

FLYTECH TECHNOLOGY CO., LTD.



# CONTENTS

#### Overview

Overview	1
Letter from the Chairman	2
Flytech Value	4
Sustainability Key Performance and Awards	5
Sustainability Goals, Vision, and Commitment	7
Sustainability Management Structure	8
SDGs United Nations Sustainable Development Goals	10

#### 01 About Flytech

•	1-1 Company Profile	12
	1-2 Overview of Operations and Performance	13
	1-3 Products and Services	16



2-1 Stakeholder Identification and Engagement	
2-2 Material Issues Assessment Process	
2-3 Material Issues Boundaries	

21

22 29

30

2-4	Material Issues and Value Chains
	Chains

# Corporate Governance and Risk Management

1	3-1 Corporate Governance	32
	3-2 Risk Management	40
	3-3 Tax Policy	51

# **Employee Relations**

4-1 Talent Management	53
4-2 Friendly Workplace	72
4-3 Pandemic Prevention Project	81

#### • Appendix Index

Global Reporting Initiative Index	141
SASB Standards	147
Independent Assurance Statement	148

# Customer Service and Supplier Management

•	5-1 Excellent Customer Service	83
	5-2 Quality Commitment	92
	5-3 Supply Chain Management	98

# 06 Green Operation

6-1	Environmental Protection Policy	104
6-2	Green Products	105
6-3	Energy and Water Management	111
6-4	Carbon Management and	

07 Social Engagement

- 7-1 Charity Event Overview ۲ 126
  - 7-2 Cost and Benefit Assessment 127
- 7-3 Charity Event Achievements 129

 $\bullet \bullet \bullet$ 

6-1 Environmental Protection Policy
6-2 Green Products
6-3 Energy and Water Management

Climate Change Response 115

Customer Service and Supplier Management

## **Overview** GRI 2-2~2-5

#### About the ESG Report

FLYTECH TECHNOLOGY CO., LTD. ("Flytech" or "Company") issued the 5th ESG Sustainability Report to present the Company's continuous efforts and performance in corporate social responsibility and to respond to stakeholders' expectations and needs. We hoped that through communication, we could understand each other's expectations, establish longterm partnerships with customers and social groups, and continue implementing sustainable development and social inclusion, striving to move towards a better future.

#### Reported Period and Scope GRI 2-2×2-3

The reported period of this report covered from January 1, 2023, to December 31, 2023, and highlights the Company's practices and performance in corporate governance, corporate commitment, environmental protection, and social participation, as well as in response to stakeholders' concerns. The report primarily focuses on FLYTECH TECHNOLOGY CO., LTD. in Taiwan, and includes partial information disclosure regarding its subsidiary, Box Technologies Ltd. For additional disclosures, please refer to the "Material Issues and Boundaries" chapter.

#### Report principles and verification GRI 2-4×2-5

This report was prepared and compiled by the ESG Sustainability Committee of the Company, following 2021 GRI Standards, SASB guidelines, TCFD recommendations, and the United Nations Sustainable Development Goals. The report took into account the results of stakeholder engagement, potential impacts on the Company, and identified major issues related to the value chain. It disclosed the Company's strategies, principles, measures, and performance. The financial data disclosed in this report was derived from the audited financial reports by KPMG. Other information and data were collected by the Company itself. The performance indicators related to environmental safety and health were based on the internationally accepted calculation methods. Any estimates, assumptions, or recompiled information made would be clearly indicated in the relevant chapters.

To ensure the quality of the report, we have, for the first time, commissioned an independent third-party verification agency, AFNOR Asia Ltd., to conduct an external verification of the report according to the AA1000 V3 assurance standard and the 2018 Appendix Type 1 Moderate Level of Assurance.

#### Report Release Date GRI 2-3

In order to implement green environmental protection, this report was published on the company's website in the form of an e-book.

Prior edition : Issued July 2023 Current edition : Issued June 2024 Next edition : Scheduled to be released in June 2025 https://www.flytech.com.tw/csr.php

#### Contact Information GRI 2-3

If there are any opinions or suggestions on this report, please feel free to contact us as follows:

#### FLYTECH TECHNOLOGY CO., LTD.

Address : No. 168, Sing Ai Road, Neihu District, Taipei City Tel : +886-2-8791-4988 Fax : +886-2-2791-4666 Contact Person : Lin, Zhi Guang Contact Person : ESG Promotion Office Email : flytechESG@flytech.com

Corporate Governance and Risk Management Employee Relations ustomer Service and pplier Management Appendix Index

### **Letter from the Chairman** GRI 2-22

In 2023, Flytech faced various challenges. Despite a surge in customer orders post-pandemic, the end-user market has adopted a more conservative stance due to the Federal Reserve's monetary policies aimed at controlling inflation. The pandemic and advances in technology heightened consumer interest in mobility, automation, and artificial intelligence, changing the demand landscape. This shift contributed to a decline in Flytech's revenue for 2023. In response to these changes, we have worked to transform our business. By integrating our hardware development and manufacturing expertise with our subsidiaries' software and artificial intelligence technologies, we now offer our customers advanced, comprehensive, intelligent solutions. The results of our efforts began to show in 2024. This year's sustainability report outlines our short-, medium-, and long-term sustainability commitments and plans, including a summary of our tracked outcomes and goals.

# Steady Management, Continuous Sustainability

Although the consolidated revenue for 2023 decreased to NT\$3.5 billion, the parent company's net profit after tax still reached NT\$500 million. Flytech's gross profit margin performance was the best it has been in over a decade. This highlights the effectiveness of recent strategic adjustments focused on deepening hardware and software integration and enhancing field-specific applications.

Regarding sustainability, we have introduced a new performance metric for the first time. Under this metric, 1-10% of the annual performance evaluations for the general manager and each center head will be based on their achievements in sustainable development. This demonstrates Flytech's commitment to promoting and advancing sustainability. Our efforts continue to receive external recognition. In 2023, we ranked within the top 21-35% of all listed companies in corporate governance evaluations. For two consecutive years, we secured a position within the top 6-10% among listed companies with a market value of NT\$5-10 billion. Additionally, we advanced to eighth place in the CommonWealth Magazine's Top Corporate Citizens Award for medium-sized enterprises in 2023.

# Speeding Up Delivery with a Sustainable Supply Chain

Based on customer satisfaction survey results, we have been optimizing our delivery times. In 2024, we plan to adopt a strategic material preparation model for key customer products, aiming to shorten delivery times, increase product value, and boost competitiveness. Leveraging our certifications in international quality management systems—ISO 9001, ISO 13485, and IATF 16949—we continue to provide stable, high-quality products while expanding our range of green offerings. In 2023, we introduced 'modular innovation' into ultrathin endpoint computers for our clients, extending the life cycle of the product's main structure. This approach will also be applied to all newly developed models.

Flytech maintains a priority policy for local procurement, with purchases from Taiwanese suppliers accounting for 86.2% in 2023. The proportion of suppliers signing the 'Corporate Social Responsibility and Integrity Management Commitment' has gradually increased to 70.63%. We have also begun collaborating with carton manufacturers whose raw materials are FSC certified, aiming to jointly establish a comprehensive green supply chain with our upstream suppliers.

#### Low Carbon Management and Environmentally Friendly Approach

Flytech is committed to meeting Taiwan's 2050 net-zero carbon emissions policy. Our goal is to achieve net-zero carbon emissions by 2050. We have been actively implementing greenhouse gas management measures. From 2022, we received ISO 14064-1 organizational greenhouse gas verification of the parent company for two consecutive years. In 2023, we successfully completed our first ISO 14067 product carbon footprint verification and established a comprehensive carbon management platform. Furthermore, in 2023, we installed inverter air conditioners at our Linkou factory to reduce electricity consumption. Our overall carbon dioxide emissions have decreased by 13.71% compared to 2022, marking significant progress in our carbon management efforts.

Starting in 2023, we began participating in the CommonWealth Magazine initiative for the Tamsui River Convention. Through commitments such as water conservation, refraining from discharging toxic wastewater, beach cleaning, and reducing waste, we aim to safeguard the health and safety of the mother river in the vicinity of our operations. We shoulder the responsibility of being stewards of the water system, striving to create a business environment that is "safe, environmentally friendly, and sustainable." Since achieving ISO 14001 environmental management system certification in 2001, we have complied with environmental regulations for 23 consecutive years.

oout Comm /tech with Sta Corporate Governance and Risk Management Employee Relations ustomer Service and Ipplier Management

Green Operation cial

#### **Employee Care and Commitment to Charity**

Flytech offers a wide range of education and training resources to improve the quality of talent. We have introduced digital learning platforms, personalized training programs, and flexible, self-directed learning methods to transform Flytech into an organization that encourages learning. In 2023, the average training hours per person increased by 7.2%. In 2023, there were no major occupational hazards at our facilities, only a few minor incidents involving minor cuts and abrasions. We will continue to adhere to the ISO 45001 Occupational Health and Safety Management System requirements, emphasizing the promotion and education of occupational hazard prevention.

For over eight years, the Flytech Foundation has been committed to advancing education and supporting social charity initiatives. We have executed various projects targeting different age groups, such as offering high school scholarships, organizing corporate visits, and conducting the Flytech Career Camp and workshops like Design for Taiwan, which focused on social innovation. Through these initiatives, Flytech aims to broaden young people's problem-solving perspectives and foster the development of well-rounded talents in Taiwan. The foundation collaborates with Flytech employee charity clubs every year to organize various charitable activities. These activities address societal issues and cultivate a sense of social responsibility among Flytech employees.

In this critical era of sustainability, Flytech is fully committed to the core principle of 'Strive for Excellence, Advance through Innovation.' In addition to yearly sustainability reports outlining our accomplishments and objectives, we acknowledge the unprecedented challenges and unpredictable changes that lie ahead. Therefore, we are strengthening our communication with stakeholders, making sustainable commitments, and pledging to collaborate with all parties to grow together, overcome challenges, and achieve sustainable business operations.

Chairman II = foli



Append Index

## **Flytech Value**



Economics

Social

About Flytech Corporate Governance and Risk Managemen Employee Relations Customer Service and upplier Management

e and Green ement Operati Social Engagement Appendi> Index

## Sustainability Key Performance and Awards

- A globally renowned benchmark in POS supply.
- Maintained profitability since its establishment in 1984 and returned the profits to shareholders. The stock dividend rate has exceeded 75% since 2013.
- Received the German iF Design Award for five times since 2007.
- Local procurement exceeded 85% from 2019 to 2023.





- Ranked within the top 21% to 35% among listed companies in the 2023 Governance Evaluations, and for the second consecutive year, within the top 6% to 10% among listed companies with market capitalization ranging from NT\$5 billion to NT\$10 billion.
- We elected our first female board director in 2015 as part of its diversity policy.
- Achieved an honor in the first-ever application of the 2021 Excellence in Corporate Social Responsibility by CommonWealth Magazine, ranking No. 8 in the Small Giant Group. In 2022, ranked No. 11 in the Medium Enterprise Group and advanced to No. 8 in the same group in 2023.
- No major penalties or safety and health regulations violations related to products and services from 2019 to 2023.
- No major penalties or violations of labor safety and health regulations from 2019 to 2023.
- As of the end of 2023, the proportion of female employees at Flytech was 44.8%, while female directors and supervisors accounted for 29% of the total.
- 294 employees participated in the annual physical examination in 2022 (Conducted every two years).
- Ensured all employees' rights to work and income with no layoff, pay cut, shift reduction, and unpaid leave due to the COVID-19 pandemic from 2020 to 2023.
- 18 Flytech Career Camp sessions have been held, with over 1800 participants, provided college students with insights into business operations and trained 555 college and university students.
- In 2023, the Flytech Foundation led Flytech employee club colleagues to organize seven charity events, with a total participation of over 608 individuals. The foundation has completed holding seven Design For Taiwan workshop sessions. The program had invited a total of 13 international speakers and 44 domestic lecturers, training a total of 594 university students. Moreover, the foundation has organized 7 physical or online social design exhibitions, attracting over 45,000 attendees with 7 innovative lectures on various topics. It fully utilizes its social impact.



<b>ILI ILUII</b>	FL		1	H	/
------------------	----	--	---	---	---

Corporate Governar and Risk Manageme ustomer Service and upplier Management Append Index

- No major penalties for violations of environmental protection regulations from 2019 to 2023.
- No waste water discharge from 2019 to 2023.

Certification

#### Environmental

- In 2023, electricity consumption decreased by 17.87% compared to 2022, and waste weight decreased by 38.9%. The primary reason for these reductions is attributed to a decline in revenue.
  - In 2022, we conducted our first greenhouse gas inventory.
  - In 2023, we conducted a second inventory of product carbon footprints and established a carbon management platform.



- ISO 9001 Quality Management System: 2015 Version (Recertification passed, valid from August 24, 2022, to August 23, 2025)
- ISO 13485 Medical Devices Quality Management System: 2016 Version (Recertification passed, valid from April 19, 2021, to April 18, 2024)
- ISO 14001 Environmental Management System: 2015 Version (Recertification passed, valid from September 22, 2022, to September 21, 2025)
- ISO 45001 Occupational Safety and Health Management Systems: 2018 Version (Recertification passed, valid from December 1, 2023 until November 30, 2026)
- IATF 16949 Automotive Quality Management System: 2016 Version (Initial certification, valid from December 12, 2021 until December 11, 2024)
- ISO 27001 Information Security Management System: 2013 Version (Recertification passed, valid from October 21, 2022, to June 25, 2025)
- Passed the TTQS Talent Quality-management System by the Workforce Development Agency, Ministry of Labor In 2021.

- Greenhouse gas inventory
- In 2022 and 2023, completed the greenhouse gas inventory report for the year 2021 and 2022 and obtained ISO 14064-1:2018 certification.
  In 2023, completed the greenhouse gas inventory report for the first product, K727 F34, and obtained ISO 14067:2018 certification.



ion Corporate ders and Risk N

ate Governance I sk Management

Employee Cust Relations Supp

Customer Service and upplier Management

Appendi Index

### **Sustainability Goals, Vision, and Commitment** GRI 2-23-2-24

Core Vision of Sustainable Development

## 'Strive For Excellence, Advance through Innovation'

Since its establishment in 1984, Flytech has focused on our core business and is committed to operating with integrity. We deeply understand that in addition to our self-competitiveness, it takes the joint effort of our stakeholders, including employees, suppliers, customers, investors, communities, and non-profit organizations, to achieve sustainable business practices. Our sustainable business goals are to fulfill corporate responsibility and pursue maximum operational performance while considering the interests of all stakeholders. The most globally significant ESG issues have always been our core values, where we persistently adhere to enhancing governance efficiency, environmental protection, and fulfilling social responsibility. Guided by the central thought of 'Take from society, Give back to society' we firmly believe that a company's responsibility goes beyond maximizing self-interest but should contribute to the world. Therefore, Flytech refers to the GRI Standards, SASB Standards, TCFD Guidelines, United Nations Sustainable Development Goals (SDGs), benchmarking companies, and issues of concern to stakeholders to set our core vision of sustainable development 'Strive For Excellence, Advance through Innovation,' to create maximum benefits for shareholders and to consider stakeholders' needs and interests. Internally, we attach great importance to the rights and interests of employees, establish an equal and non-discriminatory hiring and rewarding system for fair promotions, and create a friendly workplace and safe environment. We offer comprehensive welfare care systems and plan professional training courses to help employees learn and grow to enhance their selfworth; externally, we actively communicate with customers, investors, suppliers, communities, and non-profit organizations to understand their requirements in order to review, adjust and respond to our management policies and commitments in the fields of environmental sustainability, social engagement, and corporate governance. Flytech is committed to responsible business practices, strictly adhering to laws and regulations, respecting human rights, and safeguarding the environment and public health and safety. We strictly prohibit any form of corruption and adhere to tax obligations; through internal control systems and compliance with ISO standards, we establish risk management and early warning systems and conduct due diligence investigations for identification, prevention, mitigation, and assumption of responsibility for negative impacts on the economy, environment, and people (including their human rights). This is to fulfill our responsibilities as corporate citizens.

# Sustainable Development Policy and Implementation Guidelines

In order to achieve the core vision of 'Strive for excellence. Advance through innovation, Flytech has formulated internal management regulations such as Corporate Sustainability Principles, Corporate Governance Code, and Integrity Operations Code in compliance with the laws and regulations of ROC government and international standards and initiatives. As for Flytech's sustainable development policy, we started from the five major management axes, corporate governance and risk management, employee relations, customer service and supplier management, green operation, social engagement, as the implementation principles for practicing sustainable development policies, and through comprehensive decision-making authority and internal control systems, establishes a sound corporate governance environment and fosters an internal corporate culture of compliance. The company also commits to responsible business conduct and fair dealings with stakeholders, ensuring continuous effectiveness through tracking, assessment, and evaluation processes. Flytech expects to work with global partners to establish a sustainable and excellent enterprise and achieve common benefit, sharing, prosperity, and common good with all stakeholders.

# Sustainable Development Tied to Senior Executive Compensation

Starting in 2024, senior executive compensation, including that of the General Manager and department heads, will be tied to their achievements in sustainable development. This move aims to encourage continuous monitoring and improvement of sustainability performance. For more details, see section 4-1-3 on the compensation system.

Corporate Governance and Risk Managemen Employee Relations Customer Service and upplier Management

Appendix Index

## Sustainability Management Structure GRI 2-12-2-13-2-14

The Board of Directors is the highest governing body for Flytech's sustainable development efforts. It supervises the ESG Sustainability Committee responsible for driving the company's sustainability mission. With the chairman as the convener and the president as the committee member, the promotion office, adhering to the core vision of 'Strive for excellence. Advance through innovation.' is responsible for continuously analyzing market trends, technological and regulatory changes, corporate governance trends, sustainable issues concerning the environment and society, collects stakeholder concerns, and integrating the company's operational model, identifies significant sustainability issues, devises sustainable development strategies, and arranges cross-functional communication and management. The office then directs the four subgroups, forming management policies and performance objectives. These subgroups communicate action items for implementation, improvement, and optimization across departments. Regular monthly meetings ensure ongoing tracking, communication, and consensus building to effectively implement sustainable strategies and resource allocation to align all employees towards a unified, sustainable direction, effectively integrating sustainability with core operations to enhance Flytech's competitiveness.

The ESG promotion office periodically reports to the committee. It annually presents progress and stakeholder interactions to the Board of Directors during the first half of the year. The Board approves significant annual sustainability issues. In the second half of the year, the ESG Sustainability Report is submitted and approved by the Board to ensure the continuous implementation of corporate sustainability responsibilities. For the year 2023, the reporting dates were March and November. This reporting structure guarantees the ongoing commitment to corporate sustainability and ensures transparency in sharing achievements and interactions with stakeholders.



About Co Flytech wit Corporate Governance and Risk Managemen Employee Relations Customer Service and upplier Management

vice and Greer agement Operati Appendix Index

#### Main Responsibilities of the Sustainable Governance Team

- 1. Promote various corporate governance policies and implement operations.
- 2. Promote honest management and a sustainable business environment and implement operations.
- 3. Strengthen the risk management framework and implement operations.
- 4. Promote the internal control and internal audit system and implement operations.
- 5. Strengthen the functions of the board of directors (audit committee, compensation committee, and corporate governance unit).
- 6. Care and protect the rights and interests of stakeholders.
- 7. Compliance with regulations.
- 8. Improve information transparency.
- 9. Establish and implement the management requirements of ISO 27001 information security management system, personal information and intellectual property management system.

# Main Responsibilities of the Green Operation Team

- 1. Establish and implement quality management systems in compliance with ISO 9001, ISO 13485, and ISO 16949 standards and continue to promote the establishment of a corporate culture in which all employees are engaged in quality control.
- 2. Establish and implement the management requirements of ISO 14001 Environmental Management System and ISO 9001 Quality System.
- 3. Develop customized, innovative products with excellent quality, high added value, rapid delivery, and energy-efficient attributes to enhance customer satisfaction.
- 4. Develop customized distinctive products that meet customer needs and improve customer competitiveness.
- 5. Develop green products that use environmentally friendly materials, green processes, and eco-friendly designs from the R&D stage to establish a green supply chain to minimize the environmental impact and reduce the environmental footprint.
- 6. Establish a low-carbon, energy-efficient, green operation environment by implementing environmental management practices in compliance with international standards and government regulations.
- 7. Establish ISO 14064-1 greenhouse gas inventory system to reduce greenhouse gas and carbon emissions and save water resources and electricity consumption.
- 8. Establish a waste management and resource recycling system to effectively manage waste disposal, promote proper waste sorting, and enhance resource reuse and recycling rates.
- 9. Establish ISO 14067 product carbon footprint assessment and carbon management system. Utilize assessment analysis to execute carbon reduction and energy-saving management plans.

# Main Responsibilities of the Corporate Commitment Team

- 1. With the goal of improving employee retention, regularly confirm that wages and benefits are marketcompetitive, listen to employees' opinions and care for their daily life, and ensure that there are no labor inspection disputes, providing a good and attractive workplace.
- 2. Establish and implement the company's Human Rights Policy, and provide employees with a diverse and equal employment, salary, appraisal, reward and punishment, and promotion system.
- 3. Establish a convenient and friendly communication channel for employees and a grievance mechanism.
- 4. Regularly arrange expert lectures and professional training courses to enhance employees' professional skills and increase their competitiveness in the workplace.
- Regularly hold employee recreational activities or gatherings, sponsor employees to set up clubs, and promote employees' physical and mental balance.
- 6. Establish and implement a friendly workplace that complies with ISO 45001 occupational safety and health management standards.
- 7. Through systematic training and development approaches like TTQS, we offer various learning opportunities through multiple channels for employees. We provide project training and IDP to nurture potential talents and cultivate future managers.

# Main Responsibilities of the Social Participation Team

- 1. Organize regular caring activities for vulnerable groups and environmental conservation projects, or sponsor social service organizations and academic events to give back to society.
- 2. Collaborate with schools to organize Flytech Career Camp, sharing industry experiences and the latest technology and knowledge to assist students in their future career planning and enhance their competitiveness.
- 3. Regularly hold various camp activities to promote technology or design innovation, and invite domestic and foreign experts to hold lectures to provide participants with public innovative thinking.
- 4. Cooperate with industrial and commercial groups to arrange visits and activities, promote exchanges and project cooperation between industry, government and academia, to enhance the core competitiveness of the industry.
- 5. Regularly hold the Management Trainee Program (Seed Program) to recruit outstanding talents, and through a complete training program, the seeds with great potential can grow and become outstanding talents across fields.
- 6. Regularly organize scholarship programs to encourage outstanding and underprivileged students from rural areas.

About Co Flytech wit Corporate Governanc and Risk Managemen Employee Cus Relations Sup

ustomer Service and upplier Management Append Index

## **SDGs United Nations Sustainable Development Goals**

Flytech's core belief in sustainability is 'Strive for excellence. Advance through innovation.' This belief drives Flytech to contribute to the overall welfare of society, and many of its initiatives are closely related to the United Nations Sustainable Development Goals (SDGs). Since publishing its first Corporate Social Responsibility (CSR) report in 2021, Flytech has been evaluating its current actions and their alignment with the UN SDGs. This assessment and future development goals guide the company to determine its focus on specific UN SDGs in its ongoing commitment to sustainability.

Flytech's ESG Sustainability Committee decided to select 5 development priorities and 6 SDGs as the main goals and launched 16 sub-goals that are expected to be completed by 2025. The five development priorities included corporate governance based on integrity and transparent information, a diverse, non-discriminatory, safe, inclusive and friendly workplace; outstanding customer service, supporting local procurement, and assisting suppliers to operate with ethical management and comply with environmental protection and occupational safety regulations; green sustainable enterprise value chain; education in remote areas and cultivation of innovative talents. The 6 SDGs included quality education; clean water and sanitation; affordable and clean energy; suitable jobs and economic growth; climate action; and diverse partnerships. To achieve the 16 sub-goals, Flytech looks forward to working with all internal and external stakeholders and global partners in the value chain, and jointly create a bright future with our belief: 'Strive for excellence. Advance through innovation.'



# 01 CHAPTER

# About Flytech

1-1 Company Profile	12
1-2 Overview of Operations and Performance	13
1.2 Products and Services	16



Corporate Governan and Risk Manageme Employee Relations ustomer Service and upplier Management n Engageme

Appendix Index

## ▶ 1-1 Company Profile GRI 2-28

Chairman Mr. Lam, Tai Seng founded Flytech in 1984 with the core concept of 'Mastering core technology and innovating product value.' In early days, Flytech focused primarily on designing 8088XT motherboards, I/O interface cards, network interface cards, industrial control cards, and PC peripherals. In 1990, Flytech achieved a significant milestone by successfully developing the world's first ultraminiature book-sized computer. This groundbreaking achievement earned the company the prestigious Best Design Award at Cebit and garnered international recognition through interviews by German and CNN. These accomplishments laid a solid foundation for Flytech's robust growth and established a reputation on the global stage.

In 1989, Flytech established overseas subsidiaries as sales and service hubs, setting up branches in the United States, Shanghai, and Hong Kong to expand the international market presence. In 1999, two significant milestones were achieved which are obtaining ISO 9001 verification and adopting the Original Design Manufacturer (ODM) business model to enter the Point of Sales (POS) industry. This marked an important turning point for Flytech's transformation from the consumer electronics sector to the industrial computer industry. In the same year, Flytech successfully developed the innovative All-inone Touch POS system, which revolutionized the checkout systems in the retail and catering industries. It received prestigious accolades such as the 2nd National Quality Award-Gold Medal Certificate, 4th Rising Star Award, 9th Taiwan SMEs Innovation Award, 11th National Award of Outstanding SMEs, 4th Industrial Sustainable Excellence Award, and multiple Taiwan Excellence Certificates from the Ministry of Economic Affairs. In 2001, Flytech went public and listed on the OTC capital market (stock symbol: 6206). In 2004, Flytech's headquarters in Neihu, Taipei, was completed, marking the transition to the high-tech sector and we expanded the product line from Point of Sales (POS) systems to Point of Service (POS) systems. In 2012, Flytech moved the manufacturing center to the self-built new factory Hwa Ya Science Park in Linkou, significantly increasing the production capacity and solidifying its roots in Taiwan while aiming for global expansion.

Under the Point of Service strategy, we have been continuously expanding our range of new product lines and securing exclusive projects in collaboration with internationally renowned manufacturers. We have successfully obtained exclusive projects for KIOSK systems used in convenience stores in Taiwan and chain restaurants in North America. Additionally, we have developed industrial-grade Panel PCs, entering the healthcare industry and securing major domestic and international projects. Over the years, we have garnered numerous awards, particularly in the field of design. Our achievements include the European Product Design Awards, Innovative Design Awards of Computex Taipei, and prestigious global recognitions such as iF Design Award and Red Dot Design Award.

Flytech, the world's leading POS supplier, provides products widely utilized in food and beverage retail, healthcare, and industrial automation, serving customers worldwide. In this rapidly changing era, we have introduced new solutions that go beyond traditional POS systems and hardware. In addition to technologies like remote monitoring and image recognition, we have gradually developed Non-POS and Non-HARDWARE product services. In 2019, we established a subsidiary, Berry Al, focusing on technologies such as artificial intelligence and machine learning. By leveraging the rich channel relationships in the food and beverage retail industry of Flytech, Berry Al provides intelligent solutions to customers. In 2021, we launched a subscription-based cloud monitoring UEM software service called inefi Spotlight. This solution addresses the need for on-site repairs and machine returns by offering software services that monitor hardware, thereby reducing greenhouse gas emissions. This service is superior to similar software available on the market and has received high praise since its release.



Corporate Governa and Risk Managen Employee Relations ustomer Service and upplier Management

Social Engagement

Appendix Index

In 2023, Flytech encountered significant challenges. With the pandemic's easing, customers accumulated large inventories, resulting in a slowdown in orders. Furthermore, changes in people's lifestyles during the pandemic and the widespread use of mobile devices have shifted demand towards unmanned and intelligent machines. We have worked hard to adapt and transform despite experiencing a decline in revenue over the year. Since the fourth quarter, we have seen increased order volumes as customer inventories were gradually depleted. Proactively, we concentrated on field applications and continuously integrated hardware, software, and artificial intelligence (AI) technologies to provide intelligent solutions for various applications. We have developed a range of products tailored to meet customer needs, adjusted our marketing strategies, and utilized the software services of our subsidiaries to expand our product line. Additionally, Flytech has actively been working on producing high-performance motherboards and energy-efficient models. We have also undergone ISO 14067 carbon footprint audits and established a carbon management platform, which helps customers in planning energy-saving solutions and caters to the demand for green products. With relentless efforts anticipating to emerge from the shadows in 2024, we aim to provide more innovative and more efficient solutions for our customers, continually leading the industry forward toward low-carbon operations and sustainable business practices.

The industry or other public associations we participate in include the Taipei Computer Association, Taiwan Electrical and Electronic Manufacturers' Association, Taiwan Corporate Governance Association, Chinese Professional Management Association, and Taiwan Youth Entrepreneurship Association. We look forward to exerting influence to jointly improve the industry standard by participating and sharing information, knowledge, experience, and practice.

## 1-2 Overview of Operations and Performance

#### 1-2-1 Operation Location GRI 2-1

Flytech was established in 1984. Our global headquarters and manufacturing center are located in Neihu District, Taipei City, and Taoyuan City, respectively. With over 650 employees worldwide, we have been anticipating the wave of globalization since its establishment. While initially focusing on the European and American markets, we have also established a strong presence in the Asia-Pacific, Greater China, and Taiwan. To provide better and faster service to our global customers, we have set up subsidiaries or service centers in Hong Kong, China, the United States, the United Kingdom, and other locations, offering product sales and technical support services. In terms of research and development and manufacturing, our products are designed and produced by our R&D team and manufacturing center based in Taiwan. We proudly adhere to the 100% Made in Taiwan principle to deliver 100% satisfaction to our customers. We take pride in this commitment and continue to establish our presence and pursue sustainable growth worldwide.

#### 1-2-2 Revenue Overview GRI 2-6

In 2023, Flytech faced significant challenges, with revenue experiencing a sharp decline compared to 2022. The primary reason was the large volume of orders placed by customers post-pandemic, which led to high inventory levels that took until the first half of 2023 to clear. Order volumes only began to recover in the fourth quarter. During the pandemic, the surge in consumer demand for mobile, intelligent, and unmanned machines led to a fundamental shift in the market. Flytech has already felt the effects of these technological advancements. After years of strategic planning, starting with field-specific applications, we integrated hardware, software, and artificial intelligence to provide intelligent solutions for various domains, create diverse application products for our customers, and actively develop high-performance motherboards and green, energy-efficient models. We expect these efforts will begin to show results in 2024 as we move towards low-carbon operations and sustainable business practices.

100

ustomer Service and upplier Management Green So peration Enga

Flytech is committed to providing global customers with high-quality products through a comprehensive hardware system combined with a diverse range of peripherals. The consolidated statement of the group's product and regional revenue is as follows (the financial information disclosed below is consistent with the annual report):



Corporate Governance and Risk Management Employee Relations ustomer Service and pplier Management reen So eration Engag Appendi Index

(In Thousands of New Taiwan Dollars)

#### 1-2-3 Operational Performance GRI 201-1

To be accountable to all stakeholders, profitability and growth are the fundamental objectives of our business operations. Flytech takes pride in its robust financial structure and consistent profitability since establishment. We continuously invest in research and development to fuel innovation, ensuring that the momentum of R&D remains constant and profitability continues to grow. Although revenue declined in 2023 due to high customer inventory levels and changes in post-pandemic market demand, we remained profitable. We anticipate that both revenue and profit will rebound in 2024.

ltem	Year	2021	2022	2023
	Revenue	3,846,939	4,827,119	2,881,973
	Cost of revenue	2,608,184	3,138,287	1,790,033
Financial Revenue and	Gross profit	1,238,755	1,688,832	1,091,940
Expenditure	Net income before tax	797,666	1,223,979	622,679
	Net profit	683,064	1,043,153	501,857
Profit	Net profit per share after tax (NTD)	4.77	7.29	3.51

Item	Year	2021	2022	2023
Employee	Total salary	369,088	468,131	380,883
benefits	Total benefits	51,845	56,838	57,178
Payable to investors	Stockholder cash dividends (NTD)	4.0	5.5	4.0
Payable to the government	Profit-seeking enterprise income tax	114,602	180,826	120,822
R&D expenses	Percentage of revenue	4.40 %	3.76 %	5.40 %
Community investment	Charity event costs (Note 1)	0	0	0

Note 1: The company collaborates with the Flytech Foundation to organize charitable activities. Please refer to Chapter 7 for details.

Note 2: The financial disclosure information is consistent with the annual report.

#### 1-2-4 Management Team

Flytech's organization comprises four main centers, the Sales & Marketing Center, R&D Center, Manufacturing Center, and Corporate Center, led by General Manager Shyu, Jia Horng. For an introduction to the management team, please refer to pages 15-16 of the 2023 Annual Report.

ustomer Service and pplier Management

## ▶ 1-3 Products and Services

#### 1-3-1 Cross-Domain Solutions Experts GRI2-6

In 2024, entering its 40th anniversary, Flytech continues its commitment to realizing its vision of "Building Smart Solutions for Tomorrow." We are dedicated to consistently integrating hardware, software, and artificial intelligence technologies and providing intelligent solutions for various application fields. From component testing to motherboard design and system assembly, the design and quality control of each product are crafted by our hundreds of R&D and production team members. This ensures the provision of more flexible product combinations and more efficient production quality control. Our main market includes the fields of restaurant, retail, healthcare, and factory automation. Our systems are applied in renowned fast-food restaurants, department stores, convenience stores, large-scale shopping centers, hospitals, airports, amusement parks, gyms, factories, and warehouses worldwide. With over 40 years of experience in various fields, we launched the AI Fast Food Solution in 2021. By the end of 2023, we introduced the Retail AI Solution, offering customers high-quality integrated solutions that combine hardware and software.



ustomer Service and pplier Management

Social Engagement

Appendix Index

Flytech's professional market areas are illustrated in the diagram below. Our primary customers include distributors, system integrators, software developers, and large enterprise users. As of 2023, we have maintained this business model without making significant changes. For a comparison of revenue figures, please refer to section 1-2-2 on Revenue Overview. For information on the upstream supply chain, please see Chapter 5-3 on Supply Chain Management.



In 2023, Flytech devoted its full efforts to developing and researching AI technology. By using AI image recognition technology in restaurant surveillance systems, Flytech analyzes customer behavior to enhance service processes and optimize management models. This solution addresses operational pain points for fast food brand operators. It has also gradually helped several brands achieve intelligent transformation.

Well aware of the risk of consumer checkout errors during self-checkout processes, we have introduced the Retail AI Solution to address this issue. The initial phase of the software solution will aim to enhance the accuracy of self-checkout processes. Furthermore, we are integrating AI technology into factory automation through the development of the AI Robot Solution. We anticipate working closely with customers to advance industrial technology applications in the near future.

We will continue our relentless efforts to provide customers with more innovative and efficient solutions, meeting the evolving market demands and continuously leading the industry forward. With our continued efforts in AI technology, we look forward to exploring innovative futures together with our customers.

Employee Cr Relations Su istomer Service and oplier Management Social Engagemen Appendix Index

#### 1-3-2 Customer-Centric Product Design

Flytech's hardware product line primarily includes POS, Mobile POS, Panel PC, Self-Service Kiosk, Box PC, and ODM system customization. At the same time, the software solutions cover the UEM software (inefi Spotlight) for remote monitoring devices, CMS software (Content Management Software) for digital advertising billboards, and the Retail SCO AI software to enhance self-checkout accuracy. With our rich market experience and adaptable hardware design, we are dedicated to spearheading the development of innovative technology, supplying intelligent solutions for diverse application scenarios, and striving to improve the quality of human life.



# FLYTEHH

#### 1-3-3 Products Awards and Verification

Flytech's products have received international recognition and awards, a testament to our dedication to delivering on customer promises and exceeding their expectations. With this mindset, we constantly revise our design requirements and work continuously to improve. Flytech aspires to be recognized as an expert in designing related products by all parties and continues to strive tirelessly toward this goal. We hope that customers receive not only products but also the finest boutique solutions that perfectly meet their needs.



#### International Standard Verification and Certification

High-quality products are derived from high-quality R&D, design and manufacturing production systems. In addition to all products that have passed the safety verification of the country where the customer is located, we obtained ISO 9001 verification in 1999, ISO 13485 verification in 2009. In 2021, we obtained IATF 16949 automotive industry quality management system verification and created high-quality products with rigorous R&D and manufacturing processes. In addition to the quality management system, Flytech has obtained verification for various management systems, including ISO 14001, ISO 45001, ISO 27001 for management system verification, ISO 14064-1 for greenhouse gas management reporting, and ISO 14067 carbon footprint assessments verification for a product. These verifications support a strong commitment to environmental safety, health, occupational safety, information security, greenhouse gas management, and product carbon footprint management throughout the product manufacturing and operational processes to maintain a favorable environment.



# Communication with Stakeholders

02 Chapter

2-1 Stakeholder Identification and Engagement
2-2 Material Issues Assessment Process
2-3 Material Issues Boundaries
29
2-4 Material Issues and Value Chains
30

communication vtech with Stakeholders Corporate Governance and Risk Management Employee C Relations S ustomer Service and upplier Management al Ap ment I

## **2-1 Stakeholder Identification and Engagement** GRI 2-29

Flytech's ESG Sustainability Committee, referencing the AA1000 Stakeholder Engagement Standard (SES 2015) Flytech's stakeholder engagement based on key criteria such as responsibility, influence, dependency, diverse perspectives, and tension, identified six categories of stakeholders by analyzing the scope of internal and external operations, including customers, employees, suppliers, investors/ media, government/academic units, community/NGO. In addition to communication channels such as meetings, visits, phone calls, emails, and online platforms like Teams, we also announced the contact person and information of various stakeholders on the official website, and strived to maintain ongoing dialogue and engagement with stakeholders to address their needs, expectations, and concerns. This included reviewing and improving internal management, providing feedback, taking appropriate actions, and demonstrating responsible corporate practices.

