

2024

**SKS** 新光保全

Shin Kong Security ESG Report



# Table of Contents

## About This Report

Words from the Management	01
Performance Highlights in 2023	02

## 1 Sustainably Developed Smart Home

Table of 2023 SKS Sustainability Material Topic	04
1.1 ESG Policy Statement	05
1.2 ESG Management	05
1.3 Stakeholder Communication and Management	07
Focus Stories	12

## 2 Steady Governance of Smart Home

2.1 About Shin Kong Security	15
2.2 Financial Performance	16
2.3 Corporate Governance	19
2.4 Regulatory Compliance	22
2.5 Risk Management	24

## 3 Trustworthy Smart Home

3.1 Customer Relationship Management	34
3.2 Customer Health and Safety	39
3.3 Security Service	42
Focus Stories	43

## 4 Striving for Environmental Sustainability in Smart Home

4.1 Environmental Governance	46
4.2 Green Management	54
4.3 Sustainable Supply Chain	59
4.4 Sustainable Environmental Education	60
Focus Stories	61

## 5 Building Socially Integrated Smart Home-For Internal

5.1 Building a Happy Workplace	64
5.2 Talent Training and Development	70
5.3 Healthy and Safe Workplace	77
Focus Stories	87

## 6 Building Socially Integrated Smart Home-For External

6.1 An-Shin Class	90
6.2 Deeply Rooted Local Sustainable Communities	92
6.3 SKS Community Care Welfare Foundation	93
6.4 Taiwan SKS Foundation for Arts and Culture	95

## 7 Appendix

Business Units Covered in the SKS Consolidated Financial Statements	97
GRI Standards	98
Sustainability Accounting Standards Board (SASB) Index	104
ISO 26000 Guidance on Social Responsibility Index	105
UN Global Compact Index	110
Independent Assurance Opinion Statement	111
Task Force on Climate-Related Financial Disclosures (TCFD) Conformity Statement	112

# About This Report

This is the 13th ESG Report released by Taiwan Shin Kong Security Co., Ltd. (hereinafter referred to as, “Shin Kong Security,” “SKS,” or “we/our” ). The report includes disclosure of our financial/governance, environmental, and social management policies, and performance for 2023 (from January 1 to December 31, 2023). The information contained in this report has been independently verified by the British Standards Institution in Taiwan ( “BSI Taiwan” ); see the appendix for the Independent Assurance Opinion Statement.

## Report Management

Internal Management Procedures:

The contents of this report are annual data provided by our Sustainable Development Task Force and compiled by members of the Sustainable Development Promotion Office. The contents of each chapter have been verified for correctness by managers from each division. After review by the Sustainable Development Committee and approval by the Board of Directors, they are issued and disclosed on the Company's ESG website.

External Management Procedures:

Financial information has been confirmed by Deloitte Taiwan; information on sustainability has been verified by BSI Taiwan in accordance with AA1000AS v3.

## Scope and Boundary (within the organization)

The performance present in this report is primarily based on Shin Kong Security. Where this report applies to joint ventures, subsidiaries, leasing, and/or outsourced business, it shall be explained within the text of the report. See the appendix for the business units covered in the SKS consolidated financial statement.

## GRI Compliance

GRI Standards( Version 2021)

## Assurance Type and Grade

AA1000AS v3 Type 1 Moderate Level

## Publication Cycle

Periodically published and disclosed on this Company's ESG website

Current release: June 2024

Previous release: August 2023

## Contact Information

Taiwan Shin Kong Security Co., Ltd. – Sustainable Development Promotion Office

Office Address: No. 128, Xing' ai Road, Neihu District, Taipei City

Tel: (02) 7719-9888, ext. 20200

Corporate Website: <https://www.sks.com.tw/>

ESG Website: <https://esg.sks.com.tw>



Shin Kong Security  
ESG Website



Shin Kong Security  
ESG mail



Shin Kong Security  
Office Website

## Words from the Management

ESG is a global trend and has become an indicator for corporate sustainability assessments. With Net Zero Emissions now an urgent priority, enterprises are striving hard for sustainability; we must all "play for keeps." As a result, SKS is devoting great attention to sustainable development; we are deeply aware of the importance of corporate governance. SKS has strengthened our corporate governance system over the past year, as we continue to strengthen our internal control mechanisms. We have formulated our *Ethical Corporate Management Best Practice Principles and Audit Procedures* and carried out educational training on ethical corporate management for our employees, all with an aim to enhance transparency and due diligence. By doing all this, we ensure that our operations are in compliance with the law, and with ethical standards. SKS strives for fairness and transparency, to help our stakeholders gain a better understanding of the company, which in turn helps build trust in us.

Starting in 2022, the SKS Board of Directors has elevated the Sustainable Development Committee to a Board functional committee. The Sustainable Development Committee is tasked with formulating response strategies and policies, and planning and implementing annual programs, to ensure the full implementation of sustainable development strategies within SKS's daily operations. We have also established a dedicated team responsible for managing information security. The team consists of a control center, customer service centers, and the IT Department, all of which have all obtained ISO 27001:2022 certification. SKS has also formulated regulations for information security in our supply chain and products, and we review them on a rolling basis to enhance information security protection.

SKS emphasizes the value of People, and we care about the specialized abilities and occupational literacy of every employee. While many enterprises are applying AI technology in their operations, we firmly believe that people are our core, key strategy. We maintain competitiveness through planned training, stimulating innovation and creativity among our team members. This helps them maintain competitiveness while also building a diverse and inclusive work environment. SKS advocates respect, equality, and cooperation to promote the holistic development of our employees.

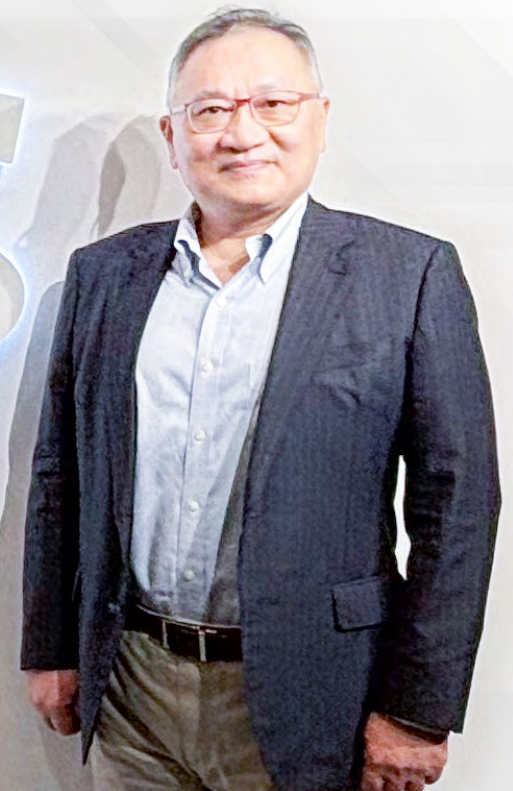
In 2023, SKS's consolidated revenue reached NT\$7.7127 billion, a new record high, and demonstrating the results of our sustainability operations. Our care for a friendly work environment has been recognized with awards and certifications such as the HR Asia Best Companies to Work for in Asia Awards, the British Standards Institution (BSI) Outstanding Award for Sustainability Resilience, the Health Promotion Administration Taiwan iSports Certification, and the Taipei City Middle-aged and Elderly Friendly Enterprise Certification. In terms of social care, SKS is actively involved in public welfare activities. In 2023, the Shin Kong Security Foundation for Social Welfare provided day care services for 7,688 people, respite care services for 267 people, and 9,755 transport service trips. These practices demonstrate our commitment to promoting green services and implementing carbon reduction to support environmental sustainability.

SKS will continue our efforts to incorporate LEAP (Life, Evolution, Agile, and Progress) and AI elements while strengthening talent cultivation. We are working to offer even greater environmental-friendly security services and keep becoming better and better.



Taiwan Shin Kong Security Co., Ltd.  
Chairman

吳昕東



Taiwan Shin Kong Security Co., Ltd.  
President

洪國超

## Performance Highlights in 2023

E



CommonWealth Magazine -  
1.5°C Temperature Control Target  
Certification (1.43°C)



ISO 14064-1 Verification



Taiwan Alliance for  
Net Zero Emission  
(TANZE) Green-Grade  
Certification



Department of Environmental  
Protection, Taipei City  
Government - Green  
Procurement Award  
(NT\$ 28,349,059)



Business Weekly - Top 100 in  
Carbon Competitiveness

S



CommonWealth Learning/Cheers  
TALENT, in Taiwan Sustainability  
Development Badge



TCSA - Aging-friendly  
Leadership Award



Health Promotion  
Administration Taiwan  
iSports Certification



HR Asia Best Companies  
to Work for in Asia 2023  
( HR Asia Awards )



Taipei City Middle-aged  
and Elderly Friendly  
Enterprise Certification



1111 Job Bank - Best  
Companies to Work for Award

G



Taiwan Corporate  
Sustainability Awards (TCSA) -  
Report Silver Award



BSI - Outstanding Award for  
Sustainability Resilience



2023 ATLife Taiwan  
Excellence Award for Long-  
term Care Rental Aids



SIA - Security Personnel for  
Safety and Good Social  
Order Maintenance Award



# CH 1

## Sustainably Developed Smart Home

### Core Goals and Visions/

Sincere operations, stable growth, sustainable development, and fulfilling corporate social responsibility have always been the mission at SKS. As such, SKS's directions in sustainable development include the three major fields of environmental protection, social responsibility, and corporate governance; and the five major areas of operational management, customer satisfaction, employee care, social engagement, and environmental sustainability. We are committed to strengthening SKS's operation and management, investing our efforts to be environmentally friendly, and fulfilling our corporate social responsibility.

### Chapter Highlights/

- 1.1 ESG Policy Statement
- 1.2 ESG Management
- 1.3 Stakeholder Communication and Management Focus Stories

### Performance Highlights/

## Table of 2023 SKS Sustainability Material Topic

Dimension	Material Topics	Changes in Topics	Corresponding GRI Standards	Corresponding SDGs	Corresponding Chapters
Environmental (E)	Climate Action Management	●	305		4.1 Environmental Governance
	Energy Resources Management	●	302		4.2 Green Management
	Supply Chain Management	●	204 308 414		4.3 Sustainable Supply Chain
	Biodiversity	★	Custom Topic	 	4.4 Sustainable Environmental Education
Social (S)	Workplace Safety and Health	●	403		5.3 Healthy and Safe Workplace
	Workplace Diversity, Equality, and Inclusion	●	401 402 403 404 405	  	5.1 Building a Happy Workplace 5.2 Talent Training and Development
	Labor/Management Relations	●	402		5.1 Building a Happy Workplace
	Market Presence	●	202	 	5.1 Building a Happy Workplace
	Social Engagement	▲	413	  	6.1 An-Shin Class 6.2 Deeply Rooted Local Sustainable Communities 6.3 SKS Community Care Welfare Foundation 6.4 Taiwan SKS Foundation for Arts and Culture
Governance (G)	Corporate Governance	▲	205		2.3 Corporate Governance
	Customer Relations and Service Quality Management	●	416	 	3.1 Customer Relationship Management
	Operational Performance	▲	201		2.2 Financial Performance
	Regulatory Compliance	●	205	 	2.4 Regulatory Compliance
	Privacy Protection	▲	418	 	3.1 Customer Relationship Management

Note: ● Original topic ▲ Newly-ranked topic ★ Newly-ranked & newly-added topic

## 1.1 ESG Policy Statement

### Strengthening Company's Business Structure

1. Continuously establish an effective internal control system, maintain information security, implement risk management, maintain open and transparent information disclosure, comply with corporate self-regulatory rules, improve operating systems, and secure stable earnings for shareholders.
2. Provide stable career development for employees and security services for customers.

### Protecting Social Welfare

1. Promote talent cultivation, enhance professional knowledge and skills, and improve the standard of domestic security services through long-term cooperation with educational institutions for industry-academia collaboration.
2. Maintain good neighborly relations with people in the community, and strive our best to care for the disadvantaged and promote social welfare.
3. Promote cultural development through our Foundation, and support artistic and literary creation in Taiwan.

### Committed to a Friendly Environment

1. Strive to promote energy conservation and carbon reduction, and provide customers with professional security services that meet environmental protection requirements.
2. Encourage partners and subcontractors to work together to maintain a sustainable environment.

## 1.2 ESG Management

The pursuit of sustainable operations has long been SKS's mission. Therefore, we have been the industry pioneer to actively publish an ESG Report 13 years ago in our efforts to surpass legal regulations through balanced economic, environmental, and social developments. Throughout the process, we became deeply aware that the only effective way to promote comprehensive sustainable development is to include senior-level decision-makers in the promotion mechanisms.

To improve communications with stakeholders, we have set up an ESG Zone on our corporate website, along with a mailbox, official fan page, and stakeholders' online survey, which are managed by designated staff. Everyone is welcome to voice their opinions and interact with us.

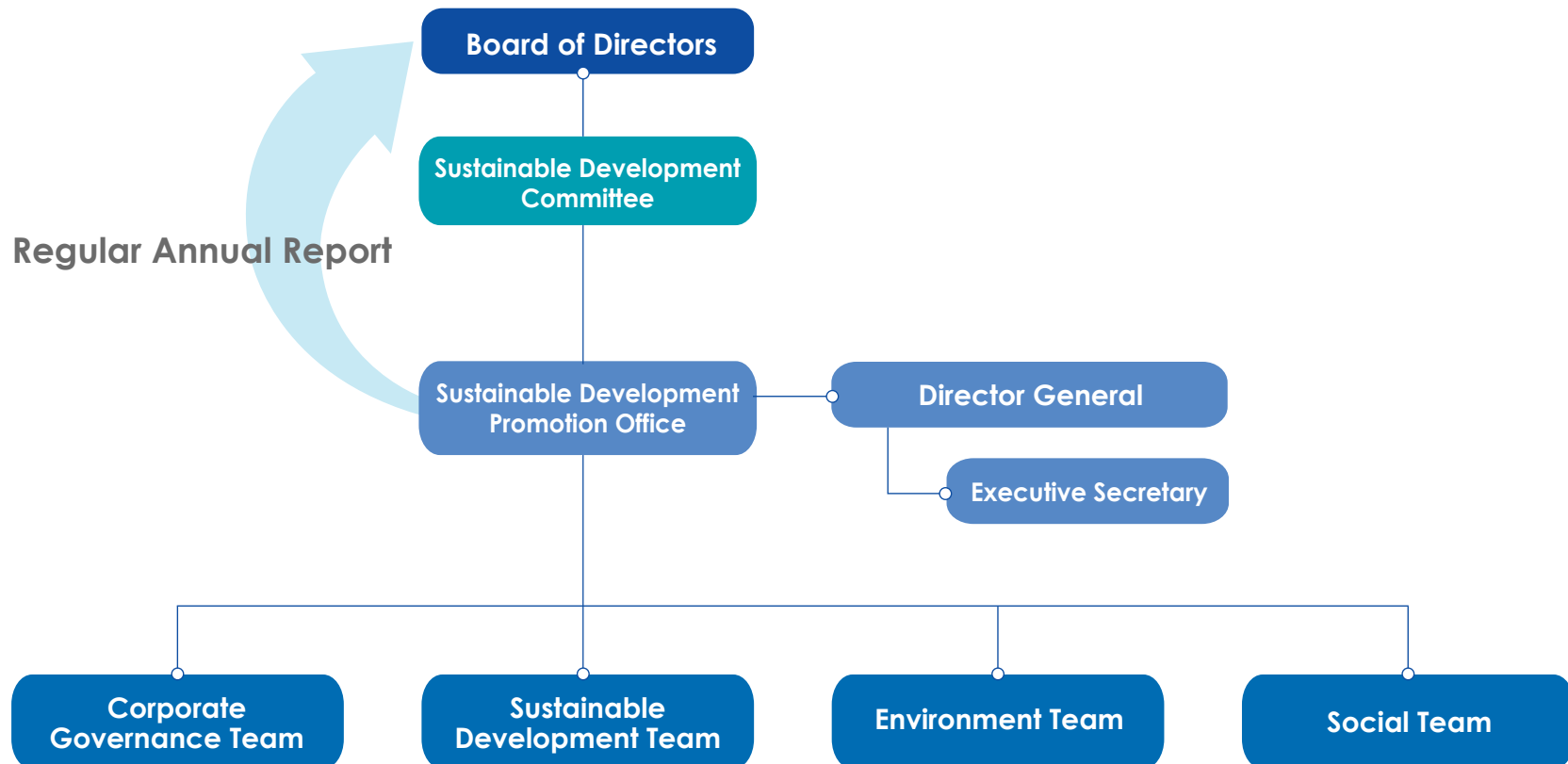


## SKS Sustainable Governance Framework

- Held an ESG kick-off meeting in March as well as Sustainable Development Committee meetings in March and November to report on the Company's operations to the Board of Directors
- Participated in 9 external ESG workshops/forums and joined 10 external initiatives

In 2022, the Board of Directors approved the elevation of the Sustainable Development Committee to a functional committee of the Board of Directors and established the Sustainable Development Promotion Office under its supervision. Through occasional meetings and attention to issues, the Committee identifies sustainability topics of concern to SKS's operations and stakeholders, formulates corresponding strategies and working guidelines, prepares budgets targeting the sustainable development of each organization, and plans and implements annual programs addressing each topic. Additionally, the Committee tracks implementation effectiveness to ensure that sustainable development strategies are fully implemented in SKS's daily operations. The Sustainability Development Committee convenes a meeting every six months and reports to the Board of Directors on the progress and effectiveness of sustainability initiatives.

The Sustainable Development Promotion Office reported its operations to the Board of Directors in two meetings held on March 10 and November 9, 2023, and held an ESG kick-off meeting on March 13. Additionally, members of the Office and the four executive teams (Corporate Governance, Sustainable Development, Environment, and Social) participated in ESG forums and workshops (e.g., CommonWealth Sustainability CWS, Unity Sustainability Services, and Taiwan Institute for Sustainable Energy) irregularly throughout each month. In this way, they improved professional learning at the individual level and the business project momentum of each unit while incorporating ESG into the Company's sustainability strategy and making it a core competency of the Company.



## 1.3 Stakeholder Communication and Management

In accordance with the AA1000 SES: 2015 Stakeholder Engagement Standard (SES) guidelines, SKS identified the primary stakeholders by assessing their dependency, responsibility, influence, tension, and diverse perspectives. Through daily interaction and communication with stakeholders, and referencing international sustainability norms and standards (GRI Guidelines, SASB, ISO 26000, TCFD, AA1000 Accountability Principles, SDGs), following sustainability issue surveys, feedback was gathered from seven categories of stakeholders on their concerns regarding 21 sustainability issues. After identifying and assessing their levels of concern and impact, the Company integrated these findings into its business strategy planning, incorporating senior management interviews and international trend adjustments. Further evaluations involved members of the Sustainability Development Committee, senior executives, and team members including managers, assistant managers, junior managers, and section managers. Eventually, 14 key sustainability issues spanning ESG aspects were selected and reported to the Board of Directors as part of the organization's annual major sustainability issues. Corresponding management policies were developed according to GRI Guidelines, United Nations' Sustainable Development Goals (SDGs), etc., alongside setting short, medium, and long-term objectives. Progress is reviewed annually and disclosed in the Shin Kong Security ESG Report.

**2024 Shin Kong Security Sustainability Survey:** <https://reurl.cc/kO9Nxd>

### Implementation Steps for Materiality Analysis of Sustainability Topics

Step1 Identifying Communication Targets	Step2 Gathering & Identifying ESG Sustainability Topics	Step3 Assessing Sustainability Concerns & Impact Significance	Step4 Finalizing Material Topics	Step5 Disclosing and Reporting Material Topics
Employees, customers, shareholders/investors, partners, suppliers, government agencies, and the media.	Environmental (6), social (6), and governance (9) topics.	<ul style="list-style-type: none"> <li>■ Stakeholders' Level of Concern 7 major categories of key stakeholders, with participation from 417 stakeholders.</li> <li>■ Impact on the Organization's Operational Activities 6 dimensions defining company values and operational impacts, with participation from 237 executives and colleagues.</li> </ul>	14 Sustainability Material Topics <ul style="list-style-type: none"> <li>■ Interviews with senior management.</li> <li>■ Assessments from middle and senior management.</li> <li>■ Board of Directors reports.</li> </ul>	<ul style="list-style-type: none"> <li>■ Establish internal management policies.</li> <li>■ Set short, medium, and long-term goals and review progress.</li> <li>■ Publish the SKS ESG Report.</li> </ul>



## Material Topics of Concern



## SKS Sustainability Material Topics of Concern Matrix

Shin Kong Security considers dual materiality in terms of the impact on enterprise development, performance, positioning, and corporate value, as well as the impacts of corporate activities on governance, environment, and society. These are then aligned with international indicators such as the GRI specific standards and the United Nations' Sustainable Development Goals (SDGs).

In 2023, compared to the previous year, there was a reduction of three topics following adjustments and consolidations. Material topics for Shin Kong Security include governance aspects such as Operational Performance, Regulatory Compliance, Privacy Protection, and Customer Relations and Service Quality Management; environmental aspects such as Climate Action Management, Energy Resources Management, and Supply Chain Management; and social aspects such as Sustainable Employment and Talent Attraction, as well as Workplace Diversity, Equality, and Inclusion. While other topics have lower priority, their performance and outcomes are also detailed in the report.



## 14 Sustainability Material Topics

Please refer to [the Table of 2023 SKS Sustainability Material Topic](#).

Aspect	Sustainability Topics	Positive / Negative Impact Description	Implement Action
Environmental (E)	Climate Action Management	Failure to effectively control GHG emissions will exacerbate global climate change and increase climate-related risks. Failure to proactively manage the transition risks of climate change will make the Company less desirable to investors and consumers, resulting in lower revenue and decreased investor capital.	4.1 Environmental Governance
	Energy Resources Management	Establishing goals for improving energy efficiency will prevent the depletion of natural resources due to overuse.	4.2 Green Management
	Supply Chain Management	Human rights and labor practices: Diseases (e.g., COVID-19) may lead to disruptions in daily business operations, and the human rights, labor conditions, or interests of employees in the supply chain may be ignored or occupational incidents may occur.	4.3 Sustainable Supply Chain
	Biodiversity	Understanding and reducing impacts through biodiversity risk and impact assessments, incorporating biodiversity into investment and financing considerations, and implementing programs will provide relevant protection.	4.4 Sustainable Environmental Education
Social (S)	Workplace Safety and Health	Occupational hazard incidents or inadequate health promotion systems will erode the trust of the organization's employees and stakeholders. When employees are injured or fall sick, it will affect attendance rates and increase personnel costs and the risk of litigation.	5.3 Healthy and Safe Workplace
	Workplace Diversity, Equality, and Inclusion	Changing the traditional perception of the security industry as male-dominated will increase the Company's influence as an innovator and address the Company's pain points and ESG needs.	5.1 Building a Happy Workplace
	Labor/Management Relations	Good labor/management relations can enhance employee cohesion and productivity; poor relations reduce employee productivity and quality of life.	5.1 Building a Happy Workplace
	Market Presence	Mismanagement will not only diminish the credibility and reputation of the Company in the market and society, but also affect employee cohesion as well as stakeholder recognition and willingness to cooperate with the Company, which in turn may adversely affect business operations.	5.1 Building a Happy Workplace
	Social Engagement	Participation in social welfare leverages our industry expertise to fulfill social responsibility and helps the Company gain social support for shared prosperity.	Chapter 6 Building Socially Integrated Smart Home-For External
Governance (G)	Corporate Governance	Unethical business conduct or advertisements may result in the loss of assets or damage to our reputation, which will further affect upstream and downstream suppliers' and shareholders' rights and interests or infringe on human rights.	2.3 Corporate Governance
	Customer Relations and Service Quality Management	Failure to appropriately safeguard customer privacy or ensure the transparency of transaction information related to products and services may result in disciplinary actions and damage our reputation, which in turn could lose customers.	3.1 Customer Relationship Management
	Operational Performance	Poorly managed operations may result in changes in total revenue, strategic direction, and business outlook, which may affect the Company's subsequent operations and even stakeholder profits.	2.2 Financial Performance
	Regulatory Compliance	Ensuring that the Company's economic, social, and environmental operations comply with laws and regulations will minimize operational risks and the risk of disciplinary action, while protecting the Company's reputation, maintaining employee morale, and supporting business relationships.	2.4 Regulatory Compliance
	Privacy Protection	The Company owns a huge amount of user personal data, and if such data is accidentally leaked, the Company will be held legally responsible and the image of the Company will be seriously damaged.	3.1 Customer Relationship Management

## Stakeholder Communication

SKS's key stakeholders include employees, customers, shareholders/investors, partners, suppliers, government agencies, and the media. We communicate with them through a variety of means and channels to understand their needs and expectations of us, which are served as a reference for the formulation of corporate sustainable development policies and related plans. The methods and channels of communication with stakeholders are shown in the chart below, and the response practices and plans for the relevant material topics are described in each chapter.





## Suppliers

( Collaborating suppliers / Contracted suppliers )

### Significance to the Organization

The materials and services provided by our suppliers are an important basis for our innovation in products and services.

### Topics of Concern

- E** -Energy Resources Management
- Supply Chain Management
- Climate Action Management
- S** -Workplace Safety and Health
- Labor/Management Relations
- Workplace Diversity, Equality, and Inclusion
- G** -Operational Performance
- Corporate Governance
- Customer Relations and Service
- Quality Management

### Communication Method and Frequency

- Outsourcing and negotiation session.
- Weekly domestic and international machinery and material procurement meetings.
- Inviting suppliers to participate in corporate events.



## Government Agencies

( Ministry of the Interior / Ministry of Finance / Securities and Futures Bureau / Taiwan Stock Exchange / Taipei Exchange / Securities & Futures Institute / Local Government )

### Significance to the Organization

Collaboration with government agencies will ensure legal compliance and sustainability of SKS's operations.

### Topics of Concern

- E** -Supply Chain Management
- Waste Management
- Energy Resources Management
- S** -Workplace Diversity, Equality, and Inclusion
- Workplace Safety and Health
- Labor/Management Relations
- G** -Regulatory Compliance
- Risk Management
- Communication Mechanism

### Communication Method and Frequency

- Shareholder Zone on the corporate intranet.
- Meetings with competent authorities.
- Thematic seminars and events.
- Occasional development/research projects.
- Compliance with government regulations.



## Media

( TV media / Print media / Electronic media / Online journalist )

### Significance to the Organization

The media is the most direct channel for communicating SKS's philosophy, image, and sustainable management performance, as well as a channel for mutual understanding and communication with more stakeholders.

### Topics of Concern

- E** -Climate Action Management
- Energy Resources Management
- Waste Management
- S** -Workplace Safety and Health
- Market Presence
- Workplace Diversity, Equality, and Inclusion
- G** -Corporate Governance
- Risk Management
- Operational Performance

### Communication Method and Frequency

- Occasional hosting of press conference.
- Periodical investor conference.
- Inviting the media to participate in corporate events.

## ❖ Focus Stories



### Honored at the HR Asia Best Companies to Work for in Asia 2023 Awards



SKS has been actively fostering a healthy work environment centered on employee care in recent years, and is committed to ensuring employee welfare and development. Recently, SKS was honored at the HR Asia Best Companies to Work for in Asia 2023 Awards, even though that was the first time we had ever competed in this most prestigious award in the Asia-Pacific HR management field. Our longstanding commitment to employee care and recognition was recognized by both the judges and our employees, creating social influence as a happy company.



### Recognized with Multiple Sustainability Awards for Moving Toward **ESG** Goals Alongside SKS Business Group



圖／企業永續報告服務業第1類銀級、  
高齡友善領袖獎、bsi 永續韌性傑出獎。

SKS has ascended from being a security service provider, to a green enterprise providing security services. We are using AIoT technology-based security services to lead the enterprise and meet future challenges head-on. Since 2012, SKS has issued an ESG Report every year, with verification by trusted third parties. Our continuous efforts on refining the contents over the years have been recognized by third-party verification organizations. In 2023, SKS joined with the wider Shin Kong business group to compete for a number of ESG awards, and received outstanding performance. Awards won include the "Service Industry Category I - Silver Award in Corporate Sustainability Reports Award" and the "Aging-friendly Leadership Award of the Sustainable Individual Performance Award," given to SKS; the "Service Industry Category II - Silver Award in Corporate Sustainability Reports Award," given to Taiwan Security Co., Ltd.; the "Service Industry Category II - Bronze Award in Corporate Sustainability Reports Award," given to Yi Kong Security Co., Ltd.; and the "Service Industry Category II - Silver Award in Corporate Sustainability Reports Award," given to Yi-Kong International. SKS's business operational plans are aligned with ESG strategies to continue to innovate and make changes for the better. Looking ahead, SKS will continue to implement corporate sustainability to be in line with international standards while promoting corporate governance, realizing low-carbon transformation, focusing on balanced development for employees, building corporate resilience, and fulfilling our corporate sustainability values and commitments.

# CH 2

## Steady Governance of Smart Home

### Core Goals and Visions/

Steady governance is the foundation of enterprise operations. By following the corporate governance procedures and guidelines, employing ethical corporate management, complying with the legal requirements, and responding to the *Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies*, SASB, TCFD, and other standards and initiatives, SKS strives to improve the disclosure of corporate governance information and fulfill social responsibilities while enhancing overall operational performance.

### Material Topics Covered in This Chapter/

GRI

205 Anti-corruption

### Chapter Highlights/

2.1 About Shin Kong Security





2.2 Financial Performance

2.3 Corporate Governance

2.4 Regulatory Compliance

2.5 Risk Management

## Sustainability Material Topic Description

Topics	Significance to SKS and Management Objectives	Management Policies	Possible Impacts on SKS	Corresponding SDGs	Corresponding GRIs	Corresponding Chapters
Corporate Governance	A sound corporate governance structure maintains the Company's reputation and a positive corporate image, which in turn gain the trust of investors and customers.	1.Monthly headquarters meetings. 2.Quarterly managers' meetings. 3.Hold regular board meetings.	Unethical business conduct or advertisements can result in the loss of assets or damage to our reputation, which will further affect upstream and downstream suppliers' and shareholders' rights and interests or infringe human rights.		205	2.3 Corporate Governance
Operational Performance	The Company's purpose is to strive for continuous operational improvements and profitability while boosting the operation of capital markets, thereby contributing to local, national, and global economies.		Poorly managed operations may result in changes in total revenue, strategic direction, and business outlook, which may affect the Company's subsequent operations and even stakeholder profits.		201	2.2 Financial Performance
Regulatory Compliance	We continue to enhance the credibility of business ethics by establishing and following the code of ethics, and by strictly prohibiting corruption, anti-competitive behavior, and other unlawful activities.	1.Establish the <i>Ethical Corporate Management Best Practice Principles and the Taiwan Shin Kong Security Co., Ltd. Procedures for Ethical Corporate Management and Guidelines for Conduct</i> , and conducts audits on ethical corporate management annually. 2. Establish the <i>Grievance and Reporting Rules</i> as well as internal and external complaint and reporting channels. 3.Ethical corporate management educational training for newly hired employees and current employees.	Ensuring that the Company's economic, social, and environmental operations comply with laws and regulations to reduce operational and penalty risks, while protecting the Company's reputation, maintaining employee morale, and supporting business relationships.	 	2-27 205	2.4 Regulatory Compliance



## 2.1 About Shin Kong Security

Number of system  
security customers

**101,769**

(Taiwan)

Number of  
employees

**1,767**

Overseas  
locations

China: Shanghai  
Thailand: Bangkok



SKS

SKS

SKS

### Headquarters

No. 128, Xing' ai Road, Neihu District,  
Taipei City

Listed company established in Taiwan  
(Republic of China)

### Net Operating Income (NT\$ thousand)

Revenue in Taiwan

**3,696,876**

Revenue in China

**288**

Revenue in Thailand

**81,077**

Paid-in Capital (NT\$ thousand)

**3,874,896**

### Branch locations (Taiwan)

**7** districts, **31** regions, and **69** branch offices  
throughout Taiwan

## 2.2 Financial Performance



### Sustainable Management Performance

Shin Kong Security had a net operating income of NT\$**3.697** billion, net income after tax of NT\$**938** million, and earnings per share of NT\$**2.43** in 2023.

Unit: NTD Billion

Year	2023	2022	2021	2020	2019	Difference between 2023 and 2022 (+/-)
Net Operating Income	3.697	3.735	3.770	3.570	3.423	-0.27%
Cost of Revenue	1.862	1.905	1.984	1.850	1.822	-2.26%
Net Income After Tax	0.938	0.965	0.963	0.888	0.814	-2.80%

Year			2023	2022	2021	2020	2019	Difference between 2023 and 2022 (+/-)
Operating Ability	Net Profit for the Period (NT\$ thousand)		937,877	965,176	963,132	888,019	814,025	-2.83%
	Average Employee Earnings (NT\$ thousand)		2,042	2,058	2,040	2,021	2,177	-0.73%
	Average Employee Profit (after tax) (NT\$ thousand)		518	532	521	503	518	-2.56 %
Profitability	Earnings Distribution and Allocation of Cash Dividends (NT\$ thousand)		774,979	774,979	774,979	774,979	728,941	0 %
	Cash Dividend per Share (NT\$)	Dividends from Retained Earnings	2	2	2	2	1.8	0 %
		Dividends from Capital Surplus	0	0	0	0	0.1	0 %
	Stock Dividends	Dividends from Retained Earnings	0	0	0	0	0.1	0 %
		Dividends from Capital Surplus	0	0	0	0	0	0 %
	Return on Assets		6.52%	6.71%	6.77%	6.59%	6.29%	-2.83%
	Return on Common Stockholders' Equity		8.65%	9.10%	9.20%	8.92%	8.42%	-4.91%
	Net Profit Rate		25.37%	25.84%	25.54%	24.88%	23.78%	-1.84%
	Earnings per Share (NT\$)		2.43	2.51	2.50	2.31	2.11	-3.19%
	Retained surplus (NT\$ 100 million)		57.18	55.68	53.05	50.51	49.00	+2.69%

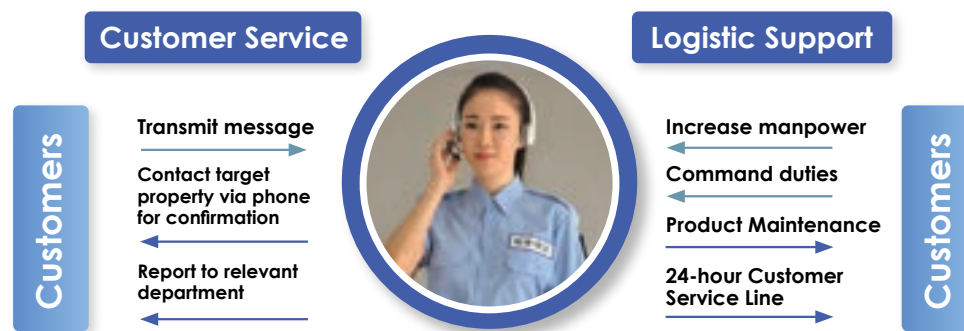
Note:

- 1.Average employee earnings = Operating income/Number of employees in the year.
- 2.Average employee profit (after tax) = Net profit for the current period/Number of employees in the year.
- 3.To reflect realistic conditions, the number of employees in the year includes the number of employees in affiliated companies. The number of employees (salaried employees) for 2023 is calculated at 1,810 employees.

- 4.For employee salaries and benefits, payments to the government, and retained economic value, please refer to the 2023 annual financial report: <https://reurl.cc/OMm9zr>.
- 5.The cash dividends for 2023 are pending the resolution of the 2024 shareholders' meeting.

## Business Strategy

### Business Model



### Business Philosophy

Faithfulness, Professionalism, Service, Innovation

### Corporate Vision

Provide the best security and peace-of-mind service for our customers

### Entrepreneurship

Maintaining the status quo is to fall behind; research and development lead to progress.

## Operational Goals

### Short-term

- ✓ Understand market conditions, meet customer needs and other important information.
- ✓ Increase the centripetal force and competitiveness both internally and externally.
- ✓ Continue to optimize existing products and service models.

### Medium-term

- ✓ Continue to develop diversified services through accurate advertising placement and marketing.
- ✓ Optimize organization and enhance knowledge transfer through the use of mobile devices and the introduction of digital learning.
- ✓ Provide an integrated service platform through software, hardware, and vertical integration.

### Long-term

- ✓ Provide customers with the best security and peace-of-mind service, becoming the AIoT leader.

## Analysis of the Overall Economic, Political, Social, and Technological Environment

### Household Users

#### Wireless Security System

The fully wireless security equipment provides customized services such as evaluation and planning for different home environments, budgets, and needs. The system is equipped with functions such as access control, anti-theft, video surveillance, and disaster warning, and can be remotely controlled by mobile phone application to create a safe and convenient smart life.

#### Home Care Services

Services such as emergency care, autonomous safety reporting, two-way communication, and returning home notification are provided for sub-optimal health populations, which can be combined with health care, safety care, and video medical care services, and integrated with life counseling referral and senior housing planning to meet the care needs of "Aging at Home."

#### Home Security System

The security system customized for homes is equipped with functions such as anti-theft, fire safety, gas leak detection, and emergency rescue.

### Enterprise Users

#### Commercial Security System

A security system is customized for offices, stores, and factories, with alert function to prevent intrusion and damage.

#### Store Management System

POS store management system is designated for stores and sales outlet, with functions of inventory and sales management, personnel attendance management, membership management, and security functions such as anti-theft and access control.

#### All-in-one Security System

An integrated security system that combines security, fire safety, parking, access control, video, power saving, etc., designed for banks, chain stores, hospitals, and public and private organizations.

#### Car Satellite Security

The GPS satellite positioning allows real-time monitoring and control to protect the safety of passengers and vehicles.

#### Smart Building and Green Building

We provide specialized consulting services for smart buildings and green buildings, including the integrated services of planning and design, software and hardware construction, and label application and submission systems.

#### Building Management System

A single platform designed for buildings and regional customers, combining security and anti-theft, access control, power and air conditioning systems for more efficient management.

#### Cash-in-transit Security

We provide cash and securities transit services and ATM replenishment services for financial institutions and corporations.

