

Corporate Sustainability Report 2021



建國工程

CHIEN KUO CONSTRUCTION CO.,LTD.



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About this Report

Chien Kuo Construction Co., Ltd. (hereinafter referred to as “Chien Kuo Construction”, “Chien Kuo”, “the Company”, or “we”) published the Corporate Social Responsibility Report in 2019. In response to the update of the “Corporate Governance 3.0 - Sustainable Development Roadmap” updated by the Financial Supervisory Commission (FSC) in 2021, the CSR Report was retitled the “Corporate Sustainability Report”. The report is used to respond to the sustainability issues of concern to employees, shareholders, investors, customers, suppliers, government agencies, and other stakeholders. It is addressed to the public to illustrate the Company’s current business operations and performance in corporate sustainability and responsibility. Chien Kuo Construction upholds the spirit of giving back what one takes from the society to the society, and we shall continue to work hard to create benefits and happiness for stakeholders in our business operations to bring about change to the society.

Boundary and Scope

The entities included in this report are the operations of Chien Kuo Construction in Taiwan. The Company plans to publish a report once every year. The previous report was published in June 2021 and this report was published in June 2022. The next report is scheduled to be published in June 2023.

Reporting Period and Entities

This report provides information on the Company’s performance in all respects from January 1 to December 31, 2021. This report is published on the official website of Chien Kuo Construction Co., Ltd. The contents include material issues of concern to stakeholders, communication status, and Chien Kuo Construction’s specific actions in economic, environmental, and social spheres.

Basis and Guidelines of the Report

This report is compiled in accordance with the GRI Standards: Core Options to disclose the value and performance created by Chien Kuo Construction in all respects of corporate social responsibility. All financial data in the report shall be expressed in NTD. If there are estimates or assumptions, they shall be specified individually in related chapters.

Feedback and contact information of the production team

We sincerely invite readers to provide us with their valuable feedback regarding this report or ideas and guidance for the sustainable development of Chien Kuo Construction. We will review your feedback and implement improvements.

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A Word from the Management

The COVID-19 pandemic has ravaged the world for more than two years since December 2019 and has caused long-term and comprehensive impact on the world. The global political and economic conditions and regional economic development have been irreversibly changed by the pandemic, and no country or business was left unscathed. For Chien Kuo Construction and many other companies, it is an era of uncertainty. We cautiously assess the unpredictable developments in the economy, calculate the trends of rapid increases and decreases in raw material prices, and carefully respond to the pressures of shipping, manpower shortages, and inflation on operations that were caused by the pandemic. However, the era also offers attractive business opportunities. The supply chain restructuring and the return of capital have created strong demand for Taiwan's industrial development, such as the construction industry in which Chien Kuo Construction operates. Amid the unpredictable political and economic developments, companies must make careful choices for business development. As they bravely pursue profitability, they have also entered an era in which ESG issues gain prominence.

In response to such rapid changes in the environment, how does Chien Kuo Construction view its progress? The history of Chien Kuo Construction began with the establishment of "He-fa Trade Company" in 1931. It was renamed "Chien Kuo Construction Co. Ltd." in 1960 and has participated in projects such as the construction of the Shimen Reservoir Water Works and the North-Link Railway in over 90 years of development with contributions to major national projects. The Company recently completed National Kaohsiung Center for the Arts (Weiwuying), a new landmark in South Taiwan and survived several rounds of political and economic changes and financial crises. In the development strategies we have set for the Company in recent years, we have upheld values in response to changes and Chien Kuo Construction has withstood the test of time to pursue sustainability in future development.

Chien Kuo Construction rearranged business sectors and plans in 2015 and opted to focus on the main construction business in Taiwan. We established our motto "become a new generation construction team that is technology-based, social-care, and humanistic-aesthetics-oriented", based on which we established a series of progressive development goals. We started with the basic requirements of the construction industry and focused first on safety and health requirements and construction quality that exceed industry standards. Since 2019, our projects "Pinyang Xinzhuang" and "Fubon Life Insurance Construction Project on Changchun Section" have won the highest

honor in occupational safety, the "Five-Star Award for Outstanding Occupational Safety and Health Unit", for two consecutive years, setting the standards in safety and health performance in the industry. In the same period, the "Zhonglu No. 2 Turnkey Project" also received the Public Construction Golden Quality Award from the Public Construction Commission, Executive Yuan, and the "Ruiguang Public Housing Turnkey Project" received another Excellence Award in the Golden Quality Award. Our employees' commitment to the pursuit of excellence in quality has helped us achieve a series of satisfying results. This is the process of step-by-step enhancement. We continue to adopt value-based construction evaluation to progressively optimize the schedule and costs.

We gradually established our capacity for undertaking a diverse range of projects and assessed the overall market demand amid changes in the environment. We adjusted the ratio of projects based on the advantages of the team, maintained residential, commercial, and factory building clients, and expanded turnkey businesses at the same time. In 2021, Chien Kuo Construction was contracted for two Public Housing turnkey projects, two factory building projects, and one residential building project with a total amount of NT\$11 billion and a significant increase in profit margin. As of the end of 2021, the total contract amount of construction to be completed totaled NT\$32.7 billion. It is obvious that the results of gradual adjustments by Chien Kuo Construction have been recognized in the market and the Company has become a trusted partner for owners.

To become the "new generation construction team" we aspire to be, we must also use technology, digitalization, automation, and differentiation to build the competitive advantages of Chien Kuo Construction for the future. Since 2016, we have applied for the patent for the new construction method with SD550W reinforced concrete and 24 other patents with another 11 patent applications pending. Chien Kuo Construction established the Technology Department in 2018 to continuously develop technologies for improving construction and gradually adopts these technologies in use. In 2021, the quality assurance audit in the Quality Assurance and Safety and Health System app was completed and launched so that the self-inspection app can be used to complete inspections of reinforced concrete work items. In terms of BIM automation of mechanical and electrical lines, we adopted the foam pipe pre-assembly method, completed the automatic modeling of water sprinkler lines, automatic modeling of indoor water supply line, and cross-beam cable casing demarcation program. Our 2 new construction

methods with vibration isolation mats were approved by the Taiwan Architecture & Building Center at the end of 2021. Our multi-component internal hoop system has been validated in tests and the application for the new construction method has been submitted to the Construction and Planning Agency. To enhance customer service, we have created value-added services in the Facility Management (FM2.0) software to significantly improve the fidelity of model navigation. We also use 3D architecture resume and combine BIM models with architecture resume to provide owners and residents with an intuitive and dynamic way to access building information in the future. Chien Kuo Construction has developed ICT application technologies to meet construction requirements and we have gradually advanced toward the objectives of Construction 4.0 for smart construction site, smart construction, and smart management.

Chien Kuo Construction has adopted "ethics, utilization, welfare, and harmony" as mentioned in Dayumo of the Book of Documents as core values and guidance for future development. The harmonious and sustainable coexistence with the environment enshrined in the value "harmony" has become our key principle for the development of technologies and differentiation. We have gradually adopted construction methods for energy conservation and carbon emissions reduction. We have adopted energy-saving building design in our turnkey projects such as the Green Building Certification, solar power, and rainwater recycling design and equipment. For Chien Kuo Construction, these actions are not new issues that we only pay attention after the increase in the importance of ESG in recent years. They have been part of our efforts throughout the years. The Aluminum Mold Business Department was established in 2021 for the systematic adoption of aluminum molds. The use of aluminum molds incurs high upfront costs, but it increases the efficiency of construction and mitigates the negative impact of labor shortages. More importantly, aluminum molds do not require the logging of trees as is required for the production of traditional wooden molds. Instead, aluminum molds are produced with recyclable materials and can be used more than 100 times, thus meeting our pursuit of energy conservation, environmental protection, low carbon, and emissions reduction. We will use the Kaohsiung Zuoying Public Housing Project as the site for demonstrating the use of aluminum molds and building a solid basis for the full introduction of aluminum molds. It is an important milestone in the pursuit of environmental sustainability by Chien Kuo Construction.

Although we have now passed the long helpless nights of the COVID-19 pandemic, it remains to be seen

whether we could completely lift border controls so that the free and normal movement of people and business operations can be restored. Just as companies are still fighting to recover from the supply chain disruptions, cargo transportation delays, and inflation caused by the pandemic, the Russo-Ukrainian War has, without warning pulled the world into the crisis. The lockdown in China due to the spread of the pandemic has also caused a sharp increase in risks and costs. Changes that were unimaginable in the past have arisen. Taiwan's aging population and other issues that we cannot avoid will take their toll along with other factors and push the real estate market and construction industry to a critical turning point.

The phrase "Knowledge of the simple things helps one understand the theory of everything. Once the theory of everything is understood, everything can be correctly positioned and understood" in Xizi of Zhou Yi reminds us that in response to the constant changes in the business environment and risk factors, we should not be affected or bound by short-term signs and symptoms. Instead, we must clearly outline our vision and strategic objectives based on the Company's corporate culture and core values. We must move forward in a progressive manner through the pursuit of excellence in corporate governance and corporate social responsibility. This is the foundation of Chien Kuo Construction's ability to overcome the challenges of the times. As a corporate citizen who has always been held to high standards, we are pleased to see ESG's gradual rise as a common language for companies to provide clearer policies and guidelines for international organizations, competent authorities, and the companies. We shall use the foundations we have built for environmental protection, social responsibility, and corporate governance, and adopt a practical and responsible attitude to create and implement long-term ESG targets. We believe and hope that companies can work together to play more important and cooperative roles to achieve true sustainability.

Chang-shiou WU, Chairman

吳昌修

About Chien Kuo Construction

Company Profile

Chien Kuo Construction was formerly “He-fa Trade Company”, which was founded in 1931 and has operated for 90 years. In 1946, He-fa Trade Company was reorganized as “Chien Kuo Construction Contractor”. It obtained the qualification of Grade A construction company and was renamed “Chien Kuo Construction Co. Ltd.” in 1960. 60 years have elapsed since then. Chien Kuo Construction has operated as the contractor for the Shimen Reservoir Water Works project, tunnel construction projects of Zengwun Reservoir, and Ten Major Infrastructure Projects such as the North-Link Railway. We have made significant contributions and played a crucial role in Taiwan’s development. The Company has become one of the most reputable companies listed on TWSE in Taiwan.

In 2010, Chien Kuo Construction was contracted for the construction of National Kaohsiung Center for the Arts (Weiwuying). It is the largest and most advanced venue for performing arts in Southeast Asia and was inaugurated in October 2018. It has attracted art and architecture lovers from all over the world. International media coverage included the New York Times and the Guardian, which provided extensive coverage for Taiwan’s new landmark and pride. This extravagant building with 46,000 pings was designed by renowned Dutch architect Francine Houben. Construction methods first introduced in Taiwan or indeed the world were adopted for the building design, materials, and acoustic expression, demonstrating Chien Kuo Construction’s outstanding leadership in construction technology.

Chien Kuo Construction outlined its vision for the future in 2015 to “become a new generation construction team that is technology-based, social-care, and humanistic-aesthetics-oriented”. We established a series of progressive development goals for the transformation into the new generation construction team. From safety and health quality assurance, enhancement of professional technology and construction management systems, and development of new technologies and equipment to the establishment of the Technology Department in 2018 to develop ICT application technologies to meet construction requirements, we have gradually advanced toward the objectives of smart construction site, smart construction, and smart management. We started with the basic requirements and gradually adopted technology, digitalization, automation, and differentiation to increase our core competitiveness in construction.

Since 2019, Chien Kuo Construction has won the Exceptional and Excellence Awards for “Public Construction Golden Quality Award”, the highest honor in public construction, for 2 consecutive years. We have also won the highest honor in occupational safety, “Five-Star Award for Outstanding Occupational Safety and Health Unit”, for 3 consecutive years. We have set benchmarks that are difficult for other companies to follow in construction safety and health quality and demonstrated the results of Chien Kuo Construction’s steadfast and solid progress.

Chien Kuo Construction has always responded to changes of the era and the needs of the society and focused on national construction projects. Our businesses have expanded to overseas development as well as mining and concrete businesses in China and Taiwan before we focused once again on large-scale construction projects and improvements in professional technologies. We believe that we must uphold the core values of the Company and fulfill corporate governance and social responsibility. This is the foundation of Chien Kuo Construction’s ability to overcome the challenges in the past 60 years. As a corporate citizen who has always been held to high standards, Chien Kuo Construction shall continue to adopt a practical and responsible attitude to create and implement long-term ESG targets for environmental protection, social responsibility, and corporate governance as we advance toward sustainability in the circular economy.



Company History

Time	Milestones
1931	Mr. CHEN Huo-sheng, the founder, established “He-fa Trade Company”, a civil engineering firm and predecessor of Chien Kuo Construction.
1946	Reorganized as “Chien Kuo Construction Contractor” under the leadership of Mr. CHEN Jin-zao.
1960	Chien Kuo Construction Contractor obtained the qualification of Grade A construction company and was renamed “Chien Kuo Construction Co. Ltd.”, with Mr. CHEN Jin-zao as the founding chairman.
1962	Contracted for the Shimen Reservoir Water Works project.
1965	Undertook construction of tail race of Qingshan Dam of Taipower and expanded its business to include the various tunnel construction projects of Zengwun Reservoir, becoming a renowned construction company for its tunnel construction.
1968	Contracted for the tunnel construction of Zengwen Reservoir.
1971	Mr. CHEN Jung-hui became the chairman.
1973	Contracted for the construction the tail race and surge chamber of Qingshan Power Plant. Chien Kuo Construction received a Medal in Civil Engineering at the 12th International Federation of Asian & Western Pacific Contractors Association.
1974	Contracted for the tunnel construction for the North-Link Railway, one of the government’s Ten Major Infrastructure Projects.
1976	Mr. TSAI Ming-shou became the third chairman.
1980	Launched the limestone mining business in Ho-Ping Mine Ground of Taiwan Cement Corporation, becoming the first professional mining company to enter the mine ground.
1988	Mr. CHEN Chi-te became the fourth chairman.
1995	Contracted for the structure construction of new plants of UTAC-Taiwan in Hsinchu Science Park, the first such performance in high-tech plant construction. Established “Shanghai Chien Kuo Concrete Co., Ltd.” and entered the pre-mix concrete market in China.
1996	Established “Shanghai Chien Hwei Concrete Co., Ltd.”; Established “Jiangsu Chien Kuo Mining (Jurong) Industrial Co., Ltd.” to contract for the mining business with Jingyang Concrete. Invested in “Chien Kuo Development Co., Ltd.” for the construction business.
1998	Chien Kuo Construction, Shanghai Chien Kuo, and Chien Hui Concrete received ISO 9002 certification from SGS.
1999	Listed on TPEx.
2001	Established “Shun Long International Electrical Engineering Co., Ltd.” to integrate mechanical and electrical engineering.
2003	Listing transferred from TPEx to TWSE. Established “Huizhou Chien Kuo Mining Co., Ltd.” in Huizhou City, Guangdong Province, and undertook the quarrying business of Huizhou Universal Cement Corporation.
2004	Established “Yingde Chien Kuo Mining Co., Ltd.” in Yingde City, Guangdong Province, and undertook the quarrying business of Taiwan Cement Corporation (Yingde).
2007	Established “Guigang Chien Kuo Mining Co., Ltd.” in Guigang City, Guangdong Province, and undertook the mining construction business of Taiwan Cement Corporation (Guigang).
2009	Contracted for construction of the Shanghua Renai Building, the first urban renewal project managed by owners of the same buildings in Taipei City.
2010	Contracted for construction of the main structure of National Kaohsiung Center for the Arts (Weiwuying). Honored at the 10th Arts and Business Award awarded by Council for Cultural Affairs of the Executive Yuan.
2011	Contracted for the interior utility and air conditioning engineering of National Kaohsiung Center for the Arts (Weiwuying). The newly established “Hesheng Mining Co., Ltd.” and “Hefa Mining Co., Ltd.” have undertaken the limestone mining business demerged from the Company. Established the “Chien Kuo Foundation for Arts and Culture”
2013	Established the subsidiary “WeBIM Services Co., Ltd.” for the integration of BIM technical services. Chairman CHEN Chi-te won the Arts and Business Award for the Kunju “Nanke Dream” produced by the Foundation.
2016	Contracted for the new Zhonglu No. 2 Public Housing Turnkey Project in Taoyuan City and planned smart Public Housing based on government policies.
2017	Contracted for the Ruiguang Public Housing Turnkey Project in Neihu, Taipei City.
2018	Contracted for the Tucheng Youth Public Housing Turnkey Project.
2019	Contracted for the Fuxing Public Housing Turnkey Project in Taipei City and the new Yangmei No. 1 and Pingzhen No. 1 Public Housing Turnkey Projects in Taoyuan City. The construction of the Zhonglu No. 2 Public Housing Project in Taoyuan won the Exceptional Award in the 19th Public Construction Golden Quality Award in 2019.
2020	Contracted for the construction of the Phase IV construction for TSMC’s Fab 18 in Southern Taiwan Science Park and Fox Automation Technology plant construction project. Established the subsidiary “Golden Canyon Venture Capital Investment Co., Ltd.”. The construction of the Ruiguang Public Housing project in Neihu, Taipei City received the Type 1 Excellence Award in the 20th Public Construction Golden Quality Award in 2020.
2021	Contracted for the construction of the Dingfu Public Housing Project in Tucheng, Kaohsiung Zuoying Public Housing Project, and the Yuching residential complex in Nangang District.

Business Scale

Chien Kuo Construction has an integrated construction team, abundant construction experience, and outstanding construction quality. After the completion of the major benchmark project “construction of the main structure and decoration of National Kaohsiung Center for the Arts (Weiwuying)” in 2015, the Company ventured into the turnkey construction sector in 2016 and took on the Company’s first turnkey project “Taoyuan City Government Public Housing Zhonglu No. 2 Turnkey Project”. In each year thereafter, the Company has been contracted for projects such as Ruiguang Public Housing Project, Tucheng Youth Public Housing Turnkey Project on Yuanhe Section in Tucheng, New Taipei City, Fuxing Public Housing in Taipei City, and the Yangmei and Pingzhen Public Housing Turnkey Projects in Taoyuan City. In 2021, the Company was contracted for the Dingfu Public Housing Project in Tucheng, and we expanded to turnkey projects in Southern Taiwan with the Kaohsiung Zuoying Public Housing Project of the National Housing and Urban Regeneration Center. Chien Kuo Construction has demonstrated outstanding construction quality and management capabilities in turnkey projects. The “Zhonglu No. 2 Turnkey Project” in 2019 and “Ruiguang Public Housing Turnkey Project” in 2020 received the Exceptional and Excellence Awards, respectively, in the Public Construction Golden Quality Award of the Public Construction Commission, Executive Yuan. Chien Kuo Construction has enhanced the construction quality of residential buildings and improved the capacity for integrated design. In response to changes in market demand, we have also expanded businesses in the factory building market and was named the contractor for the construction of the Phase IV construction for TSMC’s Fab 18 in Southern Taiwan Science Park and Fox Automation Technology plant construction project in 2020 with a successful entry into the high-tech factory building sector. Chien Kuo Construction has enjoyed success in the development of new markets and maintained a steady stream of projects in advanced residential buildings. In 2021, we partnered with an old client, the Cathay Group, in the Yuching Residential Complex, Cathay Real Estate, Nangang. Chien Kuo Construction has maintained a steady stream of projects in residential buildings, office buildings, and turnkey projects.

Most of the Company’s construction projects are in Northern and Southern Taiwan, including 4 in Taipei City, 4 in New Taipei City, 1 in Taoyuan City, 1 in Miaoli County, 1 in Tainan City, and 2 in Kaohsiung City. Please refer to the Company’s construction project location map.

Company Profile

November 21, 1960	Taipei City, Taiwan	5515	9 companies	382
Date of Incorporation	Head Office	Stock Code	Affiliates	Number of employees of the Group as of the end of 2021
\$ 2,574,401,050	\$ 5,326,400,000	\$ 10,387,850,000		
Paid-in capital	2021 consolidated revenue	Value of contracts signed by the Group as of the end of 2021		

Professional Services

Construction Business Taiwan	Electrical engineering services Taiwan
Residential building construction Plant and office building construction Public facility construction Commercial building construction Turnkey construction projects	Air-conditioning engineering Fire safety engineering Water and electricity engineering

Locations of Operations



Actual Performance in 2021

Project Name	Implementation Format	Customer Name	Contract Amount (NT\$100 million)
Dingfu Public Housing Turnkey Project, New Taipei City	Contractor	National Housing and Urban Regeneration Center	60.929
Yuching Residential Complex, Cathay Real Estate, Nangang	Contractor	Cathay Real Estate Development	11.25
Xinglong Public Housing Turnkey Project, Zuoying, Kaohsiung City	Contractor	National Housing and Urban Regeneration Center	31.7
Kuo Yang Silicon Valley Plant and Office Building	Construction completed	Kuo Yang Construction	25.6
Fubon Changchun Office Building	Construction completed	Fubon Life Insurance	19.1

Total **148.579**
(100 million)

Membership of Associations

Taiwan Regional Engineering Contractors Association	Grade A Member	Taiwan Electrical Contractors Association	Grade A Member
Taiwan Water Pipe Engineering Industries Association	Grade A Member	Taiwan Refrigeration & Air-conditioning Engineering Association	Grade A Member

Core Values

Our core values are “ethics, utilization, welfare, and harmony”

Chien Kuo Construction has upheld the business philosophy of people first and integrity since its establishment. As time went on, we focused on improvement and commitment to innovation to achieve high-quality and high-value construction. We repay our customers' trust with high satisfaction, and let the Company and employees grow and thrive together with a comprehensive learning plan. We believe in sustainable management and consolidating the capabilities of all employees with a common mission and vision. Every step we take must be in harmony with the society and environment to ensure mutual dependence and coexistence.

Chien Kuo Construction's core values of “ethics, utilization, welfare, and harmony” were derived from Dayumo of the Book of Documents, which faithfully portrayed the business motto of Chien Kuo Construction. “Ethics” represents the Company's commitment to people first, integrity, care for employees, and respect for customers. “Utilization” represents our continuous advancement with the times and our pursuit of improvement and enhancement to attain the best use of talents, best use of its land, and best use of resources. “Welfare” requires companies to support the society that supports them instead of focusing on the pursuit of profits as the sole purpose. Companies must work harder to create a more bountiful and happy life for people. “Harmony” is Chien Kuo Construction's firm belief for sustainability. Every step we take must be in harmony with the society and environment to ensure mutual dependence and coexistence.



Our motto is to become a new generation construction team that is technology-based, social-care, and humanistic-aesthetics-oriented.



Technology-based

Chien Kuo Construction advances with the times in pursuit of excellence. Continuous development of new technologies and supply of optimal technical expertise: We use Building Information Modeling (BIM) to integrate cloud and facility management software and quality assurance and safety and health system to attain comprehensive control of construction quality from design to construction and operations. We also launched the Management Information System (MIS) to use the cloud platform for the compilation of all construction information, real-time control of construction progress, risk management, and communication with customers. We seek to maximize the value of services for customers and demonstrate our unique advantages in the market.



Care for the society with learning and growth

We continue to invest in culture, art, and charity to create a humanistic-aesthetics-oriented corporate culture with philanthropic activities at its core. Employees care for the disadvantaged in the society and we cultivate their humanistic values so that Chien Kuo Construction serves as both a benchmark company and a happy team in both professional services and the fulfillment of corporate social responsibility.



New generation construction team

We use transparent and sustainable corporate governance for innovative development of construction technology, high-tech quality management, and self-discipline in employee training to advance toward our ideals for making people's dream of a comfortable home come true and create buildings that change the life of others. We seek to be the most valuable candidate in the industry with the highest quality, most up-to-date technology, and best management, and transform Chien Kuo Construction's partners into a new generation construction team that our customers can trust.



2021 Performance Highlights

Performance Highlights

<p>Governance</p>	<p>13 professional Directors from diverse backgrounds including 3 Independent Directors and 93% average attendance rate in 7 board meetings. The attendance rate of the 6 meetings of the Audit Committee was 100% and the attendance rate of the 4 meetings of the Remuneration Committee was 100%.</p>	<p>Social</p>	<p>392 volunteer service hours and 49 people serviced.</p>
<p>The attendance rate of the 6 meetings of the Audit Committee was 100% and the attendance rate of the 4 meetings of the Remuneration Committee was 100%.</p>	<p>All results of the performance evaluation of the Board of Directors self-evaluation of the Directors, and performance evaluation of functional committees exceeded standards.</p>	<p>Education and training expenses totaled NT\$935,000 and total training hours totaled 3,568 hours.</p>	
<p>Environmental</p>	<p>Recycled construction waste totaled 22,104.41 tons. Average energy consumption per capita reduced by 5.86% (compared to 2020).</p>	<p>Economic</p>	<p>Consolidated revenue totaled NT\$5,326,431 (thousand).</p>

Awards in 2021



Ministry of Labor Outstanding Unit



Outstanding Labor Safety Unit of Taipei City



Business Strategies and Development Goals

The COVID-19 pandemic continued to ravage the globe in 2021. To mitigate the immense long-term impact of lockdown instituted to block the spread of the virus, we must pay close attention to the changes in international political and economic conditions and the readjustments of the global supply chain. The industry must be prepared for the challenges necessitated by such changes. The global economy has a period of rapid recovery due to accelerated vaccine development and production and vaccination coverage. The semiconductor, shipping and logistics, and energy supply shortages in the recovery process and the uneven distribution of vaccines have led to uneven rates of recovery in global economic growth. The tourism and domestic service industries were devastated by the pandemic. Foreign trade and exports benefited from the resurgence of economic activity in major economies and achieved significant growth. In terms of investment, monetary easing policies across the globe boosted financial performance and the freight and financial services have performed well. However, the tightening monetary policies, such as interest rate hikes driven by inflation, now loom over the horizon.

The aforementioned political and economic changes and the aging population in Taiwan have placed real estate development and the sales market on the crossroads of new ideas, and the construction industry is also at a critical turning point.

In terms of Taiwan's industrial and economic development, despite the increased global vaccination rate and diminishing negative impact of the pandemic on the real economy, the monetary policies of developed economies have started to shift. With dwindling effectiveness of fiscal relief, emerging economies are now under pressure. Therefore, most of the major international forecast institutions believe that global economic and trade growth will slow down in 2022 compared to 2021 while uncertainties in financial markets will increase. The domestic demand for high-tech products and products traditional industries in Taiwan remains strong. As the domestic epidemic is contained, the revenue in the domestic service industry has recovered each month and the economic growth is supported by domestic consumption and investments by domestic industries. The domestic economic growth in 2022 is generally assessed as lower than the 2021 growth rate. The growth will be focused on those associated with consumer products such as logistics warehouses, malls, or domestic tourism.

In terms of the construction industry, in response to the rise of the stay-at-home economy, the demand for the construction of logistics warehouses or domestic business travel products has increased significantly. However, in terms of the operating costs, the labor issues and material issues that have persisted for five years will gradually appear in the fourth quarter of 2021 and are expected to be even more severe in 2022. They have caused significant cost increases in metal materials, masonry labor, reinforced concrete mold labor, concrete materials, etc. As a result, most of products planned in 2020 and even public projects at the time are severely under-budgeted, and it has caused a wave of failed tenders and suspended development. As a result, the sources of construction projects and strategy previously assessed are now concentrated in short periods for development or tender (expected to be concentrated in the second or third quarter of 2022). Most construction companies face difficulties in the uneven distribution of capacity and inability to take on multiple projects at the same time.

In response to the drastic changes in the external environment, Chien Kuo Construction adjusted business operations and continued to enhance its essential capabilities and ensure that the construction quality as well as safety and health exceed industry standards. It also adopted value-based construction evaluation to optimize the construction period and cost. Chien Kuo Construction has already developed a diverse range of projects and consolidated market needs amid changes in the environment. We use the advantages of the team to adjust the ratio of projects in different sectors to maximize value for shareholders and owners. In terms of the development strategy for projects, we have maintained residential, commercial, and factory building clients and we aim to expand turnkey projects. We also established the Aluminum Mold Business Department (replacement of labor) and continue to adopt new construction methods and equipment to increase the efficiency of construction and mitigate the impact of labor shortages. We will gradually overcome the difficulties of having several projects over a short period and increase competitiveness. We will

set the increase of shareholders' earnings and special technical track records as the short-term operational goals for 2021 and 2022. We will also make use of the quality and safety and innovative technologies established by Chien Kuo Construction to demonstrate our differentiation from competitors in the construction industry.