Stakeholder Category	Customers	Employees	Suppliers	S Investors/Media	Government/ Academic Units	Communities/NGO
Materiality	Flytech is committed to providing innovative and excellent products to customers. Tailoring high-quality products and offering swift after- sales service are essential to building long-term and trusted business relationships.	Employees are the cornerstone of the company. Flytech provides competitive salaries and benefits, cares for employees' physical and mental well-being, and established comprehensive educational programs to foster mutual growth and development alongside the employees.	Flytech regards suppliers as crucial partners and has established a comprehensive supplier management policy. We meticulously select manufacturers with excellent quality and reputation while maintaining a continuous commitment to green sustainability efforts.	External investors and media support are essential components of Flytech's sustainable operations. With a prudent business strategy and a well-structured corporate governance framework, Flytech seeks to gain more external support and trust.	Flytech is committed to adhering to the relevant regulations of the jurisdictions in which it operates. We also collaborate with local academic institutions to foster sustainable development in the community.	Corporate growth is closely related to local development. Flytech has established a foundation that, through technology education, support for vulnerable populations, and the promotion of arts and culture, drives local social development and embodies the concept of corporate giving back to the community.
Communication Channels/ Frequency	<ul> <li>Customers Service Survey/Annually</li> <li>Official Website Complaints Inbox/ Irregularly</li> <li>Customer Meetings/ Irregularly</li> <li>Phone, Email/Irregularly</li> <li>Exhibitions/Irregularly</li> <li>Business Visits/ Irregularly</li> <li>Customer Visits/ Irregularly</li> </ul>	<ul> <li>Labor-Management Meetings/Quarterly</li> <li>Internal Website Announcements/Irregularly</li> <li>Official Website Complaints Inbox/Irregularly</li> <li>Employee Satisfaction Survey and Conference/ Annually</li> <li>Department Meetings/ Weekly, Monthly</li> <li>Phone, Email/Irregularly</li> </ul>	<ul> <li>Supplier Evaluation/ Quarterly</li> <li>Official Website Complaints Inbox/ Irregularly</li> <li>Supplier Meetings/ Irregularly</li> <li>Phone, Email/Irregularly</li> <li>Business Visits/ Irregularly</li> <li>Supplier Visits/Irregularly</li> </ul>	<ul> <li>Shareholders' Meeting/ Annually</li> <li>Official Website Complaints Inbox/Irregularly</li> <li>Institutional Investor Conference/Annually</li> <li>Investor and Media Gatherings/Irregularly</li> <li>Phone, Email/Irregularly</li> <li>Business Visits/Irregularly</li> </ul>	<ul> <li>Official Correspondences/ Irregularly</li> <li>Information Session/ Irregularly</li> <li>Phone, Email/Irregularly</li> <li>Business Visits/Irregularly</li> <li>Academic Institution Interviews/Irregularly</li> <li>Government Inspections/ Irregularly</li> </ul>	<ul> <li>Official Correspondences/ Irregularly</li> <li>Phone, Email/Irregularly</li> <li>Business Visits/Irregularly</li> <li>Participating in events/ Irregularly</li> <li>Meetings/Irregularly</li> <li>Information Session/ Irregularly</li> </ul>

Communication

This report also serves as one of the channels for engaging with stakeholders. Every year, we distribute questionnaires to understand the sustainability issues that concern our stakeholders. These issues are considered one of the sources for identifying material issues, and we respond to and explain them in the report.

We look forward to mutual efforts and expectations being understood through disclosure, communication, and feedback as we progress toward a better future together.



Note: Government/Academic Institutions and Communities/NGO have a low response rate; therefore, their questionnaire responses are combined and counted together.

### 2-2 Material Issues Assessment Process GRI3-1

The company follows the GRI 3: Material Topics 2021 to determine the process for identifying significant sustainability issues related to the three major dimensions, economic, environmental, and social, through four essential steps.



istomer Service and Ipplier Management Appendix Index

#### 2-2-1 Understand Organization's Context

#### Select **18** sustainable issues

The ESG Sustainable Development Committee initiates projects annually. In the fourth quarter of 2023, the committee's coordinating office convened members from various departments to understand the issues stakeholders commonly communicate and express concern about. They also examined the company's industry characteristics, operational scope, value chain relationships, and sustainability context. This assessment considered GRI standards, SASB guidelines, TCFD recommendations, industry trends, internal operational objectives, United Nations Sustainable Development Goals (SDGs), and past disclosures of sustainability information. As a result, they consolidated 18 sustainability issues that are most relevant to Flytech, compared to the previous year, where they presented different issues separately and excluded less relevant topics from this year's sustainability consideration. This approach aims to provide a more accurate reflection of the management outcomes related to sustainability issues.



Note: Detailed explanation for the change in issues are illustrated in 2-2-3 List of Material Issues

Corporate Governand and Risk Managemer Employee Relations istomer Service and Ipplier Management

#### 2-2-2 Identification of Actual and Potential Impacts and Assess the Significance of Impacts

Communication with Stakeholders

#### Assess the Level of Actual/Potential Impact and Materiality

#### 1. Actual/ Potential Positive and Negative Impact Level on Flytech

The promotion office assessed sustainability risks or opportunities in operational activities, supply chain changes, and industry-specific requirements following SASB standards to evaluate each sustainability issue's actual/potential impacts on Flytech. Simultaneously, calculate both positive and negative impact levels. Levels of impact are determined by magnitude and scope and likelihood, with each factor scored on a 10-point scale. Multiply the scores of these two factors to obtain the positive impact level on Flytech and negative impact level on Flytech (impact level) scores. Higher positive scores or lower negative scores indicate a higher impact level. Positive and negative impact scores should not offset each other.

#### 2. The materiality to the economy, environment, and people

Sustainable growth relies on the support and feedback of stakeholders. Flytech considers stakeholder input as part of the assessment of material issues. We distribute surveys on key issues to our six major stakeholders each year. Based on their responses and the importance they assign to various issues, we evaluate the impact on external economic, environmental, and societal factors. The average scores for each issue, weighted by stakeholders, are summed to determine the stakeholder-assessed score of sustainability issues concerning the materiality to the economy, environment, and people.

#### 2-2-3 Prioritize the most significant impacts for reporting

11 Major Material Issues

**2** Voluntary Disclosures of Sustainability Issues

The promotion office created a matrix chart presenting the priority order of sustainability issues based on Level of Positive Impact on Flytech, Level of Negative Impact on Flytech, and Stakeholder-assessed Significance on the Economy, Environment, and People, which is then reviewed by the ESG Sustainability Committee, any issues that meet the threshold criteria for material issues include a score of 4.4 or higher in significance, a positive impact level score of 50 or higher, or a negative impact level score of -50 or lower (Zone 1). According to the statistical results, Zone 1 includes 11 material issues. After internal expert discussions, 2 sustainability issues, namely Green Design and Sustainable Supply Chain Management and Social Charity, were selected as voluntary disclosures among these material issues.

The matrix is divided into three zones, as indicated in the accompanying diagrams: "Very Important," "Moderately Important," and "Not Important." Sustainability issues are further categorized into three primary dimensions: Sustainable Operation and Corporate Governance, Green Operation and Environmental Sustainability, and Co-prosper with Society and Friendly Workplace. These categories are distinguished by different colors.

Positive Impact Metrix





#### 2-2-4 List of Material Issues GRI 3-2

#### List and Changes

The ESG Sustainability Committee made a final decision to address 11 material issues and 2 voluntary disclosure sustainability issues as listed below and enhance comprehensive reporting in this report. Key management policies and strategies will be formulated, and the effectiveness will be continuously monitored and evaluated through a tracking and assessment process to ensure progress toward annual goals. The sustainability issues list and explanations of changes are as follows:

2023		Positive Negative Determine		Determine	Reason for Change	
Material Issues	Order of Priority/Change	Impact Level	Impact Level	Material Issues		
1. Corporate Governance	1 Very important-	•		•		
2. Risk Management	1 Very important-	•		•		
3. Ethical Management and Transparent Financial Information	1 Very important-	•	•	•		
4. Economic Performance	2 Moderately important -					
5. Product Innovation	2 Moderately important → 1 Very important ↑	•		•	Considering that product innovation creates business opportunities and drives company revenue, it has a higher positive impact, thus increasing its importance.	
6. Customer Commitment	1 Very important-	•	•	•		
7. Compliance Management	2 Moderately important → 1 Very important ↑	•	•	•	The company has not experienced any significant regulatory violations in past years. However, responses from stakeholder questionnaires suggest a higher level of significance, thereby elevating its importance.	
8. Green Design and Supply Chain Sustainability Management	1 Very important → 2 Moderately important ↓				(Voluntary Disclosure) After discussions among internal experts, the positive impact was less than expected, so its importance has been lowered this year.	
9. Green Operation	3 Not important-					
10. Climate Change Impact and Strategy	1 Very important-		•	•		

About Flytech Communication

with Stakeholders

Corporate Governance and Risk Management Employee Relations

Customer Service and Supplier Management

ice and Gre gement Oper Social Engagement Appendix Index

2023		Positive Negativ		ve Determine	Descen for Change
Material Issues	Order of Priority/Change	Impact Level	Impact Level	Material Issues	Reason for Change
11. Energy Management	1 Very important → 2 Moderately important ↓				Our company operates in a low-energy consumption industry and has successfully implemented energy-saving measures. After discussions with internal experts, it was determined that our energy management practice's positive and negative impacts are minimal. Consequently, the materiality of this issue has been lowered.
12. Greenhouse Gas and Product Carbon Footprint	1 Very important-	•	•	•	
13. Labor Relations and Employee Benefits	1 Very important-	•	•	•	
14. Diversity, Inclusion and Equal Opportunities (Change)	2 Moderately important -				
15. Talent Cultivation and Career Growth	2 Moderately important → 1 Very important ↑	•	•	•	Due to recent labor shortages, stakeholder questionnaire responses indicate a higher materiality of this issue, resulting in its elevated importance.
16. Occupational Health and Safety	1 Very important-	•		•	
17. Human Rights Policy	2 Moderately important -				
18. Social Charity	3 Not important → 2 Moderately important ↑				(Voluntary Disclosure) Driven by growing concerns about ESG issues, stakeholders are placing more emphasis on corporate social responsibility and the company's contributions to society. Based on discussions with internal experts, we've recognized the potential for a significant positive impact. As a result, the importance of this issue has been elevated, and it will now be included as a voluntarily disclosed topic on sustainability.
					(Deleted) 【19. COVID-19 Pandemic Management】 Given the economic slowdown resulting from the COVID-19 pandemic

## **2-3 Material Issues Boundaries**

The promotion office convened internal experts to evaluate 11 major issues and 2 voluntary disclosures of sustainability issues one by one and discuss their impact on both internal and external aspects of the organization. The internal and external boundaries of the organization for each issue were as follows. These boundaries were approved by the ESG Sustainability Committee. The GRI Standards index table is provided in the final part if this report for reference.

• Can be fully disclosed in this report O Partially disclosed in this report						
	Boundary	Internal	External			
Aspect/Material Issues		Flytech	Subsidiaries Box (Note)	Suppliers		
	1. Corporate Governance	٠	0			
	2. Risk Management	•	0			
Economic	3. Ethical Management and Transparent Financial Information	٠	0			
	5. Product Innovation	•				
	6. Customer Commitment	•				
	7. Compliance Management	•	0			
	8. Green Design and Supply Chain Sustainability Management (Voluntary Disclosure)	•		0		
Green Operation and	10. Climate Change Impact and Strategy	•				
	12. Greenhouse Gas and Product Carbon Footprint	•				
	13. Labor Relations and Employee Benefits	•	0			
Social	15. Talent Cultivation and Career Growth	٠				
Friendly Workplace	16. Occupational Health and Safety	•		0		
	18. Social Charity (Voluntary Disclosure)	•				

Note: Box Technologies Ltd. (hereinafter referred to as Box)

Communication Corporate Gov with Stakeholders and Risk Mana te Employee Relations ustomer Service and upplier Management Appendix Index

## 2-4 Material Issues and Value Chains

The promotion office convened internal experts to evaluate the scope of impact of the 11 material issues and 2 voluntary disclosures of sustainability issues on Flytech's value chain. After determining the impact levels of these 13 issues on Flytech and its upstream and downstream stakeholders, explanations and relevant content in line with GRI guidelines and international advocacy are provided. The ESG Sustainability Development Committee approved the findings, which were then submitted to the Board of Directors for final approval.

					• D	irect impact O Inc	direct impac
Aspect Material Issue		Material Issues	GRI Standards and International Sustainability Initiatives	Upstream Supply Chain	Flytech Operation	Downstream Customers	Social Impact
		1. Corporate Governance	GRI 2: General Disclosures - 3. Governance	0	•	0	0
	Economic Sustainable Operation and Corporate Governance	2. Risk Management	TCFD: Climate-related Risks, Opportunities, and Financial Impact; SASB: Material Sourcing	0	•	0	0
Eco Sus Ope		3. Ethical Management and Transparent Financial Information	GRI 205 Anti-corruption	0	•	0	0
Gov		5. Product Innovation	Non-GRI requirements		•	•	
		6. Customer Commitment	GRI 416: Customer Health and Safety, GRI 418: Customer Privacy; SASB: Product Lifecycle Management, SASB: Product Safety		•	•	
		7. Compliance Management	GRI 2-27 Compliance with laws and regulations	0	•		0
Env	Environmental Green Operation and Environmental Sustainability	8. Green Design and Supply Chain Sustainability Management	GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment; SASB: Material Procurement	•	•	0	
Gre Ope Env		10. Climate Change Impact and Strategy	GRI 305: Emissions; TCFD: Climate-Related Risks, Opportunities, and Financial Impacts	0	•	0	0
Sus		12. Greenhouse Gas and Product Carbon Footprint	GRI 305: Emissions	0	•	0	0
Soc	13. La Be	13. Labor Relations and Employee Benefits	GRI 401: Employment, GRI 402: Labor/Management Relations		•		
Co- with	-prosper th Society	15. Talent Cultivation and Career Growth	GRI 404: Training and Education		•		
Wor	orkplace	16. Occupational Health and Safety	GRI 403: Occupational Safety and Health	0	•		0
		18. Social Charity	SASB: Social Charity Donation		•		•

# 03 CHAPTER

# Corporate Governance and Risk Management

3-1	Corporate Governance	32
3-2	Risk Management	40
3-3	Tax Policy	51

# 2023 Highlights

• • • Ranked highly in corporate governance evaluations Ranked within 21~35% of listed companies

#### • • • 8th place

2023 "Excellence in Corporate Social Responsibility" in Medium Enterprise group.

#### •••>75%

Stock dividend rate since 2013

## **3-1 Corporate Governance** GRI 2-9

#### Key Achievements and Management Policy

Material Issues	Management Policy					SDGs
1. Corporate Governance We uphold robust internal control and management procedures guided by transparency, openness, efficiency, and compliance. We have established a risk control system and an Ethical Operation Promotion Team to support this. In addition, we enhance the functions of the board of directors and corporate governance. A comprehensive audit system further reinforces these efforts to create a robust governance structure.					ompliance. We ince the functions create a robust	16 PEARE.UISTICE AND STRONG INSTITUTIONS
Positive/Negative Impact and Management	Stakeholder Engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective Tracking/ Evaluation Mechanism
<ol> <li>Establishing a robust governance framework is crucial to safeguarding operational integrity and corporate reputation against legal risks.</li> <li>Maintain in the top 35% in corporate governance evaluation and secure sustainable awards to enhance corporate reputation and earn the trust of stakeholders.</li> </ol>	<ul> <li>ESG Questionnaire</li> <li>Market Observation Post System (MOPS)</li> <li>Official website announcements and complaint mailbox</li> <li>Investor conference</li> <li>Shareholders meeting</li> <li>Visits/Meetings/Phone/ Email</li> <li>Government documents and meetings</li> </ul>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue implementing the business philosophy of integrity and honesty, abide by relevant laws and regulations, and maintain a record free of major violations (defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation).</li> </ol>	<ol> <li>Top 21~35% in corporate governance evaluation.</li> <li>No major violations or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>Promote the following initiatives across the group:         <ol> <li>Information security and protection of trade secrets.</li> <li>Risk management.</li> <li>Insider trading prevention.</li> </ol> </li> <li>Ensure no major violations, defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 3 of corporate governa evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>External Evaluation of the Board.</li> <li>Promote the followin initiatives across the group:         <ol> <li>Information secu and protection of trade secrets.</li> <li>Risk managemen (3) Insider trading prevention.</li> <li>Ensure no major violations, defined as fines exceeding NT\$100,000 (or equivalent currency) involvement in litiga</li> </ol> </li> </ol>	<ul> <li>1. Annual corporate governance evaluation results .</li> <li>2. Annual CommonWealth Magazine Corporate Citizen Award announcement .</li> <li>of 3. Group-wide awareness campaign .</li> <li>4. No major violations or involvement in litigation.</li> <li>5. External evaluation of the Board at least once every three years.</li> <li>nt.</li> </ul>

Corporate Governance and Risk Management

Flytech deeply recognizes that corporate governance is the core of sustainable business operation. A sound governance framework, characterized by transparency, openness, efficiency, and compliance, helps ensure effective management and establishes a robust supervisory mechanism to enhance operational performance and market competitiveness. By establishing and implementing corporate governance systems, we not only safeguard the rights of shareholders but also consider the common interests of employees, customers, investors, suppliers, communities, and relevant non-profit organizations, fostering a mutually beneficial and win-win relationship.



According to Corporate Governance 3.0 -Sustainable Development Road Map issued by the Financial Supervisory Commission, ROC(Taiwan), Flytech started with five key initiatives to build the governance structure of the company and the subsidiary, which are enhancing information transparency and promote sustainable operations, strengthening communication with stakeholders and create effective interaction channels, encouraging stewardship and align with international norms, and deepening a corporate culture of sustainable governance and provide diversified products. The highest governance body is the board of directors. Flytech has set up a corporate governance director, an audit committee, and a compensation committee to jointly assist the board of directors in a more in-depth and complete governance process.

In terms of practical implementation, we developed internal control systems based on risk assessments. Our internal control system includes nine operational cycles, management regulations, accounting systems, budget systems, intellectual property management systems, personal data management systems, ISO standard operating procedures, standard operating procedures (SOPs), and SAP ERP system. Through the delegation of decision-making authority and hierarchical authorization of employees at different levels, each employee performs their duties and responsibilities. The internal audit unit supervises the implementation of internal control systems. As a subsidiary, Box established decision-making authority restrictions for each operational cycle as the central axis of internal control management. Additionally, we have established both Chinese and English official websites to disclose corporate governancerelated information, including the Board of Directors, management team, important regulations, internal audit organization, financial statements, shareholder meeting materials, and conference call information. These measures assist Flytech in achieving operational performance targets, safeguarding asset security, ensuring timely and reliable financial reporting, transparency, full compliance with relevant laws and regulations, and promoting effective corporate governance.

Flytech's governance achievements are also reflected in the regulatory authority's Corporate Governance Evaluation results. In 2023, our company achieved a good performance ranking within the 21-35% range of listed companies. Also, we ranked in the top 6%-10% among listed companies with a market capitalization of 5 to 10 billion for two consecutive years. Following our impressive 8th place ranking in the Small Giant category of the 2021 CommonWealth Magazine Corporate Citizen Award, in the next year, we took on the Medium Size Enterprise category and proudly achieved the 11th position. By 2023, we made significant progress, rising to 8th place.

For more details regarding the Board, Ethical Operation Promotion Team, functional committees, Corporate Governance Officer and internal audit operations, please refer to the following explanations.

Corporate Governance and Risk Management Employee Relations ustomer Service and upplier Management

#### 3-1-1 Board of Directors GRI 2-10-2-11-2-15-2-18-405-1

# Operation of the Board of Directors

Established by the Corporate Charter, our company's Board of Directors comprises 7 members, including 3 independent directors and 1 female director. As the highest governance body, the Board plays a crucial role in our operations. For details on our selection process, please visit the "Procedure for Election of Directors" section on our official website: https://www.flytech.com.tw/investor.php?act=regulation When nominating director candidates, we consider their professional skills and experience as well as the company's operational needs and future development trends. We aim to maintain a high standard of decision-making quality within the Board, benefiting all stakeholders. For detailed information on our current board members, including their diversity, expertise, independence, and collective knowledge (professional development), please refer to pages 10 to 14 of our 2023 annual report.

# There are no conflicts of interest among the members of the Board of Directors.

Our Chairperson does not hold any executive position within the company. The president's dual role as a Director is considered a reasonable approach for senior management to engage in board governance. The 3 independent directors hold positions in other companies with no significant financial transactions with ours. The 4 non-independent directors hold positions in other companies, all subsidiaries within the group. All directors do not have cross-shareholding relationships with suppliers or other stakeholders. Apart from two significant company shareholders, the remaining directors do not hold controlling shares. Please refer to pages 10-14 of the 2023 Annual Report for detailed information on director shareholdings.

Regarding the system, our Rules of Procedure for Board Meetings (please refer to our official website https://www.flytech.com.tw/investor.php?act=regulation) explicitly outline procedures for directors' conflicts of interest. There were no cases in the 2023 6th Board of Directors where directors had to recuse themselves from deliberating on specific agenda items.

#### Board of Directors Communication on Key Significant Events

Our company's website includes a section for stakeholders and a complaint mailbox. Stakeholders can communicate with management level through diverse channels (please refer to Chapter 2-1, Stakeholder Identification and Engagement List). When senior management receives feedback from stakeholders, they first assess the issue's significance. Non-significant matters are addressed directly or discussed in meetings for a response, and records are kept for internal improvement references. If it's a significant issue, it will be reported to the president and discussed in the regular strategic meetings to decide whether it should be reported to the Board of Directors. In 2023, our communication with stakeholders went smoothly, and there were no significant complaint incidents or key significant matters requiring reporting to the Board of Directors. The results have been summarized for the March 2024 Board report.

# Performance Assessment

The company has established Board Performance Evaluation Methods wherein all board members conduct self-assessments annually from year-end to the beginning of the following year. Additionally, the president's office comprehensively evaluates the board's operations. The assessment results for 2023 show outstanding performance (please take a look at the detailed criteria for individual director and board evaluations on page 25 of the 2023 annual report). Throughout 2023, our governance and compliance efforts continued to excel, with no significant litigation issues. These achievements will be summarized in the March 2024 Board report.

# Communication Between Independent Directors, CPAs and Internal Auditor

The company's internal audit supervisor communicates with the independent directors through the quarterly regular audit committee and irregular outside meetings over audit plans, audit results, and other vital matters to assist independent directors in fulfilling their duties and promoting more efficient board operations. Additionally, meetings are arranged with the financial statement auditors to report on the audit results of the company and subsidiaries' financial reports, findings from internal control system audits, updates on regulations, and recommendations for compliance at least twice a year. These meetings also provide an opportunity to discuss and understand the company's operational overview and significant matters. For details on communication activities in 2023, please take a look at pages 27-28 of the 2023 annual report.
oout Commu /tech with Sta Corporate Governance and Risk Management nployee Custor elations Suppli

stomer Service and oplier Management reen So eration Enga Appendi: Index

### 3-1-2 Audit Committee and Compensation Committee GRI 2-19-2-20

The company established the Audit Committee in 2018 and the Compensation Committee in 2011, each composed of three independent directors. These committees operate per the company's Organizational Regulations for the Audit Committee, Compensation Committee Organization Regulations, and relevant legal requirements. For detailed information on committee member's qualifications and their operations in 2023, please visit our official website at https://www.flytech.com.tw/investor.php?act=control and refer to pages 26-27 and 39-40 of the 2023 annual report.

#### Compensation Policy for Top Governance Unit and Senior Management Level

#### 1. Director's Compensation

The compensation of directors includes annual salaries and attendance allowances. The attendance allowance is a fixed amount. The total amount of director's compensation is based on the principle outlined in Flytech's Coporate Charter: "If the company is profitable in a year, 3% to 15% should be allocated for employee compensation, and not more than 3% for director's remuneration." The HR department determines the individual remuneration amounts for each director based on performance assessments completed by the President's Office in accordance with the Board Performance Evaluation Methods. According to the Compensation Committee Organizational Regulations, these amounts are then submitted to the Compensation Committee and the Board of Directors for approval before disbursement. For detailed explanations of the performance assessment method, please refer to page 25 of the 2023 Annual Report.

#### 2. Senior Management Level

Compensation for senior executives includes fixed salaries, year-end bonuses, and employee remuneration. The standards for fixed salaries are determined by the HR department based on the job responsibilities of each position, following the Title and Grade Management Regulations, Salary and Bonus Management Regulations, and the Compensation Committee Organizational Regulations. These standards also consider industry salary benchmarks to establish a reasonable compensation structure. The proposals are then submitted to the Compensation Committee and the Board of Directors for approval. Year-end bonuses are calculated based on two months as a baseline. The total amount allocated for employee compensation follows the same principle mentioned earlier, where 3% to 15% of annual profits are distributed. The HR department assesses each senior executive's achievement rates of annual Key Performance Indicators (KPIs). Based on this assessment and following the Compensation Committee Organizational Regulations, the proposed compensation is submitted to the Compensation Committee organizational Regulations, the proposed compensation is submitted to the Compensation Committee and the Board of Directors for approval before disbursing.

The company's compensation committee regularly reviews the reasonableness of its compensation policies, systems, standards, and structures each year. There is no involvement of external consultants or stakeholders in this process. For more details, please refer to pages 39-40 of the 2023 annual report.

### 3-1-3 Ethical Corporate Management GRI 2-25-2-26-205-3-206-1

## Key Achievements and Management Policy

Material Issue		Management Policy				SDGs	
3.Ethical Management and Transparent Financial Information governance s		We uphold robu have establishe of the board of governance stru	<i>I</i> e uphold robust internal control and management procedures guided by transparency, openness, efficiency, and compliance. We ave established a risk control system and an Ethical Operation Promotion Team to support this. In addition, we enhance the functions f the board of directors and corporate governance. A comprehensive audit system further reinforces these efforts to create a robust overnance structure.				16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Positive/Negative Impact and Management	Stal	æholder agement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective tracking/ evaluation mechanism
<ol> <li>Establishing a robust governance framework is crucial to safeguarding operational integrity and corporate reputation against legal risks.</li> <li>Maintain in the top 35% in corporate governance evaluation and secure sustainable awards to enhance corporate reputation and earn the trust of stakeholders.</li> <li>Continuously promote internal awareness to reduce the risk of employees violating ethical business conduct regulations.</li> </ol>	<ul> <li>ESG Ques</li> <li>Market Of System (N</li> <li>Official we announce complain</li> <li>Investor c</li> <li>Sharehold</li> <li>Visits/Mee Email</li> <li>Governme and meet</li> </ul>	tionnaire oservation Post IOPS) ebsite ements and t mailbox onference ders meeting etings/Phone/ ent documents ings	<ol> <li>Maintain in the top 35% in corporate governance evaluation.</li> <li>Continue implementing the business philosophy of integrity and honesty, abide by relevant laws and regulations, and maintain a record free of major violations (defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation).</li> </ol>	<ol> <li>Top 21~35% in corporate governance evaluation.</li> <li>No major violations or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>Promote the following initiatives across the group:         <ol> <li>Information security and protection of trade secrets.</li> <li>Risk management.</li> <li>Insider trading prevention.</li> </ol> </li> <li>Ensure no major violations, defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>External Evaluation of the Board.</li> <li>Promote the following initiatives across the group:         <ol> <li>Information security and protection of trade secrets.</li> <li>Risk management.</li> <li>Insider trading prevention.</li> </ol> </li> <li>Ensure no major violations, defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation.</li> </ol>	<ol> <li>Annual corporate governance evaluation results.</li> <li>Annual CommonWealth Magazine Corporate Citizen Award announcement.</li> <li>Group-wide awareness campaign.</li> <li>No major violations or involvement in litigation.</li> <li>External evaluation of the Board at least once every three years.</li> </ol>

About Flytech Corporate Governance and Risk Management Employee Relations stomer Service and pplier Management

ce and Green ement Operatio Append Index

Flytech implements responsible business practices through the following four points:

#### 1. Ethical Corporate Management Promotion Team

Since its establishment, Flytech has been committed to upholding ethical business practices, which include integrity, a focus on core operations, compliance with laws, fair trade, innovation, anti-corruption, anti-bribery, and the responsible management of intellectual property and company assets. These principles guide corporate conduct and serve as governance objectives for all subsidiaries within the group. Flytech has implemented internal regulations such as the Code for Integrity Operations, Integrity Operation Procedure and Conduct Guidelines, and Whistleblower Report Processing Guidelines. These documents detail specific rules, procedures for operations, internal education, preventive measures, performance assessment, disciplinary actions, and a complaints system, ensuring robust adherence to ethical standards.



Subordinate to the Board's jurisdiction, responsible for regularly assessing business activities with higher integrity risks, amending, implementing, and interpreting guidelines accordingly. It provides consultation and oversight to prevent unethical behavior that could harm stakeholders' rights and the company's reputation.

A regular report on the ethical business performance of the previous year is submitted to the Board in the first quarter of each year. The report for the year 2023 was reported to the Board in March 2024. During 2023, neither the company nor its subsidiaries experienced any significant events or fines related to violations of social and economic regulations. Furthermore, no anti-competitive behavior, anti-trust actions, or monopolistic practices were recorded. Since its establishment, the team has not encountered any significant issues impacting the company's ethical business practices.

Flytech's official website and intranet have set up a whistleblower reporting email, whistleblower@flytech.com.tw, providing a channel for stakeholders to lodge complaints. This team, led by the president, is the unit that handles such reports. The administrative team manages the receipt, administration, and documentation of complaints. The initial review team conducts preliminary investigations, while the review committee, comprising the president, all independent directors, and the corporate governance officer, oversees and determines the appropriate course of action.

In 2023, there were no significant complaints from internal or external stakeholders concerning the company.



Grievance

Regularly conducts internal promotion and advocacy to continually emphasize the importance of ethical behavior and adherence to the relevant rules. In 2023, Flytech organized training sessions on ethical business issues for employees, including current staff and new recruits. The training duration followed the principle of one person-hour per session.

#### 2. Financial Transparency

As a listed company, Flytech publishes monthly consolidated revenue, quarterly consolidated financial reports, annual consolidated and individual financial reports in both Chinese and English, as well as the annual shareholder report in Chinese and English. This financial information is disclosed in accordance with legal regulations and made available on the MOPS (Market Observation Post System) and our official website, demonstrating our commitment to transparency and providing stakeholders with sufficient and accurate information. Since our establishment, we have never restated financial reports or been subject to penalties.

#### 3. Related Party Transaction Management

Flytech has established Guidelines for Transactions with Specific Companies and Related Parties, Measures for the Operation and Management of Reinvested Companies, Rules Governing Financial and Business Matters Between this Corporation and its Related Parties, (please refer to Flytech official website at https://www.flytech.com.tw/investor. php?act=regulation), Approval Authority List and Subsidiary Approval Authority List for managing subsidiaries. The management standard of the group company and the hierarchical authorization method of different transaction amounts can effectively control the transaction and operation management of the company and its subsidiaries, including Box, so as to eliminate the risk of dishonesty operation.

#### 4. Prevent Insider Trading

Flytech has established the Procedures for Handling of Internal Materal Information and Prevention of Insider Trading (please refer to our official website https://www.flytech.com.tw/investor.php?act=regulation), which are applicable to directors, managers, and employees, and regulate the confidentiality firewall (people and things) of material information, information collection, countersignature, review, and release responsible units and operating procedures. This ensures that any information publicly disclosed by our company has undergone appropriate approval procedures and is accurate, complete, and compliant with legal requirements. There were no instances of insider trading in the year 2023. About Comm Flytech with St Corporate Governance and Risk Management Employee Cust Relations Supp

ustomer Service and applier Management Social Engagement Appendix Index

### 3-1-4 Corporate Governance Department and Supervisor

The board of directors is the highest unit of corporate governance of Flytech, and the sustainability management promotion team under the ESG Sustainability Committee is the executive unit. In 2019, the Board of Directors approved that the CFO should also serve as the supervisor of corporate governance, being responsible for supervising the sustainability management promotion team composed of the president's office and the corporate center, handling matters related to the meetings of the board of directors and shareholders' meetings, preparing minutes of the board of directors and shareholders' meetings, assisting directors in their appointment and continuous education, and providing directors with information required for business execution, assisting directors in complying with laws and regulations and other matters stipulated in the company's articles of association or contracts, arranging meetings of directors and corporate governance related laws and regulations. In addition to assisting the board of directors in fulfilling their duties, the Corporate Governance Officer and the Sustainability Promotion Team have another important responsibility: gathering, formulating, and promoting various corporate governance policies. They assess the risks that may affect corporate governance and a sustainable business environment and drive improvement initiatives to facilitate the implementation of corporate governance and integrity in business operations. For details regarding the business execution and professional development of the corporate governance officer in the year 2023, please refer to our official website at https://www.flytech.com.tw/investor.php?act=control.

### 3-1-5 Internal Control System and Internal Audit

#### Internal Control System

The company has established an internal control system through a risk assessment process, which includes 9 major cycles. In addition, there are management regulations, accounting systems, budget systems, intellectual property management systems, personal data management systems, compliance with ISO 900 1/13485/14001/14064/45001/27001/IATF 16949 procedures, SOPs and ERP control systems. The daily operations are carried out and supervised by various departments in accordance with the aforementioned regulations and authorization system. The effectiveness of the system is periodically evaluated through self-assessment of internal controls to ensure continuous improvement and the implementation of corporate governance.

#### **Internal Audit**

The internal audit office of the company is directly subordinate to the board of directors, and its main function is to assist various departments to understand whether their business complies with laws and regulations, company regulations and operational management performance, so as to continuously review preventive improvement measures and optimize directions, and assist the board of directors with due diligence in corporate governance.

The audit methods include regular audits and project audits. Regular audits are based on factors such as relevant laws and regulations, past audit frequency, past anomalies or deficiencies, and factors such as risk assessment, operation mode, and organizational status. The risk value is calculated and the audit plan is scheduled for execution. Project audits are carried out at any time for specific needs or major exceptions.

In addition to communicating with the inspected unit to confirm and discuss improvement measures, the audit results or abnormal findings should be regularly reported to the independent directors and the board of directors; the internal audit unit should also review the annual internal control self-assessment results of each operating department, and check the audit report to confirm the effectiveness of the internal control design and whether the actual operation complies with the system, and the design and implementation of the internal control system. In the year 2023, no significant abnormalities were detected in the design and implementation of the internal control system, confirming its effectiveness. The completion of these assessments has been reported to the relevant regulatory authorities.

### 3-1-6 Compliance with Laws and Regulations GRI 2-27

### **Key Achievements and Management Policy**

Material Issue		Management Policy				
7. Compliance Management established a risk control system and an Ethical Operation Promotion Team to support this. In addition, we enhance the functions of the board of directors and corporate governance. A comprehensive audit system further reinforces these efforts to create a robust governance structure.					16 PEACE, INSTICE AND STRONG INSTITUTIONS	
Positive/Negative Impact and Management	Stakeholder engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective tracking/ evaluation mechanism
Establish dedicated positions to ensure compliance with regulations, making each department responsible for implementing management practices that minimize legal risks and avoid litigation and penalties.	<ul> <li>ESG Questionnaire</li> <li>Market Observation Post System (MOPS)</li> <li>Official website announcements and complaint mailbox</li> <li>Investor conference</li> <li>Shareholders meeting</li> <li>Visits/Meetings/Phone/ Email</li> <li>Government documents and meetings</li> </ul>	Continue implementing the business philosophy of integrity and honesty, abide by relevant laws and regulations, and maintain a record free of major violations (defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation).	No significant violations or litigation incidents.	Maintain the record of no significant violations (defined as fines exceeding NT\$100,000 or equivalent in any currency) or litigation incidents.	Maintain the record of no significant violations (defined as fines exceeding NT\$100,000 or equivalent in any currency) or litigation incidents.	No significant violations or litigation incidents.

Corporate operations should strictly adhere to legal regulations, forming the foundation and bottom line for sustainable management. Our company has established a Legal Affairs Department as a dedicated unit, following various corporate governance systems (please refer to sections 3-1-1 to 3-1-5 for details), closely monitoring and assisting departments in implementation. This approach aims to prevent multiple incidents, such as commercial, tax, environmental safety, labor safety, trademark, and personal data issues, potentially impacting the company. Our company defines significant violations as cases where fines exceed NT\$100,000 (or equivalent in any currency) or litigation events. From 2021 to 2023, no significant violations or litigation penalties were incurred.3.5

Customer Service and Supplier Management

# 3-2 Risk Management

## Key Achievements and Management Policy

Material Issue		Management Policy			SDGs	
2. Risk Management	2. Risk Management We uphold robust internal control and management procedures guided by transparency, openness, efficiency, and compliance. We have established a risk control system and an Ethical Operation Promotion Team to support this. In addition, we enhance the functions of the board of directors and corporate governance. A comprehensive audit system further reinforces these efforts to create a robust governance structure.			ompliance. We have he functions of the board ist governance structure.	16 AND STRING INSTITUTIONS	
Positive/Negative Impact and Management	Stakeholder engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective tracking/ evaluation mechanism
<ol> <li>A comprehensive risk management framework can prevent potential losses and maintain continuous business operations.</li> <li>Establish a robust governance framework to avoid legal violations that could impact operations and corporate reputation.</li> </ol>	<ul> <li>ESG Questionnaire</li> <li>Market Observation Post System (MOPS)</li> <li>Official website announcements and complaint mailbox</li> <li>Investor conference</li> <li>Shareholders meeting</li> <li>Visits/Meetings/Phone/ Email</li> <li>Government documents and meetings</li> </ul>	<ol> <li>Maintain in the top 35% in corporate governance evaluation.</li> <li>Continue implementing the business philosophy of integrity and honesty, abide by relevant laws and regulations, and maintain a record free of major violations (defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation).</li> </ol>	<ol> <li>Top 21~35% in corporate governance evaluation.</li> <li>No major violations or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>Promote the following initiatives across the group:         <ol> <li>Information security and protection of trade secrets.</li> <li>Risk management.</li> <li>Insider trading prevention.</li> </ol> </li> <li>Ensure no significant violations, defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation.</li> </ol>	<ol> <li>Maintain in the top 35% of corporate governance evaluation.</li> <li>Continue to receive the CommonWealth Magazine Corporate Citizen Award.</li> <li>External Evaluation of the Board.</li> <li>Promote the following initiatives across the group:         <ol> <li>Information security and protection of trade secrets.</li> <li>Risk management.</li> <li>Insider trading prevention.</li> </ol> </li> <li>Ensure no major violations, defined as fines exceeding NT\$100,000 (or equivalent currency) or involvement in litigation.</li> </ol>	<ol> <li>Annual corporate governance evaluation results.</li> <li>Annual CommonWealth Magazine Corporate Citizen Award announcement.</li> <li>Group-wide awareness campaign.</li> <li>No major violations or involvement in litigation 5. External evaluation of the Board at least once every three years.</li> </ol>

oout Commu rtech with Stak Corporate Governance and Risk Management Employee C Relations S stomer Service and oplier Management

Social Engagemen Appendi> Index

### 3-2-1 Risk Management Structure

To continue monitoring various potential risks that may affect the company's operations, both internally and externally, and to establish appropriate management measures and preparedness for all stakeholders, providing adequate risk management to assist in sustaining critical business activities in the event of accidents and ensuring business continuity, the company approved the Risk Management Policy and Procedures at the beginning of 2021. This policy has established a risk management framework, and the details of the risk management policy and organizational responsibilities are as follows:

#### **Risk Management Policy**

The company's risk management policy follows the principles of "prevention, management, and improvement." The board of directors and the unit responsible for promoting and executing risk management should abide by the laws and regulations, develop domestic and international corporate risk management mechanisms and the overall operational objectives of the company, identify and analyze categories of risks and acceptable risk tolerance levels. They should formulate and implement risk management procedures and oversee their implementation to ensure the continuity of business operations and prevent potential losses, thereby achieving the goal of sustainable operation.

