

# 2020

# Flexium

## Sustainability Report



**FLEX***ium*

# CONTENTS



- 1** Introduction
- 2** Letter from the Chairman
- 3** About Flexium
  - Company Profile
  - Vision, Policy, and Business Philosophy
  - Flexium and its Affiliates
- 8** Awards and Sustainable Performance
  - Sustainable Performance
- 11** Participation in Industry Associations



- 48** Environmental Sustainability
- 50** 4.1 Developing Climate Resilience
  - 4.1.1 Integrating the TCFD Framework
  - 4.1.2 Greenhouse Gas Management
  - 4.1.3 Energy Use
- 55** 4.2 Materials and Resources Management
  - 4.2.1 Raw Materials
  - 4.2.2 Water Resources
  - 4.2.3 Recycling and Packaging Materials
- 59** 4.3 Green Manufacturing
  - 4.3.1 Hazardous Substances
  - 4.3.2 Eco-friendly Plants
  - 4.3.3 Ecological Efficiency
- 61** 4.4 Pollution Management
  - 4.4.1 Exhaust
  - 4.4.2 Effluents
  - 4.4.3 Wastes



- 12** Sustainable Commitment and Management
- 13** 1.1 Materiality Analysis
- 19** 1.2 Engagement with Stakeholders
- 20** 1.3 CSR Performance
  - 1.3.1 CSR Organization
  - 1.3.2 CSR Milestones
  - 1.3.3 Response to United Nations Sustainable Development Goals (SDGs)



- 65** Employees First
- 66** 5.1 Talent Attraction and Retention
  - 5.1.1 Workforce Composition
  - 5.1.2 Workforce Diversity
  - 5.1.3 New Employee Hires and Employee Turnover
- 69** 5.2 Talent Development
  - 5.2.1 Career Development and Planning
  - 5.2.2 Promotion and Compensation
  - 5.2.3 Retirement and Benefits
- 77** 5.3 Human Rights
  - 5.3.1 Labor-Management Communication
  - 5.3.2 Employee Care
- 80** 5.4 Healthy Workplace
  - 5.4.1 Health Management
  - 5.4.2 Health Promotion
  - 5.4.3 Pandemic Prevention Measures in Response to the Threat of COVID-19
- 85** 5.5 Occupational Safety and Health
  - 5.5.1 Occupational Safety and Health Committee
  - 5.5.2 Occupational Injury Prevention
  - 5.5.3 Occupational Safety and Health Management and Future Prospects



- 24** Solid Business Operation
- 25** 2.1 Corporate Governance
- 26** 2.2 Ethical Management
- 26** 2.3 Regulatory Compliance
- 30** 2.4 Risk Management
- 32** 2.5 Business Performance



- 34** Industrial Services
- 35** 3.1 Industrial Value Chain
- 36** 3.2 Customer Relationship Management
  - 3.2.1 Customer Services
  - 3.2.2 Customer Satisfaction Survey
- 39** 3.3 Research and Innovation
  - 3.3.1 Innovation Management
  - 3.3.2 Investment in Innovation
  - 3.3.3 Product Quality
- 44** 3.4 Sustainable Supply Chain
  - 3.4.1 Overview of Supply Chain
  - 3.4.2 Supplier's Code of Conduct
  - 3.4.3 Supplier Selection, Auditing, and Consulting
  - 3.4.4 Local Procurement
  - 3.4.5 Responsible Mineral Procurement Management
  - 3.4.6 Green Procurement



- 90** Social Involvement
- 91** 6.1 Community Engagement
  - 6.1.1 Enhancing Local Disaster Rescue Capacity
  - 6.1.2 Enhancing Community Safety
- 93** 6.2 Community Care
  - 6.2.1 Volunteer Association of Flexium
  - 6.2.2 Kunshan Volunteer Activity



- 96** Appendix
- 96** Principles of Reporting
- 97** GRI Standards Index
- 101** Assurance Statement



# Introduction



## Letter from the Chairman

The 2020 Covid-19 pandemic was one of the most severe global public health crises in human history, and has drastically changed the way businesses run and manage their operations. Such changes include the strategic locations of our global production bases, supply chain management, occupational health and safety management, business continuity planning, remote work, and information security management. Until the pandemic is brought under complete control, countries and regions around the world will continue to be vigilant in managing their borders. This situation hinders trade and impacts the global economy. However, companies that are able to respond appropriately to these challenges seem to have increased their competitiveness due to their resilience in the face of a radically altered business environment. This can be likened to businesses that promote CSR. When promoting CSR, in addition to identifying issues, businesses must be able to determine key factors affecting the sustainable development of the company and take measures to prevent or mitigate them in advance. Such efforts are similar to engaging in pandemic prevention and response management in that businesses must change the way they view and think about the world.

This is Flexium's fifth Sustainability Report (formerly known as the CSR Report). It exemplifies our efforts to plan in advance to ensure the company's sustainable development. In Aug. 2020, the Financial Supervisory Commission officially announced the launch of the Corporate Governance 3.0 - Sustainable Development Roadmap, which promotes the strengthening of corporate governance in Taiwanese enterprises and the sustainable development of their environmental, social, and governance (ESG) systems. Additionally, the commission now requires listed companies with a paid-in capital of NT\$2 billion to prepare and report their sustainable ESG endeavors for the previous year on an annual basis starting in 2023. In 2017, we voluntarily published our first Sustainability Report (the original CSR Report), making us the first flexible printed circuit module company in Taiwan to do so. I would like to thank all of our employees for their contributions, and our board of directors for showing their support as we promote CSR to ensure our sustainable development.

This Sustainability Report was prepared in compliance with the GRI and AA 1000 SES standards. We have identified 23 sustainability issues of relevance to Flexium, 16 of which are material topics. The material topics include innovation management, product quality, corporate governance, water management, and occupational safety and health; and our specific actions with regard to these topics are fully disclosed in this report, so that our stakeholders can see what we do and to offer their feedback, thus enabling us to improve our sustainable management practices.

In 2020, 601 businesses in Taiwan prepared sustainability reports, breaking the historical record. More businesses will join these ranks in the future in a clear illustration that sustainable development is a common goal that all businesses wish to achieve. In 2021, we plan to further enhance our CSR practices in aspects of environmental protection, society, and governance, particularly with regard to major issues such as climate change (including carbon footprint surveys as well as carbon neutrality strategies and actions). It is our hope that our suppliers will join us in implementing these new measures.

**Walter Cheng**  
Chairman, Flexium Interconnect, Inc.



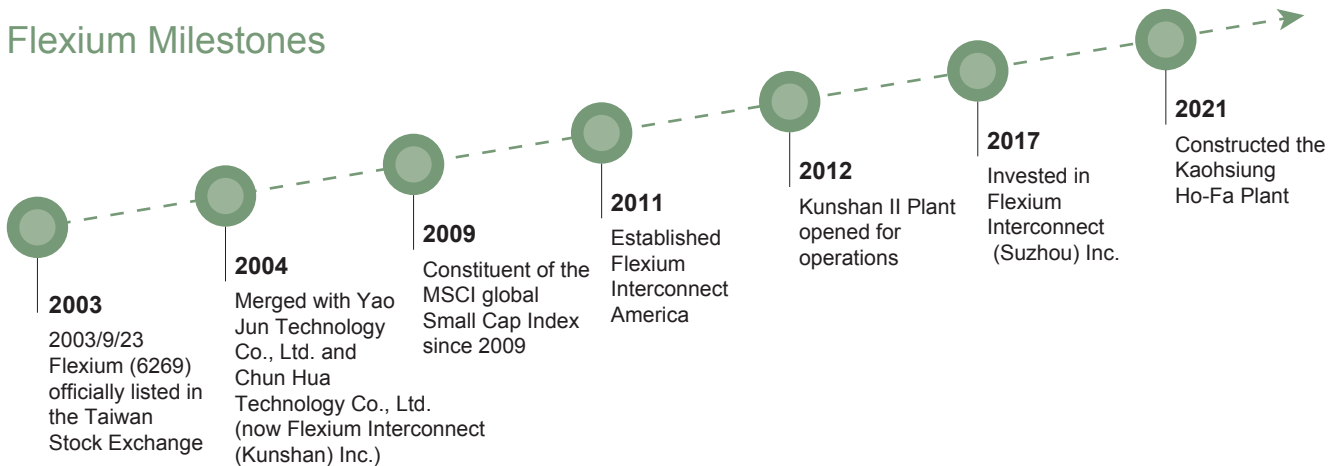


## About Flexium

### Company Profile

Established in 1997, Flexium Interconnect Inc. (hereinafter referred to as Flexium) is dedicated to manufacturing the highest-quality Flexible Printed Circuits (FPCs) and developing Flexible Printed Circuit Assembly (FPCA) technologies. We have recently achieved major breakthroughs in high-frequency and semiconductor technologies.

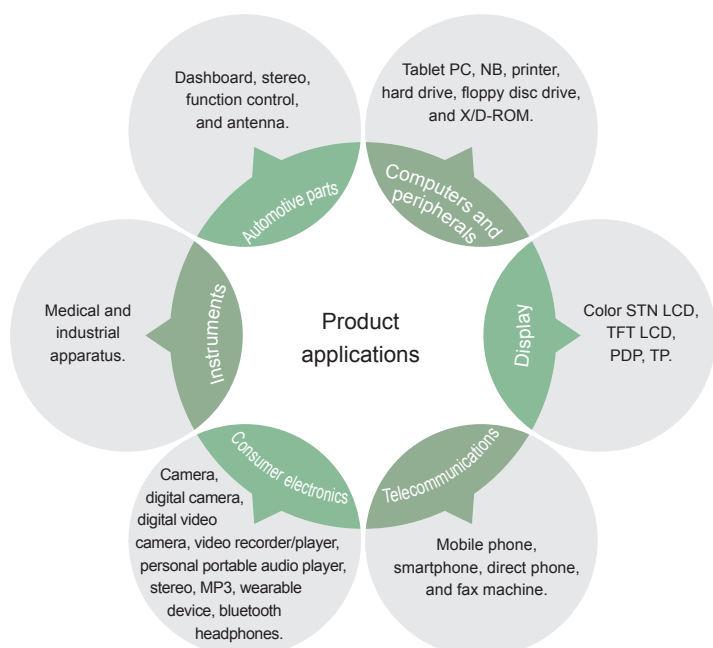
### Flexium Milestones



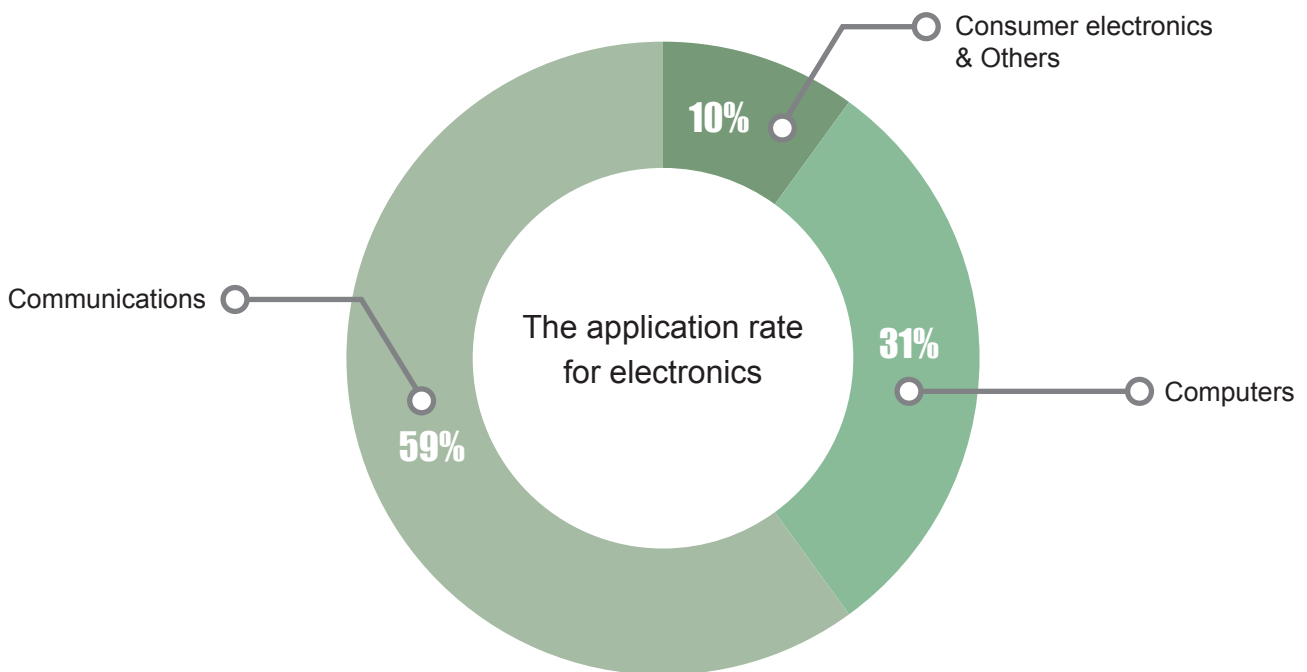
According to *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* survey in 2018, Flexium placed 133<sup>rd</sup> in the manufacturing industry and 94<sup>th</sup> in net income after taxes. Additionally, Flexium ranked 22<sup>nd</sup> in PCB and 3<sup>rd</sup> in FPC revenues in the *2019 NTI Report: Top 100 NTI-100 PCB Companies Worldwide* released by N.T. Information president Hayao Nakahara, validating Flexium's dominant position in the international flexible printed circuit industry.

In 2019, Flexium established a new plant in Kaohsiung City's Ho-Fa Industrial Park in response to the advent of the 5G era and the diversification of flexible printed circuit technology. According to *CommonWealth Magazine's Top 2000 Enterprises in Taiwan 2020* survey, Flexium placed 120<sup>th</sup> in the manufacturing industry, 290<sup>th</sup> in revenue growth, and 16<sup>th</sup> in the computer peripherals and components industry, showing improved rankings in the three categories compared with the previous year. In 2020, Flexium's overall manufacturing capacity reached 1,646,228m<sup>2</sup>, up 53% over the previous year.

In 2021, Flexium will focus on incorporating new technologies into smartphone 5G LCP antenna modules and employing a product diversification strategy to drive its business growth. Concurrently, Flexium will actively increase its manufacturing capacity, engaging in research and development and building factories both in Taiwan and China to realize the aforementioned product diversification strategy. Construction of the Kaohsiung Ho-Fa Plant is now complete, and equipment will be installed and trial productions carried out in the plant in the first half of 2021 to ensure that the plant can be used to manufacture 5G millimeter wave modules in response to the arrival of the 5G high-tech era.

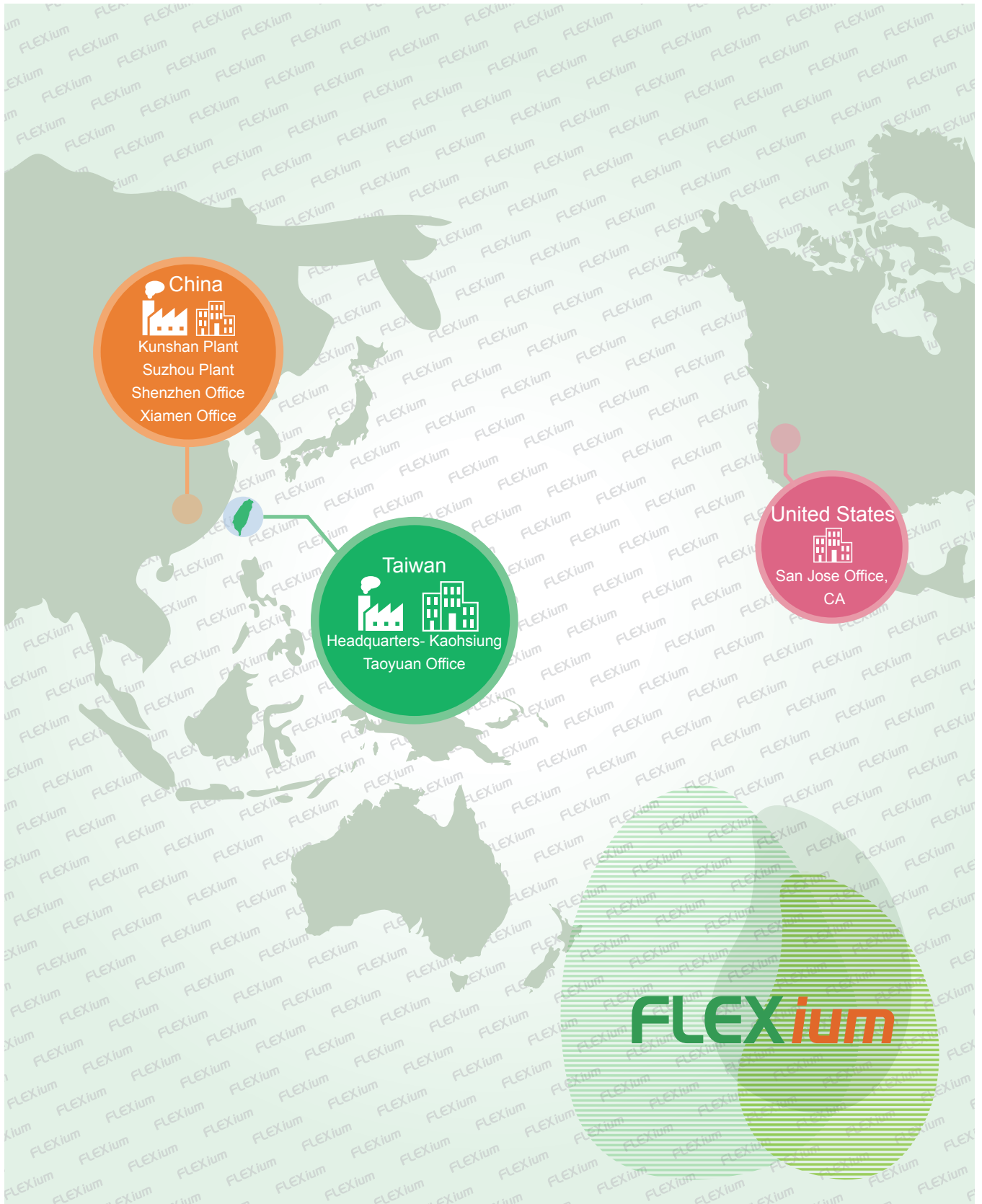


Flexium’s vision is to become the global leader in FPCA solutions. We focus on our technological development in FPCs and FPCAs, two major fields which involve a wide range of technologies in material selection, circuit design, manufacturing processes, module testing, high-frequency and high-speed products, and automation. We strive to provide the best pre-sale and after-sale services throughout the planning, design, and selling stages. Our pre-sale service team consists of the Design Department, which handles customized circuit design, engineering validation testing (EVT), design validation testing (DVT), and production validation testing (PVT) for our customers before prototypes enter into mass production. Our after-sales services include production leveling in the mass manufacturing process to ensure that products reach our clients on time and in the best condition.



Flexium Interconnect Inc.	Founded in <b>1997</b>
Stock Code	<b>6269</b>
Capital	<b>3.6</b> billion
2020 Consolidated Revenue	<b>29.9</b> billion
Number of Affiliates	<b>13</b>
Number of Employees in 2020 (excluding dispatched workers)	Number of employees: <b>2,042</b> Number of group’s employees: <b>6,064</b>
Headquarters	No.23, Juguang 1st St., Tafa Industrial Park, Daliao Dist., Kaohsiung City 83164, Taiwan(R.O.C)
Corporate Website	<a href="http://www.flexium.com.tw">http://www.flexium.com.tw</a>

## Global Distribution

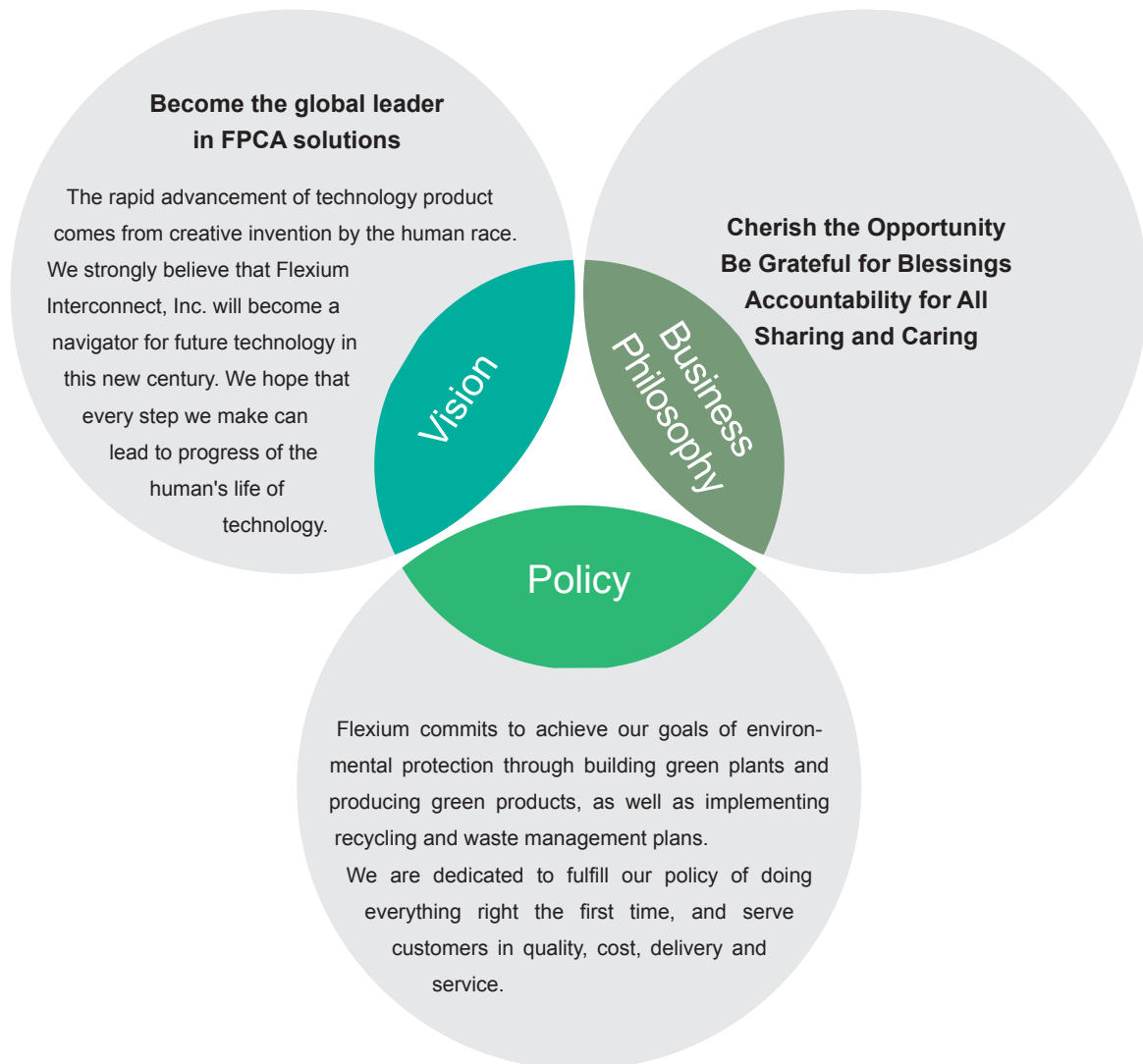


## Vision, Policy, and Business Philosophy

Rapid developments in technology mean that new tech products are brought to the market almost every day, and Flexium is here to support technology advancements that improve the quality of life for humanity. In a world full of possibilities enabled by technology, Flexium’s vision is to become the global leader in FPCA solutions.

The global tech industry is moving forward at an unprecedented pace and propelling the electronics industry along the way. With people’s lives being revolutionized by new technologies on a daily basis, Flexium recognizes that only through continuous innovation and change can the Company meet the needs of its clients in the electronics industry. In a quest for excellence, Flexium has consolidated its existing competitive advantages—manufacturing expertise, skilled professionals, and advanced equipment—to develop finer, lighter, and more user-friendly tech products for the world of the future.

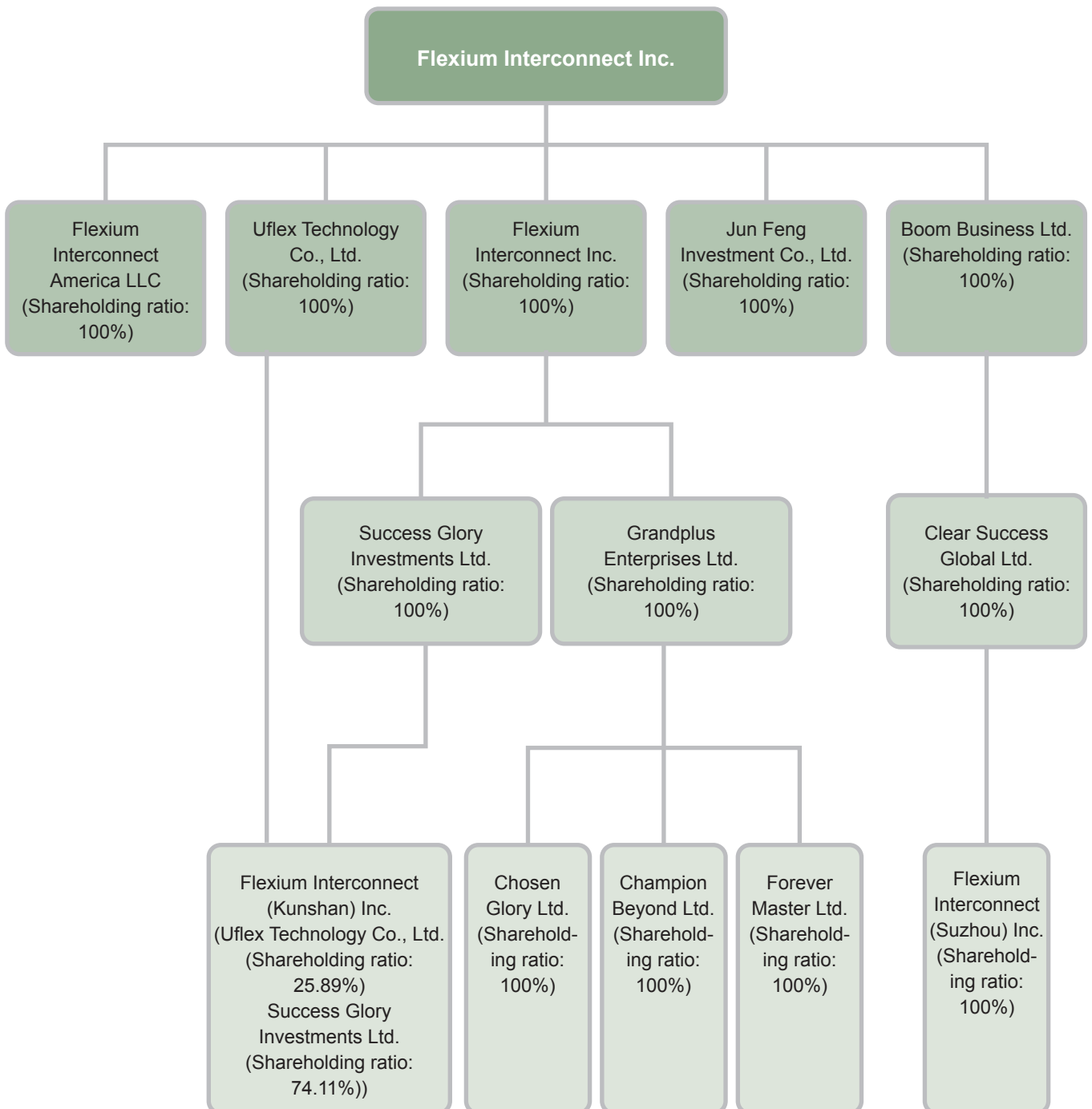
Chairman Walter Cheng often reminds his colleagues and himself to follow the Company’s four-fold business philosophy: cherish the opportunity; be grateful for the blessings; accountability for all; and sharing and caring. In recent years, our major clients have increased their number of orders from Flexium, and we are proud to see our market penetration rate rise year by year. Cheng never takes clients’ orders for granted and always steers the Company to provide the best customer service possible through on-time delivery, exceptional product quality, taking full responsibility for our products, and sharing our achievements with clients, employees, and shareholders.





## Flexium and its Affiliates

Flexium holds stakes in Uflex Technology Co Ltd., Flexium Interconnect Inc., Jun Feng Investment Co., Ltd., Flexium Interconnect America LLC, Success Glory Investments Ltd., Grandplus Enterprises Ltd., Chosen Glory Ltd., Champion Beyond Ltd., Forever Master Ltd., Flexium Interconnect (Kunshan) Inc., Boom Business Ltd., Clear Success Global Ltd., and Flexium Interconnect (Suzhou) Inc. Shareholding percentages for the 13 companies are listed below. Please refer to page 56 of our 2020 Annual Report for details.



## Awards and Sustainable Performance

Flexium continues to make economic, environmental, and social progress and win numerous awards due to the efforts made by the company's employees. In 2018, Flexium released the 2017 CSR report, marking the first public release of the report. In 2019, we published the English version of the 2018 CSR report to disclose Flexium's commitment to promoting CSR and sustainable development and the results obtained to customers worldwide. In 2020, the 2019 CSR report was issued early in June, revealing Flexium's efforts in and dedication to sustainable management to all Flexium stakeholders.

### 2020/11

In 2020, our CEO was ranked 32<sup>nd</sup> among the top 100 best-performing CEOs by the Harvard Business Review.

### 2020/5

According to *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* survey in 2019, Flexium placed 135<sup>th</sup> among manufacturers, 702<sup>nd</sup> in revenue growth, 70<sup>th</sup> in net income after taxes, and 208<sup>th</sup> in profitability, showing improved rankings in revenue growth, net income after taxes, and profitability compared with the previous year.

### 2019/12

Released our first English-language *2018 Flexium Corporate Social Responsibility Report*.

### 2018/11

Published the *2017 Flexium Corporate Social Responsibility Report*.

### 2018/5

Flexium placed 135<sup>th</sup> among manufacturers, 86<sup>th</sup> in revenue growth, 74<sup>th</sup> in net income after taxes, and 214<sup>th</sup> in profitability in *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* survey in 2017, and ranked top1 in terms of both revenue growth and profitability in FPC manufacturing industry in Taiwan.

### 2017/11

Flexium was honored with the 2017 Outstanding Member Award in Occupational Safety and Health Programs by the Ministry of Labor and the Manufactures United General Association of Industrial Park of R.O.C.

Flexium was awarded the 2016 Outstanding Corporation in Occupational Safety and Health (OSHA) Compliance by Labor Affairs Bureau of Kaohsiung City Government.



### 2016/10

Flexium was honored with Enterprise Gold Award in TTQS (Talent Quality- management System) assessment in 2016.

Flexium made a donation to help build a new library in Kaohsiung Municipal Chaoliao Elementary School, laying the groundwork for children's future success.

### 2016/5

Flexium placed 182<sup>nd</sup> among manufacturers, 57<sup>th</sup> in revenue growth, and 130<sup>th</sup> in profitability in *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* survey in 2015, and ranked top 1 in terms of both revenue growth and profitability in FPC manufacturing industry in Taiwan.

### 2021/5

According to *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* 2020 survey, Flexium placed 120<sup>th</sup> in the manufacturing industry and 290<sup>th</sup> in revenue growth, and 16<sup>th</sup> in the computer peripherals and components industry, showing improved rankings in the three categories compared with the previous year.

### 2020/6

In June 2020, we released our *2019 Corporate Social Responsibility Report*.

### 2020/3

The Kaohsiung plant migrated its accredited certification to the ISO45001:2018 standard.

### 2019/5

Flexium placed 133<sup>rd</sup> in the manufacturing industry in *CommonWealth Magazine's Top 2000 Enterprises in Taiwan* survey in 2018, top 1 by profitability in FPC Manufacturing Industry in Taiwan.

### 2018/10

Flexium was awarded the 2017 Outstanding Corporation in Occupational Safety and Health (OSHA) Compliance by Labor Affairs Bureau of Kaohsiung City Government.

### 2017/12

Flexium was received ISO 9001:2015 and IATF 16949:2016 certificate renewals for Kaohsiung and Kunshan Plants, respectively.

### 2017/6

Donated Carpentry Workshop of Flexium to Kaohsiung Municipal Chaoliao Elementary School to promote children's scientific creativity.



### 2016/8

Flexium was awarded Outstanding Export/Import Business Certificate, ranking 272<sup>nd</sup> in Top 500 Companies in 2015.

## Sustainability Performance



### Solid Business Operation

NT\$ **29.9** billion in revenues

In 2020, Flexium generated a record-breaking NT\$29.9 billion in revenues.

CEO in **32<sup>nd</sup>** place

In 2020, our CEO was ranked 32<sup>nd</sup> among the top 100 best-performing CEOs by the Harvard Business Review.

**53%** increase in output

In 2020, our overall production output increased to 1,646,228m<sup>2</sup>, an increase of 53% over that of the previous year.

Introduced the **Fine BI** platform

In 2020, we introduced the Fine Business Intelligence (BI) platform to review work items and analyze data. By using the platform to collect raw data and create analysis dashboards based on user needs, we effectively elevated our operational efficiency and data analysis capabilities.



### Industrial Services

## Global distribution

To serve our global client base, we offer 24/7 local customer service at our parent company in Asia and our subsidiary in North America. We have plants across the Taiwan Strait, in both Taiwan and mainland China, and we maintain offices in eight major cities to provide immediate support to clients around the world.

Scored over **80** points in **6** Core Customer Satisfaction Indicators

For our six core customer satisfaction indicators (quality, services, delivery time, prices, technology, and hazardous substances), we scored over 80 for three consecutive years (2018-2020), exceeding our passing score of 60.

**Introduced** new materials/equipment

To respond to demand for 5G FPC antennas, we introduced RTR laser drilling equipment and RTR vertical copper plating equipment in 2020, employing roll to roll production to achieve automated manufacturing.

**298** patents

From 2015 to 2020, we obtained 87 patents. To date, we have obtained a total of 298 patents (not including patent applications that are currently being processed).

Quality score of **86**

Quality score (rated by customers): From 2018 to 2020, we received an average quality score of 86.

Average customer satisfaction score of **91**

From 2018 to 2020, we received an average hazardous substance management score of 91 in customer satisfaction surveys.

More than **90%** of materials procured locally

From 2018 to 2020, more than 90% of our annual procurement budget was spent locally.



Environmental  
Sustainability

Reduced CO<sub>2</sub>e by **497,293** kg

In 2020, we continued our efforts to implement energy saving measures. The temperature of chillers was increased by 1°C, which reduced electric power consumption by 2.5% and CO<sub>2</sub>e by 497,293 kg, thus meeting production line temperature requirements and diminishing electric power consumption.

Converted copper ions in wastewater into **10.48** metric tons of copper pillars

In 2020, facilities for electrolytic copper recovery were used to convert copper ions in wastewater into 10.48 metric tons of copper pillars for reuse.

Saved **242,178** metric tons of water

In 2020, water savings amounted to 242,178 metric tons, an improvement of 103% compared with the previous year (i.e., 119,254 metric tons), thus saving the company approximately NT\$11,382,366 in water bills.



Talent  
Development

Expenditure on Training NT\$ **11,706,770**

In 2020, the training expenditure amounted to NT\$11,706,770.

**10** Employees of the Year

10 employees of the year are selected annually to be awarded company shares.

Implemented the **Engineer Elite Program**

In an extension of our Engineer Elite Program introduced in 2019, the Manufacturing Engineer Elite Program and R&D Engineer Elite Program were created in 2020 for continuous cultivation of engineering talent for new plants. A total of 27 trainees were recruited, among whom 20 passed probation and stayed on with us.



Social  
Involvement

A **Growing** team of volunteers

- As of the end of 2020, the Volunteer Association of Flexium had 145 members, and that number continues to grow.

**Supported** the Police and Fire Department

- In 2020, we donated NT\$500,000 to the Kaohsiung City Government Fire Bureau to aid those at the Feng Hsiang Station who were severely injured during a vehicle accident.
- In 2020, we donated NT\$470,000 to the Kaohsiung City Police Department (Linyuan Precinct) to help replace obsolete fitness equipment.









Social Involvement

### Cares for the Disadvantaged

- In 2019, we donated 36 AI education robots (mBots) to Chaoliao Elementary School. In May 2020, members of the Volunteer Association of Flexium visited the school to participate in an AI robot educational course and provided delicious boxed lunches to the teachers and students as a token of encouragement.
- In June 2020, the Volunteer Association of Flexium donated NT\$14,800 in prize money to the winning teams of the mBot Tracking Relay Race held by Chaoliao Elementary School.
- We hosted the “Love on Christmas Day” event, where Flexium employees granted the Christmas wishes of children from Chaoliao Elementary School and the Yong-an Children’s Home; a total of 216 gifts were given to the children.

## Participation in Industry Associations

Flexium proactively participates in industry and local associations, and works with the associations to promote industry development and related issues.

