

The background of the cover is a vibrant blue sky filled with soft, white clouds. At the bottom, there is a stylized, wireframe illustration of several modern skyscrapers reaching upwards, rendered in a light blue color that blends with the sky. A thin white diagonal line runs from the top right towards the center, separating the English text on the left from the Chinese text on the right.

# ESG

*CORPORATE  
SUSTAINABILITY  
REPORT*

2022

建國工程

Chien Kuo Construction Co., Ltd.



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SUSTAINABILITY  
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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.

### Report Scope and Boundaries / GRI 2-2 · GRI 2-4

Chien Kuo Construction has subsidiaries including Shun Long International Electrical Engineering Co., Ltd., Chien Kuo Development Co., Ltd., Jian Bang Construction Co., Ltd., Golden Canyon Limited, Silver Shadow Holding Limited, and CK Asia Limited. With the exception of CK Asia Limited, which operates in mainland China, all other operational locations are in Taiwan. However, this report focuses solely on Chien Kuo Construction and is limited to the disclosure of the headquarters' activities. It does not include information on the subsidiaries or construction sites. Any revisions made to address errors during previous reporting periods will be noted in the respective chapters. This report is scheduled to be issued annually. The previous report was released in June 2022, this report was released in June 2023, and the next report is scheduled to be issued in June 2024.

### Reporting Period and Entities

This report provides information on the Company's performance in all respects from January 1 to December 31, 2022. The report is publicly available on the official website of Chien Kuo Construction Co., Ltd. It covers material issues of concern to stakeholders and communication efforts, including management and performance in governance, environment, and social aspects. The financial information and financial data certified by the accountants are consistent. Statistical data are partially sourced from the annual report, government agencies, and relevant websites.

### Basis and Guidelines of the Report

This Report follows the Global Reporting Initiative (GRI) Standards: 2021, released by the Global Reporting Initiative. It also incorporates the Sustainability Accounting Standards Board (SASB) "Sustainability Accounting Standards - Infrastructure" for disclosure on sustainability topics. The report adheres to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and references the United Nations Global Compact and ISO 26000 Social Responsibility Guidance. Additionally, the Report was developed with reference to the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD)



### Report Verification / GRI 2-5

To enhance comparability and substantiate the Report's contents, all information disclosed in the 2022 Report is GRI Standards: 2021 compliant. The Report has been externally verified by an independent third-party verification organization, AFNOR Asia Ltd., a member of the French Standards Association in accordance with the AA1000 V3 Assurance Standard and with a moderate level of assurance as defined in the 2018 Appendix, Type 1 Application.

The AFNOR Assurance Statement is provided in the appendix and follows international standardized metrics. In cases where estimations are made, they will be clearly indicated. To ensure the reliability of the disclosure, the following data standards have been followed:

Issuer	Applicable Standards
The latest GRI Standards: 2021	Aa1000 (2018) Accountability Principles: Materiality, Inclusivity, Responsiveness, and Impact.
United Nations	Sustainable Development Goals, SDGs United Nations Global Compact (UNGC) Disclosure Principles
Taiwan Stock Exchange	Over-the-Counter (OTC) Company Sustainability Development Guidelines Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
Financial Stability Board, FSB	Task Force on Climate-Related Financial Disclosures, TCFD Sustainability Accounting Standards Board (SASB) Standards

To advance Taiwan's construction industry, we actively participate in associations, societies, and organizations. We engage extensively with industry members, fostering communication and exchanges, and strive to provide feedback to society and clients to build a sound, sustainable industry.



### Feedback and contact information of the production team / GRI 2-3

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

After three years, the global COVID-19 devastation has finally come to an end. However, the impact of the pandemic will be long-lasting and widespread. What's more, the ongoing Ukraine-Russia conflict has exacerbated the effects of these challenges. In response to geopolitical dynamics and raw material shortages, shortening supply chains and diversifying risks, dealing with inflation, and addressing labor shortages have become prominent in the future industrial landscape. And yet, these impacts are not necessarily negative. Conversely, companies that have approached challenges with a positive mindset and proactively positioned themselves for the future amid the pandemic are now embracing a crucial opportunity for transformation and development.

In 2015, Chien Kuo Construction made the strategic decision to focus on excelling in the construction industry in Taiwan, establishing our vision to

**"Be a new-generation construction team rooted in technology, integrating social care and humanistic aesthetics."**

To become a new-generation construction team, it is crucial to possess leading-edge engineering technology with exceptional integration and execution. Chien Kuo Construction is continuously positioning itself in response to industry trends and future market demands by developing differentiated technologies and exploring new business opportunities. Furthermore, we aim to widen our competitive edge through smart solutions, green construction practices, and a strong focus on ESG. These efforts will contribute to the long-term competitiveness and a refined brand image. To achieve our vision, Chien Kuo Construction has established incremental and phased development goals.

Over the past few years, we have been steadily building a solid foundation for the Company in terms of quality, safety, health, and technology for better differentiation and service capacity. In customer management, besides high-quality private residential projects, we also dedicate efforts to managing commercial buildings for financial and insurance companies. Furthermore, our key business development lies in public housing construction contracting in alignment with government policies. With the benefits of future user benefits as the primary focus, our team ensures meticulous architectural design and develops robust contracting engineering skills. We integrate design and construction, as well as the synergy between civil and electrical engineering, incorporating our own low-carbon building technologies, such as aluminum alloy system formwork and SD550W steel column reinforcement. Every minute detail in the construction is carefully managed to ensure that our completed projects exhibit high-quality engineering standards and possess distinctive and exceptional values. Chien Kuo Construction has year after year received prestigious awards, including the Public Construction Golden Quality Award and the Golden Safety Award, for public housing projects. These accolades have established a solid track record and reputation in social housing contracting. Building on this performance, we have successfully secured significant projects such as Kaohsiung Zuoying Public Housing, New Taipei Tucheng Dingfu Social Housing, and Taipei Wenshan Bojia Social Housing, among other landmark developments for the industry.

Having a comprehensive contracting capability is the first step in establishing our differentiations. The development and integration of electrical engineering and aluminum formwork form the strategic blueprint moving forward. The fields of modern architecture, mechanical-electrical systems, and smart buildings are experiencing rapid progresses. The integration of civil and electrical engineering is becoming increasingly complex and vital. We must develop integrated electrical engineering to provide comprehensive, value-added building systems integration. This allows for the extension of the building's life cycle, ensures excellent facility management, and enhances the overall value of construction projects. The aluminum formwork is another key differentiation. Despite the initially higher investment cost, aluminum formwork serves as a new and efficient alternative to traditional formwork. It not only mitigates the negative impact of labor shortages but also enhances construction efficiency and quality. Aluminum formwork significantly enhances the precision of structural construction, completely eliminates the need for stone breakers, and reduces masonry work. Its reusable nature aligns with the trend of emissions reduction. We have further deepened our carbon reduction efforts by obtaining the LCBA Low Carbon Construction Method certification for our aluminum alloy formwork system, marking an important milestone in our commitment to environmental sustainability. Chien Kuo Construction is determined to develop electrical engineering and aluminum formwork system and enhance interface integration between civil, electrical engineering, and aluminum formwork, laying the foundation for the next wave of growth and momentum for the Company.



Despite the challenges posed by the pandemic over the past three years, Chien Kuo Construction's dedication in R&D has not wavered but instead picked up its pace. Firstly, we have refined construction technologies with the innovative main beam seismic reinforced concrete and new hoops, earning 3 invention patents in Taiwan and 3 utility model patents in Mainland China. We have also introduced the SD690W, a new generation concrete low-carbon construction technology that is even more carbon efficient than its predecessor SD550W. Additionally, we have developed a patented systematic design for bar arrangement, ensuring efficiency and quality. The integration with aluminum formwork will allow Chien Kuo Construction to gradually widen the gap in construction processes with our competitors.

The Company's long-term investment in Building Information Modeling (BIM) has proven successful with various extended applications in recent years. This has led to improved integration across construction interfaces, effectively enhancing construction quality, strengthening cost control, and creating assessment systems for early warning and risk management. Moreover, it will enable us to provide comprehensive maintenance services to meet the future needs of customers and end-users. We have developed auxiliary automations for BIM, significantly improving speed and efficiency while reducing labor-intensive tasks and the potential for human errors. Optimized automation in MEP pipeline BIM now enables automated drainage modeling after successfully 3D automated modeling for fire protection and indoor water supply. Additionally, we have made advancements in modeling for drainage design that can automatically address construction challenges. The completed quality assurance and safety system assists engineers in completing specific quality inspections and generates automatic self-inspection reports, reducing engineers' workload. In terms of smart construction sites, we have utilized smart imaging to develop AI applications to label and identify deficiencies.

Furthermore, with respect to refined customer service, Chien Kuo Construction has extended the mature BIM into developing 3D building portfolios with a Facility Management (FM) system. With this system, future users will be able to access construction materials, specifications, brands, and other construction quality information within the 3D model. Further services include maintenance reminders, addressing the issue of owners not having access to the building's structural model and architectural history. This system offers residents a smarter FM experience.

As ESG (Environmental, Social, and Governance) has gained momentum, in recent years, Chien Kuo Construction has taken a responsible approach.

**Environmentally (E)**, we continue to research and gradually adopt low-carbon construction methods, intelligent management, green construction, and smart construction techniques. We reach energy efficiency and emissions reduction targets by fundamentally improving engineering.

In the realm of **Social Responsibility (S)**, we encourage our partners to engage in our long-standing strategic philanthropic initiatives, which provide renovation services to underprivileged populations and social welfare organizations with our engineering expertise. In 2023, we will once again work with our long-time philanthropic partner, the Genesis Foundation in building the Hualien Vegetative Care Center.

As to Corporate **Governance (G)**, Chien Kuo Construction has a dedicated Corporate Governance Task Force responsible for driving initiatives. With thorough, item-by-item reviews and improvement, our performance in corporate governance evaluation ranks among the top in the construction industry.

Sustainable business practices are not just a recent trend or a response to increasingly stringent regulations for the six-decade-strong Chien Kuo Construction. It is ingrained in our DNA, validated through the test of time. It embodies our commitment to the core values of "Ethics, Utilization, Welfare, and Harmony." Chien Kuo Construction deeply understands the wisdom conveyed in the I-Ching, "persevering through frost and ice," remaining committed to responsible development strategies and upholding our core corporate values despite all challenges. Time and time again, we have successfully navigated through the trials and tribulations of changing times. As we steadily navigate through the current pandemic, we will uphold our consistent corporate culture and face the upcoming challenges with confidence. We are committed to embarking on the sustainable path that lies ahead for Chien Kuo Construction.

Chairperson **George Wu**





Environment



Social



Governance

## About Chien Kuo Construction

## Company Profile / GRI 2-1

Chien Kuo Construction was formerly "He-fa Trade Company", which was founded in 1931 and in operation 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 passed 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 (Weiweyung). 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.

Since 2019, Chien Kuo Construction has for years won the Exceptional and Excellence Awards for "Public Construction Golden Quality Award", the highest honor in public construction. We have also won the highest honor in occupational safety, "Five-Star Award for Outstanding Occupational Safety and Health Unit". 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 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.

Chien Kuo Construction has always adapted to changing times and the evolving demands of society. We started with public construction projects, expanded our business overseas and in Mainland China, ventured into mining and concrete industries. However, considering climate change, industrial development, and political-economic situations, we made the strategic decision to refocus on our core business—scaling up construction projects and elevating professional expertise. 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 responsible corporate citizen, Chien Kuo Construction has established the "Sustainability Development Committee" at the end of 2022. Committed to high standards, we focus on the three ESG dimensions. With a responsible mindset, we aim to create and implement long-term ESG metrics, steadily advancing on the path of circular, sustainable development.





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".

Time	Milestones
2012	The equity of Chien Kuo Mining (Jurong), Yingde Chien Kuo Mining, and Guigang Chien Kuo Mining has been successfully sold to Taiwan Cement Corporation as part of a divestment strategy.
2013	Established the subsidiary "WeBIM Services Co., Ltd." for the integration of BIM technical services. Chairman CHEN Chi-te won Best Creativity Award of the 11th Arts and Business Award for the Kunju "Nanke Dream" produced by the Chien Kuo Foundation for Arts and Culture.
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	The equity of Guangxi Hefa Mining has been divested, leading to the withdrawal from limestone quarrying operations in Mainland China. The equity of Kunshan Jianshan Concrete Company has been successfully divested.
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. The equity of Nantong Chien Cheng Concrete Co., Ltd. has been successfully divested.
2020	The equity of Suzhou Chien Hua Concrete Co., Ltd. has been successfully divested. Supported government policies and in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act," a subsidiary company, "Golden Canyon Venture Capital Investment Co., Ltd.", was established to engage in entrepreneurial investment-related activities. 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. 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	The equity of Wuxi Jianbang Concrete Co. has been divested, leading to the withdrawal from the pre-mixed concrete market in Mainland China. In response to government policies and in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act," a subsidiary company, "Golden Canyon II Venture Capital Investment Co., Ltd.", was established. 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.
2022	Our company (the lead company, holding 55% stake) and the wholly-owned subsidiary, Chien Kuo Development Co., Ltd. (holding 45% stake), have been selected as the preferred applicant for the "Taipei City Resettlement and Urban Renewal Center" to undertake the "NTU Shaoxing South Street Base Regeneration Public Urban Renewal Project" (Rights Conversion Zone) investment solicitation. The newly established subsidiary, Jian Bang Construction Co., Ltd., will be responsible for the execution of the "NTU Shaoxing South Street Base Regeneration Public Urban Renewal Project." Contracted for the Bojia Public Housing Project in Wenshan, the Guandi Section Residential Complex in Tainan, and the CMG International Urban Regeneration project's foundation pile works. The "Fuxing Public Housing Project" was awarded the 2022 MOL Golden Safety Award-Excellence, as well as the Excellent Unit Award for Occupational Safety and the Taipei City Labor Safety Award in 2022. The "Yuanhe Section Public Housing Project" was recognized as a Commendable project in the 2022 Public Construction Golden Quality Awards by the Executive Yuan. The "Zuoying Public Housing Project" was honored with the 2022 Kaohsiung City Exceptional Construction Site. Additionally, the "Cathay Fengnian" project received the 2022 Outstanding Labor Safety Unit of Taipei City and the Excellent Occupational Safety and Health Unit award by the Ministry of Labor.





## Business Scale / GRI 2-6

Chien Kuo Construction has an integrated construction team, abundant construction experience, and outstanding construction quality. Following the completion of the landmark project, the "National Kaohsiung Center for the Arts (Weiwuying)" main structure and interior finishing in 2015, we ventured into the turnkey construction sector in 2016. Our company took on its first turnkey project, the "Taoyuan City Government Public Housing Zhonglu No. 2 Turnkey Project." Subsequently, each year, we have undertaken various projects, including the Ruiguang Public Housing Project in Taipei City, the Yuanhe Section Youth Public Housing Turnkey Project in Tucheng, New Taipei City, Fuxing Public Housing in Taipei City, the Yangmei and Pingzhen Public Housing Turnkey Projects in Taoyuan City, as well as the Dingfu Public Housing Project and the Bojia Anju Project in Wenshan District. In addition to northern Taiwan, we made inroads into southern Taiwan's turnkey market in 2021 with the Kaohsiung Zuoying Public Housing Project for the National Housing and Urban Regeneration Center. Chien Kuo Construction has consistently demonstrated excellent engineering quality and management capabilities in its turnkey projects, with every one winning the Public Construction Golden Quality Award and Golden Safety Award.

Chien Kuo Construction has not only improved the quality of residential construction and enhanced its integrated design capabilities but also responded to the evolving market by dipping its toes into factory buildings. In 2020, we successfully secured projects such as TSMC's Fab 18 Phase IV office building in Southern Taiwan Science Park and Fox Automation Technology's plant construction in Zhunan, marking a successful foray into the high-tech factory building sector. While venturing into new business areas, Chien Kuo Construction continues to maintain a steady stream of projects in its core expertise—advanced residential buildings. In 2022, we further solidified our position by securing a long-term cooperative project with our valued client, the Cathay Group, for a residential complex in Guandi Section, Tainan, thus maintaining a stable portfolio of residential, commercial, and turnkey projects.

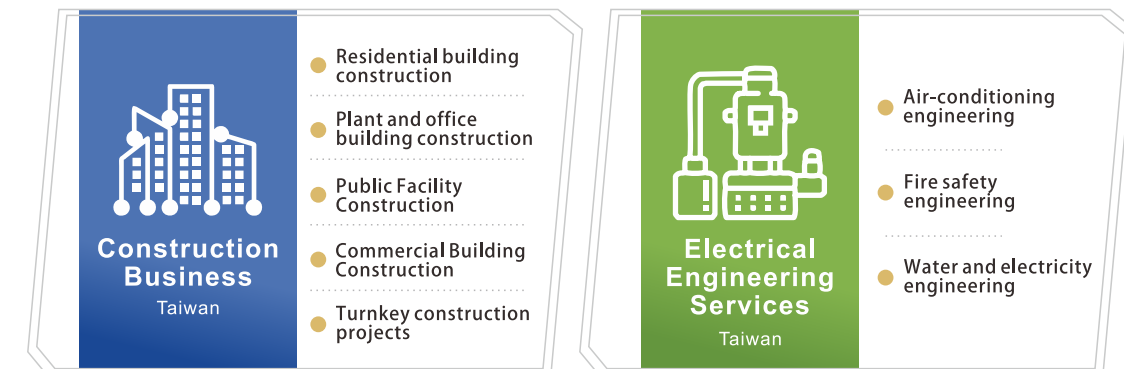


In 2022, Chien Kuo Construction's projects were primarily located in 6 areas in Taipei City, 3 areas in New Taipei City, 2 areas in Taoyuan City, 1 area in Miaoli County, 2 areas in Tainan City, and 1 area in Kaohsiung City. Please refer to the Company's construction project location map.

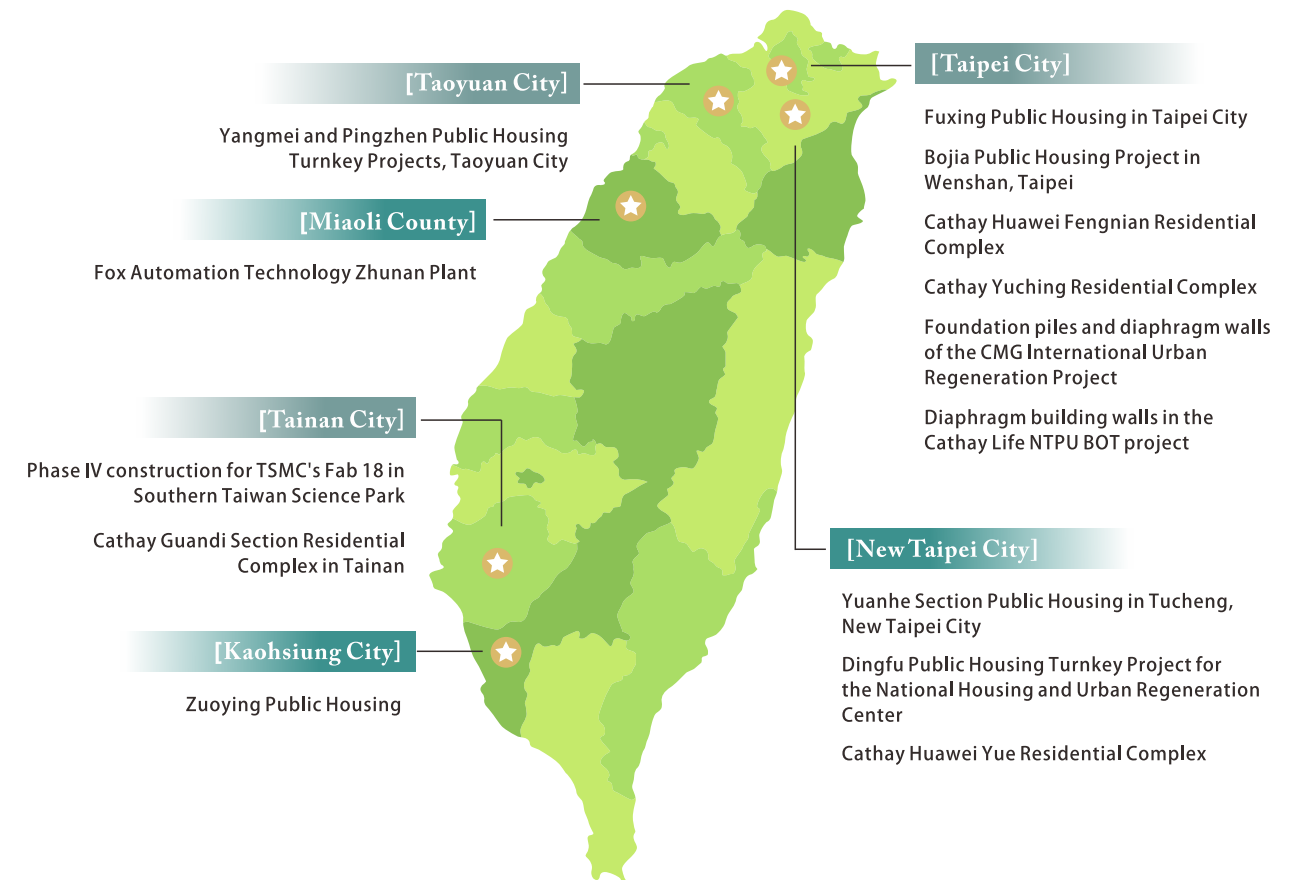
Date of Incorporation	November 21, 1960
Head Office	Taipei City, Taiwan
Stock symbol	5515
Paid-in Capital	NT\$2,520,001,050
Affiliates	9 companies
Number of employees of the Group as of the end of 2022	465
Consolidated revenue in 2022	NT\$5,065,701,000
Individual revenue of Chien Kuo Construction in 2022	NT\$5,247,000,000 (incl. taxes)



### Professional services



### Locations of operations





## Core values

# Ethics | Utilization | Welfare | Harmony

Our 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.



**Ethics:** Honesty and integrity, activeness, and respect for life

**Utilization:** Excellence in quality, lifetime cost, and sustainable innovation

**Welfare:** Customer satisfaction, learning, and development

**Harmony:** Teamwork and social responsibility

## Pursuing excellence with technological roots

We embrace technological innovation, integrating AI to develop smart management systems to offer customers the maximum value. For instance, we have advanced Building Information Modeling (BIM) by integrating point cloud, facility management software, quality management system, safety and health management system, and building resume database. This integration enables comprehensive and systematic control of construction quality and safety from design to construction and operations. Additionally, we utilize the Management Information System (MIS) to compile all construction information on a cloud platform, allowing our customers to have real-time control over project progress and management status. We pursue excellence through continuous R&D of technology management techniques to deliver valuable services to our clients.

## Cutting-edge construction with a focus on sustainability.

We continuously innovate and develop low-carbon construction techniques and methods, introducing systematic formwork, and committing to carbon reduction goals. With the latest and highest quality construction technologies and materials, we construct buildings that are not only energy-efficient and low-carbon but also evoke a sense of inspiration, contributing to the creation of sustainable cities.

## Care for the society with learning and growth

We are dedicated to development of culture and art in Taiwan and fulfilling our social responsibility through engagement in public engagement. We encourage employee participation and provide training and cultural activities to cultivate professional skills and humanistic qualities, shaping an organizational culture that values aesthetics and social care.



## Sustainable development highlights in 2022

### Governance(G)

- 13 professional Directors from diverse backgrounds including 3 Independent Directors and 97% average attendance rate in the 6 board meetings
- The attendance rate of the 6 meetings of the Audit Committee was 100% and the attendance rate of the 2 meetings of the Remuneration Committee was 100%.
- All results of the performance evaluation of the Board of Directors self-evaluation of the Directors, and performance evaluation of functional committees exceeded standards in 2022.



The 8th Corporate Governance Evaluation IN 6%~20%

### Environmental(E)

Recycled construction waste totaled 13566.11 tons

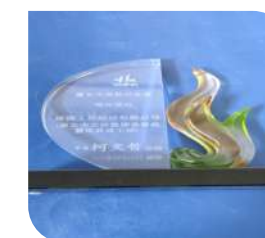
Per capita electricity consumption (compared to 2021) DECREASED 18.52%



Fuxing Public Housing Project  
Outstanding Labor Safety Unit  
of Taipei City



Fuxing Public Housing Project  
Public Construction Golden  
Safety Award—Excellence



Cathay Fengnian-  
Outstanding Labor  
Safety Unit of Taipei City



Awards and recognitions  
in 2022



Department of Safety and Health  
CHOU Shih-chun / YU I-chen  
Outstanding Labor Safety Creativity  
of Taipei City



Zuoying Public Housing  
Kaohsiung City Exceptional  
Construction Site



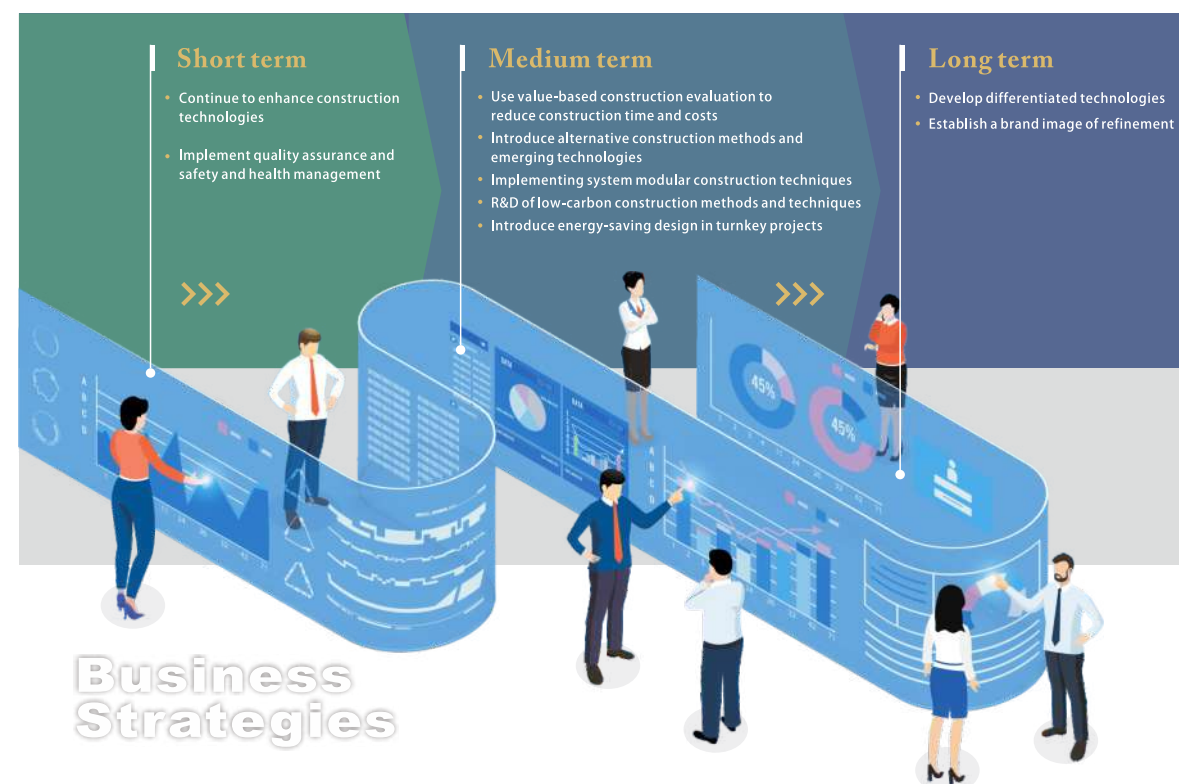
Yuanhe Section Public Housing  
in Tucheng  
The 22nd Public Construction Golden  
Quality Award



Cathay Fengnian  
MOL Outstanding Occupational  
Safety Unit



## Business Strategies and Sustainable Development Goals / GRI 2-6



From the perspective of Taiwan's economic development, the construction market is facing challenges. Although the negative impact of the pandemic on the real economy has dwindled with the increase in global vaccination rates, the recent shift in monetary policies of developed economies and the fading effects of economic stimulus measures have led to pressure on emerging economies. Several international reports indicate that economic recession is set for the latter half of 2022 and 2023. Factors such as high inflation and the ongoing Ukraine-Russia conflict contribute to a gloomy global economic outlook. Domestically, weakening demand in the manufacturing sector and the expansion of the US-China tech conflict have resulted in a pervasive sense of pessimism. Additionally, the inflation and government policies to curb housing prices have dampened consumer willingness to spend and the momentum of the housing market.

