCO₂e. Among these initiatives, the solar PV system at the Shulin Factory adopts the Feed-in Tariff (FiT) scheme for power sales. In 2025, its total power generation hours reached 1,178 hours, yielding a total generation of 116,244 kWh, and generated an electricity sales revenue of NT\$ 633,330. This outcome demonstrates that the deployment of renewable energy effectively simultaneously delivers both environmental and economic benefits. Looking ahead, the KINIK Group will continuously expand its renewable energy portfolio. Through a diversified strategy encompassing solar power generation, self-generation for self-consumption green electricity, and the implementation of energy management systems, the Group aims to enhance energy utilization efficiency and curb carbon emissions. KINIK is committed to steadily advancing its low-carbon transformation, moving firmly toward its ultimate targets of sustainable development and net-zero emissions.

Overview of Energy Management and Renewable Energy Utilization

The Zhubei Factory of KINIK has continuously advanced its renewable power procurement strategy. In 2025, the factory purchased a total of 5,101.436 MWh (thousand kWh) of wheeled renewable energy, successfully acquiring 5,101 Renewable Energy Certificates (T-RECs) along with 1 fractional certificate. This achievement fully demonstrates the Company's unwavering commitment to clean energy and reflects its concrete actions to support the development and expansion of the renewable energy market.

Building upon existing renewable energy infrastructure and energy mitigation measures, the Shulin Factory and Zhubei Factory have continuously operated the ISO 50001:2018 Energy Management System to further enhance energy utilization efficiency and ensure operational sustainability.

The energy management system is governed by the Energy Management Committee, which is led directly by the Chief Executive Officer (CEO). The committee convenes regular meetings to comprehensively master energy consumption profiles through rigorous energy data monitoring and performance analysis, while systematically reviewing the execution efficacy of various energy-saving initiatives and carbon reduction action plans. According to the 2025 energy consumption composition analysis of KINIK Group's five factories, the total annual energy consumption amounted to 304,785.02 GJ. Purchased electricity constitutes the primary energy source, accounting for 75.67% of the total energy utilization, followed by natural gas. To continuously improve energy utilization efficiency, the KINIK Group has actively driven multiple energy-saving initiatives and equipment replacement programs, comprehensively elevating its energy management efficacy through the introduction of high-efficiency equipment and smart energy management systems. Compared to 2024, the total energy consumption of the five Taiwan factories increased by 3,524.19 GJ, representing a 1.17% increase in energy consumption. The primary driver behind this variance was the expansion of production capacity, which led to a corresponding rise in overall energy demand. However, our energy intensity decreased to 42.51 GJ per NT\$ million in 2025, representing a reduction of 3.09 GJ per NT\$ million compared to 2024. This performance demonstrates that despite expanding operational scales, KINIK's overall energy utilization efficiency has sustained a trajectory of continuous improvement.

2022 - 2025 Energy Consumption Summary Table for the Five Factories

Item	Unit	2022	2023	2024	2025
Purchased Electricity	Gigajoule	247,717.42	247,947.24	226,131.88	230,629.15
Renewable Energy	Gigajoule	-	1,501.20	18,000.00	18,365.17
Natural Gas	Gigajoule	50,997.15	48,791.08	51,080.80	50,373.38
Liquefied Petroleum Gas	Gigajoule	2.18	-	5.28	0.91
Diesel	Gigajoule	664.02	629.70	687.43	716.02
Gasoline	Gigajoule	3,373.19	3,669.74	5,355.44	4,700.39
Total Energy Consumption	Gigajoule	302,753.96	302,538.95	301,260.83	304,785.02
Percentage of Renewable Energy Consumption	%	0	0.5	5.97	6.03
Energy Intensity	Gigajoule/NT\$ Million	47.25	51.11	45.60	42.51

Note 1 : Energy consumption was calculated based on conversion factors from the Energy Administration, MOEA :

Purchased electricity = 0.0036 GJ/kWh; natural gas = 0.0335 GJ/m³; Renewable energy = 0.0036 GJ/kWh, LPG = 0.0278 GJ/L; diesel = 0.0352 GJ/L; gasoline = 0.0326 GJ/L.

Note 2 : Energy intensity = Total internal energy consumption (GJ) ÷ Annual revenue (NT\$ million)

Note 3 : Percentage of renewable energy consumption is defined as the proportion of renewable energy consumption relative to the total energy consumption.

Energy Conservation Initiatives and Achievements

Building upon the progress achieved in the previous year, the KINIK Group has continuously deepened its energy management and expanded its energy-saving improvement initiatives. In 2025, the five manufacturing sites systematically evaluated energy-saving potentials by auditing energy use hotspots and implemented multiple optimization measures. These initiatives encompass equipment efficiency upgrades, compressed air system optimizations, manufacturing process energy-saving improvements, and the reinforcement of energy management systems, thereby driving continuous elevation in energy utilization efficiency through a systematic approach. Through the implementation of energy-saving improvement projects across various manufacturing sites, a total of 1,261,896 kWh of electricity was saved throughout 2025, which is equivalent to a reduction in energy consumption of 4,542.83 GJ. These results demonstrate that KINIK has effectively controlled its energy utilization and elevated its overall energy management performance even under conditions of continuous operational growth. Some of these energy-saving projects have already yielded tangible results. For instance, the Zhubei Factory implemented an energy-saving cooling improvement in its CDA (Clean Dry Air) plant room. By enhancing the heat dissipation conditions of the room to lower the intake air temperature of the air compressors, this initiative saves 16,577 kWh of electricity annually. Additionally, the Shulin Factory executed an air compressor system leakage mitigation project. Utilizing ultrasonic leak detection and pipeline remediation, this project achieves an annual electricity saving of 92,312 kWh. Looking ahead, the KINIK Group will continuously deepen its energy management mechanisms through continuous equipment optimization and manufacturing process improvements, steering its operations toward a low-carbon, highly efficient future.

2025 Energy-Saving Initiative—Yingge Factory_Air Compressor Replacement with Variable Frequency Drive

To improve compressed air system operational efficiency and reduce energy consumption, the Yingge Factory replaced a conventional fixed-speed air compressor that had been in service for 14 years. The original equipment required increased maintenance due to aging mechanical components and abnormal noises. Furthermore, conventional fixed-speed compressors demonstrate lower energy efficiency when operating under partial load conditions. To support the 24-hour operational demands of the newly added continuous firing kiln, this project replaced the original 37.5 kW fixed-speed air compressor with a 75 HP variable frequency drive (VFD) air compressor, thereby optimizing compressed air system operational efficiency and reducing energy waste.

According to the measurement results from the power quality analyzer, the average power consumption before the equipment optimization was 25.85 kW/hr, which decreased to 20.31 kW/hr post-improvement. Based on an operational schedule of 24 hours per day, 5 days per week, the project achieves an annual electricity saving of approximately 34,570 kWh, which is equivalent to a greenhouse gas emission reduction of approximately 16 tCO₂e. The capital investment for this project was approximately NT\$ 700,000, generating annual electricity cost savings of approximately NT\$ 190,000. This results in an estimated payback period of approximately 3.6 years, effectively elevating the energy utilization efficiency of the compressed air system while lowering operational costs.



▲ Positioning and Alignment of Newly Installed Equipment

2025 Energy-Saving Initiative—Shulin Factory_Air Compressor System Leakage Mitigation

To elevate compressed air system energy utilization efficiency, the Shulin Factory implemented leakage mitigation measures targeting compressed air pipelines and joints across the 3F and 4F operational zones. Through a comprehensive inspection utilizing an ultrasonic leak detector (LD500), a total of 26 leakage points were identified (11 points on 3F and 15 points on 4F), with a combined leakage rate of approximately 1.4764 CMM. Following the remediation of these pipeline and joint leaks, unnecessary energy losses within the compressed air system have been effectively reduced.

Based on an estimated annual average specific power of 7.8 kW/CMM for the site's compressed air system, this mitigation measure achieves an annual electricity saving of approximately 92,312 kWh. The capital investment for this project was approximately NT\$ 5,000, with an estimated payback period of approximately 0.12 years. This initiative demonstrates highly cost-effective energy-saving results and reflects the concrete actions of the Shulin Factory in continuously driving equipment optimization and energy management.



▲ Utilizing the LD500 to Locate Leakage Points and Quantify Leakage Volume

2025 Energy-Saving Initiative—Hsinchu Factory_Air Handling Unit (AHU) Operational Mode Optimization

To reduce energy waste during non-production periods, the Hsinchu Factory optimized the operational modes of the Air Handling Units (AHUs) used on the production lines. Previously, the AHUs operated 24/7 year-round and continued to run during nights and weekends when no manufacturing activities were taking place, resulting in unnecessary power consumption.

This mitigation measure introduced a remote start-stop control system, limiting the operations of the AHUs strictly to production periods and shutting them down during nights and weekends when no personnel are working, thereby lowering equipment standby energy consumption.

Based on operational conditions, the annual electricity consumption of the AHUs before the optimization was approximately 14,717 kWh, which decreased to 3,992 kWh post-improvement. This achieves an annual electricity saving of approximately 10,725 kWh, which is equivalent to electricity cost savings of approximately NT\$ 51,480. The capital investment for this project was approximately NT\$ 10,000, with an estimated payback period of approximately 0.19 years, demonstrating highly cost-effective energy-saving results.



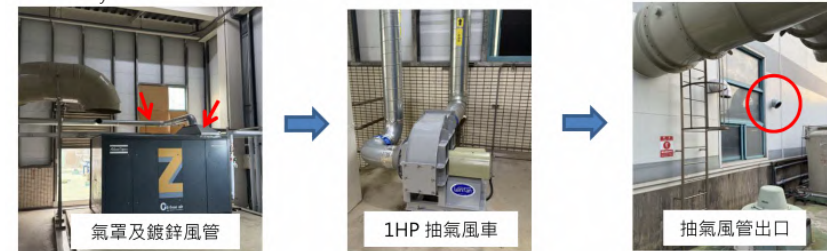
2025 Energy-Saving Initiative—Zhubei Factory_CDA Plant Room_Cooling and Energy-Saving Improvement

To improve compressed air system operational efficiency and reduce energy consumption, the KINIK Zhubei Factory implemented a cooling and energy-saving improvement in the #8 air compressor CDA plant room. By installing heat extraction and ventilation equipment to enhance the room's heat dissipation conditions, the intake air temperature of the air compressor was reduced. According to operational principles, every 1°C decrease in the intake air temperature of an air compressor reduces energy consumption by approximately 0.3%. Following the completion of this project, the annual average intake temperature can be lowered by approximately 5°C, effectively elevating equipment energy efficiency while reducing the temperatures of critical components such as motors and variable frequency drives (VFDs), thereby extending equipment service life and enhancing operational stability.

The capital investment for this project was NT\$ 360,000. Following the improvement, it achieves an annual electricity saving of 16,577 kWh, which reduces greenhouse gas emissions by approximately 7.86 tCO₂e and generates electricity cost savings of approximately NT\$ 71,281, demonstrating the achievements of the Zhubei Factory in continuously driving energy conservation, carbon reduction, and energy efficiency elevation.



▲ Extending the general exhaust duct from the old plant to route into the CDA-8 room and blow directly toward the CDA-8 air intake



▲ Installing an additional fan equipped with galvanized steel ducting and a suction hood to extract heat from inside the CDA housing to the outside of the plant room

2025 Energy-Saving Initiative—Science Park Factory_Cleaning Area Catwalk Lighting Energy-Saving Improvement

To reduce the energy consumption of unnecessary lighting, the factory implemented an energy-saving improvement targeting the lighting system of the catwalk in the cleaning area. Previously, this area was equipped with 32 units of 100W floodlights that operated for extended periods, resulting in unnecessary power consumption. Upon reviewing actual operational requirements, the original lighting system was decommissioned and the lighting circuits were redesigned. The configuration now features 28 units of LED light fixtures (each utilizing dual 20W lamps) equipped with independent switches. This setup ensures that the lighting in this area remains turned off under normal conditions and is activated strictly during equipment maintenance or essential operations.

Based on estimations, the annual electricity consumption of the lighting system before the improvement was approximately 28,032 kWh. Post-improvement, the lights are activated only for short periods during maintenance requirements, reducing the annual electricity consumption to approximately 368 kWh and achieving an annual electricity saving of approximately 27,664 kWh. Based on estimated electricity unit rates, this generates annual electricity cost savings of approximately NT\$ 101,000, effectively reducing energy consumption and elevating the utilization efficiency of the lighting system.

3.2 Environmental Management Systems

To fulfill its corporate responsibilities for environmental sustainability and pollution prevention, KINIK actively drives various green initiatives, energy conservation, and carbon reduction measures. In accordance with the requirements of the ISO 14001:2015 Environmental Management System, the Group has established, implemented, maintained, and continuously improved its environmental management frameworks and performance. The scope of this management encompasses all stages of the product life cycle over which the Company exercises control or influence, including raw material procurement, manufacturing, distribution and sales, product utilization, and end-of-life disposal. This scope aligns consistently with the applicability of the Company's Occupational Health, Safety, and Environmental Sustainability Policy. Furthermore, in 2025, the Yingge Factory introduced the ISO 46001:2019 Water Efficiency Management System and integrated it with the ISO 50001:2018 Energy Management System. Based on this integration, the Occupational Health, Safety, and Environmental Sustainability Policy was revised to further fortify the management efficiency of energy and water resources, lower resource consumption and operational costs, and elevate overall environmental performance and sustainable competitiveness. Currently, the applicability and effectiveness of these systems are continuously maintained across all five of the Group's manufacturing sites: the Yingge, Shulin, Hsinchu, Zhubei, and Science Park Factories. Annually, KINIK establishes its annual environmental management objectives by evaluating significant environmental aspects, corporate operational demands, and relevant compliance obligations, while taking into account strategic risks and opportunities. The Management Representative of each factory determines and provides the necessary resources, including human resources, specialized skills, infrastructure, technology, and financial backing. In 2025, the identified environmental risks and opportunities requiring action included "Energy Conservation Initiatives," "Water Resource Management," "Circular Economy Issues," and "Carbon Management Optimization and Group-wide Carbon Disclosure." These issues are executed and planned through daily management, operational controls,

and structured management programs. A total of three environment-related management programs have been formulated and are progressing in strict adherence to their designated objectives, with target milestones scheduled for completion and closure in the first half of 2026. The Chief Executive Officer (CEO) serves as the highest management level for the environmental management system, overseeing all environmental management performance. Environmental performance metrics are regularly reported to the Sustainable Development Committee. Operating under the governance framework of the Sustainability Development Committee, execution updates are reported to the Board of Directors at least twice a year. In addition, each factory plans environment-related educational training sessions tailored to local environmental impacts and compliance requirements. In 2025, a total of 7 training sessions were conducted, encompassing environmental sustainability (including water and energy management), wastewater regulatory compliance, practical waste sorting, air pollution emission management, and toxic chemical emergency response measures. These sessions recorded a total cumulative attendance of 142 participants.

Environmental Management System	Certified Sites	Certificate Validity
ISO 14001 : 2015 Environmental Management System	Yingge, Shulin, Hsinchu, Zhubei, and Science Park Factories	2024/02/17~2027/02/17
ISO 50001 : 2018 Energy Management System	Shulin Factory	2023/11/26~2026/11/26
	Zhubei Factory	2025/10/16~2028/10/16
ISO 46001 : 2019 Water Efficiency Management System	Yingge Factory	2025/12/03~2028/12/02

KINIK continuously deepens its commitment to environmental protection, demonstrating concrete sustainable management achievements by strengthening pollution control equipment, elevating resource utilization efficiency, and driving energy conservation and carbon reduction measures. In 2025, the total environmental expenditure amounted to NT\$ 115.48 million, representing an increase of NT\$ 24.97 million—or approximately 27.6%—compared to NT\$ 90.51 million in 2024.

Within this total, capital expenditures (CAPEX) increased from NT\$ 7.29 million to NT\$ 18.92 million, reflecting the Company's proactive investment in environmental equipment upgrades and improvements. Operating expenditures (OPEX) also rose from NT\$ 83.22 million to NT\$ 96.56 million, consistently strengthening daily environmental management and equipment maintenance. In terms of economic benefits, the various environmental sustainability improvement measures driven by KINIK in 2025 generated approximately NT\$ 9.26 million in financial returns, marking a decrease of NT\$ 0.61 million—or approximately 6.18%—compared to NT\$ 9.87 million in 2024. Overall, although the total financial returns underwent a slight adjustment due to external environmental variables and investment return cycles, our dedicated energy-saving, carbon-reduction, and water-conservation initiatives have continued to yield stable green economic value for the Company.

These benefits are primarily derived from energy and water conservation achievements. By elevating energy utilization efficiency and advancing water recycling and reuse, the Group has effectively lowered its operational costs. Looking ahead, as energy prices rise and energy-saving measures are continuously optimized, these efficiency benefits are projected to expand further. Overall, KINIK's continued increase in environmental sustainability investments throughout 2025 not only surpassed regulatory requirements but also simultaneously boosted economic benefits. This demonstrates a positive feedback loop between environmental protection and operational performance as the Group consistently advances toward its long-term sustainable development goals of low-carbon operations and a circular economy.

Year		2024		2025	
Environmental Cost Categories	Capital Expenditures (CAPEX)		7.29	Capital Expenditures (CAPEX)	18.92
	Operating Expenditures (OPEX)		83.22	Operating Expenditures (OPEX)	96.56
	Total Environmental Expenditures (NT\$ million)		90.51	Total Environmental Expenditures (NT\$ million)	115.48
Year		2024		2025	
Economic Benefits from Environmental Initiatives	Description	Environmental Benefits	Economic Benefits (NT\$ Million)	Environmental Benefits	Economic Benefits (NT\$ Million)
	Energy Conservation & Carbon Reduction	1,182MWh	4.39	997MWh	4.17
	Water Conservation	426,805 m ³	5.48	397,051 m ³	5.09
	Total Economic Benefits	-	9.87	-	9.26

Methodology for Economic Benefits Calculations :

Energy Conservation & Carbon Reduction Initiatives : Electricity Savings * Average Electricity Tariff (2024: NT\$ 3.71/kWh; 2025: NT\$ 4.19/kWh)

Water Conservation Initiatives : Recycled Water Volume * Average Water Tariff of Each Factory

3.3 Water Resource Management

As a member of the semiconductor supply chain, KINIK deeply understands the critical importance of water resources to manufacturing processes. Against the backdrop of global climate change and the frequent occurrence of extreme weather events, Taiwan's water supply faces increasingly severe challenges. In response to this trend, the government has officially levied water depletion fees on major corporate water users, utilizing economic incentives to urge enterprises to proactively implement water-saving improvements. KINIK has long monitored the environmental impacts of water withdrawal and discharge and actively invests in water recycling and reclamation programs. By elevating water resource utilization efficiency, the Company is dedicated to reducing total water consumption and implementing sustainable water resource management. To systematically drive environmental protection measures, the Company has formulated the Wastewater Management Regulations to ensure the rational withdrawal and discharge of water resources, and has established targets to reduce annual water withdrawal by 1% year-on-year and increase the water recycling rate by 1.5% year-on-year.

Annually, we utilize the tools developed by the World Resources Institute (WRI) to evaluate the water stress levels at each operational site. The 2025 assessment results indicate that the water withdrawal and discharge locations of KINIK's five factories are all situated in "Low-Medium Water Stress Areas." Furthermore, to step up water utilization efficiency, the Yingge Factory took the lead in 2025 by introducing the ISO 46001 Water Efficiency Management System, constructing a water resource management framework aligned with international standards. This framework systematically strengthens water risk identification and assessment, optimized water consumption management, and performance monitoring mechanisms, ensuring that water management strategies are tightly integrated with the corporate sustainability goals while improving overall water efficiency and management transparency. Moving forward, the Company will utilize the implementation experience of the Yingge Factory as a demonstration baseline, planning the phased introduction of

the ISO 46001 system to other factories to gradually expand the scope of the water management system, comprehensively strengthen the Company's water governance capabilities, and fulfill its corporate commitment to a sustainable water environment.

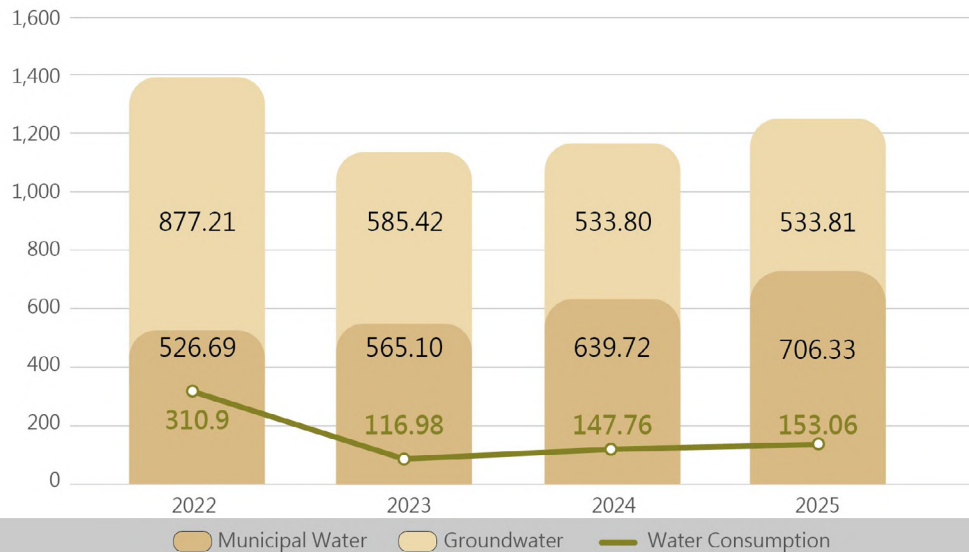
The primary applications of water at KINIK consist of municipal consumption and manufacturing process water, with withdrawal sources predominantly derived from freshwater via third-party municipal water and groundwater. In 2025, the total water withdrawal from third-party municipal water was 706.33 million liters (ML), and groundwater withdrawal was 533.81 ML, resulting in a total water withdrawal of 1,240.14 ML. Through the water recycling and reclamation initiatives executed across factories, recycled water volume reached 397.05 ML in 2025, bringing the total water utilization to 1,637.19 ML. On the discharge side, total wastewater discharged to surface water bodies was 821.56 ML, and that discharge to third parties was 265.52 ML, culminating in a total water discharge of 1,087.08 ML. Consequently, the total water consumption was 153.06 ML.

In 2025, total water withdrawal and total water consumption increased by 66.62 ML and 5.30 ML respectively, compared to 2024. Among these, total water withdrawal increased by 5.68%, thereby not meeting the Company's target of a 1% annual reduction. This was primarily driven by a substantial growth in operational production capacity in 2025 compared to 2024, which caused overall water demand to increase simultaneously. Although KINIK dedicated significant efforts to elevating water recycling and reclamation measures, the increase in recycled water volume was insufficient to completely offset the rising water demand brought by capacity expansion.

In light of the significant impact that operational scale fluctuations have on absolute volume metrics, the Company plans to calculate "Water Intensity (e.g., water consumption per unit of production output or revenue)" in 2026 as a benchmarking reference for water reduction. Managing through such comprehensive indicators

will more objectively reflect process efficiency improvements and water-saving performance, which aligns precisely with the principles of efficiency and continuous improvement emphasized by water efficiency management systems. Looking ahead, the Company will continue to advance its improvements across three core pillars: "Water Efficiency Assessments," "Expanded Utilization of Reclaimed Water," and "Process Water-Saving Optimization." By conducting cross-year data analytics, KINIK will establish rational water resource management targets to progressively elevate its total water governance effectiveness and corporate water risk resilience.

KINIK's Water Withdrawal and Water Consumption Over the Past Four Years
(million liters)



Note 1 : Water consumption = Water withdrawal – Water discharge.
 Note 2 : Water data is compiled from site flow meters and utility bills.
 Note 3 : 1 million liters = 1,000 cubic meters (m³).

Water Resource Data (Million Liters)		2022	2023	2024	2025
Water Withdrawal	Municipal Water	526.69	565.10	639.72	706.33
	Groundwater	877.21	585.42	533.80	533.81
	Total Water Withdrawal	1,403.90	1,150.52	1,173.52	1,240.14
Water Reuse	Reclaimed Water Volume	398.91	368.58	426.81	397.05
Water Discharge	Discharge to Surface Water	924.49	860.31	814.88	821.56
	Discharge to Third-Party Treatment	168.51	173.23	210.88	265.52
	Total Water Discharge	1,093.00	1,033.54	1,025.76	1,087.08
Water Consumption	Total Water Consumption	310.90	116.98	147.76	153.06
Water Use	Total Water Use	1,802.81	1,519.10	1,600.33	1,637.19
Water Reuse Rate	-	22.13 %	24.26 %	26.67 %	24.25 %

Note 1 : Total Water Use = Total Water Withdrawal + Reclaimed Water Volume

Note 2 : Water Reuse Rate = Reclaimed Water Volume ÷ Total Water Use

Water Recycling and Reclamation

To elevate water resource utilization efficiency and reduce total raw water withdrawal, KINIK proactively drives water recycling and reclamation initiatives, enhancing water circularity and reuse rates through diversified technical and management measures. The Company has successfully introduced an array of water-saving technologies, including the secondary utilization of manufacturing process wastewater, effluent reclamation, steam condensate recovery, and Reverse Osmosis (RO) reject/backwash water recycling, ensuring the high-efficiency utilization of all available water resources. Specifically, high-purity process wastewater is systematically collected and re-routed into alternative manufacturing processes, thereby lowering initial raw water demand. Reclaimed effluents are redirected for use as makeup water in scrubbers and air pollution control wash towers. The steam condensate recovery mechanism effectively captures clean condensate generated during process heating and equipment operations to serve as an auxiliary water source. Furthermore, the backwash and wastewater generated during the RO purified water production process is redistributed and treated, then recycled back into the RO intake system, further maximizing the circular utilization rate of the Group's water assets.

In 2025, the Company's water recycling rate stood at 24.25%, representing a slight decrease of 2.42 percentage points compared to 2024. Although the Group did not meet its internal water-saving target of a 1.5% annual increase in the water recycling rate, KINIK remains committed to investing in the optimization and expansion of water reclamation technologies, as well as broadening the scope of participating water-consuming departments. Furthermore, the Group will actively replicate and scale the successful implementation achievements of the ISO 46001 Water Efficiency Management System from the Yingge Factory across all other factories. This initiative will assist in establishing a more comprehensive water resource management framework, driving up the aggregate water recycling rate, and fulfilling our long-term vision for sustainable water resource development.

Wastewater and Discharge Management

In strict compliance with governing regulations, KINIK has established wastewater treatment facilities across all its factories, ensuring that regularly monitored and tested effluent water quality consistently meets or exceeds statutory regulatory standards or industrial park acceptance criteria. Each factory systematically tests its discharged water for Chemical Oxygen Demand (COD), Suspended Solids (SS), and pH levels. These metrics are reported at least semi-annually to the designated platform of the Ministry of the Environment (MOENV). Furthermore, wastewater from each factory is discharged exclusively to the legally authorized destinations in accordance with the relevant discharge permits.

Factory	Yingge	Shulin	Hsinchu	Zhubei	Science Park
Receiving Body / Destination	Dahan River		Hsinchu Industrial Park Sewerage System Operation Center	Fengshan River	Zhunan Science Park Wastewater Plant
Chemical Oxygen Demand COD (mg/L)	14.80	11.40	7.40	18.30	144.00
Suspended Solids SS (mg/L)	2.50	2.50	2.50	10.50	4.80
pH	7.80	7.40	7.50	7.10	7.10

Note 1 : COD limits : < 100 mg/L for Yingge, Shulin, and Zhubei; < 480 mg/L for Hsinchu; < 500 mg/L for Science Park.

Note 2 : SS limits : < 30 mg/L for Yingge, Shulin, and Zhubei; < 400 mg/L for Hsinchu; < 300 mg/L for Science Park.

Note 3 : pH limits : 6–9 for Yingge, Shulin, Zhubei, and Hsinchu; 5–9 for Science Park.
The pH values disclosed in the table above represent the periodic testing results from the second half or the fourth quarter of 2025.

3.4 Air Emissions Management

Upholding its environmental responsibilities, KINIK has formulated the "Air Pollution Control and Management Regulations" as its highest overarching policy for air emissions management. In strict accordance with the "Regulations Governing Self-Testing or Mainstream Entrusted Testing and Reporting for Stationary Pollution Sources" and the "Standards for Air Pollutant Emission from Stationary Pollution Sources" promulgated by the Ministry of the Environment (MOENV), the Company systematically monitors and tests emission volumes of Nitrogen Oxides (NO_x), Sulfur Oxides (SO_x), Volatile Organic Compounds (VOCs), and Particulate Matter (PM) generated from manufacturing activities. This ensures that air emission concentrations, after being processed by factory abatement systems, consistently comply with statutory regulatory standards. Furthermore, each factory routinely maintains and upgrades its air pollution control equipment, aiming to minimize the environmental impact of manufacturing emissions. In 2025, the total volume of air pollutant emissions amounted to 81,743 kilograms (kg), representing a 6.19% increase compared to the previous year. Within this total, however, the implementation of operational schedule optimization for gas-fired firing furnaces led to a distinct reduction in Nitrogen Oxides (NO_x) emissions by 40 kg (a mitigation rate of 1.63%) compared to 2024, effectively lessening the impact on the ambient environment.

Registered Emission Processes and Regulated Pollutants by Factory

Factory	Registered Process	Regulated Pollutants
Yingge Factory	Dry-Pressing of Ceramic Products	PM、SO _x 、NO _x 、VOCs
Shulin Factory	Below Regulatory Threshold	PM、VOCs
Hsinchu Factory	Metal Product Processing	Acid-Alkali Gases、VOCs、PM
Zhubei Factory	Wafer Manufacturing Process	Acidic Gases、VOCs
Science Park Factory	Wafer Manufacturing Process	Acidic Gases、VOCs

Note : Air pollution control equipment at KINIK's five factories includes 25 scrubbers, 2 activated carbon towers, 27 baghouse dust collectors, and 3 cyclone dust collectors.

Total Air Pollutant Emissions by Factory over the Past Four Years

Air Pollutant Emissions (kg)	2022	2023	2024	2025
NO _x	2,444	2,332	2,449	2,409
SO _x	0	0	0	0
VOCs	75,353	76,489	70,257	75,033
PM	3,454	3,850	4,273	4,301

3.5 Waste Management

3.5.1 Fulfilling Waste Management Responsibilities

KINIK actively drives manufacturing process improvements to minimize waste generation, thereby mitigating the negative environmental impacts and pollution associated with hazardous and general industrial waste. To structuralize these efforts, the Company has established the Waste Management Regulations to govern all stages of waste generation and disposal. To achieve high-efficiency resource circularity and optimization, manufacturing residuals that no longer hold direct operational utility are directed preferentially toward resource reclamation channels. For instance, inorganic sludges undergo thermal treatment, physical processing, or stabilization techniques to be repurposed into artificial aggregates suitable for concrete manufacturing. Similarly, scrap plastic containers and structural plastic components are shredded and pulverized to serve as recycled raw materials for new plastic products. Through these technical pathways, KINIK continuously maximizes the diversion of waste from landfills and incineration.

