

2021 Flexium Sustainability Report



FLEXium

<p>Introduction 1</p> <p>Letter from the Chairman 2</p> <p>Awards and Sustainable Performance 3</p> <p>ESG Performance 6</p> <p>ESG Organization</p> <p>ESG Milestones and Roadmaps</p>	<p>0</p>	<p>Driving Sustainable Management 9</p> <p>1.1 About Flexium 10</p> <p>1.1.1 Company Profile</p> <p>1.1.2 Vision, Policy, and Business Philosophy</p> <p>1.1.3 Business Performance</p> <p>1.1.4 Participation in Industry Associations</p> <p>1.2 Sustainable Commitment and Management 18</p> <p>1.2.1 Materiality Analysis</p> <p>1.2.2 Engagement with Stakeholders</p> <p>1.2.3 Response to United Nations Sustainable Development Goals (SDGs)</p>	<p>1</p>	<p>Implementing Corporate Governance 30</p> <p>2.1 Corporate Governance 31</p> <p>2.1.1 The Board of Directors</p> <p>2.1.2 Strengthening the Functionality of the Board</p> <p>2.2 Ethical Management 33</p> <p>2.2.1 Business Ethics</p> <p>2.2.2 Internal Control</p> <p>2.3 Risk Management 35</p> <p>2.3.1 Risk Identification and Response</p> <p>2.3.2 Emergency Response</p> <p>2.4 Information Security Management 39</p>	<p>2</p>	<p>Innovating Service Value 42</p> <p>3.1 Customer Relationship Management 43</p> <p>3.1.1 Customer Service</p> <p>3.1.2 Customer Satisfaction Survey</p> <p>3.2 Research and Innovation 47</p> <p>3.2.1 Innovation Management</p> <p>3.2.2 Investment in Innovation</p> <p>3.2.3 Product Quality</p> <p>3.3 Responsible Sourcing 52</p> <p>3.3.1 Industry Value Chain</p> <p>3.3.2 Supplier Sustainability Management</p> <p>3.3.3 Responsible Mineral Procurement Management</p> <p>3.3.4 Green Procurement</p>	<p>3</p>	<p>Protecting the Environment for Sustainability 58</p> <p>4.1 Developing Climate Resilience 60</p> <p>4.1.1 Integrating the TCFD Framework</p> <p>4.1.2 Greenhouse Gas Management</p> <p>4.1.3 Energy Use</p> <p>4.2 Materials and Resources Management 65</p> <p>4.2.1 Raw Materials</p> <p>4.2.2 Water Resources</p> <p>4.3 Green Manufacturing 68</p> <p>4.3.1 Hazardous Substances</p> <p>4.3.2 Eco-friendly Plants</p> <p>4.3.3 Ecological Efficiency</p> <p>4.4 Pollution Management 71</p> <p>4.4.1 Exhaust</p> <p>4.4.2 Effluents</p> <p>4.4.3 Waste</p>	<p>4</p>	<p>Creating a Happy Workplace 74</p> <p>5.1 Talent Attraction and Retention 75</p> <p>5.1.1 Workforce Composition and Recruitment</p> <p>5.1.2 New Hires and Employee Turnover</p> <p>5.2 Talent Development 78</p> <p>5.2.1 Career Development and Planning</p> <p>5.2.2 Promotion and Compensation</p> <p>5.3 Human Rights 83</p> <p>5.3.1 Communication and Grievances</p> <p>5.4 Employee Care 85</p> <p>5.4.1 Parental Leave Systems</p> <p>5.4.2 Retirement and Benefits</p> <p>5.4.3 Healthy Workplace</p> <p>5.5 Occupational Safety and Health 94</p> <p>5.5.1 Occupational Health and Safety Management Systems</p> <p>5.5.2 Occupational Injury Management</p>	<p>5</p>	<p>Cultivating Deeper Social Engagement 100</p> <p>6.1 Community Engagement 102</p> <p>6.1.1 Enhancing Local Disaster Rescue Capacity</p> <p>6.1.2 Enhancing Community Safety</p> <p>6.2 Community Care 103</p> <p>6.2.1 Volunteer Association of Flexium</p> <p>6.2.2 Kunshan Volunteer Activities</p>	<p>6</p>	<p>Appendix 106</p> <p>Principles of Reporting 106</p> <p>GRI Standards Index 107</p> <p>SASB Index 111</p> <p>Third-party Assurance Statement 112</p>	<p>7</p>
--	----------	---	----------	---	----------	--	----------	--	----------	--	----------	--	----------	---	----------



Introduction

Letter from the Chairman

Facing the impact of COVID-19, the world has been on high alert throughout 2021. Virus mutations, ramped up anti-epidemic measures, increased vaccination rates, and a complex mix of zero-COVID strategies and policies to live with the virus constantly challenge the ability of businesses to cope and adapt to the ever-changing environment. Flexium is fortunate in that we have been able to operate uninterrupted and continue to implement sustainable management. We hope that by publishing this sustainability report, we can inform our employees of the difficulties and challenges we have faced in achieving sustainable development and how much their full cooperation and participation are needed to succeed.

In this *2021 Sustainability Report*, Flexium will discuss our shift from focusing on fulfilling our corporate social responsibility to actively putting the principles of environmental protection, social responsibility, and corporate governance (ESG) into practice, where environmental protection is related to greenhouse gas (GHG) emissions, pollution, and water consumption; social responsibility is focused on labor rights, human rights, and employee care; and corporate governance is associated with the operation and performance of the board of directors, anti-corruption policies and efforts, and business ethics, among other issues.

In terms of environmental protection, Flexium continued to promote water-saving measures in 2021 and as a result saved 321,299 tons of water, which is 32.67% more than the 242,178 tons of water saved in 2020. Our plants promoted waste recycling and reuse, contributing an economic benefit of NT\$195,268,626 between 2019 and 2021. To reduce carbon emissions from transportation activities and waste from manufacturing processes, we reduced our use of chemical containers by switching from 4-liter to 20-liter containers, which in turn allowed us to scale down from 610 to 122 containers and reduce the frequency of deliveries and number of trips required to transport them, thereby lowering our carbon footprint. Furthermore, we continued to conduct our GHG inventory, reduce emissions, monitor the status of our GHG emissions, and subsequently set a carbon emissions reduction target for 2022.

With respect to social responsibility, Flexium continues to offer a wide range of training programs and development courses for employees at all levels. In 2021, we launched our second Production Line MA Program and continued to offer the R&D Engineer Elite Program to recruit talented engineers. In terms of community engagement, we continued our support of local students by building an art studio in Daliao Elementary School in 2021 to provide a space where students could effectively learn Chinese calligraphy. Flexium is extremely supportive of local development. In addition to establishing new plants in Kaohsiung to create more employment opportunities, we actively supported local suppliers by purchasing 96.1% of our supplies locally. In 2021, the Company developed the Flexium App for our in-house employees. This app is a mobile office tool that supports a diverse range of functions such as instant communication, video calling, email, electronic signatures, an information board, and personal information inquiries, all of which serve to promote information exchange among employees and improve the efficiency and convenience of office operations.

Regarding corporate governance, we established *Flexium's Ethics Code* as a guiding principle for employees and developed internal grievance and external complaint mechanisms as well to eliminate all forms of injustice through effective corporate governance and risk control systems. We continuously publish Sustainability Reports in accordance with *GRI standards* to keep all of our stakeholders up-to-date on our business philosophy and sustainable management practices.

We have continued to fine-tune Flexium's sustainable management practices by taking a step-by-step approach to every aspect of ESG. In response to the latest global sustainability trends, we also adopted the *Task Force on Climate-related Financial Disclosures* (TCFD) and *Sustainability Accounting Standards Board* (SASB) standards in our *2021 Sustainability Report* to inform stakeholders of climate change-related risks, our response strategies, and financial and non-financial information related to ESG. Furthermore, to combat the challenges involving climate change and energy transition, Flexium plans to join global initiative RE100 in 2022, with the goal of setting renewable energy targets that will guide the Group in completing its energy transition by the target date and will also communicate our carbon management targets to the supply chain; this in turn will serve to improve the Group's carbon management and ultimately spearhead Flexium's drive for continuing sustainability in the future.

Walter Cheng

Chairman, Flexium Interconnect, Inc.



Awards and Sustainable Performance

Flexium continues to make economic, environmental, and social progress thanks to the concerted efforts of its employees. In 2018, Flexium voluntarily released the *2017 CSR Report* before the Financial Supervisory Commission (FSC) enforced a mandate on sustainability reporting. In 2019, we published the English version of the *2018 CSR Report* to not only inform Mandarin-speaking clients about Flexium's CSR commitments and achievements but also show customers worldwide the company's determination to achieve sustainable development. The *2019 CSR Report* was issued in June 2020, earlier than scheduled. In 2021, the *CSR Report* was re-tooled and renamed the *Sustainability Report*, which serves to help Flexium's stakeholders understand the Company's efforts in and dedication to sustainable management. In 2022, we prepared the *2021 Sustainability Report* in accordance with SASB hardware standards to improve the quality of the company's sustainability disclosure.



- 2022/5** Flexium ranked 120th in the manufacturing industry in 2021 in CommonWealth Magazine's Taiwan Top 2000 survey.
- 2021/5** In CommonWealth Magazine's Taiwan Top 2000 survey, Flexium ranked 120th in the manufacturing industry, 290th in revenue growth, and 16th in the computer peripherals and components industry, achieving higher rankings in all three categories compared with the previous year.
- 2021/4** The Kunshan Plant acquired Platinum Certification from the Alliance for Water Stewardship (AWS), an upgrade from its prior Gold Certification.
- 2021/3** The Kunshan Plant obtained the highest platinum rating for zero waste to landfill (UL 2799 certification).
- 2020/11** In 2020, our CEO was ranked 32nd among the top 100 best-performing CEOs by the Harvard Business Review.
- 2020/6** In June 2020, we released our *2019 Corporate Social Responsibility Report*.
- 2020/5** According to CommonWealth Magazine's Top 2000 Enterprises in Taiwan survey in 2019, Flexium placed 135th among manufacturers, 702nd in revenue growth, 70th in net income after taxes, and 208th in profitability, showing improved rankings in revenue growth, net income after taxes, and profitability compared with the previous year.
- 2020/3** The Kaohsiung plant migrated its accredited certification to the ISO 45001:2018 standard.
- 2019/12** Released our first English-language *2018 Flexium Corporate Social Responsibility Report*.
- 2019/5** Flexium placed 133rd 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.
- 2019/1** The Kunshan Plant obtained Gold Certification from the Alliance for Water Stewardship (AWS).
- 2018/11** Published the *2017 Flexium Corporate Social Responsibility Report*.
- 2018/10** Flexium was awarded the 2017 Outstanding Corporation in Occupational Safety and Health (OSHA) Compliance by Labor Affairs Bureau of Kaohsiung City Government.
- 2018/5** Flexium placed 135th among manufacturers, 86th in revenue growth, 74th in net income after taxes, and 214th in profitability in CommonWealth Magazine's Top 2000 Enterprises in Taiwan survey in 2017, and ranked top 1 in terms of both revenue growth and profitability in FPC manufacturing industry in Taiwan.
- 2017/12** Flexium was received ISO 9001:2015 and IATF 16949:2016 certificate renewals for Kaohsiung and Kunshan Plants, respectively.
- 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.
- 2017/11** Flexium was awarded the 2016 Outstanding Corporation in Occupational Safety and Health (OSHA) Compliance by Labor Affairs Bureau of Kaohsiung City Government.
- 2017/6** Donated Carpentry Workshop of Flexium to Kaohsiung Municipal Chaoliao Elementary School to promote children's scientific creativity.

Sustainability Performance



Driving Sustainable Management

NT\$**35.6** billion in revenues

In 2021, Flexium generated a record-breaking NT\$35.6 billion in revenues.

Developed the Flexium App

In 2021, we developed the Flexium App for in-house employees. This app is a mobile office tool with a diverse range of functions, such as instant communication, video calling, email, electronic signatures, an information board, and personal information inquiry functions, all of which serve to promote information exchange among employees and improve the efficiency and convenience of office operations.



Innovating Service Value

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 for three consecutive years

We annually conduct customer satisfaction survey. For our six core customer satisfaction indicators (quality, services, delivery time, prices, technology, and hazardous substances), we scored over 80 for three consecutive years (2019-2021), exceeding our passing score of 60.

Introduced new materials and equipment

In 2021, we introduced new materials and equipment to meet demand for FPCs for millimeter-wave applications. New materials included modified polyimide (MPI) and liquid crystal polymers (LCP), and new equipment included a roll to roll (RTR) dual-line proximity exposure system, an RTR local copper plating/stripping line, automated production equipment, loading/unloading printing machines, automatic loader/unloaders, and automatic lamination machines, etc. The objective is to achieve automated manufacturing in the Industry 4.0 era through roll to roll production.

306 patents

In 2021, we obtained 8 patents, 5 in China and 3 in Taiwan. To date, we have obtained a total of 306 patents (not including patent applications that are currently being processed).

Quality score of **89**

From 2019 to 2021, we received an average quality score of 89 in customer satisfaction surveys.

Hazardous substance management score of **91**

From 2019 to 2021, we received an average hazardous substance management score of 91 in customer satisfaction surveys.

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

From 2019 to 2021, more than 90% of our annual procurement budget was spent locally.



Protecting the Environment
for Sustainability

133,264 kg of CO₂e

In 2021, we continued to promote energy saving measures. The temperature of chillers was increased by 1°C, the temperature in cleanrooms was adjusted to 23°C, and high-energy-consumption motors were replaced with energy-efficient ones. Through these measures, we reduced CO₂e by 133,264 kg, fulfilled room-temperature requirements for production line, and lowered energy consumption.

9.96 metric tons

In 2021, facilities for electrolytic copper recovery were used to convert copper ions in wastewater into 9.96 metric tons of copper pillars for reuse.

321,299 metric tons

In 2021, our water consumption was 321,299 metric tons, an improvement of 79,121 metric tons over the previous year (i.e., 242,178 metric tons), thus saving the company approximately NT\$15,101,053 in water bills.



Creating a Happy Workplace

Expenditure on Training NT\$ **19,182,619**

In 2021, the training expenditure amounted to NT\$19,182,619.

Employees of the Year

Ten employees of the year are selected annually to be awarded company shares. Eight employees were selected in 2021.

Engineer Elite Program

Flexium offers a wide range of training programs and development courses for employees at all levels. In 2021, we launched our second Production Line MA Program and continued to offer the R&D Engineer Elite Program to recruit talented engineers.



Cultivating Deeper
Social Engagement

A **Growing** team of volunteers

As of the end of 2021, the Volunteer Association of Flexium had 162 members, and that number continues to grow.

Support for Police and Fire Departments

- In 2021, we donated NT\$200,000 to renovate the office area and firefighter rooms in Kaohsiung City Government Fire Bureau's Daliao Station.
- In 2021, we donated NT\$99,960 to Daliao Station to purchase office furniture.

Support for Disadvantaged Individuals

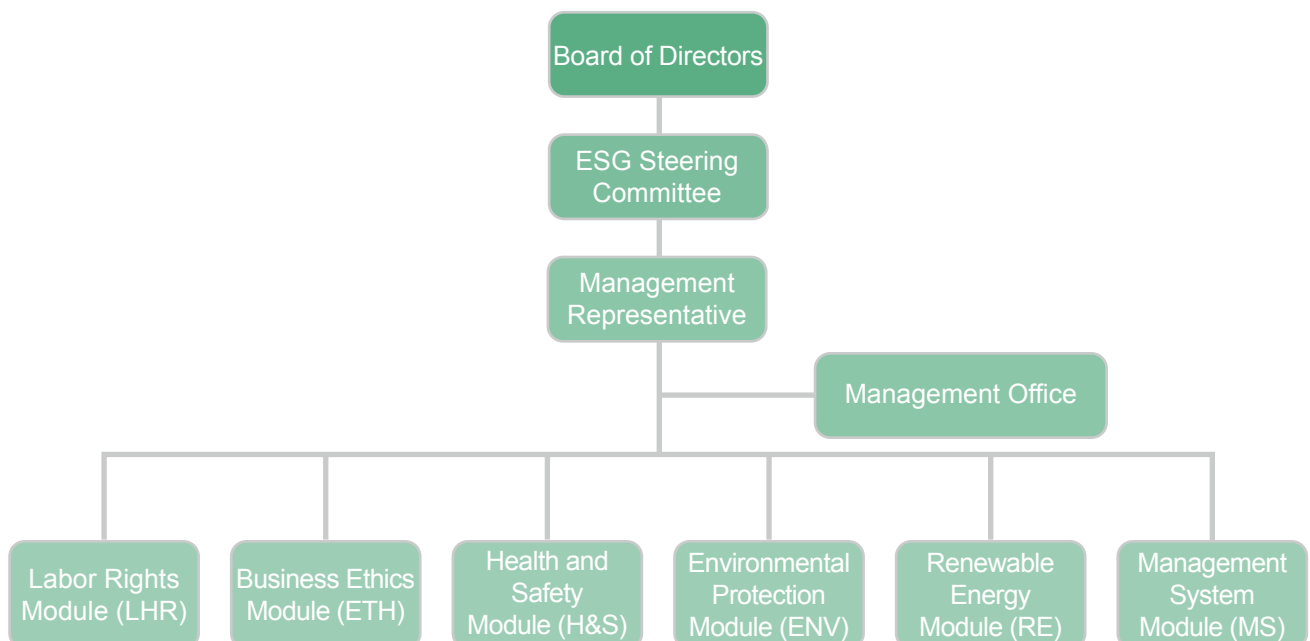
- In 2021, we donated NT\$200,000 in total toward building an art studio in Daliao Elementary School to provide students with a space where they can effectively learn the art of Chinese calligraphy.

ESG Performance

0.3.1 ESG Organization

In response to global trends in the promotion of carbon neutrality and increased ESG awareness among investors, Flexium restructured its CSR Organization in January 2022 to form the ESG Organization and added in a new module, the Renewable Energy (RE) module, which is responsible for promoting renewable energy projects and energy transition within the plants. Following this change, the CSR Steering Committee, composed of senior executives as ex officio members, was renamed the ESG Steering Committee, and a new Management Office was established to promote ESG-related matters.

The ESG Steering Committee is the chief decision-making body for corporate sustainable management at Flexium. The Chairman of the Company serves as Chair of the Committee, and senior executives serve as ex officio members. The Director of the Administrative Management Division serves as management representative, and is in charge of guiding members in performing ESG tasks in the six modules—labor and human rights (LHR), occupational health and safety (H&S), environmental protection (ENV), renewable energy (RE), business ethics (ETH), and management systems (MS). Members of these modules are from departments that are relevant to the aforementioned issues. Module members are tasked with the following: performing regular KPI and budget reviews; reviewing ESG roadmaps on a quarterly basis; convening regular ESG management review meetings in accordance with Flexium’s *Management Review Procedures* to review the Company’s ESG policies, internal and external ESG audit results, ESG targets, management plans, budgets, compliance with ESG-related laws and client requirements, ESG-related risk assessment and mitigation, feedback from various stakeholder groups, and complaint investigations and improvements; and formulating new ESG budgets, management plans, and progress reports every six months, which are then presented in the Board of Directors Meeting by the management representative at least once a year. Directors are responsible for providing oversight and guidance and managing the risks associated with the Company’s ESG operations to ensure their effectiveness. In 2021, the Board of Directors was presented with several important matters, including the *2020 Sustainability Report*, the ESG roadmap implementation report, a report of achievements in community engagement, and future ESG promotion plans.



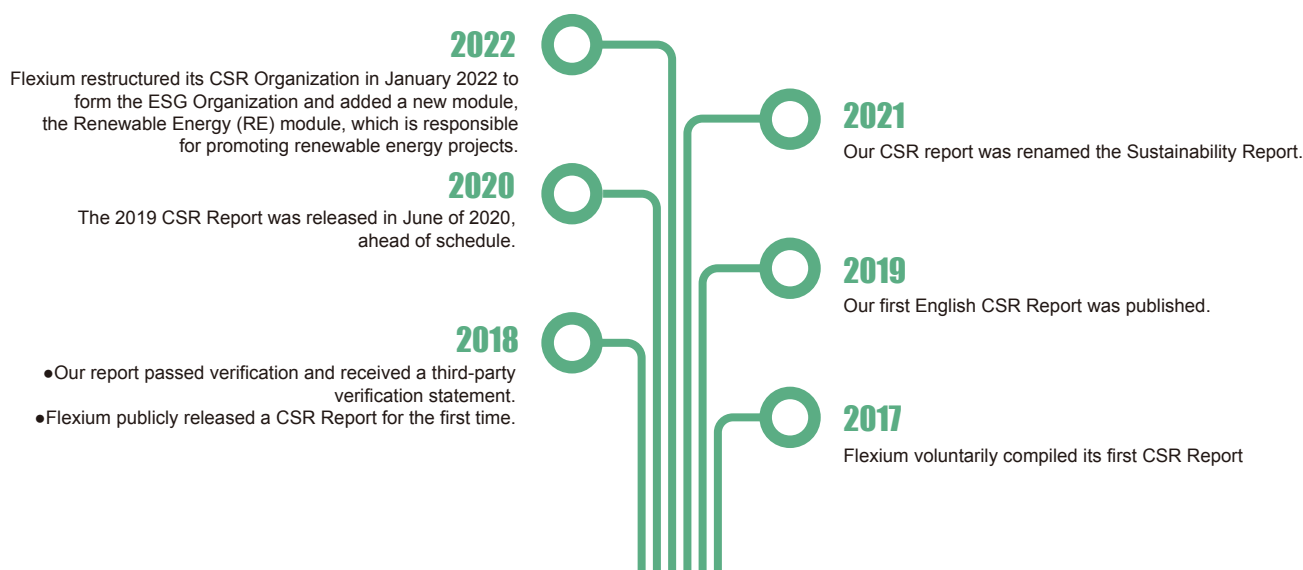
0.3.2 ESG Milestones and Roadmaps

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 former 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 and completed the second report in 2018, after which we received a third-party verification statement that allowed us to publicly release the report for the first time. In 2019, our first English CSR report was published, enabling our non-Chinese clients to see Flexium's CSR efforts and results. Our fourth report (the *2019 CSR Report*) was released in June of 2020 ahead of schedule, so that all Flexium stakeholders could access the latest information in a timely manner. In 2021, our CSR report was renamed *Sustainability Report* in line with international practices. In 2022, we prepared the *2021 Sustainability Report* in accordance with SASB hardware standards to improve the quality of the company's sustainability disclosure. Furthermore, our CSR Organization was restructured into the ESG Organization in January 2022.

Flexium places great emphasis on fulfilling its corporate social responsibility and contributing to society and the environment. Our vision of Corporate Sustainability Management is to "be an ESG doer, and makes society and the environment better," and our sustainable management policy is founded on the values of "care, health, green, renewability, integrity, and advancement." We formulated the *Corporate Sustainable Management Manual* with reference to the *Responsible Business Alliance (RBA) Code of Conduct* and other applicable international regulations. The manual provides a set of corporate sustainability management systems to effectively promote sustainable management-related tasks. Dedicated members from the ESG modules are tasked with leading ESG participation and integration across the entire company.



Flexium's ESG Milestones

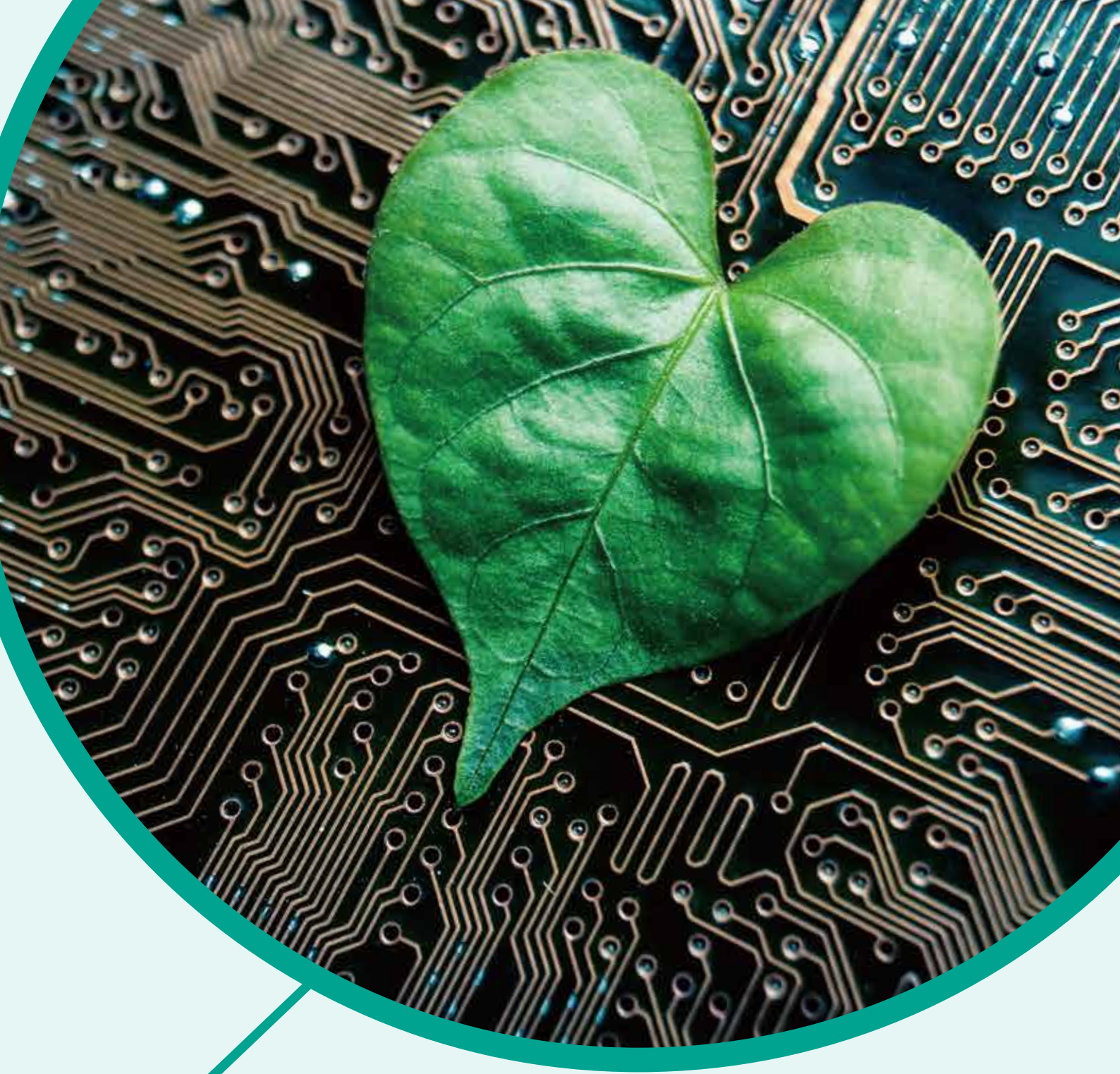
ESG Vision

Be an ESG doer, and makes society and the environment better

Policy	Strategy	Roadmap			
		2021	2022	2023	
Care	To promote the spirit of compassion, the care for others and to positively contribute to the wider community.	<ul style="list-style-type: none"> •Provide free dorm rooms for outstanding talent. •Increase the number of volunteers by 50%. 	✓	<ul style="list-style-type: none"> •Build living service facilities for employees^(Note1) •Invest NT\$ 2 million in social contribution programs 	<ul style="list-style-type: none"> •Provide employees with more meal options •Invest NT\$ 2.5 million in social contribution programs
Health	To create a friendly, supportive workplace for all of our employees.	<ul style="list-style-type: none"> •Reduce workplace incidents by 30% compared to 2020. •Reduce hours of labor lost due to workplace incidents by 30% compared to 2020. 	--	<ul style="list-style-type: none"> •Reduce workplace incidents by 50% compared to 2021 •Reduce hours of labor lost due to workplace incidents by 50% compared to 2021. 	<ul style="list-style-type: none"> •Create a hazard-free workplace
Green	To develop greener plants, save energy, reduce our carbon footprint and take part in caring of the earth.	<ul style="list-style-type: none"> •In-plant water recycling rate > 80% •Reclaimed water recycling rate >25% 	✓	<ul style="list-style-type: none"> •In-plant water recycling rate > 88% •Reclaimed water recycling rate >30% 	<ul style="list-style-type: none"> •Recycle and reuse precious and heavy metals
Renewability ^(Note 2)	To promote renewable energy program, and create recycle and regeneration of resources.	NA	NA	<ul style="list-style-type: none"> •Join RE100 initiative •Obtain ISO 14064-1 system verification 	<ul style="list-style-type: none"> •Commit to use 70% renewable electricity
Integrity	To act with integrity in business and to protect everyone's intellectual property rights.	<ul style="list-style-type: none"> •Survey 50% of suppliers on ethics management 	--	<ul style="list-style-type: none"> •Survey 70% of suppliers on ethical management 	<ul style="list-style-type: none"> •Survey 90% of suppliers on ethical management
Advancement	To advance management systems through continuous improvement and pursuit of better solutions.	<ul style="list-style-type: none"> •Improve ESG coverage in the CSR report and strengthen environmental protection topics. 	✓	<ul style="list-style-type: none"> •Introduce TCFD and SASB disclosure requirements into the sustainability report 	<ul style="list-style-type: none"> •Adopt TCFD and SASB standards when preparing sustainability reports

Notes:

1. We adjusted our target in the beginning of 2022 by expanding the scope to include living service facilities for employees, instead of only childcare allowances.
2. We added a new module, Renewable Energy (RE), in 2022, and this module will be included in our policies and roadmaps as of 2022.
3. The 2022 target for the number of workplace incidents, hours of labor lost due to workplace incidents, and plant-wide water recycling rate all increased because the targets were adjusted to actual management situations in a rolling manner.
4. "✓" indicates that the target has been achieved, and "--" indicates that the target was not achieved.



