



2023
L&K Sustainability Report

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About the Report

Reporting Period	Scope of Data Collection - Within the Organization	Scope of Data Collection - Outside the Organization	Data Quality Management	GRI Version	Assurance Level	Contact Person
January 1, 2023 to December 31, 2023	L&K Engineering Co., Ltd. (Taiwan Region)	<ul style="list-style-type: none"> Investors Suppliers/contractors Employees Communities/governments/schools Banks Media 	<ul style="list-style-type: none"> Financial data: PwC Taiwan Quality management systems: ISO 9001 Environmental management systems: ISO 14001 International occupational safety and health management system: ISO 45001 Taiwan Occupational Safety and Health Management System (TOSHMS): CNS 45001 	GRI Standards 2021	AA1000 Type1 Moderate	ESG Officer: Shu-ming Hsu ESG Committee Tel: (02)2691-9099 Ext.588 smsheu@lkeng.com.tw
Data Scope	Within the organization	The information disclosed in this report covers various actions and performance data of L&K Engineering Co., Ltd. (hereinafter referred to as “L&K” or “L&K Group”) in the areas of management, environmental protection, and community engagement from January 1, 2023 to December 31, 2023. The scope of this report focuses on the operations of L&K Engineering Co., Ltd. in the Taiwan region. Only the “Financial Performance” section is provided with respect to the consolidated entities, including subsidiaries RSEA Engineering 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.				
	Outside the organization	The scope of the disclosures outside the organization includes investors, suppliers/contractors, employees, communities/governments/schools, banks, and the media.				
Audit	Internal audit	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 audit	The financial data in this report are from the annual financial report attested by PwC Taiwan and are calculated in New Taiwan dollars. The relevant quality management systems (ISO 9001), environmental management systems (ISO 14001), international occupational safety and health management system (ISO 45001), and Taiwan Occupational Safety and Health Management System (TOSHMS) (CNS 45001) have been certified by the third party SGS. The sustainability-related information in this report was verified by the third-party international certification agency AFNOR Asia Ltd., following GRI standards and AA1000 Type 1 moderate-level assurance.				



Golden Quality Award

for Public Construction (the 23rd)

THIRD IN REVENUE

According to the Commonwealth Magazine Top 2000 Survey, L&K ranked third in revenue in the engineering contracting industry for the year 2022.

1 Sustainable Development

Message from the management

About L&K

Sustainability blueprint

Net zero promotion

Materiality and stakeholder engagement

Message from the management



Overall Planning • Professional Implementation

Keep developing existing markets while expanding niche markets with growth potential

Human Resources • L&K Mission

“People” are the driving force of the knowledge economy, harnessing talent’s exceptional technical expertise

Sustainable thinking • First-mover Advantage Creation

Integrate efficient and smart resources
Innovate knowledge for net-zero carbon reduction
Ensure enterprises benefit both society and the environment



Reputation

Society Assets

Value

Sustainable Development

Survival

Operating Performance

About L&K

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 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 projects 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 factories 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 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.

Sustainable Development (to present)

- Expand overseas markets, invest in subsidiaries, and establish branches.
- Undertake multiple public works and corporate investment projects for the Ministry of Transportation and Communications, Ministry of Culture, Taipei City Government, Taiwan Semiconductor Manufacturing Company Limited, United Biopharma, Inc., Innolux Corporation, Nanya Technology Corporation, Macronix Pte. Ltd., Taiwan Apple Llc, Taiwan Branch (U.S.A.), Winbond Electronics Corporation, Taiwan Life Insurance Co., Ltd., United Microelectronics Corp (ADR), Powerchip Semiconductor Manufacturing Corporation, JingMei Girls High School, Photronics Photomask Co., Ltd., etc.
- Conferred the ISO 9000 17 Years Merit Award and the ISO 14001 15 Years Merit Award.
- In 2016, "L&K Engineering (Suzhou) Co., Ltd." was initially listed on the Shanghai Stock Exchange as an A share.
- Won the 1111 Job Bank 2023 Happy Enterprise Silver Award.
- Published our first sustainability report, titled the "2022 Sustainability Report," which has received third-party certification.
- Published the English version of the 2022 Sustainability Report for the first time.

Excellent Management; Professional Implementation; Overall Planning

L&K Engineering places great emphasis on customer requirements and comprehends the progression of technological development. As early as 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.

L&K's professional team is capable of providing a complete set of consistent engineering services, including design, manufacturing, installation, testing, verification, and maintenance. To adapt to changes in the engineering market, L&K adopts a strategy of seeking excellence in the ordinary, innovation in the mundane, and transformation in the practical, laying a solid foundation through long-term honing and experience.

Creation of Competitive Advantage and 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: The Mission of L&K's Staff

"People" are the driving force of the knowledge economy. The company and its employees rely on each other for their survival and thriving together. 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.



Future Strategy and Vision



Owing to the ceaseless evolution and innovation of communication technology and consumer electronics, major technology organizations, such as those in semiconductors and related supply chains, have been motivated to expand their investments. L&K has been actively developing existing markets while simultaneously targeting niche markets with high growth potential in the context of a constantly changing global high-tech industry with increasing competition. We are fervently bidding for semiconductor fabs, the biotech medical industry, optoelectronic manufacturing plants, railway engineering, airports, commercial and residential constructions, section expropriation projects, and energy-saving improvements. In doing so, we are broadening the market for construction, electromechanical, and engineering services, thus becoming a one-stop solution provider offering superior value-added services to customers. Moreover, beyond our familiar M&E projects in areas such as clean rooms, water, electricity, HVAC, fire protection, instrument control, and industrial process systems and equipment, we continue to develop the civil engineering, buildings, and public works markets.

L&K's Strategy



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

Singapore

Singapore Branch

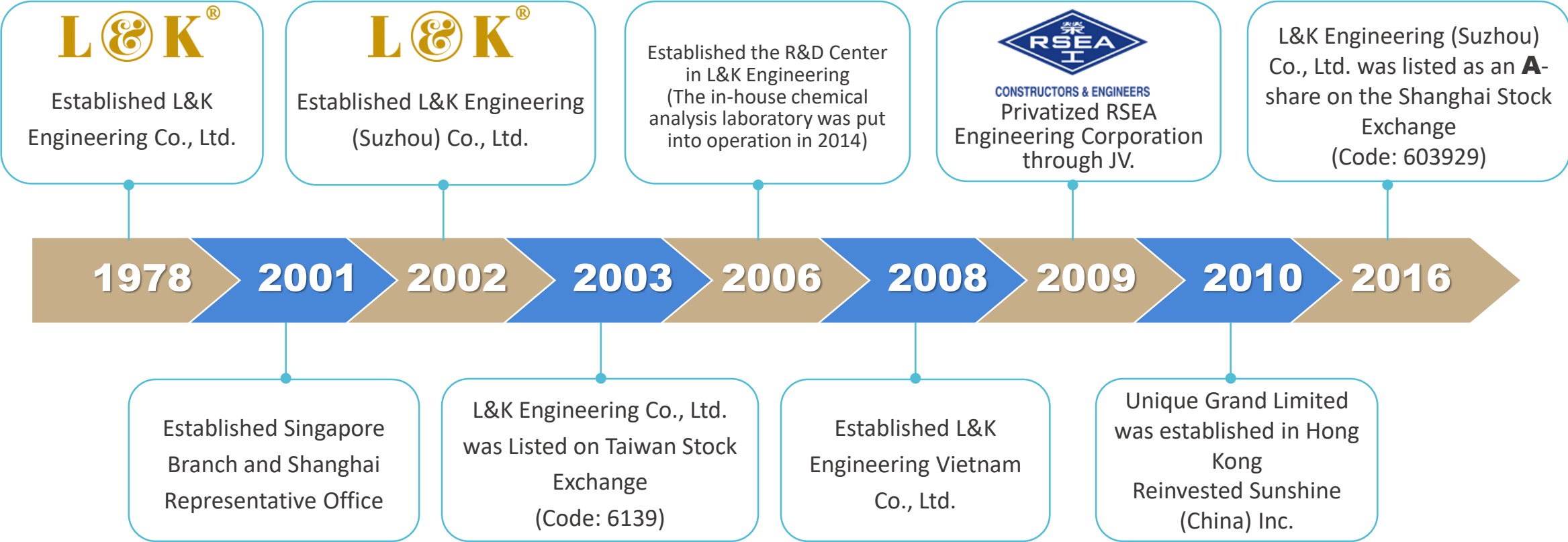
China

L&K Engineering (Suzhou) Co., Ltd.
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.
Suzhou Xiangsheng Trading Co., Ltd.
Xiangsheng Group
Sunshine (China) Inc.
Sunshine Investment Co., Ltd.
Shanghai Branch
Xiamen Branch
Shenzhen Branch
Wuhan Branch
Chongqing Branch
Chengdu Branch

Vietnam

L&K Engineering Vietnam Co., Ltd.

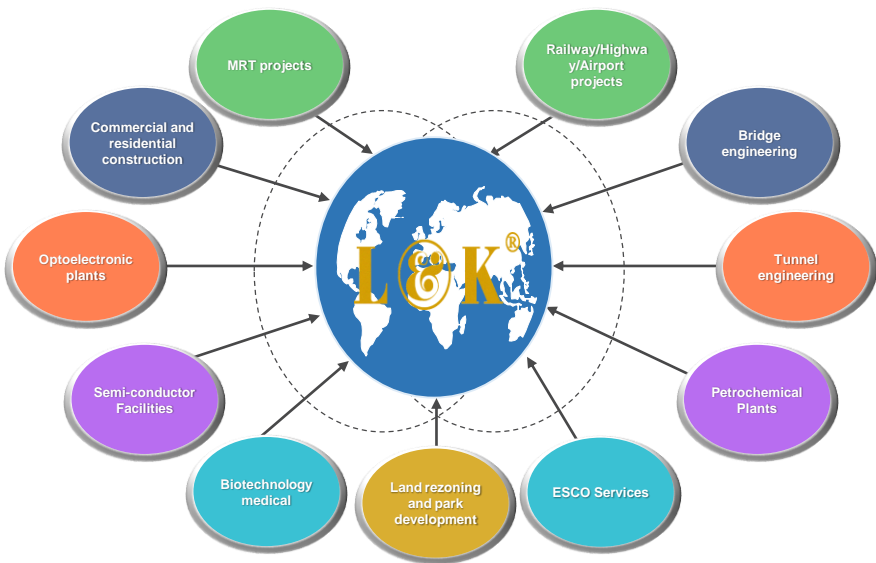
L&K Group's Growth and Development



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.

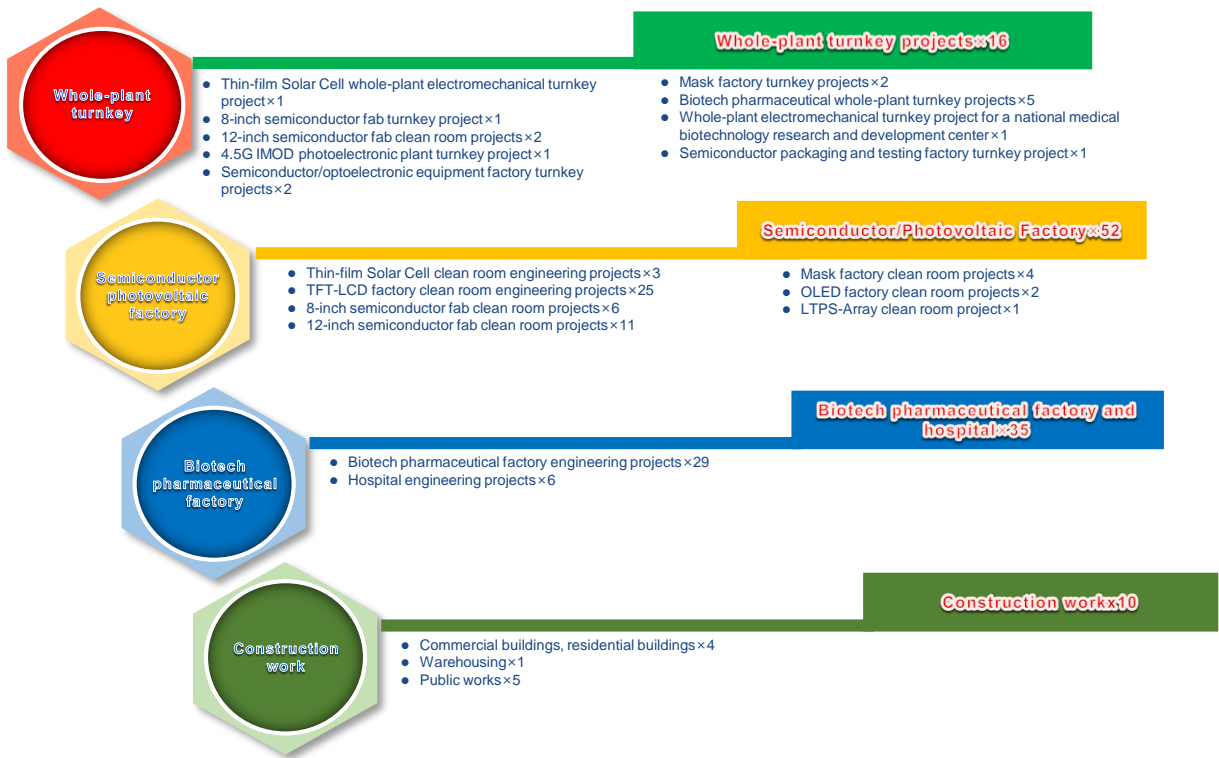


With over 45 years of engineering experience, we have steadily expanded the range of industries we serve.

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. L&K 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 owners have consistently secured the trust of clients in the domestic engineering market.



Affirmation and Honorary Awards

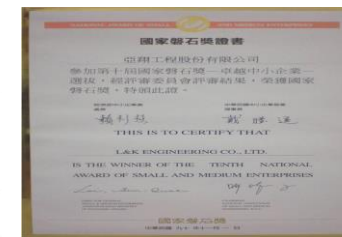
Certification

- 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 37th 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.

Honors and awards



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



The 10th National Award of Outstanding SMEs (2001)



ACL121 Kaohsiung Railway Underground (Cut and Cover Construction) Project
The 23rd Golden Quality Award for Public Construction (2023)



Taiwan Semiconductor Manufacturing Company Limited Fab Compound F12P8
ESH Performance Assessment Certificate of Merit (2022)



ACL121-1 Kaohsiung Main Station Ceiling (Vault Truss) Project
The 16th Construction Golden Safety Award (Honorable Mention) (2022)



Taipei Performing Arts Center
2022 Taiwan Architecture Merit Award (2022)

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



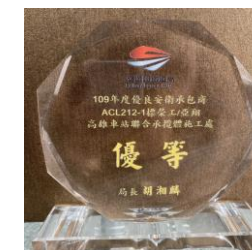
• CNS 45001



Awarded by Taiwan Semiconductor Manufacturing Company Limited for Active Assisted in Capacity Expansion
Certificate of Appreciation for Outstanding Performance (2021)



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



ACL121-1 Kaohsiung Main Station RSEA and L&K Joint Construction Site
2020 Excellent OSH Vendor Award (2020)



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

Short-term and Long-term Business Development Goals

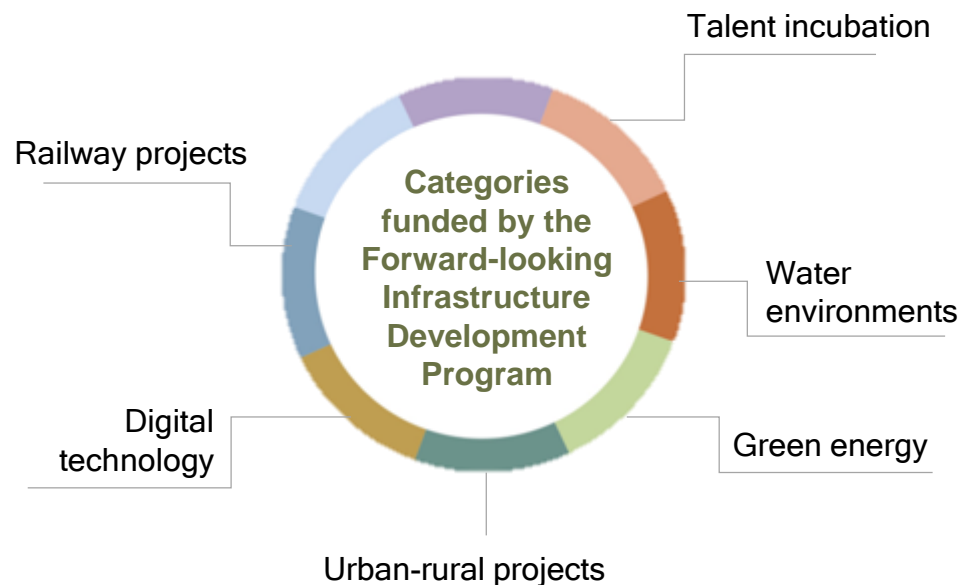
Owing to the ceaseless evolution and innovation of information and communication technology and consumer electronics items, major technology organizations, for example, semiconductors and related supply chains, have been motivated to expand their investment. L&K has been actively developing existing 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.

As strategic customers persist in investing in cutting-edge products and ramping up semiconductors, panels and biotech medical production, L&K continues to develop the civil engineering, buildings, and public works markets beyond our familiar M&E projects in areas such as clean rooms, water, electricity, HVAC, fire protection, instrument control, and industrial process systems and equipment.

In the future, L&K projects that the high-tech industry will stay on an upward trajectory due to continuous innovations in technologies and applications, 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, panel, and biotechnology and healthcare industries. 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.

To address the continuously evolving market, the managerial team at L&K must go beyond possessing broader and more creative thinking and techniques. They must shift their focus from a solitary product-oriented pricing system to a multi-value-oriented construction of engineering technology frameworks and customer service. Even more so, they are responsible for steering 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.

Moving forward, aligned with the categories funded by the government's Forward-looking Infrastructure Development Program and China's continued efforts to free the market economy and strategically develop independent R&D and production of high-tech industries, L&K's performance will benefit from this trajectory in the long term. Additionally, following the policies of cross-strait authorities to actively promote urban and rural construction, capital expenditures will be successively invested in improving urban and rural infrastructure, life services, developing efficient and smart agricultural industry clusters, constructing agricultural industry chains powered by science and technology, and other ventures. L&K continues to integrate invested resources and actively participates in the relevant engineering markets amidst a diversified future to adapt to extreme climates, guide the agriculture industry to grow in a resilient manner, and unlock new opportunities for cooperation in net-zero agriculture, technology, and investment.



Source: The circular diagram in the center is from the National Development Council's promotional presentation.

Sustainability Blueprint

Looking ahead: vision and practices

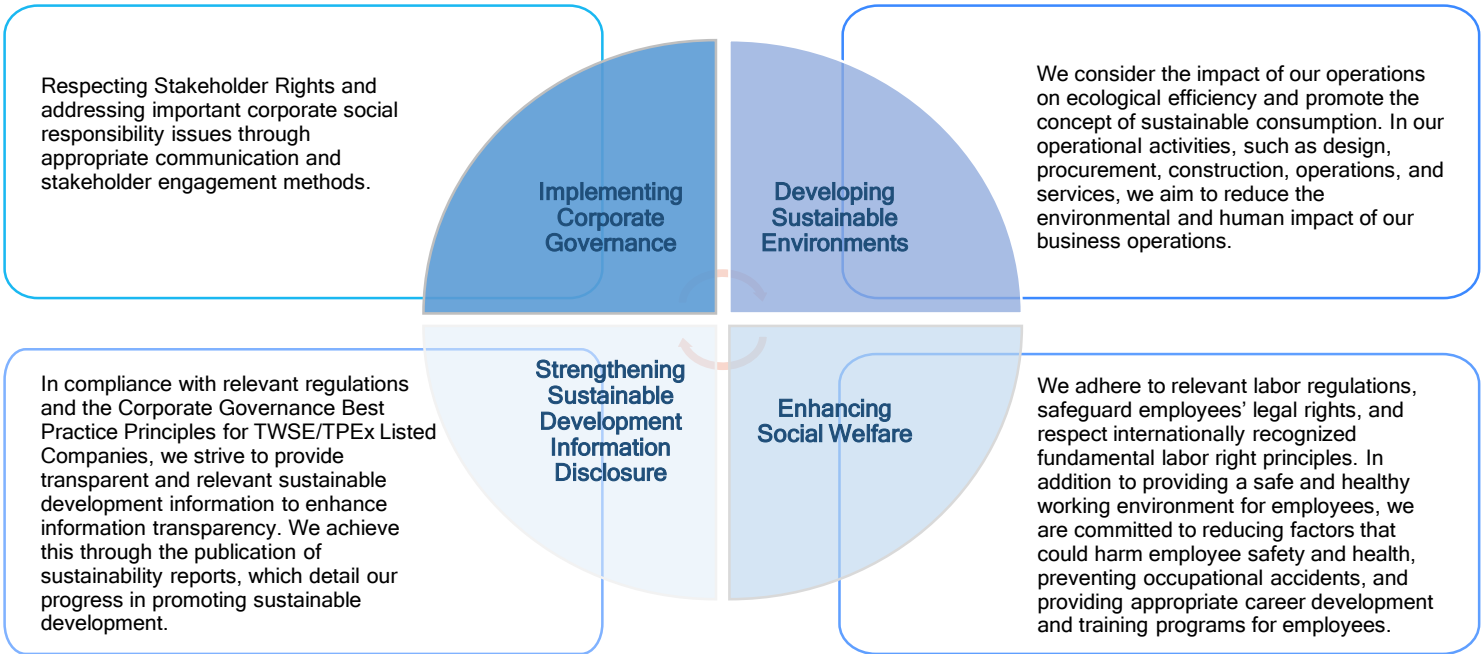
The engineering Respecting Stakeholder Rights and addressing important corporate social responsibility issues through appropriate communication and stakeholder engagement methods. sector is both a technical service provider and a fundamental industry. L&K insists on being interdependent with the different 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.



A corner of Hsinchu Office

Sustainability strategy

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), the Task Force on Climate-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.



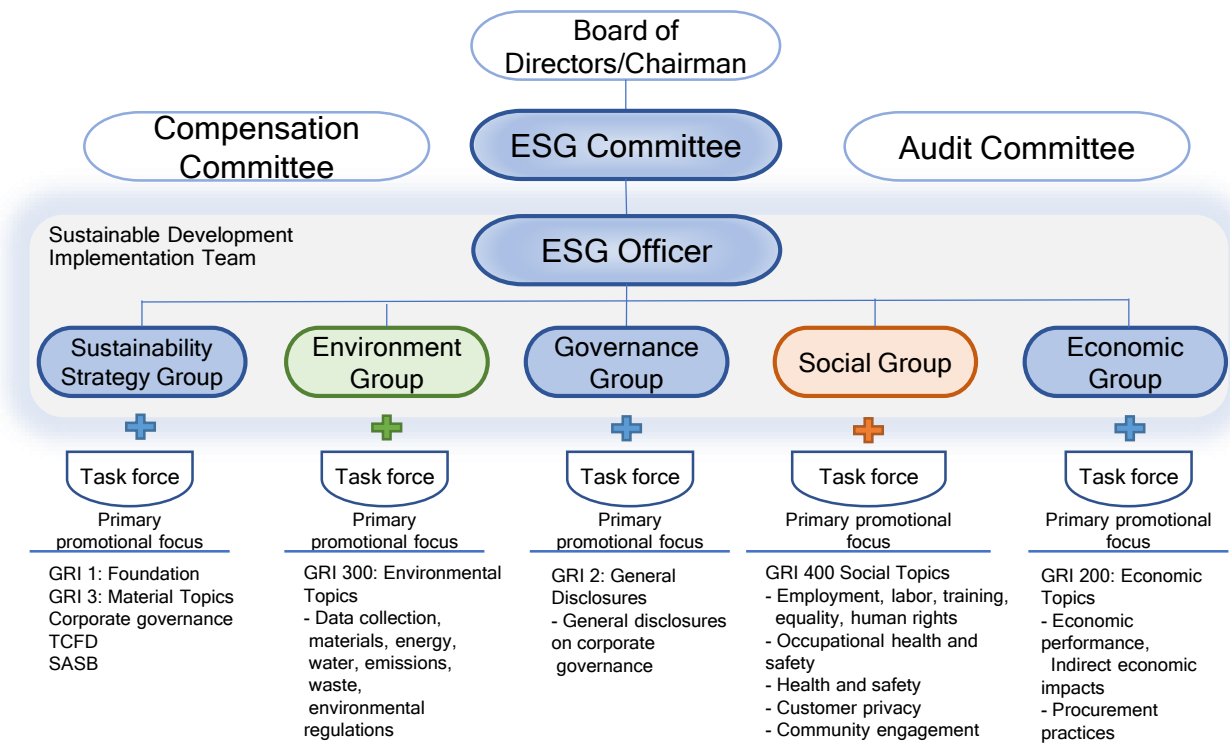
Sustainable Development Strategy

GRI 2-12, 13, 14,2-22,2-24

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), Task Force on Climate-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 ESG Committee. The "Sustainable Development Practices Guidelines" were established as the company's basic framework for promoting sustainable development. The ESG 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 a total of 20 hours of ESG education training in 2023 to enhance sustainability awareness and risk awareness.



ESG Committee Initiatives

- Formulate sustainable development policies, systems, or related management guidelines.
- Assess the objectives, tactics and implementation plans of the ESG policy.
- Track the implementation progress and evaluate the performance of action plans
- Consolidate the performance level of each group and generate a sustainability report.
- Give insights on sustainability topics relevant to the field.

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

The board of directors resolved to appoint a Corporate Governance Manager, who also serves as the Manager of the Financial & Accounting Division. The Corporate Governance Manager has three years or more of experience in serving as the financial officer of a publicly traded company. Completing 42 hours of continuing education within the first year of appointment in 2023.

The responsibilities of the Corporate Governance Manager include:

- Matters relating to the 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.

Implementation status of the ESG Committee

Date	Management and Approval Presentations
2023/08/04	<ul style="list-style-type: none"> • GHG inventory in 2022. • Implementation status of the 2022 Sustainability Report.

Board of Directors’ Oversight and Management







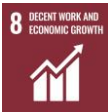






Date	Management Presentations
2023/03/10	<ul style="list-style-type: none"> • The Company shall disclose its greenhouse gas (GHG) inventories and the verification schedule in accordance with the “Sustainable Development Roadmap for TWSE- and TPEX-Listed Companies” launched by the Financial Supervisory Commission.
2023/08/04	<ul style="list-style-type: none"> • GHG inventory in 2022. • The Company’s 2022 Sustainability Report was completed in accordance with the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” released by the Taiwan Stock Exchange Corporation.

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 14 working meetings were held in 2023. These meetings were used to report on the progress of initiatives based on the “Sustainable Development Practices Guidelines.” When impact events occur, the ESG Officer handles the event and reports it to the board of directors.

L&K's Actions on SDGs

L&K [\[adopts a human-centered approach and the pursuit of building collective character within the team\]](#) as the foundation of our business operations. We prioritize sustainable operations by utilizing green technology and risk management as core practices to implement sustainable projects. L&K uses the five pillars of “Essence of Professionalism,” “Innovative Value,” “Leadership Excellence,” “Waste Reduction,” and “Responsibility Assumption” to develop L&K’s employees, infusing L&K with vitality and a robust constitution as its core capability. We focus on the 13 SDGs and map the five pillars to them, actively implementing them in daily operations to ensure that the core functions of sustainable engineering are fulfilled and social and environmental issues are effectively addressed. For details, see the Material Topic Management Objectives.

Pillars	Goals	Actions	SDGs
Essence of Professionalism	Essence of professionalism: Technology, ethics, and work attitude Professional practice: Obey the regulations and persevere in striving for betterment Professional purpose: Ensure that customers have the highest product quality and service quality	Uphold integrity in business operations; Meet customer needs; Collaborate with suppliers to build a robust and sustainable supply chain	 
Innovative Value	To practice sustainability in corporate management, equipped with the capability and idealism to keep innovating; Timely pursue the regeneration of multiple values in various matters	Continue to strengthen green engineering technology; Drive the industry to transform to Net Zero	   
Leadership Excellence	The Company has tremendous industrial value and is a pioneer in the sector; Accomplish considerable gains and show remarkable contributions	Generate economic performance through value management	
Waste Reduction	Reduce errors and avoid misuse of resources.	Do it right, do it once	 
Responsibility Assumption	Preserve the basic rights and interests of the Company as the premise; Make the protection of customers' and employees' highest rights and interests as our implementation goal; Avoid creating social problems and unwaveringly strive to become an asset to society	Operate the company to become a sustainable enterprise that enables employees to achieve self-realization, provides a friendly and safe workplace, and promotes a diverse society	   

Impact Management

To address potential impacts and risks arising during operations, each functional unit has established control and prevention mechanisms, along with related management and oversight systems, to prevent potential losses from impacts and mitigate their severity. L&K's action plans for 2023 are as follows:

Year	2022	2023
	Frequency	Frequency
Safety management during holidays	4	7
Typhoon warning	6	4
Safety and health dissemination	12	12
Fire drills	2	2
Traffic safety dissemination	6	9
Plant safety inspection	12	12
Fire equipment inspection	12	12
Safety facilities inspection	12	12
ESH measurement	2	2
Workplace Unlawful Infringement Prevention Plan	1	1
Abnormality dissemination	4	4
Construction site inspection	14	13
Employee health checkups	Once every two years	Once every two years
Employee health and work-related ill health prevention and health promotion	12	13
Health consultation communication	11	42
Maternal Protection Plan	1	4

Participation in Sustainable Development Knowledge

Since the establishment of the ESG Committee, company executives and members have participated in courses and seminars related to GRI standards, 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. The Company's achievements from participating in the seminars on knowledge development in 2023 are as follows:

Type	Participation in Sustainable Development-Related Knowledge
Internal Training	ESG Sustainability Report Preparation Guidance Course 14 times
External Training	Smart Manufacturing and AI Big Data Analytics Practices
	Value-Added Smart Manufacturing with AI Vision: Application Training Course
Seminars	Discussion on Future Trends and Internal Control Processes of ESG Monetization and Valorization
	ESG Trends and Corporate Response Strategies
	How Companies Can Navigate Increasing Geopolitical Risks
	ESG and Sustainable Development Seminar
	GHG Inventory Series: Basics
	AI and Corporate Compliance Seminar
	Fire Risk Management Strategy Seminar
	Energy Law and Policy Seminar
	Discussion on Hydrogen Energy Technology and Industry for Low-Carbon Ammonia

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.

All-Employee ESG; Practicing Net-zero EPC

➤ All employees implement ESG

To transform sustainable development into the company's competitive edge and make it a fundamental part of its intrinsic qualities, we launched the "All-Employee ESG" plan, continuously ingraining the concept of sustainability into all employees' awareness. Moreover, we are committed to advocating and practicing ESG principles, setting benchmarks and serving as role models. We encourage employees to innovate, pursue sustainability, and work together to implement the ESG vision. (Details on L&K's strategies and vision can be found on Page 13.)

➤ 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.

Implementation promotion status

In 2023, the ESG Officer promoted ESG and sustainability development seminars and GHG Inventory Series training courses across the province through the Professional Civil Engineers Association in each region.

Date	Seminar Topics
2023/09/03	<ul style="list-style-type: none"> Towards a Net-Zero Era: Pathways to Corporate Sustainability Practicing Corporate Sustainability: Digital Engineering of Smart Buildings Navigating the ESG Wave: Corporate Strategies for Energy Management and Carbon Reduction
2023/12/03	<ul style="list-style-type: none"> GHG Inventory Series: An Introduction to Buildings and Sustainable Development GHG Inventory Series: Forward-Looking Sustainable Construction Plans



Source: Seminar presentation covers.