In addition to continuously advancing its waste-to-resource reclamation rates, KINIK enforces rigorous verification protocols to ensure the legal transportation and final disposal of all waste streams. In accordance with the Waste Disposal Act, each factory strictly selects waste clearance, treatment, or recycling contractors that hold valid licenses and approvals issued by the Ministry of the Environment (MOE), with criteria meticulously tailored to the specific hazardous characteristics of the waste. Furthermore, based on our annual Waste Contractor Audit Plan, KINIK conducts regular on-site audits to verify that our collaborating contractors maintain safe operational working environments and process all categories of waste in a fully compliant and proper manner. In 2025, the Company originally planned a total of 26 contractor audits for waste clearance and treatment vendors. Additionally, to accommodate the evaluation of newly onboarded partner vendors for the Yingge Factory, the ultimate execution concluded at 29 contractor audits, achieving an exceptional completion rate of 112%. This proactive expansion of audit scope

demonstrates KINIK's high-standard stringency regarding waste governance and its unwavering commitment to environmental protection.

Audit Process for the Waste Removal and Disposal Vendor

Vendor Qualification Review

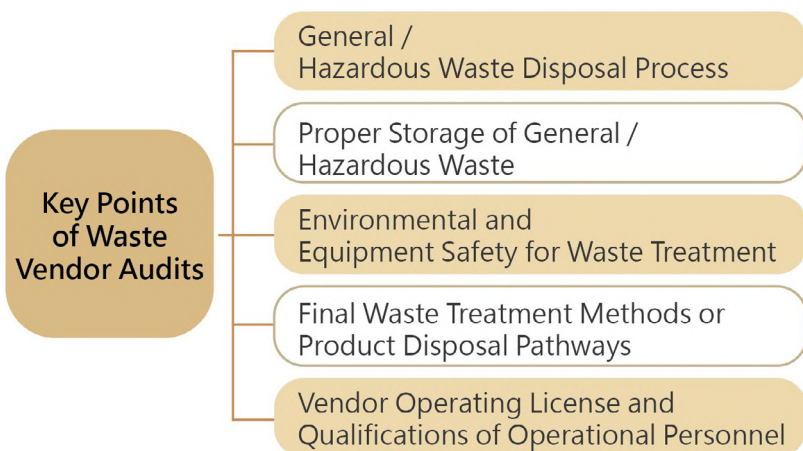
- Prioritize recycling and resource recovery methods for waste disposal
- MOENV-approved vendors for waste removal or treatment
- No records of penalties for violation related to waste disposal or treatment

Sign a contract

- The contract content complies with the regulatory requirements of the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste" and the "Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance"
- The contractor commits to providing industrial waste disposal records and cooperating with KINIK Company for on-site audits

Regularly audit vendors

- In 2025, KINIK's five factories planned to conduct 26 onsite audits of waste clearance and treatment vendors
- A total of 29 audits were conducted in 2025, all of which were deemed compliant; vendors found noncompliant were required to take corrective actions to meet standards



Vendor Audit (By Factory)	Yingge	Shulin	Hsinchu	Zhubei	Science Park	Total
Planned Audits	4	5	5	5	7	26
Actual Audits	7	5	5	5	7	29
Completion Rate	175%	100%	100%	100%	100%	112%

3.5.2 Waste Generation and Disposal

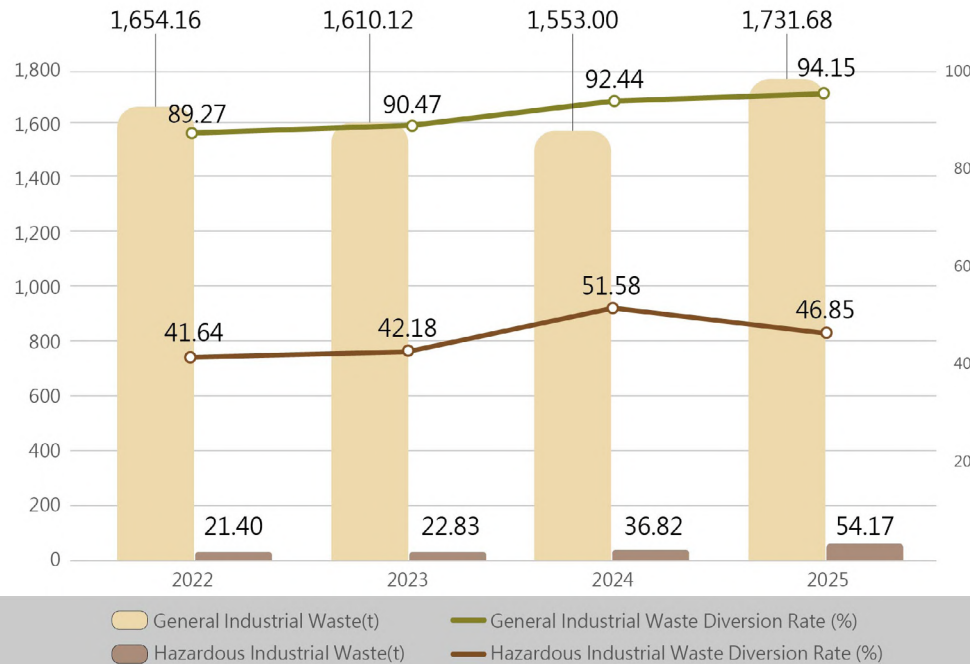
In 2025, the total volume of waste generated across KINIK's five factories was 1,785.85 metric tons (t). This total was predominantly composed of general industrial waste, with hazardous industrial waste accounting for 54.17 t (representing 3.03% of the total volume). This low proportion demonstrates that the Company has established highly effective operational controls over the generation of hazardous waste streams. In terms of waste-to-resource diversion, 1,655.82 t of waste was routed through resource reclamation and recycling channels, achieving a substantial diversion rate of 92.72% of the total waste volume, which underscores the Company's concrete efforts toward circular economy integration and sustainable development.

Since 2021, the Company's waste diversion and reclamation rate has consistently exceeded 85%, and has broken through the 90% threshold in both 2024 and 2025. This multi-year performance proves that KINIK has stably driven long-term waste circular utilization with definitive and measurable success; a detailed breakdown of these circular recycling initiatives is available in [Section 3.6 Circular Economy](#).

Accordingly, KINIK successfully met its established environmental target of achieving a 1% year-on-year increase in the waste resource diversion rate for the 2025 reporting cycle. Looking ahead, the Company will continue to proactively identify waste generation hot spots. Through rigorous factory-wide site inspections, automated waste data tracking, and comprehensive statistical analysis, we will pinpoint precise directions for waste mitigation. Furthermore, we are formulating short-, medium-, and long-term targets for waste generation reduction, aiming to further implement resource circularity and advance environmental sustainability through manufacturing process lean improvement initiatives, optimized on-site waste segregation, and strategic R&D collaborations for emerging recycling technologies.

Category (ton)			2022	2023	2024	2025
Waste Generated	General Industrial Waste		1,654.16	1,610.12	1,553.00	1,731.68
	Hazardous Industrial Waste		21.40	22.83	36.82	54.17
	Total Weight of Waste Generated		1,675.56	1,632.95	1,589.82	1,785.85
Waste Diverted from Disposal (Recycling/Reclamation)	General Industrial Waste		1,476.64	1,456.69	1,435.66	1,630.44
	Hazardous Industrial Waste		8.91	9.63	18.99	25.38
	Total Weight of Waste Diverted from Disposal		1,485.55	1,466.32	1,454.65	1,655.82
Waste Directed to Disposal	General Industrial Waste	Incineration	37.71	133.60	106.45	101.24
		Landfilling	139.81	19.83	10.89	0.00
	Hazardous Industrial Waste	Incineration	9.85	12.15	15.32	22.55
		Landfilling	2.64	1.05	2.51	6.24
	Total Weight of Waste Directed to Disposal		190.01	166.63	135.17	130.03
General Industrial Waste Diversion Rate (%)			89.27 %	90.47 %	92.44 %	94.15 %
Hazardous Industrial Waste Diversion Rate (%)			41.64 %	42.18 %	51.58 %	46.85 %
Total Waste Diversion Rate (%)			88.66 %	89.80 %	91.50 %	92.72 %

KINIK's Waste Generation and Resource Diversion Rate Over the Past Four Years



Note1 : In accordance with waste characteristics and the Industrial Waste Classification Guidelines promulgated by the Ministry of the Environment (MOENV), KINIK classifies waste codes B and C as Hazardous Industrial Waste, and waste codes D and R as General Industrial Waste.

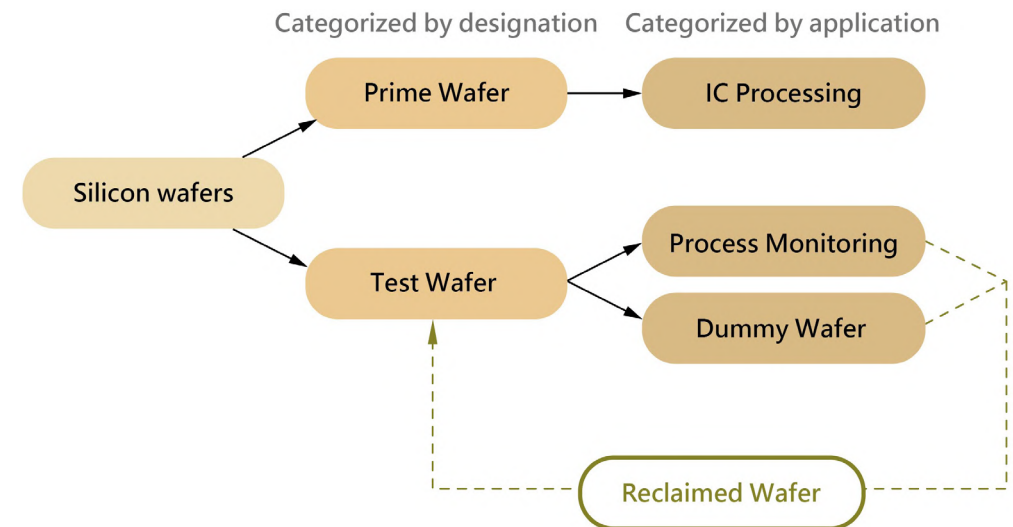
Note2 : As KINIK retains qualified third-party contractors for the clearance, transportation, and final disposal of all waste streams, all waste is managed through off-site treatment; no on-site processing occurs within company facilities.

Note3 : KINIK defines "waste-to-resource diversion" explicitly as utilizing recycling and reclamation as the method of final disposal.

Note4 : The "waste diverted from disposal" category for both General Industrial Waste and Hazardous Industrial Waste exclusively comprises resource reclamation pathways, such as recycling and reuse.

3.6 Circular Economy

To fulfill our vision of achieving net-zero carbon emissions by 2050 and to position ourselves as a green smart manufacturing and service hub for abrasive solutions, product-level process carbon reduction has become a cornerstone of KINIK's sustainable transition. Reclaimed wafers, one of our primary product lines, stand as a definitive exemplar of the circular economy in action. The wafer reclamation process systematically collects monitor wafers and dummy wafers utilized during IC manufacturing and restores them through specialized reprocessing for continuous reuse. Compared to the conventional alternative of using primary test wafers, this circular strategy significantly reduces operational costs and product carbon footprints.



In carbon reduction management, KINIK has successfully pinpointed carbon emissions hot spots through organization-level greenhouse gas (GHG) inventories and product carbon footprint (PCF) assessments, leveraging these insights to formulate its overarching net-zero vision and carbon mitigation targets. Recognizing that transitioning toward a circular economy business model is a critical milestone for achieving net-zero emissions while simultaneously minimizing industrial waste discharge, KINIK has proactively driven dedicated circular economy initiatives in recent years. The Abrasives B.U. annually reclaims a substantial volume of spent resinoid grinding wheels, aiming to reduce and recycle manufacturing process waste through the production of reclaimed grinding wheels—thereby maximizing resource productivity and amplifying carbon reduction performance.

The Company's proprietary technology for reclaiming spent resinoid grinding wheels was recognized in 2018 by the Environmental Protection Administration (now the Ministry of the Environment) with the "Two-Star Excellence Award in Waste Resource Circular Economy Evaluation." In 2021, the Company was invited to publish its empirical achievements in the Exemplary Case Studies Handbook for Resource Circularity. Furthermore, the Ministry of Economic Affairs (MOEA) officially authorized an extension of the reuse operational window for reclaimed abrasives to 48 days, demonstrating that the achievements and performance of KINIK's reclaimed grinding wheel circular economy model are highly recognized by regulatory authorities.

KINIK continuously researches and breaks through technological bottlenecks in reclaimed grinding wheel engineering year after year, systematically extracting and refining spent resinoid grinding wheels into high-quality reclaimed abrasive grains to be re-circulated into manufacturing processes. Additionally, we extend specialized buy-back, reclamation, and remanufacturing services for spent grinding wheels to contract corporate clients. Driven by our core mission to extend resource lifecycles and advance toward zero waste, the Company has established a strategic service target to onboard at least one additional contract client annually for our grinding wheel reclamation services.

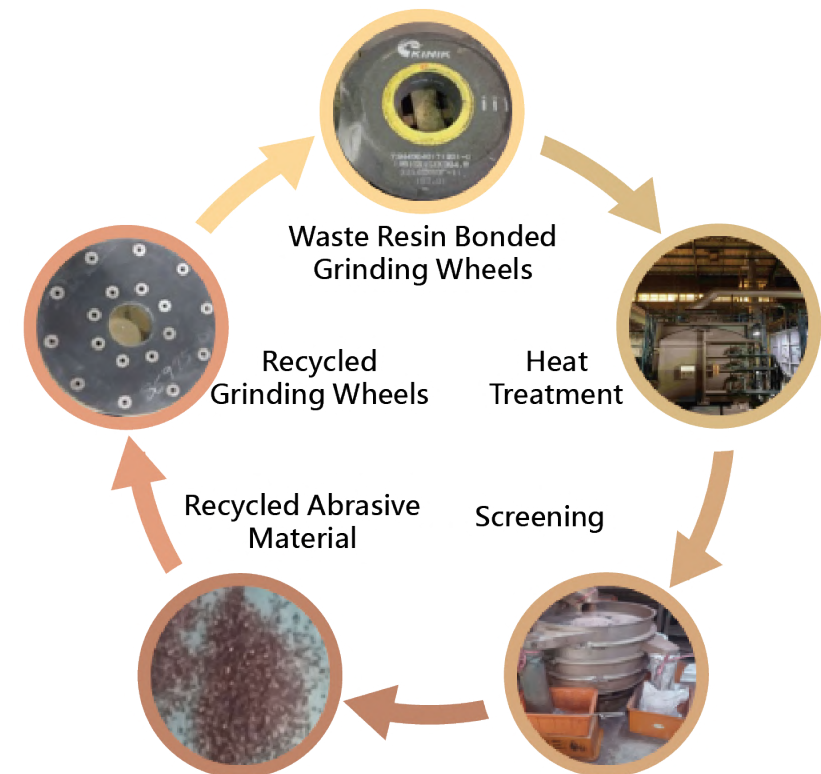
In 2025, a total of 10 batches of spent resinoid grinding wheels were successfully reclaimed, culminating in a cumulative reuse volume of 17.70 metric tons (t). Due to the inherent variances in material properties affecting abrasive reclamation efficiency, the average yield rate of reclaimed abrasives reached a historical high of 43.35% in 2025, representing a significant year-on-year increase of 13.78 percentage points. Notably, the maximum utilization rate for a single individual batch peaked at an outstanding 93.46%, generating annual procurement cost savings of approximately NT\$ 206,000 for virgin raw materials.

To stably drive up the recovery yield rate of reclaimed abrasives, KINIK aggressively expands the application of recycled abrasive grains across manufacturing processes while ensuring that product quality stringently aligns with standard technical specifications. Moving forward, we will continue to optimize manufacturing technologies for reclaimed products to achieve an annual average recovery rate target of 50%, continuously elevating the multi-dimensional utilization benefits of recycled materials.

Additionally, to ensure the quality consistency of the reclaimed grinding wheel manufacturing process, KINIK has formulated strict Standard Operating Procedures (SOPs) and implemented mandatory professional training programs. The curriculum comprehensively covers core processes, including the screening, grading, packaging, and warehousing management of reclaimed abrasive materials, thereby sharpening operators' mastery over critical control points and guaranteeing that the quality and application of each material grade strictly adhere to internal regulations. In 2025, a total of 2 training sessions were conducted, achieving a flawless 100% completion rate among all designated operational personnel.

In 2026, KINIK plans to collaborate with qualified recycling and reclamation organizations to transform the disposal methodology of vitrified grinding wheel waste from its conventional landfilling route to a high-efficiency resource reclamation and recycling model. Through this circular reclamation mechanism, the Company will not only effectively assist corporate clients in overcoming waste treatment bottlenecks—thereby reducing final disposal volumes and local environmental footprints—but will also concrete the philosophy of sustainable resource circularity. This strategic transformation will significantly elevate the total recovery and recycling rate of our products, optimize resource utilization efficiency, and generate green value alongside innovative business model opportunities. Moving forward, KINIK will continuously join forces with upstream and downstream industry chain partners to collectively drive low-carbon transition and advance corporate sustainability goals.

Note : Virgin raw material procurement cost is calculated based on US\$ 0.84 per kilogram (kg), which is approximately NT\$ 26.88.



Diverse Talent Development

4.1 Talent Attraction

4.2 Talent Development

4.3 Human Rights and
Labor-Management Relations

4.4 Occupational Safety and Health



Diverse Talent Development

A robust management system plays a key role in talent development, serving as the foundation for the company's growth and success. KINIK is committed to a people-centered approach, designing employee benefit programs that meet their expectations. We offer tailored training programs based on professional skills, helping employees excel in roles that suit their strengths. KINIK also supports academic development through active industry-academia collaboration, bringing in resources from schools to nurture internal talent.

Employee safety is also a top priority for KINIK. Through a comprehensive occupational health and safety management program, hazard identification, risk assessment, and healthcare programs, we create a secure workplace environment that protects the rights and safety of all employees.

Material Issues GRI Indicators

- GRI 401 : Employment
- GRI 402 : Labor/Management Relations
- GRI 403 : Occupational Health and Safety
- GRI 404 : Training and Education
- GRI 405 : Diversity and Equal Opportunity
- GRI 409 : Forced or Compulsory Labor

Corresponding Material Issues

- Employee Cultivation and Talent Development
- Occupational Health and Safety
- Labor-Management Relations

Priority Stakeholders

Competent Authorities, Investors, Employees, Suppliers, Society

4.1 Talent Attraction

4.1.1 Human Resource Development

Employee Information and Diversity

The Company has established internal policies, including the "KINIK Enterprise Corporation Work Rules" and "Personnel Employment Guidelines," to provide clear standards for employee recruitment. These policies emphasize that both employers and employees should work together to uphold corporate ethics and professional standards. The Company strictly prohibits any form of discrimination, forced labor, or other illegal practices. In its recruitment process, KINIK considers applicants' knowledge and experience, and may include role-specific assessments to ensure alignment with job requirements.

KINIK operates primarily in Taiwan, maintaining a commitment to gender equality and diversity in recruitment. By the end of 2025, the total number of employees in Taiwan was 1,780, showing no significant fluctuation from 2024. There were 631 female employees accounting for 35.45% of the total workforce, and 1,149 male employees accounting for 64.55% of the total workforce. In compliance with legal requirements, 17 employees with disabilities were also hired. The Company's senior management team consists of 14 individuals, all of whom are local hires from Taiwan, achieving a 100% local senior management rate. Additionally, to support operational needs, the company's average monthly non-employee headcount was 48, including security staff, catering, cleaning personnel, and contractors.

Factory area	Yingge Factory		Shulin Factory		Hsinchu Factory		Zhubei Factory		Science Park Factory		Total
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Number of employees	283	405	136	174	25	27	122	354	65	189	1,780
Number of permanent employees	266	390	76	152	25	27	111	255	65	139	1,506
Number of temporary employees	17	15	60	22	0	0	11	99	0	50	274
Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	283	405	136	174	25	27	122	354	65	189	1,780
Number of part-time employees	0	0	0	0	0	0	0	0	0	0	0
Monthly Average Number of workers who are not employees	4	12	3	5	3	21	0	0	0	0	48

Note1 : Monthly Average Number of workers who are not employees: Based on the statistics of non-employed workers reported on the Occupational Injury Statistics website for 2025.

Note2 : The Monthly Average Number of workers who are not employees varies with the number of visitors contracted in the reporting year, and therefore differs significantly from the figures of previous years.

2025 Employee Categories (Total for Taiwan)	Classification	Management Level		Technical staff		Other employees		Total	
		Headcount	Percentage	Headcount	Percentage	Headcount	Percentage	Headcount	Percentage
Gender	Female	63	19.21%	410	33.66%	158	67.52%	631	35.45%
	Male	265	80.79%	808	66.34%	76	32.48%	1,149	64.55%
	Total	328	100.00%	1,218	100.00%	234	100.00%	1,780	100.00%
Age	Under 30 years old	5	1.52%	240	19.70%	25	10.68%	270	15.17%
	Ages 30 to 50	242	73.78%	811	66.58%	143	61.11%	1,196	67.19%
	Over 50 years old	81	24.70%	167	13.71%	66	28.21%	314	17.64%
	Total	328	100.00%	1,218	100.00%	234	100.00%	1,780	100.00%
Race/Ethnicity (Nationality)	Taiwan-Non-Indigenous	323	98.48%	924	75.86%	234	100.00%	1,481	83.20%
	Taiwan-Indigenous	5	1.52%	21	1.72%	0	0.00%	26	1.46%
	Vietnam	0	0.00%	46	3.78%	0	0.00%	46	2.58%
	Thailand	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Philippines	0	0.00%	227	18.64%	0	0.00%	227	12.75%
	Total	328	100.00%	1,218	100.00%	234	100.00%	1,780	100.00%

Note 1 : Management level is defined as team leaders and above.

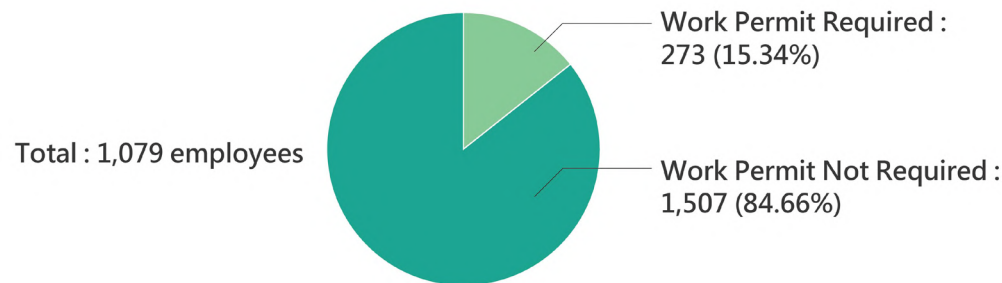
Note 2 : Engineering and related professionals are classified as technical staff.

KINIK regards its foreign employees as indispensable partners and places great importance on their work adaptation and well-being. The Company has established a comprehensive legal compliance and dual risk control mechanism under which the HR department works in coordination with professional employment agencies to incorporate employees' passports, work visas, residence permits, work permits, and other statutory documents into an information-based management system. Through systematic management and a color-coded alert mechanism, renewal procedures are proactively initiated before statutory deadlines, effectively preventing the risk of expired documents, safeguarding employees' legal right to work, and mitigating potential operational risks, including regulatory penalties or reductions in employment quotas resulting from non-compliance.

To support employees' daily lives and communication, KINIK is committed to fostering a diverse, inclusive, and friendly working environment. The Company provides dormitory managers who are proficient in Filipino and Vietnamese to offer real-time bilingual assistance through both online and on-site communication channels. In addition, the latest labor regulations and daily life information in Taiwan are regularly shared through messaging groups in employees' native languages to enhance their understanding of relevant laws and regulations.

The Company has also established a comprehensive work and life support mechanism. Whenever employees require assistance, dormitory managers provide timely support while maintaining close communication with KINIK supervisors to jointly establish an immediate care network. At the same time, foreign employees are proactively informed of cultural and recreational activities organized by government agencies for migrant workers, such as marathons, the Water Festival, free medical consultation events, and community fairs. Employees are encouraged to participate voluntarily while respecting their personal preferences, helping them integrate into the local community and promoting their physical and mental well-being.

Percentage of KINIK Employees Requiring Work Permits



Category	Female		Male	
	Headcount	Proportion	Headcount	Proportion
Management Level	63	19.21%	265	80.79%
Junior Management	60	20.48%	233	79.52%
Middle Management	3	14.29%	18	85.71%
Senior Management	0	0.00%	14	100.00%
Management Level in Revenue-Generating Functions (e.g., Sales, R&D)	3	14.29%	18	85.71%
Number of Employees in STEM-Related Roles	410	33.66%	808	66.34%

Note 1 : Management level is defined as team leaders and above.

Note 2 : Junior management is defined as front-line supervisors, with job titles including Assistant Manager, Deputy Plant Manager, Regional Manager, Section Manager, Team Leader, and Shift Leader.

Note 3 : Middle management is defined as plant/department managers, with job titles including Manager and Plant Manager.

Note 4 : Senior management is defined as Associate Vice President level and above (inclusive).

Note 5 : Revenue-Generating Functions are defined as the R&D Center, ABU Sales Department, ABU Marketing Department, DBU-CMP Marketing Department 1, DBU-CMP Marketing Department 2, SBU Sales Department, GSC Marketing Department, EBU Sales Department.

Note 6 : The number of employees holding positions related to science, technology, engineering, and mathematics (STEM) is defined as those in engineering and technology-related professions.

Employee Turnover

As of the end of 2025, KINIK had 114 employees who resigned (including retirements), making up 6.40% of the total employee count. There were 223 new hires, representing 12.53% of the total. The year-on-year growth in employee numbers indicates KINIK's operational expansion and stability. To achieve its recruitment and retention goals, KINIK implemented an average salary adjustment of approximately 3.25%, project introduction bonuses, retention bonuses, counseling bonuses, long-service bonuses, childcare subsidies, and improvements to the work environment and benefits.

In 2025, KINIK continued to promote diverse talent retention measures, strengthening employee support and career development environment through flexible systems, employee care mechanisms, optimized work arrangements, and enhanced education and training, thereby improving organizational stability and employee identification. These measures have gradually shown results. Analysis of turnover reasons shows that turnover due to family, health, and career planning factors has decreased compared to 2024, demonstrating that the company's measures in employee care, work-life balance, and talent development have effectively improved retention and employee adaptability.

Employee Data	Gender	Age	Nationality				Proportion
			Taiwan	Philippines	Vietnam	Total	
Number of Employee Turnover (including voluntary and involuntary turnover)	Female	Under 30 years old	8	1	1	10	13.51%
		Ages 30 to 50	14	1	1	16	3.75%
		Over 50 years old	14	0	0	14	10.77%
		Subtotal	36	2	2	40	6.34%
	Male	Under 30 years old	6	1	0	7	3.57%
		Ages 30 to 50	42	6	2	50	6.50%
		Over 50 years old	17	0	0	17	9.24%
		Subtotal	65	7	2	74	6.44%
	Female + Male	Total	101	9	4	114	6.40%

Employee Data	Gender	Age	Nationality				Proportion
			Taiwan	Philippines	Vietnam	Total	
Number of New Hires	Female	Under 30 years old	20	13	5	38	51.35%
		Ages 30 to 50	29	5	1	35	8.20%
		Over 50 years old	1	0	0	1	0.77%
		Subtotal	50	18	6	74	11.73%
	Male	Under 30 years old	35	50	5	90	45.92%
		Ages 30 to 50	40	13	5	58	7.54%
		Over 50 years old	1	0	0	1	0.54%
		Subtotal	76	63	10	149	12.97%
	Female + Male	Total	126	81	16	223	12.53%
	Current Number of Employees	Female	Under 30 years old	46	14	14	74
Ages 30 to 50			368	43	16	427	67.67%
Over 50 years old			130	0	0	130	20.60%
Subtotal			544	57	30	631	100.00%
Male		Under 30 years old	110	79	7	196	17.06%
		Ages 30 to 50	669	91	9	769	66.93%
		Over 50 years old	184	0	0	184	16.01%
		Subtotal	963	170	16	1,149	100.00%
Female + Male		Total	1,507	227	46	1,780	100.00%

Note : Calculation Methodology

Turnover Rate (%) = Number of separations in the specified category (gender, age) during the year / Total year-end headcount in the same category

New Hire Rate (%) = Number of new hires in the specified category (gender, age) during the year / Total year-end headcount in the same category

Employment Rate (%) = Number of employees in the specified category (e.g., gender, age) at year-end / Total year-end headcount in the same category

Starting from 2024, the calculation of employee turnover excludes employees whose temporary contracts expired or those who resigned within three months of employment.

Note 2 : The number of employees who left the company in 2024 (including voluntary and involuntary departures) was incorrectly recorded. The data was corrected in 2025 and disclosed in [Appendix 1: Data Restatements and Corrections](#).

Four-Year Employee Turnover Rate				
Category	2022	2023	2024	2025
Voluntary Turnover Rate	7.06%	4.81%	6.33%	5.28%
Overall Turnover Rate	7.34%	5.10%	6.91%	6.40%

Note 1 : Voluntary turnover refers to employees who actively initiated their resignation. The company primarily uses the voluntary turnover rate as the basis for turnover analysis.

The overall turnover rate includes both voluntary turnover (including retirement) and involuntary turnover (such as dismissal, layoff, or death).

Note 2 : The calculation of employee turnover excludes employees whose temporary contracts expired and employees who resigned within three months of employment.

Note 3 : The voluntary turnover rate and overall turnover rate were incorrectly recorded in 2024. The data were revised in 2025 and are disclosed in [Appendix 1: Data Restatements and Corrections](#).

4.1.2 Compensation System and Retention

Compensation System and Information

KINIK establishes a fair and equitable compensation system in accordance with internal policies, including the "Personnel Appointment Guidelines", "Promotion, Transfer, and Salary Adjustment Management Regulations", and the "Performance Evaluation Manual". The system ensures that compensation practices are free from discrimination based on gender, religion, ethnicity, age, or any other personal characteristic, and the company is committed to full compliance with the minimum wage standards mandated by labor regulations in all major operating regions. At KINIK, the monthly base salary for both male and female frontline employees is 1.2 times the statutory minimum wage in Taiwan. In addition, the average salary has shown a significant year-on-year increase. Through transparent mechanisms for salary adjustments, bonus distribution, and promotions, along with compensation and benefits packages that exceed legal requirements, KINIK aims to attract and retain top talent while enhancing its overall competitiveness. Furthermore, the company requires all contractors to provide proof of wage payments to ensure that the compensation and benefits of non-employee workers at production sites comply with legal standards. As of the end of 2025, the ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all other employees was 20.92. The ratio of the percentage increase in the annual total compensation of the highest-paid individual to that of the median annual total compensation of all other employees was 3.32.