1. Short-term plan: To implement quality assurance, safety, and health and in-depth development of the core tasks of the technical construction industry

We must exercise rigorous construction management for each work item in the construction of a building. We must implement correct and reasonable construction technologies and adopt consistent standards in all professional construction environments. The most important and essential mission is to provide a safe and healthy work environment for all employees, and ultimately to deliver high-quality results that meet expectations. Since 2015, Chien Kuo Construction has progressively implemented a series of quality and safety and health promotion activities, established a reward and punishment system, and linked results with employee performance rewards. We have built a solid foundation of safety and quality with strict requirements for quality and safety management of construction. In recent years, the Company has received many quality and safety awards with outstanding results. In addition to implementing quality assurance and health and safety, the Company must also focus on enhancing professional technologies to ensure sustainable development. We must continuously develop and innovate construction technologies to respond to changes in the environment and increase the competitiveness of the Company in the market. Chien Kuo Construction has been committed to the development of the aluminum mold system since 2021 to increase the competitiveness and advantages of structural mold technologies.

2. Medium-term plan: Construction period, cost, technologies, and green operations

After ensuring high standards of project quality and safety and health, the Company focuses on controlling the key technologies of the construction period and cost, and the basic skills of a service provider to enhance the company's competitiveness in the market. The control of the construction period is a top priority for cost control. The support operations provided by the logistics departments of the Company and the onsite construction work have direct and connected impact on the construction period.

To counter global warming, environmental sustainability has become a top priority for responsible countries and companies. Chien Kuo Construction has gradually implemented environmentally friendly construction and adopted construction methods for energy conservation and carbon emissions reduction. For instance, we introduced design concepts and equipment applications in energy-saving turnkey projects such as the Green Building Certification, solar power, and rainwater recycling design and equipment. In terms of carbon reduction, we make good use of the aluminum mold system to replace traditional molds, which can effectively reduce the use of wood and can be reused multiple times to effectively attain environmentally friendly construction management.

The Company has established the Aluminum Mold Business Department for the use of the aluminum mold system. The resources are concentrated for management and integrated into the construction periods of all construction sites for allocation to maximize the use of aluminum molds in an efficient and economic manner. For instance, we plan to use the aluminum mold system that can be reused in the Xinglong Public Housing Turnkey Project, Zuoying, Kaohsiung City won by the Company 2021. The Company integrated the construction period for this purpose so that the aluminum molds used for the Zuoying Project can be used again in the Tucheng Dingfu Public Housing Project. It helps us effectively respond to the challenges of the rising cost of raw materials and mold labor, and the recycled use can effectively reduce the consumption of wood resources.

The Company has adopted fixed mechanisms for regular reviews of the work procedures of the Company's logistics departments to improve the logistics operating time. We make full use of the online platform to accelerate communication and operation efficiency and use system tools to help analyze the reasonableness of the construction schedule and propose improvement or alternative plans for key items. We implement value construction evaluations to reduce the construction period. To ensure that the project progress can be completed in a timely manner, the Company continues to introduce cost control and reviews to reduce unnecessary administration costs. We use alternative work methods and introduce new technologies to reduce material losses and change the logistics and procurement model to implement reasonable cost control.

3. Long-term plan: Differentiated technologies and refined brand image and green operations

The next-generation construction team of Chien Kuo Construction must have differentiated technologies that are different from other construction companies to create unique competitive advantages and ensure that the Company is not stuck in a cycle of price competition in the competitive market. Chien Kuo Construction established the Technology Department in 2018 for collaboration with suppliers in the "intensification and applications of BIM technology in the whole life cycle in construction", "development of acoustic technology and acoustic building applications for construction projects", "MIS development for construction management", and "application and development of metal materials for exterior building structures". We invested in experimental and verification plans and developed unique construction technologies and new construction materials after three to five years of research and development to create Chien Kuo Construction's brand for refined services.

Short, Medium, and Long-Term Strategies for Business Development

Short-term strategies

Improve business accuracy, respond to market needs, and actively expand turnkey projects of office and factory buildings

- Integrate the upstream, midstream, and downstream sections of the supply chain
- Optimization of procurement costs to help improve suppliers' service quality and capabilities
- Enhance worker safety and health and project management capabilities and implement professional management for construction site environmental protection and safety and health self-inspections
- Implement human resource management, strengthen the suitability of occupational competence, improve organizational efficiency, and create a suitable environment for talents
- Aim to provide refined turnkey businesses and adopt full-process project operation management with land development, design, construction, property management, and other high-value services
- Exploit professional design and construction integration capabilities to actively develop turnkey projects and expand the market share of the Company's business

Cultivate large enterprise customers and establish long-term mutual trust and cooperation

- Actively invest in exposure in professional journals, official website, and technical contests
- Become a strategic partner of excellent real estate developers
- Establish refined services, strengthen customer service mechanisms and standards, and digitalize management procedures
- Seek to win the highest honors in national construction evaluation and awards

Intensify the application of BIM technology and intelligent construction management to expand the scope of businesses and services

- Thorough execution of construction plans and reviews of work methods and implementation of work methods and risk assessments
- Increase market exposure and strengthen brand image
- In-depth and refined customization service
- Provide total solution service of BIM technology integration
- Establish and strengthen internal management mechanisms

Medium to long-term strategies

Develop differentiated products of the Company, maintain long-term competitiveness, and promote green construction

- Apply for patents for metal shell and acoustics products, enhance technologies, and apply them in the engineering and construction businesses to create advantages distinct from other construction companies
- Establish the aluminum mold business to enhance our self-organization capabilities to overcome the environmental difficulties of manpower shortages and ensure corporate sustainability and green construction through recycling

Improve smart technologies for construction

- Combine BIM technology with FM technology for property management, and use the cloud system for the digitalization of the existing pipelines for property management
- Use drones to film footages and integrate information for modeling for architects' reference when implementing designs to develop the most suitable architecture for the local environment
- Utilize the latest biometrics system for access security control and epidemic prevention

Improve the quality and efficiency of turnkey operations and develop refined turnkey services

- Use our experience in integrated services for public construction project to expand to development projects of private companies to help customers streamline the tedious process of design and construction subcontracting, and provide the most efficient and advantageous design solutions

Stakeholders and Material Issues

Stakeholders

In accordance with the AA1000SES Stakeholder Engagement Standards (2015) of responsibility, influence, dependency, tension, and diverse perspectives, we asked 26 mid-level to senior executives to identify five categories of key stakeholders, including employees, customers/owners, suppliers, investors/shareholders, and competent authorities/government as the targets of communication for the 2021 report. We organize questionnaire, telephone interview, and meetings for each category of stakeholders to learn about their issues of concern in regards to the economy, society, and environment, and the level of impact.

Issues of Concern to Stakeholders and Communication Status

Stakeholder	Significance to Chien Kuo Construction	Major Issues	Communication Channels	Actual Communication in 2021	Corresponding Chapters
Employees	<p>Like-minded partners are the most important foundation of Chien Kuo Construction's sustainable operation. They create economic benefits for the Company and form the corporate culture of the Company.</p> <p>The Company is committed to taking care of the employees and their families by providing a safe and high-quality work environment to learn and grow with employees.</p>	<p>Business management</p> <p>Code of Conduct</p> <p>Labor relations</p> <p>Employee training and education</p>	<ul style="list-style-type: none"> Real-time employee communication hotline and dedicated complaint mailbox Announcements and publication of news on the official company website and employee information system Company blog with work and charity news updates Regular publication of internal newsletters Semi-annual meetings with the Chairman of the Board of Directors Regular annual ethical review meetings to promote the Company's core culture and values Employee performance interviews twice a year 	<ul style="list-style-type: none"> Received zero complaints in the employee complaint box Promoted employee health management and care programs, and provided occupational medicine consultations in 9 cases and occupational health education in 72 cases Performance interviews twice a year Published three issues of the Chien Kuo Heart Bridge newsletters Organized employee care interviews to review and implement improvements for recommendations In response to the COVID-19 pandemic, the annual ethical review meeting and the meeting with the Chairman of the Board of Directors were suspended this year. Instead, the Company arranged online publications and small-scale meetings to promote the Company's core culture and values and business philosophy. 	<p>Ethical Corporate Management</p> <p>Innovation and Technology Applications</p> <p>Customer Service</p>
Customers/Owners	<p>Chien Kuo Construction provides professional engineering services to build satisfying residences for customers. We use innovative human-centered technologies to create more value for customers.</p>	<p>Occupational safety and health</p> <p>Brand Image management</p> <p>Legal compliance</p> <p>Innovation and R&D</p>	<ul style="list-style-type: none"> Publish the latest information on the corporate website Direct communication with customers with occasional visits Rapid response with the customer service hotline Customer service mailbox with services provided by dedicated personnel Company blog with work and charity news updates 	<ul style="list-style-type: none"> The customer satisfaction questionnaire response rate was 71.4% and the average satisfaction score was 91.2 points 	<p>Ethical Corporate Management</p> <p>Innovation and Technology Applications</p> <p>Customer Service</p>

Stakeholder	Significance to Chien Kuo Construction	Major Issues	Communication Channels	Actual Communication in 2021	Corresponding Chapters
Suppliers	Chien Kuo Construction works with partners to ensure the safety and quality of every construction project to achieve common growth and prosperity.	<ul style="list-style-type: none"> Occupational safety and health Supply chain management Procurement practices Supplier environmental assessment 	<ul style="list-style-type: none"> Rapid response with supplier contact hotline and mailbox Announcements of latest news on the official company website Toolbox meeting every morning and pre-employment training 	<ul style="list-style-type: none"> All subcontractors added in 2021 were required to sign the basic construction management requirements for subcontractors and the signature rate was 100% 	Happy Workplace Supply Chain Management
Investors/shareholders	Chien Kuo Construction aims to maximize the interests of investors, implement ethical corporate management, fulfill corporate responsibilities, and develop sustainable value of the Company.	<ul style="list-style-type: none"> Business management Economic performance Risk management Innovation and R&D 	<ul style="list-style-type: none"> Convene the annual meeting of shareholders each year Convene investor conferences each year Prepare the annual report each year and disclose contents on the official website Prepare the financial report each quarter Dedicated personnel receive and respond to feedback in the investor mailbox Publication of material information when necessary 	<ul style="list-style-type: none"> Published 34 material information announcements in Chinese in accordance with the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities Published 33 material information announcements in English to meet corporate governance requirements Organized 2 investor conferences 	Corporate Governance
Competent authority/government	Chien Kuo Construction fully complies with government regulations in construction operations. We take on public construction projects in accordance with policies and ensure construction safety and construction quality.	<ul style="list-style-type: none"> Occupational safety and health Brand Image management Risk management Labor employment relations Legal compliance 	<ul style="list-style-type: none"> Regular and ad hoc official correspondences Regular safety and health meetings Instantaneous direct communication on the telephone Correspondence via electronic documents Contact unit: The contact unit is determined based on the nature of the business and the role is filled by dedicated personnel of the HR, ESH, or other units. 	<ul style="list-style-type: none"> Cooperated with the labor inspection unit to film the 2021 occupational safety and health digital education materials at the construction site office Implemented projects in accordance with regulations for public construction projects Received 2 construction quality and occupational safety and health awards in 2021 Served as the chairperson of the "Construction Work Site Self-Management Strategic Alliance" of the Taipei City Labor Inspection Office 	Happy Workplace Quality Assurance

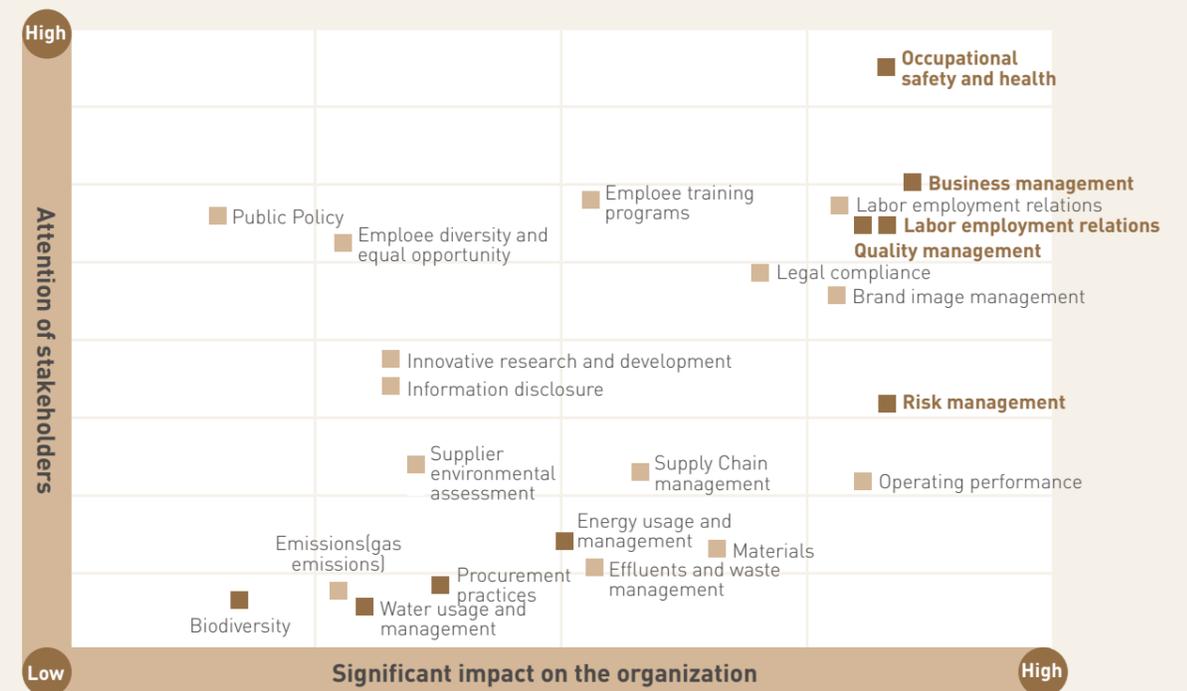
Material Issues

Identification of material issues: We collected a total of 68 questionnaires from stakeholders including suppliers, employees, customers, and government agencies. After internal meetings, we referenced international trends and industry benchmarks, and reviewed the Company's core values and visions. We compiled and analyzed 5 critical issues for Chien Kuo Construction to respond to stakeholders' concerns in 2021. The basis of the materiality and boundaries of their impact are disclosed in this report. We use clear and correct information to explain the actions taken by Chien Kuo Construction to the public, and thereby review targets and set improvement plans. We gradually review changes in material issues and continue to revise and implement corresponding measures and make the Company better for the organization, society, and the environment.

Procedures for the Identification of Material Issues



Material Issue Matrix



※Description: The bold fonts indicate material issues in this report

Material Issues in 2021

	Issue 1	Issue 2
	Occupational safety and health	Risk management
Significance to Chien Kuo Construction	<ul style="list-style-type: none"> Chien Kuo Construction regards “safety and health first” and the top priority for work. We continue to create and maintain a safe and secure work environment for employees and partners to put their professional skills to full use. We ensure construction safety and quality to improve the competitiveness of Chien Kuo Construction and suppliers in the market. 	<ul style="list-style-type: none"> Chien Kuo Construction is in a critical stage of change in the external construction market environment and organizational transformation. We must properly manage risk assessment and response strategies to minimize the impact on the organization.
Management Approach	<ul style="list-style-type: none"> Implement the occupational health and safety policy of the Company based on the target of “safety and health for all personnel and compliance with safety and health policies”. Introduce the “CNS 15506 Taiwan Occupational Safety and Health Management System” and the “OHSAS Occupational Safety and Health Management System” and implement the management approaches therein. 	<ul style="list-style-type: none"> The Company shall implement the audit system and the internal control self-evaluation system in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and the “Corporate Governance Best Practice Principles”.
Evaluation and Management Mechanisms	<ul style="list-style-type: none"> Set up the Occupational Safety and Health Committee to monitor the results of related business operations. Implement daily safety operation cycles, construction site hazard preventive measures, and pollution prevention and management. Organize occupational safety and health training and safety and health contests. 	<ul style="list-style-type: none"> The Company shall report to the Board of Directors and the Audit Committee on a regular or ad hoc basis based on the effectiveness of the self-evaluation and its monitoring of the operations of the internal audit system. The Company regularly analyzes all risk items that may affect operations and profitability, including financial and non-financial risks, strategic risks, information security risks, and risks caused by climate change.
Impact Boundary	Within the Organization	①
	Outside the Organization	② ③ ⑤
Corresponding GRI Topics	GRI 403: Occupational safety and health	Does not directly correspond to a GRI Topic
Chapter of Disclosure	Happy Workplace	Corporate Governance and Risk Management
Page Number	p.68	p.33~37

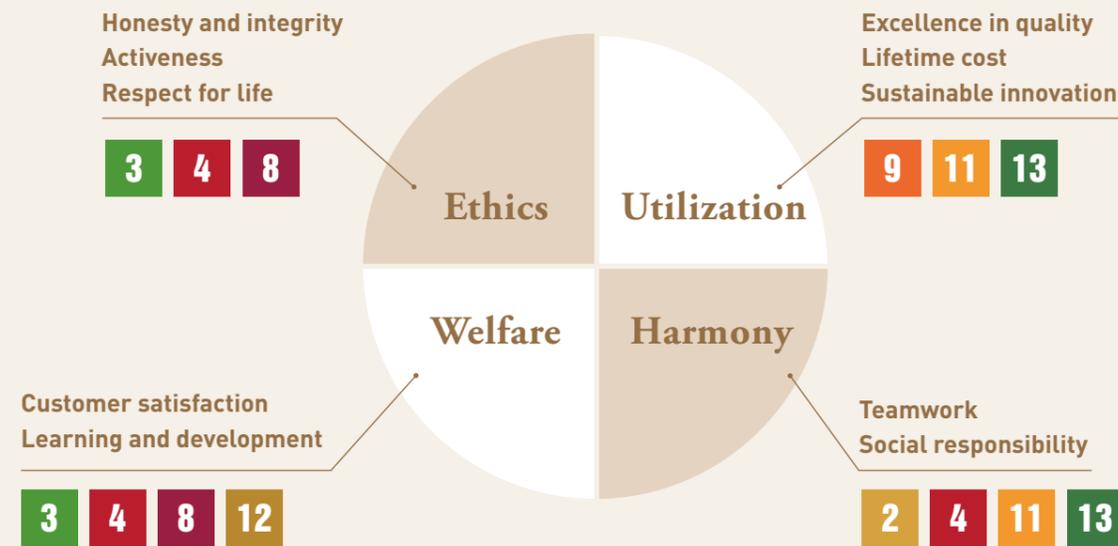
※Customer service description: Boundaries of impact within the organization: [1] Employees of Chien Kuo Construction Co., Ltd.; outside the organization: [2] customers/owners, [3] suppliers, [4] investors/shareholders, [5] competent authority/government

Issue 3	Issue 4	Issue 5
Labor employment relations	Business management	Quality management
<ul style="list-style-type: none"> Chien Kuo Construction attaches great importance to communication with employees. We learn about the needs of employees through communication, communicate company goals, build consensus, and increase team cohesiveness to improve employee retention and job satisfaction. 	<ul style="list-style-type: none"> In the face of rapidly changing global and regional economic conditions, Chien Kuo Construction implements leadership decisions with management and construction expertise to lead the Company in overcoming challenges and pursuing improvement and enhancement amid rapid changes. 	<ul style="list-style-type: none"> The quality management scope of Chien Kuo Construction covers the life cycle of construction projects, from materials and construction inspections to after-sales maintenance management, which requires quality to meet international standards and customer needs.
<ul style="list-style-type: none"> Chien Kuo Construction has set up open and transparent communication channels and mechanisms to fully understand employees’ needs, provide multiple communication channels and benefit plans, and build a harmonious workplace environment. 	<ul style="list-style-type: none"> Implement the strategy for the diversified composition of the Board of Directors to ensure that the Board of Directors has the ability to make decisions and handle crises involving management, finance, and professional construction issues. The Board of Directors selects the right senior management team with abundant professional knowledge and practical experience to lead the Company as an integrated construction team that advances with the times. 	<ul style="list-style-type: none"> Implement the quality management policy: “Excellent quality, full cost, sustainable innovation” Import the international standard ISO9001 quality management system and pass the verification.
<ul style="list-style-type: none"> We regularly respond to different problems in the work environment through multiple channels such as new employee satisfaction surveys, annual employee satisfaction surveys, meetings with the Chairman, and meetings of the Employee Sexual Harassment Prevention Committee. We learn about employees’ workplace status and their training requirements through employee communication channels and mechanisms. 	<ul style="list-style-type: none"> The selection, composition, and operations of the Board and functional committees meet the regulations in the “Corporate Governance Best Practice Principles”. Implement evaluations in accordance with the “Board Performance Evaluation Guidelines”. Use the inter-department “Corporate Governance Task Force” to promote and improve corporate governance efficiency and quality. 	<ul style="list-style-type: none"> Promote the quality improvement cycle through the internal and external quality inspection system. Implement quality assurance activities and handle lean construction competitions.
①	①	①
③	② ④	② ③ ⑤
GRI 401: Labor Relations GRI 404: Training and Education	GRI102: Governance	GRI416: Customer Health and Safety
Employee Care	Corporate Governance	Quality Assurance
p.59	p.27~30	p.45

※Customer service description: Boundaries of impact within the organization: [1] Employees of Chien Kuo Construction Co., Ltd.; outside the organization: [2] customers/owners, [3] suppliers, [4] investors/shareholders, [5] competent authority/government

Aligning with UN Sustainable Development Goals (SDGs)

Chien Kuo Construction upholds the core values of “ethics, utilization, welfare, and harmony” and continues to communicate with stakeholders. We also make full use of technologies and construction expertise based on our own operations to align our core business activities with SDGs.



Chien Kuo Construction's Measures for Aligning with SDGs



Zero Hunger

- The Company works with foundations in long-term collaboration and cares for disadvantaged groups. We also provide employees with two days of paid volunteer leave each year. Employees' volunteer service hours totaled 392 hours in 2021 and the Company donated NT\$43,127,061 to charitable activities.



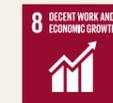
Good Health and Well-being

- The Company provides free health examinations for all employees every two years.
- Promote employee health management and care programs, active evaluate employees' physical and mental state, and pay attention to anomalies. The Company provided occupational medicine consultations in 9 cases and occupational health education in 72 cases in 2021.



Quality Education

- We provide employees with a diverse range of learning channels and development resources, including orientation training, professional training, elite courses, young elite training programs, job coaching, and job rotations to create an environment that encourages learning.
- We established the Chien Kuo Foundation for Arts and Culture, which is committed to the promotion of contemporary humanistic-aesthetics-oriented culture. We blend traditional culture with innovative modern elements to inspire and promote contemporary life and art.



Decent Work and Economic Growth

- We established a comprehensive salary system and set job ranks and grades with appropriate salary structure to maintain fairness in internal operations. The average salary increased by 3% in the past three years.
- We establish a comprehensive education and training system with an average of 9.3 hours of training per employee in 2021.



Industry, Innovation, and Infrastructure

- The Company participates in public housing turnkey projects including Zhonglu No. 2 Public Housing Project, Ruiguang Public Housing project in Neihu, Taipei City, Tucheng Youth Public Housing Project, Fuxing Public Housing Turnkey Project in Taipei City, Yangmei No. 1 and Pingzhen No. 1 Public Housing Turnkey Projects in Taoyuan City, Tucheng Dingfu Public Housing Project, and Kaohsiung Zuoying Public Housing Project from 2016 to 2021.
- The Company commits R&D budget and manpower, establishes medium and long-term objectives, and regularly reviews R&D results each year.



Sustainable Cities and Communities

- The Company set up a dedicated Customer Service Department to ensure the safety of building users and record their living experience as references for renovation projects. It also conducts customer satisfaction surveys to evaluate the results of customer services based on satisfaction ratings.
- We set 2018 as the baseline year and set goals for reducing energy emissions for the head office by 5% within three years. The total energy consumption in 2021 was reduced by 36%.



Responsible Consumption and Production

- We appoint professional and qualified contractors to perform regular environmental monitoring and implement site waste separation and reduction. We also encourage resource recycling, promote waste separation, and reduce the use of disposable containers. We appoint qualified vendors to process waste and monitor the transportation of waste.



Climate Action

- Chien Kuo Construction established the Aluminum Mold Business Department in 2021 to support environmental protection, carbon reduction, and green construction. As opposed to wooden molds that require the logging of trees, must be discarded after 3-4 uses in construction, and generates a large amount of waste, aluminum molds can be used 300-400 times and all materials are made from recyclable materials, which meets our expectations for energy conservation, environmental protection, low carbon, and emissions reduction.

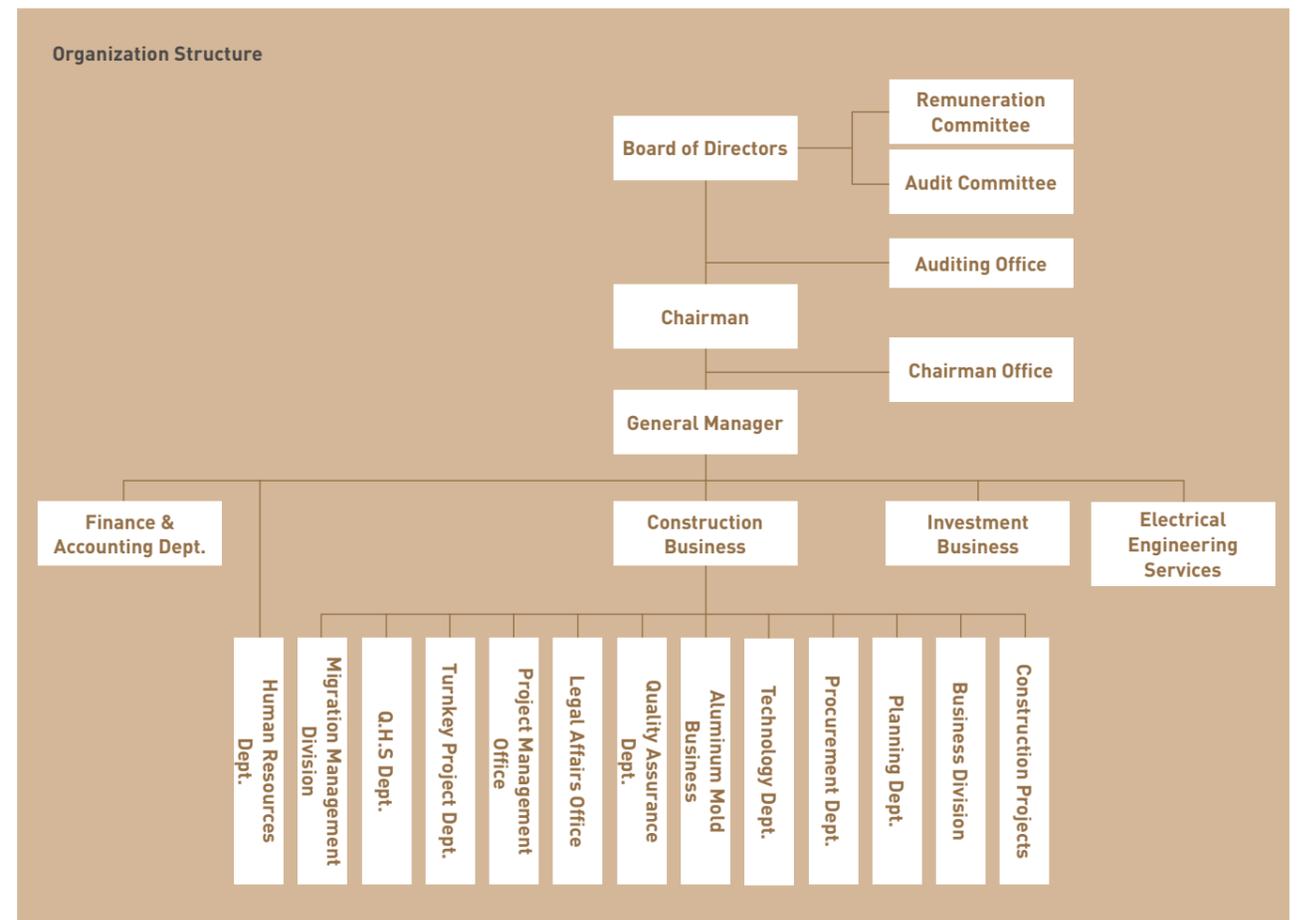
Ethics

Corporate Governance

1. Professional Team

Chien Kuo Construction upholds the ideals of sustainability and hopes to maximize interests and value for shareholders, employees, and the society. We uphold our core values of “ethics, utilization, welfare, and harmony” to ensure financial disclosure and information transparency. The Company has established a comprehensive system for selection of directors that accounts for the composition and diversification of the Board of Directors. The selection procedures for all Directors are fair, open, and just and complies with the Company’s Articles of Incorporation, Regulations Governing Election of Directors, and Corporate Governance Best Practice Principles. All Directors have the knowledge, skills, and literacy necessary to perform their duties. As a whole, they possess all the necessary abilities to perform decision-making in the construction industry, crisis management, leadership and decision-making, and assists the Board in making decisions that are forward-looking, objective, and comprehensive.