In the construction market, labor shortage and material scarcity continue to persist. Metal, masons, steel workers, and concrete have been experiencing price increases throughout 2022. With the escalating construction costs, construction companies have grown conservative in launching projects, resulting in delays in many development projects. Fortunately, the government's commitment to promoting public housing and the construction of 200,000 units of public housing in two phases (2017-2024) have not been significantly affected by the aforementioned factors. Therefore, public housing has become a major source of construction projects over the past two years.

To adapt to the turbulent external environment, Chien Kuo Construction has adjusted its business approach. We continuously focus on solid construction fundamentals, ensuring construction quality and safety standards surpass industry standards. By incorporating value engineering assessments, we optimize project timelines and costs, responding to market needs amid environmental changes. Leveraging our team's strengths, we fine-tune our product portfolio to enhance profitability and create maximum value for shareholders and clients. In addition to serving existing major clients in the construction industry, our business goal now includes pursuing public housing turnkey projects in response to market dynamics. To address formwork labor shortage, the company established an Aluminum Formwork System Business Unit in 2021. By replacing traditional wooden formwork with aluminum formwork and introducing foreign workers, the impact of labor shortages has been mitigated. Additionally, new construction methods and equipment have been introduced to enhance construction efficiency.

The Company's short-term operational objectives for 2022 and 2023 are increasing shareholder earnings and reaching significant technological milestones. Simultaneously, efforts will continue to deepen and enhance quality, safety, and innovative construction techniques. This will be achieved by integrating low-carbon construction technologies and smart management systems to establish a differentiated advantage and achieve the goal of sustainable operations.

### Short-term plan

**Implement quality assurance and safety measures while deepening expertise in construction technology.**

The core of the construction industry is to ensure that every detail in the construction process is conducted with precise construction techniques. Each specialized aspect of the project is held to consistent standards, demonstrating rigorous and meticulous construction management. In addition to precise quality, the Company's key mission is to provide a safe and healthy work environment for all workers. Since 2015, Chien Kuo Construction has gradually adopted a series of quality and safety management systems. This includes rewards and disciplinary system linked to employee performance rewards. The Company strictly adheres to quality and safety management requirements in construction projects, thereby establishing a strong foundation for safety and quality. Chien Kuo Construction has been repeatedly recognized with quality and safety awards. In addition to quality assurance and safety measures, a core aspect of sustainable business is the continuous deepening and innovation of construction techniques to effectively respond to changing environment and enhance our market competitiveness.



### Mid-term plan

**Mastering project schedules and costs, low-carbon technology R&D, and green construction practices.**

After achieving the goal of "Prioritizing Safety, Excelling in Quality," the Company will further enhance project schedule and cost management to address the pain points of clients and strengthen market competitiveness. Mastering project schedules is indeed crucial to controlling costs. From reviewing construction techniques to planning construction workflows, coordinating project interfaces, and adjusting construction steps, every aspect is carefully planned to provide the highest quality service to our clients. The Company regularly reviews the operational procedures of various logistical departments through a standardized system, aiming to improve the efficiency of logistical operations. We make full use of online platforms to enhance real-time communication and operational efficiency. System tools help analyze the rationales of progress schedules and propose improvement or alternative solutions for key aspects. Value engineering evaluations shorten project schedules. 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.

Energy efficiency and emissions reduction have become global priorities to hamper climate change. Chien Kuo Construction incorporates energy-saving designs in its turnkey projects, such as green building, solar power recovery systems, rainwater harvesting, and elevator regenerative power. Furthermore, the Company adopts Level 1 energy-saving AC and lighting equipment. In terms of emissions reduction, Chien Kuo Construction has also introduced systemized aluminum formwork as a substitute for traditional wooden formwork. This not only addresses labor shortages but also allows for the repeated use of metal formwork for up to 300 times, reducing construction waste and emissions and increasing energy efficiency. These efforts create unique competitiveness and advantages for Chien Kuo Construction.



### Long-term plan

**Developing differentiated technologies and establishing a refined brand image.**

The envisioned new-generation construction team at Chien Kuo Construction must possess differentiated technologies that set us apart from our competitors, creating a unique competitive edge. This is crucial to ensure our company does not get caught in a cycle of price competition in the market. Chien Kuo Construction established the Technology Department in 2018 to focus on four research areas: "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." As of 2022, we have obtained 36 patents and 3 certifications for new construction methods. Notably, SD550W utilizes high-strength steel to reduce structural reinforcement, resulting in cost savings and significant energy-efficient and carbon-reduction benefits. This innovative method is not only employed in our turnkey projects but has also been licensed to other construction companies. Chien Kuo Construction continues to research and develop low-carbon construction methods and patented technologies to build competitiveness through differentiated techniques. This enables us to establish a refined service brand that is unique to Chien Kuo Construction.



## Business Development Strategy

### Newly contracted projects in 2022

(including civil and electrical engineering).

Project Name	Implementation Format	Customer Name	Contract amount (In 100 millions of New Taiwan dollars)
Bojia Public Housing Project in Wenshan, Taipei	Contractor	National Housing and Urban Regeneration Center	28.91
Cathay Guandi Section Residential Complex in Tainan	Contractor	Cathay Real Estate Development	11.83
Diaphragm building walls in the Cathay Life NTPU BOT project	Contractor	Cathay Industrial Research and Design Centre Co., Ltd.	1.36
Foundation pile construction for the Nangang Depot Urban Renewal Project	Contractor	CMG International Two Co., Ltd.	11.05
Total			53



## Short-term strategies

### Enhancing management system capabilities and adjusting business direction in response to market changes

- Integrate the upstream, midstream, and downstream sections of the supply chain.
- Optimizing procurement costs, elevating supplier service quality and capabilities.
- Optimizing labor safety and health management, as well as project management systems, perpetually enhancing site environmental protection and safety self-inspection standards.
- Enhancing lean management of human resources, promoting functional adequacy, and improving organizational efficiency.
- 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.
- Leveraging professional design and construction integration, actively undertaking turnkey project to expand factory and office market presence.

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

- Actively showcasing our technical prowess in professional journals, official websites, and technical competitions.
- Committed to being a strategic partner for real estate investors, constructing a value-centric supply chain service.
- R&D of smart management techniques, refining customer service management processes.

### Developing AI and smart construction management systems, offering refined customized services

- Improving construction planning and method reviews, enforcing technical practices and risk assessments.
- Increasing market exposure and enhancing brand image.
- Thoroughly understanding customer needs, providing exclusive customized services.
- Leveraging BIM technology for integrated planning, delivering comprehensive solutions.
- Establishing and reinforcing internal digital management mechanisms.



## Stakeholders and Material Issues

In alignment with the AA1000SES Stakeholder Engagement Standards (2015) of responsibility, influence, dependency, tension, and diverse perspectives, we engaged 26 mid-level to senior executives to identify six main categories of key stakeholders: employees, customers/owners, suppliers/contractors, project residents/community neighbors, investors/shareholders, and competent authorities/government. These stakeholders are our communication counterparts for the 2022 Report. We conducted surveys, interviews, and meetings to understand the concerns of various stakeholders in relation to economic, social, and environmental aspects, as well as the extent of the impact caused by these issues.



Methods to identify the material issues: Surveys administered to 26 mid-level or senior managers and 99 employees of issues of concern. We also gather information through "Meetings with the Chairman" supplier tea parties, regular internal review meetings, customer satisfaction surveys, and employee welfare initiatives. By engaging in diverse communication channels with stakeholders and considering international trends, industry benchmarks, and our core values and vision, we analyzed and identified five material issues that Chien Kuo Construction aims to address in 2022. These include occupational health and safety management, quality management, brand image management, risk management, and operational management. The reasons for their materiality and their impacts are disclosed in the Report. However, as raw materials received lower attention from stakeholders compared to other issues, they are not reported herein. In addition to considering the viewpoints of stakeholders and external experts, we have included sustainable environment and climate change in our material issues as the SASB industry guidelines now covers environmental aspects. After the aforementioned process, the seven material themes in the Report were selected and presented at internal management meetings before Chairman approval. We provide clear and concise information to stakeholders and the general public to explain Chien Kuo Construction's actions. Through this process, we review our objectives and improvement policies, annually assess changes in material issues, and continually revise and promote appropriate actions. Our goal is to become a company that is more friendly to our organization, society, and the environment.

## Medium to long-term strategies

### Innovating new methods and technologies, driving green construction practices, and enhancing corporate competitiveness

- R&D of new low-carbon construction methods, deepening technical expertise, and applying them to construction projects, creating a distinct advantage for Chien Kuo Construction.
- System aluminum formwork methods mitigate the impact of labor shortages and reduce construction waste.
- Developing green construction technologies, guiding suppliers in developing green materials or methods, and advancing green construction practices.

### 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.
- Utilizing cutting-edge biometric systems with temperature measurement to ensure secure access and control the pandemic.

### Elevating the quality and efficiency of turnkey project operations, fostering design capabilities, and cultivating refined services

- Refining our experience in public turnkey projects, we serve real estate developers by offering efficient and strategically advantageous design-construction integration solutions.
- Exploring clients' actual needs and pain points, nurturing the ability and expertise to provide optimal solutions.



## Stakeholder Concerns and Communication on Key Issues

Stakeholder	Employees	Customers/Owners
Significance to Chien Kuo Construction	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Major Issues	<ul style="list-style-type: none"> <li>Business Management</li> <li>Code of Conduct</li> <li>Labor Relations</li> <li>Employee training and education</li> </ul>	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Brand Image management</li> <li>Legal compliance</li> <li>Innovation and R&amp;D</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Real-time employee communication hotline and dedicated complaint mailbox</li> <li>Announcements and publication of news on the official company website and employee information system</li> <li>Company blog with work and charity news updates</li> <li>Regular publication of internal newsletters</li> <li>Employment of full-time nurses to promote employee health management and support programs, organizing employee health information, and providing ongoing support for their physical and mental well-being.</li> <li>Employee performance interviews twice a year</li> <li>Employee support interviews</li> </ul>	<ul style="list-style-type: none"> <li>Publish the latest information on the corporate website</li> <li>Direct communication with customers with occasional visits</li> <li>Rapid response with the customer service hotline</li> <li>Customer service mailbox with services provided by dedicated personnel</li> <li>Company blog with work and charity news updates</li> </ul>
Communication Results in 2022	<ul style="list-style-type: none"> <li>Received zero complaints in the employee complaint box.</li> <li>Arranged occupational physician visits for 12 individuals, occupational nursing visits for 32 individuals, conducted 10 health education sessions, and 2 workshops on healthy diet and exercise.</li> <li>Three occupational health and safety meetings, ad hoc employee welfare meetings, and four labor meetings.</li> <li>Visited construction sites for employee support interviews.</li> </ul>	<div> <div>100%</div> <div>The customer satisfaction survey response rate</div> </div> <div> <div>81.6</div> <div>The average Satisfaction score</div> </div> 
Corresponding Chapters	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Human Rights Management</li> <li>Employee Care</li> </ul>	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Innovation and Technology Applications</li> <li>Customer Service</li> </ul>

## Stakeholder Concerns and Communication on Key Issues

Stakeholder	Suppliers/Contractors	Project residents/community neighbors
Significance to Chien Kuo Construction	<ul style="list-style-type: none"> <li>Chien Kuo Construction works closely with suppliers, adhering to the honesty and integrity to ensure the safety and quality of each project as a top priority. Together, we strive for mutual growth and the realization of shared excellence.</li> </ul>	<ul style="list-style-type: none"> <li>Minimizing the impacts on the community during construction and ensuring tenant satisfaction are key to Chien Kuo Construction's practice of the core value "Harmony" and also align with the SDG metric of "Responsible Consumption and Production".</li> </ul>
Major Issues	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Supply Chain Management</li> <li>Procurement practices</li> <li>Supplier environmental assessment</li> </ul>	<ul style="list-style-type: none"> <li>Brand Image management</li> <li>Quality management</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Rapid response with supplier contact hotline and mailbox</li> <li>Announcements of latest news on the official company website</li> <li>Toolbox meeting every morning and pre-employment training</li> <li>"Meetings with the Chairman" supplier tea parties</li> </ul>	<ul style="list-style-type: none"> <li>Town hall meetings</li> <li>The construction site manager maintains regular communication with the local neighborhood chief.</li> <li>A dedicated customer service team is in place for phone inquiries.</li> </ul>
Communication Results in 2022	<ul style="list-style-type: none"> <li>All subcontractors added in 2022 were required to sign the basic construction management requirements for subcontractors and the signature rate was 100%</li> <li>"Meetings with the Chairman" were organized twice, with a total of 9 key material suppliers and construction contractors participating, resulting in effective communication.</li> </ul>	<ul style="list-style-type: none"> <li>Town hall meetings, sponsorship of Mid-Autumn Festival celebration for the local community.</li> <li>Issuing appreciation certificates from neighboring residents.</li> <li>No neighbor disputes or damage incidents were reported in 2022.</li> </ul>
Corresponding Chapters	<ul style="list-style-type: none"> <li>Happy Workplace</li> <li>Supply Chain Management</li> </ul>	



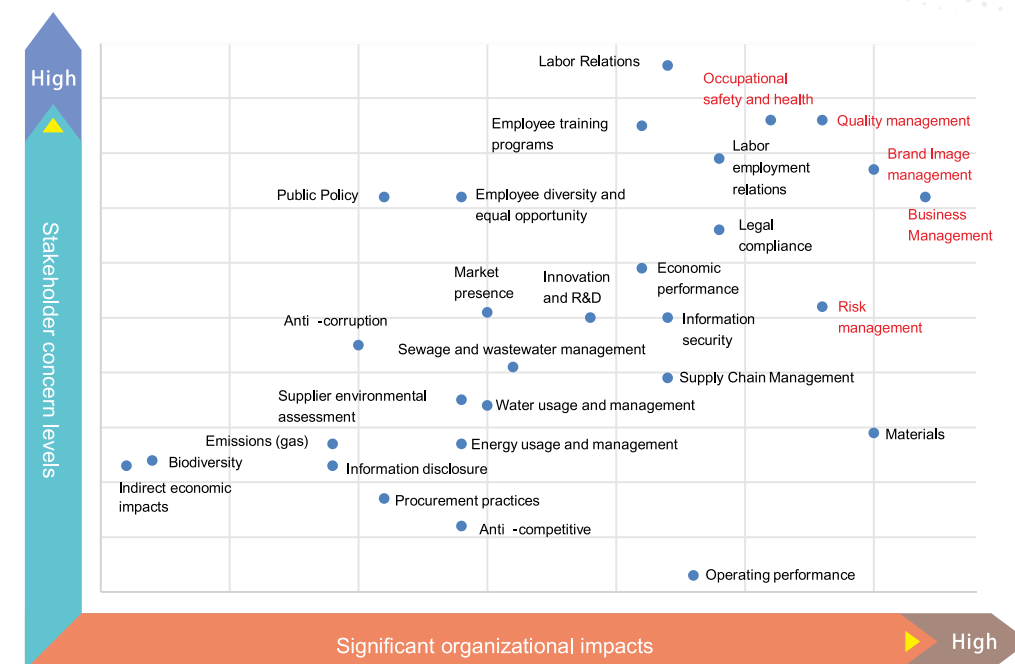


## Stakeholder Concerns and Communication on Key Issues

Stakeholder	Investors/shareholders	Competent authority/government
Significance to Chien Kuo Construction	<ul style="list-style-type: none"> <li>Chien Kuo Construction aims to maximize the interests of investors, implement ethical corporate management, fulfill corporate responsibilities, and develop sustainable value of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Major Issues	<ul style="list-style-type: none"> <li>Business Management</li> <li>Economic performance</li> <li>Risk management</li> <li>Innovation and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Brand Image management</li> <li>Risk management</li> <li>Labor employment relations</li> <li>Legal compliance</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Convene the annual meeting of shareholders each year</li> <li>Convene investor conferences each year</li> <li>Prepare the annual report each year and disclose contents on the official website</li> <li>Prepare the financial report each quarter</li> <li>Dedicated personnel receive and respond to feedback in the investor mailbox</li> <li>Publication of material information when necessary</li> </ul>	<ul style="list-style-type: none"> <li>Regular and ad hoc official correspondences</li> <li>Regular safety and health meetings</li> <li>Instantaneous direct communication on the telephone</li> <li>Correspondence via electronic documents</li> <li>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.</li> </ul>
Communication Results in 2022	<ul style="list-style-type: none"> <li>Announcements in Chinese in compliance with the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.</li> <li>Announcements in English to meet corporate governance requirements.</li> <li>Investor conferences</li> </ul> <div> Published 29 material information  Published 29 material information  Organized 2 </div>	<ul style="list-style-type: none"> <li>Received occupational health and safety-related awards in 2022.</li> <li>Partnered with OSHA on a construction safety and health camp for colleges and universities in December 2022.</li> <li>In November 2022, a visit and study tour from the UK's HSA (Health and Safety Authority) took place in Taiwan's construction sector.</li> <li>Environmental study tours of Zuoying Public Housing in October 2022.</li> </ul> <div>4 awards</div>
Corresponding Chapters	<ul style="list-style-type: none"> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Happy Workplace</li> <li>Quality Assurance</li> </ul>



## Materiality matrix



Note: Material issues in the Report are in bold.

Boundaries of impact within the organization: (1) Employees of Chien Kuo Construction Co., Ltd.

External stakeholders: (2) Customers/owners, (3) suppliers, (4) investors/shareholders, (5) competent authority/government, and (6) project residents/community neighbors.

## Material issues changes table

Aspect	Material issues		Changes	Rationality
	2022	2021		
Society	<b>Occupational safety and health</b>	<b>Occupational safety and health</b>		"Safety first" is Chien Kuo Construction's top priority policy, emphasizing a safe working environment as a critical concern for employees.
Governance aspect	<b>Risk management</b>	<b>Risk management</b>		To ensure sustainable operations, minimize damages, and enhance benefits, we effectively identify, measure, monitor, and control risks.
	<b>Brand Image management</b>	<b>Labor employment relations</b>	Changes to issue	Through brand management, we enhance brand recognition and customer loyalty, facilitating business expansion.
	<b>Business Management</b>	<b>Business Management</b>		The global and regional economic landscape is ever-changing, and stakeholders remain vigilant and concerned.
Environment	<b>Quality management</b>	<b>Quality management</b>		The scope of quality management of Chien Kuo Construction encompasses the entire lifecycle of construction projects and post-sales maintenance management. We strive to ensure that the quality meets customer requirements.
	<b>Sustainable Environment</b>		New	Promoting the sustainability of urban and human habitation is the main objective of our future development.
	<b>Climate change</b>		New	In response to the global challenges posed by climate change, we actively manage climate risks and opportunities to enhance operational resilience.



Material issues in 2022

Issue	Material Issues	Significance to Chien Kuo Construction	Management Approach	Risk and opportunity management	Evaluation and Management Mechanisms	Impact Boundary		Corresponding GRI Topics	Chapter of Disclosure	Page Number
						Within the Organization	Outside the Organization			
1	Occupational safety and health	<ul style="list-style-type: none"><li>“Safety and Public Health First” is the primary policy of Chien Kuo Construction, in line with the principles of the Universal Declaration of Human Rights. We strive to create a work environment that is safe, reassuring, and fulfilling. Our goal is to make Chien Kuo Construction's construction sites the only standard for workers when choosing a workplace.</li><li>By maintaining a safe and healthy construction environment, we ensure smoother construction workflows, enhance the well-being of workers, and indirectly expedite the progress of construction projects. This, in turn, contributes to timely completion of projects with high quality, a win-win for all stakeholders.</li></ul>	<ul style="list-style-type: none"><li>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".</li><li>We have implemented CNS45001 - Taiwan Occupational Health and Safety Management Systems and ISO 45001 - Occupational Health and Safety Management Systems and adhere to their respective management policies.</li></ul>	<ul style="list-style-type: none"><li>Our rigorous safety and health management system has reduced the probability of workplace accidents to zero, thereby creating a positive image.</li><li>With a comprehensive safety and health management system in place, even in the event of an accident, we are able to prevent further damages and respond promptly.</li></ul>	<ul style="list-style-type: none"><li>Set up the Occupational Safety and Health Committee to monitor the results of related business operations.</li><li>We implement daily safety operation cycles, site hazard prevention measures, and pollution control management.</li><li>Organize occupational safety and health training and safety and health contests.</li></ul>	(1)	(2) (3) (5)	GRI 403: Occupational safety and health	Happy Workplace	72
2	Risk management	<ul style="list-style-type: none"><li>To mitigate the risks posed by changes in the construction market, climate change, and international political and economic uncertainties, it is crucial to prudently manage and safeguard our business activities to minimize potential disruptions.</li><li>To address potential risks associated with internal management, such as ethical and legal compliance, we strive to minimize the probability to zero and maintain a robust corporate governance system.</li></ul>	<ul style="list-style-type: none"><li>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".</li></ul>	<ul style="list-style-type: none"><li>Through the Risk Management Unit, we identify and control operational risks.</li><li>Through internal audits and compliance self-assessment procedures, we prevent or mitigate negative non-compliance impacts.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>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.</li></ul>	(1)	(3) (5)	Does not directly correspond to a GRI Topic	Corporate Governance and Risk Management	29 39
3	Brand Image management	<ul style="list-style-type: none"><li>Create a "Premium Architecture" brand image.</li></ul>	<ul style="list-style-type: none"><li>We provide clients with comprehensive solutions, offering end-to-end integrated planning services from design and planning to construction management.</li><li>Implemented of quality management policies.</li><li>Perfected a comprehensive repair system.</li></ul>	<ul style="list-style-type: none"><li>Built fast and professional warranty and repair services.</li><li>Compiled of repair feedback to government departments as a key quality control measure.</li></ul>	<ul style="list-style-type: none"><li>Customer repair satisfaction survey achieved 100% response rate, with an average satisfaction score of 81.6.</li></ul>	(1)	(2)	Does not directly correspond to a GRI Topic	Quality Assurance Customer Service	52 63
4	Business Management	<ul style="list-style-type: none"><li>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.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>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.</li></ul>	<ul style="list-style-type: none"><li>Ensure an effective Board and various functional committees through director performance evaluations and third-party verifications.</li><li>Progressive succession planning.</li></ul>	<ul style="list-style-type: none"><li>The selection, composition, and operations of the Board and functional committees meet the regulations in the "Corporate Governance Best Practice Principles".</li><li>Implement evaluations in accordance with the "Board Performance Evaluation Guidelines".</li><li>The inter-department "Corporate Governance Task Force" promotes and improves corporate governance efficiency and quality</li></ul>	(1)	(2) (4)	GRI 2-9, 2-18: Governance	Corporate Governance	29
5	Quality management	<ul style="list-style-type: none"><li>The scope of quality management of Chien Kuo Construction covers the entire lifecycle of construction projects, including materials, construction verification, and post-sales maintenance management. We strive to ensure that the quality meets international standards and customer requirements.</li></ul>	<ul style="list-style-type: none"><li>Ensure the quality management policy "Excellence in quality, lifetime cost, and sustainable innovation".</li><li>Implemented and certified for ISO9001 quality management systems.</li></ul>	<ul style="list-style-type: none"><li>Rigorously control quality to precisely manage project timelines.</li><li>Efforts to minimize unnecessary rework and construction errors enable us to effectively manage costs.</li><li>For quality deficiencies, the Quality Assurance Department, the Technology Department, and other departments, analyze the causes, implement solutions, and develop preventive measures.</li></ul>	<ul style="list-style-type: none"><li>Drive continuous quality improvement through internal and external quality audits.</li><li>Organize quality assurance activities through conducting lean construction competitions.</li></ul>	(1)	(2) (3) (5)	GRI 416-1: Customer Health and Safety	Quality Assurance	52
6	Sustainable Environment	<ul style="list-style-type: none"><li>Building upon our core values, Chien Kuo Construction's main objective in future development is to promote urban and human habitation sustainability.</li></ul>	<ul style="list-style-type: none"><li>Strategies are developed based on Taiwan's Pathway to Net-Zero Emissions in 2050.</li><li>Yearly target of 5% emissions reduction</li></ul>	<ul style="list-style-type: none"><li>Low-carbon building technology R&amp;D</li><li>Nearly zero-carbon building planning and design</li><li>Gradual replacement of energy-consuming equipment in office spaces.</li><li>Addressing the environmental impact of air and water pollution.</li></ul>	<ul style="list-style-type: none"><li>Yearly targets for patent R&amp;D.</li><li>All public housing projects require nearly zero-carbon building planning and design.</li><li>Energy-saving equipment used for AC and lighting in office areas. Preservation of existing mature trees on sites to promote biodiversity.</li><li>Measures taken to reduce and prevent environmental pollution.</li></ul>	(1)	(3)	Does not directly correspond to a GRI Topic	Innovative technologies Sustainable environmental	47 86
7	Climate change	<ul style="list-style-type: none"><li>Positive impacts on the construction industry in mitigating climate change.</li></ul>	<ul style="list-style-type: none"><li>Identification of climate change impacts and development of responsive strategies.</li></ul>	<ul style="list-style-type: none"><li>Enhanced construction site management to prevent climate change risks.</li><li>Development of management systems or facilities to adapt to climate change.</li><li>Work progress affected by hurricanes, heavy rains, and water shortages.</li></ul>	<ul style="list-style-type: none"><li>Strengthened safety inspections at construction sites to prevent accidents.</li><li>The management regularly holds internal meetings to review climate impacts and preventive measures.</li><li>Recycling groundwater through excavation.</li></ul>	(1)	(2) (3)	Does not directly correspond to a GRI Topic	Climate change Happy Workplace	83 72