#### Resident Security

We provide systematic and round-the-clock building security, cleaning, and electrical and mechanical management services.

## 2.3 Corporate Governance

### Board of Directors

In 2023, a total of **8** meetings were held with an overall attendance rate of **81%**.

In 2023, the directors continue to receive internal and external training, with an average training duration of **8** hours.

### Board of Directors Structure.

In 2023, we promoted board-related performance evaluation regulations, implemented corporate governance, and strengthened board effectiveness.

**9** seats on the Board of Directors (including 4 independent board members)

Male **100%**

Age 41-50 accounts for **34%**

Foreigners **22%**

Age 51-60 accounts for **33%**

Natives **78%**

Age 61-70 accounts for **22%**

Age 71-80 accounts for **11%**

2-9 2-10 2-11 2-12 2-13 2-15 2-16 2-17 2-18



The board of directors is the highest governing body of SKS. The current Board of Directors consists of nine members, including four independent directors and five non-independent directors. The election of the Board members is based on a candidate nomination system. The board members are elected by shareholders at a shareholders' meeting. Unless otherwise provided for in the *Company Act*, the Board of Directors shall elect a chairman of the Board Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. Board members are experts with extensive industry experience, the tenure of the office is three years, and can be re-elected. The independent directors are elected based on a candidate nomination system and are selected and elected from a list of independent director candidates at a shareholder meeting. The specialized qualifications, shareholdings, restrictions on concurrent employment, nomination, and election of independent directors, as well as other matters to be complied with, are in accordance with the regulations of the competent securities authorities. Independent directors and non-independent directors are elected together and the number of elected directors is calculated separately. The Board of Directors is responsible for listening to regular reports from the management team, understanding the Company's operation plans, and regularly reviewing the progress of the management team's strategies and financial reports.

On the other hand, the company equips senior executives with the necessary skills to join the Board of Directors, to familiarize them with the operation of the Board of Directors and the duties of the Group's units, and to deepen their industrial experience through job rotation and training in legal entities across different industries. To form a more diverse board and in consideration of the international trend of female director appointments, the company aims to increase the number of female directors. As a result, the Board has decided to increase at least a female director in the re-election of the directors in 2024 and supported the decision to increase the ratio of female to male senior executives. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in the discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Note :

1. The SKS Board of Directors takes into account diversity in its composition, including but not limited to the following two major aspects: basic qualifications and values (such as gender, age, nationality, and culture), and specialized knowledge and skills background (such as legal, accounting, industrial, financial, marketing or technology) experience, etc.
2. Please refer to the *Management Objectives and Implementation of Board Diversity*: <https://pse.is/5kd1z7>
3. Please refer to the *Board Member Succession and Operation*: <https://pse.is/5kdnuv>
4. Please refer to the *Code of Ethical Conduct (Conflicts of Interest)*: <https://pse.is/5jw8fk>
5. Please refer to the TWSE MOPS website for the situation of directors and supervisors concurrently serving as independent directors: <https://mops.twse.com.tw/mops/web/t100sb07>

## Continuing Education of Directors

Each director received an average of 8 hours of training in 2023. The continuing education courses and training sessions for SKS directors, both internal and external, include the "Insider Trading Prevention Advocacy Program," "Action Plan for Sustainable Development of TWSE/TPEX Listed Companies Advocacy Program," "Seminar on Management Rights and Directors' Responsibilities," and "Enhancement of Information Security and Personal Data Protection." These trainings are implemented so that the directors will carry out their duties faithfully and exercise the due care of a good administrator in conducting the company's business operations, and fully perform their functions of business-related decision-making, leadership, and guidance.

Note: Please refer to the TWSE MOPS website for the board members' attendance in continuing education: <https://mops.twse.com.tw/mops/web/t100sb07>.

## Board Performance Evaluation

To implement corporate governance and enhance the effectiveness of the Board of Directors' operations, SKS, in accordance with Article 37 of the *Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies*, approved the *Board of Directors' Performance Evaluation Regulation* at a board meeting in 2019. The evaluation unit conducts internal performance evaluations of the Board of Directors at the end of each year, following the evaluation procedures and indicators. The evaluation results are typically finalized by the end of the first quarter of the following year, conducted through performance self-evaluation questionnaires. Evaluation subjects encompass the Board of Directors, Board members, and functional committees. The outcomes of the Board of Directors' performance evaluations serve as a basis for future director selection and election, and aid the Remuneration Committee in determining individual compensation levels. The Board of Directors' performance evaluation of 2023 will be concluded by the end of the first quarter of 2024. Furthermore, we have designated dedicated personnel to handle investor information disclosure and shareholder inquiries. Additionally, functional committees convene regular discussions on specific topics, with the regulations governing their functions and powers further established by the Board of Directors.

## Communication of Critical Concerns

In addition to regular internal meetings, the company's management also regularly provides important information to the Board of Directors. In 2023, a total of 67 items were reported. For details, please refer to the Material Information section on the TWSE MOPS website: <https://emops.twse.com.tw/server-java/t58query>

## Functional Committee

### Remuneration Committee

In 2023, the Remuneration Committee convened **4** meetings on

3/2, 6/8, 11/9, and 11/23,  
with a committee attendance rate of **100%**

In 2011, the Company established a Remuneration Committee comprising three independent directors, mandated to convene at least two meetings annually. The Remuneration Committee's objective is to aid the Board of Directors in formulating and assessing the Company's comprehensive compensation and benefits policies, including managerial compensation. The primary responsibilities of the Remuneration Committee are outlined below:

- (1) Periodically reviewing and suggesting amendments to remuneration and compensation regulations.
- (2) Establishing and periodically reviewing annual and long-term performance goals of directors and managers, as well as the company's policies, systems, standards, and compensation structures.
- (3) Periodically evaluating the achievement of the Company's director and managerial performance goals and determining the content and amount of their individual remuneration.

### Audit Committee

In 2023, the Audit Committee convened **5** meetings

on 2/22, 3/10, 5/11, 8/10, and 11/9,  
with a committee attendance rate of **95%**

The Audit Committee was established in 2018 in compliance with the law, comprising four independent directors, one of whom serves as the convenor, and at least one possessing accounting or financial expertise. Its primary objective is to aid the Board of Directors in enhancing corporate governance performance. The Committee primarily operates to oversee the fair presentation of financial statements, the selection (or dismissal), independence, and performance of certified public accountants, the effective implementation of internal controls, compliance with laws and regulations, and the management of existing and potential risks.

## Investment Review Committee

In 2023, the Investment Review Committee convened one meeting on 3/2, with a committee attendance rate of

100%

To implement ESG corporate sustainable development and enhance corporate governance, the Board of Directors approved the establishment of an Investment Review Committee in 2022. The Committee comprises five members, including the Chairman and four independent directors, with meetings held at least once a year, and extraordinary meetings convened as needed. The committee oversees responsible units to conduct pre-investment evaluations and post-investment management to mitigate investment risks and enhance shareholder equity.

## Sustainable Development Committee

In 2023, the Sustainable Development Committee convened two meetings on 3/10 and 11/9, with a committee attendance rate of

80%

The Company established the Corporate Social Responsibility Committee in 2012, which was renamed the "Sustainability Development Committee" in February 2022. The Sustainability Development Committee is convened by independent director LI, SHIH-KUANG, with the Chairman and three other independent directors serving as members. Its responsibilities include formulating sustainable business strategies and overseeing their implementation. Additionally, the Sustainability Development Committee includes a Sustainability Development Promotion Office tasked with planning and monitoring the effectiveness of sustainability promotion initiatives. The Office oversees four executive teams responsible for discussing relevant issues and executing projects. The Sustainability Development Committee convenes meetings semi-annually and reports the operational status and effectiveness of sustainability promotion to the Board of Directors.

Note: Please refer to [Chapter 1.2 ESG Management](#) for details on the operations of the Sustainable Development Committee.

## Investor Conference

In 2023, the Company held two Investor Conferences on 4/25 and 12/27.

In compliance with the regulations outlined in the *Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities*, we have conducted annual investor conferences every year since 2017. These conferences aim to offer stakeholders a comprehensive overview of the Company's operations and prospects, thereby enhancing transparency in our information disclosure, with the expectation of achieving fair market evaluation.

## Lists of Guilds/Associations

No.	Guild/Association	Supervisor/Director	No.	Guild/Association	Supervisor/Director
1	Taipei Security Commercial Association	V	24	Taiwan Chamber of Commerce & Industry	
2	Association of Security Companies New Taipei City		25	Taipei Computer Association	
3	Taichung Security Commercial Union		26	National Association of Fire Engineering Equipment	
4	Hsinchu Security Commercial Association		27	The Institute of Internal Auditors-Chinese	
5	Tao-Yuan Security Commercial Association		28	Taiwan Stock Affairs Association	
6	Keelung Security Commercial Association		29	Taiwan Intelligent Building Association	
7	The Security Union of Tainan City		30	Taiwan Safety and Security Industry Association	
8	Kaohsiung Security Commercial Association		31	Taiwan Smart City Association	
9	Yilan Security Association		32	Taiwan Elderly Care Industry Association	V
10	Chinese Excellent Management Association		33	Neihu Safety and Health Promotion Association, Taipei	V
11	Taiwan Automation Intelligence and Robotics Association	V	34	Taipei Neihu Technology Park Development Association	
12	Monte Jade Science & Technology Association of Taiwan		35	Taipei Electrical Commercial Association	
13	Taiwan Friends of the Police Association of R.O.C	V	36	Taitung Chamber of Commerce	
14	Taipei Friends of the Police Association	V	37	Cloud & Connect TV Forum	
15	Cloud Computing & IoT Association in Taiwan		38	Service Robot Alliance (TAIROA)	
16	Taiwan Council of Shopping Centers		39	Health & Wellness and Smart Healthcare Alliance (ITRI's Smart Long-term Care Alliance)	
17	Taiwan Chain Stores and Franchise Association		40	Chinese Cryptology and Information Security Association	
18	Taiwan Intelligent Aerotropolis Association		41	5G Smart Pole Standard Promotion Alliance	
19	Taiwan Mergers & Acquisitions and Private Equity Council		42	Taiwan Industry Associations of Intelligent Security and Safety	
20	Taiwan Electrical and Electronic Manufacturers' Association -ICT Alliance Member		43	Taiwan Space Industry Development Association	
			44	Disaster Management Society of Taiwan	
21	Chinese National Association of Industry and Commerce		45	Association of Taiwan Net Zero Emissions	V
22	Taiwan Smart Energy Industry Association		46	Taiwan Chief Information Security Officer Alliance (Taiwan CISO Alliance)	
23	Taiwan Assistive Technology and Long-Term Care Industry Association		47	CommonWealth Sustainability CWS	

## 2.4 Regulatory Compliance



### 2023 Highlights

- In 2023, SKS has not reported any violation of regulatory requirements for the year.

- In 2023, a total of **5** sessions focusing on ethical corporate management advocacy, education, and training were conducted,

with **1,647** participants,  
totaling approximately **1,400** training hours.

### Ethical Corporate Management and Anti-corruption

To enhance ethical corporate management, SKS has established the *Procedures for Ethical Management and Guidelines for Conduct* in accordance with the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*, and integrates integrity and ethical values into the Company's business strategies. Additionally, SKS has formulated preventive measures that comply with legal requirements to ensure ethical corporate management. Standard operating procedures and conduct guidelines have been established for each project and business activity. SKS has also defined internal organizational structures, roles, and responsibilities, and established mechanisms for mutual supervision and checks and balances to address higher-risk areas of unethical behavior within its business scope. Since 2022, the Legal Affairs Office has been tasked with formulating and overseeing ethical corporate management policies and prevention measures. Periodic reports are submitted to the Board of Directors, at least once a year. Amendments to the *Procedures for Ethical Corporate Management and Guidelines for Conduct* were made in 2023 and were promulgated in May following approval by the Board. The most recent report was submitted on December 14, 2023.

On the other hand, the security industry places significant emphasis on anti-corruption measures to eradicate occurrences such as inside theft. To this end, new employees receive education and training, while existing staff participate in daily training sessions and receive occasional reminders through notices to prevent potential violations of the law and ensure social safety.

### Advocacy and Education on Ethical Corporate Management and Anti-Corruption in 2023

No.	Course Name	Target Participants	Training Hours	Participants	Remarks
1	Anti-corruption and Gender Equality Education	Headquarters employees	0.5 hr/ participant	257	In-person course
2	Education on Ethical Corporate Management and Conduct Guidelines	Headquarters employees	0.5 hr/ participant	257	In-person course
3	Legal seminar on the <i>Trade Secrets Act</i>	Headquarters and branch employees	1 hr/ participant	1,131	In-person + online course
4	Insider Trading and Misrepresentation in Financial Statements: Practical Discussion and Countermeasures	Headquarters employees	6 hrs/ participant	1	External training
5	New Positioning of Internal Audit from Case Study: Where Ethics Meet the Law	Headquarters employees	6 hrs/ participant	1	External training

## Ethical Corporate Management and Anti-Corruption Governance

### Management System

Established behavioral guidelines such as the *Procedures for Ethical Corporate Management and Guidelines for Conduct*, the *Code of Ethical Conduct*, and the *Work Rule* to regulate the conduct of SKS employees. Regular internal notifications and case studies are used for dissemination. In cases involving unethical behavior, disciplinary actions are taken in accordance with the severity of the offense, as stipulated in the *Employee Reward and Punishment Regulations*.

Please refer to the *Procedures for Ethical Corporate Management and Guidelines for Conduct*: <https://pse.is/5jw8jp>

Please refer to the *Code of Ethical Conduct*: <https://pse.is/5jw8fk>

Established the *Grievance and Reporting Regulations*, which specify the procedures for reviewing and handling complaints and reports, as well as the related confidentiality mechanism. Dedicated units have been assigned to handle complaints and reports based on the identity of the stakeholders.

When signing procurement or engineering contracts with suppliers, the contracts include clauses or commitments related to the protection of intellectual property rights, confidentiality obligations, information security responsibilities, integrity, and honesty, as well as the rights of key cooperative partners and environmental sustainability, to prevent unethical behavior.

Ethical corporate management education is incorporated as a mandatory general education course for new employees. Teaching materials are made available in modules on the digital learning platform for employees to access and study.

Annual Ethical Corporate Management Assessment: Each department conducts an annual assessment of ethical corporate management to analyze and review the adequacy and effectiveness of the preventive mechanisms. The execution of the ethical corporate management system is reported to the Board of Directors periodically, at least once a year.

### Education and Training

Internal notifications and case studies:

1. A notice was issued in January 2023 to reiterate and remind all employees to reaffirm and sign the regulations outlined in the *Employee Integrity and Honesty Commitment Letter*.
2. Other cases of legal compliance promotion, such as forgery of private documents, and reiteration of the strict prohibition against theft of others' property.

Education and Training:

1. Education and training on ethical corporate management and anti-corruption.
2. Anti-corruption issues, including Expense inflation, kickbacks, embezzlement of public funds, leakage of trade secrets, and signing of employee integrity and honesty pledges.
3. Daily security training courses, covering: Abnormal situation management education and promotion, legal advocacy, traffic safety promotion, maintenance education and training, and random quizzes on situational awareness.

### Future Planning

Continue to assist the Board of Directors and management in auditing and assessing the effectiveness of the preventive measures established for the implementation of ethical corporate management; periodically evaluate compliance with relevant business processes and compile reports accordingly.

Continue to update and adjust the regulations for education and training on ethical corporate management and guidelines for conduct; ensure the signing and dissemination of ethical corporate management commitments for SKS employees.

Continuously conduct education and training sessions on ethical corporate management and anti-corruption issues during the annual new employee orientations at SKS headquarters.

Continuously monitor legal updates relevant to the company's operations and gather related case information; occasionally issue legal advocacy notices.

## Grievance and Reporting System

In order to implement SKS's code of conduct for ethical corporate management and to ensure the legitimate rights and interests of complainants or whistleblowers, SKS has established the *Grievance and Reporting Rules*, which is applicable to SKS's directors, managers, employees, appointees or persons having substantial control over SKS. The Rules stipulate the procedures for receiving and investigating complaint reports, set up a dedicated unit and an independent investigation unit, and establish and announce the channels for receiving internal and external complaints via e-mail or written submission, on the corporate website and intranet for internal employees and external personnel. The identity of whistleblowers is kept confidential, and it is strictly forbidden to impose unfavorable personnel measures on internal staff whistleblowers. Additionally, we are also open to anonymous reports to actively prevent unethical, cheating, and criminal behavior. Upon receiving a major complaint (reporting) case, it should be reported to the president and approved by the president for processing.

For more details, please refer to Chapter 5.1 Building a Happy Workplace - Complaint and Communication Channels.

## Handling of Negative Messages or Incidents in 2023

SKS was involved in one sanction event related to labor-management relations in 2023, which is described as follows:

In this case, SKS was fined NT\$20,000 for violating Article 35 of the *Labor Standards Act* by failing to schedule sufficient break time for employees as stipulated by the law, due to an excessive number of troubleshooting cases to handle that day. In principle, security guards, who are unable to take regular breaks due to the situations they deal with, are usually given breaks after the situation has been dealt with. Subsequently, SKS reviewed the case and improved the system with push notifications sent to security guards' PNDs every two hours, aiming to remind them to take a 15-minute break and to avoid violations of the laws and regulations.

## 2.5 Risk Management

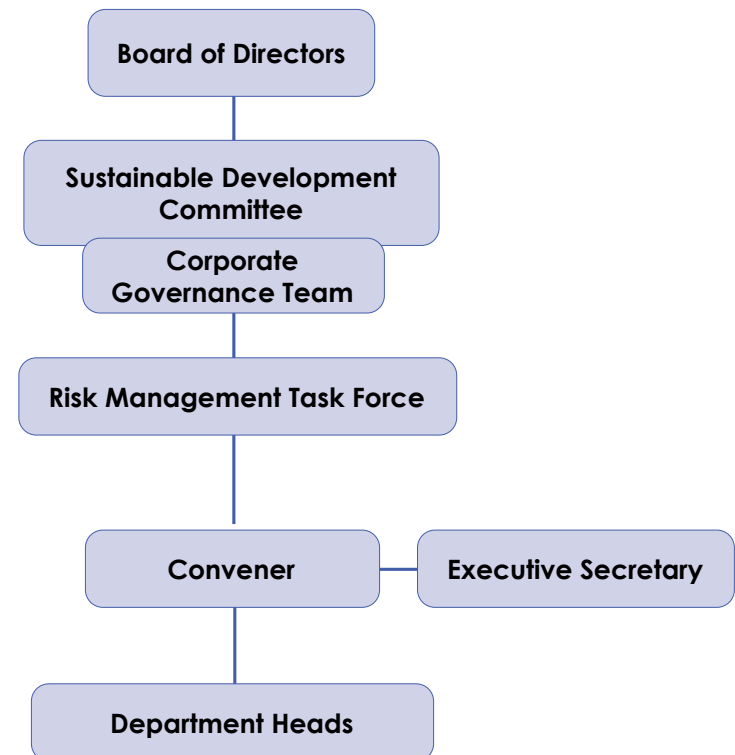


### Risk Management

#### Risk Management System and Organizational Structure

To strengthen corporate governance and risk control capabilities and to continuously optimize risk management policies and procedures, SKS has established an interdepartmental risk management team and formulated the *SKS Risk Management Policy and Procedures*, which have been approved by the Board of Directors. This top-down approach ensures that significant risk projects are effectively managed and resources are utilized efficiently.

For more details, please refer to the *SKS Risk Management Policy and Procedures* on our corporate website: <https://pse.is/5kfj9j>



## Risk Supervision

### Board of Directors

The highest decision-making unit for risk management of SKS; responsible for the approval, review, and monitoring of the Company's risk management policies, to ensure their effectiveness.

## Risk audit

### Audit Office

Prepare the audit plan and execution methods in accordance with the Company's risk management policy and assessments; provide timely improvement suggestions; and promotes annual self-assessment operations for each unit's internal control systems to facilitate effective risk control.

## Risk Management

### Risk Management Task Force

The unit responsible for executing risk management; reviews the robustness of the Company's mechanisms related to significant risks, including those affecting operations, finance, and strategy; and monitors each unit's risks in accordance with the *Risk Management Policy*.

## Risk Control

### Relevant Departments and Offices

Responsible for analyzing and monitoring risks within the specific unit; conducts risk planning; establishes management standards to ensure the effective implementation of risk control mechanisms and procedures.

## Risk Management Mechanism

Every year, the interdepartmental risk management team compiles risk identification information from each department and convenes a Risk Management Task Force Meeting. This meeting reports to the Board of Directors on its operations at least once a year to ensure the effective implementation of the Company's risk management system.

## Management system

- Revise the Company's *Risk Management Policy and Procedures* as necessary annually.
- Perform risk assessments for each department and office annually.
- Convene a Risk Management Task Force Meeting annually.
- Report to the Board of Directors on the year's operations annually.
- Emerging Risk Management Mechanism: Risk Identification - Risk Measurement - Risk Monitoring - Risk Reporting & Disclosure - Risk Response. Risk assessment criteria are based on the likelihood of occurrence and the degree of impact for each risk.
- The Audit Office assists in formulating the following year's audit plan or conducting special reviews for significant annual risks.

## Implementation effectiveness

- Performed risk assessment in February 2023 and identified seven significant risks for the year: HR risk, operational risk, operational hazard risk, compliance/contract risk, financial risk, information technology risk, and environmental risk.
- Convened a Risk Management Task Force Meeting in September 2023.
- Amended the *Risk Management Policy and Procedures* in November 2023, placing the Risk Management Task Force under the supervision of the Corporate Governance Team of the Sustainable Development Committee; reported to the Board of Directors on operations for the year.
- Updated the corporate website with the implementation achievements for the year in December 2023.

## Future planning

- Each department and office reviews the newly added control mechanisms from the previous year together with the existing mechanisms.
- There are plans to extend the scope of the *Risk Management Policy and Procedures* to cover subsidiaries. The Company will amend related regulations and provide education and training on risk management practices to subsidiaries in 2024.

## Risk Alert Assessment Process



For more details, please refer to Chapter 5.1 Building a Happy Workplace - Listening Policy.

## Significant Risk Identification Results and Mitigation Measures

Dimension	Risk	Countermeasures
Economic/ Governance	Operational Risk	<ol style="list-style-type: none"> <li>1. Update technology, take out insurance to transfer risk, supply diverse products, and assign personnel for on-site risk and value assessments to minimize the possibility of loss. Establish monitoring mechanisms, continuously track risks, and make timely adjustments to policies to cope with the changes.</li> <li>2. <i>Machinery and Material Management Regulations</i> and <i>Procurement Management Regulations</i> are in place to categorize domestic and international machinery and material procurement into planned, project-based, and emergency requisitions. Appropriate safety stock levels are determined for the main warehouse and sub-warehouses. Evaluate the impact of quality and delivery times with suppliers before transactions and verify the actual situation.</li> </ol>
	Operational Harm Risk For more details, please refer to Chapter 5.3 Healthy and Safe Workplace - <i>Shin Kong Security Occupational Safety and Health Policy</i>	Continue to implement the ISO 45001 Occupational Health and Safety Management System through operational risk management measures, including complying with the <i>Occupational Safety and Health Act</i> requirements, strengthening occupational safety and health education and training, implementing risk assessment and management, promoting health management, and continuously improving occupational safety and health performance.
	Compliance/Contract Risk	Implement an internal control mechanism that is periodically reviewed by the Audit Office, to ensure that all personnel and operations comply with the laws, as well as the company's rules and regulations.
	Financial Risk	Establish a clear procedure for collecting accounts receivable and track the status of collections monthly. Conduct credit checks on customers when necessary.
	Information Technology Risk For more details, please refer to Chapter 2.5 Risk Management - Information Security Risk Management	<ol style="list-style-type: none"> <li>1. Establish an Information Security Office headed by a Chief Information Security Officer, with the Information Security Working Group Meeting held every two weeks to track and handle tasks. In addition to enhancing the planning and management of the information security framework, the Company continuously improves its multi-layered defense system, provides education and training for employees, and conducts social engineering exercises and emergency response drills to enhance employees' awareness of information security. In 2023, a total of 21 Information Security Working Group Meetings were held.</li> <li>2. Hire external information security consultants to assist in formulating corporate regulations that comply with laws, regulations, and international information security standards. They will also implement and integrate objective results from third-party verifications and threat information to reduce the overall information security risks for the Company.</li> </ol>
Social	HR Risk For more details, please refer to Chapter 5.1 Building a Happy Workplace	<p>Enhancing the employee experience and improving labor conditions to retain talent, including:</p> <ol style="list-style-type: none"> <li>1. Enhanced parental benefits: In line with national policies addressing low birth rates, employees are entitled to an additional day of pregnancy checkup accompaniment and paternity leave. Moreover, the childbirth subsidy provided by the Employee Benefit Committee has been increased from the current NT\$2,000 per child to NT\$6,000 per child.</li> <li>2. Uniform improvement: Commencing from 2024, uniforms will transition to eco-friendly yarns, with summer uniforms featuring cooling materials to reduce discomfort during work hours.</li> <li>3. Salary increase: Proactively addressing the issue of minimum wage and adjusting salaries accordingly in compliance with government laws and policies.</li> <li>4. Optimization of working environment: Endeavoring to identify shaded areas with adequate ventilation as standby points for mission vehicles, and regularly sending push notifications to remind employees to take breaks.</li> </ol>
Environmental	Environmental Risk For more details, please refer to Chapter 5.3 Healthy and Safe Workplace, and Chapter 4.1 Environmental Governance	<ol style="list-style-type: none"> <li>1. Real-time monitoring of COVID-19 pandemic dynamics: Establishing a "Pandemic Response Team" to conduct regular meetings for ongoing review of response measures. This includes updating information from the Taiwan Centers for Disease Control and disseminating it via email to all staff, encouraging colleagues to receive the COVID-19 vaccine, and coordinating with subcontractors to ensure alignment with pandemic prevention protocols.</li> <li>2. Physical and transition climate risk management: Launching a TCFD improvement project to continually enhance the quantification assessment of climate risks.</li> </ol>



## Internal Control System

The internal audit unit of Shin Kong Security is established as an independent entity directly reporting to the Board of Directors. Its primary function is to support the Board of Directors and management by evaluating and reviewing the deficiencies in the internal control system and assessing operational effectiveness. Additionally, it offers timely suggestions for improvement to ensure the continuous and effective implementation of the internal control system. It also serves as the foundation for reviewing and revising the internal control system and issues the *Statement of Internal Control System*. The Audit Office formulates an annual audit schedule plan in compliance with the law, which is implemented upon approval by the Board of Directors. The results of these audits are submitted to each independent director for monthly review, and the Chief Auditing Officer presents reports on audit operations during regular meetings of the Board of Directors.



## Internal Auditing Procedures

### Planning Stage

- Conduct risk assessment with reference to the current year's internal control deficiencies + statutory mandatory inspection items.
- Formulate the audit plan for the following year.
- Board of Directors resolution.

### Execution Stage

- Identify internal control deficiencies of abnormal events.
- Fully communicate with the inspected unit.
- Make suggestions for improvement.

### Tracking Improvements

- Propose improvement measures.
- Report on improvements.
- Track reviews until improvements are completed.

## 2023 Internal Audit Operations

Total audits amounted to 95 cases in 2023

18 deficiencies; all of which were non-material

As of December 31, 2023, all improvements have been fully completed.

The Company's audit focuses on several key areas, including the operating procedures of the eight major internal control cycles, regulatory compliance checks, and internal control operations of our subsidiaries. Additionally, in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies of the *Executive Yuan's Financial Supervisory Commission*, we have also established procedures for Internal Accounting Controls, Internal Management Controls, and Internal Audit Implementation Rules. These guidelines encompass eight major cycles of control operations and 19 internal management systems.

## Eight Major Internal Control Cycles

Sale and receipt cycle  
Production cycle  
Purchase and payment cycle  
Research and development cycle

**Eight Major Internal Control Cycles**

Labor and wage cycle  
Finance cycle  
Property, plant and equipment cycle  
Investment cycle

### Audit Focus for 2024

1. Legal (law, regulation, bylaw) compliance matters.
2. Audit of derivative product transactions.
3. Control activities for major financial or business activities, such as for acquiring or disposing of assets, extending loans to others, granting endorsements or guarantees for others, and management of related party transactions.
4. Supervision and management of subsidiaries.
5. Management of the Board of Directors and functional committee meetings.
6. Management of financial accounting and financial statement preparation, including managing the application of International Financial Reporting Standards (IFRSs), procedures for specialized accounting judgments, and processes for making changes in accounting policies and estimates.
7. Personal data security maintenance operations.
8. Information security check operation.
9. Major operating cycles such as the sale/receipt cycle and the purchase/payment cycle.
10. Handling complaints and projects.
11. Handling annual internal control self-assessment.

## Intellectual Property Risk Management

### 2023 Highlights

- "Protecting product achievements, training in rights and responsibilities, and system optimization risk management" serve as the main policy for intellectual property management.

- SKS's intellectual property inventory and achievements: **77** patents in Taiwan (54 inventions, 14 new products, 9 designs)

and **2** patents in other countries (1 in Japan, 1 in China).

Since 2009, SKS has implemented the Taiwan Intellectual Property Management System (TIPS) and obtained TIPS certification as a qualified vendor. In 2010, an internal Intellectual Property Rights Review Group was established, alongside the creation of an intellectual property management system. This system primarily oversees patents, trademarks, copyrights, and trade secrets. To ensure all employees possess a thorough understanding of intellectual property concepts, the President of the Company serves as the highest authority within the TIPS system. As the ultimate responsible party for the system, the President commits to its continuous improvement and demonstrates leadership through the successful implementation of management processes. The TIPS system has been operational within SKS for over 14 years. Initially, the Company actively participated in the TIPS verification and became a TIPS-qualified vendor. Additionally, participation in events held by the Science & Technology Law Institute facilitated the sharing of experiences. While no further certification has been pursued in recent years, intellectual property management has been integrated into the Company's internal control system since 2014. This integration serves as one of the mechanisms to mitigate operational risks, with regular internal audits conducted annually by the Audit Office and results periodically reported to the Board of Directors. The 2023 results were reported to the Board on November 9.



### Management System

- **Strategy & Objectives:** In 2023, "Protecting achievements, training in rights and responsibilities, and system optimization risk management" became the central axis of our intellectual property management strategy. Emphasis is placed on integrating three major SKS intellectual property policies: protecting the Company's innovative achievements, enhancing employees' intellectual property knowledge, and mitigating the risk of infringement. This strategy is complemented by objectives such as periodic peer risk assessments, in-depth TIPS project reviews, optimization of action plans, and the establishment of trade secret demonstration units. Additionally, we conduct internal education and training sessions to deepen the understanding of intellectual property among responsible units.
- **Management Process:** Risk-based thinking is adopted as the foundation for the rights management process. We use the PDCA (Plan-Do-Check-Act) management cycle to establish the organization's annual intellectual property management policies and objectives, covering the acquisition, protection, maintenance, and utilization of intellectual property.
- **Proposal Review & Reward:** Proposals are submitted to the Intellectual Property Review Team for evaluation, either in writing or through meetings. Proposals are graded by technical level (A, B, C, or D) based on the review score. Proposals identified as trade secrets are rewarded according to the *Innovative Research and Development Reward Regulations* and managed confidentially in accordance with the *Confidential Information Management Procedures*.
- **Knowledge and Ability:** Intellectual property knowledge required for operating the TIPS system, including system contents and training materials, can be accessed in the "TIPS Zone" on the SKS company website.
- **Communication Channels and Consultation:** SKS employees can communicate with responsible units and raise their concerns and needs via email, telephone, submitting a proposal for approval, or by convening a meeting.
- **Resources:** The infrastructure and services required for operating the TIPS system, such as hardware and software equipment, facilities, and support services, are provided with reference to the ISO 27001 Information Security Management System.

### Implementation Effectiveness

- In September 2023, the trade secret training course was completed, and interviews with trade secret officers were conducted by the demonstration units, namely, the Commodity Management Department and the Information Technology Office.
- **Intellectual Property Inventory and Achievements:**
  1. Patents: 77 in Taiwan and 2 in other countries (Japan and China).
  2. Trademarks: 136 in Taiwan and 26 in other countries.
- **Intellectual Property Management Policy Implementation Effectiveness:** Internal audit were performed via a self-assessment approach for 7 assessed units, auditing a total of 76 factors. Correction and improvement plans were established for 6 departments, resulting in a total of 3 corrective actions. The corrective actions were completed and confirmed by a third-party audit in November 2023.

## Information Security Risk Management

In 2023, there were no information security incidents that had a material impact on the Company's finances, involved data breaches, or affected customer trade secrets or personal information.

### Information Security Assurance Statement

To maintain customer information security and implement information risk management, and to meet the service requirements for system security urgency, immediacy, and thoroughness, SKS's 24-hour control center has passed ISO 9001 Quality Management System Certification and ISO 27001 Information Security Management Certification. The Company follows the NIST framework principles of Identify, Protect, Detect, Respond, and Recover to ensure the confidentiality and security of information and to prevent information attacks.

Additionally, SKS formulated the *Information Security Management Regulations and the Disaster Recovery Plan for Information Systems and Related Equipment* in 2009. These establish preventive measures and recovery plans for incidents such as power system faults, communication line failures, host equipment and system damage, malware intrusions, hacker break-ins, and human factors. Disaster recovery drills are held periodically, and important data is backed up and stored off-site to protect customer data and maintain normal information management operations, thereby providing secure and efficient customer services.

Taiwan Shin Kong Security Co., Ltd., President

HUNG, KUO-CHAO 洪國超

## Scope of Information Security Policy

All SKS employees, business partners, outsourced service providers, visitors, and users of the Company's services.

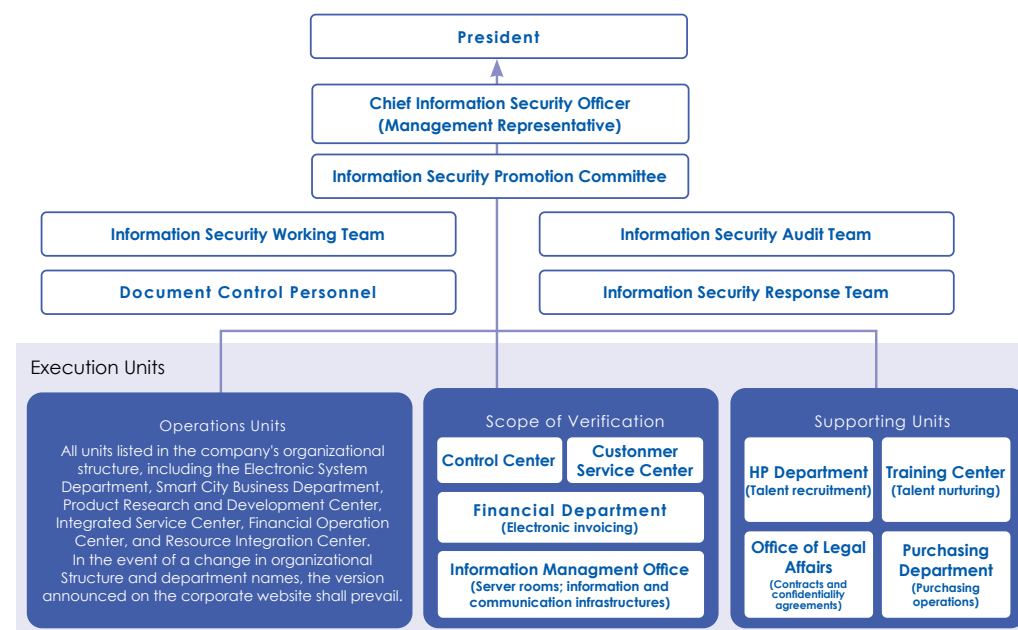
## Risk Management Structure of Information Security

SKS has established the Information Security Promotion Committee to review and promote matters related to information security management. They report regularly to the Board of Directors on the Company's overview of information security governance. The latest report date is December 14, 2023.

The Information Security Promotion Committee has a management representative who is also the chairman of the Committee. This role is filled by the Chief Information Security Officer. The Committee members are the heads of implementation and supporting units, and internal and external experts and consultants may be appointed for assistance in accordance with the Company's operational and management needs.

Additionally, the Information Security Working Team, formed of information security representatives from each department, is established under the Information Security Promotion Committee to oversee the planning and implementation of information security operations. The Information Security Audit Team is also established to be in charge of formulating and implementing the internal (including subsidiaries) and supplier audit plans for information security, and tracking implementation of deficiencies.

## Information Security Promotion Committee



### I. Scope of Information Security Policy

All SKS employees, business counterparties, outsourced service providers, visitors, and users of the Company's services.

### II. Information Security Policy

SKS has appointed a management representative to establish the Company's Information Security Promotion Committee, which is responsible for the formulation of information security policy. The Company's information security policy is reviewed and approved by the management representative, and subsequently approved by SKS's President for promulgation and implementation.

SKS's information security policy: Establish awareness of information security among all employees, and maintain the confidentiality, integrity, and availability of customer information through operational management and technical means, to ensure the privacy of customer information, enhance the security of corporate and supply-chain information, and ensure public trust, thereby strengthening SKS's brand value.

### III. Information Security Specific Management Plan

#### Goals for Information Security Management

To achieve the goals of information security management, SKS has established the information security management system with reference to the requirements of the ISO/IEC 27001 international standards. Furthermore, we have taken appropriate measures to protect important information and communications assets that fall within the scope of our information security management system, to ensure their confidentiality, integrity, and availability. This ensures the smooth and secure execution of all duties, to provide customers with excellent services that meet their needs for information security management.

The Information Security Promotion Committee reviews and evaluates the Company's information security management goals annually and proposes suggestions for amendments, which are then submitted to the management representative for review and approval. The review and evaluation of information security management goals are based on the following criteria:

- |   |   |
|---|---|
| 1. The confidentiality, integrity, availability, and legal compliance of business (information) and services. | 6. Management of account password settings                              |
| 2. Restricted data protection.  | 7. Management of information security incidents disclosed by the media. |
| 3. Risk identification, assessment, and treatment.  | 8. Management of business continuity planning drills.                   |
| 4. Handling of information security incidents.  | 9. Management of unplanned operational downtime.                        |
| 5. Information infrastructure, information system, and data backup management.                                |   |

### Information Security Management Measures for Day-to-Day Operations

With reference to the ISO 27001 standard and other international information security management frameworks that are with high credibility, we have established a standard procedure, i.e., the Plan-Do-Check-Act (PDCA) cycle, to continuously improve our management system.