Chien Kuo Construction has formed the Corporate Governance Team with representatives of the Legal Affairs Department, Audit Office, and the Secretariat of the Board. The Team regularly provides related legal education information and urges and assists relevant departments in improving corporate governance evaluation items. It completes the corporate governance self-evaluation in a timely manner to strengthen and improve corporate governance information transparency. The Company convened 7 meetings of the Board of Directors and 6 meetings of the Audit Committee in 2021 and completed the performance evaluation for 2021 in accordance with the “Board Performance Evaluation Guidelines” to actively increase the corporate governance performance and quality.



Board of Directors

Information on Members of the Board of Directors

Title	Name	Gender	Legal Entity Represented	Main Concurrent Employer
Chairman	Chang-shiou WU	Male	Chien Hwei Investment Co., Ltd.	Chairman, Shun Long International Electrical Engineering Co., Ltd.
Vice Chairman	Chi-te CHEN	Male		Chairman, Chien Hwei Investment Co., Ltd.
Director	Pang-yen YANG	Male		Chairman, Huacheng Capital Co., Ltd.
Director	Tzu-chiang YANG	Male		Chairman, Huihong Consulting Co., Ltd.
Director	Pai-tso SUN	Male	Chien Hwei Investment Co., Ltd.	CFO, Chien Kuo Construction Co., Ltd.
Director	Chung CHENG	Male		Chairman of China Real Estate Management Co., Ltd.
Director	Chu-hsin LEE	Male		CFO, Qbic Technology Co., Ltd.
Director	Chi-hsin CHEN	Male		Business Manager, Headway Advanced Materials Inc.
Director	Yu-jui CHANG	Male		Director, Junyue Co., Ltd.
Director	Rui-hsing TSAI	Male	Chien Hsiang Investment Co., Ltd.	Chairman, Perfect Investment International Co., Ltd.
Independent Director	Chin-pao TSAI	Male		Chairman of Jiaguang Development Industrial Co., Ltd.
Independent Director	Chen-yu FENG	Male		Joint Professor of the Department of Law and Graduate Institute of Technology Innovation & Intellectual Property Management (TIIPM) of NCCU
Independent Director	Li-hsing I	Male		Legal Representative, Citygreat Information Technology Co., Ltd.

※Explanation: The average attendance rate of the Board of Directors in 2021 was 93%. The average attendance rate of the Remuneration Committee was 100%. The average attendance rate of the Audit Committee was 100%.

Material Motions of Functional Committees

Functional Committee	Convener	Committee Member	Motions Related to Corporate Sustainability in 2021
Audit Committee	Chin-pao TSAI	Chin-pao TSAI Chen-yu FENG Li-hsing I	<ul style="list-style-type: none"> Internal Control System Statement Proposal for the annual audit plan for Chien Kuo Construction Donation of NT\$1.80 million to the related party, Chien Kuo Foundation For Arts And Culture
Remuneration Committee	Chen-yu FENG	Chen-yu FENG Chin-pao TSAI Li-hsing I Kua-teng SU	<ul style="list-style-type: none"> Proposal for the distribution of employees' remuneration and directors' remuneration Proposal for the operating standards of year-end performance incentives

Implementation Status of Diversification of the Board of Directors

Chien Kuo Construction supports and respects the diversification policy of the Board of Directors to strengthen corporate governance and facilitate the healthy development of board composition and structure. We believe that the diversification policy helps improve the Company's overall performance. Members of the Board of Directors are selected on the basis of merit and they must have related skills and knowledge of the industry (e.g., business management, construction management, and risk management). To strengthen the functions of the Board of Directors and attain corporate governance goals and objectives, Chien Kuo Construction specifies the board diversity policy in Article 28 of the "Corporate Governance Best Practice Principles" and sets two major criteria including but not limited to the following: 1. basic requirements and values: gender, age, nationality, and culture; 2. professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The abilities that the board as a whole must possess are as follows: 1. operations and management ability; 2. accounting and financial analysis ability; 3. business management ability; 4. crisis management ability; 5. industry knowledge; 6. international market perspective; 7. leadership; and 8. decision-making ability.

Name of Director	Basic Composition		Professional Background								
	Employee Status	Age	Business management	Financial analysis	Crisis management	Leadership and decision making	Industry knowledge	Construction management	Risk management	Legal expertise	Venture capital
Chang-shiou WU	V	61-65	V		V	V	V	V	V		
Chi-te CHEN		61-65	V	V		V	V		V		V
Pang-yen YANG		61-65	V	V		V					V
Tzu-chiang YANG		66-70	V	V	V	V					V
Pai-tso SUN	V	61-65	V	V		V	V	V	V		
Chung CHENG		61-65	V	V		V	V				
Chu-hsin LEE		61-65	V	V		V					V
Chi-hsin CHEN		51-55	V								
Yu-jui CHANG		41-45	V								
Rui-hsing TSAI		36-40	V				V	V			
Chin-pao TSAI		66-70	V	V	V				V		
Chen-yu FENG		61-65							V	V	
Li-hsing I		66-70	V			V	V	V	V		

In terms of the professional background of the 13 members of the 22th-term Board of Directors of Chien Kuo Construction, they possess, as a whole, operations and management ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market perspective, leadership, and decision-making ability. 6 board members have industry knowledge and construction management ability, 7 board members have financial analysis ability, and 1 board member has legal expertise. Board members have the knowledge, skills, and literacy necessary to support the Board of Directors in making forward-looking, objective, and comprehensive decisions. 3 Independent Directors specialize in risk management and they have made significant contributions to corporate governance of Chien Kuo Construction.

Corporate Governance Team

Assistant Vice President Yu-yun LIN of the Legal Affairs Department serves concurrently as the Corporate Governance Officer who organizes representatives of the Legal Affairs Department, Audit Office, and the Secretariat of the Board. The Team urges and assists relevant departments in improving corporate governance evaluation items and strengthens corporate governance information transparency. Assistant Vice President Yu-Yun LIN is qualified as a lawyer (Lawyer's Certificate No. 104 Tai-Jian-Zheng No. 12093) and has served as the head of Chien Kuo Construction's Legal Affairs Department for at least five years, which meets the qualifications required of a corporate governance officer.

Missions

- Provide the material required for the directors and independent directors to perform their duties
- Provide assistance to Directors and Independent Directors in legal compliance
- Purchase of the "directors and managers liability insurance" in accordance with laws
- Provide members of the Corporate Governance Team with information to propagandize related laws and regulations
- Handling self-assessment of corporate governance evaluation

2021 Implementation Items

- Completed the self-conducted corporate governance evaluation; urged and assisted relevant departments in improving corporate governance evaluation items; and improved information transparency.
- Completed the 2021 board performance evaluation operations.
- Completed the amendment of the "Corporate Governance Best Practice Principles", "Corporate Social Responsibility Best Practice Principles", and "Board Performance Evaluation Guidelines" to meet regulatory requirements and international trends.

※Corporate Governance Team: Representatives of the Legal Affairs Department, Audit Office, and Secretariat of the Board

Board Performance Evaluation Operations

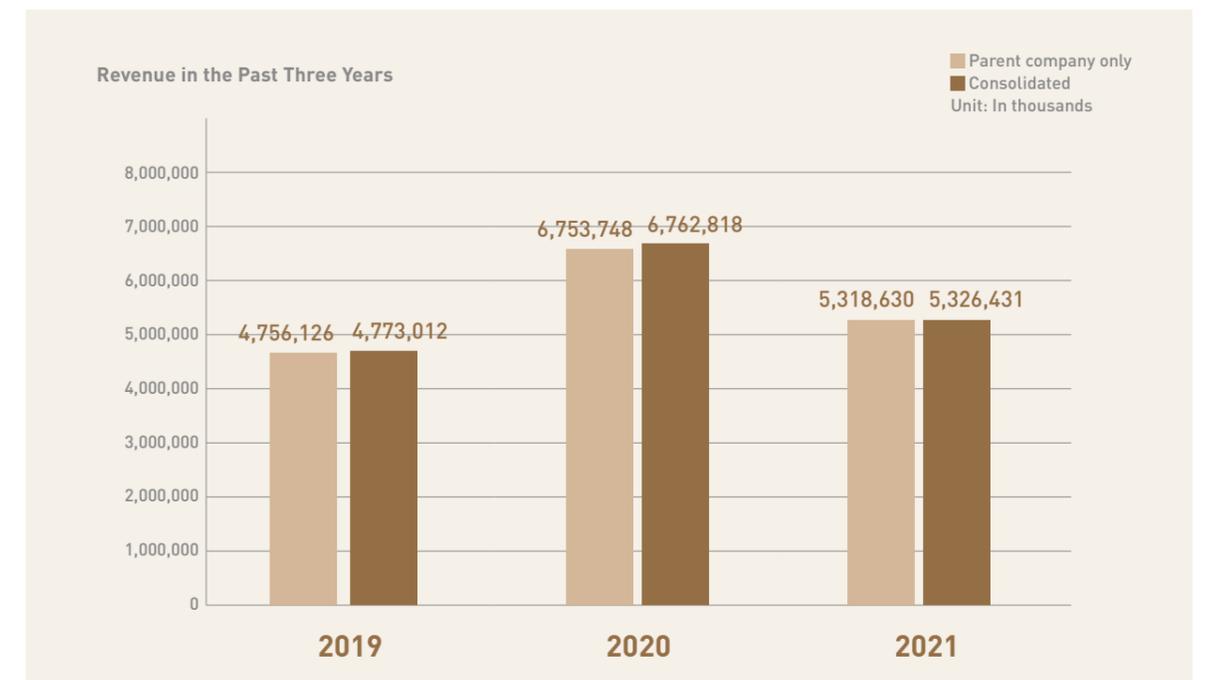
The Board of Directors of Chien Kuo Construction passed the "Board Performance Evaluation Guidelines" in 2018. Parties being evaluated consisted of the Board operation as a whole, operations of the functional committees, and the performance of individual board members. The evaluation was conducted by the Corporate Governance Team by means of an internal questionnaire. The Company completed the board performance evaluation for the previous year in January 2022. Please refer to the Company's 2021 Annual Report for the evaluation results. URL: www.ckgroup.com.tw/investors/report.

Performance Evaluation Items of the Board of Directors as a Whole	Performance Evaluation Items of the Remuneration Committee and Audit Committee	Board Member Performance Self-Evaluation Items
<ul style="list-style-type: none"> • The extent to which they participate in the operation of the Company • Improvement in the quality of Board decision-making • The composition and structure of the Board and various functional committees • Selection and continuing education of directors • Internal control 	<ul style="list-style-type: none"> • The extent to which they participate in the operation of the Company • Knowledge of the duties of the functional committee • Improvement of the quality of functional committee's decisions • Functional committee composition and election of members • Internal control 	<ul style="list-style-type: none"> • Familiarity with the goals and missions of the company • Awareness of the duties of a director • The extent to which they participate in the operation of the Company • Management of internal relationship and communication • The director's professionalism and continuing education • Internal control

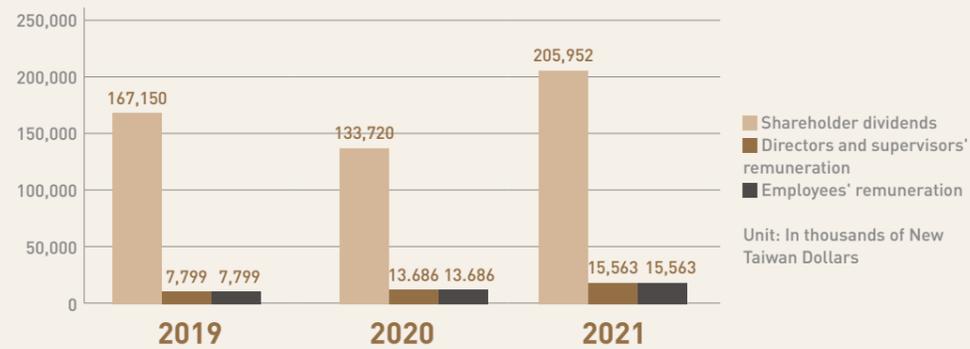
2. Business Performance

Year	2019	2020	2021
Liabilities to assets ratio	49.02	49.57	43.65
Return on assets	2.15	4.44	4.82
Financial leverage	1.3	1.06	1.03
EPS (earnings per share in NT\$)	0.57	1.43	1.57
Parent-company-only income tax expenses	65,328	54,953	82,521
Parent-company-only total assets	7,913,139	8,282,234	8,357,295
Parent-company-only paid-in capital	2,674,401	2,574,401	2,574,401
Parent-company-only total revenue	4,756,126	6,753,748	5,318,630
Consolidated total revenue	4,773,012	6,762,818	5,326,431
Consolidated net profit before tax (continuing operations)	116,552	383,812	545,706
Parent-company-only operating expenses	242,905	272,776	299,484
Parent-company-only retained earnings	1,476,801	1,707,664	1,911,101
Parent-company-only total salary	305,496	379,586	421,911
Parent-company-only employee benefits	375,956	463,366	515,951
Parent-company-only total pension	13,982	16,524	17,915
Parent-company-only shareholder equity	4,348,740	4,428,651	4,702,578

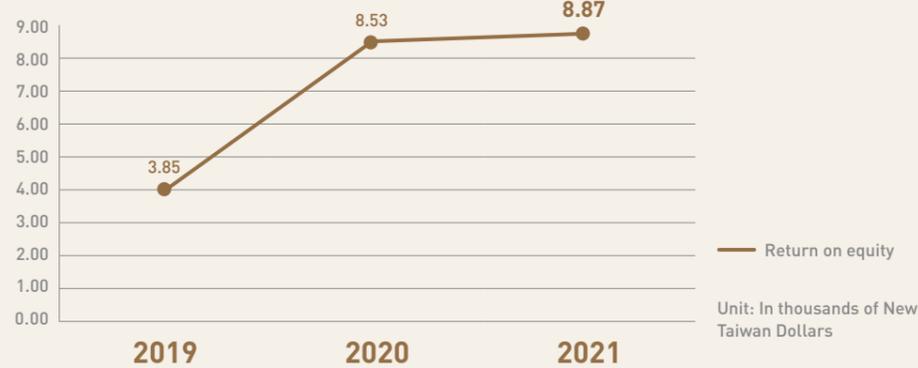
Unit: In thousands of New Taiwan Dollars



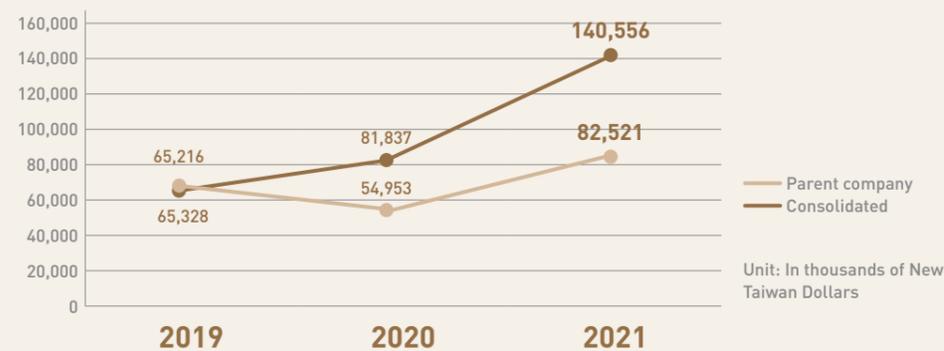
Distribution of Dividends in the Past Three Years



Shareholder Equity in the Past Three Years

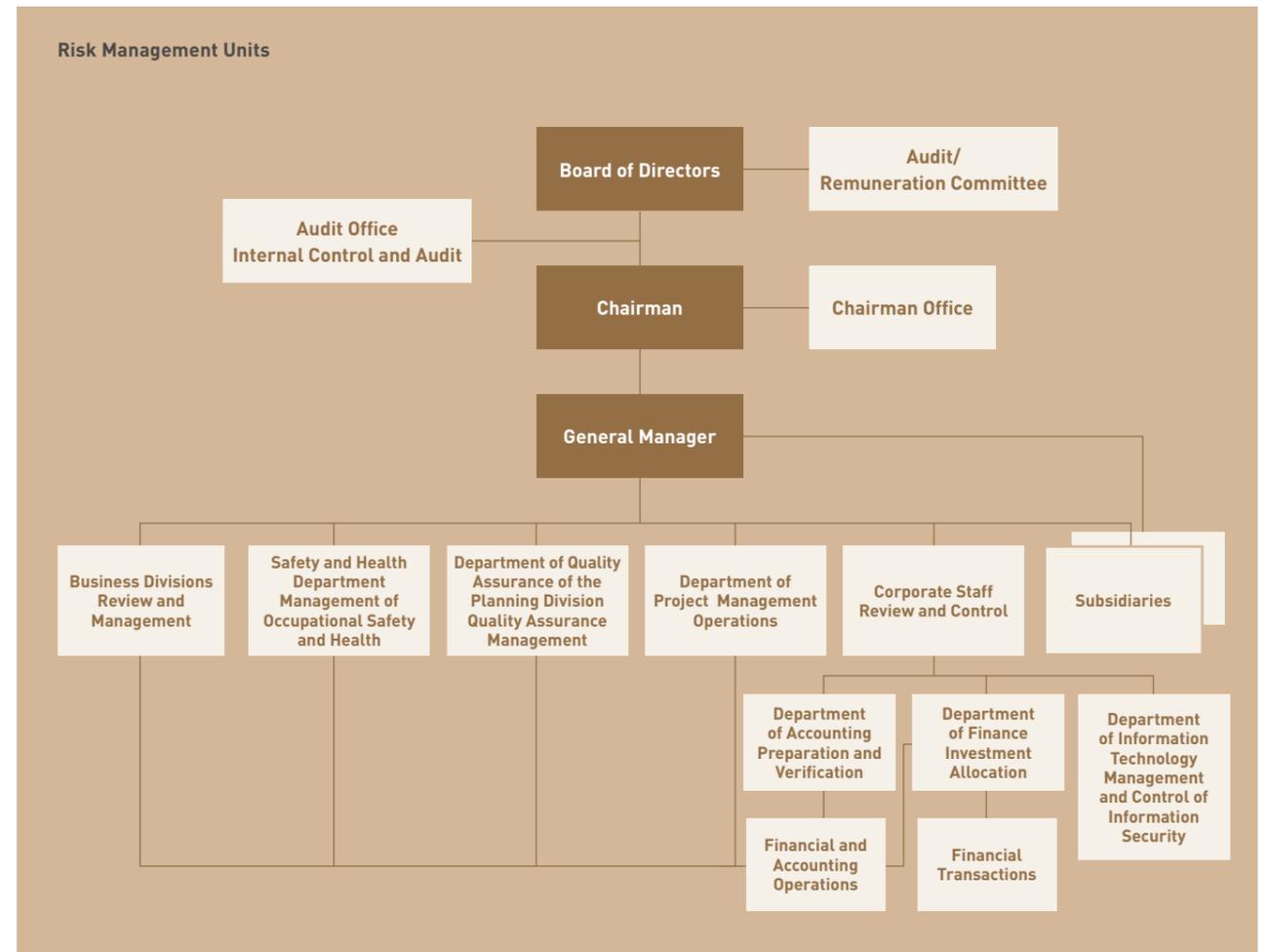


Income Tax Expenses in the Past Three Years



3. Risk Management

Chien Kuo Construction has set risk management responsibilities and operation mechanisms. The policy and the related operation regulations are adopted as guidelines for risk management of each business of the Company for the related monitoring, measurement, evaluations, and reporting at the executive level to ensure that the responsible managers comply with the policy and the operation regulations to perform the routine risk management. The Company implements risk control through internal control mechanisms in all related processes including business contracting, occupational safety and health, quality assurance, project management, operation and collection, and investment and borrowing. We monitor the implementation by self-evaluations on the effectiveness of internal controls and internal auditing to continuously improve management. Management personnel have adopted different strategies based on the type of contract and the stage of execution. To ensure the effectiveness of the risk management mechanisms, the implementation of the risk management functions, and capital adequacy and solvency, we continuously track and manage the potentially high-risk projects we have identified to keep them within the risk appetite of the Company's control to ensure the attainment of the Company's goal of sustainable development. Refer to the "Risk Analysis and Assessment" in the Company's 2021 Annual Report. URL: www.ckgroup.com.tw/investors/report.



Risk Management Procedures



Risk Management in the Construction Industry

Risk Item	Risk Description	Response Strategies
Work environment Personal safety	Construction sites usually involve multiple work items and many work crews in different stages. The complexity of the project interfaces makes it more dangerous than regular workplace environments. In addition, the work is affected by the weather and the continuous increase in the height of buildings. Therefore, the construction site has a higher chance of occupational accidents that may affect personal safety.	The Company upholds the principle of “safety and health first and quality foremost” and strictly requires onsite employees to complete the daily safety operation cycle, construction site hazard prevention, and smart construction operations. We also continue to strengthen the Company’s Occupational Safety and Health Policy and its effectiveness.
Changes in the construction market	Domestic and international financial policies and economic conditions, the economic cycles, major public construction projects, and the return of Taiwanese businesses and their plant construction affect the demand for construction and the type of buildings required by the market. As the construction industry faces a shortage of labor and materials and rapid changes in market demand, the cost and risks of organizing development and adjusting operation management have increased.	The Company is engaged in a wide range of product with different characteristics. In addition to construction services for plants, commercial buildings, public housing buildings, we also develop innovative applications such as smart buildings in accordance with government plans and adjustments. Examples include smart healthcare and new construction or urban revitalization of science parks, industrial zones, and redevelopment zones.
Insufficient construction personnel onsite	The manufacturing industry is a regional and labor-intensive industry and a large number of employees are needed for the construction of plants for returning Taiwanese businesses. The labor force is dependent on the contractor’s work crew to perform manual labor, and the turnover rate is relatively high. The Company also needs to seek support from local workers, machinery and materials with whom it has not worked with before.	The Company and the professional suppliers form strategic alliances to cooperate in preparing bids during tender preparation to effectively increase the chance of winning tenders. After winning the tender, we appoint professional suppliers to prepare the construction in accordance with the agreement to reduce the impact of project content and interface management and ensure the progress and quality of the project.
Impact of price fluctuations	Inflation in Taiwan and domestic and foreign countries, continuous price increases in raw materials, and wage increases due to the return of Taiwanese businesses and their plant expansion have led to significant fluctuations in project construction costs. As a result, the risks of contract terms, costs and schedules are also relatively high.	The Company upholds the “lifetime cost” principle in the construction process, rigorously implements cost control, strengthens construction management, and ensures that quality standards are met in all processes and new processes and alternative materials are developed to reduce the impact of changes in material costs.

COVID-19 Disease Prevention Measures

In response to the COVID-19 pandemic, Chien Kuo Construction set up an Epidemic Prevention and Response Team during the early stages of the outbreak and activated epidemic prevention mechanisms. We held a weekly meeting on epidemic prevention to set epidemic prevention procedures and measures, and to strengthen risk awareness and reward mechanisms for employees. In response to the possibility of the spread of the epidemic in Taiwan, the Epidemic Prevention and Response Team drafted a list of different scenarios based on the spread of the epidemic. It proposed corresponding contingency measures, submitted them to the management for discussion and approval, and thoroughly implemented them. Since the start of the pandemic, we have continuously implemented monitoring and control of the rise of the epidemic and implemented drills for response measures. The Company has formed a consensus with the owners and partners to abide by epidemic prevention regulations and minimize the potential damage and risks of the epidemic.

Epidemic Prevention Measures

<p>Response measures</p> <ul style="list-style-type: none"> Establish epidemic report and communication groups Remote work and work from home backup mechanisms Streamline meetings and use video conferencing 	<p>Equipment management</p> <ul style="list-style-type: none"> Regular disinfection of conference rooms Inventory of masks, alcohol, and rapid test kits Introduce facial recognition clock-in equipment
<p>Employee management</p> <ul style="list-style-type: none"> Health education Health care and tracking Daily body temperature measurement 	<p>Visitor management</p> <ul style="list-style-type: none"> Travel history survey Body temperature measurement/recordkeeping

Climate Change Risk Management

Climate change is a global issue. The rapid increase in average temperature in the past century has exacerbated changes in weather and increased the occurrence of natural disasters. In 2013, the United Nations “Intergovernmental Panel on Climate Change” (IPCC) deemed the excessive emissions of carbon dioxide as the main cause of the warming in the past 50 years. In 2015, the United Nations passed the Paris Agreement which requires all countries to reduce carbon emissions each year and review results every 5 years. Although Taiwan is not part of the Agreement, as a member of the global community, we have voluntarily set the target of reducing carbon emissions by half by 2050.

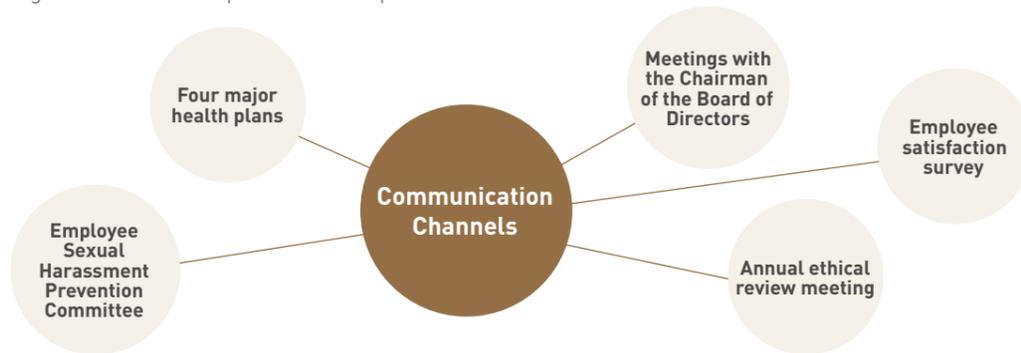
We reviewed the carbon emissions issue from the perspective of the construction industry and inventoried the main ingredients used in the construction industry. Steel materials are the most widely adopted as well as the most energy-consuming materials for construction. The steel refining process is highly dependent on energy from coal, and the production of 1 kilogram of steel generates an average of 1.85 kilograms of carbon dioxide. Therefore, reducing the amount of steel used in construction is an effective way to reduce carbon emissions. In 2020, the Company applied for the SD550 method, which uses high-strength steel rebar with high-strength concrete, effectively reducing the cost of reinforcement materials and reinforcement tying costs, resulting in a reduction in the use of main reinforcement in columns and beams. The SD550 method is expected to be used on the first basement floor and first floor, where the highest level of stress in the building lies. The amount of rebar used in a single floor can be reduced by 24% with no change in the strength of the structure. Chien Kuo Construction has enhanced professional technologies and reduced carbon emissions to make the most use of resources and protect the environment. In addition to self-use, the Company has also licensed the SD550 method to two projects of other construction companies.

