

2022 ESG Report

FLEXium



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ENVIRONMENT SOCIAL GOVERNANCE



Introduction



Letter from the Chairman

In 2022, Flexium joined the Global Corporate Renewable Energy Initiative (RE100) led by the Climate Group and the Carbon Disclosure Project (CDP), and promised to achieve 100% usage of green energy by 2040, which would be a major milestone in Flexium's promotion of ESG development. Thanks to the efforts of the Board of Directors, the ESG Steering Committee, the ESG Team, and our employees, we are able to continuously enhance our resilience against environmental changes and advance toward sustainable development. Flexium is the very first PCB/FPC manufacturer to join the RE100 in the world. Pioneers are usually the bravest and possibly the most foolish. It is through this courage and foolishness that Flexium continues to promote the development of ESG, just as we envisioned to "be an ESG doer, and makes society and environment better." We encourage our fellow workers to practice ESG incessantly.

Flexium's specific measures for the three ESG aspects (E for Environmental, S for Social and G for Governance) in 2022 include:

1. Environmental: Flexium continuously develops water-saving measures. We have conserved 429,183 tons of water in 2022, an increase of 33.58% compared with the 321,299 tons of last year. We continuously develop energy-saving measures such as replacing energy-consuming motors with high-efficiency motors, setting the temperature of dust-free rooms at 23 degrees, and increasing the outlet temperature of chilled water by 1 degree. These measures are paired with the control of an EMS intelligent electrical control system, resulting in a reduction of 14.928 tCO₂e emissions and a decrease in energy consumption. In terms of waste recycling, in 2022, we utilized copper electrolytic recovery equipment to recycle copper ions from wastewater, resulting in the production of 14.2 metric tons of copper columns for reuse. Across our various plant locations, we actively promote waste recycling and reuse initiatives, which have generated economic benefits that amount to approximately NT\$ 238,851,897 between 2020 and 2022. We installed a centralized chemical distribution system in our new facility to reduce the number of trips and handling involved in transporting chemicals, thereby reducing carbon emissions. Additionally, we have conducted a comprehensive inventory of greenhouse gas emissions and established carbon emission reduction targets for 2023. Progress towards these targets is reported on a quarterly basis during board meetings.
2. Social: Flexium provides various educational training and adaptive courses for all employees and educates on a diverse range of topics related to governance to enhance employees' management competencies. We continue to organize the Production Line MA Program and the R&D Engineer Elite Program to cultivate local talents. We continuously implement fire drills at all plant sites. In 2022, regional contingency drills were conducted for production areas, including fire and chemical spill drills, which focus on accident reporting and disaster containment. In terms of community participation, we held the Warmhearted Christmas Charity event where we collected a total of 165 receipts and generated a revenue of NT\$ 28,385 through a charity sale. Revenue generated from the event was used to procure daily necessities, which were donated to the Garden of Hope Foundation's Kaohsiung branch. As much as 92.7% of the raw materials procured are locally sourced, demonstrating our commitment to actively supporting the development of local suppliers through concrete actions.
3. Governance: Flexium will continue to publish sustainability reports based on the GRI standards, disclosing sustainability information, and referencing Sustainability Accounting Standards Board's (SASB) published standards for the hardware industry to improve the quality of sustainability information disclosure. To achieve the goal of transitioning into Smart Plant, we optimize the use of machinery and equipment to enhance process efficiency and product yield, which reduces labor costs and errors. We regularly organize Continuous Improvement Project (CIP) activities, promoting the concept of teamwork to employees and conducting systematic analyses to improve methodologies, optimize processes, enhance quality, increase efficiency, and advance technological research as well as development capabilities. In April 2022, we further collaborated with National Cheng Kung University on the Advanced Process Technology and Equipment Development for the 2022-2023 Optoelectronic Printed Circuit Boards project to continuously enhance our technical and innovation capabilities.

As a member of the global community, Flexium hopes to continuously partner with clients and suppliers to adopt more innovative initiatives in response to the challenges of climate change. In the future, Flexium will achieve more in environmental protection, especially in the adaptation of green energy sources and carbon reduction processes, and we hope to receive continuous support from our stakeholders.

Walter Cheng
Chairman, Flexium Interconnect, Inc.



Awards and Sustainable Performance



- 2022/12** | In 2022, the Dafa Plant, the Dafa Plant II, and the Ho-Fa Plant obtained the Badge of Accredited Healthy Workplace for the Year 2021 from the Ministry of Health and Welfare's Health Promotion Administration.
- 2022/9** | Officially joined the Global Corporate Renewable Energy Initiative (RE100) led by the Climate Group and the Carbon Disclosure Project (CDP), making the Dafa Plant the first PCB/FPC factory in Taiwan to join RE100.
- 2022/8** | Awarded a certificate of appreciation by the Kaohsiung City Government which expressed gratitude for Flexium's participation in the 110th Kaohsiung Autumn Festival Gift Promotion for Disabled Groups and our dedication to the Full Moon Gift Promotion Event.
- 2022/7** | Honored to receive a certificate of appreciation from the Kaohsiung City Government's Environmental Protection Bureau which commends Flexium's active participation in the 110th Green Procurement Program and our dedicated efforts in promoting environmental conservation initiatives.
- 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.
- 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.



Sustainability Performance



Sustainability
Performance

NT\$ **40.1** billion

Revenue continued to grow, reaching a new high of NT\$ 40.1 billion in 2022.

Develop GitLab CI/CD Automated Source Code Management System

In 2022, the GitLab CI/CD Automated Source Code Management System was implemented, replacing the manual SVN management method with the automated GitLab code uploading system, which allows for version control of program codes. The new system not only provides centralized management of all information development projects, analysis of project resource allocation, and systematic management, but also protects the intellectual property rights of all company projects.



Innovating
Service Value

Scored over **80** points for four 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 four consecutive years (2019-2022), exceeding our passing score of 60.

Quality score of **89**

From 2019 to 2022, we received an average quality score of 89 in customer satisfaction surveys.

Hazardous substance management score of **91**

From 2019 to 2022, we received an average hazardous substance management score of 91 in customer satisfaction surveys.

Introduced new materials and equipmen

To address the needs for developing the application of high-performance Metalink modules, Flexium introduced new LCP materials and the implementation of automation measurement, as well as the adoption of automated bonding processes for post-processing materials in 2022. We hope to leverage machinery equipment, improve process efficiency and product yield, and reduce manpower costs and error rate. By implementing continuous production (Roll-to-Roll), we aim to achieve the goal of smart manufacturing in the era of automation and Industry 4.0.

312 patents

In 2022, we obtained 6 patents, including 5 utility models and 3 inventions. To date, we have obtained a total of 312 patents (not including patent applications that are currently being processed).

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

From 2019 to 2022, more than 90% of our annual procurement budget was spent locally.



Protecting the Environment
for Sustainability

14.928 tCO₂e

In 2022, we continued to implement energy-conservation measures, such as raising the temperature of chillers by 1°C, changing the temperature in cleanrooms to 23°C, and substituting high-energy-consumption motors with energy-efficient ones. In addition, 14.928 tons of CO₂e have been cut thanks to the EMS smart power control system. Through these measures, we were able to meet the room-temperature requirements of the production line while reducing energy consumption.

14.2 metric tons

In 2022, facilities for electrolytic copper recovery were used to convert copper ions in wastewater into 14.2 metric tons of copper pillars for reuse.

429,183 metric tons

In 2022, our water consumption was 429,183 metric tons, an improvement of 107,884 metric tons over the previous year (i.e., 321,299 metric tons), thus saving the company approximately NT\$ 20,171,601 in water bills.



Creating a Happy
Workplace

Expenditure on Training NT\$ **12,321,772**

In 2022, the training expenditure amounted to NT\$ 12,321,772.

Essential Management Skills Courses

The company initiated a series of Essential Management Skills Courses targeting all employees. These courses encompass a diverse range of comprehensive topics aimed at enhancing employees' managerial skills and competencies.

Employees of the Year

Ten employees of the year are selected annually to be awarded company shares. Eight employees were selected in 2022.



Cultivating Deeper
Social Engagement

A **Growing** team of volunteers

As of the end of 2022, the Volunteer Association of Flexium had 98 members, and that number continues to grow.

Spreading Love and Caring Locally

In 2022, the Warmhearted Christmas Charity event was held, collecting a total of 165 receipts and generating a revenue of NT\$ 28,385 through a charity sale. The entire amount was used to procure daily necessities, which were donated to the Garden of Hope Foundation's Kaohsiung branch.

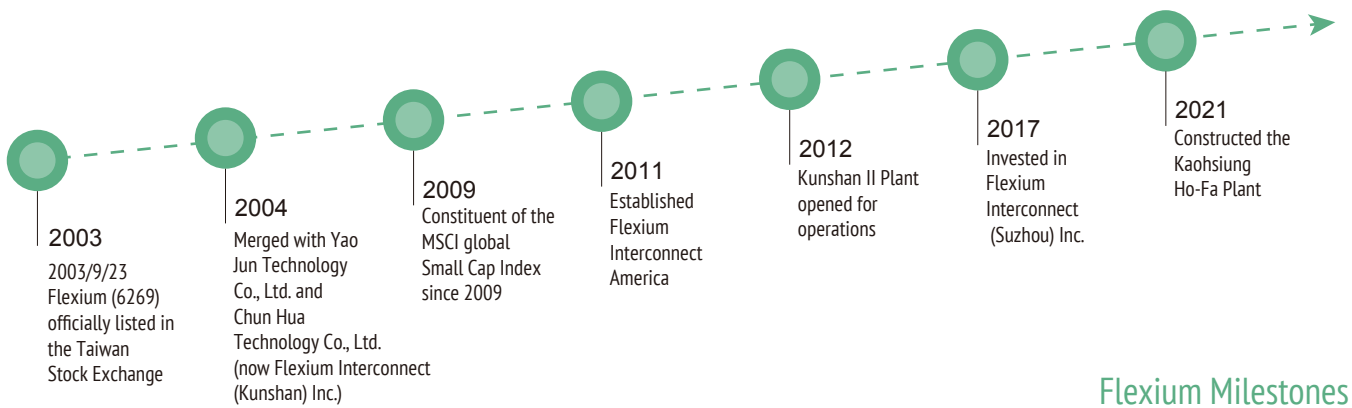
Support for Police and Fire Departments

In 2022, donations were made, including 500 sets of COVID-19 nucleic acid testing reagents and 500 pieces of P2-level protective clothing, to be used by frontline personnel of the Kaohsiung City Fire Bureau for epidemic prevention. The goal was to ensure the safety of firefighting colleagues on duty, prevent any vulnerabilities in epidemic prevention, and safeguard the safety of the citizens.

About Flexium

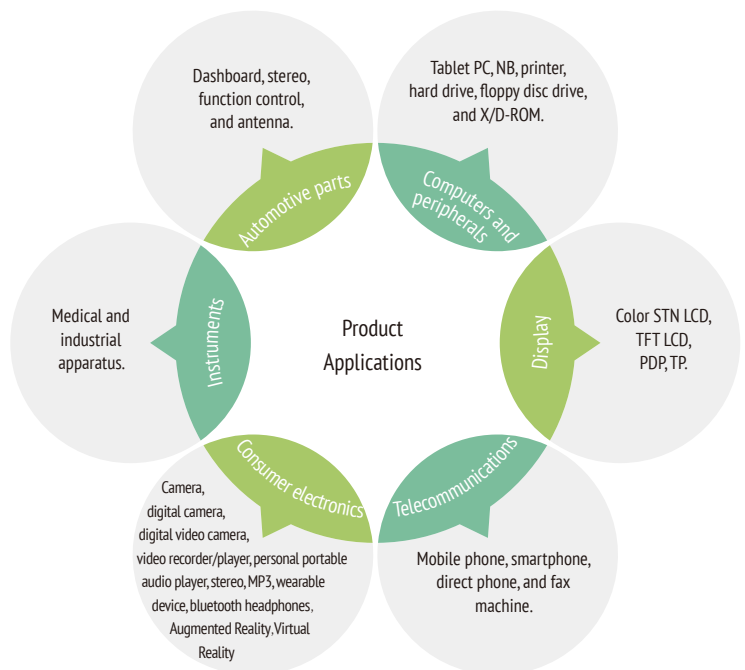
0.3.1 Company Profile

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.

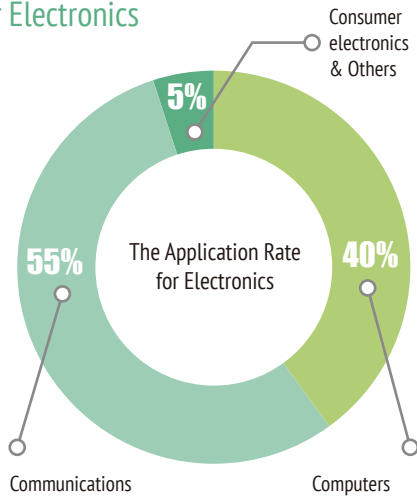


Flexium has officially joined RE100 in September 2022, the global renewable energy initiative led by the Climate Group and the Carbon Disclosure Project (CDP), and commits to using 100% renewable energy by 2040. The operation we mainly focus in 2022 is the high-end manufacturing process of mobile phones, the development of high-layer flexes, and with the increase in the penetration rate of 5G communication. The Modified Polyimide (MPI), Liquid-crystal polymer (LCP), high-end flexes of antenna further spread to mobile phones, tablets, NB, wearable devices and other applications. The operation focus of 2023 is expected to combine with 2022, the development target will be flexible module products, and the design includes passive components such as antennas and filters to achieve circuit integration. In this way, the space utilization rate can be maximized, and the transmission loss of product signals between different media can be greatly reduced.

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.



The Application Rate for Electronics



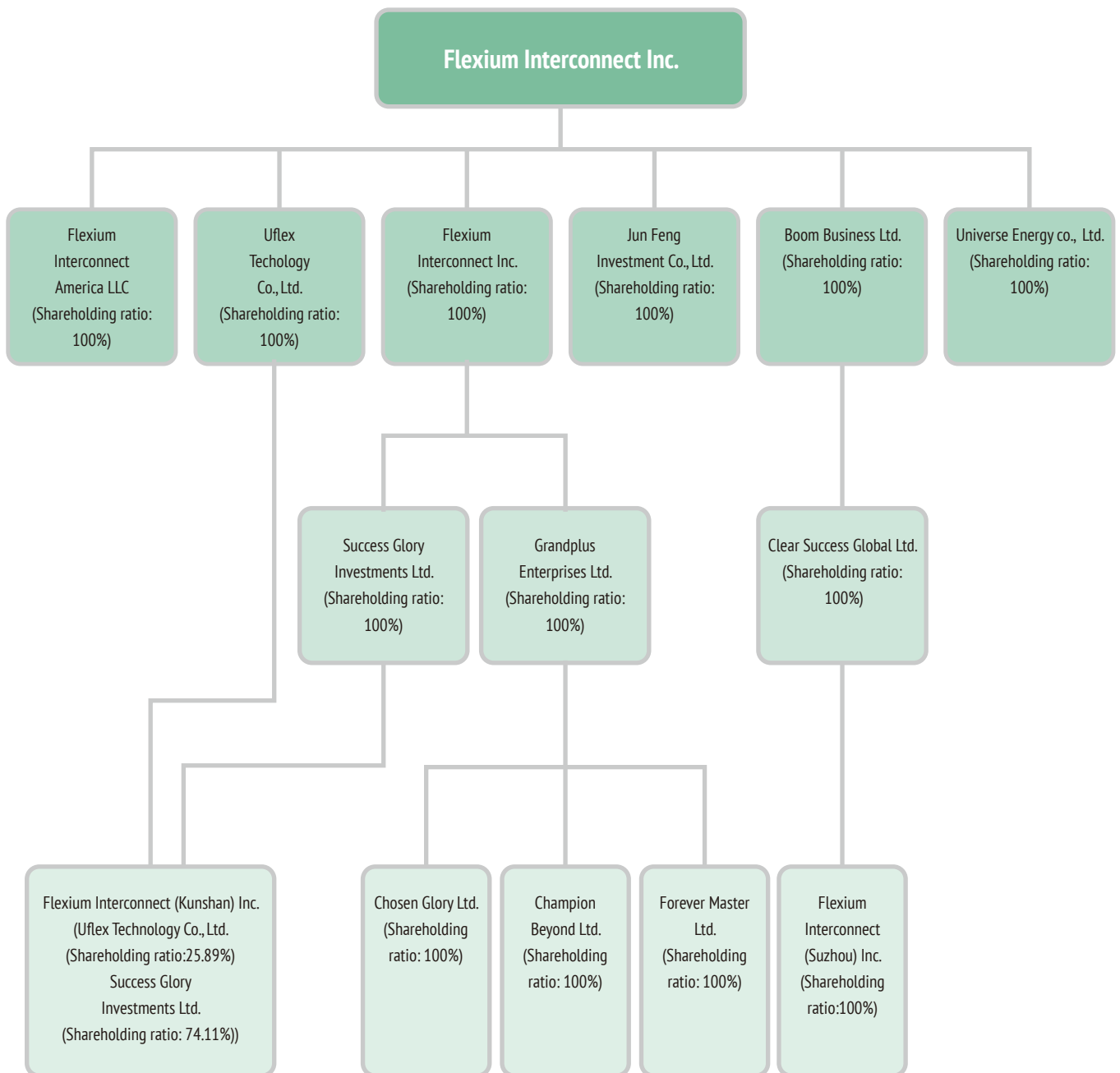
Flexium Interconnect Inc.	Founded in 1997
Stock Code	6269
Capital	NT\$ 3.2 billion
2022 Consolidated Revenue	NT\$ 40.1 billion
Number of Affiliates	14
Number of Employees in 2022 (excluding dispatched workers)	Number of employees: 2,558
	Number of group's employees: 6,320
Plant Area	68,197 ft ²
Bare PCB Self-production Rate	100%
Headquarters	No.1, Shangfa 5th Rd., Hofa Industrial Park, Daliao Dist., Kaohsiung City 831132, Taiwan (R.O.C)
Corporate Website	https://www.flexium.com.tw/?lang=en-us

Global Distribution



Flexium and its Affiliates

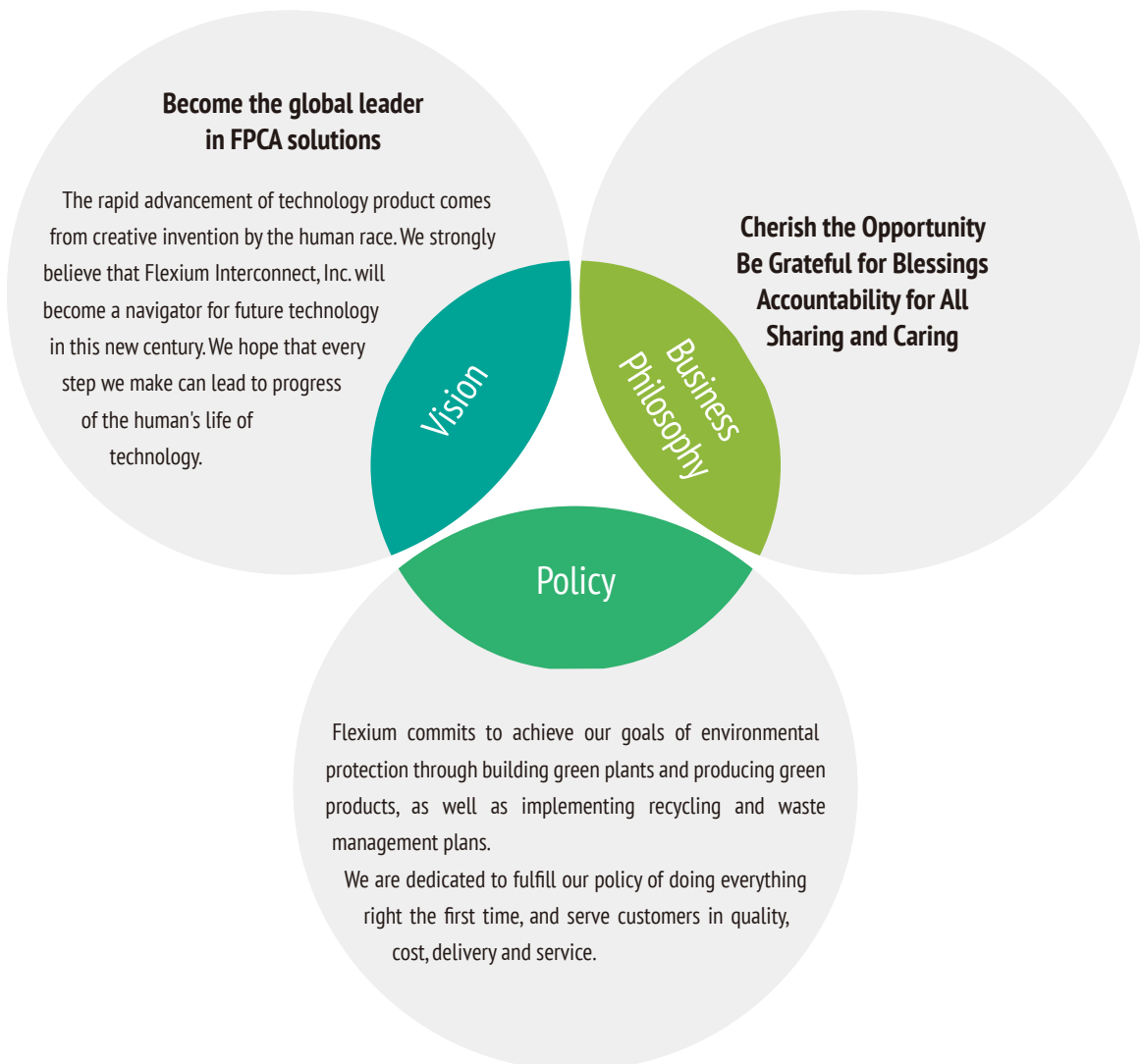
Flexium holds stakes in Uflex Technology Co Ltd., Flexium Interconnect Inc., Jun Feng Investment Co., Ltd., Flexium Interconnect America LLC, Success Glory Investments Ltd., Grandplus Enterprises Ltd., Chosen Glory Ltd., Champion Beyond Ltd., Forever Master Ltd., Flexium Interconnect (Kunshan) Inc., Boom Business Ltd., Clear Success Global Ltd., Flexium Interconnect (Suzhou) Inc., and Universe Energy Co., Ltd. Shareholding percentages for the 14 companies are listed below. Please refer to page 54 of our 2022 Annual Report for details.