Institute	Member
 Taiwan Printed Circuit Association	V
 Taiwan Electrical and Electronic Manufacturers’ Association	V
 Kaohsiung Chamber of Industry	V
 Kaohsiung City New Chamber Of Commerce	V
 Dafa Industrial Park Association	V
 Kaohsiung Personnel Representative Association	V
 Kaohsiung Harbor City Entrepreneurs Association	V
 National Innovation and Entrepreneurship Association, R.O.C.	V
 The Institute of Internal Auditors – Chinese Taiwan	V
 Institute of Antenna Engineers of Taiwan	V





# **Sustainable Commitment and Management**

# Sustainable Commitment and Management

## 1.1 Materiality Analysis

At Flexium, we regard corporate social responsibility (CSR) as the key to boosting our competitiveness and responding to our stakeholders' needs. We have developed our CSR vision, policies, and roadmaps to achieve long-term sustainability goals, lay the foundation for sustainable operations, and guide the Company into a sustainable future. This materiality analysis was carried out in accordance with the GRI and AA 1000 SES standards and through the participation and deliberation of the CSR Core Team (five CSR modules). Results from the 2018 analysis were used as the baseline for the scope of disclosure in this 2020 Sustainability Report.

### Identification

**6** major categories of stakeholders Investors, clients, contractors/suppliers, employees, government agencies, and communities/educational institutions.

To identify material issues for disclosure, we must first determine which topics most attract stakeholders' attention and have the most significant impact on our operations. Based on the *AA 1000 Accountability Principles Standard* and through internal deliberation, we have identified and confirmed the target audience for this Sustainability Report, which includes the following six stakeholder groups: investors, clients, contractors/suppliers, employees, government agencies, and communities/educational institutions.

**23** sustainable issues 9 economical issues, 7 environmental issues and 7 social issues.

We identified 23 core sustainability topics to be included in the materiality analysis of this annual Sustainability Report by referencing and examining stakeholder feedback, internal operational goals, and the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies*, together with international regulations such as the *Global Reporting Initiative (GRI)*, *Sustainable Development Goals (SDGs)*, RBA guidelines, and TCFD disclosures.

### Analysis

**344** stakeholders Based on the top 5 issues that are mostly concerned by stakeholders, 16 material topics are determined.

**22** CSR team members Assessing the impact of each subjects may have on innovation and research, revenue, cost, customer satisfaction, risk, and profitability

A survey was first conducted on 344 stakeholders to gauge the extent of their concern about Flexium's efforts in sustainable operations. Meanwhile, 22 Flexium employees in charge of CSR evaluated the importance of each sustainability topic identified in terms of its impact on six aspects of the Company's operations (R&D, revenue, costs, customer satisfaction, risks, and profitability). Finally, by integrating the results from the two surveys, a materiality matrix was produced to prioritize important topics to be disclosed in this Sustainability Report.

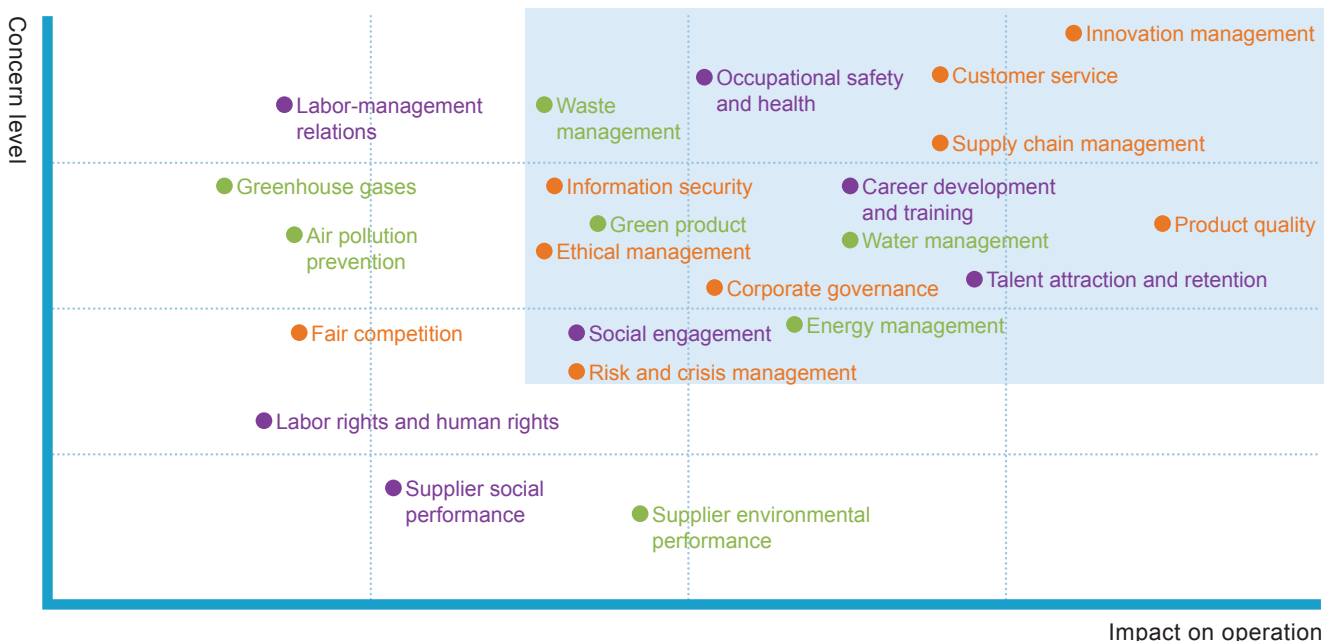
### Confirmation

**16** material topics 8 economic topics, 4 environmental topics and 4 social topics.

**18** GRI topic-specific standards 13 GRI topic-specific standards and 5 specific topics of Flexium.

After an internal discussion on the topics that most attracted the attention of our stakeholders and those which have the greatest impact on the Company's operations, 16 core material topics were determined to be central to Flexium's sustainable operations and are therefore prioritized in the following disclosure.

Materiality Matrix



Impact on operation

### Flexium’s Material Topics, Business Impacts and Disclosure Boundary

Material Topics	Business Impact						GRI Topic-specific standards	Flexium’s value chain			
	Innovation and Research	Revenue	Profitability	Customer satisfaction	Cost	Risk		Procurement	Production	Transportation	Customer usage
Innovation management	✓	✓	✓	✓			Specific topics of Flexium		●		
Product quality	✓	✓	✓	✓	✓		Specific topics of Flexium		●		
Customer service				✓			Specific topics of Flexium		●		
Supply chain management	✓	✓	✓		✓		Procurement practices (GRI 204), supplier environmental assessment (GRI 308) and supplier social assessment (GRI 414)	✓			
Corporate governance		✓	✓			✓	Anti-corruption (GRI 205)		●		
Risk and crisis management						✓	Specific topics of Flexium		●		
Information security				✓		✓	Customer privacy (GRI 418)				✓
Ethics management						✓	Anti-corruption (GRI 205)		●	●	
Energy management					✓		Energy (GRI 302)		●		
Water management					✓	✓	Water (GRI 303)		●		
Waste management					✓		Effluents and waste (GRI 306)		●		
Green product	✓			✓			Specific topics of Flexium	✓	●	●	✓
Occupational safety and health						✓	Occupational health and safety (GRI 403)		●		
Talent attraction and retention	✓	✓					Employment (GRI 401), diversity and equal opportunity (GRI 405)		●		
Career development and training	✓	✓					Training and education (GRI 404)		●		
Society engagement							Indirect economic impacts (GRI 203)		○	○	

\*Involvement with the impacts : direct connection ( ● ), indirect connection ( ○ ) and business connection ( V )

### Short-, Medium-, and Long-Term Goals for Material Topics

Flexium has set 42 short-, medium-, and long-term goals for the 16 material topics identified to integrate all aspects of the Company’s strategies and plans. We used our actual performance in 2020 as a benchmark to review the short- and medium-term goals we set for 2021 and 2022, and also established new long-term goals that correspond with our corporate governance guideline for 2023 and beyond.

 Economic goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Long-term (2023)	Medium-term (2022)	Short-term (2021)	Target for 2020	Target Achieved?	Actual Results in 2020
Corporate governance	Safeguarding shareholder equity and treating shareholders equitably. Strengthening the structure and operations of the Board of Directors.	1.Convene at least 1 investor conference per quarter. 2.Convene at least 6 board meetings per year.	1 Regular investor conferences	4 per year (quarterly)	4 per year (quarterly)	4 per year (quarterly)	4 per year (quarterly)	Y	7 per year
			2 Regular board meetings	6 per year	6 per year	6 per year	6 per year	Y	7 per year
Risk and crisis management	Preventing any single risk factor from impacting the Group's overall operating performance.	1.Invest resources into our Management Information System (MIS) to increase the stability of our network and servers. 2.Continue to conduct SWOT analysis to fine-tune our long-term operating KPIs. 3.Reduce exchange rate losses to minimize impacts on operations.	1 Manufacturing Execution System (MES) interruption rate (Calculation method: System downtime / (365 days x 24 hours))	< 0.05%	< 0.05%	< 0.05%	< 0.05%	Y	0.0476%
			2 Management by objectives (MBO) achievement rate for the Group (Group MBO Performance)	> 85%	> 85%	> 80%	> 80%	Y	80%
			3 Foreign exchange losses	0%	0%	0%	0%	N	-0.15%
Supply chain management	Working with our suppliers on environmental protection and occupational safety to ensure legal compliance, satisfy corporate social responsibility, and achieve sustainable operations.	1.Supplier appraisals: require suppliers to sign the <i>Supplier's Code of Conduct Agreement</i> and <i>Letter of Commitment for Undertaking of Integrity</i> . 2.Approval of materials: require suppliers of new materials to sign the <i>Statement of Responsible Minerals Policy</i> before they can be approved.	1 Coverage rate of the <i>Supplier's Code of Conduct Agreement</i> (Target: key suppliers)	100%	100%	100%	100%	Y	100%
			2 Coverage rate of the <i>Statement of Responsible Minerals Policy</i> (Target: suppliers using the regulated minerals)	95%	90%	85%	80%	Y	96.7%
Innovation management	Encouraging innovation by consolidating innovation momentum within the Company, allocating innovation resources effectively, and protecting intellectual property rights; turning innovative ideas into commercially viable products to meet potential clients' needs in the future.	1.Knowledge management (KM): achieve effective improvements, maintaining of competitive edge, innovation, knowledge sharing, knowledge integration, and continuous advancement. 2.Introduction of new manufacturing processes and materials: The development cycle for advanced processes and materials is becoming shorter and shorter; therefore, we need to act quickly to develop new materials that meet quality and quantity benchmarks.	1 Collection of core KM articles	> 80	> 80	> 75	> 70	Y	72
			2 Introduction of new manufacturing processes/materials	> 8 items	> 6 items	> 6 items	> 6 items	Y	26 items
Product quality	Implementing internal and external quality control measures to meet client specifications, lower defect rates, and reduce production costs; and by doing so, increasing profitability and creating a win-win situation for both the Company and its clients.	1.Number of customer complaints per month: formulate counter- measures for the issue in question as well as similar issues to prevent reoccurrence. 2.Monthly external failure rate: strengthen client engagement and respond immediately to product anomalies to minimize losses. 3.Lowering internal failure cost rate: monitor yield rate and conduct on-site inspections for the issue in question as well as similar issues to reduce internal failure rate. 4.Overall product yield rate: monitor yield rate on a regular basis; establish a special task force to oversee the production of special items.	1 Number of customer complaints per month	≤5	≤5	≤5	≤5	Y	3
			2 Monthly external failure rate	≤ 0.12%	≤ 0.12%	≤ 0.12%	≤ 0.03%	N	0.06%
			3 Lowering internal failure cost rate	≤ 7.0%	≤ 7.0%	≤ 7.0%	≤ 3.0%	N	6.76%
			4 Overall product yield rate	> 96%	> 96%	> 96%	> 95%	N	94.4%
Customer service	Quality products/services and good customer relations management can improve customer satisfaction and enhance the Company's bottom line and core values.	Deliver quality products on time and on par with client expectations; become a trusted supplier and lay the foundations for a sustainable corporation.	1 Customer satisfaction survey score	85	85	85	85	Y	86
			2 NPI-to-MP achievement rate	85%	85%	85%	85%	Y	85%
Ethics management	Following the four principles of business ethics— impartiality, integrity, reliability, and transparency—in all of our business dealings.	1.Maintain the highest moral standards in dealing with employees, clients, and other companies. 2.When performing their duties, employees are prohibited from offering, accepting, promising, or requesting any unethical benefits to or from a third party, directly or otherwise, or engaging in any other dishonest or unlawful act for personal gain that conflicts with their responsibility to shareholders.	1 Violations of business ethics (cases)	0	0	0	0	Y	0
			2 Coverage rate of the <i>Letter of Commitment for Undertaking of Integrity</i> (Target: key suppliers)	100%	100%	100%	100%	Y	100%
			3 Violations of information security policy (cases)	0	0	0	0	N	3
Information security	Ensuring legal compliance and the security of our IT equipment, services, and data to safeguard confidential customer or product information, enable smooth operations, and increase the Company's operational efficiency and competitiveness.	1.Effective controls: establish the Flexium Group Information Security Management Standards to enhance IT security management and reach control goals. 2.Information security governance: promote information security awareness among employees to prevent leaks of sensitive data 3.Technology applications: use technology to conduct risk evaluations and devise feasible strategies to prevent potential IT security crises.	1 IT system stability for the Group	90%	90%	90%	90%	N	87.5%
			2 Number of IT security drills	1–2 drills per year	1–2 drills per year	1–2 drills per year	1–2 drill per year	Y	1 drill

 Environmental goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Long-term (2023)	Medium-term (2022)	Short-term (2021)	Target for 2020	Target Achieved?	Actual Results in 2020
Water management		1.Reduce tap water usage. 2.Recycle and reuse reclaimed water from production lines. 3.Introduce new recycling equipment with the latest technology. 4.Introduce new technologies for recycling heavy metals.	1 Increase in reclaimed water recycling rate	35%	30%	25%	25%	N	22.10%
			2 Decrease in Cu2+ concentration in wastewater	< 1.5 mg/t	< 1.5 mg/t	< 1.5 mg/t	< 2.1 mg/t	Y	1.86 mg/t
			3 Average water consumption per lot of products manufactured	< 12 t per lot	< 12 t per lot	< 12 t per lot	< 12 t per lot	Y	10.3 t per lot
			4 Increase in output from electrolytic copper recovery	10 t	6 t	6 t	4.5 t	Y	10.48 t
Energy management	Winning clients' trust and creating a new model for green factories by establishing professional leadership in environmental protection, cultivating employees' sensitivity to the environment, promoting a positive attitude towards sustainability, encouraging participation, and increasing environmental literacy.	Increase reliance on green energy by installing energy-efficient equipment to reduce waste.	1 Replacement rate for equipment over 15 years old	100%	50%	30%	10%	Y	10%
			2 Reduction in electric power consumed by chillers. -5% vs. the previous year	-5%	-5%	-5%	-5%	Y	-5%
			3 Solar panel installation for clean energy	200,000 kWh per year	200,000 kWh per year	180,000 kWh per year	100,000 kWh per year	Y	115,000 kWh per year
			4 Florescent lamp replacement with LEDs (replacement rate)	NA	100%	80%	75%	Y	75%
Waste management		Improve garbage sorting, reduce general waste, increase recycling, reduce liquid waste disposal, and improve heavy metal recovery.	1 Reduction in general waste generated per unit (%) (Base year : 2019)	-10%	-10%	-10%	-10%	Y	-28%
			2 Reduction in hazardous industrial waste generated per unit (%) (Base year : 2019)	-10%	-10%	-10%	-10%	N	9.7%
			3 Reduction in waste incineration per unit (%) (Base year : 2019)	-10%	-10%	-10%	-10%	Y	-13%
Green products	Complying with international regulations and clients' hazardous substance policies to minimize the environmental impacts of our products and demonstrate our dedication to consistent product quality that satisfies customer needs and our commitment to hazardous substance control.	1.Achieve green management and hazardous substance-free manufacturing through green design, green procurement, and effective hazardous substance control. 2.Use product life cycle management to reduce manufacturing processes, shorten production time, minimize pollution, cut back on materials, and increase efficiency.	1 Reduction in the number of hazardous substances used	≤ 32	≤ 32	≤ 32	≤ 42	Y	32
			2 Shortening/optimizing the production processes for mass production items (number of items optimized)	30	27	25	20	Y	98

 Social goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Long-term (2023)	Medium-term (2022)	Short-term (2021)	Target for 2020	Target Achieved?	Actual Results in 2020
Occupational safety and health	• Safety: obtaining certification as a nationally outstanding corporation in occupational safety and health. • Health: progress towards a healthy workplace.	1.Reduce workplace incidents through weekly workplace safety inspections by managers to address potential hazards. 2.Build a healthy workplace by organizing health promotion campaigns to help employees achieve physical and mental relaxation.	1 Improvement rate of workplace safety deficiencies identified during management inspections	NA	NA	NA	100%	Y	100%
			2 Health promotion campaigns	4 per year	4 per year	4 per year	4 per year	Y	4
			3 Reduction in lost working hours due to occupational accidents.	30% reduction from previous year	30% reduction from previous year	30% reduction from previous year	NA	NA	NA
Career development and training	Encouraging employees to achieve self-betterment and develop skills that are instrumental to innovation; cultivating talent and strengthening organizational competitiveness to meet the needs of the Company's future technological strategies and operational goals.	1.Knowledge internalization: provide more internal training with a wider variety of learning methods, including on-the-job training (OJT), mentoring, project-based training, and off-the-job self-study. 2.Professional skills: continue to refine employees' quality assurance/engineering/manufacturing skills through departmental training programs. 3.Management skills: develop the Management Mentoring Program and the First Line Supervisor Hand-in-Hand Master-protégé Program.	1 Management Mentoring Program passing rate	Passing rate ≥ 80%	Passing rate ≥ 80%	Passing rate ≥ 80%	Certified trainees ≥ 50 people	Y	12 people (certified) 54 people (cumulative)
			2 Increase in average departmental competitiveness	10%	10%	10%	10%	Y	10%



 Social goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Long-term (2023)	Medium-term (2022)	Short-term (2021)	Target for 2020	Target Achieved?	Actual Results in 2020
Talent attraction and retention	A talented workforce is the key to sustainable business operations. We attract outstanding workers through a variety of recruitment channels and offer competitive compensation packages to retain them so as to increase Flexium's value.	1.Multi-channel recruiting: online recruitment platforms, campus recruitment events, and career workshops at universities. 2.Pay raises/promotions: annual pay raises based on market standards; clear career advancement paths to increase talent retention rate. 3.Job rotation: opportunities for internal transfers that allow every employee to find the most suitable position and develop their skills.	1 Number of people promoted to or hired as managers	310 people (cumulative)	280 people (cumulative)	250 people (cumulative)	210 people (cumulative)	Y	255 people
			2 Recruitment of indirect labor for new plants	680 people (cumulative)	580 people (cumulative)	500 people (cumulative)	450 people (cumulative)	Y	617 people
Social involvement	A business owes its success to society, which is why we are committed to giving back. Through community involvement, Flexium has created a positive corporate image while our employees experience the immense joy of doing good and learn to treasure what they have.	1.Scope: engage with the local community first and expand into the wider community in the future. 2.Target: give support to local police and fire departments; provide care for the disadvantaged; donate educational resources to local schools. 3.All social welfare campaigns must be built on Flexium employees' participation and involvement.	1 Volunteer service team growth	65%	58%	50%	30%	Y	38.10%
			2 Charity benefits	≥ 32	≥ 30	≥ 26	≥ 23	Y	28 (cumulative)

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

After a thorough review of our short-, medium-, and long-term goals in 2021, the management representative of the CSR management system approved the following 11 adjustments for the next three years to better reflect the Company's corporate governance guideline.

Aspect	Topic	Original Target	Adjusted Target	Explanation
Economic	Product quality	Monthly external failure rate ≤0.03%	Monthly external failure rate ≤ 0.12%	Adjusted the calculation method of the original monthly external failure rate and improved the cross-unit integration calculation system based on the actual rate determined by the sales return amount.
	Product quality	Lowering internal failure cost rate to ≤ 0.03%	Lowering internal failure cost rate to ≤ 0.07%	Adjusted synchronously according to the Quality Assurance Division's MBO Target.
	Product Quality	Overall product yield rate>95%	Overall product yield rate >96%	Adjusted according to Flexium's operational goals.
Environmental	Water Resources Management	Increase reclaimed water recycling rate to 30%	Increase reclaimed water recycling rate to 25%	Adjusted the target for 2021 according to the goals set by the CSR Roadmap.
	Energy Management	Replace 100% of fluorescent lighting with LEDs	No target for 2023	It is expected that all fluorescent lighting will be replaced by LED lighting in 2022, so we did not set a target for 2023.
	Waste Management	General waste reduction (%) -10% in weight vs the base year (2018)	Reduction in general waste generated per unit (%) (Base year : 2019)	Calculations were originally based on total waste generated. We changed to using the volume of waste generated per unit of product produced for comparison purposes and revised the base year to effectively reflect the actual situation.
	Waste Management	Hazardous industrial waste reduction (%) -10% in weight vs the base year (2018)	Reduction in hazardous industrial waste generated per unit (%) (Base year : 2019)	Calculations were originally based on total waste generated. We changed to using the volume of waste generated per unit of product produced for comparison purposes and revised the base year to effectively reflect the actual situation.
	Waste Management	Waste incineration reduction (%) -10% in weight vs the base year (2018)	Reduction in waste incineration per unit (%) (Base year : 2019)	Calculations were originally based on total waste generated. We changed to using the volume of waste generated per unit of product produced for comparison purposes and revised the base year to effectively reflect the actual situation.
	Green products	Reduction in the number of hazardous materials used ≤ 42	Reduction in the number of hazardous materials used ≤ 32	Since the original target was reached in 2020, the target values for 2021 and 2022 should be adjusted to tighten controls.
Social	Occupational Safety & Health	100% improvement in rate of workplace safety deficiencies identified during inspections	Goal canceled since 2021	Since the target of 100% improvement in the rate was achieved in 2020, we canceled this target in 2021.
	Occupational Safety & Health	NA	30% reduction in lost working hours due to occupational accidents compared to the previous year.	New target set.

## Reasons for Unmet Goals in 2020 and Corrective Measures







We failed to reach 8 of our annual targets in 2020. We have requested the relevant departments to analyze the reasons for these deficiencies and draw up corrective measures to ensure continuing growth.

Orientation	Topic	Goal	2020 Target	2020 Target Achieved?	2020 Results	Analysis of Reasons	Corrective Measures
Economic	Risk and crisis management	Foreign exchange losses	0%	N	-0.15%	Exchange rate appreciation	Continue to observe exchange rates and effectively reduce assets held in US dollars.
	Product quality	Monthly external failure rate	≤ 0.03%	N	0.06%	The main reasons for non-achievement of the 2020 goal was the increase in compensation due to 2 customer complaints, which resulted in an overall higher internal failure costs.	Improve countermeasures to prevent recurrence and continue to carry out education and training on visual specifications and inspections to lower the outflow of abnormal products.
	Product quality	Decrease internal failure costs	≤ 3.0%	N	6.76%	In 2020, we increased inputs in new products and multilayer boards, and the yield rate did not improve much.	1.Introduce measures for handling abnormal products and monitor to prevent recurrence. 2.Monitor improvements in yield rates for new products that switch to mass production.
	Product quality	Overall product yield rate	>95%	N	94.48%	In 2020, we increased inputs in new products and multilayer boards, and the yield rate did not improve much.	1.Improve manufacturing processes and effectiveness tests to prevent recurrence. 2.Devise improvement projects that focus on improving low-yield items.
	Ethical Management	Number of violations of our information security policy	0 cases	N	3 cases	In 2020, there were 3 violations of our information security policy: 1.An employee accidentally dropped an iPad while using it, causing the screen to break. 2.It was found that illegal software (Line, TeamView) was installed on 2 AVI computers without permission, and no anti-virus software was installed. 3.An employee connected and uploaded data to Google Drive without authorization.	Educate and train violators in information security and SRC safety obligations.
	Information Security	Stability of the company's information system	90%	N	87.5%	System stability was 85% in the second half of 2020, mainly due to a failure to identify potential risks in host computers in a timely manner, which affected the stability of the system. For example, a crash of the production system host would cause a major incident.	Check backup, alternate, and change mechanisms for system operation, and regularly maintain and list inspection items to prevent recurrence.
Environmental	Water Resources Management	Increase reclaimed water recycling rate	25%	N	22.1%	In the first half of the year, the efficiency of the water reclamation system was poor due to UF membrane issues.	Replace UF membranes and evaluate types of water use for reusability to increase the recycling rate of reclaimed water.
	Waste Management	Reduce hazardous industrial waste generated per unit (%) (base year 2019)	-10%	N	9.7%	Production capacity increased, which resulted in an increase in waste generation.	Evaluate the potential for partially replacing outsourced recycling by handling high-copper waste liquid with in-plant electrolytic copper recovery.

## 1.2 Engagement with Stakeholders

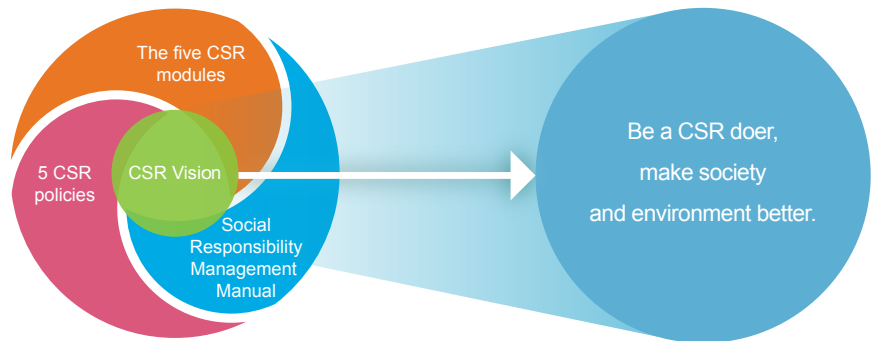
At Flexium, we believe that a deeper understanding of our stakeholders and their concerns can help us achieve greater CSR results. Every year, we collect feedback from six stakeholder groups—investors, clients, employees, business partners, government agencies, and the community—to better understand which issues concern them the most, and then respond to their inquiries through a variety of communication channels.

### Flexium's Communication Channels with Its Stakeholders

Stakeholder Group	Concern	Communication Channel/ Frequency	How Does Flexium Respond?	Results in 2020
 <b>Investors</b> Foreign legal entities, investment companies, insurance companies (capital investment departments), etc.	Operational outcomes and strategies Information transparency Stock/cash dividend payable dates	Stockholder meetings (annual) Material disclosures, quarterly financial reports, and the latest financial information published on our corporate website (daily)	Addressing stockholders' concerns at annual stockholder meetings Responding to investor inquiries over the phone	Attended 7 external investor conferences Held 1 stockholder meeting
 <b>Clients</b> All clients	Delivery timelines Prototype and product pricing Product quality Industry trends and global investment plans for the future	Phone calls Emails Client visits Customer satisfaction surveys (All conducted irregularly)	Addressing clients' concerns during face-to-face visits, by telephone, or via email Providing oral or written feedback to clients who have filled out the customer satisfaction survey	Average customer satisfaction of 86 points in 2020. (Survey respondents: Top 10 clients in terms of revenue contribution in 2020)
 <b>Employees</b> Local and foreign employees	Employee benefits Institutional policy Management style No unreasonable fees	Employee complaints hotline, email address, and the General Manager's Mailbox (reviewed monthly) Interviews (irregular)	Implementing corrective measures Communicating with the parties concerned Address employees' concerns during interviews Contact foreign contact agencies for confirmation	4 labor-management meetings 12 monthly meetings 137 cases of employee care
 <b>Partners</b> All suppliers and contractors	Ethical and fair competition Materials procurement Future plans and operational goals Market information Waste disposal and waste management audits	Emails (annual) Emails and interviews (irregular) Plant visits (irregular) Phone calls (irregular)	Responding to supplier inquiries via email Scheduling supplier meetings Providing sales projections to help suppliers plan and prepare for materials shipments <i>Waste Disposal Act</i> compliance audits	Conducted 9 supplier audits (including 2 CSR audits) 4 on-site waste disposal inspections.
 <b>Government Agencies</b> Competent authorities (OSHA, EPA, and MOL)	Inspections, reports, and audits as required by law Inquiries regarding regulatory changes Chemicals control	Plant visits (irregular) Phone calls (semiannual) Government visits (irregular)	Fulfilling inspection and reporting duties as required by law Adjusting internal regulations to comply with regulatory changes	Identified occupational safety and health regulations on a quarterly basis. Conducted 12 consultations in response to regulatory changes. Passed 30 water quality audits by the government-owned water treatment plant in the industrial park. Worked with the Environmental Protection Bureau to review air pollution control fees (1 instance).
 <b>Community</b> Local communities and educational institutions	Integration of foreign workers into the community Industry-academia collaboration programs Plant tours	Visits (quarterly) Visits (irregular)	The village did not receive any complaints against Flexium Co-organized 4 off-campus tours	Participated in 3 charity activities. Paid 5 visits to the village chief.

### 1.3 CSR Performance

Flexium puts great emphasis on its CSR fulfilment and contributions to society and the environment. Our vision is to “be a CSR doer, make society and the environment better,” and the five core values of our CSR policy are “care, health, green, integrity, and advancement.” To effectively carry out and manage our CSR efforts, we referenced Responsible Business Alliance’s (RBA) *Code of Conduct* and other applicable international regulations to formulate our own *Social Responsibility Management Manual*. Dedicated members from the five CSR modules are tasked with leading CSR participation and integration across the entire company.



#### 1.3.1 CSR Organization

The CSR Steering Committee is the chief decision-making body for Flexium’s CSR affairs. The Chairperson of the Company serves as the Chair of the Committee, and senior executives serve as *ex officio* members. The Director of the Administration Management Division serves as the management representative, who is in charge of leading members of the five CSR modules in performing relevant CSR tasks. These include labor and human rights (LHR), occupational health and safety (H&S), environmental protection (ENV), business ethics (ETH), and management systems (MS), covering a wide range of topics and members from relevant departments within the Company. Apart from monthly KPI and budget reviews, members from the five CSR modules convene quarterly to discuss its CSR strategy roadmap. They also convene regular CSR management review meetings, in accordance with Flexium’s *Management Review Procedures*, to review the Company’s CSR policy, internal and external CSR audit results, CSR targets, management plans, budgets, regulatory compliance, compliance with clients’ CSR standards, CSR-related risk assessment and mitigation, feedback from various stakeholder groups, and investigation of employee complaint cases. The members from the five CSR modules formulate new CSR budgets, management plans, and progress reports every six months, which are presented to the Board of Directors Meeting by the management representative at least once a year. Directors are responsible for supervising, providing guidance to, and managing the risks associated with the Company’s CSR work to ensure its effectiveness. In 2020, the Board of Directors was presented with the 2019 CSR Report, a CSR roadmap implementation report, a report of tangible achievements resulting from the Company’s community involvement efforts, and future prospects of CSR operation.



### 1.3.2 CSR Milestones

Flexium's CSR initiatives date back to 2012, when corporate social responsibility was gaining universal acceptance in the business world. Starting in 2013, we gradually rolled out a supplier audit system based on EICC-ON's self-auditing spirit. We took our CSR efforts a step further in 2014 and set several KPIs to measure different aspects of our environmental, social, and corporate governance (ESG) outcomes. In the same year, we also began convening monthly to review CSR implementation results.

Our CSR policy was largely based on major international standards such as the *Universal Declaration of Human Rights* (UDHR), the *United Nations Global Compact*, and directives issued by the International Labour Organization (ILO). We established a dedicated CSR steering committee in 2015 to oversee our CSR efforts in five major areas of concern, formulate the Company's CSR vision and policy, and continue drawing up CSR roadmaps for the next three years by setting clear annual targets to encourage every employee to work together towards sustainable development.

To encourage corporate innovation and learning, control operational risks, and enhance the Company's sustainable development capabilities, we voluntarily compiled our first Corporate Social Responsibility Report in 2017. In 2018, the second report was completed, and we received a third-party verification statement, which allowed us to publicly release the report, achieving a major milestone in our 2018 CSR Roadmap. Finally, in 2019, we published our first English CSR Report, allowing our non-Chinese clients to study Flexium's CSR efforts and results. We released our fourth report (the 2019 Corporate Social Responsibility Report) early, in June of 2020, so that Flexium's stakeholders could receive the most recent information in a timely manner.

#### CSR Vision


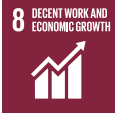




Be a CSR doer, make society and the environment better


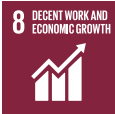






Policy	Strategy	Roadmap		
		2020	2021	2022
Care	To promote the spirit of compassion, the care for others and to positively contribute to the wider community.	Increase the number of volunteers by 30%.	<ul style="list-style-type: none"> <li>Provide free dormitories for outstanding talent.</li> <li>Increase the number of volunteers by 50%.</li> </ul>	<ul style="list-style-type: none"> <li>Provide childcare subsidies to lessen the economic burden of employees</li> <li>Invest more than NT\$ 2 million in social contribution programs</li> </ul>
Health	To create a friendly, supportive workplace for all of our employees.	Reduce hours of labor lost due to workplace incidents by half (from 2019).	<ul style="list-style-type: none"> <li>Reduce workplace incidents by 30% compared to 2020.</li> <li>Reduce hours of labor lost due to workplace incidents by 30% compared to 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce workplace incidents by 30% compared to 2021</li> <li>Reduce hours of labor lost due to workplace incidents by 30% compared to 2021.</li> </ul>
Green	To develop greener plants, save energy, reduce our carbon footprint and take part in caring of the earth.	Turn garbage into gold (resourcization of liquid waste).	<ul style="list-style-type: none"> <li>In-plant water recycling rate &gt; 80%</li> <li>Reclaimed water recycling rate &gt;25%</li> </ul>	<ul style="list-style-type: none"> <li>In-plant water recycling rate &gt; 85%</li> <li>Reclaimed water recycling rate &gt;30%</li> </ul>
Integrity	To act with integrity in business and to protect everyone's intellectual property rights.	Rank in the top 30% percent in corporate governance evaluations among publicly traded companies.	Survey 50% of suppliers for ethical management	Survey 70% of suppliers for ethical management
Advancement	To advance management systems through continuous improvement and pursuit of better solutions.	Move up the CSR report release date to June.	Improve ESG coverage in the Sustainability Report and strengthen environmental protection topics.	Introduce TCFD and SASB standards in the Sustainability Report.



### 1.3.3 Response to United Nations Sustainable Development Goals (SDGs)

In our efforts to achieve sustainability, Flexium follows the five major steps of the *Sustainable Development Goal Compass* (SDG Compass), namely understanding the SDGs, defining priorities, setting goals, integrating, and reporting and communicating. We have integrated our sustainability vision into the Company's core developmental strategies. We take the 17 UN SDGs into consideration when determining our own corporate sustainable goals and identifying material topics for disclosure, hoping to find a common ground between sustainable operations of the Company and the sustainable development of the world.

Category	UN SDGs	Goals	Flexium Response/Actions
Governance		Goal 5.5 Ensure that women fully participate in political, economic and public decision-making, and ensure that women have an equal opportunity to participate in decision-making and leadership at all levels.	Increased women's decision-making power in business operations: 2 of the 11 members of the board of directors are women.
		Goal 8.3 Promote development-oriented policies that support production, job creation, business management, creativity, and innovation.	Introduced new RTR laser drilling and RTR vertical copper plating equipment, achieving the goal of continuous (Roll to Roll) production and automating production lines.  Hold regular CIP (continuous improvement projects) every year to encourage employees to cooperate through teamwork and use systematic analysis to improve methods, optimize processes, elevate quality, enhance efficiency, and improve technology R&D abilities, to achieve corporate growth.
		Goal 9.5 Encourage innovation and increase the number of research personnel.	Collaborated with Cheng Kung University to conduct a one-year industry-university cooperation project (2020-2021) focused on the development and applications of maskless grayscale lithography and three-dimensional microstructure processing technology.  Invested over NT\$1,826,427,000 in R&D expenses.
		Goal 12.6 Encourage sustainable business practices and incorporate sustainability information in regular reports.	We continuously publish Sustainability Reports (formerly known as CSR Reports) that reveal sustainability data based on GRI standards.
		Goal 16.3 Promote national and international laws to ensure that everyone has equal access to justice.  Goal 16.5 Significantly reduce all forms of corruption and bribery.	Established internal grievance and external complaint mechanisms to formulate risk control measures and eliminate injustice.  Flexium's <i>Ethics Code</i> serves as a guiding principle for employees.
Society		Goal 3 Ensure health and promote welfare at all ages.  Goal 3.6 Reduce the number of people killed or injured in traffic accidents worldwide by half.	In response to the coronavirus pandemic of 2020, the Company immediately established a pandemic prevention center to implement a series of preventive measures. We regularly hold pandemic prevention meetings and have implemented preventive measures such as practicing social distancing, lowering employee numbers in offices, disinfecting the plant, and managing contractors and other visitors.  Set occupational safety goals in 2020, managed the lost working hours due to traffic accidents, and continued to promote traffic safety to reduce the chance of work-related traffic accidents.