## 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.



### The core values of Chien Kuo Construction align with the United Nations Sustainable Development Goals (SDGs).



### Chien Kuo Construction's Alignment with SDGs Practices

SDGs	Chien Kuo Construction's Measures for Aligning with SDGs	
 Zero Hunger	<b>Objective</b> Embracing a mindset of empathy and fulfilling corporate social responsibilities. <ul style="list-style-type: none"> <li>We have long partnered with foundations such as Genesis, Zenan, and Huashan to care for underprivileged groups. Furthermore, we provide our employees with two paid volunteer leave days each year. In 2022, our employees volunteered a total of 94 hours. The company also participated in donation activities, contributing a cumulative total of NT\$48,190,061 towards Lunar New Year food programs.</li> <li>A 5% growth in donation amount is expected in 2023.</li> </ul>	 Industry, Innovation, and Infrastructure <b>Objective</b> Enhancing competitiveness through innovative research and development. <ul style="list-style-type: none"> <li>We commit to investing in low-carbon construction method R&amp;D, setting medium to long-term goals, and annually assessing our R&amp;D accomplishments.</li> <li>Every year, we aim to apply at least one new low-carbon construction method in a new project.</li> </ul>
 Good Health and Well-being	<b>Objective</b> Creating a healthy workplace <ul style="list-style-type: none"> <li>In addition to legally required health examinations, we provide free health check-ups for all employees once every two years.</li> <li>Our employee health management and support program proactively assess the physical and mental well-being of our employees for abnormal signs. In 2022, we provided occupational medical consultations for 12 and delivered occupational health education for 32 individuals.</li> <li>Encourage the establishment of sports clubs with an annual reward of NT\$5,000.</li> </ul>	 Sustainable Cities and Communities <b>Objective</b> Building sustainable cities. <ul style="list-style-type: none"> <li>The dedicated Customer Service Department ensures the safety and well-being of tenants and documents their experiences. This information serves as a reference for repair and new construction projects for longer lasting buildings.</li> <li>With 2018 as the baseline year, we aim to achieve a 5% reduction in energy emissions at the headquarters within three years.</li> </ul>
 Quality Education	<b>Objective</b> Enhancing employee competencies and supporting cultural development. <ul style="list-style-type: none"> <li>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.</li> <li>With a comprehensive training system in place, each employee averaged 13 hours of training in 2022.</li> <li>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.</li> </ul> In 2023, we aim to increase the average training hours per employee by 10%.	 Responsible Consumption and Production <b>Objective</b> Creating a mutually beneficial and prosperous community. <ul style="list-style-type: none"> <li>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.</li> <li>We engage in pre-construction communication with the communities and residents, as well as provide repair services to reduce inconvenience caused by construction activities to the neighborhood. We also leverage our professional expertise to enhance their living quality, fulfilling our corporate social responsibility.</li> <li>We make donations annually to support the neighborhood festivals and events near our construction sites.</li> </ul>
 Decent Work and Economic Growth	<b>Objective</b> Establishing a high-quality workplace. <ul style="list-style-type: none"> <li>We establish a comprehensive promotion and salary system, setting appropriate salary structures to eliminate any wage inequalities for the same role. Over the past three years, the average salary adjustment was 3%.</li> <li>We provide a safe and comfortable work environment, giving top priority to workplace safety and hygiene in accident-free construction sites. We promote workplace equality and strictly prohibit workplace harassment. We respect the needs of female employees, such as by providing breastfeeding rooms to meet their nursing requirements. Maternity leaves encourage female employees to become mothers.</li> <li>The number of participants in the reserve manager training program increased by 5% year-on-year.</li> <li>Monitor environmental changes and make adjustments to the salary system accordingly.</li> <li>Hold three health seminars and provide 200 hours of ethics and integrity training annually.</li> </ul>	 Climate Action <b>Objective</b> Achieving net-zero emissions by 2050. <ul style="list-style-type: none"> <li>Chien Kuo Construction established the Aluminum Formwork System Business Unit in 2021 to support environmental protection, carbon reduction, and green construction. Replacing traditional wooden formwork with aluminum formwork can effectively reduce 48% in carbon emissions, as demonstrated by the Zuoying Public Housing Project and as has been validated by LCBA.</li> <li>We have developed the new construction method for SD550 steel reinforcement, which reduces the amount of steel reinforcement used in high-rise buildings. This innovative method has been verified by the Low Carbon Building Alliance (LCBA) for its effective energy-saving and carbon reduction results.</li> <li>Using effectively professional planning, design, and construction integration, Chien Kuo Construction has successfully developed nearly zero-carbon turnkey projects such as Zuoying Public Housing and Dingfu Social Housing.</li> <li>Certified ISO 14001 in 2023. Certified ISO 14064-1 in 2024.</li> </ul>





# Ethics

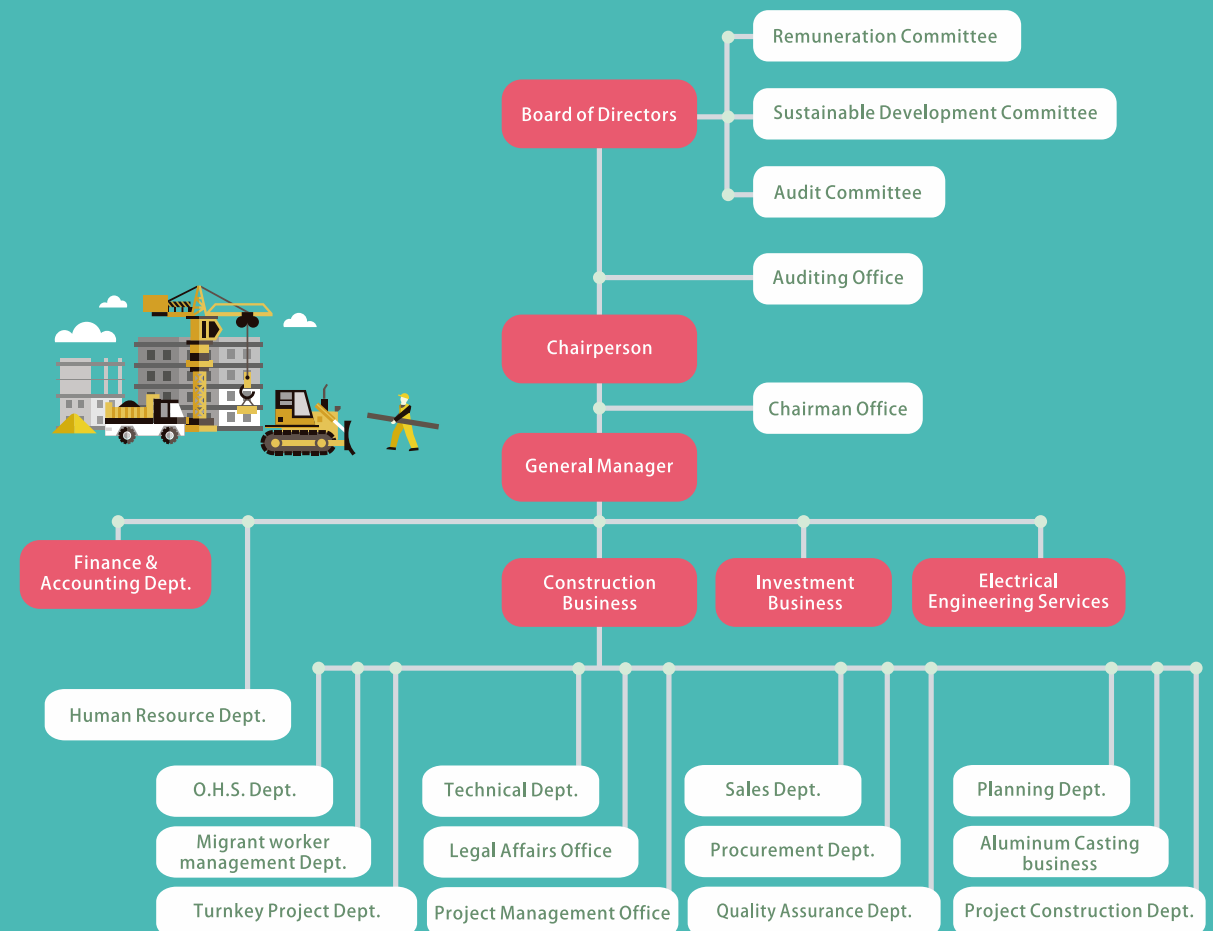
Honesty and integrity, activeness,  
and respect for life

## Corporate Governance

### Professional Teams / GR12-9

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 a Corporate Governance Team comprising representatives from the Legal Affairs Department, Audit Office, and the Secretariat of the Board, appointed by the Board of Directors. The team provides legal training and information campaigns, urging and assisting departments in enhancing corporate governance evaluation items. It ensures the completion of self-assessment for corporate governance evaluations, thereby reinforcing and enhancing transparency in corporate governance information. Furthermore, the Board of Directors made a resolution on November 11, 2022, to establish a 'Sustainable Development Committee' as the highest guiding unit for advancing sustainability initiatives. In 2022, we held 6 Board meetings, 6 Audit Committee meetings, 2 Compensation Committee meetings, and 1 Sustainability Development Committee meeting to enhance corporate governance effectiveness and quality.





Major units and their responsibilities:

Department Name	Business
Chairman Office	1.Supervise and verify the operational performance of the Group and its various business segments. 2.Design and implement the business strategy of the Group and its various business segments. 3.Execute Board resolutions. 4.Maintain investor relations. 5.Design and implement environmental protection, sustainable development, and corporate social responsibility (CSR), define corporate identity (CI), and maintain corporate image.
Construction Business	1.Contract for and construction of residential buildings, factory, technology buildings, office buildings, medical facilities, large-scale industrial/commercial wholesale/shopping development projects. 2.Construction project management services. 3.Promote R&D works regarding new construction technology. 4.Architecture design, plan and implement the construction operation on a turnkey basis.
Electrical Engineering Services	1.Planning, design, and implementation of standardized electrical engineering operations. 2.Establishment of electrical engineering standards, specifications, and analysis reviews. 3.Establishing in-house and subcontractor management for electrical engineering. 4.Quality and progress control of electrical engineering, system testing, and reviews. 5.R&D and promotion of new electrical engineering technologies. 6.Planning and execution of electrical engineering in integrated projects.
Aluminum Formwork System Business	1.Planning and executing aluminum formwork construction for construction projects. 2.Aluminum formwork preparation based on short, medium, and long-term needs. 3.Full life-cycle applications of aluminum formwork. 4.Development and expansion of related technologies for aluminum formwork construction.
Investment Business	1.Managing and investing company funds in domestic and international fixed-income products, equity products, and derivatives to achieve optimal returns on investments. 2.Exploration, investment, feasibility analysis, execution, and operational management of new ventures. 3.Real estate market research, land development strategy recommendations, investment analysis and estimation, project development proposals, and contract document reviews.
Human Resource Dept.	1.The establishment of human resources system, addition and supplementation of human power, education training and development, salary and wages, assessment and promotion, registration, editing and documentation of the Company's personnel information. 2.Launch projects to promote the Company's vision and strategy - key performance evaluation, incentive rewards, occupational competence evaluation. 3.Establish a labor-management communication platform to maintain good labor-management relations, promote labor-management harmony and achieve a win-win situation for both parties. 4.Proactively promote professional educational training (BIM, P6, standard drawing management), cooperate with the government to improve labors' expertise and major, and participate in the talent promotion programs organized by the Workforce Development Agency, Ministry of Labor. 5.Other personnel administration.
Finance & Accounting Dept.	1.Accounting works and preparation of financial statements, planning and treatment of taxation. 2.Prepare, execute and review the annual budget. 3.Fund planning and raising, daily financial operations, post-investment tracking management and other services. 4.Assist the business units in the feasibility assessment of new business development, return on investment and use of funds. 5.Plan and implement the strategic development of enterprise-wide hardware and software. 6.Plan and implement relevant information security safeguards. 7.Build an ERP system and other services that are needed for future business development.

Board of Directors / GRI 2-10、GRI 2-11、GRI 2-12、GRI 2-17、GRI 2-18

The highest governance body of Chien Kuo Construction is the Board of Directors, chaired by Chairman Chang-shiou WU, responsible for overseeing the overall operations of the Company and supervising policy implementation of the management team. The Board of Directors follows the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Board Meeting Rules." It also regulates the principles of avoiding conflicts of interest by directors, adhering to legal requirements, and striving to enhance the soundness of corporate governance while upholding the principles of integrity and avoiding conflicts of interest.

The Company's Audit Committee, in accordance with the "Audit Committee Organization Regulations," is composed of all independent directors, with a minimum of 3 members, 1 of which is selected among the members as the convener. At least 1 member should possess accounting or financial expertise.

About the Board Members

Title	Name	Gender	Education and experience
Chairperson	Chang-shiou WU	Male	PhD, Civil Engineering & Engineering Mechanics, University of Arizona (USA) Concurrently, Chairman, Shun Long International Electrical Engineering Co., Ltd.
Vice Chairman	Chi-Te CHEN	Male	MBA, University of Santa Clara, (USA) Chairman, Chien Hwei Investment Co., Ltd.
Director	Pang-Yen YANG	Male	Master of Instrument Engineering, University of California (USA) Chairman, Huacheng Capital Co., Ltd.
Director	Tzu-Chiang YANG	Male	PhD, Business Management, National Chengchi University MBA, University of Illinois at Urbana-Champaign, USA Chairman, Huihong Consulting Co., Ltd.
Director	Pai-tso SUN	Male	Master of Business Administration, National Chengchi University CFO, Chien Kuo Construction Co., Ltd.
Director	Chung CHENG	Male	Master of Electrical and Computer Engineering, University of California MBA, San Diego State University (USA) Chairman, China Real Estate Management Co., Ltd.
Director	Chu-hsin LEE	Male	BS in Electrical Engineering, National Chiao Tung University. Independent Director, Qbic Technology Co., Ltd.
Director	Chi-hsin CHEN	Male	Business Department, Kuochi Senior Vocational High School Business Manager, Headway Advanced Materials Inc.
Director	Yu-jui CHNAG	Male	M.B.A., National Dong Hwa University General Manager, Chuan Tung Shareholder Service Co., Ltd.
Director	Rui-hsing TSAI	Male	Martin College DIPLOMA OF GRAPHIC DESIGN (MULTIMEDIA) Chairman, Perfect Investment International Co., Ltd.
Independent Director	Chin-pao TSAI	Male	Macc, LL. M, National Chengchi University. Chairman, Jiaguang Development Industrial Co., Ltd.
Independent Director	Chen-yu FENG	Male	J.D., Cornell University (USA) 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	M.S. in Civil Engineering, University of Texas at Austin(USA) Company Representative, Citygreat Information Technology Co., Ltd.



To strengthen the competencies of directors, the company arranges or encourages them to attend professional development courses related to corporate governance, operational judgment, risk management, business, commerce, legal matters, accounting, financial analysis, and sustainable governance (ESG). This continuous commitment enables our directors to enhance their professional skills. All directors have fulfilled the requirement of completing at least 6 hours of professional development in 2022, in accordance with the Guidelines for Continuing Education of Directors and Supervisors of Listed and OTC Companies.

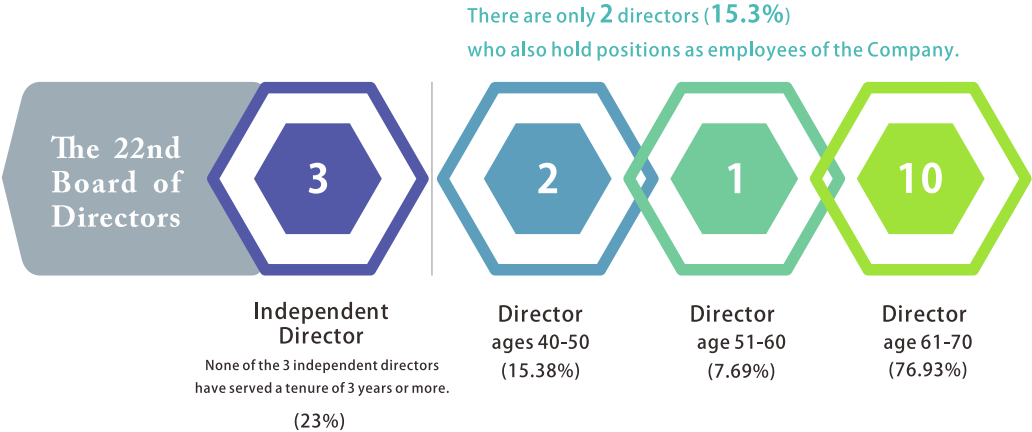
### Director Professional Development Information

Position	Name	Date	Organizer	Course Title	Number of Hours (hours)	Total hours (hours)
Director	Chang-shiou WU	2022.09.20	Taiwan Corporate Governance Association	Ten Courses on Corporate Governance	3	6
		2022.10.05	Taiwan Corporate Governance Association	Sustainable Business Excellence - External Innovations	3	
	Chi-Te CHEN	2022.11.8	Taiwan Corporate Governance Association	Advancing Corporate Governance: Creating an Ethical Business	3	6
		2022.11.25	Taiwan Corporate Governance Association	Legal Restrictions and Judgment Analysis of Directors and Supervisors' Equity	3	
	Pang-Yen YANG	2022.12.13	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3	6
		2022.12.20	Taiwan Corporate Governance Association	Prevention is Better than Cure: The Importance of Corporate Risk Management	3	
	Tzu-Chiang YANG	2022.09.22	Taiwan Corporate Governance Association	Avoiding Breach of Trust and Unconventional Transactions in Director Decision Making	3	6
		2022.11.10	Taiwan Corporate Governance Association	Safeguarding Trade Secrets and Preventing Insider Trading	3	
	Chung CHENG	2022.08.19	Taiwan Corporate Governance Association	Cases Studies in Corporate Management Disputes	3	6
		2022.12.09	Taiwan Corporate Governance Association	Creating a Risk Smart Organization: Preventing, Detecting, and Investigating Fraud Risks	3	
	Chu-hsin LEE	2022.09.07	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3	6
		2022.09.07	Taiwan Corporate Governance Association	Corporate Governance Evaluation (including ESG items)	3	
	Yu-jui CHNAG	2022.08.30	Taiwan Corporate Governance Association	Legal Perspectives on Investment and Merger & Acquisition Evaluation and Execution	3	6
		2022.09.23	Taiwan Corporate Governance Association	The Virtual World Boom: The Future Development of Metaverse and Cryptocurrency Blockchain	3	
	Chi-hsin CHEN	2022.07.13	Securities & Futures Institute	Assessing the Legality of Cybersecurity Management under Ransomware Threats	3	6
		2022.07.20	Securities & Futures Institute	Exploring Merger Integration Issues in Corporate M&A Processes	3	
	Rui-hsing TSAI	2022.11.8	Taiwan Corporate Governance Association	Advancing Corporate Governance: Creating an Ethical Business	3	6
		2022.12.13	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3	
Independent Director	Pai-tso SUN	2022.11.18	Taiwan Corporate Governance Association	Exploring Key Integration Issues in the M&A Process	3	6
		2022.12.09	Taiwan Corporate Governance Association	Creating a Risk Smart Organization: Preventing, Detecting, and Investigating Fraud Risks	3	
	Chin-pao TSAI	2022.04.20	Computer Audit Association	Addressing Personal and Organizational Responses to Cybersecurity Risks through Case Studies	3	6
		2022.08.11	Taiwan Academy of Banking and Finance	Anti-Money Laundering and Principles of Fair Treatment of Customers	3	
	Chen-yu FENG	2022.11.04	Taiwan Corporate Governance Association	Practical Approaches and Case Studies in Corporate M&A	3	6
		2022.12.13	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3	
	Li-hsing I	2022.11.08	Taiwan Corporate Governance Association	Advancing Corporate Governance: Creating an Ethical Business	3	6
		2022.12.20	Taiwan Corporate Governance Association	Prevention is Better than Cure: The Importance of Corporate Risk Management	3	



### Board Diversity, Expertise, and Independence

- The 22nd Board of Directors of the Company serves from July 22, 2021, to July 21, 2024, consisting of 13 directors (including 3 independent directors) appointed by the shareholders' meeting, with an additional director elected by the board as the Chairman.
- Composition of the 22nd Board of Directors: 3 independent directors (23%). Age distribution of directors: 2 directors ages 40-50 (15.38%), 1 age 51-60 (7.69%), 10 ages 61 and above (76.93%).
- The Chairman of the Board, Mr. Chang-shiou WU, concurrently serves as the Chairman of Shun Long International Electrical Engineering Co., Ltd., a subsidiary of the Company.



### Diversity, Expertise, and Independence of Individual Directors:

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		66 -70	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		56 -60	V								
Yu-jui CHNAG		41 -45	V				V	V			
Rui-hsing TSAI		41 -45	V	V	V						
Chin-pao TSAI		66 -70	V						V		
Chen-yu FENG		66 -70							V	V	
Li-hsing I		66 -70	V			V	V	V	V		



Relations Between the Top 10 Major Shareholders / GRI 2-15

The shareholder holding a stake of more than 10% is solely Mr. Chi-Te CHEN, who also serves as a director. Mr. Chi-Te CHEN has duly recused himself from any board discussions involving conflicts of interest.

Name (Note 1)	Personal Shareholding		Spouse & Minor Shareholding		Combined Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship (Note 3)		Remark Note
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or name)	Relationship	
Chien Hwei Investment Co., Ltd. Chairperson: Chi-te CHEN	46,011,532	17.87%	0	0.00%	0	0.00%	Stone Publishing, Deqing Investment, Jui Hwei Trading	Chairman is the same person.	-
Chi-Te CHEN	18,844,139	7.32%	2,101,672	0.82%	0	0.00%	Son Chen-ching CHEN, spouse Shen-yu PANG	Relatives within second degree of kinship	-
							Taiwan Cement Corporation	Director of the Company	
Chen-Ching CHEN	13,632,515	5.30%	0	0.00%	0	0.00%	Chi-te CHEN, Shen-yu PANG	Relatives within second degree of kinship	-
							Deqing Investment	Supervisor of the Company	
Rock Publishing Intl. Chairperson: Chi-te CHEN	8,824,783	3.43%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Jui Hwei Trading	Chairman is the same person.	-
Taiwan Cement Corporation Chairperson: An-ping CHANG	7,522,235	2.92%	0	0.00%	0	0.00%	Chi-Te CHEN	Chi-te CHEN is the representative of the corporate director of the company.	-
Deqing Investment Co., Ltd. Chairperson: Chi-te CHEN	5,760,000	2.24%	0	0.00%	0	0.00%	Chien Hui Investment, Rock Publishing Intl., Jui Hwei Trading	Chairman is the same person.	-
							Chen-Ching CHEN	Supervisor of the Company	
Feng-chum CHOU	5,615,000	2.18%	0	0.00%	0	0.00%	None	None	-
Mei-chen He	2,720,638	1.06%	0	0.00%	0	0.00%	None	None	-
Jui Hwei Trading Co., Ltd. Chairperson: Chi-te CHEN	2,118,629	0.82%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Rock Publishing Intl.	Chairman is the same person.	-
Shen-yu PANG	2,101,672	0.82%	18,844,139	7.32%	0	0.00%	Son Chen-ching CHEN, spouse Chi-te CHEN	Relatives within second degree of kinship	-

Note 1: Please separately identify the names of the top 10 shareholders and, where the shareholder is a corporation, separately list the names of the corporate shareholder and its representative.

Note 2: The calculation of shareholding ratio should separately indicate the percentage of shares held under the person's own identity, under spouse, minor children, and by nominee arrangement.

Note 3: The relationships between the shareholders listed above, including juristic persons and natural persons, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: Book closure date: April 22, 2022.

Board of Directors (including functional committees) performance evaluation

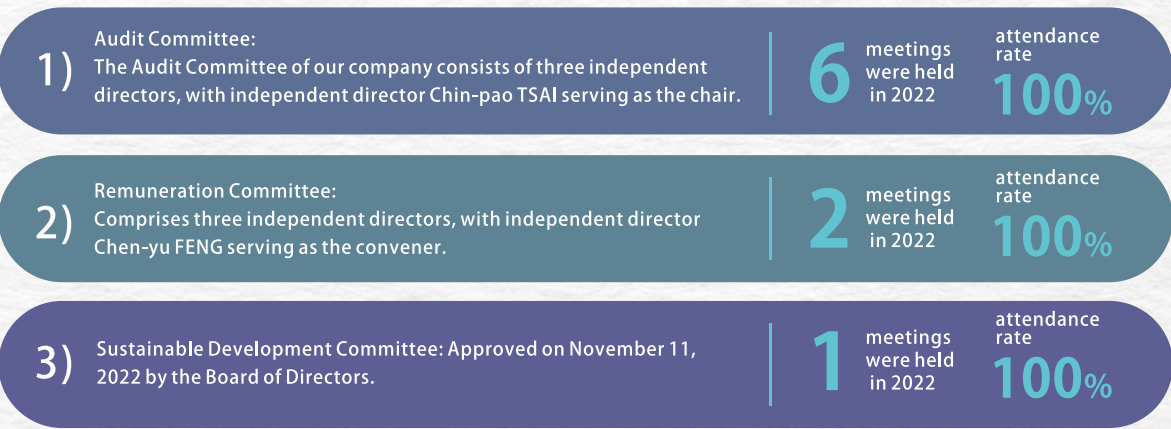
To implement corporate governance and enhance the functioning of the Board of Directors, we have established the "Board Performance Evaluation Guidelines," conducting annual evaluations based on the procedures and criteria set forth therein. The Corporate Governance Officer distributes the "Self-Assessment Form for Board Members" and "Self-Assessment Form for Functional Committee Members" to all directors and committee members. The results are then calculated by the Corporate Governance Team following the criteria. The Board of Directors will be provided with the report on the results of the performance evaluation before the end of the first quarter each year.

Areas of Board of Directors performance evaluation

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



Functional committees under the Board of Directors



Remuneration Policy and Determination Process / GRI 2-19、GRI 2-20

Remuneration Policy

According to the "Remuneration Committee Charter," the Committee shall exercise due care of a prudent manager and establish and regularly review the policies, systems, standards, and structures of the annual and long-term performance targets and compensation of the directors and executives. The Committee shall also periodically assess the achievement of performance targets by the directors and executives, and determine the specifics and amount of their individual compensation.



## Remuneration Determination Process

The performance and compensation evaluations and reviews of directors and executives by the Remuneration Committee should reference the customary compensations in the industry. Factors to consider include individual performance, time committed, responsibilities undertaken, achievement of personal targets, performance in other positions, compensation given to individuals in similar positions in recent years. In addition, the evaluation of individual performance should also consider the performance of the Company's short and long-term business objectives, financial conditions, and a reasonable correlation with the Company's operational performance and future risks. Percentages of short-term performance bonuses for directors and senior executives, as well as the timing of variable remuneration, should be determined taking into account industry profiles and the nature of the business activities.



## Sustainable Development Committee / GRI 2-13、GRI2-14

The Public Affairs Office has for years been responsible for carrying out corporate social responsibility initiatives. In 2021, the Board of Directors appointed Yu-yun LIN, Assistant Vice President of the Legal Affairs Department, as the Corporate Governance Officer. The Corporate Governance Team was formed, consisting of representatives from the Legal Affairs Department, Audit Office, Public Affairs Office, Secretariat of the Board, and Human Resources Division. The Team is responsible for planning, implementing, and overseeing corporate governance and corporate social responsibility (CSR) related matters. In November 2022, the Board of Directors approved the establishment of the "Sustainable Development Committee." The committee's responsibilities include:

1. Formulating the company's sustainable development policies.
2. Corporate sustainability encompasses the establishment of targets, strategies, and implementation plans for sustainable governance, ethical business practices, and environmental and social aspects.
3. The Company reviews, monitors, and revises the implementation and effectiveness of its sustainability initiatives, and regularly reports to the Board.
4. The Company pays attention to the issues and oversees the communication plans related to stakeholders (shareholders, customers, suppliers, employees, government entities, non-profit organizations, communities, and the media) in order to address their concerns.

There are three major functional teams under the committee responsible for data collection, planning, evaluation, and implementation of issues related to environmental sustainability, social welfare, and corporate governance. Each team is assigned to relevant business units for executing and collecting data on their respective issues. The execution, tracking, and review of these issues are conducted at different frequencies (daily, weekly, monthly, quarterly, semi-annually, annually). The heads of each unit report the execution results and challenges encountered to the Chairman during weekly meetings. The Company also engages in regular communication with stakeholders, paying attention to the issues they are concerned about and providing timely responses.

The Board of Directors regularly receives reports from the Sustainable Development Committee, including ESG reports and updates on significant communication events. The Board oversees the implementation and operation of the committee and will continue to advance sustainable development efforts in enhancing our corporate governance framework, practicing green engineering, and fulfilling its responsibilities as a good corporate citizen.

### Organizational structure of the Sustainable Development Committee



Teams	Responsibilities of	Functions
Sustainable Environment and Green Technology Team	Office of the General Manager, Technology Department, General Affairs Department	Climate change and greenhouse gas management, Energy management for construction sites and headquarters, R&D of low-carbon construction methods and new technologies
Employee Benefits and Social Engagement Team	Human Resource Department, Business Division, Department of Safety and Health, Public Relations Office, Procurement Department	Compensation and benefits, Labor relations, Occupational health and safety, Human resource development, philanthropic activities, Enhancing service excellence and visibility, Supplier management, Customer satisfaction
Ethical Governance and Risk Control Committee	Secretariat of the Board, Finance & Accounting Department, Legal Affairs Office	Corporate governance, Sustainable business, Integrity and trustworthiness, Operational performance, Risk management

## Association memberships / GRI2-28

To advance Taiwan's construction industry, we actively participate in relevant associations (see table below), professional societies (e.g. Taiwan Society of Construction Law), and other organizational activities and operations, and deeply engage communication and exchanges with industry members. We provide feedback to society and stakeholders with hopes to promote soundness and sustainable industry development.