0.3.2 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.



0.3.3 Financial Performance

Industry Overview

The rise of emerging digital technologies has been driving the innovation and vibrant development in electronic technology products. Flexible Printed Circuit Boards (FPCs) play a crucial role in enabling innovative applications and are indispensable components of the electronics supply chain.

In recent years, the emergence of blockchain, cognitive technology, and virtual reality has become the major driving force for disruptive innovations, prompting the electronics industry to begin transforming. Benefiting from the advancement of communication infrastructure (5G/6G/low-earth orbit satellites), and the growing megatrends in applications such as smart home appliances (Smart Home Kit), automotive electronics and AR/VR, FPC has the advantage of being more lightweight, thin, and flexible than other rigid circuit board products, which enables emerging electronic products to realize more creative and innovative applications. As a result, FPC holds a competitive edge in various applications, which is expected to expand the usage in of high-end FPC and drive the increasing demand for FPC.

Flexium is dedicated to and consistently focuses on the technical development of high-frequency, high-performance conduction, and millimeter waves. We collaborate with world-class strategic partners to conduct research on and develop new products. Additionally, we provide a comprehensive modular solution, including simulation platforms, design concepts, and testing methods. Flexium aims to enhance product specifications rapidly (electrical properties, number of mask layers, line width/spacing, integration) and move towards high-density, high-speed/frequency, and multi-functional applications. By helping customers with designing products, we significantly accelerate the development process and shorten the time from concept to product launch, meeting market demands.

Product Output

Unit: M²; NT\$ '000s

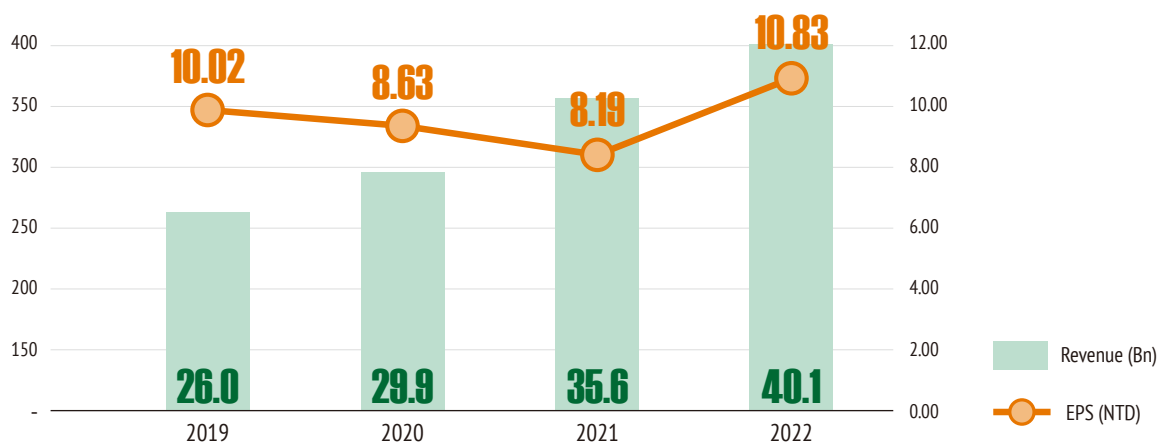
Year	2019			2020			2021			2022		
	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value
FPCs	1,333,639	1,074,913	18,201,476	1,936,739	1,646,228	24,775,775	2,919,266	1,897,523	29,652,520	2,564,539	1,795,177	32,700,263
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	2,564,539	1,795,177	32,700,263

Market Share

Unit: NT\$ '000s

Year		2019		2020		2021		2022	
Market		Volume	%	Volume	%	Volume	%	Volume	%
Domestic		1,530,903	5.88	1,449,038	4.85	1,691,296	4.76	1,361,057	3.40
Export	Asia	10,437,510	40.09	9,835,064	32.90	7,250,544	20.38	4,148,731	10.35
	Europe/ Americas	14,064,817	54.03	18,613,894	62.25	26,626,826	74.86	34,560,334	86.25
	Subtotal	24,502,327	94.12	28,448,958	95.15	33,877,370	95.24	38,709,065	96.60
Total		26,033,230	100.00	29,897,996	100.00	35,568,666	100.00	40,070,122	100.00

Financial Performance



Historical Financial Performance

Year	2019	2020	2021	2022	Unit	Remarks
EPS (Earnings per share)	10.02	8.63	8.19	10.83	NT\$	Consolidated
Individual Income Tax Expense	874,584	750,988	760,475	584,972	NT\$ '000s	
Consolidated Income Tax Expense	848,566	862,898	934,179	790,030	NT\$ '000s	
Paid-in Capital	3,346,328	3,617,798	3,513,309	3,227,909	NT\$ '000s	
Individual Total Revenue	25,681,858	29,674,189	35,426,904	40,001,113	NT\$ '000s	
Consolidated Total Revenue	26,033,230	29,897,996	35,568,666	40,070,122	NT\$ '000s	
Individual Net Profit Before Tax	4,027,787	3,685,031	3,640,225	4,106,529	NT\$ '000s	
Consolidated Net Profit Before Tax	4,001,769	3,796,941	3,813,929	4,311,587	NT\$ '000s	
Total Market Capitalization	38,315,456	43,775,356	36,714,077	31,633,510	NT\$ '000s	Based on year-end share price
Individual Operating Expense	950,186	1,165,254	1,227,749	1,324,030	NT\$ '000s	
Consolidated Operating Expense	2,147,892	2,694,780	3,056,537	3,292,737	NT\$ '000s	
Retained Earnings	15,357,966	17,731,146	19,645,120	20,634,841	NT\$ '000s	
Individual Total Salaries	1,260,690	1,487,155	1,584,910	1,790,149	NT\$ '000s	
Consolidated Total Salaries	3,175,294	3,782,634	4,303,254	5,387,226	NT\$ '000s	
Total Employee Benefits	1,462,688	1,702,645	1,862,628	2,100,621	NT\$ '000s	Individual
Total Pension	44,758	48,266	61,891	71,547	NT\$ '000s	Individual
Stock Dividends	Cash:5	Cash:5	Cash:5	Cash:5	NT\$	
Government Financial Subsidies	104,741	372,538	287,863	28,572	NT\$ '000s	

Note: Government financial subsidies include but are not limited to tax exemptions and deductions, tax credits, research and development grants, and rewards.

0.3.4 Participation in Associations

Flexium actively engages with industry and local associations, collaborating with industry and local organizations to promote industry development and related initiatives. In 2022, we joined several external public associations, and the list is as follows. Furthermore, in response to the global trend of achieving net-zero carbon emissions, Flexium officially joined the Global Corporate Renewable Energy Initiative (RE100) led by the Climate Group and the Carbon Disclosure Project (CDP). By establishing green energy usage targets, we aim to lead the group in achieving energy transformation within the target timeframe. We also include our supply chain in our carbon management goals, improving our overall carbon management efforts.

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.	✓
 Institute of Antenna Engineers of Taiwan	✓

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



Governance



Governance

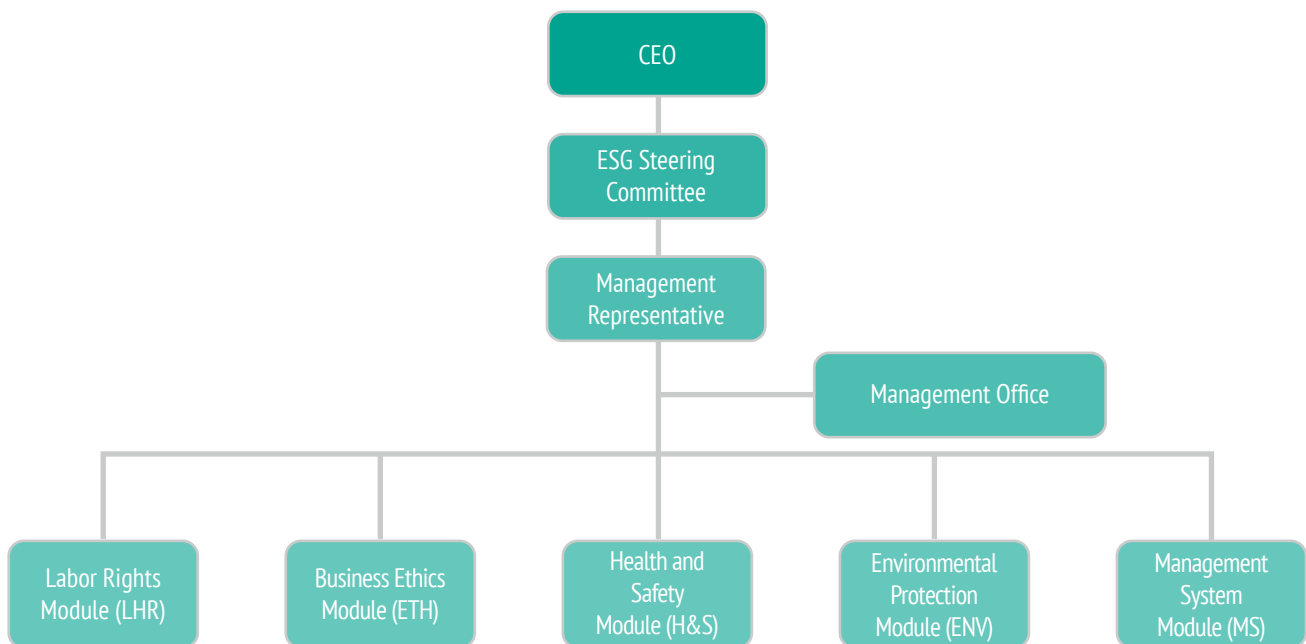
1.1 Sustainability Promotion

1.1.1 ESG Performance

1.1.1.1 ESG Organization

In response to global trends in the promotion of carbon neutrality and net zero, 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. In 2023, the Renewable Energy (RE) module was merged into the Environmental Protection (ENV) module to effectively implement the concept of “Sustainable Environment.” The ENV module assumes full responsibility in overseeing the operations of environmental management and energy development.

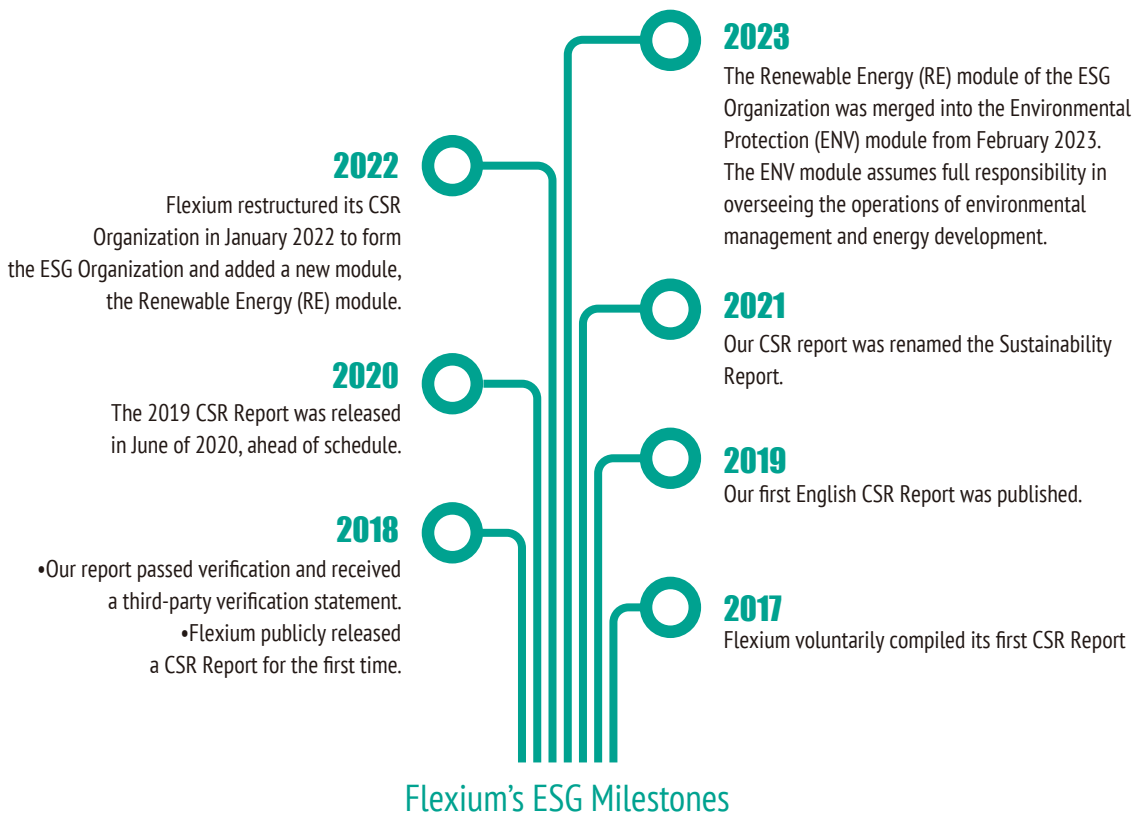
The ESG Steering Committee is the chief decision-making body for corporate sustainable management at Flexium. The Chairman of the Company serves as Chair of the Committee, and senior executives serve as ex officio members. The Director of the Administrative Management Division serves as management representative, and is in charge of guiding members in performing ESG tasks in the five modules—labor and human rights (LHR), occupational health and safety (H&S), environmental protection (ENV), 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. The ESG performance is 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 2022, the Board of Directors was presented with six important matters, including restructuring of the ESG operating organization, joining RE100, adopting a new version of the greenhouse gas inventory standard, establishing the TCFD framework, publishing 2021 sustainability report, and achievements in community engagement.



1.1.1.2 ESG Milestones and Roadmaps

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. In 2023, the Renewable Energy (RE) module was merged into the Environmental Protection (ENV) module to effectively implement the concept of "Sustainable Environment." The ENV module assumes full responsibility in overseeing the operations of environmental management and energy development.

Flexium places great emphasis on fulfilling its corporate social responsibility and contributing to society and the environment. Its 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, integrity, and advancement." The Company 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.



ESG Vision

Be an ESG doer, and makes society and environment better

Policy	Strategy	Roadmap		
		2022	2023	2024
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"> •Build living service facilities for employees •Invest NT\$ 2 million in social contribution programs 	<ul style="list-style-type: none"> •Provide employees with multiple meal options •Invest NT\$ 1.5 million in social contribution programs^{Note 2} 	<ul style="list-style-type: none"> •Co-host charity sale with social welfare organizations •Invest NT\$ 2 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 50% compared to 2021 •Reduce hours of labor lost due to workplace incidents by 50% compared to 2021. 	<ul style="list-style-type: none"> •Reduce workplace incidents by 50% compared to 2022 •Reduce hours of labor lost due to workplace incidents by 50% compared to 2022. 	<ul style="list-style-type: none"> •Obtain the Badge of Accredited Healthy Workplace and improve the health of employees
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 > 88% •Reclaimed water recycling rate >30% 	<ul style="list-style-type: none"> •Conserve 3.7 million cubic meters of water consumption and reduce carbon emissions by 600 tons. •Reduce waste incineration carbon emission > 3% compared to the previous year. •Obtained ISO14064-1 certification •Planning for the introduction of ISO 50001 systems.^(Note 3) 	<ul style="list-style-type: none"> •Conserve 4 million cubic meters of water consumption and reduce carbon emissions by 650 tons •Reduce waste incineration carbon emissions> 3% compared to the previous year •Obtain ISO 50001 energy systems certification
Renewability^(Note 1)	To promote renewable energy program, and create recycle and regeneration of resources.	<ul style="list-style-type: none"> •Join RE100 initiative •Obtain ISO 14064-1 system verification 	<ul style="list-style-type: none"> •Merged into ENV module^(Note 1) 	<ul style="list-style-type: none"> •Merged into ENV module^(Note 1)
Integrity	To act with integrity in business and to protect everyone's intellectual property rights.	<ul style="list-style-type: none"> •Survey 70% of suppliers on ethical management 	<ul style="list-style-type: none"> •Introduce regulations for trade secrets management. •Raise the Corporate Governance Evaluation ranking to 6%-20%.^(Note 3) 	<ul style="list-style-type: none"> •Maintain the Corporate Governance Evaluation ranking at 6%-20% •Achieve zero violation of information security policies
Advancement	To advance management systems through continuous improvement and pursuit of better solutions.	<ul style="list-style-type: none"> •Introduce TCFD and SASB disclosure requirements into the sustainability report 	<ul style="list-style-type: none"> •Compile the ESG report in accordance with TCFD and SASB principles 	<ul style="list-style-type: none"> •Establish ESG interaction platforms or surveys to gather stakeholders' expectations and feedback

Description of non-conformity in 2022:

- Invest NT\$ 2 million in social contribution programs: A total of NT\$ 1.25 million has been donated through charitable activities. As the majority of the donations consisted of supply items and uniform invoices, the exact monetary value was not available. While we failed to reach the NT\$ 2 million investment goal, we plan to sponsor the robotic equipment proposal of Wong Yuan Elementary School in 2023.
- In-plant water recycling rate > 88% and reclaimed water recycling rate >30%: The reduced water production by RO and EDR systems led to nonconformity. In 2023, the RO membrane will be replaced and EDT maintenance will be performed by contractors.
- Obtain ISO-14064-1 systems certification: The GHG inventory has been completed in accordance with ISO 14064-1:2018 standards, but the external certification has not been applied for. We plan to submit the application for external certification in 2023.