#### **Risk Management Organization and Responsibilities**

The Board of Directors, as the top governance body for risk management, is responsible for approving risk management policies, procedures, and frameworks, ensuring alignment between operational strategy and risk management policies, providing the establishment of appropriate risk management mechanisms and a risk management culture, overseeing and ensuring the effective operation of the overall risk management mechanism, allocating and assigning sufficient and appropriate resources, and bearing ultimate responsibility for the effectiveness of risk management. Considering the company's scale, business characteristics, the nature of risks, and operational activities, our company does not establish a Risk Management Committee. Instead, the roles of the Risk Management Promotion and Management Unit and Risk Management Execution Unit are fulfilled by the president and the highest executives of each operational center, respectively. These units replace the functions of a Risk Management Committee and are responsible for planning, executing, and supervising all risk management-related matters. Permanent risk management units and project teams handle specific risk management tasks within this framework. In the event of unforeseen significant incidents such as the COVID-19 pandemic, the president takes responsibility for forming a project team to execute control measures. The audit unit supervises the execution unit and the project team, assisting in corrective actions for any anomalies.





High

Medium

Employee Cust Relations Sup

tomer Service and plier Management Social Engagement

#### 2023 Actual Operation and Risk Mapping

With the easing of COVID-19 in late 2022 and the global economy showing signs of recovery, Flytech decided to suspend its Epidemic Task Force. The president and permanent risk management units now oversee routine risk assessments and responses. These measures are further reinforced through managerial reviews and internal audits. Here are Flytech's primary risks and mitigation strategies for 2023:

#### 1. Inventory Risks

Following the post-pandemic market recovery in 2022, Flytech faced significant challenges, such as congested sea and air freight routes and a global material shortage. To ensure a stable supply chain, Flytech implemented diversified material preparation strategies, leading to a higher-than-usual inventory level at the end of the year. Guided by the president, department heads began adjusting inventory levels in early 2023. This proactive approach led to a gradual decrease in inventory from the first quarter, with levels returning to normal by year-end. This showcased effective risk management and strategic planning.

#### 2. Market Risk Management

Following the pandemic, an influx of customer orders led to elevated inventory levels and a slowdown in turnover. The pandemic-induced lifestyle changes and the widespread adoption of mobile devices have significantly transformed consumer behavior and market demand. These shifts have also impacted customers' upgrade and replacement cycles. Flytech has to actively adjust its sales strategies and application solutions to respond to these new market dynamics. The initiatives include:

- (1) Flytech's R&D and marketing teams are taking a proactive approach, from field applications to offering a diverse range of general and specialized products to meet customer needs. Our comprehensive strategy encompasses the entire product life cycle—from research and design to production, marketing support, and after-sales service. This ensures we address the unique requirements of clients across various sectors. Flytech provides valuable solutions tailored to our target markets by effectively integrating customer demands with competitive market trends.
- (2) In collaboration with our subsidiary, which is developing subscription-based machine monitoring software, Flytech has created new application software tailored to our customers. This initiative started showing promising results in the latter half of 2023, and we expect significant growth by 2024.
- (3) Flytech is at the forefront of creating energy-efficient models by developing high-performance motherboards and establishing a carbon management platform. We are leading the industry by analyzing product carbon footprints and have successfully undergone external verification for ISO 14067 certification for our first product in 2024. We are continuously gathering data on machine carbon footprints to help customers plan energy-saving solutions, and we expect this to become a major highlight in the market.

	<ul> <li>Unethical management</li> <li>Illegal incidents or significant penalties</li> <li>Financial statement misrepresentation</li> </ul>	<ul> <li>Factory area damage</li> <li>Transaction and business information errors/losses</li> </ul>	<ul> <li>Changes in consumer behavior</li> <li>Shifts in market demand</li> </ul>
Impact	<ul> <li>Information equipment failure or data center damage</li> <li>Customer payment delays/bad debt risk</li> <li>Improper investment/financial management</li> <li>Geopolitical risk</li> <li>Excessive inventory level</li> </ul>	<ul> <li>Office area damage</li> <li>Significant product quality abnormalities</li> <li>Low-carbon green product demand</li> </ul>	<ul> <li>Supply chain disruption</li> <li>Increase in raw material prices</li> <li>Labor shortage</li> </ul>
	<ul> <li>ERP system operational failure</li> <li>Information security failure</li> </ul>	<ul> <li>Shortening of business order lead times</li> <li>Major customer complaints</li> <li>Impact of climate change</li> <li>Inefficient energy management</li> </ul>	<ul> <li>Significant exchange rate fluctuations</li> </ul>
		Probability	•
		Medium	High
	High Risk	Medium Risk	Low Risk

### 3-2-2 Financial Risk Management



Material costs are affected by fluctuations in the price of raw materials, including electronic materials, mechanical materials, and key components. However, Flytech's product type was customized production; rather than standardized products with high homogeneity, it was differentiated products tailored to meet customer needs. Thus, it had a better advantage when pricing and negotiating with customers. In terms of material cost, to reduce the impact of price changes on the company's profits, our countermeasures include strengthening design for cost control from the research and development stage, introducing modular design and converged material specifications, planning long-term procurement or project procurement for raw materials that were shared or expected to fluctuate in market prices to control costs properly and minimized the impact of material price hikes caused by material shortages through measures such as planning/project procurement, material preparation in advance, cooperation with suppliers, design changes, and product price increases. In 2023, the gross profit margin increased compared to 2022, indicating effective cost control.



# **Inventory Risks**

To address the congestion in sea and air freight and global material shortages triggered by the post-COVID-19 market recovery, we maintained smooth supply chain operations through initiatives such as using forecasting platforms, securing safety stock purchases, implementing long-term procurement plans for high-utility materials, and project-based procurement. Consequently, inventory levels increased by the end of 2022. However, with effective management by relevant departments, inventory amounts started declining gradually from the first quarter of 2023 and returned to normal by year-end. The financial risk associated with inventory management was effectively managed during this period.



The impact of interest rate fluctuations on the company was divided into two parts: income and capital cost. In terms of interest income, Flytech took low risk and high liquidity as the key point of investment evaluation, and most of the remaining funds were used in bank fixed deposits, operating conservatively and prudently, as a response measure to reduce the impact of interest rate changes. There would be no major changes in future financial management policies. In terms of capital cost, we mainly operated with our own funds. There was no interest-bearing debt with floating interest rates as of the end of 2023, and the value of the financial assets held was not significantly affected by changes in interest rates. Therefore, the management of our company considers that the interest rate risk is not significant.

# Foreign Currency Risk

The proportion of Flytech's export sales accounted for about 90% of the revenue. Most of the product quotations were mainly in US dollars, followed by British pounds. Since some imported key components were mostly denominated in US dollars, the exchange rate trends of the US dollar and British pounds were closely related to the changes in the company's foreign exchange gains and losses. Risks mainly came from cash and cash equivalents denominated in foreign currencies, bills receivable (payable) and accounts (including related parties), and financial assets measured by amortized cost, etc. Our response measures included: consider exchange rate fluctuations when quoting customers and negotiating purchasing conditions to ensure reasonable profits and costs, establish corresponding positions for holding foreign currency net positions as natural hedging, and regularly assess the demand for foreign currency import and export net positions and analyze foreign exchange market trends, used forward foreign exchange contracts to hedge risks. The purpose of this derivative product was to lock exchange gains and losses within a certain range and avoid unpredictable risks when foreign exchange market fluctuated. In 2023, it was well controlled under the situation of continuous fluctuation of the New Taiwan dollar.

# **Credit Risk**

Credit risk is the risk of financial losses incurred by the company due to the failure of the counterparties to perform the contractual obligations of financial assets, mainly from financial assets such as cash and cash equivalents, bills and accounts receivable from customers (including related parties). The total carrying amount of the company's financial assets represents the maximum credit risk exposure. The trading partners of Flytech's cash and cash equivalents are financial institutions with good credit, and there is no significant credit risk. Flytech has formulated the Customer Credit Management Policy to analyze the credit status of each customer individually to determine their credit limit, and regularly and continuously evaluate the customer's financial status and reduce credit risk through insurance. For the credit risk part of bills receivable and accounts, there was no need to make provision for loss after assessment in 2023.

# iauidity Risk

Liquidity risk refers to the risk that the company cannot deliver cash or other financial assets to pay off financial liabilities or fails to perform relevant obligations. Flytech regularly monitors the current and expected medium and long-term capital needs, and maintains sufficient cash, cash equivalents, and bank financing credit to manage liquidity risk. Flytech has established a proper risk management structure, the financial department regularly evaluates the cash and cash equivalent status to meet possible capital needs, the company's current ratio in 2023 was 464%.

# 3-2-3 Information Security Risk Management

We have established information security management procedures to achieve the objectives of Information Security Management System (ISMS). Also, we obtained ISO 27001 certification in 2013 as a testament to our commitment to information security.

#### Information Security Policy

In order to establish a safe and reliable information system service, comply with the requirements of relevant laws and regulations, maintain the continuous operation of the business, reduce the risk of cyber information operation, and protect the rights and interests of customers.

This policy is evaluated at least once a year, and the information security management situation is reported to the board of directors in the first quarter of each year.

#### Information Security Declaration

Promote the company's information security work, the purpose is to formulate and improve the information security management system, establish an appropriate information security management framework according to the process-oriented (establishment, implementation, review and continuous improvement) management cycle, achieve information security management goals, and ensure information processing operations can operate safely and efficiently.



Corporate Governance and Risk Management Employee Relations Appendix Index

Establish a systematic information security management and risk assessment operation, based on the principle of equal emphasis on management and technology, and implement it in daily work by all colleagues, work together to achieve the following goals, so as to achieve the goals of information security work:

- Safety: Protection of company information.
- Stability: Uninterrupted information systems and services.
- Continuous Improvement: Continuously improving information security.

All personnel, contracted staff, outsourced vendors, and contracted maintenance vendors for hardware and software systems involved in information security management should have appropriate confidentiality measures to understand the importance of the company's relevant information assets and are not allowed to use them for unauthorized purposes.

If any violations of this policy or actions that jeopardize information security are discovered, they should be dealt with in accordance with the company's internal disciplinary regulations, or appropriate legal actions may be taken.

In response to the latest developments in information security policies, regulations, technology, and agency operations, this declaration will be revised to ensure the security, effectiveness, and continuous improvement of information security operations.

#### Information Security Management Procedures

The Information Security Promotion Team is responsible for planning, establishing, implementing, maintaining, reviewing, and continuously improving the information security management system following the decisions of the Information Security Management Committee and the Information Security Management Procedure. Flytech has exercised effective control, resulting in no major information security incidents in 2023. Please refer to our company's website for detailed information on related management operations: https:// www.flytech.com.tw/investor.php?act=security.

### 3-2-4 Climate Change Risk Management

The World Economic Forum (WEF) has released the 2024 Global Risk Report, highlighting the rankings from its Global Risk Perception Survey. Environmental risks consistently rank high on the list. In the short-term (two-year) outlook, extreme weather events are ranked second. For the long-term (ten-year) outlook, five out of the top ten risks are environmental. This underscores the urgent need for collective global action to mitigate the risk of widespread disasters.



The impacts of climate change risks include increased frequency and intensity of extreme weather events, changes in rainfall patterns, infrastructure disruption of essential services and critical infrastructure such as oil, power, water, and gas pipelines, as well as roads and bridges, ecosystem changes to agriculture, forestry, fishing, and livestock, and public health issues due to rising temperature and water supply challenges. Human-induced climate change is one of the most significant challenges facing our world today, with long-term impacts on businesses and communities. As a responsible corporate entity, Flytech is dedicated to minimizing greenhouse gas emissions through strategic initiatives and adaptive measures. Our efforts aim to mitigate climate change and enhance our resilience against its inevitable effects.

Employee C Relations S stomer Service and oplier Management

#### Flytech Climate-related Financial Disclosure Report

Flytech is committed to addressing climate change risks and opportunities while upholding the belief in sustainable growth and minimizing environmental impact. We aim to achieve these goals through the implementation of green innovation, low carbon emission and energy saving green design, green supply chain, green manufacturing, the production of green products, and consistently practice energy management, water management, and waste management in our daily operations. We are dedicated to contribute in global sustainable development to reduce greenhouse gas emissions and lower operational energy consumption. The ESG Sustainability Committee at Flytech drives these efforts through the following four directions:

- Assess major climate change issues related to the company's value chain, approve mitigation and adaptation targets, and report to the board of directors on a quarterly basis.
- Convene each group under its jurisdiction to develop strategies and target, and each executive group to formulate specific management measures to implement the targets, leading the supply chain to enhance green competitiveness
- Quantify the financial impact of climate change risks and opportunities, set performance indicators and quantified targets, and regularly evaluate results to report to the board of directors.
- Continue to focus on measuring the severity of climate change and international trends, and adjust strategies and target in a timely manner.



Communication Corpo with Stakeholders and R

Corporate Governance and Risk Management

Employee Custor Relations Suppli

stomer Service and oplier Management

Core Elements	Disclosures
Q-Q IQI Q-Q Governance	<ul> <li>Flytech has established the ESG Sustainability Committee, affiliated with the board of directors. The committee consists of the chairperson and senior management. Supervised by the board of directors, it is responsible for approving climate change vision strategy and achieving long-term targets, promoting relevant specific actions, and regularly reporting to the board of directors every six months. Starting from the second half of 2022, the ESG Sustainability Committee reports to the board of directors every guarter on the company's and its subsidiaries' greenhouse gas inventory plans and actual progress.</li> <li>The ESG promotion office led by the president oversees the Green Operation. They develop performance targets for each department following the climate change response strategies and objectives approved by the board of directors. Regular meetings are held to monitor the implementation progress, and ongoing assessments of risks and opportunities are reported to the management team.</li> </ul>
Strategy	<ul> <li>Flytech's ESG Promotion Office, led by the president, actively assesses climate-related risks and opportunities. We identify key energy consumption areas through ISO 14064- 1 organizational greenhouse gas inventory and ISO 14067 product carbon footprint analysis. This allows us to establish an energy management and monitoring platform, implement energy-saving and carbon reduction initiatives, and set clear short-, medium-, and long-term sustainability goals.</li> <li>Please refer to the table below for the potential impacts that climate-related risks and opportunities may have on Flytech.</li> <li>In response to different climate scenarios, Flytech uses flexible strategies that include both mitigation and adaptation. Our efforts to mitigate climate change include purchasing green electricity, improving resource efficiency, optimizing production processes for energy savings, investing in energy-efficient devices and equipment, integrating energy- saving designs and eco-friendly recycled materials into our products, and working with suppliers to create a low-carbon value chain. Our adaptation activities aim to enhance the resilience of these initiatives to ensure lasting effectiveness.</li> </ul>
Risk Management	ESG Promotion Office Assesses climate-related risks and opportunities within the value chain based on Flytech's Risk Management Policy and Procedures. Collaborate across departments to integrate efforts, assess the financial impacts of identified climate-related risks and opportunities, and develop management strategies in response. Lead the relevant departments in implementing management strategies for climate-related risks and opportunities, conducting regular monthly meetings to track progress and implementation.
Metrics and Targets	<ul> <li>The ESG Sustainability Committee verifies climate-related performance indicators and quantitative targets, and after submitting them to the board of directors for approval, the ESG promotion office regularly tracks and discloses the degree of achievement in the monthly meeting.</li> <li>To access information about greenhouse gas emissions in Scope 1, Scope 2, and Scope 3, please refer to Chapter 6, 6-4-1 in the Green Operations chapter of the document.</li> <li>To access information about the goal and achievements in greenhouse gas emissions in Scope 1, Scope 2, and Scope 2, and Scope 3, please refer to Chapter 6, 6-4-1 in the Green Operations chapter of the document.</li> <li>To access information about the goal and achievements in greenhouse gas emissions in Scope 1, Scope 2, and Scope 3, please refer to Chapter 6, 6-4, in the Green Operations chapter of the document.</li> </ul>

### Identify and Respond to Climate-Related Risks and Opportunities

				Transformation F	lisk	
Impact Level	Impact Time	Climate-related Risks	Potential Financial Risks	Climate-related Opportunities	Potential Financial Opportunities	Response Plan and 2023 Actions
Medium	Mid-term	<ul> <li>Policy and Legal Risks</li> <li>Greenhouse gas emissions pricing</li> <li>Higher energy expenses</li> <li>Energy control restrictions</li> <li>EU CBAM charge</li> <li>USA carbon tax</li> <li>Taiwan carbon tax</li> </ul>	<ul> <li>Verification expenses of greenhouse gas emissions and carbon footprint</li> <li>Rising operating expenses</li> <li>Energy control leads to decrease in production capacity, which in turn loses some revenue</li> </ul>	<ul> <li>Green production with low energy consumption and low carbon emissions</li> <li>Equipment update to improve energy efficiency</li> <li>Government energy- saving subsidies</li> </ul>	<ul> <li>Cost reduction by saving electricity and water</li> <li>Energy saving subsidy to increase non- operating revenue</li> </ul>	<ul> <li>Plan</li> <li>Continue to evaluate operational energy hotspots and develop comprehensive plans to reduce greenhouse gas emissions.</li> <li>Actions Taken</li> <li>Completed ISO 14064-1 2022 greenhouse gas inventory report and obtained external verification</li> <li>Established a carbon management platform, analyzed operational carbon emission hotspots, developed targeted energy-saving plans, and implemented effective measures to reduce carbon footprint.</li> <li>Planning for green energy purchases, reduce GHG emissions</li> </ul>
Medium	Short-term	<ul> <li>Technology Risks</li> <li>Low-carbon technology transition cost</li> <li>Replacing products and services with low- carbon commodities</li> </ul>	<ul> <li>Equipment scrapped in advance</li> <li>Increased operating expenses from energy-efficient equipment procurement</li> <li>Increased R&amp;D expenses to develop new technologies</li> </ul>	<ul> <li>Environmentally friendly and energy- efficient new products</li> <li>Energy efficiency boost via green manufacturing processes and energy- saving operations</li> <li>Improve environmental management level of suppliers and establish a low-carbon green supply chain</li> </ul>	<ul> <li>Low-carbon green products to create highlights that attract customers and boost revenue</li> <li>Energy-saving products that increase added value to attract customers and increase revenue</li> </ul>	<ul> <li>Plan Invest in new equipment and technology to establish green operations and manufacturing processes. This initiative includes accelerating the development of eco-friendly products and implementing programs to support a sustainable supply chain. </li> <li>Actions Taken <ul> <li>Completed ISO 14067 product carbon footprint assessment and obtained external verification.</li> <li>Established a carbon management platform to analyze product carbon emissions hotspots incorporating energy-efficient designs in the development phase and using environmentally friendly materials.</li> <li>Invest 2.5 million dollars to install independent air conditioning on the SMT floor, avoiding the use of the entire factory air conditioning system to save energy.</li> <li>Guided suppliers in strengthening their environmental sustainability efforts, reducing Flytech's carbon footprint across the value chain.</li> </ul> </li> <li>Developed high-performance motherboards and new energy- efficient models.</li> </ul>

with Stakeholders

Corporate Governance and Risk Management

Employee Relations

Appendix

				Transformation F	Risk		
Impact Level	Impact Time	Climate-related Risks	Potential Financial Risks	Climate-related Opportunities	Potential Financial Opportunities	Response Plan and 2023 Actions	
High	Short-term	<ul> <li>Market Risks</li> <li>Increased customer demand for low-carbon and energy-saving products</li> <li>Competitors launching low-carbon and energy-efficient products to capture market share.</li> <li>Rising raw material costs</li> </ul>	<ul> <li>Increased R&amp;D expenses to develop new technologies</li> <li>Verification expenses of greenhouse gas emissions and carbon footprint</li> <li>Customer orders shifted, resulting in decreased revenue</li> <li>Rising raw material costs</li> </ul>	<ul> <li>Develop new low-carbon, energy-saving products to attract customers and increase competitiveness</li> <li>Develop carbon footprint inventory to provide customers with carbon tax credits to increase competitiveness</li> </ul>	<ul> <li>New low-carbon, green products to create highlights that attract customers</li> <li>Energy-saving products that increase added value to attract customers</li> <li>New market development</li> </ul>	<ul> <li>Plan Develop new products competitive in energy efficiency and carbon reduction Actions Taken <ul> <li>Completed ISO 14067 product carbon footprint assessment and obtained external verification.</li> <li>Developed high-performance motherboards and energy-efficient new models, providing measurable data to assist customers in energy-saving planning.</li> <li>Collaborated with suppliers through project-based procurement strategies to control costs.</li> </ul> </li> </ul>	
High	Mid-term	<ul> <li>Increased carbon tax/fee in customer's country</li> </ul>					
High	Short-term	<ul> <li>Reputation Risks</li> <li>Changes in market preferences</li> <li>Increasing interest from stakeholders</li> </ul>	<ul> <li>The market increases the demand for low- carbon and energy- saving commodities, and the existed products are unsalable</li> </ul>	<ul> <li>New environmentally friendly and energy- saving products to attract customers and increase competitiveness</li> </ul>	<ul> <li>New low-carbon, green products to create highlights that attract customers</li> <li>Energy-saving products that increase added value to attract customers</li> <li>New market development</li> </ul>	<ul> <li>Plan Achieve third-party verification for energy-saving and carbon reduction efforts. Actions Taken <ul> <li>Completed the second year ISO 14064-1 Organizational Greenhouse Gas Inventory and obtained external verification</li> <li>Completed the first ISO 14067 product carbon footprint assessment and obtained external verification.</li> <li>Continuously reduced operational and product greenhouse gas emissions, fostering a sustainable corporate culture focused on climate change to enhance corporate image.</li> </ul></li></ul>	

Communication with Stakeholders

Corporate Governance and Risk Management

Employee Relations

Appendix

				Physical Risks R	lisk	
Impact Level	Impact Time	Climate-related Risks	Potential Financial Risks	Climate-related Opportunities	Potential Financial Opportunities	Response Plan and 2023 Actions
High	Short-term	Acute Risks • Typhoon, flood Chronic Risks • Continuous rise in electricity costs	<ul> <li>Increased electricity bills</li> <li>Company's factory damaged by disaster</li> <li>Inventory damaged</li> <li>Shipments affected by</li> </ul>	<ul> <li>Energy conservation implementation</li> <li>Water conservation promotion</li> <li>Energy efficiency improvement</li> </ul>	<ul> <li>Effectively managing energy to save water and energy while reducing expenses</li> <li>Water resource recycling to reduce</li> </ul>	Plan         Continuously assess and analyze physical facilities, enhance security measures, and invest in new equipment and technologies to strengthen resilience and improve efficiency.         Actions Taken         • Completed the ISO 14064-1 greenhouse gas inventory and external
High	Long-term	<ul> <li>Shortage in water resources</li> <li>Unstable energy supply (power outages, water restrictions)</li> <li>Average temperature rises</li> <li>Number of extreme weather heatwave days increases</li> </ul>	<ul> <li>capacity interruption</li> <li>Labor arrangements affected</li> <li>Supply chain disruption</li> <li>Increased electricity bills</li> <li>Increased basic facilities expenses</li> <li>Increased property insurance expenses</li> </ul>	• Water resource recycling and reuse	<ul> <li>Supplier selection with good quality and lead time</li> </ul>	<ul> <li>verification for the year 2022, and implemented various energy-saving activities in accordance with energy reduction goals, strategies, and KPIs.</li> <li>Continued to select excellent suppliers through ISO qualification process.</li> <li>Established a carbon management platform to analyze operational carbon hot spots, develop energy-saving plans for operations and processes, and implement energy-saving measures.</li> <li>Invested of 2.5 million dollars to install independent air conditioning on the SMT floor to avoid using the entire factory air conditioning system to conserve energy.</li> <li>Comply with ISO 9001 standards by regularly calibrating, maintaining, and servicing equipment.</li> <li>Used rainwater recycling to reduce the use of tap water.</li> <li>Reduced water faucet's flow rate to conserve water.</li> <li>Secured safety stock and backup suppliers</li> </ul>

Corporate Governance and Risk Management Employee Cu Relations Su stomer Service and oplier Management

### 3-2-5 Other Risk Management

To effectively address other unforeseen risks, Flytech has formulated the ISO Response Management Procedures, setting up protocols responding to natural and accidental disasters, public infrastructure disruptions, information and network system failures, supply chain interruptions, labor shortages, and critical equipment malfunctions. We conduct annual drills to enhance our emergency response capabilities, ensuring our key operations remain resilient and recover swiftly with minimal losses during disruptions.

In the face of other unidentified major risk events, the president forms a dedicated task force to manage the crisis. A prime example is the global outbreak of COVID-19 in early 2020. Under the president's leadership, an emergency response team was established to implement preventive measures and safety protocols, ensuring the well-being of employees and visitors. The company maintained stringent control measures throughout the pandemic, from its onset until the global situation eased in 2023, without resorting to layoffs, salary cuts, reduced working hours, or unpaid leave. This approach ensured the job security and income stability of all employees.

# ▶ 3-3 Tax Policy

Since its establishment, Flytech has always adhered to the ethical corporate management philosophy of financial transparency and good governance, as well as abided by the tax regulations and rules of different operating locations so as to be committed to information transparency and sustainable development.

### 3-3-1 Flytech's Tax Commitment GRI 207-1

- We are committed to complying with all tax laws and regulations of the country where the business base is located and never evade tax.
- We are committed that all financial reporting information is transparent and tax disclosures adhere to the regulatory requirements of the countries where operations are located.
- We are committed to legally utilizing tax incentives provided by the countries where our operations are located and do not engage in transactions solely for tax avoidance.
- We are committed to conducting transfer pricing in accordance with the arm's length principle.
- We pledge not to use so-called "tax havens" for tax avoidance purposes.
- We pledge that whenever there are changes in tax regulations in the countries where our operations are located or when the company makes significant decisions, tax implications are considered, and a risk assessment is conducted.

### 3-3-2 Tax Risk Management and Governance GRI 207-2

To effectively manage tax risks and opportunities ensuring a solid foundation for sustainable operations and avoid potential increases in tax expenses due to regulatory changes or the failure to utilize favorable tax regulations that could impact Flytech's effective tax rate, the Finance Department is responsible for identifying and assessing the impact of regulatory changes on operational activities in accordance with internal control procedures. We seek timely consultation and advisory services from external organizations to strengthen tax governance and control. The Audit Department is responsible for auditing and reporting to the Board of Directors. The Board of Directors oversees and reviews the relevant accounting systems, financial reports, and the quality and integrity of internal controls and holds ultimate responsibility for the effectiveness of risk management.

### 3-3-3 Effective Tax Rate

In 2023, Flytech paid a profit-making enterprise income tax of NT\$ 120,822,000, with an effective tax rate of 19.40%, which was lower than 20% of the profit-making enterprise income tax rate of the Republic of China. It was mainly due to the tax incentives obtained by the law of Research and Development Expenditures Applicable to the Investment Deduction Method and the Industrial Innovation Regulations Substantial Investment Applicable to the Undistributed Surplus Deduction and Application for Tax rebates.

# 04 CHAPTER

# **Employee Relations**

4-1 Talent Management	53
4-2 Friendly Workplace	72
4-3 Pandemic Prevention Project	81

# 2023 Highlights

- • **First-time participation and obtaining certification** Promoted CHR (Corporate Health Responsibility)
- • Introduced indirect employees Established digital learning platform
- • Fully promote and deepen functional capabilities Included in performance appraisals, recruitment interviews, and trainings

••• **17.2%** 

FIYIFISH

Employee Relations

Employees are Flytech's most valuable assets and key stakeholders. The continuous growth and outstanding achievements of Flytech have been made possible by all employees' high dedication and efforts. We aspire to grow together with our employees and build an excellent Flytech together. Other than putting core competencies as one of the assessment criteria during recruitment interviews, we trained supervisors on competency-based interviews to strengthen Flytech's core competencies and shape our culture. Furthermore, the company also implemented a flexible work schedule system, annual paid leave policies exceeding the legal requirements of the Labor Standards Act, employee assistance programs (EAP), and stressrelief massages to provide employees with a more friendly and happy workplace environment.

In 2023, on talent development, we introduced a digital learning platform offering a more comprehensive range of learning resources to assist employees in creating customized training programs and maximize flexibility for self-learning. Nurturing talents through online education resources not only helps reduce carbon footprint and realize ESG visions but also shapes Flytech into a learning organization, fosters long-term competitiveness, and promotes sustainable development. Looking ahead, we will continue to improve employees' work experience through promoting various projects. We plan to conduct salary surveys and adjustments to ensure the competitiveness of employee salaries. We will continue to prioritize the learning and development of our employees. We listen to their opinions and feedback to build a strong employer brand, and create an inclusive, diverse, friendly, safe workplace environment conducive to long-term growth and development.

# ▶ 4-1 Talent Management

### **Key Achievements and Management Policy**

Material Issue	Management Policy	SDGs
13. Labor Relations and Employee Benefits	<ol> <li>With a focus on improving employee retention, we regularly review and ensure that our salary and benefits are competitive in the market. We listen to employees' opinions, care about their daily well-being, and strive to provide an excellent and attractive workplace. We also ensure there are no labor inspection disputes.</li> <li>Provide diverse channels for job applications and create a gender-friendly, non-discriminatory work environment that respects human rights and accommodates individuals with disabilities. We have smooth promotion channels with no discrimination.</li> </ol>	8 DECENT WORK AND ECONOMIC GROWTH

Corporate Governand and Risk Managemer Employee Relations Customer Service and Supplier Management

d Green nt Operatio cial A ement

	Ар	р	e			i)
		n		e	Х	

Positive/Negative Impact	Stakeholder	2023	2023	2024	2030	Effective Tracking/
and Management	Engagement	Targets	Achievements	Targets	Targets	Evaluation Mechanism
<ol> <li>Provide multiple channels for employee communication and conduct regular satisfaction surveys to address employee needs and expectations, reducing the potential for conflicts between labor and management.</li> <li>Provide competitive salary and benefits to avoid talent shortage.</li> <li>Maintaining a friendly, diverse, and human rights-oriented work environment can enhance an employer's image and continuously attract top talent to join.</li> </ol>	<ul> <li>Provide multiple channels for employee communication.</li> <li>Supervisors and employees have irregular meetings.</li> <li>Employee Complaint Inbox.</li> <li>Employee Satisfaction Survey.</li> <li>Internal website ePortal for communicating and collaborating with employees.</li> </ul>	<ol> <li>Conduct town hall meetings and employee satisfaction surveys to create a communication channel between senior executives and colleagues and continuously improve issues and feedback raised by colleagues.</li> <li>Maintain the record of no major disputes and penalties.</li> <li>Reach 80% in the year's retention rate for seed talent (management associate).</li> <li>Achieved a proportion of 33% female supervisors.</li> <li>Enhanced employer image to continuously attract top talents, resulting in a 15% increase in employees with master's degrees or higher.</li> </ol>	<ol> <li>In July 2023, completed town hall meeting and employee satisfaction survey. The satisfaction PR value is 48.</li> <li>No major labor dispute cases in 2023.</li> <li>Reached 83% in the 2023 retention rate for seed talent (management associate).</li> <li>Achieved a percentage of 29.5% female supervisors in 2023.</li> <li>Achieved an admission rate of 23.5% for master's degrees or higher.</li> </ol>	<ol> <li>Conduct town hall meetings and employee satisfaction surveys to create a communication channel between senior executives and colleagues and continuously improve issues and feedback raised by colleagues.</li> <li>Maintain the record of no major disputes and penalties.</li> <li>Reach 80% in the year's retention rate for seed talent (management associate).</li> <li>Achieved a proportion of 33% female supervisors.</li> <li>Enhanced employer image to continuously attract top talents, resulting in a 15% increase in employees with master's degrees or higher.</li> </ol>	<ol> <li>Increase employee retention rate by 10%.</li> <li>Improve employee satisfaction by 20%.</li> <li>Aim to increase female supervisors to 35%.</li> <li>Establish a comprehensive succession planning program.</li> <li>Maintain the record of no major disputes and penalties.</li> </ol>	<ol> <li>Employee satisfaction survey results.</li> <li>Ministry of Labor publicly discloses penalties website.</li> <li>Personnel changes statistics.</li> </ol>

### 4-1-1 Positive Labor Relations-Employment Overview GRI 2-75 2-85401-15402-15405-1

#### Workforce Structure and Composition

Employees are Flytech's most important assets. We adhere to a policy of diversity and non-discrimination in the hiring of employees and prioritize job performance over factors such as age, education, race, or gender.

Our workforce primarily consists of full-time employees, with the addition of part-time employees as needed for special projects to meet workforce requirements. Due to the nature of the industry, our male employees ratio is higher than females, accounting for 55% and 45% respectively. As of the end of 2023, the total number of employees in Flytech's parent company was 406, a decrease of 4.9% from the same period last year.

Employee Relations

#### 2023 Employee Structure

Total 406

		Male		Female		Total	
Category	Group	Number of people	%	Number of people	%	Number of people	%
Operating Location	Neihu headquarters	103	55%	85	45%	188	45%
Operating Location	Linkou factory	121	56%	97	44%	218	55%
Employee	Full-time	224	55%	182	45%	406	100%
Classification	Part-time	0	0%	0	0%	0	0%
Contract type	Non-periodic contract	224	55%	181	45%	405	99.8%
	Periodic contract	0	0%	1	100%	1	0.2%
	R&D	68	69%	31	31%	99	24.4%
Desition	Marketing	34	69%	15	31%	49	12.1%
Position	Management	24	48%	26	52%	50	12.3%
	Manufacturing	117	56%	91	44%	208	51.2%
	Under 30	38	43%	51	57%	89	22%
Age	30-50	134	61%	87	39%	221	54%
	Over 50	52	54%	44	46%	96	24%
	Ph.D.	2	100%	0	0%	2	0.5%
	Master	50	67%	25	33%	75	18.5%
Education	Bachelor	78	56%	61	44%	139	34%
	Associate	42	63%	25	37%	67	17%
	High school (below)	52	42%	71	58%	123	30%
Nationality	Republic of China (R.O.C.)	193	58%	149	42%	342	84%
	Overseas	31	43%	33	57%	64	16%

Note 1: Flytech does not employ any employees without guaranteed working hours.

Note 2: For non-employee workers, in 2023, there were a total of 12 security and cleaning personnel from contractors at both Neihu and Linkou locations. We also sign contracts with contractors before collaboration to ensure that all labor conditions comply with legal requirements.

Note 3: Overseas regions include the Netherlands, France, Indonesia, Vietnam, and others.

#### New Employee Hires and Employee Turnover in 2023

• New employees hires:

		Male		Female		Total	
Category	ltem	Number of people	%	Number of people	%	Number of people	%
New employees	Under 30	13	38%	21	62%	34	42.5%
	31-49	26	59%	18	41%	44	55%
	Over 50	2	100%	0	0%	2	2.5%

#### • Employee Turnover Rate:

Category	ltem	Male		Female		Total	
		Number of people	%	Number of people	%	Number of people	%
Resigned employee	Under 30	12	44%	15	56%	27	32%
	31-49	30	59%	21	41%	51	60%
	Over 50	5	71%	2	29%	7	8%

Note 1: In 2023, Flytech hired 80 new employees, including 17 foreign colleagues working in Linkou. This year, a total of 85 employees have resigned, including 14 foreign employees who completed their three-year term and returned to their home country.

Note 2: The number of resignations does not include employees who left during probationary period, retirees.

About Flytech Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management

Green Operation Social gagement

Appendix Index

#### Labor Relations

Flytech has established the Labor-Management Council Implementation Measures to provide a mechanism for labor-management negotiation. We adopted a flat management structure in which managers and employees engage in two-way communication through meetings or discussions in daily operations. Since its establishment, Flytech has maintained a harmonious relationship between labor and management, and there have been no labor disputes. We do not have a labor union (collective agreement). In the event of significant operational changes that affect employee rights within the company, the minimum notice period is in accordance with legal regulations. A minimum notice of ten days is required for employees with less than one year of service but more than three months. A notice of at least twenty days is necessary for those with one year or more but less than three years of service. Employees with three years or more of service should be given a minimum notice of thirty days. Flytech has not experienced any significant operational changes that would affect employee rights and benefits.

Flytech's Employee Welfare Committee regularly organizes various activities, clubs, and benefits for employees. Our internal control system and management policy clearly define the responsibilities and entitlements of employees at different departments and job levels. Through biannual performance appraisals for all employees, we provide incentives such as bonuses, dividends, salary adjustments, and promotions to provide greater security and benefits.

### Listening Strategies

Performance Appraisal Interview	Flytech encourages managers to communicate with their subordinates, and the company's flat culture can help boost regular interaction and communication. Furthermore, through biannual self-assessments and performance evaluations, managers can align expectations with their subordinates and discuss their work.
Employee Satisfaction Survey	In 2023, Flytech continued its employee satisfaction survey for all employees, and the overall satisfaction rating was PR 48. In the future, we will continue to conduct regular anonymous surveys to understand employees' thoughts and gather feedback on the company, work, supervisors, and colleagues, as well as any issues and suggestions. Employee feedback also serves as a reference for adjusting company-related measures and revising policies and regulations.
Town Hall Meeting	In July 2023, Flytech held its 39th-anniversary factory celebration and a town hall meeting where senior executives explained the company's operational vision and strategic direction. They also took the initiative to respond to anonymous questions collected in advance from employees, providing an opportunity for open and direct communication between the employees and the management team.
Plant Meeting	Flytech also holds monthly plant meetings, where supervisors communicate work-related matters, allowing all employees to understand the current production status. During these meetings, employees are encouraged to ask questions, which is a great opportunity for employees to express themselves and contribute to discussions on a regular basis. During the assembly, outstanding employees are openly recognized. This makes employees feel acknowledged and appreciated and boosts their passion for work. It also fosters a supportive work environment where employees from different departments are encouraged to interact and appreciate each other's contributions.
Grievance Channels	The grievance procedures are publicly posted on the internal website, and all colleagues can submit their opinions or complaints to the HR department via hr@flytech.com

Customer Service and Supplier Management

### 4-1-2 Diversity Hiring and Inclusion GRI 406-1-408-1-409-1

#### **Gender Friendliness**

- 1. Set up a nursery room for employees, encourage and support the breastfeeding policy.
- 2. Provide maternity gifts to motivate employees to fully commit to the long-term development of the company.
- **3**. Offer diverse and non-discriminatory promotion channels that are fair and transparent. As of the end of 2023, the proportion of women in management reached 29%.