Materiality Assessment and Stakeholder Engagement

GRI 2-16, 2-25, 2-29, GRI 3-1, 3-2, 3-3

L&K gets to understand relevant stakeholders by considering the purpose of its operational activities, the geographical locations of its business relationships, the applicable government laws and regulations, and the sustainability context of the business relationships. Through stakeholder engagement, we understand the expectations of these stakeholders for the company's direction and identify material topics that require priority attention, including their impact on the economy, environment, and society. This ensures that our approach to sustainable management remains accurate and effectively responsive to stakeholders' expectations.

STEP 1 Identify stakeholders

7 engagement targets

The ESG Committee identified the main stakeholders relevant to operations, including customers, investors, employees, suppliers/contractors, competent authorities, community groups, and others (banks, media).

STEP 2 Collect sustainability issues

18 sustainability issues

In terms of gathering sustainability issues, the Company identified 14 topics related to L&K's operations by referencing international standards and regulations, stakeholder engagement, and the company's operational strategies and vision. These topics were categorized into the dimensions of Environment (E), Social (S), and Governance (G) and served as the foundation for the 2023 Sustainability Report.

STEP 3 Conduct an online survey

248 stakeholders

The ESG Committee conducted a survey using an online questionnaire system to evaluate the company's operational activities related to material topics in the 3 dimensions of sustainability, as perceived by employees and external stakeholders. A total of 248 valid responses (37%) were collected.

STEP 4 Screen material topics and impact levels

55 employees

The ESG Committee analyzed feedback on material topics, compared material topics from the previous year, and examined the impact scope of these material topics across L&K's value chain, including upstream, operational, and downstream boundaries. As a result, L&K identified 8 material topics for the year. Through internal management assessment of positive and negative impacts and their frequency, a total of 55 valid responses (43%) were collected. In accordance with reporting standards, relevant information was gathered and disclosed.

STEP 5 Review and disclose

Third-party certification

The ESG Committee aligned the material topics with GRI Standards on sustainability reporting by explaining the management strategies, short-, medium-, and long-term goals, action plans, effectiveness assessments, and grievance mechanisms for each material topic in this report, which was also verified by an external third party to ensure its credibility.

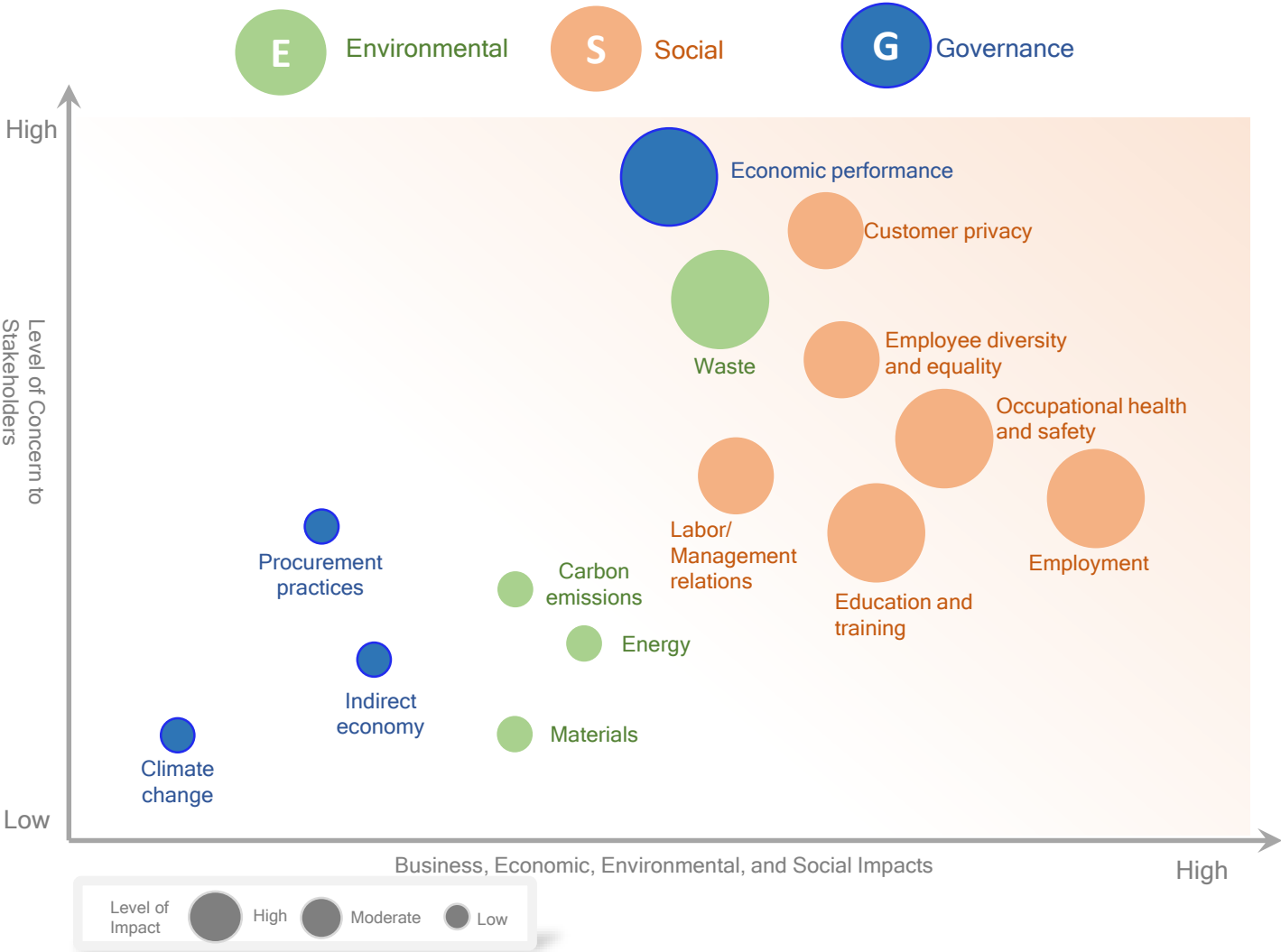
Material Topic Assessment Results

The ESG Committee conducted a survey on major topics, resulting in an average score of 3.77. This year’s material topics showed minimal difference from the previous year’s average score of 3.8. Factoring in the previous year’s material topics, the company’s sustainable development initiatives, government policies, and industry trends, the committee compared the results to see if they exceeded the average score. As a result, 8 material topics were specified for this year, including economic performance under governance dimension, waste under environmental dimension, and occupational health and safety, employment, training and education, labor/management relations, customer privacy, and employee diversity and equality under social dimension.

Comparing the survey results of material topics from last year, stakeholders have shown increased concern for indirect economic impacts, employment, and employee diversity and equality.

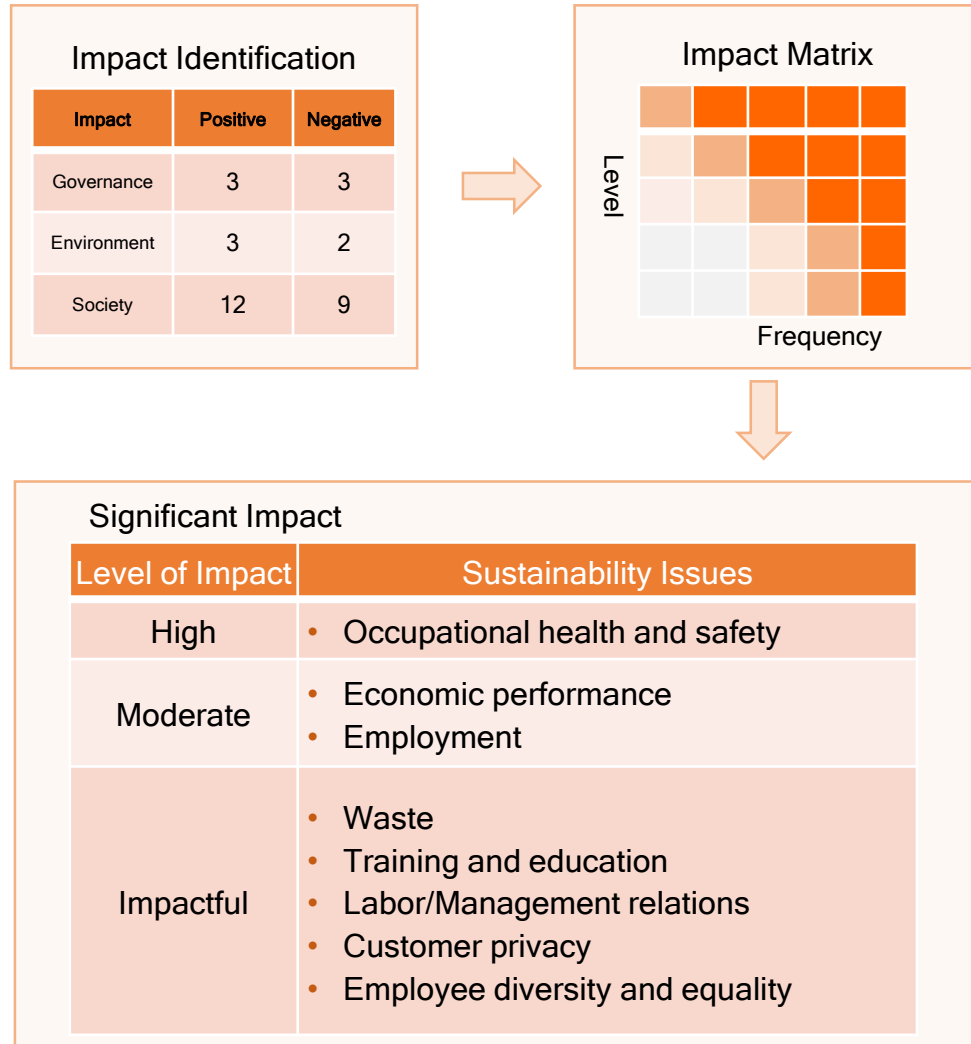
Dimension	GRI	Topics of Concern	2023’s Change
Governance	201	Economic performance	↓ 2
	201-2	Climate change-related risks and opportunities	↓ 1
	203	Indirect economy	↑ 2
Environment	204	Procurement practices	↑ 1
	301	Materials	↓ 2
	302	Energy	↓ 1
	305	Carbon emissions	↓ 1
Society	306	Waste	-
	401	Employment	↑ 3
	402	Labor/Management relations	-
	403	Occupational health and safety	↓ 2
	404	Training and education	↓ 2
	405	Employee diversity and equality	↑ 2
	418	Customer privacy	↑ 1

Materiality Matrix



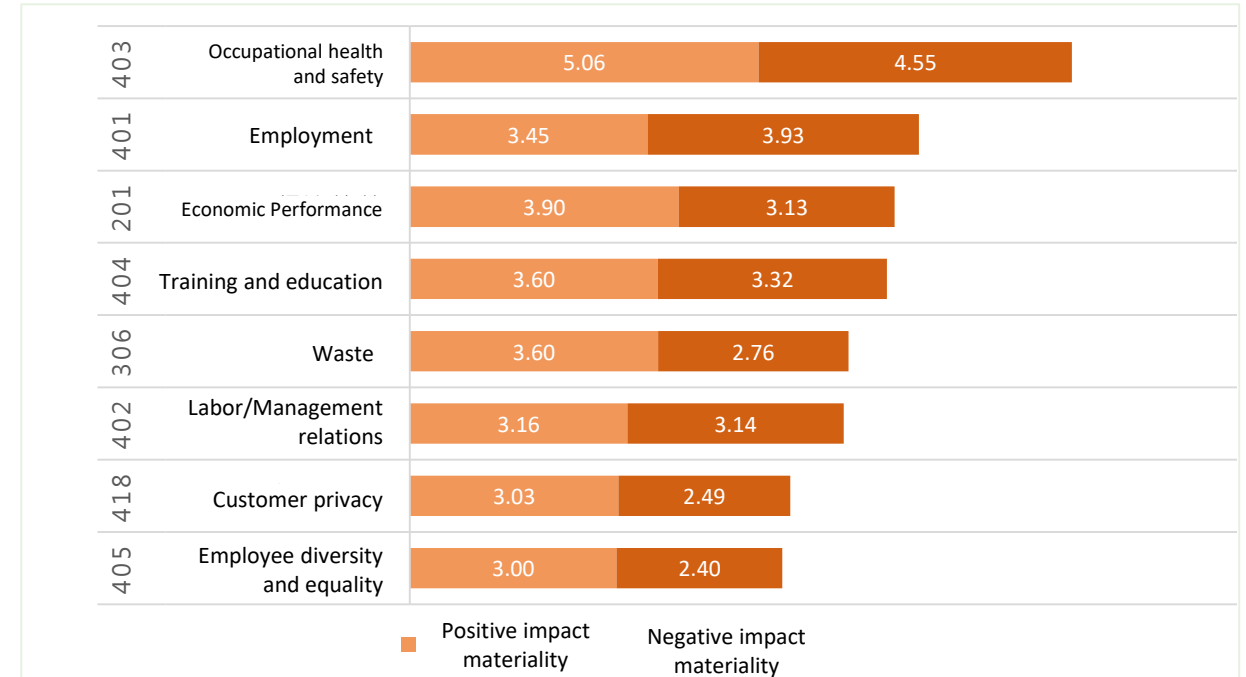
Materiality Impact Assessment

Assessment process



Assessment results

We compared the assessment results of positive and negative impacts and their frequency scores for 14 material topics to the average score. As a result, 5 topics with the highest impacts were specified: Occupational Health and Safety, Economic Performance, Training and Education, Waste, and Employment, which are highlighted and explained in detail in accordance with the GRI Standards on sustainability reporting.



Involvement Level in the Value Chain of Material Topics


The ESG Committee is responsible for managing material topics. Their tasks include conducting inventory and reviewing management policies on material topics, proposing optimization and improvement suggestions, establishing diverse channels for stakeholder engagement, periodically consolidating stakeholder suggestions, assessing the significance and impact of their opinions, and formulating corresponding response measures. The Committee discusses the management of material topics based on GRI Standards and Sustainability Accounting Standards Board (SASB) Standards, and formulates directions and strategic goals for sustainable development accordingly.

Dimension	Material Topic	GRI Standard	Impact (see Note)		Operational Impact				Sustainability Impact					Stage of Impact			SASB Indicator	Corresponding Section in the Report
			Positive Impact	Negative Impact	Revenue	Customer satisfaction	Operational risk	Employee Cohesion	Industrial Technology Development	Upstream Value Creation	Welfare Promotion	Increase in Net Profit After Tax	Environmental Benefits	Customer Use	Planning, Design, Construction, and Operation	Society		
Corporate Governance	Economic Performance	201	◎	◎	○							◆			☆	☆	Structural Integrity & Safety Business Ethics Activity Metrics	2. Sustainable Governance
Environment	Waste management	306	▲	▲			○						◆			☆	-	3. Sustainable Environment
Society	Employment	401	◎	◎				○			◆				☆	☆	-	4. Sustainable Society
	Labor/Management relations	402	▲	◎				○			◆					☆	-	
	Occupational health and safety	403	●	●	○	○	○				◆			☆	☆	☆	Environmental Impacts of Project Development	
	Training and education	404	▲	▲			○	○	◆						☆		-	
	Employee diversity and equality	405	▲	▲				○	◆							☆	-	
	Customer privacy	418	▲	▲		○				◆				☆			-	

Note: Impact ● Higher impact ◎ Moderate impact ▲ Extremely low

Material Topic Management Objectives

To implement L&K's commitment to sustainable development, we have adopted an outside-in approach for 8 material issues, exploring external needs from a global perspective, integrating sustainable development goals (SDGs) with operational strategies, and measuring the value and contribution L&K can create for each material issue and SDG. The ESG Committee is responsible for planning the mid- and long-term SDGs up to 2030. To make each goal tangible, the Committee is required to plan the direction, action plan, target, and performance for each goal, and review the management and implementation status year by year. In doing so, the Company is enabled to make fundamental contributions to achieving SDGs and to bring a better future to the sector and society.

	Risk Factor	Likelihood ^(see Note) / Trend	Severity	Commitment	Solution	Mechanism
Economic Performance 201	With increasing global and regional awareness of sustainability, customers are inclined to reduce high-carbon-emitting businesses or transition to new energy sectors. If the engineering services perceived by customers do not meet their expectations, this can lead to challenging project execution and fewer opportunities for the sales team, ultimately resulting in a decline in the company's revenue.	Possible. Continually monitor sustainability development trends in various fields and hone technical capabilities to increase bid-winning opportunities.	Moderate. Continuously improve capabilities and strengthen competitiveness. In addition to consolidating existing services, it is necessary to expand service offerings and develop new customers to secure more opportunities and mitigate the risk of contraction in current service areas.	Stable revenue Profit sharing	<ul style="list-style-type: none"> Refine the management standards for better service quality Receivables management Comply with laws and regulations Adopt standardize operational procedures Uphold the business philosophy of "Professionalism, Innovation, Leadership, Waste Reduction, and Responsibility" 	Senior executive meetings
Waste management 306	Failure to properly reduce waste will incur higher transportation and disposal costs. Given the limited processing capacity in Taiwan, this could lead to soil and environmental pollution due to on-site waste disposal or improper handling by the company.	Very Likely. Support and comply with local government resource recycling policies.	Extremely mild. The company's waste primarily consists of office supplies, computers, and other electronic products. Increasing recycling will reduce waste.	Reduce waste Increase recycling and reuse	<ul style="list-style-type: none"> Recycle and resell discarded computers and related electronic products to recyclers for reuse Implement waste reduction measures 	Waste removal volume

Note: Definition of "Likelihood"- Very Likely (≤ 1 year), Probable (≤ 3 years), Possible (≤ 5 years), Unlikely (≤ 10 years)

Cont'd



	Risk Factor	Likelihood ^(see Note) / Trend	Severity	Commitment	Solution	Mechanism
Employment 401	Employees are an asset to the company. Strained employment conditions, inadequate welfare and remuneration systems, or those below industry standards, and an unharmonious workplace environment can lead to employee dissatisfaction and complaints, resulting in a higher turnover rate.	Very likely. Foster a positive workplace atmosphere, establish a comprehensive welfare and remuneration system to improve employee retention rate.	Moderate. Each department should foster a positive communication environment and harmonious relationships among employees to create a pleasant workplace and reduce complaints.	Foster a harmonious labor-management workplace	<ul style="list-style-type: none"> • Create a positive workplace • Improve communication skills among employees • Keep the welfare and remuneration system up-to-date 	Employee satisfaction survey
Labor/Management relations 402	Employees expect to find the right company, the right job, and the right boss, while bosses aim to make profits, attract talent, and envision a prosperous future. Negative changes in the labor-management relationship can lead to disputes.	Unlikely. If the company needs to terminate employment relationships due to significant operational changes, it should give prior notice as required by regulations.	Rare. Hold investor conferences, shareholders' meetings, and labor-management meetings to ensure timely communication and reduce labor disputes.	The company practices sustainability, creating a workplace that employees are proud of.	<ul style="list-style-type: none"> • Reference industry standards to formulate a competitive compensation and benefit system • Continuously refine the performance review system • Promote two-way communication between labor and management • If the company needs to terminate employment relationships with some employees due to significant operational changes, the company will give prior notice as required by the applicable legal provisions in each office. 	Investor conferences/shareholders' meetings/Labor-management Committee
Occupational health and safety 403	The engineering sector involves high-risk operations, labor shortages, and high turnover rates. The level of professionalism among workers varies, and general awareness of hazards is often insufficient, collectively increasing the risk of occupational incidents.	Probable. The varying quality of service providers increases the risk of occupational incidents, especially when there is a rush to meet deadlines or corners are cut.	Relatively high. Management at all levels should uphold the company's safety principle—Everyone is Responsible for Safety in the Workplace—and ensure the projects they oversee effectively implement occupational safety and health management to reduce work-related incidents.	[Everyone is Responsible for Safety in the Workplace] Provide a safe and secure workplace	<ul style="list-style-type: none"> • Effectively implement autonomous management of occupational safety and health at construction sites • Strengthen all employees' awareness and actions regarding occupational safety and health in the workplace • Introduce technological safety measures to enhance construction site management and ensure safety 	ISO 45001/ CNS 45001

Note: Definition of "Likelihood"- Very Likely (≤ 1 year), Probable (≤ 3 years), Possible (≤ 5 years), Unlikely (≤ 10 years)

Cont'd



	Risk Factor	Likelihood ^(see Note) / Trend	Severity	Commitment	Solution	Mechanism
Training and education 404	The lack of professional capabilities among talents results in an inability to provide compliant manpower for task execution.	Possible. Contingent on the company's strategic direction and vision.	Extremely mild. The company keeps promoting both general and specialized training programs to boost employee quality.	Provide a systematic and planned career development blueprint to achieve self-fulfillment.	<ul style="list-style-type: none"> Develop digital courses Promote programs that enable employees to learn from each other and develop together Implement talent development training plans Ensure mentors provide regular mentoring and guidance 	Education and training
Employee diversity and equality 405	A trend has emerged where enterprises recruit talent globally. In the workplace, differences among employees should be accepted and respected, and bias and discrimination must be eliminated.	Possible. This has become a global trend. More companies have recognized the importance of creating diverse, equitable, and inclusive workplaces, which can bring numerous benefits to a company.	Extremely mild. Continuously build a robust workplace culture that protects human rights and fosters a sense of responsibility and achievement among employees to reduce the turnover risk.	Strive to provide employees with a dignified and safe workplace, fostering a sense of belonging and enhancing the company's performance and ability to change	<ul style="list-style-type: none"> Exceed legal requirements in employing a diverse workforce Promote a friendly workplace environment Continue to improve the remuneration and promotion system 	Employee satisfaction survey
Customer privacy 418	The company should properly handle customer information. Disclosure of customer confidential information can result in fines and damage to the company's goodwill.	Possible. With legal regulations in place and increased public awareness of data privacy, it is crucial to ensure that personnel, systems, and technologies involved meet privacy requirements to prevent disclosures of private data and comply with regulations.	Extremely mild. The likelihood of customer data disclosures can be reduced by complying with legal provisions and management policies formulated by the company, and by implementing comprehensive information security controls.	Strengthen employees' awareness and sense of responsibility for protecting personal data to improve competitiveness	<ul style="list-style-type: none"> Comply with regulations on customer data management Refine information security management through advanced technology 	Fines Customer complaints

Note: Definition of "Likelihood" - Very Likely (≤ 1 year), Probable (≤ 3 years), Possible (≤ 5 years), Unlikely (≤ 10 years)

Material Topic Indicators and Target Management

	Management Strategy	Corresponding SDGs	Management Indicators and Results					
			Key Performance Indicators (KPI)	2023 Targets	2023 Achievements	Short-term Targets	Medium-Term Targets	Long-term Targets
						2024	2026	2030
Economic Performance 201	Uphold the business philosophy of “Professionalism, Innovation, Leadership, Waste Reduction, and Responsibility”	 	Customer satisfaction EPS growth Introduction of a project management system supported by technology	Target not set Target not set In planning	≥ 80% Growth of 189% Plan yet to be finalized	≥ 85% ≥ 30% 50%	≥ 85% ≥ 30% 100%	≥ 85% ≥ 30% 100%
Waste management 306	Implement waste reduction measures		Waste removal volume	≤ 0.3%	Increased by 5.4%; target not met	≤ 0.3%	≤ 0.3%	≤ 0.3%
Employment 401	Create a positive workplace	 	Employee turnover rate Employee complaint	≤ 15% ≤ 5 complaints	19%; target not met One complaint; target met	≤ 15% ≤ 5 complaints	≤ 15% ≤ 5 complaints	≤ 15% ≤ 5 complaints
Labor/Management relations 402	Promote two-way communication between labor and management		Labor dispute	0	0	0	0	0

Note: Short-term targets aim to be achieved within 1 year, mid-term within 3 years, and long-term in 5 years or more.

Cont'd

	Management Strategy	Corresponding SDGs	Management Indicators and Results					
			Key Performance Indicators (KPI)	2023 Targets	2023 Achievements	Short-term Targets	Medium-Term Targets	Long-term Targets
						2024	2026	2030
Occupational health and safety 403	Introduce technological safety measures to enhance construction site management and ensure safety Promote employee health management		The Occupational Safety and Health Administration of the Ministry of Labor Industrial safety incident Major injuries and work-related ill health cases Follow-up rate for abnormal health checkup results	Target not set 0 cases Under 65 years old: target not set Aged 65 and over: 100%	≤ 0.1 0 cases 24% 100%; target met	≤ 0.1 0 cases ≥ 60% ≥ 100%	≤ 0.1 0 cases ≥ 70% ≥ 100%	≤ 0.1 0 cases ≥ 85% ≥ 100%
Training and education 404	Provide a systematic and structured training plan and blueprint		Professional skills training completion rate Education and training completion rate Education and training satisfaction rate	≥ 80% ≥ 90% ≥ 85%	≥ 80% ≥ 90% ≥ 85%	≥ 80% ≥ 90% ≥ 85%	≥ 80% ≥ 90% ≥ 85%	≥ 80% ≥ 90% ≥ 85%
Employee diversity and equality 405	Create a friendly workplace environment	 	Employee satisfaction	In planning	-	≥ 60%	≥ 70%	≥ 80%
Customer privacy 418	Refine information security management through advanced technology	-	Customer complaint	≤ 5 complaints	0 complaint; target met	≤ 5 complaints	≤ 5 complaints	≤ 5 complaints

Note: Short-term targets aim to be achieved within 1 year, mid-term within 3 years, and long-term in 5 years or more.

Stakeholder Engagement

L&K's main stakeholders include employees, customers, shareholders, suppliers, competent authorities, community groups, and others (such as banks). To understand stakeholders' concerns and opinions, we have established diverse, open, and direct engagement channels. Feedback from stakeholders serves as a crucial reference for formulating management policies and execution plans, to which we respond in this report.

► The importance of stakeholders to L&K

Investors

Investors provide the company with funding sources, and in return, L&K continues to deliver robust operational results, boosting investor support, stabilizing funds, and creating value for their investment.

Employees

Talents and innovation are key to L&K's core competitiveness and serve as an important foundation for the company's sustainable development.

Customers

Customers are the company's main source of revenue. L&K values and listens to customer feedback, provides services centered around customer demands, and strives to improve customer satisfaction. We achieve tangible results, goodwill, and brand reputation through the performance of contracts.

Community groups/schools

As a corporate citizen, L&K collaborates with other businesses to preserve the community environment and ecology. Through industry-academia collaborations and corporate internships, we actively establish long-term partnerships with major universities and colleges to cultivate industry talents.

Stakeholders

Suppliers/contractors

L&K hopes to cooperate and work together with all service providers to ensure that the engineering services provided align with our philosophy and satisfy customers, so that both we and the service providers can grow together and achieve sustainable operations and mutual benefit.

Others (banks, media)

Banks are L&K's important partners. We have been developing stable relationships with them in a mutually beneficial way. Media coverage and commentary on L&K can affect our reputation and image.



Stakeholder Engagement



Employees

Topics of Concern

- Employment
- Occupational health and safety
- Employee diversity and equality

Engagement Frequency and Channels

- Announcement system (real-time)
- Labor-management meeting (quarterly)
- Occupational Safety and Health Committee meeting (quarterly)
- Employee Welfare Committee meeting (quarterly)
- Executive meeting (monthly)
- Employee Feedback Platform (real-time)
- Work reporting (weekly)
- Executive monthly meeting, project monthly meeting (monthly)

Engagement Results in 2023

- 125 internal announcements
- 4 labor-management meetings
- 4 Occupational Safety and Health Committee meetings
- The Employee Welfare Committee held 3 meetings. All departments jointly operated the Committee to ensure it stays attuned to employees' needs and promotes communication and connection.
- 11 executive meetings
- 0 material incidents reported in employee feedback

Disclosure Section

Section 4 Sustainable Society



Customers

Topics of Concern

- Energy
- Customer privacy
- Procurement practices

Engagement Frequency and Channels

- Customer Satisfaction Questionnaire (periodically)
- Customer visits and sales meeting (real-time)
- Customer service email, phone, fax, and email via the official website (real-time)
- Meeting and off-line event (real time)

Engagement Results in 2023

- 20 responses were collected for customer satisfaction, with an average score of 80. For those with lower scores, we analyzed customer feedback, identified issues, proposed improvement measures, and responded to customers to improve their satisfaction.
- 0 customer complaints received

Disclosure Section

Section 2 Sustainable Governance
Section 4 Sustainable Society



Investors

Topics of Concern

- Economic Performance
- Customer privacy
- Waste

Engagement Frequency and Channels

- Shareholders' meeting (annually)
- Investor conference (annually)
- Annual report (annually)
- Sustainability Report release (annually)
- Company's official website and the Market Observation Post System (MOPS) (real-time)
- Phone, email (real-time)

Engagement Results in 2023

- One shareholders' meeting and one investor conference were held, during which the company reported its latest operations and financial standing to shareholders and published the information on the company's official website.
- The 2022 Sustainability Report in Chinese and English is available in electronic version on the company's official website and the Market Observation Post System (MOPS).
- 34 important messages published

Disclosure Section

Section 2 Sustainable Governance
Section 3 Sustainable Environment

Stakeholder Engagement



Suppliers

Topics of Concern

- Customer privacy
- Occupational health and safety
- Energy
- Labor/Management relations

Engagement Frequency and Channels

- Phone, email, and communication software (real-time)
- Message communication (real-time)
- Business visit (real-time)
- Factory inspection (real-time)

Engagement Results in 2023

- 101 new contractors evaluated
- Supplier evaluation found no suppliers who were unqualified, suspended, or permanently blacklisted
- 100% contractors evaluated deemed qualified
- 29 factory inspections
- Effectively implemented pre-construction consensus, prioritized worker well-being, complied with relevant regulations, provided work-related safety and health training, supervised construction quality, and maintained a safe construction environment

Disclosure Section

Section 2 Sustainable Governance



Competent authorities

Topics of Concern

- Labor/Management relations
- Training and education
- Employee diversity and equality
- Employment
- Occupational health and safety
- Customer privacy

Engagement Frequency and Channels

- Official correspondence (real-time)
- Legal regulations (real-time)
- Government briefing (real-time)
- Various declaration announcements (real-time)
- Supervision or business contact (real-time)
- Communication with inspection units to make improvements (real-time)

Engagement Results in 2023

- Responded to 5 official letters from competent authorities
- Complied with the declaration and announcement requirements stipulated by competent authorities
- No penalties were imposed on us by the relevant authorities for any omissions or inaccuracies in declarations

Disclosure Section

Section 2 Sustainable Governance
Section 4 Sustainable Society



Community groups/schools

Topics of Concern

- Occupational health and safety
- Procurement practices
- Waste
- Indirect economy
- Energy
- Employee diversity and equality

Engagement Frequency and Channels

- Fostering good neighbor relations and cleaning roads in construction areas (real-time)
- Sustainability Report release (annually)
- Campus recruitment event (annually)
- Industry-academia collaboration (annually)

Engagement Results in 2023

- Recyclable resources were sorted and recycled by neighbors
- The 2022 Sustainability Report in Chinese and English is available in electronic version on the company's official website and the Market Observation Post System (MOPS).
- Established industry-academia collaborations with 10 schools and donated NT\$20 million to St. John's University for scholarships, bursaries, corporate internships, and employment opportunities through the "Employment upon Enrollment" program.

