FLYTECH

FLYTECH TECHNOLOGY CO., LTD.

2021 ESG Report

CONTENTS

Overview

About the ESG Report

The purpose of the "ESG Sustainability Report" issued by FLYTECH TECHNOLOGY CO., LTD. (hereinafter referred to as "Flytech" or "the company") was 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 long-term partnership with customers and social groups, and continue to implement sustainable development and social inclusion, striving to move towards a better future.

Reported Period and Scope

The reported period of this report covered from January 1, 2021 to December 31, 2021, and highights the company's practices and performance in corporate governance, corporate commitment, environmental protectio, and social participation as well as in response to stakeholders' concerns. The report boundaries mainly focused on FLYTECH TECHNOLOGY CO., LTD., Taiwan, and for additional disclosures, please refer to the "Material Issues and Boundaries" chapter.

Reporting Criteria

This report was prepared and compiled by the "ESG Sustainability Committee" of the company, following the Core Option of Global Reporting Initiative (GRI) Standards, SASB guidelines, and TCFD recommendations. 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 estimations or assumptions made would be clearly indicated in the relevant chapters.

Report Release Date

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 June 2021
- Current edition：Issued June 2022
- Next edition：Scheduled to be released in July 2023

https://www.flytech.com.tw/csr.php

Contact Information

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

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Letter from the Chairman

2021 was a turbulent year. With the COVID-19 pandemic continued to spread around the world, Taiwan also faced its first level 3 alert. The shortage of electronic materials in the global market, the port congestion and global supply chain breakdown, the changes of market consumption patterns, and challenges related to climate change and energy supply posed significant challenges to Flytech. However, through collaboration with our customers, suppliers, employees, investors and all stakeholders, we successfully overcame these difficulties. In terms of business finance, Flytech achieved remarkable growth in consolidated revenue, with a 17% increase compared to the previous year, reaching an impressive milestone of 5.1 billion. Our net profit after tax also increased by 16% compared with 2020. In addition to the outstanding financial performance, we deeply understood our responsibility as a corporate citizen to focus on various aspects of ESG efforts. Under the oversight of the ESG Sustainability Committee, which belongs to our board of directors, Flytech adhered to the core vision of "Strive for excellence. Advance through innovation", continuing to pay attention to the important sustainability issues, implement effective management strategies and provide comprehensive reporting. We are steadily making progress towards realizing Flytech' s sustainability visions step by step.

Under the supervision and execution of the ESG Sustainablility Committee, Flytech is committed to corporate governance, focusing on transparency, openness, efficiency, and adherence to legal principles. We strive to maintain robust internal control systems, risk management mechanisms, and operational procedures, while establishing a sound governance structure. Our efforts have garnered significant recognition from external parties, including consistently ranking within the top 6-20% of all listed companies in 8th Annual Corporate Governance Evaluations by Taiwan Stock Exchange for four consecutive years. In addition, we achieved an impressive honor in our first-ever application of “2021 Excellence in Corporate Social Responsibility” by CommonWealth Magazine, ranking No.8 in Small Giant Group.

In terms of social engagement (Social), Flytech obtained the ISO 45001 certification for occupational safety and health system in 2020. We not only strived to maintain a safe and healthy working environment, but highly valued human rights and equality. We provided a diverse, inclusive and non-discriminatory workplace as well as employee training programs. What' s more, the proportion of female supervisors has reached 30%. Through initiatives like "Flytech Career Camp" and "Seed Management Trainee Program", we cultivated talented students to join Flytech. Collaborating with Flytech Foundation, we held the "Design For TAIWAN" social innovation workshop and engaged in philanthropic activities. Due to the impact of the pandemic, many physical events were forced to be canceled. However, our team decided to switch to online courses right away, ensuring the continuation of innovative education and care for disadvantaged groups.

During the pandemic, Flytech ensured uninterrupted operations, implementing rigorous preventive measures to provide the safest and healthiest workplace for our employees. We spent a total of NTD$ 5.29 million on rapid tests, offering all employees and visitors for free. Besides, we bought NTD$ 3.01 million of rapid tests for our employees’ household needs. We also provided vaccine incentives with a total of NTD$ 720,000. The vaccination rate for two doses reached 98%, and 85% for three doses by the end of June 2022. In addition to ensuring employees’ health, Flytech also ensured the right of work and income for all employees with no layoff, no pay cut, no shift reduction, and no unpaid leave.

In terms of environment, Flytech not only implemented a robust ISO 14001 environmental management system but endeavoured to achieve energy efficiency and carbon reduction in our products. This included the development of energy-saving products through green design, the use of environmentally certified materials, the adoption of modular and shared designs to extend the lifespan of equipment, and the utilization of recyclable and reusable materials in our product components. Up to 98% of Flytech’ s products were made from recyclable and reusable materials. As for our supply chain, we also selected and guided suppliers with excellent manufacturing process and environmental protection, aiming to create an environmentally sustainable value chain. In addition to hardware

In addition to the green design of hardware, Inefi, a cloud-based monitoring UEM software launched by Flytech in 2021, enabled remote monitoring to reduce the carbon emissions generated by transportation for maintenance purposes. This was an example of green design developed from our core product value. Also, Flytech placed great importance on climate change adaptation and management, which surpassed the regulatory standards. In 2021, we established a task force to plan and develop a management system in line with ISO 14064-1 greenhouse gas inventory requirement. We anticipate obtaining external verification in 2022. These initiatives demonstrate Flytech's comprehensive commitment to ESG principles. The external verification was expected to be obtained in 2022. These initiatives demonstrate Flytech’ s comprehensive commitment on ESG.

Looking forward to the future, Flytech would continue to uphold the vision of "Strive for excellence. Advance through innovation".

We valued the material sustainability issues stakeholders concerned about, conducting in-depth analysis of the impacts. We would formulate management policies and performance indicators, making good use of resources, and continuously improving ourselves to create sustainability value for Flytech and all our stakeholders.

Chairman

Flytech Value

Sustainability x Development

Flytech Technology keeps pursuing the corporate value of "Sustainable Innovation" to continuously find innovative ways to use in business and product development processes in order to deliver sustainability benefits across the enterprise and beyond.

Demand
Understand customer's needs to identify market trends.

Cooperation
Develop supply chain collaboration through strategic partnership.

Technology
Set smart manufacturing technologies to enhance the factory operations.

Product
Transform product-oriented into solution-driven innovation.

Marketing
Implement digital transformation into business operations and strategies.

Market & Application

HOSPITALITY
- Restaurant
- QSR
- Cinema
- Hotel & Resort
- Casino Gaming
- Pub & Club
- Stadium

RETAIL
- Convenience Store
- Grocery Store
- Unmanned Store
- Drugstore
- Fashion Retail
- Sports Betting
- Outlet Mall

HEALTHCARE
- Hospital Public Area
- Medical Cart
- Intelligent Ward
- Telemedicine
- Rehabilitation Equipment

INDUSTRIAL
- Warehousing & Logistics
- Production Management
- Factory Automation

Product & Solution

POS Terminal | Self-Service Kiosk | Drive-Thru | Kitchen Display System | Panel PC | Medical/Industrial Touch Computer | Embedded Box PC | Digital Signage | AI Computing | Unified Endpoint Management

Sustainability Key Performance and Awards

Economics

- The world's top three and Taiwan's biggest POS supplier.
- Maintained profitability for 37 years since establishment and returned the profits to shareholders. The stock dividend rate has exceeded 80% since 2013.
- Received the German iF Design Award for five times since 2007.
- Local procurement exceeded 85% from 2019 to 2021.

Governance

- Ranked within the top 6%-20% of Annual Corporate Governance Evaluations by Taiwan Stock Exchange for four consecutive years since 2018.
- The company elected one female director of board in 2018 for diversity policy.
- Achieved an honor in the first-ever application of “2021 Excellence in Corporate Social Responsibility” by CommonWealth Magazine, ranking No.8 in Small Giant Group.

Social

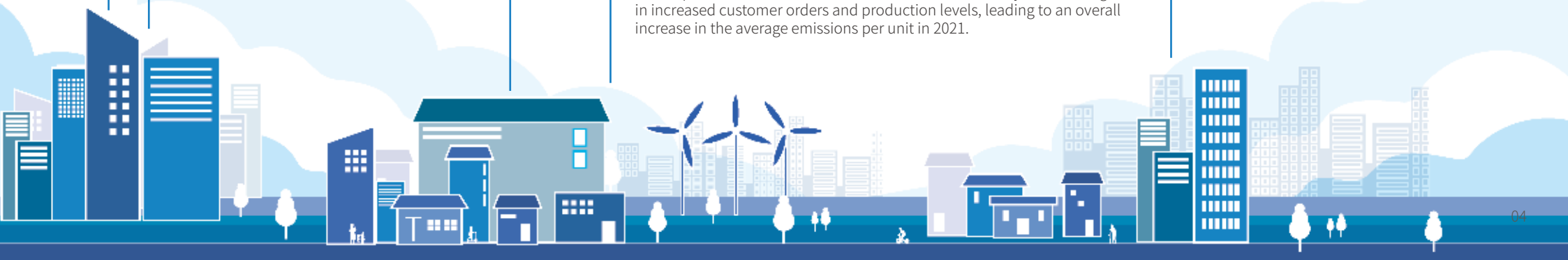
- No major penalties or violations of safety and healthregulations related to products and services from 2019 to 2021.
- No major penalties or violations of labor safety and healthregulations from 2019 to 2021.
- The gender ratio of male and female employees was 53% and 47% respectively, with female supervisors accounted for 30% at the end of 2021.
- 348 employees participated in the annual physical examination in 2020. (Conducted every two years)
- Ensured the right of work and income for all employees with no layoff, no pay cut, no shift reduction, and no unpaid leave during the COVID-19 pandemic from 2020 to 2021.
- 14 sessions of "Flytech Career Camp" have been held, with over 400 participants, providing college students with insights into business operations and promoting cross-field cross-professional communication.
- Organized 5 sessions of "Design For Taiwan" workshops, with nearly nearly 500 participants. More than 100 social innovation proposals, and reaching over 38,000 attendees through exhibitions and lectures. Despite the ongoing pandemic in 2021, there were more than 300 people participating in charity events.
- A total of NTD$3.9 million of "Excellence and Diligence Scholarship" was issued to outstanding and low-income students in rural high (vocational) schools.

Environmental

- No major penalties for violations of environmental protection regulations from 2019 to 2021.
- No waste water discharge from 2019 to 2021.
- All waste reduced by 7.68% compared with the previous year in 2021.
- Water consumption per capita decreased by 11.16% compared to 2020.
- In 2021, the CO_2e per unit of production increased by 5.3% compared to 2020. The increase was primarily due to the slowdown of the pandemic in Europe and the United States in the second half of the year, resulting in increased customer orders and production levels, leading to an overall increase in the average emissions per unit in 2021.

Certification

- ISO 9001 Quality Management System：2015 Version (valid until August 21, 2023)
- ISO 27001 Information Security Management System:2013 Version (valid until June 25, 2022).
- ISO 13485 Medical Device Quality System：2016 Version (valid until January 27, 2022)
- ISO 14001 Environmental Management System：2015 Version (valid until September 21, 2022)
- ISO 45001 Occupational Safety and Health Management Systems：2018 Version (valid until November 30, 2023)
- IATF 16949 Automotive Quality Management System：2016 version：2016 Version (valid until December 11, 2024)
- Passed the "TTQS Talent Quality-management System" by the Workforce Development Agency, Ministry of Labor.



Sustainability Goals and Visions

Core Vision of Sustainable Development

Since the establishment in 1984, Flytech has always been focusing on our core business and committing to operating with integrity. We deeply understand that in addition our self competitiveness, it takes the joint effort of our stakeholders, including employees, suppliers, customers and communities to achieve sustainable business practices. Guided by the central thought of "Take from society, Give back to society", we firmly believe that the responsibility of a company goes beyond maximizing shareholder value to contributing to the sustainable development of the environment, society, and economy. Guided by the central thought of "Take from society, Give back to society," we firmly believe that the responsibility of a company goes beyond maximizing shareholder value to contributing to the sustainable development of the environment, society, and economy. 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 ESG for itself. The core vision of sustainable development is "Strive for excellence. Advance through innovation", to create maximum benefits for shareholders, and to take into account the needs and interests of stakeholders. Internally, we attach great importance to the rights and interests of employees, create a friendly workplace safety environment, and plan professional training courses to help employees learn and grow to enhance their self-worth; externally, we actively communicate with customers, investors, suppliers, communities, and non-profit organizations to understand their requirement in order to review, adjust and respond to our management policies and commitments in the fields of corporate commitment, environmental sustainability, social engagement, and corporate governance, so as to fulfill our corporate citizenship responsibilities.

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 Principles", and "Ethical Corporate Management Principles" in compliance with the laws and regulations of competent authorities and international standards and initiatives. As 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 the sustainable development policies, and through track the assessment and evaluation process to ensure that it continues to be effective. Flytech expected to work together with global partners to establish a sustainable and excellent enterprise, and to achieve“common benefit, common sharing, common prosperity, common good” with all stakeholders.

Sustainable Promotion of Organizations

Flytech has set up "Flytech CSR Committee" subordinated to the board of directors for many years (renamed "Flytech ESG Sustainability Committee" in 2022), with the chairman as the convener, the two presidents as committee members, and the promotion office was responsible for supervising the promotion office and each group, as well as arranging resources and planning management methods, promoting the office to regularly report the results of promotion and interaction with stakeholders in the board of directors in the first half of each year, and report the "ESG Sustainability Report" in the second half of the year to ensure the continuous implementation of corporate sustainability responsibilities , the 2021 report dates were March 18 and November 4, respectively.

Sustainability Management Structure

Flytech ESG Sustainability Commitee
Convener：Chairman, Committee members：President

ESG promotion office
President, President Office

Sustainability Management
President Office
Corporate Center
- Corporate Governance
- Ethical Corporate Management
- Risk Control
- Legal Complience
- Information Disclosure

Corporate Commitment
R&D Center, Marketing Center, Manufacturing Center, Quality Assurance Division
- Product Innovation
- Green Design
- Green Supply Chain
- Quality Management
- Customer Service

Green Operation
R&D Center
Manufacturing Center
Quality Assurance Division
- Green process
- Green Design
- Enviornmental Friendly Materials
- Energy Managenent
- Greenhouse Gas Management

Employee Care
Corporate Center
Employee Welfare Committee
- Labor Safety Management
- Diversity and Equality
- Employee Care
- Profession Training
- Community Charity

Social Participation
Corporate Center
Flytech Foundation
- Social Charity
- Industry-Academy Cooperation
- Talent Cultivation
- Startup Cooperation

Main Responsibilities of the "Sustainable Management" team

1. Promote various corporate governance policies and implement operations.
2. Promote honest management and 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 "Corporate Commitment" team

1. Develop innovative products with high added value, and promote technological progress to create economic value.
2. Develop distinctive products that meet customer needs and improve customer competitiveness.
3. Develop green design products to reduce environmental impact.
4. Develop durable products to reduce waste generated by replacement.
5. Establish a green supply chain to reduce the impact on the environment.
6. Expedite fast delivery and customer service to improve customer satisfaction.
7. Establish and implement a quality management system in line with ISO 9001 and ISO 13485 quality systems.
8. Continue to publicize to establish a corporate culture of quality control for all employees.

Main Responsibilities of "Green Operation" team

1. Protect the environment and pursue green operation, comply with international standards and government regulations, promote green environment and implement environmental management.
2. Establish and maintain a "safe, environmentally friendly and sustainable" environmental and health safety policy.
3. Introduce green design, use green materials, and use green lead-free process from the research and development stage to reduce the impact on the environment.
4. Reduce greenhouse gas and carbon emissions, save water resources and electricity consumption.
5. Establish a waste management and resources recovery system; do a good job in waste classification and waste management; and increase the reuse rate of resources.
6. Establish and implement the management requirements of ISO 14001 Environmental Management System and ISO 9001 Quality System.
7. Continue to promote the establishment of a corporate culture in which all employees abide by environmental safety and healthpolicies and regulations.
8. Introduce a greenhouse gas inventory management system that conforms to ISO 14064-1.

Main Responsibilities of the "Employee Care" team

1. With the goal of improving employee retention, regularly confirm that wages and benefits are market-competitive, 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.
5. 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 healthmanagement standards.
7. Through systematic training and development methods such as TTQS, hold courses in multiple channels for colleagues to learn at any time. It also conducts project training and IDP for potential talents to cultivate potential cadres.

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.

Sustainable Development Goals, SDGs

Flytech's core belief in sustainability is "Strive for excellence. Advance through innovation". This belief drives FeiJie to contribute to the overall welfare of society, and many of its initiatives are closely related to the United Nations Sustainable Development Goals (SDGs). Therefore, from 2021, when the first corporate social responsibility report was published, by examining the extent to which current practices were aligned with the UN Sustainable Development Goals and the development goals in the future, Flytech set the United Nations Sustainable Development Goals that we would focus on in the future.

Flytech's "ESG Sustainability Committee" decided to select 5 development priorities and 6 SDGs as the main goals, and launched 18 sub-goals that were 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; 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 12 sub-goals, Flytech looked 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".

5 Development Main Points → **6** SDGs → **18** Goals to Be Achieved by 2025

- 3 Chapter: Integrity, information-transparent corporate governance
- 4 Chapter: Diverse, non-discriminatory, safe, inclusive friendly environment
- 5 Chapter: Support local procurement, and assist suppliers to operate with integrity and comply with environmental protection and occupational safety regulations
- 6 Chapter: Green and sustainable company value chain
- 7 Chapter: Education in rural areas and the cultivation of innovative talents

SDGs: 4 Quality Education; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 13 Climate Action; 17 Partnerships for the Goals

4 Quality Education
- Flytech Career Camp：600 people (currently 452 people)
- Scholarship：5 million (currently 3.9 million)
- DFT：700 people (currently 482 people)
- DFT startup proposal：1.4 million (currently 1.04 million)

6 Clean Water and Sanitation
- Keep the amount of waste water discharged at 0
- Electricity consumption per unit of output decreased by 5% compared to 2019
- Water consumption per capita decreased by 5% compared to 2019

7 Affordable and Clean Energy
- Electricity consumption per unit of output decreased by 5% compared to 2019

8 Decent Work and Economic Growth
- Annual integrity management training 1 hour per person
- Innovative investment or cooperation projects more than 20 cases
- Local suppliers account for more than 85%

13 Climate Action
- The number of volunteers participating in environmental protection accounts for more than 45% of the total employees
- Carbon dioxide emissions equivalent (CO_2e) down 5% from 2019

17 Partnerships for the Goals
- Suppliers 100% summit quality commitment
- 70% of suppliers signed the Statement of Commitment on Environmental Protection, Prohibited Substances and Carbon Reduction
- 70% of suppliers signed the Environmental Corporate Social Responsibility and Integrity Commitment (RBA Code of Responsible Business Conduct)
- 70% of suppliers signed/issued the policy statement on the non-use of conflict minerals
- 30% of important suppliers own ISO 9001/14001/45001

About Flytech

1-1 Company Profile

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 ultra-miniature 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 the 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：obtaining ISO 9001 certification 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-in-one 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 the 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 into the healthcare industry and securing major projects both domestically and internationally. Over the years, we have garnered numerous awards, particularly in the field of design. Our achievements include European Product Design Awards, Innovative Design Awards of Computex Taipei, as well as prestigious global recognitions such as iF Design Award and Red Dot Design Award.

Currently, Flytech stands as one of the top three global POS system manufacturers and the largest in Taiwan. Flytech's products are widely utilized in the fields of food and beverage retail, healthcare, and industrial automation, with customers spanning across the globe. 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 AI, focusing on technologies such as artificial intelligence and machine learning. By leveraging the rich channel relationships in the food and beverage retail industry of the parent company, Berry AI provides intelligent solutions to customers. In 2021, Flytech launched a subscription-based cloud monitoring UEM software service, Inefi. This software service solves the pain points of customer product maintenance reducing the need for on-site repairs, and thereby minimizes customers' carbon emissions. The product can monitor remote machines, including critical peripheral equipment, and its service scope surpasses similar software available in the market. It has received positive feedbacks since its release and is expected to secure multiple project collaborations. In addition to boosting revenue, it also contributes to reducing Flytech's product carbon footprint. Furthermore, Flytech continues to collaborate with external startups, providing higher efficiency and value to various types of businesses, as we continue to strive towards our group's goal of developing AIoT solutions.

The industry or other public associations that we participate in include: Taipei Computer Association, Taiwan Electrical and Electronic Manufacturers' Association, Taiwan Corporate Governance Association, Chinese Professional Management Association, 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 Operational Overview and Performance

1-2-1 Operation Location

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 our inception. While initially focusing on the European and American markets, we have also established a strong presence in the Asia-Pacific, Greater China and Taiwan regions. 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

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:

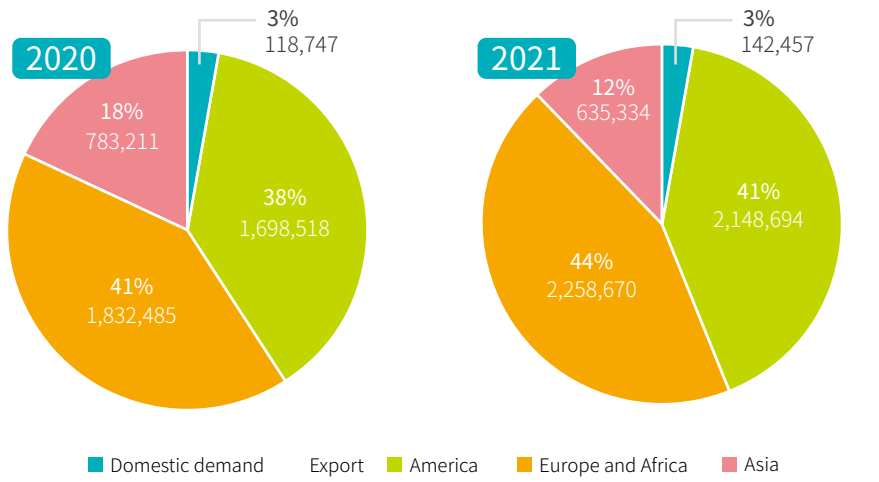
Proportion of revenue by product in the last two years (Consolidated Financial Statements)

Unit: NTD$ 1,000

Item \ Year	2020		2021	
	Amount	Percentage %	Amount	Percentage %
Industrial computer	3,591,909	81%	4,158,331	80%
Peripherals and others	841,052	19%	1,026,824	20%
Total	4,432,961	100%	5,185,155	100%

Proportion of revenue by region in the last two years (Consolidated Financial Statements)

Unit: NTD$ 1,000



1-2-3 Operational Performance

To hold accountable to all stakeholders, profitability and growth are the fundamental objectives of our business operations. Flytech takes pride in the robust financial structure and consistent profitability since the 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.

The operational performance data for the past two fiscal years (individual) are as follows. With the easing of the pandemic situation in Europe and America and the recovery of customer orders, Flytech' s financial performance in 2021 was impressive.

Unit: NTD$ 1,000

Item \ Year		2020	2021
Financial revenue and expenditure	Revenue	3,278,733	3,846,939
	Gross profit	1,131,575	1,238,755
	Net income before tax	725,899	797,666
	Net profit	581,107	667,530
Profit	Net profit per share after tax (NTD)	4.12	4.77
Employee salaries and benefits	Total salary	346,352	369,088
	Total benefits	50,608	51,845
Payable to investors	Stockholder cash dividends (NTD)	4.0	4.0
Payable to the government	Enterprise income tax	136,255	114,602
R&D expenses	Percentage of Revenue	4.84%	4.40%

1-2-4 Management Team

Flytech implemented the dual-president system in January 2020, with four major centers under its jurisdiction: Sales & Marketing Center, R&D Center, Manufacturing Center and Corporate Center. The positions of dual presidents were assumed by Chun Hung, Chuo, Senior Vice President of Manufacturing Center, and Shyu, Jia Horng, Vice President of Sales & Marketing Center, jointly leading Flytech. The introduction of the management team is as follows:

Title	Main Education/Experience
Dual-president system President Chuo, Chun Hung	Engineering Science, National Cheng Kung University AVP, Uniwill Computer AVP, JPC Company VP, SZBroad Tech.
Dual-president system President Shyu, Jia Horng (Double as head of sales & marketing center)	MS, NYU Electrical Engineering Director, MEDIATEK INC.
R&D Center Supervisor VP Liu, Yun Ping	Executive program, National Cheng-Chi University EMBA of National Chengchi University Senior AVP, Elitegroup Computer Systems Co., Ltd.
Manufacturing Center Supervisor AVP Ma, Tsung Tai	Electrical Engineering, National Taiwan University Senior manager, HON HAI PRECISION INDUSTRY CO., LTD. Director, LITE-ON TECHNOLOGY CORPORARION
Corporate Center Supervisor VP Lee, Mei Huei (Double as chief financial officer)	EMBA of National Chengchi University EMBA, Department of Business Administration, National Taipei University AVP, Division of Finance, FLYTECH TECHNOLOGY CO., LTD.

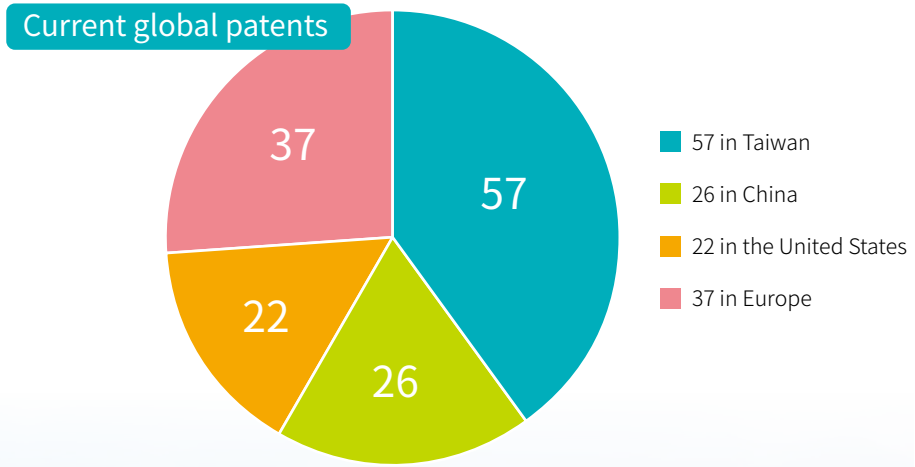
1-2-5 Patent and Intellectual Property Management

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.

The current status of Flytech' s patents is as follows:

- Currently holds ***142 patents***, ***ranking first*** in Taiwan's industrial computer industry.
- Applied for ***51 patents***, ***ranking first*** among our peers in terms of the number of patent applications in the past three years.
- Current global patents:

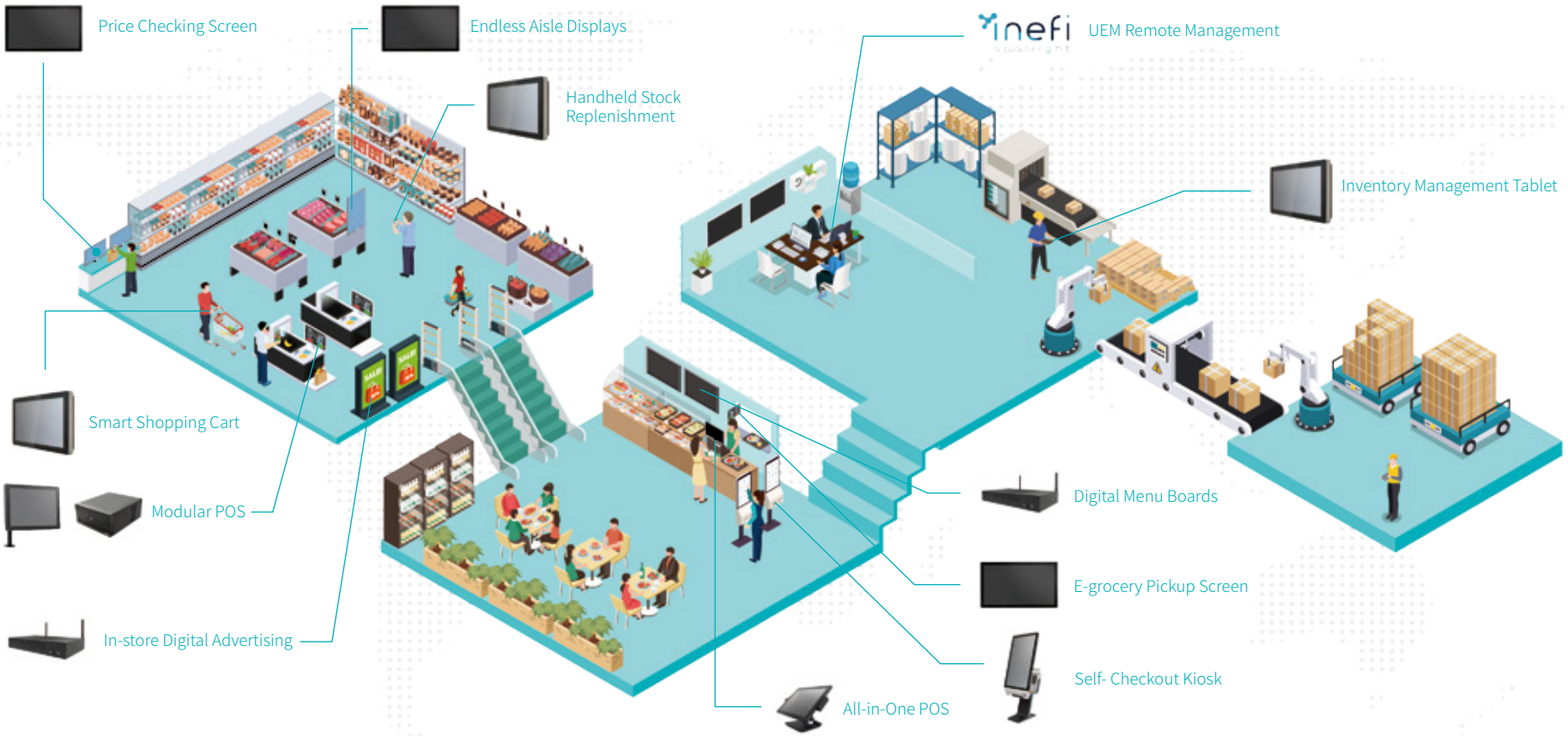
  57 in Taiwan, 26 in China, 22 in the United States, and 37 in Europe.