- Keep abreast of changing trends in the information environment, and refer to both technical literature and adjustment orientations of international laws and regulations, to assess the appropriateness of our information security policy and develop information security protection mechanisms and programs.
- Reduce information security risks by deploying endpoint protection, anti-malware systems, firewall security policies, and mail security control mechanisms, and by regularly updating operating systems and patching vulnerabilities through a multi-level defense structure with defense-in-depth design.
- Perform security testing, information and communication security health diagnosis, and social engineering drills every year to strengthen information security personnel's abilities to prevent crises and stop them from spreading.
- Conduct annual information security educational training for all employees, along with occasional social engineering drills conducted every year starting January 2019, and publish occasional information security notices to enhance employees' awareness of information security and to minimize the information security risk caused by human behavior.
- Conduct periodic audits on information security management, implement corrective measures for deficiencies, and track them until process completion.
- Formulate information security incident notification mechanisms and emergency handling operation manuals. In the event of an information security incident, internal and external notifications will be made in accordance with the incident level; and an Information Security Response Team will be formed to assess the scope of incident impact, perform damage control and subsequent incident investigation, etc. Doing this reduces both the scope and the duration of operational impacts, with priority given to maintaining customer interests.
- Join TWCERT, a joint defense organization, to continuously acquire threat intelligence and take protective measures accordingly.

### IV. Resources Invested for Information Security Management in 2023

1. Implemented information security measures; passed ISO 27001 certification for control center, customer service center, security service system development and maintenance management, and electronic invoicing system operations management.
2. Adjusted SKS's network configuration to strengthen information security defense structures, and conducted social engineering drills.
3. Reinforced the defense-in-depth structure for vulnerability detection and attack defense by purchasing additional firewall modules with IPS functionality and anti-malware software to jointly defend against attacks.
4. Established EDR/MDR threat detection and response services.
5. Introduced cloud system protection mechanisms.
6. Protected cloud resources and tracked security progress.
7. Enhanced multi-factor authentication (MFA) and secure access to accounts.
8. Expanded highly available system clusters to reduce the risk of system outages.
9. Established the Information Security Office and appointed a Chief Information Security Officer. The Information Security Working Team convened an information security work meeting every two weeks to track and handle the related affairs; a total of 21 meetings were convened in 2023.
10. The President convened 9 information security meetings, and the Chief Information Security Officer convened 2 management review meetings.
11. In accordance with the results of the management review meetings, the Information Security Office reviewed and revised the information security policy and amended the information security regulations based on the policies, laws, and regulations of the government and competent authorities.
12. Joined TWCERT, a joint defense organization, to continuously acquire threat intelligence and take required protective measures.
13. Appointed external information security consultants to assist in the formulation of internal information security policy and execution of external audits.
14. Purchased NESSUS vulnerability scanning software for regular scanning.
15. Annual update of source code review software: Enhanced code security checks to avoid program vulnerabilities.
16. Cloud-based email protection with Microsoft Defender for Office 365: Protected the Company from unknown malicious code and malware attacks.

V. In 2023, there were no information security incidents that would result in a material financial impact on the Company.

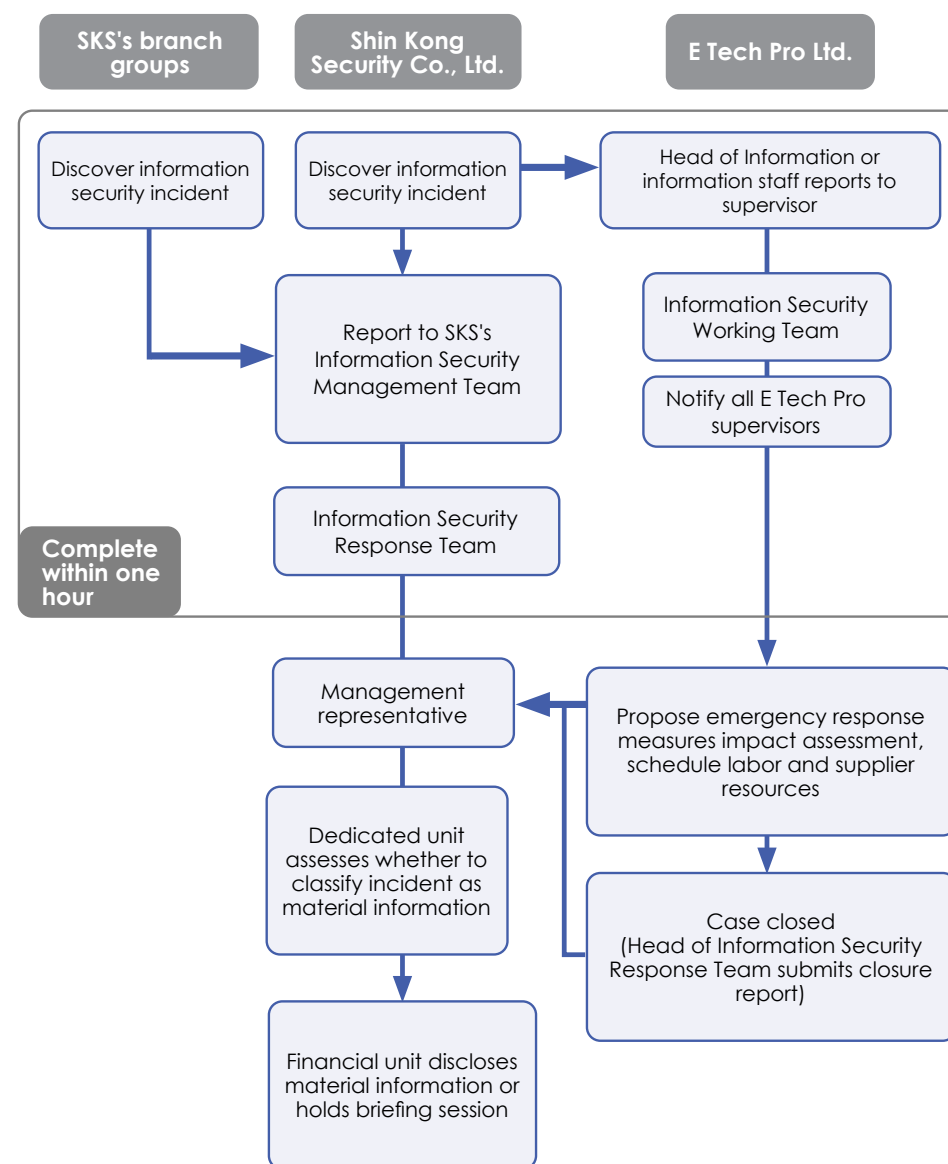
## Information Security Assurance Statement

To maintain customer information security and implement information risk management, and to meet the service requirements for system security urgency, immediacy, and thoroughness, SKS' s 24-hour control center has passed ISO 9001 Quality Management System Certification and ISO 27001 Information Security Management Certification. The Company follows the NIST framework principles of Identify, Protect, Detect, Respond, and Recover to ensure the confidentiality and security of information and to prevent information attacks.

Additionally, SKS formulated the *Information Security Management Regulations and the Disaster Recovery Plan for Information Systems and Related Equipment* in 2009. These establish preventive measures and recovery plans for incidents such as power system faults, communication line failures, host equipment and system damage, malware intrusions, hacker break-ins, and human factors. Disaster recovery drills are held periodically, and important data is backed up and stored off-site to protect customer data and maintain normal information management operations, thereby providing secure and efficient customer services.



## Information Security Incident Notification



## 2024 Information Security Work Plan and Goals

Goal: Strengthen the operations of information security management for supply chain and products, and support management decisions with quantitative indicators.

### 1.Regulatory aspect

- (1)Obtain ISO 27001: 2022 certification for control centers, customer service centers, and electronic invoicing systems.
- (2)Implement management procedures of information security for supply chains and products.
- (3)Guide business groups to establish an information security management system.

### 2.Management aspect

- (1)Continuously collect information security management data and monitor key indicators.
- (2)Enhance information security management measures for the public cloud.
- (3)Strengthen the configuration management of existing systems.
- (4)Join the government and industry joint information security management mechanism.

### 3.Technical aspect

- (1)Expand MDR deployment.
- (2)Continue optimizing defense-in-depth structures for information security.
- (3)Incorporate the requirements of the Zero Trust Architecture.
- (4)Build SKS's SIEM (Security Information and Event Management) system.

## Information Lifecycle Management

1. Data creation: Based on electronic security services, SKS regularly receives sensor signals from customers.
2. Data management: SKS's system analyzes and processes the signals, with the processed information used by mobile workers to perform follow-up services for the customers.
3. Data retention: All data is stored in SKS's database. The data on SKS's system and the database are regularly backed up and stored off-site on tape, and disaster recovery drills are conducted.
4. Data access: With access to such information, control center personnel forward signals from abnormal events to mobile workers for handling. When our customers contact customer service for assistance, customer service representatives retrieve such information from the database for subsequent handling.

## Data Protection Impact Assessment

A Data Protection Impact Assessment (DPIA) is a process of assessing the potential impact of specific activities on the protection of personal data, aiming to identify and analyze risks and to take measures thus needed to mitigate identified risks.

SKS conducts DPIAs on the personal data we hold. The procedure is as follows:

1. Risk identification: We regularly take an inventory of personal data, to identify assessments and types of personal data involved.
2. Risk analysis: Risk analyses are conducted with respect to access to data and the amount of data, with appropriate measures taken to mitigate risks based on the risk assessment results.
3. Adopting measures: We enhance the protection of website information, and perform data masking and access control on high-risk data.



# CH 3

## Trustworthy Smart Home

### Core Goals and Visions/

Shin Kong Security integrates a "People-Oriented" approach into our business operations, with customer trust as our core value and enhancing customer satisfaction as our top priority. We also enhance regulatory education to ensure compliance with legal requirements throughout the service delivery process. Only through this can we provide high-quality, peace-of-mind security services to our customers and collaborate with society for the common good, coexistence, and co-creation.

### Material Topics Covered in This Chapter/

#### GRI

416 Customer Health and Safety

417 Marketing and Labeling

418 Customer Privacy



### Chapter Highlights/

3.1 Customer Relationship Management

3.2 Customer Health and Safety

3.3 Security Service

## Sustainability Material Topic Description

Topics	Significance to SKS and Management Objectives	Management Policies	Possible Impacts on SKS	Corresponding SDGs	Corresponding GRIs	Corresponding Chapters
Customer Relations and Service Quality Management	SKS offers safe, secure, and standards-compliant products and services. Through comprehensive customer relationship management, we optimize and enhance the customer experience, ensuring the health and safety of our customers while also increasing customer retention and loyalty.	<ol style="list-style-type: none"> <li>1. Establish the <i>Personal Data File Security Maintenance Plan</i> and hold regular personal data meetings.</li> <li>2. Hold daily morning and evening meetings according to ISO international standards, and hold monthly goal-setting and review meetings.</li> </ol>	Failure to effectively manage customer privacy or ensure transparency in product and service-related transaction information may lead to penalties and damage our reputation, ultimately resulting in customer loss.	 	416	3.1 Customer Relationship Management
Privacy Protection	Ensuring user privacy and personal data protection provides customers with greater peace of mind, enhances the Company's positive image, and increases service revenue.	<ol style="list-style-type: none"> <li>1. Conduct regular legal compliance and job-related education and training for new and existing employees.</li> <li>2. Both cooperative partners and contracted colleagues must sign a <i>Personal Data Protection Affidavit Letter</i>.</li> </ol>	The Company possesses a huge amount of user personal data, and if such data is inadvertently leaked, the Company will bear legal responsibility and suffer severe damage to its reputation.		418	

## 3.1 Customer Relationship Management

### Customer Privacy and Security

#### 2023 Highlights

- In 2023, SKS had no incidents of significant penalties for personal data breaches.
- In 2023, **1** one session on personal data protection and compliance advocacy and education was held, with **1,144** participants.

SKS attaches places great importance on the protection of customer information and has established the *Personal Data Security Maintenance Plan and Post-Termination Data Handling Method* to clearly define employees' responsibilities and obligations regarding personal data protection. Relevant measures are publicly disclosed on the Company's website to ensure customers are fully informed of their rights and protections. If a customer suspects a personal data breach, they can report it through the customer service center, the website's contact email, or business locations. The receiving department will notify the relevant units based on the operational risk incident procedure, and these units will further determine whether it constitutes a personal data breach. Once confirmed, the incident will be handled and reported in accordance with the *Personal Data Security Maintenance Plan and Post-Termination Data Handling Method*.

Please refer to the *Personal Data Security Maintenance Plan and Post-Termination Data Handling Method* on the Company's website: <https://psee.io/5jyb8k>

## Management system

Establish the "Personal Data Response Team" to regularly review the appropriateness of regulations related to personal data protection and management.

Formulate the "Personal Data Security Maintenance Plan" to establish annual personal data protection management projects and schedules, and report this to the competent authorities.

Post notices and sign the "Affidavit of Personal Data Protection": Employees and collaborating vendors who have access to personal data during outsourced operations are periodically notified and required to sign the affidavit.

Education and training: Since 2011, personal data protection-related education programs have been arranged for all levels of management and employees. Since 2016, regulations and case studies related to the *Personal Data Protection Act* have been included in new employee training.

## Implementation effectiveness

Internal promotion through notifications: Regulations regarding the *Non-disclosure Affidavit*, the *Standard Operating Procedure (SOP) for Personal Data Masking*, the *Strict Prohibition on Photographing Customers' Premises or Products*, and *Updates on Amendments to the Personal Data Protection Act*.

Education and training: Organize legal seminars on the *Personal Data Protection Act*.

Held the annual Personal Data Response Team Meeting in November 2023 to review the current system; conducted personal data inventory and risk analysis for each department at the headquarters in December 2023; no major personal data breaches occurred in 2023.

Privacy Impact Assessment (PIA):

Due to the need to perform security duties, SKS collects, processes, and utilizes customers' personal data such as name, address, national ID number, phone number, etc., related to the performance of the contract, as well as contact information such as phone number, email address, and address for the customer's representative, legal representative, trustee, and contact person, only within the scope of the specific purpose stated in the contract. SKS does not disclose customers' data to any third party, except for the use of such information by governmental agencies as required by law, third-party vendors related to the performance of the Company's services, or other third parties with the customer's consent. We have formulated the *Personal Data File Security Maintenance Plan and Handling Methods for Personal Data after Service Termination*, and the *Regulations Governing Personal Data Security Maintenance*. We then handle access control, access rights differentiation, and contract access with the consent of the management unit supervisor, etc. in accordance with these regulations. Additionally, the Audit Office conducts audits on the management of personal data at least once every six months, with an aim to strengthen the security and effectiveness of personal data protection. Customers have the right not to receive marketing, and to request to review, see a copy of, supplement, correct, demand cessation of collection/processing/use, and erase his/her personal data, which can be exercised by contacting our Customer Service Center. The contact information is disclosed on our corporate website.

## Future planning

Continuously conduct education and training on personal data protection during the annual new employee training sessions at the headquarters, aiming to prevent personal data leakage.

Enhance data security protection and conduct cross-departmental assessments to explore the feasibility of adopting the ISO 27001 Information Security Management System.

## Awareness and Education on the *Personal Data Protection Act* and the *Trade Secrets Act* in 2023

Course Name	Mode of Instruction	Training Hours	Participants	Remarks
<i>Personal Data Protection Act</i>	In-person	1 hr/participant	92	Internal training
	Online		1,052	
<i>Trade Secrets Act</i> (Regulations and Practical Case Studies)	In-person	1 hr/participant	90	Internal training
	Online		1,041	

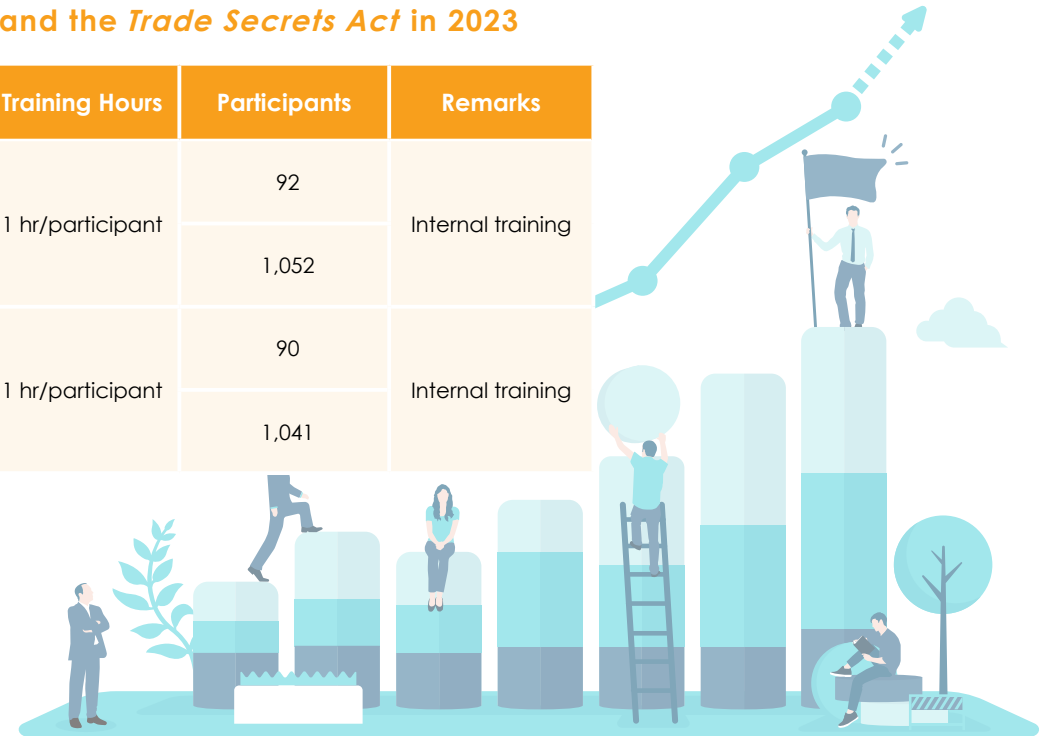
## Customer Service Quality Management

### 2023 Highlights

- In 2023, the Company had no product- or service-related sanction events.

The quality of service directly impacts our revenue, brand reputation, market competitiveness, and the sustainability of our operations. Therefore, we prioritize customer satisfaction. In addition to our comprehensive security service system, SKS has established a thoughtful customer service system and a 24-hour customer service center to provide more comprehensive services guided by customer satisfaction, following the PDCA management principle. The customer service center conducts service process and satisfaction interviews with new customers and callers providing feedback. For new customers, we primarily gather feedback on construction and service quality, while for callers providing feedback, referred to as Processing Cases, we primarily assess whether our service personnel have adhered to the contract terms and provided satisfactory service. Our service satisfaction level is set annually in accordance with the ISO 9001 standards. If a customer expresses dissatisfaction with processing case results, new contract services, or any other services, or submits a complaint, we establish and notify the relevant unit for resolution. Currently, we meet our annual satisfaction goal.

To effectively reduce customer contract termination rates, we conduct advance visits to understand their usage needs, and identify and promptly address any issues. Additionally, we provide customers with more diverse product choices through cross-industry partnerships and extend contract periods through value-added services. Through analysis, we found that the main reasons for contract termination were site withdrawals, cost-saving measures, and business closures. Customers terminating contracts due to site withdrawals are primarily financial, public, and chain business customers with nationwide operations and multiple available systems. They withdraw from sites due to market competition. To address this, SKS has established a dedicated department to entrally manage the needs of these customers. For customers terminating contracts due to business closures, our staff first determine if the premises are leased, obtain the landlord's contact information for management, and facilitate ownership transfer when new owners take over.

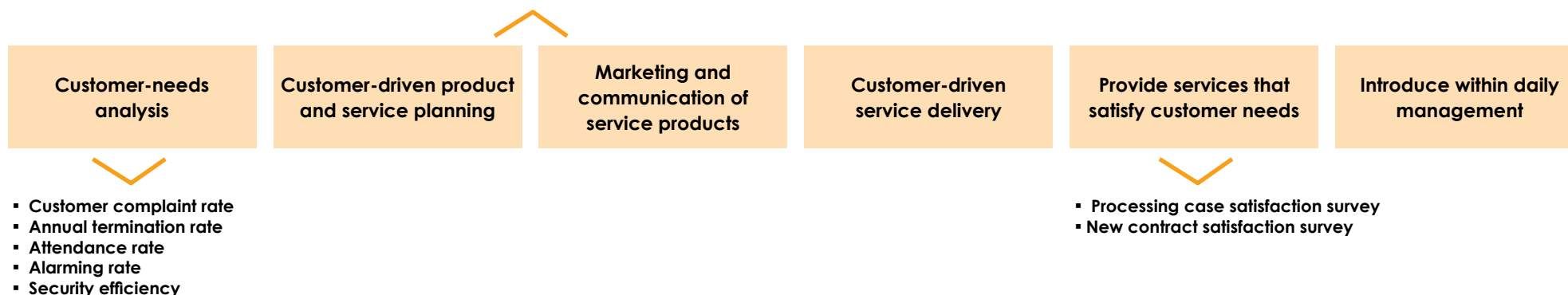


Before each customer visit, we thoroughly prepare by completing relevant tasks. Each department conducts morning and evening meetings daily, where the Service Director consolidates data processed by the customer service center and assigns tasks to relevant staff members. At the beginning of each month, service review meetings are held in various regional departments to assess their performance. A system of rewards and penalties has been established to help employees achieve SKS's objectives. Additionally, SKS's training center provides training for both new and existing employees, and offers relevant service courses on the digital learning platform for online learning, focusing on educating employees about pre-service operation processes. Consequently, there has been a steady decrease in the customer termination rate in recent years.

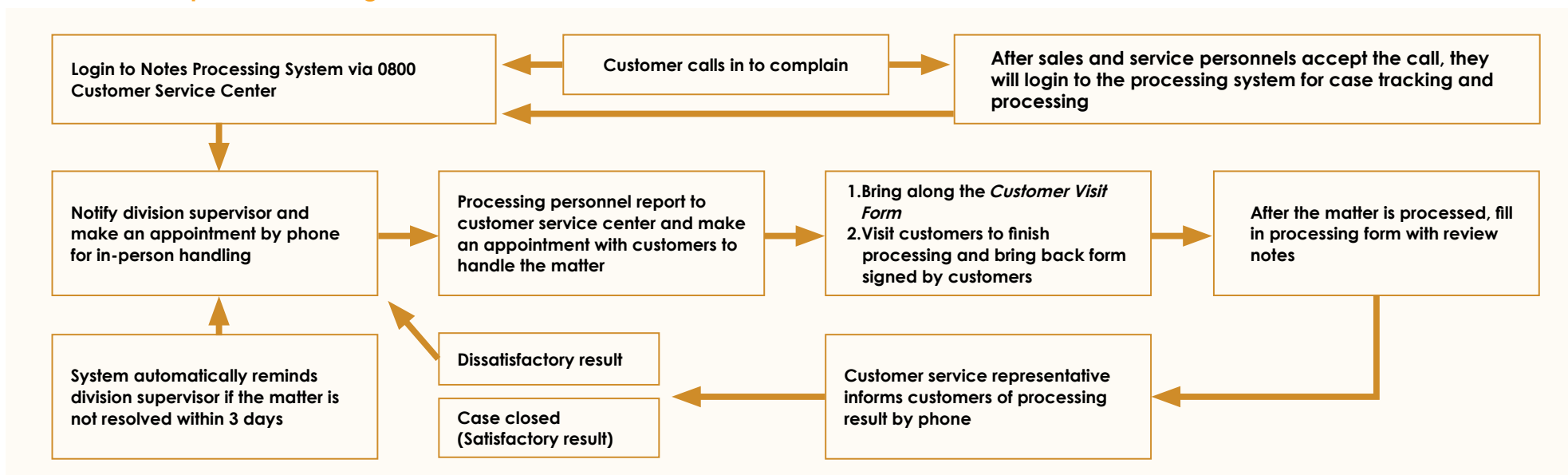
Year	2023	2022	2021
Number of Customers	101,769	100,202	98,482
Number of terminated	7,797	7,879	8,324
Contract Termination Rate (%)	7.66	7.86	8.45

## Philosophy and Policy to Enhance Customer Service Satisfaction

### Collection and Analysis of Customer Satisfaction Information.



## Customer Complaint Handling Process



### Service Process Optimization in 2023:

- 1.Adopting paperless electronic operations: Upon completion of service at the customer's end, satisfaction is immediately filled out online and returned, with subsequent analysis and retrieval available on the cloud.
- 2.Customer service center handling system transfer: Utilizing app push notifications, frontline service colleagues can directly receive them, enhancing processing efficiency.

Customer Satisfaction			
Year	2023	2022	2021
New Contract (%)	99.77	99.85	99.85
Processing Cases (%)	99.87	99.96	99.95

## Smart Living



Responding to market demands, we continuously invest in researching, developing, and integrating new technologies and new products, as well as optimizing existing product and service models. Additionally, through innovative applications of software and hardware integration, we aim to create collaboration opportunities in different industries while enhancing the image of our company and products.

### iHome3

Our iHome3 Smart Home Management System integrates security management, situational control, smart disaster prevention, smart energy conservation, remote control, and community functions, combined with mobile devices, enabling users to have full control over various home conditions. By the end of 2023, 500 units were sold.

### Smart Home Wireless Security System

The SKS Smart Home Wireless Security System adopts wireless technology, preserving existing decor without damage. It offers various security services such as cameras and disaster prevention, accessible anytime through a mobile app for a safe and convenient home life. By the end of 2023, the system's customer base had reached 31,800 households.

Year	2023	2022	2021
Number of Users (Household)	31,800	28,153	24,033

### Network Security Service

With the advent of the AIoT era and the increasing diversification of network applications, various types of data are constantly transmitted over the internet. Shin Kong Security upholds the concept of being a comprehensive security guardian, providing basic entry-level cybersecurity protection services for small and medium-sized enterprises, thus becoming an indispensable cybersecurity partner for Taiwanese businesses.

### AI Smart Image Protection System

In 2022, we launched the Smart Image Protection System, which utilizes AI technology to identify and target intrusion situations, issuing immediate evacuation warnings to deter unauthorized entry and minimize losses. Abnormal signals are simultaneously sent to the control center for assessment before notifying users, reducing false alarms. Users can also manage the system via the app, with a total customer count reaching 2,571 by 2023.

Year	2023	2022	2021
Number of Users (Household)	2,571	1,878	870

## iBMS Maintenance Management System Platform

SKS collaborated with its subsidiary to establish the iBMS Maintenance Management System Platform (iBMS). This platform integrates AI intelligent maintenance and equipment management to achieve energy-saving and carbon reduction goals. It includes an equipment mapping feature to store and manage various equipment-related information and characteristics. Additionally, it offers a single inspection function for planning and tracking equipment inspections and recording detailed maintenance histories. Through its 3D visualization feature, users can intuitively view and operate building facilities, enhancing management capabilities.

## Smart Catering Ecosystem

SKS has entered the Platform of Smart Store (PoSS) market, collaborating with different industries to create a Smart Catering Ecosystem. This ecosystem offers entrepreneurs various operational management solutions and integrates multiple value-added application services, enabling effective management for entrepreneurs and providing all necessary tools for small businesses to easily handle operations, meeting all requirements for opening a store.

## AED (Automated External Defibrillator)

AED (Automated External Defibrillator), commonly known as an automated defibrillator, can terminate arrhythmias and restore normal heart function. When used in conjunction with correct CPR measures, it can increase the success rate of first aid. In 2013, the government passed amendments to the *Emergency Medical Services Act*, requiring AED devices to be installed in public places. Furthermore, in the spirit of "no penalty for saving lives," first aid actions have been decriminalized, and nationwide CPR promotion has been initiated, encouraging people to lend a hand promptly and not leave regrets in critical moments.

SKS promotes AED sales through its subsidiary and has established a complete "AED Regular Maintenance System," providing real-time mission communication and dispatch services anytime, anywhere to effectively enhance the efficiency of regular AED maintenance and troubleshooting. To promote this business, all employees have received CPR and AED first aid training. In addition to regular CPR and AED training, over 100 colleagues have obtained Basic Life Support Instructor (BLSI) qualifications to meet the service demands. We also provide customers with CPR and AED education and training courses, aiming to create a safe and secure working environment and enhance the well-being and health security of the public.

In 2023, a total of 13,000 units were sold, and six external events were sponsored, with a total of 90 AED devices provided for charity activities. The details of the equipment sponsorship for external events are as follows:

- 2 units for the Grandparents Color Walk organized by the Hondao Senior Citizen's Welfare Foundation on May 27, 2023.
- 20 units for the 2023 Taipei 101 Run Up Marathon on October 14, 2023.
- 20 units for EVA Air Marathon 2023 on October 22, 2023.
- 20 units for Standard Chartered Taipei Marathon 2023 on November 12, 2023.
- 8 units for the 2023 Physiotherapy Walkabout Run on December 3, 2023.
- 20 units for the 2023 Taipei Marathon on December 17, 2023.

## 3.2 Customer Health and Safety

### Care U Home Care Services

- Received the Symbol of National Quality (SNQ) certification for four consecutive years

In 2015, SKS launched the Care U Cloud-based Home Care Platform, which, through innovative technology applications and years of service experience, provides 24-hour home emergency notification, GPS outdoor positioning, health management, and sales of assistive devices and other life support services. This service allows seniors to enjoy comprehensive care services, offers more convenient and secure living options for elderly households, fulfills the desire for "Aging at Home," and meets the various needs of the senior community, providing a "home for aging in peace." As a result, we continuously review our internal business structure to strive for stable operations. Externally, we expand our business by integrating with business groups and strategic partners to highlight our business performance. The achievements of SKS's Care U Cloud-based Home Care Platform have shown continuous growth in service delivery, and it has received the Symbol of National Quality (SNQ) certification for four consecutive years since 2021. This platform uses technology devices and data transmission through network communication technology, with the caring host as the communication interface, to provide emergency rescue, bidirectional communication, handling of abnormal physiological measurements, assistive device application, life referrals, and other senior services, giving consumers an excellent choice for a comprehensive life care system.



### Four Services for Care U Cloud-based Home Care Services

#### Safety Care

When an elder faces an emergency, the Safety Care System will notify the care center. Our health managers will assist in handling accidents, notifying emergency contacts, dispatching ambulances, and performing home visits, providing 24-hour protection.

#### Six major functions

##### Emergency Notification

When they have an emergency, elders can use the wireless call button they carry with them to ask the healthcare center for help.

##### Abnormality Alert

The system automatically senses and notifies the healthcare center when an abnormality occurs in the elders' life at home.

##### Away-from-home Text Messages

When elders go out or come home, they can press the away-from-home button to automatically notify their family members.

##### Medication Reminder

Reminders can be set to suit elders' medication times: "It's time for your medication. Be sure to take your medication on time."

##### Timed Check-In

Based on their daily routines, elders can set reminders to check in at regular intervals.

##### Care and concern

The caregivers regularly contact the elders by phone to check on their security.

### Health Care

The healthcare service not only helps elders easily manage their health condition but also allows them to share care reminders from professional nurses with their family and friends, fostering a healthy lifestyle together.

#### Four major functions

##### Cloud Management

Measurement values are directly transferred to the cloud in real time, allowing users' children to check the data online at any time.

##### Abnormality Alerts

- When measurement values are abnormal, registered nursing personnel on the back end will provide timely care and reminders.
- The system immediately sends an email to notify users' children.

##### Care and Greeting Service

Registered nursing personnel regularly contact elders to check on their health status.

##### Optimized Service

Monthly measurement reports are printed and sent for elders' follow-up appointments.

### Sales and Rental of Assistive Devices

We provide a full range of professional care assistive devices and will assist in applying for government subsidies, to enhance elders' and physically challenged people's ability to live independently and safely.

#### Three main features

##### Assistance with assistive device subsidies at no charge

The project care manager will assist with assistive device assessments, and applications for official documents for subsidies, eliminating applicants' need to do complex administrative tasks.

##### Home delivery and product installation

Direct home delivery of products and assistance in assembly and instructions on product usage.

##### Diverse assistive devices

Many options available to choose from, to meet consumers' needs and services.

### GPS Smart Watch Service

This service is designed for caring for family members and reducing the risk of them getting lost by offering features such as real-time positioning, an electronic fence system, emergency calls, fixed-point trajectory tracking, a pedometer, and more. Through a dedicated LINE official account, family members can track the location of the care recipients, monitor their movements to understand their daily routines and utilize emergency notification services to safeguard the safety of elders and children at home.

#### Five major functions

1. Personal safety and self-care.
2. GPS positioning function for monitoring children's whereabouts to and from school.
3. Real-time tracking of elders' locations when they go out.
4. Autonomous management and care through an electronic fence.
5. Assistance with emergency notification services.

## Health Care Implementation

The expansion of CARE U Home Care Services continues to grow, and in the future, we will enhance its functionality with services such as fall detection, behavior analysis, GPS positioning, and more. We aim to acquire an additional 2,000 new customers.

Year	2023	2022	2021
Number of Users (Household)	3,649	3,150	2,720

Note: The number of users in 2021 and 2022 has been revised.

## Emergency Rescue Notification Service for Elders Living Alone

To enable high-risk groups, chronic illness patients, elderly individuals living alone with limited mobility, and persons with disabilities to live independently and securely in their familiar living environment, or to receive medical attention in the shortest possible time, Shin Kong Security has established the "Care U Cloud-based Home Care Platform" to provide emergency notification, GPS positioning, and care and greeting services. Regular care visits are also conducted by professional nurses and social workers, to safeguard the safety of elderly individuals living alone at home.

## Elderly Living Alone Service Operation

Year	2023		2022		2021	
Area	Hualien County	Taitung County	Hsinchu County	Taitung County	Hsinchu County	Taitung County
Total number of service recipients (emergency alert button notification, ambulance notification, hospitalization notification, hospital discharge notification, watch-assisted GPS positioning)	109	397	85	338	94	262



## Elders Living Alone Service Satisfaction Survey

- In 2023, the satisfaction rate for home visit services was 97%, the satisfaction rate for online guidance services from the healthcare center was 96%, and the satisfaction rate for equipment performance was 98%.

Item	Content	Satisfaction Rate
Home Visitor	Regular visits are punctual, and the visitors wear company uniforms, providing friendly service with good attitudes.	97%
	Regular home-visit health checkups are done to understand the elderly individual's physical condition.	
	Detailed explanation of equipment usage and inspection of test system usage.	
	Assistance with case referral reporting.	
Healthcare center	Healthcare consultants answer phone calls or reply to messages within 60 seconds, with a friendly and pleasant attitude.	96%
	Healthcare consultants provide effective answers and offer health education counseling.	
	I am satisfied with healthcare consultants' prompt handling of situations.	
Equipment	The home-based host equipment operates steadily and normally.	98%
	I am satisfied with the efficiency of maintenance and upkeep for the host equipment.	
	I am satisfied with the overall telecare service.	

## 2023 Exhibition

### Taiwan Assistive Technology for Life (ATLife) 2023

- In response to the long-term care program actively promoted by the government in recent years, SKS provided solutions for elderly daily living. Under the theme of "Intelligent Care for All Ages, Both Internal and External," SKS showcased solutions aimed at enhancing the development of the long-term care industry.
- SKS's "Care U Cloud-based Home Care Service" has established a comprehensive home care platform. The 24-hour healthcare center provides specialized medical care and social services, including emergency rescue and GPS-based ambulance tracking. Additionally, SKS has collaborated with public agencies to develop an Emergency Rescue Service for Elders Living Alone. Over the years, we have spared no effort in caring for the senior community and actively implementing a vision of sustainability. SKS is also a key partner for county and city governments in promoting long-term care.
- SKS' intelligent mobility assistive device and off-bed detection system were awarded the Merit Prize and the Honorable Mention Prize respectively in the 2023 ATLife Taiwan Excellence Award for Long-term Care Rental Aids. SKS is dedicated to integrating technology and creativity, prioritizing user comfort and experience. By connecting the elderly care industry platform with assistive devices, safety services, and health promotion, SKS aims to create warm and comprehensive solutions for long-term care through smart technology and human-centered design.

### Cares Expo Taipei 2023

- Under the theme of "Care at All Ages," showcased various smart care devices including CareU Home Care Service, AI Smart Image Protection, a mobile fall detection device, and the TEQOYA negative ion air purifier.
- Through the Innovative Service model and cross-industry cooperation, we aim to expand from safety to providing peace of mind care in response to the ultra-aging society, enhancing the level of home care and strengthening the independent living ability of elderly individuals at home. Simultaneously, it can alleviate the concerns of children and family caregivers. We continue to collaborate with county and city governments to provide services for elderly individuals living alone across Taiwan, offering one-stop services and creating a safe and reassuring eco-living environment.



### 2023 Healthcare+ Expo Taiwan

- Under the theme "AI and VR Intelligent Virtual Experiences for Unlimited Future Possibilities," Shin Kong Memorial Wu Ho-Su Hospital collaborated with Shin Shin AI Health Clinic, Shin Kong Security, HTC, Innolux Corporation, ACE Biotek, and others to introduce AI smart medical treatment and the Virti generative AI virtual human in the hospital. Shin Shin AI Health Clinic exhibited a new AI endoscopic system, while SKS introduced three different types of robots for various applications: food delivery, medicine delivery, and follow-and-carry.
- The three robots made their debut at the SKS exhibition booth. Representatives from Changhua Christian Hospital, all branches of Taipei City Hospital, Saint Mary's Hospital Luodong, National Taiwan University Hospital Hsinchu Branch, Tri-Service General Hospital, Yuanrong Hospital, Miaoli Hospital, Taichung Veterans General Hospital, and Hualien Armed Forces General Hospital were present to observe and inquire about the robots' functions, performance parameters, and product details at the SKS exhibition booth. This made it a new focus for the Shin Kong Memorial Wu Ho-Su Hospital exhibition booth.



## 3.3 Security Service

- In 2023, there were 17 cases of theft apprehended, with 19 individuals commended.