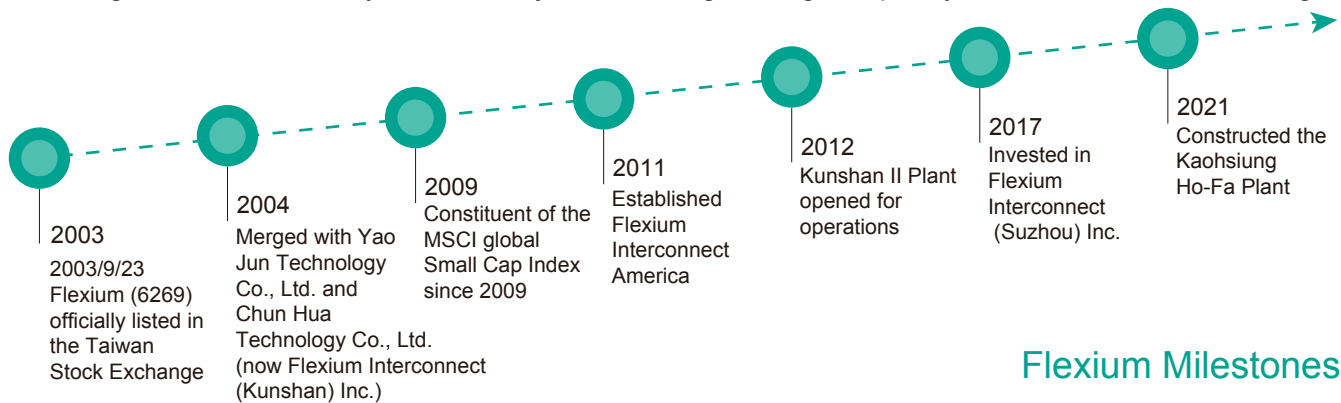
Driving Sustainable Management

Driving Sustainable Management

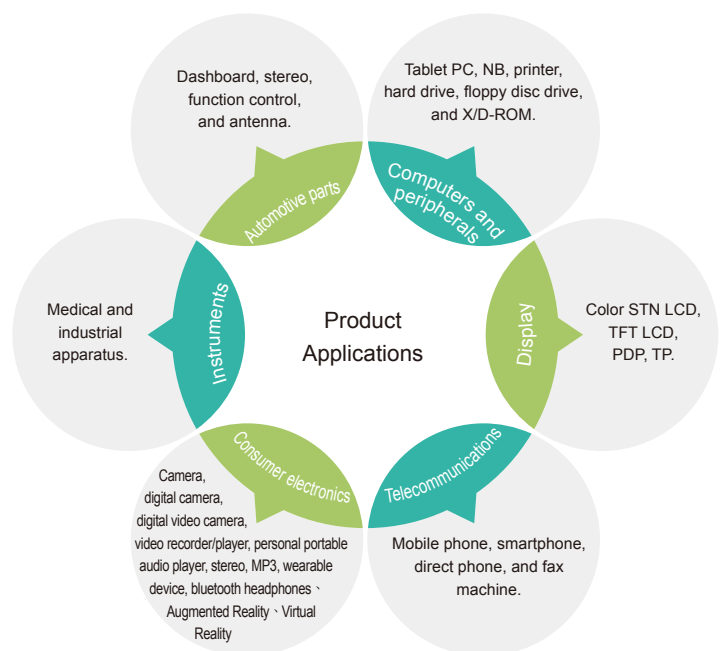
1.1 About Flexium

1.1.1 Company Profile

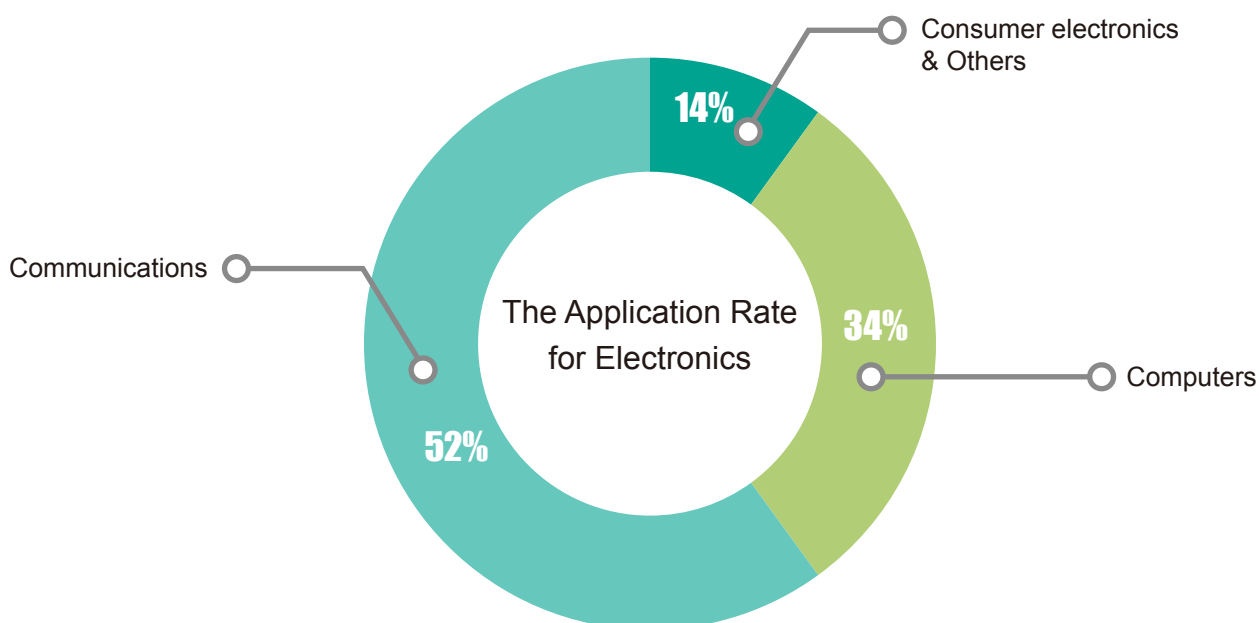
Established in 1997, Flexium Interconnect Inc. (hereinafter referred to as Flexium) is dedicated to manufacturing the highest-quality Flexible Printed Circuits (FPCs) and developing Flexible Printed Circuit Assembly (FPCA) technologies. We have recently achieved major breakthroughs in high-frequency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



According to CommonWealth Magazine’s 2018 survey of the top 2000 enterprises in Taiwan, Flexium ranked 133rd in the manufacturing industry and 94th in net income after taxes. In the *2020 NTI Report: NTI-100 PCB Companies Worldwide* released by Hayao Nakahara, President of N.T. Information, Flexium was included in the global top 100 PCB manufacturers with revenues greater than US\$100 million in 2020, ranking 23rd among printed circuit board (PCB) manufacturers and 9th among flexible printed circuit (FPC) manufacturers. These rankings show Flexium’s leading position in the international FPC industry. In 2019, Flexium established a new plant in Kaohsiung City’s Ho-Fa Industrial Park as a response to the advent of 5G and the diversification of FPC technology. Flexium delivered another exceptional performance in 2020, as can be seen in CommonWealth Magazine’s survey of the top 2000 enterprises in Taiwan, which ranked the company 120th in the manufacturing industry, 290th in revenue growth, and 16th in the computer peripherals and components industry, an improvement in all three categories compared with the previous year. Flexium expanded its overall production capacity to 1,897,523 m² in 2021, up 15% from 2020, which enabled the company to successfully mass produce 5G millimeter wave modules and embrace the advent of more advanced 5G technologies. In 2021, Flexium was ranked 120th in the manufacturing industry in CommonWealth Magazine’s survey of the top 2000 enterprises in Taiwan. Due to the increase in the 5G penetration rate, Flexium will focus its 2022 business operations on developing FPCs with more layers to facilitate advanced mobile phone manufacturing processes, and on expanding the use of modified polyimide (MPI) and liquid-crystal polymer (LCP) FPC antennas in mobile phones, tablet computers, notebooks, and wearable devices.



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.



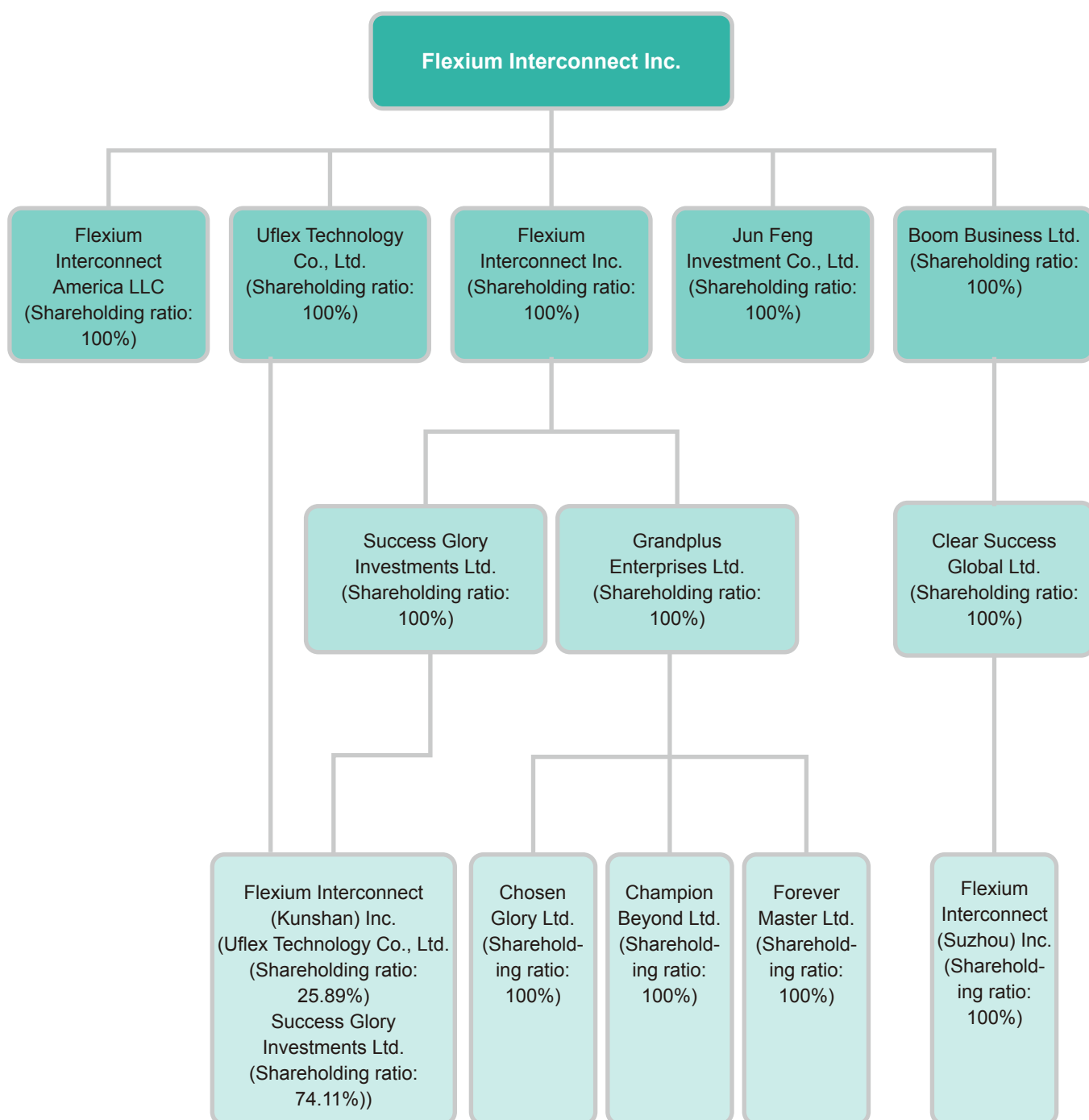
Flexium Interconnect Inc.	Founded in 1997
Stock Code	6269
Capital	NT\$ 3.5 billion
2021 Consolidated Revenue	NT\$ 35.6 billion
Number of Affiliates	13
Number of Employees in 2021 (excluding dispatched workers)	Number of employees: 2,548 Number of group’s employees: 6,360
Plant Area	29,448 ft ²
Bare PCB Self-production Rate	100%
Headquarters	No.23, Juguang 1st St., Tafa Industrial Park, Daliao Dist., Kaohsiung City 83164, Taiwan(R.O.C)
Corporate Website	https://www.flexium.com.tw/en/index.asp

Global Distribution



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 50 of our *2021 Annual Report* for details.

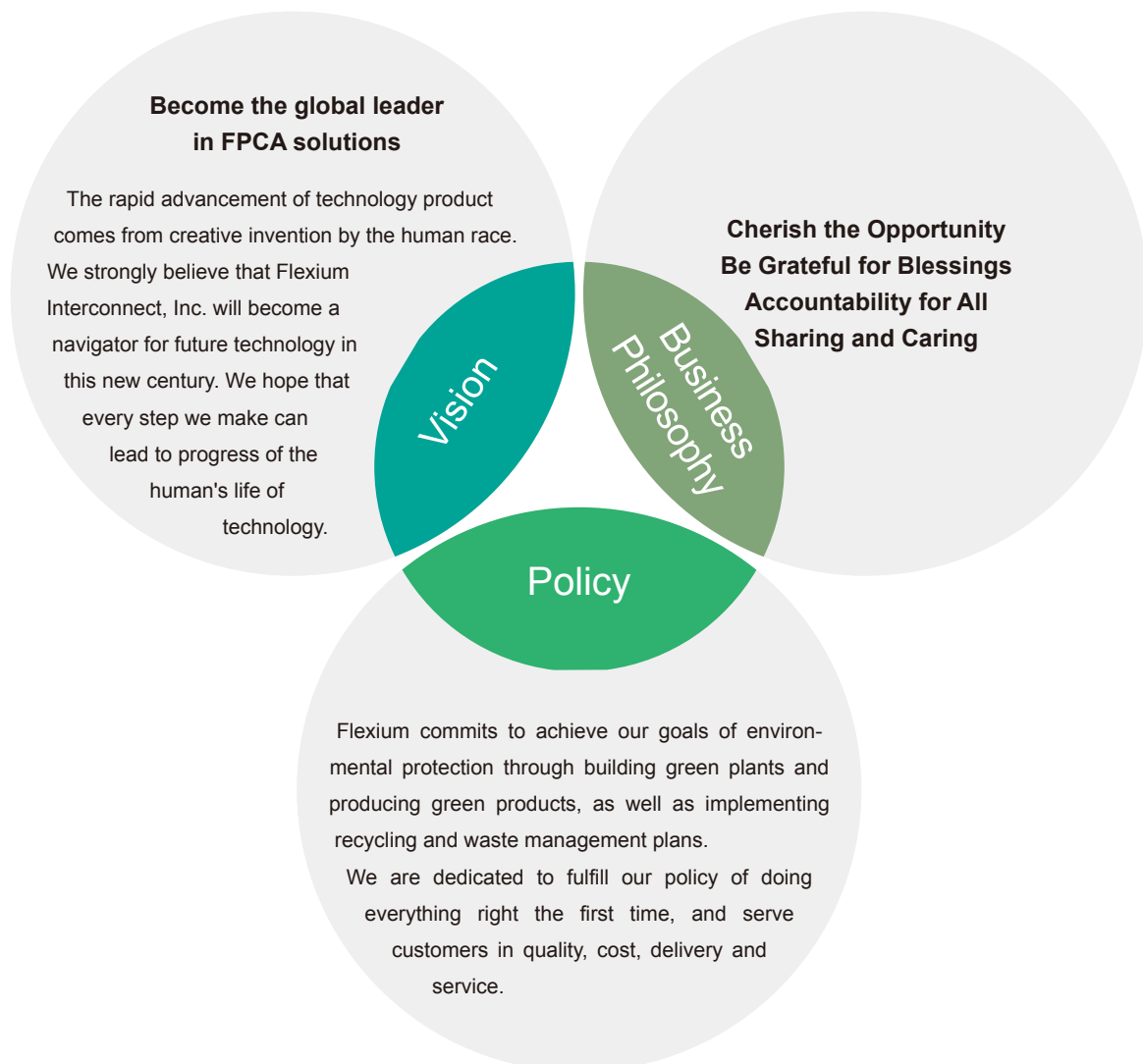


1.1.2 Vision, Policy, and Business Philosophy

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.



1.1.3 Business Performance

Industry Overview

Due to the vigorous development of electronic technologies, flexible printed circuits (FPCs) have become a key player in the supply chain and an integral part of multiple product applications. 2021 was a challenging year for Flexium. First came the impact of the COVID-19 pandemic, shortly followed by China's proposed quantitative targets for both total energy consumption and energy intensity, which forced numerous upstream and downstream suppliers to suspend operations, but with immediate production re-allocation and crisis management, our production lines were able to resume quickly, posing only minor issues for our overall operations.

However, with crisis comes opportunity. The pandemic changed the way humans behave, accelerated changes to product structuring and production layouts, and expedited the development of electronic products and the digital transformation of industries, all of which has created business opportunities for remote applications such as 5G/6G telecommunications, smart home devices, automotive electronics, and augmented/virtual reality technologies. These opportunities have in turn promoted the development of metaverse projects, and strong demand for metaverse applications will ensue. Compared with other, rigid PCBs, FPCs are thinner, lighter, and bendable, giving them an advantage among similar end products. The annual increase in FPC applications is the main driving force behind the development of the FPC industry.

In the future, Flexium will continue to focus on the research and development of high-frequency and conductor technologies, and will develop new products with strategic partners to provide comprehensive solutions for modularized design, simulation platforms, and testing. and rapidly improve product specifications (e.g., electrical properties, number of layers, line width and spacing, and degree of integration). We will keep pace with market trends and steer toward high density, high speed/frequency, and multi-functional development.

Product Output

Unit: M²; NT\$ 1,000

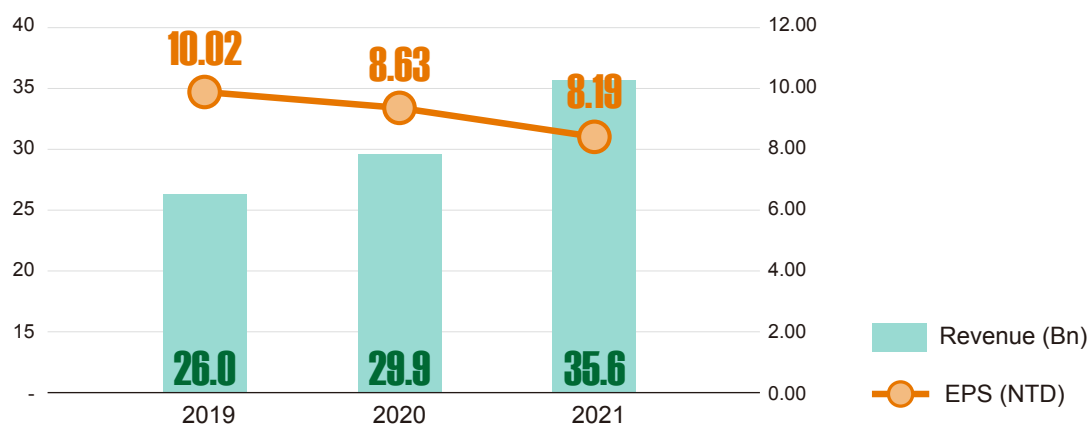
Main Products	2019			2020			2021		
	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value
FPCs	1,333,639	1,074,913	18,201,476	1,936,739	1,646,228	24,775,775	2,919,266	1,897,523	29,652,520
Total	1,333,639	1,074,913	18,201,476	1,936,739	1,646,228	24,775,775	2,919,266	1,897,523	29,652,520

Product Output

Unit: NT\$ '000s

Year		2019		2020		2021	
Market		Volume	%	Volume	%	Volume	%
Domestic		1,530,903	5.88	1,449,038	4.85	1,691,296	4.76
Export	Asia	10,437,510	40.09	9,835,064	32.90	7,250,544	20.38
	Europe/ Americas	14,064,817	54.03	18,613,894	62.25	26,626,826	74.86
	Subtotal	24,502,327	94.12	28,448,958	95.15	33,877,370	95.24
Total		26,033,230	100.00	29,897,996	100.00	35,568,666	100.00

Financial Performance



Historical Financial Performance

Year	2019	2020	2021	Unit	Remarks
EPS (Earnings per share)	10.02	8.63	8.19	NT\$	Consolidated
Individual Income Tax Expense	874,584	750,988	760,475	NT\$ '000s	
Consolidated Income Tax Expense	848,566	862,898	934,179	NT\$ '000s	
Paid-in Capital	3,346,328	3,617,798	3,513,309	NT\$ '000s	
Individual Total Revenue	25,681,858	29,674,189	35,426,904	NT\$ '000s	
Consolidated Total Revenue	26,033,230	29,897,996	35,568,666	NT\$ '000s	
Individual Net Profit Before Tax	4,027,787	3,685,031	3,640,225	NT\$ '000s	
Consolidated Net Profit Before Tax	4,001,769	3,796,941	3,813,929	NT\$ '000s	
Total Market Capitalization	38,315,456	43,775,356	36,714,077	NT\$ '000s	Based on year-end share price
Individual Operating Expense	950,186	1,165,254	1,227,749	NT\$ '000s	
Consolidated Operating Expense	2,147,892	2,694,780	3,056,537	NT\$ '000s	
Retained Earnings	15,357,966	17,731,146	19,645,120	NT\$ '000s	
Individual Total Salaries	1,260,690	1,487,155	1,584,910	NT\$ '000s	
Consolidated Total Salaries	3,175,294	3,782,634	4,303,254	NT\$ '000s	
Total Employee Benefits	1,462,688	1,702,645	1,862,628	NT\$ '000s	Individual
Total Pension	44,758	48,266	61,891	NT\$ '000s	Individual
Stock Dividends	Cash:5	Cash:5	Cash:5	NT\$	

1.1.4 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	✓
 Taiwan Electrical and Electronic Manufacturers' Association	✓
 Kaohsiung Chamber of Industry	✓
 Kaohsiung City New Chamber of Commerce	✓
 Dafa Industrial Park Association	✓
 Hofa Industrial Park Association	★
 Kaohsiung Personnel Representative Association	✓
 Kaohsiung Harbor City Entrepreneurs Association	✓
 National Innovation and Entrepreneurship Association, R.O.C.	✓
 The Institute of Internal Auditors – Chinese Taiwan	✓
 Institute of Antenna Engineers of Taiwan	✓

Note: ★ indicates that the Chairman of the Company serves as the Chairman of the Association.

1.2 Sustainable Commitment and Management

1.2.1 Materiality Analysis

At Flexium, we regard corporate sustainability management (ESG) as the key to boosting our competitiveness and responding to our stakeholders' needs. We have developed our ESG vision, policies, and roadmaps to achieve long-term sustainability goals, lay the foundation for sustainable operations, and guide the company into a sustainable future. After engaging in deliberations with the ESG Team, Flexium conducted a new materiality analysis in 2021 in accordance with the GRI and AA 1000 SES standards. The analysis results demonstrated Flexium's continuing commitment to sustainability.

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, suppliers, employees/contractors, government, and communities/academic institutions.

Analysis

19 sustainable issues 7 economical issues, 6 environmental issues and 6 social issues.

We identified 19 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, SASB principles, and TCFD disclosures.

Confirmation

379 stakeholders Based on the top 10 issues that are mostly concerned by stakeholders, 19 material topics are determined.

61 employees Assessing the impact of each subjects may have on innovation and research, revenue, cost, customer satisfaction, and risk.

A survey was first conducted on 379 stakeholders to gauge the extent of their concern about Flexium's efforts in sustainable operations. Meanwhile, 61 Flexium employees in charge of ESG evaluated the importance of each sustainability topic identified in terms of its impact on five aspects of the Company's operations (R&D, revenue, costs, customer satisfaction, and risks). 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.

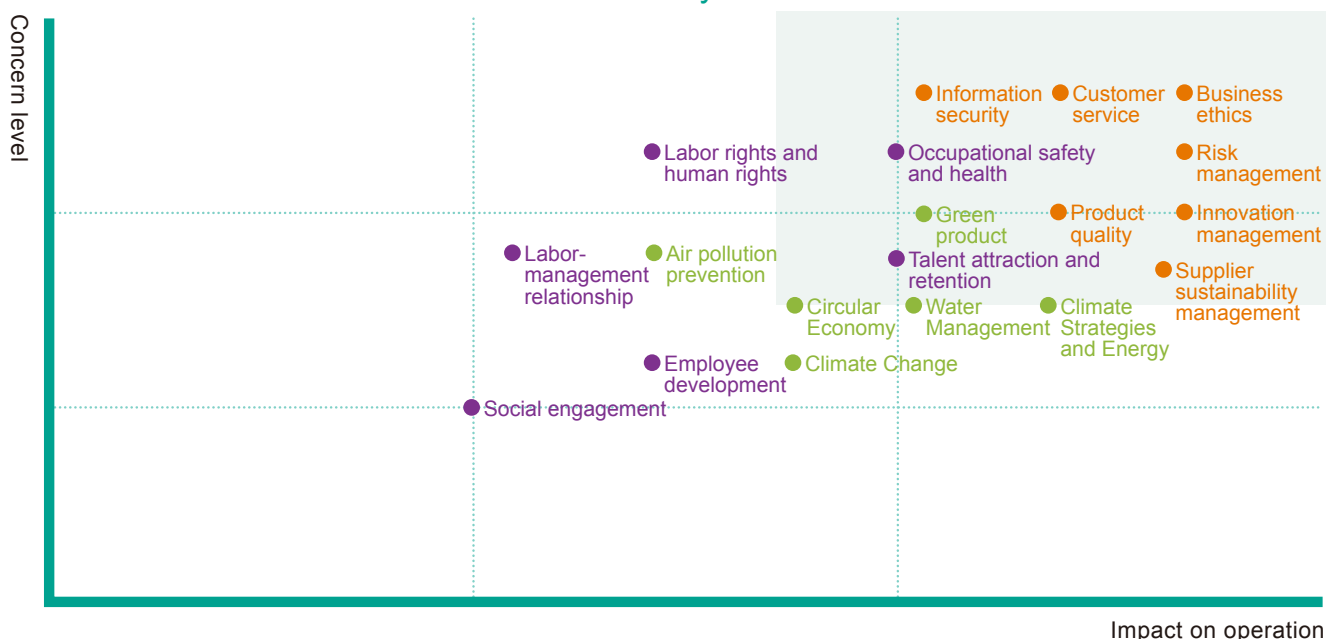
Confirmation

13 material topics 7 economic topics, 4 environmental topics and 2 social topics.

16 GRI topic-specific standards 11 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, 13 core material topics were determined to be central to Flexium's sustainable operations and are therefore prioritized in the following disclosure.

Materiality Matrix



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	Customer satisfaction	Cost	Risk		Procurement	Production	Transportation	Customer usage
Innovation management	✓	✓	✓			Specific topics of Flexium		●		
Product quality	✓	✓	✓	✓		Specific topics of Flexium		●		
Customer service			✓			Customer privacy (GRI 418)		●		
Supplier sustainability management	✓	✓		✓		Procurement practices (GRI 204), supplier environmental assessment (GRI 308) and supplier social assessment (GRI 414)	✓			
Business ethics		✓			✓	Anti-corruption (GRI 205)		●	●	
Risk management					✓	Specific topics of Flexium		●		
Information security			✓		✓	Customer privacy (GRI 418)				✓
Climate strategies and energy				✓	✓	Energy (GRI 302) , Emissions (GRI 305)		●		
Water management				✓	✓	Water and effluents (GRI 303)		●		
Green product	✓		✓			Specific topics of Flexium	✓	●	●	✓
Circular economy				✓		Waste (GRI 306)		●		
Occupational safety and health					✓	Occupational health and safety (GRI 403)		●		
Talent attraction and retention	✓	✓				Employment (GRI 401) , Diversity and equal opportunity (GRI 405)		●		

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

Material Issues and Risk Management

	Considerations	Risk Assessment	Mitigation Actions	Risk Category	Risk Likelihood	Risk Trend	Severity Level
<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;">Risk</div> <div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center;">Issue</div> </div>				<p>There are three types of risk: strategic, operational, and hazard. Strategic risks affect the organization's decision-making; operational risks affect production operations; and hazard risks affect external expectations and requirements</p>	<p>Risk likelihood is defined as follows:</p> <ul style="list-style-type: none"> •Almost certain (likely to occur within a year) •Likely (likely to occur within 3 years) •Possible (likely to occur within 5 years) •Unlikely (likely to occur within 3 decades) •Rare (likely to occur after 3 decades) 	<p>A risk trend can upward, flat, or downward</p>	<p>Severity is classified into five levels:</p> <ul style="list-style-type: none"> •Catastrophic (>10% loss in revenues/assets) •Major (5–10% loss in revenues/assets) •Moderate (3–5% loss in revenues/assets) •Minor (1–3% loss in revenues/assets) •Insignificant (<1% loss in revenues/assets)
Business Ethics	As the company expands its business, transactions with vendors also increase annually, which in turn has caused the interests involved to become more extensive and provided employees with increased motive and opportunity to seek improper advantage.	Gaining improper advantage erodes the company's profitability and also increases the likelihood of purchasing poor-quality products or services, which indirectly affects product quality, equipment security, and personnel safety.	<ul style="list-style-type: none"> • Require suppliers to sign Letter of Commitment for Undertaking of Integrity; formulate a code of conduct for employees. • Increase training frequency to strengthen employee awareness. • Conduct ethics surveys. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input type="checkbox"/> Hazard risk 	Possible	Upward	Moderate
Information Security	Business expansion is accompanied by increased vulnerability to cyberattack and external threats.	Security issues exist in the system or network environment, affecting overall system operations and the risk of system shutdown.	<ul style="list-style-type: none"> • Increase training frequency to strengthen employee awareness. • Be proactive in information security and protection. • Formulate regulations and implement information security. 	<ul style="list-style-type: none"> <input type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input checked="" type="checkbox"/> Hazard risk 	Likely	Flat	Moderate
Customer Service	Global rise in sustainability awareness has made customers more inclined to buy green energy and environmentally friendly, low-carbon products or services. When developing their technological capabilities, businesses have different considerations than in the past.	The uncertainty of global or regional market information, especially on climate change issues, makes it difficult to forecast future market demand for products and services.	Develop carbon reduction timelines and practices based on customer demand.	<ul style="list-style-type: none"> <input type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input type="checkbox"/> Hazard risk 	Likely	Upward	Major

<p>Innovation Management</p>	<p>To keep pace with the vigorous development of 5G technologies and arising business opportunities in this field, requirements for FPCs, from materials, processes, to applications, will undergo a relative increase to penetrate the global 5G industry in the future.</p>	<p>Relative increase in cost of materials and investments in new equipment.</p>	<p>Establish testing and analytical mechanisms for essential materials.</p>	<p><input type="checkbox"/>Strategic risk <input type="checkbox"/>Operational risk <input checked="" type="checkbox"/>Hazard risk</p>	<p>Possible</p>	<p>Flat</p>	<p>Minor</p>
<p>Product Quality</p>	<p>Manual, handheld operations give FPCs an unattractive appearance.</p>	<p>Lower process yield leads to relative cost increase.</p>	<p>Introduce automated machinery and equipment in stages to reduce risk of low product quality.</p>	<p><input type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input type="checkbox"/>Hazard risk</p>	<p>Almost certain</p>	<p>Downward</p>	<p>Minor</p>
<p>Supplier Sustainability Management</p>	<p>Climate change leads to heavy precipitation or snowstorms</p>	<p>Production deployment and logistics/distribution are affected.</p>	<p>Incorporate plans for more backup inventory.</p>	<p><input type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input checked="" type="checkbox"/>Hazard risk</p>	<p>Almost certain</p>	<p>Upward</p>	<p>Insignificant</p>
<p>Green Products</p>	<p>Rise in consumer environmental awareness is accompanied by a relative increase in demand for products that aim to mitigate global warming, prevent and control pollution, reduce chemical hazards, reduce waste, save resources, and enrich biodiversity.</p>	<p>Stricter international laws are being imposed on hazardous substances and green products, thus limiting selection of materials.</p>	<p>Eliminate non-conforming materials by enforcing more stringent restrictions on the use of hazardous substances in products in accordance with international laws and regulations.</p>	<p><input checked="" type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input type="checkbox"/>Hazard risk</p>	<p>Likely</p>	<p>Upward</p>	<p>Major</p>
	<p>Relative increase in cost of materials and raw materials</p>	<p>Evaluate new materials in advance.</p>	<p><input type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input type="checkbox"/>Hazard risk</p>	<p>Possible</p>	<p>Upward</p>	<p>Insignificant</p>	
<p>Climate Strategies and Energy</p>	<p>Extreme weather events cause precipitation instability. Although annual precipitation has not changed considerably, precipitation is concentrated in rainy seasons, creating periods of drought and rainless months.</p>	<p>Production activities must be suspended when not enough water is available.</p>	<ul style="list-style-type: none"> • Allow access to groundwater • Store water for emergency use • Arrange water trucks in advance. 	<p><input type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input type="checkbox"/>Hazard risk</p>	<p>Likely</p>	<p>Flat</p>	<p>Insignificant</p>
	<p>Reducing the use of coal-fired electricity because increased GHG emissions cause global warming results in power shortages.</p>	<p>Power shortages impede production and lead to loss of revenue.</p>	<p>Install a backup power generator, set up an energy storage facility, purchase renewable electricity, and evaluate green energy power generation plant technology for self-built plants.</p>	<p><input checked="" type="checkbox"/>Strategic risk <input checked="" type="checkbox"/>Operational risk <input checked="" type="checkbox"/>Hazard risk</p>	<p>Almost certain</p>	<p>Upward</p>	<p>Catastrophic</p>

Water Management	Due to more stringent environmental laws, existing wastewater treatment facilities might be too old to meet requirements.	Violations of environmental laws lead to penalties and fines, which affect public opinion.	Outsource the disposal of liquid waste to reduce impact on systems, and hire engineering consultants to evaluate the renovation of the entire wastewater facility.	<input type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input checked="" type="checkbox"/> Hazard risk	Likely	Upward	Catastrophic
Circular Economy	Existing wastewater facilities have been in use for many years; therefore, the wastewater produced after reclamation is unsatisfactory for recovery and must be discharged, which lowers the water recycling rate.	If the use of recycled/re-claimed water remains the same after production capacity increases, the cost of water will rise annually and the overall water recycling rate will be too low to satisfy customer requirements.	Increase water recycling rate by linking ROR pipelines to every water cooling tower and washing tower for two consecutive years, and hire engineering consultants to evaluate effluent recovery process.	<input checked="" type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input type="checkbox"/> Hazard risk	Almost certain	Upward	Insignificant
Occupational Safety and Health	The global COVID-19 pandemic might have affected the company's overall operations, products and services, and employee health.	Transmission of COVID-19 among employees will affect the company's entire operations.	Refer to Section 5.4.3 of the Sustainability Report for details.	<input type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input checked="" type="checkbox"/> Hazard risk	Likely	Flat	Moderate
Talent Attraction and Retention	<ul style="list-style-type: none"> A semiconductor industry corridor has taken form in southern Taiwan. Competition for employees with semiconductor manufacturers (Qiaotou/Luzhu/-Nanzih districts) is inevitable. Competitors offer attractive benefits, bonuses, allowances, and other incentives. Outflow of mid/top-level talent and shortage of entry-level talent. 	<ul style="list-style-type: none"> With its competitiveness at risk, the company is able to increase its scale but not its capabilities. There is a severe lack of suitable talent to improve the company's technology and quality. The organization's existing workforce is not strong enough to come up with a visionary business internationalization strategy. 	Refer to Chapter 5 of the Sustainability Report for details.	<input checked="" type="checkbox"/> Strategic risk <input checked="" type="checkbox"/> Operational risk <input type="checkbox"/> Hazard risk	Almost certain	Upward	Moderate

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

Flexium has set 38 short-, medium-, and long-term goals for the 13 material topics identified to integrate all aspects of the Company's strategies and plans. We used our actual performance in 2021 as a benchmark to review the short- and medium-term goals we set for 2022 and 2023, and also established new medium-term and long-term goals that correspond with our corporate governance guideline for 2024, 2025 and beyond.

