



2022 Sustainability Report

/Professionalism/Innovation/Leadership/Waste Reduction/Responsibility/

2022

Sustainability Report

Table of contents

Preface

- [02](#) About the Report
- [03](#) Message from the management
- [05](#) About L & K

Sustainable Development

- [14](#) Strategy and Organization
- [15](#) Sustainable Development Structure
- [17](#) Net Zero Promotion
- [18](#) Materiality and Stakeholder Engagement

1 Sustainable Governance

- [31](#) Ethical management
- [32](#) Corporate governance
- [37](#) Economic performance
- [40](#) Climate change
- [44](#) Risk management
- [47](#) Indirect Economic Impact

2 Sustainability Innovation

- [49](#) Green Engineering Implementation
- [60](#) Customer Service Management
- [61](#) Sustainable supply chain
- [64](#) Information security management

4 Sustainable Society

- [81](#) Employment
- [83](#) Labor/Management Relations
- [84](#) Occupational safety and health
- [94](#) Training and Education
- [98](#) Employee diversity and equality
- [99](#) Customer Privacy Management
- [100](#) Ethics and Human Rights
- [103](#) Community Engagement

3 Sustainable Environment

- [69](#) Materials Management
- [70](#) Energy Management
- [75](#) Water and effluents
- [76](#) Discharge Management
- [79](#) Waste management

5 Appendix

- [107](#) GRI Content Index
- [110](#) SASB Comparison Table
- [111](#) Third-party Certification

About the Report

L&K ENGINEERING CO., LTD. Stock Code: 6139

This report is prepared in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, and it serves as the 2022 ESG Sustainability Report.

Category and Boundary

Recognizing the importance of corporate sustainability while responding to the government's expectations for businesses' promoting corporate social responsibility, L&K ENGINEERING CO., LTD ("L & K" or "L & K Group" hereinafter) applied global sustainability information disclosure standards to preparing its first Sustainability Report for 2022 covering information during the period from January 1, 2022 ~ December 31, 2022, as well as some issues and information of previous years.) The content of this report is based on the operations of L & K in Taiwan. Only the "financial performance" section is provided with respect to the consolidated entities including subsidiaries RSEA Engineering Corporation and L&K Engineering (Suzhou) Co., Ltd. and L & K Group. Greenhouse gas inventories mainly encompass the controlled offices in Xizhi, Hsinchu, and Tainan in Taiwan, while construction sites are not included in the inventory scope due to their lack of operational control.

Reporting Standards

In order to ensure that the reported information adheres to the principles of openness, transparency, and integrity, L & K referenced the standards mostly adopted by domestic companies at present when they prepare their report, which is the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), and prepared its 2022 Sustainability Report, so as to convey the information on sustainable, investment, and performance to stakeholders. This report's financial performance data is sourced from the consolidated financial report that was published and CPA-certified. All financial numbers are expressed in New Taiwan dollars. The financial report was prepared based on the International Financial Reporting Standards (IFRS) that public companies are required to adopt.

Publication time

Initial publication date: August 2023

Next publication date: To be released in June 2024

Data quality

Internal verification: The ESG Committee has assembled the information in this report, and an external consulting firm has been engaged to provide the team with improvement suggestions. The data, when prepared in full, was reviewed by the departmental heads, and then by the Chairman for approval. The data in this report is expressed in standardized specification table, which is used as standard procedures for internal management, so as to ensure the credibility of data quality.

External verification: Financial data - PwC Taiwan

External Assurance: Conducted by the third-party international verification agency, AFNOR Asia Ltd.

ESG Contact

SHU-MING HSU, ESG Officer, ESG Committee, L&K ENGINEERING CO., LTD.

Address: 14th Floor, No. 175, Section 1, Datong Road, Xizhi District, New Taipei City

Tel: (02)2691-9099

Fax: (02)2690-7168

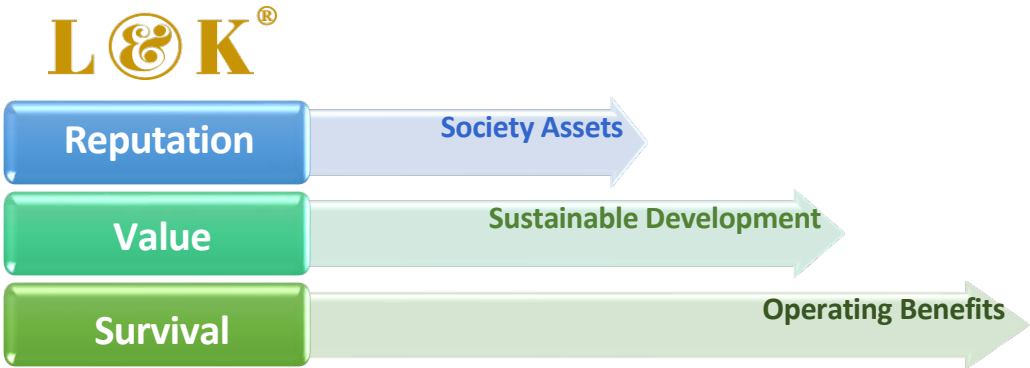
Company URL: [L&K ENGINEERING CO., LTD. \(lkeng.com.tw\)](http://L&K ENGINEERING CO., LTD. (lkeng.com.tw))



Company Official website



Chairman TSU-HSIANG YAO

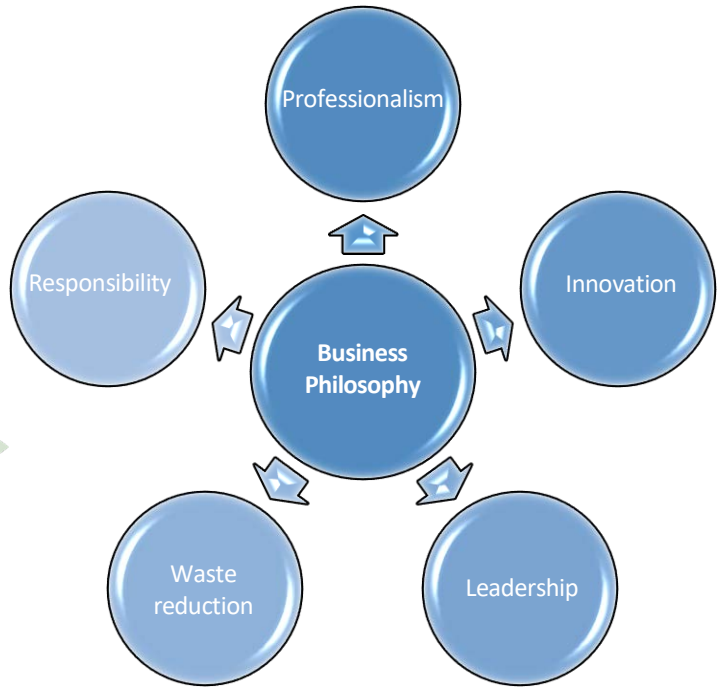


■ Excellent Management; Professional Implementation; Overall Planning

L & K turns engineering into processes. Having accumulated many years of engineering experience, the professional team establishes a standardized operating procedures for engineering management, thereby specifically improving the quality of the project and the overall competitiveness. L & K places great emphasis on customer requirements and comprehends the progression of technological development. Commencing in 1986, it began to invest in the production and assembly of special equipment and materials. Besides advancing in cutting-edge engineering technology, it has also successfully created and patented a number of products, strengthening Taiwan's international market standing.

After years of extensive involvement in the engineering sector, L & K has come to understand that the key to running an engineering business is high quality and technology-driven management services. Acknowledging the importance of establishing a reputable name and increasing market visibility is also key. L & K's professional team is capable of providing one-stop consistent engineering services from design, manufacturing, installation, testing, verification, to maintenance. To cope with changes in the engineering sector, we adopted a strategy of attaining excellence in the ordinary, introducing novelty in the mundane, and effecting transformation in the commonplace. Through years of hardship and trial in this way, a strong base has been established.

■ Creation of competitive advantage industry value



In 1994, L & K began independently developing clean room technology and applying it in production. Partnering with domestic and overseas firms, it created new products and systems, and secured the advantages of speedy material control and technological competition. Engineering is a key factor in human civilization and the growth of various industries. As knowledge and wisdom evolve together, the engineering industry market is quickly transforming. Notwithstanding, L & K is determined to incorporate engineering management approaches of innovation, verification, and advancement. By reviewing itself and fusing with international resources, it continues to lead and practices its ideals amidst the intensively competitive engineering industry.

Human Resources: L & K's Human Endeavor

Human beings will be the foundation of engineering industry and resources in the future, and the might of the knowledge economy. Companies and employees are mutually dependent. Forming a cordial "corporate personality" and pursuing truth and effectiveness are the basis for the company's long-term success. L & K has gained knowledge and become more mature, and will continue to refine itself presently and in the future. L & K highly regards employee education and work enthusiasm, a tradition that has been embedded in its culture.

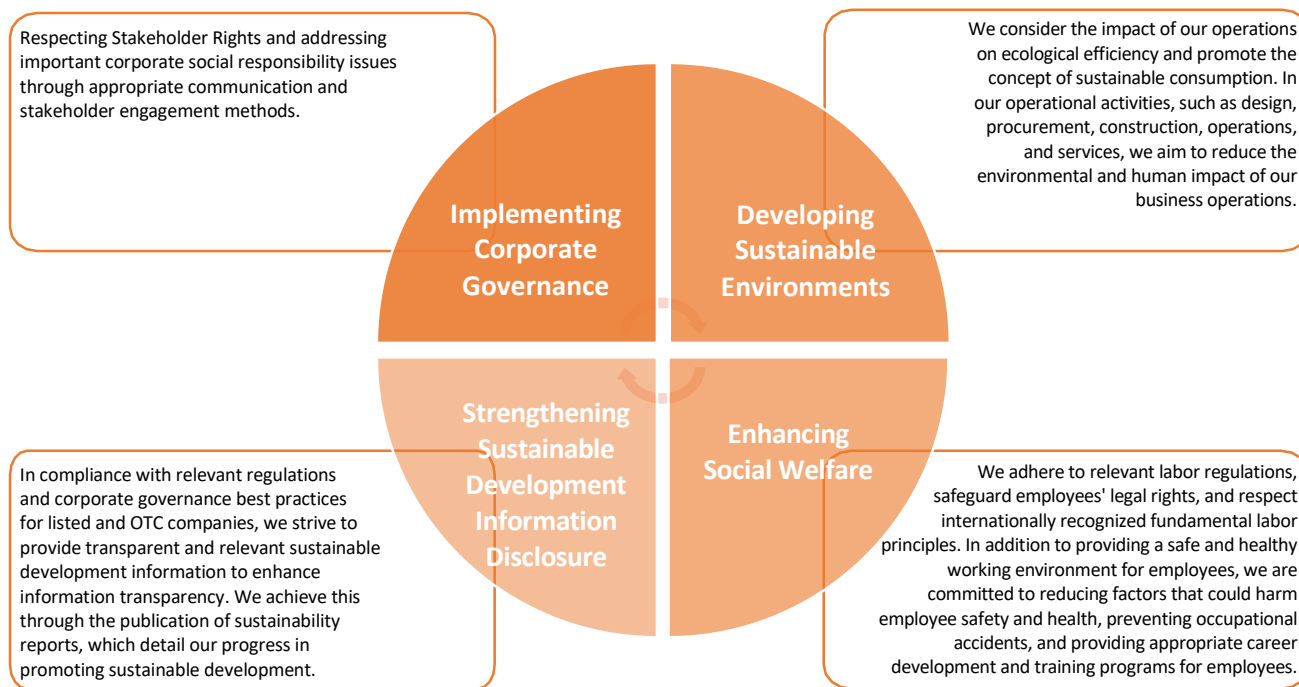
Employees of L & K should be ready to become international engineers. Utilizing the exceptional technical background of our seasoned international engineering experts, we have set up the governance of a "fresh" operating environment. We are able to adjust to the challenges of changing times and establish a practice and understanding of reciprocal loyalty. It is the duty of all L & K's employees to endure the highly competitive international market. L & K has grown from a part of the conventional mechanical and electrical engineering sector into a leader of Taiwan's clean rooms. Through its journey, it has created an abundance of creative ideas, showcasing its strong ambition and unwavering belief in technology. L & K aims to build a world-class international engineering management enterprise.

Vision and Implementation in the Future

The engineering sector is both a technical service provider and a fundamental industry. L & K insists on being interdependent with the different industries, offering a complete suite of professional services, becoming customers' working partners, and forming mutual advantageous relationships. We emphasize that competition is the impetus for industrial advancement; competition in the engineering sphere is an armed struggle of "values". L & K's personnel persist in generating value. Leveraging the engineering business focused on knowledge-based economy and economies of scale to devise a diversified engineering operation model in the modern era is the pledge of L&K Engineering Co., Ltd. to persist in prospering.

Sustainable Development's Commitment

L & K's practices in sustainable development include upholding corporate governance, fostering sustainable environments, maintaining social welfare, and enhancing the disclosure of sustainable development information. L & K is well aware of the strong relationship and effect of the progress of the engineering sector and global warming and insists on increasing and executing necessary measures. We assess the risks and opportunities pertaining to business operations by adhering to the Global Reporting Standards (GRI), Climate Change-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB) in order to gain insight into investment in research and development of green technologies and green engineering; we explore the life cycle of each type of engineering in its entirety by looking at their attributes and identify material indicators and issues by considering each type of stakeholders and their impact on the organization. We have developed solutions and governance regulations and continually assess, analyze, and optimize them. Moreover, we bolster corporate education and training as well as industry-university collaboration to hasten talent development, enhance quality, and fulfill our corporate social responsibilities. Through our commitment to corporate citizenship, we aim to improve the quality of life for employees, communities, and society at large, while respecting the rights of other stakeholders. These actions underscore L & K's dedication not only to practicing ESG but also to leading our supply chain partners towards collective action in pursuit of sustainable transformation and net-zero goals.



Taiwan Residential Architecture Award

Taipei Performing Arts Center

Golden Safety Award

16th

Employment guaranteed at enrollment

Promote industry-university cooperation in
the short- and medium-term

About L & K

- 6 Start from Scratch
- 7 L & K Group
- 8 Group growth and development
- 9 Industry scope and turnkey services
- 10 Affirmation and honorary awards
- 11 Strategy and vision
- 12 Short-term and long-term Business Development goals

Climb from the ground up

In 1978, L&K Engineering Co., Ltd. was established as an electromechanical and air-conditioning company; later on it designed and constructed system engineering for military lab clean rooms, forming the basis for Taiwan's early clean rooms. Having been a lab, biochemical pharmaceutical factory, electromechanical engineering total solution provider, and cleaning room engineering service provider, we evolve along with Taiwan's industry; by adopting to changes in times, we modify our operational philosophy and develop new technologies, thereby standing out from the conventional electromechanical industry. At present, L & K already possesses the clout to compete internationally.

Start-up period 1978

- Laid the foundation in traditional air conditioning industry, electromechanical engineering industry, and clean room basics, for 8 years.
- Provided clean room system engineering total solution for a military lab, laying the foundation for the clean room in Taiwan.
- Branched out into the biochemical pharmaceutical engineering sector in support of the government's promotion of GMP pharmaceutical factories, and undertook electromechanical, process, and clean room engineering turnkey projects from pharmaceutical factories.

Transition Period 1987

- Deeply engaged in providing electromechanical total solutions for the clean room industry and related engineering projects.
- Undertook whole-plant the mechanical and electrical, process, and clean room engineering projects from a GMP-certified British pharmaceutical factory, thereby attaining the international engineering experience from design, procurement, construction, validation, to acceptance.
- Licensed by EUROCLIMA, a company of air handling unit in Austria, as its agent, and gave basic and practical instruction in planning, design, and production management and had our technicians go abroad to pick up skills.
- Undertook whole-plant mechanical and electrical and clean room engineering project from tech companies in Hsinchu Science Park, transitioning from the biochemical pharmaceutical industry to the semiconductor electronics industry engineering sector.
- Branched out from the engineering service industry into the manufacturing industry, and renamed ourselves "L&K ENGINEERING CO., LTD."

Research-based growth period 1991

- Actively undertook clean room projects, gaining the ability and strength to undertake large-scale clean room projects.
- Branched out into the engineering service industry for STN-LCD and TFT-LCD factories.
- Undertook electromechanical and clean room projects from GMP-certified pharmaceutical factory and branched out into the pharmaceutical fermentation engineering sector.
- Developed and produced clean room bulk materials, replacing imported products and enhancing international competitiveness.
- Started research and development of key clean room products and completed the development and production of the first generation ceiling system products.

Prosperous period 1995

- Undertook whole-plant engineering projects to plan, design, and construct 8-inch and 12-inch fabs and TFT-LCD production plants, becoming the first local manufacturer in Taiwan to obtain the construction of an 8-inch fab, thereby consolidating L & K's market position to compete with worldly renowned engineering companies.
- Passed ISO 9001, ISO 9002, ISO 14001, and OHSAS 18001 quality management system certifications.
- Won the 10th National Award of Outstanding SMEs and the 4th Industrial Sustainable Excellence Award.
- In 2003, L & K's stock (6139) was listed in Taiwan.

Strategic consolidation 2009

- The subsidiary 'RSEA Engineering Corporation' was incorporated to vertically combine civil engineering, mechanical and electrical capabilities.
- In 2016, "L&K Engineering (Suzhou) Co., Ltd." was initially listed on the Shanghai Stock Exchange as an A share

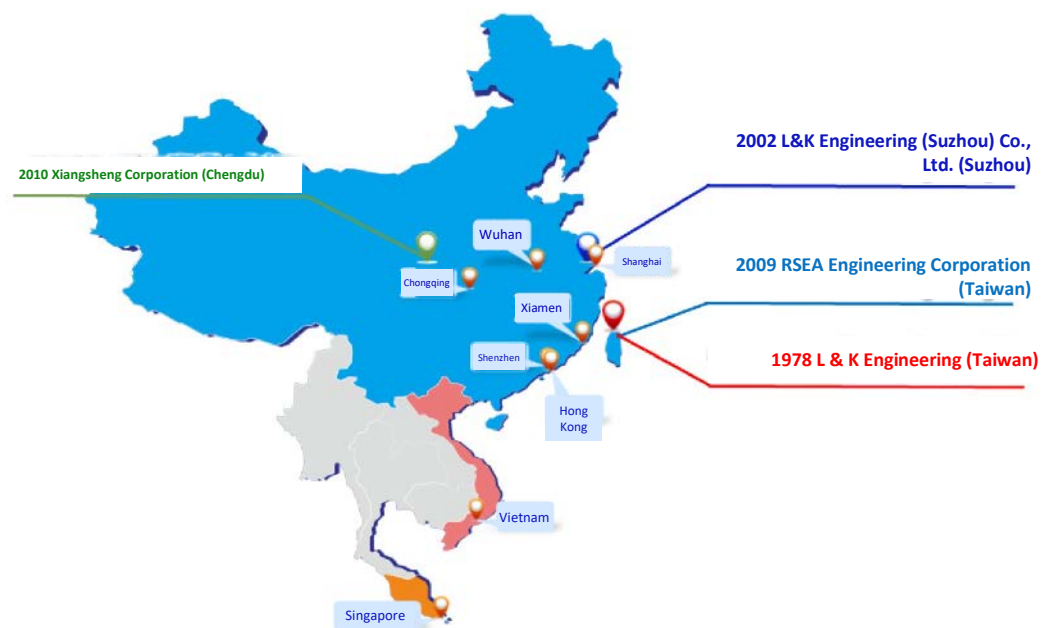
Industry-academia collaboration



- Cooperated with Japan SINKO to develop FFU DC MOTOR.
- To fulfill the requirements as mandated by the National Fire Protection Association (NFPA), we made an investment in the production of clean room ceiling systems with fire sprinkler hose connectors and obtained FM certification.
- Partnered with National Sun Yat-sen University to finish the engineering and examination of the fire and smoke control system in the clean room.
- Collaborated with the National Taipei University of Technology to bring the research on clean room air flow field simulation analysis and FFU diffusion network design analysis to fruition.
- Cooperated with National Chiao Tung University to conclude the technology for inorganic gas sampling analysis and ion chromatography examination
- Concluded the fabrication and assembly of lift-up lamps for clean rooms.
- Partnered with NIPPON MUKI CO., LTD., a Japanese company, to finalize the assessment and analysis of material degassing properties.
- Signed a five-year technical cooperation contract with the Environmental and Safety and Health Technology Development Center of the Industrial Technology Research Institute (ITRI), including technology transfer in smoke control, fire protection, exhaust systems, BSL3/BSL4 biotechnology safety, and other knowledge services.
- Collaboration with multiple schools such as Cheng Shiu, St. John's, Tungnan, Chin-Yi, Chang Jung, Southern Taiwan, Chien Hsin, Kun Shan, Cheng Shiu, and Lunghwa in industry-academic partnerships.
- Sponsored St. John's University's "Employment Guaranteed at Enrollment" program, starting from 2023.

L & K Group

L & K adheres to a relentless business philosophy. We seek to advance and develop our core business, which is the equipment requisite for factory construction and the electromechanical engineering requisite for commercial buildings. Meanwhile, by taking the advantage of being floated on the capital market, we carefully ally with different industries and vertically and horizontally integrate to diversify our business.



Taiwan

L&K ENGINEERING CO., LTD.

RSEA Engineering Corporation

China

L&K Engineering (Suzhou) Co., Ltd.

Suzhou Xiangxin Fire Safety Engineering Co., Ltd.

Suzhou Xiangsheng Trading Co., Ltd.

Xiangsheng Group

Chengdu Xiangsheng Industrial Co., Ltd.

Chengdu Xiangsheng Investment Co., Ltd.

Shanghai Branch

Xiamen Branch

Shenzhen Branch

Wuhan Branch

Chongqing Branch

Chengdu Branch

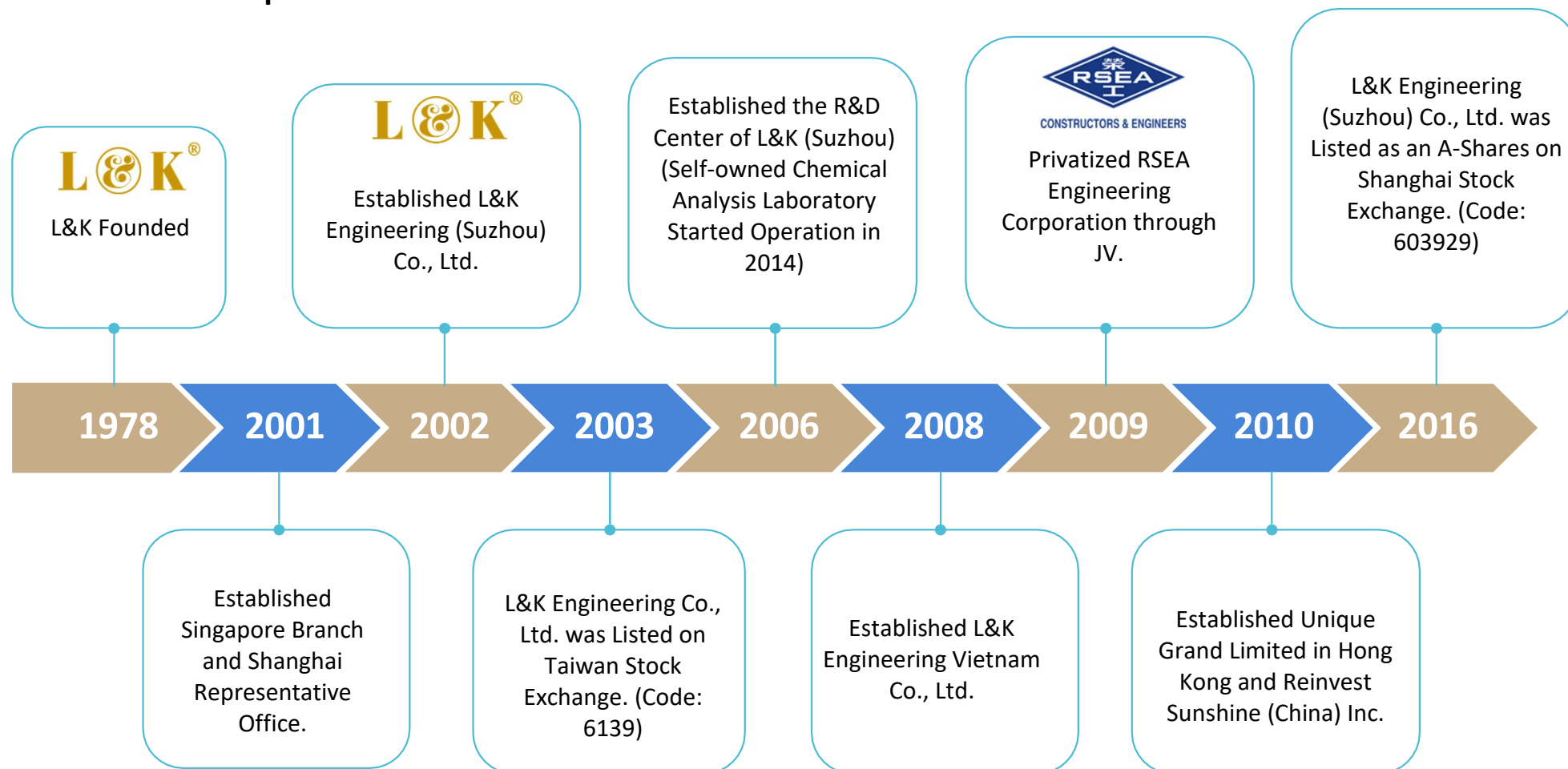
Singapore

Singapore Branch

Vietnam

L&K Engineering (Vietnam) Co. Ltd.

L & K Group's Growth and Development



Industry scope and turnkey services

The engineering sector is both a technical service provider and a fundamental industry. L & K insists on being interdependent with the different industries, offering a complete suite of professional services, becoming customers' working partners, and forming mutually advantageous relationships. We emphasize that competition is the impetus for industrial advancement; competition in the engineering sphere is an armed struggle for "values". L & K is committed to having its employees create value relentlessly.

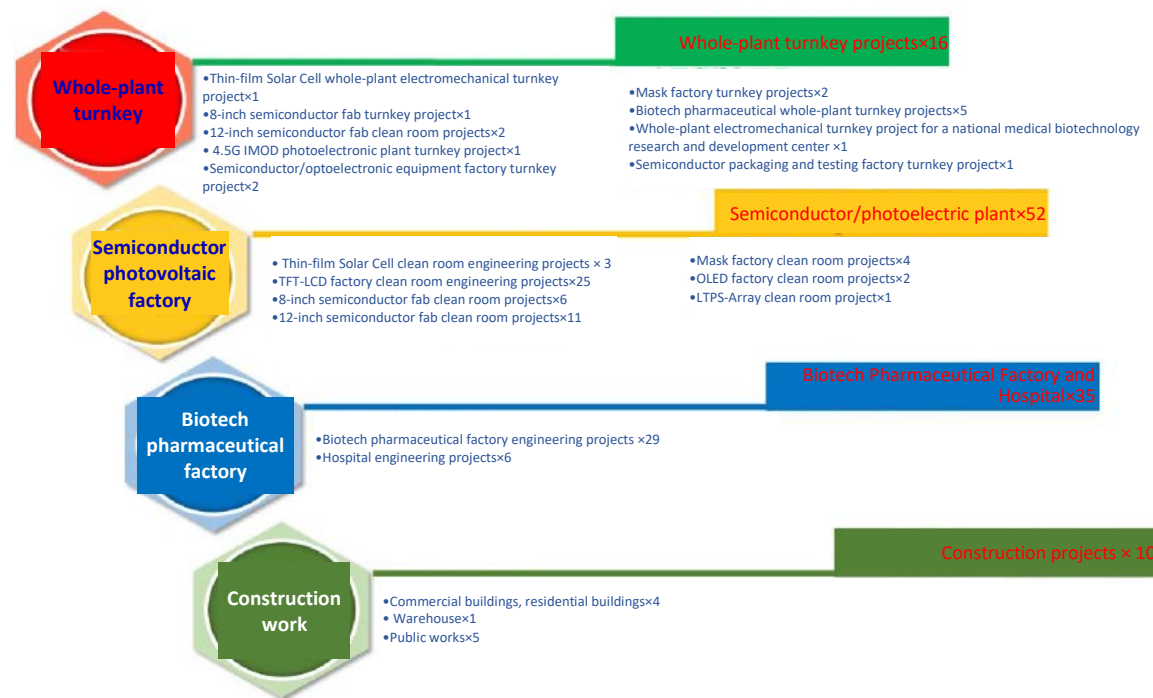
L & K is one of the few domestic peers capable of providing one-stop services, from planning, design, manufacturing, installation, testing, verification, to maintenance. Such complete one-stop engineering services can satisfy clients of different extent of engineering needs. In addition, since such technologies highly correlate with one another, mastering one such complete work one-stop services help judge future trend of engineering services while enabling rapid digestion of engineering experience into operational techniques in line with market trends.



Engineering track records and goodwill

L & K gradually expands the scope of our services and the industries we serve, including public works construction, optoelectronic manufacturing plants, semiconductor fabs, medical units, biochemical pharmaceuticals, commercial buildings, residential buildings, chemical plants, photovoltaic material manufacturing plants, photovoltaic power plants, and energy efficiency improvements, all of which are our services and the industries we serve.

Sustaining a good reputation is a vital component of a company in order to gain the confidence of clients. The Company has amassed four and a half decades of engineering project know-how. Our as-always engineering quality assurance, high degree of collaboration and aspiration to meet the requirements of the clients have consistently secured the trust of clients in the domestic engineering market.



Affirmation and honorary awards

■ Certification

- Passed ISO 9001, ISO 14001, ISO 45001, and CNS 45001 quality management system certifications. Won the 10th National Award of Outstanding SMEs and the 4th Industrial Sustainable Excellence Award.
- Rated Company of Best Operating Performance by the Commonwealth Magazine in 1999, 2000, and 2002.
- Awarded the 8th place in the 2001 Info Tech 200 by Global Views Monthly
- Rated the 37 most profitable company and 33rd highest return on assets in 2004 by the Commonwealth Magazine.
- Received the Elite Enterprises Top10 Award in DIGITIES's 2005 Taiwan Tech Top 100
- Ranked 140th by revenue in Top 500 Service Enterprises published by Commonwealth Magazine.
- Ranked the 10th largest group in the construction, engineering, and real estate industry in the "2006 Research on Group Enterprises in Taiwan" published by CRIF TAIWAN

ISO 9001

International Quality Management Systems (UKAS)

ISO 14001

International Environment Management Systems (UKAS)

ISO 45001

International Occupational Health and Safety Assessment (UKAS)((TAF)

CNS 45001

Taiwan Occupational Health and Safety Assessment (TOSHMS)



• ISO 9001



• ISO 14001



• ISO 45001



• CNS 45001

■ Honors and awards



National Award of Excellence of Sustainable Development and Management (2003)



The 10th National Award of Outstanding SMEs (2001)



Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) Fab compound F12P8 ESH Performance Assessment certificate of merit (2022)



Kaohsiung Main Station ceiling (vault truss) tender coded ACL212-1 2022 The 16th Construction Golden Safety Award (Honorable Mention) (2022)



Taipei Performing Arts Center Taiwan Residential Architecture Award - Honorable Mention (2022)



Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) actively assisted in the expansion of production capacity. Certificate of Appreciation for Outstanding Performance (2021)



Excellent Vendor for Macronix International Co., Ltd's Fab No.5 for 2020 (2021)



Tender ACL212-1 for Kaohsiung Main Station awarded to RSEA and L & K was honored with the 2020 Excellent OSH Vendor Award (2020)



Winbond Electronics Corporation Kaohsiung Factory Construction Project was rated Excellent Occupational Safety Management (2020)

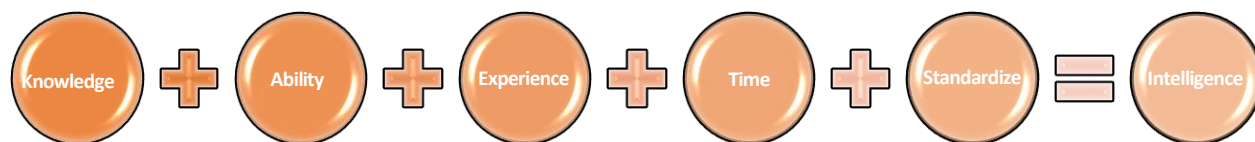


Certificate of Appreciation from the Railway Bureau of the Ministry of Transportation and Communications (2018)

L & K's strategy and vision

On the general environment front, the eruption of combat between Russia and Ukraine has caused a rise in global energy and raw material costs. The rivalry between the United States and China in advanced technology is intensifying. Besides, China has implemented stringent containment strategies in response to the outbreak of the epidemic in its coastal provinces and cities. These events have produced a fresh setback for the global supply chain. Inflation in the US and Europe kept intensifying, and the Federal Reserve of the United States reacted by rapidly raising interest rates and cutting back on bond purchases in order to try to slow inflation, rattling the global financial markets. With the need to deplete inventories in the United States, Europe and China and a decrease in new demand, Taiwan's exports experienced a slowdown, leading to the business community's more prudent capital investment.

Fortunately, Owing to the ceaseless evolution and innovation of information and communication technology and consumer electronics items, major technology organizations, for example, semiconductors and related supply chains, have been motivated to expand their investment. L & K has been actively developing existing markets while simultaneously targeting niche markets that have high growth potential in the context of a constantly changing global high-tech industry with increasing competition. We are fervently bidding for semiconductors, biotechnology, medical sectors, power plants, railway engineering, airports, commercial constructions and section expropriation projects. In so doing, we are broadening the market for construction, electromechanical, and engineering services, thus becoming a one-stop solution provider to offer superior value-added services to customers. In 2022, as strategic customers persist in investing in cutting-edge products and ramping up semiconductors, panels and biotech medical production, we kept striving to expand the civil engineering, construction, and public works services market, in addition to the market for electromechanical engineering services pertaining to clean rooms, water, electricity, air conditioning, instrument control, industrial process system and equipment.



L & K's Strategy



Short-term and long-term business development goals

Anticipating the future, L & K will contend with the loosening of regulations as the global epidemic abates, the intensification of geopolitical struggles such as the Russia-Ukraine war, the possible economic downturn due to increasing inflation and interest rates, and the restructuring of the global key supply chain under the economic and trade conflicts between the United States and China. Fortunately, the high-tech industry is anticipated to stay on an upward trajectory due to continuous innovations in technology and application, such as electric vehicles, autonomous driving, robots, Internet of Things, big data, AI, metaverse, and 5G communications, and that society in the future will continue to pursue smart life, smart manufacturing, and smart cities. This development will persist in propelling semiconductor wafer fabrication, memory, testing and packaging, and panel sectors. Since these industries are embracing the demand in the end consumer market for high value-added and niche products and innovating service models, despite the present economic challenges, investments in production line improvements and capacity increase are expected to remain strong.

In order to address the continuously evolving market, the managerial team must not just possess broader and more creative thinking and techniques, but also alter their emphasis from a solitary product oriented pricing system to a multi-value construction of engineering technology frameworks and customer service. It is their responsibility to steer their fellow colleagues in uncovering more diverse market opportunities and advance towards the goal of innovative value collectively. Staying true to the ethos of excellence, L & K is devoted to honing the skills of its staff, streamlining the design and production processes, integrating supply chain management, cutting costs, developing a competitive edge, and augmenting the worth of products and services. As far as market planning is concerned, we will take an active part in urban renewal, land development, green energy development and overseas market expansion. Consequently, this year, with the emergence of AI and the restructuring of the global supply chain, as the economy recovers, we can expect to keep receiving more projects for new building, construction, electromechanical services, and equipment from clients. Furthermore, operation and maintenance will bring about an increase in project contracts.

The efficacy of the collaboration model of expert complementarity, resource sharing, augmenting competitiveness and probing forthcoming business prospects between L & K and RSEA has been established in operations recently. Joining forces with the two companies will strengthen our capacity to acquire contracts for construction and electromechanical and equipment projects, enlarging the range of the corporation's contracted projects. This also helps to further reach the strategic goal of diversifying business types and formats and expanding market scale. On the other hand, L&K Engineering (Suzhou) Co., Ltd was publicly traded on the Shanghai A-share market in 2016. In the upcoming years, L&K Engineering (Suzhou) Co., Ltd will take advantage of China's sustained opening of the market economy, including the strategic growth of high-tech industries to acquire R&D and manufacturing dependence to boost China's macro economic growth. This development trend will eventually have a positive impact on L&K Engineering (Suzhou) Co., Ltd Integration's performance. At the same time, over the past few years, as part of the Chinese government's policy of actively driving urban and rural revitalization and development, capital spending is expected to be gradually invested in the improvement of urban and rural infrastructure and life services and the development of efficient smart agricultural industry clusters and technological agriculture industry chain. L & K Group will leverage the resources it has invested in order to take an active role in the development of smart healthcare community buildings in both urban and rural areas, as well as surrounding related projects, as part of its diversified growth strategy. It will also actively seek out potential agricultural cooperation and investment opportunities.

Talent is a key factor in the sustainable development of the company. To ensure a continuous pool of talented individuals within the company, in addition to long-term planning and collaboration with higher education institutions, we are committed to supporting educational initiatives at St. John's University through donations. This initiative is undertaken in conjunction with the board of directors, alumni association, and alumni enterprises, providing various programs such as scholarships and internship opportunities, aiming to achieve the mutual goal of "employment upon admission." This strengthens human resource inheritance management and enhances the company's competitive advantage in the market.