### Association memberships

Association	Membership Qualifications
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

## Business Performance / GRI 201-1

The financial information in the Report is consistent with the contents of the Company's financial statements with no discrepancies.

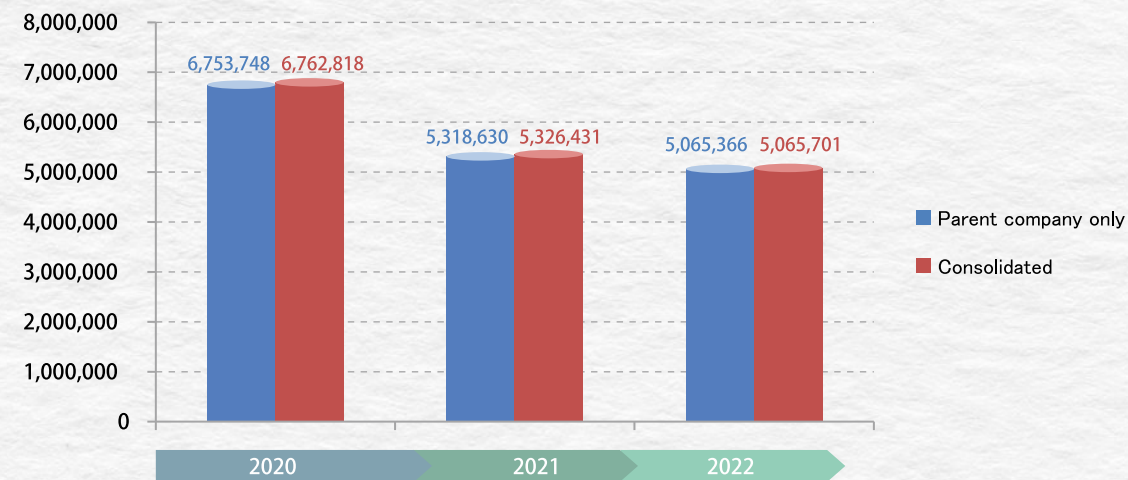
### Business Performance

Year	2020	2021	2022
Parent-company-only liabilities to assets ratio	46.53	43.73	39.44
Parent-company-only return on assets	4.73	4.96	2.40
Parent-company-only financial leverage	1.07	1.03	1.05
EPS (earnings per share in NT\$)	1.43	1.57	0.72
Parent-company-only total assets	8,282,234	8,357,295	7,828,827
Parent-company-only paid-in capital	2,574,401	2,574,401	2,520,001
Parent-company-only retained earnings	1,707,664	1,911,101	1,846,895
Parent-company-only shareholder equity	4,428,651	4,702,578	4,740,848
Parent-company-only total revenue	6,753,748	5,318,630	5,065,366
Parent-company-only operating expenses	272,776	299,484	293,848
Parent-company-only salary expenses	379,586	421,887	394,964
Parent-company-only pension expenses	16,524	17,915	18,010
Parent-company-only benefits expenses	463,366	515,951	478,849
Parent-company-only pre-tax income	428,858	487,671	224,985
Parent-company-only income tax expenses	54,953	82,521	40,870

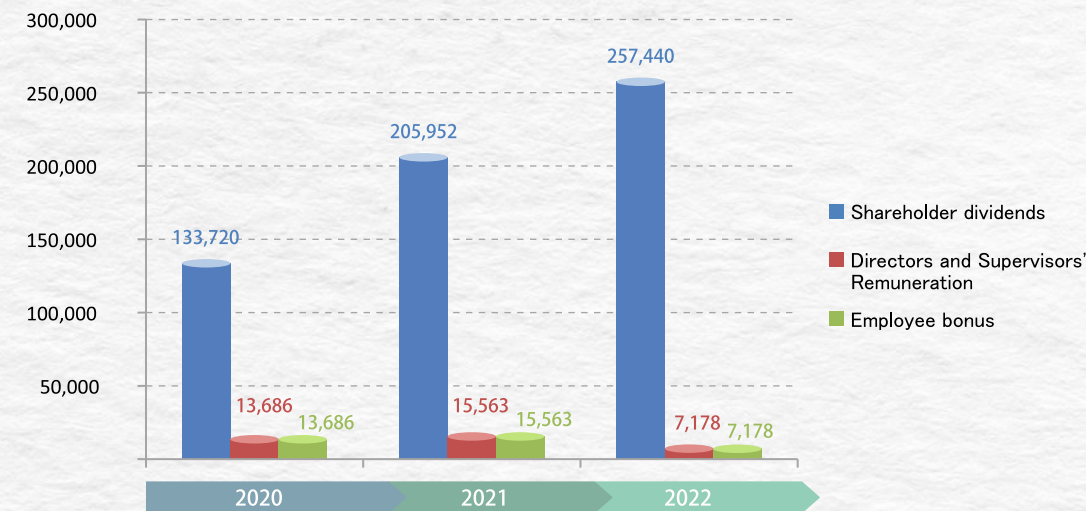
Note: Last year's Report included individual performance in some sections and consolidated performance in others, resulting in inconsistent standards. Starting from this year, we have made revisions to report all performance based on parent-company-only results.



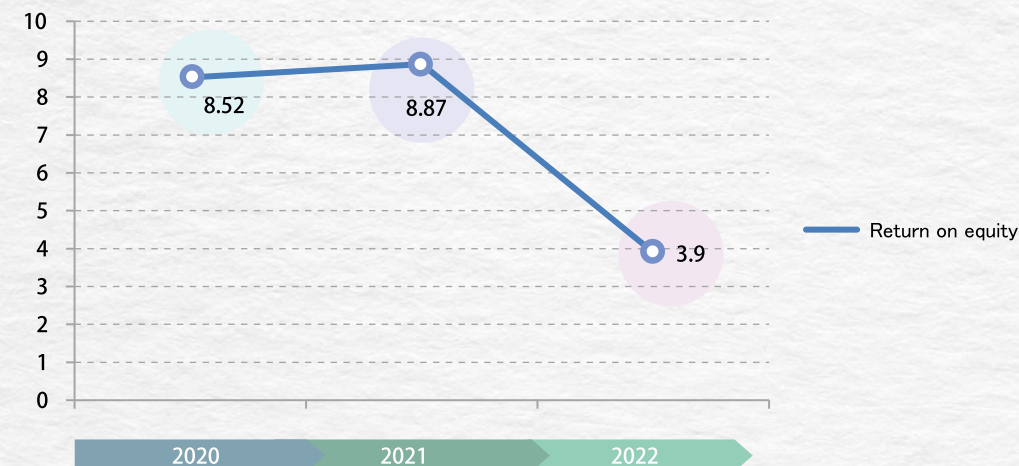
### Revenue performance over the past three years



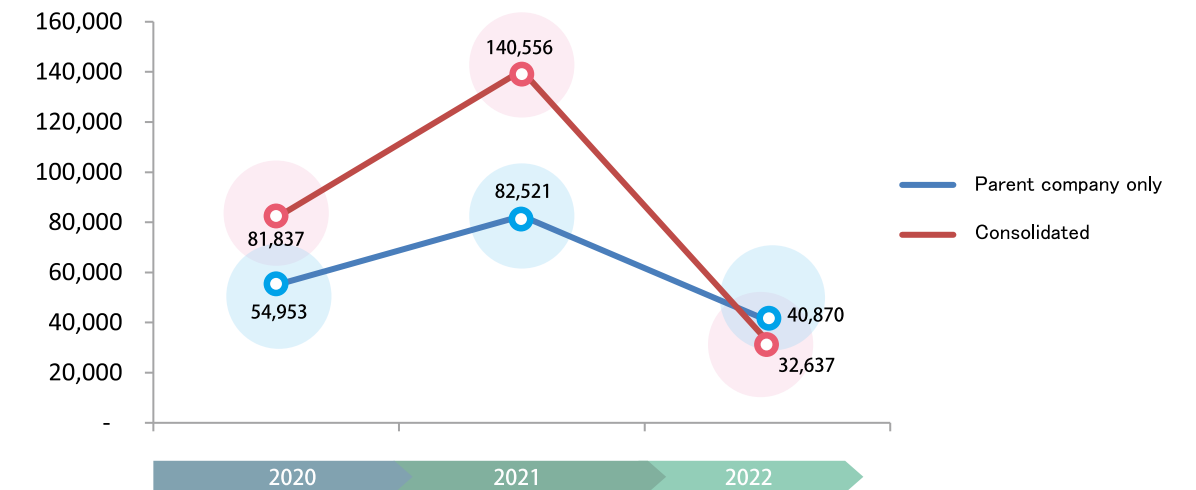
### Dividend distribution trends in the last three years



### Shareholders' equity return rate in the last three years



### Income tax expenses in the last three years



## Risk management

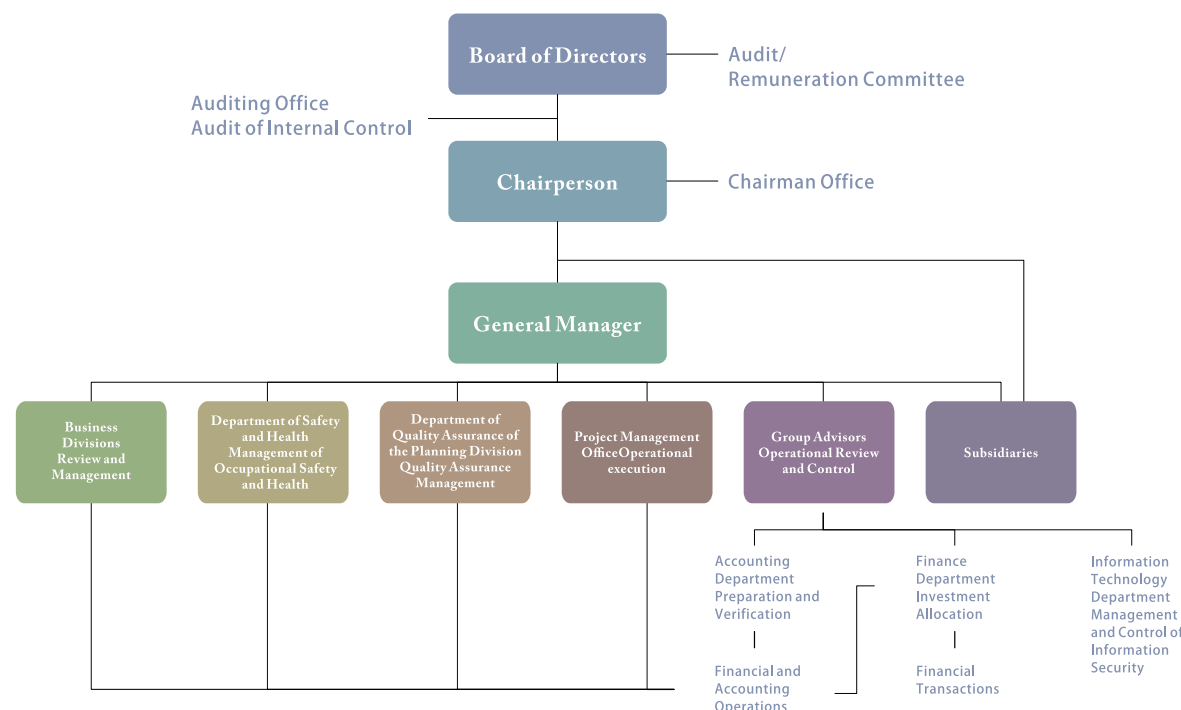
In recent years, both the landscape and internal/external environments of the entire construction industry have undergone changes. In response, Chien Kuo Construction has set forth policies, operational norms, and mechanisms for risk management. These serve as guidelines for risk management across all business units. Through regular identification, control, tracking, improvement, auditing, and reporting at various levels, the Company ensures that managers adhere to the policies and guidelines and implement routine risk control operations. The Company controls risks through interrelated procedures, including business acquisition, procurement and subcontracting, occupational health and safety, quality assurance, project management, operational collection, and investment and loaning. Internal control mechanisms are in place to ensure effective risk management, and regular self-assessment of implementation effectiveness and internal audits are conducted to monitor compliance. These measures aim to continuously improve management practices. Based on the type of contract and the execution stage, management personnel adopt distinct strategies. To ensure the effectiveness of various risk management mechanisms, the practical implementation of risk management functions, and the adequacy of capital and solvency, we continuously track and manage identified high-potential risk projects. Our aim is to keep them within the controlled risk appetite as stipulated by the Company and ensure the achievement of our sustainable business goals. Refer to the "Risk Analysis and Assessment" in the Company's 2022 Annual Report at [www.ckgroup.com.tw/investors/report](http://www.ckgroup.com.tw/investors/report).

Risk Analysis and Assessment

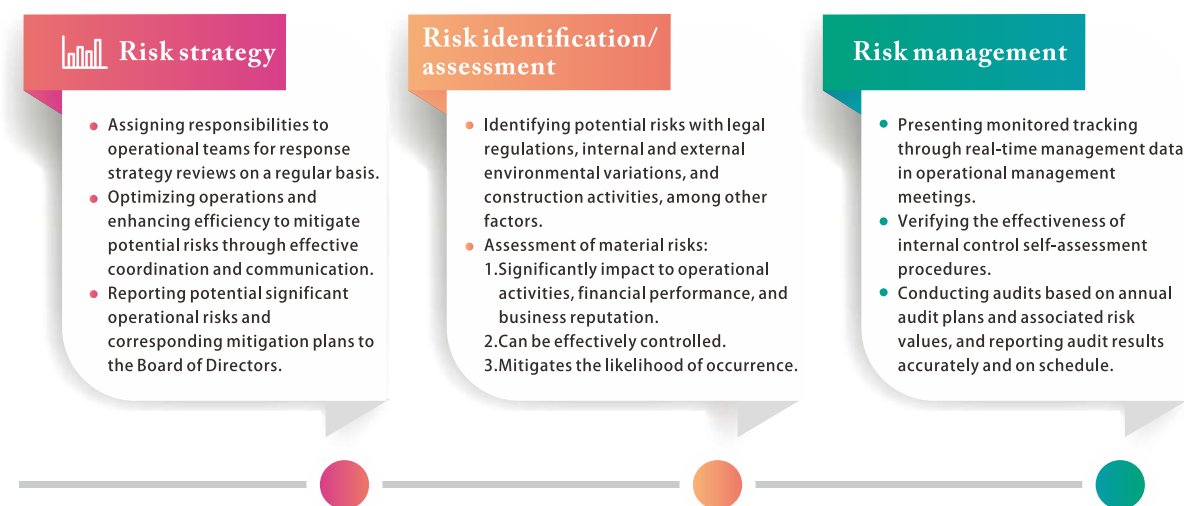




## Risk management responsibility unit



## Risk control process



## Risk management in the construction industry

Risk Item	Risk Description	Addressing risks and opportunities
Work environment Personal safety	At construction sites, multiple tasks are often carried out simultaneously during different phases, resulting in complex and intertwined project interfaces. The sites are narrow and cluttered with multiple work crews, leading to high potential for hazards. Furthermore, the safety is impacted by changing weather conditions and increasing building heights. In Taiwan, workplace safety and health measures are not always prioritized, leading to a heightened probability of occupational accidents jeopardizing personal safety.	The Company upholds the principle of "safety and health first and quality foremost" in ensuring 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.

Risk Item	Risk Description	Addressing risks and opportunities
Changes in the construction market	Market demand for construction and the types of buildings required are influenced by both domestic and international financial policies, the economy, major public construction projects, and the return of Taiwanese businesses for plant construction. Currently, the construction industry is confronted with challenges such as an aging workforce and labor shortages, coupled with volatile international situations and material shortages. As a result, the cost and risks associated with organizational development and operational adjustments have been on the rise.	The company engages in a diversified range of product contracts, encompassing services in refined residential, commercial buildings, factory offices, public housing, and more. We also adapt to government initiatives and market trends, venturing into innovative areas such as smart buildings, construction automation, and the development of new construction methods. For instance, this includes the smart construction of facilities such as science parks, industrial zones, and redevelopment projects.
Insufficient construction personnel onsite	The construction industry is regionally oriented and labor-intensive, particularly during the initial stages of Taiwanese business re-entry, requiring a substantial workforce for plant construction. Laborers are attached to the contractor's work crews, engaging in manual labor tasks with turnover rate. This necessitates collaboration with new local workers, equipment, and material support to assist in these operations.	The Company strategically works with professional suppliers in cooperative bid preparation during the tender stage to effectively enhance the probability of winning bids. Upon winning the tender, we commission the agreed-upon professional suppliers to carry out the construction in accordance with the pre-established agreement, aiming to mitigate the challenges arising from project scope and interface management. This approach ensures smoother progress and adherence to quality standards.
Impact of price fluctuations	Due to the impact of global conditions and domestic inflation, along with persistent increases in prices of various raw materials and rising wages driven by the return of Taiwanese businesses and their expansion efforts, there have been significant fluctuations in construction costs. Consequently, the terms, costs, and timelines of contracts are exposed to relatively high operational risks if effective mitigation or transfer strategies are not in place.	Throughout project construction, the Company adheres to the "lifecycle cost" principle, rigorously managing construction costs, enhancing on-site construction management, and ensuring that each task meets quality standards. We also promote the innovation and application of new construction methods and alternative materials to mitigate the impact of material cost fluctuations.

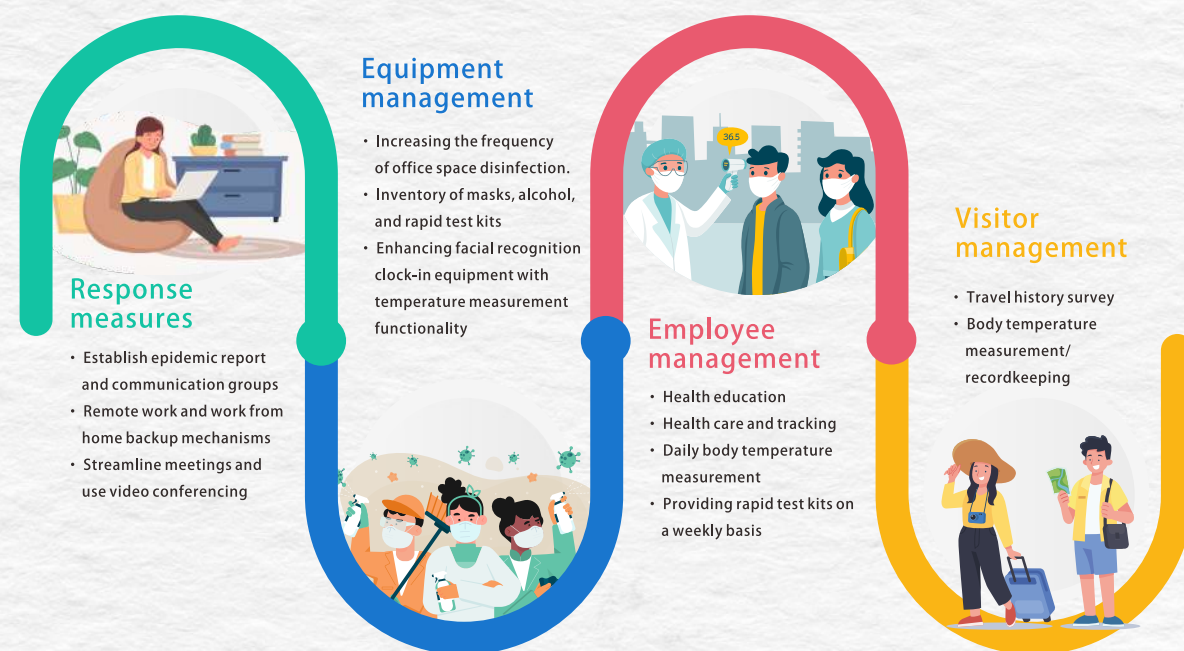
## Responses to and prevention of epidemic diseases

Amidst the continued impact of the COVID-19 pandemic in 2022, Chien Kuo Construction promptly established a Pandemic Response Team at the onset of the outbreak. The team activated pandemic prevention mechanisms and convened weekly pandemic prevention meetings to define preventive procedures and measures. We also enhanced employees' crisis awareness and reporting mechanisms. Anticipating the potential outbreaks in Taiwan, the Pandemic Response Team developed a range of scenarios based on the extent of the outbreaks. It proposed corresponding contingency measures, which were submitted for discussion and approval by management and subsequently diligently executed. 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. With collective efforts, delays of our projects remain within manageable limits, with minimal impact on clients and the Company.





## Epidemic contingency measures



## Employee Management Policy GRI2-23

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 remains committed to excluding factors such as gender, age, religion, and sexual orientation in the recruitment process. Particularly in light of labor shortages, we have started recruiting foreign workers. We treat foreign and domestic workers equally, ensuring there is no discrimination or differential treatment. Moreover, we guarantee that women receive work conditions 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 2022.



We engage in in-depth communication with employees through employee satisfaction surveys, aperiodic departmental gatherings, and caring interviews every year. We provide relevant regulations and operational procedures in the employee handbook and instill values such as human rights policies, ethical principles, and company culture during new employee orientation. In 2022, new employee training totaled 220 hours. We have also established an employee complaint mailbox and hotline, which are prominently featured on the company's official website. These comprehensive communication channels allow employees to mail or call in their opinions, and a dedicated department is responsible for handling and responding to pertinent issues.

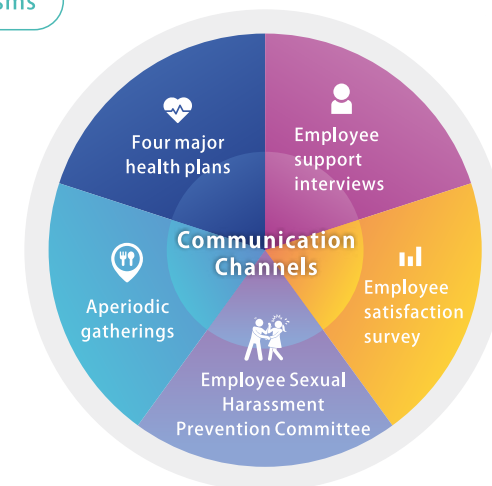


employee complaint mailbox : ckgservice@ckgroup.com.tw



hotline : 02-27849730 ext. 608

## Communication mechanisms



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.

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In 2022, the Company did not receive any complaints related to violations of personal data protection laws, including infringement of human rights, privacy, or data leaks.

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. From 7:30 to 8:00 every morning, pre-shift safety and health meeting is held for all employees and workers from suppliers who are about to enter the construction site, covering the types of hazards and the necessary protective equipment.

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There were no fatal occupational safety incidents in 2022.

The Company has established a Migrant Worker Management Department and publicly commits to the following human rights management policies on its official website:

- 1.Non-Discrimination Policy: Any discrimination based on nationality, race, color, religion, gender, sexual orientation, or any other form is strictly prohibited.
- 2.Prohibition of Child Labor: Refusal to employ migrant workers under the age of 15.
- 3.Respect for Fundamental Human Rights: Any form of behavior that insults human dignity is strictly prohibited.
- 4.Safe Working Environment: Strengthening workplace safety measures and providing necessary protective equipment.

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There were no reported cases of labor discrimination in 2022.



Please visit our official website

<http://www.ckgroup.com.tw/responsibility>





## Ethical Corporate Management / GRI 2-16, GRI 2-25, GRI 2-26

### Internal Control System

In compliance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" set forth by the Taiwan Financial Supervisory Commission, the Company's internal control system is developed in accordance with the operational objectives, management structure, operational activities, and their process control mechanisms of various business units. The system is designed by managers based on their organizational responsibilities and operational management tasks, and approved by the Board of Directors. The scope of responsibilities, procedural operations, and control mechanisms of each department's managers and responsible staff are executed in accordance with laws, internal regulations, and operational standards to effectively manage the Company's activities.

The Audit Office is an independent unit directly under the Board of Directors, staffed with professional auditors to carry out audit work. In accordance with the approved annual audit plan, the Audit Office conducts audits based on the latest legal regulations, internal control system, and internal operating standards. It also tracks the deficiencies in the approved improvement plan until completion to ensure compliance and effectiveness of the internal control operating standards. 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.

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. To ensure that all employees engage in business activities with integrity and honesty, we have established and published internal regulations, including the "Code of Ethical Corporate Management" and "Code of Ethical Conduct." These regulations define the ethical standards and responsibilities that all employees should uphold when conducting business activities. We actively promote and continuously deepen our corporate ethical values, fostering a culture of integrity within Chien Kuo Construction. This is also included in our onboarding training and annually communicated to all employees. In 2022, Chien Kuo Construction did not discover any fraudulent activities, nor did it receive any reports on business ethics violations or related legal litigations.

If internal or external personnel discover that shareholders, employees, procurement suppliers, stakeholders, Independent Directors, or Directors of the Company may be in violation of the Company's "Code of Ethical Corporate Management", "Code of Ethical Conduct", or internal regulations, they can directly report the matter through the following complaint channels. The investigation of reported matters shall be handled by individuals designated by the Chairman of the Board, and the process and results shall be reported to the Chairman. If the Chairman, Directors, or senior executives are involved, it must be reported to the Audit Committee for review.

### Channels for complaints:

Channels for complaints	Contact	Complainant	Company employees	Suppliers	Shareholders, investors	Anonymous
Human Resource Dept.	(02)2784 - 9730#608		V			
Spokesperson	(02)2784 - 9730#710				V	
Procurement Department	(02)2784 - 9730#672			V		
Auditing Office	(02)2784 - 9730#160		V	V	V	V
Mailing address:	2F, No. 67, Sec. 2, Dunhua South Road, Da'an District, Taipei City		V	V	V	V
Send complaints to:	audit@ckgroup.com.tw		V	V	V	V

The Company shall handle reports in a confidential manner with an independent channel to verify the claims and ensure the protection of the informant. The identity of the informant will be kept strictly confidential. In cases where the informant is an employee, the Company guarantees that the employee will not face improper consequences due to the report. Furthermore, in the spirit of fairness, the Company shall provide the reported party an opportunity to present their case, and if necessary, convene a panel to conduct a review.

### Compliance / GRI 2-27

With regard to Chien Kuo Construction's legal and regulatory violations in 2022, the Company has made improvements and strengthened related management measures after receiving notifications from the competent authority.



### Labor Inspection and Penalty Incidents in 2022

Construction Site	Reason	Penalty Amount	Improvement Measures
Cathay Fengnian	Failure to implement necessary subcontracting management measures by the original department.	NT\$50,000	Improvement has been carried out and inspections have been strengthened.
Fox Automation Technology Zhunan Plant	Failure to adequately implement necessary work coordination and adjustment measures during collaborative operations. Inadequate workplace inspection during collaborative operations.	NT\$100,000	Improvement has been carried out and inspections have been strengthened.

### Environmental Inspection and Penalty Incidents in 2022

Construction Site	Reason	Penalty Amount	Improvement Measures
Cathay Fengnian	Wheels of vehicles must be washed when they exit the construction site	NT\$1,200	Cleaned immediately
Cathay Fengnian	Ban on the use of power machinery on holidays	NT\$3,000	Non-noise construction during holidays.
Cathay Fengnian	Ban on the use of power machinery on holidays	NT\$3,000	Non-noise construction during holidays.
Cathay Fengnian	Ban on the use of power machinery on holidays	NT\$3,000	Non-noise construction during holidays.
CMG International	Wheels of vehicles must be washed when they exit the construction site	NT\$2,400	Cleaned immediately
Cathay Fengnian	Noise prevention for crushing operations	NT\$72,000	Non-noise construction during holidays.
Cathay Fengnian	Noise prevention for crushing operations	NT\$126,000	Non-noise construction during holidays.
Tucheng Youth Public Housing Project	Ban on the use of power machinery on holidays	NT\$3,000	Non-noise construction during holidays.