Security equipment is the core foundation of our security service system. We ensure that each piece of equipment undergoes product evaluation tests to guarantee safety, stability, and long-term usage without risk of short circuits or abnormalities. This is an integral part of our peace of mind service. In addition, system security demands urgent, real-time, and comprehensive service. Therefore, Shin Kong Security has established a 24-hour customer service center certified for ISO 9001 Quality Management Systems and ISO 27001 Information Security Management Systems. This center standardizes, digitizes, and provides real-time customer service processes, accumulating rich experience in security service and data. This facilitates subsequent marketing efforts and the development of new products tailored to customer needs, serving as a continuous basis for meeting customer demands.

### Security Service Implementation Process and Method

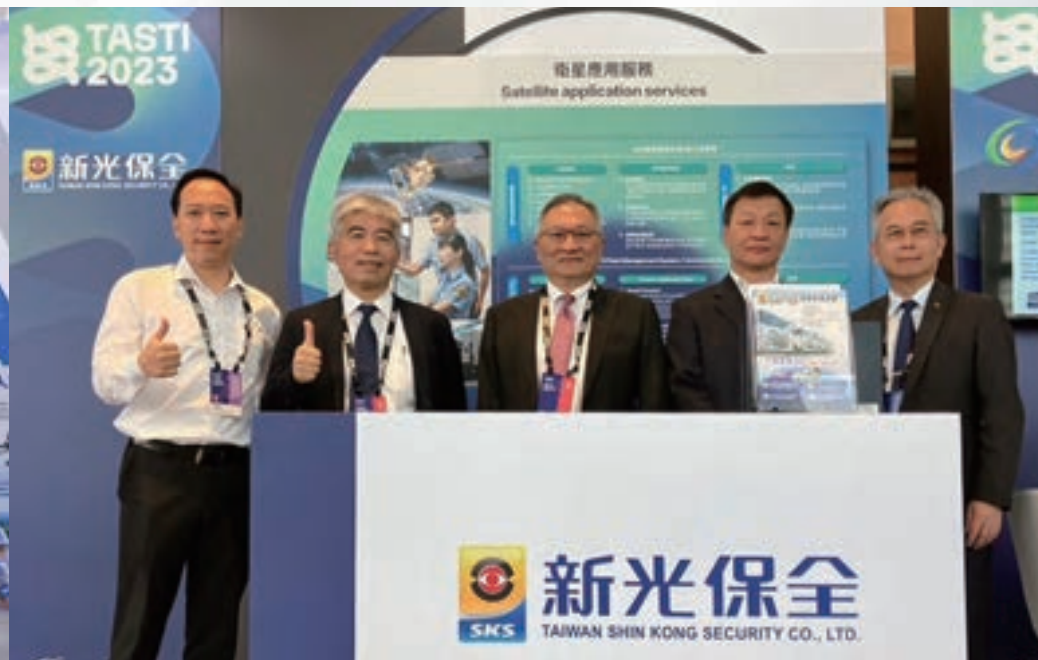


### Implementation

Year	2023	2022	2021
Number of Theft Apprehended	17	27	28
Number of People Honored	19	30	29
Amount Released (NT\$)	155,000	160,000	162,000



## ❖ Focus Stories



### SKS Showcases AIoT Concepts at 2023 Smart City Summit & Expo, Creating a New Future for Smart Cities with Sustainability, Security, and Health



Participating in the 2023 Smart City Summit & Expo, this year's focus is on "Sustainability, Security, and Health." This event brings together SKS's long-standing expertise in security services across various fields, showcasing the company's diversified operations to create a smart city ecosystem. By collaborating with industries and governments to achieve the new vision for smart cities, SKS aims to elevate urban intelligence and enhance the quality of life for citizens. Through the development of smart green buildings, SKS hopes to make both citizens and administrators feel the impact in terms of technological applications and business models, fostering collaboration with governments to co-create smart cities. This remains an ongoing goal for SKS.

### SKS Participates in the TASTI, Showcasing Low Earth Orbit Satellite and Drone Applications

With a focus on developing low Earth orbit (LEO) satellite technology, SKS participates in the Taiwan International Assembly of Space Science, Technology, and Industry (TASTI), an annual Asian space event of international significance. Expanding AIoT solutions and promoting ESG corporate sustainability, SKS actively engages in smart building and smart city initiatives. Aspiring to become a collaborative partner with various industries and governmental agencies, SKS continues to optimize LEO satellite technology and drone services to reduce risks and costs. Additionally, these advancements aim to enhance response capabilities for events that traditional manpower cannot address immediately, fulfilling security needs within the constraints of land, sea, and airspace.



# CH 4

## Striving for Environmental Sustainability in Smart Home

### Core Goals and Visions/

Climate change has posed a serious threat to the survival environment of all living organisms. With the international *Paris Agreement* and the domestic *Climate Change Response Act* taking effect, there has been a gradual increase in external attention to energy issues. While pursuing corporate profits, we should also cherish the earth's resources and make efforts for the living space of the next generation. To keep align with the world, we have translated the sustainability principle of "Moving Towards Sustainable Net Zero Emissions" into specific actions. We actively respond to the commitments of Net Zero Emissions by 2030/2050, implement various action plans for environmental protection, and promote green transformation and climate resilience services through the integration of internal and external resources, contributing together to the conservation of the earth's environment and realizing the vision of environmental sustainability.







### Material Topics Covered in This Chapter/

GRI  
204 Procurement Practices  
302 Energy  
308 Supplier Environmental Assessment  
414 Supplier Social Assessment

### Chapter Highlights/

4.1 Environmental Governance  
4.2 Green Management  
4.3 Sustainable Supply Chain  
4.4 Sustainable Environmental Education

## Sustainability Material Topic Description

Topics	Significance to SKS and Management Objectives	Management Policies	Possible Impacts on SKS	Corresponding SDGs	Corresponding GRIs	Corresponding Chapters
Climate Action Management	Manage carbon emissions and targets, disclose TCFD and climate risk issues, and strive to achieve the 2030/2050 net zero commitments by joining the Taiwan Net Zero Emissions Association, in order to reduce costs and environmental burden, and enhance corporate competitiveness.	<ol style="list-style-type: none"> <li>1. Follow TCFD international guidelines.</li> <li>2. Provide customers with energy-saving system products and services.</li> </ol>	Failure to effectively control greenhouse gas emissions will exacerbate global climate change and increase climate-related risks. Not proactively managing the transition issues related to climate change will make the Company less desirable to investors and consumers, leading to lower revenue and difficulties in obtaining investor capital.		305	4.1 Environmental Governance
Energy Resources Management	Develop green electricity and other alternative energy sources to drive corporate transformation.	<ol style="list-style-type: none"> <li>1. Implement energy-saving operations and procure green, energy-efficient equipment.</li> <li>2. Follow the ISO 50001 Energy Management System, conducting annual audits and continuously improving energy performance.</li> </ol>	With the goal of improving energy efficiency, avoid excessive use that leads to the depletion of natural resources.		302	4.2 Green Management
Supply Chain Management	Deepen communication on sustainability topics with upstream and downstream suppliers, strive to procure environmentally friendly products, strengthen management mechanisms, and establish a self-inspection system to create a safe and environmentally friendly, mutually beneficial model.	<ol style="list-style-type: none"> <li>1. Establish procurement and supplier management practices, and sign the "Commitment to Human Rights and Environmental Sustainability Terms for Key Partners."</li> <li>2. Conduct annual spot checks on key suppliers and sign the "Commitment to Human Rights and Environmental Sustainability Terms for Key Partners."</li> </ol>	Human rights and labor practices: Diseases (e.g., COVID-19) may result in interruptions to daily business operations, potentially leading to neglect of human rights, labor conditions, or the interests of supply chain employees, or causing occupational incidents.	 	204 308 414	4.3 Sustainable Supply Chain
Biodiversity	Through the strength of the SKS Group and in-depth education, work together to protect Taiwan and enrich biodiversity.	<ol style="list-style-type: none"> <li>1. Deepen connections with local community biodiversity.</li> <li>2. Advocate for biodiversity issues.</li> </ol>	Through biodiversity risk and impact assessments, we aim to understand and mitigate the impacts, while also incorporating biodiversity into investment and financing considerations, and implementing relevant protection measures.	 	304	4.4 Sustainable Environmental Education

## 4.1 Environmental Governance



### Climate Risks and Opportunities

Following the enactment of the *Paris Agreement* and the release of the United Nations' Sustainable Development Goals (SDGs), global climate change trends have become a key issue for global economic development. According to the World Economic Forum's Global Risks Report 2024, environmental risks constitute half of the top ten global risks for the next 10 years (long-term), including extreme weather events ranking first, critical change to Earth systems ranking second, biodiversity loss and ecosystem collapse ranking third, natural resource shortages ranking fourth, and pollution ranking tenth. Regardless of the outcome of efforts to combat climate change, businesses will face risks and opportunities in their operations. Concerning climate risk, as our security customers are spread across various industries and regions, severe weather events will threaten the security of our customers' property. Consequently, our service personnel need to be deployed more frequently to ensure the safety of the property, leading to increased safety risks for our personnel. However, climate change also presents opportunities, such as the development of new disaster alert systems and related services, as well as the integration of smart technology with security services to reduce the risks associated with personnel deployment and expand the scope of security services. In 2021, SKS joined the Taiwan Net Zero Emissions Association and established the Taiwan Alliance for Net Zero Emission with over 20 other domestic companies to jointly promote the "Taiwan Net Zero Emissions Initiative Net Zero 2030/2050." Our headquarters and the Jianguo North Road building completed Scope 1, 2, and 3 GHG emissions inventories for ISO 14064-1 in 2022 and initiated Taiwan-wide educational training in December 2022. We have completed the verification of Scope 1, 2, and 3 GHG emissions inventories for ISO 14064-1 for all operational sites in Taiwan in 2023, demonstrating our commitment to addressing the climate change crisis.

### Task Force on Climate-Related Financial Disclosures (TCFD)

To enhance transparency in disclosing information on climate-related risks and opportunities, SKS has adopted the management framework proposed by the Task Force on Climate-Related Financial Disclosures (TCFD). This framework, comprising four core elements—governance, strategy, risk management, and metrics and targets—discloses SKS's risks, opportunities, and strategies regarding climate issues.

### Climate Governance

Shin Kong Security established a Sustainable Development Committee under the Board of Directors and set up a Sustainable Development Promotion Office underneath it. Through channels such as gathering sustainable trends, consulting with external advisors, and participating in sustainability events (e.g., online/physical environmental forums organized by entities like the Taiwan Net Zero Emissions Association (TNZEA), the Taiwan Institute for Sustainable Energy (TAISE), and Sustainability iLab by the Unity Sustainability Services), as well as through discussions among internal sustainability development team members and occasional meetings to address internal needs, the committee analyzes and updates internal climate-related issues and their impacts. Annually, the committee reports its findings to the Board of Directors (at the beginning and end of each year) to facilitate the company's formulation of strategies to address climate risks and opportunities.

In 2023, the Sustainable Development Committee reported to the Board of Directors on the schedule for ISO 14064-1 and verification, the receipt of the Taiwan Alliance for Net Zero Emission (TANZE) Green-Grade Certification, and the engagement of business divisions in climate issues and progress in executing sustainability reports. In 2024, it will continue reporting to the Board of Directors on climate issues and the progress of the greenhouse gas inventory.

### Climate Strategy

Shin Kong Security convenes all departments and offices to gather information on business practices, assessing the likelihood and impact of climate issues. This information is then evaluated and analyzed by the Sustainable Development Committee to provide a basis for management in strategy formulation. Two primary aspects are considered in evaluating climate issues the likelihood of occurrence, assessed by regulatory status, policy announcements, stakeholder inquiry frequency, and incident occurrence frequency; and the level of impact, distinguished by financial losses or increases (e.g., compensation, fines, revenue reduction), harm to business personnel, or adverse reputational consequences. After evaluating the probability and level of impact, climate risks and opportunities with high incidence rates and significant impacts on operations are finalized.

Following an internal assessment of climate issue likelihood and impact, SKS identifies climate risks and opportunities within the categories of Transition Risks (Policy and Legal, Technology, Market, and Reputation), Physical Risks (Acute and Chronic), and Opportunities (Resource Efficiency, Energy Source, Products/Services, Markets, and Resilience). A total of 20 climate risks and 11 climate opportunities were identified, including 7 significant climate risks and 2 significant climate opportunities.

Note: Screening criteria - Probability X Level of Impact  $\geq 16$  is classified as significant.

Shin Kong Security ranks significant climate risks and opportunities with high probability and impact levels. Climate risks are prioritized as follows: (1) Mandatory reporting, (2) Changes in average temperature, (3) Extreme weather, (4) Product labeling regulations and standards, (5) Changes in customer behavior, (6) Changes in customer preferences, (7) Investment in new technology. Significant climate opportunities include (1) Utilization of more efficient production and delivery processes, and (2) Diversified operations.

## Climate Risks

Level of Impact	High					(1) Mandatory reporting	
				(8) Causing negative feedback	(4) Product labeling regulations and standards (5) Changes in customer behavior (6) Changes in customer preferences (7) Investment in new technology	<u>(2) Changes in average temperature</u> <u>(3) Extreme weather</u>	
			(15) Bad reputation (18) Legal action	(10) Inducing changes in natural resources (11) Demand for low-carbon products and services (12) Total control/emissions trading	(9) Fuel Tax/Energy Tax		
	Low			(16) Uncertainty of market information (17) Lack of regulation or legality	(13) Uncertainty of the new regulations (14) General environmental regulations		
			(19) Air pollution control (20) International conventions or agreements				
		Low					
		Probability					
Note:1.The shaded areas in the table indicate significant climate risks. 2.Text without an underline in the table indicates transition risks, while underlined text indicates physical risks.							

### Climate Opportunities

Level of Impact	High						
					(2)Diversified operations		(1) Utilization of more efficient production and delivery processes
				(8) Development and innovation of new products and services (9) Newmarket partnerships	(5) Use of low-emission energy (6) Use of more efficient transportation methods	(3) Participation in the carbon markets (4) Recycle and reuse	
	Low		(11)Adoption of new technology			(7) Development or expansion of low-carbon products and services	
					(10) Supportive policy and incentives		
		Low					
		Probability					
Note: The shaded areas in the table indicate significant climate opportunities.							

## Identification and Response to Significant Climate Risks and Opportunities

Category		Climate Risks/ Opportunities	Period of Occurrence	Value Chain	Impact of Emerging Risks and Potential Risks on SKS' s Operations and Financials	Management Method	SKS's Response and Action Plan
Transition Risks	Policy and Legal	Mandatory reporting	Short-term/ medium-term	Production/ delivery	<ul style="list-style-type: none"> <li>- In response to the <i>Climate Change Response Act</i>, costs for services and products were increased to enhance energy efficiency in each department.</li> <li>- The domestic regulations on the carbon trading system and the imposition of carbon fees are still unclear, which will impact future operations.</li> </ul>	Mitigation	<ul style="list-style-type: none"> <li>- Conduct GHG inventories and establish related environmental data recording mechanisms. Based on the carbon inventory results, carry out carbon management and plan carbon reduction pathways.</li> <li>- Expand the scope of ISO 14064 verification, such as completing the inventory of other indirect emissions (Scope 3).</li> <li>- Improve the energy efficiency of equipment and materials, and develop low-carbon emission processes to meet the trend.</li> <li>- Evaluate participation in CDP to disclose the Company's GHG emissions.</li> </ul>
							<ul style="list-style-type: none"> <li>- Compile laws and regulations to keep track of international sustainability trends and related regulations.</li> </ul>
		Product labeling regulations and standards	Short-term	Production	<ul style="list-style-type: none"> <li>- Align with government regulation adjustments, improve management processes, and conduct verifications, which will increase costs.</li> </ul>	Control	<ul style="list-style-type: none"> <li>- The Legal Affairs Office timely tracks new laws and regulations to ensure compliance.</li> <li>- Regularly organize legal awareness and training sessions to enhance employees' legal literacy.</li> </ul>
	Market	Changes in customer preferences	Medium-term/ long-term	Distribution	<ul style="list-style-type: none"> <li>- Due to the rising awareness of sustainability, customers demand high-standard machinery and materials, or other low-carbon emission services; otherwise, we will lose customers.</li> <li>- In response to new market demands, adjust business models necessitates increased investment in both product development costs and operational costs for services.</li> <li>- The market trend has changed, if we cannot meet customer demand, it will lead to a decrease in sales volume and affect market share.</li> </ul>	Mitigation	<ul style="list-style-type: none"> <li>- Develop products that meet customers' needs, such as making machinery wireless and enhancing the quality of machinery equipment.</li> <li>- Develop products that meet customers' needs, such as making security equipment completely wireless.</li> </ul>
						Control	<ul style="list-style-type: none"> <li>- Evaluate the multi-channel customer service access mode to improve communication with customers.</li> <li>- Continue to use AI technology to enhance the service capabilities and actively build an intelligent cloud ecosystem.</li> </ul>

Category		Climate Risks/ Opportunities	Period of Occurrence	Value Chain	Impact of Emerging Risks and Potential Risks on SKS' s Operations and Financials	Management Method	SKS's Response and Action Plan
Transition Risks	Reputation	Changes in customer preferences	Medium-term/ long-term	Distribution	<ul style="list-style-type: none"> <li>- If a supplier does not have good sustainability performance, it indirectly affects SKS's reputation.</li> <li>- If the sustainability practices fail to meet stakeholders' expectations, it will result in the loss of customer trust and a decrease in market share.</li> </ul>	Mitigation  Control	<ul style="list-style-type: none"> <li>- Enhance supply chain management to ensure the green performance of our partners through suppliers' commitment letters and supplier inspection forms.</li> <li>- Focus on the formulation and implementation of sustainability strategies, maintain stakeholder contact channels, and value feedback.</li> </ul>
	Technology	Investment in new technology	Long-term	Production	<ul style="list-style-type: none"> <li>- In response to the green trend, there's a need for increased investment in training talents and acquiring equipment proficient in green technology and AI. Additionally, the Company must overcome the challenges of transitioning, thereby enhancing costs associated with R&amp;D, training, and operations.</li> <li>- Transition technology affects existing services and products.</li> </ul>	Control	<ul style="list-style-type: none"> <li>- Integrate with affiliated companies and form alliances with new business divisions to create opportunities for cooperation.</li> <li>- Strengthen the talent cultivation mechanism through industry-academia collaboration and matching with county and city departments.</li> </ul>
Physical Risks	Acute	Extreme weather	Long-term	Distribution	<ul style="list-style-type: none"> <li>- The equipment in use is more susceptible to damage due to natural disasters, and frequent field employee attendance to ensure product operation increases work safety risks.</li> <li>- The office locations or field workers may be affected by natural disasters or power outages, which can impact operations or operational efficiency, thereby increasing operating costs.</li> </ul>	Adapt	<ul style="list-style-type: none"> <li>- In response to natural disasters and power outages, we establish SOP and delineate responsibilities to take immediate action against disasters under the guidance of commanders.</li> <li>- Conduct safety assessments of field workers during typhoons to ensure employee safety and health, and develop new types of disaster alerts to minimize safety risks for employees during fieldwork.</li> </ul>
	Chronic	Changes in average temperature	Long-term	Distribution	<ul style="list-style-type: none"> <li>- The chance of heat stroke among field workers increases, causing occupational injuries to employees.</li> <li>- Equipment and vehicles require more energy consumption for cooling, leading to increased costs.</li> </ul>	Mitigation  Control	<ul style="list-style-type: none"> <li>- Utilize more energy-efficient equipment.</li> <li>- Conduct educational training on occupational safety and health management to promote workers' safety awareness.</li> </ul>
Opportunities	Resource Efficiency	Utilization of more efficient production and delivery processes	Medium-term/ Long-term	Delivery	<ul style="list-style-type: none"> <li>- Reduce transportation costs and delivery time to shorten lead times and decrease operating costs.</li> </ul>	Mitigation	<ul style="list-style-type: none"> <li>- Enhance production and delivery management, for example, by implementing barcode monitoring for machinery and materials.</li> <li>- Assess the implementation of IoT-related systems to enhance productivity.</li> </ul>
	Products/ Services	Diversified operations	Short-term	Distribution	<ul style="list-style-type: none"> <li>- Offer customers a diverse range of product choices to enhance customer usage and increase company revenue.</li> </ul>	Control	<ul style="list-style-type: none"> <li>- Enhance operational resilience by offering a diverse range of products through cross-industry collaboration.</li> <li>- Continue developing integrated AIoT solutions by combining hardware and software, and optimizing existing products and services.</li> </ul>

Note: Regarding the period of occurrence, "short-term" represents the recent two years, "medium-term" represents three to five years, and "long-term" represents more than five years.

## Scenario Analysis

SKS conducted a scenario analysis of climate change with reference to the AR6 (the Sixth Assessment Report) released by the United Nations Intergovernmental Panel on Climate Change (IPCC) and selected the SSP1-2.6 and SSP5-8.5 scenarios.

In the SSP1-2.6 scenario, the world sees climate change as a major issue, pursues sustainable development, implements efficient technologies, and has a high level of awareness and action for environmental protection to mitigate the rate of climate change. In this scenario, strict regulations and measures are put in place to keep the global average temperature below 2°C by the end of the century, but even so, in Taiwan at the end of the 21st century, extreme high-temperature events (exceeding 36°C) will increase by 7 days, heavy rainfall by 15.3%, and the maximum number of consecutive days without rainfall by 0.4%.

Therefore, in the SSP1-2.6 scenario, the global pursuit of climate change mitigation exposes SKS to more powerful transition risks. For example, a higher carbon fee (NT\$300/ton of carbon emissions) will be imposed; more labor, equipment, and investment in technology are required to adjust processes and services to meet the more stringent mandatory reporting requirements, product labeling regulations and standards, and market demand from customers who place greater emphasis on environmental performance.

In contrast, the SSP5-8.5 scenario is a fossil fuel-driven scenario in which rapid technological progress and human capital development drive a rapid increase in emissions and make no effective response to climate change, resulting in disastrous impacts on the ecosystem and the economy. In Taiwan at the end of the 21st century, the temperature will rise by 3.4°C, the total rainfall by more than 31%, extreme high-temperature events (exceeding 36°C) will increase by 48 days, heavy rainfall by 41.3%, and the maximum number of consecutive days without rainfall by 12.4%, and the occurrence of typhoons will decrease, while the proportion of strong typhoons, wind speeds, and rainfall will increase.

In the SSP5-8.5 scenario, in the face of physical risks of a more severe level, since SKS was more likely to experience extreme weather incidents in terms of operations, it resulted in more damage to equipment, increased frequency of the procurement of new equipment for field work and maintenance, higher probability of employees getting injured, and eventually requiring more operational costs.

In terms of climate issues, SKS adopts four major strategies: (1) GHG emissions inventory to achieve carbon management (2) Strengthening employee training (3) Employing high-efficiency and energy-saving equipment (4) Promoting green management services and actions, to achieve green transformation. Additionally, these four major strategies are applied in the two situations mentioned above, but with focus placed more on the development of specific strategies depending on the situation.

In the SSP1-2.6 scenario, with the more powerful transition risks, SKS places more emphasis on the GHG emissions inventory to achieve carbon management to meet the mandatory reporting requirements on the regulatory level. On the technological level, in terms of technology investment and transformation, SKS starts with the use of high-efficiency and energy-saving equipment and responds to new market opportunities. On the market and reputation level, the changes in customer behavior and preferences drive green management, services, and actions. In the face of the SSP5-8.5 scenario, we take greater care of our employees and establish more rigorous risk response processes and educational training in response to the harsh physical environment, which brings extreme weather and changes in average temperature.

## Climate Risk Management

To address climate issues, SKS integrates assessment methods into the risk management process (see Chapter 2 for details of the risk management process assessment methods), with an inter-departmental risk management team acting as the unit responsible for risk management established under the Sustainable Development Committee. As for risk assessment, SKS adopts the "three lines of defense," with the dedicated personnel in each department, department heads, and Risk Management Team setting up a measurement and monitoring mechanism when risks are detected. In terms of climate issues, we also refer to SKS's risk management process, which includes risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response. In addition, we further analyze the level of impact and probability of climate risks and opportunities in the risk identification section and rank these items. The process of climate risk and opportunity identification are described as follows:

---

### Step1. Compile a List of Climate Risks and Opportunities

---

Based on the interaction between SKS's operational conditions and the environment, and with reference to TCFD's climate-related financial disclosure recommendations, SKS compiles a list of risks and opportunities.

---

### Step2. Gather All Departments to Identify Issues

---

The Sustainable Development Committee and the Risk Management Team convene a meeting and conduct discussion workshops and surveys to identify the short-, medium- and long-term impacts caused by climate risks and opportunities. Additionally, we rank them on a scale of 1-5 representing low to high for the level of impact and a scale of 1-6 from low to high for the probability.

---

### Step3. Identify and Rank Significant Risks and Opportunities

---

The risks scoring 16 and above resulting from multiplying their level of impact and probability are classified as climate risks and opportunities with high level of impact and high probability. Additionally, these risks are ranked through discussions with the management.

---

### Step4. Evaluate Risks and Formulate Strategies

---

The Sustainable Development Committee evaluates the changes in products, services, or management processes resulting from identified risks across various scenarios. After assessing the impact on SKS's operations, the Committee assists in formulating strategies to address climate issues. Subsequently, it develops suitable measurement methods to track these strategies based on the requirements of each department.

---

### Step5. Report, Disclose, and Track the Risks

---

The Sustainable Development Committee periodically monitors the sustainability performance of each department and office regarding climate issues, and reports changes in climate-related regulations and the execution performance of climate strategies to the Board of Directors or management at least once a year.

## Climate Metrics and Targets

In response to the climate strategy, Shin Kong Security established and participated in the Commitment to Net Zero by 2030/2050 by the Taiwan Alliance for Net Zero Emission (TANZE) from April to June 2022.

**01** GHG Inventory: SKS set 2021 as the base year, with total emissions of 4,863.29 (tCO<sub>2</sub>e/year). An annual energy performance target of 0.5% reduction compared to the previous year was set, in addition to a target of 20% reduction in carbon emissions for the entire group in 2027 compared to the base year. SKS planned to complete the GHG inventory and verification of the parent company in 2023 and its business divisions in 2029.

**02** E Solution for Administrative Management: Since 1999, SKS introduced the Business Process Management (BPM) system, which allows employees to do administrative work on mobile devices even not in the office. In 2000, the initial paper-based approval process was converted to electronic format, a reduction of the equivalent of 2,813,908 sheets of A4 paper in 2023 as compared to 2022. In the future, we will continue to increase the functionality of our platform, promote the digitization of processes and paperless operations within SKS, and set the goal of reducing the equivalent of 200,000 sheets of A4 paper every year.

**03** Procurement of High-efficiency and Energy-saving Equipment: Since 2020, we have been gradually replacing energy-efficient air conditioning equipment in all office premises. Additionally, we have continuously replaced old lighting fixtures and have completed the replacement of lighting fixtures in the headquarters building by 2021. We plan to reduce electricity consumption by 0.3% annually, saving approximately 15,000 kWh, and aim to complete the replacement of lighting fixtures in all office premises by 2027, which is expected to reduce electricity consumption by 1.5%, saving approximately 75,000 kWh.

**04** Promotion of Green Management, Services, and Actions: We collect used security machinery and materials from customers, and after strict testing and repair, those meeting the requirements are reused to extend the product life cycle and improve their efficiency and effectiveness. In the past three years, the average recovering rate of machinery and materials was maintained at about 93% and the average reuse rate was about 46.6%. We implement green procurement by giving priority to products that have less impact on the environment, are produced with green products, are recyclable, have low pollution levels, and have resource-saving features. Other than that, we establish sustainable procurement management regulations based on supplier dependence and sustainability classification requirements, include carbon emissions and ESG factors in key items, and set up inspection standards. Through assistance and cooperation in products, services, and education (schools, communities, and multimedia), we raise stakeholders' awareness and consensus on climate change and net-zero emissions transformation, and work with them to create a low-carbon and sustainable ecosystem to achieve the common goal of mitigating global warming.

To establish a clearer carbon reduction pathway, Shin Kong Security initiated nationwide educational training in December 2022 and completed the inventory and verification of ISO 14064-1 Scope 1, 2, and 3 GHG emissions for all operational sites in October 2023. In response to climate issues, we continue to track the performance of environmental indicators such as electricity consumption, energy usage, mission vehicle management, GHG emissions, water usage, and waste management, which are disclosed in subsequent environmental chapters.



pic/ 2023 Greenhouse Gas Inventory Course



pic/ 2023 Greenhouse Gas Inventory Course



pic/ 2023 Greenhouse Gas Inventory Course



pic/ 2023 Greenhouse Gas Inventory Course

## 4.2 Green Management



In response to the crises of global warming and environmental issues, Shin Kong Security has turned "sustainable net-zero" into concrete actions by setting a goal of achieving net-zero emissions by 2030. We promote green security services, offer carbon reduction-related services, and support environmental sustainability initiatives, hoping to contribute to the global environment.

Shin Kong Security's energy consumption mainly comes from electricity used in offices and gasoline used in mission support vehicles and official vehicles for dispatching service personnel or serving customers. Therefore, we continuously innovate our operating models to help our customers improve energy efficiency and reduce environmental impact, either directly or indirectly. This includes implementing energy resource management systems (e.g., energy saving in operating sites, purchasing energy-saving equipment, arranging employee participation in environmental protection activities, and purchasing electric motorcycles as mission vehicles), introducing carbon management systems (e.g., net-zero initiatives, mission vehicle management), and optimizing management processes (e.g., e-solutions for administrative management, recovery, and recycling of used machinery and materials). We are committed to providing green services to our customers, reducing environmental damage, and making our operations more efficient.

### Energy Policy

Shin Kong Security strives to become a model green enterprise to create a safe, environmentally friendly, and sustainable environment. Therefore, we are committed to:

1. Providing various resources to support the operation of the energy management system and continuously improve energy performance.
2. Complying with energy management-related regulations and fulfilling our corporate social responsibility.
3. Purchasing high-efficiency, energy-saving products to promote effective use of energy.
4. Setting the target of reducing our energy performance index (by 0.5% compared to the previous year) and achieving it effectively.
5. Actively engaging in the R&D of energy-saving technologies and services, and focusing on developing smart green building technology as our key project to achieve green innovation.

Taiwan Shin Kong Security Co., Ltd., President  
Task Force of Energy Management, Chairman

**HUNG, KUO-CHAO**

## Energy Resources Management

302

### Energy Management Performance

#### Initial Goal

■ Energy Resources Management: A reduction of 0.5% in energy performance indicators compared to the previous year.

#### 2023 Implementation Effectiveness

■ Annual green energy-saving equipment procurement amount NT\$28,349,059, electricity saved 1,410,079 kWh, 5,076.28 MJ; in November of the same year, we were recognized by the Department of Environmental Protection, Taipei City Government for green procurement amounting to over NT\$5 million.

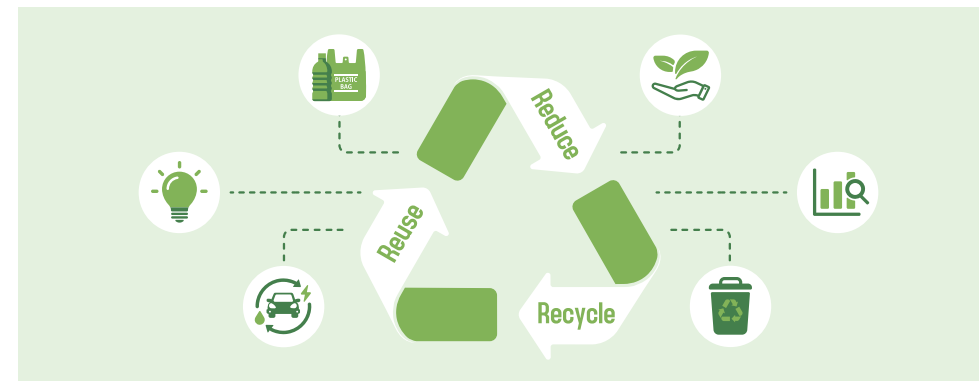
#### Short-, Medium-, and Long-Term Goals

- Plan to install additional energy storage equipment in office spaces.
- Procure high-efficiency energy-saving products to promote effective energy use.

SKS's power consumption primarily comes from information engine room equipment in office buildings and air conditioning equipment in office premises of all operating sites across Taiwan. In 2013, the SKS headquarters in Neihu (engaged in services and research and development related to the security business) and our Da'an Branch Office (engaged in the development and implementation of various services in the security industry) became role models for the industry, adopting the Energy Use Intensity (EUI) as the energy performance indicator. An energy performance indicator was established for a reduction of 0.5% each year compared to the previous year. Additionally, a Task Force for Energy Management has been established. The SKS President serves as the chairman, assigning one convener and one vice convener to serve as the task force's energy management representatives, while the remaining members are department heads. The aim is to promote energy management-related matters applicable to SKS's employees, suppliers, and contractors. In 2013, SKS became the first security company in Taiwan to receive ISO 50001 Energy Management Systems certification.

### Procurement of Green Energy-saving Equipment

Since 2020, we have replaced traditional office lighting with LED lights and purchased air conditioning equipment, computers, printers, photocopiers, cartons, photocopy paper, air conditioners, fans, vehicles... etc. with Green Mark.



## Electricity Consumption Management

Taking into consideration the operational characteristics and energy consumption data, we set appropriate energy performance indicators to reflect the organization's energy usage. We adopt EUI as SKS' s energy performance indicator, with the electricity consumption per unit floor area (kWh/m<sup>2</sup>) as the basis for calculation. In 2023, in addition to continuously replacing air conditioners and lighting with energy-efficient equipment, our company also closed the glass doors on each floor of the headquarters building, which had been opened during the pandemic to improve air circulation, in order to reduce air conditioning energy consumption. However, due to the end of remote work in 2023, employees returning to the office led to an increase in electricity usage. Additionally, three tenants moved out of the Jianbei Building and the headquarters building in 2023. During the vacancy period, the electricity costs originally shared by the tenants were fully borne by our company, resulting in an overall increase in electricity consumption in 2023 compared to 2022.

Year	2023	2022
Headquarters building electricity consumption (kWh)	2,540,774	2,016,556
EUI (kWh/m <sup>2</sup> )	263.53	209.15
MJ	9,146.7	7,259.6

Note:

1.The floor area of the headquarters building is 9,641.26 m<sup>2</sup> after deducting the rental space on the first floor.

2.Unit of calculation: 1 kWh = 0.0036 MJ.

## Carbon Management

### Carbon Management Performance

#### Initial Goal

- A decrease of 20% in the Group's carbon emissions by 2027 compared to the base year.

#### 2023 Implementation Effectiveness

- Completed training at all operational sites in Taiwan in 2023.
- Completed verification of ISO 14064-1 Scope 1, 2, and 3 at all operational sites in Taiwan by October.  
\*Note: The baseline year for ISO 14064-1 is 2022.
- Awarded the Green-Grade Certification in 2023.

### Management

In 2021, in response to the Net Zero Emissions target set forth by the United Nations and Taiwan's pathways and strategies to Net Zero 2050, SKS joined the Association of Taiwan Net Zero Emissions (ATNZE) in September and established the Taiwan Alliance for Net Zero Emission (TANZE) with more than 20 other companies in Taiwan. The targets for Net Zero Emissions in 2030 and 2050 will be achieved in phases, both directly and indirectly, through SKS's two-stage approach of Commitment and Achievement and certified by third-party organizations. 2022 was awarded Net Zero Green-Grade Certification by the Taiwan Institute for Sustainable Energy (TAISE).

In addition to following the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEX Listed Companies," we introduced the carbon inventory mechanism—ISO 14064 GHG emissions inventory system—based on the ISO 14064-1:2018 standard guidelines in 2022. This was implemented at our Neihu technology headquarters and all operational sites across Taiwan, conducting Scope 1, 2, and 3 GHG emissions inventories. In December of the same year, we launched GHG emissions education and training programs nationwide. By October 2023, we completed the Scope 1, 2, and 3 GHG emissions inventory and verification for the parent company, with a target to complete the inventory and verification for the entire business entity by 2029. An internal GHG Emissions Inventory Promotion Team was established, led by the head of the Management Department as the representative responsible for approving the GHG emissions inventory operations and ensuring the accuracy and disclosure of report information. The General Affairs Manager serves as the inventory team leader, overseeing the GHG emissions inventory process, providing manpower, convening the internal verification team, assigning a dedicated specialist to act as the main contact for each department, generating the GHG emissions inventory report, coordinating with external verification agencies, and formulating and revising GHG emissions inventory procedures and standards. Team members from various departments (human resources, general affairs, security, and accounting) are responsible for identifying emission sources and collecting activity data.

## Energy Consumption

Item	2023	2022
Gasoline (L)	803,006	809,799
Electricity (kWh)	4,773,264	4,412,022
MJ	17,183.75	15,883.27

Note:

1.The range of energy consumption data for each year is consistent with the range of greenhouse gas emissions data for the respective year.

2.The Group does not produce or sell energy; therefore the value of electricity, heating, cooling, and steam sales is 0.

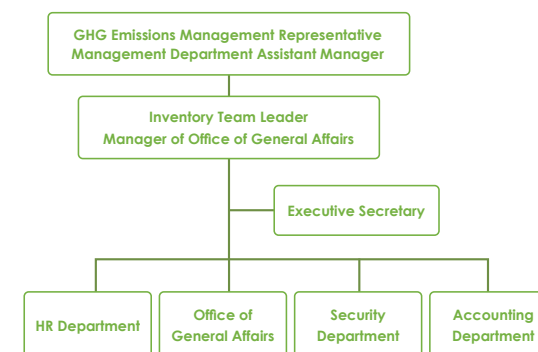
3.Unit of calculation: 1 kWh = 0.0036 MJ.

1 gallon (US) gasoline = 0.132GJ

1 gallon (US) diesel = 0.147GJ

#### Short-, Medium-, and Long-Term Goals

- The goal is to complete the inventory and verification of ISO 14064-1 greenhouse gas Scope 1, 2, and 3 for the business entity by 2029.