**Sustainable
Development
Committee**

Established by the Board of Directors through
a resolution on March 5, 2022
Group-level ESG Officer taking charge of
sustainability affairs

14

Issues of major concern

8

Self-defined topics

34

GRI topics

Sustainable Management

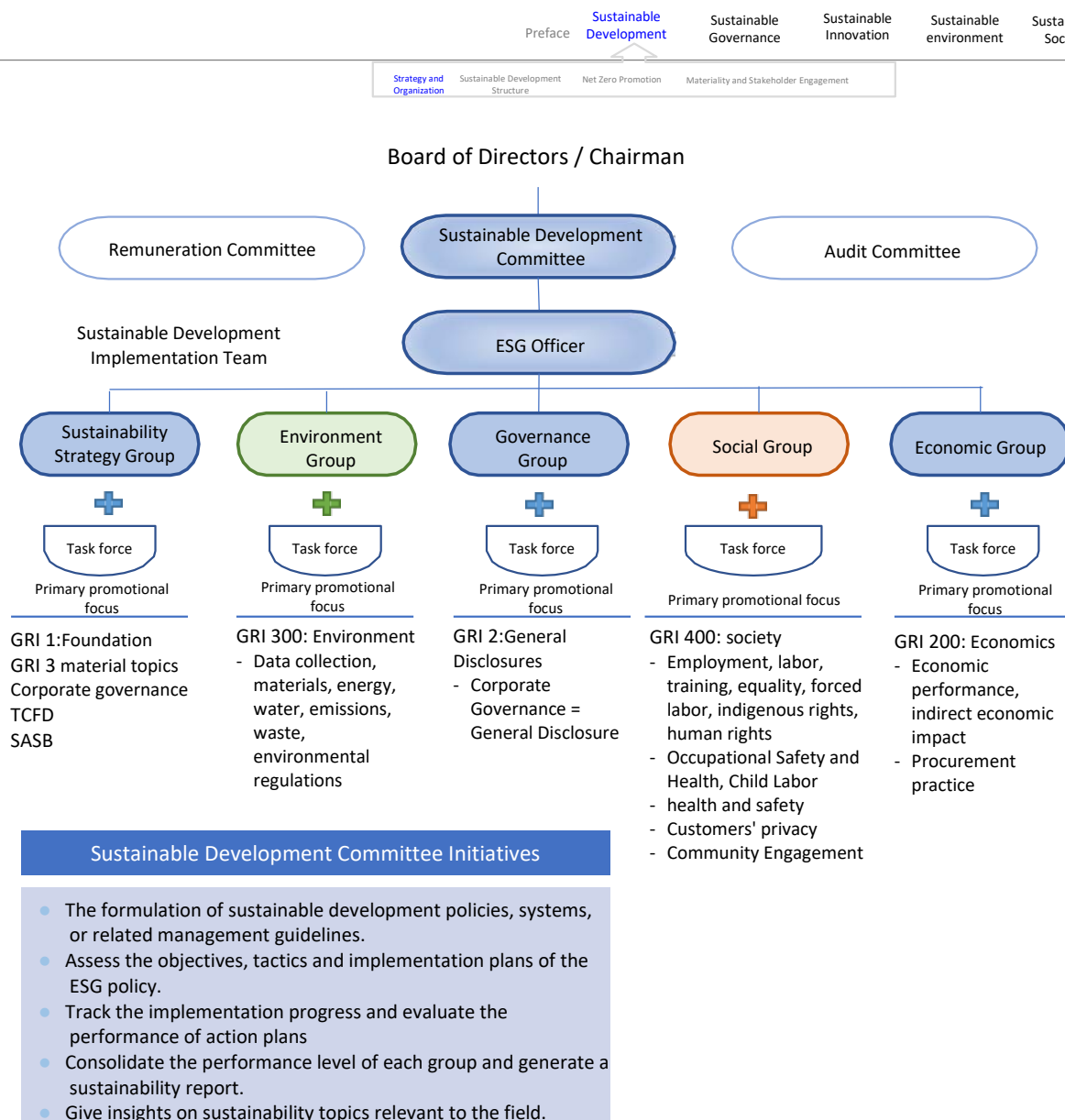
- 14** Strategy and Organization
- 15** Sustainable Development Structure
- 17** Net Zero Promotion
- 18** Materiality and Stakeholder Engagement

Sustainable development strategy

In the past few years, the global climate change predicament has been severe, and due to the raised carbon reduction requirements of the international industrial supply chain, the UN's Sustainable Development Goals (SDGs) have become a trend. Within the framework of the Paris Agreement, numerous industries of different countries have re-examined their strategies concerning climate change, and have taken initiatives to decrease emissions, increase adaptation, develop technology, provide funding, improve capacity building, and promote transparency. All of these efforts aim to reach the goal of achieving net-zero greenhouse gas emissions by 2050. To adhere to global norms and prioritize sustainability, adjust to the repercussions of global warming, create a resilient structure, and be ready for future laws like international carbon pricing and carbon tax, L & K is well aware of the strong relationship and effect of the progress of the engineering sector and global warming and insists on increasing and executing necessary measures. We assess the risks and opportunities pertaining to business operations by adhering to the Global Reporting Standards (GRI), Climate Change-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB) in order to gain insight into investment in research and development of green technologies and green engineering; we explore the life cycle of each type of engineering in its entirety by looking at their attributes and identify material indicators and issues by considering each type of stakeholders and their impact on the organization. We have developed solutions and governance regulations and continually assess, analyze, and optimize them. Moreover, we bolster corporate education and training as well as industry-university collaboration to hasten talent development, enhance quality, and fulfill our corporate social responsibilities. These activities have repeatedly demonstrated that L & K not only implement ESG but also encourages its supply chain partners to collaborate, so as to reach the sustainable goal of Net Zero.

ESG implementation organization

In 2022, L & K's board of directors approved the establishment of the Sustainable Development Committee. The "Sustainable development practices guidelines" were established as the company's basic framework for promoting sustainable development. The Sustainable Development Committee, under the leadership of the chairman and with the sustainability officer as the commander, reports relevant policy initiatives to the board of directors to improve decision quality and efficiency. The implementation team comprises sustainable strategy group, environmental group, governance group, social group, and economic group, all of which is headed or staffed by senior managers serving as group leaders, each with their respective members. The ESG Committee is responsible for designing and executing sustainable development initiatives and risk management regulations. After collecting and analyzing domestic and international trends, industry benchmarks, and important domestic and international evaluations, the Committee has formulated the development principles and promotional directions, and held ESG education training on August 24, 2022 to enhance sustainability awareness and risk awareness.



Sustainable Development Structure

L & K's approach to managing sustainability involves striking a balance between business operations and green practices. Along with developing a solid company foundation, we also commit to resource protection, environmental stewardship, and social engagement. In order to address the transformations that have occurred in the international landscape, the ESG Committee was created; such a dedicated unit coordinates the sustainable development strategy closely linked to the United Nations sustainable development goals, commits to helping the industry achieve carbon neutrality goals with core skills, and build a brighter future as one.

L & K combines the company's vision, mission, and culture and integrates four strategies and departmental diversified business models to create reciprocal value out of sustainability along with stakeholders. The core framework and thinking of our promoting corporate sustainability lies within building ourselves as a trustworthy engineering service team, a promoter of green innovation, a responsible employer at a happy workplace, and a corporate citizen will to assume responsibilities.

■ Implementation promotion status

■ Corporate Governance Officer

On March 5, 2021, the board of directors resolved to appoint a Corporate Governance Manager, who also serves as the Manager of the Finance and Accounting Division. The Corporate Governance Manager has more than three years of experience in serving as the financial manager of a publicly traded company.

The responsibilities of the Corporate Governance Manager include:

- ✓ Matters relating to board of directors meetings and shareholders meetings
- ✓ Preparation of minutes of the board of directors meetings and shareholders meetings.
- ✓ Assistance in onboarding and continuing education of the directors.
- ✓ Providing the Board of Directors with the information required for business execution.
- ✓ Assisting the Board of Directors in complying with laws and regulations.
- ✓ Executing other matters described or established in the articles of incorporation or under contract.
- ✓ Completing 30 hours of continuing education within the first year of appointment in 2022.

■ Impact Management

The performance of sustainable strategic goals is regularly monitored by the Sustainability Development Committee and included as major considerations upon making operating decisions and important decisions.

Through subgroup meetings, discussions, and reviews of the implementation of short- and long-term goals, a total of 11 working meetings were held in 2022. These meetings were used to report on the progress of initiatives based on the "Sustainable Development Guidelines." When impact events occur, the ESG Officer handles the event and reports it to the board of directors.

To address potential operational impacts and risks, L & K has implemented control and prevention mechanisms in various functional units. Before long holidays, we publish safety management and office environmental hygiene maintenance/on-call lists for various project rotations. Additionally, we issue typhoon warnings and activate typhoon prevention mechanisms based on Central Weather Bureau typhoon warnings. In terms of information and quality safety, we conduct regular information security promotion, traffic safety promotion, fire drills, monthly safety and health information promotion, and risk warnings, anomalies, or deficiencies during project performance. These management and oversight mechanisms are designed to prevent losses that may result from impact events and reduce their impact.

Date	Reported Items to the Board of Directors
2022/8/5	<ul style="list-style-type: none"> As per the "Sustainable Development Roadmap for TWSE/TPEx-listed Companies". The paid-in capital of our business is under 5 billion. Our "parent company" wrapped up their greenhouse gas inventory and verification schedule in the second quarter of 2022.
2022/11/4	<ul style="list-style-type: none"> We disclose our GHG inventory progress quarterly according to the "Sustainable Development Roadmap for TWSE/TPEx-listed Companies" issued by the Financial Supervisory Commission.

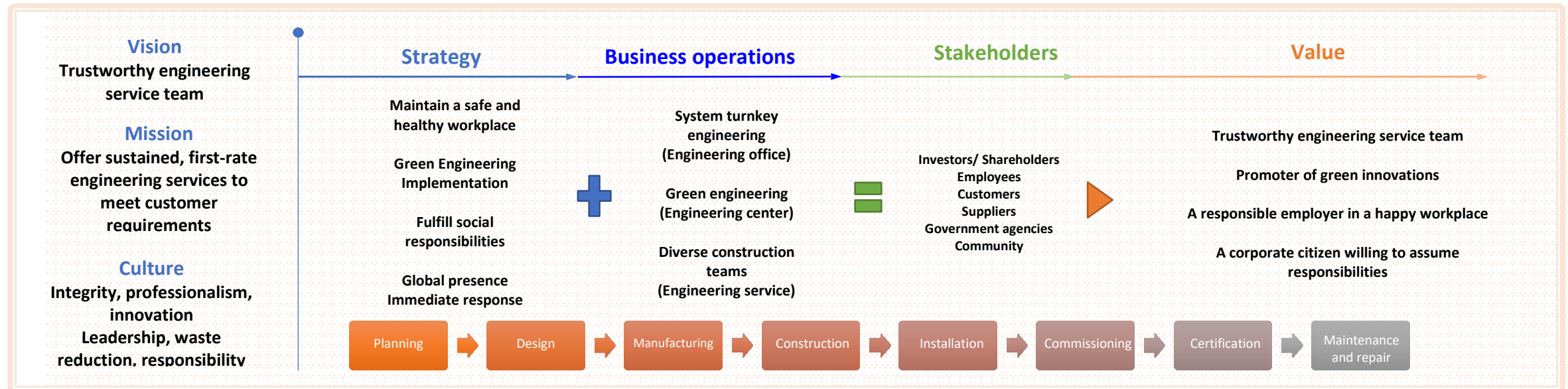
Category	Notification/Promotion Frequency
Safety Management during Holidays	4
Typhoon warning	6
Information security advertising	4
Safety and health Disseminate	12
Fire drills	1
Traffic safety Disseminate	6
Risk Warning	8
Abnormal Disseminate	1

■ Participation in Sustainable Development Knowledge

Since the establishment of the Sustainable Development Committee in August 2022, company executives and members have participated in courses and seminars related to GRI guidelines, stakeholder communication, major theme analysis, disclosure indicators, management policies, TCFD, SASB, and carbon footprint audits. They have also been engaged in discussions on innovation, technology, carbon reduction development, engineering durability technology, and sustainability topics within the industry. Through various instant messaging software, they share research on sustainable energy development, low-carbon societies, green economic promotion, carbon credits, carbon trading, and other sustainability issues, facilitating the exchange of ideas and knowledge enhancement.

Type	Participation in Sustainable Development-Related Knowledge
Internal Training	ESG Sustainability Report Preparation Guidance Course 11 times
External Training	Corporate ESG Report Writing and International Standard Interpretation
	Exploring the Impact on Internal Control from an ESG Risk Perspective when facing Climate change and Sustainable Development
	Risk Management for Promoting Corporate Sustainability - Practical Guidelines for Listed and OTC Companies
	Taiwan Stock Exchange and Taipei Exchange - Greenhouse Gas Audit and Verification Promotion Conference
	Taiwan Stock Exchange and Taipei Exchange - Industry Theme Promotion for Sustainable Development Pathways
Seminars	Taiwan Stock Exchange and Taiwan Investor Relations Institute - Corporate Sustainability Practices Series: How to Implement ESG
	Institute for Information Industry - ESG Green FinTech Co-creation Forum
	Chinese Management Association - International Trends, Challenges, and Responses in Achieving Net Zero Carbon Emissions

■ Sustainable Development Goals



Net Zero Promotion

In support of the United Nations' and global community's ambitions for carbon abatement and net-zero emissions, L & K has resolved to become a member of relevant energy research units or associations. Our ambition is to take action to implement net-zero emissions, bring the issue of net-zero carbon emissions to the forefront of Taiwanese society, and work together to facilitate net-zero activities. L & K is committed to working together with supply chain the move towards the goals of zero environmental impact and "Net Zero EPC".

We formulate greenhouse gas emissions reduction medium- and long-term planning, thereby reducing our sensitivity to future energy or fuel cost fluctuations. Lowering greenhouse gas emissions can be seen as a sensible investment, with minimum risk and guaranteed returns.

■ ESG implemented by all employees and implementation towards net-zero EPC

■ All employees implement ESG

In order to make sustainable development and transform it into the Company's competitiveness and DNA, the "ESG by implemented by all employees" plan was launched in the first year; in doing so, we implant the concept of sustainable operations in the mind of all staff. And serving as a benchmark and model for companies committed to advocating and practicing ESG, inspiring colleagues to break through innovation, pursue sustainability, and collectively realize the ESG sustainability vision of the Group.

■ Practicing Net Zero EPC

"Sustainable Innovation in Green Engineering, Earth-Friendly, World Guardianship" – Striving together towards sustainable growth! Let every coworker to gain an awareness of the Company's sustainable performance and comprehend their own efforts.

Engineering, procurement, and construction (EPC): The industry undertaking contracts, from design, planning, procurement, subcontracting, to implementation.

Project design: from the general planning of project elements to the fine details of design.

Procurement and subcontracting: Procurement of items from specialty equipment to construction materials.

Implementation: From construction, installation to technical training.

The areas involved include electromechanical projects for technological factories, commercial office buildings, and transportation.

EPC

• Design planning

• Communication

• Overprinting

• Procurement

and subcontracting

• Construction

• Implementation

• Inspection

• Training

• Validation

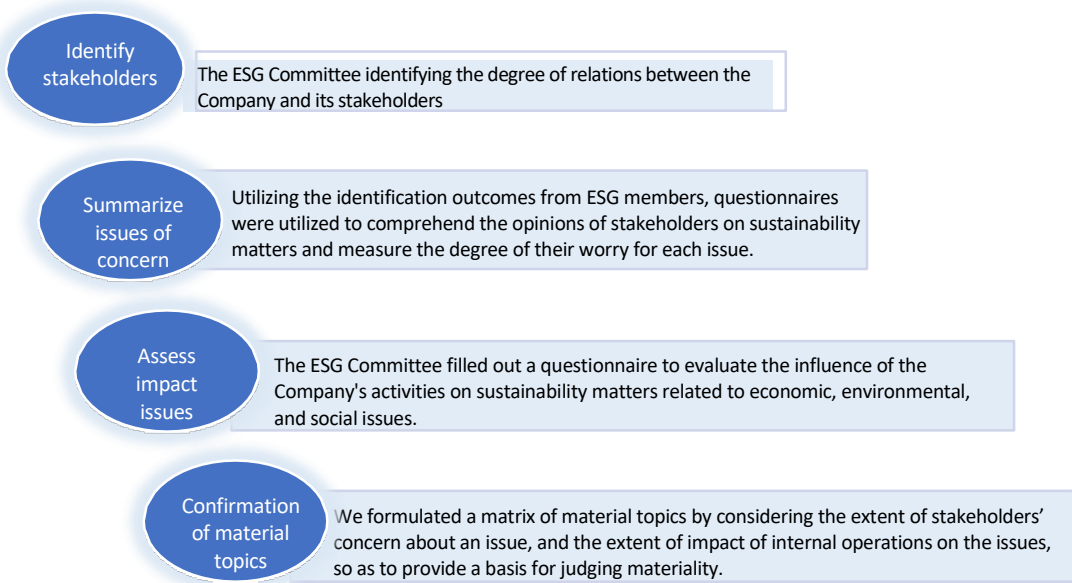
• Acceptance



Materiality and Stakeholder Engagement

To ensure the report's content is able to adequately address the major concerns of key stakeholders, we seek out international sustainability trends, industry characteristics and peer sustainability benchmark cases to ascertain the stakeholders of L & K and the topics relevant to them. To better understand stakeholders' perspectives and prioritize sustainability topics in L & K for 2022, we have developed a questionnaire to gather their feedback and analyze the significance of each sustainability issue, so as to prioritize items requiring response when communicating with stakeholders in the future. In doing so, we have established smooth communication channels. Meanwhile, relevant opinions must be submitted to the operational decision-making unit and incorporated into the Company's subsequent operational management priorities. Such opinions are also the basis for disclosing information in the report; this fulfills stakeholders' expectations and reach a win-win situation between corporate sustainable management and prosperous environment and society.

■ Process for deciding material topics



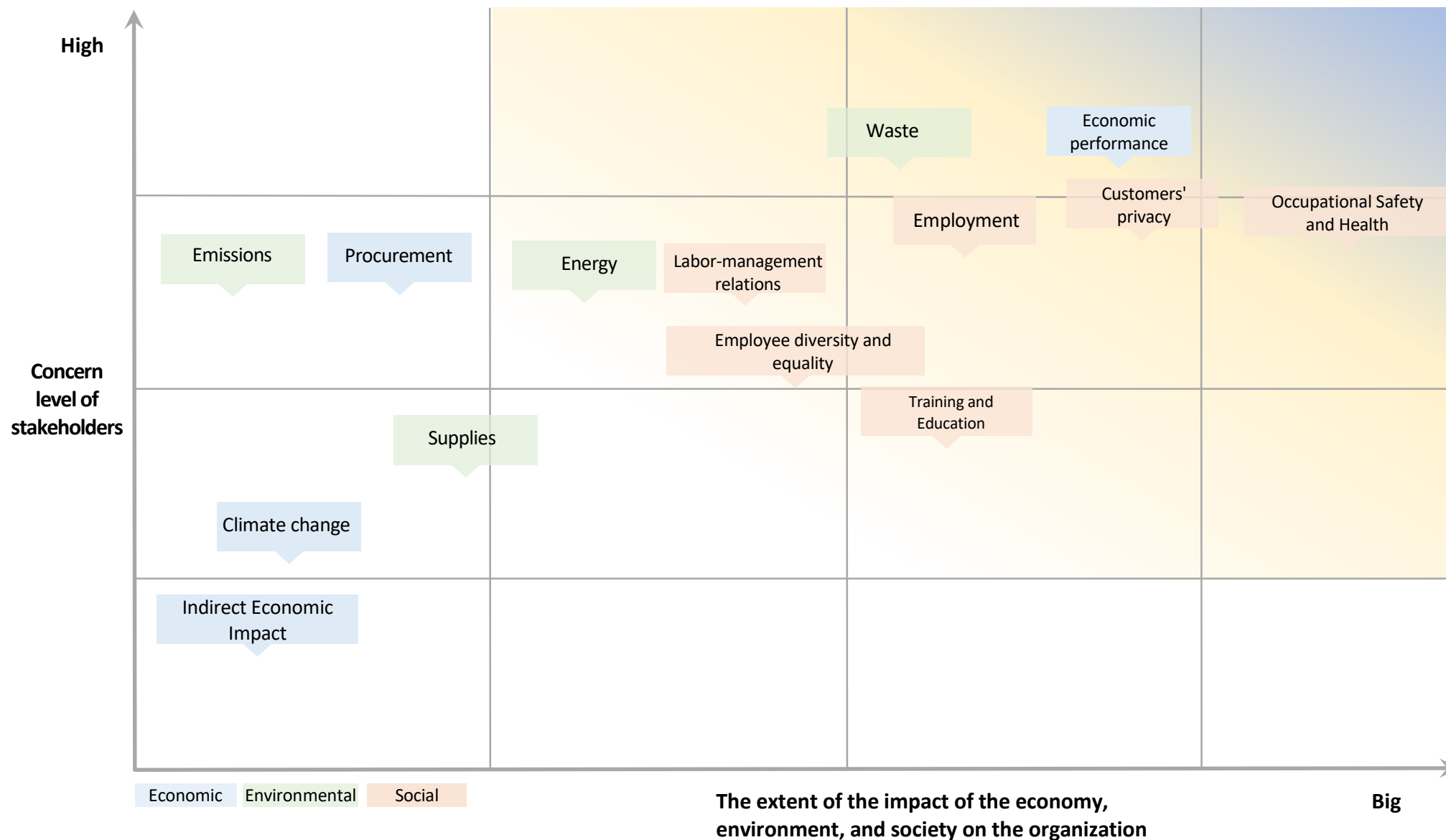
■ Identification of important stakeholders

To L & K, successful corporate sustainability is dependent on efficient stakeholder communication channels and engagement. The primary step is to determine the degree of relationship between the various stakeholders and the company's operations, to help L & K effectively respond to the opinions of all sides more accurately in the future.

As a reference to the international AA1000 Stakeholder Engagement Principles, L & K determines major themes through questionnaire surveys, prioritizing stakeholders by their level of relevance, including customers, employees, suppliers, investors government agencies, and community groups. The 14 material topics of 2022 for are listed in the following in order: Occupational safety and health; economic performance; customer privacy; labor-employer relations; waste; training and education; labor relations; employee diversity and equality; energy; procurement; materials; emissions; climate change; and indirect economic impact.


Adhering to the United Nations and international carbon reduction and net-zero EPC goals, L & K has vigorously pursued green engineering practices. Meanwhile, L & K must abide by the laws and regulations for listed companies pertinent to ethical corporate management, risk management, customer service management, and information security management. including integrity management, risk management, customer service management, and information security management; by the policy commitment required by GRI2 for human rights protection; by L & K's customers' requirement that all suppliers value human rights issues; by GRI4's requirements to assume social responsibilities, which helps improve corporate image; and by the industrial parks and customers' requirement that offices manage water resources. In this respect, L & K independently defined 8 topics covering aspects like corporate governance, economy, environment, and society. The sustainability information communicated and disclosed by L & K satisfies GRI's requirements of integrity and diversity.


■ Rectangular chart of material topics of concern to stakeholders



■ Significance of material topics to L & K

L & K summarized 14 material topics for 2022, including identification of issues stated in domestic laws and regulations and international conventions, as well as 8 self-defined topics covering aspects like corporate governance, economy, environment, and society, to ensure that the sustainability information communicated and disclosed by L & K satisfies GRI's requirements of integrity and diversity.

Economic	GRI material topic	GRI code	Description of material topics	Meaning to L & K
	Economic performance	201	The efficiency capability out of a company's resource allocation and resource utilization.	Economic performance is the lifeblood of L & K's survival. the livelihood of each employee's family on the internal front, and responsibilities for shareholders on the external front.
	Climate change	201-2	Impact from monetary or value-based changes arising from the climate change opportunities and risks facing a company	Previously, the company prioritized maximizing financial performance, but due to the increasing severity of climate change, it is important to evaluate climate risks and opportunities under the TCFD framework. It is recommended that businesses keep up with the latest trends, while understanding and controlling the cost-to-finish.
	Indirect Economic Impact	203	Extent of development of significant infrastructure investments and services supported; Whether these investments and services are commercial, in-kind, or pro bono engagements	For the company to cater to the tailored requirements of customers, it is essential to continue offering staff professional training, to have them attend industrial technology sessions to stay up-to-date, to motivate them to learn on the job in diverse fields, and to set up incubation centers and capital for universities to pursue further research. Doing so not only carries forward past experience and builds up the future, but is also so reciprocal that sustainable operations can be passed on.
	Procurement practice	204	Procurement from supply chain involves a company's cost control, supply planning and quality control.	The engineering industry itself has limited resources, and the successful completion of each project relies on the full cooperation of suppliers and contractors. Therefore, selecting high-quality suppliers and contractors not only enhances project quality but also contributes to the establishment of the company's brand image.

Environmental	GRI material topic	GRI code	Description of material topics	Meaning to L & K
	Supplies	301	Materials input by a company for undertaking an engineering project can be non-renewable materials.	The materials requisite for construction implementation service for the tailored engineering project undertaken by a company is non-recyclable products, whose data is not further processed.
	Energy	302	Inventory of individual energy consumption and energy saving measures	Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering an organization's overall environmental footprint.
	Emissions	305	Companies should abide by the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".	Companies should adhere to regulations, vigilantly examine a variety of emissions, and regulate them to cut down cost risks, boost the competitiveness of engineering services, and ensure compliance with environmental protection laws.
	Waste	306	Companies with office located in an industrial area must comply with the Waste Disposal Act.	Inviting all parts of society to engage in Sustainable Development Goals (SDGs) of the United Nations, the Company implores them to execute a responsible waste management system and reduce waste through reuse and recycling. Ideas to stop waste production and ways to manage unavoidable waste during office operations.





Social	GRI material topic	GRI code	Description of material topics	Meaning to L & K
	Employment	401	Companies must comply with relevant laws and regulations, e.g., the Labor Standards Act.	The relationship between the Company and its employees; the approaches to creating job opportunities; and joint creation of a good operating environment.
	Labor-management relations	402	Companies must comply with relevant laws and regulations, e.g., the Labor Standards Act.	The manner in which the company communicates with staff and announces major operational changes.
	Occupational Safety and Health	403	Companies must comply with relevant laws and regulations, e.g., Occupational Safety and Health Act.	The company holds fast to the belief of "safety first" in order to create a protected and healthy work environment and strive for "zero accident".
	Education and training	404	Planning of employee career development and various education and training	<ul style="list-style-type: none"> Nurturing and growing talent is the fundamental element for businesses to remain in operation sustainably. Establish a comprehensive training program systematically and improve it constantly to achieve perfection and bolster organizational competitiveness. Establish succession planning and providing instruction for important roles to form a basis for sustainable business activities.
	Employee diversity and equality	405	Employers should be proactively encouraging diversity and equality in the workplace.	Establishing a diverse, safe, and inclusive work environment culture and providing equal job opportunities not only stabilizes the company's operational development but also benefits the future economy and society.
	Customers' privacy	418	Companies must comply with the "Personal Information Protection Act".	<ul style="list-style-type: none"> The company complies with legal regulations. The company is responsible for honoring customer privacy and taking reasonable precautions to make sure customer information is not abused, misplaced, or infringed upon.





- ◆ L & K independently defined 8 material topics covering aspects like corporate governance, economy, environment, and society for 2022, including identification of issues stated in domestic laws and regulations and international conventions.


Governance, environmental, social aspect	Self-evaluated material topics	GRI code	Description of material topics	Meaning to L & K
	Ethical management	1	<ul style="list-style-type: none"> The company should abide by the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies". 	<ul style="list-style-type: none"> The cornerstone of L & K's corporate culture and core values lies in ethics.
	Green Engineering Implementation	1	<ul style="list-style-type: none"> As an integral component in the entire lifespan of buildings, green construction is a fundamental link to achieve resource conservation, energy conservation, and emissions reduction in the construction sector. 	<ul style="list-style-type: none"> The purpose of L & K's customized turnkey projects is to reduce energy, electricity, water, and material usage.
	Customer Service and Management	1	<ul style="list-style-type: none"> Enhancing the customer experience pre-service, during service, and post-service to meet customer needs will heighten customer satisfaction and loyalty to the L & K brand, resulting in more profits. 	<ul style="list-style-type: none"> L & K must prioritize meeting customer needs when it comes to company operations. Adopting a responsible and sincere approach, we leverage the advantages of collaboration and division of labor to offer our customers the most dependable services.
	Information security management	3	<ul style="list-style-type: none"> The Company complies with regulations GRI 3 material topics require that companies detect current and potential impacts and evaluate their effects on the economy, environment, and people. 	<ul style="list-style-type: none"> The company safeguards data from unjust violation to guarantee the safety of operations.
	Risk management	3	<ul style="list-style-type: none"> The Company complies with regulations GRI 3 material topics require that companies detect current and potential impacts and evaluate their effects on the economy, environment, and people. 	<ul style="list-style-type: none"> L & K constantly observe projects under management to guarantee that any inconsistencies won't arise in all elements of operating activities and to avert any potential risks from affecting the Company's operations.
	Water and effluents	303	<ul style="list-style-type: none"> The Company complies with regulations Hsinchu offices located in industrial zones must comply with relevant regulations. The annual customer questionnaire emphasizes water resource management in the supply chain. 	<ul style="list-style-type: none"> Office locations in industrial areas must comply with relevant regulations. Assessing its own water consumption allows the company to gauge its effect on the environment, other water consumers, and itself, and use this insight to effectively manage water resources.
	Ethics and Human Rights	1, 2, 3, 4	<ul style="list-style-type: none"> The Company complies with regulations 2-23-b in GRI 2 stipulates policy commitments to respect human rights, and all organizations must put in place such policy. 	<ul style="list-style-type: none"> The company upholds and endorses human rights conventions, ensuring that all staff are treated equitably and with respect.
	Community Engagement	4	<ul style="list-style-type: none"> Valuing corporate social responsibilities such as environmental protection, public welfare activities, supply chain management, good labor-management relations, and consumer rights, can help to build a positive corporate image, enhance corporate competitiveness, and serve as a benchmark of success for businesses. 	<ul style="list-style-type: none"> Following the idea of "returning to society what it gives", the company works to foster a sustainable society and environment.

■ Management of material topics

In 2022, L & K identified 14 material topics and 8 self-defined topics, all of which correspond to the 34 topics under the GRI standard. In the annual report of L & K, we assess the indicators, management measures, and assessment tools that must be revealed and verify the outcomes of the implementation of each sustainability issue.

Economic	GRI material topic	GRI Disclosures	Management approach	Evaluation Mechanism	Corresponding chapter
   	Ethical management (self-defined)	Ethical corporate management, whistleblowing, and protection system	<ul style="list-style-type: none"> Implement ethical corporate management 	<ul style="list-style-type: none"> Review of and countermeasures against exposed case 	1 Sustainable governance Ethical management
	Economic performance	201-1 Operating economic performance, financial information, and operating costs	<ul style="list-style-type: none"> Assess financial-related risks and summarize and report on financial performance every month Establish annual targets for reducing procurement costs to boost revenue performance. 	<ul style="list-style-type: none"> Review, track, and control the operating financial indicators every month Review the company's development strategy, evaluate core competitiveness, and explore new business opportunities Irregularly 	1 Sustainable governance Economic performance
	Climate change	201-2 Opportunities and risks due to climate change	<ul style="list-style-type: none"> Expand the company's range of business services Review project cost and estimate completion performance 	<ul style="list-style-type: none"> Sales Report Project Weekly Report Project Monthly Report 	1 Sustainable governance Climate change
	Indirect Economic Impact	203-1 Extent of development of significant infrastructure investments and services supported; Whether these investments and services are commercial, in-kind, or pro bono engagements	<ul style="list-style-type: none"> Forster innovative advancement of educational institutions, provide premises and funds for incubation center, and collaborate with businesses to establish a "Employment at Enrollment" scheme of mutual aid and mutual benefit. 	<ul style="list-style-type: none"> Manpower Review Industry-Academia Collaboration. Give to the school fund to help students financially. 	1 Sustainable governance Indirect Economic Impact
	Risk management (self-defined)	Operational Risk Management	<ul style="list-style-type: none"> Functional units' control of specific areas and matters Watchlist abnormal events and respond to risks Regular review and tracking Bolster public awareness and training Set up a response team when a sudden disaster threatens to affect business operations 	<ul style="list-style-type: none"> Ensure the independence of the audit unit and the effectiveness of various SOPs. Hold regular meetings on a monthly/quarterly basis to evaluate risk management and assess control performance. Strengthen publicity and education training from time to time. 	1 Sustainable governance Risk management

Governance, innovation	GRI material topic	GRI Disclosures	Management approach	Evaluation Mechanism	Corresponding chapter
   	Green Engineering Implementation (self-defined)	Green engineering	<ul style="list-style-type: none"> The only way to launch a long-term energy transformation strategy is to combine different energy data and equipment operations through a smart energy management system, and using the data to guide companies in their decision-making. 	<ul style="list-style-type: none"> Status of implementation against approved documents 	2 Sustainable innovation Green Engineering Implementation
	Customer Service Management (self-defined)	Customer satisfaction survey	<ul style="list-style-type: none"> Daily issues pertinent to customer relationship maintenance and feedback handling 	<ul style="list-style-type: none"> Customer Satisfaction Survey feedback review 	2 Sustainable innovation Customer Service Management
	Procurement practice	204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> To uphold the reliability of our supply chain, and generate value through the procurement process, we assess suppliers' reliability through the manufacturer evaluation system. 	<ul style="list-style-type: none"> Evaluate suppliers' finances, reputation, and service quality from time to time 	2 Sustainable innovation Sustainable supply chain
	Information security management (self-defined)	Information security related maintenance and management; implementation of information security management plan.	<ul style="list-style-type: none"> Promote and enhance employees' information safety awareness. Continuously strengthen protection measures to reduce information security risks 	<ul style="list-style-type: none"> Conduct policy publicity, training, and drills and review implementation results according to the management plan. 	2 Sustainable innovation Information security management

Environment	GRI material topic	GRI Disclosures	Management approach	Evaluation Mechanism	Corresponding chapter
	Supplies	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> Materials are the property of the owner, and equipment and materials used in construction are non-renewable materials that cannot be recycled. Except for special requirements for material packaging, materials should be packaged to ensure effective protection during transportation. 	<ul style="list-style-type: none"> L & K does not produce products, so materials do not need to be disclosed. 	3 Sustainable environment Materials Management
	Energy	302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption	<ul style="list-style-type: none"> Spread the word about energy conservation, carbon reduction and environmental protection by poster or dissemination. Record energy consumption Analyze Energy Intensity 	<ul style="list-style-type: none"> Analyze energy usage on a regular basis and evaluate progress towards carbon reduction objectives. 	3 Sustainable environment Energy Management
	Water and effluents (self-defined)	303-3 Water Withdrawal	<ul style="list-style-type: none"> Spread the words about energy-saving initiatives through poster or dissemination, achieve consensus, and evaluate consumption against established goals. 	<ul style="list-style-type: none"> Analyze energy usage on a regular basis and evaluate progress towards carbon reduction objectives. 	3 Sustainable environment Water and effluents
	Emissions	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emission intensity 305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> Sum up consumption of oil, electricity, and paper Set reduction targets; clarify carbon reduction motives; and build internal consensus Calculate the amount of upstream and downstream transportation carbon emissions, which is not further processed. 	<ul style="list-style-type: none"> Analyze energy usage on a regular basis and evaluate progress towards carbon reduction objectives. 	3 Sustainable environment Discharge Management
	Waste	306-1 Waste generation and significant waste-related impacts 306-2 Managing significant waste-related impacts 306-3 Waste generated 306-4 Disposal and transfer of waste	<ul style="list-style-type: none"> Waste disposal must be delegated to legitimate producers who adhere to government rules. Set a reduction target Calculate carbon emissions from upstream and downstream sources 	<ul style="list-style-type: none"> Regularly review the sources and quantities of waste generated. The emission volume of waste transportation statistics is not further processed. 	3 Sustainable environment Waste management

Society	GRI material topic	GRI Disclosures	Management approach	Evaluation Mechanism	Corresponding chapter
	Employment	401-1 Rate of new hires and employee turnover 401-2 Benefits provided to full-time employees 401-3 Parental leave	<ul style="list-style-type: none"> Abide by pertinent laws and firm protocols, mentor staff, conduct periodic performance assessments, and ensure the rights and responsibilities of both entities are safeguarded. 	<ul style="list-style-type: none"> Periodic review of implementation 	3 Sustainable society Employment
	Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> According to labor-related laws and regulations, there are communication and grievance channels between labor and management which must be used to inform employees ahead of time of any major operational changes that could have a severe effect on their rights. 	<ul style="list-style-type: none"> When a labor dispute is identified, it shall be addressed in line with applicable laws, and the company's systems and procedures. 	3 Sustainable society Labor/Management Relations
	Occupational Safety and Health	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries	<ul style="list-style-type: none"> Pursue the goal of zero occupational accident and regularly review and improve deficiencies Create an occupational health and safety committee to periodically analyze major occupational safety topics, validate the safety at the construction site, and make any necessary safety alterations. Organize health examinations regularly, and put in place health management and promotion activities. Hire professional occupational safety specialists to audit our safety and health management system on a regular basis, to ensure better safety at work. 	<ul style="list-style-type: none"> Periodic review and improve deficiencies 	3 Sustainable society Occupational safety and health
	Education and training	404-1 Average hours of training per year per employee	<ul style="list-style-type: none"> Periodic review of implementation 	<ul style="list-style-type: none"> Periodic review of variances in implementation 	3 Sustainable society Training and Education
	Employee diversity and equality	405-1 Diversity of governance bodies and employees 405-2 Female-to-male base salary ratio and salary ratio	<ul style="list-style-type: none"> Manage employee diversity and equal opportunity 	<ul style="list-style-type: none"> Regularly review the development of employees 	3 Sustainable society Employee diversity and equality
	Customers' privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> Systems to protect customer privacy, measures for handling complaints and information leak incidents 	<ul style="list-style-type: none"> Relevant confidentiality agreements should be signed for positions of executives or significant posts 	4 Sustainable society Customer Privacy Management
	Ethics and Human Rights (self-defined)	Foster various distinct management plans and initiatives, as per the company's ethical and human rights standards	<ul style="list-style-type: none"> Implemented in accordance with the company's human rights policy and management measures 	<ul style="list-style-type: none"> Review the performance of human rights management plans 	4 Sustainable society Ethics and Human Rights
	Community Engagement (self-defined)	Social assistance and care	<ul style="list-style-type: none"> Caring for the disadvantaged Far-reaching community involvement Talent cultivation 	<ul style="list-style-type: none"> Regularly review implementation performance 	4 Sustainable society Community Engagement

■ Stakeholder communication and response

Stakeholder	Communication channel	Communication frequency	Annual communication actions in 2022
Customers	Project-owner contact Official documents Customer Satisfaction Questionnaire Meeting with clients Complaint portal for site visitors Official website whistleblowing mailbox	Regular and irregular meetings	<ul style="list-style-type: none"> 16 questionnaires were received for this year's customer satisfaction survey. Issues reflected were understood through handling procedures, problems were solved, and customers were satisfied with our handling measures and procedures and our response. This year, 6 pieces of questionnaires were received from sustainable management stakeholders. The topics that were discussed were beneficial to L & K's sustainable management activities, and shall be disclosed to stakeholders by way of the sustainability report.
Employees	Business contact of each unit Internal meetings or any type of communication Employee opinion mailbox Official website whistleblowing mailbox	Quarterly Irregularly	<ul style="list-style-type: none"> 4 labor-management meetings were conducted this year in total. A total of 4 occupational safety and health meetings were held this year Provide face masks and rapid screening reagents during the epidemic Conduct orientation for new employees Occupational health and safety instruction, and training and education are provided to on-the-job employees, as necessary. Employee health hierarchical management Office noise inspection every six months Fire drills every six months In accordance with the epidemic response plan and epidemic prevention measures announced by the competent authority
Suppliers	Phone, email, and communication software Message communication Business visit	Irregularly	<ul style="list-style-type: none"> This year's supplier evaluation had no suppliers who were unqualified, suspended, blacklisted forever. Follow through with pre-construction consensus, and regulate construction excellence and labor safety and health activity in keeping with applicable guidelines. Make sure that workers acquire implementation permits before entering the factory. Prior to any new manufacturers entering the site, arrange a safety and health management coordination gathering to explicitly inform them of the construction site safety and health management regulations. Hold a toolbox meeting and conclusion meeting each day to evaluate the anticipated work progress and construction quality for the current and following day. Monthly coordination organization are organized to coordinate labor hazard notifications and work coordination and requirements. Bring contractors and sub-contractors into the oversight of the safety and health agreement organization, and hold frequent and infrequent coordination meetings.

Stakeholder	Communication channel	Communication frequency	Annual communication actions in 2022
Government agencies	Business contact of each unit Formal written official document Websites on which each competent authority requires disclosure of information Trough unions and associations Communication with labor inspection units and making improvements	Irregularly	<ul style="list-style-type: none"> Implement safety and health regulations, assign safety and health management personnel to each project, and provide a report. In 2022, no penalties were imposed on us by the relevant authorities for any omissions or inaccuracies in declarations.
Investors/Shareholders	Business contacts Annual general meeting Investor Conference Information disclosed on Market Observation Post System.	<ol style="list-style-type: none"> Once a year At least once a year Regular and irregular 	<ul style="list-style-type: none"> The Annual General Meeting of Shareholders was held on 2022/6/24. A conference for investors was hosted at the Taiwan Stock Exchange's 1st floor Information Display Center on 2022/11/23, to explain details such as L & K's operational strategy and future prospects. Upload relevant information to the Market Observation Post System in accordance with the laws of the competent authority
Community groups	Community needs assistance Neighborhood visit	Irregularly	<ul style="list-style-type: none"> Visit local community leaders or representatives near the construction site as needed. The recycling of recyclable resources at the construction site is carried out based on the resources available in the vicinity. Regular donations to Taiwan Fund for Children and Families - Hsinchu Branch, and Xiangyang Charity Foundation During the pandemic, the company took part in the "Send boxed meals to support medical staff" activity in response. Make regular donations to the Hsinchu County Friends of the Police Association to support collaborative crime prevention and promote police-civilian cooperation Grant academic rewards on a regular basis to promote academic research, industry-university collaboration, and form educational partnerships with numerous universities to foster engineering and technical expertise. Board of Directors' resolution to donate a sufficient amount to the St. John's University of Science and Technology school to strengthen school operations, improve teaching quality, and provide mutual aid and reciprocity programs of "employment guaranteed at Enrollment, various scholarships and bursaries, and corporate internship and employment opportunities in conjunction with alumni companies.