4. Human Rights Managements Management

Chien Kuo Construction established the “Human Rights Policy” to protect the basic human rights of employees. We prohibit all infringements or violation of human rights in the workplace and provide all employees with fair and dignified treatment. The Company strictly complies with labor regulations and has established and complied with internal regulations such as the “Salary Management Regulations”, “Employee Attendance Management Regulations”, and “Performance Development Procedures”. The Company does not discriminate on the basis of gender, age, religion, sexual orientation, or any other form of discrimination in the hiring of employees. We guarantee that women have work conditions that are no less favorable than those enjoyed by men.

We work hard to create a workplace environment that protects human rights and a work environment of respect, safety, equality, and freedom from harassment. The Company has established the “Sexual Harassment Prevention Complaints and Disciplinary Regulations” to protect employees from sexual harassment at the workplace. We did not receive sexual harassment complaints in 2021.

We conduct in-depth communication with employees through employee satisfaction surveys, chairman meetings, and annual ethical review meetings every year. We provide relevant rules and practices in the employee handbook, and we promote them in new employee training with a total of 528 hours of new employee training in 2021. We also set up a dedicated employee complaint mailbox (tp_lin@ckgroup.com.tw) and communication line (02-27849730 ext. 503). With comprehensive communication channels, employees can use the email or hotline to express their opinions, and we have assigned a dedicated department to respond to issues.



We protect human rights and privacy and implement comprehensive control over the access, processing, transmission, storage, and security of equipment for customer information in our businesses based on the “Information and Communication Security Management Regulations”. We have adopted security maintenance and control measures for the development, design, and maintenance of related application systems including databases, networks, personal computers, storage media, and other related software and hardware to prevent theft, tampering, damage, loss, or leakage of customer data and ensure the protection of customer data from infringement. Each employee is required to sign a personal data protection agreement when reporting for duties. The personal data of employees are listed as restricted documents. Both data providers and data users are responsible for personal data security and confidentiality.

We are committed to providing employees with a safe and healthy work environment. We comply with regulations to continue to improve safety and health in the work environment, prevent accidents, reduce the risks of occupational accidents, protect the safety of employees, and promote physical and mental health. The Company provides regular safety and health training and installs AEDs in all construction sites. The Company convenes a toolbox meeting for safety and health issues at each construction site every morning from 7:30 to 8:00. All personnel preparing to enter the site, including the Company’s employees and suppliers’ employees, are made known of the types of hazards, and of the safeguard equipment required during the roll call.

Ethical Corporate Management

1. Internal Control System

The Company’s internal control system is established in accordance with regulations in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” of the Financial Supervisory Commission. We also assign managers to design the management system, onsite operation items, and operation control mechanisms in accordance with the organization’s operations. These items have been approved by the Board of Directors. The scope of responsibilities of each department manager and responsible staff and the procedures are processed and implemented in accordance with relevant internal and external regulations and operation standards to effectively manage the Company’s operations and activities.

The Audit Office is an independent unit directly under the Board of Directors, and staffed with professional auditors to perform audit work. The Audit Office conducts audits in accordance with regulations, the operating rules of the internal control system, and the approved annual audit plan, and tracks the deficiencies in the improvement plan until completion to ensure the compliance and effectiveness of the internal control operating rules. It also files regular or ad hoc reports of the results of the audits to the Chairman of the Board of Directors, Audit Committee, and the Board of Directors.

Whistleblowing

Chien Kuo Construction has always upheld the principles of honesty, integrity, fairness, and transparency in all business activities. We do not permit the transfer of illegitimate interests or any form of fraud. If internal or external personnel find that the Company’s shareholders, employees, suppliers, stakeholders, Independent Directors, or Directors may be in violation of the Company’s “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, or related regulations, they may report the matter directly to the Audit Office or the head of the Human Resources Department in writing or by email. The Audit Office or Human Resources Department shall be responsible for processing the investigations and report results to the Chairman of the Board. If a Director or senior executive is involved in the matter, it must be reported to the Independent Directors or the Audit Committee. The reporter or whistleblower shall be notified of the results of the investigations through the telephone, a letter, or other methods. Refer to the “Corporate Management Best Practice Principles” and “Code of Ethical Conduct” on the Company’s website.

URL: www.ckgroup.com.tw/investors.
Whistleblower mailbox: audit@ckgroup.com.tw
Mailing address: Audit Office or Human Resources Department, 20F, No. 67, Sec. 2, Dunhua South Road, Da’an District, Taipei City 106



2. Legal Compliance

With regard to Chien Kuo Construction's violations of laws and regulations in 2021, the Company has implemented improvements and strengthened related management measures after receiving notifications from the competent authority.

Penalties in Labor Inspections in 2021

Construction Site	Reason	Penalty Amount	Improvement Measures
Pingzhen No. 1 Public Housing Project	Violation of Articles 7, 34, 35, and 59 of the Standards for Construction Safety and Health Installations	60,000	Removal of sharp objects such as iron nails and other discarded materials and ensuring that plans for safe stacking of materials and cross ties comply with the regulations

Penalties in Environmental Protection Inspections in 2021

Construction Site	Reason	Penalty Amount	Improvement Measures
Cathay Fengnian	Violation of Article 8 of the Noise Control Act	3,000	Ban on the use of power machinery on holidays
Cathay Fengnian	Violation of Article 8 of the Noise Control Act	3,000	Ban on the use of power machinery on holidays
Cathay Fengnian	Violation of Article 8 of the Noise Control Act	3,000	Ban on the use of power machinery on holidays
Cathay Fengnian	Violation of Article 9 of the Noise Control Act	72,000	Noise prevention for crushing operations
Cathay Fengnian	Violation of Article 8 of the Noise Control Act	3,000	Ban on the use of power machinery on holidays
Cathay Fengnian	Violation of Article 9 of the Noise Control Act	126,000	Noise prevention for crushing operations
Tucheng Youth Public Housing Project	Violation of Article 8 of the Noise Control Act	3,000	Ban on the use of power machinery on holidays
Tucheng Youth Public Housing Project	38 violations of regulations on construction air pollution	48,000	Wheels of vehicles must be washed when they exit the construction site Set up disease prevention seats Cover with dust screens

3. Code of Conduct

The “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” of Chien Kuo Construction expressly require Directors, managers, and employees to meet ethical standards in their conduct and adopt objective measures to process company affairs. They must prevent conflicts of interest, avoid acts of self-interest, and uphold the principles of fairness, integrity, and transparency in their business conduct. They may not accept illegitimate interests or engage in unethical conduct in violation of laws or obligations.

We provide employees with training on work rules, ethical standards, regulations on conflict of interest for employees, sexual harassment prevention, and confidentiality of personal information. We also require employees to adhere to personal integrity and social ethics standards, comply with laws and regulations and internal controls, and protect the Company's assets, image and reputation. Each employee is required to sign the “Service Agreement” and the “Data Confidentiality Agreement” when they report for duties. The requirements are described below:

- 

Confidentiality of the Company's confidential information
Current and former employees may not disclose the Company's confidential information in any form.
- 

No personal gains
Employees may not use their position for personal gain, misappropriation of public funds, fraud or scams, or providing benefits to suppliers.
- 

No solicitation of improper benefits
Without prior reporting and approval, employees may not accept invitations to meals or entertainment from suppliers that have signed contracts with the Company. It is strictly prohibited to accept gifts, commissions, and bribes from suppliers.
- 

Code of ethical conduct
Employees may not have abnormal sexual relationships in the company, or to engage in sexual activities, gambling, or other conduct that violate moral standards.

The Company requires employees to strictly observe their confidentiality obligations to protect the privacy of the Company's customers and prevent the leak of information that may be harmful to customers. Directors and managers must comply with the Securities and Exchange Act and other laws and regulations. The Company uses training to enhance the ethical standards of employees and organizes the annual ethical review meeting for internal communication each year, in which lectures and case studies are used to communicate the Company's core values, code of conduct, and important announcements to employees. Due to the impact of the COVID-19 pandemic in 2021, the annual ethical review meeting was suspended and replaced with employee training on ethical standards to enhance the foundations of integrity, duty, and accountability, and fulfill the Company's core values. We organized a total of 8 training sessions and 133 employees completed the training.



Utilization

Innovation and Technology Applications

1. New-Generation Construction Strategy

The construction business is a professional management business. From the beginning of project planning to the final acceptance and operations, the construction company must continuously communicate, review, coordinate, and check with the owner, construction supervisor, and subcontractors. Any failure in the access to information or exchange of information may result in risks to the quality and progress of the project. As a result, modern construction companies place great emphasis on construction information and digitalization. Enterprise resource systems (ERP), electronic process systems, network attached storage (NAS), and even cloud services have become standard equipment for medium and large construction companies.

Chien Kuo Construction introduced the ERP system in 2010 to integrate dispersed information and realize the real-time monitoring, control, and inquiry of information. The Company proposed the next-generation construction development strategies in 2015 and set technology, digitalization, automation, and differentiation as targets for improving core competitiveness in the construction industry. Chien Kuo Construction established the Technology Department in 2018 and became one of the few construction companies in Taiwan with a R&D team. The department is responsible for the development of new construction technologies and research on how to use technologies to improve construction. Construction technology development requires gradual progress. The key in preliminary R&D lies in the development of ICT application technologies to meet construction requirements. The ultimate goal is to attain Construction 4.0 with smart construction site, smart construction, and smart management.

Construction 4.0 is a development strategy created by the Construction and Planning Agency of the Ministry of the Interior based on Industry 4.0 concepts. Industry 4.0 is not about innovative technologies but the integration of existing industrial technologies for improving manufacturing efficiency through digitalization and intelligent operations. The construction industry is, by its nature, a system of consecutive layers of subcontracting. With numerous work items and large quantities of interfaces between work items, it involves a high number of professional skills, which mostly rely on construction experience. Therefore, the introduction of a singular technology does not immediately lead to significant increase in construction efficiency. The Company analyzes and adopts effective measures to optimize every part of the construction process to gradually change the nature of construction itself. The Company's investments in R&D expenses and manpower in the past three years are shown in the table below.

Year	2020	2021	2022
R&D expenses	1,130 million	887 million	784 million
R&D manpower	8 people	7 people	7 people

Construction Progress

Introduction of digital technologies

Integration of ERP and BI (Business Intelligence) technologies to effectively track the current status and provide decision makers with data analysis to increase the accuracy of their decisions

Intensification of BIM technologies

Develop rapid modeling tools to accelerate spatial planning and review and improve construction quality

Subcontractor process integration

Technologies gradually replace traditional paper-based methodology in internal and external operations to integrate the complete life cycle information of materials from production to construction

AI technology differentiation

Increase productivity and provide better and more comprehensive services to customers

2. R&D Targets

Construction 2.0 focuses on safety and health and quality management; Construction 3.0 involves the use of R&D technology for improving quality, construction period, and quantity in order to increase the capacity for automatic production. Construction 4.0 involves the development of work items into indicators and setting milestones for gradual completion.

3. R&D Achievements

The research and development can be divided into three categories: Construction management automation, construction technology refinement, and customer service refinement. The summary of the technology R&D Achievements in 2021 is as follows:

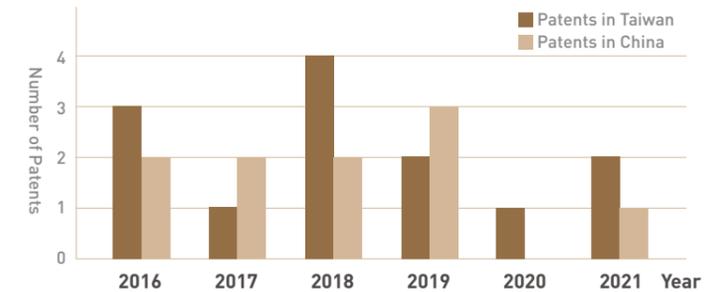
R&D Achievements in 2021

Item	Explanation	Category
Quality assurance and safety and health system app	The quality assurance audit app and self-inspection app for project development expand the use of the quality assurance and safety and health system from the computer to the construction sites. The quality assurance audit app is based on BIM and automatically provides the information on inspection positions and dimensions. The self-inspection app uses the work item map as the core to directly search for construction drawing information on the map, label inspection locations, and take photographs for the records. The quality assurance audit app has been completed and has been launched for use with continuous improvements. The reinforced concrete work items have been completed for the self-inspection app. We will continue to develop molds, light partitions, waterproofing, and mechanical and electrical work items in 2022.	Construction Management Automation
BIM Automation of Mechanical and Electrical Lines	We adopted fire safety foam pipes as the starting point for the development of several BIM automation technologies, which successfully helped the construction sites use the foam pipes pre-assembly method. It has obtained prominent results in terms of the work rate and pipe consumption control. In addition, we also completed the automatic modeling of water sprinkler lines and automatic modeling of indoor water supply line. We plan to continue the development of Drainage automation drawings in 2022.	Construction Management Automation
New construction method with floor vibration isolation pads	Reducing the sound of impacts on the floor is one of the key indicators of high-quality construction projects. For this project, we proposed two types of sound insulation methods with either the 5mm*2 or 8mm sound insulation wool. We started by commissioning the Technical Service Center of Green Building Material of National Pingtung University of Science and Technology to conduct experiments. We then applied for a review of the new method with Taiwan Architecture & Building Center, which approved it at the end of 2021.	Construction technology refinement
Beam seismic reinforced concrete project	The use of internal hoops is required for the shear area of seismic-resistant designs for beams. The conventional internal hoop poses difficulties for construction. We therefore planned to develop multiple sets of three-dimensional modular internal hoops to increase efficiency. We appointed the National Center for Research on Earthquake Engineering to produce physical models and conduct experiments at the end of 2021. We plan to obtain data from experiments by mid-2022 and file an application for new construction method with the Construction and Planning Agency before the end of the year.	Construction technology refinement
Facility management (FM2.0) software	Facility management systems are important value-added services in the construction industry. In 2019, Chien Kuo Construction used the Autodesk Naviswork as the graphics engine for the development of the BIM structure facility management system (FM1.0). In 2020 to 2021, the Company sought to solve the issue of mandatory payment to Autodesk by FM users by converting to the Unity game engine for the development of the second-generation facility management system. The new FM retains all the features of the old version as well as new animation effects, light and shadow effects, and other special effects which significantly improve the simulation of the model in navigation.	Customer Service Refinement
3D Architecture Resume	Traditional architecture resume is presented in written format or on a web page for consumers to learn more about building materials and construction quality. Chien Kuo Construction uses 3D architecture resume and combines BIM models with architecture resume to provide consumers with an intuitive and dynamic way to access information. The Company plans to publish the residential space version for Ruiguang Public Housing in 2020 and add the public area version for the Tucheng Youth Public Housing Project in 2021. We plan to add design features to the Fuxing Public Housing Project in 2022.	Customer Service Refinement

The Company applies for patents for the results of technology research and development. The patents protect the Company's intellectual property rights and also demonstrate Chien Kuo Construction's resolve for continuous investments in R&D, progress toward Construction 4.0, and enhancement of the Company's future competitive advantages. Since 2016, we have applied for and received 23 patents (including 2 patents registered by Shun Long International Electrical Engineering Co., Ltd.) including 13 patents in Taiwan and 10 patents in Mainland China. Please refer to Table 38 for annual results. In addition, 1 patent has passed review in Taiwan and is in the process of patent license collection. 11 applications for other patents have also been filed.

Total Number of Patents Announced in 2021

※Including 2 patents registered by Shun Long International Electrical Engineering Co., Ltd.



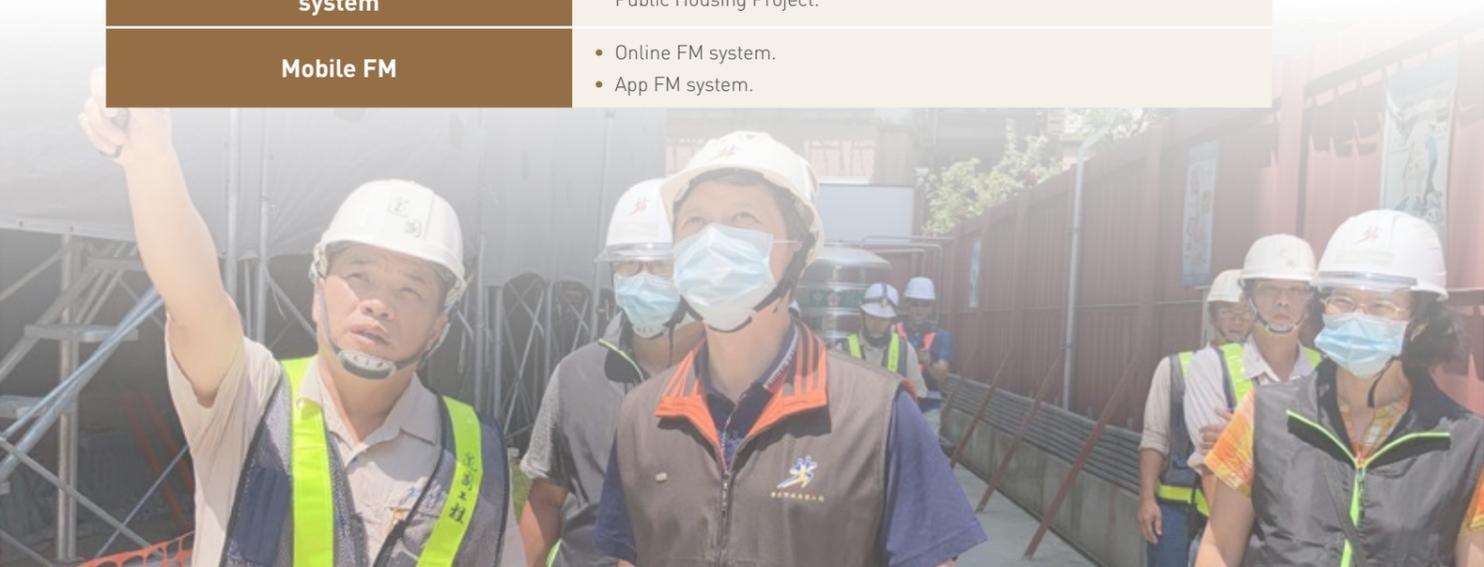
Patent R&D Projects in Recent Years

Announcement Year	Patent Title	Country
2016 5 patents	Metal roof structure	ROC (Republic of China)
	Metal roof structure	CN (China)
	Composite door panel and soundproof door employing such panel	ROC (Republic of China)
	Composite door panel and soundproof door employing such panel	CN (China)
	Soundproof door	ROC (Republic of China)
2017 3 patents	Soundproof door	CN (China)
	Ceiling structure	ROC (Republic of China)
	Ceiling structure	CN (China)
2018 6 patents	Steel and reinforced concrete structure	ROC (Republic of China)
	Steel and reinforced concrete structure	CN (China)
	Confined structure	ROC (Republic of China)
	Confined structure	CN (China)
	Water guiding system under stone floor	ROC (Republic of China)
2019 5 patents	Water filtration air system	ROC (Republic of China)
	Water guiding system under stone floor	CN (China)
	Water filtration air system	CN (China)
	Molding support system	ROC (Republic of China)
	Dehazing system	ROC (Republic of China)
2020 1 patents	Dehazing system	CN (China)
	Construction scaffolding system	ROC (Republic of China)
2021 4 patents	Construction scaffolding system	CN (China)
	Image transcoding method and apparatus thereof	ROC (Republic of China)
	Reinforced concrete system of terminal structure	ROC (Republic of China)
	Building material transportation method	ROC (Republic of China)

The technology development items in 2022 are shown in Table 39. The quality assurance and safety and health app, automatic drawing of mechanical and electrical lines, and smart construction site projects are implemented for construction management automation. The multi-component internal hoop system and aluminum mold implementation plans are implemented for construction technology refinement. The smart building management (SBM) and mobile FM are implemented for customer service refinement. We will expand the 2021 R&D results for the quality assurance and safety and health app with additional features and expanded applications. In terms of automatic drawing of mechanical and electrical lines, we will experiment with automatic modeling of drainage systems and develop technologies to convert 3D models to 2D construction drawings. In terms of smart construction site, we emphasize the use of visual AI and IOT technologies to reduce site occupational safety risks. The goal of the beam seismic reinforced concrete project is to apply for new construction methods and patents for the new three-dimensional hoops for construction. The main purpose of the aluminum mold implementation plan is to use 3D simulation to review the design complexity of the aluminum mold. The smart building management (SBM) system will be used for the integration of the BIM and the building automation drawing control platform in the Public Housing Project. The mobile FM will upgrade the single-device FM system to an online system to expand the scope of use.

R&D Plans for 2022

Quality assurance and safety and health system app	<ul style="list-style-type: none"> • Add model processing automation, document download, and VR functions to the quality assurance and safety and health system app. • Add molds, light partitions, waterproofing, and mechanical and electrical work items to the self-inspection audit app.
Automatic drawing of mechanical and electrical lines	<ul style="list-style-type: none"> • Automatic drainage system layout equipment. • Automatic drainage system branch pipeline drawing. • 3D to 2D conversion assistance software.
Smart construction site	<ul style="list-style-type: none"> • industry-academia collaboration with NTU to incorporate visual AI in occupational safety issues. • Develop mini-infrared warning equipment for hazardous areas.
Beam seismic reinforced concrete project	<ul style="list-style-type: none"> • Appoint the National Center for Research on Earthquake Engineering to produce physical models and conduct experiments. • Application for new construction method with the Construction and Planning Agency.
Aluminum mold implementation plan	<ul style="list-style-type: none"> • Aluminum mold planning and design software development. • Aluminum mold warehouse management system.
Smart building management (SBM) system	<ul style="list-style-type: none"> • Online BIM player supports the BA graphic control platform in the Fuxing Public Housing Project.
Mobile FM	<ul style="list-style-type: none"> • Online FM system. • App FM system.



Quality Assurance

**Our quality management policy:
Excellence in quality, lifetime cost, and sustainable innovation**

The scope of quality management by Chien Kuo Construction includes the characteristics, transportation, and storage of materials as well as the contents and composition of materials for which the Company implements traceability management and item-by-item reviews. The quality and durability of the materials and equipment, subsequent maintenance and management, and environmental and ecological conservation a thorough discussion and decision-making process. We require precise execution in each project from preliminary planning and the entire manufacturing process to after-sales services to attain high quality and high value. We use innovative R&D technologies to provide the best expertise and perform immediate quality control, which serves as the first line of defense for building safety.

To implement self-inspection and ensure that there are no quality anomalies caused by external environmental factors, we continue to strengthen corrections for waterproofing and light partition construction methods. We invested in instrument inspections in 2020 and announced the reward and punishment regulations and construction method trials in 2021. The medium to long-term goal is to improve overall construction plans and more precise construction capacity. We will convene meetings in accordance with project requirements to confirm specifications of work items and interfaces. We will produce construction drawings and execute them in order to improve employee competencies for construction planning and integration as well as technical specifications.

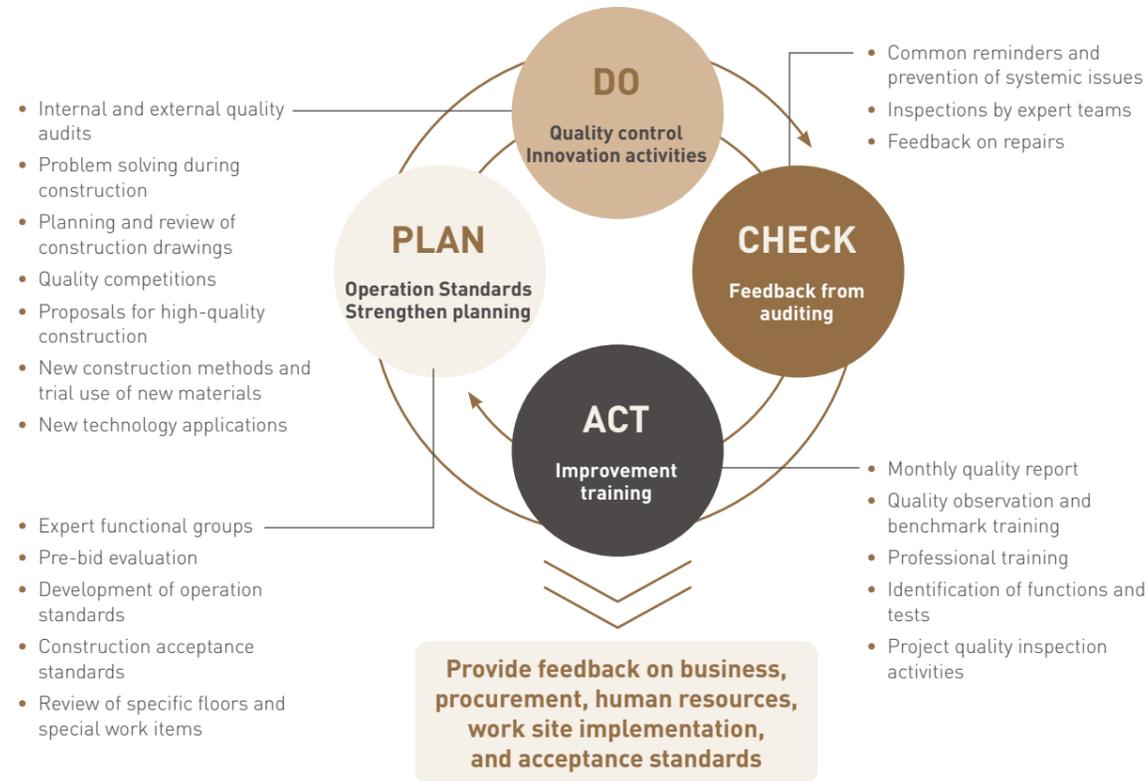
1. Quality System Meets International Standards and Customer Requirements

Chien Kuo Construction passed ISO 9001 quality management system certification in 2009 and passed the latest ISO 9001:2015 certification in 2017. The Quality Assurance Department performs internal audits on a regular basis. With continuous operation and constant improvements, it has developed a complete set of operating procedures to ensure the quality of services and satisfaction of customer requirements.

Chien Kuo Construction's quality improvement cycle includes the establishment and planning of operation standards, onsite quality control, and innovative work methods. We perform continuous audits during the construction phase of a project and provide quality control results to the project. We also provide improvement solutions to the business execution for bidding, procurement, and contracting specification, human resource selection, and project execution and acceptance. We will modify the operation standards or incorporate them into training programs based on actual requirements.



Quality Management Improvement Cycle



2. Three Levels of Quality Management

Chien Kuo Construction complies with the three-level quality management system specified in public construction laws. We also developed the internal three-level quality management system and rigorously manage construction items to implement the quality policy and attain objectives for ensuring high quality. The third level of the internal quality management system requires the head office to produce procedures and operation standards for all work items and conduct onsite construction inspections. The second level is the independent quality management by the construction site office. The first level is the independent quality management by suppliers. The Company has formulated the quality management procedures and established operation standards for each phase of the construction. We also implement regular audits as well as quarterly and annual reward and punishment systems with quality competitions. The results of competitions are used as the basis for the tiered evaluation items in year-end bonuses.