 Economic goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Reporting Year Target			Short-Term Target	Medium-Term Target		Long-Term Target
				Actual Result in 2021	Target Achieved in 2021	Target for 2021	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Risk Management	Prevent individual risks from affecting the group's business performance	1. Invest resources in management information system (MIS) and improve network and server stability. 2. Continue to perform SWOT analysis and fine-tune long-term operating KPIs. 3. Reduce exchange rate losses to minimize impact on operations.	1 Manufacturing execution system (MES) interruption rate (%) Calculation: Hours of system downtime/(365 days*24 hrs)	0.1444%	No	<0.05%	<0.05%	<0.05%	<0.05%	<0.05%
			2 Group performance in management by objectives (MBO) (%)	82%	Yes	>80%	>85%	>85%	>85%	>85%
			3 Foreign exchange losses or gains (NTD)	NT\$ 71,384,000	Yes	>0	>0	>0	>0	>0
Supplier Sustainability Management	Work with suppliers on environmental protection and safety issues, ensure legal compliance, fulfill corporate social responsibility, and achieve sustainable operations.	1. Supplier assessments: require suppliers to sign Supplier's Code of Conduct and Letter of Commitment for Undertaking of Integrity. 2. Approval of materials: require new material suppliers to sign the Statement of Responsible Minerals Policy before approving them.	1 Percentage (%) of suppliers signing the Supplier's Code of Conduct (Target: key suppliers)	100%	Yes	100%	100%	100%	100%	100%
			2 Percentage (%) of suppliers signing the Statement of Responsible Minerals Policy (Target: Suppliers of raw materials that require responsible mineral sourcing)	87.72%	Yes	85%	90%	92%	95%	95%
Innovation Management	Inspire innovation by integrating innovation incentives, effectively allocating innovation resources, and protecting intellectual property rights; turn innovative ideas into commercially viable products to meet potential client needs in the future.	1. Knowledge management (KM): Focus on organizational objectives such as performance improvements, competitive advantage, innovation, lesson sharing, integration, and continuous improvement of the organization. 2. Introduction of new manufacturing processes and materials: The development cycle for advanced processes/materials is shortening, necessitating quick action to develop new materials that meet quality and quantity benchmarks.	1 No. of core KM articles collected (articles)	77	Yes	>75	>50	>50	>50	>50
			2 No. of new manufacturing processes/material items developed and adopted (items)	34	Yes	> 6	> 6	> 5	> 5	> 5
Product Quality	Implement internal and external quality control measures to meet client quality specifications and reduce costs due to product failures, increasing company profitability and creating mutually beneficial outcomes.	1. Number of customer complaints per month: formulate countermeasures for the issue in question as well as related/similar issues to prevent recurrence. 2. Monthly external failure rate: strengthen client engagement and respond immediately to irregularities to minimize losses. 3. Percentage reduction in cost of internal failures: monitor yield rate and conduct on-site inspections for the issue in question as well as related/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 Average number of customer complaints per month (complaints)	2	Yes	≤5	≤5	≤5	≤3	≤3
			2 Monthly external failure rate (%)	0.13%	No	≤0.12%	≤0.12%	≤0.12%	≤0.12%	≤0.12%
			3 Percentage reduction in cost of internal failures (%)	5.65%	Yes	≤7.0%	≤7.0%	≤2.0%	≤2.0%	≤2.0%
			4 Overall product yield rate (%)	94.19%	No	>96%	>96%	>96%	>96.5%	>96.5%
Customer Service	High-quality products/services and good customer relations management can improve customer satisfaction, thereby increasing profits and core business value.	Deliver quality products on time and on par with client expectations; become a trusted supplier and lay the foundation for sustainable development.	1 Customer satisfaction score (points)	90	Yes	>85	>85	>85	>90	>90
			2 NPI-to-MP achievement rate (%)	86%	Yes	85%	85%	85%	86%	87%
Business Ethics	The company must comply with the principles of business ethics—impartiality, integrity, reliability, and transparency—in all business dealings.	1. Maintain the highest moral standards when 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 indirectly, or engaging in any other dishonest or unlawful act for personal gain that conflicts with their duties and responsibilities.	1 No. of cases involving violations of business ethics (cases)	0	Yes	0	0	0	0	0
			2 Percentage (%) of suppliers who signed Letter of Commitment for Undertaking of Integrity (Target: key suppliers)	100%	Yes	100%	100%	100%	100%	100%
			3 No. of cases involving violations of information security policy (cases in which penalty was imposed)	1	No	0	0	0	0	0

Economic goals

Topics	Implications for Operations Management	Strategic Goals	KPIs	Reporting Year Target			Short-Term Target	Medium-Term Target		Long-Term Target
				Actual Result in 2021	Target Achieved in 2021	Target for 2021	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Information Security	Ensure legal compliance and the security of 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 control: formulate Information Security Management Guidelines and reach information security goals, to strengthen IT security management. 2. Information security governance: prevent data leaks by internalizing the correct information usage and security concepts in employees. 3. Technology applications: use technology to conduct risk assessments and devise feasible strategies for identifying and preventing crisis events.	1 Stability of Group IT system (points/100)	77	No	90	90	95	95	95
			2 Frequency of information security drills (times/year)	2	Yes	1-2	1-2	1-2	1-2	1-2

Environmental Aspect

Topics	Implications for Operations Management	Strategic Goals	KPIs	Reporting Year Target			Short-Term Target	Medium-Term Target		Long-Term Target
				Actual Result in 2021	Target Achieved in 2021	Target for 2021	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Water Management	Establish professional leadership in environmental protection and cultivate employees' sensitivity to and positive attitude toward the environment, to encourage participation in addressing environmental problems, improve environmental literacy, and win clients' trust, and become an exemplary green factory.	<ul style="list-style-type: none"> Reduce tap water usage. Recycle and reuse reclaimed water from production lines. Introduce new recycling equipment with new technology features. Introduce new technologies for heavy metal recovery. 	1 Increase in reclaimed water recycling rate (%)	28.03%	Yes	25%	30%	35%	35%	35%
			2 Decrease in Cu ion concentration in wastewater (mg/L)	0.58mg/L	Yes	<1.5mg/L	<1.5mg/L	<1.5mg/L	<1.5mg/L	<1.5mg/L
			3 Average water consumption in production processes (ton/lot or m ³ /STEP)	6.8 ton/lot	Yes	<12 ton/lot	<0.75 m ³ /STEP	<0.7 m ³ /STEP	<0.67 m ³ /STEP	<0.65 m ³ /STEP
			4 Increase in electrolytic copper output (tons)	9.96 ton	Yes	6 ton	10 ton	12 ton	13 ton	14 ton
Climate Strategy and Energy		<ul style="list-style-type: none"> Increase use of green energy Use energy-efficient equipment to avoid wasting energy 	1 Reduction in carbon emissions per year (metric tons/year)	NA	NA	NA	900	1,000	1,100	1,200
Circular Economy		<ul style="list-style-type: none"> Sort waste, reduce overall waste generation, and increase recycling Reduce liquid waste disposal, and increase efforts to treat and recover heavy metals. 	1 Reduction in overall waste generated per unit (%) (Base year: 2019)	-14.92%	Yes	-10%	-10%	-12%	-12%	-15%
			2 Reduction in hazardous industrial waste generation per unit (%) (Base year: 2019)	-18.36%	Yes	-10%	-10%	-12%	-12%	-15%
			3 Reduction in incinerated waste per unit (%) (Base year: 2019)	-21.87%	Yes	-10%	-10%	-12%	-12%	-15%
Green Products	Comply with international regulations and clients' hazardous substance policies to minimize the environmental impacts of products, and demonstrate dedication to consistent product quality to satisfy customer requirements and commitment to hazardous substance control.	1. Achieve green product management and ultimately provide hazard-free products through product design, raw material procurement, and hazardous substance control. 2. Use product life cycle management to reduce manufacturing processes, shorten production times, minimize pollution, cut back on materials, and increase efficiency.	1 Reduction in the number of hazardous substances used (items)	45	No	<32	<45	<45	<45	<45
			2 No. of product items whose mass production process has been shortened/optimized (items)	106	Yes	25	27	25	25	25

 Social Aspect

Topics	Implications for Operations Management	Strategic Goals	KPIs	Reporting Year Target			Short-Term Target	Medium-Term Target		Long-Term Target
				Actual Result in 2021	Target Achieved in 2021	Target for 2021	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Occupational Safety and Health	Keep employees' health and safety in mind when operating factories, and organize safety management and health promotion activities, thereby creating a safe workplace and ensuring the physical and mental health of employees.	<ul style="list-style-type: none"> Reduce workplace incidents through weekly workplace safety inspections by managers to address potential hazards. Build a healthy workplace by organizing health promotion campaigns to help employees achieve physical and mental relaxation. 	1 Frequency of health promotion activities held (times/year)	4	Yes	4	4	4	4	4
			2 Reduction in lost work hours due to occupational accidents (% or days/year)	67% reduction compared with previous year	Yes	30% reduction compared with previous year	<80 days/year	<80 days/year	<80 days/year	<80 days/year
Talent Attraction and Retention	Talent is the foundation of 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.	<ol style="list-style-type: none"> Multi-channel recruiting: online recruitment platforms, campus recruitment events, and career workshops at universities. Pay raises/promotions: Conduct annual market salary surveys, promote employees accordingly, and adjust their salary to increase talent retention rate. Job rotation: Provide opportunities for internal transfers, so that the right employee is placed in the right position where they can unleash their potential. 	1 Number of people promoted to or hired as managers (cumulative total)	388 people (cumulative)	Yes	250 people (cumulative)	280 people (cumulative)	310 people (cumulative)	350 people (cumulative)	380 people (cumulative)
			2 No. of indirect employees recruited for new plants (cumulative total)	794 people (cumulative)	Yes	500 people (cumulative)	580 people (cumulative)	680 people (cumulative)	720 people (cumulative)	750 people (cumulative)

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

After a thorough review of our short-, medium-, and long-term goals in 2022, the following 8 goals were adjusted to better reflect the Company's corporate governance guideline.

Aspect	Issue	Original Target	Adjusted Target	Reason for Change
Economic	Risk Management	<0% in foreign exchange losses or gains	>NT\$0 in foreign exchange losses or gains	As of 2021, target is expressed as a monetary unit to clearly indicate losses or gains in foreign exchange.
	Product Quality	≤7.0% reduction in costs incurred due to internal failures	≤2.0% reduction in costs incurred due to internal failures	Target for 2023 was adjusted to meet the company's business goals.
Environmental	Water Management	<12 tons/lot of water consumption in production processes	(Changes to target for 2022) 0.75m ³ /STEP of water consumption in production processes	As of 2022, calculation is based on the amount of water consumed per unit of product produced at each production station, so as to effectively reflect the amount of water
	Climate Strategy and Energy	NA	Annual carbon emissions reductions	This is a new target.
	Circular Economy	Reduction in overall waste (/Lot) generated per unit production (%) (Base year: 2019)	Reduction in overall waste (/STEP) generated per unit production (%) (Base year: 2019)	To effectively reflect the actual situation, calculation is now based on the amount of general waste generated per step of the production process.
	Circular Economy	Reduction in hazardous industrial waste (/Lot) generated per unit production (%) (Base year: 2019)	Reduction in hazardous industrial waste (/STEP) generated per unit production (%) (Base year: 2019)	To effectively reflect the actual situation, calculation is now based on the amount of hazardous industrial waste generated per step of the production process.
Social	Circular Economy	Reduction in waste (/Lot) incinerated per unit production (%) (Base year: 2019)	Reduction in waste (/STEP) incinerated per unit production (%) (Base year: 2019)	To effectively reflect the actual situation, calculation is now based on the amount of waste incinerated per step of the production process.
	Occupational Safety and Health	30% reduction in lost work hours due to occupational accidents compared with previous year	<80 days/year reduction in lost work hours due to occupational accidents	Calculation for 2022 included a new plant, which increased the area under management and the number of employees. The target was based on ESG KPIs.

Reasons for Unmet Goals in 2021 and Corrective Measures







We failed to reach 6 of our annual targets in 2021. We have requested the relevant departments to analyze the reasons for these deficiencies and draw up corrective measures to ensure continuing growth.

Aspect	Issue	Target	Actual Result in 2021	Target Achieved in 2021?	Target for 2021	Reason	Corrective Action
Economic	Risk Management	Manufacturing execution system (MES) interruption rate (%) Calculation: Hours of system downtime/(365 days*24 hrs)	0.1444%	No	<0.05%	In 2021, a production line employee disconnected a network cable by mistake, resulting in an abnormal network connection that caused a network failure in some areas. There was a delay in restoring system operation because it took some time to locate and troubleshoot the problem.	We removed the network hub and network switch from the production line and placed them in the server cabinet to prevent similar incidents.
	Product Quality	Monthly external failure rate	0.13%	No	≤0.12%	Target was not achieved in 2021 primarily because of an increase in the cost of disposal following two customer complaints, which raised the overall monthly external failure rate.	We implemented corrective action to prevent recurrence and strengthened product inspection to reduce the defect rate.
		Overall product yield rate	94.19%	No	>96%	In 2021, we increased input into new products and multilayer boards, and the yield rate did not improve considerably.	<ul style="list-style-type: none"> •We improved manufacturing processes and effectiveness tests to prevent recurrence. •We developed plans that focus on improving low-yield items.
	Business Ethics	No. of cases involving violations of information security policy (cases)	1 case	No	0 case	Rules were not followed because a vendor had a storage device that was not scanned for viruses and inspected by the accompanying employee.	We raised employee awareness of information security during monthly and managerial meetings.
	Information Security	Stability of the Group IT system (score points)	77 points	No	90 points	Due to a failure on the part of employees to identify potential risks in system services and perform spot checks, and a lack of sophisticated information and energy technologies in our database, the entire system service was affected, resulting in a major irregularity.	<ul style="list-style-type: none"> •We required system administrators to perform spot checks and establish reinspection mechanisms. •We continue to improve system and technological capabilities and recruit talented IT professionals.
Environmental	Green Products	Reduction in the number of hazardous substances used (items)	45 items	No	<32 items	<ul style="list-style-type: none"> •Some process materials in the market are still irreplaceable; there are no alternatives yet. •A new manufacturing process was added, resulting in an increased need to purchase raw materials. 	<ul style="list-style-type: none"> •We continue to explore and adopt replacements to reduce our use of hazardous substances. •When evaluating new materials, we give priority to raw materials that are free of hazardous substances.

1.2.2 Engagement with Stakeholders


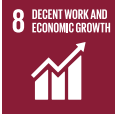




At Flexium, we believe that a deeper understanding of our stakeholders and their concerns can help us achieve greater ESG results. Every year, we collect feedback from six stakeholder groups—investors, clients, employees, business partners, government agencies, and the community—to better understand 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 2021
 Foreign legal entities, investment companies, insurance companies (capital investment departments), etc. Investors	<ul style="list-style-type: none"> Operational outcomes and strategies Information transparency Stock/cash dividend payable dates 	<ul style="list-style-type: none"> Stockholder meetings (annual) Material disclosures, quarterly financial reports, and the latest financial information published on our corporate website (daily) 	<ul style="list-style-type: none"> Addressing stockholders' concerns at annual stockholder meetings Responding to investor inquiries over the phone 	<ul style="list-style-type: none"> Attended 8 external investor conferences Held 1 stockholder meeting
 All clients Clients	<ul style="list-style-type: none"> Delivery timelines Prototype and product pricing Product quality Industry trends and global investment plans for the future 	<ul style="list-style-type: none"> Phone calls Emails Client visits Customer satisfaction surveys (All conducted irregularly) 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Average customer satisfaction of 90 points in 2021. (Survey respondents: Top 10 clients in terms of revenue contribution in 2021)
 Local and foreign employees Employees	<ul style="list-style-type: none"> Employee benefits Institutional policy Management style No unreasonable fees 	<ul style="list-style-type: none"> Employee complaints hotline, email address, and the General Manager's Mailbox (irregular) Employee interviews (irregular) Monthly newsletter (regular) Labor-management meeting (regular) 	<ul style="list-style-type: none"> Implementing corrective measures Communicating with the parties concerned Address employees' concerns during interviews Contact foreign contact agencies for confirmation 	<ul style="list-style-type: none"> 4 labor-management meetings 12 monthly meetings
 All suppliers and contractors Partners	<ul style="list-style-type: none"> Ethical and fair competition Materials procurement Future plans and operational goals Market information Waste disposal and waste management audits 	<ul style="list-style-type: none"> Emails (irregular) On-site audit (regular or irregular) Phone calls (irregular) Supplier portal (irregular) 	<ul style="list-style-type: none"> Responding to supplier inquiries via email Scheduling supplier meetings Providing sales projections to help suppliers plan and prepare for materials shipments Waste Disposal Act compliance audits 	<ul style="list-style-type: none"> Conducted 9 supplier audits (including 2 ESG audits) 8 on-site waste disposal inspections.
 Competent authorities (OSHA, EPA, and MOL) Government Agencies	<ul style="list-style-type: none"> Inspections, reports, and audits as required by law Inquiries regarding regulatory changes Chemicals control 	<ul style="list-style-type: none"> Plant visits (irregular) Phone calls (semiannual) Government visits (irregular) 	<ul style="list-style-type: none"> Fulfilling inspection and reporting duties as required by law Adjusting internal regulations to comply with regulatory changes 	<ul style="list-style-type: none"> Identified occupational safety and health regulations on a quarterly basis. Conducted 13 consultations in response to regulatory changes. Passed 29 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).
 Local communities and educational institutions Community	<ul style="list-style-type: none"> Integration of foreign workers into the community Industry-academia collaboration programs Plant tours 	<ul style="list-style-type: none"> Visits (quarterly or irregular) Phone calls (irregular) Emails (irregular) 	<ul style="list-style-type: none"> The village did not receive any complaints against Flexium Co-organized off-campus tours 	<ul style="list-style-type: none"> Participated in 1 charity activities.

1.2.3 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.	We continued to aim for our target of automated production lines by introducing automated loading/unloading printing machinery, automatic loaders/unloaders, and automatic lamination machines, etc., to achieve smart manufacturing in the Industry 4.0 era. 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.	We are continuing our (2021–2022) industry–academia collaboration project on 3D structural processing process development for optical communication products, have extended product requirements in the post-development stage, and have engaged in an industry–academia collaboration (2021–2020) with National Sun Yat-sen University on the development of high-precision packaging technology for optoelectronic composite boards. Invested over NT\$2,055,340,000 in R&D expenses.
		Goal 12.6 Encourage sustainable business practices and incorporate sustainability information in regular reports.	Continued to publish our sustainability report in accordance with the GRI standards to disclose sustainability information, and prepared the report in accordance with the SASB hardware standard to improve the quality of the company's sustainability disclosure.
		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. <i>Flexium's Ethics Code</i> serves as a guiding principle for employees.
Social		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 2021, the Company immediately established a Epidemic Command 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 2021, 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
Social		<p>Goal 4.5 Eliminate inequality in education and ensure that disadvantaged groups receive adequate education and vocational training.</p>	<p>Offered a wide range of training programs and development courses for employees at all levels, launched a second Production Line MA Program in 2021, and continued to offer the R&D Engineer Elite Program to recruit talented engineers.</p>
		<p>Goal 4.7 Ensure that all students acquire the necessary knowledge and skills to promote sustainable development.</p>	<p>Donated NT\$200,000 in 2021 to build an art studio in Daliao Elementary School and provide a space where students can effectively learn Chinese calligraphy.</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>Flexium had 844 new hires in 2021, thus providing many local job opportunities.</p>
		<p>Goal 8.7 Take immediate and effective measures to prohibit and eliminate child labor and forced labor.</p>	<p>At Flexium, we employ people with disabilities and do not differentiate starting pay based on gender.</p>
Environment		<p>Goal 8.8 Promote workplace safety and reduce labor risks.</p>	<p>Flexium prohibits child labor and has adopted concrete measures to prevent the use of child labor.</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 addition to annual fire drills at the plant, in 2021, 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 2021, 96.1% of Flexium's purchases were made locally in Taiwan. We actively support the development of local suppliers.</p>
		<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 2021, the amount of water saved reached 321,299 tons, which was an increase of 32.67% compared to the amount of water saved in 2021 (242,178 tons).</p>
		<p>Goal 7.3 Double improvements in global energy efficiency.</p>	<p>In 2021, we continued to promote energy saving measures. The temperature of chillers was increased by 1°C, the temperature in cleanrooms was adjusted to 23°C, and high-energy-consumption motors were replaced with energy-efficient ones. Through these measures, we reduced CO₂e by 133,264 kg, fulfilled room-temperature requirements for production line, and lowered energy consumption.</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>Goal 12.2 Sustainable management and efficient use of natural resources.</p>
<p>Goal 12.4 Achieve the environmentally sound management of chemicals and all waste throughout its life cycle in accordance with agreed international frameworks to minimize adverse impacts on human health and the environment.</p>		<p>Reduced use of chemical containers, switching from 4-liter containers (which were initially used to store a total of 2,440 liters of chemicals) to 20-liter containers, which in turn cut down our use of containers from 610 to 122 containers and reduced the frequency of deliveries and the number of trips required to transport them, thereby lowering our carbon footprint.</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 inventory and implement reduction measures to ensure the control and management of current GHG emissions.</p>	



Implementing Corporate Governance



Implementing Corporate Governance

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. Furthermore, the company is committed to achieving sustainable development, enforcing transparency in information disclosure, and engaging in communication and dialogue with stakeholders. We have established multiple communication platforms to attend to and respond to stakeholders' needs. Please visit the company's website for more information and updates.

2.1 Corporate Governance

2.1.1 The Board of Directors

The Board of Directors is the top governing body at Flexium. The Board Chair is responsible for effectively implementing the Board's decisions and enhancing management efficiency. The Chair also serves as the Chairman and 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* stipulates 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 of the company's Board members possess the required professional knowledge, experience, and competence to carry out their duties, including expertise in chemical engineering, machinery, finance, and the law, as well as international vision, decision-making, leadership, and crisis management capability that are essential to address economic, environmental, and social changes. In terms of age composition, two Board members are under the age of 50, while the rest are over the age of 50. To continuously improve the Board members' understanding of emerging issues and corporate governance performance, the company arranges advancement courses for the Board members, such as corporate governance, legal compliance, and corporate sustainability, based on *Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies*. For information about continuing education for the company's directors and supervisors, please visit the Market Observation Post System (MOPS) website. Currently, two of the eleven Board members are female. In 2021, 98 percent of the Board meetings were attended by all directors. Please see the company's *2021 Annual Report*, pages 8-9, for further information on Board members' backgrounds.

Duties of the Board of Directors

Oversight

The Board ensures the Company's compliance with the law, disclosure of material financial information, and managerial integrity. Various organizations and mechanisms have been established to fulfill these supervisory duties, including the Compensation Committee and internal audits among others.

Strengthening management

The Board regularly reviews reports from the management team, monitors the Company's progress towards its goals, and guides the management team in making adjustments as necessary.

Establishing an effective corporate governance framework

The management team maintains open communication with the Board and remains committed to executing the instructions issued by the Board in order to maximize shareholder value.

2.1.2 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 auditing office to oversee the planning and implementation of audits. They report to the Board in regular meetings as well as to the Chairman (also the General Manager) on a monthly basis or whenever necessary.

Audit Committee

- Convenor: Hsin-Pin Fu;
Members: Pei-Jun Wu, Shui-Tung Huang
- 5 meetings were convened in 2021 with an overall attendance rate of 93%.
- 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 2021 with an overall attendance rate of 83%.
- 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.

Pursuant to a resolution of the Board of Directors, the company appointed financial manager Eva Liao as Director of Corporate Governance on May 5, 2021 to protect shareholders' interests and strengthen the Board of Directors' implementation of corporate governance. The Director of Corporate Governance is primarily responsible for providing the information necessary for the directors to carry out their duties, monitoring the latest legal developments related to company operations, assisting the directors in achieving legal compliance, and facilitating the incoming orientation and continuing education of the directors. For more information, please refer to the investor relations section on the company website.

Performance Evaluations

Flexium has adopted the *Rules for Performance Evaluations of the Board of Directors* to define performance goals and improve the operational efficiency of the Board. The rules call for annual performance evaluations of the Board, individual directors, and members of functional committees. Performance evaluations focus on five areas: level of engagement in company operations, decision-making improvements, composition and organization, director selection and continuing education, and internal controls. They provide criteria for selecting and appointing directors, while evaluations of individual directors serve as guidance for decisions on compensation. Please see page 20 of the *2021 Annual Report* for more information.

Compensation Policy for Directors and Managers

According to Flexium's *Articles of Incorporation*, directors' compensation shall not be more than 2%, and the company's operational outcomes shall be considered along with a review of the individual's contributions to the company's performance to ensure appropriate compensation to the directors. Compensation for the president, vice presidents, and managerial officers shall be determined according to the salary payment standards of the company and their education and professional background as well as business performance. The General Manager's compensation package includes a fixed salary and a variable salary. The most recent figures for compensation for the directors, General Manager, and Vice General Manager can be found on pages 15-16 of the *2021 Annual Report*.

During the compensation decision-making process, we take account of factors such as overall company performance, future business risks, and industry trends, as well as the employee's contributions to the company's performance, market compensation surveys, and industry norms to provide reasonable compensation packages. To strike a balance between sustainable management and risk control, the Compensation Committee and the Board review all relevant performance appraisals and the reasonableness of compensation, while the compensation system is subject to timely adjustments based on the status of corporate operations and applicable laws and regulations.

The Compensation Committee meets at least twice a year, and is in charge of enforcing due care of good administrators, carrying out the following tasks, and submitting relevant proposals to the Board:

- (1) The Committee formulates and revises the performance evaluation criteria for the directors and the General Manager, annual and long-term performance objectives, and the company's compensation policy, system, standards, and structure. The performance evaluation criteria shall be disclosed in the *Annual Report*.
- (2) The Committee routinely reviews directors and managers' achievement of their performance targets, and structures individual compensation packages and salary amounts accordingly. Performance appraisals of the directors and managers, as well as their relevance to and the reasonableness of individual compensation packages, must be disclosed in the *Annual Report*.

In 2019 and 2020, Flexium issued Restricted Stock Awards (RSA) to recruit and retain talent for the company and to incentivize employees and increase employee loyalty in order to generate profits for the company and its stockholders. Remuneration is tied to both individual and company performance to strengthen the connection between senior management compensation and company performance.

2.2 Ethical Management

2.2.1 Business Ethics

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. Furthermore, Flexium’s employees are obliged to sign *non-disclosure, non-compete, and IPR agreements* to safeguard the interests of stakeholders. In 2021, the company received no penalties from the relevant authorities over economic and social issues, human rights, products, or the environment, and was not involved in any legal matters involving anti-competitive, anti-trust, or monopolistic practices.

In accordance with to Flexium’s *Regulations for the Establishment and Operation of the Ethics Management Committee*, the Ethics Management Committee comprises three members directly appointed by the Chairman who are responsible for accepting and investigating complaints and reporting on evaluations, reviews, and mitigation of ethical risks at the annual senior management meeting. The Ethics Management Committee conducts an annual risk assessment of ethical business practices including business integrity, no illicit gains, and information disclosure at all our Taiwan sites. The assessment applies a five-point scale for severity (S), occurrence (O), and detectability (D) to calculate the risk score 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 2019 to 2021, all the risk scores were below 27.

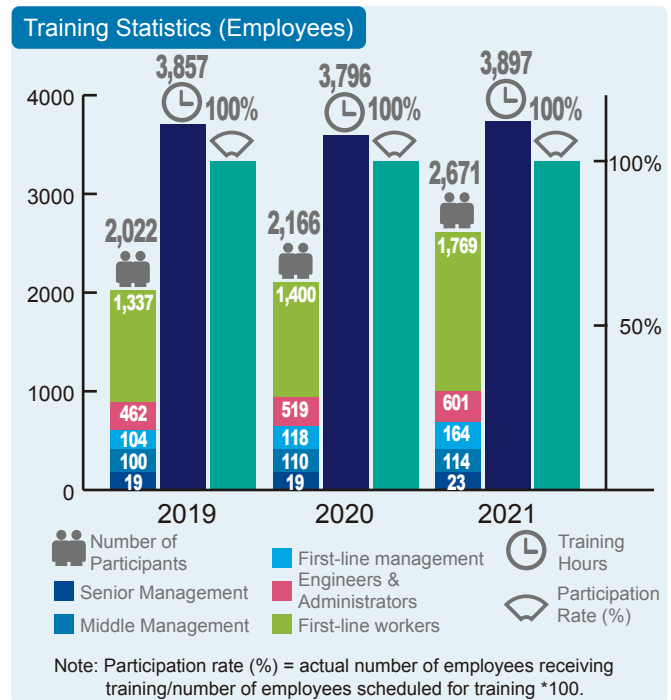
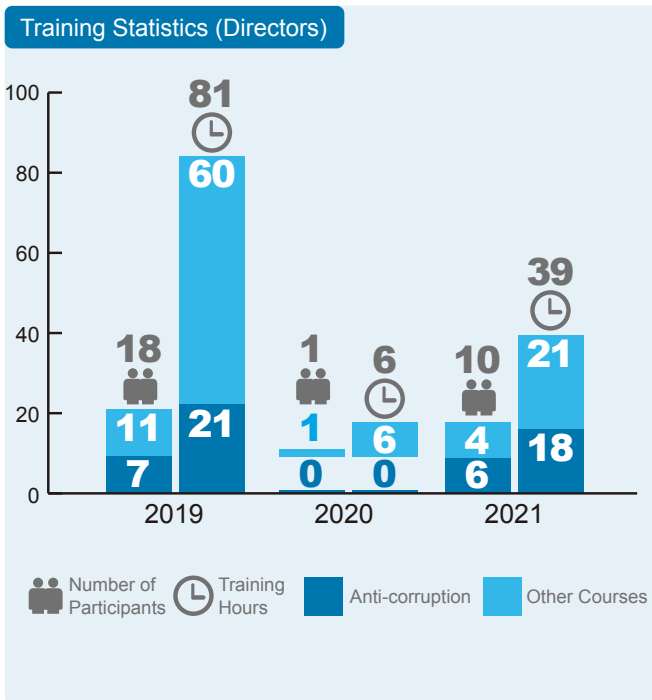
Business Ethics Evaluation Indicators	Controlled? (Y/N)	Risk Priority Number (RPN)		
		2019	2020	2021
1.Business Integrity	Y	15	15	24
2.No Improper Advantages	Y	20	16	20
3.Information Disclosure	Y	12	15	12

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* encompasses the principles of the *United Nations’ Universal Declaration of Human Rights, the Global Compact, the International Labor Organization’s Declaration of Fundamental Principles and Rights at Work*, and anti-discrimination policies. The Code of Conduct is emphasized during new employee training sessions, while the anti-corruption and IPR provisions are stipulated in all employment contracts.

Anti-corruption

Flexium strictly prohibits employees from offering, accepting, promising, or demanding, directly or indirectly, for the self or others, acts that are dishonest, unlawful, or otherwise contrary to the duties entrusted to them by the Company, in order to uphold the principles of fair trade and prevent corruption and bribery. The company’s anti-corruption scope has also been expanded to encompass supplier management. Flexium requires all new suppliers with an estimated annual business volume of more than NT\$ 1,000,000 to sign a *Letter of Commitment for Undertaking of Integrity*. Furthermore, all members of the Board of Directors and company employees are required to participate in business ethics training on topics such as combating corruption and insider trading. In 2021, no corruption or bribery cases were recorded within the company, results which can be attributed to our commitment to integrity and ethics.



Reporting Mechanism

Flexium welcomes internal and external stakeholders to anonymously report ethics issues to us through secure and confidential means. Anyone who suspects or discovers an act committed by the company or an employee that may violate the laws or the code of ethics should report their concerns to our supervisors, managers, head of internal audits, or other competent persons. Alternatively, they may also utilize the General Manager's Mailbox located in plants and dormitories or our email address (109@-flexium.com.tw) or hotline (07-7871008 ext. 109) that can be found on the Company's website and intranet. Upon receiving a report of a violation, the internal Ethics Management Committee will launch a confidential investigation. No retaliation in any form may be inflicted on a complainant who has made a report in good faith. Should retaliation occur, the complainant may apply for an immediate transfer or leave without pay, and an inquiry will be launched by the Ethics Management Committee or designated personnel appointed by the General Manager. If the alleged retaliation proves to be true, the responsible individual will be disciplined in accordance with the Company's rules and applicable employee reward and punishment regulations, and the complainant may apply for a transfer or other assistance. The Ethics Management Committee performs monthly follow-ups, as well as identifies and responds to retaliatory incidents in a timely manner. We received no corruption complaints in 2021. There were 30 general complaints and recommendations, which were all processed and resolved.

2.2.2 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 Chairman and the General Manager respectively. To perform audit duties without interference, the auditors are both formal full-time professionals.