Notes:

- Module integration: Beginning in 2023, the renewable energy module was merged into the environmental protection module. As a result, the relevant policy guidelines and future roadmaps of the two modules have been combined (2023-2024).
- Adjustment of target value: It is difficult to calculate the monetary value of the "Invest NT\$ 1.5 million to social contribution programs" since most of the donations are supply items and uniform invoices. Therefore, the target value for 2023 is adjusted accordingly.
- The disclosed contents of "2022 Sustainability Report" and "2021 Sustainability Report" differ due to adjustments made to the 2022 targets of health, green, and integrity, based on the findings of the ESG organization's annual review and the company's future direction.

1.1.2 Material Issues and Stakeholder Engagement

1.1.2.1 Materiality Analysis

In order to effectively communicate Flexium's ESG performance to stakeholders, we conducted a materiality analysis based on GRI Standards 2021, the Stakeholder Engagement Standard (AA 1000 SES), and the Accountability Standard (AA 1000 AP) to identify Flexium's major sustainability issues, formulate management guidelines, and develop medium- and long-term goals as a basis for promoting sustainability. In addition, we expect that through the process of evaluating major sustainability issues, we can forge internal consensus and work together toward our vision of "becoming the global leader in FPCA solutions".



Identify Stakeholder

6 major categories of stakeholders

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.



Gather sustainability topics

20 sustainable issues

By taking into account of the GRI Standards 2021, SDGs, international peers, and stakeholder engagement, as well as the TCFD, SASB, and topics proposed by external parties, we have identified a total of 20 sustainability topics that constitute the scope of analysis for material topics in the 2022 Sustainability Report.



Evaluation on the level of concern, business impacts, and sustainability impacts

224 stakeholders

63 employees

14 material issues

- 224 stakeholders were surveyed through an external questionnaire to assess their level of concern for Flexium's sustainability issues;
- 63 employees responsible for corporate sustainability management were surveyed using the operational impact questionnaire to analyze the significance of different operational factors (R&D innovation, revenue, cost, customer satisfaction, and risk) to the company;
- Through the sustainable impact questionnaire, we surveyed 63 employees responsible for corporate sustainable management to analyze the actual and potential sustainability impacts of each positive and negative event, including impacts on the economy, the environment, and people/human rights (with predetermined threshold values for probability and severity), and to identify the top five issues with the greatest impact;
- Following deliberation by the ESG organization and approval by management representatives, 14 material issues for Flexium were determined based on the aforementioned three survey results and a comparison with the material topics of the previous year.



Determine materiality topics for disclosure

14 materiality topics

16 material themes

Following discussions on the stakeholders' concern and the significance of topics to the company's business operations, 14 materiality topics were identified as Flexium's highest disclosure priorities. The 14 materiality topics correspond to 12 GRI themes, with four additional themes added to reflect Flexium's industrial character. In total, there are 16 material themes.

Flexium’s Material Topics, Business Impacts and Disclosure Boundary

Material Topics	Business Impact					GRI Topic-specific standards	Sustainability Reporting Indicators- Electronic Component Industry	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 Services			✓			Customer privacy (418-1)		●			
Supplier Sustainability Management	✓	✓		✓		Procurement practices (GRI 204-1), supplier environmental assessment (GRI 308-1, 2) and supplier social assessment (GRI 414-1,2)	No. 6 (risk management of key materials)	✓			
Business Ethics		✓			✓	Anti-corruption (GRI 205-1, 2, 3)	No. 7 (anti-competitive practices)		●	●	
Risk Management					✓	Specific topics of Flexium			●		
Information Security			✓		✓	Customer privacy (418-1)				✓	
Climate Change				✓	✓	Energy (GRI 302-1, 3, 5), Emissions (GRI 305-1, 2, 5, 7)			●		
Water Management				✓	✓	Water and effluents (GRI 303)	No. 2 (water intake and consumption)		●		
Green Products	✓		✓			Specific topics of Flexium		✓	●	●	
Waste Management				✓		Waste (GRI 306-1, 2, 3, 4)	No. 3 (hazardous waste), No. 5 (product life cycle)		●		
Energy and Resource Management						Energy (GRI 302-1, 3, 5)	No. 1: (energy, purchased electricity, and renewable energy)		●		
Occupational Safety and Health					✓	Occupational Safety and Health (GRI 403-1-10)	No. 4 (occupational injuries)		●		
Talent Attraction and Retention	✓	✓				Employment (GRI 401-1-3), Diversity and equal opportunity (GRI 405-1-2)			●		

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

Material Issues and Impact Management

Topics	Impact Consideration	Assessment	Mitigation Measures	Corresponding Chapters
Business Ethics	With the company's expansion, the volume of transactions with manufacturers and the interests involved have grown year by year, increasing the motivation and opportunities for employees to obtain improper benefits.	Accepting illegitimate benefits not only directly diminishes the company's profits, but also results in the purchasing of low-quality goods and services, which indirectly impacts product quality, equipment safety, and employee safety.	<ul style="list-style-type: none"> Require suppliers to sign the Letter of Commitment for Undertaking of Integrity. Strengthen training and education to increase employee awareness. Conduct ethic investigation 	1.2.1.2 Business Ethics
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 resulting in the risk of system downtime.	<ul style="list-style-type: none"> Strengthen training and education to increase employee awareness. Apply proactive information security defense and protection. 	1.2.2.3 Information Security Management
Innovation Management	As a result of the vibrant development of 5G technologies and its rising business opportunities, requirements for FPCs covering materials, processes, and applications have increased and expanded to the future global 5G industry.	Develop cutting-edge technologies and establish academic cooperation with research institutions at home and abroad to develop basic materials and innovative technologies.	<ul style="list-style-type: none"> Continue to acquire new patents. Increase industry-academia collaboration on new technology development 	2.1.1.1 Innovation Management
Customer Services	Due to the impact of the pandemic and the lockdown in the past two years, the manufacturing of products has been delayed, affecting the delivery schedule of samples and products and diminishing the companies' competitiveness in acquiring new orders. Companies need to apply a different thinking from the past when developing their technical capabilities.	Most clients offer low-priced and high-quality products to compete for consumers, leading to heated price-cutting competition in the FPC market. Our company is moving towards product refinement, which affects our price advantage compared with other manufactures.	<ul style="list-style-type: none"> Pay close attention to customer feedback and make customer satisfaction a priority. Improve the overall yield rate to minimize customer complaints. 	2.1.3 Customer Relationship Management
Product Quality	Product quality is the most influential factor on consumer satisfaction, business survival, and growth. Inadequate product quality may impact market share, increase failure costs and sales costs, and decrease corporate profits, among other losses.	After analyzing customer feedback and product yield rates, it was discovered that the majority of customer complaints focus on poor product appearance, product functional defects, and product dimension defects. The yield rate is affected by the increase of demands in special product structure and multi-layer boards.	<ul style="list-style-type: none"> Formulate clearly defined standard operating procedures and train and educate our personnel accordingly. Assign technicians to reexamine process conditions, adjust parameters, and revise relevant instructions. 	2.1.3 Customer Relationship Management
Supplier Sustainability Management	Maintaining economic, environmental, and social management is not sufficient for the implementation of sustainable management. The environmental and social impacts generated by our company are indirectly affected by supply chain factors.	In recent years, the world's major manufacturers have adopted increasingly stringent ESG, carbon neutrality, environmental sustainability, and supply chain requirements; ESG requirements have also become one of the conditions for cooperation in supply chain management.	<ul style="list-style-type: none"> Signing of Supplier Code of Conduct. Signing of Statement of Responsible Minerals Policy. Conducting regular Supplier ESG Evaluation. 	2.2.1 Supplier Sustainability Management 2.2.2 Responsible Mineral Procurement Management

Topics	Impact Consideration	Assessment	Mitigation Measures	Corresponding Chapters
Green Products	The rise of consumer awareness on environmental protection has contributed to the rising demand for products designed for slowing down global warming, preventing pollution, reducing chemical hazards, minimizing waste, saving resources, and increasing biodiversity.	International regulations are becoming stricter on hazardous substances and green products, posing more restrictions on material selection.	In line with international laws and regulations, the company formulates stricter standards for hazardous substances of our products to eliminate non-compliant materials, while simultaneously setting the target for controlling the product items containing hazardous substances and materials and gradually reducing the use of hazardous substances.	2.1.2.2 Ecological Efficiency
		The relative increase in the cost of materials and raw materials.	Reduce and optimize the number of mass production stations in an effort to reduce material and raw material costs, decrease pollution to the environment, and increase production efficiency without sacrificing output quality and quantity.	2.1.2.2 Ecological Efficiency
Climate Change, Energy and Resource Management	As the world devotes increasing attention to climate change and the crisis caused by energy and resource shortages, international corporations and regulations are beginning to require businesses to adopt carbon neutrality plans and identify and manage climate change risks.	The global renewable energy market is in short supply, and it is crucial for businesses to prioritize carbon inventory, carbon emission reduction, and renewable energy development.	<ul style="list-style-type: none"> Conduct GHG inventories. Formulate carbon emission reduction targets. Gradually develop renewable energy. Implement climate change risk management. 	3.1 Climate Action 3.2.1 Energy Use
Water Management	Due to the water scarcity crisis caused by climate change and the tightening of environmental regulations, companies can no longer afford to ignore the risk of water shortage.	With an increase in production capacity but a fixed consumption of reused water, the cost of water will increase annually, making it difficult to meet customer demands for higher water recovery rate.	Improve water recovery and consumption control in the production line, and reduce water intake and wastewater discharge to minimize environmental impacts.	3.2.3 Water Resources 3.3.2 Effluents
Waste Management	Due to the increasingly strict environmental protection regulations and the dangers posed by waste materials, businesses must consider the risks associated with the removal and transportation of hazardous waste.	Industrial waste generated by production activities and wastewater treatment systems.	Increase the categories and quantities of recyclable items, reduce the volume of incineration, and minimize the secondary pollution resulting from incineration.	3.3.3 Waste
Occupational Safety and Health	A safe and healthy workplace is what all workers are eager to pursue. Occupational hazards, if ignored, may affect company operations, cause production interruptions, and increase labor costs.	In addition to containing the operational impact of COVID-19, promoting physical activity and preventing occupational incidents are the key elements for management of occupational safety and health.	<ul style="list-style-type: none"> Pandemic prevention management Implement health promotion campaigns Minimize occupational incidents 	4.4 Occupational Safety and Health
Talent Attraction and Retention	<ul style="list-style-type: none"> The southern semiconductor industry corridor has been established, and a persistent labor shortage has resulted in talent competition with key semiconductor manufacturers (Ciaotou, Luzhu, Nanzih districts, etc.). Competitors offer attractive benefits and incentives. The loss of middle- and upper-level talent and a shortage of entry-level talent. 	<ul style="list-style-type: none"> The company's competitiveness is in crisis due to its growth in size without improvement in strength. There is insufficient talent to improve the company's technology and quality. The existing workforce is unable to implement forward-looking strategies as it moves towards internationalization. 	Please refer to Chapter 4.1-4.3 of the report.	4.1 Talent Attraction and Retention 4.2 Talent Development 4.3 Human Rights and Care

Note: The risk management topics are not presented as material issues since they are included in the required business operation disclosure. However, pertinent information will be disclosed in the company's annual reports, website, sustainability reports, etc.

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

Flexium has set 29 short-, medium-, and long-term goals for the 14 material topics identified to integrate all aspects of the Company’s strategies and plans. We used our actual performance in 2022 as a benchmark to review and establish the short-, medium-, and long-term goals we set from 2023 to 2025.

Economic Aspect

Topics	Implications for Operations Management	Strategies	Corresponding Chapters	Goals	Reporting Year Target			Short-Term Target	Mid-term target	Long-term Target
					Performance in 2022	Target Achieved in 2022	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Risk Management	Prevent individual risks from affecting business performance of the group	<ul style="list-style-type: none"> Avoid production downtime and operating cost losses caused by production system interruptions. Monitor long-term operational performance indicators for timely adjustment and improvement Reduce foreign exchange loss to minimize operational impacts 	1.2.2.1 Risk Identification and Response (Business continuity planning)	1 MES production system service interruption rate: hours of system interruption/(365 days* 24 hours)	0.2169%	No	<0.05%	<0.05%	<0.05%	<0.05%
				2 Group performance in management by objectives (MBO) (%)	77%	No	>85%	>85%	>85%	>85%
				3 Amount of foreign exchange profits or losses	554,535 NT\$ thousands)	Yes	>0	>0	>0	>0
Supplier Sustainability Management	Collaborate with suppliers to focus on environmental protection and safety issues follow relevant norms, and enhance corporate social responsibility to achieve sustainable business operations.	<ul style="list-style-type: none"> Suppliers to sign Supplier Code of Conduct during evaluation Statement of Responsible Minerals Policy is required at the material acceptance stage 	2.2.1 Supplier Sustainability Management (Supplier Code of Conduct) 2.2.2 Responsible Mineral Procurement Management	1 Percentage (%) of suppliers signing the Supplier Code of Conduct (Target: key suppliers)	98.75%	No	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 <small>Note: Suppliers who submitted their own Statement of Responsible Minerals are deemed to have completed this procedure).</small>)	100%	Yes	100%	100%	100%	100%
Innovation Management	We are committed to the integration of innovation momentum, the effective distribution of innovation resources, and the preservation of intellectual property rights, in order to meet the needs of future and potential customers.	Develop cutting-edge technologies, collaborate with academic with domestic and international research institutions, conduct research on basic materials, and create forward-looking innovations.	2.1.1.1 Innovation Management	1 Patent acquisition	6	Yes	>2	>2	>2	>2
				2 Industrial-academic cooperation on innovative technologies	3	Yes	> 1	> 1	> 1	> 1
Product Quality	Implement internal and external quality monitoring to satisfy customer quality requirements and reduce failure costs in order to increase the company's overall profit and achieve a win-win outcome.	Improve product yield and reduce customer complaints	2.1.3.1 Customer Services 2.1.3.2 Customer Satisfaction Survey	1 Overall product yield rate (%)	91.6%	No	>96%	>96%	>96.5%	>96.5%
Customer Service	Providing high-quality products and services and enhancing customer relationship management will increase customer satisfaction with the company, thereby boosting company profits and fundamental values.	Provide the quality standards and delivery requirements that customers expect and demand and become a strong and effective supplier for customers, thereby laying the groundwork for the development of corporate sustainability.	2.1.3.1 Customer Services 2.1.3.2 Customer Satisfaction Survey	1 Average number of customer	6	No	≤3	≤3	≤3	≤3
				2 Customer satisfaction score (points)	82	No	>85	>85	>90	>90
Business Ethics	The company must comply with the principles of business ethics—impartiality, integrity, reliability, and transparency—in all business dealings.	Maintain the highest moral standards when dealing with matters involving employees, clients, and the company itself.	1.2.1.2 Business Ethics	1 Violations of business ethics (cases)	0	Yes	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%
Information Security	Safeguard confidential customer and product information, ensure smooth operations, and increase the company's operational efficiency and competitiveness.	Provide comprehensive protection for the security of IT equipment, services, and data, and ensure legal compliance.	1.2.2.3 Information Security Management	1 Violations of information security policy (Cases in which penalty was imposed)	4	No	0	0	0	0
				2 Stability of Group IT system	80 points	No	90 points	95 points	95 points	95 points
				3 Information security drills	2	Yes	1-2 times/year	1-2 times/year	1-2 times/year	1-2 times/year

 Environmental Aspect

Topics	Implications for Operations Management	Strategies	Corresponding Chapters	Goals	Reporting Year Target			Short-Term Target	Mid-term target	Long-term Target
					Performance in 2022	Target Achieved in 2022	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Water Management	Establish professional leadership in environmental protection and cultivate employees' awareness and positive attitude toward the environment in order to increase participation in relevant initiatives, address environmental issues, enhance environmental literacy, gain clients' trust, and become a model green factory.	<ul style="list-style-type: none"> Reduce fresh tap water usage. Recycle and reuse reclaimed water from production lines. Introduce new recycling equipment with innovative features. Introduce new technologies for heavy metal recovery. 	3.2.3 Water Resources	1 Increase in reclaimed water recycling rate (%)	27.43%	No	30%	35%	35%	35%
			3.3.2 Effluents	2 Reduce Cu ion concentration in effluent discharge (mg/L)	0.61mg/L	Yes	<1.5mg/L	<1.5mg/L	<1.5mg/L	<1.5mg/L
			3.2.3 Water Resources	3 Average water consumption in production processes	0.4m ³ /STEP	Yes	<0.75m ³ /STEP	<0.7m ³ /STEP	<0.67m ³ /STEP	<0.65m ³ /STEP
			3.3.2 Effluents	4 Increase in electrolytic copper output (tons)	14.2 tons	Yes	10 tons	12 tons	13 tons	14 tons
Climate Change and Energy and Resource Management	Establish professional leadership in environmental protection and cultivate employees' awareness and positive attitude toward the environment in order to increase participation in relevant initiatives, address environmental issues, enhance environmental literacy, gain clients' trust, and become a model green factory.	Increase the use of green energy and introduce energy-efficient equipment to minimize energy consumption	3.1.2 Greenhouse Gas Management	1 Reduction in carbon emissions per year	1,328.3 metric tons/year	Yes	900 metric tons/year	600 metric tons/year	650 metric tons/year	700 metric tons/year
Waste Management	Establish professional leadership in environmental protection and cultivate employees' awareness and positive attitude toward the environment in order to increase participation in relevant initiatives, address environmental issues, enhance environmental literacy, gain clients' trust, and become a model green factory.	<ul style="list-style-type: none"> Implement waste sorting, reduce overall waste generation, and increase waste recycling. Reduce liquid waste disposal, and increase efforts to process and recover heavy metals. 	3.3.3 Waste	1 Reduction in overall waste generated per unit (%) (Base year: 2019)	-30.43%	Yes	-10%	-12%	-12%	-15%
				2 Reduction in hazardous industrial waste generation per unit (%) (Base year: 2019)	-34.95%	Yes	-10%	-12%	-12%	-15%
				3 Reduction in incinerated waste per unit (%) (Base year: 2019)	-12.35%	Yes	-10%	-12%	-12%	-15%
Green Products	Comply with international regulations and clients' hazardous substance policies, minimize the environmental impacts of products, and strengthen the management and control of hazardous substance.	<ul style="list-style-type: none"> Achieve green product management with the ultimate goal of providing Hazardous substances free products. Apply product life cycle management to reduce manufacturing processes and production times in order to minimize pollution, save resources, and boost productivity. 	2.1.2.3 Ecological Efficiency	1 Reduction in the number of hazardous substances used (items)	45	Yes	<45	<40	<40	<40
				2 Shortened/optimize the production process for mass production items (items)	148	Yes	27	25	25	25

 Social Aspect

Topics	Implications for Operations Management	Strategies	Corresponding Chapters	Goals	Reporting Year Target			Short-Term Target	Mid-term target	Long-term Target
					Performance in 2022	Target Achieved in 2022	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Occupational Safety and Health	In terms of safety, we plan to apply for the national awards of excellence for industrial safety; in terms of health, we strive for a healthy workplace.	<ul style="list-style-type: none"> Reduce workplace incidents: Managers conduct weekly safety inspections to identify and address potential hazards. Build a healthy workplace: Organize health promotion campaigns to help employees find balance between physical and mental health. 	4.3.2 Benefits and Care (Healthy Workplace)	1 Health promotion campaigns	4	Yes	4 times/year	4 times/year	4 times/year	4 times/year
				4.4.2 Occupational Injury Management	2 Reduction in lost work hours due to occupational incidents	5 days/year	Yes	<80 days/year	<60 days/year	<60 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 talent value.	<ul style="list-style-type: none"> Attract talent through multi-channel sourcing. Increase talent retention rate through pay raises and promotions. Implement job rotation to place the most qualified employees in positions where they can maximize their potential. 	4.1 Talent Attraction and Retention	1 Number of managers promoted or hired	74 persons	Yes	50 persons	50 persons	50 persons	50 persons
				2 Indirect employees recruited for new plants	95 persons	Yes	70 persons	70 persons	70 persons	70 persons

Reasons for Unmet Goals in 2022 and Corrective Measures







We failed to reach 9 of our annual targets in 2022. We have requested the relevant departments to analyze the reasons for these deficiencies and draw up corrective measures to ensure continuing growth.