(Description of image, data source: see detailed table below):

The proportion of female executives has not changed significantly in the past three years, with a slight fluctuation around 30% each year.



Employee Relations Appendix Index

Flytech is committed to creating a diverse and inclusive workplace with no gender discrimination regarding salary and promotions. The percentage of women in managerial positions at all levels (excluding senior management) has been on the rise annually.

Item	2021	2022	2023
Proportion of female employees	47.4%	44.5%	44.8%
Proportion of female supervisors	32%	31%	29%
Proportion of female senior executives	50%	45%	18%
Proportion of female managers in marketing-related departments	38%	42%	43%
Proportion of female in STEM-related positions	18%	21%	24%

Note: STEM refers to jobs related to science, technology, engineering, and mathematics.

#### Analysis of the average salary gap between men and women

Our employees' salaries are based on their education, job performance, industry norms, and market conditions. We ensure fair treatment without any gender or marital status bias. Salary modifications and increases adhere to local labor laws and comply with the company's policies: Professional Title and Rank Management Measures, Remuneration Management Measures, and Performance Appraisal Management Measures. The table shows the difference in average wages between men and women at various job levels in our company for the year 2023, with male average wages as 1 and female average wages presented as follows:

	Basic Salary	Bonus/ Incentive	Salary, Bonuses, and Benefits
Senior manager	70.6%	49.3%	59.9%
Mid-level Manager	89.5%	84.2%	88.1%
Manager/Deputy Manager Level Supervisor	86.2%	106.4%	89.5%
Regular employees	93.0%	103.4%	94.0%

- Note 1: Among top executives, men typically interact more with sales-related individuals, leading to higher compensation through larger sales bonuses. Consequently, their overall earnings tend to exceed those of women.
- Note 2: Salaries in research and development engineering jobs are higher than in administrative support roles. Research and development engineering roles are mostly filled by men, while administrative support roles are predominantly held by women. Due to the higher number of research and development engineering staff in our company and the gender concentration in job roles has resulted in a slightly significant pay gap between men and women.

#### **Disabled Employees**

Flytech is committed to addressing the needs of socially disadvantaged groups. In compliance with regulations, in 2023, the Neihu headquarters and Linkou plant employed two individuals with severe disabilities, one with medium-level disabilities and one with mild disabilities. Our number of hires for individuals with disabilities surpass the provisions of the People with Disabilities Rights Protection Act. One of them was a visually impaired massage therapist who provides stress-relief massage services to employees at both the Neihu and Linkou locations free of charge. In the future, Flytech will continue to provide job opportunities to help individuals with disabilities become a part of the community.



#### Protecting Employee Rights and Interests

#### • Human Rights Policy

Flytech takes reference of internationally recognized human rights standards like the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work to establish the company and group's Human Rights Policy to prevent any violations or infringements on human rights. In addition to providing a reasonably safe working environment, we ensure that current colleagues are treated fairly and with dignity.

# FIYIFICH

Employee Relations

### Human Rights Issues and Practices

Items	Measures
Provide a safe, healthy, and free work environment	Ensure a secure working environment for employees through ISO 14001 audits and verification. Establish a labor safety and health committee, hire professional nursing staff, and regularly conduct safety, health, fire, and other related education and training activities, take necessary preventive measures to prevent occupational accidents, thereby reducing the risk factors in the work environment. Support employees' rights to gather and associate freely and to recognize their right to collective bargaining.
Eliminate unlawful discrimination	In matters of employment, compensation and benefits, training opportunities, promotion, dismissal, or retirement, employees and job seekers are not unfairly treated based on race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disabilities, zodiac sign, blood type, or any other discriminatory factors.
No child labor	To ensure compliance with corporate social responsibility and ethical standards, the company shall not employ child labor (referring to individuals under the age of 15, or below the compulsory education age, or below the minimum employment age in the respective country/region) in any manufacturing process or workplace.
No forced labor	Comply with legal regulations regarding employees' daily and weekly regular working hours, overtime, holidays, special leave, and other types of leave. No force or coercion to anyone who doesn't want to do the work.
Physical and Mental Health and Work-Life Balance	Provide venues or subsidies to encourage employees to participate in health-related activities. Employees can form clubs to foster camaraderie through club activities. Organize year-end parties and other occasional social events to boost employee morale and foster team spirit.

#### Human Rights Protection Training Practices

Flytech has implemented policies such as the Labor Safety and Health Committee Charter, Sexual Harassment Prevention and Management Measures, Guidelines for Preventing Workload-Related Brain and Heart Diseases, Maternal Health Protection During Work Guidelines, Workplace Prevention of Human Factors Hazards Guidelines, Management Measures for Preventing Workload-Related Brain and Heart Diseases, along with Basic Service Regulations and Integrity Operating Code of Ethics. Training is provided to ensure the effective enforcement of human rights protection.



All new hires must undergo mandatory legal compliance training upon starting (required since 2023). By doing this, employees will better understand human rights and gender equality. They will be able to recognize harassment and bullying when starting a new job, which helps promote a culture of respect and safety at work. In 2023, the new recruits (indirect employees) achieved a 100% training completion rate.

Provide education and make official announcements to ensure employees are aware of their responsibility to help actively prevent illegal acts in the workplace, as well as the channels available for filing complaints.

# **On-the-Job Training**



Advocacy for

Behavior

The annual training content includes safety and health education, fire safety training, emergency response, first aid personnel training, etc.

Integrity and Ethical The yearly advocacy material features the Code for Integrity Operations, and Integrity Operation Procedure and Conduct Guidelines. It also encompasses the Code for Moral Conduct and promotes a corporate culture emphasizing ethics-educating and endorsing behaviors and ethical standards to foster a healthy, positive workplace environment.

Employee Relations ustomer Service and upplier Management Social Engagement Appendix Index

We maintain effective labor-management communication channels and comply with labor laws, ensuring that no employee's dignity, human rights, or any form of discrimination are compromised. In 2023, through the auditing mechanisms and grievance channels (whistle blowing email whistleblower@flytech.com.tw), no discrimination-related incidents, child labor, or significant risks of forced or compulsory labor were identified in our operational sites.

Flytech has established separate channels for reporting workplace bullying and sexual harassment:



#### Platform for New Talents-the Seed Program

The Flytech Seed Program was initiated in 2014, targeting recent graduates with high potentials. It provides a platform for outstanding talents to prove their abilities and excel. Each seed participant undergoes intensive training and cross-functional rotations upon joining the company. This approach allows them to quickly acquire knowledge about Flytech and be acquainted with upstream and downstream operational processes to fit in their roles. After three years, we will create a personalized career roadmap, providing diverse development pathways and resources based on individual preferences for managerial roles or professional technical positions. In addition, seed participants have numerous opportunities to get involved in and help with important company projects, allowing them to accumulate valuable experience, take on cross-functional roles, collaborate with senior management, expand their perspectives, and position themselves as future talents within Flytech.

Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management Appendi Index

### 4-1-3 Reasonable Compensation System GRI 2-20-201-3-404-3

#### Compensation System

#### 1. President and Vice President

The company has disclosed the 2023 Flytech senior managers (president and vice president) compensation standards on pages 22~23 and 47-48 of the 2023 annual report. The compensation standard (including salary, performance bonuses, and salaries, etc.) was determined by the human resources department according to the scope of each position's responsibilities, according to the internal management regulations, Professional Title and Rank Management Measures, Remuneration Management Measures, Compensation Committee Organization Regulations, taking in reference of the salary level of the same industry to formulate a reasonable compensation structure, and is submitted to the Compensation Committee and the Board of Directors for consideration and approval. When actual annual bonuses and bonuses are issued, according to the Corporate Charter: "the company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors", and then review the manager's individual KPIs achievement for the company's overall performance indicators will be proposed to the Compensation Committee and the Board of Directors for review and approval and then being issued. Additionally, the Compensation Committee conducts an annual review of the appropriateness of the salary and remuneration policy, system, standards, and structure. The ratio of the total compensation of the president and vice president to the net profit after tax for the fiscal year 2023 is 2.66%, which is deemed reasonable.

#### 2. Other Employees

According to the internal management regulations, Professional Title and Rank Management Measures, Remuneration Management Measures, and Performance Appraisal Management Measures, Flytech ensures that employees' compensation depends on their education and work experience, work performance, peer standards, and market conditions; without discrimination based on gender, age, race, religion, political affiliation, marital status. In addition, Flytech has established a salary verification system to determine the appropriate salary based on the applicant's education, experience, interview performance, and estimated future potential. Through the salary surveys conducted by external professional bodies, we regularly examine the balance between employee salary and the external market. At the company's headquarters in Taiwan, all employees receive salaries exceeding legal requirements and higher than the local government's announced cost of living standards. Every year, we offer incentives such as salary raises, bonuses, rewards, etc., to outstanding employees based on the results of their regular performance appraisals, the profit of the year, and the market status.

#### Pension

To ensure employees' well-being after retirement and enhance their sense of service during employment, in accordance with the Labor Standards Act, Flytech has established regulations for pensions and formed the Supervisory Committee for Labor Pension Preparatory Fund. Each month, we allocate 2% of the total payroll as pension preparatory funds and deposit them into a dedicated account under the name of the Labor Pension Preparatory Fund Supervisory Committee to be managed by the committee. In addition, since the implementation of the new pension system on July 1, 2005, the company is required to pay a pension of 6% of the employee's monthly salary and deposit it into individual pension accounts. Employees can also voluntarily contribute additional amounts to their retirement savings within the 6% monthly salary range.

For employees covered under the old system of the Labor Standards Act, the company has consistently allocated pensions in accordance with the Act, managed by the Labor Pension Fund Operations Bureau. According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum annual return distribution of the fund shall not be lower than the interest calculated based on the local bank's two-year fixed deposit rate. For overseas subsidiaries that adopt defined pension plans, pension fund management companies in compliance with local regulations retirement funds are allocated to retirement fund management companies in compliance with local regulations. As of December 31, 2023, the balance in the Taiwan Bank Labor Retirement Preparatory Fund account of our company was NT\$ 672,633.

In 2023, the company rewarded senior employees by settling their old retirement pensions early. We have now completed the calculation of old system seniority for all former employees in 2023 and are currently in the process of closing the old system accounts with the Labor Insurance Bureau.

- Retain employees' seniority and original benefits.
- Provide a 10% bonus on top of the retirement pension for the old system employees.

Communication with Stakeholders

Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management Green Operation nt Inde

### Performance Appraisal

To make all employees have the same goals and move in the same direction, Flytech's high-level management team holds a regular strategy meeting in October every year. After formulating the operational strategy direction and the company's overall goals for the next year, the head of the four major centers will make announcements to each department. Each department heads and subordinates formulate departmental and individual target KPIs, implementation methods, and scoring standards based on the company's overall goals and submit them to the supervisors for approval as departmental implementation goals. All employees conduct regular performance appraisals in the middle and the end of each year according to the Performance Appraisal Management Measures. The appraisal is based on employees' self-assessment of the achievement of KPIs (operators are assessed based on their daily work performance) and conduct performance interviews with their line managers for communication. The supervisor should explain the results of the self-assessment of work performance, provide direct feedback and guidance to employees, and listen to their suggestions for the company, aiming to achieve mutual consensus on goal attainment. The interview system effectively enhances employee work performance, ensures their understanding of company strategic goals, and identifies any deviations. Employees who perform well in the performance assessment are eligible for bonuses, incentives, salary adjustments, and promotions in the current year.

### Executive Compensation Tied to Sustainable Development

To motivate senior managers and all employees to focus on long-term overall performance, prioritize honest operations, comply with laws, and manage risks, as well as pay attention to climate risks and promote net zero actions to achieve sustainable operations, the company will link sustainable development strategies with long-term incentive compensation as follows:

Senior manager	Performance Indicators	Material Issues/Voluntary Disclosure Issues*
President	Sustainable development performance accounts for 1-10% of annual performance	Strategies, planning, and overall sustainable management execution for sustainable development
Research and Development Center Manager	Green product innovation and sustainable procurement performance account for 1-10% of annual performance.	Product Innovation Green Design and Supply Chain Sustainability Management*
Manufacturing Center Manager	Low-carbon manufacturing transformation and occupational safety and health performance account for 1-10% of annual performance.	Greenhouse Gas and Product Carbon Footprint Occupational Health and Safety
Management Center Manager	Sustainable development goals and execution, as well as risk management performance, account for 1-10% of annual performance.	Corporate Governance Risk Management

Performance appraisal participation is 100% in 2023. Appraisal process varies depending on the employee category. Indirect employees were evaluated mid-year and at year-end. Direct employees were assessed based on monthly output, yield rate, and attendance and receives performance bonuses accordingly. All employees must complete their performance appraisal before the specified deadline.

Indirect employees who have completed their performance appraisal are categorized by job type as follows:

	Male		Female		Total	
Classification	Number of people	Percentage	Number of people	Percentage	Number of people	%
R&D	68	69%	31	31%	99	35%
Marketing	15	31%	34	69%	49	17%
Management	24	48%	26	52%	50	17%
Manufacturing	65	73%	24	27%	89	31%

### Promotion and Retention

Flytech provides a transparent promotion system and opportunities to facilitate the sustainable development of talent and the company. We adhere to the principles of fairness and objectivity, promoting outstanding talents based on individual capabilities and diversity. Every year, based on performance appraisal results, recommendations from supervisors, talent information analyzed during manpower inventory and functional tests provided by the HR department, a list of candidates for promotion is prepared for review by senior management. Regular promotion announcements are made yearly to ensure that outstanding talents receive appropriate rewards, encouraging retention and fostering a mutually beneficial future with Flytech.

Employee Relations Customer Service and Supplier Management

#### Appeno Index

### 4-1-4 Happy Enterprise GRI 401-2

Flytech has always adhered to the belief of Putting Employees First since its establishment. We consider our employees vital assets and prioritize communication and coordination between employees and management. Flytech provides well-established welfare programs and cares for our employees' physical and mental well-being. We have an Employee Welfare Committee composed of members elected by their fellow colleagues. They plan and organize various welfare activities every year. In collaboration with the company, the Committee engaged in initiatives and policies that aim to promote employee happiness and overall well-being in the workplace.



#### Friendly workplace

- Flexible working hours: Headquarters in Neihu allows employees to have flexible working hours with a onehour window for starting and ending work.
- Additional paid leave beyond legal minimums: 10 days of paid leave after completing three months of service.
- Labor insurance, health insurance, and group insurance: providing employees with comprehensive job security.
- Half-price subsidy for factory lunch

#### Diverse work incentives \_

- Annual bonuses
- Employee stock ownership trust: Employees have the option to designate a specific portion of their monthly salary to buy stocks from the company. Additionally, the company also adds an equal amount to this investment. To reward long-serving employees, we provide a stock trust that offers full payment based on the employee's length of service (including the company's equivalent contribution amount). For the past three years, more than half of the employees in the company have participated in the stock ownership trust program.



Note: Participation rate in employee stock trust is determined by dividing the current-year participants by the total number of eligible employees.

- Years of Service Awards: Public recognition and commemorative coins are presented to employees who have completed 5/10/15/20 years of service.
- Patent Awards: Employees with approved patent applications are eligible for a patent award. In 2023, a total of 7 patent application awards and approval awards were granted to 20 individuals.

About Flytech v Employee Relations Customer Service and Supplier Management

rvice and Gree agement Operat Social Engagement

Appendix Index

#### Balanced and fulfilling lifestyle at work \_

- Domestic travels (yearly), foreign travels (every two years)
- Club activities subsidy
- Department gathering subsidy
- Regular health examination
- On-site doctor/nurse consultation

- Maternity support
- Birthday present
- Marriage, bereavement, and celebration allowance/gifts
- Gifts for traditional festivals and labor day

#### Caring for Your Mental and Emotional Well-being

- Stress-relief massages: We have hired professional massage therapists, and employees at both our Neihu and Linkou locations can schedule stress-relief massages during work hours, allowing employees to release stress and fatigue before returning to their workstations. In 2023, a total of more than 800 individuals used this service.
- EAP (Employee Assistance Program): In collaboration with a counseling center, we offer diverse and free online counseling services that professional psychiatrists provide. These services cover various topics, including career development, work-related stress, interpersonal communication, emotional issues, depression and anxiety, family and parenting, and more. All employees have access to this service; the counseling process and content are completely confidential.



#### Continuous learning and development \_\_\_\_\_

- External training subsidies
- External digital learning platform designed to facilitate individualized, diverse, and flexible learning.
- Flytech library: diverse collection of books and magazines available for employees to borrow.

#### Company Trips

2023 was the year for the biennial overseas trip. The travel itinerary is organized by each department individually. Employees are free to sign up and encouraged to bring family members along. In 2023, travel destinations include Japan, Vietnam, Malaysia, Korea, Bali, and other places, with a total of 395 people participating (including family members).







About Cor Flytech with Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management Green Operation Apper nt Inde

#### Year-end Dinner Party\_

At the end of every year, the Welfare Committee provides subsidies for each department to organize their own gatherings. Employees from different units come together to enjoy delicious food, celebrating the arrival of Christmas and the New Year.



#### **Club Activities**



Employees can create their own clubs within the company, receiving funds by the Welfare Committee to support their activities. We offer a variety of clubs, including the aerobic boxing club, badminton club, table tennis club, softball club, golf club, basketball club, baking club, yoga club, and board game club.

### 4-1-5 Training and Talent Cultivation GRI 404-1-404-2

### Key Achievements and Management Policy

Material Issue		Management Policy					
15. Talent Cultivation and Career Growth	<ol> <li>Provide courses base development approa anywhere. Implemen company, with a focu</li> <li>Provide regular, non- environment.</li> </ol>	<ol> <li>Provide courses based on company goals and competency requirements in Flytech Academy via a systematic education and training development approach like TTQS. These courses are conducted through diverse channels, allowing employees to learn anytime and anywhere. Implement project-based training and Individual Development Plans (IDPs) specifically for potential talents within the company, with a focus on cultivating future managers.</li> <li>Provide regular, non-discriminatory, and fair employee promotion pathways, focusing on and providing a talent career development environment.</li> </ol>					
Positive/Negative Impact and Management	Stakeholder Engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective Tracking/ Evaluation Mechanism	
<ol> <li>A systematic approach to training and development is beneficial for employees to learn and grow, increasing the company's competitiveness.</li> <li>Focus on cultivating high- potential leaders can prevent talent gaps.</li> <li>Acquire the TTQS Talent Development Quality Management System certification to ensure training quality and effectiveness.</li> </ol>	<ul> <li>Regularly assess employee performance.</li> <li>Provide various ways to retain and nurture talent, as well as career development plans.</li> </ul>	<ol> <li>Continue to promote ESG-related trainings to strengthen competitiveness in sustainable development.</li> <li>Achieve an 80% completion rate in competency-focused education and training programs among over 5 colleagues.</li> <li>Achieve a 50% promotion or job rotation rate among Management Associate Program participants.</li> </ol>	<ol> <li>Conducted two sessions of the course "What is ESG Sustainable Development", with a total of 63 employees participating.</li> <li>Achieved an 80% or above completion rate in competency training among 61 colleagues.</li> <li>Achieved a 50% promotion rate in the leadership training program.</li> </ol>	<ol> <li>Continue to promote ESG-related trainings to strengthen competitiveness in sustainable development.</li> <li>Provide competency- focused education and training programs, with an 80% completion rate among over 50 colleagues.</li> <li>Achieve a 30% promotion or job rotation rate among Management Associate Program participants.</li> <li>Achieved 18 hours in the average education and training hours per capita.</li> <li>Achieved certification of at least a bronze medal in TTQS.</li> </ol>	<ol> <li>Provide education and training based on competencies, with at least half of the indirect employees participating, and achieve an 80% completion rate.</li> <li>Achieve a 30% promotion or job rotation rate amor Management Associate Program participants.</li> <li>Achieve 18 hours in the average education and training hours per capita</li> <li>Achieve certification of a least a bronze medal in TTQS.</li> </ol>	<ol> <li>Education training data statistics.</li> <li>ESG KPI monthly meeting tracking.</li> </ol>	

Corporate Governand and Risk Managemer Employee Relations Customer Service and Supplier Management

ervice and Gre nagement Oper

#### Flytech Academy-Training Competency Structure

Flytech has been committed to fostering a learning organization culture. It has developed a comprehensive training system that includes activities such as team building camps to deepen employee understanding of corporate culture, cultivation of core and managerial competencies, enhancement of department-specific knowledge, and seminars focusing on soft skills. Through these diverse resources, we give our employees an opportunity for continuous learning and development.



#### Competency Structure



Through interviews with senior executives, we summarized the core competencies of all employees in Flytech and the management competencies of each management level, operating as the main axis of talent cultivation. In 2022, core competencies have been included as one of the factors in the recruitment assessment. Regardless of the position, candidates are evaluated based on their competencies through interviews. The goal is to identify individuals who not only share the company's core values but also show a dedication to growing together with us. In 2023, Flytech further categorized competencies as performance appraisal items, and employees may choose to improve their competencies with reference to Flytech's core competencies, reflecting on the gap between their own abilities and goal achievement and finding key directions for improving job performance.

Corporate Governance and Risk Management Employee Relations ustomer Service and upplier Management

reen So ration Engag Appendix Index

### **Employee Training Hours in 2023**

This year's average training hours per capita are 16.4 hours, a 7.2% increase from last year. By enhancing training programs, Flytech demonstrates its commitment to employees' professional growth, fostering team skill development and continuous knowledge renewal. We look forward to improving employees' work efficiency, professional skills, and team collaboration abilities to cope with the increasingly complex and changing environment.







### 2023 Training Development Implementation and Achievements

#### Training Item | Key Talent Training

Implementation and Engagement

- Conducted competency assessments for key talents and identify training gaps through 360-degree evaluations and aptitude tests.
- Customized education to individuals-providing personalized training plans.
- In addition to participating in internal in-person courses, we offer more flexible and diverse learning opportunities through the digital learning platform.
- Training resources: In-person management programs Established digital learning platform Study group

#### Achievements/Impacts

- In 2023, there were 5 participants in the training program, and the retention rate for that year reached 100%.
- Training completion rate 80%, with 50% promotion rate that year.





Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management

d Green t Operation Social

#### Training Item | Seed Talent (Management Associate) Training

#### Implementation and Engagement

- In the first month after joining, new management trainees are scheduled for high-intensity, high-density general training courses to quickly establish their knowledge of Flytech.
- In the second month, cross-departmental job rotations are initiated to introduce trainees to various aspects of the organization, including interacting with different teams and understanding operational processes. This experience is beneficial to their future job execution.
- Trainees focus on developing expertise in their specific areas three months into the program. They accumulate experience and work towards becoming experts in their respective fields.
- After three years, the company conducts customized career planning and offers different development paths based on the individual's aspiration for managerial or professional technical roles.
- Management associates deliver project reports on different topics every six months, including innovation proposals, process improvements, or sharing new industry knowledge. Senior executives listen to these presentations, engage in discussions, and provide feedback and suggestions.

#### Achievements/Impacts

- In 2023, every newly hired management trainee completed all required course training and job rotations. They also conducted exit reports before commencing their responsibilities in their assigned departments.
- Reached 100% retention rate among new management trainees in 2023.





#### Training Item | Competency Development









#### Implementation and Engagement

- In 2023, Flytech fully adopted competency development, incorporating it into performance evaluations and making competency-related training a mandatory part of the annual curriculum. We provide a range of courses, both in-person and through digital learning platforms, to help employees enhance their diverse skill sets.
- Partnering with reputable management consulting firms to provide the courses below:
- ✓ Problem Analysis and Solution ✓ Team Building Course

#### Achievements/Impacts

- Total course hours: 8 hours
- 42 Participants
- Average satisfaction rating: 4.55

Corporate Governance and Risk Management Employee Relations Customer Service and upplier Management

Green Operation ocial

Appendi> Index

#### Training Item | Knowledge+

#### Implementation and Engagement

- A Knowledge+ seminar provides soft skills courses and is held approximately every two months, inviting external experts to share their experience. Course topics mainly include industry insights and trends, investment and finance, legal insights, healthy living, and motivational content for personal development.
- A total of 5 courses were conducted in 2023:
- How to break free from emotional blackmail in the name of love?
- Applications and Trends of ChatGPT
- ✓ Excel Pivot Analysis
- ✓ Safe Medication Use and the Importance of Health Foods
- ✓ New Venture 101: Introduction to Innovation

#### Achievements/Impacts

- Participants: 277
- Average satisfaction rating: 4.34







#### Training Item | Trainings for Newcomers





#### Implementation and Engagement

- Flytech arranges basic training for new employees on their first day of work, ensuring newcomers can quickly understand the team's philosophy and culture.
- New employee training programs include:
  - Organizational structure
  - Company basic regulations
  - Internal control system and management regulations
- ✓ ISO promotion
- ✓ Information security policy
- Legal knowledge and more
- Every quarter, there is also a half-day training session for new employees. These sessions not only include in-depth training courses to enhance employees' understanding of the organization's operations but also provide opportunities for new hires to interact across departments, fostering cohesion among team members. Each new employee is required to complete a minimum of eight hours of mandatory courses within 90 days, along with optional courses.

#### Achievements/Impacts

 In 2023, a total of 41 new employees underwent new employee training and passed the assessments, achieving a 100% success rate.
Employee Relations Customer Service and Supplier Management Green Operation Appe ent Inc

#### Training Item | Established digital learning platform

#### Implementation and Engagement

• In 2022, an external digital learning platform was introduced for the first time, primarily for the use of key training executives. In 2023, the program expanded, and all indirect staff members can take turns using it. The company hopes to enhance employees' self-directed learning abilities by creating a nurturing and diverse learning environment.

#### Achievements/Impacts

- In 2023, there were a total of 76 users, accumulating 775 hours of viewing time, with an average training time of 10.2 hours per person.
- Hybrid O2O learning: In addition to learning online on the platform, two
  physical learning events were organized, inviting users to share their
  experiences and knowledge. Through classroom activities, colleagues
  are able to have actual hands-on experience and display their learning
  outcomes.









#### Training Item | Team Building Camp





#### Implementation and Engagement

- To foster team cohesion and cultivate the spirit of Flytech People, we
  organize Flytech Team Building Camp every year, where the Chairman,
  senior executives, middle-level managers from different departments and
  new employees participate together. Through hiking activities, we aim to
  deepen the mutual understanding among employees, establish a shared
  sense of overcoming challenges, and cultivate a willingness to help each
  other in the future workplace.
- In 2023, the Flytech Team Building Camp entered its tenth year, with a total hiking distance of nearly the length of a half peninsula (over 400 kilometers). To celebrate this milestone, this year, we planned a unique team-building retreat. For the first time, we took the event to an outlying island Kinmen. 28 colleagues spent three days and two nights exploring the beauty of both Big and Little Kinmen by hiking and cycling.

#### Achievements/Impacts

- The hike covered approximately 16 kilometers
- The cycling distance covered approximately 60 kilometers

Employee Relations Customer Service and Supplier Management

## ▶ 4-2 Friendly Workplace

#### Key Achievements and Management Policy

Material Issue		Management Policy					SDGs
16. Occupational Safety and Health	ational Safety Health1. Identify major environmental impacts, establish environmental health and safety targets annually, and review the achievement status. 2. Continue to implement occupational health and safety education and promotion. 3. Conduct emergency response drills. 				<b>3</b> and w —//	HEALTH HEAL-BEING KONNIG CROWTH KONNIG CROWTH	
Positive/Negative Impact and Management	Stakeholder Engagement	2023 Targets	2023 Achievements	2024 Targets	2030 arget	T ts	Effective Tracking/ Evaluation Mechanism
<ol> <li>Continuously pass ISO 14001 and ISO 45001 verification to reduce the risk of violating environmental safety and health management regulations.</li> <li>Implement training campaigns and regular emergency response drills to prevent harm to employees and suppliers.</li> </ol>	<ol> <li>Maintain ISO 45001 certification every year. Strengthen employee awareness through monthly meetings and occupational health and safety education and training.</li> <li>Monitor work environment regularly and ensure the establishment of occupational safety professionals comply with regulations.</li> <li>Participate in the CHR Corporate Health Responsibility Awards and obtain the certification.</li> </ol>	<ol> <li>Continuously implement ISO 14001 Environmental Management and ISO 45001 Occupational Safety and Health Management System, including internal and external personnel.</li> <li>Maintain the record of no major disciplinary matters or disputes.</li> <li>Maintain a less than 0.5% of recordable occupational hazard rate among employees.</li> <li>Set up facial recognition access control.</li> </ol>	<ol> <li>No major deficiencies in ISO 14001 and ISO 45001 audits.</li> <li>No major disciplinary matters or disputes.</li> <li>In 2023, there were a total of 5 recorded occupational accidents with a ratio of 1.24 (excluding employees commuting to and from work).</li> <li>Completed setting up facial recognition access control at Neihu headquarters.</li> </ol>	<ol> <li>Continue implementing the ISO 14001 environmental management and ISO 45001 occupational health and safety management system, including internal and external personnel.</li> <li>Maintain the record of no major disciplinary matters or penalties.</li> <li>Employee-recordable occupational injury rates (excluding employees commuting to and from work) are less than 1.2.</li> <li>The employee health examination rate reaches 90%.</li> <li>Participate in the CHR Corporate Health Responsibility Awards.</li> <li>The use of green power reaches 50% on the seventh floor of Neihu office.</li> </ol>	<ol> <li>Continue to ma the record of n occupational si- health incident</li> <li>Continue to ma the record of n disciplinary ma penalties.</li> <li>Employee-record occupational ir (excluding emp commuting to work) are less t</li> <li>Employee heal examination ra 95%.</li> <li>Participate in the Health Magazir Awards.</li> </ol>	aintain o major afety and ts. aintain o major atters or ordable njury rates oloyees and from than 1. Ith ate reaches he Common ne CHR	<ol> <li>Undergo third-party external audits for ISO 14001 and ISO 45001 annually to ensure the management systems run smoothly.</li> <li>Hold ESG monthly meetings to review if the KPIs are being met.</li> </ol>

Creating a safe and clean working environment for employees is one of Flytech's top priorities. A safe environment ensures the ease of mind of employees, while a clean environment promotes happiness and increases work efficiency. This, in turn, fosters a sense of belonging among employees towards the company. Since its establishment, Flytech has never incurred penalties from labor authorities. We obtained ISO 14001 verification for environmental management systems in 2001 and further achieved ISO 45001: 2018 verification for occupational safety and health management systems in 2020. Flytech strives to reduce occupational hazards and risks by continuously improving control measures through international standards to create a safe, environmentally friendly, and sustainable workplace. The company's key strategic management objective is maintaining a record of no significant occupational safety and health incidents, penalties, or litigation.

Overview

About Flytech Corporate Governan and Risk Manageme Employee Relations Customer Service and Supplier Management

nd Green nt Operation Social gagement

Appendix Index

#### 4-2-1 Occupational Health and Safety Management System GRI 403-1-403-8

In accordance with Article 23 of the Occupational Safety and Health Act and Article 12-2 of the Occupational Safety and Health Management Regulations, companies with more than 200 employees must establish an occupational safety and health management system suitable for their operations. With this in mind, Flytech has proactively introduced the ISO 45001 verification for occupational safety and health management systems in 2019 and obtained it since 2020. Training and promotion initiatives have been conducted for all employees, along with implementing hazard identification and risk control measures for the work environment, aiming to establish a comprehensive occupational safety and health management system. Annual audits are conducted to ensure the validity of the certification.



#### Scope of Workers, Activities, and Workplaces Covered by the System

Workers defined by ISO 45001 include Flytech employees, contractors, doctors, and nurses. The certification scope of ISO 45001 was 420 (406+14) people, as shown in the table below. The workplaces were only in Flytech Neihu headquarters and Linkou factory, and the activities included R&D, manufacturing, contract cleaner, and security guard. No workers were working outside the workplace as of now.

	Work Subject to Organization	Percentage	Work Not Subject to Organization	Percentage
	Flytech employees		Doctor (same person)	
	Neihu: 188	44.8%	Neihu & Linkou: 1	0.2%
Workplace	Linkou: 218	51.9%		
Organization	Contractor (security guard and cleaner):		Nurse (same person)	
	Neihu: 5 (3+2)	1.2%	Neihu & Linkou: 1	0.2%
	Linkou: 7 (5+2)	1.7%		
Workplace Not Subject to Organization	Not applicable		Not applicable	

#### **Occupation Security Professional Personnel**

		Fire Protect	ion Manager	Emergency Med	gency Medical Responder Occupational Health and Safety Personnel		Forklift	
Classification	Location	Regulatory Requirements	Flytech	Regulatory Requirements	egulatory quirements Flytech Regulatory Requirements		Flytech	Operator
Number of	Neihu	1	3	4	4	<ul> <li>Class A occupational safety and health executive: 1</li> <li>Occupational health and safety supervisor: 1</li> </ul>	<ul> <li>Class A occupational safety and health executive: 1</li> <li>Occupational health and safety supervisor: 1</li> </ul>	0
People	Linkou	1	1	5	7	<ul> <li>Class A occupational safety and health executive: 1</li> <li>Occupational health and safety supervisor: 1</li> </ul>	<ul> <li>Class A occupational safety and health executive: 2</li> <li>Occupational health and safety supervisor: 1</li> </ul>	5
	Met or exceeds regulatory requirements							

About Co Flytech wit Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management Social Engageme Appendix Index

#### Continuous Improvement to System

Flytech follows the PDCA cycle management approach of the ISO 45001 system. Based on the results of hazard identification, occupational health and safety objectives are established at the end of each year. The company proposes and implements improvement plans considering the evaluation results of hazard identification and the requirements of government regulations. To implement the practices and principles of ISO 45001, Flytech undergoes annual external audits by third-party verification bodies. Additionally, the Quality Assurance Department develops an internal audit plan each year. Internal auditors must undergo at least 6 hours of training on the standard's requirements before conducting audits. Audits evaluate the performance of occupational safety and health objectives, the effectiveness of hazard control measures, and the proper implementation of safety equipment inspections. They also ensure compliance with government regulations to protect the rights and well-being of workers. Finally, management review meetings are held to assess the achievement of occupational health and safety objectives and verify the effectiveness of corrective measures.

## 4-2-2 Environmental Health and Safety

Committee GRI 403-2×403-4×403-9

#### Worker Involvement

In addition to regular internal and external audits, Flytech incorporates occupational health and safety issues into the Environment, Health, and Safety Committee for discussion. This committee comprises representatives from various departments, enables real-time handling of environmental and occupational safety and health emergencies, and makes decisions through management representatives' approval. Other than quarterly meetings to discuss environment and safety-related topics, the committee maintains an online communication group for immediate and effective communication, ensuring that Flytech promptly addresses employee feedback.

#### **Routine Procedure**

#### 1. Hazard Identification

To ensure effective prevention of occupational hazards, Flytech has established a procedure for hazard identification, risk assessment and opportunity management for occupational safety and health. In April each year, risk assessors from each department assess the safety and health hazards and conduct risk assessments for the work environment, processes, activities, and products at the Neihu headquarters and Linkou factory. Risk assessors must undergo at least 3 hours of occupational safety and health training and be familiar with the site's workers. If necessary, worker representatives should be consulted during the assessment process.



Assess the severity and likelihood of occurrence, and if the assessed risk is categorized as high-risk or significant, it will be deemed unacceptable. The unit head must identify appropriate and effective control measures to reduce the hazard to a moderate risk level or below. After discussing this with the Environmental, Health, and Safety Committee, the results in presented during the management review meeting. In 2023, there were no high-risk items identified in the hazard assessment. Five were classified as medium risk, and after implementing control measures to reduce the risk, three have now been downgraded to low risk. Since the implementation of ISO 45001 at Flytech, there have been no major accidents to date.

## FIYTER

Employee Relations

2. Daily Inspection

Flytech has established automatic inspection management processes and implement inspections according to the plan to detect abnormalities early, prevent potential hazards, strengthen the safety and hygiene of the operating environment, and prevent accidents. Actual or potential hazards discovered by inspections should be recorded in the automatic inspection lists. According to the severity of hazards, the occupational safety and health executive will be classified and undergo improvement tracking. If there is an immediate danger, operation must be stopped, and notify the relevant departments for improvement action. And then the situation should be filled into the Hazard Identification Risk and Opportunity Assessment Form until the hazard is completely eliminated.

#### 3. Access Control

Flytech installed access control at the entrances and exits of each floor and the freight elevator to ensure the safety of employees and control access. Access to specific areas is restricted based on personnel permissions. Employees are required to wear badges within the factory premises for identification purposes. Detailed records of visiting clients, suppliers, and other relevant visitors, including their time of entry, purpose, and number, are maintained to control their access to specific areas. Approval from the plant manager is necessary if access to the manufacturing area is required to ensure employees' safety and allow visitors to enter the site under safe and full supervision.

There are 24-hour security guards on duty in Flytech Neihu HQ building and Linkou plant patrolling day and night, keeping track of the dynamics of visitors and overtime workers who have yet to leave the building, vehicle entry and exit inspections, and traffic safety control.

#### Non-Routine Process

1. Changes and Incident Handling

Flytech has established an Environmental, Health, and Safety change management procedure. Any changes related to process facilities, utilities, production equipment, equipment operating procedures, worker job processes, and work environment monitoring that may impact workers' health are subject to the change control process. The proposing department must complete a change control form and include it in the hazard identification assessment to evaluate the potential environmental and safety health impacts. In the case of significant changes, consultation with workers or presenting the issue to the Environmental, Safety, and Health Committee is necessary before implementing the change. Once the evaluation is completed, the change can be implemented. Notification should be given to relevant personnel regarding any environmental impacts or hazards affecting worker health resulting from the change, and training should be conducted to reduce the risks associated with the change operations.

#### 2. Accident Investigation

Flytech adheres to the health and safety incident investigation and handling management procedure to identify potential injuries and illnesses related to operational activities, determine facts and circumstances, identify causes, and take effective corrective actions to prevent recurrence of harm and diseases. In the event of an incident, people who discover the incident or involved parties should take necessary measures to prevent the escalation of the disaster and secondary accidents. The on-site or contractor's supervisor should provide necessary medical assistance to the injured individuals. Whether it is a work-related accident or a potential false alarm event in the workplace, it should be included in the hazard identification assessment of risks. Between 2021 and 2023, there were no major work-related accidents (excluding 5 commuting accidents in 2023 involving 4 people) or occupational hazards incidents, just a few minor incidents like 3 cuts and 2 scrapes.