Disclosure Section

Section 2 Sustainable Governance
Section 4 Sustainable Society



Others (banks, media)

Topics of Concern

- Economic Performance
- Climate change-related risks and opportunities
- Customer privacy

Engagement Frequency and Channels

- On-site visit (real-time)
- Capital Utilization Statement (real-time)
- Telephone and email communication (real-time)
- Media interviews and responding to news inquiries (real-time)

Engagement Results in 2023

- Financial institutions visited periodically and we engaged in phone and email exchanges to discuss the company's operations and finances. This helps us obtain better financing conditions and receive suggestions for future development.
- Responded appropriately to the media to build a trustworthy and positive brand image.

Disclosure Section

Section 2 Sustainable Governance



7-year High

Growth in EPS

Growth in revenue

Growth in PBT

Growth in net profit for
the current period

2 Sustainable Governance

Corporate Governance

Economic Performance

Climate change management

Indirect economy

Customer service management

Supply chain management

Information security management

Risk management

Integrity Management 205-3, 206-1

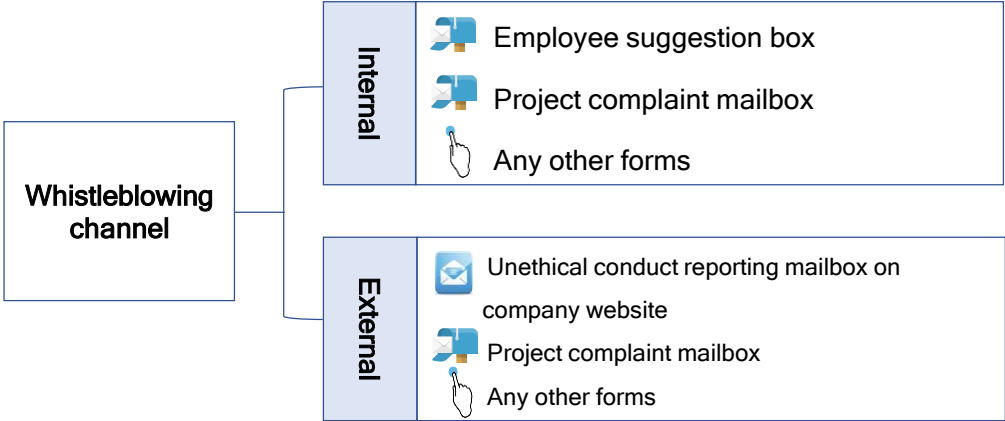
L&K commences with human nature, strives to create a group identity, and inevitably adheres to the corporate culture of “integrity, value, and sustainability.” The ethical framework is the bedrock of L&K’s corporate culture. In terms of operation management, in order to strengthen ethical conduct, we 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.

Grievance mailbox: whistleblower@lkeng.com.tw
 Grievance telephone: (03)5981311 Ext. 231



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

L&K’s Protection Mechanism for Whistleblowers

The mechanism reinforces the confidentiality of whistleblowers’ personal data. All individuals involved in processing the case, as well as those responsible, must sign an undertaking of confidentiality. We define accountability and punishment for confiding. Anyone with a conflict of interest in the whistleblower case must recuse themselves from the inquiry. We commit to protecting whistleblowers from dismissal, demotion, salary reduction, infringement on their legal, contractual, or customary rights, or any 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 2023, the Company did not encounter any illegal incidents related to anti-competition, antitrust violations, monopolistic practices, or corruption.

Mechanisms for Seeking Advice and Raising Concerns 2-26, 207-3

There was no engagement for unplanned item in 2023.

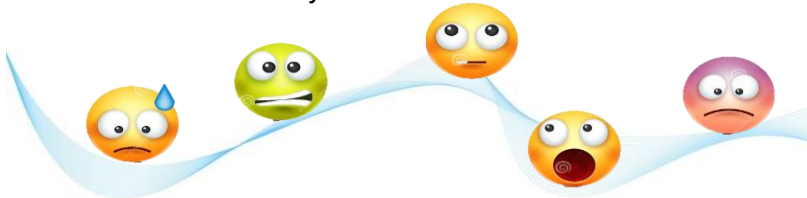
Incident \ Year	2022	2023
M&A, capital increase	0	0
Taxes	0	0
Shareholder	0	0
Supplier	0	0
Major occupational accidents	0	0

Opinion platform reporting statistics

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

	Year	2021	2022	2023
	Number of reports	8	5	3
Cate	Unreasonable use of company assets or resources	-	-	-
	Improper entertainment, gifts, and kickbacks	-	-	-
	Conflicts of interest	-	-	-
	Workplace bullying	3	-	1
	Sexual harassment	-	-	-
	Discrimination	-	-	-
	Others (including system, customer response, supplier management, employee management, executive communication and leadership, etc.)	5	5	2
	Number of cases successfully investigated	8	5	3
	Number of cases under investigation	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 systems, ISO 14001 environmental management systems, 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 Engineering is 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 Engineering strives for optimal corporate governance and risk management, enhances the financial framework, preserves steady profits, and optimizes corporate value.



Survival

L&K Engineering 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

Essence of professionalism: Technology, ethics, and work attitude
Professional practice: Obey the regulations and persevere in striving for betterment
Professional purpose: Ensure that customers have the highest product quality and service quality



Innovation

To practice sustainability in corporate management
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.



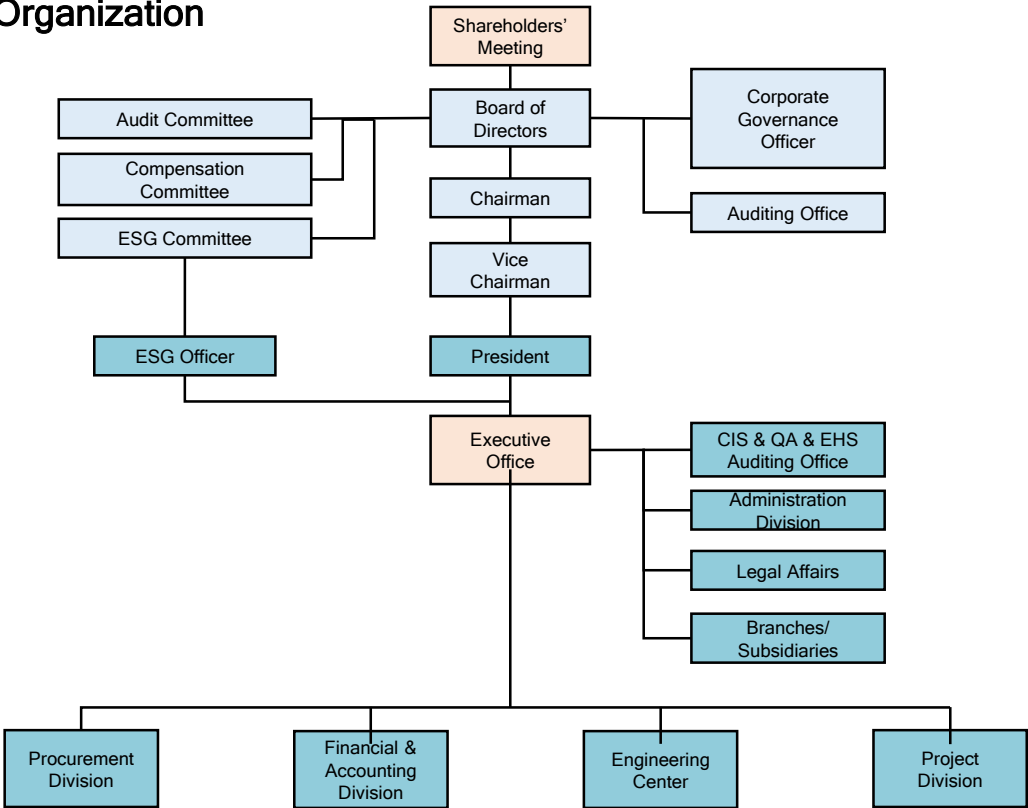
Responsibility

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 and unwaveringly strive to become an asset to society

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.



Investor Conferences



Shareholders' Meeting

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 of Directors

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		Gender	Nationality	Concurrently being an employee	Term and seniority of independent directors	Age				Professional background				Professional knowledge and skills					
						30 40	50 60	61 70	71 80	Finance and accounting	Industry	Information technology	Law	Operational judgment capability	Management	Leadership and decision-making ability	Ability to manage crisis	Industry knowledge	An international market perspective
Name																			
Director	Chu-Shiang Yao	Male	R.O.C.	•				•			•	•		•	•	•	•	•	
Director	Chih-Hsun Yao	Male		•			•					•	•		•	•	•	•	•
Director	Tze Hung Wang	Male								•		•	•		•	•	•	•	•
Director	Chung-Cheng Lo	Male						•				•	•	•	•	•	•	•	•
Director	Bor-Jen Chen	Male		•						•		•	•		•	•	•	•	•
Independent Director	Chien-Jan Lee	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

L&K separately discloses the total compensation paid to board directors, the President, the Vice President, and other senior executives over the past two years, for both the Company only financial statements and the individual financial statements of all entities included in the consolidated financial report, as a percentage of their respective net profit after tax.

Job title	2022		2023	
	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\$108,873 thousand and 3.77%	NT\$110,396 thousand and 3.12%
Independent Director				
Managerial personnel such as President and Vice President				

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	Chu-Shiang Yao	8	0	100
Director	Chih-Hsun Yao	8	0	100
Director	Tze Hung Wang	7	1	87.5
Director	Chung-Cheng Lo	7	1	87.5
Director	Bor-Jen Chen	3	5	37.5
Independent Director	Chien-Jan Lee	8	0	100
Independent Director	Tung-Hao Ho	8	0	100
Independent Director	Cho-Lan Peng	8	0	100

Participation in knowledge development

Job title	Name	Refresher course	Hour
Independent Director	Chien-Jan Lee	Corporate Governance and Management on Aug. 9, 2023 Responding to New Global Dynamics on Aug. 9, 2023	3 3
Independent Director	Tung-Hao Ho	2023 Legal Compliance Briefing Meeting on Insider Equity Transactions on Dec. 8, 2023	3

Evaluation Circumstances

To implement corporate governance and enhance the functionality of the Company's board of directors, we irregularly offer courses promoted by competent authorities and periodically inform directors about the code of conduct for ethical business practices and insider trading prevention regulations. We encourage continuous education for our directors to keep them updated on the latest laws and to provide the expertise needed for informed decision-making.

The Board of Directors has approved the formulation of the "Board Performance Evaluation Guidelines," specifying that performance evaluations will be performed both internally and externally: An evaluation of the performance of the whole board, individual directors, and committees is conducted at least annually.

The evaluations and suggestions are detailed below:

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	2023/01/01 - 2023/12/31	<ul style="list-style-type: none"> The entire Board of Directors Individual Board members Functional committee members 	<ul style="list-style-type: none"> Internal self-evaluation of the Board of Directors 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 "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and 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 Compensation 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 Charter," 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 2023, a total of 8 Audit Committee meetings were held, with an actual attendance rate of 100%.

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 8 times in 2023.

Job title	Name	Attendance in person frequency	Attendance by proxy frequency	Attendance in person percentage (%)
Independent Director	Chien-Jan Lee	8	0	100
Independent Director	Tung-Hao Ho	8	0	100
Independent Director	Cho-Lan Peng	8	0	100

◆ Compensation 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 “Compensation 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 Compensation 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 Compensation 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 Compensation 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 2023, there were 4 meetings, with an actual attendance rate of 100%.

Job title	Name	Attendance in person frequency	Attendance by proxy frequency	Attendance in person percentage (%)
Convener	Tung-Hao Ho	4	0	100
Member	Chien-Jan Lee	4	0	100
Member	Cho-Lan Peng	4	0	100

Date of Meeting	Management and Approval Presentations
2023/03/10	The Company’s 2022 Distribution Proposal for Employee and Director Compensation
2023/11/03	Review of the 2023 Executive Compensation Adjustment Proposal Review of the 2022 Executive and Employee Compensation Distribution Proposal
2023/11/30	Revision of “AA-029 Employee Stock Purchase Plan”

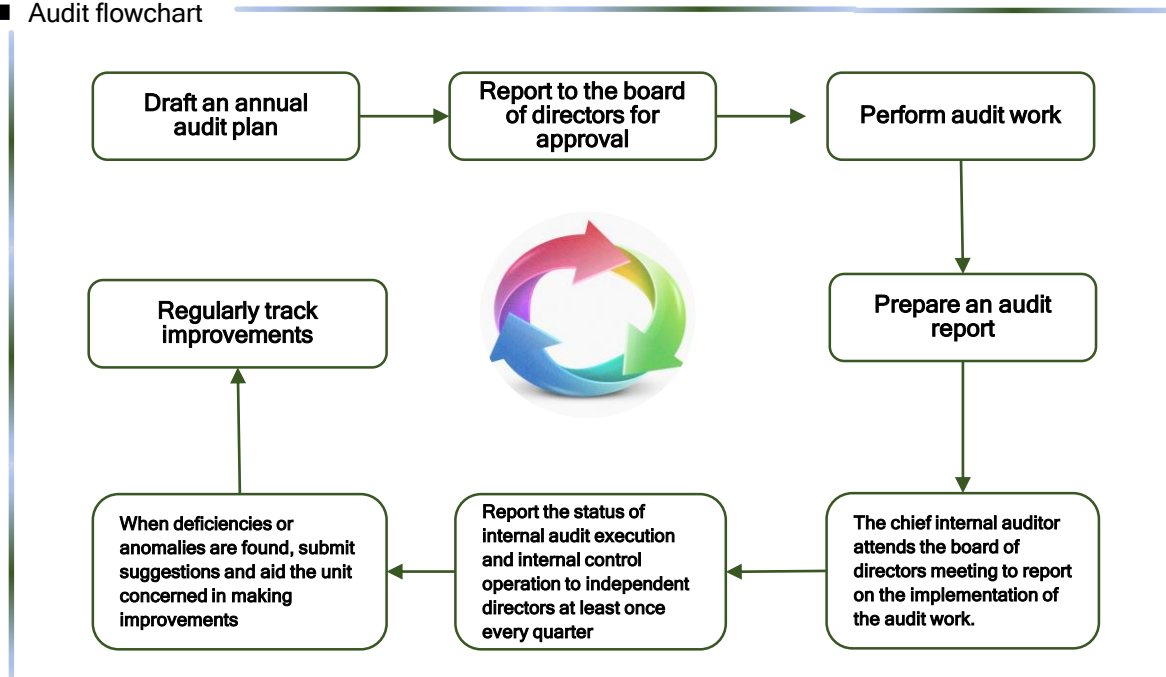


Internal Audit

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 Auditing 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.

In 2023, there were 4 reports and communications to the Audit Committee and the Board of Directors. The implementation and frequency of activities, including monthly, quarterly, and annual, are developed based on risk assessments in the annual audit plan. A total of 59 audit items were implemented in 2023.

Audit flowchart



Implementation Status

Date of Meeting	Communication Matters between Independent Directors and Internal Audit Officer
2023/03/10	<ul style="list-style-type: none"> Review the “Statement of Internal Control System” for the year 2023 Internal Audit Report
2023/05/05	<ul style="list-style-type: none"> Internal Audit Report
2023/08/04	<ul style="list-style-type: none"> Internal Audit Report
2023/11/03	<ul style="list-style-type: none"> Submission of the “Audit Plan” for the year 2024 Internal Audit Report

Audit Item	No. of Cases
Production cycle of engineering	5
Property, plant, and equipment cycle	5
Investment cycle	2
Purchase and payment cycle	4
Computer processing and control operation	7
Administrative control	15
Sale and receipt cycle	2
Labor and wage cycle	3
Important transaction cycle	16

Economic Performance 201

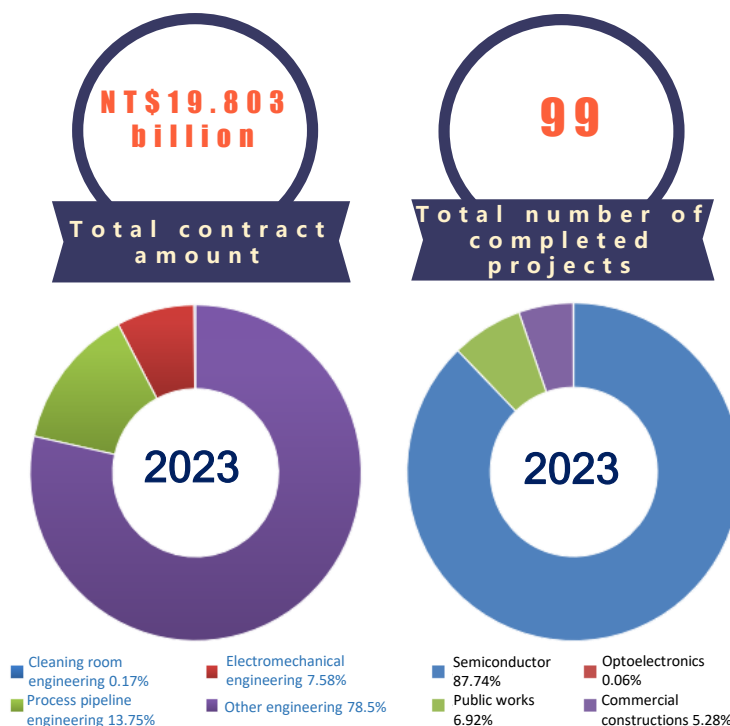
Established in 1978, L&K has experienced a beginning stage, a transition phase, a research development era, a growth span, and a strategic amalgamation period. It has developed from a small and medium-sized air-conditioning water and electrical engineering vendor to a domestic leader in clean room engineering 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 relentlessly focused on providing technical services, consistently delivering the highest level of service quality to our customers. In 2023, we completed a total of 48 engineering projects, amounting to NT\$120 million, and have 51 projects in progress totaling NT\$19.683 billion, bringing the total number of projects to 99, with a cumulative contract amount of NT\$19.803 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.
- NT\$19.803 billion/new contract value in 2023

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 from government 201-4

There was no financial assistance received from government in 2023.

Tax 207

L&K supports the government in formulating regulations that facilitate enterprise innovation and promote economic growth. The head of the Financial & Accounting Division reviews the company's tax policy annually and the company is committed to information transparency and sustainable development.

Tax policy

- ✓ L&K complies with all applicable tax laws and their legislative intent in the locations where it operates.
- ✓ The data contained in the financial reports are transparent and tax disclosures comply with relevant regulations and standards.
- ✓ Tax planning is not conducted for the purpose of tax avoidance.
- ✓ A mutually respectful relationship is established with tax authorities based on mutual trust and information transparency.
- ✓ The operating environment is assessed and management mechanisms are used for tax risk assessments.

Risk management

L&K complies with the tax laws and regulations applicable in each location where it operates. Adverse changes in tax laws and regulations could increase the company's effective tax rate, negatively impacting its performance. The company's internal control system addresses these risks by identifying, evaluating, and adopting response strategies, effectively reducing the impact of tax risks.

Tax governance

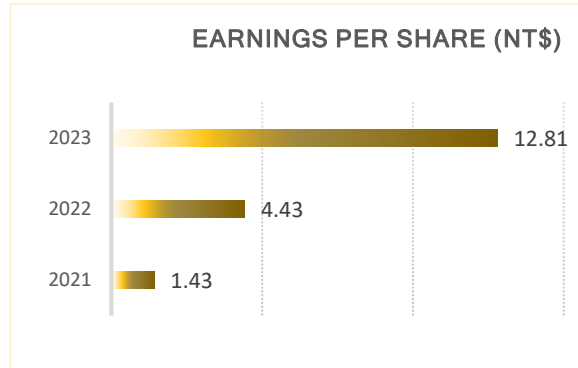
The head of L&K's Financial & Accounting Division assumes ultimate responsibility for tax management, while the head of accounting is in charge of routine tax administration and management. The Audit Committee oversees the quality and integrity of accounting, auditing, and financial reporting processes and controls, reviewing matters including accounting policies and procedures, the internal control system, legal compliance, and risk management. The effective tax rate in 2023 was 14.78% and there were no sanctions or penalties imposed by competent authorities during this period.

Financial Performance

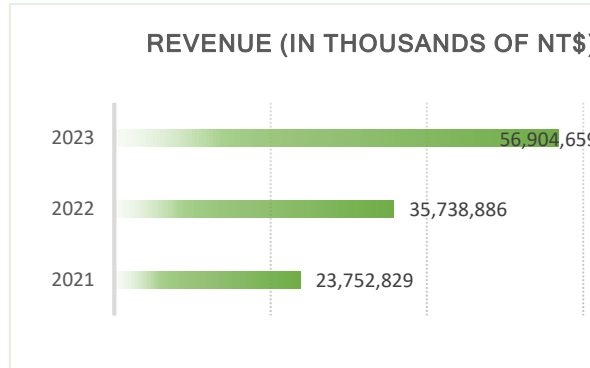
L & K's business reached an all-time high in 2023. The project team's efforts yielded particularly impressive financial results: parent-company-only and consolidated revenue, gross profit, and gross profit margin all increased compared to previous year. Profitability also improved over the previous year. Additionally, multiple performance metrics hit a 7-year high. The consolidated financial statements (including subsidiaries RSEA Engineering Corporation and L&K Engineering (Suzhou) Co., Ltd., and L&K Group) have been audited with unqualified opinion by the LHC CPA.

◆ Consolidated Financial Statements

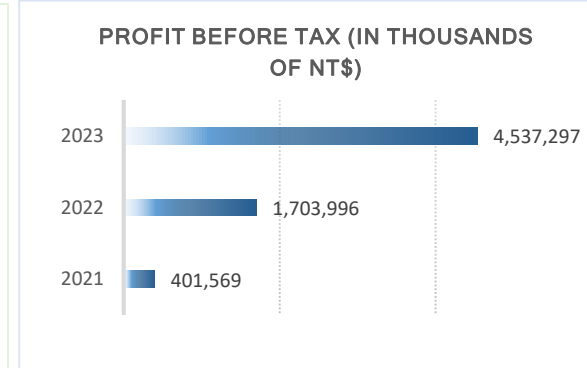
EPS grew by **1.9 times, a 7-year high**



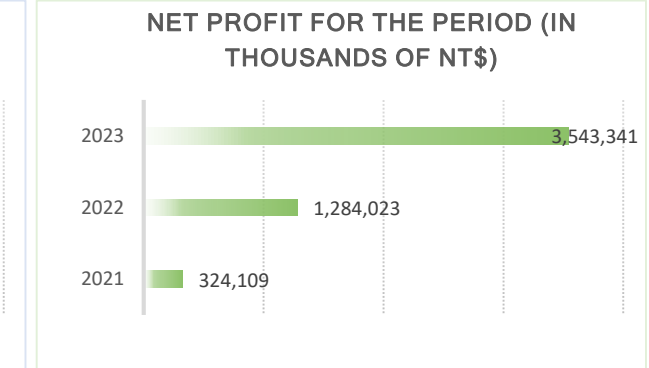
Revenue grew by **59%, a 7-year high**



PBT grew by **1.7 times, a 7-year high**

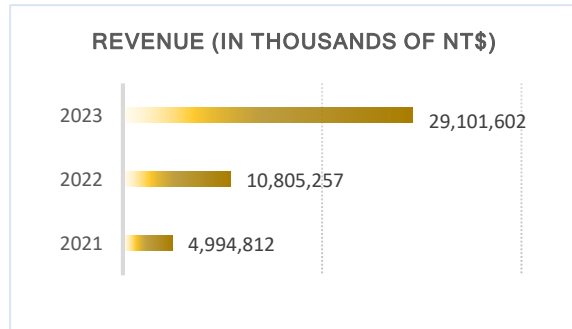


Net profit for the current period grew by nearly **1.8 times, a 7-year high**

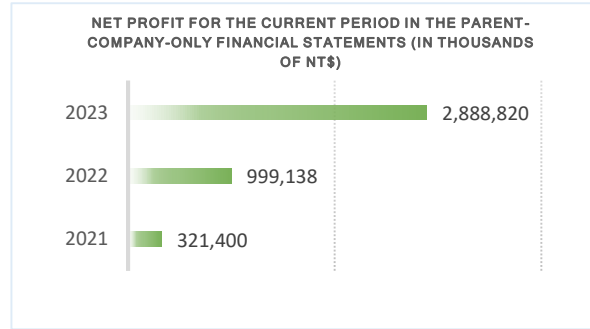


◆ L&K Standalone Financial Reports

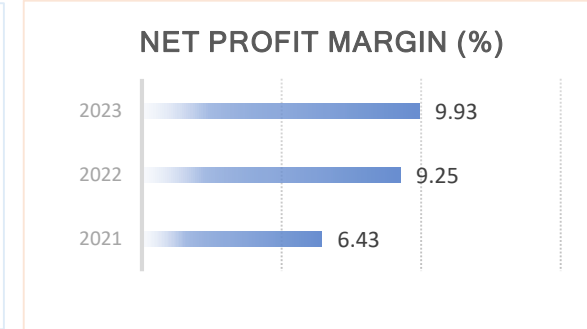
Revenue grew by **169%, a 7-year high**



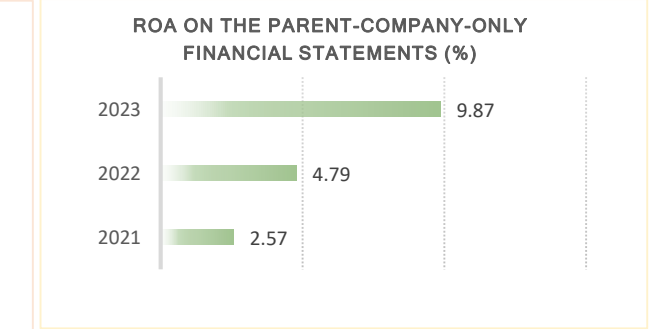
Net profit for the current period grew by **1.9 times, a 7-year high**



Net income margin grew by **7.4%, hitting a 3-year high**

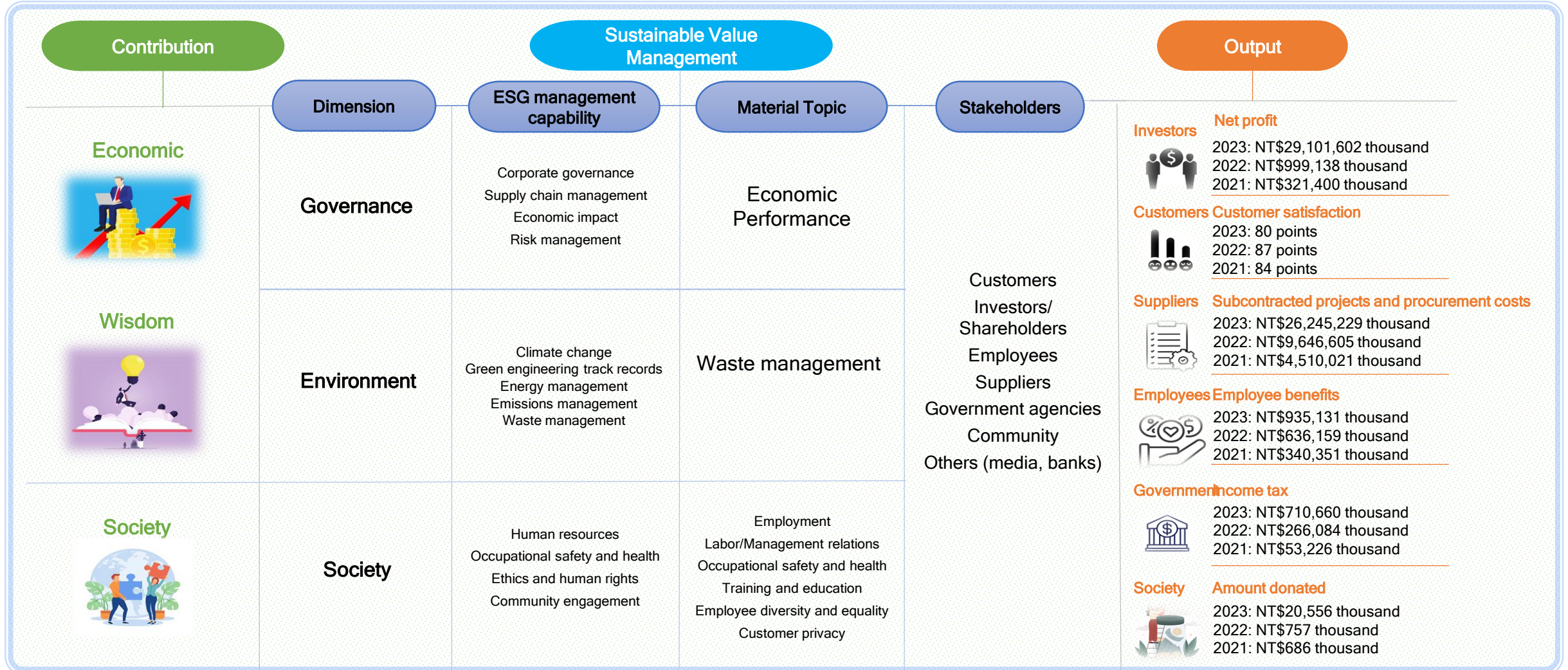


ROA grew by **106%, a 7-year high**



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 management 201-2

Climate Governance

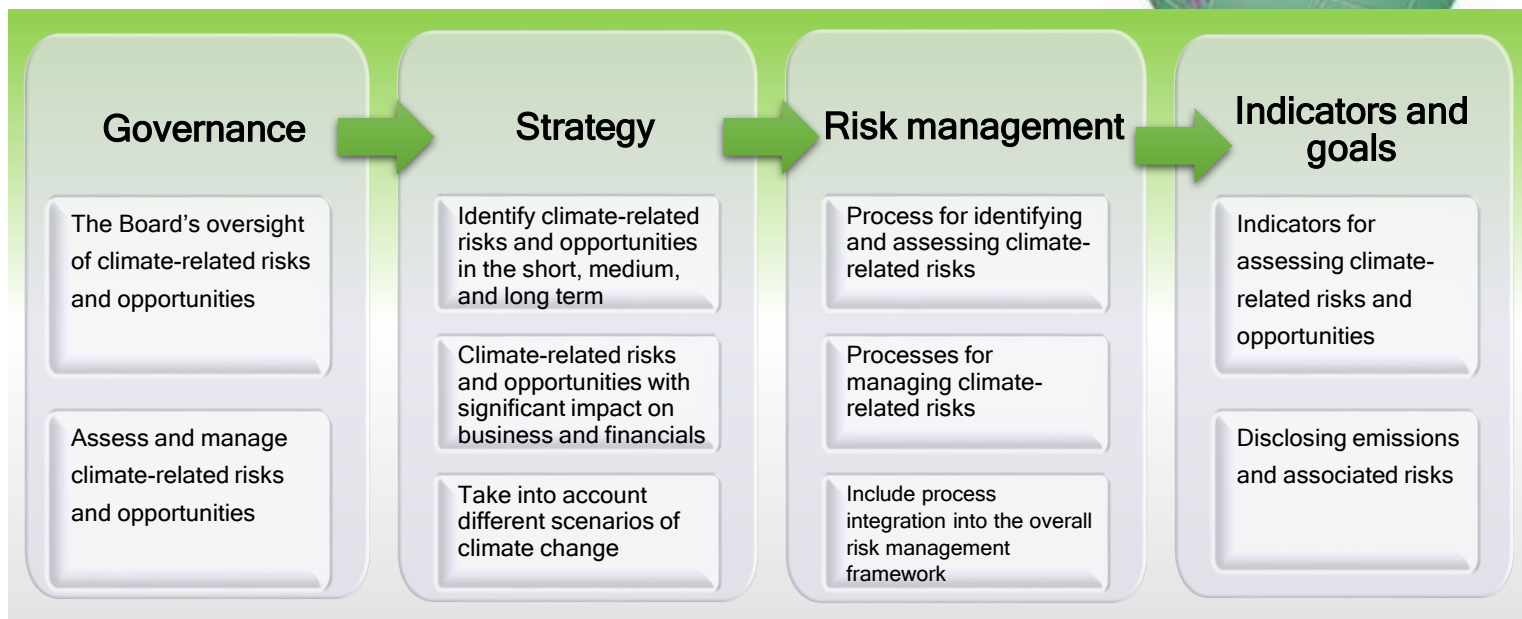
L&K's ESG Committee, established by the Board of Directors, serves as the top management unit for climate change risk management. The ESG Committee is also responsible for managing and identifying climate change risks and opportunities. Led by the ESG Officer, L&K's ESG Committee comprises five implementation groups (referred to as "ESG Working Groups"): the Sustainable Strategy Group, the Environment Group, the Governance Group, the Social Group, and the Economic Group. Each group addresses topics of concern to different stakeholders and integrates tasks promoted by relevant departments to facilitate related business activities. The ESG Working Groups report the risks, opportunities, and response measures faced by each risk management unit every six months. The Sustainable Strategy Group then consolidates this information and provides it to the Financial & Accounting Division for financial impact assessment of the identified climate-related risks. The assessment results are also reported to the Board of Directors. The ESG Committee monitors climate change-related risks and formulates response measures from a sustainable development perspective and the Board of Directors meeting review the implementation status of related topics at least once a year.