Category	UN SDGs	Goals	Flexium Response/Actions
Society		<p>Goal 4.5 Eliminate inequality in education and ensure that disadvantaged groups receive adequate education and vocational training.</p> <p>Goal 4.7 Ensure that all students acquire the necessary knowledge and skills to promote sustainable development.</p>	<p>Established a broad range of education and training programs to provide courses for employees at all levels. Continued the Engineer Elite Program in 2020.</p> <p>In June, Chaoliao Elementary held an Intelligent Robotics Competition during which students applied what they had learned in class, through teamwork and logical thinking. As an incentive to the students, the Flexium Volunteer Association donated a scholarship in the amount of NT\$ 14,800 to the winning team.</p>
		<p>Goal 8.5 Realize full and productive employment and decent work for all, including young people and people with disabilities; achieve equal pay for equal work.</p> <p>Goal 8.7 Take immediate and effective measures to prohibit and eliminate child labor and forced labor.</p> <p>Goal 8.8 Promote workplace safety and reduce labor risks.</p>	<p>Flexium had 429 new hires in 2020, thus providing many local job opportunities.</p> <p>At Flexium, we employ people with disabilities and do not differentiate starting pay based on gender.</p> <p>Flexium prohibits child labor and has adopted concrete measures to prevent the use of child labor.</p> <p>In addition to annual fire drills at the plant, in 2020, regional emergency drills (including fire and chemical leak drills) were also conducted, with a focus on disaster reporting and containment.</p>
		<p>Goal 12.B Establish and implement policies to monitor the effects of sustainable development on job creation and the promotion of sustainable tourism related to local culture and products.</p>	<p>In 2020, 94.8% of Flexium's purchases were made locally in Taiwan. We actively support the development of local suppliers.</p>
Environment		<p>Goal 6.4 Improve water-use efficiency to ensure the sustainable supply and recycling of fresh water in order to resolve problems of water shortages.</p>	<p>In 2020, the amount of water saved reached 242,178 tons, which was an increase of 103% compared to the amount of water saved in 2019 (119,254 tons).</p>
		<p>Goal 7.3 Double improvements in global energy efficiency.</p>	<p>In 2020, we continued to promote energy saving measures by increasing the leaving-water temperature of AC water chillers by 1°C, decreasing energy consumption by 2.5% and reducing carbon emissions by 497,293kg CO<sub>2</sub>e.</p>
		<p>Goal 11.6 Reduce the harmful effects of cities on the environment, with special attention to air quality, urban management, and waste management.</p>	<p>Recycling programs at our plants generated about NT\$ 164,672,211 in economic benefits from 2018 to 2020.</p>
		<p>Goal 12.2 Sustainable management and efficient use of natural resources.</p>	<p>In 2020, the electrolytic copper recovery system produced 10.48 metric tons of copper pillars from copper ions in wastewater for recycling and reuse.</p>
		<p>Goal 13.B Improve mechanisms in least developed countries to enhance their capacity for effective climate change planning and management.</p>	<p>Conduct annual GHG emission reviews and implement reduction measures to ensure the control and management of current GHG emissions.</p>



# Solid Business Operation



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In a time of rapid technological development and global economic growth, Flexium believes that good corporate governance measures are the foundation of stronger operational performance. Through progressive and sustainable corporate governance, we have established a resilient business model built upon reciprocity with our suppliers.

## 2.1 Corporate Governance

### The Board of Directors

The Board of Directors is the highest decision-making body at Flexium, and the Chairperson of the Board also serves as the General Manager of the Company and assumes overall responsibility for managing its operations. In accordance with our *Articles of Incorporation* and *Rules for Director and Supervisor Elections*, each member of the Board shall serve a term of three years. Directors must be nominated to stand for election to the Board, and directors who are reelected may continue to serve on the Board for another term. The Board comprises 11 directors (including 3 independent directors), who are in charge of formulating the Company's business blueprint and major strategies. The Board is subject to the *Rules of Procedure for Board of Directors Meeting* and hence is required to convene quarterly. *Flexium's Ethics Code* stipulate that a director with a personal interest in any agenda item at a meeting of the Board shall neither vote nor exercise his or her right to vote on behalf of another director.

All members of the board possess the professional knowledge, experience, and competencies required for their duties. The board includes members with chemical engineering, machinery, finance, and legal backgrounds. Their deep international perspective, decisive leadership, and crisis management capabilities are sufficient to deal with changes in the economy, environment, and society. In terms of the demographics, all but two are above 50 years of age. Pursuant to the *Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies*, our Company provides training programs for board directors to enhance their understanding of emerging issues and their impact on the effectiveness of corporate governance. As of publication, two of the eleven board members are female. The meeting attendance rate among directors was 99% in 2020. For detailed credentials of each director, please refer to pages 9-12 of the Company's 2020 Annual Report.



### Strengthening the Functionality of the Board

To strengthen the board's supervisory, auditing, and management functions, Flexium has established the Audit Committee and Compensation Committee under the Board, along with an internal audit office to oversee the planning and implementation of audits. They report to the Board in regular meetings as well as to the Chairperson (also the General Manager) on a monthly basis or whenever necessary.

Audit Committee

Convenor: Hsin-Pin Fu;  
Members: Pei-Jun Wu, Shui-Tung Huang

6 meetings were convened in 2020 with an overall attendance rate of 100%.

The Committee is entirely made up of independent directors and was established to assist the Board in strengthening corporate governance.

Compensation Committee

Convenor: Hsin-Pin Fu;  
Members: Pei-Jun Wu, Shui-Tung Huang

2 meetings were convened in 2020 with an overall attendance rate of 100%.

The Committee is responsible for assisting the Board to routinely assess and formulate compensation packages for directors and managers, review the performance of directors and managers, and evaluate the policies, standards, and structure of said packages.

## 2.2 Ethical Management

### Internal Control

To strengthen our internal control system, Flexium established internal audit rules for auditing and reviewing internal control procedures over the Company's operations in order to determine the adequacy (or lack thereof), effectiveness and efficiency of the design, and practicality of the our internal control procedures. These rules apply to the Company and its subsidiaries.

Internal audits are conducted in accordance with the audit plans approved by the Board. The plans are drafted based on identified risks. Special investigations or secondary reviews may be conducted on an ad hoc basis. Conducting these audits and special investigations enables management to control our internal operations and gain insight into existing or potential deficiencies.

The Auditing Office is an independent department comprising a Chief Auditor and a Deputy Auditor who report directly to the Board. In addition to regular Board meetings, these officers report monthly (or whenever necessary) to the Chairperson and the General Manager respectively. To perform audit duties without interference, the auditors are both formal full-time professionals.

### 2.3 Regulatory Compliance

To ensure the adoption and implementation of ethical governance policies, sound development, and good business practices, Flexium has established its *Flexium's Ethics Code* to regulate the Company and its subsidiaries and provide ethical standards and guidelines for directors, supervisors, managers, employees, contractors, and people with de facto power as they perform their respective duties. Regulatory compliance is strictly required, and dishonest acts strictly prohibited. Our business activities must follow the principles of fairness, honesty, integrity, and transparency. Through policies based on ethical corporate governance and a strong risk control mechanism. We create an environment for sustainable development in which we can pursue both our best interests and our commitment to sustainability. In 2020, we incurred no penalties from the competent authorities in the economic, social, human rights, and product aspects. There was one violation of environmental laws and regulations (see Chapter 4 – Environmental Sustainability for more details).

#### Employee Code of Conduct

Flexium has established an *Employee Code of Conduct* that requires the highest standard of conduct for our employees at work. Employees must strictly abide by the law and Company rules whether dealing with business or personal duties. Under no circumstances should an employee be involved in any act that violates the law, damages the Company's goodwill and interest, or involves corrupting interests. The *Employee Code of Conduct* adopts a holistic approach by incorporating the United Nations' *Universal Declaration of Human Rights*, the *Global Compact*, the International Labour Organization's *Declaration of Fundamental Principles and Rights at Work*, and the spirit of anti-discrimination.

#### Anti-corruption

Flexium has an Auditing Office that reports directly to the Board of Directors. Internal audit rules are in place to assist the Board and management in assessing internal control over the Company's operations, auditing and evaluating the effectiveness of preventive measures, and conducting routine evaluations and assessments of related operating procedures. Our Company encourages internal and external stakeholders to report ethics issues to us through secure channels. Anyone suspecting or discovering an act carried out by our Company or an employee that may violate the laws or code of ethics may raise such concerns with our supervisors, managers, head of internal audits, or other appropriate personnel. Alternatively, they may use the email address (109@flexium.com.tw) or hotline (07-7871008 ext. 109) which can be found on our Company's website and intranet. Upon receipt of a reported violation, our Ethics Management Committee will launch a covert investigation. Our anti-corruption policy applies to our suppliers as well. The Company requires all new suppliers with an estimated annual business volume exceeding NT\$ 1,000,000 to sign the *Letter of Commitment for Undertaking Integrity*.

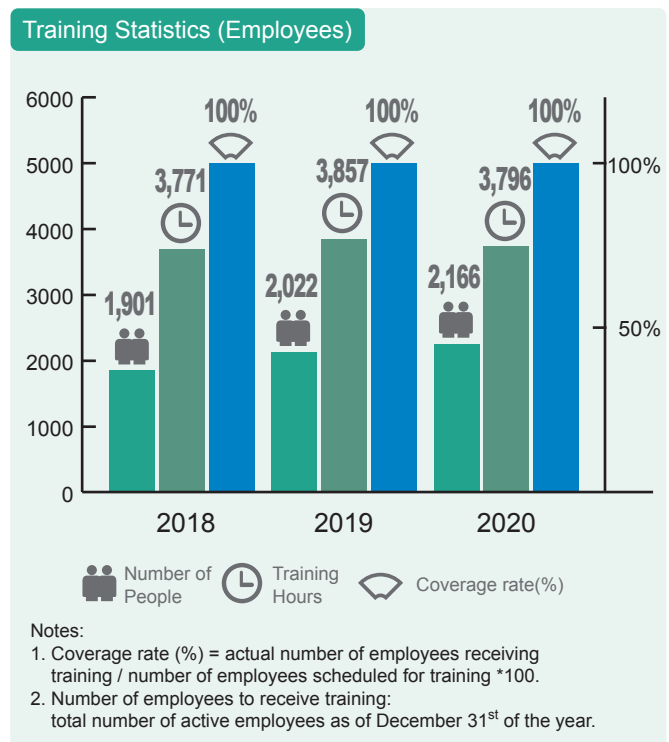
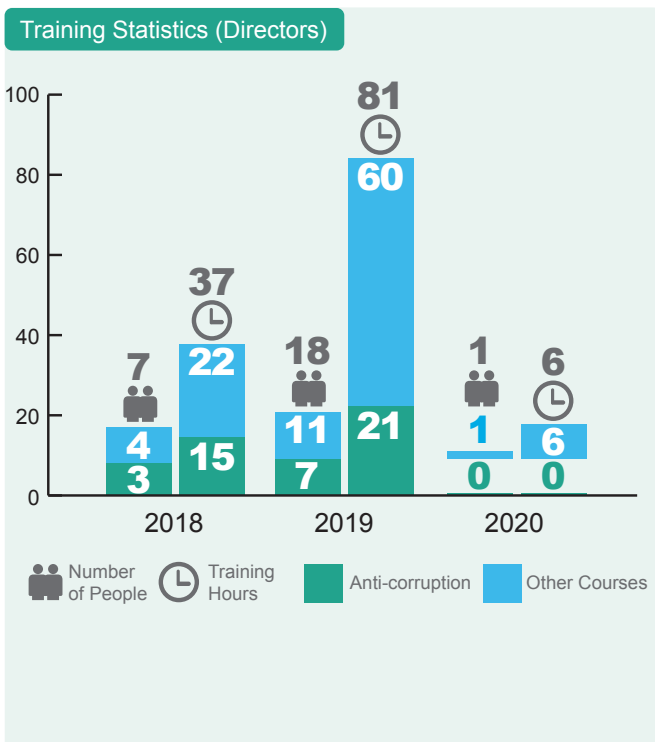


The Ethics Management Committee conducts an annual risk assessment of ethical business practices, including business integrity, no improper advantages, and information disclosure, scored on a five-point scale in terms of risk severity (S), occurrence (O), and detectability (D). The total score (called the “risk priority number”) is determined by multiplying S, O, and D. A total score above 27 indicates that corrective measures must be taken until a specified improvement target is met. From 2018 to 2020, all scores were below 27.

Business Ethics Evaluation Indicators	Controlled? (Y/N)	Risk Priority Number (RPN)		
		2018	2019	2020
1.Business Integrity	Y	15	15	15
2.No Improper Advantages	Y	16	20	16
3.Information Disclosure	Y	16	12	15

To protect stakeholders’ interests, Flexium also requires all employees to sign *Non-Disclosure, Non-compete, and IPR agreements*. No corruption or bribery was committed within the Company in 2020, which can be attributed to our insistence on integrity and ethics. To maintain fair trade as well as prevent corruption and bribery, Flexium strictly prohibits employees from offering, accepting, promising, or demanding, directly or indirectly, for self or others, acts that are dishonest, unlawful, or otherwise contrary to the responsibilities entrusted to them by the Company.

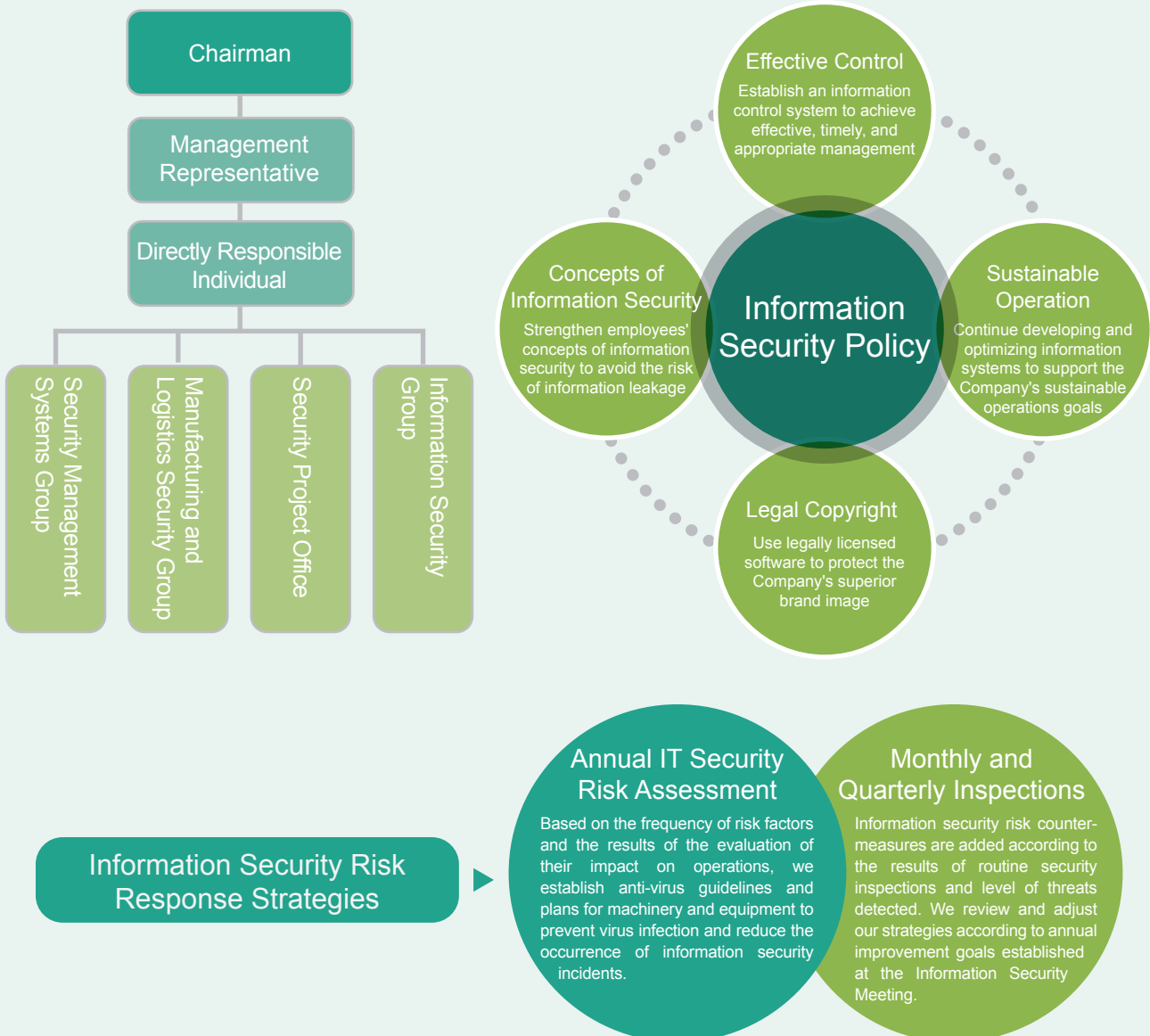
All directors of the Board and employees are required to participate in routine anti-corruption and anti-bribery training. Due to the effects of COVID-19, the board members didn’t receive trainings in 2020.



## Information Security Management

Flexium provides the *Security Responsibilities for Customers (SRC) Manual* to ensure that our clients' products and confidential information are secure and that their information property is properly protected, stored, and used. The manual covers four areas of responsibility, namely management, manufacturing, the security project office, and information protection. A managing organization was established with the chairman as leader and the plant manager or division-level head as representatives, who shall appoint a direct person in charge. Four subunits are responsible for the implementation of the organization's mandates. These safety rules are applicable to all employees, visitors, and contractors within the perimeter of the plant.

A set of information security policies was adopted as well. With sustainability, compliance, conceptualization, and control as our strategies, we have established a safety responsibility management framework specifically aimed at protecting our clients' products and confidential information, thus allowing our clients to understand and trust in our efforts and commitment to their security.



To fulfill our corporate responsibility to protect our customers’ personal information, we continuously strengthen our information security measures to respond to threats associated with computer equipment management, hardware protection, application security monitoring, and Internet access. We have completed technical and managerial inspections and evaluations of the items required by our *Information Protection and Management Protocol*, thus enhancing our defense of and governance over our network and information systems.


With regard to information security risk management, we have established a risk assessment procedure that repeatedly measures our overall information security system to maintain a high level of network security.

Furthermore, we launched an early warning app that helps employees stay on top of the information system in order to mitigate risks associated with system downtime. The app detects system anomalies in real time and alerts staff to respond immediately and address issues before they lead to major system failure. In 2020, we launched a Message Gateway System to extend the early warnings to the power supply, plant facilities, and manufacturing equipment to notify responsible personnel of potential critical issues so that they can respond quickly to mitigate operational risks.

The Company sets information security management goals and regularly tracks its progress. There were a total of 3 information security violations in 2020. In one of these, an employee accidentally dropped a company-use iPad, leading to a cracked screen and a potential information security risk. Another employee installed company-prohibited software (LINE, TeamViewer) on an AVI computer without applying for approval from the IT department, and did not install antivirus software. In the third case, an employee connected to Google drive and uploaded documents, not only putting the data at risk of leaking but also violating information security policy. The Company conducted information security education and training for employees who violated policy and also strengthened its promotion of SRC throughout the plant.

### Information Disclosure and Communication

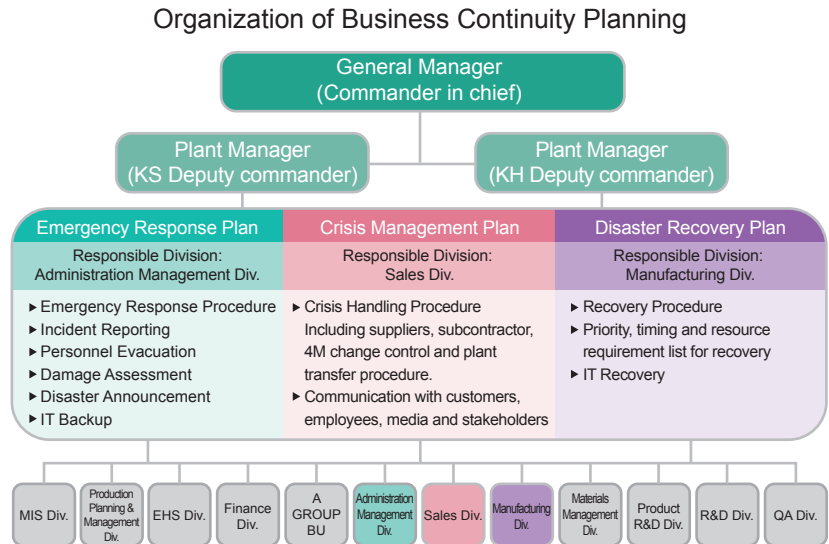
Flexium maintains a variety of communication channels to pursue sustainable development, information disclosure and transparency, address stakeholders’ concerns, and satisfy their different needs.

- 
**Investors Conference and Annual Shareholders' Meeting**
▶
Convened annually to communicate the Company's financial and operational performance to shareholders
- 
**Investor Relations**
▶
Timely disclosure of corporate governance implementation, business announcements, financial statements, material information, investor conference, and internal audits
- 
**Market Observation Post System (MOPS)**
▶
Provides detailed information about the Company's operations and management
- 
**Stakeholder Engagement**
▶
Specific questions from shareholders and stakeholders are answered by designated personnel with knowledge in the designated area. Shareholders and stakeholders can contact us directly though phone, fax, or email.
- 
**Corporate Social Responsibility**
▶
A dedicated CSR section on the corporate website provides stakeholders with the latest information on our CSR practices.

## 2.4 Risk Management

In an evolving world of threats, a thorough corporate risk management system and enhanced responsiveness to crises have become essential for corporate sustainability and competitiveness. Flexium has adopted a framework for sustainable management that allows it to comprehensively manage operational risk, mitigate future risks, and increase the Company's resilience.

In accordance with its *Business Continuity Planning Procedures*, Flexium established an organization with the authority and responsibility to react and respond quickly to all aspects of operational risks to lessen their impacts on the Company's business.



### Risk Identification and Response

Flexium has operating locations across the globe, and so our management staff has established a regulations for exchange rate risks associated with a variety of currencies which stipulates that each subsidiary within the group should manage the exchange rate risk of its relative functional currency exchange rate risk, and hedge the overall currency exchange rate risk through the parent company's Finance Division.

During the normal course of business, there is potential for any operations, activities, facilities, and manufacturing processes that involve materials, machinery, equipment, personnel, or certain operations to result in physical, chemical, biological, or ergonomic hazards. Therefore, Flexium identifies and assesses the risks associated with each operation or activity while making improvements to control existing or potential unacceptable risks to reduce the impact on Environment, Health and Safety.

As products become more complex and specialized, supply chain management is becoming an indispensable key of business operations. Flexium established the *Directions for Reporting Delayed Deliveries of Materials* to deal with various causes of late deliveries by our suppliers. Moreover, our Company established its *Threat Identification and Risk Evaluation Management Procedures* to assess the frequency, possibility, and weighted possibility of occurrence, as well as severity level of events. A risk level is then assigned to the event by cross-referencing its weighted possibility of occurrence and severity. The risk level is used to formulate improvement measures so as to ensure proper control and risk reduction.

Additionally, an information systems practice drill is held annually to reinforce information security management. Between November and December of 2020, the MIS Department carried out high-availability mock service transfer and SAN change drills, activating the system's automatic backup mechanisms according to maintenance system type or hazard situation to ensure that the system services can operate normally without interruption.

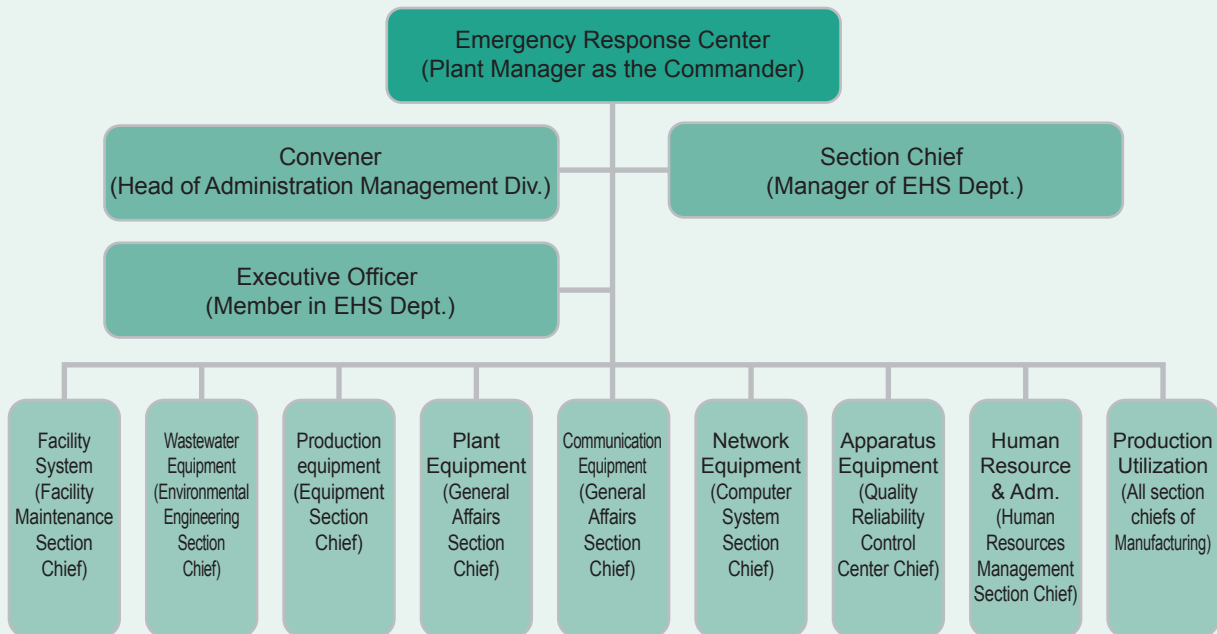
### Structure of Business Continuity Planning



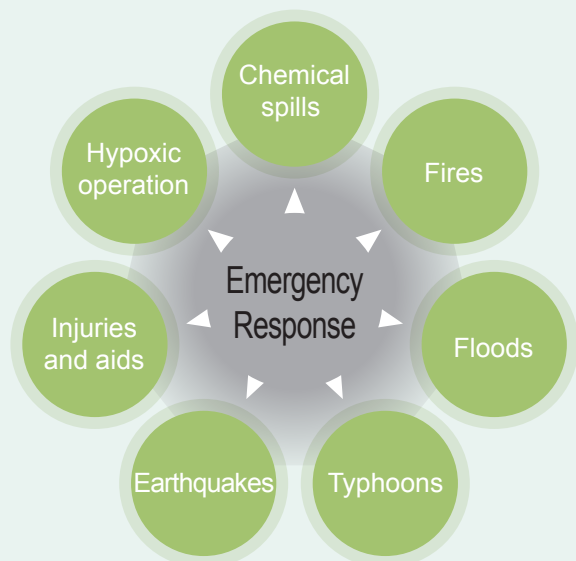
## Emergency Response

Flexium issued its *Emergency Response Plan Instructions* to address the responses to, handling of, recovery training for, and horizontal coordination of all disasters and incidents so that potential losses and damage due to disasters or incidents can be contained in the first instance. We have taken steps to ensure that all employees understand the protocols and mitigation methods for handling disasters, thus reducing possible damage to the environment. Our emergency response policy can safeguard our employees' safety at work, prevent losses from disasters, protect stakeholders' interests, enhance our emergency response capabilities, and enable speedy recovery to fulfill our promise of protecting our clients.

Due to COVID-19, only one self-organized fire response drill was held at our plants in 2020 with a total attendance of 507 people. The drill trained employees in extinguishing fires, reporting fire hazards, and evacuation, and was held for foreign workers as well. Additionally, since the PCB industry is ranked a high-risk business unit, chemical leak drills are also scheduled for the relevant departments to improve their response capabilities.



Photos from the Self-Organized Fire Safety Response Drill in 2020





## 2.5 Business Performance

### Industry Overview

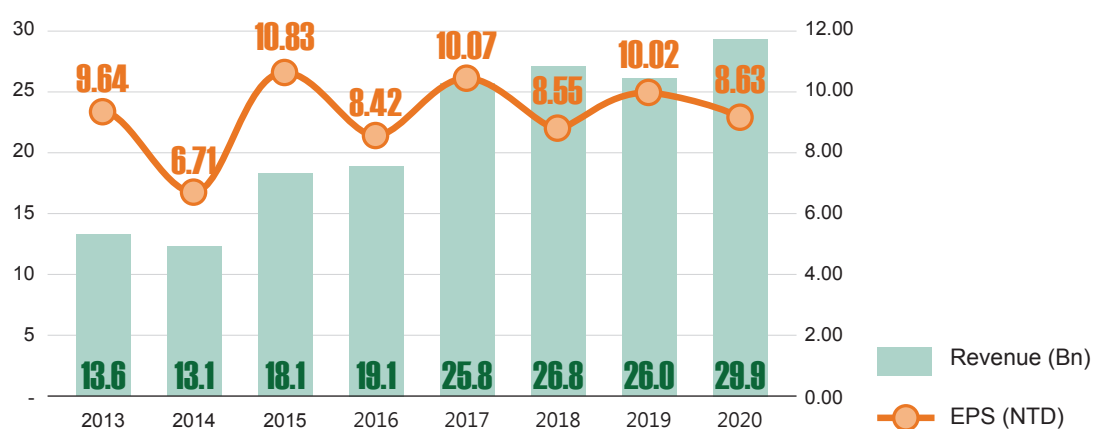
Due to the effects of COVID-19, there is increasing demand for secure, healthy, and convenient hardware and software services. Industries such as medical security, remote teaching, and health care are becoming gaining in value by the day. The increasing popularity of mobile phones, tablets, and wireless transmission devices coupled with the rapid maturation of big data analytics, AI, and cloud computing applications means that high-frequency conductor communications will be the engine of economic growth. In the future industry competition and cooperation will formally extend from the ground up into the airwaves. At Flexium, we will continue with the research and development of high-frequency and conductor technologies, and will develop new products with our strategic partners to provide comprehensive, modularized designs, prototypes, tests, and other outstanding services and products for our end users.

Commercial promotion of high-frequency 5G will bring huge business opportunities to the electronics and automotive markets. Flexium focuses not only on clients in the consumer electronics field, but also on customers in the field of automotive electronics. Automotive products require a very strict evaluation and certification process. For example, FPC boards for electronic vehicles must offer consistent safety performance and meet strict environmental and functional requirements. Alternative fuel vehicles, electronic vehicles, and autopilot features all require high-frequency 5G applications in their Advanced Driver Assistance Systems (ADAS), entertainment media, and electronic control systems; and with the increase in sensor technology applications and the gradual penetration of the Internet into automobiles, the electronization of auto parts is becoming a much more noticeable trend. The proportion of the cost of motor vehicles attributable to automotive electronics is also rising, creating a huge market for FPCs. Furthermore, autopilot systems with top ratings in safety, comfort, and audio and video environment gain in popularity, while the increase in demand for smart automotive gadgets will bring opportunities for the rapid development of high-end high-frequency FPCs in cars. Flexium will play an important role in the technology industry chain in the future, and will continue to develop high-frequency materials and products and pioneer more market applications.

Flexium primarily exports products to Europe, the Americas, and Asia. We have sales teams in the United States, Europe, Japan, China, and Taiwan, and have built a global sales network to provide immediate services.

Unit: NT\$ '000s

Year		2018		2019		2020	
Market		Volume	%	Volume	%	Volume	%
Domestic		1,780,077	6.65	1,530,903	5.88	1,449,038	4.85
Export	Asia	9,008,765	33.65	10,437,510	40.09	9,835,064	32.90
	Europe/ Americas	15,981,649	59.70	14,064,817	54.03	18,613,894	62.25
	Subtotal	24,990,414	93.35	24,502,327	94.12	28,448,958	95.15
Total		26,770,491	100.00	26,033,230	100.00	29,897,996	100.00



## Historical Financial Performance

Year	2018	2019	2020	Unit	Remark
EPS (Earnings per share)	8.55	10.02	8.63	NT\$	Consolidated
Individual Income Tax Expense	783,145	874,584	750,988	NT\$ '000s	
Consolidated Income Tax Expense	835,991	848,566	862,898	NT\$ '000s	
Paid-In Capital	3,182,954	3,346,328	3,617,798	NT\$ '000s	
Individual Total Revenue	26,629,126	25,681,858	29,674,189	NT\$ '000s	
Consolidated Total Revenue	26,770,491	26,033,230	29,897,996	NT\$ '000s	
Individual Net Profit Before Tax	3,427,857	4,027,787	3,685,031	NT\$ '000s	
Consolidated Net Profit Before Tax	3,480,703	4,001,769	3,796,941	NT\$ '000s	
Total Market Capitalization	23,709,562	38,315,456	43,775,356	NT\$ '000s	Based on year-end share price
Individual Operating Expense	796,133	950,186	1,165,254	NT\$ '000s	
Consolidated Operating Expense	1,967,309	2,147,892	2,694,780	NT\$ '000s	
Retained Earnings	12,987,385	15,357,966	17,731,146	NT\$ '000s	
Individual Total Salaries	1,154,552	1,260,690	1,487,155	NT\$ '000s	
Consolidated Total Salaries	2,925,022	3,175,294	3,782,634	NT\$ '000s	
Total Employee Benefits	1,355,257	1,462,688	1,702,645	NT\$ '000s	Individual
Total Pension	44,255	44,758	48,266	NT\$ '000s	Individual
Stock Dividends	Cash:4.99504094	Cash:5	Cash:5	NT\$	



# Industrial Services

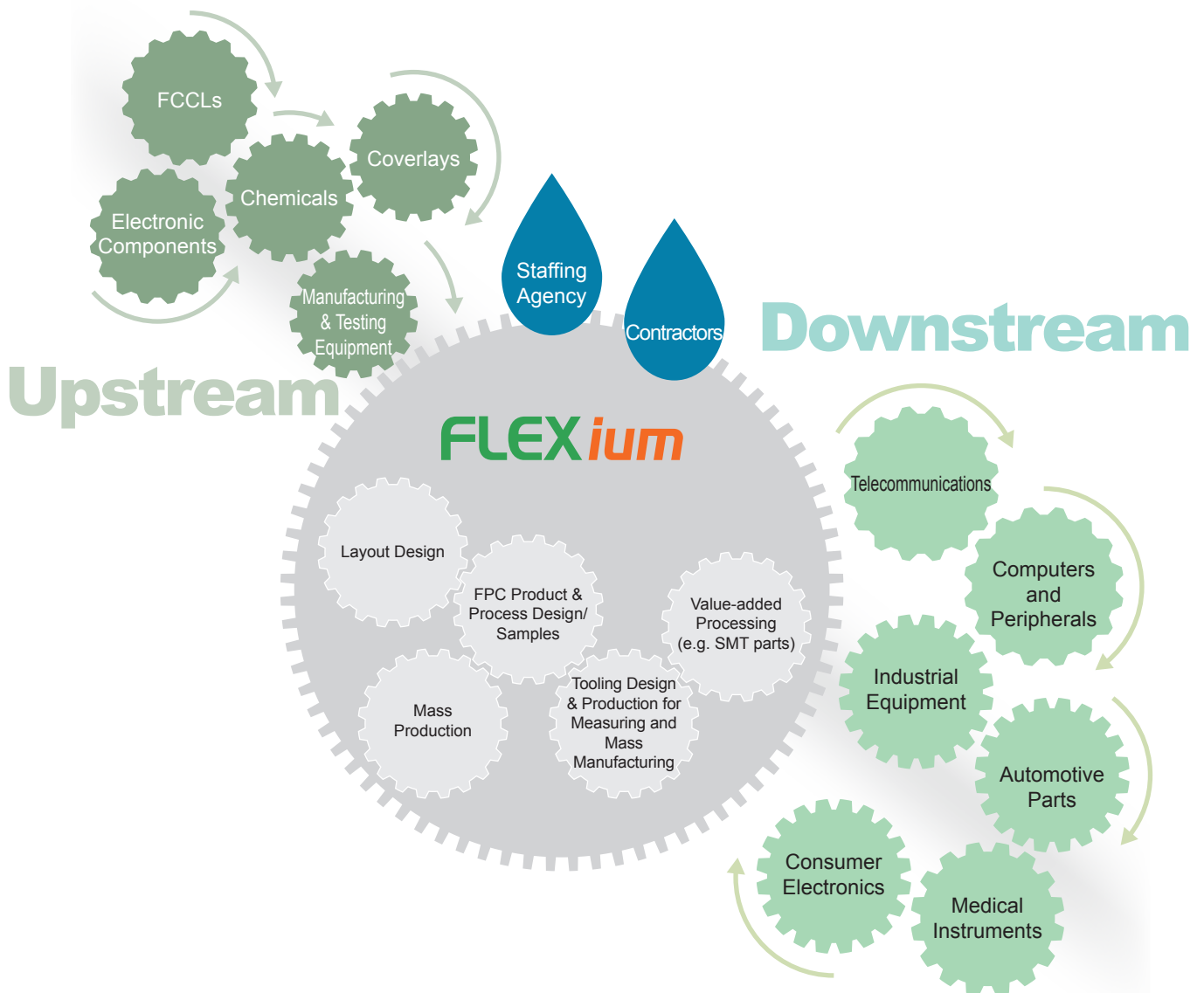


# Industrial Services

Electronics today are moving towards thinner, lighter, more power efficient, touch-based designs, making FPCs a popular component in a variety of products. In fact, FPCs may have the biggest growth potential of all PCB products. Therefore, Flexium is committed to increasing product R&D and sales through comprehensive supply chain management, customer service, and innovative research and development. We strive to improve product technologies and materials research and development, cultivate and retain existing clients, and consolidate our technical service teams to provide the highest quality professional services.