100%

Employees' signing Confidentiality Agreement
Employee Ethical Code of Conduct
Undertaking to inform a person in advance
whose personal data is collected.
Code of Occupational Ethical Conduct
Signing percentage

50%

Operating revenue

95%

Gross profit

3 times

Net profit growth for
the current period

2 times

EPS growth

1 Sustainable governance

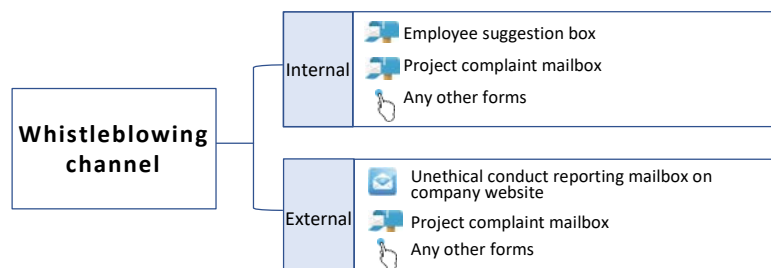
- 32 Corporate governance
- 37 Economic Performance (201)
- 40 Climate change (201-2)
- 44 Risk management
- 47 Indirect economic impacts (203)

Ethical corporate management (self-defined)

L & K commences with human nature, strives to create a group identity, and inevitably adheres to the corporate culture of "integrity, value, and sustainability". The ethical framework is the bedrock of L & K's corporate culture. In terms of operation management, in order to strengthen ethical conduct, we have formulated the "Ethical Corporate Management Best Practice Principles", Code of Ethical Conduct, and Principles for Employees Confidentiality and Ethical Code of Conduct, all of the stipulate that directors, managers, and employees not engage in dishonest behavior in the process of engaging in business activities. Implementing legal identification, providing education and training as a policy to consistently reinforce adherence to laws and regulations. As a means to continuously enhance compliance with regulations, we implement educational and training programs for regulatory identification and implementation. To guarantee that ethical corporate management is actualized and laws and regulations abided by, we broadcast the essential values of ethical corporate management frequently, augment the staff's discernment of ethical corporate management, and finally solidify corporate governance. With respect to adhering to laws and regulations, apart from staying alert to local and international policies and laws that may influence the company's business and finance, we have also established various corporate governance rules and protocols. The audit unit will ensure adherence to legal and regulatory requirements in keeping with the rules, and help in the revision of internal regulations.

Whistleblower System

L & K has taken a hard-line stance against corruption, bribery, unfair competition, confiding, infringement, and insider trading. If any breach of the code of ethics or internal protocols is identified by the internal audit team or through the whistleblowing system, details shall be noted, investigated, and disciplinary action shall be taken to uphold our reputation for fairness and integrity. Whistleblowing can be done through both internal and external mailboxes. If any improper behavior is uncovered by either internal or external personnel, and it is believed to have a detrimental effect on the company or is infringing on the rights and interests of all employees, then they can expose it and remain anonymous if they choose to do so. The processing procedures will ensure the whistleblower remains secure, their rights and interests are safeguarded, and the whistleblowing incident is investigated and dealt with properly.



Whistleblower protection

L & K has a safeguard in place for whistleblowers, which reinforces the confidentiality of their personal data. Everyone involved in processing the case, as well as the responsible individuals, must sign an undertaking of confidentiality. We define the accountability and punishment for confiding. Anyone with a conflicting interest in the whistleblower case should step aside from the inquiry. We promise to protect the whistleblower from dismissal, demotion, salary reduction, infringement on their legal, contractual, or customary rights, or other unfavorable punishments due to their whistleblowing. An incentive mechanism is put in place by the Rewards and Punishment Committee. If the exposed fact is verified to be true, whistleblowing bonus will be given immediately, and no merits will be recorded or announced separately so as to protect whistleblowers and encourage colleagues to whistleblow without fear. To prevent corruption from external sources, we have included clauses on ethical management in contracts with suppliers and contractors created a whistleblowing system on our website, and ensured the anonymity of the informant and the details of the report. In 2022, we were not presented with any complaint letters and we will maintain a zero tolerance policy for corruption and uphold the ethical corporate management principles.

Opinion platform reporting statistics

L & K receives complaint cases through independent audit offices with decision-making authority, the company's official website, site complaint mailboxes, emails, and other non-format channels.

Case category	Year	2020	2021	2022
	Number of reports	16	8	5
Unreasonable use of company assets or resources	-	-	-	-
Improper entertainment, gifts, and kickbacks	1	-	-	-
Conflicts of interest	-	-	-	-
Workplace bullying	2	3	-	-
Sexual harassment	-	-	-	-
Discrimination	-	-	-	-
Others (including system, customer response, supplier management, employee management, executive communication and leadership, etc.)	13	5	5	5
Number of cases successfully investigated	16	8	5	5
Number of cases under investigation	0	0	0	0

Note: Reporting numbers are classified by content.

Corporate governance

L & K developed gradually from its founding to its full maturity. Having been a lab, chemical pharmaceutical factory, electromechanical engineering total solution provider, and cleaning room engineering service provider, we evolve along with Taiwan's industry; by adopting to changes in times, we modify our operational philosophy and develop new technologies, thereby standing out from the conventional electromechanical industry. At present, L & K already possesses the clout to compete internationally. By virtue of the management team's extended expertise and all L & K employees' hard work, the Company has accumulated a wealth of knowledge and wisdom, and both tangible and intangible assets, and it has become a major contributor to the advancement of Taiwan's clean room engineering technology. L & K strongly believes that engineering is the combination of scientific knowledge and expertise. We adhere to stringent engineering management, continually replacing the outdated with the new, creating novel application technologies and products, augmenting our competitiveness, joining forces with foreign engineering firms, and heightening our competitive edge at all times. We have embraced the ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational safety and health management system and CNS 45001 Taiwan occupational safety and health management system, and are dedicated to competing internationally with determination.

L & K's corporate culture

	Reputation	L & K are devoted to equitable competition, reliable management and sustained growth, to benefit the community, gain public approval and become a social treasure.
	Value	Adhering to laws and regulations, L & K strives for optimal corporate governance and risk management, enhances the financial framework, preserves steady profits, and optimizes corporate value.
	Survival	L & K begins with human nature, emphasizing the rights and duties of equality, and advocating and shielding the natural rights of individuals and collectives.

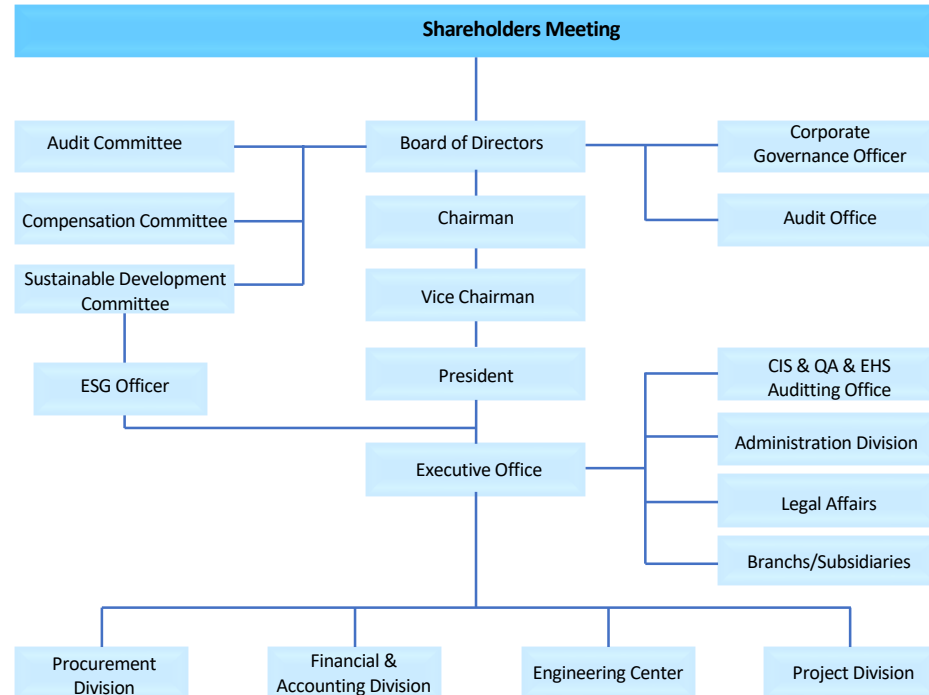
L & K's business philosophy

	Professionalism	The Essence of Professionalism: Technology, ethics, and work attitude Professional practice: Obey the regulations and continue to progress Professional Purpose: Ensure that customers have the highest product quality and service quality.
	Innovation	In order to practice the sustainable development of the Company's operations Capable and ideal to innovate Make the most of items in a timely fashion.
	Leadership	The Company has tremendous industrial value and is a pioneer in the sector. Accomplish considerable gains and show remarkable contributions.
	Waste reduction	Reduce errors and avoid misuse of resources.
	Responsibility	To preserve the basic rights and interests of the Company as the premise. Making the protection of customers' and employees' highest rights and interests our implementation goal Avoid creating social problems Strive to become an asset to society day and night.

Governance organization

The business climate around the world is difficult, thus executives in the high-tech industry have to make swift changes to their companies and reevaluate their reaction to stay ahead of the competition. The Company will leverage an enterprise resource management system and knowledge management to bolster its competitive advantage; modify the organizational structure to accommodate the executive clout required to take on market rivalry; form the corporate learning atmosphere to reinforce employees' various expert aptitudes; and improve the organization's suppleness to fluctuations in the market atmosphere.

◆ Organization



◆ Board of Directors

L & K has put into effect a system of corporate governance that is consistent with Taiwan's Securities and Exchange Act and related regulations. To safeguard the rights of stockholders, strengthen the operations of the board of directors, respect the rights and interests of stakeholders, and enhance information transparency, the board of directors passed the Corporate Governance Best Practice Principles. We adopt fair and impartial procedures for the selection of directors and establish independent directors, as well as other measures, to strengthen management and monitoring functions of a Board of Directors. The board of directors has also passed "Regulations for Processing Material Inside Information and Preventing Insider Trading" which forbids insiders like directors, supervisors and workers from profiting from info that is not available to the public. Besides, we keep to the tenets of accurate, timely, and fair disclosure, construct a thorough disclosure system, and offer different information regarding operations, financials, board of directors, and shareholders' meetings on our company website and the Market Observation Post System to guarantee that shareholders can have access to the most recent news about us.

The Chairman is the highest rank officer responsible for promotion of corporate sustainability; the ESG Officer will fulfill the role of commander-in-chief to communicate pertinent policy advances to the Board of Directors in line with its powers and responsibilities. The implementation team comprises sustainable strategy group, environmental group, governance group, social group, and economic group, all off which is headed or staffed by mid-level and senior departmental supervisors. The ESG Committee is responsible for designing and executing sustainable development initiatives and risk management regulations. The ESG Committee establishes development principles and outlines promotion strategies after examining internal and external trends, industry standards, and significant internal and external comparisons.

● Nomination and Selection

To forge a diversity polity, enhance corporate governance, promote the sound development of the composition and structure of the Board of Directors, L & K nominates director/independent director candidates by the Company Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Articles of Incorporation. In doing so, we assess the academic achievements, professional standing, character and other pertinent qualifications of each candidate and then put forward the details to the Board of Directors for resolution and then to the shareholders' meeting for election. The board of directors nominates the Chairman as the chair. To give full play to the functions of the board of directors, the Chairman does not take any concurrent position as manager.



● Board structure

As for the board's membership composition, the number of directors concurrently being the Company manager must not exceed one-third of the number of directors, and a diversification policy must be formulated based on its operations, business models, and development needs. The election of all directors follows an open and fair process, in accordance with the Company's "Articles of Incorporation" and "Corporate Governance Best Practice Principles". The current board of directors has 8 members, with a composition of 3 independent directors (37.5%) and 5 non-independent directors (62.5%), including 1 female director.

● Diversity of background of board members

Core diversification items Name		Gender	Nationality	Concurrently being an employee	Term and seniority of independent directors	Age		Professional background				Professional knowledge and skills						
						Aged 30-40	Aged 50-60	Aged 61-70	Aged 71-80	Finance and Accounting	Industry	Information technology	Law	Operational judgment capability	Management	Leadership and decision-making ability	Ability to manage crisis	Industry knowledge
Director	TSU-HSIANG YAO	Male	R.O.C.	•			•			•	•		•	•	•	•	•	•
Director	CHIH-HSUN YAO	Male		•		•				•	•		•	•	•	•	•	•
Director	TZU-HUNG WANG	Male						•		•	•		•	•	•	•	•	•
Director	CHUNG-CHENG LO	Male				•				•	•	•	•	•	•	•	•	•
Director	PO-JEN CHEN	Male		•						•	•		•	•	•	•	•	•
Independent Director	CHIEN-JAN LI	Male				May 2018 to date	•			•	•	•		•	•	•	•	•
Independent Director	TUNG-HAO HO	Male				May 2018 to date		•			•	•	•	•	•	•	•	•
Independent Director	CHO-LAN PENG	Female				May 2018 to date		•		•	•	•		•	•	•	•	•

● Percentage of senior executive salaries

Job title	2022		2021	
	The Company	All companies in consolidated statement	The Company	All companies in consolidated statement
Director	NT\$56,155 thousand and 5.62%	NT\$56,155 thousand and 4.37%	NT\$32,040 thousand and 9.97%	NT\$32,040 thousand and 9.89%
Independent Director				
President and VP Managerial officers				

● Management of conflict of interest

L & K abides by the Rules of Procedure for the Board of Directors' Meetings. If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

● Directors' attendance

Job title	Name	Attendance in person frequency	Attendance by proxy frequency	Attendance in person Percentage (%)
Director	TSU-HSIANG YAO	5	0	100
Director	CHIH-HSUN YAO	4	1	80
Director	TZU-HUNG WANG	4	1	80
Director	CHUNG-CHENG LO	5	0	100
Director	PO-JEN CHEN	2	3	40
Independent Director	CHIEN-JAN LI	5	0	100
Independent Director	TUNG-HAO HO	5	0	100
Independent Director	CHO-LAN PENG	4	1	80

● Evaluation Circumstances

On 5/7/2019, the board of directors made the decision to introduce the "Board of Directors Performance Evaluation Guidelines" so as to strengthen corporate governance and improve the board's operations. An evaluation of the performance of the whole board, individual directors, and committees is conducted at least annually. Assessment and suggestion:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
From the end of each year to the end of the first quarter of the following year	2022/1/1 - 2022/12/31	<ul style="list-style-type: none"> The entire Board Meeting Individual Board members Functional committees 	<ul style="list-style-type: none"> Internal self-evaluation of the Board Meeting Self-evaluation of board members Appoint external experts or other appropriate methods as needed 	<p>Overall</p> <ul style="list-style-type: none"> Participation in the operation of the Company Improvement of the quality of the Board of Directors' decision making; Composition and structure of the Board of Directors; Election and continuing education of the directors; and Internal control <p>Individual</p> <ul style="list-style-type: none"> Understanding of the company and awareness of responsibilities Participation in the operation of the Company Professionalism and continuing education of directors. Internal control
Evaluation Result		The company regularly reviews investment performance and target achievement rate, and board members play a guiding and supervisory role. They can fully communicate and contribute to board meeting agenda and related issues, creating a good board meeting culture, and the overall evaluation results are excellent.		
Suggestion		In accordance with the "Guidelines for the Continuing Education of Directors and Supervisors of TWSE/TPEx Listed Companies", directors' ongoing education needs to be strengthened. The company will provide courses and promotional event information promoted by competent authorities to directors from time to time and encourage directors to continue their education to keep up with the latest regulations and provide the necessary expertise for decision-making.		

■ Functional committees

In order to improve the supervision function and strengthen the management function, the board of directors has set up the Audit Committee and the Remuneration Committee. Except for the job duties they must independently exercise according to the law, the functional committees must be responsible to the board of directors and submit the proposals to the board of directors for resolution

◆ Audit Committee

The audit committee works in conjunction with the board of directors to monitor the accuracy of the firm's accounting procedures, auditing, financial reporting and financial control, and then presents their findings to the board of directors for consideration. In accordance with the "Audit Committee Organization Regulations," the board of directors established an audit committee, with three independent directors serving as committee members, including one as the convener, and at least one with expertise in accounting or finance.

● Implementation Status

The audit committee holds meetings at least once a quarter. In 2022, a total of 5 audit committee meetings were held, with a practical attendance rate of 93%. On a quarterly basis, the main internal audit officer holds discussions with each independent director to give an update on how the Company's internal audit program is being executed. They met 5 times in 2022.

Job title	Name	Number of actual attendance	Number of attendance by proxy	In-person attendance rate (%)
Independent Director	CHIEN-JAN LI	5	0	100
Independent Director	TUNG-HAO HO	5	0	100
Independent Director	CHO-LAN PENG	4	1	80

◆ Remuneration Committee

To ensure that the salary and remuneration of directors and managers is justly allocated and their operational performance is up to standard, the board of directors established the "Remuneration Committee Charter". The committee under the board of directors must have at least one independent director as member. Currently, all three committee members are all independent directors.

The primary tasks of the Remuneration Committee are to craft and re-examine the regulations and rules for the performance and pay of directors and managers, and to frequently assess the remuneration of directors and managers.

● Implementation Status

In evaluating, the remuneration committee should simultaneously take into account the following principles.: The Company's remuneration conforms to applicable laws and regulations and is adequate to draw in top-notch talents; the evaluation of the performance and the remuneration of the director and manager should be in accordance with the usual payment conditions of the sector and take into account the personal investment time, responsibility, the achievement of the personal objectives, their performance while in other positions, the remuneration given by the Company in recent years to equivalent positions, achievement of the Company's short-term and short-term business goals, the Company's financial position, so as to evaluate the reasonableness of personal performance, company operations, and future risks; directors and managers should not be encouraged to conduct activities that surpass the organization's risk threshold in order to receive a higher remuneration; the remuneration percentage for short-term performance of directors and senior managers and the timing of partly changing remuneration should be made taking into account the characteristics of the industry and the nature of the company's business, achievement of the Company's short- and long-term goals, and the Company's financial position.

In actual operation, the Remuneration Committee abides by the duty of care of a good administrator faithfully implements the policies, systems, standards and structures for formulating and regularly reviewing the performance evaluation and remuneration of directors and managers, and regularly evaluates and formulates the performance evaluation and remuneration of directors and managers; it shall put forward a propose for the board of directors for discussion. In 2022, there were 3 meetings and the attendance was 100%.

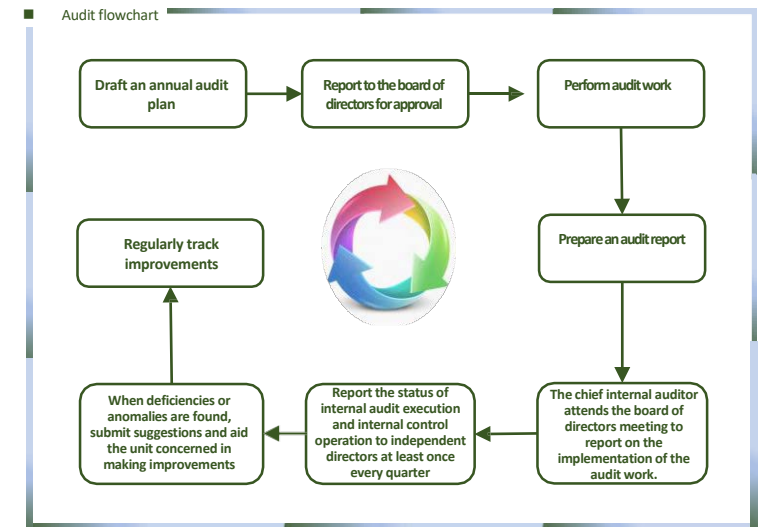
Job title	Name	Number of actual attendance	Number of attendance by proxy	In-person attendance rate (%)
Convener	TUNG-HAO HO	3	0	100
Member	CHIEN-JAN LI	3	0	100
Member	CHO-LAN PENG	3	0	100

■ Internal Audit

The internal audit of the company is conducted to help the board of directors and managers examine and analyze any weaknesses with the internal control system, evaluate the effectiveness and efficiency of operations, give timely advice to make sure the internal control system is successfully carried out, and provide a reference for revising the internal control system in the future. By following the "Governing Regulations for Public Company's Establishment of Internal Control System", after considering the overall operating activities of the Company itself and its subsidiaries, we establish an effective internal control system, and review and improve it at any time to respond to changes in the Company's internal and external environments and ensure the continuous effectiveness of the internal control system. To ensure the auditors perform the audit in an unbiased and impartial manner, the Audit Office is separately set up under the Board of Directors as per the law and staffed with full-time auditors. The appointment, removal, evaluation, and remuneration of internal auditors shall be reported to the Chairman for approval.

● Implementation Status

Date of Meeting	Communication matters between independent directors and internal audit officer
2022/3/30	Audit of the internal audit report for the "Statement of Internal Control System" for the year 2021
2022/5/6	Internal Audit Report
2022/8/5	Internal Audit Report
2022/11/4	Audit of the internal audit report for the "Audit Plan" for the year 2023



Economic performance 201

Established in 1978, L & K has experienced a beginning stage, a transition phase, a research development era, a growth span, and a strategic amalgamation period. It has developed from a small and medium-sized air-conditioning water and electrical engineering vendor to a domestic leader in clean room engineering and whole-plant turnkey projects. It's our insistence on our business philosophy that has carried us thus far. Leveraging our theoretical knowledge and over 40 years of continuous engineering practice, L & K has been relentlessly working on a technical service-oriented basis, insisting on providing customers with the highest level of service quality. During 2022, we completed a total of 109 engineering projects, with a cumulative total contract amount of NT\$33.596 billion.

■ Engineering track records

- The only engineering company simultaneously undertaking clean room projects from 8"/12" semiconductor fabs, photovoltaic plants, and the biochemical pharmaceutical industry, as well as general projects like plumbing and electrical engineering projects, heating and ventilation engineering projects, and fire safety engineering projects.
- One of the few domestic engineering service companies that can simultaneously operate in various industrial fields such as optoelectronic, electronics, hospitals, biomedicine and pharmaceuticals, and energy at home and abroad and has accumulated track records of engineering contracts undertaking.
- 33.596 billion/new contract value in 2022

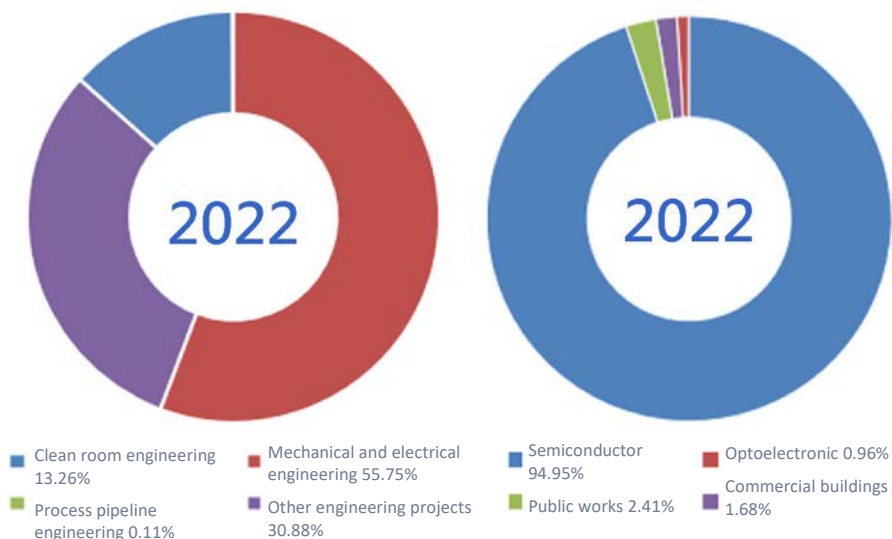
■ Defined benefit plan obligations and other retirement plans 201-3

Due to the characteristics of the engineering industry, the average age of L & K's workforce is around 40 years old. Therefore, various manpower plans focus on professional (technical) training to improve the quality of colleagues, which is the core value of employees.

Employees who meet retirement conditions apply for retirement according to the Labor Standards Act.

■ Financial assistance received from government 201-4

Considering the peak periods of project progress, training is flexibly scheduled to accommodate employee time. In terms of training subsidies, there was no government financial assistance taken in the previous fiscal year.



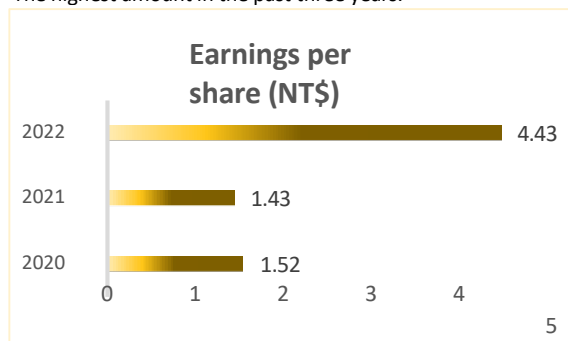
Financial Performance

L & K's business peaked in 2022. The project team's efforts yielded a particularly impressive financial result, parent-company-only and consolidated operating income, operating gross profit, and gross profit margin have increased compared with last year, and operating expenses have dropped significantly. Profitability increased compared to last year

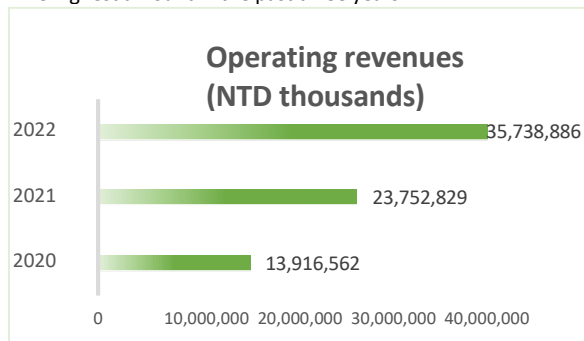
The consolidated financial statements (including subsidiaries RSEA Engineering Corporation and L&K Engineering (Suzhou) Co., Ltd. and L & K Group) have been audited without qualification by the Joint Certified Public Accountants.

Consolidated financial statements

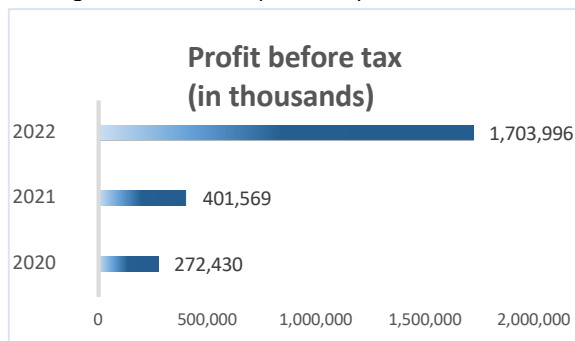
Earnings per share at NT\$4.43, more than **doubles**
The highest amount in the past three years.



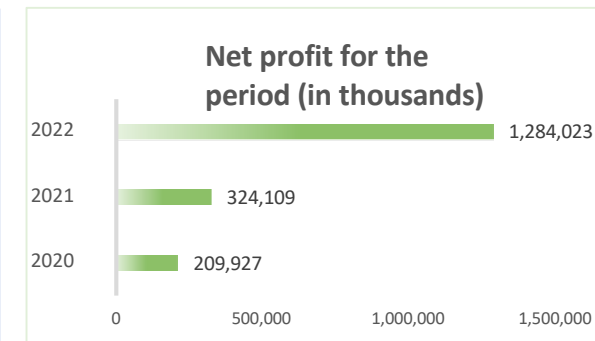
Operating income up **50.5%**
The highest amount in the past three years.



Profit before tax **3.2 times** of the original amount
The highest amount in the past three years.

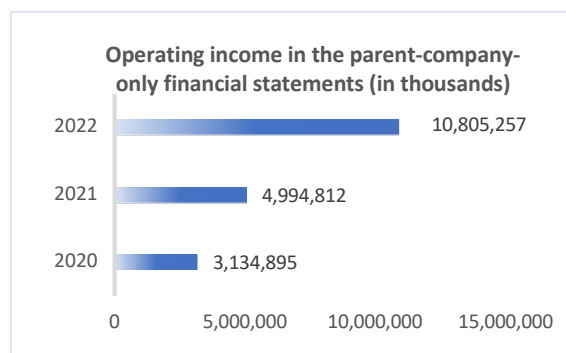


The net profit margin for this period nearly **triples**
The highest amount in the past three years.

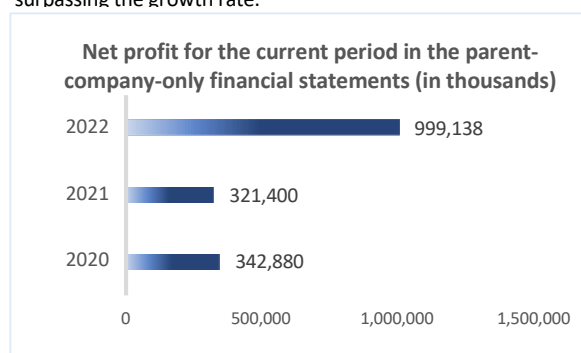


L & K Standalone Financial Reports

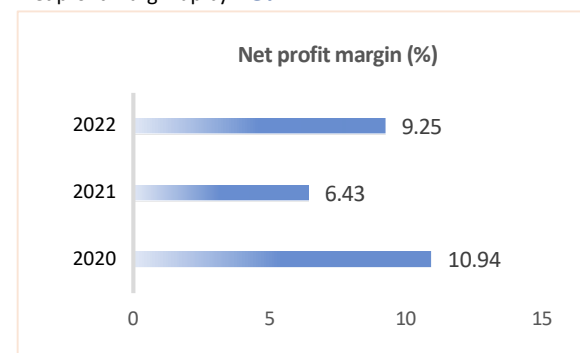
Operating income of 10.8 billion, up 5.8 billion YoY, or **129%**
The average growth rate in the past five years is 32.8%, surpassing the growth rate.



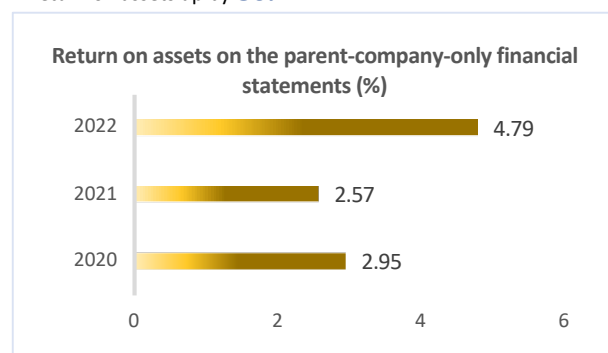
Net profit for the period was 999 million, up 320 million YoY, or **more than doubles**
The average growth rate in the past five years is 30.9%, surpassing the growth rate.



Net profit margin up by **43%**

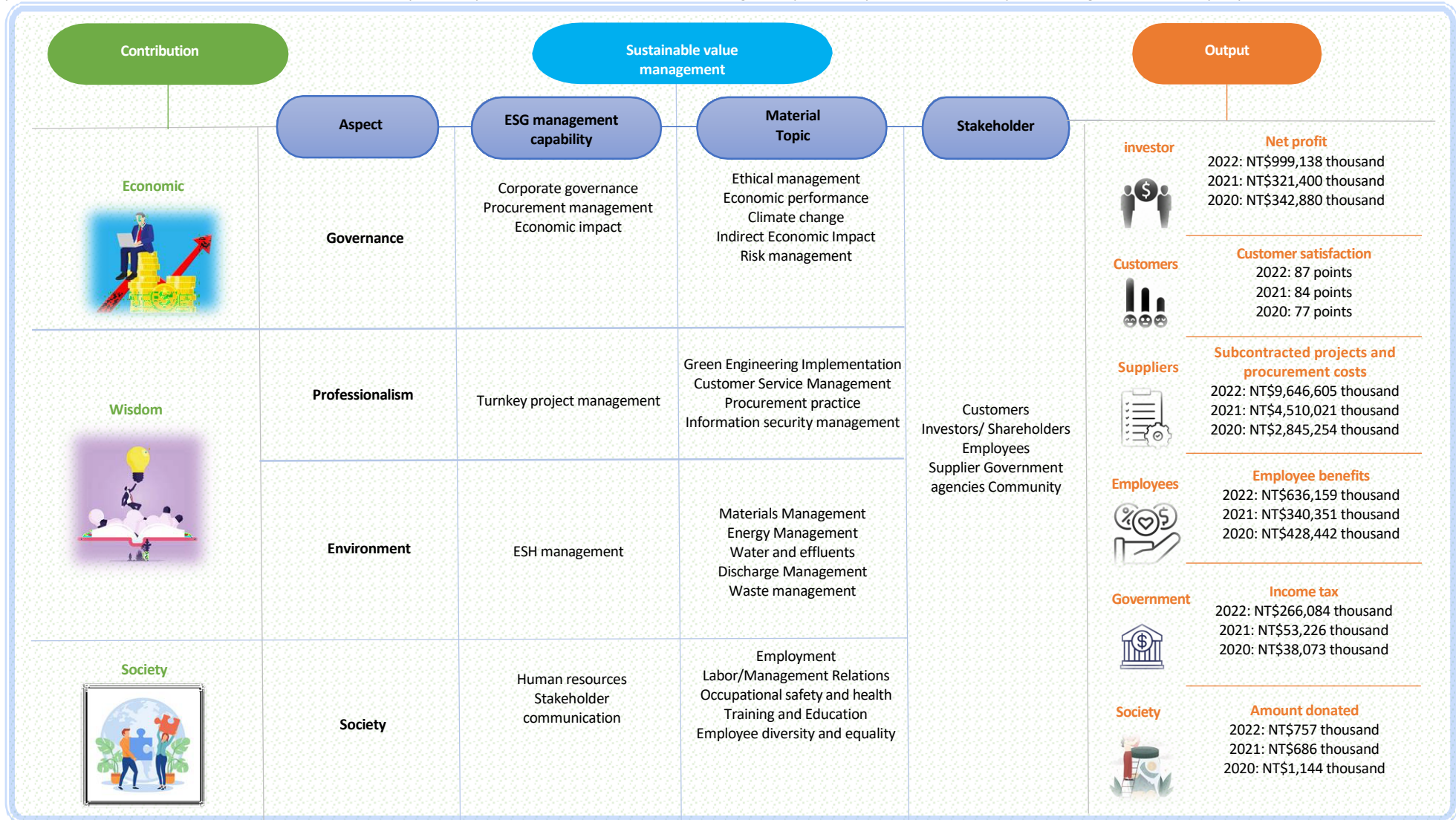


Return on assets up by **86%**



■ Sustainable value

L & K seeks to leverage economic, intellectual, social and other resources in order to increase corporate operating profits and maximize value for shareholders, promote the corporate sustainability management system in the organization, pursue the spirit of continuous improvement, and maximize output value and benefits. When it comes to promotion of sustainable management, we leverage organizational capabilities such as corporate governance, procurement management, economic impact, turnkey project management, environmental safety and health management, human resources and stakeholder communication to achieve the sustainable performance of improving and diversifying our profits. This will lead to sustainable benefits for the industry and the public, increase the reach and advantage, and permit corporations and society to work together towards a prosperous and attractive future.



Climate change 201-2

■ Climate Change Risk Management

L & K puts immense significance on the dangers posed by climate change, and simultaneously seeks to transform risks into chances and endeavor to generate fresh business possibilities. In 2022, the company adopted the "Task Force on Climate-related Financial Disclosures (TCFD)" to spot key climate change risks and prospects that are relevant to the company, and enforced corresponding response plans based on the identification results.

■ TCFD architecture introduction

L & K employed the TCFD framework to examine transformation risks in relation to climate change, estimated the impact of climate change on the Company and its related industries, and interacted with stakeholders by means of climate-related financial revelations. To demonstrate its commitment to tackling climate change, L & K has raised the issue of greenhouse gas and climate change in the Sustainability Committee. We evaluate the risks and benefits of climate change, and create strategies for energy efficiency and carbon reduction. Supervised by the board of directors, the ESG officer regularly reports greenhouse gas management achievements and climate change response results to the board of directors to provide a basis for the Company to formulate strategies to deal with climate change risks in the long term.

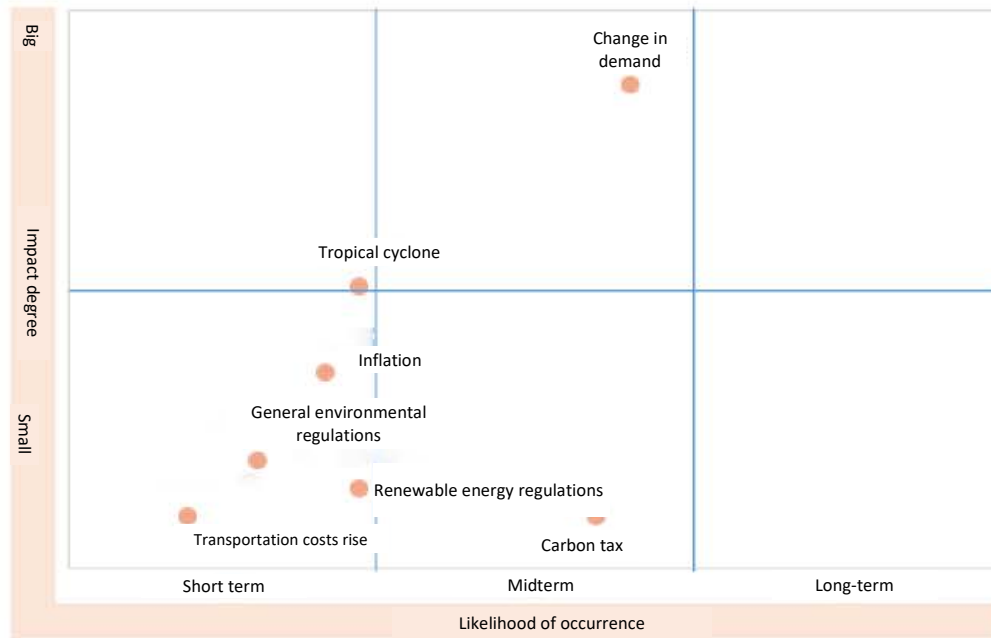
	L & K's Strategy	L & K's actions
Governance	<ul style="list-style-type: none"> The Board's oversight of climate-related risks and opportunities Assess and manage climate-related risks and opportunities 	<ul style="list-style-type: none"> The Sustainability Committee regularly reports business execution, plans, reviews risk management strategies, measures, and goal setting to the board of directors.
Strategy	<ul style="list-style-type: none"> Identify climate-related risks and opportunities in the short, medium, and long term Climate-related risks and opportunities with significant impact on business and financials Take into account different scenarios of climate change 	<ul style="list-style-type: none"> For the climate risk and opportunity identified by the Sustainability Committee, please refer to the "Climate Risk and Opportunity Matrix". Complete the "Climate Change" risk and opportunity assessment and promote the implementation of various opportunities. Please refer to "Climate Change Financial Impact Analysis"
Risk management	<ul style="list-style-type: none"> Process for identifying and assessing climate-related risks Processes for managing climate-related risks Include process integration into the overall risk management framework 	<ul style="list-style-type: none"> The Sustainability Committee discusses, identifies, and ranks climate-related risks and opportunities, and assesses their financial impact. The Sustainability Committee has identified responding to climate-related risks as a potential subject to consider from time to time.
Indicators and goals	<ul style="list-style-type: none"> Indicators for assessing climate-related risks and opportunities Disclosing emissions and associated risks 	<ul style="list-style-type: none"> L & K Hsinchu office completed the 2022 greenhouse gas inventory. Establish measurable metrics like carbon dioxide production, energy consumption, and any financial losses or risks to human life caused by delays in project progression attributable to climate change.