In accordance with laws and regulations set by the competent authorities, L&K carries out greenhouse gas (GHG) inventory every year. The ESG Working Group compiles data on GHG emissions and reduction, disclosing the results in the sustainability report and on the MOPS. L&K's preparation of related operational reports complies with the relevant regulations of the competent authorities. In addition, L&K performs periodic internal audits to double check the management of ESG-related operations and compiles audit reports, submitting to the Board of Directors.

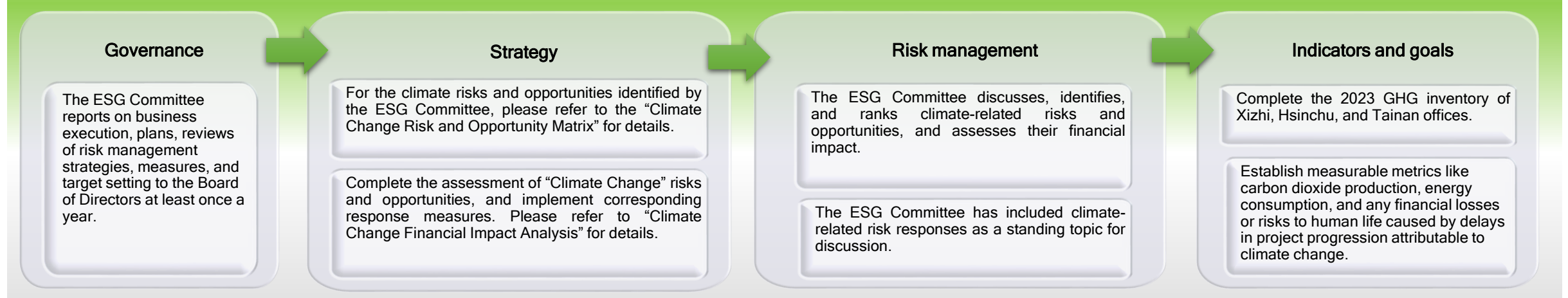


Process for Climate Change Risk Management and Identification

L&K refers to the Task Force on Climate-related Financial Disclosures (TCFD) disclosure framework issued by the Financial Stability Board (FSB), which includes "Governance," "Strategy," "Risk Management," and "Metrics and Targets," to conduct risk and opportunity analysis and formulate corresponding response measures.



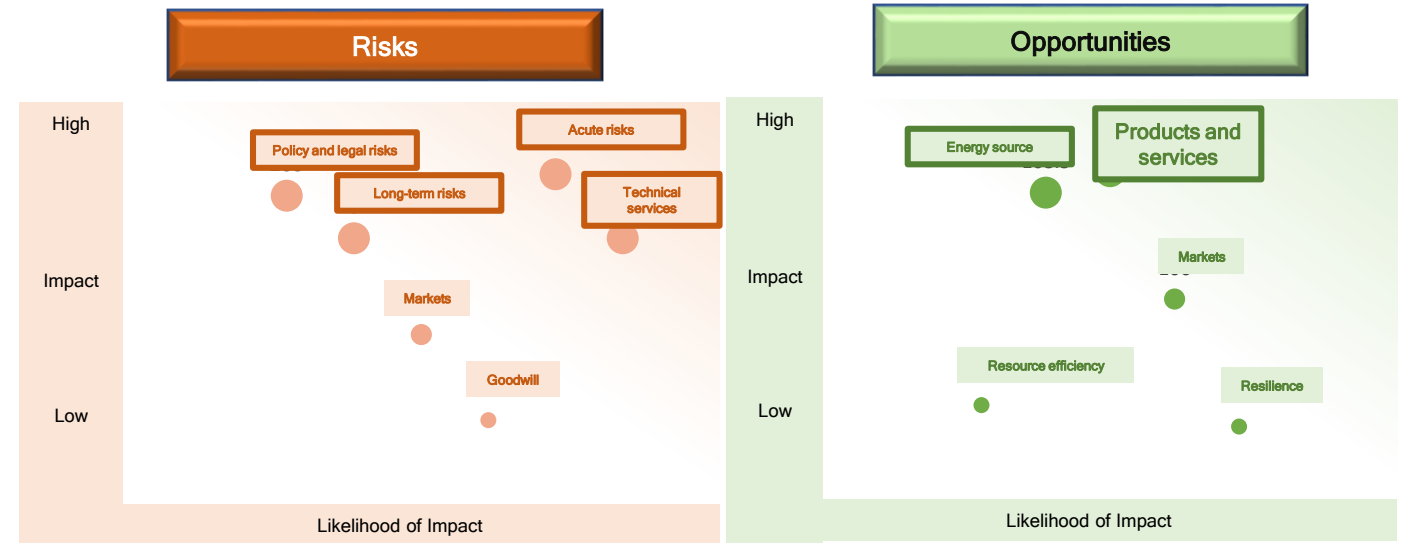
Climate Change Management Strategy, Metrics, and Targets



Climate Change Risk and Opportunity Matrix

(4 significant risks and 2 significant opportunities)

L&K evaluates relevant transition and physical risks based on the TCFD framework. Each group under the ESG Committee assesses climate change topics, measures impacts 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. These efforts aim to facilitate climate-related financial disclosures and stakeholder engagement, enhance organizational resilience, and adapt to the impacts of climate change risks. L&K completed climate change risk management in 2023 and has developed relevant response measures. The matrix on the right shows the results of the identification process:



Climate Change Risk Impacts and Responses

In 2023, L&K identified 6 high-level and 2 medium-level risk factors after reviewing risks and opportunities related to climate change. Measures were developed to adapt, mitigate, and manage these impacts on L&K, and potential opportunities were analyzed to reduce operational and financial impacts caused by climate change, thereby strengthening the organization's resilience to climate change. The identified climate change risk impacts and formulated response measures are as follows:

Risk/Opportunity Category	Name	Risk/Opportunity Description	Impact Scope	Impact Timeframe			Financial Impact	Response Measures
				Short-term	Medium-term	Long-term		
Transition risks	Policy and legal risks	Policies and regulations, including the implementation of carbon pricing mechanism to reduce GHG emissions and requirements to improve indoor air quality, save electricity, and enhance water use efficiency, may increase the company's operating costs. As losses resulting from climate change continue to grow, the risk of climate-related litigation may also rise.	Increased operating costs Increased number of penalty cases	•			High	<ul style="list-style-type: none"> The current assessment indicate that regulations applicable to the international and Taiwan markets have not had a significant, direct impact on L&K. We will continue to monitor the status. Proactively engage with competent authorities, relevant organizations, and other stakeholders to stay informed about regulatory changes domestically and internationally. Internally, establish inventories for electricity and water usage, carbon emissions, and other relevant data, and regularly review the effectiveness of these measures. Set annual carbon reduction targets, evaluate and reduce equipment energy consumption, and establish monitoring mechanisms.
	Technical services	The economic system is gradually shifting to support low-carbon, high-efficiency technological improvements and innovations. This transition may result in the replacement of existing products or services with lower-carbon ones or increase operating costs due to the development of low-carbon technologies and renewable energy.	Decreased revenue Increased operating costs	•	•	•	High	<ul style="list-style-type: none"> Stay up-to-date with market trends and annually invest a certain percentage of the budget in developing green engineering technologies. Collaborate with academia on technical research to enhance the competitiveness of green engineering technologies.

Note: Short-term is within 1 year, medium-term is within 3 years, and long-term is 5 years or more.

Cont'd

Risk/Opportunity Category	Name	Risk/Opportunity Description	Impact Scope	Impact Timeframe			Financial Impact	Response Measures
				Short-term	Medium-term	Long-term		
Transition risks	Markets	<ul style="list-style-type: none"> Climate change can change supply and demand structure, product and service mechanisms, and increases market uncertainty. If project contracts involve high-pollution or high-carbon industries, it may adversely affect public perception or stakeholder views on us, potentially influencing their decision to invest in the Company. 	Decreased revenue Asset value impairment		•	•	Medium-term	<ul style="list-style-type: none"> Proactively adjust and develop diverse disposal measures in line with evolving environmental regulations, offering customers integrated carbon reduction services. Develop products and services related to low-carbon technologies, such as replacing diesel forklifts with electric machinery and replacing high-carbon fuels with low-carbon ones. Proactively invest in, develop, and innovate technical services related to green engineering, and stay up-to-date with policy and market changes. Update design specifications and standards to meet customer needs and gain their trust. Actively respond to ESG-related issues and disclose information on fuel, electricity, water, and paper product emissions.
	Goodwill	<ul style="list-style-type: none"> Poor customer-end integrated carbon reduction services could harm the company's reputation, resulting in business loss. Failure to proactively respond to stakeholders' concerns about climate change could harm the company's goodwill. 	Decreased revenue Goodwill impairment			•	Low	<ul style="list-style-type: none"> Fulfill social responsibilities and work with suppliers to continue promoting ESG issues Establish communication channels to address stakeholder concerns and needs. The feedback obtained through these channels will help drive the company towards its sustainability goals.
Physical risks	Acute risks	<ul style="list-style-type: none"> The increasing frequency and severity of typhoons and heavy rains could lead to project delays, structural damage, and property losses. In terms of personnel deployment, it may lead to an inability to deploy workers or accidents causing injuries or fatalities. The potential outcome of supply chain disruptions or breakdowns includes service interruptions or a decline in quality. 	Business interruption Asset value impairment	•			High	<ul style="list-style-type: none"> Change construction strategies and negotiate for extended construction deadlines. Continue to strengthen safety awareness and preventive measures to effectively reduce occupational accidents at project construction sites and achieve hazard prevention. Develop new suppliers who have not experienced project progress delays due to weather-related events.

Note: Short-term is within 1 year, medium-term is within 3 years, and long-term is 5 years or more.

Cont'd

Risk/Opportunity Category	Name	Risk/Opportunity Description	Impact Scope	Impact Timeframe			Financial Impact	Response Measures
				Short-term	Medium-term	Long-term		
Physical risks	Long-term risks	Excessive GHG emissions cause global warming and exacerbate extreme weather conditions, such as higher average temperatures and ocean temperatures, resulting in glacier melt and sea level rise, submerging low-lying areas. Changes in precipitation patterns lead to extreme weather events, including heat waves, droughts, wildfires, heavy rains, and floods, causing loss of life and property and increasing operational costs due to rising electricity bills and water shortages.	Increased operating costs Decrease in asset value	•	•	•	High	<ul style="list-style-type: none"> Provide education and training on thermal hazard prevention at project construction sites. Continuously review and adjust the operational management mechanisms to improve resource utilization efficiency and proactively develop low-carbon technologies and services. Establish emergency response plans and conduct regular drills to strengthen personnel response capabilities, preventing sudden or unforeseen disasters from adversely affecting operations and causing financial burdens.
Opportunities	Resource efficiency	<ul style="list-style-type: none"> Improve the efficiency of operational resource usage; make timely and effective adjustments or corrective actions through monitoring information. Install water-saving equipment and promote reduction, recycling, reuse, and other relevant initiatives to reduce operating costs. 	Reduced operating costs	•	•		Low	<ul style="list-style-type: none"> Evaluate equipment usage efficiency and update or replace inefficient equipment to reduce carbon emissions. Select energy-saving facilities or equipment, establish an energy usage monitoring mechanism, and effectively evaluate and manage energy consumption to achieve a gradual reduction in energy consumption.
	Energy source	<ul style="list-style-type: none"> Evaluate the use of low-carbon energy to improve energy efficiency. Leverage government incentive policies to repair buildings or replace existing products and equipment with energy-saving alternatives. 	Reduced operating costs	•	•		High	<ul style="list-style-type: none"> Plan and utilize vacant areas to build solar power generation facilities, reducing carbon emissions. Purchase renewable energy products or equipment to increase the renewable energy utilization.

Note: Short-term is within 1 year, medium-term is within 3 years, and long-term is 5 years or more.

Cont'd

Risk/Opportunity Category	Name	Risk/Opportunity Description	Impact Scope	Impact Timeframe			Financial Impact	Response Measures
				Short-term	Medium-term	Long-term		
Opportunities	Products/Services	Develop and innovate technical services to provide customers with factory construction consultation and diversified solutions for environmental protection, mitigating the impact of climate change.	Increased revenue		•	•	High	<ul style="list-style-type: none"> Actively expand the scope of engineering services by extending the reach of green engineering value services, such as digitizing documents, official letters, and submissions for authority review to improve timeliness and reduce paper usage. Introduce carbon reduction technology to mitigate environmental impact at different stages, including design, material procurement, transportation, construction, use, and demolition.
	Markets	<ul style="list-style-type: none"> The government encourages the use of renewable energy. Promote energy-saving and carbon reduction measures in response to slow global warming. 	Goodwill improvement Increased revenue Reduced operating costs		•	•	Medium-term	<ul style="list-style-type: none"> Include new business models, including public works and green engineering. Replace high carbon-emitting equipment and systems, such as diesel machinery and vehicles. Develop energy-saving technologies and construction methods.
	Resilience	<ul style="list-style-type: none"> Participate in the government's green project promotion campaign to collaboratively address interconnected environmental issues. Proactively implement and promote environmentally friendly campaigns, such as environmental education courses. Invest manpower in environmental protection efforts and jointly fulfill green responsibilities by participating through participation in eco-friendly activities. 	Increased revenue Goodwill improvement			•	Low	<ul style="list-style-type: none"> Participate in public environmental project tenders and invest in private green building projects. Promote environmental protection knowledge and environmental education courses. Invest in green financial products

Note: Short-term is within 1 year, medium-term is within 3 years, and long-term is 5 years or more.

Climate Change Risk Management Scenario Analysis

In recent years, the financial impacts related to climate change have gained increasing attention from stakeholders. To understand the potential financial impacts of significant climate risks and opportunities on L&K's future, L&K selects **4 significant risks and 2 significant opportunities** from the risk-opportunity matrix for quantitative analysis.

Process for scenario analysis: Select significant climate change risks and opportunities → Identify potential impact levels and financial impacts → Quantify significant climate change risks and opportunities → Analyze results and develop response strategies.

Climate Risks and Opportunities		Potential Impact Level	Quantitative Scenario	Operational Impact as a Percentage (%) of Total Revenue
Transition risks	Policy and legal risks	At the end of 2022, the Financial Supervisory Commission officially announced the Guidelines for the Determination of Sustainable Economic Activities. Among the guidelines, items under the "Construction, Building, and Real Estate Industry" related to L&K's service scope are set as management objectives to comply with regulatory policies and meet stakeholders' expectations.	We provide technical services based on customer needs and government policies and regulations. In line with the government's net-zero transition plan, L&K has increased the proportion of energy-saving and carbon-reducing products. To meet future government requirements, the increased costs incurred due to implementing green building practices and the procurement of green building materials will increase construction costs.	No impact expenses were incurred in 2023.
	Technical services			
Physical risks	Acute risks	Whenever an extreme weather event occur, such as typhoons, heavy rainfall, or concentrated rainfall causing flooding in low-lying areas, it directly leads to extended construction timelines and varying degrees of damage. Due to climate change, the frequency of such extreme weather events has increased in recent years and is expected to worsen, which will increase the frequency and amount of losses for the engineering services industry in the future.	According to the IPCC AR6 SSP5-8.5 scenario published by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), Taiwan's climate is expected to become increasingly severe in the future. The rate of heavy rainfall is projected to increase by 20%, potentially causing damage or construction delays at construction sites, site offices, and other office areas.	In 2023, heavy rainfall caused water leakage in the document storage room with an iron roof at the Hsinchu Office. Since the severity of leakage was within manageable limits, no severe damage expenses were incurred.
	Long-term risks			
Opportunities	Energy source	Nowadays, the demand for green products is increasing, and the government provides subsidies and tax incentives for green buildings. Therefore, opportunities to participate in public works and green engineering projects will certainly be prioritized.	In response to changes in the economic landscape, there may bring about demand for new construction and environmental projects, leading to increased revenue and asset values. We will actively participating in subsidy programs for net-zero energy building transition, as these buildings have a higher unit price and consumer demand for them is rising.	No government subsidies or tax incentives were granted in 2023.
	Products/Services			

Indirect economy 203-1 203-2

Talent cultivation plan



St. John's University: Cultivating Talents in Electrical Engineering and System Integration

In response to the shortage of engineering manpower in the market, the severe lack of management talents in the engineering industry, the declining birthrate, and the reluctance of young people to engage in the engineering industry (or their poor retention rates even if they do), L&K has an opportunity to implement a student cultivation plan at St. John's University. The plan involves making donations to the university to facilitate education and industry-academia collaboration. With the support of the Board of Directors, the Alumni Association, and alumni enterprises, we offer students the "Employment upon Enrollment" program, various scholarships and bursaries, and internship and employment opportunities. For students, this provides a chance to apply what they have learned. For the company, it strengthens talent succession management, mitigates indirect impact risks, and enhances our market competitiveness. The talent cultivation plan is mutually beneficial for both parties, creating a win-win situation. Additionally, this plan allows us to fulfill our social responsibilities and strive for the sustainable development of the company.

In addition to its commitment to cooperation between domestic universities, L&K Engineering, the L&K's subsidiaries in mainland China, also have 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. Meanwhile, L&K leverages the external development of the engineering industry to support the acquisition of necessary language skills and international engineering management knowledge beyond professional expertise to train international engineering talents for the future.



Cheng Shiu University



Chien Hsin University of Science and Technology



Chienkuo Technology University

Talent Cultivation Goals and Strategies

L&K has been aware of the severe labor shortage in the industry for many years. To cultivate international industrial talents in electrical engineering and system integration and align with the government's "Implementation Plan to Encourage International Students to Come to and Stay in Taiwan," we have partnered with multiple companies to support St. John's University in jointly launching a new specialized program for international industrial talents. This program primarily recruits foreign students from Indonesia to study in a dual-degree system in Taiwan. After graduation, partnering companies will provide the students with employment opportunities in Taiwan, thereby alleviating the domestic talent shortage in the industry.

In addition to expanding the school's pool of international students, the "New Specialized Program" can also help companies tailor-make the talent they need. Students with outstanding performance will have the chance to remain in Taiwan to work, alleviating the industry's labor shortage.

In addition to providing job vacancies such as construction M&E supervisory engineers, M&E engineers, and electrical control technicians, partnering companies provide each student with living stipends, tuition fees, and other financial assistance during their studies in this program, effectively reducing their financial burden.



L&K Partners with St. John's University to Launch "New Specialized Program"



Cultivating Quality Talents; Fostering Humanistic Qualities



Campus Recruitment Fair

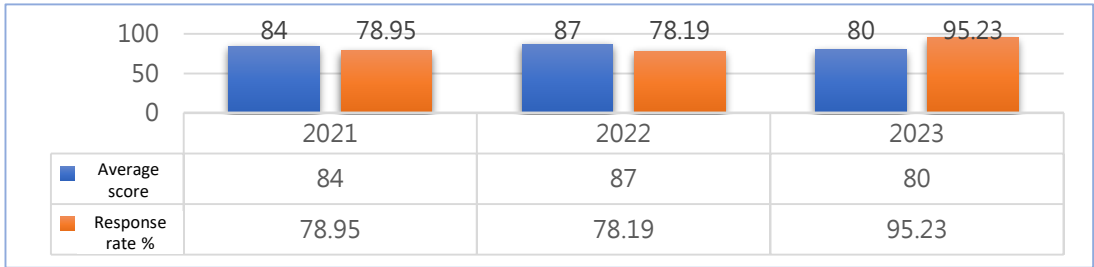
Customer service management

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.

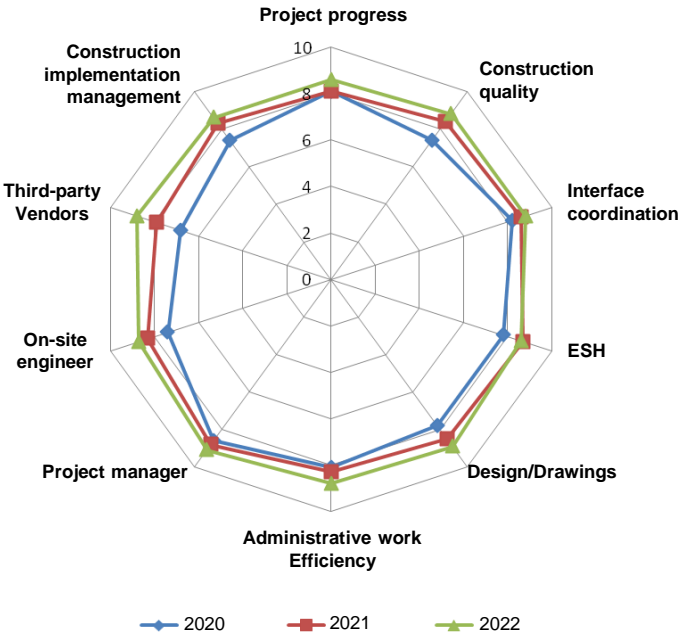
Customer satisfaction

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 Project 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.



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

Based on the Structural Integrity & Safety under the SASB Standards, L&K discloses deficiencies and safety-related rework costs, including costs arising from external competent authorities or customers imposing penalties for worker violations of the Occupational Safety and Health Act, which may result in hazardous conditions and deficiencies. During the requisition stage, a review process is conducted. It is required that only after approval can the procurement budget be executed.

Year	Competent Authority Penalty Ticket		Penalty Ticket from Clients		Penalty Ticket from the Client Association Meeting		Costs Incurred by Deficiencies	
	No. of Cases	Amount NT\$	No. of Cases	Amount NT\$	No. of Cases	Amount NT\$	No. of Cases	Amount NT\$
2022	1	60,000	7	324,000	13	56,000	4	770,000
2023	0	0	6	12,500	20	103,050	21	15,562,114

Sustainable Supply Chain 204

Procurement management

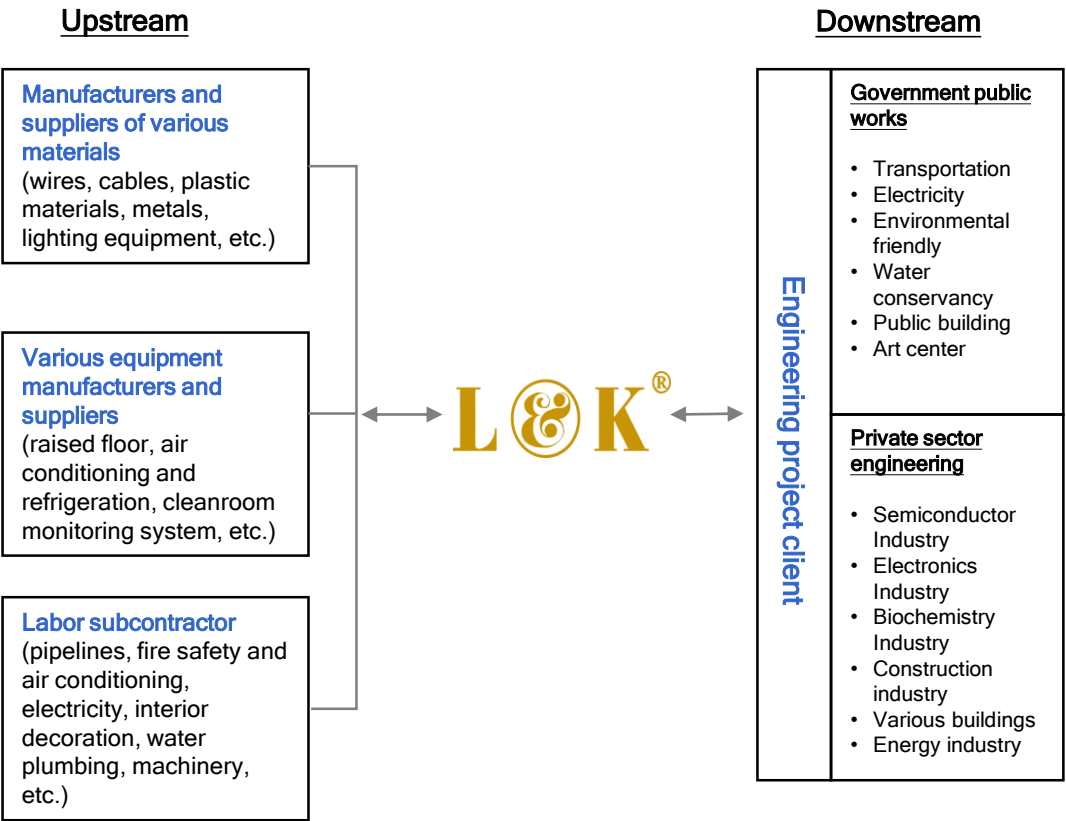
In the early times, L&K have business ventures that cover EPC design, procurement, construction turnkey engineering, and the production of patented clean room products. As construction of technology factory had reached its highest point, we extended our business and start undertaking projects regarding 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 fulfilment status to capture supplier information promptly and effectively manage supplier activities. By the year 2023, L&K has amassed a total of 4,168 vendors, both domestic and foreign, with 3,787 domestic suppliers and 381 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

- Integrity 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

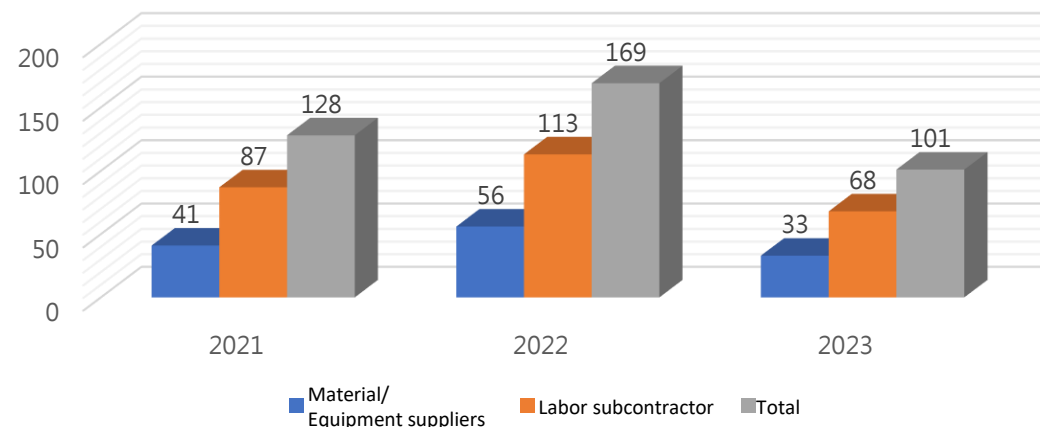
- Management responsibilities
- Legal requirements
- Customer requirements
- Risk assessment management
- Corporate responsibility
- Documents and records
- Education and training
- Audit improvement

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



Supplier qualification assessment

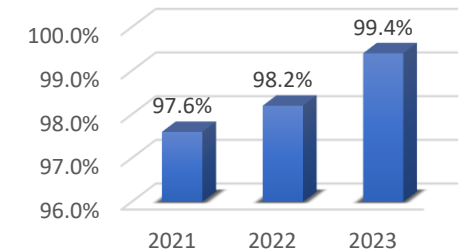
To effectively comprehend the cooperativeness of suppliers, L&K has split them into three distinct types by qualifications: qualified vendors, sub-standard vendors, and unsatisfactory vendors. Vendors with abnormal performance will be evaluated by project owners, graded by the procurement representative according to the evaluation results, and assessed by the head of the Procurement 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 Procurement 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 Procurement 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 Procurement 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

Local sourcing

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, EEWH, 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



Unit: in thousand NT\$, excluding Singapore Branch

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

Year	2021		2022		2023	
Category	Total Amount	%	Total Amount	%	Total Amount	%
Domestic	8,969,629	98.1	3,984,563	95.4	1,507,241	99.6
Foreign	173,552	1.9	193,959	4.6	6,796	0.4

Information security management

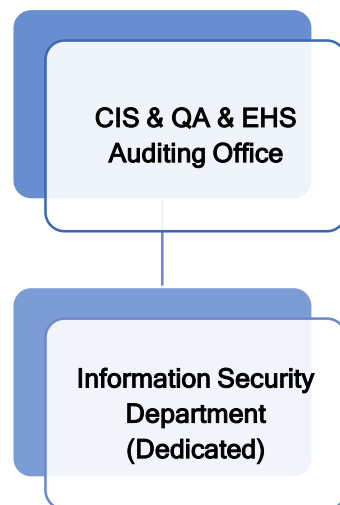
L&K have created a specific division devoted to information security, with the responsibility of keeping and administering information security lying with the Information Security department. This unit is tasked with formulating information security policies and operating guidelines, executing information 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.

Organization

With the intention of advancing the various operations of L&K in the area of information security management, the Information Security Department under the QA and EHS Auditing Office 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:

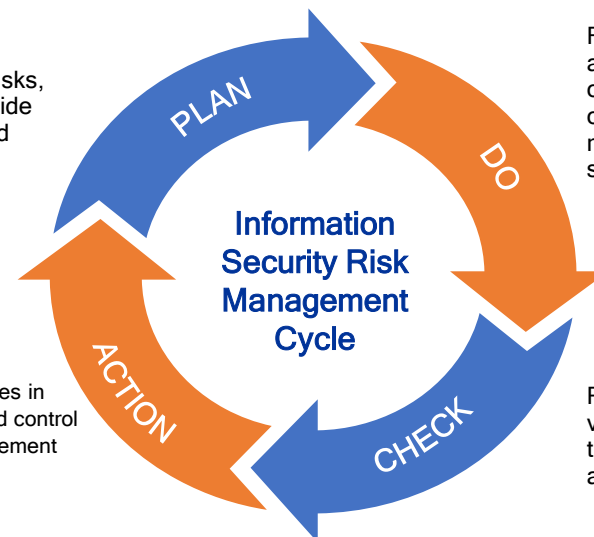
1. Information security and QA and EHS Auditing Office
2. Management cycle
3. Information security control measures
4. Training and drills



Risk management

Analyze the data on numerous security risks, both inside and outside the organization, and create plans for improvement.

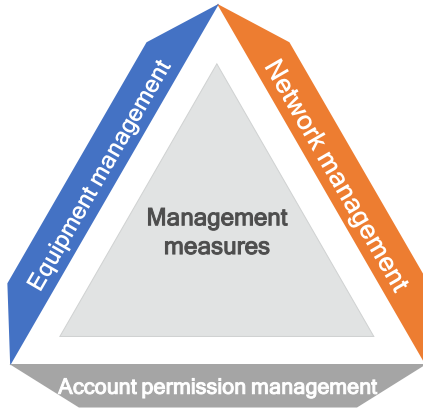
Improve the deficiencies in various prevention and control measures and management systems.



