



根基營造
KEDGE CONSTRUCTION

2022

ESG Report



根基營造
KEDGE CONSTRUCTION

Overview

- 01 About the Report
- 02 Message from the Chairman
- 03 Company Profile

1 Sustainability Governance

- 12 1.1 Honor in Sustainability in 2022
- 14 1.2 Kedge's sustainable strategy and blueprint
- 16 1.3 Achievements corresponding to the SDGs
- 19 1.4 ESG Committee
- 20 1.5 Materiality analysis
- 23 1.6 Communication with stakeholders

2 Corporate Governance

- 26 2.1 Management Approaches
- 26 2.2 Organization of corporate governance
- 33 2.3 Shareholders' rights
- 34 2.4 Ethical Management
- 35 2.5 Compliance
- 36 2.6 Risk management
- 39 2.7 Financial Performance

3 Environmental Friendliness

- 41 3.1 Management Approaches
- 42 3.2 Environmental Impact Mitigation
- 45 3.3 Energy and resources use
- 46 3.4 Climate change and adaptation
- 59 3.5 Biodiversity

4 Green Engineering

- 61 4.1 Management approach
- 63 4.2 Public Construction Participation
- 67 4.3 Innovative technologies and services
- 71 4.4 Supply Chain Management
- 78 4.5 In response to green buildings

5 Employ Care

- 81 5.1 Management Approach
- 82 5.2 Salary and Benefits
- 85 5.3 Talent development and training
- 91 5.4 Occupational safety and health
- 103 5.5 Human right policie

6 Social Inclusion

- 107 6.1 Management approach
- 108 6.2 Social Relations and Social Inclusion
- 113 6.3 Brand management

7 Attachment

- 115 GRI Standards Table
- 119 SASB Metrics Table
- 120 TCFD Metrics Table
- 121 Third Party Statement

CONTENTS



00

About the Report

- 0.1 About the Report
- 0.2 Message from the Chairman
- 0.3 Company Profile





0.1 About the Report

GRI 2-3

Kedge Construction has issued the corporate social responsibility reports since 2015 for nine consecutive years and is the first listed construction company in Taiwan whose reports were certified by a third-party inspection. In alignment with the “Corporate Governance 3.0” policy implemented by the Financial Supervisory Commission (FSC), the formerly titled Corporate Social Responsibility report was officially renamed “Environmental, Social, and Governance Report” (ESG Report) starting from the year 2022. This report demonstrates Kedge’s social responsibility for showing active concern for stakeholders as well as listening to and communicating well with them. With numerous regular and irregular stakeholder engagements held by the “Sustainability Development Committee” and the functional groups, the contents disclosed in this report were prioritized after identified and sorted through a materiality analysis and issue analysis, and so compiled in accordance with Global Reporting Initiative (GRI) to communicate and disclose the crucial information of the company.

Furthermore, since 2021, following the ESG reports, Kedge has established a completely structured Environmental, Social, and Governance website (hereafter referred to the ESG official website) for the purpose of improving the access to, as well as the transparency and immediacy of corporate sustainability information. Through the digital website, we are able to interact with our stakeholders and thus to collect feedback for the constant enhancement of the quality of our reports and the form in which they present.

Reporting Period and Boundary

The content of the report mainly concerns various actions and performances that Kedge has achieved in operation and management, environmental protection, and social engagement during 2022 (from 2022/1/1 to 2022/12/31). Due to the integrity

of the report, part of the contents and the performance information up to the year 2020 are included. With respect to the communicative immediacy, part of the information has been disclosed from January to June in 2023.

The content scope of the report centers on Kedge’s operational sites in Taiwan (including the headquarters in Taipei and the operating construction sites of the ongoing construction projects undertaken in 2022), excluding other subsidiaries and enterprises related to the Kindom Corporation.

The contract construction categories in the report include various types of construction performances in residential property, technological manufacturing plants, biotechnology and medicine, large public construction, civil engineering, roads, bridges, etc.

Writing Principles and Internal Review

The report was written with reference to the standards of Global Reporting Initiative (GRI), Sustainable Development Goals (SDGs), and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies released by Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX).

The data presented in the report were derived from the statistics collected and counted by each department based on daily business transaction during office hours. The planning department takes charge of the compilation schedule of annual reports and information organization, conducting material analysis and performance disclosure, and, with external consulting team, providing improvement advice.

The content of the report was reviewed layer by layer by the Sustainable Development Committee and the supervisors of each functional group. With its information correctness reviewed by the chief auditors, the report was then approved by the General Manager and last by the Chairman. Standardized specification sheets were all established for the data and information in the report as a standard process of internal management to ensure the reliability of the quality of data.

International Standards and External Assurance

This report was entrusted to DNV Business Assurance Co., Ltd. for verification, and was certificated as per the requirements of GRI Standards in accordance with the Type1 moderate-level assurance of the AA 1000 AS v3.

Further, the management indicators disclosed in the report were all in alignment with the international standards of ISO and BSI, and were also certified by a third-party inspection.

- Financial data: based on the data in the annual report audited by KPMG; such data is in New Taiwan dollars (NTD).
- Quality information: ISO 9001 – SGS
- Building Information Modeling (BIM): ISO 19650-BSI Taiwan
- Environmental data: ISO 14067 – BSI Taiwan
- Circular Economy: BS 8001 – BSI Taiwan
- Social Information: ISO 45001 – SGS / Ministry of Labor CNS 15506:2018
- ESG Report: AA 1000AS v3 - DNV Taiwan

Date of Publication and Contact Information

- Date of the current publication: 2023, June
- Estimated date of the next publication: 2024, June
- Contact person: Planning Department Wang, Kai-Lin / Song, Yu-Chen
- Tel: +886-2-2378-6789 Ext. 5337 / 5275



ESG Website of Kedge Construction



0.2 Message from the Chairman

Kedge Construction Co., Ltd., since established in 1982, has been undertaking various projects on architecture, public constructions, as well as railway and bridge infrastructures. Kedge has been building sustainable cities in collaboration with the government and enterprises for forty years, and leading the construction industry in Taiwan to low-carbon construction in compliance with the goal of national net zero emissions. Looking back on 2022, despite the gradual relaxation of the control measures against the COVID-19 pandemic and the mitigation of the port congestion issue, there was still a decline in terminal consumption demand due to the US economy's inflation challenge and the problem of lifting interest rates. Price indexes in the construction industry also increased by 7.36% in the year. Facing the influence of the pandemic and various challenges such as a shortage of labor on site, unstable supply chain costs, uncertain delivery dates, and so on, Kedge has not only still successfully completed the scheduled construction projects from categories including housing, civil construction, turnkey construction projects, hospitals, manufacturing plants and offices. The revenue reached NT\$142.05 billion and peaked a record high, demonstrating an increase of NT\$3.432 billion and a growth rate of 31.8%. Furthermore, in light of the result of the Corporate Governance evaluation in 2022, Kedge has made a great leap into the class of 6% to 20%, demonstrating professional excellence in aspects from finance to corporate governance.

Kedge upholds the management principles of "sincerity, quality, service, innovation, and sustainability" and strives to offer high quality service in construction management. With the goal of continually competing for holding construction projects involved with high-level techniques and added value, we have also led the whole construction fellows to conduct major engineering constructions which entail strong competitive advantages and match the trend of sustainable development. Meanwhile, in order to build a green supply chain, Kedge's expense on green procurement for 2022 has amounted to NT\$ 500 million for the first time, accounting for 3.6% of the total expense of the whole procurement. We have also won the "Distinguished Green Procurement Award" bestowed by the Environmental Protection Department of New Taipei City Government for the consecutive four years. Kedge promised to establish a more resilient supply chain by increasing the proportion of green procurement year by year and implementing local procurement.

In response to the 2022 United Nations Climate Change Conference (COP27) and the National Sustainable Development Policy, no

enterprises were acting idly in developing multiple ESG policies. Kedge is one of the members within the Kindom Corporation group. In compliance with the five utmost blueprint policies of "Green Home, Smart City, Joint Innovation, Reliable Enterprise, and Happy Enterprise," Kedge has also officially established the "Corporate Sustainable Development Commission" in 2022, engaging in the organization and supervision of various sustainable projects in progress. Kedge not only autonomously completed the "Greenhouse Gas Inventory" disclosure and the third-party verification in advance; it also surpassed other companies in collecting the emission data of "all categories" for analysis use in academic and research units which thus aim to reduce emission in construction and develop Science Based Targets initiative (SBTi). Furthermore, in following the fine tradition of autonomously publishing ESG reports, Kedge has also officially released the first report of Task Force on Climate-related Financial Disclosures (TCFD), helping investors and decision-makers understand major risks within an organization and accurately evaluate various risks and opportunities under climate changes.

In order to progressively achieve the goal of net zero emissions, apart from extending the use of Building Information Modeling (BIM) into Facility Management (FM) and Carbon Management study, Kedge has also largely utilized low-carbon construction methods such as the precast method and the aluminum formwork method at construction sites. Sustainable materials such as highly recyclable building materials and low-carbon concrete were adopted, and the construction sites in Taiwan under our charge were all equipped with the air quality and noise monitoring system for mitigating various impacts on the environment. Kedge has already finished its contraction projects in 2022 and thereby obtained three Green Building Labels. Our employees also demonstrate enthusiasm in participating in various carbon negative initiatives and can be seen present at multiple activities such as beach clean-up, forestland tree-planting, and eco-friendly farming. From low-carbon construction to low-carbon life, Kedge has exhibited the "ESG spirit in all employees."

Kedge not only maintains its competitiveness in construction management but also engages itself in social welfare to reveal its professional expertise in supplier management. Striding into the second year of the "Kind-Repair Cycling Project," Kedge continues to express concerns for the need of underprivileged families in remote villages. We reused the remaining building materials from finished construction projects, and invited suppliers to take part in the house repair work for the underprivileged in order to solve the perennial predicament of the construction labor shortage in remote villages. Kedge fully fulfilled the true meaning of the sustainable cities development in Goal 11 within the SDGs. In addition, in continuing the founder Mr. Ma Yu-san's emphasis on education and reading, Kedge has been supporting the Kindom Yu San Education Foundation to produce and broadcast the program Celebrity Study as well as to hold lectures on art and literature. This reading atmosphere has been now also introduced to construction

sites. "Kedge's Co-prosperity Bookstore" provides migrant workers with books in their native languages and activities regarding cultural experience and growth to help those who comes from across the sea integrate into the society in Taiwan. In doing so, we are able to create a more humanistic, more resilient working environment sticking to the values of Diversity, Equity and Inclusion (DEI).

Forty years have passed by already, and the actual construction performances of Kedge have been around Taiwan. We continue to build sustainable cities and happy homes for the country, enterprises, and people. With the hands of our Kedge people in every generation, we stride together with Taiwan towards a sustainable future, leading Kedge to transcend time and generations and achieve timeless business success. In early 2023, Kedge held the first "Supplier Conference," and advocated that the industry should step towards net zero, grasp green business opportunities, and look forward to the future. On our way to sustainability, Kedge will continue to call for more cooperation partners, people in communities, investors, and even all stakeholders to give support and responses. "Kedge 41, sustainability +1." We invite you to join us and create a sustainable future together.

Chairman,
Kedge Construction Co.,
Ltd.
Yuan, Ai-Wei





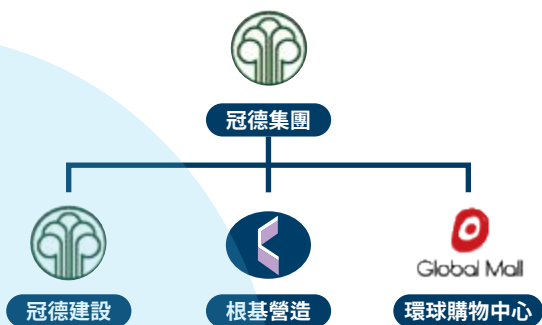
0.3 Company Profile

GRI 2-1, 2-2, 2-6, 2-28

Development History

Kedge Construction Co., Ltd. belongs to the Kindom Corporation group. Established in 1982, Kedge has so far lived for 41 years. Kedge is a Class-A excellent construction company, listed on Taipei Exchange ("TPEX") in 1998 and later on the Taiwan Stock Exchange Corporation ("TWSE") in 2000. Kedge concentrates on diverse construction projects concerning social and civic infrastructures such as transportation, technological plants, hospitals, housing, civil sport centers, and so on. We adopt the professional knowledge of turnkey construction, building, and operation to carry out constructions throughout Taiwan.

Our professional employees create extraordinary values for clients, shareholders, and the company itself. Through the combination of the unique, innovative construction capacity and professional expertise in engineering, the profitability of our company is enhanced, and a constant increase in profits is also assured with customer satisfaction thus enhanced. In order to meet the vision of sustainable management, we actively take economic, environmental, and social responsibilities.



Business and Scale

Kedge's revenue has exceeded 10 billion in the recent three years with a market share of 0.3%-0.5% in the construction engineering industry. It was recently won "the third place" in the construction industry in the CRIF Top 5000 Enterprises Survey and "the eleventh place" in the Top 2000 Enterprises Survey from the Commonwealth Magazine. Kedge's annual revenue reached NT\$14.205 billion in 2022, hitting a record high.

Kedge's core business regards general construction and infrastructure. A diversity of construction projects includes as follow:



Residential construction

Private urban renewal business, elaborate residences, collective residential buildings, office buildings, and other construction projects.



Civil engineering

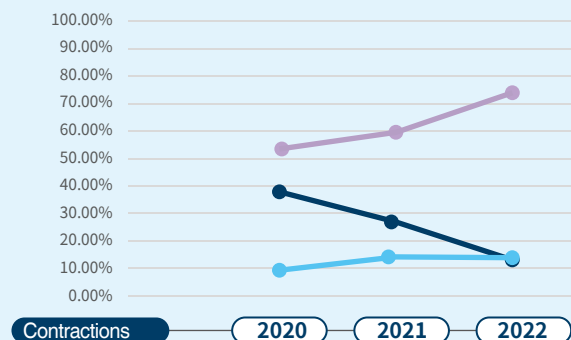
Government transportation constructions including railways, bridges, train stations, etc.



Other constructions

Government public construction, indicative building construction, social housing, high technological and private plants, corporate headquarter office buildings.

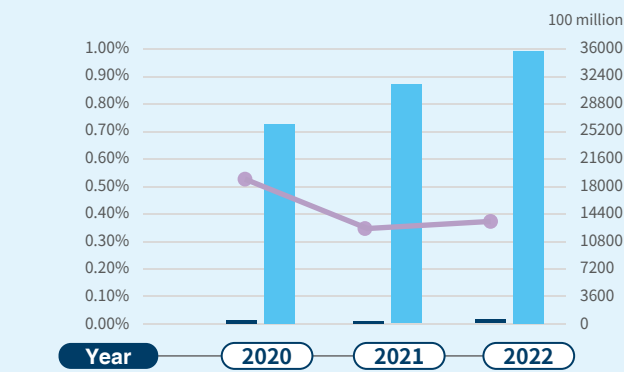
Changes in the Proportion of Project Business in the Recent Three Years



Residential Construction	37.54%	26.76%	12.99%
Residential Construction	9.35%	14.10%	13.67%
Other constructions	53.11%	59.14%	73.34%

— Residential Construction — Residential Construction — Other constructions

Kedge's Market Share



Kedge's revenue	141	107	142
Revenues in the Construction Industry	26,829	30,731	35,996
Market Share	0.53%	0.35%	0.39%

■ Kedge's revenue ■ Revenues in the Construction Industry — Market Share

Source : Monthly statistics of Finance, by the Department of Statistics of the Ministry of Finance Unit: NT\$ 100 million



根基營造股份有限公司
KEDGE CONSTRUCTION CO.,LTD.

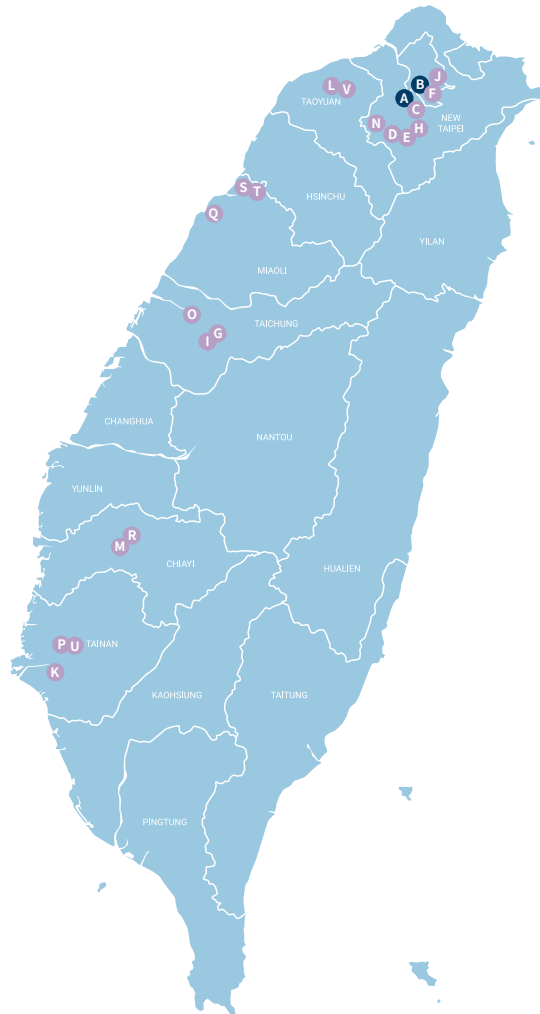
- Date of establishment
April 13, 1982
- Address of headquarters
6th Floor, No. 131, Section 3, Heping East Road, Taipei City
- Stock code
2546
- Capital amount
1.17 billion

- 14.271** billion
Consolidated Revenue in 2022
- the First one**
obtains ISO 45001, ISO 19650, BS 8001 certificates in the construction industry in Taiwan
- 903** person
Total number of employees by the end of 2022
- Top 100 Taiwan sustainable enterprises**
TCSA Taiwan Enterprise Sustainable Award in 2022



Constructions in Progress and Closed Cases in 2022

By December 31, 2022, there are 22 construction **projects at hand**; the **contract sum is around NT\$ 5.47 billion**; this amount will be entered in the future 1-3 years. (Part of the amount for civil engineering will be in 5 years).



Projects	Contract beginning & ending dates	Owners	
A Kindom Tian Ying	Case Closed		
B Kindom Dazhizhan	Case Closed		
C Building construction of Jhongsing Section, Sanchong Dist., New Taipei City	Estimated Completion Year: 2023	Kindom Development Co., LTD.	
D Building construction of Guodao Section, Zhonghe Dist., New Taipei City	Estimated Completion Year: 2024		
E Land development investment project on Xiulang Bridge Station on Circular line (New Taipei)	Estimated Completion Year: 2024		
F Three land office building construction projects on Land No. 363-1, Fourth Subsection, Dunhua Section, Songshan Dict., Taipei City	Estimated Completion Year: 2025		
G Building construction projects on collective residences, indoor swimming pools, general offices, and Songchang store in Beitun Dist., Taichung City.	Estimated Completion Year: 2026		
H Kindom Wanhua Zhixing Section construction project	Estimated Completion Year: 2027		
I Land development office building around Sihwei Elementary School Station on the Wuri-Wenxin-Beitun Line in Taichung Mass Rapid Transit	Estimated Completion Year: 2026		
J Nanmen Market and Nanhu Elementary School Sport Center Turnkey Project	Estimated Completion Year: 2025		New Construction Office, Public Works Department, Taipei City
K C212 Tainan Railway Station Underground Project	Estimated Completion Year: 2025		Central Region Engineering office · Railway Bureau · MOTC.
L Taoyuan Convention and Exhibition Center Turnkey Construction	Estimated Completion Year: 2023		Office of Public Construction, Taoyuan
M C611 Chiayi Elevated Railway and Under-bridge Road Construction Project	Estimated Completion Year: 2026	Northern Region Engineering office · Railway Bureau · MOTC.	
N New Taipei City Taishan Zhongshan Section Social Housing (1st Period) and National Military Dorms Turnkey Construction	Estimated Completion Year: 2025	National Housing and Urban Regeneration Centre	
O TSMC Zero-Waste Center Construction	Estimated Completion Year: 2023	Taiwan Semiconductor Manufacturing Co., Ltd.	
P TSMC F18P8 CUP Construction	Estimated Completion Year: 2023		
Q Reconstruction Project of Houlong Cross-Sea Bridge / Xihu River Bridge on Provincial	Estimated Completion Year: 2025	Directorate General of Highways	
R Chiayi Urban District Elevated Railway Project C612 Chiabei Elevated Railway Station, Chiayi Elevated Railway Station, and The Tropic of Cancer Station project	Estimated Completion Year: 2026	Central Region Engineering office · Railway Bureau · MOTC	
S TSMC Zhunan The Sixth Assembly Test Factory 2nd Period Construction (FAB)	Estimated Completion Year: 2023	Taiwan Semiconductor Manufacturing Co., Ltd.	
T TSMC Zhunan The Sixth Assembly Test Factory 2nd Period Construction (CUP)	Estimated Completion Year: 2023		
U TSMC F18P7 Office Construction	Estimated Completion Year: 2023		
V Asia Silicon Valley Innovation Development Center Construction	Estimated Completion Year: 2027	Taoyuan Aerotropolis Co., Ltd.	

· Definition of Construction in Progress: for the architecture type, the construction in progress refers to the construction period between the official start and the acquirement of the license; for the civil engineering type, it indicates the period between the official start and the completion of inspection.
· The statistical data of this table are collected until December 31, 2022.



Market Analysis

The international economic situation, influenced by the US-China trade war, has provoked Taiwanese business to invest in Taiwan. The demand for technological factories and business offices has increased. With the increase in the governmental financial budget of public constructions and the continual release of forward-looking programs, the management model of the construction industry has thus developed from a traditional one to a form with the division of labor on a project-by-project basis.

In response to the influence of the business cycle in the residential construction market, we continue to promote green engineering and reduce impacts on the environment. We adhere to our business management principles of “sincerity, service, innovation, and sustainability.” Kedge adopts the professional corporate expertise in organizing construction projects and includes smart architecture and green building design in the project organization. We hope to construct a sustainable recycling homeland, pursuing sustainable happy life and creating a healthy, comfortable living environment.

Kedge’s Competitiveness and Future Prospect

In recent years, Kedge Construction has been devoted to brand marketing and business innovation and transformation, and has continuously improved our soft and hard power, such as the COMS system, BIM system, and unit price analysis, to establish a unique competitive advantage with our outstanding smart power. In the future, Kedge will continue to reinforce our existing business foundation: construction projects such as high-quality new residential buildings, high-quality public works, high-tech precision manufacturers’ plants, and so on. We will also undertake a comprehensive business innovation initiative by engaging in high value-added and innovative construction projects with high-tech construction techniques, in the hope of becoming the top brand in the construction industry. We will continue to accumulate engineering techniques and relevant experiences. We will apply innovative technology in engineering techniques and technical integrity to improve the

quality of turnkey projects and massive public civil engineering and residential building projects, thereby continuing to enhance the corporate sustainable operation and the company’s future outlook. We are committed to innovating our business strategies and enhancing construction technology to reinforce our sustainable foundation and construction strengths through continuous and comprehensive enhanced management. We expect to maximize profits for our shareholders’ and fulfill our corporate social responsibility.

Kedge’s capital amount reached NT\$ 1.17 billion, accumulating various actual construction performances in the construction industry, including residential buildings, business offices, bridge infrastructures, public constructions, medical buildings, technological plants and offices, and so on. We earned wide recognition from many owners for our excellent quality and schedule management. We develop a sound system of finance and surpass other peer companies in demonstrating outstanding profitability, which contributes to our competitive advantages.

Kedge Construction continues to improve various construction techniques with collaborative suppliers to ensure that every project be completed on time and on spec. We continue to research on employing new techniques or implements that can improve construction management. We keep committed to brand marketing and business innovation and transformation, reinforce our core competitiveness, and thus intensify our pathway to innovation and reform to strive for high techniques required constructions. We continue to create a safer and healthier construction environment, cultivate talents and pass on skills, and insist on high quality of our construction projects. With the goal of realizing the beliefs of “peace of mind for owners, assurance to customers, and support for employees,” we do our best to fulfill our corporate social responsibility for taking people into concern and caring for the natural environment, in pursue of making ourselves a distinguished representative brand of construction services.

Future risk analysis of value chain and industry chain

The civil engineering industry pertains to the construction

industry. The main sources of its business opportunities rely on contracted construction projects from various owners such as the governmental public construction, private construction companies, and public and private agencies. Upstream industries include building materials, foundation works, structural engineering, mechanical and electrical engineering, and interior design, engineering design.

- Relevance to upstream industries: The price fluctuation of building materials, the increase in the cost of professional contractors, the increase in labor costs due to a shortage of labor, and the increase in the cost of machinery and tools due to price fluctuations – such aspects all influence the construction costs of the civil engineering industry. The development of the upstream industries is also deeply affected by the economic condition in the civil engineering industry. The two are closely related.
- Relevance to the downstream industries: The downstream industries include multiple owners ranging from government agencies, public and private institutions, and private construction companies. The main approach of obtaining business opportunities from them is mostly via open competitive bidding or price comparison/negotiation. Public construction projects bid openly by government agencies and projects contracted by private construction companies, in particular, are the main source of business opportunities. The economic condition in this industry is thus largely affected by the government’s public construction policies and the economic condition in the construction industry.





Upstream industries

Downstream industries



Building materials

- Rebar industry
- Concrete industry
- Cement industry
- Sand and gravel industry
- Other building materials industry



Decoration works

- Interior design industry
- Carpentry industry
- Painters



Foundation works

- Steel industry
- Waterproofing industry
- Heavy construction equipment industry



Construction design

- Architects industry
- Construction consultancy industry



Structural works

- Steel structure construction projects
- Scaffolding projects
- Formwork projects



other

- Insurance companies
- Financial industry
- Security industry



Electromechanical works

- Water, electricity and firefighting industry (Water, electricity, firefighting space, and air-conditioning)



Construction industry



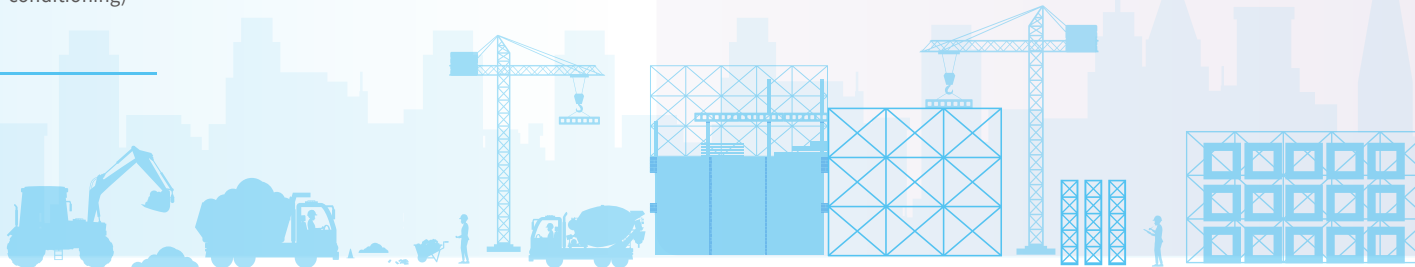
Government agencies



Construction companies

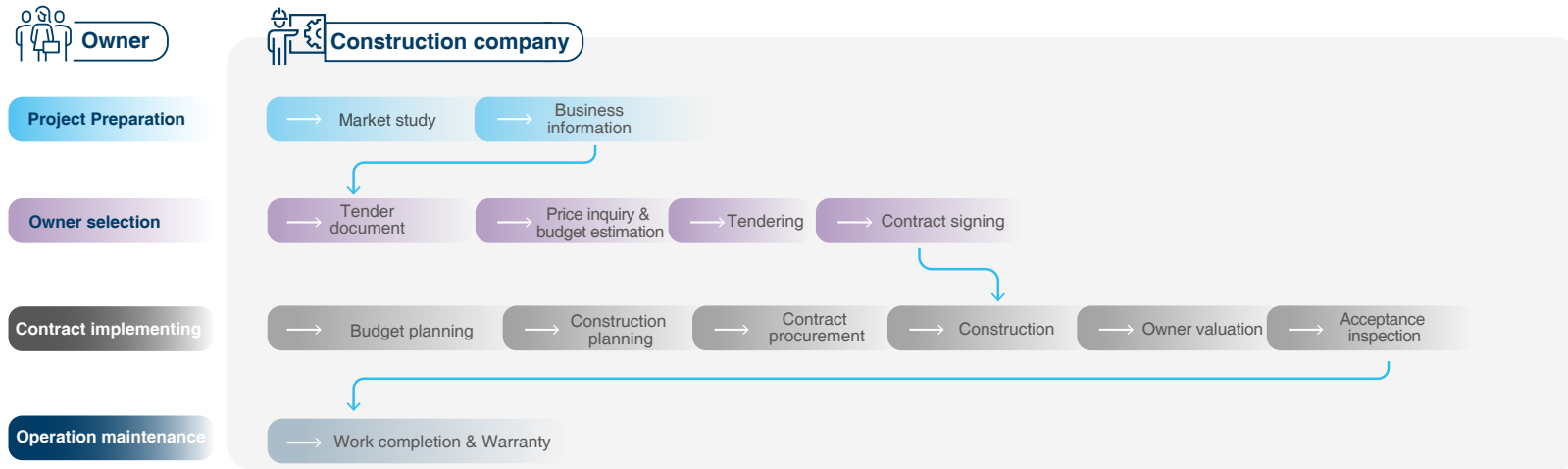


Private enterprises





Production Process of Major Products



Participating in associations

Kedge Construction actively participates in professional associations to promote the development of the associations, enhance the service quality in this industry with other companies in this industry, and contribute to the dissemination of industry knowledge.

In 2022, Kedge took part in 14 associations to which we sponsored in various ways, such as placing advertisements, paying membership fee, and financially supporting events, to help with their operation. The total amount was NT\$ 607,379.

In 2022, the associations that Kedge joined as a group member and an individual member included: the Value Management Institute of Taiwan, the Chinese Institute of Civil and Hydraulic Engineering, the Semiconductor Equipment and Materials International Taiwan Branch, the Taipei URDA, the Taiwan Society for Circular Economy, the Taiwan Railway Economy Development Association, the Taiwanese Institute of Built Environment Lifecycle Management, the Construction Management Association of the Republic of China, the Alliance for BIM-enabled Upgrading of Taiwan Construction Industry, the Taiwan Union of Nurses Association, the Taiwan High-Tech Facility Association, and the Taiwan Post-Tensioning Institute.

International initiatives

Kedge actively participates in external events on the environment and human rights, putting together entities in different fields to form a positive circular community to facilitate a sustainable planet through mutual exchanges.

Greenhouse gas reduction initiatives

We face up to the issues of climate change and seize the opportunities through risk identification step by step. We support organizational management, energy and procurement management, greenhouse gas inventory, and international initiatives and take relevant actions in response. We put emphasis on “doing the right thing, step by step,” and contribute to the sustainable global environment with practical actions.

Universal Declaration of Human Rights.

We support and respect internationally recognized beliefs in human rights and enhance our employees' awareness of human rights. With the regular and occasional dissemination of such concepts and policy formulation, we form a consensus and ensure that our daily operations are in alignment with business ethics. We treat employees fairly and with respect and insist on equal pay for equal work, regardless of gender, race, age, group, and religion, and provide employees with grievance channels.



01

Sustainability Governance

- 1.1 Honor in Sustainability
- 1.2 sustainable strategy and blueprint
- 1.3 Achievements corresponding to the SDGs
- 1.4 ESG Committee
- 1.5 Materiality analysis
- 1.6 Communication with stakeholders





1.1 Honor in Sustainability

Major achievements and sustainable performances in 2022

1 Honors and Prizes

- Profession: Asia Silicon Valley Innovation Development Center Construction voted the 1st place
- Occupational safety: Taipei City Labor Safety Award – Daxin Supervisor Award the 1st place
- Sustainability: TCSA Taiwan Top 100 Sustainable Model Corporation



<h3>E Environment</h3>	<h3>S Social</h3>	<h3>G Governance</h3>
<p>3 construction projects</p> <p>won green building labels and candidate certificates</p>	<p>NT\$ 9.2 million</p> <p>Charitable donation</p>	<p>NT\$ 14.205 billion</p> <p>Consolidated revenue reaches</p>
<ul style="list-style-type: none"> • Silver-level green building label *1, • Silver-level green building candidate certificate *2 	<p>Donated on One-Forty and Kindom Yu San Education Foundation</p>	<p>Revenue remains in the billion level, hitting a record high since established.</p>
<p>511 million</p> <p>Green procurement amounted to up</p>	<p>31 %</p> <p>Employees' salary rose by</p>	<p>8.98 dollars</p> <p>Consolidated earnings per share reach</p>
<ul style="list-style-type: none"> • An increase of 30% compared to last year • local procurement reaches 99% 	<ul style="list-style-type: none"> • 181 employees obtained a salary raise • 6.3% increased in all employees' salary 	<p>An increase of 2.63 dollars compared to last year, 41.4% developed</p>
<p>2.6 ha</p> <p>Woodland adoption took</p>	<p>26.34 hours per year</p> <p>Employee educational hours reached</p>	<p>100 %</p> <p>Suppliers sign a sustainable commitment</p>
<p>accumulated 4000 trees in total, sequestering 7.38 ton of carbon per year for the earth</p>	<p>Invested to educational training NT\$ 2.95 million</p>	<p>Worked with supply chains in compliance with the principles on sincerity and sustainability</p>
<p>21 sites</p> <p>for the comprehensive greenhouse gas inventory</p> <p>Took the lead in the construction industry for conducting a complete inventory in 5 major categories</p>	<p>NT\$ 7.62</p> <p>Kind-repair Cycling Project (charitable house repair for the underprivileged) – SORI reached</p> <p>Extending from the headquarter to the construction sites in Taiwan, the project has benefited more than 10 families.</p>	<p>89 points</p> <p>Customer satisfaction reaches</p> <p>Continued service after construction; service satisfaction for 16 cases maintains of high level</p>



Sustainable performances



2022
Happy Enterprise Golden Award
Construction Industry Golden Award



The 11th
New Taipei City Engineering Safety Award
Excellent Private Construction Award



Won the 1st place in evaluation of construction outcomes
The Asia Silicon Valley Innovation Development Center Construction Project



2022
Concrete Engineering Excellence Award



2022
The 15th Top 100 Taiwan Sustainable Model Enterprise Award



The 23th Golden Road Award
Excellent Contractor in Distinguished Engineering



2022
Green Procurement Excellence Performance



2022
The 15th TCSA Corporate Sustainable Report



The 5th
ASSET Social Innovation Award
Social Co-benefit Award



1.2 Kedge's sustainable strategy and blueprint

Corporate sustainable perspective and commitment

Sincerity, quality, service, innovation, and sustainability are all Kedge's fundamental values. In pursuing revenue and profits, we insist on our role of a global corporate citizen and strive to promote sustainable development, thereby continuing to create steady momentum for business growth and competitiveness. As an ethical and responsible company, Kedge strives to develop into a distinguished company that shoulders our duties and missions; we firmly believe that taking responsibility for our stakeholders and the environment will ultimately contribute to our long-term profitability and growth. We continue to uphold our philosophy of giving back to society and commit ourselves to fulfill our corporate social responsibility. Concerning various aspects such as labor relations, employee care, corporate governance, environmental protection, and social welfare, we pay careful attention and comply with government policies ensuring our employees' right to work and enhancing a secure and health working environment. We develop low-carbon construction, lowering impacts on the environment and taking our social and environmental responsibilities. We commit ourselves to the three major aspects in the ESG framework in order to meet the expectation from our stakeholders.

As the first publicly listed construction company in Taiwan that has passed the AA 1000AS assessment, we accentuate talent cultivation and base the corporate operation on the appliance of construction techniques. We strive to improve and innovate our business with the integration of quality and techniques, and thereby make good use of resources with energy saved and carbon emission reduced. We adopt the BIM modelling method to develop and simulate construction plans, integrate designs, review visualized construction projects. We also employ the method in managing project progress and cash flows. We devote ourselves to the respect and care for human and nature, valuing

every contracted construction project as our missions and constantly improving the management of engineering technologies throughout the life cycle.

Development blueprint of our sustainable strategies

Kedge Construction is an affiliate of the Kindom Corporation group. We adhere to the ESG core values of "creating a happy life" and extend them to five major practical strategies concerning "green home," "smart city," "joint innovation," "reliable enterprise," and "happy enterprise" with regards to the 11 goals in the SDGs.

Kedge Construction fulfills its responsibilities in environmental sustainability (E), social integrity (S), corporate governance (G) and strives to meet various stakeholders' needs and expectations regarding products, services, governance, and the environment. We stick to the core values which sustain the spirit of our corporation and, in pursuit of the corporate sustainable development, fulfill our social responsibility. Kedge takes the "sustainable city engineering team" as its mission of development and actively takes part in building constructions on public constructions, collective housing, factories and offices of enterprises, and medical hospitals. We are the most professional collaborative partner with the government and enterprises for the construction of sustainable cites.

Sustainable City Engineering Group

With a solid and firm foundation, we always take the lead and pursue the most extraordinary.

 <p>Environment</p>  <p>Green home & Smart city</p> <ul style="list-style-type: none"> • In line with international indicators, plan to reduce SBTi carbon pathway • Innovatively adopt low-carbon construction methods to strengthen supply Resilience • Intelligence and digitalization into construction process management 	 <p>Social</p>  <p>Happy society</p> <ul style="list-style-type: none"> • Combining construction management functions, we work with suppliers and NGOs to improve rural areas and disadvantaged family housing issues • Friendly to ocean, close to land, afforestation negative management 	 <p>Governance</p>  <p>Joint innovation & reliable enterprise</p> <ul style="list-style-type: none"> • Get 95 points or more in Corporate governance evaluation • Emphasis on talent cultivation, advocate DEI workplace environment • Respond to climate change, manage risks and grasp opportunities
--	---	---



Goals for the short-, mid-, and long-term developments



Compliance with regulations, continuing to take the lead 2021~2025

E
Gear to the system

ISO14000 (environmental management), ISO14064 (greenhouse inventory), SBTi (scientific carbon reduction path), TCFD (climate-related financial disclosure), GRI (sustainability report disclosure), BS8001 (circular economy), etc.

S
Social collaboration

Repair cycle (charitable repair), beach cleaning, farmland and forest land adoption, friendly workplace series activities

G
Taking the lead in evaluations

Improvement of corporate governance evaluation, external evaluation of the Board of Directors, and handling of supplier conferences

Sustainable Transformation Value Creation 2026~2030

E
Low-carbon construction

Innovative low-carbon construction methods, adoption of low-carbon materials, green energy and financial investment, active carbon reduction (↓ 30%)

S
Deepening differences

Dataization of public welfare benefits, differentiated activities, expanding the level of influence, and working with internal and external stakeholders

G
Taking the lead in evaluations

Continue to improve corporate governance evaluation and international indicators (DJSI)

Expanding influences, strive for net zero 2031~2050

E
Achieving the net zero goal

Stride towards the net zero goal in 2050

S
Charity brand

Establish corporate public welfare brand image




G
Go international

Continue to improve corporate governance evaluation and international indicators (DJSI)






1.3 Achievements corresponding to the SDGs

To solve the issues of global sustainable development, Kedge Construction has re-examined its connection with the SDGs. Starting with core competencies, we managed to tap into our key advantages concerning the industry itself, and in collaboration with the upstream and downstream partners, we bring changes and innovation to the industry and society as well as actively respond to the SDGs formulated by the UN. To make substantive contribution to such goals, we examined relevant current practices within each department and understand the impact of our operations. By integrating inter-departmental resources and strengths, we incorporate the SDGs in our corporate culture and daily operations. We also work with employees, customers, suppliers, society, and other stakeholders and step toward a sustainable future where equality, dignity, and human rights are ensured, life on Earth is thriving, and society is peaceful and prosperous.