## Mission Support Vehicle Management

In terms of the management of vehicles for dispatching service personnel or servicing customers, Shin Kong Security has replaced all diesel vehicles and LPG vehicles in recent years, and the remaining vehicles (including vehicles powered by gas) are regularly maintained in accordance with the regulations and replaced after 6 years. Apart from that, the mileage of official vehicles must be recorded after use to regulate the behavior of employees while leading them, from the top officers to the bottom employees, to reduce carbon emissions in their daily lives.

In addition to the basic anti-theft/anti-robbery functions, SKS's GPS fleet management system also serves as a monitoring and management system, providing a network fleet monitoring platform, real-time monitoring of vehicle locations, driving track checking, etc. In addition, the system also includes the detection records for door opening/closing and engine starting/stopping, making it possible to grasp the vehicle and driver dynamics and manage vehicle scheduling, to facilitate the assessment of driver service efficiency. Since 2017, with the primary consideration of maintaining the rights and interests of customers, SKS has optimized the procedures to continuously reduce the average energy consumption per kilometer for mission support vehicles in service. At the same time, customer contract cancellation rates have also been reduced, which shows that our optimized service procedures are highly effective.

### Total Distance Traveled and Energy Consumption of Mission Support Vehicles

Item	2023	2022	2021
Total distance traveled (km)	9,525,257	9,772,801	10,372,504
Liters of gasoline consumed	803,006	809,799	860,370
Total energy usage (GJ)	27,983.15	28,219.87	29,982.17
Average energy consumption per kilometer (MJ/km)	2.93	2.88	2.89

Note:

1.2023: The number of vehicles is 228.

2. Energy consumption per kilometer = Total energy consumption/Total distance traveled.

## Factors Associated with Misreporting and Improvement Practices

### Factors

- Improper use of customer systems
- Internal/external circuit reports
- Power failure/restoration reports
- Bad sensor reports
- Poor circuit contact reports
- Poor server connection reports
- Dedicated line failure reports
- Other



### Practices

- Business security system design: Security system design capability, education enhancement, and streamlined design.
- Service personnel construction specifications and acceptance: Engineering construction specification capacity, education enhancement, photo uploading for new contracts, and random project inspections.
- Contractor construction: Implement requirements on construction quality and piping quality.
- Security personnel maintenance skills: Enhance security personnel's maintenance ability and hold meetings on misreporting issues.
- Quality improvements for machinery and equipment: The Technology Research Center introduces better equipment and implements maintenance of stored spare parts.
- Better quality for customers under new contracts: Strict control of defect standards on the line, and educating customers to better use machinery and equipment.
- Enhancing Colleagues' Repair Skills: Strengthen training to improve colleagues' response and repair abilities when faults occur on the dedicated lines.



## GHG Emissions by Category

Year	2023	2022
Scope 1 (Direct GHG Emission) (ton-CO <sub>2</sub> e)	2,218.2562	2,166.2286
Scope 2 (Indirect GHG Emission) (ton-CO <sub>2</sub> e)	2,362.7659	2,183.9518
Scope 3 (Other Indirect GHG Emission) (ton-CO <sub>2</sub> e)	2,992.1408	3,471.0954
Total Carbon Emissions (Scope 1+2+3) (ton-CO <sub>2</sub> e)	7,573.1629	7,821.2758
Carbon Emission Density = Total Carbon Emission/Number of Employees in 2023 (ton-CO <sub>2</sub> e/person)	2.531	2.63

Greenhouse Gas Emissions for the Year 2023		
<b>1</b>	<b>Category 1: Direct Greenhouse Gas Emissions and Removal</b>	<b>2,218.2562</b>
1.1	Direct Emissions - Stationary Sources	0.0091
1.2	Direct Emissions - Mobile Sources	1,991.6551
1.3	Direct Emissions - Process Sources	0.0000
1.4	Direct Emissions - Fugitive Sources	226.5920
<b>2</b>	<b>Category 2: Indirect Greenhouse Gas Emissions from Purchased Energy</b>	<b>2,362.7659</b>
2.1	Electricity Emissions - Headquarters & Jianbei	1,257.6834
	Electricity Emissions - Northern Region 1	121.6547
	Electricity Emissions - Northern Region 2	129.8696
	Electricity Emissions - Taoyuan, Hsinchu, Miaoli	149.3388
	Electricity Emissions - Central Region	269.7060
	Electricity Emissions - Chiayi-Tainan Region	138.3939
	Electricity Emissions - Southern Region	205.3067
	Electricity Emissions - Eastern Region	90.8128

Greenhouse Gas Emissions for the Year 2023		
<b>3</b>	<b>Category 3: Indirect Greenhouse Gas Emissions from Transportation</b>	<b>1,117.5534</b>
3.3	Employee Commuting	767.3273
3.5	Business Travel	350.2261
<b>4</b>	<b>Category 4: Indirect Greenhouse Gas Emissions from Organizational Product Usage</b>	<b>974.7635</b>
4.3	Activities Related to Fuel and Energy Consumption	974.7635
<b>5</b>	<b>Category 5: Indirect Greenhouse Gas Emissions from Organization's Product Usage</b>	<b>899.8239</b>
5.2	Downstream Asset Leasing	899.8239
<b>Total</b>		<b>7,573.1629</b>

Note:

- 1.Inventory boundary: Covering a total of 67 operation sites of Taiwan Shin Kong Security Co., Ltd.
- 2.The operation control is used to compile the GHG emission volume.
- 3.Shin Kong Security has designated the year 2022 as the baseline year for its greenhouse gas inventory. The long-term goal is to reduce the group's carbon emissions by 20% compared to the baseline year by 2027, to implement environmental sustainability. The total emissions for the baseline year were 7821.2758 tCO<sub>2</sub>e/year.
- 4.GHG Emission Factor Management Table (version 6.0.4), Electricity Carbon Emission Factors. Source: Ministry of Environment; Bureau of Energy, Ministry of Economic Affairs.
- 5.The data for the year 2022 has been verified.

## Administrative Operations E-management

### Mobile Office

To enhance administrative efficiency, SKS has introduced mobile services. Utilizing cloud and mobile technologies, the mobile office has been launched in phases. Personnel can handle administrative tasks on their mobile devices without needing to return to the office. This optimizes the Business Process Management (BPM) system, promoting organizational flattening, enhancing service efficiency, and expediting decision-making and administrative approval processes.

### Paperless Administrative Operations

Shin Kong Security has implemented paperless administrative operations, transitioning from traditional paper-based approval processes to electronic signatures. Each electronic approval is equated to one A4 paper, and in 2023, approximately 2,813,908 fewer sheets of A4 paper were used. According to data from the Taiwan Paper Industry Association, an average tree can produce about 8,000 sheets of A4 paper. Therefore, the paperless initiative by Shin Kong Security in 2023 saved the equivalent of approximately 351.74 trees from being cut down.

Year	2023	2022	2021
Sheets of A4 Paper Saved	2,813,908	2,809,080	2,209,446

Note: Paper savings statistics are calculated on an annual basis.

## Waste Management

The main sources of waste for our company are general waste and household garbage. We aim to reduce environmental impact through strict classification and management mechanisms. According to the Ministry of Environment standards, waste is categorized as follows:

- 1.Resource Recycling Waste: Waste that can be recycled and reused, such as cardboard and plastic packaging materials.
- 2.Other Waste: Examples include household garbage.

In addressing energy conservation, carbon reduction, and environmental protection issues, our efforts are directed toward reducing unnecessary consumption and the generation of harmful environmental pollutants during the transportation and installation of equipment. Additionally, we aim to strengthen the disassembly process to minimize loss rates and enhance the effective recycling of equipment, thereby reducing the scrappage rate and improving recycling efficiency.

### Recycling of Used Machinery and Materials

Year	2023	2022	2021
Machinery and material recycling rate (%)	93%	92%	91%
Cyclical use rate (%)	46%	52%	49%

Note:

- 1.Due to the continuous launching of new products that are still within the service life, the overall recycling and cyclical use rate of machinery and materials has been stable each year.
- 2.Calculation standard: Before 2022, waste recycling was measured in terms of the number of recycling trips only; starting in 2022, it will be measured in terms of actual weight per trip.

## Water Management

SKS has been actively addressing water resource conservation and energy-saving environmental issues. Regarding water conservation initiatives, we start by comprehensively implementing daily water-saving practices. In 2023, there was an increase of approximately 1,413 million liters compared to 2022, yet it remained approximately 24% less than the baseline year (2020, with water usage at 12,361 million liters).

Year	2023	2022	2021
Water consumption (million liters)	9,440	8,027	5,807
Approximate CO2 emissions per cubic meter of water used	0.0948	0.0948	0.0948
Approximate CO2 emissions (total volume)	894.91	760.95	550.50

Note:

- 1.Inventory Boundary: The water consumption of the headquarters in Neihu; the unit calculation is based on the information released by the Taipei Water Department in 2022 that 1 cubic meter of water is equivalent to 1,000 liters of water.
- 2.The reference data for the CO2 emission equivalent per unit of water usage, based on the Taipei Water Department's (2020) emission coefficient, is approximately 9.48E-2 kgCO<sub>2</sub>e per cubic meter.
- 3.SKs is in the service industry, and water consumption is primarily for daily use by employees and a small portion for use by visiting customers. Additionally, there is no wastewater generated from production processes. The current water usage data shows that the headquarters building and the operation sites are not in areas facing pressures for water resources.
- 4.The increase in water consumption in 2022 compared to 2021 is due to the fact that the COVID-19 outbreak in Taiwan is gradually slowing down and becoming contained, and the CECC has gradually eased control measures and eliminated the off-site work model since November 2021.
- 5.Source: Carbon Footprint Information Platform.
- 6.Starting in 2023, our company will change the coefficient for the equivalent CO2 emissions per 1 unit of water usage from the previous reference coefficient provided by the Taipei Water Department to the emission coefficient of the Taipei Water Department (2020) from the Carbon Footprint Information Platform. The values for 2021 and 2022 will be adjusted accordingly.



## 4.3 Sustainable Supply Chain

204 308 414



### Management Performance

#### Initial Goal

- Execute local procurement.
- Implement green procurement.

#### 2023 Implementation Effectiveness

- 100% of our purchases have been made with domestic manufacturers for 9 consecutive years.
- Received a Certificate of Appreciation from the Environmental Protection Bureau for the "2023 Promoting Private Enterprise and Green Procurement Program."
- The amount of green procurement is NT\$28,349,059.

#### Short- and Mid-term Goals

- Have over 95% of suppliers signed the sustainability development pledges.
- Implement audits for at least 2 key suppliers.

### Supplier Management

Suppliers of Shin Kong Security are primarily group businesses, such as Shinsoft Co., Ltd., which provides digital surveillance, access control products, smart logistics, and information platform services; Shincluster Electronics Co., Ltd., which primarily provides security control products (video intercom system, perimeter sensor, parking management system, access control and attendance system, monitoring management system, and various security equipment supply); and Shin-Kong Communication Co., Ltd., which primarily provides integrated planning and maintenance services for ADSL, optical fiber network, telecom switchboard/operators, IDC cloud services, and communication networks. Furthermore, according to the different business attributes of the business groups, the executives of each division at SKS are responsible for supervising the group's operations. In doing so, they not only improve communications efficiency, but also allow the concept and practice of corporate social responsibility to be implemented in the business group's operations, to create a sustainable supply chain.

### Supplier Management Model

SKS has established a supplier counseling program to implement sustainability requirements within daily supply chain management, based on cooperation through supplier selection, audit counseling, performance evaluation, and training. In addition, SKS holds weekly domestic and international machinery and material procurement meetings to identify and manage the risks associated with inadequate supplier capacity, quality problems, and supply chain disruptions in conjunction with the warehouse and related business units. In 2023, the proportion of suppliers signing the "Commitment to Human Rights and Environmental Sustainability Terms for Key Partners" reached 96.76%.

#### Step 1: Supplier Evaluation

- Suppliers must pass the supplier evaluation and comply with the *Supplier Code of Conduct*.
- Construction and related operations contractors must obtain occupational safety and health management licenses.
- Local suppliers must obtain a valid registration certificate issued by the local government in accordance with their business type.

#### Step 2: Supplier Audits

- SKS has established an auditing team to track the progress of improvement for supplier defects, together improving quality and technology, and enhancing yields.

#### Step 3: Supplier Training

- SKS holds occasional trainings to improve the performance of occupational safety and health through different forms of guidance and communication, with the courses covering topics of occupational safety and health and regulatory risks.

## Number & Percentage of Suppliers Signing the Commitment

Year	2023	2022	2021
Number of suppliers	185	208	137
Percentage of suppliers who have signed the Commitment (%)	96.76%	94.23%	95.62%

Note: Of the suppliers who haven't signed the commitment, 62.5% are advertisers, 12.5% are software development licensing companies, 12.5% are telecommunications service providers, and 12.5% are from various other categories of procurement. In 2023, 10 new suppliers were added, with a 100% signing rate among them.

## Supplier Categories

Year	2023	2022	2021
Machine Materials (%)	35.4%	25.00%	16.79%
Engineering Contracts (%)	21.5%	10.58%	43.80%
Other Procurements (%)	43.1%	64.42%	39.42%

Note: Other procurements include company assets, tooling expenses, office supplies, software and hardware maintenance and licensing fees, equipment leasing, and advertising, among others.

## Supplier Evaluations

SKS has established a supplier quality system and process capability evaluation standards in 2022, which classifies key suppliers into four levels: A, B, C, or D. Those who pass the supplier management evaluation will be qualified for contract renewal at the end of the year; otherwise, they will be targeted for counseling on management, or disqualified for contract renewal. Additionally, some suppliers are penalized in accordance with the *Regulations Governing Supplier Evaluation, Reward, and Penalization*. Our management goal is to increase the proportion of sustainable suppliers and invite suppliers to make positive contributions to society, the economy, and the environment, reduce negative impacts, and move toward a sustainable supply chain together. Since 2021, the COVID-19 outbreak has made it impossible to do on-site inspections, which has forced SKS to accelerate digital transformation. For example, some physical outsourcing meetings have been replaced with telephone outsourcing, not only reducing the need for personnel and customers to travel across regions, but also creating a new service model. In 2023, we conducted on-site audits of two key suppliers. In the future, we will increase the number of evaluations and periodically hold related training sessions to jointly enhance quality and technology, and improve yield rates.

## Sustainable Procurement

To facilitate the selection of suppliers, in accordance with SKS's *Procurement Management Regulations*, the procurement unit examines suppliers' supply capability and credit status as well as establishes the basic information of suppliers prior to procurement. Additionally, the unit also conducts a comprehensive evaluation of suppliers' supply quality, service attitude, cooperation status, and price before each contract renewal, this helps eliminate suppliers with poor performance. In addition, since 2013, we have established the *Commitment to Human Rights and Environmental Sustainability Terms for Key Partners* and invited them to sign and comply with regulations on labor rights and human rights (including the prohibition against child labor), labor health, occupational safety and health, environmental protection, and codes of conduct on ethical corporate management. SKS also conducts on-site inspections in accordance with the *Supplier Inspection Form* every year to promote balanced and sustainable development of the economy, society, environment, and ecology. SKS additionally requires suppliers to be informed when purchasing energy-using equipment over NT\$100,000, and we include energy performance in procurement item evaluations and require suppliers to fill out *Energy Performance Quotations*. If a supplier is found to be in violation of the Commitment, subsequent procedures are carried out in accordance with the contract. We have been purchasing 100% of our products from domestic suppliers for 8 consecutive years. In 2023, SKS spent NT\$28,349,059 on green procurement and products with green marks.

《Commitment to Human Rights and Environmental Sustainability Terms for Key Partners》

Please refer to the corporate website for the Commitment: <https://reurl.cc/4r1vDL>

## 4.4 Sustainable Environmental Education



In response to climate change, Shin Kong Security is committed to energy conservation and carbon reduction, promoting the concept of environmental sustainability. We actively align with international and national targets to meet broader environmental needs, providing customers with energy-saving and carbon-reduction systems and services. Additionally, through the An-Shin Class initiative, we continuously promote environmental education, helping participants understand the importance of combating global warming, reducing carbon emissions, and conserving ecosystems. Through sustainable actions, we aim to exert a lasting positive impact and collectively contribute to the well-being of the planet.

Target	Action Plan	Future Plans
Employees	<ol style="list-style-type: none"> <li>1. Encourage the purchase of green energy-efficient equipment and eco-labeled products.</li> <li>2. Encourage colleagues to practice daily environmental actions (such as resource recycling and saving water and electricity).</li> <li>3. Senior managements lead all employees in participating in the annual "Earth Hour" event by turning off lights for one hour.</li> <li>4. Participate in biodiversity workshops and collaborate with the environmental-friendly seed team and other corporate partners to visit the Heping Island Geopark in Keelung and engage in biodiversity action plans.</li> <li>5. Provide long-term support to young farmers for sustainable agriculture and land-friendly practices, including contract farming and adoption, as well as organizing food and agriculture education and promoting sustainable tourism activities.</li> <li>6. Advocate for environmental sustainability actions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to encourage colleagues and key suppliers to participate in environmental activities.</li> <li>2. Organize environmental education and restoration activities, inviting suppliers and stakeholders to participate.</li> </ol>
Suppliers	<ol style="list-style-type: none"> <li>1. Suppliers sign the "Commitment to Human Rights and Environmental Sustainability Terms for Key Partners."</li> <li>2. Promote occupational safety and health regulations.</li> <li>3. Encourage suppliers to participate in environmental education, both in-person and online seminars.</li> </ol>	<ol style="list-style-type: none"> <li>3. Continue to support and advocate for environmental sustainability actions.</li> </ol>

## ❖ Focus Stories



### Parent-Child Farming Education Activity



To enhance employee interaction and care for their families, Shin Kong Security organizes parent-child farming education experience activities. Colleagues and their families are invited to put down their smartphones and tablets and visit organic farms in Yilan to experience farming. Participants have the opportunity to harvest rice, thresh grains, and learn about ecology on-site. They also get to understand rice cultivation and taste lotus seeds while hand-picking lotus pods. Regardless of age, everyone enjoys the experience amidst laughter, realizing the blessings from the land to the table. The rice harvested with effort is cooked using local ingredients, allowing colleagues and their families to experience firsthand the process of shortening the distance from farm to table, thereby achieving the educational objectives.

### Heping Island Biodiversity Workshop

We followed our partners to the Heping Island Geological Park in Keelung to participate in activities organized by the environmental-friendly seed team, experiencing biodiversity action plans.

During the event, we used mobile phone microscopes to observe the marvelous world of plankton. This experience deepened our understanding of marine diversity and the critical role of plankton in ecosystems. The organizers repeatedly emphasized that sustainable actions should be relevant to the core issues of the company, rather than arbitrary. Only when sustainability is integrated with the core business and clear goals and strategies are set can it truly succeed and avoid ineffective sustainability actions. They also emphasized the importance of cross-departmental collaboration: only when companies establish consensus across departments, rather than relying solely on the efforts of one department, can they truly leverage the company's resources and expand the impact of sustainability.



# CH 5

## Building Socially Integrated Smart Home— For Internal

### Core Goals and Visions/

We believe that a good work environment, regular educational training programs, and balanced management of employees' physical and mental health not only support employee growth and cohesion but also make happy employees a long-term asset for SKS. This creates a shared value that benefits SKS, employees, and society alike.









### Material Topics Covered in This Chapter/

- GRI
- 202 Market Presence
- 402 Labor/Management Relations
- 403 Occupational Health and Safety
- 404 Training and Education
- 405 Diversity and Equal Opportunity



### Chapter Highlights/

- 5.1 Building a Happy Workplace
- 5.2 Talent Training and Development
- 5.3 Healthy and Safe Workplace

## Sustainability Material Topic Description

Topics	Significance to SKS and Management Objectives	Management Policies	Possible Impacts on SKS	Corresponding SDGs	Corresponding GRIs	Corresponding Chapters
Market Presence	A good corporate image can earn SKS a good market reputation, and attract more partners, thereby expanding its market influence and enhancing employees' sense of identity with the organization.	1. In addition to complying with legal compensation policies, various incentive (bonus) systems are also provided.	Poor corporate governance will not only lower the credibility and reputation of SKS in the market and society, but also affect the loyalty of employees as well as the recognition and willingness to cooperate with SKS stakeholders, which will adversely affect business operations.	 	202	5.1 Building a Happy Workplace
Workplace Diversity, Equality, and Inclusion	Employees are our most important business partners. We take care of our employees in different roles, becoming their greatest support. This approach creates business value while also ensuring sustainable development.	2. Implement human rights policies, prohibit all forms of discrimination, and conduct annual employee satisfaction surveys. 3. Build a diverse and inclusive workplace, provide a variety of internal activities, and maintain clear complaint channels.	By changing the traditional mindset of the security industry being predominantly male, we aim to bring innovative influence to SKS and address the Company's pain points and potential needs regarding ESG.	  	401 405 407 409	5.2 Talent Training and Development
Labor/Management Relations	We establish a strong employer brand image by valuing talent, creating corporate operational value, and enhancing employee loyalty and their sense of belonging to the Company.	4. Provide daily off-work reminders, regular notifications about leave status via cell phones, and birthday greetings.	A good labor-management relationship increases employee loyalty and enhances productivity. Conversely, a poor labor-management relationship reduces employee productivity and diminishes their quality of life.	 	402	5.3 Healthy and Safe Workplace
Sustainable Employment and Talent Attraction	In response to the rapid changes in the overall environment and the unique nature of the security industry, digital transformation has become a trend. The key to success lies in the nurturing and development of talent. Therefore, we provide multiple learning channels and resources, and encourage interdisciplinary learning and diverse career paths among employees, thereby building our sustainable competitive advantage.	1. Be committed to nurturing talent by helping employees to progress in management or technical/professional fields according to their personal characteristics and expertise. We also strengthen the management competence of supervisors at all levels, motivating employees to perform better and show commitment, with the expectation of mutual growth between employees and the Company. 2. Provide multiple learning resources and channels to encourage self-directed learning among employees, further enhancing their performance and potential.	1. Only when our employees possess the professional knowledge and capabilities required for their positions/ranks can we ensure the smooth operation of various tasks at work. 2. By establishing a learning map, we enable our employees to understand the training system and future development directions, helping them gain a clearer insight into their career paths.		404	5.2 Talent Training and Development

## Sustainability Material Topic Description

Topics	Significance to SKS and Management Objectives	Management Policies	Possible Impacts on SKS	Corresponding SDGs	Corresponding GRIs	Corresponding Chapters
Workplace Safety and Health	With "zero disasters and zero accidents" set as our ultimate goal, we adhere to the principle of "putting people first," implement relevant legal regulations, and construct a workplace that is safe, secure, and comfortable.	<p>Provide employees with a healthy and safe work environment.</p> <ol style="list-style-type: none"> <li>1. Implement the PDCA cycle model, establish an occupational safety and health policy, and develop an occupational safety and health management system that complies with law regulations.</li> <li>2. Enhance occupational safety and health education and training for employees.</li> <li>3. Implement hazard identification, risk assessment, and high-risk management, and conduct monthly statistical analysis of occupational injuries.</li> <li>4. Offer occupational health management and health promotion measures.</li> <li>5. Implement an office environment monitoring program to assess the air quality of workspaces.</li> </ol>	Workplace hazards incidents or an incomplete health promotion system will diminish the trust of employees and stakeholders in SKS. Employee injuries and illnesses will impact attendance, increase personnel cost expenditures, and pose risks of litigation.	 	403	5.3 Healthy and Safe Workplace

## 5.1 Building a Happy Workplace



### Talent Attraction and Retention

- Awarded the Best Companies to Work for two consecutive years.
- Honored at the HR Asia Best Companies to Work for in Asia 2023 Awards.

Shin Kong Security is actively dedicated to creating a workplace environment centered on employee well-being, aiming to build a safe and secure atmosphere. We offer competitive compensation and benefits, fair career development opportunities, comprehensive training programs, and a commitment to safety and health at work. We strictly prohibit forced or compulsory labor, ensuring that all employee working hours comply with relevant domestic laws and regulations. Our goal is to empower employees to thrive in their roles, boost morale, and leverage their strengths, all in pursuit of SKS's collective objectives. Furthermore, we prioritize the rights, health, and safety of our employees. We strictly adhere to regulations, including the prohibition of employing individuals under the age of 15, and provide protections for employees over 15 and female employees. Discrimination, sexual harassment, and any form of inhumane treatment are strictly forbidden, and we respect individuals' freedom to choose their profession and their right to associate freely.

In response to the diverse channels and development needs, we ensure fair, open, just, and efficient recruitment processes to select outstanding and suitable talents based on their professional abilities and experiences. Moreover, we strictly adhere to labor-related regulations to safeguard the legal rights and interests of our employees, ensuring equal treatment in our employment policies. Regardless of age, race, color, gender, religion, political affiliation, etc., all competent and skilled individuals are provided with equal job opportunities in accordance with the *Gender Equality in Employment Act*. Discrimination of any form in the workplace is strictly prohibited to ensure equitable treatment in recruitment, hiring, compensation, performance management, and career development. Additionally, employees interested in internal vacancies in other departments may apply for positions with the approval of their current supervisors, fostering diverse job opportunities and career transitions to retain more talented employees willing to explore various roles.

## Employment Overview

All our employees are full-time employed under irregular labor contracts, with no casual employees at SKS. Non-employee workers at SKS are contractors (refer to Chapter 5.3 Health and Safety Workplace for details on the Safety and Health Management of Contractors). As of 2023, the percentage of local residents (Taiwan) employed as senior-level personnel is 100%.

The breakdown of employees by gender and region is as follows:

In 2023, total men : **1,428**  
total women: **339**

## Distribution by Job Category

Year Category	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Sales	303	65	301	54	348	51
Dispatch	533	2	528	2	555	3
Control	95	46	100	40	121	40
Service	348	46	339	48	308	49
Administrative	149	180	151	177	137	166
Total	1,767		1,740		1,778	

Note:

1.The headcount statistics are based on the actual number of employees in service as of December 31.

2.Dispatch personnel, due to restrictions imposed by Article 10 of the *Private Security Service Act*, must undergo a security investigation before appointment. These personnel constitute 30% of the total workforce.

## Distribution by Employment Region

Year Region	2023			2022			2021		
	North	Central	South	North	Central	South	North	Central	South
Male	867	305	256	839	235	255	870	338	261
Female	225	64	50	214	63	44	206	60	43
Total	1,767			1,740			1,778		

## Distribution by Employee Age

Year Age	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Age 30 or below	179	39	213	37	268	45
Age between 31 and 50	1,032	247	1,004	238	1,091	225
Age above 50	217	53	202	46	182	33
Total	1,767		1,740		1,778	

## Distribution by Education Level

Item	2023	2022	2021
University and above (persons)	811	771	775
Proportion (%)	45.9%	44.3%	43.6%
Junior college (persons)	340	343	357
Proportion (%)	19.2%	19.7%	20.1%
High school (persons)	616	626	646
Proportion (%)	34.9%	36.0%	36.6%

Note: Proportion = Number of people holding that education level in the current year/Total number of employees in the current year.

## Composition Analysis of New Employees

Year	Item	Male	Female	Age 30 or below		Age between 31 and 50		Age above 50	
				Male	Female	Male	Female	Male	Female
2023	Number of employees	289	59	105	21	180	36	4	2
	Proportion of new employees (%)	20.2	17.4	58.7	53.8	17.4	14.6	1.8	3.8
2022	Number of employees	298	75	141	22	156	52	1	1
	Proportion of new employees (%)	21	23.4	66.2	59.5	15.5	21.8	0.5	2.2
2021	Number of employees	303	53	166	27	134	26	3	0
	Proportion of new employees (%)	20.6	17.2	61.9	60	13.2	11.6	1.6	0

Note:

1.Total number of employees: 1,767 in 2023; 1,740 in 2022; 1,778 in 2021.

2.The proportion of new employees in each age group is calculated as the number of new employees in that age group divided by the total number of employees in that age group.

3.The proportions of new male/female employees are calculated as the total number of new employees of that gender divided by the total number of employees of that gender.

## Resigning Employee Distribution

Year	Item	Male	Female	Age 30 or below		Age between 31 and 50		Age above 50	
				Male	Female	Male	Female	Male	Female
2023	Number of employees	294	47	102	13	173	31	19	3
	Resignation rate (%)	20.6	13.9	13.9	57	16.8	12.6	8.8	5.7
2022	Number of employees	355	62	143	23	194	37	18	2
	Resignation rate (%)	25	19.3	67.1	62.2	19.3	15.5	8.9	4.3
2021	Number of employees	366	55	153	22	180	31	33	2
	Resignation rate (%)	24.9	17.8	57.1	48.9	17.7	13.8	18.1	5.1

Note:

1.Total number of employees: 1,767 in 2023; 1,740 in 2022; 1,778 in 2021.

2.The resignation rate in each age group is calculated as the number of resigning employees in that age group divided by the total number of employees in that age group.

3.Male/Female resignation rates are calculated as the total number of resigning employees of that gender divided by the total number of employees of that gender.

4.Regarding the resignation rate, the voluntary resignation rate is 19.2%, and the involuntary resignation rate is 0%.

## Percentage of Senior-level Personnel

Item	2023	2022	2021
Number of senior-level personnel	87	78	80
Total number of employees	1,767	1,740	1,778
Proportion (%)	4.9%	4.5%	4.5%

Note: Senior-level personnel includes all employees holding managerial positions or above at the headquarters, resident managers, and district directors in branch offices.

## Job Rotation Training

SKS implements a talent-nurturing policy of "choosing the right person for the right job" and focuses on capability and performance training, expecting all employees to maintain an attitude of continuous learning. Through internal job rotation training, we strengthen our employees' expertise, and enhance their management mindset, execution capability, and creativity, thereby optimizing our organization and knowledge transfer, increasing internal and external loyalty and competitiveness, and nurturing outstanding talents in a variety of fields.

Program	Description	Year and Number of Employees		
		2023	2022	2021
Job Rotation Training and Internal Recruitment	Purpose: Initiated by the headquarters, we provide job rotation opportunities based on organizational needs and employees' career planning. Target: Employees who wish to develop in different fields.	394	471	471



## A Diverse, Inclusive, and Friendly Workplace

### SKS Human Rights Policy

Shin Kong Security recognizes and adheres to the principles outlined in international human rights conventions such as the *Universal Declaration of Human Rights*, the *United Nations Guiding Principles on Business and Human Rights*, the *UN Global Compact*, and the *International Labor Organization Declaration on Fundamental Principles and Rights at Work* by staying committed to protecting the basic human rights of employees and creating a work environment that values the dignity and worth of the individual. Furthermore, the Company complies with labor-related laws and regulations in all operating locations and establishes appropriate management methods and procedures to prevent any human rights violations and infringements, in order to fulfill corporate social responsibility and protect the basic human rights of all employees, customers, and stakeholders. In 2021, the Company formulated a *Human Rights Protection Policy* to protect our current employees and expects our suppliers and contractors to adhere to the following principles to protect human rights:

1. Comply with local labor and environmental laws and regulations in the operating locations to ensure reasonable working conditions and a safe and healthy working environment for employees.
2. Strive to create a working environment that provides equal employment opportunities for all, and is free from discrimination, harassment, and differential treatment regardless of race, nationality, age, gender, marital status, political stance, religious belief, etc.
3. No forced labor and no child labor.
4. Respect employees' privacy.
5. Establish smooth labor-management communication channels, provide a complaint mechanism, conduct immediate investigation, and implement remedial and improvement measures in case of human rights violations.
6. Regularly review and evaluate the human rights system and practices.

### Gender Equality

Due to the unique nature of our industry, SKS has a predominantly male workforce. In order to break the stereotypes of the security industry, we actively revise measures that emphasize the rights and benefits of female employees to create a gender-friendly work system and environment. To encourage female employees to pursue their career goals, we plan to increase the proportion of female supervisors and employees in recruitment, and strive to integrate gender equity awareness into our organizational culture and system.

### Employee Ratio by Gender

Year	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Number of employees by gender	1,428	339	1,419	321	1,469	309
Ratio of employees by gender (%)	80.8%	19.2%	81.5%	18.4%	82.6%	17.4%
Number of supervisors by gender	278	24	286	20	280	18
The ratio of supervisors to the total number of employees by gender	15.7%	1.4%	16.4%	1.1%	15.7%	1%

Note:

1. Proportion = Number of employees by category divided by total number of employees.

2. "Supervisors" refers to employees holding the rank of section chief or higher.

### Diverse Work Scheduling System

In consideration of the heavy traffic flow during peak commuting hours and frequent traffic congestion, our technology headquarters in Neihu has implemented a Flexible Clock-in/Clock-out System by relaxing the time slots to two hours after the start of work and two hours before the end of work. This policy helps employees to match their working hours with the public transport travel time, without having to worry about being late. It can not only reduce the rate of employees being absent and late, but also improve their productivity, work efficiency, and sense of responsibility for their work.

### Parental Policies and Incentives

In addition to providing benefits such as menstrual leave, prenatal checkup leave, maternity leave, and parental leave to female employees, the number of days for prenatal checkup accompaniment and paternity leave has been extended to 7 days in response to the government's policy of encouraging childbirth. The requirement for spouse employment has been removed for the application of parental leave, and family care leave is available for employees whose family members receive preventive vaccinations, suffer from critical illnesses, or encounter major events, to encourage employees and their spouses to share the responsibility of raising children. Furthermore, to help married female employees balance work and family, we have implemented the Maternal Health Protection program. For pregnant, postpartum, and breastfeeding female employees, nursing staff assist them in conducting self-assessments of their health conditions and workplace hazard assessments together with occupational safety staff. Additionally, we arrange for maternal health protection interviews and work adaptation assessments by on-site clinical health service physicians to support our female employees through this important and special time in their lives. For more details on maternal health protection, please refer to [Chapter 5.3 Healthy and Safe Workplace](#).

### Statistics of Employees on Parental Leave

Item	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Number of qualified employees	21	7	24	9	27	11
Number of actual applications	18	8	12	11	9	6
Application Rate (%)	86%	100%	50%	100%	33%	55%
Expected number for reinstatements	15	5	13	11	4	6
Actual number for reinstatements	7	5	11	11	1	2
Reinstatement Rate (%)	47%	100%	48%	48%	7%	13%
Number of employed 12 months after reinstatement	8	11	1	1	1	2
Retention Rate (%)	73%	100%	100%	50%	33%	67%

Note:

1. The reason for not returning to work after the expiration of parental leave was the need to continue caring for their children.

2. Reinstatement rate = Actual number of employees who returned to work / Expected number of employees to return to work in the current year; Retention rate = Number of employees still employed 12 months after returning to work / Number of employees who returned to work in the previous year.

3. The number of actual applications in 2022 and 2023 includes those who were still on parental leave in the previous year.

## Diversity Employment

SKS values job opportunities for disadvantaged groups. We actively cooperate with national policies and make good use of our resources to hire persons with disabilities and Indigenous people, creating opportunities for talents to fit into the right roles in a friendly work environment. In line with our philosophy of caring for and taking care of our employees, we have established a massage room on floor B1 of our Neihu headquarters building. The massage room is open to 20 people per day, with each person entitled to two massage sessions per week and two free stress relief massages during their birthday month. We hope to enhance employee cohesiveness, morale, and work efficiency, while also contributing to society. The employment situation is as follows:

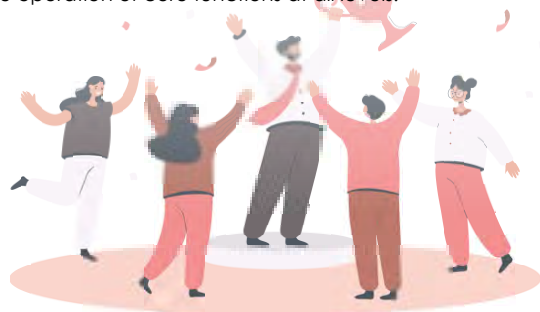
Year	2023	2022	2021
Indigenous people (total)	27	30	30
Indigenous people (ratio)	2%	2%	2%
Persons with disabilities (total)	14	12	14
Persons with disabilities (ratio)	1%	1%	0%

Note: SKS values the employment rights of persons with disabilities and has been receiving annual government incentive grants since 2017 for the employment of persons with disabilities. (The total number of persons with disabilities in the table does not include the weighted statistics of persons with severe disabilities.)

## Employee Performance Appraisal System

To facilitate new employees' understanding of the Company's policies, organization, basic rules and regulations, professional knowledge of their position, and operating procedures, SKS has established regulations governing the assessment and examination of new employees transitioning to full-time positions. This is aimed at fostering consensus, enhancing professional skills, promoting coordination and cooperation, and ultimately improving work efficiency. In addition to these regulations, we also offer both online and offline courses and provide mentoring programs led by senior colleagues to assist new employees in quickly integrating into the Company's organization and workflow.

To ensure management efficiency, and work quality, as well as enhance market competitiveness, all employees undergo performance appraisals quarterly. Performance management is integrated with salary adjustments and bonus systems to motivate employees to strive forward and achieve individual, departmental, and organizational goals. Management and general employees are evaluated separately, with the main aspects of the evaluations tailored to different job positions, ensuring the effective operation of core functions at all levels.



## Compensation Plan

SKS's personnel system (e.g., salary, benefits, evaluation, promotion, rewards and punishments, training, job assignment, and contract termination) is free from differential treatment regardless of race, color, nationality, class, language, ideology, religion, party affiliation, ancestry, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, physical and mental disabilities, or previous status as a labor representative.

In terms of the promotion system, the median salary, as well as salary cap and floor, are set for each position rank in accordance with their market value and SKS' s remuneration policy, with an aim to maintain reasonableness and fairness of the employee salary structure, thereby motivating them to improve their performance. The salary level of the same position does not differ regardless of gender, instead, is based on academic background, work experience, and seniority. For junior staff, the ratio of starting salary to the statutory minimum salary for males to females is 1:1. For more details, please refer to the Employee Remuneration Policy and Implementation Status on the corporate website: <https://reurl.cc/ZernaQ>

Note:

1. SKS's top salary earner of 2023 (A) and the median annual salary of other employees (B) = (A/B) = 4.08.

2. The growth rate of the top salary earner of 2022-2023 (C), compared to the median growth rate (D) = (C/D) = 0.08.

## Salary to Compensation Ratio

Category/Gender		Salary		Compensation	
		Male	Female	Male	Female
Supervisors	Section Chief	0.9	1.0	0.9	1.0
	Manager	1.0	1.0	1.0	1.0
	Assistant Manager	0.8	1.0	0.9	1.0
Employees	Administrative	1.0	1.0	1.1	1.0
	Sales	1.0	1.0	1.0	1.0
	Service	1.1	1.0	1.0	1.0
	Dispatch	1.0	1.0	1.0	1.0

Note:

1. Supervisors include job levels from section chief to assistant manager.

2. The statistical data above vary due to personal seniority, performance, and bonuses.

3. Salary refers to monthly base salary; compensation is the sum of a full year's salary, variable bonuses, overtime pay, year-end bonus, performance bonus, excellent performance bonus, and employee compensation divided by 12 months.