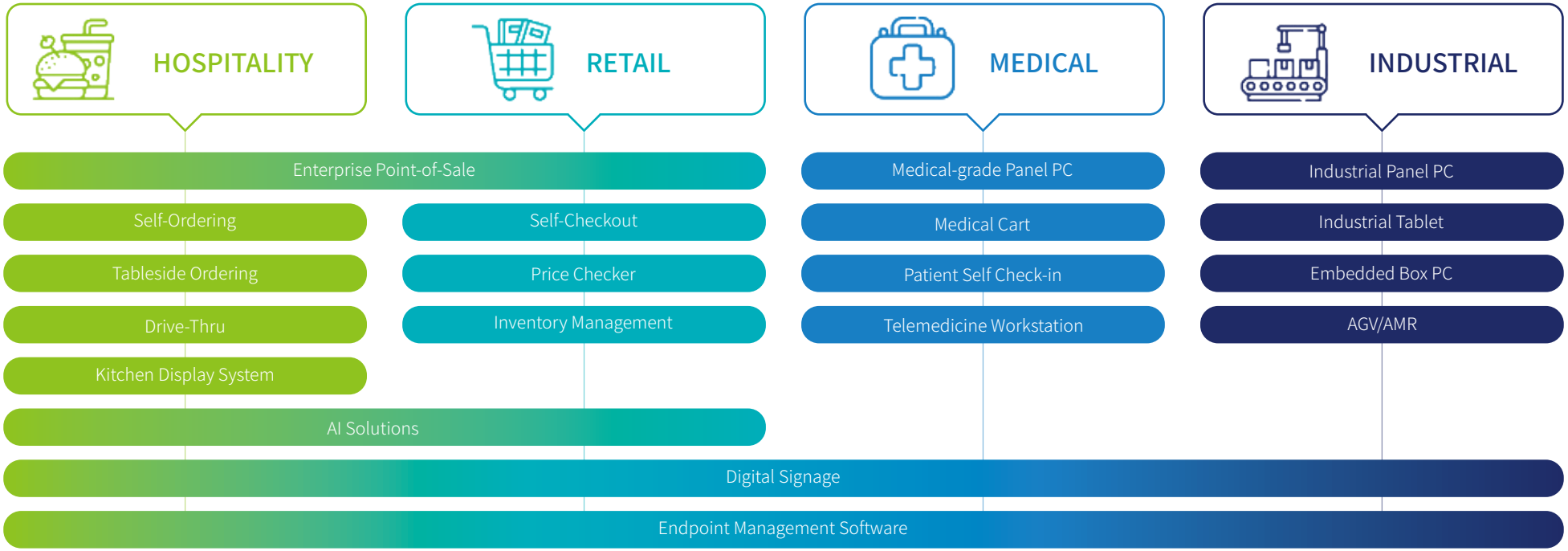
1-3 Products and Services

1-3-1 Cross-Domain Solutions Experts

For the past 37 years, Flytech has been committed to the pursuit of excellence in product design. With innovative research and development capabilities and core competency in market research, we proactively tailor our systems and services to meet the specific needs of customers in various fields, providing solutions with high added-value. Flytech' s main focus is on the fields of restaurant, retail, healthcare, and factory automation. Our systems are applied in renowned restaurants, fast-food chains, department stores, brand stores, convenience stores, large-scale retailers, hospitals, airports, amusement parks, gyms, factories, warehouses, and more around the world. We will continue to conduct research in these domains to provide our customers with the best products and enhance service experiences in these fields.



Our Business Lines



In 2021, Flytech continued to receive support from many customers and won many project opportunities. One of the successful cases was the medical cart for the hospital in Australia. The hospital has been expecting to provide doctors and nurses with a more efficient way for making the rounds. The use of medical cart is not only offered convenient mobility but also allowed the quick access to each patient's medical records. Additionally, it integrated a medication cabinet and automated medication dispensing to reduce the risk of medication errors. When choosing appropriate suppliers, Flytech stood out due to our products' ISO 13485 medical certification and use of anti-bacterial materials. These features not only met the functional requirements of the medical cart but also incorporated several user-friendly designs. For example, users could replace batteries without shutting down the system, eliminating concerns about battery dead. Thus, we successfully won the order. The medical carts successfully met the customer’ s needs and were installed in the hospital in 2021. In the year when COVID-19 pandemic continued to ravage the world, Flytech appreciated the opportunity to provide more assistance to healthcare professionals through our products, contributing to the collective fight against the pandemic.

1-3-2 Customer-Centric Product Design

Flytech's product lines include：Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, other customized systems, Non-POS machines and Non-hardware cloud monitoring UEM Inefi software services...etc. By understanding customer needs and leveraging our expertise in the market, materials and design, we provide customers with products that offer greater added value. One of the values provided is the reduction of electronic waste. As Flytech’ s products belong to the industrial computer field, their lifespan is typically around 5-7 years, which is significantly longer than consumer products (1-3 years). This allows us to offer customers more durable, long-lasting and high-quality products, and thus reducing global electronic waste. In fact, many of Flytech’ s customers have transitioned from purchasing consumer electronics to buying industrial computer products from us.

POS Terminal

Self-Ordering Kiosk

Tablet Ordering

Kitchen Display System

Digital Signage

1-3-3 Products Awards and Certifications

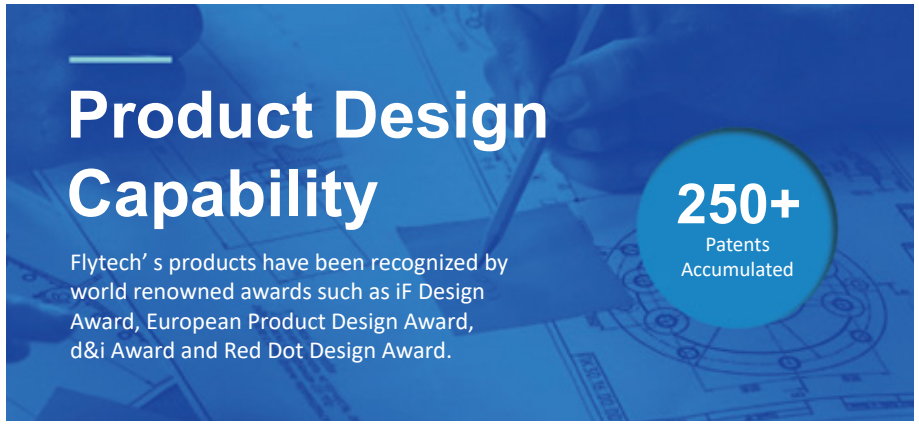
The products designed by Flytech have received international recognition and awards. Our excellent design capabilities stem from our persistence in customer commitments, and also in response to customer expectations. Our vision is to be recognized as a leading authority in design, earning widespread acclaim for our ability to deliver impeccable solutions tailored to our customers' unique requirements. We aim to provide not just products, but the finest and most bespoke offerings that exceed customer expectations.

EUROPEAN PRODUCT DESIGN AWARD

iF DESIGN AWARD 2020

reddot design award

COMPUTEX d&i awards



International Standard 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 certification of the country where the customer is located, we obtained ISO 9001 certification in 1999, ISO 13485 certification in 2009. And also in 2021, we obtained IATF 16949 automotive industry quality management system certification, and created high-quality products with rigorous R&D and manufacturing processes.

1996/06
ISO 9001：2015
Quality Management System

2001/07
ISO 14001：2015
Environmental Management System

2010/04
ISO 13485：2016
Medical Quality System

2013/06
ISO 27001：2013
Information Security System

2020
ISO 45001：2018
Occupational Health and Safety Management System

2021/12
ISO 16949：2016
Automotive Quality Management System Standard

Planning
ISO 14064：2018
Organization Level For Quantification of GHG emissions and removals

Communication with Stakeholder

2-1 Stakeholder identification and engagement

Flytech's "ESG Sustainability Committee" 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 the 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. This report serves as one of the channels for engaging with stakeholders, aiming to uncover, communicate, and receive feedback on each other's efforts and expectations. We look forward to continuously working together towards a better future by fostering understanding and collaboration.

2-2 Assement Procedure of Material Issues

The approach, process, and results of identifying significant sustainability issues related to the three dimensions of [economy, environment, and society] in our company are as follows:

2-2-1 Identification

1. Assess material sustainability issues

   The "ESG Sustainability Committee" initiates projects on an annual basis. The committee's task force, convened by the promotion office, gathered internal experts in late 2021 to consolidate 48 sustainability issues based on GRI standards, SASB guidelines, TCFD recommendations, industry trends, internal business objectives, stakeholder expectations, United Nations Sustainable Development Goals (SDGs) and past disclosures of sustainability information. After identifying 37 significant issues, similar thematic topics were integrated to form a list of 16 sustainability issues, which were subsequently approved by the committee.

Economic

Sustainability Governance and Corporate Governance

1. Governance Framework and Risk Management
2. Ethical Management and Transparent Financial Information
3. Economic performance
4. Product Innovation and Customer Commitment
5. Compliance Management

Environmental

Green Operation and Environmental Sustainability

6. Supply Chain Management
7. Climate Change Risk and Opportunity
8. Energy Efficiency and GHG Emissions Management
9. Wastewater and Waste Management
10. Green Operation and Green Products

Social

Social Good and Friendly Workplace

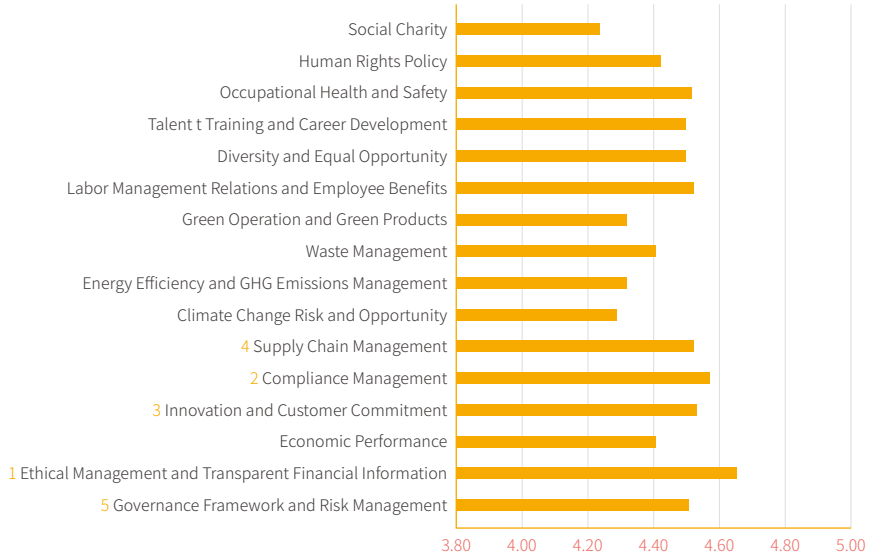
11. Labor Relations and Employee Benefits
12. Diversity and Equal Opportunity
13. Talent Training and Career Development
14. Occupational Safety and Health
15. Human Rights Policy
16. Social Charity

2. Degree of impact

Based on the assessment methods of the frequency and significance of risks and opportunities, internal experts reviewed the significant impact of the 16 sustainable issues on the company's [economc, environmental, and social], and determined the "Degree of impact", which was approved by the committee.

3. Degree of stakeholder concern

The 16 sustainable issues were distributed to six categories of stakeholders in the form of online questionnaires. After obtaining the ratings of their level of concern on a scale of 1 to 5 (1 being not important at all and 5 being very important), the promotion office calculated the value of each topic. The“Degree of stakeholder concern” was shown in the figure below. The number of questionnaires collected this year, the average score of each issue's attention, and the top five sustainable issues prioritized by stakeholders were as follows：



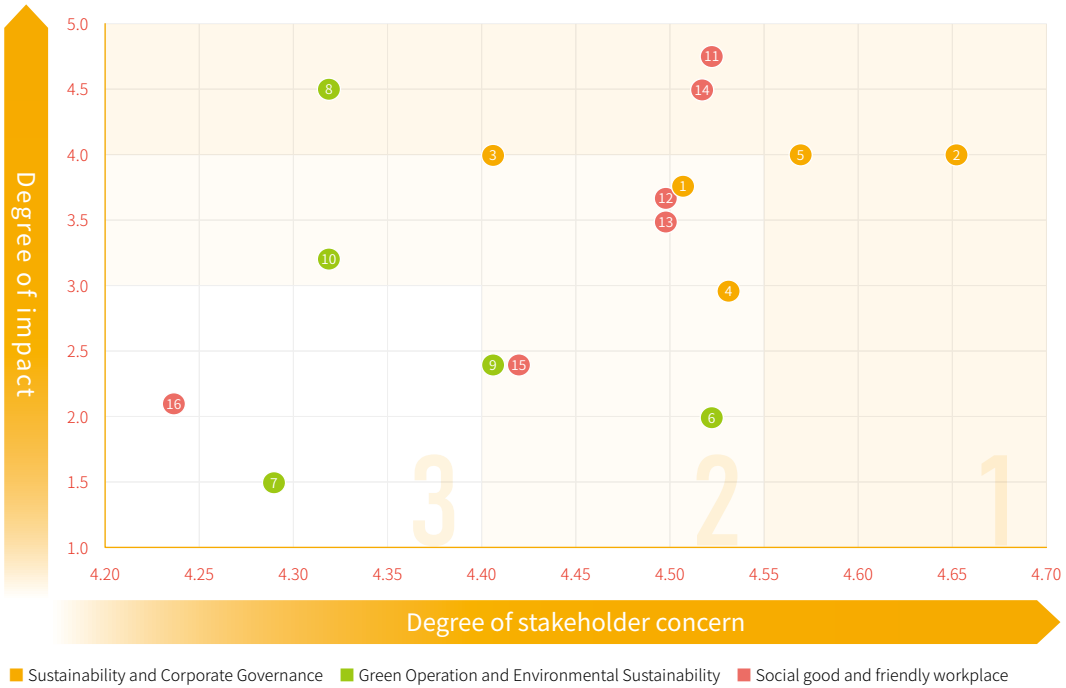
Stakeholder Category	Number of questionnaires returned
1. Customers	27
2. Employees	101
3. Suppliers	30
4. Investors/Media	31
5. Government/Academic Units	19
6. Communities/NGO	
Total	208

2-2-2 Identification of Material Issues

The promotion office created a matrix presenting the significance of sustainability issues based on the "Degree of impact" and "Degree of concern" to present the materiality results of sustainable issues as shown in the figure below. The matrix was then submitted to the ESG Sustainability Committee for review. The issues were categorized into three zones as shown in the following chart：Zone 1 (Very Important), Zone 2 (Moderately Important), and Zone 3 (Not Significant). The committee determined that the 14 sustainability issues with a concern level score of 4.4 or higher and an impact level score of 3 or higher (Zone 1 and Zone 2) were of significant importance. The remaining two issues, "Climate Change Risks and Opportunities" and " Social Charity" , were discussed and elevated to the "Very Important" category for the following reasons：

"Climate Change Impact" is a globally recognized issue of utmost importance, and Flytech has been committed to identifying its risks and opportunities, as well as implementing corresponding proactive measures (please refer to Chapter 3-2-6 Climate Change Risk Management and Chapter 6 Report on greenhouse gas). " Social Charity " aligns with the core purpose of the Flytech Foundation, which has been actively involved in caring for the underprivileged, promoting technological education, driving social innovation, fostering talent, providing community services, and engaging in philanthropic activities since the establishment in 2015. Therefore, both issues were adjusted to "Very Important."

The ESG Sustainability Committee made a final decision to address all 16 sustainability issues 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.



Material Sustainability Themes	Materiality	adjusted
1.Governance Framework and Risk Management	2	
2.Ethical Management and Transparent Financial Information	1	
3.Economic Performance	1	
4.Product Innovation and Customer Commitment	2	
5.Compliance Management	1	
6.Supply Chain Management	2	
7.Climate Change Risk and Opportunity	3	1
8.Energy Efficiency and GHG Emissions Management	1	
9. Wastewater and Waste Management	2	
10.Green Operation and Green Products	2	
11.Labor Relations and Employee Benefits	1	
12.Diversity and Equal Opportunity	2	
13.Talent t Training and Career Development	2	
14.Occupational Safety and Health	1	
15.Human Rights Policy	2	
16.Social Charity	3	1

1 Very important 2 Moderately important 3 not important

2-3 Material Issues Boundaries

The promotion office convened internal experts to evaluate 16 major 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 material 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 ○ Can be partially disclosed in this report

Aspect/Material Issue Number	Boundary	Internal	External	
		Flytech	Subsidiaries Box(Note)	Supplier
 Economic Sustainability Governance and Corporate Governance	1. Governance Framework and Risk Management	●	○	
	2. Ethical Management and Transparent Financial Information	●	○	
	3. Economic Performance	●	○	
	4. Product Innovation and Customer Commitment	●	○	
	5. Compliance Management	●	○	
 Environmental Green Operation and Environmental Sustainability	6. Supply Chain Management	●		
	7. Climate Change Risk and Opportunity	●	○	
	8. Energy Efficiency and GHG Emissions Management	●	○	
	9. Wastewater and Waste Management	●	○	
	10. Green Operation and Green Products	●	○	
 Social Social Friendly Workplace	11. Labor Relations and Employee Benefits	●	○	
	12. Diversity and Equal Opportunity	●	○	
	13. Talent Training and Career Development	●	○	
	14. Occupational Safety and Health	●	○	○
	15. Human Rights Policy	●	○	○
	16. Social Charity	●		

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

2-4 Material Issues and Value Chain

● direct impact ○ indirect impact

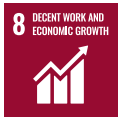
Aspect	Material Issues	International Sustainability Initiatives	Upstream Supply Chain	Flytech Operation	Downstream Customers Use	Society Impact
 Economic Governance Sustainability and Corporate Governance	1.Governance Framework and Risk Management	GRI：General Disclosures-governance body、Occupational Safety and Health TCFD：Financial Implications and Other Risks and Opportunities due to Climate Change SASB：Materials Sourcing	○	●	○	○
	2.Ethical Management and Transparent Financial Information	GRI：General Disclosures Governance Body、Anti Corruption	○	●	○	○
	3.Economic Performance	GRI：Economic Performance SASB：Business Model Resilience	○	●	○	○
	4.Product Innovation and Customer Commitment	GRI：Customer Safety and Health、Customer Privacy SASB：Product Design & Lifecycle Management		●	●	
	5.Compliance Management	GRI：Environmental Compliance、Socioeconomic Compliance SASB：Management of the Legal & Regulatory Environment	○	●	○	○
 Environmental Green Operation and Environmental Sustainability	6.Supply Chain Management	GRI：Supplier Environmental Assessment、Procurement Practices、Materials SASB：Materials Sourcing	●	●		
	7.Climate Change Risk and Opportunity	GRI：Energy TCFD：Financial Implications and Other Risks and Opportunities due to Climate Change	○	●	○	○
	8.Energy Efficiency and GHG Emissions Management	GRI：Energy TCFD：Financial Implications and Other Risks and Opportunities due to Climate Change	○	●	○	○
	9. Wastewater and Waste Management	GRI：Water-and-Effluents、Emissions、Waste	○	●		○
	10.Green Operation and Green Products	GRI：Energy SASB：Product Quality & Safety TCFD：Financial Implications and Other Risks and Opportunities due to Climate Change		●	○	○
 Social Social Good and Friendly Workplace	11.Labor Relations and Employee Benefits	GRI：Employment、Labor Relations		●		
	12.Diversity and Equal Opportunity	GRI：Diversity and Equal Opportunity、Non discrimination、Forced or Compulsory Labor		●		
	13.Talent Training and Career Development	GRI：Training and Education		●		
	14.Occupational Safety and Health	GRI：Occupational Safety and Health	○	●		○
	15.Human Rights Policy	GRI：Human Rights Assessment、Supplier Social Assessment、Child Labor	○	●		●
	16.Social Charity	SASB：Social Charity Donation		●		●

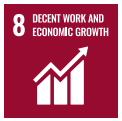
2-5 Material Issues Management Policy and Evalutaion

The “ESG Sustainability Committee” promotion office delegated the responsibility to the promotion office to convene meetings and communicate the material sustainability issues approved by the committee to the relevant departments. The relevant departments would analyze, discuss to establish management objectives, policies and operational procedures. The promotion office tracked internal goal achievements and gathered feedback from stakeholders to conduct ongoing performance evaluations. This included monitoring the effectiveness of management policies and procedures, and reviewing and improving them continuously. These efforts aimed to effectively address and respond to major issues and served as an important reference for the assessment of major issues in the annual report for the following year. The table below presents the major issues and management policies for the year 2021：

Material Issues	1. Governance Framework and Risk Management 2. Ethical Management and Transparent Financial Information 5. Compliance Management	SDGs
Report Chapters	Chapter 3	
Materiality	Integrity management is the most important key to sustainable governance. Establishing an effective governance structure and implementing operator responsibilities through risk management can enhance company value, avoid legal violations affecting operations and goodwill, and protect the rights and interests of shareholders and other stakeholders. Achieving the sustainable management vision of "shared benefit, shared prosperity and shared well-being".	
Management Strategy	With the core governance concepts of transparency, openness, efficiency and compliance, we maintain a robust internal control system and related internal management procedurews. We establish a risk control system and an "integrity management promotion team", while strengthening the functions of the board of directors and corporate governance. We complement this with an audit system to establish a sound governance framework.	
2022 Short-term Goals	1. Maintain the top 20% in corporate governance evaluation. 2. Continue to implement the business philosophy of integrity and honesty, abide by relevant laws and regulations, and maintain a record free of major litigation and penalties.	
2025 Goals	Continue to maintain good performance.	

Material Issues	3. Economic Performance	SDGs
Report Chapters	Chapter 1	
Materiality	Delivering stable revenue, profitability, dividends, and outstanding products is our commitment to internal and external stakeholders. It enables us to provide stable employee career prospects, competitive products, stable supply chain demand, favorable investment returns, and the ability to make significant contributions to society.	
Management Strategy	Starting from "mastering core technologies and creating innovative product value," we continuously expand our product portfolio and explore new application fields to provide high-value-added products. This approach enables us to generate revenue, profitability, and dividend growth.	
2022 Short-term Goals	Achieve continuous revenue growth, stable profitability, and consistent dividend payouts.profit and dividend distribution were stable.	
2025 Goals	Continue to keep good performance.	

Material Issues	4. Product Innovation and Customer Commitment	SDGs
Report Chapters	Chapters 1 and 5	
Materiality	Product innovation is the core competitiveness of Flytech. We continue to develop innovative products that meet customer needs, and provide customers with the best technology, quality, delivery and services to expand the value of Flytech.	
Management Strategy	1. Obtain diverse quality system certification to meet customer expectations and provide products of excellent quality . 2. Continuously monitor and reduce repair rate, as well as monitor and implement MTBF implementation. 3. 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.	
2022 Short-term Goals	1. Continue to effectively implement ISO 9001, ISO 13485, and IATF 16949 quality management systems every year. 2. Repair rate AFR<0.9%, MTBF>60,000 hours. 3. Continue to develop Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, and other new customized system products. 4. Increase the proportion of revenue from Non-POS new products and Non-hardware software.	
2025 Goals	1. Continue to implement ISO 9001, ISO 13485, and IATF 16949 quality management systems every year. 2. Continue to maintain the repair rate AFR<0.9%, MTBF>60,000 hours. 3. Continue to develop new and competitive software products. And increase the revenue share of Non-POS new products and Non-hardware software.	

Material Issues	6. Supply Chain Management	SDGs
Report Chapters	Chapter 5	
Materiality	Establishing a supply chain with stable supply and low impact on the environment is a material issue that requires joint efforts with suppliers to build a supply chain with high quality, stable delivery, and compliance with environmental protection policies, and fulfill the social responsibility of environmental protection and sustainability.	
Management Strategy	Supporting excellent local suppliers 1. Through supplier rating and performance tracking, we ensure that suppliers prioritize environmental sustainability issues and comply with regulations. 2. Include ISO 9001 and 14001 standards in the evaluation process when selecting new suppliers.	
2022 Short-term Goals	1. Local suppliers account for 90%. 2. 100% of the suppliers submit the "Quality Acknowledgement Form", and 50% of suppliers sign the "Environmental Protection, Prohibited Substances, and Carbon Reduction Commitment Declaration" as well as "Corporate Social Responsibility and Integrity Commitment", and sign/issue the "Conflict Minerals Non-Usage Policy Statement." 3. 100% of automotive suppliers comply with ISO 9001/14001 standards. 4. Provide guidance to suppliers in obtaining ISO 9001 or 14001 or 45001 certification. 5. Declare Flytech's commitment to environmental sustainability and work together with suppliers to establish a green and sustainable supply chain.	
2025 Goals	1. Local suppliers account for 90%. 2. 100% of the suppliers submit the Quality Acknowledgement Form, 70% of the suppliers sign the Environmental Protection and Prohibited Substances and Carbon Reduction Commitment Statement, Corporate Social Responsibility and Integrity Commitment Letter, and sign/release the Conflict Minerals Non-Usage Policy Statement. 3. Maintain 100% automotive suppliers in compliance with ISO 9001 standards. 4. 30% of suppliers have obtained ISO 9001 or 14001 or 45001 certification.	

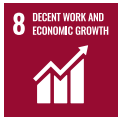
Material Issues	7. Climate Change Risks and Opportunities 8. Energy Efficiency and Greenhouse Gas Management	SDGs
Report Chapters	Chapter 3 and 6	
Materiality	The impact of climate change is an important issue that companies must address for sustainable development. Flytech has identified risks and opportunities and actively managed them to fulfill the responsibilities as a global citizen.	
Management Strategy	Establishing a Greenhouse Gas Management System establishment and Greenhouse Gas Reduction 1. Plan to introduce the ISO 14064-1 greenhouse gas inventory system to properly manage greenhouse gases and improve energy efficiency. 2. The board of directors serves as the highest governance body to supervise the implementation. 3. Assist suppliers in establishing ISO 14001 environmental management systems. Replaced the air conditioning system at the Neihu headquarters with an energy-efficient model for power savings, and adjust the chilled water temperature of the Linkou factory's chiller to reduce (Scope 2) emissions.	
2022 Short-term Goals	1. The parent company has introduced the ISO14064-1 inventory system and obtained the verification to properly manage greenhouse gases and improve energy efficiency. 2. Report to the board of directors on the status of greenhouse gas inventory and corresponding measures on a quarterly basis. 3. Continue to implement ISO14001 environmental management system certification every year. 4. Continue to maintain 100% automotive suppliers to obtain ISO 14001 certification. 5. The total annual electricity consumption of Neihu headquarters decreased; the average annual electricity consumption of Linkou plant decreased by 1% (average of machines).	
2025 Goals	1. Continue to implement ISO 14064-1 inventory and ISO 14001 environmental management system certification every year. 2. Guiding all subsidiaries to introduce ISO14046-1 system for consolidated financial report for inventory. 3. 30% of suppliers have obtained ISO 9001 or 14001 or 45001 certification. 4. The electricity consumption per unit of output is reduced by 5% compared with 2019. 5. Carbon dioxide emission equivalent (CO_2e) decreased by 5% compared with 2019.	