SDGs	Details on SDGs sub-indicators	Kedge's corresponding achievements	Chapters in the report
	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.	<ul style="list-style-type: none"> Continuously implemented the "Kind-Repair" Cycling Project, helping those in remote villages and the underprivileged with house repair. By June in 2023, 12 families were benefited. 	6.2 Social Relations and Social Inclusion
	4.4 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	<ul style="list-style-type: none"> Middle managers training program: 2022 was the second phase of the course that continues from last year. There were in total 19 participants trained and completing the training. The training-completion rate reaches 100%, and the satisfaction score 92 points. 7 courses from the internal courses where professional knowledge were informed were the required courses for new employees. We provide subsidies for further studies and continuing education every year. At present, there are four employees in the master's and doctoral programs. In addition, a total of 24 employees received a subsidy for learning in 2022, with an average subsidy of NT\$10,435 per person for license acquisition. The annual training hours totaled 15,407.02 hours, with 100% of all employees trained. Each employee received an average of 26.34 hours of training. 	5.3 Talent development and training
	5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	<ul style="list-style-type: none"> Implemented a maternal care policy and established friendly facilities such as nursery rooms in the workplace 	6.2 Social Relations and Social Inclusion





SDGs	Details on SDGs sub-indicators	Kedge's corresponding achievements	Chapters in the report
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.	Invested on the research and development of BIM techniques, reducing collision the during construction period and enhancing the efficiency of construction.	4.3 Innovative technologies and services
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Employed five people with disabilities in 2022.	5.2 Salary and Benefits
	8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms	We prohibit child labor and sign relevant clauses with suppliers to prohibit child labor.	5.5 Human right policies
	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<ul style="list-style-type: none"> We created a friendly working environment for migrant workers, and purchased books from their native countries, establishing "Kedge's Co-prosperity Bookstore." In order to help migrant workers integrate into the Taiwanese society, we also worked with One-Forty to launch the Chinese-learning workshop. Company policies and notices for occupational security are all translated to multiple languages to protect the right of migrant workers. 	5.3 Talent development and training
	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and fair access for all	Kedge Construction actively helped the government with various infrastructures. In recent years, we undertook projects such as Xindian Baogao Smart Industrial Park, Nanmen Market, Taoyuan Convention and Exhibition Center, and so on. These constructions not only boosted the economic development and the development of relevant industries but also brought opportunities for jobs and business.	4.2 Public Construction Participation
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Kedge continues to undertake the housing construction from the Kindom Development Co., Ltd. and carries out the construction projects on "Taishan Social Housing and Military Dorms," from National Housing and Urban Regeneration Center, to fulfil the need for multiple housing and realizing housing justice.	4.2 Public Construction Participation
	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	Kedge continues to carries out constructions of railway and bridges. Construction projects on Chiayi Railway Station, Tainan Railway Station, and the Cross-sea bridge on Highway No. 61 are all actual performances in recent years.	4.2 Public Construction Participation



SDGs	Details on SDGs sub-indicators	Kedge's corresponding achievements	Chapters in the report
	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	<ul style="list-style-type: none"> We surpassed other peer companies in equipping our construction sites in Taiwan with the "air quality and noise monitoring system." Through the Cloud system and social media tools, we are able to grasp promptly data. We can also step in and improve the condition if anything exceeds. We implemented the ISO9001 engineering quality management and set up relevant regulations for managing air quality, noises, and waste. All the waste is given to legal clearance facilities for proper treatment. 	3.2 Environmental Impact Mitigation
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> Our headquarter and construction sites are all equipped with recycle bins to reduce the amount of trash and promote resource recycling and reuse. 	3.2 Environmental Impact Mitigation
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	By setting up the goals of green procurement and local procurement, we raise the expense in green procurement year by year. In 2022, the amount of green procurement reaches NT\$511million, with a growth rate of 30% compared to last year.	4.4 Supply Chain Management
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	We identify the Climate-related risks and opportunities as per the TCFD framework and formulate relevant strategies for adjustment and mitigation.	3.3 Energy and resources use
	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	We joined the Return-to-sea Action initiative and the Beach Clean-up event organized by Business Today. In 2022, we took part in the beach clean-up events twice overall, with 812 kilograms of coast waste cleaned out.	6.2 Social Relations and Social Inclusion
	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> In collaboration with Taitung Forest District Office, we held the event "Forestry, Creating Beautiful Homelands" and planted 4,000 trees on the land of 2.6 ha for 5 years with an increase of forest-covered areas. We held rise farming events and welcome employees to participate with family. 	6.2 Social Relations and Social Inclusion
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	We held the supplier conference in May, 2023, leading the construction industry to respond to the net zero goals from the government. Within the conference, we shared through project-presentations ideas on the Greenhouse Gas Inventory and the ESG trend and encourage our supplier partners with awards given.	4.4 Supply Chain Management



1.4 ESG Committee

GRI 2-12, 2-13, 2-14, 2-16

Kedge Construction established in 2014 the “CSR Committee,” whose responsibility aimed at planning for actions and strategic development regarding corporate social responsibility. In line with the “Corporate Governance 3.0 – Sustainable Development Blueprint” released by the Financial Supervisory Commission, the CSR Committee has amended its organizational charter and was renamed the “ESG Committee” as the highest corporate social responsibility organization within Kedge Construction. The ESG Committee takes charge of organizing the formulation of goals and strategies regarding Kedge’s corporate social responsibility and the direction of its sustainable development. It is also in charge of regular examination of the performances and the goal achievements of the company.

To implement corporate sustainable governance, the duties and responsibilities of the Sustainable Development Committee are as follows:

- Formulate a sustainable development policy.
- Review the operation of a sustainable development management system.
- Review our company’s ESG policy objectives, strategies, and action plans, as well as guide and follow up on the progress and performance improvement of each action plan.
- Supervise various stakeholder engagement plans (such as the writing of a ESG Report) and invite stakeholders to participate in committee meetings or hold stakeholder meetings if necessary.
- Supervise the writing of a ESG Report to be completed before a deadline.

The results and progress of every mission of Sustainable Development Committee are reviewed and supervised by the Corporate Governance team to incorporate them in the company’s decision-making process and improve the performance of the sustainable development. Meanwhile, the results and progress also gradually help us achieve the short-, medium-, and long-term sustainable development targets to

demonstrate our determination to move toward sustainable development.

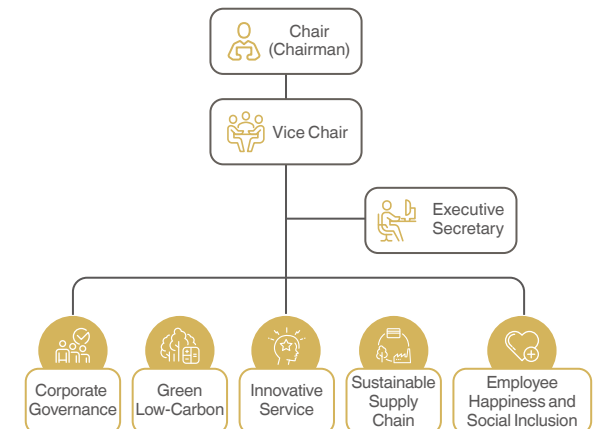
The committee consists of four members: the Chairman serves as the chair of the committee and designates the general manager as the vice chair, and the independent directors in the company take the position of the other two members. To carry out work related to corporate sustainability, “five major functional teams” have been set up under this committee. The highest-level supervisors in the relevant departments within the company take on the position as the conveners in the corresponding functional teams, and an executive secretary is appointed by the chair of the committee, to ensure the launch and implementation of tasks related to corporate sustainable development. The five major functional teams currently are: the corporate governance team, the green low-carbon team, the innovative service team, the sustainable supply chain team, and the employee happiness and social inclusion team.

The committee holds meetings twice a year, chaired by the chair (Chairman). Each team reports on the results of relevant topics and strategies and evaluates the performance, and thus plans approaches for corporate sustainable development. At the meetings, future working projects, the progress of execution and its results, and the ESG-related strategies and goals are required to be reported to the Board of Directors. Among the seven board meetings held from 2022 to the first quarter of 2023, proposals related to the ESG sustainable development accounted for 28% of the total. The content of the proposals involves: (1) the specific implementation plan for sustainable development; (2) sustainability-related policies; (3) the implementation result of sustainable plans. At the meetings, the Board of Directors will ask questions or give suggestions on the content of ESG strategic plans and policy formulation, and decide whether to pass or not. It also reviews and supervises the implementation of the sustainable plans from the progress report, and supervise the operation teams adjusting themselves, when necessary.

Discussions between the ESG Committee and the Board of Directors

Date of meetings	July 15, 2022	March 2, 2023
Major issues in discussion	Establish the organization and regulations of the ESG Committee	Report on the implementation results in 2022 and the planning of sustainable development and the results in 2023
Major suggestions from the Board of Directors	None	None
Resolutions of the ESG Committee	All committee members at the meeting were in favor.	All committee members at the meeting were in favor.
Resolution of the Board of Directors	All members at the meeting were in favor.	All members at the meeting were in favor.

Composition and structure





Teams	Duties
Corporate Governance Team	Review and assess operational and financial risks and performance, and reinforce the operations of the Board of Directors, compliance, implementation of internal audits, internal control, and information security.
Green Low-Carbon Team	Implement construction engineering projects from the aspects of design and research and development (R&D) as well as green construction techniques, and conduct environmental impact mitigation and greenhouse gas management.
Innovative Service Team	Use R&D capabilities to improve construction engineering operations and products and services through digitalization and AI.
Sustainable Supply Chain Team	Jointly advocate, share, and implement sustainability concepts with customers and suppliers, and establish sustainable supply chain screening criteria and risk impact assessment mechanisms.
Employee Happiness and Social Inclusion Team	Improve the social care and environmental education efforts inside and outside the Company, enhance work environment and quality of life, and increase participation in social charity.

Understand the context: collect ESG issues – 21 ESG issues

As per the international sustainable principles and standards (GRI standards, SASB, SDGs, ISO26000, TCFD), cases in the construction industry in Taiwan and abroad, and the process of communication with stakeholders, the functional teams collected and listed 21 ESG issues. In addition, to ensure the objectiveness, completeness, and inclusiveness of the material issues, the teams also review the matrix table of the materiality analysis of the ESG issues in the previous report.

Identify the actual and potential impacts:

At the internal meetings the functional teams invited 20 department heads to discuss the 21 issues that are collected and identify the actual or potential negative/positive impacts as well as the influence that the impacts may cause in various aspects including finance, business reputation, environment, and human right.

Evaluate the significance of impacts: 323 external questionnaires and 20 internal questionnaires

Through the “Kedge Construction stakeholders ESG questionnaires,” the functional teams investigated the influence of the seven major categories of stakeholders on 21 ESG issues concerning aspects from individuals, communities, counties and cities, the country, to the globe. The teams also examined the degree of impact (concerning the degree of influence, the arrange, and the reversibility) and the possibility of occurrence. A total of 323 valid responses were collected. Meanwhile, 20 department heads were also received internal questionnaires for an evaluation of various ESG issues about their aspects of influence, the degree of impact, and the possibility of occurrence in relation to the company.

Sort material issues by significance: 11 material issues

After examining the situation of stakeholders and the results of internal questionnaires, and following the materiality standards, we identified 11 highly concerned sustainable issues (with high probability and high impact degree) as the major material issues in this year. 2 mediumly concerned issues (to our continuous attention) were also taken into account. We drew up the materiality matrix and reported on it towards to the Board of Directors and the ESG Committee.

1.5 Materiality analysis

Identify stakeholders-- seven major categories of stakeholders

In alignment with the five principles of the AA1000 Stakeholder Engagement Standard (AA1000SES) as well as the experience of various departments and the industry, the functional teams under the Sustainable Development Committee considered stakeholders' issues of concern, the frequency of communication, and their important relevance to our company's sustainable development through multiple meetings, and identified seven major categories of stakeholders: the media, government agencies, shareholders/investors, communities/ NGOs, suppliers, employees, and clients.





Honor in Sustainability

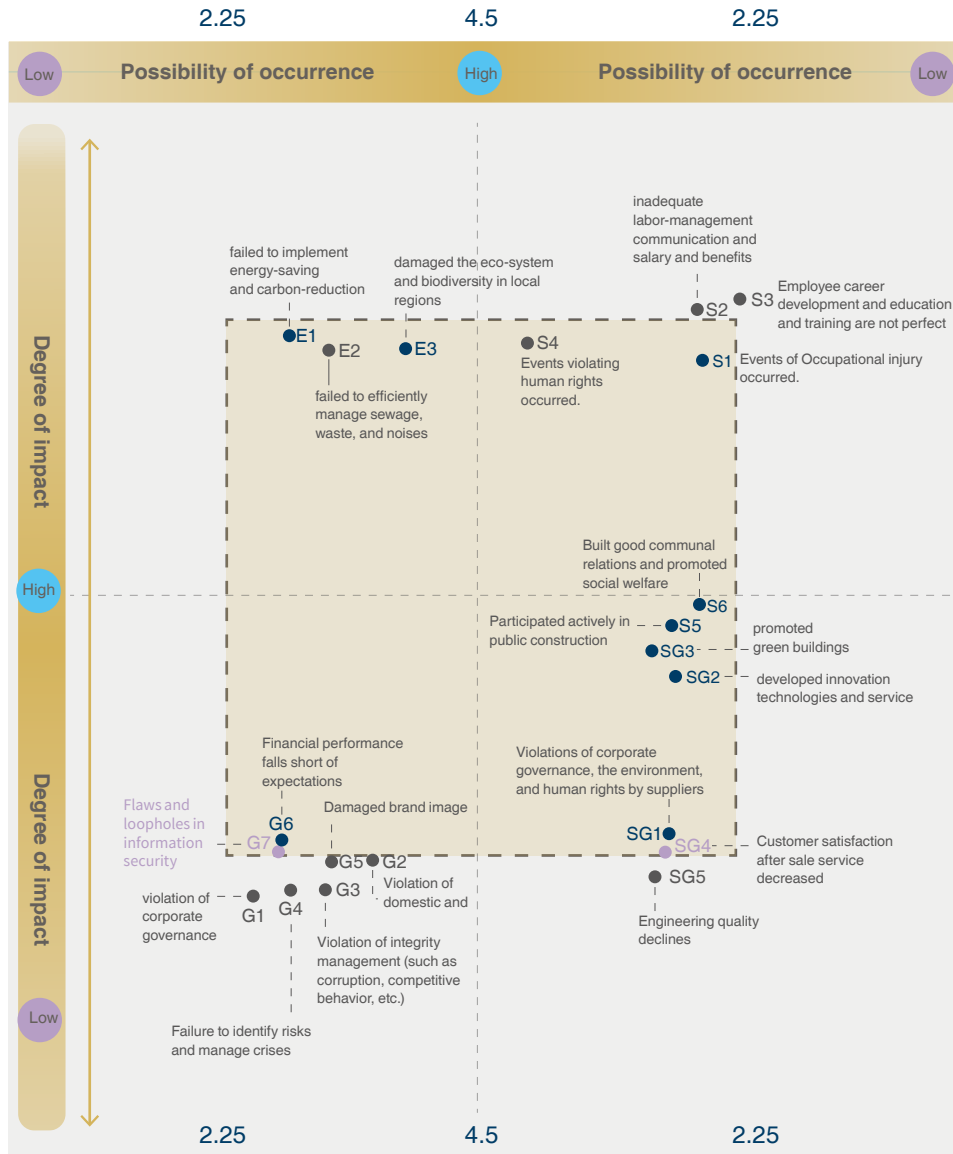
Sustainability Governance
Kedge's sustainable strategy and blueprint

Achievements corresponding to the SDGs

ESG Committee

Materiality analysis

Communication with stakeholders






Material Issues	Events of impact	Corresponding GRI topics
Climate change mitigation and adaptation	● E1 failed to implement energy-saving and carbon-reduction	GRI 302 : Energy 2016 GRI 305 : Emissions 2016 GRI 201 : Economic Performance 2016
Environmental impact mitigation	● E2 failed to efficiently manage sewage, waste, and noises	GRI 303 : Water 2018 GRI 306 : Effluents and Waste 2020
Biodiversity	● E3 damaged the eco-system and biodiversity in local regions	GRI 304 : Biodiversity 2016
Financial Performance	● G6 Financial Performance didn't meet the expectation.	GRI 201 : Economic Performance 2016
Occupational health and safety	● S1 Events of Occupational injury occurred.	GRI 403 : Occupational Health and Safety 2018
Human rights protection	● S4 Events violating human rights occurred.	GRI 406 : Non-discrimination 2016 GRI 408 : Child Labor 2016
Communal relations and social welfare	● S5 Built good communal relations and promoted social welfare	Topics open
Public construction participation	● S6 Participated actively in public construction	Topics open
Sustainable supply chain management	● SG1 Suppliers violated corporate governance and impaired the environment and human rights	GRI 308 : Supplier Environmental Assessment 2016 GRI 414 : Supplier Social Assessment 2016
Innovative technology and services	● SG2 developed innovation technologies and service	Topics open
Green and energy-saving buildings	● SG3 promoted green buildings.	Topics open
After-sales service management and satisfaction	● SG4 Customer satisfaction after sale service decreased	Topics open
Information security	● G7 Flaws and loopholes in information security	Topics open

Note: the items in ● are major material issues reported this year; the items in ● are the medium-concerned material issues to our continuous attention



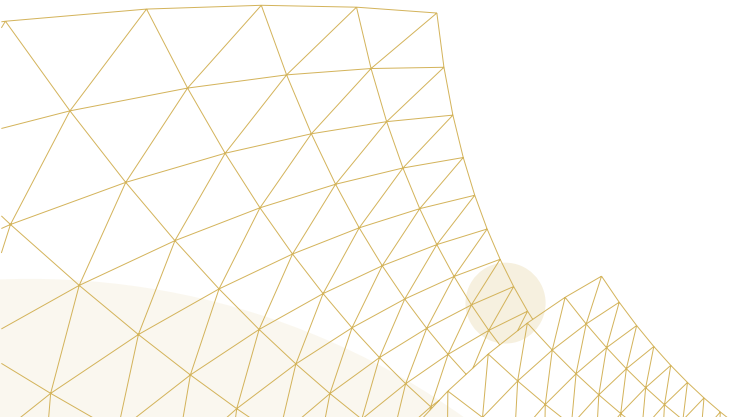
Material issues and the meaning of the value chain

In 2022, through the process of the material analysis, we identified 11 major material issues. After examining the results of identification, "biodiversity" was included in the sustainable issues for the first time and identified as one of the major material issues. In addition, "sustainable supply chain management," "human rights protection," "Innovative technology and services," "Green and energy-saving buildings," "Communal relations and social welfare," and "Public construction participation" have also shifted from non-major material issues last year to major material ones, showing that stakeholders are concerned about diverse topics, and it is highly compatible with the ESG management practiced by domestic and foreign enterprises in recent years. Therefore, based on the method of managing major material issues, Kedge also follows the three major aspects of the ESG to integrate the ESG into sustainable development policies and risk management strategies. The meaning of each major material issue, including the positive and negative effects directly created by Kedge or indirectly promoted through upstream and downstream industries, as well as the specific goals and actions for each issue, will be explained in the corresponding chapters of this report. The items disclosed in the GRI Standards corresponding to each major material issue can be referred to from the GRI Standards Content Index attached to this report.

Aspects	Material issues	Boundary of impact on the value chain		
		upstream	Kedge	downstream
 Environment	Environmental impact mitigation		●	●
	Biodiversity	◎	●	◎
	Green and energy-saving buildings	◎	●	◎
 Social	Communal relations and social welfare	◎	●	◎
	Occupational health and safety	◎	●	
	Public construction participation		●	●
 Governance	Financial Performance	◎	●	◎
	Human rights protection	◎	●	
	Sustainable supply chain management	●	●	◎
	Innovative technology and services	◎	●	
	Climate change mitigation and adaptation	◎	●	◎

Note1 : The table above references the industrial categories informed in the "Taiwan Industry Value Chain Information Platform," identifying the impact boundary of the value chain of Kedge Construction. The core of the value chain lies in Kedge Construction itself, covering employees and collaborative suppliers. The upstream includes building material supply, foundation engineering, structural engineering, electromechanical engineering, and related construction engineering design, and the downstream includes customers (governments, private enterprises, individuals) and communities.




Note2 : ● represents direct impact; ◎ represents indirect impact









1.6 Communication with stakeholders

GRI 2-25, 2-26, 2-29

Stakeholders	Significance to Kedge Construction	Communication method and frequency	Important issues of concerns	2022 Kedge's actual performances and communication
 Employees	<p>We regard employees the cornerstone of corporate growth. We actively invite talented people to join us and offer them professional trainings. We endeavor to create a safe and stable working environment where all employees feel respected and allowed to strive for self-fulfillment in their careers.</p>	<ul style="list-style-type: none"> Internal announcement (irregular) Labor-management meeting (every quarter in a year) Employee suggestion mailbox (prompt) Inter-departmental communication (monthly) Weekly departmental meeting (weekly) Regular quality meeting (monthly) Target meeting (monthly) Site manager meeting (monthly) <p>Human Resources dept. Manager Mr./Ms. Lan Tel.: (02)2378-6789 #5333</p> <p>Employee complaint mailbox: whistleblower_kedge@kindom.com.tw</p>	<ul style="list-style-type: none"> Employee's salary and benefits, Labor relations, Occupational safety and health 	<ul style="list-style-type: none"> Internal announcement/746 pieces during the year Labor-management meeting/4 meetings during the year Employee suggestion mailbox/Any time Inter-departmental communication/1 per month Weekly departmental meeting/1 per week Regular quality meeting/2 per month Target meeting /1 per month Site manager meeting /2 per month
 Customers	<p>high quality construction, focusing on structural safety and providing customers (owners) with complete after-sales service.</p>	<p>Customer satisfaction survey (irregular)</p>	<p>After-sales service management</p>	<p>Customer satisfaction in 2022 reached 89 points.</p>
 Suppliers	<p>Excellent suppliers are the key to the success of construction. Therefore, we have established a standardized process for suppliers from the initial stage to the stage after a contract is signed, to ensure the quality of construction and enhance our competitiveness in the industry. Meanwhile, we tap into our influence to require suppliers to prevent environmental pollution, labor hazards, and human rights violations.</p>	<ul style="list-style-type: none"> Procurement meeting (irregular) Supplier evaluation mechanism (annual) Initial evaluation of new suppliers' construction sites (annual) Hazard notification meeting (irregular) On-site interviews (irregular) Factory visits (annual) Construction coordination meeting (annual) <p>Purchase dept. Senior Manager Mr./Ms. Li</p> <ul style="list-style-type: none"> Tel.: (02)2378-6789 #5302 Email: cslee@kindom.com.tw 	<ul style="list-style-type: none"> Occupational health and safety Risk and crisis management 	<ul style="list-style-type: none"> 58 Pre-Procurement meetings during the year 49 Procurement meetings during the year Supplier evaluation mechanism/Initial evaluation of 73 new suppliers' construction sites 584 Hazard notification meetings during the year 9 sessions of on-site interviews 7 sessions of factory visits 26 Construction coordination meeting during the year Received 5 problem response from suppliers



Stakeholders	Significance to Kedge Construction	Communication method and frequency	Important issues of concerns	2022 Kedge's actual performances and communication	
 Shareholders/ Investors	<p>Shareholders are our investors. We protect their rights and interests and ensure their right to know, participate in, and decide on our major issues.</p>	<ul style="list-style-type: none"> Senior managers' meeting (irregular) Shareholders' meeting (annual) Investor conference (annual) Email/call inquiries from investors (prompt) 	<p>Spokesperson Senior vice general manager Mr. Fan Email: gfan@kindom.com.tw</p> <p>Stock Transfer Agency CTBC Bank Co., Ltd., Transfer Agency dept. Tel.: (02) 6636-5566 Email: transfer.agency@ctcbank.com</p>	<ul style="list-style-type: none"> Financial performance Risk and crisis management Innovative technology and services 	<ul style="list-style-type: none"> 1 Shareholders' meeting held 2 Investor conference
 Government agencies	<p>We actively comply with the government agencies' regulations on supervision and audit. We strive to provide high-quality construction services and construction works to government agencies.</p>	<ul style="list-style-type: none"> Renew the governmental websites, publicize information from the Market Observation Post System (monthly, quarterly, annual) Undergo evaluations by the government's agencies (annual) 	<p>Corporate governance dept. Senior Manager Mr./Ms. Chen</p> <ul style="list-style-type: none"> Tel.: (02)2378-6789 #5325 Email: liya_chen@kindom.com.tw 	<ul style="list-style-type: none"> Climate change mitigation and adaptation Occupational safety and health management Environmental impact mitigation 	<ul style="list-style-type: none"> Published 1 annual report Published 1 ESG report
 Communities /NGOs	<p>We implement environmental management and control measures to avoid environmental pollution at the construction sites and to maintain positive relations with the local residents. We also actively participate in various local social charity events.</p>	<ul style="list-style-type: none"> Participation in Community activities and care (irregular) Support for NGOs (irregular) Advocacy for social welfare (irregular) 	<p>Planning dept.</p> <ul style="list-style-type: none"> Tel.: (02) 2378-6789 #5337 Email: kerry_wong@kindom.com.tw 	<p>Communal relations and social welfare</p>	<ul style="list-style-type: none"> 200 people attended to communal activities Participated in 2 NGO caring activities Took part in 6 enterprise-held charity activities
 Media	<p>With active communication with the public through the media, and promotion of our brand and corporate philosophy, we humbly accept suggestions and make improvements</p>	<ul style="list-style-type: none"> Issue press releases about the company's operation (irregular) Release information on social media about the company's operation (irregular) Update on official website (irregular) Email from mass media and phone interviews (prompt) 	<p>Planning dept.</p> <ul style="list-style-type: none"> Tel.: (02) 2378-6789 #5337 Email: kerry_wang@kindom.com.tw 	<ul style="list-style-type: none"> Regulatory compliance Financial performance Public construction Participation Brand management 	<ul style="list-style-type: none"> 5 press releases of the company's operation 40 posts on the Facebook fan page 20 new updates on official website





02 Corporate Governance

2.1 Management Approaches

2.2 Organization of corporate governance

2.3 Shareholders' rights

2.4 Ethical Management

2.5 Compliance

2.6 Risk management

2.7 Financial Performance

Highlights of Performance

financial performances jump

Revenue ↑ 31.86%

financial performances jump

Earnings per share ↑ 41.4%

financial performances jump

Return on assets ↑ 25.85%




financial performances jump

Return on equity ↑ 20.97%



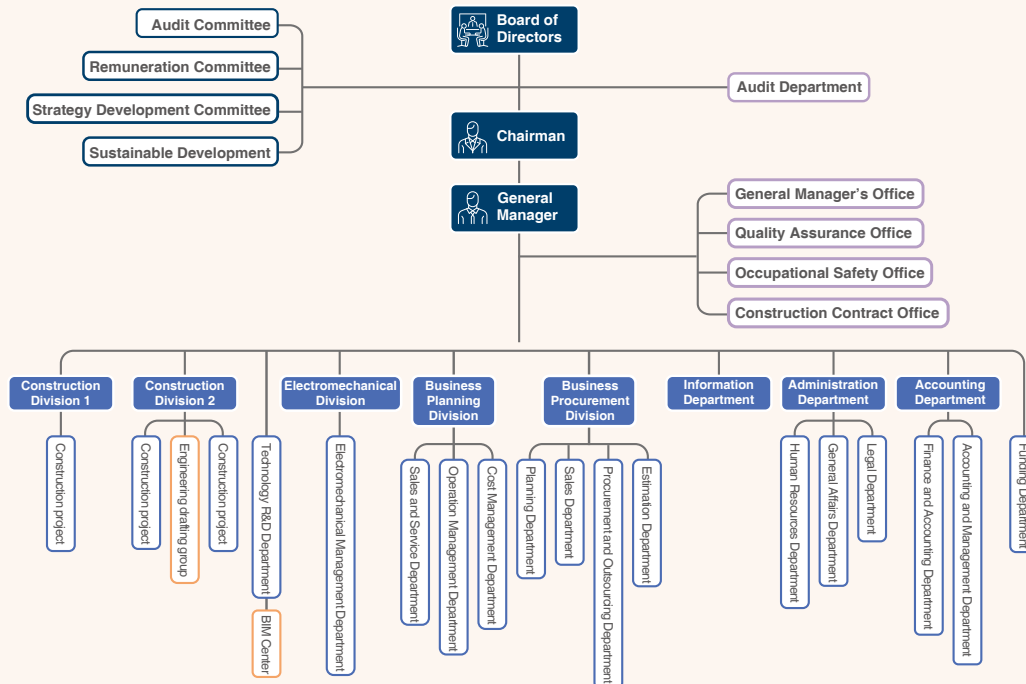


2.1 Management Approaches

<p>Kedge's sustainable role</p>	Material issues	<p>Management strategies and approaches</p> <p>We continue to create profits through activities such as increasing revenue and reducing costs. Under a stable financial structure, the annual surplus will be returned to shareholders in the form of dividend distribution, creating multiple values for stakeholders.</p>	<p>Links to SDGs</p>  	<p>Key Performance Indicator (KPI)</p> <p>Annual revenue and earnings per share</p>	<p>Goals in 2022</p> <p>Revenue and profits continued to grow in a steady path, creating better economic value to reward investors and stakeholders</p>	<p>Implementation results in 2022</p> <p>Consolidated revenue reached NT\$14.205 billion</p> <p>Consolidated earnings per share reach NT\$8.98</p> <p>Compared to 2021 ↑NT\$2.63 ↑41.4%</p>	<p>Goals in 2023</p> <p>Steady growth in revenue and profits</p>	<p>Impacts and opportunities</p> <p>We steadily continue to invigorate the rise of economic value and reward all stakeholders to achieve the long-term goal of sustainable development.</p>
	<p>Corporate governance</p> <p>Financial performance</p> 							

2.2 Organization of corporate governance

GRI 2-9, 2-10, 2-11, 2-15, 2-17, 2-18, 2-19, 2-20, 405-1



Corporate governance is at the highest management level of business operation. It is responsible for a company's future development and strategies. We uphold the concept of sustainable management and aim to create the maximum benefits and values for our customers, shareholders, employees, and society. With "integrity, quality, service, innovation, and sustainability" as our highest guiding principle, we implement the principles of financial disclosures and information transparency, ensuring appropriate and efficient business operation and management and committing ourselves to protecting shareholders' rights and interests.

Operation of the Board of Directors

The Board of Directors is the company's highest governing body, with a total of nine directors (eight males and one female) on the board. In accordance with Article 192-1 of the "Company Act" and Article 15 of Chapter 4 of the "Articles of Association of Kedge Construction," the board of directors adopts a candidate nomination system. The nomination of the directors goes through a rigorous selection process, which not only considers professional ability, but also attaches great importance to their reputation in moral behavior and leadership. The independence of candidates for independent directors must also comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." According to relevant laws and regulations,



shareholders who hold more than 1% of the company's total issued shares can submit a list of candidates to the company, so that shareholders can also participate in the nomination process for director candidates. All candidates for directors will be voted on at the general meeting of shareholders. At present, the nine directors (including three independent directors) have more than five years of work experience in business, law, finance, accounting or company business, and perform the governance tasks of the company's operation and management according to the actual situation, and report to the board of directors. In order to promote honest and ethical behavior of directors and improve corporate governance, the company has established a code of ethics for directors, which all directors must abide by to prevent and alleviate conflicts of interest; independent directors maintain their independence within the scope of business execution, and every year in the annual report, the independence of independent directors should be disclosed to ensure compliance with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The Board of Directors has set up the Audit Committee, the Remuneration Committee and the Sustainable Development Committee to assist the Board of Directors in performing its supervisory duties and improve corporate governance performance. **In 2022, the Board of Directors held 6 meetings, with an average attendance rate of 90.74%.**

Members of the Board of Directors

The company has specified in the "Corporate Governance Best Practice Principles" and the Procedures for Election of Directors that the diversity principle, business operation, business model, and development shall be considered for the composition of members, without restrictions on gender, age, and education. In practice, each board member has expertise and practical experience in various fields of business administration, construction management, and accounting in alignment with the diversity policy. Implementation of the diversity policy in 2022:

The directors' remuneration is negotiated based on the degree of directors' participation in the company's operations and the value of their contributions, covering the company's economic, social, and environmental goals. If there is a profit in the current year, less than 2% can be allocated as remuneration for directors and supervisors. The actual distribution ratio and amount are prepared by the Board of Directors and submitted to the shareholders' meeting for resolution.

Profiles of the Board members (Term of the current Board: June 15, 2020 – June 14, 2023)

Ai-Wei Yuan
Chairman
Male
Tenure 9 | Age Over 51 years old
Sustainable Development Committee

(Shih-Hsuan Chou)
Corporate director
Male
Kindom Development Co., Ltd.
Tenure 15 | Age Over 51 years old
Concurrent position in the company: Senior advisor of Kedge Constructon

(Yi-Fang Huang)
Corporate director
Male
Kindom Development Co., Ltd.
Tenure 9 | Age Over 51 years old
Concurrent position in the company: General manager of Kedge Constructon
Sustainable Development Committee

(Chih-Kang Ma)
Corporate director
Male
Kindom Development Co., Ltd.
Tenure 3 | Age 31-50 years old
Concurrent position in other company: Chairman of Kindom Development Co., Ltd.

(Mei-Chu Liu)
Corporate director
Female
Kindom Development Co., Ltd.
Tenure 6 | Age Over 51 years old

(Ching-Sung Tseng)
Corporate director
Male
Kindom Development Co., Ltd.
Tenure 3 | Age Over 51 years old

Kuo-Feng Lin
Independent director
Male
Tenure 3 | Age Over 51 years old
Audit Committee
Remuneration Committee
Sustainable Development Committee

Shen-Yu Kung
Independent director
Male
Tenure 6 | Age Over 51 years old
Audit Committee

Hung-Chin Huang
Independent director
Male
Tenure 6 | Age Over 51 years old
Audit Committee
Remuneration Committee
Sustainable Development Committee





Directors' Professional abilities and experience distribution

Chairman

Ai-Wei Yuan

Professional abilities and experience distribution

- Leadership and decision-making
- Management
- Industrial Knowledge

Corporate director

Kindom Development Co., Ltd. **(Shih-Hsuan Chou)**

Professional abilities and experience distribution

- Leadership and decision-making
- Management
- Industrial Knowledge

Corporate director

Kindom Development Co., Ltd. **(Yi-Fang Huang)**

Professional abilities and experience distribution

- Leadership and decision-making
- Management
- Industrial Knowledge

Corporate director

Kindom Development Co., Ltd. **(Chih-Kang Ma)**

Professional abilities and experience distribution

- Leadership and decision-making
- Management
- Industrial Knowledge
- Financial laws

Corporate director

Kindom Development Co., Ltd. **(Mei-Chu Liu)**

Professional abilities and experience distribution

- Leadership and decision-making
- Management
- Financial laws

Corporate director

Kindom Development Co., Ltd. **(Ching-Sung Tseng)**

Professional abilities and experience distribution

- Business development
- Management
- Industrial Knowledge
- Industrial techniques

Independent director

Kuo-Feng Lin

Professional abilities and experience distribution

- Environmental sustainability
- Industrial Knowledge

Independent director

Shen-Yu Kung

Professional abilities and experience distribution

- Industrial Knowledge
- Management

Independent director

Hung-Chin Huang

Professional abilities and experience distribution

- Industrial Knowledge
- Management
- Environmental sustainability
- Financial laws

Functional committee members

Audit Committee

Kedge established the "Audit Committee" in March 2020. Composed of three independent directors, the committee assists the Board of Directors in fulfilling its supervision of the company's quality and integrity in accounting, auditing, financial reporting processes and financial control. The term of office is the same as that of the Board of Directors.

There was a total of 5 meetings in 2022, with an attendance rate of 100%.

Remuneration Committee

Kedge established the "Remuneration Committee" in December 2011. Composed of two independent directors and an external expert, the committee assists the Board of Directors in formulating policies, systems, standards and structures for performance evaluation and remuneration of directors and managers. Related performance evaluation, salary, bonus, employee remuneration system and payment method of remuneration for directors and supervisors are all regularly evaluated and reviewed by the remuneration committee, and recommendations will be submitted to the Board of Directors for discussion.

In 2022, 5 meetings were held, and the attendance rate was 100%.

Sustainable Development Committee

Kedge established the "Sustainable Development Committee" in 2022, which consists of four directors (including two independent directors) and is the highest level of internal sustainable development organization of Kedge. The committee coordinates the formulation of the strategy and goals related to the company's corporate social responsibility and sustainable development. It regularly reviews performance and goal achievement.

One meeting was held in 2022, and the attendance rate reached 100%

For the members of the Audit Committee and its operation, please visit the website at the link below

For the members of the Remuneration Committee and its operation, please visit the website at the link below

For the members of the Sustainable Development Committee and its operation, please visit the website at the link below

GRI 2-17

Effectiveness of the Board of Directors

Directors' advanced training

Kedge Construction arranges for directors to participate in advanced courses each year on directors' professional skills and knowledge as well as issues related to sustainable development, so as to strengthen the professional ability of directors and the company in response to operational impacts. In 2022, **there were accumulatively 62 hours of the advanced course participation.**



Site	Course title	Course field	Unit	Instructor	Course date (beginning)	Course date (end)	Hours of instruction	Director number	Name of director	Gender	Position of Director	Source
Kedge Construction Co., Ltd.	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/21	111/10/21	3	03	Ching-Sung Tseng	Male		Certificate of Course Completion
	Advanced Seminar on Directors and Supervisors (including Independents) and Corporate Governance Supervisor Practice	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/12/21	111/12/21	3	03	Ching-Sung Tseng	Male		Certificate of Course Completion
	International Double Summit Online Forum	Director's legal obligations and responsibilities	Taipei Exchange	Instructor employed by the unit	111/05/12	111/05/12	2	06	Shih-Hsuan Chou	Male		Certificate of Course Completion
	2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/12	111/10/12	3	06	Shih-Hsuan Chou	Male		Certificate of Course Completion
	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/14	111/10/14	3	02	Shih-Hsuan Chou	Male		Certificate of Course Completion
	International Tax Reform and Family Wealth Inheritance	Director's legal obligations and responsibilities	Taiwan Provincial CPA Association	Instructor employed by the unit	111/09/20	111/09/20	3	03	Hung-Chin Huang	Male		Certificate of Course Completion



Site	Course title	Course field	Unit	Instructor	Course date (beginning)	Course date (end)	Hours of instruction	Director number	Name of director	Gender	Position of Director	Source
Kedge Construction Co., Ltd.	Carbon Management Trends and Countermeasures towards Net-Zero	Director's legal obligations and responsibilities	Taiwan Provincial CPA Association	Instructor employed by the unit	111/09/21	111/09/21	3	03	Hung-Chin Huang	Male		Certificate of Course Completion
	Independent Directors and Audit Committees Power Execution Reference Guidelines Release and Directors and Supervisors Publicity Meeting	Director's legal obligations and responsibilities	Taipei Exchange	Instructor employed by the unit	111/09/29	111/09/29	3	05	Yi-Fang Huang	Male		Certificate of Course Completion
	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/14	111/10/14	3	05	Yi-Fang Huang	Male		Certificate of Course Completion
	2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/05	111/10/05	3	04	Mei-Chu Liu	Female		Certificate of Course Completion
	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/21	111/10/21	3	04	Mei-Chu Liu	Female		Certificate of Course Completion
	2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/05	111/10/05	3	08	Shen-Yu Kung	Male		Certificate of Course Completion
	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/21	111/10/21	3	08	Shen-Yu Kung	Male		Certificate of Course Completion
	How to Prevent Internal Troubles-Analysis of Enterprise Internal Investigation	Director's legal obligations and responsibilities	Taiwan Corporate Governance Association	Instructor employed by the unit	111/09/28	111/09/28	3	09	Kuo-Feng Lin	Male		Certificate of Course Completion



Site	Course title	Course field	Unit	Instructor	Course date (beginning)	Course date (end)	Hours of instruction	Director number	Name of director	Gender	Position of Director	Source
Kedge Construction Co., Ltd.	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	Director's legal obligations and responsibilities	Taiwan Corporate Governance Association	Instructor employed by the unit	111/10/12	111/10/12	3	09	Kuo-Feng Lin	Male		Certificate of Course Completion
	2022 Insider Trading Prevention Promotion Conference	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/14	111/10/14	3	09	Kuo-Feng Lin	Male		Certificate of Course Completion
	Analysis of China's Current External Challenges and Global Governance Strategies	Director's legal obligations and responsibilities	The Business Development Foundation of the Chinese Straits	Instructor employed by the unit	111/12/20	111/12/20	3	09	Kuo-Feng Lin	Male		Certificate of Course Completion
	2022 Insider Equity Transaction Legal Compliance Publicity Explanation Session	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/10/05	111/10/05	3	02	Chih-Kang Ma	Male		Certificate of Course Completion
	Offensive/Defensive Strategies of Hostile Takeover and the Responsibility of Company Leaders	Director's legal obligations and responsibilities	Taiwan Corporate Governance Association	Instructor employed by the unit	111/12/22	111/12/22	3	02	Chih-Kang Ma	Male		Certificate of Course Completion
	Independent Directors and Audit Committees Power Execution Reference Guidelines Release and Directors and Supervisors Publicity Meeting	Director's legal obligations and responsibilities	Taipei Exchange	Instructor employed by the unit	111/09/29	111/09/29	3	01	Ai-Wei Yuan	Male		Certificate of Course Completion
	Advanced Seminar on Directors and Supervisors (including Independents) and Corporate Governance Supervisor Practice	Director's legal obligations and responsibilities	Securities and Futures Institute	Instructor employed by the unit	111/12/21	111/12/21	3	01	Ai-Wei Yuan	Male		Certificate of Course Completion



Remuneration policies for Directors and Senior Management **GRI 2-19**

The remuneration of directors of Kedge Construction is consistent with the relevant remuneration regulations for directors and employees who concurrently serve as directors, including remuneration, retirement pension, distributed remuneration and business execution expenses. The Remuneration Committee shall refer to the industry standard and the individual performance of directors as the basis for adjusting personal remuneration. In addition to the fixed salary, the performance bonus is calculated according to the achievement of various performance indicators. The remuneration of directors in 2022, the step-by-step schedule of remuneration for directors, and the distribution standards can be referenced from pages [16-17] of Kedge's 2022 Annual Report. Apart from the above, there is no remuneration mechanism for directors and executive managers.

Kedge Construction's remuneration system for senior management is proposed by the Remuneration Committee to the Board of Directors for approval. In addition to fixed salaries and retirement pensions, performance bonuses are calculated according to the achievement of various performance indicators. The retirement system for senior management is the same as that for other employees. The salary of the senior management in 2022 and the grade interval table can be informed from pages [18-20] of Kedge's 2022 Annual Report.

Resignation and Retirement Policy of Directors and Senior Management

The resignation notice period of Kedge's directors and senior management is determined in accordance with the Labor Standards Act and the company's relevant resignation measures. The number of days for notice in advance and calculation methods are the same as in the regulations for other employees, and no other payments or actual benefits in kind will be issued to resigned directors and senior management. For details, please refer to page [21] of Kedge's 2022 Annual Report.



Kedge's 2022 Annual Report

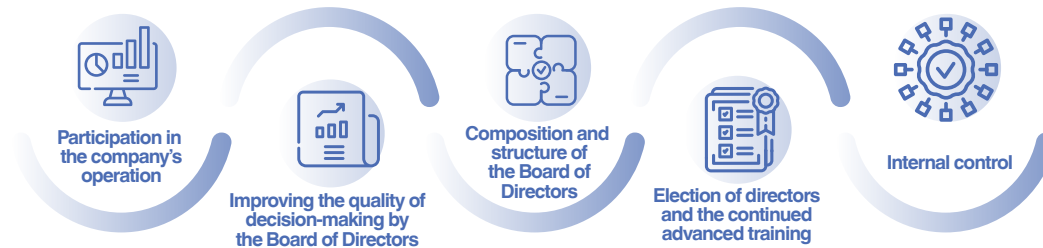
Link between the ESG performance and the remuneration of directors and senior management

In order to link the performance of the senior management with the company's sustainable vision and short-, medium-, and long-term goals, evaluate the core competencies of the senior management, strengthen the responsibility of the senior management, and implement the linkage between performance and salary, Kedge incorporates ESG strategic goals into one of the evaluation items involving the variable remuneration of directors, so as to enable the senior management to actively implement the corporate sustainability goals and make the goals of the senior management consistent with the company's ESG sustainable development strategy.