Customer Service and Supplier Management

#### Work-related injuries statistics:

Year		2021 2022 2023		2022		23	
ltem	Data	Employees	Non- Employees	Employees	Non- Employees	Employees	Non- Employees
Work Hours (Note 4)	Hours	809,472	23,808	850,584	15,936	805,504	23,808
Death from Occupational	Number of Cases	0	0	0	0	0	0
Injuries	Ratio	0	0	0	0	0	0
Major Occupational	Number of Cases	0	0	0	0	0	0
Injuries (Excluding Fatalities)	Ratio	0	0	0	0	0	0
Recordable Occupational	Number of Cases	4	0	7	0	5	0
Injuries (Note 1 and Note 3)	Ratio	0.99	0.00	1.65	0.00	1.24	0.00
Occupational Disease	Number of Cases	0	0	0	0	0	0
Absence Rate	Ratio	0	0	0	0	0	0

Year	2021		2022		2023	
Types of occupational injuries	Employees	Non- Employees	Employees	Non- Employees	Employees	Non- Employees
Cuts	2	0	4	0	3	0
Scrapes	2	0	3	0	2	0

Year	2021	2022	2023
Number of Employees (Note 2)	408	427	406
Number of Non-Employees (Securities and Cleaners) (Note 5)	12	8	12
Work days (Calendar)	248	249	248

Note 1: Excluding commuting accidents, there were 5 incidents and 4 casualties in 2023. Note 2: The number of employees is calculated based on the total number at the end of the year. Note 3: Recordable occupational injury rate: (Recordable injuries/Total work hours) x 200,000 Note 4: Calculation of work hours: Total number of people x total number of work days x 8 hours Note 5: Non-employees are defined as contractors (cleaning, security) stationed at the company.

#### 3. Exposure Monitoring

Flytech regularly commissions a third-party inspection company certified by TAF every six months to monitor the working environment of the workers, including monitoring the chemical factors in the working environment (methanol, isopropanol and carbon dioxide concentration) and the physical factors in the working environment (noise and wind speed control). The results are all normal.

#### 4. Policies and Processes for Worker Protection from Disciplinary

In the health and safety incident investigation and handling management procedures, Flytech clearly defines the policy to protect workers from punishment. Workers have the right to refuse or stop unsafe or unhealthy work. When workers think the work may cause injuries or illnesses, they may leave and will not be punished. However, the worker shall inform the supervisor after leaving the job. The supervisor shall identify whether it is a false alarm or occupational hazard and list it when identifying hazards and conducting risk and opportunity assessments.

Employee Relations Customer Service and Supplier Management

#### 4-2-3 Occupational Safety Training GRI 403-5-403-7

#### Labor Safety Promotion and Elimination of Language Barriers

Flytech has arranged various promotion channels for employees to understand their rights. Communcation measures for foreign employees have also been strengthened, including:

- The factory affairs department distributes environmental safety and health cards to all employees. These cards indicate Flytech's occupational safety and health policies and commitments in both Chinese and Vietnamese and a grievance hotline for reporting prohibited harassment incidents.
- At the beginning of each month, the factory holds a safety briefing for employees, explaining how to reduce safety hazards. There are also several foreign employees proficient in Chinese who can help with translation on-site, along with large pictures, to overcome language barriers.
- Every month, we reinforce safety precautions and life management for foreign workers through intermediaries to ensure their well-being both during and after work hours.
- Regularly invite labor safety instructors to the company to promote awareness of the provisions and principles of ISO 45001. Government promotional materials are displayed on television screens and the intranet, including fire safety, typhoons, electrical appliance usage, and the company's pandemic prevention policies. These measures aim to cultivate a continuous sense of crisis among company employees and protect them from exposure to dangers.

#### Occupational Health and Safety Education and Training Practice

Flytech will arrange trainings once the new employees joining the company, including fire safety training, a comprehensive overview of labor safety, general environmental and safety training, and refresher courses for occupational safety professionals.

1. Fire Drill

Flytech has a fire and emergency response team and a fire and emergency response organization, including reporting, fire suppression, evacuation guidance, safety protection, medical response, and mechanical and electrical rescue teams. During the training, the company introduces the responsibilities of each team, discusses various types of fires and response measures, demonstrates fire equipment, explains evacuation procedures, and covers ISO-related systems. In addition to regular inspections by the fire department, Flytech conducts annual fire safety drills and fire extinguisher usage training for different scenarios.

Item	Time
Self-defense Fire Marshal training (Neihu)	2023/6/30
Self-defense Fire Marshal training (Linkou)	2023/11/22
Random inspection of fire facilities by the fire department (Neihu)	2023/3/23
Random inspection of fire facilities by the fire department (Linkou)	2023/11/15



## EVTER:

Employee Relations

#### 2. Labor Safety Overview

Explain the Occupational (Worker) Safety and Health Law, occupational injuries, occupational diseases, overwork, workplace accidents, health check-ups, internal access control safety, company-specific occupational safety and health management procedures, etc. The Labor Inspection Authority schedules two routine labor inspections every year.

Item	Time	Note
Labor Inspection	2023/4/24	Regular Inspections
Labor Inspection	2023/10/24	Regular Inspections

#### General Affairs and Environmental Safety

The courses include the company's ISO procedures and management methods related to environment, health, labor safety, abnormal handling processes and emergency measures.

4. Occupation Security Professional Personnel Recertification Training

Professionals regularly schedule on-the-job education and training to understand the government's new regulations or policies and maintain their certificates' validity.

Item	Re-trai	ning Time	2021	2022	2023
Fire protection manager	Every 3 years	6 hours	-	2	1
Emergency medical responder	Every 3 years	3 hours	5	1	2
Class A occupational safety and health executive	Every 2 years	6 hours	-	1	-
Occupational safety and health supervisor	Every 2 years	12 hours	1	-	2
Forklift operator	Every 3 years	3 hours	4	1	-

#### Occupational Health and Safety Training of External Suppliers

In addition to annually distributing environmental safety and health questionnaires to material suppliers to convey our commitment to occupational safety and health issues, we also prioritize the safety of contractors performing maintenance and cleaning tasks at our workplace. For example, we require contractors to fill out the "Vendor Environmental Safety Management Assurance Form" upon contract signing to ensure compliance with environmental safety and health regulations. They are also required to submit a general construction application form at least three days before the start of the construction. During on-site work, the General Affairs or Factory Affairs department informs and records the contractors about workplace hazards. Contractors are required to hold toolbox meetings before daily construction activities to effectively communicate relevant hazards, corresponding measures, and equipment used, thereby enhancing their awareness of the work environment's risks. These measures help prevent and reduce potential negative impacts and risks.

#### 4-2-4 Employee Health GRI 403-3-403-6-403-10

#### **Employee Health Examination**

Flytech provides all domestic employees health examinations by the qualified medical center every two years, which exceeds the requirements of the Labor Standards Act. The employee health examination report is kept and controlled by HR according to Flytech's personal data management procedures. The health examination reports will not be used for promotion, transfer, or employment. For foreign employees, according to the Ministry of Health and Welfare's Administrative Measures for the Health Inspection of Employed Foreigners, they will be assisted by the agency to take them to the designated hospital for health examination within 3 days after entering the country within 30 days before and after the date of having worked in the country for 6 months, 18 months and 30 months. The agency has to notify Flytech of the health examination date of the foreign workers. The agency will keep the examination reports. Suppose there is any abnormality in the examination results. In that case, the company will be notified to track the foreign employee's health status.

Corporate Gover and Risk Manage Employee Relations Customer Service and Supplier Management Social n Engageme Appendix Index

#### **Health Promotion**

In accordance with the government's labor health protection rules, Flytech has set up contract-based doctors and nurses in Neihu headquarters and Linkou factory. The doctors are present six times a year and nurses are present six times a month to provide health consultation and labor physical analysis and evaluation. Consultation can be done during business hours. In addition, we conduct preventive management and risk assessment for the physical condition of all employees. Besides regular health examination every two years, Flytech comprehensively evaluates employees' load level (low, medium, high), selects members who need further consultation, and arrange for them to interview doctors for consultation. The medical staff will conduct interviews and guidance with all laborers for the prevention of high-potential work-related hazards by the four-method questionnaires, including Operational Measures for Prevention and Management of Diseases Provoked by Abnormal Workloads, Standard Practice for Preventing Human Hazards, and Operational Measures for Prevention and Management of Diseases Provoked by Abnormal Workloads. The nurses maintain interview records, and measures such as adjusting working hours, shortening them, or changing job responsibilities are implemented based on the risk levels assessed by medical personnel. Further tracking is done through health check-ups and performance evaluations. No occupational disease occurred among employees during 2021 to 2023.



#### Work Environment Hygiene

Flytech employs a cleaning company to regularly clean the interior and surroundings of Neihu headquarters and Linkou factory. In addition, robotic floor sweepers and wireless vacuum cleaners are stationed at each floor of the Neihu headquarters to encourage employees to maintain a clean environment proactively. Furthermore, professional company is are periodically scheduled to perform disinfection of the entire building, both indoors and outdoors, as well as maintenance of air conditioning systems and testing of bacteria levels in water dispensers.

Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management

Green Operation l App Dent Ir

#### Physical and Mental Health is Indispensable

Flytech plans a series of seminars related to health promotion themes every year. We invite professional speakers to deliver these seminars with practical and relatable content to promote our colleagues' physical and mental well-being through education. For instance, in 2023, How can we break free from emotional blackmail in the name of love? Counselor covered various topics such as different types of roles, the six stages, personality traits, and strategies for dealing with emotional blackmail. The course aimed to teach participants how to protect themselves and maintain healthy relationships. The seminars were held from 2021 to 2023, and the schedule was as follows:

Date	Торіс	Number of Participants
2021/04/04	How to Eat on a Diet	35
2021/09/30	Life with Masks Amid the Pandemic	49
2021/12/16	Why Can't I Fall Asleep	21
2022/2/12	Midlife Crisis, a Turning Point in Self-discovery	49
2022/7/12	Toxin-free Living	61
2022/8/25	Ways to Cope with Work Stress	51
2023/1/13	How to break free from emotional blackmail in the name of love?	58
2023/10/26	Safe Medication Use and the Importance of Health Foods	80



#### Common Health Magazine-CHR Corporate Health Responsibility Initiative Promise Enterprise

Employees play a crucial role in our company. To promote and improve their health, Flytech participated in the Corporate Health Responsibility Initiative organized by the Common Health Magazine for the first time in 2023.



We promised to commit ourselves to promoting sports, weight loss activities, and advocating for a healthy diet. We will also provide bonuses for various competitions to enhance employee health awareness, improve employee communication and cooperation, and promote team cohesion. The average BMI of employees undergoing health checks in 2022 was 25.92, and we aim to achieve an average employee BMI to a normal value (<24) by 2025.

Corporate Governance and Risk Management Employee Relations ustomer Service and upplier Management Appendix Index

2023 Sports Activities:

- Our 39th anniversary celebration of Neihu Dahupark Hiking involved a round trip of about 6 kilometers to the finish point at Yuanjue Temple. A total of 356 people from the headquarters and subsidiaries participated, with 70% reaching the top.
- We held the 2023 annual table tennis tournament to improve communication among employees, with 40 people participating.
- In 2023, we held the second Flytech Love Charity event. Everyone came together to support the 11/25 International Meatless Day, promoting eating less meat and consuming more fruits and vegetables. 35 individuals participated, and together, they prepared and consumed 711 vegetarian meals. The total subsidy provided was NT\$5,940.

To reduce the risk of chronic obesity-related diseases, we plan to boost our resources in 2024 and roll out various health programs for our employees. We'll emphasize the importance of exercise in health management, aiming to get more employees actively participating in physical activities.

## ▶ 4-3 Pandemic Prevention Project

In 2020, the COVID-19 pandemic had a global impact on Flytech's international customers and suppliers and later became a global emergency. Flytech responded by prioritizing the safety of its employees and visitors and implementing daily disinfection measures across all areas to ensure a safe working environment. Depending on the severity of the pandemic, the entire building underwent large-scale disinfection. As of May 2023, regular disinfection protocols were still in place until the conclusion of the epidemic prevention project.



#### Flytech Pandemic Prevention Project



# 05 CHAPTER

## Customer Service and Supplier Management

5-1 Excellent Customer Service	83
5-2 Quality Commitment	92
5-3 Supply Chain Management	98

## 2023 Highlights

- • High Level of Customization
- Comprehensive Customer Service System
   Quick delivery, excellent quality, designed and made in Taiwan and good after-sales service

#### ••• **86.2**%

2023 local procurement amount



**Customer Service and** Supplier Management

Customer and supplier management have always been the most crucial topic for Flytech. In terms of customer service, we not only listen to customers' opinions and needs, but also focus on the four aspects of products - technology, quality, delivery, and service. By providing innovative and competitively superior products, we aim to meet the market's needs effectively. We continuously expand our verification in major management systems to offer reliable, professional services to our customers. Over the years, Flytech has consistently strengthened various management systems, including quality, information security, environmental sustainability, and occupational health and safety. We have obtained credible external verifications such as ISO 9001 for quality management, ISO 13485 for medical device quality management (specifically for the medical field), ISO 27001 for information security management corresponding to electronic information security, ISO 14001 for environmental management, and ISO 45001 for occupational safety and health management, which safeguards the wellbeing of our employees. Additionally, in 2021, we successfully obtained the rigorous IATF 16949 verification for automotive industry quality management, specifically for the automotive field.

## 5-1 Excellent Customer Service

#### **Key Achievements and Management Policy**

Material Issue	Management Policy	SDGs
6. Customer Commitment	<ol> <li>Obtain diverse quality system certification to meet customer expectations and provide products of excellent quality.</li> <li>Continuously monitor and reduce repair rate, as well as monitor and implement MTBF implementation.</li> <li>Continue to research innovative technologies, and cooperate with customers to develop high value-added products for diverse applications, deepen cooperation with customers, and grow together.</li> </ol>	9 NOUSTRY INVOLUTION AND MERISTRUCTURE AND MERISTRUCTURE AND MERISTRUCTURE AND MERISTRUCTURE AND MERISTRUCTURE

Customer Service and Supplier Management

Green Operation cial A ement

	А	р	р	e	n		į
			n		e	Х	

Positive/Negative Impact and Management	Stakeholder engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective Tracking/ Evaluation Mechanism
<ol> <li>Continue to implement ISO 9001, ISO 13485, and IATF 16949 quality management systems every year to maintain customer trust by meeting their requirements consistently.</li> <li>Conduct a customer satisfaction survey every year, address areas of dissatisfaction, and comprehend customer needs to boost loyalty.</li> </ol>	<ol> <li>Continue to pass ISO 9001, ISO 13485 and IATF 16949 certifications annually to ensure our management systems meet customer requirements.</li> <li>Continuously monitor the return rate and quality stability to achieve customer satisfaction.</li> <li>Annual customers service survey.</li> </ol>	<ol> <li>Continue to implement ISO 9001, ISO 13485 and IATF 16949 quality management systems every year.</li> <li>Annualized Failure Rate (AFR) &lt; 0.9%.</li> <li>Continue to develop Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, and other new customized system products.</li> <li>Conduct a customer satisfaction survey every year, with an average score of 8 points or above by 85%, and continue improving customer satisfaction scores.</li> </ol>	<ol> <li>No major issues in ISO 9001 and ISO 13485 audits, and made significant improvements in addressing one main deficiency in IATF 16949.</li> <li>Annualized Failure Rate AFR 0.39%.</li> <li>Customer satisfaction survey results show an average score of 8 or above achieved by 77%.</li> </ol>	<ol> <li>Continue to implement ISO 9001, ISO 13485 and IATF 16949 quality management systems every year.</li> <li>OBA leakage inspection leads to no customer complaints about batch issues, and the AFR is below 0.9%.</li> <li>Continue to develop Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, and other new customized system products.</li> <li>Conduct a customer satisfaction survey every year, with an average score of 8 points or above by 85%, and continue improving customer satisfaction scores.</li> </ol>	<ol> <li>Continue to implement ISO 9001, ISO 13485 and IATF 16949 quality management systems every year.</li> <li>OBA leakage inspection leads to no customer complaints about batch issues and maintains AFR below 0.9%.</li> <li>Conduct a customer satisfaction survey every year, with an average score of 8 points or above by 90%, and continue improving customer satisfaction scores.</li> </ol>	<ol> <li>ISO 9001, ISO 13485, and IATF 16949 are audited by third parties annually to ensure the management systems are working well.</li> <li>Monthly ESG meeting reviews to see whether the KPIs have been met.</li> <li>Annual customer service survey results.</li> </ol>

In the early stages, Flytech primarily adopted the ODM business model, which involved establishing partnerships with customers to develop markets. This approach allowed Flytech to accumulate extensive experience in customization and possess strong product design capabilities.

#### 5-1-1 Excellent Customization Service

High-Customized Design and Production for Customer Demands

- 1. Tailoring products that combine practicality and design, while offering high added value and market competitiveness for customers.
- 2. Providing modular product designs for easy assembly, disassembly, and maintenance, allowing customers to choose various peripherals for different application fields. Customers have the flexibility to select a wide range of universally compatible options, achieving a semi-customized solution at a lower cost.

About Com Flytech with Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management

#### 5-1-2 Fast Delivery

#### Maintain Excellent Product Quality with Fast Delivery

All Flytech products are 100% developed by the in-house R&D team and manufactured in Flytech's production facilities in Taiwan. From design and development to MB production and complete system assembly to delivery, Flytech delivers high-quality and highly stable customized machines to customers within the shortest possible lead time. In 2021, the global impact of the COVID-19 pandemic led to severe shortages and disruptions in shipping schedules, which affected Flytech's delivery. Fortunately, as the situation gradually stabilized in 2022, customer satisfaction has also seen an upturn. Moving forward, we will continue to optimize our delivery services for customers.

After analyzing the 2023 customer satisfaction survey, we found that delivery time satisfaction needs improvement. Therefore, our strategy for 2024 shifts from the original custom-made order production and material preparation model to gradually transitioning to a planned stocking model for key customer models. The target delivery time is shortened from  $\leq 10$  weeks to  $\leq 8$  weeks to meet the needs of key customers. In the future, converging modular product design can reduce planned inventory risks, significantly shorten delivery time, and improve competitiveness for the company and customers in terms of speed, flexibility, and customization.

## 2024 Targets: Achieve customer and machine delivery time in 8 weeks or less.



#### 2024 Delivery Improvement Plan

Function	Plan	Do	Check
Sales	<ul> <li>Define VVIP customers and Q2 key models for material requirements planning</li> </ul>	<ul> <li>Add VIP customers and the top 5 models for material requirements planning</li> <li>Review production and sales risks</li> </ul>	<ul> <li>Add VIP customers and top 10 models for material requirements</li> <li>planning</li> <li>Review production and sales risks</li> </ul>
Purchasing	<ul> <li>Shorten die-casting L/T</li> <li>Review over 80,000 items on the materials list</li> </ul>	<ul> <li>Shorten ME L/T to 4+1W</li> <li>Shorten EE and other L/ T to 8W</li> </ul>	<ul> <li>Shorten ME L/T to 4+1W</li> <li>Shorten EE and other L/ T to 8W</li> </ul>
РМС	<ul> <li>PCBA planned stocking</li> <li>MB/Small board converge</li> </ul>	<ul> <li>PCBA planned production &amp; review</li> <li>Visualizing planned production inventory</li> </ul>	<ul> <li>PCBA planned production &amp; review</li> <li>BOX planned production &amp; review</li> </ul>

#### 5-1-3 Comprehensive After-Sales Service

#### Fast and Comprehensive Service

Set up a professional customer service and maintenance service team, and establish multiple and smooth communication channels to help customers solve problems in an immediate way. If customers have consulting needs in market, technical and application aspects, the customer service team will take the initiative to understand and provide information through cross-departmental teamwork to ensure that they can provide customers with the greatest support and the best service.

About Com Flytech with Corporate Governance and Risk Management

Employee Relations Customer Service and Supplier Management

#### DOA & RMA Policy and Customer Complaint Handling

Flytech's DOA and RMA review policy is a commitment to providing product repair or replacement services for any non-conforming or defective products within the warranty period, provided they are not damaged due to customerinduced factors. This policy ensures that customers receive prompt support and resolution for product issues that arise shortly after purchase, emphasizing Flytech's dedication to product quality and customer satisfaction. Additionally, Flytech offers paid extended warranty services for customers seeking extended coverage. In the event of a customer complaint, a project team is activated according to the complaint flow (as below), tracing the root cause by actively replicating and investigating the reported anomalies at the customer's location and 5M1E (man, machine, material, method, environment, measurement) analysis. If necessary, on-site inspections and repairs are conducted to ensure the provision of optimal support and service to the customer.

In 2023, complaints were reduced slightly by 3% compared to 2022. So we added more quality enhancement measures in 2024.

First, hold bi-weekly meetings with the factory and research center to address recurring issues and develop practical solutions.

Also, actively investigate whether there are any widespread issues based on customer feedback and system serial numbers and proactively devise preventative measures ahead of time.

Note: The calculation period aligns with the customer satisfaction survey period, and includes the same customers surveyed in the survey.





#### **EOL Product Discontinuation and Material Spare Management**

Flytech follows a discontinuation procedure based on the lifecycle of standard products or the specific requirements of custom-made products. Once a decision to discontinue is made, Flytech communicates with customers in advance by issuing an EOL discontinuation notice letter and assists them in completing the last buy of assembled products and planning for post-discontinuation service material requirements within a six-month timeframe for one last time.

Corporate Governance and Risk Management

Employee Relations Customer Service and Supplier Management

## 5-1-4 Customers Service Survey and Feedback

Flytech conducts its customer satisfaction surveys by sending out a Customer Satisfaction Survey Form to its key customers annually in June. This survey assesses customer satisfaction across 5 dimensions: Lead Time, Quality, Design, Service, and Product. By collecting feedback in these areas, Flytech aims to gain insights into customer perceptions and preferences, allowing the company to effectively improve its products and services to meet customers' continuous needs. Furthermore, the customer satisfaction survey results are incorporated as a performance measurement indicator for relevant units. The respective departments are requested to submit improvement plans for areas with lower ratings. Customer service unit then tracks the progress of these improvements to ensure they are completed within the specified time frame.

From 2021 to 2023, customer satisfaction surveys focused on customers who accounted for over 80% of the annual revenue. In the 2021 survey, the customer rating scored 58.38%, surpassing the target of 8 points. In the 2023 survey, the score improved further, with 77% of customers rating and over 8 points. Although achieving scores above 8 points has yet to be fully met in 2023, there has been significant improvement compared to last year, and the situation has steadily improved over the past two years. In the 5 major survey items, satisfaction with Lead Time has significantly decreased compared to the previous year, as detailed in the improvement plan section 5-1-2. The scores for Design and Product have slightly decreased compared to the previous year. There is still significant room for improvement internally. Continuous improvement is crucial. Please refer to the table below for details.

The customer satisfaction survey method has been revised to collect data from January to December of the previous year, starting from 2024.

## 5-1-5 Value-Added/Innovative Products - Implemented Design

#### Key Achievements and Management Policy

# Material Issues SDGs 5. Product Innovation Continue to research innovative technologies and cooperate with customers to develop high value-added products for diverse applications, deepen cooperation with customers, and grow together. Image: Continue to research innovative technologies and cooperate with customers to develop high value-added products for diverse Image: Continue to research innovative technologies and cooperate with customers to develop high value-added products for diverse

#### • 2021-2023 Customers Service Survey and Feedback

Year	2021	2022	2023
1. Surveyed customer annual share	74.6%	77.6%	79%
<ol> <li>Surveyed customer satisfaction (satisfaction target is ≥ 8 points)</li> </ol>	58.38% ≧ 8 points	79.79% ≧ 8 points	77% ≧ 8 points

#### • 2021-2023 Average Customer Satisfaction Survey Scores (Max 10)

Year	Quality	Lead Time	Service	Design	Product
2021	8.1↓	7.3 ↑	8.9 ↑	8.1 ↑	8.4 ↑
2022	8↓	8.7 ↑	8↓	8↓	8↓
2023	8.8 ↑	7.4 ↓	8.2 ↑	7.8↓	7.9↓

Future goal: improve customer satisfaction year by year and maintain an average satisfaction score of 8 points or higher.

Target setting for satisfaction score of  $\geq$  8 Points 1. 2023 > 85% 2. 2025 > 90%

Customer Service and Supplier Management Soc Engag

Positive/Negative Impact	Stakeholder	2023	2023	2024	2030	Effective Tracking/
and Management	Engagement	Targets	Achievements	Targets	Targets	Evaluation Mechanism
1. Innovative architecture of the main system module enhances design efficiency, creating a more diverse range of product combinations.	<ol> <li>Discuss innovative selling points and product specifications with customers in the early stages of product development.</li> <li>Exchange on Recycled Plastics and New Material Technologies with suppliers.</li> </ol>	Introduce Slim POS and Touch Monitor into the main system modular product innovation architecture, totaling 6 models.	Introduced Slim POS and Touch Monitor into modular product innovation architecture's main system, including six new models. Development has been completed, and sales have started.	In 2024, we will continue developing shared function boards and introducing new motherboard modules for ten models of endpoint All in One computers, Panel PCs, Medical PCs, industrial computers, self-service checkout machines, and smart multimedia self-service machines.	Continuously innovating products and developing new products using Al smart tools, with a goal of reaching a 10% increase in sales.	<ol> <li>Annual customer satisfaction surveys.</li> <li>Tracking the number of innovative product developments.</li> </ol>

Flytech possesses highly customized in-house design and manufacturing capabilities, covering product planning, mechanical and electronic design, system verification, usability and installation scenario testing, material procurement, quality control, production manufacturing, and after-sales service. All these processes are governed by the five development stages defined in our ISO 9001/ ISO 13485/IATF 16949 procedures, ensuring meticulous checks at each level. Only when the design and quality of the product are flawless do we deliver it to our customers.



Corporate Govern and Risk Manager Employee Relations Customer Service and Supplier Management

d Green t Operation Social Engagement Appendix Index

#### **Design to Mass Production**



#### esign Concept Confirmation

Before initiating the design process, Flytech takes a customercentric approach by understanding their needs, anticipated application scenarios, and market competitiveness. Feasibility assessments are conducted to tailor the product specifications and comprehensive solutions that are most suitable for the customer.



#### Prototyping

In the stage of prototype system design, Flytech introduces the risk and feasibility assessment of quality and mass production after mold making. When showcasing prototypes for market promotion, we will assign members from institutions, electronics and software departments to organize a task force to ensure immediate improvements after obtaining full market feedback.



#### Design Verification

Flytech conducts testing and verification on assembled prototype systems, including temperature, drop, and vibration tests. Any areas of improvement are addressed through mold reviews. Only when there are no doubts about the product design does it proceed to the trial production phase.



#### Trial Production Verification

To ensure optimal production efficiency, Flytech optimizes the overall manufacturing and testing processes, including batch testing and environmental testing for products with specific field requirements. This guarantees rapid mass production while meeting customer demands for high quality and stability.



#### Mass Production

The Flytech Linkou factory boasts three 24-hour SMT lines and six automated production lines for system assembly. In April 2023, the company invested in a high-speed SMT line machine, which has increased motherboard production by 30% annually, allowing for a maximum annual assembly production capacity of 660,000 units. Once trial production verification is completed, the product can enter mass production. Flytech has sufficient production capacity to meet customer demands within the specified time frame.

#### Manufacturing Capability



**Customer Service and** Supplier Management

#### 5-1-6 Product Innovation

Since its establishment, Flytech has strongly emphasized on research and development and product innovation. We are dedicated to creating innovative services and solutions for customers, constantly seeking new applications, and expanding beyond the familiar realm of endpoint computers to NON-POS/NON-HARDWARE areas.

- From 2020-2021, Flytech began developing NON-POS products, such as intelligent water tank monitoring products, that have been well received in North America. These products leverage IoT (Internet of Things) technology to enhance the overall user experience of various types of home water tanks, including swimming pools, hot tubs, and landscape pools. This technology enables more realtime, energy-efficient, cost-effective maintenance operations for these pools. In 2023, we introduced a new and improved intelligent water tank monitoring product with enhanced safety control. The design is sleeker, more compact, and consumes significantly less energy.
- Flytech has also begun to focus on developing Intelligent Digital Signage Systems. To maximize the effectiveness of precision marketing, we utilize deep learning for data analysis and prediction. This approach combines various dimensions, including hardware systems, content software, plug-ins, and operational services, to create an Internet of Things (IoT) architecture encompassing software and hardware. In 2023, we introduced an advanced series of self-checkout systems powered by AI algorithms. By thoroughly analyzing and simulating user checkout behaviors and incorporating 3D imaging technology, we developed a comprehensive software solution to prevent missed scans. This innovation not only boosts operational efficiency but also reflects our dedication to sustainable and responsible business practices. The integration of intelligent digital signage and cloud control platform systems is in line with future trends. Because of this, Flytech has significantly enhanced the value of its product system and increased its potential for future development and usability.
- In 2023, we adopted a modular design approach for our main system. By using standardized, shared box product modules, we optimized and designed core components such as the motherboard, CPU, memory, and storage into box modules. These modules can be assembled into various products, creating a wider range of product combinations. This approach enhances design efficiency, allows for shared box molds, reduces the cost of developing different molds, and makes it easier to disassemble and replace components for RMA repairs. In 2024, we will continue to develop shared functional boards and introduce new motherboard modules into newly developed models. This will enable a variety of application combinations and facilitate the comprehensive deployment of endpoint All-in-One computers, Panel PCs, Medical PCs, industrial computers, self-checkout machines, and intelligent multimedia self-service kiosks. This approach will significantly improve repair efficiency and centralized inventory management, promoting planned production to shorten product lead times and extend the lifecycle of product architectures, thereby achieving low-carbon circularity goals.

In 2023, we introduced our modular innovations to clients by launching and selling ultra-thin endpoint computers. We anticipate achieving outstanding revenue growth in 2024.

#### Number of models in modular innovation development

2023 Achievements	2024 Targets	2025 Targets
<ul> <li>Ultra-thin endpoint</li></ul>	<ul> <li>Ultra-thin endpoint</li></ul>	<ul> <li>Medical-grade Panel PC- 2</li></ul>
computers- 4	computers- 5 models <li>Panel PC- 6 models</li> <li>Restaurant kitchen</li>	models <li>Self-checkout system - 2</li>
models <li>Ultra-thin endpoint</li>	display system - 2	models <li>Smart multimedia self-</li>
computer screens- 3	models <li>Self-checkout system - 2</li>	service system - 2 models <li>All-in-one endpoint</li>
models	models	computers - 5 models

## 5-1-7 Patent and Intellectual Property Management

Flytech is committed to technological innovation and strives to be a leader and innovator in the era of intelligence. In 2017, we established an intellectual property management system in compliance with TIPS standards. This system is based on the Plan-Do-Check-Action framework of ISO 9001 quality management system and aims to enhance employees' awareness of intellectual property rights and protect the intellectual property outputs of the company. By aligning with our operational goals and vision, we ensure sustainable business development. To foster a culture of continuous innovation within the company, we encourage employees to apply for patents, thereby accumulating valuable intellectual assets for Flytech. In accordance with intellectual property laws and regulations (including copyright law, trade secrets law, trademark law, patent law), as well as our internal management needs, we have established the Trade Secret Information Management Regulations. These regulations define the scope and management methods of trade secret assets that should be classified and protected, ensuring the proper safeguarding of Flytech's trade secrets.



In the past three years, our company's patent applications have focused on innovative designs for product functionality and performance and considered green product design (the number of related patent applications is shown in the table below). This includes innovative modular designs, Less is More designs, energy-saving product usage, and the inefi Spotlight unified endpoint management solution (see section 6-2-2 of this report).

Green Products Design Concept	Taiwan	U.S.	EU	China	UK
Innovative modular design	2	3	0	1	0
Less is more design	4	4	1	1	0
Energy-saving product	7	4	0	1	0
inefi Spotlight unified endpoint management solution	5	4	3	1	2
Total			43		

Note: The number of patents above is based on the number of applications filed in various countries from 2021 to 2023.



Corporate Governance and Risk Management

Employee Relations Customer Service and Supplier Management n Social on Engagement

Appendix Index

#### 5-1-8 Institutionalized Privacy Policy GRI 418-1

In 2018, Flytech established a personal data management system that conforms to the company's business model in accordance with the Republic of China's Personal Data Protection Law and the European Union's General Data Protection Regulation (GDPR) to avoid internal and external threats to the personal data collected, processed and used by the company, so as to protect the rights of personal data subjects. As Flytech operates primarily in a B2B context, the main scope of personal data involves employees, individuals involved in recruitment or event registration, and contacts engaged in inquiries and communications via the official website. The key aspects of Flytech's personal data management system include:

- 1. Flytech has developed a Privacy Policy Statement in both Chinese and English versions, which is published on the official website.
- 2. The collection, processing, and utilization of personal data are carried out for specific purposes and fully disclosed to data subjects, including the duration and manner of usage. Appropriate security measures are implemented to safeguard the processing and utilization of personal data.
- 3. In the event that a data subject requests to cease the collection, processing, utilization, or deletion of their personal data, or requests the cessation of automated decision-making, the company verifies the request and notifies the data subject accordingly.
- 4. All relevant departments shall properly manage the approved Personal Data File Inventory data files, and record the usage status, keep track data and preserve evidence.
- 5. Regular personal data inventories and risk assessments are conducted, accompanied by ongoing improvements, corrections, and preventive measures to maintain the effectiveness of the personal data management system.

In 2023, no customer complaints or privacy breaches were reported.

## **5-2 Quality Commitment**

After introducing the internationally verified quality management systems ISO 9001, ISO 13485 and IATF 16949, Flytech has established a corporate culture of commitment to quality through continuous education and promotion, self-monitoring and auditing. Under the premise that excellent products can be recognized and trusted by customers, Flytech introduces the concept of quality from the R&D and design stage, and establishes preventive measures and correction and debugging mechanisms, using incoming inspection, factory automation equipment, and multiple functional testing stations with electronic system to track quality issues, etc. for comprehensive quality control. Flytech' s commitment to quality extends beyond the manufacturing process and encompasses post-sales services. By providing warranty policies adjusted according to customers' needs, Flytech achieves a complete quality commitment to our customers.

## 5-2-1 Quality Planning

Pursuit of Excellence is the quality policy set by the chairman and president of Flytech. With the attitude of doing things right at one time, our R&D team conducts a comprehensive evaluation in the design and development stage to create high-quality products, and adhere to the quality management norms and spirit of ISO and various industry standards, and maintain products with standardized operations. We maintain the stability of product quality with standardized operations to achieve the goal of continuous production of high-quality products to improve customer satisfaction.

#### 5-2-2 Quality Management

In order to realize the Pursuit of Excellence quality policy and enhance international competitiveness, Flytech follows international quality management standards and establishes a complete quality management system. In 1999 and 2010, we obtained ISO 9001 quality management system verification and ISO 13485 medical equipment quality management system verification. In 2021, we obtained the industry's more rigorous IATF 16949 automotive industry quality management system verification. In addition to annual internal and third-party audits, Flytech ensures consistency and continuous improvement of the quality management system through ongoing internal and external supervision, management involvement in review meetings, and quality process management.

**Customer Service and** Supplier Management

Our quality target is an Annualized Failure Rate (AFR) of 0.9% or less. We have achieved this quality target from 2021 to 2023. Flytech products exhibit low return and repair rates, minimal product failures, stable quality, and continuous improvements.



#### **PDCA Circular Quality Management**

The quality system was started and implemented by the Quality Assurance Department, and a comprehensive internal audit was carried out every year according to the plan to ensure that the procedures are consistent with the daily operations of the department, covering Neihu headquarters and Linkou factory. If any non-conformities are identified, corrective actions are taken and tracked using corrective action tracking forms to implement improvements. The effectiveness of these actions is continuously monitored and reviewed until the possibility of non-conformities reoccurring is eliminated. Additionally, Flytech invites senior executives to participate in management review meetings every year. These meetings not only review audit findings and improvement effectiveness but also delve into quality achievements, internal and external issues, customer satisfaction and supplier performance, among other topics. Opportunities and risks related to long-term risk prevention or enhancing opportunities are identified, aiming to maximize internal and external benefits and achieve continuous improvement. For example, during the second IATF 16949 audit in 2023, one major non-compliance and two noncompliance issues were identified, all different from the previous ones. Corrective actions were taken by revising the control plan management procedures, emergency response procedures, and internal audit procedures, increasing consistency requirements in operations. All deficiencies were addressed within the specified time frame, demonstrating Flytech's commitment to continuous improvement and system optimization and prevent recurrence of non-compliance.



About Com Ivtech with Corporate Governan and Risk Manageme Employee Relations Customer Service and Supplier Management

Green Operation Social Igagement

Append Index

#### International Quality System Verification ISO 9001, ISO 13485, IATF 16949

Flytech takes ISO 9001, which has been introduced for many years, as the basis of the quality management system, and continuously improves and maintains the stability of the quality management system. In addition, in order to improve hardware manufacturing technology and enter the medical equipment market, we obtained ISO 13485 medical equipment quality management system verification in 2009, and have the ability to produce products and equipment that meet medical regulations. After years of dedication and refinement, Flytech won the recognition with customers in 2021, successfully entered the automotive product market, obtained the rigorous IATF 16949 automotive industry quality management system verification, and introduced the vehicle system management model into Flytech. We continue to improve Flytech's quality management system with a more rigorous process structure.

#### 5-2-3 Quality Control

In order to implement the ISO quality management system and prevent quality issues, the Flytech R&D team considers the suggestions of stakeholders and introduces the concept of DFM (Design for Manufacturing) in the product design and planning stage. For medical products with higher quality requirements, they will perform failure mode analysis of design and manufacturing to reduce the abnormal risk of subsequent manufacturing systems. Furthermore, in the manufacturing process at the Linkou factory, Flytech has established 5M1E (Man, Material, Machine, Method, Measure, Environment) specifications to reduce the frequency of quality issues. We also set specific goals for each station, including a target for First Pass Yield (FPY) > 97%.





Corporate Gove and Risk Manag

Employee Relations Customer Service and Supplier Management Social Engagement

Appendix Index

#### Handling Quality Issues

The Flytech ERP system incorporates an automatic detection feature that sends email alerts to relevant departments if continuous quality issues are detected or batch yield rates fall below a specified threshold. The quality assurance team holds weekly meetings to review these events and develop appropriate strategies. At our Linkou factory, regular departmental morning meetings are held three times a week to discuss production scheduling, material control, and short-term quality measures. Additionally, biweekly quality meetings focus on First Pass Yield (FPY), quality issues, and incoming inspection results. These meetings ensure that strategies are developed for any anomalies and that improvements are diligently tracked. This proactive approach aligns with our commitment to sustainability and operational excellence, promoting efficiency and quality across our processes. When dealing with quality issues, Flytech follows the PDCA management method, applying a rolling management to achieve both on-time delivery and excellent product quality. By confirming and tracking improvements through countermeasures, the number of quality issues has decreased over the past three years, thereby relatively improving the assembly pass-through rate.