## 3.1 Industrial Value Chain

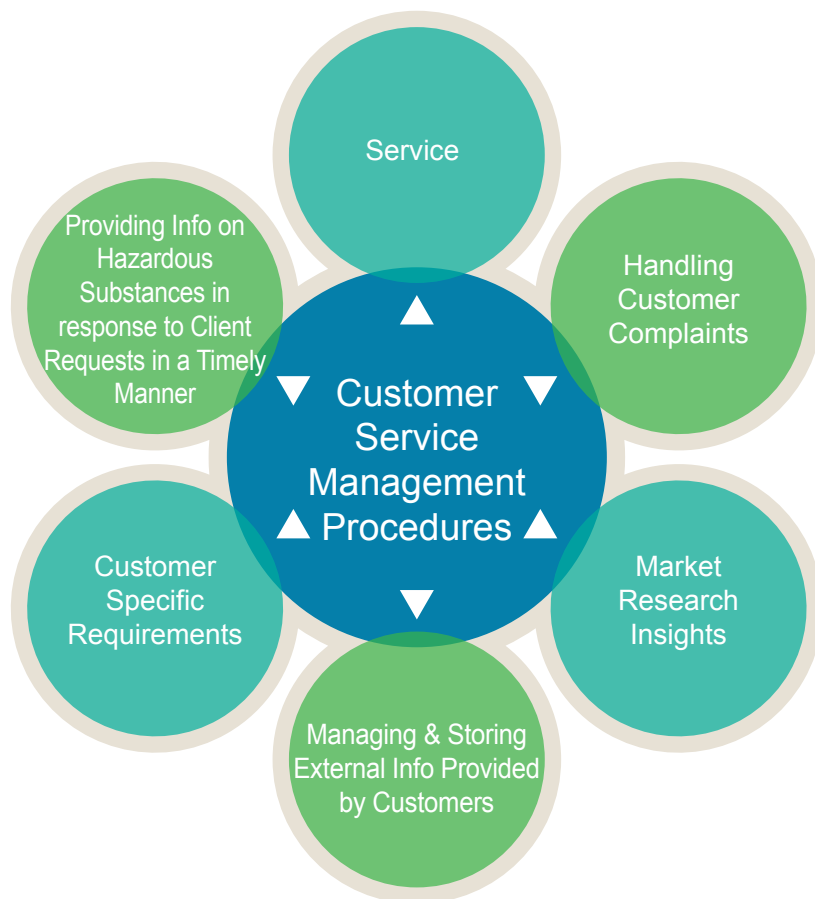
The mainstay of Flexium’s product lineup is FPCs, which are produced from flexible copper clad laminates (FCCL), various chemicals, coverlays, and electronic parts and components. FPCs can be applied to all sorts of electronics in IT, telecommunication, and consumer products. The properties, production methods, and manufacturing technologies of upstream materials all have a significant effect on the quality of FPCs, and it is important to ensure high levels of expertise and maintain close cooperative relationships with our up-, mid-, and downstream suppliers and partners.



## 3.2 Customer Relationship Management

### 3.2.1 Customer Services

Customer feedback is invaluable in helping Flexium achieve continuous improvement. To provide the best service quality, we take customer feedback very seriously. We provide clients who wish to reach out to us not one but multiple ways in which to do so, and we promise to respond in an accurate, thorough, and expeditious manner. To achieve this, Flexium has developed its *Customer Service Management Procedures* and *Customer Complaint Handling Procedures* to serve our clients. From general complaints to questions regarding information security, clients can rest assured that they will be taken care of and that their information remains secure. Our customer service efforts are part of our strategy to gain a competitive edge and a larger market share.



#### Contact Information

Corporate website: [http://www.flexium.com.tw/index\\_en.asp](http://www.flexium.com.tw/index_en.asp)



Domestic

Tel: +86 512-577-755-99 Ext. 8666  
 briancheng55@flexium.com.cn

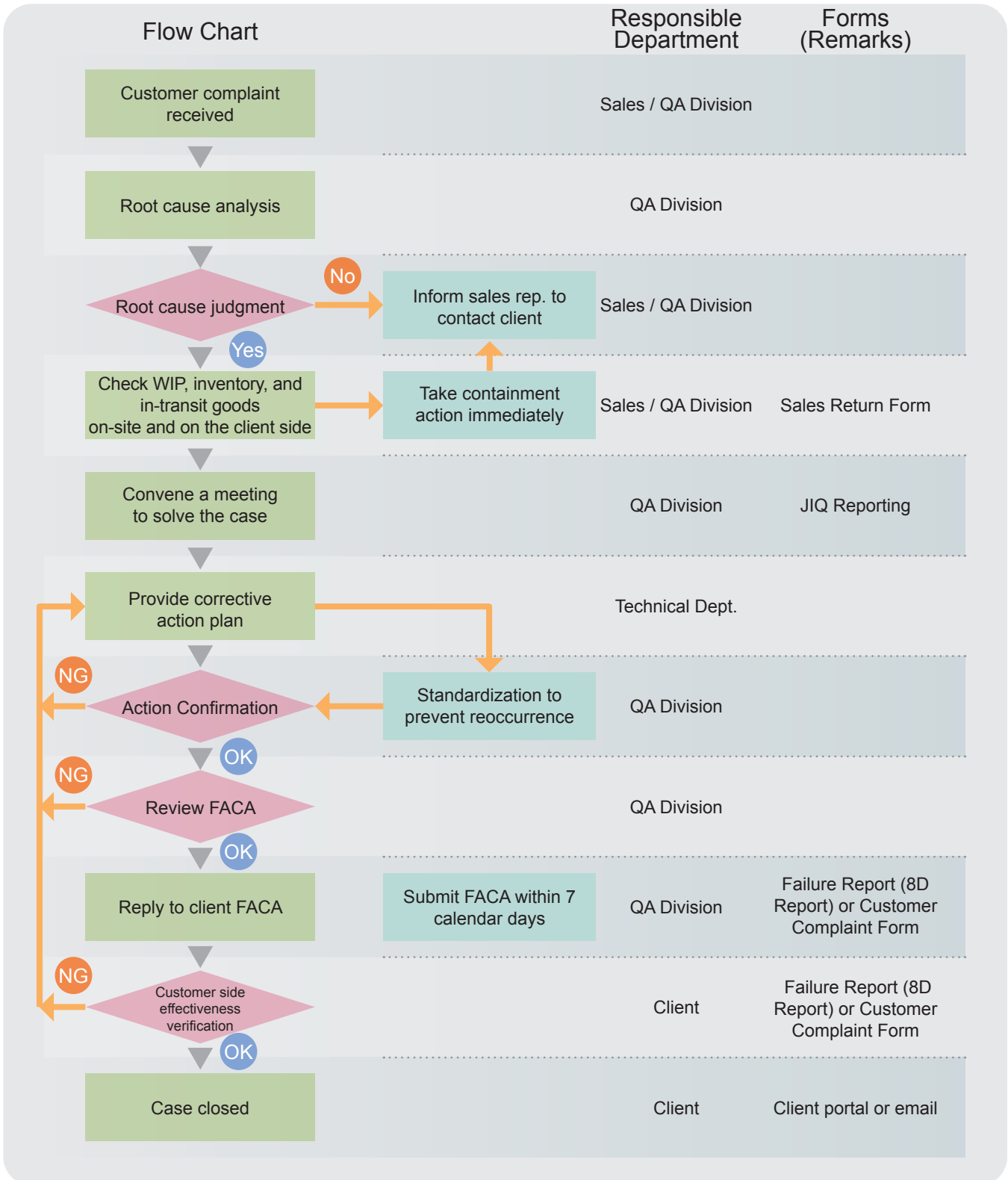


International

Tel: +1 408-838-2234  
 Claudio.tang@flexium.com.tw



To ensure clients' concerns are addressed, reduce future customer complaints, prevent problems from reoccurring, and ultimately increase customer satisfaction, Flexium has developed a set of standardized procedures to handle complaints, reviews, returns, hazardous substance non-compliance complaints, and major recalls of defective automotive or medical parts.



### 3.2.2 Customer Satisfaction Survey

To be mindful of clients' opinions, continuously improve our services, and fulfill customer needs, the Sales Division conducts an annual customer satisfaction survey with our top 10 customers in annual turnover. The results are then reviewed in an annual management review meeting to ensure that improvement measures are properly implemented. The survey results from the current year are also compared and contrasted with those from previous fiscal years to provide us with a dynamic view of general trends in customer satisfaction levels, which serves as a reference for future improvements and corrective measures we may adopt.

Our customer satisfaction survey covers six major indicators: quality, service, delivery, price, technology, and hazardous substance management. We set our annual target at 85 on a 100-point scale. In an attempt to increase product yields and lower defect rates across all of our products, we began holding daily quality meetings (DQMs) in 2019. We implemented controls to prevent anomalies at critical production nodes and conducted periodic reviews of control data. We also established the Product Quality Control Department to reduce the likelihood of product defects. Looking into 2020, we plan to further secure our leadership position in the smartphone FPC market (including expansion into high-frequency 5G products) and continue improving the quality and service of automotive and medical products. In 2020, the supply market gradually shifted towards Chinese-owned plants, making price competition even more intense. Thus, our customer satisfaction rating in the price category was slightly lower. Nonetheless, we were able to maintain an overall satisfaction rating of 85, meeting our objective. In 2021, we will continue to set our target satisfaction rating at 85 and make continuous improvements.

Customer Satisfaction Survey Results

Indicators	2018	2019	2020
Quality ▶	86	86	87
Service ▶	95	90	91
Delivery ▶	92	83	86
Pricing ▶	81	62	75
Technology ▶	91	88	89
Hazardous Substance Management ▶	92	88	92
Total ▶	89.50	83.00	86.00
Target (%) ▶	85%	85%	85%
Revenue contribution of top 10 clients as a percentage of all revenue (%) ▶	88%	81%	85%

Note: The targets for this survey were our top 10 clients in terms of revenue contributions in 2020.

Flexium monthly monitors the following customer-related performance indicators and reviews them in annual management review meeting to continuously improve our customer service standards.

Indicators	Description
Product Yield ▶	Single-layer 97.5%, double-layer 96.5%, multi-layer 95%
Quotation Acceptance Rate ▶	Accepted quotations as a percentage of all quotations. Target: 30%
Order Fulfillment Rate ▶	Fulfilled orders as a percentage of all orders. Target: 94.5%
Control shipping costs ▶	Cap Product export shipping costs at <NT\$200,000/month
Number of Customer Complaints ▶	Statistics on customer complaints due to product quality, hazardous substance control, or late deliveries (The number of customer complaints averaged ≤ 5 cases in 2020.)

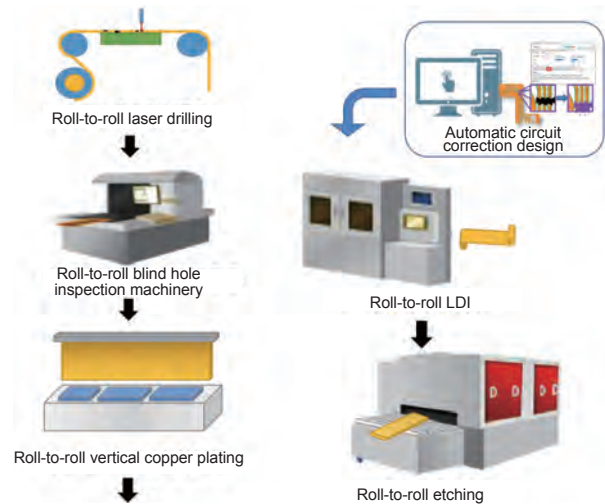
### 3.3 Research and Innovation

Flexium has been in the FPC business for many years, and it has accumulated a wealth of experience in design, marketing, manufacturing, and management. As an elite player in the industry, Flexium has adopted a state-of-the-art roll-to-roll automated production line with the advantages of high efficiency and human-machine integration. We stay ahead of our competitors by constantly optimizing our technology and production processes. We will continue to provide an increasingly diverse range of technical solutions to cement our unique competitive edge.

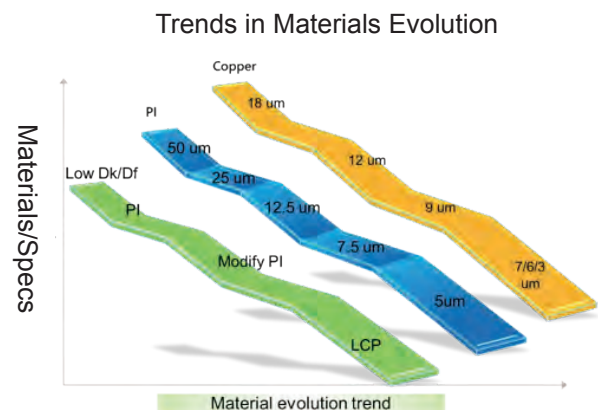
#### 3.3.1 Innovation Management

Flexium works closely with major global materials providers and the most advanced manufacturers around the world to develop multi-functional materials and hi-tech equipment. At the same time, we collaborate with international and domestic research institutions to propel the development of new materials and innovative technologies. We take our customers' needs to heart in designing next-generation products.

To optimize FPC production, we have adopted the most advanced technology and equipment. Our goal has been to create completely automated, roll-to-roll production lines. To achieve this goal, we employ advanced technology and equipment. During the initial design stage, we utilized software that allowed for automatic circuit correction. Under appropriate conditions, circuits are dynamically corrected in advance. For double-layer FPC roll-to-roll production, we use roll-to-roll laser drilling to make the through holes and blind holes on FPCs. We have adopted roll-to-roll vertical copper plating to facilitate hole conduction, after which we apply laser direct imaging (LDI) machining to complete the exposure for fine circuit processing. Finally, we implement the vacuum etching method to create microcircuits. We adopted the roll-to-roll method for laser drilling and vertical copper plating to maximize production capacity, and inspect blind holes in real time using roll-to-roll laser drilling, which allows us to maintain quality and quantity standards simultaneously.



Following the advent of 5G communication and the Internet of Things, the demand for high-frequency FPCs is gradually increasing, making the development of diversified FPC functions markedly important. FPCs perform high-frequency transmissions. During such transmissions, if the surfaces of the transmission conductors are overly rough, high-frequency signal transfers occur, resulting in conductor losses that attenuate or severely distort signals. To resolve conductor loss problems, the surface roughness of high-speed transmission FPC copper foils must be effectively reduced while still meeting the impedance matching requirements. Flexium has invested in multi-layer liquid crystal polymer lamination technology and product applications. Meanwhile, we are working with our clients to develop high-frequency circuitry mock-up designs for the early adaptation of this future trend. We are also actively developing laser micro-vias and multilayer micro blind and buried via fullfill plating technologies.



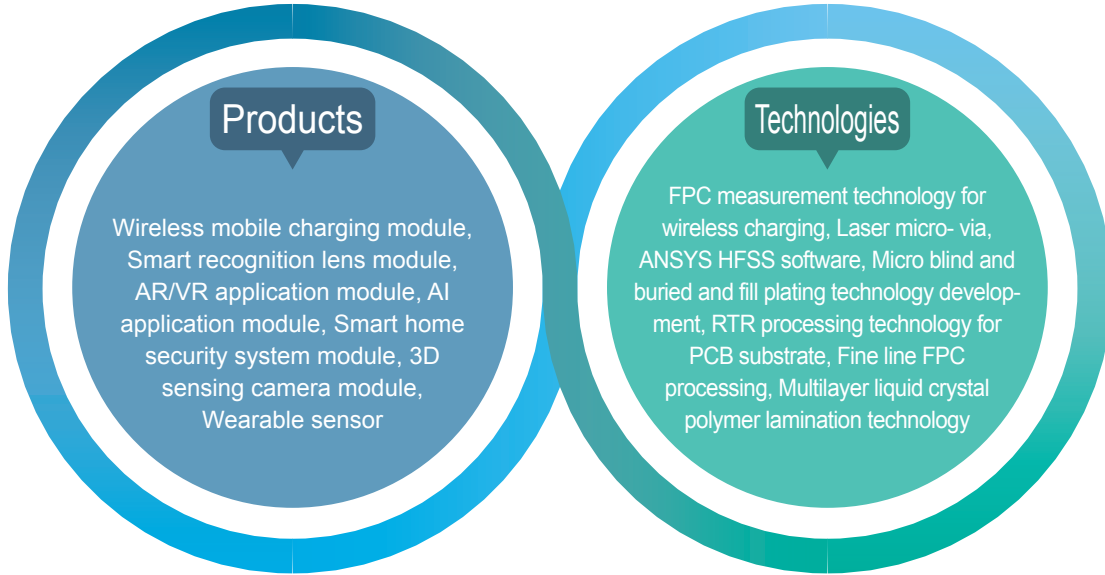
## Flexium's Product Development Roadmap

Capability		2020	2021	2022
Layer counts		<ul style="list-style-type: none"> <li>S/S &amp; D/S</li> <li>Multi-Layers: 10 layers</li> </ul>	<ul style="list-style-type: none"> <li>S/S &amp; D/S</li> <li>Multi-Layers: 12 layers</li> </ul>	<ul style="list-style-type: none"> <li>S/S &amp; D/S</li> <li>Multi-Layers: 12 layers</li> </ul>
Flex material		<ul style="list-style-type: none"> <li>Polyimide &amp; LCP</li> <li>Low Dk/Df material</li> </ul>	<ul style="list-style-type: none"> <li>Polyimide &amp; LCP</li> <li>Low Dk/Df material</li> <li>Colorless Polyimide</li> </ul>	<ul style="list-style-type: none"> <li>Polyimide &amp; LCP</li> <li>Low Dk/Df material</li> <li>Colorless Polyimide</li> </ul>
Base thickness		75um, 50um, 25um, 12.5um, 7um	75um, 50um, 25um, 12.5um, 7um	100um, 75um, 50um, 25um, 12.5um, 7um
Copper thickness		70um, 35um, 18um, 12um, 9um, 6um	70um, 35um, 18um, 12um, 9um, 6um, 3um	70um, 35um, 18um, 12um, 9um, 6um, 3um
Coverlay (PI/adhesive)		12.5um/25um, 12.5um/15um, 7um/15um	12.5um/25um, 12.5um/15um, 7um/10um	25um/33um, 12.5um/25um, 12.5um/15um, 7um/10um
Drill	Mechanical	0.1mm	0.075mm	0.075mm
	Laser	0.04mm	0.04mm	0.04mm
Via Structure		PTH, Blind, Buried & Copper fill plating	PTH, Blind, Buried & Copper fill plating	PTH, Blind, Buried & Copper fill plating
Fine Pitch L/S	S/S(12um)	0.020/0.020mm	0.018/0.018mm	0.018/0.018mm
	D/S(12um)	0.035/0.035mm	0.030/0.030mm	0.030/0.030mm
LPSM of shift tolerance		0.040mm	0.035mm	0.030mm
LPSM of opening		0.15 mm	0.10 mm	0.10 mm

### 3.3.2 Investment in Innovation

Flexium values and encourages our R&D personnel to pursue innovation and technology advancements. In practice, we have secured a wide range of patents for manufacturing processes, materials, and measurement technologies. Invention patents and utility model patents both protect creations made according to the laws of nature and focusing on improving functions, technology, manufacturing, and ease of use. However, the goals of invention patents are relatively broader and include substances (without specific spatial patterns), objects (with specific spatial patterns), methods, biological materials, and applications. By contrast, utility model patents focus on object shapes, structure, and combinations. As Flexium grows, we have also applied for invention patents. In 2020, we obtained two invention patents, for a total of 298 patents (not including pending patent applications), exemplifying Flexium's competitive advantage in FPC manufacturing and materials technology.

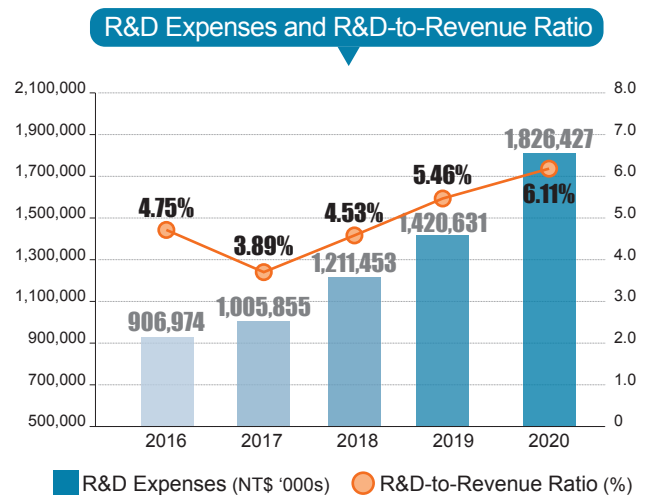
Our commitment to developing FPC products, technologies, and services has successfully yielded the following results in the past two years.



Flexium will continue to cultivate and retain its major existing clients, consolidate its technical service teams, and focus on non-mainstream product lines in the consumer electronics industry, including automotive, medical, and others that are yet to be explored. We will remain committed to improving our technology and materials development in high-frequency, high-speed smart cloud applications, such as smart TVs, smart cars, and smart PCs.

R&D Projects	Future Market Demand
25um/25um fine line FPC Substrate	For LCD/HD Substrate
4-8 layers rigid-flex PCB	For communication/medical Substrate
6 layers FPC	For camera module
LED backlight module FPC	For LCD display
Blind and buried via FPC	For smart phones
Laser drilling	For Notebook
Roll to Roll process for double-sided FCCL	For touch panel
Multilayer liquid crystal polymers lamination technology	For smart phones

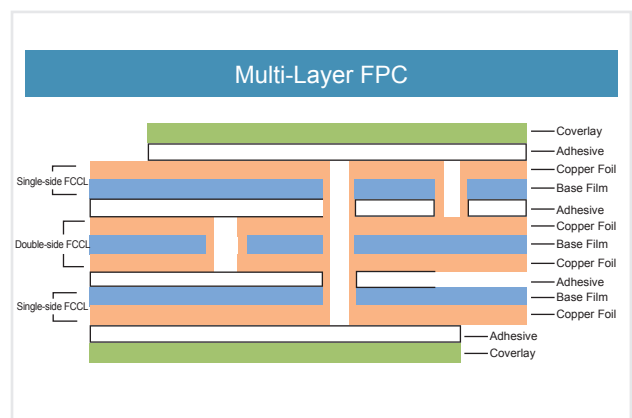
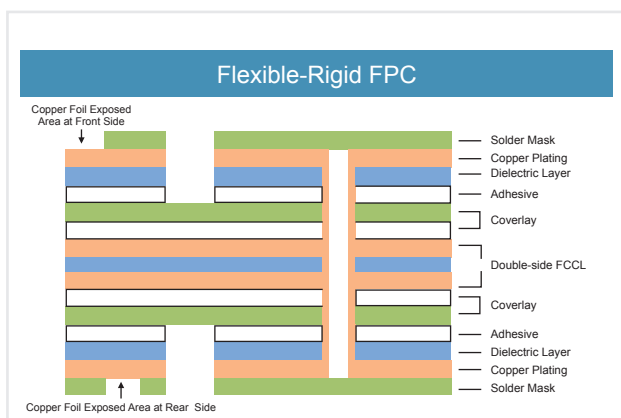
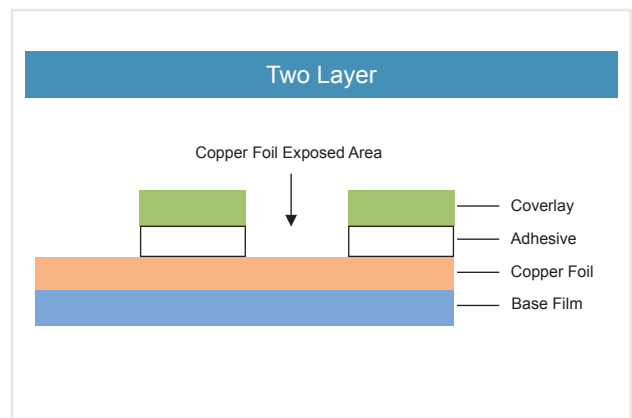
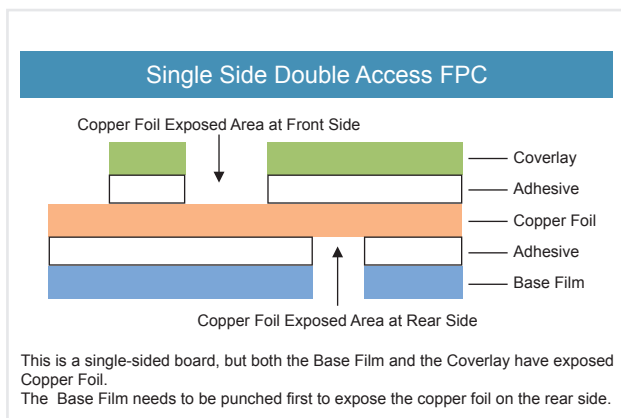
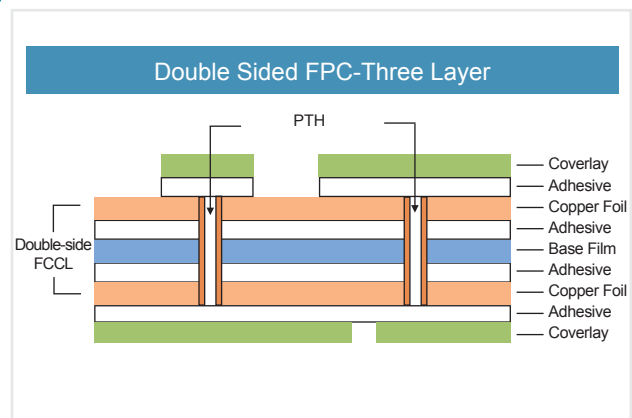
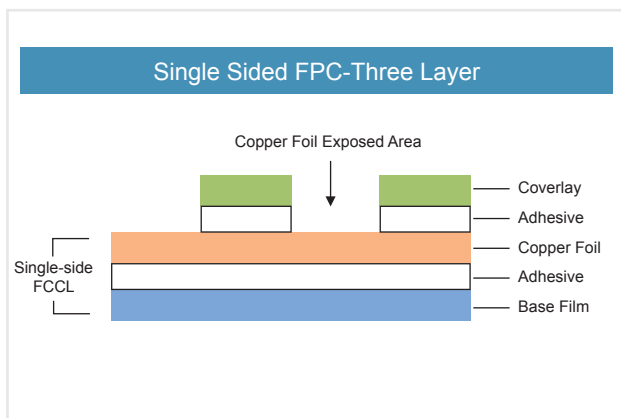
To perform practical, forward-looking science and technology research, integrate R&D resources, maximize the R&D capabilities of schools and academic research institutions, and satisfy its business needs, Flexium collaborated with National Cheng Kung University on an industry-academia research project to develop and find applications for maskless grayscale lithography and three-dimensional microstructure processing technology. The key focus involved combining digital micromirror devices (DMDs) with subsystems such as UV-LED light sources, microlenses and hole-type spatial filter arrays, high-precision imaging lenses, multi-axis motion platforms, big data, and graphics processing to build maskless UV exposure equipment. Flexium and National Cheng Kung University signed the agreement for a one-year collaboration with NT\$1 million in funding in June 2020.



### 3.3.3 Product Quality

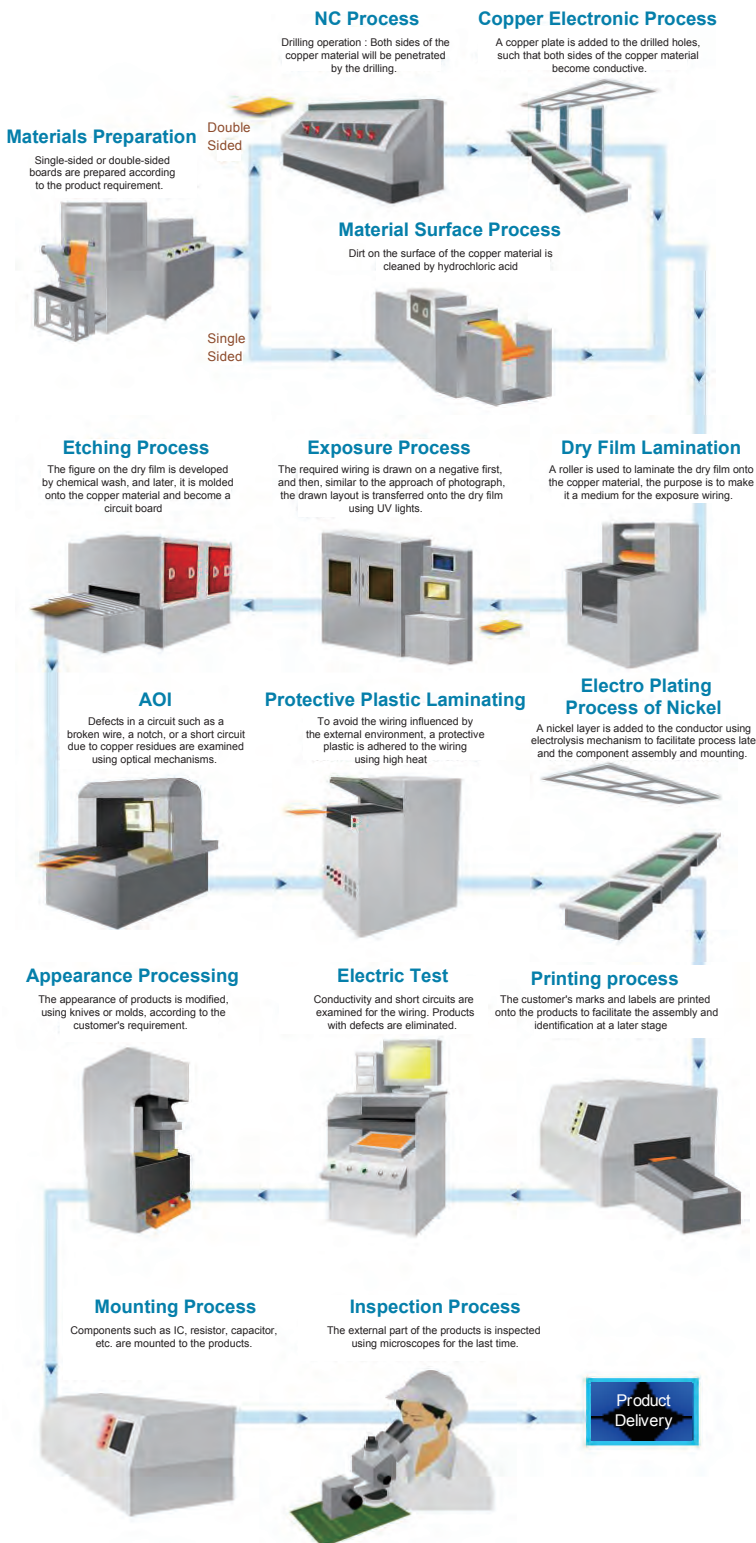
Flexium delivers superior service to our customers through careful mass production planning, risk assessment, and design-development-sales synergy. Our design and development departments are the key departments responsible for presale services. They partner with customers to evaluate and discuss layout planning, structural design, circuit simulation, tooling, and testing of parts and spare parts. Upon completion of the design, the post-sale service departments take over to provide value-added services, including product quality guarantees as well as shipping and handling. We also provide an in-house app that is constantly being optimized and updated. The app collects big data for analysis and accurate and detailed production output control. The app also works in conjunction with various monitoring systems to maintain consistent operations and production, which in turn makes quality control, smart production, and rapid-response to the market possible.

#### Product Category





We produce products that meet client needs through the meticulous planning of production flow and control, illustrated as follows:



Flexium is committed to maintaining consistent product quality and protecting our clients' rights and interests. We have invested resources into a strict monitoring and control system. The Quality Assurance Division is responsible for product quality assurance and improvements. We are also committed to the adoption and implementation of ISO 9001. In addition to adopting ISO/IATF 16949 (*Automotive Quality Management Systems*), ISO 13485 (*Medical Devices – Quality Management Systems*), and IECQ QC 080000 (*Hazardous Substances Process Management*), we are rolling out robust quality assurance practices across all our product lines. We also have a quality policy in place with a series of quality assurance management systems that ensure a consistent standard for quality and service optimization.

### Quality Policy

#### Preventive Management

To provide clients with consistent product quality, the Company has adopted both IATF 16949/ISO 9001 to establish a framework for quality assurance. The Company has set up a detailed quality plan, and implemented the PDCA (plan-do-check-act) management cycle. The Company requires the entire management team to perform under a standardized system to prevent managerial errors and do everything right the first time.

#### Continuous Improvement

Flexium employs Management by Objectives (MBO) to set up top-to-bottom goals that support the overall quality management program. Through an improvement proposal system, the continuous improvement process (CIP), and teamwork, the Company continually strives for quality improvement.

#### Commitment to Innovation

To keep up with the rapidly changing world, we actively cultivate outstanding talent to maintain the Company's leading position, coordinate with customers to develop innovative products, and provide customers with comprehensive and professional technical support through constant R&D. We continue to introduce superior products and adapt to an ever-changing market driven by innovation. We look forward to working together with our clients to create superior technology products and improve the quality of human life.

### 3.4 Sustainable Supply Chain

At Flexium, we understand the importance of establishing a sustainable supply chain, which is the key to improving the quality of products and services. Therefore, we developed our *Supplier Management Procedures*, *Supplier CSR Evaluation Management Rules*, and *EHS Supplier Evaluation*. We also ask our suppliers to sign a *Letter of Commitment for Undertaking of Integrity*, *Supplier’s Code of Conduct Agreement*, and *Statement of Responsible Minerals Policy*. Flexium conducts regular audits on its direct suppliers to understand and monitor the measures they take to safeguard labor rights, protect the environment, guarantee ethical practices, and mitigate EHS risks. These efforts not only reduce the operational risks and costs of Flexium and its suppliers but also contribute to robust and sustainable growth in the future.

#### 3.4.1 Overview of Supply Chain

Flexium categorizes its suppliers into four major categories, namely copper, chemicals, tooling, and equipment, then into two classes of primary and key suppliers based on procurement volume. Each type of supplier is assigned a different method of evaluation, which may include on-site audits and written assessments. Over 94% of our suppliers are located in Taiwan.

Number of Primary/Key Suppliers and Procurement Volumes and Percentages			
Year	2018	2019	2020
Total Number of Suppliers ▶	<b>398</b>	<b>417</b>	<b>452</b>
Number of Primary Suppliers ▶	<b>14</b>	<b>18</b>	<b>12</b>
Number of Key Suppliers ▶	<b>94</b>	<b>111</b>	<b>123</b>
Procurement from Primary Suppliers (%) ▶	<b>41.32</b>	<b>47.59</b>	<b>43.05</b>
Procurement from Key Suppliers (%) ▶	<b>95.87</b>	<b>96.56</b>	<b>97.18</b>

Notes:  
 1. The primary suppliers provide copper and coverlays.  
 2. Key suppliers are those with an annual transaction volume with Flexium in excess of NT\$ 1 million.

#### 3.4.2 Supplier’s Code of Conduct

Flexium has always been an advocate for labor rights, environmental protection, health and safety, business ethics, and corporate governance. Our *Supplier’s Code of Conduct Agreement* is based on international initiatives and mandates on human rights, labor standards, environmental protection, and anti-corruption. These include the *United Nations Global Compact*, the *Universal Declaration of Human Rights*, the *UN Framework and Guiding Principles on Business and Human Rights*, and the Responsible Business Alliance (RBA) *Code of Conduct*. The agreement applies to all suppliers as well as their supply chains and contractors. We hope that by requiring our suppliers to comply with the laws and regulations enacted by local governments, we can help them move towards international compliance and promote sustainable supply chains and corporate social responsibility along the way.

We amended our *Supplier’s Code of Conduct Agreement* in January 2021 in response to the 2021 revision of the RBA *Code of Conduct*. 123 of our key suppliers were asked to sign the updated agreement starting Feb. 2021. As of the date of publication, 119 suppliers have signed the updated agreement, and the remaining four have provided a letter of guarantee as a promise to strictly abide by Flexium’s ethical guidelines as well as national/local laws and regulations regarding labor rights, occupational health and safety, environmental protection, business ethics, and corporate governance. To ensure continued compliance, Flexium maintains a direct communication channel with our suppliers to inform them of the latest changes in standards and regulations.

### Flexium Supplier's Code of Conduct Agreement

LABOR	ENVIRONMENT	HEALTH AND SAFETY	ETHICS	MANAGEMENT SYSTEM
<input type="checkbox"/> Freely Chosen Employment	<input type="checkbox"/> Environment Permit and Reporting	<input type="checkbox"/> Occupational Safety	<input type="checkbox"/> Business Integrity	<input type="checkbox"/> Company Commitment
<input type="checkbox"/> Young Workers	<input type="checkbox"/> Pollution Prevention and Resource Reduction	<input type="checkbox"/> Emergency Preparedness	<input type="checkbox"/> No Improper Advantage	<input type="checkbox"/> Management Accountability and Responsibility
<input type="checkbox"/> Working Hours	<input type="checkbox"/> Hazardous Substances	<input type="checkbox"/> Occupational Injury and Illness	<input type="checkbox"/> Disclosure of Information	<input type="checkbox"/> Legal and Customer Requirements
<input type="checkbox"/> Wages and Benefits	<input type="checkbox"/> Solid Waste	<input type="checkbox"/> Industrial Hygiene	<input type="checkbox"/> Intellectual Property	<input type="checkbox"/> Risk assessment and Risk Management
<input type="checkbox"/> Humane Treatment	<input type="checkbox"/> Air Emissions	<input type="checkbox"/> Physically Demanding Work	<input type="checkbox"/> Fair Business, Advertisement and Competition	<input type="checkbox"/> Improvement Objectives
<input type="checkbox"/> Non-Discrimination	<input type="checkbox"/> Materials Restrictions	<input type="checkbox"/> Machine Safeguarding	<input type="checkbox"/> Protection of Identity and Non-Retaliation	<input type="checkbox"/> Training
<input type="checkbox"/> Freedom of Association	<input type="checkbox"/> Water Management	<input type="checkbox"/> Sanitation, Food, and Housing	<input type="checkbox"/> Responsible Sourcing of Minerals	<input type="checkbox"/> Communication
	<input type="checkbox"/> Energy Consumption and Greenhouse Gas Emissions	<input type="checkbox"/> Health and Safety Communication	<input type="checkbox"/> Privacy	<input type="checkbox"/> Worker Feedback, Participation and Grievance
				<input type="checkbox"/> Audits and Assessments
				<input type="checkbox"/> Corrective Action Process
				<input type="checkbox"/> Documentation and Records
				<input type="checkbox"/> Supplier Responsibility

### 3.4.3 Supplier Selection, Auditing, and Consulting

New suppliers are classified based on their product categories. Depending on their classification, they must submit a written report or undergo an on-site audit in accordance with the *Supplier Evaluation Form* before they can start working with Flexium. Existing suppliers are also subject to monthly assessments and reviews based on the *Hazardous Substance Process Management* and *Responsible Minerals Policy*. Suppliers who receive a D grade are issued a quality improvement notice and given a two-month window to meet the requirements. Failure to do so will result in the suspension of procurement, revocation of trade qualifications, and blacklisting in our procurement system.