Material Issues	9. Wastewater and Waste Management	SDGs
Report Chapters	Chapter 6	
Materiality	In order to achieve the national policy of 2050 net zero emission and environmental protection requirements, although Flytech process does not generate toxic waste water and waste, should still properly manage the domestic waste generated by operation. As the top three leaders in the POS industry, Flytech must take responsibility for setting an industry benchmark.	
Management Strategy	1. Waste classification and recycling, Waste generation analysis, resource recycling and reuse, and monthly inventory of water resources. 2. Regularly review the latest regulations and assess the impact. 3. The concept of water conservation and waste reduction for all employees is internalized into the corporate culture. 4. Regularly review the latest regulations and evaluate the impact.	
2022 Short-term Goals	1. The weight of household waste and business waste was reduced by 3% compared with the previous year. 2. The per capita water consumption decreased by 1% compared with the previous year. 3. Wastewater discharge 0, and rainwater recycling and resource recovery.	
2025 Goals	1. The weight of household waste and business waste be reduced by 3% compared with 2019. 2. The per capita water consumption is reduced by 5% compared with 2019. 3. Waste water discharge 0, and rainwater recycling and resource recovery.	

Material Issues	10. Green Operation and Green Products	SDGs
Report Chapters	Chapter 5 and 6	
Materiality	To mitigate the impact on ecology and the environment, we fulfill our responsibility towards environmental sustainability by developing low-carbon and energy-efficient new products, creating highlights that attract customers.	
Management Strategy	Green Design 1. Adopt an integrated design approach by incorporating interchangeable modules to extend product lifespan, reduce the frequency of whole-unit replacements, streamline packaging, minimize transportation volume, and comply with REACH and ROHS regulations. 2. 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. 3. Promote a culture of electricity conservation among all employees, integrating it into our corporate culture. 4. Regularly review the latest regulations and assess the impact.	
2022 Short-term Goals	1. Implement an evaluation of paper packaging materials and plan to replace EPE (expanded polyethylene) with more environmentally friendly paper packaging. 2. Design motherboards with improved energy efficiency. 3. Promote the use of cloud-based monitoring, such as UEM Inefi software, to reduce carbon emissions from transportation of people and goods, and encourage more customers to adopt this solution.	
2025 Goals	1. Increase the use of environmentally friendly sustainable materials. 2. Consider recycling and reuse processes during the design phase of our products to enhance resource efficiency. 3. Continue to develop new products with energy-saving design. 4. Develop more soft products that help reduce carbon emissions in the value chain. 5. REACH and ROHS are fully implemented.	

Material issues	11. Labor Relations and Employee Benefits 12. Diversity and Equal Opportunities 13. Talent Cultivation and Career Growth	SDGs
Report Chapters	Chapter 4	
Materiality	Employees are the most important asset of Flytech, and also the most important stakeholder of Flytech. We hope to grow together with our employees and jointly build an excellent Flytech.	
Management Strategy	1. 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. 2. Provide diverse channels for job applications and create a non-discriminatory work environment that is gender-friendly, respects human rights, and accommodates individuals with disabilities. We have smooth promotion channels with no discrimination. 3. Through systematic training and development approaches like TTQS, we offer various learning opportunities through multiple channels for employees to learn at any time. We provide project training and IDP to nurture potential talents and cultivate future managers.	
2022 Short-term Goals	1. Participate in the 2022 annual salary survey, review and adjust employee salaries based on the results. 2. Promote employee care projects, such as "Employee Assistance Program (EAP)", conduct revision of internal management regulations, and organize various activities. 3. Maintain no major disputes and penalties. 4. Reduce the turnover rate by 10% compared to the previous year. 5. Achieve a 32% representation of female supervisors. 6. Promote and implement Flytech Competency System. 7. Conduct senior executive training programs and potential leadership development programs. 8. Achieve a 10% growth rate in average education and training hours per employee. 9. Provide diverse course channels on other online platforms.	
2025 Goals	1. Increase employee retention rate by 10%. 2. Improve employee satisfaction by 20%. 3. Female supervisors account for 40%. 4. Obtain silver award or certification above in TTQS. 5. Establish a comprehensive online training platform with a utilization rate of 70%. 6. Establish a comprehensive succession planning program. 7. Maintain no major disputes and penalties.	

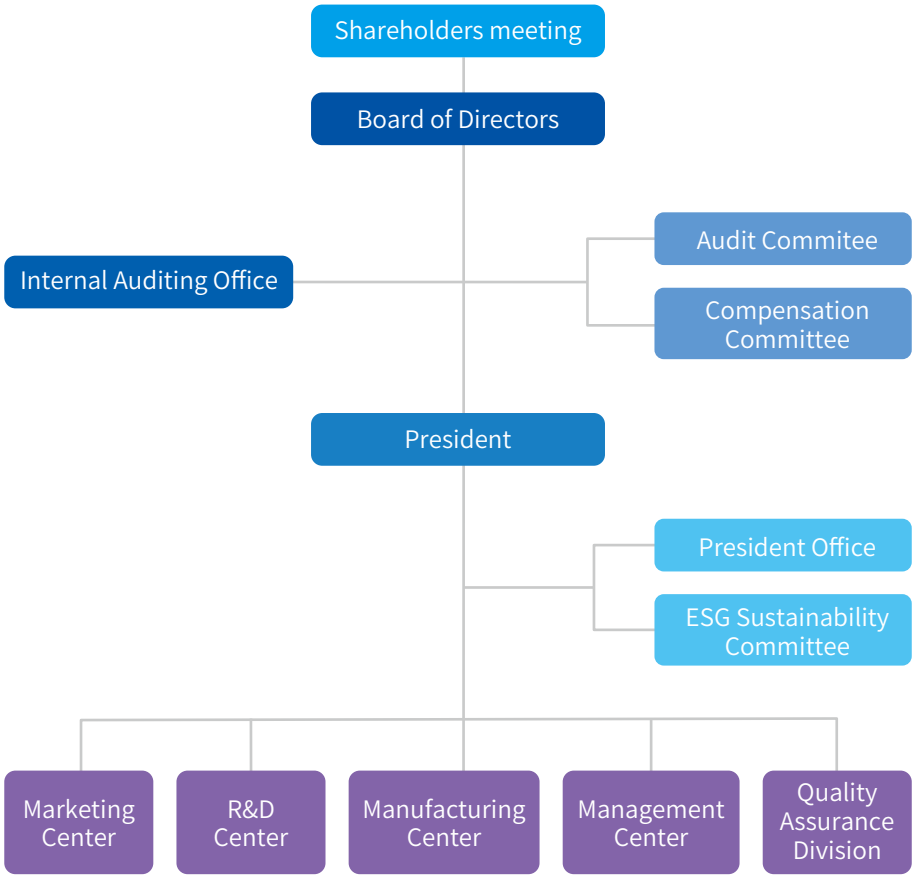
Material Issues	14. Occupational Safety and Health	SDGs
Report Chapters	Chapter 4	
Materiality	"Safety, Environmental Protection, Sustainability" are Flytech's policies for maintaining environmental and occupational health and safety. Flytech takes responsibility for the well-being of employees, striving to reduce the risks of occupational injuries and diseases, and establish a safe, healthy, and environmentally friendly workplace.	
Management Strategy	1. Identify significant environmental impacts annually and establish environmental safety and healthobjectives, and review the progress and status. 2. Continue to implement occupational safety and healtheducation and promotion. 3. Conduct emergency response drills. 4. Prioritize employee health.	
2022 Short-term Goals	1. Continue to implement ISO 14001 Environmental Management and ISO 45001 Occupational Safety and Health Management systems every year.. 2. Improve the shock resistance of the high ceiling in the office area. 3. The prevention and control of notifiable infectious diseases is lower than the average published by the CDC. 4. The occurrence rate of occupational disasters that can be recorded by employees is less than 0.5%. 5. Improve the safety of electricity consumption in the factory area.	
2025 Goals	1. Continue to maintain no major occupational safety and healthincidents. 2. Continue to maintain no major penalty matters or disputes. 3. The control of notifiable infectious diseases is lower than the average published by the CDC. 4. The occurrence rate of occupational disasters that can be recorded by employees is less than 0.5%.	

Material Issues	15. Human Rights Policy	SDGs
Report Chapters	Chapter 4	
Materiality	Safeguarding human rights is a universal value, and Flytech respects the human rights of our internal employees and external stakeholders. We internalize these commitments into our corporate culture and business relationships to uphold our human rights policy.	
Management Strategy	1. Continue to implement Flytech's human rights policy and education promotion. 2. Continue to implement ISO 45001 Occupational Safety and Health Management, providing a safe and healthy workplace that promotes physical and mental well-being. 3. Internalize human rights protection from human resource policies. 4. Provide channels for complaints and whistleblowing.	
2022 Short-term Goals	1. Continue to maintain no major penalty matters or disputes. 2. Prohibit child labor, no forced labor, avoid workplace sexual harassment, and provide a safe, healthy and balanced work environment. 3. Promote diversity, non-discrimination, and equal opportunities in human resource recruitment and management. 4. Ensure channels for complaints are smooth.	
2025 Goals	1. Continue to maintain no major penalty matters or disputes. 2. Continue to prohibit child labor, no forced labor, avoid workplace sexual harassment, and provide a safe, healthy and balanced work environment. 3. Promote diversity, non-discrimination, and equal opportunities in human resource recruitment and management. 4. Ensure channels for complaints are smooth.	

Material Issues	16. Social Charity	SDGs
Report Chapters	Chapter 7	
Materiality	Flytech firmly believes that the growth of the company is closely linked to national development. Therefore, we have established the Flytech Cultural and Educational Foundation to engage in public service. Through three main dimensions of activities, technology education, care for the underprivileged, and promotion of arts and culture, we aim to implement the concept of giving back to society, make a greater impact, and contribute to the improvement of society.	
Management Strategy	Four major events are regularly organized, and the number of participants continues to grow. "Flytech Love Public Charity Association" implements corporate social responsibility for giving back through 1) Flytech Charity Day, 2) Scholarships, 3) Flytech Career Camp, and 4) Design For Taiwan workshop. We regularly organize four major events with increasing participation, to fulfill our corporate social responsibility：Flytech Charity Day, Scholarships, Flytech Career Camp, and Design for Taiwan workshop.	
2022 Short-term Goals	1. Continuously hold charity events every two months, adapting to the changing circumstances caused by the pandemic. 2. Combine the two scholarships and implement a new scholarship for the children of Flytech employees. 3. Organize two sessions of Flytech Career Camp, with a total of 60 student participants. 4. Target cumulative participation numbers for Design for Taiwan：85 participants in courses, 8,000 exhibition visitors, and 15 project submissions.	
2025 Goals	1. Continue to organize the four major events on a regular basis. 2. Expand our social impact by increasing the number of employees from the company and the group participating in philanthropic activities. 3. Combine Design Thinking and company domain study to increase the number of employees engaging in activities that stimulate students' thinking.	

Corporate Governance and Risk Management

3-1 Corporate Governance



Flytech deeply understands that corporate governance is the 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 the “Corporate Governance 3.0 -Sustainable Development Roadmap” issued by Financial Supervisory Commission, ROC(Taiwan), Flytech started from five key initiatives to build the governance structure of the company and the subsidiary, Box："Enhance information transparency and promote sustainable operations," "Strengthen communication with stakeholders and create effective interaction channels," "Encourage stewardship and align with international norms," and "Deepen 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 develop 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 ERP control systems. Through the delegation of decision-making authority and hierarchical authorization of employees at different levels, each employee performs their duties and responsibilities. The implementation of internal control systems is supervised by the internal audit unit. Box, as a subsidiary, established decision-making authority restrictions for each operational cycle as the main axis of internal control management. Additionally, we have established both Chinese and English official websites to disclose corporate governance-related 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 thereby promoting effective corporate governance.

The achievements of Flytech's governance are also shown in the results of the "Corporate Governance Evaluation" by the regulatory authority. For the fourth consecutive year, Flytech has been ranked in the 6-20% range and achieved the 8th place in the Small Giant Group of the 2021 CommonWealth CSR Awards.

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

3-1-1 Board of Directors

Operation of the Board of Directors

In July 2021, the 12th board of directors was elected at the shareholders' meeting, maintaining the composition structure of the previous team, including three independent directors and one female director. In 2021, the board held nine meetings, and all related operations were conducted in accordance with the "Board Meeting Rules" of our company. The head of internal audit attended all the meetings, and there were no agenda items that required recusal. In terms of attendance, except for one director who was unable to attend due to being stranded overseas several times and thus attended by proxy due to COVID-19, the attendance rate of the other directors (including all independent directors) was 100%. They actively participated in discussions and carried out their duties, without any opposition or reservations on the agenda items.

Board Diversity and Professionalism

The composition of the Board of directors of the company is diverse in gender and professional background. They have their own strengths in business judgment, financial and accounting analysis, business management, crisis management, industrial experience, international market perspective, leadership, decision-making ability, etc.

They hold master's degrees or above, or they are professional executives from listed companies. Each director is equipped with comprehensive professional competence to discuss, evaluate, and make decisions on board matters. Relevant operations are handled in accordance with the Company's "Rules of Procedure for the Board of Directors", "Rules Governing the Scope of Powers of Independent Directors" and relevant laws and regulations.

● have ability ○ Partial ability

Name of Director	Specialized Background	Core diversity aspects							
		Business Judgment	Financial and Accounting Analysis	Business Management	Crisis Management	Industrial Experience	International Market Outlook	Leadership	Decision -making Ability
Lam, Tai Seng	Industry, Technology, Sales, Busness Management	●	○	●	●	Computer, Electronics	●	●	●
Wang, Wei Wei	Investment, Finance, Busness Management, Sales	●	●	●	●	Computer, Investment	●	●	●
Shyu, Jia Horng	Industry, Technology, Sales, Management	●	●	●	●	Computer, Investment	●	●	●
Chuo, Chun Hung	Industry, Technology, Manufacturing, Management	●	○	●	●	Computer, Electronics	●	●	●
Hsieh, Han Chang	Industry, Finance, Sales, Management	●	●	●	●	Electronics, Investment	●	●	●
Liang, Wei Ming	Industry, Finance, Technology, Management	●	●	●	●	Computer, Electronics	●	●	●
Chiu, Yi Chia	Academic, New innovation Development management, Intellectual property management, Busness Management	○	●	○	●	Investment, Busness Management	●	●	●

Profiles of Board Members

The current (12th) board members and their main academic experience and majors are as follows.

title	Name	Gender	Experience（Education）	Professional Qualification and Experience	Audit Committee	Compensation Committee
Chairman	Lam, Tai Seng	Male	• EMBA Guanghua School of Management, Peking University • EMBA of National Chengchi University • Department of electronic engineering • National Taiwan University • President of Flytech Technology	Professionals in industry, technology, Sales, business management, etc., the founder of the company, leading the company's R&D design and marketing management for many years. He has been a director since the company's establishment and is currently the chairman of Flytech.		
Director	Wang, Wei Wei	Female	• MBA University of Tennessee,USA • SVP of Flytech Technology • CEO of Bluerider ARTs	Professionals in investment, Financial management, business management, and Sales etc. Senior vice president of the company, responsible for investment and management. Served as a director since the establishment of the company and is currently a full-time director.		
Director	Flytech Foundation Representative: Shyu, Jia Horng	Male	• MS, NYU Electrical Engineering • Director, MEDIATEK INC. • President of Flytech Technology	Professionals in industry, technology, sales, management, used to be the manager of the listed company MediaTek, and is currently the President of Flytech and the supervisor of the sales & marketing center. New-elected as Director of the 12th Board of Directors on shareholders' meeting in July 7, 2021.		
Director	Yi Hua Investment Limited Representative: Chuo, Chun Hung	Male	• Engineering Science, National Cheng Kung University • AVP, Uniwill Computer • AVP, JPC Company • VP, SZBroad Tech. • President of Flytech Technology	Professionals in industry, technology, manufacture, management, used to be the manager of the listed company JPC Connectivity, and is currently the President of Flytech and the supervisor of the manufacturing Center. New-elected as Director of the 12th Board of Directors on shareholders' meeting in July 7, 2021.		
Independent director	Hsieh, Han Chang	Male	• EMBA of National Chengchi University • VCEO of Yeangder Group • President of Shihlin Electric and Engineering Corp • President of the Ambassador Hotel	Re-elected as a director of the 12th Board of Directors on shareholders' meeting in July 7, 2021. First appointed as a director of a listed company in 2005. Professionals in industry, finance, sales, management, used to be the President of the listed company Shihlin Electric and Engineering Corp. Professionals in financial analysis and operational management capabilities.	convener (Re-elected member)	convener (Re-elected member)
Independent director	Liang, Wei Ming	Male	• University of Iowa IE & MBA • Department of Industrial Engineering, Tunghai University • President and Director of Sinbon Electronics Company Ltd. • VP of Chief Land Electronic Co., Ltd.	Re-elected as a director of the 12th Board of Directors on shareholders' meeting in July 7, 2021. First appointed as a director of a listed company in 2005. Professionals in industry, finance, technology, management, used to be the President of the listed company Sinbon Electronics Company Ltd. Professionals in financial analysis and operational management capabilities.	commissioner (Re-elected member)	commissioner (Re-elected member)
Independent director	Chiu, Yi Chia	Male	• Ph.D., Institute of Management of Technology, National Chiao Tung University • Vice Dean, College of Commerce, National Chengchi University • CEO of EMBA Program, College of Commerce, National Chengchi University • Professor, Graduate Institute of Technology, Innovation and Intellectual Property Management, National Chengchi University	New-elected as a Director of the 12th Board of Directors on shareholders' meeting in July 7, 2021. First appointed as a director of a listed company in 2006. Professionals in academic, new innovation development management, intellectual property management, business management. Serve as the CEO of EMBA Program of Business School of National Chengchi University.	commissioner (new member)	commissioner (new member)

Performance Evaluation

We have established the“Measures for the Performance Evaluation of the Board of Directors”. At the end of each year, the performance evaluation of the board members and the overall operation of the board of directors will be carried out, including the self-evaluation of the board members on six major dimensions (comprehension of the company's goals and tasks, directors' responsibilities, awareness of the company's operations, internal relationship management and communication, professional and continuing education of directors, internal control etc.). The overall rating of the board of directors is compiled by the president's office and reported to the board of directors in the first quarter of the following year. The evaluation result in 2021 was excellent.

Communication between Independent Directors and 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. The communication covers audit plans, audit results and other important matters, so as to assist independent directors in fulfilling their duties and promote 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.

3-1-2 Audit Committee

We set up an audit committee in 2018, which was composed of all independent directors. After the 12th board of directors was re-elected by the shareholders' meeting in 2021, all audit committee members elected independent director Hsieh, Han Chang as the convener. All audit committee members are highly educated and have extensive professional experience. Please refer to the introduction of the members of the board of directors for details. The relevant operations are handled in accordance with the company's "Organizational Regulations of the Audit Committee" and relevant laws and regulations. There were four meetings in 2021, and the attendance rate of all members was 100%. There were no oppositions or reservations to the proposal. The purpose of the committee is to assist the board of directors in fulfilling its oversight of the quality and integrity of the company's implementation of accounting, auditing, financial reporting processes and financial controls, including：

1. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. Formulate or amend the regulations for major financial and business acts of "Acquisition and Disposal of Assets ", "Engaging in derivative commodity transactions ", "Loaning of Company Funds", or "Endorsements and Guarantees " in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the interests of directors themselves.
5. Significant asset or derivative product transactions.
6. Significant "Loaning of Company Funds ", "Endorsements and Guarantees".
7. Raising, issuing or private placement of equity securities.
8. Appointment, dismissal or remuneration of CPAs.
9. Appointment and removal of financial, accounting or internal audit supervisors.
10. The annual financial report signed by the chairman of the board, the manager and the accounting supervisor, and the Q2 financial report that needs to be audited by CPAs.
11. Other major matters stipulated by the company or the competent authority.

3-1-3 Compensation Committee

We set up a compensation committee in 2011. After the election of the 12th Board of Directors at the 2021 Shareholders' Meeting, three independent directors were appointed as the 5th compensation committee, with Independent Director Han-Chang Hsieh being elected as the convener. The three committee members possess high academic qualifications and extensive professional experience. For detailed information, please refer to the Board of Directors' profiles. The committee's operations are conducted in accordance with our company's “Compensation Committee Organizational Rules." In the year 2021, the committee held three meetings, and the attendance rate of all members was 100%. There were no objections or reservations regarding the agenda. The compensation committee aims to fulfill the following duties with due care as a responsible body to the Board of Directors. The committee also submits its recommendations for discussion by the Board of Directors：

1. Regularly review the charter and propose amendments as necessary.
2. Establish and periodically review the performance evaluation criteria, annual and long-term performance goals for directors and executives, as well as the policies, systems, standards, and structures for compensation. Disclose the content of the performance evaluation criteria in the annual report.
3. Periodically evaluate the achievement of performance goals by directors and executives, and based on the evaluation results derived from the performance evaluation criteria, determine the content and amount of individual compensation. Disclose the individual performance evaluation results, content, and amount of compensation, and the correlation and reasonableness with the performance evaluation results in the annual report and shareholders' meeting report.

3-1-4 Ethical Corporate Management

Ethical Corporate Management Promotion team

For the 37 years since the establishment, Flytech has always adhered to the principle of Ethical Corporate of "decent management, focus on the industry, abide by laws and regulations, fair trade, innovative products, anti-corruption and anti-bribery, proper management of intellectual property, and prudent protection of company assets". There are the goals for our subsidiaries as well. In order to achieve the goals, Flytech has established internal regulations including "Ethical Corporate Management Principles" and " Ethical Corporate Management Principles" and "Ethical Corporate Management Operation Procedures and Guidline", which specifically regulates the practice of ethical corporate management, the definition of dishonest behavior, the regulations to be followed when offering, receiving, and promising benefits, internal publicity, assessment reward and punishment, appeal system and other norms. Flytech has set up the "Ethical Corporate Management promotion team" as a special unit in accordance with the guidelines, which is subordinate to the board of directors and is responsible for regularly evaluating high-risk business activities, revise, implement, interpret the rules and guidelines, and provide consultation and supervision to prevent dishonest acts from harming the rights and interests of stakeholders and the company's goodwill. The company has also formulated the "Whistleblower Reporting Procedures" in accordance with the guidelines, which include mechanisms for acceptance, confidentiality, appeal, review, recorded information disclosure. The administrative team is responsible for promoting/receiving/managing/recording. The preliminary review team is responsible for preliminary investigation, and the review team is responsible for reviewing and determining the handling method by the president/all independent directors/company governance supervisor. The company's website and internal website have set up reporting mailboxes, providing a channel for stakeholders to appeal.

The "Ethical Business Promotion Team" regularly conducts internal promotion and advocacy to continually emphasize the importance of ethical behavior and adherence to the relevant rules. In 2021, Flytech organized training sessions related to ethical business issues for employees, including both current staff and new recruits. (The training program covered topics such as ethical corporate management regulation, ethical corporate management operating procedures and behavior guidelines, internal control system, case study of violation of ethical corporate management, etc.) The training duration followed the principle of one person-hour per session. The promotion eam reports to the Board of Directors regularly, typically in the first quarter of each year. Since the establishment of the promotion team, no significant incidents impacting the company's ethical business conduct have been reported. The company's ethical business performance for the year 2021 was included in the March 2022 Board of Directors report. During 2021, neither the company nor its subsidiaries experienced any significant events or fines related to violations of social and economic regulations. Furthermore, no instances of anti-competitive behavior, anti-trust actions, or monopolistic practices were recorded.

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. These financial information are disclosed in accordance with legal regulations and made available on the Public Information Platform 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.

Related Party Transaction Management

Flytech has established the "Transaction Management Measures for Group Enterprise Companies, Specific Companies and Related Persons", "Management Measures for the Operation of Investment Companies", "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 Poindus and Box, so as to eliminate the risk of dishonesty operation.

Prevent Insider Trading

Flytech has established "internal material information processing procedures", which are applicable to directors, managers and employees, and regulated 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, is accurate, complete, and compliant with legal requirements, and is free from any insider trading activities.

3-1-5 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 internal audit supervisors and CPAs to understand the company, scheduling meetings of directors of various business divisions and directors of the company to understand the company, reviewing operations 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 Promotion Team have another important responsibility, which is to gather, formulate, and promote various policies related to corporate governance. They assess the risks that may affect corporate governance and sustainable business environment, and drive improvement initiatives to promote the implementation of corporate governance and integrity in business operations.

3-1-6 Internal Control System and Internal Audit

Internal Control System

The company has established an internal control system through a risk assessment process, which includes: sales and receivables, procurement and payments, production and manufacturing, payroll, investments, financing, fixed assets, research and development, and nine major cycles of information processing. In addition, there are management regulations, accounting systems, budget systems, intellectual property management systems, personal data management systems, compliance with ISO 9001/13485/14001/45001/27001 standards, SOPs and ERP control systems that support the execution details within the framework of the nine major cycles. 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. For specific needs or major exceptions, project audits are carried out at any time.

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 is in compliance with the system, and the design and implementation of the internal control system. No significant anomalies were identified in the design and execution of the internal control system for the year 2021, and all were deemed effective.

3-2 Risk Management

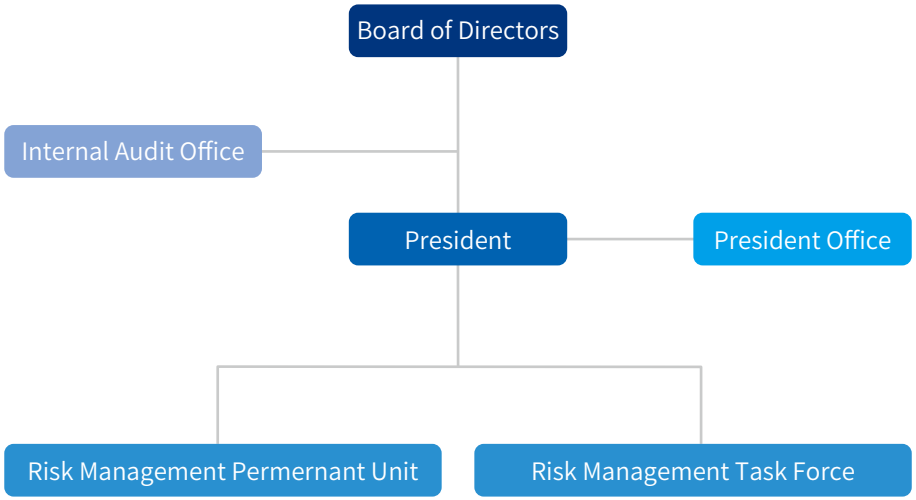
3-2-1 Risk Management Structure

In order to continuously pay attention to various potential risks that may affect the operation of the company, we established appropriate management measures and response preparations, and provided appropriate risk management for all stakeholders, so as to assist in the sustainable implementation of key operating activities in the event of an accident. To ensure continuous operation, we have established a risk management structure through the “Risk Management Policy and Operational Measures” adopted by the Board of Directors in early 2021. The description was as follows:

Risk Management Policy

The board of directors of the company and each operating unit should identify and analyze risk types and acceptable risk thresholds, formulate and implement risk management measures, and supervise their implementation in accordance with laws and regulations and the company's overall operating objectives to maintain business continuity and prevent possible losses, in order to achieve the purpose of sustainable operation.

Risk Management Organization and Responsibilities



1. The board of directors is the highest governance unit for risk management and has the ultimate responsibility for approving risk management policies and the effectiveness of risk management.
2. The president is responsible for publishing the approved risk management policies, setting the company's overall goals, identifying risk types and risk tolerance thresholds, and supervising the permanent risk management units (all relevant departments and subsidiaries of Flytech) to establish appropriate risk management measures.
3. The permanent risk management unit (all relevant departments and subsidiaries of Flytech) is responsible for setting department goals according to the overall goals, analyzing the internal and external environment and the needs of stakeholders, identifying the risks of failing to achieve the goals, and analyzing the impact degree to establish appropriate management measures, including internal control system, approval authority, important management methods, and operating procedures, etc., and continue to manage daily operational risks through the internal control review mechanism.
4. In the event of a major emergency that cannot be identified in advance, a special team will be established under the supervision of the president to be responsible for emergency management.
5. The internal auditor is responsible for supervising the effectiveness of the management system and implementation of risk matters.