Furthermore, SKS has always attached great importance to employee welfare measures. In accordance with the *Employee Welfare Fund Act*, we have established an Employee Benefits Committee to offer different welfare measures and incentive bonuses such as variable bonuses, year-end bonuses, performance bonuses, excellent performance bonuses, and employee compensation. Besides, dispatch personnel are also rewarded with apprehension bonuses when they apprehend thieves in order to ensure the safety of customer property. The employee welfare measures, retirement system, and their implementation, as well as the agreements between employees and management, are described as follows:

Region: Taiwan

## Employee Benefits

- Birthday gift (voucher) and points.
- LOHAS points for the Dragon Boat Festival, Mid-autumn Festival, and Spring Festival.
- Wedding subsidy.
- Death subsidy for employee, his/her parents, spouse, or children.
- Childbirth subsidy for the employee or his/her spouse (Note 1).
- Subsidy for the employee suffering from a major injury or disaster.
- Education subsidy for children of deceased employees.
- Scholarship subsidy for members' children.
- Subsidy for club activities organized by employees.
- Childcare-friendly environment (Note 2).

## Company Benefits

- Annual discount on accident insurance and additional medical insurance (including dependents).
- Dragon Boat Festival and Mid-autumn Festival bonuses.
- Year-end and performance bonuses.
- Excellent performance bonus.
- Employee compensation distribution.
- Spring banquet lottery event.
- Subsidy for club activities.
- Pension subsidy.
- Wedding and funeral subsidies.
- Overseas travel, domestic group travel (self-improvement activities) subsidies.
- Maternity leave, parental checkup accompaniment paternity leaves, and family care leave (Note 3).

## Other

- Contribute to Labor Insurance, National Health Insurance, and (new/old) pension systems in accordance with the law.
- Regular health checkups are better than those required by law.

Note:

1. Employees are eligible for a childbirth subsidy of NT\$6,000 per child. If both parents are SKS employees, both of them are eligible to apply for the subsidy. The subsidy amount is multiplied by the second or higher birth order.
2. The Group's representative has signed a childcare service contract with Hess Educational Enterprise Co., Ltd., and employees will enjoy preferential registration fees at all of Hess's nursery schools and afterschool daycare centers.

3. Provide 8 weeks of maternity leave, and 8 days of parental checkup accompaniment and paternity leaves, in compliance with the law.  
Provide family care leave and flexible work schedule.  
Provide an unpaid parental leave system that complies with the law, with a 93% reinstatement rate.  
Provide postpartum employees with reinstatement assistance measures, appropriate work arrangements, and flexible workplaces in accordance with their needs.

## Apprehension Bonus

Item	2023	2022	2021
Apprehensions	19	27	28
Commended individuals	22	30	29
Amount issued (NT\$)	160,000	160,000	162,000

## Retirement System

The *Employee Retirement Guidelines* and the *Employee Retirement Benefits Guidelines* were formulated as a basis for the payment of employee retirement and relevant operations. Employees who meet the legal requirements for retirement may submit their application, those qualified will be issued a certificate of gratitude and a commemorative gold badge. Pension standards are handled in accordance with the *Labor Standards Act* and *Labor Pension Act*. Additionally, SKS has established a pension reserve oversight committee in accordance with the laws for the old system, and opened an old system labor pension account at the Bank of Taiwan to manage and pay pensions. In accordance with the *Labor Pension Act*, pension contributions under the new system are made for employees.

Under the old pension system, SKS contributes 2%-15% of the total worker's monthly salary to the pension account at the Bank of Taiwan. Currently, 8% of the total amount is contributed each month. The balance of the pension account is estimated before the end of each year, and if the balance is still insufficient to pay for the total pension calculated based on the estimated number of employees meeting the retirement conditions in the following year, SKS shall make a one-time payment by the end of March in the following year in accordance with the laws. Under the new pension system, employees may voluntarily contribute 0%-6% to their individual pension account in addition to the monthly 6% contributed by SKS in accordance with the laws. The voluntary contributions are deducted from the monthly salaries of employees who opt-in for deduction into the pension account under the new system.

## Elimination of Discrimination

To provide a workplace and service environment free from sexual harassment for employees, job seekers, and service recipients, SKS has established the *Measures for Prevention, Correction, Complaint, and Punishment of Sexual Harassment at the Workplace*, and has taken appropriate preventive, corrective, disciplinary and treatment measures to protect the rights and privacy of the persons involved. In addition, we implement regular educational training on the prevention and control of sexual harassment in the workplace, and plan gender equality and sexual harassment prevention courses to enhance the prevention of similar incidents among employees. In 2023, SKS was not involved in any sexual harassment incidents.

## Listening Policy

As a company awarded one of the Best Companies to Work For, SKS maintains smooth compliant channels and harmonious labor-management relations through a variety of internal activities. Upholding our corporate culture of accepting suggestions to understand our employees' opinions and feelings on the development of the organization and its policies, we have established multiple channels of communication, i.e., a complaint and reporting system and a creativity mailbox, to ensure smooth communication.

## Creativity Mailbox

SKS grows in multiple ways by paying attention to the market trend externally and valuing the opinions of each customer, while listening to the voices of our employees internally, encouraging them to put forward creative improvement proposals and rewarding them in order to achieve both internal and external growth continuously.

Item	2023	2022	2021
Number of suggestions	79	73	65
Bonus (NT\$)	11,400	10,600	7,400

## Employee Satisfaction

SKS attaches importance to employees' voices and holds labor-management meetings every quarter. New employees are protected by the *Labor Standards Act* and labor rights laws from the day they report to work. Regular employee social events are held to build consensus among them and help them to interact with each other. Employees who have any opinions can reflect their thoughts through the Complaint Mailbox, ESG Mailbox, or email. Moreover, an employee satisfaction survey is conducted from time to time to collect and analyze employees' opinions, and to understand and improve topics with low employee ratings. In 2023, we participated in the HR Asia Best Companies to Work for in Asia 2023 Awards, one of the most iconic and largest-scale awards for human resources management in Asia Pacific. Through a dedicated, comprehensive assessment model, our employees evaluated the Company in terms of three major aspects: Core (core values), Self (employee self-assessment), and Group (group assessment). Each resulting index of the Company's satisfaction survey was above average compared to other enterprises in the industry.

## 5.2 Talent Training and Development



### 2023 educational training sessions

Were held 535 times  
in total, with **10,656** participants.

Each employee  
received an average of **30.79** hours of training.

## Diverse Activities

Security is a highly challenging and stressful job, and the construction of a safe and healthy working environment is a basic requirement of corporate social responsibility. We have built a basketball machine and a badminton club on floor B1 of the Neihu headquarters building for our employees to relieve stress after a busy day, and to value and care for the health and safety of our employees. Furthermore, we have held a Women's Day corporate event in May every year since 2012, with themes such as women's self-awareness seminar, beauty care, essential oils and aromatherapy, and DIY handicrafts. Special gifts are prepared for female employees who can't attend the event, enabling them to take a break from their busy work and enjoy a moment of healing and relaxation exclusively for women, which will enrich their lives.

## Complaint and Communication Channels

Complaint (Reporting) Made for SKS's Employees:

1. Complainant (whistleblower) → SKS corporate intranet → Human Resources Zone → Employee Complaint (reporting) Mailbox (online registration) → Fill out the content of complaint (reporting) → Receiving department gathers and handles the problem → Transferred to the relevant department for processing (copy sent to (senior) vice president, president) → Complainant (whistleblower) notified of processing results.
2. If the complainant (whistleblower) does not have an account on the SKS corporate intranet, he/she can fill out a "Complaint (Reporting) Form" and send it to the Human Resources Department's dedicated mailbox (hr@sk.com.tw) using his/her external account, which will be processed by a dedicated person.
3. Employees submit evidence in writing to the Human Resources Department.

Complaints (Reporting) Made for External Stakeholders:

Through our corporate website, stakeholders can enter via the Sustainable Development Zone → Sustainable Development Complaint and Reporting Mailbox (online login) to file a complaint or report a factual statement.

Note: For details on the complaint and reporting system in 2023, please refer to Chapter 2.4 Regulatory Compliance.

Over the years, SKS has continued to provide a robust training framework, focusing on three key areas: new employee training, personal specialized training, and leadership training. The framework gives our employees access to diverse learning and development at every stage in their careers. Continuous adjustments and innovations are made to the training programs, in accordance with industry trends, corporate strategies, customer needs, and our talent competency requirements. Through this, we aim to ensure that every stage of talent development meets the expectations of SKS, the environment, and the individual.

Based on annual business objectives and each department's development needs, our Training Center formulates an annual training plan, which is then submitted for approval by SKS's senior management officers. We review with each department from time to time to ensure that the training programs are meeting their needs for functional development and company growth. We have also put an e-learning platform in place, where employees can do online learning and preview program contents, enhancing learning outcomes through a blended learning education model. The teaching materials for each job category are recorded in terms of actual scenarios, real-world objects, and audiovisual formats to stimulate employees' desire to learn. Materials integrate SKS's management policies and employee career development needs, to improve their specialized competencies. In-person courses are video recorded with the consent of the instructor and made available on the e-learning platform for absentees to access, in order to protect their rights to learn even when they fail to attend the course in person. Furthermore, classrooms equipped with specialized electronic devices that simulate customer situations are built throughout Taiwan, to provide a venue for both in-person teaching and skills certification testing. The in-house instructor training program also enables us to build a comprehensive education and training system.

## Functional Training by Job Positions

	Educational Training Type	Description	Training Targets	Training Hours	Number of Participants	Results
Career development stage	Onboarding training	Learn about the corporate culture of SKS.	New employees	292	149	New employees became aware of SKS's corporate culture and their job content.
	Specialized knowledge	Develop the knowledge and skills necessary for the job.	General employees who have served at SKS for 3 months or more	544	1,848	Employees' expert knowledge of products and their respective duties and skills were enhanced, and they were able to complete their tasks step by step under the guidance of senior employees and leaders.
	Management competence	Enhance both management and work skills to improve team performance to boost SKS's competitiveness.	Management leaders	122	698	With an enhanced leadership capacity, management leaders achieved SKS's mission goal by uniting the efforts of their subordinates.
Knowledge of laws and regulations	Ethical Corporate management	Promote ethics and morality.	New employees	0.5	257	Employees have become more aware of ethical corporate management, which may minimize unnecessary mistakes.
	Anti-corruption	Promote ethics and morality to prevent embezzlement.	New employees	0.5	257	Employees have become more aware of the concept of anti-corruption, which may minimize unnecessary mistakes.
	Personal data protection	Strengthen the concepts of integrity and honesty among employees.	New employees	0.5	257	Employees have become more aware of personal data protection, which may minimize unnecessary mistakes.
			Current employees	1	In-person courses: 92 Online courses: 1,052	
	Trade secret	Develop and improve the organization's financial management capability.	New employees	1	257	Employees have become more aware of the concept of trade secrets, which may minimize unnecessary mistakes.
			Current employees	1	In-person courses: 90 Online courses: 1,041	
	Occupational safety and health	Improve employees' safety knowledge and behavior to prevent accidents and reduce occupational accidents.	New employees	3	257	Employees have become more aware of safety issues in the workplace environment, which may prevent unnecessary injuries.
			Current employees	1	1,673	
	Gender-friendly workplace	Foster a gender-friendly workplace environment that is diverse and inclusive, with an expectation to develop a proper understanding among employees of how to face and cope with situations such as discrimination and sexual harassment.	Current employees	6	941	Employees have become more aware of the correct concepts of gender-friendly workplace.
	Human rights	Create a better understanding of the importance of human rights and related company policies.	New employees	0.5	257	Employees have become more aware of human rights and self-protection.

## Statistics on Training and Training Time, by Job Category

Year		2023		2022		2021	
Gender		Male	Female	Male	Female	Male	Female
Employee Training Time (Hours)	Sales	6,276	1,038	2,101	683	8,535	965
	Security (Dispatch, Control)	30,088	0	1,174	0	956	0
	Services	4,264	40	5,678	321	2,550	199
	Administrative	2,662	1,288	5,427	1,142	2,122	230
	Subtotal by Gender	43,290	2,366	14,380	2,146	14,163	1,394
	Total Hours	45,656		16,525		15,557	
Average Employee Training Time (Hours)	Sales	20.71	15.97	6.98	12.65	24.53	18.92
	Security (Dispatch, Control)	56.45	0	1.94	0	1.47	0
	Services	12.25	0.87	15.73	4.79	7.68	2.93
	Administrative	17.87	7.16	35.94	6.45	15.49	1.39
	Subtotal by Gender	9.56	6.98	10.13	6.68	9.64	4.51
	Per Employee	9.06		8.75		9.50	

Note:

1. Average employee training time = Total employee training time divided by number of employees in the year.

2. Total time = Total training time of both male and female employees.

3. Our Control Center arranges occasional new product and internal regulation trainings for female employees. However, the statistics in this table only reflect implementation results from in-person education administered via the training system; online training hours, Daily Training of Security Staff, as well as the monthly 4-hour on-the-job training required by the *Private Security Service Act*, are not included.

## Strategic Talent Management and Planning (In-Person & Online Courses/Self-Directed Learning)

### In-person Courses

SKS formulates employees' learning programs by incorporating our development strategy and short-, medium-, and long-term goals. These diverse programs are designed for supervisors and employees according to their duties, as well as individual development blueprints customized to their needs, with an aim to reach the target in the order of accumulating employees' professional skills, improving their work performance, and eventually strengthening their self-worth.

Year	2023	2022	2021
Number of courses held	535	135	136
Number of participants	9,575	3,375	1,222

Note: In-person courses were restricted in 2021 due to the COVID-19 outbreak.



## 2023 Implementation Status

Training Targets	Newly-hired/Current Salespersons	High-level Supervisors	Management Trainees	New/Current Employees
Program Name	Basic Training in Sales/Specialized Professional Training	Strategic Planning Consensus Camp and Specialized Educational Training for Management Leaders	Sales Elite Training	Pre-employment Training for New Employees/ Professional Training by Job Category
Number of Participants	65/697	303	130	149/938
Program Description	Learn about new products, business administration regulations, and sales tactic practice/Professional training for the sales of specialized products and different products, and sales promotion.	Formulate SKS's vision, operation policy, management leadership plan, team leadership plan, etc., and enroll in the Commonwealth Leader Campus and Public Leadership Credential at Harvard.	Nurture future sales division leaders.	Professional functional training by job category.
Management Mechanism	New salesperson training and mentors report/sales performance.	Study group and experience sharing.	Evaluated together with sales performance.	Achievement of the set performance goal.
Results (Achieved or Not Achieved)	Achieved	Achieved	Achieved	Achieved
Result Description	By obtaining mentor assistance from division leaders, new employees are more confident in completing sales promotion tasks.	Reached a consensus on the business direction for 2024.	4 division leaders were promoted.	Continued growth of corporate revenue.
Follow-up Planning	Advanced education in sales skills. Sales elite educational training.	Leadership learning program. Strategic goal alignment and competency development. Performance management/goal achievement/interview.	Creative thinking. Development of career strength.	Digital transformation. Sustainable business opportunities for ESG. AI development and application.
Total Investment Amount	NT\$5,136,590			

## Online Courses

Online learning is the trend of the times. To improve the effectiveness of transfer training for new employees, from 2020 onward, new employees are required to complete digital reading modules and pre-program tests of the respective position before joining the training. We perform in-class testing using an online app. We use a Test-and-Know approach, which releases answers and test results right after the employee completes the test, to encourage learning and improve learning results. In 2022, we also launched a mobile version of our "aHRD" digital learning platform, to help employees acquire new knowledge anytime, anywhere. Furthermore, we have introduced several high-quality digital learning resources, with online course modules such as "Top Sales Closing Techniques," "How to Take Care of the New Generation of Employees," "A Guide to Becoming Influential," "Digital Transformation Guidance and Experience Sharing," and "Workplace Tips for Employees Born after 1990." All these help enhance employees' expertise. Starting 2023, we have been gradually incorporating online learning resources, such as *CommonWealth Leader Campus*, *Harvard Business Review*, and *Manager Today*, for employees. Based on SKS's talent nurturing policy and ESG development policy, five to eight quality articles are selected quarterly for employees to learn from and further build a consensus among themselves. Measures such as learning incentives and public commendation are implemented as a motivation for employees to learn enthusiastically and achieve the goal of self-enrichment. In view of the need to expand future leaders' business horizons, SKS has introduced the Public Leadership Credential at Harvard online course to guide supervisors at all levels through in-depth discussion and presentations on management issues by means of study group sessions. *Manager Today* has also been introduced for branch offices to obtain management knowledge. Sharing sessions are held every month for leaders to share the monthly magazine's key points and their management insights, thereby developing appropriate management models that lead to better operation and management.

Year	2023	2022	2021
Number of sessions held	339	343	248
Number of participants	9,663	4,022	10,505
Number of online participants	80,258	32,310	32,369
Monthly average of online participants	6,688	2,693	2,697

## 2023 Implementation Status

Training Targets	Newly-hired Salespersons/Current Salespersons	Managerial Employees	All Employees	New Employees/Current Employees
Program Name	Pre-employment Training and Conversion to Full-Time Employees/Specialized Professional Sales Courses	<i>CommonWealth Leader Campus</i> , <i>Public Leadership Credential at Harvard</i> , and <i>Manager Today</i>	New Trends and General Education	Pre-employment Training and Conversion to Full-Time Employees/Specialized Professional Courses
Number of Participants	104/210	195	3,478	137/282
Management Mechanism	Passing the course.	Passing the course.	Passing the course.	Passing the course.
Results (Achieved or Not Achieved)	Achieved	Achieved	Achieved	Achieved
Results (Description)	The pass rate for the new employee conversion to full-time position examination was 100%/Current salespersons have improved their sales promotion skills by reviewing what they have learned and by working under the guidance of a supervisor.	Participants learned about management tools and management models. Through experience sharing and exchange in meetings, they reviewed self-management models to seek for better management behavior and executed the tasks assigned by superiors while implementing team management.	Participants become aware of the concept of ESG, enhance their accountability, and improve their work efficiency.	The pass rate for the new employee conversion to full-time position examination was 100%/Current employees have improved their professional skills by working under the guidance of a supervisor.
Follow-up Planning	Record product introduction videos to enhance MOM blended learning.	Make available a variety of online learning platforms to enhance self-competence and improve macro vision.	Provide appropriate courses according to participants' needs.	Select high-potential employees and provide them with a variety of channels to learn.
Total Investment Amount	NT\$873,410			

## Self-directed Learning

Transforming from the VUCA world to the BANI world, we are in a complex and unpredictable environment today where managerial employees face even tougher challenges. Therefore, in addition to in-person and online courses, we incorporate resources from external learning platforms, i.e., *CommonWealth Leader Campus*, and *Harvard Business Review*, for our managerial employees to practice self-directed learning in a faster, more flexible and autonomous manner. Besides the exhibitions and online courses that are assigned to them every month, managerial employees also receive notifications and recommendations on the courses or articles relevant to the latest management trends and phenomena. Furthermore, we get to learn about their needs in the execution of self-directed learning, which is conducive to follow-up course planning based on their learning needs. By enhancing the self-directed learning practice, we further strengthen our foundation of a learning organization.

## 2023 Implementation Status

Learning Method	Number of Sessions	Number of Learners	Number of Learning Hours
Articles	7,029	367	954
Courses	51,061	718	7,796

## Talent Sustainability Training Program

### Instructor Training

Talent is one of the key strategies for a company to strengthen its competitiveness. Since 2003, we have had the *Regulations on Instructor Management* in place, establishing an instructor system and improvements in the quality and effectiveness of educational training. Through the sharing of personal knowledge and experience in the Instruction Training Program, we expect the system to act as an important driving force in assisting SKS to train talents. As of 2023, SKS has trained more than 180 in-house instructors. We will continue to formulate learning programs for future development, conduct learning, and apply the knowledge by organizing knowledge-sharing groups for mutual consultation, creating a learning organization to improve our employees' specialized competencies in a timely manner. In view of future business development and talent deployment strategies as well as personnel retirement, we will continue to nurture outstanding talent from succeeding generations in order to inherit the past and usher in the future.

Type of Program	Program Targets	Program Subjects		Number of Current Employees cum In-house Instructors in 2023
In-house Instructors	Instructors and assistant managers who have passed the internal training certification or have been reviewed and approved by SKS.	Academic	Skill	173
		Instructors focus on teaching specialized knowledge, sharing practical incidents, and motivating interactions between participants, such as the introduction of operation regulations and management regulations of each job category and general legal knowledge.	The training activities are conducted by using system product entities/teaching boards or by educational excursion and sales tactic practice, such as system troubleshooting and maintenance skill drills, sales tactic practice, and system product teaching practice.	

## High-potential Talent Training Mechanism

In 2023, SKS conducted an inventory of key positions and high-potential talent based on the competencies required for the future development of the organization, together with past performance and the competencies of internal talents. In the first stage, talents' leadership competence and behavioral styles were assessed to understand their strengths and weaknesses. They were made aware of the positioning and tasks of respective roles through group coaching. In the second stage, the Mentoring/Coaching Program was implemented, where high-level supervisors regularly conducted performance task reviews and provided individual guidance to ensure strong and powerful back-up assistance for talents in executing their duties and project tasks, as well as to help them progress. In the third stage, an Individual Development Plan (IDP) was developed for each. Based on their current job tasks, appropriate Harvard case studies were incorporated into role-play exercises based on specific scenario practices. In addition, SKS enhanced the learning and application of management competence skills by holding study group sessions in order to improve the communication skills within the organization.

## ESG Sustainability Talent Training

To meet the demands of operational growth, we have integrated ESG into our well-established talent training system and invited personnel from relevant departments to serve as course instructors. Through diverse training methods, we have led our employees to continue to deepen their concern for ESG issues while nurturing the seeds of sustainability to fulfill our corporate sustainability responsibility.

Program Name	Program Description	Training Targets	Number of Participants	Results
Corporate Sustainability Training Program (Beginner, Advanced and Prospective Courses)	<ol style="list-style-type: none"> <li>1. Learn about the structure for writing the report and selection criteria to master the key elements of the report.</li> <li>2. Find out the main factors that make a company's outstanding sustainability performance by referring to examples of outstanding performance by different companies and practically analyzing the industry experience, to enhance the sustainability skills of participants and further improve the reporting quality.</li> </ol>	Promotion group members and volunteer judges	4	<ol style="list-style-type: none"> <li>1. Better understand the key elements of the selection of an outstanding ESG report in the competition and obtain the latest ESG-related trends and regulations.</li> <li>2. Help composing the following year's ESG report better as well as the sustainability action plan.</li> <li>3. Volunteer judge training refresher helps develop sustainability competencies and skills.</li> </ol>
ESG Sustainability Development Planner	<ol style="list-style-type: none"> <li>1. Inventory key issues and identify risks, and develop sustainability actions and objectives.</li> <li>2. Stay abreast of sustainability trends and values, apply sustainability indicators and tools, and manage ESG issues.</li> </ol>	ESG seed instructors	1	<ol style="list-style-type: none"> <li>1. Learn how to write a report, evaluation criteria, and how to apply such a report as part of promoting sustainability projects in an organization.</li> <li>2. Completed writing an ESG Report, and participated in the competition.</li> </ol>
ESG Sustainability Development Manager	<ol style="list-style-type: none"> <li>1. Build up the latest knowledge of ESG for SKS to implement corporate governance to enhance corporate development.</li> <li>2. Analyze and evaluate ESG strategies to ensure that SKS is in line with international trends and regulatory changes.</li> <li>3. Develop sustainability strategies and communicate with stakeholders.</li> </ol>	ESG seed instructors	1	Developed corporate sustainability strategies and action plans for sustainable transformation through sustainability topic management, compliance with international trends and laws and regulations, and risk identification.
Program for All	Online courses for all employees to learn about ESG trends, dimensions, and corporate values.	All employees	1,119	Employees have become more aware of the concept and trends of ESG.

## 5.3 Healthy and Safe Workplace



The concept of being People-Centered is deeply rooted in SKS's occupational safety culture. The Company attaches great importance to employee health and the safety and hygiene of the workplace environment. To establish a safe, healthy, and comfortable working environment, and to continuously reduce the rate of occupational hazards, we have formulated the *Occupational Safety and Health Policy*. With "risk management" and "continuous improvement" as our twin management guidelines, we actively improve our workplace, manufacturing equipment, and operational approaches to protect the safety and health of all workers (including employees and contractors) and other stakeholders. We aim to become the backbone of our employees' careers and to be a warm, happy workplace.

### Occupational Safety and Health Management & Goal Achievement Rate

Our short-term goal is Zero major occupational hazards, with our ultimate goal set as Zero hazards and Zero accidents.

#### In 2023:

- A total of 7 traffic accidents while on business trips, down by 38.5% compared to 2022.
- A total of 3 fall accidents, increased by 2 incidents compared to 2022. Fall and tumble accident prevention promotion will be continuously conducted in 2024.
- A total of 2 slip and fall accidents, the same number of incidents as in 2022. Slip and fall accident prevention promotion will be continuously conducted in 2024.
- 2 additional collision incidents. Collision accident prevention promotion will be continuously conducted in 2024.
- An addition of 2 pinch/roll-over accidents. Pinch/roll-over accident prevention promotion will be continuously conducted in 2024.
- Conducted 10 health seminars.

### Plan Occupational Safety Management System

#### Occupational Safety and Health Management System Operations

SKS established an Occupational Safety and Health Office to prevent occupational hazards and ensure the safety and health of all employees. Each region is assigned an Occupational Safety and Health Business Manager for safety and health management. SKS falls within the industries that must establish occupational safety and health management systems, in accordance with Article 23 of the *Occupational Safety and Health Act*. Therefore, we established an Occupational Safety and Health Management System Promotion Group in 2020 in accordance with the ISO 45001 Occupational Health and Safety Management Systems standards, which meet or exceed the CNS 45001 national standard. The Group conducts educational training on the promotion of management systems and promotes those management systems. In April 2021, we completed the manuals, procedures, and rules and regulations required by the relevant chapters and provisions, and continue to refine and implement the regulations within SKS to formulate management plans so as to achieve the expected goals. The PDCA Circle model – Target Setting → Plan → Do → Check → Act – was established in the hope of implementing safety and health management and achieving continuous improvement. Currently, SKS has established an occupational safety and health management system in accordance with Article 23 of the *Occupational Safety and Health Act*, covering the headquarters and branch offices, but has yet to obtain certification for such.

Furthermore, SKS discloses the contents and statistics of occupational hazards monthly on the SKS corporate intranet (SKSOA) by means of notices to inform employees of the causes of occupational hazards and the corresponding preventive measures. In addition, we have formulated the *Code of Practice for Occupational Safety and Health* that specifies workplace practices to prevent the recurrence of similar occupational hazards.

### Corporate Occupational Health and Safety Issues and Risk and Opportunity Management

In response to the possible risks and opportunities due to the changes in corporate occupational safety and health issues, SKS set standards for the identification of corporate occupational safety and health issues, workers and stakeholders, the collection of issues of concern, and the management of risks and opportunities. These risks and opportunities were assessed and managed with countermeasures and control measures taken in advance in order to achieve the sustainable operation goal and to ensure the effective operation of the occupational safety and health management system. Issues identified in 2023 were analyzed by category as follows:

- External context issues: 13.
- Internal context issues: 14.
- Issues of concern to stakeholders: 4.
- Regulatory compliance issues: 5

A total of 4 issues (including contractors' qualifications, workplace violence, and sexual harassment, workplace fall accidents, and the four major programs (i.e., human-induced unlawful infringements, unlawful infringements in the workplace, overwork, and maternal health)) were identified as unacceptable risks (high risks) to SKS, and will be listed as projects requiring continuous improvement in 2024.

### Occupational Safety and Health Senior Management Personnel Support and Engagement

In 2015, SKS established the Occupational Safety and Health Management Committee. This consists of 11 members, with the president as the chairperson, and four labor representative members (accounting for more than one-third of all members) elected by labor representatives from each department. The Committee holds quarterly meetings. They are responsible for the formulation, planning, promotion, and supervision of occupational safety and health-related affairs, such as regulations, proposal review, and making suggestions on additional purchases of protective equipment. Onsite safety and health inspections are conducted by department supervisors once a month; these are then further randomly inspected by the managerial supervisor on an occasional monthly basis. Based on the random inspection results, the headquarters' Occupational Safety and Health Office presents safety reports, reviews, and recommendations at monthly headquarters management meetings and quarterly managerial supervisor meetings, with an aim to implement occupational safety and health management.

### Shin Kong Security Occupational Safety and Health Policy

#### Shin Kong Security Occupational Safety and Health Policy

Taiwan Shin Kong Security Co., Ltd. (SKS) was established by Mr. Eugene Wu in 1980. In the initial stage of the Company's establishment, we partnered with a Japanese company, Sohgo Security Services Co., Ltd. (ALSOK), on technology to provide security services for domestic enterprises, factories, and households. In 1995, SKS was officially listed on the Taiwan Stock Exchange.

As operations stabilize and profit continues to grow, SKS upholds the spirit of 'taking from society, giving back to society' as well as our core principles of 'integrity, professionalism, service, innovation' to develop AIoT services with the latest technologies. Our ultimate goal is to create a win-win for both corporate profits and stakeholders, receive social recognition, and sustainable operation.

All employees of the Company share the common goal of creating a safe and healthy workplace. To prevent the occurrence of injury, disease, loss of assets, and occupational hazards, all supervisors must uphold their responsibility in safety and health management; while all employees must actively participate in activities that improve safety and health. To achieve this goal, we are committed to executing the following policies:

- (1) Comply with the *Occupational Safety and Health Act*; fulfill our corporate social responsibility.
- (2) Improve educational training for occupational safety and health; enhance awareness of safety and hazards.
- (3) Implement risk assessments and management; control and eliminate occupational hazards.
- (4) Implement health management and promotion; foster a happy and friendly workplace environment.
- (5) Continue to improve occupational safety and health performance; ensure worker participation through consultations.
- (6) Provide a safe and healthy workplace for security personnel.

Taiwan Shin Kong Security Co., Ltd. President

HUNG, KUO-CHAO

## Hazard Identification and Risk Assessment Management

The Company assesses occupational safety and health risks and opportunities by continuously identifying hazards, assessing risks, and implementing necessary risk controls for potential hazards in all SKS operations and facilities. This management applies to all activities carried out in SKS workplaces, including routine and non-routine activities, activities by all personnel who enter SKS workplaces (including contractors and visitors), and the basic infrastructure, equipment, and materials provided by the Company and other organizations in the workplace, to implement the occupational safety and health policy and to achieve continuous improvement. High risks identified by SKS must be controlled and reduced to acceptable risk levels within specific periods. The unacceptable risks are summarized in the table below.

No.	Department	Hazard Factors	Risk Level	Existing Risk Control Methods	Countermeasures to Control Unacceptable Risks		
					Educational Training	Operational Control or Monitoring Document	Management Programs or Elimination or Alternative
1	Electronic Security Department	Falling, Tumbling	4	1. Put on a safety helmet and harness while using a trestle stepladder. 2. Examine properly before using a trestle stepladder. 3. Strengthen training and drills with the Key Points and Cautions for Safety Inspections When Using Trestle Stepladders and Mobile Ladders.	Strengthen the educational training and drills with Key Points and Cautions for Safety Inspections When Using Trestle Stepladders and Mobile Ladders.	Safety checklist for proper examinations (OSH-03-15-05) before using trestle stepladders.	Improvement management program to reduce the number of personnel fall accidents during inspection.
2	Electronic Security Department	Non-commuting Traffic Accidents	4	1. Strengthen Traffic Safety Promotion and incident sharing. 2. Require employees to go home to rest after work and get 8 hours of sleep before getting to work.	Enhance promotion on traffic safety and defensive driving.	—	Improvement management program to reduce the number of traffic accidents.
3	Service Department	Non-commuting Traffic Accidents	4	Promote traffic safety and defensive driving.	Enhance promotion on traffic safety and defensive driving.	—	Improvement management program to reduce the number of traffic accidents.
4	Service Department	Falling, Tumbling	4	Promote safety precautions for going up and down stairs.	Enhance the promotion of safety precautions for going up and down stairs and tripping prevention in the workplace.	—	Improvement management program to reduce the number of falling down from stairs incidents.
5	Sales Department	Non-commuting Traffic Accidents	4	Promote traffic safety and defensive driving.	Enhance promotion on traffic safety and defensive driving.	—	Improvement management program to reduce the number of traffic accidents.
6	Sales Department	Falling, Tumbling	4	Promote safety precautions for going up and down stairs.	Enhance the promotion of safety precautions for going up and down stairs and tripping prevention in the workplace.	—	Improvement management program to reduce the number of fall and tumble accidents.

Note:

1. Assessment operation: Primarily consists of process inspection → hazard identification → risk and opportunity assessment → risk control.
2. The risk control measures include A. Eliminate → B. Replace → C. Construction Control → D. Management Control → E. Personal Protective Equipment.

3. Risks are classed in levels, from 1 to 5. Control facilities to reduce risks are required for risks ranging from level 4 to 5 to reduce their risk to a medium level (level 3). Each department must formulate a Management Plan Table for improvements. The Occupational Safety and Health Office randomly performs audits for continuous improvement.

## Do Occupational Safety and Health Training

### Occupational Safety and Health Training

To strengthen employees' awareness of occupational hazards and prevention concepts, and thus to prevent accidents at work, we offer labor safety and health educational training in accordance with SKS's *Regulations Governing the Labor Safety and Health Education and Training* and hold necessary safety and health educational training for all newly hired workers, workers in active service, and workers who change positions. Workers who serve as first responders and occupational safety personnel receive specialized training on their duties in order to achieve the goal of zero major occupational hazards.

To encourage employees to engage in self-learning on safety and health skills, a Safety and Health Teaching Material Zone is established within the Knowledge Management section on the SKS corporate intranet (SKSOA). The Company's safety and health-related regulations, implementation plans, and training materials are compiled in the zone, where employees can learn from them at any time, thereby enhancing their awareness of occupational hazards and preventing accidents. In addition, we also strengthen our employees' safety and health knowledge and skills through notices (on occupational hazard incidents and traffic safety promotion) and occasional educational training, also to reduce the occurrence of accidents.

Labor Safety and Health Educational Training	
Type of Training	Number of People
General safety and health educational training	265
Educational training for workers changing positions	2
Educational training for current workers	1,673
Total	1,940

Safety and Health Professional Licenses	
Type of License	Number of People
Level A Technician for Occupational Safety Management	1
Level B Technician for Occupational Safety Management	2
Class 1 Manager for Occupational Safety and Health Affairs	39
Class 3 Manager for Occupational Safety and Health Affairs	4
Class 3 Manager of Occupational Safety and Health Affairs in the Manufacturing Industry	14
First Responder	80
Fire Prevention Manager	4
Nurse Practitioner for Labor Health Services	1
Total	145

Note: The calculation includes licenses that are valid as of December 31, 2023.

## Safety and Health Management of Contractors

To reduce negative impacts from major occupational safety and health incidents among our work partners, onsite supplier visits are conducted annually to check on their occupational health and safety, as well as regular evaluations of contractors and their compliance with occupational safety and health management. In addition, construction workers are informed of the "Working Environment and Hazards," with implementation of this recorded. This reminds construction workers of potential risks in the working environment and preventive measures to reduce accidents and improve danger prediction. Management of contractors who enter SKS workplaces for construction, maintenance, and repairs follows the *Contractor Safety and Health Management Procedures*, to enforce the safety and health management of our contractors and reduce accidents. In the future, contractors with valid contracts will be jointly managed in accordance with the *Occupational Safety and Health Management List of Contractors* (employees, (sub) contractors, cleaners, and security personnel, etc.) to reduce risks in contracted work.

Item	2023	
	SKS	Workers
Number of People	1,790	288
Percentage (%)	86.1	13.9

Note: Worker: A non-employee whose job or workplace is under the control of the organization.

## Safety Management of Field Duty During Typhoons

Safety management of field duty during typhoons was formulated to reduce the risk of occupational accidents to workers and guarantee their health and safety while on duty during typhoons. If workers on duty during typhoon days identify a life-threatening risk, they must immediately report their current status, avoid venturing forth, and prioritize their safety; they will not be penalized if their missions are not accomplished. The Company implements the *Occupational Safety and Health Policy* in accordance with the *Requirements for Compliance with the Occupational Safety and Health Act*. In 2023, during school/office closures due to typhoons, a total of four safety assessments were conducted for field personnel on duty during typhoons.