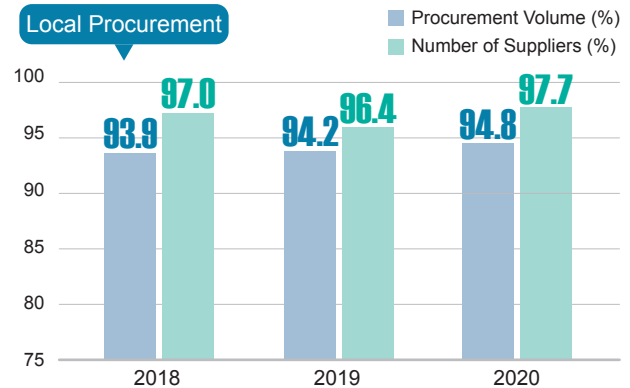
To maintain optimal competitiveness, Flexium's quality assurance, procurement, and engineering personnel join forces to conduct routine supplier assessments and audits on several sustainability factors, such as labor rights, business ethics, environmental protection, and occupational safety and health. In the spirit of sustainable management, each year's audit results inform suppliers of compliance deficiencies and help them identify the causes. If necessary, guidance is provided to help suppliers and partners to enhance sustainability with the ultimate goal of increasing the competitiveness and resilience of our supply chain.

As part of our CSR efforts, Flexium developed its own set of CSR Supplier Auditing Standards based on the regulations stipulated in the *RBA Code of Conduct* to evaluate suppliers' sustainability management outcomes. An annual written assessment is conducted on major suppliers with a transaction volume in the top 80% and a workforce of 300 or more. If quality or economic risks are identified in the written assessment, then an on-site audit is conducted in accordance with our annual *Supplier CSR Audit Plan*. In 2020, we audited two of our major suppliers. One had no finding, while the other had three findings regarding human resource and management system. The finding with human resources involved personnel recruitment sheets containing "must fill out" items that could result in discrimination. Regarding the findings of management system, the supplier failed to formulate responsible mineral procurement policies and risk management procedures. The supplier completed the corrective actions to all three findings before the deadline at our request.



### 3.4.4 Local Procurement

At Flexium, not only do we care about our own independent manufacturing capabilities and experience, but we also take the extra step of contributing to and supporting the growth of our supply chain, thus creating more business opportunities and jobs for the local community. Our commitment to local procurement of raw materials has led to the reduction of unnecessary air freight and ocean freight, thus lowering our carbon footprint, which would have been much higher if long-haul shipping had been used instead. Except for certain proprietary components and spare parts that can only be purchased from abroad, we purchase locally whenever and wherever possible. In addition, we help local suppliers develop their expertise through technology transfers, thus creating additional jobs for the local community and building strong ties with our partners. The result is a win-win situation for both Flexium and our suppliers.



Note: Local procurement excludes all purchases from outside Taiwan.

### 3.4.5 Responsible Mineral Procurement Management

Flexium supports the Responsible Mineral Procurement initiative introduced by the Responsible Business Alliance (RBA) and the UN Global Enabling Sustainability Initiative (GeSI) by practicing responsible mineral management and publicly disclosing our *Responsible Minerals Policy* on our company website. ([http://www.flexium.com.tw/en/csr\\_police.asp](http://www.flexium.com.tw/en/csr_police.asp))

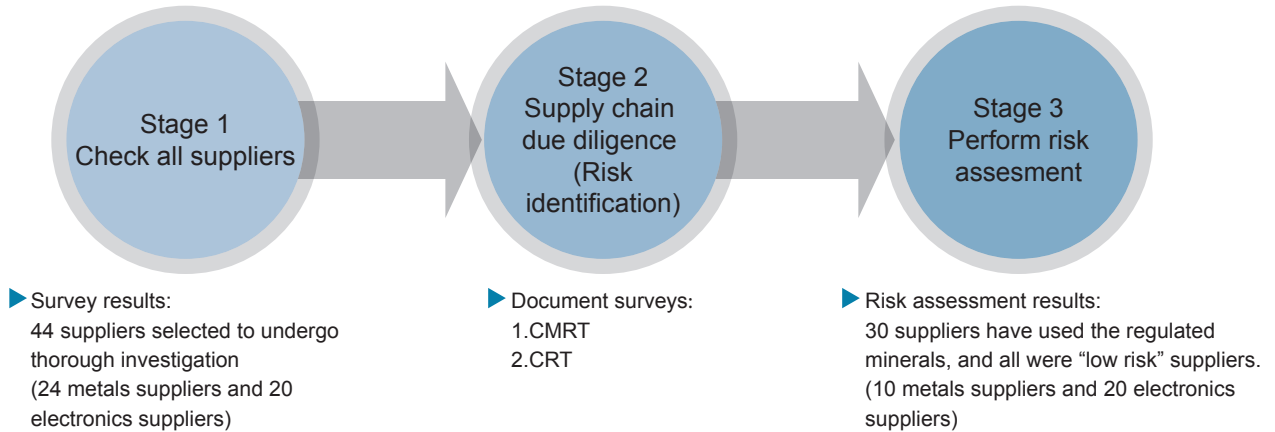
To establish a more complete responsible mineral management process, in 2020, we revised our *Conflict-Minerals Policy* into the *Responsible Minerals Policy*; established a responsible mineral management team; created a grievance mechanism; demanded that mineral supply chains practice responsible mineral management; and introduced risk management mechanisms in compliance with the guidelines established by the Organisation for Economic Co-operation and Development (OECD).

The main minerals that we regulate include tantalum, tin, tungsten, cobalt, and gold. Every year, we conduct periodic, thorough investigations of our metals and electronics suppliers and require suppliers to conduct investigations based on the latest Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) formulated by the Responsible Minerals Initiative (RMI). These thorough investigations enable us to identify risks in the mineral supply chain, after which risk assessments are carried out. If the assessment results identify the suppliers as high-risk suppliers, they are required to propose and implement risk mitigation plans until the risks have been eliminated.

In 2020, we conducted thorough, three-stage investigations. In the first stage, we checked all of our suppliers and identified 44 metals and electronics suppliers to be investigated in the subsequent stages. In the second stage, the 44 suppliers were asked to fill out the relevant documents (the CMRT and CRT), on the basis of which their risk levels were identified. In the third and final stage, we performed risk assessments based on the survey data submitted by the suppliers (i.e., the CMRT and CRT data), from which we identified that 30 suppliers used regulated minerals (tantalum, tin, tungsten, cobalt, and gold). We also assessed all 30 suppliers to be low-risk suppliers. Thus, no mitigation plans were required from the suppliers.



### Due Diligence Process



Flexium promises not to ban all minerals from the DRC or adjoining countries. All minerals only sourcing from qualified smelters in compliance with the Responsible Minerals Assurance Process (RMAP) and customer requirements. We guarantee that we’ll never source minerals that directly or indirectly benefit the armed groups violating serious human rights in the areas. We’ll dedicate to implementing Flexium’s *Responsible Minerals Policy*—“We commit to conducting due diligence and establishing responsible mineral supply chains.” Internally, the Company regularly advocates our *Responsible Minerals Policy* to promote awareness of the issue of responsible minerals among employees and new hires. We have also printed our *Responsible Minerals Policy* on small placards and distributed them to all employees. Our advocacy coverage rate is 100%.

### 3.4.6 Green Procurement

Flexium insists on utilizing hazardous-substance-free (HSF) materials in order to manufacture green products (GPs) that are in compliance with regulations as well as customer demand for GPs. By observing international environmental regulations and directives, we endeavor to protect the environment through reductions in resource waste and ensuring social responsibility. Flexium’s green commitment is as follows: “We insist on a green technology. We pursue a hazardous-free environment. We respect and observe international rules and regulations. We fulfill the ‘three-no’ principle.”

Thanks to effective control, the materials we procure for producing green products (such as copper and coverlays) are 100% compliant with the *Restriction of Hazardous Substances Directive* (RoHS) and the *Registration, Evaluation, Authorization, and Restriction of Chemicals* (REACH). Improvements are constantly being made based on IECQ QC 080000 (*Hazardous Substance Process Management*). As a demonstration of Flexium’s green commitment and to ensure the thorough implementation of our policy, we introduced an online portal in 2018 for managing substances used by suppliers. Suppliers are required to upload material test reports certified by third party and other related documents to the portal for periodic review to ensure that all materials sourced from them are RoHS and REACH compliant.

In addition to purchasing green materials and banning hazardous substances, we began planning for a centralized chemical feeding system in the second half of 2019, which will be introduced to our new plant in 2021. The system will reduce the frequency of material feeds.





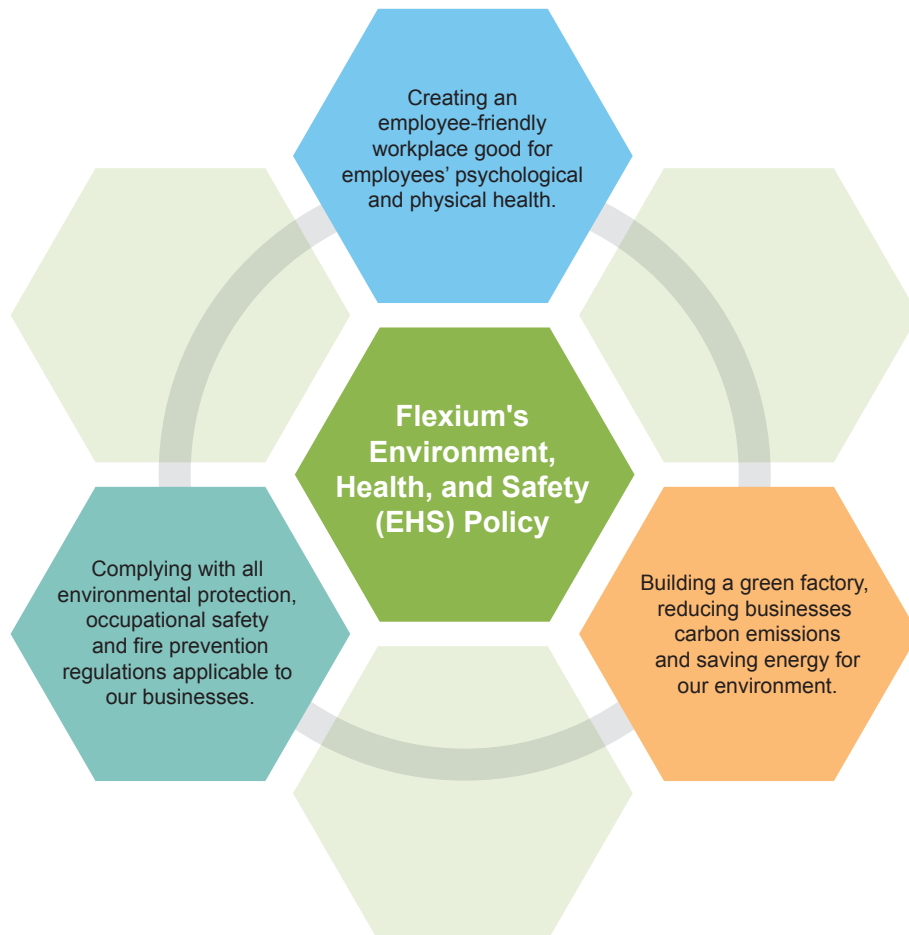
# Environmental Sustainability



# Environmental Sustainability

Compliance with environment, health, and safety (EHS) regulations is the cornerstone of Flexium’s environmental protection philosophy. We act in accordance with ISO 14001:2015 and ISO45001:2018 (originally OHSAS 18001:2007) to evaluate our operations, products, environmental impact, and risks, and we formulated our *Environment, Health, and Safety (EHS) Management Manual* as an integral part of our operational strategies. The manual applies the plan-do-check-act cycle to the establishment and maintenance of our EHS management system. To ensure that we fulfill our EHS responsibilities, we conduct training and certification in the knowledge and skills required of our employees. We have communication channels designed specifically to help us promote our EHS campaigns to external organizations, collect feedback from stakeholders, identify the sources of impacts on our Company, and stay up to date with EHS laws and regulations. The relevant departments are required to act in accordance with the *Environmental Aspects Identification Management Procedures* and the *Hazard Identification and Risk Evaluation Management Procedures* to identify potential emergencies and accidents that might have an impact on EHS. The same departments are also required to follow the *Emergency Response Management Procedures* when responding to environmental emergencies and accidents to prevent or mitigate unfavorable effects on EHS.

Flexium’s environmental protection goal is zero fines and zero pollution. If our products or operations cause an environment-related dispute, then we refer to our *Communication Management Procedures* to provide guidelines on handling, communications, and negotiation. Flexium has never experienced any environmental pollution incidents or received any complaints in this regard. Due to the construction of a new factory by a neighboring company in July 2020, our plant’s perimeter wall was tilted and damaged, causing a sewerage leak and, in turn, two fines from the EPA. The corresponding actions have been taken, which were reviewed by the Kaohsiung City Environmental Protection Bureau, and we have submitted an administrative appeal to have the fine repealed for the benefit of the Company.



## 4.1 Developing Climate Resilience

### 4.1.1 Integrating the TCFD Framework

Flexium plans to integrate the TCFD framework to strengthen the Company’s climate resilience in the future. We regularly review climate change-related transformation and physical risks that might pose a threat to the Company. We evaluate and determine the appropriate mitigation measures for each type of risk in order to establish an effective real-time emergency response framework to minimize potential losses and damages. If a natural disaster occurs, the Emergency Response Center will act in accordance with our *Emergency Response Plan Instructions* to confirm, report, handle, contain, and resolve problems. If an accident occurs, the Company will report the accident to the competent authority as required by law. The purpose of these measures is to address, at the earliest time possible, climate change risks that may threaten our Company’s operations and help the Company seize new opportunities as they arise.

<p>Governance</p>	<ol style="list-style-type: none"> <li>1. Major climate change issues will be included in the Board of Directors report by 2021, and presented to the Board at least once every year.</li> <li>2. We expect to include major climate change issues as an item in the 2021 CSR management reviews, and report to the CSR management representative and top management at the annual CSR management review meeting.</li> </ol>
<p>Strategies</p>	<ol style="list-style-type: none"> <li>1. Management of Climate change risks and opportunities:             <ol style="list-style-type: none"> <li>(1)Short-term (3 years):                 <ul style="list-style-type: none"> <li>• Main risks: Flooding and drought</li> <li>• Effects on operation: Immediate shutdown</li> <li>• Management measures: Risk zone identification, hardware improvements, and development of response procedures to reduce time and range of impacts and increase customer confidence.</li> <li>• Opportunities and response: identification and management, development of response measures and medium-term plans</li> </ul> </li> <li>(2)Medium-term (5 years):                 <ul style="list-style-type: none"> <li>• Main risks: Water resource scarcity</li> <li>• Effects on operations: Water shortages directly impact production quality.</li> <li>• Management measures: Development of water-saving measures and increases in water-reclamation rates to reduce water processing costs and increase production stability.</li> <li>• Opportunities and response: Increases in water-saving and water-reclamation rates will reduce risks associated with water-usage and enhance corporate environmental friendliness.</li> </ul> </li> <li>(3)Long-term (10 years):                 <ul style="list-style-type: none"> <li>• Main risks: Gradual temperature increases</li> <li>• Effects on operations: Increased use of air conditioning will increase operational costs.</li> <li>• Management measures: Analysis and tracking of equipment with high power consumption (e.g., power, efficiency, current) for improvements and replacements.</li> <li>• Opportunities and response: Developing low-carbon materials enhances company competitiveness</li> </ul> </li> </ol> </li> <li>2. We anticipate incorporating climate change issues into the Environmental Module Program by 2022, specifically evaluating risks resulting from water resource scarcity and rising average temperatures, to formulate our goals and operational strategies.</li> </ol>
<p>Risk Management</p>	<ol style="list-style-type: none"> <li>1. In accordance with our operational strategy, we plan to identify, evaluate, compile, verify, and list major risks and opportunities by 2022.</li> <li>2. We also plan to evaluate their financial impacts and develop indices of identified risks and opportunities through simulations by 2022.</li> </ol>
<p>KPIs and Goals</p>	<ol style="list-style-type: none"> <li>1. Annual promotion of our energy-saving program: we expect to formulate and execute climate change mitigation and management plans and goals by 2022, including carbon reduction targets and reductions in manufacturing power consumption.</li> <li>2. Compliance with <i>Taiwan’s Renewable Energy Development Act</i> and <i>Kaohsiung and Pingtung: Total Amount of Air Pollutant Control Plan</i> by continuing to replace high power consumption equipment and materials.</li> <li>3. Since 2019, we have set short-, medium-, and long- term goals regarding environmental issues (please see 1.1 Short-, Medium-, and Long-Term Goals for Material Topics for more details). We plan to promote our carbon-neutral program by 2021, and to reach our goal of climate-related risk and opportunity management through evaluations, carbon reductions, and countermeasures.</li> </ol>

### Physical Risks and Opportunities

	Typhoon	Heat and Drought	Torrential Rains and Flooding	Cost of Resources
<b>Risk Description</b>	Climate change has resulted in more frequent and severe typhoons, which usually bring strong winds and torrential rains, resulting in architectural damage, falling objects, power outages, and fire hazards caused by malfunctioning electrical appliances.	Heat and drought increase energy consumption by air conditioning and chiller systems and, thus, costs to the Company. Extreme high temperatures may cause equipment malfunctions that lead to production delays. Long periods of hot weather may cause fires that damage our property or threaten the lives of our employees, leading to a significant decrease in productivity in severe cases.	Our plants are located in an industrial zone that is not prone to geological slippage or landslides. However, long periods of torrential rain that surpass the design capacity may cause sewage systems to overflow and lead to flooding in our plants. This may further lead to traffic jams, property damage, and in severe cases, a complete shutdown of operations.	Weather-related disasters may disrupt or break down our supply chain, making the procurement of materials difficult. It may also lead to higher material costs and overhead expenses.
Potential time period of occurrence	■ Short-term	■ Long-term	■ Medium-term	■ Long-term
Value chain impacts	■ Company ■ Downstream	■ Company ■ Downstream	■ Company ■ Downstream	■ Company ■ Upstream
Financial impacts	■ Assets	■ Revenue	■ Revenue ■ Assets	■ Revenue ■ Costs
<b>Response Measures and Opportunities</b>	We formulated our Typhoon Response Guidelines. A typhoon prevention and disaster mitigation system was established in accordance with the Emergency Response Plan for Typhoons and Torrential Rains section of the Guidelines for a rapid response. The system is designed to minimize damage and expedite recovery.	We purchased high-efficiency, energy-saving equipment to reduce power consumption and manufacturing costs. We formulated our Firefighting Guidelines, which include the following fire response steps: rescue, contact, guidance, protection, and provision of medical treatment.	Our Flood Emergency Guidelines stipulate that if a plant experiences flooding in excess of 20 centimeters, the General Affairs Section and water treatment staff from the Environmental Engineering Section shall be responsible for verifying the cause of the flooding and implementing measures to mitigate damage.	The recycling and reuse of waste materials at our plants has generated approximately NT\$ 164,672,211 in income from 2018 to 2020.

Note: Short-term = 3 years, Medium-term = 5 years, and Long-term = 10 years.

### Transformation Risks and Opportunities

	Policies and Laws	Technology	Market	Brand Image
<b>Risk Description</b>	International and local greenhouse gas emissions standards; treaties and agreements on climate change mitigation and adaptation, including carbon taxes, emissions credits, emissions trading, the greenhouse gas reporting program (GHGRP), fuel/energy taxes, and product energy efficiency	The global trend toward low carbon footprints and energy efficient product development can potentially render our current manufacturing process obsolete. If the Company is not able to make breakthroughs in technology, it could face slowing profits.	Uncertainties involving global and regional market data, especially changes in consumer behavior and climate change-related issues, could potentially have a significant impact on product supply.	Due to rising awareness of environmental sustainability within the region and around the world, potential negative environmental and social impacts from current products could damage our brand image down the road.
Potential time period of occurrence	■ Short-term	■ Medium-term	■ Long-term	■ Long-term
Value chain impacts	■ Company	■ Upstream	■ Company ■ Upstream	■ Company ■ Downstream
Financial impacts	■ Costs	■ Revenue ■ Costs	■ Revenue ■ Costs	■ Revenue ■ Costs
<b>Response Measures and Opportunities</b>	Increasing employee's knowledge of greenhouse gases and applicable regulations; organizing training programs to help employees understand changes to the law so that they can adopt the necessary measures to mitigate the direct impacts of policy changes on the Company	Holding weekly production line water usage meetings to monitor water usage and avoid waste	Moving towards thinner, lighter products with smaller form-factors to minimize possible negative impacts	Increasing employees' water resource awareness: FPC parts undergo 2-3 cycles of cleaning after wet processing. Water used in the first cycle of cleaning can be reused in the second cycle, effectively reducing water usage.

Note: Short-term = 3 years, Medium-term = 5 years, and Long-term = 10 years.

### 4.1.2 Greenhouse Gas Management

Tackling climate change is a global effort. Flexium is deeply aware of the fact that the global climate and environment are deteriorating due to greenhouse gas (GHG) emissions. As citizens of the Earth, we are committed to greenhouse gas inventories and reductions in accordance with the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. We are implementing controls to monitor and manage greenhouse gas emissions as well as conducting risk assessments to effectively reduce or prevent operational losses and foster future business opportunities.

Flexium believes that the key to combating climate change and global warming is the reduction of greenhouse gas emissions, and greenhouse gas inventories serve as a benchmark to work from in the future. We set our reduction goals and priorities based on our inventory results, and with our clearly defined reduction guidelines, we have been able to execute energy-saving plans effectively and examine the outcomes objectively. We established our greenhouse gas inventory system in 2009, reviewing greenhouse gas emissions of the previous year each year and using the 2018 inventory as the standard for calculating our carbon emissions reduction goals. The Company formulated the *Greenhouse Gas Inventory Management Procedures* based on the ISO 14064-1:2006 standard to quantify our greenhouse gas emissions. Each department concerned must conduct its own inventory for the three greenhouse gases carbon dioxide, methane, and nitrous oxide according to the procedure. A plant-wide refrigerant replacement project for the chiller system resulted in a significant increase in Scope I fugitive GHG emissions in 2019. Increases in manufacturing in 2020 led to increases in VOCs produced by the materials as well as power usage. We also plan to implement the ISO 14064:2018 standard in addition to the *Greenhouse Gas Inventory Management Procedures*. For our 2022 emissions data inventory, we will use this standard as a reference.

Greenhouse Gas Emissions ( tCO <sub>2</sub> e )				
	Source	2018	2019	2020
Scope 1	Stationary combustion	1,423	0,784	1,150
	Mobile combustion	15,425	17,382	15,470
	Process emissions	0	0	0
	Fugitive emissions	0,501	113,127	0,960
	Subtotal	17,349	131,293	17,580
Scope 2	Purchased electricity	21,799,331	23,202,662	26,886,700
	Total	21,816,680	23,333,955	26,904,280

Notes:

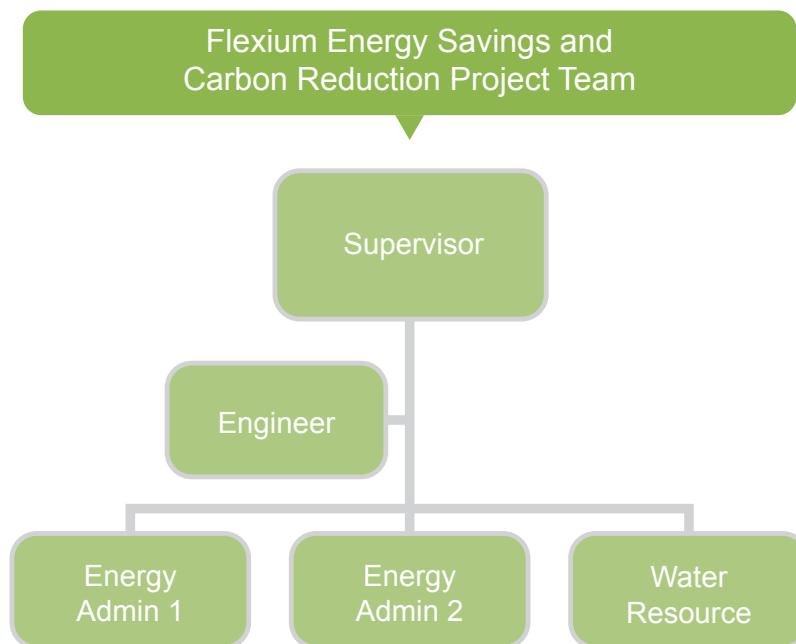
1. Inventorial boundaries are determined using the organizational control approach, and include the Dafa Plant, Dafa Plant II, and Dafa Plant III, based in Kaohsiung.
2. Calculation of emissions is based on the Greenhouse Gas Emission Coefficient Table (ver. 6.0.4) as amended by the Environmental Protection Administration, Executive Yuan on June 27, 2019. Global warming potential (GWP) was based on the IPCC's Fourth Assessment Report.
3. Scope I stationary combustion emissions can be attributed to diesel generators; mobile combustion emissions can be attributed to gasoline consumed by company vehicles and diesel consumed by forklifts; fugitive emissions can be attributed to septic tanks and cooling system refrigerants. Process emissions equate to 0.
4. Scope II emissions for 2019 can be attributed to purchased electricity. The emission coefficient was 0.554 kg-CO<sub>2</sub>e/kWh in 2018, 0.533 kg-CO<sub>2</sub>e/kWh in 2019, and 0.509 kg-CO<sub>2</sub>e/kWh in 2020.
5. The inventory shows that 99% of our emissions can be attributed to electric power consumption. Annual consumption by our Pingzhen Office accounted for less than 0.1% of that consumed by the three Kaohsiung plants combined; therefore, it was excluded from the energy and greenhouse gas inventory.
6. This data is sourced from our own inventory.

Scope I Emissions by Gas ( tCO <sub>2</sub> e )				
	Gas	2018	2019	2020
Scope 1	CO <sub>2</sub>	16,719	18,038	17,010
	CH <sub>4</sub>	0,218	0,232	0,230
	N <sub>2</sub> O	0,412	0,382	0,340
	HFCs	0	112,641	0
	Total	17,349	131,293	17,580

Note: Scope I inventory includes emissions from diesel generators, gasoline consumed by company vehicles, fugitive emissions from septic tanks, and refrigerant replacement for the chiller system.

### 4.1.3 Energy Use

Flexium has two energy administrators who also serve as the supervisors of the Facility Maintenance Section. They are in charge of the Energy Savings and Carbon Reduction Project Team, which plans and implements annual energy-saving programs. Our factories are powered by gasoline, diesel, and electricity, with electricity being the primary energy source. Energy administrators are tasked with monitoring and recording electric power consumption on a weekly basis for cost control and energy efficiency monitoring. Usage of purchased electricity increased by 21% in 2020, production capacity increased by 36%, and according to our internal power management indicators, power consumption per square meter of product was reduced by 35%, showing that Flexium has effectively increased energy usage efficiency.



Supervisor: oversees carbon emissions reduction efforts, sets energy savings goals, and achieves project objectives.

Engineer: arranges meetings, collects information on carbon emissions reductions, and produces monthly reports.

Energy Administrators: improve energy efficiency




Water Resources: improves the water resources system

In accordance with the Company's *Greenhouse Gas Inventory Management Procedures*, Flexium implements greenhouse gas emissions control measures to reduce or prevent greenhouse gas emissions or to increase greenhouse gas removal. As electric power consumption is the primary source of greenhouse gas emissions, the Facility Maintenance Section has replaced major manufacturing machinery that was 15 years old or older, such as air compressors and water chillers, with new models. In 2019, we replaced three compressors (two 50-hp models and one 20-hp model) with one 150-hp model with frequency conversion capability, which can save up to 196,134 kWh of electricity each year. In 2020 we increased the temperatures on air conditioners and water chillers by 1°C, which decreased electric power consumption by 2.5% while still maintaining the temperatures required for the production line, thus fulfilling our energy-saving goals. Simultaneously, we implemented an online energy usage tracking system and set an appropriate energy usage amount for each manufacturing machine. We can now use that set amount to monitor manufacturing energy usage in the future. We also expanded the predictive features of the Failure Early Warning App that was developed in 2019 by combining the feature with instant notifications to immediately turn off unnecessary electrical components during shut down, further reaching towards our energy-saving goals.

Energy Consumption				
Energy Type	Unit	Annual Performance		
		2018	2019	2020
Diesel	kL	3.1	3.4	3.2
	MJ	1.09*10 <sup>6</sup>	1.21*10 <sup>6</sup>	1.19*10 <sup>6</sup>
Gasoline	kL	4.1	3.9	3.5
	MJ	1.34*10 <sup>6</sup>	1.26*10 <sup>6</sup>	1.14*10 <sup>6</sup>
Purchased Electricity	MWh	39,349	43,532	52,823
	MJ	1.46*10 <sup>11</sup>	1.56*10 <sup>11</sup>	1.90*10 <sup>11</sup>
Total	MJ	≈1.46*10 <sup>11</sup>	≈1.56*10 <sup>11</sup>	≈1.90*10 <sup>11</sup>






Notes:

1. Diesel is mainly used primarily for generators as a stationary energy source and for forklifts as a mobile energy source, whereas gasoline is used primarily for company-owned vehicles as a mobile energy source.
2. Purchased electricity as indicated on electric bills issued by the Taiwan Power Company.
3. Annual consumption by our Pingzhen Office accounted for less than 0.1% of total consumption in the past three years, and the office has therefore been excluded from the energy and greenhouse gas inventory.
4. Gross calorific value of diesel: 8,400 Kcal/L.  $8,400 \text{ Kcal/L} \times 4.184 = 35,146 \text{ KJ/L}$ .  $35,146 \text{ KJ/L} \times (\text{energy intensity} \div 1,000) = \text{megajoules (MJ)}$
5. Gross calorific value of gasoline: 7,800Kcal/L.  $7,800\text{Kcal/L} \times 4.184 = 32,635\text{KJ/L}$ .  $32,635 \text{ KJ/L} \times (\text{energy intensity} \div 1,000) = \text{megajoules (MJ)}$
6. Electricity (MWh)  $\div 0.000277778 = \text{megajoules (MJ)}$

Major Energy Saving Measures				
Year	Measures	Estimated Annual Electricity Savings (MWh)	Calculation Method	
2018	 Replacement of fluorescent lamps with LED lights	935	80 W fluorescent lamps replaced with 28 W LED lights. $2,400 \text{ sets of fixtures} \times (80\text{W} - 28\text{W}) \div 1,000 \text{ (W / kW)} \times 7,488 \text{ (HR/year)} = 934,502 \text{ kWh/year}$	
2019	 Replacement	196	Three traditional compressors totaling 120 horsepower (two 50-hp models and one 20-hp model) were replaced with one 150-hp model with frequency conversion capability: ● Before the replacement, the three compressors ran 8,592 hours annually with 120 hp combined, consuming 769,156 kWh electricity. ● The new compressor requires a lower wattage of 6.55 kW /m <sup>3</sup> compared to the original 8.8 kW /m <sup>3</sup> , boosting power efficiency by 25.5%. Therefore, the replacement resulted in 196,134 kWh in annual energy savings ( = 769,156 kWh $\times$ 25.5 % ).	
2020	 1°C water temperature increase	978	Our 1200 RT water chillers have average loads of 60%, with peak efficiency at around 0.62 kW/RT. Increasing the cold water temperature by 1°C can decrease energy consumption by 2.5% $(1,200\text{RT} \times 60\% \times 0.62\text{kW/RT} \times 2.5\% \times 8,760\text{HR/year}) = 977,616 \text{ kWh/year}$ .	



### Greenhouse Gas Reduction Outcomes After Implementing Energy-saving Measures

	Outcomes		
	2018	2019	2020
Electric Power Savings 	<b>935</b> MWh	<b>196</b> MWh	<b>978</b> MWh
Electric Power Savings 	<b>3.4*10<sup>6</sup></b> MJ	<b>0.7*10<sup>6</sup></b> MJ	<b>3.5*10<sup>6</sup></b> MJ
CO <sub>2</sub> Reduction 	<b>517.436</b> tCO <sub>2</sub> e	<b>108.584</b> tCO <sub>2</sub> e	<b>497.293</b> tCO <sub>2</sub> e
Total Invested Amount 	<b>2,160,000</b> NT\$	<b>1,650,000</b> NT\$	<b>0</b> NT\$
Annual Cost Savings 	<b>2,226,255</b> NT\$	<b>490,000</b> NT\$	<b>2,444,040</b> NT\$




Notes:

- The emission coefficient for purchased electricity was 0.554 kg-CO<sub>2</sub>e/kWh (2018), 0.533 kg-CO<sub>2</sub>e/kWh in 2019, and 0.509 kg-CO<sub>2</sub>e/kWh in 2020.
- Electricity (MWh) × 0.000277778 = megajoules (MJ)
- Cost savings were calculated based on an electric power rate of NT\$ 2.5 per kWh (the average electric power rate during off-peak and half-peak hours as listed in Taiwan Power Company's three-stage rate schedule).
- In 2020, we focused on adjusting water chiller operating parameters to save energy, resulting in no additional investment expenses.

## 4.2 Materials and Resources Management

### 4.2.1 Raw Materials

In keeping with our vision to “be a CSR doer and make society and the environment better,” we have set short-, medium- and long- term sustainability goals and actively implemented our CSR policies of “Care, Health, Green, Integrity, and Advancement.” Providing high-quality, eco-friendly products for our customers around the world is the ultimate goal of our materials procurement strategy and our primary consideration in environmental protection. For better product quality that meets our clients’ standards, we use new materials in all our

Usage of Main Materials				
Item	Unit	Usage		
		2018	2019	2020
Copper 	m <sup>2</sup>	<b>622,172</b>	<b>715,566</b>	<b>1,100,041</b>
Coverlays 	m <sup>2</sup>	<b>868,120</b>	<b>890,610</b>	<b>1,489,436</b>
Chemicals 	l	<b>611,324</b>	<b>672,476</b>	<b>984,044</b>

Notes:  
 1. Chemicals are primarily liquids, including acids, bases, detergents, contrast agents, etc.  
 2. Data sources: internal procurement system and material requisition slips.

products. At this stage, we have no plans to purchase recycled materials. According to 2020 procurement statistics, the top three raw materials used by Flexium by volume were copper, coverlays, and chemicals. The usage of different raw materials fluctuates based on changes in product structure and market demand. For example, the volumes of copper, coverlays, and chemicals saw an increase of 54%, 67%, and 46% respectively in 2020 compared to 2019 levels, which can be attributed to an increase in demand for new products such as multi-layer FPCs made with those materials. Flexium is intent on procuring locally-sourced materials to reduce unnecessary air or ocean freight costs and lower our carbon footprint in the shipping process. Currently, most of our raw materials are sourced from Taiwan, with up to 94% of our procurement budget spent locally in 2020. We are taking tangible action to support the development of local suppliers. Furthermore, for our chemical purchases, we have switched from 1-liter to 10-liter containers as a means of reducing the number of containers and frequency of delivery and the number of trips required to transport them. In the second half of 2019, we began planning for a central chemical dispensing system, which is set to launch alongside our new plants in 2021. The system will reduce the frequency of chemical inputs .

### 4.2.2 Water Resources

Flexium is dedicated to the protection and effective use/reuse of water resources as well as reducing consumption. We review our use and conservation of water resources and closely monitor for drought-induced water stress risk. We have installed pH meters and conductivity meters to measure tap water quality at all times, and use the resulting data as the baseline for the water-purification system. Reservoirs were installed in our plants to ensure that our water supply will not be interrupted by unforeseen external factors and that we will experience no immediate impact from water shortages. Our water usage management is based on the three principles of reduction, reuse, and recycling. We monitor daily water consumption on our production lines and adjust our usage of purified reclaimed water accordingly.

Water Impact Assessment Results			
	Upstream suppliers	Flexium	Downstream clients
Water withdrawal	Our primary suppliers mainly use dry process only, and mainly use water for domestic purposes.	Drought-resistant groundwater wells are used during the dry season, which may pose the risk of lowering groundwater levels.	Products are energy-consuming devices with little to no water impact.
Consumption	Our primary suppliers' products do not contain water, and their manufacturing processes do not require water, either.	Our products require considerable amounts of pure water for cleaning purposes.	
Discharge	N/A	Effluents contain heavy metal copper ions, a substance regulated by emissions regulations.	
Mitigation measures	Domestic-use water conservation promotional campaigns. Treating wastewater to comply with local effluent standards.	Increasing the water recycling rate and tightening control over water usage at production lines to reduce the company's usage, effluents, and in turn, environmental impacts. Wastewater is treated to comply with the industrial park's effluent standards before being discharged to the park's sewage treatment plant for further treatment in accordance with local effluent standards. The treated water is then discharged to the receiving body of water.	