2025 Employee Average Compensation			Ratio	
Employee Types	Female	Male	Female	Male
Non-Managerial	797,367	844,506	0.94	1.00
Junior Management	1,178,033	1,165,192	1.01	1.00
Middle Management	2,912,477	2,794,223	1.04	1.00
Senior Management	0	6,403,275	0.00	1.00

Note1 : The highest levels are predominantly male, resulting in a larger disparity in salary and bonus differences.

Note2 : Average Compensation includes base salary and bonuses.

Note3 : Starting from 2025, the definitions of management levels were updated as follows :
 Junior Management : Front-line supervisors, with job titles including Assistant Manager, Deputy Plant Manager, Regional Manager, Section Manager, Team Leader, and Shift Leader.
 Middle Management : Plant/department managers, with job titles including Manager and Plant Manager.
 Senior Management : Associate Vice President level and above (inclusive).

2025 Annual Average, Median, and Salary Disparity for Full-Time Employees Not Holding Managerial Positions			
Item	2024	2025	Difference Compared to the Previous Year
Number of Full-Time Employees	1,658	1,661	Increase of 3 employees
Average Salary of Full-Time Employees (NT\$ Thousands)	855	912	Increase of NT\$57,000
Median Salary of Full-Time Employees (NT\$ Thousands)	782	820	Increase of NT\$38,000

Note : The compensation for full-time employees not holding managerial positions refers to employees who have been with the company for more than six months, excluding managers. The annual average headcount data has been filed with the Taiwan Stock Exchange.

Talent Retention and Promotion System

KINIK values talent retention and promotion. To motivate employees and ensure fairness, the company has established the "Promotion, Transfer, and Salary Adjustment Management Regulations." These regulations apply to all full-time employees, as well as various contracted personnel and foreign workers hired based on business needs. There are four types of promotions: annual job rank promotion, management promotion, technical certification promotion, and exceptional promotion. Each business unit plans employee promotions based on their needs, while the company assigns corresponding work levels and compensation based on the nature of the promotion.

Types of Promotion	Explanation of Contents
Annual Job Rank Promotion	Each department should plan and evaluate employees for promotion based on their management needs. Promotion candidates are evaluated every March, and the list is submitted to the HR department for formal announcement.
Management Promotion	Department heads or business unit leaders may submit requests based on the need for management position vacancies. These requests will be reported to the responsible authority or CEO for approval according to job rank, and management training courses will be arranged as per the regulations.
Technical Certification Promotion	Technical personnel allocated according to the professional needs of each division will be eligible for promotion after passing the technical certification.
Exceptional Promotion	Promotions can be made based on the "Appointment/Transfer Recommendation Form" submitted by the department supervisor and approved by the responsible authority.

The Company has also established the "Reward and Punishment Management Policy." Employees who violate work rules, leave their posts without permission, or refuse reasonable work-related instructions will be subject to disciplinary actions as outlined in the policy. On the other hand, employees who demonstrate outstanding performance, bring honor to the company, or achieve significant accomplishments worthy of recognition will be rewarded with commendations or major awards. Employees' reward and punishment records will be considered when determining bonus distribution and promotion to higher job grades.

4.1.3 Employee Benefits

Our company values employees as essential members of the organization. To support their physical and mental well-being, we cultivate a positive work environment and have established comprehensive welfare systems that foster a welcoming workplace.

Our basic benefits include group insurance covering life, medical care, and accidental disability, along with allowances for marriage, bereavement, and childbirth, festive bonuses, employee meal subsidies, and a retirement plan that beyond legal requirements. We also granted stock options to employees in 2018, 2020, 2022 and 2024. Additionally, we established the "Employee Welfare Committee Regulations" to provide support and benefits for employee clubs, promoting activities that enhance physical and mental well-being. Beyond supporting employees, we are equally committed to caring for their families. This includes providing scholarships for employees' children, childcare subsidies, and allowances for travel and birthday gifts. In 2025, total subsidies reached NT\$12,231,291. In cases of work-related fatalities, we offer support and compensation to families in line with the "Survivor Benefits Regulations".

Employee Benefits

Group insurance	Life insurance, Health insurance, Disability insurance, etc.
Retire and Pension	New Pension System, Voluntary Early Retirement Scheme (VESP) and Survivor Benefits Scheme for Families Beyond Legal Requirements.
Parental Leave and Maternity/Paternity	Parental health care mechanisms that beyond legal requirement, childbirth allowance, childcare subsidies, and environmental benefits.
Marriage, Funeral, and Birthday	Comprehensive Life Stage Benefits: Including Birthday, Marriage, Maternity, and Funeral Allowances.
Holiday Bonuses and Employee Allowances	Employee Child Scholarship, Employee Travel Benefits, and Holiday Bonuses for Festivals like Dragon Boat Festival and Mid-Autumn Festival.
Employee Commemorative Gifts	KINIK Baby Commemorative Coins and Employee Long-Service Commemorative Coins.
Other Employee Benefits	Employee Year-End Party, Group Meal Discounts, Club Subsidies, and Employee Stock Options.
Paid Annual Leave and Family Care	Family care leave and paid annual leave are provided in accordance with relevant labor regulations.

2025 Employee Benefits Statistics

Item	Number of Participants	Total Amount (NT\$)
KINIK Baby Commemorative Gold Coins	22	320,850
Childcare Subsidy	2,917	5,834,000
Marriage Allowance	29	197,200
Funeral Allowance	50	250,000
Total	3,018	6,602,050

Note : Only selected employee benefits are presented in the table above.

Club Activities



▲ Hard Pen Calligraphy Club Classes



▲ Aerobic Dance Club - Zumba Fitness



▲ Rhythmic Club - Basic Stretching Yoga



▲ Badminton Club - Competitive Matches

Parental Leave and Maternity Protection Plan

Our company has established the "KINIK Baby Manual" to support female employees during pregnancy, safeguarding their physical and mental well-being. Beyond measures provided by central and local governments, we offer additional internal benefits and supportive policies, enabling pregnant employees to experience the joys of motherhood while balancing work and family life, maintaining financial stability, and finding peace of mind in parenting.

KINIK complies with the regulations of the Ministry of Labor and has implemented a "Maternal Health Protection Plan." This plan includes hazard assessment and control, physician consultations, risk classification management, job suitability arrangements, and other related measures to ensure maternal health protection. It fosters a safe and secure working environment for female employees during pregnancy and within one year after childbirth. Furthermore, KINIK provides breastfeeding rooms and designated parking spaces for pregnant employees, creating a mother-friendly workplace.

2025 Parental Leave Statistics

Items (Total for Taiwan Region)	Male	Female	Total
Total number of employees entitled to parental leave (parental leave without pay) in 2025 (Note 1)	18	8	26
Total number of employees who applied for parental leave (parental leave without pay) in 2025 (Note 2)	3	6	9
Expected number of employees to return to work after parental leave in 2025	2	7	9
Actual number of employees who returned to work after parental leave in 2025	2	6	8
Actual number of employees who returned to work after parental leave in 2024	2	9	11
Number of employees who returned from parental leave in 2024 and remained employed for at least 12 months	2	9	11
Return-to-work rate after parental leave in 2025 (Note 3)	88.89%		
Retention rate after parental leave in 2025 (Note 4)	100%		

Note 1 : Total number of employees entitled to parental leave (parental leave without pay) in the reporting year : Calculated based on the number of employees who applied for childbirth subsidies in the reporting year.

Note 2 : Total number of employees who applied for parental leave (parental leave without pay) in the reporting year : Calculated based on the number of employees eligible for parental leave (parental leave without pay) who applied during the reporting year.

Note 3 : Return-to-Work Rate (%) = (Actual number of employees returning to work in 2025 / Expected number of employees to return to work in 2025) * 100%.

Note 4 : Retention Rate (%) = (Number of employees still employed 12 months after returning to work in 2024 / Actual number of employees returning to work in 2024) * 100%.

KINIK Lactation Room



Pregnancy-Friendly Reserved Parking



4.2 Talent Development

KINIK is committed to building a comprehensive compensation system designed to attract, develop, and retain top talent. By bringing in outstanding individuals, the company continuously injects new vitality into its journey of sustainable development, advancing toward a shared vision. Talent cultivation has long been a core priority at KINIK. To support employee competency growth and career development, we implement a variety of diverse training and development programs. These initiatives aim to enhance professional expertise, strengthen team execution capabilities, and enable agile responses to dynamic market changes and external challenges.

4.2.1 Diverse Talent Development

Outstanding human resources are the cornerstone of KINIK's sustainable development. To enhance employee capabilities and competencies, the Human Resources and Administration Department designs and implements a wide range of training programs. In addition to general training, the company offers initiatives such as project-based degree programs, continued education courses, and subsidies for advanced degree studies for senior executives. These diversified efforts aim to strengthen employees' professional skills and competitiveness, while also cultivating high-level talent essential for business growth. In 2025, a total of 1,851 employees (including former employees) participated in training programs. The total training expenditure for 2025 amounted to NT\$3,818,131, with an average training cost of NT\$2,063 per person. The total training hours reached 33,880, resulting in an average of 18.30 training hours per employee. Additionally, the total subsidy amount for senior management education in 2025 reached NT\$331,700.

2025 Employee Training Hours Statistics					
Employee Categories	Manager		Non-Manager		Total
	Male	Female	Male	Female	
Total Training Hours (hrs)	3,983	723	15,476	13,698	33,880
Total Number of Employees	274	64	923	590	1,851
Average Training Hours (hrs)	14.54	11.29	16.77	23.22	18.30
Note : This data includes the total training hours for the entire year, covering both internal and external training sessions, as well as training hours for former employees.					

KINIK understands the critical role of education and training in the long-term development of employees. Accordingly, the Company designs appropriate training programs for managerial and non-managerial employees based on their respective roles. KINIK has established the "Education and Training Regulations," which governs the educational and training requirements for employees and new hire training, as well as to define the accountabilities and operating procedures of each department. These regulations cover the annual training plan, the process for applying for external training expense reimbursement, and training evaluation procedures. Employees participating in internal or external training programs are evaluated by their direct supervisors using training performance assessment forms to track learning effectiveness. Additionally, satisfaction surveys are conducted after each training session to serve as a reference for improving future training programs.

KINIK Education and Training Program



Pre-Employment Training

Helping new employees quickly understand company policies, environmental, health and safety requirements, and other fundamental training topics, enabling them to integrate into the corporate culture and rapidly adapt to the workplace.



Position-Level Training

Providing training program according to different position levels to meet the managerial competency requirements of each role, ensuring that management personnel can fulfill their organizational management functions and achieve operational performance objectives.



Skill-Specific Training

Focusing on training of regulatory requirements, professional knowledge, and work-related skills necessary to employees, and providing internal or external training programs based on employee need and applicable regulations.



General Skills Training

Encouraging employees to explore their personal potential and enhancing their professional knowledge across various aspects to foster their individual growth.



Leadership Development Training

Planning leadership development programs to enhance team management, cross-departmental communication, and decision-making abilities. Improve management effectiveness and enhancing organizational operational performance.



AI/Digital Transformation Courses

In line with the digital transformation trend, we will promote AI and digital-related training to improve data analysis and digital tool application capabilities, enhance operational efficiency, and support enterprise transition and development.

Category	Education and Training Course Content
Technical Professional and Operations Courses	Providing manuals of manufacturing operations, logistics, product inspection and packaging, and testing tasks to improve employees' expertise.
Lean Management Courses	Using lean re-engineering to eliminate waste and enhance productivity.
General Knowledge Courses	Courses include computer information, language and literature, and occupational safety, aimed at enhancing employees' soft skills while broadening their horizons.
RBA-Related Training	The training covers the five areas of the RBA Code of Conduct: labor, health and safety, environment, ethics, and supply chain management, along with practical audit exercises. It also includes identity verification training for frontline recruitment staff, while awareness courses are conducted for all employees and suppliers.

2025 KINIK Education and Training Situation

Courses	Courses Descriptions	Courses Highlights
Trade secret management project training	The trade secret management training course is not just "legal compliance education" for the company, but also an important tool for mitigating risks, protecting competitiveness, and strengthening internal culture. The course will explain the definition of trade secrets, common risk scenarios, related legal responsibilities, and the code of conduct that colleagues should follow. It will help everyone correctly identify and protect important information in their daily work, jointly safeguarding the company's operational security and sustainable development.	
LongTeng Project - Talent Cultivation	Project purpose : - The Key Talent Leadership Function Enhancement Program is designed based on the leadership function assessment results and focuses on competencies requiring improvement. In line with the Company's needs, "financial acumen" was identified through the 360-degree assessment as a relatively weaker leadership competency among senior executives, and targeted development activities and training programs were subsequently designed and implemented. - The performance management systems (management strategies, work processes, assessment forms) is optimized and the performance appraisal system is launched. Based on the 360-degree assessment results, training programs are provided to assist middle managers in developing leadership competency in improving employee performance. - Establish job descriptions for all indirect employees at KINIK and implement an online job description inquiry system. Job evaluations are then conducted to facilitate the application of the performance bonus system and workforce inventory management. - Enhance the professional capabilities of the Human Resources function by providing a range of strategic HR management courses, including fundamental concepts of competencies, competency-based recruitment and selection, competency assessment, key talent development, and succession planning for critical positions. - Establish a cross-business-unit MA Executive Committee to promote the MA program and strengthen KINIK's management talent pipeline at the grassroots level, as well as enhance the company's employer brand in the Taiwan talent market.	
First aid personnel education and training	By providing first aid training, employees are equipped with essential first aid skills to reduce the delays in medical treatment or loss of life due to a lack of first aid knowledge, thereby achieving the goal of saving themselves and others.	

2025 KINIK Education and Training Situation

Courses	Courses Descriptions	Courses Highlights
Self-defense firefighting formation training	Our company upholds a people-oriented spirit and is committed to creating a safe and healthy workplace environment by implementing disaster prevention and response drills. To enhance employees' awareness of disaster crises, we regularly conduct "Self-Defense and Firefighting Team Training," with a rigorous curriculum covering core response skills such as reporting, evacuation guidance, firefighting, safety protection, and first aid. Through practical simulation drills, employees become proficient in operating various protective equipment and establish a smooth response mechanism, ensuring effective mitigation of disaster risks in emergencies. This not only strengthens the self-responding capabilities of all employees but also concretely fulfills the company's sustainable commitment to protecting employee life safety and occupational health.	 

4.2.2 Employee Performance Evaluation

Regarding Employee Performance Evaluation, KINIK regulates performance management through the "Performance Evaluation Procedures Manual." Employees are categorized into direct and indirect employees based on their departments. Direct employees are evaluated every three months, while indirect employees are evaluated every six months. Evaluations are conducted according to each employee's individual performance objectives set for the year. The results of these evaluations serve as references for promotion, transfer, salary adjustments, training, succession planning, and bonus distribution.

The evaluation types are divided into probationary evaluations and regular evaluations. Probationary evaluations are conducted by supervisors to assess the job suitability of new employees during or at the end of their probation period. Regular evaluations apply to all employees and are conducted annually. Below is a summary of the number of employees who underwent performance evaluations in 2025.

Employee Category	Number of Employees Receiving Performance and Career Development Evaluation	Total Number of Employees in This Category	Percentage
Female Managers	63	63	100.00%
Male Managers	264	265	99.62%
Female Non-Managers	540	568	95.07%
Male Non-Managers	824	884	93.21%
Total	1,691	1,780	95.00%

Note : The numbers in this data represent the headcount at the end of the year, including employees who were on leave, reinstated, or newly hired but had not yet completed three months of service, and therefore did not meet the criteria for performance evaluation.

4.2.3 Industry-Academia Collaboration

The development of KINIK has undergone multiple transition phases. In the past, the company collaborated with universities such as National Taiwan University, National Cheng Kung University, National Tsing Hua University, National Chiao Tung University, and Tamkang University, engaging in industry-academia cooperation. Through these collaborations, KINIK developed its proprietary, patented diamond disc products, successfully entering the semiconductor industry and expanding its business footprint to European and American markets. Recognizing the academic sector's innovation and research capabilities as crucial drivers for business growth and progress, KINIK has maintained long-term collaborations with academia. Additionally, the company actively sponsors student competitions in areas like "smart manufacturing" and "big data analysis" to encourage talented students from fields such as computer science, mechanical engineering, statistics, industrial management, and electrical engineering to smoothly enter the smart manufacturing industry, bridging their academic knowledge with industry needs.

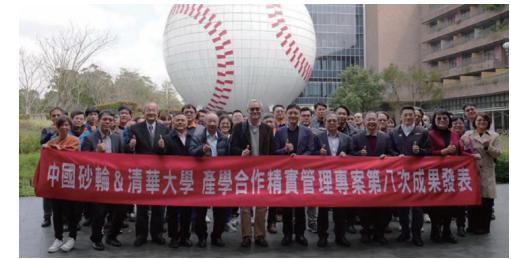
Gather Academic and Industry Talents, Moving Towards Intelligent Manufacturing and Digital Transition Based on Lean Management

In recent years, KINIK recognizes the importance of sustainable transition. As the company has entered high-tech reclaimed wafer and diamond tool production for wafer planarization, it has focused on developing more streamlined and low-waste production processes to reduce resource wastage. Leveraging its longstanding technical expertise, KINIK continues to invest in equipment and human resources while collaborating with top academic talent to drive R&D projects that refine production methods. Since 2020, KINIK has partnered with National Tsing Hua University in a series of industry-academia projects centered on "lean management." These projects aim to establish more efficient process control methods, reduce energy and resource consumption, and create a systematic knowledge management database that can be applied across different business units to boost productivity and competitiveness. The collaboration seeks to minimize waste of human and material resources in production.

The partnership between KINIK and National Tsing Hua University focuses on areas such as smart manufacturing, Industry 4.0, and business process re-engineering, with the goal of applying Tsing Hua University's industrial engineering theories to practical applications. To date, the collaboration has successfully completed two project phases and was awarded the "Outstanding Excellence Award" in the Mechanical and Energy Engineering category by the Ministry of Science and Technology at the 2021 "Industry-Academia Collaboration Project Online Achievement Presentation and Performance Evaluation Conference."

In 2025, KINIK and Yuan Ze University (YZU) collaborated on the application of generative AI technology. Targeting the needs of KINIK's multinational employees, the collaboration used LLM (Large Language Model) as the core tool to help KINIK improve the efficiency of translating standard documents from Chinese to English, Japanese, and Thai. This successfully solved the pain points of outsourced translation costs and time consumption. In the future, more AI agents will be established, and efforts will be made to move towards the goal of Agentic AI.

Project Period	Project Description	Event Highlights
2020-2021	Phase One Project : Applying Lean Management to Enhance Productivity KINIK's factory and production processes are complex and diverse. To efficiently allocate manpower and boost production efficiency, our Phase One project focused on optimizing quality assurance processes and warehouse management, with initial implementation in the production area for circular grinding wheel products. In Phase Two, we applied lean management principles to further refine production processes across the factory, specifically optimizing the firing process. We also introduced a knowledge management system to establish a digital mechanism for handling outsourced materials and administrative operations.	
2022-2023	Phase Two Project : Enhancing Energy and Resource Efficiency through Lean Transformation. Continuing the advancement of lean management and smart manufacturing, this phase focuses on fostering a company culture that embraces these principles. By introducing new concepts and tools along with hands-on implementation, we aim to achieve tangible results in improving energy and resource utilization efficiency. To achieve sustainable operation goals through lean management, KINIK fosters cross-departmental collaboration and benchmarking to facilitate mutual learning. In this phase, the company focuses on reducing energy consumption across its facilities and promotes the importance of carbon emission reduction for sustainable business through internal training. In addition, KINIK has launched water and energy conservation projects across departments, including a water and energy conservation initiative at the Zhubei factory, a compressed air leakage reduction and system life-extension project at the Shulin factory, and energy-saving initiatives led by the Facilities and HR departments. The Environment Safety and Health Department has also implemented a "Company Carbon Emission and Energy Trends" training program. In terms of production processes, KINIK has enhanced the yield and capacity of high-specification and coated products to reduce material and energy waste. These projects encompass equipment optimization, system integration, factory design and planning, intelligent product specification recommendations, and quality improvements. Each project aims to identify ways to increase revenue, enhance quality, reduce costs, conserve energy, improve efficiency, and lower carbon emissions, thereby promoting mutual benefits and achieving shared progress. Every initiative reflects KINIK's commitment to lean and smart manufacturing, marking significant advancements for the Company.	 

Project Period	Project Description	Event Highlights
2024	Phase Three Project : Promoting Green Smart Manufacturing, Developing Sustainable Competitiveness, and Continuously Advancing Lean Smart Manufacturing. KINIK has focused on building AI capabilities, promoting AI image recognition strategies, executing AI project outcomes, and organizing AI No-code platform workshops. From 2020 to 2024, 51% of projects were aimed at improving efficiency, with 14% related to labor reduction through production automation. Energy-saving and carbon reduction projects accounted for 7%. Smart manufacturing (AI) projects have increased by an average of 10% annually, while energy-saving initiatives and production automation projects grew by 6% and 9%, respectively. Through the implementation of these projects and the sharing of their results, benchmarks are established to encourage mutual learning within teams.	
2025	Phase Three Project : Promoting: continued promotion of green intelligent manufacturing. This Lean Management Project results presentation also invited KTC, MKS, and MGT, overseas subsidiaries of KINIK, to participate. The Chairman affirmed the improvement, innovation, and execution achievements of each team in the Lean Management Project, while also emphasizing that the widespread adoption of AI will make it an essential tool for future life and work. He called on and encouraged colleagues to continue learning and applying AI to maintain competitiveness in daily life and the industry. The spirit, time, and wisdom invested by everyone in each improvement project were presented in your presentations. As the saying goes, you reap what you sow. The improvement results of each project were outstanding, exceeding the reviewers' expectations. Everyone has the ability to improve, and there is room for improvement in everything. Let us all continue to work together, internalizing the spirit of lean improvement into our daily lives, striving for excellence to create innovative value for the industry and customers.	 

Sponsoring Student Competitions to Encourage Talented Youth in Research and Development

Competition Type	Competition Introduction	Event Highlights
National Smart Manufacturing Big Data Analytics Competition	KINIK Company was invited to co-guide the Ministry of Education in hosting the "National Smart Manufacturing Big Data Analysis Competition" at Tunghai University in 2022, 2023 and 2024. This competition stems from the Ministry of Education's encouragement for universities to nurture talents in data analysis related fields such as computer science, mechanical engineering, statistics, business management, and electrical engineering. The goal is to reduce the gap between education and industry, cultivate professionals in smart manufacturing, and promote R&D investments from related companies. The competition not only provides a platform for students to exchange ideas but also serves as an important opportunity for academia and industry to learn and enhance their knowledge in big data and smart manufacturing. The 6th National Smart Manufacturing Big Data Analysis Competition in 2023 This competition aims to connect university students and academic institutions with practical operations in the manufacturing industry. By encouraging participants from diverse professional backgrounds to compete, it promotes the integration of multi-disciplinary talents, hoping to inject new energy and creativity into Taiwan's manufacturing sector. In 2023, with the rise of artificial intelligence and big data analysis, the competition's final exam questions evolved. It moved from just production line parameters analysis to complex image analysis tasks. This not only broadened industry collaboration but also posed significant challenges for participants from various fields. The judges expressed high praise for the strength of the competing teams. Mr. Yao Kuo-Ching, executive assistant to CEO of KINIK Company, stated, "Through interactions with the professors in charge, we understand the possibilities of solving problems and can further collaborate with the teams to implement solutions. This not only helps companies address immediate challenges but also expands their networks. We hope to include this collaboration in our sustainability report, allowing colleagues to observe the competition and engage in training and learning." Look abroad, interdisciplinary data specialists will contribute to Taiwan's manufacturing sector by enabling vertical integration and horizontal collaboration. This will facilitate a successful transformation and upgrade of Taiwan's manufacturing industry, aligning with the global trend of "Industry 4.0," and is expected to create another decade of prosperity. The 7th National Smart Manufacturing Big Data Analysis Competition in 2024 The competition is guided by the Ministry of Education and sponsored by HIWIN Technologies, Gongin Precision Industrial, KINIK Company, YCM, C SUN, Machan International, GMM, Tongtai Machine & Tool, Buffalo Machinery, AIDC, UTRON Technologies, GRM, Victor Taichung, and National Center for Instrumentation Research. In addition to providing prize sponsorships, the companies also provide real-world field data. By proposing industry-driven topics, the competition aims to bridge academic talent, companies, and research institutions with industrial applications, creating a new model of collaboration, interaction, and mutual growth among government, industry, academia, and research sectors.	

Sponsoring Student Competitions to Encourage Talented Youth in Research and Development

Competition Type	Competition Introduction	Event Highlights
National Smart Manufacturing Big Data Analytics Competition	The 8th National Smart Manufacturing Big Data Analysis Competition in 2025 To promote the application of "artificial intelligence" and "big data analytics" technologies in smart manufacturing and to cultivate talent in related fields in Taiwan, this competition collaborates with academia and industry. Industry provides actual manufacturing or operational data for the competition teams to analyze, thereby cultivating and discovering outstanding talent in smart manufacturing and big data analytics.	

4.3 Human Rights and Labor-Management Relations

4.3.1 Human Rights Policy

To uphold the fundamental human rights of all employees and promote sustainable economic, social, and environmental development, KINIK supports and adheres to the principles of the "Universal Declaration of Human Rights", the "International Covenants on Human Rights", the "UN Global Compact", and the "International Labour Organization's Declaration on Fundamental Principles and Rights at Work". The company also references the laws and regulations of the locations where it operates to formulate and establish the "Human Rights Policy." Through regular reviews of the policy's implementation, we ensure the effectiveness of the human rights policy and require employees to adhere to relevant standards in their daily business activities, fostering a diverse, inclusive, and supportive workplace.

In terms of employee recruitment, KINIK clearly stipulates the prohibition of child labor in its "Employee Recruitment Guidelines." Except for those who meet the legal requirements for workplace learning programs, employees must be at least 18 years old. To this end, KINIK has developed the "Child Labor, Minor Worker, and Female Worker Protection Guidelines." In the incident that child labor is identified, the company will take the following measures to protect their rights to the greatest extent:

1. Immediately remove the child laborer from the workplace and return them to their place of residence to be reunited with their parents or guardians. The company will thoroughly assess their situation and, if necessary, refer them to the relevant government agency or social services for assistance.
2. Provide medical examinations and necessary care. If the child laborer is ill, the company will provide free medical services until they fully recover.
3. Assist the child laborer in completing their compulsory education and maintain their income until they reach the legal working age as stipulated by the law.
4. The Company will cover all transportation, accommodation, and other related expenses for sending the child laborer back. All receipts for these expenses will be properly kept, and these documents will be used to verify compliance with regulations.
5. If the child laborer reaches the age of 18 or is between 16 and 18 and meets the legal requirements for a workplace learning program, the company will offer re-employment opportunities. The company will, if necessary, limit their working hours and types of work to meet educational needs.
6. Upon discovering child labor, the company will investigate any issues in the recruitment process and take immediate corrective and preventive actions.

In the recruitment process, the company also commits not to recruiting labor through force, coercion, human trafficking, or other illegal means. The company does not assign workers under the age of 18 to jobs that may have potential health and safety risks, and strictly prohibits forced labor or any related coercive measures. These regulations also apply to the employment of foreign workers. Under a clear set of rules and stringent control measures, no incidents of child labor, forced labor, or workplace discrimination resulting in penalties by regulatory authorities occurred in 2025, nor have any complaints related to human rights violations been received.

Note : The policy is reviewed by the CEO, approved by the Chairman.

Human Rights Education and Training

To implement the human rights policy, KINIK has planned human rights-related training for all employees. This training promotes the company's human rights policy, ethical conduct guidelines, and regulations related to the prevention of illegal violations/sexual harassment and other human rights protections. In addition, the Human Resources & Administration Department, in collaboration with internal units and external organizations, organizes training on occupational safety and health, labor regulations, and other categories. In 2025, a total of 77 human rights protection-related training courses were held, with a total of 9,108 hours of training, and 5,251 participant attendances. Our company will continue to conduct education and training to deepen all employees' understanding and awareness of the protection of human rights.

The Prevention of Sexual Harassment and Workplace Violations

To provide a work and service environment free from sexual harassment and workplace violations for the company's employees, contractors, temporary staff, visitors, and job applicants, KINIK has established appropriate preventive, corrective, disciplinary, and handling measures to protect the rights and privacy of the individuals involved. The company also strictly prohibits employees from being subjected to harsh or inhumane treatment, and adopts a zero-tolerance attitude toward any form of discrimination and bullying. KINIK has formulated the "Sexual Harassment Prevention and Workplace Misconduct, Complaints, and Disciplinary Measures" to handle related complaints and establish a complaint handling committee to make decisions and impose penalties, ensuring the protection of employee rights. The grievance channels are as follows :

- Hotline : +886-2-2679-1931 ext. 4116
- Hotline Fax : +886-2-8677-2171
- Dedicated Email : equality@kinik.com.tw

Case Handling Procedure



Note 1 : Upon receiving a sexual harassment complaint, the company will notify the local competent authority in accordance with the regulations and procedures set by the Ministry of Labor.

Note 2 : Workplace violations are defined as unlawful acts committed against employees while performing their duties in the workplace by employers, supervisors, colleagues, service recipients, or other third parties, resulting in physical or psychological harm. The types of violations include: physical violence, psychological violence, verbal abuse, sexual harassment, and stalking.

Corrective and Remedial Measures

For cases of sexual harassment, the company will implement appropriate isolation measures or reassign the respondent during the investigation period. If the respondent holds a position of authority and the case is deemed serious, they will be suspended pending investigation. If the allegation is substantiated, disciplinary action will be taken in accordance with the severity of the case. In severe instances, the company may terminate the labor contract without prior notice in accordance with the Gender Equality in Employment Act.

For incidents involving workplace misconduct, in addition to necessary isolation or reassignment during the investigation, if the investigation committee confirms the facts, disciplinary actions will be imposed based on the seriousness of the misconduct in accordance with the company's work rules. The company may also provide the complainant with the suggestion to refer the case to the competent authority or judicial agency. The decision shall be approved by the responsible supervisor in accordance with the company's Delegation of Authority System.

Whether related to sexual harassment or workplace misconduct, the company will continue to monitor, assess, and follow up on each case to ensure that disciplinary or remedial actions are effectively implemented and that similar incidents are prevented from recurring.

4.3.2 Labor-Management Communication

KINIK listens to and respects the diverse opinions of its employees, emphasizing harmonious labor relations and the protection of employees' right to freedom of association. To maintain smooth two-way communication, the company has set up various channels to ensure that information is communicated to employees quickly and accurately, allowing their voices to be heard and responded to. At the same time, to clearly define the rights and responsibilities of both labor and management, and to improve modern management systems, KINIK follows the "Labor Standards Act" and other relevant laws to establish "Work Rules." These rules aim to guide both parties in promoting business ethics and professional conduct, fulfilling their respective rights and duties, and maintaining a positive employer-employee relationship.