Aspect	Topics	Goals	Reporting Year Target			Cause Analysis	Corrective Action
			Performance in 2022	Target Achieved in 2022	Target for 2022		
Economic	Risk Management	Manufacturing execution system (MES) interruption rate (%) Calculation: Hours of system	0.2169%	No	<0.05%	The network core switch equipment was malfunctioning, causing network interruptions and impairing system services. The recovery time was prolonged due to efforts to locate and fix the anomalous issue.	1. Optimize the power supply configuration of the core switch. 2. ELK is scheduled to be implemented in January 2023 to collect records of core network equipment for analysis in order to identify potential abnormalities and apply preemptive responses.
		Group performance in management by objectives (MBO) (%)	77%	No	>85%	The targets for relevant quality and yield rate indicators have not been met, affecting the overall group performance in management by objectives (MBO).	We have clarified responsibilities, conducted regular reviews, and made appropriate adjustments to target-setting.
	Supplier Sustainability Management	Percentage (%) of suppliers signing the Supplier Code of Conduct (Target: key suppliers)	98.75%	No	100%	In 2022, a total of 160 companies were required to sign the Supplier Code of Conduct, and 158 of them have done so (including 5 companies that have submitted their own letters of guarantee). Due to the termination of cooperation, the remaining two suppliers did not sign the agreement. Therefore, the completion rate was 98.75%.	The following requirements for the signing of Supplier Code of Conduct have been added to the Supplier Management Procedure: Key suppliers with an annual transaction volume of NT\$ 1 million or above must sign the latest version of the Supplier Code of Conduct, or submit a statement/guarantee letter. However, if the cooperation has been terminated during the year, this requirement will be waived.
	Product Quality	Overall product yield rate	91.6%	No	>96%	The yield rate was affected by the increase of demands in special product structure and multi-layer boards. (Please see 2.1.3.2 Customer Satisfaction Survey for details).	1. Conduct regular process improvement meetings and monitor and verify the effectiveness of response measures. 2. Propose continuous improvement projects (CIP) to address the problem. (For details, please refer to 2.1.3.2 Customer Satisfaction Survey)
	Customer Services	Average number of customer complaints per	6	No	≤ 3	Poor product appearance (55%), product functional defects (29%), and product dimension defects (16%) Main causes for defects: (1) Inadequate operational procedures were the leading cause for poor product appearance. (2) Functional defects were caused by the non-conformity of process conditions to the central value principle.	1. We have formulated clearly defined standard operating procedures and trained and educated our personnel accordingly. 2. Our technicians reexamined process conditions, adjusted parameters, and revised relevant instructions.
		Customer satisfaction score	82	No	>85	1. Due to the impact of the pandemic and the lockdown in 2022, the manufacturing of products has been delayed, affecting the delivery schedule of samples and products and diminishing the competitiveness in acquiring new orders. Clients have offered low-priced and high-quality products to compete for consumers, which leads to heated price-cutting competition in the FPC market. Our company is moving towards product refinement, which affects our price advantage in comparison with other manufactures.	The following improvement strategies will be implemented in accordance with the principle of preserving the company's gross margin and attending to feedback from customers. 1. Finance: Launch cost-cutting initiatives 2. Procurement: Improve supplier management and cost reduction mechanism. 3. Quality assurance: Improve yield rate and reduce manufacturing cost. 4. Research and development: Increase product layout utilization and reduce material use in manufacturing. 5. Manufacturing: Improve delivery schedule for samples and mass production items.
	Business Ethics	Violations of information security policy (cases)	4	No	0	1. Tablet displays were broken due to improper handling involving physical force. 2. Potential data breaches resulting from the custodian's loss of the iPad. 3. Potential data breaches resulting from the custodian's loss of the iPad used for inspection. 4. The iPad was accidentally dropped into the liquid chemical while being used by personnel, resulting in erosion and damage.	Offenders were interviewed and disciplined. To avoid recurrences, the relevant units were required to submit Investigation reports for the violations and enhance internal education.
	Information Security	Stability of the Group's IT systems	80 points	No	90 points	The malfunction of the core network equipment, in conjunction with the inadequate control of the IDB/SAP host and the abnormality in the system environment, caused an interruption in system service, which in turn impacted network service and resulted in a significant abnormality.	1. To enhance stability, management personnel has strengthened system inspection, and the replacement of the IDB/SAP server and system is scheduled for March 2023. 2. Employ the ELK log management platform to collect the system records of the company's network equipment and important services to analyze and monitor potential abnormalities and implement preemptive response measures.
	Environmental	Water Management	Increase in reclaimed water recycling rate	27.43%	No	30%	The RO systems and the reclaimed water recovery systems are approaching their scheduled maintenance periods, resulting in a decline in the reclaimed water recovery rate.

1.1.2.2 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.


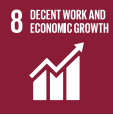






Flexium’s Communication Channels with Its Stakeholders

Stakeholder Group	Concern	Communication Channel/ Frequency	How Does Flexium Respond?	Results in 2022
 <p>Foreign legal entities, investment companies, insurance companies (capital investment departments), etc.</p>	<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 7 external investor conferences Held 1 stockholder meeting
 <p>All clients</p>	<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 82 points in 2022. (Survey respondents: Top 10 clients in terms of revenue contribution in 2022)
 <p>Local and foreign employees</p>	<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 Attended to 491 employee
 <p>All suppliers and contractors</p>	<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"> Performed business ethics surveys on 320 suppliers 262 surveys responded. No illegal or unjust issues were uncovered. Conducted 8 supplier audits (including 2 ESG audits) Implemented 6 on-site waste disposal audits
 <p>Competent authorities (OSHA, EPA, and MOL)</p>	<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"> Conducted quarterly identification of applicable laws and regulations on occupational safety and health Passed 53 sampling audits of water quality by wastewater processing plants in industrial parks Completed 6 air-pollution fee reviews in collaboration with environmental protection authorities
 <p>Local communities and educational institutions</p>	<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. Conducted 3 visits to local village chiefs

1.1.3 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 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.	To accelerate our efforts in transitioning into smart factories, we utilize machinery and equipment to increase process efficiency and product yield, thereby reducing labor costs and errors, while simultaneously introducing automatic measurement and laminating machine technologies in an effort to move into the Industry 4.0 age. 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 collaborated with National Cheng Kung University on the one-year industry-academia 3D Structure Processing Process Development Project for Optical Communication Products (2021-2022). To explore the demand on the backend products, we have engaged in an extended industry-academia project with National Sun Yat-sen University on the Development of High-precision Packaging Technology for Optoelectronic Composite Boards (2021-2022), in an attempt to create a packaging technology specifically used on flexible photoelectric composite boards. In April 2022, we partnered with National Cheng Kung University once again to carry out the project on Advanced Process Technology and Equipment Development of Electro-optic Flexible Printed Circuit (2022-2023), which aims to correct horizontal and rotational offsets resulting from manual alignment and laser processing methods, as well as to improve excimer processing and output efficiency and optimize the electro-optic circuit board processing technology with the addition of photomasks. In 2022, total R&D expenditures amounted to NT\$ 2,050,930,000. R&D personnel reached 250, and the ratio of R&D personnel to total employees was 9.77%.
		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. Flexium Code of Ethics 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.

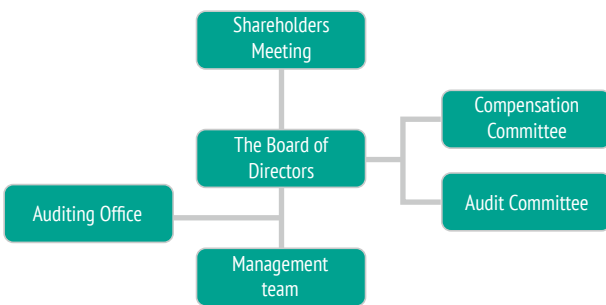
Category	UN SDGs	Goals	Flexium Response/Actions
Social		<p>Goal 4.5 Eliminate inequality in education and ensure that disadvantaged groups receive adequate education and vocational training.</p>	<p>Offered a wide range of training programs and development courses for employees at all levels. Flexium provides a wide range of topics regarding management to deepen the management competencies of employees.</p>
		<p>Goal 4.7 Ensure that all students acquire the necessary knowledge and skills to promote sustainable development.</p>	<p>To establish a productive calligraphy learning environment for schoolchildren, we contributed NT\$ 200,000 to the Calligraphy Classroom initiative of Kaohsiung Municipal Daliao Elementary School, which was officially inaugurated in 2022.</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 678 new hires in 2022, 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>
	<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 2022, 92.7% of Flexium's purchases were made locally in Taiwan. We actively support the development of local suppliers.</p>	
Environment		<p>Goal 6.4 Improve water-use efficiency to ensure the sustainable supply and recycling of fresh water in order to resolve problems of water shortages.</p>	<p>In 2022, the amount of water saved reached 429,183 tons, which was an increase of 33.58% compared to the amount of water saved in 2021 (321,299 tons).</p>
		<p>Goal 7.3 Double improvements in global energy efficiency.</p>	<p>In 2022, we continued to implement energy-conservation measures, such as raising the temperature of chillers by 1°C, changing the temperature in cleanrooms to 23°C, and substituting high-energy-consumption motors with energy-efficient ones. In addition, 14,928 tCO₂e have been cut thanks to the EMS smart power control system. Through these measures, we were able to meet the room-temperature requirements of the production line while reducing 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>Recycling programs at our plants generated about NT\$ 238,851,897 in economic benefits from 2020 to 2022.</p>
		<p>Goal 12.2 Sustainable management and efficient use of natural resources.</p>	<p>In 2022, facilities for electrolytic copper recovery were used to convert copper ions in wastewater into 14.2 metric tons of copper pillars for reuse.</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>Flexium is dedicated to implementing a centralized chemical supply system in order to reduce the frequency of deliveries and the number of trips required to transport liquid chemicals, thereby reducing our carbon footprint. Installations of equipment for the centralized chemical supply system were completed in the second half of 2022, and verification procedures for chemical deployment are impending. The system is expected to be deployed to the Ho-Fa Plant in February 2023.</p>
		<p>Goal 13.B Improve mechanisms in least developed countries to enhance their capacity for effective climate change planning and management.</p>	<p>We adopted ISO 14064-1:2018 GHG inventory standards for our inventory operations in 2022 to enhance GHG emission control and management.</p>

1.2 Business and Governance

Flexium 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.

1.2.1 Corporate Governance

1.2.1.1 The Board of Directors



The Board of Directors is the highest decision-making body of Flexium, with the Chairman of the Board functioning as the head of the top governing body. To effectively implement the Board's decisions and enhance management and decision-making efficiency, the Chairman concurrently serves as the General Manager of the Company and assumes responsibilities for business management, formulation of mid-and long-term operating strategies, and execution of resolutions from shareholders and Board meetings. 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 10th Board comprises 11 directors, including 4 independent directors (or 36.4% of the Board) and 3 Company employees, who are responsible for formulating the Company's business blueprint and major strategies. In accordance with the concurrence restrictions specified in the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*, each independent director may concurrently serve as a director for no more than three other public companies. The information of directors concurrently holding other company positions is disclosed on pages 12 of the Company's *2022 Annual Report*. The Board is subject to the *Rules of Procedure for Board of Directors Meeting* and required to convene quarterly. *Flexium Code of Ethics* 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.

The Company's Board of Directors shall provide strategic direction, oversee management, and be held accountable to the Company and shareholders; and the operations and design of the corporate governance system must ensure that the Board of Directors' authority is exercised in accordance with applicable

laws and regulations, the *Company's Articles of Incorporation*, or shareholder resolutions. Diversity should be considered during the selection of members of the Board of Directors, and applicable policies should be developed based on corporate operations, business models, and development needs, which should include but not be limited to the following two aspects: basic criteria and values (gender, age, nationality, and culture, etc.) and professional knowledge and skills (educational background, professional skills, and industrial experience).

To strengthen the Board structure of the Company, there are currently 11 Board members, including 2 female directors (about 18%) and 1 foreign director (about 9%). In 2022, the Board of Directors held 8 meetings, with an attendance rate of 99%. The members of the Company's Board of Directors are equipped with the required professional knowledge, experience, and competence to carry out their duties. They have expertise in chemical engineering, machinery, finance, and the law, as well as international vision, decision-making, leadership, and crisis management capabilities that are essential to address economic, environmental, and social changes. In terms of age distribution, 3 of the Board members are under 50 years old, while the rest are over 50 years old. For further information on Board members' backgrounds, please see page 8-10 of the Company's *2022 Annual Report*.

In accordance with *Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies*, the Company organizes advancement courses for the Board members, such as corporate governance, legal compliance, and corporate sustainability, to continuously enhance the Board members' understanding of emerging issues and improve corporate governance performance. In 2022, the Company's directors received an average of 6.27 hours of training. For information about the continuing education for the Company's directors and supervisors, please visit the Market Observation Post System (MOPS) website.

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, Anson Tseng

5 meetings were convened in 2022 with an overall attendance rate of 100%.

1. Formulate or revise internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Review and evaluate the effectiveness of internal control systems.
3. Formulate or amend procedures for major financial or operational actions such as acquisition or disposal of assets, engaging in derivatives trading, extension of monetary loans to others, endorsements or guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving personal interests of Board members.
5. Major asset or derivative transactions.
6. Major monetary loans to others, endorsements or guarantees for others.
7. Offering, issuing, or private placement of securities with equity nature.
8. Appointment, dismissal, or remuneration of certified accountants.
9. Appointment and dismissal of financial, accounting, or internal audit supervisors.
10. The annual financial report signed by the chairman, manager, and accounting supervisor, as well as the second quarter financial report that must be audited and signed by a certified accountant.
11. Other significant matters stipulated by the Company or the competent authority.

Compensation Committee

Convenor: Hsin-Pin Fu

Members: Pei-Jun Wu, Shui-Tung Huang

2 meetings were convened in 2022 with an overall attendance rate of 100%.

1. Evaluate and propose amendments to this regulation on a regular basis.
2. Formulate and regularly review the policies, systems, standards, and structures for the performance evaluation and remuneration and compensation of the Company's directors and managers.
3. Evaluate the remuneration and compensation of the Company's directors and managers on a regular basis.

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 19 of the *2022 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 *2022 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.

To co-create value for the company and its shareholders, Flexium has issued restricted stock in 2019, 2020, and 2022 respectively to attract and retain talent, motivate employees, and increase employee loyalty. Conditions for compensation are linked to personal and company operating performance to strengthen the relationship between senior executives' compensation and corporate performance.

1.2.1.2 Business Ethics

Flexium has formulated the *Corporate Sustainable Management Manual* and *Corporate Sustainable Management Strategy* based on the *Responsible Business Alliance (RBA) Code of Conduct* to implement our ESG Vision: be an ESG doer, and makes society and the environment better. Our Strategy covers five major scopes - labor rights and human rights, health and safety, environment, ethics, and management systems, and four major policies -- labor human rights, environment, safety, and health, ethics, and management systems, with clearly defined responsibilities and procedures. The provisions on labor rights and human rights are derived from key international human rights standards, such as the *Declaration of Fundamental Principles and Rights at Work* issued by International Labor Organization (ILO) and the *Universal Declaration of Human Rights*, which serve as the basis for the establishment of our core ESG team and annual key performance indicators of varying scopes. We ensure policy implementation through internal control, auditing systems, and regular evaluations of the status of progress at management review meetings.

To ensure the adoption and implementation of ethical governance policies, sound development, and good business practices, Flexium has established its *Flexium Code of Ethics* 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, political contributions, charitable donations or sponsorships 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 2022, the company received no material penalties^{Note} 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.

Notes:

The major penalties, as specified in Article 4-26 of the *Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities*, refer to the occurrence of a disaster, group protest, strike, environmental pollution, information and communication security event, or any other material event resulting in any of the following situations:

(A) where the company incurs a material loss or impact;

(B) where a relevant authority orders suspension of work, suspension of business, termination of business, or revokes or voids a permit pertaining to pollution;

(C) where the administrative fines for one single event have accumulated to NT\$ 1 million or more.

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 2022, all the risk scores were below 27.

Business Ethics Evaluation Indicators	Is it controlled?	Risk Priority Number (RPN)			
		2019	2020	2021	2022
Business Integrity	Y	15	15	24	9
No Improper Advantages	Y	20	16	20	9
Information Disclosure	Y	12	15	12	9

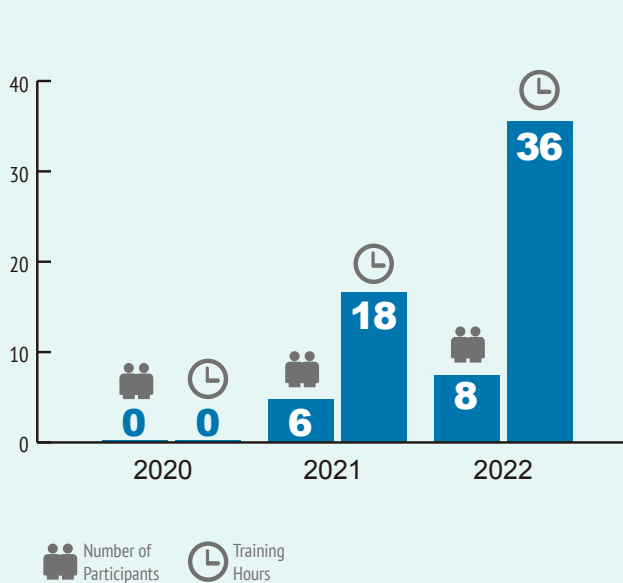
Employee Code of Conduct

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

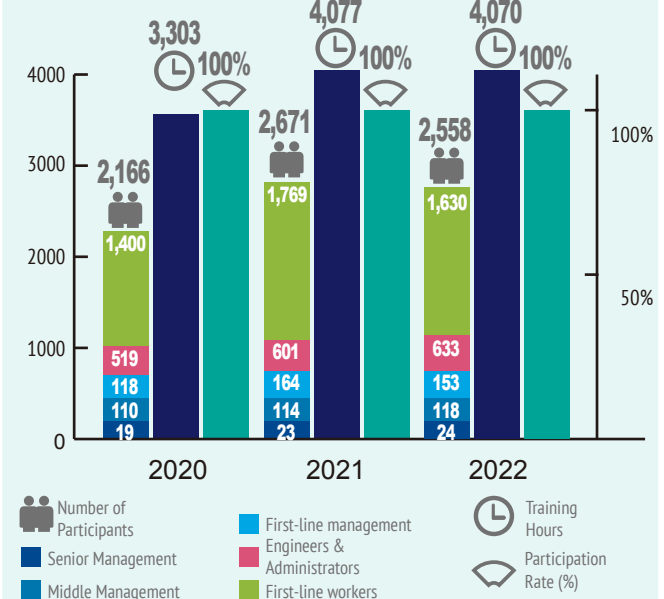
Flexium strictly prohibits employees from offering, accepting, promising, or demanding, directly or indirectly, for the self or others, acts that are dishonest, unlawful, or otherwise contrary to the duties entrusted to them by the Company, in order to uphold the principles of fair trade and prevent 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 2022, no corruption or bribery cases were recorded within the company, results which can be attributed to our commitment to integrity and ethics.