Flexium's primary water source is the Fengshan Reservoir. However, the tap water supply was unstable in 2020 due to a nation-wide water shortage, so we began using drought-resistant groundwater wells as our backup water source. Our total tap water usage amounted to 911,198 metric tons in 2020 (up 24.4% from 732,384 metric tons in 2019), and our groundwater usage totaled 55,839 metric tons, accounting for 4.6% of all water used. With the launch of the new reclaimed water treatment system, reclaimed water was used for additional purposes in 2020, including cooling and replenishing scrubber towers. In total, 242,178 metric tons of wastewater were reclaimed in 2020, marking a 103% increase from 2019's 119,254 metric tons. Additionally, 20% of all water used in 2020 was sourced from reclaimed water, up six percentage points over the year prior. The water usage effectiveness table below shows that the water recycling rate has gradually risen year over year while water stress has been effectively lowered. Each year, our CSR team sets water management goals in accordance with CSR management policies, risk assessment results, regulatory requirements, client demands, and internal auditing reports. It also reviews the implementation status of each KPI on a monthly basis to keep track of progress and makes improvements as necessary. We hope that by increasing the volume of reclaimed water, we can effectively alleviate the challenges of water resource allocation at the industrial park and foster a more eco-friendly environment for industrial development. We introduced e-water meters to remotely monitor for anomalies in water usage, and we convene regularly

to discuss measures to control actual water usage across production lines. We also extended the functionality of our early warning app developed in 2019 to integrate a real-time water usage anomaly alert system so that staff members are immediately notified if faucets are left running during off-hours, reducing unnecessary waste and addressing the source of the problem with interdepartmental reminders and controls.

Water consumption and discharge				
Item	Unit	Usage		
		2018	2019	2020
Water withdrawal	Tap water	712.5	732.4	911.2
	Groundwater	0.94	0.51	55.80
	Reclaimed water	94.3	119.2	242.2
	Rainwater	1.8	1.8	1.8
Subtotal		809.54	853.91	1,211.00
Water discharge	Million liters	615.5	643.8	853.5
Water consumption	Million liters	194.0	210.1	357.5




Notes:

1. Water consumption = water withdrawal – water discharge.
2. Flow meters are used to measure reclaimed water and groundwater, while numbers for rainwater are estimates.
3. The concentration of solid solutes is  $\leq 1,000$  mg/L for all water sources.

Water Management Performance				
Item	Unit	t		
		2018	2019	2020
Tap water withdrawal	t	712,539	732,384	911,198
Percent of all water consumed	%	88.2	85.9	75.4
Groundwater	t	940	510	55,839
Percent of all water consumed	%	0.1	0.1	4.6
Reclaimed water	t	94,338	119,254	242,178
Percent of all water consumed	%	11.7	14.0	20.0
Water recycling rate	%	13	15	22

Notes:

1. Tap water usage is based on monthly water bills.
2. The volume of recycled water is based on daily records (end-of-day readings of the volume of water entering the recycling system).

Water Conservation Measures and Outcomes				
Item	Unit	2018	2019	2020
Measures 	-	Digital water meters for plant-wide water usage monitoring and real-time management	New reclaimed water treatment system introduced in 2019	Reclaimed water was used for additional purposes in 2020 (such as cooling and replenishing scrubber towers)
Water Conservation 	t	<b>94,338</b>	<b>119,254</b>	<b>242,178</b>
Annual Cost Savings 	NT\$	<b>4,433,886</b>	<b>5,604,938</b>	<b>11,382,366</b>

Notes:

- Digital water meters produce real-time statistics for effective control of water usage.
- The 2020 inventory included reclaimed water from production lines, coolers, and scrubber towers, which significantly increased our water recycling rate.
- The base rate for calculating cost savings was NT\$ 47 per metric ton of recycled water.
- Annual cost savings = water conservation × NT\$ 47 per ton (sewage collection: NT\$ 27 per ton + basic water charge: NT\$ 20 per ton).



Production line recycled water quality monitoring



Reclaimed water quality monitoring



Automated controls for the reclaimed water system

### 4.2.3 Recycling and Packaging Materials

Flexium’s main products are flexible printed circuit boards (FPCs) and flexible printed circuit assembly (FPCA). In regard to the recycling of products and packaging materials, defective items may be disposed of locally by clients or returned to Flexium for disposal, depending on actual conditions. Therefore, the packaging materials used for shipping defective FPCs and FPCA are mainly cardboard boxes, paper (on rolls), and plastic wrap (on rolls), which are sorted by type of material for temporary storage before being sent to a qualified recycling business for treatment and reporting.

## 4.3 Green Manufacturing

### 4.3.1 Hazardous Substances

Flexium formulated its hazardous-substance-free (HSF) policies and goals in accordance with the IECQ QC 080000 *Hazardous Substances Process Management (HSPM)* Standard, with particular emphasis on systematic management and a process-oriented approach for dealing with hazardous substances to provide our clients with products that comply with international environmental protection regulations and satisfy customer needs.

The Company complies with RoHS, REACH, the EU *Packaging and Packaging Waste Directive*, China RoHS, California Prop 65, and the Montreal Protocol, China's Three-year Action Plan for Winning the Blue Sky as well as other applicable international or regional regulations. Internally, we have a management system in place to control the procurement process, manufacturing, and finished goods and ensure that hazardous substance control rules are followed at every stage. We regularly audit the Company's compliance with hazardous substance controls. Furthermore, we use a variety of measures to achieve airtight compliance, including annual customer satisfaction surveys, statistics on hazardous substance complaints, informing employees of the latest international and domestic regulations, and internal and external audits. To reinforce source materials management, we launched our in-house developed provider's portal in 2017, giving all suppliers a quick and efficient way to access and agree to Flexium's hazardous substance control policies and rules in real time. This ensures that the materials they provide are in keeping with international regulations and customer requirements. Flexium's current products are all 100% RoHS compliant. Therefore, excluding orders using client-specified materials, we have, for many years, had zero use of hazardous substances, zero customer complaints related to hazardous substances, and zero anomalies when screening mass production materials for such substances.

### 4.3.2 Eco-friendly Plants

Flexium established a new plant in Kaohsiung's Ho Fa Industrial Park in 2019. During the construction process, eco-friendly considerations such as vegetation and water and energy conservation were put into place to minimize the depletion of natural resources for manufacturing purposes. The new plant features 7,569 m<sup>2</sup> of vegetation mostly consisting of large broadleaf trees, which are expected to reduce our annual CO<sub>2</sub>e emissions by 14.76 metric tons (see notes). In terms of energy conservation planning, in addition to adopting frequency variation control for large energy-consuming facilities through adjusting the variable cold water flow and cold air volume, a dual-temperature cold water supply is used to reduce energy loss due to double conversion, and we have an energy management system in place for real-time monitoring and adjustments to prevent excessive waste of energy. Furthermore, high-temperature wastewater from the water chillers (backwater used for chilling) is recycled and reused for humidification in the make-up air unit to replace the energy-hogging heaters in the humidification system. Similarly, an omni air system (OAS), in which the run-around coil system (RAR) can help reduce energy consumption by the chillers, was adopted for the wet processes. To meet our lighting needs, energy efficient LED lights were installed across the plant, reducing CO<sub>2</sub>e emissions by approximately 779.86 metric tons compared to traditional fluorescent lights. For future water usage, the plant's cooling systems and air pollution scrubbers will use the reclaimed water system as their primary water supply, which will increase the water recycling rate. Additionally, the concentrate stream produced by the ROR (double reverse osmosis) system is used in the flush toilets across all restrooms in the plant and employee dormitory before being discharged to the wastewater treatment facility. In the future, dedicated pipelines will be installed at the plant to collect different types of wastewater based on their chemical properties, which will then be sorted into different categories for recycling or the necessary chemical treatment in order to reduce the total amount of chemicals used in treating wastewater. In this way, we will be able to comply with stricter emissions standards for heavy metal concentrations in the future while increasing heavy metal and wastewater recycling rates.

Notes:

1. Carbon sequestration of vegetation: 1.5 (carbon sequestration equivalent, Gi) x 7,569 m<sup>2</sup> (area of vegetation, Ai) x 1.3 (ecological greening preferential coefficient, α) = 14,760 kg-CO<sub>2</sub>e, or 14.76 t-CO<sub>2</sub>e
2. The vegetation mainly consists of large broadleaf trees, whose carbon sequestration equivalent is 1.5.
3. Calculation was carried out in accordance with the latest version of the Directions of Design and Technique Specifications for Greenery of Site published by the Construction and Planning Agency, Ministry of the Interior.

### 4.3.3 Ecological Efficiency

To ensure eco-efficient manufacturing, Flexium has introduced the following green design concepts into its production lines: green materials, green manufacturing, green processes, and green products. Beginning from the product planning and design stage, we try to minimize environmental risk and impacts to achieve reductions in carbon emissions, exhaust, and wastewater. In the selection of materials, we prioritize products made from green materials that not only comply with EU and global regulations but also measure up to Flexium’s environmentally friendly outlook. Our R&D and procurement teams meet with suppliers every year to search for green alternatives. Therefore, we are able to continually increase the percentage of green materials used. Our ultimate goal is to use green materials in all of our production lines.

Flexium’s primary consideration for achieving green design is saving energy and reducing carbon emissions during new product R&D. We respond early to potential environmental risks and impacts associated with our products by eliminating unnecessary manufacturing processes and optimizing the overall workflow. FPCs can be rolled, twisted, bent, and curved in a 3-D space for embedding in devices requiring a high-density circuit layout. FPCs work extremely well under spatial constraints, and customers may request very specific lengths, weight, and thickness, or even irregular shapes, posing a challenge to circuit layout design. Because of the high degree of customization and frequent spatial constraints, FPCs are considerably more process-intensive and require more steps to produce than traditional PCBs. However, by shortening production time without compromising quality and quantity, we can reduce environmental pollution, increase efficiency, cut down on materials use and therefore the amount of waste and waste disposal, as well as effluents and air pollutant emissions from the manufacturing process. Doing so helps us fulfill our goals of conserving energy and contributing to a greener environment.

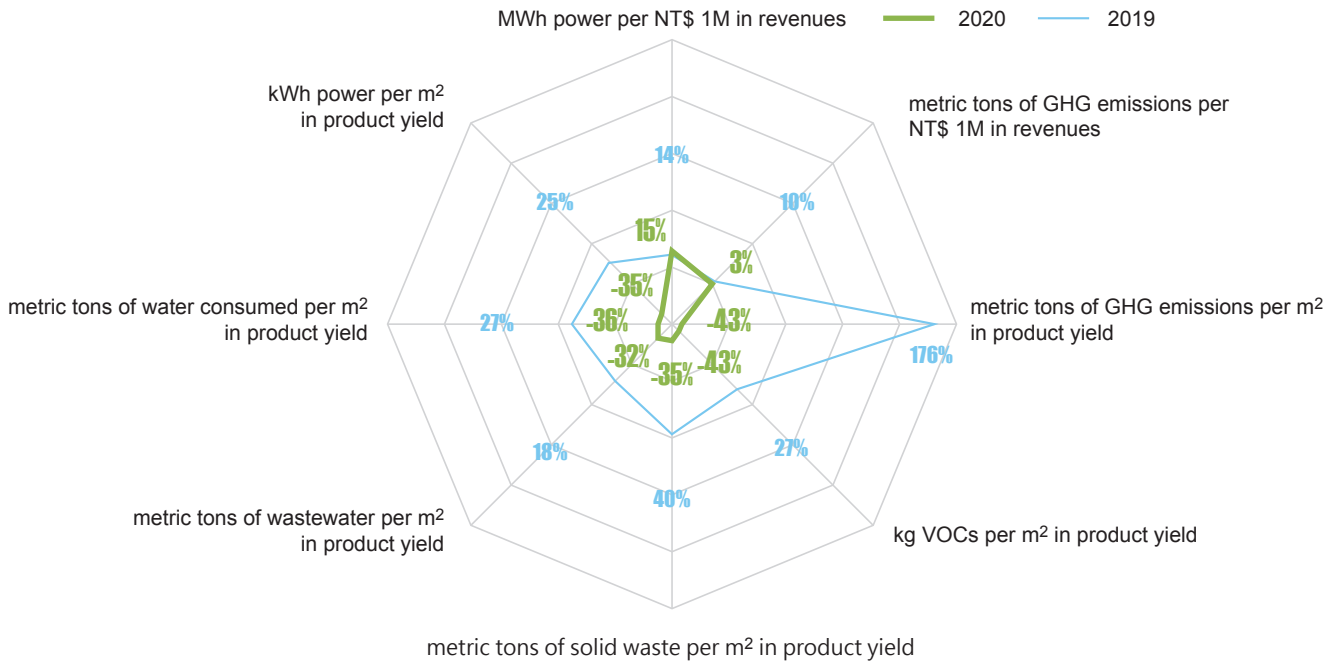
An analysis showed that despite the continued growth in production capacity in 2020, the company’s environmental protection policies have yielded clear results thanks to our dedication. Compared to the year prior, our ecological efficiency indices per unit of product manufactured saw significant decreases across the board. By controlling our use of energy, we successfully lowered our power consumption and greenhouse gas emissions. We also took action to improve the efficiency of the water recycling system and diversify our usage of reclaimed water so as to increase the water recycling rate and lower wastewater emissions. These initiatives demonstrate the company’s commitment to energy conservation and carbon emissions reductions, and we pledge to continue to improve our efforts to help safeguard the environment.

Manufacturing Ecological Efficiency						
Indices	Unit	Efficiency			Change (%, 2019 vs. 2018)	Change (%, 2020 vs. 2019)
		2018	2019	2020		
Power consumption	MWh per NT\$ 1M in revenues	1,470	1,674	1,928	14%	15%
	kWh per m <sup>2</sup> in product yield	67	84	55	25%	-35%
Greenhouse gas emissions	Metric tons per NT\$ 1M in revenues	0.815	0.90	0.93	10%	3%
	Metric tons per m <sup>2</sup> in product yield	0.017	0.047	0.027	176%	-43%
VOCs	Kg per m <sup>2</sup> in product yield	0.037	0.047	0.027	27%	-43%
Solid waste	Metric tons per m <sup>2</sup> in product yield	0.0035	0.0049	0.0032	40%	-35%
Wastewater	Metric tons per m <sup>2</sup> in product yield	1.05	1.24	0.84	18%	-32%
Water consumption	Metric tons per m <sup>2</sup> in product yield	1.1	1.4	0.9	27%	-36%

Notes:

1. A negative percentage indicates an increase in efficiency.
2. Dollar amounts are denominated in New Taiwan Dollars.
3. Data for wastewater and tap water volume comes from water bills. The figures for production output were provided by the Finance Division.





## 4.4 Pollution Management

### 4.4.1 Exhaust


In case of a chemical leak incident, Flexium has a set of emergency response guidelines in place to minimize the threat posed to our employees and the environment. Fortunately, the Company has experienced no major leaks resulting in penalties imposed by the competent authority since it began operations. Our manufacturing processes do not produce any substances that deplete the ozone layer, and we procure eco-friendly refrigerants whenever possible.

Air pollutants produced by Flexium primarily consist of volatile organic compounds (VOCs). We hold a permit for stationary pollution sources issued by the Environmental Protection Bureau. According to test results from a trial run, our actual emissions level was well below the standards stipulated by the Environmental Protection Bureau as set forth in the *Stationary Pollution Source Installation and Operating Permit Management Regulations*. Furthermore, we have formulated our *Air Pollution Control Procedures* and *Acid Gas Scrubber Tower Processing Instructions*, as well as management protocols for anomalies, such as our *Exhaust Scrubber Tower Emergency Response Instructions*. We keep trained air-pollution prevention technicians on staff to operate stationary pollution source equipment, and we regularly update our operational records for permit compliance. We have passed all inspections throughout our history, including surprise inspections by the competent authority, with no record of violation. We have installed equipment to capture pollutants from our scrubbers and we keep weekly, monthly, quarterly, semi-annual, and annual maintenance schedules for various facilities and components. Should a large amount of pollutants be released due to plant equipment malfunctions or other unexpected incidents, Flexium



Replacing wash bottles with liquid dispenser pumps to reduce alcohol usage and VOC emissions

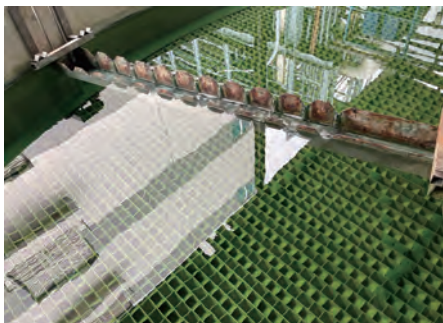
promises to report the incident to the local Environmental Protection Bureau within an hour of occurrence, repair the malfunction or cease operations within 24 hours, and submit a written report to the local authorities within 15 days, pursuant to the *Air Pollution Control Act*. Moreover, in order to reduce the production of volatile organic compounds (VOCs) and minimize their impact on air quality, we began planning for a raw materials control mechanism in 2020 by replacing 95% alcohol with 75% alternatives, which effectively lowered the concentration of VOCs used in raw materials. We also switched from wash bottles to liquid dispenser pumps as our choice of container, to reduce alcohol usage and VOC emissions, which will help us gradually cut down on VOC production.

VOC Emissions				
Item	Unit	Usage		
		2018	2019	2020
Emissions 	kg	21,488	24,480	27,370

Notes:  
 1. All values were calculated based on the Environmental Protection Bureau's Regulations Governing VOC-Discharging Industry Reporting of Manufacturing Discharge Coefficients, Operating Units (Including Equipment and Components) Discharge Coefficients, Control Efficiency, and Other Metrics from Stationary Pollution Sources at Public and Private Properties for Air Pollution Control Fee Assessment  
 2. Greater manufacturing capacity in 2020 led to an increase in VOC emissions.  
 3. Source: Quarterly reports prepared for the Environmental Protection Administration (EPA) in 2020.

### 4.4.2 Effluents

All wastewater produced by Flexium first undergoes coagulation treatment in an in-house facility to ensure compliance with local effluent quality standards before being discharged to the Kaohsiung Linhai, Linyuan, and Dafa Industrial Parks Combined Wastewater Treatment Plant. We introduced a copper recovery system to our wastewater treatment process to recover high purity (99%) copper pillars for recycling by performing electrolysis on solutions with high concentrations of copper ions. In 2020, 10.48 metric tons of copper was produced in this manner. We place an equal emphasis on both source reduction and end-of-pipe treatment, and as such, effluents discharged by Flexium will not endanger natural habitats or impact biodiversity in any way. We discharged 853,553 metric tons of effluents in 2020, which was up 32.6% from 2019's 643,778 metric tons mainly due to increased production capacity year over year.



Chemical coagulation and sedimentation tank



Electrolytic copper recovery system



Copper pillars produced from the electrolytic copper recovery system

Wastewater Discharge Management Performance						
Category	Item	Effluent Limits	Unit	2018	2019	2020
Effluent Volume	-	-	Ton	615,485	643,778	853,553
Quality	Temperature	<40	°C	31.4	29	29
	H <sup>+</sup>	5-9	pH	7.4	7.4	7.4
	COD	<480	mg/L	60.6	81.9	96
	BOD	<240	mg/L	16.7	<2.0	23
	SS	<240	mg/L	4.6	7.5	8.4
	CN <sup>-</sup>	<1.0	mg/L	N.D	<0.01	<0.01
	Cd	<0.03	mg/L	N.D	N.D	N.D
	Pb	<1.0	mg/L	<0.001	N.D	N.D
	Cu	<3.0	mg/L	0.209	0.607	0.684
	Cr <sup>6+</sup>	<0.5	mg/L	N.D	N.D	N.D
	Ni	<1.0	mg/L	<0.008	0.176	0.066
	As	<0.5	mg/L	N.D	N.D	<0.001
	Hg	<0.005	mg/L	N.D	N.D	N.D

Notes:  
1. N.D = Not detected.  
2. Test dates: May 21, 2018; April 16, 2019; November 16, 2020 (conducted by an EPA-certified inspection organization).  
3. Discharge volumes were based on the wastewater processing bills issued by the treatment plant in the industrial park.

### 4.4.3 Wastes

Flexium and its contractors have never violated waste disposal and processing regulations. To ensure that wastes are effectively classified and stored, and to allow for immediate and appropriate response in case of waste-related incidents, we formulated our *Solid Waste Sorting, Storage, and Disposal Operation Procedures* to help personnel in the Environmental Engineering Section classify our solid waste into two major categories: general industrial waste and hazardous industrial waste. According to our *Solid Waste Disposal Checklist*, our primary hazardous wastes include waste mercury-vapor lamps, waste ink, PCB scrap (waste metals and debris), wastewater treatment sludge from electroplating, waste etchants, hazardous waste containers, copper and copper compounds, copper sulfate pentahydrate, and waste cyanide-based electroplating solution, all of which has been contracted to licensed domestic companies for transport, treatment, recycling, and disposal (including copper materials with scrap value, electrolysis cathodes, etc.). We perform regular on-site inspections and periodic onboard audits to ensure all solid waste is treated properly and that none of it is shipped abroad for disposal. The total volume of solid waste produced in 2020 was higher than the previous year mainly due to an increase in output. Nevertheless, we are actively looking into new ways to reduce solid waste and increase recycling. As for direct impacts caused by solid waste, we are making improvements by diversifying the use of recycled items. In 2020, for example, CuSO<sub>4</sub> solutions were treated in the wastewater copper ion electrolysis system to recover high-purity (99%) copper while reducing CuSO<sub>4</sub> waste by 91.9%.

Impact Assessment of Wastes			
	Upstream suppliers	Flexium	Downstream clients
Sources of impacts	Primarily organic solvents used during the manufacturing process	Wastes produced during manufacturing and by the effluent treatment	E-waste that is difficult to process and may lead to soil and water contamination if not handled with care
Alleviation measures	Introduction of recycling equipment to reuse organic solvents	Increasing the variety and quantity of recyclable items to minimize waste incineration and the associated secondary pollution system	Designing products that can be directly assembled by our downstream clients, who can in turn produce final products that may be disassembled and recycled locally



Waste storage area



Recycling copper waste with scrap value



Disposal of copper scrap

Solid Waste Production						
Category	EPA Waste Classification	Item	Unit	2018	2019	2020
General Industrial Waste	D、R	Recycled	tons	325	470	702
		Recycling rate	%	46	48	58
	D	Incinerated	tons	385	502	506
		Incineration rate	%	54	52	42
Subtotal			tons	710	972	1,208
Hazardous Industrial Waste	A、C、E、R	Recycled	tons	1,645	1,569	2,010
		Recycling rate	%	100	100	100
	-	Incinerated	tons	0	0	0
		Incineration rate	%	0	0	0
Subtotal			tons	1,645	1,569	2,010
Total			tons	2,355	2,541	3,218

Notes:

1. Source: Data collected from the EPA's Solid Waste Export Report System.
2. Notes on calculations: Domestic waste is weighed once a month, and the results are used to estimate monthly total waste outputs.
3. EPA waste classifications: Category A—Manufactured hazardous industrial waste; Category B—Toxic hazardous industrial waste; Category C—Biomedical waste and hazardous industrial waste determined by hazardous characteristics; Category D—General industrial waste; Category E—Mixed scrap metal; and Category R—Waste classified as reusable





# Employees First



# Employees First

Talent is the heart that drives the business operations of Flexium and the key to its sustainable corporate governance. We make a point of investing resources into talent management in order to improve employee performance, maintain the Company’s competitiveness, and attract and retain top talent. We also support our employees in their efforts to continue learning and evolving, and provide a healthy and safe working environment to increase employee engagement, creating a win-win situation that is mutually beneficial to the Company, our employees, and their families (society).

## 5.1 Talent Attraction and Retention

### 5.1.1 Workforce Composition

Due to the complex nature of the flexible printed circuit manufacturing process, the large amount of manpower needed for the back-end manufacturing process, and the industry’s seasonal fluctuations in demand, Flexium is continuing to move toward automated manufacturing and increasing employee retention rates. We focus on the recruitment and development of talent with expertise in related fields. In 2020, Flexium had a workforce (including dispatched workers) of 2,166 individuals (there are no other contractors in the plant except for foreign workers). This is similar to the workforce in 2019. The majority of the workforce is made up of first-line production personnel. To enhance the capabilities of the existing workforce, Flexium continues to train and develop multi-skilled workers and, through job rotation, helps first-line workers acquire new skills and fully explore their potential.



In order to maintain a stable workforce, we have adopted key performance indicators for our vacancy fill rate and new hire retention rate:





### Vacancy fill rate

We calculate the weekly vacancy fill rate by compiling a spreadsheet with the weekly number of hires, recruitment target, and total number of individuals recruited, and notify relevant departments to keep them updated with the latest workforce status.

### New hire retention rate

We compile monthly statistics on employee turnover and analyze both new hires and existing employees to determine the status of new hire retention and the causes of employee turnover.



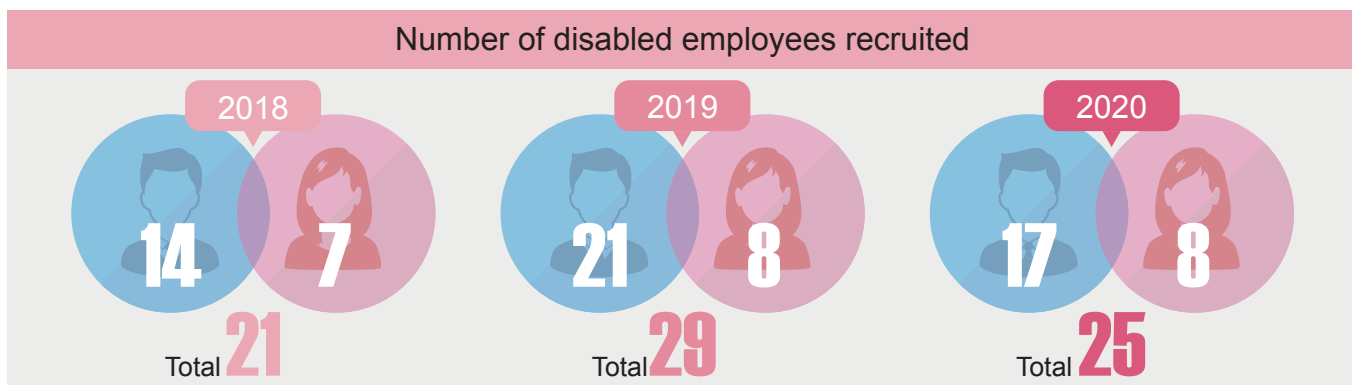
Flexium Workforce Composition								
Categories	Year		2018		2019		2020	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
 Type of employment contract	Permanent employees	Male	861	45.29	902	44.61	988	45.61
		Female	568	29.88	629	31.11	658	30.38
	Dispatched workers	Male	85	4.47	67	3.31	62	2.86
		Female	70	3.68	44	2.18	62	2.86
	Foreign workers	Male	0	0.00	0	0.00	0	0.00
		Female	317	16.68	380	18.79	396	18.28
 Age	Below 30	Male	313	16.47	306	15.13	322	14.87
		Female	436	22.94	490	24.23	487	22.48
	31-49	Male	592	31.14	624	30.86	669	30.89
		Female	498	26.20	545	26.95	604	27.89
	50 and above	Male	41	2.16	39	1.93	59	2.72
		Female	21	1.10	18	0.89	25	1.15
 Position	Senior management	Male	20	1.05	18	0.89	19	0.88
		Female	1	0.05	1	0.05	0	0.00
	Middle management	Male	79	4.16	82	4.06	94	4.34
		Female	15	0.79	18	0.89	16	0.74
	First-line management	Male	89	4.68	80	3.96	93	4.29
		Female	18	0.95	24	1.19	25	1.15
	Engineers & administrators	Male	247	12.99	297	14.69	333	15.37
		Female	153	8.05	165	8.16	186	8.59
First-line workers	Male	511	26.88	492	24.33	511	23.59	
	Female	768	40.40	845	41.79	889	41.04	
 Job category	Manufacturing	Male	632	33.25	660	32.64	715	33.01
		Female	745	39.19	833	41.20	889	41.04
	QA	Male	51	2.68	59	2.92	62	2.86
		Female	60	3.16	73	3.61	68	3.14
	R&D	Male	128	6.73	101	5.00	139	6.42
		Female	57	3.00	42	2.08	54	2.49
	Administrators and others	Male	135	7.10	149	7.37	134	6.19
		Female	93	4.89	105	5.19	105	4.85

## Notes:

- The statistics are compiled based on the number of individuals on December 31<sup>st</sup> of each year.
- Senior management: top managers; middle management: mid managers; first-line management: section/subsection chiefs. Permanent employees: Employees under regular employment, including senior management, first-line workers, and part-time employees, but excluding foreign workers. Dispatched workers: Employees who are employed by a dispatching agency to provide services for Flexium. Foreign workers: Foreign workers employed under fixed-term contracts.
- Manufacturing personnel: Employees in all manufacturing departments. R&D personnel: Employees in all R&D departments. QA personnel: Employees in all quality assurance and control departments. Administrative personnel: Employees in the Administration Management Division, MIS Division, Finance Division, Materials Management Division, and Sales Division. Personnel not listed above are categorized as other personnel.

### 5.1.2 Workforce Diversity

To improve workforce diversity and provide opportunities for minority groups, Flexium does not discriminate on the basis of age, gender, religion, or race in its recruitment of employees. We encourage the recruitment of disabled employees, placing them in suitable positions to improve operational efficiency and boost employee confidence. In the past three years, the number of disabled employees were recruited has been in compliance with the law, who also rank higher in terms of seniority than the average for non-disabled employees. Flexium gives back to society through employee recruitment by offering stable, steady work and a safe working environment for members of disadvantaged groups.



### 5.1.3 New Employee Hires and Employee Turnover


The number of new employees hired at Flexium in 2020 was 429, a large number of which are individuals aged below 30 years.

Category	Year		2018		2019		2020	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Age	Below 30	Male	67	3.84	103	5.39	105	5.14
		Female	140	8.02	164	8.58	114	5.58
	31-49	Male	66	3.78	114	5.97	122	5.97
		Female	66	3.78	105	5.49	80	3.92
	50 and above	Male	2	0.11	3	0.16	8	0.39
		Female	0	0.00	1	0.05	0	0.00
Total			341	19.53	490	25.64	429	21.01

Note: New hire percentage = total number of new employees hired (excluding dispatched workers)/total number of incumbent permanent employees (excluding dispatched workers) on December 31<sup>st</sup> of the given year

A total of 436 employees left Flexium in 2020, accounting for 21.35% of our workforce; most of the employees who left the Company were individuals aged 31-49 years. The turnover rate has increased over the past two years due to the transition of dispatched workers to full-time employees, as well as the changes in work shifts policy. In order to reduce the turnover rate and improve employee care, employees who announce their intent to resign are asked to attend an exit interview with their department head and the Human Resources Department, who attempt

to determine whether the resignation is due to personal or managerial reasons. If an employee resigns for managerial reasons, the opinions of the employee are forwarded to the relevant department in order to carry out corrective action. Irregular and annual stay interviews are conducted (the latter by the Human Resources Department) to collect employee feedback, which is analyzed to develop corrective action. To improve its retention rate, Flexium conducts an annual review to decide on promotions and pay raises by examining employees' personal performance metrics and their performance evaluation by their superiors, to motivate employees to give their best.

Composition of employees who resign								
Category	Year		2018		2019		2020	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
 Age	Below 30	Male	106	6.07	80	4.19	99	4.85
		Female	82	4.70	82	4.29	81	3.97
	31-49	Male	103	5.90	123	6.44	143	7.00
		Female	73	4.18	104	5.44	100	4.90
	50 and above	Male	3	0.17	7	0.37	9	0.44
		Female	0	0.00	2	0.10	4	0.20
Total			367	21.02	398	20.83	436	21.35

Notes:  
 1. Turnover rate = total number of permanent employees who resign/total number of incumbent permanent employees on December 31<sup>st</sup> of the given year  
 2. Employees who resign within three months of employment are excluded from calculation.

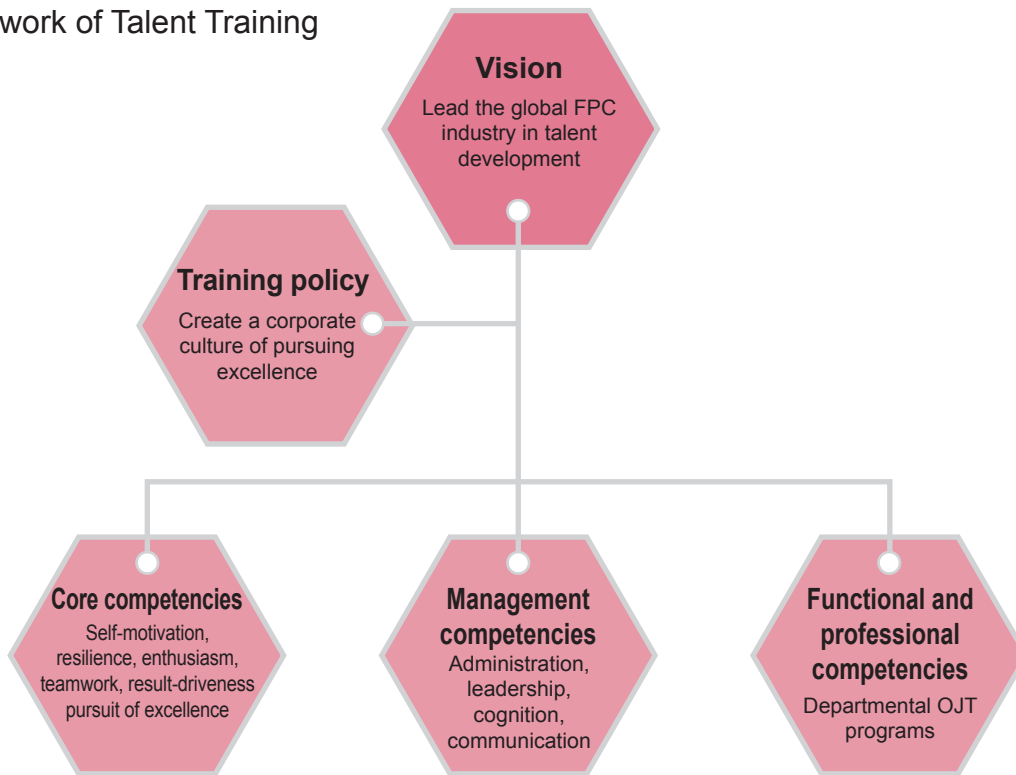
## 5.2 Talent Development

### 5.2.1 Career Development and Planning

To improve the Company's competitiveness and boost talent development, Flexium actively invests resources into employee training and development to enhance employee capabilities and develop a multi-skilled workforce through on-the-job training (OJT), off-the-job training (Off-JT), and personal self-development. We were awarded the Talent Quality-management System (TTQS) Enterprise Gold Award by the Ministry of Labor. This recognition from the government is a testament to our achievements in talent training and development. We shall continue our employee development efforts to improve the quality of our workforce and help our employees grow and find satisfaction in their jobs.

Flexium aspires to lead the global flexible printed circuit (FPC) industry in talent development and is committed to a policy utilizing employee training to create a corporate culture of pursuing excellence. We have developed training courses in three core competencies to improve employee capabilities and boost innovation. We have also formulated key curriculums for different positions to help employees develop their professional and management competencies. Through these curriculums, we help our employees develop their professional competencies and maximize corporate benefits.

## The Framework of Talent Training



Employee training programs in 2020 totaled 109,536 training hours, with 36 hours of training per employee on average. Training programs included new employee orientation, general education courses, project management training, and other skills training programs. Training expenditures in 2020 totaled approximately NT\$11.7 million. Due to the pandemic, many in-person lectures were postponed or changed to online self-study and OJT, resulting in fewer total training hours and lower expenditures than in 2019.

Total training expenditures/training hours		
2018	2019	2020
<p><b>\$\$</b> Total expenditure (NTD) <b>10,129,509</b></p> <p><b>🕒</b> Total training hours <b>83,720</b></p> <p><b>\$\$👤</b> Mean training expenditure per employee (NTD) <b>4,276</b></p> <p><b>🕒👤</b> Mean training hours per employee <b>35</b></p>	<p><b>\$\$</b> Total expenditure (NTD) <b>14,438,733</b></p> <p><b>🕒</b> Total training hours <b>125,139</b></p> <p><b>\$\$👤</b> Mean training expenditure per employee (NTD) <b>4,908</b></p> <p><b>🕒👤</b> Mean training hours per employee <b>43</b></p>	<p><b>\$\$</b> Total expenditure (NTD) <b>11,706,770</b></p> <p><b>🕒</b> Total training hours <b>109,536</b></p> <p><b>\$\$👤</b> Mean training expenditure per employee (NTD) <b>3,885</b></p> <p><b>🕒👤</b> Mean training hours per employee <b>36</b></p>

**Notes:**

- The number of employees used in the calculation is the number of employees at the Kaohsiung Site who received training in the given year and includes permanent employees/dispatched workers/foreign workers/resigned employees. The number of employees in 2020 was 3,013.
- Total training expenditure includes payroll expenditures for new employee hires in orientation training.
- The above expenditures include the number of employees who have been on the job for >1 month this year \* 22 days (1 month of work hours) \* 4 hours of OJT online training hours, as well as the number of employees who have been on the job for <1 month this year \* 0.7 days (number of working days) \* 5 hours of OJT online training hours. (The main reason for the different in OJT hours is that new hires and JIQ examination personnel required more training hours than employees who have been on the job for >1 month.)