KINIK has not yet established a labor union or signed any collective agreements. However, through well-established and open communication channels, labor and management continue to maintain a good working relationship. As a result, in 2025, no incidents occurred that caused harm to employee rights due to labor disputes or violations of freedom of association, and the company was not penalized by authorities. Furthermore, to protect employee rights, the company complies with relevant labor laws. In the future, if there are significant changes in company operations or the need to terminate the employer-employee relationship, the termination of labor contracts will follow government regulations. The minimum notice period for operational changes will be in accordance with the Labor Standards Act.

1. For employees with 3 months to less than 1 year of service, a 10-day notice is required.
2. For employees with 1 to less than 3 years of service, a 20-day notice is required.
3. For employees with 3 or more years of service, a 30-day notice is required.

Labor Feedback Box and Complaint Channels

In addition to daily internal announcements, electronic bulletin boards, employee activities, face-to-face communication with department supervisors, and departmental meetings, if employees have any feedback regarding company policies or management practices, they can submit their concerns anonymously through the "Suggestion Box," "Proposal Improvement," or the "Employee Complaint Mailbox" on the company website at each factory. The Human Resources & Administration Department's dedicated personnel will handle the investigation and response, ensuring that employees can confidently use these channels to file complaints or express their opinions.

Labor-Management Meeting

KINIK has established the "Labor-Management Meeting Implementation Guidelines" to coordinate labor-management relations, promote cooperation between labor and management, and improve work efficiency. Each factory assigns management representatives and elects labor representatives in accordance with the regulations. Labor-management meetings are held regularly each year to coordinate labor-management relations and discuss labor conditions, benefits, work efficiency improvements, and other employee-related issues. Eventually, the "Meeting Resolution Task Assignment Form" provided by the meeting chairperson serves as the basis for the execution of the resolutions, ensuring the implementation of agreements reached by both labor and management.

Satisfaction Survey

1. Employee Activity Satisfaction

To integrate corporate culture and enhance employee care, KINIK organizes "KINIK Family Day" to encourage employee and family participation, strengthen emotional bonds, demonstrate the company's emphasis on employee welfare and humanistic care, and further enhance employee interaction, thereby strengthening organizational cohesion and unity. To understand employee satisfaction with the event planning and participation experience, the company conducts a satisfaction survey after the event to collect employee feedback, which will serve as an important basis for future event optimization.

The results of the 2025 Family Day satisfaction survey show that 420 people completed the questionnaire, and the overall satisfaction average score was 4.19/5. This indicates that employees gave positive evaluations of the event planning and participation experience, which helps to enhance employee cohesion and organizational unity.



2. Employee Satisfaction Survey

KINIK values employee opinions and feedback, regarding employees as a crucial cornerstone for the company's continued growth and development. To understand employee satisfaction with aspects such as the work environment, management system, job content, benefits, and development opportunities. The company regularly conducts employee satisfaction surveys. These surveys collect employee opinions and needs regarding job satisfaction, purpose, job happiness, and work stress. The survey results serve as an important basis for internal management, system optimization, and decision-making, continuously driving improvement measures to enhance employee satisfaction and organizational cohesion.

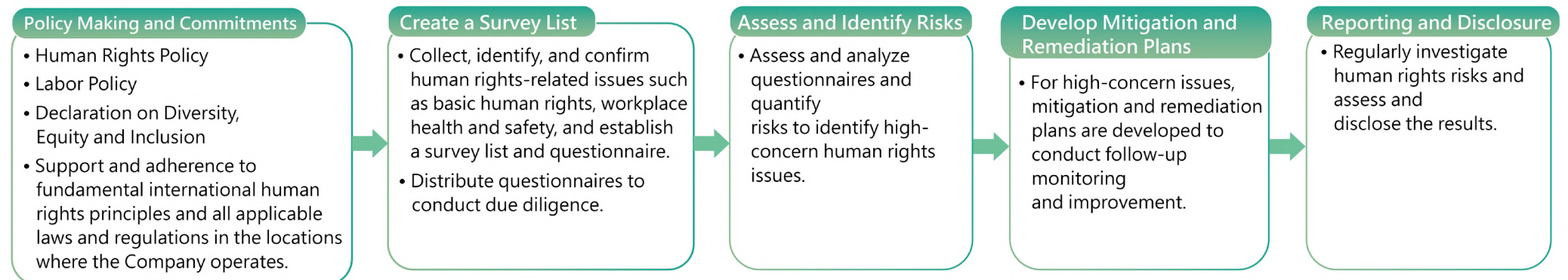
The 2025 employee satisfaction survey collected 449 questionnaires, with an overall satisfaction score of 80.52. The results show that employees have a high level of satisfaction with their work content, teamwork, and work environment, indicating that the company has achieved certain performance in creating a positive workplace environment. However, some employees still have expectations for improvement in policy communication and personal development opportunities. Based on the survey results, the company has planned the following improvement actions :

Category	Management Reading Focus	Improvement actions
Job content and environment	The nature of the work and the environment are highly affirmed; the differences mainly stem from the perceived workload and resource allocation.	1. Review of Functions and Job Responsibilities. 2. Review of workload and workforce allocation. 3. Process optimization, cross-departmental support, and resource scheduling.
Management System and Communication	The system exists, but there is still room for improvement in understanding and communication.	1. Establish a management function model and a structured explanation of the system. 2. Supervisor communication training, system implementation, and consistency reinforcement.
Team and collaborative atmosphere	Teamwork is a clear advantage, but cross-departmental processes can still be optimized.	1. Overview of cross-departmental collaboration processes and bottleneck.
Growth and development	The highest neutrality rate indicates that colleagues are still taking a wait-and-see approach to future developments.	1. Establish a talent development blueprint, MA framework, and key talent planning. 2. Deepening of career paths, succession planning, and development systems.

Human Rights Due Diligence

In order to assess human rights risks in its operations, KINIK has established a human rights risk identification mechanism and regularly conducts investigations and assessments to identify key human rights risks. In turn, it will formulate mitigation plans and remediation actions and response strategies to reduce the probability of risks occurring and avoid human rights violations. KINIK conducted human rights due diligence on its five factories in Taiwan in 2025, and the next human rights due diligence will be conducted in 2028.

Human Rights Due Diligence Procedure



Scope of Human Rights Due Diligence Assessment

Scope	Labor		Health and Safety	Environment	Ethics	Management System
Human Rights Issues	Prohibition of Forced Labor	Anti-Discrimination/ Anti-Harassment	Occupational Health and Safety	Hazardous Substances	Business Integrity	Management Accountability and Responsibility
	Child Labor and Young Workers	Freedom of Association	Emergency Preparedness	Waste and Exhaust Gas	No Improper Advantage	Legal and Customer Requirements
	Working Hours	Prohibition of Human Trafficking	Occupational Injury and Illness	Water Management	Intellectual Property	Risk Assessment and Improvement Objectives
	Wages and Benefits	Collective Bargaining Rights	Physically Demanding Work and Machine Safeguarding	Greenhouse Gases and Energy Consumption	Protection of Identity and Non-Retaliation	Awareness and Grievance Communication
	Humane Treatment		Sanitation, Food and Housing		Privacy	Assessment, Correction and Documentation

Human Rights Due Diligence Identification Results

KINIK conducts risk assessment and classification based on the results of its human rights due diligence questionnaire. A score of 91% and above is classified as Low Risk, 81% - 90% is Medium Risk, and 80% or below is High Risk.

The results of this assessment identified the following high-risk issues :

Risk Level	Scope	Issues
Medium Risk	Ethics	Protection of Identity and Non-Retaliation
	Management System	Awareness and Grievance Communication
High Risk	Ethics	Business Integrity, No Improper Advantage

Mitigation and Remediation Measures for Significant Human Rights Risks

Scope	Ethics	Management System	Ethics
Risk Issues	Protection of Identity and Non-Retaliation	Awareness and Grievance Communication	Business Integrity, No Improper Advantage
Mitigation Plans	- The Company has established whistleblowing/ reporting mailboxes and related communication channels through which employees may raise concerns or file complaints anonymously or under their real names, thereby protecting whistleblowers and complainants from retaliation or threats. - The Company prohibits any form of retaliation, threats, discrimination, or unfair treatment, and has established the "Whistleblowing and Complaint Case Handling Procedures." Awareness of the whistleblower protection mechanism is strengthened through education and internal communication initiatives. - The Company regularly reviews the effectiveness of its whistleblowing and complaint mechanisms and continuously optimizes complaint handling procedures and communication channels to foster a safe and trustworthy working environment.	- The "Whistleblowing and Complaint Case Handling Procedures" are publicly disclosed on the Company website and internal systems to strengthen employee awareness. - Multiple grievance and communication channels are established to allow employees to raise concerns related to labor rights, working conditions, and management practices. - Labor-management meetings are held regularly to promote harmonious labor-management relations and prevent labor-related disputes.	- The "Code of Ethical Conduct" and "Business Integrity Guidelines" are publicly disclosed on the Company website and internal systems to strengthen employee awareness and compliance. - The Company regularly conducts business integrity and anti-corruption education and training programs to enhance employees' legal compliance and integrity awareness. - Suppliers and business partners are required to comply with relevant business integrity requirements to jointly implement ethical business management. - Responsible units formulate business integrity policies, preventive actions, and oversight mechanisms, and report implementation results to the Board of Directors annually.

Mitigation and Remediation Measures for Significant Human Rights Risks

Scope	Ethics	Management System	Ethics
Remediation Measures	- If a whistleblower or complainant is subjected to retaliation, threats, discrimination, or other inappropriate treatment, the Company will immediately initiate an investigation and implement necessary protective actions. - Depending on the circumstances of the case, support measures such as job adjustments, care interviews, psychological counseling, or medical assistance may be provided to minimize the impact on the individual's work rights and physical and mental well-being. - The Company provides on-site medical rooms and contracted physicians to offer employee health care, medical assistance, and psychological counseling services. - Individuals involved in retaliation or inappropriate treatment will be subject to suspension or disciplinary actions in accordance with the Company regulations. In severe cases, job reassignment or termination may be imposed, and legal liability may be pursued where necessary. - The Company will review and improve the root causes, management deficiencies, and procedural gaps related to the incident, and continuously strengthen relevant management and communication mechanisms to prevent similar incidents from recurring.	- Upon receiving a complaint, the investigation team will handle the case, conduct investigations, implement corrective actions, and perform follow-up procedures within the prescribed timeframe and in accordance with relevant regulations. - The Company will review and improve issues identified in complaint cases. After corrective actions are completed, the results and handling status will be communicated to the individuals involved. - If violations are substantiated, the respondent will be required to cease the inappropriate conduct. Disciplinary actions, recovery of improper gains, or legal actions may be pursued depending on the severity of the case. - If the case involves directors, management personnel, leads to significant violations, or poses potential material damage to the Company, the investigation results and subsequent corrective actions will be reported to the Board of Directors. - The Company will review deficiencies in management systems, communication mechanisms, and grievance procedures related to reported cases, and continuously strengthen employee communication, education, awareness initiatives, and management improvement measures while tracking improvement effectiveness to reduce the risk of recurrence.	- If incidents involving bribery, fraud, embezzlement, or improper advantages are identified, the Company will immediately initiate an investigation and require the relevant personnel to cease the misconduct and implement corrective actions. - Personnel who violate business integrity or ethical conduct requirements will be subject to appropriate disciplinary actions based on the severity of the incident, including disciplinary actions or termination of cooperation relationships. Legal liability may also be pursued where necessary. - The Company will review and strengthen management mechanisms, education and training programs, and audit controls related to management deficiencies or internal control weaknesses identified in the incident to reduce the risk of similar incidents recurring.

4.4 Occupational Safety and Health

4.4.1 Occupational Safety and Health Management

Occupational Safety and Health Management System

KINIK Company follows ISO/CNS 45001:2018 and TOSHMS standards in establishing its Occupational Safety and Health (OSH) Management System, which encompasses all facilities under operational control. The system applies to employees, suppliers, and contractors, as well as other non-employee workers whose work and/or workplace are under the company's direction and supervision. Each year, we develop annual occupational safety and health objectives by identifying hazards, assessing risks and opportunities, collecting internal and external issues, considering stakeholder expectations and needs, and ensuring compliance with relevant legal and regulatory requirements. These objectives are determined by site management representatives, who also allocate the necessary resources—such as manpower, specialized expertise, infrastructure, technology, and financial support.

The Occupational Safety and Health Management System is overseen by the CEO as the highest level of management. Policies are formulated by the highest management level, with their suitability reviewed periodically. The KINIK Occupational Safety, Health, and Environmental Sustainability Policy is issued upon approval by the CEO, who is also responsible for supervising and guiding the performance of occupational safety and health management. Performance outcomes are reported regularly to the Sustainability Development Committee and, in accordance with its operational procedures, the implementation status is reported to the Board of Directors at least twice a year.

Each factory's Occupational Safety and Health Office is responsible for promoting various OSH initiatives, including internal audits, risk identification, training and education, and health promotion programs. Through continuous improvement, we aim to enhance the overall occupational safety and health standards of the company. We have also established comprehensive management mechanisms for hazard identification and risk assessment, prevention of occupational incidents and business-related risks, and handling of abnormal events. These measures are

designed to proactively prevent and mitigate risk impacts, thereby reducing the occurrence of workplace accidents and occupational illnesses, and strengthening our overall OSH management framework. KINIK Company remains committed to achieving a 0 occupational incident goal and providing a safe and healthy working environment to protect the safety and health of our employees, contractors, and relevant stakeholders.

To implement the spirit of continuous improvement in the Occupational Safety and Health Management System, KINIK Company conducts regular internal audits annually and commissions credible third-party institutions to perform management system certifications. These efforts ensure the fulfillment of OSH management objectives and the ongoing enhancement of the system's operational effectiveness. In 2025, all facilities completed third-party certification for the ISO 45001 Occupational Safety and Health Management System, ensuring the effectiveness of the management system and compliance with international standards. The scope of the OSH Management System covers all employees as well as non-employee workers whose work is performed at the company's workplace and who are under the company's direction and supervision. The external audit of the overarching management system encapsulated 1,728 employees alongside all non-employee workers during the reporting year (a monthly average of approximately 48 person-times), achieving 100% coverage of the overall management system. Furthermore, KINIK continues to develop internal auditors for the OSH Management System and regularly provides on-the-job training to strengthen their professional competencies. Through the annual implementation of regular internal audits, the Company enhances the effectiveness of the management system and ensures the continual improvement of its occupational safety and health management. These internal auditing procedures similarly encapsulated 1,728 employees and all non-employee workers during the reporting year (a monthly average of approximately 48 person-times), sustaining a comprehensive 100% coverage rate.

Implementation of Occupational Health and Safety Management Systems		
Management System	Implemented Factory	Scope of Coverage
ISO / CNS 45001 : 2018	Yingge Factory, Shulin Factory, Hsinchu Factory, Zhubei Factory, Science Park Factory	All employees, as well as non-employee workers such as suppliers and contractors whose work and/or workplace are under the company's supervision. In 2025, this covered 1,728 employees and 48 non-employee worker person-times
TOSHMS	Yingge Factory, Shulin Factory	

Note 1 : The Company's OSH Management System does not cover off-site sales offices.

Note 2 : The OSH Management System is established based on the ISO 45001 standard and has obtained ISO/CNS 45001 certification; TOSHMS (Taiwan Occupational Safety and Health Management System) is certified under the CNS 45001 standard with additional key audit items.

Note 3 : The number of employees is calculated based on the average of the total monthly employee count.

Note 4 : Non-employee workers refer to workers under the organization's control, such as on-site cleaning and security personnel, including individuals without an employment relationship who are subject to the direction and supervision of the person in charge of the workplace, as well as contractors.

Note 5 : The person-times of non-employee workers is calculated based on the average count of non-employed workers as reported in the Occupational Accident Statistics online filing system.

Consultation and Communication with Workers

The Company has established an Occupational Safety and Health Committee in accordance with the law. The committee is composed of management representatives and employee representatives, and meets regularly each quarter to review occupational safety and health issues arising during operations. Discussions cover matters such as safety and health training, self-inspections and safety audits, health management and promotion, occupational accident investigations, contractor management, and hazard prevention measures. We also continuously track and supervise the implementation of workplace safety improvements to ensure their

effectiveness and achieve continuous improvement. Simultaneously, the Company utilizes the OSH Committee to build a communication platform between labor and management. This is combined with employee improvement proposals and safety and health reporting mechanisms. Safety and health information is disseminated via the internal website and training sessions to raise workers' safety awareness and risk identification capabilities, jointly promoting a safe and healthy work environment. In 2025, there were no disputes related to occupational safety and health.

Occupational Safety and Health Committee Meeting Status					
Factory	Yingge Factory	Shulin Factory	Hsinchu Factory	Zhubei Factory	Science Park Factory
Number of Meetings Held	4	4	1	4	4
Meeting Frequency	Quarterly	Quarterly	Annually	Quarterly	Quarterly
Number of Worker Representatives (persons)	7	5	1	5	3
Total Number of Committee Members (persons)	21	10	6	10	9
Percentage of Worker Representatives (%)	33.33%	50.00%	16.67%	50%	33.33%

Note 1 : Worker Representatives Percentage = (Number of Worker Representatives / Total Number of Committee Members) * 100%.

Note 2 : The number of employees at the Hsinchu Factory does not meet the legal requirement for establishing an Occupational Safety and Health Committee, therefore, meetings are currently held voluntarily.

To strengthen employee consultation and participation, the Company has formulated the "Communication and Consultation Management Measures" to establish and maintain communication mechanisms with workers and labor representatives at all levels. These mechanisms cover the development, planning, implementation, evaluation, and improvement actions of safety, health, and environmental management systems. Key measures include :

- Providing mechanisms, time, training, and necessary resources for consultation and participation to ensure employees' full involvement in management system operations.
- Providing timely OSH-related information so all colleagues can stay informed and protect their rights.
- Identifying and removing obstacles to participation or feedback regarding regulations for workers and labor representatives, promoting effective communication and feedback.

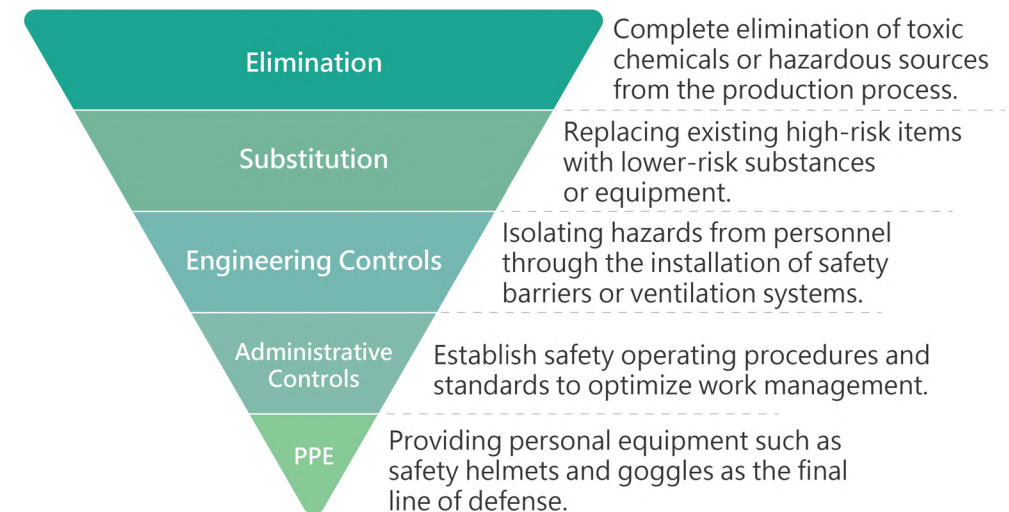
4.4.2 Guarding Workplace Safety

Hazard Identification and Improvement Measures

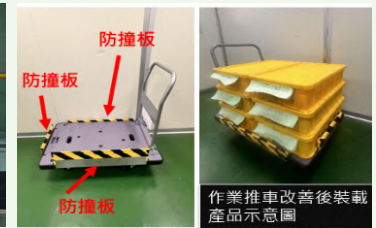
KINIK is committed to building a safe and healthy working environment. We have formulated the "Management Measures for Safety and Health Hazard Identification, Opportunity, and Risk Assessment" to systematically identify potential hazards and improvement opportunities in operational activities, serving as a basis for risk control and continuous improvement. Each unit appoints trained and qualified personnel to be responsible for hazard identification. Existing control mechanisms and the effectiveness of protective facilities are reviewed regularly each year to ensure the continuous optimization of the safety and health management system. The Company assesses risk levels based on the severity and likelihood of hazards, and subsequently takes necessary actions according to these risk levels to achieve the goals of continuous improvement and performance enhancement.

According to the results of the 2025 safety and health hazard identification and assessment, a total of 6,702 hazard risk items were listed and managed through tiered controls. High-risk items accounted for 0.07%, medium-risk items accounted for 28.80%, and low/minor-risk items accounted for 71.13%. Among these, physical, chemical, and ergonomic hazards represented the highest proportions. For the 3 high-risk hazards identified, appropriate control measures have been implemented in accordance with the "Hierarchy of Control" to ensure the safety of the working environment and mitigate potential risks in operations.

Hierarchy of Control



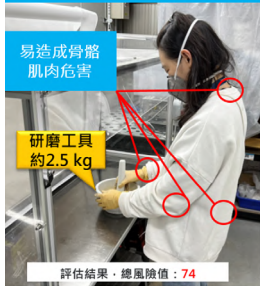
Hazard Risk Identification and Improvement Measures

Types of Hazards	Proportion	High-Risk Items and Improvement Measures	
Physical Hazards	53.82%	1. Strengthening noise management to reduce noise exposure risks for workers. Operation Time Management : Operational time control is implemented for personnel in noise zones, with daily noise exposure controlled within 8 hours. Equipment Noise Improvement : Thick sound-insulating pressure plates are installed at the openings of high-noise equipment. A wrap-around sound insulation design is used to enclose primary noise sources, effectively reducing outward noise propagation and improving the noise environment in the work area. The noise improvement measures have been completed, effectively reducing noise leakage during equipment operation and enhancing the overall noise environment of the work area.	 包覆式設計封閉主要噪音，降低噪音向外擴散
		2. Occupational Environment Safety Protection Enhancement: 3 cases in total, all improvements completed. Improvement of Staircase Handrails and Railings : The excessive spacing between handrails and railings posed potential risks of personnel falling and objects dropping. The overall structural strength was enhanced to address the staircase gaps. Adding Safety Protection to Work Carts : During the movement and transportation process, work carts were unable to secure items stably, creating risks of item damage and injuries caused by falling objects. Protective baffles or specialized fixing fixtures were installed on the carts to prevent items from falling during movement, thereby enhancing operational safety.	 改善後 約44cm 改善前  防撞板 防撞板 防撞板 作業推車改善後裝載產品示意圖
		3. Heat Hazard Mitigation Planning Project: Implementing heat hazard protection measures in the working environment through engineering and administrative improvements to strengthen ventilation, cooling, and high-temperature prevention management, effectively reducing heat hazard risks for workers. Engineering Improvements : Addition of hardware equipment (cooling mist systems, exhaust fans) and establishment of employee rest areas within the factories. Administrative Improvements : Distribution of electrolyte drinks and high-temperature prevention awareness campaigns. Through these improvement measures, the impact of high-temperature working environments on workers' health has been effectively reduced, enhancing the comfort and safety of the operational environment and continuing to safeguard the workplace health of our employees.	 碼頭增加降溫設施 增加排風扇

Hazard Risk Identification and Improvement Measures

Types of Hazards	Proportion	High-Risk Items and Improvement Measures	
Chemical Exposure	22.17%	1. Establishing comprehensive management and response mechanisms for specified chemical substances, toxic chemical substances, and substances of concern. • Strengthening Regional Mutual Aid Response Mechanisms: The Yingge Factory participated in the unannounced test drills organized by the New Taipei City Mutual Aid Group for Toxic and Concerned Chemical Substances. Through the cross-unit mutual aid cooperation mechanism, we ensure that response measures can be initiated immediately in the event of a chemical disaster, maintaining comprehensive capabilities in emergency response, rescue, and notification support. • Conducting Regular Emergency Response Drills : Each factory site regularly implements chemical spill and emergency response drills to strengthen employees' ability to respond to accident scenarios and enhance the efficiency of initial disaster disposal. • Implementing PPE and Operational Management : Through Personal Protective Equipment (PPE) wearing management and standard operating procedures, we ensure that employees take appropriate protective measures during chemical handling, reducing chemical exposure risks and maintaining workplace environment safety. • Enhancing Education, Training, and Hazard Awareness : Regular chemical safety general training is conducted to improve employees' awareness of chemical hazard identification and safe operations, thereby strengthening overall OSH management effectiveness.	

Hazard Risk Identification and Improvement Measures

Types of Hazards	Proportion	High-Risk Items and Improvement Measures										
Human Factors Hazard	11.15%	1. Labor-saving Handling Equipment and Operational Process Improvement: 1 unit installed, improvements completed. - Installation of labor-saving vacuum handling equipment to assist in lifting and moving, reducing the risk of musculoskeletal disorders (MSDs) caused by manual handling. - Optimization of handling routes and workstation layout in the work area to reduce unnecessary travel distances. Through equipment and operational adjustments, ergonomic hazards are effectively reduced, enhancing operational safety while simultaneously improving workflow and productivity to achieve safety and efficiency goals.	改善前  改善後 									
		2.Improvement of Ergonomic Hazards in Powder Molding and Mixing Operations: Improvements completed. Engineering Improvements : Introduced mechanized or semi-automatic grinding equipment, and designed automated mixing machinery to replace manual grinding and mixing, thereby reducing the risks associated with repetitive motions. Administrative Improvements : Implemented job rotation and continuous operation time control to mitigate fatigue and health risks for workers during powder mixing operations.	改善前 易造成骨骼肌肉危害  研磨工具約2.5 kg 評估結果・總風險值：74 改善後 粉末混合設備  評估結果・總風險值：25 手工物料作業檢核表(KIM-MHO) <table><tr><th></th><th>風險值</th><th>低</th><th>中低</th><th>中高</th><th>高</th></tr><tr><td>NA 或 風險值為0</td><td>值<20</td><td>20<值<50</td><td>50<值<100</td><td>值>100</td></tr></table>		風險值	低	中低	中高	高	NA 或 風險值為0	值<20	20<值<50
	風險值	低	中低	中高	高							
NA 或 風險值為0	值<20	20<值<50	50<值<100	值>100								

Based on the health hazard characteristics of hazardous chemicals and employee exposure conditions, KINIK Company implements tiered control measures through assessment results to minimize health hazard risks for our colleagues. The assessment methods employed include workplace environment monitoring, quantitative estimation models, and Chemical Control Banding (CCB) tools, all of which are recognized by domestic competent authorities.

In addition to conducting regular workplace environment monitoring for physical and chemical hazard factors as required by the "Regulations for Implementing Labor Work Environment Monitoring," we also monitored chemical factors with Permissible Exposure Limits (PEL) during the 2025 workplace environment monitoring. All 353 monitoring points implemented met the standards and served as the basis for tiered management. By integrating engineering controls, personal protection, and continuous monitoring, we have formed a closed-loop health risk management system to ensure employee safety. All monitoring points were in compliance with the standards, and the tiered management measures were effectively executed, demonstrating the Company's professionalism and commitment to hazardous chemical management.

Summary of Workplace Environment Monitoring (2025)				
Category	Total Monitoring Points	Level 1 Management	Level 2 Management	Measures and Descriptions
Chemical Factors (with PEL)	353	284	3	Dust Operation Areas : Local exhaust ventilation, regular cleaning, maintenance of intake and exhaust systems, wearing respiratory protection, and continuous monitoring
Physical Factors(Noise)	58	50	8	Noise Operation Areas: Wearing hearing protection, reducing exposure time, and engineering improvement assessment

Chemical Control Banding (CCB) Indicators			
Management Items	Number of Chemicals	Management Tools	Main Measures
Chemicals with Health Hazards but without PEL	357	Chemical Control Banding (CCB) Tools	Assessing health risks, establishing operational controls, storage, and personal protective measures

Hazard Handling Notification and Emergency Response

To respond to sudden emergencies such as fires, chemical spills, natural disasters, abnormal environmental emissions, and strikes, the Company has established relevant regulations, including the "Emergency Response Plan Management Measures" and the "Accident Notification and Investigation Measures." These establish disaster response and accident notification mechanisms to mitigate disaster risks and prevent the escalation of accidents.

Each factory conducts regular education, training, and emergency response drills based on their operational characteristics and potential hazards. In 2025, the emergency response training and drill courses conducted at various factory sites covered day and night emergency response and evacuation drills for factories and dormitories in situations such as fires and earthquakes. They also included spill response handling for toxic and concerned chemical substances, organic solvents, and specified chemical substances, encompassing protective suit donning, spill treatment measures, and emergency first-aid training for personnel splashes. Additionally, Business Continuity Plan (BCP) education, training, and practical drills were conducted. A total of 38 sessions were held, with 966 participants. Through regular drills and reviews, we continuously refine emergency response procedures to reduce the impact on personnel and operations in the event of a disaster.

In the event of an accident or occupational injury, the accident notification and investigation mechanism will be initiated immediately. An analysis of the causes will be conducted, and relevant information will be simultaneously communicated to all related units to strengthen preventive measures and avoid the recurrence of similar incidents.

Furthermore, KINIK prioritizes the safety and well-being of employees during operations. When employees encounter an emergency or dangerous situation while performing their duties, they may, provided that the safety of other workers is not compromised, voluntarily stop operations and evacuate to a safe location, immediately notifying their direct supervisor. The Company respects and safeguards

the exercise of this safety right by employees and will not impose any disciplinary action for stopping operations to avoid danger, ensuring that employees can work with peace of mind in a safety-first environment.



Supplier and Contractor Management Mechanism

KINIK has established the "Procurement Management Regulations." When demanding units plan to procure machinery, equipment, tools, chemicals, protective gear, or construction services related to business operations, they must conduct an occupational safety and health requirement assessment. The Occupational Safety and Health (OSH) unit is notified to provide recommendations, and the procurement process may only proceed after confirming that the requisitions meet environmental and OSH requirements. Suppliers and contractors must comply with procurement and acceptance requirements, including the "Specific Safety and Health Specifications," "Contractor Safety, Health, and Environmental Manual," and "RoHS Regulations on Restricted Substances," to mitigate potential environmental and OSH impacts.

Contractors are required to sign the "Contractor Work Agreement," committing to comply with occupational safety and health regulations. Prior to construction, a joint coordination meeting (Agreement Organization Meeting) must be held with the project undertaking unit to communicate and convey information regarding the working environment, hazard factors, safety and health regulations, and corresponding response measures. Safety inspections are conducted before operations, and irregular on-site safety inspections are carried out during operations. If any violations are found, the contractor is required to stop work immediately and may only resume after the improvements are completed. Following the completion of the work, both the project undertaking unit and the contractor conduct a final check of the safety environment to ensure the operational safety of all contracted tasks and mitigate the occurrence of accidents.