2.3 Risk Management

2.3.1 Risk Identification and Response

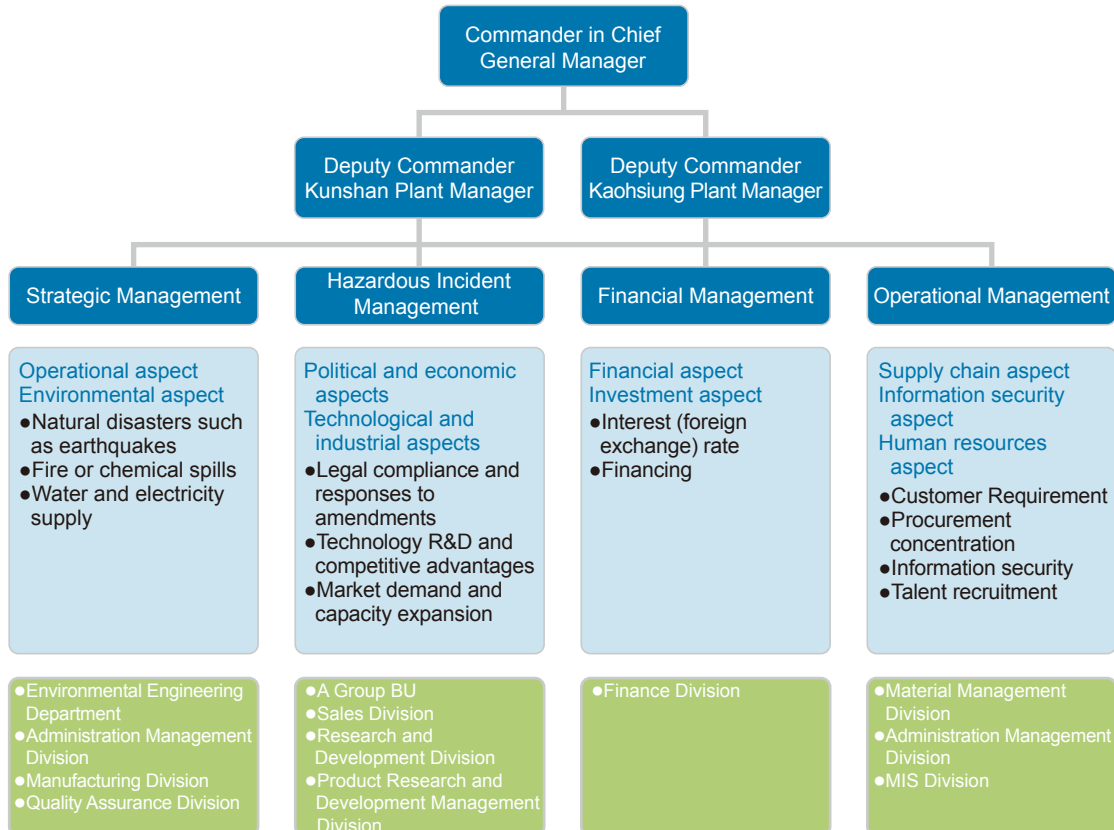
Flexium applies periodic management and response measures to potential risk factors in policy, operations, finance, and hazards. In 2022, the Company will further integrate its various risk management to create an Enterprise Risk Management (ERM) mechanism that divides risk into four major scopes: strategic considerations, operational considerations, financial considerations, and hazards. The ERM employs proactive and cost-effective methods to analyze risk frequency and the severity of associated impacts on the company’s business operations. A Risk Map is then used to define priorities and levels of risk control for the purpose of implementing corresponding response measures.



Risk Management Scope and Organization

Flexium’s risk management scope encompasses four aspects: strategic considerations, operational considerations, financial considerations, and hazards. We are planning to establish an Risk Management Organization, led by the General Manager, to provide timely risk management and mitigation efforts.

Risk Management Organization



Risk Identification and Response

To address different types of risk, the company employs annual risk identification, assessment, and response procedures to identify risk factors while creating risk identification lists to define management priorities based on the frequency of occurrence and implications for business operations.



Risk Management Dimension	Risk Type	Response Measures
Hazardous Incidents Management	Earthquake	Flexium is continuing to implement upgrades to address the operational impacts of earthquakes in Taiwan, such as improving emergency response drills, installing anti-shock and insulation measures for machinery, and improving recovery capabilities of damaged machinery. All of the improvement measures have been incorporated into the company's new plant design as well.
	Fire	Flexium and many of its suppliers use flammable chemicals and hazardous substances in their manufacturing processes, posing fire, explosion, and environmental risks. In addition to maintaining prevention and protection systems, we have purchased fire and accidental disaster insurance policies, conduct routine firefighting system inspections and drills, and place a strong emphasis on risk management and hardware upgrades.
	Water Resources	We are continuing to make land purchases for the installation of wastewater treatment units, including high-end facilities, to increase the overall water recycling rate.
	Energy Management	We have implemented energy-saving measures in our plants without compromising product yield, including smart grid control, powering off suspended machinery, optimizing process operations, and extending low and medium-intensity measures. In addition, we plan to procure renewable energy certificates (REC) to meet customer demand.
Strategic Management	Potential risks of capacity expansion	We maintain close contact with customers and confirm the reasons for order cancellations, while informing the affected units in the plants to suspend production to reduce inventory levels.
	Risks associated with non-compliance in export controls, environmental protection laws and agreements, or failure to obtain operating permits in time	Flexium procures, supplies, and installs preventive equipment to comply with applicable laws and regulations and strengthens prevention through renewable energy procurement to mitigate climate change.
Financial Management	Exchange rate fluctuations and inflation	As Flexium maintains global business operations, the company's management has developed strategies to mitigate risks associated with currency exchange rates. Subsidiary firms must manage the exchange rate risk of their functional currencies, while the corporate Finance Division implements hedging measures for overall currency exchange rate risks.
	Risks associated with impairment losses	The company conducts periodic reviews of the account value of underlying assets to identify abnormalities. Meetings are convened for assets that have been inactive for more than six months to consider asset disposal or address reasons for the inactivity.
Operational Management	Information security risks	For the early identification, protection, and detection stages, we have strengthened defensive deployment, and we provide education and training to improve technical capabilities. In the later response and recovery phases, our focus is to improve emergency response and execute periodic drills to ensure efficient responses and the operational continuity of information systems. The MIS Division held separate simulation drills on safe updating and uninterrupted operations of core systems in May and December 2021. The automatic backup was activated for the affected system in the disaster scenario to ensure normal and continued operations, thereby achieving the objective of maintaining an uninterrupted business information system.
	Key talent risk	We have diversified our employment methods, recruiting channels, and compensation and benefits, as well as the compensation and rewards ratio for production automation.

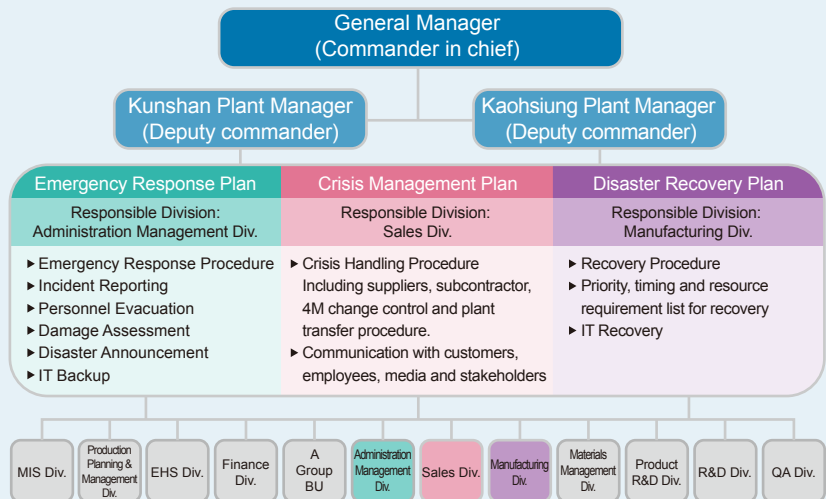
Risk Management Dimension	Risk Type	Response Measures
Operational Management	Supply chain risk management	Due to product complexity and specialization, supply chain management has become an integral part of our corporate operations. Flexium has formulated the <i>Material Delivery Anomaly Reporting Directives</i> and implemented multiple approaches to address supplier delivery issues. In 2021, the COVID-19 pandemic caused worldwide port congestion and generated tensions in the supply chain. Flexium was able to retain a competitive edge for the company and its suppliers by insisting on local sourcing and maintaining a highly diverse and flexible supply chain. Flexium's main product is PFCs, which are produced from flexible copper clad laminates (FCCL), coverlay film, and electronic parts and components. As there are many potential international suppliers, the company's materials procurement sources are not overly focused on specific providers.
	Occupational safety and health risk management	During the normal course of business operations, there is always potential for operations, activities, facilities, and manufacturing processes involving materials, machinery and equipment, and personnel, to result in physical, chemical, biological, or ergonomic hazards. To mitigate potential risk factors, Flexium has adopted the <i>Hazard Identification and Risk Evaluation Management Procedures</i> to evaluate the potential frequency, feasibility, probability, and severity of occupational risks, which are cross-referenced with probability and severity weighting to determine risk levels. Improvement measures based on risk level are then proposed to achieve risk control and mitigation.

Business Continuity Planning

To further enhance its business continuity planning, Flexium established a Risk Management Group to strengthen crisis and risk management awareness and culture throughout the organization. The Risk Management Group implements routine risk assessment and control and conducts risk assessments and crisis response drills for fire, earthquakes, information system interruptions, information security, supply chain interruptions, important yield losses, and water and electricity supply interruptions. It also employs a comprehensive analysis of implications, alternatives, and solutions, and recommends appropriate prevention and recovery measures. Each task force within the organization is entrusted with minimizing human injuries, business disruptions, and financial impacts caused by emergencies as well as reviewing and revising business continuity planning to ensure its efficacy in reducing corporate risks.

We conduct preemptive assessments of potential major crisis events to identify feasible preventive strategies and compile crisis management procedures and recovery plans to reduce their impacts on business operations. The inter-organizational central crisis command center, composed of operational and logistical support units, is in charge of providing instructions and handling internal coordination to minimize response time while proactively engaging in communication with stakeholders.

Organization of Business Continuity Planning



Procedure of Business Continuity Planning



2.3.2 Emergency Response

In response to possible situations, the company has issued *Emergency Response Plan Instructions* to regulate the emergency 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. By following our emergency response policy, we have been committed to safeguarding our employees' safety at work, preventing losses from disasters, protecting stakeholders' interests, enhancing our emergency response capabilities, and enabling speedy recovery to fulfill our promise of protecting our clients.

Two self-organized fire response drills were held at our plants in 2021 with a total attendance of 1,233 people. The drill trained employees in extinguishing fires, reporting fire hazards, and evacuation. 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.

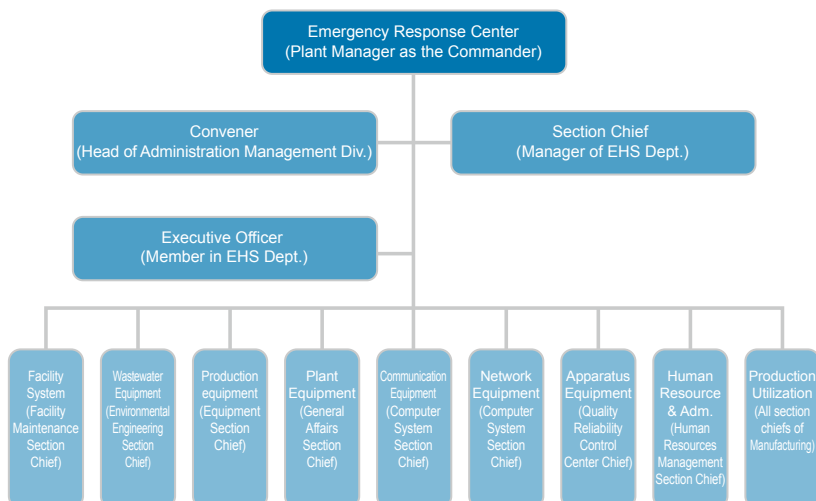
Two fire drills in 2021



Chemical spill drills in 2021



Emergency Response Center



Emergency Response Plan Aspects

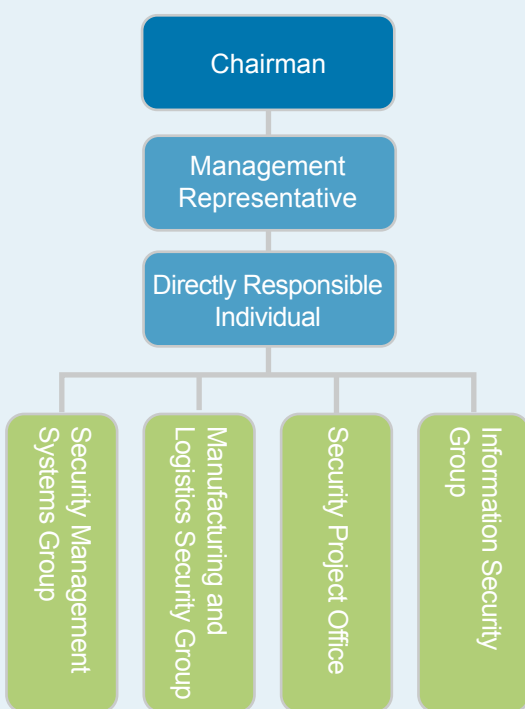


2.4 Information Security Management

Information Security Management Policy and Structure

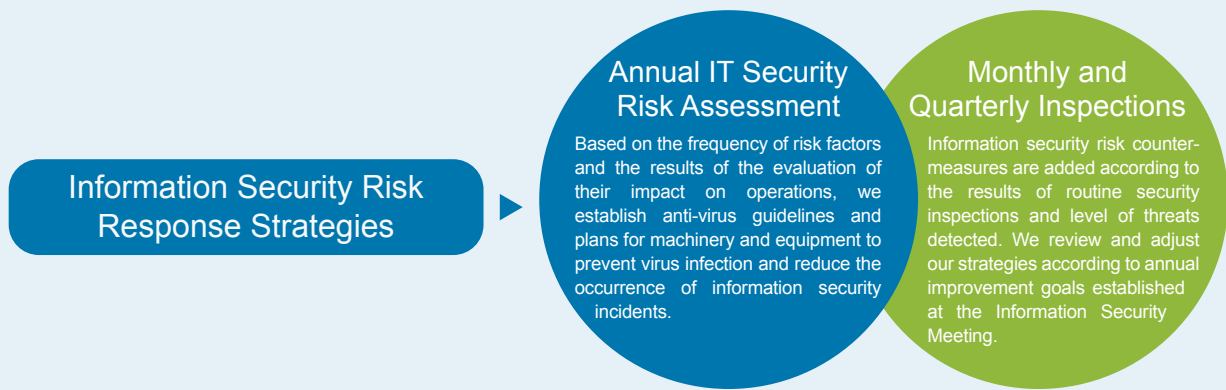
Flexium provides the *Security Responsibilities for Customers (SRC) Manual* to ensure that our clients' products and confidential information are secure and that their information property is properly protected, stored, and used. The manual covers four areas of responsibility, namely management, manufacturing, 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. The Director of the MIS Division approves and formulates information security policy, and routinely monitors and manages the achievement of targets in compliance with our zero-violations objective. We have implemented information security measures based on the principles of sustainability, legality, concept, and control, and established a security responsibility management system to protect customers' product and confidential information, as well as to increase customer awareness of and confidence in our commitment to information security.

SRC Security Responsibility Management Organization

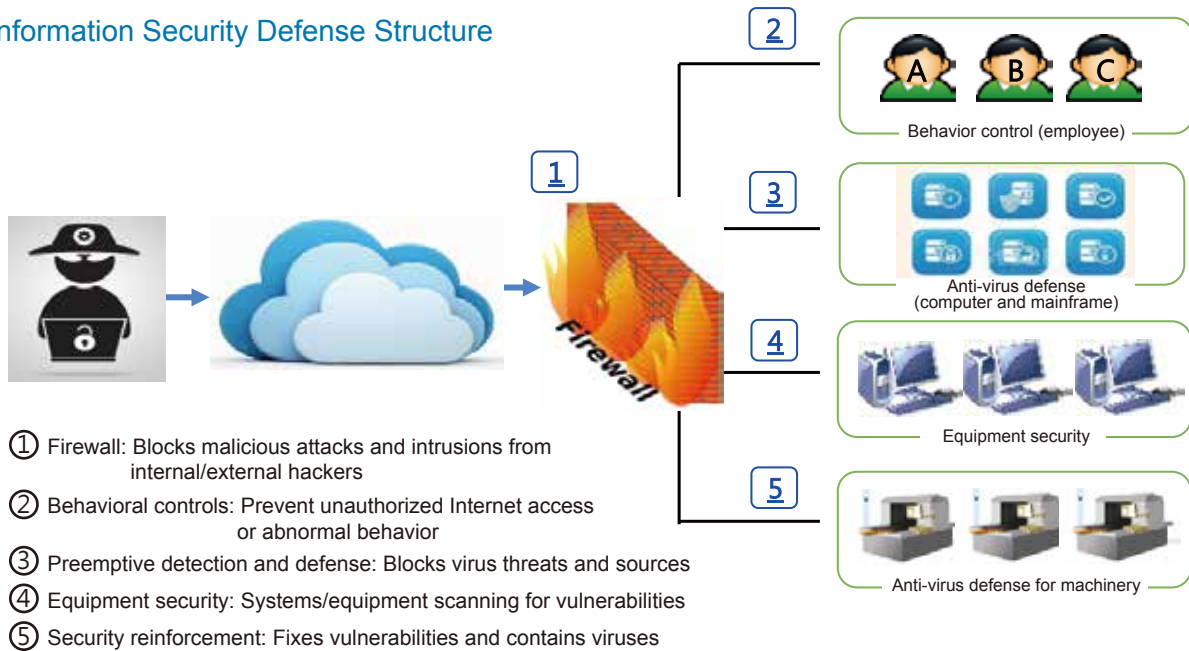


Information Security Risk Management

We set up an information security defense framework to assess our information security risk factors so that we can adopt response measures to strengthen information security protection. To fulfill our responsibility to protect customers' personal information, Flexium continuously strengthens information security measures to address threats associated with computer equipment management, hardware protection, application security, and Internet access. We have completed the technical and managerial inspections and evaluations required by our *Information Protection and Management Protocol* to enhance our network and information system security capabilities and governance over network and information systems.



Information Security Defense Structure



Furthermore, the MIS Division launched an early warning app that constantly monitors information system status to mitigate business continuity risks caused by interruptions to the information system. The app detects system anomalies in real-time and sends out alerts to facilitate immediate response to and resolution of problems before they lead to major system failure. In 2021, the MIS Division combined the Message Gateway System with the company’s communication software, Flexium Chat, to create the Flexium App, which incorporates an early warning function, expiration notifications, and internal announcements. Our employees can stay updated about plant affairs by forming online communities to exchange information and access the personal health management system, compensation and work schedule information, and questionnaires.

Flexium App Features



Increasing Information Security Awareness of All Employees

Flexium has been raising information security awareness among its employees through multiple channels and initiatives. We conduct annual safety inspections and apply Proof of Concept (POC) to newly purchased electronics to identify potential security threats and risks to reinforce information security during procurement. To consistently maintain a high level of information security, we improve infrastructure, optimize Internet speeds, keep software updated, and increase awareness through monthly meetings, e-mails, and education and training.

Information Security Training

Subject	Course Content	Total Number of Participants (Unit: persons)	Total Training Hours (Unit: hours)	Participation Rate (%)
New Employees	Information education, training, and exams for new employees	765	32,895	100%
IT Technician and Associated Personnel	General Information courses	8	24	100%
Other Personnel	General Information courses	220	880	100%

A total of six information security violations were recorded in 2021, two of which involved damaged information equipment due to human error, while the other four were due to carrying personal information devices, lost equipment, and the installation of unauthorized software. To reinforce employee awareness and mitigate information security risks, the company has imposed information security education and training, disciplinary measures, publicity campaigns, and punishment of violators according to the severity of their violations.



Innovating Service Value



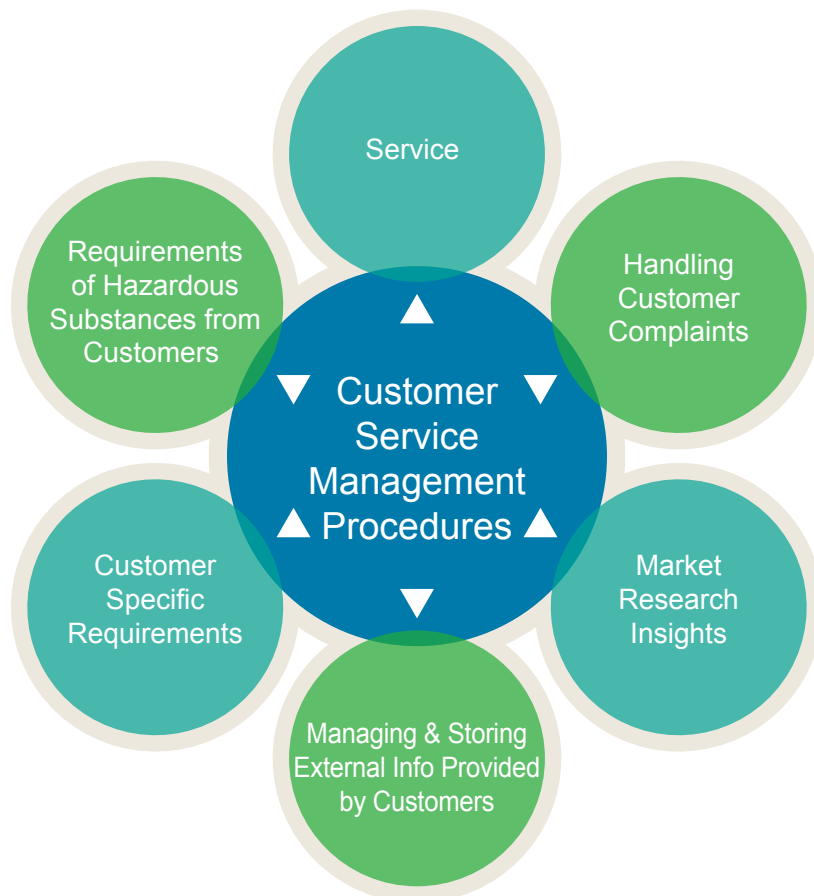
Innovating Service Value

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 Customer Relationship Management

3.1.1 Customer Services

Flexium has developed its *Customer Service Management Procedures* with the complete understanding that customer feedback is the force and foundation driving our continuous improvement. We insist on providing superior service quality and hold customer feedback in the highest regard. We make it our mission to grow our customer base and maintain ties with customers as an everyday part of the business, and we view communication as a vital bridge that connects the company and its customers. Our communication channels include but are not limited to emails, telephone calls, and communication software. In doing so, we hope to accurately respond to customer feedback in a timely manner, and make available a diverse array of communication channels for customers to quickly satisfy their needs.



Contact Information Corporate website: <https://www.flexium.com.tw/en/index.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

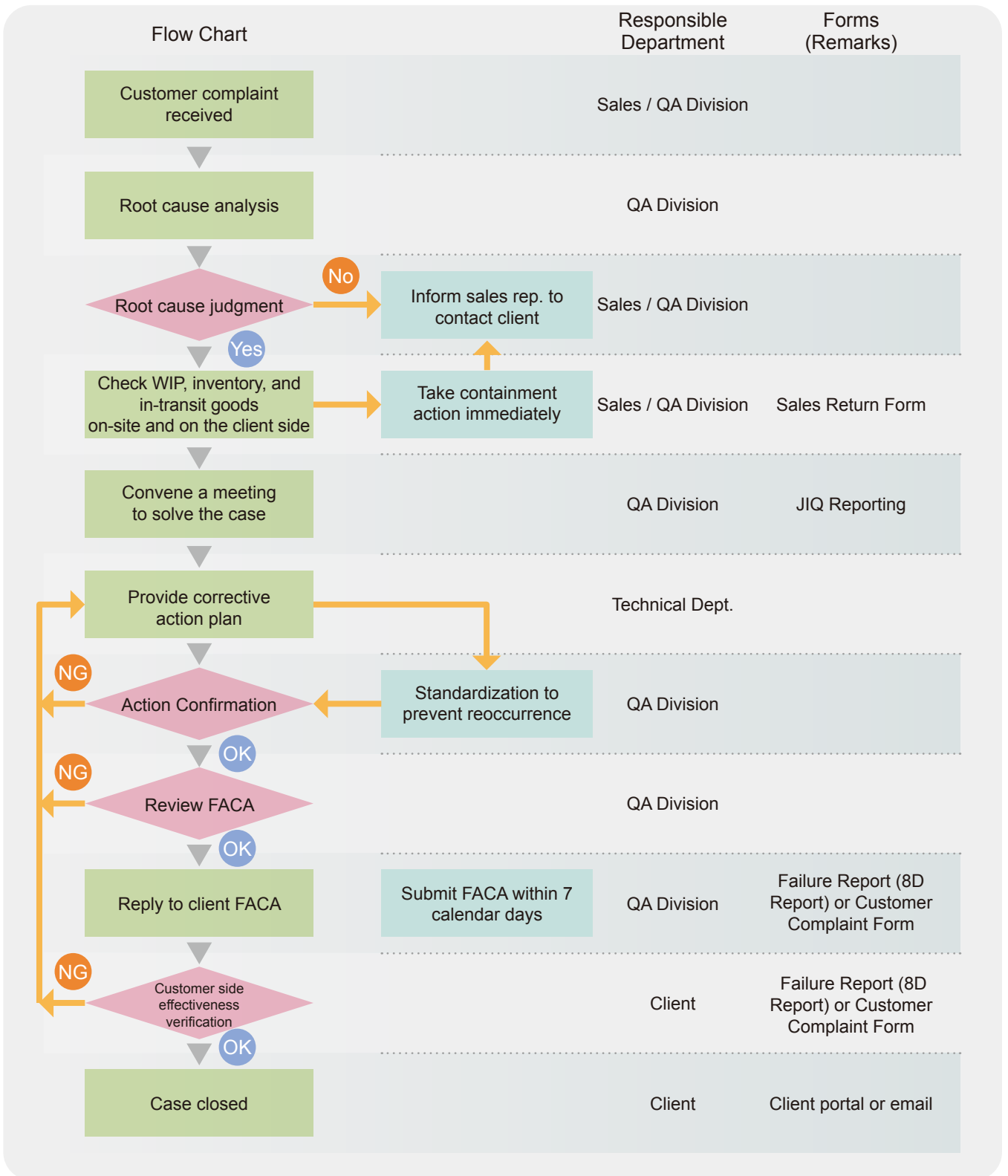
The Company has established its *Confidential Customer Information Management Procedures* to ensure that customer information is effectively kept confidential. The Procedures are designed to control authorization for the following: non-disclosure agreements (NDAs) with customers, mutual non-disclosure agreements (MNDAs) with major suppliers, confidentiality involving new product development, and matters specifically requested by customers to be kept confidential. We installed an NDA management system to keep track of and effectively control the number of employees in the Group who are authorized to access confidential customer information. When an authorized employee resigns, the system deletes the employee’s authorizations and changes the employees’ status to ‘resigned.’ Authorized employees are managed in a uniform manner under their respective categories based on the information they have access to (e.g., matters requested to be kept confidential, documents, and contracts). In 2022, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data.

Flexium has established its *Customer Complaint Handling Procedures* to handle customer complaints. We analyze the underlying reasons for complaints and respond quickly to customers to reduce the occurrence of complaints. When we receive a complaint, we respond within 72 hours and produce a report utilizing the eight disciplines problem solving (8D) process within 5 to 7 days, or within a time frame as requested by the customer. Flexium has developed standard operating procedures to handle customer complaints, reviews, returns, complaints about non-conforming hazardous substances, and major recalls of defective automotive or medical parts. The goal of these procedures is to ensure effective resolution, reduce future customer complaints, prevent recurrences, and ultimately increase customer satisfaction.

In 2021, Flexium’s Kaohsiung plant received 23 customer complaints, which were related to cosmetic defects (57%), functional defects (26%), and dimensional defects (17%). All of these complaints have been resolved. An analysis of the complaints revealed that incorrect operations and procedures were the cause. We corrected the problems by formulating standard operating procedures, training employees on the correct way to handle these operations and procedures, ramping up inspections and unscheduled audits, and ensuring operator compliance.

Customer Complaints in the Past Three Years

Year	2019	2020	2021
No. of Complaints Received	38	32	23
Percentage of Complaints Resolved	100%	100%	100%



3.1.2 Customer Satisfaction Survey

To understand customers' opinions, our Sales Division conducts annual customer satisfaction surveys of our top 10 customers. The results serve as the basis for continuing improvements at the Company. The survey covers six major indicators: quality, service, delivery, price, technology, and hazardous substances. We set our annual target at 85 on a 100-point scale.

The survey results are reviewed in management review meetings that are convened on a regular basis by the management representative to ensure that improvement measures are properly implemented. The survey report compares results from the current year against results from previous years to provide a comprehensive overview of customer satisfaction trends. The report also serves as a reference for future improvements and corrective measures to ensure that our service quality lives up to the expectations of our customers.

To increase product yields and lower defect rates across all of our products, we began holding daily quality meetings (DQMs) in 2019. We have implemented controls to prevent anomalies at critical production stations and conduct periodic reviews of the control data. We also established the Product Quality Control Department to reduce problems associated with the quality of mass-produced products. In 2020, we secured our leadership position in the smartphone market (including expansion into high-frequency 5G products) and continued improving the quality of our automotive and medical products and services. In 2021, the supply market shifted toward Chinese-owned plants, making price competition fiercer. As a result, our customer satisfaction rating in the price category was slightly lower. In addition, the global COVID-19 outbreak prevented us from engaging with our customers in person. We were unable to properly serve our customers and listen to their needs, leading to lower scores in the service category compared with the past two years. Nonetheless, we were able to maintain an overall satisfaction rating above 85, meeting our target. In 2022, we will continue to set our target satisfaction rating at 85 and strive to continuously improve our products and services to ensure the satisfaction of our customers.

Indicators	2019	2020	2021
Quality ▶	86	87	93
Service ▶	90	91	89
Delivery ▶	83	86	86
Pricing ▶	62	75	86
Technology ▶	88	89	92
Hazardous Substance Management ▶	88	92	94
Total ▶	83.00	86.00	90.00
Target (%) ▶	85%	85%	85%
Revenue contribution of top 10 clients as a percentage of all revenue (%) ▶	81%	85%	85%

Note: The targets for this survey were our top 10 clients in terms of revenue contributions in 2021.

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 in 2021	Description	Target Achieved
Product Yield ▶	•Target: Single-layer 97.5%, double-layer 96.5%, multi-layer 95%	--
Quotation Acceptance Rate ▶	•Target: 30% •Calculation: Accepted quotations as a percentage of all quotations.	✓
Order Fulfillment Rate ▶	•Target: 94.5% •Calculation: Fulfilled orders as a percentage of all orders.	✓
Control Shipping Costs ▶	•Target: Cap Product export shipping costs at <NT\$200,000/month	✓
Number of Customer Complaints ▶	•Target: No. of customer complaints averaged ≤ 5 cases •Calculation: Statistics on customer complaints due to product quality, hazardous substance control, or late deliveries	✓

Note: "✓" indicates that the target has been achieved, and "--" indicates that target was not achieved.

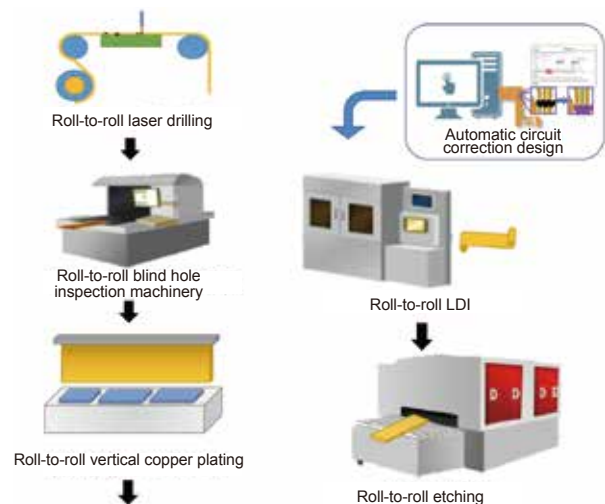
3.2 Research and Innovation

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.

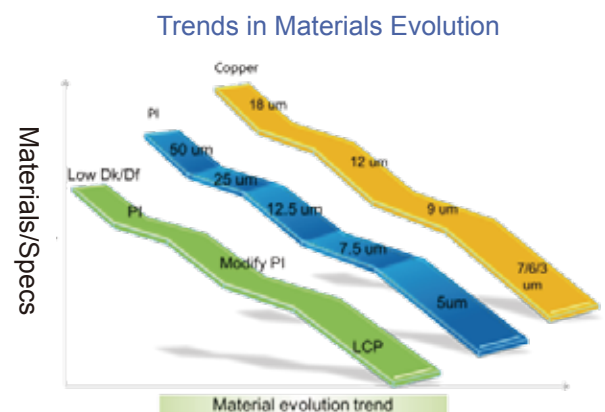
3.2.1 Innovation Management

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 full fill plating technologies.