		Competency training hours					
		2018	Mean	2019	Mean	2020	Mean
All personnel	Male	41,928	35	74,289	48	62,175	40
	Female	32,231	27	41,027	29	37,663	26
Position	Senior management (Male)	626	31	745	39	630	33
	Senior management (Female)	31	31	39	39	0	0
	Middle management (Male)	2,598	31	3,332	39	3,214	33
	Middle management (Female)	470	31	706	39	530	33
	Junior management (Male)	2,786	31	3,136	39	3,115	33
	Junior management (Female)	563	31	941	39	828	33
	Engineers (Male)	8,546	31	13,601	39	12,757	33
	Engineers (Female)	5,071	31	7,016	39	6,561	33
	Specialists (Male)	22,821	31	39,392	39	31,479	33
	Specialists (Female)	30,647	31	46,409	39	40,724	33
Type of work	Manufacturing personnel (Male)	26,389	31	46,487	39	38,305	33
	Manufacturing personnel (Female)	29,394	31	45,468	39	40,359	33
	QA personnel (Male)	2,097	31	2,744	39	2,651	33
	QA personnel (Female)	2,442	31	3,371	39	2,717	33
	R&D personnel (Male)	4,257	31	4,351	39	5,136	33
	R&D personnel (Female)	1,816	31	1,685	39	1,889	33
	Administrative and other personnel (Male)	4,633	31	6,624	39	5,103	33
	Administrative and other personnel (Female)	3,130	31	4,586	39	3,678	33

Notes:

1. Competency training includes courses in management competencies (management courses) and professional competencies (professional training courses for all positions).
2. Total competency training hours are calculated with the following formula: Total training hours – (total training hours for Human Rights & CSR course and SRC course) = total competency training hours.
3. Senior management: top managers; middle management: mid managers; first-line management: section/subsection chiefs. Manufacturing personnel: Employees in all manufacturing departments. R&D personnel: Employees in all R&D departments. QA personnel: Employees in all quality assurance and control departments. Administrative personnel: Employees in the Administration Management Division, MIS Division, Finance Division, Materials Management Division, and Sales Division. Personnel not listed above are categorized as other personnel.
4. Mean training hours are the average training hours per employee for courses in management competencies (management courses) and professional competencies (professional training courses for all positions).
5. The calculation of mean training hours is as follows: Total hours of competency training (for all positions and types of work) divided by total number of employees (including regular employees, contractors, and new employee hires in all positions and for all types of work) of the given year.

### Manufacturing and R&D Engineer Elite Program

In 2020, our first Manufacturing Engineer Elite Program started, in which we outsourced manufacturing staff for the first time and seek young bright talent to the production team. In addition to graduates of Bachelor's and Master's engineering programs, we also look for young individuals with experience in both industrial engineering and business management and less than 5 years of work experience, to provide them with opportunities to thrive. The Chairman fully supports this program, and personally attended seminars to encourage young talent and learn about the new generation's ideas about manufacturing.

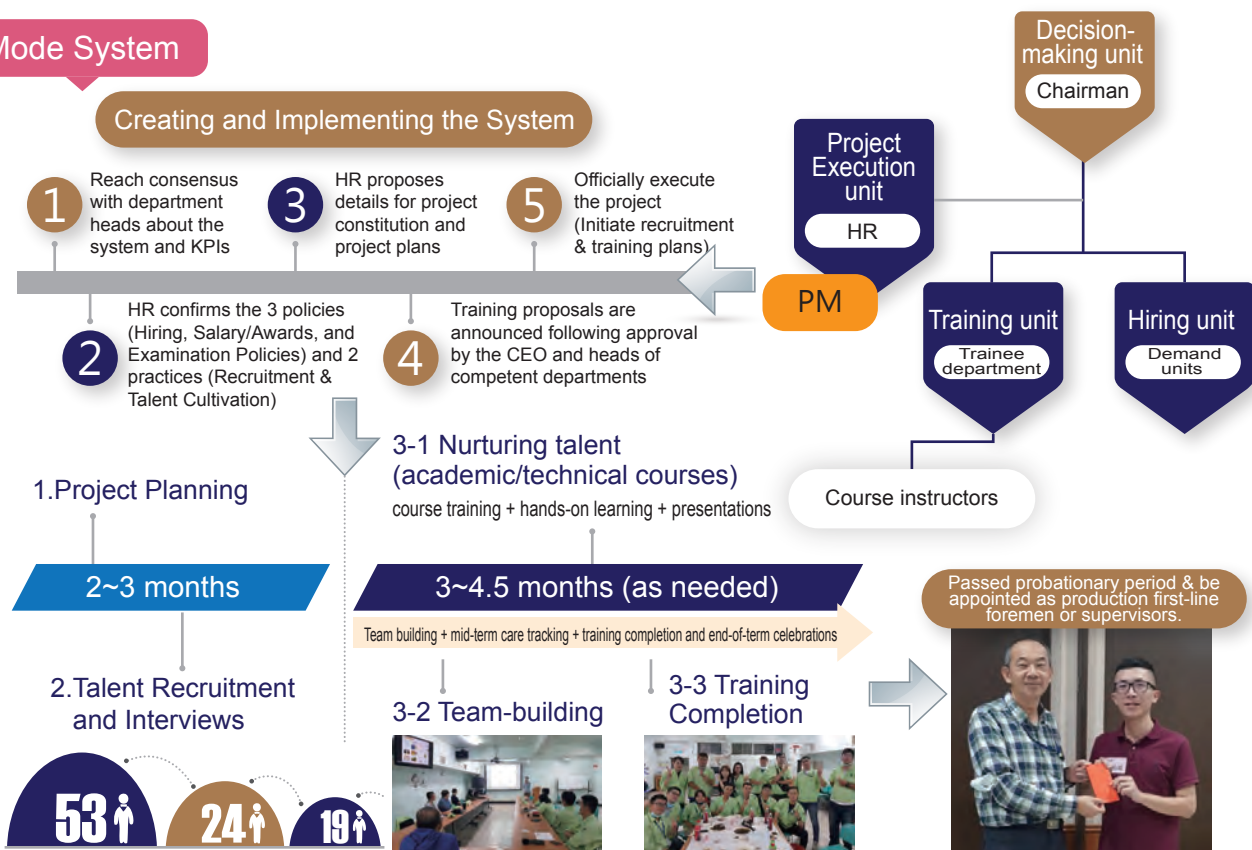
This 18-week training program focused on trainee's task-oriented competence. In addition to basic subjects and technical training, trainees are expected to learn on the job with managers and develop the tenacity of a true Flexium employee through real, on the job challenges that showcase their abilities and potential through skills cultivation and stage evaluations. Trainees who passed the probationary period were appointed as first-line foremen or supervisors.

In addition to the Manufacturing Engineer Elite Program, we have continued the Engineer Elite Program that started in 2019. For this program, Flexium recruited talent from among engineering graduates of top-tier institutions and created an 'R&D Elite Program' of new engineers by offering training courses in combination with hands-on OJT projects with instructors from the Manufacturing Technology Department in a hybrid education system to nurture their talent.

### Engineer Elite Program Performance

Type	Registered Trainees	Remaining Trainees	Employees who passed examination	Passing rate	Benefits
Manufacturing	19	13	13	100 %	Successfully added 12 unit leaders in manufacturing
R&D	8	7	7	100 %	Trained 7 engineers in 2020

### Mode System







End-of-term celebrations



Chairman's Lecture



Engineer Elite Program completion ceremony



Training outcomes presentations








Production line training

## 5.2.2 Promotion and Compensation

Flexium motivates its employees by tying compensation to Company performance, departmental performance, and personal performance. In addition to offering competitive wages higher than the local minimum wage, we ensure external, internal, and employee equity and offer regular performance and career development evaluations to ensure that channels for employee advancement always remain open.

We conduct performance reviews for all employees twice a year. Employees in positions above the level of engineers/administrators set annual goals in January and July, which are evaluated in the midterm evaluations in March and September and final evaluations in July and the following January. Annual promotions and pay raises based on the results of the previous year's performance evaluations are made effective in February and August.

In terms of career development, we aspire to place our employees in positions where they can be the most effective. Internal job transfer opportunities are offered to employees through internal announcements to solicit voluntary applications. If employee reassignment is required, the Company consults the employees before implementing any changes in order to ensure employees' rights.

The salary ratio of men to woman						
Item	2018		2019		2020	
	Basic Salary	Package	Basic Salary	Package	Basic Salary	Package
Senior management 	1.14	1.06	1.16	1.00	*	*
Middle management 	1.15	1.05	1.18	1.12	1.11	1.04
First-line management 	1.02	1.05	1.09	1.09	1.07	1.07
Engineers 	1.10	1.16	1.10	1.05	1.07	1.04
First-line workers 	0.99	1.00	1.00	1.00	1.00	0.96

Notes:  
1. Basic salary: basic pay per month; Package: basic salary + bonus + benefits; Ratio: men's wages/women's wages  
2. Senior management: Plant, department level and above; Middle management: managerial; First-line management: group/unit levels  
3. \* indicates no female employees

Salary of non-management full-time employees			
Item	2019	2020	Percentage increase/decrease (%)
Number of employees	1,583	1,782	+12.57
Mean salary (NTD in thousands)	630	638	+1.27
Median salary (NTD in thousands)	545	568	+4.22

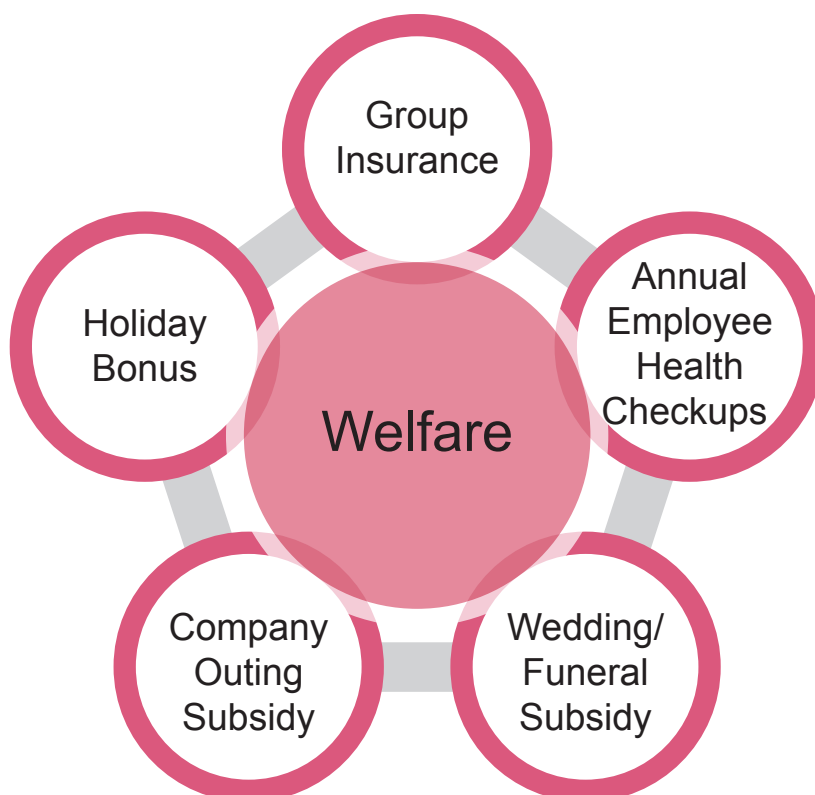
### 5.2.3 Retirement and Benefits

Flexium has formulated a pension scheme in accordance with the *Labor Standards Act* and opened a designated account at the financial institute specified by the government to generate interest for the disbursement of pension funds and severance pay in case of closure. The Company also established its Labor Retirement Reserve Fund Supervisory Committee pursuant to regulations requiring the precise calculation and sufficient disbursement of funds in the old pension scheme, which allocates 2% of employees' monthly salaries for deposit. For employees covered under the new pension system, we allocate 6% of monthly salaries for deposit into the employees' designated personal accounts set up with the Bureau of Labor.

Flexium values employee benefits and has established the Employee Welfare Committee to provide employees with insurance benefits, subsidies, and flexible leave. All employees are insured by the Company under the basic labor insurance and national health insurance policies. To further enhance employee welfare, we insure our employees under group life insurance, accident insurance, and additional health insurance policies. We also offer annual employee health checkups to safeguard employee health. To meet the needs of our employees and improve

employee welfare, we also provide wedding and funeral subsidies through the Employee Welfare Committee and offer annual travel subsidies for company outings along with gift boxes or gift certificates for the Mid-Autumn and Dragon Boat Festivals. In 2020, we hosted a Dragon Boat Festival Zongzi event with additional dishes and a fragrance sachet for each employee. Due to the 2020-2021 pandemic, we were forced to cancel social gatherings. The Company canceled Family Day, the corporate anniversary celebration, the year-end party, and other large outdoor events and instead gifted each employee a 5kg-box of bananas for the corporate anniversary, shopping vouchers for the year-end celebration as well as New Year Feast home delivery service, to continue providing employees with benefits.

Employee leave and number of leave days are administered pursuant to the law. By mutual consent of employer and employees, we have allowed a one-year postponement of all unused annual leave beginning in December 2018 in order to provide employees with flexible leave options and ample time to rest and recharge. The Company also pays out expired annual leave in the month of expiration pursuant to the law. Employees may apply for unpaid parental leave or injury or illness leave if the number of paid leave days is insufficient.



Employee Welfare Committee expenditures			
Item	2018	2019	2020
Total amount (NTD)	<b>24,492,666</b>	<b>24,511,129</b>	<b>25,497,000</b>
Benefit expenditures as a percent of revenue (%)	<b>0.09</b> %	<b>0.10</b> %	<b>0.09</b> %





2020 Dragon Boat Festival Zongzi event



Distributing Mid-Autumn Festival gift boxes in 2020



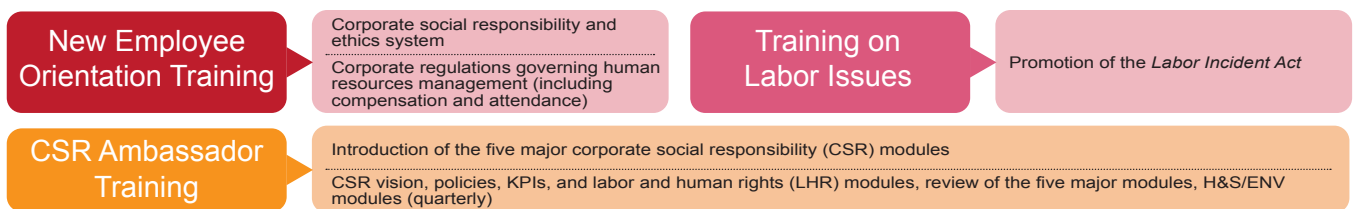
The 2020 Corporate anniversary celebration was cancelled; each employee received one 5kg-box of bananas.



For the 2021 year-end celebration, we distributed shopping vouchers and had festive foods delivered to homes.

## 5.3 Human Rights

Our annual CSR Ambassador Training program includes courses on human rights promotion and helps acquaint first-line supervisors with the Company’s CSR policy and annual KPI goals. Furthermore, our new employee orientation training helps new employees learn about the Company’s guidelines, developmental direction, management approach, EHS issues, and the concept of corporate social responsibility. These courses aid the Company in its efforts to prevent forced labor, child labor, discrimination, and harassment, while promoting the appropriate management of employee working hours and ensuring employees are treated with respect and provided with a safe and healthy work environment. All contract security guards are also required to participate in at least 2 hours of human rights training after reporting for duty. The course includes a sexual harassment prevention overview and training on proper security guard behavior and response to prevent sexual harassment and human rights violations during the execution of security duties. At the beginning of 2020, we had communicated the provisions of the new *Labor Incident Act*, which came into force in 2020, with supervisors and above in order to raise awareness of labor rights and interests.

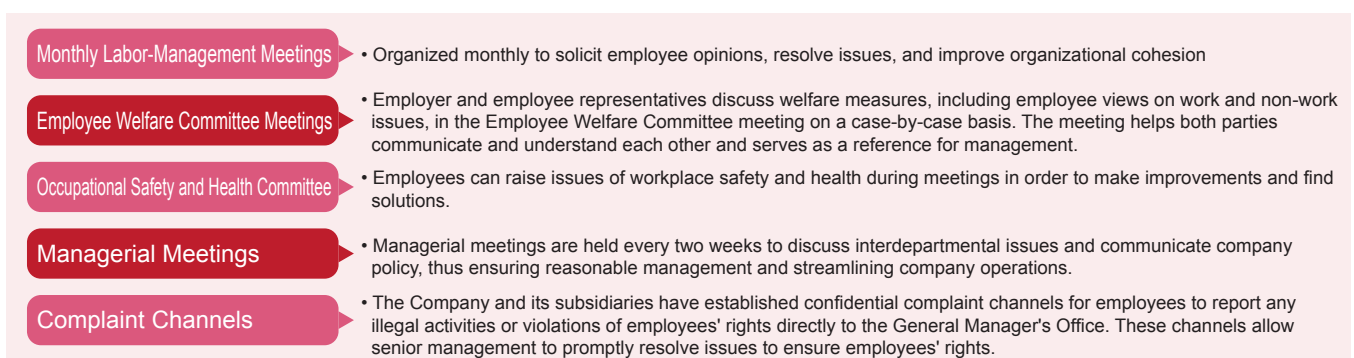


Human rights policy training			
	2018	2019	2020
Number of participants	1,901	2,022	2,166
Training hours	9,427	9,642	9,491
Participation rate (%)	100	100	100

Notes:  
 1. Coverage rate (%) = number of employees who participated in training/number of employees eligible for training \*100%  
 2. Number of participants: The total number of incumbent employees on December 31<sup>st</sup> of the given year

### 5.3.1 Labor-Management Communication

Flexium emphasizes people-oriented management and is committed to a philosophy of mutually beneficial labor-management relations. We provide a wide range of communication channels for labor-management issues to facilitate communication and help both parties reach consensus, achieve harmony, and improve organizational cohesion.



Flexium honors the United Nations Universal Declaration of Human Rights' statement that all human beings are born free and equal in dignity and rights and upholds the core labor standards stipulated in the *UN Global Compact* and the Conventions of the International Labor Organization. Our employees can utilize the Company's communication channels to report any instances of discrimination, sexual harassment, forced labor, unfair treatment, or violations of personal health and safety.

To protect employees' rights, we provide a range of complaint channels, including a complaint hotline and physical and electronic mailboxes direct to the General Manager's Office. In case of any violations of employees' rights or poor handling of such violations, employees may submit a complaint to the responsible department by following the *Employee Complaint/Whistleblowing/Opinion Submission Instructions* to ensure the confidentiality and safety of the complainants. Complaints are investigated within two weeks at the latest and a complaint investigation report is later submitted to the General Manager and forwarded to the relevant departments to solicit responses on how the complaint should be handled. In 2020, a total of 33 complaints regarding internal labor issues were submitted, all of which have since been closed. After a complaint is opened, improvements are implemented based on the results of the investigation and the case is followed up to ensure that similar incidents do not occur in the future.

### Complaint Channel

*Employee Complaint Form* is submitted.  
Email: 109@flexium.com.tw  
TEL: 07-7871008 (ext. 109)

The responsible personnel collect submitted complaints daily and sign the *General Manager's Mailbox Pick-Up Sheet* to confirm pick-up.

The received complaints are recorded on the *Employee Complaint Case Follow-Up Sheet* and reported to the General Manager within 24 hours.

Number of complaints			
	2018	2019	2020
General Complaint	15	28	27
Ethics complaints	0	0	0
Opinions or suggestions	17	12	6
Total (cases)	32	40	33
Case closure rate (%)	100	100	100

Notes:

1. General complaints: Complaints of unfair treatment or poor management of employees at work
2. Ethics complaints: Complaints of ethics violations that interfere with the normal operations of the Company.
3. Opinions or suggestions: Opinions or suggestions regarding company measures and facilities.
4. Overall number of complaints increased due to an increase in complaints to the Employee Welfare Committee and communal meals in 2020 (total of 12 reports).



### 5.3.2 Employee Care

Healthy, happy employees are the key to steady corporate development. At Flexium, we spare no effort in employee care and are committed to building organizational cohesion and providing our employees with a positive and cordial working environment in which they can apply themselves, thus improving employee efficiency, which in turn drives the Company’s growth.

We have established regulations regarding unpaid parental leave in accordance with the provisions of the *Gender Equality in Employment Act*. In 2020, a total of 15 employees (11 women and 4 men) applied for unpaid parental leave; the application rate was 7.54%. Through exit interviews with employees who left the Company after parental leave (including employees who returned to work after leave before resigning), we found that the main reason for employee turnover after parental leave is the employee’s intent to become a stay-at-home parent.

Unpaid parental leave in 2020			
Number of employees eligible for unpaid parental leave in the given year (A)	122	77	Total 199
Number of employees who have applied for unpaid parental leave in the given year (B)	4	11	Total 15
Number of employees who intend to return to work after unpaid parental leave in the given year (C)	7	11	Total 18
Number of employees who have returned to work after unpaid parental leave in the given year (D)	6	7	Total 13
Number of employees who returned to work after unpaid parental leave in the previous year and who have stayed with the Company for over a year (E)	2	9	Total 11
Number of employees who returned to work after leave in the previous year (F)	3	17	Total 20
Returned-to-work rate of employees taking unpaid parental leave (%) (D/C)	85.71	63.64	Total 72.22
Retention rate of employees taking unpaid parental leave (%) (E/F)	66.67	52.94	Total 55.00

Note: The calculation of the number of employees eligible for unpaid parental leave is based on employees who have applied for maternity or paternity leave in the past three years.

## 5.4 Healthy Workplace

Flexium is committed to building a healthy, positive workplace to help our employees maintain a good work-life balance. To achieve this goal, we have pooled manpower and resources to build a healthy and cordial working environment and organized health management and promotional activities to give employees access to accurate healthcare knowledge and help them develop a positive, proactive attitude toward their health.

### 5.4.1 Health Management

To establish a comprehensive health management system, Flexium performed a risk assessment based on our different manufacturing processes and the raw materials involved. We identified plant operators and engineers to be the two groups at a higher risk of exposure. We then took action to monitor their work areas, identify environmental issues, adopt management systems, and improve our engineering. We also completed an employee health risk assessment in order to identify high-risk employees, and we formulated a system for allocating work that prevents repeated exposure to hazardous elements. In 2020, a total of 116 employees performed potentially hazardous operations, which mainly involved exposure to hazardous elements that could lead to damage to the respiratory tract, skin, or hearing, or cause malignant tumor growths. With our comprehensive health management system, the Company currently has zero cases of major occupational disease. Additionally, personal information regarding employee health checkups is protected under the *Personal Information Protection and Management Measures* and not shared with unrelated parties to protect employee privacy.

Number of workers involved in tasks with special health hazards			
Type of work\Year	2018	2019	2020
Operations involving noise exposure	15	16	28
Operations involving ionizing radiation	35	35	38
Operations involving exposure to nickel	35	48	35
Operations involving exposure to chromic acid	15	15	11
Operations involving exposure to manganese	-	-	4
<b>Total (Number of workers)</b>	<b>100</b>	<b>114</b>	<b>116</b>

Notes:  
 1. A total of 7 employees performed two types of tasks with special health hazards in 2020.  
 2. Operations involving exposure to manganese is a new procedure added in 2020.

Flexium offers regular employee health checkups more frequently than regulated by law, with regular health checkups and special checkups for potential health hazards held annually. A total of 33 employees (5 exposed to noise, 18 exposed to ionizing radiation, 10 exposed to nickel, 0 exposed to chromic acid, 0 exposed to manganese) were put under Class 2 Health Management in 2020. Our comprehensive health checkups ensure that employees are provided with proper healthcare. Based on the checkup results, we classify employees for health management and hire doctors to provide one-on-one health consulting services in order to learn more about their work environment and exposure conditions, and carry out health education and monitoring. Depending on employees' condition and health needs, we may also suggest a job transfer in order to ensure their health. Employees with over one year of seniority are required to participate in health checkups and consulting. In accordance with our principle of ensuring the psychological and physical well-being of employees, those with less than one year of seniority are eligible for a special health checkup with the Company. Since 2018, we have required all new employees to get a special health checkup before performing tasks with special health hazards and after leaving the Company. Since 2019, in order to prevent overwork, we have performed ECG testing on shift workers to assess the risk of cerebrovascular and cardiovascular disease.

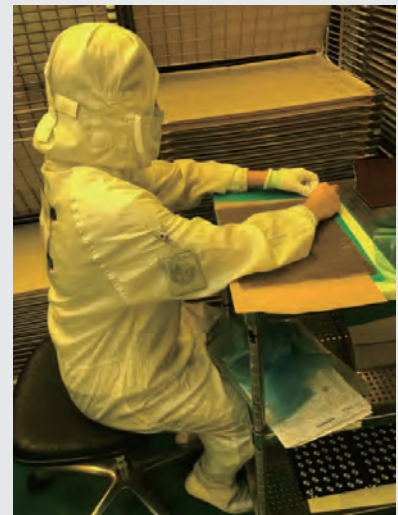
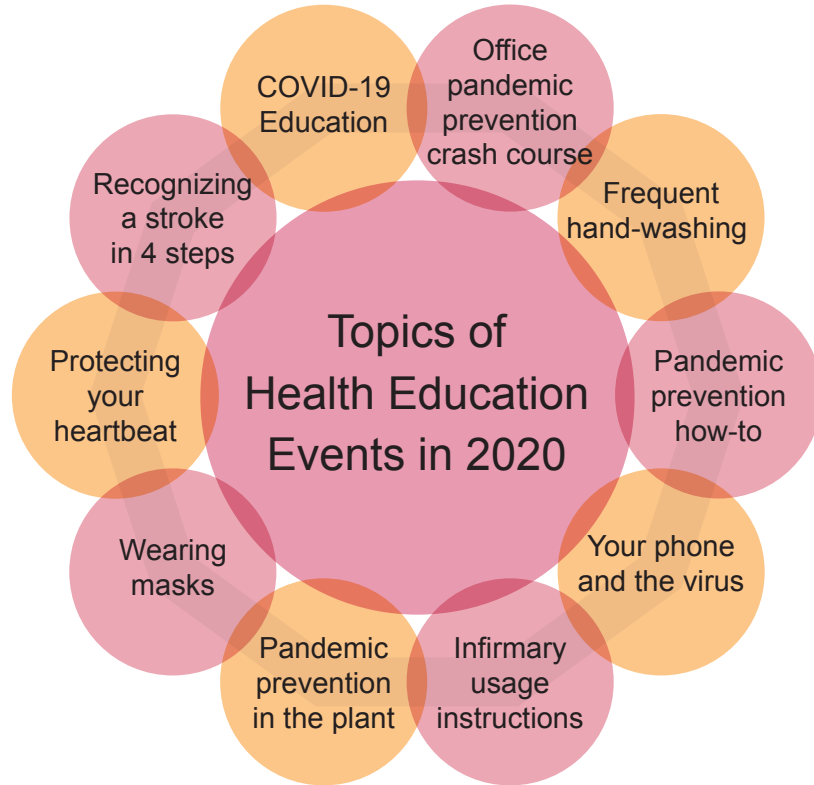


Annual and special health checkups

### 5.4.2 Health Promotion

Flexium is committed to creating safe working conditions and a healthy work environment for its workforce. In addition to annual health checkups, we also organize health seminars, provide healthcare information, and have established infirmaries with on-site nurses and doctors to provide health consulting and medical care services. We have also installed automated external defibrillators (AEDs) in work areas and invited the Daliao Branch of the Kaohsiung Fire Department to give our employees AED classes. These measures allow non-medical personnel to provide emergency care for sudden cardiac arrest within the maximum five-minute response time. We encourage our employees to practice self-monitoring for health and have placed digital blood pressure monitors in each building cafeteria for employees to check their own blood pressure. Going forward, we shall continue to work to ensure a healthy, positive workplace and establish a corporate culture of safety and health for every employee.

Health promotion measure	Description	Outcomes
Government-funded flu vaccine	To create a healthy corporate workplace, those eligible for the government-funded flu vaccine receive appointments for hospital vaccinations from the company nurses.	42 government-funded flu vaccines were given out of 115 registered for a vaccination rate of 37%.
Health management rating system	Rating is done according to the annual health checkup report and the physical examination reports of new employees to find physical symptoms early and prevent occupational diseases.	Rating levels of 1-4 were established for individual examination items (blood pressure, blood lipids, urine protein, total cholesterol, etc.)
Drug screening	In response to governmental anti-drug policies, the Company added drug testing items to this year's health check.	A total of 1,474 employees underwent drug tests.



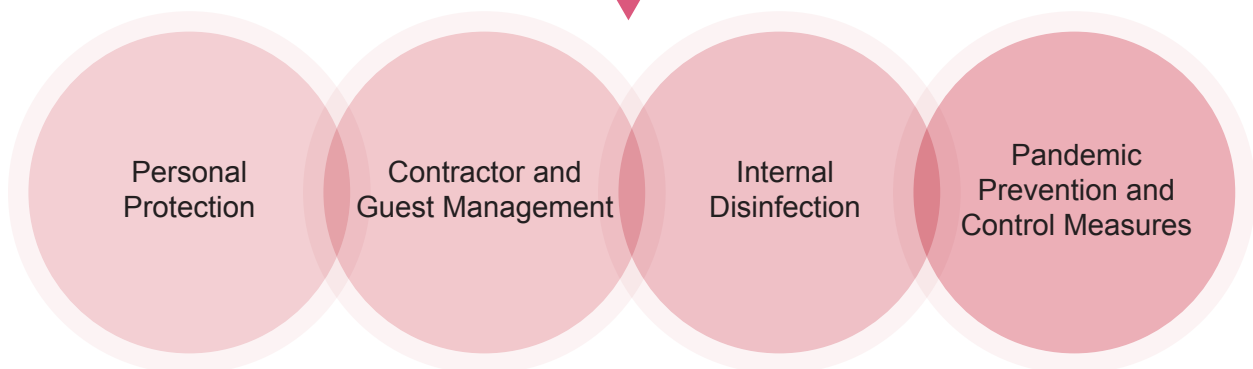
### 5.4.3 Pandemic Prevention Measures in Response to the Threat of COVID-19

In 2020, the COVID-19 pandemic affected the entire globe. To prevent the pandemic from affecting the overall operations, the Company established a Pandemic Prevention Center to facilitate response measures. The Pandemic Prevention Center consists of a director of the Administrative Management Division who serves as pandemic director as well as an executive officer, an HR group leader and a pandemic prevention group leader. Within the company, department managers serve as officers overseeing pandemic prevention matters and implementing preventive measures at the plant. Throughout the pandemic, seating distances between meeting attendees have been strictly monitored, with dining taking place in sections with monitored seating distances and no talking. Office work has also been carried out in separate groups to reduce the chance of transmission between employees and practice pandemic prevention measures with contractors and guests. The Pandemic Prevention Center also holds monthly meetings to plan for upcoming measures.

**Structural Organization of the Pandemic Prevention Center**

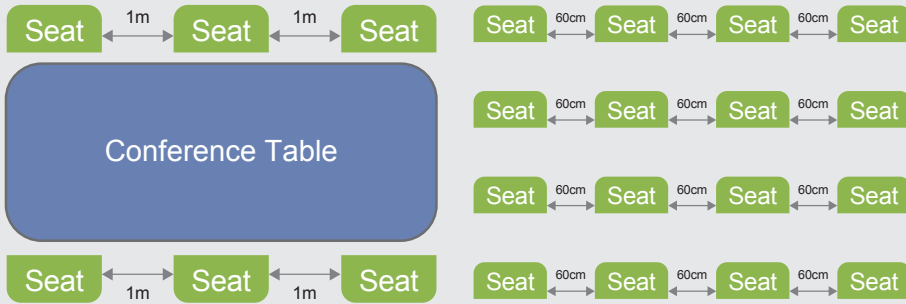


**Pandemic Prevention Measures**

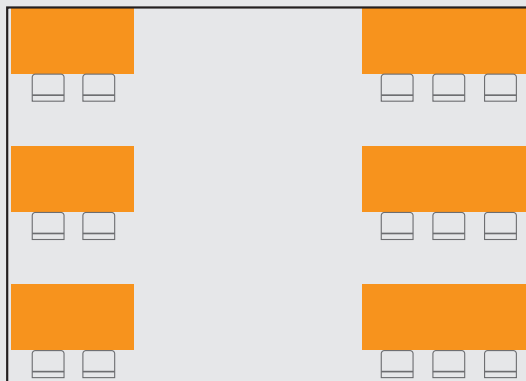




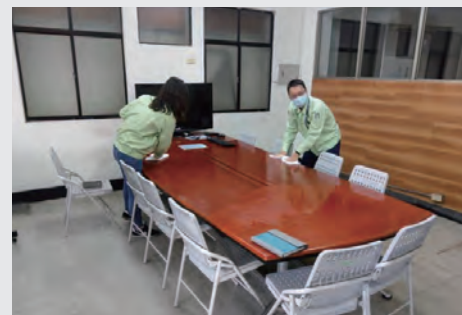
Seating of meeting attendees has been regulated under social distancing rules during the pandemic:



Seating arrangements for dining by group:



Weekly pandemic prevention meetings with announcements of the latest measures



Disinfection of meeting rooms



Everyone at the plant (including contractors and guests) had their temperatures taken





## 5.5 Occupational Safety and Health

To reduce environmental impacts and prevent accidents, Flexium fulfills its corporate social responsibility and is committed to the philosophy of “doing everything right the first time.” Through our EHS management system, we have been able to effectively prevent occupational injuries and diseases. We also developed an EHS policy guided by the principles of complying with all environmental protection, occupational safety and fire prevention regulations applicable to our businesses; building a green factory, reducing carbon emissions and saving energy for our environment; creating an employee-friendly workplace good for employees’ psychological and physical health. We work continuously to ensure a green, legally compliant, and safe work environment.

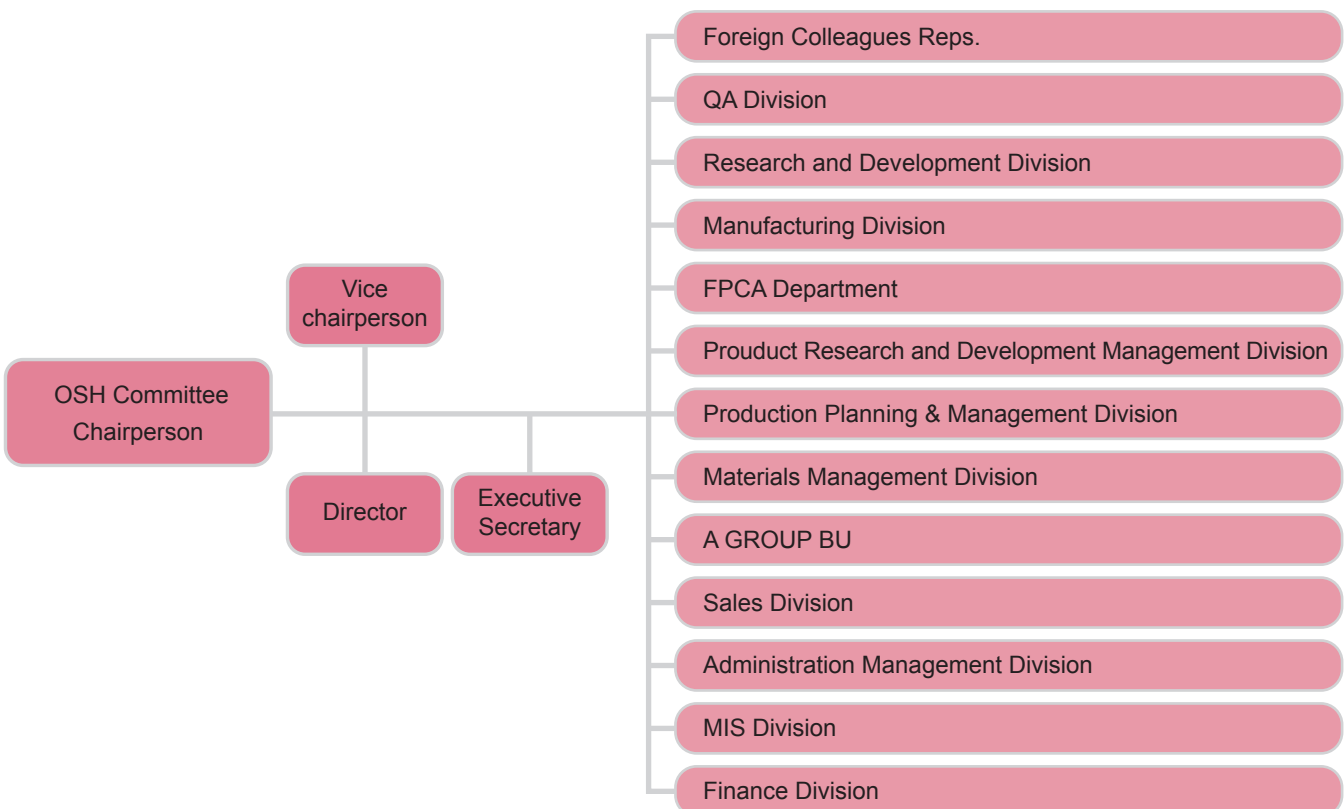
### 5.5.1 Occupational Safety and Health Committee

Flexium established its Occupational Safety and Health Committee (OSH Committee) in accordance with the law. The plant manager serves as the chair of the committee and serving under the plant manager is one director, one deputy chair, and one secretary. The OSH Committee is made up of heads of departments, occupational safety and health personnel, engineering technicians, on-site nurses, and employee representatives (including foreign worker representatives). The OSH Committee holds a meeting every three months and has a larger percentage of employee representatives than the one-third stipulated by law.