Performance Evaluation of the Board of Directors **GRI 2-18**

Article 3 of the company's "Regulations on the Performance Evaluation of the Board of Directors" stipulates that the internal performance evaluation of the Board of Directors shall be carried out at least once a year; the external evaluation by an external professional independent organization or a team of external experts and scholars shall be carried out at least once every three years.

The measurement items of the performance evaluation of the Board of Directors include the following major aspects :



The measurement items of the performance evaluation of individual directors include the following six major aspects :





Results of Internal control

Self-assessment of performance appraisal of the Board of Directors: After collecting relevant meeting materials of the Board of Directors in 2022, the assessment was filled in according to the five major aspects of the "Self-evaluation of the Board of Directors Performance Questionnaire," and given points in accordance with the evaluation standards which correspond to the actual operation situation. The average score was 4.42 points (out of 5.0 points as full points), the converted total score was 88.4 points (out of 100.0 points as full points), and the self-assessment results were rated as "excellent (above the average)" and "beyond the standard."
Self-assessment results of directors: The company has a total of 9 directors (including independent directors), and 9 copies of the "Self-assessment Questionnaire for Directors" were issued at the end of January in 2023, and all of them were returned. After summary statistics, the average score of each director's self-assessment questionnaire was 4.75 points (out of 5 points as full points).

Results of external evaluation

In February 2023, Kedge appointed the Taiwan Association of Board Governance to conduct an external evaluation of the performance of the Board of Directors during 2019-2022. The summary of the evaluation conclusion is excerpted as follows: "The company continues to pay attention to the promotion of ESG issues, and most of the governance and operation of the Board of Directors are in line with the standards proposed by Taiwan Stock Exchange and Taipei Exchange for corporate governance practices and the evaluations of the Board. These advantages should continue to be maintained and implemented."」

Management of the conflicts of interest


GRI 2-15

The procedure rules of the Board of Directors of Kedge Construction and the organizational regulations of the functional committees all have provisions on the avoidance of interests. If a director's proposal involves the interests of himself, his spouse, blood relatives within second-degree relatives, or a company in which the director has control and affiliation, he shall explain his interest at the current board meeting. If there is concern about impairing the interests of the company, he shall not participate in the discussion and vote. He shall be withdrawn during discussion and voting, and shall not exercise other


directors' voting rights on behalf of other directors; the names of relevant directors, descriptions of important contents and circumstances of withdrawal shall be recorded in the meeting minutes. Directors and managers are also required to complete the annual related party transaction statement and report the results to the Audit Committee.

- For related party transactions, directors, controlling shareholders or other interested parties' cross-shareholding status in 2022, please refer to: Kedge Construction's 2022 Annual Report pp. [198-206].

In addition, Kedge has also formulated a code of integrity for employees at different levels, a code of ethical conduct for directors and managers, and a code of professional ethics for employees. As of the end of 2022, there have been no major conflicts of interest in Kedge Construction.



For the result of internal evaluation, please visit the website at the link below



For the result of external evaluation, please visit the website at the link below:

2.3 Shareholders' rights

Shareholders' rights

Kedge attaches great importance to the rights and interests of every shareholder. In compliance with the Company Act, Securities Exchange Act and other relevant laws and regulations, we treat all shareholders equally. Shareholders can exercise their voting rights through the shareholders' meeting to participate in the company's decision-making. All approval, discussion and election proposals in the shareholders' meeting are voted on a case-by-case basis, and electronic voting is listed as one of the methods of exercising voting rights. The voting results are publicly disclosed in the shareholders' meeting; in addition, the company's website provides contact information for investors and shareholders to strengthen communication with shareholders on weekdays in response to the suggestions put forward by shareholders.

Shareholder structure

"The average shareholding ratio of corporations and insiders in the last three years was 53.76%" and "the shareholding ratio of major shareholders holding more than 400 shares on April 4, 2023 was 61.95%," which is the same as the average shareholding ratio in the last three years. The shareholding ratio is approximately 61.41%. Major shareholders of Kedge Construction holding more than 400 shares, in addition to the above-mentioned corporations and insiders who hold shares, are mainly major shareholders such as banks, life insurance companies, general institutional investors and natural persons who have held shares for more than 3 years. Those who hold more than 100 shares are domestic and foreign institutional investment accounts without government agencies, and the structure of shareholders is stable.

Corporate Governance Evaluation

We announced in 2023 the ranking of listed companies in the 2022 evaluation: we ranked among 5%~20%, same as the prior evaluation results. Among the 16 indicators which have not been scored in all the 79 indicators, eight of them have been improved and earned us points in 2022. Consecutively we have also set up the Sustainable Development Committee in 2022, formulated risk management policies and procedures, strengthened measures related to the performance of the board of directors, and regularly reported on project plans and implementation status concerning intellectual property management, information security integrity management, ESG key and specific actions.



Procedure Rules for Shareholders' Meetings



Corporate Governance Best Practice Principles

2.4 Ethical Management

GRI 2-23, 2-24

We are aware that ethical management and elimination of bribery and fraud are the fundament for corporate sustainable development. Corruption and unethical conduct in business will give rise to loss of goodwill, losses to many stakeholders, and damage to the corporate image.

We advocate integrity and ethical business conduct and follow laws and regulations. In addition to complying with national laws and regulations, we have also established the "Ethical Code of Conduct." Our employees, managers at all levels, and members of the board of directors are all highly self-disciplined to embody ethical behaviors literacy and professional ethics in the workplace. We recognize the integration of labor and capital, provide various remuneration and benefits, reward employees for their hard work and encourage employees to strive to achieve operational goals, and at the same time attract and keep the professional talented people needed by the company.

We formulated the "Procedures for Ethical Management and Guidelines for Conduct," so as to strengthen and implement the integrity management policy, and prevent dishonest behavior and business activities.

The code of conduct and ethics for Kedge's employees: We provide education and training to employees who are on the job, so that they can understand the company's values, work rules, integrity standards, employee conflict of interest norms, sexual harassment prevention, personal data confidentiality measures, etc. All employees shall abide by laws and regulations and the company's internal control system and other regulations to handle affairs, adhere to personal integrity and social moral standards, and maintain the assets, the rights and interests, and the image of the company. The scope covers the following items:



Protect confidential information

every employee is required to sign the "Employee Confidentiality Agreement" when on the job, and shall promise not to disclose the company's business secrets in any form during the period of employment and after resignation.



Prohibit seeking personal interests

every employee is not allowed to seek personal gain by using the company's property, information or taking advantage of his position, and he is not allowed to operate similar business to that of the company for himself or for others.



Illegal or improper benefits are prohibited

every employee shall not ask for gifts, kickbacks, entertainment or other improper benefits from the company's suppliers. Supervisors are not allowed to accept any form of financial gifts from subordinates.



Norms for fair trade

every employee should treat the company's trade creditors and debtors, competitors and their employees fairly.



Insider trading is strictly prohibited

every employee is not allowed to use the insider information obtained from the execution of business to benefit others or seek personal gain. The company's financial and business information shall not be published without permission or before it is made public, so as not to affect the rights and interests of other shareholders.



Ethical Corporate Management Best Practice Principles



Sustainable Development Best Practice Principles





2.5 Compliance

GRI 2-27

In 2022, there was no corruption incidents in the company. In order to ensure compliance with relevant laws and regulations, we have set up a dedicated legal unit to pay close attention to the formulation and development of laws and regulations that may affect the company. We have formulated the "Regulatory Compliance Statement." The legal compliance supervisor leads the legal compliance management unit to be responsible for the planning, management and implementation of the legal compliance system, supervising and assisting each unit to conduct legal compliance assessments, respond to legal changes, and comprehensively manage legal compliance affairs. All employees shall attend relevant education when entering the job. Education training courses are held occasionally for engineering, procurement, occupational safety and other related laws and regulations, so that all units of the company can implement various regulations, and the senior management can grasp the implementation status of laws and regulations and set up an anti-corruption policy area on the company's official website .

The methods of education and training on compliance and anti-corruption are as follows:

- Offer "Business Ethics" courses for new employees, as well as courses related to law and ethics. In 2022, a total of 5 legal compliance and corporate integrity management courses will be offered, with 853 participants and 421 hours of training. The course objects cover senior managers, department heads and general employees.
- Provide handouts for the "Work Ethics course" in the "Education and Training section" on the EIP website for employees to conduct self-directed learning.
- Hold anti-corruption awareness-raising events and offer education and training to the procurement unit.

In line with the ESG concept, we increase the use of digital methods such as TEAMS or email, and conduct relevant education and training or publicity of laws and regulations, so as to achieve the goals of circular economy, energy saving and carbon reduction.

In addition to requiring employees, managers at all levels, and members of the Board of Directors to abide by moral values and professional behaviors internally, suppliers are also required to follow the same. Suppliers are required to sign the "Integrity Principles and Anti-Corruption Agreement" and are strictly prohibited from having conflicts of interest or the risk of conflicts of interest with related parties. We also require suppliers to ensure that they will not provide improper benefits to related parties. If there is dishonesty involved, the company may directly rescind or terminate the contract and request punitive liquidated damages. In 2022, the supplier signing rate accounted for 100%. In addition, the supplier can also contact dedicated personnel for any unethical matters discovered through legitimate reporting channels.

 We have a direct line for complaints in place
direct line (02)2378-6789

Data of major violations in 2022

In 2022, we have not been fined or administratively punished by government agencies for violating the Company Act, Securities Trading Act, information disclosure, or local and foreign supervision regulations; a total of 14 cases were fined less than NT\$50,000 for violations of environmental protection laws and regulations such as noise control and waste cleaning, and 1 case was more than NT\$50,000. In addition, 3 cases were fined less than NT\$50,000 in violation of the laws and regulations on occupational safety and health, and 8 cases were more than NT\$50,000. The company actively takes relevant improvement measures and continues to strive to implement the following:

- 

Maintain the construction environment and prevent pollution

Use low-noise machinery and equipment to perform work and adopt pollution prevention and control measures in accordance with the law to maintain the construction environment at the construction sites and prevent pollution from emitting out of the construction sites.
- 

The least impact on the surrounding environment

Select a period of time with the least impact on the surrounding environment for construction and avoid sensitive periods, such as early morning, late night, or lunch break. Use equipment with unavoidable high-frequency noise or vibration only during daytime.
- 

Implement the 5S system

Control the waste stacking area and the flow of waste, employ personnel to strengthen the cleaning of the work area and maintain the environment to be rectified and clean, so as to implement the 5S system.
- 

Alleviate the impact on the community

Heighten the soundproof wall to alleviate the impact on the community and take vibration-proof measures.
- 

Improve the awareness of occupational safety and health and protection management

Strengthen the layout and maintenance of security facilities such as anti-falling and anti-electric shock at the construction sites, strengthen inspections and education for personnel who enters the site, and improve the awareness of occupational safety and health and protection management.



2.6 Risk management

Risk is an unavoidable part of corporate operations and growth. In particular, a construction company often encounters many uncertain factors that may threaten the operations during the operation process. It is necessary to establish a complete risk management system for addressing economic, environmental, social, and climate change risks. Only by formulating an overall risk policy can we support the operation and growth of the enterprise and realize the sustainable operation of the company. We have established a regulatory compliance system, evaluated the compliance of each unit, strengthen employees' awareness of compliance through continuous education training as well as self-assessment and improvement, so as to give early warning and improve the company's compliance operations. In addition, we ensure that various risk issues are promptly and comprehensively managed by senior management through regular reports.

In order to ensure that all potential risks can be effectively controlled, we arrange emergency response meetings according to different risk levels and timeliness as per procedures, formulate relevant contingency plans and actions, and arrange improvement, reviews and prevention afterwards. All management levels have responsibility for risk identification and management. Once a potential risk is discovered, they should be promptly reported to the Audit Office or senior management for seeking a solution as early as possible. The management level should take action in the shortest possible time. Risk management reports should be submitted for various risk management resolutions, assigned tasks, supervision and follow-up implementation, so that when future management faces similar or identical problems, they can refer to previous experience and propose better solutions .

Kedge's regular reports

Aspect	Important meeting	Frequency	Participant at the highest level
Environment Governance Social	Operating target management meeting	Once per year	Chairman
Social	Industry operating strategy meeting		
Environment Governance	Report on R&D		
Governance	Budget review		
Social Governance	Operating target review meeting	Once per month	Chairman
Governance	Risk Management Report meeting		
Social Governance	Human resource management and development		
Environment	Energy conservation		
Governance	Business meeting		



Name of the organization	Scope of responsibility
Board of Directors	<ul style="list-style-type: none"> Formulate and approve risk management policies and systems Supervise the implementation of risk management policies to ensure the effective operation of a risk management mechanism
Risk management function team	<ul style="list-style-type: none"> The general manager coordinates and directs the heads of all departments, and is responsible for formulating various risk management systems. Review the company's risk management reports, strategies, and improvement plans that have been proposed, and supervise the implementation of relevant measures and plans. Review and evaluate the effectiveness of risk management measures, and regularly report the risk status to the board of directors.
All departments	<ul style="list-style-type: none"> Promote, identify, evaluate and implement daily risk management related to risk management policies. Determine the risk level based on changes in the external environment and internal strategies and suggest ways to undertake it, and coordinate inter-departmental risk management interaction and communication when necessary. Regularly report the risk status to the risk management executive team
Audit Office	<ul style="list-style-type: none"> Assist the Board of Directors and managers to inspect and review the deficiencies of the internal control system, and measure the effectiveness and efficiency of operations. Formulate annual audit plans based on risk assessment results, and regularly report audit implementation results to the Audit Committee and the Board of Directors



	Risk	Corporate Governance	Corresponding chapters
Governance	Corporate Governance	Establish and implement an internal control system to ensure the effectiveness and efficiency of operations (including profit, performance, and asset security), reporting reliability, timeliness, transparency, and compliance with relevant laws as well as regulations.	2.2 Organization of corporate governance
	Financial Performance	In response to changes and uncertainties in the internal and external operating environment, we meet future operating needs by strengthening project quality and operating progress management, optimizing operating budget and capital allocation management, continuously improving operating profit, financial performance, and enriching working capital momentum.	2.7 Financial Performance
	Risk and Crisis Management	A construction company often encounters many uncertain factors that may threaten the operations during the operation process. It is necessary to establish a complete risk management system for addressing economic, environmental, social, and climate change risks. Only by formulating an overall risk policy can we support the operation and growth of the enterprise and realize the sustainable operation of the company.	2.6 Risk management
	Regulatory Compliance	Assess the impact and orientation of major policies and legal changes at home and abroad on the company	2.5 Compliance
	Information Security	Review the current situation of enterprise information security, strengthen protection against data, endpoints, emails, mobile devices and remote office, reduce the risk and loss of being hacked, cultivate employees' awareness of information security responsibility, and implement information security policies	
	Sustainable development vision	In the face of competition from international construction companies, regularly collect information for market analysis and research, invest in long-term research and development work, improve technical capabilities, strengthen long-term cooperative relationships with domestic excellent construction companies, and learn the advantages of international construction companies to enhance the company's international outlook	4.2 Public Construction Participation 4.3 Innovative technologies and services
Environment	Climate change mitigation and adaptation	Adopt the TCFD framework to assess the transition risks related to climate change, measure the impact of climate change on the company, our supply chain, and relevant industries, and communicate with stakeholders through climate-related financial disclosures	3.3 Energy and resources use
	Environmental impact mitigation	In recent years, resources are scarce, and the risk of natural disasters brought about by extreme weather continues to rise. Increase the building materials that meet the green label, strengthen the adaptability to the environment, and reduce unnecessary waste building materials	4.4 Supply Chain Management 4.5 In response to green buildings
Social	Occupational health and safety	As per the Regulations Governing the Occupational Safety and Health Management, we set up an occupational safety and health management unit with sufficient qualified and full-time on-site occupational safety and health management personnel depending on the number of workers for each construction project. We also offer occupational safety card education and training to assist employees in obtaining the first-aid license and the Class 1 business manager license. In order to create a healthy workplace and implement employee health management, we comply with the Occupational Safety and Health Act, formulating and implementing four major plans for labor health protection. Annual assessment and interviews and health guidance by physicians who engage in labor health services are also provided for relevant health information.	5.4 Occupational safety and health
	Salary and benefits and a friendly workplace	We decide overall salary based on the third-party market surveys of the construction industry. We adopt the principle of "enabling those with good performance to be better" for salary design depending on the overall economic changes, government laws and regulations. We adjust salary based on the company's overall performance, profit and performance at a given unit, and individual performance.	5.2 Salary and Benefits 5.3 Talent development and training
	Customer service management and satisfaction	Demographic and social structure changes result in changes in customer behavior. We understand customers' concerns about the quality of construction projects and maintain excellent construction quality through open and transparent management. We also provide high-quality after-sales services to enhance customers' confidence and satisfaction with the overall construction quality and strengthen the company's reputation and core competitiveness.	



Climate change risk management

The whole world is currently very concerned about the issue of climate change and warming. Due to the drastic changes in the environment on the Earth, the probability of extreme weather is increasing, and the construction industry is also facing a great impact. For example, the increase in extreme weather has seriously affected the schedule of construction. Extreme weather also causes a burden on labor in construction. We uphold the business spirit of providing high quality, health and safety, perfect and innovative management standards, and continue to improve ourselves and serve customers with the highest standards in the market.



Description of identified results

Potential influences on finance

Countermeasures

Risk

Extreme weather and natural disasters may cause the delay of construction projects, the losses of construction property, accidents such as human casualties; natural resource changes such as climate change may cause water shortage, material supply interruptions, or heat hazards.

- Increase in business costs
- Increase in insurance claims

- Add a buffer time to avoid delays in the construction period during the phase of project planning.
- Improve flood control standards to avoid water and wind disasters caused by climate change and set up reuse of water resources.
- Personnel should be well-prepared in education and training before each construction project and provided with more personal equipment to enhance their weatherability.
- Develop procurement strategies in advance and seek long-term suppliers to negotiate the best prices with a large quantity.
- Purchase insurance related to natural disasters.

Physical

Opportunity

Adopt our own high-quality professional techniques to reduce the damage caused by climate change and increase our market competitiveness.

- Increase in operating revenue
- Decrease in capital

Develop and integrate green technologies and increase the existing energy efficiency. Engage in green and highly efficient construction with low emissions throughout the life cycle.

Risk

At present, applicable international and domestic laws and regulations have not yet had a significant direct

- Increase in business costs
- Decrease in asset values

Law professionals in the Sustainable Development Committee regularly identify risks and formulate countermeasures as required by new regulations under the Occupational Safety and Health Act.

Regulatory

Opportunity

Provide owners with more energy-efficient and eco-friendly construction techniques in line with environmental laws and

- Increase in operating revenue
- Improvement to corporate image
- Decrease in capital expenditure

- Update design specifications and standards to meet the needs of owners, and continue to develop green engineering technologies.
- Understand the trends of market technology application, and invest in research and development through industry-govern ment-university cooperation.

Risk

As the society pays attention to climate change and environmental protection and green energy issues, customers pay more attention to the question whether technologies such as energy conservation and green energy can be provided. If they are

- Decrease in operating revenue
- Increase in capital expenditure

- Familiarize ourselves with and master various technological application tools and management strategies corresponding to trends.
- Establish a good cooperative relationship with potential owners, take the initiative to inform the development of relevant trends and grasp the needs of customers.
- Promote and implement green engineering technical services and project management capabilities to promote green brand service capabilities.

Market

Opportunity

The wave of circular economy and waste reuse and changes in socio-economic conditions may bring new business

- Increase in operating revenue
- Increase in asset value

Increase market acumen and operational diversification, continue to research on the market and develop potential new markets.



2.7 Financial Performance

GRI 201-1

In 2022, the government's continuous investment in public construction budgets, the return of Taiwanese businessmen to Taiwan for investment, and industrial transformation and upgrading still invigorate momentum for private investment, despite the sudden changes in the epidemic situation in Taiwan. The construction industry was still given relatively room for performance. The government adopts diversified plans to alleviate the rising pressure of building materials costs for construction factories to undertake public construction. In addition, new business opportunities for commercial, factory, and office building are promising. Therefore, the impact of soaring building material costs still exists, and large-scale construction companies are moving towards contracting with factory construction projects with higher profits. The recent impact of the Russia-Ukraine situation has also increased the instability of international raw material supply and affected market prices. We have adopted a flexible procurement and partial contracting approach to cope with the impact of labor and materials, and strive for construction projects on business offices, railways, factories and offices in which we have higher competitive advantages.

- The total number of operating revenue items in 2022 was NT\$14.205billion, with an increase of NT\$3.432billion and a growth rate of 31% compared with 2011, of which project revenue was based on the full operation schedule of each project and the proportion of project cost investment; the net profit after tax was NT\$1.047billion, with an annual increase of NT\$307million and a growth rate of 41.52%.
- The total number of operating expenditure items in 2022 was NT\$12.604billion, including engineering costs, operating expenses and non-operating expenses, with an annual increase of NT\$3.023billion and a growth of 31.6%. The increase in engineering costs was mainly due to the advancement of civil engineering and factory office projects according to the construction schedule.
- In terms of annual financial revenue and expenditure and profitability, the net cash inflow from operating activities was NT\$929million, and the net cash outflow from investment and financing activities was NT\$7million; the net operating profit was NT\$1.282billion, with an annual increase of NT\$406million, an increase of 46.41%; earnings per share were 8.98 In the first year, it increased by 2.63 yuan, an increase of 41.42%.
- Kedge had no applicable tax credits for the past 3 years.
- Kedge Construction focuses on our own core construction business. In addition to cooperating with our partners to refine various construction methods to ensure that projects can be completed on time and on spec, we also continue to introduce construction smart technologies, develop new construction methods and materials, and respond to ESG action goals to solve technical problems. Shortage of labor, improvement of construction site management efficiency, high-strength materials or structural modularization to reduce impact on the environment are the directions in which we strive for better quality of construction.

This report reclassifies the annual consolidated comprehensive profit and loss statement from the perspective of economic distribution. We adjust and calculate the amount paid to investors and the government on a cash basis, and compile the details into an economic income and distribution statement.

Economic Income and Distribution Statement (Unit: NT\$ Thousand)

Economic value	Subject	2020	2021	2022
Direct Economic Revenue	Net Operating Revenue	14,130,629	10,772,322	14,204,563
	Financial Investment Revenue	24,501	67,985	38,216
	Asset Sale Revenue	0	33	0
	Royalty Income	0	0	0
	Subsidy	0	0	0
	Other incomes	0	513	9,706
Produced Direct Economic Revenue		14,155,130	10,840,853	14,252,485
Economic Distribution	Operating costs	12,434,817	8,960,832	11,743,180
	Employees' salary and benefits	762,831	739,924	889,420
	Payment to investors	384,737	383,185	529,099
	Payment to the government	157,149	183,661	279,091
	Community Investment	6,060	12,240	10,800
	Other expenditures	9,072	19,692	0
Distributed Economic Value		13,754,666	10,299,534	13,451,590
Retained Economic Value		400,464	541,319	800,895



03 Environmental Friendliness

3.1 Management Approaches

3.2 Environmental Impact Mitigation

3.3 Energy and resources use

3.4 Climate change and adaptation

3.5 Biodiversity

Highlights of Performance

Implement the Greenhouse Gas Inventory at all construction sites

The Report of Task Force on Climate-related Financial Disclosures (TCFD)

12 construction sites equipped with the air quality and noises monitoring system





3.1 Management Approaches

Kedge's sustainable role	Material issues	Management strategies and approaches	SDGs Links to SDGs	Key Performance Indicators (KPIs)	Management Indicators and Goals			Impacts and opportunities
					Goals in 2022	Implementation Results in 2022	Goals in 2023	
Environmental impact mitigation Environmental Friendliness		Through the formulation of the "Environmental Safety and Health Objectives and Program Management Procedures" and the continuous introduction of the ISO management policies, we promote low-carbon materials which are applied to engineering projects, and adhere to the latest requirements of environmental regulations.	 	Comply with laws and regulations Adopt low-carbon circular materials per capita water resources	We set up the air quality monitoring system at 12 construction sites in October. We evaluated to promote the demonstration case of circular reuse of the construction waste Future relevant formulation after introduced to ISO 14001 in 2023	We set up the air quality monitoring system at 12 construction sites in July, and established the system backend and the push technology for our employees for the convenience of management We took Erchongpu for example. We recycled and reuse the construction waste to make the double-wall waterproof board in the basement. Advocacy for saving water at construction sites	Optimize the push system and the interface of the system backend. Extend the use to the other construction projects Formulate the goals and strategies for reduction.	Reduce the waste of resource and promote circular economy to alleviate the negative impacts of the company operation on the environment
Climate change mitigation and adaptation, including greenhouse gases		In order to demonstrate that we share the responsibility of mitigating climate change with the globe, we have officially included the issues of greenhouse gases and climate change in the discussion agenda of the "Green Low Carbon" group in the Sustainability Committee, proposing green engineering refinement plans, assessing climate change risks and opportunities, and researching on and formulating energy-saving and carbon-reduction plans.	 	Task Force on Climate-related Financial Disclosures (TCFD) Greenhouse Gas Inventory	The Report of Task Force on Climate-related Financial Disclosures (TCFD) We completed the work of the Greenhouse Gas Inventory starting from 2022 as a year of basis	The Report of Task Force on Climate-related Financial Disclosures (TCFD) We completed the third-party inspection for the Greenhouse Gas Inventory in 2022	Published the TCFD Report Formulated the SBTi carbon-reduction goals	Show a positive trend in environmental management Reduce greenhouse gas emissions Create Carbon Reduction Business Opportunities
Biodiversity		Take various environmental protection measures to avoid the impact of the construction process on the surrounding natural ecology.		Protect the environment for maintaining biodiversity	We implemented the Foresting action	We planted 2,000 trees on a forest land in collaboration	We promoted the special project of rational fertilization in a farmland	We accentuate the issue of biodiversity. In addition to enhancing the corporate image and reducing development obstacles, we also strive to leave a sustainable living environment for future generations.



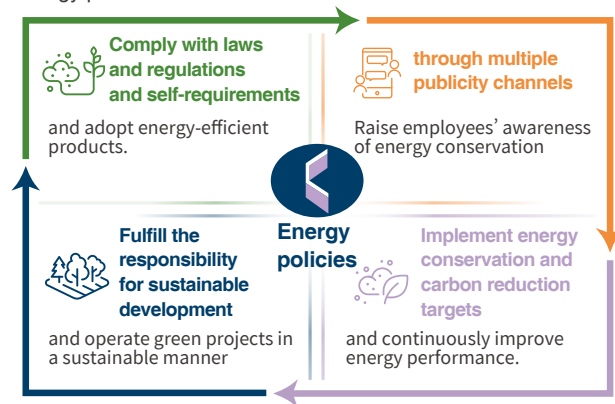
3.2 Environmental Impact Mitigation

GRI 306-1

Energy Use and Conservation

We keep paying attention to the issue of improving the efficiency of energy use. Therefore, we continue to replace old energy-consuming equipment, and through various energy management measures, achieve the synergy of energy saving and carbon reduction.

Energy policies:



Energy efficiency Measures

In addition to urging all employees to turn off the lights, the General Affairs Department makes monthly statistics and announcements on the electricity and paper consumption of each floor of the company's headquarters in that month, showing the efficiency results by comparing with the same period in the previous year, and discussing possible energy consumption and assisting in providing energy-saving methods, to implement energy conservation and carbon reduction in all aspects of daily operations. The main energy efficiency measures implemented by the company headquarters in 2022 were as follows:

- Turn off some air conditioners after people get off work or on weekends and holidays.
- Set various air-conditioning modes for each time period in the public area.
- Connect the air conditioning system with the light switch to automatically turn off the system when the light is turned off.
- Set the same air conditioning temperature depending on the outdoor temperature and keep records for adjustment.
- Carry out the major maintenance and cleaning of the central air-conditioning equipment of the entire building in mid-April every year
- Add energy-efficiency circulation fans on each floor to enhance air convection

- Set the sensor-type LED lighting on the stairwell and at the parking lot
- Set lighting modes for different time periods in public areas according to time periods
- Strengthen holiday patrols to reduce unnecessary lighting
- Replace the downlights in the conference room and the floor indicators at the emergency staircase with LED ones
- Turn off lights during lunch break

- Turn off some elevators after people get off work or on weekends and holidays, to keep the minimum required number of elevators running.
- Completely replace laser printers with low energy-consuming inkjet printers, and oblige employees to obtain reports or materials only after being authenticated by employee identification cards, so as to reduce unnecessary paper printing
- Gradually replace old refrigerators with inverter refrigerators
- Set the fixed switch time for the rice steamer
- Detect computers that stay turned on every night, and send emails to remind users to reduce recurrence
- Respond to the global Earth Hour energy conservation and carbon reduction event
- Promote the 5S management of office rooms, and conduct monthly energy-saving competitions for all floors

Environmental impact mitigation - protection measures

In order to reduce the possible environmental impact during the construction of the construction site, we abide by the relevant environmental protection laws and regulations of the central and local authorities, and have established the "Environmental Management and Maintenance Standards for Engineering Projects" for strict control. In view of the temporary pollution that may be caused by each construction site, our main environmental protection improvement countermeasures and preventive measures are as follows:

Noise Control

- In accordance to the "Technical Guidelines on Construction Site Noise Control" promulgated by the Environmental Protection Administration, we continue to take actions reduce noises at construction sites, adopting "management measures" and "prevention facilities" for construction personnel, construction time, construction methods, construction machinery, as well as construction facilities and equipment.
- According to the construction phases such as site preparation, excavation, foundation, construction and decoration, we formulate the following noise control measures: electric power instead of diesel power generation, electrification of engine, use of hydraulic lifting equipment, use of full casing piles and reverse circulation construction methods such as field-casting piles or precast piles, use of hydraulic or cutting demolition methods with the avoidance of high-noise machinery at the same time.
- Noise prevention and regular maintenance of machinery and equipment: for parts that are prone to noise (such as the engine), we install a soundproof cover, and fire-proof sound-absorbing materials inside the soundproof cover; construction machinery that is prone to vibration and noise should be installed at the bottom of the machine base with damping pads or springs (such as rubber pads).
- We carry out our construction project within the construction time stipulated in the statutory noise control area, to reduce the occurrence of construction at night and shorten the operation time.



Water and soil pollution prevention and control

- We signed a contract with an environmental protection professional testing company approved by the Environmental Protection Administration to carry out testing on specific construction sites for domestic wastewater, construction wastewater, vehicle cleaning wastewater, waste mud, waste stabilizing fluid, and chemical grouting.
- We first precipitate the cleansing water for concrete operations and muddy water stabilizer for foundation excavation operations, and filter them before discharging into sewers or rivers.
- We provide appropriate coverage and drainage facilities in place for the construction access road to avoid erosion.
- When carrying out constructions near rivers, we implement water and soil conservation in accordance with the laws and regulations of the owner and other agencies, and select low-pollution construction methods and configure relatively sufficient water pollution prevention and control facilities to reduce river water pollution.
- We regularly maintain construction vehicles and equipment to avoid oil leakage. It is forbidden to change engine oil, lubricating oil and other liquid oils at the construction sites, and all maintenance and maintenance should be carried out in the car maintenance yard outside the construction sites.
- We select oil products with low sulfur content for the fuel-power construction machinery, and cooperate with environmental inspection and testing.

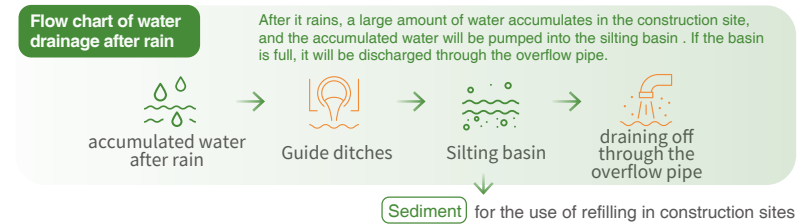


Protect water resources at the construction sites

Construction pollution and control over drainage at construction sites and pollutants during pavement construction. We set up overflow protection facilities and intercepting ditches to reduce the overflow of pollution sources.

We strictly control the water resources at construction sites, and the supervisors of each construction site shall implement the following items:

- Waste water from construction (such as cleansing water and release agents) must be filtered before being discharged.
- The water quality of each sedimentation basin should be regularly checked.
- If there is a ditch under a waste storage site, the ditch should be covered to prevent blockage and contamination.
- The vehicle cleansing facility should be set up at a designated point at a construction site, and the vehicle should be washed at the designated point.
- The bentonite liquid used for the retaining works should be recycled by the contractor under the supervision of the construction site personnel and disposed of in accordance with regulations.
- Each ditch within and around a construction site should be covered or equipped with a screen filter.
- The drainage ditch at each construction site should be dredged regularly.



Air pollution prevention and control

The Environmental Protection Administration tightened air pollution control regulations for construction projects from November 1, 2022. The construction sites of a certain scale are required to be equipped with an air quality monitoring system. We have taken relevant preventive measures in advance and installed monitoring systems at construction sites across the country for prompt, effective control over construction operation with the purpose of complying with laws and regulations and strengthening self-management capabilities.

Measures on Air pollution prevention and control

- Set up fences with appropriate height around the construction base according to law, in order to reduce dust emission.
- Sprinkle water on the bare ground at construction sites, cover the ground with dust-proof nets or pave it with concrete and gravel to reduce dust.
- Pave the paths for vehicle at construction site with steel plates or concrete to effectively restrain dust from emission.
- Clean the vehicles body and wheels of the machinery leaving the construction site; vehicles which transport fugitive granular pollutants shall adopt closed containers, or cover the containers with tightly sealed covers, and the covers shall be made of dustproof cloth. For the dust-proof net, the edge shall extend to at least 15 cm below the upper edge of the cargo box.



Air monitoring system at the LG08 construction site in Zhonghe, New Taipei City



Remote smart monitoring



Air monitoring system at Taoyuan Convention and Exhibition Center



Sprinkling water at construction sites to reduce dust emission



Bare soil and gravel covered with the black dust-proof net.



Waste management

The waste generated from our operation activities includes domestic waste from employees, construction waste, and remaining earthwork, etc. The waste is treated according to different categories as follows:

Domestic waste

Domestic waste generated by employees at the company's headquarters and construction sites is classified and recycled in accordance with environmental protection laws and regulations, and the promotion of waste reduction and classification is strengthened by posting posters and other means. Public work offices across the country have comprehensively carried out waste classification, kitchen waste recycling, and other materials recycling. All waste is entrusted to qualified private and public agencies for waste removal and disposal in accordance with the law for clearance, transport, and disposal.

Construction and soil waste

Construction waste and building demolition residues generated at construction site are entrusted to qualified recycling organizations for removal and disposal, after we collect reusable resources such as metals, plastics, and wood as much as possible. Reusable waste is sort out in processing factories through the further procedures of manual primary selection and electromagnetic separation. As for the treatment of construction surplus earthwork, early in the planning stage of the construction project Kedge Construction prioritizes the design for the earthwork balance with no earth transported outward at a construction site, or reduce the transportation of earthwork through the earth exchange between construction sites. For earth that is difficult to recycle and reuse, the Procurement department will entrust a professional contractor approved by the owner to sign a contract for excavation, sludge disposal and backfilling. All of earthwork will be transported to the legally established waste disposal site or earthwork resource storage sites in accordance with the regulations of the construction management unit.

In addition, in order to promote the recycling and reuse of construction waste, we collaborated with Kindom Development and MINIWIZ and recycle waste materials such as falling prevention nets, adhesive films, and canvases from construction sites for the first time to make double-wall waterproof boards. With the Erchongpu construction project as a demonstration target, we will be gradually expanded such methods to different construction projects in the future.



- Sort and collect waste materials on construction sites
- Send through the processing mechanism to the factory for weighing
- Remanufacture plastic granules from waste materials
- Manufacture samples

Photos with MINIWIZ

Publicity before the start of construction projects

In order to implement the environmental protection plan, we occasionally publicize regulations and measures on pollution prevention and control of air, noise, soil, groundwater, and waste, so as to the construction staff can fully understand the importance of environmental protection, implementation methods and emergency response measures.

A briefing session before each construction projects

In order to promote common prosperity and common good with the surrounding environment around construction sites, we care about the life, living quality and safety of the nearby residents around each construction site. Before the start of construction, a pre-construction briefing with residents near the construction site will be held to inform local residents of possible noise or environment-related problems and solutions during construction. Meanwhile, we adopt the roads beside construction sites, assisting in road cleaning and environmental sanitation to fulfill our responsibility for holding positive relationships with local community, and jointly maintaining environmental sanitation and traffic safety control.

Compliance with the environmental protection laws and regulations

We have an Occupational Safety Office, responsible for the supervision of environmental protection related to construction projects, and it assigns environmental protection personnel to be responsible for relevant affairs in each construction project according to laws and regulations. The personnel must participate in the regular/irregular environmental protection publicity meetings or the education and training sessions organized by the environmental protection agency of the local government concerning construction projects. Regarding the investment and use of major equipment for environmental pollution prevention and control for construction projects, the key points of pollution prevention that generate possible benefits are as follows:

- Proceed in accordance with the regulations of the county and city construction management and environmental protection agencies or units.
- Selected low-pollution construction methods and low-noise machines in the planning stage.
- Configure pollution prevention facilities during construction.

Since each construction project is subcontracted to professional contractors approved by the owner, pollution prevention equipment such as fences at construction site (2.4m high for the first-level construction site; 1.8m high for the second-level construction site), overflow prevention facilities, dust-proof nets, rented water tanks for roads cleaning, vehicle washing stations, high-pressure vehicle washing machines, intercepting ditches, water collection wells, sedimentation tanks, temporary toilets, high-floor garbage pipelines, waste dumps and other facilities are also handled by the subcontractors themselves. Our Occupational Safety Office (environmental and health team) will send personnel to perform regular/irregular check-up on each construction project. If any deficiencies are found, immediate improvement is required. Therefore, there is no need to install or purchase special equipment to prevent environmental pollution.

Environmental protection and education and training

- Our Occupational Safety Office is in charge of the supervision of environmental protection of construction projects, and assigns environmental protection personnel to each construction project in accordance with laws and regulations to be responsible for this matter. The personnel must participate in the regular/irregular environmental protection publicity meetings and education/training sessions organized by the environmental protection agency of the government under the jurisdiction of the construction project.
- All environmental protection processes, including various equipment and measures, are handled in accordance with environmental protection laws and regulations (such as Waste Disposal Act, Water Pollution Control Act, Air Pollution Control Act, etc.) and each owner's special regulations. If any deficiencies are found, immediate improvement is required.
- We hold environmental protection training and lectures in various construction projects from time to time, and often send personnel to participate in environmental protection lectures organized by government units, so as to strengthen our employees' and our collaborative suppliers' awareness of environmental protection and implement construction environmental protection work.
- We actively invite and arrange nearby residents and government inspection units to participate in project briefings, and maintain harmonious relationships and communication with local community.



3.3 Energy and resources use

GRI 302-1, 302-3, 303-3, 306-3

Water resources management

In 2022, the annual per capita water consumption of the company's headquarters was 5.07m³, with a significant reduction of 32% compared to the previous year. The reduction was mainly due to the policy of working from home and the according decrease in the number of visitors and employees to the company in response to the pandemic. In terms of water resources in our construction sites, 100% of the main operating water came from tap water, and the main consumption derived from domestic water. In addition, according to the Water Risk Atlas analysis, the pressure on water resources at each construction site ranges between low degree and moderate degree. We pay much attention to the increasingly serious problem of climate change. Although Kedge is not a company which consumes a great deal of water resources, we still manage to conserve water and do our best to protect the earth.

	2020	2021	2022	
			Headquarters	Construction sites
Total water consumption (millions of liters)	3.846	1.632	0.725	57.74
Number of employees	215	218	143	551

Note 1: The statistical scope of water consumption in 2020 and 2021 is the company headquarters (Kindom Building); Starting from 2022, according to the boundary of the Greenhouse Gas Inventory (the following construction projects are not included in the inventory: Kindom Wanhua Zhixing Section construction project, Land development office building around Sihwei Elementary School Station on the Wuri-Wenxin-Beitun Line in Taichung Mass Rapid Transit, and Asia Silicon Valley Innovation Development Center Construction), the tap water consumption of the headquarter (only Kedge) and construction sites is separately counted.

Note 2: The number of employees in 2022 is the number of employees employed as of the end of December.

Note 3: The Water Risk Atlas water resource pressure analysis analyzes the local water resource pressure according to the location of each construction site. There are five pressure levels (low, low-medium, medium-high, high, very high) Water Risk Atlas, <https://reurl.cc/3335nM>

Energy Management

In 2022, the carbon emission per capita of the company headquarters was 417.67 kg CO₂e/person with a decrease of 52% compared with the previous year. This was mainly due to the policy of working from home and the according reduction of the number of visitors and employees to the company in response to the pandemic. In addition, the data traced from 2020 to 2021 can also indicate that our employees all have been used to saving and using energy resources such as water and electricity, in light of the company's promotion of the ESG policies. °

	2020	2021	2022	
			Headquarters	Construction sites
Electricity consumption (kWh)	470,522	377,051	117,342	5,195,220
Carbon Emissions (kg CO ₂ e)	239,496	189,280	59,727	2,644,367
GJ	1,693.879	1,357.384	422.431	18,702.792
Number of Employees at Headquarters	215	218	143	551
Electricity Consumption Per Capita (kWh/person)	2,188.47	1,729.59	820.57	475.61
Carbon Emissions Per Employee (kg CO ₂ e/person)	1113.93 (a decrease of 13% compared to the previous year)	868.25 (a decrease of 22% compared to the previous year)	417.67 (a decrease of 52% compared to the previous year)	Emission intensity (Ton CO ₂ e/million man-hours)
Official vehicles gasoline consumption (kL)	-	-	19.71	52.51
Official vehicles diesel oil consumption (kL)	-	-	0	6.37
GJ	-	-	643.24	1,937.54

Note 1: The statistical scope of water consumption in 2020 and 2021 is the company headquarters (Kindom Building); Starting from 2022, according to the boundary of the Greenhouse Gas Inventory (the following construction projects are not included in the inventory: Kindom Wanhua Zhixing Section construction project, Land development office building around Sihwei Elementary School Station on the Wuri-Wenxin-Beitun Line in Taichung Mass Rapid Transit, and Asia Silicon Valley Innovation Development Center Construction), the tap water consumption of the headquarter (only Kedge) and construction sites is separately counted.