Risk Management PDCA Flow

Actual Operation in 2021

Continuing from the COVID-19 pandemic in 2020, the most significant risk in 2021 remained the impact of the COVID-19, which affected global economic activities, transportation, and human consumption patterns. With the joint efforts of all colleagues, this year was a year of hardships followed by joys for Flytech. The changes in consumer behavior caused by the pandemic and the trend towards AIoT (Artificial Intelligence of Things) integration have anticipated the flourishing development of smart retail, smart dining, smart transportation, smart cities, and other related solutions. These developments have brought new business opportunities, turning the impact of risks into opportunities. To address these challenges, the president of the company established a project team within the corporate center at the beginning of 2020, which has been operating continuously since then. The main measures taken are as follows:

1. In terms of business, the research and development teams, as well as the sales teams, accelerated the progress of new product series to adapt to the changing market demands. Furthermore, they assisted customers in developing new application opportunities, jointly facing the impact of market fluctuations. The best example is the cloud-based monitoring UEM software, Inefi, which we started selling in 2021. This software provides customers with remote monitoring services for their hardware. It not only reduces significant maintenance costs for customers, enhances Flytech' s market competitiveness, but also reduces the transportation greenhouse gas emissions generated from customers' travels to and from the equipment. The crisis turned into an opportunity.

2. In terms of internal management, the pandemic response and control mechanisms include various measures: providing incentives for all employees to get vaccinated, weekly pandemic survey for all employees, free weekly rapid test for all employees, temperature checks and mask wearing for all employees and visitors, ventilation and disinfection of the working environment, reduction in business trips, quarantine for returning employees, replacing group meetings with video conferencing, employee segregation to minimize contact, and arranging rotation or full-staff WFH in accordance with the severity of the pandemic. These measures have been implemented effectively to ensure the safety of employees and visitors.

3-2-2 Financial Risk Management

Interest Rate Risk

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 in 2021, 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 2021, it was well controlled under the situation of continuous fluctuation of the New Taiwan dollar.

Price Risk

The material costs of the company directly affected by fluctuations in the price of raw materials included electronic materials, mechanical materials and key components. Since 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, in order to reduce the impact of price changes on the company's profits, our countermeasures included: strengthened design for cost control from the research and development stage, introduced modular design and converged material specifications, planned long-term procurement or project procurement for raw materials that were shared or expected to fluctuate in market prices to properly control costs. Although there was global shortage of parts in 2021, Flytech also faced the crisis of lack of materials and material price increased. We 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 terms of gross profit margins, although it was slightly lower than that in 2020, it still maintained the level before the pandemic.

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 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 2021.

Liquidity 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 2021 was 324%.

3-2-3 Information security Risk Management

We have established information security management procedures to achieve the objectives of Information Security Management System (ISMS). We obtained ISO 27001 certification in 2015 as a testament to our commitment to information security.


afaq

Certificate

Certificat

Certificate of Registration

TTI12377-03

FLYTECH TECHNOLOGY.,LTD.

Scope：The Provision and Management of Operation and Maintenance of Information Department, Server Room (including Factory Server Room), Production Department (Assembly Line).
This is Accordance with Statement of Applicability, Version B, Dated Apr. 20, 2015.

No.168, Sing-ai Rd., Neihu District., Taipei City 11494, Taiwan (R.O.C.)

AFNOR ASIA certifies that all the arrangements covering the above mentioned activities and locations are established to meet the requirements of the international standard:

Information Security Management Systems
(ISO/IEC 27001：2013)

ORIGINAL DATE OF CERTIFICATION	DATE OF ISSUE	DATE OF EXPIRY
26-JUN-2013	31-JUL-2019	25-JUN-2022

APPROVED BY

TAF Management System Certification M5012

IAF

Trevor Wilmer
Director for Certification
ON BEHALF OF
AFNOR ASIA

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Information Security Policy

In order to establish a safe and reliable information system service, and 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.

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 that include：the security and correctness of the information processing process and results, the uninterrupted information system and service.

Information Security Management Procedures

The company's information security management procedures include：information security organization management (power and responsibility units and job duties), human resources security management, information asset management (grading, scope, powers and responsibilities and operational requirements), access control management, password management, entity management and environmental safety management, operation safety management, communication safety management, information system acquisition, development and maintenance management, supplier management, information security incident management, business continuity management, compliance management procedures, covering environment, personnel, hardware, software, emergency reaction etc. that will be regularly audited, educated and published. There were no major cyber information security incidents in 2021, and the information security management assessment results were submitted to the board of directors in March 2022.

3-2-4 Supply Chain Risk Management

To effectively address the risks associated with unforeseen events such as natural disasters, market demand fluctuations, changes in laws and regulations, or supplier capacity issues that may result in supply disruptions or uncertainties, we have implemented the following measures: planning for backup 2nd source suppliers, planning the safety stock of major materials, adopting long-term procurement plans for highly common materials, establishing a demand forecasting platform with suppliers, adopting project procurement of key components, and investigating the environmental, safety and healthlaws and regulations. Our procurement team continuously monitors the market conditions and adjusts procurement strategies through weekly meetings and regular reports. These proactive measures enable us to mitigate the risk of material shortages and meet our commitments to customers. In 2021, during the global component shortage, our company successfully managed the risks through proactive planning, project procurement, collaboration with suppliers, design changes, and adjusting product pricing. These efforts resulted in improved revenue performance and stability in the second half of the year.

3-2-5 Major Disaster Risk Management

To effectively respond to "known unknown" accidents such as fires, floods, earthquakes, epidemics, and other emergencies, we have implemented the following preventive and emergency response measures:

Precaution

We obtained ISO 14001 environmental management system certification in 2001, and obtained ISO 45001 occupational safety and healthmanagement system certification in 2020. We establish a complete environmental health and safety management system, and continues to implement relevant management including: air quality and water quality management, drinking water management, waste management, noise control, hazardous chemical substance management, office environmental protection management, labor health protection, environmental safety and healthcorrection and prevention etc., to set up preventive measures to reduce the impact of shocks in the event of an accident.

Emergency Response

We have formulated ISO "Emergency Response Management Procedures", setting up emergency response teams and handling procedures, including: grouping (evacuation guidance team, disaster prevention and rescue team, communication team, response commander), tasks and duties, notification methods, response center location and measures, safety protection equipment and emergency medicines, emergency response procedures, evacuation procedures, recovery procedures, regular drill plans, accident review and plan revision procedures, etc., to mitigate the damage to personnel and property and environmental impact caused by accidental disasters.

In the event of a major accident of "Known Unknown", the president will be responsible for setting up a task force to handle the response management. The real case was that the COVID-19 pandemic outbreak in early 2020. The president Chuo, Chun Hung immediately directed the establishment of a task force for emergency response and pandemic prevention, to carry out pandemic prevention publicity and supporting control to properly maintain the safety of employees and visitors. The main response measures of the 2021 pandemic prevention project for all employees were as follows, which would be adjusted according to the announcement of changes in the pandemic situation, and would be supervised and implemented by the heads of various departments of the Neihu headquarters and Linkou factory respectively.

Facet	Prevention Measures
Health Management	• Wear a mask during working hours. • Daily temperature measurement and hand sanitization before starting work, with records kept. • Weekly submission of health declaration forms. • Provide free COVID-19 rapid test for employees on a weekly basis, with increased frequency based on the situation.
Social Distancing	• Implementation of color-coded identification badges to distinguish the routes. • All employees follow designated routes using different elevators and staircases to access and leave their working floors. • Prohibition of crossing between working floors during working hours. • Exchange documents online, with designated areas for exchanging paper documents in each assigned area. • Suspension of employee cafeterias and outdoor dining; employees can order meals as a group or bring their own meals to consume at their seat. • Suspend the use of meeting rooms. Meetings and education training are mainly online-based. • Suspend customer visits and receptions. • External personnel must leave deliveries/packages/food in designated areas and are not allowed to enter the company. • During working hours, firms will be suspended from entering, and construction will be rescheduled to holidays.
Work from Home	• During the COVID-19 pandemic period, the work-from-home mechanism was activated, and employees worked from home by groups. • Invite professional fitness coaches to lead employees who work remotely to do online exercise and interact with each others online to maintain a good physical condition.
Pandemic Prevention Care	• The emergency response team, led by the president, adjusts the pandemic prevention measures according to the changes in the pandemic situation, and shows care for the well-being of employees based on the weekly health assessment. • Incentives are given to encourage all employees to get vaccinated. • Arrange online seminars related to pandemic concerns to provide interactive counseling for employees, assisting them in adapting to the challenges of the pandemic with a rational and positive attitude.
Environmental Management	• Disinfect each area by special personnel every day/enable disinfection blanket. • Disinfectant water is provided on each floor for personal work area. • Restriction of elevator access to designated floors, with marked tape indicating limited capacity and standing positions. • Closure of air conditioning systems and use of circulating fans (air conditioning can only be turned on if the room temperature reaches 28 degrees Celsius or above); opening windows for ventilation during working hours.

3-2-6 Climate Change Risk Management

The Academia Sinica's "Taiwan Climate Change Scientific Report 2017" pointed out that in the past 100 years, the average temperature in Taiwan increased by 1.3 ° C, and the difference between dry and wet seasons became more and more obvious. Extreme heat days could rise from 20 to 100 days, extreme rainfall may increase by 20%, the intensity of drought events would increase by at least 12%, and the intensity of rainfall from typhoons would also increase by more than 20%. "The Global Risk Report 2021" ranking showed that："climate action failure" jumped from the fifth place in 2018 to the first place, and "extreme weather" ranked the second. Green energy policies to slow down the rate of global warming became the unavoidable responsibility and obligation of all countries around the world. The impact of climate change risk included：disasters caused by the increase in the frequency and intensity of extreme weather phenomena, water resources problems caused by changes in rainfall patterns, disasters that damage life-saving pipelines and critical infrastructure such as oil/power/water/gas transmission or road and bridge facilities, ecosystem changes on agriculture/forestry/fishing/grazing, as well as public health and health issues caused by rising temperatures and water supply issues affecting human life. It was obvious that climate risk has become an important element that enterprises must pay attention to and respond to for sustainable development.

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, green design, green supply chain, green manufacturing, and the production of green products. We also consistently practice energy management, water management, and waste management in our daily operations. Our dedication is to actively promote global sustainable development. The "ESG Sustainability Committee" at Flytech drives these efforts through the following four directions:

1. Assess major climate change issues related to the company's value chain and approve mitigation and adaptation targets, and report to the board of directors on a quarterly basis.
2. 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
3. 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.
4. Continue to focus on measuring the severity of climate change and international trends, and adjust strategies and target in a timely manner.

Flytech Core Elements of Task Force on Climate-Related Financial Disclosures (TCFD)

Task Force on Climate-Related Financial Disclosures

Governance
The organization's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets
The met rics and targets used to assess and manage relevant climate - related risks and opportunit ies

Core Elements	Illustration
Governance	• Flytech has established the "ESG Sustainability Committee" (formerly known as "CSR Promotion team" and "CSR Committee") for many years. It is affiliated to the board of directors and consists of directors and management teams. It is responsible for approving climate change vision, strategy and to achieve long-term target, promote relevant specific actions, and report to the board of directors twice a year, supervised by the board of directors
Strategy	• Mitigation: Develop energy-saving and low-carbon products, promote sustainable manufacturing, use recycled materials, and improve energy and resource efficiency • Adaptation: Strengthening climate resilience • Develop new products and technical specifications that can save energy and reduce greenhouse gas emissions • Construct a low-carbon supply chain
Risk Management	• Integrate cross-departmental cooperation by the "ESG Sustainability Committee" to identify/assess/manage climate-related risks in the value chain climate • Identify relevant risks/opportunities, assess financial impacts and formulate countermeasures • Formulate the risk management plan into management measures and implemented by all staff
Metrics & Targets	• The "ESG Sustainability Committee" sets climate-related performance indicators and quantitative targets, and after submitting them to the board of directors for approval, regularly tracks and discloses the degree of achievement

Identifying and Responding to Climate-Rdlated Risks and Opportunities

Transition Risk

Climate-Related Risks	Potential Financial Impact	Climate-Related Opportunity	Potential Financial Impact	2021 Actions
Policy and Legal Risk • Greenhouse Gas Emissions Pricing • Higher energy expenses • Energy control restrictions	• Certification expenses of greenhouse gas emissions Inventory and carbon footprint • Rising operating expenses • Energy control leads to decrease in production capacity, which in turn loses some revenue	• Implement green production with low energy consumption and low carbon emissions • Update equipment to improve energy efficiency • Apply for government energy-saving subsidies	• Reduce expenses by saving electricity and water • Apply for energy saving subsidy to increase non-operating revenue	• Evaluate the inventory of greenhouse gas emissions, establish management methods for energy conservation, and continue to promote energy conservation measures • Invested NTD$ 15 million to replace the old air-conditioning equipment in Neihu HQ building to increase electricity efficiency
Technology Risk • Low-carbon technology transition cost • Replacing products and services with low-carbon commodities	• Equipments scrapped in advance • Purchase low-carbon equipment and increase operating expenses. • Invest R&D expenses to develop new technologies	• Environmental protection and energy-saving new products • Improve energy efficiency with green manufacturing process and daily operation • Improve the environmental management level of suppliers and establish a low-carbon green supply chain	• Low-carbon green products create bright spots to attract customers and increase revenue • Energy-saving products increase the added value of products to attract customers and increase revenue	• Introduce the concept of energy saving and carbon reduction in product design and manufacturing process • Use environmentally friendly materials • Screen new suppliers with international environmental management standards, and guide current suppliers to improve environmental management • Replace the existed air-conditioning equipment in Neihu HQ building with the latest environmentally friendly refrigerants to reduce greenhouse gas emissions
Market Risk • Increased customer demand for low-carbon and energy-saving products • Increase in carbon tax/fee in customers' contury • Rising raw material costs	• Increased R&D expenses to develop new technologies • Certification expenses of greenhouse gas emissions and carbon footprint • Rising raw material costs	• New environmentally friendly and energy-saving products to attract customers and increase competitiveness • Inventory carbon footprint to provide customers with carbon tax credits to increase competitiveness	• Low-carbon green new products, creating bright spots to attract customers • Energy-saving products increase the added value of products to attract customers • Develop new markets	• Introduce the concept of energy saving and carbon reduction in the product development stage, and design new low-carbon energy products • Introduce ISO 14064-1 system to evaluate inventory Flytech greenhouse gases, and planned to obtain certification in 2022 • Collaborating with suppliers through project-based procurement strategies
Reputation Risk • Changes in market preferences • Increasing interest from stakeholders	• The market increases the demand for low-carbon and energy-saving commodities, and the existed products are unsalable	• New environmentally friendly and energy-saving products to attract customers and increase competitiveness	• Low-carbon green new products, creating bright spots to attract customers • Energy-saving products increase the added value of products to attract customers • Develop new markets	• Introduce the concept of energy saving and carbon reduction in the product development stage, and design new low-carbon energy products • Introduce ISO 14064-1 system to inventory Flytech greenhouse gases, and planned to obtain certification in 2022

Physical Risks

Climate-Related Risks	Potential Financial Impact	Climate-Related Opportunity	Potential Financial Impact	2021 Actions
Acute Risk • Typhoon, flood Chronic Risk • Unstable energy supply (power outages, water restrictions) • Average temperature rises • The number of extreme weather heatwave days increases	• Additional energy purchase expenses • The company's factory was damaged by the disaster • Inventory is damaged • Capacity interruption affects shipments • Labor arrangements are affected • Supply chain disruption • Increased electricity bills • Increased basic facilities expenses • Increased property insurance expenses	• Promote electricity saving • Promote water conservation • Improve energy efficiency • Recycle and reuse water resources	• Effectively manage energy, save water and electricity and reduce expenses • Recycle water resources and reduce water expenses • Identify and select excellent suppliers with good quality and good lead time.	• Introduce the ISO 14064-1 system to evaluate the greenhouse gases inventory, establish energy-saving and carbon-reduction targets and implementation strategies, and continue to promote energy-saving activities with incentive strategies • Replace the existed air-conditioning equipment in Neihu HQ building to the latest environmentally friendly refrigerants, improve energy efficiency and reduce electricity consumption • Continue to select excellent suppliers through the ISO qualification process, supplier evaluation and performance tracking process • Rainwater recycling is adopted to reduce the use of tap water • Reduce the water output of the faucet and install water-saving partitions

3-3 Tax Policy

Since the stablishment, Flytech has always adhered to the ethical corporate management philosophy of financial transparency and good governance, and abided by the tax regulations of the operating bases, so as to be committed to information transparency and sustainable development.

3-3-1 Flytech's Tax Commitment

1. Comply with all tax laws and regulations of the country where the business base is located, and never evade tax.
2. Disclosure of financial and tax information complies with regulations.
3. Legal use of tax incentives.

3-3-2 Tax Risk Management and Governance

To effectively manage tax risks and opportunities, 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 also seek timely consultation and advisory services from external organizations to strengthen tax governance and control. The Board of Directors oversees and reviews the relevant accounting systems, financial reports, the quality and integrity of internal controls, and holds ultimate responsibility for the effectiveness of risk management.

3-3-3 Effective Tax Rate

In 2021, Flytech paid a profit-making enterprise income tax of NTD$ 114,602,000, with an effective tax rate of 14.36%, 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.”

Employee Relations

Management Policy

Employees are the most valuable assets of Flytech and the key stakeholders in our organization. The continuous growth and outstanding achievements of Flytech over the past 37 years have been made possible by the high dedication and efforts of all employees. We aspire to grow together with our employees and build an excellent Flytech together.

In 2021, we completed several organizational projects, including conducting salary surveys to ensure the market competitiveness of employee compensation. We also conducted a comprehensive assessment of the core competencies at Flytech and defined the profile of Flytech employees through interviews with senior executives. This profile serves as a guideline for future talent recruitment, training and development and promotion.

Furthermore, we obtained the Talent Training Quality Management System Certification (TTQS) from the Workforce Development Agency of the Ministry of Labor, demonstrating the comprehensiveness of Flytech education and training system. Due to the challenges posed by the ongoing pandemic in 2020, 2021 was an especially difficult year for Flytech. However, we spared no effort in providing a safe working environment for our employees, maintaining normal operations and salary benefits without any reduction or suspension. We implemented regular and free rapid tests, environmental cleaning and disinfection, strict compartmentalization and routing measures, and partial work-from-home arrangements during different levels of alert. We also provided incentives to encourage employees to receive vaccinations. Although internal training programs and employee care activities were partially affected, we promptly adjusted and introduced innovative online courses and events to continue supporting employees' learning and development. We actively listen to employees' opinions and feedback, continuously enhance our employer brand, and strive to create an equal, diverse, friendly and safe workplace for all the employees to grow.

Key Achievements and Management Policy

Management Policy	2021 Goals	2022 Goals	2021 Achieved
With the aim of improving employee retention, we regularly assess the competitiveness of our employees' compensation and benefits in the market. We listen to employees' opinions and suggestions, care about their daily well-being, and ensure a workplace with no labor inspection disputes. Our goal is to provide an excellent and attractive working environment.	1. Participated in the 2021 annual salary survey, checked and adjusted employee salaries based on the results. 2. Promoted employee care related activities. 3. Maintained no major disputes and penalties.	1. Participated in the 2022 annual salary survey, and checked and adjusted employee salaries based on the results. 2. Promoted employee care projects, such as "Employee Assistance Program (EAP)", conducted the revision of internal management regulations and activities. 3. Maintained no major disputes and penalties. 4. The turnover rate decreased by 10% compared with the previous year.	1. The salary survey was completed, and the results are within the reasonable scope of the same industry. 2. A series of employee care activities have been organized, including company trips, townhall meeting, and various activities to show our care during the pandemic. 3. No major disputes and penalties.
Provide diversitive channels for submitting resumes, gender-friendly, and disability-friendly working environment.	Propotion of female supervisors reached 30%.	Propotion of female supervisors reached 32%.	Propotion of female supervisors reached 30%.
Through a systematic approach to training and development, such as the TTQS, courses are offered at the “Flytech Academy” based on company goals and competency requirements. Various channels are utilized to deliver courses, enabling employees to learn anytime and anywhere. Project-based training and Individual Development Plans (IDPs) are implemented specifically for potential talents within the company, with a focus on cultivating future leaders.	1. The achievement rate of education and training reached 85%. 2. Managed training programs for potential cadres. 3. Applied for and passed TTQS certification. 4. Established the core competency system of Flytech.	1. Promoted Flytech core competency system. 2. Implemented training programs for high-level executives and potential talents. 3. The growth rate of per capita education and training hours was 10%. 4. Multiple course channels on other online platforms.	1. Interviewed senior executives and reached a consensus of core competency system of Flytech. 2. Completed the 2021 potential talents training program. 3. Passed TTQS certification. 4. The number of education and training hours per capita increased, but due to the COVID-19 pandemic, many physical courses could not be held, resulting in the overall training hours being lower than expected.
Environmental Safety and Health Management 1. Identify major environmental impacts and established environmental safety and health goals every year, and reviewed the achievement status. 2. Continue to implement occupational health and safety education and publicity. 3. Emergency response drill. 4. Prioritize employee health.	1. Continuously implemented ISO 14001 Environmental Management and ISO 45001 Occupational Safety and Health Management System, including internal and external personnel. 2. Maintained no major disciplinary matters or disputes. 3. Renewed the air-conditioning system of Neihu HQ Building. 4. The control of notifiable infectious diseases was lower than the average published by the CDC. 5. Two health management training courses every year. 6. Held a weight loss competition with 90-day total goal 50KG. 7. Renewed the floor carpet of Neihu HQ.	1. Continuously implemented ISO 14001 Environmental Management and ISO 45001 Occupational Safety and Health Management System, including internal and external personnel. 2. Maintained no major disciplinary matters or disputes. 3. Improved the shock resistance of the high ceiling in the office area. 4. The control of notifiable infectious diseases was lower than the average published by the CDC. 5. The employee occupational accident rate that could be recorded by employees was less than 0.5%. 6. Upgraded the safety of electricity use in the plant area.	1. No major deficiencies in ISO 14001 and ISO 45001 external audits. 2. There were no major penalties or disputes. 3. Replaced the new air-conditioning equipment in Neihu HQ building and used the latest environmentally friendly refrigerantsin in 2021. 4. In 2021, the number of infectious diseases was zero. 5. In 2021 held total three health lecture courses on 4/8, 9/30, 12/16 respectively. 6. The total weight loss of the individual group was 136.3kg; the total weight loss of the team group was 187.45kg. 7. Replace all carpets on the 2,3,5,6 th floor in Neihu HQ building in 2021.
Human Rights Policy 1. Continue to implement the "Human Rights Policy" and promotional course. 2. Continue to implement ISO 45001 occupational safety and healthhealth management to provide a safe, healthy, physical and mental balance workplace. 3. Internalize human rights safeguards from HR policies. 4. Provide a complaint channel and a whistleblowing email.	1. Continued to maintain no major penalty matters or disputes. 2. Prohibited child labor, no forced labor, avoid workplace sexual harassment, and provided a safe, healthy, physical and mental balance workplace. 3. Human resources recruitment and management are diversified, non-discriminatory, and provide equal opportunities. 4. The grievance mechnisms are smooth.	1. Continued to maintain no major penalty matters or disputes. 2. Prohibited child labor, no forced labor, avoid workplace sexual harassment, and provided a safe, healthy and balanced work environment. 3. Human resources appointment and management diversity was non-discriminatory and equal opportunities. 4. The grievance mechnisms are smooth.	1. No major disciplinary matters or disputes. 2. No child labor, no forced labor, no workplace sexual harassment.

4-1 Talent Management

4-1-1 Positive Labor Relations - Employment Overview

Employee Structure

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. Please refer to the table below for the detailed employee structure of Flytech parent company for 2021.

Category	Group	Male		Female		Total	
		Numbers	Percentage within group (%)	Numbers	Percentage within group (%)	Numbers	Percentage within group (%)
Contract type	Full-time	214	99.5 %	193	100 %	407	99.8 %
	Contract	1	0.4 %	0	0 %	1	0.2 %
Job Classification	R & D	68	67 %	34	33 %	102	25 %
	Marketing	22	37 %	38	63 %	60	15 %
	Administrative	21	51 %	20	49 %	41	10 %
	Manufacturing	104	51 %	101	49 %	205	50 %
Age	Under 30	43	44 %	54	56 %	97	24 %
	31~49	129	56 %	102	44 %	231	57 %
	Over 50	43	54 %	37	46 %	80	20 %
Education	Master	47	61 %	30	39 %	77	19 %
	Bachelor	83	62 %	51	38 %	134	33 %
	Associate	45	62 %	28	38 %	73	18 %
	High school (below)	40	32 %	84	69 %	124	30 %
Total	The total number of Flytech at the end of 2021 was 408.						

New Employee Hires and Employee Turnover in 2021

1. New Employee hires (Resignation during probationy is not included):

Category	Employee age	Male		Female		Total	
		Numbers	Percentage within group (%)	Numbers	Percentage within group (%)	Numbers	Percentage within group (%)
New employees	under 30	19	40 %	29	60 %	48	54 %
	31-49	24	67 %	12	33 %	36	41 %
	Over 50	2	40 %	3	60 %	5	5 %

2. Employee Turnover (Resignation during probationy is not included):

Category	Employee age	Male		Female		Total Male and Female	
		Numbers	Percentage within group (%)	Numbers	Percentage within group (%)	Numbers	Percentage within group (%)
Employee turnover	under 30	15	52 %	14	48 %	29	42 %
	31-49	26	72 %	10	28 %	36	52 %
	Over 50	2	50 %	2	50 %	4	6 %

Flytech recruited 89 new employees in 2021, including 17 foreign workers in the Linkou factory. A total of 69 employees resigned this year, including 17 foreign workers who returned to hometown after three years.

Labor Relations

Flytech has established the "Labor-Management Council Implementation Measures" to provide a mechanism for labor-management negotiation. We adopt a flat management structure, and managers and employees engage in two-way communication through meetings or discussions in daily operations. Since the establishment, Flytech has maintained a harmonious relationship between labor and management, and there have been no labor disputes. We do not establish a labor union (collective bargaining agreement). In the event of significant operational changes, the minimum notice period will be followed in accordance with the regulations. Employees with less than one year of tenure are given a minimum of ten days' notice, those with one to three years of tenure require a notice period of twenty days, and employees with over three years of tenure require a notice period 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 to take care of employees. Our internal control system and management regulations clearly define the responsibilities and entitlements of employees at different departments and job levels. Through biannual performance appraisal for all employees, we provide incentives such as bonuses, dividends, salary adjustments, and promotions to provide greater security and benefits.

Listening Strategies (Grievance mechnisms and Communication Channels)

Flytech encourages communication between supervisors and subordinates. The organizational structure is flat to facilitate regular interaction and communication. We also conduct biannual self-assessments and performance appraisal, allowing employees to communicate their work expectations and share other opinions with their supervisors. Moreover, Flytech's internal website provides appeal methods and grievance mailbox (hr@flytech.com.tw) for employees to express their opinions to the HR department. In July 2021, we held our first town hall meeting, which was conducted online due to the pandemic. During the meeting, senior executives explained the company's operational vision and strategies, and employees had the opportunity to ask questions online or submit anonymous questions in advance, which were answered by senior executives during the event. We also organized a Q&A lucky draw activity to encourage the participation. More than 300 employees participated online, and the interaction was enthusiastic and fruitful.

4-1-2 Diversity Hiring and Inclusion

Gender Friendly

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. Currently, the proportion of female supervisors is 32%.
4. In addition to providing parental leave according to the labor laws, Flytech established comprehensive leave management system to ensure that employees can flexibly utilize parental leave to care for their children.
5. Employees who require long-term leave due to military service, serious illnessor other circumstances can apply for a leave without pay. After the specified period, they can apply for reinstatement, allowing them to balance their personal and family care needs.

Disabled Employees

Flytech values social inclusivity and provides employment opportunities for individuals with disabilities in accordance with regulations. In 2021, there were one individual with severe disabilities and one individual with mild disabilities employed. We will continue to assess job positions to assist individuals with disabilities in integrating into society in the future.

Elimination of discrimination, prohibition of child labor and forced labor

With reference to international human rights standards, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, we have formulated our "Human Rights Policy" to prevent any infringement or violation of human rights. In addition to providing a safe and inclusive work environment, we ensure that our employees are treated with fairness and dignity.