The Company’s Environment Health & Safety Section gives presentations on safety and health issues during OSH Committee meetings which focus on the analysis and comparison of occupational hazard statistics. During meetings, the departments in which incidents have occurred report the safety and health management measures implemented.

The committee members are responsible for reviewing the reports, coordinating between departments, and proposing solutions to issues of occupational safety and health, so as to prevent occupational hazards and ensure the safety and health of employees.

Composition of OSH Committee			
Number of employee representatives	<b>23</b>	Percentage of employee representatives (%)	<b>59.0</b>
Number of employer representatives	<b>16</b>	Percentage of employer representatives (%)	<b>41.0</b>



2020 Key Points in Occupational safety and health management System

Item	Description
Review of physical examinations of foreign staff	Established rating standards and procedures for report reviews, and conducted health education and counselling according to resulting ratings.
Pandemic prevention health evaluations	Conducted health checks according to the physical condition of individuals reporting to each department; if results were normal, the employee could enter the company; if not, the employee could not enter.
Checking of contractors' construction machinery	Check contractors' construction machinery once every season; machinery that passes is labeled for identification
Sectional fire drills	Drills were conducted by building to ensure that each section has completed a fire drill. A total of 6 drills were completed in 2020.
Chemical spill drills	Through the chemical spill drills, employees learned how to build an initial barrier in case of a chemical leak, and that such procedures should only be carried out after donning protective gear. A total of 6 drills were completed in 2020.
Exhaust pipe checks	Reformulated the renewal dates of the exhaust pipes and overhead spiral ducts; by increasing the renewal frequency, we can reduce the risk of oil accumulation.

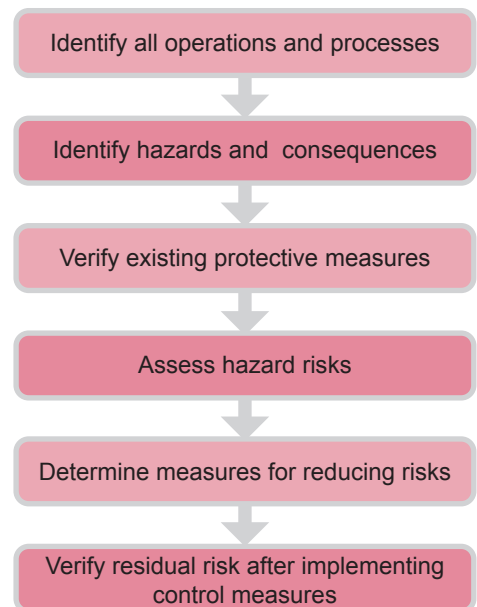
### 5.5.2 Occupational Injury Prevention

Flexium is committed to occupational safety and health and has invested resources into providing its employees with a friendly workspace. Our employees are also aware of the close relationship between occupational safety and personal health, and are dedicated to implementing the Company's safety measures. We seek to create a hazard-free workplace and have invested manpower and resources into building a safe, healthy working environment, so as to ensure our employees' safety and health and achieve hazard-free operations.

To mitigate occupational hazards, we identify potential occupational hazards extant in routine and non-routine activities, assess their risk, and classify them for further management. We perform annual hazard identification and risk assessments, in which processes and operations are categorized as either routine or non-routine, and risk is classified into five levels. We then determine risks and opportunities based on the risk level and establish control plans to address unacceptable risks. We also take the Company's operational needs into consideration in determining priorities for goal-setting. As a key point of health and safety management in 2020, legal compliance, external concerns, technology acquisition and degree of control, and the impact of the investment amount on the Company's operations and activities are among the factors considered in establishing control plans to address unacceptable risks.

To prevent occupational hazards, we enlist the help of every employee to build an incident-free corporate safety culture. We include near-miss incidents in our incident management and reporting procedures and offer awards to encourage employees to report potential hazards and propose improvement plans so as to reduce the likelihood of near-miss incidents.

Employees may report incidents anonymously through the plant's reporting system. In case of imminent danger, employees may step away and notify the head of their department. We do not penalize employees who report such issues. The right of employees to withdraw from dangerous situations will be further addressed in the *Emergency Response Plan Instructions* and training carried out in the relevant departments upon its publication so that employees have a better understanding of their personal right to safety. After an occupational hazard incident, the department in which the incident has occurred is required to implement improvement measures. The Company also reviews other departments to see if the same operation is performed and, if so, the improvement measures are immediately implemented thereafter as well. These cases are then studied in employee training for future reference.



The Environment Health & Safety Section appoints personnel with occupational safety and health certification to investigate occupational incidents. Any department in which an incident has occurred is required to cooperate with the investigation. If an incident occurs in the workspace, the investigators are accompanied by employee representatives. Employees returning from injury leave of more than a month are required to report back to the head of their department and submit the estimated return date agreed by the attending physician at the hospital to which they were first admitted. An interview is held between employees returning to work and the head of their department in order to evaluate the progress of their recovery and their ability to perform their duties. Such employees are assigned to suitable duties or work based on the interview results. Employees are monitored and interviewed after returning to work to ensure that they are able to handle the assigned tasks.

Incidents of occupational injury at Flexium			
Category\Year	2018	2019	2020
Falls	-	-	-
Slips and trips	1	-	1
Crush injuries	-	1	2
Exposure to hazardous substances	-	-	1
Improper movement	-	1	1
Cuts, lacerations, and scrapes	-	-	1
Strikes by falling objects	-	1	-
Collisions	-	1	1
Burns	-	-	2
<b>Total incidents</b>	<b>1</b>	<b>4</b>	<b>9</b>

Notes:

1. Statistical data sourced from Kaohsiung Plants (including Dafa Plant, Dafa Plant II, Dafa Plant III, and the Pingzhen office )
2. Flexium immediately launched hazard investigations into the occupational incidents that occurred in 2020. When incidents occur, engineering or procedural improvements are carried out in response to the particular hazard and extended to all departments within the plant while checking for other potential hazards is also proactively carried out in an effort to decrease the occurrence of occupational incidents.

Workers within the jurisdiction of the occupational safety and health management system (ISO 45001)

Type	Item	2020
Employee	Number of individuals	<b>2,611</b>
	Coverage	<b>100%</b>
Contractor	Number of individuals	<b>7,464</b>
	Coverage	<b>100%</b>

Note: Coverage (Number of individuals under the jurisdiction of ISO 45001 / total number of individuals)

Occupational injuries					
Item	Gender	2018	2019	2020	Calculation
Total incidents of occupational injury	Male	1	2	4	Calculations are based on the annual number of individuals affected by occupational hazards in Dafa Plant, Dafa Plant II, Dafa Plant III, and the Pingzhen Office. Due to the small workforce (roughly 10 employees) in the Pingzhen Office, its numbers have been consolidated with those of the Kaohsiung Site. As Dafa Plant and Dafa Plant II personnel regularly provide support for one another (due to the close proximity of the two plants), their numbers have also been consolidated.
	Female	0	2	5	
	Total (incidents)	1	4	9	
Total working hours	Male	1,964,952	1,876,464	2,093,792	As for every year, total working hours includes the working hours of all employees at the Dafa Plant, Dafa Plant II, Dafa Plant III, and Pingzhen Office. 509,965 total working days * 8 hours/day = Total working hours.
	Female	1,799,472	1,999,968	1,985,928	
	Total	3,764,424	3,876,432	4,079,720	
Disabling injury frequency rate	Male	0.50	1.06	1.91	Disabling injury frequency rate = number of occupational injuries / total hours worked * 1,000,000. (Total numbers are rounded down to the second decimal place.)
	Female	0.00	1.00	2.51	
	Total	0.26	1.03	2.21	
Disabling injury severity rate	Male	65	43	39	Disabling injury severity rate = number of work days lost / total hours worked * 1,000,000. (Totals are rounded down to the nearest integer.)
	Female	0	18	18	
	Total	34	30	45	
Absence rate	Male(%)	8.5	8.9	7.4	Absence rate = total days absent/total days worked * 100% 1. Calculations for total days absent are based on injury leave, sick leave, personal leave, and menstrual leave. 2. The scope of the data includes Dafa Plant, Dafa Plant II, Dafa Plant III, and the Pingzhen Office. Calculations are based on total days absent for both genders / total days worked by both genders.
	Female(%)	9.8	8.7	7.1	
	Total(%)	9.1	8.8	7.3	

Notes:

1. Incident classification and hazard reporting processes have been developed for contractor management. No major occupational incidents occurred during on-site contractor operations between 2018 and 2020, nor were any general occupational incidents reported.
2. "Major occupational incident" refers to an occupational fatality, an incident affecting three persons or more, or an incident resulting in the hospitalization of one person or more.
3. "General occupational incident" refers to all other occupational hazard incidents.
4. Serious disabling injuries: more than 6 months of working days lost due to occupational incidents and work injuries
5. There were no occupational deaths or serious disabling injuries in 2020.

Flexium prioritizes the safety and health of its employees and has developed policies to address risk management, legal compliance, communication training, and continuous improvement. The Kaohsiung Site (Dafa Plant and Dafa Plant II) became OHSAS 18000 certified in 2009 and continues its commitment to a comprehensive management system in order to create a safe, healthy working environment for employees and incorporate health and safety into its corporate culture. In response to the version change of OHSAS 18001, Flexium has become certified in the new version of ISO45001 by March 2020, while bringing in the Dafa III Plant and increasing coverage to employees, contractors, and other staff within the Kaohsiung plants. Additionally, due to the continuous expansion of the company, Flexium expects to bring new plants into certification by 2021, creating friendly workplace environments through effective management systems to enhance the psychological and physical health of employees.

### Training hours and participants in workspace safety and health training courses in 2019

Category	Training course for	Training hours	Number of participants
Workspace health and safety	Supervisors in charge of operations involving organic solvents (refresher training)	6	19
	Supervisors in charge of operations involving organic solvents (initial training)	18	2
	Forklift operators (refresher training)	3	5
	Forklift operators (initial training)	18	2
	Supervisors in charge of operations involving specific chemical substances (refresher training)	6	8
	Supervisors in charge of operations involving specific chemical substances (initial training)	18	1
	Supervisors in charge of operations involving hypoxia (initial training)	18	2
	First aid personnel (refresher training)	3	2
	Class A occupational health and safety supervisors (refresher training)	6	2
	Class A occupational health and safety supervisors (initial training)	42	1
	Safety and health educational training for new employees	3	1,262
	Class B boiler operators (initial training)	50	1
	Boiler operator training (refresher training)	3	1
	Sub 3-ton fixed crane operators (initial training)	18	2
	Supervisors in charge of roofing operations (refresher training)	6	1
	Operators of specific high-pressure gas equipment (refresher training)	3	1
	On-the-job training for worker healthcare service personnel (refresher training)	6	1
Fire safety	Plant fire safety drills	4	507
	Fire safety managers (initial training)	12	5
	Fire safety managers (refresher training)	6	2
Other	Operators of operations involving ionizing radiation (initial training)	18	21
	Operators of operations involving ionizing radiation (refresher training)	3	51
Total		270	1,899

### 5.5.3 Occupational Safety and Health Management and Future Prospects

In occupational safety and health management, Flexium is dedicated to creating a safe workplace and is working toward its ultimate goal of achieving zero occupational incidents. The nine occupational incidents that occurred in 2020 resulted in a total of 184 work days lost. We will increase the frequency and coverage of industrial safety inspections. This increase in inspection frequency helps raise awareness of occupational safety, encourages employee engagement, and safeguards employee safety. We employ dedicated industrial safety personnel for each building, with a clear distribution of responsibilities, to promote occupational safety and health in corporate activities and operations and help first-line supervisors and employees recognize the importance of occupational safety and health. We have established operating standards and provided training for personnel, and we use hazard identification and risk assessment to determine the feasibility of our operating standards and to increase the identification and eradication of hazards in order to achieve our goal of safe operations. We also hold annual safety and health training sessions to reduce the frequency of workplace incidents and raise safety awareness.





# Social Involvement



# Social Involvement

In its pursuit of profit and financial performance, Flexium has not ignored its commitment to Corporate Social Responsibility (CSR). In keeping with the United Nations’ 17 Sustainable Development Goals, we are dedicated to fulfilling the five core values of our CSR policy: care, health, green, integrity, and advancement. In terms of social welfare, we have adopted care and compassion as our core value. We show care for our employees by helping employees in need, and we give back to society by proactively interacting with and showing our appreciation for the local community and by making a sincere effort to provide assistance to the disadvantaged. We also encourage our employees to participate in volunteer work. These efforts are just some examples of our efforts to fulfill our vision of corporate social responsibility. We are keen to contribute and offer care and compassion for the betterment of society.

Flexium’s CSR Policy	Strategy	Response to Sustainable Development Goals (SDGs)
Care	To promote the spirit of compassion, the care for others and to positively contribute to the wider community.	
Health	To create a friendly, supportive workplace for all of our employees.	
Green	To develop greener plants, save energy, reduce our carbon footprint and take part in caring of the earth.	
Integrity	To act with integrity in business and to protect everyone’s intellectual property rights.	
Advancement	To advance management systems through continuous improvement and pursuit of better solutions.	

## 6.1 Community Engagement

With Flexium’s vision to “be a CSR doer, make society and the environment better,” we are expanding our involvement in social welfare beyond our plants in Taiwan and China. We have made donations to police and fire departments and sponsored cultural and educational events, maximizing value for both internal and external stakeholders, to fulfill our social responsibility.

### 6.1.1 Enhancing Local Disaster Rescue Capacity

After a fire at a competing company in 2018 took the lives of several firefighters, Flexium donated life-saving communications equipment to the firefighters of the Kaohsiung City Fire Bureau and arranged for the bureau to develop a terrestrial trunked radio and mobile command station in collaboration with Chunghwa Telecom. The equipment was successfully tested in April 2019, with development costs fully funded by Flexium. The design, which helps improve disaster management, expands on-site radio signal coverage, and increases the efficiency of disaster information sharing, is the first of its kind in Taiwan.

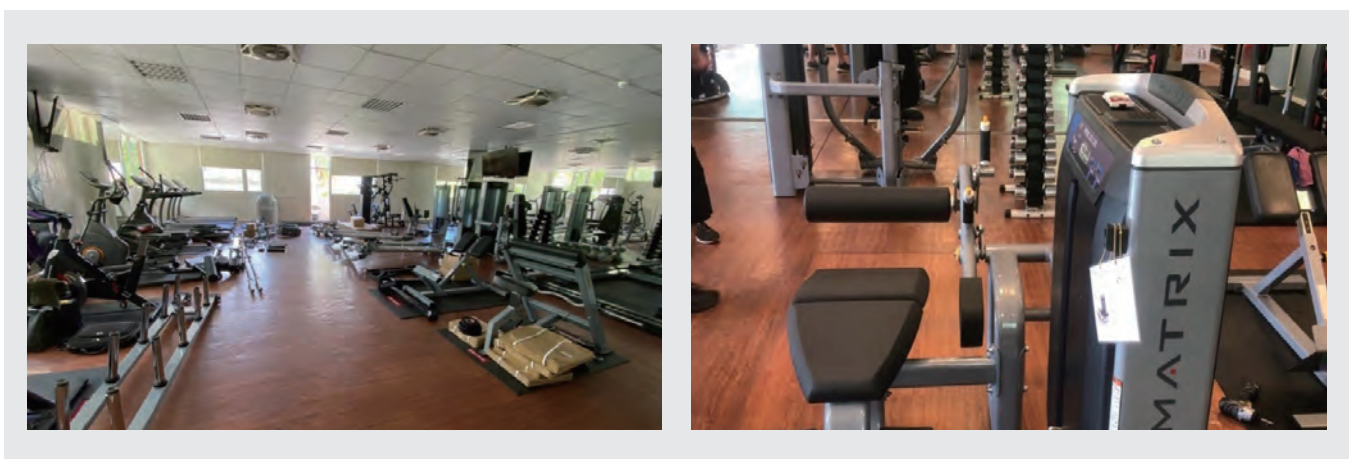
In February 2020, firefighters from the Kaohsiung City Fire Bureau's Feng Hsiang Station were involved in a severe traffic accident while on duty. The Company donated NT\$ 500,000 in relief funds for the firefighters injured in the accident in accordance with our lasting support for fire-fighting and disaster relief; we thank them for their selfless social contributions.



Presented a certificate of appreciation for donating to the Feng Hsiang Fire Station as condolences for a traffic accident

### 6.1.2 Enhancing Community Safety

Police officers and firefighters are the unsung heroes who keep us safe, and Flexium appreciates their contributions to their communities. Since 2015, Flexium has been donating equipment and funds to local police and fire stations. To prepare for unexpected or dangerous situations while on duty, police officers must maintain their physical strength. In 2016, the Company donated exercise and training equipment to Linyuan Precinct. Since that equipment has been in use to this day, much of it has become worn, old, or faulty, which is why in 2020, we added new equipment and replaced the faulty equipment; the total cost amounted to about NT\$ 470 thousand.





## 6.2 Community Care

### 6.2.1 Volunteer Association of Flexium

As a part of our corporate social responsibility, Flexium has encouraged its employees to contribute to and participate in volunteer work ever since its establishment. We set up the Volunteer Association of Flexium in 2017 to organize and carry out social welfare activities, and held at least 3 activities every year from 2018 to 2020 (in 2020, our schedule was affected by the COVID-19 pandemic). Volunteer Association of Flexium has organized over 13 social welfare activities in the 3 years since its establishment, and membership reached 145 members at the end of 2020. Through their hard work and contributions, our volunteers express their appreciation of the value of life. We are planning a wide range of events in the future so that even more of our employees will have the chance to participate in social welfare activities.

Flexium works unceasingly to support our society. Since 2016, we have acted as sponsor to the nearby Kaohsiung Municipal Chaoliao Elementary School, donating both a library and the Flexium Dream Comes True Carpentry Workshop, among various other educational resources. In December 2019, Flexium donated 36 AI educational robots (mBots) to the elementary school in an effort to integrate technology into the curriculum and move away from traditional learning by teaching children logic and independent thinking and problem-solving skills through simple programming courses. The mBots are designed for joint learning activities in the school's computer lab involving the 46 fifth and sixth grade students at Chaoliao Elementary School. In May 2020, members of the Volunteer Association of Flexium attended the classes with students, which gave the students a chance to demonstrate the results of their learning. The Association also brought lunch boxes for the hardworking teachers and students. In June, Chaoliao Elementary School held an mBot tracking relay race. With teamwork, creativity, and logical thinking, the students wrote programs to control their mBots. On the day of the race, the Volunteer Association of Flexium donated NT\$ 14,800 in scholarship for the winners, and the Flexium CSR Management Representative personally presented the scholarship to encourage students to keep up their efforts. We also hope to nurture students' motivation to learn through such courses and contests, so that they will continue exploring AI knowledge and skills in the future. We hope that the Volunteer Association of Flexium can help students reach their dreams.



The Volunteer Association of Flexium participated in courses at Kaohsiung Municipal Chaoliao Elementary School.



Students team up for the race.



The CSR Management Representative participated in the course.



Flexium's CSR Management Representative presented the scholarship, and the Principal presented a Certificate of Appreciation to the Volunteer Association of Flexium.

Flexium has always supported the Yong-an Children’s Home located in Daliao. As a part of this support, the Volunteer Association of Flexium hosted a “Love on Christmas Day” event in December 2020 for the children at Kaohsiung Municipal Chaoliao Elementary School and Yong-an Children’s Home despite the pandemic. The event was led by the Volunteer Association of Flexium. Contributions from the entire Flexium meant we brought the scale of the event to a new level so that the children could experience even greater love and care from Flexium. The entire Flexium was involved in selecting and purchasing Christmas gifts for the event and granting wishes from the children as an encouragement to pursue their dreams. The children at Chaoliao Elementary School and Yong-an Children’s Home promised to work hard toward their goals in exchange for their wishes to be granted.

The Volunteer Association of Flexium collected all the gifts and well wishes at the Flexium and transported them to Kaohsiung Municipal Chaoliao Elementary School and Yong-an Children’s Home on Christmas Eve. Upon receiving the gifts, the children presented thank-you cards to the Christmas volunteers. The caring and warmth from both sides allowed Flexium to embrace the spirit of Christmas in 2020. In granting the children’s wishes, Flexium’s employees experienced the joy and satisfaction of giving.

This event had the active involvement of all employees at Flexium. We gave out a total of 216 gifts at a cost of approximately NT\$ 90,000, showcasing the determination of Flexium’s involvement in social care in our community.



Children at Kaohsiung Municipal Chaoliao Elementary School making their Christmas wishes



Flexium employees signing up to fulfill children’s wishes



The Plant Manager and CSR Management Representative present gifts to the children of Chaoliao Elementary School.



Employees in the R&D Division present gifts to the children at Yong-an Children’s Home.

In the future, Flexium will continue to abide by our business philosophy “Cherish the Opportunity, Be Grateful for Blessings, Accountability for All, and Sharing and Caring” and encourage more employees with compassionate hearts to become volunteers. By expanding the number of volunteers, we can continue contributing to social development and talent cultivation, investing in local educational resources, and providing community care services to spread our compassion and care and create sustainable benefits for the community through volunteer work.



## 6.2.2 Kunshan Volunteer Activity

Flexium’s social care initiatives are not limited to Taiwan. At Kunshan, China, we are also active in social welfare activities such as visiting the fire brigade, fundraising, donating supplies to children in poverty, holding charity cake sales, organizing clothing drives for Tibet, and providing emergency services for the community. Whenever our employees or their families are in need, we are here to listen to their concerns and offer monetary assistance as necessary. From 2010 to December 2020, we have assisted 602 employees in need with a total amount of RMB 2.23 million (NT\$ 9.72 million).

### Flexium Volunteer Service Team

The Flexium Foundation (Kunshan) is a charitable club established in October of 2015 that is dedicated to social welfare activities. To expand the scope of our services, we established the Flexium Volunteer Service Team to bring employees with a passion together for doing good and direct them to places in need of social support and care. We organized a total of 18 volunteer services from 2017 to 2020. In 2020, we also went to the Chengbei Fire Department to share condolences on Armed Forces Day. During the pandemic, the Flexium Foundation also provided employees with masks and supported their health and wellbeing.

In terms of sustainability of local environmental resources, Flexium promotes water resource management at Flexium plants and their surroundings. Internally, we have implemented the use of reclaimed water; more than 50% of our water is recycled, which has received great attention from our downstream clients. Thanks to a referral from one of our clients, our Kunshan Plant acquired a Gold Certification from the Alliance for Water Stewardship (AWS). This was the first Gold Certification issued in the electronics industry worldwide. We expect to achieve Platinum Certification from the AWS by 2021. To spread awareness of water conservation in the surrounding area, the



Flexium Volunteer Service Team visited Tongxin School in conjunction with the EHS Department for a water conservation awareness event in 2018. In 2019, we expanded the scope of our campaign and visited Kunshan City Bailu Experimental Primary School to promote water conservation and frugal water use. Unfortunately, external promotions for water resource management had to be paused due to the 2020 pandemic.



The Flexium Foundation – issuing masks









The Flexium Volunteer Service Team – Expressing condolences on Armed Forces Day


### Flexium Financial Aid Scholarship

To help employees from disadvantaged families send their children or siblings to post-secondary educational institutions, the Volunteer Service Team set up the Flexium Financial Aid Scholarship in July 2016. The scholarship targets students from low-income families and awards each applicant RMB 3,000 to 5,000. From 2016 to 2020, we sponsored 22 students with scholarships totaling RMB 95,000 (around NT\$ 414,390), and awarded bonuses at factory-wide monthly meetings to encourage continuing education as a driving force for social development.

## Principles of Reporting

Flexium Interconnect, Inc. (hereinafter referred to as Flexium) is publishing its fifth Sustainability Report (formerly known as the CSR Report) in 2021 to inform our stakeholders about our business philosophy as well as our practical promotion of and determination to pursue sustainable operations. In the future, we will continue to proactively communicate with our stakeholders on an annual basis through the disclosure of information regarding our business performance, environmental protection efforts, and social engagement. Our previous Sustainability Report was published in June 2020 and we will be releasing the next report in June 2022.

 <p><b>Period of Disclosure</b></p>	 <p><b>Scope of Data Collection—Internal</b></p>	 <p><b>Scope of Data Collection—External</b></p>
<p>January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020</p>	<p>This report covers Flexium’s Kaohsiung factories (Dafa Plant, Dafa Plant II, and Dafa Plant III) and Pingzhen office. Information on our new plant (Kaohsiung Ho-Fa Plant) and our foreign plants (the Kunshan Plant) are respectively included in Section 4.3.2 “Eco-friendly Plants” and in Section 6.2.2 “Kunshan Volunteer Activity.”</p>	<p>Government Clients Shareholders Suppliers/Contractors Community/Academic Institutions</p>
 <p><b>GRI (Global Reporting Initiative) Standards</b></p>	 <p><b>AA1000 Assurance Standard from Accountability</b></p>	 <p><b>Contact Us</b></p>
<p>GRI Standards Core Indicators</p>	<p>TYPE 1- Moderate Level</p>	<p>Eva Liao Tel.: +886 7 787 1008 ext. 163 Email: CSR@flexium.com.tw</p>



Scope of Disclosure


**Internal**

The period of disclosure for this report dates from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020. The scope of disclosure includes company operations and management, environmental protection, and social engagement. The report covers Flexium’s Kaohsiung factories (Dafa Plant, Dafa Plant II, and Dafa Plant III) and Pingzhen office. Information on our new plant (Kaohsiung Ho-Fa Plant) and our foreign plants (the Kunshan Plant) are respectively included in Section 4.3.2 “Eco-friendly Plants” and in Section 6.2.2 “Kunshan Volunteer Activity.”

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**External**

The scope of external disclosure includes clients, shareholders, suppliers/contractors, community, government, and academic institutions.



Review

**Internal**

The information and data collected and compiled by each department was first reviewed by the department heads, then submitted to the CSR Core Team for confirmation. We also commissioned an external organization for consulting purposes. After all the data and information were collated, they were thoroughly reviewed by the directors and finally approved by the Chairman. Information and data included in this report have been standardized to serve as the procedures for internal management, so as to ensure data quality and reliability.

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**External**

The financial data in this report were audited by PricewaterhouseCoopers Taiwan (PwC Taiwan) and denominated in TWD. Compliance with the Environmental Management System (ISO 14001), Quality Management System (ISO 9001), and Occupational Health and Safety Assessment Series (ISO 45001(the original OHSAS 18001)) Standards was certified by an impartial third party.

## GRI Standards Index

Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
Core	GRI 102	General disclosure	102-1	Name of the organization	Company Profile	3	
Core		General disclosure	102-2	Activities, brands, products, and services	Company Profile	3	
Core		General disclosure	102-3	Location of headquarters	Company Profile	3	
Core		General disclosure	102-4	Location of operations	Company Profile	3	
Core		General disclosure	102-5	Ownership and legal form	Company Profile	3	
Core		General disclosure	102-6	Markets served	2.5 Business Performance	32	
Core		General disclosure	102-7	Scale of the organization	Company Profile	3	
Core		General disclosure	102-8	Information on employees and other workers	Company Profile 5.1 Talent Attraction and Retention	3 66	
Core		General disclosure	102-9	Supply chain	3.4 Sustainable Supply Chain	44	
Core		General disclosure	102-10	Significant changes to the organization and its supply chain	Company Profile 3.4 Sustainable Supply Chain	3 44	
Core		General disclosure	102-11	Precautionary Principle or approach	2.4 Risk Management 4.1 Developing Climate Resilience	30 50	
Core		General disclosure	102-12	External initiatives	-		Flexium responds to RBA.
Core		General disclosure	102-13	Membership of associations	Participation in Industry Associations	11	
Core		General disclosure	102-14	Statement from senior decision-maker	Letter from the Chairman	2	
		General disclosure	102-15	Key impacts, risks, and opportunities	2.4 Risk Management	30	
Core		General disclosure	102-16	Values, principles, standards, and norms of behavior	2.3 Regulatory Compliance	26	
		General disclosure	102-17	Mechanisms for advice and concerns about ethics	2.3 Regulatory Compliance	26	
Core		General disclosure	102-18	Governance structure	2.1 Corporate Governance	25	
		General disclosure	102-19	Delegating authority	1.3 CSR Performance	20	
		General disclosure	102-20	Executive-level responsibility for economic, environmental, and social topics	1.3 CSR Performance	20	
		General disclosure	102-21	Consulting stakeholders on economic, environmental, and social topics	1.3 CSR Performance 1.2 Engagement with Stakeholders	20 19	
		General disclosure	102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance	25	
		General disclosure	102-23	Chair of the highest governance body	2.1 Corporate Governance	25	
		General disclosure	102-24	Nominating and selecting the highest governance body	2.1 Corporate Governance	25	
		General disclosure	102-25	Conflicts of interest	2.1 Corporate Governance	25	
		General disclosure	102-27	Collective knowledge of highest governance body	2.3 Regulatory Compliance	26	
		General disclosure	102-29	Identifying and managing economic, environmental, and social impacts	1.3 CSR Performance	20	
		General disclosure	102-30	Effectiveness of risk management processes	1.3 CSR Performance	20	
		General disclosure	102-31	Review of economic, environmental, and social topics	1.3 CSR Performance	20	

Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
Core	GRI 102	General disclosure	102-40	List of stakeholder groups	1.2 Engagement with Stakeholders	19	
Core		General disclosure	102-41	Collective bargaining agreements	-		Flexium employees have not yet established their own union, therefore no collective agreement has been made. However, Flexium regularly convenes labor-management council to make sure that labor-management communication stays open.
Core		General disclosure	102-42	Identifying and selecting stakeholders	1.2 Engagement with Stakeholders	19	
Core		General disclosure	102-43	Approach to stakeholder engagement	1.2 Engagement with Stakeholders	19	
Core		General disclosure	102-44	Key topics and concerns raised	1.2 Engagement with Stakeholders	19	
Core		General disclosure	102-45	Entities included in the consolidated financial statements	About Flexium	3	For information on Flexium and its Affiliates, please refer to Pg. 56 of 2020 Annual Report.
Core		General disclosure	102-46	Defining report content and topic Boundaries	Principles of Reporting	96	
					1.2 Engagement with Stakeholders	19	
Core		General disclosure	102-47	List of material topics	1.1 Materiality Analysis	13	
Core		General disclosure	102-48	Restatements of information	No information is revised.		
Core		General disclosure	102-49	Changes in reporting	No major change.		
Core		General disclosure	102-50	Reporting period	Principles of Reporting	96	
Core		General disclosure	102-51	Date of most recent report	Principles of Reporting	96	
Core		General disclosure	102-52	Reporting cycle	Principles of Reporting	96	
Core		General disclosure	102-53	Contact point for questions regarding the report	Principles of Reporting	96	
Core		General disclosure	102-54	Claims of reporting in accordance with the GRI Standards	Principles of Reporting	96	
Core		General disclosure	102-55	GRI content index	GRI Standards Index	97	
Core		General disclosure	102-56	External assurance	Assurance Statement	101	
Core	GRI 103	Management approach	103-1	Explanation of the material topic and its Boundary	1.2 Engagement with Stakeholders	19	
Core		Management approach	103-2	The management approach and its components	1.2 Engagement with Stakeholders	19	
Core		Management approach	103-3	Evaluation of the management approach	1.2 Engagement with Stakeholders	19	
Material Topic	GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6. Social Involvement	90	
Material Topic	GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	3.4 Sustainable Supply Chain	44	
Material Topic	GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	2.3 Regulatory Compliance	26	
			205-3	Confirmed incidents of corruption and actions taken	3.4 Sustainable Supply Chain	44	No corruption/bribery incident.
Material Topic	GRI 302	Energy	302-1	Energy consumption within the organization	4.1 Developing Climate Resilience	50	
			302-3	Energy intensity	4.3 Green Manufacturing	59	
			302-4	Reduction of energy consumption	4.1 Developing Climate Resilience	50	
Material Topic	GRI 303	Water	303-1	Interactions with water as a shared resource	4.2 Materials and Resources Management	55	
			303-2	Management of water discharge-related impacts	4.2 Materials and Resources Management	55	
			303-3	Water withdrawal	4.2 Materials and Resources Management	55	
			303-4	Water discharge	4.2 Materials and Resources Management	55	
			303-5	Water consumption	4.2 Materials and Resources Management	55	

Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
	GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	4.1 Developing Climate Resilience	50	
			305-2	Energy indirect (Scope 2) GHG emissions	4.1 Developing Climate Resilience	50	
			305-5	Reduction of GHG emissions	4.1 Developing Climate Resilience	50	
			305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Pollution Management	61	
Material Topic	GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	4.4 Pollution Management	61	
			306-2	Waste by type and disposal method	4.4 Pollution Management	61	
	GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	4.Environmental Sustainability	48	Due to the construction of a new factory by a neighboring company in July 2020, our plant's perimeter wall was tilted and damaged, causing a sewerage leak and, in turn, two fines from the EPA.
Material Topic	GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	3.4 Sustainable Supply Chain	44	
Material Topic	GRI 401	Employment	401-1	New employee hires and employee turnover	5.1 Talent Attraction and Retention	66	
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Talent Development	69	
			401-3	Parental leave	5.3 Human Rights	77	
Material Topic	GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	5.5 Occupational Safety and Health	85	
			403-2	Hazard identification, risk assessment, and incident investigation	5.5 Occupational Safety and Health	85	
			403-3	Occupational health services	5.5 Occupational Safety and Health	85	
			403-4	Worker participation, consultation, and communication on occupational health and safety	5.5 Occupational Safety and Health	85	
			403-5	Worker training on occupational health and safety	5.5 Occupational Safety and Health	85	
			403-6	Promotion of worker health	5.5 Occupational Safety and Health	85	
			403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Occupational Safety and Health	85	
			403-8	Workers covered by an occupational health and safety management system	5.5 Occupational Safety and Health	85	
			403-9	Work-related injuries	5.5 Occupational Safety and Health	85	
Material Topic	GRI 404	Training and Education	404-1	Average hours of training per year per employee	5.2 Talent Development	69	
			404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Talent Development	69	
Material Topic	GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5.1 Talent Attraction and Retention	66	
			405-2	Ratio of basic salary and remuneration of women to men	2.1 Corporate Governance	25	
					5.2 Talent Development	69	



Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
Material Topic	GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.4 Sustainable Supply Chain	44	
			414-2	Negative social impacts in the supply chain and actions taken	3.4 Sustainable Supply Chain	44	
Material Topic	GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-		No such events occurred.
	GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-		No incident in violation of laws and regulations in the social and economic.

GRI 303 and 403 adopt the 2018 version; Other disclosures adopt the 2016 version.

Required Criteria	Flexium Specific critical subjects	Disclosure code	Description	Chapter	Page No.	Remark
Management Approach	GRI 103	103-1	Explanation of the material topic and its Boundary	1.2 Engagement with Stakeholders	19	
		103-2	The management approach and its components	1.2 Engagement with Stakeholders	19	
		103-3	Evaluation of the management approach	1.2 Engagement with Stakeholders	19	
Material Topic	Innovative management		Propose innovative R&D and management methods to be applied in technology, production and product.	3.3 Research and Innovation	39	
Material Topic	Product quality		Establish and promote quality management system, culture of quality and product recall protocol.	3.3 Research and Innovation	39	
Material Topic	Customer service		Apply measures of customer relation management, customer complaint, customer satisfaction customer confidential information protection.	3.2 Customer Relationship Management	36	
Material Topic	Risk and crisis management		Fulfill risk management system by measures of risk identification, evaluation, prioritization and risk strategy.	2.4 Risk management	30	
Material Topic	Green product		Evaluations on hazardous material, carbon footprint, water footprint, environment-friendly product certificate and life-cycle..	4.2 Materials and Resources Management	55	
				4.3 Green Manufacturing	59	

## Assurance Statement



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FLEXIUM INTERCONNECT INC.'S SUSTAINABILITY REPORT FOR 2020

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Flexium Interconnect Inc. (hereinafter referred to as Flexium) to conduct an independent assurance of the Sustainability Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements

#### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Flexium's Stakeholders.

#### RESPONSIBILITIES

The information in the Flexium's Sustainability Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Flexium. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Flexium's stakeholders.

#### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

**ASSURANCE METHODOLOGY**

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

**LIMITATIONS AND MITIGATION**

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Flexium, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**FINDINGS AND CONCLUSIONS**

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

## Assurance Statement

### AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

#### **Inclusivity**

Flexium has demonstrated commitment to stakeholder inclusivity and stakeholder engagement. Engagement efforts such as survey and communication to employees, supplier, investors, customers, governmental authorities, and communities are implemented to underpin the organization's understanding of stakeholder concerns. More frequent engagements with stakeholders are recommended for future reporting.

#### **Materiality**

Flexium has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

#### **Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

#### **Impact**

Flexium has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

### GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Flexium's Sustainability Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Flexium's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. Flexium is encouraged to taking into account overseas factories' ESG risks and opportunities when identifying material topics and gradually include their management performances into Sustainability Report's reporting boundaries.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang  
Senior Director  
Taipei, Taiwan  
10 June, 2021  
[WWW.SGS.COM](http://WWW.SGS.COM)



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**FLEX***ium*