Note 2: The number of employees in 2022 is the number of employees employed as of the end of December.

Note 3: The Energy Bureau of the Ministry of Economic Affairs provides the annual electricity emission coefficient, which is calculated at 0.509 in 2020, 0.502 in 2021, and 0.509 in 2022 (unit: kg CO₂e/degree).

Note 4: One kWh of electricity = 3.6 million joules. The calorific value of motor gasoline is 32.635 million joules per liter, and the calorific value of diesel oil is 35.146 million joules per liter; one gigajoule is equal to 1 billion joules. Gasoline and diesel data for official vehicles will be collected from 2022.

Note 5: The million man-hours of the construction site are calculated according to the construction daily report, including the total man-hours of our employees and contractors, which amounted to 4.5 million man-hours.

Waste disposal

In 2022, the domestic waste and construction waste generated by the company's headquarters and ongoing construction sites across the country are counted as shown in the table.

Type of Waste	Total waste weight	Treatment method
Construction waste	15,507 ton	Construction waste treatment companies comply with laws and regulations and conduct intermediate treatment in accordance with methods such as resource recycling, safe burial, and sanitary burial.
Domestic waste	601.29 ton	Intermediate treatment is carried out by domestic waste removal and transportation companies that comply with laws and regulations, based on methods such as resource recovery or reuse and incineration.



3.4 Climate change and adaptation

GRI 201-2, 305-1, 305-2, 305-3, 305-4

Climate change-related risk management

Kedge Construction attaches great importance to the risks brought by climate change, and at the same time intends to transform risks into opportunities, committing ourselves to creating new business opportunities. In 2021, we adopt the “Recommendations of the Task Force on Climate-related Financial Disclosures” (TCFD) to identify key climate change risks and opportunities that concern the company, and implement relevant plans in response based on the identification results.

Adoption of the TCFD framework

We adopt the TCFD framework to assess climate change-related transition risks, and measure the impact of climate change faced by the company itself, supply chain and related industries, so as to communicate with stakeholders through climate-related financial disclosures. For demonstrating the globally shared responsibility of mitigating climate change with the world, we have formally included the issues of greenhouse gases and climate change in the discussion agenda of the green low-carbon group under the ESG Committee, proposed green engineering refinement plans, assessed climate change risks and opportunities, and formulated energy-saving and carbon-reduction plans. This group is supervised by the Sustainable Development Committee under the Board of Directors, and the chairman of the committee (the Chairman serves as the chair) regularly reports to the Board of Directors the effectiveness of greenhouse gas management and the results of climate change response as a reference base for the long-term strategy of the company in responding to climate change risks.

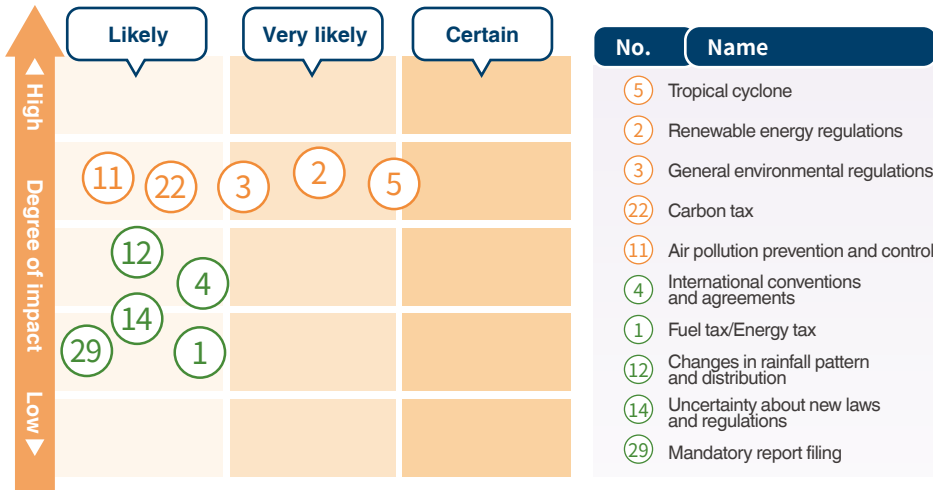
	Company management strategies and actions	Implementation status
Governance	a. Specify how the board/board members oversee climate-related risks and opportunities. b. Provide the highest-level management position(s) or committee(s) with responsibility for climate-related risks and opportunities.	<ul style="list-style-type: none"> The Sustainability Committee holds regular meetings every year, with the Chairman as the chair reviewing various environmental impact assessments and target. The implementation results in 2022 were reported to the Board of Directors in October.
Strategy	a. Define short-, medium- and long-term climate-related risks and opportunities b. Climate-related risks and opportunities with significant impact on operations and finance c. Different scenarios of climate change taken into account	<ul style="list-style-type: none"> Results from inter-departmental discussions on climate risks and opportunities can be referenced in the “Climate Risks and Opportunities Matrix.” Completed the “Climate Change-Carbon” risk and opportunity assessment, and actively promoted various opportunities. Please refer to “Climate Change Financial Impact Analysis”
Risk management	a. The process for identifying and assessing climate-related risks. b. Processes for managing climate-related risks. c. Specify how processes are integrated into the overall risk management framework	<ul style="list-style-type: none"> Held meetings and inter-departmental discussions to jointly implement the identification and ranking of climate-related risks/opportunities and assess their financial impact. Reported on the climate-related risk/assessment results and the financial impacts to the ESG Committee/Board of Directors, and implemented plans in response. Response to climate-related risks has been listed as a topi
Metric and Goals	a. Indicators for assessing climate-related risks and opportunities b. Disclosures of emissions and associated risks c. Targets and performance of managing climate-related risks and opportunities	<ul style="list-style-type: none"> Formulated quantifiable indicators such as greenhouse gas emissions, energy (water/electricity) consumption, and human security/financial risks of project progress interruption due to climate change. The company’s headquarters (Kindom Corporate Building) has been conducting the building energy calculations in 2020. Established climate change performance indicators and regularly reviewed th

TCFD Risk and Opportunity Identification and Impacts on Finance

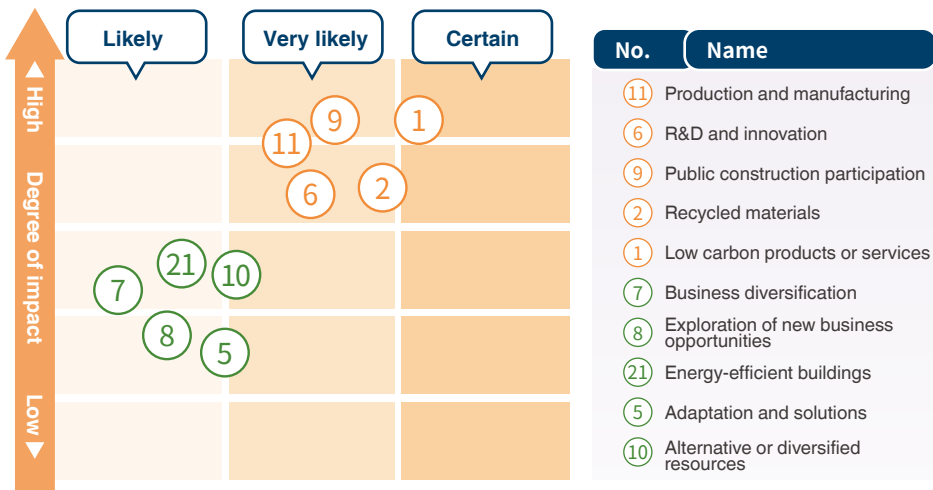
We have been developing long concern about policies and solutions in terms of economics, environmental protection, sustainable management. We implement related projects such as carbon reduction, water conservation and electricity conservation. At the same time, we are committed to adopting energy-saving construction methods and alternative services to maintain resilience in response to climate change and establish a sustainable corporate culture. We identify and rank climate-related risks/opportunities according to TCFD, and refer to the research reports on the climate-related risks and opportunities from relevant units. Through the senior management meeting, we assess climate change risks and response measures and identify potential crises and possible opportunities in response to climate change



Climate risk matrix



Carbon opportunity (red line)



Climate change financial impact analysis - risks

(Carbon) risk description	Major identified results(Description of the current situation and management methods)	Potential financial impact
<p>Tropical cyclone Direct or indirect disasters caused by the increase in the number or intensity of regional tropical cyclones.</p>	<p>There were no project delays or property losses due to tropical cyclones (typhoons) last year. Pre-disaster typhoon measures were strengthened, and construction site inspections were carried out; during the typhoon period, the current situation of the construction site was monitored in real time. We reduced necessary personnel on the ground, and purchased relevant hazard insurance.</p>	<ul style="list-style-type: none"> Equipment cost Capital expenditure Loss and remedy Insurance cost
<p>Renewable energy regulations International or domestic regulations on renewable energy which may affect current and future energy sources, compositions, prices, etc.</p>	<p>At present, in addition to using Taipower electricity, we use fuel-fired power generation (such as generators) and solar energy (such as fence warning lights) at construction sites due to different equipment. In response to the "Taiwan 2050 Net Zero Emissions Roadmap," the "Low-Carbon Operations" group under the ESG Committee has begun to contact and communicate with relevant companies about renewable energy, power storage equipment, biomass energy and other equipment for alternative energy.</p>	<ul style="list-style-type: none"> Equipment cost Capital expenditure R&D expense
<p>General environmental regulations International or domestic laws and regulations related on the environment, especially those related to greenhouse gases or climate change.</p>	<p>Each construction site abides by the environmental protection laws and regulations, and we set up the SOPs for waste removal and sewage treatment. The waste is entrusted to legal environmental protection removal companies for clearance and disposal.</p>	<ul style="list-style-type: none"> Equipment cost Labor cost Loss and remedy Outsourcing cost
<p>Carbon tax Tax systems formulated by international or domestic governments related to greenhouse gas emissions or climate change.</p>	<p>The formulation of carbon tax in China is still in the discussion stage, and there is no direct impact yet, but we still pay continued attention to relevant laws and regulations. However, the FSC launched the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies," with clear guidelines on the greenhouse gas inventory and disclosure. We have conducted a greenhouse gas inventory of "all construction sites" since 2022, and plan to complete third-party inspections in 2023.</p>	<ul style="list-style-type: none"> Capital expenditure Labor cost R&D expense Outsourcing cost
<p>Air pollution prevention and control Air pollution regulations formulated by international or domestic governments, especially those related to greenhouse gases or climate change.</p>	<p>We manage and improve all construction sites in accordance with the "Amendments to the Management Regulations for Air Pollution Control Installations for Construction Projects." In addition, in order to cooperate with the Environmental Protection Administration's PM2.5/PM10 air quality supervision on large-scale construction sites, we have taken the lead in installing air quality and noise smart monitoring and large-scale displays in the LG08 construction (Zhonghe High School Joint Project), and afterwards extended in 2022 to "all the other construction sites."</p>	<ul style="list-style-type: none"> Equipment cost Outsourcing cost



Climate change financial impact analysis - opportunities

(Carbon) risk description	Major identified results (Description of the current situation and management methods)	Potential financial impact
<p>Production process</p> <p>Adopt a process with higher efficiency in the use of resources, and reduce waste generation, or improve product yield, or shorten delivery time.</p>	<p>We adopt in part of our construction projects "precast modular construction method," and gradually advance the method from the outer wall to the structure (column/beam/plate). This has not only greatly reduced the need for on-site labor, but also alleviated the environmental pollution caused by multiple construction stages. The overall yield and efficiency are thus improved.</p>	<ul style="list-style-type: none"> ✔ Labor cost ✔ Equipment cost ✔ Capital expenditure ✔ R&D expense
<p>R&D and innovation</p> <p>Adopt innovative manufacturing processes, or change the way in which services are provided, in contribution to the mitigation and adaptation to global climate change.</p>	<p>Through BIM modeling and the management system, we reduce construction collisions and costs for rework. We also simplify the arrangement of manpower and construction procedures, mitigating greenhouse gas emissions. At the same time, we combine BIM with property management services and energy management to manage the full life cycle of buildings.</p>	<ul style="list-style-type: none"> ✔ Equipment cost ✔ Capital expenditure ✔ R&D expense
<p>Public construction participation</p> <p>Participate in public construction or services by providing low-carbon products or services to enhance brand exposure.</p>	<p>We are devoted to public construction for long and work with the government to create sustainable cities. All public transportation systems (such as Chiayi/Tainan Station), Baogao Smart Industrial Park, and the joint development of Taichung MRT (G8) have all obtained green building labels.</p>	<ul style="list-style-type: none"> ✔ Labor cost ✔ Social activity expense ✔ Loss and remedy
<p>Recycled materials</p> <p>Prioritize the use of renewable materials or resource recycling to reduce the consumption of primary resources.</p>	<p>Kedge undertakes multiple projects, not only cooperating with owners in using recycled/recycled materials, but also actively investing in relevant planning and design in turnkey projects. For example, Nanmen Market has been awarded the "Taiwan Circular Economy Award" for sure. In addition, the foundation is also assuming that the system formwork (such as aluminum formwork, carbon fiber formwork, etc.) will be used in the engineering stage, which will greatly improve the replacement rate of wooden formwork and reduce the use of wood.</p>	<ul style="list-style-type: none"> ✔ Labor cost ✔ Capital expenditure
<p>Low carbon products or services</p> <p>Provide products and services with low environmental impact, especially in the reduction of greenhouse gas emissions or the adaptation to climate change.</p>	<p>More than 80% of the construction projects undertaken by Kedge have obtained the green building labels, which is in line with the indicators of the construction industry in the "Sustainability Category Standards" being developed by the FSC.</p>	<ul style="list-style-type: none"> ✔ Equipment cost ✔ Social activity expense ✔ Loss and remedy

Identified results of climate-related risks and opportunities

With the results of inter-departmental discussions on climate risks and opportunities, We identified 4 major climate-related risks and 5 major climate-related opportunities based on the TCFD framework.

Identified climate-related major risks

Rank of risk	Type of risk	Description of risk	Terms	Probability of occurrence	Influence on finance
Risk 1	Physical risk	(Instant) Tropical cyclone	Short	Certain	Low
Risk 2	Physical risk	(Instant) Change of extreme temperatures	Short	Certain	High
Risk 3	Transition risk	(Laws) Government imposes corporate carbon fee	Medium	Certain	Medium
Risk 4	Transition risk	(Laws) Mandatory Declaration and Public Construction Regulations	Medium	Very likely	Low

Climate-related opportunity matrix

Rank of opportunity	Type of opportunity	Description of opportunity	Terms	Probability of occurrence	Influence on finance
Opp 1	Resources efficiency	Production and manufacturing - aluminum formwork	Short	Certain	High
Opp 2	Market	International initiatives - SBTi	Medium	Very likely	Low
Opp 3	Resources efficiency	Recycled materials	Long	Certain	Low
Opp 4	Products and services	R&D and innovation	Medium	Very likely	Low
Opp 5	Market	Public construction participation	Short	Very likely	Low



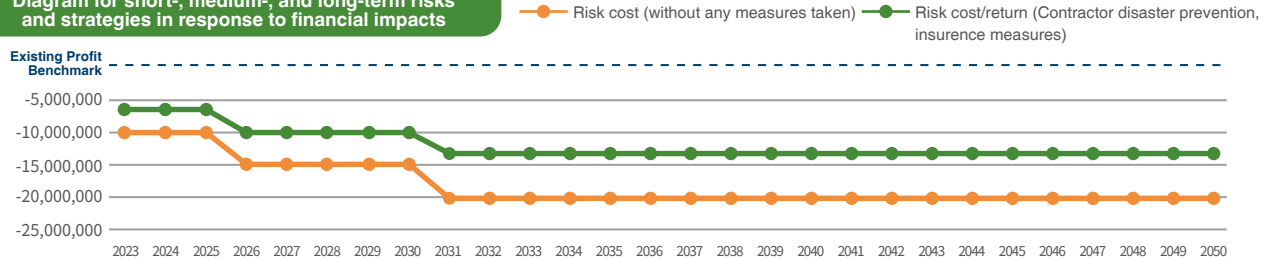
Climate-related major risks and strategic assessments

Risk 1 **Instant** Tropical cyclone

Description of risk and strategy

According to the scientific key excerpts of the IPCC Sixth Assessment Report on Climate Change and the worst scenario (RCP8.5) in the Taiwan Climate Change Assessment and Analysis Update Report, the proportion of medium and strong typhoon will increase by about 100% in the 21st century. We assess that there will be 2 strong typhoons for short-term, 3 for medium-term, and 4 for long-term that cause the shutdowns of construction site and property losses every year. Our coping strategy is to transfer its risk cost through insurance.

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Type of influence on finance		Short	Medium	Long
<p>The impact of risks on existing profit bases (uncontrolled)</p>	<p>Influence on finance (dollar/year)</p> <p>Description of influence on finance</p>	<p>Around - NT\$9.9million</p> <p>Cost ↗</p> <ul style="list-style-type: none"> Typhoons cause loss of construction site property (repair costs) Typhoons cause the direct and indirect loss in management cost when the construction sites shut down 	<p>Around - NT\$14million</p> <p>Cost ↗</p> <ul style="list-style-type: none"> Typhoons cause loss of construction site property (repair costs) Typhoons cause the direct and indirect loss in management cost when the construction sites shut down 	<p>Around - NT\$19million</p> <p>Cost ↗</p> <ul style="list-style-type: none"> Typhoons cause loss of construction site property (repair costs) Typhoons cause the direct and indirect loss in management cost when the construction sites shut down
	<p>The impact on the existing profit base after the implementation of the risk response strategy (controlled)</p>	<p>Influence on finance (dollar/year)</p> <p>Description of influence on finance</p>	<p>Around - NT\$6.5million</p> <p>Cost ↗</p> <ul style="list-style-type: none"> Typhoons cause loss of construction site property (repair costs) Typhoons cause the direct and indirect loss in management cost when the construction sites shut down company insurance expenses <p>Revenue ↗</p> <ul style="list-style-type: none"> Insurance 	<p>Around - NT\$9.8million</p> <p>Cost ↗</p> <ul style="list-style-type: none"> Typhoons cause loss of construction site property (repair costs) Typhoons cause the direct and indirect loss in management cost when the construction sites shut down company insurance expenses <p>Revenue ↗</p> <ul style="list-style-type: none"> Insurance

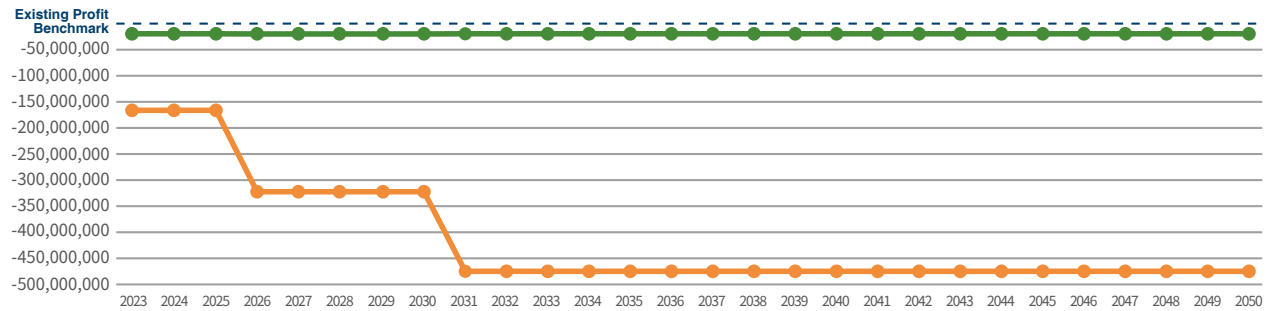


Risk 2 Instant Extreme high temperatures

Description of risk and strategy

According to the scientific key excerpts of the IPCC Sixth Assessment Report on Climate Change and the worst scenario (RCP8.5) of the Taiwan Climate Change Assessment Update Report, in future extreme high temperature events, the number of days with high temperatures above 36°C will increase in various places. In the middle and the end of the 21st century, the increase range will be about 8.5 days and 48.1 days. We predict that there will be 5 days in the short term, 10 days in the medium term, and 15 days in the long term, where extreme high temperature events will occur and lead to the shortening of working hours or shutdown at construction sites. Our coping strategy is to adjust working hours, so as to avoid extreme high temperature periods.

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



● Changing risk cost of extreme temperatures (without any measures taken)
● Changing risk cost/return of extreme temperatures (lowering temperature, measures of additional night shifts)

Type of influence on finance

Short

Medium

Long



The impact of risks on existing profit bases (uncontrolled)

Influence on finance (dollar/year)

Description of influence on finance

Around - **NT\$160**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay

Around - **NT\$310**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay

Around - **NT\$470**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay



The impact on the existing profit base after the implementation of the risk response strategy (controlled)

Influence on finance (dollar/year)

Description of influence on finance

Around - **NT\$4.6**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay

Cost ↘

- Losses reduced by working overtime at night

Around - **NT\$4.6**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay

Cost ↘

- Losses reduced by working overtime at night

Around - **NT\$4.6**million

Cost ↗

- Costs caused by extreme high temperature shutdown (with the reduction of working hours)
- Costs incurred due to government-regulated cooling measures
- risk cost due to progress delay

Cost ↘

- Losses reduced by working overtime at night

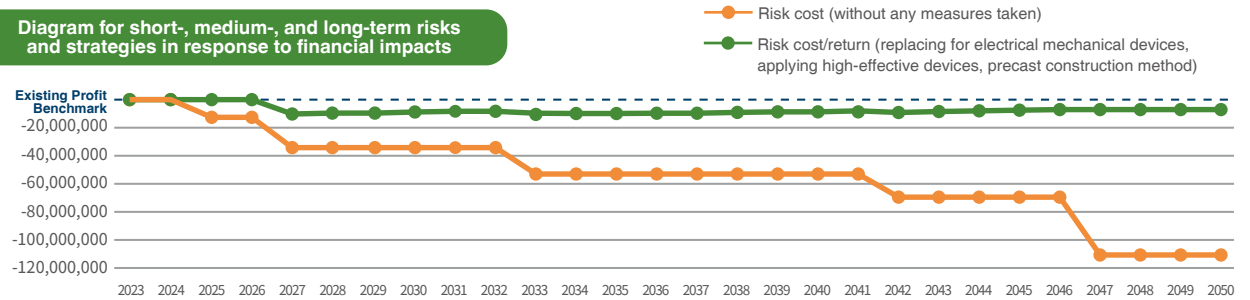


Risk 3 Laws Government imposes corporate carbon fee

Description of risk and strategy

Taiwanese government adopted the "Climate Change Response Act" to formulate a carbon fee mechanism for enterprises, and this will increase the cost of our carbon fee, and will also indirectly affect the increase in the cost of raw materials. In the future, we will adopt strategies such as replacing electric facilities to reduce

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Type of influence on finance



The impact of risks on existing profit bases (uncontrolled)

Influence on finance (dollar/year)
Description of influence on finance

Short

Around - **NT\$16**million

Cost ↗

- The cost of main raw materials such as steel bars, steel structures, and cement increases

Medium

Around - **NT\$35**million

Cost ↗

- The carbon fee from 2026 to 2030 is estimated as NT\$500 per ton
- The cost of main raw materials such as steel bars, steel structures, and cement increases

Long

Around - **NT\$52**million

Cost ↗

- The carbon fee from 2031 to 2040 is estimated as NT\$750 per ton
- The carbon fee from 2041 to 2045 is estimated as NT\$1000 per ton
- The carbon fee from 2046 to 2050 is estimated as NT\$1500 per ton
- The cost of main raw materials such as steel bars, steel structures, and cement increases



The impact on the existing profit base after the implementation of the risk response strategy (controlled)

Influence on finance (dollar/year)
Description of influence on finance

0

Cost ↗

- The cost of main raw materials such as steel bars, steel structures, and cement increases

Revenue ↗

- Raw material cost transfers

Around - **NT\$6.3**million

Cost ↗

- The carbon fee from 2026 to 2030 is estimated as NT\$500 per ton
- The cost of main raw materials such as steel bars, steel structures, and cement increases
- Replace electric facilities, capex depreciation cost increases

Cost ↘

- Replace electric facilities and reduce carbon

Revenue ↗

- Raw material cost transfers

Around - **NT\$3.3**million

Cost ↗

- The carbon fee from 2031 to 2040 is estimated as NT\$750 per ton
- The carbon fee from 2041 to 2045 is estimated as NT\$1000 per ton
- The carbon fee from 2046 to 2050 is estimated as NT\$1500 per ton
- The cost of main raw materials such as steel bars, steel structures, and cement increases

Cost ↘

- Replace electric facilities and reduce carbon

Revenue ↗

- Raw material cost transfers

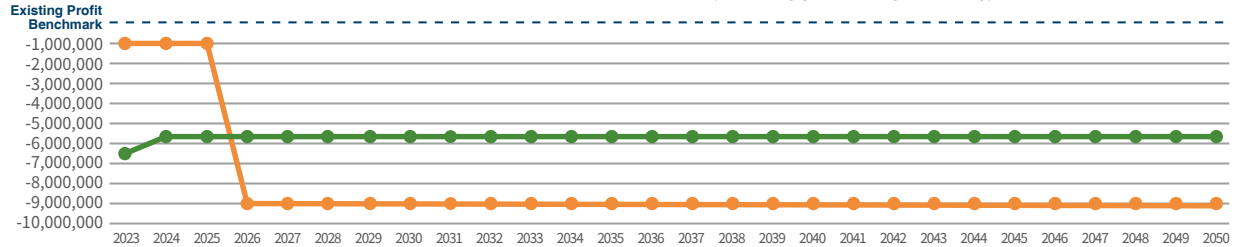


Risk 4 Laws Mandatory Declaration and Public Construction Regulations

Description of risk and strategy

Relevant ministries in Taiwan will require companies to declare their greenhouse gas emissions in response to the Climate Change Response Act. On the other hand, there may also be requirements related to greenhouse gases and carbon footprints in public constructions in the future. We will actively complete the

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



— Risk cost of uncertainty in mandatory declaration and new regulations (without any measures taken)
— Risk cost of uncertainty in mandatory declaration and new regulations (conducting greenhouse gas inventory)

Type of influence on finance

Short

Medium

Long



The impact of risks on existing profit bases (uncontrolled)

Influence on finance (dollar/year)

Description of influence on finance

Around - **NT\$1** million

Cost ↗

- Penalties for mandatory declaration

Around - **NT\$9** million

Cost ↗

- Penalties for mandatory declaration
- Revenue lost due to the failure to meet carbon management requirements

Around - **NT\$9** million

Cost ↗

- Penalties for mandatory declaration
- Revenue lost due to the failure to meet carbon management requirements



The impact on the existing profit base after the implementation of the risk response strategy (controlled)

Influence on finance (dollar/year)

Description of influence on finance

Around - **NT\$5.8** million

Cost ↗

- Labor costs for implementing carbon management
- External verification costs for implementing carbon declaration guidance

Cost ↘

- Penalties reduced by implementing carbon declaration
- Financing interest rate discount

Around - **NT\$5.8** million

Cost ↗

- External verification costs for implementing carbon declaration guidance

Cost ↘

- Penalties reduced by implementing carbon declaration
- Financing interest rate discount

Revenue ↗

- Increased revenue after complying with carbon management

Revenue ↘

- Revenue lost due to the failure to meet carbon management requirements

Around - **NT\$5.8** million

Cost ↗

- External verification costs for implementing carbon declaration guidance

Cost ↘

- Penalties reduced by implementing carbon declaration
- Financing interest rate discount

Revenue ↗

- Increased revenue after complying with carbon management

Revenue ↘

- Revenue lost due to the failure to meet carbon management requirements



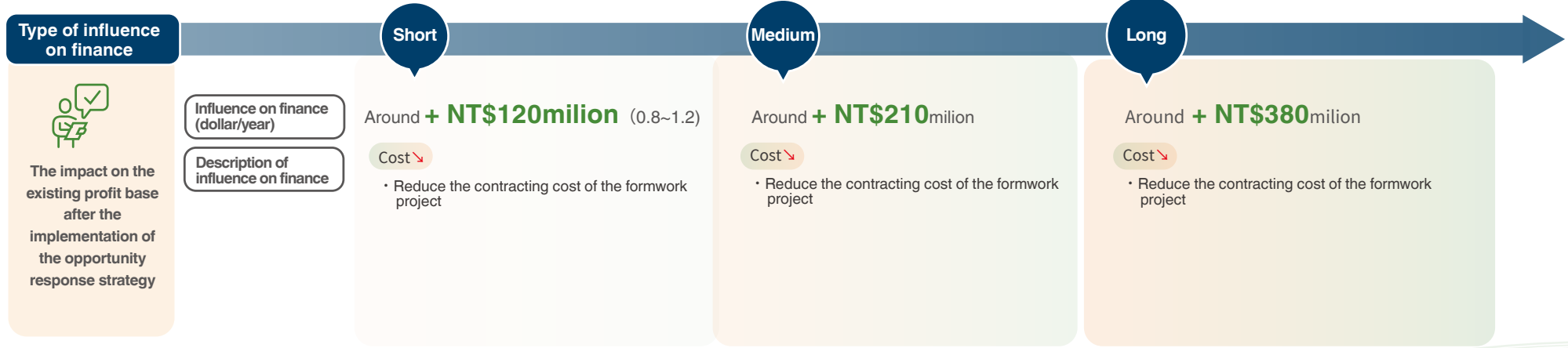
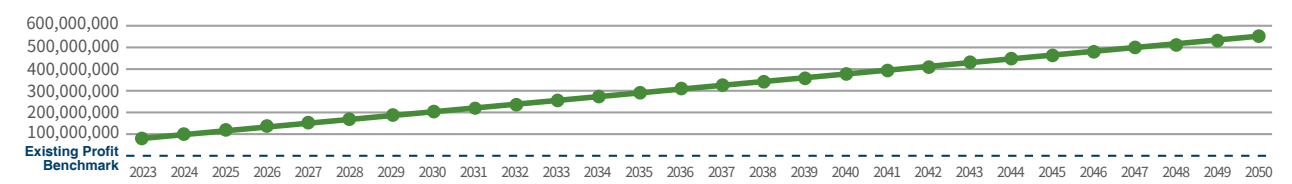
Climate-related major opportunities and strategic assessments

Opp 1 Resources efficiency Production and manufacturing – aluminum formwork

Description of opportunities and strategies

Replacing traditional wooden formwork with aluminum formwork can increase the number of times the formwork endures in use, reduce labor costs, and reduce the contracting cost of the formwork project

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



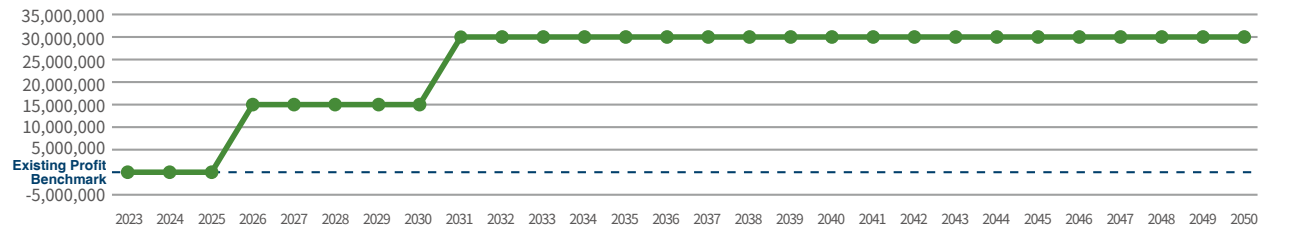


Opp 2 Market International conventions and agreements

Description of opportunities and strategies

We apply for SBTi for promoting the growth of public constructions and relevant affairs.

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Type of influence on finance



The impact on the existing profit base after the implementation of the opportunity response strategy

Influence on finance (dollar/year)

Description of influence on finance

Short

Around - NT\$146,000

Cost ↗

- Counseling and application fees for applying for SBTi
- Labor cost for applying for SBTi

Revenue ↗

- Increase in revenue from public constructions and relevant affairs

Medium

Around + NT\$14million

Cost ↗

- Counseling and application fees for applying for SBTi
- Labor cost for applying for SBTi

Revenue ↗

- Increase in revenue from public constructions and relevant affairs

Long

Around + NT\$29million

Cost ↗

- Counseling and application fees for applying for SBTi
- Labor cost for applying for SBTi

Revenue ↗

- Increase in revenue from public constructions and relevant affairs

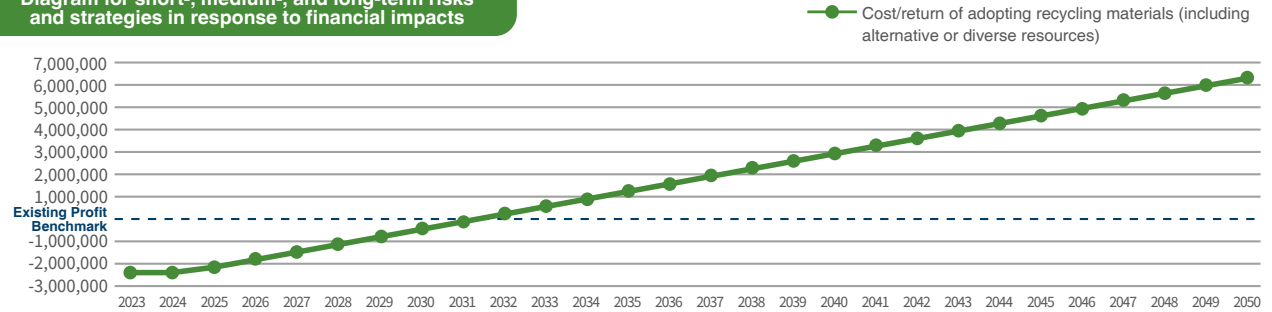


Opp 3 Resources efficiency Recycled materials

Description of opportunities and strategies

Replacing traditional calcium silicate boards with boards made of waste plastic packaging materials can reduce waste disposal costs, lower board costs and reduce the emission of greenhouse gas in Scope 3.

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Type of influence on finance



The impact on the existing profit base after the implementation of the opportunity response strategy

Influence on finance (dollar/year)

Description of influence on finance

Short

Around **- NT\$2.1** million

Cost ↗

- Boards made of waste plastic packaging materials

Cost ↘

- Reduce the use of traditional calcium silicate boards
- Reduce the processing costs for waste packaging materials
- Reduce the emission of greenhouse gas in Scope 3 and carbon costs

Medium

Around **- NT\$531,000**

Cost ↗

- Boards made of waste plastic packaging materials

Cost ↘

- Reduce the use of traditional calcium silicate boards
- Reduce the processing costs for waste packaging materials
- Reduce the emission of greenhouse gas in Scope 3 and carbon costs

Long

Around **+NT\$2.5** million

Cost ↗

- Boards made of waste plastic packaging materials

Cost ↘

- Reduce the use of traditional calcium silicate boards
- Reduce the processing costs for waste packaging materials
- Reduce the emission of greenhouse gas in Scope 3 and carbon costs



Opp 4 Products and services R&D and innovation

Description of opportunities and strategies

We invest in the innovative research and development of carbon management concerning the engineering industry, and we expect to obtain government subsidies and future business opportunities

Type of influence on finance

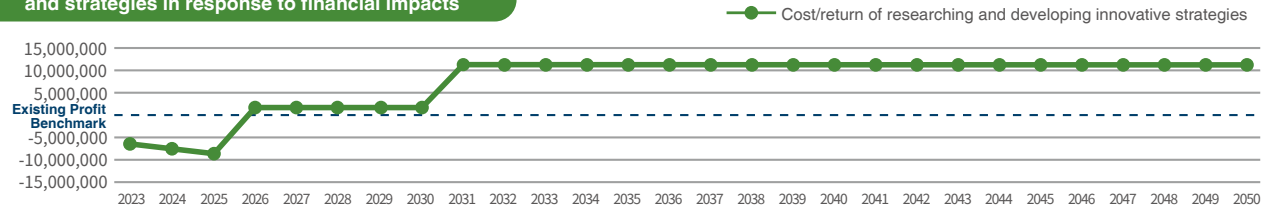


The impact on the existing profit base after the implementation of the opportunity response strategy

Influence on finance (dollar/year)

Description of influence on finance

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Short

Around **-NT\$9.4**million

Cost ↗

- Labor and equipment costs for innovative research and development

Medium

Around **+ NT\$562,000**

Cost ↗

- Labor and equipment costs for innovative research and development
- Government subsidies and future business opportunities

Long

Around **+ NT\$10**million

Cost ↗

- Labor and equipment costs for innovative research and development
- Government subsidies and future business opportunities

Opp 5 Market Public construction participation

Description of opportunities and strategies

The government increases the expense in public construction due to climate change

Type of influence on finance

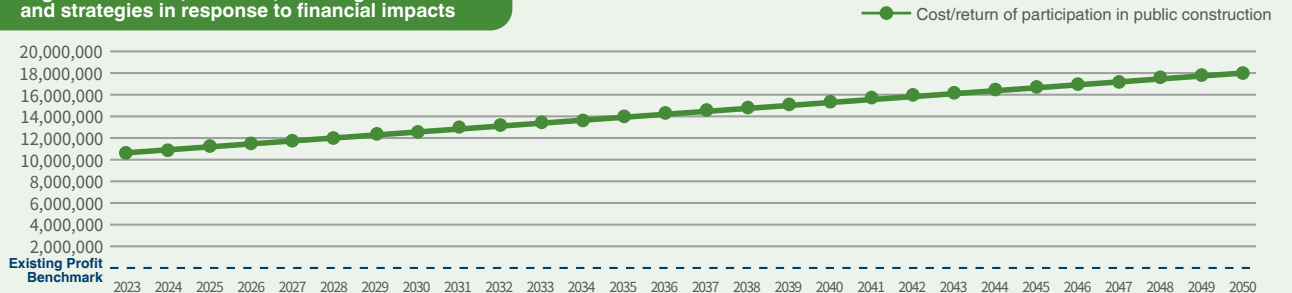


The impact on the existing profit base after the implementation of the opportunity response strategy

Influence on finance (dollar/year)

Description of influence on finance

Diagram for short-, medium-, and long-term risks and strategies in response to financial impacts



Short

Around **+ NT\$11**million

Cost ↗

- Cost for investing in new public construction
- Revenue obtained from new public constructions

Medium

Around **+NT\$12**million

Cost ↗

- Cost for investing in new public construction
- Revenue obtained from new public constructions

Long

Around **+NT\$14**million

Cost ↗

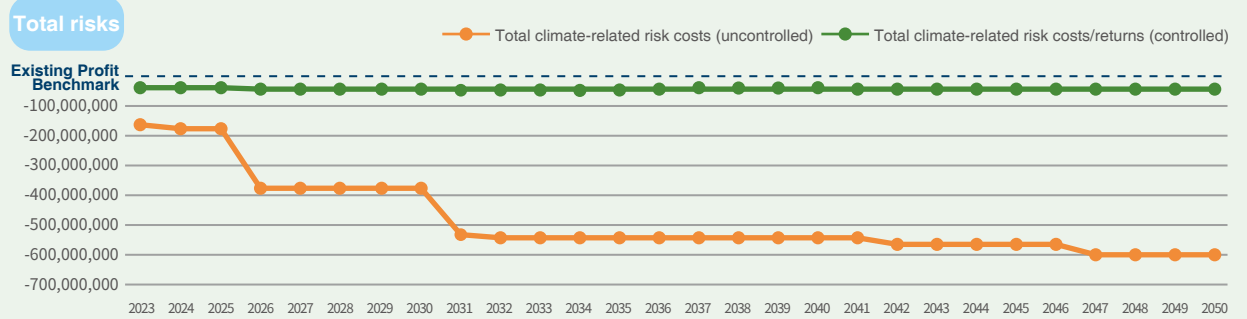
- Cost for investing in new public construction
- Revenue obtained from new public constructions



Overall assessment of major climate-related risks, opportunities and strategies

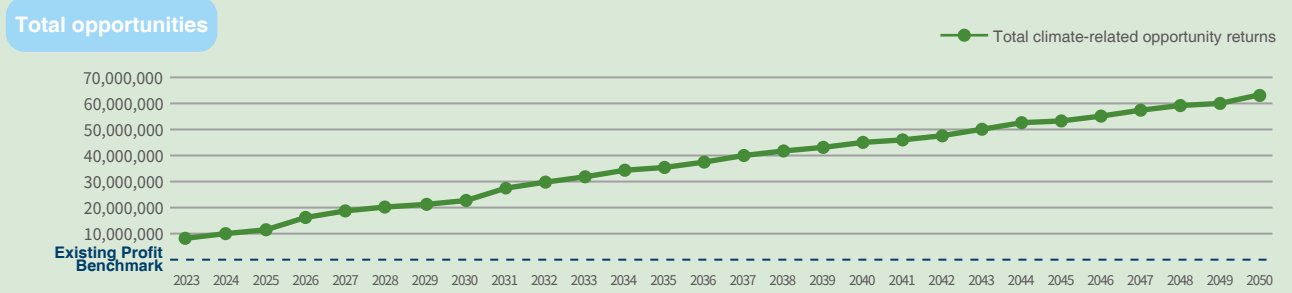
Overall assessment of major climate-related risks and strategies

The challenges we are facing in terms of climate change include tropical cyclones, changes in extreme temperatures, government-imposed corporate carbon fees, mandatory declaration and public construction regulations. Through our team's pragmatic assessment of strategy and financial impact, we can still maintain a stable and sustainable operation situation in the short-, medium-, long-term, and keep our financial impact at a minimum.