4.4.3 Occupational Safety and Health Education and Training

KINIK systematically plans occupational safety and health (OSH) education and training courses based on employee job descriptions and the responsibilities of managers at all levels, while integrating legal regulations, OSH management system requirements, and stakeholder expectations. This approach aims to enhance employees' safety awareness and professional competence, ensuring operational safety and mitigating the risks of occupational injuries. Regarding professional certification training, the Company arranges for relevant personnel to obtain necessary qualifications and certificates in accordance with different operational risks and regulatory requirements. In 2025, a total of 676 participants obtained certificates for operations supervisors and professional technical personnel, including certificates for Organic Solvent Operations Supervisors, Specified Chemical Substance Operations Supervisors, and Dust Operations Supervisors, as well as professional qualifications for First-aid Personnel, Forklift Operators, and Overhead Crane Operators.

The Company also regularly conducts on-the-job retraining courses to ensure that the professional competence and qualifications of relevant personnel remain in compliance with regulations. In 2025, the overall retraining rate reached 98.96%. Cases of incomplete retraining were primarily due to factors such as retirement or internal transfers to units not involved in the relevant operations. Should these individuals be required to perform such operations in the future, the Company will prioritize arranging education and training to ensure the validity of their qualifications and the fulfillment of operational safety requirements.

For special hazards that may occur during the operational process, the Company has planned various professional training and practical drills. These include emergency response and rescue drills for specified chemical substance leaks, first-aid training, hazard communication education for chemicals, and fit test education and training for respiratory protection equipment. These initiatives aim to strengthen employees'

emergency response and risk identification capabilities, continuously enhancing the overall safety culture. In 2025, the Company conducted relevant safety and health education and training, with a total of 1,676 participants and 3,705 training hours. Through a continuous and systematic education and training mechanism, we further strengthen employees' safety awareness and the effectiveness of occupational safety and health management, ensuring a safe and healthy working environment.

Safety and Health Family and Building a Safety Culture

To deepen supply chain safety management and extend the promotion of safety culture, KINIK established two "Safety and Health Families" at its Yingge and Shulin factory sites in 2020, inviting partner companies to participate in occupational safety and health (OSH) management and exchanges. The Safety and Health Families consist of 43 member companies. By establishing a permanent exchange platform, we facilitate the sharing of safety experiences and best practices among business units.

The operation of the Safety and Health Families centers on OSH education, training, and the passing on of experience. We regularly conduct OSH seminars, occupational injury prevention campaigns, and professional guidance activities to help members enhance their OSH management capabilities. At the same time, members are encouraged to build cooperative and mutually protective partnerships through site visits and experience exchanges. Together with our partners, we strive to elevate workplace OSH standards and are committed to creating a safe, healthy, and sustainable working environment.

Training Course	Course Description	Training Effectiveness
Safety and Health Family Promotion Results	With the theme of "Visit to the Occupational Safety and Health Expansion Center," members of the Safety and Health Family were invited to participate. During the visit, participants shared their observations and practical experiences in OSH management. This initiative aimed to further enhance members' emphasis on and management capabilities regarding OSH issues, strengthening the function of the Safety and Health Family as a platform for cooperation and learning.	 

4.4.4 Occupational Safety and Health Disaster Prevention and Management

KINIK's short-term and medium-term occupational safety and health management goals include a 10% annual reduction in the Injury Rate (IR) and Lost Day Rate (LDR) compared to the previous year. KINIK is committed to preventing occupational injuries and actively adopts preventive strategies to eliminate the probability of potential accidents, thereby reducing the risks of personnel injury and property loss. When an occupational injury occurs, in addition to taking immediate and necessary first-aid and rescue measures, relevant units follow the "Accident Notification and Investigation Measures" to conduct internal and external notifications, accident investigations, and root cause analysis. Risk assessment contents are re-evaluated, and appropriate corrective measures are implemented based on the results of the analysis and assessment.

Furthermore, following the "Work Safety Observation Manual," the Company identifies potential unsafe environments or behaviors within operational procedures through proactive work safety observations. Corrective and preventive plans are implemented to reduce the probability of occupational injuries.

Occupational injury statistics are analyzed for events occurring in 2025, in accordance with GRI indicators and the occupational disaster statistical methods of the Occupational Safety and Health Administration (OSHA). In 2025, the Injury Rate (IR) did not reach the set target (target value: 1.66), and the Lost Day Rate (LDR) also fell short of the set target (target value: 30.07). According to the analysis, the primary reason was an increase in the number of occupational injuries from 7 cases in 2024 to 12 cases in 2025. The types of accidents mainly included falls, contact with harmful substances, caught-in-between, and cuts.

In response to these accidents, the Company conducted a comprehensive review of relevant operational processes and implemented improvement measures immediately following the occurrences. These measures were simultaneously promoted to all factory sites as a preventive mechanism. Each factory site has enhanced on-site risk identification and operational management by implementing or optimizing the Work Safety Observation (WSO) system to reduce the probability of occupational injuries and continuously improve workplace safety. Furthermore, no occupational injuries occurred among other workers in 2025, and no work-related fatalities occurred among employees or non-employees at any of the Company's operating sites.

Employee Occupational Injury Statistics

Year	Total Hours Worked (Hours)	Number of Recordable Occupational Injuries	Number of Severe Occupational Injuries (Excluding Fatalities)	Rate of Severe Occupational Injuries	Number of Fatalities Caused by Occupational Injuries	Lost Workdays (Days)	Injury Rate (IR)	Lost Day Rate (LDR)	Lost-Time Injury Rate (LTIR)	Lost-Time Injury Frequency Rate (LTIFR)
2022	3,881,811	12	0	0.00	0	70	3.09	18.03	0.62	3.09
2023	4,225,650	6	2	0.47	0	426	1.42	100.81	0.28	1.42
2024	3,801,260	7	0	0.00	0	127	1.84	33.41	0.37	1.84
2025	3,873,002	12	0	0.00	0	146	3.10	37.70	0.62	3.10

Non-Employee Occupational Injury Statistics

Year	Total Hours Worked (Hours)	Number of Recordable Occupational Injuries	Number of Severe Occupational Injuries (Excluding Fatalities)	Rate of Severe Occupational Injuries	Number of Fatalities Caused by Occupational Injuries	Lost Workdays (Days)	Injury Rate (IR)	Lost Day Rate (LDR)	Lost-Time Injury Rate (LTIR)	Lost-Time Injury Frequency Rate (LTIFR)
2022	115,507	0	0	0.00	0	0	0.00	0.00	0.00	0.00
2023	105,097	0	0	0.00	0	0	0.00	0.00	0.00	0.00
2024	116,504	0	0	0.00	0	0	0.00	0.00	0.00	0.00
2025	68,259	0	0	0.00	0	0	0.00	0.00	0.00	0.00

Note 1 : Severe occupational injuries refer to injuries resulting in disability or those that prevent a worker from returning to their pre-injury health condition within six months.

Note 2 : Injury Rate (IR) = (Number of occupational injuries / Total working hours) * 1,000,000. This calculation excludes employee commuting traffic accidents.

Note 3 : Lost Day Rate (LDR) = (Lost workdays / Total working hours) * 1,000,000.

Note 4 : Lost-Time Injury Rate (LTIR) = (Lost time incidents * 200,000) / Total hours worked.

Note 5 : Lost-Time Injury Frequency Rate (LTIFR) = (Lost time incidents * 1,000,000) / Total hours worked.

4.4.5 Comprehensive Health Care

To build a healthy workplace environment, each factory has established a labor health consultation and advisory team based on its scale and health hazard characteristics. This team includes 1 to 3 contracted occupational medicine specialists and related medical doctors. Among the five factory sites, while the Hsinchu Factory employs a contracted nurse, the other four factory sites are staffed with a total of 5 full-time nurses. Furthermore, to provide more diverse physical and mental health assistance to employees, the Company has also contracted physical therapists and psychological counselors.

In accordance with occupational safety and health regulations and guidelines, and in response to the expectations of stakeholders (such as employees and customers), KINIK implements various employee health management measures according to its health management plans. In 2025, a total of 102 onsite health service sessions were conducted, with medical and nursing personnel investing a total of 392 service hours. The service scope included maternal health protection, prevention of musculoskeletal disorders, assessment of abnormal workloads, health protection for middle-aged and senior employees, fitness-for-work and return-to-work assessments, as well as case evaluations and health guidance for employees requiring health care and concern.

The Company regularly conducts assessment operations every two years, including musculoskeletal symptom surveys, abnormal workload assessments, health assessments for middle-aged and senior workers, and workplace unlawful infringement prevention. Each factory site utilizes proactive management measures, such as hazard identification, risk assessment, and workplace environment inspections, combined with feedback mechanisms like employee questionnaires to identify potential health risks and employee discomfort. Based on these findings, improvement measures are implemented to ensure that relevant risks are effectively controlled. Employees whose assessment results indicate medium-to-high risk or potential health risks are included in the case management mechanism, with arrangements made for physician interviews, guidance, and continuous follow-up observation. In 2025, the completion rate for health guidance and fitness-for-work assessments reached 100%. Furthermore, in strict compliance with the relevant provisions of the Labor Occupational Accident Insurance and Protection Act, KINIK has established supporting procedures to assist workers in applying for official occupational illness evaluation if they are suspected of having occupational disease concerns stemming from ergonomic hazards, chemical hazards, biological hazards, physical hazards, or psychosocial hazards. In 2025, there were zero confirmed cases of occupational illnesses recognized among either company employees or non-employee workers.

In 2025, the Yingge Factory and the Shulin Factory actively applied for the "Workplace Health Promotion Self-Assessment" program initiated by the Health Promotion Administration of the Ministry of Health and Welfare, successfully passing the evaluation and securing the official "Workplace Health Promotion Self-Assessment Certificate." Furthermore, in recognition of its outstanding efforts to nurture an inclusive and supportive environment, the Yingge Factory was honored with the prestigious Silver Award in the "New Taipei City Middle-Aged and Elderly Friendly Workplace Certification" for the year 2025.

Approximately 47.6% of the employees at the Yingge Factory are middle-aged and senior. In recent years, the factory has been dedicated to creating a diverse, inclusive, and friendly workplace for these employees. The CEO personally signed the "Adaptive Work Planning for Middle-aged and Senior Employees," and a cross-departmental promotion team was established to regularly review and track relevant measures, ensuring the continuous implementation and promotion of various plans. In terms of management practices, the Company has established comprehensive management measures in areas such as human resource systems, job design and health management, and career development and knowledge transfer across generations. Simultaneously, the Yingge Factory has actively promoted job redesign improvements for middle-aged and senior workplaces. By introducing mechanical aids or automated equipment, the risk of musculoskeletal hazards caused by repetitive tasks and heavy-lifting operations has been effectively reduced.

Equipment Improvements for Musculoskeletal Hazard Prevention



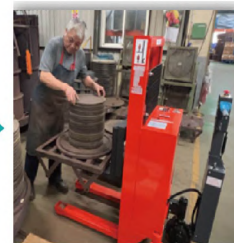
Manual Pallet Jack



Electric Pallet Jack



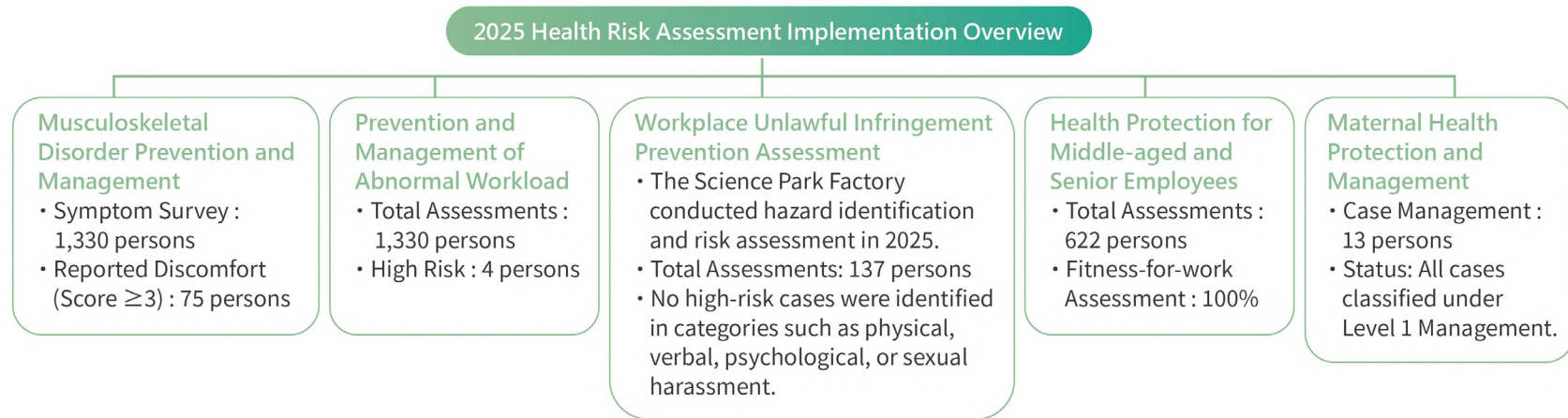
Lift Table Pallet Truck



Electric Lift Pallet Truck



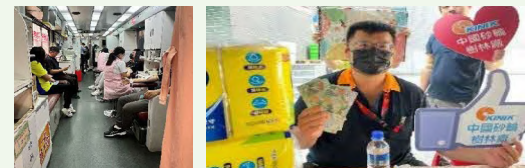
Vacuum Lifter for Labor-saving Handling



KINIK goes beyond regulatory requirements by conducting general health examinations every two years for all employees, regardless of age. In 2025, the Company completed general health examinations for the entire organization. Based on the examination results, a tiered management system has been implemented, with medical and nursing personnel subsequently arranged to provide health guidance and follow-up care.

Target Group	General Health Check Abnormalities	Special Health Check Abnormalities	Physical Examination Abnormalities	Job placement assessments – New hires / Transferred personnel	Job placement assessments – Employees returning to work after illness or injury	Other individuals requiring health care follow-up
Number of health guidance/ management sessions	589	361	67	122	64	86

In addition to health checks and health risk assessments, the company plans health promotion activities each year based on the analysis of health check data and health risk assessment results. By implementing these health promotion activities, the company encourages employees to pay attention to health management, thereby improving or maintaining their health.

Health Promotion Activities			
Activity Type	Activity Theme	Activity Outcomes	
Health Seminars	(1) Understanding Dementia (2) Understanding Stroke (3) Understanding and Overcoming Influenza and Measles (4) Understanding the "Three Highs" (Hypertension, Hyperglycemia, and Hyperlipidemia) (5) Emotional Gym : Training for Stress Resilience Together	- A total of 216 employees participated. - The average satisfaction score was 4.7 (out of 5.0).	
Emergency Rescue Handling	Basic Life Support (CPR + AED)	- A total of 235 employees participated. - The Shulin Factory successfully obtained the renewal of the "AED-Friendly Territory" certification (valid until July 10, 2027).	
Health Promotion Activities	Life Reversal : Health Monopoly (Yingge Factory)	- Health Indicator Achievement Values : 1. Body Fat Rate: Average reduction of 0.8% among participating employees. 2. Waist Circumference: Average reduction of 1.9 cm among participating employees. 3. Body Weight: Average reduction of 0.1 kg among participating employees. 4. Skeletal Muscle Mass: Average increase of 1.88% among participating employees.	
	Blood Donation Drive: Sustaining Love (Shulin Factory & Science Park Factory)	1. Localized Philanthropy: Neighboring factories and community residents were invited to participate in the blood donation drive. 2. A total of 55 participants.	

Health Promotion Activities		
Activity Type	Activity Theme	Activity Outcomes
Health Promotion Activities	Muscle Strength and Aerobic Classes (Zhubei Factory)	- Expert-led Instruction: External instructors were hired to conduct weekly muscle strength and aerobic classes, with employees encouraged to participate freely. - A total of 348 participants (person-times). 
	Stretching Yoga : Body and Mind Relaxation (Shulin Factory)	- Stress Release : Through deep stretching and controlled breathing, long-term physical tension is released, helping the body regain a sense of space and restoring mental tranquility. - A total of 21 participants. 
	"Healthy Cooking Together" for Migrant Workers (Yingge Factory)	- Participation and Achievement Metrics : - A total of 16 employees participated, with a participation rate of 76% among migrant workers at the Yingge Factory. 6 participants reached the targets, representing an achievement rate of 38%. - Activity Satisfaction: 5.0 (out of 5.0). - Health Indicator Achievement Values : - Body Fat Rate: Maintained at an average change of $\pm 0.12\%$ among participating employees. - Waist Circumference: Average reduction of 2.4 cm among participating employees. 



Social Engagement

5.1 Social Contribution

5.2 Calligraphy Arts and Culture



Social Engagement

KINIK has long been dedicated to local community development and engagement in arts and cultural activities, making social participation an integral part of its corporate culture. Adhering to the management philosophy of "Good Together: Good to You, Good to Me, and Good to All" and embracing a spirit of gratitude expressed in "to recognize kindness, feel gratitude, and repay kindness," KINIK continues to collaborate with local governments, schools, social welfare organizations, and its own foundation. Together, they work to preserve valuable industrial culture, promote calligraphy education, and provide meaningful assistance and support to local communities, thereby creating positive social impact.

Priority Stakeholders

Competent Authorities

KINIK adheres to Honorary Chairman Mr. Pai Yung-Chuan's business philosophy of "Good Together: Good to You, Good to Me, and Good to All" and embraces a spirit of gratitude expressed in "to recognize kindness, feel gratitude, and repay kindness," KINIK is committed to balancing corporate ethics and economic development. In addition to focusing on long-term R&D innovation, meeting customer needs, shareholder interests, and employee welfare, KINIK also emphasizes amplifying corporate influence to foster a virtuous cycle. The company has three main focus areas in social value creation: "Social Contribution," "Industry-Academia Collaboration," and "Calligraphy Arts and Culture." By integrating resources from KINIK and the Lin Hsin-Cheng Education Foundation, and collaborating with private social welfare groups and educational institutions, KINIK develops comprehensive public welfare programs in areas such as disadvantaged assistance, urban-rural development, academic-industry alignment, moral education, and cultural heritage. Through these actions, KINIK aims to raise awareness among employees and the public about social welfare, working together to create a sustainable environment where the company and society can thrive together, Good Together.

5.1 Social Contribution

KINIK is located in the renowned ceramic town of Yingge (Yingge District, New Taipei City), and aims to prosper alongside the local community by creating a friendly living environment for its residents. To this end, KINIK has been actively involved in community care and public welfare activities for many years. The company has continuously sponsored elderly care activities and communal meals for senior citizens in Xiying Village and Zhonghu Village of Yingge District, New Taipei City, providing holiday gift boxes and supplies to local elders. In recent years, KINIK has collaborated with private public welfare training organizations to launch innovative projects such as co-branded gift boxes and charitable meal delivery services through the "Student Proposals, Corporate Collaboration" approach. These initiatives not only support public welfare organizations but also distribute co-branded gift boxes to elders in Yingge, perpetuating the spirit of public welfare and kindness.

KINIK started in Yingge, initially known as Jinmin Kiln Factory, producing construction bricks and tiles. Later, it transitioned to manufacturing grinding wheels and abrasive stones. Honorary Chairman Mr. Pai Yung-Chuan, grateful for the Yingge kiln industry's role in the company's early development, has long supported local pottery activities and the development of local arts and culture. After the passing of Mr. Pai Yung-Chuan, his family members established the Pai Yung-Chuan Memorial Education Foundation, actively engaging in educational and public welfare activities. For example, in 2025, the foundation donated a total of NT\$42,000 in scholarships to Zhonghu Elementary School and Chang-Fu Elementary School, benefiting 25 students. The Lin Hsin-Cheng Education Foundation, founded by former chairman Mr. Lin Hsin-Cheng (Mr. Frank Lin) in 2006, promotes calligraphy education to cultivate moral character among young students, assisting 47 elementary schools across Taiwan with calligraphy courses, competitions, and an [online teaching community](#). To date, the program has benefited over one thousand individuals, demonstrating its significant social impact. The foundation also produces educational videos and materials to emphasize the importance of calligraphy education for students and parents, aiming to build good character in the next generation through calligraphy.

In 2025, KINIK, along with the Pai Yung-Chuan Memorial Education Foundation and the Lin Hsin-Cheng Education Foundation, donated a total of NT\$11.65 million. Since the 1980s, the company has donated over NT\$180 million to various junior high and elementary schools in New Taipei City, improving libraries and other public facilities. The company's commitment to cultural and educational public welfare has become part of its corporate culture, adhering to the spirit of "taking from society, giving back to society." KINIK will continue to support local cultural development, aiming to preserve community culture and promote the growth of characteristic industries.

Supporting the STP Seed Talent Cultivation Program, KINIK continues to participate in CSR Action

The "STP (Seed Talent Program) Seed Talent Cultivation Program" public welfare training project aims to provide university freshmen with a workplace-like environment, offering growth opportunities for students who wish to step out of their comfort zones and gain cross-disciplinary experience. The program combines various training courses, including corporate analysis, creative thinking, and project proposal, along with practical projects to enhance both soft and hard skills. Additionally, outstanding industry mentors are invited to provide clear guidance on analysis processes and project content through a one-to-many micro-group learning model. The goal is for participants to embody the spirit of commitment, honor, and reciprocity, and to become excellent new professionals in the future.

In 2022, KINIK joined the public welfare project lineup, with CEO Thomas Hsieh and Vice President Tony Pai serving as group training mentors for the STP Seed Talent Cultivation Program. They guided six group members from National Yang Ming Chiao Tung University, National Taipei University of Business, National Chung Hsing University, National Taiwan University, and National Central University. Through brainstorming, the group proposed two public welfare projects in collaboration with the Taoyuan Christian Love-Your-Neighbor Foundation: the "Love Co-branded Public Welfare Gift Box" and "Kitchen Renovation and Meal Delivery."

In 2025, KINIK continued to participate in CSR Action, including collaborating with the Christian Love-Your-Neighbor Foundation to launch the "Love Co-branded Public Welfare Gift Box" and sponsoring the construction of a comprehensive care center for children and adolescents in Longtan Dabikeng. These efforts aim to care for today's youth and cultivate future leaders.

Philanthropic Project	Activity Description	Event Highlights
Elderly Communal Meals - Xiying Village and Zhonghu Village, Yingge District, New Taipei City	KINIK has consistently sponsored monthly communal meals for the elderly in Xiying and Zhonghu Villages in Yingge District, New Taipei City. They sponsor NT\$10,000 monthly for Xiying and NT\$5,000 for Zhonghu, with over 300 participants each month. The aim is to show care and companionship to the elderly. During festive seasons, KINIK also prepares and distributes 410 gift boxes. The Vice Chairman and CEO personally lead the team to deliver these gifts, wishing the elders a joyful, healthy, and peaceful holiday.	 

Philanthropic Project	Activity Description	Event Highlights
The rice dumpling wrapping event in Xiying Village, Yingge District, spreads warmth and community care.	Through the collective efforts of Xiying Village residents, a total of 3,500 rice dumplings were made. KINIK also sponsored the event, with the Chairman and CEO personally leading a team of employees to the site to join the residents in wrapping rice dumplings. The village chief of Xiying Village distributed these 3,500 rice dumplings as a charitable initiative to local long-term care facilities, nursing homes, and low-income households. Additionally, freshly steamed dumplings were prepared and delivered to the elderly living alone and the disabilities, so they can enjoy the festive season.	
KINIK has long supported the development of local sports in Yingge.	KINIK has long been dedicated to supporting the development of local sports in Yingge, actively promoting a wide range of athletic activities. This ongoing commitment not only reflects the company's corporate social responsibility but also plays a key role in advancing local sports development. In 2025, KINIK, in collaboration with the Lin Hsin-Cheng Education Foundation, contributed NT\$980,000 to support Er-Qiao Elementary School, Yingge Junior High School, and Jianshan Junior High School. The donation covered sports-related clothing, equipment, and consumable supplies, benefiting more than a hundred student-athletes.	
Sponsored Grand May Arts and Culture's "One-Day Bookstore" charity event under the "Fertile Soil Project."	The "Fertile Soil Project" is a reading charity and educational promotion initiative launched by Grand Vision Co., Ltd. Through its "OR" brand, the project has long been dedicated to local culture and lifestyle aesthetics. The core mission is to promote reading equity, providing more children and teenagers with the opportunity to experience the bookstores. In this "One-Day Bookstore" charitable event, students from local schools, underprivileged backgrounds, and rural areas were invited to participate in bookstore tours and reading experiences. This initiative practices cultural accessibility and resource sharing, strengthening the company's positive impact on the local community while fulfilling the goals of social inclusion and sustainable education. Additionally, KINIK sponsored NT\$30,000 for this event. Employees also personally participated, demonstrating the active commitment of corporate staff to social welfare, deepening the practice of Corporate Social Responsibility (CSR), and expanding sustainable influence through cross-sector collaboration.	

Philanthropic Project	Activity Description	Event Highlights
Sponsored the "2025 Yingge Open House" to fulfill ESG sustainability principles and support Taiwan's local cultural industries.	KINIK sponsored NT\$200,000 to support the "2025 Yingge Open House," taking concrete action to participate in the promotion of local cultural industries and regional revitalization. The event connects local ceramic workshops, design brands, and local businesses to promote the heritage and innovation of traditional craftsmanship. These efforts strengthen local economic resilience and deepen the positive connection between the corporation and the community by supporting sustainable supply chains and regional revitalization initiatives. The "2025 Yingge Open House" centered around the theme "The Vitality of Kiln and Clay," bringing together over 30 units and featuring a ceramic market, guided street tours, and traditional banquet gatherings. Building on the foundation of the previous three years, the event successfully attracted over 10,000 participants. Furthermore, more than 10 KINIK executives and their families personally participated in the banquets and guided tours. Through this hands-on involvement, they deepened their appreciation for local culture and strengthened the internal corporate consensus on sustainable development and community engagement.	
Joining forces with 11 enterprises to host the "Big Blood Donation Drive"	KINIK joined forces with 11 enterprises to host the "Big Blood Donation Drive" at Big City (Far Eastern Big City Shopping Mall). A large number of enthusiastic young participants responded to the call, stepping forward to donate blood and putting the slogan "A bag of blood saves a life" into practice. A total of 477 participants joined the drive, successfully collecting 725 bags of blood.	

5.2 Calligraphy Arts and Culture

KINIK and the "Lin Hsin-Cheng Education Foundation" are dedicated to promoting calligraphy education

Project Description	Event Highlights
Promoting Calligraphy Education KINIK, in collaboration with the Lin Hsin-Cheng Education Foundation, has established nearly 50 calligraphy classes, training dozens of calligraphy instructors. The partnership has also led to the independent publication and printing of more than 4,000 instructional manuals. These materials outline twelve fundamental techniques for writing Chinese characters: central alignment, proportion, spacing, main strokes, primary and secondary structure, character interaction, interweaving, visual balance, density, brush technique, character spacing, and line spacing. These guidelines serve as valuable resources for students learning the art of calligraphy. By promoting hard-pen calligraphy instruction, the initiative not only introduces students to the aesthetic beauty of traditional Chinese writing but also helps cultivate a disciplined and focused mindset through the act of writing—fostering cultural appreciation and positive learning attitudes. <u>Assisting Yingge Elementary School in Establishing a Calligraphy Teaching Center</u> To implement calligraphy education, Yingge Elementary School has been actively developing both brush and hard-pen calligraphy teaching. However, the classroom environment and teaching equipment are relatively basic and lack professionalism. To enhance the quality of teaching for educators and the learning experience for students, the Lin Hsin-Cheng Education Foundation allocated funds in 2022 to establish a calligraphy teaching center. In the future, students' learning processes will be integrated with smart classroom equipment, effectively boosting learning outcomes. This initiative aims to achieve Yingge Elementary School's educational vision of "Healthy Growth, Happy Learning, and Professional Innovation," while also embodying the philanthropic spirit of the Lin Hsin-Cheng Education Foundation, which is dedicated to serving society, giving back to the community, and supporting education.	 ▲ Promoting Calligraphy Education  ▲ Assisting Yingge Elementary School in Establishing a Calligraphy Teaching Center

Project Description

KINIK "Yung-Chuan Cup" National Elementary School Hard-Pen Calligraphy Competition

In addition to offering calligraphy courses, KINIK and the Lin Hsin-Cheng Education Foundation also organize a nationwide calligraphy competition that receives enthusiastic participation from schools across the country each year. In addition to awarding cash prizes to outstanding participants, the event also features the publication of a compilation of winning works, allowing the public to appreciate and learn from the showcased calligraphy. Through this competition, teachers, students, parents, and calligraphy enthusiasts of all ages are encouraged to develop a shared interest in the art of calligraphy. The 10th KINIK Yung-Chuan Cup National Elementary School Hard-Pen Calligraphy Competition was held on December 13, 2025, at Yingge Elementary School in New Taipei City.

Event Highlights



▲ 2025 Photos of the Lin Hsin-Cheng Education Foundation and the Pai Yung-Chuan Memorial Education Foundation

Corporate Integrity

6.1 Corporate Governance

6.2 Regulatory Compliance

6.3 Responsible Tax Practices

6.4 Risk Management

6.5 Information Security



Corporate Integrity

The foundation of sustainable corporate development lies in a sound and robust corporate governance framework. Strengthening the supervisory and management functions of the Board of Directors is therefore a core focus of KINIK's ongoing efforts to enhance governance. In addition to safeguarding shareholders' rights, KINIK is actively implementing risk management mechanisms to address both traditional and emerging risks, including those related to climate change and information security. By thoroughly identifying, assessing, and formulating response strategies, the Company mitigates potential risks that could impact business operations. These proactive efforts not only enhance operational resilience but also generate greater value for stakeholders.