Flytech Group opposes any form of discrimination (including age, education, race, gender, religion, or vulnerable groups), and prohibits the employment of child labor or any form of forced or compulsory labor. Any violations discovered will be subject to disciplinary action. 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 2021, through the auditing mechanisms and complaint channels, no discrimination-related incidents, child labor, or significant risks of forced or compulsory labor were identified in our operational sites.

4-1-3 Reasonable Salary System

Salary System

1. President and Vice President

   The remuneration content of Flytech's senior managers (President and vice president) in 2021 was disclosed in the 2021 annual report. The remuneration standard (including salary, performance bonuses, and employee remuneration, 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", and "Compensation Committee Organization Regulations", and refer to the salary level of the same industry, formulate a reasonable salary structure, and submit it to the Compensation Committee and the Board of Directors for consideration and approval. When actual annual bonus and remuneration bonuses are issued, according to the "Company 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. In addition, the Compensation Committee will also regularly review the rationality of remuneration policies, systems, standards and structures every year. In 2021, the remuneration of president and vice president accounted for 3.19% of the net profit after tax for the current year, which was 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' remuneration depends on their education and work expierence, 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. Every year, we offer incentives such as salary raise, bonus, rewards etc. to outstanding employees based on the results of their regular performance appraisals, the profit of the year, and the market status.

Pension

Flytech ensures the well-being of employees after retirement and aims to enhance their sense of service during the employment. In accordance with the Labor Standards Act, we have established regulations for retirement benefits and formed the "Supervisory Committee for Labor Retirement Preparatory Fund." Each month, we allocate 2% of the total payroll as retirement preparatory funds, which are deposited into a dedicated account under the name of the Labor Retirement Preparatory Fund Supervisory Committee and managed by the committee. Since the implementation of the new labor retirement system on July 1, 2005, retirement benefits are paid by the company on a monthly basis at 6% of the monthly salary, which is deposited in individual retirement accounts.

The retirement fund allocated by the company under the Labor Standards Act is managed by the Labor Pension Fund Operations Bureau. According to the "Regulations for the Receipt, Custody, and Utilization of Labor Retirement Funds," 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 benefit retirement plans, retirement funds are allocated to retirement fund management companies in compliance with local regulations. As of December 31, 2021, the balance in the Taiwan Bank Labor Retirement Preparatory Fund account of our company was NTD$ 24,065,000.

Performance Appraisal

In order 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 publish them 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. In 2021, the proportion of employees who underwent performance assessments was 100%, and all employees completed the assessment process by the designated deadline.

Promotion and Retention

Flytech provides a transparent promotion system and opportunities to facilitate the sustainable development of both talents 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 assessment results, recommendations from supervisors, talent information analyzed by the 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 each year to ensure that outstanding talents receive appropriate rewards, encouraging their retention and fostering a mutually beneficial future with Flytech.

4-1-4 Training and Talent Cultivation

2021 Training Development Achievements

Passed the TTQS talent development quality management system assessment of the Ministry of Labor's Workforce Development Agency:

in accordance with the PDDRO evaluation process in training and talent cultivation, closely linked the training blueprint with the business strategy, and established a comprehensive training system to strengthen human capital.

The per capita training hours increased by 10% compared to the previous year:

In 2021, due to COVID-19 pandemic, "work from home" was launched. Flytech adjusted the training plan according to the different courses. In addition to ensuring that employees improved their professional knowledge and skills and not affected by the rapid changes in the external environment, it also increased the overall course participation rate and level of engagement.

Completed the core competency assessment:

Through interviews with senior executives, we summarized the core competencies of all employees in Flytech and the management competnecies of each management level, operating as the main axis of talent cultivation.

Flytech Compentency Structure

Flytech Job Functional Structure

Core Job Functions

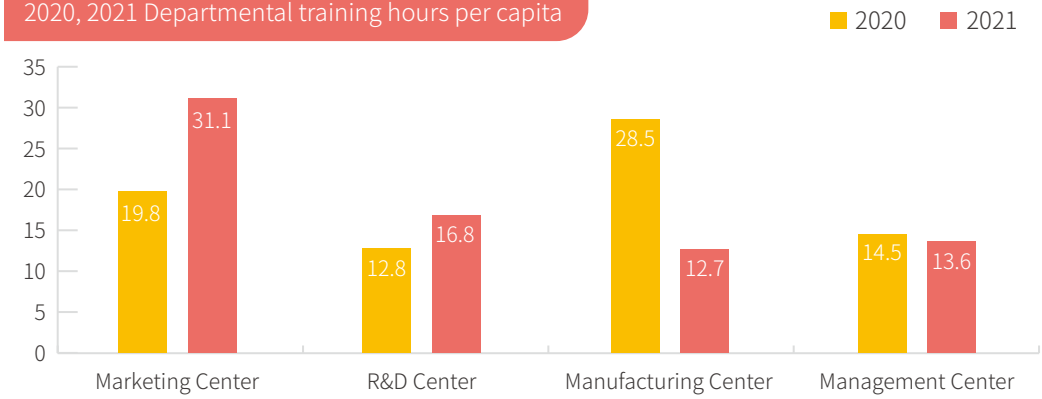
- Aggressive & Active
- Serious & Responsible
- Team-work
- Executive power
- Positive thinking

Employee Training Hours in 2021

Flytech started work-from-home during the COVID-19 pandemic level 3 alert period in 2021. We adjusted training plans in a timely manner according to different courses. This was done to ensure that employees could continue to enhance their personal professional knowledge and job skills despite the rapidly changing in the external environment. Additionally, the overall course participation rates and engagement were increased. The average training hours per employee at Neihu headquarters increased compared to the previous year. However, at the Linkou factory, where most of the training involved hands-on activities on the production line, the total training hours decreased slightly due to factors such as strict implementation of compartmentalization and the impact of material shortages on production capacity. Under the influence of the COVID-19 pandemic, in 2021, except for the manufacturing center, the per capita training hours of other departments still increased generally compared to the previous year.

Department	Marketing Center	R & D Center	Manufacturing Center	Management Center
Actual numbers	366	557	2,364	298
Actual hours	1,649	1,530	2,711	679
Department headcounts	53	91	214	50
Training hour per capita	31.1	16.8	12.7	13.6

2020, 2021 Departmental training hours per capita



Flytech Academy

1. i-Learning

   Through the establishment of the internal online learning platform “i-Learning”, we assembled previous training videos and materials so that employees could review them at any time. In addition, there is a section for sharing experiences, where colleagues can contribute their insights and reflections from courses or books. This provides employees with a resource for mutual exchange and self-improvement, fostering a work environment that encourages continuous learning and development.

2. Training for Newcomers

New employees at Flytech undergo basic training courses on their first day of work. These training courses include an introduction to the organizational structure, company policies, internal control systems and procedures, ISO guidelines, information security policies, and legal knowledge. This ensures that new hires quickly assimilate the team's values and culture upon joining the company. Additionally, we organize a half-day training sessions for newcomers quarterly. 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.

3. Project Training

Flytech offers exclusive courses for management trainees and mid-to-senior level executives by identifying competency gaps and planning tailored programs. Through team activities, case discussions, and practical exercises, talents at various levels can inherit the wisdom and practical operations of Flytech people, cultivating more elites and leaders for the future. The courses offered in 2021 included topics such as: setting clear performance goals, communication and conflict management, HR management for non-HR supervisors, and study groups. In 2020, Flytech formulated an internal trainer development program, and in 2021, with continuous encouragement and promotion, there were employees who successfully obtained internal trainer certification after undergoing training. They are now able to transmit their expertise in a more systematic manner, promoting effective knowledge management, enhancing teaching quality, and improving the effectiveness of the courses.

4. Credit System of Employee Training

Flytech set the basic training credits that all employees must achieve every year. Employees accumulate credits by participating in various internal and external courses to keep records of their learning process, and continuously enhancing their professional skills and personal growth. In addition to irregular competency-based and professional courses, we also hold "Knowledge+" seminars every two months, inviting external experts to share their expertise.

5. Team Building

To foster team cohesion and cultivate the spirit of "Flytech People," we organize "Flytech Team Building" every year, where the Chairman, senior executives, middle-level managers from various departments and new employees participate together. Through a hiking activity, 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 2021, we held a two-day and one-night Smangus camp to lead colleagues to explore the two trails of "Smangus" and "Cinsbu ". A total of 30 employees participated this time. We divided the colleagues into five groups, each group was composed of staffs from different departments. Daily hiking schedules and interesting activities were designed to facilitate the interaction with each other.

4-1-5 Happy Enterprise – Welfare

Flytech has always adhered to the belief of “putting employees first” since the establishment. We consider our employees as vital assets and prioritize great importance on communication and coordination between labor and management. The "Employee Welfare Committee" is composed of elected representatives from employees. We organize regular welfare activities every year, fully implementing the concept of taking care of employees and creating a happy workplace where employees can enjoy their work.

Well-established Welfare Program

Welfare

- Annual rewards and bonuses issued according to profit status and personal performance
- Birthday gifts and monthly birthday celebrations
- Marriage cash gift / funeral subsidy
- Holiday gifts
- Domestic travels (quarterly), foreign travels (every two years)
- Labor insurance/health insurance/ group insurance
- Club activities
- Year-end party
- Training subsidies
- Regular health examination
- Recognition for senior employees
- Factory lunch
- Flytech library

Christmas Party

At the end of 2021, when the COVID-19 pandemic was slowing down, we organized a Christmas party to express our gratitude to our colleagues for their cooperation and understanding during the pandemic. The Welfare Committee held a Christmas party, inviting catering companies to prepares meals and beer, and organized singing competitions and fun games among different departments to create an enjoyable atmosphere and bring our employees together to celebrate the holiday season.

Year-end Dinner Party

All departments held dinner parties to celebrate for Christmas and New Year at the end of 2021.

Company Trip

Due to the COVID-19 pandemic in 2021, we adjusted the overseas employee travels to domestic travels. The budget originally allocated for foreign travel was converted into a travel subsidy, allowing employees to organize their own groups and invite their family members to participate. There were 17 groups with more than 700 participants.

4-2 Friendly Workplace

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. Flytech has never incurred penalties from labor authorities since the establishment. We obtained ISO 14001 certification for environmental management systems in 2001 and further achieved ISO 45001：2018 certification for occupational safety and health management systems in 2020. By continuously improving control measures through international standards, Flytech strives to reduce occupational hazards and risks, aiming to create a "safe, environmentally friendly and sustainable" workplace. Maintaining a record of no major occupational safety and health incidents, penalties or litigation is a key strategic management objective for the company.

4-2-1 Occupational Safety and Health Management System

In accordance with Article 23 of the Occupational Safety and Health Act and Article 12-2 of the Occupational Safety and Health Management Regulations, company with more than 200 employees are required to establish an occupational safety and health management system suitable for their operations. With this in mind, Flytech has proactively implemented and obtained ISO 45001 certification for occupational safety and health management systems since 2020, following the introduction starting from 2019. Training and promotion initiatives have been conducted for all employees, along with the implementation of hazard identification and risk control measures for the work environment, aiming to establish a comprehensive occupational safety and health management system.

Scope of Workers (Note), Activities and Workplaces Covered by the System

The workers defined by ISO 45001 include：Flytech employees, contractors, doctors and nurses. The certification scope of ISO 45001 was 496 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, as well as contract cleaner and security guard. As of 2021, there were no workers working outside the workplace.

	Control of work The organization has sole control of the work, or shares control with one or more organizations	No control of work The organization has no control of the work
Workplace controlled by organization	Flytech employees Neihu：194 Linkou：288 Contractor (security guard, cleaner)： Neihu：5 Linkou：7	Doctor (same person) Neihu & Linkou：1 Nurse (same person) Neihu & Linkou：1
Workplace not controlled by the organization	None	None

Occupation Security Professional Personnel

Classification	Fire protection manager	EMS responder	Occupational safety and health executive	Forklift operator
The numbers meet regulatory requirements	Neihu：2 Linkou：1	Neihu：4 Linkou：7	Neihu： Class A occupational safety and health executive：1 Occupational safety and health supervisor：1 Linkou： Class A occupational safety and health executive：1 Occupational safety and health supervisor：1	Neihu：0 Linkou：5

System Continuous Improvement

Flytech follows the PDCA cycle management approach of ISO 45001 system. Based on the results of hazard identification, occupational safety and health objectives are established at the end of each year. Improvement plans are proposed and implemented, taking into account 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 serve to 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 safety and health objectives.

4-2-2 Environmental Safety and Health Committee

Worker Involvement

In addition to regular internal and external audits, Flytech incorporates occupational safety and health issues into the "Environment, Safety, and Health Committee" for discussion. This committee consists of representatives from various departments and enables real-time handling of emergency situations related to the environment and occupational safety and health. In addition to quarterly meetings to discuss environment and safety-related topics, the committee maintains an online communication group for immediate and effective communication, ensuring that every feedback from employees is promptly addressed.

Routine Process

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. The Neihu headquarters, mainly involved in R&D, marketing, conducts hazard identification for areas, experimental equipment and safety devices related to employees' daily operations or maintenance contractors' activities. The Linkou factory, primarily engaged in manufacturing, systematically reviews employees' operational processes within the facility, from incoming inspections to product shipments, considering risks associated with employees and labor. Additionally, an inventory of experimental equipment and safety operation devices is conducted, taking into account the risks generated by employees, contractors, and visitors during equipment operation.

   To enable effective and systematic hazard identification by the risk assessors, we use checklist to outline the steps involved in each unit's operations. For each operation step, a hazard identification, risk assessment, and opportunity evaluation form are used to investigate operational conditions, including the work environment, equipment usage, chemicals, or energy. Past accidents or potential occupational safety and health incidents are also considered to anticipate potential hazards. The severity and likelihood of occurrence are evaluated under current control measures. Items rated as high or significant risks are classified as unacceptable risks. Unit managers must identify appropriate and effective control measures to reduce hazards to moderate risks or below. These findings are discussed in the "Environment, Safety, and Health Committee" and presented at management review meetings. In 2021, four items were identified as high risks during the hazard identification process. These risks were categorized as unacceptable and brought under control. They were also included in the following year's environment, health and safety objectives to ensure effective control and the implementation of relevant protective measures. Since the implementation of ISO 45001, no significant accidents have occurred.

2. Daily Inspection

   Flytech has established automatic inspection management processes and implement inspections according to the plan, in order 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. Actual or potential hazards by inspections will be recorded in the inspection lists. According to the severity of hazards, the occupational safety and health executive will conduct classification management and improvement tracking. If there is an immediate danger, operation must be stopped immediately, and issue a notice to 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

To ensure the safety of employees and control access, access control card devices are installed at the entrances and exits of each floor and the freight elevators. 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. If access to the manufacturing area is required, approval from the plant manager is necessary before granting entry. This not only ensures the safety of employees but also allows visitors to enter the area under safe and full supervision.

There are 24-hour security guards on duty in Flytech Neihu HQ building and Linkou factory patrolling day and night, keeping track of the dynamics of visitors and overtime workers who have not yet left the building, vehicle entry and exit inspections, body temperature measurement and traffic safety control.

Non-Routine Process

1. Changes and Incident Handling

Flytech has established an Environmental, Safety, and Health 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 is required to 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 Safety and Health 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 accident, the discoverer or involved parties should take necessary measures to prevent the escalation of the disaster and secondary accidents. The on-site supervisor or contractor's supervisor should provide necessary medical assistance to the injured individuals. In the case of work-related accidents, the accident unit supervisor should notify the supervisor of the Corporate Center and the Human Resources department within one hour of the incident. The department in charge of the incident should convene relevant personnel within 24 hours to conduct an investigation, analyze improvement measures and implement them. In the case of accidents involving contractors, the Corporate Center should be notified, and the contractissuing department should conduct an investigation, analyze improvement measures, and implement them within 24 hours. In the event of a major work-related accident, the labor inspection agency should be notified within 8 hours. If the incident is determined to be a false alarm, an investigation form for false alarms should be completed by the employee or their designated representative, and the unit where the incident occurred should discuss and submit it to the Coporate Center for consolidation. Regardless of whether it is a work-related accident or a potential false alarm event that occurs in the workplace, it should be included in the hazard identification assessment of risks. There were no work-related accidents or occupational accidents in 2021.

3. Exposure Monitoring

Flytech conducts regular monitoring of the work environment for workers by engaging a third-party inspection company certified by TAF every six months. The results of the monitoring conducted in 2021 were all normal, as shown in the table below.

	Items	2021 H1	2021 H2
Chemical factors operational environment testing	Methanol, Isopropanol	Not exceed the allowance	Not exceed the allowance
	Carbon dioxide concentration	Below Regulatory Standards	Below Regulatory Standards
Physical factors operational environment testing	Noise	Below Regulatory Standards	Below Regulatory Standards
	Wind speed control	No minimum standards under current regulations	No minimum standards under current regulations

4. Policies and Processes for Worker Protection from Disciplinary

In the safety and health 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, so workers can leave the working condition that they think may cause to be injured or sick. The worker shall not be punished for this reason, but the worker shall inform the supervisor after leaving the job, and the supervisor shall judge whether the condition of the worker leaving is a false alarm or occupational incident, and list it in the identification of hazards, conducting risk and opportunity assessments.

4-2-3 Occupational Safety Training

Labor Safety Promotion and Elimination of Language Barriers

To ensure that all foreign employees understand their rights within Flytech's ISO 45001 Occupational Safety and Health Management System, the factory affair department distributes environmental safety and healthcards to all employees at the Linkou factory. These cards indicate Flytech' s occupational safety and health policies and commitments in both Chinese and Vietnamese, as well as a grievance hotline for reporting prohibited harassment incidents.

At the beginning of each month, during working hours, safety information is disseminated to both local and foreign employees through monthly factory meetings. The meetings cover topics such as how to reduce safety hazards, and several foreign employees who are fluent in Chinese are assigned to assist with translation at the work sites. Large pictures are used to eliminate language barriers. Additionally, intermediary agents are employed to reinforce labor safety precautions and life management to foreign workers during non-working hours, ensuring that they can work with peace of mind and safely return home. Furthermore, we regularly invite labor safety instructors to the company to promote awareness of the provisions and principles of ISO 45001. Government promotional materials, including fire safety, typhoon, electrical appliance usage, and the company's pandemic prevention policies, are displayed on television screens and the intranet. These measures aim to cultivate a continuous sense of crisis among company employees and protect them from exposure to dangers.

Occupational Safety and Health Education and Training Practice

Flytech will arrange training immediately once the new recruits enter the company, including fire drill, labor safety overview, general affairs and environmental safety etc. courses:

1. Fire Drill

   Flytech established a fire and emergency response team. The training courses will introduce the organization's responsibilities, the types of fires and response measures, fire equipment publicity, escape publicity and the company's ISO related procedures. Fire publicity and fire drills are carried out regularly every year.




2. Labor Safety Overview

   Flytech will explicate the Occupational (Labor) Safety and Health Law, and explain the work-related injury, work-related illness, overwork, work-related incident, health examination, company access safety and the related labor safety and health management measures, etc., and also conduct AED training regularly every year.

3. 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.

Occupational Safety and Health 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 their 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 the contractors about workplace hazards and records them. 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.

4-2-4 Employee Health

Employee Health Examination

Flytech provides all domestic employees health examination 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 contolled by the HR according to the Flytech's personal data management procedures. The health examination reports will not be used as the basis of 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 the health examination date of the foreign workers. The examination reports will be kept by the agency. If there is any abnormality in the examination results, the company will be notified to track the fofeign employee's health status.

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 the load level (low, medium, high) employees, selects members need further consultation and arrange them interview with doctors for consultation. The medical staff will conduct interviews and guidance with all labors for prevention high-potential work-related hazards, by the four-method questionnaires, including: "Operational Measures for Prevention and Management of Unlawful Infringements in the Performance of Duties", "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".

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 on each floor of the Neihu headquarters to encourage employees to proactively maintain a clean environment. Furthermore, professional firms 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.

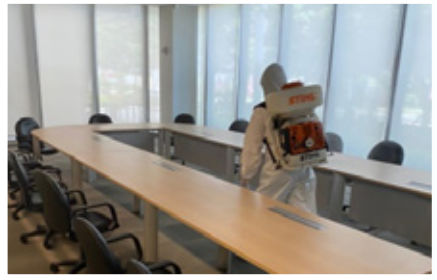
4-3 Pandemic Prevention Project

In 2020, the COVID-19 pandemic had a global impact on Flytech global customers and suppliers. However, Taiwan was not significantly affected during that year. As a result, Flytech focused on assisting many customers in pandemic prevention efforts. This included providing masks and collaborating on the development of medical-related product lines. In the first quarter, the president established an emergency response and pandemic prevention project to promote awareness and implement necessary controls to ensure the safety of Flytech employees and visitors. In 2021, as the COVID-19 situation in Taiwan became more severe, with the country experiencing a Level 3 lockdown from May to July, Flytech' s pandemic prevention project underwent stricter adjustments to adapt to the changing circumstances. The company implemented various measures in terms of workplace environment, preventive measures, employee support, and vaccine incentives. The following are the main measures of the company-wide pandemic prevention project, overseen and implemented by department managers at both the Neihu headquarters and Linkou factory.

4-3-1 Environmental Management and Countermeasures

Comprehensive and Thorough Environmental Management

In order to creat a safe working environment, there will be employees carrying out routine disinfection of each area every day, and escalate high-scale disinfection of the entire buildings (Neihu and Linkou) depends on the pandemic situation. Disinfectant water and alcohol were provided on each floor for disinfection of personal work areas, and disinfection blankets were used to make the pandemic prevention measures more complete. In terms of subdivision and diversion routes, employees shall wear badge in different colors to distinguish their workplace floors. All staff must follow the designated routes and used different elevators or stairs. The elevators were also adjusted to stop at designated floors and marked with tape for control. Regulations are in place regarding passenger limits and facing directions while inside the elevators.



Implementation of Employee and Visitor Self-Management - Free Rapid Test

Before entering the company and factory, all personnel must undergo temperature checks, sanitize their hands, wear masks throughout the entire process, provide personal information records, and indicate the number of accompanying persons. Strict adherence to social distancing measures is enforced, and employees must have their meals at their seats without gathering in groups. Additionally, depending on the situation, employees are required to undergo weekly or biweekly rapid test, and the same applies to visitors and suppliers entering the company and the factory. Even when the pandemic situation was slowing down, there was no slack in order to protect the health of each employee and maintain the workplace environment safety. In 2021, Flytech allocated NTD$ 2 million to purchase rapid tests, providing freely for all employees and visitors. As of the report's issue date in 2022, an additional investment of NTD$ 3.29 million has been made.

The highest principle of personnel safety and health

In order to ensure the safety of employees, Flytech advocated replacing physical meetings with online meetings, and strictly implemented subdivision and diversion, and planned the entry and exit of personnel and the scope of daily activities to reduce the possibility of risks. In addition, the corporate center strictly implemented the pandemic investigation every week. Employees had to report their health conditions through online questionnaire every Sunday. Only those who were in normal condition could enter the company on Monday. If there was any abnormality, the corporate center would take the initiative to contact and care. Before entering the office area every Monday, all staff would undergo temperature measurement and hand disinfection, and perform rapid test at designated locations. We would take the safe distance into account when doing the arrangement and configuration of the rapid test locations, the upper limit of the number of people and the smoothness of the moving line. And we informed employees that if they felt uncomfortable during work, they could obtain rapid test at any time to ensure the safety of all staff.

Prioritizing Employee Benefits

COVID-19 is a global pandemic that has impacted various industries. Despite the potential impacts faced by Flytech, the company remains committed to prioritizing employee benefits. While many industries have implemented unpaid leave and layoffs, Flytech firmly stands by our decision to have no layoffs, no reduced working hours, no pay cuts and no unpaid leave. We have established comprehensive and flexible pandemic prevention care and vaccine leave mechanisms, allowing employees to balance their family and work without worries.

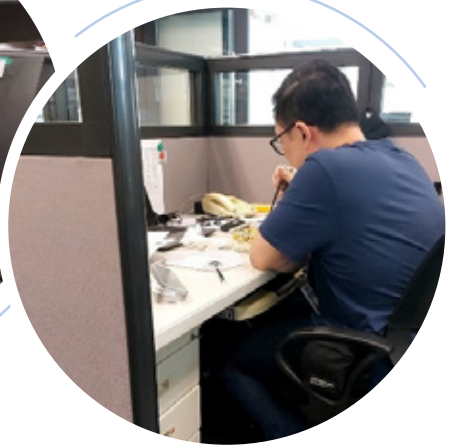
Visitor Registration ▶

Body Temperature Measurement ▶

Rapid Test ▶

Hand Washing ▶

Individual Seat Dining



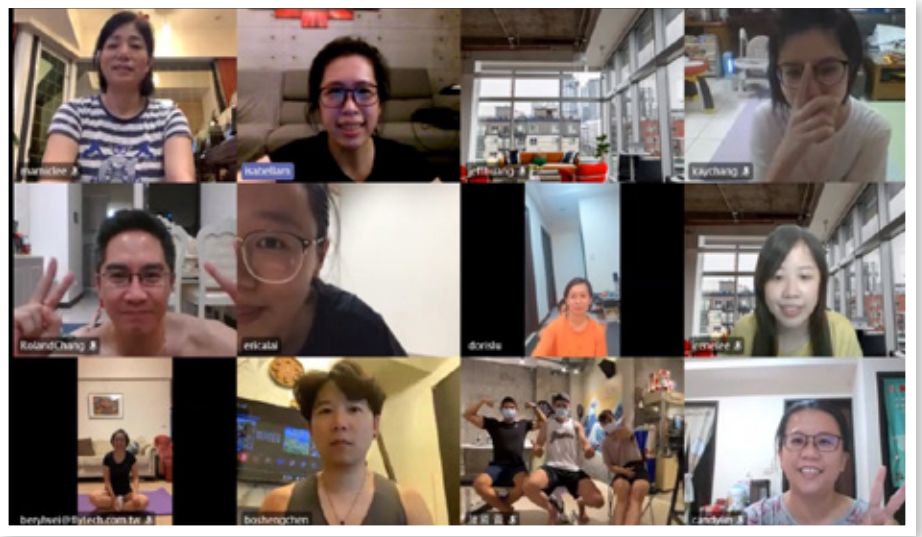
4-3-2 Pandemic Prevention Care

Vaccination Incentives and Free COVID-19 rapid test

In order to protect the health of employees and jointly maintain a safe working environment, and in response to the government's COVID-19 vaccination policy, Flytech provided employees with "vaccination incentives" to encourage all employees to complete the vaccination as soon as possible and improve the overall vaccine coverage within the company. In addition, Flytech provided comprehensive free COVID-19 rapid test to employees and visitors, so that all personnel entering the company could feel at ease. From 2021 to 2022, as of the issue date of the report, Flytech paid a total of NTD$5.29 million to purchase COVID-19 rapid test for all employees and visitors, and paid in total of NTD$720,000 as vaccination incentives.

Uninterrupted Learning, with no distance in health

During the work-from-home period, we specially invited professional fitness coaches to lead employees to exercise through online interaction. In addition to helping to refresh the mind and maintain posture, watching the partners on the other side of the screen sweating together, the dullness and anxiety were also swept away. We hoped that employees could maintain regular exercise habits while working remotely, building resilience to face the ongoing challenges brought by the pandemic.



Physical and Mental Health is Indispensable

Under the turbulence of the pandemic, which was sometimes severe and sometimes eased, it was inevitable that people would be panicked. Therefore, Flytech planned a series of soft lectures related to the theme of health promotion, hoping to adjust the mental and physical health of colleagues through life-oriented courses. For example, in the lecture on "Life with Masks under Pandemic", a professional psychological counselor was invited to share how to change the social and psychological life patterns. The counselor led employees to practice "stress reduction" and "mindfulness", though mantras and meditation to improve mental resilience. This approach fosters a rational and positive mindset for adapting to the ongoing battle against the virus. The lectures held in 2021 were as follows.

Date	Theme	Participant
2021/04/08	How to eat on a diet	35
2021/09/30	Mask life under pandemic	49
2021/12/16	Why cannot fall asleep	21

5

Customer Service and Supplier Management

Management Policy

The issues that customers and suppliers care about have always been the most important 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 needs of the market effectively. We continuously expand our certification in major management systems to offer trusted 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 certifications 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 healthmanagement, which safeguards the well-being of our employees. Additionally, in 2021, we successfully obtained the rigorous IATF 16949 certification for automotive industry quality management, specifically for the automotive field.