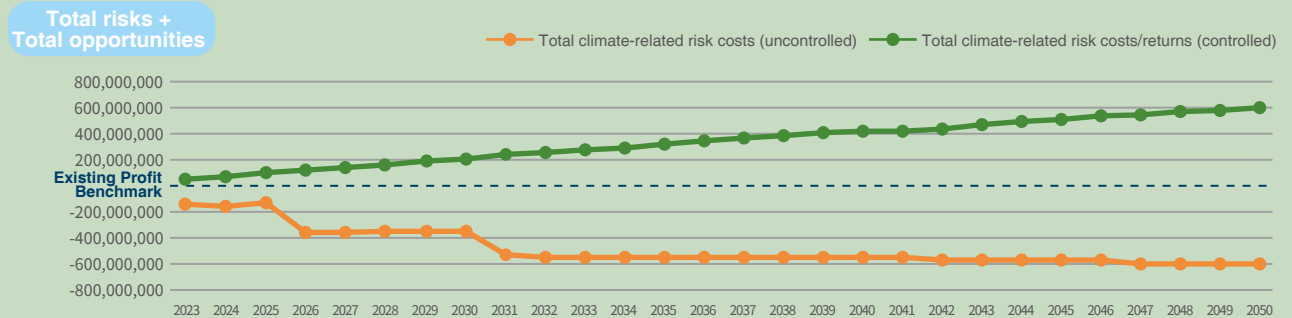
Overall assessment of major climate-related opportunities and strategies

We create opportunities to face climate change, including manufacturing-aluminum formwork, international initiatives-SBTi, recycled materials, innovative research and development, and public construction participation. Through our team's pragmatic assessment of strategy and financial impact, we will also be able to grasp the opportunities brought about by climate changes, pursuing sustainable development and creating more benefits.



Overall assessment of major climate-related risks, opportunities and strategies

Facing the risks, challenges and opportunities of climate change, we conducted pragmatic assessments and formulated coping strategies with financial impacts in concern. Our financial state can still maintain stable and sustainable in the short-, medium-, long-term, and we strive to create more benefits.





Greenhouse gas inventory

Greenhouse gas reduction is one of our sustainable development goals. We not only integrate energy-saving and carbon-reduction measures into the daily operation and management of the headquarters/construction sites, but also actively invest in green engineering technology and implement circular economy. From 2022, we follow the "Greenhouse Gas Inventory Standard (ISO 14064-1: 2018)," and independently check the emission sources of Categories 1 to 6 within the enterprise; a total of seven greenhouse gases (CO₂, CH₄, N₂O, HFCS, PFCS, SF₆, NF₃) emissions are under examination. The inspection boundary is set at the company headquarters and ongoing construction sites across the country. The year 2022 in which the first inspection was conducted is taken as the basis year in which we have passed a third-party verification.

The emissions of greenhouse gas of Scope 1 and 2 at the company headquarters in 2022 were 46.44 and 59.73 tCO₂e respectively, and the total emissions of greenhouse gas of Scope 1 and 2 at construction sites were 10,841 and 2,644 tCO₂e respectively.

Area	Scope	Annual performance (Ton CO ₂ e)		
		2020	2021	2022
 Headquarters	Scope 1	-	-	46.44
	Scope 2	239.5	189.28	59.73
	Scope 3	-	-	121.4
	Scope 1 + 2	239.5	189.28	106.2
	Emission intensity (Ton CO ₂ e/number of people)	-	-	0.743
 Construction sites	Scope 1	-	-	10,841
	Scope 2	-	-	2,644
	Scope 3	-	-	270,996
	Scope 1 + 2	-	-	13,485
	Emission intensity (Ton CO ₂ e/million man-hour)	-	-	2,425
Total	Scope 1 + 2	239.5	189.28	13,591

Note 1: The emission intensity mentioned above is the emission intensity of Scope 1 + Scope 2.

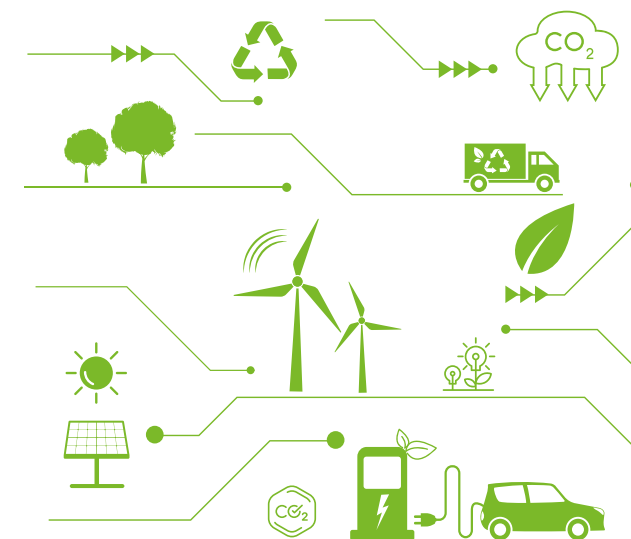
Note 2: The million man-hours of construction sites are based on the statistics of the construction daily report, including the man-hours of basic employees and contractors, which total 4.5 million man-hours.

Note 3: The number of employees in 2022 is the number of employees employed as of the end of December.

Note 4: The scope of calculation for 2020 and 2021 is the carbon emissions generated by the electricity consumption of the company's headquarters (Kindom Building); Starting from 2022, the greenhouse gas inventory will be carried out using the Operation Control Act (the following construction projects are not included in the inventory: Kindom Wanhua Zhixing Section construction project, Land development office building around Sihwei Elementary School Station on the Wuri-Wenxin-Beitun Line in Taichung Mass Rapid Transit, and Asia Silicon Valley Innovation Development Center Construction). In particular, Scope 3 covers the greenhouse gas emissions generated by transportation and products. The purpose of presenting three-year data here is not for comparison, because the bases of the investigation are different.

Note 5: The referenced version of the Global Warming Potential (GWP) is the IPCC AR6 assessment report.

Promotion process of the greenhouse gas inventory



- Carbon Neutrality**
 - Refer to the carbon pricing measures at home and abroad and establish our internal carbon pricing guidelines by 2025
 - Draw up a carbon neutrality plan (purchase of green power, green bonds, or investment in green power) by 2028
- Science-based targets initiative**
 - Formulate SBTs (carbon reduction pathways) by 2023
 - Formulate an ESG Report of Kedge Construction (TCFD) by 2023
 - Revise carbon reduction pathways (reduce the impact on the operation of construction sites) by 2024
- Greenhouse gas inventory**
 - Implement carbon inventory at all construction sites in 2022 (every year)
 - Establish the ISO 14064 Greenhouse Gas Inventory procedures in 2022 (amend it annually)
 - Have third-party certification of ISO 14064 carbon inventory in 2023 (third-party certification every year)

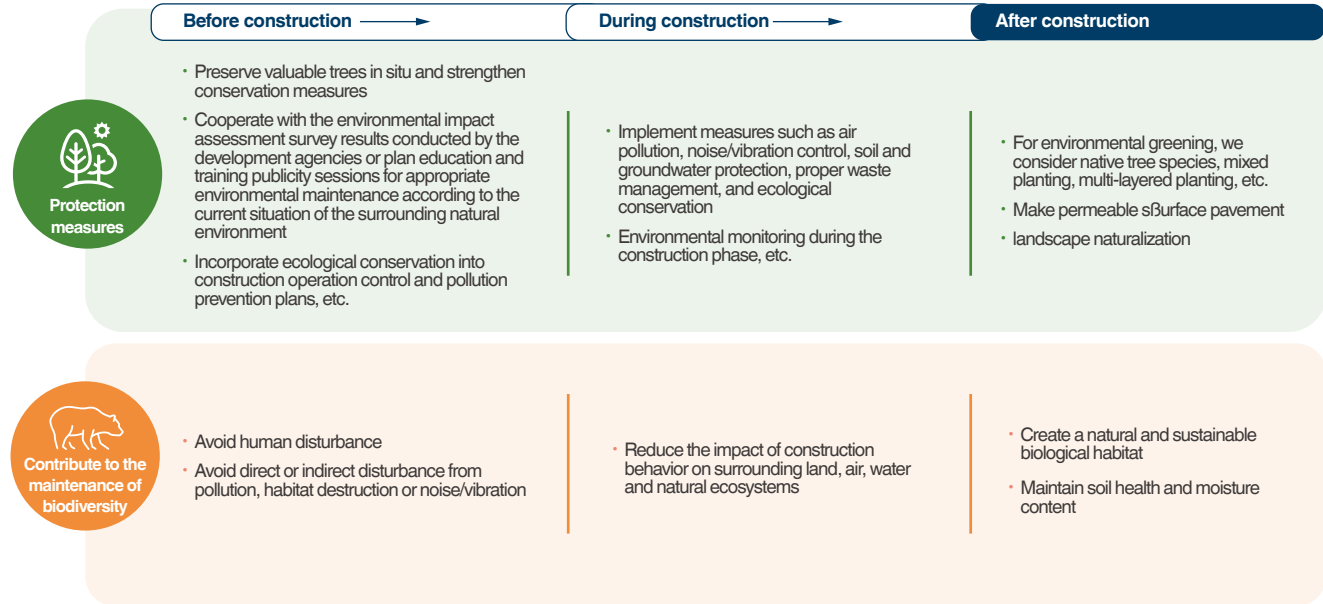


3.5 Biodiversity

GRI 304-1, 304-2

Kedge Construction undertakes engineering projects such as new housing, business offices, high-tech factories, civil bridges, and public constructions. Most of the construction sites are located in high-density urban areas, industrial areas, or science parks, none of which are ecologically sensitive areas. However, in consideration of minimizing the environmental impact during the construction process and avoiding the impact on the surrounding natural ecology, we adopt the following environmental protection measures before construction and during the construction period

In addition to the protection of the ecological environment around the work area, we have "cooperated with the Taitung Forest District Office since 2019 to hold the event "Forestry, Creating Beautiful Homelands," a 2.6-hectare afforestation project with which we continue to adopt a total of 4,000 trees for 5 years. The total budget is NT\$720,000." We provide a living environment for wild animals and plants and strengthen the diversity of the ecosystem.





04 Green Engineering

4.1 Management approach

4.2 Public Construction Participation

4.3 Innovative technologies and services

4.4 Supply Chain Management

4.5 In response to green buildings

Highlights of performance

The amount of green procurement accounted for **3.6%** of the total amount of contracts issued, with a total of **NT\$511million**.

Awarded by the Environmental Protection Department, the New Taipei City Government **2022 Green Performance Excellence Award - Excellent Performance**

Integrating the concept of ESG to promote the Sustainable Engineering Office Performance

3 construction projects won Green Building Labels and Candidate Certificates

BIM modeling was imported to **6 projects**





4.1 Management approach

Kedge's sustainable Role	Material issues	Management strategies and approaches	Link to SDGs	Key Performance Indicators (KPIs)	Management Indicators and Goals			Impacts and opportunities
					Goals in 2022	Implementation Results in 2022	Goals in 2023	
green engineering	<p>public construction participation</p>	<p>Public construction we participated in includes transportation, medical care, and international exhibition venues. We continue to make breakthroughs and innovation, and strive to engage in public construction with the best project quality, and bring employment opportunities and economic growth to the localities where constructions are conducted.</p>	 	<p>Proportion of public construction</p>	<p>10% of revenue</p>	<p>13.6% of revenue up to standard</p>	<p>Revenue is greater than 15% up to standard</p>	<p>Bring employment opportunities and economic growth to the localities where constructions are conducted.</p>
	<p>Innovative Technology and Services</p>	<p>Through the research and development of new technologies and the implementation of projects, we strive to improve quality, increase efficiency, reduce costs, improve business image, reduce carbon and waste, and save resources.</p>		<p>Research, development and integration of BIM technology</p>	<p>Continue to add new patents or technology development every year to deepen the professional capabilities of green engineering.</p>	<p>Add 10 new projects</p>	<p>Added 2 projects</p>	<p>Introduce the results of innovative research and development into projects, improve work efficiency, reduce costs and environmental and social burdens.</p>



Kedge's sustainable Role

Material issues	Management strategies and approaches	Link to SDGs	Key Performance Indicators (KPIs)	Management Indicators and Goals			Impacts and opportunities
				Goals in 2022	Implementation Results in 2022	Goals in 2023	
<p>supply chain management</p>	<p>We establish a responsible supply chain by formulating the "Supplier Integrity Principle Statement and Corporate Social Responsibility Clause." Through green procurement and local procurement, we will collaborate with suppliers moving towards sustainable management.</p>	 	<p>New suppliers sign the "Supplier Integrity Principle Agreement and Corporate Social Responsibility Clause"</p> <p>Control the proportion of unqualified collaborative companies</p> <p>Localization of procurement</p> <p>Green Procurement</p>	<p>Supplier signing rate 100%</p> <p>≤2%</p> <p>100%</p> <p>Accounting for 3.5% of the total contract amount</p>	<p>Signing rate 100%</p> <p>2.3%</p> <p>99%</p> <p>Accounting for 3.6% of the total contract amount</p> <p>"2022 Green Procurement Excellent Award- Excellent Performance," awarded by the Environmental Protection Department, the New Taipei City Government</p>	<p>Same as the goals in 2022</p> <p>≤1.5%</p> <p>100%</p> <p>Accounting for 5% of the total contract amount</p>	<p>Through the process of audit and the sustainability commitment that suppliers sign on, we improve the performance of sustainable management of suppliers, form a positive cycle, and expand the sustainable influence of the upstream and downstream industries.</p>
<p>Green and Energy-efficient Buildings</p>	<p>R&D and implementation of circular economy We provide customers with construction services that are "physically and mentally healthy, as well as environment-friendly," to meet the owner's requirements and applying in construction projects green building concepts, modular building, BIM maintenance and operation systems, and circular economy, and thereby to establish the cornerstone of smart architecture.</p>	 	<p>Sustainable Engineering Office</p> <p>Cooperate with owners and designate green building labels</p>	<p>Planning for Sustainable Engineering Office</p> <p>Achievement rate 100%</p>	<p>After the planning, we have issued the contract to the collaborative companies for construction preparation and implementation</p> <p>Achievement rate 100%</p>	<p>We completed the construction of the Sustainable Engineering Office and actually used it at construction sites. It was verified by the BS8001 circular economy certification</p> <p>Achievement rate 100%</p>	<p>Deepen the life cycle of buildings and positive impact on the environment</p>

green engineering



4.2 Public Construction Participation

Kedge Construction actively participates in various domestic engineering projects, hoping to use its rich engineering experience to take part in public projects to provide local people with convenience in life and transportation. Public constructions we participated in include transportation, medical care, and national-level research institution buildings. We continue to make breakthroughs and innovation, and strive to engage in public construction with the best engineering quality, and bring employment opportunities and economic growth to the localities where constructions are conducted. In the process of implementing projects, in addition to the positive economic impact on the local area, we also try our best to participate in coordination and engage in the local community to achieve a balance in all aspects.

Public construction participation in 2022



Asia-Silicon Valley Innovation Development Center Construction

Taoyuan Convention and Exhibition Center turnkey project



Nanmen Building and Market Reconstruction Turnkey Project

Nanhu Elementary School Activity Center Construction Project in Neihu District



2022 Taipei City Government Public Construction Excellence Award



Baogao Smart Industrial Park (Completed in 2021)



2022 CIE Engineering Excellence Award

2021 Gold Quality Award

2021 New Taipei City Public Construction Engineering Excellence Award



C212 Tainan Railway Station Project

C611 Chiayi

C612 Chiayi Station



Provincial Highway No. 61, Houlong Bridge



R&D

Asia-Silicon Valley Innovation Development Center Construction



School

Nanhu Elementary School Activity Center Construction Project in Neihu District



Bridge

C611 Chiayi



Housing

Taishan Social Housing



R&D

Taoyuan Convention and Exhibition Center turnkey project



R&D

Baogao Smart Industrial Park (Completed in 2021)



Station

C612 Chiayi Station



Commercial

Nanmen Building and Market Reconstruction Turnkey Project



Station

C212 Tainan Railway Station Project



Bridge

Provincial Highway No. 61, Houlong Bridge



Column

Using design and technology optimization, considering quality and environment, to build a green home and sustainable city,

Taishan Social Housing and National Military Housing Project builds social housing with 3 basement floors and 14 floors above ground, with a total of 560 households. We cooperate with the Ministry of National Defense to build military dormitories with 8 floors above ground and 1 floor below ground. Kedge takes part in the social residential construction, providing high-quality, high-standard and consummate space planning, with the goal of energy saving, sustainability, and safety, to create friendly social housing.



Challenge in construction

Illustrate

Countermeasures



Poor geological conditions of the foundation ground

According to the supplementary geological drilling and investigation results of the foundation, it is known that the foundation ground belongs to the range of low soil liquefaction potential, and is located in the silty clay layer, which is a weak soil layer. The bearing capacity may be insufficient.

In addition to strengthening the bearing capacity of the foundation and the anti-liquefaction capacity of the underlying soil layer, we also adopted geological improvement piles with a diameter of 80cm. The depth of improvement is GL-9.0m ~ rock plate, and the improvement rate is about 12.5%. We make the overall bearing capacity safe to reduce the seismic response and fault effects.



Insufficient spacing between buildings in initial design

The initial reference basic design planned the building distance of only 6 meters. It led to overly narrowness for the high floors of residential buildings which created a sense of oppression for pedestrians crossing the ground.

We adjusted the plan of the dormitory building and the orientation of the residential buildings to increase the distance between the buildings to 10M, and avoid facing each other from neighboring buildings, so as to provide living amenity and privacy.



Labor shortage in the construction industry and rising prices of raw materials

The declining birth rate in Taiwan, the aging of workforce as well as low labor efficiency have caused a shortage of construction workers. During the epidemic, the increase in transportation costs and the impact of the Russia-Ukraine war have all increased the cost of raw materials.

- We applied for foreign construction workers to make up for part of the workforce
- We adopted systematic aluminum formwork with a high degree of standardization which allows fast installation and quick disassembly to solve the problem of labor shortage and improve construction quality, so as to establish a safe construction environment and reduce material consumption, in line with the green trend of energy conservation and environmental protection.
- Construction automation management and mechanization were also utilized to reduce the manpower required at construction sites and effectively improve construction quality.



Integrating the environment and humanity: Creating the prosperous residence in Qingpu

“Taoyuan Convention and Exhibition Center,” with a total floor area of 76,120 square meters, is a building with 7 floors above ground and 1 floor underground. The main building structure consists of two parts: “Exhibition Building” and “Conference Building.” After completion, it will become a milestone for Taoyuan City as a representative city for international economic and trade exchanges.

In addition to creating landscape architecture, we pay particular attention to public welfare and feedback with local neighborhood; it is always the concern that we never ignore in every public construction project. This time, in order to fully demonstrate the beauty of Qingpu, we also co-organized the “Qingpu Painting Competition” with the Taoyuan City Government, and provided them with the hedge space next to the baseball field through the “Taoyuan Convention and Exhibition Center Turnkey Project.” The display of paintings makes engineering no longer just engineering, and creates a beautiful living environment and aesthetics of life together with citizens.

Elastic Partition Diagram



Challenges in construction



This case is an international performance center. We consider how to provide more appropriate planning and design to maximize the benefits of future performances

Illustrate

Use space configuration, traffic flow planning, equipment selection, etc. to improve the convenience of future operation and maintenance, so that visitors can have a better experience

Countermeasures

- In the process of bid preparation, in order to improve the design of Taoyuan Convention and Exhibition Center and its future serviceability, our team visited Nangang Exhibition Hall 2 together to understand the problems and needs faced by the on-site operators. We cooperated with architects with rich experience in exhibition hall design
- Improve space practicability with flexible partition planning
- We applied Large-span truss design with light structure to improve material strength and reduce steel consumption, so as to make the exhibition space complete



The outbreak and spread of the COVID 19 pandemic

We consider how to protect the health of employees and construction workers during the pandemic

- Entry management: set up a smart screen to detect whether the body temperature of visitors and construction staff is normal while managing their entry with the face recognition system control
- The entrance is equipped with pandemic prevention doors for disinfection, and public areas are regularly disinfected
- Personnel grouping, divisional office and other measures



Labor shortage in the construction industry

The declining birth rate in Taiwan, the aging of workforce as well as low labor efficiency have caused a shortage of construction workers. During the pandemic, the import of foreign labor has been suspended.

- For steel construction we adopted semi-finished factory prefabrication or ground prefabrication with on-site mechanized assembly to reduce the time period in which manpower on site is overly invested, so as to decrease the loss from construction period
- For the formwork engineering we adopted both the traditional construction method and the system formwork together. With the use of the system formwork, the labor efficiency increased and the impact of manpower shortage is mitigated

Hoisting of external wall unit system formwork



Column steel cage set








4.3 Innovative technologies and services

Research & development and innovation

The main research and development focus of Kedge Construction lies in the effort to shorten the construction period, improve construction methods, reduce pollution and improve efficiency. We conduct research and refinement on the workflow composed of information software and hardware, and the working methods of innovative technology, to achieve “improving quality, increasing efficiency, reducing costs, enhancing image.” New technologies and R&D methods are developed by the Technology R&D Department, Information Department, and other departments, or jointly introduced with collaborative suppliers to enhance our competitiveness.

In recent years, in addition to the research and refinement of construction technology, the ERP system has achieved remarkable results. It has been implemented and used to manage and integrate the company’s core business processes and resources. The construction management system has improved the efficiency of project management on construction sites. Currently, the overall informatization engineering operation continues to be introduced into various departments and construction sites with a cloud-based service model. In addition to informatization, we have been committed to the development of BIM (Building Information Modeling) and even extended to the promotion of CIM (Civil Information Modeling). In the process of the BIM development, for providing information to the BIM model, or extracting information from the BIM model for various use, all kinds of software and hardware deploy BIM as the carrier, and take “digital twin” as the central idea to provide various possibilities and solutions, such as AR, VR, MR, drones, image processing, IoT, etc., so that participants can create diverse possibilities, extract them and transform them into execution plans for strengthening the enterprise’s technical foundation. In the 2022 research plan, in addition to continuing the existing research and development, we actively applied the research results to the construction projects, and continue to deepen our research through feedback from the execution of the project.

KPI	item	Research Plan in 2022	Goals in 2022	Status of Implementation	Goals in 2023	Implementation Results and Description
 Information Management System	1	ERP system innovation plan-1	100%	up to standard	-	<ul style="list-style-type: none"> Engineering Management System - Cloud Platform (Cloud ERP). Establish engineering management and financial accounting.
	2	ERP System Innovation Plan-2				<ul style="list-style-type: none"> Team cloud collaboration system-communication platform (MS TEAMS). Team cloud collaboration system-operation platform (MS OFFICE 365).
	3	APP Mobilization of Construction Management System				<ul style="list-style-type: none"> Independent quality inspection. Quality control examining system. Occupational safety and health system.
 Occupational Safety Management System	1	Face recognition access control system	3 projects	up to standard	4 projects	In 2022, we were on the stage of project application, such as Nanmen Market, C212 Tainan Station project, and C611 Chiayi project.
	2	AI-assisted management system				In 2022, we were on the stage of project application, such as the C611 Chiayi project.
 BIM technical support	1	UAV: (Unmanned Aerial Vehicle) research and develop the import of numerical terrain data converted from aerial image into BIM graphic data	2 projects	up to standard	3 projects	In 2022, we were on the stage of project application, such as Taipei Veterans General and C611 Chiayi project.



KPI	item	Research Plan in 2022	Goals in 2022	Status of Implementation	Goals in 2023	Implementation Results and Description
<p>BIM modeling and application</p>	1	Research and development of BIM-assisted engineering quantity output - tekla software system	10 projects	up to standard	12 projects	In 2022, we were on the stage of project application.
	2	Import of BIM collaborative operation platform				In 2022, we were on the stage of project application, including the public construction of Nanmen Market, Taoyuan Convention and Exhibition Center, C612 Chiayi project, Taishan Zhongshan section, and other applications such as sustainable engineering office, maintenance and operation platform models, etc.
	3	Research and Development of BIM Auxiliary Engineering Quantitative Output - revit Software System				Deepened and self-developed the APP of BIM structure quantity calculation, which can extract the quantity of key engineering items in the model.
	4	BIM general modeling software Revit 's construction drawing drawing output				Continue to develop and promote the key function of turning BIM construction drawings into drawings - automatic labeling, such as used in Taoyuan Convention and Exhibition Center.
	5	Import of civil engineering information system CIM (Civil Information Modeling)				Continue to introduce CIM to various applicable aspects, such as the columns and girders of the railway viaduct in C612 Chiayi project.
<p>Development and integration of BIM technology</p>	1	Import of BIM maintenance and operation platform	1 projects	up to standard	2 projects	<ul style="list-style-type: none"> We established an interactive data visualization platform structure. We take the residential case as the standard maintenance and operation platform for implementation.
	2	BIM, game engine, MR glasses research	1 projects	up to standard	2 projects	We combined BIM with game engine and MR glasses. In 2022, we carried out the simulation research of the construction site, for further developing the simulation of the hoisting process of the steel structure at construction sites in the future.
	3	Research and development of BIM combined with greenhouse gas inventory	1 projects	up to standard	2 projects	<ul style="list-style-type: none"> We conducted research on the connection technology between BIM model and database. We conducted research on BIM model and the data-visualized interactive interface.
<p>sustainable development goals</p>	1	R&D and Implementation of Circular Economy	25%	up to standard	100%	<ul style="list-style-type: none"> We took the sustainable engineering office as the start-up project. We obtained BS 8001 certification as the execution direction.



Future R&D Plan

In the future research and development plan, in addition to continuing to introduce and apply the existing results of previous research to other projects and deepening our research, we will also use BIM database and technology as the basis to carry out inter-departmental cooperation to assist the company in promoting ESG, greenhouse gas reduction, and the concept of circular economy, so as to achieve the purpose of reducing carbon, reducing waste and conserving resources. In the next few years, we will focus on related applications such as combining BIM with greenhouse gas inventory, the equipment maintenance and operation system, as well as MR glasses.

The research and development of combining BIM with greenhouse gas inventory is based on the fact that the BIM model functions as a good data carrier, which can maintain the consistency and accuracy of the data and can quickly produce the required quantity, with the advantage of 3D visualization of the data. With the greenhouse gas data generated with BIM in real time, decision makers are provided with estimated greenhouse gas emissions, so that they formulate strategies for carbon reduction pathways.

The carbon emissions in the building maintenance and operation phase account for the highest proportion in the entire life cycle of the building. By combining BIM with the maintenance and operation system, we can effectively manage the operations in the maintenance and operation phase and reduce unnecessary resource consumption. Following the Xindian Baogao Smart Industrial Park, we start to introduce maintenance and operation systems for residential buildings in 2022, and will also introduce buildings with different uses such as office buildings in the future.

In addition to the application of BIM to the greenhouse gas inventory and maintenance and operation management, we have carried out industry-university cooperation with academic institutions, connected field experience and the latest technology, and conducted the research and development of BIM in combination with MR glasses. Through the combination of MR glasses and the on-site construction, the construction process of steel structure hoisting can be simulated. In the future, it can be used in education and training. The focus in each training session can differ depending on different roles and jobs, such as crane positioning, hoisting operation, supervision, etc.

·Cloud ERP



·Application of BIM in combination with GHG Inventory



·Application of BIM in combination with MR glasses for steel structure hoisting - industry-university cooperation



·Application of BIM in combination with an equipment maintenance and operation system





BIM sustainable action

Through the research, development, and application of BIM, we actively carry out inter-departmental and inter-disciplinary cooperation, and strive to achieve the goal of reducing carbon and waste and conserving resources. We respond to sustainability-related issues with four main aspects, including "reducing cost," "improving work efficiency," "deepening the use of information," and "exploring the future of engineering".



- Kedge carries out BIM and application in the stage of electromechanical works through Kindom Development Corp. So far, we have completed a total of 10 projects, and another three are in progress.
- We adopted BIM for the public work turnkey projects for the Yonghe, Xizhi, and Shulin Civic Sports Centers in New Taipei City and implemented BIM throughout the entire life cycle from design.



Awards

- The public work turnkey projects for the Yonghe, Xizhi, and Shulin Civic Sports Centers in New Taipei City won the Excellence Award of the BIM Award.



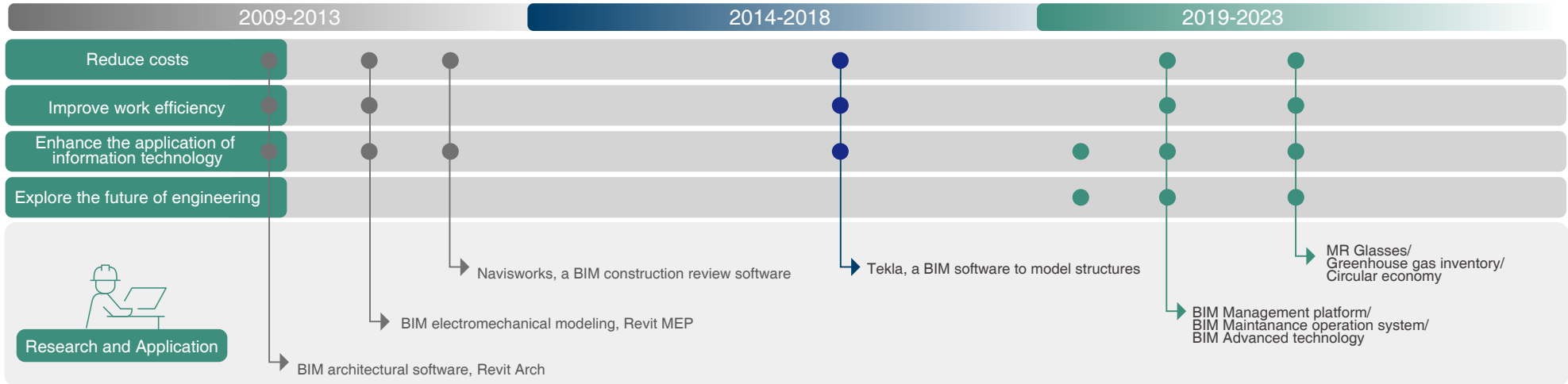
Adopted BIM for

- The most advantageous tender for the NTUH Biomedical Park Hospital project
- The Taipei Veterans General Hospital Medical Building Turnkey Project
- The Fengshan Hospital Medical Building Project
- The Project for the Biotechnology Center in Southern Taiwan, Academia Sinica



Adopted BIM for

- The Taoyuan Convention and Exhibition Center Turnkey Project
- The C212 Tainan Railway Station Underground Project
- The Nanmen Market Building Reconstruction Project
- The Baogao Industrial Park Project in Xindian
- The C611 Chiayi Elevated Railway Project
- The C612 Chiayi Railway Station Project
- The Taishan Social Housing Project in the
- The Asia Silicon Valley Innovation Development Center Construction Project



2022

Outcomes in 2022

- Convert UAV aerial images into digital terrain data for BIM drawings
- Adopt Civil 3D or Infra-worksks
- Research and adopt BIM operation maintenance platform
- Research BIM-assisted project quantity output
- Research and develop the combination use of BIM and MR glasses, for the steel structure hoisting simulation in the Taoyuan Exhibition Center project
- Research and develop BIM-combined greenhouse gas inventory
- Research and implement BIM circular economy, in case of the launch of sustainable engineer office

2023

Goals in 2023

- Continuously Convert UAV aerial images into digital terrain data for BIM drawings
- Adopt Civil 3D or Infra-worksks
- Continue to research and adopt BIM operation maintenance platform
- Enhance BIM-assisted project quantity output
- More deeply research and develop the combination use of BIM and MR glasses, for the steel structure hoisting simulation in the Taoyuan Exhibition Center project
- Research and develop BIM-combined greenhouse gas inventory, and implement the relevant projects
- Research and implement BIM circular economy, with the goal of obtaining BS 8001 verification

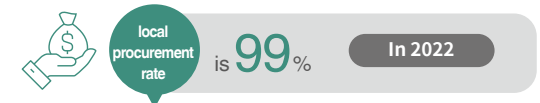
4.4 Supply Chain Management

GRI 2-23, 2-24, 204-1, 308-1

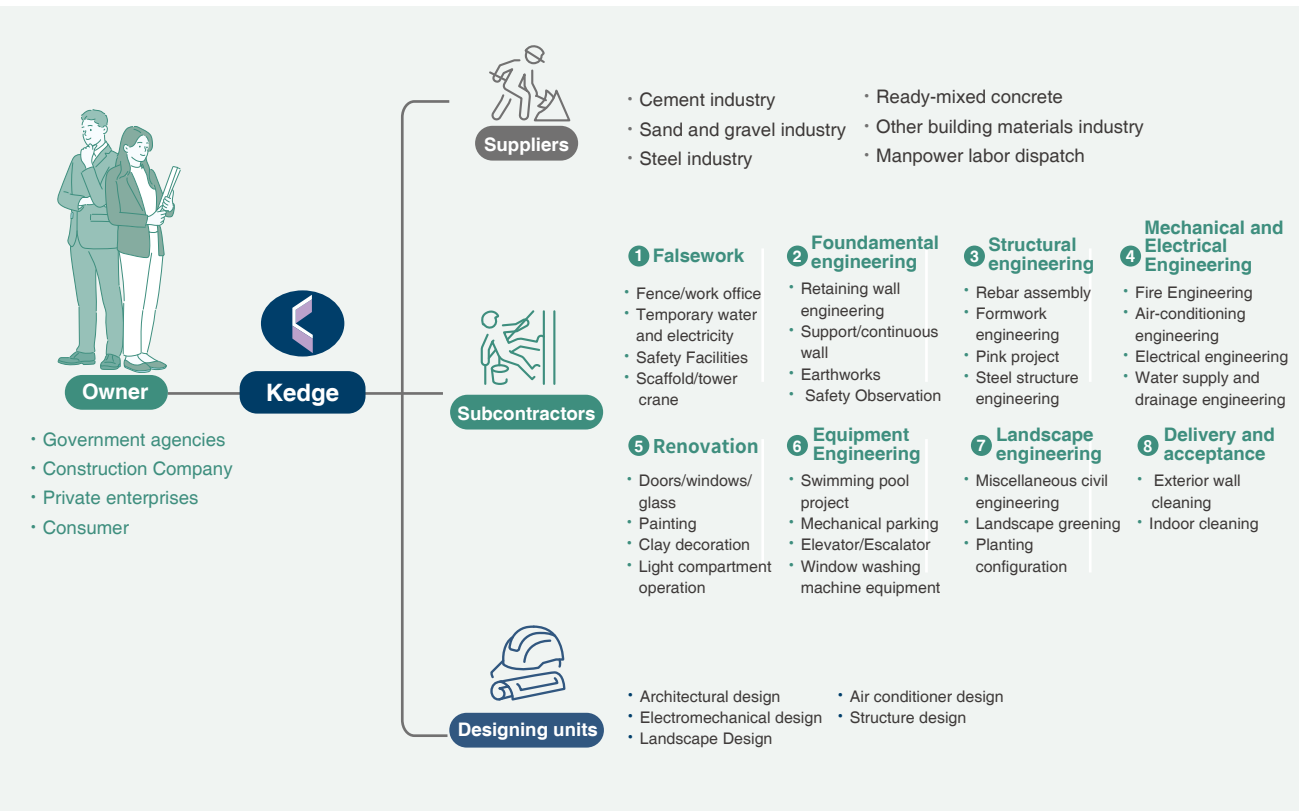
The construction industry is a highly complex, highly professional, and highly integrated sustainable industry. In the process of constructing buildings on the ground, interface integration and division of labor discussions between various teams are required; Consideration of how to effectively use our land and formulate workable plans for construction in compliance with the Building Act, becomes a profound knowledge. We effectively and accurately divide the responsible project and construction sequence between the supplier and the construction side. Our highest standard is always the on-time, on-budget, and on-spec construction. From the quality control of raw materials to the overall project construction period planning, we keep constant record of all the details and leave them under careful management and control, to achieve the highest efficiency, stable quality, and policy transparency and also to establish a cooperative relationship with suppliers, so as to create mutually beneficial high-level construction projects.

Raw Materials Procurement Policy

As for the raw materials required for each construction site and project, we collect data and classify it in advance to make an estimate through big data analysis, and then purchase materials sequentially in stages or at one time to cut down cost expenses. We select local materials. To assure our customers, we strictly control the quality of materials and comply with various laws and regulations, and give priority to the use of raw materials with various energy label certifications.



- 1 Provide jobs for domestic suppliers and laborers.
- 2 Increase employment opportunities for residents near the construction sites.
- 3 Reduce transportation costs and conserve energy and reduce carbon.



Response to energy conservation and carbon reduction and green procurement

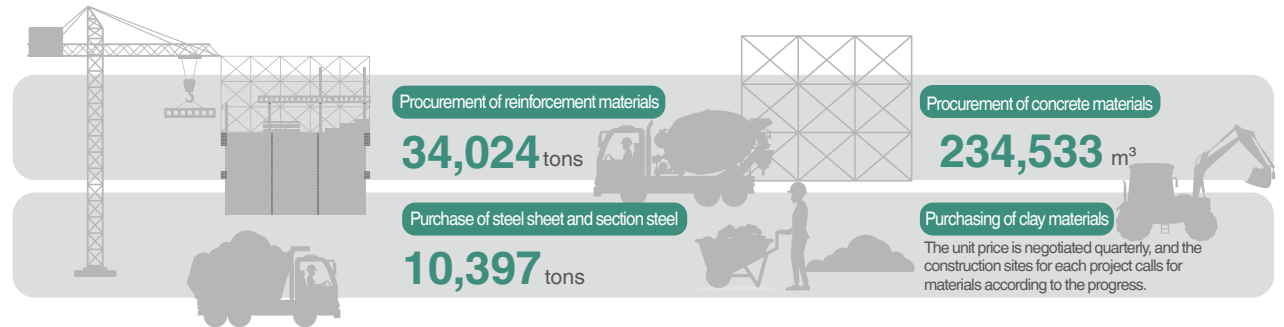
Suppliers who implemented ESG-related actions account for 30% of the total number of materials delivered

Energy conservation and carbon reduction is the consensus of all people in today's society. Starting from 2022, we require suppliers of materials to meet ESG requirements, such as certified product carbon footprints, greenhouse gas inventory and other related actions. We require our annual material contracting needs to reach 30%, and the goal is to reach 40% in 2023. In order to respond to this consensus and protect the precious earth, we demonstrate the continuous action and determination of energy conservation and carbon reduction, and purchase building materials with water-saving and energy-conserving, green building material labels, and carbon footprint certificate in accordance with the owner's regulations or suggestions. This year, we also purchase materials with environmental labels and electrical scooters. This demonstrates our continuous commitment to green and sustainable development. In the future, we will include recycled procurement and carbon-reducing materials in the statistics of green procurement amount.

Note: we outsourced a total of 56 material procurement, and 17 suppliers met the ESG requirements, accounting for 30.4% > 30%.



Procurement status of main raw materials



1 Amount of Green Procurement (water saving label, energy saving label, green building material label, carbon footprint verification, etc., and eco-marks.)



Note: water saving label, energy saving label, green building material label, carbon footprint verification, etc., and in 2022 we will add water chiller and eco-marks.

2 The estimated attainable amount of water and energy conserved by green procurement

Purchase items	2020	2021	2022	
Water saving liter/year	Toilet	12,015,216	16,603,704	31,098,000
	Faucet	7,662,021	-	10,784,990
energy saving KWh	Air-conditioning	386.4	838.56	-
	Water chiller	-	-	662,256



Calculation standard of the green procurement amount



• Water saving label

Water-saving toilets - according to the regulations of the Water Resource Administration of the Ministry of Economic Affairs, for the comparison of general-level water-saving and gold-level water-saving: one-stage general-level water-saving standard toilets flush with a volume of 6 liters; two-stage gold-level water-saving standard toilets flush with a volume of 4.8 liters for defecation and 3 liters for urination.

Here below is the example for calculating the annual amount of water saved by the toilet:

Given in a family of 4 members, everyone defecates once a day and urinate 5 times a day.
The difference in the water amount within a year is calculated as below:
Original – general-level water-saving toilet: 4 people x 6 times/day x 6L/time x 365 days = 52,560L/year
Replacement – gold-level water-saving toilet: 4 people x (1 time/day x 4.8L/time + 5 times /day x 3L/time) x 365 days=28,908L/year
Difference in the water amount in one year: 52,560-28,908=23,652L/year

The example for calculating the amount of water saved by faucet:

Given in a family of 2, each person washes their hands 2 times/brushes their teeth 2 times a day
The amount of water saved (liters/minute), based on the test results provided by the suppliers.
The amount of water saved by faucets (liter/year) = number of people x number of times x days x water saving x number of faucets



Water-saving faucet - According to the regulations of the Water Resources Administration of the Ministry of Economic Affairs, it complies with the National Standard CNS 8088 for the



• Energy Conservation Label

Air-conditioning – According to the calculation standard of the Bureau of Energy of the Ministry of Economic Affairs Purchasing Hitachi inverter air-conditioning models can save about 40% of the total quantity of electricity.
Number of units x electricity consumption = total quantity of electricity
Total quantity of electricity x 40% = the quantity of electricity that is saved
Water chiller - according to the calculation standard of the Bureau of Energy of the Ministry of Economic Affairs
Given that the general consumption model consumes the 0.77kW/RT of electricity in average, the average efficiency of the high-efficiency inverter model can be 0.5 kW/RT
The water chiller runs 16 hours a day, and it runs a total of 5840 hours in a year (365 days)
Estimated energy efficiency = the electricity capacity of water chiller ÷ (0.77kW/RT-0.5 kW/RT) x 5840hr/year



• Green building materials label

According to the regulations of the Architecture and Building Research Institute of the Ministry of the Interior, we divide green building materials into 4 types: health, ecology, regeneration, and high performance. We calculate the total amount of materials for procurement after confirming that suppliers have obtained the green building material labels



• Carbon Footprint Verification

In accordance with the regulations of the Environmental Protection Administration, we count the total amount of materials with a carbon footprint verified.



• Environmental label

According to the principles and procedures of ISO 14024 environmental protection label, we calculate the total amount of materials with environmental labels.