### 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:

1. Confidentiality of the Company's confidential information: Current and former employees may not disclose the Company's confidential information in any form.
2. No personal gains: Employees may not use their position for personal gain, misappropriation of public funds, fraud or scams, or providing benefits to suppliers.
3. 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.
4. 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.

PROHIBIT

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. The Corporate Governance Manager provides informative sessions to ensure that directors and executives adhere to the Securities and Exchange Act and other legal regulations. Through educational and training initiatives, ethical awareness among employees is reinforced. In 2022, due to the impact of the COVID-19 pandemic, the annual ethical review meeting was postponed, and instead, employee training on ethical standards was conducted. Through lectures and case analyses, we conveyed the Company's core values, behavior guidelines, and important matters to the employees. This training aimed to promote the fundamentals of integrity and diligence, achieving the Company's core values. A total of 90 employees completed the training.





# Utilization

Excellence in quality, lifetime cost, and sustainable innovation

## Innovation and Technology Applications

### 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.

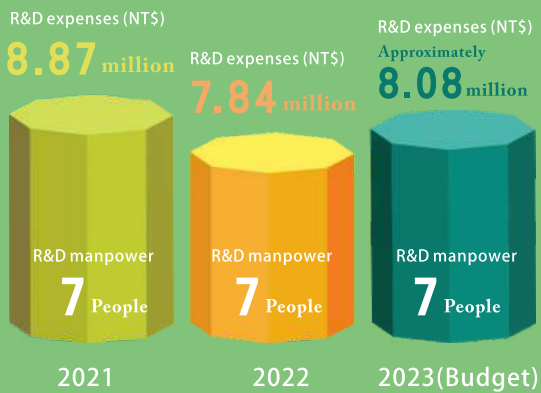
Chien Kuo Construction introduced the ERP system in 2010 to integrate dispersed information and realize the real-time monitoring, control, and inquiry of information. The Company proposed the next-generation construction development strategies in 2015 and set technology, digitalization, automation, and 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 involves hierarchical subcontracting, with numerous work items and significant interfaces between them. Given the multitude of specialized technical categories, which are mostly chosen based on experience, the introduction of a single technique alone will not lead to an immediate substantial 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 makes long-term R&D investments. Selected top-priority R&D projects are submitted to the Construction and Planning Agency for tax deduction investment with successes every year.

#### Technological development investments

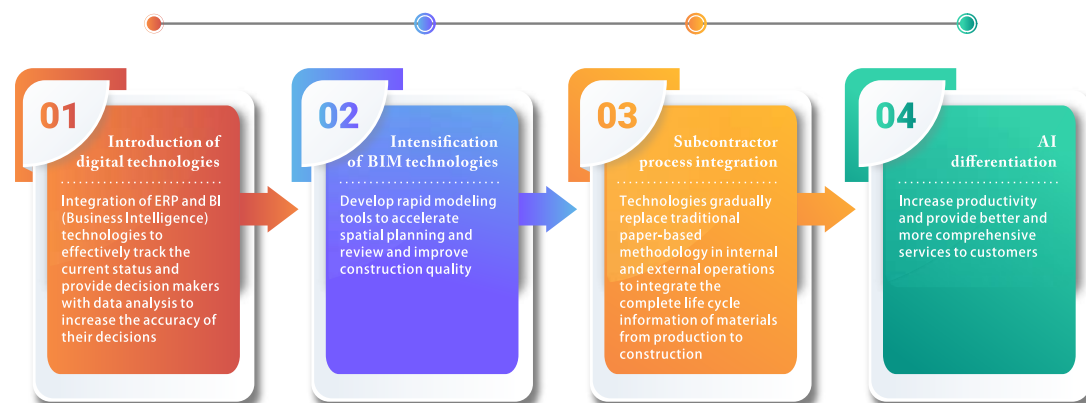


#### Summary of historical R&D tax deductions

Year	Applied amount (NT\$)	Tax deduction (NT\$)
2019	NT\$1 million	NT\$810,000
2020	NT\$1.05 million	NT\$690,000
2021	NT\$1.13 million	Not yet approved



## Construction progress



## R&D Targets

Construction 2.0	Construction 3.0	Construction 4.0
<ul style="list-style-type: none"> <li>Focuses on safety and health and quality management</li> </ul>	<ul style="list-style-type: none"> <li>Involves the use of R&amp;D technology for improving quality, construction period, and quantity in order to increase the capacity for automatic production.</li> </ul>	<ul style="list-style-type: none"> <li>Involves the development of work items into indicators and setting milestones for gradual completion.</li> </ul>

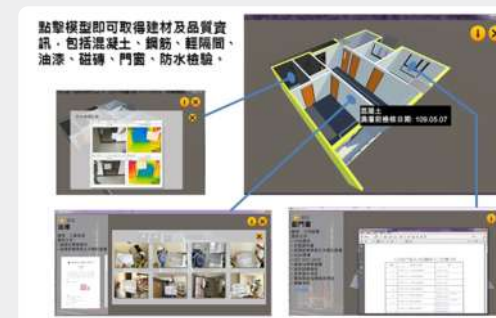
## R&D Achievements

The research and development can be divided into three categories: Construction management automation, construction technology refinement, and customer service refinement. R&D achievements in 2022 are follows:

### R&D achievements in 2022

Item	Description	Category
Quality Assurance App	We developed the innovative Quality Self-Inspection App, which integrates architectural plans and construction information into a self-inspection map. This map is then utilized to mark deficient areas and record inspection photos. Furthermore, the inspection photos in the app can be automatically used to generate self-inspection reports, significantly reducing the time required for internal inspections. The self-inspection app has been implemented for work items including reinforcement, formwork, lightweight partitions, waterproofing, and electrical engineering.	Construction Management Automation
BIM Automation of Mechanical and Electrical Lines	Among MEP systems, the modeling of drainage pipelines usually takes the longest. In this project, we successfully developed an automatic modeling program for sewage and wastewater pipelines. This program generates drainage models based on the drainage design drawings and provides warnings for questionable designs, thereby enhancing review efficiency.	Construction Management Automation
Innovative Seismic Reinforcement for Main Beams	Seismic design for main beam shear zones requires the use of internal stirrups. Traditional construction of internal stirrups poses high difficulty; therefore, we plan to develop multiple sets of three-dimensional modular internal stirrups to enhance efficiency. Our innovative seismic reinforcement for main beams has resulted in the acquisition of three invention patents in Taiwan, three utility model patents in China, and patent applications have been submitted in the United States.	Construction technology refinement
New method SD690	The new SD690 reinforcement method is now under testing.	Construction technology refinement
Facility management (FM2.0) software	Facility Management (FM) system is a crucial value-added service in the construction industry. Chien Kuo's FM system was upgraded to its second generation in 2021. In 2022, the system has been further web-enabled for external system integration. A fire escape education module was developed to help new residents quickly grasp fire evacuation information within their living environment.	Construction technology refinement
3D Architecture Resume	The interface software has been updated, allowing consumers to access project resumes in a lively and intuitive manner. For instance, information about steel reinforcement strength and test reports, as well as concrete strength and test reports. In 2022, the Tucheng Housing 3D construction resume was enhanced with bathroom threshold waterproofing inspection information for each unit, providing residents with peace of mind. Reducing environmental impact: Extending the lifespan of buildings and facilitating maintenance for residents.	Customer Service Refinement

### 3D Architecture Resume



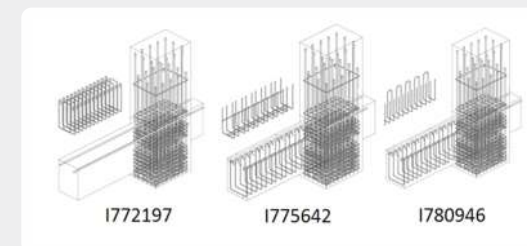
### Facility management (FM2.0) software



### Quality Assurance App

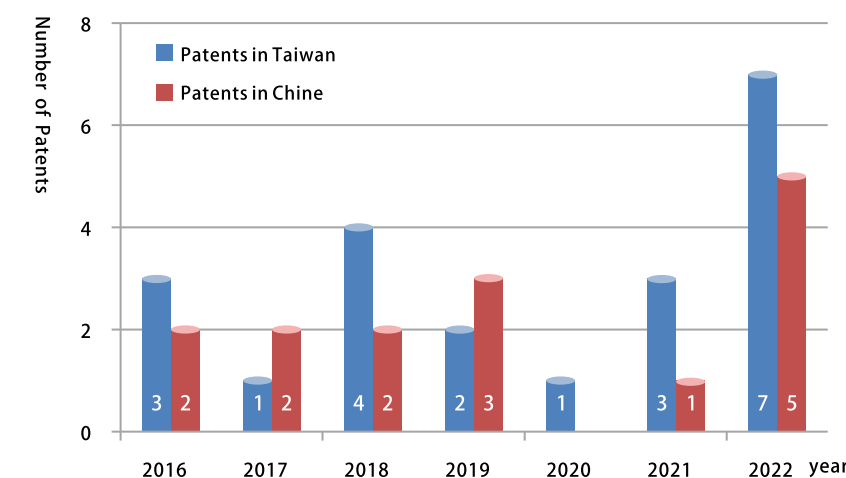


### Innovative Seismic Reinforcement for Main Beams



The Company will apply for patents for technological R&D, transforming technology into intellectual property as company assets. This also serves to publicly unveil newly developed technologies and allows industry peers to utilize these disclosed patented technologies to develop more advanced construction methods, invigorating the entire construction technology landscape. Therefore, investing in innovative technology is not just our commitment to competitive advantages; it is also our aspiration to provide Taiwan's construction technology with opportunities for innovative growth through our dedicated efforts. Since 2016, the Company has applied for, been approved, and announced 36 patents, comprising 21 Taiwanese patents and 15 in China. In addition, there are 7 pending patent applications.

### Total Number of Patents Announced by Year



Since 2016, the Company has applied for, been approved, and announced 36 patents



Patented R&D projects in recent years

Announcement / Year	Patent Title	Country
5 patents in 2016	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)
3 patents in 2017	Soundproof door	CN (China)
	Ceiling structure	ROC (Republic of China)
	Ceiling structure	CN (China)
6 patents in 2018	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)
	Water filtration air system	ROC (Republic of China)
5 patents in 2019	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)
	Dehazing System	CN (China)
1 patent in 2020	Construction scaffolding system	ROC (Republic of China)
4 patents in 2021	Construction scaffolding system	CN (China)
	Building material transportation method	ROC (Republic of China)
	Image transcoding method and apparatus thereof	ROC (Republic of China)
	Reinforced concrete system of terminal structure	ROC (Republic of China)
12 patents in 2022	Reinforced concrete system of terminal structure	CN (China)
	Quality inspection systems and methods	ROC (Republic of China)
	Real-time information acquisition methods and systems	ROC (Republic of China)
	Construction measurement methods	ROC (Republic of China)
	Measurement support system	ROC (Republic of China)
	Measurement support system	CN (China)
	Stirrup reinforcement module for beam steel system and manufacturing method for beam steel system (I772197)	ROC (Republic of China)
	Stirrup reinforcement module for beam steel system and manufacturing method for beam steel system (I780946)	ROC (Republic of China)
	Stirrup reinforcement module for beam steel system and manufacturing method for beam steel system	ROC (Republic of China)
	Stirrup module	CN (China)
	Stirrup reinforcement module for beam steel system	CN (China)
	Steel cage module	CN (China)

2023 Technical Development Plan

Project Name	Description
New method SD690	Increase the use of steel reinforcement from the current SD420W to SD690.
Quality assurance and safety and health system app	(1)Customize the Quality Assurance Self-Inspection App and automate the generation of self-inspection reports for the Zuoying Project. (2)Health and Safety Self-Inspection App
Automatic drawing of mechanical and electrical lines	(1)Conversion of 3D electrical engineering drawings to 2D. (2)Automated caption checking
Aluminum mold implementation plan	Aluminum mold planning and design software development.
Smart building management (SBM) system	Integration of FM system with property management or smart building management systems
Integration of P6 with BI	Automated retrieval of P6 information and integration with BI.





## Quality Assurance

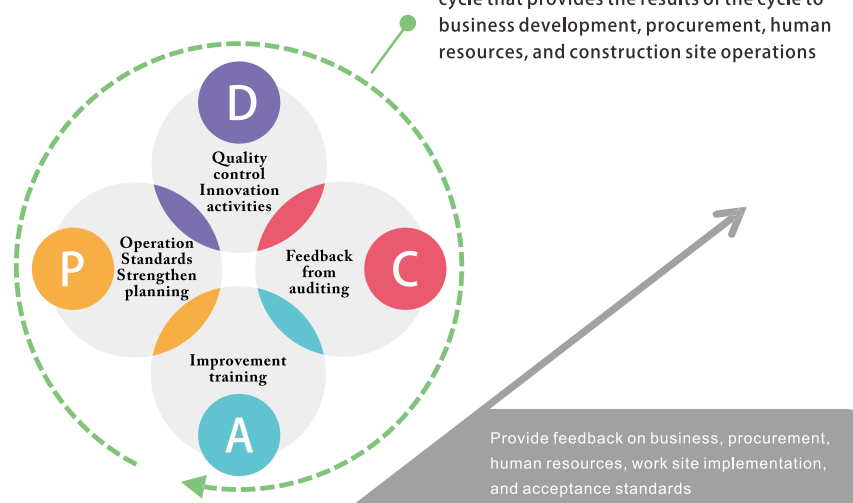
### Quality management policy: Excellence in quality, lifetime cost, and sustainable innovation

Chien Kuo Construction's scope of quality management encompasses the characteristics, transportation, storage, composition, and even components of materials, meticulously reviewed and managed. Through methodical review, we achieve the durability of quality, ease of maintenance management, and environmental conservation before, during, and after construction. Each project, from initial planning to complete processes and post-sales services, undergoes meticulous discussions and decision-making processes at each stage, demanding precise execution to achieve high-quality, high-value goals. By incorporating innovative and energy-efficient design, carbon reduction techniques, and optimized professional expertise, we implement real-time quality control to serve as the first line of defense for building safety.

To ensure self-inspection and prevent quality anomalies due to external environmental factors, we invested in instrumental

testing in 2020 and announced reward and disciplinary regulations and method trials in 2021. In addition to continuously enhancing waterproofing and lightweight partition construction, in 2022, we introduced exterior wall tile pull tests and AMMA5012 window frame water tests. Short-term goals focus on implementing company operation standards and strengthening engineers' quality awareness. Medium to long-term goals aim to enhance overall construction planning and achieve more accurate construction capabilities. In the future, integration meetings will be convened based on project requirements to confirm work specifications and interfaces, generate construction drawings, and execute them. This will enhance staff capabilities and technical specifications in construction planning and integration. Through continuous self-improvement, Chien Kuo Construction optimizes engineering techniques, striving to achieve excellence in quality.

#### Quality Management Improvement Cycle



The boxes in the figure below contain items in the PDCA circles in the figure above

PLAN Enhance planning/ operation standards	DO Quality control/ innovation activities	CHECK Feedback from auditing	ACT Improvement activities/ training
<ul style="list-style-type: none"> <li>Expert functional groups</li> <li>Pre-bid evaluation</li> <li>Development of operation standards</li> <li>Construction acceptance standards</li> <li>Review of specific floors and special work items</li> </ul>	<ul style="list-style-type: none"> <li>Internal and external quality audits</li> <li>Problem solving during construction</li> <li>Planning and review of construction drawings</li> <li>Quality competitions</li> <li>Lean Construction Proposals</li> <li>New construction methods and trial use of new materials</li> <li>New technology applications</li> </ul>	<ul style="list-style-type: none"> <li>Common reminders and prevention of systemic issues</li> <li>Inspections by expert teams</li> <li>Feedback on repairs</li> </ul>	<ul style="list-style-type: none"> <li>Monthly quality report</li> <li>Quality observation and benchmark training</li> <li>Professional training</li> <li>Identification of functions and tests</li> <li>Project quality inspection activities</li> </ul>

### Our quality management system complies with international standards and customer requirements.

Chien Kuo Construction achieved ISO 9001 quality management system certification in 2009 and was re-certified under the latest version, ISO 9001:2015, in 2017. We consistently follow this system for quality management each year. 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.

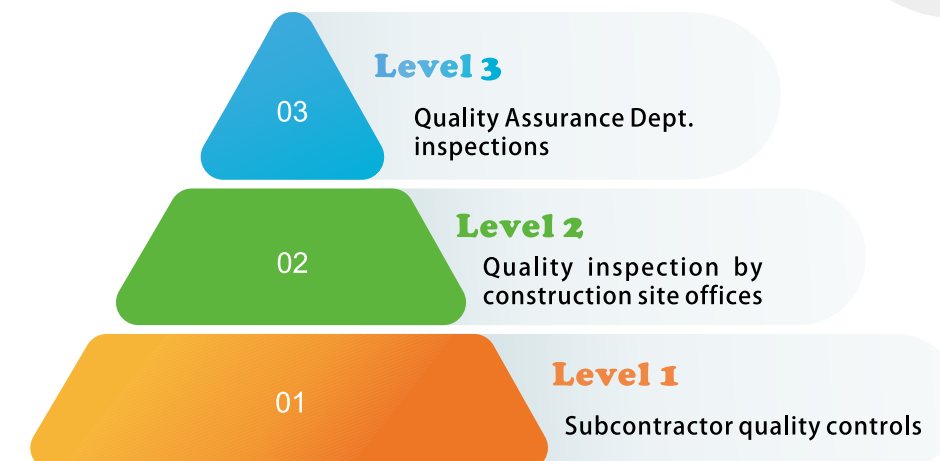
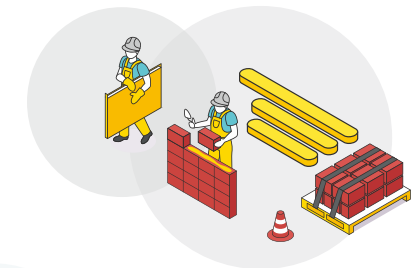


Chien Kuo Construction's quality improvement cycle includes the establishment and planning of operation standards, onsite quality control, and innovative work methods. We perform continuous audits during the construction phase of a project and provide quality control results to the project. We also provide 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.

### 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 internal quality management system operates on three levels: First, suppliers perform autonomous quality control; second, field offices exercise autonomous quality control; third, the Company establishes quality management procedures, specifies operational standards for each project phase, and conducts site inspections to confirm execution effectiveness for review and correction.

#### Three-level quality management system



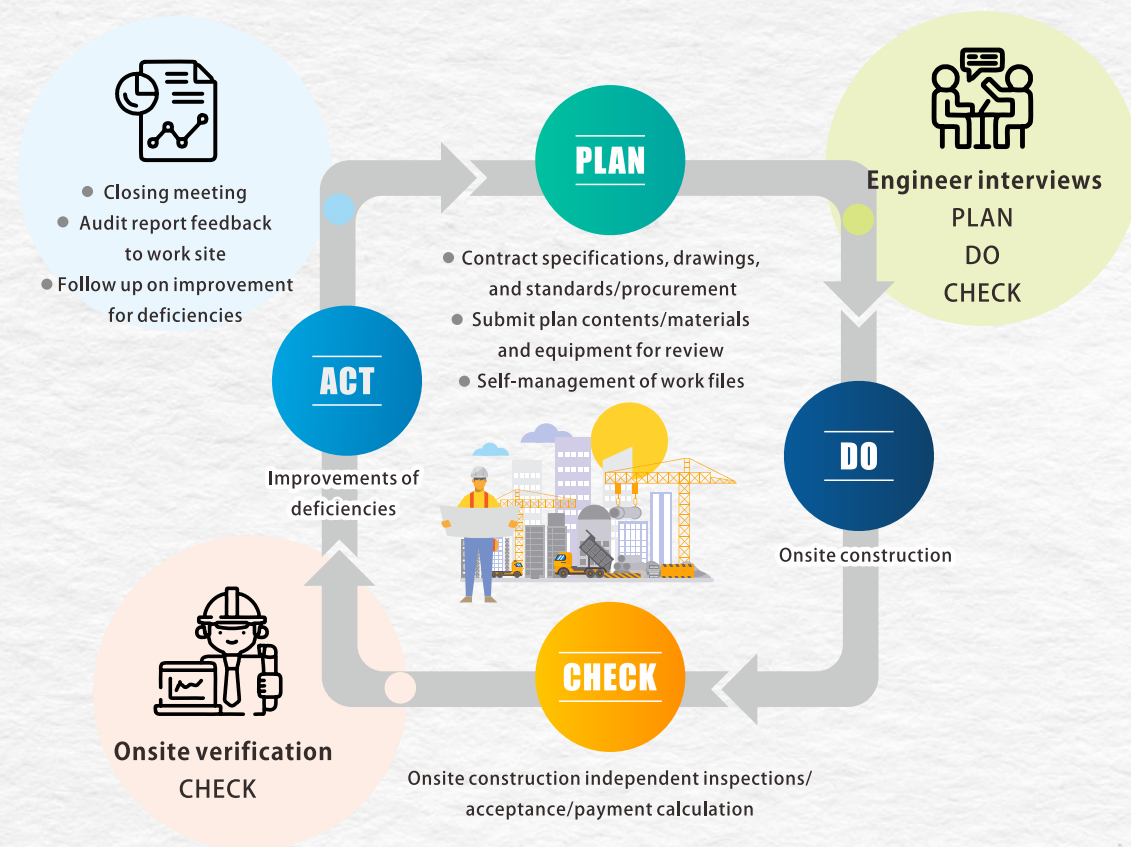


## Quality assurance inspections

Quality assurance audits involve interviews with engineers and independent on-site inspections, which are compared with actual construction conditions to ensure engineers comprehend quality specifications and perform work according to contract requirements, drawings, and standards. Chien Kuo Construction mandates that internal quality audit pass rates exceed the standard average score. To enhance construction standard achievement and prevent repetitive defects, quality-focused activities are conducted. Prior to project commencement, engineers convene briefing sessions with suppliers and subcontractors to highlight construction quality priorities. During project execution, periodic construction review meetings are held with suppliers and subcontractors to address work progress, problem-solving, quality requirements, environmental safety improvements, and more, facilitating coordination and immediate improvement solutions to communicate quality demands and realize standard project quality.



### Quality assurance inspection procedures

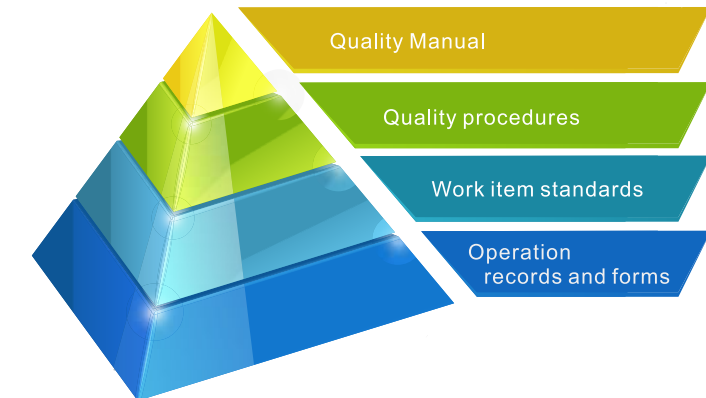


## Quality document management

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



## 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. Given rapid technological advancement, government regulations, and client demands, various projects actively develop emerging materials, leading to diverse operational methods. Chien Kuo Construction promptly updates and revises construction standards to regulate on-site operations.

The operation 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. We have established standard operating procedures for formwork, stone, waterproofing (composite polymer waterproofing), lightweight partition, plaster, and window frame water testing. We have also formulated construction site quality audit and competition reward and disciplinary regulations, as well as project quality performance reward and disciplinary regulations, to incentivize and discipline colleagues in quality management. The aforementioned standards and reward/disciplinary regulations were not revised in 2022.

### Lean Construction Competition

To encourage creative thinking and enhance construction quality, we organize the "Lean Construction Competition." Employees harness their expertise and creativity to propose and implement solutions. After practical execution, observation, and verification, feasible and effective solutions are incorporated into the Company's standard operating procedures for quality operations.

Proposals are reviewed by the Company's expert review panel to confirm feasibility and benefits. Upon approval, the proposal team proceeds with implementation. The expert review panel consists of the Chairman, General Manager, designated technicians, and quality department heads. Competition is categorized by difficulty and improvement impact, comprising Advancement Group, Challenge Group, and Expert Group. Prize money varies based on difficulty level.

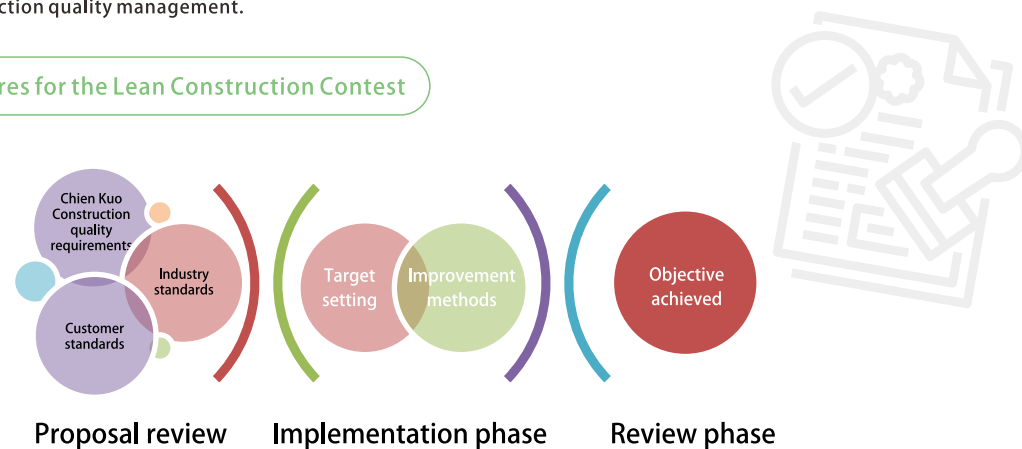
### Competition Case Details Table

No.	Proposal	Progress	Results
1	Fuxing Public Housing - Precision measurement of exterior walls	Completed	Standards were met and the Advancement Group bonus was issued.
2	Yangmei Public Housing - Precision measurement of exterior walls	Not completed	
3	Cathay Fengnian - Inspection of drainage pipe damages within the reinforced concrete (RC) columns.	Proposed in 2022, currently work in progress	
4	Cathay Fengnian - Underground drainage pipes blockage inspection	Proposed in 2022, currently work in progress	
5	Cathay Fengnian - Precision measurement of exterior walls	Proposed in 2022, currently work in progress	
6	Cathay Fengnian - Adding induced crack joints to indoor floor tiles to reduce the need for repair due to tile cracking	Proposed in 2022, currently work in progress	



The construction industry's nature of craftsmanship and customizability means each building is unique. However, precise control of craftsmanship is challenging, especially regarding the accuracy of exterior walls. This aspect significantly impacts construction progress and costs. To achieve precise exterior wall construction, employees proposed an improvement plan in 2019. In 2020, a pilot project was conducted, integrating civil, electrical, and landscaping construction drawings. Along with construction planning review meetings the result was a substantial reduction in exterior wall rework rates and effectively achieving precise construction control. Additionally, to address the current labor shortage and challenges in human resource development, innovative methods were proposed in 2022: unclogging drainage pipes and precise measurements. Setting high-quality standards, data-driven verification was used to assess the success rates of various proposals. Successful experiences were incorporated into operational standards. Chien Kuo Construction continuously innovates and pursues excellence, pushing the boundaries of construction quality management.

### Simple Procedures for the Lean Construction Contest



### 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 training includes monthly quality reports published on digital platforms, in-depth seminars addressing project execution issues, on-site house inspections, and study tours. Employee professional competence assessments were conducted to identify potential leaders.