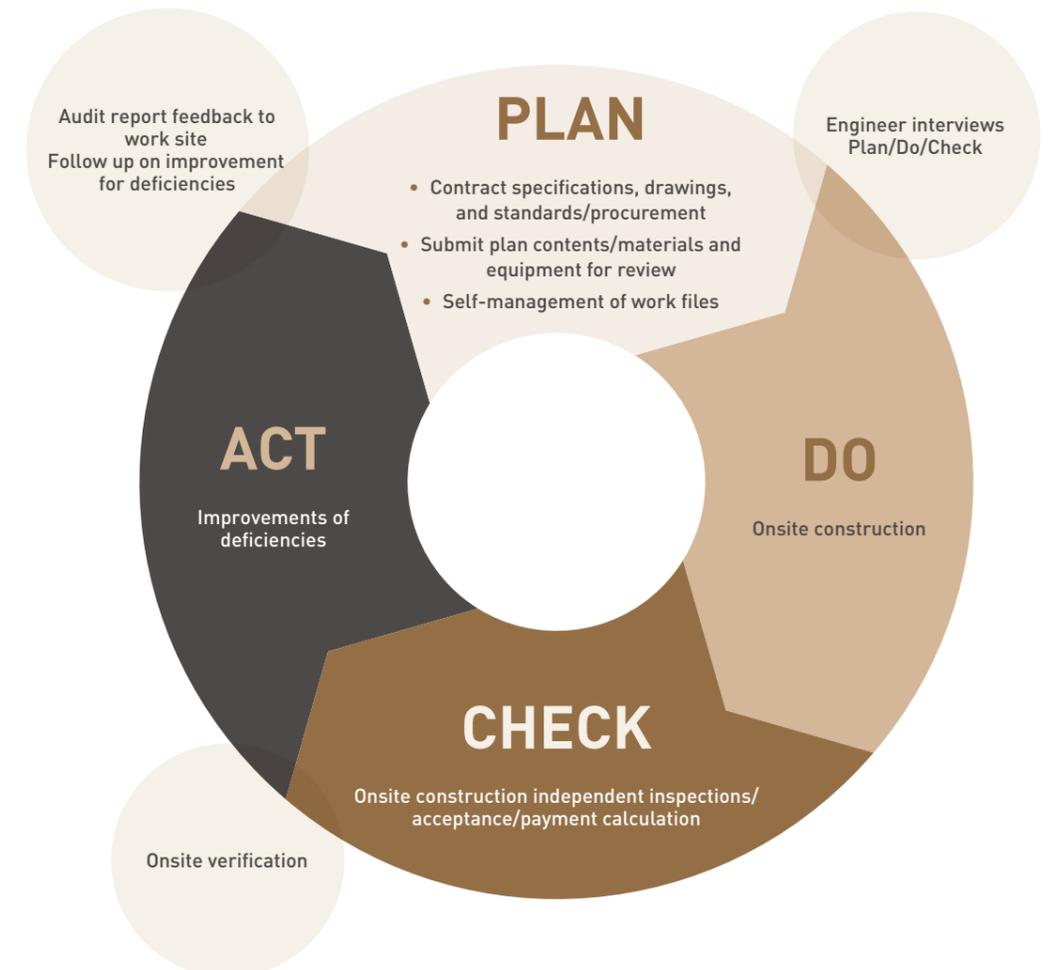
Three-Level Internal Quality Management System



3. Quality Assurance Inspections

Quality assurance inspections are implemented through interviews with engineers and independent inspections. We compare the actual onsite construction conditions with drawings to verify that engineers work on construction in accordance with the contract specifications, drawings, and standards. Chien Kuo Construction requires internal quality inspection results to be above average. We implement quality activities to improve construction standard achievement rate and avoid repetitive errors. The construction site office holds daily construction review meetings to discuss work progress, solutions for problems, quality requirements, ESH improvements, and coordination between suppliers. It quickly proposes improvement plans and holds meetings with contractors to communicate quality requirements before construction to improve the quality of the project.

Quality Assurance Inspection Procedures



4. Quality Document Management

The Company has set up a document structure based on the ISO 9001 quality management system. We remain vigilant to ensure the fulfillment of the responsibilities of each department and project. The first level of the document structure is the quality manual. The second level is the department operating procedures. The third level is the work item operation standards. The fourth level consists of work records and forms. To strengthen employees' awareness and familiarity with the quality documents, we immediately formulate plans to implement awareness campaigns and training after the announcement of the amended procedures. Seed instructors visit the site to explain the latest operation standard requirements and employees can download them from the Company's internal document platform. After the awareness campaign, we send employees to the site from time to time to interview contractors and test their knowledge. We also organize tests from time to time to enhance employees' awareness of the latest operational requirements and improve the implementation. We ensure that each employee understands the quality requirements of each work item and complies with them in the work to improve the quality of construction.

Quality Document Management Structure



5. Quality Assurance Activities

Additions and Amendments of Operation Standards

The construction standards of Chien Kuo Construction are based on the operation standards of work items and the construction standard drawings. The additions and amendments of operation standards are fundamental parts of the process. Many different work methods have been created as a result of rapid technological advancements, government regulations, and the active development of new materials for different projects. In response to the evolution and the needs of the owners, Chien Kuo Construction quickly updates and amends the construction standards for compliance in onsite construction.

The work standards specify the quality audit procedures and standard operating procedures for each work item. The Quality Assurance Department uses these procedures for auditing to ensure the integrity of the quality assurance process. We also established clear rewards and penalties regulations for quality assurance of construction units and individuals to require them to rigorously implement the Company's operating procedures.

Implementation Status of the Amendments of Operation Standards in 2021

9 Items Announced	3 Items in the Process of Amendment
<ul style="list-style-type: none"> Mold works Concrete premix construction Stone material construction Waterproofing (composite polymer waterproofing) Light partition construction Tile construction Precision measurement Construction Site Audit and Quality Contest Rewards and Penalties Regulations Project Quality Performance Rewards and Penalties Regulations 	<ul style="list-style-type: none"> Waterproofing (composite polymer waterproofing) Water test for window frames Masonry

Solid Construction Contest

The purpose of the Solid Construction Contest is to improve construction quality, enhance the performance of services, boost competitiveness, and increase customer satisfaction. The contest was inspired, implemented, and promoted before it is finally included in the Company's internal operating procedures. The project managers, General Manager, 5 representatives of technical departments, and 3-5 experts jointly determine the targets. Results are determined based on the evaluation targets for each group in accordance with the difficulties and progress of the targets. There were 2 creative ideas and 6 competing projects in the 2021 Solid Construction Contest.

Creative Ideas in 2021

No.	Creative Idea	Implementation Status
1	Integration of cable trays in the elevator server room	Not yet completed
2	Overall finish without bristles and prevention of dust by using milling machines with vacuum cleaners	Not yet completed

Competing Projects in 2021

No.	Project Name	Competition Project Item	Implementation Status
1	Fuxing Public Housing	Precision measurement	In progress
2	Yangmei Public Housing	Precision measurement	In progress
3	Fuxing Public Housing	Mechanical and electrical pipeline pre-assembly	Case closed
4	Yangmei Public Housing	Mechanical and electrical pipeline pre-assembly	Case closed
5	Pingzhen No. 1	Precision one-piece hoop and pillar-within-pillar construction in seismic design	Case closed
6	Cathay Fengnian	Completion of first floor in 40 days	Case closed

Construction is a highly customizable industry because every building is unique. The accuracy of the external facade has significant impact on the construction progress and cost. To achieve the goal of precision construction, we have floated ideas since 2019 and we built the equipment on site and conducted preliminary tests in 2020. We used civil engineering, mechanical and electrical engineering, and exterior construction drawings with construction review meetings for pilot projects from 2021 to present. We have had great success in reducing the rate of required stoneworks on exterior walls. We also streamlined the on-site construction process in response to current labor shortage problems. We integrated construction drawings for the first time to produce a mechanical and electrical BOM program (bill of materials) to accurately calculate the size and quantity of materials and pack them in each space. We thus do not need to divide the materials on site and we are able to reduce losses. These two practical proposals have improved the accuracy of exterior wall construction, helped us achieve the social value of energy conservation and carbon reduction, and reduced construction waste. Chien Kuo Construction will continue to enhance innovation and improvements in the control of internal wall precision and mechanical and electrical pipeline pre-assembly to create innovations for construction quality management.

Simple Procedures for the Solid Construction Contest



Construction Planning Review System

In the preliminary construction phase, the Quality Assurance Department assembles the construction planning, technical functional groups, and the electrical and mechanical departments for discussions. They review the construction plan of the specific project and set the time for review during construction as the basis for quality audit. They convene meetings with onsite construction personnel to explain the construction, carry out actual construction of sample floors, strengthen the waterproofing process, review construction drawings, and other controlled operations to ensure prevention, reduce construction risks, and strengthen the quality awareness of subcontractors. The designated scope of review before contracting consist mainly of special floor work items, technical review for professional work items, and review of complex work items and special structure plans. They include the designated professional work review of waterproofing material characteristics, the work method for each part, special steel structures, and safety. We also review the implementation status and track results in the monthly construction meetings.

Quality Assurance Training Program

The Company has planned diverse and comprehensive quality assurance training programs and adopted both unilateral and bilateral interactions to ensure the quality assurance operations meet standards. The format of training includes the monthly quality reports published on the digital platform, in-depth discussions on work problems, onsite property inspections and quality tours, and evaluation tests for improving employees' professional skills.

Implementation Status of Quality Assurance Training Items

Activity	Explanation	2021 Overview	2022 Target
Monthly quality report	Monthly report published on the Company's internal platform	Published 10 issues Approximately 1,600 readers	Publish 12 issues Reach 3,000 readers
Tours and seminars	Learning from competitors and construction project benchmarks	Organized 5 sessions for 123 participants	Organize 10 sessions for 200 participants
Quality inspection and acceptance	Construction completion acceptance and material inspection	Organized 2 sessions for 47 participants	Organize 2 sessions and ensure that 80% of construction personnel attain test standards
Main work item tests	6 subjects including reinforced concrete, concrete, molds, waterproofing, light partitions, and masonry and tiles	After the update in the beginning of the year, we canceled the morning meeting, training programs, and test due to the epidemic	Organize 2 sessions and ensure that 80% of construction personnel attain test standards

New Construction Methods and Materials

Promoting new construction methods	Use of materials
We continue to increase the precision of the exterior walls. We adopted the precision measurement method and announced universal operation standards suitable for all projects after 2021. We specified the work procedures and interfaces for building the thresholds first and drainage of bathrooms, and we strengthened the interfaces for light partitions.	To ensure stable quality, we enhanced regulations on the removal of tiles and the depth of back grooves in 2021.

Optimization of Quality Assurance Technologies

Communication via social media software

We set up a dedicated communication group for our quality assurance personnel to help the team respond to problems in real time and improve the efficiency and quality of services. We distribute quality assurance updates when necessary during work hours, immediately report deficiencies, and implement corrective and preventive measures. It effectively streamlines communication and improves communication efficiency.

Infrared tests

We use data-based models to inspect construction quality. The inspection items include tile inspections on external walls, waterproofing and water tests, and quality inspections of beehive patterns and cracks on the corners of window frames in the concrete pouring of the structure. In the Kaohsiung Infinity, TSMC's Fab 18 in Southern Taiwan Science Park, Tucheng Youth Public Housing Project, and Cathay Huawei Yue projects in 2021, we used infrared thermal imaging technology to detect the range of anomalies in waterproofing. It increases the precision for the positioning of leaks and effectively reduces the resources and costs required for rework.

Mobile quality assurance and safety and health system

The mobile app has indoor walking positioning capability and mobile MIS capability, and automatically returns on-site records. The main functions of the web database system include automatic data distribution and statistical analysis design, which efficiently manages and maintains records for quality assurance, safety, and health. The "Mobile Management System 1.0" was launched for trial operations for the Cathay Fengnian Project. We also continued to review and optimize the user interface. The system is planned for launch in 2022 and will help increase quality statistics management and streamline operating procedures.

BIM setting out bot

The sampling method and precision have significant effects on the building quality and construction progress. We leverage the advantages of the total station "BIM setting out bot" in speed, precision, intelligence, ease of operations, and low requirements for labor and directly converted data in the BIM model into precision positioning points onsite.

Handheld X-ray fluorescence spectrometer

The fluctuations in the prices of raw materials have contributed to the rise in the prices of stainless steel. As a result, low-quality stainless steel has flooded the market and rust and watermarks can be found on the 304 stainless materials used in many sections. To ensure the quality of metal materials and equipment purchased by the Company, the Quality Assurance Department has completed the equipment purchase and training certification in 2020. It is currently used in the Fuxing Public Housing Project and can effectively and quickly test the specifications of the mater.

Supply Chain Management

1. Supply Chain of the Construction Industry

Chien Kuo Construction is part of the construction industry, which supports downstream construction companies (users) and vice versa. The upstream supply chain consists mainly of suppliers of raw materials such as steel, sand and gravel, soil, cement, aluminum, and crude oil. In Taiwan, all materials except sand and gravel must be imported. As a result, it is affected by fluctuations in international conditions. Since 2020, the price of pre-mix concrete has been affected by the price of sand and gravel and crude oil, and all prices have increased, resulting in an increase of more than 30% in the past three years. The price increase has devastated the construction and building industry.

The midstream section of the supply chain mainly involves the processing of raw materials into finished products for construction or assembly by construction companies and the cost is mainly determined by raw materials and manpower. Construction is an industry that cannot rely on machines to significantly reduce manpower requirements. The most useful measure it could adopt is the use of systematic molds and reinforced concrete binding to reduce manpower requirements. Therefore, a labor shortage would severely affect the midstream and downstream industries. The downstream section of the supply chain includes government agencies, general private companies, construction companies, and consumers who hire companies for construction. The construction industry is part of the midstream to downstream section of the supply chain and must rely on professional division of labor with other companies that specialize in building planning and design, construction, and civil engineering as well as those that specialize in work items after the completion of the building structure such as building materials, decorations, materials, mechanical and electrical facilities, and bathroom facilities.

Relationship Between the Upstream, Midstream and Downstream Sections of the Construction Industry



Important connections - manpower

Reinforced concrete processing: Skilled rebar workers / mold construction / concrete pouring and placement worker / masonry worker / painter / technical manpower of other professional construction companies

2. Supplier Selection, Evaluation, and Management and Green Procurement

Chien Kuo Construction continues to pursue the goal of win-win with suppliers and requires suppliers to uphold the principle of integrity in our collaboration. Suppliers must uphold fairness, integrity, and transparency in their collaboration with Chien Kuo Construction. Neither party may directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including violation of integrity, illegal acts, or breach of obligations. They also may not manipulate, conceal, abuse information they learned as a result of their duties, provide false statements on important matters, or engage in other unfair transactions in order to protect the legal rights and interests of both parties.

The Company has prioritized local suppliers in procurement in past years and the local procurement ratio in 2021 was 100%. Before collaborating with any suppliers, the Company conducts a comprehensive investigation concerning their qualifications as well as the process and outcomes of their past transactions to determine whether there are any circumstances in which they impacted the environment or society, which are all incorporated as evaluation items for the selection of suppliers.

New suppliers must pass a rigorous evaluation process and pass the review before they may start procurement procedures. Every procurement project must be provided with documents such as contracts, drawings, specifications, and requirements for environmental protection and labor safety and health, and must be processed in accordance with procurement procedures and regulations.

The procurement and contracting operational procedures of Chien Kuo Construction are processed in accordance with the procurement request and contracting plan operations for each level. The contracts signed with suppliers must specify that the supplier shall fully comply with regulations in the "Occupational Safety and Health Act", "Contractor Safety and Health Management Guidelines", and "Ethical Corporate Management Best Practice Principles" to ensure that all suppliers fulfill corporate social responsibility.

New Supplier Evaluation Process

Required information of new suppliers

- Basic information of the supplier
- Confirmation of basic management requirements
- Tax, accounting, and personal data collection and usage documents
- Track records and credit investigation

Credit investigation, evaluation, and review

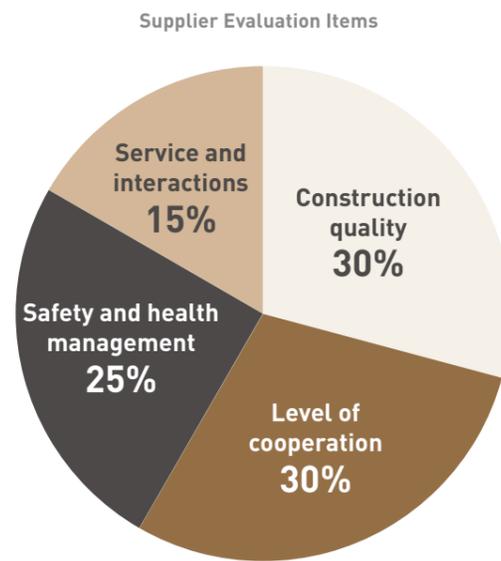
Commencement of the procurement process

Local Procurement Ratio in 2021

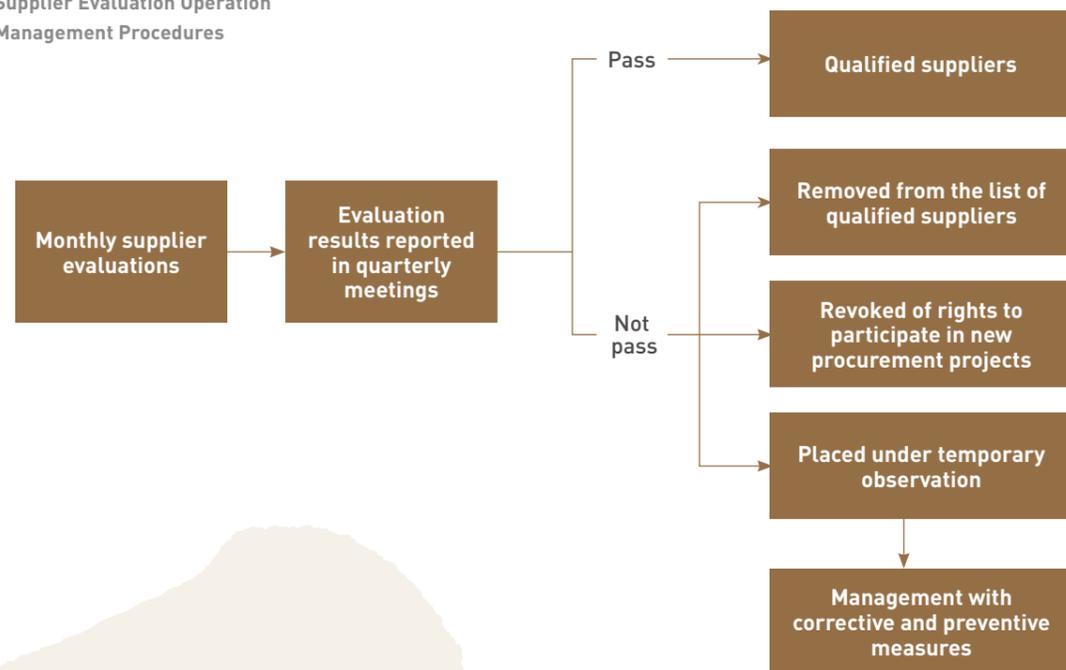


3. Supplier Evaluation

Chien Kuo Construction has established the supplier evaluation procedures to create a safe work environment for all employees and workers. The items in the supplier evaluation include construction quality, labor safety and health management, quality management, and service coordination and management. The items are independent, and we compile and report monthly evaluation results. The six departments including Quality Assurance and Safety and Health, form an assistance team that formulates countermeasures and assistance plans and assists suppliers in improvements based on the plans until the service quality reaches the required standards. The evaluation results can be discussed in the case closure meeting. If the supplier fails to meet the standards and fails to make sufficient improvements after assistance, the supplier may be placed under temporary observation, revoked of rights to participate in new procurement projects, or removed from the list of qualified suppliers in the system.



Supplier Evaluation Operation Management Procedures



Customer Service

1. Customer Service Objectives

The Company set up a dedicated Customer Service Department to ensure the safety of building users. We assign six-person teams to take charge of management tasks for warranty services. We ensure the smooth execution of warranty and repair management operations with systematic operating procedures and a user-friendly mindset. We hold regular customer service meetings to confirm that the items listed for warranty or repair services are processed in a timely manner.

After the completion of construction of projects undertaken by Chien Kuo Construction, onsite engineers inspect and check each item for acceptance to complete the delivery of the property and acceptance check of public facilities. The construction of the building is thus completed and the project is handed over to the dedicated engineering team of the Customer Service Department for management. It is responsible for resolving repairs for users. The Customer Service Department maintains detailed records of the user experience in the residences as reference for repairs. It accumulates and analyzes the data from the repairs and provides the analysis results to the Quality Assurance Department to improve project quality and customer satisfaction.

Customer Service Objectives



Customer Service Management Structure



2. Customer Service Model

Chien Kuo Construction creates value with professional customer services and enhances customer relationship management with heartfelt services to improve safety and the quality of life for residents. The Customer Service Department mainly provides consultation services for repairs, warranty management, and repairs. It prepares operating procedures and training for customer services and repairs, plans the repair management and information analysis system, and regularly processes customer complaint follow-up management and statistical analysis.

When the dedicated personnel receive a customer complaint telephone call or email, they contact the customer within one day and provide a summary of the incident in a system form. The customer service engineer then organizes onsite surveys to analyze the cause, determine the method for addressing the issue, and plan customer service projects or transfer the case to other relevant units for processing. After the requirements for repairs are established for the case, the maintenance and repairs personnel arrive onsite at the appointed time to verify the maintenance and repairs items, construction method, and time with the customer. The engineer then supervises the work of the maintenance and repairs personnel till the completion of inspection and acceptance. The maintenance and repairs are recorded in a system form for future information analysis.

Customer Service Management Model



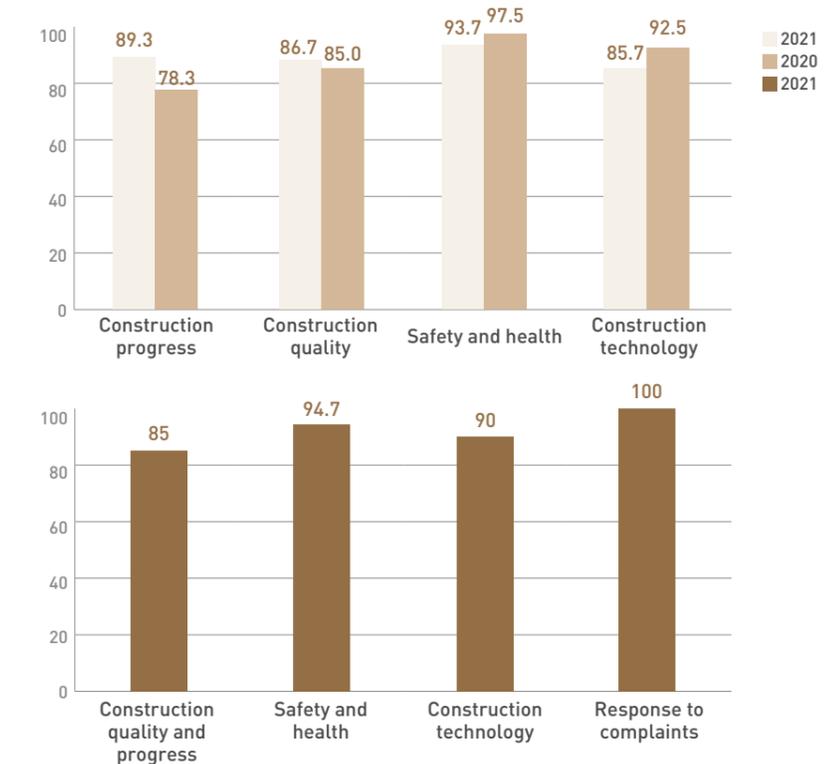
3. Customer Service Performance and Prospects

Chien Kuo Construction complies with the customer service warranty procedures. After the completion of maintenance and repairs, the Company conducts a customer satisfaction survey based on the repair service request form to evaluate the results of customer services based on satisfaction ratings. Chien Kuo Construction is committed to provide sincere and thoughtful customer services. We will use planned operations to streamline operating procedures, ensure the quality of services, and create a positive service reputation and business image.

4. Customer Satisfaction Survey

The Customer Service Department of Chien Kuo Construction invites customers to fill out the “Construction in Progress - Owner Satisfaction Survey” within three months after the beam is completed in the structure of the construction in progress and the usage license has been obtained. The contents of the survey include the construction progress, construction quality, safety and health, construction technology, handling of complaints, etc. According to the results of the customer satisfaction survey, Chien Kuo Construction has obtained an average of at least 85 points in terms of construction progress, quality, safety and health, construction technology, and handling of complaints in the last three years (2019 to 2021) and won the customers' trust. To attain customer satisfaction targets, the Customer Service Department provides the results of the customer satisfaction surveys to each department. The product quality evaluation and the communication and cooperation between departments help the Company adjust the service model, satisfy customer requirements, and create forward-looking systems and procedures.

Satisfaction survey analysis table



Welfare

Employee Care

1. Employee Management Policy



2. Employee Communication Model

Chien Kuo Construction has set up comprehensive communication mechanisms and channels to fully understand employees' needs and build a harmonious workplace environment. The Company organizes labor-management meetings every quarter to discuss major operational changes that may affect employees' rights and interests to create harmonious and mutually beneficial labor relations. There were no major labor disputes or complaints in the Company in 2021.

We provide open and transparent communication channels and the Company learns about employees' needs and ideas and cares for employees through multiple channels such as new employee satisfaction surveys, annual employee satisfaction surveys, meetings with the Chairman, meetings of the Employee Sexual Harassment Prevention Committee, and other forms of communication such as case interviews and seminars. In addition, employees can also report issues in the work environment in written format or in emails. The Company also organizes regular labor-management meetings to facilitate bilateral communication to create a better work environment. We work hard to build a harmonious and happy workplace for employees.

Employee communications channels

- Written document delivery: Mail the document to the human resource unit or mail it directly to the highest-ranking officer of the human resource unit.
- Mailing address: TAI Shih-yung, Vice President, Human Resources Division, 20F, No. 67, Section 2, Dunhua South Road, Da'an District, Taipei City
- Employee complaint mailbox: ckgservice@ckgroup.com.tw
- Employee communication hotline: TAI Shih-yung, Vice President at 886-2-2784-9730 extension 503

3. Human Resource Structure

In 2021, Chien Kuo Construction had a total of 384 employees including 267 male employees and 117 female employees. The ratio of female to male employees is 1:2.2821. In terms of the distribution of age, employees aged between 30 and 50 account for the highest proportion with 202 people. 35.66% of the employees have more than 5 years of experience and 15.97% have 3 to 5 years of experience, which is very helpful for construction project execution and business development.

In terms of the education of employees, 26.96% of employees have master's degree or above and 77.75% of employees with bachelor's degree or above. We make full use of employees' talents to help Chien Kuo Construction achieve rapid progress and growth in the construction business. Most of our employees are full-time employees and only one employee is a contracted employee. All contracted employees may apply for full-time employee status based on their performance.

We also have 62 foreign workers and the applications for foreign workers are determined based on the project schedule, local employment requirements, and other work conditions. We also request owners for assistance in construction due to the construction schedule and the number of foreign workers is adjusted in accordance with actual requirements and regulations. Therefore, the number of foreign workers is not included in the calculation of the total number of employees for the year. However, all related regulations are processed in accordance with the Labor Standards Act, Employment Services Act, and related regulations.