■ Climate Change risk-opportunity matrix

L & K evaluates the relevant transition risks, physical risks, and climate change opportunities based on the TCFD framework. Each group of the Sustainability Committee, by referencing the TCFD framework, assesses the physical and transition risks related to climate change, measures the impact on the value chain and suppliers, identifies major risks and opportunities, evaluates short-, medium- and long-term response strategies and financial impacts, and develops plans for energy conservation and carbon reduction purposes, aiming to facilitate climate-related financials disclosures and stakeholder communication, enhance organizational resilience, and adapt to the impact of climate change risk.

By the conclusion of 2022, L & K conducted a climate risk assessment and designed appropriate reaction strategies. Here is a matrix of risks and opportunities associated with climate change that was discerned afterwards.

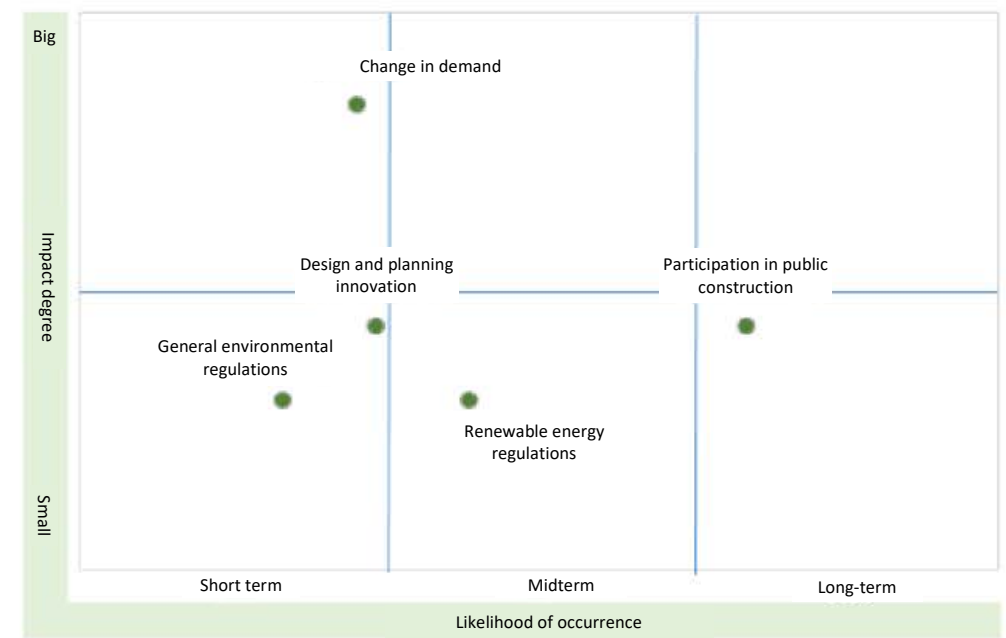
Climate change risk



Note:
Short term: Likelihood of occurrence within 1 year
Medium term: Likelihood of occurrence within 1 to 3 years
Long term: Likelihood of occurrence after 3 years

Note: The likelihood of risk or opportunity occurrence is broken down into five levels, from the lowest to the highest (1-5).
The impact (loss/profit) is divided into 1~5 levels, from the lowest to the highest.
Impact degree = probability * impact (loss/benefit).

Climate change opportunity



◆ Climate Change Financial Impact Analysis - Risks

Risk	Key risks and identification results	Risk Management	Potential financial impact						
			Human capital cost	Equipment costs	Capital expenditure	Social activity expenditures	Loss and remedy	Outsourced work cost	Insurance premiums
Change in demand	<ul style="list-style-type: none"> Countries have gradually enacted regulations on greenhouse gas emissions, and international agreements clearly state the global reduction goals. The National Development Council declared the medium-term plan to reach net-zero, including a 24% decrease in carbon emissions by 2030 and a total transition to net-zero by 2050.; Given the turbulence of the environment, customer habits in the market will evolve, and the Company must adjust in order to meet the demand for green energy. The services provided by the Company must comply with relevant specifications. In light of the climate change crisis, customers have altered their product placement, thus resulting in an increase in the company's expenditure on professional personnel. 	<ul style="list-style-type: none"> Examine the potential implications of climate alteration on the market, comprehend market tendencies and data, and formulate linked green energy technology solutions. Grasp market trends to provide diversified engineering services Experienced in the use and advancement of relevant reduction control methods and broaden the range of activities. Foster strong connections with customers, stay ahead of trends and changes, or proactively give advice and related details based on customer requirements. Promote and implement green engineering technical services to ensure the quality of engineering services. Encourage employees to cultivate diversified professional technical capabilities and obtain professional licenses 	○	○	○	○	○	○	○
Tropical cyclone	<ul style="list-style-type: none"> Aside from the potential for project postponements, destruction, and asset losses ensuing from violent weather and other calamities, personnel scheduling may be rendered unfeasible at the bare minimum, and in the direst of circumstances, fatalities could occur. Should the area experience a dearth of rainfall, resulting in a water shortage, the water requirement for construction will be impacted. The expenditure for acquisition may escalate due to worldwide or regional modifications or reapportionment of natural resources. If the temperature at the construction site is too high, work must be stopped to ward off heat-related dangers. 	<ul style="list-style-type: none"> Alter the building approach, endeavor to reduce the construction timeline, and factor in risk mitigation when giving quotations Plan for a stable water supply, set up recycling equipment, and reuse water resources. Source reliable long-term partnering vendors to negotiate cost reduction for bulk orders. Ensure that pre-work education and training are carried out effectively, including heat hazard safety awareness, basic first aid knowledge, precautionary measures, and personal health management. Furnish personnel and employees with a cooling and health care working environment, to protect them against environmental harm and make sure adequate physical strength. 	○	○	○				
Inflation	<ul style="list-style-type: none"> Following the outbreak of the epidemic, many regions instituted quarantine protocols, ceasing work and hampering the efforts of miners. Furthermore, the ports of multiple countries limited freight transport, leading to a dearth of raw materials. The high demand for raw materials causes market competition to become more intense, resulting in price increases. As the birthrate decreases, the younger generations are less inclined to have a job in the engineering sector, and the highly skilled employees are getting older, hence the cost of their labor is escalating. 	<ul style="list-style-type: none"> Decentralized supply chains. Negotiate annual contracts with vendors. Launch Industry-university cooperation and work with related industries to support schools so that university students can receive professional knowledge training. 	○	○	○	○		○	
General environmental regulations	<ul style="list-style-type: none"> Laws and regulations concerning the environment, particularly those pertaining to greenhouse gases and climate change, are created by both global and local governments. A thorough grasp of environmental regulations is necessary for the Company's providing services. 	<ul style="list-style-type: none"> Carry out carbon inventory and set carbon reduction targets. Identify the environmental issues associated with the program implementation in accordance with safety and health laws and regulations, and take steps to mitigate the risks posed by new laws and regulations. A thorough grasp of environmental regulations is necessary for the Company's providing services. 	○		○				
Renewable energy regulations	<ul style="list-style-type: none"> The ramifications of international and domestic laws and regulations pertaining to renewable energy have yet to have a considerable direct bearing on L & K; however, ongoing vigilance is still essential. Applicable regulations for renewable energy must be considered when the Company provides services. 	<ul style="list-style-type: none"> Offices and construction sites both take power from Taipower, while the initial phase of the mechanical and electrical engineering project for factory's construction relies on fuel-driven generators. 	○		○				
Transportation costs rise	<ul style="list-style-type: none"> Container vessels and their shipping space around the world are under immense pressure, and the butterfly effect of this port congestion has had a major impact on port operations, with freight prices skyrocketing as a result. The ongoing epidemic has caused a drastic alteration to lifestyles, which has caused an increase in transportation volume and, consequently, a rise in freight rates due to an augmentation of wages. 	<ul style="list-style-type: none"> Decentralized supply chains. Source locally. Find substitutes. Establish and sustain a long-term relationship with cooperative suppliers. 			○		○	○	○
Carbon tax	<ul style="list-style-type: none"> Both foreign and local governments are devising taxes related to climate change or carbon dioxide discharges. The carbon tax hasn't had a major direct influence on L & K yet, but further consideration is still needed. 	<ul style="list-style-type: none"> L & K still needs to remain vigilant and keep abreast of applicable regulations, even though no immediate effect has been seen. The Financial Supervisory Commission launched the "Sustainable Development Roadmap for TWSE/TPEx-listed Companies", which has clear guidelines for greenhouse gas inventory and disclosure. L & K will conduct greenhouse gas inventory for the first time in 2022. 	○	○	○			○	

◆ Climate Change Financial Impact Analysis – Opportunity

			Potential financial impact						
Opportunities	Key risks and identification results	Risk Management	Human capital cost	Equipment costs	Capital expenditure	Social activity expenditures	Loss and remedy	Outsourced work cost	Insurance premiums
Change in demand	<ul style="list-style-type: none"> Countries have gradually enacted regulations on greenhouse gas emissions, and international agreements clearly state the global reduction goals. The National Development Council declared the medium-term plan to reach net-zero, including a 24% decrease in carbon emissions by 2030 and a total transition to net-zero by 2050.; Given the turbulence of the environment, customer habits in the market will evolve, and the Company must adjust in order to meet the demand for green energy. The services provided by the Company must comply with relevant specifications. 	<ul style="list-style-type: none"> Examine the potential implications of climate alteration on the market, comprehend market tendencies and data, and formulate linked green energy technology solutions. Grasp market trends to provide diversified engineering services Experienced in the use and advancement of relevant reduction control methods and broaden the range of activities. Foster strong connections with customers, stay ahead of trends and changes, or proactively give advice and related details based on customer requirements. Promote and implement green engineering technical services to ensure the quality of engineering services. Encourage employees to cultivate diversified professional technical capabilities and obtain professional licenses 	○	○	○	○	○		
Design and planning innovation	<ul style="list-style-type: none"> By utilizing BIM modeling, L & K innovates on design, processing procedures, and how services are delivered, lessening construction conflict and rework expenditures; additionally, it streamlines the use of manpower and construction procedures, minimizes greenhouse gas emissions and thus makes a contribution to the global climate change mitigation and adaption. 	<ul style="list-style-type: none"> Choose products with an energy-saving label when purchasing or leasing equipment. Installation of energy-saving controllers for equipment products. Install energy-saving controllers on equipment products 		○	○		○		
Participation in public construction	<ul style="list-style-type: none"> Engage in public works and broaden brand awareness through the delivery of low-carbon products and services. 	<ul style="list-style-type: none"> L & K not only constructs factories, but also puts much effort in public construction, collaborating with the government for the construction of sustainable cities, and working towards attaining building marks. Cultivate a diverse technology portfolio to expand human resources. 	○			○	○		
General environmental regulations	<ul style="list-style-type: none"> Laws and regulations concerning the environment, particularly those pertaining to greenhouse gases and climate change, are created by both global and local governments. A thorough grasp of environmental regulations is necessary for the Company's providing services. 	<ul style="list-style-type: none"> Carry out carbon inventory and set carbon reduction targets. Identify the environmental issues associated with the program implementation in accordance with safety and health laws and regulations, and take steps to mitigate the risks posed by new laws and regulations. A thorough grasp of environmental regulations is necessary for the Company's providing services. 	○		○				
Renewable energy regulations	<ul style="list-style-type: none"> The ramifications of international and domestic laws and regulations pertaining to renewable energy have yet to have a considerable direct bearing on L & K; however, ongoing vigilance is still essential. Applicable regulations for renewable energy must be considered when the Company provides services. 	<ul style="list-style-type: none"> Offices and construction sites both take power from Taipower, while the initial phase of the mechanical and electrical engineering project for factory's construction relies on fuel-driven generators. 	○		○				

Risk Management Self-defined

Risks are an essential component of a business's prosperity. Especially, the engineering sector is often confronted with numerous unpredictable elements which could jeopardize operations. To ensure the operation and success of the Company and bring about sustainable operations, a reliable risk management system should be established to develop comprehensive risk policies for corporate governance, environmental, social and climate change risks. Facing the competitive atmosphere, regulatory framework, and general operational environment. By means of frequently administering educational training and self-analysis, the legal compliance of each unit can be upgraded, elevating the employees' understanding of legal compliance. Additionally, by making regular reports, L & K is able to effectively mitigate potential risks by having senior management review and analyze whether the measures in place are adequate in a timely manner, so as to modify strategies, to prevent any negative effects on the Company's operations resulting from environmental risks.

Risk Category	Risk content	Response measures
Construction safety	The construction environment has openings, elevated structures, and fall prevention devices, which affects construction safety and labor safety.	<ul style="list-style-type: none"> • Draw up risk factors and prevention methods for each construction job before starting work • Check that workers comply with relevant laws and regulations and requirements of the client. • Hold daily pre-work and post-work toolbox meetings for construction personnel • During construction, personnel will be dispatched to inspect the protective measures for each construction job every day. • Hold regular joint safety and health assessments with vendors • Each construction site is inspected by the head office for labor safety on a monthly basis. • Hold safety and health coordination organization meetings and work meetings every month, to disseminate knowledge about labor safety and give trainings thereon. • Implement procurement and contracting management and strengthen emergency response management
Project delays	The construction project was delayed because of a lack of understanding of the progress, interruptions caused by unforeseen events, inadequate performance, and lack of materials on the side of suppliers. This consequently led to a rise in the project cost and a decrease in the quality of construction.	<ul style="list-style-type: none"> • Meet regularly (weekly or monthly) to review project progress • Use highly automated construction methods to reduce dependence on on-site skilled workers • Implement functional education to improve on-site personnel performance • Decentralize labor service providers and material suppliers
Business	Credit risk from customers For example, accounts receivable collection, or additional or reduced cost for engineering changes	<ul style="list-style-type: none"> • For new customers, perform a credit assessment that includes the company's long-term performance, capital amount, and any history of rejected negotiable instruments. • For existing customers, evaluate the payment status of accounts receivable, and check whether the payment estimation and request is in line with the general industry standards
Design change	Referring to the engineering design changes differing from original design due to change of the owner's demand or the change of the site space.	<ul style="list-style-type: none"> • Ensure that written records are kept at the time of engineering change • Assess the impact on labor safety, construction period, and completion time, and propose measures for progress adjustment

L & K evaluates the risks associated with bid preparation and project contracting, in line with the risk evaluation protocols of the corporation. The scope includes reviewing the bidding documents, understanding the responsibilities and obligations, costs, and schedule involved in fulfilling the contract, and identifying events posing positive or negative impact on people, environment, assets, and society. We then analyze and evaluate the extent of the impact and formulate response strategies, including countermeasures for addressing external possible concerns and doubts towards a project and the impact on competitiveness, to ensure that the performance of contract complies with the public expectations.

Risk Category	Risk content	Response measures
Rising raw material and labor costs	Due to alterations in market raw material prices and the rise in labor wages, this will have an impact on the company's cost control ability.	<ul style="list-style-type: none"> Strengthen the bond with suppliers and assist them in resolving technical and financial issues. Communicate with clients or seek cost adjustments in accordance with government price standards Assist high-tech factory customers to get into production quickly to pass on expenses and minimize cost pressure
Fund liquidity	In order to manage the sources of funds and efficient use of funds, and improve the asset and liability structure	<ul style="list-style-type: none"> Short-term funds is used to make payment and used as working capital in the first place Provide warranty service in accordance with the completion progress stipulated in the contract and take back the performance bond to ensure sufficient liquidity.
Foreign exchange rate fluctuation	The impact of interest rate fluctuations on capital operations, and the impact of exchange rate changes on the Company's profit or loss or finance.	<ul style="list-style-type: none"> Keep frequent records of exchange rate trends in order to track, evaluate, and respond to potential risks.
Accounts receivable Debt entitlement	Situations that affect the company's profitability due to delays in collection of accounts receivable	<ul style="list-style-type: none"> Implement the anti-fraud management mechanism for accounts receivable Execute the accounts receivable collection process precisely Strengthen the collection information system and provide early warning messages Rank supervisors' efforts to collect payments as an implementation objective Use e-commerce technology to reduce dependence on manual work
Supplier fitness	The situation in which suppliers are unable to dispatch manpower due to poor operation and poor financing conditions.	<ul style="list-style-type: none"> Supplier evaluations include the company's historical performance, capital, whether there are bounced check records, cooperation with central suppliers, understanding of operating and financial conditions, and actual manpower compared to expected manpower. To enhance the bank's expected account confirmation mechanism and strengthen supplier financing conditions.

L & K have diverse approaches to managing risk when undertaking project contracts. We communicate, coordinate, and interact with stakeholders in a positive manner, and explain the relevant possible impact mitigation measures to resolve doubts. Through proper communication, professionalism, invention, management abilities and integrity, we can tackle potential effects. By undertaking projects in different locations, L & K gives employment chances, enhances local buying, and takes advantage of local resources in order to foster harmonious coexistence and mutually advantageous progress between the project and the local area.

Risk Category	Risk content	Response measures
Information security	Unauthorized disclosure of confidential information caused by data loss, internal access to sensitive material and documents, or external intrusion.	<ul style="list-style-type: none"> Implement remote backup and data recovery drills Segment internal network domains to better contain external intrusion Control the access permits for internal personnel by managing accounts and access permits Regularly (every two weeks) issue reports on information security incidents. Incidents are split into three groups: “external incidents”, “internal incidents” and “interception mistake incidents”, and the risk levels are classified as low, medium and high. Regularly (or irregularly) conduct information security publicity to companies and construction sites. Strengthen and improve network management applications, increase firewall security control and flexibly adjust network bandwidth services
Climate change	Human safety hazards caused by extreme weather such as high temperatures, intense heat, and heavy rainfall	<ul style="list-style-type: none"> The Company has protocols for thermal hazard prevention and emergency response. Set up a medical office for workers’ health management Take advantage of the mail system and the Line group data platform to disseminate alerts for extreme temperatures and typhoons, and set up various security measures to bolster the audit and reporting process.
Business interruption	In the event of an accident, epidemic or disaster affecting the organization, will the emergency situation impede the ongoing operation?	<ul style="list-style-type: none"> Continuously monitor changes in the external environment and major events, and regularly assess the possible impact of such changes. Establish a complete remote backup operation Establish a response team corresponding to the level of the incident Appropriately assess the supplier’s ability to continue operation

Indirect Economic Impact 203

■ Manpower training plan

Talent is crucial for the sustainable operation of the company. How to ensure a continuous source of talent is an urgent issue that needs to be addressed. L & K, with more than 40 years of engineering experience, understands that talent shortages and talent turnover are the company's biggest losses. In the past, collaboration with universities such as Cheng Shiu, Tungnan etc., while establishing mechanisms for nurturing future talent, still felt insufficient. The main reason is that the knowledge learned by students differs from the expertise required by the company, and it also requires one to three years of training. By the time they can work independently, they may face the possibility of being poached or changing jobs, causing significant difficulties for the company. Therefore, talent turnover is one of the company's important sources of risk.

In response to the shortage of engineering manpower in the market, the severe lack of engineering management talents, and the declining birth rate, young people are not willing to enter the engineering industry, and even if they enter, the stability of the engineering industry is not good. L & K has the opportunity to focus on nurturing students at St. John's University and plan to start from the first year through program planning to gradually cultivate engineering talents. Simultaneously, it will mobilize other companies to respond and invest in engineering management talent training, striving for the sustainable development of enterprises and making efforts to fulfill their social responsibilities.

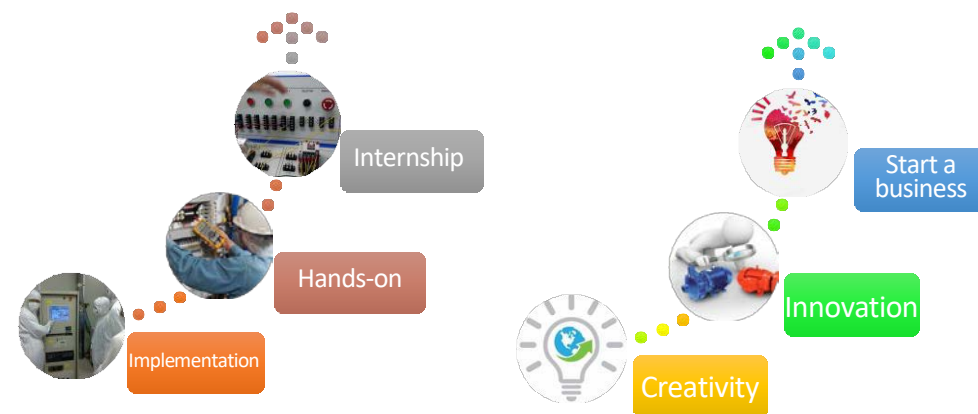
L & K holds a positive outlook for the broader environmental and the engineering industry markets in the coming three to four years. Through collaboration with St. John's University of Science and Technology, the company has initiated a talent cultivation program, supporting education, promoting industry-academia collaboration, and harnessing the collective strength of the Board of Directors, alumni association, and alumni-owned enterprises. This effort includes providing "employment upon enrollment" programs, various scholarships, and internship opportunities for students, offering them a chance to apply their knowledge practically while also reinforcing human resource succession management for the company. This initiative reduces indirect crisis impact, enhances the company's market competitiveness, and fosters mutual benefits, ultimately creating a win-win situation.

In addition to its commitment to cooperation between domestic universities, L & K's subsidiary in mainland China, L & K Integrated, also has similar plans. Diverse talent cultivation channels and development programs enable young people to be interested in and willing to invest in the development of the engineering industry. At the same time, L & K, through the external development of the engineering industry, assists in language skills and international engineering management awareness, which is required in addition to their expertise. In the past, it was very difficult to find people dispatched to overseas projects, and language was the biggest obstacle. In view of this, the current training of future international engineering talents, the enhancement of language skills is also one of the key projects in cooperation with major universities.

Donate to St. John's University to provide education and industry-university cooperation
Partner with the Board of Directors, Alumni Association, and alumni enterprises
"Employment Guaranteed at Enrollment" scheme
Various scholarships and bursaries
Corporate internship, employment opportunities, and other diverse resources

Forster employability

Accumulate competitiveness



Certificate of candidate for Green Building - Diamond

Kaohsiung Station acquired a mark for station + commercial building (mark 1)
and a general hotel (mark 2)

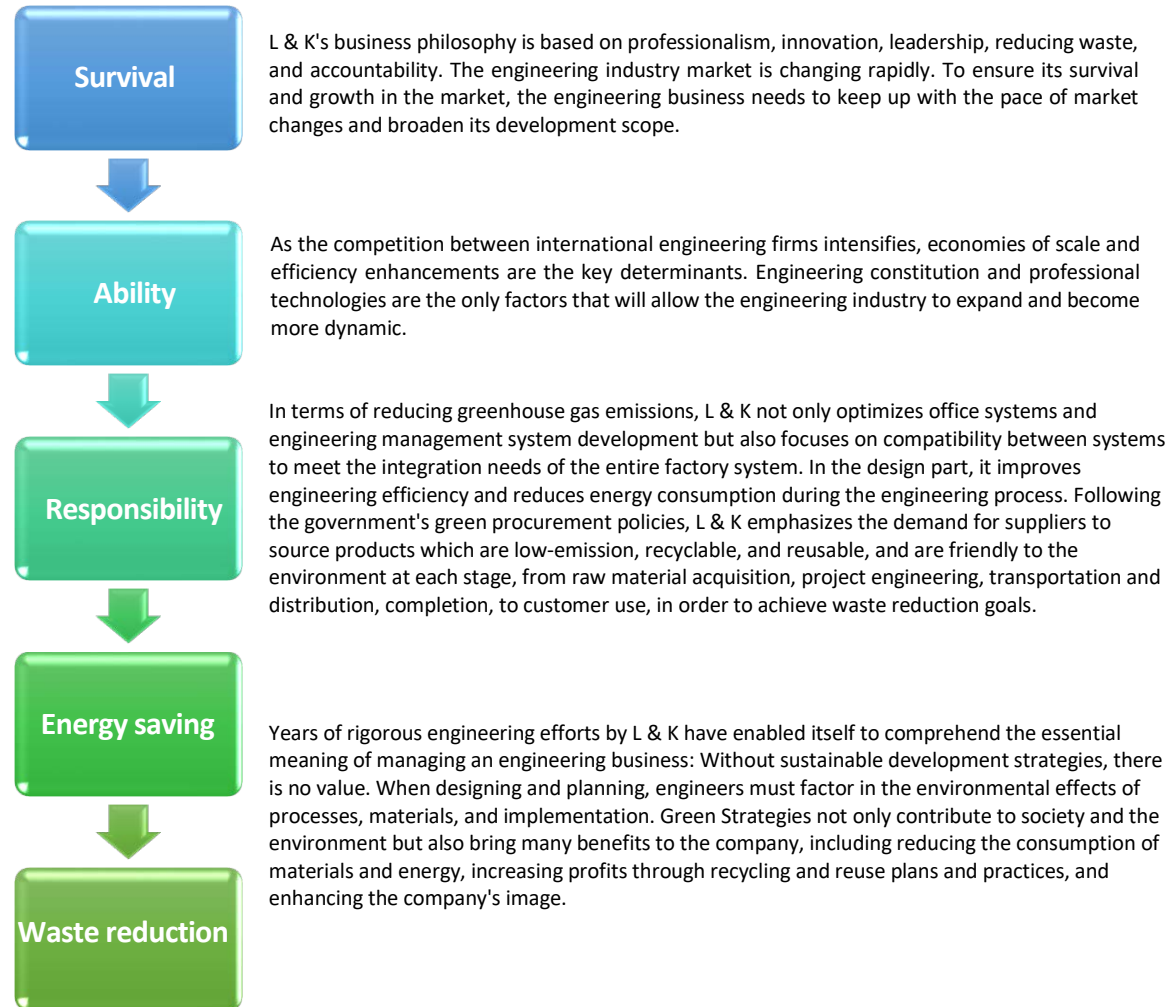
Carbon emission reduction by **73,636 metric tons**_{CO2e}

About the one-year CO₂e absorption appetite of 189 Daan Parks

2 Sustainable innovation

- 49 Green Engineering Implementation
- 60 Customer Service Management
- 61 Sustainable Supply Chain (204)
- 64 Information security management

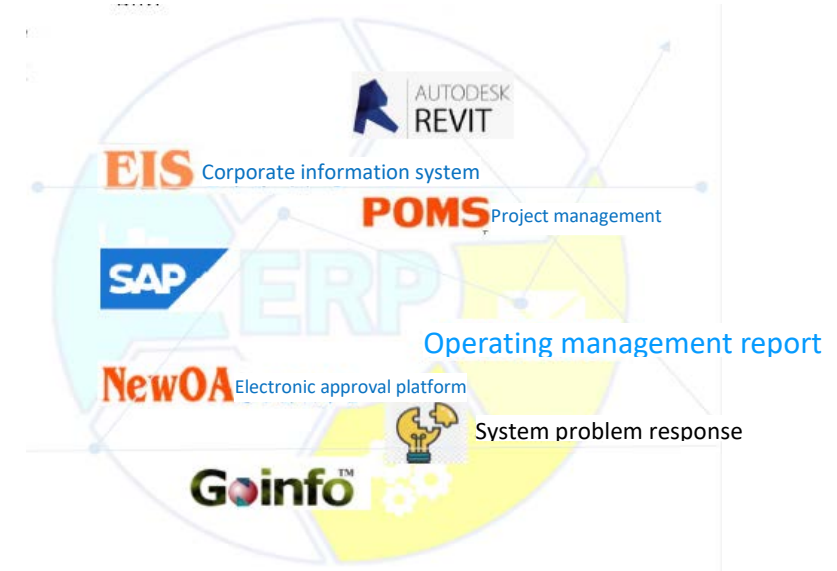
Green engineering implementation Self-defined



■ Digital management system

L & K makes use of electronic management of orderly operations in the core operational chain, from the start of economic investment, human resources, design planning, procurement and contracting, to construction management, and from the most rudimentary administrative and project management to office management system to project operation management. This can minimize the amount of time spent by personnel, facilitate instantaneous transmission of information, and diminish discord between departments, and make team activities more capable of generating a competitive edge.

Adhering to the concept of sustainable development, L & K combines BIM technology with point cloud scanning, shaft prefabrication, and CFD fluid analysis technology to significantly improve design efficiency and construction standards, which in turn continue to effectively reduce the impact on air, water resources, electricity, and carbon emissions. Concurrently, L & K tunes its home-grown functions to amass carbon accounting elements, instantly gain energy utilization via integrated data to initiate energy-saving action plans, countermeasures, and goals.



Green procurement contracts

When contracting, L & K needs to understand that customer execution during the performance period must comply with relevant legal regulations and introduce international energy-saving standards. It reaches a pre-construction consensus with the contractor and its construction method, and uses environmental assessment indicators as the criteria. It prefers to use environmentally friendly and energy-efficient products with environmental protection and energy-saving labels. It also communicates and coordinates to suggest that customers use equipment with good operational efficiency and energy-saving effects to help customers achieve energy-saving goals.

L & K requires suppliers to provide raw materials with green building materials certification, radiation-free pollution certificates, and related product inspection qualifications. It gives priority to environmentally friendly materials, including office use of Environmental Protection Agency's green energy-saving labels, FSC™ forest certification, and Taiwan Carbon Footprint Label certification for recycled paper products.

Green Building Materials Mark



Item
[Certificate] Epoxy resin primer
[Certificate] Epoxy resin topcoat
[Certificate] Aluminum alloy-framed high-rise detachable flooring
[Certificate] Rock wool soundboard
[Certificate] Metal sound-absorbing panels
[Certificate] Multimedia Display

Certificate of No Radioactive Contamination



Item
Steel coil
Galvanized steel tubes
Galvanized steel plates

Sharing and Inheritance of Engineering Technology

The chairman attaches great importance to the inheritance of engineering experience. In 2008, L & K launched a quarterly publication, hoping to use this platform to convey engineering experience, new technical knowledge, and related achievements to all members of the Group as materials for learning and improvement. It also leaves behind valuable historical records and provides them for free to major universities and groups, contributing to academic exchanges and practical experience.



Quarterly information sharing on energy-saving

Discussion topics
Let's understand solar energy together
"Carbon Dioxide," an emerging phenomenon
The commercial value and materials of solar energy
Agricultural greenhouse construction and its energy operation management
Installation of solar power systems - there may be opportunities for self-installation
Green building material indicators under the consideration of sustainable management
Introduction to smart buildings and their future
Suppose tomorrow is the end of the world
Energy saving and carbon reduction - my thoughts
Views and suggestions on energy saving and carbon reduction for the company
Improving the quality of the mind - my views on energy saving and carbon reduction

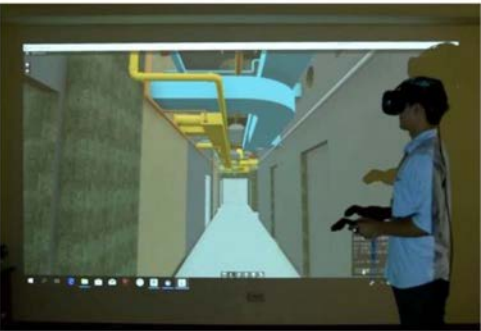
Note: Many topics are not listed in the quarterly information sharing.

Discussion topics
Can raising the water temperature of chilled water save energy?
Trends in increasing the temperature difference of chilled water machines
Selection and system technology of cooling towers
Lower limit of chilled water temperature for chiller units
The killer of energy saving → traditional FanCoil
Energy-saving control of dual-pressure chilled water machines under low load
Should VAV air conditioning or chilled water system be selected?
Looking at indoor air quality from an air conditioning energy-saving perspective
Efficiency and energy saving of constant temperature and humidity air conditioning
Should secondary chilled water pumps be canceled?
Discussing energy saving and carbon reduction
Discussing environmental control
Discussing energy saving and carbon reduction

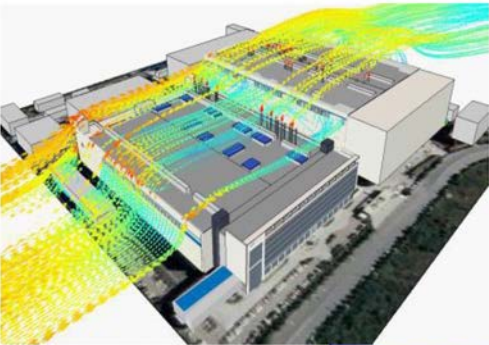
Discussion topics
Why does a low chilled water temperature difference in FCUs increase energy consumption for chiller units?
How to achieve good water system balance in FCUs?
How to design and fabricate duct elbows?
How to design windward mouths for ducts?
Should diverging wind ducts or angle-diverting ducts be used?
Selecting the use of parallel water pumps from the air conditioning water system
Control valve size determination?
Is it redundant to set bypass control valves for secondary chilled water pumps in air conditioning systems?
Application and energy-saving of clean circulating air conditioning units
Design of air conditioning and ventilation systems for shopping malls
How to achieve good water system balance in air conditioning?
Application of heat pumps in hot water systems

■ BIM technology application

Adhering to the concept of sustainable development, L & K combines BIM technology with point cloud scanning, shaft prefabrication, and CFD fluid analysis technology to significantly improve design efficiency and construction standards, which in turn continue to effectively reduce the impact on air, water resources, electricity, and carbon emissions.



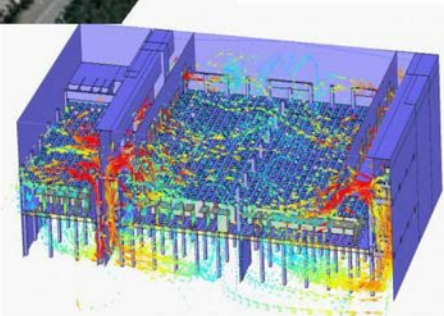
● VR virtual reality - Auxiliary design project changes



● CFD fluid analysis application

● Scan pre-fab apps

Note: The three photos are courtesy of L&K



Technology title	Implementation
BIM point cloud scanning application	It is feasible to intervene in the point cloud scanning procedure at any point in the project. Utilizing the high-precision point cloud model, design engineers can optimize the practicality of on-site space management and drawing design, thus enhancing work efficiency while avoiding resource waste due to dismantling and modifications caused by manual measurement errors. It can assist managers to examine the quality and state of the project, and store the BIM digital model of the completed project, thereby providing dependable information model data for future maintenance.
BIM shaft prefabrication application	Establish BIM prefabricated models in accordance with standards; manage shaft, pipe fittings, valves, and connection methods through labeling through development programs; optimize shaft segmentation; automatically generate a bill of materials; carry out modular construction and reserve space in advance; to minimize the amount of loss due to processing the shaft.
CFD fluid analysis application	Utilizing the BIM model, program development can be employed to generate models and parameters that meet CFD requirements, eliminating intermediate links, minimizing modeling errors, and decreasing operation time. It is able to analyze trends of the external environment around the construction site and the air movement in a clean room, which can reveal any airflow issues in the initial design phase and allow for timely corrections. By doing this, it prevents the squandering of substantial resources such as yield issues caused by airflow impact on customer production due to future layout alterations, unreasonable environmental maintenance and maintenance costs, demolition, and modifications.

Note: BIM point cloud scanning application copyright belongs to L&K Engineering (Suzhou) Co., Ltd.

■ Track records

L & K adheres to green building and smart building specifications based on customer requirements throughout the entire process, from detailed design, review, procurement, construction, commissioning, acceptance, to operation. This approach enables customers to achieve their energy-saving goals.



Taipei Dome - Large Indoor Stadium Construction Project -Plumbing and Electrical Engineering Project



National Yang Ming Chiao Tung University Hospital turnkey project on interior decoration and electromechanical works



National Kaohsiung Center for the Arts (Weiwuying) - Special Equipment Engineering

Spanning the past two decades, the largest art and cultural building project in the nation has been the grand theater complex in the south of Taiwan, boasting four performance venues including a drama theater, a playhouse, a concert hall and a recital hall.

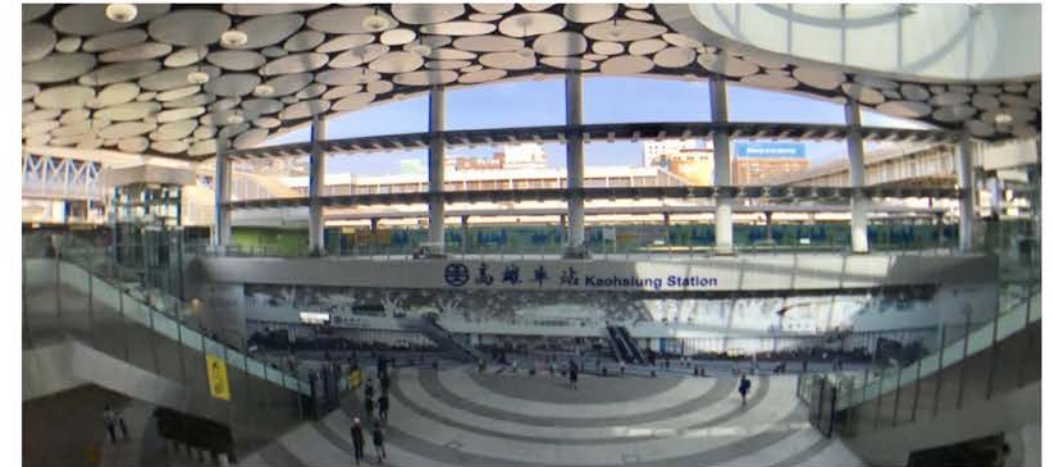


The initial stage of the Taipei Performing Arts Center's theater professional equipment project.

National theater-level performance venue in northern Taiwan. The entire theater includes a grand theater (GT) with 1,500 seats, a multi-form medium theater (MT) with 800 seats, a proscenium medium theater (PP), and a puppet theater.



National Biotechnology Research Park Construction Turnkey Project-Mechanical and Electrical Engineering



Kaohsiung station section underground (cut-and-cover) project and ceiling project - mechanical and electrical engineering

■ Public works under construction - Kaohsiung Station

L & K signs construction contracts and a turnkey contracts. Should we discover a project that produces higher energy saving outcomes than the construction contract requires, we will contact the customer to explain its advantages. the turnkey contract starts with design planning, and extends to design simulation, communication and coordination meetings, submission for review and then procurement and subcontracting, construction management, quality inspection, inspection and acceptance, and verification. L & K will begin by having personnel execute ESG strategies and aim for a net-zero EPC target. As early as in the bid preparation period, we aim at saving resources. We kept learning professional skills and also paid close heed to the emergence of green energy products to make use of them.

Taking the electromechanical engineering of the Kaohsiung station section under-grounding and ceiling project as an example in order to implement the sustainable environmental design concepts of "ecology, energy saving, waste reduction, health" and the nine assessment indicators of "biodiversity, greening amount, base water conservation, daily energy saving, CO2 reduction, waste reduction, indoor environmental indicators, water resources, and sewage and waste", the "Kaohsiung Station Green Building "Diamond" Label Working Group" was assembled by the Southern Region Engineering Office of the Railway Reconstruction Bureau. The Southern Engineering Office brought together relevant units to cooperate in the implementation of relevant tasks, and organize regular committee meetings. We expect to obtain two marks, one for the station + commercial building (mark 1) and the other for the general hotel (mark 2). We have obtained the candidate certificate in February and May 2021, respectively, and have held multiple review meetings for data collection to ensure obtainment of the diamond-level green building marks.

In line with the evaluation criteria of the green building mark implementation plan, we are responsible for the implementation of related plans like procurement, contracting, construction management, and environmental, safety and health management.

Evaluation indicators	Construction implementation notes	
Indoor environment indicators	Suitable ventilation environment	All living spaces are equipped with a fresh external air supply system (an illustration of the air duct system for introducing external air is required)
	Interior decoration materials	50% of building materials used are green building materials (e.g. paint, etc.).
	Interior ecology decoration materials	<ol style="list-style-type: none"> More than 50% of the adhesive used is made of green building materials. More than 50% of the soil is made of natural materials. More than 50% of the pipelines are made from non-PVC material products (such as metal pipes, ceramic pipes) or pipelines bearing a green building mark or environmental mark. More than 50% of heat insulation materials and pipeline-protecting eco-friendly insulation materials are made of natural or recycled materials.