Supply status of main raw materials

The main raw materials we require include rebars, cement, ready-mixed concrete, tiles, aluminum windows, steel structures, etc. Unless in the case with the contract specified in the contracts, we purchase all raw materials on our own. Based on the needs for actual materials used in the various construction projects, we sign procurement contract with each supplier to clarify the project requirements and the relevant responsibilities, so as to grasp the source of materials. In particular, when purchasing key materials such as rebars and steel plates, we first compare the price of the materials with the domestic market prices and then decide to purchase them in large amount, to ensure the quality of raw materials and reasonable prices. We estimate the costs of the remaining bulk materials and manpower for the second half of the year every six months, as per international economic trends and fluctuations, to bid for new projects and control costs.

Countermeasures against raw material fluctuations

- 1 Outsourced procurement projects (5 projects) as one project to seek the lowest possible price with a large quantity**
In 2022, we outsourced all procurement projects for 4 equipment and materials as one project, accounting for 88.88% of the previous purchases and 89.24% of the budget.
- 2 In order to obtain a better contract price.**
We outsource all procurement projects as one project to seek the best outsourcing price
- 3 Regarding the purchase of rebars and steel plates**
We compare the domestic prices to determine the timing of bulk purchases. Otherwise, we purchase in small quantities to cut costs.
- 4 We estimate the costs of the bulk materials and manpower**
For the second half of the year every six months as per international economic trends and fluctuations, to bid for new projects and control costs.



Assessment and Evaluation System

We undertake engineering projects with a certain scale in various fields in Taiwan, covering hospitals, scientific and technological plants, buildings, and bridges. Due to the differences in expertise in various fields, excellent suppliers are the key to the success of all projects. We have formulated standardized processes to ensure project quality, from initial evaluation to regular evaluation and management after a contract is signed to ensure construction quality and enhance our competitiveness in the industry. Kedge Construction's suppliers include:

Professional suppliers	Suppliers of manpower required to complete and deliver projects, suppliers of equipment and materials, such as diaphragm walls, doors, and windows, stones, all of which have a certain scale of business and sufficient liquidity.
Professional subcontractors	Suppliers provide professional and technical workers, such as form workers, painters, and tile setters, whose scale is smaller and has less sufficient liquidity.
Raw material suppliers	Subcontractors provide various construction materials or other materials, such as rebars, cement, sand, red bricks, and tiles.
Labor or service dispatch	Raw material suppliers provide general non-technical workers.
Equipment suppliers	They provide qualified suppliers in alignment with customers' needs.
Architects and consultancies	Equipment suppliers provide architectural design ideas to assist with turnkey design, planning, professional reporting, and selection of professional suppliers.
Asset suppliers	Such companies provide or lease general software and hardware and facilities to construction sites or companies.
others	Suppliers not in the categories above.

Ethics agreement signing

In 2022, a total of 584 ethical agreements were signed. As a publicly listed company, Kedge Construction upholds integrity in business and requires suppliers to specialize in their techniques and complete work with a sincere and pragmatic attitude. Therefore, when we sign each contract, an affidavit is attached, and the contract clearly specifies the requirements on environmental protection, participation in associations, no child labor, and no forced labor to regulate both parties' conduct and allow Kedge to break through the stereotype of the traditional construction industry.

Evaluation and Assessment policy and Sustainable Commitment

In order to achieve excellent engineering quality, we carefully select material suppliers and construction suppliers, emphasizing their engineering experience and professionalism. Before moving materials and equipment to the sites, we must plan and communicate with relevant suppliers in advance to develop excellent partnerships on the basis of ethical management. We regularly conduct assessments of suppliers in accordance with the ISO 45001 supplier management method procedures to guide or replace them as per the assessment results. Through a well-developed supplier management system, we have established an effective, complete, high-quality, and stable supply chain to facilitate the construction progress and cost control.

Greenhouse Gas Inventory Clause

In response to climate change, we add to the contracts with suppliers the clauses with regard to the Greenhouse Gas Inventory [Party A must disclose greenhouse gas inventory information year by year in accordance with the FSC's "Sustainable Development Roadmap for TWSE/TPEX Listed Companies." For facilitating Party A to calculate the annual greenhouse gas emissions, Party B should provide the data of various emissions as per the needs of Party A's construction sites. The records and certificates of the emission data include but are not limited to: the consumption, weight, specification and model of fuels, refrigerant, acetylene, ground powder, engineering and construction materials, machinery and facilities, purchased electricity, etc. If Party B fails to provide the necessary records and certificates within the time required by Party A, Party A may suspend the valuation until Party B makes improvements.] , in line with the environmental policies to select collaborative suppliers.

Self-assessment sheet for newly added suppliers

In order to make suppliers understand more our ESG policies, we inserted in the self-assessment sheet items such as environment, human right, ethics, and corporate governance, so that the suppliers can meet our sustainable development goals when undertaking construction projects.

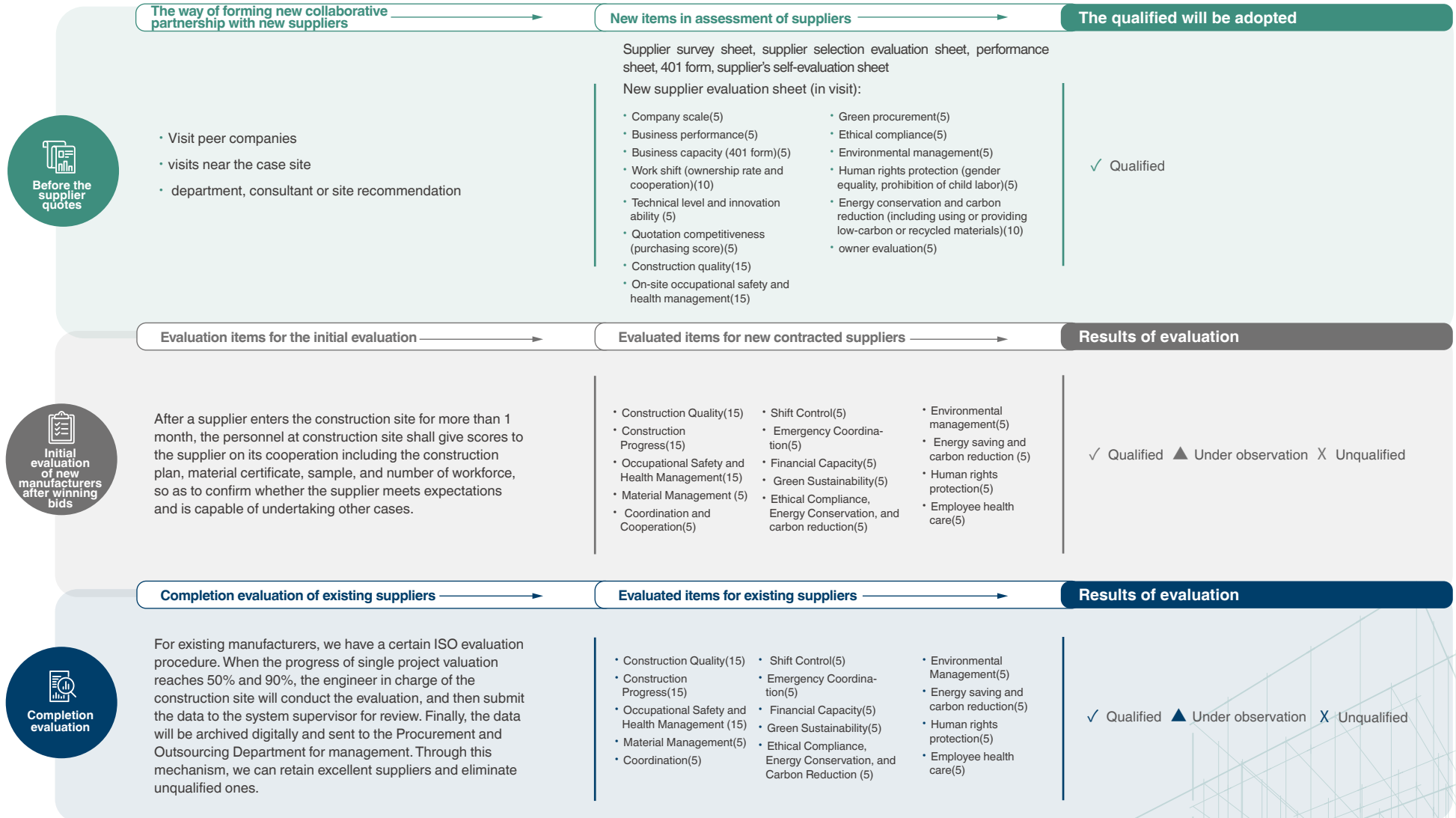
Starting from July 1, 2022, 210 suppliers have won bids, and 189 of them have filled in the sheet, with a filling rate of 90%.





Suppliers Evaluation System

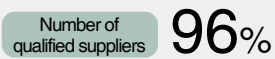
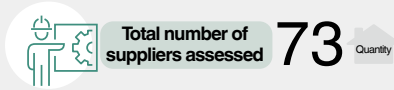
We select excellent new suppliers and rigorously assess old ones. It is one of our keys to maintain high quality in construction projects. Therefore, we have developed a complete set of evaluation and evaluation systems, such as





2022

New Suppliers Evaluation Statistics



Excellent : 90~100points 7 Quantity

Good : 80~89points 30 Quantity

Fair : 70~79points 11 Quantity **48**



Poor : 60~69points 1 Quantity

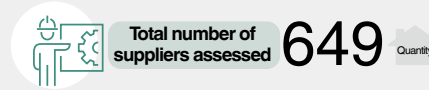
Bad : below 60 points 1 Quantity **2**

50%

2022

with valuation reaching

Evaluation statistics for suppliers



Excellent : 90~100points 70 Quantity

Good : 80~89points 214 Quantity

Fair : 70~79points 47 Quantity **331**



Poor : 60~69points 0 Quantity

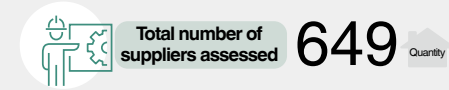
Bad : below 60 points 1 Quantity **1**

90%

2022

with valuation reaching

Evaluation statistics for sup



Excellent : 90~100points 33 Quantity

Good : 80~89points 78 Quantity

Fair : 70~79points 18 Quantity **129**



Poor : 60~69points 1 Quantity

Bad : below 60 points 1 Quantity **2**

1. If the grade of a supplier is ranked as bad, we will never sign a contract with the supplier. If the grade of the supplier falls to poor, we will stop quotation with it for one year. Suppliers ranked good and excellent will be priority for quotation. Under the same unit price, such suppliers will be first considered to collaborate with.
2. Excellent: 90-100 points, good: 80-89 points, fair: 70-79 points, poor: 60-69 points, bad: less than 60 points

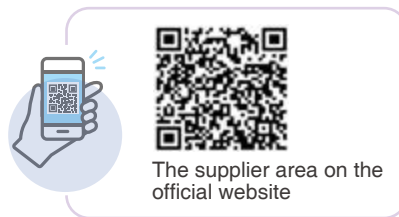


Supplier communication, education and training and health maintenance

In response to issues such as green energy, environmental protection, and circular economy, we actively seek, visit, and collaborate with relevant suppliers, or introduce them to our construction site through cooperation to save manpower, increase labor efficiency, and reduce costs. In order to prevent the impact of shortage of workers and materials due to the pandemic, a shift database is established to understand the dynamics of shifts, so as to quickly assist the construction site with the labor force from migrant workers to reduce the impact of shortages of on-site manpower. For materials or shifts specified in our contracts, we regularly contact the suppliers to confirm the stable supply of goods. If the supplier's incoming materials are affected by the pandemic, they must report to us immediately, and evaluate the impact of the pandemic on the import of materials as a countermeasure.

We provide various communication channels to maintain good communication with suppliers. We hold regular sessions of education and training for projects, so that the overall project can be completed smoothly and on schedule, and we cooperate with hospitals to conduct health examination for all personnel. The following is some of the communication channels for suppliers:

- We asked **160 suppliers** to fill in the questionnaire and listened to the suppliers for suggestions on our social corporate responsibility.
- We advocate to suppliers for using the supplier area on our website, EPO (Electronic Procurement) and other communication methods for solving problems they encounter.
- **In 2022, we conducted a total of 9 interviews** with manufacturers to understand the assistance needed by suppliers and capital turnover.
- **In 2022, we held a total of 14 education and training sessions** on procurement instructions.
- We cooperate with hospitals to conduct health examinations of all personnel.
- We held the first supplier conference on March 25, 2023, inviting 200 construction engineering partners to participate, focusing on low-carbon engineering, industrial sustainable development and other themes.
- We will issue e-newsletters in future to integrate the company's ESG policies and relevant information and guide suppliers on a quarterly basis. We look forward to working together with suppliers to create a more low-carbon, sustainable, and influential construction supply chain.



• News reports related to the supplier conference: <https://www.cdns.com.tw/articles/771820>





4.5 In response to green buildings






Tables of the statistics of sustainable building labels awarded in recent years



Sustainable label	level	case	2021	case	2022	case	2023 expected to achieve
Green Building Label	Gold	4Quantity	Academia Sinica Southern Branch Kindom Roosevelt Dunbei North Base- E.Sun Financial Holding Dunbei Enterprise Headquarters Dunbei South Base- E.Sun Financial Holding Dunbei Enterprise Headquarters	-	-	2Quantity	Ruian Section, Daan District urban renewal Kindom Xintianhui
	Silver	2Quantity	Kindom Wenxinzhan Kindom Tian Qing Sanchong Sanmin	1Quantity	Dazhi Station Beian Section urban renewal	1Quantity	Kindom Tian Ying
Candidate Green Building	Gold	2Quantity	Nanmen Market Taoyuan Convention and Exhibition Center	-	-	1Quantity	Songshan Minquan E. Building A Urban renewal
	Silver	-	-	2Quantity	Taishan Social Housing Songshan Minquan E. Building B Urban renewal	-	-
Smart Building	Diamond	1Quantity	Academia Sinica Southern Branch	-	-	-	-
	Silver	1Quantity	Dunbei North Base- E.Sun Financial Holding Dunbei Enterprise Headquarters	-	-	1Quantity	Ruian section, Daan District urban renewal
LEED		1Quantity	Dunbei North Base- E.Sun Financial Holding Dunbei Enterprise Headquarters	-	-	-	-

Note: The statistics above include projects under construction and completed.

The number of projects and expenditures for Kedge's green buildings in 2022

Certificate	Number of cases	Construction Projects	Heat Insulating Mortar	Low-E Glass	Landscape Engineering	Total
 Plan to obtain Green Building Candidate Certificate	1 case	 Green Building Gold Class Candidate Certificate Songshan Minquan E. Building A urban renewal	not adopted	NT\$17,703,675	NT\$37,971,010	NT\$55,674,685
 Obtained Green Building Candidate Certificate or Label	3 cases	 Green Building Silver Label Ruian Section, Daan District urban renewal  Green Building Silver Class Candidate Certificate Songshan Minquan E. Building B urban renewal Taishan Social Housing	NT\$1,843,638	NT\$5,091,462	NT\$73,164,884	NT\$80,099,984

Column

Integrating ESG concepts and promoting Sustainable Engineering Office

The Engineering Office is the core of the engineering base and the starting point for building a sustainable city. It symbolizes the fortress of the base and also reveals the spirit of sustainability. In 2022, the "Sustainable Engineering Office" with the concept of circular economy is thus planned. Through the "modular design" of second-hand containers, the office replaces traditional disassembled modular houses and makes good use of recycled materials such as old wooden pallets and waste spools, integrating the components into office furniture and decoration design. It is also equipped with solar panels and green building elements which performs low energy consumption and the first-class energy efficiency, so as to implement circular economy in construction industry.

When the traditional linear economic model fails, "circular economy," which aims at zero waste and reusing waste and focuses on new value creation, has become a key for the globe (government and enterprise) to break through the current predicament, strengthen energy conservation, reduce carbon emissions, and move towards sustainable development. The Engineering Office is not only the

core of an engineering base, but also the starting point for building a sustainable city. We adopt the "Sustainable Engineering Office" to practice circular economy, demonstrate and share the innovative energy of the construction industry in circular research and development. Meanwhile, through third-party verification we expect to obtain the highest level of BS8001 circular economy certification in July 2023.

"The Sustainable Engineering Office is an innovative experimental project. In the future, in addition to applying for circular economy verification, we will also hold community integration activities to pass on the concept of sustainability to more people." In the past, we have already accurately measured reusable materials through BIM modeling technology when demolishing buildings. The construction project of Nanmen Market, which is about to be completed, has a building recycling rate of 9.6%. Not only has it passed the BS8001 circular economy verification, but it has also been awarded the Taiwan Circular Economy Award, to be a standard in the construction industry.



05 Employ Care

- 5.1 Management Approach
- 5.2 Salary and Benefits
- 5.3 Talent development and training

- 5.4 Occupational safety and health
- 5.5 Human right policies

Highlights of performance

Up to **181** people had job promotions and salary increases, accounting for **31%** of all employees

The overall salary increase was **6.3%**

The average hours for employees' training was **26.3 hours**

Won the 2022 Happy Workplace Award for the continued **2 years**

Awarded as the excellent unit at the New Taipei Engineering Safety Award for the construction project Kindom Xintianhui

Provided a total of **2803 hours** of paid vaccine leave (to all employees)





5.1 Management Approach

Kedge's sustainable role	Material issues	Management strategies and approaches	Links to SDGs	Key Performance Indicators (KPIs)	Management Indicators and Goals			Impacts and opportunities
					Goals in 2022	Implementation Results in 2022	Goals in 2023	
Employee Care	Occupational health and safety management	Provide sufficient training courses for employees and suppliers to strengthen occupational safety knowledge and disaster response capabilities, and strictly supervise the implementation process.		Major industrial safety incidents Disabling injury rate	Fatality of occupational accident reported 0%	Not achieved with 2 major industrial safety accidents occurred Note1: 1/21 saw an accident of hydraulic aerial cage at Zero Waste Center Note2: 8/12 saw a falling accident of skylight panel repair near Yumaowu Captain and the neighboring houses	Fatality of occupational accident reported 0% Less than 3 Occupational injuries that required hospitalization reported in the year	The increase in occupational accidents will affect the reputation of the company and endanger the health and life safety of all workers.
	Human rights protection	We follow the human rights policy to ensure the fairness of salary and promotion management mechanisms, without discrimination or unequal treatment due to race, nationality, gender, sexual orientation, etc. We continue to encourage the promotion of women to take up management positions and reduce the difference in the salary ratio between men and women. In terms of suppliers, we understand suppliers' actions on human rights through close cooperation, self-assessment review and communication. Those who do not comply with human rights measures will not be in collaborative partnership with us.		Employ people with disabilities and indigenous people	Full number of people with disabilities and indigenous people employed, in compliance with the laws	in 2022 A total of 903 employee 5 of whom are people with disabilities are still required to pay a employment fee	Same as the goals in 2022 0.5	



5.2 Salary and Benefits

GRI 2-7, 2-8, 401-2, 401-3, 405-1

Talent - the Cornerstone of Kedge Construction

Employees are the cornerstone of corporate growth. Kedge Construction has a three-layered talent strategy: attract, cultivate, and retain talent. We have established industry-academia mechanisms for exchanges with schools, providing industry experiences to attract talent, setting up an excellent talent recruitment platform, and constantly creating a safe and stable work environment in which employees feel respected, allowing everyone to achieve their career goals and realize their dreams.

	Male	Female	Others*	Total	North	Central
Number of employees (Full-time + Part-time + Interns + Migrant workers)	684	219	903	555	30	318
Irregular employees (Full-time)	384	201	585	391	29	165
Regular employees (Construction workers)	10	12	22	5	-	17
Employees without specific working hours	0	0	0	-	-	-
Full-time (Full-time employees + Construction workers)	394	213	607	396	29	182
Part-time	1	1	2	2	-	-
Interns for summer break (July-Sept)	18	5	23	13	1	9
Migrant workers	271	0	271	144	-	127

Note: Data is current up to December 2022.

In response to the company's development in 2022, as of December 31, 2022, there were a total of 903 employees (including part-time employees, summer interns and non-domestic workers).

Compared with the same period of the previous year, the number of irregular employees increased by 12%, and the proportion of foreign workers increased from 16% to 31%. The number of contractors and temporary workers assisting the operation of the construction site reached an average of 1,692 per month

Giving back through local job opportunities

We recruit new employees based on the principle of local employment, providing employment opportunities in the area where our operating sites or construction projects are located, and comply with labor laws and regulations to protect employees' right to work. Kedge Construction has 585 full-time employees and 2 part-time employees. Except for 1 with foreign nationality, all employees are Taiwanese. All employees' rights and interests are protected by the Labor Standards Act and applicable laws and regulations. There are also 22 fixed-term contract employees (10 males and 12 females) and 271 foreign migrant workers. We have a total of 903 employees.

Number of persons with disabilities employed over the years

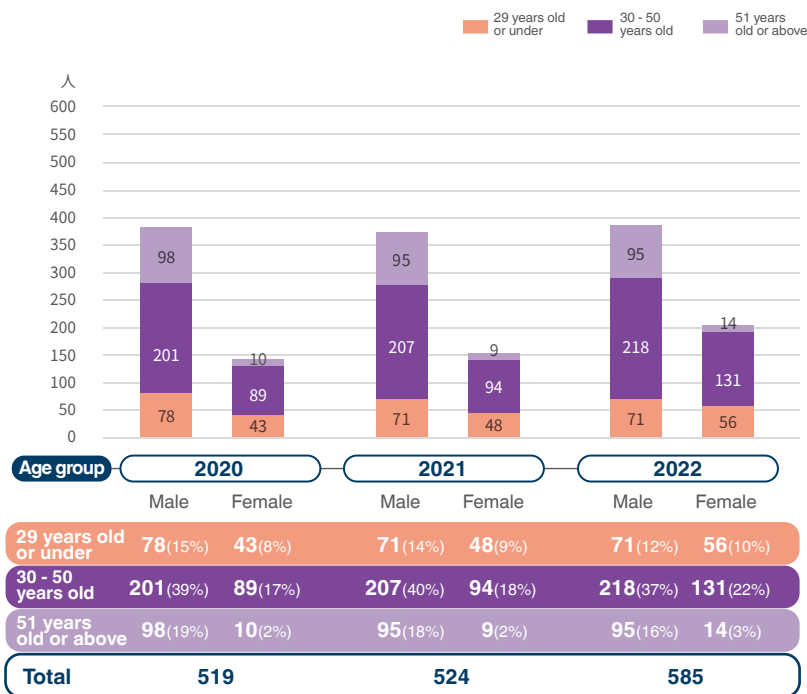
	2020		2021		2022	
Gender	Male	Female	Male	Female	Male	Female
Number of persons with disabilities employed	3	2	3	2	3	2
合計	5		5		5	

Note1: There are 903 full-time employees, fixed-term contract employees, and foreign migrant workers. We haven't employed sufficient persons with disabilities as required by law and are required to pay an employment fee for persons with disabilities. We still continue to employ persons with disabilities to ensure their right to work.

Note2: Recruitment of indigenous people: We provide indigenous people with jobs and employed a total of nine people in 2022 to ensure their right to work and livelihoods. Over the past two years, we have employed sufficient indigenous people to avoid paying an indigenous employment fee.

Number of employees and gender ratio over the past three years

The main manpower of Kedge is young and middle-aged employees aged 30 to 50. More than 90% of the employees have a college degree or above. The disproportionate ratio of males to females is due to the characteristics of the industry.



Note: The employees concerned in the statistics are mainly employees contracted with no fixed term of employment.

Focus on gender equality in the workplace to allow employees to work with peace of mind

Employees who have served for more than six months can apply for a maximum of two years of unpaid parental leave before their child turns three years old, in accordance with the Act of Gender Equality in Employment and the Regulations for Implementing Unpaid Parental Leave for Raising Children. After the end of the unpaid parental leave, the Company will arrange their return to their unit and position and provide relevant education and training courses to smooth out their return to the workplace. In 2022, a total of 3 people applied for unpaid parental leave, and a total of 2 were reinstated this year.

Item	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of people eligible for unpaid parental leave	8	3	7	3	2	7
Number of applicants for unpaid parental leave	2	2	2	2	1	2
Number of people who have been reinstated in the year	1	1	1	2	0	2
Number of people who should be reinstated in the year	2	1	1	3	1	2
Reinstatement rate for the year	50%	100%	100%	66%	0%	100%
Number of people who applied for unpaid parental leave and have been reinstated for more than 12 months	0	0	1	1	0	0
Retention rate of people reinstated for more than months	0%	0%	100%	100%	0%	0%

Note 1: Reinstatement rate for the year = Number of people who have been reinstated in the year/Number of people who should be reinstated in the year.

Note 2: Retention rate of people reinstated for more than 12 months = Number of people who have been reinstated for more than 12 months/Total number of people who should be reinstated for more than 12 months



Employee benefits

We attach great importance to labor-management relations and provide various excellent salaries and benefits to motivate employees to work with peace of mind and strive to achieve operational targets. Remuneration and benefits include salary increases and various bonuses for outstanding performance. To attract and retain professional talents needed by us, we have established innovation awards and rewards measures for senior role models to motivate other employees and enhance their commitment.

We regard every employee as an important partner and family member and are committed to providing a happy and harmonious work environment. In terms of work, we adopt various reward systems to enhance employees' sense of honor. We provide them with the most complete care, so that they can enjoy a good quality of life after work, including a variety of employee benefits and bonuses and a benefits system. For example, we have established an Employee Welfare Committee in accordance with the Employee Welfare Fund Act to provide all employees with subsidies for various activities and events, such as employee health examinations, sports days, year-end party, and departmental gatherings, as well as coffee machines, snacks, afternoon tea, and massage services, to relax their body and mind and adjust their status at work. (In addition, those who do not contribute to the welfare fund are not entitled to subsidies, the welfare fund, travel subsidies, and health examination.)

Work-life balance measures

We purchase employee group insurance, term life insurance, accident insurance (including severe burns and scalds), medical insurance, accident medical insurance, and cancer medical insurance for all employees at the full expense of Kedge itself, to ensure comprehensive health and safety protection for all employees at work and allow them to work with peace of mind. We take the initiative to provide a positive and relaxing work environment through various measures and policies in work, family, and health. We provide them with family care and support to facilitate their physical and psychological health and balance at work and in their daily lives, allowing them to take on family responsibility.

Childcare program for employees' children

We work with the Qinglin Preschool to provide childcare services for employees' children, and they can enjoy a 10% discount on the registration fee.

Annual family day, sports days, and various sports events

We invite employees to have fun and share our annual philosophy with their families.

Discounts and sales

We provide affiliate Global Mall's discounts and sales to employees.

House purchase discounts

Employees' families and friends can enjoy home purchase discounts and special home purchase surprises from time to time, so that they can enjoy their work achievements and high residential quality.

Work-from-home (WFH) mechanism

Due to the COVID-19 pandemic in 2022, we implemented the WFH policy. To protect employees' safety, we established a remote connection mechanism, allowing them to work at home with peace of mind.

Welfare fund subsidy

1. Dragon Boat Festival, Moon Festival, birthday, wedding, and baby bonuses. A bonus of NT\$3,000 upon the Dragon Boat Festival and the Mid-Autumn Festival, NT\$5,000 upon the birthday, NT\$20,000 for a wedding, NT\$10,000 for the first child, and NT\$20,000 for the second child and up are provided.
2. Allowances for funerals and hospitalization. The funeral allowance ranges from NT\$6,000 to NT\$20,000 depending on the family relationship and the hospitalization allowance is NT\$4,000, which applies to both employees and their family members.
3. Health examination, group insurance, and discounts on home purchases. A subsidy of NT\$10,000 for health examinations is provided to those who have worked for one year or more every June.
4. Sports days and various teambuilding activities.
5. Travel subsidies from time to time.
6. Employee remuneration paid out in accordance with our Articles Of Association.

Maternal health protection program for female employees

To protect female employees' health and benefits, we have implemented the Kedge Construction's Maternal Health Protection Program to maintain our stakeholders' health and well-being, including pregnant and breastfeeding female workers or those in the postpartum period, and prevent pregnant employees from suffering reproductive harm and physical and psychological harm.

Safe and friendly workplace - breastfeeding rooms

We set up breastfeeding rooms in 2016 and renovated them in 2020 to make them more convenient and comfortable for female employees to access a barrier-free breastfeeding environment.

Senior employee award

To appreciate employees for their long-term contributions, we present awards to senior employees every year. In 2022, a total of 22 employees won awards, including 15 five-year awardees and 7 ten-year ones





Innovation awards

We launched innovation awards and a senior role model reward mechanism to express our gratitude with medals, thereby attracting and retaining the professional talents we need, motivating them to work hard, and enhancing their commitment.

	2020	2021	2022
Number of applications	6	3	5
Number of winners	3	4	3
Prize money (NT\$)	30,000	40,000	30,000

Free health examination, to keep our employees healthy

In response to the outbreak of the pandemic in 2022, we have canceled health examinations. In compliance with the governmental preventive measure against the pandemic, we canceled group health examinations which started from July 1, 2022, in order to reduce the crowd of people and other unnecessary events and to lessen the burden of the personnel in medical institutes. Instead, we issued health vouchers worth NT\$10,000.

Labor-management communication channels

We attach great importance to employee participation and facilitate labor-management communication through various mechanisms. If we expect any major change to the company, we will communicate and negotiate with employees at least two weeks in advance. During the reporting period, there was no major change to the company's operations that seriously affected employees' rights nor did any employee complaint or dispute occur. As per the Labor Standards Act, if there is any major adjustment to the company or the employees, two-week advance notice must be given, and adequate communication must be engaged with the employees. Forced labor, discrimination, or abuse is strictly forbidden. The company proceeds in accordance with the Labor Standards Act, and both the employer and employees abide by this act. The company has included the minimum notice

10-day advance notice	Employees who have worked for the Company for more than three months but less than a year	20-day advance notice	Employees who have worked for the Company for more than a year but less than three years	30-day advance notice	Employees who have worked for the Company for more than three years
------------------------------	---	------------------------------	--	------------------------------	---

Labor-management meeting

We hold a labor-management meeting quarterly to inform the labor representatives of the company's business development, employees' health, safety, benefits, salaries, as well as rewards and punishments, and we disclose the meeting minutes to all employees. In 2022, we held a total of four labor-management meetings, and the attendance of labor and management representatives reached 89.5%.period for changes in labor services in the work regulations:

5.3 Talent development and training

GRI 2-21, 201-1, 401-1, 404-1, 404-3, 405-2

Recruitment and retention

There is an economic cycle, but we always seek outstanding talents and never stop investing in the development of human capital, as we believe that an enterprise's competitiveness lies in talents. We participate in job fairs on campus and interact with the school interns, fresh graduates of universities or master's programs, and talents with one to two years of experience through an all-round talent cultivation program- a new talent training program and provide internship or employment opportunities through diverse online and offline channels to continue to recruit and train outstanding talents, enhance our competitiveness, and lay a foundation for our sustainable development It is our responsibility to provide a work environment of happiness and fulfill our corporate social responsibility. We regularly review employees' salaries, survey their satisfaction with work, and continue to improve, so that they will be proud of working at Kedge. We train their other skill sets through internal talent selection and interdepartmental rotation to cultivate all-around talents through training, experience, and honing.

Promotion system

To motivate employees to pursue continuous growth and stay at Kedge for more than half a year, they can participate in the company's twice-a-year performance management and promotion mechanism to improve and recognize their performance. Our performance evaluation and career development review mechanism ensure effective rewards to outstanding employees through performance management; we provide various types of bonuses, rewards, promotions, pay raise, and training to individuals and teams who have achieved strategic targets or have outstanding performance to retain talents.

In 2021, up to 181 people had job promotions and salary increases, accounting for 31% of all employees. °

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Annual evaluation						
Number of people to be evaluated	357	131	344	129	351	161
Number of evaluatee	357	131	344	129	351	161
%	100%	100%	100%	100%	100%	100%

Remuneration system

In 2022, the overall salary earned by the highest individual in the year is about 6.3 times the median salary of other employees. The median salary of employees here refers to the regular employees (excluding foreign migrant workers) who are on the job throughout the year, and the amount actually paid to the above-mentioned employees in the current year; the median annual income increase of individuals is 12%, which is about 1:4.9 compared with the change in total compensation for the highest individual annual income. The personal annual income increase here refers to the regular employees (excluding foreign migrant workers) who were on the job in the previous year and the current year, and the actual increase in the current year to the above-mentioned in-service employees.

We determine the remuneration based on market competitiveness and internal fairness. We decide on the remuneration based on the third-party market surveys of the construction industry. We adopt the principle of “enabling those with good performance to be better” for salary design depending on the overall economic changes, government laws and regulations. We adjust salary based on the company's overall performance, profit and performance at a given unit, and individual performance. In addition, we pay out year-end bonuses as per the company's annual profitability, the organization's achievement of targets, as well as employees' annual work performance. In addition, after the completion and payment settlement of each construction project, we allocate a moderate amount of the profits as bonuses to reward outstanding employees in the project to share the profits, enhance employees' loyalty and sense of honor, and motivate them to pursue excellence and take on challenges. Furthermore, our salary standards are consistent regardless of gender, race, religion, political affiliation, and marital status. The remuneration and benefits include salary increases and various bonuses to ensure and attract outstanding talents.

The remuneration policy of the company's senior management is recommended by the remuneration committee to the Board of Directors for approval; it is based on the company's sustainable operation strategy, financial indicators, environmental, social, corporate governance and other achievement indicators to ensure that the company's operating goals can be in line with sustainable operating results combined. In addition to setting fixed salaries with reference to salary market standards, the remuneration of senior management is directly linked to the performance evaluation items of senior executives as the basis for variable bonuses. In addition to ensuring short-term financial indicators, it also contributes to long-term value.

The regular salary of non-managerial entry-level male employees is 1.85 times higher than the minimum base salary, and that of the female counterparts is 2.33 times higher.

The overall salary increase is 6.3%.

Category	2021	2022	Difference
Average salary	929,000	981,532	52,532
Median salary	865,000	915,543	50,543
Number of people	564	585	22

The ratios of managerial and non-managerial employees to female counterparts are as follows:

Category	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Non-managerial employees	1	1.30	1	1.31	1	1.26
Managerial employees	1	1.27	1	1.28	1	1.24

Note 1: The annual salary is based on the fixed salary as the basis for calculation. The variable pay is not included in the calculation due to different work projects and areas, and the basis for calculating allowances and bonuses is also different.

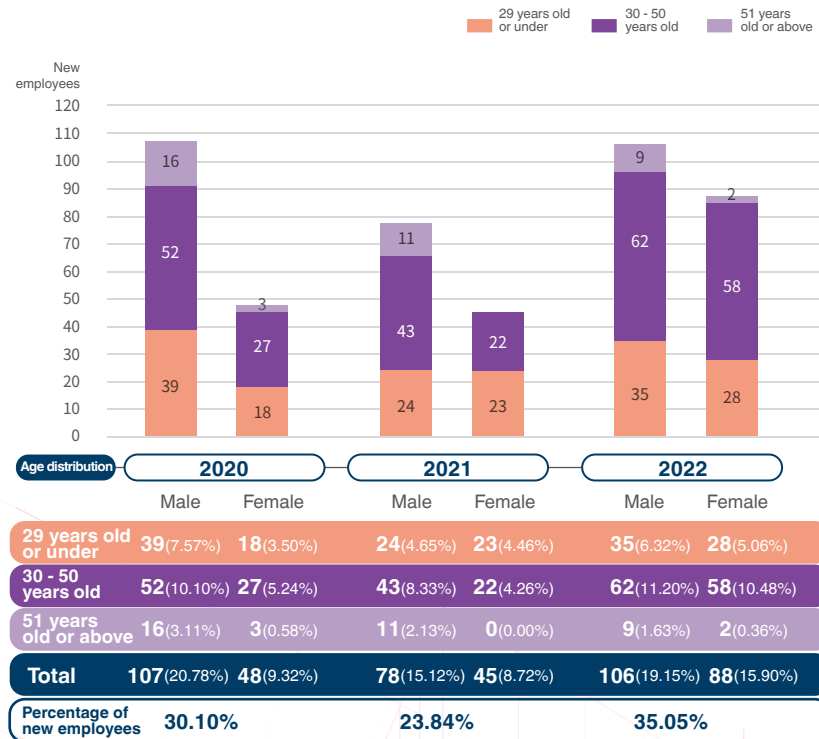
Note 2: Job allowances, hazard allowances, and gasoline allowances are included for those who work at construction sites and the percentage of males at the construction sites is higher than female counterparts.

Note 3: The managerial employees in concern are employees positioned as above senior manager.

Personnel turnover over the years

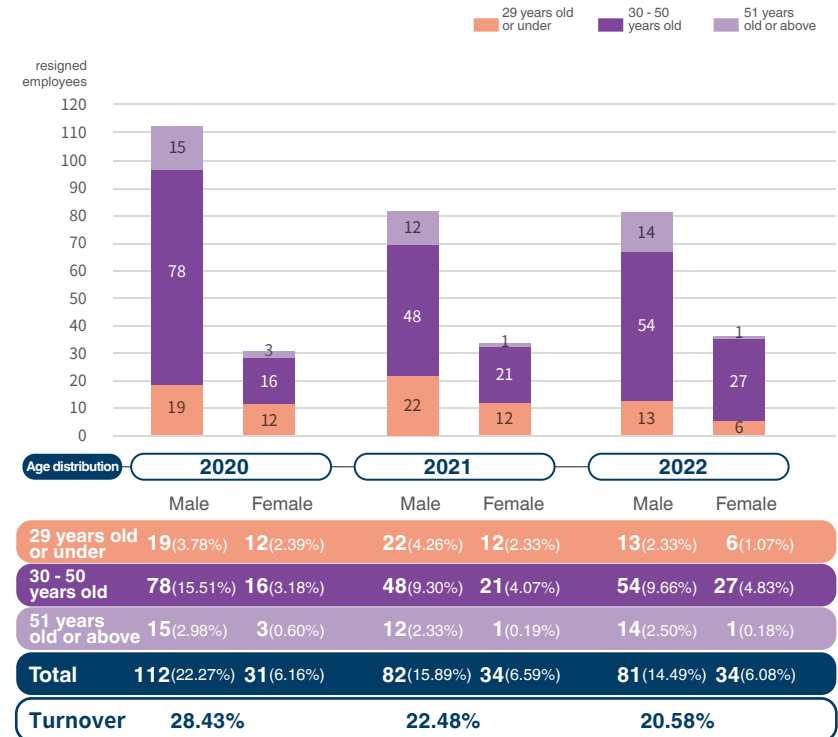
In 2022, there were 195 new employees (106 males and 88 females); there were 115 employees who resigned (81 males and 34 females).

New employees



Note 1: Percentage = Number of people in each age group by gender/average total number of employees during the year
 Note 2: Percentage of new employees = Total number of new employees during the year/average total number of employees during the year

resigned employees



Note 1: Percentage = Number of people in each age group by gender/average total number of employees during the year
 Note 2: Turnover = Total number of resigned employees during the year/average total number of employees during the year



Talent cultivation and development

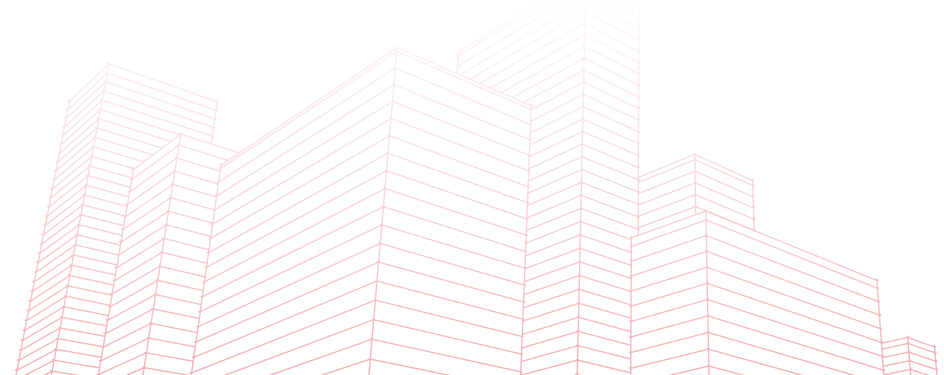
We enable employees to have diverse learning and development opportunities and broaden their career development paths through a well-established talent development system. Employees need to receive training continuously to improve their work quality and professional skills, stimulate their enthusiasm for work, and maintain work security. In 2022, the total number of our education and training hours for employees was 15407.02. The trainees were all our employees. The participation rate was 100%, with 26.34 training hours per person, which exceeded the target set by the company. The reason for the decrease compared to 2021 is that the total number of annual education and training hours in 2022 was affected by the pandemic and limited personnel mobility, so the total number of hours was lower than in 2021.

Compared with 2021, the total hours of annual education and training increased by **3593.92** hours.