Employee Categories and Statistics

Type	Item	2019				2020				2021			
		Male	Female	Subtotal	Ratio %	Male	Female	Subtotal	Ratio %	Male	Female	Subtotal	Ratio %
Age	Under 30 years old	36	11	47	13.35	56	28	84	20.84	44	23	67	17.45
	30-50 years old	138	78	216	61.37	134	79	213	52.86	126	76	202	52.60
	Over 50 years old	75	14	89	25.28	91	15	106	26.30	97	18	115	29.95
Management	Senior managers	37	2	39	11.08	34	2	36	8.93	24	5	29	7.55
	Mid-level managers	31	4	35	9.94	26	4	30	7.45	37	1	38	9.90
	Entry-level managers	33	9	42	11.93	32	10	42	10.42	31	10	41	10.68
Non-management	Engineer	143	56	199	56.53	176	70	246	61.04	165	63	228	59.38
	Non-engineer	5	32	37	10.52	13	36	49	12.16	10	38	48	12.49
Contract	Full-time	248	102	350	99.43	279	113	392	97.27	267	116	383	99.74
	Appointment	1	1	2	0.57	2	9	11	2.73	0	1	1	0.26
	Dispatched	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00
Education	Doctor	4	0	4	1.14	5	0	5	1.24	5	0	5	1.30
	Master	61	16	77	21.87	68	23	91	22.58	74	26	100	26.04
	Bachelor	124	53	177	50.28	140	65	205	50.87	134	60	194	50.52
	Junior college	52	26	78	22.16	56	25	81	20.10	46	23	69	17.97
	High school (vocational high school)	8	8	16	4.55	12	9	21	5.21	8	8	16	4.17
Years of service	Less than 1 year	43	13	56	15.91	87	40	127	31.51	49	19	68	17.71
	1-3 years	90	36	126	35.79	75	24	99	24.57	82	36	118	30.73
	3-5 years	17	5	22	6.25	24	12	36	8.93	44	17	61	15.89
	5-10 years	45	23	68	19.32	38	14	52	12.90	36	7	43	11.20
	10-20 years	41	23	64	18.18	44	30	74	18.36	45	35	80	20.83
	Over 20 years	13	3	16	4.55	13	2	15	3.73	11	3	14	3.65

New employees and employee turnover statistics

Category	Group	2019				2020				2021			
		New employees		Employee turnover		New employees		Employee turnover		New employees		Employee turnover	
		Head count	Percentage	Head count	Percentage	Head count	Percentage	Head count	Percentage	Head count	Percentage	Head count	Percentage
Gender	Male	68	77%	63	78%	125	77%	91	78%	70	68	83	69%
	Female	20	23%	18	22%	52	23%	32	22%	33	32	37	31%
Age	Under 30 years old	18	20%	21	26%	58	20%	19	26%	36	35	31	26%
	31-50 years old	57	65%	49	60%	97	65%	84	60%	55	53	77	64%
	Over 51 years old	13	15%	11	14%	22	15%	20	14%	12	12	12	10%
Total number of people		88		81		177		123		103		240	
Proportion of all employees		22%		20%		44%		31%		27%		31%	

In 2021, we had 3 employees with disabilities and 3 indigenous employees. Chien Kuo Construction is committed meet all regulatory quotas in its recruitment policy. To encourage employees to improve their professional competencies and enhance their competitiveness in the industry, the Company has set up an incentive system for issuing subsidies for professional licenses. We encourage employees to continue their studies, promote professional certification, and recognize their professional advancements.

Employees with Construction Professional Certifications within the Effective Period

Certification Name/Number of Employees with the Certification	2019	2020	2021
Professional Engineer in Civil Engineering	5	5	6
Professional Engineer in Structural Engineering	2	2	2
Site Manager	62	60	64
Type A Industrial Safety Manager	67	75	102
Class A Occupational Safety and Health Management Professional	3	3	4
Class B Occupational Safety and Health Management Personnel	33	47	56
Public Construction Quality Management Personnel	31	30	34

Due to the characteristics of the construction industry, the management of Chien Kuo Construction and professional construction personnel consist mainly of male employees while female employees account for a higher proportion of administrative personnel with 79.1%. There is no distinguishable gender pay gap and certain female employees in management roles have salaries higher than that of male employees. Female employees have great performance and room for development in Chien Kuo Construction.

Of the employees as of the end of 2021, 8 employees were eligible for unpaid parental leave (including those that have already applied). Of the 5 employees that have applied for unpaid parental leave and were scheduled to be reinstated in 2021, 3 were reinstated and the reinstatement rate was 60%. Of the 5 employees on unpaid parental leave in 2020 and were scheduled to be reinstated, 5 were reinstated and the reinstatement rate was 100%. One of these employees remain in the Company and the retention rate was 20%.

Parental Leave Implementation Statistics

Explanation	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of employees eligible for unpaid parental leave in the current year	12	7	2	4	6	2
Number of employees on unpaid parental leave in the current year	1	0	1	1	5	0
Number of employees scheduled for reinstatement and reinstated in the current year	4	1	0	1	3	0
Number of employees scheduled for reinstatement but not reinstated in the current year	0	0	0	0	2	0
Number of employees scheduled for reinstatement and reinstated in the previous year	2	1	4	1	1	1
Number of employees reinstated in the previous year and remain in the Company	1	0	0	1	1	0

4. Employee Salary Standards

Chien Kuo Construction has established a comprehensive job rank and salary system and provides employees with salary higher than the industry standards to maintain external competitiveness. We also established an appropriate salary structure with the job ranks and grades to maintain fairness in internal operations. The system applies to all employees and there is no gender gap. The salary management system is also linked to the performance management results. We evaluate bonuses based on operational performance, department achievements, individual performance, and competition results. For employees that have no work experience, we hire them in accordance with the salary standards set based on their academic records. The starting salary of all employees is higher than the minimum wage and the minimum starting salary is 1.03 times the minimum wage. We conduct annual salary reviews and salary adjustments based on the results of industry and market salary surveys, operations of the Company, and individual performance.

Rank, Grades, Salary, and Gender Statistics

Role	2019		2020		2021	
	Female-Male Salary Ratio	Female-Male Ratio	Female-Male Salary Ratio	Female-Male Ratio	Female-Male Salary Ratio	Female-Male Ratio
Senior managers	0.95	0.05	0.92	0.06	0.92	0.06
Mid-level managers	1.10	0.13	1.05	0.15	1.05	0.15
Entry-level managers	1.02	0.27	0.97	0.40	0.97	0.40
Engineer	0.92	0.39	0.90	0.42	0.90	0.42
Non-engineer	0.99	6.40	0.61	3.09	0.61	3.09

※Explanation: All senior executives of the Company in 2019-2021 are local employees

Minimum Salary of New Employees (Freshmen)

Gender	Role	
	Engineer	Staff
Female	33,000	26,000
Male	33,000	26,000
Ratio to Statutory Minimum Wage		
Female	1.31	1.03
Male	1.31	1.03

5. Employee Benefit Plans

Employee Benefit Plans

Optimization of the salary system	<ul style="list-style-type: none"> The Company provides incentives in the form of year-end bonus and performance bonuses based on individual performance and the overall operating performance of the Company In addition to salary adjustments based on those in the industry, the Company adjusts employees' salaries based on their performance in the year The Company distributes gift money for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival
Employee care programs	<ul style="list-style-type: none"> Marriage, childbirth, and birthday gift money Education scholarships and subsidies for employees' children Group insurance subsidies for employees and their dependents Distribution of hospitalization and funerary consolation subsidies Supply of free rapid test kits 2021 epidemic prevention allowances and epidemic prevention insurance policies 2022 paid epidemic prevention quarantine leave
Life and culture	<ul style="list-style-type: none"> The Company established the employee library, regularly updates the 850-book collection based on the popularity of books, and allows employees to take home old books from the collection The Company regularly organizes art and cultural activities and invites professionals and renowned individuals from different sectors to share their experience in seminars Subsidies for art and cultural activities expenses Subsidies for club activities Preferential discounts for designated merchants
Physical and mental health	<ul style="list-style-type: none"> Annual employee travel subsidies Health examinations every two years Quarterly birthday party Annual Family Day and year-end party with numerous prizes Two days of volunteering leave every year

Statistics of Employees who Benefited from Welfare Items

Welfare Item/Number of applications	2019	2020	2021	
Employee wedding gift money	2	2	6	
Employee childbirth gift money	7	9	6	
Employee birthday gift money	327	303	345	
Education scholarships and subsidies for employees' children	First half of the year	79	72	77
	Second half of the year	79	77	77
Hospitalization subsidies	0	0	0	
Funerary subsidies	13	19	16	
Employee emergency relief	0	0	1	
Employee travel subsidies	367	327	396	

6. Employee Retirement System

Chien Kuo Construction has established the supervisory committee of workers' retirement reserve fund to supervise and audit the operations of the workers' retirement reserve fund. Starting from July 1, 2005, the Company has appropriated funds to the workers' retirement reserve fund each month for every eligible employee or every employee who opted for the pension system in the "Labor Pension Act" (new pension system) based on their wages in accordance with the "Monthly Contribution Wages Classification of Labor Pension". The method of appropriation is a payment of 6% of the employee's salary in the corresponding insurance level to the employees' personal account in the Bureau of Labor Insurance. The Company appropriated NT\$17,596 thousand in 2021.

For those who choose to apply or retain the pension system of the "Labor Standards Act" (old pension system), the Company calculates the monthly contribution rate of the labor retirement reserve and appropriates funds to the labor retirement reserve based on the number of workers, wages, years of service, turnover rate, and other factors in accordance with Article 56, Paragraph 1 of the Labor Standards Act to pay for pensions. The method of appropriation is a payment of 2% of the employee's monthly salary to the employees' personal account in the Bank of Taiwan. The cumulative balance of the labor pension reserve account in 2021 totaled NT\$33,101 thousand.

For employees who are transferred to affiliated companies due to structural requirements, the number of years of service may be accumulated to provide employees with additional coverage and help them work in the Company without worries. It also helps facilitate the exchange of talents in the Group.

7. Retention and Career Development

Comprehensive Cultivation Model

Talents are the Company's most valuable assets. Energetic employees hungry for knowledge and growth empower Chien Kuo Construction in creating a bright future. We have established consistent professional standards to support employees in their continuous growth and hunger for knowledge and to provide our team with the latest knowledge and skills. We are committed to building a growth trajectory for employees and encouraging continuous learning. The Company offers a variety of training programs and development models for employees at different stages of growth, and creates comprehensive training programs.

In terms of training for young engineers, the Company actively works with schools in internship programs to nurture freshmen and young students. In recent years, the scope of internship has been expanded from internships during summer to internships during the semester to help students learn more about the workplace. We continued to organize internships during summer and the semester in 2021 with adequate epidemic prevention preparations. We consulted several other schools and organized campus intern recruitment seminars in the second half of the year. We also arranged the internship program during the semester in 2022.

In terms of professional training, we conducted an inventory of professional competencies and analyzed employees' professional skills to plan the competency map and train outstanding professional talents. The Company organized the elite course in 2019 and used the professional skill courses, observation, and experience sharing to train mid-level executives. We organized project manage courses in 2020 to improve the capacity of engineering executives for project operations and management. We offered professional courses for interior decoration in 2021 to strengthen the professional competencies of engineers. We also provided young engineers with intensive training programs in 2022 to pass on professional skills and help freshmen quickly adapt to the corporate culture.

We help employees plan learning and growth pathways and improve professional skills, including the needs and challenges for career development as well as training for a diverse range of competencies and management skills for teamwork, communication, leadership, and finance. The Company provides professional skill training for new employees based on employees' career development progress, and provides additional core competency training and management training. The Company has a comprehensive training system and engineer competency evaluation mechanisms. We conduct tests on professional competencies for key roles each quarter to gauge employees' competencies and the effectiveness of training and development.

Comprehensive Training Structure and Learning Map

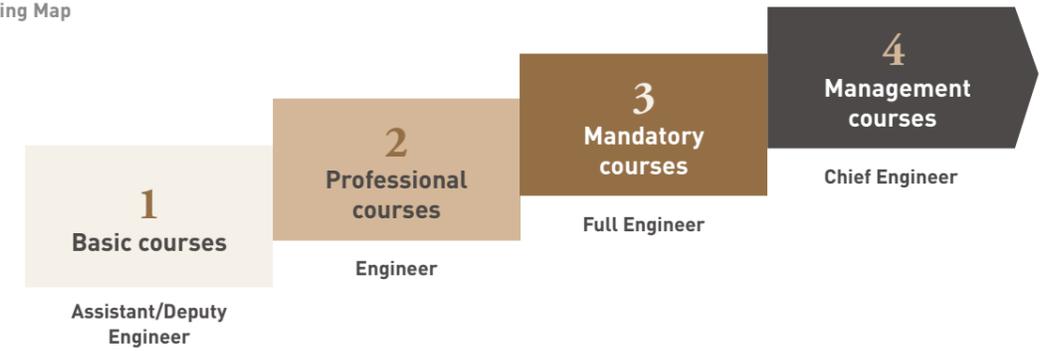
The Company plans the basic knowledge and skills needed by employees for work to develop the learning map for engineers. We use a diverse range of training and learning activities and leverage our practical experience in the industry to provide employees with the necessary training. The learning map is the foundation for talent identification and cultivation for Chien Kuo Construction. We provide employees with guidance for learning and the creation of the course map provides them with guidance for the development of professional skills beyond school education.

We provide employees with a diverse range of learning channels and development resources, including on-the-job training, courses, job coaching, and job rotations. We are committed to creating an environment for learning and providing subsidies for learning, opportunities for getting licenses, and assistance programs. We assign experienced and knowledgeable senior executives to help the Company's professional employees in different fields so that we can effectively pass on their expertise and problem-solving experience in the field. They form multiple engineering expert groups and each group sets the quality standards for the Company. They organize regular courses and onsite explanations to provide employees with a channel to attain excellence in each area of work, thus creating an extensive and profound learning effect for the organization.

The Company completed for 30 internal training courses totaling 126 sessions in 2021 with a total of 3,032 hours of internal training and 536 hours of external training. The total training hours amounted to 3,568 hours with an average of 9.3 hours of training per person. The number attendances in internal and external training totaled 1,102 person-times and total training expenditures amounted to NT\$804,491.



Learning Map

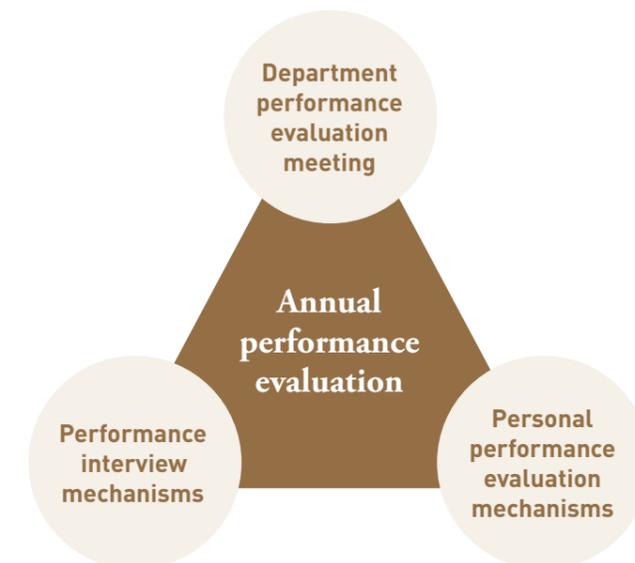


Performance Evaluation System

Chien Kuo Construction has adopted a performance management system which is connected to the performance-based salary system. The Company sets department targets and personal work targets for each employee based on the Company's short, medium, and long-term business strategies each year. We use the mid-year performance review and the year-end performance review evaluation mechanisms to ensure that employees meet their annual targets for progress and quality, and thereby attain department targets and the Company's business targets.

At the end of the three-month probationary period, each new employee is asked to evaluate his or her satisfaction with the work content, relations with other employees, work environment, salary, welfare system, and management style. The purpose is to gauge the employees' expectations of the Company and the assistance they need, and to ask the units to respond immediately and provide relevant assistance based on the employee feedback.

The Company organizes performance evaluation and ranking meetings so that employees and departments can present performance results with greater accuracy. We evaluate departmental performance and determine employees' individual performance results through open and transparent internal control and evaluation mechanisms. We also initiate annual performance interview mechanisms with the aim of achieving self-fulfillment of employees' performance and career development opportunities through bilateral communication.



Happy Workplace

1. Occupational Safety and Health Policy

The policy “safety and health first” is a testament to Chien Kuo Construction’s commitment to work safety for each employee as its top priority. We are committed to creating a safe workplace of “safety and health for all personnel and compliance with safety and health policies”. We thoroughly implement our policies to ensure that all employees, suppliers, and other stakeholders participating in the construction process can work successfully and return home safely.

We have created a safe workplace that meets regulations and standards and we initiated the introduction and certification of the “CNS 15506 Taiwan Occupational Safety and Health Management System” and the “OHSAS 18001 Occupational Safety and Health Management System” in 2010. With the assistance and cooperation of all departments and the planning, integration, and implementation by the Safety and Health Department, the Company passed the certification in January 2012 and passed the three-year review certification in 2015 and 2017. The results met the basic requirements of domestic environmental protection regulations and international safety and health regulations. We also obtained ISO 45001 and CNS 45001 certification in 2020 and continue to hold ourselves to the highest standards in the industry with self-management.

Ethics

Respect and comply with laws and regulations and adhere to safety and health commitments; uphold corporate conscience and fulfill corporate responsibility

Utilization

Enhance safety and health awareness and cherish human resources; develop green construction methods and care for the environment in a sustainable manner

Welfare

Ensure personnel safety and anticipate hazardous risks; take care of contracted workers and prevent occupational injuries and diseases

Harmony

Maintain communication and feedback and coexistent and prosper with the environment; encourage employee participation and effectively share the results of their labor



2. Occupational Safety and Health Management Structure

The occupational safety and health management of Chien Kuo Construction can be divided into three levels. The third level is supervised by the General Manager. The dedicated personnel of the Safety and Health Department is responsible for auditing the safety and health system and tiered operations. The responsibilities for the first and second level safety and health management lie with the construction site, where onsite engineers and suppliers must implement safety and health tasks in accordance with the safety and health plan. We must carefully implement standard operating procedures for every safety and health operation to create a workplace environment where employees can work with peace of mind and zero hazards, and where they can maximize the professional value of their potential.

Chien Kuo Construction conducts safety planning and operational risk assessment at the beginning of each construction service project. If the project is located in a legally hazardous workplace, we follow regulatory requirements for reporting and obtaining approval in reviews. If it is not a legally hazardous workplace, the Company forms an internal risk assessment team which performs internal reviews of high-risk operation plans and construction methods. If the construction project and environment is in a high-risk condition, the team provides safety recommendations or reviews the construction method.

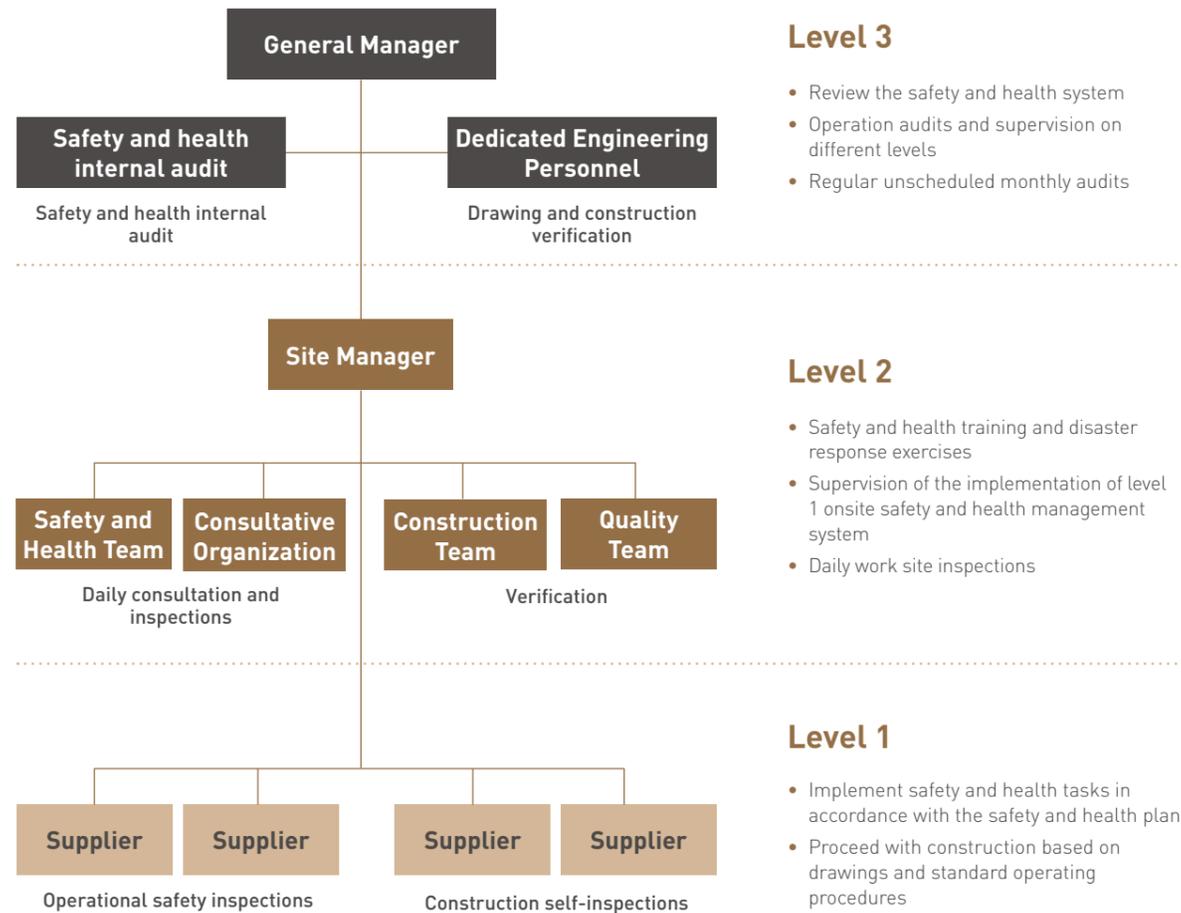
Chien Kuo Construction requires suppliers to comply with the “Occupational Safety and Health Act” and the “Supplier Safety and Health Management” regulations. We also require suppliers to comply with environmental laws and environmental management policies during the work period. The construction plan of each project must be submitted before the commencement of construction and must be reported in the project kickoff meeting. The construction site office shall conduct a review of the erection frames, dangerous machinery, molds, and other controlled items with the quality assurance staff, safety and health staff, and technicians. They must be approved before the construction can be carried out.

When the supplier executes work items, it must follow the regulations of Chien Kuo Construction. It must use facial recognition settings for entry and exit management and fill out related safety inspection tables. The engineer shall proceed with safety inspections based on the current state of each work item. The Company shall provide employees with rewards and penalties in accordance with the internal system for rewards and penalties based on the results of the inspections. The Company focuses on the target of “safety and health for all personnel” and actively develops and executes innovative occupational safety solutions. We currently implement 15 safety measures to effectively enhance safety in high-risk operations.

Occupational Safety and Health Management Items



Safety and Health Management Structure



Occupational Safety and Health Management Items

Access control card system standardization	Standards for the installation of construction site gates and fences	Standards for setting the height of electric cables
Standards for setting up galvanized iron pipe (GIP) safety fences	Standards for the layout of construction site office facilities and 5S management	Standards for setting aluminum working platform and equipment installation and removal
Standards for the installation of drop prevention safety nets	Standards for construction site material sorting and arrangements	Safety protection standards for temporary structures
Standards for elevator shaft protection	Standards for the installation of construction scaffolding	Safety protection standards for steel structures
Standards for rebar tip protection	Safety cycle operation standards	Safety protection standards for temporary electrical panels

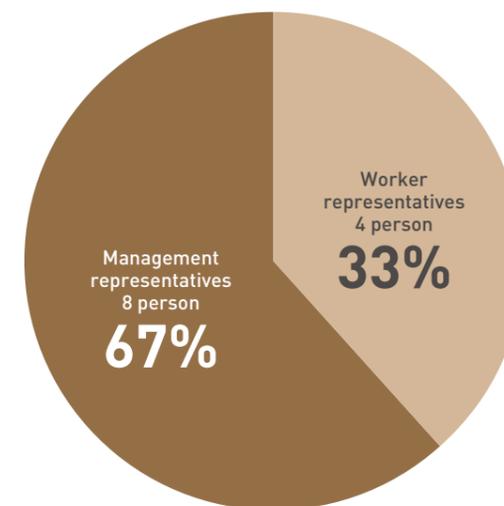
3. Occupational Safety and Health Committee

The Company has established the Occupational Safety and Health Committee in accordance with laws. The 13 committee members and worker representatives are elected every two years. Workers elect representatives and then use online public election to elect worker representatives, who account for more than 1/3 of all representatives. One meeting is convened each quarter to review the Safety and Health Management Policy and implementation.

Occupational Safety and Health Committee Structure



Occupational Safety and Health Committee Members



Management and Discussion Items of the Occupational Safety and Health Committee

Review of the Occupational Safety and Health Policy
Coordination and suggestions for safety and health self-management plans
Safety and health training implementation plans
Measures to be taken for operation environment measurement results
Health management and health promotion
Automatic inspections and safety and health audits
Preventive measures for hazards involving machinery, equipment, raw materials, and materials.
Occupational hazard investigation reports.
On-site safety and health management performance
Safety and health management of contracted businesses
Safety and health proposals

4. Safety and Health Hazard Reporting System

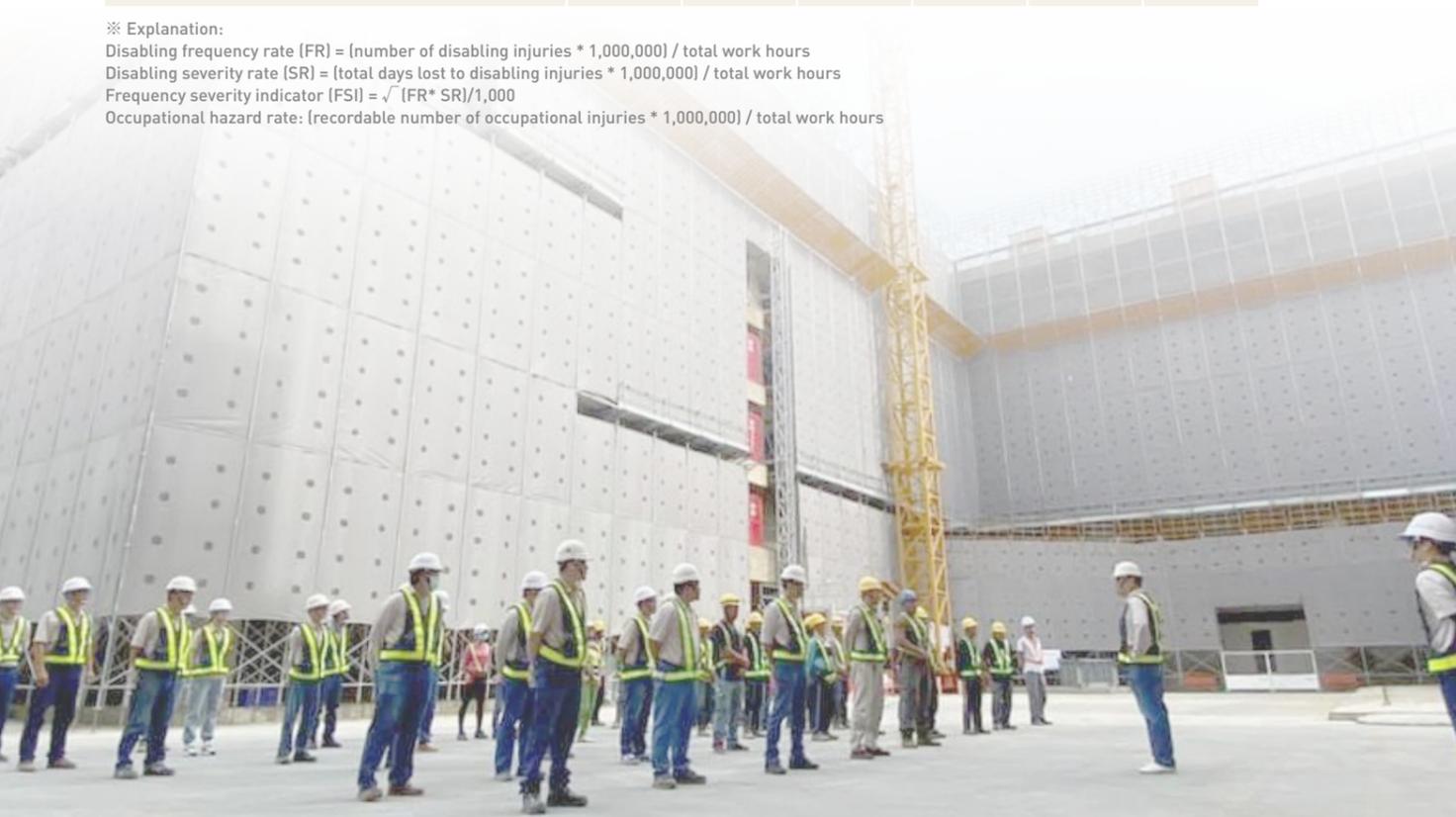
The Company has established the “Occupational Reporting and Investigation Procedures” and uses systematic and efficient investigations and analysis to quickly learn the cause, propose improvement measures, and prevent the recurrence of incidents. When an accident occurs, employees must report to the supervisor and unit in accordance with the “Emergency Response Procedures”. The Safety and Health Department shall conduct preliminary investigations, analyze the hazardous factors, and report results to the relevant management level and the Safety and Health Committee in the current quarter. The results shall be used as references for the continuous improvement of the safety and health management system in the future.