In 2021, we steered our technological development in a completely different direction to that of 2020 due to the increase in the number of circuit board layers. Our technological development in 2021 was focused on how to reduce the number of laminations and the use of consumables. For example, the technological innovation of an 8-layer circuit board can facilitate three rounds of reduction in lamination and also minimize the use of consumables in the manufacturing process. In this way, we achieved our goal of process optimization.

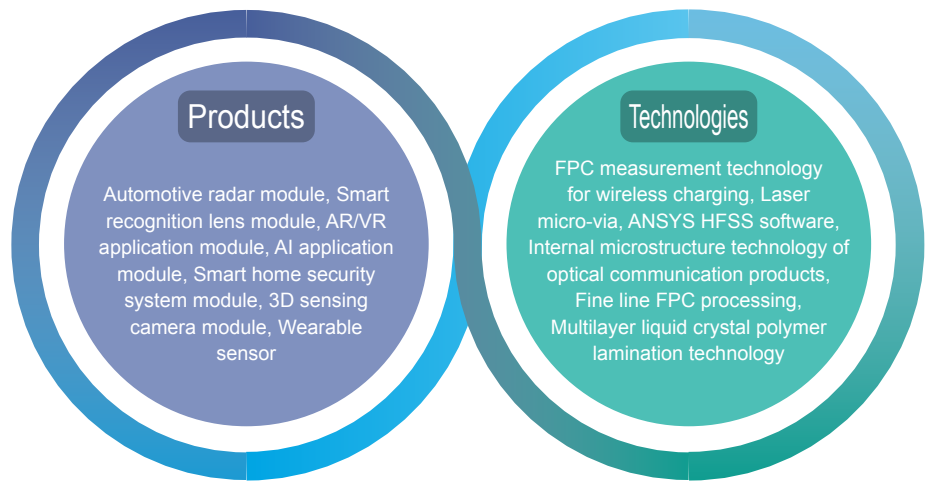
Flexium's Product Development Roadmap

Capability		2021	2022	2023
Layer counts		<ul style="list-style-type: none"> • S/S & D/S • Multi-Layers: 12 layers 	<ul style="list-style-type: none"> • S/S & D/S • Multi-Layers: 12 layers 	<ul style="list-style-type: none"> • S/S & D/S • Multi-Layers: 12 layers
Flex material		<ul style="list-style-type: none"> • Polyimide & LCP • Low Dk/Df material • Colorless Polyimide 	<ul style="list-style-type: none"> • Polyimide & LCP • Low Dk/Df material • Colorless Polyimide 	<ul style="list-style-type: none"> • Polyimide & LCP • Low Dk/Df material • Colorless Polyimide
Base thickness		75um, 50um, 25um, 12.5um, 7um	100um, 75um, 50um, 25um, 12.5um, 7um	100um, 75um, 50um, 25um, 12.5um, 7um
Copper thickness		70um, 35um, 18um, 12um, 9um, 6um, 3um	70um, 35um, 18um, 12um, 9um, 6um, 3um	70um, 35um, 18um, 12um, 9um, 6um, 3um
Coverlay (PI/adhesive)		12.5um/25um, 12.5um/15um, 7um/10um	25um/33um, 12.5um/25um, 12.5um/15um, 7um/10um	25um/33um, 12.5um/25um, 12.5um/15um, 7um/10um
Drill	Mechanical	0.075mm	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)	0.018/0.018mm	0.018/0.018mm	0.018/0.018mm
	D/S(12um)	0.030/0.030mm	0.030/0.030mm	0.030/0.030mm
LPSM of shift tolerance		0.035mm	0.030mm	0.030mm
LPSM of opening		0.15 mm	0.10 mm	0.10 mm

3.2.2 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.

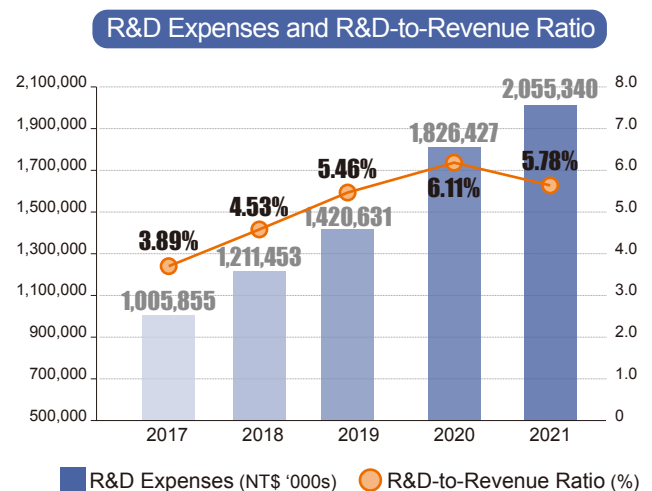
As Flexium expands its business, the Company has also stepped up its efforts to obtain international patents. We obtained 8 patents in 2021, 5 from China and 3 in Taiwan, for a total of 306 patents (not including pending applications), which exemplifies Flexium’s competitive advantage in FPC manufacturing 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/For automobile 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

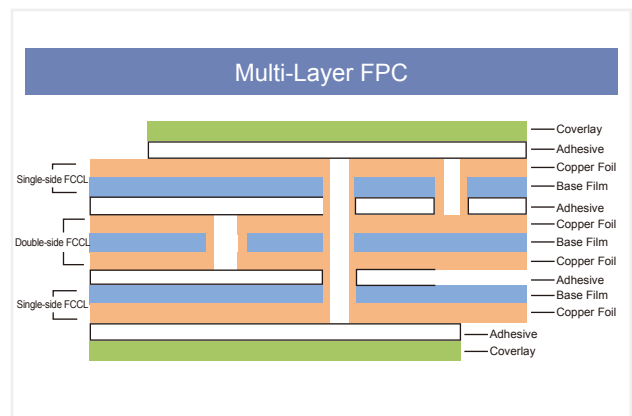
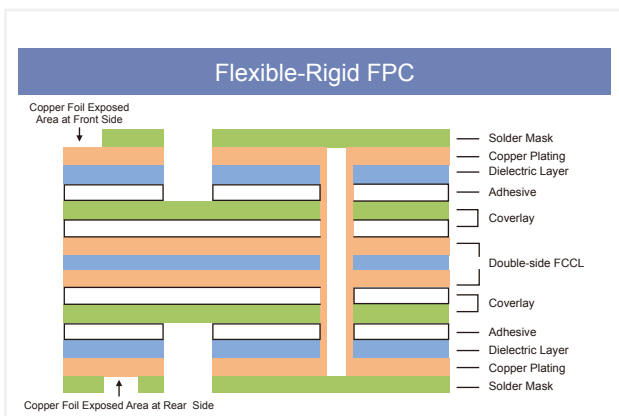
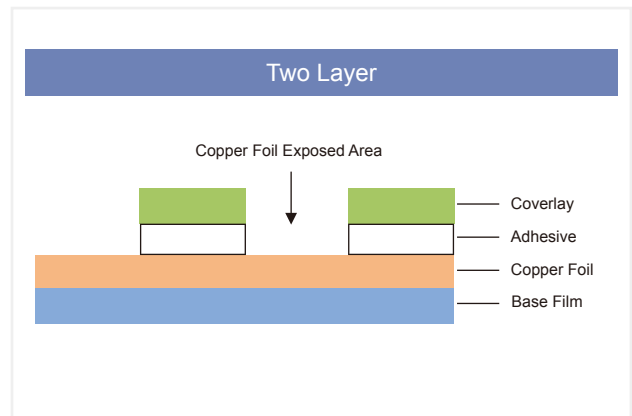
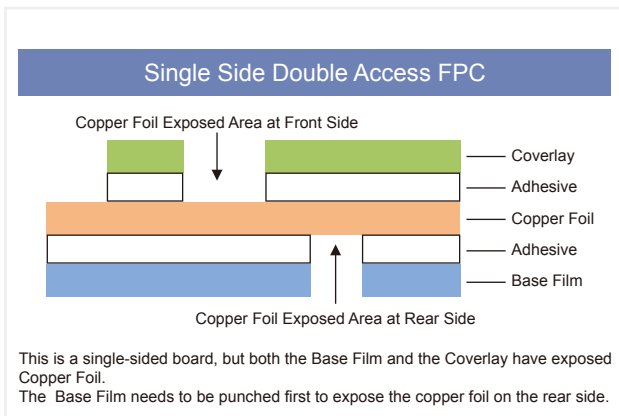
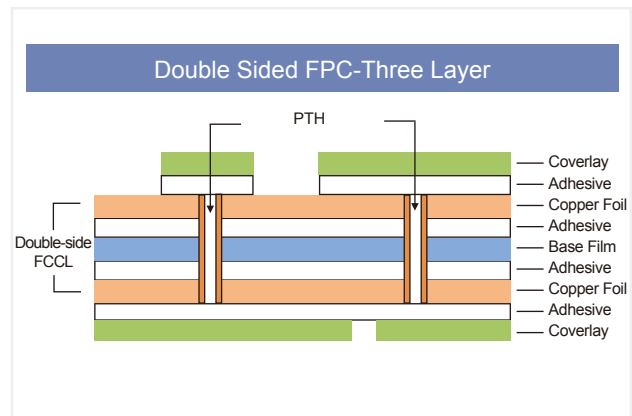
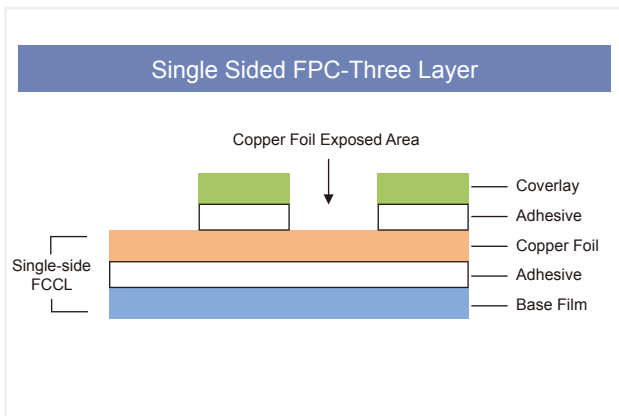
Flexium engages in industry–academia collaborations to conduct pioneering research on practical technologies and knowledge application, integrate and utilize R&D resources, unleash the research potential of schools and academic research institutes, and consolidate the needs of businesses. To this end, Flexium collaborated with National Cheng Kung University to carry out a one-year industry–academia research project titled *Development and Application of Maskless Exposure and 3D Microstructure Process Technology (2020–2021)*. As an extension of this project, a second project, *3D Structure Processing Process Development For Optical Communication Products (2021–2022)*, was launched to extend product requirements in the post-development stage. We also engaged in an industry–academia collaboration (2021–2022) with National Sun Yat-sen University on the *Development of High-Precision Packaging Technology for Optoelectronic Composite Boards*. Flexium signed agreements for these projects in 2021. Each of the three projects will span a period of 1 year and require a total of NT3.3 million in funding.



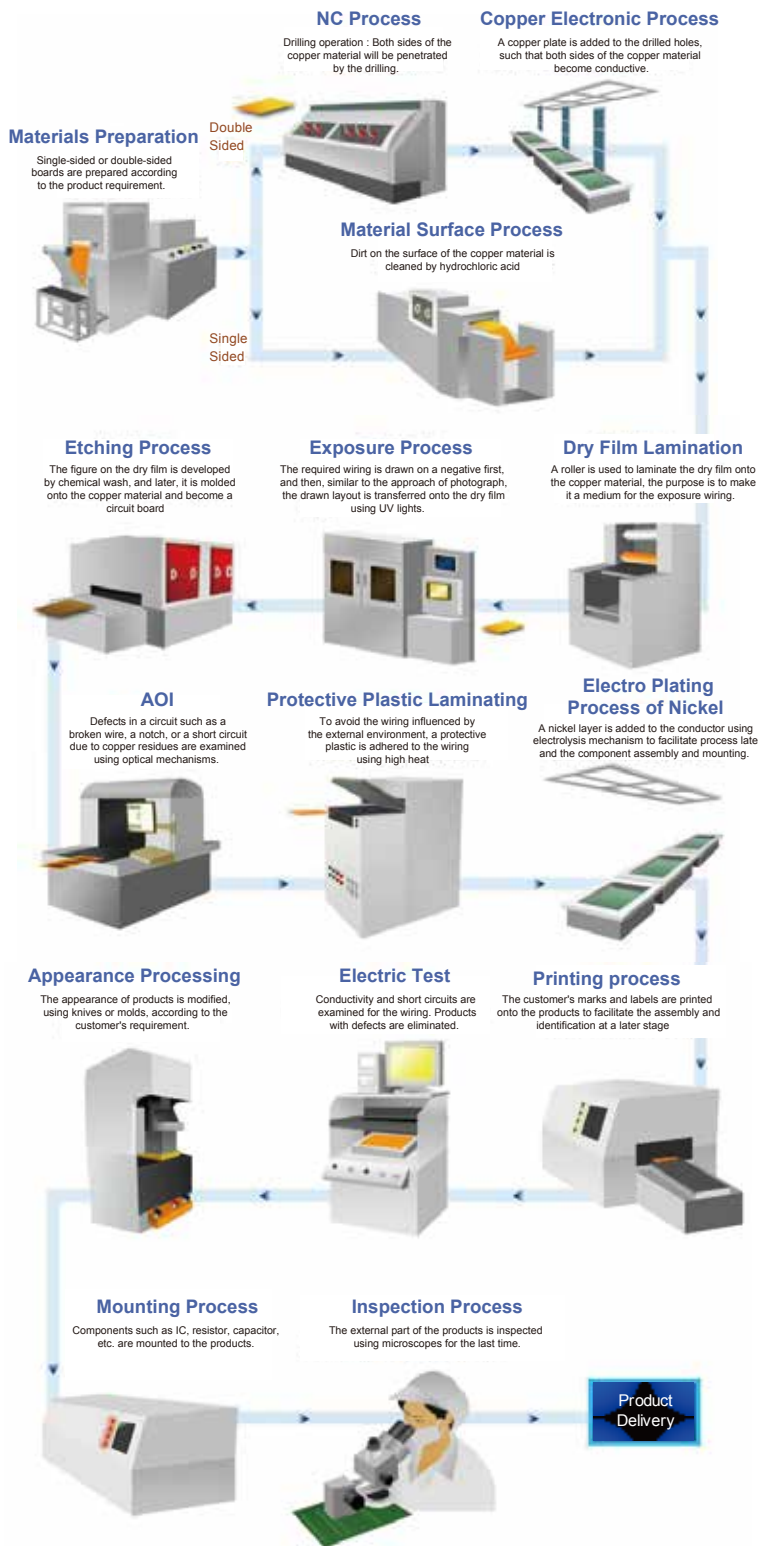
3.2.3 Product Quality

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 have adopted and implemented ISO 9001, ISO/IATF 16949 (Automotive Quality Management Systems), ISO 13485 (Medical Devices - Quality Management Systems), and IECQ QC 080000 (Hazardous Substance Management Systems). Third-party verifications have been obtained for these systems, all of which are valid until 2024. We are rolling out robust quality assurance practices across all our product lines. We have a quality policy along with a series of quality assurance management systems in place to regulate our quality and service standards and continuously optimize product quality.

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

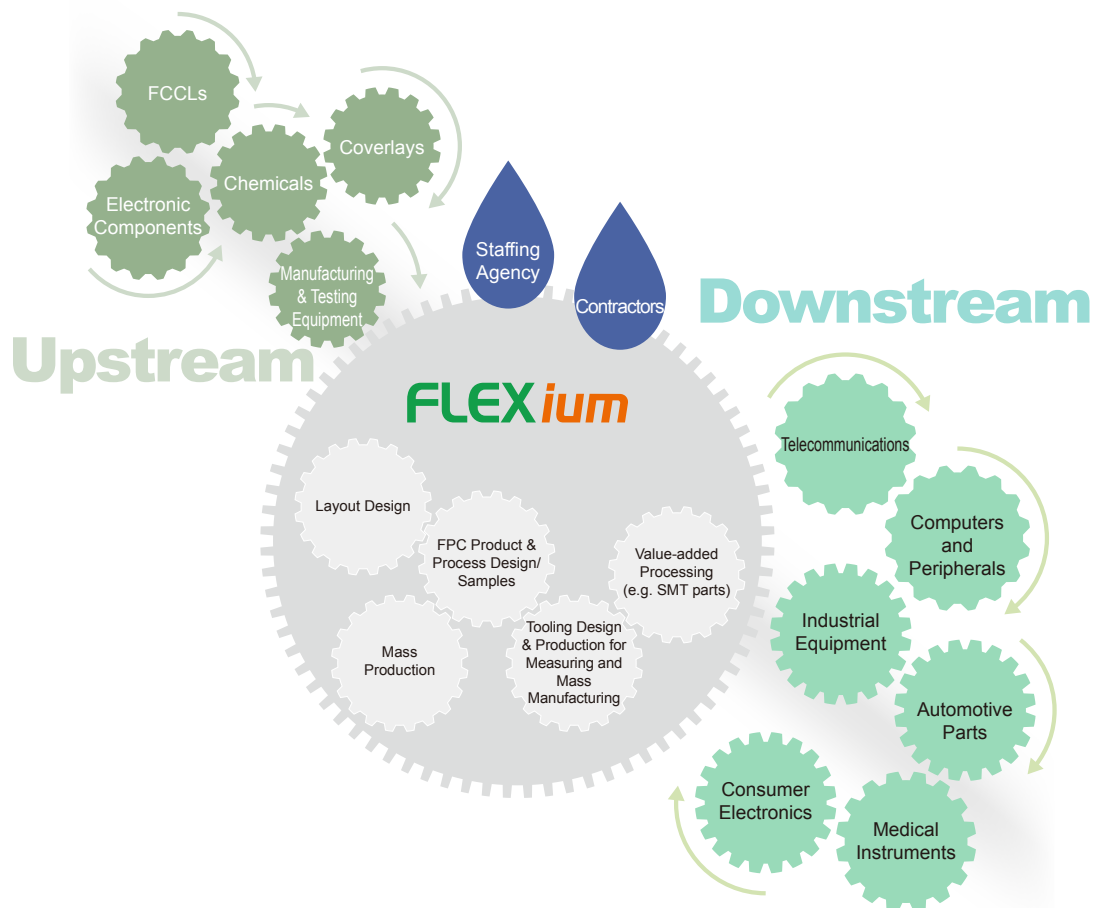
To keep up with the rapidly changing world, we actively cultivate outstanding talent to maintain the Company's leading position, coordinate with customers to develop innovative products, and provide customers with comprehensive and professional technical support through constant R&D. We continue to introduce 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.

3.3 Responsible Sourcing

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 Procedure*, *Supplier ESG 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*, 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.

3.3.1 Industry Value Chain

Flexium specializes in FPCs, which are produced from flexible copper clad laminates (FCCL), various chemicals, films, and electronic parts and components. FPCs can be applied to electronics in IT, communication, and consumer products. The properties, production methods, and technical aspects of upstream materials all have a significant impact on the quality of FPCs. In other words, the expertise and support of our upstream, midstream, and downstream suppliers are imperative. To avoid breaks in the supply chain, Flexium engages in 4 to 12 weeks of preparation and planning for raw materials based on customer needs. Substitutes are purchased only after verification and approval from the customer. To achieve a circular economy and the goal of 100% recycled gold, Flexium plans to purchase recycled gold salts in 2022. We have made plans to work with precious metal refineries that have earned UL 2809 Recycled Content Validation. Specifically, liquid gold waste from manufacturing processes will be recycled and reproduced by the refineries and then resold to Flexium for use in our production and manufacturing processes. In this way, materials are recycled, regenerated, and reused.



3.3.2 Supplier Sustainability Management

Overview of Supply Chain

Flexium classifies its suppliers into four major categories: copper, chemicals, tooling, and equipment suppliers. The suppliers are then divided into primary suppliers and key suppliers based on procurement volume. Suppliers are evaluated differently depending on their category. Evaluation methods include on-site audits and written assessments. Over 94% of our suppliers are based in Taiwan.

Number of Primary ^(Note 1) /Key ^(Note 2) Suppliers and Procurement Volumes and Percentages			
Year	2019	2020	2021
Total Number of Suppliers ▶	417	452	406
Number of Key Suppliers ▶	111	123	151
Number of Primary Suppliers ▶	18	12	11
Procurement from Key Suppliers (%) ▶	96.56	97.18	97.98
Procurement from Primary Suppliers (%) ▶	47.59	43.05	45.79

Notes:

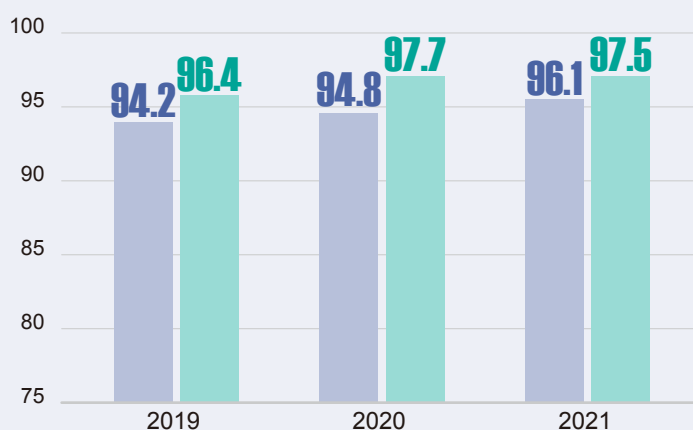
1. The primary suppliers provide copper and coverlays.
2. Key suppliers are those with an annual transaction volume with Flexium in excess of NT\$ 1 million.

Local and Green 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.

Flexium encourages the adoption of green procurement policies. In 2021, the Company purchased NT\$7.65 million worth of FSC-approved products or products with international/domestic energy-saving and environmental protection labels (e.g., ENERGY STAR®), accounting for 0.243% of our total procurement.

Local Procurement ■ Procurement Volume (%) ■ Number of Suppliers (%)



Note: Local procurement refers to the purchasing of goods or services from suppliers whose businesses are registered in Taiwan.

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* 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 code 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 sustainability management along the way.

Flexium Supplier’s Code of Conduct is based on the Responsible Business Alliance (RBA) guidelines and covers the following issues:

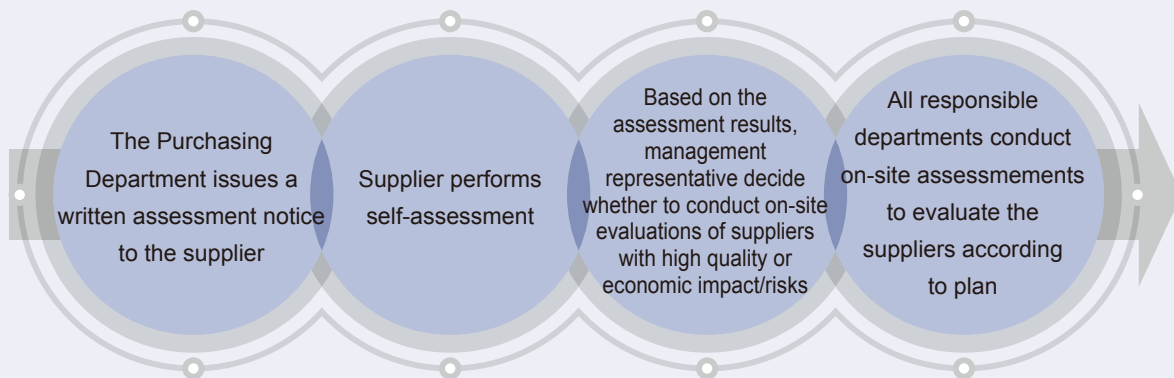
LABOR	HEALTH AND SAFETY	ENVIRONMENT	ETHICS	MANAGEMENT SYSTEM
Freely Chosen Employment	Occupational Safety	Environment Permit and Reporting	Business Integrity	Company Commitment
Young Workers	Emergency Preparedness	Pollution Prevention and Resource Reduction	No Improper Advantage	Management Accountability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

We amended our *Supplier’s Code of Conduct* in January 2022 in response to the 2021 revision of the *RBA Code of Conduct*. 151 of our key suppliers were asked to sign the updated code starting Feb. 2022. As of the date of publication, 147 suppliers have signed the updated code, 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.

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*. Based on the results, supplies are graded A, B, C, and D. A and B grade suppliers are given priority, whereas grade C suppliers are provided with a review report. Suppliers who receive a C grade for two consecutive months are asked to submit a continuous improvement plan, and we will keep track of their improvement progress. Suppliers who receive a C grade for three consecutive months will be suspended until they have made improvements and passed re-inspection. Failure to do so will result in the revocation of trade qualifications. 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.



Supplier Sustainability Risk Management Procedure

Supplier ESG Auditing

Flexium has developed its own set of supplier ESG auditing standards based on the *RBA Code of Conduct* to audit suppliers’ ESG and sustainability practices. The scope of evaluation includes human rights, working hours, chemical and equipment safety, environmental protection, management systems, and responsible sourcing of minerals.

Every year, a written assessment is conducted on major suppliers with a transaction volume in the top 80% and a workforce of 300 or more. The results of the written assessment are used to determine whether to conduct on-site audits of suppliers that might generate quality and economic impacts/risks. On-site audits are conducted in accordance with our annual *Supplier ESG Assessment Plan*. In 2021, Flexium audited two major suppliers. The audit results showed that one supplier had no nonconformities and offered three opportunities for improvement (OFI) for correcting their environmental safety and health measures. The other supplier had six nonconformities and three opportunities for improvement (OFI) for correcting their labor conditions and environmental practices. Specifically, the latter supplier failed to train their foreign workers in human rights, mismanaged working hours, and did not properly carry out spot checks on hazardous wastewater and waste gas. Nevertheless, the supplier completed the corrective actions for all findings prior to the mandated deadline at our request.

In addition, Flexium encourages tier-1 suppliers to launch the RBA’s validated assessment program (VAP) so as to align their sustainability practices with international trends and requirements. In 2021, 0.2% of Flexium’s tier-1 suppliers passed the RBA’s VAP, and none of their plants were at high risk.

Tier-1 Suppliers	Percentage of Suppliers that Passed the RBA VAP (%)
All Plants	0.2% (1/406)
High-Risk Plants ^(note)	NA

Note: High risk refers to plants with a score of no more than 65% in at least five sections of the RBA SAQ or plants having the RBA’s priority non-conformances.

3.3.3 Responsible Mineral Procurement Management

Responsible mineral outsourcing has become a standard practice that businesses in the electronics industry are adopting as a part of green supply chain management. Such a practice serves to ensure the security of the supply chain, fulfill ethical responsibilities, safeguard business reputations, and respond to trade conditions and regulatory requirements in the international market. Flexium supports the Responsible Minerals Initiative (RMI), which was founded by members of the Responsible Business Alliance (RBA), as well as the Global e-Sustainability Initiative (GeSI), by practicing responsible minerals management and disclosing its *Responsible Minerals Policy* on the company website.

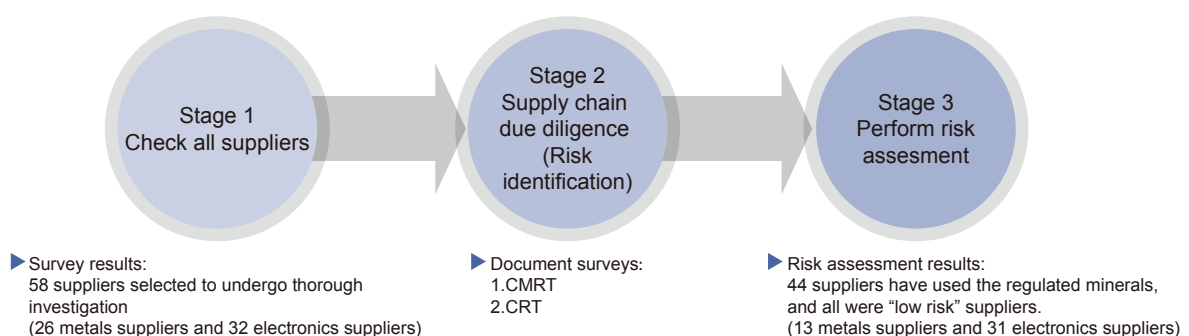
To establish a more complete responsible mineral management process, in 2020, we revised our *Conflict-Minerals Policy* into the *Responsible Minerals Policy*; established a responsible mineral management team; created a grievance mechanism; demanded that mineral supply chains practice responsible mineral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

We review laws and regulations on a quarterly basis to ensure conformance with international laws and customer requirements. In the event of changes to contents relevant to responsible mineral outsourcing, the Company responds by taking action to revise internal operational regulations and methods accordingly. During annual supplier ESG evaluations, we examine the suppliers' responsible mineral procurement management practices.

Every three months, the Company conducts a three-stage due diligence on suppliers of metals (tantalum, tin, tungsten, cobalt, and gold) and other materials needed for our production. Suppliers are requested to submit the relevant documents using the latest RMI Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT). Due diligence involves identifying risks in the mineral supply chain and then performing a risk assessment. The results are presented to management representatives for review. If the assessment results identify a supplier as high-risk, the supplier is asked to submit a risk mitigation plan and implement that plan until the risks involved have been eliminated.

In 2021, we conducted due diligence on our suppliers. In Stage 1, we took an inventory of all our suppliers and identified 58 metals/electronics suppliers. These suppliers were included in the due diligence. In Stage 2, the 58 suppliers were asked to fill out the relevant forms (the CMRT and CRT) for risk identification. In Stage 3, we performed review and risk assessment based on the data submitted by the suppliers. Forty-four suppliers were identified as users of regulated minerals (tantalum, tin, tungsten, cobalt, and gold). Items in the risk assessment include whether the supplier has completed the CMRT, whether the smelter and refinery have been verified, and whether the smelter is customer-approved. Our risk assessment results showed that 44 suppliers were low-risk suppliers; thus, no mitigation plans were required of them. Our annual due diligence results are also reviewed in the annual management review meeting.

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 (RAMP) 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%.



3.3.4 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 waste of resources 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 the use of hazardous substances, we also reduced the use of chemical containers. We switched from 4-liter containers (which were used to store a total of 2,440 liters of chemicals) to 20-liter containers, which cut down our use of containers from 610 to 122 containers and reduced the frequency of deliveries and the number of trips required to transport the containers, thereby lowering our carbon footprint.

Protecting the Environment for Sustainability



Protecting the Environment for 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 ISO 45001:2018 (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 established guidelines for chemical spills and emergency procedures to respond to emergencies and mitigate impacts. We have never been fined by the competent authorities for serious chemical spills incidents since the founding of the company.

Flexium is planning to join the RE100 global renewable energy initiative. We are committed to achieving the target of 100% renewable energy consumption throughout the company by 2050 to boost the development of renewable energy in Taiwan for a sustainable future, while closely following global zero carbon trends to mitigate the impacts of climate change.

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. The company filed administrative appeals against the fines in December of 2020 and underwent a year of administrative litigation. The court issued a ruling on May 16, 2022, which cited the facts of leakage and damage but concluded that the company had been cooperative and was not accountable for the violation of the Water Pollution Control Act Article 73. The court ruled that the incident constituted a general violation and imposed a total fine of NT\$ 845,520. Although the incident was caused by the neighboring company, we are willing to accept our share of responsibility for environmental protection. No further environmental breaches have been reported besides the above incident.



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.