## (Occupational) Disaster Incident Notification, Handling, and Investigation Management

### In 2023,

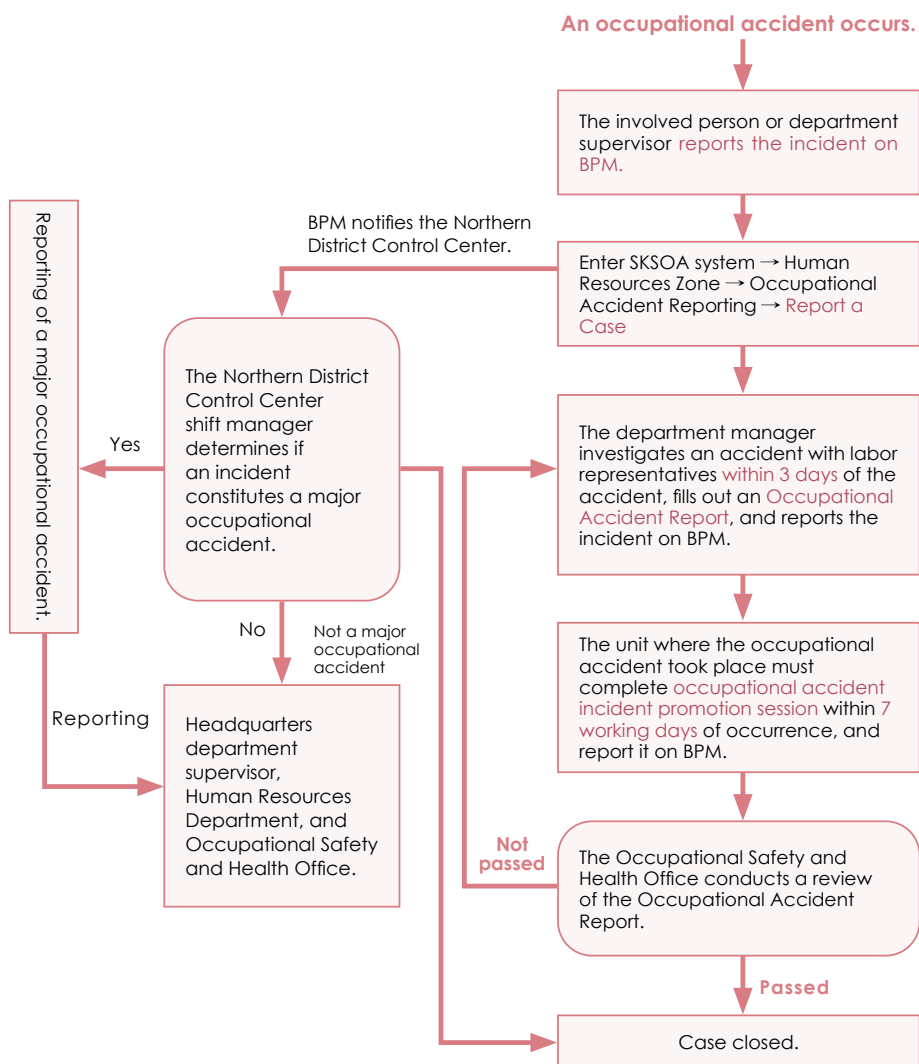
- No occupational diseases, illnesses, or work-related death incidents were reported at SKS.
- No occupational injury incidents or work-related death incidents were reported among SKS's contractors.

We enhance employees' risk awareness and safety knowledge by promoting and conducting risk assessments, hazard identification, safety and health education, and public notices. In the event of an occupational safety or health accident, in addition to taking immediate appropriate rescue measures to minimize injuries, investigations must also be conducted to review the causes and formulate prevention methods, to prevent the recurrence of similar accidents in the future. This management applies to all accidents in the workplace and on official business trips, involving employees, contractors, and visitors, but excludes contractors' traffic accidents.

In the event of an occupational accident, in addition to necessary first aid, rescue, and other measures, the department shall also report the incident in accordance with the notification process:

1. In the event of an occupational disaster, the involved person or the department supervisor must report the incident on BPM and enters the SKSOA system → Human Resources Zone → Occupational Accident Reporting → Report a Case.
2. The shift manager at the Northern District Control Center determines if the incident constitutes a major occupational accident. If it is a major occupational accident, the shift manager must report it on the occupational accident reporting website and notify the headquarters department supervisor, Human Resources Department, and Occupational Safety and Health Office. If it does not constitute a major occupational accident, the shift manager only needs to report it to the headquarters department supervisor, Human Resources Department, and Occupational Safety and Health Office. If the incident is not an injury or death of an employee caused by an accident during their commute, the shift supervisor will file and close the case.
3. The department manager must investigate the accident with labor representatives within 3 days of the accident, fill out an Occupational Accident Report along with photos from the scene of the accident, and report the incident on BPM.
4. Within 7 working days of the accident, the occupational accident incident and the traffic safety promotion session must be completed and reported (along with session photos and attendance form) on BPM, to prevent reoccurrence of similar accidents.
5. The department manager notifies the victim's family members of the status.
6. Follow-up handling of occupational accidents; disaster relief for victims and compensation for occupational accidents.
7. The Occupational Safety and Health Office compiles details and statistics on occupational accidents each month, which are then announced in the workplace and submitted to the labor inspection agency for review.

## Occupational Accident Notification Process



By introducing the above management system and implementing the P-D-C-A circle model, SKS's management of workplace safety incidents continues to improve, and the number of occupational injuries that occur during working hours is effectively controlled. Both the Disabling Frequency Rate and the Disabling Severity Rate have decreased every year for the past three years, which shows that the improvement measures have had positive benefits on employee safety.

## Occupational Accidents Statistics

Year (Unit: Incidents)	2023		2022		2021	
Gender	Male	Female	Male	Female	Male	Female
Accidents during commute	15	2	19	3	9	1
Accidents on official business trips	7	1	11	2	13	1
Injuries on duty	5	2	2	1	4	1
Total	27	5	32	6	26	3
Proportion of total	84%	16%	84%	16%	90%	10%

Note:

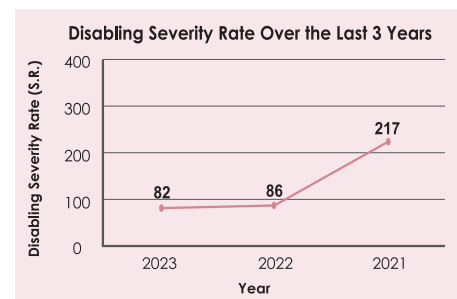
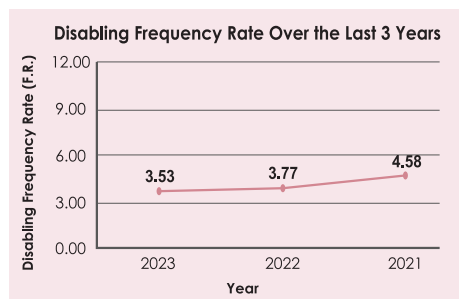
1. Calculation of disabling injuries includes injury leave incidents with 1 or more days off.
2. Calculation of on-duty injuries include falls (stepladders), slips/falls, others (dog bites), and collisions.

## Disabling Injury Statistics

Year	2023			2022			2021		
Gender	Total	Male	Female	Total	Male	Female	Total	Male	Female
Disabling Injuries	15	12	3	16	13	3	19	17	2
Days Lost	349	325	24	366	348	18	902	622	280
Total Working Hours	4,255,260	3,548,076	707,184	4,242,080	3,562,904	679,176	4,152,328	3,500,052	652,276
Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0	0
Absentee Rate (AR)	0.62%	0.52%	1.05%	1.39%	1.27%	1.94%	0.45%	0.35%	0.95%
Number of Deaths from Occupational Injuries	0	0	0	0	0	0	0	0	0
Death Rate from Occupational Injuries	0	0	0	0	0	0	0	0	0
Disabling Frequency Rate (FR)	3.53	3.38	4.24	3.77	3.65	4.42	4.58	4.86	3.07
Disabling Severity Rate (SR)	82	92	34	86	98	27	217	178	429
Number of Severe Occupational Injuries (number of persons)	2	2	0	1	1	0	5	4	1
Rate of Severe Occupational Injuries (excluding number of fatalities)	0.47	0.56	0	0.24	0.28	0	1.2	1.14	1.53

Note:

1. Calculation of disabling injuries includes injury leave incidents with 1 or more days off.
2. Calculation of disabling injury incidents does not include traffic accidents occurring during commuting.
3. Death rate from occupational injuries = (Number of deaths from occupational injuries divided by total working hours) \* 1,000,000.
4. Ratio of severe occupational injuries (excluding the number of fatalities) = (Number of severe occupational injuries divided by total working hours) \* 1,000,000.
5. The number of severe occupational injuries is calculated based on the provision specified in Article 37, Paragraph 2 of the Occupational Safety and Health Act: (1) Accidents causing injuries to one person or more that require hospitalization, and (2) Accidents causing injuries to three or more persons.
6. Absentee Rate (AR): Number of days off (occupational injury + sick leave (including extended sick leave) + menstrual leave) divided by total number of working days.
7. Some SKS employees extended their injury leaves; thus, the statistics on Days Lost, Absentee Rate (AR), and Disabling Severity Rate (SR) for 2021 and 2022 are revised.



## Measures to Promote Good Health Management at the Workplace

### Obtained certification as an Accredited Healthy Workplace.

To meet the requirements of the *Occupational Safety and Health Act*, SKS has continuously implemented 4 major plans: the *Regulations on the Management and Prevention of Diseases Caused by Excessive Workload*, the *Regulations on the Maternal Health Protection of Female Workers*, and the *Regulations on the Management and Prevention of Human-Induced Hazards*. Since January 2022, a full-time health manager has been employed for on-site labor health services, work site visits, and regular health examinations. They also assess the performance of health management and identify high-risk individuals, who then receive follow-up visits by healthcare professionals for risk control management. SKS's headquarters has obtained certification as an Accredited Healthy Workplace and offers daycare service at work, self-improvement activities, and health seminars to ensure our employees' mental and physical health.

## Occupational Health Management Project

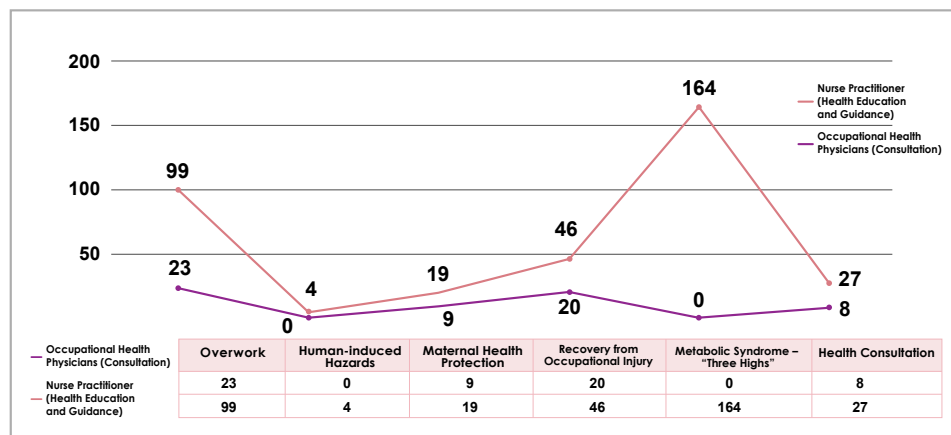
Project	Management Measures	Key Performance in 2023
Health Management	<ol style="list-style-type: none"> <li>On-site Clinical Health Services by Healthcare Professionals: As per provisions of the <i>Regulations on Labor Health Protection</i>, SKS's headquarters began hiring contract healthcare professionals in August 2018. These staff implement health management by handling on-site clinical health services, and analyzing, evaluating, and retaining records on worker health.</li> <li>Health Examinations: To help employees maintain good physical and mental health, new employees are asked to undergo a physical examination to verify their suitability for duty, while current workers undergo a regular health examination (once every 3 years) for early detection and treatment of diseases, to guarantee employees' health. Employees with abnormal examination results such as the "three highs" (hypertension, hyperlipidemia, and hyperglycemia) or BMI that exceeds standards are provided with health guidance and life management suggestions.</li> </ol>	<ol style="list-style-type: none"> <li>Frequency of onsite health services, doctors: 6 times/year, 2 hours/visit; a full-time nurse practitioner was employed to provide onsite health services.</li> <li>Ten health seminars were held: <ul style="list-style-type: none"> <li>"Symptoms and Self-adjustment of Depression and Anxiety Disorders" health seminar in May.</li> <li>"Lifting the Mysterious Veil of Aesthetics Medicine" health seminar in June.</li> <li>"Oral Care Health Seminar" in July.</li> <li>"Fostering a Gender-friendly Workplace" health seminar in July (1 session) and in August (2 sessions).</li> <li>"Sharing on Hair Loss and Hair Strengthening" health seminar in August.</li> </ul> </li> </ol>

Project	Management Measures	Key Performance in 2023
Health Management	<ol style="list-style-type: none"> <li>Health Promotion: <ol style="list-style-type: none"> <li>SKS partners with Neihu Health Service Center and Kangning General Hospital to host health seminars and administer flu vaccines.</li> <li>Ad hoc health education promotions: <ul style="list-style-type: none"> <li>E.g., "Latest COVID-19 Prevention Measures and Precautions for Spring Festival Holiday"; "Viral Gastroenteritis"; "Understanding Overwork, Stay Healthy"; "First Aid and Prevention of Heat Injury"; "Dengue Fever Prevention and Control Practices"; "Walking Pneumonia (Mycoplasma Pneumoniae)"; "Cold Front: Tips on Heart Protection during Winter"; and "Liver Cancer Prevention and Health Education." These sessions increase employees' awareness of general health and promote their physical and mental health.</li> </ul> </li> <li>"Brisk Walking Activity – 10,000 Steps Daily to Stay Healthy": SKS attaches great importance to employee health and regular exercise habits, and held the "Brisk Walking Activity – 10,000 Steps Daily to Stay Healthy" in June 2023. Employees are the most precious assets of an enterprise, therefore SKS values employee health and strives for a quality and healthy workplace to safeguard our employees. To promote regular exercise habits among employees, which further promotes employee health and achieves the goal of energy conservation and carbon reduction, employees were invited to get up and move their bodies, and relax their muscles and mood during the designated health exercise period in every afternoon. Additionally, Chairman Wu Hsin-Tung led all SKS employees to take a pledge to walk for health and vigor. We hope that even after the competition, our colleagues will continue to take a brisk walk, develop a good habit of exercise, and maintain a healthy body.</li> </ol> </li> </ol>	<p>"Sleep Disorders and Relaxation Techniques" health seminar in September.</p> <p>"Cardiovascular Care during Winter" health seminar in October.</p> <p>"Exercise for All and Neck and Shoulder Relaxation" health seminar in November.</p> <ol style="list-style-type: none"> <li>Established Fitness Club in 2023 with 30 members, offering courses in Hi-Low Aerobics, Bodyweight Training, Boxing Aerobics, Core Mat Workout, Basic Yoga, etc.</li> <li>A total of 14 health education sessions were conducted.</li> <li>Employees are arranged to receive vaccinations at publicly-funded influenza vaccine stations.</li> <li>"The Brisk Walking Activity – 10,000 Steps Daily to Stay Healthy" was held in June: <ol style="list-style-type: none"> <li>There were 19 groups of 190 participants in the Group Category, 202 participants in the Individual Category, and 40 participants in the Fit Category, amounting to a total of 432 participants.</li> <li>Saving the Polar Bear's Home results: Totalling 144 million steps for about 115,000 KM, equivalent to 120 laps around Taiwan. It reduced 2.5 tons of carbon emissions and the loss of sea ice by 75.39m<sup>3</sup>, with a total of 102.15 kilograms of weight loss among employees.</li> </ol> </li> </ol>

Project	Management Measures	Key Performance in 2023
Prevention of Diseases Caused by Excessive Workload	Focus on prevention of cerebrovascular and cardiovascular diseases (prevention of overwork) due to excessive workloads; screen high-risk groups in accordance with the plan; have doctors perform health interviews and consultations to provide employees with risk prevention methods and health counseling.	<ol style="list-style-type: none"> <li>1. In 2022, a total of 57 individuals were identified as high-risk employees requiring health interview sessions.</li> <li>2. High-risk employees were notified by an email from SKS. In 2023, 23 of them received physician consultations, 34 refused service or did not respond, 3 were retired, and 3 had resigned.</li> <li>3. 23 employees had health interviews with physicians and received health guidance.</li> <li>4. 51 employees received occupational health education and guidance from nurse practitioners + 48 employees with a risk of cerebrovascular and cardiovascular diseases (≥ 20%), totaling 99 employees. SKS will continue to follow up on the condition of current high-risk employees.</li> </ol>
Prevention of Musculoskeletal Diseases Caused by Repetitive Work (Human-induced Hazards)	For the prevention of musculoskeletal disorders (i.e., prevention of human-induced hazards) caused by repetitive work, we identified employees with soreness levels of 3 or higher during health examinations using musculoskeletal symptom charts. The results showed that a total of 10 individuals at headquarters and 25 at branch departments had such conditions. Analysis revealed that musculoskeletal soreness was mostly caused by long-term use of computers, poor posture, lack of sufficient rest, and physical activity. As a result, the Occupational Safety and Health Office issued notices on the SKS corporate intranet-SKSOA explaining the hazards of computer operations and how to prevent them, and also gave instructions on correct computer-use posture.	<ol style="list-style-type: none"> <li>1. In 2022, a total of 13 individuals with soreness levels of 3 or higher require tracking.</li> <li>2. In 2023, 4 employees received occupational health education and guidance from nurse practitioners, 9 employees denied the service, 3 employees sought medical treatment by themselves thus denying the consultation service, and the remaining 6 employees will be continuously followed up and provided with health education and guidance.</li> </ol>
Maternal Health Protection	<i>The Regulations on the Maternal Health Protection of Female Workers</i> was established in accordance with maternal worker's health protection policies. A nurse practitioner assists female workers while they are pregnant, after the birth of a child, and during breastfeeding with self-assessment of their health condition, and works with occupational safety staff to assess hazards in the workplace. An onsite health physician is also arranged to offer maternal health protection interviews and role suitability assessments to achieve the purpose of protecting the health of maternal workers.	<ol style="list-style-type: none"> <li>1. A total of 9 individuals were interviewed by physicians for maternal health protection.</li> <li>2. A total of 19 individuals received health education and promotion from nurse practitioner.</li> </ol>

Project	Management Measures	Key Performance in 2023
Recovery from Occupational Injuries	Interviews and assessment of workers recovering from occupational injuries: Occupation health physician offers health guidance and interviews workers with occupational injuries that exceed a reasonable amount of recovery time, to accelerate their recovery. As a worker's capabilities gradually recover to meet the demands of their original duties, a gradual resumption of work enables them to slowly readapt to their duties before returning to full-time.	<ol style="list-style-type: none"> <li>1. A total of 20 individuals were interviewed by physician.</li> <li>2. A total of 46 individuals (including those who did not apply for injury leave due to minor traffic accidents and minor injuries) received health education and guidance from nurse practitioners.</li> <li>3. Physicians assessed and suggested 6 employees with occupational injuries exceeding a reasonable amount of recovery time to take a gradual resumption of work.</li> </ol>
Prevention of Unlawful Infringement in the Workplace	<ol style="list-style-type: none"> <li>1. Grievance Mechanism: To guarantee that employees are free from physical and mental abuse while carrying out their duties, the <i>Plan to Prevent Unlawful Infringement During the Execution of Duties</i> was established in 2016. In 2021, the <i>Regulations on the Prevention of Unlawful Infringement During the Execution of Duties</i> was established in response to ISO 45001.</li> <li>2. In addition to issuing written orders that explicitly "Prohibit Violence in the Workplace," SKS has established a workplace violence complaint and reporting channel in the hopes of constructing a workplace culture of safety, dignity, non-discrimination, mutual respect, and compassion, thereby ensuring employees' physical and mental health. Grievance channels include:               <ol style="list-style-type: none"> <li>(1) Online Submission: SKS corporate intranet-SKSOA → Human Resources Zone → Employee Complaints and Reporting.</li> <li>(2) Email: Fill out a complaint (report) form and send it to → Complaint and Reporting Email hr@sks.com.tw.</li> <li>(3) Direct Grievance: Fill out a complaint (report) form → submit it directly to the HR Department or the Occupational Safety and Health Office.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. In 2023, the Workplace Sexual Harassment Complaint Handling Committee convened five meetings.</li> <li>2. In 2023, the Workplace Violence Handling Team did not convene any meetings.</li> </ol>
Operational Environment Monitoring	Carbon Dioxide Monitoring in Offices: Since 2015, the <i>Monitoring Plan for Workplace Environments</i> has been established for "places of work within buildings equipped with centrally managed ventilation facilities," as stipulated by the law. Every 6 months, carbon dioxide concentrations in workplaces are monitored once to gain an understanding of current workplace conditions. The results are announced to inform workers of exposure and in hopes of ensuring their health. As of the latter half of 2022, each department's "places of work within buildings equipped with centrally managed ventilation facilities" were added to the monitoring plan, with a total of 122 sites across 17 monitoring areas included.	In 2023, workplace carbon dioxide was monitored twice. All 122 sites across 17 monitor areas met the regulatory standards.

## Implementation Status for On-site Clinical Health Service by Healthcare Professionals



## Adopting 6S Work Environment Management Practice

Reason :

The Ministry of Labor's Workforce Development Agency promotes the 5S Methodology (Sort, Set In Order, Shine, Standardize, and Sustain) in implementing the self-management of the work environment. The adoption of 5S self-management practices is encouraged among employees to establish a neat and clean workplace and a good corporate culture.

SKS fosters an organized, clean, convenient, safe, comfortable, bright, and pleasant work environment to stimulate employees' enthusiasm and vitality, thereby improving their work efficiency and quality. By making improvements in the work environment, we enhance employees' work efficiency and further reduce the occurrence of safety accidents with Prevention taken as our core concept. Starting July 2023, the 6S Management Practice has been adopted in SKS workplaces.

6S benefits:

Enhancing corporate image, increasing space utilization rate, improving work efficiency and product quality, extending equipment life, reducing costs and accidents, and securing safety.

6S contents:

Sort (Japanese Seiri): Clean out unnecessary items and tools.

Set In Order (Japanese Seiton): Label and categorize necessary items.

Shine (Japanese Seiso): Clean the workplace, and maintain cleanliness and tidiness.

Standardize (Japanese Seiketsu): Organize, reorganize, and clean the area.

Sustain (Japanese Shitsuke): Form systems and cultivate good manners.

Security and Safety: Safety first and being people-oriented.

## Work environment improvements before and after the adoption of 6S Management Practice:



## 6S Management Practice competition results:



PIC / The meeting room furniture and equipment are nicely organized and placed.



PIC / The office environment is clean and organized.



PIC / The fire extinguisher is clearly labeled and regularly inspected.



PIC / Waste separation is carefully performed.



PIC / The meeting room furniture and equipment are nicely organized and placed.



PIC / The meeting room furniture and equipment are nicely organized and placed.



PIC / The information on the bulletin board is regularly updated and organized, and employees are requested to sign as an acknowledgment of being informed.



PIC / Office seats are neatly organized and kept clean.



PIC / Warehouse items are neatly organized and sorted.



PIC / The meeting room furniture and equipment are nicely organized and placed.



PIC / The office environment is decorated with plants; stagnant water is regularly changed out.



PIC / The office environment is decorated with plants; stagnant water is regularly changed out.



PIC / Machinery/equipment is organized, categorized, and labeled.



PIC / Machinery/equipment is organized, categorized, and labeled.



PIC / Machinery/equipment is organized, categorized, and labeled.



PIC / Forms are organized, categorized, and labeled.



PIC / Forms are organized, categorized, and labeled.

## Check Performance Evaluation

### 2023 Occupational Safety and Health Management System Internal Audit Results

#### 1. Positive result: 1 topic.

Our employees were able to give appropriate responses when asked about occupational safety and health practices, and could provide supporting information when required.

#### 2. Suggestions: (None).

#### 3. Items for improvement: 1 topic.

In response to the relocation application of the Machine Equipment Department/Keelung warehouse, the transportation of batteries, the temperature and humidity control of the storage location, disaster management of the storage area, and corresponding disaster prevention facilities should all be taken into consideration.

#### 4. Items for follow-up observations: (None).

#### 5. Non-conformance items: 8 topics, all of which have been improved in the current year.

## Act Goal Setting for Continuous Improvements

### Occupational Safety and Health Management and Goal Achievement Rate

Our short-term goal is Zero major occupational hazards, with our ultimate goal set as Zero hazards and Zero accidents.



## Expected Goals, Standards, and Management Programs for 2024

No.	Policy	Opportunity/Risk	Goal and Working Direction	Management Program
1	1. Comply with the <i>Occupational Safety and Health Act</i> ; fulfill our corporate social responsibility.	Opportunity: Establishing an Occupational Safety and Health Management System	Goal: Continuous operation of the Occupational Safety and Health Management System. Standard: Continuous improvements.	—
2	2. Improve educational training for occupational safety and health; enhance awareness of safety and hazards. 3. Implement risk assessments and management; control and eliminate occupational hazards.	Risk: Traffic accidents result in excessive numbers of occupational injuries (Sales Department)	Goal: Reduction in the number of traffic accidents. Standard: A 20% reduction in the number of traffic accidents (compared to 2023), i.e., less than 4 accidents/year.	Improvement management program to reduce the number of traffic accidents.
3		Risk: Tumble accidents of employees (Sales Department)	Goal: Reduction in the number of tumble accidents. Standard: Zero tumble accidents.	Improvement management program to reduce the number of fall accidents.
4		Risk: Fall accidents of employees (Smart Sales Department)	Goal: Reduction in the number of fall accidents. Standard: Zero fall accidents.	Management program to prevent fall-related hazards.
5		Risk: Traffic accidents result in excessive numbers of occupational injuries (Service Department)	Goal: Reduction in the number of traffic accidents. Standard: A 33% reduction in the number of traffic accidents (compared to 2023), i.e., less than 4 accidents/year.	Improvement management program to reduce the number of traffic accidents.
6		Risk: Fall accidents of employees (Service Department)	Goal: Reduction in the number of fall accidents. Standard: Zero fall accidents.	Improvement management program to reduce the number of fall accidents.
7		Risk: Excessive numbers of fall accidents during inspection (Security Department)	Goal: Reduction in the number of fall accidents during inspection. Standard: Zero fall accidents.	Improvement management program to reduce the number of fall accidents during the inspection.
8		Risk: Excessive numbers of traffic accidents (Security Department)	Goal: Reduction in the number of traffic accidents. Standard: A 20% reduction in the number of traffic accidents. (Reduced by 5 accidents/year compared to the number of traffic accidents in 2023 for which SKS is held liable).	Improvement management program to reduce the number of traffic accidents.
9	4. Implement health management and promotion; foster a happy and friendly workplace environment.	Opportunity: On-site clinical health services	Goal: Reduction in the number of employees with abnormal examination results and improvement in employee health. Standard: Employees with abnormal examination results (those identified as high-risk employees in the excessive workload assessment; those with musculoskeletal soreness levels of 3 or higher; and those who have developed metabolic syndrome) that require health guidance and interview with an occupational health physician or nurse practitioner account for 3% and 25%, respectively, of the overall employees.	Included in the Labor Health Service Program/Annual Occupational Safety and Health Management Plan
10		Enhancement of employees' health knowledge and awareness	Goal: Enhancement of employees' health knowledge and awareness. Standards: 1. At least 4 health seminars held. 2. At least 1 health education newsletter published every month.	Employees health knowledge and awareness enhancement (included in the Annual Occupational Safety and Health Management Plan)
11	5. Continue to improve occupational safety and health performance; ensure worker participation through consultations.	Opportunity: Inclusion of laborers in occupational safety and health management	Goal: Inclusion of laborers in the planning, deliberation, and consultation of occupational safety and health management. Standard: Worker representatives make up one-third of the Occupational Safety and Health Committee members, with at least a meeting convened every quarter.	Worker representatives make up one-third of the Occupational Safety and Health Committee members

## ❖ Focus Stories



### Daily 10,000 Steps Brisk Walking Event: Employees are passionate about both carbon and fat reduction



To implement corporate sustainability for ESG, SKS has actively fostered a healthy workplace centered on employee care by holding a one-month 10,000 Steps Daily to Stay Healthy brisk walking activity in June 2023. The event successfully attracted enthusiastic support from SKS employees working in Taiwan's northern, central, southern, and eastern regions. Some employees shared that they used to commute by cars, but switched to buses and MRT by purchasing a public transport season ticket to support the event, with some even forming the habit of walking to and from work. Exercise has become a new parent-child bonding activity because some of our employees would invite their family members to stretch their bodies together after work, bringing their relationship closer and slowly picking up the habit of exercise. We encourage our employees to gradually incorporate exercise into their daily routine while working diligently during the day, to help reduce the chances of getting the "Three Highs" and improve cardiorespiratory fitness. While we walk to stay healthy and vitality, we also contribute to net zero emissions and environment protection as well as fulfilling our constant promise of being a happy enterprise.

### Implementing ESG Sustainability Concept by Calling on Employees for Blood Donation



Upholding the business philosophy of "taken from society, used for society," SKS has long invested in social welfare and realized the concept of corporate sustainability. To support World Blood Donor Day on June 14, SKS has joined the CHC Healthcare Group blood donation event for three consecutive years. Additionally, SKS has collaborated with various friendly enterprises in the Neihu area, such as Shing Great Jungle, BMW Taipei Longder, and Hua Nan Commercial Bank, to organize blood donation events. This event aims to encourage colleagues to roll up their sleeves and contribute their blood, supporting the nationwide blood supply for medical purposes with practical actions. On the other hand, as a token of gratitude for the kind acts and dedication of each employee who donated blood, SKS additionally prepared a carton of fresh eggs for them, in addition to the variety of gifts prepared by the organizer and the related companies. While expressing gratitude for the passion of employees for public welfare, SKS hopes that through this gift they can replenish their nutrition and physical strength, while also fulfilling the duty of caring for employees.

# CH 6

## Building Socially Integrated Smart Home— For External

### Core Goals and Visions/












Upholding our humanistic spirit of "promoting social welfare and helping the underprivileged," SKS deeply cares for people from all walks of life in Taiwan by combining our security expertise with social resources. Our mission is to give back to society by providing "security protection and peace-of-mind care." Protecting the public is our responsibility, and we strive to create a harmonious, happy, safe, and secure life for everyone.

### Chapter Highlights/

- 6.1 An-Shin Class
- 6.2 Deeply Rooted Local Sustainable Communities
- 6.3 SKS Community Care Welfare Foundation
- 6.4 Taiwan SKS Foundation for Arts and Culture

## SKS's Contribution to SDGs in 2023

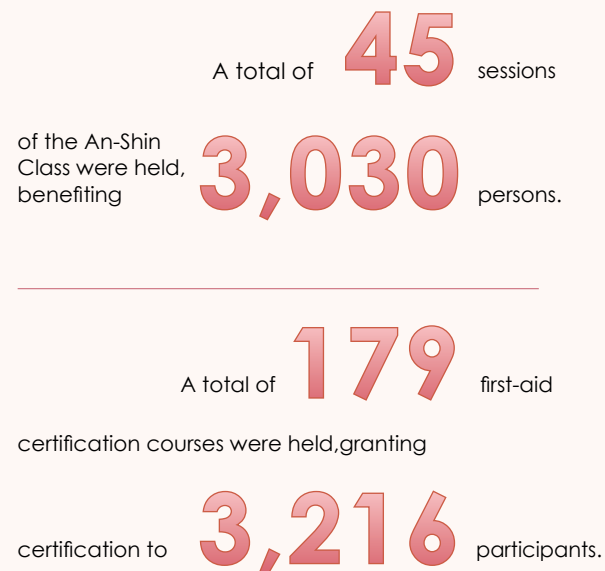
SKS's efforts in social inclusion are implemented through a variety of projects such as the An-Shin Class, diverse talent projects for children in remote areas, special education arts projects, meal projects for families in remote areas, participation in elderly activities, as well as the promotion of a "Safe Community." These programs cover diverse areas of the United Nations' Sustainable Development Goals (SDGs), benefiting more than 10,000 people annually while demonstrating our dedication to realizing an inclusive society.

Internal and External Integration	Project	Description	Corresponding SDGs
Social Engagement	<ul style="list-style-type: none"> <li>♥ An-Shin Class</li> <li>♥ Care projects for children in remote areas</li> <li>♥ Care projects for elderly persons living alone</li> <li>♥ Meal projects for families in remote areas</li> </ul>	<ol style="list-style-type: none"> <li>1. With our expertise in security, we continue to promote safety education throughout Taiwan, enabling the concept of "Safe and Secure" to take root in everyone's mind.</li> <li>2. Scholarships and grants ensure access to education for underprivileged children, eliminating social discrimination and injustice.</li> <li>3. Encourage the elderly to participate in different kinds of group activities to enhance the enjoyment of life, which in turn increases the amount of physical activity and social interaction, and achieves active aging.</li> <li>4. Employees volunteered to collect and purchase organic rice produced under the contract farming system, and donate it to the underprivileged families in remote areas to spread the warmth of love.</li> <li>5. The meal project helps underprivileged children in remote areas to be taken care of, to stop hunger, and to have a better learning environment and educational resources.</li> </ol>	 End hunger, achieve food security and improved nutrition and promote sustainable agriculture.  Ensure healthy lives and promote well-being for all at all ages.  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
Care for Local Communities	<ul style="list-style-type: none"> <li>♥ Food and farming education</li> <li>♥ Sustainability activities</li> <li>♥ Community participation project</li> </ul>	<ol style="list-style-type: none"> <li>1. We continue to implement our corporate social responsibility philosophy by supporting environmental sustainability, rural revitalization, eco-friendly farming, being friendly to the land, healthy diet, healthy living, caring for the underprivileged, and working together to promote the concept of environmental sustainability.</li> <li>2. Participate in the promotion of local community safety by incorporating our specialized expertise to safeguard community safety and foster community well-being.</li> <li>3. We create a sense of well-being for the elderly by providing companionship, care, technology, and peace-of-mind services.</li> </ol>	 Ensure healthy lives and promote well-being for all at all ages.  Make cities and human settlements inclusive, safe, resilient and sustainable.  Ensure sustainable consumption and production patterns.  Take urgent action to combat climate change and its impacts.  Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
Promotion of Arts and Culture	<ul style="list-style-type: none"> <li>♥ Special education arts project</li> <li>♥ Diverse talent project for children in remote areas</li> <li>♥ Senior arts and culture activities</li> </ul>	<ol style="list-style-type: none"> <li>1. We realize the educational idea of cultivation of the arts by providing an inclusive, equitable, and diverse learning environment for schooling children with disabilities.</li> <li>2. We eliminate the urban-rural education gap and provide underprivileged children in remote areas with opportunities to learn a variety of talents.</li> <li>3. We promote the mental health and well-being of the elderly by reaffirming themselves and developing diversity in their lives through participation in arts and cultural activities.</li> </ol>	 Ensure healthy lives and promote well-being for all at all ages.  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.  Reduce inequality within and among countries.

## 6.1 An-Shin Class

Through our security expertise, SKS works hard to achieve corporate social responsibility. Since 2007, our An-Shin Classes have been implemented throughout Taiwan to promote safety education. This task has become more important in the face of environmental changes today as a result of climate change and global warming in recent years, which may further bring a variety of disasters. Therefore, SKS offers both online and physical sessions to enable students to learn at any time and with peace of mind. Furthermore, 2023 marks the launch of An-Shin Class: Food and Farming Education sessions, which aim at fostering respect and gratitude for food, producers, and the environment by experiencing the hardships of farming. With a focus placed on low-carbon food miles through "eating seasonally and locally," these sessions are centered on food and farming education to not only promote the habit of eating but also foster a concern for agriculture and the environment. In addition, environmentally friendly farming practices are also advocated to achieve the visions of biodiversity and resource sustainability by treating the environment and ecology friendly, to contribute to the sustainability of nature.

### An-Shin Class Implementation Results in 2023



### Promotion of University Students' Participation in Social Sustainability and Integration Together with LIFUND

The Windbreaker Team of the CMU (Chinese Medical University) FengLang Pharmacy Service Club joined the SKS An-Shin Class team's ranks during summer vacation to cycle and visit the Ark Classroom of Taitung Daniao Catholic Church, the Taitung Kids Alive International Taiwan, and the Taitung County Changbin Township Jang Yuan Primary School together. These remote areas have been facing uneven distribution of resources and a lack of safety awareness. Through the CSR-USR collaboration, the An-Shin Class and Chinese Medical University's college camp students jointly educated the children in remote areas in the form of edutainment and through arts and cultural activities, helping them to learn with actual exercises while improving their knowledge of safety education in disaster prevention, information security, first aid, and food and farming. Furthermore, we aim to nurture youth sustainability talent and promote regional revitalization by embedding sustainability into their DNA. We also hope that the project will attract more attention from society to care for the needs of residents in remote areas.



pic/ Taitung County Changbin Township Jang Yuan Primary School



pic/ Learn and improve knowledge in cybersecurity education



pic/ Ark Classroom of Taitung Daniao Catholic Church



### An-Shin Class of Safety Education Promotion on Earthquake Disaster Prevention Invited at Chelungpu Fault Preservation Park, Nantou

After the 1999 Jiji Earthquake 20th Anniversary Event, the SKS An-Shin Classroom was once again invited by the Chelungpu Fault Preservation Park in Nantou to participate in its Disaster Prevention Picnic Bazaar and 10th Anniversary Opening Ceremony. The Taiwanese public generally lacks awareness of disaster prevention and thinks that they will not have to deal with disasters. However, the 9/21 Earthquake is considered the most significant natural disaster in Taiwan and demonstrates that the power of nature is palpable; only when we take action on environmental sustainability concerns and disaster prevention and mitigation at all times can we minimize damage and casualties in the event of a disaster. Therefore, the An-Shin Class has been promoting safety education throughout Taiwan over the past 10 years, and this time, to promote the concept of earthquake disaster prevention, SKS specially assigned our colleagues in Nantou to join and support the event. Our interactive games facilitated children, parents, and grandparents to discuss how personal emergency survival kits should be prepared and they also got to learn about proper first aid and safety knowledge. During the event, they were engaged in the learning of safety tips and disaster prevention with the entire family, which truly achieved our goal of combining education with entertainment.

### Launch of An-Shin Class – Food and Farming Education

2023 marks the launch of our An-Shin Class – Food and Farming Education sessions, which aim at fostering respect and gratitude for food, producers, and the environment by experiencing the hardships of farming. With a focus placed on low-carbon food miles through "Eating Seasonally, Eating Locally," these sessions advocate environmentally friendly farming practices that will help us contribute to the sustainability of nature. Over the past eight years, we have been promoting organic rice produced under the contract farming system with the Yilan Young Farmers. Additionally, we have transformed the rice into a variety of delicious dishes and served them in our activities to elders and children in remote areas, ensuring them healthy farming and healthy food.