Follow the plan strictly and put in place a range of preventive and curative measures and regular management systems.

Review the implementation of various measures and whether the management system has achieved expected results.

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 backup

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.

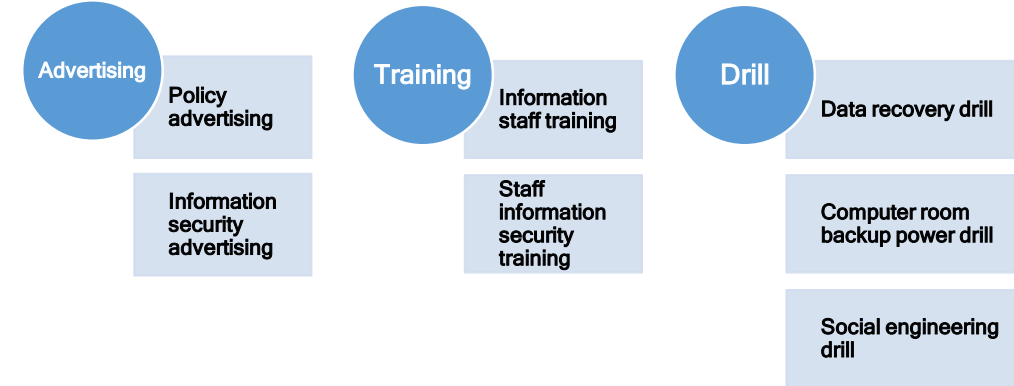
User account has low permission

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 documents

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 drill		2022	2023
Advertising	Policy advertising	6 times	6 times
	Information security advertising	480 persons	483 persons
Training	Information staff training	50 hours	22 hours
	Staff information security training	100 hours	31 hours
Drill	Data recovery drill	2 times	2 times
	Computer room backup power drill	2 times	2 times
	Social engineering drill	2 times	4 times

Risk management

Policies and procedures

To promote robust operations and sustainable development, and to foster a comprehensive risk management culture, we define various risk management mechanisms in line with the company's overall operational policies. Within acceptable level of risks, we aim to prevent potential losses and continuously adjust and improve best practices for risk management based on internal and external environmental changes. In doing so, we protect the interests of employees, shareholders, partners, and customers, create more value for the company, and adhere to the principle of optimal resource allocation.

In terms of risk management organization, the goal is to promote and implement comprehensive risk management across the company, clearly understand the operational risks, and ensure the effectiveness of risk management. The ESG Committee is responsible for overseeing and directing the implementation and operation of the risk management plan, and is required to periodically report on the risk management outcome.

In view of the growing importance of management issues, the company actively addresses and controls the risks associated with the company's operations. Therefore, the heads of each risk management unit are required to assume responsibility for risk management as well as risk analysis and monitoring within their respective units, ensuring to a reasonable extent that risk management mechanisms and procedures are effectively implemented.



Risk Identification and Response Measures

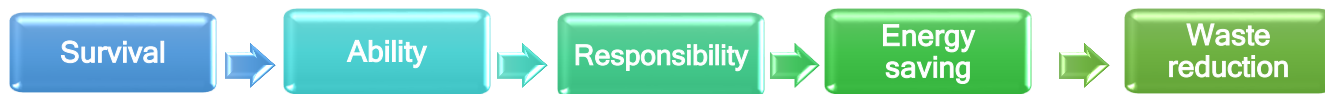
Category	Risk Item	Risk Content	Response Measures
Strategic and operational risks	Market risks	Changes in economic conditions or policies and laws, which could cause fluctuations in interest rates, exchange rates, securities prices, imposing carbon taxes, and changes in raw material prices and labor supply and demand market prices, may impact the company's profitability.	<ul style="list-style-type: none"> Each functional unit should stay abreast of market economic changes, comply with laws and management systems for evaluation, and develop response strategies to minimize asset impairment. Considering the government has not yet announced carbon tax prices, currently, it is impossible to specifically estimate the cost structure. We will continue to monitor the situation.
Financial risks	Credit risks	Our primary transaction partners are customers and suppliers. Customers: Risk of failure to fulfill payment terms under contracts. Suppliers: Risk of losses by reason of contract termination and failure to fulfill contractual obligations, possibly due to the supplier's poor condition or other factors.	<ul style="list-style-type: none"> Comply with the management system for customer credit checks. The engineering unit is responsible for monitoring customer operations. If there are concerns about non-payment or failure to meet payment terms, the team should report to their managers. If the abnormal situation remains unresolved, it will be deemed material and real, and will require notifying the President and the risk management unit. Ensure to conduct credit evaluation of suppliers thoroughly. Stay attuned to suppliers' finances and workforce arrangements for projects.
Hazardous risks	Climate change risks	Human safety hazards caused by extreme weather such as high temperatures, intense heat, and heavy rainfall	<ul style="list-style-type: none"> Please see Climate Change Management in Section 2 for details.
	Information security risks	Confidentiality and integrity of corporate information.	<ul style="list-style-type: none"> Comply with the company's information security management policies and related internal control systems. Please see Information Security Management in Section 2 for management objectives and implementation results.
	Natural disasters or other occasional major events	Occurrence of natural or occasional events, situations of force majeure, such as regional heavy rainfall, flooding, earthquakes, fatal industrial accidents, construction site protests, fraud incidents, internal operational errors that causing the company to lose NT\$1 million or more, litigation impacting finances by NT\$5 million or more, information asymmetry with external media or investors that could impact the company's stock price or harm reputation, and major information security incidents.	<ul style="list-style-type: none"> Compliance with laws and the company's internal control systems. Construction units should comply with and practice the "Emergency Response Management Procedures." In the event of natural disasters or other occasional major events, immediately establish an emergency response team and the handling outcome should be reported to higher management tier by tier. If there are circumstances that require informing the competent authority, promptly notify the Financial & Accounting Division to issue a material information announcement as required by law. Compile and submit relevant handling reports to the Chairman and the President for their review, and subsequently report to the Board of Directors.
Compliance risks	Legal risks	Failure to comply with relevant laws and regulations, constituting illegality, or contracts that have no legal effect, contain clause omissions, or are poorly drafted, rendering the contracts invalid and potentially causing losses.	<ul style="list-style-type: none"> Comply with laws and regulations. Each functional unit should standardize contracts according to legal provisions and orders issued by competent authorities: contract review procedures



3 Sustainable Environment

Green engineering implementation
Energy management
Water and effluents
Emissions management
Waste management

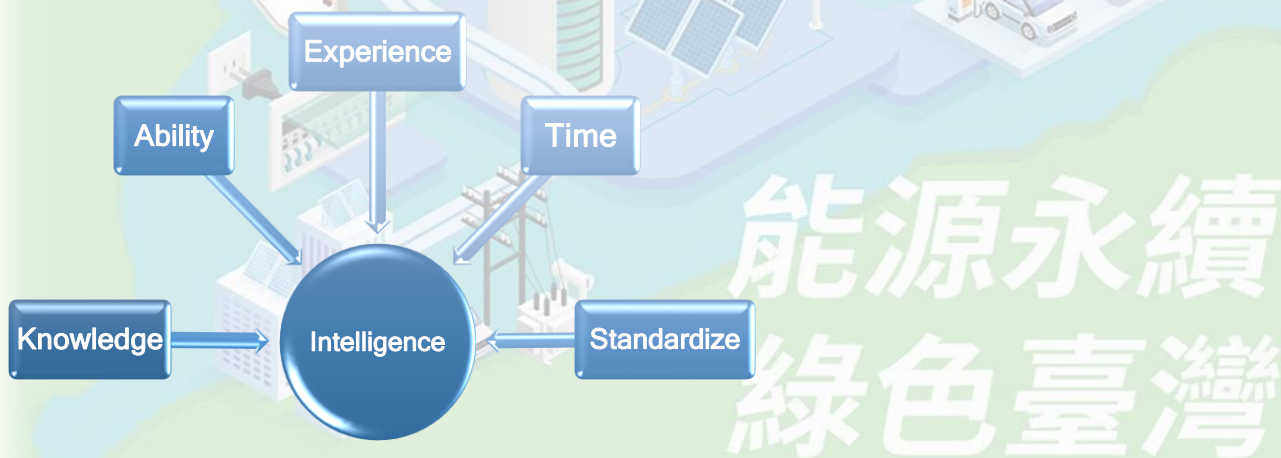
Green engineering implementation



[Professionalism; Innovation; Leadership; Waste Reduction; Responsibility]

From project contracting, design, and planning to raw material acquisition, construction, transportation, delivery, project completion, inspection, and acceptance, L&K follows green procurement measures formulated by local governments to reduce energy consumption during the engineering service process. L&K also requires suppliers to prioritize low-pollution, recyclable, and reusable eco-friendly products, practicing waste reduction initiatives.

Everyone at L&K Engineering Co., Ltd. must be equipped with the fundamental skill of “Reading Drawings and Estimating the Required Materials.” It is embedded in the core aspects of all stages, including design, processes, materials, and construction. Additionally, the company is dedicated to implementing green engineering strategies, aiming to increase profits and improve its goodwill.



Management systems supported by technology

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 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.



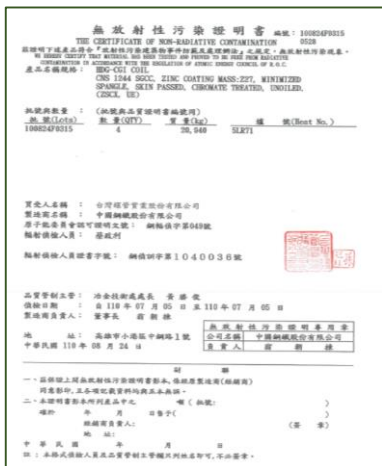
Green Procurement Contracts

L&K must comply with applicable local laws, energy-saving policies, and customer requirements at all stages of contract performance. It should pre-plan and reach consensus with suppliers before construction begins, value worker safety, and ensure effective execution during construction. Additionally, L&K complies with environmental assessment indicators, prioritizing equipment with eco-friendly and energy-saving labels. We advise customers to use high-performance, energy-efficient equipment through engagement and coordination to help customers achieve energy-saving goals.

L&K prioritizes the use of eco-friendly materials with EEWB certification, radiation-free contamination certificates, and related product inspection qualifications for its raw and construction materials, including the use of the Ministry of Environment's green energy-saving labels, FSC™ forest certification, and Taiwan Carbon Footprint Label certification for recycled paper products in office areas.



EEWB



Certificate of No Radioactive Contamination

Sharing and Inheritance of Engineering Technology

Attaching great importance to the inheritance of engineering experience, L&K has started to release quarterly publications since 2008. This initiative aims to convey engineering experience and new technical knowledge to all members of the Group through various channels, serving as materials for learning and improvement. The publication also preserves valuable historical records and is gifted to major universities and groups, contributing to academic exchanges and practical experience.

Sharing new knowledge on energy saving and technology



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

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

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

Application of BIM Technology

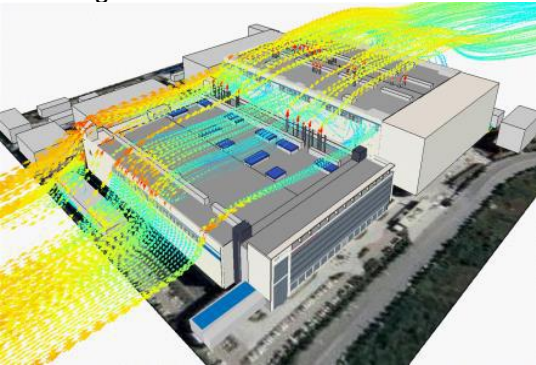
Adhering to the concept of sustainable development, L&K combines BIM technology with point cloud scanning, shaft prefabrication, and CFD fluid analysis technology to significantly improve design efficiency and construction standards, which in turn continue to effectively reduce the impact on air, water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

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.

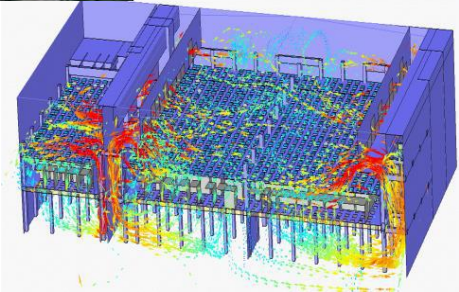
Note: BIM point cloud scanning application copyright belongs to L&K Engineering (Suzhou) Co., Ltd.



● VR virtual reality - Auxiliary design project changes



● CFD fluid analysis application
● Scan pre-fab apps



Note: The three photos are courtesy of L&K Engineering (Suzhou) Co., Ltd.

Engineering 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



United Microelectronics Corp (ADR) - FAB12A P6 Cleanroom + MEP Turnkey Project



Taiwan Life C3 Construction Project - M&E Engineering



Nanya Technology - Shulin Plant 1 Phase II Cleanroom System Project



Powerchip Semiconductor Manufacturing Corporation - 12-inch Wafer Fab Cleanroom Turnkey Project 20K, 25K



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

Green Building Certified

The company undertakes plant construction projects for customers, carries out these projects in accordance with the terms and conditions specified in contracts, cooperates with customers on projects, and assists them in obtaining certifications.

The projects that have been LEED-certified and Taiwan's EEWH-certified for green buildings are as follows:

Customers	Project
National Health Research Institutes	NHRI Biologics Pilot Plant (Vaccine Research Center) Construction Project
United Microelectronics Corp (ADR)	UMC FAB12A PH3&4 Plant Construction Project
CTBC Financial Holding Co., Ltd.	CTBC New Headquarters Building Construction Project Structural Work: MEP and HVAC Designated Subcontracting Project
Hermes-Epitek	Hermes-Epitek STSP Plant Phase II New Construction: Factory Office Building M&E, Fire Protection, and HVAC Cleanroom Turnkey Project
National Kaohsiung Center for the Arts (Weiwuying)	National Kaohsiung Center for the Arts (Weiwuying) Special Equipment Engineering
ACADEMIA SINICA	National Biotechnology Research Park Construction Project
Taiwan Semiconductor Manufacturing Company Limited	TSMC STSP Plant 14 Phase VII Construction Project - MEP Engineering
Taipei Performing Arts Center	CZ207 Taipei Performing Arts Center Construction Project: Phase I (TP4) of Theater Specialized Equipment Engineering
Nanya Technology Corporation	Nanya Technology FAB-3A-N Cleanroom Expansion Project
United Microelectronics Corp (ADR)	UMC 12A P6 Cleanroom + MEP Turnkey Project

Source: LEED Certification and Taiwan EEWH Certification official websites



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

■ Incorporation of environmental elements into product development and design

The company undertakes construction engineering contracts with customized services, provides detailed designs and submissions for authority review according to the terms and conditions specified in contracts. The design incorporates environmental elements, including water resource recycling and reuse, system optimization to improve load demand, use of energy-saving and high-performance equipment, prioritizing the use of removable or reusable materials for construction methods and falseworks, the use of HVAC and lighting systems that match equipment and materials to achieve optimal efficiency and functionality, and the selection of durable materials that reduce carbon dioxide emissions for pipeline layouts.

■ Adoption of energy usage recording and monitoring systems

In the construction engineering services industry, project designs must be developed in accordance with customer requirements. For energy usage recording and monitoring, in addition to those standard billing meters installed by water, gas, electricity, and sewage treatment companies, independent meters are installed at each point of use, enabling customers to further subdivide and record the actual consumption at each individual point of use later.

Public works under construction - Kaohsiung Main 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 Main 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 Main 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.

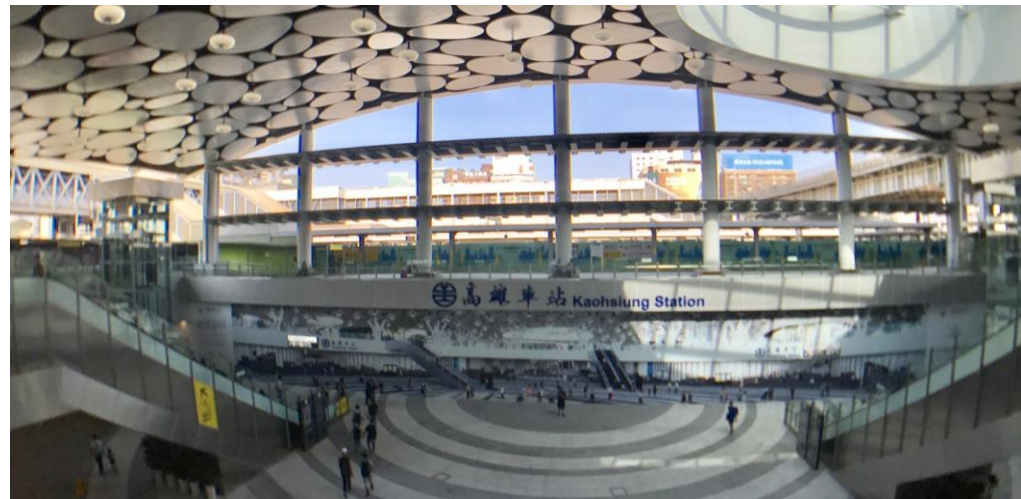
評估指標	施工注意事項
通風換氣環境	所有居室空間設有新鮮外氣供應系統 (需提出外氣引入風管系統圖說)。
室內建材裝修	綠建材使用率 50%(如:油漆...等)。
室內環境指標	1. 50%以上接著劑數量採用綠建材。↓ 2. 50%以上填縫劑數量採用天然材料。↓ 3. 50%以上管線以非 PVC 材料製品替代(如金屬管、陶管)或具綠建材標章、或環保標章認可之管線。↓ 4. 50%以上隔熱材及管路環保型保溫材數量採用天然或再生材料。↓

Green Building Code



鑽石級

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



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



Zhandong Road opening

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.

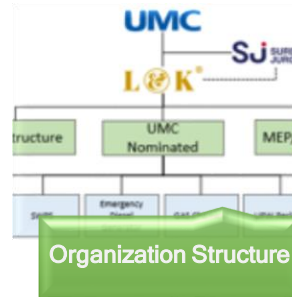
With over 20 years of operation, the Singapore 12-inch plant's processes range from 0.13 μm to 40 nm. The new Fab12iP3 plant is one of Singapore's most advanced semiconductor wafer foundries, offering 22/28 nm processes. The project commenced in May 2022 and is expected to be completed by May 2024.



BCA GREEN MARK

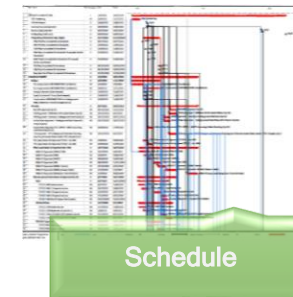
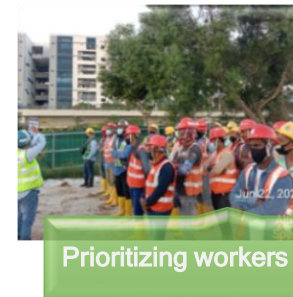
Plan to obtain the Singapore's BCA Green Mark

◆ Pre-Planning; Pre-construction Consensus; Valuing Workers; Effective Execution



Rare (1)	Unlikely (2)	Possible (3)
Medium	Medium	High
Medium	Medium	Medium
Low	Medium	Medium
Low	Medium	Medium

Risk management



Item	Material	Unit	Quantity	Unit Price	Total Price
1	Concrete	m³	100	100	10000
2	Steel	kg	500	200	100000
3	Brick	1000s	100	100	10000
4	Paint	kg	100	100	10000
5	Labour	man-days	100	100	10000

Quality management



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.

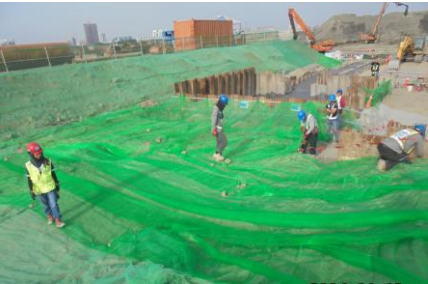
Technical scope	Implementation	Practical application cases or results
Water resources	Water resources recycling and reuse	<ul style="list-style-type: none"> Choose a cooling tower with low splash loss Recycle and reuse condensed water from the air conditioning and steam systems Recycle rainwater for 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	<p>Estimate precisely the needed components and diminish the danger of pipeline clash and material waste.</p> <p>Have vendors pre-fabricate pipelines by offering them pipe section diagram.</p> <p>Incorporate 3C technology to cooperate with engineers in far-flung sites, enhance productivity and minimize carbon footprint from traveling.</p>
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 $EAC_c=0.80$.</p> <p>Individual air conditioner energy saving design values $EAC=0.60 \leq$ energy-saving reference value $EAC_c=0.80$.</p>

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Technical scope	Implementation	Practical application cases or results
Air-conditioning	<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 $R_g=62.54\% > R_{gc}+15\%$.</p> <p>Indoor ecological building materials decoration: More than 50% of the pipelines are replaced by non-PVC materials.</p> <p>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 $IE_c=60.00$</p>
	<p>The cooling tower operates with a frequency converter</p>	<p>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</p>
Lighting system	<p>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 $EL=0.65$</p>	<p>Daily energy-saving design value $EL=0.65 \leq$ energy-saving benchmark value $EL_c=0.80$</p>
Piping layout	<p>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 $D=0.06 \sim 0.20$</p>	<p>The designed carbon dioxide reduction design value $CCO_2=0.53 \leq$ reduction baseline value $CCO_{2c}=0.82$</p>

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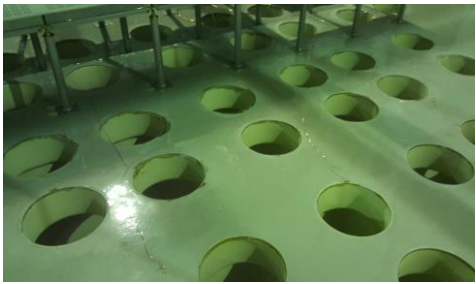
Technical scope	Implementation	Practical application cases or results
Falsework	<p>Purchasing green building materials or sustainable recycled consumables:</p> <p>During the building process, there are numerous openings in the floor, thus presenting the danger of falls when on the truss layer. Before, 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.</p> <p>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.</p>	<p>Reduce setup costs:</p> <p>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%</p>
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



Falsework - reuse of green shade net



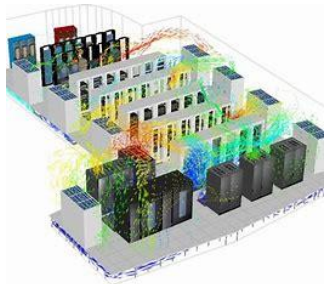
Replacing traditional warning lights with LED ones



Reusable iron circular covers replace wooden boards



Energy-saving lighting equipment



Energy-saving airflow design for HVAC system in the plant

Representative Green Engineering Projects and Expected Benefits

Project	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 of CO ₂ e/year
2023 Project A	Analyzed the tonnage and efficiency specifications of the originally-designed chillers.	Adjust the number of units and their capacity combination based on chiller operation strategy analysis	Based on the refrigeration load requirements of the project, the equipment was re-selected and operation strategies were analyzed to ensure compliance with the original design specifications and LEED certification requirements (ASHRAE Std. 90.1). The annual energy savings for the chiller: approximately 2.09 million kWh.	2,093,640	1036
2023 Project A	The restroom exhaust system was originally designed with exhaust fans on each floor and air was expelled outside through a central roof fan.	The exhaust fans on each floor are removed and the exhaust system is unified with a central roof fan. The back draft dampers (BDD) at the roof fan outlet are replaced with motorized dampers (MD).	<ol style="list-style-type: none"> 1. Removing the restroom exhaust fans on each floor (approximately 86 units) not only reduces equipment noise (fan noise around 56-60 dB(A)) but also shortens maintenance time and decreases labor required. 2. Replacing the back draft dampers (BDD) at the roof fan outlet with motorized dampers (MD) reduces fan pressure loss, thereby achieving better energy efficiency. 3. Electricity savings upon optimization: 43% 	281,003	139.1
2023 Project B	Equipment procurement and installation were carried out according to the specifications provided by clients or design consultancy agencies.	L&K reviews equipment specifications and adjusts the selection parameters according to actual onsite conditions, thereby achieving optimal operating conditions of the equipment.	<ol style="list-style-type: none"> 1. A total of 161 fans were optimized to maintain optimal operating conditions. 2. Electricity savings upon optimization: 20% 	7,577,400	3750

Cont'd

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 of 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: RCU + air duct	The air handling unit and air duct are replaced with a FFU and DCC system to create sufficient maintenance space 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 originally 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

Cont'd

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 of 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 2023

6,183 metric tons of CO₂e = the annual CO₂e absorption of 16 Daan Forest Parks.

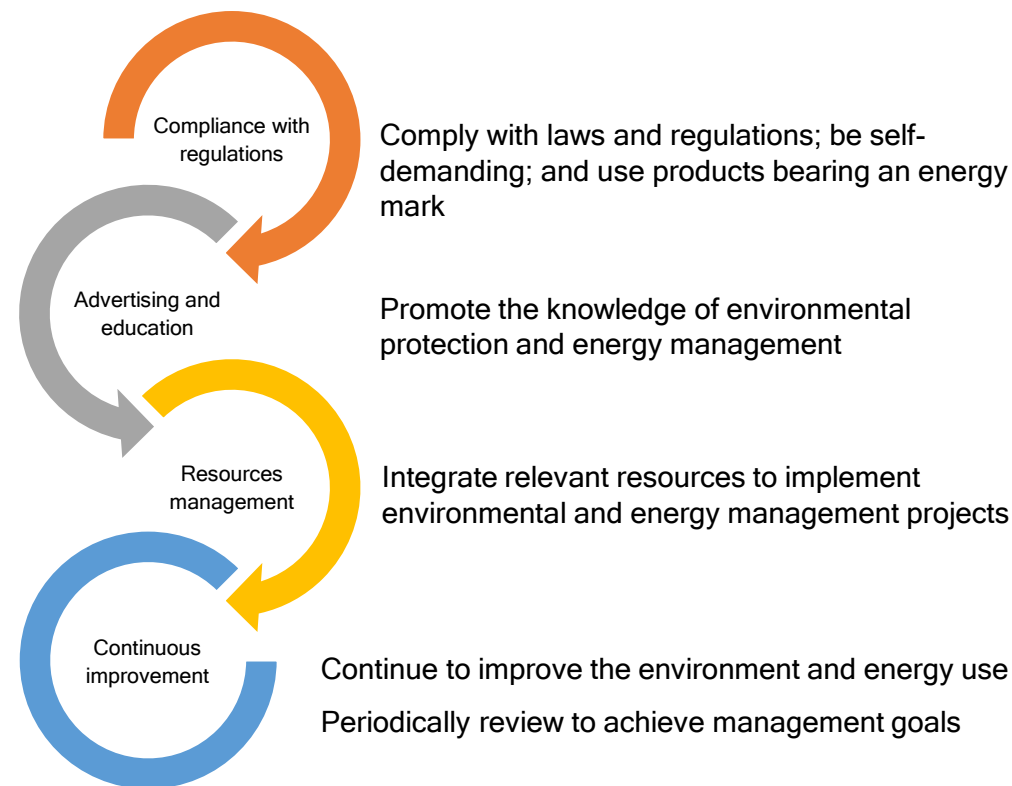
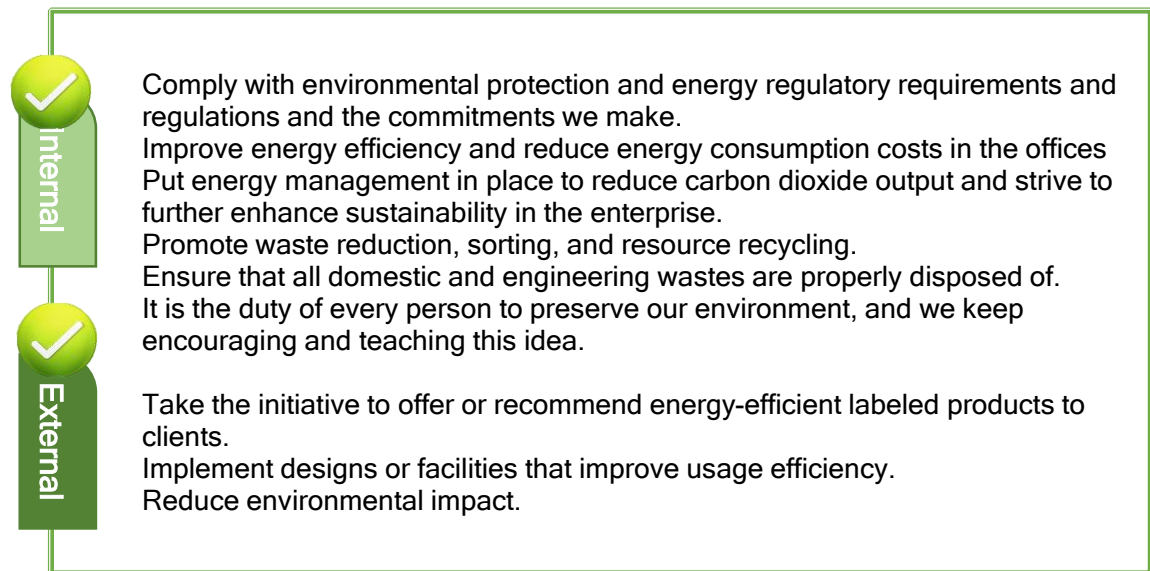
Note: The annual carbon absorption of Daan Park is 389 metric tons of CO₂e.

Energy management 302

Policies and Commitments

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 “Environmental Pollution by Solid Wastes Prevention and Control Act.” In 2000, we successfully acquired ISO14001 certification for our environmental management system, and are currently actively practicing it. We take serious consideration of environmental impacts and resource usage in our offices and during 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.

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.



Reductions in energy requirements of products and services 302-5

L&K provides engineering services, performing work on project sites. Its offices handle only administrative tasks. As no products are manufactured, there are no solutions in place to reduce the energy demand of products and services.

Energy-saving Management Objectives

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 energy inventory for fuel, paper, refrigerants, electricity, water, and waste generated by activities within its operational control. Since energy consumption varies with the demands of construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. We draft energy-saving targets by referencing the energy-saving and carbon-reduction lifestyles promoted by the Ministry of Environment and facilitate energy conservation and carbon reduction efforts through various action plans, gradually fostering a green workplace environment. Internally, we leverage the company's electronic bulletin board for advocacy, publishing initiatives, promotions, announcements, and other information, keeping all regions where the company operates on the same page. In doing so, we hope that employees will internalize energy-saving and carbon-reduction concepts, take action, and extend these practices to their personal lives and families, ultimately influencing the social environment.