Material Issues GRI Indicators

GRI 205 : Anti-corruption
GRI 206 : Anti-competitive Behavior
GRI 418 : Customer Privacy

Corresponding Material Issues

Ethical Management and Legal Compliance
Corporate Governance and Risk Management
Customer Privacy and Information Security

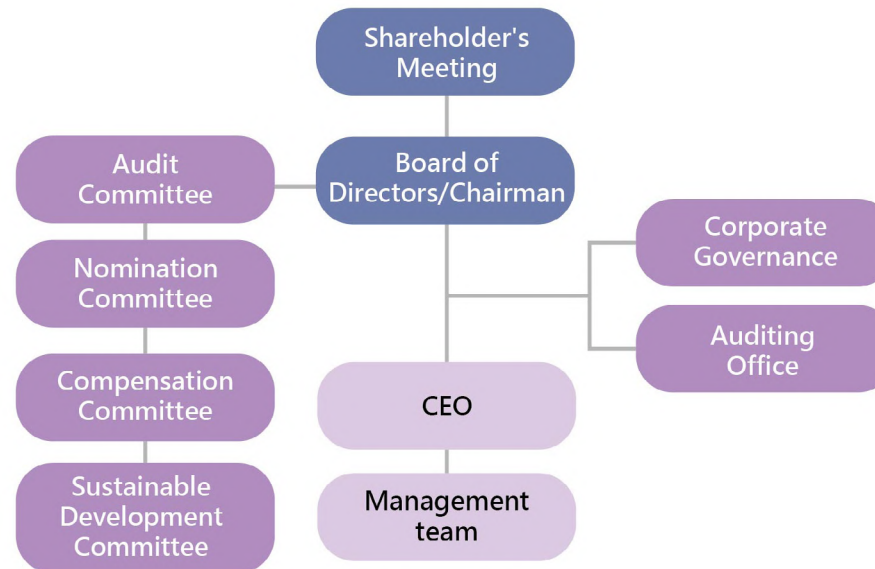
Priority Stakeholders

Competent Authorities, Investors, Customers, Employees, Suppliers

6.1 Corporate Governance

6.1.1 Corporate Governance Structure and Operations

KINIK has established a sound corporate governance structure to strengthen supervisory functions and management capabilities. The Shareholders' Meeting is composed of all shareholders and is responsible for deliberating major decisions related to company operations, such as the issuance of new shares, dividend distribution, amendments to the Articles of Incorporation and important regulations, and the election of directors. Under the Shareholders' Meeting, the Board of Directors serves as the highest governance body overseeing the company's impacts on the economy, environment, and people. The Board operates independently from senior executive management (such as CEO Office and the General Manager's Offices of each business unit), and the positions of Chairman and CEO are not held by the same person. Directors are elected by all shareholders at the Shareholders' Meeting in accordance with the "Regulations for Election of Directors." They are responsible for formulating corporate operation policies, approving business plans and financial budgets/statements, and supervising the execution of operational goals. Furthermore, they provide guidance on major decisions to the management team based on their professional expertise to protect corporate value from policy missteps. Under the Board of Directors, functional committees such as the Compensation Committee, the Audit Committee, the Nomination Committee, and the Sustainable Development Committee have also been established to assist the Board in deliberating proposals related to compensation, accounting, auditing, financial reporting processes, director nominations, corporate governance, and corporate sustainable development, ensuring the quality, independence, and integrity of the Board's decision-making.



Functional Committees

Committee Name	Composition of Members	Responsibilities	Meeting Frequency
Compensation Committee	3 Independent Directors	Formulates and periodically reviews the policies, systems, standards, and structures for annual and long-term performance goals and remuneration of directors and managers. It also periodically evaluates the achievement of performance goals and determines the content and amount of individual remuneration.	At least twice a year. (A total of 6 meetings were held in 2025, with a director attendance rate of 94.44%)
Audit Committee	3 Independent Directors	Establishes or amends internal control systems and assesses their effectiveness; reviews major asset or derivative transactions; handles the offering, issuance, or private placement of equity-type securities; manages the appointment/dismissal of external auditors; handles the appointment/removal of financial, accounting, or internal audit executives; and reviews annual financial reports signed or sealed by the Chairman, managers, and accounting executives, as well as reviewed/certified financial reports for the first, second, and third quarters.	At least once a quarter. (A total of 9 meetings were held in 2025, with a director attendance rate of 96.30%)
Sustainable Development Committee	Chaired by the Chairman, with the Vice Chairman and Independent Directors serving as members.	Reviews the company's sustainable management strategies and formulates sustainable development plans, including targets and execution strategies for corporate governance, integrity management, and environmental and social aspects. It also periodically reviews and tracks the progress and effectiveness of the company's sustainable development.	At least twice a year. (A total of 2 meetings were held in 2025, with a director attendance rate of 100%)

Functional Committees

Committee Name	Composition of Members	Responsibilities	Meeting Frequency
Nomination Committee	Composed of the Chairman, Directors, and 3 Independent Directors (with one Independent Director serving as the convener).	Responsible for the nomination, selection, qualification review, and independence assessment of director candidates. It coordinates the organizational structure planning of functional committees; deliberates the establishment, amendment, and review of corporate governance regulations; and oversees matters such as director continuing education, Board performance evaluation, and member assessments.	At least once a year. (A total of 1 meeting was held in 2025, with a director attendance rate of 100%)

Note : For more information on the composition, responsibilities, and relevant resolutions of the functional committees, please refer to [KINIK's 2025 Annual Report](#) and the Investor Relations section of the company website.

6.1.2 Operation of the Board of Directors

KINIK handles director nominations and selections in accordance with the "Articles of Incorporation" and the "Regulations for Election of Directors." Although the nomination and selection of the Board of Directors have not yet referenced the candidates' abilities regarding organizational impacts, diversity factors such as stakeholder perspectives and the professional knowledge, skills, and expertise for members to perform their duties have been incorporated into consideration to ensure the independence of the directors in exercising their powers. The election of directors adopts a registered cumulative voting system. After candidates are approved by a resolution of the Board of Directors, they are submitted to the shareholders for election; meanwhile, shareholders are encouraged to participate in the director nomination and selection process. The current Board of Directors is composed of 9 members, including 6 Directors and 3 Independent Directors. The election date was June 20, 2023, for a 3-year term. The term of office will expire on June 19, 2026, and a full re-election is expected to be held at the Annual General Shareholders' Meeting on June 23, 2026. For information on the nomination of director candidates and the convening of the shareholders' meeting, please refer to the announcements on the Market Observation Post System. All Independent Directors comply with the professional qualifications, independence, and concurrent position restrictions set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." In 2025, the company held a total of 10 Board meetings, with an average actual attendance rate of 98.89%, and 100% including attendance by proxy.

Name	Nationality	Title	External Independence	Expertise and Background	Experience	GICS Level 1	Number of Concurrent Independent Directorships in Other Listed Companies
Po-Chuan Lin	R.O.C.	Chairman	Executive Director	Electrical Machinery, Public Relations	- Chairman of KINIK - Chief Sustainability Officer - Chairman of KinKi Investment Co., Ltd. - Chairman of Hongia Industry Co., Ltd. - Director of Kinik-Thai Co., LTD - Director of MKS - Chairman of MGT - Chairman of Kinli Real Estate Management and Development Co., Ltd.	Industrials	0
Wen-Liang Pai		Vice Chairman	Non-Executive Director	Electrical Machinery, Business Management and Accounting, Public Relations	- Vice Chairman of KINIK - Chairman of Kinchuan Investment Co., Ltd.	Industrials	0

Name	Nationality	Title	External Independence	Expertise and Background	Experience	GICS Level 1	Number of Concurrent Independent Directorships in Other Listed Companies
Jung-Che Hsieh	R.O.C.	Director / CEO	Executive Director	Semiconductors, Technology and Intellectual Property	• CEO of KINIK • Director of Hongia Industry Co., Ltd. • Director of Kinli Real Estate Management and Development Co., Ltd. • Director of KTC (Note 3) • Chairman of MKS (Note 4) • Director of MGT (Note 5) • Vice Chairman of the ITRI Startup Association • Director of JC Capital Taiwan Co., Ltd.	Industrials	0
Ching-Chung Pai		Director / Vice President	Executive Director	Semiconductors, Technology and Intellectual Property	• Deputy General Manager of the Chairman's Office of the Company • Director of Li He Investment Co., Ltd. • Director of Hongia Industry Co., Ltd. • Chairman of Dongguan Kinik Trading Co., Ltd (China) • Chairman of Jiangsu Kinli Materials Technology Co., Ltd. • Director of Kinli Investment Co., Ltd. • Director of Kinli Real Estate Management and Development Co., Ltd. • Director of MKS • Director of MGT	Industrials	0

Name	Nationality	Title	External Independence	Expertise and Background	Experience	GICS Level 1	Number of Concurrent Independent Directorships in Other Listed Companies
Wei-Chang Lee	R.O.C.	Director / General Manager of DBU	Executive Director	Semiconductors, Business Management and Accounting, Public Relations	- General Manager of DBU of KINIK - Spokesperson of KINIK - Independent Director of G.M.I Technology Inc. - Chairman of Dongguan Kinik Trading Co., Ltd (China). - Chairman of Kinli Investment Co., Ltd. - Director of MKS - Director of MGT - Director of Shin Hsieh International Limited - Jiangsu Kinli Materials Technology Co., Ltd.	Industrials	0
Fu-I Hung		Director / General Manager of SBU	Executive Director	Semiconductors, Business Management and Accounting	- General Manager of SBU of KINIK - Associate Engineer at Mechanical and Systems Research Laboratories, ITRI	Industrials	0
Hsin-Yuan Tsai		Independent Director	Non-Executive Director	Electrical Machinery, Technology and Intellectual Property	- Executive Director of ITRI Southern Campus - Director General of Mechanical and Systems Research Laboratories, ITRI - Chairman of Innovative DigiTech-Enabled Applications & Services Institute - Independent Director of Tongtai Machine & Tool Co., Ltd.	Industrials	1

Name	Nationality	Title	External Independence	Expertise and Background	Experience	GICS Level 1	Number of Concurrent Independent Directorships in Other Listed Companies
Po-Hsi Liao	R.O.C.	Independent Director	Non-Executive Director	Banking and Insurance	- Chairman of Hua Nan Engineering Co., Ltd. - Director of Hua Nan Financial Holdings Co., Ltd. - Chairman of Howard Plaza Hotel - Vice Chairman of South China Insurance Co., Ltd. - Director of China Electric Mfg. Corp - Director of Weltrend Semiconductor, Inc.	Finance	0
Wen-Yi Hsiao		Independent Director	Non-Executive Director	Business Management and Accounting, Public Relations	- Chairman of Yan Ding Capital Co., Ltd. - Chairman of Yan Ding Land Co., Ltd. - Director of Yan Ding Investment Co., Ltd. - Convener of Financial Investment Department at Wen Jian CPA Firm	Industrials	0

Note 1 : The proportion of directors aged 30-50 is 33.33%, and the proportion of those aged 50 (inclusive) and above is 66.67%. Currently, all members of the Board of Directors are male. To increase the ratio of female directors, the company plans to nominate at least one female candidate in the next election.

Note 2 : To ensure stakeholder inclusiveness, the board members possess representativeness across various stakeholder groups, including the elderly, veterans, investors, academic institutions, and non-profit organizations.

Note 3 : KTC stands for Kinik-Thai Co., Ltd.

Note 4 : MKS stands for MAX KINIK Seimitsu Co., Ltd.

Note 5 : MGT stands for MAX KINIK Grinding Technology Co., Ltd.

Conflict of Interest Management

To establish a corporate culture of integrity and ensure sustainable development, KINIK has established clear regulations regarding the avoidance of conflicts of interest within its Rules of Procedure for Board of Directors Meetings, Ethical Corporate Management Best Practice Principles, and Audit Committee Charter. Furthermore, communication channels, such as a dedicated section on the company website and contact information for the responsible department, are provided. If a director or the corporate entity they represent has a personal interest in a matter under consideration at a board meeting, the director must disclose the material content of their interest during that meeting. Where there is a risk of harming the Company's interests, or where a clear personal interest exists, the Director shall be prohibited from participating in both the discussion and the voting. Furthermore, the Director must recuse themselves during the discussion and voting processes, and shall not act as a proxy to exercise voting rights on behalf of other Directors. Details regarding all such recusals must be clearly recorded in the meeting minutes. No conflict of interest events occurred in 2025. (For information regarding concurrent positions held by directors, please refer to pages 13–18 of the [2025 Annual Report](#). For information on whether the organization has controlling shareholders, please refer to page 137 of the [2025 Annual Report](#). For details on related-party transactions within the organization, please refer to page 62 of the [2025 Consolidated Financial Statements](#). In addition, there is no cross-shareholding between the organization and its suppliers or other stakeholders.) For the implementation status of directors recusing themselves from resolutions involving personal interests, please refer to pages 120–124 of the company's [2025 Annual Report](#).

Board Diversity

To strengthen the functions of the Board of Directors, KINIK stipulates in the "Corporate Governance Best Practice Principles" that the board structure should determine an appropriate number of directors (at least five) based on the scale of the company's development and the shareholding status of major shareholders, while considering practical operational needs. In addition, the composition of the Board of Directors should consider diversity. Besides the principle that directors who also serve as company managers should not exceed one-third of the total director seats, an appropriate diversity policy should be formulated based on the board's own operations, business models, and developmental needs. This policy should include, but not be limited to, standards in the following two major aspects :

- (1) Basic Conditions and Values : Gender, age, ethnicity, nationality, culture, etc.
- (2) Professional Knowledge and Skills : Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills, and expertise necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess eight major categories of capabilities, including operational judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making. The current 9 directors of KINIK all possess diverse backgrounds, professional capabilities, and extensive industry experience, leading KINIK to successful transformation and continuous growth breakthroughs. In 2025, the board diversity management goal of ensuring that Independent Directors do not serve more than three terms was also achieved. The company also emphasizes gender equality in the composition of the Board of Directors, with a goal of having at least one-third of the director seats held by different genders. Currently, all board members are male, primarily because the semiconductor industry has long been dominated by male practitioners, and the participation rate of female professionals in related fields is relatively low. In the future, the company will strive to increase the number of female director seats and plans to add at least one director of a different gender during the next board re-election to gradually achieve this goal.

Professional Development of Board Members

To ensure that directors possess the ability to assess various risks and respond to the rapid evolution of domestic and international corporate governance and sustainability issues, KINIK's corporate governance unit formulates director training plans by referencing industry characteristics, directors' professional backgrounds, and domestic and international trend issues. In 2025, the total training hours for directors in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" amounted to 69 hours, with an average of 7.67 hours per director. This performance is superior to the requirement of 6 hours of annual continuing education for re-elected directors as stipulated in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." The content of the directors' continuing education courses covers corporate governance, corporate mergers and acquisitions, anti-money laundering practices, industry trends, and corporate sustainability transformation. For detailed information on director training in 2025, please refer to the announcements on the Market Observation Post System (MOPS).

Board Performance Evaluation and Remuneration

To implement corporate governance and enhance the performance of the Board of Directors, KINIK has formulated the "Regulations for Board Performance Evaluation" by referencing Article 37 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." Each year during the first quarter, the performance of the previous year is evaluated. The evaluation results are reported to the Board of Directors for review, improvement, and the formulation of enhancement measures to facilitate their mastery over the operational effectiveness of the Board and functional committees and to track improvement outcomes. In accordance with regulations, KINIK conducts annual internal self-evaluations of the Board of Directors, individual board members, and members of functional committees such as the Compensation Committee and the Audit Committee. The unit executing the performance evaluation must clearly understand the operations of the evaluated unit and maintain a fair, objective, and independent role. The performance measurement items cover aspects such as the degree of participation in company operations, mastery of company goals and missions, awareness of directorial responsibilities, enhancement of the decision-making quality of the Board/functional committees, composition and structure of the Board/functional committees, election and continuing education of directors, and internal control.

The 2025 evaluation results of the company are as follows :

- (1) Average score of Board performance evaluation: 95.77 points
- (2) Average score of Board member self-evaluation: 96.12 points
- (3) Average score of Compensation Committee member self-evaluation: 95.92 points
- (4) Average score of Audit Committee member self-evaluation: 96.76 points

For more information on the 2025 performance evaluation of the Board of Directors, individual directors, and functional committees, please refer to pages 38-41 of [KINIK's 2025 Annual Report](#).

Regarding remuneration decisions, KINIK conducts performance evaluations for its directors and managers in accordance with the "Regulations for Board Performance Evaluation" and the "Performance Appraisal Management Regulations," incorporating stakeholder opinions (investors). According to the "Remuneration Management Regulations for Directors and Managers," the Compensation Committee measures financial and non-financial indicators related to company operations, individual performance of directors/managers, and peer industry standards before submitting the remuneration distribution to the Board of Directors for resolution, aiming to balance sustainable management and risk control. Furthermore, to enhance incentives for directors and managers to promote sustainable development goals, although the performance evaluation and remuneration policies of KINIK's Board and senior management have not yet included the performance of supervising the management of impacts related to the economy, environment, and people, the company will continue to deepen the linkage between the remuneration of directors and managers and the achievement of corporate sustainability goals, making corporate sustainable management a common objective.

6.1.3 Integrity Management

KINIK values the overall reputation of the organization and upholds the governance principles of transparency and integrity. Approved by the Board of Directors, the company has established business conduct and ethics-related regulations such as the "Ethical Corporate Management Best Practice Principles," "Code of Conduct and Ethics," "Procedures for Handling Material Inside Information and Prevention of Insider Trading," and "Sustainable Management Code of Conduct." These regulations provide detailed rules, guidelines, and grievance systems to prevent unethical behaviors, including corruption (such as fraud, embezzlement, money laundering), bribery (such as illegal political contributions, improper charitable donations or sponsorships, gifts, hospitality, and conflicts of interest), and insider trading. Through education, training, policy advocacy, and clear reward and punishment systems, all employees and business partners are fully informed of KINIK's integrity management policies, preventive measures, operating procedures, and the consequences of unethical behavior. All employees are required to strictly comply with relevant regulations and maintain awareness for preventing and promptly reporting unethical conduct. Managers and supervisors at all levels must fulfill their supervisory and management responsibilities to embody the concept of integrity management in all business activities.

KINIK requires directors, managers, and employees to strictly comply with integrity management laws and regulations in the countries where we operate, adhering to the highest ethical standards. It is explicitly stipulated that the company shall conduct business activities in a fair and transparent manner based on the principle of integrity. Prior to engaging in business dealings, the company assesses the legality of agents, suppliers, customers, or other business counterparties and checks for any involvement in unethical behavior. Integrity management compliance clauses are included in contracts, stating that the company may terminate or rescind the contract at any time if the counterparty is involved in unethical behavior. This avoids transactions with those involved in unethical conduct and allows KINIK to work with value chain partners to prevent unethical behavior and protect mutual interests.

As of the end of 2025, no significant corruption risks were identified at any of the company's sites (excluding subsidiaries), and no incidents of corruption or bribery, money laundering, or insider trading violating integrity management occurred.

Site	Corruption Risk Assessment
Total number of sites	20
Total number of operating sites that have undergone corruption risk assessment (%)	13 (65%)

Ethical Corporate Management
Best Practice Principles



Code of Conduct and Ethics



Procedures for Handling Material
Inside Information and Prevention
of Insider Trading



Sustainable Management
Code of Conduct



KINIK has established a whistleblowing mechanism and relevant management measures within the "Code of Conduct and Ethics," with the Human Resources and Administration Department serving as the dedicated unit responsible for handling whistleblowing cases. All employees or external parties can report through correspondence, whistleblowing mailboxes, and reporting hotlines. The company provides anonymous reporting and appropriately processes all reported data in a confidential and responsible manner. KINIK will exert every effort to protect the safety of whistleblowers acting in good faith, ensuring they are free from any form of retaliation. The acceptance of reports, investigation processes, and investigation results are all preserved as written documents or electronic files with due responsibility for safekeeping. This ensures that both employees and external parties can exercise their rights to report through internal and external channels according to the law with peace of mind. Furthermore, the company periodically promotes and provides education on the use of the whistleblowing mechanism and related management measures.

If an employee is reported for unethical behavior, the company will, upon verification, impose penalties based on the severity of the case in accordance with the "Reward and Punishment Management Regulations" and report to the Board of Directors; involved personnel will be handled according to the law. Regarding actual or potential violations of integrity management, the company implements improvement measures such as education, training, and strengthened advocacy to avoid or prevent recurrence of such negative events. KINIK also periodically reviews the latest decrees issued by competent authorities to timely revise the whistleblowing mechanism and relevant internal regulations, ensuring that the grievance mechanism can effectively prevent potential risks to integrity management.

Whistleblowing Channels

1. Reports from External Parties :
Investor Relations Email :
ir@kinik.com.tw
2. Reports from Internal Personnel :
Employee Grievance Email - Human
Resources and Administration
Department : equality@kinik.com.tw

Principles and Procedures for Handling Whistleblowing Cases

1. Upon receiving a report or grievance, the receiving unit shall report to the CEO, who will appoint members to a designated investigation team. The investigation team may notify the whistleblower, the respondent, or other relevant personnel to provide explanations. Relevant personnel have the obligation to accept inquiries, answer faithfully, and provide relevant data. Legal or other relevant departments shall provide assistance when necessary.
2. The investigation team shall maintain an objective and impartial attitude, giving the respondent or other relevant personnel ample opportunity to state their views and defend themselves. During the acceptance, investigation, and review process, if the reporting level involves a related party or a conflict of interest, the reasons must be stated and the individual must recuse themselves. In such cases, the CEO shall appoint another non-interested party to handle the report.
3. The investigation team shall complete the investigation within two months of receiving the case, which may be extended by one month if necessary. Upon closing the case, the whistleblower should be appropriately notified, except in cases where the whistleblower fails to provide contact information, does not respond to contact, or reports anonymously. The investigation results of anonymous grievance cases will be presented in the form of an announcement on the company's Intranet. If the whistleblower is dissatisfied with the result, they may submit new reasons and specific new evidence within ten days of receiving the response. The CEO will then designate another appropriate unit, different from the initial receiving unit, to handle the reconsideration. Application for reconsideration is limited to once.
4. If the case is verified to be true and violates relevant regulations, the respondent shall be immediately required to cease the conduct. Depending on the severity, the company will impose penalties, recover improper benefits, or pursue legal liability to protect KINIK's reputation and interests. However, before a penalty decision is made, the company provides the respondent with an opportunity to state their views or appeal to protect their rights. If the investigation discovers involvement of directors or management, significant violations, or risks of material damage to the company, the investigation results and subsequent corrective measures shall be reported to the Board of Directors (Audit Committee).

6.2. Regulatory Compliance

6.2.1 Regulatory Compliance Management

KINIK Company has established its primary hub for R&D and manufacturing in Taiwan, and marketed its products and services in regions such as Asia-Pacific, Europe, and the Americas. A robust regulatory compliance system ensures that all operations are compliant with relevant laws and regulations, thus minimizing financial and reputational risks resulting from breaches of laws and regulations. Consequently KINIK Company has implemented the "Sustainable Operations Regulatory Identification and Audit Procedures" and the "Regulatory Identification and Audit Management Guidelines". These measures reinforce compliance awareness across departments, safeguard the company's image, and reduce operational risks and liabilities for directors and managers. This will also help all employees to understand the importance of safety, hygiene, environment and energy, as well as the planning and management of these sectors respectively.

KINIK plans to establish operational bases in Europe and the Americas to better serve local customers. Therefore making regulatory compliance a critical issue as business scope expands. To ensure all departments clearly understand the regulations applicable to their operations, the "Sustainable Operations Regulatory Identification and Audit Procedures" and the "Regulatory Identification and Audit Management Guidelines" delineate job duties and responsibilities. Legal, labor safety, factory operations, procurement, human resources, intellectual properties, and sales departments are tasked with gathering, identifying, and determining the relevance of applicable laws and regulations within their business areas. These identified laws and regulations are compiled into a *Regulatory Identification Overview Table* for control and monitoring, and are to be updated at least once a quarter by the relevant department by way of reviewing websites of regulatory authorities, organizations, or customers to stay updated on the latest requirements. If there are any updates/ amendments on applicable regulations, customer or requirements, the responsible department needs to file the updates using the "Regulatory and Other Requirements

Compliance Review Application Form (BPM)" for cross-departmental review. If there are any new laws/regulations enacted or the amendments thereof, legal and relevant department will assess the applicability and appropriateness thereof, and an annual comprehensive compliance review is conducted before management review meetings.

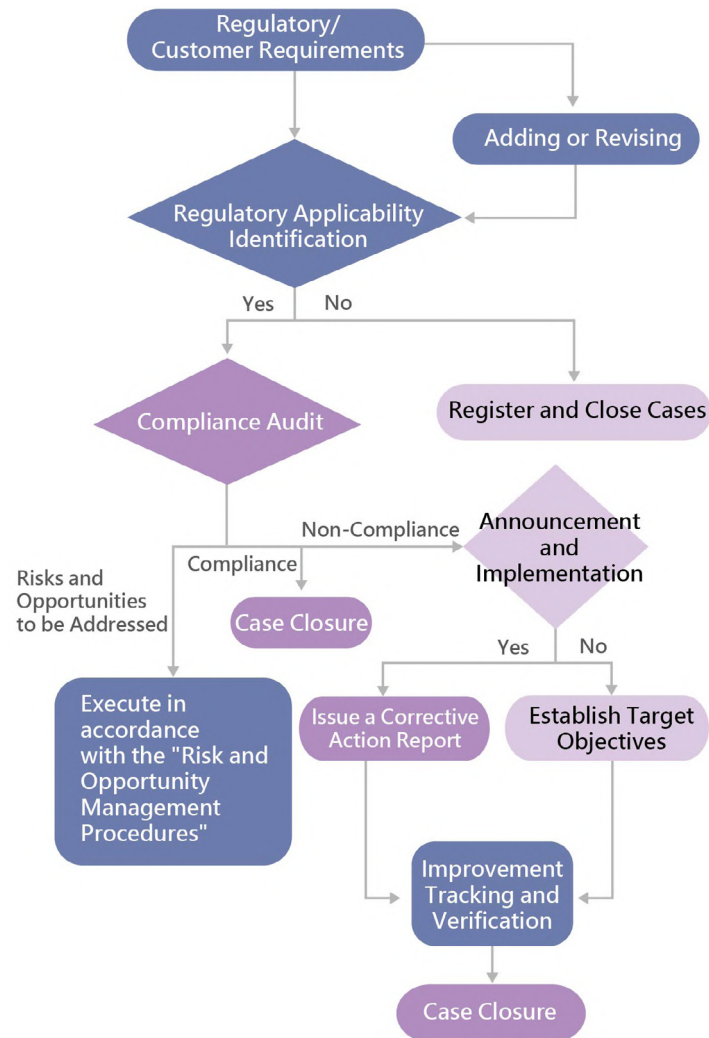
If (1) non-compliance, or (2) compliance with opportunity for performance improvement is identified, or (3) that it is compliant but does not meet BPA rules or customer requests is found, relevant personnel shall undergo training or awareness programs in accordance with the "Communication and Consultation Management Guidelines" or the "Competency, Training, and Awareness Management Guidelines". These programs aim to enhance understanding and compliance awareness related to job functions.

During audits by authorities or internal inspections, if any non-compliance with laws and regulations or other requirements is identified, the responsible department shall analyze the issue and develops corrective and preventive measures, and complete the document "Risk and Opportunity Assessment and Action Plan". If cross-departmental reference is required, relevant departments shall co-sign via BPM during regulation registration and work on improvements. Follow-up plans are devised to address non-compliance.

In 2025, no locations experienced penalties related to anti-competition, antitrust, or monopolistic practices, nor any significant instances of non-compliance with laws and regulations resulting in financial or non-monetary sanctions were incurred that could impact the Company's operations. Significant instances of non-compliance resulting in monetary sanctions are defined as those involving administrative fines of NT\$300,000 or more; significant instances of non-compliance resulting in non-monetary sanctions are defined as restrictions imposed by governments, regulatory

authorities, or public agencies on the organization's activities or operations, such as the withdrawal of trading licenses or licenses to operate in highly regulated industries. They can also include directives to cease or remediate an unlawful activity.

Regulatory Compliance Process



Year	Incident	Type of Penalty	Improvement Measures
2025 (Total 2 incidents)	Violation of Fire Safety Regulations	NT\$40,000 fine	Plan to relocate the hazardous materials storage warehouse to the first and second floors of a fire-resistant building that complies with regulatory requirements.
	Violation of Occupational Safety and Health Facility Regulations	NT\$100,000 fine	Strengthen operational safety education and training, and enhance workers' hazard awareness through internal communication and promotion.
2024 (Total 0 incidents)	-	-	-
2023 (Total 4 incidents)	Violation of Product Labeling Regulations	NT\$120,000 fine	Label the place of origin in accordance with the law.
	The effluent discharged from the Shulin Factory after wastewater treatment did not meet the discharge standards	NT\$105,000 fine and 2 hours of environmental training	1. Install additional wastewater monitoring equipment. 2. Strengthen contingency measures and training for operators.
	Occupational injury due to machinery entanglement at Shulin Factory	NT\$30,000 fine	Protective measures such as shields and light curtains have been installed on all machines of the same model.
	Occupational injury due to machinery entanglement at Yingge Factory	NT\$40,000 fine	

6.2.2 Internal Audit and Internal Control

Internal Audit Organization

KINIK has established an Auditing Office directly under the Board of Directors. In accordance with the company's scale, business conditions, management needs, and relevant regulatory requirements, the Auditing Office is staffed with qualified and sufficient full-time internal auditors. By the end of January each year, information regarding the internal audit supervisor and personnel is submitted to the competent authorities.

The primary responsibilities of the Auditing Office are to assist the Board of Directors and management in inspecting and reviewing deficiencies in the internal control system, assessing operational performance and efficiency, and ensuring the continuous and effective implementation of the internal control system. This serves as the basis for review and improvement, enabling the company to achieve the following objectives under its internal control operations:

1. Operational performance and efficiency
2. Reporting reliability, timeliness, transparency, and compliance with relevant laws and regulations
3. Adherence to applicable laws and regulations
4. Examination and assessment of the effectiveness of internal control design and implementation

Operational Status and Execution Guidelines

- Adhering to the principles of independence and objectivity, with a commitment to professional diligence, the Auditing Office conducts evaluations of the execution of the company's internal control system and measures operational efficiency. It issues impartial audit reports based on findings and provides timely improvement recommendations to ensure the continuous and effective operation of the internal control system. Furthermore, it assists the Board of Directors and management in fulfilling their responsibilities effectively.

- Based on risk assessment results, an annual audit plan is formulated and executed, with working papers and relevant documentation attached to complete the audit report. Any deficiencies or anomalies found in the internal control system during audits are truthfully disclosed in the audit report and reported accordingly. Regular follow-ups are conducted until improvements are made, ensuring that relevant departments take appropriate corrective actions promptly. These improvements are also included as key performance evaluation items for each department. Upon completion of each audit project, the reports are submitted to independent directors for review.
- Upon completing the monthly audit report, it is promptly delivered to independent directors for their review. Any inquiries or follow-up matters are addressed promptly. Furthermore, the Auditing Office reports its findings at Audit Committee and Board of Directors meetings. During separate meetings between the internal audit supervisor and independent directors, the audit execution, project findings, future audit plans, and schedules are discussed in detail.

Execution Results

To support its commitment to environmental protection, social responsibility, and corporate governance-related sustainability issues, the company continued participating in sustainability-related training sessions in 2025, laying the groundwork for future audit activities and regulatory compliance.

Each department and subsidiary conducts regular self-assessments annually to ensure their operations comply with the company's internal control system. The Auditing Office subsequently reviews the results of these self-assessments. Based on the evaluation outcomes, improvements made to internal control deficiencies, and anomalies, the Auditing Office completes a self-assessment report on the internal control system. This report, upon the Audit Committee's approval, serves as the basis for the Board of Directors and management to assess the overall effectiveness of the company's internal control system and issue an Internal Control System Statement.

On March 10, 2026, the Board of Directors approved the 2025 Internal Control System Design Statement, declaring its design and execution to be fully effective.