Framework	Actions and Measures
Governance	(a)The Board of Directors receives a report on climate change at least once a year and considers climate change issues when determining major capital expenditures. (b)The ESG Steering Committee, comprising department directors and the ESG management representative (Director of the Administrative Management Division), is the primary supervisory body in our corporate ESG sustainability management system. The ESG management representative submits an annual report on ESG achievements to the Board, including projects and outcomes associated with material climate change issues.
Strategy	(a)Short-term is defined as less than three years, medium-term as three to five years, and long-term as five to ten years. (b)"Material risks" refers to adaptational risks such as legal compliance, markets, and technology, as well as immediate and long-term physical risks. (c)We plan to introduce a scenario analysis approach to risks and opportunities associated with climate change in the fourth quarter of 2022.
Risk Management	(a)We conduct group seminars to identify risks and opportunities based on the group members' duties and compile a risk/opportunity matrix built on frequency (7 levels) and level of impacts (5 levels). (b)The ESG Steering Committee assesses and determines climate strategies and solutions to carry out risk and opportunity management. (c)We expect to complete our <i>Climate Change Risk and Opportunity Management Procedures</i> in 2022.
Indices and Targets	(a)Please refer to 4.3.3 of the Report (b)Please refer to 4.1.2 of the Report (c)Please refer to 4.3.3 of the Report

Responsible Identification Unit	Climate Risks and Opportunities	Impacts
Finance Division	<ul style="list-style-type: none"> Short-Term: Risks associated with a lack of awareness of climate-related issues and insufficient legal compliance disclosures. Medium-term: Risks associated with the considerable resources that will be required to mitigate climate risks in order to meet global carbon reduction targets. Long-term: Reductions in operating costs from promoting energy use efficiency 	<ul style="list-style-type: none"> Short-term: Changes in supply and demand induced by climate change policies, technology developments, and market variations that may affect our asset and liability ratings. Medium-term: The continuous growth and expansion of the carbon pricing system to regulate emissions Long-term: Climate-related risks and opportunities may change debt and equity structuring by increasing debt to compensate for reduced cash flows, new capital expenditures, or R&D funding.
Manufacturing Div./ Environmental Engineering Department	<ul style="list-style-type: none"> Short-term: Because our facilities are located in a typhoon-prone region, the equipment in the plants is vulnerable to the wind and rain associated with severe storms. Medium-term: Climate change affects precipitation patterns. We must plan for water supply to cope with the prolonging of the drought season and to improve our water processing capacity to manage heavy precipitation during the rainy season. Long-term: Rising global temperatures cause increased electric power consumption to meet air conditioning needs, as well as an increase in total energy consumption. The company needs to accelerate its green energy procurement to prevent the risk of failing to meet the green power ratio targets set by our customers. 	<ul style="list-style-type: none"> Short-term: Typhoons damage equipment and cause wastewater overflows, resulting in fines for environmental violations. Medium-term: Changes in precipitation patterns. If the dry season lasts longer than expected, water trucks must be deployed, incurring an additional water truck rental cost. If the drought season continues and the purchased water volume is insufficient to satisfy the demands of the manufacturing line, production may be suspended. Long-term: Rising temperatures cause an increase in plant-wide electric power consumption. If we do not satisfy customer requirements for green power generation, our orders may be canceled.
Manufacturing 2 nd Div./ Environmental Engineering Section	<ul style="list-style-type: none"> Short-term: Volatile weather patterns caused by climate change may cause damage to our machinery and equipment as well as pipelines, resulting in an unstable power supply or power shortages. Medium-term: Assess the feasibility of green power generation to address issues with unstable power supply due to weather extremes. Long-term: Construct self-owned power plants to avoid financial risks caused by reduced manufacturing due to an unstable power supply. 	<ul style="list-style-type: none"> Short-term: The government's energy policy has shifted from coal to LNG, raising the cost of energy consumption. To reduce energy consumption costs, we might consider developing our own green power plant. Medium-term: Select the most appropriate and efficient green power generation solution and assess construction requirements and seek the opportunities/techniques to increase power generation. Long-term: Develop green power generation facilities to meet the electric power demand of our plants to prevent the risk of power shortages or failures.

Responsible Identification Unit	Climate Risks and Opportunities	Impacts
Purchasing Department	<ul style="list-style-type: none"> • Short-term: Employment of high-efficiency transport solutions to avoid delays in transportation. • Medium-term: Construct satellite warehouses to reduce production risks caused by insufficient reserves. • Long-term: Reduce waste and improve efficiency to compensate for decreased revenue due to production interruptions. 	<ul style="list-style-type: none"> • Short-term: Increased costs due to inefficient logistics and transportation. • Medium-term: Increased warehouse reserves, decreased turnover rate, and increasing inventory costs. • Long-term: Sharp decrease in warehouse reserves may affect manufacturing and cause revenue reductions.
R&D Div. and Product R&D Div.	<ul style="list-style-type: none"> • Short-term: The cost of purchasing documents related to international and domestic laws and regulations. Incorporating such laws and regulations into standard operating procedures in our plants to promote compliance. Assessing low energy consumption and low waste production facilities. • Medium-term: Verifying the required labels or marks of products, as well as the cost of applying for them. Assessing recycled materials and low energy consumption, low waste production facilities. • Long-term: Acquiring the desired labels and marks for products and purchasing recycled materials; low energy consumption and low waste production facilities. 	<ul style="list-style-type: none"> • Short-term: Not available • Medium-term: Not available • Long-term: Not available
Sales Div/ A Group BU	<ul style="list-style-type: none"> • Short-term: As a result of increasing regional and global sustainability awareness, our customers tend to favor or reject certain products and services with a particular focus on carbon reduction. • Medium-term: As a result of increasing regional and global sustainability awareness, our customers may consider different factors in selecting products or services. • Long-term: It is difficult to forecast future product and market demand due to the uncertainty in regional and worldwide marketplaces related to climate change. We can, however, strive to increase earnings in existing markets while discovering new business opportunities in emerging markets. 	<ul style="list-style-type: none"> • Short-term: Our costs may increase as a result of shifting customer demand and increasing sample diversity. • Medium-term: Initial capital layouts may increase because of the installation of new equipment to satisfy rising consumer demand. • Long-term: Short-term and medium-term risks will emerge repeatedly due to the high uncertainty in acquiring market information.

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 reduction of greenhouse gas emissions is the key to combating climate change and global warming, and greenhouse gas inventories serve as a benchmark for future reductions. We set reduction goals and priorities based on our inventory results to execute effective energy-saving plans, and examine the outcomes objectively using clearly defined reduction guidelines. Since the establishment of the greenhouse gas inventory system in 2009, we have reviewed the greenhouse gas emissions of each previous year on an annual basis and use the 2018 inventory results as our carbon emissions reduction benchmark. To quantify our greenhouse gas emissions, the company formulated the *Greenhouse Gas Inventory Management Procedures* in accordance with the ISO 14064-1:2006 standard. Each concerned department must comply with the procedures and conduct an inventory of seven greenhouse gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. A plant-wide refrigerant replacement project for the chilling system resulted in a significant increase in Scope I fugitive GHG emissions in 2019, while upgrades in production capacity in 2020 led to increases in VOCs. The launch of Dafa Plant V in 2021 increased our production capacity and power consumption as well as Scope 1 GHG emissions due to LNG consumption at the plant. We intend to implement the ISO 14064-1:2018 standard and revise the *Greenhouse Gas Inventory Management Procedures* accordingly. Our future emissions inventory data will be based on the new standard.

Greenhouse Gas Emissions (tCO ₂ e)				
	Source	2019	2020	2021
Scope 1	Stationary combustion	0.784	1.150	257.319
	Mobile combustion	17.382	15.470	59.537
	Process emissions	0	0	0
	Fugitive emissions	113.127	0.960	89.764
	Subtotal	131.293	17.580	406.619
Scope 2	Purchased electricity	23,202.662	26,886.700	28,904.959
	Total	23,333.955	26,904.280	29,311.578

Notes:

1. Inventorial boundaries are determined using the organizational control approach, and include the Dafa Plant, Dafa Plant II, Dafa Plant III, and Dafa Plant V, 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 1 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 sources are septic tanks, refrigerant changes in water dispensers/refrigerators, and LNG consumption; Process emissions equate to 0.
4. Scope 2 emissions can be attributed to purchased electricity. The emission coefficient was 0.533 kg CO₂e/kWh in 2019, 0.509 kg CO₂e/kWh in 2020, and 0.502 kg CO₂e/kWh in 2021.
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.

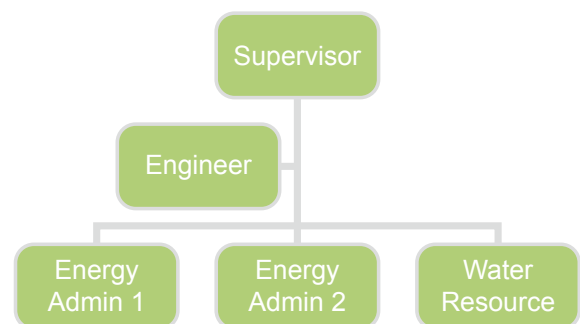
Scope I Emissions by Gas (tCO ₂ e)				
	Gas	2019	2020	2021
Scope 1	CO ₂	18.038	17.010	315.085
	CH ₄	0.232	0.230	0.655
	N ₂ O	0.382	0.340	1.599
	HFCs	112.641	0	89.280
	Total	131.293	17.580	406.619

Note: Sources of Scope I emissions can be attributed to diesel generators, fugitive emissions from septic tanks, gasoline consumed by company vehicles, refrigerant replacement for chilling system/refrigerators, and LNG consumption.

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 Management Project Team that plans and implements annual energy-saving projects. Our plants 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 purposes. Total usage of purchased electricity in 2021 increased from 52,823 MWh to 57,579 MWh as a result of the inclusion of Dafa Plant V's consumption volume. Nevertheless, power consumption per NT\$ 1M in revenues was down from 1,928 kWh to 1,622 kWh, demonstrating Flexium's substantial progress in improving green power utilization and energy efficiency.

Flexium Energy Management Project Team



- 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 2021, we continued to replace inefficient motors with high-efficiency models and adjusted the temperatures of air conditioners in the cleanrooms to 23°C. Two water chillers were also replaced with more advanced models, increasing the temperature of the output water by 1°C. Meanwhile, we installed an online energy usage tracking system and assigned an appropriate power usage amount for each piece of machinery to monitor energy usage when the machinery is not in use. To further pursue our energy-savings goals, we extended the forecasting features of the Failure Early Warning App developed in 2019 by equipping the early warning function with an instant notification feature. The App sends out real-time notifications so that unused electrical components will be promptly switched off.

Energy Consumption				
Energy Type	Unit	Annual Performance		
		2019	2020	2021
Diesel	kL	3.4	3.2	5.4
	MJ	1.19*10 ²	1.12*10 ²	1.89*10 ²
Gasoline	kL	3.9	3.5	20.98
	MJ	1.27*10 ²	1.14*10 ²	6.85*10 ²
Purchased Electricity	MWh	43,532	52,823	57,580
	MJ	1.56*10 ⁸	1.90*10 ⁸	2.07*10 ⁸
Total	MJ	≒1.56*10 ⁸	≒1.90*10 ⁸	≒2.07*10 ⁸






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 Kcal/L × 4.184 = 35,146 KJ/L 35,146 KJ/L × (energy intensity + 1,000) = megajoules (MJ)
5. Gross calorific value of gasoline: 7,800Kcal/L 7,800Kcal/L × 4.184 = 32,635KJ/L 32,635 KJ/L × (energy intensity + 1,000) = megajoules (MJ)
6. A kilowatt hour (kWh) is equivalent to 3.6 million joules (MJ)
7. We calculated annual gasoline consumption based on our invoices and the average oil price. The data fluctuated significantly due to the dramatic oil price fluctuations of 2020 and 2021.

Major Energy Saving Measures

Year	Measures	Estimated Annual Electricity Savings (MWh)	Calculation Method
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 ³ compared to the original 8.8 kW /m ³ , boosting power efficiency by 25.5%. Therefore, the replacement resulted in 196,134 kWh in annual energy savings (= 769,156 kWh × 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% (1,200RT*60%*0.62kW/RT*2.5%*8,760HR/year = 977,616 kWh/year).
2021	 Replacing low-efficiency water chillers to improve energy conservation	551	Two 0.78KW/RT water chillers have been replaced with new 0.61KW/RT water chillers. The chillers' annual energy usage was 2,572,112 kWh before the replacement and 2,021,233 kWh after the replacement, a decrease of 550,879 kWh for a power-savings of 21%. 2,572,112 kWh (before) - 2,021,233 kWh (after) = 550,879 kWh power saving.

Greenhouse Gas Reduction Outcomes After Implementing Energy-saving Measures

	Outcomes		
	2019	2020	2021
Electric Power Savings 	196 MKh	978 MKh	551 MKh
Electric Power Savings 	0.7*10⁶ MJ	3.5*10⁶ MJ	1.98*10⁶ MJ
CO ₂ Reduction 	108.584 tCO ₂ e	497.293 tCO ₂ e	276.602 tCO ₂ e
Total Invested Amount 	1.65 NT\$ (Million)	0 NT\$ (Million)	4.25 NT\$ (Million)
Annual Cost Savings 	0.49 NT\$ (Million)	2.44 NT\$ (Million)	1.38 NT\$ (Million)

Notes:

1. The emissions coefficients for purchased power were 0.533 kg CO₂e/kWh (2019), 0.509 kg CO₂e/kWh (2020), and 0.502 kg CO₂e/kWh (2021).
2. A kilowatt hour (kWh) is equivalent to 3.6 million joules (MJ)
3. Cost savings was calculated based on the average electricity price of NT\$ 2.5/ kWh (3 phases of half-peak hour price + average off-peak hour price)
4. We invested NT\$4.25 million to replace two water chillers and achieved an annual power savings of 550,879 kWh.

Future Renewable Energy Planning

In addition to replacing aging equipment and promoting energy conservation, Flexium is proactively addressing power shortages. We are currently assessing the installation of renewable energy facilities to meet our target of 100 % renewable energy consumption in 2050 in compliance with the RE100 initiative. During the assessment, however, we discovered that the construction of solar power plants will take longer to complete than expected. As a result, we have shifted the project focus by resorting to short-term, temporary alternatives such as constructing energy storage facilities and purchasing renewable energy (wind and solar power). Energy storage equipment requires less land area and construction time than building our own power plants while providing a stable and secure power supply for our plants. In the medium term, we will conduct a comprehensive technical analysis of renewable energy procurement, energy storage, and power plant construction, and will explore other alternatives to identify the most cost-effective approaches for future planning and execution. Our long-term objective includes constructing our own power plants or seeking other viable options. We will evaluate all essential criteria, including the land area, hardware equipment, and environmental demands, in order to reach our goal of power self-generation for self-consumption while maximizing renewable energy use through exploring potential resale opportunities.

4.2 Materials and Resources Management

4.2.1 Raw Materials

In keeping with our vision to “be an ESG doer, and makes society and the environment better,” we have set short-, medium- and long- term sustainability goals and actively implemented our ESG policies of “Care, Health, Green, Renewability, 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 products. At this stage, we have no plans to purchase recycled materials. According to 2021 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, protective films, and chemicals saw an increase of 11%, 15%, and 50% respectively in 2021 compared to 2020 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 96.1% of our procurement budget spent locally in 2021. We are taking tangible action to support the development of local suppliers. Furthermore, we have switched from 4-liter containers to 20-liter containers, which cut down our use of containers from 610 to 122 containers and reduced the frequency of deliveries and the number of trips required to transport the containers, thereby lowering our carbon footprint. In the second half of 2019, we began planning for a centralized chemical feed system, which was deployed in our new plant in late 2021 to minimize the frequency of material feeds.

Usage of Main Materials				
Item	Unit	Usage		
		2019	2020	2021
Copper	m ²	715,566	1,100,041	1,225,739
Coverlays	m ²	890,610	1,489,436	1,714,791
Chemicals	liter	672,476	984,044	1,478,625

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

Flexible printed circuit boards (FPCs) and flexible printed circuit assemblies (FPCA) are Flexium’s main products. In terms of products and packaging materials recovery, consumers may dispose of faulty items locally or return them to Flexium for disposal, depending on the circumstances. The majority of recovered items at the customer end are faulty FPCs and FPCAs. We recovered a total of 10,272.5 kg of scrapped products in 2021. The packaging materials used to transport faulty FPCs and FPCAs are mostly cardboard boxes, paper (on rolls), and plastic wrap (on rolls), which is totaled 24,619 rolls; they are sorted by material type for temporary storage before being transferred to a qualified recycling service provider for treatment and reporting.

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, recycling, and reuse. 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.	

The Fengshan Reservoir is Flexium's main source of water. We began using drought-resistant groundwater wells as a backup water source in 2020 since the tap water supply was unstable owing to a nationwide water shortage. In 2021, we expanded the ROR project, which had been launched the year before, to utilize recovered water in the cooling towers and wet scrubbers in order to improve recycling efficiency and reduce tap water use. Our total tap water consumption in 2021 amounted to 780,441 metric tons, a 14.35% decrease from 911,198 metric tons in 2020, with groundwater consumption accounting for 125,183 metric tons, or 10.26% of our total water consumption. In addition, 28.03% of all water used in 2021 was sourced from reclaimed water, a substantial 5.91% increase over the 22.12% consumption rate in 2020. The Water Management Performance table below shows that the water recycling rate has gradually risen over the years while regional water stress has been effectively mitigated.

Each year, we set our water management goals in accordance with environmental policies, risk assessment results, regulatory requirements, customer requirements, and internal auditing reports. We also review the implementation status of each KPI on a monthly basis to keep track of progress, and make improvements as necessary. By increasing the volume of reclaimed water, we plan to effectively alleviate the challenges of water resource allocation at the industrial park and foster an eco-friendly environment for industrial development. We convene regular meetings to discuss initiatives to control actual water usage across production lines, in addition to deploying electronic water meters to remotely monitor for anomalies in water usage. We also extended the features of our early warning app, which was launched in 2019, to include a real-time water usage anomaly alert system. The concerned staff members are immediately notified if valves are left running during off-hours, reducing unnecessary water wastage while addressing the source of problems through interdepartmental communication and controls. We formed a working group to track the status of water consumption in 2021. The working group randomly inspects the wet processing of production nodes/processes to ensure that the main inflow valve is switched off when not in production, therefore reducing unnecessary water usage in wet processing and unnecessary wastewater discharge.

Water Consumption and Discharge

Item	Unit	Usage		
		2019	2020	2021
Water withdrawal	Tap water	732.4	911.2	780.4
	Groundwater	0.5	55.8	125.2
	Reclaimed water	119.2	242.2	321.3
	Rainwater	1.8	1.8	1.8
Subtotal		853.9	1,211.0	1,228.7
Water discharge	Million liters	643.8	853.5	825.0
Water consumption	Million liters	210.1	357.5	403.7

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	Usage		
		2019	2020	2021
All water consumed	Million liters	853.910	1,211.000	1,228.700
Tap water withdrawal	Million liters	732.384	911.198	780.441
Tap water percentage	%	85.90	75.40	63.52
Groundwater	Million liters	0.510	55.839	125.183
Groundwater percentage	%	0.10	4.60	10.19
Reclaimed water	Million liters	119.254	242.178	321.299
Reclaimed water percentage	%	14.00	20.00	26.15

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	2019	2020	2021
Measures 	-	New reclaimed water treatment system introduced in 2019	Reclaimed water was used for additional purposes in 2020 (such as cooling and replenishing scrubber towers)	The usage of recovered water in cooling towers and wet scrubbers was expanded in 2021
Water Conservation 	ton	119,254	242,178	321,299
Annual Cost Savings 	NT\$	5,604,938	11,382,366	15,101,053

Notes:

1. Digital water meters produce real-time statistics for effective control of water usage.
2. The 2021 inventory included reclaimed water from production lines, coolers, and scrubber towers, which significantly increased our water recycling rate.
3. The base rate for calculating cost savings was NT\$ 47 per metric ton of recycled water.
4. Annual cost savings = water conservation × NT\$ 47 per ton (sewage collection: NT\$ 27 per ton + basic water charge: NT\$ 20 per ton).



ROR Recovery Control System



EDR Waste Water Recovery System



ROR Cooling Towers/Wet Scrubbers Switch and Meter

4.3 Green Manufacturing

4.3.1 Hazardous Substances

Flexium has formulated its hazardous -substance-free (HSF) policies and goals in accordance with the IECQ QC 080000 Hazardous Substances Process Management (HSPM) Standard, with a focus on systematic management and a process-oriented approach for hazardous substances in order to provide products that meet international environmental protection regulations and customer requirements. In addition, we disclose the substance types and the revenue share of products containing the substances in accordance with IEC 62474 - Material Declaration for Products of and for the Electrotechnical Industry.

CAS Number/ID	Material Type	Revenue Share of Products
1303-86-2	Boron trioxide	1.85%
7439-92-1	Lead	0.37%
7440-02-0	Nickel	8.27%
1313-99-1	Nickel compound	0.3%
M-121	Copper and copper alloys	100%
M-122	Magnesium and magnesium alloys	100%
M-123	Nickel and nickel alloys	100%
M-124	Zinc and zinc alloys	100%
M-149	Other non-ferrous metals and alloys	100%
M-199	Other inorganic materials	100%
M-249	Other unfilled thermoplastics	100%
M-302	Epoxy resin (EP)	100%
M-319	Other cemented carbides	100%
M-340	Wood	100%

Note: Formulated by Technical Committee 111 of the International Electrotechnical Commission (IEC/TC 111), IEC 62474 is an international material declaration standard used by the electrical and electronics industry and its supply chain to track and declare specific information about the material composition of its products.

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 18,114.255 m² of vegetation mostly consisting of large broadleaf trees, which are expected to reduce our annual CO₂e emissions by 35.32 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 CO₂e 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 18,114.255m² (area of vegetation, Ai) x 1.3 (ecological greening preferential coefficient, α) = 35,323 kg-CO₂e, or 35.32 t-CO₂e
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.

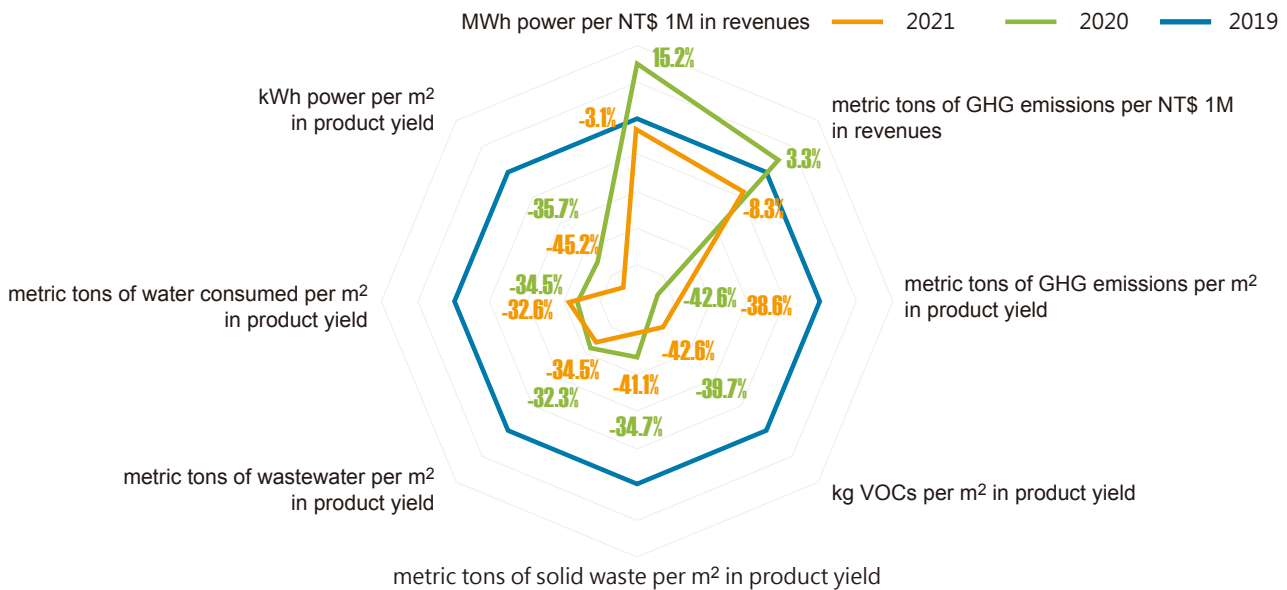
Flexium’s primary consideration for achieving green design is saving energy and reducing carbon emissions during new product R&D. We respond early to potential environmental risks and impacts associated with our products by eliminating unnecessary manufacturing processes and optimizing the overall workflow. FPCs can be rolled, twisted, bent, and curved in a 3D 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 thinness, 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.

Our analysis showed that the company’s environmental protection policies have yielded substantial results, despite the continued growth in production capacity in 2021. Based on the 2019 benchmark, the MWh power per NT\$ 1 million in revenues decreased 3.1%, compared to the 15.2 % increase. With the inclusion of Dafa Plant V, the kWh power per m² in product yield decreased 34.5%, compared to the 32.6% decrease. The greenhouse gas emissions calculated by metric tons per NT\$ 1M in revenues decreased by 8.3%, compared to the 3.3% increase. Our eco-efficiency indices per unit production saw significant decreases across the board. By controlling our energy use, we successfully reduced 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 reduce wastewater discharge. These initiatives highlight the company’s commitment to continuously improving and strengthening our efforts in energy conservation and waste reduction.

Manufacturing Ecological Efficiency						
Indices	Unit	Efficiency			Change (%, 2020 vs. 2019)	Change (%, 2021 vs. 2019)
		2019	2020	2021		
Power consumption	MWh per NT\$ 1M in revenues	1,674	1,928	1,622	15.2%	-3.1%
	kWh per m ² in product yield	84	55	57	-34.5%	-32.6%
Greenhouse gas emissions	Metric tons per NT\$ 1M in revenues	0.90	0.93	0.83	3.3%	-8.3%
	Metric tons per m ² in product yield	0.047	0.027	0.029	-42.6%	-38.6%
VOCs	Kg per m ² in product yield	0.047	0.027	0.028	-42.6%	-39.7%
Solid waste	Metric tons per m ² in product yield	0.0049	0.0032	0.0029	-34.7%	-41.1%
Wastewater	Metric tons per m ² in product yield	1.24	0.84	0.81	-32.3%	-34.5%
Water consumption	Metric tons per m ² in product yield	1.4	0.9	0.8	-35.7%	-45.2%

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

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 wet 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 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 mitigate their impacts on air quality, we began planning for a raw materials control system in 2020. We have replaced 95% alcohol with 75% alcohol, effectively lowering the concentration of VOCs used in raw materials. We also switched from wash bottles to liquid dispenser pumps to reduce alcohol usage and VOC emissions, which is helping us to gradually cut down on VOC production. With the 1.81% increase in production capacity and the addition of Dafa Plant V, our VOC emissions in 2021 were 28,783 kg, a slight increase of 5.16% compared to the 27,370 kg VOC emissions in 2020.

VOC Emissions				
Item	Unit	Usage		
		2019	2020	2021
Emissions 	kg	24,480	27,370	28,783

Notes:
 1. All volumes 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. Rising manufacturing capacity in 2021 increased VOC emissions.
 3. Data source: Quarterly reports prepared for the Environmental Protection Administration (EPA) in 2021.

4.4.2 Effluents

All wastewater produced by Flexium undergoes equalization, coagulation, and sedimentation treatment in an in-house facility to ensure compliance with applicable waste and water pollution control standards before being discharged to the Kaohsiung Linhai, Linyuan, and Dafa Industrial Parks Combined Wastewater Treatment Plant. We monitor the wastewater quality data in the plants and employ third-party organizations to examine the wastewater discharge-to-sewerage requirements of the industrial park according to the official schedule. All Flexium's wastewater processing has met applicable discharge-to-sewerage standards. We introduced a copper recovery system to our wastewater treatment process to recover high purity (99%) copper pillars by performing electrolysis on solutions with high concentrations of copper ions. In 2021, the process generated a total of 9.96 metric tons of copper.

We place an equal emphasis on both reduction at the source and end-of-pipe treatment to ensure that effluents discharged by Flexium will not significantly endanger natural habitats or affect biodiversity. The working group established in 2021 conducts random inspections of the wet processing of production nodes/processes to ensure that the main inlet valve is turned off when production is not in operation, thereby reducing unnecessary water use and wastewater discharge. We discharged a total of 825,048 metric tons of effluents in 2021, a 3.34% decrease from 853,553 metric tons in 2020. This highlights our achievements in on-site water control, given the 1.81 % production capacity increase we obtained in the same period.



Sedimentation tank



Electrolytic copper recovery system



Copper pillars produced from the electrolytic copper recovery system

4.4.3 Waste

Flexium and its contractors have never violated any waste disposal and processing regulations. To ensure that waste products are effectively classified and stored, we formulated our *Solid Waste Sorting, Storage, and Disposal Operating Procedures* to facilitate immediate and appropriate responses to waste-related hazardous incidents. The company's Environmental Engineering Section classifies our solid waste into two major categories, general industrial waste and hazardous waste based on composition, which is recorded in our *Solid Waste Disposal Checklist*.

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 are among our primary hazardous waste outputs, all of which have been contracted to licensed domestic companies for transport, treatment, recycling, and disposal. We formulate the *Annual Waste Treatment Facilities Auditing Plan* based on our *Waste Treatment Facilities Auditing Instructions*, conduct regular on-site inspections and random onboard audits, and record the results on the *Waste Treatment Facilities Auditing Record Sheet* to ensure that all waste is handled properly and none is shipped or processed overseas.

The company is proactively working to improve and increase waste recovery and recycling. We introduced a copper recovery system to our wastewater treatment process in 2020 to recover high purity (99%) copper pillars by performing electrolysis on solutions with high concentrations of copper ions. In 2021, the system produced 9.96 metric tons of copper pillars. The total volume of waste produced in 2021 amounted to 2,934 metric tons, an 8.83% reduction compared to the 3,218 metric tons of the previous year, which shows the positive outcome of our proactive efforts in waste reduction and recovery. We will continue to make improvements by diversifying our recycling and reuse plans to mitigate direct impacts due to waste.

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 system.	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.	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.



Scrap copper foil recycling area



Temporary storage area for copper sludge



Scrap waste filter recycling area

Solid Waste Production

Category	EPA Waste Classification	Item	Unit	2019	2020	2021
General Industrial Waste	D、R	Recycled	tons	470	702	605
		Recycling rate	%	48	58	53
	D	Incinerated	tons	502	506	546
		Incineration rate	%	52	42	47
Subtotal			tons	972	1,208	1,151
Hazardous Industrial Waste	A、C、E、R	Recycled	tons	1,569	2,010	1,783
		Recycling rate	%	100	100	100
	-	Incinerated	tons	0	0	0
		Incineration rate	%	0	0	0
Subtotal			tons	1,569	2,010	1,783
Total			tons	2,541	3,218	2,934

Notes:

- Source: Data collected from the EPA's Solid Waste Export Report System.
- Notes on calculations: Domestic waste is weighed once a month, and the results are used to estimate monthly total waste outputs.
- 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.



Creating a Happy Workplace

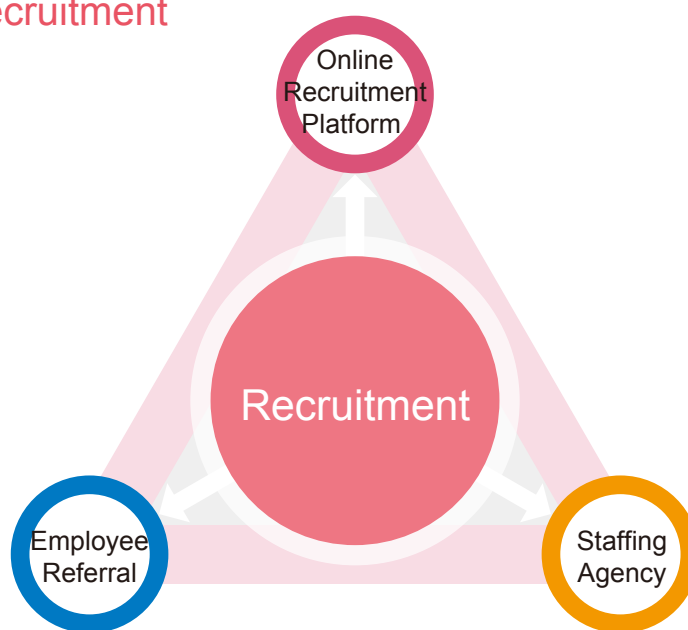
Creating a Happy Workplace

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).

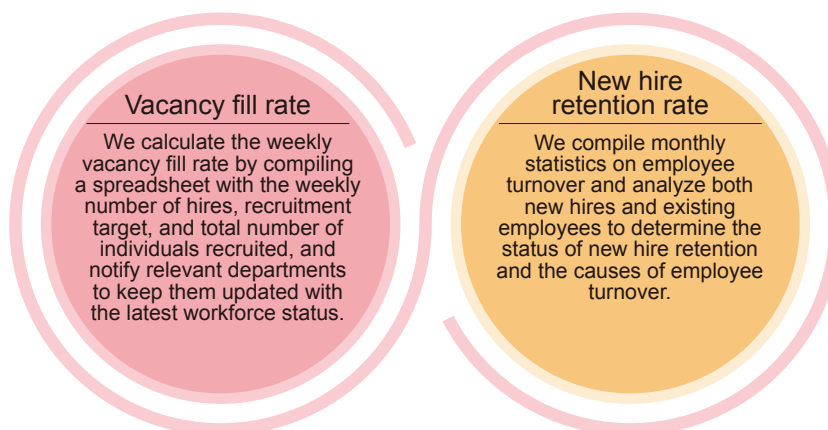
5.1 Talent Attraction and Retention





5.1.1 Workforce Composition and Recruitment

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 2021, Flexium had a workforce (including dispatched workers) of 2,671 individuals (there are no other contractors in the plant except for foreign workers). Compared to 2020, the increase in the number of employees is primarily attributed to the substantial demand for manpower resulting from the construction of new plants. 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.