### Implementation of quality assurance training programs

Activity	Description	2022 Overview	2023 Targets
Monthly quality report	Monthly report published on the Company's internal platform	Published 3 issues Approximately 501 readers	Published 10 issues 2,000 readers reached
Tours and seminars	Learning from competitors and construction project benchmarks	Organized 5 sessions with 123 participants	Organized 6 sessions with 150 participants
Quality inspection and acceptance	Construction completion acceptance and material inspection	Organized 4 sessions with 48 participants	Project completion and acceptance operations
Main work item tests	6 subjects including reinforced concrete, concrete, molds, waterproofing, light partitions, and masonry and tiles	Conducted twice, with 220 participants for makeup exams, achieving a passing rate of 80% of construction staff	Interviews are now conducted during audits.

### Promotion of new construction methods

- Continuously advancing precision in exterior wall construction techniques, for projects undertaken after 2021, we employ precise measurement methods exclusively. Operation standards are publicly announced, defining thresholds, enhancing bathroom drainage processes and interfaces, and reinforcing lightweight partition wall processes.
- In 2022, efforts were made to enhance waterproofing effectiveness. Window frame water tightness tests were conducted using equipment conforming to international standards (AAMA502), ensuring no leaks.



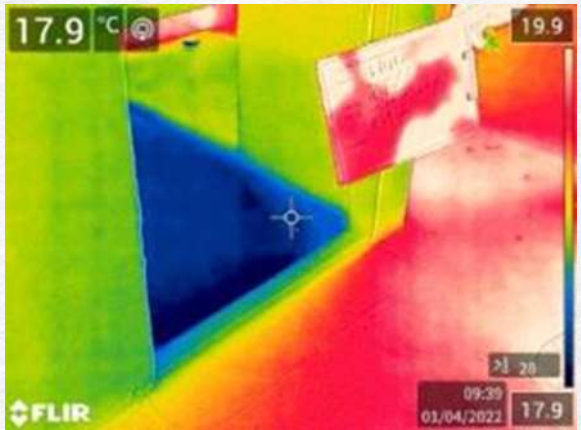
### Optimization of quality assurance technologies

- 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. The Quality Assurance Department periodically releases new quality updates. On-site staff promptly report deficiencies and execute corrective and preventive action procedures, effectively reducing communication distances and enhancing efficiency.
- Infrared Inspection: Utilizing data-driven models to assess construction quality. Inspection includes exterior wall tiles, bathroom and window frame waterproofing, as well as structural grouting quality checks for honeycomb and window frame corner cracks. In 2022, in projects such as Yangmei No. 1, Pingzhen No. 1, Fuxing Public Housing, and Cathay Fengnian, we utilized infrared thermal imaging to detect anomalies in waterproofing. This enhanced precision in locating leaks and effectively reduced rework costs.
- 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.
- 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 for the effective and quick testing of materials.

### Original



### Thermal imager







Our efforts are nationally recognized



### The Tucheng Youth Public Housing Project won Type 1 Excellence Award in the 22nd Public Construction Golden Quality Award in 2022.

The Tucheng Public Housing project is Chien Kuo Construction's third turnkey project after Ruiguang Public Housing. Drawing on the experience of multiple award-winning projects, Chien Kuo Construction employs high-tech construction techniques to create high-quality homes. Starting from the design phase, no expenses were spared in automatically upgrading optimization methods. For instance, basement excavation was upgraded to continuous wall method, eliminating beam penetrations throughout the project. Seismic reinforcement walls were added out of our pocket for structural earthquake resistance, mitigating seismic

shaking forces. Expansion joints were designed in floor slabs to counteract seismic displacement and wall cracking during earthquakes. Despite challenges such as COVID-19, aging labor force, and material shortages during construction, the project overcame difficulties and achieved clients' quality requirements. It even obtained the occupancy permit ahead of schedule, allowing eagerly awaited residents to move in smoothly.

Chien Kuo Construction sets high standards for social housing, aiming to redefine the conventional notion of "low-quality public housing." Each project aspires to be inspiring, aligning with the nation's sustainable urban development policies.



Yuanhe Public Housing has received numerous awards, including a Golden Quality Public Housing and Excellent Planning and Design in the FIABCI-Taiwan Real Estate Excellence Awards in 2019 and 2022, Exceptional Public Project in the 9th New Taipei City Occupational Safety and Health Awards, Excellent Public Project in the 14th Golden Safety Awards, and Outstanding Engineering Quality Award from the New Taipei City Government in 2022. Today, we are once again honored to receive the Golden Award for Public Construction in architectural engineering. This underscores that New Taipei City's commitment to public housing goes beyond mere quantity, emphasizing the elevation of quality.

## Supply Chain Management

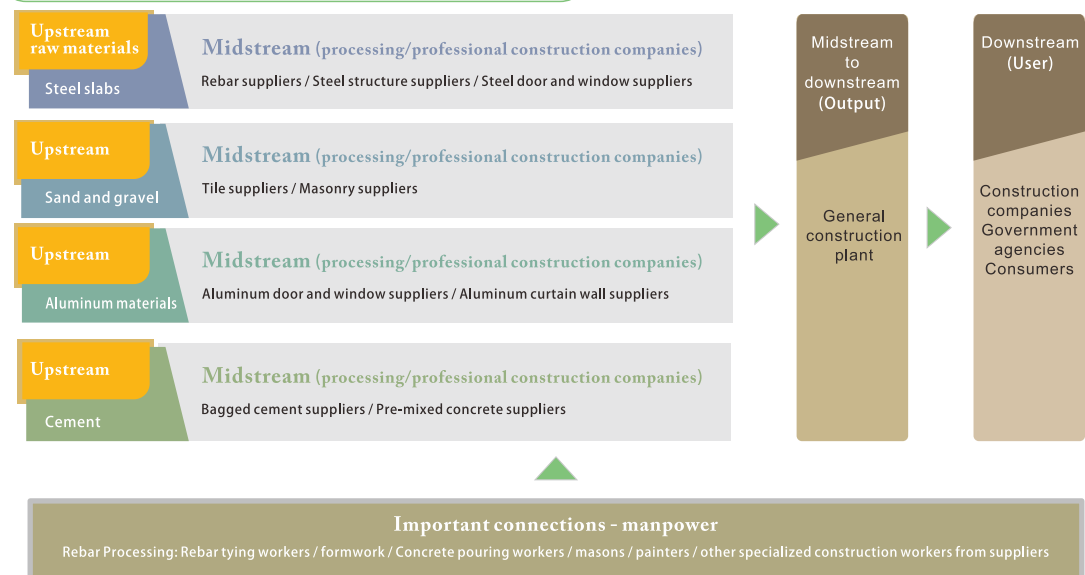
### Construction industry supply chain

Chien Kuo Construction, guided by the values of "ethics, utilization, welfare, and harmony" is committed to creating a high-value professional team. By collaborating with subcontractors, we establish a specialized supply chain to address the impacts of international, market, climate, and environmental variations.

In the middle stream of the supply chain, the focus is on processing raw materials into finished products for use in construction or assembly. The cost factors primarily involve raw materials and labor. The construction industry cannot fully automate assembly processes and is reliant on labor. The use of systematized templates is the most automation that can be applied to reduce labor dependence. 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.

#### Interconnections along construction supply chain



### Supplier Management Policy

In addition to complying with regulations such as the "Occupational Safety and Health Act," "Contractor Safety and Health Management Guidelines," and "Code of Integrity in Business Operation," suppliers are expected to fulfill their corporate social responsibilities. They are also required to adhere to the following policies:



Environmental Sustainability	Social Responsibility Requirements	Supplier Assessment and Oversight	Traceability and Transparency	Technical Assistance and Training	Establishing Mutually Beneficial Partnerships
Supply chain partners are expected to adopt environmentally friendly practices, reduce resource consumption, minimize waste and pollution, and promote sustainable energy and material use.	Ensuring labor rights are respected in the supply chain, prohibiting child labor and forced labor, and ensuring a safe working environment and fair wages.	Evaluating supply chain partners to ensure they meet the Company's sustainability requirements, including environmental management, social responsibility, and ethical business practices.	Demanding traceable materials and products from the supply chain with transparent supply chain information to ensure the legitimacy and sustainability of products.	Supporting supply chain partners in enhancing their sustainability capabilities through technical assistance and training to elevate their environmental and social practices.	Incorporating sustainability requirements into supply chain contracts and partnerships, fostering long-term collaboration and shared responsibility.



## Supplier evaluation and management

Chien Kuo Construction continuously pursues win-win goals with its suppliers and requires suppliers to uphold principles of integrity in their operations. 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.

First-time suppliers undergo comprehensive investigations into their qualifications, past transaction processes and outcomes, and scrutiny of records that might impact the environment and society. New supplier selection involves a rigorous and careful evaluation process, with entry into the procurement process only after successful review. 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. Chien Kuo Construction's procurement and contracting processes follow a hierarchical and tiered approach in accordance with the Procurement and Contracting Plan. The relevant provisions of the company's Supplier Management Policy are stipulated in the contracts signed with suppliers.

### New Supplier Evaluation Process



Our historical procurement has prioritized local suppliers. In 2022, 99% of the materials and labor force were attained locally. Since 2022, while adhering to the original design and material specifications provided by clients, the Company strives to prioritize environmentally friendly construction materials and certified Level 1 energy-saving equipment. We are committed to green procurement and energy conservation.

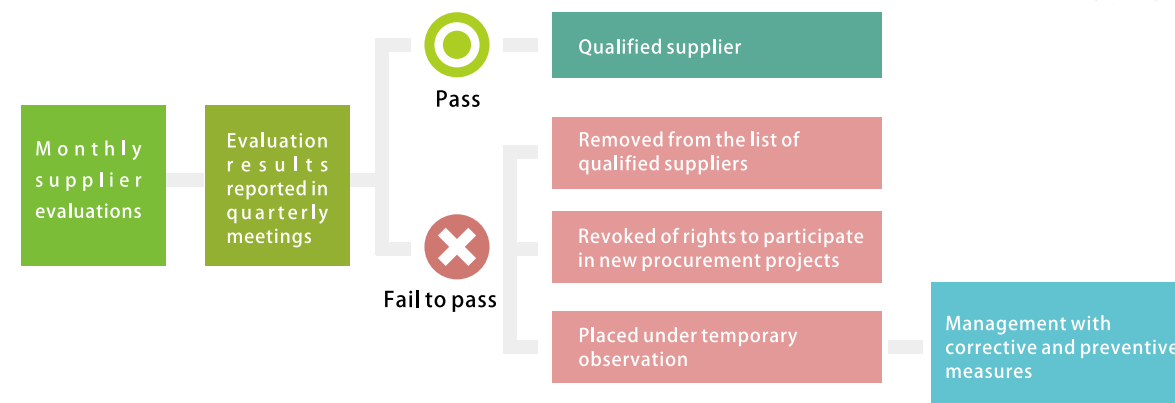
## Supplier evaluation procedure

Chien Kuo Construction has established a supplier evaluation procedure to ensure a safe working environment for all employees and workers. Suppliers undergo monthly evaluations, assessing construction quality, labor safety and health management, quality management, and service coordination. Site workers evaluate the performance of suppliers for the current month. After monthly consolidation, the evaluation results are uploaded to the system. A consultation team composed of six departments, including quality assurance and occupational safety, communicates with and provides advice to suppliers who do not pass the evaluation, formulating improvement plans. Based on these plans, the Company assists suppliers in making improvements and strives to guide them to meet our standards. If a supplier's evaluation score significantly falls below the standard and there is no prospect of improvement, or if a supplier fails to meet the standard even after consultation, the Company will review the situation, taking into account client requirements, environmental factors, and market conditions. Depending on the outcome, the supplier may be placed under observation for continued consultation, temporarily prohibited from bidding for new projects, or removed from the list of qualified suppliers.

In 2022, no suppliers were deemed unqualified following evaluation. However, our efforts do not stop there. We actively work with suppliers to jointly develop new facilities, equipment, or building materials. For example, we have worked on the development of interior horizontal bars for construction frames, uneven frame pedal designs, A-frame structures, and non-ground material transport carts, nurturing growth alongside our suppliers.



### Supplier Evaluation and Management Procedure



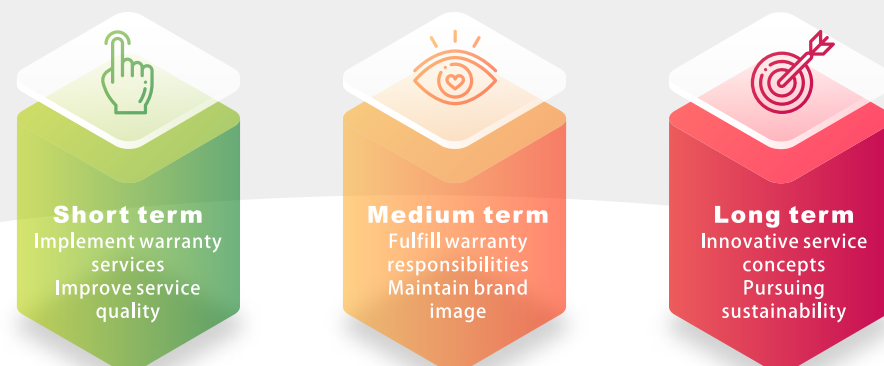
### Supplier evaluation results for 2022

Project	Infinity	Fubon Hotel	Kuo Yang Silicon Valley Plant	Tuchang Youth Public Housing Project	Cathay Sanchong	Fuxing Public Housing Project	Yangmei No. 1	Pingzhen No. 1	Cathay Fengnian	TSMC Fab 18	Fox Automation Technology Zhunan Plant	CMG International	Zuoying Public Housing	Cathay Yuching	Dingfu Public Housing	Cathay NTPU
Number of suppliers	44	36	31	76	47	103	110	86	53	34	55	29	42	19	9	1
Overall average score	84.2	76.7	78.1	78.8	78.3	84	83.9	78.4	82.1	79	78.1	79.8	82.8	82.7	81.7	80



## Customer Service

### Customer Service Objectives



The Company has a dedicated Customer Service Department to ensure the safety and quality of living for occupants of Chien Kuo Construction buildings, allowing all residents who use our constructed properties to feel secure, confident, and content. We implement a systematic operational process with a user-friendly approach to ensure smooth execution of warranty and repair management. The Customer Service Department holds bi-weekly customer service meetings to ensure timely progress of warranty and repair cases.

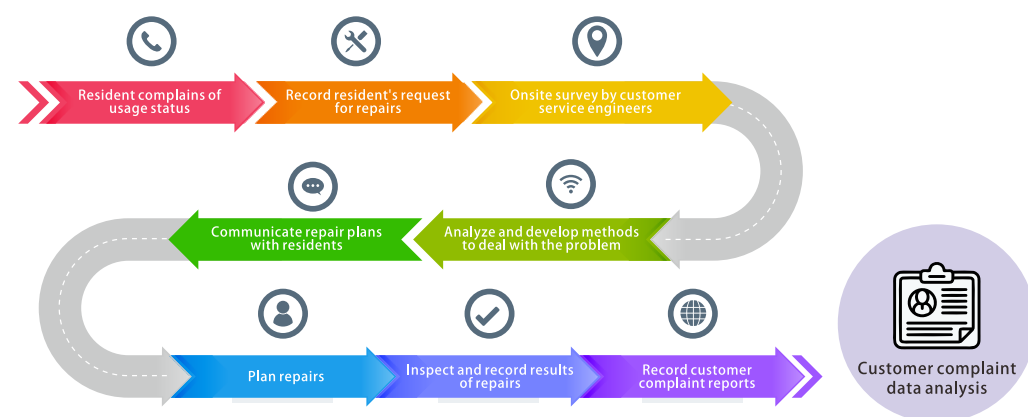
Upon completion of construction for all projects undertaken by Chien Kuo Construction, engineers conduct thorough completion inspections and acceptance procedures. After the handover process is completed with the client, the Customer Service Department takes over and is responsible for subsequent repairs, maintaining the safety and health of the residents. The Customer Service Department compiles and analyzes data from repair cases. The analysis is then fed back to the Quality Assurance Department for adjusting or rectifying potential defects in materials or methods during the construction process. This continuous improvement helps enhance construction techniques and prevent recurring errors.

### Customer Service Management

Chien Kuo Construction aims to create value through professional service, committed to improving resident safety and quality of life. The Customer Service Department plays a pivotal role in achieving this goal. Its main responsibilities and tasks include warranty and repair consultation, customer information management, project management, customer communication, and training. Service personnel respond to customer complaint calls or emails within one working day and summarize the incidents in system forms. 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.



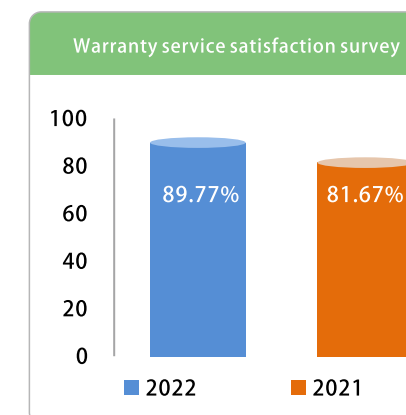
### Customer service management model



## Performance and prospects of customer warranty service

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's dedicated customer service will strategically streamline operational processes to ensure quality, fostering a strong corporate image with excellent service.

In improving customer service, apart from streamlining operations, we also aligning with the Company's sustainable development policy by fully digitizing repair documentation to reduce paper usage. Additionally, we provide training for the Customer Service Department team on answering strategies when interacting with customers, presenting real-world scenarios to address potential issues. This facilitates sharing of frontline service experiences and elevates customer satisfaction with efficient resolutions. Customer satisfaction with warranty services in 2022 has increased from the previous year. However, we remain unsatisfied with the status quo and will continue to strive for improvement, aiming for 100% customer satisfaction.



## Customer satisfaction survey during construction.

Within three months of beam completion and obtaining the building use permit for a project, we invite customer to complete the "Ongoing Construction Project - Client Satisfaction Survey." The contents of the survey include the construction progress, construction quality, safety and health, construction technology, and handling of complaints. Customer satisfaction surveys indicate that while safety and health performance continued to receive commendation in 2022, scores for project progress, planning quality, and construction techniques were relatively lower compared to previous achievements. This was attributed to challenges such as labor shortages due to an aging workforce and increased material costs. Supply chain constraints and cost management issues impacted construction progress and quality. The limitations in materials and labor from suppliers restricted us from achieving higher standards, leading to a decline in customer satisfaction. In response, we have been actively developing new construction methods and technologies, increasing the number of migrant workers, seeking new suppliers, and simplifying internal administrative processes. These efforts are aimed at mitigating the impact of objective challenges and regaining customer satisfaction beyond the standard. The satisfaction survey quality standard is 70, which the annual performance has met.

### Analysis of customer satisfaction survey during construction







# Welfare

Customer satisfaction, learning,  
and development

## Employee Care

Our employee  
management policy:

- Enhanced organizational culture
- Active talent recruitment, training, cultivation, preparation, and fusion
- Organization development and reorganization



## Approaches to employee communication

We provide employees with comprehensive mechanisms and channels for lodging grievances, ensuring thorough understanding of their needs and fostering a harmonious workplace. Quarterly labor meetings are held for significant operational changes that may affect employee rights and interests, creating mutually beneficial labor relations. In the year 2022, there were no significant labor disputes or complaints.

Furthermore, we offer open, transparent communication channels. The Company regularly conducts satisfaction

surveys for new employees upon completion of their probation, annual employee satisfaction surveys, chairman's meetings, anti-sexual harassment committees, as well as occasional interviews and roundtable discussions. This diverse range of communication methods allows us to understand employee needs and thoughts and provide care. Employees can also submit workplace-related issues in writing or emails, and the Company regularly hosts labor meetings in order to creating a more comprehensive working environment and establishing a congenial workplace.

## Minimum notice periods regarding operational changes

In the event of significant operational changes impacting employee rights, the Company will conduct labor-management meetings to discuss before actions are taken. Affected employees will be notified in advance as legally required. Furthermore, the Company offers support measures, such as assisting with internal transfers, providing employees with necessary conditions to apply for government subsidies, and other appropriate assistance. Taking Taiwan as an example, in compliance with the Labor Standards Act, the Company provides advance notice of 10 to 30 days based on employee seniority.

## Employee communication mechanisms and channels



**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: Human Resources Dept., 20F, No. 67, Section 2, Dunhua South Road, Da'an District, Taipei City
- Employee complaint mailbox: [ckgservice@ckgroup.com.tw](mailto:ckgservice@ckgroup.com.tw)
- Employee hotline: Tian-peng LIN, Assistant Vice President at 886-2-2784-9730 ext 608



### Human Resources Structure

As of the end of 2022, Chien Kuo Construction's total workforce consists of 465 employees with 368 local and 97 migrant workers. The composition includes 353 males and 112 females. The ratio of local female to male employees is 1:2.286. In terms of age distribution, the majority of local employees fall within the 30-50 age group with 195 individuals. A total of 38.04% of employees have been with the Company for over 5 years, while 14.13% have a tenure of 3 to 5 years. Their experience significantly contributes to project execution and business expansion.

Employees' degree distribution shows that 26.90% hold a master's degree or above, while 68.75% hold at least a bachelor's degree. This diverse educational background allows employees to fully realize their talents while enabling the Company to rapidly grow in the field of construction engineering. All our employees in 2022 are full-time staff. There are no contract employees. Former contract employees can apply for regular employment based on their performance.

There are 97 migrant workers. The decision to employ migrant workers considers factors such as project schedules, local employment demands and supply, as well as job attributes. This approach aims to address the scarcity of labor in the construction market. The introduction of migrant workers follows legal procedures. However, the number of migrant workers may vary based on project progress, client requirements, and regulatory mandates. We treat migrant workers with equal respect, ensuring full compliance with legal benefits provisions. We offer opportunities for migrant workers training on new skills. Additionally, outstanding migrant workers are rewarded with raises to foster a sense of job satisfaction and company loyalty, encouraging long-term commitment to our growth journey.

#### Employee category statistics

Type	Item	2020				2021				2022			
		Male	Female	Subtotal	Ratio	Male	Female	Subtotal	Ratio	Male	Female	Subtotal	Ratio
Age	Under 30 years old	56	28	84	20.84	44	23	67	17.54	35	19	54	14.67
	30-50 years old	134	79	213	52.86	126	76	202	52.88	125	70	195	52.99
	Over 50 years old	91	15	106	26.30	95	18	113	29.58	96	23	119	32.34
Management	Senior managers	34	2	36	8.93	22	5	27	7.07	37	1	38	10.33
	Mid -level managers	26	4	30	7.45	37	1	38	9.95	22	3	25	6.79
	Entry -level managers	32	10	42	10.42	31	10	41	10.73	38	13	51	13.86
Non -management	Engineer	176	70	246	61.04	165	63	228	59.69	151	59	210	57.07
	Non -engineer	13	36	49	12.16	10	38	48	12.57	8	36	44	11.96
Contract	Full -time	279	113	392	97.27	265	116	381	99.74	256	112	368	100.00
	Contractor	2	9	11	2.73	0	1	1	0.26	0	0	0	0.00
	Dispatched	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00
	Temporary	0	0	0	0	0	0	0	0	0	0	0	0
	Part-time	0	0	0	0	0	0	0	0	0	0	0	0
Education	Doctor	5	0	5	1.24	5	0	5	1.31	5	0	5	1.36
	Master	68	23	91	22.58	72	26	98	25.65	68	26	94	25.54
	Bachelor	140	65	205	50.87	134	60	194	50.79	105	49	154	41.85
	Junior college	56	25	81	20.10	46	23	69	18.06	65	30	95	25.82
	High school (vocational high school)	12	9	21	5.21	8	8	16	4.19	13	7	20	5.43
Years of service	Less than 1 year	87	40	127	31.51	49	19	68	17.80	38	14	52	14.13
	1-3 years	75	24	99	24.57	81	36	117	30.63	87	37	124	33.70
	3-5 years	24	12	36	8.93	44	17	61	15.97	40	12	52	14.13
	5-10 years	38	14	52	12.90	36	7	43	11.26	41	12	53	14.40
	10-20 years	44	30	74	18.36	44	35	79	20.68	38	33	71	19.29
	Over 20 years	13	2	15	3.73	11	3	14	3.66	12	4	16	4.35
Location	Taiwan	278	122	400	99.26	264	117	381	99.22	255	112	367	99.73
	Mainland China	3	0	3	0.74	3	0	3	0.78	1	0	1	0.27
Non -employees	Outsourced	0	1	1	100	0	1	1	100	0	1	1	100

### New employees and employee turnover statistics

Year		2020				2021				2022			
Category	Group	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	125	77%	91	78%	70	68%	83	69%	54	74%	67	72%
	Female	52	23%	32	22%	33	32%	37	31%	19	26%	26	28%
Age	Under 30 years old	58	20%	19	26%	36	35%	31	26%	24	33%	30	32%
	31-50 years old	97	65%	84	60%	55	53%	77	64%	38	52%	47	51%
	Over 51 years old	22	15%	20	14%	12	12%	12	10%	11	15%	16	17%
Total number of people		177		123		103		120		73		93	
Proportion of all employees		44%		31%		27%		31%		20%		25%	

In 2022, 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 Valid Construction Professional Certifications

Certification	Number of Employees with the Certification in		
	2020	2021	2022
Professional Engineer in Civil Engineering	5	6	4
Professional Engineer in Structural Engineering	2	2	2
Site Manager	60	64	74
Type A Industrial Safety Manager	75	102	133
Class A Occupational Safety and Health Management Professional	3	4	5
Class B Occupational Safety and Health Management Personnel	47	56	46
Public Construction Quality Management Personnel	30	34	43

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 their male counterparts. Female employees have great performance and enjoy room for development in Chien Kuo Construction.

### Parental leave statistics

Description	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of employees eligible for unpaid parental leave in the current year	12	7	6	2	1	4
Number of employees on unpaid parental leave in the current year	1	0	5	0	1	0
Number of employees scheduled for reinstatement and reinstated in the current year	4	1	3	0	1	1
Number of employees scheduled for reinstatement but not reinstated in the current year	0	0	2	0	1	0
Number of employees scheduled for reinstatement and reinstated in the previous year	2	1	4	1	2	0
Number of employees reinstated in the previous year and remain in the Company	1	0	1	0	2	0

#### 2022

Employees were eligible for unpaid parental leave (including those that have already applied)

5 employees

Have applied for unpaid parental leave and were scheduled to be reinstated in 2022

3 employees

Reinstated

3 employees

Reinstatement rate

67%

#### 2021

On unpaid parental leave in 2021 and were scheduled to be reinstated

5 employees

Scheduled to be reinstated

3 employees

Reinstatement rate

60%

Remain in the Company

2 employees

Retention rate

67%



## 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 with 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 legally required at 1.11 times the minimum wage. Each year, Chien Kuo Construction conducts salary reviews and adjustments based on industry and market salary surveys, company performance, and individual performance evaluations.



### Average Salary for Non-Managerial Full-Time Employees

Year	Average Salary at Chien Kuo Construction (in thousands of New Taiwan Dollars)	Average Salary in Listed Building Materials and Construction Companies (in thousands of New Taiwan Dollars)
2021	917	888
2020	930	845
2019	930	792

Note: Data obtained from the Market Observation Post System

### Company's Annual Total Remuneration Ratio

2022	Formula	Annual Total Remuneration Ratio
Annual Total Remuneration Ratio	Company's Highest Individual Annual Total Remuneration  Median Annual Total Remuneration for All Employees (excluding the highest remunerated individual)	1446%

### Rank, Grades, Salary, and Gender Statistics

Role	2020		2021		2022	
	Female-Male Salary Ratio	Female-Male Ratio	Female-Male Salary Ratio	Female-Male Ratio	Female-Male Salary Ratio	Female-Male Ratio
Senior managers	0.92	0.06	0.92	0.06	0.94	0.03
Mid-level managers	1.05	0.15	1.05	0.15	1.12	0.14
Entry-level managers	0.97	0.4	0.97	0.40	0.97	0.34
Engineer	0.9	0.42	0.90	0.42	0.91	0.41
Non-engineer	0.61	3.09	0.61	3.09	0.63	5.00

Note: All senior executives of the Company in 2020-2022 are local employees

Compensation paid to directors are determined in accordance with Article 18-1 of the Company's Articles of Incorporation, in which the Board is authorized to determine such remuneration by reference to the industry standard, as well as the extent to which directors participate in the management of the Company. Based on the net income before tax and directors' remuneration for the fiscal year, the Company shall allocate from 0.1% to 3% of such amount as employees' compensation, and no more than 3% as directors' remuneration, which shall be distributed to directors, executives, and employees. Managerial compensation includes salary and bonuses. Salary references are based on industry standards, taking into account job titles, ranks, education and background, professional qualifications, and responsibilities. Bonuses are determined based on managerial performance evaluations, including financial indicators (revenue, profitability) and non-financial indicators.