Training Statistics (Directors)



Note: The anti-corruption courses for directors and supervisors include corporate governance/insider equity trading/insider trading.

Training Statistics (Employees)



Notes:
 1. The anti-corruption courses include the business ethics sessions in the new recruits training and ESG Train-the-Trainer program.
 2. Participation rate (%) = actual number of employees receiving training/number of employees scheduled for training *100.
 3. Senior management: Plant, department level and above; Middle management: managerial; First-line management: group/unit levels.

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) and hotline (07-7871008 ext. 109) that can be found on the Company's website. These reporting and complaint channels are also promoted through scheduled or unscheduled campaigns at orientation programs for new recruits and by ESG Train-the-Trainer Program (complaint mechanisms, professional ethics, business ethics, Letter of Commitment for Undertaking of Integrity, etc.), as well as posters on bulletin boards or rest areas in each factory to increase exposure. 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 2022. There were 32 general complaints and recommendations, which were all processed and resolved. (Please refer to ch.4.3.1.1 for details)

1.2.1.3 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.

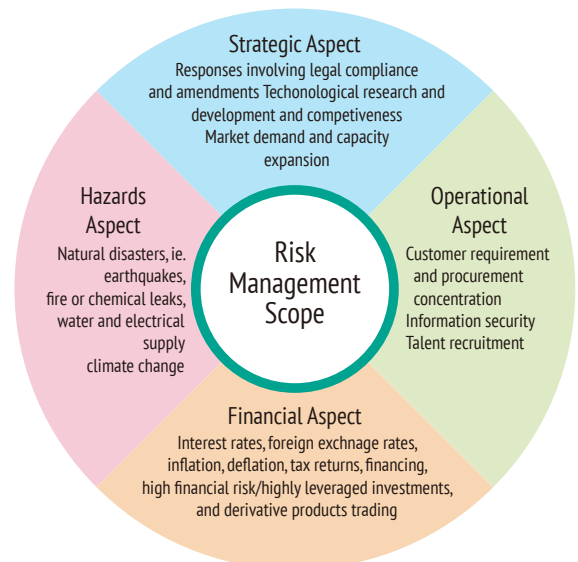
1.2.2 Risk Management and Information Security

1.2.2.1 Risk Identification and Response

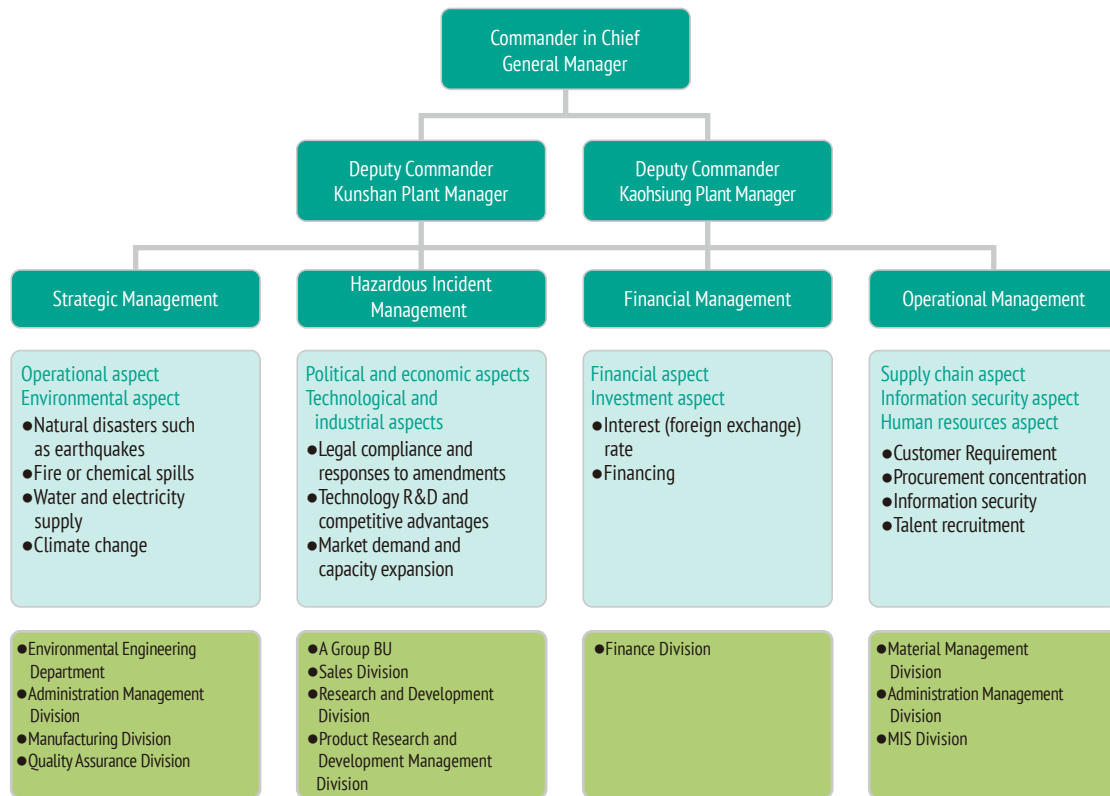
Flexium applies periodic management and response measures to potential risk factors in policy, operations, finance, and hazards. In 2022, the Company further integrated its various risk management and divides risk into four major scopes: strategic considerations, operational considerations, financial considerations, and hazards. It 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 Management 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.

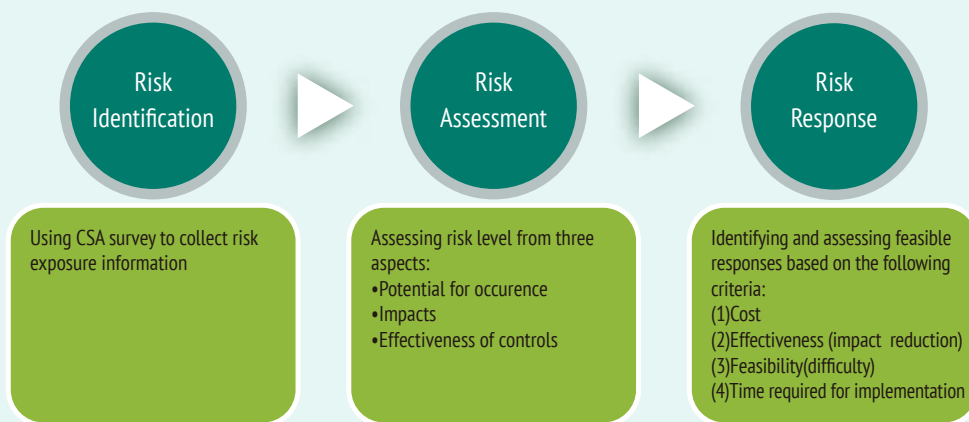


Risk Management Organization



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.
	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.
	Climate Change	We implement precautionary measures as a response to physical risks (typhoons, torrential downpour, and water shortages) from climate change. The response measures to typhoons include dredging drainage ditches, securing windows, doors, and suspended objects, and preparing power generation and water pumping equipment. To deal with torrential downpour, water pumping motors and waterproof gates should be installed. To address water shortages, wastewater recovery systems should be installed to increase wastewater recovery in addition to constructing water storage facilities. For details on the transition risks arising from climate change, please refer to 3.1.1 Climate Risk and Opportunity Management.
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 April and August 2022. 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.
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 Material Delivery Anomaly Reporting Directives and implemented multiple approaches to address supplier delivery issues. 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 Hazard Identification and Risk Evaluation Management Procedures 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.

Strengthening risk awareness

To increase risk awareness, Flexium conducts internal education and training related to risk management based on various risk categories, e.g., information security, occupational safety, and health, and promotes risk management awareness to all employees by organizing different risk education events.

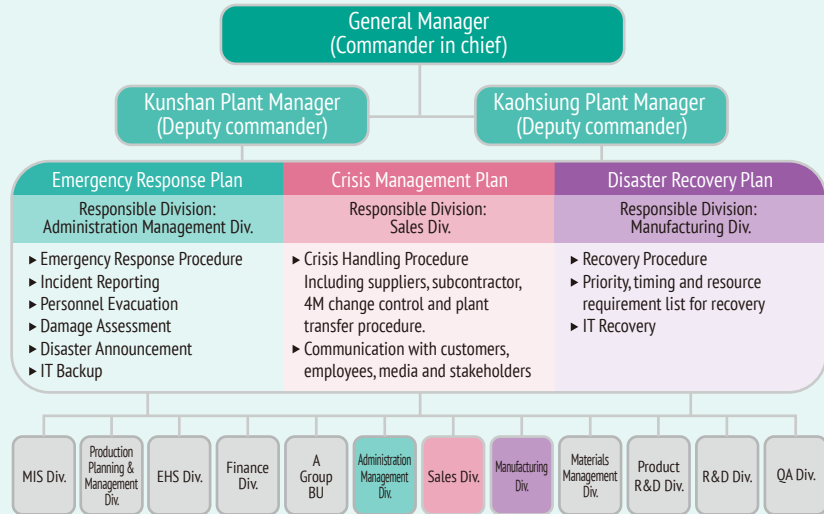
Subject	Frequency	Channels
Information security risk management	Quarterly	Supervisors' meetings/Emails
Asset security management for key talents	Non-scheduled	Orientation training for new recruits
Risk management for occupational safety and health	Non-scheduled	Orientation training for new recruits

Business Continuity Planning

To further enhance its Business Continuity Management (BCM), 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



The following three key indicators are established to prevent individual risks from impacting the Group's business performance.

Management Indicators	Purposes
MES production system interruption rate	Prevent production downtime and losses in operating costs caused by interruptions in production system service
Group performance in management by objectives (MBO) (%)	Monitor long-term operational performance indicators for timely correction and improvement
Foreign Exchange Losses or Profits	Reduce foreign exchange losses and associated operational impacts

Note: Please refer to 1.1.2.1 Short-, Medium-, and Long-Term Goals for Material Topics for details on management performance.

1.2.2.2 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 2022 with a total attendance of 1,962 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.

2022 Two Fire Drills



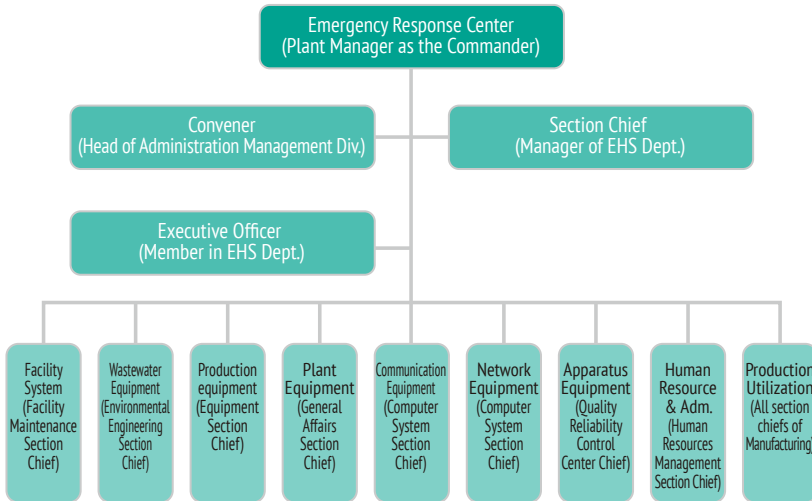
2022 Regional Fire-fighting Drills



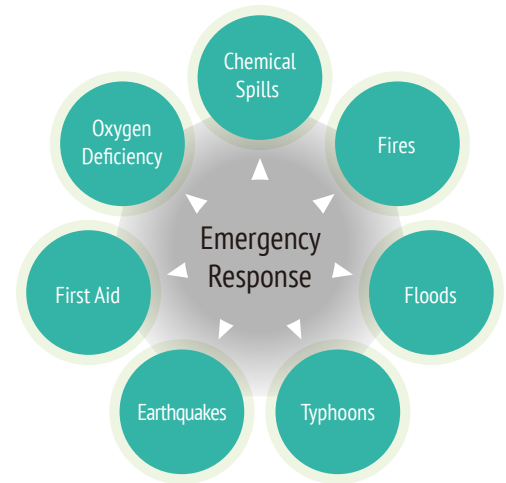
2022 Chemical Spill Drills



Emergency Response Center



Emergency Response Plan Aspects



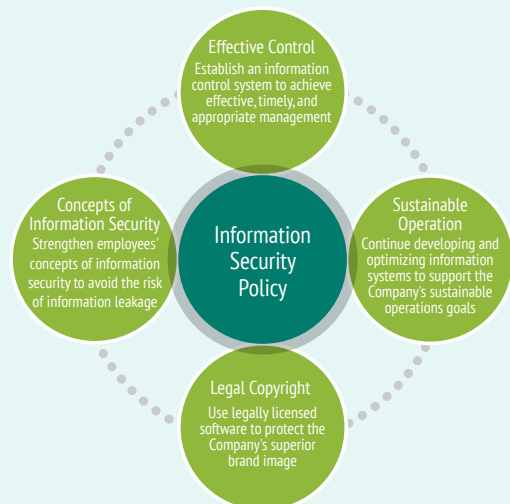
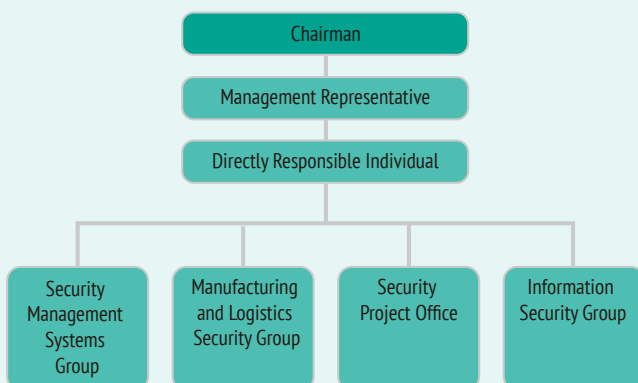
1.2.2.3 Information Security Management

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. We assign dedicated information security personnel to enforce information security policies and objectives, formulate standard operating procedures, implement improvements proposed by audits, monitor the status of deficiency improvements, and report and respond to information security incidents, thereby ensuring the effective and continuous implementation of our information security management regulations.

SRC Security Responsibility Management Organization



Information Security Risk Management

Flexium implements information security protection for the five asset categories-- equipment, application, network, data, and user--in accordance with the cyber security framework proposed by the National Institute of Standards and Technology (NIST). We have established the Flexium Cyber and Information Security Protection Framework based on the five pillars of identification, defense, detection, response, and recovery, with periodic assessments of protective measures performed before, during, and after incidents.

Flexium's Cyber Defense Matrix(CDM)

	Identity		Protect		Detect	Response	Recover
Devices	Asset Management		Endpoint antivirus	Group Policy Object(GPO)	Endpoint Antivirus		
Applications	CI/CD	Jump server	Web application firewall		Third-party cybersecurity testing		High availability architecture
Networks	Change Manage	Vulnerability scan	Intrusion detection		Log Analysis Management Platform		
	NAC		External firewall				
Date	Email delivery record		SPAM and Outgoing email executive sign-off		File Date Access Audit Management		Date backup
	Date classification		Hard disk encryption				
People	Security awareness training		Social engineering training		User Behavior Analysis	Cybersecurity Incident Response Team (CIRT)	
	AD identity authentication		Multi-Factor Authentication (MFA)			Security Incident drill	Date recovery drill
Governance	Cyber Security Management System(CSMS)						
	Information Security Executive Team						

To strengthen our information security management, we perform risk assessments and implement response measures against information risks, such as IT equipment management, hardware protection, monitoring of application system security, Internet access, proactive detection, system vulnerability scanning and repair, MFA multi-factor authentication (enhanced identity authentication), etc. We strive to fulfill our corporate responsibility of protecting customers' personal data by completing technical and management inspections in accordance with the information security assessment items specified in the *Information Protection and Management Protocol*, which serves to improve and enhance the security of our cyber and Information systems, as well as information governance standards.

The ELK (Elasticsearch, Logstash, and Kibana) log management platform was implemented in 2022 to mitigate the risk to business continuity posed by information system disruptions. The ELK platform is primarily used to collect and store the data or records of the information system and Internet and communication equipment which are used to analyze and detect potential abnormalities, issue early warnings, and respond to incidents in a timely manner. Simultaneously, regular system vulnerability scanning is performed to detect possible information security vulnerabilities in the system which are repaired in advance to prevent and minimize the risk of cyber-attacks. We further ensure business continuity by improving the company's data backup operations, deploying backup mechanisms for systems, data, and offline applications, and establishing remote storage backup facilities.

To ensure the uninterrupted operation of the information system, we monitor information operations from the system and implementation levels in order to maintain the Stability of Group IT System (see 1.1.2.1 for detailed management results). Information security drills are conducted 1~2 times per year. In April and August of 2022, respectively, the MIS Department conducted core system security updates and uninterrupted simulation drills, during which the switching of automatic backup mechanism was activated based on the system types and disaster scenarios to secure non-interrupted operations of system services.

Information Security Incident Reporting Procedures

The Company has established information security reporting procedures in accordance with our *Business Continuity Planning Management Procedure*, which stipulates that any employee who suspects an incident involving information security (including personal data) must immediately notify the relevant units. IT personnel conduct preliminary assessments upon receiving reports of information security incidents to determine the level of abnormality (general incidents, significant incidents). For general incidents, IT personnel perform the appropriate improvement measures. However, if it is a significant incident, IT personnel must report the status and impact of the incident to the IT manager, who will determine if the business continuity plan must be activated.

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	783	391.5	100%
IT Technician and Associated Personnel	General Information courses	4	4	100%
Other Personnel	General Information courses	124	124	100%

Note: Participation rate= number of participants/number of participants scheduled to attend.

A total of 4 information security violations were recorded in 2022, mainly involving damaged information equipment and lost equipment due to human error. To increase employee awareness and mitigate information security risks, the Company has imposed information security education and training, disciplinary measures, and publicity campaigns on offenders according to the severity of their violations.

Year	2020	2021	2022
Information security violations	3	1	4
Violations involving customers' personal data	0	0	0
Customers affected by information breaches	0	0	0
Penalty received due to information or cyber security incidents (NT\$)	0	0	0



Product



Product

2.1 Innovation and Service

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. We have adopted a top-of-the-line and roll-to-roll automated production line, which integrates machines, workers, and big data into a single and digitally connected production system, in an effort to transition toward smart factory and smart manufacturing and highlight our competitive edge. In addition, our product development, production, and sales are in line with applicable laws and regulations or voluntary guidelines. In 2022, no incidents occurred as a result of non-compliance with product or service labeling regulations/or voluntary guidelines, marketing and communication regulations/or voluntary guidelines, as well as violations of regulations on health and safety and products and services.