# Incoming M aterial Inspection and First-In-First-Out (FIFO) M anagement

The inspection results from the Quality Assurance Department are uploaded to the SAP system, and the strictness or leniency of inspections is automatically adjusted based on the vendor's delivery quality and transaction frequency. Over the past three years, there has been an increase in the defect rate according to incoming inspection statistics. Processes for managing discrepancies and the 5-3-2 supplier management are implemented for continuous improvement. Warehouse personnel also arrange the received materials in order, following the First-In-First-Out (FIFO) principle, based on the IQC-qualified stamps and dates. This method reduces the risk of material idling and damage, providing customers with stable and high-quality products. It also improves internal work efficiency, ensures material traceability, uses inventory materials to comply with product specifications, and reduces unnecessary re-inspection procedures and losses.





#### **Process Control and Factory Equipment**

Flytech's production process includes PCBA and system assembly. During the production process, multiple inspections and 100% functional testing are conducted. These include PCB component placement, board testing, system testing, pre-testing, burn-in testing, post-testing, and Out-of-box Audit (OBA). The multi-layered quality control points are in place to ensure the final product's quality is reliable and trustworthy to customers.



AVT AH

**Customer Service and** Supplier Management

In order to control the quality of the process, Flytech's ERP system provides a number of control system error detection functions to prevent human errors, such as the process management system, Shopfloor, the central standard operation instruction system, the quality automatic warning system, and the equipment parameter control system, etc. In 2023, continuous system optimization was carried out to ensure all operators strictly work under the relevant management system to ensure the consistency of product quality.

In addition, the factory's assembly line adopts automatic equipment, which can greatly improve the production stability and production capacity. In cooperation with Shopfloor during production line assembly, management reports can be generated at any time interval to strengthen process planning and scheduling management. All assembled machines will enter the burn-in room for testing through the flow line, and all production records and test and maintenance results will also be logged into the Shopfloor system at the same time. Therefore, in the face of quality issues, the composition of the product can be quickly traced in order to facilitate the introduction of subsequent analysis and countermeasures.









In addition to quality control inspection, employee discipline and proficiency in assembly are another important part of ensuring quality. In addition to 5S sorting (SEIRI), rectification (SEITON), cleaning (SEISO), cleaning (SEIKETSU), literacy (SHITSUKE)) as a daily routine, Flytech also implements the 6th S (Safety) by passing the ISO 45001 occupational health and safety management system verification. In terms of employee discipline, direct personnel must wear electrostatic rings and electrostatic shoes when entering the production line, use the electrostatic checkin desk to remove excess electricity, and configure and regularly inspect the ground wire at the workstation to avoid damage to electronic products. Regarding execution accuracy, the assembly work instructions of the Linkou factory have been fully formatted electronically. There is a computer in front of each direct employee to display the SOP of the work order. Through the card swiping mechanism, it can be verified that the person has completed the education and training of the model before it can be operated. The electronic operation can not only increase the production capacity but also reduce human-induced quality issues.

## **5**-3 Supply Chain Management

## Key Achievements and Management Policy

Material Issue:							
8. Green Design and Supply Sustainability Managem (Voluntary Disclosure	y Chain hent e)	<ol> <li>Support local</li> <li>Through supp suppliers prio</li> <li>Increase the p fulfill corpora</li> </ol>	veys, we ensure that integrity and actively	8 DECENT WORK AND ECONOMIC GROWTH			
Positive/Negative Impact and Management	Stake	eholder gement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective Tracking/ Evaluation Mechanism
<ol> <li>Gradually involve new suppliers in environmental and social assessments to minimize the negative impact on the sustainability of the supply chain.</li> <li>Support local procurement, co-prosper with suppliers to boost the local economy.</li> </ol>	<ol> <li>Supplier E Health and and Comm Declaratio continually Flytech's e policies an</li> <li>Supplier P Footprint S</li> </ol>	nvironment d Safety Survey nitment/ n Form, y promoting environmental nd principles. roduct Carbon Survey.	<ol> <li>Local suppliers account for 90% of the procurement amount.</li> <li>100% of the suppliers submit the Quality Components Acknowledgement Form.</li> <li>70% of suppliers sign the Environmental Protection, Prohibited Substances, and Carbon Reduction Commitment Declaration, Corporate Social Responsibility and Integrity Commitment, and sign/issue the Conflict Minerals Non- Usage Policy Statement.</li> <li>Ensure all automotive suppliers comply with ISO 9001.</li> </ol>	<ol> <li>Local suppliers accounted for 86.2% of the procurement amount.</li> <li>100% of Suppliers submitted the Quality Component Acknowledgment Form.</li> <li>Suppliers completed signing the related commitment/ declaration forms: Environmental Protection and Prohibited Substances Commitment Declaration 67%, Corporate Social Responsibility Management Commitment 70.63%, and No Use of Conflict Minerals Declaration 68.98%.</li> <li>All automotive suppliers comply with ISO 9001.</li> <li>We sent out 75 Supplier Environmental Health and Safety surveys, and got a 100% response rate.</li> </ol>	<ol> <li>Local suppliers account for 80-90% of the procurement amount.</li> <li>All suppliers submit Quality Component Assurance Letter.</li> <li>75% of new suppliers signed the Environmental Protection and Prohibited Substances Commitment Declaration, Corporate Social Responsibility Management Commitment, and No Use of Conflict Minerals Declaration.</li> <li>Ensure all automotive suppliers comply with ISO 9001.</li> <li>Total number of Supplier Environmental Health and Safety surveys exceeds 80.</li> </ol>	<ol> <li>Local suppliers account for 90% of the procurement amount.</li> <li>Continue to increase the proportion of suppliers signing ESG- related commitments/ statements.</li> <li>Maintain 100% automotive suppliers in compliance with ISO 9001 standards.</li> <li>60% of suppliers obtained ISO 9001, and 30% obtained ISO 14001 or 45001 verification.</li> </ol>	<ol> <li>Annual local procurement percentage.</li> <li>Suppliers complete annual surveys to implement environmental, safety, and health policies effectively.</li> <li>Increase ratio of suppliers signing ESG- related commitments/ statements.</li> </ol>

About Flytech Corporate Governance and Risk Management

Employee Relations Customer Service and Supplier Management

Green Operation Social gagement

Appendix Index

Flytech employs a strategic approach to supplier management by leveraging the strengths of suppliers from both Taiwan and China. This ensures fast delivery, flexible pricing, and a mutually beneficial strategy for both locations, with the aim of establishing a stable, long-term supply. Our supply chain is predominantly based in Taiwan, with over 80% of it located there. Additionally, we collaborate with suppliers from mainland China who have competitive advantages in mold technology development, aligning with our long-term growth strategy. In 2023, 86.2% of our total purchases were from domestic suppliers.

We urge our suppliers to comply with government environmental protection and occupational safety regulations. We conduct annual surveys to assess their environmental and safety practices. We ask them to properly recycle or reuse waste, adhere to government environmental policies, and continuously improve to meet all environmental and workplace safety goals. Furthermore, Flytech is committed to establishing a green supply chain. ISO 9001 and ISO 14001 are included in the evaluation criteria when evaluating new suppliers. To ensure source management, Flytech also requires qualified suppliers to submit hazardous substance restriction reports to comply with international environmental laws and regulations, as well as fill out the Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) for complying with international human rights trends.

Furthermore, recognizing the global significance of climate change, we established a project in late 2021 to develop a greenhouse gas inventory management system. In 2022, we obtained external verification for ISO 14064-1. This showcases Flytech's commitment as a corporate citizen, actively engaging in self-management and participation in tackling climate change. In the future, we will continue to urge suppliers to obtain international quality, environment, and occupational health and safety system verification (ISO system), and jointly develop low-carbon and environmentally friendly raw materials, processes and transportation modes, and strive to create an environmentally sustainable Flytech value chain.

#### 5-3-1 Sustainable Supply Chain GRI 2-27 \205-3 \204-1 \308-2 \408-1 \409-1

#### Supply Sustainability Management

Flytech recognizes that in addition to generating profits and being accountable to shareholders, we have a responsibility towards workers, consumers, and the environment. The company communicates our sustainability requirements and goals to suppliers through various channels in order to achieve excellence in environmental protection, social responsibility, and economic benefits. To increase their understanding of ESG and help them adopt IOS 14064-1 audits and ISO 14067 product verifications, a Supplier Code of Conduct will be implemented starting in September 2024.

Corporate Social Responsibility and Integrity Management Pledge	Since 2021, the company has established the Corporate Social Responsibility and Integrity Commitment, referencing the Responsible Business Alliance (RBA) Code of Conduct version 7.0. This initiative mandates our suppliers to endorse and adhere to this commitment, thereby collectively driving sustainable environmental progress, upholding corporate social responsibilities, and aligning with the RBA Code of Conduct alongside international human rights principles. Central to this commitment is protecting workers' legal rights, ensuring a workplace free from discrimination, and strictly prohibiting child labor, thereby embedding ethical practices and governance in our operational framework.	As of 2023, we have signed contracts with 214 suppliers, accounting for 70.63% of the total. No incidents of dishonesty or corruption were found between 2021-2023
Supplier Environmental Health and Safety Survey	Each year, the Supplier Environmental Health and Safety Survey is sent to suppliers, including factories with delivery records. They are required to adhere to local environmental regulations and to promote established environmental policies and philosophies. Going forward, the enforcement of safety, environmental, and sustainability policies will continue, with plans to gradually expand the number of suppliers surveyed.	All 75 surveys were retrieved in 2023, with no abnormal issues found.
Environmental Protection and Prohibited Substances Commitment Declaration	Suppliers are required to submit Restriction of Hazardous Substances Directive (RoHS 2.0) inspection reports before they can be considered for component recognition and procurement. Additionally, they must sign the Environmental and Prohibited Substances & Carbon Reduction Commitment Statement. This ensures that suppliers not only benefit from transactions but also scrutinize their behaviors and products for compliance with environmental regulations. The use of materials or substances harmful to the environment is strictly prohibited.	In 2023, 67% of suppliers have signed.
No Use of Conflict Minerals Declaration	Suppliers must provide the Conflict Minerals Declaration to confirm that the tin (Sn), tantalum (Ta), tungsten (W), gold (Au), and cobalt (Co) metal materials they use do not originate from conflict areas controlled by armed groups in the Democratic Republic of Congo and neighboring countries. However, non-conflict minerals from these regions are not excluded to support responsible mining operations in the area. The target for the proportion of suppliers signing the declaration in 2024 is 75%.	In 2023 68.98% of suppliers have signed

FLYTECH	Overview	About Flytech	Communication with Stakeholders	Corporate Governance and Risk Management	Employee Relations	Customer Service and Supplier Management	Green Operation	Social Engagement	Appendix Index
						•			

#### Raw Material Usage and Local Procurement

Flytech mainly focuses on the design and production of industrial computers. The main components of the products include key components (Panel, Touch, etc.), mechanical parts (metal parts, plastic parts, die-casting parts), electronic parts (PCB, IC parts). In 2023, the total purchase amount of Flytech reached NT\$ 1,275,722,000, and there was a total of 277 qualified suppliers with transaction performance. Flytech has always been committed to local procurement and supports local suppliers in creating revenue and employment opportunities. This approach makes it easier to audit suppliers' quality and environmental standards on-site. It helps reduce carbon emissions from transportation and allows for flexible adjustments in design and delivery schedules. In the last three years, 86.2% of our raw materials for products were procured from Taiwanese suppliers, consistently meeting our annual target of 85% in 2023. Moving forward, we will continue to choose high-quality suppliers to support local development, establish long-term cooperative partnerships, and strive for sustainable operations.



**Customer Service and** Supplier Management

#### Sustainable Supply Chain—Eco-Friendly Ink and FSC Certification.

Flytech has undertaken a series of investigations into using eco-friendly ink starting in 2022 further to embrace the concept of a sustainable supply chain. Eco-friendly ink primarily uses materials such as soybean and vegetable oil in its production. In contrast to traditional ink, which mainly relies on petroleum and mineral oil, eco-friendly ink can reduce the emissions of volatile organic compounds (VOCs). Additionally, plant-based oils are sustainable resources that can be biodegraded, unlike petroleum, which is a finite resource. This makes eco-friendly ink a more environmentally responsible choice and supports sustainable development goals. Flytech is actively evaluating the potential adoption of eco-friendly ink for some, or even all, of its printing materials as part of its ongoing efforts to contribute to the planet's well-being.

In addition to eco-friendly ink, in 2022, Flytech expanded the use of environmentally friendly materials for packaging boxes, choosing 100% recycled corrugated paper materials for their designs. Two product models have been put into mass production, and two more are in the mold-opening phase. We plan to continue increasing the number of models using these materials. Suppliers are required to use raw materials that come from Forest Stewardship Council (FSC) certified sources. When a material has this certification, the raw materials are sourced from forests recognized as Well-Managed Forests rather than forests subjected to excessive deforestation or irresponsible logging practices. This commitment to FSC certification aims to promote sustainable operations and ecological conservation. In 2023, two suppliers have already obtained FSC certification, with plans to add another certified supplier by 2024. Currently, most suppliers in the market still need to adopt FSC certification. Flytech hopes to raise awareness and provide guidance to encourage more suppliers to focus on this critical issue and support the development of sustainable forests.

#### Supplier Greenhouse Gas and Product Carbon Footprint Assessment

To meet Taiwan's 2050 net-zero emissions target, the Financial Supervisory Commission has mandated that parent companies and consolidated subsidiaries undergo external verification of greenhouse gas emissions in 2028 and 2029, respectively. Flytech has proactively completed the external verification of greenhouse gas emissions and obtained ISO 14064-1 certification for the parent company for 2021 and 2022. Additionally, we have commenced training for subsidiaries and have scheduled a Carbon Management Project in the fourth quarter of 2022. This project will involve an examination of raw materials, supplier transportation's carbon footprint, and equipment energy consumption to calculate the carbon emissions data of our products and machinery. By 2023, some product carbon footprint assessments were completed, with ISO 14067 external verification achieved for one product. Furthermore, Flytech aims to implement an information system management platform to focus on energy-saving improvements in high carbon emission areas, scrutinize the carbon footprint of supplier materials and transportation, and facilitate collaborative efforts with the supply chain towards sustainable development (see section 6-4-2 on climate change response and product carbon footprint).

## 5-3-2 Supplier Management

#### **New Supplier Qualification Process**

Flytech's qualification review method for product material suppliers involves a cross-departmental evaluation team composed of R&D, Quality Assurance, and Procurement Departments. According to the specialties of each department, comprehensive scores are carried out in many aspects. For suppliers with production bases located overseas or local agents of foreign manufacturers they can provide ISO guality and environmental system verifications of the foreign manufacturer to the evaluation team. Upon approval, they can be included in the list of qualified suppliers. For other suppliers, the cross-department team reviews documents and conducts on-site inspections. The evaluation covers compliance with ISO 9001, and suppliers are also encouraged to obtain ISO 14001 certification. When selecting new suppliers, if a second-party audit is deemed necessary, the ISO 14001 environmental management system standards are included in the evaluation criteria, and the combined scores from the responsible units must meet the qualifying threshold.

Beginning in June 2024, we will evaluate potential suppliers for their environmental safety record, pollution history, and any previous occupational safety and health violations. Only those who meet Flytech's standards for environmental, safety, and health procedures will be approved as qualified vendors. Once a new supplier is approved, they must sign a declaration of not using conflict minerals, a commitment statement on environmental protection and prohibited substances, and a commitment statement on corporate social responsibility and integrity. Additionally, periodic environmental, safety, and health audits are conducted annually to minimize potential environmental impact and safety hazards in the supplier's production process. We are committed to improving workplace health and safety, developing green products together, reducing environmental impact, and taking on social and environmental responsibilities.

**Customer Service and** Supplier Management

#### Supplier Ratings and Performance Tracking

Flytech follows the ISO 9001 supplier rating and performance tracking procedure. Every quarter, an assessment is conducted for all eligible suppliers with transaction records. The evaluation criteria include Quality, Price, Delivery Schedule, and Cost, which are collectively scored. The suppliers are then categorized into four levels: A, B, C, and D. For suppliers rated C or D, Flytech's specialized unit will visit the supplier's site to conduct process audits. We will identify any abnormal points in their processes and verify the effectiveness of their corrective and preventive measures. These suppliers will be closely monitored for evaluation in the next guarter.

We will adhere to the quality issue handling process in our continuous improvement procedures to enhance the quality of these suppliers. The transaction will be terminated after evaluation if a supplier consistently fails to meet improvement standards.

In addition to regular assessments, Flytech's quality assurance unit conducts weekly quality meetings to immediately supervise and guide suppliers during consecutive quality issues.



In 2023, two suppliers did not meet the standards. However, after communicating with the specialized unit at Flytech, both have made improvements.





Note 1: Total number of evaluated suppliers is the sum of the number of evaluated suppliers in each quarter. Note 2: Non-compliance rate = Total number of C and D grade suppliers/Total number of evaluated suppliers. Note 3: Improvement rate=Number of improved suppliers/Total number of C and D grade suppliers.

# 06 CHAPTER

## **Green Operation**

6-1 Environmental Protection Policy	104
6-2 Green Products	105
6-3 Energy and Water Management	111

6-4 Carbon Management and Climate Change Response

## 2023 Highlights

••• **↓** 17.87%

115

Electricity consumption decreased in 2023

- ••• **J3.83%** Carbon emissions decreased in 2023
- • Passed verification for two consecutive years ISO 14064-1 Organizational Greenhouse Gas Inventory
- • Completed carbon management platform in 2023 Initiated carbon management in 2022
- ••• Obtained verification for one product ISO 14067 product carbon footprint assessment

## FLYTEHH

Green Operation

Flytech operates with the guiding principle of coexisting and co-prosperity with the ecological environment and integrates green practices into our daily operations. Our health and safety policies revolve around Safety, Environmental Protection, and Sustainability. While we may not belong to a high-carbon emission or water-intensive industry, we proactively started auditing ISO 14064-1 organizational greenhouse gases from 2021 and ISO 14067 product carbon footprint from 2023. These efforts were initiated even before the regulatory deadlines of the Sustainability Development Roadmap for Listed Companies. Through these audits and analyses, we have implemented resource reduction plans such as saving electricity, water, and reducing waste. For instance, we invested NT\$ 15 million in 2021 to completely replace the air conditioning system at our Neihu headquarters to improve energy efficiency. In 2023, we also invested NT\$ 2.5 million to install an independent inverter air conditioning system on the SMT floor of the Linkou factory to save electricity by avoiding the use of the full factory air conditioning system for single floor use at night. Moreover, we are planning to purchase green electricity to reduce our dependence on high-carbon power. We are actively advocating for water-saving practices and are participating in the Tamsui River Pact initiative by CommonWealth Magazine to safeguard water resources.

In addition to sustainability in its operations, Flytech is actively working to make its product lineup more eco-friendly. This includes establishing a green supply chain, developing energyefficient and environmentally friendly products, and focusing on minimizing packaging, using recycled plastics, and employing recyclable materials. Additionally, Flytech is working on creating modular and integrated designs to increase product longevity, integrating energy-efficient components into new motherboards, and helping customers save energy and reduce carbon emissions. The overall goal is to build an environmentally sustainable value chain and achieve carbon neutrality for specific products by 2030.

## 6-1 Environmental Protection Policy

Safety, Environmental Protection, and Sustainability is Flytech's policy for maintaining the environment and occupational safety and health. Internally, we communicate our environmental policies, regulations, and laws to all employees through internal networks, education, training, and goal management. Externally, Flytech promotes environmental policies and concepts to our suppliers. We continuously assist and collaborate with suppliers through new supplier selection and regular evaluations, aiming to earn the trust of all stakeholders, including employees, customers, suppliers, investors, and government agencies. We continue to obtain international ISO verification to ensure the effectiveness of policy implementation, further enhancing the company's professional performance in environmental sustainability management.

2020	In 2001, we achieved ISO 14001 certification for our environmental management system. We have since combined it with ISO 45001 to create a comprehensive environmental, health, and safety management system. Additionally, we have obtained ISO 45001 verification for our occupational health and safety management system.
2022	The regulatory authority requires publicly listed companies to disclose their greenhouse gas inventory information by 2028, with the parent company completing external verification. Flytech has already completed the first greenhouse gas inventory report for the year 2021, six years ahead of schedule, and obtained external verification according to ISO 14064-1 standards.
2023	Completed the first product ISO 14067 carbon footprint verification



Green

Operation

From the research and development stage, the product has incorporated green design, environmentally friendly materials, and green lead-free processes. We ensure proper waste sorting and waste management to reduce environmental impact and fulfill our environmental responsibilities while providing a safe and healthy working environment for our employees. We follow the ISO 14001 environmental management system and ISO 14064-1 greenhouse gas inventory each year. We identify significant environmental assessments and evaluate how to reduce environmental risks. Additionally, we conduct regular assessments every six months to ensure compliance with environmental policies and regulations, aligning with government environmental initiatives. It was verified that neither our company nor its subsidiary, Box, violated any environmental regulations in 2021-2023.

## ● 6-2 Green Products

#### **Key Achievements and Management Policy**

Material Issue		Management Policy					SDGs	
8. Green Design and Supply Chain Sustainability Management (Voluntary Disclosure)		Evaluate environmental and ecological design considerations, as well as energy-saving benefits, during the design phase. Prioritize the use of recyclable and environmentally friendly materials and integrate energy-saving design principles and software services into our new products.				7 AFFORDABLE AND CLEAN INRROY	9 NOUSTINY INNOVATION AND INFRASTRUCTURE	
Positive/Negative Impact and Management	Stakeholder engagement		2023 Targets	2023 Achievements	2024 Targets	2030 Targets		Effective Tracking/ Evaluation Mechanism
<ol> <li>Develop new low-carbon, energy-efficient products to reduce the impact of resources on the ecology and environment.</li> <li>Use paper as cushioning material in packaging design to fulfill social responsibility for environmental sustainability and gain customer approval.</li> </ol>	<ul> <li>Company exhibition</li> <li>Official website</li> <li>Customer visit</li> <li>New product development meeting</li> </ul>		<ol> <li>Enhance new motherboard power design to boost efficiency and reduce energy consumption, meeting the Energy Star 8.0 standards for both models.</li> <li>Two models that use entirely paper-based cushioning packaging designs.</li> </ol>	<ol> <li>Two new motherboard models designed to meet Energy Star 8.0 standards.</li> <li>Two models that use entirely paper-based cushioning packaging designs.</li> </ol>	<ol> <li>Six new motherboards designed to meet Energy Star 8.0 standards.</li> <li>Six models that use entirely paper-based cushioning packaging designs.</li> </ol>	<ol> <li>Increase the use of environmentally friendly sustainable materials.</li> <li>Continue to develop new products with energy- saving designs.</li> </ol>		<ul> <li>Continous tracking</li> <li>1. Number of new motherboards that meet Energy Star 8.0 or higher standards.</li> <li>2. Number of models of cushioning packaging made from fully recyclable paper-plastic and paper materials.</li> </ul>

Employee Relations Customer Service and Supplier Management Green So Operation Engag Appeno Index

#### 6-2-1 Green Design GRI 416-1-416-2



In order to reduce the impact on the environment, for the design of new products, Flytech's design team evaluates new products in the early planning stages using an Environmental Ecological Design Efficiency Evaluation Form. This assessment looks at whether the design concept contributes to environmental sustainability and whether the selection of materials complies with the requirements to check whether the design of the new models is green design and environmentally friendly. The principles of the overall green design of the product include the selection of low-power components, the use of green-verified materials, the use of modular shared design, the use of recyclable product materials, the process and products with the least impact on the environment and the most energy-saving. For example, to strengthen the physical cooling function, adopt a fanless design or a low-power CPU to achieve a green design that saves energy and power. Flytech evaluates the environmental impact of its products across various stages, including production, manufacturing, transportation, consumer use, recycling, and disposal to ensure compliance with international regulations and customer requirements and aim to design innovative green products that minimize their environmental impact.

In order to comply with the EU WEEE (Waste Electrical and Electronic Equipment Directive) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) SVHC (Substances of Very High Concern), Flytech will send the final product to a qualified manufacturer for production dismantling and chemical substance analysis, both analysis reports are included in the product development review project. On the one hand, it can ensure that the disposal of the final product can be effectively recycled at the client; and on the other hand, it can reduce the chemical harm to the human body and the environment. It's worth noting that all products within Flytech's factory comply with the RoHS (Restriction of Hazardous Substances) EU regulations. No incidents that affect the health, safety regulations, or voluntary agreements related to their products and services have been reported.

In addition to the green design of hardware and assessment, Flytech has completed the development of non-HARDWARE software service products in 2021 and officially promote it to customers in 2022. Besides providing a complete solution that integrates hardware manufacturing, application fields, and software management, we also explore ways to deliver environmental benefits through energy-saving and emission-reducing measures in software services.
Green

Operation

# 6-2-2 Examples of Green Design GRI 302-5

## **Green Products Design**

Flytech conducts annual evaluation and optimization for selected products. Green design evaluations are performed during the development and design of new products, especially for entirely new models requiring the development of new mechanisms and motherboards. The design assessment takes place during the product design phase, and the green design benefit assessment is completed during the product trial product trial production stage to verify the effectiveness of environmental ecological design.



covering Touch POS, Panel PC, Tablet, PC box, and more. When customers need to upgrade the system or need a newer generation, there is no need to replace the whole machine; they can borrow with the removable design, and the mother board or general module can be directly replaced to improve product performance and prolong product life to achieve efficient utilization, promote environmental sustainability, and minimize unnecessary waste. In 2023, we took one step further. We introduced a modular concept for our products, which involved creating various product combinations using a core motherboard and key components such as the CPU, Memory, and Storage. These components were optimized and made into box modules, allowing for assembly into different products for use in various settings. This approach enables the use of shared molds, improves maintenance efficiency, and ultimately extends the lifespan of the main system products while promoting low-carbon recycling.



Our design team has minimized the number of components in the product's structure without compromising reliability, performance, and structure. This approach keeps material costs, assembly time, and mold costs very low. Our aim is to achieve the most with the least cost, leading to a significant reduction in carbon emissions associated with suppliers' mold-making and part production.



Flytech specializes in producing industrial computers, and the core component of these products, the motherboard, is designed and manufactured by Flytech. Since 2021, Flytech has been using its research and development capabilities to gradually transition its old CPU platform motherboard products to the new generation of high-performance CPU motherboards. For example, we replaced the Baytrail platform motherboards with the latest CPU Elkhart Lake platform motherboards, introduced a series of Touch POS models, and accelerated customer product upgrades to increase new orders. Our goal is to help customers save energy while using our products.

In 2023, we focused on increasing the energy efficiency of new motherboards to meet the Energy Star 8.0 standards, and we have already completed two new motherboard models. We plan to develop over six new motherboard models that meet these standards by 2024. Based on the number of machines installed with new energy-efficient motherboards in 2022 and the product usage cycle, we estimate that they can save customers 469,194 kilowatt-hours (kWh) of energy consumption. The significant amount of energy saved has a meaningful impact on how customers manage their energy consumption and expenses, and also with a positive externality.

# Evaluation of incorporating recycled plastics

in terms of product mechanical design, Flytech has also started to focus on using recyclable raw materials and green materials to design products. Without sacrificing product reliability, performance, or structure, we have added the feasibility of recycled plastic materials into the manufacturing process into assessment.

Flytech always considers practicality and convenience from the customer's perspective while maximizing product benefits and contributions based on sustainability and environmental protection principles. Green design isn't just a slogan for us—it's a priority in Flytech's sustainable business strategy!

About Co Flytech wit Corporate Governance and Risk Management Employee Relations

Customer Service and Supplier Management Green Soc Operation Engag Appendi Index

# Green Packaging Design

Minimize packaging volume while maximizing buffer design

Flytech is committed to achieving the policy of simplifying packaging, reducing shipping weight, and maximizing shipping volume, starting from mainstream models and some of our products that are exported to Europe (such as K737 POS337N2 etc.) to carry out the reduction design of the buffer packaging material to ensure that under the same transportation standard test (ISTA), achieving the purpose of Minimizing the Volume of the Packaging Material and Maximizing the Buffer Design. In addition to ensuring that the product is fully protected, it also achieves environmental protection, waste reduction, and maximized transportation efficiency triple win situation.

• Replacing EPE cushioning material with paper packaging material

The above-mentioned packaging optimization design has already reduced waste (packaging materials) and reduced carbon (transportation) to achieve significant benefits. However, the low recycling rate of EPE buffer material is a problem that must be faced. Therefore, Flytech started to study the use of natural harmless, more environmentally friendly and easier to recycle material, "paper", to design the cushioning materials of the whole machine as a replacement for frequently used EPE. In addition to reducing the space needed for stacking packaging materials after unboxing, paper packaging simplifies waste classification and makes recycling or incineration easier. Due to the characteristics of paper, maintaining the same level of protection as EPE and passing the same reliability and transportation tests takes work. Amid the challenges of product packaging design constraints, we at Flytech have attempted to use paper-plastic packaging for machines weighing less than 6 kilograms, introducing two models into mass production. Additionally, we have used origami materials as cushioning for three small industrial computers, which will be promoted and sold in 2024. We hope this will improve the recycling rate of products and packaging materials in the future. We also investigated and inquired with suppliers to ensure that our ink printing and packaging materials comply with internationally recognized certifications. In the future, we will work with our partner suppliers to obtain Forest Stewardship Council (FSC) certification to support sustainable forests.

# inefi – Software as a Service, Leading the Way in Energy Efficiency

Flytech's subsidiary, inefi Incorporation, launched in 2021 the subscription-based cloud monitoring UEM software service, inefi Spotlight. It adopts a cloud-centric approach to device management, providing system integrator customers with high-value software services for remote monitoring of hardware. This significantly reduces the time customers need to physically visit the site for inspection and maintenance. The above mentioned cloud-based digital management platform not only leverages intelligent insights and automation mechanisms to provide a comprehensive and innovative unified endpoint management solution to global customers but also reduces greenhouse gas CO<sub>2</sub> emissions by greatly reducing the transportation of on-site technicians and machine repairs.

Through inefi Spotlight, customers can adjust the functionality of endpoint devices based on business hours, including screen brightness. For example, during non-business hours, the system can automatically reduce screen brightness to conserve energy usage. Furthermore, in the future, we will utilize AI (Artificial Intelligence) technology to put in a more precise system to manage power consumption of devices, further reducing energy waste and achieving energy conservation and carbon reduction goals.

These features provide convenience and energy-saving benefits to customers and enable them to actively participate in reducing carbon emissions. All these are energy-saving and carbon reduction solutions via inefi Spotlight to support customers in achieving their environmental sustainability goals.

The advantages of inefi unified endpoint management solution are as follows. Through market expansion in operation, it also provides substantial contributions in energy-saving and emissions reduction:

- Enhancing remote management efficiency and endpoint device visibility
- Comprehensive monitoring capabilities to pre-detect problems and track all suspicious activities on endpoints
- Application for auto-patching management and deployment
- Managing a wide variety of peripherals through a single console
- Supporting cross-platform integrated endpoint management (Windows, Linux, Android)
- Supporting customizable endpoint device settings, including screen brightness, based on business hours
- In the future, we will utilize AI for more granular device power management, contributing further to energy conservation and carbon reduction efforts

# Software Solutions Endpo

# Endpoint Management

The ineficloud-based UEM solutions provide a single view of all devices deployed in the field. It helps store operators to better track device health status anytime, and simplify remote management to gain total visibility across all devices and maximize productivity of the workforce.



# 6-2-3 Waste Disposal GRI 306-1~5

Since 2021, Flytech has started categorizing industrial and household waste separately. Industrial and business waste mainly consists of raw material packaging and production scraps, and their total weight is influenced by the number of orders each year. Flytech's policy is to effectively control the amount of waste by requesting all employees to categorize recyclable waste correctly and then outsource it to vendors for recycling and reuse. As a result, the total weight of general waste has significantly decreased over the past two years. It also lowered waste disposal costs and reduced the negative impact on the environment.

1. Flytech entrusts qualified firms with waste disposal / clearance permits to the dispose of waste and ensures that the final disposer disposes in a legal manner as follows:



Category	Type of Waste	Content	On-site	Treatment	Off-site	Final Treatment
	Plastic bottles	Bottles	Non-hazardous		Non-hazardous	
	Iron and aluminum cans	Drinking bottles	Non-hazardous	Pacyclavia	Non-hazardous	Recycle and reuse
Domestic waste	Waste paper	Newspaper/magazine/ photocopying paper/carton, etc.	Non-hazardous	Recycle via outsourcing	Non-hazardous	,
	Domestic waste	General waste	Non-hazardous		Non-hazardous	Incinerate and bury
	Others	Cartridge	Non-hazardous	Recycle by photocopying company	Non-hazardous	Recycle
	Recyclable business waste	Scrap plastic and scrap iron	Non-hazardous	Recycle via outsourcing	Non-hazardous	Refine metals and
Business Waste	General business waste	PCB waste, waste electronic parts, waste tin dross	Non-hazardous	Outsource to a specialist	Hazardous	recycle
	Industrial waste	Packaging material	Non-hazardous	Outsource to a specialist	Non-hazardous	Incinerate and bury

Operation

Green

#### 2. Flytech utilizes weight records, shipping orders, or invoices from waste disposal contractors for statistical management. Below are the total waste weight statistics (in metric tons) for the past three years:

Neihu Headquarters		2021	2022	2023	Annual Increase (Decrease) %	
Domestic waste	Non-hazardous	General waste	11.75	4.10	3.92	(4.39%)
Linkou Factory		2021	2022	2023	Annual Increase (Decrease) %	
Domestic	Non-hazardous	General waste (Note)	11.36	8.81	7.25	(17.71%)
waste	Non-hazardous	Recyclable items	119.97	165.39	101.90	(38.39%)
	Non-hazardous	Industrial waste (Note)	18.17	29.31	13.70	(53.26%)
Business Waste	Hazardous	General business waste	1.75	2.02	1.06	(47.52%)
	Hazardous	Recycled tin dross	2.48	1.69	1.29	(23.44%)
Total Waste at Linkou Factory (mt)		153.73	207.22	125.20	(39.58%)	



Note: Starting from 2021, industrial and general household waste should be categorized separately.

Neihu Headquarters+Linkou Factory		2021	2022	2023	Annual Increase (Decrease) %
Nen regulable weste	Non-hazardous	41.28	42.22	24.87	(41.10%)
	Hazardous	-	-	-	-
Pocyclable waste	Non-hazardous	119.97	165.39	101.9	(38.39%)
Recyclable waste	Hazardous	4.23	3.71	2.35	(36.57%)
Total (mt)		165.48	211.32	129.12	(38.90%)
Total waste generated per unit revenue (mt/ thousand dollars)		0.000043	0.000044	0.000045	2.34%
Total waste generated per unit of production (mt/machine)		0.000798	0.001007	0.000897	(10.98%)
Non-recyclable waste generated per unit revenue (mt/ thousand dollars)		0.000011	0.000009	0.000009	(1.34%)
Non-recyclable waste per unit of production (mt/machine)		0.000199	0.000201	0.000173	(14.18%)

Note:			
Year	2021	2022	2023
Annual production (machine)	190,662	209,741	143,966
Annual revenue (in thousands of NTD)	3,846,939	4,827,119	2,881,973

#### 3. Waste Reduction Target and Achievement

Year	Annual	2023	2025	2030
Reduction target	1%	3%	5%	10%
Compared to the base year 2021, increase (decrease) %	-	(21.97%)	-	-

Corporate Governance and Risk Management Employee Relations Customer Service and

# ▶ 6-3 Energy and Water Management

# 6-3-1 Energy Use GRI 302-1-302-3

# Electricity

1. Flytech exclusively relies on electrical power and does not engage in the sale of electricity or the use and sale of other energy sources such as gasoline and natural gas. We intend to start purchasing renewable energy (green electricity) in 2024. The power consumption in 2023 decreased compared to the previous year due to a reduction in customer demand, resulting in fewer orders, reduced employee work hours, decreased machine operations, and less time spent on air conditioning maintenance. While per capita electricity usage decreased, it increased when calculated based on revenue or production.

Energy-saving measures have been implemented to effectively control the company's electricity usage. For instance, sensor lights have been installed in the parking lot of the Linkou factory to reduce power wastage when there are no cars passing through. The aim is to utilize various strategies to achieve energy-saving outcomes. In June 2023, an independent inverter air conditioning system was installed on the 6th floor-SMT to avoid using the entire plant's air conditioning system for just one floor at night. This is expected to save approximately 213 kilowatt-hours of electricity per day.

2. Flytech uses electricity usage data from Taipower bills, emergency generator inspection records, generator equipment checklists, and fuel receipts to conduct statistical management. Below is a comparison chart of electricity usage at the Neihu headquarters and the Linkou factory over the past three years.