Pursuant to Article 23 of the Company's Articles of Incorporation, the remuneration for directors shall be determined according to the "Regulations Governing Allocation and Payment of Remuneration to Directors," based on the results of the performance evaluation of the Company's Board of Directors. In addition to considering the overall operational performance of the Company, potential industry risks, and future development trends, the evaluation of reasonable compensation shall also take into account individual target achievements and contributions to the Company's performance. The Remuneration Committee and the Board have reviewed the reasonableness of the performance evaluation and remuneration, and regularly review the remuneration system in line with real operating conditions and laws and regulations, so as to strike a balance between risk control and sustainable management of the Company.

### Minimum salary of new employees

(college graduates)

Gender	Role		Ratio to Statutory Minimum Wage	
	Engineer	Staff	Engineer	Staff
Female	36,000	28,000	1.43	1.11
Male	36,000	28,000	1.43	1.11

### Promotion/Salary Adjustment Approval Process Flowchart



### Employee Benefits Program Overview

Optimization of the salary system	<ul style="list-style-type: none"><li>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</li><li>In addition to salary adjustments based on those in the industry, the Company adjusts employees' salaries based on their performance in the year</li><li>The Company distributes gift money for Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival</li></ul>	
Employee care programs	<ul style="list-style-type: none"><li>Marriage, childbirth, and birthday gift money</li><li>Education scholarships and subsidies for employees' children</li><li>Group insurance subsidies for employees and their dependents</li><li>Distribution of hospitalization and funerary consolation subsidies</li><li>Quarantine leave</li><li>Employee pandemic insurance</li></ul>	<ul style="list-style-type: none"><li>Covid-19 rapid testing kits</li><li>Full-time nurses and contracted doctors</li><li>Regular health-themed talks</li><li>Distinguished Chien Kuo employees with outstanding performance are awarded a gold ring at the year-end banquet</li></ul>
Life and culture	<ul style="list-style-type: none"><li>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</li><li>The Company regularly organizes art and cultural activities and invites professionals and renowned individuals from different sectors to share their experience in seminars</li><li>Subsidies for art and cultural activities expenses</li><li>Subsidies for club activities</li><li>Preferential discounts for designated merchants</li></ul>	
Physical and mental health	<ul style="list-style-type: none"><li>Annual employee travel subsidies</li><li>Health examinations every two years</li><li>Quarterly birthday party</li><li>Annual Family Day and year-end party with numerous prizes</li><li>Two days of paid volunteering leave every year</li></ul>	

### Benefits recipient statistics

Benefits	Number of applications in		
	2020	2021	2022
Employee wedding gift money	2	6	8
Employee childbirth gift money	9	6	1
Employee birthday gift money	303	345	348
Education scholarships and subsidies for employees' children	First half of the year	79	77
	Second half of the year	79	77
Hospitalization subsidies	0	0	0
Funerary subsidies	19	16	27
Employee emergency relief	0	1	2
Employee travel subsidies	327	396	373

Each employee can apply for a maximum of  
supporting employees in childcare and safeguarding the next generation.  
**NT\$ 10,000**

The Company provides education aids for employees' children ranging from NT\$1,000 to 6,000 per child per semester from elementary school until graduating from university.

## 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 allocation method involves allocating 6% of employees' salary based on insured level to the individual account of the Labor Insurance Bureau. In 2022, a total of NT\$18,085,000 was allocated.

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. 2% of the employee's monthly salary is taken to a special account in the Bank of Taiwan. The cumulative balance of the labor pension reserve account in 2022 was NT\$36,670,594.

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.



## Retention and Career Development

### Comprehensive Development Approach

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 management 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 also organize mentor training to facilitate the integration of new members into the Company. To continually enhance managerial capabilities, the Company conducted 2 sessions of management training in 2022.

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 Framework and Learning Roadmap

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.



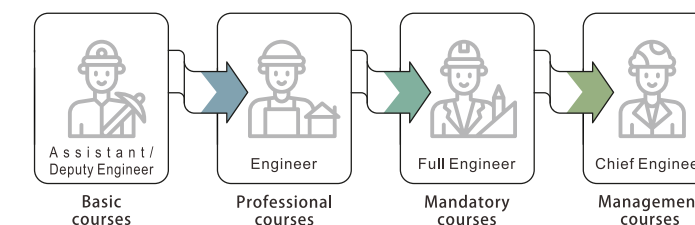
#### Training and development blueprint



#### Annual Personnel Development Focus

Year	Personnel Development Implementation
2019	Engineering Elite Program
2020	Project Management Courses
2021	Intensive Training Program for Young Engineers
2022	<ul style="list-style-type: none"> <li>Management Skill Development Training</li> <li>Mentor training</li> <li>Specialized Training for Migrant Workers in Aluminum Formwork</li> </ul>

#### Learning roadmap



#### Internal training statistics

Gender	Male			Female		
Employee category	Total training hours (hours)	Number of participants	Average training hours per participant (hours)	Total training hours (hours)	Number of participants	Average training hours per participant (hours)
Management	1270	373	3.40	264	71	3.72
Non-management	2007	504	3.98	1084.5	311	3.49
Total	3277	877	3.74	1348.5	382	3.53


### 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.

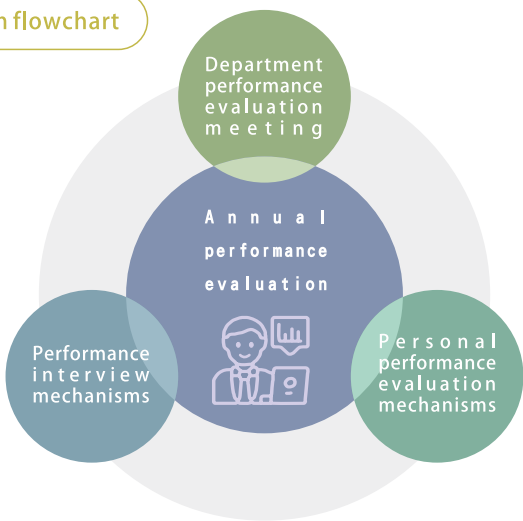
#### Promotion and salary adjustment statistics



Promotion and salary adjustment	2022	2021
Salary adjustment rate by amount	4%	3%
Promotion rate	26.9%	29.8%
Salary adjustment ratio by number of employees	79.1%	61.3%



Performance evaluation system flowchart



# Happy Workplace

## Occupational health and safety 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 secure workplace that aligns with regulations and standards. In 2010, we initiated the comprehensive implementation and certification of the "CNS 15506 Taiwan Occupational Safety and Health Management System" and the "OHSAS 18001 Occupational Safety and Health Management System." With the collaboration of various departments and under the guidance of our Safety and Health Department in planning, integrating, promoting, and executing the process, we obtained certification in January 2012. Subsequently, we successfully completed the three-year review and verification in 2015 and 2017. Our efforts adhere to the fundamental requirements of both domestic environmental regulations and international safety and health standards. We further achieved ISO 45001 and CNS 45001 certifications in 2020, establishing the highest industry standards for self-regulation. In 2022, we also obtained CNS 45001 TAF certification.

Occupational health and safety policy



## Management structure of occupational safety and health

The occupational safety and health management of Chien Kuo Construction can be divided into three levels from the bottoms to top. 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.

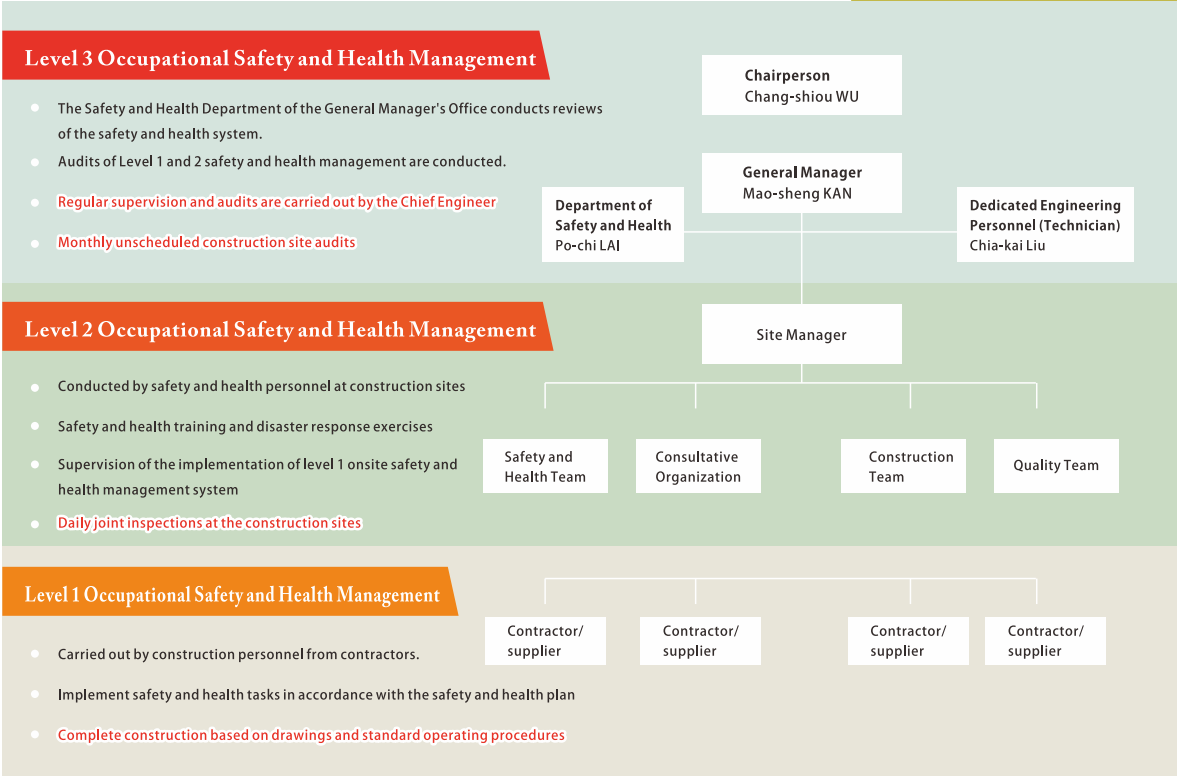
Chien Kuo Construction requires suppliers to comply with the "Occupational Safety and Health Act" and the "Supplier Safety and Health Management" regulations. We also require suppliers to comply with environmental laws and environmental management policies during work. The construction plan of each project 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.

Suppliers must follow the regulations of Chien Kuo Construction when performing tasks. They 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.

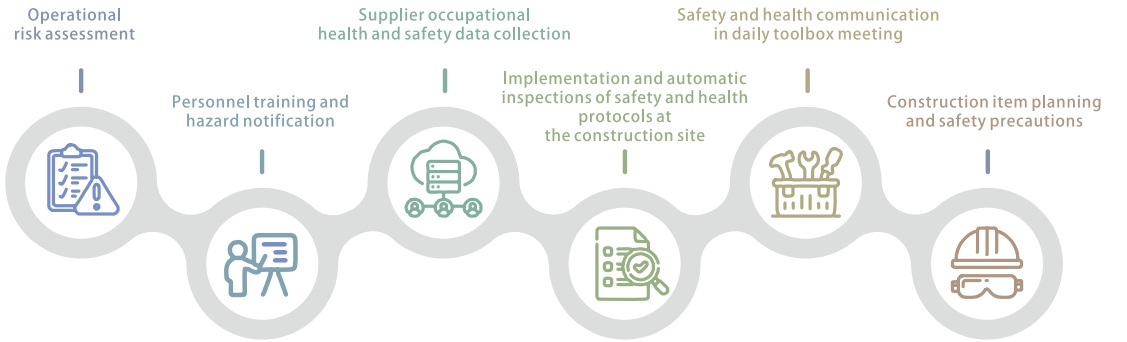


## Occupational health and safety management framework

Three-level Audit Management Procedures



Occupational health and safety management tasks





## Innovative occupational health and safety measures

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

Safety pathway with added protective barriers and skirting boards



Elevator shaft steel construction platform



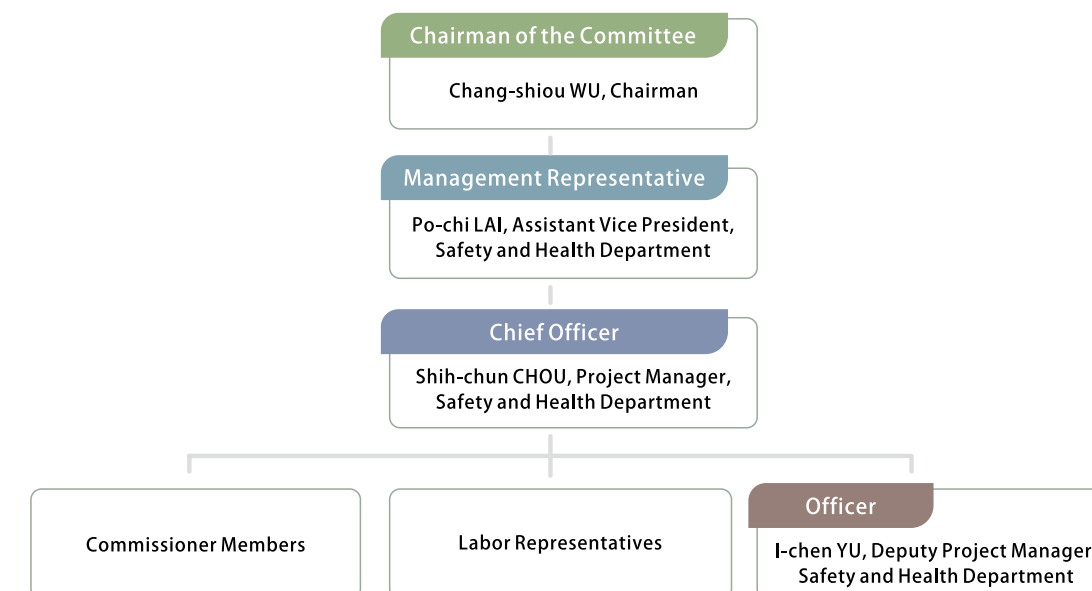
Electric engineering materials management plan



## 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 member structure



### Occupational Safety and Health Committee

	Number of Committee Members	Ratio of Committee Members to Employees
Worker representatives	4	44.4%
Management representatives	5	55.6%
Total	9	100%

### Management and Discussion Items of the Occupational Safety and Health Committee

- Review of occupational safety and health policies
- Coordination and suggestions for safety and health self-management plans
- Safety and health training implementation plan
- Measures to address operational environment measurement results
- Health management and health promotion
- Automated inspection and safety and health audits
- Preventive measures for machinery, equipment, raw materials, and material hazards
- Occupational accident investigation report
- On-site safety and health management performance
- Safety and health management in contracted operations
- Safety and health proposals audits





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 is committed to prioritizing safety. We diligently enforce operation standards and ensure the inspection of safety facilities and equipment. Throughout 2022, we maintained a record of zero personnel workplace accidents. However, there were a few minor traffic accidents during employee commutes. In response, swift and comprehensive support was provided to those with minor injuries, and proactive efforts were undertaken to address the root causes and drive improvements. 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.

#### Occupational injury statistics for 2021-2022

Year	2021			2022		
Item	Male	Female	Total	Male	Female	Total
Disabling frequency rate (FR)	0	0	0	2.30	0	0
Disabling severity rate (SR)	0	0	0	2.64	0	0
Frequency severity indicator (FSI)	0	0	0	0	0	0
Ratio of occupational injuries	3.63	1.31	3.94	2.30	0	2.3
Number of fatalities	0	0	0	0	0	0

Explanatory Note:

- 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

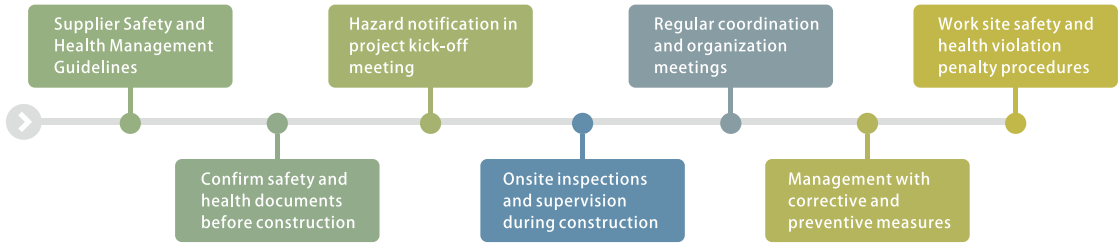
## Supplier Health and Safety Management

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 during the early, middle, and late stages of 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



## Implementation of occupational health and safety 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 work. On-site safety and health engineers implement a joint daily inspection system with suppliers and engineers responsible for each area. They track the improvement results by noon of the same day.





# Construction Site Hazard Prevention

## Hazard prevention measures in work areas



- 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

# Occupational Safety and Health Card Course

## Implementation status of occupational safety and health card training course

Occupational Safety and Health Card Course	Number of Hours (Unit: Hours)	Number of People that Completed Training		
		2020	2021	2022
Occupational Safety and Health Card Training (New/Refresher Training) of the Department of Labor, Taipei City Government	6/3	126	0	10
National Occupational Safety and Health Card Training (New/Refresher Training) of the Occupational Safety and Health Administration, Ministry of Labor	6/3	20	40	200

**Explanatory Note:**

1. 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).
2. We review the number of employees that require new training and refresher at regular intervals each year for occupational safety and health card training
3. New training is effective for three years and 3 hours of refresher training are required every three years
4. Due to the impact of the COVID-19 pandemic, no large-scale "Occupational Safety and Health Card Training" programs were organized in 2021

### Occupational Health and Safety Training

In 2022, we applied to organized OSHA's nationwide "Occupational Safety and Health Card Training" program. The training covered clients, employees, and workers from suppliers, with a total of 200 participants. In 2022, a total of 25 safety staffers received a total of 300 hours of professional refresher training.



# Health and Safety Competition

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. Outstanding construction sites participate in external competitions, having received a total of 3 Outstanding Labor Safety Unit and 1 Public Construction Golden Safety Award—Excellence in 2022.

# Smart Door 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.



Smart access control management

## Benefits of the 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 over the last three years

Item	2020	2021	2022
Construction site with healthy workplace certification	Fuxing Public Housing Project	Yangmei No. 1 Public Housing Project and Pingzhen No. 1 Public Housing Project	Chien Kuo Construction Headquarters
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







## Construction Site Amenities

- 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

## Health Service Management and Promotion



Occupational physicians conducted  
**12 visits**



occupational nurses conducted  
**32 visits**



**10** specialized health education sessions were organized



**2** seminars on healthy diet and exercise were held

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 bears the costs to provide free comprehensive health check-ups for all employees every two years. For employees with abnormal results, regular health monitoring was conducted to ensure their well-being. Employees are requested to complete the "Workload" and "Musculoskeletal Condition" surveys. Check-up results are submitted to the Occupational Medicine Department for statistical and cross-analysis on employees' physical and mental states to spot any 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.

Despite the challenges posed by the pandemic in 2022, interviews continued uninterrupted, demonstrating a proactive approach to caring for employees' physical and mental well-being with regular video and phone interviews.

### Health monitoring and support in 2022



Abnormal health check-up cases

**156**

Abnormal cases in physical examination for new employees

**43**

Number of employee health interviews

**50**

Number of health interviews for new employees

**43**

Achievement rate

**32%**

Achievement rate

**100%**



## 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.

### Health services



**Employee health examination**

- Health examinations every two years
- Follow up on anomalies and provide counseling based on the severity



**Professional medical services**

- Professional doctors and nurses provide regular onsite services
- Designate first aid personnel



**Medical facilities**

- Prepare AED emergency response equipment
- Prepare emergency medical kits
- Set up dedicated breastfeeding rooms



**Health awareness campaigns/seminars**

- Prevention of tobacco hazards
- Cardiovascular disease prevention
- Diet, obesity, and related health issues

## 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.



In 2022, the company was certified as a Health Workplace by the HPA.



# Harmony

Teamwork and  
social responsibility

## Climate change

### Climate Risks and Opportunities

As global attention focuses on rising temperatures, the European Union is set to implement a Carbon Border Adjustment Mechanism (CBAM), specifying the carbon content of exported products. Exceeding the importing country's standards could result in importers not only having to purchase "carbon credits" but also facing carbon tariffs. This policy has significant implications for the export-oriented Taiwan. While buildings may not be directly exportable, they rely heavily on imported primary materials and construction materials. Exporting countries of these materials similarly face the aforementioned challenges, thus posing the same risks to the construction industry as well as other export sectors. Furthermore, with unpredictable weather patterns caused by global climate anomalies, construction progress is frequently delayed due to unforeseeable weather conditions. Construction laborers are also more likely to refuse work or experience slower progress due to unstable weather, resulting in projects often failing to meet scheduled completion dates and increasing construction costs. Additionally, construction laborers are more prone to accidents or mishaps due to fluctuating temperatures. Therefore, climate change indeed introduces considerable risks to the construction industry.

In the context of climate change, the construction industry has identified opportunities in promoting inclusive, safe, resilient, and sustainable urban and human habitation. This aligns with the "Sustainable Development Goals of Taiwan" published by the National Development Council and the "Taiwan's Pathway to Net-Zero Emissions in 2050 and Strategy Overview" announced by the Financial Supervisory Commission. Taiwan's policy stipulates that by 2030, all newly constructed public buildings are expected to achieve Energy Efficiency Level 1 or near-zero carbon buildings. By 2050, the target is for 100% of new buildings and more than 85% of existing buildings to be near-zero. This highlights the importance for the construction industry to focus on developing low-carbon construction methods, reducing carbon emissions during construction, and decreasing energy consumption during the lifespan of buildings as key opportunities in addressing climate change.

Reportedly, concrete and steel are the building materials responsible for the highest tangible carbon emissions. Globally, 50% of concrete and 30% of steel demand come from the construction and architectural sectors. Thus, improving the efficiency of existing buildings is key to reducing emissions. According to the 2021 United Nations Environment Programme report, buildings consume 36% of the world's energy and account for 37% of carbon emissions resulting from energy use. Incorporating "energy consumption" into the initial design of buildings can effectively reduce future energy consumption and achieve carbon reduction.

Recognizing this opportunity years ago, Chien Kuo Construction has been committed to smart construction management and energy-saving technologies and designs. The Company is actively engaged in the following initiatives:

1.R&D of low-carbon construction methods and patented technologies.

2.Development of system aluminum formwork to replace traditional timber formwork.

3."Nearly zero-carbon construction" planning and design for turnkey projects.

### Climate change assessment and response measures

The Company discusses the impact of climate change on our operations during management meetings as needed. Each management department conducts an inventory of climate change impacts and risk identification within its scope of responsibilities. This includes the direct or indirect impacts of extreme weather conditions, transition effects from regulations, technology, or market demands, as well as risks and opportunities arising from cultural and social factors. The results are reported to the management to formulate risk management strategies as the core of climate change adaptation. The Sustainable Development Committee's functional teams regularly report these findings to the Committee and make estimation of management costs and financial impacts.





Key contents	TCFD disclosure recommendations	Implementation status
Governance	<ul style="list-style-type: none"><li>How the Board of Directors supervises climate-related issues.</li><li>How management evaluates and manages climate-related issues.</li></ul>	<ul style="list-style-type: none"><li>Climate change issues are incorporated into the comprehensive scope of risk management. The Sustainable Development Committee reports these issues to the Board of Directors on a regular basis, with oversight and management by the Board.</li><li>The Board incorporates climate-related issues, such as whether construction progress might be compromised by unstable weather or whether addressing carbon emission issues necessitates increased expenditure, into guiding strategies concerning operating revenue, budget allocation, project control risks, and more.</li><li>The management obtains analysis data related to climate change regulations, technology, and market demands through internal meetings. After consolidating this information, the management deliberates on response plans and reports to the Sustainable Development Committee.</li></ul>
Strategy	<ul style="list-style-type: none"><li>Identifying short, medium, and long-term climate-related risks and opportunities.</li><li>Climate issues' impact on business models, strategies, and finances.</li><li>Incorporating different scenarios of climate change.</li></ul>	<ul style="list-style-type: none"><li>Identifying short, medium, and long-term climate-related risks and opportunities for the Company, analyzing climate change risks specific to the industry, enhancing our capacity to bear risks, and improving financial structure.</li><li>See the following climate change risk table and climate change opportunity table.</li></ul>
Risk and opportunity management	<ul style="list-style-type: none"><li>Identifying assessment processes for climate risks and opportunities.</li><li>Managing processes for climate-related risks and opportunities.</li><li>Explaining how the aforementioned risk and opportunity identification and management processes are integrated into the overall risk management system.</li></ul>	<ul style="list-style-type: none"><li>Management assesses climate change risks and sets improvement goals based on actual circumstances. The Company adopts TCFD recommendations for risk assessment mechanisms, assessing specific climate change risk issues, analyzing potential financial impacts, and implementing response strategies and measures.</li><li>Enhancing risk and opportunity identification capabilities across departments through training, raising awareness of internal climate change risks.</li><li>The functional teams of the Sustainable Development Committee conduct business inventory and risk identification with respect to climate change, encompassing analysis of direct or indirect impacts from extreme weather conditions, transition effects due to regulations, technology, or market demands, as well as other cultural and social aspects affecting operations. The results are reported to the management to formulate the core risk management strategies for addressing climate change risks and opportunities and make estimation of management costs and financial impacts.</li></ul>
Indicators and Goals	<ul style="list-style-type: none"><li>Evaluate if indicators align with our strategy and risk management.</li><li>Disclose emissions and related risks.</li><li>Management objectives and relevant performance.</li></ul>	<ul style="list-style-type: none"><li>The Climate Change Risk Management Team formulates response strategies for climate risks and opportunities, reviews and improves them periodically, and reports climate change improvement topics and goals for the upcoming year to the Board.</li><li>Greenhouse Gas Emissions: In 2022, Scope 1 greenhouse gas emissions from the headquarters amounted to 17 tCO<sub>2</sub>e, while Scope 2 emissions reached 180.3 tCO<sub>2</sub>e. Participation in carbon disclosure projects is anticipated in the future.</li><li>Electricity: All construction site offices employ Level 1 energy-saving AC systems. Energy-saving and electricity reduction plans are implemented for headquarters (e.g., lights off for one hour at noon daily), targeting a 5% reduction in electricity consumption over three years.</li><li>Water: Water conservation is promoted, outdated equipment is replaced, and procurement prioritizes faucets and toilets with water-saving certifications. We also regularly inspect the water pumps, water towers, faucets, and other water pipeline connections, walls, or underground pipelines for leaks.</li><li>Waste Management: Waste reduction policies are promoted, such as double-sided printing or reuse of documents, recycling, internal e-signature, and the adoption of electronic document and approval systems to reduce paper usage.</li><li>Choosing the SD550 construction method for suitable projects to reduce structural steel use and achieve carbon reduction goals.</li><li>Seeking external experts to assist nearly zero-carbon building planning and design guidelines during the planning phase of turnkey projects.</li></ul>

Short, medium, and long-term climate change objectives.