In terms of supplier management, Flytech has always supported local procuremen to promote local suppliers. In 2021, our domestic suppliers accounted for 89.42% of the procurement amount, and continued to meet the target of 85%. Flytech also actively requested that suppliers should follow government environmental regulations, provide reports on the restriction of hazardous substances to comply with international environmental laws and regulations, and include ISO 9001 and 14001 standards in the selection of new suppliers to establish a responsible supply chain belonging to Flytech, and work together with suppliers for environmental protection, human rights, and a safe working environment.

The aforementioned efforts demonstrate that Flytech is committed to building a sustainable value chain, which addresses the concerns of customers and suppliers. Furthermore, recognizing the global significance of climate change, we established a project in late 2021 to develop a greenhouse gas inventory management system. We aim to obtain external verification for ISO 14064-1 in 2022. This showcases Flytech’ s commitment as a corporate citizen, actively engaging in self-management and participation in tackling climate change.

Key Achievements and Management Policy

Management Strategies	2021 Goals	2022 Goals	2021 Achievements
Obtain and follow a variety of international quality system certifications to meet customer expectations and provide high-quality products.	1. Continue to implement ISO 9001 and ISO 13485 quality management system annually. 2. Obtained IATF 16949 Certification.	Continue to implement ISO 9001, ISO 13485, and IATF 16949 quality management systems every year.	1. No major deficiencies in ISO 9001 and ISO 13485 audits. 2. Obtained IATF 16949 certification.
Continue to research innovative technologies, and cooperate with customers to develop high value-added products for diverse domains, and deepen cooperation with customers to grow together.	1. Continue to develop new products of Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, and other customized systems. 2. Develop new Non-POS products 3. Develop new products of Non-hardware software services.	1. Continue to develop Touch POS, Hybrid POS, Mobile POS, Panel PC, Box PC, KIOSK, and other customized system new products. 2. The revenue ratio of Non-POS and Non-hardware software increased.	1. Developed new products such as P337N2, P457, P495D, P665, PC46, K959T, M285, K889, PC16, PC35, PC41, B6000, etc. 2. Completed the development of cloud monitoring UEM Inefi software.
Foster excellent local suppliers 1. Through supplier rating and performance tracking, ensure that suppliers comply with environmental regulations, do not use hazardous substances, do not use conflict mineral materials, and comply with international environmental laws and regulations. 2. Choose suppliers who manage excellent process and stability. 3. Include ISO 9001 and 14001 specifications when selecting new suppliers. 4. Conflict Minerals Investigation 5. Key suppliers comply with sustainable management.	1. Local suppliers account for 85%. 2. 100% of the suppliers submit quality approval. 3. Declare Flytech's environmental protection and sustainable business belief, and establish a green and sustainable supply chain together with suppliers.	1. Local suppliers account for 90%. 2. 100% of the suppliers submit quality approval. 3. 50% of the suppliers signed the Environmental Protection and Prohibited Substances and Carbon Reduction Commitment Statement. 4. 50% of suppliers signed the Corporate Social Responsibility and Ethical Corporate Commitment (RBA Responsible Business Alliance Code of Conduct). 5. 50% of suppliers sign/issue a policy statement on the non-use of conflict minerals. 6. 100% automotive suppliers comply with ISO 9001/14001 standards. 7. Guide suppliers to obtain ISO 9001 or 14001 or 45001 certification.	1. Local suppliers accounted for 89.42%. 2. 100% of the suppliers submit quality approval. 3. Flytech environmental protection's sustainable business belief has been declared to suppliers. 4. Publish the procurement policy of not using conflict minerals to suppliers.
Continuous monitoring and reduction of reverse repair rate	Repair rate AFR<0.9%	Repair rate AFR<0.9%	Repair rate AFR 0.55%
Monitor and implement MTBF enforcement	The MTBF of the whole machine has been tested for an average of >60,000 hours	MTBF ＞ 60,000 hours	MTBF ＞ 60,000 hours

5-1 Excellent Customer Service (Customization, Project Control, After-Sales Service)

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 Flytech's Success Elements

Meet 100% customized design and production needs of customers

1. Tailoring products that combine practicality and design, while offering high added value and market competitiveness for customers.
2. Providing modular products that are easy to assemble, disassemble and maintain, allowing customers to customize their solutions by choosing from a wide range of peripheral devices, achieving semi-customization at a lower cost.

Maintain Excellent Product Quality with Fast Delivery

All products are 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, Flytech delivers high-quality and highly reliable machines to customers within the shortest possible lead time.

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 the most immediate way. If customers have consulting needs in market, technical and application aspects, Flytech 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.

Institutionalized Privacy Policy

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] [Personal Data Protection Law Implementation Rules] 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.

Based on internal audits, no customer complaints or privacy breaches were reported in 2021.

5-1-2 After-Sales Service

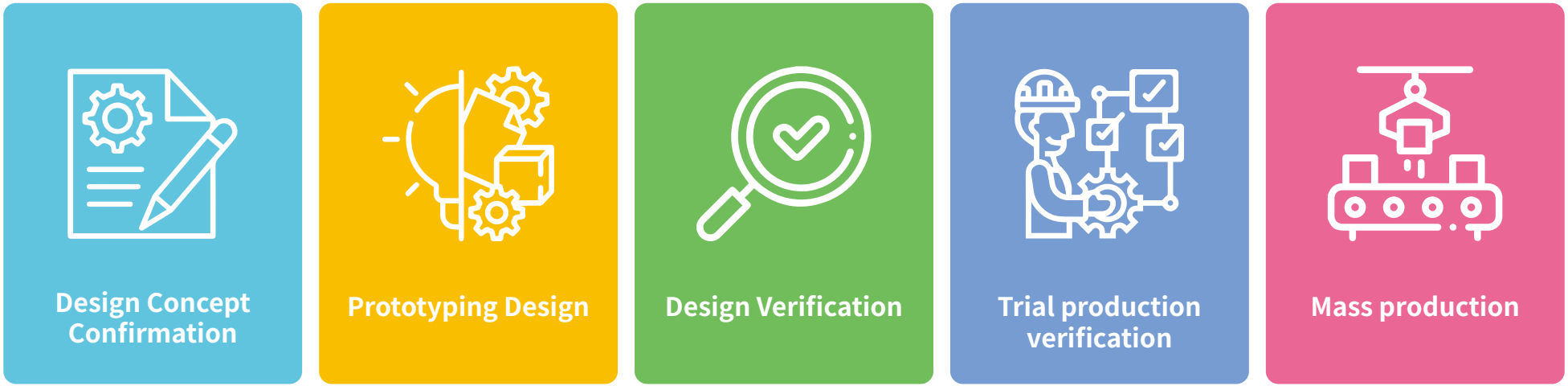
DOA & RMA Policy and Customer Complaint Handling

Flytech' s DOA and RMA policy ensures that products found to be defective or non-compliant due to reasons other than customer-induced factors within the warranty period will be eligible for return, repair, or replacement services. Additionally, Flytech offers paid extended warranty services for customers seeking extended coverage. In the event of a customer complaint, Flytech initiates a project team to analyze the issue, tracing the root cause by actively replicating and investigating the reported anomalies at the customer's location and 5M1E analysis. If necessary, on-site inspections and repairs are conducted to ensure the provision of optimal support and service to the customer.

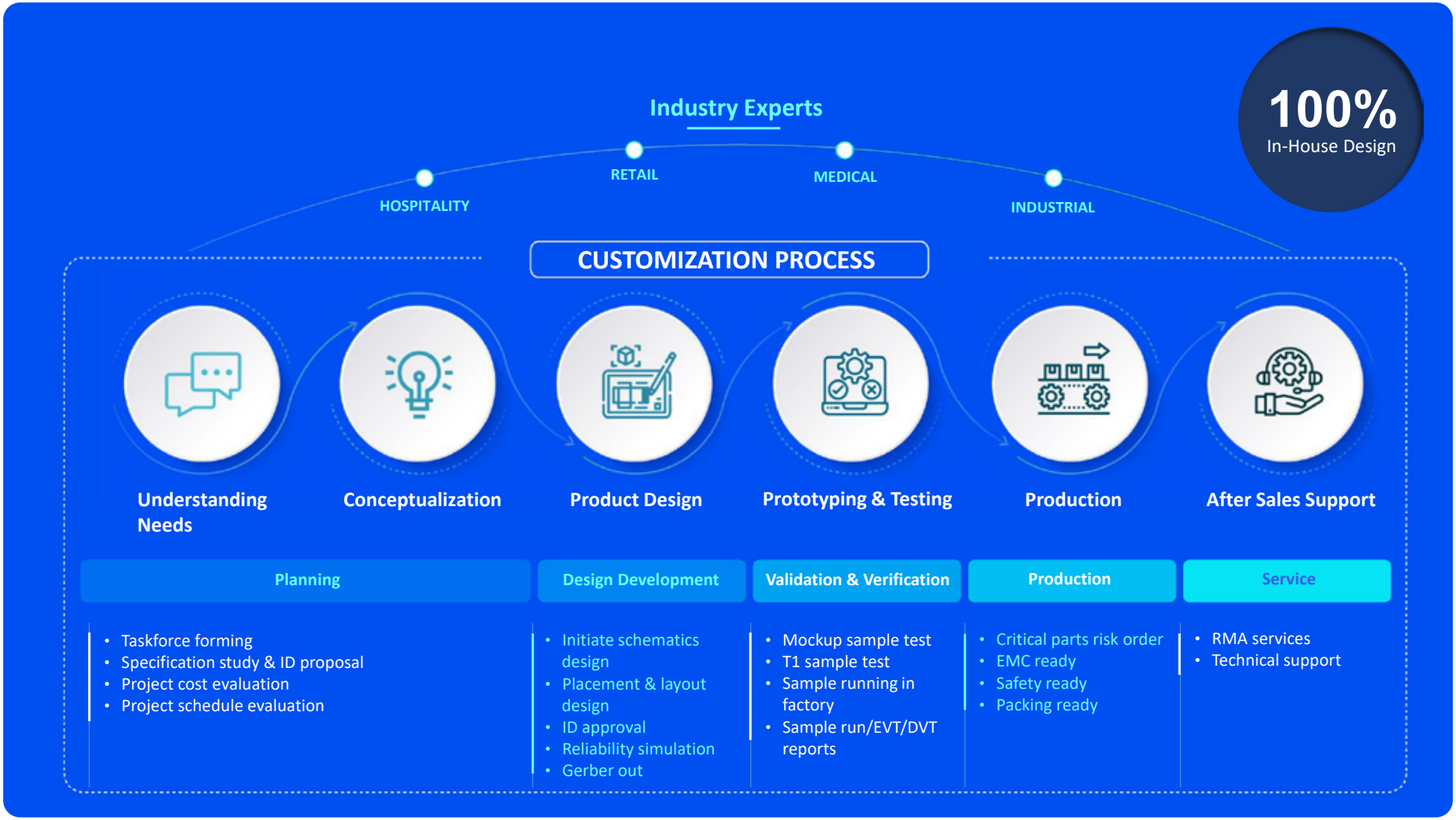
EOL Product Discontinuation and Material Spare Management

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 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.

5-1-3 Value-Added/Innovative Products - Implemented Design



Tailor to Your Needs



Flytech possesses 100% 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 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. The design-to-production process at Flytech is as follows：

Design Concept Confirmation

Before initiating the design process, Flytech takes a customer-centric approach by understanding their needs, anticipated application scenarios, and market competitiveness. Feasibility assessments are conducted to tailor the product specifications to the customer's requirements.

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

Flytech's Linkou factory features six 24-hour SMT lines and automated assembly lines, with a maximum annual production capacity of 660K 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 timeframe.

Manufacturing Capability

5-1-4 Introduction of New Technology

For the application and search of raw materials, Flytech's procurement and forward-looking technical team will regularly review the status of raw materials, market changes, and new technologies that will affect the industry, and regularly submit technical reports for management reference. In addition, Flytech Group also has a dedicated team responsible for searching and consolidating information, issuing newsletters that encompass the latest industry trends, technological advancements, and competitive dynamics, so that employees can keep up with the first-hand market news.

5-2 Commitment to Quality

After introducing the internationally certified 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 abnormalities, 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.

At the same time, Flytech started the operation of updating the ERP system to SAP in 2021. The implementation of SAP enables standardized order-to-production information integration and provides robust information traceability and process control mechanisms. This ensures consistent production and enables real-time information and feedback on scheduling, lead times, and management. These improvements address challenges such as supply chain disruptions, material shortages, labor shortages, and extended lead times that arose during the COVID-19 pandemic, allowing for better planning and arrangement of customer needs.

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 2009, we obtained ISO 9001 quality management system certification and ISO 13485 medical equipment quality management system certification. In 2021, we obtained the industry's more rigorous IATF 16949 automotive industry quality management system certification. 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.

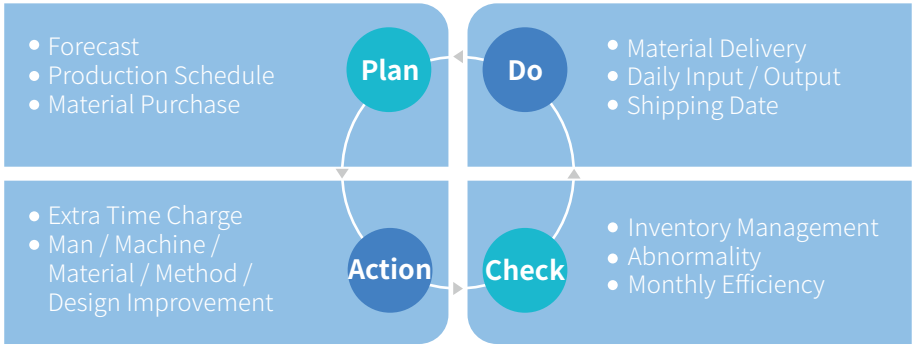
In 2021, our quality target was AFR repair rate ≦ 0.9% and MTBF over 60,000 hours. The actual repair rate in this year was 0.55%, which was far better than the quality target standard. MTBF of the whole machine was maintained at an average of over 60,000 hours. Overall, Flytech products were with a low return and repair rate and fewer product failures. We keep stable quality and uninterrupted strengthening requirements. Flytech's quality management system was described as follows：

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, in the first year of implementing the IATF 16949 automotive industry system audit in 2021, Flytech identified two major non-conformities, while the remaining issues were minor deficiencies or observations. All non-conformities were fully addressed within the specified time limit and confirmed to have no recurrence. These deficiencies will be given priority in the next year's audits.

Efficiency Review



International Quality System Certification 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 certification 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 certification, and introduced the vehicle system management model into Flytech. We continue to improve Flytech's quality management system with a more rigorous process structure.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FLYTECH TECHNOLOGY CO., LTD.
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ANNEXE AU CERTIFICAT – CERTIFICATE APPENDIX
FLYTECH TECHNOLOGY CO., LTD.


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FLYTECH TECHNOLOGY CO., LTD.
IATF 16949: 2016


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FLYTECH TECHNOLOGY CO., LTD.
ISO 9001 : 2015

5-2-3 Quality Control

In order to implement the ISO quality management system and prevent abnormal quality, 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. In addition, the Linkou factory has also established 5M1E (Man, Material, Machine, Method, Measure, Environment) related specifications in the manufacturing process to reduce the frequency of quality abnormalities. The following are Flytech's abnormal management and quality inspection methods:

Abnormality Handling

Flytech's ERP system has an automatic detection function. If it detects consecutive product abnormalities or the yield rate of the batch of work orders is below the set value, it will automatically send an email to notify the relevant departments. The Quality Assurance Department holds regular weekly quality meetings to track and develop related countermeasures based on the events recorded in the ERP system. In the case of the Linkou factory, there are regular departmental meetings three times a week to discuss production scheduling, material control, and short-term quality measures. When dealing with quality abnormalities, Flytech follows the PDCA management method, applying a rolling management approach to inventory management, delivery management, and quality management, aiming to achieve both on-time delivery and excellent product quality.

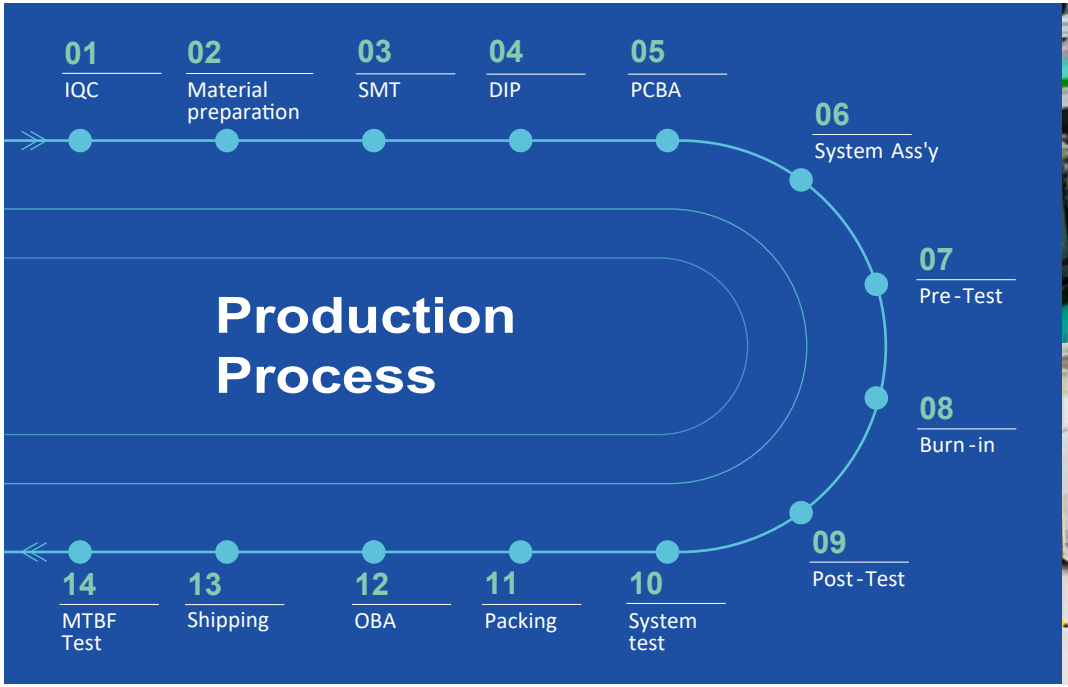
Incoming Material Inspection and First-In-First-Out (FIFO) Management

The inspection results from the Quality Assurance Department are uploaded to the ERP system, and the strictness or leniency of inspections is automatically adjusted based on the vendor's delivery quality and transaction frequency. Warehouse personnel also arrange the received materials in order, following the principle of First-In-First-Out (FIFO), 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, avoiding the need for re-inspection due to excessive material storage time.

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.

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. 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 abnormal quality, 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 safety and health management system certification. In terms of employee discipline, direct personnel must wear electrostatic rings and electrostatic shoes when entering the production line, use the electrostatic check-in desk to remove excess electricity, and configure and regularly inspect the ground wire at the workstation to avoid damage to electronic products. In terms of execution accuracy, the assembly work instructions of the Linkou factory have been fully formatted in the electronic way. There is a computer in front of each direct employee to display the SOP of the work order. And 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 abnormalities.

5-3 Supply Chain Management

Flytech obtained ISO 14001 environmental management system certification in 2001 and ISO 45001 occupational safety and healthmanagement system certification in 2020. We take responsibility for the environment and workers' safety. Flytech encourages suppliers to follow government environmental protection and occupational safety and healthrelated regulations. We regularly distributes supplier environmental safety and health questionnaires, advocates reducing environmental impact, properly disposing of waste, complying with laws and regulations, and improving various environmental and workplace safety goals through continuous improvement. Based on investigations, no abnormal findings were discovered in the suppliers' environmental and safety surveys in 2021.

Furthermore, Flytech is committed to establishing a green supply chain. When selecting new suppliers, ISO 9001 and ISO 14001 are included in the evaluation criteria. 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. Flytech also declares its environmental protection and sustainable business beliefs to suppliers. In 2021, no incidents of violation of Ethical Corporate or corruption were found. We expect that at least 50% of suppliers would sign the "Corporate Social Responsibility and Ethical Corporate and Ethical Corporate Commitment" (RBA i.e. Responsible Business Alliance Code of Conduct) in 2022. In the future, we will continue to guide suppliers to obtain international quality, environment, and occupational safety and healthsystem certification (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 Supplier Management

New Supplier Qualification Process

Flytech's qualification review method for product material suppliers is by 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 quality and environmental system certifications 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 criteria include compliance with ISO 9001 requirements such as IQC, IPQC, FQC, non-conforming product management, warehouse management, and procurement. When applicable, design and testing capabilities are also reviewed. In addition, we 100% use ISO14001 Environmental certification as one of the scoring criteria to new suppliers, and they can only be included in the List of Qualified Manufacturers with a combined score of more than 70 points according to the weight of each unit.

Supplier Performance

Flytech follows the ISO 9001 supplier rating and performance tracking procedure. Every quarter, an assessment is conducted for all qualified suppliers with transaction records. The evaluation includes weighted calculations for delivery quality, incidents of non-conforming products, customer complaints, and service satisfaction. Suppliers scoring below 70 undergo on-site guidance, and at the same time, Flytech initiates the search for alternative suppliers. Purchasing is temporarily suspended until a new supplier is found, and only resumes after the underperforming supplier completes the necessary improvements and undergoes a reevaluation. In addition to regular evaluations, the Quality Assurance Department conducts supervision and guidance for suppliers in response to cases of continuous non-conforming products during the weekly quality meetings.

5-3-2 Sustainable Supply Chain

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) and packaging. In 2021, the total purchase amount of Flytech reached NTD$2,859,382,000, and there were a total of 346 qualified suppliers with transaction performance. Flytech has always been committed to local procurement and supports local suppliers to create revenue and employment opportunities. This approach not only facilitates on-site audits of supplier quality and environmental practices but also allows for flexibility in design and delivery lead time adjustments. The percentage of product material procurement amounts in the past two years is presented in the table below, with the amount sourced from Taiwanese suppliers accounting for 89.42%, surpassing the target of 85% for local procurement in 2021.

Proportion of annual procurement amount	2020		2021	
	Taiwan	Foreign	Taiwan	Foreign
Mechanical material supplier	18.49%	0.53%	17.40%	0.55%
Electronic material supplier	17.48%	0.16%	21.66%	2.16%
Key components and other peripherals material supplier	53.93%	9.41%	50.36%	7.87%
Total	89.90%	10.10%	89.42%	10.58%

Supplier Environmental Code of Conduct Requirements

To ensure that our suppliers understand Flytech's commitment to environmental protection, we annually distribute environmental and occupational safety and healthsurveys to suppliers (including those with factories) who have a record of delivery. We require suppliers to comply with local environmental regulations and promote Flytech's environmental policies and concepts. In 2021, a total of 71 surveys were sent out and all were returned, with no significant abnormal issues requiring the termination of cooperation. Flytech also actively adheres to international environmental standards and requires suppliers to provide Restriction of Hazardous Substances Directive (RoHS 2.0) compliance reports in order to apply for component approvals and procurement. These efforts are part of Flytech's proactive actions to protect the environment and the Earth.

Since 2021, suppliers with a record of delivery have been required to sign and comply with documents outlining corporate social responsibility and environmental guidelines. The aim is to emphasize the importance of suppliers prioritizing and adhering to responsibilities related to "employee rights, environmental friendliness, workplace safety, and other social and environmental aspects." We also require suppliers to refrain from engaging in forced or compulsory labor. Based on the 2021 survey, Flytech did not identify any significant risks related to forced or compulsory labor among suppliers at high-risk locations.

At the same time, Flytech continues to pay attention to the issue of conflict minerals, and is committed to investigating the supply chain in detail, by requiring suppliers to sign a declaration of non-use of conflict minerals, and completing the "Conflict Minerals Questionnaire" and "Cobalt Questionnaire" provided by the Responsible Minerals Initiative to confirm that tin (Sn), tantalum (Ta), tungsten (W), gold (Au), cobalt (Co) metal materials used by suppliers are not the conflict ones from Democratic Republic of Congo and its neighboring countries controlled by armed groups, but it does not exclude the use of "non" conflict minerals from the above-mentioned regions to support responsible mining operations in the region.

Green operation

Management Policy

Flytech operates the business with the concept of co-existence and co-prosperity with the ecological environment, and implants the genes of green operation into daily operations.

In 2021, Flytech invested NTD$ 15 million to fully replace the air-conditioning system of the Neihu headquarters, which will greatly reduce the electricity consumption of the Neihu headquarters and reduce the annual carbon dioxide emission equivalent.

In 2022, we plan to adjust the temperature and operating hours of the chiller in the Linkou factory to achieve the goal of reducing electricity consumption and greenhouse gas emissions, which was expected to effectively reduce annual electricity consumption by about 2%. Flytech would continuously adopt various power-saving and energy-saving measures, aiming to effectively contribute to the increasingly severe climate change, and a 5% reduction in annual carbon dioxide emissions equivalent (CO_2e) compared to 2019.

Key Achievements and Management Policy

Management Strategy	2021 Goals	2022 Goals	2021 Achievement
Establish a Greenhouse Gas Management System and Greenhouse gas reduction. Introduce the ISO 14064-1 inventory management system, discuss reduction measures and set goals, properly manage greenhouse gases and improve energy efficiency. The board of directors serves as the highest governance body to supervise implementation.	1. Establish a Greenhouse Gas Project. 2. Define the board of directors as the highest governance body for climate change management. 3. Plan to independently check greenhouse gas emissions according to ISO 14064-1.	1. Introduce the ISO 14064-1 inventory system and obtain verification to properly manage greenhouse gases and improve energy efficiency. 2. The GHG inventory status is reported to the board of directors on a quarterly basis.	1. Set up a greenhouse gas project team and schedule the plan, with the participation of personnel from all relevant departments. 2. The "ESG Sustainability Committee" is subordinate to the board of directors and has the highest governance authority. 3. According to ISO 14064-1, start the inventory of Flytech's greenhouse gas emissions.
Establish a subsidiary's greenhouse gas management system.	NA	Discuss with all subsidiaries in the consolidated financial statements to identify the greenhouse gas that should be managed and how to manage.	NA
Greenhouse Gas Reduction – Saving Electricity 1. Replace the air-conditioning system of Neihu headquarters with air-conditioning models with high power saving and energy-saving effect, and adjust the temperature of the ice water main unit of the Linkou factory to reduce (Scope 2) emissions from electricity consumption. 2. The concept of saving electricity for all employees is internalized into the corporate culture. 3. Regularly review the latest regulations and assess their impact.	1. The electricity consumption of the new air-conditioning system decreased by 10% compared with the previous year. 2. The annual total electricity consumption of Neihu headquarters decreased. 3. The average annual power consumption of the Linkou factory decreased.	1. The annual total electricity consumption of Neihu headquarters decreased. 2. The average annual power consumption of the Linkou factory is reduced by 1%, and the output of greenhouse gases is reduced by 1% per year (average of machines).	The air-conditioning system of Neihu headquarter using environmentally friendly R410-a refrigerant has been fully updated and accepted in November. In 2021, Neihu air-conditioning will save a total of 10.92% of electricity consumption by other energy-saving measures, which is equivalent to 46 tons of CO_2e. However, the total greenhouse gas volume of Neihu headquarters and Linkou factory increased by 21.59% [Note]
Follow the international environmental management system certification	Continue to implement ISO 14001 Environmental Management System Certification annually.	Continue to implement ISO 14001 Environmental Management System Certification annually.	No major deficiencies in the ISO 14001 audit.

Management Strategy	2021 Goals	2022 Goals	2021 Achievement
Guide suppliers to establish ISO 14001 environmental management system.	Survey the proportion of automotive suppliers that have ISO 14001 environmental management system certification.	1. Continue to maintain 100% automotive suppliers to obtain ISO 14001 certification. 2. Guide suppliers to establish ISO 9001 or 14001 or 45001 certification, which is expected to reach 30% by 2025.	1. 100% automotive suppliers have obtained ISO 14001 certification. 2. 30% of suppliers have obtained ISO 9001 or 14001 or 45001 certification.
Waste and Water Management 1. Waste classification and recycling, waste output analysis, resource recycling and reuse, and take an inventory of water resources monthly. 2. The concept of water conservation and waste reduction for all employees is internalized into the corporate culture. 3. Regularly review the latest regulations and assess their impact.	1. The total weight of waste is reduced by 5% compared with the previous year 2. The per capita water consumption decreased by 1% compared with the previous year. 3. The amount of waste water discharged is 0. 4. Recycling rainwater and recycling resources.	1. The weight of domestic waste and business waste decreased by 3% compared with the previous year. 2. The per capita water consumption decreased by 1% compared with the previous year. 3. The amount of waste water discharged is 0. 4. Recycling rainwater and recycling resources.	1. The total weight of domestic waste and business waste decreased by 7.68% compared with the previous year. 2. The per capita water consumption decreased by 11.16% in the previous year. 3. Fixed use of rainwater recycling to irrigate plants. 4. Resource recycling accounts for 78% of the total waste. 5. Wastewater discharge 0.
Green Design 1. Adopt integrated design, extend product life with removable modules, reduce the frequency of replacement of the whole machine, simplify packaging, and reduce transportation volume. 2. Evaluate environmental ecological design and energy-saving benefits from the design stage, select recyclable and green materials, and introduce new products of energy-saving design and software services. 3. Implement REACH, RoHS. 4. Regularly review the latest regulations and assess their impact.	1. More than 70% of the product models are integrated designs. 2. Effectively increase the number of boxes in a single container. 3. Develop cloud monitoring UEM software, Inefi.	1. Introduce the evaluation of paper packaging materials, and pre-plan to replace EPE with a more environmentally friendly paper packaging material. 2. Design MB with better energy saving efficiency. 3. Promote cloud monitoring UEM Inefi software to increase the use of more customers.	1. More than 70% of the product models are integrated designs. 2. A single container can effectively increase the number of boxes by about 13~67% (depending on the model). 3. Completed the development of cloud monitoring UEM Inefi software.