### An-Shin Class – Friendly Farming Practices for Ecological Balance

Since 2015, SKS has been cooperating with the Yilan Young Farmers in the forms of contract farming, where friendly farming is practiced by leaving the land fallow after harvest before the following 120-day yielding period begins. This aims to maintain the ecological balance of the area and ensure peace of mind for rice recipients. In 2023, we organized a parent-child experiential activity for food and farming education, in which participants experienced rice reaping and threshing and listened to ecological explanations to learn about the growth cycle of rice plants. There were also smallholder farmers introducing organic lotus flowers, and participants were taught to prick and eat lotus seeds on the spot, as well as other organic vegetables and fruits. Additionally, the rice-harvesting meal served to participants was also cooked with local ingredients. An-Shin Class successfully integrated our strength with social participation in the promotion of food and farming education from the perspective of health, nutrition, and food. In the future, SKS will continue to organize sustainable, low-carbon parent-child trips centered on "Eco-Experience" and on "Introducing Rural Areas" while strengthening the understanding of biodiversity conservation and sustainable utilization, in order to help achieve regional revitalization in rural areas. We aim to turn the common good of food and farming into a green force that will drive the sustainability transition in Taiwan.

## 6.2 Deeply Rooted Local Sustainable Communities



### Nurturing Neihu Community to Build a Safe and Comfortable Home Environment

Since 2006, SKS located in Neihu has joined the association and partnered with the Neihu Safe Community to participate in the certification process of International Safe Community for three years in 2010, 2015, and 2021. In 2021, we became the third community in the world to pass the certification four times. This is the greatest recognition for the people of Neihu who constantly put effort into creating a better, more comfortable, and safe sustainable living environment.

SKS is deeply involved in the local community and echoes the spirit of the Neihu Safety and Health Promotion Association by actively participating in safe community services in Neihu while promoting expert safety and security-related services. We stay so we care about the community; therefore, we participate in the promotion of local community safety by incorporating our specialized expertise to safeguard community safety and foster community well-being. Additionally, we help promote awareness of home safety for young children and the elderly, personal safety for schooling children, fire safety, and knowledge on first aid within the Neihu Safe Community, coupled with visits to the Fire Safety Museum of Taipei City Fire Department to educate residents on fire prevention, which enables the public to create a safe home environment from what they learn from these activities. In 2023, a total of 15 home safety and elderly safety promotion activities were held, benefiting 3,000 persons.

### Corporate Disaster Prevention MOU Signed with the Yilan County Government for a Livable and Resilient City

To enhance the disaster prevention and rescue capabilities of Yilan, the Yilan County Government signed an MOU on disaster prevention and relief with the SKS Yilan branch in 2023. To strengthen bilateral cooperation in the face of the threat of climate change and disaster in the local area, disaster prevention, and relief resources are shared between the two, both parties shall be able to help themselves and work together in the event of a disaster, and cooperate in disaster prevention and emergency preparedness response work. The cooperation with the Yilan County Government is in the hope that SKS Yilan would assist the local government in disaster prevention and relief work by connecting cross-sector resources among enterprises, communities, and public departments through its proactive work on disaster prevention, thereby shaping a safe, sustainable and resilient city. Furthermore, SKS also promotes and guides for our employees to obtain the Disaster Prevention Experts Certification as a way to implement the goals outlined in the Yilan County Large-scale Typhoon and Earthquake Disaster Preparedness Strengthening and Collaboration Project for a win-win for all parties involved.



### Roof Party in Xinyi District

Taipei Volunteer Service Center, Xinyi District Administration Center, Xinyi District Health Service Center, SKS, and Earsun jointly organized the 2023 Roof Party in Xinyi District and invited local elderly to join. On the event day, the elderly participated enthusiastically despite the low temperatures. In addition to services such as free blood pressure testing, acupuncture service, and AED & CPR training available on the spot, a limited number of Earsun nutritional products were also prepared for the elderly. Since 2009, SKS has been

cooperating with the Xinyi District Health Service Center in the promotion of different health and safety promotion activities as well as seminars at community care service stations. By bringing the elderly outdoors for activities and proactively offering services at community care service stations, we provide the elderly in the community a healthy and active life by practicing aging in place and active aging, enhancing their social engagement, and strengthening social support.

## 6.3 SKS Community Care Welfare Foundation



The total sponsorship amount in 2023 was

NT\$ **1,600,100**  
benefiting **12,055** persons.

Founded in 2012 with the purpose of "promoting social welfare and helping the underprivileged," SKS Community Care Welfare Foundation connects social resources to provide attentive care throughout Taiwan, fulfills the mission of corporate social responsibility, and assists underprivileged groups to contribute to society. In response to the aging population structure in Taiwan, the Foundation has since officially entered the long-term care industry in 2021 by establishing the Fangqiao Day Care Center in Banqiao. Additionally, the Center also creates a human-centered, caring, and safe space locally with SKS's solid technological foundation. Looking ahead, SKS will continue to adhere to our philosophy of corporate social responsibility, and align our operations more closely to ESG performance indicators to create maximum value for all stakeholders and move toward sustainable operations.



### SKS Fangqiao Day Care Center

Day Care Service :Serving **7,688** persons;

Respite Care Service: Serving **267** persons;

and Transportation **9,755** trips.

In addition to providing daycare services, Fangqiao Day Care Center also creates a human-centered, caring and safe space locally with SKS's solid technological foundation. The adoption of technology not only enables us to create a user-friendly space, but also ensures the safety of the elderly at all times with fall detection devices installed in age-friendly bathrooms. In regards to daily activities, we design activities that evoke the memory in the service recipients' journey of life to develop their interests and inspire their potential, in the hope that each service recipient would feel moved in the heart. This will help them regain their achievements and dignity of life and help us to implement the goal of active aging. Through innovative technology and the integration of local cultural characteristics, each elderly can continue to be active and achieve the vision of independent living. Additionally, each participating elderly is integrated as part of the symbiotic community, enabling their children to work with peace of mind, reducing the burden of family caregivers, and the elderly service recipients to have access to health promotion activities to slow down the rate of deterioration of their body functions.



### Rice Donation Event

As many families in remote areas face food shortages during summer vacation, SKS employees have initiated the Rice Donation Event for 13 years consecutively. As the saying goes, every little makes a mickle. Each pack of rice demonstrates the warmth and love of donors, who visited remote areas for care activities during the rice donation collection period in summer vacation with the hope of bringing warmth and hope to underprivileged families. SKS will continue to adhere to our philosophy of ESG sustainability and cooperate with organizations and units in different townships, in hopes of pooling the resources and strengths of SKS to fulfill our corporate social responsibility, benefit more underprivileged groups, provide care services throughout Taiwan, and be a driving force in creating a society that is filled with heartwarming gestures.

In 2023,

we collected **2,840** kg  
of rice and donations of

NT\$ **312,400** ,  
benefiting **1,420** persons

(950 children; 470 elderly persons living alone).

From 2011 to 2023,

we have collected **36,988** kg  
of rice and

NT\$ **4,056,090** ,  
in donations,  
benefiting **18,494** persons

(11,316 children and 7,178 elderly persons living alone).



### Allocate Resources and Care for the Underprivileged Together with ANDREW

To support the food pack donation event organized by the ANDREW Charity Association, SKS volunteers assisted in the packing and loading of food packs at ANDREW Food Bank, in hopes that all the people in need could receive the food packs within the shortest possible time through the practical assistance they provided. Items of food packs met the criterion of immediacy, urgency, and emergency in the event of a crisis, which helped alleviate the problem of hunger. Although volunteers were sweating profusely during the process of packing, sealing, and carrying the food packs, the thought of using their hands to help feed the underprivileged families and spreading goodness and love filled their hearts with warmth.



### Grandriders Traveling Thousand Miles Charity Event

For six consecutive years, SKS has been supporting the "Grandriders Traveling Thousand Miles" charity event organized by the Hondao Senior Citizen's Welfare Foundation. A group of 30 senior enthusiast cyclists aged 75 on average originally scheduled to complete a 1,106 kilometer journey around Taiwan for charity, in a counterclockwise direction for 10 days starting March 9, 2023. However, one of the senior cyclists became ill on the sixth day they arrived at Jiaoxi, Yilan, and tested positive for COVID-19; the event was suspended temporarily for the sake of all other participants' health and safety. Yet, it did not quench their desire to cycle around Taiwan and therefore the plan was reinitiated on June 1, 2023, when they completed the last part of the 350-kilometer journey from Jiaoxi (in Yilan County) to Taichung. During the journey, they also served as ambassadors for the "Meal Project for Underprivileged Elderly Persons Living Alone" to arouse public awareness of healthy meals issues for the elderly. SKS not only sponsored the event, but also called for rice donation and donated organic rice to support the Meal Project, listening to the needs of underprivileged elderly persons living alone.



### Workplace Visit and Experience Activity for Talent Nurturing

The advancement of technology has changed the structure and way we live. In response to this, SKS has actively taken measures for the transformation into a technology security service provider. With the impact of the COVID-19 pandemic on the development of industry and economy around the world, multinational and cross-disciplinary talent are undoubtedly a key element of enterprise transformation. Together with the ANDREW Charity Association, we organized the workplace visit and experience activity, providing an opportunity for students to experience the career culture in different industries while gaining more and broader knowledge to enhance their competitiveness in the future workplace. While they strive for a better way of life, we hope that they are able to create their own place to shine.



## 6.4 Taiwan SKS Foundation for Arts and Culture

The total sponsorship amount in 2023

was NT\$ **530,000**,  
benefiting **3,334** persons.

Taiwan SKS Foundation for Arts and Culture has been promoting local culture and arts and nurturing artistic talent by supporting the learning of diverse talents for children in rural areas, dance teaching, creative works, and painting competitions, etc., to enhance the quality of cultural life, improve the environment for artistic development, and balance physical and mental development. In addition, caring for the physical and mental health of the elderly and understanding elderly persons' cultures are also significant issues. Therefore, by organizing activities, we help the elderly to reassert their self-worth and live with the confidence and grace of elder wisdom, while also showing the public the passion and vitality of the elderly.

### Sending Art Teachers to Campus with Love

We cooperated with the Juedai Contemporary Jazz Dance Theater, where specialized dance teachers were invited to campus to teach dance rhythms and body development to students from resource classes or special needs classes. The weekly one-hour dance teaching program helped underprivileged children practice rhythm and physical development, which then became the most eagerly awaited lesson for the children every week. The Juedai teachers developed a deep relationship with children from special needs classes, making the children more cheerful and willing to accept strangers and adapt to new things. These students were also able to handle their temper tantrums better by not showing them in public, and sometimes they even became more active. We were touched by seeing their improvements and felt thankful that the seeds that we had planted the other day sprouted infinite love and great achievements. The program was in the hope of bringing joy to schooling children with dance and arts and thereby helping them grow happily as well as to help realize the ideal of strengthening art education and sending love through dance.



### Diverse Talent Project for Underprivileged Children

The huge disparity between urban and rural areas and the imbalance allocation of regional resources results in the lack of teachers in rural areas, which has caused difficulties in the development of culture and arts, as well as the loss of traditional arts and mother tongue. Therefore, SKS Foundation for Arts and Culture has invested more resources into the study of underprivileged children and indigenous cultures, and has been working with Taiwan Love and Hope International Charity's "Diverse Talent Training and Development Project for Underprivileged Children," the Taipei Orphan Welfare Foundation's "Dream Music and Art Camps," World Vision Taiwan's "Children's Cultural Team," and Mustard Seed Mission's "Diverse Learning Project for Indigenous Children in Remote Areas," with an aim to promote traditional culture and diverse talents among underprivileged children in rural areas. Through music, dance, art, and mother tongue learning, we encourage and provide children from underprivileged families with opportunities to learn and develop their talents despite poverty. By participating in these activities, they can gain a sense of accomplishment, increase self-confidence enrich their lives, and thus establish community and self-identity. Taiwan SKS Foundation for Arts and Culture provides care services to underprivileged groups and nurtures artistic and cultural talent, in hopes that children in remote areas will not give up their dreams and talents despite their underprivileged situation. We aim to help develop their artistic talents, increase their confidence, and create infinite possibilities for the arts by giving them a fair chance to learn.



## "Born to Farm" Charity Performance Tour

The Taiwan SKS Foundation for Arts and Culture has long been dedicated to promoting local cultural and artistic endeavors and supporting the development of rural arts. Collaborating with the Day Day Work Theatre on the "Campus Stroll 2023: Born to Farm," the foundation conducted charity performances on tour in six rural elementary schools in New Taipei City and Taoyuan City. Based on the life stories of small farmers, the play incorporated "Rod Puppets" and featured Mandarin, Taiwanese, and original music, showcasing the rich cultural heritage and warmth of Taiwan's rural communities. The play also addressed important issues such as rural life, food and agriculture safety, biodiversity, and climate change, conveying the significance of "understanding, respecting, and cherishing the land." It emphasizes that food and agricultural education needs to be rooted from an early age. The play aligns with the ESG philosophy of environmental sustainability and resonates with SKS's ongoing commitment to organic rice cultivation through long-term partnerships in Yilan. Besides encouraging annual donations from employees to support underprivileged elders and children, SKS provides opportunities for employees and their families to actively engage in the rice planting and harvesting process. Through these initiatives, SKS demonstrates its dedication to caring for the land and embodies the essence of the saying, "Every grain in the bowl is the fruit of labor."



## Senior Stand-up Comedy

Senior Stand-up Comedy is the first senior verbal performance show in Taiwan held by the Hondao Senior Citizen's Welfare Foundation. The show provided an opportunity for the elderly to express themselves and show the public the passion and vitality of the elderly. Before going on stage, the elderly received a three-month intensive training through the Grandparents Speak Out course series. Their performance was presented in an interesting narrative style that took all show viewers back to their time, and gave a glimpse of our daily life as we grow older with their perspective. The show helped elders to re-assert their self-worth, and live with the confidence and grace of the elder wisdom.



# CH 7

## Appendix

### Business Units Covered in the SKS Consolidated Financial Statements

Taiwan Security Co., Ltd.

Yi-Kong Security Co., Ltd.

Yi-Kong International Apartment Building  
Management and Maintenance Co., Ltd.

Shin-Po Investment Co., Ltd.

E Tech Pro Ltd.

Lan An Co., Ltd.

Shin Kong Optical Networking Co., Ltd.

Shincluster Electronics Co., Ltd.

Shinsoft Co., Ltd.

XinBao International Co., Ltd.

Shin-Po International Investment  
Co., Ltd.

Shanghai Shin Kong Security  
Property Management Co., Ltd.

Shin Kong Communication Co., Ltd.

Security Shin Kong (Thai)  
International Co., Ltd.

New Light International Co., Ltd.

Shin Shin Investment Co., Ltd.

Shin-Po Life Care Co., Ltd.

Shin-Po Leasing Co., Ltd.

Shin Kong Security (Shanghai)  
Management Co., Ltd.

Tai-Po Service Technology Co., Ltd.

Hundure Technology Co., Ltd.

Smart Verge Holding Co., Ltd.

Shin Yi International Co., Ltd.

## GRI Standards

### GRI 1: Foundation 2021

Statement Of Use	The Shin Kong Security ESG Report follows the GRI standards. The reporting period for this report is the fiscal year 2023 (from January 1, 2023, to December 31, 2023).
The GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of June 2024, there are no Sector Standards applicable to our company.

### GRI 2: General Disclosures 2021

GRI Standard	Disclosure	Chapter	Omission	Page
2-1	Organizational details	About This Report 2.1 About Shin Kong Security		- P.15
2-2	Entities included in the organization's sustainability reporting	About This Report Appendix - Business Units Covered in the SKS Consolidated Financial Statements		- P.97
2-3	Reporting period, frequency and contact point	About This Report		-
2-4	Restatements of information	3.2 Customer Health and Safety - Health Care Implementation 4.2 Green Management - GHG Emissions by Category 4.2 Green Management - Water Management		P.40 P.57 P.58
2-5	External assurance	About This Report Appendix - Independent Assurance Opinion Statement		- P.111
2-6	Activities, value chain and other business relationships	About This Report 2.1 About Shin Kong Security 2.2 Financial Performance Chapter 3 Trustworthy Smart Home 4.3 Sustainable Supply Chain		- P.15 P.16-18 P.33-43 P.59-60

GRI Standard	Disclosure	Chapter	Omission	Page
2-7	Employees	5.1 Building a Happy Workplace		P.64-70
2-8	Workers who are not employees	5.1 Building a Happy Workplace 5.3 Healthy and Safe Workplace		P.64-70 P.77-86
2-9	Governance structure and composition	1.2 ESG Management 2.3 Corporate Governance		P.5-6 P.19-21
2-10	Nomination and selection of the highest governance body	2.3 Corporate Governance - Board of Directors		P.19-20
2-11	Chair of the highest governance body	2.3 Corporate Governance - Board of Directors		P.19-20
2-12	Role of the highest governance body in overseeing the management of impacts	2.3 Corporate Governance - Board of Directors		P.19-20
2-13	Delegation of responsibility for managing impacts	2.3 Corporate Governance - Board of Directors		P.19-20
2-14	Role of the highest governance body in sustainability reporting	1.2 ESG Management		P.5-6
2-15	Conflicts of interest	2.3 Corporate Governance - Board of Directors Please refer to the Company's Annual Report: <a href="https://pse.is/4rxv8c">https://pse.is/4rxv8c</a>		P.19-20
2-16	Communication of critical concerns	2.3 Corporate Governance - Board of Directors		P.19-20
2-17	Collective knowledge of the highest governance body	2.3 Corporate Governance - Board of Directors Please refer to the Company's Annual Report: <a href="https://pse.is/4rxv8c">https://pse.is/4rxv8c</a>		P.19-20
2-18	Evaluation of the performance of the highest governance body	2.3 Corporate Governance - Board of Directors Please refer to the corporate website: <a href="https://reurl.cc/nNRvZ6">https://reurl.cc/nNRvZ6</a>		P.19-20
2-19	Remuneration policies	5.1 Building a Happy Workplace Please refer to the "Functional Committee" section of the corporate website: <a href="https://reurl.cc/NQEI0p">https://reurl.cc/NQEI0p</a>		P.64-70
2-20	Process to determine remuneration	5.1 Building a Happy Workplace Please refer to the "Functional Committee" section of the corporate website: <a href="https://reurl.cc/NQEI0p">https://reurl.cc/NQEI0p</a>		P.64-70

GRI Standard	Disclosure	Chapter	Omission	Page
2-21	Annual total compensation ratio	5.1 Building a Happy Workplace Please refer to the <i>Employee Remuneration Policy and Implementation Status</i> on the corporate website: <a href="https://reurl.cc/70pYky">https://reurl.cc/70pYky</a>		P.64-70
2-22	Statement on sustainable development strategy	Words from the Management		P.1
2-23	Policy commitments	Words from the Management 4.3 Sustainable Supply Chain - <i>Commitment to Human Rights and Environmental Sustainability Terms for Key Partners</i> 5.1 Building a Happy Workplace - SKS Human Rights Policy 5.3 Healthy and Safe Workplace - Occupational Safety Management System		P.1 P.60 P.67 P.77
2-24	Embedding policy commitments	Words from the Management Table of 2023 SKS Sustainability Material Topic Sustainability Material Topic Description in Chapters 2 to 6 2.4 Regulatory Compliance		P.1 P.4、P.14、 P.34、P.45、 P.63-64、P.89 P.22-24
2-25	Processes to remediate negative impacts	Table of 2023 SKS Sustainability Material Topic Sustainability Material Topic Description in Chapters 2 to 6 2.4 Regulatory Compliance 5.1 Building a Happy Workplace - Listening Policy		P.4、P.14、 P.34、P.45、 P.63-64、P.89 P.22-24 P.70
2-26	Mechanisms for seeking advice and raising concerns	2.4 Regulatory Compliance 5.1 Building a Happy Workplace - Listening Policy		P.22-24 P.70
2-27	Compliance with laws and regulations	2.4 Regulatory Compliance		P.22-24
2-28	Membership associations	2.3 Corporate Governance-Lists of Guilds/Associations		P.21
2-29	Approach to stakeholder engagement	Table of 2023 SKS Sustainability Material Topic 1.3 Stakeholder Communication and Management - Stakeholder Communication		P.4 P.10-11
2-30	Collective bargaining agreements	Although SKS does not have a union or group agreement, it holds regular quarterly labor-management meetings and has transparent and diversified communication channels.		P.10-11

### GRI 3: Material Topics 2021

GRI Standard	Disclosure	Chapter	Omission	Page
3-1	Process to determine material topics	1.3 Stakeholder Communication and Management		P.7-11
3-2	List of material topics	Table of 2023 SKS Sustainability Material Topic 1.3 Stakeholder Communication and Management		P.4 P.7-11
3-3	Management of material topics	1.3 Stakeholder Communication and Management Table of 2023 SKS Sustainability Material Topic Sustainability Material Topic Description in Chapters 2 to 6		P.7-11 P.4、P.14、 P.34、P.45、 P.63-64、P.89

Corresponding Material Topic Description	GRI Standard	Disclosure	Chapter	Page
GRI 201: Economic Performance 2016				
Operational Performance	201-1	Direct economic value generated and distributed	2.2 Financial Performance	P.16-18
GRI 202: Market Presence 2016				
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Building a Happy Workplace Please refer to the <i>Employee Remuneration Policy and Implementation Status</i> on the corporate website: <a href="https://reurl.cc/70pYky">https://reurl.cc/70pYky</a>	P.64-70
	202-2	Proportion of senior management hired from the local community	5.1 Building a Happy Workplace - Percentage of Senior-level Personnel	P.66
GRI 204: Procurement Practices 2016				
Supply Chain Management	204-1	Proportion of spending on local suppliers	4.3 Sustainable Supply Chain	P.59-60
GRI 205: Anti-corruption 2016				
Regulatory Compliance	205-3	Confirmed incidents of corruption and actions taken	2.4 Regulatory Compliance	P.22-24

Corresponding Material Topic Description	GRI Standard	Disclosure	Chapter	Page
GRI 302: Energy 2016				
Energy Resources Management	302-1	Energy consumption within the organization	4.2 Green Management - Energy Resources Management	P.54-55
	302-3	Energy intensity		
GRI 305: Emissions 2016				
Energy Resources Management	305-1	Direct (Scope 1) GHG emissions	4.2 Green Management - GHG Emissions by Category	P.57
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 Green Management - GHG Emissions by Category	P.57
	305-3	Other indirect (Scope 3) GHG emissions	4.2 Green Management - GHG Emissions by Category	P.57
GRI 308: Supplier Environmental Assessment 2016				
Supply Chain Management	308-1	New suppliers that were screened using environmental criteria	4.3 Supply Chain Management	P.59-60
GRI 402: Labor/Management Relations 2016				
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	The shortest notice period for employee layoffs is in compliance with the relevant provisions of the <i>Labor Standards Act</i> . Please refer to Chapter 5.1 Building a Happy Workplace for other content about labor-management relations.	P.64-70
GRI 403: Occupational Health and Safety 2018				
Workplace Safety and Health	403-1	Occupational health and safety management system	5.3 Healthy and Safe Workplace - <u>Plan</u> Occupational Safety Management System	P.77-78
	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Healthy and Safe Workplace - <u>Act</u> Goal Setting for Continuous Improvements	P.85-86
	403-3	Occupational health services	5.3 Healthy and Safe Workplace	P.77-86
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Healthy and Safe Workplace - <u>Plan</u> Occupational Safety Management System	P.77-78
	403-5	Worker training on occupational health and safety	5.3 Healthy and Safe Workplace - <u>Do</u> Occupational Safety and Health Training	P.78-85

GRI 403: Occupational Health and Safety 2018				
Workplace Safety and Health	403-6	Promotion of worker health	5.3 Healthy and Safe Workplace	P.77-86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Healthy and Safe Workplace - <u>Act</u> Goal Setting for Continuous Improvements	P.85-86
	403-8	Workers covered by an occupational health and safety management system	5.3 Healthy and Safe Workplace	P.77-86
	403-9	Work-related injuries	5.3 Healthy and Safe Workplace - <u>Act</u> Goal Setting for Continuous Improvements	P.85-86
	403-10	Work-related ill health	5.3 Healthy and Safe Workplace	P.77-86
GRI 404: Training and Education 2016				
Sustainable Employment and Talent Attraction	404-1	Average hours of training per year per employee	5.2 Talent Training and Development	P.70-76
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Talent Training and Development	P.70-76
	404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Building a Happy Workplace	P.64-70
GRI 405: Diversity and Equal Opportunity 2016				
Workplace Diversity, Equality, and Inclusion	405-1	Diversity of governance bodies and employees	5.1 Building a Happy Workplace	P.64-70
GRI 414: Supplier Social Assessment 2016				
Supply Chain Management	414-1	New suppliers that were screened using social criteria	4.3 Supply Chain Management	P.59-60
GRI 416: Customer Health and Safety 2016				
Customer Relations and Service Quality Management	416-1	Assessment of the health and safety impacts of product and service categories	3.1 Customer Relationship Management	P.34-38
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No related matters -Please refer to Chapter 3.1 Customer Relationship Management for the rest of the content of customer relationship and service quality management.	

GRI 418: Customer Privacy 2016				
Customer Relations and Service Quality Management	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related matters Please refer to Chapter 3.1 Customer Relationship Management for the rest of the content of customer relationship and service quality management.	P.34-38

## Sustainability Accounting Standards Board (SASB) Index

SKS is classified as the Professional & Commercial Services industry in the SASB Standards VERSION 2018-10.

The table below shows the disclosed SASB indicators and their corresponding chapters for the year 2023.

Topic	Accounting Metric	Code	Chapter	Page
Data Security	Description of approach to identifying and addressing data security risks.	SV-PS-230a.1	2.5 Risk Management - Information Security Risk Management	P.29-32
	Description of policies and practices relating to collection, usage, and retention of customer information.	SV-PS-230a.2	2.5 Risk Management - Information Security Risk Management	P.29-32
	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected.	SV-PS-230a.3	In 2023, there were no occurrences of information security incidents that had a significant impact on SKS's finances/leakage of information/involvement in customers' trade secrets or personal information.	P.29-32
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees.	SV-PS-330a.1	5.1 Building a Happy Workplace	P.64-70
	(1) Voluntary and (2) involuntary turnover rate for employees.	SV-PS-330a.2	5.1 Building a Happy Workplace	P.64-70
	Employee engagement as a percentage.	SV-PS-330a.3	5.1 Building a Happy Workplace	P.64-70
Professional Integrity	Description of approach to ensuring professional integrity.	SV-PS-510a.1	2.4 Regulatory Compliance	P.22-24
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity.	SV-PS-510a.2		

## Activity Metrics

Activity Metric	Code	Chapter	Page
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract.	SV-PS-000.A	5.1 Building a Happy Workplace	P.65 、 P.79
Employee hours worked, percentage billable.	SV-PS-000.B	5.1 Building a Happy Workplace	P.64-70

## ISO 26000 Guidance on Social Responsibility Index

Item	Article	Chapter	Page
Organizational governance			
1.1	A system by which an organization makes and implements decisions in pursuit of its objectives	1.2 ESG Management 2.3 Corporate Governance	P.5-6 P.19-21
Human rights			
2.1	Due diligence	5.1 Building a Happy Workplace 5.3 Healthy and Safe Workplace	P.64-70 P.77-86
2.2	Human rights risk situations	5.1 Building a Happy Workplace	P.64-70
2.3	Avoidance of complicity	2.4 Regulatory Compliance 2.5 Risk Management 4.3 Sustainable Supply Chain 5.1 Building a Happy Workplace	P.22-24 P.24-32 P.59-60 P.64-70
2.4	Resolving grievances	1.3 Stakeholder Communication and Management 5.1 Building a Happy Workplace	P.7-11 P.64-70
2.5	Discrimination and vulnerable groups	1.3 Stakeholder Communication and Management 5.1 Building a Happy Workplace	P.7-11 P.64-70
2.6	Civil and political rights	5.2 Talent Training and Development	P.70-76

Item	Article	Chapter	Page
2.7	Economic, social, and cultural rights	1.3 Stakeholder Communication and Management 2.5 Risk Management 5.1 Building a Happy Workplace 5.2 Talent Training and Development 6.1 An-Shin Class 6.2 Deeply Rooted Local Sustainable Communities 6.3 SKS Community Care Welfare Foundation 6.4 Taiwan SKS Foundation for Arts and Culture	P.7-11 P.24-32 P.64-70 P.70-76 P.90-91 P.92 P.93-94 P.95-96
2.8	Fundamental principles and rights at work	5.1 Building a Happy Workplace 5.2 Talent Training and Development 5.3 Healthy and Safe Workplace	P.64-70 P.70-76 P.77-86
Item	Article	Chapter	Page
Labor Practices			
3.1	Employment and employment relationships	5.1 Building a Happy Workplace	P.64-70
3.2	Conditions of work and social protection	5.1 Building a Happy Workplace 5.2 Talent Training and Development 5.3 Healthy and Safe Workplace	P.64-70 P.70-76 P.77-86
3.3	Social dialogue	1.3 Stakeholder Communication and Management	P.7-11
3.4	Health and safety at work	5.3 Healthy and Safe Workplace	P.77-86
3.5	Human development and training in the workplace	5.1 Building a Happy Workplace 5.2 Talent Training and Development	P.64-70 P.70-76

Item	Article	Chapter	Page
Environment			
4.1	Prevention of pollution	4.1 Environmental Governance 4.2 Green Management 4.3 Sustainable Supply Chain	P.46-53 P.54-58 P.59-60
4.2	Sustainable resource use	4.1 Environmental Governance 4.2 Green Management 4.3 Sustainable Supply Chain	P.46-53 P.54-58 P.59-60
4.3	Climate change mitigation and adaptation	4.1 Environmental Governance 4.2 Green Management 4.3 Sustainable Supply Chain	P.46-53 P.54-58 P.59-60
4.4	Protection of the environment, biodiversity and restoration of natural habitats	4.1 Environmental Governance 4.2 Green Management 4.3 Sustainable Supply Chain 4.4 Sustainable Environmental Education	P.46-53 P.54-58 P.59-60 P.60

Item	Article	Chapter	Page
Fair Operating Practices			
5.1	Anti-corruption	2.4 Regulatory Compliance	P.22-24
5.2	Responsible political involvement	No political involvement	-
5.3	Fair competition	2.4 Regulatory Compliance	P.22-24

Item	Article	Chapter	Page
5.4	Promoting social responsibility in the value chain	4.3 Sustainable Supply Chain	P.59-60
5.5	Respect for property rights	2.5 Risk Management	P.24-32
Consumer Issues			
6.1	Fair marketing, factual and unbiased information and fair contractual practices	2.4 Regulatory Compliance 3.1 Customer Relationship Management	P.22-24 P.34-38
6.2	Protecting consumers' health and safety	3.1 Customer Relationship Management 3.2 Customer Health and Safety 3.3 Security Service	P.34-38 P.39-41 P.42
6.3	Sustainable consumption	4.2 Green Management	P.54-58
6.4	Customer services, support, and complaint and dispute resolution	3.1 Customer Relationship Management 3.2 Customer Health and Safety 3.3 Security Service	P.34-38 P.39-41 P.42
6.5	Customer data protection and privacy	3.1 Customer Relationship Management	P.34-38
6.6	Access to essential services	3.1 Customer Relationship Management 3.2 Customer Health and Safety 3.3 Security Service 6.1 An-Shin Class 6.2 Deeply Rooted Local Sustainable Communities 6.3 SKS Community Care Welfare Foundation 6.4 Taiwan SKS Foundation for Arts and Culture	P.34-38 P.39-41 P.42 P.90-91 P.92 P.93-94 P.95-96

Item	Article	Chapter	Page
6.7	Education and awareness	6.1 An-Shin Class 4.4 Sustainable Environmental Education	P.90-91 P.60
Item	Article	Chapter	Page
Community involvement and development			
7.1	Community involvement	6.1 An-Shin Class	P.90-91
7.2	Education and culture	6.2 Deeply Rooted Local Sustainable Communities	P.92
		6.3 SKS Community Care Welfare Foundation	P.93-94
		6.4 Taiwan SKS Foundation for Arts and Culture	P.95-96
7.3	Employment creation and skills development	3.1 Customer Relationship Management 5.1 Building a Happy Workplace 5.2 Talent Training and Development	P.34-38 P.64-70 P.70-76
7.4	Technology development and access	3.1 Customer Relationship Management	P.34-38
7.5	Wealth and income creation	5.1 Building a Happy Workplace	P.64-70
7.6	Health	3.2 Customer Health and Safety	P.39-41
7.7	Social investment	4.4 Sustainable Environmental Education 6.1 An-Shin Class 6.2 Deeply Rooted Local Sustainable Communities 6.3 SKS Community Care Welfare Foundation 6.4 Taiwan SKS Foundation for Arts and Culture	P.60 P.90-91 P.92 P.93-94 P.95-96

## UN Global Compact Index

Item	Article	Chapter	Page
Human Rights			
1	Businesses should support and respect the protection of internationally proclaimed human rights.	5.1 Building a Happy Workplace	P.64-70
2	Businesses should make sure that they are not complicit in human rights abuses.		
Labor			
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.1 Building a Happy Workplace	P.64-70
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.		
5	Businesses should uphold the effective abolition of child labour.		
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
Environment			
7	Businesses should support a precautionary approach to environmental challenges.	4.1 Environmental Governance 4.2 Green Management 4.3 Sustainable Supply Chain	P.46-53
8	Businesses should undertake initiatives to promote greater environmental responsibility.		P.54-58
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.		P.59-60
Anti-corruption			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	2.4 Regulatory Compliance	P.22-24

# Independent Assurance Opinion Statement



## INDEPENDENT ASSURANCE OPINION STATEMENT

### 2024 Shin Kong Security ESG Report

The British Standards Institution is independent to Taiwan Shin Kong Security Co., Ltd. (hereafter referred to as SKS in this statement) and has no financial interest in the operation of SKS other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of SKS only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by SKS. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SKS only.

#### Scope

The scope of engagement agreed upon with SKS includes the following:

1. The assurance scope is consistent with the description of 2024 Shin Kong Security ESG Report.
2. The evaluation of the nature and extent of the SKS's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the 2024 Shin Kong Security ESG Report provides a fair view of the SKS sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the SKS and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate SKS's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assessors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that SKS's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to SKS's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

#### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018), GRI Standards and SASB Standard(s) is set out below:

##### Inclusivity

This report has reflected a fact that SKS has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the SKS's inclusivity issues.

##### Materiality

SKS publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of SKS and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the SKS's management and performance. In our professional opinion the report covers the SKS's material issues.

##### Responsiveness

SKS has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for SKS is developed and continually provides the opportunity to further enhance SKS's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the SKS's responsiveness issues.

##### Impact

SKS has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. SKS has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the SKS's impact issues.

##### GRI Sustainability Reporting Standards (GRI Standards)

SKS provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the SKS's sustainability topics.

##### SASB Standards

SKS provided us with their self-declaration of in accordance with SASB Standard(s) (PROFESSIONAL & COMMERCIAL SERVICES Sustainability Accounting Standard, version 2018-10). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (PROFESSIONAL & COMMERCIAL SERVICES Sustainability Accounting Standard, version 2018-10) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

##### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

##### Responsibility

The sustainability report is the responsibility of the SKS's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders, giving our professional opinion based on the scope and methodology described.

##### Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Statement No: SRA-TW-504214  
2024-06-07

Taiwan Headquarters: 2nd Floor, No. 77, S-Hs Rd., 34th Dist., Taipei 114, Taiwan, R.O.C.  
A Member of the BSI Group of Companies.

Peter Pu, Managing Director BSI Taiwan

...making excellence a habit.™

# TCFD (Task Force on Climate-Related Financial Disclosures) Conformity Statement

bsi.




## Conformity Statement

### Climate related Financial Disclosure

This is to conform that

Taiwan Shin Kong Security Co., Ltd. No. 128, Xingai Rd. Neihu Dist., Taipei City 114508 Taiwan	台灣新光保全股份有限公司 臺灣 台北市 內湖區 行愛路 128 號 114508
---	---

Holds Statement Number CFD 804213

As a result of carrying out conformity check process based on TCFD requirement, BSI declares that:

- Taiwan Shin Kong Security Co., Ltd. follows the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Guidance to disclose climate-related financial information which is clear, comparable and consistent against its organizational risks and opportunities as well as its financial impacts. The disclosure covers the four core elements of the TCFD and is prepared based on the seven guiding principles for effective disclosures.
- The maturity model for the Climate-related Financial Disclosures is **Level-4: Satisfying grade**.
- 與氣候相關的財務揭露的成熟度模型為【第四級：滿足】等級。

For and on behalf of BSI



Managing Director BSI Taiwan, Peter Pu

Latest issue: 2024-05-22 Expiry date: 2025-05-21

Page 1 of 2

...making excellence a habit.

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Conformity Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its climate related financial disclosures more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Conformity Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or for any person to whom the Conformity Statement may be read. Any queries that may arise by virtue of this Conformity Statement or matters relating to it should be addressed to the above named client only.  
Taiwan Headquarters: 2nd Floor, No. 37, 3-Hu Rd., Nei-Hu Dist., Taipei 11438, Taiwan, R.O.C.  
BSI Taiwan is a subsidiary of British Standards Institution

Statement number: CFD 804213

Location:	Conformity Check Overall Result:
Taiwan Shin Kong Security Co., Ltd. No. 128, Xingai Rd. Neihu Dist., Taipei City 114508 Taiwan 台灣新光保全股份有限公司 臺灣 台北市 內湖區 行愛路 128 號 114508	The maturity model for the Climate-related Financial Disclosures is <b>Level-4: Satisfying grade</b> .  與氣候相關的財務揭露的成熟度模型為【第四級：滿足】等級。

Latest issue: 2024-05-22 Expiry date: 2025-05-21

Page 2 of 2

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Conformity Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its climate related financial disclosures more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Conformity Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or for any person to whom the Conformity Statement may be read. Any queries that may arise by virtue of this Conformity Statement or matters relating to it should be addressed to the above named client only.  
Taiwan Headquarters: 2nd Floor, No. 37, 3-Hu Rd., Nei-Hu Dist., Taipei 11438, Taiwan, R.O.C.  
BSI Taiwan is a subsidiary of British Standards Institution

# SKS



Corporate Website



ESG Website



台灣 **新光保全股份有限公司**  
Taiwan Shin Kong Security Co., Ltd

Office Address 114 No. 128, Xing'ai Road, Neihu District, Taipei City  
Tel (02)7719-9888 Fax (02)2796-8899

<https://www.sks.com.tw>