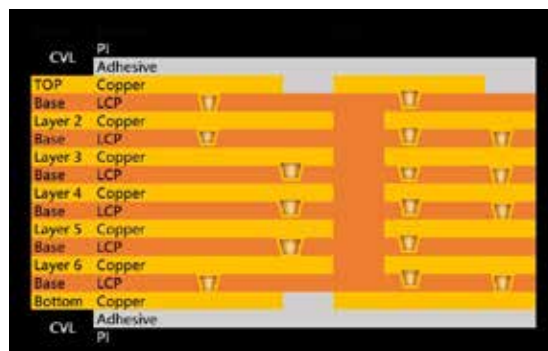
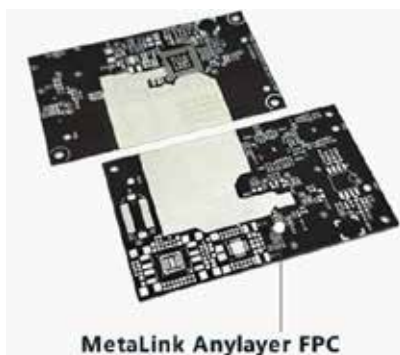
2.1.1 Research and Innovation

In establishing a presence in Taiwan and accelerating technological innovation and global deployment, Flexium continues to collaborate closely with major international material manufacturers, academic R&D institutions, and factories with advanced technology and equipment during the new product R&D process. With achieving roll-to-roll automated production in mind, we seek to develop multi-functional materials and matching high-tech equipment and introduce new equipment and new materials. We are simultaneously continuing our academic collaborations with domestic and foreign institutions to develop basic materials and innovative technologies, all while jointly creating next-generation products with our end customers.

2.1.1.1 Innovation Management

The Company's business strategy is to develop a variety of innovative technologies and to lead the way in the deployment of future antenna transmission technologies, all while fulfilling its environmental responsibilities. To reduce carbon emissions, the Company began with antenna transmission, design, and processes and developed Metalink technology, which is anticipated to reduce carbon emissions in the production process and increase production efficiency. Moreover, we employ liquid crystal polymer (LCP) material, which is a general term for thermoplastic aromatic polyester polymers with liquid crystal properties in a molten state. When used in stacking layers of LCP materials, this material does not require adhesive materials to achieve the bonding connection between layers. As LCP can be arbitrarily bent, it gives the end-user more flexibility in product design, and the product can be made more compact and lighter.

MetaLink Anylayer FPC



Metalink is a product and technology platform developed by Flexium in 2020 to incorporate 5G communication technologies into high-end electronic products, such as automotive radar. Future key product applications envisioned by Flexium include 24/77GHz automotive radar, 60GHz radar sensor, and low-Earth orbit (LEO) satellite transceiver and tracking system. Since environmental moisture is the primary cause of the degradation of electronic materials, the use of LCP material with exceptionally low water absorption enables the product to maintain stable signal transmission performance in a variety of environments.

Flexium's Product Development Roadmap

Capability		2022	2023	2024
Layer counts		S/S & D/S Multi-Layers: 10 layers	S/S & D/S Multi-Layers: 12 layers	S/S & D/S Multi-Layers: 12 layers
Flex material		Polyimide LCP Modified-Polyimide	Polyimide LCP Modified-Polyimide	Polyimide & LCP Low Dk/Df Material PTFE
Base thickness		100um, 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	70um, 35um, 18um, 12um, 9um, 6um	70um, 35um, 18um, 12um, 9um, 6um, 3um
Coverlay (PI/adhesive)		25um/33um, 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	0.03mm	0.03mm
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)	0.035/0.035 mm	0.030/0.030mm	0.030/0.030mm
LPSM of shift tolerance		0.030mm	0.030mm	0.030mm
LPSM of opening		0.10 mm	0.10 mm	0.10 mm

R&D Team

In facilitating new product development, the Company's R&D team provides a full range of services from design to measurement. At the design and development stage, the team discusses product application requirements, specifications, and measurements with customers, in addition to providing material selection suggestions, conducting circuit simulation, designing and measuring fixtures, etc. At the production and manufacturing stage, the team determines the key factors influencing product manufacturing, measures product features, and validate product quality and reliability before delivering to customers. Throughout the process, the team continuously reviews the application status of the product with customers.

The R&D team members are divided into the Advanced Materials (AM) Department, RF Department, Production Research & Development Management Department, and FBG Engineering Department according to their specific duties. These departments are responsible for product planning, material development, equipment development, circuit design and simulation, new product R&D, patent application, and industry-academia cooperation. Each team is composed of competent members and functions as Flexium's greatest innovation engine.



To strengthen Flexium's R&D capacity, we continue to invest our financial resources in R&D efforts, which has exceeded NT\$ 1.4 billion or over 5% of our revenue over the past four years.

The ratio of R&D expenditures to revenues over the past four years

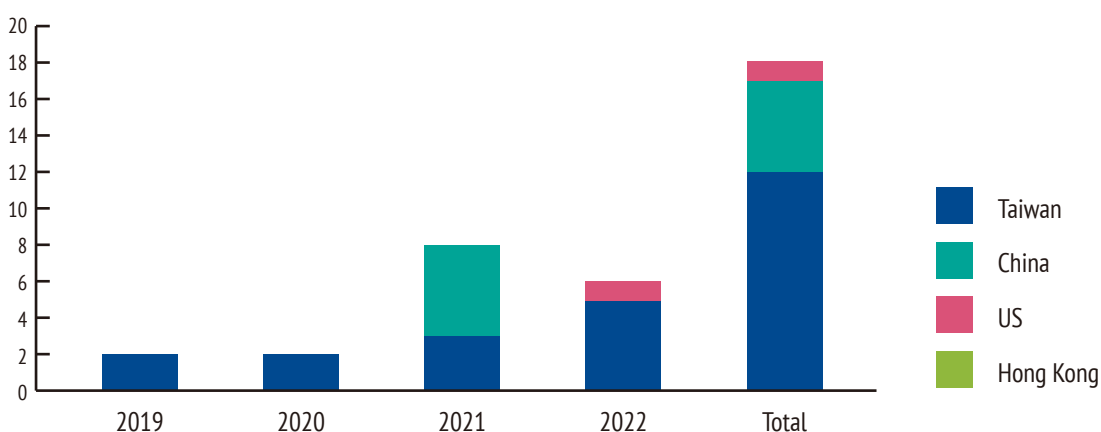
Year	2019	2020	2021	2022
R&D personnel (person)	143	193	215	250
Ratio of R&D personnel to employees (%)	7.07%	8.91%	8.05%	9.77%
R&D expenditure (NT\$ thousand)	1,420,631	1,826,427	2,055,340	2,050,930
Ratio of operating income (%)	5.46	6.11	5.78	5.12

Intellectual Property Management

As Flexium continues to grow, the Company actively strives to acquire international patents, protect our R&D achievements through patent applications, manage the R&D results between the Company, customers, and suppliers, while enhancing value and competitiveness through patent development. In 2022, a total of 6 patents were obtained, including one utility model patent and five invention patents. From 2003 to 2022, a total of 312 patents were obtained (excluding patents pending).

Since 2020, the number of patent applications has increased considerably due to the institutionalization of patent operation instructions and the establishment of patent incentives. To increase the approval rate of patent applications for inventions, Flexium added a new legal course on patent training for R&D personnel to its long-term education and training programs beginning in 2021.

Number of patents disclosed for four consecutive years (2019-2022)



Industry-academia Collaboration

We aim to facilitate application research in innovative and practical knowledge and technology in the academia by consolidating external and internal resources to enhance, integrate, and utilize R&D resources, and maximizing the R&D capacity of schools and academic institutions to satisfy business requirements.

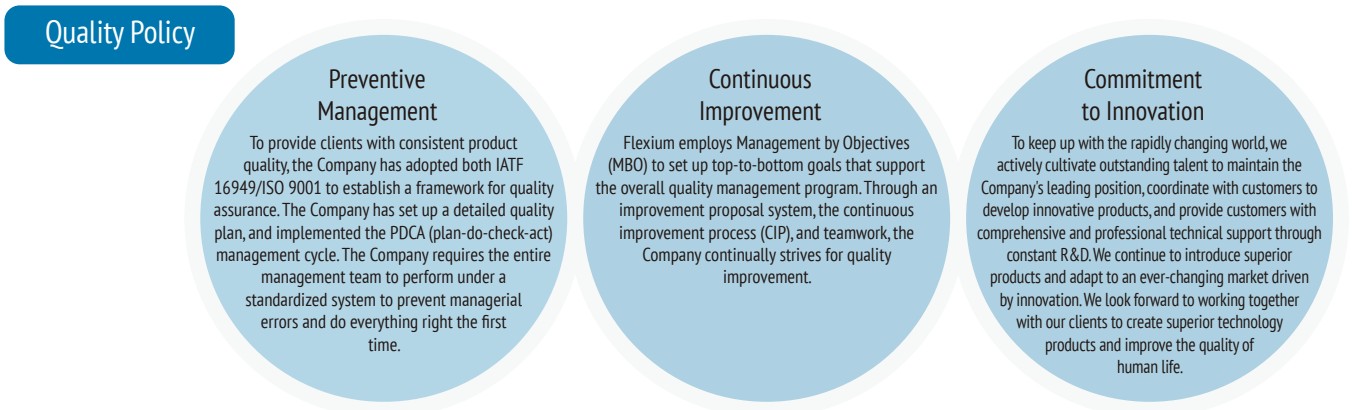
The one-year industry-academia 3D Structure Processing Process Development Project for Optical Communication Products (2021~2022), in collaboration with National Cheng Kung University, employs precision optical processing technology to form a reflective surface with a specific angle and roughness. Combined with optical communication technology, it effectively reduces the optical transmission loss on the slope. To explore the demand for the development of the backend products, we have launched an extended industry-academia project with National Sun Yat-sen University on the Development of High-precision Packaging Technology for Optoelectronic Composite Boards (2021~2022), in an attempt to create a packaging technology specifically used on flexible photoelectric composite boards. In April 2022, we partnered with National Cheng Kung University once again to carry out the project on Advanced Process Technology and Equipment Development of Electro-optic Flexible Printed Circuit (2022-2023), which aims to correct horizontal and rotational offsets resulting from manual alignment and laser processing methods, as well as to improve excimer processing and output efficiency and optimize the electro-optic circuit board processing technology with the addition of a photomask. The respective one-year contracts for the three industry-academia collaboration projects have been signed, and the project outcomes will be implemented in our products and technologies. Total budget for the three projects is NT\$ 6 million.

Project	Partner	Project Title	Content	Status
1	National Cheng Kung University (2021-2022)	Structure Processing Process Development Project for Optical Communication Products	Develop UV exposure technologies to achieve material photopolymerization and create gas laser cutting technology.	Completed
2	National Sun Yat-sen University (2021-2022)	Development of High-precision Packaging Technology for Optoelectronic Composite Boards	To meet the specification requirements of the optoelectronic stack design of optoelectronic composite boards and develop a packaging technology specifically used on flexible optoelectronic composite boards.	Completed
3	National Cheng Kung University (2022-2023)	Advanced Process Technology and Equipment Development of Electro-optic Flexible Printed Circuit	Improve excimer laser bevel processing technology and the excimer laser grayscale mask capability, and optimize the electro-optical circuit board processing technology.	Ongoing

2.1.1.2 Product Quality

Quality Policy

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.



Enhance Quality Management and Build a Quality Culture

Flexium launched the Continuous Improvement Process (CIP) in 2015 to strengthen the Company's quality culture and enable all employees to utilize quality assurance tools and continuously improve product quality by applying the Plan-Do-Check-Act (PDCA) approach. We encourage our employees to use systematic analysis and improvement measures through team collaboration to optimize processes, improve quality and efficiency, enhance technology R&D capabilities, and facilitate business growth. As of 2022, eleven campaigns have been implemented in which relevant departments selected development plans from a variety of professional disciplines and formed interdepartmental teams. After three phases of review, including topic review, midterm review, and document review, ten outstanding teams were selected to present the processes and outcomes of their respective projects in the final competition. Awards and bonuses were given to the top three winning teams and outstanding works. Through the CIP campaigns, we intend to cultivate a culture of continuous improvement within the Company and encourage teamwork and collaboration across departments.

Moreover, the Company annually implements a variety of quality-related courses to increase employees' awareness of and proficiency in quality assurance, simultaneously raising the corporate quality standard. In 2022, a total of 24 quality-related education and training courses were held, with a total of 2,650 participants and 4,744 training persons/hours.

The 11th CIP Campaigns



2.1.2 Green Product

2.1.2.1 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. 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.

2.1.2.2 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. To reduce the use of hazardous substances, we have established an annual target for controlling the number of items containing hazardous substances (Please see 1.1.2.1 for details on management performance). 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. 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, by establishing annual targets for reducing and optimizing the work stations dedicated to mass production items (see 1.1.2.1 for management performance details), 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.

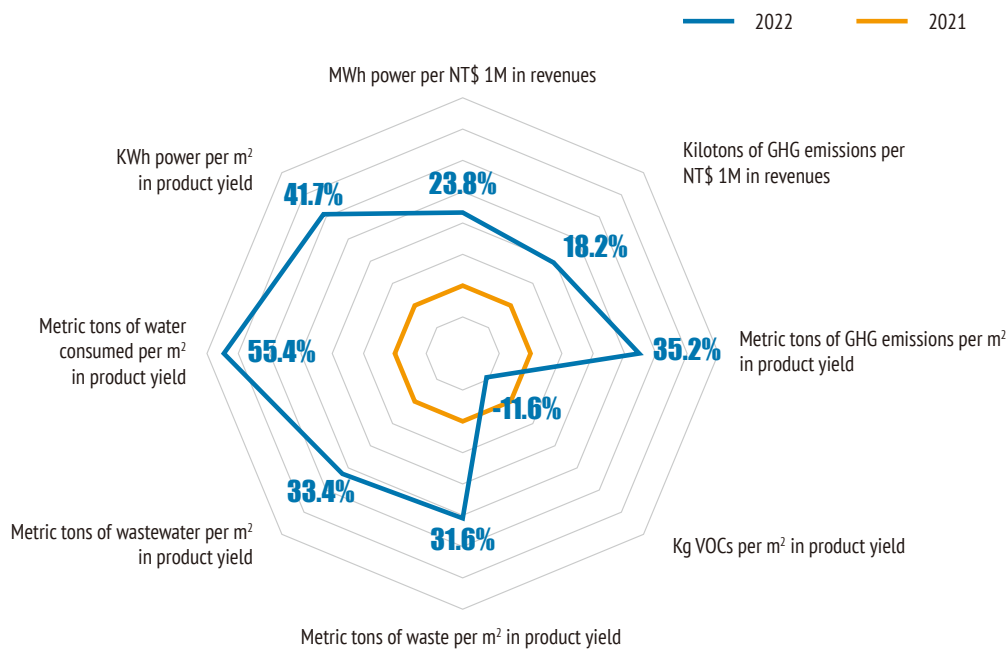
According to our analysis, despite a rise in revenue in 2022, the Company's active transformation toward refined services has resulted in a minor decrease in production capacity compared to the previous year. However, we will not cease our efforts to promote environmental protection. Since the second half of 2022, the Ho-Fa Plant has been included in our statistics. Consequently, the MWh power per NT\$ 1 million in revenues increased by 23.8% in 2022 compared to 2021, whereas the kWh power per m² in product yield rose by 41.7% in 2022 compared to 2021. Despite the inclusion of the Ho-Fa Plant in the aggregate statistics, per kg VOCs per m² in product yield decreased by 11.6% in 2022 compared to 2021, highlighting our efforts and successes in air pollution control.

In addition, we plan to introduce ISO 50001 energy management systems in 2023, which, coupled with the continuous use and addition of energy-saving systems in the plants, points to a promising future for our energy control measures. To reduce GHG emissions, we have adopted ISO 14064-1:2018 organizational GHG standard. Compared with 2021, the ratio of per thousand metric tons of GHG emissions to NT\$ 1 million in revenues grew by 18.2% in 2022, mainly owing to the new inventory boundary and the inclusion of Ho-Fa Plant. Our 2022 GHG data is expected to be verified in September 2023 and will serve as the benchmark for our carbon reduction efforts. To achieve water efficiency, we have improved in reusing water resources and reduces water usage and wastewater discharge by increasing the efficiency of the water recycling system, demonstrating that the Company has made continuous efforts to improve energy-saving and waste-reduction.

Ecological Efficiency of Production						
Indices	Unit	Efficiency				Change (% ,2022 vs. 2021)
		2019	2020	2021	2022	
Power consumption	MWh per NT\$ 1M in revenues	1,674	1,928	1,622	2,008	23.8%
	kWh per m ² in product yield	84.0	55.0	57.0	80.0	41.7%
Greenhouse gas emissions	Kilotons per NT\$ 1M in revenues	0.900	0.930	1.890	2.240	18.2%
	Metric tons per m ² in product yield	0.047	0.027	0.066	0.089	35.2%
VOCs	Kg per m ² in product yield	0.047	0.027	0.028	0.025	-11.6%
Waste	Metric tons per m ² in product yield	0.005	0.003	0.003	0.004	31.6%
Wastewater	Metric tons per m ² in product yield	1.240	0.840	0.812	1.083	33.4%
Water consumption	Metric tons per m ² in product yield	1.400	0.900	0.768	1.193	55.4%

Notes:

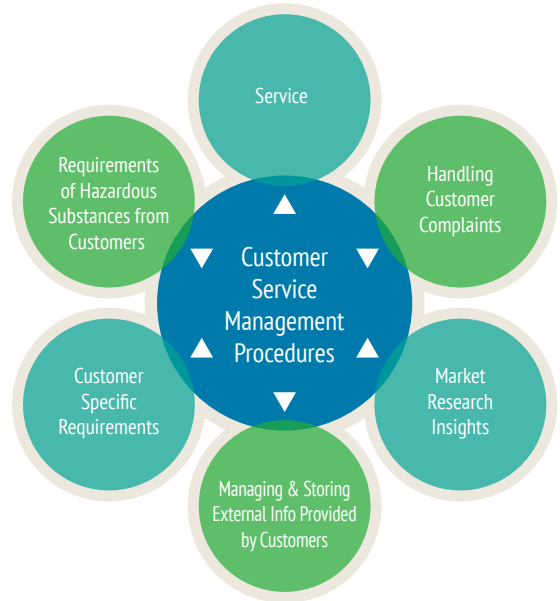
- 1.A negative percentage indicates an increase in efficiency.
- 2.Dollar amounts are denominated in New Taiwan Dollars.
- 3.Data for wastewater and tap water volume comes from water bills. The figures for production output were provided by the Finance Division.
- 4.The calculation scope of the aforementioned indicators includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V, and the Ho-Fa Plant.
- 5.Since the Ho-Fa Plant was launched in the second half of 2022, the data on electricity consumption, volatile organic compounds (VOCs), waste, wastewater, and water consumption only covered the period from July to December 2022, whereas the data for all other plants covered the entire year of 2022.
- 6.The GHG inventory boundary includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V, and the Ho-Fa Plant. Because it is impractical to separate the GHG emissions of each plant site, the data for the Ho-Fa Plant spanned the complete year of 2022.
- 7.The GHG data came from self-inventory results; the ISO 14064-1:2006 greenhouse gas inventory standard was adopted in 2019 and 2020; the ISO 14064-1:2018 greenhouse gas inventory standard was adopted in 2021 and 2022.



2.1.3 Customer Relationship

2.1.3.1 Customer Services

Flexium aims to deliver the highest service quality to its customers and values their opinions. *The Customer Service Management Procedure* was created to explicitly outline the essential procedures for managing customer complaints, hazardous substance-related requirements, specific customer demands, and customer services. We have generated new customers and maintained customer relations using real-time customer feedback channels, which include but are not limited to emails, telephones, and communication software. We will continue to remove barriers to communication with customers and respond to their demands precisely and promptly.



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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.