Electromechanical engineering of the Kaohsiung station section undergrounding and ceiling project - Electromechanical engineering project



Diamond

Expected to be obtained
Station + commercial building (mark 1)
General hotel (mark 2)
Green Building Mark (Diamond)

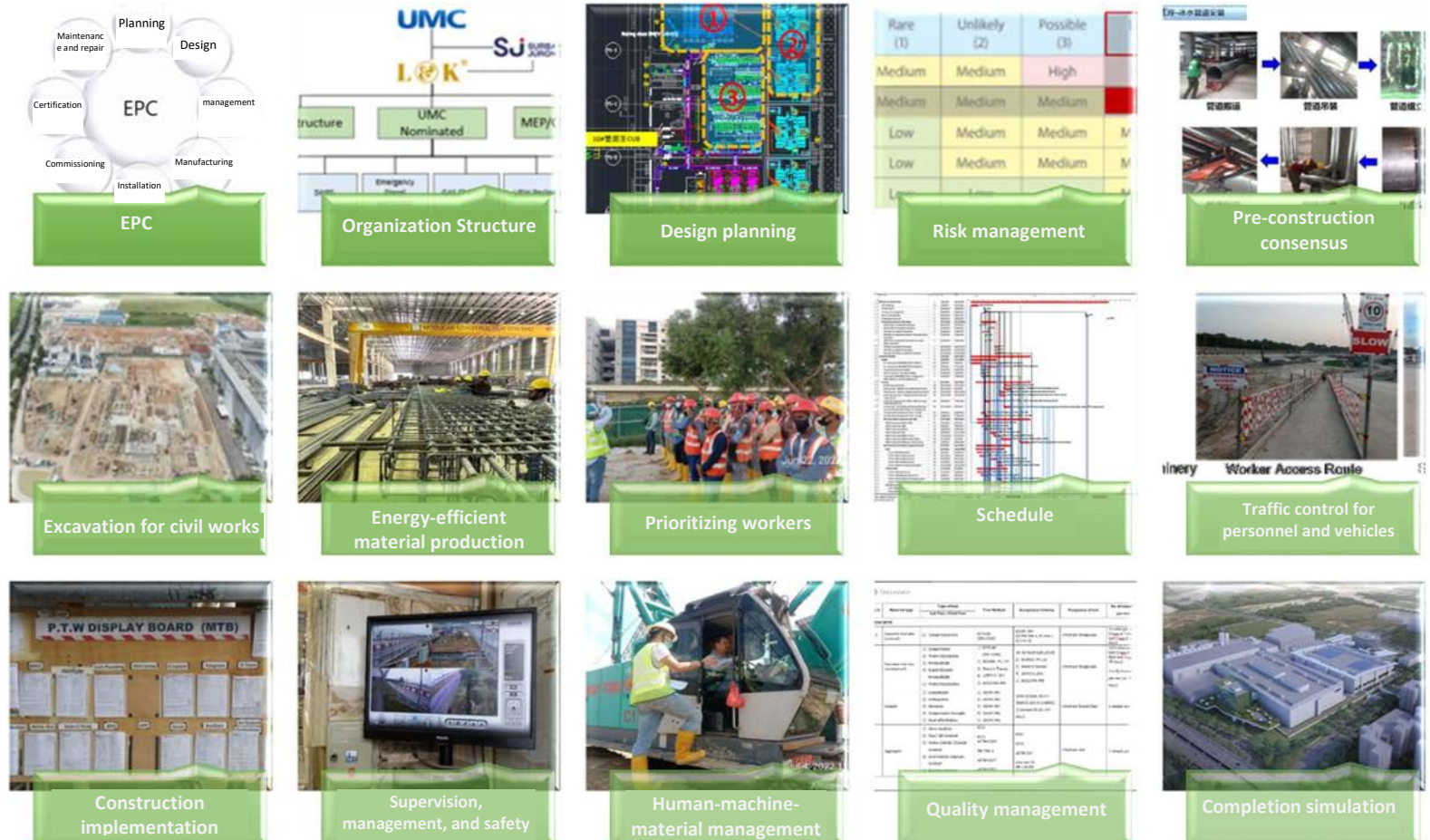
■ Cases of EPC expansion projects for technology factory under construction - UMC (Singapore)

Establishing a sustainable ecological atmosphere has become a major priority for nations and businesses globally. Apart from applicable regulations and standards in construction, there are also regulations, standards and specifications for energy utilization in engineering, such as air conditioning and power systems. Leveraging its abundant practical experience, L & K commences system design, construction and operation and maintenance from the customers' planning stage, tailored to the specific features of the project. To help customers reduce their factory construction costs, we suggest various strategies for creating essential implementation objectives.

For EPC turnkey contracts, international energy-saving standards are introduced during the design stage and applied all the way through the engineering project, from design, procurement, construction, and to commissioning. under the conditions of the total price contract, we are responsible for the quality, safety, cost, and progress of the project; however, under the EPC contract model, the whole project of construction, both in the planning stages and the actual work, is covered by this. To put it more precisely it denotes obtaining and contracting out specialized equipment and supplies, assembly, installation, commissioning, technical education, etc.

With over 20 years of operation, the Singapore 12-inch plant's processes range from 0.13 μm to 40 nm. The new Fab12iP3 plant is one of Singapore's most advanced semiconductor wafer foundries, offering 22/28 nm processes. The project commenced in May 2022 and is expected to be completed by May 2024.

◆ Prior planning places significant emphasis on worker adherence:



Plan to Obtain Singapore Green Building Certification

■ Application of Green Engineering Technology

The equipment and materials used by L & K in its engineering project for the construction of factories are non-recyclable products. Recyclable materials can be substituted during the demolition projects and falsework projects while still achieving the safety requirements, which are the most important one in construction. The cost, labor and vehicles involved in these action plans could raise carbon emissions, so swift measures are essential to address the environmental issues set out by the government.

Technical scope	Implementation	Practical application cases or results
Water resources	Water resources recycling and reuse	<ul style="list-style-type: none"> Choose a cooling tower with low splash loss Recycle and reuse condensed water from the air conditioning and steam systems Recycle rainwater for green space watering and other purposes The reclaimed water can be used to replenish water in cooling water towers
System Optimization	<ul style="list-style-type: none"> Calculate reasonable load requirements System optimal configuration design Choose high-efficiency equipment 	<ul style="list-style-type: none"> Effectively save equipment energy consumption Reduce the consumption of pipeline materials Reduce the cost of factory construction
Interior partition	Using [column paneled partition] construction method with dismantled and reused materials	In order to comply with the process demands of high-tech clean rooms, the equipment partition must be taken apart and altered as a result of process alterations and equipment substitutions. This construction method can achieve the function of environmental protection and reuse.
BIM technology application	3D modeling	Estimate precisely the needed components and diminish the danger of pipeline clash and material waste. Have vendors pre-fabricate pipelines by offering them pipe section diagram. Incorporate 3C technology to cooperate with engineers in far-flung sites, enhance productivity and minimize carbon footprint from traveling.

Technical scope	Implementation	Practical application cases or results
Air-conditioning	<p>Central air-conditioning system part: This project is reviewed against the air-conditioning heat load calculation report. Each building is equipped with a heat source system, air supply system, water supply system, cooling tower by applying equipment logic strategies, energy-saving equipment, and optimal control and management functions. The energy-saving cost (EAC)=0.71.</p> <p>Individual air-conditioning system: Individual air-conditioners have energy-saving label certification, with grade 1 energy label air-conditioning area ratio, the grade 2 energy label air-conditioning area ratio. The air-conditioning energy-saving design value $EAC''=0.60$.</p> <p>EAC is calculated by weighting the floor area of each air-conditioning system of the building; the heat load air-conditioning calculation report is verified by the technician.</p>	<p>Day-to-day energy conservation</p> <p>Central air conditioning energy saving design value $EAC=0.71 \leq$ energy-saving reference value $EACc=0.80$.</p> <p>Individual air conditioner energy saving design values $EAC''=0.60 \leq$ energy-saving reference value $EACc=0.80$.</p>
	<p>Ventilation environment: Split, VRV or central air-conditioning are the main types of closed air-conditioning for year-round use, with a fresh air supply system installed in living spaces.</p> <p>Indoor building materials decoration: Medium amount of decoration with green building materials $Rg=62.54\% > Rgc+15\%$.</p> <p>Indoor ecological building materials decoration: More than 50% of the pipelines are replaced by non-PVC materials. In this case, the IE value, i.e., indoor environment design value, of sound environment, light environment, ventilation environment, indoor building materials decoration, and indoor ecological building materials decoration is 82.29.</p>	<p>Indoor environment design indicators qualified: indoor environment design value $IE=82.29 \geq$ indoor environment reference value $IEc=60.00$.</p>

Technical scope	Implementation	Practical application cases or results
Air-conditioning	The cooling tower operates with a frequency converter.	The cooling fan motor of the cooling tower is equipped with a frequency converter, which automatically changes the operating speed according to the set environmental conditions to reduce energy consumption.
Lighting system	The fundamental layout and ornamentation of a building's main living space is furnished with a basic illumination system. In the section of artificial lighting, all lights in living areas feature anti-glare grilles, lampshades, or similar accessories. Such a traditional project does not incorporate renewable energy sources such as gas-electric symbiosis, wind power generation, etc., and there is no energy monitoring and management systems such as natural daylight utilization, lighting monitoring, and power load management in place. There are no other unique lighting systems such as light guides and optical fiber light collection devices to improve energy efficiency, and the energy-saving performance of the lighting system is EL=0.65.	Daily energy-saving design value $EL=0.65$ \leq energy-saving benchmark value $ELc=0.80$
Piping layout	Durability index of carbon dioxide reduction is adopted; air-conditioning equipment pipelines are designed with open conduits, which will not be damage the structure if updated; most of the pipes for water supply and drainage sanitary pipelines are designed with open conduits, which will not be damage the structure if updated; maintainability consideration is given to electrical communication lines. The durability coefficient of each building is $D=0.06\sim0.20$.	Carbon dioxide reduction design value $CCO2=0.53 \leq$ reduction baseline value $CCO2c=0.82$.

Technical scope	Implementation	Practical application cases or results
Falsework	Purchasing green building materials or sustainable recycled consumables: During the building process, there are numerous openings in the floor, thus presenting the danger of falls when on the truss layer. Before, wooden boards were laid in an overlapping fashion; however, this method was not very sturdy and could be damaged easily, making it hazardous for construction personnel. Round iron hole covers are substituted for wooden boards, lessening the threat of being trodden upon due to damage and strongly increasing the safety of construction sites. Reusing the round iron hole covers, which is feasible, can reduce the need for wood boards in the traditional construction method and, consequently, cut down on the amount of construction waste produced.	Reduce setup costs: An assessment of wooden board laying onsite with traditional construction methods in a 30,000m2 clean room reveals a cutting loss of 20% and a recovery rate of 50%. If steel plates are used, the recovery rate can be as high as more than 97%.
Falsework	LEDs have been installed to denote the warning area in place of the conventional warning lights.	LED energy-saving bulbs are now common energy-saving devices in various premises. LEDs employed by L & K offer a range of color light characteristics, with red, yellow and white markings to identify the potential hazards in the environment. Apart from being energy-efficient, it also minimizes the occupational safety hazards.
Equipment noise prevention	Control the noise in the factory within the allowable range and provide a healthy and comfortable working environment	<ul style="list-style-type: none"> Install muffler and soundproof cover. Airflow design simulation used to select the appropriate air outlet form. Choose low-noise equipment.

■ Representative Green Engineering projects and expected benefits

Common/traditional/old practice	L & K's technique	Subject information (using standard basis/methodology)	Estimated energy savings Unit: kWh/year	Expected reduction in carbon emissions Unit: metric tons CO ₂ e/year
In a whole-plant design/system planning project, the bulk of energy consumption comes from air conditioning equipment throughout the plants.	For whole-plant design/system planning, international energy-saving standards are introduced during the design stage.	Air-conditioning systems utilize the most energy in the entire factory. Therefore, to ensure the best energy efficiency, it is suggested to utilize the ASHRAE Standard 90.1 & 189.1, and use air-conditioning equipment that surpasses the standard's recommended value when working with the clients in the early design process. In comparison to the suggested value of ASHRAE Standard 90.1, we have chosen energy-efficient equipment and a suitable system, and the design outcomes are given below: Annual energy saving of water chiller: about 60.635 million kWh Annual electricity saving of air handling unit: about 5.821 million kWh Annual energy saving of small air cooler: about 529,000 kWh	66,985,000	34,000
In a whole-plant design/system planning project, the bulk of energy consumption comes from air conditioning equipment throughout the plants.	For whole-plant design/system planning, international energy-saving standards are introduced during the design stage.	Air-conditioning systems utilize the most energy in the entire factory. Therefore, to ensure the best energy efficiency, it is suggested to utilize the ASHRAE Standard 90.1 & 189.1, and use air-conditioning equipment that surpasses the standard's recommended value when working with the clients in the early design process. In comparison to the suggested value of ASHRAE Standard 90.1, we have chosen energy-efficient equipment and a suitable system, and the design outcomes are given below: Annual energy saving of water chiller: about 60.568 million kWh Annual electricity saving of air handling unit: about 3.921 million kWh Annual electricity saving of small air cooler: about 163,000 kilowatt hours	64,652,000	33,000
The hydraulic head capacity of the designed pump for the water/warm water/cooling chiller system is not compatible.	Review the rationality of water pump hydraulic head	Review the designed hydraulic head of the water/warm water/cooling chiller system pump, and discuss with the clients to adjust to a reasonable hydraulic head to reduce the energy consumption of the pump.	9,469,000	5,000
Selection of fan filter unit	Evaluate the cost-effectiveness of each fan filter unit	Compare the ventilation volume. When all parameters including filter surface wind speed, fan external static pressure, and filter ventilation volume remain constant, one can evaluate efficiency, power, calorific value, and operating electricity cost to enhance performance and conserve electricity while decreasing carbon emissions.	1,664,337	378

■ Representative Green Engineering projects and expected benefits

Common/traditional/old practice	L & K's technique	Subject information (using standard basis/methodology)	Estimated energy savings Unit: kWh/year	Expected reduction in carbon emissions Unit: metric tons CO ₂ e/year
Originally, upon designing the cooling load, 229W/m ² per square meter was taken as the uniform standard. However, due to the expansive glass curtains constituting the exterior wall of the project, and the large area of the single room, it is likely that some rooms may be overcooled while others may not be sufficiently cooled.	Examine the air-conditioning requirement, take into account the room occupancy needs and number of people/machinery to determine an adequate thermal output. The Cooling Load for the entire case was computed afresh in accordance with the ASHRAE Handbook Fundamental 2017, differing from the original design scheme.	<ol style="list-style-type: none"> 1. Areas under-cooled were provided with extra cooling power, and those with too much cooling potential were partially adjusted, resulting in a decrease of 73 FCUs compared to the original plan. 2. Compared with the original design, the power saving rate is up to 15% on the air side. 	54,137	27.6
Original design scheme: using RCU+air duct form	The air handling unit and air duct are replaced by a FFU and DCC system to create space for maintenance above the ceiling.	<ol style="list-style-type: none"> 1. Air side power saving efficiency is 19.3%. 2. Water side power saving efficiency is 0.08%. 3. The total energy saving benefit is 11.3%. 	544	139
The Primary Secondary ice water variable flow system is utilized in the ice water machine room system.	The Primary chiller system design has replaced the chiller machine system, and the temperature gap of the ice water system is increased from 5°C to 7°C.	<ol style="list-style-type: none"> 1. Save engine room space. 2. Equipment and pipeline construction costs are reduced. 3. The water chiller was re-selected and a high-efficiency one was selected. 4. The temperature differential between the chiller system was increased from 5°C to 7°C, with the pipe size being adjusted as necessary, and the system head being reassessed. Ultimately, a high-performance water pump was chosen. 5. The original designed water side comprehensive COP was 4.1, and after optimization, it saw an increase to 4.25. 6. Compared with the original design, the total power saving rate is 4.5%. 	1,233,408	627.8
The original format of the compressed air system consists of a CDA+intercooler combination, which requires cooling water and ice water for proper functioning.	The compressed air system uses low-level energy instead of high-level energy to cool the air compressor.	<ol style="list-style-type: none"> 1. Utilizing a single cold air compressor with a water based cooling system decreases the energy demand and electricity expenditure of the air conditioning system. 2. Improve the space utilization rate of the engine room. 	244,356	124.4

Common/traditional/old practice	L & K's technique	Subject information (using standard basis/methodology)	Estimated energy savings Unit: kWh/year	Expected reduction in carbon emissions Unit: metric tons CO ₂ e/year
Fluorescent lamp, ceiling-mount, electronic ballast, 220V, T5, 28Wx2	Ceiling-mount LED I-shaped lamp 220V 20Wx2	a. T5-2 ft x 2 tubes = 56W (5,600lm) B. LED lamps=40W (4,000lm) C. This project uses 8,007 LED lights. D. Calculated based on 12 hours of lighting per day	400,801	201
Cooling water tower is not a energy-saving model	Cooling water tower was replaced with an energy-saving model	a. Full load demand is 4,750RT (40% for annual operation) B. Non-energy-saving model 0.0485kw/RT C. Energy-saving model 0.032kw/RT	274,626	138

Note 1: Water side COP - Coefficients of performance: refer to the efficiency of the exchange of heat between the cooling tower and the pump. The calculation method consists of heating capacity kW / power consumption W. The higher value, the higher the efficiency of heat exchange, meaning more energy efficient.

Note 2: Calculated according to the 2021 electricity carbon emission coefficient of 0.509kg CO₂e/kWh announced by the Bureau of Energy of the Ministry of Economic Affairs.

Note 3: Device energy efficiency is by reference to ANSI/ASHRAE/IES Standard 90.1 2019(Energy Standard for Buildings Except Low Rise Residential Buildings) and ANSI/ASHRAE/ICC/USGBC/IES Standard 189.1-2020 (Standard for the Design of High Performance Green Buildings Except Low Rise Residential Buildings).



Overall carbon emission reduction in 2022

73,636 Metric tons CO₂e = 189 times of the CO₂e absorbed by Daan Park in one year

Note: The annual carbon absorption of Daan Park is 389 metric tons of CO₂e

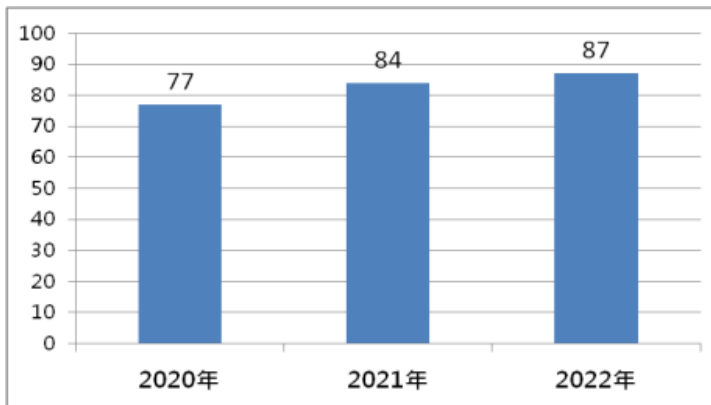
Customer service and management Self-defined

L & K offers an all-encompassing solution for engineering services, striving to be a dependable business ally for customers by delivering superior quality services. Adopting a responsible and sincere approach, we leverage the advantages of collaboration and division of labor to offer our customers the most dependable services.

Customer satisfaction

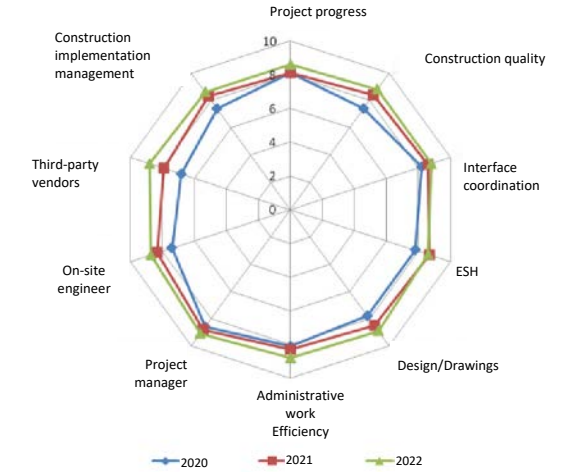
Clients are essential to a business's success, and the capacity to retain them is an important determinant of whether a business can expand in a fiercely competitive environment. Consequently, customer satisfaction forms the foundation of business success and continuation of source of projects, and serves as the driving force for the sustainable operation of enterprises. For businesses, this is a highly essential area. To ensure better project quality and to value customer opinions, customer satisfaction survey by questionnaires are conducted on a regular basis.

Implementation form	Implementation method	Response to survey results
Customer Satisfaction Questionnaire	A survey will initially be conducted three months after the case is assured, followed by surveys every six months; When the project progress reaches 95%, the engineering division head will be requested to assign an interviewer.	After having examined the results of the questionnaire survey, the project division head will amalgamate the suggestions put forward by the customers and then present them to the management in the meeting.



Customers Customer satisfaction
 2022: 87 points
 2021: 84 points
 2020: 77 points

L & K places a strong emphasis on the quality of engineering services, with particular focus on feedback regarding project progress, construction quality, interface coordination, environmental safety and health management, design/blueprints, administrative operation efficiency, project supervisors, site engineers, subcontractors, and construction management. Over the past three years, feedback from questionnaires indicated weaknesses in three areas: subcontractors, construction management, and site engineers. Environmental safety and health management is vigilantly enforced to ensure worker safety and maintain the construction environment.



Loss from deficiencies and work-related incidents

L & K discloses the rework cost attributable to deficiencies and safety-related factors, the causes therefor, and the amount of legal proceedings in accordance with the structural integrity and safety topics of the SASB Sustainable Accounting Standards. External competent authorities and customers exposed that worker with dangerous conduct that violates the Occupational Safety and Health Act; rework cost was not attributable to employment of unidentified foreigners defined in the Employment Service Act. Rework cost attributable to acceptance deficiencies, which indeed occurred, was reviewed in an exception report.

Source	No. of cases	Rework expense
Competent authority penalty ticket	1	\$0
Penalty ticket from clients	7	\$0
Penalty ticket from the client association meeting	13	\$0
Exception report	4	\$770,000

Sustainable supply chain 204

■ Procurement management

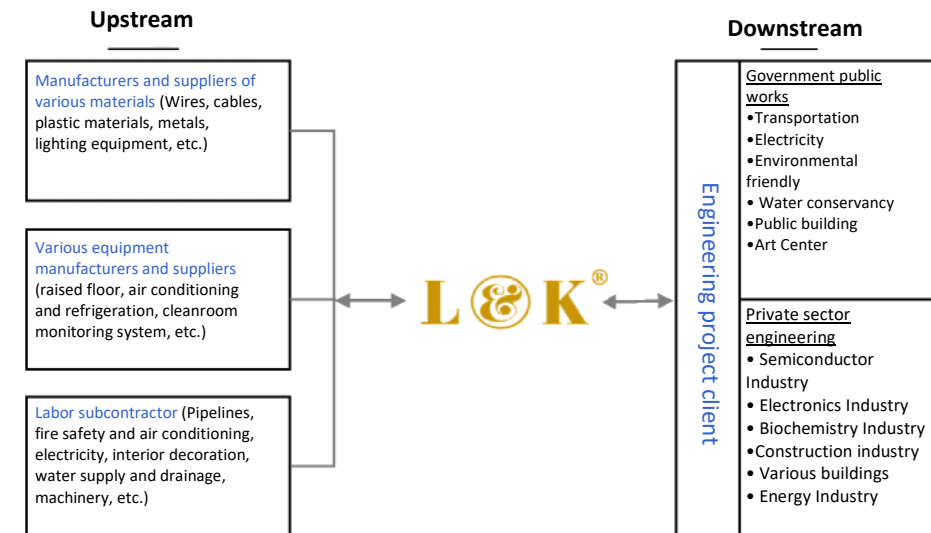
In the early times, L & K have business ventures that cover EPC design, procurement, construction turnkey engineering, and the production of patented clean room products. As construction of technology factory had reached its highest point, we extended our business and start undertaking projects regarding public works, commercial office establishments, medical centers, art facilities and transportation hubs. Meanwhile, we are more reliant on swift and effective supplier collaboration to remain competitive.

Given supply chain shortages, increased customer demand, and rapid societal innovation, the successful progress of engineering projects relies on the overall support and cooperation of the supply chain. The combination of materials, equipment manufacturing suppliers, labor suppliers, human resources and related services is essential for budget control and maximizing profits to fulfill the contract. Doing so allows customers to start operations quickly, reducing costs and attaining capital recovery in the least amount of time.

At the outset of every project, the operation timetable for equipment material and labor requirements for installation are formulated. The purchase requisition is implemented as planned, with requirements collected and procurement processes executed in line with procurement management regulations to guarantee that the equipment and materials meet customer requirements in terms of both specifications and functions. Installation labor contractors meet safety and engineering needs. The installation labor contractor adheres to the safety and project progress regulations. We are dedicated to helping suppliers participating in each project with their problems, building and cementing cooperative supplier relations, meeting the quality and timeline objectives, and fostering mutual benefit and shared success for lasting development and operation.

■ Supply chain attribute categories

By distinguishing material/equipment suppliers and labor subcontractors based on their upstream supply chain characteristics, L & K manages them in line with different attribute specifications and contract fulfillment status to capture supplier information promptly and effectively manage supplier activities. By the year 2022, L & K has amassed a total of 4,067 vendors, both domestic and foreign, with 3,712 domestic suppliers and 355 foreign suppliers.



■ Supply chain management

◆ Supplier Code of Conduct

At L & K, we operate ethically and take great care to ensure the ethics of our suppliers. In order to pursue sustainable business development, we have created a supplier code of conduct, which is in accordance with the relevant requirements of the engineering industry and is based on international supplier initiatives and issues of concern. Suppliers of hardware and materials, contractors of installation labor, and their related firms, subsidiaries, and suppliers come together to comply with it, promote the Ethical Management and Guidelines for Conduct, and take corporate sustainability responsibilities and climate actions.

◆ Procedures for Ethical Management and Guidelines for Conduct

Code of Ethics

- Ethical management
- Legitimate gains
- Information disclosure
- Intellectual property
- Fair trade and competition
- Conflict-free mineral sources
- Privacy protection
- Eradicate bullying

Labor and human rights

- Ban child labor
- Working hours
- Wages and Allowances
- Fair treatment
- No discrimination
- Free employment
- Freedom of association

Safety and health

- Compliance with occupational safety regulations
- Occupational safety
- Environmental sanitation
- Emergency response
- Occupational injury and illness
- Safety protection
- Occupational safety and health education

Environmental Responsibility

- Compliance respecting environmental permits
- Compliance with Environmental Regulations
- Hazardous substance
- Pollution control
- Wastewater Discharge
- Exhaust emissions
- Waste Management
- Energy saving and carbon reduction

Management system

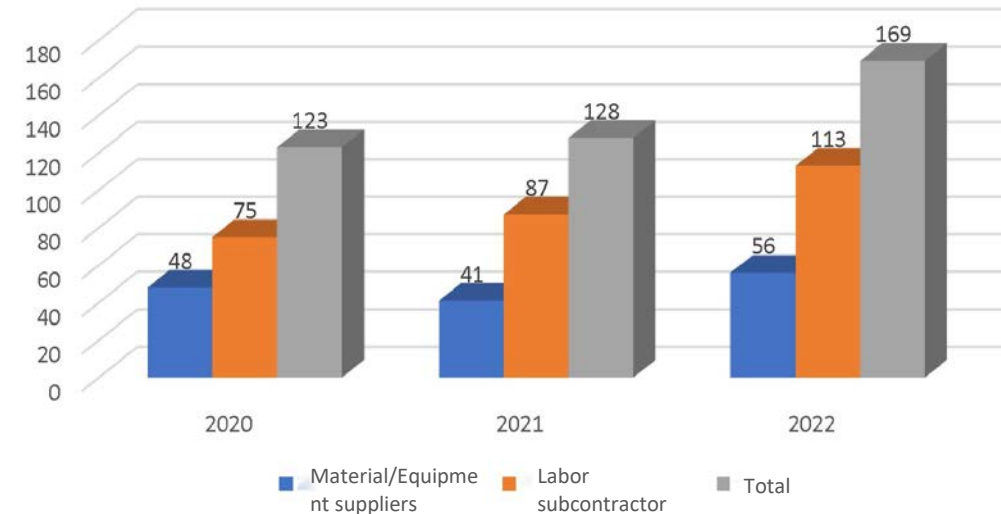
- Management responsibilities
- Legal requirements
- Customer requirements
- Risk assessment management
- Corporate responsibility
- Documents and records
- Education and training
- Audit improvement

◆ Selection of new vendors

Suppliers of material/equipment and labor subcontractors must be evaluated and chosen in line with the procurement operating regulations. The growth of corporate operations necessitates the addition of further suppliers, according to our statistics:

- Vendors must be sourced from projects or independently. New vendors must then furnish relevant documents and undergo an initial review
- The labor subcontractor must provide a certificate from the labor inspection unit or the competent authority governing the contracting site, verifying that there have been no occupational accidents within the past year. If this certificate is not available, then the "No Occupational Incident Affidavit" must be signed back
- A single order of NT\$5 million or more submitted must come with a financial credit report from the Joint Credit Information Center or a proof that there has been no rejected negotiable instruments in the last six months
- The Financial and Accounting Department gathers appropriate credit data and assesses if they have the financial capability to undertake projects
- If the evaluation necessitates a factory visit, a responsible evaluator or pertinent professionals will be delegated to perform the factory visit

New vendors in 2020~2022



◆ Supplier qualification assessment

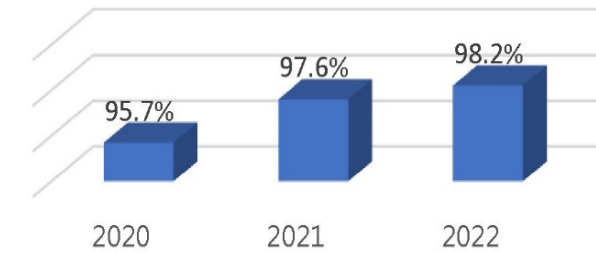
To effectively comprehend the cooperativeness of suppliers, L & K has split them into three distinct types by qualifications: qualified vendors, sub-standard vendors, and unsatisfactory vendors. Vendors with abnormal performance will be evaluated by project owners, graded by the procurement representative according to the evaluation results, and assessed by the head of the Materials Division for approval. In the event that a vendor is judged to be qualified, it will have precedence over price inquiry. Sub-standard vendors shall be barred from inquiry or rejected for a period of one year. If it is deemed an unsatisfactory vendor, it will not receive any price inquiry from us or will be rejected for the time being. If sub-standard or unsatisfactory vendors are not up to the required standards in terms of quality or technology, yet have the potential in terms of manpower, manufacturing/processing capabilities, and financial resources, the Materials Division can work alongside relevant units to offer guidance on technology, quality control, and schedule control.

Vendor qualification	Equipment and materials suppliers	Installation service provider
Qualified vendors	New vendors are evaluated and approved as qualified. Existing vendors whose delivery quality indicated in the acceptance slip is satisfactory, which have no record of abnormality and violation of occupational safety, health and environmental protection related laws and regulations, and which is quite cooperative in offering price quotation.	New vendors evaluated as qualified. Existing vendors with no records of abnormalities, industrial safety accidents, and abnormalities in the warranty period, with good cooperation in price inquiries/comparisons/negotiations, and with no abnormalities in financial ability as indicated in a credit investigation.
Sub-standard vendors	Vendors whose delivery quality indicated in the acceptance slip is unqualified, with overdue fines, with records of violation of occupational safety, health and environmental protection related laws and regulations, with abnormal records but no specific evidence that makes them an unsatisfactory vendor, or which is not cooperative in price inquiry.	Vendors scoring below 6 points in an engineering project undertaking review, with abnormal records but no evidence making them an unsatisfactory vendor, with occupational safety incident records or abnormal records during the warranty period, and which has made an improvement or is not cooperative in price inquiry/comparison/negotiation but somehow financially sound as indicated in a credit investigation.
Unsatisfactory vendors	<p>With any of the following unspecific facts items</p> <ul style="list-style-type: none"> Included as a sub-standard vendor twice a year Suppliers with poor design, poor quality, or poor service who are punished by the Materials Division with a written warning, or suspended for price inquiry, or delisted from the register Offering dishonest quotation Regretting after offering quotation; refusing to sign a contract after being awarded a bid; or refusing to perform a contract after signing it Delaying in goods delivery and making no improvement despite being prompted Poor transaction records In financial difficulties Distaining the reputation of L & K Violating occupational safety, health, and environmental protection laws and regulations to an extent deemed material by relevant unit supervisor Bribing L & K's personnel 	<p>With any of the following specific facts deemed conduct of a sub-standard vendor:</p> <ul style="list-style-type: none"> Included as a sub-standard vendor twice a year Suppliers with poor design, poor quality, or poor service who are punished by the Materials Division with a written warning, or suspended for price inquiry, or delisted from the register Offering dishonest quotation Regretting after offering quotation; refusing to sign a contract after being awarded a bid; or refusing to perform a contract after signing it Delaying in project progress and making no improvement despite being prompted Poor transaction records In financial difficulties Distaining the reputation of L & K Scoring below 6 points in the Evaluation of Vendors Undertaking Engineering Projects for twice (relevant unit supervisor will be consulted on their opinion towards vendors scoring below 6 points for 1 time) Intimidating and threatening site supervisors or arguing with L & K/clients or demanding unreasonable additions Bribing L & K's personnel

◆ Green and local procurement

To bolster its beneficial effect on the environment and society, and to motivate upstream and downstream supply chain manufacturers to focus on environmental protection, we recommend customers to adopt energy-saving and carbon-reducing construction techniques and the utilization of green products. In addition, to support the sustainable growth along with suppliers, we will foster the source goods bearing an environmental protection mark, energy mark, water-saving mark, green building materials mark, and carbon footprint reduction mark, from local providers, so as to improve service efficiency, lower carbon emissions from transportation, provide local job opportunities, and promote local economic development.

- Number of local suppliers in the past three years



- Total contract amount and percentage of domestic and foreign procurement contracts in the past three years

L & K's procurement is carried out in accordance with customer contracts and after review and approval. The majority of foreign procurement pertains to equipment and materials.

Unit: thousand NTD

Year	2020		2021		2022	
Category	Total Amount	%	Total Amount	%	Total Amount	%
Domestic	3,724,772	95	8,969,629	98	3,984,563	95
Foreign	179,776	5	173,552	2	193,959	5

Information Security Management Self-defined

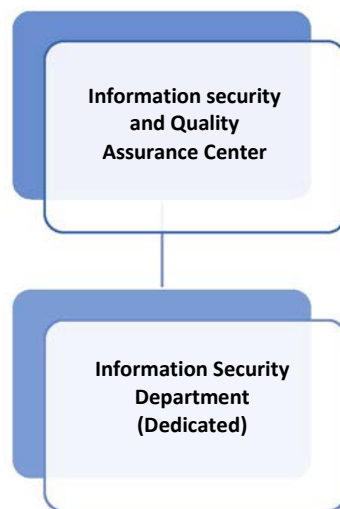
L & K have created a specific division devoted to information security, with the responsibility of keeping and administering information security lying with the Information Security department. This unit is tasked with formulating information security policies and operating guidelines, executing information security management plans, augmenting employee security awareness, and continuing to fortify protective measures to minimize information security risks, thereby ensuring the confidentiality, integrity, and availability of the Company's important information.

Through the audit plan on the internal control system and management regulations, internal audit unit assesses the Company's information security, and presents the management with the performance of the internal control function to allow them to recognize any existing or potential flaws and consequently enhance and optimize them.

Information security and Quality Assurance Center

With the intention of advancing the various operations of L & K in the area of information security management, the Information security and Quality Assurance Center has been established. The organization has personnel devoted to the advancement of information security, and an alert system in place to ensure personnel are aware of security incidents. The committee also offers various suggestions for the promotion of information security.

The PDCA cycle is employed as a risk management technique for information security, in order to guarantee sustained improvement in information security and ensure the efficiency of the overall management system.



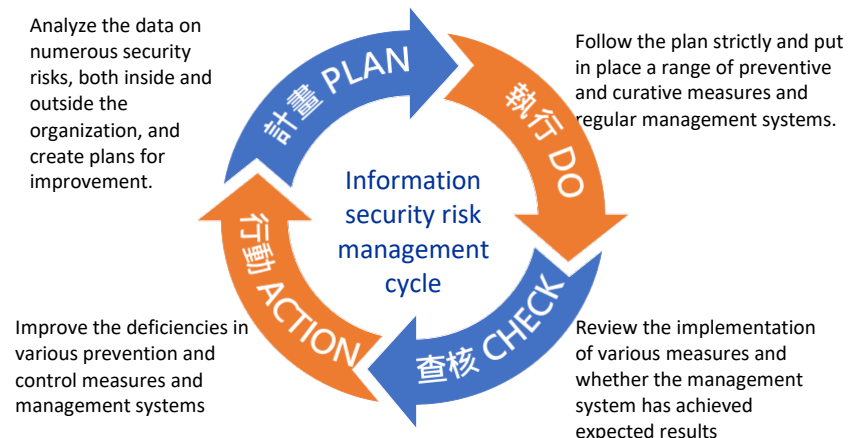
Information Security Policy

To meet the objectives of the information security policy, L & K creates information security management approaches:

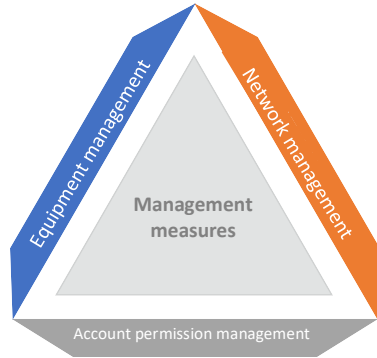
1. Information security and Quality Assurance Center Unit
2. management cycle
3. Information security control measures
4. Training and drills



Information security risk management



Information security management measures



Equipment management

All the information equipment has been managed, and the important equipment has been under the control of the computer room. We have measures to keep an eye on the situation in place. Important data is regularly backed-up and a protection against hacking is installed on the system.

Network management

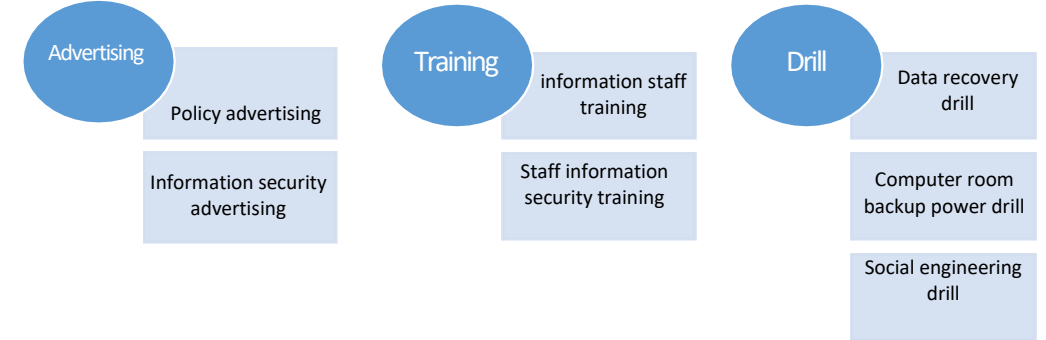
We have installed advanced firewalls and control network services to prevent unauthorized access. We also have email filtering controls to enhance email security.

Account permission management

All accounts are administered centrally, with appropriate access permission being attributed. The access permission is assessed on a regular basis to ensure they remain reasonable. Highly sensitive information is encrypted to prevent unauthorized disclosure.