Strategy	Action	Key Objective	2023 Target	2023 Result	2030 Target
Forge consensus	<ul style="list-style-type: none"> Utilize when necessary, conserve when necessary Encourage employees to bring eco-friendly dishware Approve of the social responsibility of energy saving and carbon reduction 	Promote 24 messages	24 messages	34 messages; target met	24 messages/year
Energy saving and carbon reduction	<ul style="list-style-type: none"> Reduce garbage and implement garbage classification Dispose of 100% of waste in a harmless manner Save electricity, water, paper, and fuel 	Waste reduction Electricity consumption reduction Water withdrawal reduction Paper reduction Fuel reduction	Reduce by 0.3% Reduce by 0.5% Reduce by 0.5% Reduce by 0.5% Reduce by 1%	Increased by 5.4%, target not met; intensity reduced by 61% Increased by 5.2%, target not met; intensity reduced by 60.9% Reduced by 4%, target met; intensity reduced by 64% Reduced by 59%, target met; intensity reduced by 85% Reduced by 11%, target met; intensity reduced by 67%	Reduce by 0.3% per year Reduce by 0.5% per year Reduce by 0.5% per year Reduce by 0.5% per year Reduce by 1% per year
Improve efficiency	<ul style="list-style-type: none"> Replace with energy-saving products Install water-saving appliances and equipment Air conditioning equipment and maintenance 				
Renewable energy	<ul style="list-style-type: none"> Water resource reuse: rainwater and reclaimed water recycling Route the Hsinchu Office cooling tower drain pipe to the fire water tanks for overflow recycling 	Reduce water withdrawal	Reduce by 32 kWh	Reduced by 54 kWh; target met	Aligned with the target for reducing water withdrawal.

Water and effluents 303-3

Water Stewardship

The water considered in L&K's inventory is supplied directly by the government's water system. No water is sourced from other bodies of water and all wastewater is discharged into the sewer system. Water usage statistics are based on the figures in cubic meters shown on the water bills. Since energy consumption varies with the demands of construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. In 2023, water consumption decreased by 4% from 2022, meeting the target. Intensity was reduced by 64%. During the period, water reduction measures included improving the reuse of cooling tower drainage at the Hsinchu Office, replacing equipment with water-saving equipment and installing water-saving valves in all offices, and promoting water-saving actions and slogans to remind employees to save water.

Year	Total Water Withdrawal (unit: t)	Target			Intensity (unit: t CO ₂ e/NT\$1 million)	Amount per capita
		2023	Achieved or Not	2024		
2022	3,791	Base year	Base year	Base year	0.053	0.00046
2023	3,532	551 <small>Note 1</small>	Reduced by 4%, target met	548 <small>Note 2</small>	0.019	0.00015

Water withdrawal of three offices under operational control

Quantitative Indicators	Unit	2022			2023		
		Xizhi	Hsinchu	Tainan	Xizhi	Hsinchu	Tainan
Water withdrawal	t	1,139	1,821	831	880	1,707	945
Carbon emissions	t CO ₂ e	173	277	126	137	266	147
Energy intensity	(unit: t CO ₂ e/NT\$1 million)	0.016	0.026	0.012	0.005	0.009	0.005

Note:

1. The GHG emission factor for water is based on the Taiwan Water Corporation's announcement. 2021: 0.152 kg CO₂e per cubic meter; 2022: 0.156 kg CO₂e per cubic meter. Since the 2023 factor has not yet been announced, the 2022 factor is being used here, which is: 0.156 kg CO₂e per cubic meter.

2. The target for reduction in carbon emissions from water withdrawal is 0.5%.

3. Number of office employees in three locations: 115 in 2022 and 128 in 2023. During this period, some project staff returned to the offices.

Results



Reuse of recycled water

The Hsinchu office undertook an improvement action by using recycled water in 2023. The drainage pipes from the cooling tower were routed to the fire water tanks for overflow recycling, with an expected reduction of 32 metric tons per year. After 6 months of implementation, water withdrawal decreased by 10% and water bills reduced by 10.5%, meeting the target. Please see the table on the right for details.



Replacing traditional equipment with water-saving alternatives

The Hsinchu Office replaced 4 traditional toilets with water-saving labeled alternatives, expecting to reduce water withdrawal by 6 tons per year. The improvement was completed in December 2023.



Post “Save Water” slogans at all faucet switches to reduce water consumption.



Install water saver on faucets



Posters featuring dual-flush 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

Hsinchu Office	Water Withdrawal (unit: cubic meter)	Target	Performance
July to December 2022	527.5	-	-
July to December 2023	473.5	Reduce by 16 cubic meters	Reduced by 54 cubic meters; target met

Note: Considering the estimated reduction target is 32 cubic meters per year, the 6-month target is to reduce by 16 cubic meters.



Install water-saving devices on faucets.



Put up posters featuring dual-flush instructions on toilets



Install timers to water dispensers

Emissions management^{305-1~5}

L&K’s GHG emissions, as mentioned in Energy Management, include Scope 1 fuel, paper and refrigerants, and Scope 2 electricity. We disclose the total GHG emissions for the past two years by referencing the methods of GHG calculation.

Since energy consumption varies with the demands of construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. Compared to 2022 for carbon emissions, Scope 1 emissions in 2023 reduced by 13%, while Scope 2 emissions increased by 5%. When calculating emissions intensity using revenue, Scope 1 intensity reduced by 68% and Scope 2 intensity reduced by 61%.

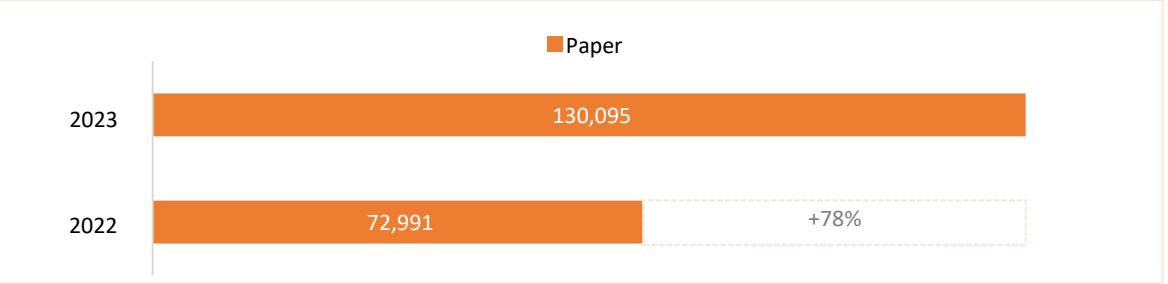
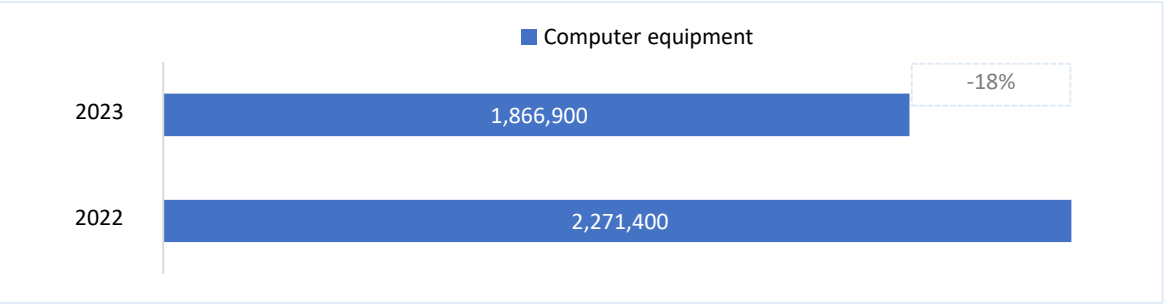
Year	Scope 1 Total Carbon Emissions (metric tons of CO ₂ e)	Scope 2 Total Carbon Emissions (metric tons of CO ₂ e)
2022 (base year)	416	335
2023	362	353

Year	Scope 1 Intensity (metric tons of CO ₂ e per NT\$ million)	Scope 2 Intensity (metric tons of CO ₂ e per NT\$ million)
2022 (base year)	0.0385	0.0310
2023	0.0124	0.0121

Green procurement

L&K’s green procurement, conducted within the scope of activities under its operational control, includes computer equipment and paper. Procurement is non-periodic and done on an as-needed basis, with quantities varying according to the demands of ongoing construction projects.

Year	2022	2023
Total Amount	2,344,391	1,996,995
Green-labeled Products		
Computer equipment	2,271,400	1,866,900
Paper - PEFC sustainable forest management certification - FSC Forest Stewardship Council certification	72,991	130,095



Fuel Management 302-1, 302-2, 302-3

L&K's GHG inventory for fuel includes gasoline and diesel usage under its operational control, calculated using factor conversion values provided by the Bureau of Energy. Since energy consumption varies with the demands of construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. Compared to 2022 for carbon emissions from fuel, emissions in 2023 reduced by 11%, meeting the target. When calculating emissions intensity using revenue, intensity reduced by 67%. During this period, L&K switched to renting energy-efficient vehicles for company use upon expiration of the old vehicle lease and posted energy-saving tips inside the vehicles to remind employees to adopt carbon-reducing driving habits.

Quantitative Indicators	Unit	2022				2023			
		Xizhi	Hsinchu	Tainan	Project	Xizhi	Hsinchu	Tainan	Project
Gasoline	Liter	18,295	18,332	79	9,3194	12,356	18,678	4	81,920
Diesel	Liter	0	143	18	1,200	0	1,530	0	2,569
Total consumption	MJ	597,338	603,590	3,194	3,085,063	403,433	663,650	131	2,765,086
Carbon emissions	t CO ₂ e	55	56	0.3	285	37,192	61,392	12	255
Intensity	t CO ₂ e/NT\$1 million	0.00510	0.00515	0.00003	0.02634	0.00128	0.00211	0.0000004	0.00877

Note:

1. The boundary for fuel usage under operational control includes fuel expenses reimbursed by the company, covering company vehicles, vehicles with fuel subsidized, and the quantities needed for operational activities.
2. 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
3. The GHG emission factors for fuel are based on data published by the Bureau of Energy, for gasoline: 3.01 kgCO₂e, diesel: 3.38 kgCO₂e.
4. The target for carbon emissions from fuel is 1%.

Paper Management 302-1, 302-2, 302-3

L&K's GHG inventory for paper consumption falls within the scope of its operational control. Since energy consumption varies with the demands of bidding projects and construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. Compared to 2022, the total weight of paper procurement in 2023 reduced by 63%, with procurement amount down by 12%. Carbon emissions reduced by 59%, meeting the target. When calculating emissions intensity using revenue, intensity reduced by 85%. During this period, energy-saving methods for paper usage and photocopying were posted in public and promoted. Additionally, the optimization of electronic procurement documents also contributed to reduced paper consumption.

Quantitative Indicators	Unit	2022		2023	
		Amount NT\$	Total Weight	Amount NT\$	Total Weight
Photocopy	kg	90,675	5,640	89,788	1,913
Environmental extraction-type paper towels	kg	36,940	357	22,818	323
Total Weight	t		6.0		2.2
Carbon emissions	t CO ₂ e		20.0		8.3
Intensity	t CO ₂ e/NT\$1 million		0.00185		0.00028

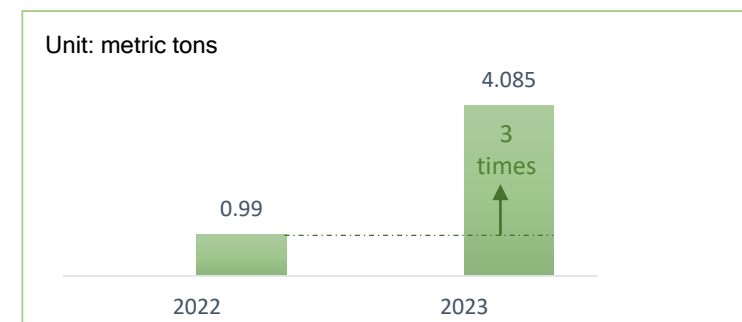
Note:

1. According to the Ministry of Environment of the Executive Yuan's announcement, the carbon factor for photocopy paper (virgin paper) is 3.08 kgCO₂e and Dandelion eco-friendly extraction-type paper towels is 7.39 kgCO₂e.
2. The target for carbon emissions from paper is 0.5%.

Recycling of expired documents

Qualified vendors are engaged to water pulp and reuse the company's expired documents. Compared to 2022, the weight of water-pulped documents increased 3 times in 2023. Timely disposal of expired documents has made the workplace safer for employees, freed up space for effective tidy-up and organization. Old document folders and stationery can be recycled and reused.

Year	Weight of Destruction (unit: metric tons)
2022	0.990
2023	4.085



Power Management 302-1, 302-2, 302-3

L&K’s GHG inventory for power consumption falls within the scope of its operational control. Power comes from purchased electricity. Since energy consumption varies with the demands of bidding projects and construction projects in progress, to determine if management targets are met, energy use is measured by changes in carbon emissions as well as in intensity. Compared to 2022, the carbon emissions from power consumption in 2023 increased by 5.2%, which missed the target. When calculating emissions intensity using revenue, intensity reduced by 61%. Although the office electricity consumption is not considered high, L&K still attaches great importance to and values electricity usage. We urge employees to autonomously and painstakingly manage their own electricity use. By promoting energy-saving concepts and encouraging the development of good habits, we contribute to protecting the Earth.

Quantitative Indicators	Unit	2022			2023		
		Xizhi	Hsinchu	Tainan	Xizhi	Hsinchu	Tainan
Consumption volume	kWh	227,988	419,760	63,575	237,056	397,040	78,160
Total consumption	MJ	820,757	1,511,136	288,870	853,402	1,429,344	281,376
Carbon emissions	t CO ₂ e	116	214	32	117	197	39
Intensity	(unit: t CO ₂ e/NT\$1 million)	0.011	0.020	0.003	0.004	0.007	0.001

Note:

1. Source: Total electricity consumption is calculated based on Taipower billing details.
2. The GHG emission factor for purchased electricity is based on data published by the Bureau of Energy. In 2022, the 2021 factor of 0.509 kgCO₂e/kWh was used, and in 2023, the 2022 factor of 0.495 kgCO₂e/kWh was used.
3. The target for carbon emissions from power is 0.5%.
4. Number of office employees in three locations: 115 in 2022 and 128 in 2023. During this period, some project staff returned to the offices, resulting in an increase in carbon emissions from electricity consumption by 22%.

Reduction Action 302-4, 305

Fuel reduction targets and measures



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

Energy-saving goals and measures



- **Policy goal:** The office aims to reduce electricity consumption by 0.5% compared to the 2022, which is the base year.
- Use products bearing an energy mark
- Put up signs with "Energy Saving" slogans at all power switches to promote the habit of turning off lights.
- Implement responsibility zone management and ensure lighting is turned off when not in use.
- In areas with low lighting requirements, the number of lamp tubes can be reduced, provided this does not raise safety concerns.
- Printers and other electronic devices automatically switch to power-saving mode after a period of inactivity.
- Program computers to enter "sleep mode" after 10 minutes of inactivity.
- Perform regular upkeep and daily maintenance on air conditioning units to ensure high-efficiency operation.
- Blinds are installed on office windows to minimize the amount of solar heat admitted through the glass into the room, thereby reducing the power consumed by air conditioning.
- Maintain the office air conditioning system at a temperature of 26-28°C and use fans to disperse the cool air, ensuring a comfortable environment.
- Integrating water chiller systems can save energy.



Post slogans



Replace office lights with motion-sensor types



Posting environmental conservation notices for official vehicles



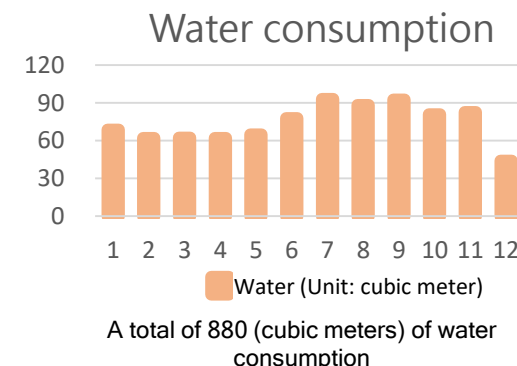
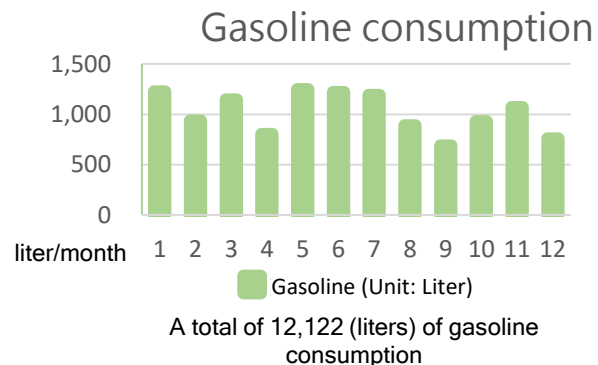
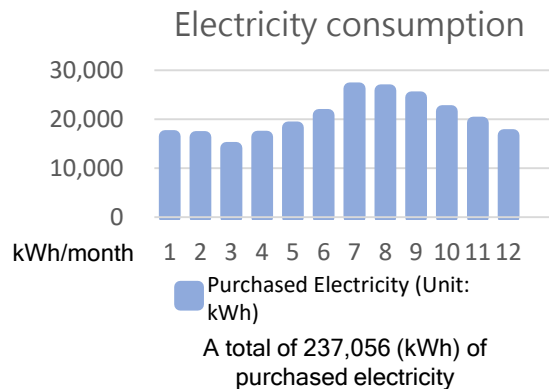
The computer is programmed to enter "sleep mode" once inactive

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

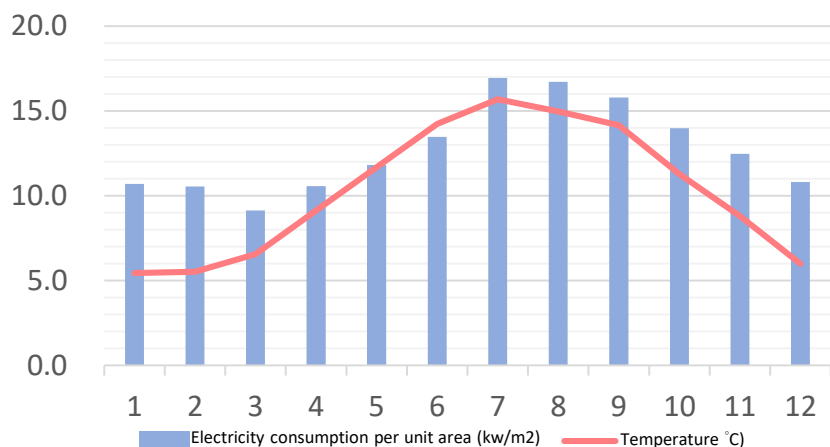
R^2 is the coefficient of determination, which is used to measure the performance of the model in regression analysis. According to the recommendations of the Bureau of Energy, the R^2 for the Xizhi Office is 0.8022, which is greater than or equal to 0.75. An R^2 greater than 0.75 indicates an applicable regression model.

Xizhi Office

Statistics

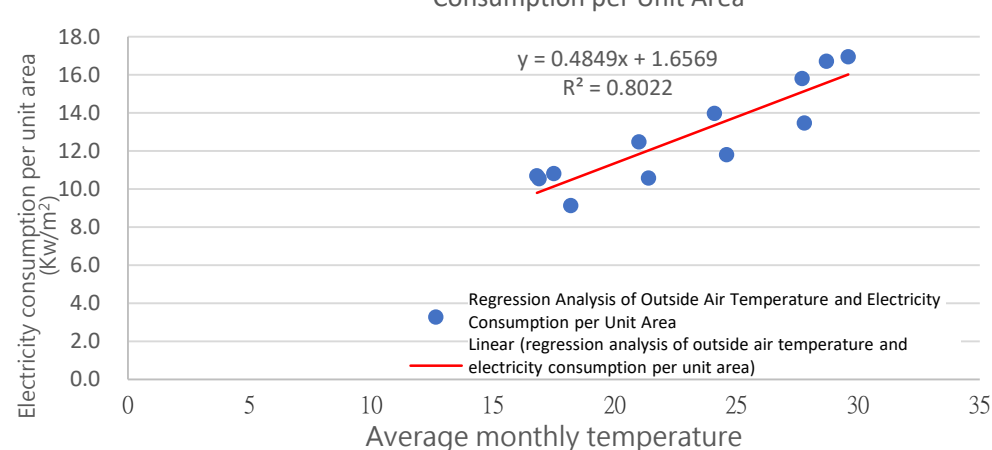


Analysis



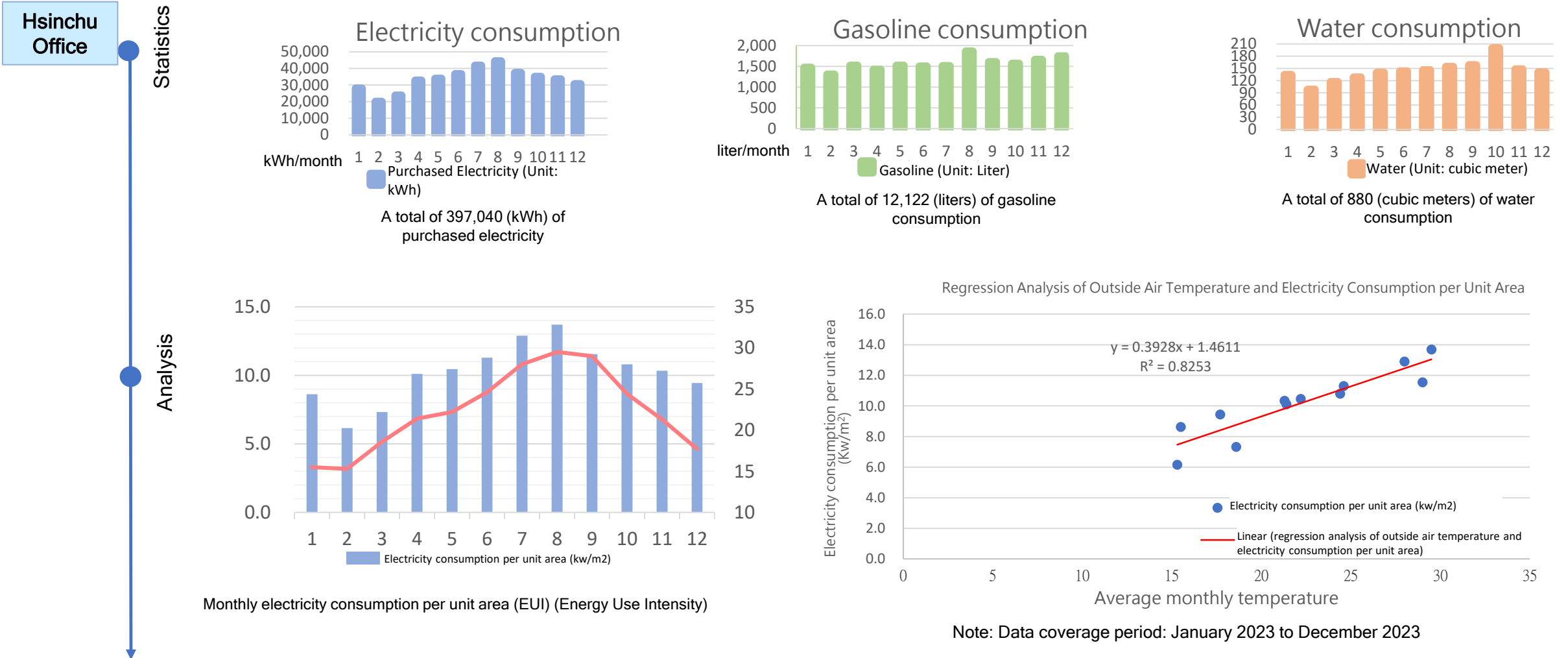
Monthly electricity consumption per unit area (EUI) (Energy Use Intensity)

Regression Analysis of Outside Air Temperature and Electricity Consumption per Unit Area



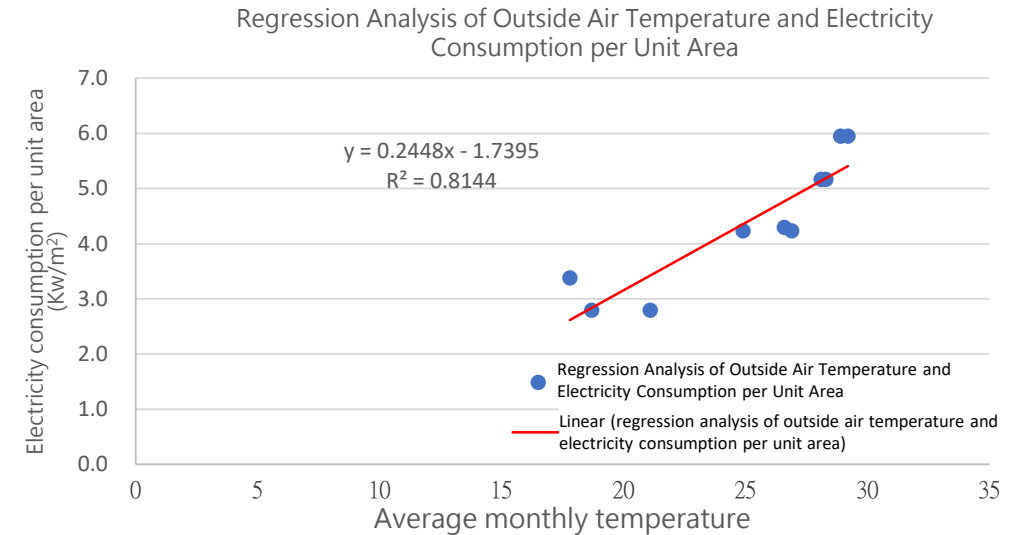
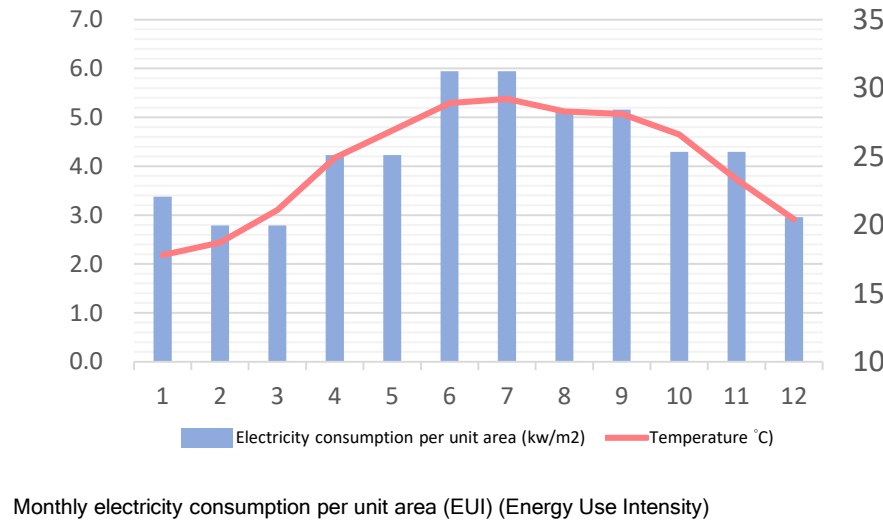
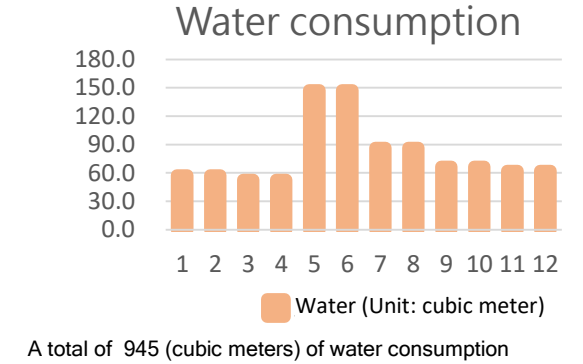
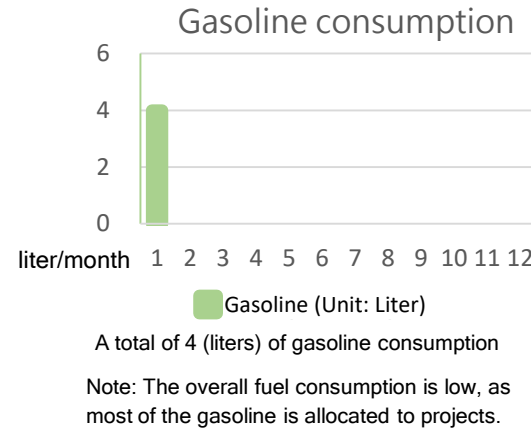
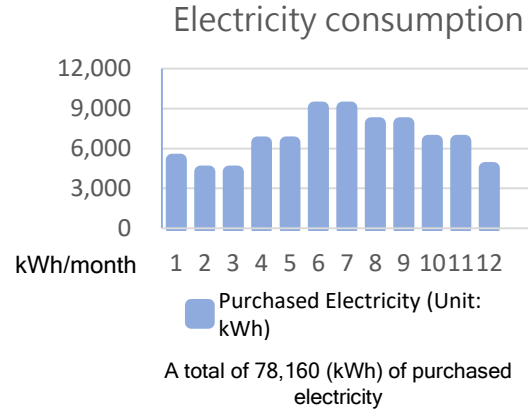
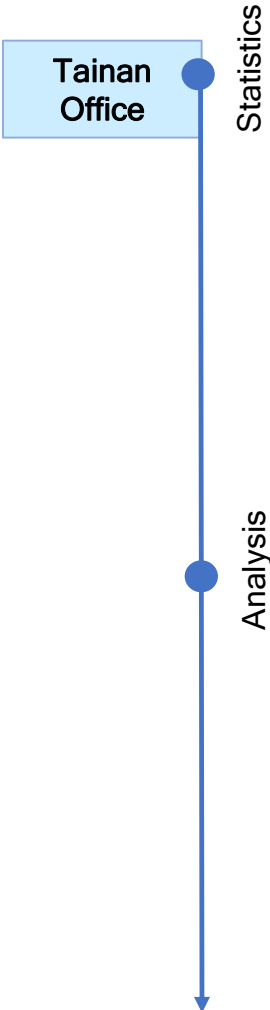
Note: Data coverage period: January 2023 to December 2023

According to the EUI chart, the outside air temperature is positively correlated with the trend of electricity consumption per unit area. It is deemed as the main factor when it comes to office energy consumption, and the energy baseline is formed by regression analysis. 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, the R^2 for the Hsinchu Office is 0.8253, which is greater than or equal to 0.75. An R^2 greater than 0.75 indicates an applicable regression model.



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

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, the R^2 for the Tainan Office is 0.8144, which is greater than or equal to 0.75. An R^2 greater than 0.75 indicates an applicable regression model.



Note: Data coverage period: January 2023 to December 2023

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 2023.

Waste Management 306-5

In 2023, the total weight of domestic waste generated by Hsinchu and Tainan offices was 16.03 metric tons, with 12.62 metric tons of waste removed. All waste was 100% removed by legally compliant and qualified service providers and ultimately processed by incineration. Waste generated by the Xizhi Office was managed by the building management committee of the office. The 2023 target was to reduce carbon emissions from waste by 0.3%. However, the carbon emissions increased by 5.4% compared to 2022, missing the target. When calculating emissions intensity using revenue, intensity reduced by 60.9%. The increase in waste during this period was due to office relocation and the replacement of damaged and old office desks and chairs. Directly recycled categories included PET bottles, aluminum cans, and paper. The neighborhood near the plant assisted in recycling 3.4 metric tons of resources, an increase of 1.2 times from the previous period.