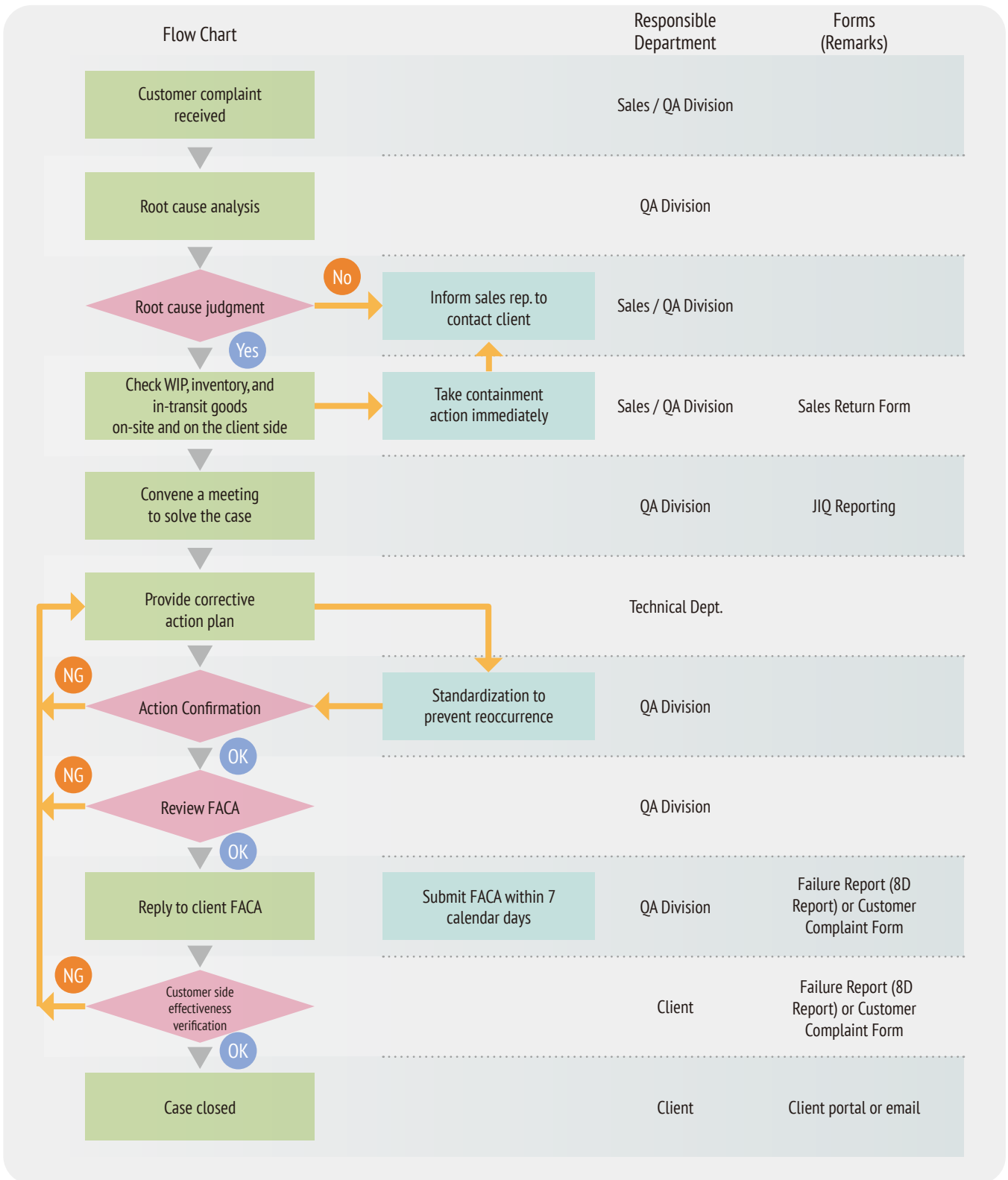
Flexium has established its *Customer Complaint Handling Procedures* to handle customer complaints. We analyze the underlying reasons for complaints and respond quickly to customers to reduce the occurrence of complaints. When we receive a complaint, we respond within 72 hours and produce a report utilizing 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 2022, Flexium's plants in Kaohsiung received a total of 73 customer complaints, including poor product appearance (55%), product functional defects (29%), and product dimension defects (16%), all of which have been fully resolved. After analyzing the causes of defects for each category, it was determined that inadequate operational procedures were the leading cause. Therefore, we have formulated clearly defined standard operating procedures and trained and educated our personnel accordingly. The analysis of secondary causes of defects revealed that the conditions of the process failed to conform to the central value principle. Our technicians reexamined the process conditions, adjusted the parameters, and revised the relevant instructions to resolve the issue of defective products.

Number of Customer Complaints During the Past Four Years

Year	2019	2020	2021	2022
No. of Complaints Received	38	32	23	73
Percentage of Complaints Resolved	100%	100%	100%	100%

Note: The adjustment of the customer complaint units at the Kaohsiung Plant and the Kunshan Plant is the primary cause for the increase in complaint cases in 2022.



2.1.3.2 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.

Between 2020 and 2022, the supply market shifted progressively toward Mainland China manufacturers, and competition in market price intensified. Consequently, customer satisfaction with regard to "price" was low. In addition, the global Covid-19 outbreak has reduced our face-to-face interactions with clients and our ability to attend to their needs at close range and in a timely manner, resulting in a "service" score lower than that of the preceding two years. Our clients have introduced low-priced products to attract consumers, which contributes to the low level of customer satisfaction in 2022 and intensifies the price-cutting competition in the FPC market. Flexium is in the process of refining its products, which reduces its price advantage over competing manufacturers. Furthermore, due to China's zero-Covid policy, the Company's product output has been limited and delivery deadlines have not been met, as the majority of the Company's production facilities are located in China. In 2023, we intend to set an overall customer satisfaction goal of 85 points, while simultaneously increasing the overall yield rate in the plants to reduce production and manufacturing costs, paying close attention to customer feedback for continuous improvement, and pursuing excellence in every aspect of customer satisfaction.

Indicators	2019	2020	2021	2022
Quality ▶	86	87	93	88
Service ▶	90	91	89	86
Delivery ▶	83	86	86	81
Pricing ▶	62	75	86	68
Technology ▶	88	89	92	83
Hazardous Substance Management ▶	88	92	94	90
Total ▶	83	86	90	82
Target (%) ▶	85	85	85	85
Customer satisfaction level (%) ▶	80%	50%	80%	40%
Revenue contribution of top 10 clients as a percentage of all revenue (%) ▶	81%	85%	85%	85%

Notes:

1. The targets for this survey were our top 10 clients in terms of revenue contributions in 2022.
2. Customer satisfaction level (%): The percentage of customers with satisfaction scores of 85 or higher.

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

Indicators	Description	Target Achieved	Performance in 2022
Product Yield ▶	•Target: Single-layer 97.5%, double-layer 96.5%, multi-layer 95.5%	✘	Single-layer: 89.48% double-layer: 93.30% multi-layer: 85.72%
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	✘	Averaged 6 cases per month
Quotation Acceptance Rate ▶	•Target: 30% •Calculation: Accepted quotations as a percentage of all quotations.	✔	69%
Order Fulfillment Rate ▶	•Target: 94.5% •Calculation: Fulfilled orders as a percentage of all orders.	✔	98%
Control Shipping Costs ▶	•Target: Cap Product export shipping costs at <NT\$ 200,000/month	✔	Averaged NT\$ 164,479 per month

Description of non-conformity:

1. Product yield:

- 1.1 Single-layer board: The yield rate decreased primarily as a result of problems with crease marks, metal residuals, and adhesive deviations. To correct the defects, improvements will be made to adjust machine parameters, mold fixtures, and operating procedures.
- 1.2 Double-layer board: Defects are mainly caused by broken wires and gaps on the products, which will be improved by adjusting materials, machine parameters, production processes, and operating procedures.
- 1.3 Multi-layer board: Defects are mainly attributed to copper surface oxidation, holes, broken wires, and gaps, which will be improved by adjusting machine parameters, processes, and operation procedures.

2. Number of customer complaints: This is mainly due to poor product appearance caused by inadequate operating procedures and poor functionality as a result of the non-conformance of the process conditions to the central value principle, which will be remedied by stipulating clear standard operating procedures and strengthening personnel training, as well as re-examining each process condition and adjusting the process parameters.

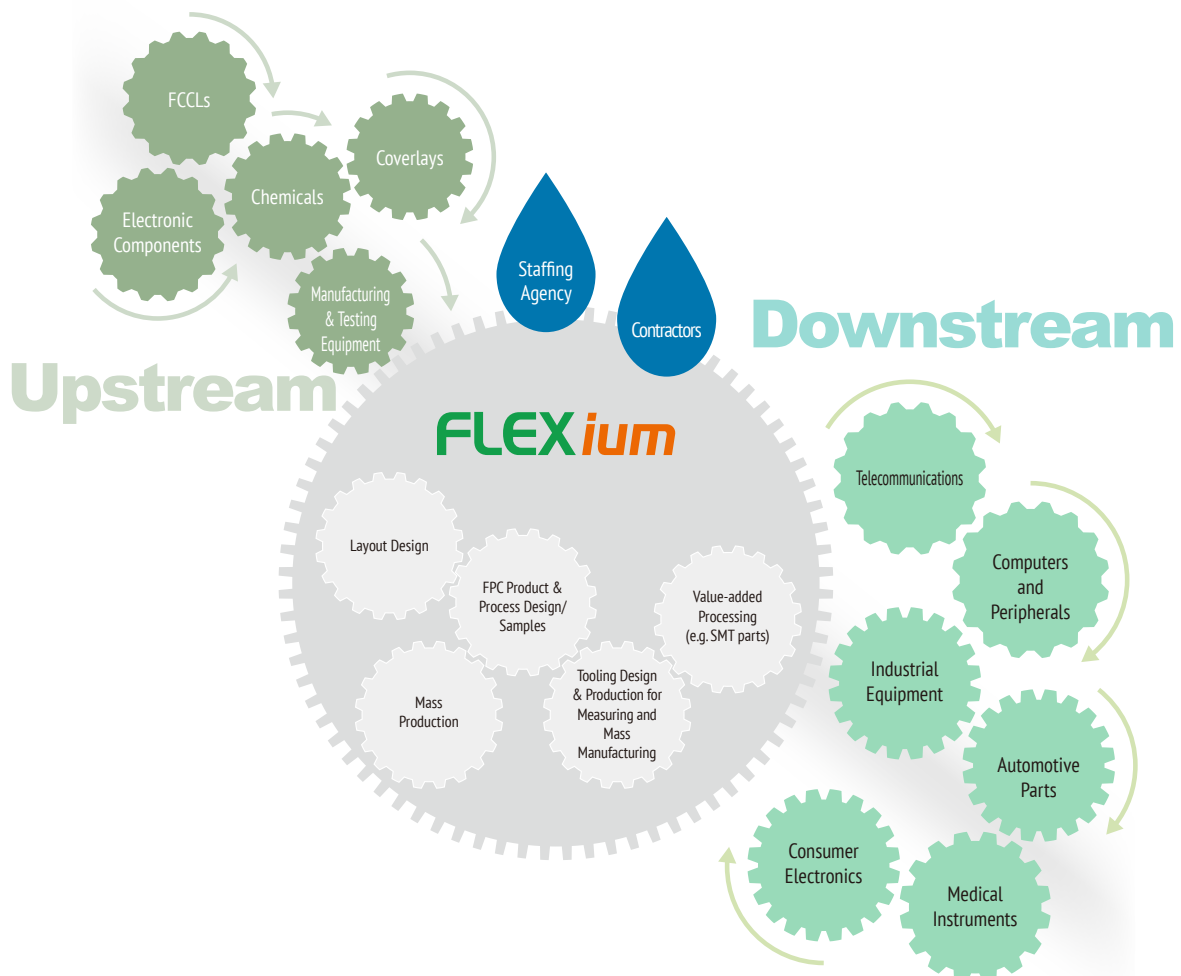
2.2 Sustainable Supply Chain

2.2.1 Supplier Sustainability Management

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 participate in a circular economy and gradually achieve a 100% usage rate of recycled metals, starting in mid-May 2022, Flexium implemented the procurement plan for potassium gold cyanide and collaborated with precious metal refining industries that have the UL 2809 verification for recycled material content. We procured 113,500 grams of recycled potassium gold cyanide. The potassium gold cyanide waste liquid generated during the production process will be handed over to the refining industry for recycling and reprocessing. After the reprocessing, the recycled potassium gold cyanide will be sold back to Flexium and reused in the production process, a demonstration of material-recycling and cyclic utilization. In 2022, the usage of recycled potassium gold cyanide accounted for 47.15% of the total usage (totaling 247,000 grams).



Overview of Supply Chain

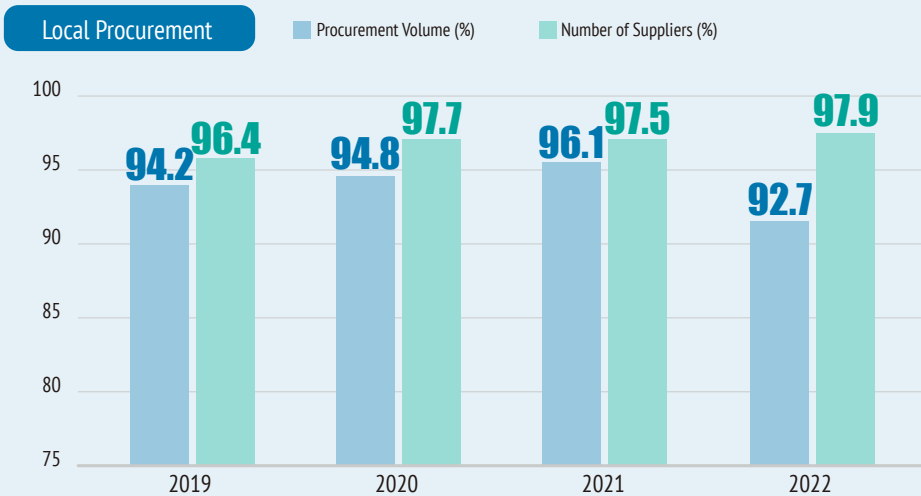
Flexium classifies its suppliers into four major categories: copper, chemicals, tooling, and equipment suppliers. The suppliers are then divided into primary suppliers and key suppliers based on procurement volume. Suppliers are evaluated differently depending on their category. Evaluation methods include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

Number of Primary ^(Note 1) /Key ^(Note 2) Suppliers and Procurement Volumes and Percentages				
Year	2019	2020	2021	2022
Total Number of Suppliers ▶	417	452	406	387
Number of Key Suppliers ▶	111	123	151	160
Number of Primary Suppliers ▶	18	12	11	11
Procurement from Key Suppliers (%) ▶	96.56	97.18	97.98	98.13
Procurement from Primary Suppliers (%) ▶	47.59	43.05	45.79	43.10

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's main operating locations are in Taiwan. Currently, we collaborate with a total of 379 suppliers registered in Taiwan. Local procurement in 2022 accounts for 92.7% of the total procurement. Individual percentages of the procurement amount and the number of local suppliers for the past four years are as follows:



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

Meanwhile, Flexium encourages the implementation of green procurement policies. Starting from 2021, we have gradually procured products that come with domestic and international energy-saving certifications and environmental labels, such as ENERGY STAR® and FSC. In 2022, green procurement cost approximately NT\$ 11.87 million, accounting for 0.38% of the total procurement amount and an increase of NT\$ 4.22 million compared to 2021, reflecting a growth of 55%.

Supplier Code of Conduct

Flexium has always been an advocate for labor rights, environmental protection, health and safety, business ethics, and corporate governance. Our *Supplier 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 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

In compliance with the *Responsible Business Alliance (RBA) Code of Conduct*, Flexium requires key suppliers with an annual transaction value of NT\$ 1 million or above from the previous year to sign the latest version of the *Supplier Code of Conduct* or provide a self-declaration statement/guarantee letter. By doing so, they commit themselves to complying with Flexium's requirements in terms of labor, health and safety, environment, business ethics, and management systems, and fully adhere to the laws and regulations of their operating country/region.

Supplier Selection, Auditing, and Consulting

In selecting suppliers, Flexium implements a grading system based on product categories where it conducts written or on-site evaluations for new suppliers. The evaluation process follows the results of the *Supplier Evaluation Form* and considers compliance with the Hazardous Substances Process Management (HSPM) and Responsible Minerals Policy minimum requirements. In addition to monthly evaluations, supplier evaluations are conducted, which include material management, quality systems, manufacturing management, overall management, product environmental quality management, and responsible procurement. Based on the results, suppliers are graded A, B, C, or 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. There is no revocation of trade qualifications in 2022. All of the suppliers completed the quality improvement if required.

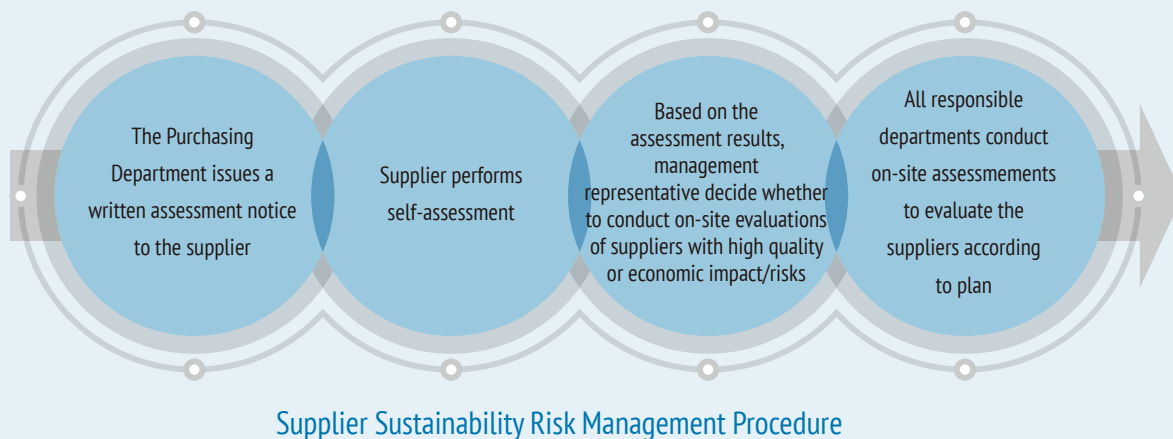
To maintain optimal competitiveness, Flexium's quality assurance, procurement, and engineering personnel join forces to conduct routine supplier assessments and audits on several sustainability factors, such as labor rights, business ethics, environmental protection, and occupational safety and health. 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 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*.

Flexium conducted audits on two major suppliers in 2022. The audit results revealed that both suppliers had no deficiencies. One of the suppliers received two recommendations regarding fire alarm systems and greenhouse gas inventory. The other supplier received 7 recommendations that are primarily related to labor and environmental management. The recommendations suggest the establishment of relevant regulations and the optimization of management practices in current operations.



2.2.2 Responsible Mineral Procurement Management

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.

Responsible Minerals Policy and Measures

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 requirements relevant to responsible mineral outsourcing, the Company responds by taking action to revise internal operational regulations and methods accordingly. We also require suppliers to sign a *Statement of Responsible Minerals Policy*. 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 *Extended Minerals Reporting Template (EMRT)*. 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.

Responsible Minerals Due Diligence Process for 2022

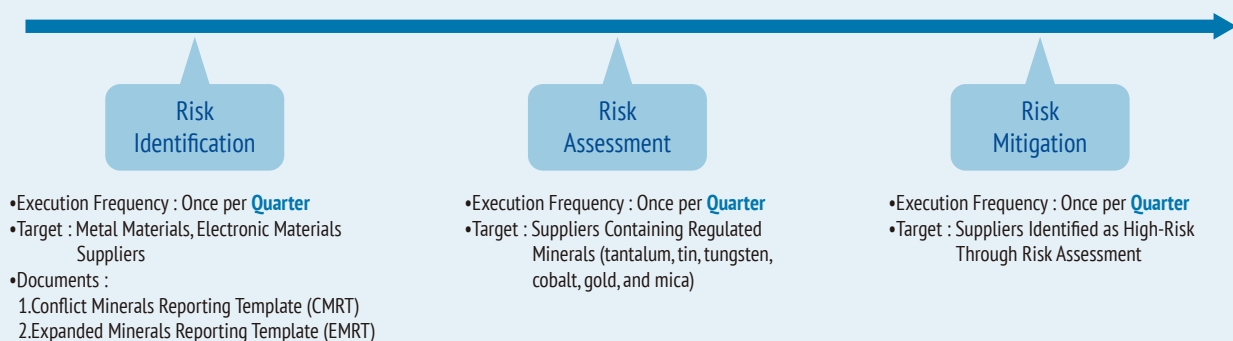
The Responsible Minerals Due Diligence process is conducted in three stages. In the first stage (risk identification), a comprehensive review is conducted on all suppliers. Among them, there are 54 suppliers of metal and electronic materials, which are included in the due diligence process. The 54 suppliers are required to provide relevant documentation, including the *Conflict Minerals Reporting Template (CMRT)* and the *Expanded Minerals Reporting Template (EMRT)*. Based on the investigation data submitted by the suppliers, a review and risk identification are conducted which confirm that 45 suppliers deal with regulated minerals (including tantalum, tin, tungsten, cobalt, gold, and mica).