Note：Starting from the second half of 2021, there was a significant increase in production volume due to the recovery of orders from European and American customers. As a result, the electricity consumption at our Linkou factory was higher than the previous year. Since Flytech relies heavily on purchased electricity for the greenhouse gas emissions (Scope 2), the total greenhouse gas emissions also increased. However, at our Neihu headquarters, effective measures such as the replacement of air conditioning systems and other energy-saving initiatives resulted in a significant 10.92% reduction in electricity consumption compared to the previous year, which is equivalent to a CO_2e emission reduction of nearly 46 metric tons.

6-1 Environmental Protection Policy

"Safety, Environmental Protection and Sustainability" are Flytech's policies for maintaining the environment, safety and health. In addition to establishing occupational safety and health management practices that comply with regulations, we integrated the ISO 14001 certification obtained in 2001 with the ISO 45001 certification obtained in 2020 to establish a comprehensive environmental, safety, and health management system.

Both our company and subsidiary, Box, are committed to fulfilling corporate social responsibilities, protecting the environment, and pursuing green operations. We pledge to comply with international standards and environmental regulations set by the government of our country. We promote green practices and implement environmental management by continuously improving and perfecting our environmental initiatives. 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.

From the research and development stage, Flytech has incorporated green design, the use of 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. Each year, we undergo internal audits following the ISO 14001 environmental management system and third-party audits by verification organizations. We identify significant environmental considerations through 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 the year 2021.

6-2 Raw Material

Currently, Flytech's main product line is industrial computer, with the primary product being Touch POS. Other products include Mobile POS, KIOSK, and Panel PC. Based on the characteristics of these products, the main materials used by Flytech include electronic components, mechanical parts, packaging materials, and cushioning foam for transportation. Calculated based on the average weight of raw materials used in each product, in 2021, electronic components accounted for approximately 20%, mechanical parts accounted for approximately 60%, packaging materials accounted for approximately 15%, and glass accounted for approximately 5% of the total product weight. As industrial computers are precision instruments, it is important to ensure both product quality and protection during transportation to prevent any unexpected damages due to impact. Therefore, while recycled materials are used for cardboard boxes and cartons, non-recyclable EPE is still used as the internal cushioning material to maintain good packaging strength.

Although the current use of recycled materials is limited to cardboard boxes and cartons in the packaging materials, the main body of Flytech's products consists of up to 98% recyclable and reusable materials. The related incoming material processes and waste management methods comply with international regulations, aiming to minimize the environmental impact of the products. In the future, Flytech plans to collaborate with suppliers to develop environmentally friendly packaging materials and fulfill our responsibility for the sustainable well-being of the planet.

6-3 Green Product

6-3-1 Green Design

In order to reduce the indirect impact on the environment, Flytech’ s design team will adopt the environmental and ecological design benefit evaluation form to select raw materials in the initial design concept to check whether the design of the new model achieves green design and environmental friendliness. The principles of the overall green design of the product include：the use of green certified 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 GPU to achieve a green design that saves energy and power.

In order to comply with the EU WEEE (Waste of Electronic and Electrical 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.

In addition to the green design of hardware, Flytech has also begun to develop non-hardware software service products. 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.

6-3-2 Examples of Green Design

Hardware Design

Flytech conducts evaluations and optimization designs for selected products every year, using an environmental and ecological benefit evaluation form for validation. More than 70% of Flytech's product models adopt integrated 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 main board or general module can be directly replaced to improve product performance and prolong product life. This approach promotes effective utilization, environmental friendliness, and avoids unnecessary waste. Flytech always considers practicality and convenience from the customer's perspective while prioritizing environmental protection to maximize the benefits and contributions of its products.

In addition to the above-mentioned integrated design models, in response to the trend of the times, we are committed to achieving the policy of streamlined packaging, reducing shipping weight and maximizing shipping volume, starting from mainstream models (such as K759 PB42 POS337N2...etc.) to carry out the reduction design of the buffer packaging material - to ensure that under the same transportation standard test (ISTA), the purpose of "minimizing the volume of the packaging material and maximizing the buffer design" can be achieved. In addition to ensuring that the product is fully protected, it also achieves environmental protection, waste reduction, and maximized transportation efficiency triple win situation. The effect of implementing reduced packaging has increased the filling volume of a full container by 13%~67% (depending on the aircraft type). In a year when transportation flights and cargo containers were tight in 2021, this has reduced a significant number of shipping trips and saved considerable costs.

In order to achieve the core vision of "Strive for excellence. Advance through innovation ", in terms of green design, Flytech always thinks about what can be done more as a citizen of the earth. The above-mentioned packaging optimization design has already reduced waste (packaging materials) and reduced carbon (transportation) to achieve significant benefits. However, the EPE un-environment-friendly 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 stacking space required after unpacking, paper packaging also simplifies the classification of waste and makes it easier to recycle or combust. Due to the characteristics of paper, it is not easy to maintain the same protection as EPE and pass reliability and transport tests under the same conditions. However, despite the conflict between environmental friendliness and cost, Flytech has made a resolute decision to invest a significant amount of money and resources to use paper packaging in the development of new models. Green design has never been a slogan; it is a top priority in Flytech's sustainable business thinking logic!

Software Services Inefi

In 2021, Flytech launched the subscription-based cloud monitoring UEM software service, Inefi. 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. This 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 emissions by greatly reducing the transportation of on-site technicians and machine repairs. The advantages of Inefi software are as follows. Through market expansion in operation, Flytech also provides substantial contributions in energy-saving and emissions reduction：

- Enhance remote management efficiency and endpoint device visibility
- Comprehensive monitoring capabilities to pre-detect problems and track all suspicious activities on endpoints
- Application auto-patching management and deployment
- Manage a wide variety of peripherals through a single console
- Support cross-platform integrated endpoint management (Windows, Linux, Android)

6-3-3 Waste Disposal

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

Classification	Type of Waste	Content Description	Treatment	Final Treatment
Domestic waste	Plastic bottle	bottles	outsourced recycling	recycling
	Iron and aluminum cans	drinking bottles		
	Waste paper	newspaper/magazine/ photocopying paper/ carton, etc.		
	Domestic waste	general garbage		incineration, burial
	Others	cartridge	photocopying company recycling	recycle
Business waste	General business waste	scrap plastic, scrap iron	outsourced recycling	metal refining and recycling
	Hazardous Industrial Waste	PCB waste, waste electronic parts, waste tin dross	Outsource to a specialist	

2. Statistics on the total weight of waste in the last two years:

Neihu headquarters		2020	2021
Domestic waste	general garbage	6.3 mt	6.3 mt

Linkou factory		2020	2021
Domestic waste	General garbage [Note]	41.74 mt	11.36 mt
	Recycle	121 mt	119.97 mt
Business waste	General business waste	1.9 mt	1.75 mt
	Industrial waste【Note】	—	18.17 mt
	Tin dross recycling	2.4 mt	2.48 mt
Total in Linkou Plant		167.04 mt	153.73 mt

Note: Starting from 2021, industrial waste and domestic waste were categorized separately, resulting in a combined reduction of 13.31 metric tons compared to the year 2020.

In 2021, the total weight of waste was reduced by 7.68% compared to that in 2020.

6-4 Energy and Greenhouse Gas

6-4-1 Energy Use

Electricity

1. Due to the easing of the COVID-19 pandemic in the second half of 2021 in the European and American regions, customer demand gradually increased, leading to a rebound in order volumes. This, in turn, impacted the working hours of personnel and the operational hours of machinery and equipment, resulting in increased air conditioning usage. As a result, Flytech experienced a higher electricity consumption in 2021 compared to the previous year.

2. Comparison of electricity consumption between Neihu headquarter and Linkou factory in the last two years:

Year	2020	2021	Annual increase (decrease) %
Annual electricity consumption in Neihu	842,237	750,276	(10.92 %)
Annual electricity consumption in Linkou	2,089,214	2,814,132	34.70 %
Annual total electricity consumption	2,931,451	3,564,408	21.59 %

3. Comparison of total electricity consumption in the last two years:

Year	2020	2021	Annual increase (decrease) %
Annual electricity consumption	2,931,451	3,564,408	21.59 %
Megajoules	10,553,223	12,831,869	
Turnover Production Electricity Consumption (MJ/turnover)	3.22	3.34	3.7 %
Power consumption per unit of output (million joules/unit)	53.6	59.11	10.28 %
Electricity consumption per capita (million joules) 【Note】	23,609	26,622	12.76 %

Note: Statistics on the number of people at the end of 2021 – Neihu: 194; Linkou: 288

Water Resources

Flytech's Neihu headquarters serves as the R&D, sales &marketing, and corporate center, and does not generate 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 actively promotes the conservation of water resources. In the Linkou factory, rainwater is collected and used for irrigation of surrounding plants. Furthermore, water usage is reduced by minimizing the flow from faucets and installing water-saving devices in both the Neihu headquarters and the Linkou factory. These efforts are aimed at continuously protecting environmental resources.

1. Neihu headquarters water consumption comparison in the last two years:

Year	2020	2021	Annual increase (decrease) %
Annual total water consumption	4,136	3,307	(20.04 %)
Water consumption per capita【Note】	21.5	17.05	(20.70 %)
Water use per capita (liters)	21,541	17,046	

Note: Statistics on the number of people at the end of the year in 2021 – Neihu: 194; Linkou: 288

2. Linkou factory water consumption comparison in the last two years:

Year	2020	2021	Annual increase (decrease) %
Annual total water consumption	7,450	7,792	4.59%
Water consumption per capita【Note】	29.21	27.06	(7.36%)
Water consumption per capita (liters)	29,215	27,056	

Note: Statistics on the number of people at the end of the year in 2021 – Neihu: 194; Linkou: 288

3. Comparison table of total water consumption in the last two years:

Year	2020	2021	Annual increase (decrease) %
Annual total water consumption	11,586	11,099	(4.20 %)
Water consumption per capita【Note】	25.9	23.0	(11.16 %)
Water consumption per capita (liters)	25,919	23,027	

Note: Statistics on the number of people at the end of 2021: Neihu: 194; Linkou: 288. The average water consumption in 2021 decreased compared to the previous year, which can be attributed to the easing of the pandemic situation and the significant effectiveness in daily personal hygiene and environmental recycling practices.

6-4-2 Greenhouse Gas Emission

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. In the second half of 2021, Flytech established a greenhouse gas inventory system in compliance with ISO 14064-1. 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) and diesel combustion and waste incineration from business travel and transportation (Scope 3). The table below showed the various types of greenhouse gases and their conversion formulas taken from the IPCC Fifth Assessment Report of the Environmental Protection Administration of the Executive Yuan.

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.

Source	CO_2	CH_4	N_2O	HFCs
Refrigerant discharge	---	---	---	Refrigerant charge 5.5% (normal air-conditioning) Refrigerant charge 9% (ice water host)
Burning diesel	2.6060000 kg CO_2/L	0.0001370 kg CH_4/L	0.0001370 kg N_2O /L	---
Burning general waste	0.7792000 kg CO_2/kg	0.0002550 kg CH_4/ kg	0.0000340 kg N_2O / kg	---

Source：Environmental Protection Administration, Executive Yuan, IPCC Fifth Assessment Report

Scope 1：Direct GHG emissions

The Scope 1 emissions investigated by Flytech are mainly HFCs fluorine-containing gas emissions from the air-conditioning refrigerants of the Neihu headquarters and Linkou factory.

Flytech Neihu headquarters mainly uses R410-A refrigerant with a total filling volume of 187.5 kg. According to the Greenhouse Gas Emission Factor Version 6.0.4 published by the Environmental Protection Administration, Executive Yuan, the refrigerant emission factor of general commercial air conditioners used in Neihu headquarters was the median value of 5.5. %, and it was calculated that the HCF emission of the refrigerant in the Neihu headquarters was about 10.3kg for one year. The Linkou Plant uses R134-A refrigerant for the two ice water hosts with totaling 940kg. According to the greenhouse gas emission factor published by the Environmental Protection Administration, the ice water host's refrigerant emission factor is 9%, and it was calculated that the Linkou factory’ s ice water host discharges refrigerant for one year was about 84.6 kg.

In terms of equipment investment, Flytech invested NTD$15 million in 2021 to update all air-conditioning equipment at Neihu headquarters, and replaced the R22 refrigerant with environmentally friendly R410-A refrigerant. The ozone layer destruction index (ODP) of the old R22 refrigerant is 0.055. The value of the refrigerant R410-A (ODP) is "0". In the system with the same cooling capacity and the same condensing temperature, the system energy efficiency ratio (COP) of R410-A refrigerant is 6% higher than that of R22, which means that in the same operating range under the same conditions, the compressor consumes less power and has a higher efficiency. Therefore, in 2021, the emission of Neihu headquarters dropped from 14.9kg to 10.3kg, and the carbon emission equivalent dropped from 27.0 CO_2e to 17.8 CO_2e; while the Linkou factory changed the average refrigerant emission factor from 8.5% to 9%, and corrected the total filling amount from 860 metric tons to 940 metric tons, the 2020 annual emissions were revised from 73.1 to 84.6 kg.

Comparison of emissions for the last two years (Scope 1)：

Year	Scope 1 Emissions	CO_2	CH_4	N_2O	HFCs
2020	Neihu headquarters	---	---	---	14.9 kg (R22)
	Linkou factory	---	---	---	84.6 kg (R134-A)
2021	Neihu headquarters	---	---	---	10.3 kg (R410-A)
	Linkou factory	---	---	---	84.6 kg (R134-A)

Scope 2：Indirect GHG emissions

Flytech's Scope 2 greenhouse gas emissions came from energy procurement and electricity consumption.

According to statistics, in 2020, the Neihu headquarters used 842,237 kWh of electricity, and the Linkou factory used 2,089,214 kWh of electricity. According to the 2020 announcement of the Bureau of Energy, the 2020 electricity coefficient was not yet announced, so they took the 2019 Bureau of Energy' s electricity carbon emission coefficient benchmark of 0.509 kg CO_2/kWh. In 2021, the Neihu headquarters consumed 750,276 kWh of electricity, and the Linkou factory consumed 2,814,132 kWh of electricity. Since the carbon emission coefficient of electricity was not yet generated in 2021, Bureau of Energy' s 2020 electricity carbon emission coefficient was 0.502 kg CO_2e/kWh. After calculation, it was known that the greenhouse gas emissions of Flytech Scope 2 were as follows (since the threshold of significance did not exceed 3%, the 2020 data did not need to be recalculated)：

Year	Scope 2 Emissions	CO_2	CH_4	N_2O	HFCs
2020	Neihu headquarters	428.7 mt	---	---	---
	Linkou Plant	1,063.4 mt	---	---	---
2021	Neihu headquarters	376.6 mt	---	---	---
	Linkou Plant	1,412.7 mt	---	---	---

Scope 3: Value Chain GHG emissions

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

1. Waste Disposal

In 2021, the Neihu headquarters outsourced 6.3 tons of domestic waste, and the Linkou factory processed 29.53 tons of waste (11.36 tons of domestic waste + 18.17 tons of industrial waste). According to the fixed source greenhouse gas emission coefficient published by the Environmental Protection Administration, the combustion emissions per kilogram of waste are 0.779200 kg CO_2; 0.000255 kg CH_4; 0.000034 kg N_2O. The conversion method in 2020 was the same, the Linkou factory processed a total of 41.7 tons of domestic waste (from 2021, industrial waste and domestic waste was classified separately). The greenhouse gas emissions of scope 3 in the last two years were as follows:

Year	Scope 3 emissions	CO_2	CH_4	N_2O	HFCs
2020	Neihu headquarters	4.9 mt	1.6 kg	0.2 kg	---
	Linkou plant	32.5 mt	10.6 kg	1.4 kg	---
2021	Neihu headquarters	4.9 mt	1.6 kg	0.2 kg	---
	Linkou Plant	8.9 mt	2.9 kg	0.39 kg	---

2. Traffic Vehicle Exhaust Emissions

Flytech provided a shuttle bus service between Taipei Main Station and Linkou factory every Monday to Friday (18KM for a single trip), and the system outsources a bus connected to Scania as a shuttle bus (according to Scania data, under the condition of average speed 80 km, each liter of diesel is with 3.8 kilometers mileage), and there were 22 pick-up and drop-off times a month. It was calculated that the Flytech shuttle bus consumed about 2.5 metric tons of diesel per year. According to the mobile source greenhouse gas emission factor version 6.0.4 published by the Environmental Protection Administration, each liter of diesel emits 2.606 kg CO_2; 0.000137 kg CH_4; 0.000137 kg N_2O. After calculation, it was known that the greenhouse gas emissions of Flytech Scope 1 were as follows (the actual application statistics, calculation methods and correlation coefficients in 2020 and 2021 remain unchanged):

Scope 3 emissions	CO_2	CH_4	N_2O
Neihu headquarters	---	---	---
Linkou factory	6.5 mt	0.34 kg	0.34 kg

CO_2 Emission Equivalent

Different greenhouse gases have different impacts on global warming, so when calculating the impact of greenhouse gases on the environment, there must be a unified standard. At present, the carbon footprint is calculated using carbon dioxide emission equivalent (CO_2e). This calculation model sets the impact of carbon dioxide on the environment as 1, and then estimates the impact of other greenhouse gases on the environment relative to the same unit of carbon dioxide. According to the IPCC 1995 information published by the US National Security Agency, the impact of one unit of CH_4 emissions on the environment is equivalent to 28-36 units of carbon emissions; the impact of one unit of N_2O on the environment is equivalent to 265-298 units of carbon emissions. Flytech calculates the carbon emissions of CH_4 and N_2O by taking the mean value, setting that one unit of CH_4 is equivalent to 32 units of carbon emissions; one unit of N_2O is equivalent to 281.5 units of carbon emissions; one unit of R410-A HFCs emissions is equivalent to 1,725 units of carbon emissions; one unit of R134-A HFCs emissions are approximately equal to 1,300 units of carbon emissions. After calculation, it was known that the CO_2e of Flytech was as follows:

Flytech total CO_2e \ Year	2020	2021	Annual increase (decrease) %
Scope 1	136.95 mt	127.74 mt	(6.73 %)
Scope 2	1,492.1 mt	1,789.3 mt	19.92 %
Scope 3	40.15 mt	20.71 mt (excluded industrial waste) 27.93 mt	(48.42 %) (30.44 %)
Total	1,669.2 mt	1,937.8 mt	16.09 %
Carbon emissions per unit of production	8.47 kg	8.92 kg	5.31 %

The average emission in 2021 increased compared with the previous year, because the pandemic in Europe and the United States slowed down in the second half of the year, and the customer orders and our production simultaneously increased, resulting in an increase in the average value. Therefore, the working hours and the running time of the main machine were prolonged. Flytech's main source of GHG was indirect electricity consumption in Scope 2, which led to an increase in GHG emissions.

6-5 Greenhouse Gas Emission Reduction Measures for Daily Operations

6-5-1 Electricity and Water Saving Plan

1. The air-conditioning system of Neihu headquarters was replaced in 2021 with a more environmentally friendly refrigerant, resulting in reduced carbon emissions and cost savings on electricity.
2. Optimal motor operation control for factory machinery is implemented to achieve the most efficient motor operation, thereby reducing power consumption, energy waste, and greenhouse gas emissions.
3. 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.
4. Ongoing energy-saving competitions are organized on each floor to reduce energy consumption and environmental pollution while encouraging employees to develop good energy usage habits and further promote energy conservation in their daily lives.
5. Energy-saving advocacy videos are continuously played on TV walls on each floor to promote various methods of energy conservation and raise awareness of the importance of saving energy.
6. Water faucet flow rates are reduced to conserve water.
7. Water-saving devices, such as faucet aerators, are installed to minimize water wastage.
8. Continued to discuss the use of various energy-saving equipment to save water and electricity, thereby reduce carbon emissions.
9. Continued to develop various environmentally friendly design products to reduce carbon emissions in the process of production, transportation.
10. Adjustments are made to the temperature and operating duration of the chillers at the Linkou factory to achieve potential energy-saving and carbon reduction benefits.

6-5-2 Energy Saving and Carbon Reduction in Daily Activities

1. Energy-saving glass is used 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).
2. Recycle rainwater in Linkou factory to water the trees near the plant area and reduce water waste by reducing the use of tap water.
3. Continue to replace lighting equipment with energy-saving LED lamps.
4. Actively promote online video conferencing to save personnel commuting time and reduce energy waste and greenhouse gas emissions associated with transportation.
5. 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.
6. Set the power saving mode of the business machine to reduce the power waste caused by idle and unused.
7. Document paper was recycled and reused to reduce the waste of paper resources.
8. Use electronic documents and forms and continued to promote the electronic functions of ERP forms to gradually reduce physical paper.
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.

6-6 Product-based GHG Emission Reduction Measures

In addition to daily operational measures to reduce greenhouse gas emissions, we have examined Flytech's value chain and explored core improvement strategies for energy efficiency and emissions reduction from a product standpoint. In terms of hardware, we use environmentally certified materials, modular and shared designs, and use recyclable and reusable product materials. The product itself consists of up to 98% recyclable and reusable materials. In the future, we will strive to optimize packaging design and develop environmentally friendly cushioning materials.

Besides incorporating environmentally sustainable concepts into hardware design, Flytech also addresses the software aspect. In 2021, we introduced the subscription-based cloud monitoring UEM software service, Inefi. This marks a new step for us in the SaaS service market, combining Flytech's hardware service advantages with the software development capabilities of our subsidiary, inefi. We provide global system integrator customers with the most comprehensive unified endpoint management platform and security features. Traditional operational equipment management is a cumbersome task. By subscribing to the Inefi software service, customers can centrally manage their devices in the cloud, solving pain points related to product maintenance and reducing the transportation involved in machine repairs. This significantly reduces the time customers need to personally visit the site for inspection and maintenance. In addition to saving considerable maintenance costs for customers and improving maintenance efficiency while reducing the complexity of problem diagnosis, it also minimizes greenhouse gas emissions resulting from customer-machine transportation.

In addition to green hardware design, environmentally sustainable supply chains and energy-efficient improvements in operational processes, Flytech's Inefi software service reduces carbon emissions from transportation of people and goods. It is an energy-saving design that originates from our core business. For Flytech, non-hardware products represent innovative applications. Our successful development of the UEM software service, Inefi, not only provides customers with a more convenient maintenance mode and advantages in compatibility with different peripheral equipment brands but also integrates hardware manufacturing, application domains and software management into a comprehensive solution. We expect to penetrate the enterprise IoT device management market, providing global customers with a vertically integrated software and hardware service platform to assist them in seizing diverse markets. As the subscription scale expands, it is anticipated to significantly reduce greenhouse gas emissions generated from transportation for customers, fulfilling Flytech's sustainability contribution from the core value of our products.

7

Social Engagement

In March 2015, Flytech established the Flytech Foundation, aiming to contribute to Taiwan's rural education and cultivate innovative talents through caring for the underprivileged, technology education and social services. The foundation organizes the following activities:

1. Co-organized "Flytech Charity Association" with Flytech, and held a charity day every two months to call on colleagues and family members to participate together. Each activity involved collaboration with different external organizations. We went deep into the corners of Taiwan society in need of help and looked forward to bringing more warmth to those in need.
2. Continued to offer the "Excellence and Diligence Scholarship" to assist outstanding and financially disadvantaged students in Taitung, and lead the scholarship winners to explore career development through the activity "Corporate Journey".
3. Organized the "Design For Taiwan" Design Thinking Workshop, which has now entered its 6th session. We recruited students from all colleges across Taiwan, regardless of their school, major, or grade. Through design thinking, we encourage participants to observe social issues in their daily lives and utilize cross-domain cooperation and brain storm creativity to jointly solve the problems discovered. Additionally, at the end of each semester, we host the "Design For Taiwan" social design exhibition and social innovation lectures.
4. Organized the "Flytech Career Camp" for 15 consecutive year. This camp is open to students from all schools and majors, and it takes place during the winter and summer vacations for a duration of seven days. Through lectures delivered by department managers at Flytech, students gain an understanding of the practical operations of the industrial computer industry, reducing the gap between theory and practice. Additionally, an alumni association is established to connect participants from each year, fostering a network of young talent for the new generation.

Starting from 2021, the COVID-19 situation in Taiwan has gradually worsened, affecting the planned charity activities, corporate journey and course events. These activities had to be postponed, canceled or modified. Some of the philanthropic events were transformed into online second-hand item auctions, utilizing digital means to convey the love and send necessary supplies to those in need, ensuring the continuity of love and support. In terms of innovative technology education, the Design for Taiwan exhibition, lectures, and certain workshops were conducted online via Gather Town. We invited Diane, the head of BMI Taiwan office, and Roland Wijnen, one of the authors of the new book "Business Model Shift" from the Netherlands headquarters, to host an online lecture, sharing insights on what businesses need to pay attention to during the current phase of business model transformation. Regarding the Flytech Career Camp, we protected the health of the participating students with the strictest protection standards.

Key Achievements and Management Policy

The 2021 activities, the number of participants, results, and the 2022 goals are as follows：

Management Strategy	Activities	2021 Goals	2022 Goals	2021 Achievement
The four major activities were carried out as scheduled, and the number of participants continued to grow, and cooperated with the "Flytech Charity Association" to implement corporate social responsibility for giving back. 1. Flytech Charity Day 2. Scholarship 3. Flytech Career Camp 4. Design For Taiwan workshop	Flytech Charity Day	A charity day was held every two months.	Continue to hold public welfare activities every two months, and designed a new type of public welfare day in response to the pandemic.	Affected by the pandemic, one public welfare activity was suspended, and a total of four activities were held, and some of them were changed to hold online second-hand item auctions.
	Excellence and Diligence Scholarships	60 scholarships were awarded, and business travels were provided.	Combine the two scholarships and added a new scholarship for the children of Flytech employees.	A total of 60 scholarship recipients were awarded.
	Flytech Career Camp	A total of 60 students participated in two Flytech Career Camps.	A total of 60 students participated in two Flytech Career Camps.	Affected by the pandemic, only one application was conducted, and a total of 28 students participated.
	Design For Taiwan workshop	Target cumulative number of participants • 530 people participated in the course • 35,000people participated in the exhibition • 105 cases proposals	The number of participants in the year reached • Course：85 people • Exhibition visitors：8,000 • Number of proposals：15 cases	• 482 people participated in the course (87 people which beyond expectation) • Exhibition visitors：38,000 people • Number of proposals：104 cases

2021 List of Activities

Activities	Month	Activities Contents	Company Participants	Number of People Assisted/Participated in Activities
Flytech Charity Day	3	Co-organized the beach cleanup of "Retrieving the Blue Ocean" with North Coast & Guanyinshan National Scenic Area Administration, Tourism Bureau	40 people	90 KG
	7	Second-hand goods online auction for public welfare	150 people	
	8.9	Second-hand goods online bidding for public welfare	150 people	
	11	Sanxia stream "Environmentally Friendly Tableware DIY" river cleanup activity	42 people	Clean up 67KG
Excellence and Diligence Scholarships	7	Scholarship for underprivileged and outstanding Students in Taitung High School (Vocational) School	6 people	60 people
Flytech Career Camp	8	Summer Flytech Career Camp (Seven- Day Camp)	15 people	28 people
	11	Flytech Alumni Association, Dinner Party and Networking Activities	6 people	25 people
Design For Taiwan Workshop	3.4.5.6.8. 9.10.11.12	"DFT Workshop" 8 workshops (online in May, 8, 9, 10, 11, and December) "DFT Online Seminar" in May	36 people	242 people (Including 50 the 5th second-stage trainees and 92 sixth trainees , and 100 online lecture trainees)
	9	"DFT Workshop" Online Social Design Exhibition and Lectures	30 people	3,215 people
	6	Social Innovation Proposal	15 people	50 people from the second-stage trainee in 5th session

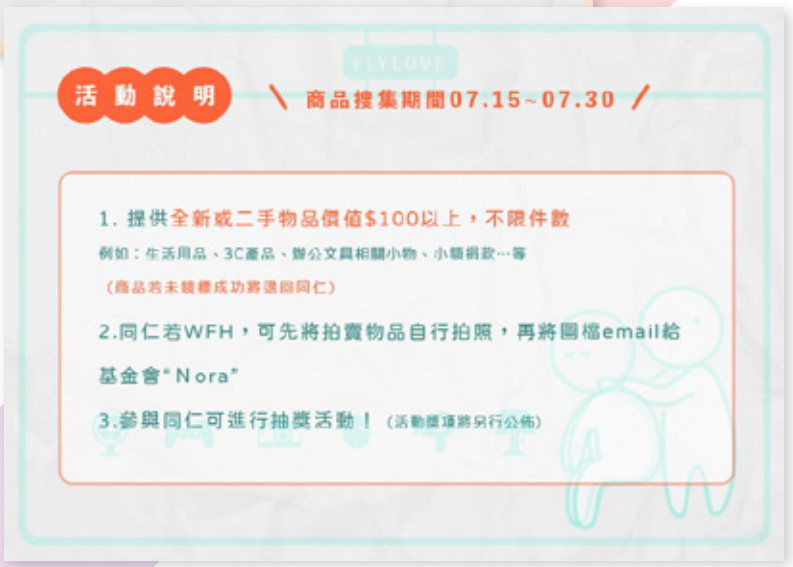
7-1 Flytech Charity Day

7-1-1 Retrieving the Blue Ocean - Beach Cleaning Activities

In March, Flytech Foundation collaborated with the North Coast & Guanyinshan National Scenic Area Administration, Tourism Bureau to lead Flytech employees and their families in a beach cleaning activity at the North Coast. On that day, a total of 90 kilograms of trash were collected.