6.3 Responsible Tax Practices

KINIK firmly believes that fulfilling tax responsibilities contributes to economic growth. Therefore, on the basis of complying with tax laws and regulations, the company supports tax policies that assist in sustainable corporate development, thereby enhancing corporate value and relationships with partners.

Tax Governance

KINIK designates the Finance Department as the primary unit responsible for executing tax governance, with the CFO appointed to oversee all tax governance activities. The company adheres to the following five principles as its tax management policy and periodically reviews these guidelines :

1. All operations are conducted in accordance with relevant tax laws and regulations :

Comply with the local tax laws and regulations of each country, honestly declare and pay taxes and fulfill the social responsibility of taxpayers.

2. Information transparency in financial reports :

All tax disclosures must be made in compliance with relevant regulations and standards.

3. Support the government's tax policies to encourage corporate innovation and promote economic growth :

Actively plan and invest in corporate innovation in accordance with the Statute for Industrial Innovation of the Republic of China (Taiwan).

4. No transactions solely for tax avoidance :

The transactions between affiliated enterprises are based on the principle of routine transactions, and no use of tax havens or tax structure planning for tax purposes.

5. Timely tax risk assessment in the face of changes in tax laws and regulations in the operating environment :

Maintain mutual trust and honest communication with tax authorities at all times and communicate and discuss tax doubts with experts.

Commitments

1. Conduct regular assessments of the operational environment to assess and monitor tax risks.
2. Foster and maintain relation of mutual trust with tax authorities.
3. Ensure that all decisions are executed in full compliance with tax laws and regulations.
4. Utilize insights from periodic engagement with tax authorities or other stakeholders as a cornerstone for formulating tax strategies.

Tax Risk Management

KINIK's main operating entities are located in Taiwan. However, as the company's business globalizes, tax governance will become more complex due to the expansion of operational scale. Therefore, the company has pre-emptively assessed the relevant tax regulations to be followed in target markets and the potential impact of tax law changes on the company's tax rate and net profit after tax. To effectively control potential tax risks, KINIK will refine its internal management measures. When necessary, external experts will be engaged to develop risk mitigation strategies, assisting the company in strictly complying with laws and regulations while expanding globally, thereby minimizing potential operational impacts.

Note 1 : For tax-related information, please refer to the 2025 Financial Report.

Note 2 : For the Tax Policy, please refer to the official website.

6.4 Risk Management

KINIK has established its Risk Management Policy to strengthen and enhance the Company's risk management framework. Each year, the Company identifies operational risks and impacts, and formulates corresponding mitigation measures and management strategies. This policy applies to risk management operations at all levels of the Company and its subsidiaries and serves as the highest guiding principle for risk management.

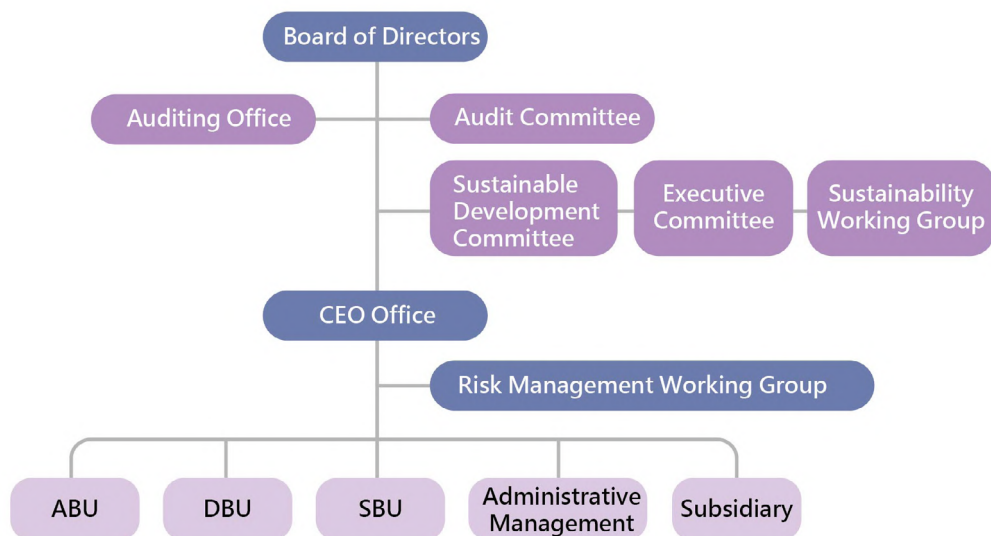
The Company categorizes operational risks into a three-tier management framework. Level 1 risks refer to systemic risks beyond national-level control with significant impact, such as regional war risks. Level 2 risks refer to long-term risks related to the Company's sustainable development, such as climate change risks. Level 3 risks refer to operational and execution risks associated with business management, such as regulatory compliance and business interruption risks.

The Board of Directors serves as the highest risk management authority of the Company, ensuring that executive management maintains a thorough grasp of all operational risks and taking primary responsibility for formulating response measures for Level 1 risks. The Audit Committee reviews response measures for material risk issues, oversees the implementation of risk management, and reports regularly to the Board of Directors. The Sustainability Committee is responsible for conducting assessments on material stakeholder issues, climate-related risks, and emerging risks, and formulates corresponding risk management strategies based on the assessment results.

The CEO Office is responsible for planning and implementing Level 2 risk management, supervising the execution of Level 3 risk management measures across departments, and regularly reviewing the adequacy of the Risk Management Policy and related risk management needs in response to changes in the external environment and risk conditions, making timely revisions when necessary. The Chief Executive Officer also reports regularly to the Board of Directors on major risks and the effectiveness of mitigation measures.

Risk Management Governance Structure

The organizational structure is primarily composed of the highest governance body responsible for approving the Company's risk management policies and framework (the Board of Directors), risk planning and review support units (the Audit Committee, Sustainable Development Committee, and Auditing Office), the top executive unit responsible for implementation (CEO Office), and the frontline execution units (business units, administrative departments, and subsidiaries).



Risk Management Mechanism

The Company's risk management mechanism is primarily conducted through various regular and ad hoc meetings

Board of Directors	At least once a year, the CEO reports to the board on the risks identified by each unit and the effectiveness of the related mitigation measures.
Management Meeting	Once a month, the general managers of each business division may present and discuss market risks in this meeting, and formulate or decide on related response plans.
Administration Department Meeting	Once a week, the heads of each administrative unit will present and discuss potential risks (material issue risks, climate-related risks, and emerging risks) within and outside their departments, and formulate or decide on related response plans in this meeting.
Departments and Business Units	In internal regular or ad-hoc meetings, frontline operators who identify potential risk factors in the operational procedures will report them to the unit supervisor through this meeting, and the unit supervisor will escalate the report step by step based on the situation and authority.
Auditing Office	An annual sampling audit is conducted to assess the implementation status of each department's operations and their compliance with the company's internal management policies and procedures. Any identified deficiencies are reported in accordance with established procedures, and the respective departments are required to implement corrective actions.

Risk Identification and Mitigation Measures

At the end of 2022, the Board of Directors identified five major risk categories as key operationa focuses, based on KINIK' s three-level risk classification framework. These categories included regional economic and geopolitical risks, fluctuations in the U.S. dollar exchange rate, corporate sustainability, financial and environmental safety compliance, and business interruption. Under the Risk Management Policy, responsibilities for risk management and response measures are assigned to different organizational units to ensure effective implementation. In addition, each business unit of the Company has established Business Continuity Management Regulations to address potential business interruption risks. The Company has also established a Business Continuity Management (BCM) structure led by the CEO. Each business unit conducts hierarchical risk assessments for potential operational interruption events in its manufacturing facilities and develops corresponding Business Continuity Plans (BCP). The BCP promotion team, convened by the CEO, consists of the heads of each functional unit and is responsible for planning, coordinating, and implementing business continuity risk management. In the event of an operational disruption, this team is responsible for executing BCP procedures, as well as overseeing communication, coordination, and decision-making processes. In addition, the general manager of each business unit is responsible for promoting BCP-related management activities. Each business unit has established its own BCP management process and organizational structure to ensure effective implementation, thereby minimizing personnel injuries and property losses, and operational impacts arising from plant-related risks.

Risk Classification	Risk Types	Risk Impact	Risk Management Measures	Responsible Units
Level 1 Risk International Situation	Regional Economic/ Geopolitical Risk	- Regional Economic Risk : - Political risks arising from policy changes or adjustments in laws and regulations may bring uncertainty to business operations and market conditions. - Social risks include social unrest, labor problems, and demographic changes, which may impact productivity and market demand. - War may lead to significant increases in the costs of certain raw materials and transportation.	- Supplier Supply Risk Management - Diversify Operational Site - Diversify Customer Base - Diversify Production Sites	- Board of Directors - Sustainable Development Committee - Management Meeting
	U.S. Dollar Exchange Rate Fluctuation Risk	Fluctuations in the U.S. dollar exchange rate may affect costs and revenues, resulting in profit and loss impacts.	Conduct Foreign Exchange Operations	
Level 2 Risk Sustainability	Corporate Sustainability Risk (Material Issue Risk/Climate Risk/ Emerging Risk)	- The risk of inconsistency between the Company's strategies, actions, and stakeholder expectations. - Extreme weather events may pose business interruption risks. - Efforts to protect the natural environment and biodiversity may result in negative reputational impacts. - The development of AI technologies may increase information security risks. - The trends of an aging population and declining birth rates may increase labor shortage risks.	- Develop Energy Conservation and Carbon Reduction Planst - Utilize Renewable Energy - Promote Circular Economy Initiatives - Invest in Local Biodiversity Conservation Measures	- Sustainable Development Committee - CEO Office - Management Meeting - Business Unit - Administration Department

Risk Classification	Risk Types	Risk Impact	Risk Management Measures	Responsible Units
Level 3 Risk Operations Management	Financial and Environmental, Health, and Safety (EHS) Compliance Risks Business Interruption Risks	- Changes in domestic and international policies and regulations may impact the Company's business and operations. - Risks that may lead to business interruptions, such as natural disasters (earthquakes, typhoons), man-made (information security attacks), energy disruptions, etc	- Monitor the impacts of changes in domestic and international policies and regulations on the Company's operations - Ensure Each Site Operates in Compliance with Local Regulations - Strengthen Compliance with Environmental and Occupational Safety and Health Regulations - Manage Bad Debts, Borrowings, and Interest Rates - Identify Business Interruption Risks and Conduct Impact Analyses for Each Business Unit, Develop Contingency Plans, and Conduct Drills Identify the risk and impact analysis of operational disruption in each business unit, formulate contingency plans, and implement drills.	- Management Meeting - Business Unit - Administration Department

Emerging Risk Management

With reference to the World Economic Forum's Global Risks Report 2025 and considering the Company's operational regions and industry characteristics, the Company identified two key emerging risks. The potential impacts of these risks were assessed, and corresponding mitigation measures were developed, as summarized in the table below.

	Emerging Risk 1	Emerging Risk 2
Risk Name	The increasing development of AI technology has increased the intensity and frequency of cyberattacks, posing new challenges to information security.	Taiwan's population is aging/declining birthrate, and it is not easy to recruit and retain manpower/talents.
Risk Description	According to international information security reports, threats such as ransomware, adversarial attacks against AI models, data breaches, and supply chain attacks are increasing year by year, especially the popularity of AI technology, making information security risks such as online fraud, deepfakes, and automated attacks more complex and difficult to prevent. Taiwan is in a key position in the global technology supply chain and is a prime target for hacker attacks.	Taiwan is facing a serious trend of population aging and declining birthrate, leading to a decline in labor supply in the labor market. According to government statistics, Taiwan's total population has shown negative growth since 2021 and has officially entered a "super-aged society" by 2025 (more than 20% of the population over 65 years old). At the same time, the declining birthrate has led to a continuous decline in the working-age population (15–64 years). The shortage of available manpower for enterprises, coupled with Taiwan's high-tech industries such as semiconductors and AI, can provide better salaries and benefits, further increasing the difficulties and challenges of recruiting people in other industries.
Impact on KINIK	1. Leakage of confidential information : If company operational data, customer privacy data, trade secrets, etc. are attacked or stolen, it will damage the company's competitive advantage and even face legal liability. 2. Business Disruption Losses : Hacker attacks can lead to the paralysis of enterprise IT systems, affecting production, transactions, and services, resulting in significant financial losses. 3. Damage to brand credibility and customer trust : Security incidents can impact customer trust in company data protection, as well as partner, investor, and market confidence. 4. Increased Regulatory Compliance Risks : Governments around the world are becoming increasingly strict about data privacy protection and cybersecurity regulations, and failure to comply will face significant fines and legal risks.	1. Talent shortages and rising payroll costs : Due to the decrease in available labor, companies need to invest more resources in recruitment, training, and salary and benefits improvements, increasing operating costs. 2. Increased turnover rate : Personnel are transferred or poached by companies with better salaries and benefits, such as semiconductors, making it more difficult for company employees to retain and increasing operating costs. 3. Order loss : If the supply of key technologies or production manpower is insufficient, it will affect production capacity, product quality, and delivery time, and there will be a risk of order loss. 4. Knowledge Inheritance and Skill Gap : As senior employees retire, companies may face technological gaps, affecting internal knowledge inheritance and professional skill continuity.

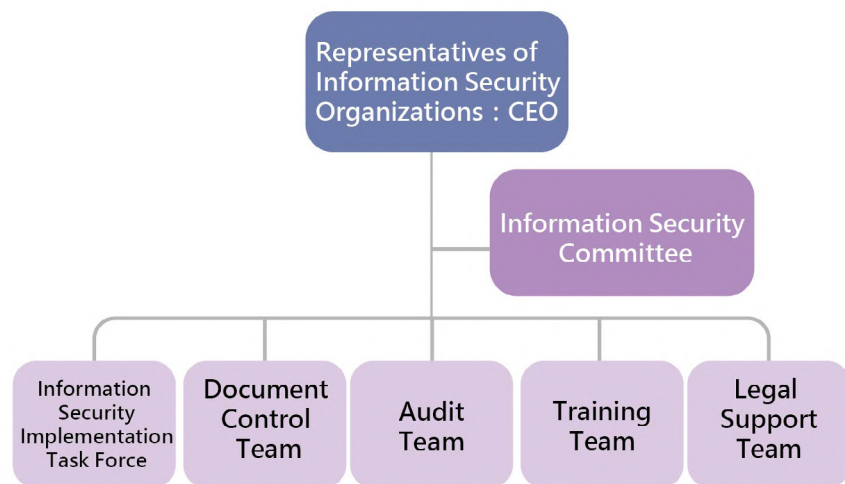
	Emerging Risk 1	Emerging Risk 2
Countermeasures	1. Establish an information security and AI governance framework - Continuously maintain ISO 27001:2022 certification, and formulate "AI Safe Use Guidelines" for the use of AI tools to strengthen data classification and classification. - The Information Security Committee is convened annually to add a new "Emerging AI Risks" project report and review risk assessments on a rolling basis. 2. Enhance AI-powered defense technology - Deepen MDR services and SOAR (Security Orchestration, Automation, and Response) to combat AI automation attacks with automation technology. - Implement advanced multi-factor authentication (MFA) protections deepfake technology from impersonating executives to commit fraud. - Strengthen file management and DLP (Data Loss Prevention) to monitor whether sensitive data is illegally flowing to public AI platforms. 3. Establish a joint defense and resilient supply chain for information security - Participate in TWCERT/CC and align with standards such as TSMC-SCSA and NIST CSF 2.0 - Assess the security of AI components used by suppliers (such as SBOM software inventory management) to prevent chain reactions due to AI vulnerabilities. 4. Information security response and automation operation plan - Set up a SOC or use managed services and use AI threat intelligence to predict attack trends. - Optimize the information security incident response plan (IRP) and conducted tabletop exercises for "AI large-scale attack" scenarios.	1. Improve internal talent training mechanisms : - Establish internal training and functional improvement programs to ensure that existing employees can quickly adapt to workplace changes. - Provide on-the-job training subsidies for employees and supervisors to encourage employees to learn on their own. - Promote lean management training and train employees through project implementation. - Engage in industry-academia cooperation with universities/research institutions such as smart manufacturing technology research and development, providing employees with learning opportunities for practical and academic research collaboration, and improving employee skills. 2. Optimize the workplace environment for employees : - Provide complete health check-ups and hierarchical management, and provide individual health guidance and follow-up care based on abnormal results. - Organize health lectures, workplace stress management courses, and strength training every year to improve employees' health awareness and quality of life. - Establish on-site health services, employ occupational physicians, nurses, physical therapists, and psychological counselors to provide professional health consultations.

	Emerging Risk 1	Emerging Risk 2
Countermeasures	5. Targeted information security education and training - Added special courses on "AI Fraud Identification" (such as deepfake voice and forged official documents) to enhance employees' vigilance against high-fidelity social engineering. - Arrange "Secure AI Development" training for developers to prevent modern attacks such as prompt injection. 6. Continuous monitoring and zero-trust architecture - Perform vulnerability scans and penetration tests, and assess AI algorithms for security vulnerabilities. - Fully implement a Zero Trust architecture and adopt a "continuous risk assessment" mechanism instead of only verifying once when logging in.	3. Introduce AI Technology and Automated Production : - Invest in IT technology, automation equipment, and AI technology to improve operational efficiency, digitize and intelligentize senior employee experience, and reduce dependence on manpower. 4. Expanding Talent Sources : - Implement the Management Associate (MA) project by targeted campus recruitment and promotional campaigns at selected colleges and universities to increase the incentives to attract high-potential leadership talents - Strengthen industry-academia cooperation with colleges and universities to find suitable talents for the company in advance. - Introduce foreign workers to make up for the domestic labor shortage.

6.5 Information Security

6.5.1 Information Security Framework

KINIK has established an information security organization and formulated comprehensive Information Security Policy. Our dedicated information security unit is responsible for managing IT infrastructure, application systems, product security, and safeguarding customer data. In November 2025, KINIK successfully passed the annual surveillance audit for its ISO 27001 certification. We remain committed to continuously upgrading the security of our infrastructure and systems, implementing rigorous data protection, and strengthening data classification and access controls. Furthermore, we actively promote cybersecurity awareness among our employees. Every December, the CEO presents a report to the Board of Directors regarding the year's information security management performance and implementation progress.



The Information Security Committee convenes at least once a year. During executive meetings, the information manager reports on key issues, including:

1. Status of actions from previous management reviews.
2. Changes in external and internal issues that are relevant to the Information Security Management System (ISMS).
3. Feedback on information security performance, including :
 - Nonconformities and corrective actions.
 - Monitoring and measurement results regarding the effectiveness of the ISMS.
 - Audit results.
 - Fulfillment of information security objectives.
4. Results of risk assessments and the status of the risk treatment plan.
5. Opportunities for continual improvement and proposed enhancement plans for the ISMS.
6. Status of resources, technology, information, and budget (forecast vs. actual).
7. Risks associated with the operation of the Information Security Management System.

6.5.2 Information Security Achievements and Objectives

Key Topics	Information Security	
Policies	We establish stringent information security policies to ensure that corporate assets and critical information are fully protected in terms of Confidentiality, Integrity, and Availability (CIA).	
2025 Achievements	2026 Short-term Goals	2026-2030 Goals
• Successful completion of the ISO/IEC 27001:2022 annual surveillance audit to ensure the effective operation, continual improvement, and optimization of the Information Security Management System (ISMS). • Strengthen overall network security defense capabilities and elevate security protection levels to mitigate the risks of external attacks and potential cybersecurity incidents. • Implement fundamental cybersecurity safeguards and optimize existing defense mechanisms to effectively prevent common cyberattacks and threats. • Enhance Identity and Access Management (IAM) by upgrading authentication mechanisms and the rigor of privilege controls to prevent unauthorized access and leakage of sensitive information. • Continuously promote information security policies and employee training to raise cybersecurity awareness across the organization and ensure full compliance with established systems.	• Successfully complete the ISO/IEC 27001 annual surveillance audit to ensure the sustained effectiveness of the Information Security Management System (ISMS) and implement corrective actions based on internal and external audit results. • Strengthen the overall network security defense architecture and enhance threat detection and protection capabilities to reduce the success rate of external attacks and the risk of cybersecurity incidents. • Continuously optimize fundamental security mechanisms, including endpoint protection, email security, vulnerability patching, and backup systems, to effectively counter common attack vectors and threats. • Reinforce Identity and Access Management (IAM) through regular privilege reviews and Multi-Factor Authentication (MFA), enforcing the Principle of Least Privilege (PoLP) to prevent unauthorized access and sensitive data leakage. • Drive information security policy awareness and annual training programs to elevate cybersecurity consciousness and compliance among all employees, fostering a corporate culture of shared responsibility.	• Establish a Zero Trust Architecture (ZTA) Adhere to the principle of "Never Trust, Always Verify" by implementing an identity-centric security model. This integrates Multi-Factor Authentication (MFA), the Principle of Least Privilege (PoLP), and continuous monitoring to comprehensively strengthen access control security. • Deepen Cybersecurity Risk Management and Continuous Monitoring Establish institutionalized processes for risk identification, assessment, and mitigation. By integrating threat intelligence with real-time monitoring, we aim to enhance early warning capabilities and elevate the standard of risk visualization management. • Strengthen Incident Response and Business Continuity Plans (BCP) Refine incident reporting, response, and recovery procedures. Regularly conduct drills and testing to ensure that impact can be swiftly contained and critical operations restored in the event of a cybersecurity incident or major disruption.

2025 Achievements	2026 Short-term Goals	2026-2030 Goals
		Foster a Corporate Culture of Shared Responsibility Embed information security into the corporate culture and daily operational workflows. Through continuous education, training, and scenario-based simulations, we aim to enhance the risk identification and response capabilities of all employees. Adopt Innovative Security Technologies and Automated Defense Mechanisms Evaluate and implement emerging technologies such as AI-driven threat detection, Security Orchestration, Automation, and Response (SOAR), and Managed Detection and Response (MDR) to improve overall defense efficiency and response speed. Enhance Supply Chain Cybersecurity Governance and Third-Party Risk Management (TPRM) Establish a security assessment and tiered management framework for suppliers. Regularly perform risk reviews and supervision to mitigate the risks of supply chain attacks and external dependencies. Advance Regulatory Compliance and Alignment with International Standards Maintain sustained compliance with ISO/IEC 27001 and other international standards and regulatory requirements. This strengthens system maturity while enhancing corporate reputation and market competitiveness.

6.5.3 Information Security Controls

Conducting Risk Assessments to Strengthen Technical Security Defenses

KINIK consistently adheres to risk-based management principles by conducting regular information security risk assessments. These assessments identify critical information assets and potential threats, serving as the basis for planning and enhancing technical security measures. By implementing and optimizing a Defense-in-Depth network architecture, we comprehensively improve the security and operational stability of our overall IT environment.

Key Information Security Enhancements for 2025 include :

- **Network Security Control** : Optimizing perimeter defense mechanisms, Intrusion Detection and Prevention Systems (IDS/IPS), network segmentation, and access control policies to mitigate external attack risks.
- **Information Asset Management** : Continuously updating asset inventories and risk classification management to ensure critical systems and data receive appropriate protection.
- **Access Control Security** : Enforcing the Principle of Least Privilege (PoLP) to prevent unauthorized access to sensitive information.
- **Physical and Environmental Security** : Strengthening access control and monitoring mechanisms for server rooms and critical facilities to ensure the secure operation of IT equipment.
- **Vulnerability Management and Patching Optimization** : Performing regular vulnerability scans and patching operations to reduce the risk of system exploitation.

Through the continuous refinement of these technical measures, the company effectively minimizes the operational disruptions and financial impacts potentially caused by cyberattacks, hacking, data breaches, and malware. Simultaneously, reinforcing access control and asset management ensures the Confidentiality, Integrity, and Availability (CIA) of our information assets, mitigating both internal and external threat risks.

Deepening Security Operations Management to Fortify Defenses

KINIK actively implements its Business Continuity Management Policy by commissioning an external 24/7 Security Operations Center (SOC) for management, ensuring control effectiveness based on standard incident response procedures. The SOC is responsible for continuous monitoring, detection, and response to security incidents—swiftly identifying potential threats by monitoring network traffic and system activity in real-time.

Furthermore, KINIK has established a comprehensive Disaster Recovery Plan (DRP) and conducts regular drills to ensure rapid business restoration in the event of a security incident. The plan encompasses specific response steps, defined roles and responsibilities, and communication mechanisms, ensuring the comprehensiveness and effectiveness of our information security management.

Network Security Control

- Network Segmentation Enhancement
- Real-time IDS/IPS Monitoring Mechanism
- External Threat Detection & Centralized Log Management
- Vulnerability Scanning & Patch Management Mechanism

Information Asset Management

- Asset Risk Classification & Management
- Cloud & Virtual Asset Inventory Integration
- Software Licensing & Version Lifecycle Management

Access Control Security

- Multi-Factor Authentication
- Principle of Least Privilege
- Regular Privilege Review Mechanism
- Privileged Access Management

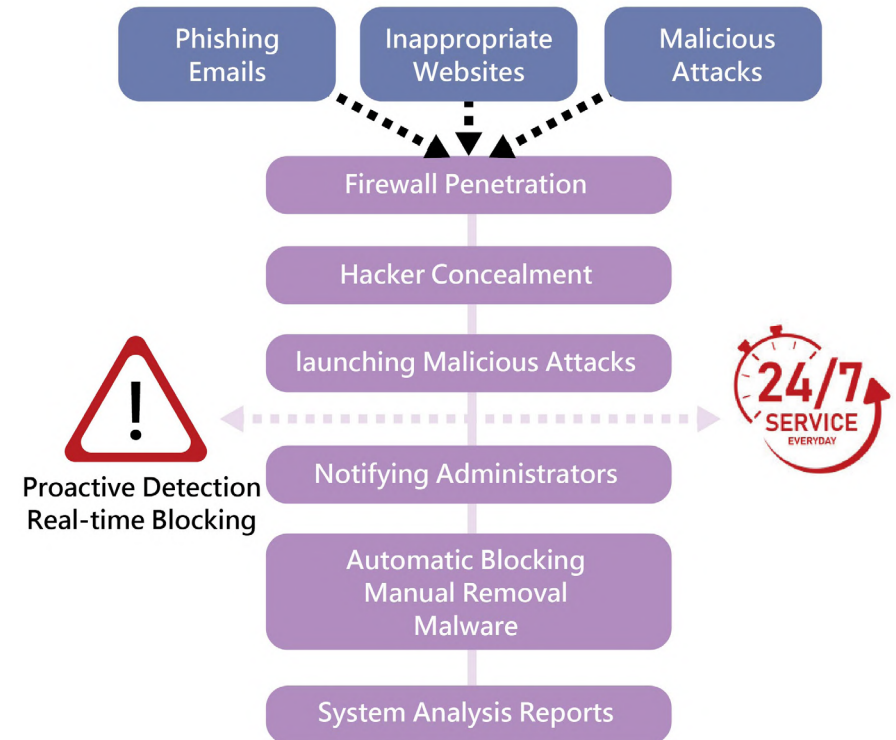
Physical and Environmental Security

- Physical Zone & Access Control
- Equipment Deployment & Environmental Protection
- Secure Destruction of Critical Assets

Vulnerability Management & Patching Optimization

- Regular Vulnerability Scanning Mechanism
- Risk Categorization & Prioritization
- Standardization of Patching Operations
- Patching Effectiveness Tracking & Review

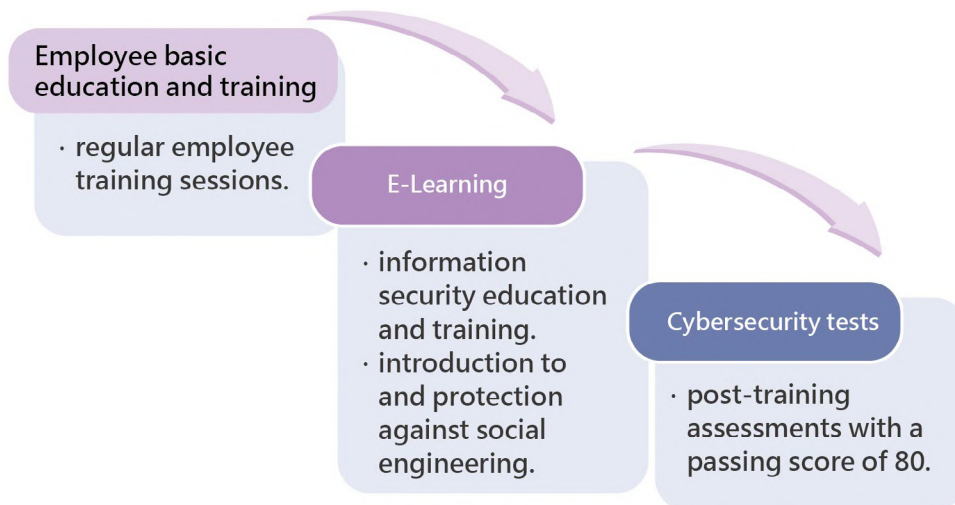
Information Security Operations Center (ISOC) Monitoring



6.5.4 Information Security Awareness and Training

To enhance the cybersecurity awareness and vigilance of all employees, the Company actively promotes risk education and provides periodic training via our E-Learning system. In addition, timely security alerts are sent via email to mitigate the risks of cyberattacks caused by accidental clicks on malicious links or browsing unsafe websites. These initiatives are designed to reinforce security consciousness and strengthen the protection of sensitive data across the organization.

- For All Employees: At least two security awareness training sessions per year (one hour per session).
- For IT Professionals: At least two specialized cybersecurity training courses per year.



In November 2025, KINIK successfully passed the ISO/IEC 27001 annual surveillance audit conducted by an external certification body. Furthermore, the Company reinforces its information security management capabilities through internal audits of IT infrastructure and management systems, alongside annual security awareness training for all employees. To proactively identify potential risks, KINIK conducts regular vulnerability scans and malicious threat diagnostics. Based on these assessment results, security policies and technical measures are continuously updated to safeguard business operations. Under this rigorous management framework, KINIK recorded zero cybersecurity violations reported by external parties or regulatory authorities in 2025. Additionally, there were no verified incidents involving the infringement of customer privacy. These results demonstrate KINIK's excellence and sense of responsibility in information security governance, not only strengthening customer trust but also laying a solid foundation for the enterprise's sustainable development.