Chien Kuo Construction upholds the principle of safety first and implements all operation standards and safety equipment inspections. Although a minor incident unfortunately occurred in 2021, we have provided the injured with comprehensive care within the shortest time possible and we actively addressed the cause of the incident. We continue to use occupational safety and health management policies for management, awareness campaigns, and enhancement of safety and health training to minimize and prevent the occurrence of occupational hazards.

Statistics of occupational injuries in 2021

Year	2020			2021		
	Male	Female	Total	Male	Female	Total
Disabling frequency rate (FR)	0	0	0	0	0	0
Disabling severity rate (SR)	0	0	0	0	0	0
Frequency severity indicator (FSI)	0	0	0	0	0	0
Ratio of occupational injuries	7.80	1.30	9.10	3.63	1.31	3.94
Number of fatalities	0	0	0	0	0	0

※ Explanation:
 Disabling frequency rate (FR) = (number of disabling injuries * 1,000,000) / total work hours
 Disabling severity rate (SR) = (total days lost to disabling injuries * 1,000,000) / total work hours
 Frequency severity indicator (FSI) = $\sqrt{FR * SR} / 1,000$
 Occupational hazard rate: (recordable number of occupational injuries * 1,000,000) / total work hours



5. Compliance with Environmental Laws and Regulations

Chien Kuo Construction appoints professional and qualified contractors to perform regular environmental monitoring. We comply with the construction waste management policy of the Environmental Protection Administration and implement site waste separation and reduction. We also encourage resource recycling, promote waste separation, and reduce the use of disposable containers. We appoint qualified vendors to process waste and monitor the transportation of waste.

Total Waste Volume in the Past Two Years

Item	2020		2021	
	Construction waste	Domestic waste	Construction waste	Domestic waste
Total (tons)	34,895.41	6,913.25	22,104.41	1,686.14

※Explanation: The total waste is determined by the construction progress and the increase and decrease in the number of construction projects

Different environmental issues arise in different stages of work in each project. We continue to develop noise prevention measures for the continuous wall construction and cement grouting to maintain the quality of life in communities near the projects. In 2021, the Company had 8 construction projects in progress and environmental protection expenditures due to noise levels in ground-level construction amounted to NT\$9,000.

Environmental Protection Penalties in the Past Three Years



Pollution Prevention Management Items

Noise prevention	Waste management	Wastewater discharge management
<ul style="list-style-type: none"> Set up sound level meters 	<ul style="list-style-type: none"> Implement waste sorting and reduction at the construction site Disposal management Recycling operation management 	<ul style="list-style-type: none"> Set up settling basins Thorough management of oil usage Effluent sampling and monitoring outside the construction site
Air pollution prevention	Road pollution prevention	
<ul style="list-style-type: none"> Construction site air quality monitoring Coverage with soil and building materials Air monitoring and control operations 	<ul style="list-style-type: none"> Set up vehicle washing facilities at the entrance and exit Enhance water spraying to clean roads Clean vehicles upon entry and exit Road cleaning and maintenance 	

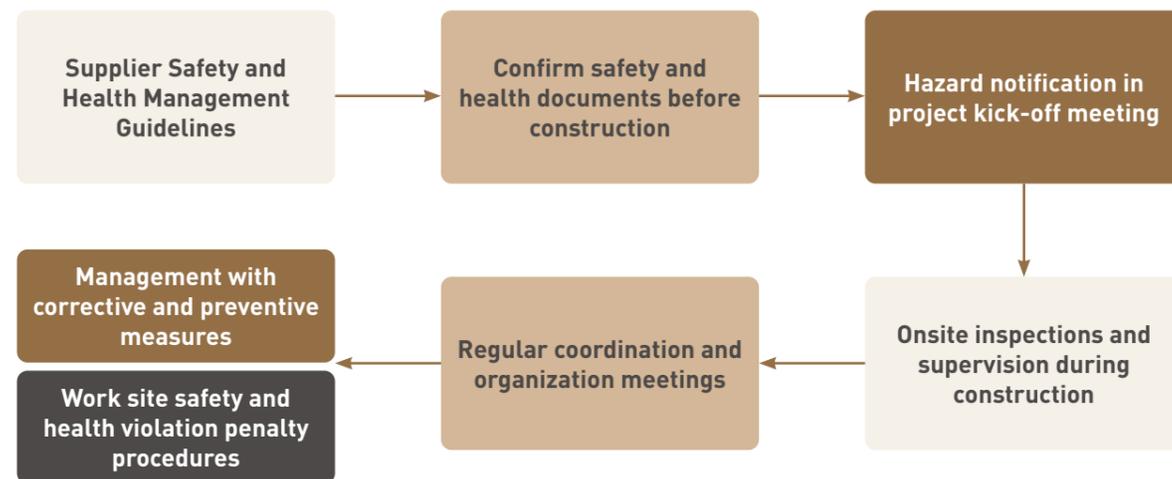
6. Supplier Safety and Health Management

Chien Kuo Construction requires suppliers to thoroughly implement environmental protection and safety and health regulations during the construction period. The requirements protect the safety of supplier personnel and properties, increase construction safety and quality, and indirectly improve the competitiveness of Chien Kuo Construction and suppliers in the market.

The occupational safety and health management personnel of suppliers must strictly comply with regulations before, during, and after the construction of work items. Before construction, they implement operational safety inspections for machinery, facilities and equipment, personal protective equipment, and the operational environment based on the changing needs of operations. They must also record the results in the safety inspection system of each project. Each day, occupational safety and health personnel use daily toolbox meetings to inform workers of the potential hazards in the operations of the day and implement appropriate protective measures.

Chien Kuo Construction organizes scheduled and unscheduled inspections and monitoring of the construction sites of suppliers. We retain written records and we log into the internal system for filing as the basis for improvements. We formulate corrective and preventive measures based on the inspection results and we implement rewards and penalties in accordance with the Company's regulations. In addition to the regulatory penalties, if suppliers violate safety and health management rules, they are fined NT\$5,000 to NT\$40,000 for every violation.

Supplier Safety and Health Management Procedures



7. Implementing Occupational Safety and Health

Daily Safety Operation Cycles

Engineers of Chien Kuo Construction are on the front lines in the implementation of the Occupational Safety and Health Policy. They are responsible for the critical mission of implementing safety and health, ensuring the implementation of the daily safety operation cycles, ensuring that the construction site safety and health comply with regulations and standards, and effectively prevent foreseeable hazards. Before construction, the chief engineer and suppliers must convene a toolbox meeting for the purpose of establishing correct occupational safety and health concepts. The daily toolbox meeting is provided for operation personnel of suppliers responsible for different work items. The meeting includes hazard notifications, equipment inspections, and explanation of restrictions within the scope of operations. All work personnel are also led to do exercises before starting work. The safety and health engineers of each construction site implement a joint daily inspection system with joint inspections by all suppliers and engineers responsible for each area. They track the improvement results by noon of the same day.

Construction Site Hazard Prevention

- Personnel entry safety training
- Safety control of personal equipment onsite
- Set up the onsite monitoring system and use the mobile phone app to monitor onsite conditions at all times
- Installation of cable elevators
- Installation of electricity leakage detection equipment
- Installation of fall prevention measures such as safety rails and safety nets
- Installation of windproof welding work frames
- Set up steel structure safety walkways
- Adoption of semi-automatic unhooking device for hanging steel structures
- Adoption of the calibration method without the use of steel cables (ACE UP)
- Safety inspections for construction scaffolding and mold operations

Safety and Health Card Training Courses

Occupational Safety and Health Card Course	Number of Hours (Unit: Hours)	Number of People that Completed Training		
		2019	2020	2021
Occupational Safety and Health Card Training (New/Refresher Training) of the Department of Labor, Taipei City Government	6/3	350	126	0
National Occupational Safety and Health Card Training (New/Refresher Training) of the Occupational Safety and Health Administration, Ministry of Labor	6/3	347	20	40

※Explanation:

The Department of Labor, Taipei City Government launched the "Occupational Safety and Health Card" in 2016 to replace the paper-based training records used in the past. In 2018, the Occupational Safety and Health Administration also launched an app to retain training records and digital certification records. Chien Kuo Construction actively organized in-house training to provide consistent 6-hour course training materials for general training (including contractors).

We review the number of employees that require new training and refresher at regular intervals each year for occupational safety and health card training. New training is effective for three years and 3 hours of refresher training are required every three years.

Due to the impact of the COVID-19 pandemic, no large-scale "Occupational Safety and Health Card Training" programs were organized in 2021.

Occupational Safety and Health Training

Due to the impact of the COVID-19 pandemic, no large-scale "Occupational Safety and Health Card Training" programs were organized in 2021. The Company organized internal safety and health training courses for employees and workers of suppliers, totaling 100 participants.

Safety and Health Contests

The Company organizes unscheduled internal quality and safety and health joint audits for construction projects each month. After the inspections, we rate results with the occupational safety risk scoring standards and require construction sites to complete improvements for deficiencies within three days in accordance with the audit and rating before they receive re-inspection for confirmation. The scoring results are processed in accordance with internal procedures for rewards and penalties.

Smart Access Control Management

The Company implements the smart construction site plan for all construction projects in Taiwan and prioritizes improvements for personnel access. We set up floor-mounted swing doors and use the facial recognition system to effectively ensure security in construction sites.

Benefits of Smart Access Control Management

- Reduce errors in determining the qualifications of workers
- Count the number of workers for each work item
- Work hour management
- Avoid management problems arising from the professionalism of security personnel
- Flexible allocation of security manpower
- Avoid non-compliant workers from entering the construction site
- Flexible relocation of work stages and immediate restoration of construction site control

Smoke-Free Construction Site and Healthy Workplace

Implementation in the Past Three Years

Item	2019	2020	2021
Construction site with healthy workplace certification	Tucheng Public Housing Project	Fuxing Public Housing Project	Yangmei No. 1 Public Housing Project and Pingzhen No. 1 Public Housing Project
Smoke-Free Construction Site	11 construction sites in Taiwan	10 construction sites in Taiwan	8 construction sites in Taiwan

※Explanation: We post no smoking signs in all construction sites and set up dedicated areas for smoking

Heartwarming Construction Sites

- Planning and installation of fences that blend into the environment
- Set up medical rooms, worker rest areas, worker toilets, showers, and baby-sitting and nursing rooms
- Installation of AEDs and appointment of first aid personnel
- Set up large safety and health signs
- Set up the safety and health culture corridor: Display posters of standard operating procedures, standard personal equipment demonstrations, and accident case study posters

8. Health Service Management and Promotion

The Human Resource Department and Safety and Health Department of Chien Kuo Construction jointly plan, promote, and execute the four major health plans including prevention of musculoskeletal injuries with ergonomic designs, prevention of diseases triggered by excessive workload, prevention of unlawful infringement in the workplace, and protection of female health at the workplace. The Company pays for free health examinations for all employees every two years. Employees are requested to fill out questionnaires on their “workload” and “musculoskeletal conditions” and the results of health examinations are submitted to the Department of Occupational Medicine for statistical and cross analysis to actively evaluate employees’ physical and mental conditions and pay attention to anomalies. The Company provides health education manuals for groups with cardiovascular diseases, abnormal workload, and abnormal musculoskeletal conditions. We remind them of follow-up appointments and assign specialist physicians and nurses for regular interviews. We prioritize prevention and take necessary measures for care and education. The sudden outbreak of the pandemic in 2021 resulted in a continuous stream of interviews. We actively reached out to employees to protect their physical and mental health and regularly used video conferencing and telephone calls to care for employees. In 2021, 9 employees sought consultation from doctors and nurses provided health education to 76 employees.

Occupational Health Services

Chien Kuo Construction is committed to employee health management. We work with professional medical institutions and hire professional physicians and nurses to provide services at the Company on a regular basis to pay attention to abnormal conditions, provide employees with professional medical resources and assistance, and watch out for the health of employees.



Promotion of Worker Health

Chien Kuo Construction obtained the Healthy Workplace Certification - Health Initiation Mark in 2021. The Company cares about employees’ health and work safety. We publish health-related information on the Company’s electronic bulletin board system from time to time and strengthen health awareness in day-to-day life. In the workplace, construction site offices hold daily morning exercises and the Company regularly holds safety and health training programs. We also published a safety and health comic book in 2020 that uses comics to enhance employees’ work safety and health awareness. In daily life, the Company invites employees to participate in outdoor activities such as family day activities that are held once every two years and the charity outing events jointly organized by the Public Relations Office and Chung Yi Children’s Home each year. We encourage employees to bring their family members to the carefully planned and designed activities to enhance their approval of the employees’ work and the Company’s corporate culture. It also strengthens the emotional bond and mutual support between employees and their family members.

Harmony

Climate Change Risks and Opportunities

1. Climate Change Risk Management

Climate change is a global issue. The rapid increase in average temperature in the past century has exacerbated changes in weather and increased the occurrence of natural disasters. In 2013, the United Nations “Intergovernmental Panel on Climate Change” (IPCC) deemed the excessive emissions of carbon dioxide as the main cause of the warming in the past 50 years. In 2015, the United Nations passed the Paris Agreement which requires all countries to reduce carbon emissions each year and review results every 5 years. Although Taiwan is not part of the Agreement, as a member of the global community, we have voluntarily set the target of reducing carbon emissions by half by 2050.

We reviewed the carbon emissions issue from the perspective of the construction industry and inventoried the main ingredients used in the construction industry. Steel materials are the most widely adopted as well as the most energy-consuming materials for construction. The steel refining process is highly dependent on energy from coal, and the production of 1 kilogram of steel generates an average of 1.85 kilograms of carbon dioxide. Therefore, reducing the amount of steel used in construction is an effective way to reduce carbon emissions. In 2020, the Company applied for the SD550 method, which uses high-strength steel rebar with high-strength concrete, effectively reducing the cost of reinforcement materials and reinforcement tying costs, resulting in a reduction in the use of main reinforcement in columns and beams. The SD550 method is expected to be used on the first basement floor and first floor, where the highest level of stress in the building lies. The amount of rebar used in a single floor can be reduced by 24% with no change in the strength of the structure. Chien Kuo Construction has enhanced professional technologies and reduced carbon emissions to make the most use of resources and protect the environment. In addition to self-use, the Company has also licensed the SD550 method to two projects of other construction companies.

2. Climate Change Evaluation and Response Measures

The Company has established the Climate Change Risk Management Team to respond to the impact and effect of climate change on the Company’s operations. The Team regularly reports to the Board of Directors to ensure that the Board of Directors and senior management understand the impact of climate change on the Company. The Company has started to review business operations and identify risks of climate change for analysis, including the direct or indirect impact caused by extreme weather and the risks and opportunities arising from the changes in regulations, technology, or market demand, as well as other human and social aspects of the Company’s operations. We use the analysis results to set up risk management strategies and plans as our core actions in response to climate change, and use them to calculate management costs and financial impact. The Company uses the aforementioned data to enhance the Company’s climate change governance. We also implement systematic assessments of financial connections to lower risks and win business opportunities.



Core Element	Action Plans
Governance	We established the Climate Change Risk Management Team which regularly reviews the effects and impact of climate change on the organization based on related risks to identify and evaluate climate change risks and strategies for responding to climate change. We convene meetings to jointly discuss and select the priority issues for corporate sustainable development, and take real actions to fulfill corporate social responsibility.
Strategy	In response to the impact of global climate change and the greenhouse effect on the environment, we actively promote green energy and environmental protection policies and formulate energy conservation and carbon reduction measures: water and electricity conservation management in office and public areas, recycling waste paper, waste reduction, purchase of products with energy conservation and environmental protection labels, and implementation of green procurement. In terms of construction technology, we adopt low carbon methods or adopt carbon reduction design in the planning stage of turnkey projects.
Risk management	The Climate Change Risk Management Team regularly evaluates climate change risks and sets improvement targets. We adopt the risk assessment mechanisms based on TCFD recommendations, assess specific issues of climate change risks, analyze potential financial impact, and implement response strategies and measures.
Indicators and targets	<p>In response to the impact and risks of climate change, we have set green energy and carbon reduction targets and implemented energy conservation and carbon reduction measures:</p> <ul style="list-style-type: none"> • Electricity consumption: We implement the energy and electricity conservation plan for the head office to gradually reduce electricity consumption by 2% each year. • Water resources: We promote water conservation, replace old equipment, and prioritize the purchase of faucets and toilets with the “water conservation label”. We also regularly inspect the water pumps, water towers, faucets, and other water pipeline connections, walls, or underground pipelines for leaks. • Waste: We promote waste reduction policies such as printing documents on both sides or reusing them on the back side whenever possible, digitalization of the internal approval process, and adopting electronic document systems and electronic signing processes to reduce paper consumption. • Greenhouse gas: In 2021, the greenhouse gas emissions of the head office totaled 6.09 tons CO₂e in Scope 1 emissions and 176.59 tons CO₂e in Scope 2 emissions. We plan to join the Carbon Disclosure Project (CDP) in the future. • Formulation of strategies: The Climate Change Risk Management Team formulates response strategies for climate change risks and regularly reviews and improves the strategies. Each year, it reports the improvements and targets for climate change for the following year to the Board of Directors. • We use the SD550 construction method at suitable construction sites to reduce the use of rebar and reduce carbon emissions. • We consult external experts to help us adopt operation standards with carbon reduction design in the planning stage of turnkey projects.

Sustainable Environment

Chien Kuo Construction established the “Environmental Policy” in 2018 and continues to promote green procurement of recyclable, low-polluting, and resource-saving materials. The Company strives to reduce the consumption of energy, paper and water resources, manages waste recycling, improves the energy efficiency of equipment, regularly reviews environmental and energy conservation goals, and continuously improves the performance of environmental management. The Company has conducted voluntary inventories of the carbon emissions of the head office since 2019. We will continue to carry out inventories in accordance with government policies and our target for the next phase is to pass external certification. Refer to the “Environmental Policy” on the Company’s official website.

URL: www.ckgroup.com.tw/investors.

1. Professional Materials Management and Revitalization of Resources

The Administration and General Affairs Department of Chien Kuo Construction is the unit responsible for materials management. It is responsible for setting up the management system for the recovery, reuse, and allocation of resources for construction site offices. It recycles, organizes, maintains, and stores idle materials in each stage of construction, including safety and health equipment, signs, electric (pneumatic) tools, leftover construction materials, construction site office equipment, and other tools and materials, and allocates and transfers them at the appropriate time to revitalize resources.

The Company manages a vast amount of diverse resources of construction site offices in accordance with the “Asset Management Regulations”. When employees leave the Company or transfer to another unit, they must return their personal walkie-talkies, safety harnesses, office equipment, and machines. They must be returned to the storage room for custody after the completion of the project for future use by departments that need them. The computer system automatically generates property numbers for fixed or managed assets with higher value, and custodians are responsible for their custody and maintenance. The management unit conducts an inventory at each construction site twice each year to learn about the conditions of the assets onsite, verify that available assets have been appropriately distributed to units that need them or moved to the storage room for safekeeping. The hardware and miscellaneous items of construction site offices are reported at regular intervals each month. The management unit conducts inventories at the construction sites from time to time to monitor the total storage volume and increase resource usage efficiency.

Implement effective resource management to prevent waste of resources and create value in reuse. According to our statistics, the cost of dedicated resource management manpower, storage space, and transportation is not lower than the cost of purchasing brand-new materials. However, we believe that the process of resource conservation is a habit and belief of Chien Kuo Construction and employees for cherishing resources and promoting a sustainable environment. The process creates a higher and greater value for the Company’s corporate culture and the ecological environment.



2. Energy Emissions

Statistics of Energy Emissions of the Corporate Head Office in the Past Four Years

Year	2018	2019	2020	2021
Direct energy (Scope 1) Unit: tons CO ₂ e	9.30	7.14	7.76	6.09
Indirect energy (Scope 2) Unit: tons CO ₂ e	207.92	191.15	184.39	170.50
Total energy consumption Unit: tons CO ₂ e	217.22	198.29	192.15	176.59
Energy intensity [※] Unit: tons CO ₂ e/person	0.60	0.54	0.48	0.44
Total energy consumption change ratio Calculated based on the baseline year	Baseline year [※]	-11%	-25%	-36%

※Note 1: The number of people used for calculating the energy intensity is the number of employees of the Group as of the end of the year. (The number of employees was approximately 365 in 2018-19 and approximately 400 in 2020-21).

※Note 2: We set 2018 as the baseline year and set goals for reducing energy emissions by 5% within three years. The actual reduction was 36% and we exceeded the goals with a high margin.

※Note 3: Due to the severe epidemic in May-July 2021, the Company implemented a separated attendance system and used remote video conferencing (almost no business travel) for approximately 2 months. The total energy consumption therefore dropped significantly in these 2 months.

3. Water Management

Chien Kuo Construction's corporate headquarters is located in the commercial office building, and we use part of the 20th and 21st floors of the building. The water is supplied directly by Taipei Water Department, and no groundwater or other water sources are used. Water is only provided for domestic consumption, which is only used by employees and visitors. The wastewater is discharged from the building's wastewater treatment system and flows through the sewer to the wastewater treatment plant for treatment. The water consumption in 2021 totaled approximately 1,499 tons. Compared to 2020, the consumption was reduced by 130 tons and the water consumption per capita also fell from 4.07 tons per capita to 3.75 tons per capita. COVID-19 was first detected in Wuhan, China at the end of 2019, and has spread rapidly as a global pandemic since early 2020. In the current post-pandemic era, the Company adheres to the recommendations of the Central Epidemic Command Center and encourage employees to wash their hands frequently to prevent COVID-19. Therefore, our company's policy has changed from water conservation and water saving to effective cleaning and washing hands frequently to fight the virus while reducing the waste of water resources.

Statistics of Water Consumption of the Corporate Head Office in the Past Three Years

Year	2018	2019	2020	2021
Water consumption unit: ton	1352	1306	1629	1499
Water consumption per capita [※] unit: ton	3.7	3.58	4.07	3.75
Total water consumption change ratio unit: ton	Baseline year	-3.40%	+9.09%	+1.33%

※Note 1: The number of people used for calculating the water consumption is the number of employees of the Group as of the end of the year. (The number of employees was approximately 365 in 2018-19 and approximately 400 in 2020-21).

※Note 2: We set 2018 as the baseline year and set goals for reducing energy emissions by 5% within three years. We did not attain our goal due to the impact of the epidemic.

4. Energy Reduction Actions

Chien Kuo Construction regularly reviews the energy conservation policies and inspects the power consumption on all floors of the head office building to actively increase energy efficiency. There were no leaks of oil, solvents, or gas in the Company in 2021. Company vehicles were inspected in accordance with the mandatory inspection dates and passed

inspections. The sewage is processed by the sewage system of the building for discharge. All waste were carefully sorted for recycling. The Administration and General Affairs Department promotes a wide variety of energy conservation measures which are improved through interactions between employees. We hope that these measures can be expanded to family members, other companies, and the public to increase their environmental protection awareness.

Lighting	<ul style="list-style-type: none"> The head office replaced all light bulbs with LED light bulbs in 2016 Lights are switched off during lunch break Lights are switched off during non-office hours except for areas where employees are working overtime 	<ul style="list-style-type: none"> Only partial lighting is provided in the elevator lobbies during non-office hours Daily inspections of electricity consumption in the office and conference rooms Only lighting in the overtime work area is switched on for overtime work on holidays
Indoor air-conditioning	<ul style="list-style-type: none"> The head office replaced all ventilation units with variable frequency ventilation units in 2016 Office air-conditioning temperature is set to 26 degrees Air-conditioning in certain areas is switched off during lunch break All air-conditioning is switched off during non-office hours except for areas where employees are working overtime 	<ul style="list-style-type: none"> Curtains are installed for all windows to reduce the increase in temperature due to direct sunlight in the afternoon Employees close the door when entering or leaving the office area to reduce the leak of cold air Installation of variable frequency fans to reduce the temperature in indoor areas with high temperature
Water consumption	<ul style="list-style-type: none"> Use of products with water conservation label Installation of push faucets in toilet sinks 	<ul style="list-style-type: none"> Regular announcements to remind employees to develop energy conservation habits
Paper The head office used approximately 2,467 kilograms of paper in 2021. The aforementioned data does not include paper consumption in outsourced printing.	<ul style="list-style-type: none"> Establishment of the cloud document management platform Digitalization of information such as company regulations, operating procedures, training, and important issues Internal announcements and digital inquiry functions for employee salary Use projectors for presentations in meetings to promote paperless operations Use e-mail or communication software for announcements to increase efficiency and reduce paper consumption 	<ul style="list-style-type: none"> Use photocopying paper with environmental label and dual FSC™ certification Use double-side printing for documents as much as possible Set up a waste paper area for staff to use the other side of the paper for printing Reuse envelopes that can still be used for sending new mail Use hole-punching for documents to reduce the waste of staples Use hand dryers in toilets to reduce paper use
Environmentally friendly actions	<ul style="list-style-type: none"> Prioritize the purchase of products with environmental protection and energy saving labels Lease photocopiers energy-saving labels and use power-saving mode Use low-pollution toner cartridges with environmental protection labels and assign dedicated personnel to recycle cartridges Reduce carbon emissions from long-distance transportation by using video conferencing for meetings of attendees in different regions 	<ul style="list-style-type: none"> Implement waste sorting and recycling Do not provide disposable tableware in the office Encourage employees to travel together when they visit the same region Prioritize non-toxic agricultural products from small farmers for New Year gifts Use fair trade coffee beans for coffee for the office staff

5. Establishment of the Aluminum Mold Business Department

Chien Kuo Construction established the Aluminum Mold Business Department in 2021 to support environmental protection, carbon reduction, and green construction. As opposed to wooden molds that require the logging of trees, must be discarded after 3-4 uses in construction, and generates a large amount of waste, aluminum molds can be used 300-400 times and all materials are made from recyclable materials, which meets our expectations for energy conservation, environmental protection, low carbon, and emissions reduction. We have selected the Zuoying Public Housing Project in Kaohsiung as the aluminum mold demonstration site. The Zuoying Public Housing Project is a large public housing project with 856 units. We hope this project will lay the foundation for full-scale promotion and contribute to environmental protection.

Social Participation

1. Stress-free Living Conditions with Professional Maintenance

Chien Kuo Construction understands the dilemma of non-profit organizations when they organize renovation works. When social welfare institutions require renovation, they usually do not have the experience and expertise in building planning and renovation. With insufficient manpower or expertise in planning of maintenance talents, they are unable to provide adequate services in the life cycle of the building, selection of building materials, and planning of follow-up maintenance. These issues create immense troubles for social welfare organizations without access to sufficient resources.

Chien Kuo Construction set up a department responsible for promoting “corporate social responsibility” in 2010 to develop solutions for helping charity organizations with charity maintenance and repairs with dedicated units overseeing the service process for charity maintenance and repairs. We provide professional assessment, team planning, project coordination, and professional services for non-profit organizations with our management experience as a professional construction company. We hope to leverage the expertise of Chien Kuo Construction’s employees to build warm and safe homes for people.

Charity Maintenance and Repairs Strategy

“Home” is the shelter from the storm

A placement center, children’s home, or shelter is a place that offers sanctuary and a place that makes people feel safe. They are temporary homes for the disadvantaged and their shelter from the storm.