Energy Type	Annual Total Consumption of the Plant	2021	2022	2023	Annual Increase (Decrease) %
	Neihu headquarters (kWh)	752,035	787,061	753,774	(4.23%)
Electricity	Linkou factory (kWh)	2,814,132	2,862,709	2,243,920	(21.62%)
,	Total electricity consumption (kWh)	3,566,167	3,649,770	2,997,694	(17.87%)
	Neihu headquarters (L)	1,797.35	744.15	744.15	0.00%
Diesel	Linkou factory (L)	1,555.65	592.83	458.10	(22.73%)
	Total consumption (L)	3,353	1,336.98	1,202.25	(10.08%)
	Neihu headquarters (L)	1,346	1,523.32	1,451.61	(4.71%)
Gasoline	Linkou factory (L)	-	-	-	-
	Total consumption (L)	1,346	1,523.32	1,451.61	(4.71%)





## 3. Comparison chart of Total Electricity Consumption in the Last Three Years

	Energy Type	2021	2022	2023	Annual Increase (Decrease) %
	Electricity (megajoules)	12,838,201.2	13,139,172	10,791,698.4	(17.87%)
Non-renewable energy	Diesel (megajoules)	109.43	43.63	39.24	(10.08%)
	Gasoline (megajoules)	47.31	53.54	51.02	(4.71%)
Annual total consu	Imption	12,838,357.94	13,139,269.17	10,791,788.66	(17.87%)
Consumption per unit of revenue (MJ/thousand dollar of turnover) (Note)		3.34	2.72	3.74	37.5%
Consumption per unit of output (MJ/machine) (Note)		61.95	62.65	74.96	19.65%
Consumption per	capita (megajoules) (Note)	31,467	30,771	26,581	(13.62%)



#### Note:

Parent Company Annual Data	2021	2022	2023
Annual production (machine)	207,244	209,741	143,966
Annual revenue (in thousands of NTD)	3,846,939	4,827,119	2,881,973
Number of people at the end of year	408	427	406

1. Conversion factors for various energy sources: Electricity 1kWh = 3.6 million joules; Diesel 1L = 32,635.2 joules (7,800 kcal); Gasoline 1L = 35,145.6 joules (8,400 kcal)

2. Calorific value: Greenhouse Gas Emission Factor Management Table Version 6.0.4

#### 4. Electricity Reduction Target and Achievement

Year	Annual	2023	2024	2025	2030
Reduction target	1%	3%	4%	5%	10%
Compared to the base year 2021, increase (decrease) %		(15.94%)			



About Com Flytech with Corporate Governance and Risk Management

Employee Relations ustomer Service and upplier Management

# 6-3-2 Water Resources

Flytech's Neihu headquarters serves as the R&D, sales & marketing, and corporate center, and does not produce toxic wastewater. The Linkou factory, on the other hand, is the manufacturing center responsible for producing motherboards and assembling computer systems. During the production process of motherboards, there is a need to clean the residual solder paste on the steel plates, which generates wastewater. However, we have installed specialized cleaning machines to clean the steel plates and treat the wastewater by adding non-polluting volatile agents for preliminary treatment. Therefore, the Linkou factory does not discharge toxic wastewater. Since the factory is located in the Hwa Ya Science Park in Taoyuan, the park regularly monitors and manages the flow of wastewater. Flytech has never been found to violate the regulations of the Hwa-Ya Science Park regarding wastewater discharge, and there have been no incidents of wastewater discharge affecting the natural environment.

In terms of water conservation, Flytech's policy effectively controls the company's water usage and actively promotes the conservation of water resources. In the Linkou factory, rainwater is collected and used to irrigate surrounding plants. Furthermore, water usage is reduced by minimizing faucet flow and installing water-saving devices in both the Neihu headquarters and the Linkou factory. These efforts are aimed at continuously protecting environmental resources.

## Water Consumption

Flytech uses the water meter readings from the water bill issued by the Taiwan Water Company to track water usage. A dedicated unit regularly reviews this usage for management purposes.

1. Neihu headquarters water consumption comparison table:

Year	2021	2022	2023	Annual Increase (Decrease) %	
Annual total water consumption	3,307	3,079	3,159	2.60%	
Water consumption per capita (Note)	16.96	15.95	16.80	E 220/	
Water consumption per capita (liters)	16,959	15,953	16,803	5.33%	

2. Linkou factory water consumption comparison table:

Year	2021	2022	2023	Annual Increase (Decrease) %
Annual total water consumption	7,792	7,840	6,076	(22.50%)
Water consumption per capita (Note)	36.58	33.50	27.87	(16 9104)
Water consumption per capita (liters)	36,582	33,504	27,872	(10.81%)

3. Comparison table of water consumption between Neihu headquarters and Linkou factory:

Year	2021	2022	2023	Annual Increase (Decrease) %
Annual total water consumption	11,099	10,919	9,235	(15.42%)
Water consumption per capita (Note)	27.20	25.57	22.75	(11.0504)
Water consumption per capita (liters)	27,203	25,571	22,746	(11.05%)

Note:

Year	2021	2022	2023
Number of People in Neihu	195	193	188
Number of People in Linkou	213	234	218
Total	408	427	406



#### 4. Per capita water consumption reduction target and achievement

Year	Annual	2023	2025
Reduction target	1%	2%	5%
Compared to the base year 2021, increase (decrease) %	-	(16.36%)	-

# FLYTEHH

#### Join the CommonWealth Magazine Tamsui River Accord Initiative

Flytech's primary operations are located in the Tamsui River basin, which spans across Taipei, New Taipei, Keelung, and Taoyuan. Unfortunately, Taiwan's growing economy has led to continuous pollution of the river's water quality. As of 2020, almost 6% of the Tamsui River basin had reached severe pollution levels. To raise public awareness about river conservation, we participated actively in the Tamsui River Accord initiative organized by Commonwealth Magazine in 2023. Through concrete actions, we hope to collectively contribute our efforts to protect this crucial water body.

#### In 2020, nearly 6% of the Tamsui River Basin had been severely polluted.

#### FLYTECH CSR®\*

#### Flytech responded to "Do One Thing for the Tamsui River."

- 1. Organize annual beach and river cleanup activities, inviting subsidiaries and suppliers to participate.
- 2. Promote water conservation among employees, recycle rainwater for reuse, and pledge not to discharge toxic wastewater.
- 3. Implement resource recycling and waste reduction and make joint commitments with suppliers to protect the environment.
- 4. Comply with environmental regulations and continuously obtain ISO 14001 certification.

# **#TamsuiRiverPact**

SDGs Sustainable Development Goals 0

🕢 👼

• 2023 Initiative Related Activities:

Pledge	Content	Description		Pledge	Content	Description
1. Organize beach and river clean-up events annually and invite subsidiaries and suppliers to join.	<ul> <li>Beach Cleanup Event at Wushi Harbor, Yilan, in March 2023</li> <li>Organizing annual beach clean-up event</li> <li>Number of People: 75 (Employees: 37; Family: 38)</li> <li>Cleaned up garbage: 402 kg</li> </ul>				Waste reduction management and selecting qualified waste removal contractors.	<ol> <li>Waste reduction (base year 2021, total amount) Neihu: reduced 66.63% Linkou: reduced 18.56%</li> <li>All use qualified waste disposal and treatment companies</li> </ol>
		<ul> <li>Starting in 2024, suppliers will be invited to participate.</li> <li>Eco-labeled hand soan</li> </ul>		3. Implement resource recycling and waste reduction and work with	Promoting the use of eco- friendly tableware	At the 39th anniversary celebration, 356 people (including subsidiaries) all used metal lunch boxes.
	Using eco-friendly (labeled) hand soap and cleaning agents.	<ul> <li>Neihu: Continuously improving</li> <li>Linkou: 100% utility</li> </ul>		suppliers to commit to protecting the environment.	Requiring suppliers to sign the Corporate Social Responsibility (CSR)	Suppliers signing progress:
2. Encouraging employees to conserve water, reuse rainwater, and commit to not	Conserving water:	1. Water conservation (average water consumption per capita, base year 2021) Neihu: decreased 0.92% of water consumption Linkou: decreased 23.81% of water consumption			and Ethical Integrity Commitment Letter and the Environmental and Prohibited Substance Commitment Statement.	<ul><li>2. Environmental and Prohibited Substance Commitment Statement: 67%</li></ul>
and commit to not discharging toxic wastewater.	<ul> <li>factories recycle rainwater for use and no discharge of toxic wastewater.</li> <li>2. A total of 2,297 cubic meters of rainwater wa collected and used for the plants around the Linkou factory.</li> <li>3. Zero toxic wastewater: The Linkou factory only discharges domestic wastewater alread processed by the Hwa Ya Technology Park's wastewater treatment facility.</li> </ul>			4. Follow environmental regulations and continually obtain ISO 14001 verification.	Continually obtained ISO 14001	<ol> <li>No violations of environmental regulations</li> <li>The ISO 14001 certificate was renewed in August, extending its validity until September 21, 2025.</li> </ol>

# **6**-4 Carbon Management and Climate Change Response

# **Key Achievements and Management Policy**

Material Issue	Management Policy		SDGs	
<ul> <li>12. Greenhouse Gas Inventory Inspection and Product Carbon Footprint,</li> <li>10. Climate Change Impact and Strategy</li> </ul>	<ul> <li>Establishing a greenhouse gas management platform, system, and reduction plan.</li> <li>1. Conducting an annual ISO 14064-1 greenhouse gas inventory system, effectively managing greenhouse gases, improving energy efficiency, and gradually including subsidiary companies in the inventory process.</li> <li>2. The board of directors serves as the highest governance body to supervise the implementation of climate change adaptation strategy.</li> <li>3. Implement the greenhouse gas management system and gradually increase the collection and calculation of product carbon footprints in accordance with ISO 14067.</li> <li>4. Invest in renewable energy.</li> </ul>	7 AHORDANIE AND CLEAN IMERCY	9 ADUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE

# **Positive/Negative Impact and Management** 1. Carry out greenhouse gas inventory every year.

## Stakeholder engagement

2. Disclose and monitor carbon emissions through the

Market Observation Post System and ESG reports

every year.

1. Conduct ISO 14064-1 inventory and verification every year to manage greenhouse gas emissions to achieve the national goal of net-zero emissions by 2050.

2. Implement energy management and introduce green electricity to reduce the impact of climate change.

3. Step-by-step calculation of the product's carbon footprint, analyze hotspots for improvement and enhance the product's low-carbon competitiveness.

2023 Targets	2023 Achievements	2024 Targets	2030 Targets	
<ol> <li>Conduct ISO 14064-1 inventory and verification every year to properly manage greenhouse gases and improve energy efficiency.</li> <li>Report to the directors on the status of greenhouse gas inventory and corresponding measures on a quarterly basis.</li> <li>Establish a systematic greenhouse gas management platform, implement ISO 14067 product carbon footprint assessments and obtain verification.</li> <li>Decrease appual total electricity convention</li> </ol>	<ol> <li>Completed the ISO 14064-1 audit and verification for the year 2023 in November.</li> <li>Sustainability Committee reported to the board of directors in March, May, August, and November 2023.</li> <li>Completed the carbon management platform and carried out the carbon footprint inventory and external verification for one product (Panel PC K737F34) by ISO 14067.</li> <li>Reduced total electricity consumption at the Neihu headquarters by 4.23%.</li> </ol>	<ol> <li>Conduct ISO 14064-1 inventory and verification every year to properly manage greenhouse gases and improve energy efficiency.</li> <li>Report to the board of directors on the status of greenhouse gas inventory and corresponding measures on a quarterly basis.</li> <li>Complete 10 product carbon footprint assessments according to ISO 14067, and obtain 1 external product verification.</li> <li>Use the carbon management platform to analyze operational energy consumption and identify product carbon footprint battering reduction stratogies</li> </ol>	<ol> <li>Continue to implement ISO 14064- 1 verification every year and provide guidance to all subsidiaries to introduce ISO14046-1 system for consolidated financial report for inventory.</li> <li>Report to the board every quarter.</li> <li>Complete carbon footprint assessments for 10-30 products based on ISO 14067 and obtain external verification for 1-5 products.</li> <li>Complete partial product carbon neutral departion</li> </ol>	
<ol> <li>Decrease annual total electricity consumption at Neihu headquarters by 1%.</li> <li>Decrease average annual power consumption of Linkou factory by 1%, and the output of</li> </ol>	<ol> <li>Annual electricity consumption at Linkou factory decreased by 21.62%, and greenhouse gas emissions decreased by 13.83%.</li> </ol>	<ol> <li>5. Invest in green energy to reduce greenhouse gas emissions.</li> <li>6. The total annual electricity consumption decreased by 4% compared to the base year of 2021.</li> </ol>	<ul> <li>5. Decrease carbon dioxide emissions by 20% compared to the base year of 2021.</li> <li>6. The total annual electricity consumption</li> </ul>	
greenhouse gases by 1% per year.		7. Greenhouse gas emissions (Scope 1 and 2) reduced by 4% compared to the base year of 2021.	decreased by 10% compared to the base year 2021.	



ustomer Service and upplier Management Green

Operation

Effective Tracking/Evaluation Mechanism					
1. ISO 14064-1 external verification.	3. Complete carbon footprint self-declaration and ISO 14067 external verification.	5. Self-declaration of carbon neutrality.			
2. Board Meeting Minutes.	4. GHG reduction and energy saving achievement.	6. Monthly ESG KPI Tracking Meeting.			

# 6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory GRI 305-1~305-5

In 2021, Flytech established a greenhouse gas inventory system in compliance with ISO 14064-1, using 2021 as the baseline year. The inventory covers the Neihu headquarters and the Linkou factory, and is verified every year. Through the inventory process, it was determined that the main greenhouse gas emissions from Flytech's operations were categorized as indirect energy emissions (Scope 2), with a small amount coming from refrigerant leakage (Scope 1), diesel combustion and waste incineration from business travel and transportation (Scope 3), waste incineration, and emissions associated with upstream electricity generation, paper usage, and waste incineration (Scope 3). The table below references information from various sources, including the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, the Environmental Protection Administration's greenhouse gas emission coefficient management table 6.0.4, product carbon footprint data, and emission coefficients from the Ministry of Economic Affairs' Energy Bureau. Flytech has been sparing no effort to deal with the impact of climate change, upholding the belief in reducing environmental impact and promoting environmental sustainability.

The types of greenhouse gases that Flytech has registered according to the EPA control inventory include carbon dioxide ( $CO_2$ ), methane ( $CH_4$ ), nitrous oxide ( $N_2O$ ), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride. ( $SF_6$ ) and nitrogen trifluoride ( $NF_3$ ) etc. seven greenhouse gases, but do not include the hydrofluorocarbons that have been included in the Montreal Protocol (Montreal Protocol) specifications. It also includes other substances announced by the central competent authority.

Calculating greenhouse gas emissions mainly relies on the emission factor method, which involves two calculation methods: (1) multiplying activity data by emission factor by global warming potential (GWP) to get  $CO_2e$ , or (2) using the mass balance method to determine the consumption of direct materials and calculating greenhouse gas emissions through mass balance.



About Co Flytech wit Corporate Governance and Risk Management Employee Relations Customer Service and Supplier Management Appendix Index

## Scope 1: Direct emissions

Flytech's Scope 1 emissions audit focuses on emissions directly from sources owned or controlled by the Neihu headquarters and Linkou factory. This includes stationary combustion sources, mobile emission sources, process emission sources, and fugitive emission sources. The primary emissions are HFCs (fluorinated gases) from air conditioning refrigerants. Below is a comparison chart of Scope 1 emissions over the past three years.



## Scope 2: Indirect Emissions

Flytech's Scope 2 greenhouse gas emissions came from energy procurement and electricity consumption, making up the most significant portion of Flytech's total greenhouse gas emissions. According to the statistics, in 2023, the Neihu headquarters consumed 753,774 kWh of electricity, and the Linkou factory consumed 2,243,920 kWh. Based on the Energy Bureau's 2024 announced carbon emission coefficient standard of 0.494 kgCO<sub>2</sub>e per kWh, the calculated emissions are as follows: the Neihu headquarters emitted 372.36 MtCO<sub>2</sub>e, and the Linkou factory emitted 1,108.50 MtCO<sub>2</sub>e. Due to lower order volumes in 2023, emissions decreased by 18.03% compared to the year 2022. The greenhouse gas emissions for Flytech (Scope 2) are as shown in the following chart:

Year and Operation Location	Year	2021 (Base year)		2022		20		
	Operation Location	Neihu Headquarters	Linkou Factory	Neihu Headquarters	Linkou Factory	Neihu Headquarters	Linkou Factory	Annual Increase
	Electricity (kWh)	752,087	2,814,080	787,061	2,862,709	753,774	2,243,920	(Decrease) %
	MtCO <sub>2</sub> e	382.81	1,432.37	389.60	1,417.04	372.36	1,108.50	
Combined emissions equivalent (MtCO <sub>2</sub> e)		1,815.18		1,806.64		1,480.86		(18.03%)
Percentage of the annual total		70.28%		70.64%		67.20%		-



#### Scope 3: Value Chain Emissions

Flytech's (Scope 3) greenhouse gas emissions mainly come from the combustion of general waste and the exhaust emissions of traffic vehicles, employee commuting, and business travels.

#### 1. Waste Disposal

In the 2021 base year, the Neihu headquarters outsourced the disposal of 11.75 metric tons of household waste, while the Linkou factory handled 29.53 metric tons of waste (general and industrial waste combined). In 2023, the Neihu headquarters outsourced the disposal of 3.92 metric tons of household waste, and the Linkou factory managed 20.95 metric tons of household waste (general and industrial waste combined). These calculations were based on the carbon footprint information for diesel waste truck transportation.

#### 2. Employee Commuting and Business Travels Emissions

Flytech provides shuttle bus services for employees on weekdays (Monday to Friday) for commuting between Taipei Main Station and the Linkou factory, covering a one-way distance of 21.3 kilometers. These shuttle buses are outsourced to the bus company Ubus, which uses Scania buses for the shuttle service, with costs calculated based on the actual number of trips. Starting In 2022, employees had additional commuting options, including trains, electric cars, electric scooters, and hybrid vehicles. Due to the easing of the pandemic, from 2022 on, there was an increase in business travel monitoring, and greenhouse gas emissions for the past three years (Scope 3) were calculated based on the carbon footprint information available on the product carbon footprint information website.

3. Upstream electricity, paper, waste incineration waste emissions

According to the carbon footprint information website's coefficients, the indirect carbon footprint coefficient for electricity in 2021 was 0.0000923 and revised downward to 0.0000882 in 2022. and revised upward to 0.0000973 in 2023. Despite a significant reduction in electricity usage in 2023, the CO<sub>2</sub> equivalent emissions after applying the coefficient only decreased by 10.83 metric tons.

Year		2021 (Base year)		2022		2023		Annual
Operation Location		Neihu Headquarters	Linkou Factory	Neihu Headquarters	Linkou Factory	Neihu Headquarters	Linkou Factory	Increase (Decrease)
1 Waste dispesal	Subtotal (MtCO <sub>2</sub> e)	0.23	1.98	0.08	3.46	0.08	1.73	%
1. Waste disposat	Total (MtCO <sub>2</sub> e)	2.	21	3.	54	1.8	81	(48.83%)
2. Employee commuting and business travel (Note)	Total (MtCO <sub>2</sub> e)	240.53		234.64		249.19		6.20%
3. Upstream electricity,	Subtotal (MtCO <sub>2</sub> e)	75.74	272.16	73.23	267.12	76.94	226.53	-
paper, waste incineration waste emissions	Total (MtCO <sub>2</sub> e)	347.9		340.35		303.47		(10.83%)
Combined emissions equ	Combined emissions equivalent (MtCO <sub>2</sub> e)		590.64		578.53		554.47	
Percentage of the annual	total	22.8	87%	22.6	52%	25.16%		

Note: Starting in 2022, a new monitoring item was added: 2. Business travels.

#### Annual Greenhouse Gas Inventory

In 2023, the average carbon emissions equivalent (kgCO<sub>2</sub>e) decreased by 13.83% compared to the previous year, mainly attributed to a decrease in customer order demand directly impacting the reduction in greenhouse gas emissions. Flytech's primary source of greenhouse gas emissions is indirect electricity consumption (Scope 2). The electricity usage on working days is the inevitable basic consumption. Thus, the emissions calculated per unit number of production machines increased by 25.59% compared to the previous year, and the emissions calculated per unit revenue increased by 43.40% compared to last year.

1. Calculating using CO<sub>2</sub> equivalent emissions (CO<sub>2</sub>e) as shown in the below chart:

Year	2021 (Base year)	2022	2023	Annual Increase (Decrease) %			
Scope 1	177.06	172.31	168.42	(2.26%)			
Scope 2	1,815.18	1,806.64	1480.86	(18.03%)	Nete		
Scope 3	590.64	578.53	554.47	(4.16%)	Note:		
Combined emissions equivalent (MtCO <sub>2</sub> e)	2,582.88	2,557.48	2,203.75	(13.83%)	Parent Company Annual Data	2021	202
Carbon emissions per unit of production (kgCO₂e/machine) (Note)	12.46	12.19	15.31	25.59%	Annual production (machine)	207,244	209,7
Carbon emissions per thousand dollars of revenue (kgCO <sub>2</sub> e/revenue) (Note)	0.67	0.53	0.76	43.40%	Annual revenue (in thousands of NTD)	3,846,939	4,827,

2023

143,966

2,881,973



#### 2. Greenhouse gas reduction target and achievements

Year	Annual	2023	2025	2030	2050
Reduction targets (scope 1+2)	Not applicable	3%	5%	20%	Net zero carbon emissions
Compared to the base year 2021, increase (decrease) %	-	(17.21%)	-	-	-

#### **Reduction Measures**

In 2023, the 6th floor of the Linkou factory installed an independent inverter air conditioning system for the SMT area. This change was made to avoid using the entire factory's air conditioning system for just one floor at night. This new system is expected to save approximately 213 kWh per day and reduce indirect (Scope 2) greenhouse gas emissions by about 0.1054 metric tons  $CO_2e$  per day.

# 6-4-2 Climate Change Adaptation and Product Carbon Footprint GRI 302-5\305-5

**Climate Change Adaptation Plan** 



The impact of climate change is a critical issue requiring attention from both humanity and businesses for sustainable development. From the Kyoto Protocol introduced in 2000 and the Paris Agreement in 2021, which established ambitious global reduction targets, to the COP26 United Nations Climate Change Conference, aiming to limit global warming to under 1.5 ° C, reducing greenhouse gas emissions has become a global priority. Governments worldwide have implemented various regulatory measures and fees, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), the United States' Carbon Border Tax (CCA), and Taiwan's Ministry of Environment's carbon fees. Although our company is not initially targeted for high carbon emissions, in response to the global trend of reducing greenhouse gases and fulfilling our corporate social responsibility, we have proactively initiated energy-saving and carbon reduction plans. These plans not only aim to reduce greenhouse gas emissions from our operations but also involve developing energy-efficient products to help our customers create energy-saving solutions. This approach addresses the risks posed by climate change while creating market opportunities (please refer to Section 3-2-6 for further details).



Note: The year 2021 (base year) includes Scope 1 to Scope 3

To align with the national policy of 2050 Net Zero emissions, Flytech is rolling out climate change response actions in phases:

#### Phase 1

Since 2021, the ESG Sustainability Committee has implemented a company-wide greenhouse gas inventory system following ISO 14064-1 standards, starting with the carbon inventory. As of the release of the report, they have completed two greenhouse gas inventory reports and obtained external verification for 2021 and 2022.

#### Phase 2

The committee initiated a Carbon Management Project in late 2022 to comply with ISO 14067 standards for verifying product carbon footprints. This project involves evaluating the carbon footprint of our products and creating a Carbon Management Platform that can record and calculate both operational and product-related carbon emissions. This platform not only monitors the carbon footprint data of our machinery but also helps customers plan energysaving strategies. Additionally, it will provide a dashboard for identifying energy-intensive processes, equipment, and products, allowing management to analyze solutions, establish reduction targets, and continuously monitor and improve energy consumption management. Besides our own inspections and reduction measures, we also collaborate with raw material supply chains to save energy and reduce carbon emissions, thereby lowering the carbon footprint of the Flytech value chain (see Chapter 5, Section 5-3-1 for sustainable supply chain).

## Phase 3

At present, Flytech has progressed to phase 3 in its efforts to combat climate change. (For specific details regarding reduction targets and plans, please refer to sections 6-4 and 6-4-4 of this chapter.) We will continue to monitor greenhouse gas emissions at the organizational level and expand product carbon footprint assessments. This will allow us to continuously evaluate the impacts of climate change and refine our reduction plans. Our goal is to reduce human-caused greenhouse gas emissions and achieve carbon neutrality for certain products by 2030.

Corporate Governance and Risk Management Employee Relations ustomer Service and applier Management

# 6-4-3 Greenhouse Gas Emission Reduction Measures for Daily Operations GRI 305-5

# **Energy-Saving Plans**

- 1. With the Carbon Management Project, identify high carbon emission hotspots and plan to replace energy-efficient equipment or introduce energy-saving auxiliary equipment.
- 2. Sensors are installed in the two air compressors, two cooling towers, and two chillers to record their electricity usage and collect data. This data is then analyzed to develop feasible energy-saving plans for each machine.
- 3. Organize ongoing energy-saving competitions on each floor to reduce energy consumption and environmental pollution while encouraging employees to develop sound energy usage habits and further promote energy conservation in their daily lives.
- 4. Play energy-saving advocacy videos continuously on each floor on TV walls to promote various energy conservation methods and raise awareness of the importance of saving energy.
- 5. Continue to discuss the use of various energy-saving equipment to save electricity, thereby reducing carbon emissions.
- 6. Continue to develop various environmentally friendly design products to reduce carbon emissions in the process of production, transportation.
- 7. Adjust the temperature and operating duration of the chillers at the Linkou factory to achieve energy-saving and carbon-reduction benefits.



## Energy Saving and Carbon Reduction in Daily Activities

1. Use energy-saving glass in Neihu headquarters (three-layer structure: 1 cm of hollow glass with LOW-E film in the middle, plus 1.2 cm of glass to reduce indoor greenhouse effect and air conditioning loss).

Green

Operation

- 2. Continue to replace lighting equipment with energy-saving LED lamps or LED recessed lights.
- 3. Actively promote online video conferencing to save personnel commuting time and reduce energy waste and greenhouse gas emissions associated with transportation.
- 4. Install sunshade curtains and circulating fans to reduce indoor temperature to reduce the use of air-conditioning, and cooperated with indoor air conditioners to set the temperature to avoid waste of energy.
- 5. Set the power saving mode of the business machine to reduce the power waste caused by idle and unused.
- 6. Recycle and reuse document paper to reduce the waste of paper resources.
- 7. Use electronic documents and forms and continue to promote the electronic functions of ERP forms to gradually reduce physical paper.
- 8. Adapt to the supervisory authority's digitization efforts (e.g., issuing dividend notices via email) and gradually reduced physical paper usage.
- 9. Turn off lights during lunch break, in unused meeting rooms, and at the end of the workday.
- 10. Implement effective waste sorting and resource recycling practices to reduce overall waste generation.
- 11. Add motion sensor lights to the parking lot in Neihu headquarters and Linkou with two modes. Lane lighting: Set to low brightness when no vehicles pass through and switch to full brightness when vehicles are detected. Parking space lighting: Set off when no vehicles pass through and switch to full brightness when people or vehicles are detected to reduce unnecessary power consumption.
- 12. Add an independent inverter air conditioning system on the 6th floor of the Linkou factory to avoid using the entire factory's air conditioning system for a single floor at night.
- 13. Monitor the electricity usage of operational and manufacturing equipment, evaluate energy-saving methods, or purchase energy-efficient devices.
- 14. Purchase renewable energy to gradually reduce dependence on high-carbon power.

Corporate Governan and Risk Manageme Employee Cus Relations Sup

stomer Service and

Green

Operation

Appendix Index

# 6-4-4 Product-Based Greenhouse Gas Emission Reduction Measures GRI 302-5-305-5

## Hardware Design

Apart from the standard measures to reduce greenhouse gas emissions in daily operations, Flytech has also incorporated green design into new product development, including the following:



 A modular mechanism design allows for interchangeable structures to create different product combinations, share molds, and improve maintenance efficiency, ultimately extending the lifespan of the main system and promoting low-carbon cycles.



 Simplified (Less is More) product design: We strive to minimize the number of components in our product structures. This approach reduces material costs, assembly time, and mold costs and significantly lowers the carbon emissions associated with our suppliers' mold creation and part production.



3. Committed to enhancing motherboard power efficiency, we utilize highperformance, energy-saving components in our new motherboards to optimize machine effectiveness. Additionally, we offer performance data to assist customers in developing energy-saving strategies.



4. Streamlined packaging design minimizes material volume while maximizing cushioning. By using eco-friendly, recyclable, and greencertified materials, we achieve a triple win: environmental protection, waste reduction, and optimized shipping efficiency.

## Software Service

Software is a critical component for supporting sustainable hardware. In 2021, our subsidiary, inefi Incorporation, introduced inefi Spotlight, a subscription-based cloud platform for unified endpoint management. This valuable software service allows for remote hardware monitoring, significantly reducing the necessity for on-site inspections and repairs and the time and costs associated with transporting equipment for maintenance. This results in substantial operational cost savings and reduced greenhouse gas emissions from transportation.

From the product lifecycle perspective, Flytech has incorporated energy-saving and carbon-reduction principles into our hardware design. Our UEM (Unified Endpoint Management) software services integrate hardware manufacturing, application domains, and software management into a comprehensive intelligent solution. This approach aims to gradually reduce greenhouse gas emissions throughout the value chain, from upstream raw material acquisition to downstream customer usage.

# **07** CHAPTER

# Social Engagement

7-1	Charity Event Overview	126
7-2	Cost and Benefit Assessment	127
7-3	Charity Event Achievements	129

# 2023 Highlights

- • > NT\$ 9 million Organized social engagement activities in 2023
- ••• **1,098 persons** | **2,491 hours** 2023 Corporate volunteers
- ••• **7 events** Flytech's regular charity/community service activities in 2023
- ••• >170 students | 12 public lectures Train students and conduct seminars
- ••• 8 years **1**

Continue to conduct charitable activities to build up influence



# Key Achievements and Management Policy

Material Issue	Material Issue Management Policy					
18. Social Charity (Voluntary Disclosure) Carry out activities focused on Talent Development and Social Care as scheduled with a growing number of part corporate volunteer resources to fulfill our corporate social responsibility.				h a growing number of participa	nts. Connect internal	4 EDUCATION
Positive/Negative Impact and Management	Stakeholder engagement	2023 Targets	2023 Achievements	2024 Targets	2030 Targets	Effective Tracking/ Evaluation Mechanism
<ol> <li>By leveraging our industry resources to promote design thinking education and industrial computer knowledge, we're giving back to society and nurturing top- notch talent, which in turn drives sustainable growth in the industry.</li> <li>Organize social welfare activities to encourage employees to participate in addressing social issues, fostering a</li> </ol>	<ul> <li>Foundation official website promotion</li> <li>Social media (IG, FB)</li> <li>Campus Orientation Fair</li> <li>Government documents/Email</li> </ul>	<ul> <li>Talent Development</li> <li>1. Organize two sessions of Flytech Career Camp, with a total of 50 student participants.</li> <li>2. Target cumulative participation for DFT: <ul> <li>Course: 80 people</li> <li>Exhibition visitors: 6,000</li> <li>Number of proposals: 15 cases</li> <li>Leading DFT students on an exchange trip to the United States.</li> </ul> </li> </ul>	<ul> <li>Talent Development</li> <li>1. Organized two sessions of Flytech Career Camp with a total of 53 student participants and attained an overall 4.8/5.0 satisfaction rating score.</li> <li>2. Number of participants in DFT 2023:</li> <li>Course: 61 people</li> <li>Exhibition visitors: 5,603</li> <li>Number of proposals: 14 cases</li> </ul>	Talent Development Promote design thinking education and knowledge in the industrial computer industry, with the goal of training 2200 young individuals by 2024, commencing in 2021.	Talent Development Promote design thinking education and knowledge in the industrial computer industry, with the goal of training 6,200 young individuals by 2030, commencing in 2021.	<ol> <li>Activity satisfaction survey and feedback.</li> <li>Monthly KPI tracking.</li> </ol>
sense of community giveback, and assisting economically disadvantaged students to continue their education.		<ul> <li>Social Care</li> <li>1. Continue to organize charity events every two months, with an annual participation of 700 people.</li> <li>2. Continue to offer the Taitung Scholarship and award it to over 30 recipients.</li> </ul>	<ul> <li>Social Care</li> <li>A total of seven charity events were held: two focused on environmental conservation and five on supporting the underprivileged. A total of 593 participants took part.</li> <li>Selected 17 Taitung scholarship recipients and participated in a three- day corporate study tour.</li> </ul>	Social Care Organize public welfare volunteer activities involving 2,230 internal and external volunteers by 2024, benefiting 200 people that year.	Social Care Organize public welfare volunteer activities involving 5,830 internal and external volunteers by 2030 benefiting 200 people that year.	l ,

stomer Service and

# ▶ 7-1 Charity Event Overview

Flytech established the Flytech Foundation in March 2015 to achieve sustainable development for individuals and society. The foundation is committed to organizing various social projects to assist underprivileged groups and contribute to the future generation of Taiwan. Its activities have two main pillars: Talent Development and Social Care.

## **Talent Development**

Flytech offers comprehensive training programs for different age groups, including scholarships for high school students and offering them eye-opening corporate visits through Corporate Study Tours. For students, a year-long Design for Taiwan program focuses on interdisciplinary collaboration, innovative thinking, and social awareness. Flytech Career Camp bridges the gap between academia and industry and helps students understand the business world. Through organizing these activities, Flytech hopes to nurture the future generation with the ability to adapt quickly to this ever-changing era and instill in students the importance of empathy and caring for society.

## Social Care

The Flytech Foundation organizes the Flytech Charity Day event, which hosts various charity projects annually based on the circumstances and collaborates with professional charitable foundations to address societal issues. From caring for the young and old to environmental protection, this initiative leads Flytech employees to provide practical services in various corners of the community, making charitable efforts more accessible and encouraging more employees to give back to society actively.

Event Category	List of Events	Years	Month	Activity	Number of Participants from Flytech	Number of People Assisted /Participated
Talent Development	Flytech Career Camp	9	1,8	Summer Flytech Career Camp (7 days)	123	53
			11	Flytech Alumni Camp, a 2-day, 1-night camping trip for networking	6	42
		8	3,4,5,7,9,10,12	<ul><li> 7 DFT Workshops</li><li> DFT lectures in October and December</li></ul>	281	392
	Design for Taiwan		7	<ul><li>DFT Workshop Showcase</li><li>10 Showcase lectures</li></ul>	80	<ul> <li>Showcase participants: 5,603</li> <li>Lecture participants: 350</li> <li>Number of nonprofit/social innovation organizations involved: 24</li> <li>Exhibition sales: NT\$ 38,390</li> <li>Number of exhibitors: 7</li> </ul>



Engage

Social	Appendix
gagement	Index

Event Category	List of Events	Years	Month	Activity	Number of Participants from Flytech	Number of People Assisted /Participated					
	Flytech Charity Day	8						2	Huashan Social Welfare Foundation Caring for elderly people living alone and donating money and supplies to the people in need	14	20 people
			4	Co-organized the beach cleanup of Retrieving the Blue Ocean with North Coast & Guanyinshan National Scenic Area Administration, Tourism Bureau (Yilan North Dike)	75	Cleaned up 402 kilograms					
			6	Shimen Agricultural Volunteer Activity	29	50 people					
Social Care			7	Flytech factory anniversary mountain clean-up & charity booth	356	Charity sale raised about NT\$ 44,000					
					anty Day	Chanty Day	8	Harmony Home Association: Provides care and companionship to underprivileged children.	19	<ul> <li>50 people</li> <li>Ten boxes of wet wipes (NT\$ 3,000)</li> <li>Three boxes of baby formula (NT\$ 7,000)</li> </ul>	
			10 Vegetarian Event					Vegetarian Event	35	Completed 711 meals Reduced carbon emissions by 568.8 kgCO <sub>2</sub> e	
			11-12	Bringing love to remote areas-Christmas gift collection	65	Collected a total of 219 gifts, worth about NT\$ 163,000.					
	Flytech Scholarship	8	8	Scholarship for underprivileged and outstanding Students in Taitung High School (Vocational) School	15	17 people/cleaned up 60 kilograms of trash					



For more information and details about our activities and achievements, please visit the Flytech Foundation official website (scan the QR code below). We welcome students, individuals, and charitable organizations to join us in our efforts.

# 7-2 Cost and Benefit Assessment

Impact Assessment

To ensure that our contributions make a meaningful impact on public welfare, starting in 2022, we have used the London Benchmarking Group (LBG) B4SI model to assess the impact of various social engagement projects. We categorize the projects into three motivations: Commercial initiatives in the community, Community investment, and Charitable gifts. Additionally, we analyze the resources allocated into four types of inputs: In-kind Contributions, Cash Contributions, Time Contributions, and Management Costs.

stomer Service and pplier Management

In 2023, Flytech and the Foundation jointly invested a total of NT\$ 9,048,457, and Flytech employees contributed over 1,098 persons and 2,491 hours to social charity activities. Although the invested amount is limited, each activity has been carefully planned, promoted, and executed by Flytech and Foundation colleagues. They personally brought these activities to students and community groups, ensuring both the quality and impact of the activities.



Note 1: Except for scholarships, the Foundation's man-hours are not included in the calculation. Note 2: The expenses for charity are estimated values and have not yet been certified by an accountant.

# **7-3 Charity Event Achievements**

# • • • Talent Development

# 7-3-1 Flytech Career Camp

	Inputs	Outputs	Impact
What Is Contributed? Contributions	<ul><li>Technology Education</li><li>Industry Experience</li></ul>	<ul> <li>Hosted two sessions, with one session lasting for seven days</li> <li>53 students participated</li> <li>Organized one alumni association event with a total of 42 participants</li> <li>Enhanced Flytech image</li> <li>Enhanced students' understanding of the industry</li> <li>Trained colleagues to become speakers, achieved 54 persons in 2023</li> </ul>	For students: • Learned about industrial computer industry
How Is It Contributed? Method	<ul> <li>Cash contribution: NT\$ 410,000</li> <li>Management Costs: NT\$ 440,000</li> <li>Employee contributed manpower: 129 persons</li> <li>Employee contributed time: 561 hours</li> </ul>		<ul> <li>Learned about the job responsibilities and duties of various positions</li> <li>Gained experience in interdisciplinary collaboration</li> <li>Built professional networks</li> <li>For Flytech:</li> <li>Trained employees to become instructors</li> </ul>
Why? Motivation	<ul> <li>Community investment (reduce gap between industry and academia)</li> <li>Commercial initiatives in the community(teaching business knowledge and business proposals)</li> </ul>		<ul> <li>Colleagues contributed more than 561 hours</li> <li>A total of 54 employees served as instructors</li> <li>Since its establishment:</li> <li>Since 2015, we have organized 18 camps, nurturing over 550</li> </ul>
Where? Region	Taiwan		students. We have also maintained a continuous connection between students and various industries through the alumni association.

## Introducing Flytech Career Camp





Corporate Gov and Risk Mana Employee Relations ustomer Service and applier Management Social Engagement

Appendix Index

Since its establishment in 1984 and entry into the technology industry, Flytech has observed that fresh graduates often spend a lot of time understanding their job roles and the company's operations. They may also discover that the actual job content differs from their initial expectations. To address this gap between academia and industry, the Flytech Foundation organizes Flytech Career Camp every year during the summer and winter vacations. Each camp brings together over 30 students from different regions, fields, expertise, and backgrounds. Over seven days, these students learn and grow together through intensive training activities. These camps provide outstanding students in Taiwan with insights into the operational models and products of the industrial computer industry and facilitate cross-disciplinary and cross-professional exchanges among participants. The Flytech Career Camp has been held for nine years with a total of 18 sessions, attracting more than 1,000 students from junior year and above to register, and has cultivated 555 students so far.