Year	Total Weight of Waste Generated	Waste Removal	Directly Recycled	Directly Recycled Rate
2022 (base year)	13.25	11.97	1.28	9.7%
2023	16.03	12.62	3.40	21.2%

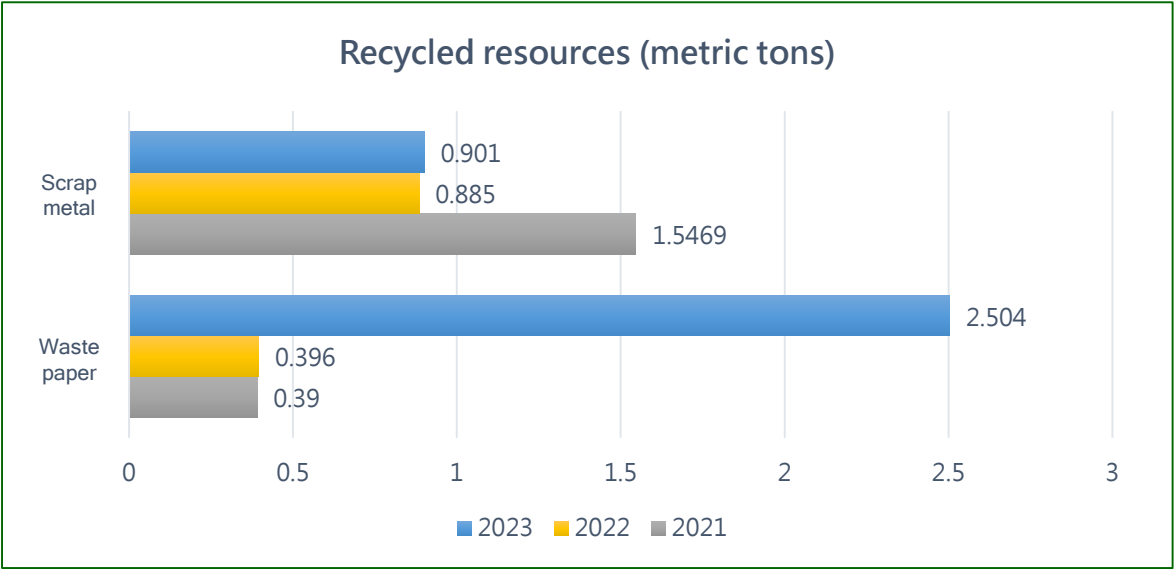
Year	Reduction Target	Waste Removal	Performance
2022	Base year	11.97	-
2023	0.3%	12.62	Carbon emissions increased by 5.4%, missing the target. Intensity reduced by 61%.



Waste Reduction Action 302-4, 305

Resource-based waste reduction goals and measures

- **Policy goal:** Reduce domestic waste by 0.3% from the level of 2022, the base 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.
- Adopt products bearing the Green Mark of the Ministry of Environment, Forest Stewardship Council (FSC™) Forest certification, and Taiwan Carbon Footprint Label certification.
- Recycle paper products.

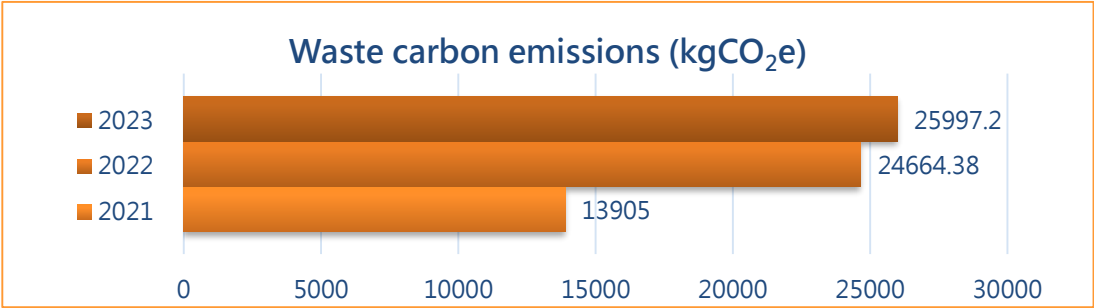
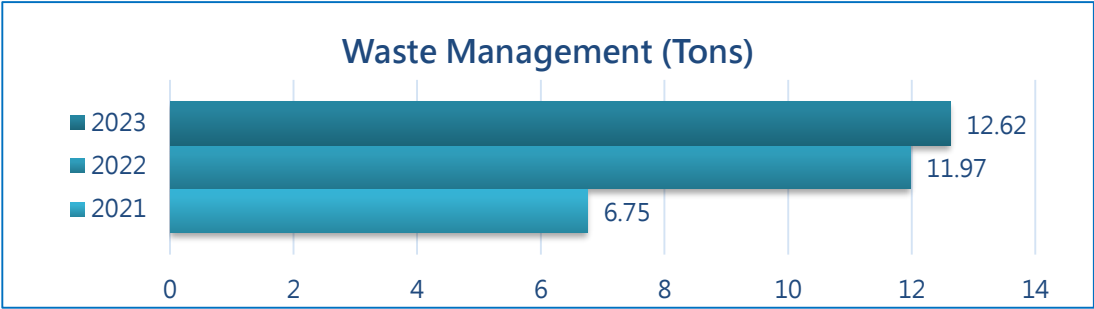


塑料減少
47%
回收空間增加
70%以上
碳排放減少
69.5gCO₂e

The offices purchase water that comes in eco-friendly packaging.
Image: Taisun's official website



The offices purchase eco-friendly toilet paper from the brand Dandelion, which is FSC-certified and have carbon reduction and green marks.
Image: Dandelion's official website



Note: According to the Ministry of Environment's CO₂ Reduction Information, it is estimated that discarding 1 kg of waste generates 2.06 kgCO₂e emissions.



Golden Quality Award

Kaohsiung Main Station

Health Corporate Citizenship

CHR (Corporate Health Responsibility) Committed Company

awarded by the Common Health Magazine

Silver Award 1111 Job Bank Happy Enterprise

4 Sustainable Society

Employment

Labor/Management relations

Occupational safety and health

Training and education

Employee diversity and equality

Customer privacy management

Ethics and human rights

Community engagement

Employment 401

New hires and terminated employees

According to L&K’s new hire statistics over the past three years, employees under age 30 have accounted for the majority. This trend brings a continuous influx of new talent to the company, as well as new energy and vitality. As of 2023, the company has experienced significant growth. The total number of new hires under age 30 has reached 70, accounting for 73% of the total 95 new hires, marking an all-time high.

Recruitment and retention

L&K attracts outstanding talents through a diverse array of recruitment channels, including job banks, industry-academia collaboration, and the vocational training council. During recruitment, L&K consistently upholds the principles of fairness and justice, adopting equitable recruitment procedures for all candidates regardless of their race, class, language, ideology, religion, political stance, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, zodiac sign, blood type, etc., complying with all legal provisions.

L&K has deeply fostered industry-academia collaboration with schools since 2015. Through close collaboration with them, the company provides students with early internship opportunities. The company has also devised incentive programs for students after their graduation, ensuring a continuous influx of new talents. Since 2019, L&K has launched a referral system to reward employees with bonuses for referring outstanding engineering talents to join us.

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			
2023	Number of new hires	13	57	8	14	0	3	95	484
	New hire rate	36	51	9	9	0	5	20	
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	

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			
2023	Number of terminated employees	6	43	9	23	2	11	94	484
	Turnover rate	17	39	10	14	8	18	19	
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	

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

Compensation and Benefits 2-7, 2-22, 202, 207-3, 405-2

L&K complies with relevant laws and regulations and has established guidelines on employee salary payment in its articles of incorporation. Employee income is subject to withholding tax according to the Income Tax Act. An employee compensation distribution plan is developed according to the articles of incorporation. The plan stipulates that if the company makes a profit for the year, 3-5% should be allocated as employee compensation. In 2023, there were no penalties imposed by competent authorities.

Compensation and Proportion

Overall female-to-male compensation ratio in 2023

Employee Category/Gender		Male	Female
Managerial position	Senior supervisor (division level or above)	1.2	1
	Middle-level supervisor (manager level and above)	1.3	1
	Junior supervisor (director level and above)	1.3	1
Non-managerial position	General employees	1.0	1

Note: The overall remuneration ratio is calculated based on the number of employees on December 31, 2023.

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	1.4	1.4	1	1.0	1	1.5
Tainan Office	1.4	1.7	1	1.5	-	-
Other project	1.2	1.3	1	1.0	1	1.6

Note 1: Local Minimum Wage - In 2023, the basic wage was NT\$26,400.

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

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


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

Number of full-time non-managerial employees and their average salary in 2023

Item/Year	2021	2022	2023	Comparison with Previous Year
Total employee salary (in thousands of NT\$)	232,181	378,395	498,145	+32%
Number of employees - annual average (person)	421	464	478	+3%
Employee salary - average (in thousands of NT\$/person)	551	816	1042	+28%
Employee salary - median (in thousands of NT\$/person)	463	676	762	+13%

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

Welfare Policy

	Labor insurance, health insurance, group health insurance, labor pension, statutory leave
	Dragon Boat Festival, Mid-Autumn Festival, year-end bonus and dividend distribution
	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 allowances.
	Health checkup
	Lactation rooms
	Free accommodation for cross-regional employees
	Free uniforms and ESH supplies needed in the workplace
	Accessible parking for disabled and pregnant employees
	We partner with a kindergarten to help employees pay the day care expenses for their children.
	Flexible meal provision or subsidy mechanism



Year-end dinner party



Won the 2023 Happy Enterprise Silver Award

Welfare fund items and number of applicants

Welfare	2022	2023
Total Welfare Expenditure (in thousands of NT\$)	4,577	5,452 (↑19%)
Per Capita on Welfare (in New Taiwan Dollars)	9,284	11,264
Wedding and funeral allowances	Wedding allowances were given 10 times and funeral allowances 7 times.	Wedding allowances were given 2 times and funeral allowances 8 times.
Monetary gifts for maternity	Given 3 times	Given 11 times
Children's scholarships	Given 16 times	Given 70 times
Birthday and Labor Day gift vouchers; employee travel subsidies	All	All

Labor/Management relations 402

Labor-management policy

L&K complies with labor laws and regulations, such as the Labor Standards Act and the Gender Equality in Employment Act. It respects the fundamental human rights of employees, protects their personal data, and ensures that their rights and interests are properly safeguarded. We attach great importance to the rights and interests of employees and comply with applicable laws and regulations, providing a reasonable compensation package. Every employee enjoys equal treatment in salary, benefits, and other working conditions, and will not be discriminated against based on their race, religion, political affiliation, gender, age, marital status, zodiac sign, or other factors.

L&K abides by labor laws to employ individuals through open recruitment channels, upholding the principle of equal opportunities regardless of race, gender, age, religion, or nationality. We select the right person for the right position to establish an organizational structure that aligns with the company's development. L&K strictly prohibits forced labor and the recruitment of child labor. When new hires come on board, everyone must sign an employment contract to safeguard the rights and interests of both the employer and the employees. To practice ethical corporate management, we have developed a "Code of Integrity," which is communicated to employees through meetings and ERP systems. This ensures that employees are fully aware of the company's commitment and policies on ethical management, preventive measures, and the consequences of violations. For the specific reporting of illegal and unethical conduct, L&K lists a reporting mailbox on its official website. Each construction site also has a customer complaint mailbox in place. We maintain absolute confidentiality of the identity of the reporting party and the details of the reports. There have been no grievance cases established for discrimination against human rights such as race, gender, disability, or labor rights (including the rights of indigenous peoples).



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 transfer
- Losses or business contraction
- When work is temporarily suspended for one month or more 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

Notice Period for Employee Resignation According to the Labor Standards Act



Occupational safety and health 403

ESH Policy 403-1

L&K Engineering Co., Ltd. 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." That 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 obtained the "Healthy Workplace Certification Mark - Health Promotion Mark" from 2015 to 2020 and the "CHR Health Corporate Citizenship"-committed company mark in 2020 and 2021. 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 health and 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 the QA and EHS Auditing Office 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 Systems, 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, ensuring consistency in management and practical execution, 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 Ministry of Environment. 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. 	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.
	<ul style="list-style-type: none"> Organizational: Workload, working hours, violence, harassment, and bullying. 	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. 	Moderate Risk: Conditional acceptance with appropriate procedures, controls, and safety protections in place and establish control measures as needed.
	<ul style="list-style-type: none"> In the case of safety abnormalities or major safety incidents. 	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, in addition to promptly and actively reviewing and assessing the cause of the accident with the personnel and external suppliers, the person in charge of the project should conduct a thorough examination based on the findings of the accident investigation, carry out safety analysis at work, and take preventive steps accordingly. The project leader should also enhance the application of safety and health management, improve hazardous environments, and address other project matters, aiming to enhance the capability to recognize risks, establish effective safety practices, and foster a corporate safety culture, ultimately reducing occupational hazards and effectively implementing 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 **13** persons
 Occupational Safety and Health Personnel **41** persons
 Safety and health education and training for class-1 manager of Occupational safety and health affairs **66** persons
 first responder **79** persons

Safety and Health Activities

At L&K Engineering, 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. We encourage all levels of management and staff to work together to implement the concept of safety first, prevention foremost. 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 President, with EHS personnel and department heads in attendance. The meeting reviews and shares experiences in EHS management.
Regular Occupational Safety Card Courses	Excellent EHS Collaboration Awards to Third-party Vendors	Project Golden Quality 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 6 sessions and 82 participants completed this education and training in 2023. 	<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 Golden Quality Award and achieved outstanding results. We hope the award-winning project continues to keep up the good work.

Occupational Safety Management Effectiveness 403-4 403-5

Occupational Safety Committee	2019	2020	2021	2022	2023
Number of meetings	4 times	4 times	4 times	4 times	4 times
Number of management representatives	5	6	5	6	6
Number of labor representatives	6	6	6	6	6
Proportion of labor representatives (meeting the required portion, which is 1/3)	54.5%	50.0%	54.5%	50.0%	50.0%
Proportion of labor representatives to total employees (%)	1.5%	1.5%	1.3%	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 ~ 12 copies ISO occupational safety and health management certification ~ ISO 45001: 2018 Regulations related to occupational safety and health ~ 3 new copies
Education and training and emergency response	<ul style="list-style-type: none"> Internal staff occupational safety and health education and training ~ 30 classes/609 hours Internal staff occupational safety and health education and training ~ 4 classes/120 hours Regular Emergency Response Team Drills ~ 3 times External Educational Training Sessions (Including Subcontractors) Occupational safety card courses ~ 4 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% pass Assess the purity of drinking water and sanitize regularly ~ quarterly Construction site ESH patrol inspection ~ monthly
Action plan for improvement	<ul style="list-style-type: none"> Improvement action plans ~ 5 plans Health promotion*2, workflow*1, safety product purchase*1 Education and training*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.

(The following shows POMS system/management reports/vendor evaluation records.)

Project Number	Excellent (over 90 points)			Satisfactory (below 80 points)			Unsatisfactory (below 80 points)		
	Vendor	Number of workers presenting	Scores	Vendor	Number of workers presenting	Scores	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, 2-25, 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, standard procedures required by the ISO&TOSHMS, the 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.

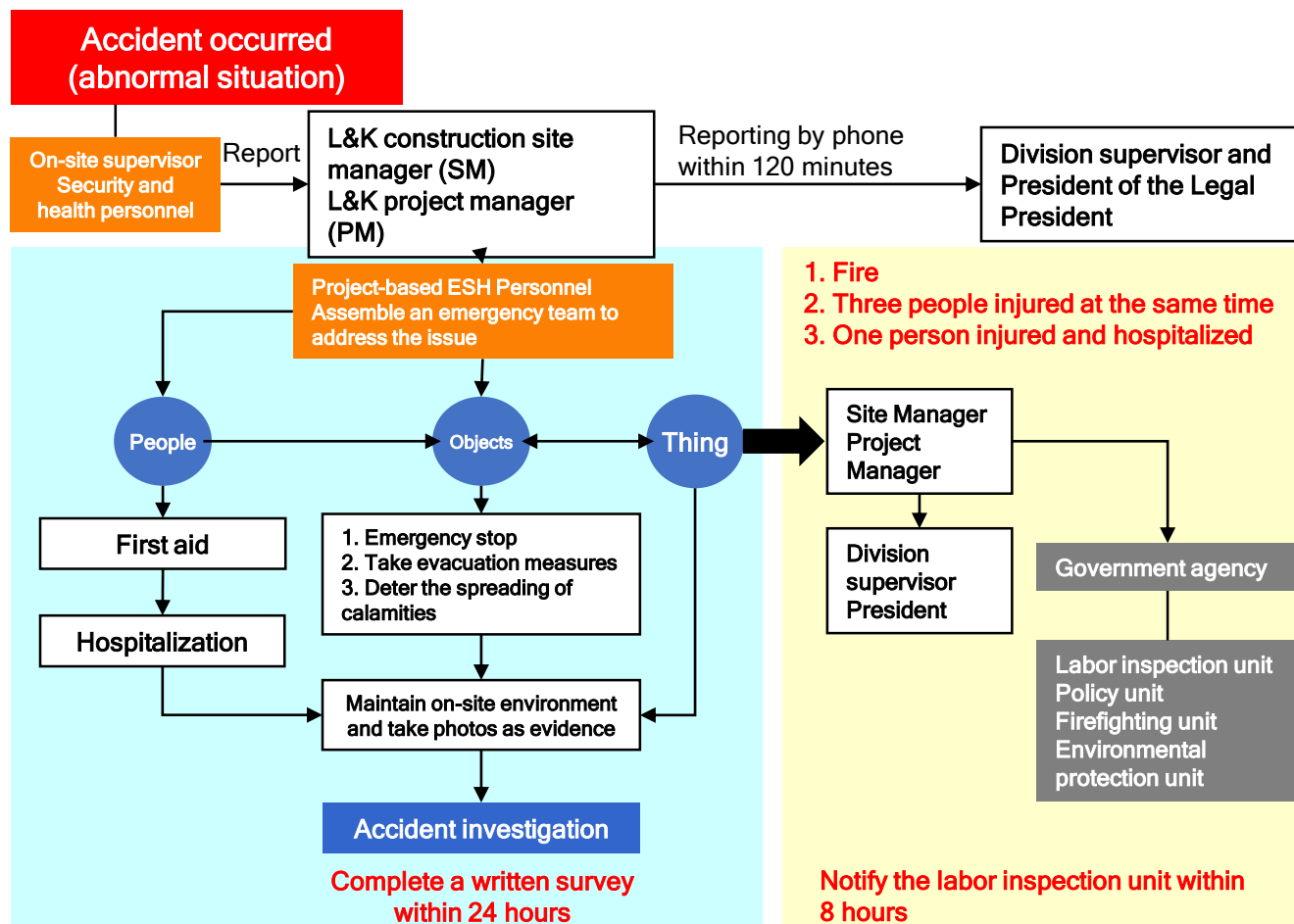
Professionalism begins with “safety first!”

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



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 based on the occupational accident statistical indicators published by the Ministry of Labor, calculated per million working hours. In 2023, the total working hours were 941,152 hours. The Frequency Rate (FR) and Severity Rate (SR) of disabling injuries were calculated accordingly. Contractors' total working hours were 2,075,632 hours. There were no major occupational accidents or injuries in 2023. The identification of work-related ill health requires a diagnosis certificate issued by a physician, and no such cases occurred this year.

Occupational Injury Statistics over the Years	2021		2022		2023	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Total working hours (total working hours)	845,920	1,303,528	930,256	2,514,056	941,152	2,075,632
Total number of people	5,102	162,941	5,599	314,257	5,691	259,454
Number of deaths	0	0	0	1	0	0
Disabling Injury Frequency Rate (FR) (Total employees with disabling injuries*1,000,000/Total working hours)	8.3	1.5	2.1	1.2	4	1.4
Disabling Injury Severity Rate (SR) (Total number of days of loss resulting from disabling injuries*1,000,000/Total working hours)	54	68	50	2,410	86	25
TRIR Total Recordable Injury Rate (Number of recordable occupational injuries*200,000 /Total working hours)	1.65	0.31	0.43	0.24	0.85	0.29
Frequency-Severity Indicator (FSI) ($\sqrt{\text{FR} \times \text{SR} / 1,000}$)	0.7	0.3	0.3	1.7	0.58	0.16
Work-related ill health (Total Work-related illness*1,000,000/Total working hours)	0		0		0	

Note: Employee commuting accidents are excluded.

Comprehensive Workplace Health and Care 403-3 403-6

Employees are the most valuable asset to a company. L&K actively creates a comfortable, safe, and healthy workplace, promotes comprehensive health management, and fosters a preventive management mindset. We aim to cultivate a “reassuring” and “considerate” safe and healthy work environment. By being “attentive” and “caring,” we hope that employees will feel our “wholehearted” support and assistance, thereby enhancing their sense of belonging and unity.

Health risk management grades

Based on annual employee health check-up reports, we analyze employees' health problems, conduct management classification, and identify high-risk groups.

A total of 6 employees aged 65 and above underwent health check-ups in 2023. Among them, none were classified as Tier 4, 1 employee as Tier 3, 4 as Tier 2, and 1 as Tier 1. The top 3 abnormalities identified in the health check-up results were cholesterol, triglycerides, and low-density lipoprotein (LDL) cholesterol.

As for the physical examination of new hires conducted from 2022 to 2023, 4 persons were classified as Tier 4, 31 as Tier 3, 95 as Tier 2, and 24 as Tier 1. 10 persons were identified with metabolic syndrome. The top 3 abnormalities identified in the health check-up results were systolic blood pressure, cholesterol and diastolic blood pressure.

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.

Health checkup

The company conducts general health check-ups for employees in accordance with the “Labor Health Protection Rules.” We exceed legal provisions by conducting these check-ups every two years for employees under 65 and annually for those aged 65 and above. In addition to the legally mandated items, we have included up to 10 additional check-up ones, such as abdominal ultrasound, cancer marker tests, and multiple exams that involve the use of medical devices (such as carotid ultrasound, fundus artery photography, thyroid ultrasound, and Helicobacter pylori test). We also offer optional self-paid check-up items for employees to choose from.

Employee Health Checkup Statistics	2019	2020	2021	2022	2023
◆ Number of employees who have completed health checkup					
Employee < 65 years old (once every two years)		350		400	
Employee > 65 years old (once a year)	6	6	5	6	6
◆ Health checkup reporting rate					
Employee < 65 years old (once every two years)	-	87.5	-	88.9	-
Employee > 65 years old (once a year)	100%	100%	83.3%	100%	86%

Work environment

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	2019	2020	2021	2022	2023
◆ Carbon dioxide concentration <5000ppm					
Office area (inspection every six months)					
First half	693~881	537~813	510~839	416~866	488~830
Second half	681~997	604~839	411~846	484~667	535~788
◆ Daily average phonological level <90.0dBA					
Aluminum cutting area (inspection every six months)					
First half	73.3dBA	83.2dBA	79.4dBA	79.4dBA	85.6dBA
Second half	80.6dBA	83.8dBA	80.6dBA	80.1dBA	85.7dBA

Workplace Violation Prevention Program

The company's senior executives signed a workplace violation prevention declaration, affirming zero tolerance for violations in the workplace, promoting a friendly workplace, and creating an environment that is safe, dignified, free from discrimination, and of mutual respect.

There were no workplace violation grievances in 2023.

Abnormal Workload-triggered Diseases Prevention Program

Based on the employee health check-up results, mental health scales, work patterns, and overtime hours in 2022 and 2023, we screened out 6 employees (6%) as high-risk and 14 employees (13%) as medium-risk for abnormal work overload. We scheduled on-site consultations with physicians for these employees, providing health guidance and medical advice. The remaining employees received regular health information from the company's on-site nursing staff on preventing sudden illness due to overwork.

Human-factor Hazard Prevention Program

14 employees (19%) were screened out through the Musculoskeletal Health Questionnaire (MSK-HQ).

Conducted professional on-site consultation with physicians and provided guidance on proper posture for computer tasks and health education.



Senior executives of the company signing the declaration to prevent workplace violations and posting it on the bulletin board, making it publicly known

Workplace Maternal Health Protection Program

L&K employs 117 women (representing 24% of the company's workforce) of childbearing age. To prevent female employees from being exposed to hazardous workplaces during the period of maternal health protection, if the workplace environment and operations are likely to be harmful to maternal health, further measures will be taken. These measures include scheduling on-site physicians to complete work suitability assessments and implementing appropriate hazard controls based on recommendations from professionals to protect the health of female employees. The maternal health protection program covered 3 employees in 2023. Their hazard assessments were all classified under Level 1 management. In addition, to create a more friendly workplace environment, we have established lactation rooms for female employees and applied for subsidies from the Ministry of Labor to upgrade breast milk storage refrigerators.



Lactation room

On-site labor health services with physicians

- ✓ Medical advice, health education, and guidance for high-risk groups
- ✓ Ergonomic improvements and guidance for human-factor musculoskeletal health
- ✓ Adaptive work and assessment of maternity protection
- ✓ Adaptive counseling for middle-aged and elderly workers
- ✓ Workplace hazard identification and assessment
- ✓ Medical consultation and health education with professionals
- ✓ Workplace hazard assessment
- ✓ Work-related injury rehabilitation and work assignment



Health promotion and management

- ✓ To promote the physical and mental health of employees and improve health-related knowledge, the QA and EHS Auditing Office invites professional healthcare providers to give health lectures every year. The theme of the lecture in 2023 was "Hidden Diseases."
- ✓ We organize an employee walking activity, hoping to encourage employees to develop a habit of working out through the activity, thereby creating a healthy workplace. The walking activity lasted for 3 months, with a total of 159 employees participating.
- ✓ We regularly post health and hygiene information on the ERP system each month. The themes include epidemic information, musculoskeletal issues, cardiovascular diseases, cancer screening, healthy diet, and health education. In addition, we also put up promotional posters in the employee cafeteria and on bulletin boards in the hallways, aiming to continuously provide employees with health information through promotional materials.



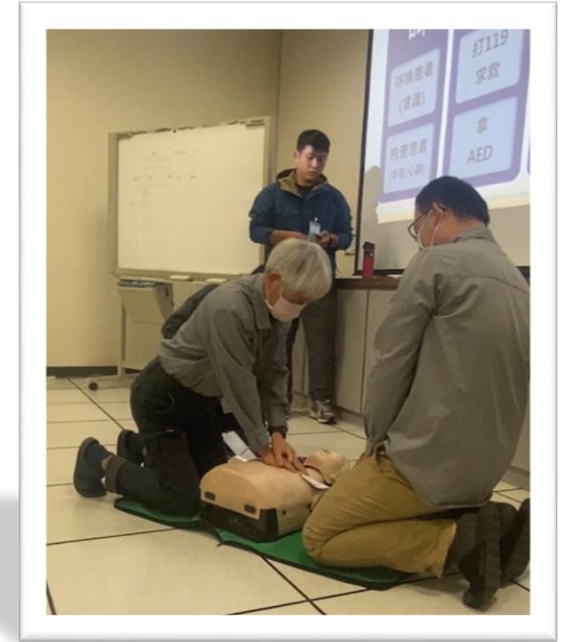
On-site services in the Northern, Central, and Southern regions

➤ AED installation and first aid training

Heart disease is among the top three leading causes of death. In the event of sudden cardiac arrest due to arrhythmia, the success rate of resuscitation can be as high as 90% if defibrillation is administered within one minute. With every minute of delay, the success rate decreases by 7-10%. In 2023, L&K installed AEDs in its Hukou office in Hsinchu and 17 employees have completed CPR and AED first aid training, contributing to a safer and healthier workplace for all.

➤ Common Health Magazine “CHR Health Corporate Citizenship” Committed Company

L&K is committed to caring for employee health by continuously adjusting employees’ diets, organizing walking activities, and providing annual health check-ups. We actively create a healthy workplace and have obtained the 2023 CHR Health Corporate Citizenship Committed Company mark.



Recognition and Honor



Certificate of Appreciation for Excellent Performance in Managing Industrial Safety and Environmental Protection Activities



Golden Quality Award Ceremony



Golden Quality Award

Training and education 404

Talent selection, cultivation, and retention policies

- 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 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 2023, one retired employee was rehired. In the future, the company will actively promote the rehiring of retired personnel as professional technicians and consultants.

► Talent cultivation system



Cultivation and Short- and Medium-term Development

L&K is firmly convinced that “talents” are the utmost asset to the company. To help the business remain competitive, we run multiple technical and management capability 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. Additionally, we align training and assessment with our promotion system, aiming to integrate selection, utilization, development, and retention, thereby comprehensively enhancing the company’s team competitiveness.

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 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.



Industry-academia collaboration

- Cooperated with SINKO Japan 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 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.
- Make regular donations to St. John’s University’s “Employment upon Enrollment” program, starting from 2023.

Industry-association exchanges

Drawing on our core competencies in the engineering field, L&K remains devoted to offering engineering knowledge and services to various projects. Simultaneously, we are actively involved in business associations to advance mutual development and promote transnational economic and cultural exchanges. Additionally, we are deeply committed to professional talent training to exert our influence in the engineering industry, thereby facilitating the industry’s growth while honing L&K’s competitiveness.

Year	2022	2023
Total Amount	295,832	195,000
Unit	The Institute of Internal Auditors - Chinese Taiwan	The Institute of Internal Auditors - Chinese Taiwan
	Taiwan Parenteral Drug Association	Taiwan Parenteral Drug Association
	Taipei City Interior Design and Decoration Business Association	Taiwan Cleaning Technology Association
	Importers and Exporters Association of Taipei	Taipei City Interior Design and Decoration Business Association
	Taipei Electrical Commercial Association	Importers and Exporters Association of Taipei
	Taiwan Society of Construction Law	Taipei Electrical Commercial Association
	Taiwan Fire Industry Association	Taiwan Society of Construction Law
	Taiwan Water Pipe Engineering Industries Association	Taiwan Fire Industry Association
	Taiwan Electrical Contractors Association	Taiwan Water Pipe Engineering Industries Association
	Taiwan Association of Machinery Industry	Taiwan Electrical Contractors Association
	National Association of Small & Medium Enterprises	Taiwan Woodworking Machinery Association
	Taiwan Refrigerating & Air-Conditioning Engineering Association of R. O. C.	National Association of Small & Medium Enterprises
	Taipei Bar Association	Taiwan Bar Association
	Kaohsiung Bar Association	Taiwan Refrigerating & Air-Conditioning Engineering Association of R. O. C.
	Kaohsiung Bar Association	Taipei Bar Association
	Keelung Bar Association	Taiwan High-Tech Facility Association
	Taiwan Stock Affairs Association	Kaohsiung Bar Association
	SEMI	Keelung Bar Association
	Taoyuan Enterprise Chamber	Taiwan Stock Affairs Association
	Hsinchu County Manufacturers Association of Industrial Park	Hsinchu County Manufacturers Association of Industrial Park
		Nurses Association

➤ **A total of 1,744 internal and external employee education and training courses in 2023**

- The total training hours of 7,492 hours
- The average number of training hours per employee is 15 hours
- An amount of NT\$929,344 was put into annual education and training funds

Employee Type	Gender	2021	2022	2023
Senior executives (Deputy Director or above)	Male	5	8	25
	Female	15	3	22
Mid-level executives (Deputy Manager or above)	Male	10	9	18
	Female	13	30	24
Entry-level executives (Team Leader or above)	Male	9	10	14
	Female	5	12	14
General employees (including contract employees)	Male	17	13	16
	Female	11	12	12
Average number of training hours per employee		13	12	15

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	2021	2022	2023
Internal training courses	Male	7,029	60,070	10,008
	Female	180	13,786	25,500
External training courses	Male	448,107	513,280	723,219
	Female	169,447	245,569	170,617
Amount of education and training		624,763	832,705	929,344

Course Type	Gender	2021		2022		2023	
		Number of people	Hour	Number of people	Hour	Number of people	Hour
1. Courses for on-site engineering professionals	Male	669	1201	174	1132	728	3047
	Female	111	151	57	398	218	868
2. ESH/regulations-related courses	Male	341	2112	139	1174	224	886
	Female	87	620	78	716	109	411
3. ISO/ESG-related courses	Male	0	0	104	262	112	261
	Female	0	0	94	250	105	230
4. Other management/professional courses	Male	108	582	110	571	81	824
	Female	68	495	82	364	71	301
5. New employee orientation	Male	148	846	138	828	75	528
	Female	41	224	44	264	21	138

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



Education and training achievements

Year	Total Number of Hours	Total Cost	Number of people	Actual Execution Situation (average number of hours: total number of hours/number of people)	Unachieved Action Plan
2021	6,241	624,763	475	13	Strengthen employees' job skills in each department. In addition to implementing demand plans, new hires also need to undergo job function training.
2022	6,304	832,705	493	13	Based on employees' specific job roles, each department can adjust and provide rolling training according to actual needs in addition to the demand plans, enabling employees to acquire professional skills.
2023	7,492	929,344	484	15	We have achieved a goal completion rate exceeding 100% and will continue to implement suitable training programs.