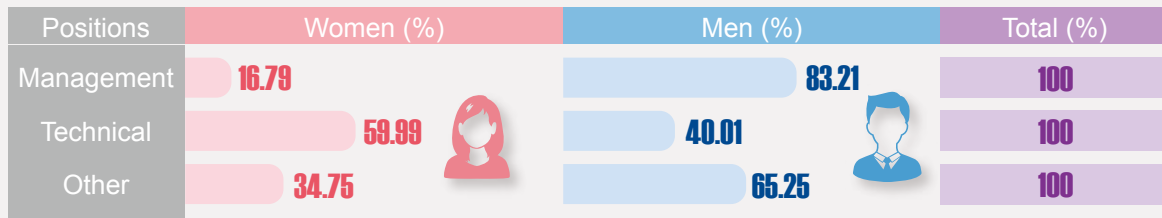
As a result of the pandemic, there was a severe labor shortage in Taiwan in 2021. We continued to add to recruitment incentives (e.g., by increasing introduction awards for employees), expand recruitment sources, and increase the company’s public exposure (e.g., through participation in Youth Forums hosted by the Kaohsiung City Government, social platform recruitment, and strengthening cooperation with the Veterans Service Center and other government employment agencies), and placed advertisements on commercial recruitment websites and utilized government resources (e.g., Kaohsiung’s Dream Big Program) to maintain a stable supply of manpower. In terms of recruitment management, the company performs a regular human resources inventory to evaluate our manpower requirements. We have developed recruitment KPIs for Management by Objectives (MBO) ranging from the technical to managerial levels, to serve as indicators for our recruiting outcomes. We compile information of our daily recruiting progress data, weekly and monthly new hire statistics, objectives, and overall recruitment statistics, and write weekly and monthly reports to propose ideas and solutions for reaching the company’s recruitment goals.



Flexium Workforce Composition								
Categories	Year		2019		2020		2021	
	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	902	44.61	988	45.61	1,308	48.97
		Female	629	31.11	658	30.38	924	34.59
	Dispatched workers	Male	67	3.31	62	2.86	69	2.58
		Female	44	2.18	62	2.86	54	2.02
	Foreign workers	Male	0	0.00	0	0.00	0	0.00
		Female	380	18.79	396	18.28	316	11.83
 Age	Below 30	Male	306	15.13	322	14.87	503	18.83
		Female	490	24.23	487	22.48	554	20.74
	31-49	Male	624	30.86	669	30.89	807	30.21
		Female	545	26.95	604	27.89	706	26.43
	50 and above	Male	39	1.93	59	2.72	67	2.51
		Female	18	0.89	25	1.15	34	1.27
 Position	Senior management	Male	18	0.89	19	0.88	23	0.86
		Female	1	0.05	0	0.00	0	0.00
	Middle management	Male	82	4.06	94	4.34	91	3.41
		Female	18	0.89	16	0.74	23	0.86
	First-line management	Male	80	3.96	93	4.29	128	4.79
		Female	24	1.19	25	1.15	36	1.35
	Engineers & administrators	Male	297	14.69	333	15.37	390	14.60
		Female	165	8.16	186	8.59	211	7.90
First-line workers	Male	492	24.33	511	23.59	745	27.89	
	Female	845	41.79	889	41.04	1,024	38.34	
 Job category	Manufacturing	Male	660	32.64	715	33.01	993	37.18
		Female	833	41.20	889	41.04	1,021	38.23
	QA	Male	59	2.92	62	2.86	78	2.92
		Female	73	3.61	68	3.14	91	3.41
	R&D	Male	101	5.00	139	6.42	153	5.73
		Female	42	2.08	54	2.49	62	2.32
	Administrators and others	Male	149	7.37	134	6.19	153	5.73
		Female	105	5.19	105	4.85	120	4.49

Notes:
 1. The statistics are compiled based on the number of individuals on December 31 of each year.
 2. 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.
 3. 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.

The Ratio of Male to Female by Position in 2021

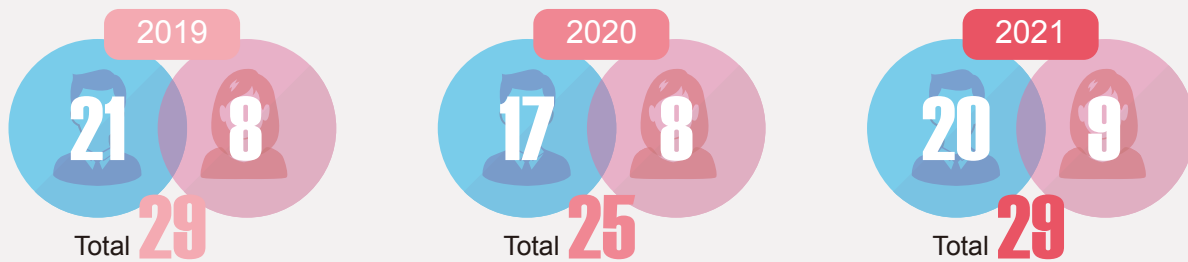


Notes:
 1. Management positions: Section managers and above.
 2. Technical positions: Employees who are directly involved in manufacturing operations (on-site personnel of manufacturing units).
 3. Other positions: Personnel other than management and technical positions.

Workplace 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.

Number of Disabled Employees Recruited



5.1.2 New Hires and Employee Turnover

In 2021 Flexium hired a total of 844 new employees who accounted for 33.12% of our workforce. This number was attributed to our substantial manpower needs due to the construction of new plants. The majority of the new hires are under the age of 30, and 57.11% are men.

Composition of New Employee Hires

Category	Year		2019		2020		2021	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Age	Below 30	Male	103	5.39	105	5.14	266	10.44
		Female	164	8.58	114	5.58	195	7.65
	31-49	Male	114	5.97	122	5.97	215	8.44
		Female	105	5.49	80	3.92	167	6.55
	50 and above	Male	3	0.16	8	0.39	1	0.04
		Female	1	0.05	0	0.00	0	0.00
Total			490	25.64	429	21.01	844	33.12


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 of the given year.

A total of 463 employees left Flexium in 2021, accounting for 18.17% 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.

The company awarded shares to employees with excellent performance records and those who served in core positions in 2019 and 2020, while also linking company operational performance to annual individual performance evaluation results to motivate our employees and increase retention levels.

Composition of the Resigned Employees

Category	Year		2019		2020		2021	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
 Age	Below 30	Male	80	4.19	99	4.85	80	3.14
		Female	82	4.29	81	3.97	99	3.89
	31-49	Male	123	6.44	143	7.00	150	5.89
		Female	104	5.44	100	4.90	126	4.95
	50 and above	Male	7	0.37	9	0.44	5	0.20
		Female	2	0.10	4	0.20	3	0.12
Total			398	20.83	436	21.35	463	18.17

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

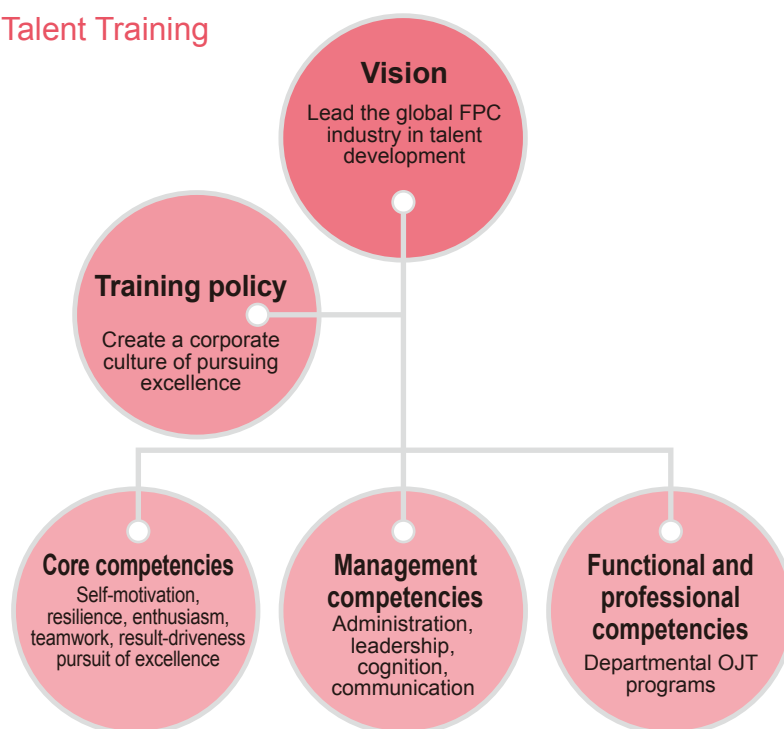
5.2 Talent Development

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 2021 totaled 172,216 training hours, with 46 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 2021 totaled approximately NT\$19.18 million. Training hours for new hires have increased considerably as a result of the substantial manpower required for the construction of new plants in 2020. Despite the pandemic's impact on physical training sessions, we continued to provide uninterrupted knowledge-based and professional training through self-learning and online job training (OJT) programs.

Total Training Expenditures/Training Hours		
2019	2020	2021
<p>\$\$ Total expenditure (NTD) 14,438,733</p> <p>🕒 Total training hours 125,139</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 4,908</p> <p>🕒👤 Mean training hours per employee 43</p>	<p>\$\$ Total expenditure (NTD) 11,706,770</p> <p>🕒 Total training hours 109,536</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 3,885</p> <p>🕒👤 Mean training hours per employee 36</p>	<p>\$\$ Total expenditure (NTD) 19,182,619</p> <p>🕒 Total training hours 172,216</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 5,098</p> <p>🕒👤 Mean training hours per employee 46</p>

Notes:
 1. 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 2021 was 3,763.
 2. Total training expenditure includes payroll expenditures for new employee hires in orientation.
 3. 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							
		2019	Mean	2020	Mean	2021	Mean
All personnel	Male	74,289	48	62,175	40	98,345	49
	Female	41,027	29	37,663	26	63,779	36
Position	Senior management (Male)	745	39	630	33	1,034	43
	Senior management (Female)	39	39	0	0	43	0
	Middle management (Male)	3,332	39	3,214	33	4,136	43
	Middle management (Female)	706	39	530	33	991	43
	First-line management (Male)	3,136	39	3,115	33	6,204	43
	First-line management (Female)	941	39	828	33	1,551	43
	Engineers (Male)	13,601	39	12,757	33	20,077	43
	Engineers (Female)	7,016	39	6,561	33	10,469	43
	Specialists (Male)	39,392	39	31,479	33	55,363	43
	Specialists (Female)	46,409	39	40,724	33	62,256	43
Type of work	Manufacturing personnel (Male)	46,487	39	38,305	33	66,737	43
	Manufacturing personnel (Female)	45,468	39	40,359	33	60,877	43
	QA personnel (Male)	2,744	39	2,651	33	4,653	43
	QA personnel (Female)	3,371	39	2,717	33	5,342	43
	R&D personnel (Male)	4,351	39	5,136	33	7,195	43
	R&D personnel (Female)	1,685	39	1,889	33	3,059	43
	Administrative and other personnel (Male)	6,624	39	5,103	33	8,229	43
	Administrative and other personnel (Female)	4,586	39	3,678	33	6,032	43

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 & ESG 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 administrative 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 management 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 Programs

Following the success of our first Production Line MA Program in 2020, we launched the second Production Line MA Program in 2021. We maintained our efforts to build a talent pool for future leaders both through hiring senior manufacturing personnel and recruiting new blood. We seek out young talent with less than 5 years of work experience in industrial engineering or business management, as well as graduates of Bachelor's and Master's engineering programs, and provide them with opportunities to thrive. The company Chairman fully supports this program and has personally attended seminars to learn about the new generation's views on manufacturing improvements.

We improved the 2021 Production Line MA Program by inviting the trainees from the previous program to lecture on production lines, interdepartmental collaboration, and reporting procedures, and to share their learning experiences. The program focused on building task-oriented competences. In addition to basic subjects and technical intern training, trainees were expected to learn alongside first-line supervisors and develop the tenacity of a true Flexium employee through real-world, on-the-job challenges that showcased their abilities and potential through skills cultivation and evaluations at different stages. Trainees who completed their probationary period were appointed as supervisors or subsection chiefs. A total of 22 subsection chiefs attended and completed the program.

In addition to the Production Line MA Program, we introduced the R&D Elite Program (based on our Engineer Elite Program) for graduates recruited from top-tier engineering institutions. This hybrid skills-building program combines classroom sessions and hands-on OJT projects with instructors from the Manufacturing Technology Department to develop R&D capabilities. A total of six R&D engineers attended and completed the program.



R&D Elite Program: Meeting with supervisors



R&D Elite Program: Group photo with HR mentors



Production Line MA Program: Experience-sharing by previous trainees



Production Line MA Program: Presenting TWI training achievements

Mode System








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 Women						
Item	2019		2020		2021	
	Basic Salary	Package	Basic Salary	Package	Basic Salary	Package
Senior management 	1.16	1.07	*	*	*	*
Middle management 	1.18	1.13	1.11	1.07	1.14	1.13
First-line management 	1.09	1.10	1.07	1.15	1.07	1.10
Engineers 	1.10	1.19	1.07	1.12	1.08	1.16
First-line workers 	1.00	1.03	1.00	1.02	1.00	1.04

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	2020	2021	Percentage increase/decrease (%)
Number of employees	1,782	2,092	+17.40%
Mean salary (NTD in thousands)	638	632	-0.94%
Median salary (NTD in thousands)	568	560	-1.41%




Note: The total number of non-management full-time employees increased by 547 in 2021, 415 of whom were in first-line worker positions and 132 were in other positions. Full-time salaries decreased by 0.94% compared to 2020, owing to the lower salary for first-line workers. However, the average salary increase for engineers amounted to 7% in 2021, higher than that of government agencies.

5.3 Human Rights

To ensure labor rights and equality, Flexium has stipulated in its *Employee Code of Conduct* that all forms of discrimination or harassment on the basis of race, skin color, gender, age, sexual orientation, disability, religion, political belief, union membership, or marital status will not be tolerated. The Company treats its employees fairly and with respect, and does not tolerate any acts of sexual misconduct, violence, intimidation, or extortion. The relevant rules are also stipulated in the work regulations.

Our annual ESG Ambassador Training program includes courses on human rights promotion and helps acquaint first-line supervisors with the Company’s ESG policy and annual KPI goals. Furthermore, our new employee orientation helps new employees learn about the Company’s guidelines, developmental direction, management approach, EHS issues, and the concept of Corporate Sustainability Management. 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.

New Employee Orientation	Corporate Sustainability Management (ESG) Corporate regulations governing human resources management (including compensation and attendance)
ESG Ambassador Training	Corporate Sustainability Management (ESG) - Training for each module ESG vision, policies, KPIs, and labor and human rights (LHR) modules, review of ESG modules, H&S/ENV modules (quarterly)

Human rights policy training			
	2018	2019	2020
Number of participants 	2,022	2,166	2,671
Training hours 	9,642	9,491	9,742
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 of the given year.

5.3.1 Communication and Grievances

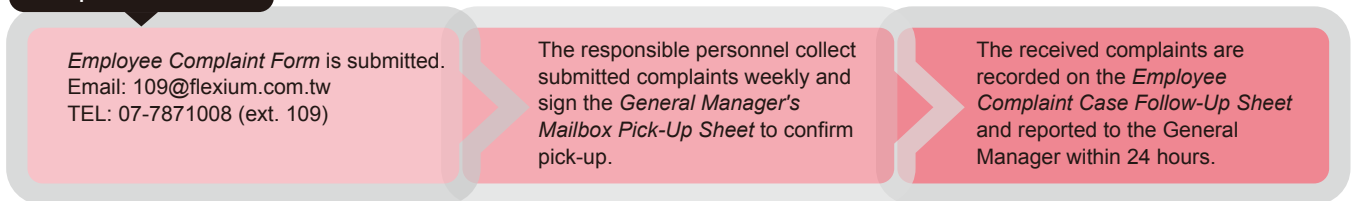
Flexium emphasizes people-oriented management and is committed to a philosophy of mutually beneficial labor-management relations. We provide a wide range of communication channels for labor-management issues to facilitate communication and help both parties reach consensus, achieve harmony, and improve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

Monthly Labor-Management Meetings	• Organized monthly to solicit employee opinions, resolve issues, and improve organizational cohesion
Employee Welfare Committee Meetings	• Employer and employee representatives discuss welfare measures, including employee views on work and non-work issues, in the Employee Welfare Committee meeting on a case-by-case basis. The meeting helps both parties communicate and understand each other and serves as a reference for management.
Occupational Safety and Health Committee	• Employees can raise issues of workplace safety and health during meetings in order to make improvements and find solutions.
Managerial Meetings	• Managerial meetings are held every two weeks to discuss interdepartmental issues and communicate company policy, thus ensuring reasonable management and streamlining company operations.
Complaint Channels	• The Company and its subsidiaries have established confidential complaint channels for employees to report any illegal activities or violations of employees' rights directly to the General Manager's Office. These channels allow senior management to promptly resolve issues to ensure employees' rights.

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 Procedures* 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 2021, we received 30 labor-related complaints, all of which were investigated and resolved. To avoid similar complaints in the future, we implemented subsequent improvements and follow-up measures, such as increasing the quantity of vegetarian dishes on offer and transferring employees to appropriate units.

Complaint Channel



Number of Complaints			
	2019	2020	2021
General Complaint	28	27	27
Ethics complaints	0	0	0
Opinions or suggestions	12	6	3
Total (cases)	40	33	30
Case closure rate (%)	100	100	100







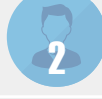
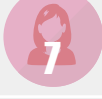

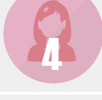

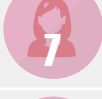

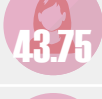

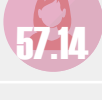
Notes:
 1. General complaints: Complaints of unfair treatment or poor management of employees at work
 2. Ethics complaints: Complaints of ethics violations that interfere with the normal operations of the Company.
 3. Opinions or suggestions: Opinions or suggestions regarding company measures and facilities.

5.4 Employee Care

5.4.1 Parental Leave Systems

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 2021, a total of 23 employees (19 women and 4 men) applied for unpaid parental leave; the reinstatement rate of 45 %. 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 2021			
Number of employees eligible for unpaid parental leave in the given year (A)	 118	 89	Total 207
Number of employees who have applied for unpaid parental leave in the given year (B)	 4	 19	Total 23
Number of employees who intend to return to work after unpaid parental leave in the given year (C)	 4	 16	Total 20
Number of employees who have returned to work after unpaid parental leave in the given year (D)	 2	 7	Total 9
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)	 5	 4	Total 9
Number of employees who returned to work after leave in the previous year (F)	 6	 7	Total 13
Returned-to-work rate of employees taking unpaid parental leave (%) (D/C)	 50.00	 43.75	Total 45.00
Retention rate of employees taking unpaid parental leave (%) (E/F)	 83.33	 57.14	Total 69.23

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.

Maternity Health and Care

Once the company is informed of an employee pregnancy, the pregnant employee is reassigned to day-shift duties and prohibited from working at night. The company also contacts pregnant employees by phone on a monthly basis to inquire about their working conditions and health status and provides designated breastfeeding rooms as needed.

5.4.2 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. Due to the pandemic, the 2021 year-end event was adjusted as providing gift vouchers and delivering New Year's Feasts to our employees' homes. Once the pandemic was under control, we began organizing company vacation programs and offering travel allowances as well as annual festival bonuses and gifts for our employees. We had to cancel our anniversary celebration and instead distributed a backpack to every employee, due to the worsening pandemic situation.

We manage employees' annual leave in compliance with the law. By mutual consent of employer and employees, we granted a one-year extension of all unused annual leave beginning in December 2018 to provide employees with flexible leave options for rest and recreation. The company converts and pays out expired annual leave in the month of expiration according to the law. Employees may apply for unpaid parental leave or injury or sick leave if they have an insufficient number of paid leave days remaining. Furthermore, the company provides its employees with greater flexibility than the regulatory requirements in calculating labor leave and overtime compensation. We grant a six-month extension for unused marital leave rather than the three-month extension required by law and calculate the overtime compensation during national holidays in accordance with the government-mandated compensation for work on rest days.



Employee Welfare Committee Expenditures			
Item	2019	2020	2021
Total amount (NTD)	24,511,129	25,497,000	29,282,013
Benefit expenditures as a percent of revenue (%)	0.100 %	0.090 %	0.082 %



The 2021 year-end event was celebrated with gift vouchers and home delivery of New Year's Feasts.



Employee travel activities in 2021



2021 Goddess Event on International Women's Day



2021 Mother's Day event



2021 Dragon Boat Festival event



2021 Father's Day event



2021 Mid-autumn Festival event



We celebrated our 2021 corporate anniversary by distributing a Porter backpack to each employee.

5.4.3 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.

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 2021, a total of 176 employees performed potentially hazardous tasks primarily involving exposure risk that might cause damage to the respiratory system, skin, or hearing, or even induce malignant tumors. The company has never encountered any major occupational illness owing to our comprehensive health management system. Additionally, personal information from health checkups is protected under the *Personal Information Protection and Management Measures*, and thus unavailable to irrelevant parties to safeguard the personal information of our employees.

Number of Workers Involved in Tasks with Special Health Hazards			
Type of work\Year	2019	2020	2021
Operations involving noise exposure	16	28	34
Operations involving ionizing radiation	35	38	53
Operations involving exposure to nickel	48	35	70
Operations involving exposure to chromic acid	15	11	11
Operations involving exposure to manganese	-	4	8
Total (Number of workers)	114	116	176

Notes:
 1. A total of 10 employees performed two types of tasks with special health hazards in 2021.
 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. 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

Health Promotion

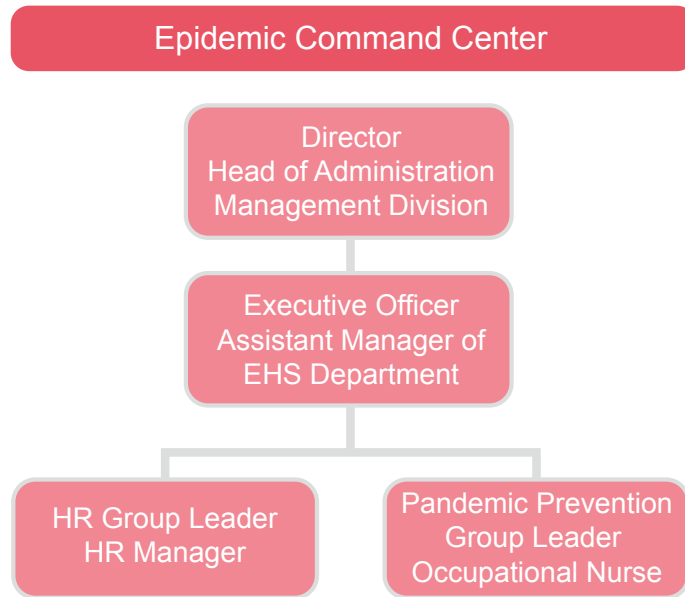
Flexium is committed to providing its employees with safe working conditions and a healthy workplace. In addition to implementing annual labor health checkup services, hosting health lectures, and offering health information, we have established medical centers staffed by nurses and contracted occupational specialists who provide an average of 6 on-site services per month, including health evaluation and consultations, to deliver comprehensive care for our employees' health. Furthermore, our employees may measure their blood pressure at their convenience using the electronic blood pressure monitors available in the cafeteria of each building. We will continue our efforts to create a LOHAS workplace of health and happiness, as well as a safe and healthy culture participated by all employees.

Health promotion measure	Description	Outcomes
10,000 Steps for Health App	Maintaining and improving employee's health, vitality, and immune systems.	A total of 1,017 employees participated in the program, averaging 1,762 steps per day, with 47 people exceeding 10,000 steps per day.
Gifts for Pregnant Employees	Implementing maternal health protection measures and fostering culture of support for gender equality at work, while delivering a gift pack to soon-to-be mothers	42 registered pregnant workers, 42 of whom received gift packs
Health Charging Station Keep Away the Three Hypes (Hypertension, Hyperglycemia, and Hyperlipidemia)	Inviting physicians to give lectures to provide our employees with health knowledge on blood pressure, glucose levels, and cholesterol in order to minimize the number of employees suffering from these conditions	32 employees registered for the event and 31 attended, for a 97% participation rate.
Healing Topiary Balls for Psychological Health	Creating a LOHAS workplace by providing emotional healing courses that combine horticulture and handcrafts to achieve physical and psychological balance, stress alleviation, mind rehabilitation, and mood adjustment	60 employees signed up for the healing program and 54 attended, for a 90% participation rate.

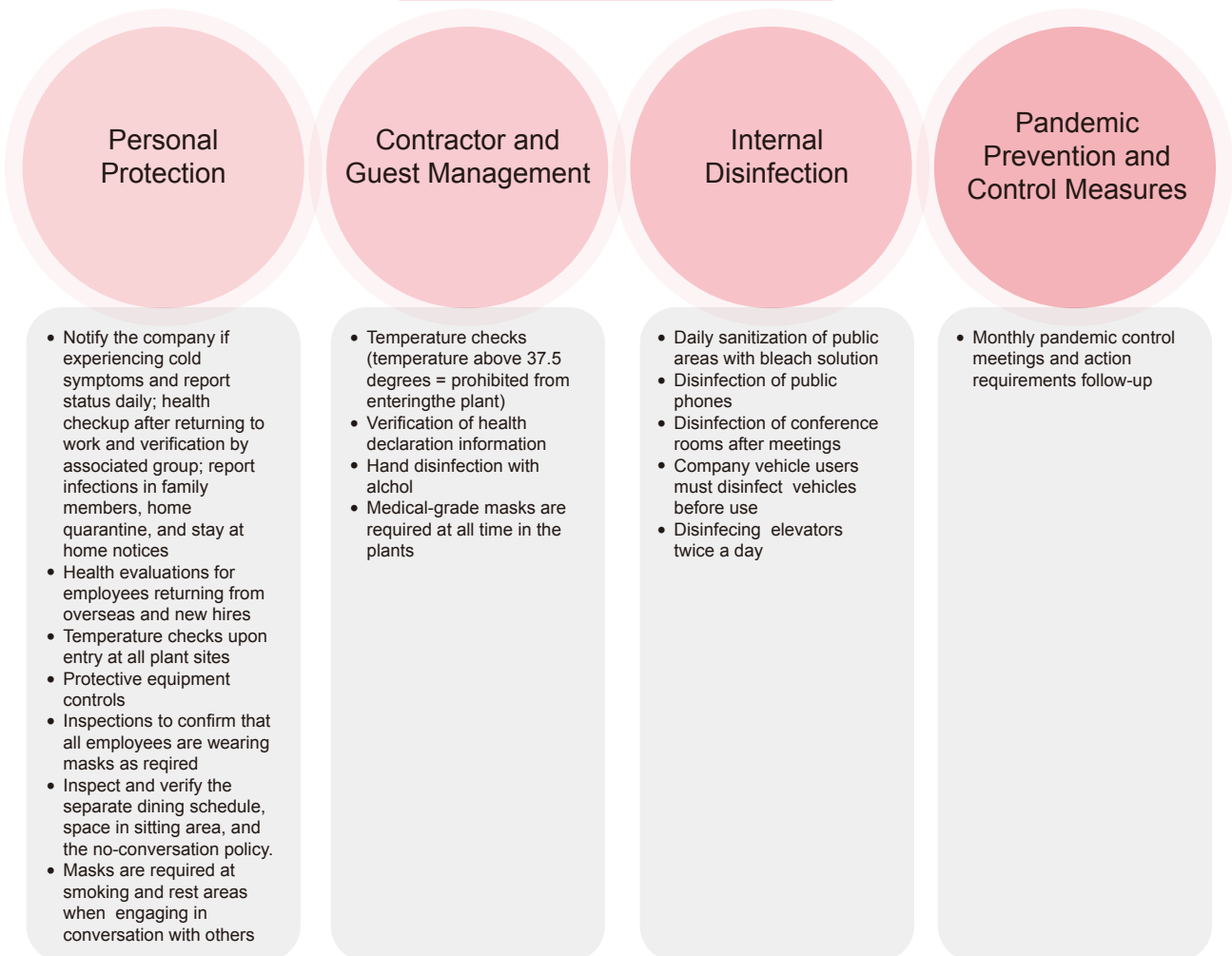


Pandemic Prevention and Management

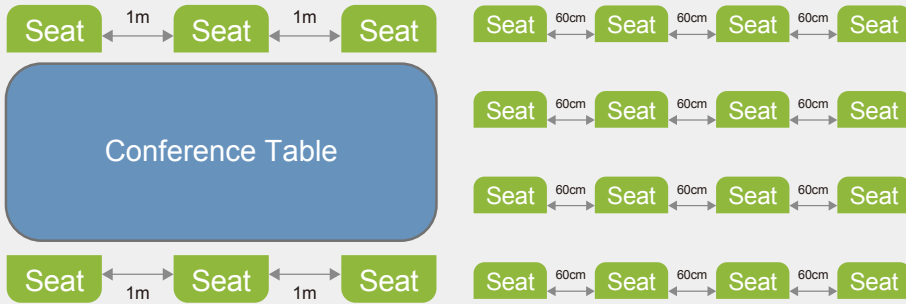
In 2020, the COVID-19 pandemic affected the entire globe. To prevent the pandemic from affecting the overall operations, the Company established a Epidemic Command Center to facilitate response measures. The Epidemic Command Center consists of a director of the Administrative Management Division who 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. In addition, we asked our employees to fill out and upload health declarations to the company system to aid in monitoring their health status. We carried out disinfecting operations immediately at the workplace if an infection was reported, and implemented contact tracing in addition to making manpower shifts and spatial adjustments. We also implemented control measures for contractors and visitors and required them to fill out health declarations and get them verified by our security officers before entering the plant site. Our Epidemic Command Center convened monthly meetings to formulate pandemic control procedures.



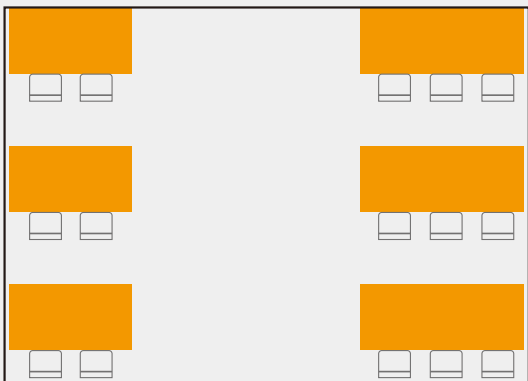
Pandemic Prevention Measures



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



Seating arrangements for dining by group



Announcing updated pandemic prevention procedures at regular pandemic meeting



Workplace disinfection operations



Employee health reporting system



Plant-wide temperature checks (including contractors and visitors)



Health declaration for contractors entering plant

5.5 Occupational Safety and Health

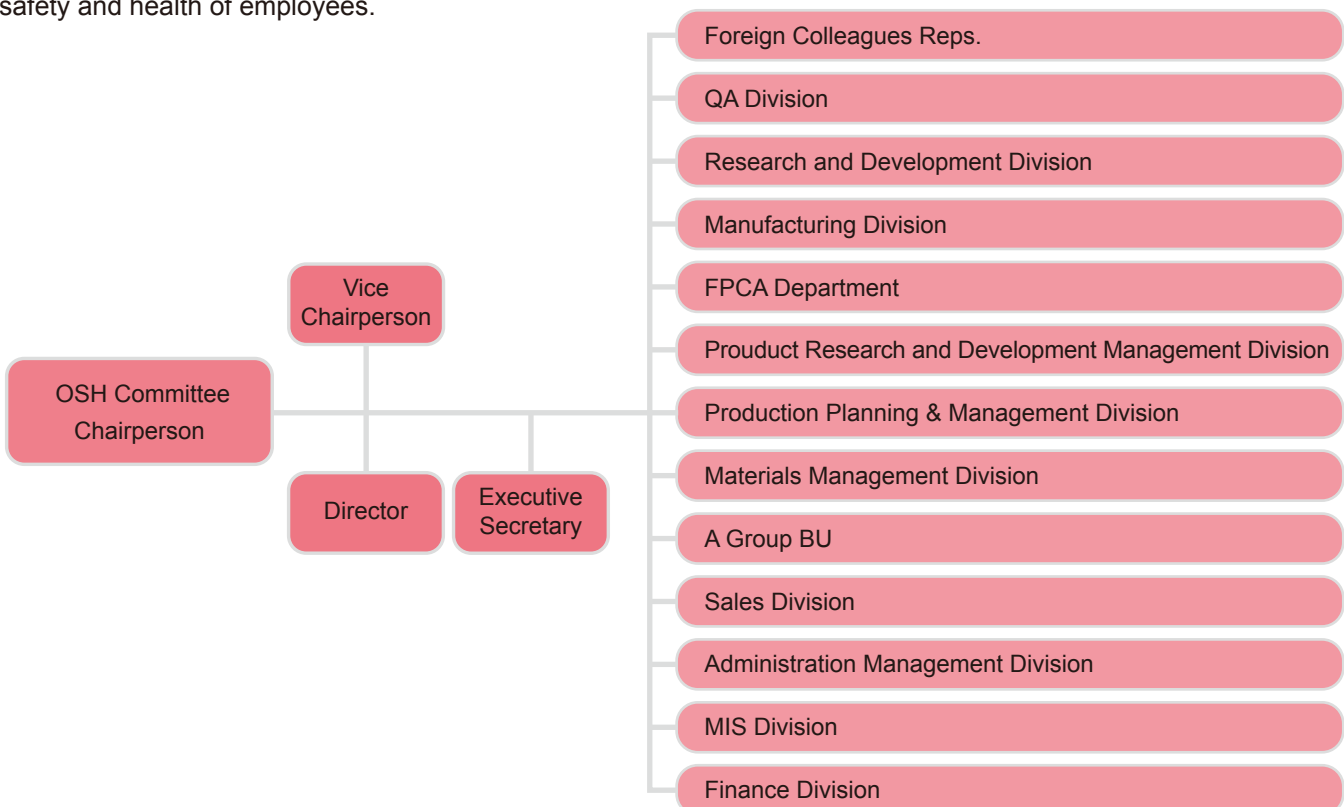
To reduce environmental impacts and prevent accidents, Flexium is committed to the philosophy of “doing everything right the first time.” Through our EHS management system, we have been able to effectively prevent occupational injuries and diseases. We also developed an EHS policy guided by the principles 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 Health and Safety Management Systems

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	23	Percentage of employee representatives (%)	66
Number of employer representatives	12	Percentage of employer representatives (%)	34



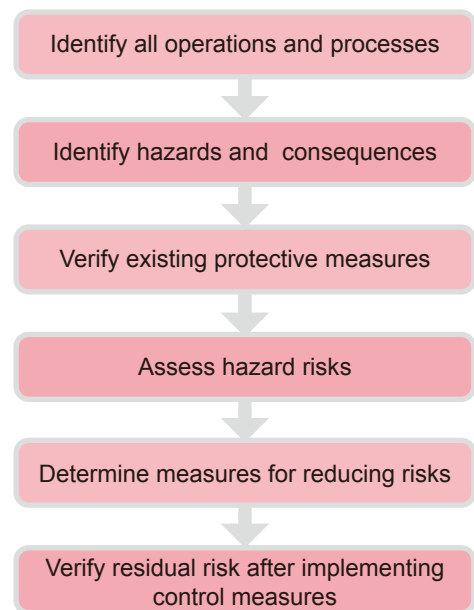
Focus of Occupational Safety and Health Management in 2021	
Item	Implementation
Quantitative fit testing	In accordance with the law, our employees must conduct annual quantitative fit testing to ensure that protective gear fits properly and provides the required level of protection.
Education and training on wearing protective gear	In 2021, we held four training sessions to ensure that our employees can quickly and correctly don protective gear in the event of a chemical spill.
SDS Watermark	Before being deployed in our plants, the SDS must be examined and validated by the Environment Health & Safety Section (EHS).
Safety officer education and training	We created a multi-level safety officer system at our plant sites to prevent occupational incidents and illness and to enhance occupational safety. Eight safety officer training sessions were held in 2021.