Create heartwarming buildings with commitment and dedication

We uphold professionalism and adopt project planning and a social and humanistic perspective to assist charity organizations in renovating their buildings to create “homes” and provide the disadvantaged with a safe and secure place to stay.



Charity Maintenance and Repairs Items

 Provide professional consultation services for maintenance and repairs	 Assist in seeking contractors, price inquiries, construction supervision, and inspection and acceptance	 Special subsidies for maintenance and repairs expenses
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Charity Maintenance and Repairs Procedures

Employees of Chien Kuo Construction use their own expertise to provide social welfare organizations with professional maintenance and repairs services. From preliminary site survey and construction planning to price estimation and construction supervision, we provide one-stop systematic assistance for each renovation project to help charitable organizations improve the construction of their buildings. In the preliminary period, we focus on the usage requirements of workers to plan and design movement flows that meet usage requirements. We assist social welfare units to improve the efficiency of space utilization and reduce the cost of future maintenance of venues and buildings by considering the general shortage of manpower of social welfare organizations for operations.

Charity Maintenance and Repairs Procedures



Added Value for Charity Maintenance and Repairs

<p>Provide professional and complete maintenance planning for manpower support for of charity organizations.</p>	<p>Plan a comfortable and comprehensive living space to increase the service efficiency of charity organizations.</p>
<p>Create an environmentally friendly living environment with green energy to enhance the effectiveness of resources for charity organizations.</p>	<p>Connect with philanthropic social resources to expand the resources of charity organizations.</p>

Successful Charity Maintenance and Repairs Projects

From 2010 to 2021, we have renovated a new home for babies with AIDS, assisted in the renovation of buildings of children’s homes, helped with repairs of residences for emergency placement of victimized women, and participated in the design and construction of facilities for persons in persistent vegetative state of the Genesis Social Welfare Foundation. We have completed more than 40 charity maintenance and repairs projects including:

 <p>Genesis Social Welfare Foundation</p> <ul style="list-style-type: none"> • Home for Persons in Persistent Vegetative State in Taitung • Kaohsiung Branch • Home for Persons in Persistent Vegetative State in Pingtung 	 <p>The Garden of Mercy Foundation</p> <ul style="list-style-type: none"> • Home for Babies with AIDS • Wulai Adult Care Center renovation projects 	 <p>Chung Yi Social Welfare Foundation</p> <ul style="list-style-type: none"> • Renovation and improvement of the entire building of Taipei Home, Chung Yi Children’s Home
 <p>Harmony Home Association</p> <ul style="list-style-type: none"> • Wenshan Children’s Home • Jiaxing Adults’ Home • Zhonghe Adults’ Home 	 <p>The Garden of Hope Foundation</p> <ul style="list-style-type: none"> • Shelters and Children’s Homes for victimized women in Taoyuan / Taichung / Pingtung 	<p>Other organizations</p> <ul style="list-style-type: none"> • Homes for elderly who live alone • Taitung Dawu Junior High School • Taitung Xinyuan Elementary School

2. Professional Construction Services at Cost

To help family members of persons in persistent vegetative state visit them without having to travel to another county, the founder of the Genesis Social Welfare Foundation, Ching Tsao, plans to set up a home for persons in persistent vegetative state in all 23 counties and cities in Taiwan. Chien Kuo Construction undertook the construction projects at cost and established completely transparent contracting procedures to complete the mission in accordance with rigorous high standards without profits or management fees. As the Genesis Social Welfare Foundation makes use of donations from the public to build the Taitung Home, Chien Kuo Construction must also be accountable to the public in its implementation and must not waste any resource. As Genesis Social Welfare Foundation’s professional consulting partner for construction, Chien Kuo Construction later participated in the design and planning of the Pingtung Branch and Kaohsiung Branch. We continued to take on the construction, maintenance, and planning for the buildings at cost.

Unique Features of Charity Projects

 <p>Professional contracting / zero profit or management fees</p>	 <p>Internal recruitment for volunteering employees to work onsite</p>
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Milestones of Charity Maintenance and Repairs Projects

 <p>Home for Persons in Persistent Vegetative State in Taitung of the Genesis Social Welfare Foundation</p> <p>Construction commenced in October 2011 and was completed in December 2014</p>	 <p>Kaohsiung Branch of Genesis Social Welfare Foundation</p> <p>Construction commenced in May 2013 and was completed in December 2015</p>	 <p>Home for Persons in Persistent Vegetative State in Pingtung of Genesis Social Welfare Foundation</p> <p>Construction commenced in March 2014 and was completed in May 2016</p>
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Charitable Contributions

Thanks to the subsiding of the COVID-19 epidemic in Taiwan in the first half of the year, social welfare organizations were able to relax restrictions on group activities, which made it possible for volunteer activities for accompanying children to be carried out successfully. When the flowers bloomed in April, we planned a hiking trip to see flowers for 20 young children aged 2-6, 3 children aged 7-12, 14 junior and senior high school students from the Home for the Heart, and our employees and family members, totaling 69 people, to visit Lengshuikeng and Zhuzihu in Yangming Mountain.

We formed small groups of both adults and children as we wandered along the footpaths and crossed suspension bridges near Lengshuikeng. Trekking in the mountain footpaths can still be dangerous for children. Employees must pay attention to prevent children from running off, tripping, or falling, and they must also take care of their own safety. After overcoming countless difficulties, they were able to view the entire mountain range from up high and enjoy the beautiful view and fresh air. After lunch, we continued our tour of Zhuzihu to see the flowers. However, the children didn't seem to be interested in the flowers. Instead, the carp and water wheels along the path attracted their attention more than the flowers. A lady selling toys asked, "You don't look like you are taking care of your own children, but you are good at taking care of them. Are you volunteers?" When she learned that the children are from a children's home, she gave the children pinwheels and showed them how they work. It was yet another encounter with a kind-hearted vendor since our 60th anniversary fair, and was a delightful surprise for our trip.

The epidemic worsened again in May. After being "grounded" six months, the children finally had the opportunity to engage in outdoor activities. The children's home asked us to take the bigger children from junior and senior high schools to a beach clearing activity at Yehliu to enhance their environmental protection awareness, while the young children and elementary school students visited Yehliu Ocean World. However, the weather in Yehliu was poor during the week of the activity due to the northeast monsoon. We were forced to cancel the beach clearing activity to ensure safety and all members of the group visited Yehliu Ocean World instead.

The group included 14 children aged 2-6, 4 elementary school students, 11 junior and senior high school students, 8 caregivers of the children's home, and 18 employees of Chien Kuo Construction and their family members. The large group of 55 entered Yehliu Ocean World and viewed the diving show first and enjoyed the wonderful performance. Next up were the sea lions and dolphins. The zookeepers taught the audience how to distinguish between sea lions and seals, provided reminders for close-up observation of friendly animals such as sea lions, and provided knowledge. It was an educational trip that taught children more about the marine ecology. After watching the show, they visited the aquarium on the first basement floor, which is home to a wide variety of marine animals such as turtles, sharks, stingrays, and groupers. The height of the window is perfect for young children to observe the animals at close range. As it began to drizzle, the older children continued their trip to Yehliu Geopark, while the younger children returned to the children's home early.

Charity services is a common language for employees of Chien Kuo Construction. Every employee may take two days of paid volunteer leave each year and they may apply to take part in the charity service activities organized by our partners. They include fundraising fairs, attendance in year-end parties for the homeless led by senior executives, outings with children from children's homes in spring and fall each year, assistance in cleaning and decorating new homes for babies with AIDS, and assistance for shipping chocolate products by victimized women. Chien Kuo Construction also invited suppliers to provide maintenance and repairs for charity organizations together and become partners for fulfilling corporate social responsibility.

Public Relations Office regularly announce requirements of partner social welfare institutions for long-term volunteers. Employees can sign up by themselves and provide services at the institution at the appointed time through arrangements made by the Public Relations Office. Institutions may also require many temporary volunteers within a short time to host events and the Public Relations Office helps recruit a group of volunteers from Chien Kuo Construction to provide support. The volunteers actively took part in many volunteer activities and helped create happiness through the contributions and sharing of Chien Kuo Construction employees. Employees work together to build a corporate culture of making contributions, which is the purpose of Chien Kuo Construction's paid "corporate volunteer leave".



Starting from 2010, Chien Kuo Construction has provided employees with two days of paid volunteer leave each year. Employees may freely file applications to provide volunteer services in charity organizations, such as checking invoice prizes at Chung Yi Children's Home, sorting and storage assistance at the resource exchange center of the Garden of Hope Foundation, and visiting the elderly who live alone with Huashan Social Welfare Foundation. The Company offers diverse plans and provide volunteers and partners with service opportunities that are easy for beginners. Employees can either take half a day or an entire day for volunteer activities for 4-8 hours of services each time.



When our charity organization partners have temporary needs for a high number of volunteers, Chien Kuo Construction plans and provides employees with group volunteer leave and organizes an employee volunteer group to provide services.

Number of Participants and Hours in Charitable Activities in 2011-2021

Year	Year (Person-Times)	Service Hours Subtotal (Hours)	Cumulative Service Hours (Hours)
2021	49	392	9,346
2020	45	324	8,954
2019	136	1,050	8,630
2018	108	840	7,580
2017	141	967	6,740
2016	130	822	5,773
2015	141	822	4,951
2014	134	1,029	4,129
2013	182	838	3,100
2012	175	1,024	2,262
2011	176	706	1,238

※Note: Due to the continued impact of the COVID-19 pandemic in 2021, charity partners have cut back on the needs of administrative volunteers to avoid clustering.

Number of Participants and Hours in Charity Maintenance and Repairs Projects for 2011 to 2021

Department	Number of Volunteer Participation	Volunteer Hours (Hours)
Genesis Social Welfare Foundation		
Civil engineering evaluation and construction estimates for new construction projects	15	214
The Garden of Hope Foundation		
Estimation for new construction projects	21	151
Chung Yi Children's Home		
Internal and external maintenance and repairs of housing facilities	21	242
Others		
Damage by typhoon in Taitung Xinyuan Elementary School, The Garden of Mercy Foundation	3	28

Total 58 635

Charitable Donations in 2011-2021

Nature of Donation	Explanation of Donation	Amount (NT\$)
Emergency relief	2015 Nepal Earthquake / 2016 Tainan Earthquake / 2016 Nepartak Typhoon / employee disability	6,605,100
Charity Maintenance and Repairs Procedures	Taitung Xinyuan Elementary School / Dawu Junior High School / Huashan Social Welfare Foundation / The Garden of Mercy Foundation / Chung Yi Children's Home	18,735,674
Charitable donations	Genesis Social Welfare Foundation / Chung Yi Children's Home / The Garden of Mercy Foundation	10,264,503
Arts and culture sponsorship	Chien Kuo Foundation for Arts and Culture / employee participation in art and cultural activities	7,418,773
Total		43,127,061

Chien Kuo Construction has formed long-term partnerships with charity organizations to create real benefits, including assigning employees to participate in the year-end party for the homeless “Feast for the Disadvantaged 30” organized by the Genesis Social Welfare Foundation. We also work with the Garden of Hope Foundation from time to time by assigning employees to provide support for administrative affairs in their spare time. In addition, we allocate budgets each year for employees to accompany the children of Chung Yi Children’s Home on two outdoor outing activities each year.

1. Volunteer Service for the Genesis Social Welfare Foundation's Year-End Party for the Homeless

Genesis Social Welfare Foundation, Zenan Homeless Social Welfare Foundation, and Huashan Social Welfare Foundation provide the homeless, elderly who live alone, single-parent mothers, and low-income families with a simple meal and a red envelope each year before Chinese New Year. The event brings them a long-awaited sense of home, respect, and care.

Chien Kuo Construction is a long-term partner of the Genesis Social Welfare Foundation. In addition to making donations for the meal, we also recruit a group of employees to participate in onsite services, help the elderly find their seats, bring out dishes, and maintain order. We help bring the traditional dishes that are filled with warmth and love to the homeless, elderly who live alone, and marginalized people, and help them experience Chinese New Year with our loving care. We have participated in the year-end party for the homeless since 2011. Employees in Taipei and Kaohsiung have registered as volunteers and even more employees have made generous donations for the meals. The Company organizes volunteers and employees invite their children above senior high school and friends and relatives to provide help in the year-end parties with the aim of encouraging more partners who are willing to contribute love and care to support charitable causes together.



The “30th Feast for the Disadvantaged 30” event was canceled due to the impact of the COVID-19 pandemic for which group meal activities were placed on hold. The Foundations opted instead to bring gifts to people’s homes with the “Chinese New Year Gift and Red Envelope for People in Persistent Vegetative State” so that the disadvantaged groups can experience the warmth from the society. The Company and employees also supported the event and donated NT\$696,500 for heartwarming Chinese New Year gifts to families of people in persistent vegetative state, the poor, the homeless, financially challenged single mothers, and the elderly who live alone in Taipei and Kaohsiung.

2. Support for the Garden of Hope Foundation

The Garden of Hope Foundation has provided long-term care for victimized women by opening dessert workshops to train and help women develop work skills for making desserts. During holidays and festivals, they need help with packaging the desserts, sorting the year-end donation receipts, and distributing and mailing the goods. Employees of Chien Kuo Construction use their spare time to provide assistance for administrative and packaging tasks of the Foundation, which allow them to participate in charitable activities and relieve work pressure. In 2021, a total of 14 employees served as volunteers and contributed 112 hours in volunteer services.

3. Volunteer Services for Accompanying Day Trips of Chung Yi Children's Home

Chung Yi Children’s Home takes care of children from dysfunctional families and homeless children from infants aged 0-2, school-age children, and teens. It is home to more than 70 children and teens. Chung Yi provides professional education and care so that children feel the warmth and care of family. It is a professional institution with outstanding track records that has received the recognition and approval of the government and society, and it has been a close charity partner of employees of Chien Kuo Construction since 2010.

We organize two day trips in spring and fall so that children of Chung Yi Children’s Home can go out hiking, have a barbecue, and play in the water like children of other families. After establishing a solid relationship with Chung Yi Children’s Home for organizing day trips, Chien Kuo Construction’s employees use different methods of accompaniment, games, and communication to see how the children change and grow. Each day trip is full of love and sharing, and these moments form beautiful memories shared by the children and their partners.

As COVID-19 epidemic subsided in 2021, social welfare organizations were able to relax restrictions on group activities. Chung Yi Children’s Home made arrangements for children aged 2-6 and students in junior and senior high schools to hike in Yangming Mountain and visit Yehliu Ocean World and Geopark in April and November. 30 employees served as volunteers to accompany them and provided 240 total volunteer hours.



Arts and Culture

Chien Kuo Foundation for Arts and Culture

Chien Kuo Foundation for Arts and Culture (hereinafter referred to as the Foundation) was officially established in 2011 to promote culture and modern life aesthetics. It is committed to the education and promotion of art and creation of ink wash paintings, passing on the cultural inheritance of classical art, and their applications and innovations. It studies the history and knowledge of ancient art, painting and calligraphy, and traditional opera art, and leverages modern channels for education, promotion, exhibition, and publication projects to facilitate the fusion and development of traditional culture and art with contemporary innovation.

1. Ancient Art, Painting, and Calligraphy

The Foundation has provided scholarships for master and PhD students at the Graduate Institute of Art History of National Taiwan University since 2020. It has made donations to the study abroad program to cultivate art history professionals with professional knowledge, independent thinking, healthy character, aesthetic taste, care for the society, and international perspectives, who will promote the study and cultural inheritance of history and knowledge in ancient art and calligraphy.

2. Traditional Operas

Since 2012, the Foundation has invited several next-generation Kunqu performers from the Kunqu Opera Theatre of Jiangsu and Zhejiang Kunqu Opera Troupe to perform in Taiwan with invitation for performance or re-production. It has brought together one of the most prominent directors in Taiwanese theater in recent years, Chia-Ming Wang, and new stage, lighting, and costume designers to inject contemporary aesthetics into traditional Kunqu. Together, they have brought a new look and attracted a new audience to Kunqu opera and successfully bridged the gap with the next-generation audience. The success drew the attention of new communities and encouraged more audiences to view performances in the theater.

Performance and production

- February 2004** "The Palace of Eternal Life", Suzhou Kunqu Opera Theatre of Jiangsu
- October 2012** "Nanke Dream", Kunqu Opera Theatre, Jiangsu Performing Arts Group
- December 2018** "Romance of the Western Chamber", Kunqu Opera Theatre, Jiangsu Performing Arts Group

Invitation for performance

- November 2003** "Regret for the Past", Shanghai Kunqu Opera Troupe
- June 2006** "No Place for Sorrow", Shanghai Kunqu Opera Troupe
- April 2012** "Kunqu Opera - Young Lovers' Edition", Kunqu Opera Theatre, Jiangsu Performing Arts Group
- November 2013** "Flourish", Kunqu Opera Theatre, Jiangsu Performing Arts Group
- December 2015** "Peach Blossom Rain", Half Q Theatre, "The Peach Blossom Fan", Kunqu Opera Theatre, Jiangsu Performing Arts Group
- June-July 2017** "The Purple Hairpin - West Garden", Zhejiang Kunqu Opera Troupe

Awards

- "The Palace of Eternal Life" was named "Best Traditional Theater Program" in the 2004 Golden Bell Award
- "Nanke Dream" was shortlisted in the 11th Taishin Arts Award in 2013

3. Beyond Kunqu Opera

We seek to promote traditional arts and life aesthetics and create the "Beyond Kunqu Opera" platform for diverse exchanges so that the wonders of traditional art can reach a wider audience.

Broadcast Programs	Since 2012, the Foundation has worked with Philharmonic Radio Taipei in the joint production of the first Kunqu opera radio show "Beyond Kunqu Opera". The program is hosted by Chia-Yu Liu and professional and well-known guests are invited to talk about the basic knowledge and latest development in Kunqu Opera and explain interesting opera performances. The program provides lively and interesting contents and invites academics, experts, and performers to discuss the wonders of Kunqu Opera at fixed times each week. 362 programs have been produced from 2012 to 2021 and it has become an influential platform for communicating traditional art in the Chinese-speaking world.
Facebook Fan Page	The Foundation set up a Facebook fan page in 2015 and assigns dedicated personnel to publish knowledge, event information, and performance highlights on the page. It has fans across the world and has accumulated 110,000 interactions with an average of 300 interactions every day. It has become a platform for communicating traditional art in the Chinese-speaking world. We added an Instagram account in 2019 which has accumulated 600 members to expand our digital reach and influence.
Seminars	We opened the first "Beyond Kunqu Opera Academy" in 2019 and converted to an online program in 2020 as a result of the epidemic. The online seminar focuses on the essence of the art and appreciation. We invited An-Chi Wang, Chair Professor of the Department of Drama & Theatre, National Taiwan University, and Yu-Hang Wen, xiaosheng performer of the Guo-Guang Opera Company, to explore the differences between Peking opera and Kunqu opera from both the academic and performer's perspectives. The photography production was completed by the Director Muni Wei who specializes in both theater and film. The professional video and audio production team "Red Society Films" was appointed for the script, photography, and editing. We produced 7 seminar videos of 10 to 18 minutes in length. Professor An-Chi Wang spoke on "Spoilers for Peking and Kunqu Opera" and Yu-Hang Wen discussed "The Differences between Peking and Kunqu Opera". To enhance the effectiveness of the promotional campaign, we appointed the renowned art and culture team "Thinkers' Studio" to assist in digital promotion and the videos were viewed 12,000 times. We organized the "campus promotion" performances and seminars in 2021 for teachers and students to learn about Kunqu opera performance art up close. The program was approximately 100 minutes in length and it included classic Kunqu opera performances and live demonstration of the unique features of the Kunqu by actors and musicians. The first performance was given in National Tsing Hua University in December for approximately 150 participants.



GRI Indicator Reference Table

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
GRI102: General Disclosures					
Organizational Profile	102-1	Name of the organization	Group Profile	7	
	102-2	Activities, brands, products, and services	Business Scale	9-10	
	102-3	Location of headquarters	Business Scale	9-10	
	102-4	Location of operations	Business Scale	9-10	
	102-5	Ownership and legal form	Business Scale	9-10	
	102-6	Markets served	Business Scale	9-10	
	102-7	Scale of the organization	Business Scale	9-10	
	102-8	Information on employees and other workers	Business Scale	9-10	
	102-9	Supply chain	Supply Chain Management	55-57	
	102-10	Significant changes to the organization and its supply chain	-	-	o significant changes in the reporting period
	102-11	Precautionary principle or approach	Risk management	33-35	
	102-12	External initiatives	Business Scale	9-10	
	102-13	Membership of associations	Business Scale	9-10	
Strategy	102-14	Statement from senior decision-maker	Philosophy of the Management Team	4-5	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Code of Conduct	39	
Governance	102-18	Governance structure	Professional Team	27-30	
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholders and Material Issues	19-20	
	102-41	Collective bargaining agreements	-	-	The Company has not signed collective bargaining agreements but we organize regular labor-management meetings to ensure smooth communication
	102-42	Identifying and selecting stakeholders	Stakeholders and Material Issues	19-20	
	102-43	Approach to stakeholder engagement	Stakeholders and Material Issues	19-20	
	102-44	Key topics and concerns raised	Stakeholders and Material Issues	21-23	

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Reporting practice	102-45	Entities included in the consolidated financial statement	Business Scale	9-10	
	102-46	Defining report content and topic boundaries	About this Report	3	
	102-47	List of material topics	Stakeholders and Material Issues	21-23	
	102-48	Restatements of information	About this Report	3	
	102-49	Changes in reporting	About this Report	3	
	102-50	Reporting period	About this Report	3	
	102-51	Date of most recent report	About this Report	3	
	102-52	Reporting cycle	About this Report	3	
	102-53	Contact point for questions regarding the report	About this Report	3	
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	3	
	102-55	GRI content index	GRI Indicator Reference Table	94-98	
	102-56	External assurance	-	-	External assurance will be considered in the future
	GRI103: Management Approach				
Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholders and Material Issues	19-23	
	103-2	The management approach and its components	Stakeholders and Material Issues	19-25	
	103-3	Evaluation of the management approach	Stakeholders and Material Issues	19-25	
GRI 200: Economic Disclosures					
Economic performance	201-1	Direct economic value generated and distributed	Business Performance	31-32	
	201-2	Financial implications and other risks and opportunities due to climate change	Risk management	33-35	
	201-3	Defined benefit plan obligations and other retirement plans	Employee Care	64-65	
	201-4	Financial assistance received from government	-	-	
Market presence	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Employee Care	63	
	202-2	Proportion of senior management hired from the local community	Employee Care	63	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Social Participation Charitable Contributions	86-89 90-93	
	203-2	Significant indirect economic impacts	Social Participation Charitable Contributions	86-89 90-93	

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Procurement practices	204-1	Proportion of spending on local suppliers	Supply Chain Management	53	
Anti-corruption	205-1	Operations assessed for risks related to corruption	Ethical Corporate Management	37-39	
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Corporate Management	37-39	
	205-3	Confirmed incidents of corruption and actions taken	Ethical Corporate Management	37-39	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethical Corporate Management	37-39	
GRI 300: Environmental Disclosures					
Energy	302-1	Energy consumption within the organization	Sustainable Environment	81-83	
	302-2	Energy consumption outside of the organization	Sustainable Environment	81-83	
	302-3	Energy intensity	Sustainable Environment	81-83	
	302-4	Reduction of energy consumption	Sustainable Environment	81-83	
	302-5	Reductions in energy requirements of products and services	Sustainable Environment	81-83	
Emissions	305-1	Direct (Scope 1) GHG emissions	Sustainable Environment	82	
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Environment	82	
	305-3	Other indirect (Scope 3) GHG emissions	-	-	Not applicable as there are no significant Scope 3 GHG emissions in the areas of service
	305-4	GHG emissions intensity	Sustainable Environment	81-83	
	305-5	Reduction of GHG emissions	Sustainable Environment	81-83	
Effluents and Wastes	306-1	Water discharge by quality and destination	Sustainable Environment	81-83	
	306-2	Waste by type and disposal method	Occupational safety and health	75	
	306-3	Significant spills	-	-	No such occurrences in 2021
	306-4	Transport of hazardous waste	-	-	Information integration and disclosure will be considered in the future
	306-5	Water bodies affected by water discharges and/or runoff	-	-	Not applicable as there are no significant water bodies and habitats in the areas of service

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Occupational safety and health	75	
GRI 400: Social Disclosures					
Labor Relations	401-1	New employee hires and employee turnover	Employee Care	61	
	401-2	Benefits provided to full-time employees	Employee Care	64	
	401-3	Parental leave	Employee Care	62	
Labor/management relations	402-1	Minimum notice periods regarding operational changes	Employee Care	63	
Occupational Health and Safety	403-1	Occupational Safety and Health Management System	Occupational safety and health	71	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational safety and health	68-77	
	403-3	Occupational health services	Occupational safety and health	77	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health	68-71	
	403-5	Worker training on occupational health and safety	Occupational safety and health	75	
	403-6	Promotion of worker health	Occupational safety and health	55	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety and health	69-74	
	403-8	Workers covered by an occupational health and safety management system	Occupational safety and health	70-71	
	403-9	Work-related injuries	Occupational safety and health	72	
	403-10	Work-related ill health	Occupational safety and health	72	
Training and Education	404-1	Average hours of training per year per employee	Employee Care	66	
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Care	65-66	
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Care	67	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Professional Team Employee Care	29 61	
	405-2	Ratio of basic salary and remuneration of women to men	Employee Care	63	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	-	There were no cases of discrimination in 2021
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	-	No such occurrences in 2021

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	-	No such occurrences in 2021
Security Practices	410-1	Security personnel trained in human rights policies or procedures	Human Rights Management	36	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	-	No such occurrences in 2021
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights Management	36	
	412-3	Employee training on human rights policies or procedures	Human Rights Management	36	
	412-2	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human Rights Management	36	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social Participation Charitable Contributions	84-87 90-93	
	413-2	Operations with significant actual and potential negative impacts on local communities	Social Participation Charitable Contributions	84-87 90-93	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management	52-54	
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	52-54	
Public Policy	415-1	Political contributions	-	-	The Company did not provide political donations in 2021
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Quality Assurance	45-51	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	Quality Assurance Customer Service	45-51 55-57	No such occurrences in 2021
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	-	No such occurrences in 2021
	417-3	Incidents of non-compliance concerning marketing communications	-	-	No such occurrences in 2021
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	No such occurrences in 2021
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	-	No such occurrences in 2021

SASB Standard

SASB Standard	Indicator Code	Description	Corresponding Chapters/Sections	Page Number	Note
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Occupational safety and health	73	
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Corporate Governance	33-35	
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Corporate Governance Occupational safety and health	38-72	
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Corporate Governance Occupational safety and health	38-72	
Workforce Health & Safety	IF-EN-320a.1	Total recordable incident rate (TRIR) and fatality rate for direct employees and contract employees	Occupational safety and health	74	
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Number of commissioned projects certified to a third-party multi-attribute sustainability standard and active projects seeking such certification	Quality Assurance	45-54	
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Innovation and Technology Applications	41-43	
Climate Impacts	IF-EN-410b.1	Amount of backlog for hydrocarbon related projects and renewable energy projects	Innovation and Technology Applications	41-43	
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Innovation and Technology Applications	41-43	
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Innovation and Technology Applications	41-43	
Business Ethics	IF-EN-510a.1	Number of active projects and backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Business Scale	9-12	No such occurrences
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of bribery or corruption and anticompetitive practices	Business Scale	9-12	No such occurrences
	IF-EN-510a.3	Description of policies and practices for prevention of bribery and corruption, and anti-competitive behavior in the project bidding processes	Business Scale	9-12	No such occurrences
Operation Activity Indicators					
Activity Indicator	IF-EN-000.A	Number of active projects	Business Scale	9-10	
	IF-EN-000.B	Number of commissioned projects	Business Scale	9-10	
	IF-EN-000.C	Value of active projects	Business Scale	9-10	

建國工程

CHIEN KUO CONSTRUCTION CO.,LTD.