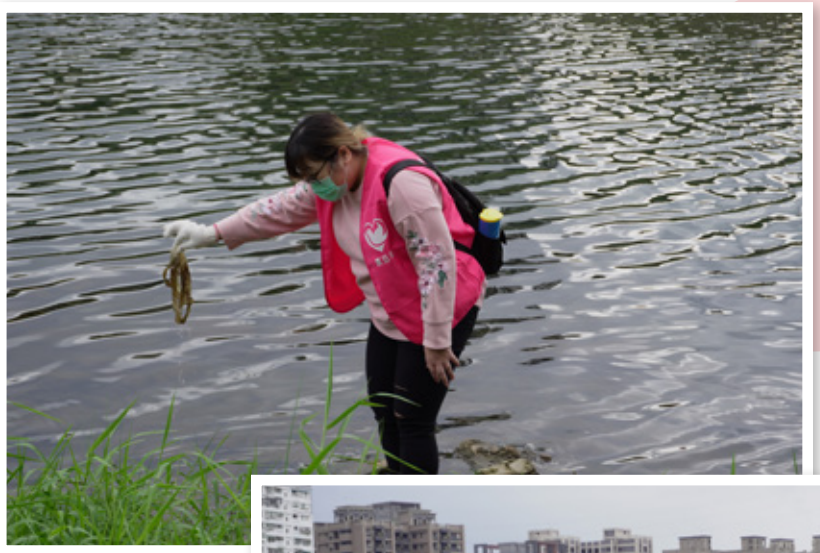
7-1-2 Second-Hand Goods Auction

The foundation called on all Flytech employees from July to September to donate their used household items such as daily necessities, stationery, beauty accessories, and electronic products. These items were auctioned off through online and on-site bidding, and all proceeds were donated for public welfare. A total of 300 individuals participated, and 200 items were up for bidding.



7-1-3 River Cleanup, Environmentally Friendly Tableware DIY-Sanxia Stream

In November 2021, we went to Sanxia Old Street to carry out the river clean-up activity and made personal environmentally friendly copper tableware under the leadership of the“CAN culture art and nature”and some young entrepreneurs who returned to their hometowns.



7-2 Excellence and Diligence Scholarships

After the establishment of Flytech Foundation, we have been assisting outstanding and financially disadvantaged high school and vocational school students in remote areas through providing scholarships twice a year. It aims to reduce the regret of being unable to pursue education or further studies due to economic difficulties in their families and encourages their upward spirit. According to the grades, autobiography, family financial situation, proof of poverty provided by the students, and whether it is a single parent or intergenerational upbringing… etc., and according to the standard assessment, the highest score will be admitted. We provide the Taitung County High School (vocational) excellence scholarships and diligence scholarship for each of 30 students, in total 60 students. The achievements over the years are as follows：

Year	Excellence Scholarship		Diligence Scholarship	
	Number of applicants	Number of winners	Number of applicants	Number of winners
2018 1st semester	21	15	24	15
2018 2nd semester	25	15	26	15
2019 1st semester	18	15	20	15
2019 2nd semester	19	15	20	15
2020 1st semester	15	15	20	15
2020 2nd semester	35	15	24	15
2021 1st semester【Note】	29	15	27	15
Total since 2015	303	197	291	193

2021 Annual Admission Ratio of Taitung High Schools

School	Percentage	School	Percentage
Taitung High School	9.67%	Cheng Kung Aquatic School	11.52%
Taitung Girls' High School	8.55%	Guanshan Vocation School	18.03%
Taitung College	18.96%	Yuren High School	4.46%
Taitung Commercial School	38.85%	Gongdong Industrial School	0.19%
Junyi School of Innovation	0.19%		

Note：In 2021, due to the severe COVID-19 pandemic, the originally scheduled business trip was cancelled, and the award ceremony was held in March 2022 by the foundation members to the schools in Taitung.

7-3 Design For Taiwan

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, disadvantaged 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" program which was suitable for the Taiwanese educational environment.

From 2016 to July 2021, "Design For Taiwan" has successfully completed five sessions of design thinking workshops. By the end of 2021, the program had invited 10 international speakers and 36 domestic lecturers, training a total of 482 university students. The first four sessions included four social design exhibitions, attracting over 30,000 visitors from the community, and 30 innovation lectures on various topics with over 3,000 attendees. Due to the pandemic, the fifth session's social design exhibition was held online, and eight online social innovation lectures were also organized, engaging more than 3,000 participants. The sixth session, which concluded at the end of 2021, featured eight online workshops, including the first-ever three-day consecutive online course. This session admitted 86 university students, forming 17 teams, and is about to enter the second phase of the program focused on social impact.

7-3-1 Innovative Design Thinking Education/User Research

Two important cores of design thinking are "people-oriented" and "cross-domain team collaboration". Human-centered design behavior is derived from solving needs or improving the current situation. It is different from the misconception that design is art in the past. It is a design method that takes the needs of users as its core value. From observing user behavior, discovering user needs, to testing user preferences, they all use people as the starting point to explore the relationship between products/services and people, the relationship between 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 doing 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.

Also because of the above two core principles, Design For Taiwan had no limitations on schools, departments and grades. In the 5th session, a total of 92 students were recruited to form 15 teams. There were 50 students from 9 groups successfully entering the second stage. The students came from different departments in 22 colleges and universities in Taiwan. The schools are located throughout Taiwan, as shown in the following chart.

2021 The distribution of schools in the second stage of the 5th Design For Taiwan

Schools	number	School	number	Schools	number	Schools	number	Schools	number
Taiwan University	12	Cheng Kung University	7	KaoTech University	3	Chung Hsing University	3	Asia University	3
Central University	2	Fun Jen university	2	Chung Cheng University	2	Taipei University	2	Taiwan Normal University	2
YunTech University	1	Taipei Tech University	1	Changhua University	1	Chung Yuan University	1	Chengchi University	1
Taipei University	1	Sun Yat-sen University	1	Shu-Te University	1	Chiao Tung University	1	Tamkang University	1
Shih Chien University	1	Soochow University	1	Total	50				

2021 The 5th Design For Taiwan entered the second stage of the list of departments and categories

Science and Technology	Business Administration	Design	Social Science	Communication	Others	Total
1	20	10	9	3	7	50

7-3-2 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 disadvantaged, 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 concern for the environment they grow up in. In the second phase of the fifth session, there were a total of nine groups focusing on social design topics such as environmental protection, environment, elderly care, education, and culture, as shown in the table below:

Groups	Team Names	Themes
1	Happy Reading	Educating/Developing Reading Habits for School Children
2	Here Comes the Fish	Education, Creation/Eating Fish Education
3	Go Eat Blind	Dine Out for the Disadvantaged/Visually Impaired
4	OHAIYA	Interpersonal Relationships in Vulnerable/ADHD Schoolchildren
5	Picssy	Culture, Creation/Taipei City Cultural Tourism
6	Green Brigade	Eco-friendly / Eco-friendly Accommodation
7	Tudigo	Education, Health/Children's Snack Control
8	Carve in Nature	Education, environment/encouraging children to close the nature
9	Flea Market	Environmental Protection/Cosmetics Recycling

7-3-3 Business Model/Entrepreneurship Incubation Coaching

The integration of "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 the process of innovative design, it is important to leverage social impact to ensure the sustainability and practical influence of innovations. The introduction of a business model is another key focus in the Design For Taiwan curriculum. In addition to continuing field research and iterative design in the second phase, teams are also required to plan their business models for their projects. In addition to placing users at the core of the design process, considering stakeholders is also crucial.

In March 2021, Design For Taiwan invited the Taiwan team of BMI Global Design Consultants to lead the teams in developing their business model plans, starting from value propositions and stakeholder identification. Through a two-day workshop, each team had the opportunity to review their progress. In May, Diane, the head of BMI Taiwan office, and Roland Wijnen, one of the authors of the book "Business Model Shift" from BMI's headquarters in the Netherlands, were invited for a live online discussion and sharing session. As time progressed, Design For Taiwan's original intention was to cultivate the innovative design thinking abilities of young Taiwanese students, and it also revealed the execution and creativity of Taiwanese students. Through five sessions of innovative journeys, several social startup teams have emerged.

In the "5th Design for Taiwan Good Good Social Design Online Exhibition" held in September 2021, the two groups that were still on-going projects were also invited to participate in the exhibition. At the same time, seven online lectures were also held, as shown in the table below:

Date	Theme	Unit/Speaker
5/6	Business model transformation is happening! Did you keep up? Shift happens! 6 ways to create new value for customers	Business Models Inc - Diane Shen / Roland Wijnen
9/3	Using technology to introduce the eldery food delivery - a new revolution in Taiwan's long-term care!	Silver Gate Co-Founder- Sun Shishan
9/3	See Taiwan's future agricultural and food technology and design	Yuanpei Farm Founder - Xu Youren
9/4	Drinking not only just water, but also a warm human touch - a new choice for environmental protection and plastic reduction, and sustainable development starts from the action of serving tea!	CircuPlus CEO、Tea Service Initiator - Huang Weicheng
9/4	Fight for Azure! MIT sea drift garbage vacuum cleaner "Azure Fighting Machine", get the sea color back	Azure Alliance Executive - Chen Siying
9/4	Convenience and environmental protection common good social innovation solutions, planting cattail for straw !	Wonder Greener Founder - Hong Chengxiao
9/5	On the way of medicine, we opened a new business - Miss Eco Delivery Corp.	Miss Eco Delivery Corp. Founder - Chen Yanting
9/5	In love with Pinglin, Pumpkin No. 3 creates a brand-new tea village style and sustainable economy.	Pumpkin No.3 President - Tsai Weide

From the first session, "Home Chat Room," which was established as a company after participating in Design For Taiwan, the company's revenue exceeded 20 million by the end of 2020. Despite some impact in 2021 due to the pandemic, the company maintained its previous year's performance. 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.

7-4 Flytech Career Camp

Flytech has been in the technology industry for 37 years. We have observed that when newcomers from the society first enter the workplace, they spend a lot of time understanding their job responsibilities and company operations, only to find that the actual work differs from their initial expectations. To address this industry-academia gap, Flytech Foundaiton organized the" Flytech Career Camp "every winter and summer vacation. The purpose of this program is to provide students with a deeper understanding of the industrial computer industry's business models and products, while facilitating cross-field and cross-professional exchanges among students. The Flytech Career Camp has held for more than 14 sessions, attracting more than 1,000 students from junior year and above to register, and has cultivated 452 students so far.

School Statistics:

Schools	Numbers	Schools	Numbers
Sun Yat-Sen University	5	Yang Ming University	2
Taiwan University	4	Taipei Tech University	1
Cheng Kung University	4	Tunghai University	1
Chengchi University	3	Taipei University	1
Central University	2	Taipei Normal University	1
Chung Hsing University	1	China Medical University	1
TaiwanTec University	1	Taipei Nursing and Health University	1
Total	28		

Major Statistics:

Majors	Numbers
Electrical, Machinery, Information related	7
Business Management, Finance, International Trade related	15
Medical Engineering, Drama, Other Departments related	6
Total	28

Flytech Career Camp is held annually during the winter and summer vacations. Due to the impact of the pandemic, the winter session was canceled in 2021, and an online training program was planned for the summer session. Each session attracts more than 30 students from different regions, with diverse fields of study, expertise, and backgrounds coming together for a week-long program. During this intensive career camp, students learn together and grow collectively. The objectives of the program are to provide outstanding students in Taiwan with an understanding of industrial operations and practices, promote cross-field and cross-professional interactions, and foster personal development. Participants engage in a series of training activities, and the programs are described as below：

7-4-1 Company Operation and Innovation Proposal

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. Business Operation Introduction With organization introduction, market & product analysis, business overview, R&D introduction, financial foundation, etc. Through presentations by senior executives and outstanding management trainees, we aim to share real-life examples and experiences from different departments, 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 the firsthand multiple stages involved in manufacturing a high-quality product. We emphasize 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 important 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 not only tests their observational skills but also stimulates diverse ideas through interactions with individuals from different backgrounds. Within their teams, students generate different perspectives, 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 students' participation in the camp goes beyond attending classes. On the first day of each session, we propose group report topics focusing on future trends. This allows students to integrate and apply their knowledge throughout the course duration. Moreover, the creative ideas generated by the students provide Flytech with unique inspiration, which we can then deliver our feedback. This creates a positive cycle of innovation.

Excerpts from Student’ s Experience

Wilson Cheng /
Sun Yat-Sen University, Business Administration

"Dare to try, and you will discover more options available to you."

In this 7-day camp, 26 students from different majors and places gathered together online. From getting to know Flytech, understanding the manufacturing process, and learning about the needs framework to brainstorming product ideas, you will gain a comprehensive understanding of a company. Everything was shared openly and transparently. "Be diligent in thinking and think outside the box" could best describe this camp. Here, everyone brought their unique professional background and thinking styles, collaborated with others, and explored more possibilities for the future. The opportunity to work with talents from different fields is precisely what I seek, and if given another chance, I would still choose Flytech. Lastly, for those who are reading this, whether you are interested in internal management and operations of a company or eager to leverage your expertise, this camp allows you to maximize what you have learned. It is truly invaluable! Don't miss the chance to add excitement to your vacation!

Jocelyn Chien /
Taupel University of Technology, Business Management

After a long wait during the summer break, the Flytech Career Camp finally kicked off online in mid-August! As the participants turned on their webcam and microphone, students from the 14th session began with exciting self-introductions. Each student had different background, so besides getting to know students from various schools and departments, it's also a great opportunity for cross-field learning! The seven-day camp offers a rich curriculum. From an overview of Flytech and its subsidiary Berry AI, industry development, to introductions of each department, the students gain a deeper understanding of the "actual job content and experiences of industrial computer and each department's positions."

The highlight was the live broadcast that virtually took us to the Linkou factory, providing a firsthand experience of the operation processes on the production line! Despite the challenges posed by the pandemic, Flytech's dedicated efforts in organizing the event broke through temporal and geographical constraints.

I highly recommend students who are interested in the technology industry to participate in the Star Camp. It is undoubtedly an essential event during their university/ graduate school journey!

Frank /
Cheng Kung University, Civil Engineering

Due to the impact of the pandemic, the Flytech Career Camp this year was held online. Although we couldn't have face-to-face interactions, we still had a fulfilling 7-day camp experience through video conferencing. It was indeed a unique experience! Interested in the business management field, I joined the Flytech Career Camp to learn practical knowledge in technology management, market analysis, and product development, aiming to step out of my comfort zone and broaden my horizons.

During these short 7 days, we had insightful presentations from senior executives in various departments. We gained practical understanding of product manufacturing techniques and processes through virtual factory tours. Through team collaboration and business proposals, we gained insights into the technology industry and learned about the attitudes and qualities required to become future leaders and managers.

If you're eager to understand how a technology company operates and desire to engage in cross-field exchanges with students from different fields, don't hesitate to fill out the registration form!

7-4-2 Network Management

It has been 7 years since the start of the Flytech Career Camp. Over 450 participants shining brightly like stars, just as expected by Flytech. We have not forgotten the scattered stars from different places. During each session, all participants join a Facebook group, which is now managed by past alumni. Students showcase their talents in managing the group, organizing creative activities, and sharing their experiences to support their junior peers. The presence of the alumni extends the spirit of learning and growth beyond the 7-day camp. Here is a summary of activities from the past three years:

Time	Activity Name	Activity Content
2018.06	Flytech Alumni Association	Computex visit
2018.12	Flytech Alumni Pili Pala	Co-cooking activity - hand-made pizza
2019.07	"Kiang" Let's get up, Flytech people	Dinner party
2019.12	Flying Ship says	Yacht party
2020.07	Get ahead	Co-cooking party
2020.11	Flying farmers in the sky	Farm Barbecue, Fun Gathering
2021.11	Blind test fried G party	Fried chicken party

Through the aforementioned activities, with the voluntary commitment of the students, Flytech ensures that every student has a smooth channel to stay connected with us, fostering stronger bonds. We hope that the connections formed will continue to grow, and we aspire that all the "Shining Stars" being lights-out no matter where they are.

Appendix - Index

The structure of this report follows the Global Reporting Initiative's (GRI) "GRI Sustainability Reporting Standards (2016)" (GRI Standards), GRI 303 (2018), GRI 403 (2018), and GRI 207(2019). We also referenced the SASB Electrical Electronic Equipment Standard (2018) and Hardware Standard (2018).

GRI Standards indicators

General Disclosure (Non-core)

Disclosure Number	Index Name	Related Chapters	Page	Remark
102-1	Name of the organization	1-1 Company profile	09	
102-2	Activities, brands, products, and services	1-1 Company profile 1-3 Products and services provided	09 13	
102-3	Location of headquarters	1-1 Company profile	09	
102-4	Location of operations	1-2 Operational overview and performance	10	
102-5	Ownership and legal form	1-1 Company profile	09	
102-6	Markets served	1-2 Operational overview and performance 1-3 Products and services provided	10 13	
102-7	Scale of the organization	1-2 Operational overview and performance 4-1 Talent management	10 47	
102-8	Information on employees and other workers	4-1 Talent management	47	
102-9	Supply chain	5 Customer Service and Supplier Management - Key Achievements and Management Policy 5-3 Supply chain management	66 76	
102-10	Significant changes to the organization and its supply chain	No significant change		
102-11	Precautionary Principle or approach	3-2 Risk management	36	
102-12	External initiatives	1-1 Company profile	09	
102-13	Membership of associations	1-1 Company profile	09	
102-14	Statement from senior decision-maker	Letter from the Chairman	02	
102-16	principles, standards, and norms of behavior	3-1 Corporate governance	29	
102-17	Mechanisms for advice and concerns about ethics	3-1 Corporate governance	29	
102-18	Governance structure	3-1 Corporate governance	29	
102-35	35 Remuneration policies	4-1 Talent management	47	

Disclosure Number	Index Name	Related Chapters	Page	Remark
102-36	Process for determining remuneration	4-1 Talent management	47	
102-40	List of stakeholder groups	2-1 Stakeholder identification and engagement	17	
102-41	Collective bargaining agreements	No union		
102-42	Identifying and selecting stakeholders	2-1 Stakeholder identification and engagement 2-2 Assement procedure of material issues	17 17	
102-43	Approach to stakeholder engagement	2-1 Stakeholder identification and engagement	17	
102-44	Key topics and concerns raised	2-2 Assement procedure of material issues 2-5 Material issues management policy and evalutaion	17 22	
102-45	Entities included in the consolidated financial statements	About the ESG report 2-3 Material issues boundaries	01 20	
102-46	Defining report content and topic boundaries	Reporting Period and Scope 2-3 Material issues boundaries	01 20	
102-47	List of material topics	2-3 Material issues boundaries 2-4 Material issues and value chains 2-5 Material issues management policy and evalutaion	20 21 22	
102-48	Restatements of information	No significant change		
102-49	Changes in reporting	No significant change		
102-50	Reporting period	2-2 Assement procedure of material issues 2-3 Material issues boundaries 2-4 Material issues and value chains 2-5 Material issues management policy and evalutaion	17 20 21 22	2021 Meterial issues are fine-tuned after being evaluated by the ESG Sustainability Committee
102-51	Date of most recent report	Report release date	01	
102-52	Reporting cycle	Reporting Period and Scope	01	
102-53	Contact point for questions regarding the report	Contact Information	01	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Criteria	01	
102-55	GRI content index	Appendix Index- GRI Standards indicators	103	
102-56	External assurance	No external assurance/assurance		

Disclosure Number	Index Name	Related Chapters	Page	Remark
103-1	Explanation of the material topic and its Boundary	2-2 Assement procedure of material issues 2-3 Material issue boundaries 2-4 Material issues and value chains 2-5 Material issues management policy and evalutaion	17 20 21 22	
103-2 103-3	The management policy and its components Evaluation of the management policy	2-5 Material issues management policy and evalutaion 4 Employee Relations - Key Achievements and Management Policy 5 Customer Service and Supplier Management - Key Achievements and Management Policy 6 Green Operation - Key Achievements and Management Policy 7 Social Engagement - Key Achievements and Management Policy	22 45 66 79 92	

Specific Standard Disclosure: Economic

Disclosure Number	Index Name	Related Chapters	Page	Remark
201-1	Direct economic value generated and distributed	1-2 Operational overview and performance	10	
201-2	Financial implications and other risks and opportunities due to climate change	3-2 Risk management	36	
201-3	Defined benefit plan obligations and other retirement plans	4-1 Talent management	47	
202-2	Proportion of senior management hired from the local community	4-1 Talent management	47	
204-1	Proportion of spending on local suppliers	5-3 Supply chain management	76	
205-2	Communication and training about anti-corruption policies and procedures	Sustainable Development Goals , SDGs 3-1 corporate governance 5 Customer Service and Supplier Management - Key Achievements and Management Policy 5-3 Supply chain management	08 29 66 76	No cases of corrupt practices or integrity violations were found within our company and suppliers in 2021.
205-3	Confirmed incidents of corruption and actions taken	3-1 Corporate governance 5-3 Supply chain management	29 76	Ditto
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3-1 Corporate governance	29	2021 No anti-competitive, anti-trust and monopoly conduct occurred
207	Tax	3-3 Tax policy	44	

Specific Standard Disclosure: Environmental

Disclosure Number	Index Name	Related Chapters	Page	Remark
301-1	Materials used by weight or volume	6-2 Raw material	81	
302-1	Energy consumption within the organization	6-4 Energy and greenhouse gases	83	
302-3	Energy intensity	6-4 Energy and greenhouse gases	83	
302-4	Reduction of energy consumption	6 Green Operation - Key Achievements and Management Policy 6-5 Specific measures to reduce greenhouse gas emissions	79 88	
302-5	Reductions in energy requirements of products and services	6 Green Operation - Key Achievements and Management Policy 6-3 Green product 6-6 Product-based greenhouse gases emission reduction measures	79 81 90	
305-1	Direct (Scope 1) GHG emissions	6 Green Operation - Key Achievements and Management Policy 6-4 Energy and greenhouse gases	79 83	
305-2	Energy indirect (Scope 2) GHG emissions	6 Green Operation - Key Achievements and Management Policy 6-4 Energy and greenhouse gases	79 83	
305-3	Other indirect (Scope 3) GHG emissions	6 Green Operation - Key Achievements and Management Policy 6-4 energy and greenhouse gases	79 83	
305-4	GHG emissions intensity	6 Green Operation - Key Achievements and Management Policy 6-4 Energy and greenhouse gases	79 83	
305-5	Reduction of GHG emissions	6 Green Operation - Key Achievements and Management Policy 6-3 Green product 6-4 Energy and greenhouse gases 6-5 Greenhouse gas emission reduction Measures for Daily Operations 6-6 Product-based greenhouse gases emission reduction measures	79 81 83 88 90	
306-2	Waste by type and disposal method	6 Green Operation - Key Achievements and Management Policy 6-3 Green product	79 81	
307-1	Non-compliance with environmental laws and regulations	5-3 Supply chain management 6-1 Environmental protection policy	76 81	
308-1	Supplier Environmental Assessment	5-3 Supply chain management 6 Green Operation - Key Achievements and Management Policy	76 79	

Specific Standard Disclosure: Social

Disclosure Number	Index Name	Related Chapters	Page	Remark
401-1	New employee hires and employee turnover	4-1 Talent management	47	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-1 Talent management	47	
402-1	Minimum notice periods regarding operational changes	4-1 Talent management	47	
403-1	Occupational safety and healthmanagement system	4-2 Friendly workplace	58	
403-2	Hazard identification, risk assessment, and incident investigation	4-2 Friendly workplace	58	
403-3	Occupational health services	4-2 Friendly workplace	58	
403-4	Worker participation, consultation, and communication on occupational health and safety	4-2 Friendly workplace	58	
403-5	Worker training on occupational health and safety	4-2 Friendly workplace	58	
403-6	Promotion of worker health	4-2 Friendly workplace	58	
403-7	Prevention and mitigation of occupational safety and healthimpacts directly linked by business relationships	4-2 Friendly workplace	58	
403-8	Worker covered by an occupational safety and healthmanagement system	4-2 Friendly workplace	58	
403-9	Work-related injuries	4-2 Friendly workplace	58	2021 No occupational injury or occupational disease occurred in employees
403-10	Work-related ill health	4-2 Friendly workplace	58	Ditto
404-1	Average hours of training per year per employee	4-1 Talent management	47	
404-2	Programs for upgrading employee skills and transition assistance programs	4-1 Talent management	47	
405-1	Diversity of governance bodies and employees	4-1 Talent management	47	
406-1	Incidents of discrimination and corrective actions taken	4-1 Talent management	47	
408-1	Operations and suppliers at significant risk for incidents of child labor	4-1 Talent management	47	

Disclosure Number	Index Name	Related Chapters	Page	Remark
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4-1 Talent management 5-3 Supply chain management	47 76	No incidents of discrimination, no employment of child labor, no significant risk of forced or compulsory labor incidents in operating locations and suppliers in 2021.
412-2	Employee training on human rights policies or procedures	4 Employee Relations - Key Achievements and Management Policy 4-1 Talent management	46 47	Ditto
416-2	Incidents of non-compliance concerning the health and service categories	5-1 Excellent customer service	68	No violations of safety and health regulations related to products and services in 2021
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5-1 Excellent customer service	68	No violation of customer privacy or loss of customer information in 2021
419-1	Non-compliance with laws and regulations in the social and economic area	3-1 Corporate governance	29	No violation of laws and regulations in the social and economic fields 2021.

SASB Standards

Sustainability Disclosure Topics & Accounting Matrics

Code	Accounting Metrics	Related Chapters	Page	Remark
Product Security				
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	5-1 Excellent customer service	68	
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	47	
Product Lifecycle Management				
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	6-3 Green product	81	All Flytech products comply with RoHS/REACH requirements, 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 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.4	Weight of end-of-life products and e-waste recovered, percentage recycled	6-2 Raw material 6-3 Green product	81 81	All Flytech models will be sent to new models for WEEE test analysis during the C4 trial production stage. According to the statistics of mass-produced models in 2021, more than 98% of the materials are recyclable and reusable materials.
Supply Chain Management				
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		There is no mandatory requirement for this verification for the industry type of Flytech products, nor does the customer have such a requirement. If there is a project requirement in the future, it will be implemented.
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		There is no mandatory requirement for this verification for the industry type of Flytech products, nor does the customer have such a requirement. If there is a project requirement in the future, it will be implemented.
Materials Sourcing				
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	5 Customer Service and Supplier Management - Key Achievements and Management Policy 5-3 Supply chain management	67 76	