During the 7-day camp, we have designed various courses to provide students with a quick understanding of industry trends and a direct insight into the applications of industrial computers. The following are the course contents:

1. Operational Practices in Business Management

Through presentations by senior executives and outstanding management trainees, we aim to share real-life examples and experiences from different departments on operational practices, market and product analysis, business overview, R&D introduction, financial foundation, etc., bridging the gap between academia and industry. In addition to Flytech, we also share information about our subsidiaries, hoping to provide participants with valuable insights. 2. Production Line and Manufacturing Process in Factory

Understanding the industry from an indirect perspective is not enough. To offer a comprehensive understanding of the industry chain, we arrange visits to our factory, allowing students to experience firsthand the multiple stages of manufacturing a high-quality product before it can be delivered to customers. We emphasize on the core design philosophy of Flytech, which revolves around quality, manufacturing, and service.

#### 3. User Observation Activity

Innovation is the driving force behind continuous growth for businesses, and the most essential aspect of innovation is the ability to be receptive to external information. Therefore, in our curriculum design, we have specifically arranged for students to visit different field settings for observations. This tests their observational skills and stimulates diverse ideas through interactions with individuals from different backgrounds. Students generate different perspectives within their teams, allowing them to gain insights they might not have considered on their own. The aim is to cultivate and nurture a comprehensive and continuous sensitivity to innovation in their thinking processes.

The camp activities go beyond attending classes. On the first day of each session, we propose group report topics focusing on future trends, allowing students to integrate and apply their knowledge throughout the course. Moreover, the creative ideas generated by the students provide Flytech with unique inspiration, to which we can then deliver our feedback and create a positive cycle of innovation.

# Statistics on 53 Students in 2023 Flytech Career Camp

100%

All participants believe this training camp helps them understand and plan their career paths.



96% of the students are willing to enroll in the Flytech Seed Program management associate program (70% are highly interested in joining Flytech). The two biggest takeaways for the participants:



interacting with different

participants

74% • gaining industry

knowledge



t Commu h with Stal Corporate Governand and Risk Managemer Employee Relations stomer Service and pplier Management

Social Engagement Appendix Index

## Flytech Alumni

To provide members with more opportunities for interdisciplinary and cross-professional exchanges, a Flytech Alumni Camping event was organized. Former Flytech members and participants from other activities were invited to sign up, attracting a total of 42 participants. The event included various interactive activities and career experience-sharing sessions, helping members broaden their horizons and build connections.



# 7-3-2 Design for Taiwan

Ir	nputs	Outputs	Impact		
What Is Contributed? Contributions	Creative education	<ul> <li>Held 7 workshops with 113 participants, resulting in a total of 329 attendances producing 21 proposals (7 in the seventh session and 14 in the eighth session)</li> </ul>	For students: • Learned about design thinking and user research		
How Is It Contributed? Method	<ul> <li>Cash contribution: NT\$ 4.79 million</li> <li>Management Costs: NT\$ 1.79 million</li> <li>Employee-contributed manpower: 361 persons</li> <li>Employee contributed time: 1,252 hours</li> </ul>	<ul> <li>Lit in the eighth session).</li> <li>Co-organized 2 public lectures with 63 participants; the exhibition hosted 10 lectures with a total of 350 participants.</li> <li>The five-day exhibition held at Songshan Cultural and Creative Park featured 7 DFT teams, attracting 5,603 participants. Additionally, 7 volunteers contributed a total of 98.5 service hours to the event.</li> <li>Invited 24 nonprofit organizations and social enterprises to participate in the exhibition (free) and assist in raising NT\$ 38,390.</li> <li>Flytech received the CommonWealth Magazine Sustainable Corporate Excellence Award and was featured in media reports.</li> <li>Flytech LinkedIn post</li> <li>Visited social enterprises, startups, and schools in the U.S. to promote Flytech and the Flytech Foundation.</li> </ul>	<ul> <li>14 in the eighth session).</li> <li>Co-organized 2 public lectures with 63 participants; the exhibition hosted 10 lectures with a total of 350 participants.</li> <li>The five-day exhibition held at Songshan Cultural and Creative Park featured 7 DFT teams, attracting 5,603 participants. Additionally, 7 volunteers contributed a total of 98.5 service hours to the event.</li> <li>1,252</li> <li>Invited 24 nonprofit organizations and social enterprises to participate in the exhibition (free) and assist in raising NT\$ 38,390.</li> <li>Flytech received the CommonWealth Magazine Sustainable Corporate Excellence Award and was featured in media reports.</li> <li>Flytech LinkedIn post</li> <li>Visited social enterprises, startups, and schools in the U.S. to promote Flytech and the Flytech Foundation.</li> </ul>	<ul> <li>Co-organized 2 public lectures with 63 participants; the exhibition hosted 10 lectures with a total of 350 participants.</li> <li>The five-day exhibition held at Songshan Cultural and Creative Park featured 7 DFT teams, attracting 5,603 participants. Additionally, 7 volunteers contributed a total of 98.5 service hours to the event.</li> <li>Invited 24 nonprofit organizations and social enterprises to participante in the exhibition (free) and assist in raising NT\$ 28,200</li> </ul>	<ul> <li>Learned how to identify issues, solve problems, and implement design solutions through a one-year project.</li> <li>Learned about interdisciplinary collaboration</li> <li>Analyze in depth a specific social issue</li> <li>Since its establishment:</li> </ul>
Why? Motivation	<ul> <li>Community investment (solve social issues)</li> <li>Commercial initiatives in the community (achieving social enterprises)</li> </ul>			<ul> <li>Since 2016, we have completed 7 sessions of design thinking workshops and invited 13 international speakers and 44 domestic lecturers, training a total of 594 university students. We have held a cumulative of seven physical or online social design exhibitions, attracting over 40,000 visitors from the community and 55 innovation lectures on various</li> </ul>	
Where? Region	Taiwan		topics with over 4,300 attendees.		

# Introducing Design for Taiwan







About ( Flytech w Corporate Governand and Risk Managemer Employee Relations ustomer Service and applier Management Social Engagement Appendix Index

#### Origin

In the first two years of establishing the Flytech Foundation, Lam, Tai Seng, the Chairman of Flytech Technology, noticed an organization called Design for America in the United States. The members of this organization were university students across the country who used innovative design thinking training to learn how to solve social issues in remote areas, underprivileged communities, and environmental challenges. These students established clubs at their universities to bring design thinking to various regions in the United States. This spirit aligned perfectly with the philosophy of promoting innovative education and caring for local communities, which inspired the decision to introduce the practices of Design for America. In 2016, we officially launched the Design for Taiwan (DFT) program which was suitable for the Taiwanese educational environment. DFT continues the spirit of Design for America, allowing students to unleash their creativity and solve social issues through design thinking. With six workshops held throughout the year, teams of students from different universities are recruited to propose solutions to various social problems. Starting from the seventh session, participation is no longer limited to students or working professionals, allowing for a broader exchange of ideas.

From 2016 to July 2023, Design for Taiwan completed seven design thinking workshop sessions. By the end of 2023, the program had invited 13 international speakers and 44 domestic lecturers, training a total of 594 university students. A cumulative seven physical or online social design exhibitions were held, attracting over 40,000 visitors from the community. 55 innovation lectures on various topics were held with over 4,300 attendees.

The 8th session was officially launched in July 2023, continuing last year's plan, is open for registration to the general public, with the hope of witnessing sparks of collaboration between individuals from the community and students. This session, which concluded at the end of the year, included 4 physical workshops and 2 lectures. 61 students have been admitted, forming 14 teams, and 11 teams are now entering the second phase of the social impact curriculum.

## Innovative Design Thinking Education/User Research

Two fundamental pillars of design thinking are human-centered and cross-domain team collaboration. Human-centered design behavior derives from solving needs or improving the current situation. It is different from the misconception that design is art in the past. The design method considers users' needs as its core value. From observing user behavior and discovering user needs to test user preferences, they all use people as the starting point to explore the relationship between products/services and people, the relationship between people and the environment, and the relationship between products and the environment.

Design thinking methods are often applied to complex business or social problems that are difficult to solve by individuals or a single area of expertise. Therefore, when conducting design thinking, it is often composed of cross-domain teams. Although the cross-domain composition can make the team have more comprehensive thinking and more diverse agitation, it will also face greater challenges in communication and cooperation. The role of design thinking is like a common language, allowing designers, engineers, and managers to communicate in the same channel and in the same language.

## Caring for Social Issues/Iterative Implementation

Another core principle of design thinking is hands-on. Despite being called design thinking, it is a knowledge that must be done by hands. In fact, every step of design thinking must be practiced with action. Rather than just brainstorming ideas for needs, it is more effective to step into the field, directly seek out/observe users, and quickly create simple prototypes to test and iterate on the ideas. Combined with the purpose of Flytech Foundation, we hope to contribute to Taiwan's rural education and the cultivation of innovative talents through caring for the underprivileged, technology education, and social services. Since the early stages of Design for Taiwan, students were not restricted to specific directions but were encouraged to observe the problems or social issues they face in their surroundings and develop design solutions. In contrast to similar workshops in the industry, the program lasts for one year, allowing each team to engage in field observation, testing, and iteration. By implementing innovative education, young students can also deepen their care for the environment they grow up in.

About C Flytech wi Corporate Governance and Risk Managemen Employee Relations ustomer Service and upplier Management Social Engagement Appendi> Index

#### **Business Model Course**

Integrating Innovation Design Thinking Education/ User Research and Social Issues Care/ Iterative Implementation in the Design For Taiwan curriculum is based on the core principles of design thinking. However, in innovative design, it is essential to leverage social impact to ensure innovations' sustainability and practical influence. Introducing a business model is another key Design For Taiwan curriculum focus. In addition to continuing field research and iterative design in the second phase, teams must also plan their project business models. In addition to placing users at the core of the design process, considering stakeholders is also crucial.

In April 2023, Design For Taiwan invited Andrew Thomson, the founder of the Australian innovation design consultancy Holonic, to lecture and share insights on the circular economy, business model canvas, and system design with the participants.

## Long-term Impact

Right now, in the seventh session's AMIT is continuing the DFT project, using various channels like workshops and lectures to help more moms re-entering the workforce build confidence and bravely step into a new chapter of their lives. There are over 20 graduates working in related fields, such as service design and local revitalization, in addition to our ongoing projects. Nearly 8 of them have even started their own businesses in their respective areas. Furthermore, almost a hundred people are applying the design thinking they learned from Design For Taiwan in their work and daily lives With the aforementioned case, Design for Taiwan has also started an entrepreneurship incubation support program, allowing teams or students who have completed a year of Design for Taiwan to continue using innovative design thinking to make a social impact.

## Social Design Exhibition

After the workshop concluded, we arranged a 5-day social design exhibition for the participating teams. The goal was to bring attention to the issues addressed by the student teams and enhance their social impact.

The event included ten themed lectures covering topics such as social enterprises, innovation, local revitalization, design thinking, and business models. This year, a total of 7 DFT teams attracted 5,603 participants. Daily social innovation workshops with various themes were held to promote the use of design thinking to impact society and improve people's lives positively.

7th DFT 'SEEing' Social Design Exhibition: Highlight Video



About Flytech Corporate Governa and Risk Managen

Employee Relations ustomer Service and upplier Management Green Operation Append

In 2023, we opened up for the first time to invite social enterprises/non-profit organizations/social innovation organizations from different fields to set up booths, enhancing opportunities for public advocacy. Throughout the exhibition, we invited 24 relevant units to participate for free and achieved nearly NT\$ 40,000 in sales during the exhibition period.









Social Engagement











## Exhibitors • •

- Taiwan Reginal Revitalization Foundation
- Spring Sprouts Innovations for Social Service
- Taiwan Nano Filter Tech Co,.LTD
- instacare
- Mido Kid's Wear Studio
- Huobanjuyi
- Libertas Educational Foundation
- hopestars
- The Garden of Hope Foundation)
- National Kaohsiung University of Science and Technology
- LAPSEE
- Taiwan Cat Lovers' Association
- Famica
- Learn by Space Nonprofit organization
- Nuan Nuan Sunshine Association
- TWpureCEDA
- Kid's Island
- Fusian Music
- Stand By YOU
- Ronghua bamboo co., LTD.
- le.bistrot.social
- Huang-Miu-Tuan
- seniorhighwithsdgs
- eFOOOD Social Innovation Inc.





# • • • Social Care

# 7-3-3 Flytech Charity Day

	Inputs	Outputs	Impact
What Is Contributed? Contributions	<ul><li>Charity</li><li>Education</li><li>Environment</li></ul>	<ul> <li>Community outputs:</li> <li>Activities held: 7</li> <li>Beach clean-up: 462 kg</li> <li>In-kind Contributions: 232 items (10 boxes of wet wipes, 3 boxes of diapers, plus 219 gift items), total value equals NT\$ 172,950</li> <li>Go vegetarian to reduce carbon emissions: 568.8kgCO<sub>2</sub>e</li> <li>Care for the Underprivileged: 120 persons</li> </ul>	<ul><li>For the beneficiaries:</li><li>Beneficiaries received material or cash donations that improved their quality of life</li></ul>
How Is It Contributed? Method	<ul> <li>Cash contribution: NT\$ 840,000</li> <li>Management Costs: NT\$ 740,000</li> <li>Employee-contributed manpower: 608 persons</li> <li>Employee contributed time: 678 hours</li> </ul>		<ul> <li>Scholarship recipients have the opportunity to expand their horizons and gain insights into their future academic choices through corporate visits.</li> <li>For Flytech colleagues:</li> </ul>
Why? Motivation	<ul> <li>Charitable gifts (material support, scholarships and fundraising)</li> <li>Community investment (caring for the underprivileged, beach clean-up)</li> </ul>	<ul> <li>Scholarship recipient: 17 people</li> <li>Factory anniversary fund raiser: NT\$ 44,000</li> </ul>	issues, including environmental concerns, issues related to the elderly, climate change, and more.
Where? Region	Northern Taiwan and Taitung region in Taiwan	-	<ul> <li>Boost employee morale and foster a sense of company loyalty through volunteer work.</li> </ul>

# Introducing Flytech Charity Day





Deeply concerned about the unequal distribution of resources across Taiwan, the shortage of manpower in social welfare groups, and the growing impact of environmental issues on our planet, Flytech, To address these challenges, has established the Flytech Charity Day. This project involves integrating internal corporate resources and volunteer manpower to organize a charity event every two months. These events will focus on Caring for the Underprivileged and Environmental Conservation. We invite our colleagues and their families to join us in providing services to various areas of Taiwanese society that are in need of help. In 2023, we held seven volunteer activities with over 608 participants in total, including four events focused on helping the underprivileged and three on environmental conservation.

About Con Flytech with Corporate Governance and Risk Management Employee Relations

ustomer Service and upplier Management

Green Coperation Social Engagement

Appendi: Index

## Caring for the Underprivileged

The activities include collaborating with Huashan Foundation to deliver supplies to elderly people living alone, so they can have an excellent end-of-year celebration. We also assisted the New Life Social Welfare with sweet potato farming services, providing the harvests for meals for disadvantaged elders on the North Coast. Additionally, we helped Harmony Home care for children from foreign halfway houses, hoping that through service they can feel warmth and alleviate the issue of uneven manpower in social welfare organizations. As a specific contribution, we donated 10 boxes of wet wipes and 3 boxes of diapers to temporarily solve the problem of supply shortages. At the end of the year, we collaborated with five extremely remote primary schools in Taitung to collect Christmas gifts from company colleagues, totaling over NT\$ 160,000 in value, allowing disadvantaged rural children to have a chance to fulfill their dreams. Additionally, during Flextronics' 39th anniversary celebration, four non-profit organizations were invited to set up stalls, raising a total of approximately NT\$ 44,000 through charity sales.

## **Environmental Conservation**

The event included organizing a beach cleanup, with 75 participants collecting a total of 402 kilograms of trash. Additionally, a company-wide vegetarian challenge was launched for a month to raise awareness about the connection between meat consumption and carbon emissions. In total, 711 meatless meals were consumed, resulting in an estimated carbon reduction of about 568.8 kgCO<sub>2</sub>e.



• Yilan beach cleanup

#### Scholarship Sponsorship and Corporate Experience Trip

Additionally, we support scholarships for outstanding and financially disadvantaged high school students in Taitung County. We select students who face difficulties in continuing their education but are diligent in their studies, aiming to reduce the regret of being unable to pursue their education due to financial hardships and to encourage an upward spirit. In 2023, we assisted 17 students with grants and organized a three-day, two-night Corporate Experience Trip focused on career exploration, life enrichment, and giving back to society. The students visited companies (including Flytech, Taipei SE Square, and the Formosa Plastics Group Museum, and etc) to understand realworld business operations better, broaden their horizons, and boost their motivation to learn. This helps them excel in their studies and think about diverse future paths. Additionally, we took the students to visit famous attractions in the north, enriching their life experiences. We also conducted a beach cleanup event, collecting 60 kilograms of trash, hoping these students will maintain a sense of social responsibility in their future careers.



Care for underprivileged children at the halfway house



Raising fund to deliver goods to elderlies who live alone



• Shimen agricultural volunteer

Overview

About Flytech Corporate Governance and Risk Management Employee Relations ustomer Service and upplier Management Append Index

• Vegetarian diet for reducing carbon



Christmas gifts collection-sending love to remote areas





Social

Engagement

• Flytech Loves Charity - Certificate of appreciation from welfare organizations on factory anniversary











# **Global Reporting Initiative Index**

Statement of Use		Flytech Technology Co., Ltd has reported its 2023 ESG report in accordance with the GRI Standards for the period 2023/01/01 to 2023/12/31.							
GRI 1 used		GRI 1: Foundation 2021							
Applicable GRI Sector Standard(s)		Not applicable							
Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page				
GRI 2: General Disclosures									
	1. The organization and its reporting practices								
	2-1	Organizational details	1-2-1 Operation Location	-	13				
	2-2	Entities included in the organization's sustainability reporting	Overview	-	1				
	2-3	Reporting period, frequency and contact person	Overview	-	1				
	2-4	Restatements of information	Overview	-	1				
	2-5	External assurance	Overview	-	1				
	2. Activities a	nd workers							
	2.6	Activities, value chain and other business relationships	1-2-2 Revenue Overview		13				
	2-0		1-3-1 Cross-Domain Solutions Experts		16				
	2-7	Employees	4-1-1 Positive Labor Relations - Employment Overview		54				
	2-8	Workers who are not employees	4-1-1 Positive Labor Relations - Employment Overview		54				
	3. Governance								
	2-9	Governance structure and composition	3-1 Corporate Governance		32				
GRI 2: General Disclosures	2-10	Nomination and selection of the highest governance body	3-1-1 Board of Directors		34				
2021	2-11	Chair of the highest governance body	its 2023 ESG report in accordance with the GRI Standards for the period 2023/01/01 to 2023/12/31.           Chapter         Omit reason/supplementary information         Page           1-2-1 Operation Location         -         13           tainability reporting         Overview         -         13           overview         -         13           overview         -         14           overview         -         11           overview         -         12           reationships         1-2-2 Revenue Overview         16           -1-2-1 Revenue Overview         16         16           -1-1 Positive Labor Relations - Employment Overview         54         17           stare of Directors         314         34						
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management Structure	th the GRI Standards for the period 2023/01/01 to 2023/12/31.   Chapter Omit reason/supplementary information Page   on Location - 13   - 1 -   1   1   1   1   1   1   1   1   1   1   1   1   34   f Directors 34   f Directors - </td					
	2-13	Delegation of responsibility for managing impacts	abolgy Ca, Ltd has reported its 2023 ESG report in accordance with the GRI Standards for the period 2023/01/01 to 2023/12/31.           Vertice Verti						
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Management Structure		8				
	2-15	Conflicts of interest	3-1-1 Board of Directors		34				
	2-16	Communication of critical concerns	3-1-1 Board of Directors		34				
	2-17	Collective knowledge of the highest governance body	3-1-1 Board of Directors		34				
	2-18	Evaluation of the performance of the highest governance body	3-1-1 Board of Directors		34				
	2-19	Remuneration policies	3-1-2 Audit Committee and Compensation Committee		35				
	2.20	Process to determine remuneration	3-1-2 Audit Committee and Compensation Committee		35				
	2-20		4-1-3 Reasonable Compensation System		61				
	2-21	Annual total compensation ratio	-	Salary information is considered confidential and is not disclosed	-				



Corporate Governance and Risk Management

ce Employee nt Relations

Customer Service and Supplier Management Green Operation ent A

Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page			
	4. Strategy, p	olicies and practices						
Disclosure         GRI 2: General Disclosures         2021         GRI 3: Material Topics         GRI 3: Material Topics         2021         Specific Standard Disclosures -         • Economic Performance*         GRI 201: Economic         Performance 2016         • Procurement Practices* (Green GRI 3: Material Topics 2021)         GRI 204: Procurement Practices * (Green GRI 3: Material Topics 2021)         GRI 204: Procurement Practices 2016         • Anti-corruption * (Ethical Material Topics 2021)         GRI 205: Anti-corruption 2016         • Anti-competitive Behavior         GRI 205: Anti-corruption 2016	2-22	Statement on sustainable development strategy	Letter from the Chairman		2			
	2-23	Policy commitments	Sustainability Goals and Vision, Vision, and Commitment		7			
	2-24	Embedding policy commitments	Sustainability Goals and Vision, Vision, and Commitment		7			
	2-25	Processes to remediate negative impacts	3-1-3 Ethical Corporate Management		36			
GRI 2: General Disclosures 2021 GRI 3: Material Topics GRI 3: Material Topics	2-26	Mechanisms for seeking advice and raising concerns	3-1-3 Ethical Corporate Management		36			
GRI 2: General Disclosures			3-1-6 Compliance with Laws and Regulations		39			
Disclosure         Disclosure Titles         Chapter         Omitrescon/s           4.Strategy, policies and practices         5.statinability Goals and Vision, Vision, and Commitment         4.Strategy, policies and practices         4.Strategy, policies and practices         5.statinability Goals and Vision, Vision, and Commitment         4.Strategy, policies         4.Strategy, policies		99						
			6-1 Environmental Protection Policy		104			
GRI 2: General Disclosures 2021 GRI 3: Material Topics GRI 3: Material Topics 2021 Specific Standard Disclosures • Economic Performance* GRI 201: Economic Performance 2016 • Procurement Practices* (Gr GRI 3: Material Topics 2021 GRI 204: Procurement Practices 2016 • Anti-corruption *(Ethical M: GRI 3: Material Topics 2021 GRI 205: Anti-corruption 2016	2-28	Membership associations	1-1 Company Profile		12			
	5. Stakeholde	er engagement						
	2-29	Approach to stakeholder engagement	2-1 Stakeholder Identification and Engagement		21			
	2-30	Collective bargaining agreements	-	Flytech has not established a labor union or signed collective agreements with employees.	-			
GRI 3: Material Topics								
GRI 3: Material Topics	3-1	Process for determining material topics	2-2 Material Issues Assessment Process	-	22			
2021	3-2	List of material topics	2-2-4 List of Material Issues	-	27			
Specific Standard Disclosures - I	Specific Standard Disclosures - Economic (* material issues and related topics)							
<ul> <li>Economic Performance*</li> </ul>								
GRI 201: Economic	201-1	Direct economic value generated and distributed	1-2-3 Operational Performance		15			
Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	4-1-3 Reasonable Compensation System	Omit reason/supplementary information         Image: Second Seco	61			
<ul> <li>Procurement Practices* (Gree</li> </ul>	n Design and S	Supply Chain Sustainability Management-Voluntary Disclosures)						
GRI 3: Material Topics 2021	3-3	Management of material topics	5-3 Supply Chain Management		98			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	5-3-1 Sustainable Supply Chain		99			
<ul> <li>Anti-corruption *(Ethical Mana</li> </ul>	agement and <sup>-</sup>	Transparent Financial Information)						
GRI 3: Material Topics 2021	3-3	Management of material topics	3-1-3 Ethical Corporate Management		36			
			3-1-3 Ethical Corporate Management	No cases of corrupt practices or integrity	36			
GRI 3: Material Topics       3         GRI 3: Material Topics       3         GRI 3: Material Topics       3         Specific Standard Disclosures - Ecc       3         Specific Standard Disclosures - Ecc       2         • Economic Performance*       2         GRI 201: Economic       2         • Procurement Practices* (Greent       2         GRI 3: Material Topics       3         2021       3         GRI 204: Procurement       2         • Anti-corruption *(Ethical Manage)       3         GRI 3: Material Topics       3         2021       3         GRI 3: Material Topics       3         GRI 3: Material Topics       3         GRI 204: Procurement       3         GRI 3: Material Topics       3         GRI 205: Anti-corruption 2016       2         • Anti-competitive Behavior       3         GRI 206: Anti-competitive Behavior       3         GRI 206: Anti-competitive Behavior       3	205-3	Confirmed incidents of corruption and actions taken	5-3-1 Sustainable Supply Chain	violations were found within our company and suppliers in 2023	99			
<ul> <li>Anti-competitive Behavior</li> </ul>								
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3-1-3 Ethical Corporate Management	No anti-competitive, anti-trust and monopoly conduct occurred in 2023	36			
Communication Corpor with Stakeholders and Ris

Corporate Governance En and Risk Management Re

Employee Custom Relations Supplie

stomer Service and pplier Management n Enga

Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page		
• Tax							
GRI 207: Tax 2019	207-1	Approach to tax	3-3-1 Flytech's Tax Commitment		49		
	207-2	Tax governance, control, and risk management	3-3-2 Tax Risk Management and Governance		49		
Corporate Governance* (Corporate Governance)							
GRI 3: Material Topics 2021	3-3	Management of material topics	3-1 Corporate Governance		32		
GRI 2: General Disclosures 2021	2-9~ 2-21	Corporate governance evaluation	3-1 Corporate Governance	In 2023, ranked among the top 21-35% of all listed companies	32		
<ul> <li>Risk Management* (Risk Mar</li> </ul>	nagement)						
GRI 3: Material Topics 2021	3-3	Management of material topics	3-2 Risk Management		40		
Non-GRI requirements	Not applicable	Risk items	3-2 Risk Management		40		
Compliance Management* (	Compliance Ma	nagement)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3-1-6 Compliance with laws and regulations		39		
	2-27	Major violations, disputes, or penalties	3-1-6 Compliance with Laws and Regulations		39		
GRI 2: General Disclosures			5-3-1 Sustainable Supply Chain	No major legal violations, disputes, or	99		
2021			6-1 Environmental Protection Policy	penalties occurred between 2021 and 2023.	104		
<ul> <li>Product Innovation* (Product</li> </ul>	t Innovation)						
GRI 3: Material Topics 2021	3-3	Management of material topics	5-1-5 Value-Added/Innovative Products - Implemented Design		87		
Non-GRI requirements	Not applicable	Number of models developed through modular design	5-1-6 Product Innovation		90		
Customer Commitment* (Customer Commitment)							
GRI 3: Material Topics 2021	3-3	Management of material topics	5-1 Excellent Customer Service		83		
Non-GRI requirements	Not applicable	Customer satisfaction survey and feedback	5-1-4 Customers Service Survey and Feedback		87		
Specific Standard Disclosures - Environment (* material issues and related topics)							
• Energy							
GRI 302: Energy 2016	302-1	Energy consumption within the organization	6-3-1 Energy Use		111		
	302-3	Energy intensity	6-3-1 Energy Use		111		
	302-5 Reductions in energy requirements of	Reductions in energy requirements of products and services	6-2-2 Examples of Green Design		107		
			6-4-2 Climate Change Adaptation and Product Carbon Footprint		121		
			6-4-4 Product-Based Greenhouse Gas Emission Reduction Measures		123		

Employee Relations

ustomer Service and upplier Management n Engag

Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page	
<ul> <li>Emissions* (Greenhouse Gas Inventory Inspection and Product Carbon Footprint、Climate Change Impact and Strategy)</li> </ul>						
GRI 3: Material Topics 2021	3-3	Management of material topics	6-4 Carbon Management and Climate Change Response		115	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory		117	
	305-2	Energy indirect (Scope 2) GHG emissions	6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory		117	
	305-3	Other indirect (Scope 3) GHG emissions	6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory		118	
	305-4	GHG emissions intensity	6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory		118	
	305-5	5-5 Reduction of GHG emissions	6-4-1 ISO 14064-1 Organizational Greenhouse Gas Inventory		116	
			6-4-2 Climate Change Adaptation and Product Carbon Footprint		121	
			6-4-3 Greenhouse Gas Emission Reduction Measures for Daily Operations		122	
			6-4-4 Product-Based Greenhouse Gas Emission Reduction Measures		123	
• Waste						
	306-1	Waste generation and significant waste-related impacts	6-2-3 Waste Disposal		109	
	306-2	Management of significant waste-related impacts	6-2-3 Waste Disposal		109	
GRI 306: Waste 2020	306-3	Waste generated	6-2-3 Waste Disposal		109	
	306-4	Waste diverted from disposal	6-2-3 Waste Disposal		109	
	306-5	Waste directed to disposal	6-2-3 Waste Disposal		109	
<ul> <li>Supplier Environmental Asse</li> </ul>	ssment* (Gree	n Design and Supply Chain Sustainability Management-Voluntary	Disclosures)			
GRI 3: Material Topics 2021	3-3	Management of material topics	5-3 Supply Chain Management		98	
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts to the supply chain and actions taken	5-3-1 Sustainable Supply Chain		99	
Green Design* (Green Design and Supply Chain Sustainability Management-Voluntary Disclosures)						
GRI 3: Material Topics 2021	3-3	Management of material topics	6-2 Green Products		105	
Non-GRI requirements	Not applicable	Use of environmental ecological design benefit assessment form to determine the proportion of material selected in the production of new products.	6-2-1 Green Design		106	
Climate Change Impact and Strategy *(Climate Change Impact and Strategy)						
GRI 3: Material Topics 2021	3-3	Management of material topics	6-4 Carbon Management and Climate Change Response		115	

stomer Service and

Green Operation

Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page
Non-GRI requirements	Not	Complete ISO 14064-1 third-party verification every year	6-4-2 Climate Change Adaptation and Product Carbon Footprint		121
	applicable	Complete at least one product ISO 14067 third-party verification every year	6-4-2 Climate Change Adaptation and Product Carbon Footprint		121
Specific Standard Disclosures	- Social (* mat	erial issues and related topics)			
<ul> <li>Labor Relations *(Labor Relations)</li> </ul>	tions and Emp	loyee Benefits)			
GRI 3: Material Topics 2021	3-3	Management of material topics	4-1 Talent Management		53
	401-1	New employee hires and employee turnover	4-1-1 Positive Labor Relations-Employment Overview		54
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-1-4 Happy Enterprise		63
<ul> <li>Labor Relations* (Labor Relation)</li> </ul>	tions and Emp	loyee Benefits)			
GRI 3: Material Topics 2021	3-3	Management of material topics	4-1 Talent Management		53
GRI 402: Labor Relations 2016	402-1	Minimum notice periods regarding operational changes	4-1-1 Positive Labor Relations-Employment Overview	Flytech has not signed any collective agreements with employees	54
Occupational Health and Safe	ety *(Occupation	onal Health and Safety)			
GRI 3: Material Topics 2021	3-3	Management of material topics	4-2 Friendly Workplace		72
	403-1	Occupational health and safety management system	4-2-1 Occupational Health and Safety Management System		73
	403-2	Hazard identification, risk assessment, and incident investigation	4-2-2 Environmental Health and Safety Committee		74
	403-3	Occupational health services	4-2-4 Employee Health		78
	403-4	Worker participation, consultation, and communication on occupational health and safety	4-2-2 Environmental Health and Safety Committee		74
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	4-2-3 Occupational Safety Training		77
	403-6	Promotion of worker health	4-2-4 Employee Health		78
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4-2-3 Occupational Safety Training		77
	403-8	Workers covered by an occupational health and safety management system	4-2-1 Occupational Health and Safety Management System		73
	403-9	Work-related injuries	4-2-2 Environmental Health and Safety Committee	In 2023, there were 5 workplace accidents recorded, with 0 cases of occupational diseases.	76
	403-10	Occupational disease	4-2-4 Employee Health	Same as above	78

ustomer Service and upplier Management

Disclosure		Disclosure Titles	Chapter	Omit reason/supplementary information	Page	
• GRI 404: Training and Education 2016 *(Talent Cultivation and Career Growth)						
GRI 3: Material Topics 2021	3-3	Management of material topics	4-1-5 Training and Talent Cultivation		66	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4-1-5 Training and Talent Cultivation		66	
	404-2	Programs for upgrading employee skills and transition assistance programs	4-1-5 Training and Talent Cultivation		66	
	404-3	Percentage of employees receiving regular performance and career development reviews	4-1-3 Reasonable Compensation System		61	
Diversity and Equal Opportun	nity					
GRI 405: Diversity and Equal	405.1	Diversity of governence bodies and employees	3-1-1 Board of Directors		34	
Opportunity 2016	403-1	Diversity of governance bodies and employees	4-1-1 Positive Labor Relations-Employment Overview		54	
Non-discrimination						
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4-1-2 Diversity Hiring and Inclusion		57	
Child Labor						
GPI 408: Child Labor 2016	409.1	Operations and suppliers at significant risk for incidents of	4-1-2 Diversity Hiring and Inclusion		57	
	100-1	child labor	5-3-1 Sustainable Supply Chain		99	
<ul> <li>Forced or Compulsory Labor</li> </ul>						
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		4-1-2 Diversity Hiring and Inclusion	No incidents of discrimination, no	57	
GRI 409: Forced or Compulsory Labor 2016		5-3-1 Sustainable Supply Chain	employment of child labor, no significant risk of forced or compulsory labor incidents in operating locations and suppliers in 2023.	99		
<ul> <li>Customer Health and Safety*</li> </ul>	(Customer Cor	nmitment)				
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	6-2-1 Green Design		106	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6-2-1 Green Design	No violations of safety and health regulations related to products and services in 2023	106	
Customer Privacy *(Customer Commitment)						
GRI 418: Customer Privacy	410.1	Substantiated complaints concerning breaches of customer	5-1-7 Patent and Intellectual Property Management	No violation of customer privacy or loss of	90	
2016	418-1	privacy and losses of customer data	5-1-8 Institutionalized Privacy Policy	customer information in 2023	92	
Social Charity *(Social Charity-Voluntary Disclosure)						
GRI 3: Material Topics 2021	3-3	Management of material topics	ment of material topics Chapter 7 Social Engagement		125	
Non-GRI requirements	Not applicable	Public welfare project benefit assessment	7-2 Cost and Benefit Assessment		127	

ustomer Service and upplier Management

# SASB Standards

### Sustainability Disclosure Topics & Accounting Metrics

Code	Accounting Metrics	Related Chapters	Page	Remark			
Product Security							
TC 11W/ 220a 1	Description of approach to identifying and addressing data security	3-2 Risk Management	40				
TC-HW-2308.1	risks in products	5-1-8 Institutionalized Privacy Policy	92				
Employee Diversity & Inclusion							
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	4-1 Talent Management	53				
Product Lifecycle	Management						
TC HW 4105 1	Percentage of products by revenue that contain IEC 62474 declarable substances	6-2-1 Green Design 106	106	All Flytech products comply with RoHS/REACH requirements			
TC-HW-410a.1			100	IEC 62474 management system is not implemented currently			
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	NA	-	Flytech is not included in the EPEAT registry for the required products, and our customers do not have this requirement at the moment. If there is a project demand in the future, we will consider implementing it.			
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR R criteria	NA	-	Flytech is not included in the ENERGY STAR R registration list for required products. Currently, we conduct self-testing based on this standard, and if there is a customer demand, we will proceed with verification. There were no cases in 2023. (For more details, refer to the green design examples in section 6-2-2).			
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	NA	-	All Flytech new models will be sent for WEEE test analysis during the C4 trial production stage. All mass-produced Flytech models comply with the requirements as outlined in section 6-2 Green Products.			
Supply Chain Ma	nagement						
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	NA	-	In our industry, product verification is not obligatory, and our clients do not make such requests. If there is a need in the future, we will proceed with the required verification process.			
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non- conformances	NA	-	In our industry, product verification is not obligatory, and our clients do not make such requests. If there is a need in the future, we will proceed with the required verification process.			
Materials Sourcing							
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	5-3 Supply Chain Management	98				
Activity indicator							
TC-HW-000.A	Units produced by product category	NA	-	Classified information, not to be disclosed.			
TC-HW-000.B	Area of the manufacturing zone	13,656 m <sup>2</sup>	-				
TC-HW-000.C	Proportion of products manufactured by factory	100%	-	All Flytech products are manufactured at the Linkou factory in Taiwan.			

## Independent Assurance Statement



### Independent Assurance Statement

#### FLYTECH TECHNOLOGY CO., LTD.'s 2023 SUSTAINABLITY REPORT

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

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

#### SCOPE

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

AFNOR Asia is responsible for:

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



#### REFERENCES

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

- AA1000 Accountability Principles (2018)
- GRI Standards

#### METHODOLOGY

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

#### CONCLUSION

#### ♦ AA1000 Accountability Principles

#### Inclusivity

FLYTECH has continued to seek the participation of stakeholders and established major sustainability themes to develop and achieve responsible and strategic responses to sustainability. The report fairly reports and discloses environmental, social and governance information, covers the





ustomer Service and upplier Management

### afaq

issues expected by stakeholders, and supports the achievement of the company's strategies, goals, standards and performance.

#### Materiality

FLYTECH has published information on relevant sustainable development issues, allowing stakeholders to judge the company's governance and performance. The report has presented the decision-making mechanism for materiality issues implemented by the company, effectively focusing on sustainable issues of concern to all stakeholders.

#### Responsiveness

FLYTECH has developed and implemented a stakeholder response mechanism through communication channels to provide timely responses to issues of concern to stakeholders. Through continuous engagement with stakeholders, the organization will develop various policies, norms, codes and goals that meet the expectations of stakeholders.

#### Impact

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

#### • Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirmed that the general disclosure and specific disclosure content of the report and the necessary management policy disclosure of major topics have complied with the requirements of GRI Standards. In the future, the organization can continue to compile the management content of major themes and the disclosure of relevant information of each base according to reporting requirements, and provide sufficient and comparative information to stakeholders.

#### ASSURANCE OPINION

AFNOR GROUP has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards.



## afaq

Based on the sufficient evidence provided by FLYTECH and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization.

In our opinion, the information and data presented in the Report by FLYTECH provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in FLYTECH in 2023 are well represented.

#### ASSURANCE LEVEL

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

#### LIABILITY

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

For and on behalf of AFNOR

Patrick Ni The Director for Certification and Assessment Jun.25.2024

AFNOR Asia Ltd.—20F, No. 102, Chung Ping Rd., Taoyuan, Taiwan Tel. : +886 3 2208080, Fax : +886 3 2204866, http://www.asia.afnor.org