Education and training hours over the years

	2020		2021		2022	
Training hours	Number of hours	Percentage	Number of hours	Percentage	Number of hours	Percentage
Internal training	9,112.1	60.08%	7,442.3	63%	8,676.1	56.3%
External training	6,054.5	39.92%	4,370.8	37%	6,730.9	43.7%
	Total number of hours	Average hours	Total number of hours	Average hours	Total number of hours	Average hours
Total	15,166.6	29.2	11,813.1	23.6	15,407.0	26.3
	Total number of hours by gender					
Male	11,017	29.2	8,410.9	22.55	10,114.2	26.3
Female	4,149.6	29.2	3,402.2	22.53	5,292.8	26.3
	Total number of hours					
Managerial position	1,373.4	29.2	1,307.5	22.54	3,346.3	26.3
Non-managerial position	13,793.2	29.2	10,505.6	22.54	12,060.7	26.3





We offer education and training every year according to the trends, the different needs of various job levels and units, and the expertise and skills required for their work and provide employees with subsidies for their professional elective courses to improve their expertise and soft skills. The implementation is as follows:

Category	Top-level managers	Middle managers	First-line managers	General colleague	New employees
<p>Off-the-job training (off-JT)</p>	Managerial position training	Management courses for managers at all levels			<ul style="list-style-type: none"> • Business philosophy • Organization history • Laws and regulations • Information security • Occupational safety and health, environmental introduction • Guidance to new employees • Learning resources
	Common training	Managers training development project			
	Professional training	Core competency and general education courses			
	Lifelong learning	Professional training			
	Digital learning	Professional knowledge and skills training for various departments			
Language learning	Internal instructor training				
<p>On-the-job training (OJT)</p>		<ul style="list-style-type: none"> • OJT • Training at the construction site • Job rotation • Job substitute • Job expansion 	<ul style="list-style-type: none"> • Job diversification • Participation in projects to gain experience • Coaching 		
<p>Self-development (SD)</p>					

2022 Employee Growth and Training Sessions

Category of training	Number of course	Expense (NT\$)	Percentage	Number of people	Percentage	
Internal training	Internal instructor course	53	76,400	3%	1,420	27%
	External instructor course	30	498,500	18%	574	11%
	Middle manager training course	9	791,825	28%	135	3%
Lifelong learning	Professional training subsidies (subsidies for license obtaining)	24	250,450	9%	24	0.04%
	Subsidies for further studies (master's programs)	-	433,095	15%	in school:7 Graduate:0	-
General external training subsidy	313	899,423	27%	313	6%	
Online course	65	0	0%	2,776	53%	
Total	494	2,949,693	100%	5,242	100%	

Note 1: Subsidies for further studies are not included in the total number of people and the percentage thereof.
Note 2: The total number of students receiving further studies subsidies was 7, of which 7 were still in school and none graduated in 2022





Column

DEI Workplace - Cultural Integration of Immigrant Workers

problem to be solved

There are 271 Southeast Asian employees (migrant workers) in Kedge Construction, accounting for about one-third of the employees, and they are the main source of project execution. In recent years, the promotion of "Labor Equality and Elimination of Inequality" (SDGs10) is part of Kedge's sustainable development strategy.



Our actions

- We promote reading, make hometown reading materials readily available, and make reading a part of daily life.
- We inspire creativity through bookcase design, recycle waste and create new life.
- We carry out Chinese training workshops for migrant workers education, so that migrant workers who leave their hometowns and come to Taiwan can often integrate into the local society.



Implementation and Highlights

- Our book acquisition relies on the book selection cooperation with "Bright Time." Its unique rent-to-buy model also prevents books from being owned by a certain unit, which embodies a circular economy and a sharing economy.
- Through a variety of "circular economy" models, we used small-scale and creative ways to reduce waste. For example, we retained available aluminum frames when demolishing original buildings, and saved solar panels for use in the construction of new cases. In this case, the leftovers (iron frame) and used wooden pallets are able to be slightly reconstructed to make furniture (such as tables and chairs) or office supplies (such as bookshelves, whiteboard racks) as materials for making bookcases.
- We carried out conduct Chinese build-up workshops and cooperated with the NGO organization "One-Forty" to design various ability-building courses so that migrant workers can learn and accumulate themselves after work.

Results

- We set up 3 Kedge Co-Prosperity Bookstores at the construction site of Taoyuan Convention and Exhibition Center, the construction site of Chiayi Station, and the construction site of Tainan Station. It is estimated that the number of book borrowings has reached 350 times.
- We conducted Chinese power-building workshops, with 30 beneficiaries and a total of 180 hours of education and training.





5.4 Occupational safety and health

GRI 2-8, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Working with health and safety is a human right

Kedge Construction Co., Ltd. guarantees that "every worker who participates in the company's activities has the right to know and understand the issues of hazards and risk that may affect health or safety in the working environment and procedures, and be free to participate in the review and improvement of them (the rights to information, participation and assembly). They also have right to obtain corresponding health and safety protection to avoid possible impact on body and life (the right to be protected); if the impacts that causes health or safety losses are recognized, participants and their families shall be provided with appropriate and effective remedies (appropriate and effective remedy)."

Kedge Construction Co., Ltd., adhering to the founder Mr. Ma Yushan's concept of "people-oriented, respect for life, and safe construction," provides a healthy and safe working environment and system and regards occupational safety and health management as one of the important conditions for the company's survival and sustainable development. We incorporate the human right "health and safety at work" into the occupational safety and health policy: we promise to "comply with laws and regulations" to ensure the rights and interests of every worker participating in the company's activities; we hold "hazard prevention" to identify possible health and safety risks in the relevant working environment and procedures in advance. we promote the "full participation" of health and safety actions, and stick to the "continuous improvement" for eliminating various hazards at work. We strive to ensure that our working environment and procedures achieve the health and safety of personnel, so as to fulfil the purpose of maintaining social order.



OSH in Chinese

OSH in Thai

OSH in Vietnamese

Establish, verify and maintain occupational safety and health management system

According to Article 23 of the Occupational Safety and Health Act and Article 12-2 of the Occupational Safety and Health Management Measures, Kedge Construction Co., Ltd. aims to "improve a safe and hygienic working environment, enables the organization to identify and prevent its risks, protecting its employees and providing them with a safe and reliable workplace, with the possibility of accidents and diseases reduced and regulatory compliance improved." Since 2015, Kedge has been introduced to the "OHSAS 18001:2007 Occupational Safety and Health Management System" and passed the verification of "Taiwan Occupational Safety and Health Management System TOSHMS" CNS 15506:2011." In line with the ISO 45001:2018 occupational health and safety management system issued by the International Organization for Standardization (ISO) in 2018, Kedge also passed the system verification in 2020, and the regular (annual) tracking verification in 2022 and 2023. We schedule our first regular (every three years) renewal verification in 2024.

The scope of "ISO 45001:2018 Occupational Health and Safety Management System and Taiwan Occupational Safety and Health Management System TOSHMS CNS 45001:2018" established and verified by Kedge Construction covers employees in designated workplaces (hereinafter referred to as engineering projects) and workers whose work is controlled by the company, or non-company-controlled coworkers (such as construction collaborative suppliers) who participate in the company's activities and scope of activities, and stakeholders in relevant businesses, but not including co-workers who is not managed under the company, but those who may be impacted by the occupational safety and health of the company's operations, products or services.



Taiwan Occupational Safety and Health Management System (TOSHMS/CNS) 15506:2011 Verification Certificate



International Standard "Occupational Health and Safety Management System" ISO 45001:2018 Verification Certificate



Taiwan Occupational Safety and Health Management System (TOSHMS/CNS4) 5001:2018 Verification Certificate



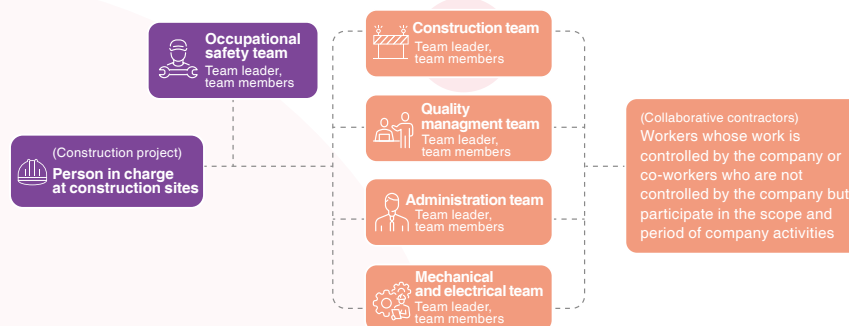
Hazard identification, risk assessment and accident investigation

According to Article 2-1 and Article 6 of the Occupational Safety and Health Management Measures, the company's head office has set up an occupational safety office directly under the General Manager's dedicated first-level management unit, responsible for drafting, planning, supervising and promoting affairs concerning safety and health management. It also serves to guide the implementation of relevant departments. In order to prevent occupational accidents in the engineering projects affiliated to the company, the person in charge of the workplace of the engineering project shall act as the commander, supervisor and coordinator of the workplace, and organize the occupational safety team to which he belongs. The team leader shall have qualification as a supervisor of construction industry and occupational safety and health business. He shall be responsible for supervising safety and health management affairs involved in engineering projects. One of the team members should have qualifications as the occupational safety and health administrator above grade B, responsible for drafting, planning and promoting affairs of safety and health management in engineering projects. He shall be also in charge of guiding relevant departmental implementation. In compliance with the provisions of Article 38 of the Implementation Rules of the Occupational Safety and Health Law, we established a coordination organization for engineering projects, and at least once a month (regularly) or irregularly hold the "Engineering Project Coordination Organization Meeting" to convene contractors, sub-contractors, etc. to carry out connection and adjustment of the company, inspection of the workplace, guidance and assistance in safety and health education between related contractors, and other necessary matters for the prevention of occupational accidents.

The Occupational Safety Team and the Occupational Safety Office of the Occupational Safety and Health Organization shall, in accordance with the Occupational Safety and Health Management Measures (Attachment 2 and 2-1), stipulate the scale of the construction business units and the qualifications of the management personnel (construction business supervisor, Class B or (and) Class A management) and the full number of people.

We have **167** supervisors who have qualifications in occupational safety and health in the construction industry; **76** managers who have Class B qualifications in occupational safety and health; **7** managing people who have Class A qualifications in occupational safety; **1** managing person who have Class A qualification in occupational health.

Organization chart of construction projects (schematic)



Based on the certified ISO 45001:2018 Occupational Health and Safety Management System / Taiwan Occupational Safety and Health Management System (TOSHMS) CNS 45001:2018, Kedge Construction Co., Ltd. formulated the "Occupational Safety Risk and Opportunity Assessment Procedure" and "Accident Reporting and Investigation Management Procedures," required the Occupational Safety Office, engineering projects and all departments to carry out hazard identification, risk assessment and accident investigation related to occupational safety and health. The Occupational Safety Risk and Opportunity Assessment Procedure serves to standardize the risk assessment at all levels of the company, including methods, background establishment, risk opportunity identification, risk opportunity assessment, risk opportunity treatment, and change risk management. It clearly defines hazards, risks, etc. and determines the qualifications of personnel who accept risks and undertake assessments.

Accident Reporting and Investigation Management Procedures are defined to distinguish between occupational safety incidents, disability injury incidents or disease incidents, major occupational accidents, near-misses and traffic incidents. The Procedures also standardize the company's various project projects, emergency response, investigation and reporting when occupational safety incidents occur, so as to reduce the loss of the accident and prevent the recurrence of similar accidents.

Kedge Construction Co., Ltd. complies with Paragraph 1 of Article 18, of the Occupational Safety and Health Act, which states "When there is a concern of a potential imminent danger at a workplace, the employers or people responsible for the worksite shall immediately issue orders to halt work and withdraw laborers to a safe location," and with Paragraph 2 "When laborers discover there is a concern of a threat of imminent danger while executing their duties, under conditions in which the safety of other workers is not jeopardized, they may terminate work of their own accord and withdraw to safe locations, and immediately report to their direct supervisors." We also abide by Paragraph 3 "The employers shall not dismiss, reassign, not pay wages for the period of work on halt, or otherwise impose unfavorably treatment on laborers taking actions prescribed in the preceding paragraph."

incident/accident Correction and prevention	Number of Corrective and preventive improvement proposals	2022 occurrence record		
		Number of cases	Stakeholders (Employees, Suppliers and Other stakeholders)	Processing status (Number of cases under investigation or closed)
Near-miss	1	1	Other stakeholders	Closed
Non-serious occupational accident	7	7	Suppliers	Closed
serious occupational accident	2	2	Suppliers	Closed
Traffic incident	1	1	Employee	Closed
Others	NA	NA	NA	Closed



Based on the monthly occupational safety inspection records of each engineering project carried out by the Occupational Safety Office in 2022, Kedge Construction Co., Ltd. counts the types of hazards as "falling, structure collapse, falling objects, and electric shock" as the top four common major hazards. In order to reduce possible risks (=occurrence frequency X occurrence severity), we set two aspects of "safety process" and "safe construction" for prevention and correction.

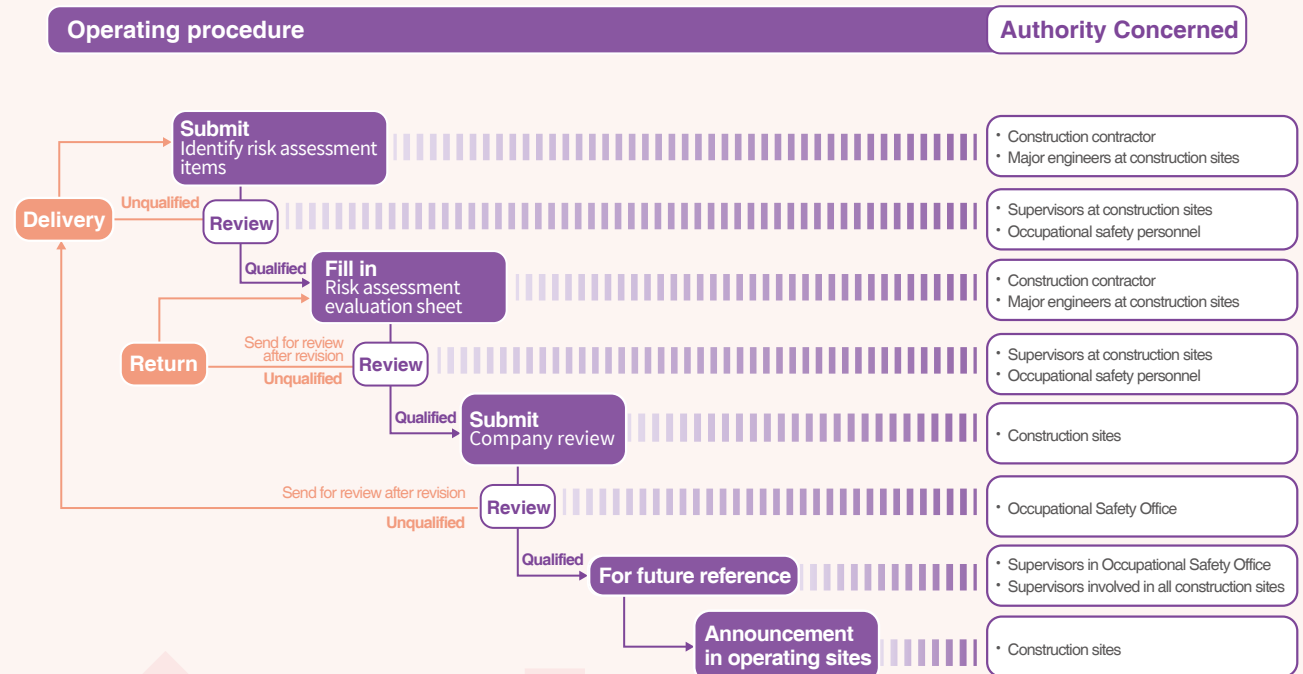
safety process

- Pre-operation risk assessment: According to the ISO 45001:2018 occupational safety risk and opportunity assessment procedure, after the contracted supplier confirms the construction operation and before the manufacturer's personnel, machinery, materials, etc. enter the construction site, our person in charge of the construction site must convene our team (occupational safety group, construction group, quality control group, administrative group), and cooperate with the person in charge of the construction supplier, the person in charge of on-site construction, or with the actual construction workers to hold a "Pre-operation risk assessment meeting" for discussing the health and safety protection measures that should be coordinated with the construction environment and procedures at each stage.
- Issuance and Confirmation of Construction Drawings: According to the " Guidelines For Performing Quality Management Of Public Construction Works " of the Public Construction Committee of the Executive Yuan, the construction unit should construct according to the construction drawings; Following Kedge's construction drawing management regulations, the engineer should receive a correct construction drawing signed by the procedures and conduct the construction according to the correct and new version of the construction drawing.

safe construction

- Confirm the safe construction environment: in accordance with the results of the "pre-operation risk assessment meeting".
- Conduct pre-construction hazard identification: Workers who enter the site every day must receive hazard notification and sign the "Daily Hazard Notification Sheet".
- Inspection during construction operations: implement various construction safety inspections and immediately improve unhealthy and unsafe states and actions in accordance with the K02-2-HS02-occupational safety control procedures formulated by ISO 45001:2018.
- Clean-up after construction: After the daily construction work, the occupational safety team will lead the site clean-up and restore the safe environment together with the construction team and all the suppliers.

Risk Assessment Flowchart






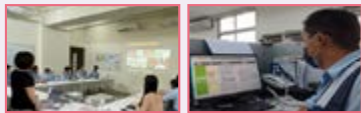







Occupational Health Services

Based on Article 3 of the Occupational Safety and Health Act, Kedge Construction Co., Ltd. has set up a post of nurse in the General Manager's office of the headquarters, and hired a graduate from the nursing department of a public or private university in Taiwan and abroad approved by the Ministry of Education and a nurse certificate. Those who have received a 48-hour training course for labor health service nurses and obtained a qualified certificate of completion serve as legal medical staff.

We participated in the "Workplace Safety and Health Week" of the Occupational Safety and Health Administration of the Ministry of Labor, and obtained the certification for 2022 workplace health week. We optimized health care and tracking, widely held workplace health lectures, and announced various health information and health education. Also, we cooperated with government agencies and invited first aid training professionals to conduct CPR+AED training courses, so as to embody our concern for the well-beings of our employees.



Event	Description	Times
 <p>Physician on-site health services</p>	<p>From the second half of 2021, the quarterly physician on-site service was changed to be held once a month, and the attending physician from Linkou Chang Gung Memorial Hospital (Medical Center) will be invited to provide on-site health service. The process adopts a one-on-one consultation and evaluation method, with the nurses registered in Kedge coordinating throughout aside.</p>	<p>7 sessions in total (4 in the headquarters, 3 on sites)</p> 
 <p>Health Promotion Lecture</p>	<ul style="list-style-type: none"> Cooperate with the Daan District Health Center to conduct a physical nutrition course [Lecture on Nutrition to Prevent Metabolic Syndrome] Lectures on betel nuts abstinence and health education*2 Hazard Prevention of High Temperature Outdoor Work*1_Online Course 	<p>4 sessions in total (4 in person, 1 online)</p> 
 <p>Health education information sharing</p>	<p>Up-to-date sharing of current affairs</p> <ul style="list-style-type: none"> Announcements are sent to personal mailboxes simultaneously on the company's internal website, so that our colleagues can improve their health knowledge in a timely manner. Health education posters are made and announced, and the construction site prints and posts them by itself, so that colleagues on the construction site, contractor employees, and on-site operators can simultaneously obtain health knowledge. 	<p>18 sessions in total (5 for health educational information sharing, 8 for health education related posters, 5 for posters on pandemic measure)</p> 
 <p>First-aid education and training courses</p>	<p>Cooperate with the CPR+AED publicity held by Department of Health, Taipei City Government, and conduct "cardiopulmonary resuscitation and automatic external defibrillation (AED) operation training courses." education and training through the acquisition of certificates, to increase the self-response ability of our employees.</p>	<p>2 sessions in total, with 34 participants (1 at company's headquarter1 on sites)</p> 
 <p>Online Walking</p>	<p>Participants download the Walkii APP sports software pedometer on the mobile phone, and directly participate in any related sports tasks through daily steps. Through participation in sports tasks, employee can develop a good habit of healthy exercise, and feel motivated with quarterly lucky draws to participate more actively.</p>	<p>4 times in total, with 313 participants</p>







Workers' Participation, Consultation and Communication in Occupational Safety and Health

Kedge Construction Co., Ltd. established an Occupational Safety and Health Committee in accordance with Article 5-1 and Article 11 of the Occupational Safety and Health Management Measures. The labor representatives of the members of the committee accounted for more than one-third of the members and prepared a name list of the Occupational Safety and Health Committee for inspection. The "Occupational Safety and Health Committee Meeting" is held at least once a quarter (regularly) according to the laws, or when management needs change or emergency events occur (irregularly). The meeting is held to provide suggestions on the company's goals or the occupational safety and health policies proposed by the occupational safety office. The meeting also serves to review, coordinate and recommend safety and health related affairs brought by various engineering projects and departments. Since the establishment of ISO 45001:2018 Occupational Health and Safety Management System/Taiwan Occupational Safety and Health Management System (TOSHMS) CNS 45001:2018, the Occupational Safety and Health Committee has dealt with the occupational safety and health affairs stipulated in Article 12 of the Occupational Safety and Health Management Measures. The committee provides advice, coordination, deliberation, assessment and other matters related to occupational safety and health management. The committee aims to help company employees involved in engineering projects and workers whose work is controlled by the company, or collaborative suppliers who participate in collaborative work not controlled by the company, and stakeholders who involve in relative business. The target for whom the committee may also extend its business includes those who are not under the control of the company, but who may be impacted by the occupational safety and health of the company's operations, products, or services.

In 2023, the Occupational Safety and Health Committee Meeting/Occupational Safety Monthly Meeting (online video conference)



Name of Occupational Safety and Health Meeting	Frequency	Number of meetings held in 2022	Participants	name list of the Occupational Safety and Health
 Engineering Coordination meeting	statutory meeting (at least 1 time/month)	276 times 12(month)* 23(number of construction sites)	The person in charge of the construction site, occupational safety, construction, quality control and administrative groups, and all suppliers.	
 Occupational Safety and Health Committee Meeting	statutory meeting (at least 1 time/3 month)	23 times Engineering Unit 1: 11 Engineering Unit 2: 12	The chair of the Occupational Safety and Health Committee, the Occupational Safety Office (Executive Secretary), all engineering project supervisors and the Occupational Safety Team.	
 Occupational Safety and Health Monthly meeting	Non-statutory meeting (first Thursday of every month)	12 times	Chairman, general manager, supervisor of occupational safety office and all staff	



According to Article 32 of the Occupational Safety and Health Act, “Employers shall provide laborers with all necessary safety and health education and training to perform duties and prevent accidents,” we give our employees education and training on occupational safety and health.

Records of relevant education and training on occupational safety and health completed in 2022

Name of education and training on occupational safety and health	Type of training (Internal/External)	Date of training	Qualification of instructor	Trainee	Frequency	Number of trainees	Validity	Note (Language and others)
Taiwan Occupational Safety and Health Card education and training	Internal	(Language and others)	Class B administrator or above qualifications, and have received and passed Taiwan occupational safety card instructor training	Employee, workers under the company	Irregular	330	Continuously valid	Chinese/Vietnamese
ISO 45001 Internal Audit education and training	Internal (Lecturer)	111/10/11	More than 10 years of experience in auditing, qualified as ISO 45001 lead assessor	Employee	Irregular	21	Continuously valid	Chinese
ISO 45001 Internal Audit education and training	Internal (Lecturer)	111/10/12	More than 10 years of experience in auditing, qualified as ISO 45001 lead assessor	Employee	Irregular	29	Continuously valid	Chinese
Risk Assessment Practice education and training	Internal (Lecturer)	111/10/28 111/10/31	More than 10 years of experience in auditing, qualified as ISO 45001 lead assessor	Employee	Irregular	20	Continuously valid	Chinese





Prevention and mitigation of occupational safety and health impacts directly linked to business relationships

Article 5, Paragraph 1 of the Occupational Safety and Health Act states that "Work assigned to laborers by the employers shall be within a reasonable and feasible scope, with necessary preventative equipment or measures taken to prevent laborers from being involved in occupational accidents." In the 2022 questionnaire survey, "occupational safety and health" is reported as a major issue in respect of employees. We made one of the management goals and formulated management methods and evaluation mechanisms, and set and completed the occupational safety and health goals in 2022.



Material topics in respect of employees

Occupational health and safety



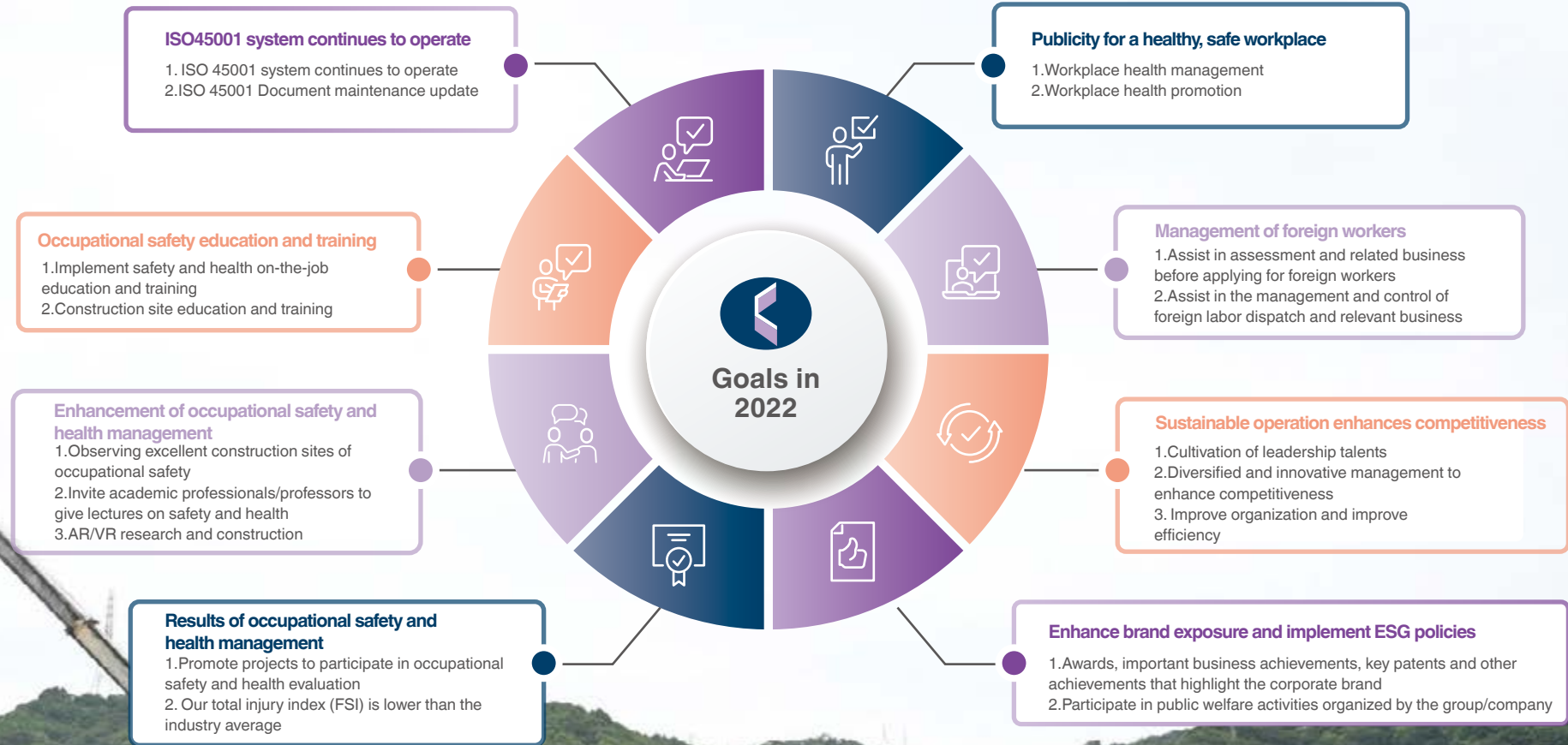
Management purpose

- Enhance the occupational health and safety management system
- Provide employees with a healthy workplace and work environment
- Achieve the goals of zero accident and zero disaster



Management approach and effective evaluation mechanism

- Establish the ISO 45001 Occupational Health and Safety Management System : complete system verification by a third-party auditing institution.
- Implement occupational safety and health : The Company's senior managers participate in the implementation in person, and regularly convene the Occupational Safety and Health Committee to review, develop, and enhance occupational safety management measures and implement management by wandering around to ensure occupational safety and health at construction sites.
- Enhance various safety and health equipment and facilities : Evaluate the needs for each construction project and purchase sufficient and high-quality safety and health devices and personal protective equipment.
- Education and training:
 - (1) Select employees with professional occupational safety and health certificates to serve as internal instructors and offer internal occupational safety and health education and training.
 - (2) Encourage employees to participate in professional occupational safety and health training offered by labor inspection entities or qualified occupational safety and health education and training institutions and obtain certificates of completion and professional licenses.
 - (3) Offer Taiwan occupational safety and health card training to improve the expertise in occupational safety and health of our construction personnel and collaborative construction teams and provide them with certificates of completion.
- **FSI:** lower than the standard of other peer companies
- **Instant messaging:** Adopt the Cloud systems, company website, departmental websites, and communication software (Teams) to send occupational safety and accident prevention notices in real-time.
- **Satisfaction surveys:** Refer to employees' feedback on occupational safety management through surveys to improve and enhance the practicality and effectiveness of our occupational safety management.





Workers covered by the occupational safety and health management system

Based on the certification of ISO 45001:2018 Occupational Health and Safety Management System / Taiwan Occupational Safety and Health Management System (TOSHMS) CNS 45001:2018, the legal management scope includes all our employees and workers.

We collected the statistics of occupational accidents in accordance with Article 38 of the Occupational Safety and Health Act. The complete statistics in 2022 is as follows.



Month	Employees		Workers whose work and/or workplace is regulated		Total
	Number of people	Employees (%)	Number of people	Employees (%)	
1	602	62.51%	361	37.49%	963
2	497	56.86%	377	43.14%	874
3	696	63.04%	408	36.96%	1104
4	741	68.80%	336	31.20%	1077
5	760	70.18%	323	29.82%	1083
6	739	63.43%	426	36.57%	1165
7	784	68.47%	361	31.53%	1145
8	794	63.42%	458	36.58%	1252
9	799	63.16%	466	36.84%	1265
10	1020	67.06%	501	32.94%	1521
11	1031	68.83%	467	31.17%	1498
12	1091	72.73%	409	27.27%	1500
total	9554	66.13%	4893	33.87%	14447

Note1: The above statistics are based on the total number of workers reported on the monthly submission date of each project, including other workers who are not employed laborers.

Note2: The statistical items are based on the "Occupational Accident Contents and Statistical Table" stipulated in Article 38 of the Occupational Safety and Health Act (see below).





Occupational Injury

According to Article 38 of the Occupational Safety and Health Law, Kedge Construction Co., Ltd. prepares the content and statistics of occupational accidents and submits a monthly report to the labor inspection agency for reference, and publishes it in the workplace. Occupational safety incidents and statistics: In 2022, we prepared the statistics of occupational accidents on time every month as follows. There was no occupational accidents and no occupational injuries or occupational diseases that occurred to our employees.



Statistics of Occupational Accident of Employees (including Foreign Workers) in Public Institutions (Kedge Construction)

	2020	2021	2022
Item			
Number of people employed	9,798	7,405	8,745
Total number of working days	215,320	164,162	216,422
Total number of working hours	1,722,564	1,313,296	1,731,378
Total number of working hours of loss	0	32	0
Occupational injury fatality rate	0.00	0.00	0.00
Serious injury rate	0.00	0.00	0.00
Recordable occupational injury rate	0	0.76	0
Occupational accident			
Occupational injury	0	1	0
Fatality	0	0	0

Note1: Total number of working days: scheduled working days, excluding statutory holidays, holidays and national holidays. The number of days is counted from January 1, 2022 to December 31 of the same year.

Note2: This table only includes the lost hours and injury rates calculated for diseases, as well as injuries, incapacities and deaths caused by "occupational accidents," as specified in Subparagraph 5, Paragraph 1, Article 2 of the Occupational Safety Act. The on-site first aid is not included in the statistics of this table, nor is the psychological impact of near-miss accidents (such as the number of hours of leaves due to fear).

Note3: As of the statistical period of this report, no employees who have labor insurance applied for disease identification in accordance with Article 11 of the Act for Protecting Worker of Occupational Accidents, Article 18 of the Enforcement Rules of Protection for workers Incurring Occupational Accidents Act and Article 13 of the Act for Protecting Worker of Occupational Accidents.



Occupational Safety Incidents and Statistics in 2022

2022 Occupational Accident Statistics

Item	Employees of Kedge	Suppliers
Occupational injury fatality rate	0	0.45
Serious injury rate	0	0.9
Recordable occupational injury rate	0	1.34

Note

The value is calculated with reference to the formula in 403-9, and the rate is calculated based on 1,000,000 working hours.

- The total working hours of Kedge Construction are 1,731,378 hours
- The total working hours of suppliers are 4,463,336 hours
- The total number of days of loss is 12,028 days
- 4 people of the suppliers were injured in 2 incidents of falling, 1 incident of falling object, and 1 incident of being caught
- 2 people of the suppliers died in 1 incidents of falling, and 1 incident of being caught.

Note

- Total number of working days: scheduled working days, excluding statutory holidays, holidays and national holidays. The number of days is counted from January 1, 2022 to December 31 of the same year.
- This table only includes the lost hours and injury rates calculated for diseases, as well as injuries, incapacities and deaths caused by "occupational accidents," as specified in Subparagraph 5, Paragraph 1, Article 2 of the Occupational Safety Act. The on-site first aid is not included in the statistics of this table, nor is the psychological impact of near-miss accidents (such as the number of hours of leaves due to fear).
- As of the statistical period of this report, no employees who have labor insurance applied for disease identification in accordance with Article 11 of the Act for Protecting Worker of Occupational Accidents, Article 18 of the Enforcement Rules of Protection for workers Incurring Occupational Accidents Act and

Actively participate in the activities of the occupational safety group and awards

Duties

- Actively participated in the meeting of the Occupational Safety and Health Promotion Association under the guidance of the Occupational Safety and Health Administration of the Ministry of Labor, with good results.
 - (1) Participated in the Taipei construction site self-management strategy alliance, attended the 2021 annual physical meeting, and participated in occupational safety observation. a total of 3 lectures
 - (2) Participated in the construction industry North District Occupational Safety and Health Promotion Association, attended the 2022 annual physical meeting, and participated in occupational safety observation. a total of 6 lectures
 - (3) Participate in the Construction Industry Central District Occupational Safety and Health Promotion Association, attend the 2022 annual physical meeting, and participate in occupational safety observation. a total of 8 lectures
 - (4) Participated in the South District Occupational Safety and Health Promotion Association of the construction industry, attended the 2022 annual physical meeting, and participated in the occupational safety observation. 6 lectures
- Promoted construction site colleagues to actively participate in the occupational safety and health lectures held by the "Construction Industry Central District Occupational Safety and Health Promotion Association", and attended a total of 8 lectures in 2011.
- Participate in the "Taipei City Labor Inspection Office Promoting the Small- and Medium-sized Enterprises Work Environment Counseling and Improvement Project" and send our occupational safety and health manager as the occupational safety and health counselor of this project to assist the small- and medium-sized enterprises in the Taipei City area in counseling and improving the working environment. There was a total of 18 sessions.



Participated in the Taipei Construction Site Self-Management Strategic Alliance



Participated in the Construction Industry North District Occupational Safety and Health Promotion Association



Participated in the Construction Industry Central District Occupational Safety and Health Promotion Association

Awards

- Undertook Kindom Development's "New Construction Project of Kindom Sanchong District Zhongxing Section (Kindom Xintianhui)" and won the "11th (2021) New Taipei City Engineering Safety Award Excellent Private Engineering" issued by the Labor Affairs Department, New Taipei City Government.



Honor award



Photo of procurement and installation of facilities and equipment in compliance with health, safety and sanitation

Access control and management



Set up 2.4m high fence and soundproof canvas



Set up CCTV to monitor the safety around the work area



Hire professional security guards on duty for access control

Construction material storage and control



Construction work area partition warning line



Construction work area partition warning line



Material storage area partition and warning line

Daily morning exercise, toolbox talks and hazard notification



Morning Exercise Before Daily Toolbox Talk



Daily Toolbox Talk and Hazard Communication



Alcohol test

material management



Classified stacking and compartmental surrounding pipes in the planning area



Rolling prevention and compartmental surrounding pipes for stacking rolling materials



Surrounding pipe of construction equipment working area (turning radius)

Construction frame operation safety control



Construction frame inspection and assignment of qualified work supervisors



The construction frame is constructed using the handrail first frame construction method



The safety net is fully paved under the falsework

Upper and lower equipment roll-off prevention



Set up a crowd flow control system at the entrance of the upper and lower equipment



Upper and lower equipment load notice



Set up safety equipment for getting on and off in the construction work area

Set up secure channels



Set up secure channels above the strutting



Set up secure channels in construction areas



Appropriate and sufficient occupational safety publicity and safety signs

Labor care



Nutrition and Health Course



CPR+AED First Aid Course-Headquarters



Physician On-site Health Service-Headquarters

Air Pollution Control and Slope Protection



Set up a vehicle washing station and a sedimentation tank at the entrance and exit of the construction site



Vehicle washing station set up with flow control valve



Install PM2.5 detection equipment at the entrance and exit of the construction site

Others



Drawing-line management in the temporary electrical panel placement area



Occupational nurses randomly check the first aid kit on the construction site and confirm the medicine and date



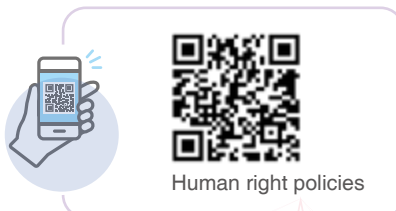
In the shallow ditch area we set up cover fixed with a warning notice

5.5 Human right policies

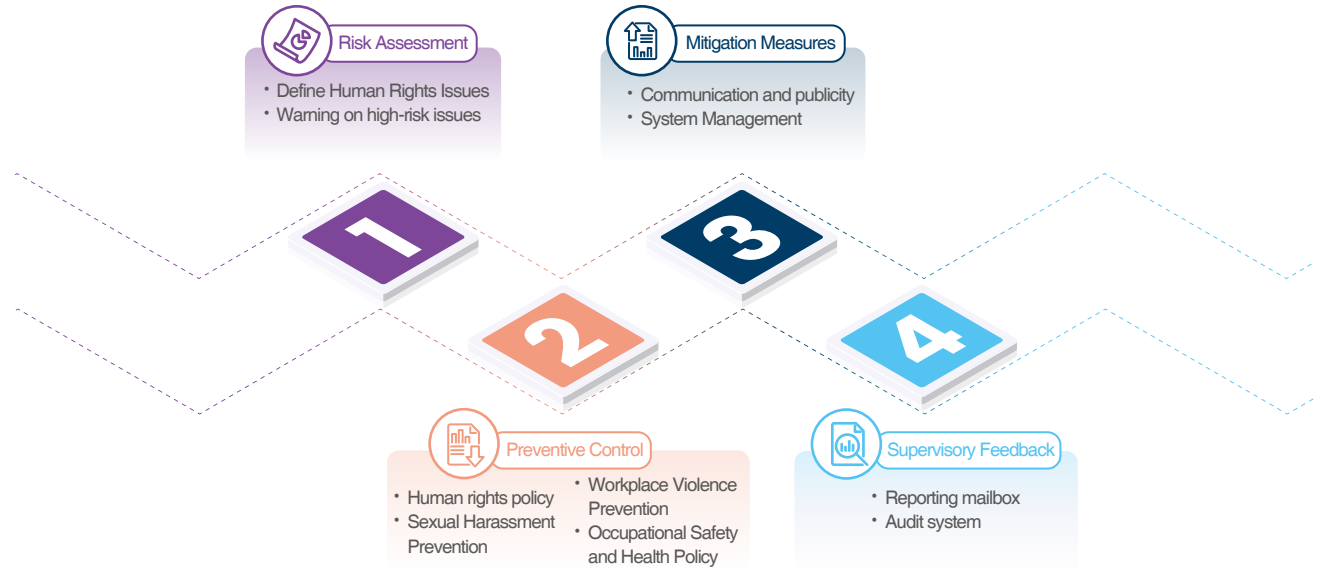
GRI 2-23, 2-24, 408-1

Human rights protection

We support and safeguard basic human rights, recognize and follow the internationally recognized spirit and basic principles of human rights protection such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the Declaration on Fundamental Principles and Rights at Work issued by the United Nations International Labor Organization, and abide by the labor-related laws and regulations of the place of operation. We prevent any violations and violations of human rights, and ensure that everyone inside and outside the company can be treated fairly and with dignity. At Kedge, in order to implement the commitment to human rights protection, we announce the relevant measures and complaint channels through the company's EIP system, and strengthen publicity during the induction training of newcomers. Each unit in charge is responsible for handling and answering relevant questions, and clearly standardizes the handling process to ensure the smoothness of the reporting channels and the fairness of investigation. At the same time, in addition to the labor-management meeting, the supervisor also establishes a diverse and effective communication mechanism, continuously improves salary and benefits, and attaches great importance to employee training and career development, so that the rights and interests of employees are protected and the company fulfill its corporate sustainable responsibility.



Human Rights Management System



Prevention Policies

In order to implement human rights, we formulate human rights policies, sexual harassment prevention and punishment measures, prevention measures for physical or mental violations (prevention of workplace violence) due to other people's behavior in the performance of duties, occupational safety and health policies, reporting mailboxes. We included human rights issues in the education and training system and training courses. Employees can express their opinions or complain about illegal incidents through telephone, email or related reporting mechanisms. The responsible department will handle the reply and complete the investigation process in accordance with the formal process to deal with the content of the report fairly and justly.

Sexual Harassment Prevention Measures and Punishment Measures

We clearly formulated the "Sexual Harassment Prevention Measures and Punishment Measures," and we also set up telephone lines and emails responsible for dealing with complaints. When employees encounter sexual harassment, they can complain in writing or orally. If sexual harassment or suspected cases occur, we form a Sexual Harassment Committee in an undisclosed manner, and start the investigation process. The committee should consist of more than half of the female colleagues. The complaint should be closed within two months from the date of the complaint issued. If the sexual harassment is found to be true after investigation, the committee conducts punishment measures according to the work rules and the principles of employee rewards and punishments.



Risk assessment

We conducted human rights risk assessments in 2022, focusing on different aspects of human rights issues, including non-discrimination in employment, prohibition of child labor and forced labor, ensuring freedom of association, healthy and safe workplaces, work-life balance, emphasizing labor relations, establishing complaint mechanisms, information security and privacy protection, workplace tolerance and equality, and prohibition of workplace sexual harassment. We evaluate the risk value borne by the enterprise. Through the questionnaires returned by 90% of employees, the issues with higher risks are work-life balance and emphasizing labor-management relations. Based on this, the mitigation measures should be strengthened in communication and promotion and feedback from labor-management meetings.