Computer room/asset	Access control and CCTV surveillance are both present in the computer room to track those entering and leaving. Compile an inventory of computer hardware and carry out regular maintenance and stocktaking.
Record storage	Store access records of various events for future reference. Monitor network equipment and server operations.
Data	Important data on the device is regularly backed up.
Anti-hacking	Install advanced EDR and XDR anti-hacking protection on information equipment.
APT firewall	Separate internal and external networks to defend against external attacks.
Internet service access control	Control unauthorized network connections and deny access
Mail gateway filtering control	Defend against spam and phishing emails, scan emails for viruses, and strengthen email anti-counterfeiting.
Privileged account control	Privileged accounts are centrally controlled and changed regularly to prevent password leakage.
User account has low permission	The default is set to the lowest level of permission, please make a request for any alterations needed. Notify permission changes when personnel leave or change position.
Encrypt	All information activities document circulating are automatically encrypted.

Information security training and drill



- Make sure to consistently emphasize the significance of information security regulations to the appropriate personnel.
- Conduct regular education and training for colleagues
- Personnel in the field of information security regularly take part in various educational trainings and seminars in order to have access to the most recent technical information and to be able to apply it to information security management in a timely manner.
- Regularly perform data backup and restoration drills to verify the availability and validity of data
- Regularly perform backup power drills in the computer room to ensure the functioning of the Company's information operations
- Regularly implement social engineering drills to increase employees' awareness of email fraud

Information security training and drills		2020	2021	2022
Advertising	Policy advertising/times	6	6	6
	Information security advertising/People	398	475	480
Training	Information staff training/hours	41	81	50
	Staff information security training/hours	4	55	100
Drill	Data recovery drill/times	2	2	2
	Computer room backup power drill/times	2	2	2
	Social engineering drill/times	2	3	2



Purchased electricity 2,493,465million joules
Intensity 231million joules/NT\$1million
Carbon emissions 353metric tons of CO2e



Tap water 3,600 mt
Intensity 54kg CO2e/NT\$1million
Carbon emissions 579,600kg CO2e



Gasoline and diesel 4,289,185million joules
Intensity 397million joules/NT\$1million
Carbon emissions 396metric tons of CO2e



Domestic waste
11.97tons

3 Sustainable environment



Paper NT\$127,615
Intensity 0.82million joules/NT\$1million
Carbon emissions 8,904metric tons of CO2e



Recycled resources
1,281kg

- 69 Materials Management(301)
- 70 Energy Management(302)
- 75 Water and Effluents (303)
- 76 Emissions Management (305)
- 79 Waste Management(306)

- Note:
1. Energy use (electricity, tap water, paper, domestic waste, and resource recycling) in offices falls within the scope of operational control.
 2. Fuel consumption is attributed to all employees.

Indicators for disclosure of material environmental topics

L & K's major environmental topics in 2022 have been summarized into 4 topics, with compliance with regulations and assessment being the most important self-defined one, to ensure that the sustainability information communicated satisfies GRI standards requirements of integrity and diversity.

GRI material topic	GRI code	ESG disclosures	Remarks
Supplies	301	301-1 Materials used by weight or volume	L & K does not produce products. Materials procured for contracted engineering services do not need to be disclosed.
Energy	302	302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption	gasoline, diesel, electricity, paper
Water and effluents (self-defined)	303	303-3 Water Withdrawal	Purchased tap water
Emissions	305	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emission intensity 305-5 Reduction of GHG emissions	305-1 Direct: gasoline, diesel 305-2 Indirect: electricity, water 305-5 Emission reduction measures
Waste	306	306-1 Waste generation and significant waste-related impacts 306-2 Managing significant waste-related impacts 306-3 Waste generated 306-4 Disposal and transfer of waste	306-3 Total weight of non-hazardous waste 306-4 Total weight of recyclable waste processed

L & K's policy and commitment to environmental protection

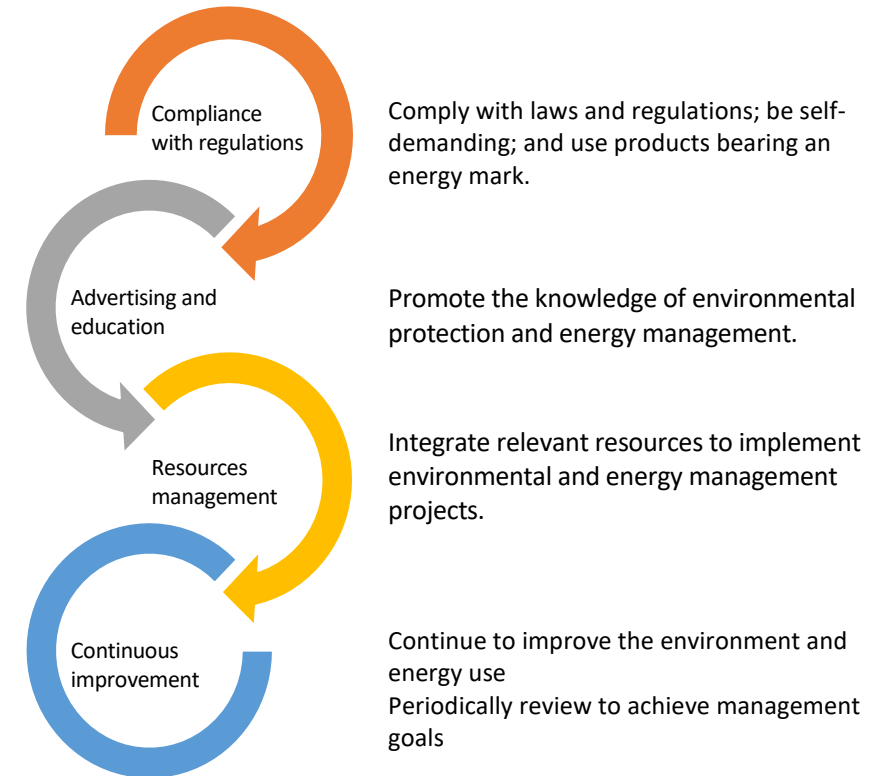
L & K complies with environmental protection laws and standards such as the 'Environmental Protection Act', the 'Air Pollution Prevention and Control Act', the 'Water Pollution Control Act', and the 'Prevention and Control of Environmental Pollution by Solid Waste'. In 2000, we successfully acquired ISO14001 certification for our environmental management system, and are currently actively practicing it. We take serious consideration of the environmental impacts and resource usage in our office and construction operations. It is essential for us to take tangible steps to ensure green operations and to reach the goal of emission peak and carbon neutrality, promote green growth, and establish an eco-friendly business.

◆ L & K's Commitment to Environmental Protection

- Abide by or surpass governmental environmental regulations and self-imposed standards.
- It is recommended that the client use environmentally friendly construction materials to minimize the impact on the environment.
- Proactively provide or suggest clients to use products bearing an energy mark, or to adopt design or facilities to improve efficiency.
- Ensure that all domestic and engineering wastes are properly disposed of.
- Conserve natural resources and recycle or recycle materials wherever possible.
- Make effective use of energy resources and promote waste reduction, sorting, and resource recycling.
- It is the duty of every person to preserve our environment, and we will keep encouraging and teaching this idea.

Item	Items Goal
Energy Management	<ul style="list-style-type: none"> • Enhance energy utilization management, boost energy efficiency, abstain from unneeded energy utilization and wastage, and cut down electricity energy by 0.5% annually and fuel by 1% annually.
Water consumption management	<ul style="list-style-type: none"> • Increase public education and awareness of water conservation, promote the reuse of water, and decrease water usage annually by 0.5%.
Carbon Emission Management	<ul style="list-style-type: none"> • Engage in energy conservation and emission reduction endeavors to decrease greenhouse gas emissions and cut down carbon emissions by 1% annually.
Waste management	<ul style="list-style-type: none"> • Dispose of 100% of waste in a harmless manner • Increase awareness of the importance of conserving food and decrease the quantity of kitchen leftover. • Bolster eco-friendly offices and decrease office waste production • Domestic waste reduction by 0.3% annually

◆ L & K's environmental protection policy



Materials Management 301

L & K's business activities involve contracted construction services, which encompass electromechanical engineering and turnkey projects. The design, procurement, subcontracting, construction, and execution of equipment, materials, and construction adhere to customer requirements and specifications. Materials are the assets of the owner. The equipment and materials used in construction, which are non-renewable, cannot be recycled. Materials need to be packaged to ensure effective protection during transportation. L & K does not produce products, and as such, material disclosure is not applicable per GRI 301.

During the contract execution period, L & K is responsible for inspecting and ensuring the proper storage of materials purchased.

■ Temporary storage of materials management



■ Materials inspection management



Energy Management 302

Energy Policy and Commitments

To fulfil the responsibility of the citizens of the Earth, to comply with the relevant laws and regulations when preventing and controlling pollution, to promote the concepts of energy savings and reduction in carbon emissions and take actions to achieve social responsibility and sustainable management, we will gradually promote energy conservation and carbon reduction work and continuously improve it.

- Follow environmental protection and energy regulations when assessing energy consumption and energy conservation objectives.
- Improve energy efficiency and reduce energy consumption costs
- Promote procurement of energy-efficient products and green products and improve energy performance design and services
- Put energy management in place to reduce carbon dioxide output and strive to further enhance sustainability in the enterprise.
- ◆ Through the company's electronic bulletin board, information is disseminated to employees located across various regions, deepening and popularizing ESG principles at the individual, household, and lifestyle levels.



Waste reduction and energy saving goals

Traditional energy sources on a global level are finite, the issue of climate change is becoming more and more pressing due to global warming. We will concentrate on relevant energy saving and carbon reducing strategy. By raising staff's energy conservation awareness and implementing various energy-saving procedures, we can enhance energy productivity. This will aid in establishing an operational energy management system and help to construct a sustainable low-carbon society. and ensuring the sustainable development of the environment, economy, and society. In doing so, we take actions to guarantee that we are doing our share in the sustainable development of the environment, economy, and society.

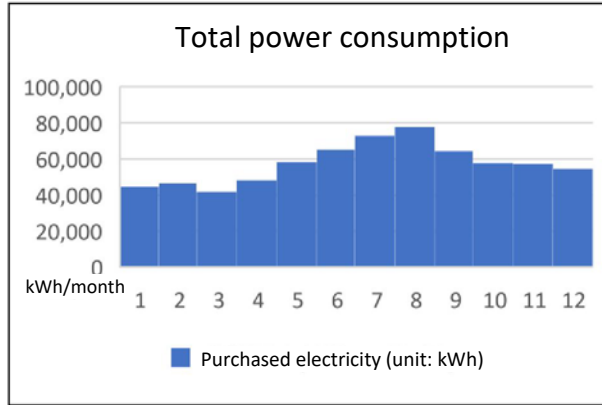
L & K conducts its primary energy inventory based on activities involving electricity, water, and oil in the office, which falls within the scope of operational control. However, the construction offices, due to their complex interface with owner-operated areas, pose a relatively more challenging aspect to control. The office's energy usage is part of daily life, and after completing evaluations of electricity, air conditioning, and lighting efficiency, energy-saving targets are set. In the first year, the office's energy-saving indicator is estimated based on the Environmental Protection Agency's advocacy for energy-saving and carbon reduction in daily life. Various action plans are implemented to promote energy conservation and carbon reduction, gradually realizing a green workplace environment.

Strategy	Action	Goal/Year
Forge consensus	<ul style="list-style-type: none"> Utilize when necessary, conserve when necessary Reduce plastic products, reduce garbage, and ensure garbage classification Encourage colleagues to bring reusable chopsticks, tumblers, and shopping bags Approve of the social responsibility of energy saving and carbon reduction 	Domestic waste reduction by 0.3%
Energy saving and carbon reduction	<ul style="list-style-type: none"> Conserve electricity ~ switch off the lights, switch off non-essential electrical items, keep air conditioner temperature above 24 °C Conserve water ~ shut off the tap, inspect for water leaks with appliances Cut down on paper usage ~ switch to digital systems, shrink paper usage Utilize video conferencing to diminish transportation fuel expenses, thereby conserving fuel. 	Save electricity by 0.5% Save water by 0.5% Reduce paper by 0.5% Save fuel by 1%
Improve efficiency	<ul style="list-style-type: none"> Energy-saving appliances/equipment ~ Automated lighting shut-off; efficient bulbs Water-saving appliances/equipment ~ water-saving faucets, two-stage flush toilets Air-conditioning equipment and maintenance ~ Regular cleaning and maintenance; replacement with high-energy-efficiency equipment 	Save electricity by 0.5% Save water by 0.5%
Renewable energy	<ul style="list-style-type: none"> Water resource reuse ~ rainwater recycling; reclaimed water recycling 	The cooling tower drain pipe is connected to the fire safety pool, recovering the overflow and saving water by 170 cubic meters.

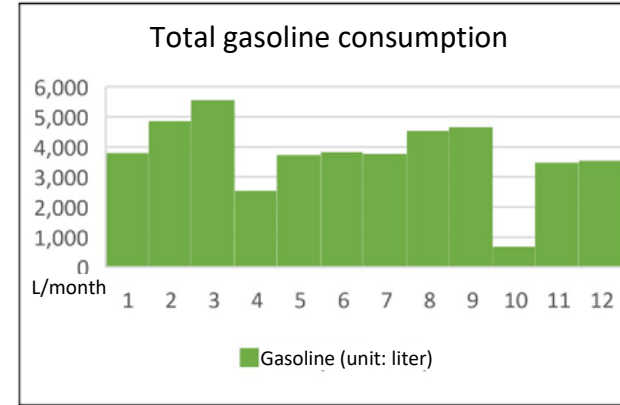
Office

Statistics

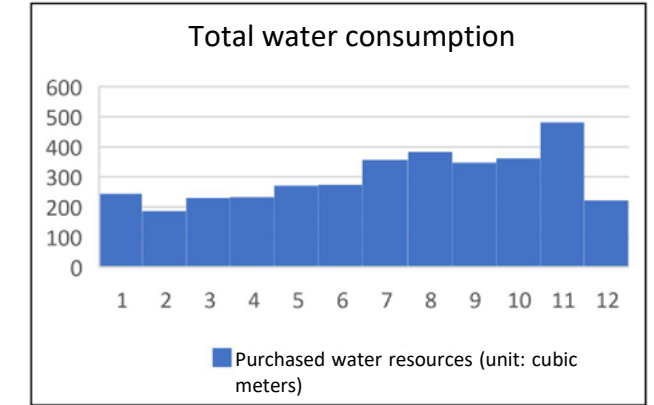
Analysis



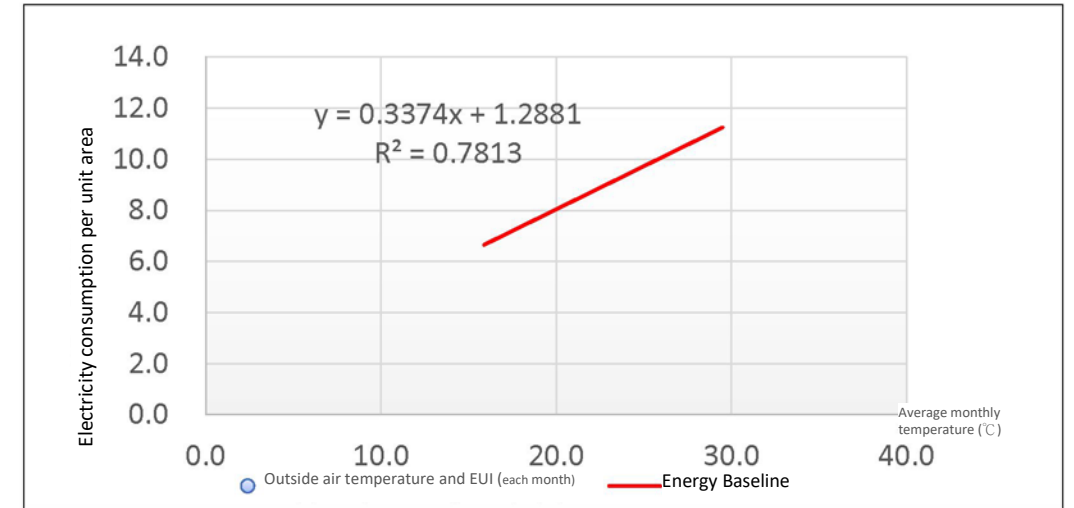
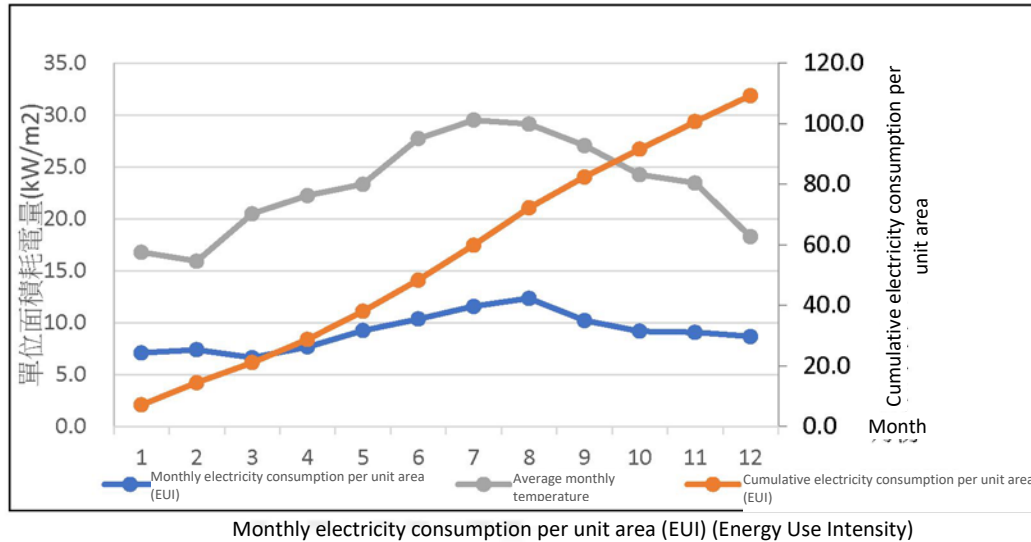
A total of 692,637 (kWh) of purchased electricity



A total of 36,706 (liters) of gasoline consumption



A total of 3,600 (cubic meters) of water consumption



Energy consumption statistics - energy baseline establishment

Note: 1. Data coverage period: January 2022 to December 2022.

2. According to the EUI chart, the outside air temperature is positively correlated with the trend of electricity consumption per unit area. Thus, it is deemed as the main factor when it comes to office energy consumption, and the energy baseline is formed by regression analysis.

3. R^2 is the coefficient of determination, which is used to measure the performance of the model in regression analysis. According to the recommendations of the Bureau of Energy of the Ministry of Economic Affairs, models whose R^2 is greater than 0.75 is an applicable regression model.

$$\text{Energy savings} = (\text{Baseline energy consumption} \pm \text{adjustment amount}) - \text{Energy consumption after improvement}$$


■ Electricity consumption 302-1302-3

The electricity used in L & K's office is procured externally. During the pandemic, measures such as remote work, reduced visitor access, and employee leave due to COVID-19 were implemented in compliance with government regulations. Although daily electricity consumption doesn't fall into the category of high consumption, the company still places great importance on and values electricity usage. Employees are encouraged to pay attention to every detail of electricity savings, cultivate energy-saving habits, and promote energy-saving awareness through education, thereby contributing to environmental protection.

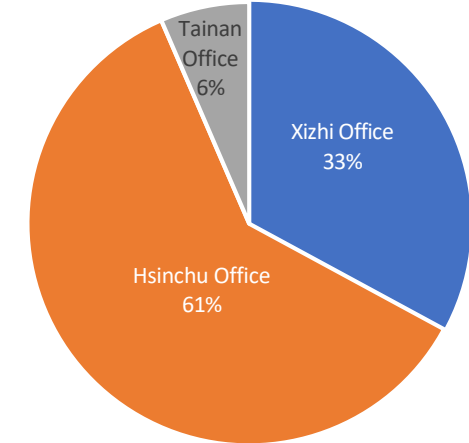
In 2022, L & K conducted its first electricity inventory. The total electricity consumption in the office was 692,637 kWh, and in the construction office, it was 521,389 kWh. The report references conversion values provided by the Bureau of Energy, Ministry of Economic Affairs, to calculate greenhouse gas emissions in relation to operating income and floor area, resulting in greenhouse gas emission intensity figures.

Quantitative indicators	Unit	Xizhi Office	Hsinchu Office	Tainan Office	Site office
Consumption volume	kWh	227,897	419,760	44,980	521,389
Total consumption	MJ	820,420	1,511,119	161,926	1,876,980
Organization specific metrics	Floor area in square meters	1,773	3,238	1,527	1,388
	Revenue (in NT\$1million)	10,805			
Energy intensity	kWh/area (kWh/ M ²)	129	130	29	376
	Megajoule/area (MJ/ M ²)	463	467	106	1352
	kWh/Revenue (in NT\$1million)	21	39	4	48
	MJ/revenue (Megajoule/NT\$1 million)	76	140	15	174

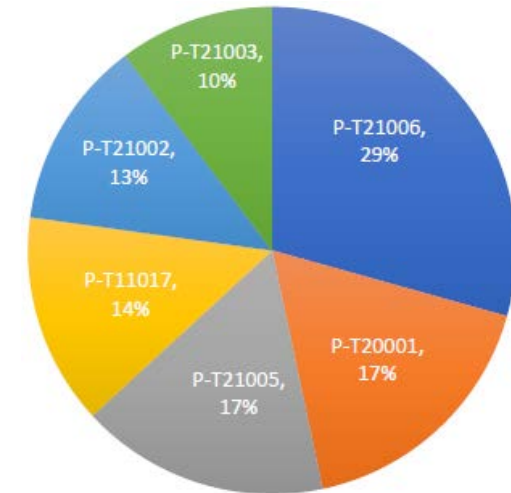
Note:

1. Data source: Total electricity consumption is based on Taipower bill details.
2. Turning electricity into megajoule = (kWh of electricity * 860 kcal * 4,186 joules) / 1,000,000, according to the formula provided by the Environmental Protection Administration.
Power intensity (kWh/square meters) = electricity consumption (kWh)/floor area (square meters)
3. There are 187 people in the office and 124 people in the site office. Offices are operationally controllable. 7 out of 12 site offices shared costs. Since the power resource allocation methods vary, they are either allocated to parallel contractors or fully covered by the client. The operation is not controllable, hence we only disclose the amount of water resources consumed.

Office unit: MJ



Site office



■ Oil consumption 302-1302-3

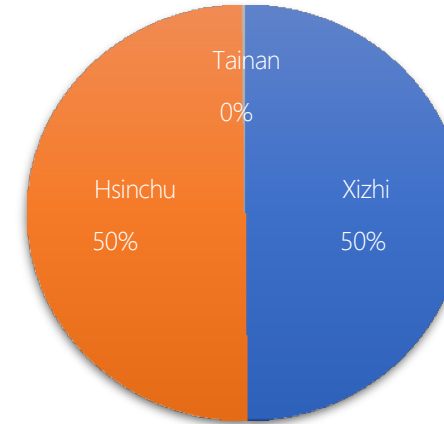
In 2022, L & K conducted its first inventory of gasoline and diesel fuel consumption for activities related to its operations. During the pandemic, measures such as telecommuting and employee sick leave due to COVID-19 were implemented, and conversion values provided by the Bureau of Energy, Ministry of Economic Affairs, were used to calculate gasoline and diesel fuel consumption intensity figures in relation to operating income. (total gasoline usage of 36,706 liters/year and total diesel fuel usage of 161 liters/year; and the total gasoline usage in the office will have the total gasoline usage of 93,194 liters/year and the total diesel fuel usage of 1,200 liters/year)

Quantitative indicators	Unit	Xizhi Office	Hsinchu Office	Tainan Office	Site office
Petroleum	Liter	18,295	18,332	79	93,194
Diesel	Liter	0	143	18	1,200
Total consumption	MJ	597,338	603,590	3,194	3,085,063
Organization specific metrics	Revenue (in NT\$1million)	10,805			
Energy intensity	MJ/revenue (Megajoule/NT\$1 million)	55	56	0.3	286
Amount per capita	Megajoule/person	13,576	6,097	73	10,082

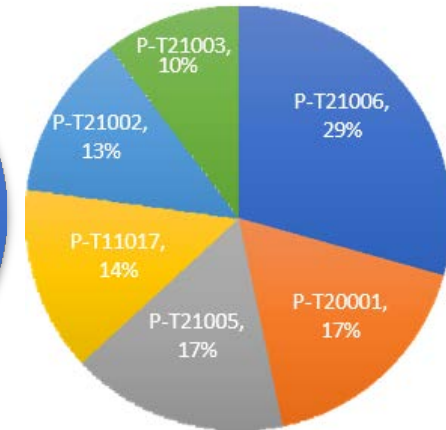
Note:

- The amount of oil used is the company's verified oil consumption volume, which is operationally controllable. We did not check the invoices one by one but rather made calculation using corresponding historical oil prices of CPC.
- Gasoline to million joules = (gasoline liters * 7,800 calories * 4,186 joules) / 1,000,000
Diesel to million joules = (diesel liters * 8,400 calories * 4,186 joules) / 1,000,000
- There are 493 employees in total (187 in the offices and 306 in site offices).
There are 187 personnel in the offices, with an average monthly distribution of 44 in Xizhi, 99 in Hsinchu, and 44 in Tainan.
- We inventoried 25 units; oil consumption by 6 units are displayed, and the rest of the units are not displayed due to low oil consumption.

Office
Unit Liter



Site office



■ Paper Consumption volume 302-1302-3

Quantitative indicators	Unit	Office	Amount (NTD)
Photocopy	pack	A4	535
		A3	130
		A1	84
Environmental extraction-type paper towels	pack	840	36,940

Note:

- The offices are located in Xizhi, Hsinchu, and Tainan.
- The paper towels are procured by the management office and provided to the Xizhi and Hsinchu offices. The Tainan office does not use paper towels.

Water and Effluents 303-3

■ Water Resources Management

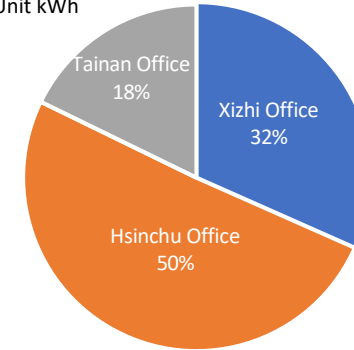
In 2022, L & K first checked the water consumption of offices, 100% withdrawn from tap water and mainly used for domestic water consumption. Total water consumption: 3600 tonnes. There are 12 site offices at sites under construction, and 5 of them have incurred water costs totaling 13,979 tons. During the pandemic control period, measures such as telecommuting and employee sick leave due to COVID-19 were implemented. On normal working days, employees are encouraged to pay attention to every detail of water conservation, contributing to environmental protection.

Quantitative indicators	Unit	Xizhi Office	Hsinchu Office	Tainan Office	Site office
Total water withdrawal	Metric tons (kWh)	1,139	1,821	640	13,979
Carbon emissions	kg CO ₂ e	183,379	293,181	103,040	2,250,619
Organization specific metrics	Floor area in square meters	1,773	3,238	1,527	1,085
	Revenue (in NT\$1million)	10,805			
Water intensity	kg/M ²	103	91	67	2,074
	kg CO ₂ e/NT\$1million	17	27	10	208
Amount per capita	Metric tons (kWh)	26	18	14.5	137

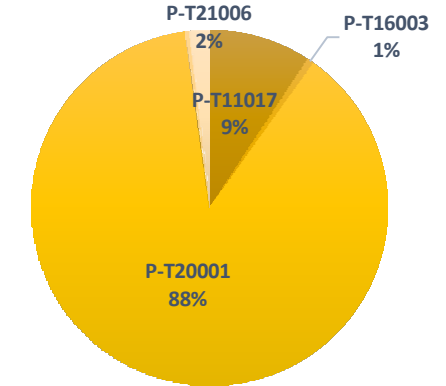
Note:

- There are 187 personnel in the offices, with an average monthly distribution of 44 in Xizhi, 99 in Hsinchu, and 44 in Tainan.
- This statistic includes 102 personnel from the construction offices. In 12 of the construction offices, the allocation of water resource expenses varies depending on the contract's provisions. These costs are shared among parallel contractors or are fully borne by the owners. These costs are beyond the company's control but are reported to provide insight into water resource usage.
- GRI 305 and regulatory authorities require disclosure based on operating income.
- Source: Taiwan Water Corporation - 1 ton per kWh, 0.161 kgCO₂e per kWh, which is used to converted water consumption to metric tons.

Office
Unit kWh



Site office



Water-saving goals and measures



- **Policy goal:** The office takes 2022 as its benchmark year and has an objective to reduce water consumption by 0.5%.
- Use products bearing an energy mark
- Post "Save Water" slogans at all faucet switches to reduce water consumption.
- Install water saver on faucets
- Posters featuring two-stage flushing instructions are put up on the toilets to reduce the amount of flushing water.
- The water dispenser has a timer controller that cuts off operation after office hours, helping to conserve water and electricity.
- Constantly monitor plumbing fixtures such as taps, water tanks, and toilets for any water leakage, and report any repairs needed promptly.
- The cooling tower drain pipe is connected to the fire safety pool, recovering the overflow and saving water by 1 ton per time.

Discharge Management 305-1~305~5

In 2022, L & K conducted its first inventory of water, electricity, and fuel consumed by 3 offices and site offices based on the GRI indicators. We disclosed mainly the emissions from mobile vehicle fuel, electricity, and waste. The emission data in the report was converted using the coefficient published by the Bureau of Energy of the Ministry of Economic Affairs, and was used along with operating revenue and total floor area to calculate GHG intensity.

■ Gasoline, diesel (Scope 1)

Quantitative indicators	Unit	Xizhi Office	Hsinchu Office	Tainan Office	Site office
Petroleum	Liter	18,295	18,332	79	93,194
Diesel	Liter	0	143	18	1,200
Carbon emissions	kg CO ₂ e	55,068	55,663	299	284,571
Organization specific metrics	Revenue (in NT\$1million)	10,805			
Greenhouse Gas Emissions Intensity	kg CO ₂ e/NT\$1million	5.1	5.2	0.03	26.3
Carbon emissions per capita	kg CO ₂ e	1,252	562	6.8	930

Note:

1. The carbon emission coefficient of gasoline is 3.01, and the carbon emission coefficient of diesel is 3.38 (Environmental Protection Administration-Diesel (for mobile source use in road transportation, 2021).
2. There are 187 personnel in the offices, with an average monthly distribution of 44 in Xizhi, 99 in Hsinchu, and 44 in Tainan. There are 306 personnel in the construction offices. GRI 305 and regulatory authorities require disclosure based on operating income.

■ Paper (Scope 1)

Quantitative indicators	Unit	Office		Carbon emissions kgCO ₂ e	GHG emission intensity kg CO ₂ e/NT\$1million
Photocopy	pack	A4	535	2,696	0.25
		A3	130		
		A1	84		
Environmental extraction-type paper towels	pack	840		6,208	0.57

■ Electricity (Scope 2)

Quantitative indicators	Unit	Xizhi Office	Hsinchu Office	Tainan Office	Site office
Consumption volume	kWh	227,897	419,760	44,980	521,389
Carbon emissions	Metric tons CO ₂ e	116	214	23	265.4
Organization specific metrics	Floor area in square meters	1,773	3,238	1,527	1,388
	Revenue (in NT\$1million)	10,805			
GHG emission intensity	tonne CO ₂ e/M2	0.065	0.066	0.015	0.19
	Metric tons of CO ₂ e/NT\$1million	0.01	0.02	0.002	0.025
Carbon emissions per capita	Metric tons CO ₂ e	2.6	2.2	0.52	2.1

Electricity Note:

1. Converted into metric tons of CO₂e using the 2021 electricity emission coefficient published by the Bureau of Energy of the Ministry of Economic Affairs, which was 0.509kgCO₂e/kwh.
2. There are 187 personnel in the offices, with an average monthly distribution of 44 in Xizhi, 99 in Hsinchu, and 44 in Tainan. There are 124 personnel in the construction offices.
3. GRI 305 and regulatory authorities require disclosure based on operating income.
4. 7 out of 12 site offices shared costs. Since the power resource allocation methods vary, they are either allocated to parallel contractors or fully covered by the client. The operation is not controllable, hence we only disclose the amount of water resources consumed.

Paper Note:

1. The offices are located in Xizhi, Hsinchu, and Tainan.
2. The paper towels are procured by the management office and provided to the Xizhi and Hsinchu offices. The Tainan office does not use paper towels.
3. Operating revenue in 2022 was NT\$10,805 million.
4. According to the Environmental Protection Administration's announcement, the carbon coefficient for photocopy paper is 3.60E+0 kgCO₂e per package (2018), and for environmental extraction-type paper towels, it is 7.39E-1 kgCO₂e per package (2020).

■ Quantity of materials accepted for projects

L & K's contracted engineering services involve the procurement of materials that are considered assets of the customer. L & K is not required to disclose carbon emissions for these materials. The Sustainability Development Committee estimated that four major materials, namely, cables, pipes, valves, and wire racks, account for approximately 20% of the contract amount. The goal was to understand the carbon emissions of these materials through a greenhouse gas inventory. The statistics are provided for reference.

Project	Cable (M)	Pipes (kg)	Valves (kg)	Cable trays (kg)
P-T16003	11,639,858	78,887	0	0
P-T20001	735,063	3,736,885	0	39,800
P-T21002	182,500	296,592	2,568	0
P-T21005	1,205,223	836,325	621	11,400
P-T21006	491,075	661,194	439,397	0
P-T22001	19,943	16,897	0	2,400
Total	14,273,662	5,626,780	442,586	53,6100

- Note:
1. Cable purchases are measured in meters.
 2. For pipes, galvanized steel pipes, EMT pipes, stainless steel pipes, and PVC pipes are used. Weighted items are disclosed based on catalog information.
 3. Valves include butterfly valves and ball valves. Weighted items provided by manufacturers are disclosed.
 4. Wire racks include weighted items provided by manufacturers.

■ Material carbon emissions (Scope 3)

For the mentioned material items (cables, pipes, valves, and wire racks), they have undergone processing. However, it should be noted that there is limited data available on carbon footprint coefficients for these items in the field of electromechanical engineering, as referenced from the Low Carbon Building Alliance (LCBA) and the Environmental Protection Administration (EPA). Additionally, differences in units between material acceptance quantities and carbon footprint coefficients make it difficult to calculate accurately. The Sustainability Development Committee has attempted to estimate carbon emissions using carbon coefficients from official sources, and this data is provided for reference.

Project	Wires and cables (kgCO ₂ e/m)	Pipes (kgCO ₂ e/kg)	Valves (kgCO ₂ e/piece)	Cable trays (kgCO ₂ e/kg)
P-T16003	1,538,680	95,487	800	0
P-T20001	831,478	4,727,047	5,826	7,522,200
P-T21002	828,430	133,545	3,771	1,509
P-T21005	894,797	1,125,924	10,660	2,575,068
P-T21006	1,210,897	880,417	18,124	9,080
P-T22001	11,804	20,840	747	453,600
Total	5,316,086	6,983,260	39,928	10,561,457

- Note:
1. For pipes, statistics include EMT pipes, GIP pipes, SUS pipes, and PVC pipes. For valves, statistics include butterfly valves and ball valves.
 2. Items where units do not align with publicly available carbon coefficient units are not disclosed.
 3. Carbon coefficients are sourced from the Low Carbon Building Alliance (LCBA), Environmental Protection Agency, and publicly disclosed items in Mainland China.

■ Greenhouse gas emission reduction 305-5

◆ Energy and carbon emission management information

With the world facing global climate change and more frequent and intense weather events, companies have to be aware of the energy they use for their own progress.

L & K compiles data on the three most relevant essential energy sources (air conditioning efficiency, electricity, gasoline, and water consumption), examines electricity consumption (setting up an energy baseline), and sets goals for the future.

For example, L & K discovered that temperature fluctuations largely account for electricity consumption when we tallied up the numbers. By recognizing this relationship, we were able to implement linear regression to accurately establish an energy baseline. This enabled us to gradually construct energy-saving objectives going forward.

Statistics

- Power consumption/fuel consumption/water consumption
- Base-specific data collection
- Zoning effective area
- Statistical chart

analysis

- View data distribution
- Find key influencing factors and set indicator units
- Give (description) remarks respecting the energy baseline

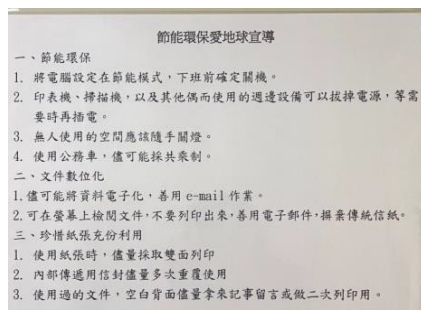
Planning

- Review existing energy loss
- Planning future energy-saving solutions

• Posting environmental conservation notices for light switches



• Posting environmental conservation notices for office equipment



• Posting environmental conservation notices for official



◆ Energy saving measures

In its first year of carbon inventory, L & K evaluated the feasibility of carbon reduction based on the Environmental Protection Agency's goals and measures for energy-saving and carbon reduction.

Energy-saving goals and measures



- Policy Goal: The office aims to save electricity consumption by 0.5% from the level of 2022, which is the baseline year.
- Use products bearing an energy mark
- Put up signs with "Energy Saving" slogans at all power switches to inculcate the practice of turning off lights.
- Implement zoning by responsibility and turn off lighting when not in use.
- For places with low lighting requirements, the number of lamp tubes can be reduced if this does not lead to safety concerns.
- Office equipment, electronics, etc. will move to power-saving status after being unused for a certain time.
- The computer is programmed to enter "sleep mode" after 10 minutes of being inactive.
- Consistently servicing air conditioning equipment to ensure optimal performance.
- Install blinds on office windows to lower the amount of solar heat entering the room and reduce air conditioning energy usage.
- The office air conditioning system is kept at a temperature of 26~28°C and is equipped with fans to disperse the cool air and ensure a comfortable environment.
- Integrating water chiller systems can save energy.

Fuel reduction targets and measures



- Policy goal: Utilizing 2022 as the benchmark, the office intends to decrease fuel consumption by 1%.
- Purchase or lease environmentally friendly and energy-saving vehicles.
- If it is feasible, video conferencing should be employed to diminish the need for transportation.
- Suggest that people use vehicles with low fuel consumption to travel to and from work, utilize public transportation, and consider carpooling.
- Drive at an even speed as much as possible.
- Open all doors before driving to cool the cabin. After driving, turn the air conditioning on a moderate temperature to reduce the consumption of fuel.
- Parking in a shaded area or in a cool spot is preferable to avoid high temperatures in the car, reducing the need for air-conditioning and fuel consumption.
- If conditions are favorable, it is possible to opt for ventilation through opening the windows, instead of running the air conditioning. Even if not opening the windows, one can just turn on the fan, without having to turn on the A/C compressor, thereby saving fuel.
- Excessive debris on the car should not be placed, as it can decrease fuel efficiency.
- Ensure that the vehicle is routinely serviced to ensure it is operating at its peak performance, and it will naturally drive more efficiently and reduce fuel consumption.

Waste Management 306

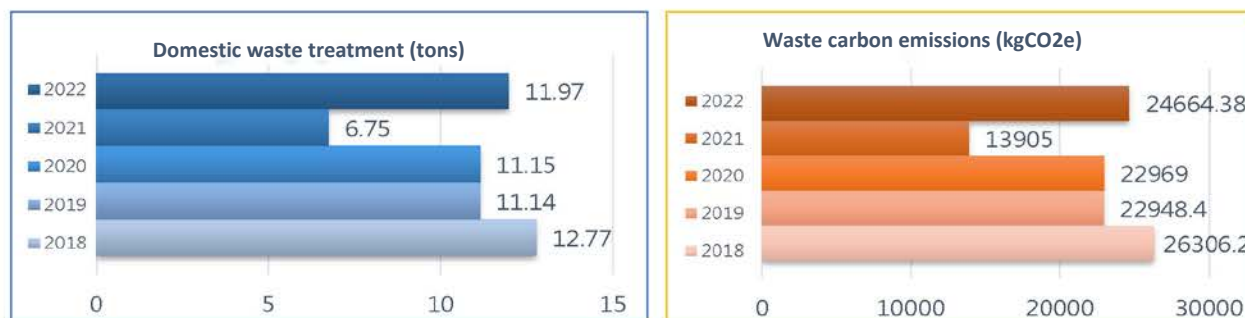
Pursuant to the operational statutes of the relevant government bodies, L & K self-centralizes waste for short-term storage, undertakes resource reuse and sorting, entrusts legitimate and certified operators to clear and dispose of waste, and logs waste output/recycling/processing to make sure of suitable waste disposal and sustainable utilization of resources. Domestic garbage is mainly produced in offices and some of it is collected back by the Department of Engineering Services from construction sites.