5.5.2 Occupational Injury Management

Flexium is committed to occupational safety and health and invests resources into providing its employees with a safe and healthy workspace. Our employees are also aware of the close relationship between occupational safety and personal health, and work hard to achieve the company’s hazard-free objective. To preserve our employees’ safety and health and achieve hazard-free operations, we assign a dedicated occupational safety officer to each facility building. A total of 15 safety officers have been assigned to support our employees in shaping a safe and healthy work environment.

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. After determining the risk level, we establish control measures for high-risk activities, develop a management strategy for unacceptable risk, and preserve the status quo for low-risk operations. 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 2021, 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. In 2021, we adjusted and modified high-risk equipment and replaced the tenon blocks on the rack trolleys in the PLASMA manufacturing stations with stainless handles.

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 righty 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.



	2019	2020	2021
Occupational Safety Improvement Proposals	117	616	166

Note: In 2020, the company encouraged its employees to submit workplace safety recommendations, with enhanced incentives to promote participation. As a result, 616 occupational safety improvement proposals were submitted. Due to improvements in occupational safety awareness and the work environment having already been made, the company resumed its previous approach in 2021, which caused a decrease in the number of proposals received in comparison to 2020.

If an occupational incident occurs in the workplace, the Environment Health and Safety Section assigns staff with occupational safety and health certification to investigate and form a joint group with members of the affected unit to compile a report. If an occupational safety incident occurs in the workplace, a labor representative must be included in the joint investigative group. Employees who request more than a month of injury leave due to an occupational hazard must report to the head of their department and submit their expected return date signed by the attending physician at the hospital where they were originally admitted. Before returning to work, the injured employee must be interviewed by the responsible department head to assess their recovery status and ability to resume their duties. Based on the interview results, the employee is assigned to a position with appropriate duties and is then observed and interviewed to ensure that they are able to carry out the assigned duties.

Incidents of Occupational Injury at Flexium			
Category\Year	2019	2020	2021
Falls	-	-	-
Slips and trips	-	1	-
Injuries due to clamped or rolled in	1	2	-
Exposure to hazardous substances	-	1	-
Improper movement	1	1	-
Cuts, lacerations, and scrapes	-	1	1
Strikes by falling objects	1	-	-
Collisions	1	1	-
Burns	-	2	-
Crush injuries	-	-	1
Total incidents	4	9	2

Notes:

1. Statistical data sourced from Kaohsiung Plants (including Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Pingzhen office)
2. Flexium immediately launched hazard investigations into the occupational incidents that occurred in 2021. 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.

Occupational injuries					
Item	Gender	2019	2020	2021	Calculation
Total recorded number of occupational injuries (incidents)	Male	2	4	2	Calculations are based on the annual number of individuals affected by occupational hazards in Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, 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	2	5	0	
	Total	4	9	2	
Total working hours (hours)	Male	1,876,464	2,093,792	2,412,368	As for every year, total working hours includes the working hours of all employees at the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Pingzhen Office. 587,612 total working days *8 hours/day = Total working hours.
	Female	1,999,968	1,985,928	2,288,528	
	Total	3,876,432	4,079,720	4,700,896	
Disabling injury frequency rate (%)	Male	1.06	1.91	0.83	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	1.00	2.51	0	
	Total	1.03	2.21	0.43	
Disabling injury severity rate (%)	Male	43	39	27	Disabling injury severity rate = number of work days lost / total hours worked * 1,000,000. (Totals are rounded down to the nearest integer.)
	Female	18	18	0	
	Total	30	45	14	
Absence rate (%)	Male	8.9	7.4	11.6	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, Dafa Plant V, and the Pingzhen Office. Calculations are based on total days absent for both genders / total days worked by both genders.
	Female	8.7	7.1	10.0	
	Total	8.8	7.3	10.8	

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 2019 and 2021, 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 2021.

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 18001 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 transition from OHSAS 18001 to ISO 45001, Flexium acquired certification in the new version of ISO45001 for Kaohsiung Plants (including Dafa Plant III) in March 2020, as well as the new version of ISO 45001 for the Dafa Plant V in April 2022, thus extending coverage to employees, contractors, and other staff at the Kaohsiung plant sites. Additionally, due to the continuing expansion of the company, Flexium intends to gain certification for the Hofa plant site by 2023 to create a safe and healthy work environment through our effective management system and to support the mental and physical health of our employees.

Workers within the Jurisdiction of the Occupational Safety and Health Management System (ISO 45001)

Type	Item	2021
Employee	Number of individuals	2,433
	Coverage	91%
Contractor	Number of individuals	14,365
	Coverage	100%

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

Statistic of Workspace Safety and Health Training Hours and Participants in 2021

Category	Training course	Training hours	Number of participants
Workspace health and safety	Supervisors in charge of operations involving organic solvents (initial training)	18	35
	Supervisors in charge of operations involving organic solvents (refresher training)	6	12
	Forklift operators (initial training)	18	3
	Forklift operators (refresher training)	3	14
	Supervisors in charge of operations involving specific chemical substances (initial training)	18	18
	Supervisors in charge of operations involving specific chemical substances (refresher training)	6	11
	Supervisors in charge of operations involving hypoxia (initial training)	18	6
	Supervisors in charge of operations involving hypoxia (refresher training)	6	1
	First aid personnel (initial training)	18	40
	First aid personnel (refresher training)	3	64
	Class A occupational health and safety supervisors	42	5
	Safety and health educational training for new employees	3	1,902
	Class B boiler operators (initial training)	50	4
	Class B boiler operators (refresher training)	3	1
	Sub 3-ton fixed crane operators (initial training)	18	5
	Sub 3-ton fixed crane operators (refresher training)	3	3
	Supervisors in charge of roofing operations (initial training)	18	6
	Dedicated staff for health risk evaluations	22	1
	Basic Life Support (BLS)	8	1
	Dust-generating Operations Supervisor Training Program	18	1
Security supervisor	24	2	
Operators of specific high-pressure gas equipment (refresher training)	3	1	
Fire safety	Plant fire safety drills	4	1,406
	Fire safety managers (initial training)	12	9
Other	Operators of operations involving ionizing radiation (initial training)	18	9
	Operators of operations involving ionizing radiation (refresher training)	3	81
Total		270	3,641

Contractor Management

We examine our contractors' work forms and request them to present documentation such as worker insurance, employer liability insurance, operating certifications, and operational risk assessments. Before contractors' personnel are allowed to enter our plant, we provide them with information on the work environment and related risk factors, protective measures, emergency response, and applicable safety and health laws and regulations, as well as a one-hour education and training session. In 2021, we completed education and training for 955 contract workers. Furthermore, we manage our contractors' operations based on three levels of risk: high, medium, and low. We verify worker credentials, inform local labor inspection agency in advance, evaluate hazard mitigation strategies, and require on-site supervisors to monitor and inspect high-risk operations (restricted operating areas). We check the operating permits and certifications of workers and vehicles for medium-risk level activities (including fire-related, lifting, and elevated operations) and require fire-fighting equipment and mutual cooperation. For low-risk operations, we ask our contractors to provide workers' compensation and employer liability insurance in advance, as well as to display construction site signs and fill out inspection sheets throughout their operations.

To avoid mishaps caused by a contractor's equipment, we adopted procedures in 2021 for inspecting contractors' machinery and equipment (electronic machinery, stepladders, extension cables, and automated electric shock prevention devices) before they access our plants. We hold quarterly contractor meetings to coordinate and communicate on safety and health concerns. To ensure regulatory compliance, the safety and health performance of individual contractors serves as a reference for imposing bans and restrictions or granting preference for future contracts in accordance with our *Contractor Management Procedures*.

Prospects for Occupational Safety and Health Management

The creation of the safety officer system is based on the concept of building up our fundamental capacity for safety and health management. Since the installation of the safety officer system, we have trained a total of 27 qualified security officers who have become indispensable roles in building a safe and healthy in-plant environment and promoting occupational safety operations. These security officers are instrumental in improving safety in various departments and the occupational safety incident reporting mechanism, as well as preventing accidents and occupational illnesses and fostering a work culture that is supportive of occupational safety.



Safety Officer Trainees Received Excellence Awards

Safety Officer Certificate of Completion

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 two occupational incidents that occurred in 2021 resulted in a total of 66 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. Meanwhile, we assign a dedicated safety officer to each facility building with specific responsibilities to establish a platform for promoting safety and health and implementing associated operations to assist first-line supervisors and employees in understanding the importance of safety and health. At the administrative level, we seek to verify the efficacy of our operating standards through hazard identification and risk assessment, as well as the development of standard operating procedures and provision of education and training, in order to verify and effectively eliminate risk factors in the plants and achieve our goal of safe operations. Furthermore, we strive to continually minimize the frequency of hazard incident occurrence through annual safety and health education and training and public campaigns.



**Cultivating Deeper
Social Engagement**

Cultivating Deeper Social Engagement

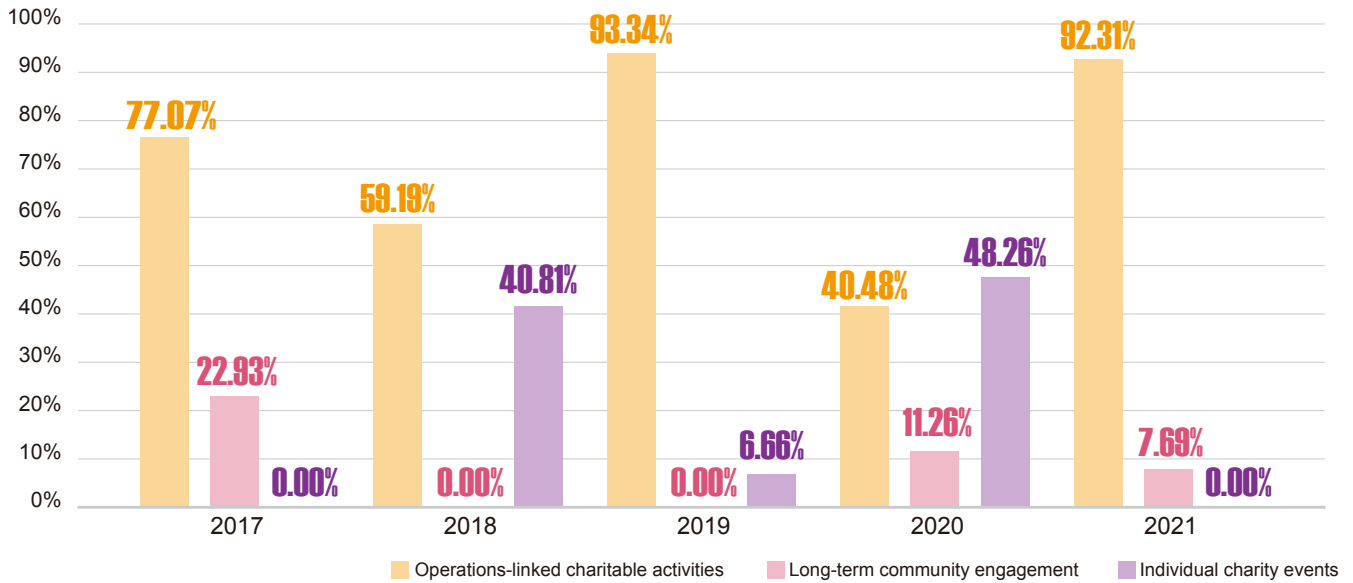
In its pursuit of profit and financial performance, Flexium has not ignored its commitment to Corporate Sustainability Management (ESG). In keeping with the United Nations’ 17 Sustainable Development Goals, we are dedicated to fulfilling the six core values of our ESG policy: care, health, green, renewability, 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. In order to fulfill our vision of Corporate Sustainability Management, “be an ESG doer, and makes society and the environment better.” We are keen to contribute and offer care and compassion for the betterment of society.

Flexium’s ESG 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.	
Renewability	To Promote renewable energy program, and create recycle and regeneration of resources.	
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.	

Charitable Engagement

Flexium has continuously engaged in charitable activities in recent years. We assess our involvement and outcomes to maximize effects and influence through optimal resource allocation. In terms of types of engagement, we have primarily participated in long-term community engagement and individual charity events over the last five years. We plan to incorporate "Care," one of Flexium's six core values, into our annual assessment to establish long-term charity objectives.

Charitable Activities Engagement



6.1 Community Engagement

With Flexium’s vision to “be an ESG doer, and makes 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.

In 2021, we donated NT\$200,000 to the Kaohsiung Fire Department’s Daliao Fire Station for renovations to the station office and duty room as well as NT\$99,960 for the purchase of office furniture to improve the overall environment of their work and rest areas in an expression of our appreciation of the firefighters’ selfless devotion to society.



Before and After renovations to the station office and duty room of Kaohsiung Fire Department's Daliao Fire Station

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. Furthermore, as part of our commitment to local disaster relief efforts, we are continuing our efforts for the welfare of police officers and firefighters, and provide timely support as needed.

6.2 Community Care

6.2.1 Volunteer Association of Flexium

As a part of our corporate sustainability management, 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 2021. In 2021, our schedule was affected by the COVID-19 pandemic. Volunteer Association of Flexium has organized over 14 social welfare activities in the 4 years since its establishment, and membership reached 162 members at the end of 2021. 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 has always been on the front lines of charitable social work while also contributing locally. We provide school supplies and funding to Yong-An Children's Home and Kaohsiung Municipal Chaoliao Elementary School. We also sponsor physical and outdoor activities so that our volunteers have a chance to connect directly with the children under their care. This two-way exchange and in-person interaction benefits volunteers, who can experience the joy of giving, while providing children with the opportunity to meet their role models in person. Aside from our support of these local institutions, we extend the Volunteer Association's efforts whenever feasible to connect with the House of the Little Angels, Kaohsiung, which accommodates children under the age of two. In addition, we added Kaohsiung Municipal Daliao Elementary School to our charitable efforts in 2021.

Calligraphy helps children with hand-eye and mental coordination and develops focus, patience, and mental competence. When we learned that Kaohsiung Municipal Daliao Elementary School needed resources to set up a calligraphy room, Flexium’s volunteer association immediately offered help to establish the Calligraphy Classroom, including everything from the classroom layout and desks and chairs to all the necessary tools and equipment. We aspired to create a productive atmosphere in which children can learn to read while also practicing calligraphy. We contributed NT\$ 200,000 to the project, which is scheduled for completion in February 2022.

Despite the fact that many physical charity activities were canceled because of the pandemic, Flexium’s Volunteer Association continues to run campaigns to encourage charitable contributions. As a result, the association's membership exceeded 150 by 2021. We expect that the new volunteers will offer new ideas to help Flexium's volunteer organization enhance its service quality.

In keeping with the company’s philosophy of cherishing the opportunity; being grateful for the blessings; accountability for all; and sharing and caring, Flexium will continue to encourage compassionate employees to join our charitable efforts to contribute to social development and talent cultivation while investing in local educational resources and providing community care services. Through increasing our volunteer workforce, we hope to expand Flexium's care by engaging in long-term charitable endeavors for the community.

6.2.2 Kunshan Volunteer Activities

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 2021, we have assisted 677 employees in need with a total amount of RMB 2,440,175.



Social welfare activities in 2021

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 20 volunteer services from 2017 to 2021. In 2021, the volunteer team visited the Urban Administrative and Law Enforcement Bureau’s Traffic Police Detachment and the Chengbei Firefighting Detachment and donated RMB 10,000 as part of the Army Day celebrations. Flexium’s volunteer service was awarded the title of Care Enterprise after donating RMB 100,000 to the Kunshan Charity Federation in October 2021 in response to a charitable donation campaign launched by Suzhou New District, Kunshan City.



Flexium Volunteer Service-
Photo with Urban Administrative and Law Enforcement Bureau's Traffic Police Detachment



Flexium Volunteer Service-
Photo with Chengbei Firefighting Department

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 adopted the Alliance for Water Stewardship (AWS) standard and acquired a Gold Certification. This was the first Gold Certification issued in the electronics industry worldwide. Externally, the Flexium Volunteer Service Team visited Tongxin School in conjunction with the Environment Health and Safety Department for a water conservation awareness campaign in 2018. We expanded the campaign in 2019 by visiting Kunshan City's Bailu Experimental Primary School to promote water conservation. In addition, we acquired the highest Platinum Certification from the Alliance for Water Stewardship (AWS) standard in 2021.

Our Kunshan Plant is committed to reducing, recycling, and reusing industrial waste. In March 2021, we obtained the highest Platinum Certification from UL 2799 for Zero Waste to Landfill, achieving a waste recycling rate of 100%.



Platinum Certification from the Alliance for Water Stewardship (AWS)









Platinum Certification from UL 2799 for Zero Waste to Landfill


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 2021, we sponsored 26 students with scholarships totaling RMB 111,000, 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 sixth Sustainability Report in 2022 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 proactively communicating 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 2021 and we will be releasing the next report in June 2023.

 <p>Period of Disclosure</p> <p>January 1st, 2021 to December 31st, 2021</p>	 <p>Scope of Data Collection—Internal</p> <p>This report covers Flexium's plants in Kaohsiung (the Dafa Plant, Dafa Plant II, Dafa Plant III, and Dafa Plant V) and the Pingzhen office (not including the Ho-Fa Plant); however, because of an overlap in our employees' work content, the precise number of people in each plant could not be determined. The numbers of employee therefore includes the Ho-Fa Plant. The aspects and boundaries of the material issues discussed in this report mainly cover Flexium's plants in Taiwan.</p>	 <p>Scope of Data Collection—External</p> <ul style="list-style-type: none"> Investors Clients Suppliers/Contractors Government Community/Academic Institutions
 <p>GRI (Global Reporting Initiative) Standards</p> <p>GRI Standards Core Indicators</p>	 <p>AA1000 Assurance Standard from Accountability</p> <p>AA1000 Assurance Standard v3 TYPE 1- Moderate Level</p>	 <p>Contact Us</p> <p>Eva Liao Tel.: +886 7 787 1008 ext. 163 Email: ir@flexium.com.tw</p>




Scope of Disclosure

The period of disclosure for this report dates from January 1st to December 31st, 2021. The scope of disclosure includes company operations and management, environmental protection, and social engagement. This report covers Flexium's plants in Kaohsiung (the Dafa Plant, Dafa Plant II, Dafa Plant III, and Dafa Plant V) and the Pingzhen office; however, because of an overlap in our employees' work content, the precise number of people in each plant could not be determined. The numbers of employee therefore includes the Ho-Fa Plant. Our foreign plants are covered in Section 6.2.2, "Kunshan Volunteer Activities."

Internal

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



Review

The information and data collected and compiled by each department was first reviewed by the department heads, then submitted to the ESG 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.

Internal

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	1.1.1 Company Profile	10	
Core		General disclosure	102-2	Activities, brands, products, and services	1.1.1 Company Profile	10	
Core		General disclosure	102-3	Location of headquarters	1.1.1 Company Profile	10	
Core		General disclosure	102-4	Location of operations	1.1.1 Company Profile	10	
Core		General disclosure	102-5	Ownership and legal form	1.1.1 Company Profile	10	
Core		General disclosure	102-6	Markets served	1.1.1 Company Profile	10	
Core		General disclosure	102-7	Scale of the organization	1.1.1 Company Profile	10	
Core		General disclosure	102-8	Information on employees and other workers	1.1.1 Company Profile 5.1 Talent Attraction and Retention	10 75	
Core		General disclosure	102-9	Supply chain	3.3 Responsible Sourcing	52	
Core		General disclosure	102-10	Significant changes to the organization and its supply chain	1.1.1 Company Profile 3.3 Responsible Sourcing	10 52	
Core		General disclosure	102-11	Precautionary Principle or approach	2.3 Risk Management 4.1 Developing Climate Resilience	35 60	
Core		General disclosure	102-12	External initiatives	1.1.4 Participation in Industry Associations	17	Flexium responds to RBA.
Core		General disclosure	102-13	Membership of associations	1.1.4 Participation in Industry Associations	17	
Core		General disclosure	102-14	Statement from senior decision-maker	Letter from the Chairman	2	
Core		General disclosure	102-15	Key impacts, risks, and opportunities	2.3 Risk Management	35	
Core		General disclosure	102-16	Values, principles, standards, and norms of behavior	2.2 Ethical Management	33	
Core		General disclosure	102-17	Mechanisms for advice and concerns about ethics	2.2 Ethical Management	33	
Core		General disclosure	102-18	Governance structure	2.1 Corporate Governance	31	
		General disclosure	102-19	Delegating authority	ESG Performance	6	
		General disclosure	102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Performance	6	
		General disclosure	102-21	Consulting stakeholders on economic, environmental, and social topics	ESG Performance 1.2.2 Engagement with Stakeholders	6 26	
		General disclosure	102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance	31	
		General disclosure	102-23	Chair of the highest governance body	2.1 Corporate Governance	31	
		General disclosure	102-24	Nominating and selecting the highest governance body	2.1 Corporate Governance	31	
		General disclosure	102-25	Conflicts of interest	2.1 Corporate Governance	31	
		General disclosure	102-27	Collective knowledge of highest governance body	2.1 Corporate Governance	31	
		General disclosure	102-29	Identifying and managing economic, environmental, and social impacts	ESG Performance	6	
		General disclosure	102-33	Communicating critical concerns	ESG Performance	6	

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	1.2.2 Engagement with Stakeholders	26	
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	1.2.2 Engagement with Stakeholders	26	
Core		General disclosure	102-43	Approach to stakeholder engagement	1.2.2 Engagement with Stakeholders	26	
Core		General disclosure	102-44	Key topics and concerns raised	1.2.2 Engagement with Stakeholders	26	
Core		General disclosure	102-45	Entities included in the consolidated financial statements	1.1 About Flexium	10	For information on Flexium and its Affiliates, please refer to P.50 of 2021 Annual Report.
Core		General disclosure	102-46	Defining report content and topic Boundaries	Principles of Reporting	106	
					1.2.2 Engagement with Stakeholders	26	
Core		General disclosure	102-47	List of material topics	1.2.2 Engagement with Stakeholders	26	
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	106	
Core		General disclosure	102-51	Date of most recent report	Principles of Reporting	106	
Core		General disclosure	102-52	Reporting cycle	Principles of Reporting	106	
Core		General disclosure	102-53	Contact point for questions regarding the report	Principles of Reporting	106	
Core		General disclosure	102-54	Claims of reporting in accordance with the GRI Standards	Principles of Reporting	106	
Core		General disclosure	102-55	GRI content index	GRI Standards Index	107	
Core		General disclosure	102-56	External assurance	Third-party Assurance Statement	112	
Core		GRI 103	Management approach	103-1	Explanation of the material topic and its Boundary	1.2.2 Engagement with Stakeholders	26
Core	Management approach		103-2	The management approach and its components	1.2.2 Engagement with Stakeholders	26	
Core	Management approach		103-3	Evaluation of the management approach	1.2.2 Engagement with Stakeholders	26	
	GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6. Cultivating Deeper Social Engagement	100	
Material Topic	GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	3.3.2 Supplier Sustainability Management	53	
Material Topic	GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical Management	33	
			205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Management	33	
Material Topic	GRI 302	Energy	302-1	Energy consumption within the organization	4.1 Developing Climate Resilience	60	
			302-3	Energy intensity	4.3 Green Manufacturing	68	
			302-4	Reduction of energy consumption	4.1 Developing Climate Resilience	60	
Material Topic	GRI 303	Water	303-1 (Management Approach)	Interactions with water as a shared resource	4.2 Materials and Resources Management	65	
			303-2 (Management Approach)	Management of water discharge-related impacts	4.2 Materials and Resources Management	65	
			303-3	Water withdrawal	4.2 Materials and Resources Management	65	
			303-4	Water discharge	4.2 Materials and Resources Management	65	
			303-5	Water consumption	4.2 Materials and Resources Management	65	

Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
Material Topic	GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	4.1 Developing Climate Resilience	60	
			305-2	Energy indirect (Scope 2) GHG emissions	4.1 Developing Climate Resilience	60	
			305-5	Reduction of GHG emissions	4.1 Developing Climate Resilience	60	
			305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Pollution Management	71	
Material Topic	GRI 306	Waste	306-1 (Management Approach)	Waste generation and significant waste-related impacts	4.4 Pollution Management	71	
			306-2 (Management Approach)	Management of significant waste-related impacts	4.4 Pollution Management	71	
			306-3	Waste generated	4.4 Pollution Management	71	
			306-4	Waste diverted from disposal	4.4 Pollution Management	71	
	GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	4. Protecting the Environment for Sustainability	58	
Material Topic	GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	3.3.2 Supplier Sustainability Management	53	
					4.3 Green Manufacturing	68	
Material Topic	GRI 401	Employment	401-1	New employee hires and employee turnover	5.1 Talent Attraction and Retention	75	
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4 Employee Care	85	
			401-3	Parental leave	5.4 Employee Care	85	
Material Topic	GRI 403	Occupational Health and Safety	403-1 (Management Approach)	Occupational health and safety management system	5.5 Occupational Safety and Health	94	
			403-2 (Management Approach)	Hazard identification, risk assessment, and incident investigation	5.5 Occupational Safety and Health	94	
			403-3 (Management Approach)	Occupational health services	5.5 Occupational Safety and Health	94	
			403-4 (Management Approach)	Worker participation, consultation, and communication on occupational health and safety	5.5 Occupational Safety and Health	94	
			403-5 (Management Approach)	Worker training on occupational health and safety	5.5 Occupational Safety and Health	94	
			403-6 (Management Approach)	Promotion of worker health	5.5 Occupational Safety and Health	94	
			403-7 (Management Approach)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Occupational Safety and Health	94	
			403-8	Workers covered by an occupational health and safety management system	5.5 Occupational Safety and Health	94	
			403-9	Work-related injuries	5.5 Occupational Safety and Health	94	
			403-10	Work-related ill health	5.5 Occupational Safety and Health	94	

Required Criteria	GRI Std. Code	GRI Std. Title	Disclosure Code	Description	Chapter	Page No.	Remarks
	GRI 404	Training and Education	404-1	Average hours of training per year per employee	5.2 Talent Development	78	
			404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Talent Development	78	
Material Topic	GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5.1 Talent Attraction and Retention	75	
			405-2	Ratio of basic salary and remuneration of women to men	5.2 Talent Development	78	
Material Topic	GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.3.2 Supplier Sustainability Management	53	
			414-2	Negative social impacts in the supply chain and actions taken	3.3.2 Supplier Sustainability Management	53	
Material Topic	GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1.1 Customer Services	43	
	GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	2.2 Ethical Management	33	


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	1.2.2 Engagement with Stakeholders	26	
		103-2	The management approach and its components	1.2.2 Engagement with Stakeholders	26	
		103-3	Evaluation of the management approach	1.2.2 Engagement with Stakeholders	26	
Material Topic	Innovative management		Propose innovative R&D and management methods to be applied in technology, production and product.	3.2 Research and Innovation	47	
Material Topic	Product quality		Establish and promote quality management system, culture of quality and product recall protocol.	3.2 Research and Innovation	47	
Material Topic	Risk management		Apply measures of customer relation management, customer complaint, customer satisfaction customer confidential information protection.	2.3 Risk Management	35	
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	65	
				4.3 Green Manufacturing	68	

SASB Index

Topic	Code	Accounting Metric	Section Title	Page
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	3.2.3 Product Quality	50
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for management, technical staff, and all other employees	5.1.1 Workforce Composition and Recruitment	75
Product Lifecycle Management	C-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	4.3.1 Hazardous Substances	68
	C-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	4.3.1 Hazardous Substances	68
	C-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	4.3.1 Hazardous Substances	68
	C-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	4.2.1 Raw Materials	65
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	3.3.2 Supplier Sustainability Management	53
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	3.3.2 Supplier Sustainability Management	53
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	3.3.1 Industrial Value Chain	52

Code	Activity Metric	Section Title	Page
TC-HW-000.A	Number of units produced by product category	1.1.3 Business Performance	15
TC-HW-000.B	Area of manufacturing facilities	1.1.1 Company Profile	10
TC-HW-000.C	Percentage of production from owned facilities	1.1.1 Company Profile	10

Third-party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FLEXIUM INTERCONNECT INC.'S SUSTAINABILITY REPORT FOR 2021

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 2021 (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 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 2021 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 and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Cisco Webex™.

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.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

Flexium has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

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 2021, 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. Flexium is encouraged to take into account oversea factories' ESG risks and opportunities when identifying material topics and gradually include their management performances into Sustainability Report's reporting boundaries. Processes to identify Flexium's actual and potential impacts on the economy, environment, and people, including impacts on their human rights, across the organization's activities and business relationships are to be established for future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
20 June, 2022
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-LFMZD

Chairman Walter Cheng
ESG Management Representative Blue Lan

ESG Editorial Team

Human Resources Department Liching Shih
Cynthia Chen
Gina Chien

**Environmental Engineering Department
(MFG Division)** Kevin Pan
Jim Lee

**Environmental Engineering Section
(MFG 2nd Division)** Jethro Chang
Huiru Tsai

Administration Management Division Enzo Chao

EHS Department Eden Lee
Zero Yu

Quality System Section Grace Lien
Jayne Yao

Purchasing Department Lucent Wei

Finance Division Eva Liao

Product Research & Development Department Viviana Wang

President Office Winni Pai

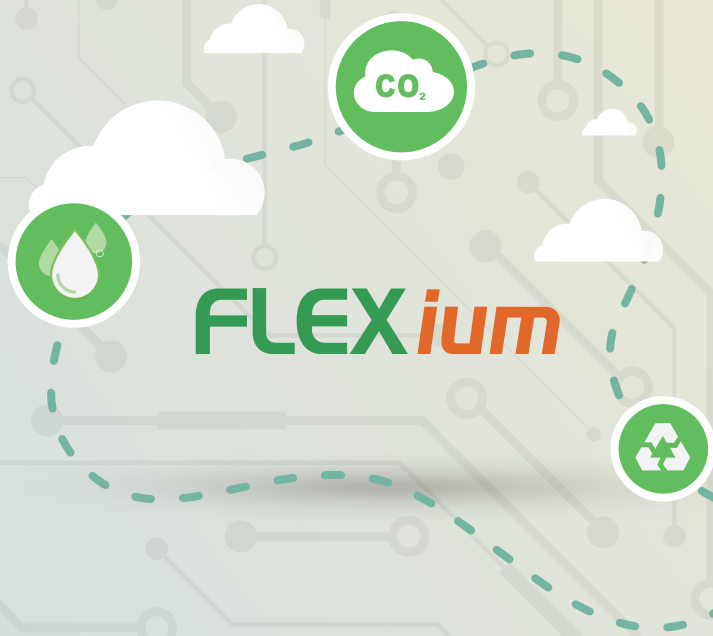
MIS Division Chiahui Lin

A Group BU Peggy Hsiao

QA Division Allen Ho

Sales Division Karen Chu





FLEX*ium*