Human rights issues	Party concerned	Risk assessment method	Measures	Efficiency
No employment discrimination	All employees	Number of disputed cases	Meet the recruitment requirements of the Employment Service Act The principle of appointment and salary assessment of equal pay for equal work	0 Complaint
Prohibition of child labor and prohibition of forced labor	All employees	Number of disputed cases	No child labor Hiring people with disabilities and indigenous people Attendance Abnormal Examination	2022 no child labor hired There are 2 vacancies for people with disabilities, and indigenous people were hired in full
ensure freedom of association	All employees	Number of disputed cases	Promote social activities	0 Complaint
Health and Safety Workplace	All employees	Number of public injuries	Occupational safety and occupational care units are responsible for training and publicity Health examination, high-risk group tracking Health lecture EAP scheme Breastfeeding room and relaxation space	The 199 people with public injuries were colleagues who were diagnosed with public injuries during the pandemic.
Work-Life Balance	All employees	Take one day off every seven days The overtime working hours in a single month shall not exceed 46 hours	Occupational safety and occupational care units are responsible for training and publicity Health examination, high-risk group tracking Health lecture EAP scheme Breastfeeding room and relaxation space	0 Complaint
Pay attention to labor relations	All employees	Number of disputed cases	Hold labor-management meetings EIP announcement system	Held 4 labor-management meetings 50% each for labor and management
Establish a grievance mechanism	All employees	Number of disputed cases	Complaint mailbox and hotline New employee training	0 Complaint
Information Security and Privacy Protection	All employees	Number of disputed cases	Sign personal information related documents File storage encryption management Abandoned document water marketing	0 Complaint
Workplace Inclusion and Equality	All employees	Number of disputed cases	Promoting Diversity and Inclusion in the Workplace	0 Complaint
Prohibition of Sexual Harassment in the Workplace	All employees	Number of disputed cases	Education training Posters in the workplace	0 Complaint

Preventive measures against physical or mental violations (prevention of workplace violence) due to other people's actions during the performance of duties

In addition to sexual harassment, we also take measures to prevent workplace violence, physical or mental, in the workplace and other places. Any illegal infringement of physical, psychological, verbal or sexual harassment is not allowed in the company. If our employees encounter violence in the workplace, they can report to the supervisors at all levels or the Human Resources Department. After formal investigation, if the report is true, the responsible unit conduct punishment measures according to the work rules and the principles of employee rewards and punishments.

Occupational Safety and Health Policies

We strive to create a safe, healthy and comfortable workplace environment through the occupational safety office, occupational staff and supervisors at all levels. We are committed to pursuing a zero-injury, zero-accident working environment in compliance with laws and regulations, and advocate for hazard prevention, full participation and continuous improvement. At the same time, with the professionalism of the staff and nurses, we manage the health examination data of all employees, keep care of those in need, and conduct health management tracking through our company's APP.

Education Training

In order to promote the importance of human rights among colleagues, in addition to the new employee training where new comers are informed of various human rights-related systems and norms, we also arrange courses related to human rights and encourage employees to participate in courses with no time limit and unlimited time. In 2022, four human rights courses were scheduled, including prevention of sexual harassment and avoidance of workplace bullying. With no pressure, employees' awareness of human rights and self-protection ability can be strengthened.

Course title	Course hours	Number of the participants in 2022
Sexual Harassment Prevention (Part 1)	20 mins	33
Sexual Harassment Prevention (Part 2)	25 mins	33
[Friendly Workplace] Powerful Psychology! Refuse Workplace Bullying	47 mins	102
[Friendly Workplace] Still in the Company? Bullying Proliferates in Workplace	56 mins	141
Total	2 hrs 28 mins	309

Mitigation Measures

We adopt methods of publicity, communication and system management to implement mitigation measures for reducing human rights risks and impacts.

Mitigation measures	Employees	Suppliers
Publicity and communication	<ul style="list-style-type: none"> Advertisement on reasonable working hours Multiple communication channels Personal information and information security publicity Organize health promotion activities Human rights issues survey 	<ul style="list-style-type: none"> Supplier conference publicity Supplier's code of conduct Requirement for supplier to sign on the enterprise sustainable operation commitment
System management	<ul style="list-style-type: none"> Attendance management system Reasonable working hours management 	Supplier sustainability risk assessment

Audit System



Email for reporting

whistleblower_kedge@kindom.com.tw



Audit system

Kedge Construction possesses the ISO 45001 system verification and a complete audit system. In order to protect human rights, all system processes and operations should be implemented in accordance with relevant laws and regulations.



06 Social Inclusion

- 6.1 Management approach
- 6.2 Social Relations and Social Inclusion
- 6.3 Brand management

Highlights of performance

Charitable donations: Donated
NT\$ 10,663,900

Repairs in remote areas: 5
disadvantaged families
NT\$ SROI 7.62

137,478 views and people visit
on Facebook Fan Page, with an increase of
↑ 1,218.2% compared to 2021

Total hours of volunteers reached
531 hours

Reading promotion: Donated
3,408 books





6.1 Management approach

Kedge's sustainable role	Material issues	Management strategies and approaches	SDGs Links to SDGs	Key Performance Indicators (KPIs)	Management Indicators and Goals			Impacts and opportunities
					Goals in 2022	Implementation Results in 2022	Goals in 2023	
Social Inclusion	<p>Social Relations and Social Inclusion</p>	<p>We practice the mission of "creating a better living environment to give back to the society": we combine our own core capabilities and operating strategies to achieve inclusiveness and mutual benefit and apply our core corporate capabilities to solve social needs.</p>		<p>Participation in social activities and volunteer work</p>	<p>Organized volunteer activities which advocate for a friendly environment and happiness</p> <p>hours accumulated to 500 hours</p> <p>House repair for vulnerable households 5 households</p> <p>Reading promotion 4,000 books in total</p>	<p>We accumulated a total of to 531 volunteer hours.</p> <p>Completed the house repair for 5 households</p> <p>Donated 5,321 books for public welfare held charity book collection, and collected 4,480 second-hand books</p>	<p>Accumulate a total of to 600 volunteer hours.</p> <p>Completed the house repair for 10 households</p> <p>Donated 4,000 books for reading promotion</p>	<p>Promote good community relations for a long time, invest manpower, material resources and other resources, and promote community development.</p>
					<p>6 articles on various media run a Facebook Fan Page with 30 posts</p> <p>Magazine interviews and 3 column articles</p>	<p>9 articles on various media</p> <p>The number of annual posts reached 30 and the number of visits and views on a Facebook Fan Page reached 137,478 with an increase of 1,218.2%(v.s 2021)</p> <p>Magazine interviews and 3 column articles</p>	<p>Same as the goals in 2022</p>	
Brand management	<p>Brand management</p>	<p>Through brand management, we establish a good corporate image and create the most trustworthy brand image, which will help business expansion and achieve the purpose of sustainable development of the enterprise.</p>		<p>Brand exposure on social media</p>	<p>6 articles on various media run a Facebook Fan Page with 30 posts</p> <p>Magazine interviews and 3 column articles</p>	<p>9 articles on various media</p> <p>The number of annual posts reached 30 and the number of visits and views on a Facebook Fan Page reached 137,478 with an increase of 1,218.2%(v.s 2021)</p> <p>Magazine interviews and 3 column articles</p>	<p>Same as the goals in 2022</p>	<p>Exposure on media and news shows a positive trend</p>
					<p>6 articles on various media run a Facebook Fan Page with 30 posts</p> <p>Magazine interviews and 3 column articles</p>	<p>9 articles on various media</p> <p>The number of annual posts reached 30 and the number of visits and views on a Facebook Fan Page reached 137,478 with an increase of 1,218.2%(v.s 2021)</p> <p>Magazine interviews and 3 column articles</p>	<p>Same as the goals in 2022</p>	



6.2 Social Relations and Social Inclusion

Social influence




We uphold the mission of "creating a better living environment to give back to the society" and combine our own core capabilities and operating strategies. In addition to developing professional and sustainable green engineering services on our way to sustainable management, we also strive to give back to the society

We review our investment results every year to measure the impact of social participation, so that financial and non-financial resources can be effectively allocated and combined to meet the expectations of multiple stakeholders and create shared value. In 2022, the total amount of investment was NT\$10,663,900 (excluding management and volunteer labor costs). The total number of volunteer hours was 531 hours.




Description

Policies and Commitments

- 
 Fulfill the mission of "creating a better living environment to give back to the society": Combining our own core capabilities and operating strategies to convey the fundamental essence of the enterprise.
- 
 Continue to give back to the society. Through the "Kindom Yu Shan Education Foundation," we actively participate in social issues, showing gratitude to people and the environment, and expressing the warm care back to the society.
- 
 Promote voluntary activities, actively perform the responsibility of corporate citizenship, and express warmth to the society, showing great care for the life and education of the disadvantaged

Results

- 
 Total amount of donation in 2022
NT\$10,663,900
- 
 Volunteer services: A total of **129** employees took part in activities during work-time and in spare time; the volunteer hours amounted to **531** hours.



Description

Main topic **Unit in collaboration Results** **Results** **Description**

Social engagement

Main topic	Unit in collaboration Results	Results	Description
Sustainability on land	Yilan, Xingjian Agriculture Production Cooperation	<ul style="list-style-type: none"> Donation: NT\$467,900 Rice adoption: 2400 kg Volunteer hours: 324 hours 	Kindom Corporation has adopted "Xingjian Organic Rice" for two consecutive years, and invited a total of 70 people from employees, family members, and Yi Kuang Orphanage to plant rice in Xingjian village and join with organic farmers to protect the land.
	Taitung Forest District Office, Forestry Bureau	<ul style="list-style-type: none"> Donation: NT\$120,000 Plant 4000 saplings An estimate 7.38 Tons to be absorbed 	We cooperated with Taitung Forest District Office, Forestry Bureau since 2019, and carried out the afforestation project "Forestry, Building a Beautiful Homeland," with a land of 2.6 hectare adopted. We continued the plan for 5 years, with 4000 saplings adopted. The total amount of the budget has amounted to NT\$720,000. Relevant news report : https://reurl.cc/KMdYQj
	Business Today- Return-to-sea Action 1095	<ul style="list-style-type: none"> Donation: NT\$140,000 Cleaned up 212kg of marine debris Volunteer hours: 120 hours 	We initiated the beach cleaning concept of Business Today magazine's activity "Returning-to-sea Action 1095," and invited a total of 50 employees and their family members to build a clean island, return the ocean to a clear blue, and remove a total of 812 kilograms of marine debris. Relevant news report : https://reurl.cc/OV531D https://reurl.cc/9V8mjn
Happiness transmission	ANDREW Food Bank	<ul style="list-style-type: none"> Donation: NT\$200,000 160 boxes of food for Chinese New Year Volunteer hours: 57 hours Rice donation: 500kg 	We supported ANDREW's "New Year Food Box" project, and invited a total of 19 employees and family members to pack a total of 160 boxes of food and an extra 500 kg of "organic rice" from Xingjian village donated by Kindom Corporation, who adopted the village and planted rice there. We have children from underprivileged families able to eat healthy and safe, and share the merit of the earth with more people.
	Yi Kuang Orphanage	<ul style="list-style-type: none"> Donation: NT\$44,000 Rice donation: 520kg Subscribe for 60 Christmas Dream Gifts 	We enter the 4th year of supporting the charity activity "Yi Kuang Orphanage - Shimei Homeland," with the theme of "Sustainability, Sharing." Our employees actively donated 60 Christmas gifts to fulfill the wishes of underprivileged children, and further donated to the children 520 kg of "organic rice" from Xingjian Village adopted by the Kindom Group.
	Sharing Social Welfare Foundation	<ul style="list-style-type: none"> Donation: NT\$1.192million SROI NT\$7.62 House repair for 5 vulnerable households 	At the end of 2021, our ESG functional group developed the "Kind-repair Cycling Project." We applied our expertise in construction management and focus on remote villages in Kaohsiung, where the transportation of building materials is difficult to reach and shortage of labor is extreme. We cooperated with the "Sharing Social Welfare Foundation" to engage in the house repair work for 5 vulnerable families. P.xx See column report on the "Kind-repair" Cycling Project."
Foundation	Kindom Yu Shan Education Foundation	<ul style="list-style-type: none"> Donation: NT\$8million 	We endeavored to fulfill our corporate social responsibilities, engage in public charity activities, improve the reading atmosphere, and convey the value of happy life to the society. P.xx See column report on the Kindom Yu Shan Education Foundation
	Tainan Culture Foundation	<ul style="list-style-type: none"> Donation: NT\$500,000 4 performances in communities 3 campus promotions About 750 beneficiaries 	Bringing the Art to Your Doorstep is always the fundamental intention of Tainan Art Zone for 20 years. We hope to bring art to remote villages, sponsoring 4 performances in (Nanhua, Jiangjun, Nanxi, Longqi), with an estimate 750 people benefited. Relevant report : https://reurl.cc/mlRkg7



Column

The "Kind-repair" Cycling Project

Problem to be solved

Although remote villages have received many donations of funds, materials and other resources for a long time, the issue of "lack of repair personnel" still remains as the core problem that has influenced the efficiency of improving the living environment of underprivileged families.

Our actions

Our ESG functional team developed the "Kind-repair Cycling Project"; we adopted our expertise in construction management, and focused on remote villages in Kaohsiung, where building materials are difficult to transport and the lack of work manpower is extreme. We cooperated with "Sharing Social Welfare Foundation" to carry out the hour repair work for five vulnerable families.

Highlights

In response to the concept of "circular economy," we also recycled and reused the remaining building materials, electromechanical equipment and furniture from the Southern Office which was abolished in 2021. We also invited suppliers to participate. In addition to meeting the repair needs of disadvantaged families, we practiced the architectural concept of recycling.

Results

According to the SROI analysis conducted by KPMG, every 1 dollar made in the Cycling Project can create social value of "7.62" dollars. The post-project investigation suggests that for the stakeholders (Kedge employees, third-party suppliers, and disadvantaged households assisted), "Spiritual satisfaction" (44.27%) is regarded as the most beneficial item, followed by "improving the living environment" (26.66%) and "enhancing family interaction" (10.74%).

Implementation

Launched the plan and met vulnerable households for understanding the needs



Kedge's Sales and Service Department visits rural families to learn about housing conditions



We record the need of the disadvantaged families



We revisit and evaluate the condition with construction units

With the assistance of the social workers from Sharing Social Welfare Foundation, our repair team went to five case families in Maolin District, Liugui District, and Taoyuan District of Kaohsiung City and conducted on-the-spot investigations and housing status investigations. We recorded the needs of the case families in detail, and evaluated them by our sales and services team to identify the repair method to adopt. The house repair projects for the five households are as follows

Current status	1	2	3	4	5
Repair method	Leakage on the iron roof, damage to the drip side-gutters, and holes on both sides of the roof plate.	Leakage on the iron roof.	No bathroom facilities (including toilets) in the house	Wall cancer on the 2nd floor (moisture problem)	The iron house (seriously damaged), and a ramp made at the entrance for the disabled
	<ul style="list-style-type: none"> Partially overlaid coverage on the top plate (leakage area) Replaced drip side-gutters with white iron ones Added seal plates on the side 	<ul style="list-style-type: none"> Replaced the iron roof Replaced the beam timber angles 	<ul style="list-style-type: none"> Integral shower room (toilet + shower) Sewage and waste water connection (discharged to the adjacent side-ditch) Lighting, water supply connection and water heater (instantaneous type) installation and other materials 	<ul style="list-style-type: none"> Added seal plates on the rear opening of the top floor and installed the window on it, and drained the water on the floor with a gap made Coated external walls (front, rear, right) with waterproof materials (asphalt paint) Removed the efflorescence on the wall and repainted the wall 	<ul style="list-style-type: none"> Removed All dismantling and waste Rebuilt in another place according to the size of the original house. The structure and roof were remade from the materials dismantled and assembled from storage scaffolding in the Southern Office (including disassembly and transportation). The external sealing wall was mainly made of colored steel plates, and the doors and windows were mainly based on the configuration diagram. Interior partition was made of the light partition wall with cement paint added. The ceiling is sealed with a concealed frame, and the floor is pasted with floor tiles or non-slip tiles. Water and electricity equipment: We added a simple switchboard box. We also configured switch sockets and lighting lamp holders in detail. Some home appliances, furniture, bathroom equipment, and door and window accessories were built with materials dismantled and reused from Kedge's Southern Office.

Future goals

The "Kind-Repair Cycling Project" has been incubated since the end of 2021, and the repair of five case families was completed in 2022. In 2023, we will expand the project and welcome the participation of more stakeholders. Since our construction sites are spread all over Taiwan, we will move towards the vision of "one construction site guards one family" in the future. In 2023, we expect to conduct repair work for 10 to 15 vulnerable households. At the same time, through the "Supplier Conference" held in 2023, we will continue to convey the concept of the circular repair platform, and invite suppliers to participate in the repair activities for remote villages, so as to realize the project vision of "where there are roots, there will be no remote villages in Taiwan." In addition, this project has begun to cooperate with the "Taiwan Lezhi Charity Association," and will entrust some repair cases to their homeless repair team. We hope to empower the disadvantaged (homeless people), provide them with employment opportunities, and allow public welfare to "circulate" and further expand.

Video: the achievements of "Kind-repair" Cycling



Kindom Yu Shan Education Foundation, Cultivating Deeply in Humanities

In 2022, Kedge donated **NT\$8million** to Kindom Yu Shan Education Foundation

Kindom Corporation has been paying attention to knowledge sharing in the field of "life aesthetics" for a long time, and hopes to become a "professional craftsman" in the construction industry to deliver the value of happy life to customers. In order to fulfill social corporate responsibilities, Kindom Corporation established the Kindom Yu Shan Education Foundation in 2014, adhering to the mission of "promoting reading and architectural education." Apart from actively organizing annual major reading projects and a series of charity educational lectures, Kindom also invests in educational resources and facilities to support disadvantaged students in rural areas and social welfare organizations, hoping to give back to the society as much as possible and lead the public to understand the "truth" of architecture, the "goodness" of cities and the "beauty" in life.



Overview of performance

Major issue

Social Care and Public Welfare

Significance to Kedge

Fulfill corporate social responsibilities, engage in activities of public welfare, improve the reading atmosphere, and convey the value of happy life to the society.






Topic 1 : Social Care and Public Welfare Kindom Yu Shan Education Foundation Actual performances

- Intensively cultivate reading education**
 We produced and broadcast the reading program "Celebrity Study," which has accumulated 4 million views online, with more than 20 million views on YouTube and an increase of 55% in the number of subscribers compared to 2021. We held 5 themed book fairs, 5 in-person lectures and 2 online events.
- Promote the aesthetics of life**
 We run the self-media website "Kindom's Living Magazine," with the number of online views and visits increasing by 44% compared with 2021. The number of followers on the Facebook fan page increased by 31%. We also issue an annual magazine.
- Concerned about rural education**
 Public welfare donations amounted to NT\$2.12million (including earmarked funds). We supported after-school companionship and counseling for rural education, and sponsored multi-functional curriculum development programs, with a total of 71 students and 50 families benefited. We also donated book funds to Micang Elementary School in New Taipei City, Kuihui Elementary School in Taoyuan City, and Chaonan Elementary School in Pingtung County, with about 532 teachers and students in the three schools benefited.
- Sponsored reading promotion**
 Sponsored reading promotion: We donated 5,321 books for public welfare, and cooperated with SP Book second-hand bookstores, setting up public welfare book collection boxes in Kindom corporate building, 8 branches of Global Mall, and 13 Kindom communities. A total of 4,480 second-hand books were collected. We converted them into 25,944 book purchase points for teachers in rural schools to freely purchase books for children to read. Combining knowledge circulation and charity, we stick to spread the seeds of sustainable reading.



Kindom Yu Shan Education Foundation, Cultivating Deeply in Humanities

Year	Amount of donation (NT\$)	recipient	Description of sponsorship	Number of beneficiaries
2020	1,000,000	Taiwan Urban and Rural Sustainable Care Association	<ul style="list-style-type: none"> Adopt the tutor/social worker of Grass Book House Cultivation plan for woodcarving courses of Grass Life Skills Academy 	<ul style="list-style-type: none"> 51 students and 45 family households of Grass Book House benefited 39 students of woodcarving courses benefited
	100,000	Education Department, New Taipei City Government	We participated in the "2020 Kobo Forma E-book Reader Donation Project," combined with top ten enterprises, to create mobile libraries in 18 middle schools in remote areas in New Taipei City. We selected books on important issues such as environmental protection, plants, food safety, transportation, etc., and hoped that children in rural areas can better understand the living environment and social conditions through reading, and they thus develop independent thinking and judgment.	7,590 electronic books were donated, with a total of 4,600 students benefited
2021	860,400	Taiwan Urban and Rural Sustainable Care Association	<ul style="list-style-type: none"> Adopt the tutor/social worker in the headquarters of Grass Book House in Sanxia Cultivation plan for woodcarving courses of Grass Life Skills Academy 	<ul style="list-style-type: none"> 62 students and 54 family households of Grass Book House benefited 45 students of woodcarving courses benefited
	1,000,000 (earmarked funds)	Taiwan Urban and Rural Sustainable Care Association	Supported the operating expenses of the Daxi branch of Grass Book House	14 students and 10 family households in the Daxi branch of Grass Book House benefited
	1,000,000 (earmarked funds)	Taiwan Urban and Rural Sustainable Care Association	<ul style="list-style-type: none"> Supported the operating expenses of the headquarters of Grass Book House in Sanxia Sponsored cultivation plan for diverse courses of Grass Life Skills Academy 	<ul style="list-style-type: none"> 34 students and 27 family households of Grass Book House benefited 20 students and 11 family households of Grass Life Skills Academy benefited
2022	900,000	Taiwan Urban and Rural Sustainable Care Association	Supported the operating expenses of the Daxi branch of Grass Book House	17 students and 12 family households in the Daxi branch of Grass Book House benefited
	20,000	Micang Elementary School, New Taipei City	Expenses for book purchase 	Around 380 teachers and students benefited
	100,000	Kuihui Elementary School, Taoyuan City	Expenses for book purchase 	Around 73 teachers and students benefited
	100,000	Chaonan Elementary School, Pingtung County	Expenses for book purchase 	Around 79 teachers and students benefited



6.3 Brand management

Build the most reliable brand

Based on the brand development strategy blueprint, we have launched a series of brand marketing plans and activities. In recent years, we have successively accepted media interviews and reports from CommonWealth Magazine, Global Views Monthly, Business Today, Economic Daily News, United Daily News, and the podcast program Big Ears produced by Business Today, etc. We strengthen the operation of our official website and other self-media, establishing with external media a long-term interactive relationship which presents smooth communication in both directions. In 2014, we established a Facebook fan page and regularly published posts. We actively developed active marketing channels and conducted barrier-free interactions with stakeholders. In 2022, the number of online visits on our Facebook fan page reached 137,478, with an increase of more than 1,218.2% compared to 2021. By publishing press releases on newly signed/under-construction projects, and planning annual news stories or interviews on topics such as brands, leaders, industry trends, ESG, etc., we effectively combined internal and external media resources and successfully shaped the professional image of our brand, demonstrating our brand Influence.

Create a sustainable business moat

Our efforts in sustainable development range in the five aspects from green homeland, smart city, happy society, honest management, to joint innovation. We comprehensively promote a sustainable homeland, and at the same time integrate sustainable development into the enterprise. We established the "Sustainable Development Office," planning on long-term strategies and development plans. Each of our business units has also established a sustainable development committee to implement sustainable actions. In 2022, we were recognized as one of Taiwan's Top 100 sustainable model enterprises. Concrete actions at all levels, such as employee care, serve to actively create a green workplace. We promote health care services through a friendly working environment and consider knowledge as a fundamental component for employee benefits. We have cooperated with Kindom Yu Shan Education Foundation and Boven Magazine Library since 2018 and regularly held themed book fairs in the reading area on the first floor of the Kindom Building. We choose books depending on the themes of the fairs, and provided our employees in the company in each fair with about 50 books and magazines in Chinese and foreign languages for free, so that our employees can relax and enrich themselves by after-work reading. With a diversify of content in books, they can also feel stimulated in their creative thinking and life inspiration. From the inside to the outside of the company, we have comprehensively practiced sustainability and built a beautiful homeland. We have won the 1111 Happy Enterprise Gold Award for two consecutive years.



We were awarded as one of Taiwan's Top 100 sustainable model enterprises; Senior Vice General Manager Jinhua Fan attended to receive the award

Zero-distance communication

We have placed time-lapse videos on the official website to greet every visitor. Echoing the founder's philosophy, we strive to fulfill our corporate social responsibility and believe that reading can make a change in society. Therefore, we have set up a book-sharing section, a LOHAS reading area, and the Group's key milestones area in the company to promote a culture of reading. We also work with CommonWealth Magazine to set up libraries within construction sites, to promote reading in daily life. We set up a Facebook fan page, which is managed by the Planning Department. Employees in each department provide the department with materials and stay informed at any time of updates on engineering information, sustainable news and the corporate messages related to the company.



Kedge's Official web



Kedge's Facebook



Kedge's ESG Web



Kedge's YouTube



07

Attachment

7.1 GRI Standards Table

7.2 SASB Metric

7.3 TCFD Metrics Table

7.4 Third Party Statement





7.1 GRI Standards

GRI Standards Table

- Statement of use: We have reported on the ESG information from January 1 to December 31, 2022, in accordance with the GRI guidelines.
- Applicable GRI 1: GRI 1: Foundation 2021
- Applicable GRI Standards: not applicable (not announced yet)Statement of use: We have reported on the ESG information from January 1 to December 31, 2022, in accordance with the GRI guidelines.

Applicable GRI 1: GRI 1: Foundation 2021

Applicable GRI Standards: not applicable (not announced yet)

Note: There are no omitted disclosure items in this year's report

GRI Standards	Disclosure	Corresponding Chapter	Pages
GRI 2 : 2021 General Disclosure	2-1 Organizational details	0.3 Company Profile	
	2-2 Entities included in the organization's sustainability reporting	0.3 Company Profile	5
	2-3 Reporting period, frequency and contact point	0.1 About the Report	3
	2-4 Restatements of information	No information re-edited in 2021	
	2-5 External assurance		
	2-6 Activities, value chain and other business relationships	0.3 Company Profile	5
	2-7 Employees	5.2 Salary and Benefits	82
	2-8 Workers who are not employees	5.2 Salary and Benefits 5.4 Occupational safety and health	82 91
	2-9 Governance structure and composition	2.2 Organization of corporate governance	26
	2-10 Nomination and selection of the highest governance body	2.2 Organization of corporate governance	26
	2-11 Chair of the highest governance body	2.2 Organization of corporate governance	26
	2-12 Role of the highest governance body in overseeing the management of impacts	1.4 ESG Committee	19
	2-13 Delegation of responsibility for managing impacts	1.4 ESG Committee	19
	2-14 Role of the highest governance body in sustainability reporting	1.4 ESG Committee	19
	2-15 Conflicts of interest	2.2 Organization of corporate governance Management of the conflicts of interest	26
	2-16 Communication of critical concerns	1.4 ESG Committee	19
	2-17 Collective knowledge of the highest governance body	2.2 Organization of corporate governance Directors' advanced training	29

GRI Standards	Disclosure	Corresponding Chapter	Pages
GRI 2 : 2021 General Disclosure	2-18 Evaluation of the performance of the highest governance body	2.2 Organization of corporate governance Performance Evaluation of the Board of Directors	32
	2-19 Remuneration policies	2.2 Organization of corporate governance Remuneration structure of directors and executive managers	32
	2-20 Process to determine remuneration	2.2 Organization of corporate governance Remuneration Committee	28
	2-21 Annual total compensation ratio	5.3 Talent development and training Remuneration system	84
	2-22 Statement on sustainable development strategy	0.2 Message from the Chairman	4
	2-23 Policy commitments	2.4 Ethical Management 5.5 Human right policies 4.4 Supply Chain Management	34 103 71
	2-24 Embedding policy commitments	2.4 Ethical Management 5.5 Human right policies 4.4 Supply Chain Management	34 103 71
	2-25 Processes to remediate negative impacts	1.5 Materiality analysis 1.6 Communication with stakeholders	20 23
	2-26 Mechanisms for seeking advice and raising concerns	1.6 Communication with stakeholders	23
	2-27 Compliance with laws and regulations	1.5 Materiality analysis 1.6 Communication with stakeholders	35
	2-28 Membership associations	0.3 Company Profile Participation in association	10
	2-29 Approach to stakeholder engagement	1.6 Communication with stakeholders	23
	2-30 Collective bargaining agreements	No trade union or collective bargaining agreement in the company	
	GRI 3 : 2021 Material Topics	3-1 Process to determine material topics	1.5 Materiality analysis
3-2 List of material topics		1.5 Materiality analysis	20



Topic-Specific Disclosure

Material Topics	Topic-Specific	GRI Standards	Disclosure	Corresponding Chapter	Pages
✓	Economic Performance	GRI 3 : 2021Material Topics	3-3 Management of material topics	2.1 Management Approaches	26
		GRI 201 : 2016 Economic Performance	201-1 Direct economic value generated and distributed	2.7 Financial Performance	39
			201-2 Financial implications and other risks and opportunities due to climate change	3.4 Climate change and adaptation	46
	Market Presence	GRI 202 : 2016 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	5.3 Talent development and training Remuneration system	86
	Procurement Practices	GRI 204 : 2016 Procurement Practices	204-1 Proportion of spending on local suppliers	4.4 Supply Chain Management Raw Materials Procurement Policy	71
✓	Energy	GRI 302 : 2016 Energy	302-1 Energy consumption within the organization	3.3 Energy and resources use Energy Management	45
			302-3 Energy intensity		45
✓	Water and Effluents	GRI 3 : 2021Material Topics	3-3 Management of material topics	3.1 Management Approaches	41
		GRI 303 : 2018 Water and Effluents	303-3 Water withdrawal	3.3 Energy and resources use Water resources management	45
✓	Biodiversity	GRI 3 : 2021Material Topics	3-3 Management of material topics	3.1 Management Approaches	41
		GRI 304 : 2016 Biodiversity	3304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.5 Biodiversity	59
			304-2 Significant impacts of activities, products and services on biodiversity		59
✓	Emissions	GRI 3 : 2021Material Topics	3-3 Management of material topics	3.1 Management Approaches	41
		GRI 305 : 2016 Emissions	305-1 Direct (Scope 1) GHG emissions	3.4 Climate change and adaptation Greenhouse gas inventory	58
			305-2 Energy indirect (Scope 2) GHG emissions		58
			305-3 Other indirect (Scope 3) GHG emissions		58
305-4 GHG emissions intensity	58				
✓	Effluents and Waste	GRI 3 : 2021Material Topics	3-3 Management of material topics	3.1 Management Approaches 3.2 Environmental Impact Mitigation Waste management	41 44
		GRI 306 : 2020 Effluents and Waste	306-1 Waste generation and significant waste-related impacts	3.2 Environmental Impact Mitigation Waste management	44
			306-3 Waste generated	3.3 Energy and resources use Waste disposal	45



Material Topics	Topic-Specific	GRI Standardst	Disclosure	Corresponding Chapter	Pages
✓	Supplier Environmental Assessment	GRI 3 : 2021 Material Topics	3-3 Management of material topics	4.1 Management approach	61
		GRI 308 : 2016 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	4.4 Supply Chain Management Evaluation and Assessment policy and Sustainable Commitment	74
	Employment	GRI 401 : 2016 Employment	401-1 New employee hires and employee turnover	5.3 Talent development and training Personnel turnover over the years	87
			401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Salary and Benefits Employee benefits	84
			401-3 Parental leave	5.2 Salary and Benefits Focus on gender equality in the workplace to allow employees to work with peace of mind	83
✓	Occupational Health and Safety	GRI 403 : 2018 Occupational Health and Safety	403-1 Occupational health and safety management system	5.4 Occupational safety and health Establish, verify and maintain occupational safety and health management system	91
			403-2 Hazard identification, risk assessment, and incident investigation	5.4 Occupational safety and health Occupational Health Services	91
			403-3 Occupational health services	5.4 Occupational safety and health Workers' Participation, Consultation and Communication in Occupational Safety and Health	94
			403-4 Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational safety and health Workers' Training in Occupational Safety and Health	95
			403-5 Worker training on occupational health and safety	5.4 Occupational safety and health Occupational Health Services	96
			403-6 Promotion of worker health	5.4 Occupational safety and health Prevention and mitigation of occupational safety and health impacts directly linked to business relationships	94
			403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational safety and health Workers covered by the occupational safety and health management system	97
			403-8 Workers covered by an occupational health and safety management system	5.4 Occupational safety and health Occupational Injury	99
			403-9 Work-related injuries	5.4 Occupational safety and health Occupational Safety Incidents and Statistics in 2022	100
			403-10 Work-related ill health		101



Material Topics	Topic-Specific	GRI Standardst	Disclosure	Corresponding Chapter	Pages
	Training and Education	GRI 404 : 2016 Training and Education	404-1 Average hours of training per year per employee	5.3 Talent development and training Education and training hours over the years	88
			404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Talent development and training Promotion system	85
✓	Diversity and Equal Opportunity	GRI 405 : 2016 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.2 Organization of corporate governance Members of the Board of Directors 5.2 Salary and Benefits	27 82
			405-2 Ratio of basic salary and remuneration of women to men	5.3 Talent development and training	85
✓	Non-discrimination	GRI 3 : 2021Material Topics	3-3 Management of material topics	5.1 Management Approach	81
		GRI 406 : 2016 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	5.5 Human right policies Human rights protection	103
✓	Child Labor	GRI 3 : 2021Material Topics	3-3 Management of material topics	5.1 Management Approach	81
		GRI 408 : 2016Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	5.5 Human right policies Human rights protection	103
✓	Supplier Social Assessment	GRI 3 : 2021Material Topics	3-3 Management of material topics	4.1 Management Approach	61
		GRI 414 : 2016 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	4.4 Supply Chain Management Evaluation and Assessment policy and Sustainable Commitment	74
✓	New suppliers that were screened using social criteria	GRI 3 : 2021Material Topics	3-3 Management of material topics	6.1 Management Approach	107
		414-1 New suppliers that were screened using social criteria		6.2 Social Relations and Social Inclusion	108
✓	Public construction participation	GRI 3 : 2021Material Topics	3-3 Management of material topics	4.1 Management Approach	61
		Custom Topic: Public construction participation		4.2 Public Construction Participation	63
✓	Innovative technology and services	GRI 3 : 2021Material Topics	3-3 Management of material topics	4.1 Management Approach	61
		Custom Topic: Innovative technology and services		4.3 Innovative technologies and services	67
✓	Green construction and energy-efficient buildings	GRI 3 : 2021Material Topics	3-3 Management of material topics	4.1 Management Approach	61
		Custom Topic: Green construction and energy-efficient buildings		4.5 In response to green buildings	78



7.2 SASB Metrics Table

Topic	Code	Category	Unit of Measure	Accounting Metrics	Chapter
Environmental Impacts of Project Development	IF-EN-160a.1	Quantitative	Absolute quantity	Number of incidents of non-compliance with environmental permits, standards, and regulations	2.5 Compliance
	IF-EN-160a.2	Discussion and Analysis	N/A	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	CH3 Environmental Friendliness
Structural Integrity & Safety	IF-EN-250a.1	Quantitative	Amount	Amount of defect- and safety-related rework costs	N/A
	IF-EN-250a.2			Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	
Workforce Health & Safety	IF-EN-320a.1	Quantitative	Ratio	1. Total recordable incident rate (TRIR) 2. fatality rate for (a) direct employees and (b) contract employees	5.4 Occupational safety and health
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Quantitative	Absolute quantity	1. Number of commissioned projects certified to a third-party multi-attribute sustainability standard 2. Number of active projects seeking such certification	4.5 In response to green buildings
		Discussion and Analysis	N/A	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	4.4 Supply Chain Management 3.3 Energy and resources use
Climate Impacts of Business Mix	IF-EN-410b.1	Quantitative	Amount	Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects	N/A
	IF-EN-410b.2			Amount of backlog cancellations associated with hydrocarbon-related projects	
	IF-EN-410b.3			Amount of backlog for non-energy projects associated with climate change mitigation	
Business Ethics	IF-EN-510a.1	Quantitative	Absolute quantity \ Amount	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	N/A
	IF-EN-510a.2		Amount	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	
	IF-EN-510a.3	Discussion and Analysis	N/A	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding pro	2.5 Compliance
Activity Metrics	IF-EN-000.A	Quantitative	Absolute quantity	Number of active projects	0.3 Company Profile
	IF-EN-000.B			Number of commissioned projects	
			Amount	Total backlog	0.3 Company Profile




7.3 TCFD Metrics Table

Aspect	Metric	Corresponding chapter
Governance	a) Provide further details on the board's oversight of climate-related risks and opportunities.	3.4 Climate change and adaptation
	b) Provide the highest-level management position(s) or committee(s) with responsibility for climate-related risks and opportunities.	
Strategy	a) Describe how your organization defines short-, medium-, long-term climate-related risks and opportunities.	
	b) Provide details of climate-related risks and opportunities identified with the potential to have a substantive financial or strategic impact on your business.	
	c) Describe your organization's strategic resilience and different climate-related scenarios (including 2°C or more stringent scenarios).	
Risk management	a) Describe your organization's process for identifying and assessing climate-related risks.	
	b) Describe your organization's processes for managing climate-related risks.	
	c) Describe how the identification, assessment, and management processes for climate-related risks are integrated into your organization's overall risk management system.	
Metric and target	a) Disclose the metrics your organization adopts to assess climate-related risks and opportunities as per the strategy and risk management process.	
	b) Disclose scopes 1, 2 and 3 (if applicable) GHG emissions and associated risks.	
	c) Describe the goals your organization sets in managing climate-related risks and opportunities and the performance in realizing such goals.	





7.4 Third Party Statement


DNV

Independent Assurance Statement

Scope and Approach

KEDGE CONSTRUCTION CO., LTD. ("KEDGE" or "the Company") commissioned **DNV Business Assurance Co., Ltd.** ("DNV" or "we") to undertake independent assurance over the 2022 Sustainability Report for the year ended 31 December 2022 ("the Report").

We performed our work using DNV's assurance methodology VeriSustain™, which is based on our professional experience and international assurance best practices, including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The Report also incorporated disclosures with reference to relevant sustainability reporting guidelines, such as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Engineering & Construction Services Industry (version 2028-10).

We understand that the reported financial data and information are based on the data from the Company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts and greenhouse gas emission data verified by other assurance engagements are not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles with a Type 1, Moderate level of assurance, according to the DNV VeriSustain™ Protocol and AA1000 Assurance Standard v3.

Responsibilities of the Directors of KEDGE CONSTRUCTION CO., LTD. and of the Assurance Providers

The Directors of KEDGE have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of KEDGE; however, our statement represents our independent opinion and is intended to inform all of KEDGE's stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

This is the first year we have performed assurance work, and we have no other contractual relationship with KEDGE that constitutes a conflict of interest against the current assurance engagement.


DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at the Company and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect KEDGE and are of interest to stakeholders.
- Review of KEDGE's stakeholder engagement approach and recent outputs.
- Review of information provided to us by KEDGE on its reporting and management processes relating to the Principles.
- Interviews with selected senior managers responsible for the management of sustainability issues and review of selected evidence to support the issues discussed.
- Site visits to KEDGE's Headquarters in Taipei City and data checks on the Company's major construction sites in Taiwan, as indicated in relevant sections against the issues discussed, to assess processes and systems for preparing site-level data and implementing sustainability strategies.
- Review of supporting evidence for key claims and 2022 data in the Report, as reported information beyond 2022 is not within the scope of the current engagement. Our checking processes were prioritised according to materiality, and we based our prioritisation on the materiality of issues at the consolidated corporate level.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where data on financial performance and greenhouse gas emissions had been checked by other assurance providers or engagements, we tested the transcription from these sources to the Report.
- An independent assessment of KEDGE's reporting according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards.
- The verification was conducted based only on the Chinese version Report.

¹ The VeriSustain™ Protocol is available on dnv.com


DNV

Independent Assurance Statement

Scope and Approach

KEDGE CONSTRUCTION CO., LTD. ("KEDGE" or "the Company") commissioned **DNV Business Assurance Co., Ltd.** ("DNV" or "we") to undertake independent assurance over the 2022 Sustainability Report for the year ended 31 December 2022 ("the Report").

We performed our work using DNV's assurance methodology VeriSustain™, which is based on our professional experience and international assurance best practices, including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The Report also incorporated disclosures with reference to relevant sustainability reporting guidelines, such as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Engineering & Construction Services Industry (version 2028-10).

We understand that the reported financial data and information are based on the data from the Company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts and greenhouse gas emission data verified by other assurance engagements are not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles with a Type 1, Moderate level of assurance, according to the DNV VeriSustain™ Protocol and AA1000 Assurance Standard v3.

Responsibilities of the Directors of KEDGE CONSTRUCTION CO., LTD. and of the Assurance Providers

The Directors of KEDGE have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of KEDGE; however, our statement represents our independent opinion and is intended to inform all of KEDGE's stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

This is the first year we have performed assurance work, and we have no other contractual relationship with KEDGE that constitutes a conflict of interest against the current assurance engagement.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at the Company and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect KEDGE and are of interest to stakeholders.
- Review of KEDGE's stakeholder engagement approach and recent outputs.
- Review of information provided to us by KEDGE on its reporting and management processes relating to the Principles.
- Interviews with selected senior managers responsible for the management of sustainability issues and review of selected evidence to support the issues discussed.
- Site visits to KEDGE's Headquarters in Taipei City and data checks on the Company's major construction sites in Taiwan, as indicated in relevant sections against the issues discussed, to assess processes and systems for preparing site-level data and implementing sustainability strategies.
- Review of supporting evidence for key claims and 2022 data in the Report, as reported information beyond 2022 is not within the scope of the current engagement. Our checking processes were prioritised according to materiality, and we based our prioritisation on the materiality of issues at the consolidated corporate level.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where data on financial performance and greenhouse gas emissions had been checked by other assurance providers or engagements, we tested the transcription from these sources to the Report.
- An independent assessment of KEDGE's reporting according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards.
- The verification was conducted based only on the Chinese version Report.

¹ The VeriSustain™ Protocol is available on dnv.com



根基營造股份有限公司
KEDGE CONSTRUCTION CO.,LTD.

Add:6th Floor, No. 131, Section 3, Heping East Road, Daan District, Taipei City

Email:kedge_service@kindom.com.tw

Tel:+886-2-2378-6789