<b>Short-term (1-3 years)</b> <b>5%</b> Electricity reduction target for the headquarters' office over three years.	<b>Mid-term (3-5 years)</b> <b>8%</b> annual target of electricity reduction for the headquarters' office.	<b>Long-term (5 + years)</b> The headquarters office raises its annual electricity saving target to <b>10%</b>
<ul style="list-style-type: none"><li>A dedicated team is responsible for identifying, managing, and strategizing climate risks.</li><li>Development of low-carbon energy-saving technology.</li></ul>	<ul style="list-style-type: none"><li>Integrating climate-related risks into the overall policy framework of risk management.</li><li>Driving the inclusion of construction projects in climate risk management mechanisms.</li></ul>	<ul style="list-style-type: none"><li>Improving climate risk management policies, following domestic laws and international initiatives, to deeply embed climate change risk awareness into the company's ethos.</li><li>Accurately assessing the impact of climate change on operations and business. A dedicated team is responsible for leading annual climate risk performance reviews for construction projects.</li></ul>

Climate "risks" and financial impacts:

Type	Item	Financial impacts	Countermeasures
Transition risk	Policies and regulations: Updates to Taiwan's laws	<ul style="list-style-type: none"><li>Costs in response to Taiwan's greenhouse gas reduction and management regulations to enhance energy efficiency, increase the capacity of renewable energy installations, and purchase of green energy certificates.</li><li>Potential impacts from carbon taxes, carbon trading systems, and increased operational costs due to the procurement of compliant raw materials and components.</li><li>Costs resulting from fines, judgments, or policy changes.</li></ul>	<ul style="list-style-type: none"><li>Promoting shutting down unused appliances in office areas and the practice of turning off lights in unoccupied spaces.</li><li>Continual improvement of energy utilization efficiency.</li><li>Keeping regulations up-to-date and promptly developing response strategies.</li></ul> 
	Policies and regulations: International treaties and standards	<ul style="list-style-type: none"><li>Compliance with international requirements, such as TCFD disclosure, necessitates the development of climate change risk and response measures.</li></ul>	<ul style="list-style-type: none"><li>The Company adheres to TCFD guidelines to address climate change with information on related risks and response plans. These are then incorporated into performance objectives, subject to regular review and improvement measures.</li></ul>
	Technology: Low carbon emission/low environmental impact technology have emerge as trends.	<ul style="list-style-type: none"><li>To meet regulations and advocacy requirements, the Company is actively developing low-carbon technologies to reduce carbon emissions, resulting in increased capital investment.</li><li>The cost of developing and implementing new alternative technologies in operations and processes.</li></ul>	<ul style="list-style-type: none"><li>Integrating carbon reduction designs into turnkey projects.</li><li>We use the SD550 construction method at suitable construction sites to reduce the use of rebar and reduce carbon emissions.</li><li>Low-carbon construction method R&amp;D with comprehensive carbon reduction technologies.</li></ul>
	Market: Elevated sustainability awareness and changing customer demands.	<ul style="list-style-type: none"><li>Failure to meet customer demands may lead customers to procure more environmentally friendly products, impacting our revenue.</li></ul>	<ul style="list-style-type: none"><li>Implementing sustainable product design with a focus on increasing energy efficiency, reducing emissions, and enhancing market competitiveness.</li></ul>
Physical risks	Immediate: heavy rain, flooding, typhoons	<ul style="list-style-type: none"><li>Climate factors could lead to project delays, reduced capacity, and decreased revenue.</li><li>Projects or equipment may sustain damage due to climate disasters.</li><li>Employee absenteeism could lower productivity, leading to reduced earnings and increased occupational safety and health costs.</li></ul> 	<ul style="list-style-type: none"><li>Staying vigilant about disaster information to prepare in advance.</li><li>Regularly inspection of ongoing projects and equipment for potential damage, and perform routine maintenance.</li><li>We follow DGPA announcements to close or reduce work if a natural disaster threatens employee safety.</li></ul>
	Immediate: Extreme temperatures	<ul style="list-style-type: none"><li>High temperatures could cause heatstroke among construction workers, affecting project progress.</li></ul>	<ul style="list-style-type: none"><li>Monitoring construction workers' physical conditions and reminding them to stay hydrated at regular intervals.</li></ul> 
	Long-term: Extreme temperatures	<ul style="list-style-type: none"><li>Global warming leads to increased AC usage and higher electricity consumption.</li></ul>	<ul style="list-style-type: none"><li>Office AC set at 26°C, with hours restricted from 09:00 to 18:00.</li></ul> 



## Climate "opportunities" and financial impacts.

Type	Item	Financial impacts	Countermeasures
Opportunities	<ul style="list-style-type: none"> <li>Resource efficiency: Recycle waste paper, reduce waste, minimize water consumption, use more energy-efficient electrical appliances.</li> </ul>	<ul style="list-style-type: none"> <li>Reducing spending on consumables.</li> <li>Reducing water consumption costs.</li> <li>Lowering electricity usage and carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Raising water usage awareness and purchasing water-efficient products.</li> <li>Water savings in 2022: 133 tons.</li> <li>Energy-efficient LED light bulbs reduce electricity usage and carbon emissions.</li> <li>Electricity savings in 2022: 18.52%.</li> </ul>
	<ul style="list-style-type: none"> <li>Resilience: Building adaptive capacity to address climate change, effectively manage climate-related risks, and seize opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing company resilience to mitigate losses caused by climate change.</li> </ul>	<ul style="list-style-type: none"> <li>The Climate Change Risk Management Team formulates risk management strategies to strengthen our risk response capabilities.</li> </ul>

## 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: <http://www.ckgroup.com.tw/investors/>

### Environmental Policy



## Professional materials management promotes resource revitalization.

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 or transfer units, they are required to return their personal walkie-talkies, safety belts, office equipment, and machinery. These items are collected and stored in the warehouse after the project is completed, and they are made available for other departments as needed. Higher-value fixed assets or controlled assets are assigned a unique property identification number automatically by the computer system. Custodians are responsible for the maintenance and safekeeping of these assets. The management unit conducts two on-site inventories at each construction site annually to assess the condition of assets. This ensures that all available assets are properly allocated to the requesting units or moved to a centralized warehouse. 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. Calculation of dedicated resource management personnel, storage space, and transportation costs indicates they are no less than purchasing new materials. Yet, we believe that the practice of valuing resources and fostering a sustainable environment, as embraced by Chien Kuo Construction and its employees, will bring higher value to both our business and ecology.

## Energy emissions

### Energy emissions by the corporate headquarters over the past three years

Year	2020	2021	2022
Direct energy (Scope 1) (In tCO <sub>2</sub> e) (Note 1)	7.76	6.09	17
Indirect energy (Scope 2) (In tCO <sub>2</sub> e) (Note 2)	184.39	170.50	180.3
Total energy consumption (In tCO <sub>2</sub> e) (Note 3)	192.15	176.59	197.3
Energy intensity (Note 4) (Unit: tons CO <sub>2</sub> e/person)	0.48	0.44	0.54
Total energy consumption change ratio (Calculated based on the baseline year)	-25%	-36%	-11%

Note 1: Scope 1: Starting from 2022, fuel costs for manager's vehicles were included (from 2 to 5 vehicles).

Note 2: Scope 2: Starting from 2022, electricity costs for two company assets in Hsinchu were included.

Note 3: Energy intensity is calculated based on the year-end headcount of the group employees (approximately 365, 400, 368 employees for 2020-2022, respectively).

Note 4: Due to the severe impact of the pandemic from May to July 2021, the Company implemented remote work for about two months, replacing business travel with video conferences to prevent cross-infection. As a result, energy consumption was lower in 2021 from the base year 2018's energy intensity of 0.6. In 2022, with the pandemic easing, business travel resumed, leading to increased energy intensity.

Note 5: These figures are based on internal data and have not been verified by a third-party entity.

## Water management

### Water consumption by corporate headquarters over the past three years.

Year	2020	2021	2022
Water consumption (In tonnes) (Note 1)	1629	1499	1632
Water consumption per capita (Note 2) (In tonnes)	4.07	3.75	4.43
Total water consumption change percentage (in tonnes) (compared to the base year) (Note 2)	+11%	+1.35%	+12%

Note 1: Per capita water consumption is calculated based on the year-end headcount of the group employees (approximately 365, 400, 368 employees for 2020-2022, respectively).

Note 2: The year 2018 serves as our baseline with per capita water consumption recorded at 3.7. The pandemic prompted emphasis on handwashing against viruses, contributing to an increase in water usage. Moreover, the outbreak from May to July 2021 led to a shift toward remote work and virtual meetings for approximately two months. As a result, we observed a noteworthy reduction in water consumption in the 2021. In 2022, due to the ongoing pandemic, water usage continued to increase.

Note 3: These figures are based on internal data and have not been verified by a third-party entity.



Chien Kuo Construction's headquarters is located on the 20th and 21st floors of a commercial office building. As the restroom and pantry areas are shared public spaces for all employees and visitors, it is challenging to effectively control water usage. We can only strive to promote water conservation among employees. The water consumption is domestic use and solely provided for employees and visitors. Sewage is directed to the building's sewage treatment system, which then flows through the sewage pipeline to the sewage treatment plant for processing. 2022's estimated water consumption is approximately 1,632 tons, up 133 tons from 2021. The per capita water consumption has also increased from 3.75 tons per person last year to 4.43 tons per person. As we have transitioned into the post-pandemic era, we have followed CDC guidance and encouraged our staff to practice frequent handwashing 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.



## 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 2022. 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.



## Implementation plans

### Lighting

- 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
- 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

- 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
- 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
- Starting from the second half of 2022, all AC units must be selected with a first-level energy efficiency label

### Water consumption

- Use of products with water conservation label
- Installation of push faucets in toilet sinks
- Regular announcements to remind employees to develop energy conservation habits

### Paper

The head office used approximately 2,482 kg of paper in 2022. The aforementioned data does not include paper consumption in outsourced printing.

- 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
- 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

- Starting from the second half of 2022, all appliances such as refrigerators and electric water heaters must be chosen with an energy efficiency label
- 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
- Implement waste sorting and recycling
- Do not provide disposable tableware in the office
- Encourage employees to share rides when they visit the same region for business trips
- Prioritize non-toxic agricultural products from small farmers for New Year gifts



## Environmental Compliance

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 amount of all waste types over the past 2 years



Construction waste



Domestic waste

2021 Total (tons) | **22,104.41 tons** | **13,566.11 tons**

2022 Total (tons) | **1,686.14 tons** | **1,772.82 tons**

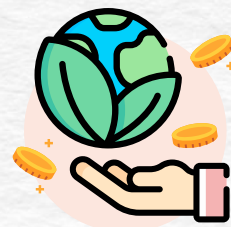
Explanatory Note:

1. The total amount of waste varies based on project progress and changes in the scope of work.
2. This table only accounts for domestic waste and construction waste from construction sites. As our headquarters is located in a commercial building, accurate calculation of domestic waste is not feasible.

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. Among 2022's 10 ongoing projects, the Cathay Fengnian Project incurred an environmental protection expenditure of NT\$213,600 due to weekend construction to meet project deadlines and noise-related environmental measures in the densely populated neighborhood.

Environmental fines over the past four years.

Year	2019	2020	2021	2022
Amount (NT\$)	68,200	91,100	216,000	213,600



Pollution prevention and management initiatives



Noise prevention

- Set up sound level meters



Road pollution prevention

- 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



Wastewater discharge management

- Set up settling basins
- Thorough management of oil usage
- Effluent sampling and monitoring outside the construction site



Air pollution prevention

- Construction site air quality monitoring
- Coverage with soil and building materials
- Air monitoring and control operations



Waste management

- Implement waste sorting and reduction at the construction site
- Disposal management
- Recycling operation management

## Established the Aluminum Formwork System Business Unit

Chien Kuo Construction established the Aluminum Formwork System Business Unit 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 Zuoying Public Housing in Kaohsiung as the demonstration area for aluminum formwork. Zuoying Public Housing, a large-scale project with a total of 856 units, uses aluminum formwork instead of traditional wooden formwork, resulting in approximately 1,025 tons of carbon reduction, as certified by LCBA. This reduction is equivalent to the annual carbon absorption of 2.6 Da'an Forest Parks.

**1,025 tons**  
of carbon reduction  
as certified by LCBA

This reduction is equivalent to the annual carbon absorption of  
**2.6**  
Da'an Forest Parks





## Social Participation

### Building and renovation expertise that create cozy, safe spaces.

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 pro bono renovations 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.



#### Pro bono renovation 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.



#### Pro bono renovation services



Provide professional consultation services for maintenance and repairs



Assist in seeking contractors, price inquiries, construction supervision, and inspection and acceptance

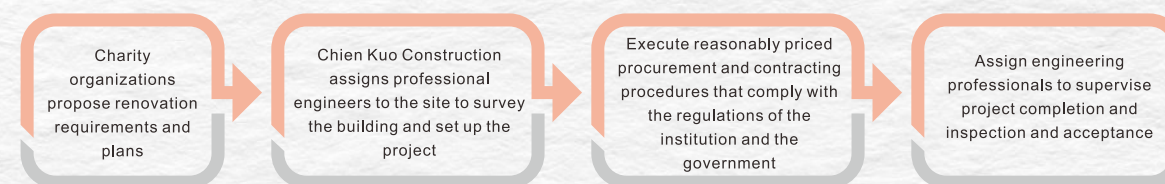


Special subsidies for maintenance and repairs expenses

### Pro bono renovation procedure

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.

#### Pro bono renovation procedure



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

### Successful pro bono renovations

From 2010 to 2022, 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



#### Genesis Social Welfare Foundation:

Home for Persons in Persistent Vegetative State in Taitung / Kaohsiung Branch / Home for Persons in Persistent Vegetative State in Pingtung



#### The Garden of Mercy Foundation:

Home for Babies with AIDS / Wulai Adult Care Center renovation projects



#### Chung Yi Social Welfare Foundation:

Renovation and improvement of the entire building of Taipei Home, Chung Yi Children's Home



#### Harmony Home Association, Taiwan:

Wenshan Children's Home / Jiaying Adults' Home / Zhonghe Adults' Home



#### The Garden of Hope Foundation:

Shelters and Children's Homes for victimized women in Taoyuan / Taichung / Pingtung

#### Other organizations

Homes for elderly who live alone / Taitung Dawu Junior High School / Taitung Xinyuan Elementary School



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.

Features of pro bono projects

- Professional contracting / zero profit or management fees
- Internal recruitment for volunteering employees to work onsite



Milestones of pro bono projects



Genesis Home for Persons in Persistent Vegetative State in Pingtung

Commenced in October 2011 and completed in December 2014, providing accommodation for 37 vegetative patients.



Genesis Kaohsiung Branch

Commenced in May 2013 and completed in December 2015, serving as the foundation's office.



Genesis Home for Persons in Persistent Vegetative State in Pingtung

Commenced in March 2014 and completed in May 2016, providing accommodation for 100 vegetative patients.

Charitable Contributions

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.



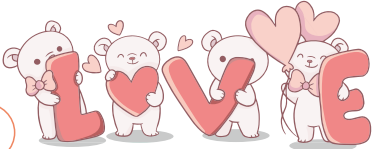
Personal volunteer leave



Group 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 2011-2022

Year	Participation in Charitable Activities (Person-Times)	Service Hours Subtotal (Hours)	Cumulative Service Hours (Hours)
2022	15	94	9,440
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 ongoing pandemic, charity partners have cut back on the needs of administrative volunteers to avoid gatherings in 2022.





### Number of Participants and Hours in Pro Bono Renovation Projects in 2011-2022

Department	Number of Volunteer Participation	Volunteer Hours (Hours)	Description
Genesis Social Welfare Foundation	13	214	Civil engineering evaluation and construction estimates for new construction projects
The Garden of Hope Foundation	21	151	Estimation for new construction projects
Chung Yi Children's Home	2	244	Internal and external maintenance and repairs of housing facilities
Others	3	28	Damage by typhoon in Taitung Xinyuan Elementary School, The Garden of Mercy Foundation
Total	58	635	

### Charitable Donations in 2011-2022

Nature of Donation	Explanation of Donation	Amount (NT\$)
Emergency relief	2015 Nepal Earthquake / 2016 Tainan Earthquake / 2016 Nepartak Typhoon / employee disability	6,275,100
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	19,065,674
Charitable donations	Genesis Social Welfare Foundation / Chung Yi Children's Home / The Garden of Mercy Foundation	13,430,514
Arts and culture sponsorship	Chien Kuo Foundation for Arts and Culture / employee participation in art and cultural activities	9,418,773
Total		48,190,061



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.

### 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 the Lunar 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 Lunar 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 "32nd and 33rd 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 "Lunar 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\$2,775,300 for heartwarming Lunar 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.



### 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. COVID-19 prevented employees from volunteering to avoid gatherings in 2022.

### Companion Volunteer Day Trips at 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.

Due to the pandemic in 2022, participation in group activities was discouraged for social welfare organizations. Only at the year-end, employees from the Yangmei Construction Office spent time with six young children from the Chung Yi Children's Home in Taoyuan to participate in a handicraft workshop at the Kuo Yuan Ye Museum of Cake and Pastry. A total of six employees volunteers served as companions, contributing a total of 48 volunteer hours.







## Arts & Culture

### 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.



### Facebook



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 followers to expand our digital reach and influence.



## 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.

### 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.



### 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.

### Radio Shows

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. 414 programs have been produced from 2012 to 2022 and it has become an influential platform for communicating traditional art in the Chinese-speaking world.



As of the end of 2022  
**NT\$9,020,000**  
has been donated

### 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", 1/2 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

### Culture Seminar

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. Up until 2022, four events have been held at National Tsing Hua University, National Taiwan University, and Private Tunghai University, with around 600 participants.





GRI Indicator Reference Table

Statement	Chien Kuo Construction Co., Ltd. has reported in accordance with GRI guidelines for the period from January 1, 2022, to December 31, 2022.
GRI1 used	GRI 1: Foundation 2021

Applicable GRI industry guidelines

GRI 2: General Disclosures 2021

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Organizational and Reporting Practices	2-1	Organization Details	Group Profile	9	
	2-2	Entities included in the sustainability report	Business Performance	37	
	2-3	Reporting period, frequency, and contact person	About this Report	4	
	2-4	Restatements of information	About this Report	4	No occurrence in 2022
	2-5	External assurance	About this Report	4	
Events & workers	2-6	Activities, value chains and other business relationships	Business Scale, Supply Chain Management	12,59	
	2-7	Employees	Employee Care	65	
	2-8	Non-employee workers	Employee Care	66	

Material Topic IV. Business Management					
Governance	2-9	Governance structure and composition	Professional Team	29	
	2-10	Nomination and selection for the highest governance body	Professional Team	31	
	2-11	Chairman of the highest governance body	Professional Team	33	
	2-12	The role of the highest governance body in overseeing impact management	Professional Team	36	
	2-13	Head of impact management	Professional Team	36	
	2-14	The role of the highest governance body in sustainability reporting	Professional Team	36	
	2-15	Conflict of interest	Professional Team	34	
	2-16	Communication of key material events	Ethical Corporate Management	44	
	2-17	Group knowledge of the highest governance body	Board of Directors	31	
	2-18	Performance evaluation of the highest governance body	Professional Team	35	
	2-19	Remuneration Policy	Professional Team	35	
	2-20	Remuneration Determination Process	Professional Team	36	
	2-21	Annual Total Remuneration Ratio	Employee Care	68	
Strategies, policies, and practices	2-22	Sustainability strategy statement	A Word from the Management	6	
	2-23	Policy commitment	Employee Management Policy	42	
	2-24	Included in policy commitments	Employee Management Policy	42	
	2-25	Procedures for remediating negative impacts	Ethical Corporate Management	44	
	2-26	Mechanisms for seeking advice and raising concerns	Ethical Corporate Management	44	

Stakeholder engagement	2-27	Legal compliance	Ethical Corporate Management	44	
	2-28	Membership of associations	Corporate Governance	37	
	2-29	Stakeholder engagement approaches	Stakeholders and Material Issues	19	
	2-30	Collective bargaining agreements	Employee Care	65	The Company has not signed collective bargaining agreements, but we organize regular labor-management meetings to ensure smooth communication.

GRI 3: Material Topics 2021

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Material topic disclosures	3-1	Procedure to determine material topics	Material Issues	19	
	3-2	List of material topics	Material Issues	24	
	3-3	Material topic management	Material Issues	24	

GRI 200: Economic Disclosures

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Economic performance	201-1	Direct economic value generated and distributed	Business Performance	37	
	201-2	Financial implications and other risks and opportunities due to climate change	Climate change	83	
	201-3	Defined benefit plan obligations and other retirement plans	Employee Care	69	
	201-4	Financial assistance received from government	Innovation and Technology Applications	47	
Market presence	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Employee Care	68	
	202-2	Proportion of senior management hired from the local community	Employee Care	67	
Indirect Economic	203-1	Infrastructure investments and services supported	Social Participation Charitable Contributions	92 94	
Impacts	203-2	Significant indirect economic impacts	Social Participation Charitable Contributions	92 94	
Procurement practices	204-1	Proportion of spending on local suppliers	Supply Chain Management	59	
Anti-corruption	205-1	Operations assessed for risks related to corruption	Ethical Corporate Management	44	
	205-2	Communication and training about anti corruption policies and procedures	Ethical Corporate Management	44	
	205-3	Confirmed incidents of corruption and actions taken	Ethical Corporate Management	44	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethical Corporate Management	44-45	No occurrence in 2022



GRI 300: Environmental Disclosures

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Energy	302-1	Energy consumption within the organization	Sustainable Environment	87	
	302-2	Energy consumption outside of the organization	Sustainable Environment	87	
	302-3	Energy intensity	Sustainable Environment	87	
	302-4	Reduction of energy consumption	Sustainable Environment	88	
	302-5	Reductions in energy requirements of products and services	Sustainable Environment	91	
Emissions	305-1	Direct (Scope 1) GHG emissions	Sustainable Environment	87	
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Environment	87	
	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	Greenhouse gas emission intensity	Sustainable Environment	87	
	305-5	Reduction of GHG emissions	Sustainable Environment	87	
	305-6	Emissions of Ozone Depleting Substances (ODS)	-	-	Not Applicable; as the service area does not have significant ODS emissions.
	305-7	Nitrogen Oxides (Nox), Sulfur Oxides (SOx), and other significant air emissions.			Not Applicable; as the service area does not have significant emissions of Nitrogen Oxides (NOx) and Sulfur Oxides (Sox).

GRI 400: Social Disclosures

GRI Standard	Disclosure Item	Description	Corresponding Chapters/Sections	Page Number	Note
Labor Relations	401-1	New employee hires and employee turnover	Employee Care	67	
	401-2	Benefits provided to full-time employees	Employee Care	69	
	401-3	Parental leave	Employee Care	67	
Labor/management relations	402-1	Minimum notice periods regarding operational changes	Employee Care	65	

Material Topic I. Occupational Safety and Health

Occupational Health and Safety	403-1	Occupational Safety and Health Management System	Occupational safety and health	72	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational safety and health	72	
	403-3	Occupational health services	Occupational safety and health	81	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health	75	
	403-5	Worker training on occupational health and safety	Occupational safety and health	78	
	403-6	Promotion of worker health	Occupational safety and health	81	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety and health	80	

	403-8	Workers covered by an occupational health and safety management system	Occupational safety and health	80	
	403-9	Work-related injuries	Occupational safety and health	76	
	403-10	Work-related ill health	Occupational safety and health	76	
Training and Education	404-1	Average hours of training per year per employee	Employee Care	70	
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Care	70	
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Care	71	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Professional Team Employee Care	33 66	
	405-2	Ratio of basic salary and remuneration of women to men	Employee Care	68	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Employee Care	71	No incidents of discrimination in 2022.
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Care	71	No occurrence in 2022
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Care	71	No occurrence in 2022
Security Practices	410-1	Security personnel trained in human rights policies or procedures	Employee Management Policy	43	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Employee Management Policy	42-43	No occurrence in 2022
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social Participation Charitable Contributions	92 94	
	413-2	Operations with significant actual and potential negative impacts on local communities	Social Participation Charitable Contributions	92 94	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management	60	
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	60	
Public Policy	415-1	Political contributions	Corporate Governance	37	The Company did not provide political donations in 2022

Material Topic V. Quality Management

Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Quality Assurance	52	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Assurance	52-58	No occurrence in 2022
Marketing and Labeling	417-1	Requirements for product and service information and labeling	Quality Assurance Customer Service	53 62	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Quality Assurance	52-58	No occurrence in 2022
	417-3	Incidents of non-compliance concerning marketing communications	Quality Assurance	52-58	No occurrence in 2022
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Service	62-63	No occurrence in 2022



### SASB Indicator Comparison Table

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	Legal compliance	45	
	IF -EN -160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Corporate Governance	40	
Structural Integrity & Safety	IF -EN -250a.1	Amount of defect- and safety-related rework costs	Corporate Governance Occupational safety and health	39 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	39 72	No such occurrences
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	76	
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	52	
	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	47	
Climate Impacts	IF -EN -410b.1	Amount of backlog for hydrocarbon related projects and renewable energy projects	Innovation and Technology Applications	47	
	IF -EN -410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Innovation and Technology Applications	47	
	IF -EN -410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Innovation and Technology Applications	47	
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	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	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	12	No such occurrences

### Operation Activity Indicators

SASB Standard	Indicator Code	Indicator	Corresponding Chapters/Sections	Page Number	Note
Activity Indicator	IF -EN -000.A	Number of projects in progress	Number of Active Projects, Business Scale	12-13	
	IF -EN -000.B	Number of Commissioned Projects	Number of Completed Projects, Business Scale	12-13	
	IF -EN -000.C	Value of active projects	Business Scale	12	



## Independent Assurance Statement

### CHIEN KUO CONSTRUCTION CO., LTD.'s 2022 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of CHIEN KUO CONSTRUCTION CO., LTD.'s Sustainability Report of 2022 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR Group and CHIEN KUO CONSTRUCTION CO., LTD. (hereinafter referred to as "CHIEN KUO") are independent entities. AFNOR ASIA LTD., was commissioned by CHIEN KUO to conduct the assessment and assure the Sustainability Report of 2022 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

### SCOPE

The disclosure scope of the Report covers the economic, environmental and social activities and operational performance of CHIEN KUO's operating bases in Taiwan.

AFNOR Asia is responsible for:

1. According to the Type 1 of the AA1000 Assurance Standard (v3), evaluate CHIEN KUO's compliance with the AA1000 Accountability Principle (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the Report compiled by CHIEN KUO.







## REFERENCES

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

- AA1000 Accountability Principles (2018)
- GRI Standards

## METHODOLOGY

- Review the process and management of the principles of inclusivity, materiality, responsiveness and impact described in the Report related to the AA1000 Accountability Principles (2018).
- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- Conduct interviews with the management team to confirm stakeholder communication and response mechanisms.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- The verification team inspected and reviewed the documents, materials and information related to the report by interviewing the responsible personnel of each group of CHIEN KUO.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the Report.



## CONCLCHIEN KUOON

### ◆ AA1000 Accountability Principles

#### Inclusivity

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

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

#### Materiality

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

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





### Responsiveness

CHIEN KUO has developed and implemented a stakeholder response mechanism and the comparison of SDGs, clearly declaring relevant policies and communicating with stakeholders, and responding to expectations and opinions from stakeholders. Future reports may:

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

### Impact

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

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

### ◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirm that the Report complies with GRI reporting requirements in terms of general disclosure items and specific topic disclosures, including material topic management and disclosure items. Future reports may:

- continuously collect and disclose performance information that can be extended to other regions or operating bases in the future, and strengthen the depth and breadth of disclosed information, strengthen the content of management policy disclosure, and more completely present the context of sustainability and related sustainability performance.
- continuously collect major issues, risks and opportunities, strengthen management and control, practice results, and gradually implement various operations and management actions of subsidiaries in various operating bases, so as to expand the influence of enterprises on sustainable management.



### ASSURANCE OPINION

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

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

### ASSURANCE LEVEL

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

### LIABILITY

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

For and on behalf of AFNOR :

Trevor Wilmer  
The Director for Certification and Assessment  
Jun.07.2023

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000-84/V3-6I65Z





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