During the last five years, there have been no major environmental pollution incidents that have been penalized with substantial fines. However, there was one violation of "Article 31 of the Waste Disposal Act" in 2021, mainly because the Hsinchu factory produced waste plastic mixtures and waste wood pallets, of 0.2 metric tons in December 2019, exceeding the maximum monthly limit in the waste cleanup plan, which is 0.1 metric tons, by 10%. the penalty totaled NT\$6,000. There are no fines in 2022.

■ Waste Management 306-5

In 2022, the total weight of life waste generated in the Hsinchu and Tainan offices was 11.97 metric tons, all of which were cleared and processed by legally qualified contractors. The Xizhi office's waste is handled centrally by the building management committee. The waste-to-revenue and waste disposal weight intensity for the calculation is 0.0011 metric tons per million New Taiwan Dollars.

Recycling categories in the office include PET bottles, aluminum cans, and paper, with approximately 1,281 kilograms recycled with the assistance of neighbors near the factory.

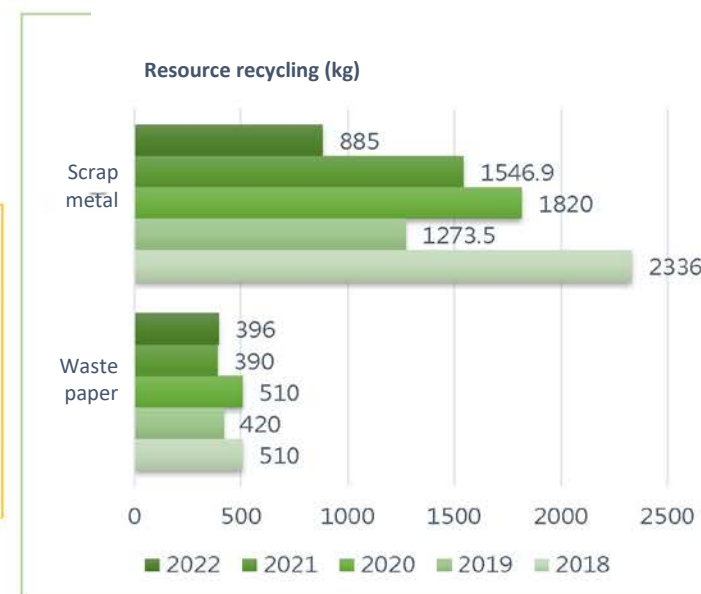


Note:

1. The reduction in the amount of waste during 2020-2022 is due to the quarantine of employees infected with COVID-19 according to government regulations and having to work from home, among other factors.
2. It is estimated that discarding 1 kilogram of waste generates 2.06 kilograms of CO₂e emissions (Environmental Protection Administration CO₂ Reduction Information).

Resource-based waste reduction goals and measures

- **Policy goal:** Reduce domestic waste by 0.3% from the level of 2022, the baseline year.
- Set up resource recycling bins in response to the government's garbage sorting policy
- Encourage employees to bring their own personal cups and provide environmentally friendly tableware in the employee canteen.
- Implement paperless electronic documents and work documents to lower the usage of paper and toner.
- Before photocopying, consider the number of copies required, to avoid overprinting.
- Promote double-sided printing and use recycle paper for other purposes.
- Have toner cartridges recycled by the manufacturer when information equipment is scrapped.
- Recycled paper products are sourced from environmentally certified suppliers, bearing the Green Building Council Taiwan (GBCI Taiwan) Green Building Certification, Forest Stewardship Council (FSC™) Forest Certification, and Taiwan Carbon Footprint Label Certification.



4 Sustainable society

Golden Safety Award

2022 Excellent Project

Industry-university collaboration with St. John's

5-year industry-university talent cultivation plan

300,000

Participation in union and association

750,000

Social Welfare

- 81 Employee-employer relations(401)
- 83 Labor relations(402)
- 84 Occupational Safety and Health(403)
- 94 Training and Education(404)
- 98 Employee Diversity and Equality(405)
- 99 Customer Privacy Management(418)
- 100 Ethics and Human Rights
- 103 Community Engagement

Employment 401

■ New hires and terminated employees

Data for the past three years regarding the new recruits of L & K reveals that the majority of them are aged 30 or under, with the figure increasing each year, bringing a youthful energy and verve to the company. The Company has seen a surge in business in 2022, with the portion of young individuals under 30 reaching a record high of 64%.

Proportion of new hires									
Year		Female	Male	Female	Male	Female	Male	Number of new hires	Total No. of Employees
		Under 30 years old		Aged 31~50		Aged 51 and over			
2022	Number of new hires	23	72	14	24	3	8	144	493
	New hire rate	64	64	15	14	15	13	29	
2021	Number of new hires	15	68	16	54	1	10	164	475
	New hire rate	54	69	18	29	6	19	35	
2020	Number of new hires	9	32	10	28	1	3	83	398
	New hire rate	43	49	12	16	8	7	21	

New hire rate (%) = number of new hires in this category in the current year/total number of employees in this category at the end of the current year

Proportion of terminated employees									
Year		Female	Male	Female	Male	Female	Male	Number of terminated employees	Total No. of Employees
		Under 30 years old		Aged 31~50		Aged 51 and over			
2022	Number of terminated employees	14	52	10	38	3	12	129	493
	Turnover rate	39	46	10	22	15	19	26	
2021	Number of terminated employees	4	25	8	40	1	4	82	475
	Turnover rate	14	25	9	21	6	8	17	
2020	Number of terminated employees	10	22	11	38	1	8	90	398
	Turnover rate	48	34	13	22	8	18	23	

Turnover rate (%) = number of terminated employees in this category in the current year/total number of employees in this category at the end of the current year

■ Recruitment and retention

L & K recruits outstanding talents through various recruitment channels, mainly through job banks, industry-university cooperation, and Vocational Training Bureau. Since 2015, we have deepened our collaboration with schools. Allowing school-age students to participate in internships with businesses is one of the benefits of this partnership. We are designing post-graduation reward systems to retain talented individuals and introduce new blood to the organization. Since 2019, L & K has introduced a referral bonus system to reward employees for recommending excellent engineering personnel to join the L & K team. We adopt fair and just recruitment procedures for all job applicants in accordance with regulations of laws, regardless of race, class, language, ideology, religion, party affiliation, place of origin, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, horoscope, blood type, or previous trade union membership.

Commencing from human nature, we strive for the formation of a team personality and value talent development. With a view to giving our staff a superior workplace, we shall modify the salary level and structure during 2021 and 2022, offer superior salary and welfare arrangements, bolster employee education and training and refine promotion channels to captivate and retain excellent talents and strengthen our competitiveness.

■ Remuneration and Benefits 2-7 2-22 202 405-2

◆ Remuneration and Proportion

2022's female-to-male remuneration ratio

Employee category/gender		Male	Female
Managerial position	Senior supervisor (division level or above)	1.3	1
	Middle-level supervisor (manager level and above)	1.1	1
	Junior supervisor (director level and above)	1.1	1
Non-managerial position		General employees	1.1

Note: The overall remuneration ratio is calculated based on the number of employees on December 31, 2022.

Number of full-time employees who are not in a managerial position and their average salary in 2022

Item\Year	2020	2021	2022	Comparison with previous year
Total employee salary (in thousands of New Taiwan Dollars)	331,865	232,181	378,395	+63%
Number of employees - annual average (person)	404	421	464	+10%
Employee salary - average (in thousands of New Taiwan Dollars/person)	821	551	816	+48%
Employee salary-median (in thousands of New Taiwan Dollars/person)	689	463	676	+46%

Note: Salary information is sourced from publicly available data on the Market Observation Post System for non-supervisory full-time employees.

Ratios of standard entry level wage by gender compared to local minimum wage and Percentage of local residents among senior management

Salary Ratio Categories	Local Minimum Wage Ratio		Basic Salary Ratio			
	Basic-Level Personnel		Not supervisors		Supervisors	
Operating Locations/ Gender	Female	Male	Female	Male	Female	Male
Xizhi Office	1.9	1.7	1	0.9	1	1.3
Hsinchu Office	1.8	2	1	1.1	1	1.4
Tainan Office	1.4	2.2	1	1.5	-	-
Other project	1.7	1.8	1	1.1	1	1

◆ Employee benefits

- **Employee remuneration**
Dragon Boat Festival/Mid-Autumn Festival/year-end bonus and dividend distribution
- **Employee benefits**
Birthday gift voucher; Labor Day gift voucher; monetary gift for wedding; monetary gifts for maternity; travel subsidies; children's scholarships; senior employee incentives; souvenirs for retired employees; subsidies for children with physical and mental disabilities; emergency relief and loans; and funeral subsidies.
- **Group health insurance**
The Company values the personal safety and health of employees. In addition to offering labor insurance as required by law, it also provides a complete group insurance plan for employees at its expense. The contents of the insurance include: Term life insurance, accidents insurance, medical insurance for major illness, cancer insurance, medical insurance for hospitalization, and medical insurance for accidental injuries.
- **Day care discounts**
We sign a contract with a kindergarten and help employees pay the day care expenses for their children.
- **Annual leave system and compensatory leave system**
Comparison with the "Labor Standards Act"
- **Breastfeeding measures**
Our Company has created a pleasant breastfeeding space to offer a comfortable and confidential setting.
- **Work-from-home plan**
To cope with dynamic epidemic situation, we allow employees to work staggered hours or from home, and adjust the plan in due course according to the epidemic development.
- **Health checkup**
As required by the "Occupational Safety and Health Act" and "Labor Health Protection Regulations", we organize biennial health checkups for our staff. In addition to the required health checkup items, we are offering an optional health checkup package which employees may select based on their physical condition.
- **Free uniform**
Every year, hair is cut for free and long- or short-sleeved uniforms are issued, while safety helmets, safety shoes, and engineering vests are supplied for occupational health and safety purposes, depending on the requirement of the workplace.
- **Accessible Parking for Disabilities and Pregnant Employees**

Note

1: Local Minimum Wage - In 2022, the basic wage was NT\$25,250.

2: Gender-specific ratios are calculated as follows: Local Minimum Wage Ratio = Company Gender-specific Minimum Wage Standard / Local Minimum Wage.

3: Basic-level personnel are defined as non-supervisory employees.

4: Basic salary refers to regular wages (excluding bonuses).

Labor/Management Relations 402

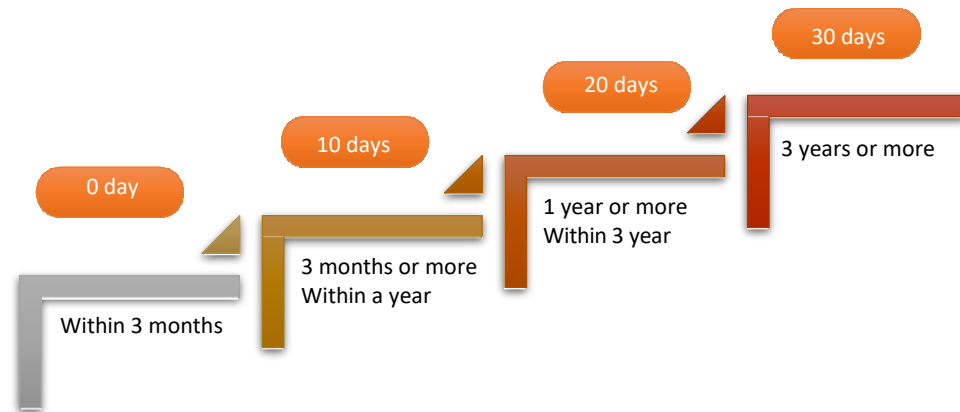
■ Operational change notice period

L & K values the connection between management and employees, as well as employee safety. As such, it holds quarterly meetings dedicated to labor and labor safety. A suggestion box has been put in place by the company for employees to voice their thoughts and remarks on the firm's management, salary and welfare systems, thus creating an atmosphere of mutual understanding and progress between employers and employees.

L & K complies with Article 16 of the Labor Standards Act, which allows for work suspensions under certain circumstances

- Going out of business or consigned;
- losses or business contraction;
- When work is temporarily suspended for more than one month due to force majeure;
- When changes in the nature of business necessitates reducing laborers and no other suitable job is available;
- When workers are truly incompetent for their jobs

The required notification period for employee resignations is in accordance with the Labor Standards Act



We wish our employees a swift return to a healthy state



Occupational Safety and Health 403

■ ESH Policy 403-1

L & K is an engineering service engaged in design and implementation of engineering projects. We have always been centered around people and regard staff as the most valuable resource of the Company. Abiding by environmental protection regulations, occupational safety and health requirements and other applicable laws, we continue to strive towards reducing hazards and risks associated with the project and ensuring the rights and interests of employees are safeguarded.

"L & K puts in its best work to ensure effective pollution control and disaster prevention, and carries out a complete safety and health management giving utmost importance to safety. All workers should set a good example and make safety and environmental protection a criterion for their actions." is our environmental safety and health policy, which is used to establish and maintain an environmentally friendly, safe, and hygienic working environment. We strongly advocate the prevention of pollution and the protection of the environment, absolutely not tolerating workplace violence and preventing overwork in order to maintain the physical and mental well-being of employees. We require all colleagues and vendors to uphold our beliefs and abide by the following commitments without hesitation:

Compliance with laws and regulations	We abide by regulations and standards pertaining to environmental conservation, occupational safety, and corporate social obligations.
Prevention of occupational accident	Ensure adherence to all relevant safety and health regulations to avert any work-related injuries, illnesses, sickness and accidents and safeguard all personnel as well as the company's suppliers, contractors and visitors
Continuously improve performance	Undertaking regular audits and environmental safety and health management evaluations to invariably advance environmental safety and health management proficiency and augment the environmental safety and health management structure.
Establish a sound communication mechanism	Send out this policy to employees, suppliers, customers, contractors, and other interested parties; promote environmental protection, safety, and health to create a favorable impression; motivate staff to participate in environmental protection, safety, and health initiatives suggestion. Forge and sustain a healthy dialogue between the company's supervisors and personnel.
Implement education and training	Constantly furnish necessary education and training to staff, suppliers, and contractors to make sure that all are aware of environmental protection, safety and health, and proper conduct.
Strengthen the environmental safety and health responsibility of supervisors	It is the obligation of the Company's managers at all levels to guarantee the safety and wellbeing of the employees' workplace.

■ Environmental Safety and Health Organization and Management 403-4

◆ Occupational Safety and Health Committee

We set up the Occupational Safety and Health Committee by article 12 of the Occupational Safety and Health Act. The committee comprises a Level-1 management unit, the Occupational Safety Center, which is composed of the chair President Chiang, the heads of the various departments, representative of safety and health engineering personnel, representative of safety and health personnel, and representative of labors, and is responsible for coordinating and executing the "Occupational Safety and Health Committee Meetings" held quarterly wherein ESH management reports, safety and health proposal discussions, epidemic prevention operations and epidemic investigations, and labor submissions of improvement suggestions take place. labor and management can use the topics to discuss the issues. Communicate, identify and evaluate, review, coordinate and recommend safety and health related matters, implement environmental safety and health management, and jointly create a safe and friendly workplace environment. Through dialogue, identification and evaluation of safety and health issues, review, coordination and advice, both labor and management are empowered to put into action environmental, safety and health management and build a secure and congenial workplace setting.

◆ Environmental Protection and Responsibilities

L & K puts in its best work to ensure effective pollution control and disaster prevention, and carries out a complete safety and health management giving utmost importance to safety. All workers should set a good example and make safety and environmental protection a criterion for their actions. That is our environmental safety and health policy, which is used to establish and maintain an environmentally friendly, safe, and hygienic working environment. We require all colleagues and vendors to uphold our beliefs and abide by commitments without hesitation: L & K has integrated ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Safety and Health Management System, and CNS 45001 Taiwan Occupational Safety and Health Management System into its own Environmental Safety and Health Management System, which is a recurring pattern in operation management and real-world application, with the objective of assisting supply chain partners to progress towards sustainable development collaboratively.

● Air pollution/noise

All work implemented at L & K's construction sites comply with the "Management Regulations for Construction Project Air Pollution Control Facilities" and "Guidelines for Noise Standards/Prevention Techniques at Construction Sites" promulgated by the Environmental Protection Administration. Our operations are thoroughly evaluated for their effect on the environment in order to prevent any high levels of pollution and any disruption to the public caused by construction facilities/tools/personnel.

■ Occupational Safety and Health Management Regulations 403-1

At L & K, we firmly believe that only with workplace safety can we emphasize work efficiency! Based on this understanding and recognizing the principles of modern management science, we should continually strive to:

- 1) Create a comfortable, safe, and healthy working environment.
- 2) Establish appropriate operations and procedures to prevent injuries, illnesses, and accidents.
- 3) Comply with national labor safety and health laws, regulations, and policies.

◆ Management regulations content

Supervisors at all levels, along with relevant management, command, and supervision personnel, must execute the following labor safety and health matters:

- 1) Identification, evaluation, and control of working environment or occupational hazards.
- 2) Management of machinery, equipment, or appliances.
- 3) Labeling and communication of dangerous and harmful substances.
- 4) Strategy for planning for sampling for hazards in working environment, and measurement thereof.
- 5) Process or construction safety assessment items in hazardous workplaces.
- 6) Procurement management, contract management, and change management.
- 7) Establishment of safety and health operation standards.
- 8) Regular inspections, key inspections, operation inspections and on-site inspections.
- 9) Safety and health education and training.
- 10) Management of personal protective equipment.
- 11) Health examination, health management, and health promotion matters.
- 12) Collection, sharing, and utilization of safety and health information.
- 13) Emergency response measures
- 14) Investigation, processing, and statistical analysis of occupational disasters, near misses, and events affecting physical and mental health.
- 15) Safety and health management records and performance evaluation measures.
- 16) Other safety and health management measures.



■ Occupational Safety and Accident Prevention 403-2

Risk assessment management		
Evaluation scope	<ul style="list-style-type: none"> ◆ General: Safety, chemicals, physics, biology, and ergonomics-related hazards. ◆ Organizational: Workload, working hours, violence, harassment, and bullying. 	High Risk: Establish operational control procedures and effective risk reduction control measures, review the effectiveness of control measures every six months, and include them as inspection priorities and improvement items.
		High Side Risk Establish operational control procedures and effective risk reduction control measures, and review the effectiveness of control measures every six months.
Evaluation Frequency	<ul style="list-style-type: none"> ◆ When projects are established. ◆ Regular reviews every six months. ◆ When construction methods or equipment and operational procedures change. ◆ In the case of safety abnormalities or major safety incidents. 	Moderate Risk Conditional acceptance with appropriate procedures, controls, and safety protections in place and establish control measures as needed.
		Low Risk: Accepted as-is without the need for any measures.

◆ Hazard Identification

Identification assessment personnel can use on-site inspections or meeting discussions to identify potential hazards in units or projects/operational areas, equipment, and job content that may cause personal injury, health issues, property loss, or damage to the working environment.

◆ Risk assessment

Quantitative assessment of various hazard factors based on professionalism and experience, including severity, probability of hazard occurrence, effectiveness of risk control, and calculation of risk values to identify risk hazards.

◆ Risk Mitigation

For hazards with moderate or higher risks, improvement measures to reduce risks are proposed, and risk measures are implemented through supervisory confirmation to ensure the implementation of risk measures.

◆ Hazard identification and assessment

Each construction site of each project shall carry out the investigation, identification, and assessment of the hazards of the working environment (environmental factors such as air pollution, water pollution, and waste, and physical, chemical, biological, and human factors), and shall formulate a specific hazard control plan and measures.

High-risk, high-hazardous operations	Operation control
Working at Heights -Falling	<ul style="list-style-type: none"> Develop a fall prevention plan, and set up necessary safety nets, guardrails, fall arresters, and other necessary fall prevention facilities according to the plan. Check the checklist of safety protective equipment of the staff before work. Set up job heads or supervisors to supervise and give instructions on-site.
Temporary electrical work -Electrical shock	<ul style="list-style-type: none"> Electrical equipment, before being used, must be inspected by electrical professionals and labeled with color stickers for identification purposes. Perform pre-work inspections. Check the checklist of safety protective equipment of the staff before work.
Temporary electrical work -Electrical shock	<ul style="list-style-type: none"> A hoisting plan must be formulated for raising heavy equipment, taking into consideration the weight, lifting path, and load of the equipment. Mobile crane, before entering the site, must be inspected for the three licenses. Prior to the hoisting crane arriving at the location, an entry inspection must be conducted, colored stickers must be used for identification. Every day, prior to beginning any operation, an inspection must be conducted and the operation area must be enclosed.
Hot work -Explosion, fire, electric shock	<ul style="list-style-type: none"> A fire monitor should be appointed to oversee the operation, and the area underneath should be encircled and kept under surveillance. The working area must be equipped with fire extinguishers, fire blankets, fire basins, etc. Before operation, inspection should be carried out for (steel cylinder and electric welding machine). Check the checklist of safety protective equipment of the staff before work.

■ Accident response and prevention

When an incident arises, the person in charge of the project promptly and actively reviews and assesses the cause of the accident with the personnel and external suppliers, and does a thorough examination based on the findings of the accident investigation, carries out safety analysis at work and takes preventive steps accordingly. The individual responsible for the project ought to also enhance the application of safety and health management, better the hazardous environment, and in the meantime, master and rectify and avert other project matters, so as to enhance the capability to recognize risks, set up beneficial safety practices, and form a corporate safety atmosphere, which can decrease occupational hazards and implement safety management.



■ Safety for all employees

"Safety" is the most important asset for sustainable operations! The term 'all employees' encompasses safety leadership of the company, project managers, employee attitudes and implementation, contractor safety behavior, and independent management. Safety culture is built upon the foundation of its people. All employees must strive to prioritize safety culture and work safety disciplines as a collective value for the organization. Supervisors, employees, and contractors jointly promote "zero accident and zero incident", improve occupational safety and health performance through continuous review and improvement, and thereby fulfill corporate social responsibilities.

L & K's qualified Safety and Health Management Personnel

Occupational Safety and Health Specialists **12** persons

Occupational Safety and Health Personnel **39** persons

Safety and health education and training for class-1 manager of Occupational safety and health affairs **65** persons

Emergency Mechanical Technicians **75** persons

■ 2022 Occupational Health and Safety Activities

At L & K, everyone is involved in occupational health and safety. In addition to complying with legal requirements for occupational safety and health, we periodically provide courses and information to enhance awareness, offering new knowledge in occupational safety and health. This helps protect ourselves, others, and collectively maintains a safe working environment.

Senior Management's Environmental Health and Safety (EHS) Policy	Workplace Safety Promotion	Regularly Occupational safety Meeting
<ul style="list-style-type: none"> Presented by senior management. Published on the company's ERP website and posted at domestic and international project sites. Posted on the company's ERP website and simultaneously displayed on domestic and international project sites. 	<ul style="list-style-type: none"> Key points of promotion include: reaffirming the company's safety and health policy principles, highlighting common safety and health violations in various projects, managing high-risk operations, preventing fall hazards, imposing stricter penalties on repeat offenders among contractors, and learning from recent accidents. Attended by L & K employees and subcontractors. 	<ul style="list-style-type: none"> Chaired by L & K's General Manager, with EHS personnel and department heads in attendance. The meeting reviews and shares experiences in EHS management. Conducted via online video conferencing due to pandemic restrictions.
Regular Occupational Safety Card Courses:	Excellent EHS Collaboration Awards to Project Contractors	Project Golden Safety Award
<ul style="list-style-type: none"> Conducted to promote education and training in occupational safety cards for L & K employees and subcontractors. A total of 3 sessions and 72 participants completed this education and training in the past year. 	<ul style="list-style-type: none"> Presented to collaborating contractors with excellent EHS performance among cooperative partners. Acknowledged during project agreement meetings, with expectations for award-winning contractors to maintain their performance. 	<ul style="list-style-type: none"> Kaohsiung Rapid Transit Corporation (KRTC) participated in the Gold Safety Awards and achieved commendable results. Expectations are for the winning projects to continue their efforts.

■ Occupational safety management effectiveness 403-4403-5

Occupational Safety Committee	2018	2019	2020	2021	2022
Number of meetings	4 times	4 times	4 times	4 times	4 times
Number of management representatives	6	5	6	5	6
Number of labor representatives	6	6	6	6	6
Proportion of labor representatives (meeting the required portion, which is 1/3)	50.0%	54.5%	50.0%	54.5%	50.0%
Labor representative Proportion to all employees (%)	1.6%	1.5%	1.5%	1.3%	1.3%

Occupational safety management operations	Occupational safety management effectiveness
Regulations and operating standards	<ul style="list-style-type: none"> Regularly identify regulations ~10 copies ISO occupational safety and health management certification ~ISO 45001:2018 Regulations related to occupational safety and health ~7 new pieces
Education and training and emergency response	<ul style="list-style-type: none"> Internal staff occupational safety and health education and training ~24 classes/1174 hours Internal staff occupational safety and health education and training ~4 classes/160 hours Regular Emergency Response Team Drills 3 times External Educational Training Sessions (Including Subcontractors) Occupational safety card courses (3 sessions) Practical sharing sessions on occupational safety and health (4 sessions) Regular training on high-altitude work vehicles (4 sessions) L & K's project EHS promotion meetings (12 times)
Operation inspection and audit	<ul style="list-style-type: none"> Office CO2 concentration testing ~ 100% qualified Assess the purity of drinking water and sanitize regularly ~ quarterly Environmental safety and health inspection by walking through the sites ~monthly
Action plan for improvement	<ul style="list-style-type: none"> Improvement action plans ~4 plans Health promotion*1, workflow*1, safety product purchase*1

■ Occupational safety and health management of vendors 403-5

"Zero accident, zero incident" is our goal! Vendors are an important working partner of L & K!

To ensure vendors comply with environmental, safety and health regulations and the relevant provisions of L & K and its clients, certain occupational safety and health management regulations and requirements have been established in the early stages of procurement and contracting. Vendors and their subcontractors must secure labor insurance, national health insurance, and employer's liability insurance (including Erection All Risks Insurance) for the people they employ for the construction project. This will ensure that labors can work in a more dignified and secure environment.

During the project, vendors should adhere to the project-specific entry control regulations, occupational safety and health management protocols, toolbox sessions, engineers' and workers' safety inspections, and so on in order to comprehend and comply with L & K's "environmental, safety and health requirements". To guarantee that L & K's environmental safety and health requirements are met, and to boost the safety consciousness and vigilance of its vendors, the environmental, safety and health performance of the vendors will be quantified and incorporated into evaluation criteria during the project to be used as a benchmark for vendor selection in upcoming procurement and outsourcing activities.

(POMS system/management reports/matrix evaluation records)

Project number	Excellent (over 90 points)			Satisfactory (below 80 points)			Unsatisfactory (below 80 points)		
	Name of vendor	Number of workers presenting	Scores	Name of vendor	Number of workers presenting	Scores	Name of vendor	Number of workers presenting	Scores
P-T11017	OO Engineering Co., Ltd.	1,190	100						
P-T14001	OO Co., Ltd.	21	100						
P-T16003	OO Co., Ltd.	848	100				OO Co., Ltd.	1,257	80
P-T19003	OO Engineering Co., Ltd.	137	100						
P-T20001	OO Corp.	312	100						
P-T20002									
P-T20003	OO Construction Co., Ltd.	41	100						
P-T20004									
P-T21002	OO Hydro Co., Ltd.	243	100						
P-T21003	OO Co., Ltd.	361	100						
P-T21004	OO Co., Ltd.	434	100						
P-T21005	OO Co., Ltd.	1,480	100	OO Co., Ltd.	294	70	OO Engineering Co., Ltd.	414	68
P-T21008									
P-T22001	OO Construction Co., Ltd.	322	100						

Occupational safety and health practice records



Occupational accidents and incidents management 2-8 403-7

In order to prevent occupational accidents, protect labor safety and health, improve operating efficiency, and implement safety and health management, the Company, when formulating a project-based safety and health management plan, considers the environmental and engineering characteristics and operating procedures of the project concerned in accordance with the terms of the project contract, ISO&TOSHMS, Occupational Safety and Health Act, and the Regulations for Occupational Safety and Health Organization Management and Automatic Inspection Measures. The plan serves as the safety and health management standards in the construction site of the project concerned. **Professionalism begins with “safety first”!**

Occupational injury statistics 403-9 403-10

The Occupational Safety and Health Act has been implemented for employed workers in many industries, as well as self-employed workers and those workers who are under the control or direction of the workplace; according to Article 38 of the Act, it is a new obligation of employers to fill in the content of occupational hazards and report the same to the law enforcement unit for future reference.

The occupational accident statistics are derived from the occupational accident statistical indicators issued by the Ministry of Labor, and are measured in relation to one million working hours. (The total working hours of L & K in 2022 was 930,256 hours). We calculated the Disabling Injury Severity Rate (SR) and Disabling Injury Frequency Rate (FR) in the same manner. Subcontractor Work Hours for 2022: 2,514,056 hours, **with no reported occupational diseases**. (Refer to the right table for details)

Major Occupational Safety and Health Incidents

In 2022, there was one incapacitating injury incident and one fatal occupational accident.

Class	Incident	Violations	Regulation Reference	Penalties	Recovery Status
2022/1/25	Incapacitating Injury Incident	Failure to connect and adjust necessary safety protection equipment and measures for work.	Labor Safety and Health Act, Article 27, Paragraph 1, Subparagraphs 2 and 3.	NT\$60,000	Relevant improvement measures have been completed.
2022/5/31	Fatal Occupational Accident	Failure to implement necessary measures for work connection and adjustment, workplace inspection, and other necessary measures to prevent occupational hazards.	Labor Safety and Health Act, Article 27, Paragraph 1.	NT\$150,000	Relevant improvement measures have been completed, and approval for resumption of work was granted on June 17.

Occupational injury statistics over the years	2020		2021		2022	
	Employees	Contractor	Employees	Contractor	Employees	Contractor
Total working hours (total working hours)	821,216	831,664	845,920	1,303,528	930,256	2,514,056
Total number of people	4,926	103,958	5,102	162,941	5,599	314,257
Number of deaths	0	0	0	0	0	1 Note
Disabling Injury Frequency Rate (FR) (Total employees with disabling injuries*1,000,000/Total working hours)	2.4	2.4	8.3	1.5	2.1	1.2
Disabling Injury Severity Rate (SR) (Total number of days of loss resulting from disabling injuries*1,000,000/Total working hours)	28	49	54	68	50	2,410
Frequency-Severity Indicator (FSI) (VFR*SR/1,000)	0.3	0.3	0.7	0.3	0.3	1.7
Work-related ill health (Total Work-related illness*1,000,000/Total working hours)	0		0		0	

Note: The unfortunate work-related incident in 2022 resulted in a fatality, caused by a vendor's personnel tripping and falling. (Refer to the following page for details) Following the accident, the root cause was identified and preventive action was taken in accordance with the "accident response and prevention" guidelines.

■ Review and analysis of occupational accident occurrence

In May 2022, a vendor suffered a fall

1. Accident process

In order for the construction personnel to begin work on the air duct standpipe, the fireproof filling which has been done in the area needs to be removed. The construction personnel then put up the opening guardrail and tidied the site surroundings. Huang OO stumbled into the zone while collecting the tools and components, and as a result, the safety net snapped when he fell into the opening. CPR was administered without delay on the spot and 119 was informed. The ambulance departed at 17:40 and a rescue mission was executed at 18:00. Later, he was declared dead.

1. Direct cause: Slipped on the air and tumbled into the cavity, resulting in the individual hitting the ground on B1MB/18 (Floor height: 5 meters)
2. Indirect causes: There was no safety guardrail at the opening, people going in the opening area didn't use the required personal protective gear, and some of the safety net's fixed points had been detached, which caused the net to be too fragile to take the impact of the fall and break.
3. Fundamental cause:
 - (1) Neglecting to submit applications for risky construction operations in line with regulations.
 - (2) On-site construction workers did not receive safety and health education and training as required.
 - (3) The construction workers failed to conduct the inspection of personal protective equipment.
 - (4) No safety measures, like guardrails and safety ropes, were installed at the site to prevent falls.
 - (5) Failure to implement personnel access controls.
 - (6) The on-site supervisor neglected to fulfill work duties.

2. Prevention of recurrence of incidents in the future

1. The Safety Committee reviews high-risk permits for various operations.
2. L & K inspects applications for permit for carrying out high-risk operation.
3. Each vendor submits an application for each high-risk operation.
4. Check the inspection of protective gear and safety amenities (safety railings, safety nets) for different operations.
5. Compel employees to utilize safety gear and install protective structures (O-rings, safety ropes).
6. The Safety Committee and L & K strengthen joint inspections and set up full-time supervisors.

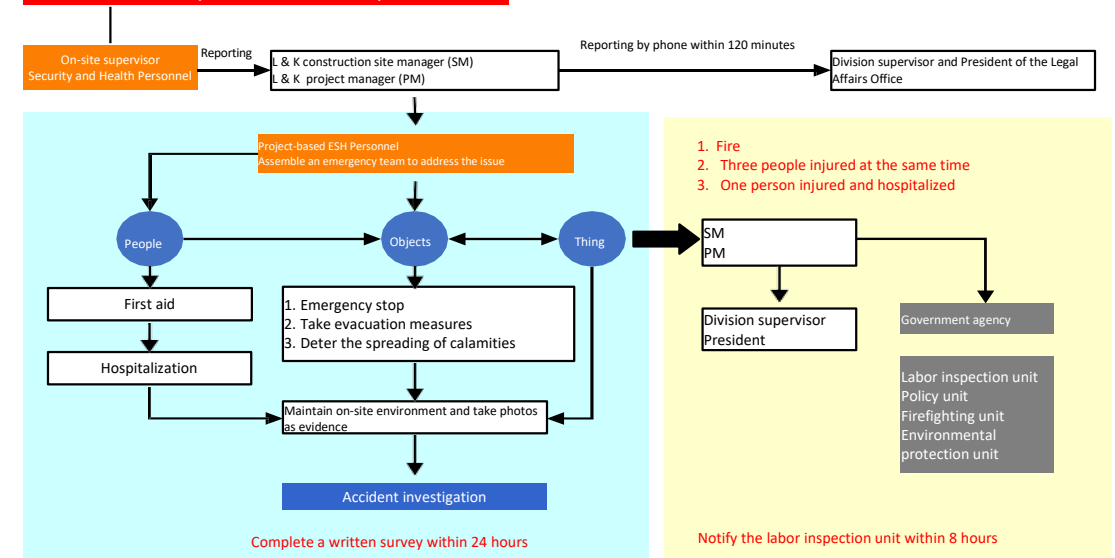
■ Incident reporting process

Article 37, Paragraph 2 of the Occupational Safety and Health Act stipulates: "Employers shall notify a labor inspection agency within eight hours of the occurrence of one of the following types of occupational accidents at the place of duty of business entities: 1. Accidents involving death; 2. Accidents with three or more injured persons 3. Accidents with one or more injured persons requiring hospitalization 4. All other categories of accidents designated and officially announced by the central competent authority."

When there is a concern of a potential imminent danger at a workplace, the employers or people responsible for the worksite (the persons representing the employer at the workplace and managing, instructing, or supervising the work done by on-site workers on behalf of the employer) shall immediately issue orders to halt work and withdraw laborers to a safe location and commence an emergency response plan.

- The individual in command of the L & K building project should inform the project proprietor and take necessary and plausible steps to rescue and report according to rules and regulations.
- If an accident occurs in the work area, the ESH personnel on the project should immediately activate the response mechanism.
- Accident: Meaning occurrence of anomalies, e.g., casualties or fire alert, fires, chemical or gas leaks, environmental incidents

Accident occurred (abnormal situation)



■ Workplace Health and Care 403-3403-6

L & K continues to strive to create a comfortable, safe and healthy working environment! We strive to form a secure, nurturing, healthful and amicable working environment, and be thoughtful and compassionate to make employees perceive the Company's fervent concern and aid, thereby augmenting their sense of belonging and coherence. Colleagues can only maintain focus on their work and progress if the health of their coworkers remains the highest priority.

◆ Operating environment and health checkup

According to Article 17, Paragraph 2, Sub-paragraph 1 to Sub-paragraph 3 of the Implementation Rules for Regulations for Labor Working Environment Monitoring, the employer shall implement working environment monitoring in accordance with the following provisions.

- Indoor workplaces in buildings with centrally managed air-conditioning equipment should check the carbon dioxide concentration at least once every six months.
- Workplaces where the daily average sound pressure level of noise exceeds 85 decibels for a duration of eight hours on any given workday must conduct noise monitoring more than once in a six-month span.

Work environment monitoring	2018	2019	2020	2021	2022
◆ Carbon dioxide concentration <5000ppm Office area (inspection every six months) First half Second half	501~904 498~904	693~881 681~997	537~813 604~839	510~839 411~846	416~866 484~667
◆ Daily average phonological level <90.0dBA Aluminum cutting area (inspection every six months) First half Second half	77.6dBA 79.7dBA	73.3dBA 80.6dBA	83.2dBA 83.8dBA	79.4dBA 80.6dBA	79.4dBA 80.1dBA

According to Article 15 of the Regulations on Health Examinations for Workers, general physical examinations should be conducted every three years for individuals aged 40 to less than 65. L & K provides employee health examinations every two years and annually for employees aged 65 and above.

Employee health checkup statistics	2018	2019	2020	2021	2022
◆ Number of employees who have completed health checkup					
Employee < aged 65 years old (once every two years)	300		350		400
Employee < aged 65 years old (once a year)	5	6	6	5	6
◆ Health checkup reporting rate					
Employee < aged 65 years old (once every two years)	83.3%	-	87.5%	-	88.9%
Employee < aged 65 years old (once a year)	83.3%	100%	100%	83.3%	100%

Note: The implementation rate did not reach 100% because the employees resigned or were on leave without pay in the year.

◆ Health risk management grades

By examining employee health checkup reports, we can appraise the rate and aftermath of symptoms to categorize them into 4 grades, identify employee health hazards, and formulate health management plans.

Grades	Description of management	Management measures
Tier 1	Results of a special health checkup or follow-up health exam show that everything is normal, or that some items are abnormal but the doctor later determines that there is no issue.	Stay consistent with follow-through.
Tier 2	Results of a special health checkup or follow-up health exam show that all items or some items are abnormal and the doctor later determines that such anomaly has nothing to do with work.	Provide labor health guidance.
Tier 3	Results of a special health checkup or follow-up health exam show that all items or some items are abnormal and the doctor later is unable to determine whether such anomaly has to do with work and therefore recommends advice by a occupational physician.	Occupational physicians are invited to perform health follow-ups, and if required, perform on-site appraisals of assumed work-related ailments. We shall re-classify based on the assessment findings, and the classification information and the measures taken shall be reported in accordance with the declaration of the central competent authority.
Tier 4	Results of a special health checkup or follow-up health exam show that all items or some items are abnormal and the doctor later determines that such anomaly has to do with work.	Those who are still exposed to work-related hazards after being evaluated by doctors be provided with hazard control and related management measures.

◆ Labor Health Protection Plan

Draft up employee and worksite-specific labor health protection policies and execute occupational health services in a suitable and efficient way.