Appendix 1: Data Restatements and Corrections Corrections to KINIK's 2024 Sustainability Report

2024 Report Section | 4.1.1 Human Resource Development P103 **Correction Details**

Employee Data	Gender	Age	Nationality				Proportion
			Taiwan	Philippines	Vietnam	Total	
Number of Employee Turnover (including voluntary and involuntary turnover)	Female	Under 30 years old	2	0	2	4	6.25%
		Ages 30 to 50	9	6	3	18	4.31%
		Over 50 years old	6	0	0	6	4.58%
		Subtotal	17	6	5	28	4.57%
	Male	Under 30 years old	6	0	1	7	4.32%
		Ages 30 to 50	20	5	1	26	3.42%
		Over 50 years old	15	0	0	15	8.02%
		Subtotal	41	5	2	48	4.32%
	Female + Male	Total	58	11	7	76	4.41%

2024 Report Section | 4.1.1 Human Resource Development P103 **Revised Content**

Employee Data	Gender	Age	Nationality				Proportion
			Taiwan	Philippines	Vietnam	Total	
Number of Employee Turnover (including voluntary and involuntary turnover)	Female	Under 30 years old	8	0	2	10	15.63%
		Ages 30 to 50	16	6	3	25	5.98%
		Over 50 years old	6	0	0	6	4.58%
		Subtotal	30	6	5	41	6.69%
	Male	Under 30 years old	17	0	2	19	11.73%
		Ages 30 to 50	32	6	1	39	5.12%
		Over 50 years old	20	0	0	20	10.70%
		Subtotal	69	6	3	78	7.03%
	Female + Male	Total	99	12	8	119	6.91%

2024 Report Section | 4.1.1 Human Resource Development P104

Original Content

Three-Year Employee Turnover Rate			
Category	2022	2023	2024
Voluntary Turnover Rate	3.22%	2.63%	4.06%
Overall Turnover Rate	3.44%	2.75%	4.41%

2024 Report Section | 4.1.1 Human Resource Development P104

Revised Content

Three-Year Employee Turnover Rate			
Category	2022	2023	2024
Voluntary Turnover Rate	7.06%	4.81%	6.33%
Overall Turnover Rate	7.34%	5.10%	6.91%

Sustainability Information Disclosure Compliance

Appendix 2 : GRI Content Index

Usage Statement	KINIK Company has followed the GRI Standards to report the information for the year 2025 (January 1, 2025, to December 31, 2025).
GRI 1 Used	GRI 1 : Foundation 2021
Applicable GRI Sector Standards	No applicable GRI sector standards were issued during the reporting period.

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
General Disclosures					
GRI 2: General Disclosures 2021	2-1	Organizational details	Company Introduction	7	
	2-2	Entities included in the organization's sustainability reporting	Reporting Boundary and Scope	4	
	2-3	Reporting period, frequency and contact point	Feedback and Contact Information	5	
	2-4	Restatements of information	Reporting Boundary and Scope Appendix 1 : Data Restatements and Corrections	4 192	
	2-5	External assurance	About This Report Appendix 6 : Third-Party Assurance Report	4 217	
	2-6	Activities, value chain and other business relationships	Company Introduction 2.1 Sustainable Supply Chain	7 57	
	2-7	Employees	4.1 Talent Attraction	107	
	2-8	Workers who are not employees	4.1 Talent Attraction	107	
	2-9	Governance structure and composition	Sustainable Development Organizational Structure 6.1 Corporate Governance	21 163	
	2-10	Nomination and selection of the highest governance body	6.1 Corporate Governance	163	
	2-11	Chair of the highest governance body	6.1 Corporate Governance	163	
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Organizational Structure 6.4 Risk Management	21 179	
	2-13	Delegation of responsibility for managing impacts	Sustainable Development Organizational Structure	21	
	2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Organizational Structure	21	

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	6.1 Corporate Governance	163	
	2-16	Communication of critical concerns	Sustainable Development Organizational Structure	21	
	2-17	Collective knowledge of the highest governance body	6.1 Corporate Governance	163	
	2-18	Evaluation of the performance of the highest governance body	6.1 Corporate Governance	163	
	2-19	Remuneration policies	6.1 Corporate Governance	163	Please refer to KINIK's annual report for details on remuneration paid to directors, supervisors, the general manager, and deputy general manager. KINIK currently has no remuneration clawback mechanism.
	2-20	Process to determine remuneration	6.1 Corporate Governance	163	
	2-21	Annual total compensation ratio	4.1 Talent Attraction	107	
	2-22	Statement on sustainable development strategy	Message from the Chairman and Chief Sustainability Officer	6	
	2-23	Policy commitments	4.3 Human Rights and Labor- Management Relations	129	
	2-24	Embedding policy commitments	6.1 Corporate Governance 4.3 Human Rights and Labor- Management Relations	163 129	
	2-25	Processes to remediate negative impacts	Materiality Analysis and Stakeholder Engagement 4.3 Human Rights and Labor- Management Relations 6.1 Corporate Governance	22 129 163	
	2-26	Mechanisms for seeking advice and raising concerns	6.1 Corporate Governance	163	

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
	2-27	Compliance with laws and regulations	6.2 Regulatory Compliance	175	- In 2025, a total of two regulatory violations occurred, primarily related to occupational safety and fire safety, with total fines amounting to NT\$140,000. - No related incidents occurred in 2024. - In 2023, a total of four regulatory violations occurred, involving environmental protection, occupational safety, and product labeling, with total fines amounting to NT\$295,000.
	2-28	Membership associations	Company Introduction	7	
	2-29	Approach to stakeholder engagement	Materiality Analysis and Stakeholder Engagement	22	
	2-30	Collective bargaining agreements	4.3 Human Rights and Labor- Management Relations	129	KINIK does not have a labor union, and therefore, no collective bargaining agreement has been signed by employees.
Material Issue					
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	Materiality Analysis and Stakeholder Engagement	22	
	3-2	List of material topics	Materiality Analysis and Stakeholder Engagement	22	
	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
Economic and Governance Aspects					
Material Issue - Business Performance					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Performance	15	
	201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate Action	70	
	201-4	Financial assistance received from government	Financial Performance	15	
Material Issue - Ethical Management and Legal Compliance					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	6.1 Corporate Governance	163	
	205-3	Confirmed incidents of corruption and actions taken	6.1 Corporate Governance	163	No incidents related to corruption occurred in 2025.
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.2 Regulatory Compliance	175	No incidents related to anti-competitive behavior, anti-trust, or monopoly practices occurred in 2025.
Material Issue - Product Quality and Responsibility					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
			1.1 R&D Innovation and Intellectual Property Management	43	

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
GRI 416 Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.2 Regulatory Compliance	175	No incidents involving violations of health and safety regulations related to products and services occurred in 2025.
GRI 417 Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	6.2 Regulatory Compliance	175	No incidents related to product labeling in 2025.
	417-3	Incidents of non-compliance concerning marketing communications	6.2 Regulatory Compliance	175	No incidents involving violations of marketing communication regulations occurred in 2025.
Material Issue - Corporate Governance and Risk Management					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement 6.1 Corporate Governance 6.2 Regulatory Compliance 6.4 Risk Management	22 163 175 179	

GRI Standard Category/Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
Material Issue - Sustainable Supply Chain Management					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.3 Responsible Procurement	66	
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2 Sustainable Supply Management	59	
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3 Human Rights and Labor-Management Relations	129	No incidents of forced labor involving KINIK's operations or suppliers occurred in 2025.
Material Issue - Product R&D and Technology Innovation					
GRI 3: Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
Material Issue - Customer Privacy and Information Security					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.5 Information Security	186	No incidents involving breaches of customer privacy or loss of customer data occurred in 2025.
Material Issue - Customer Relationship Management					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement 1.3 Customer Relationship Management	22 54	

GRI Standard Category/ Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/Remarks
Other Disclosures					
GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1 Talent Attraction	107	
	202-2	Proportion of senior management hired from the local community	4.1 Talent Attraction	107	
GRI 207 Tax 2019	207-1	Approach to tax	6.3 Responsible Tax Practices	178	
Environmental Aspect					
Material Issue - Greenhouse Gas Emission Management					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.1 Climate Action	70	
	305-2	Energy indirect (Scope 2) GHG emissions	3.1 Climate Action	70	
	305-3	Other indirect (Scope 3) GHG emissions	3.1 Climate Action	70	
	305-4	GHG emissions intensity	3.1 Climate Action	70	
	305-5	Reduction of GHG emissions	3.1 Climate Action	70	
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	3.4 Air Emissions Management	99	
Material Issue - Energy Management					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 302 Energy 2016	302-1	Energy consumption within the organization	3.1 Climate Action	70	
	302-3	Energy intensity	3.1 Climate Action	70	
	302-4	Reduction of energy consumption	3.1 Climate Action	70	

GRI Standard Category/ Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/ Remarks
Other Disclosures					
GRI 303 Water and Effluents 2018	303-3	Water withdrawal	3.3 Water Resource Management	96	
	303-4	Water discharge	3.3 Water Resource Management	96	
	303-5	Water consumption	3.3 Water Resource Management	96	
GRI 306 Waste 2020	306-3	Waste generated	3.5 Waste Management	100	
	306-4	Waste diverted from disposal	3.5 Waste Management	100	
	306-5	Management of material topics	3.5 Waste Management	100	
Social Aspect					
Material Issue - Occupational Safety and Health					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.4 Occupational Safety and Health	138	
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational Safety and Health	138	
	403-3	Occupational health services	4.4 Occupational Safety and Health	138	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational Safety and Health	138	
	403-5	Worker training on occupational health and safety	4.4 Occupational Safety and Health	138	
	403-6	Promotion of worker health	4.4 Occupational Safety and Health	138	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Safety and Health	138	
	403-8	Workers covered by an occupational health and safety management system	4.4 Occupational Safety and Health	138	
	403-9	Work-related injuries	4.4 Occupational Safety and Health	138	
	403-10	Work-related ill health	4.4 Occupational Safety and Health	138	

GRI Standard Category/ Issue	Disclosure Number	GRI Standard Disclosure Content	Corresponding Section	Page	Omissions/ Remarks
Material Issue - Employee Cultivation and Talent Development					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 401 Employment 2016	401-1	New employee hires and employee	4.1 Talent Attraction	107	
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	4.1 Talent Attraction	107	
	401-3	Parental leave	4.1 Talent Attraction	107	
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	4.2 Talent Development	120	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Talent Development	120	
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1 Talent Attraction 6.1 Corporate Governance	107 163	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Talent Attraction	107	
Material Issue - Labor-Management Relations					
GRI 3 : Material Topics 2021	3-3	Management of material topics	Materiality Analysis and Stakeholder Engagement	22	
GRI 402 Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.3 Human Rights and Labor- Management Relations	129	

Appendix 3 : SASB Standards Content Index

Topic	Code	Metric	Category	Description / Corresponding Section	Page
Greenhouse Gas Emissions	TC-SC-110a.1	- Gross global Scope 1 emissions - Amount of total emissions from perfluorinated compounds	Quantitative	3.1 Climate Action 1. Scope 1 (Category 1) direct greenhouse gas emissions amounted to 4,491.94 tons of tCO ₂ e. 2. PFCs emissions was 357.91 tCO ₂ e	70
	TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	3.1 Climate Action	70
Energy Management in Manufacturing	TC-SC-130a.1	- Total energy consumed - Percentage grid electricity - Percentage renewable	Quantitative	3.1 Climate Action 1. Total energy consumption was 304,785.02 GJ 2. Total electricity consumption was 248,994.32GJ, accounting for 81.63% of total energy consumption. 3. Renewable energy consumption was 18,365.17 GJ, accounting for 6.03% of total energy consumption.	70
Water Management	TC-SC-140a.1	- Total water withdrawn; percentage of each in regions with High or Extremely High Baseline Water Stress - Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	3.3 Water Resource Management The total water withdrawal was 1,240.14 million liters, with a total water consumption of 153.06 million liters. None of the Company's five factories are located in areas classified as high water stress regions.	96
Waste Management	TC-SC-150a.1	Mount of hazardous waste from manufacturing; percentage recycled	Quantitative	3.5 Waste Management The total amount of hazardous waste generated was 54.17 metric tons, of which 46.85% was recycled and reused.	100
Workforce Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	Discussion and Analysis	4.4 Occupational Safety and Health	138
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	In 2025, one violation of the Occupational Safety and Health Facilities Regulations occurred, resulting in a penalty of NT\$100,000.	-

Topic	Code	Metric	Category	Description / Corresponding Section	Page
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that require a work visa	Quantitative	A total of 273 employees required work visas, representing 15.34% of the total workforce of 1,780 employees.	-
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	1.2 Product Quality and Responsibility Products containing IEC 62474 substances account for 0% of total revenue (all products are free of IEC 62474 substances).	48
	TC-SC-410a.2	Processor energy efficiency at a system-level for : (1) servers, (2) desktops and (3) laptops	Quantitative	Not Applicable	-
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	2.2 Sustainable Supply Management	59
Intellectual Property Protection & Competitive Behaviour	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	No incidents of anti-competitive behavior resulting in fines or monetary losses occurred in 2025.	-
Activity Metrics	TC-SC-000.A	Total production	Quantitative	Traditional Products : 6,667,000 units Diamond Disks : 437,000 units Reclaimed Wafers : 5,405,000 units Others : 98,000 units Total Production : 12,607,000 units	-
Activity Metrics	TC-SC-000.B	Percentage of production from owned facilities	Quantitative	The percentage of production from owned facilities is 100%.	-

Appendix 4 : TCFD Climate-Related Financial Disclosures Index

Aspect	Disclosure Item	General Industry Benchmarks	Corresponding Section	Page
Governance	a	Describe the board's oversight of climate-related risks and opportunities.	3.1 Climate Action	70
	b	Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy	a	Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long- term.		
	b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		
	c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.		
Risk Management	a	Describe the organization's processes for identifying and assessing climate-related risks.		
	b	Describe the organization's processes for managing climate-related risks.		
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
Metrics and Targets	a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.		
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
	c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		

Appendix 5 :

Taiwan Stock Exchange "Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" Mapping Table

Schedule 1 – Climate-Related Information of Listed Companies

1. Implementation of Climate-Related Information

Item	Implementation Status
1. Description on the Board and Management's oversight and governance on climate-related risks and opportunities	The climate governance structure of KINIK is overseen by the Board of Directors as the highest supervisory body, responsible for setting the company's climate development strategies and playing a key decision-making role in major climate-driven projects. Below the Board, the Sustainable Development Committee is established to regularly report the climate governance execution results to the Board. The Executive Committee under the Sustainability Committee, along with various functional subcommittees under its jurisdiction, serves as the primary execution unit, responsible for implementing response measures and improvement plans for climate risks or opportunities.
2. Description on how the identified climate risks and opportunities impact the company's business, strategies, and finance (short-, medium-, and long-term)	KINIK evaluates climate-related risks and opportunities through a climate risk and opportunity identification and assessment process. The company defines short-term impacts as those occurring within 1 to 3 years, medium-term as 3 to 5 years, and long-term as over 5 years. Based on this framework, KINIK identifies key climate risks and opportunities to serve as a reference for strategy formulation and implementation. Based on the timing and magnitude of potential impacts, corresponding response measures and strategies have been developed. The analysis of climate-related risks and opportunities is presented as follows :

Item	Implementation Status			
	(1) Climate Risk Summary			
	Risk Factors	Possible Occurrence Time	Impact Area	Response Strategy
	Carbon Fee/Carbon Tax	Short-term	• Cost	- Formulate carbon reduction targets and action plans, track performance through carbon reduction project meetings, and regularly respond to key customers. - Conduct greenhouse gas inventories across the Group to understand overall carbon emissions. - Deepen and expand product carbon footprint assessments to accurately identify carbon emission hotspots, formulate carbon reduction plans, and enhance the cost-effectiveness of carbon reduction efforts. - Establish a digital carbon management system to improve the efficiency of carbon emissions data collection and management. - Implement project management for energy-saving and carbon reduction measures at each factory. - The estimated investment cost for related inventories and system implementation is approximately NT\$5 million.
	Global Mean Temperature Rise	Long-term	• Cost	- Introduce large-scale chilled water system sensors and intelligent control systems to optimize energy-saving operations. - Gradually replace outdated air conditioning equipment with inverter air conditioning systems to reduce energy consumption. - Conduct backup power interruption response drills to reduce the risk of power supply disruptions caused by extreme climate events.
	Renewable Energy Usage Ratio	Short-term	• Cost	- KINIK plans to add 5 million kWh of renewable energy in 2026, with cumulative renewable energy usage expected to reach 20 million kWh by 2030. - Continuously evaluate and adjust the optimal renewable energy usage strategy based on regulatory requirements and external market changes.
	Low-carbon Technology R&D Investment	Medium-term	• Cost	Gradually invest in R&D for low-carbon product process technologies, including third-generation semiconductors and diamond semiconductor substrates, while managing investment costs.

Item	Implementation Status			
	Risk Factors	Possible Occurrence Time	Impact Area	Response Strategy
	Reduction in Product Competitiveness	Medium-term	• Cost • Revenue	• Deepen and expand product carbon footprint assessments to accurately identify carbon emission hotspots, formulate carbon reduction plans, and enhance the cost-effectiveness of carbon reduction efforts. • Utilize automation and AI tools to support carbon reduction initiatives and effectively reduce product carbon emissions. • Develop product recycling and reuse technologies.
	Global Sea Level Rise	Long-term	• Cost • Revenue • Supply Chain • Operational Disruption • Delivery Schedule	• Flood risk assessments are incorporated into the site selection process for new factories, and the adequacy of flood prevention facilities is reviewed. • None of KINIK's current factories are located in flood-prone areas.
	Climate Information Disclosure Obligations	Short-term	• Cost	• Establish a digital carbon management system to improve the efficiency of carbon emissions data collection and management. • Train greenhouse gas inventory personnel to progressively strengthen internal carbon management capabilities and reduce reliance on external consultants.
	Drought and Water Scarcity	Short-term	• Cost • Revenue • Operational Disruption • Delivery Schedule	• Establish annual water-saving targets, aiming to reduce water withdrawal by 1% annually and increase the water recycling rate by 1.5%. • Install water storage facilities and establish water truck dispatch backup mechanisms to respond to potential water rationing situations. • Yingge Factory introduced the ISO 46001 Water Efficiency Management System in 2025 and plans to gradually expand implementation to other factories. • Promote water-saving and water recycling programs.

Item	Implementation Status			
	(2) Climate Opportunity Summary			
	Opportunity Factor	Possible Occurrence Time	Impact Area	Response Strategy
	Information Transparency Enhancement	Short-term	• Increase Revenue	• Regularly review the achievement of ESG targets and disclose the results in the sustainability report. • Publish sustainability reports in both Chinese and English to enhance the completeness of information disclosure. • Establish ESG and Investor Relations sections on the Company's official website to disclose sustainability strategies, management systems, and related performance results. • Continue participating in international sustainability assessments such as CDP and the S&P CSA to demonstrate the Company's achievements in climate action and sustainability governance.
	Expansion into Green Product Supply Chains	Medium-term	• Increase Revenue • Supply Chain	• Conduct greenhouse gas inventories across the Group to understand overall carbon emissions. • Formulate carbon reduction targets and action plans, track performance through carbon reduction project meetings, and regularly respond to key customers. • Deepen carbon footprint assessments for diamond disks and reclaimed wafers to accurately identify carbon emission hotspots and develop effective carbon reduction solutions.
	Energy Efficiency Improvement	Short-term	• Cost Reduction	• Promote various energy-saving initiatives and equipment replacement plans. • Continuously improve energy performance in accordance with the ISO 50001 Energy Management System. • Hold quarterly carbon reduction meetings to review energy-saving performance and establish future action directions. • Implement lean management projects annually to continuously improve quality and enhance efficiency.

Item	Implementation Status			
	Opportunity Factor	Possible Occurrence Time	Impact Area	Response Strategy
	Green Procurement and Supplier Management	- Short-term - Medium-term	Supply Chain	- Conduct supplier greenhouse gas inventories starting in 2026 to understand supply chain carbon emissions. - Establish a supplier tiered management mechanism and progressively assist suppliers in implementing greenhouse gas inventories and carbon reduction measures.
3. Description on the impact extreme climate events and transitional actions have on finance	The Company's 2025 TCFD climate risk assessment identified the following principal climate-related risks: Carbon Fee/Carbon Tax, Global Mean Temperature Rise, Renewable Energy Usage Ratio, Low-carbon Technology R&D Investment, Reduction in Product Competitiveness, Global Sea Level Rise, Climate Information Disclosure Obligations, and Drought and Water Scarcity. Financial Impact - Carbon Fee / Carbon Tax : A short-term policy and regulatory transition risk, resulting in increased costs. - Global Mean Temperature Rise : A long-term chronic physical risk, resulting in increased costs. - Renewable Energy Usage Ratio : A short-term policy and regulatory transition risk, resulting in increased costs. - Low-carbon Technology R&D Investment : A medium-term technology-related transition risk, resulting in increased costs. - Reduction in Product Competitiveness : A medium-term market-related transition risk, resulting in reduced revenue and increased costs. - Global Sea Level Rise : A long-term chronic physical risk, resulting in reduced revenue and increased costs. - Climate Information Disclosure Obligations : A short-term policy and regulatory transition risk, resulting in increased costs. - Drought and Water Scarcity : A short-term acute physical risk, resulting in reduced revenue and increased costs.			

Item	Implementation Status
4. Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system	KINIK has established the Risk Management Policy as the highest-level guiding principle for corporate risk management. Risk identification, assessment, and management are further incorporated into various risk management frameworks, including those related to occupational safety and health, environmental management, and information security. Under the Risk Management Policy, risks are classified into three levels: Level 1 Risks – International Situation-Related Risks, Level 2 Risks – Sustainability-Related Risks, and Level 3 Risks – Routine Operational Risks. Climate-related risks are categorized as Level 2 Risks and are overseen by the Sustainability Development Committee, which is responsible for managing sustainability-related risks. The Sustainability Development Committee regularly conducts climate risk assessments and develops corresponding risk management strategies based on the assessment results. It also coordinates climate-related responsibilities across different functions, reviews the Company's existing practices, formulates short-, medium-, and long-term climate action plans, and evaluates the resources required for implementation as a basis for project budget planning. At the execution level, the Executive Committee under the Sustainability Development Committee, together with the ESG/AI Project Office and various functional working groups, serves as the primary implementation body responsible for carrying out climate risk mitigation measures, climate opportunity initiatives, and improvement programs. Annual implementation results are consolidated by the Sustainability Development Committee and reported regularly to the Board of Directors. In addition, the Green Smart Manufacturing Project Office convenes quarterly Net-Zero and Carbon Reduction Project Meetings, chaired by the Chairman, to regularly track the implementation progress and effectiveness of energy-saving and carbon reduction initiatives across all manufacturing sites.
5. Should scenario analysis is used to assess the Company's resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided	Among the identified risk issues, KINIK considered operational relevance and the feasibility of quantitative assessment, and selected "Drought and Water Scarcity" (physical risk) and "Carbon Fee/Carbon Tax" (transition risk) for scenario analysis and financial impact assessment.

Item	Implementation Status
	(1) Drought and Water Scarcity The scenario analysis indicates that under both the most favorable warming scenario (RCP 2.6) and the most adverse warming scenario (RCP 8.5), water shortages could lead to reduced production capacity or manufacturing disruptions. During the near-term period (2016–2035), such impacts could result in annual revenue losses exceeding NT\$124.52 million. Based on KINIK's gross profit margin of approximately 34% in 2025, the estimated annual revenue loss would translate into a negative impact of approximately NT\$42.33 million on annual operating profit. To mitigate the operational impacts associated with water scarcity risks, all manufacturing facilities have actively implemented various water conservation projects and established water resource management targets. These initiatives aim to reduce dependence on municipal water supplies and enhance the Company's operational resilience. (2) Carbon Fee / Carbon Tax KINIK established two climate scenarios for analysis: a Business as Usual (BAU) scenario, assuming no specific carbon reduction measures are implemented, and a Company Target Scenario, which incorporates the Company's planned carbon reduction initiatives and renewable energy deployment strategies. Using 2021 as the base year, the Company calculated its carbon emission intensity per unit of revenue. Under the BAU scenario, annual revenue growth was assumed at a compound annual growth rate (CAGR) of 3%, and combined Category 1 and Category 2 greenhouse gas emissions were projected through 2030 for each factory. The projected emissions were then used to assess whether individual facilities would exceed the regulatory threshold for carbon fee obligations. Under the Company Target Scenario, the analysis incorporated the Company's established carbon reduction targets and renewable energy utilization plans. To evaluate the potential impact of future carbon pricing, KINIK referenced the carbon price projections developed under the International Energy Agency (IEA) World Energy Model, including the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE). These projections were used as the basis for estimating future carbon fee growth in Taiwan and assessing the difference in carbon fee exposure before and after the implementation of the Company's carbon reduction strategies. The analysis indicates that under the BAU scenario, the Zhubei Factory could become subject to carbon fee obligations as early as 2028, while the Yingge Factory may also become liable for carbon fees by 2030 if its emissions reach the applicable threshold. Under the STEPS scenario, if the Company achieves its planned carbon reduction targets, carbon fee expenditures in 2030 could be reduced by more than NT\$20 million compared with the BAU scenario.

Item	Implementation Status
6. Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks	To achieve its net-zero emissions target by 2050, KINIK conducts climate-related risk and opportunity identification and assessment processes to evaluate relevant climate issues. Through this assessment, the Company has identified three transition risks and one physical risk and has developed corresponding targets and action plans. These initiatives include achieving an annual 3% reduction in greenhouse gas emissions and a 2% reduction in energy consumption, increasing the overall water recycling and reuse rate by 1.5% compared to the previous year, and reducing total water withdrawal by 1% annually. To address these climate-related risks, KINIK will continue to optimize its carbon inventory management system, implement carbon reduction projects, improve water-use efficiency, and strengthen water storage capacity. In addition, the Company will expand the application of recycling and remanufacturing technologies and, based on the characteristics and operational needs of each factory, promote on-site renewable energy generation for self-consumption and the procurement of renewable energy certificates.
7. Should the internal carbon pricing is used as the planning tool, the pricing mechanism should be explained	KINIK has established an Internal Carbon Pricing Mechanism and plans to implement it in 2026. The internal carbon price will be determined and periodically reviewed based on the following considerations : 1. Taiwan's greenhouse gas reduction regulations and carbon fee policies 2. Domestic clean energy price levels, such as solar photovoltaic (PV) electricity prices 3. Trends in external carbon prices 4. Internal carbon pricing practices adopted by domestic and international sustainability leaders and industry peers 5. The Company's carbon reduction targets and implementation progress During the initial implementation phase, KINIK will adopt a Shadow Price approach as an internal cost assessment and decision-making tool. No actual charges will be imposed on business units at this stage. The carbon accounting boundary for the internal carbon pricing mechanism will cover Scope 1 and Scope 2 greenhouse gas emissions.

Item	Implementation Status
8. Should climate-related targets are in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated	The Company has committed to achieving net-zero emissions by 2050 and has established annual GHG emission reduction targets of 3% for Category 1 and Category 2 greenhouse gas emissions. In addition, KINIK has set a renewable energy target of achieving RE30 by 2030 and continues to advance energy conservation, carbon reduction, and energy transition initiatives. In 2025, through equipment upgrades, process optimization, and other carbon reduction measures, Category 1 (Direct Emissions) greenhouse gas emissions were reduced by 4,625.74 tCO₂e and Category 2 (Energy Indirect Emissions) were reduced by 6,926.56 tCO₂e compared with the 2021 base year. The combined reduction amounted to 11,552.30 tCO₂e, representing a cumulative reduction of 25.16% and successfully achieving the Company's annual GHG emission reduction target of 3%. To implement its renewable energy strategy, KINIK continued the stable operation of the solar photovoltaic (PV) system at the Shulin Factory, with electricity generated being sold under the Feed-in Tariff (FiT) scheme. At the same time, the Company has progressively expanded its renewable electricity procurement. In 2025, KINIK purchased a total of 5,101,436 kWh of renewable electricity and acquired 5,101 Renewable Energy Certificates (RECs) and one fractional certificate. These actions demonstrate the Company's commitment to clean energy and support the continued development and expansion of the renewable energy market.
9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and concrete action plans.	Please refer to Appendix 1-1 and 1-2 below

1.1 GHG Inventory and Assurance Status for the Most Recent Two Years

Item	Implementation Status / Corresponding Section				
	Data Year	2024		2025	
1-1-1 Greenhouse Gas Inventory Information : The greenhouse gas emissions (in metric tons of CO ₂ e), intensity (in metric tons of CO ₂ e per million dollars), and the scope of data coverage for the most recent two years.	Scope of Data Coverage	The five factories in Taiwan, various business locations, and subsidiaries including KTC Kinik-Thai Co., Ltd., Dongguan Kinik Trading Co., Ltd., Hongia Industry Co., Ltd., and Kinli Investment Co., Ltd.		The five factories in Taiwan, various business locations, and subsidiaries including KTC Kinik-Thai Co., Ltd., Dongguan Kinik Trading Co., Ltd., Hongia Industry Co., Ltd., and Kinli Investment Co., Ltd.	
	Item	Total Emission (tCO ₂ e)	Intensity (tCO ₂ e /NT\$ million)	Total Emission (tCO ₂ e)	Intensity (tCO ₂ e /NT\$ million)
	Category 1	7,638.23	1.09	4,491.94	0.55
	Category 2	31,857.94	4.54	32,631.25	4.00
	Total	39,496.17	5.63	37,123.19	4.56
	Categories 3 to 6	83,703.34	11.92	104,147.23	12.78
1-1-2 Greenhouse Gas Assurance Information : Description of the assurance status for the most recent two years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.	Data Year	2024		2025	
	Scope of Assurance	Yingge Factory, Shulin Factory, Zhubei Factory, and Science Park Factory	Hsinchu Factory	Yingge Factory, Shulin Factory, Zhubei Factory, Science Park Factory, Hsinchu Factory, various business locations, and subsidiaries including KTC Kinik-Thai Co., Ltd., Dongguan Kinik Trading Co., Ltd., Hongia Industry Co., Ltd., and Kinli Investment Co., Ltd.	
	Assurance Provider	SGS	BSI	BSI	
	Assurance Standards	ISO 14064-3:2019	ISO 14064-3:2019	ISO 14064-3:2019	
	Category 1 and Category 2	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance	
	Category 4	Limited Assurance	Agreed-Upon Procedures (AUP)	Limited Assurance	

1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Item	Implementation Status
Describe the baseline year and data for greenhouse gas reduction, the reduction target, strategies, and specific action plans, as well as the progress in achieving the reduction target.	• Long-term Target (Scope : Category 1 and Category 2) The Company has established a net-zero emissions target for 2050, using 2021 as the base year. Total Category 1 and Category 2 greenhouse gas emissions in the base year amounted to 45,914.58 tCO₂e. • Medium-term and Short-term Targets (Scope : Category 1 and Category 2) The Company has established annual targets of 3% greenhouse gas emissions reduction and 2% electricity savings. Using 2021 as the base year, the Company aims to achieve a 34% reduction in Category 1 and Category 2 greenhouse gas emissions by 2030 compared with the base year. • In 2025, through equipment upgrades, process optimization, and other carbon reduction measures, Category 1 (Direct Emissions) greenhouse gas emissions were reduced by 4,625.74 tCO₂e, while Category 2 (Energy Indirect Emissions) were reduced by 6,926.56 tCO₂e compared with the 2021 base year. The combined reduction amounted to 11,552.30 tCO₂e, representing a 25.16% decrease from the base year and successfully achieving the Company's annual GHG emission reduction target of 3%.

Appendix 6 : Third-Party Assurance Report

This Sustainability Report has completed third-party assurance.

The formal assurance statement will be incorporated into this Report after it is issued by the assurance provider.