Percentage of employees who receive regular performance reviews 404-3

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
2021	475	345	73%
2022	493	393	80%
2023	484	424	88%

Employee diversity and equality 405

Diversified human resources 405-1

Talent composition: By December 31, 2023, the L&K staff count was 484.

- 4 physically challenged employees
- 6 indigenous employees
- No child labor or youth labor

Employee Type	Gender	Number of people	Ratio	Total
Full-time employee	Female	147	30	484
	Male	308	64	
Contract employee	Female	2	1	
	Male	27	6	

Note: No temporary worker.

➤ Non-employee workers

Category	Gender	Number of people	Ratio	Total
Security personnel	Female	0	0	4
	Male	2	50	
Cleaning personnel	Female	1	25	
	Male	0	0	
Catering staff	Female	1	25	
	Male	0	0	

Employee education qualifications						
Educational background	High school or below	Junior college	University	Master's degree or above	Subtotal	Ratio
Female/persons	11	30	92	16	149	31
Male/persons	58	46	188	43	335	69
Subtotal	69	76	280	59	484	100
Ratio	14	16	58	12	100	

Employee age					
Gender	Under 30 years old	Aged 31~50	Aged 51 and over	Subtotal	Ratio
Female/persons	36	89	24	149	31
Male/persons	111	163	61	335	69
Subtotal	147	252	85	484	100
Ratio	30	52	18	100	

Customer privacy management 418-1

Privacy Protection Policy

L&K puts a great emphasis on customer privacy, complying with the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and Taiwan governments “Personal Data Protection Act” when devising privacy policies and personal data security management mechanisms. To ensure that data access and sharing are properly governed and protected, and to maintain the availability, integrity, and confidentiality of data, we have implemented 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

There were no external or internal complaints about information leakage, theft, or loss of customer data in 2023.

Key Objective	KPI	2022	2023	Short, Medium, and Long-Term Target		
				2024	2026	2030
Incidents of regulatory authority complaints	≤ 3	0	0	≤ 3	≤ 1	≤ 0
Verified incidents of information leakage, theft, or loss of customer data	≤ 1	0	0	≤ 1	≤ 1	≤ 0
Internally reported but unverified incidents of information leakage, theft, or loss of customer data	≤ 1	0	0	≤ 1	≤ 1	≤ 0

Ethics and human rights

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 Compact, 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.

Item	Plan and Measure
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, 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	<ul 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%
	2023	95	95	100%

Equality in the workplace

The Company takes into account employees' work-life balance and fully enforces the Gender Equality in Employment Act. 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 Gender Equality in Employment Act 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	2021			2022			2023		
	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	4	4	2	4	6	2	3	5
Number of employees who should be reinstated after the expiration of the parental leave without pay period in the current year (B)	0	2	2	2	3	5	2	1	3
The actual number of employees reinstated after the expiration of the parental leave without pay period in the current year (C)	0	2	2	1	2	3	2	0	2
The actual number of employees reinstated after the expiration of the parental leave without pay period in the previous year (D)	0	0	0	0	2	2	2	1	3
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	0	0	0	1	1	2	1	3
Current year parental leave without pay reinstatement rate (C/B) (%)	-	100	100	50	67	60	100	0	67
Current year retention rate after the expiration of the parental leave without pay period (E/D) (%)	-	-	-	-	50	50	100	100	100



Slogans to promote gender awareness

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.

- L&K and RSEA 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.

Channel	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	Quarterly	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.



Community engagement

Social aid, nurturing, and communal giveback

Following the idea of “returning to society what it gives,” L&K Engineering 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:

- We cared for the vulnerable and made recurring donations to Taiwan Fund for Children and Families - Hsinchu Branch, 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.
- 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.

Charitable cause

L&K has been continuously donating to underprivileged groups for more than 20 years, including through organizations such as the Taiwan Fund for Children and Families and the Tosun Public Interest Foundation. Additionally, to align with the goal of sustainable development, we have devised a talent reserve plan. We regularly donate to schools to support education, cultivate engineering talent for society, and strive to promote the development of human resources in the engineering industry. In 2023, the talent cultivation rate reached 98%, reflecting our commitment to corporate responsibility and our hope that everyone on this land can share in well-being and thrive together.

Action	Amount (NT\$)			
	2020	2021	2022	2023
Caring for the disadvantaged	160,000	260,000	260,000	60,000
Social group	767,000	280,000	380,000	380,000
Talent cultivation	216,825	146,030	116,825	20,116,825
Total	1,143,825	686,030	756,825	20,556,825

➤ Caring for underprivileged and social groups

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, activities such as the “Love Invoice Donation,” blood donation drives, charity runs, charity sales, and procuring from Children Are Us Foundation for event catering were continued. These initiatives allowed the company and its employees to proactively contribute their kindness, give hope to underprivileged groups, and embody the spirit of helping others.



Taiwan Fund for Children and Families



Hsin Kang Feng Tian Temple



Friends of the Police Association



In support of blood donation activities



National Taipei University



Invoice donations to demonstrate our care



Ching Shiang Youth Care Association



Charity sale to support Turkey and Syria

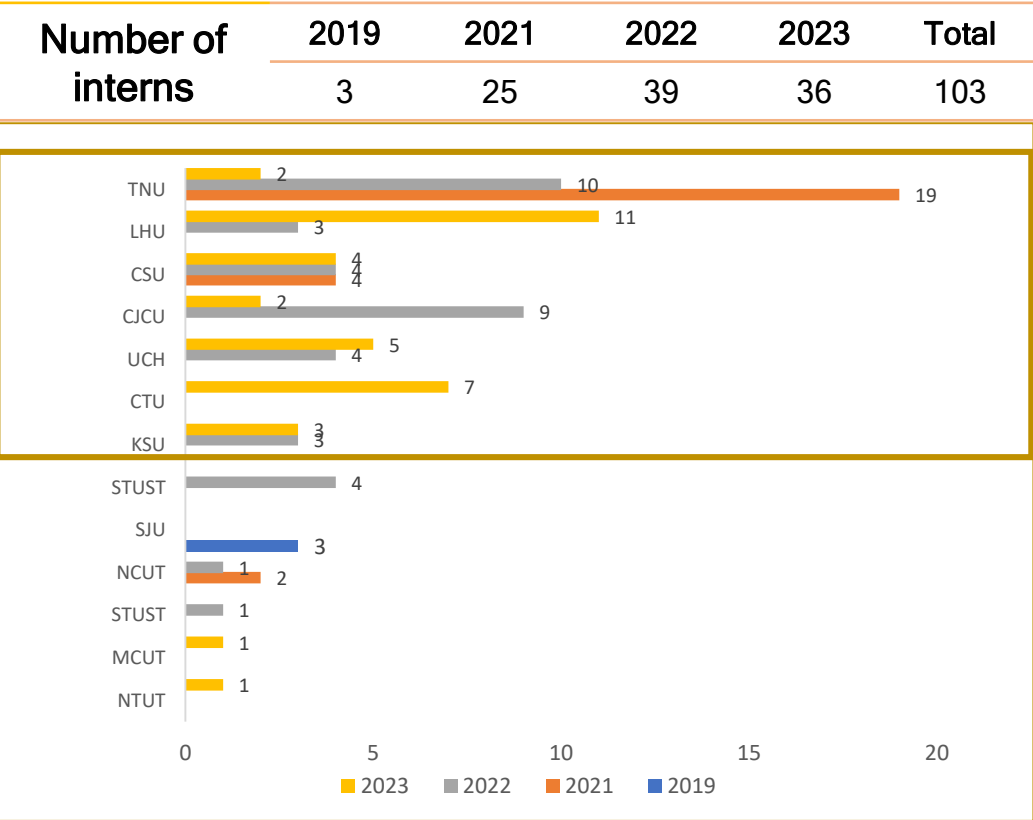


Procurement from Children Are Us Foundation for event catering

Talent cultivation

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 Engineering Co., Ltd. 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.



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.



➤ Cultivating Youth, Nurturing Talent, Deepening Campus Engagement, Bridging the Gap Between Theory and Practice



Collaboration with the International Industrial Talents Education Special Program



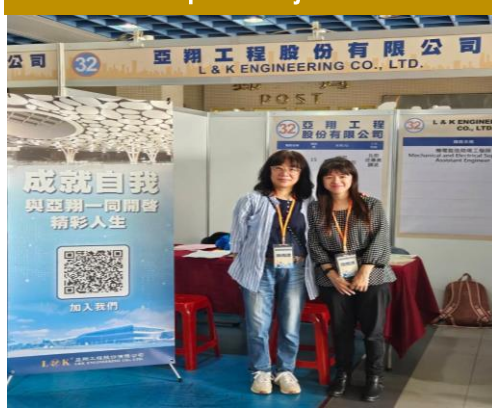
Collaboration with National Taipei University of Technology



[Ministry of Education Industrial-academia Collaboration Program - Special Program for Practical Industry Talent Cultivation]



Participation in job fairs



➤ Good-neighborly approach

Employees are L&K's most valued and precious assets, and they are also L&K's strongest pillar in promoting engineering services. By practicing the business philosophy of [Professionalism, Innovation, Leadership, Waste Reduction, and Responsibility], L&K has created a diverse and friendly workplace environment where employees can learn, grow, and utilize their talents. For talent selection, as L&K expands its business, we adopt a diverse array of channels including industry-academia collaboration, recruitment websites, and referrals from friends and family. The Hsinchu Office is located in a residential area within an industrial park. We regularly arrange pest control measures to keep the living environment there clean and tidy. Recyclable resources are centrally managed in the office area and handed over to nearby residents for sorting and recycling. We hope that this approach can get more people involved, help the elderly stay active, and provide them with additional income, which greatly benefits their lives.

SDG1 No Poverty



Appendix

Appendix 1	GRI Standards Indicator Comparison Table
Appendix 2	Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for TWSE/TPEX Listed Companies
Appendix 3	SASB Indicator Index
Appendix 4	Third-party certification

Appendix 1 GRI Standards Indicator Comparison Table

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	128
2-6	Activities, value chain and other business relationships	About L&K	5
2-7	Employees	Employment Employee diversity and equality	90, 110
2-8	Workers who are not employees	Occupational safety and health Employee diversity and equality	100, 110
2-9	Governance structure and composition	Corporate governance	34-35
2-10	Nomination and selection of the highest governance body	Corporate governance	35-36
2-11	Chair of the highest governance body	Corporate governance	35-36
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Blueprint Corporate governance	14-15, 37-39
2-13	Delegation of responsibility for managing impacts	Sustainability Blueprint	15
2-14	Role of the highest governance body in sustainability reporting	Sustainability Blueprint Corporate governance	15, 35
2-15	Conflicts of interest	Corporate governance	37
2-16	Communication of critical concerns	Sustainability Blueprint Corporate governance	15, 40
2-17	Collective knowledge of the highest governance body	Sustainability Blueprint Corporate governance	17, 37
2-18	Evaluation of the performance of the highest governance body	Sustainability Blueprint Corporate governance	38
2-19	Remuneration Policy	Corporate governance	39

Serial No.	Disclosures	Corresponding chapter	Page
2-20	Process to determine remuneration	Corporate governance	39
2-21	Annual Total Compensation Ratio	Employment	91
2-22	Statement of Sustainable Development Strategy	Sustainability Blueprint	13
2-23	Policy Commitment	About L&K, Sustainable Development, Integrity Management, Economic Performance, Information Security Management, Risk Management, Energy Management, Labor/Management Relations, Occupational Safety and Health, Training and Education, Customer Privacy Management, Ethics and Human Rights	7, 14, 32, 41, 57, 59, 75, 93, 94, 106, 111, 112
2-24	Included in Policy and Commitment	Climate Change Management, Energy Management	44, 75
2-25	Procedures for Remediating Negative Impact	Sustainable Development Strategy Integrity Management Climate change management Indirect economy Occupational safety and health Training and education Ethics and human rights Community engagement	15, 17, 31, 46, 51, 84, 99, 106, 112, 115
2-26	Mechanisms for Seeking Advice and Raising Concerns	Integrity Management	33
2-27	Regulatory Compliance	Tax, Customer Service Management, Water and Effluents, Waste Management, Employment, Labor/Management Relations, Occupational Safety and Health, Ethics and Human Rights	41, 53, 77, 87, 91, 93, 94- 104, 112
2-28	Membership qualification of cooperatives and associations	Training and education	107
2-29	Stakeholder Engagement Policy	Materiality and stakeholder engagement	19-30
2-30	Group agreement	Not yet signed	120

Serial No.	Disclosures	Corresponding chapter	Page
GRI 3 Material Topic 2021			
3-1	Process for deciding material topics	Materiality and stakeholder engagement	19
3-2	List of material topics	Materiality and stakeholder engagement	22-27
3-3	Management of material topics	Materiality and stakeholder engagement	22-27
GRI 200 Economic topic-specific standards			
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed by the organization	Economic Performance	41
201-2	Financial implications and other risks and opportunities due to climate change	Climate change management	46-49
201-3	Defined benefit plan obligations and other retirement plans	Economic Performance	41
201-4	Financial assistance received from government	Economic Performance	41
GRI 202 Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employment	91
202-2	Proportion of senior management hired from the local community	Employment	91
GRI 203 Indirect Economic Impact 2016			
203-1	Extent of development of significant infrastructure investments and services supported.	Indirect economy Community engagement	51-52, 115-118
203-2	Significant indirect economic impacts	Indirect economy	51-52
GRI 204 Procurement practices 2016			
204-1	Proportion of spending on local suppliers	Sustainable Supply Chain	56
205-1	Operations assessed for risks related to corruption	Not Applicable	-
205-2	Communication and training about anti-corruption policies and procedures	Not Applicable	-
205-3	Confirmed incidents of corruption and actions taken	Integrity Management	33

Serial No.	Disclosures	Corresponding chapter	Page
GRI 206 Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Integrity Management	33
GRI 207 Tax 2019			
207-1	Approach to tax	Economic Performance	41
207-2	Tax governance, control, and risk management	Economic Performance	41
207-3	Stakeholder engagement and management of concerns related to tax	Integrity Management Economic Performance Employment	33, 41, 91
207-4	Country-by-country reporting	The Government of the Republic of China participates in the Country-by-country Reporting System developed by the OECD, primarily assisting tax authorities in the audit selection process. In accordance with the OECD agreement, this report's information will be retained by institutions with tax expertise to understand and assess sensitive information related to this business. L&K Engineering will provide the required business information to the Country-by-country Reporting System. This information will be retained exclusively by government tax authorities.	

Serial No.	Disclosures	Corresponding chapter	Page
GRI 300 Environment topic-specific standards			
GRI 301 Materials 2016			
301-1	Materials used by weight or volume	Non-material topic	-
301-2	Recycled input materials used	Non-material topic	-
301-3	Reclaimed products and their packaging materials	Non-material topic	-
GRI 302 Energy 2016			
302-1	Energy consumption within the organization	Energy management	75-76
302-2	Energy consumption outside of the organization	Scope 3: Voluntary Disclosure, not inventoried	-
302-3	Energy intensity	Emissions management	79-86
302-4	Reduction of energy consumption	Emissions management	79-86
302-5	Reductions in energy requirements of products and services.	Emissions management	79-86

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	77-78
303-4	Water discharge volume	Not Applicable	
303-5	Water consumption volume	Not Applicable	
GRI 305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Emissions management	79-86
305-2	Energy indirect (Scope 2) GHG emissions	Emissions management	79-86
305-3	Other indirect (Scope 3) GHG emissions	Emissions management	79-86
305-4	GHG emission intensity	Emissions management	79-86
305-5	Reduction in GHG emission intensity	Emissions management	79-86
305-6	Emissions of ozone-depleting substances (ODS)	Emissions management	76, 79
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	Not Applicable	
GRI 306 Waste 2020			
306-1	Waste generation and significant waste-related impacts	Waste management	87-88
306-2	Managing significant waste-related impacts	Waste management	87-88
306-3	Waste generated	Waste management	87-88
306-4	Disposal and transfer of waste	Waste management	87-88
306-5	Direct Disposal of Waste	Not Applicable	

Serial No.	Disclosures	Corresponding chapter	Page
GRI 400 Social topic-specific standards			
GRI 401 Employment 2016			
401-1	New employee hires and employee turnover	Employment	90
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment Occupational safety and health Training and education Ethics and human rights	90, 101-104, 106-110, 112, 114
401-3	Parental leave	Ethics and human rights	113

Serial No.	Disclosures	Corresponding chapter	Page
GRI 402 Labor/Management relations 2016			
402-1	Minimum notice periods regarding operational changes	Labor/Management relations	93
GRI 403 Occupational Health and Safety 2018			
403-1	Occupational safety and health management system	Occupational safety and health	94-95
403-2	Hazard identification, risk assessment, and incident investigation	Occupational safety and health	95-96
403-3	Occupational health services	Occupational safety and health	97-100
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health	97-100
403-5	Worker training on occupational health and safety	Occupational safety and health	97-100
403-6	Promotion of worker health	Occupational safety and health	101-104
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety and health	101-104
403-8	Workers covered by an occupational health and safety management system	Occupational safety and health	101-104
403-9	Work-related injuries	Occupational safety and health	100
403-10	Work-related ill health	Occupational safety and health	100
GRI 404 Training and education 2016			
404-1	Average hours of training per year per employee	Training and education	108
404-2	Programs for upgrading employee skills and transition assistance programs	Training and education	108
404-3	Percentage of employees receiving regular performance and career development reviews	Training and education	109
GRI 405 Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Employee diversity and equality	110
405-2	Female-to-male base salary ratio and salary ratio	Employment	91
GRI 418 Customer privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy management	111

Appendix 2 Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for TWSE/TPEX Listed Companies

TCFD's Disclosure Recommendations	Implementation Status
<p>1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management team.</p> <p>2. Describe the impact of the identified climate-related risks and opportunities on the organization's businesses, strategy, and financial planning over the short, medium, and long term.</p>	<p>To demonstrate its commitment to achieving a net-zero climate, the ESG Committee, with the chairman of the Board as the highest responsible authority, aims to elevate the quality and efficiency of decision-making. The ESG Officer, serving as the commander-in-chief, explains and advances relevant policies to the Board of Directors within the defined scope of powers and responsibilities. The Implementation Team under the ESG Committee is divided into the Sustainable Strategy Group, the Environment Group, the Governance Group, the Social Group, and the Economic Group. Each group manages specific business aspects related to their responsibilities. Progress and effectiveness of implementation are reported to the Board of Directors.</p> <p>Considering the importance of climate change to the company's expertise in sustainable development, we have been enhancing the practical experience and knowledge of our managers in areas related to climate change. To strengthen the management of the impact on finance from climate-related risks and opportunities, the Company has evaluated the potential impacts and likelihood of occurrence, developed corresponding action plans, implemented supervision measures, and reported these outcomes to the Board of Directors.</p> <p>For 2023, the Company has identified the following material issues concerning climate-related risks and opportunities in the short-, medium-, and long-term:</p> <ul style="list-style-type: none"> • Short-term risks: Information security threats, labor shortages, and rising raw material prices and labor costs • Short term opportunities: Strengthen information security equipment and enhance technical collaboration with suppliers. • Medium-term risks: Limited business scope, technology talent gaps, environmental impact, and occupational accidents • Medium-term opportunities: Expand the company's scale by extending its business reach into international markets, strengthen EPC capabilities to build a reputation for concrete achievements, encourage employees to pursue diversified learning opportunities throughout their careers, support government environmental initiatives and policies, and promote a workplace environment that presents zero occupational hazards and low risks, ensuring it is healthy and safe. • Long-term risks: Core values and competitiveness • Long-term opportunities: Develop standardized operational procedures and adopt modular components and mechanical lifting techniques to reduce manpower required for construction sites and minimize risks. <p>Financial impact: Risk Concerns: The company could face potential financial risks related to increased operating costs, which may adversely affect revenue. Opportunities: These include strengthening system management, expanding technical capabilities, and increasing revenue.</p> <p>Strategy and business direction: The company is shifting its focus to specialize in green engineering projects, concentrating on the design of systems for energy conservation and carbon reduction for our customers. This transition is intended to enhance our reputation through proven achievements and to capitalize on new business opportunities, ultimately driving revenue growth.</p>
<p>3. Describe the impact of extreme climate events and transition actions on finances.</p> <p>4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>Extreme climate: In a scenario where temperatures rise by 4°C, the impact of droughts, floods, rising average temperatures, rising sea levels, and strong typhoons on construction sites in low-lying areas has been analyzed and considered medium to low. The probability of these events causing financial losses is also considered medium to low.</p> <p>Transition actions: The company is shifting its focus to specialize in green engineering projects, enhancing the technical capability for energy conservation and carbon reduction. The financial impact of the cost increase resulting from the shift is considered to be medium to low.</p> <p>The Company has established relevant management systems within the scope of its operating activities. The scope of risk coverage includes operational risks, legal compliance, and environmental factors. Considerations include environmental protection, social responsibility, and corporate governance. The Company identifies and evaluates the degree of impact and financial impact of climate risks and opportunities, develops short-, medium-, and long-term matrices and corresponding strategies, submits them to the Management Review Committee for review and approval, and oversees the effectiveness of their implementation.</p>

TCFD's Disclosure Recommendations

Implementation Status

5. Explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts involved, if scenario analysis is used to assess resilience to climate change risks.

Amidst the growing importance of climate change issues both domestically and internationally, the Company, which provides engineering services and does not engage in production or manufacturing, continuously stays informed on reports regarding climate change scenario analysis and related stress tests across various industries. In compliance with the regulatory requirements set by the competent authorities, we conduct our own stress tests. Despite variations in scenario analysis across industries, which involve selecting data sources, methodologies, and analyzing results, the outcomes are expected to directly influence our operational strategy goals and risk management policies, among other information. This enables us to simulate the impact factors for scenario analysis and assess the potential financial impacts.

6. If there is a transition plan in response to climate-related risk management, please describe the plan along with the metrics and targets used to identify and manage both physical and transition risks.

None.

7. Explain the basis for price setting if internal carbon pricing is used as a planning tool.

In planning. Considering the Ministry of Environment's plans to impose a carbon fee on major annual carbon emitters, the Company, which specializes in engineering services, will manage the procurement of materials such as steel, pipes, and cables, and will evaluate the financial impact once the carbon fee is determined. We will gradually plan and adjust our cost structure to effectively respond to carbon fee and carbon tax issues.

8. Provide information including the activities covered, the scope of GHG emissions, the planned time line, and annual progress compared to the targets, if any climate-related targets are established. Detail the source and quantity of the carbon reduction credits used for offsets, or the number of RECs, if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets.

The Company manages GHG emissions from its three regional offices under operational control (including fuel used by company vehicles for projects), covering Scope 1 and Scope 2 emissions, as well as water and waste. Using 2022 as the base year, the target was to reduce carbon emissions by 1%. In 2023, total emissions decreased by 4%, thereby meeting the reduction target. The company's energy usage varies according to the demand of ongoing construction projects. When calculating carbon emission intensity based on revenue, the total emissions decreased by 63% in 2023.

Year	Target	2022	2023	Annual Change %
Carbon emissions (t CO ₂ e)	≤1%	1,352	1,292	Reduced by 4%
Intensity (t CO ₂ e/NT\$1 million)		0.12	0.04	Reduced by 63%

9. Inventory and assurance of GHG emissions, reduction targets, strategies, and tangible action plans.

The Company's GHG inventory and reduction targets focus on the energy consumption from daily activities in the three regional offices under operational control, which includes Scope 1 and Scope 2 emissions, as well as water and waste. Using 2022 as the base year, the target was to reduce carbon emissions by 1%. In 2023, the Company achieved a 63% reduction in carbon emission intensity.

Year	2022	2023	Increase +% Decrease -%	Whether Target Met
Scope 1 - Fuel, paper, refrigerants	416	362	Reduced by 13%	Target met
Scope 2 - Electricity	335	353	Increased by 5.4%	target not met
Water consumption	576	551	Reduced by 4%	Target met
Waste	25	26	Increased by 4%	target not met
Total emissions (t CO ₂ e)	1352	1292	Reduced by 4%	
Intensity (t CO ₂ e/NT\$1 million)	0.12	0.04	Reduced by 63%	

TCFD’s Disclosure Recommendations		Implementation Status	
(Cont’d) 9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans.	Reduction strategies and actions		
	Item	Strategy	Action Plan
	Scope 1 - Fuel	1. Support government initiatives by cooperating with and advancing relevant energy reduction policies. 2. Starting with day-to-day office habits, we aim to initiate changes in employees’ behaviors that will extend to their family lives and further influence the people and things around them. This strategy is developed to reduce carbon emissions and cultivate a community of shared well-being.	1. Reduce unnecessary movement 2. Procure energy-saving vehicles 3. Vehicle and ride sharing
	Scope 1 - Paper		Paperless documentation
	Scope 2 - Electricity		1. Use energy-saving products 2. Printers and other electronic devices automatically switch to power-saving mode after a period of inactivity. 3. Perform regular upkeep and daily maintenance on air conditioning units to ensure high-efficiency operation. 4. Blinds are installed on office windows to minimize the amount of solar heat admitted through the glass into the room, thereby reducing the power consumed by air conditioning.
	Water energy		1. Use energy-saving products 2. Install water-saving devices 3. Post slogans
	Waste		1. Garbage classification 2. Reduce disposable products through source reduction 3. Shop for eco-friendly products 4. Create new reusable resources

GHG Inventory and Assurance

Company Profile		Scope 1	Total emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e per NT\$ million)	Assurance Body	Assurance Details
<p>□ Companies with capital of NT\$10 billion or more, or those in the steel or cement industries</p> <p>□ Companies with capital of NT\$5 billion or more but under NT\$10 billion</p> <p>■ Companies with capital under NT\$5 billion</p>	<p>According to the Sustainable Development Roadmap for TWSE- and TPEX-Listed Companies, the minimum required disclosures are</p> <p>■ Inventory of the parent company as an individual entity</p> <p>□ Inventory of subsidiaries included in consolidated financial statements</p> <p>□ Assurance of the parent company as an individual entity</p> <p>□ Assurance of subsidiaries included in consolidated financial statements</p>	L&K Engineering Co., Ltd.	362	0.0124	None	
		Scope 2	Total emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e per NT\$ million)	Assurance Body	Assurance Details
		L&K Engineering Co., Ltd.	353	0.0121	None	
		Scope 3 (voluntary disclosure)	None	None		

SASB Comparison Table

Disclosures	Indicator Code	Accounting Indicator	Category	Unit	Corresponding Chapter/Section	Page
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantification	0	Waste management	87
	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\$15,562,114	Customer service management	53
	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	53
Labor health and safety	IF-EN-320a.1	1. Employee incident rate and fatality rate	Quantification	0	Occupational safety and health	100
		2. Incident rate and fatality rates for vendors	Quantification	0	Occupational safety and health	100
		3. Contract employees' Total Recordable Incident Rate (TRIR)	Quantification	0	Occupational safety and health	100
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	66
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	According to specifications provided by Green engineering implementation customers	Green engineering implementation	66-74
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 anti-competitive practices	Quantification	0	Integrity Management	32
	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	Applicable management systems	Integrity Management Sustainable Supply Chain	32 54
Activity Metrics	IF-EN-000.A	Number of active projects	Quantification	51 projects	Economic Performance	41
	IF-EN-000.B	Number of commissioned projects	Quantification	48 projects	Economic Performance	41
	IF-EN-000.C	Total backlog	Quantification	Nt\$19.803 billion	Economic Performance	41

Third-party certification

Independent Assurance Statement

L&K ENGINEERING CO., LTD.'s 2023 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR GROUP hereby provides a summary of L&K ENGINEERING CO., LTD.'s Sustainability Report of 2023 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR GROUP and L&K ENGINEERING CO., LTD. (hereinafter referred to as "L&K") are independent entities. AFNOR ASIA LTD., was commissioned by L&K to conduct the assessment and assure the Sustainability Report of 2023 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

L&K ENGINEERING CO., LTD. is responsible for reporting fairly on the economic, environmental and social aspects of operating activities and performance of Taiwan operating sites in sustainability reports in accordance with the declared sustainability reporting standards.

AFNOR ASIA LTD. is responsible for:

- Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
- In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the report compiled by L&K.

REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards

- Task Force on Climate-related Financial Disclosures
- Sustainability Accounting Standards Board Standards

METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The report is reported in accordance with the GRI Standards, and the content of the report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The documents, materials and information related to the report were examined and reviewed by interviewing the responsible persons of each group of L&K.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report were checked by the verification team through interviews with relevant personnel.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the report.

CONCLUSION

◆ AA1000 Accountability Principles


Inclusivity

L&K has continued to seek the participation of stakeholders and established major sustainability themes to develop and achieve responsible and strategic responses to sustainability. Environmental, social and governance information has been fairly reported and disclosed in the report, which is sufficient to support its planning and goal setting. In our professional opinion, this report covers the organization's inclusion-related issues.

Materiality

L&K has established effective processes to identify stakeholder issues that are critical to operational performance.

Third-party certification



Report and reflect the organization's importance and priority to these stakeholders through formal reviews to identify stakeholders and the level of concern for each material issue.

Responsiveness

L&K has responded to the expectations and opinions of stakeholders in the report, including reporting on stakeholder participation and channels for stakeholder feedback, and can respond promptly to issues of concern to stakeholders.

Impact

L&K has adopted the monitoring and measurement of risks and opportunities for the impact of its operations on the overall environment; identified various risks and opportunities to formulate action plans, and responsibly demonstrated its management, communication and improvement of its sustainable performance. In the future, the organization will continue to provide resources to support the identification, measurement, assessment and management of impacts.

◆ **Global Reporting Initiative Sustainability Reporting Standards**



Based on the results of the review, we confirmed that the general disclosure and specific disclosure content of the report and the necessary management policy disclosure of major topics have complied with the requirements of GRI Standards. In the future, the organization will continue to comply with the requirements of reporting standards, compile major theme management content and relevant operational performance of each base, and expand information from other regions and overseas bases to provide sufficient sustainable development reporting content.

◆ **Task Force on Climate-related Financial Disclosures**

Based on the results of the review, L&K has disclosed the impact of climate change on the company's operations, as well as measures to deal with risks and opportunities. In the future, the organization can strengthen the setting of different climate scenarios and develop the resilience of operating strategies to continuously evaluate the financial performance impact of measures corresponding to the risks and opportunities of the scenarios.

◆ **Sustainability Accounting Standards Board Standards**

Based on the results of the review, L&K has made disclosures with reference to the sustainable accounting indicators and activity indicators of the SASB standards. Future reports will continue to be collected and reported in accordance with disclosure standards and integrated into the organization's information collection, monitoring and analysis processes.

ASSURANCE OPINION

AFNOR GROUP has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by L&K and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization.

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, social, and environmental matters in L&K in 2023 are well represented.


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
The Director for Certification and Assessment
May.31.2024

 **AA1000**
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