Human-factor Hazard Prevention Program	➤ Human Factors Hazard Employee Questionnaire Survey ➤ Interview and follow-up required if deemed necessary by the medical staff
Abnormal Workload Prevention Plan	➤ Evaluate employee working hours ➤ Interview and track employees and supervisors with abnormal workload
Unlawful Infringement Prevention Plan	➤ Illegal infringement at workplace Questionnaire Survey ➤ Establishment of a Complaint Channel for Illegal infringement at workplace ➤ Education and training on illegal infringement at workplace
Maternal Health Protection Plan	➤ Statistics on the Number of Employees Receiving Maternity Protection: ➤ Conduct environmental assessments and interviews together with supervisors, employees, and medical staff ➤ Give appropriate health education

◆ Health Promotion and Services

L & K wishes to take advantage of the expertise of the occupational health service team to enhance the work atmosphere of the staff, observe labor health services, protect worker privileges, and advance the physical and mental wellbeing of labors.

- Provide the latest information on labor health services event.
- Provide employees with information on professional consultation and health education
- Adaptive work and assessment of maternity protection
- Adaptive counseling for middle-aged and elderly workers
- Workplace health management and promotion services
- Provide labor with health guidance
- Workplace Hazard Assessment



▲ CHR Healthy Corporate Citizen Commitment mark



▲ Badge of Accredited Healthy Workplace from the Health and Welfare Ministry

◆ Epidemic response and operations

The local COVID-19 outbreak remains grave. L & K continues to vigilantly observe the spread of the virus, heightening control of transmission risks and implementing measures for prevention and protection in order to counter the varying circumstances of the pandemic.

Anti-epidemic supplies	<ul style="list-style-type: none"> ➢ Disinfection alcohol ➢ Protective face mask ➢ Provide household antigen and rapid screening reagents according to project requirements ➢ Provide protective clothing and protective masks for each project premises and office
Work adjustment	<ul style="list-style-type: none"> ➢ Work from remote; video conferencing ➢ Work from home
Contact tracing and care	<ul style="list-style-type: none"> ➢ Make phone calls to offer assistance and deliver supplies to employees who have tested positive ➢ Provide environmental disinfection according to the number of confirmed cases or needs

◆ Health Promotion Performance 403-4

Name	Number of times/ people
Health Promotion Advocacy	12 times
Health Consultation Communication	11 times
Maternal Protection Plan	2 times
Workplace Unlawful Infringement Prevention Plan	28 people

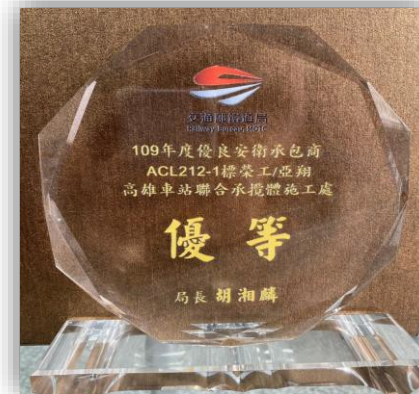
Records of nursery room, breastfeeding room, health promotion events, and first aid drills



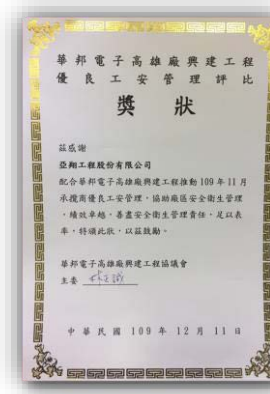
◆ OSH honors and events photos



▲ Won the certificate of appreciation from the labor inspection unit of the Ministry of Labor in 2020



▲ Won the Excellent Safety and Health Contractor medal of 2020



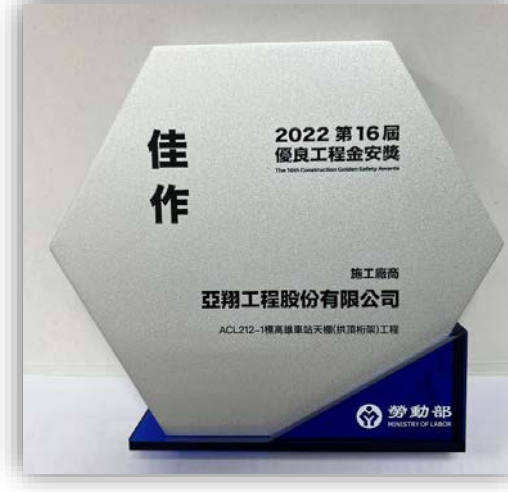
▲ Won the 2020 Excellent Occupational Safety and Enterprises at Construction Site certificate of merit prize



▲ Won the Excellent Safety and Health Contractor medal of 2021



▲ Won a certificate of appreciation for ESH work in 2022



▲ Won the 2022 Golden Safety Award for excellent engineering performance



▲ Photos of award presentation (No.1): the 2022 Golden Safety Award for excellent engineering performance



▲ Photos of award presentation (No. 2): the 2022 Golden Safety Award for excellent engineering performance

Training and Education 404

■ Talent selection, cultivation, and retention

The Company establishes human rights policies and management measures to safeguard the basic human rights of employees in support of the various international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Pact and the International Labor Organization Convention, in order to eliminate any infringement and human rights violations, so that all employees can be treated fairly and with dignity. The talent recruitment process complies with laws and regulations and is fair and equal in that it does not discriminate on the grounds of races, religions, skin colors, nationalities, ages, genders, sexual orientations, marital status, political affiliations, etc., in order to eliminate illegal discrimination when recruiting and selecting talents and ensures they are treated equally and have equal opportunities. Our company offers a comprehensive training system for new hires, and provides an on-the-job professional training program to promote the balanced growth of various skills. We offer salaries and benefits beyond industry norms to successfully retain top-notch talent and move steadily towards the future. Creating a pleasant working environment is our priority.

- We offer employees comprehensive education and training programs and incentives to motivate them to acquire professional credentials and foster innovation; we upgrade human resources quality through instruction and training, and improve the Company's competitiveness.
- Supervisory and departmental meetings are held periodically, and labor-management meetings are held regularly to evaluate the suitability of different welfare schemes and managerial techniques, facilitate communication between personnel and the firm, foster collaboration between labor and management, and enhance productivity.
- We have put in place internal, physical mailboxes for the Company and each project, allowing employees' voices and expectations to be directly communicated to senior management in real time, providing a basis for the Company's ongoing improvement.

■ Retirement Rehire Plan

In accordance with the Labor Standards Act retirement pension system and the "Labor Pension Act," employees who meet the criteria are eligible to apply for retirement. In addition to legally contributing to the Labor Retirement Reserve Fund and making monthly contributions to the Labor Retirement Pension, we also provide retirement mementos. Retired employees possess valuable and extensive experience. To leverage this expertise, we offer a retirement rehire plan. Through the transfer of knowledge and skills from senior employees, we aim to bridge the gap in professional capabilities within the company. This also allows employees who wish to continue working to remain active in the workforce. In 2022, one retiree returned as a consultant, and in the future, the company will actively promote the rehire of retired personnel as professional technicians and consultants.

■ Talent cultivation system



■ Cultivation and short- and medium-term development

L & K is of the conviction that "talent" is the company's most invaluable asset, thus employee functional training and growth has been provided great significance in the company's operational guidelines. To help the business remain competitive, we run numerous technical and management ability courses as part of our training system plans, aiming to build the core value of personnel, assist them in reaching their potential, overcome traditional thinking, and enhance their job skills and self-development. We anticipate the amalgamation of recruitment, instruction, and retention with the training and evaluation improvement procedure to become a strong impetus that can back the continual progress of our workforce and ensure our ongoing growth.

When providing internal and external training sources, we consider the organization's objectives, future development for every division, each employee's competence needs, the industry characteristics, and upcoming trends, in order to bolster the competitiveness of the staff and the Company as well. Talent cultivation is divided into different areas, such as new personnel orientation, professional functional training, management functional training, self-development functional training, and other special project training, all of which aim to boost the competitiveness of our team.

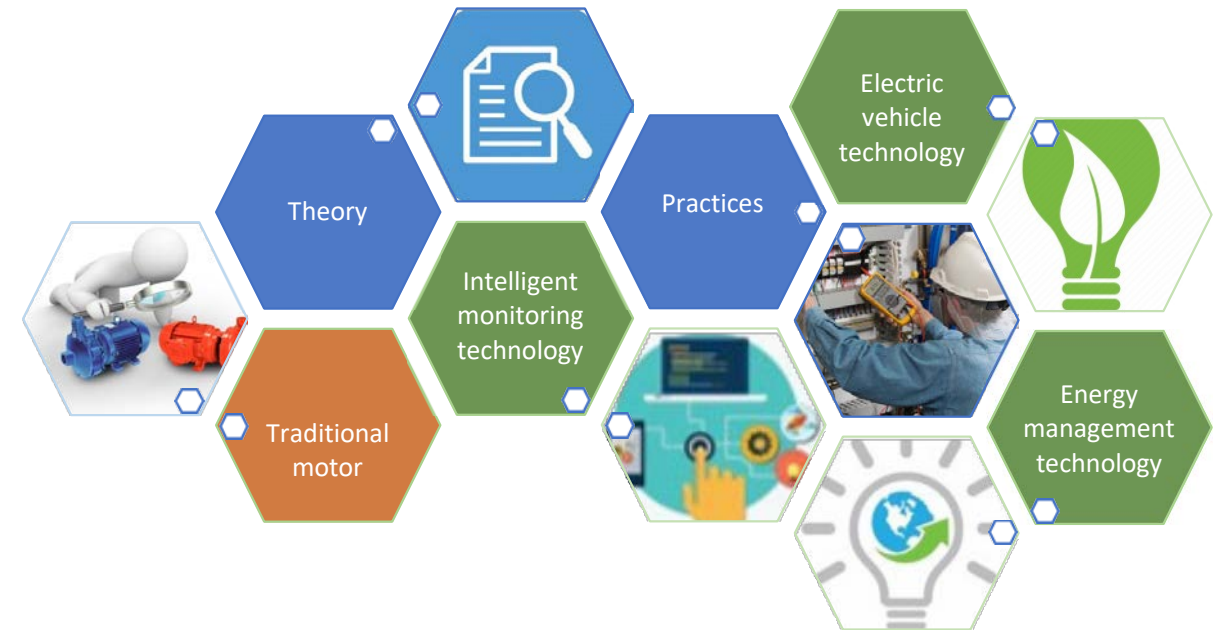
■ Academic and Business Associations

Drawing on the engineering field's fundamental aptitudes, L & K remains devoted to offering engineering knowledge and services to various engineering projects. Simultaneously, we are actively involved in academic and business associations to mutually advance the development of these association and transnational economic and cultural interchange. In addition, we also deeply involve in professional talent training in order to exert our influence in the engineering industry, thereby facilitating the industry's growth while honing L & K's competitiveness.

In 2022, L & K remained a member of 20 academic and business associations in the capacity of a group member and individual member, investing a total of NT\$300,975.

To ensure a continuous influx of talent into the company, in addition to ongoing collaborations with educational institutions for talent development in the short to medium term, we plan to commit to supporting St. John's University of Science and Technology in education and promoting industry-academia collaboration starting in 2023. This collaboration will harness the strength of the board of directors and the alumni association to provide resources such as the "employment upon enrollment" program, various scholarships, and internship opportunities for students. The goal is to help students apply their knowledge in practical settings, match their talents to suitable roles, and simultaneously address the shortage of engineering manpower. This will enable the transfer and continuation of the company's technical expertise and experience, enhancing overall competitiveness and creating a mutually beneficial relationship for all parties.

L & K's industry-university cooperation training program commences from the freshman year of college, aiming to build a theoretical basis across all fields of study. We provide internships during winter and summer vacations for practical engineering experience, thereby fulfilling the aim of "applying what you learn".



◆ A total of 1,020 internal and external employee education and training courses in 2022

- The total training hours of 5,958 hours
- The average number of training hours per employee is 12 hours
- An amount of NT\$832,705 was put into annual education and training funds

Employee type	Gender	2020	2021	2022
Senior executive (Deputy Division Chief or above)	Male	7	5	8
	Female	10	15	3
Mid-level executive (Deputy Manager or above)	Male	11	10	9
	Female	16	13	30
Junior Managers (team leader or above)	Male	14	9	10
	Female	14	5	12
General employees (including contract employees)	Male	18	17	13
	Female	9	11	12
Average number of training hours per employee		14	13	12

Note: 1. The average annual training hours per employee = the total number of annual training hours for employees / the total number of employees in the year
2. The average training hours are rounded to the nearest whole number

Training courses	Gender	2020	2021	2022
Internal training courses	Male	3,900	7,029	60,070
	Female	600	180	13,786
External training courses	Male	372,552	448,107	513,280
	Female	112,310	169,447	245,569
Amount of education and training		489,362	624,763	832,705

Course type	Gender	2020		2021		2022	
		Number of people	Total number of hours	Number of people	Total number of hours	Number of people	Total number of hours
1. Courses for on-site engineering professionals	Male	462	1,153	669	1,201	174	1,132
	Female	59	134.5	111	151	57	398
2. ESH/regulations-related courses	Male	183	1,808	341	2,112	139	1,174
	Female	37	191	87	620	78	716
3. ISO/ESG-related courses	Male	17	51	0	0	104	262
	Female	8	27	0	0	94	250
4. Other management/professional courses	Male	291	956	108	582	2021	571
	Female	164	615	68	495	82	364
5. New employee orientation	Male	104	527	148	846	138	828
	Female	25	135	41	224	44	264

■ Physical (face-to-face) education and training courses



■ Education and training achievements for 2020~2022

Year	Total number of hours	Total cost	Number of people	Actual execution situation (average number of hours: total number of hours/number of people)	Major training action plans
2020	5,613	493,862	398	14	We have surpassed the 90% target achievement rate, and will continue to devise suitable training programs.
2021	6,241	624,763	475	13	Implement the needs requirement plan based on the work skills needed by employees of each department
2022	5,958	832,705	493	12	Each department receives planned training, as well as additionally assigned training if deemed required in a rolling review, so as to acquire professional skills.

■ Percentage of employees who receive regular performance reviews

Performance evaluations are conducted in accordance with the Employee Performance Appraisal Management Regulations. The performance assessment in the past three years is as follows: Those not included in the annual performance assessment include those who have not passed the probationary period (new colleagues with less than three months of service), those on unpaid leave for more than six months, contract employees, temporary employees, and others.

Year	Number of employees	Number of persons evaluated	Proportion of people participating in performance evaluation
2020	398	358	90%
2021	475	345	73%
2022	493	393	80%

Employee Diversity and Equality 405

◆ Diversified human resources

Talent composition: By the end of the year 2022, the L & K staff count was 493.

- 3 physically challenged staff
- 6 indigenous staff
- No child labor or youth labor

Employee type	Gender	Number of people	Ratio	Total
Full-time employee	Female	144	29	493
	Male	309	63	
Contract employee	Female	3	1	
	Male	37	7	

Note: No temporary worker.

Employee education qualifications						
Educational background	Senior high school (inclusive) and below	Junior college	University	Master's degree (inclusive) or above	Sub-total	Ratio
Female/persons	12	29	93	13	147	30
Male/persons	75	52	176	43	346	70
Sub-total	87	81	269	56	493	100
Ratio	18	16	55	11	100	

Employee age					
Gender	Under 30 years old	Aged 31~50	Aged 51 and over	Sub-total	Ratio
Female/persons	36	90	21	147	30
Male/persons	111	171	64	346	70
Sub-total	147	261	85	493	100
Ratio	30	53	17	100	

Customer Privacy Management 418

◆ Privacy Protection Policy

L & K puts a great emphasis on customer privacy, following the terms of the "Personal Information Protection Act" when devising privacy policies and personal data security management mechanisms. In order to maintain the availability, integrity and confidentiality of data, we have put in place data access rights control and data owner review mechanisms.

Regarding the collection, processing, utilization and protection of personal data privacy involved in the operations, we use it within the scope of the laws and regulations and government directives, and will not arbitrarily exchange, rent, or confide it in other disguised ways to a third party. In addition, adhering to the Company's "Personal Data Protection and Privacy Management" guidelines, we will make every effort to ensure the safety and privacy of customer data.

◆ Data management mechanism

L & K has both upstream suppliers and downstream customers. To manage the data effectively, all data is standardized, authorized, monitored and safeguarded. This ensures that data can be processed without any issues. Such data governance makes sure that the data is consistent, safe and available.

◆ Personal data and privacy risk management

L & K has established a personal data protection privacy risk management mechanism, which sets priorities for risk identification, assessment, and processing. Management review meetings are regularly held by us as a significant foundation for creating privacy policies. If any substantial risks arise, they shall be reported to the audit committee or the Board of Directors.

◆ Performance measurement and rewards and punishments

L & K privacy protection policy holds a strict "zero tolerance" policy as its utmost priority. In assessing our personnel, we factor in the effectiveness of information security and personal data protection, and review its implementation regularly. If they fail to meet the goals, steps must be taken to correct the situation. If customers' personal information is carelessly lost, incorrectly requested, used wrongly, or unlawfully disclosed, a demerit could be imposed in line with the management system, and the employment contract may be ended at most.

◆ Information security risk management

Information security risk management	Goal	2020	2021	2022
Number of major information security incidents	Number of incidents ≤ 3	0	0	0
Number of breaches involving customer privacy	Number of incidents ≤ 0	0	0	0



Ethics and Human Rights Self-defined

■ Professional and social ethics

To safeguard the basic human rights of employees, we support the various international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Pact and the International Labor Organization Convention, in order to eliminate any infringement and human rights violations, so that all employees can be treated fairly and with dignity.

In keeping with its ethical and human rights policy, the Company supports and implements a range of distinct management policies and procedures. Since in 2022 the third-parties verification unit of the client mentioned that human rights management was an important aspect of the corporate governance, so this item was identified by ourselves as a topic for our ESG report.

◆ Management plan

Item	Description of plan
Eliminate illegal discrimination	Apart from abiding by the ethos of fairness and impartiality in staff recruitment, we measure the attitude of job applicants, assess their overall performance, and give precedence to job applicants who have mental health issues, are indigenous persons, or are situated in the area in which our operations are based.
Diversity and inclusion and to ensure equal employment opportunities	In terms of employment, salary and benefits, training opportunities, promotion, dismissal or retirement, and other labor rights, we do not unfairly treat employees on the basis of race, class, language, beliefs, religion, party, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, among other factors.
Comply with the requirement not to use child labor	We do not employ child labor illegally, but out of our responsibility to protect the physical and mental development of children, we put in place regulations for the working hours and work content of child labor in compliance with legal regulations.
Implement human rights care	We comply with laws and regulations and do not force employees to work by means of, including but not limited to, corporal punishment, physical or psychological abuse or coercion, intimidation or other verbal violence, seizure of national identity cards, or other illegal practices.
Reasonable working hours and wages	<ol style="list-style-type: none"> The Company complies with legal regulations regarding employees' normal and extended working hours, leaves, special leaves, and other types of leave. The wages given to employees are in accordance with wage-related laws, such as basic wages and overtime pay. No wage deductions are permissible under any circumstances as a form of disciplinary action by the Company.

◆ Management measures

Item	Management measures
Healthy and safe workplace	Not only are we providing a secure and wholesome workplace in agreement with laws and regulations, but we have also established committed occupational safety and health unit and a committee. We also provide regular instruction and coaching on matters of safety, health, fire safety, and other relevant topics, and take the requisite preventive steps to avert occupational accidents and diminish the potential risks entailed in the working environment.
Privacy protection	To ensure the human rights and privacy of our customers are safeguarded, a comprehensive information security management system has been put in place, and strict control regulations and protective measures are being rigorously enforced.
Harmonious labor relations	To facilitate open communication between labor and management, we arrange labor-management meetings, distribute publications, set up suggestion boxes, and initiate employee forums.
Grievance system	To make certain that worker grievance issues are handled equitably, we have created effective grievance pathways so that each case can be properly managed. Staff experiencing internal issues can lodge grievances through the relevant human resources departments at all levels using the grievance pathways.

	Year	Total number of hours	Number of trainees	Ratio the number of trainees
New hires - Employee Education and Training on Human Rights Policy	2020	83	83	100%
	2021	163	163	100%
	2022	141	141	100%

◆ Equality in the workplace

The Company takes into account employees' work-life balance and fully enforces gender equality in the workplace. In addition to the mandated maternity and paternity leave, we are pleased to provide exclusive parking spaces for pregnant women and provide complete leave management systems so that employees can make use of their leave in a flexible way to care for their families. When necessary, they are able to apply for leave without pay to meet their family's care needs.

All employees of the Company, both men and women, employed in compliance with the Act of Gender Equality in Employment are eligible to file for parental leave without pay in line with the regulations. According to the act, after being in service for six months, employees may apply for parental leave without pay before any of their children reach the age of three years old. The period of this leave is until their children reach the age of three years old but may not exceed two years. When employees are raising over two children at the same time, the period of their parental leave shall be computed aggregately and the maximum period shall be limited to two years received by the youngest child.

Gender/Total	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Actual number of employees applying for parental leave without pay in the current year (A)	0	1	1	0	4	4	2	4	6
Number of employees who should be reinstated after the expiration of the parental leave without pay period in the current year (B)	0	0	0	0	2	2	2	3	5
The actual number of employees reinstated after the expiration of the parental leave without pay period in the current year (C)	0	0	0	0	2	2	1	2	3
The actual number of employees reinstated after the expiration of the parental leave without pay period in the previous year (D)	0	1	1	0	0	0	0	2	2
The number of employees reinstated after expiration of their parental leave without pay period in the previous year and thereafter continued to work for one year (E)	0	1	1	0	0	0	0	1	1
Current year parental leave without pay reinstatement rate (C/B) (%)	-	-	-	-	100	100	50	67	60
Current year retention rate after the expiration of the parental leave without pay period (E/D) (%)	-	100	100	-	-	-	-	50	50



◆ Communication platform and complaint channel

To facilitate effective communication between labor and management, and to ensure that company policies and information are disseminated accurately and promptly, the Company put in place various initiatives providing grievance pathway for employees to voice their opinions, such as employee forums, suggestion boxes, interview with new hires upon expiration of probation period, and labor-management meeting, and so on. This process facilitates the open expression of staff perspectives, while also allowing for prompt feedback and resolution, thus eliminating the likelihood of any conflicts or disagreement between workers and management. In addition, the Company also produces publications, and distributes them quarterly to facilitate better communication between labor and management, such as professional sharing, spiritual notes, etc., in order to strengthen the bond between labor and management and ensure harmony.

Grievance pathways and platform	Time	Concrete action
Employee land	No restriction	On receipt of any message to the company website, the manager of the Administration Division will be quick to act and handle it.
email	No restriction	On receipt of the message, the superior of the accountable unit will responded and take action.
Employee suggestion box	No restriction	Message cast through project-based and company-specific suggestion boxes, upon receipt, will be attended to in a prompt manner by the project lead and the head of the Administration Division.
Interview with new hires upon expiration of the probation period	New hires employed for three months	Following the reporting by an employee, the respective unit's supervisor will act promptly.
Quarterly publication	Annually	Professional sharing/spiritual notes..
Labor-Management Meetings	Quarterly	We analyze and discuss topics brought up by employees, document the proceedings, and ensure items are followed through to completion.
Employee satisfaction survey	Annually	Following the reporting by an employee, the respective unit's supervisor will act promptly.



- L & K Honor Quarterly covers a wide range of topics, including professional insights, critical thinking, ongoing projects, awarded projects, personal notes, good news reports, welfare updates, new employee introductions, honor rolls, mom's kitchen, local delicacies, healthy living, life lectures, and more, fostering diverse sharing within the organization.



Community Engagement Self-defined

■ Social aid, nurturing, and communal giveback

Following the idea of "returning to society what it gives", the company works to foster a sustainable society and environment. From time to time, L & K is involved in social services, actively participating in social emergency relief and social giveback and increasing our social participation and contribution. Our activities in this regard are as follows:

- Amidst the COVID-19 pandemic, the Company joined the "Meal Box Delivery to Support Medical Staff" initiative to bolster epidemic prevention forces.
- We cared for the vulnerable and made recurring donations to Taiwan Fund for Children and Families - Hsinchu Branch, and Xiangyang Charity Foundation, showing care for children, advocating ethical and moral values, and instilling the law in young people.
- We deeply engaged in community service in that we made regular donations to the Hsinchu County Friends of the Police Association to support collaborative crime prevention and promote police-civilian collaboration
- We allocated funds on a regular basis for talent cultivation and to sponsor academic research. Through industry-university collaboration, we partnered with numerous universities to foster engineering and technical talents.
- Responding to blood donation campaigns, the company encourages employees to show their love and join blood donation efforts.
- Invoice donations to support disadvantaged groups to demonstrate our care
- We nurtured young students, fostered enterprise talents, and inspired young students to gain work experience through internships.
- We walked into campus to bridge the distance between learning and practical application, foster talents vigorously, and address the issue of social supply and demand discrepancy.

◆ Fund donation

Due to the impact of the pandemic in 2022, many activities were suspended in compliance with government regulations, resulting in reduced participation in social events.

Activity type	Amount of investment (NT\$)		
	2020	2021	2022
Caring for the disadvantaged	160,000	260,000	260,000
Social group	767,000	280,000	380,000
Talent cultivation	216,825	146,030	116,825
Total	1,143,825	686,030	756,825

During the severe period of the pandemic, the company donated funds and epidemic prevention supplies and provided boxed meals to healthcare workers who worked tirelessly. Many activities were restricted or canceled during this time. The company encouraged employees to fulfill their civic responsibilities through practical actions and to participate individually in various charitable activities or donations. To ensure that employees were not burdened, and to promote a culture of giving, the "Love Invoice Donation" activity was continued, allowing employees to proactively contribute their kindness to give hope to disadvantaged groups and embody the spirit of helping others.



Taiwan Fund for Children and Families



Hsin Kang Feng Tian Temple



Friends of the Police Association



Boxed Meals for Healthcare Workers



In support of blood donation activities



Taiwan Companion Animal Support Association



Xiangyang Charity Foundation



Ching Shiang Youth Care Association



National Taipei University



Taiwan To Love them as Family



Yilan Stray Animals Association



Hsu's Animal Protection Association



Hsinchu County Cultural Foundation



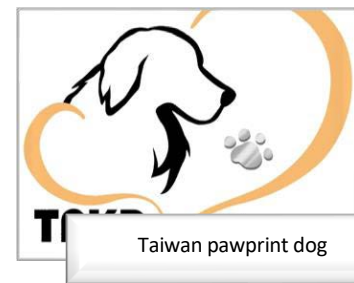
Taipei City Government.



Invoice donations to demonstrate our care



Tainan End Straying Association



Taiwan pawprint dog



Mary's Doggies

◆ Nurturing young students and fostering enterprise talents

The decline in birth rate has been a contributing factor to the labor shortage in Taiwan, particularly in the engineering and technical sector, a reason there is an observable lack of mechanical and electrical experts. Since 2015, L & K has been vigorously participating in industry-university collaboration with various science and technology universities. By providing practical training, we are able to develop students' job-related skills, create job openings in the future market, and fulfill our company's social responsibility. We have set up a scholarship program and renewal incentive plan to motivate young students to apply for internships and, simultaneously, cultivate a talent pool for long-term organizational success.

Year/Number of interns	Number of interns
2020	3
2021	25
2022	39

Schools' Name	Year/Number of interns			
	2019	2021	2022	Total
Cheng Shiu University		4	4	8
Tungnan University		19	10	29
Chang Jung Christian University			9	9
Southern Taiwan University of Science and Technology.			4	4
Southern Taiwan University of Science and Technology.			1	1
Chien Hsin University of Science and Technology.			4	4
Kun Shan University			3	3
National Chin-Yi University of Technology		2	1	3
St. John's University	3			3
Lunghwa University of Science and Technology			3	3
Total	3	25	39	67

◆ Walk into campus to bridge the divide between theory and practice.

With industry-university collaboration as the foundation, L & K takes further steps to carry out the campus-concentrated strategy in order to bridge the gap between learning and application, and to meet the requirements of the industry promptly. As of 2023, in order to address the gap between supply and demand of mechanical and electrical talents in society, the Department of Electrical Engineering of St. John's University and we have come together to actively cultivate these talents through a four-year tuition-free recruitment model with scholarships.



Annexes

- 107 GRI Content Index**
- 111 SASB Comparison Table**
- 112 Third party verification**

GRI Content Index

Serial No.	Disclosures	Corresponding chapter	Page
GRI 1 Foundation 2021			
GRI 2 General Disclosures 2021			
2-1	Name of organization	About the Report	2
2-2	Entities included in the organization's sustainability reporting	About the Report	2
2-3	Reporting period, frequency and contact point	About the Report	2
2-4	Restatements of information	This is not the case in this report	-
2-5	External assurance	Appendix - Third Party Certification	111
2-6	Activities, value chain and other business relationships	About L & K	5
2-7	Employees	Employment Employee diversity and equality	81, 82, 97
2-8	Workers who are not employees	Occupational safety and health Employee diversity and equality	88, 97
2-9	Governance structure and composition	Corporate governance	33
2-10	Nomination and selection of the highest governance body	Corporate governance	33
2-11	Chair of the highest governance body	Corporate governance	33
2-12	Role of the highest governance body in overseeing the management of impacts	Strategy and Organization Corporate governance	14, 15, 34
2-13	Delegation of responsibility for managing impacts	Sustainable Development Structure	14, 15
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Structure	14, 15
2-15	Conflicts of interest	Corporate governance	34
2-16	Communication of critical concerns	Sustainable Development Structure Corporate governance	15, 35, 36
2-17	Collective knowledge of the highest governance body	Sustainable Development Structure Corporate governance	16, 33
2-18	Evaluation of the performance of the highest governance body	Corporate governance	35
2-19	Remuneration Policy	Corporate governance	34
2-20	Process to determine remuneration	Corporate governance	36
2-21	Annual Total Compensation Ratio	Employment	82

Serial No.	Disclosures	Corresponding chapter	Page
2-22	Statement of Sustainable Development Strategy	Strategy and Organization	14
2-23	Policy Commitment	Message from the Chairman, Integrity Management	3, 31
2-24	Included in Policy and Commitment	Message from the Chairman, Integrity Management	3, 31
2-25	Procedures for Remediating Negative Impact	Ethical management Occupational safety and health Training and Education Ethics and Human Rights	31 84 94 100
2-26	Mechanisms for Seeking Advice and Raising Concerns	Climate change Risk management	40, 44
2-27	Regulatory Compliance	Waste management Occupational safety and health	79, 89
2-28	Membership qualification of cooperatives and associations	Training and Education	95
2-29	Stakeholder Engagement Policy	Materiality and Stakeholder Engagement	18
2-30	Group agreement	Not yet signed	
GRI 3 material topic 2021			
3-1	Process for deciding material topics	Materiality and Stakeholder Engagement	18
3-2	List of material topics	Materiality and Stakeholder Engagement	19~23
3-3	Management of material topics	Materiality and Stakeholder Engagement	24~29
GRI 200 Economic topic-specific standards			
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed by the organization	Economic performance	37
201-2	Financial implications and other risks and opportunities due to climate change	Climate change	40~43
201-3	Defined benefit plan obligations and other retirement plans	Economic performance	37
201-4	Financial assistance received from government	Economic performance	37

Serial No.	Disclosures	Corresponding chapter	Page
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employment	82
202-2	Percentage of local residents among senior management	Employment	82
GRI 203: Indirect Economic Impacts 2016			
203-1	Extent of development of significant infrastructure investments and services supported.	Indirect Economic Impact	47
203-2	Significant indirect economic impacts	Indirect Economic Impact	47
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Sustainable supply chain	61~63

Serial No.	Disclosures	Corresponding chapter	Page
GRI 300 Environment topic-specific standards			
GRI 301 Materials 2016			
301-1	Materials used by weight or volume	Materials Management	69
301-2	Recycled input materials used	Materials Management	69
301-3	Reclaimed products and their packaging materials	Materials Management	69
GRI302 energy 2016			
302-1	Energy consumption within the organization	Energy Management	70~74
302-2	Energy consumption outside of the organization	Energy Management	70~74
302-3	Energy intensity	Energy Management	70~74
302-4	Reduction of energy consumption	Energy Management	70~74
302-5	Reductions in energy requirements of products and services	Energy Management	70~74

Serial No.	Disclosures	Corresponding chapter	Page
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Not Applicable	
303-2	Management of water discharge-related impacts	Not Applicable	
*303-3	Water withdrawal	Water and effluents	75
303-4	Water discharge volume	Not Applicable	
303-5	Water consumption volume	Not Applicable	
GRI305 Emission 2016			
305-1	Direct (Scope 1) greenhouse gas emissions	Discharge Management	76~77
305-2	Indirect (Scope 2) greenhouse gas emissions from energy consumption	Discharge Management	76~77
305-3	305-3 Other indirect (Scope 3) GHG emissions	Discharge Management	76~77
305-4	GHG emission intensity	Discharge Management	76~77
305-5	Reduction in GHG emission intensity	Discharge Management	78
305-6	Emissions of ozone-depleting substances (ODS)	Not Applicable	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Applicable	
GRI 306 Waste-2020			
306-1	Waste generation and significant waste-related impacts	Waste management	79
306-2	Managing significant waste-related impacts	Waste management	79
306-3	Waste generation	Waste management	79
306-4	Disposal and transfer of waste	Waste management	79
306-5	Direct Disposal of Waste	Not Applicable	

Note: * denotes self-defined topics.

Serial No.	Disclosures	Corresponding chapter	Page	Serial No.	Disclosures	Corresponding chapter	Page
GRI 400 Social topic-specific standards				GRI 404 Training and education 2016			
GRI 401 Employment 2016				404-1	Average hours of training per employee per year	Training and Education	94~97
401-1	New employee hires and employee turnover	Employment	81	404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education	94~97
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment Training and Education Ethics and Human Rights	82, 94, 100	404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education	97
401-3	Parental leave	Ethics and Human Rights	2012	GRI 405 Diversity and Equal Opportunity 2016			
GRI 402 Employment 2016				405-1	Diversity of governance units and employees	Employee diversity and equality	98
402-1	Notice time frame for operational transformations	Labor/Management Relations	83	405-2	Female-to-male base salary ratio and salary ratio	Employee diversity and equality	82
GRI 403 Occupational Safety and Health-2018				GRI 418: Customer Privacy 2016			
403-1	Occupational safety and health management system	Occupational safety and health	84, 85	418-1	Verified grievances of customer privacy infringement or customer data loss	Customer Privacy Management	99
403-2	Hazard identification, risk assessment, and accident investigation	Occupational safety and health	84~86	Self-defined topics			
403-3	Occupational health services	Occupational safety and health	91, 92	•	Value, principle, standards and code of conduct Ethical Consultation and Reporting Mechanism	Ethical management	31
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health	84, 87, 92	•	Key impact, risk and opportunity	Risk management	44
403-5	Worker training on occupational health and safety	Occupational safety and health	87, 88, 96	•	Reductions in energy requirements of products and services	Green Engineering Implementation	49~59
403-6	Promotion of worker health	Occupational safety and health	91, 92	•	Customer satisfaction evaluation	Customer Service Management	60
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety and health	89	•	Information Security Risk assessment and Relevant Management Process	Information security management	64~65
403-8	Workers covered by an occupational health and safety management system	Occupational safety and health	89	•	Employee training on human rights policies or procedures	Ethics and Human Rights	100
403-9	Work-related injuries	Occupational safety and health	89	•	Operations with local community engagement, impact assessments, and development programs	Community Engagement	103
403-10	Work-related ill health	Occupational safety and health	89				

Note: * denotes self-defined topics.

SASB Comparison Table

Disclosures	Indicator code	Accounting indicator	Category	Unit	Corresponding chapter	Page
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantification	0	Occupational safety and health	84
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Discussion and Analysis	Not Applicable		
Structural Integrity& Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Quantification	NT\$ 770,000	Customer Service Management	60
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Quantification	NT\$0	Customer Service Management	60
Labor health and safety	IF-EN-320a.1	1. Employee incident rate and fatality rate	Quantification	0	Occupational safety and health	84
		2. Incident rate and fatality rates for vendors	Quantification	1	Occupational safety and health	84
Lifecycle Impacts of Buildings & Basic Facilities	IF-EN-410a.1	1. Number of commissioned projects certified to a third-party multi-attribute sustainability standard 2. Active projects seeking such certification	Quantification	1	Green Engineering Implementation	49
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	0	Green Engineering Implementation	49
Climate Impacts of Business Mix	IF-EN-410b.1	1. Amount of backlog for hydrocarbon related projects 2. Amount of Renewable energy projects	Quantification	0		
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantification	0		
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Quantification	0		
Business Ethics	IF-EN-510a.1	1. Number of active projects and 2. backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantification	Not Applicable		
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	Quantification	0	Ethical management	31
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	Discussion and Analysis		Integrity Management Sustainable supply chain	31, 61
Activity metrics	IF-EN-000.A	Number of active projects	Quantification	66	Economic performance	37
	IF-EN-000.B	Number of commissioned projects	Quantification	18	Economic performance	37
	IF-EN-000.C	Total backlog	Quantification	Nt\$53.252 billion	Economic performance	37

Third party verification





CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

L&K has continued to implement a wide range of stakeholder engagement programs to identify and understand the important information generated by issues of concern to stakeholders. The report has fairly reported and disclosed economic, environmental and social information, which is sufficient to support appropriate plans and goals. Future reports may:

- sustaining corporate sustainable development strategies, effectively integrating internal and external resources, managing risks and opportunities, clearly setting program goals, and presenting sustainability-related performance that stakeholders are concerned about.
- continuously strengthen the existing mechanism for identifying stakeholders and materiality issues, collect and understand stakeholders' concerns, specific methods of participation, and reasonable expectations and interests.

Materiality

L&K has released relevant information on sustainable management to enable stakeholders to judge the company's management and performance, and develop and implement a decision-making mechanism for material issues to accommodate issues from all parties. Future reports may:

- expand the number of questionnaires and returns of stakeholders, continue to collect and disclose significant sustainable development information, and fully disclose significant sustainable development information.
- continue to strengthen the identification mechanism of positive and negative impacts, materiality considerations and related impacts, strengthen the risk and opportunity management and control of materiality issues, and implement them into the operating procedures of each department.



Responsiveness

L&K has developed and implemented a stakeholder response mechanism, clearly declaring relevant policies and communicating with stakeholders, and responding to expectations and opinions from stakeholders. Future reports may:

- continue to strengthen the response and communication mechanism of various departments and stakeholders, strengthen the depth and breadth of disclosed data and increase their comparability.
- continue to compile the responses of stakeholders to this report as a reference for future refinement.

Impact

L&K has developed and implemented a process for understanding, measuring, evaluating and managing the impact of the organization, and provided the necessary capabilities and resources, and committed to making a comprehensive and balanced disclosure of the measurement and evaluation of the organization's impact on stakeholders and itself. Future reports may:

- continuously strengthen the risk and opportunity monitoring and measurement mechanism of various major sustainable actions and related impacts, and implement them into the operating procedures of various departments.

◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirm that the Report complies with GRI reporting requirements in terms of general disclosure items and specific topic disclosures, including material topic management and disclosure items. In the future, the organization will continue to improve the quality of reports, so that stakeholders can easily obtain and understand relevant information such as the organization's response to impact and operational performance, and support sustainable operations.



ASSURANCE OPINION

In our opinion, the information and data presented in the Report by L&K provides a fair and balanced representation. We believe the focuses on economic, environmental, and social aspects of L&K in 2022 are well represented.

Afnor Group has developed a set of process for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (v3) and GRI Standards. We believe that the evidence collected by onsite assessment has exhibited that L&K did follow the guidance of AA1000 Assurance Standard (v3) and GRI Standards, and their self-declaration in response to the Global Reporting Initiative.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY

This assurance statement is intended for the use of L&K ENGINEERING CO., LTD. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Patrick Ni

Patrick Ni
The Director for Certification and Assessment
Jul.31.2023

AFNOR Asia Ltd.---20F-2, No. 102, Chang Ping Rd., Taoyuan, Taiwan
Tel. : +886 3 2266666, Fax : +886 3 2207889, <http://www.asia.afnor.org>



AA1000
Licensed Report
000-84/V3-HCE94