In the second stage (risk assessment), the suppliers dealing with regulated minerals are evaluated based on three risk factors, including (1) whether the supplier responds to the *Conflict Minerals Reporting Template* established by the Responsible Minerals Initiative (RMI), (2) whether the smelters and refineries pass industry verifications, and (3) whether the smelters are included in the client's approved list. Following the risk assessment, it is revealed that 36 suppliers are identified as "low risk" and 9 suppliers as "high risk."

Finally, in the third stage, the 9 suppliers identified as "high risk" in the previous stage are required to submit risk mitigation plans. Due to the impact of the pandemic, all 9 "high-risk" suppliers have postponed the validation of smelters and refineries. However, they have provided "original manufacturer statements" to demonstrate that they are implementing risk mitigation measures (currently undergoing smelter validation). Therefore, based on the results of risk mitigation, all 9 high-risk suppliers are allowed to continue the transactions.

The results of the due diligence for 2022 will be reviewed in the annual management review meeting.

Due Diligence Process



Flexium promises not to ban all minerals from the DRC or adjoining countries. All minerals only sourcing from qualified smelters in compliance with the Responsible Minerals Assurance Process (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." Flexium promotes its annual Responsible Minerals Policy to all employees and new recruits. The policy content will also be printed on promotional cards and distributed to all employees. We hope to make the company's commitment to responsible minerals clear to colleagues through unofficial ways.



Environment



Environment

Flexium take the results of significant environmental impacts and risks evaluated in accordance with ISO 14001:2015 and ISO 45001:2018 (originally OHSAS 18001:2007) as our operational strategies. Accordingly, we formulated our *Environment, Health, and Safety (EHS) Management Manual*. The manual applies the plan-do-check-act cycle to the establishment and maintenance of our EHS management system. 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 officially joined the RE100 global renewable energy initiative in 2022. We are committed to achieving the target of 100% renewable energy consumption throughout the company by 2040 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 Environment, Health, and Safety (EHS) Policy

Complying with all environmental protection, occupational safety and fire prevention regulations applicable to our businesses to eliminate risks.

Preventing environmental pollution to continue to reduce the load on the earth.

Building a green factory to energy conservation and carbon reduction for our globe.

Creating an employee-friendly communicating workplace to improve employees' psychological and physical health.

Flexium's environmental objective is to achieve "Zero Penalties, Zero Pollution." Should disputes resulted from environmental issues or a need for coordination with external parties arise during the operation process, the company follows the procedures outlined in the "Communication Management Procedure." On October 19, 2022, the Dafa Plant II was found to have exceeded the concentration limit of odorous pollutants, violating Article 20(1) of the Air Pollution Control Act and Article 2 of the Standards for Air Pollutant Emission from Stationary Pollution Sources. Following a request for comments from the Environmental Protection Bureau on December 7, 2022, a fine of NT\$ 120,000 was confirmed on February 1, 2023. As this is the company's first violation of the regulation within three years and the company cooperated with authorities well during the investigation, the imposed penalty was mitigated. The company promptly took responsibility for environmental matters and implemented relevant improvements. In addition, Flexium has not experienced any significant environmental pollution incidents and has never received any external complaints.

3.1 Climate Action

3.1.1 Climate Risk and Opportunity Management

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.

Governance

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. The ESG Steering Committee, comprising department directors and the ESG management representative, 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.

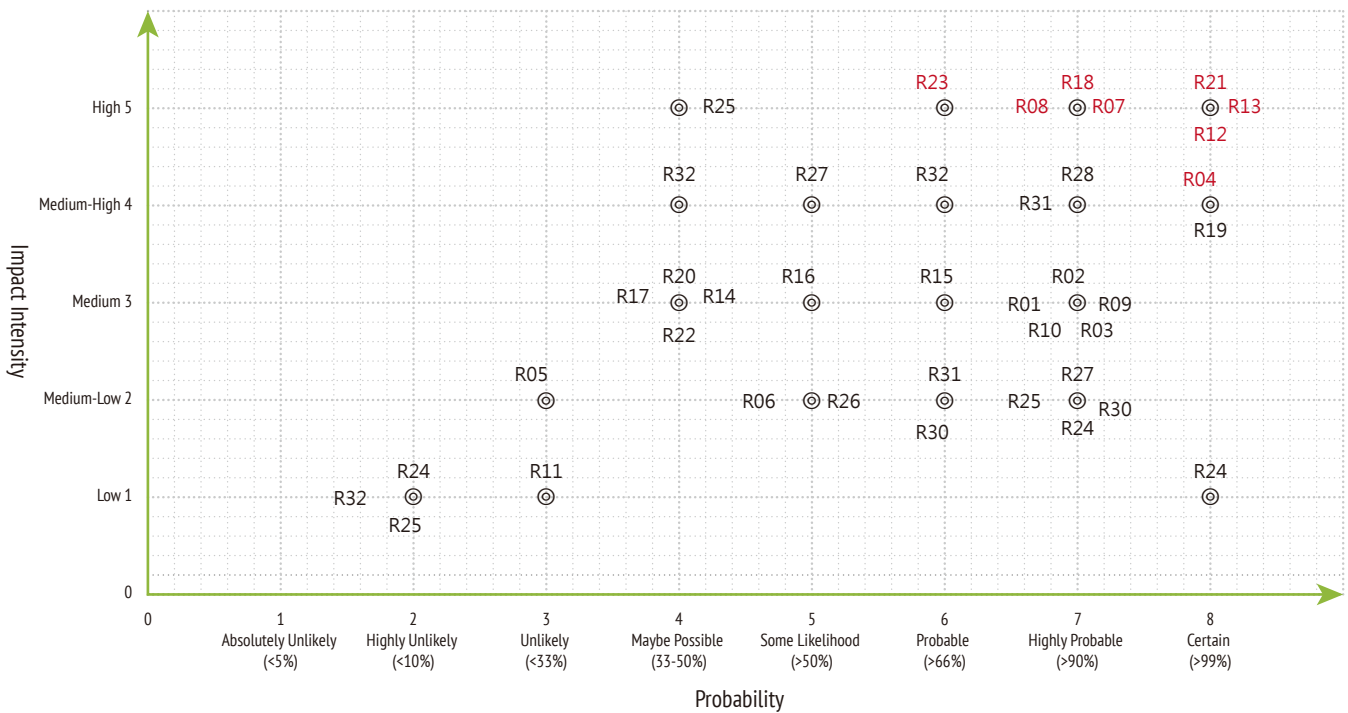
Strategy

Flexium defines the time frame for climate risks and opportunities as short- (within 3 years), medium- (3~5 years) and long-term (5~10 years). The material risks identified by various departments within the company include regulatory, market, and technological transition risks, as well as immediate and long-term physical risks. In the first quarter of 2023, the company introduced scenario analysis for climate change risks and opportunities.

Identification of Climate Risks and Opportunities

Flexium has developed the *Climate Change Risk Management Procedure*, which includes annual workshops conducted in groups. Discussions in these workshops focus on identifying relevant risks and opportunities based on the nature of each group's business operations. The risks and opportunities are then assessed where their probability (on an 8-level scale) and impact intensity (on a 5-level scale) are evaluated to form a risk and opportunity matrix. The ESG Steering Committee evaluates and decides on climate-related strategies and measures for risk and opportunity management.

Risk Matrix



Notes:

1. Impact Intensity is defined in 5 levels: High, Medium-High, Medium, Medium-Low, Low.
2. Probability is defined in the following 8 levels: Certain (>99% likelihood of occurrence); Highly Probable (>90% likelihood of occurrence); Probable (>66% likelihood of occurrence); Some Likelihood (>50% likelihood of occurrence); Maybe Possible (33-50% likelihood of occurrence); Unlikely (<33% likelihood of occurrence); Highly Unlikely (<10% likelihood of occurrence); Absolutely Unlikely (<5% likelihood of occurrence)
3. Material Risks are defined as risks with High Impact Intensity and Probability >66%.
4. Risk and numbering correspondence table:

Transition Risk					
No.	Risk Category	Risk Source	No.	Risk Category	Risk Source
R01	Regulation	Carbon tax	R13	Regulation	Voluntary agreements
R02	Regulation	Fuel tax/Energy tax	R14	Litigation	Legal litigation
R03	Regulation	Cap/Trade	R15	Technology	Demand for low-carbon products and services
R04	Regulation	Mandatory reporting	R16	Technology	Investment in new technologies
R05	Regulation	Product efficiency regulations and standards	R17	Technology	Transition to low-carbon technologies
R06	Regulation	Product labeling regulations and standards	R18	Market	Changes in consumer behavior
R07	Regulation	Renewable energy regulations	R19	Market	Uncertainty in market information
R08	Regulation	Air pollution control	R20	Market	Triggering natural resource changes
R09	Regulation	General environmental regulations	R21	Reputation	Shift in customer preferences
R10	Regulation	Uncertainty in new regulations	R22	Reputation	Negative reputation
R11	Regulation	Lack of regulations or compliance	R23	Reputation	Triggering negative feedback
R12	Regulation	International conventions or agreements			

Physical Risk		
No.	Risk Category	Risk Source
R24	Immediate	Tropical cyclones
R25	Immediate	Extreme temperature changes
R26	Immediate	Changes in rainfall patterns and distribution
R27	Immediate	Extreme rainfall and drought
R28	Immediate	Ice and snow
R30	Long-term	Changes in average temperatures
R31	Long-term	Changes in average rainfall
R32	Long-term	Uncertainty in physical risks

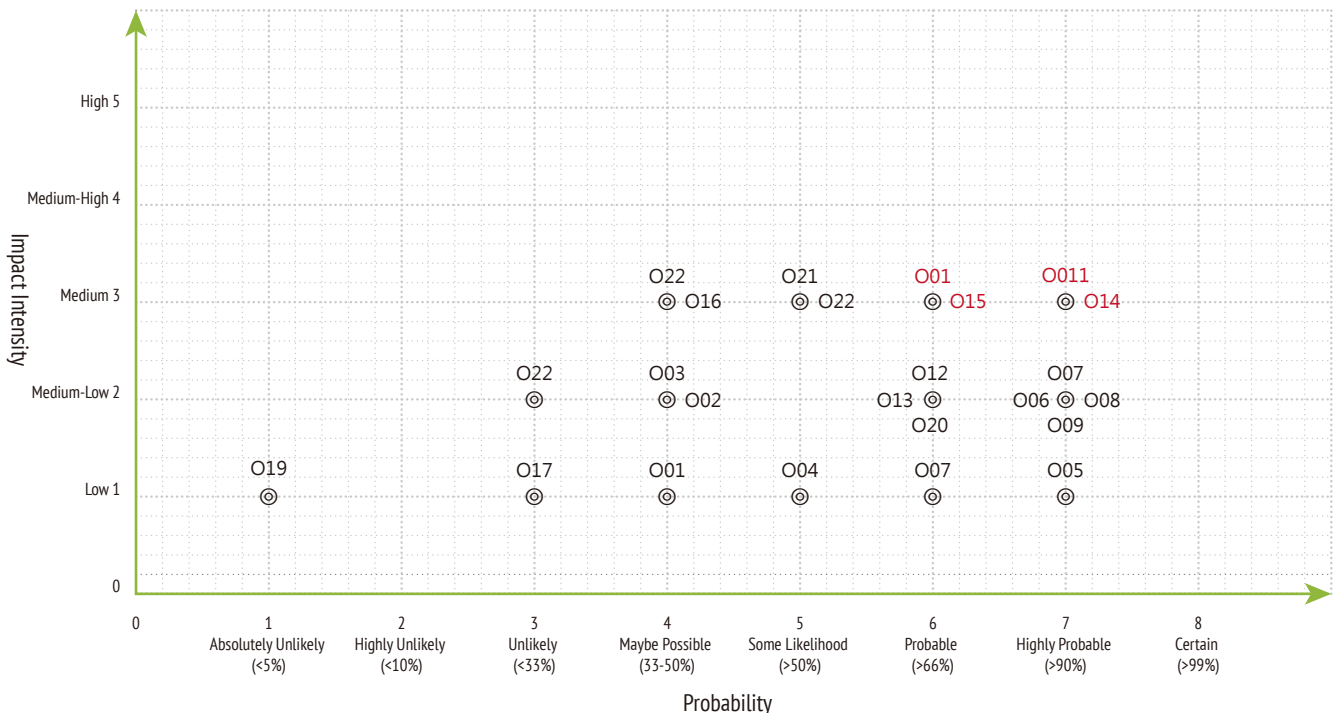
Analysis of Financial Impact Resulting from Climate Change (Material Risk)

The company conducts scenario analysis and financial impact assessment for material risks with high impact intensity and probability >66%. It also develops corresponding response measures.

No.	Category	Risk Category	Material Risk Source	Location	Time Frame	Scenario Analysis and Financial Impact	Management	Cost of Management
R04	Transition	Regulation	Mandatory Reporting	Upstream, Organization	Short-term	<p>Increase in indirect costs: There is a need for regulatory compliance checks and reporting, which incurs manpower costs. The assumed conditions are as follows:</p> <ol style="list-style-type: none"> 1.Level of internal compliance check and reporting personnel: staff at the professional level. 2.Number of personnel for compliance checks: 3 people. 3.Average annual salary increase: 4%. 4.Average daily salary of professional-level staff in 2020: NT\$ 1,500. 5.Person-days required for compliance checks and reporting: 24 person-days per year. 	Implementing regulatory compliance checks, reporting, and verification	<p>The estimated increase in manpower costs due to regulatory compliance checks are as follows:</p> <ul style="list-style-type: none"> •Approximately NT\$ 159,866 in 2030. •Approximately NT\$ 236,641 in 2040. •Approximately NT\$ 350,287 in 2050.
R07	Transition	Regulation	Renewable energy regulations	Upstream, Organization	Long-term	<p>Decrease in revenue: If products fail to comply with regulations or standards, there will be a loss in revenue.</p> <p>Increase in indirect costs and capital expenditure: There will be additional expenses for procuring renewable energy externally due to regulatory requirements. The assumed conditions are as follows:</p> <ol style="list-style-type: none"> 1.Based on the historical growth rate of the company's electricity consumption, a 10% annual growth rate is projected for the years 2020 to 2025, and a 5% annual growth rate for the years 2026 to 2050. 2.The electricity consumption at the Kaohsiung plant was 60 GW in 2020. It is estimated to be approximately 123 GW in 2030, 201 GW in 2040, and 327 GW in 2050. 3.Based on the electricity consumption of 66 GW in 2021 and an electricity tariff of NT\$ 2.6 per kWh, the estimated electricity cost is NT\$ 171.6 million. 	Implementing regulatory compliance checks	<p>The estimated costs of mandatory external procurement of renewable energy are as follows:</p> <ul style="list-style-type: none"> •In 2030, with an estimated usage of 60% green energy, there would be an additional expenditure of approximately NT\$ 538.74 million. •In 2040, with an estimated usage of 100% green energy, there would be an additional expenditure of approximately NT\$ 2.4321 billion. •In 2050, with a projected usage of 100% green energy, there would be an additional expenditure of approximately NT\$ 5.4936 billion.
R08	Transition	Regulation	Air pollution control	Organization	Short-term	Increase in indirect costs: air pollution fees	Implementing regulatory compliance checks	<ul style="list-style-type: none"> •Manpower costs •Equipment purchase costs •Fees for engaging external consultants
R12	Transition	Regulation	International conventions or agreements	Upstream, Organization, and Downstream	Medium-term	<p>Increase in indirect costs: Manpower costs for government communication. The assumed conditions are as follows:</p> <ol style="list-style-type: none"> 1.Average daily salary of staff at the managerial level in 2020: NT\$ 2,500 2.Time spent on government communication: 12 person/day per year 3.Annual salary increase of 4% 	Constructing power plants and purchasing green energy to attain carbon reduction benefits.	<ul style="list-style-type: none"> ■Estimated manpower costs for management •Approximately NT\$ 44,412 in 2030 •Approximately NT\$ 65,736 in 2040 •Approximately NT\$ 97,296 in 2050 ■Costs of power plants construction ■Purchase of green energy
R13	Transition	Regulation	Voluntary agreements	Organization	Long-term	Increase in indirect costs and capital expenditures: Expenditures arising from commitments, signing, or supporting the subsequent implementation of the convention or agreement.	Constructing power plants and purchase green energy to achieve carbon reduction benefits.	<ul style="list-style-type: none"> •Manpower for management needed •Costs of power plant construction •Purchase of green energy

No.	Category	Risk Category	Material Risk Source	Location	Time Frame	Scenario Analysis and Financial Impact	Management	Cost of Management
R18	Transition	Market	Changes in consumer behavior	Downstream	Short-term	<p>Decrease in revenue: Citing a 2019 study by the National Bureau of Economic Research, it is estimated that with a global average temperature increase of 0.04 degrees Celsius per year, GDP per capita will decrease by 7.22% by 2100. The estimated impacts are as follows:</p> <ul style="list-style-type: none"> •By 2030, GDP will decrease by 0.9%. •By 2040, GDP will decrease by 1.8% •By 2050, GDP will decrease by 2.7%. <p>Increase in indirect costs: Manpower costs for client communication. The assumed conditions are as follows:</p>	Formulating timelines and approaches for carbon reduction plans	<p>Decrease in revenue The estimated decrease in revenue from non-low-carbon products is as follows:</p> <ul style="list-style-type: none"> •Approximately NT\$ 630 million in 2030 •Approximately NT\$ 2.52 billion in 2040 •Approximately NT\$ 7.56 billion in 2050 <p>Increase in indirect costs: The estimated increase in manpower costs for client communication is as follows:</p> <ul style="list-style-type: none"> •Approximately NT\$ 5,328,879 in 2030 •Approximately NT\$ 15,776,087 in 2040 •Approximately NT\$ 35,028,693 in 2050
R21	Transition	Reputation	Shift in customer preferences	Downstream	Short-term	<p>1.Communication level: staff at the professional level (targeting sales personnel, assigning client communication as their primary responsibility).</p> <p>2.Number of personnel for communication: In 2022, the sales unit is comprised of approximately 22 personnel, with an average annual increase of 1 person and an additional 10 personnel every 10 years.</p> <p>3.Annual salary increase of 4%.</p> <p>4.Calculated based on 20 working days per month.</p> <p>5.Average daily salary for staff at the professional level in 2020: NT\$ 1,500.</p>		
R23	Transition	Reputation	Triggering negative feedback	Organization	Medium-term	<p>Decrease in Revenue: Generating negative impacts that affect the revenue of the product.</p> <p>Increase in indirect costs: Increase in employee recruitment costs. The assumed conditions are as follows:</p> <ol style="list-style-type: none"> 1.Average daily salary of staff at the professional level in 2020: NT\$ 1,500 (recruiter) 2.Recruiting takes 1 person/day per month. 3.Average training cost per new employee in the company in 2020: NT\$ 2,500. 4.Average number of employees trained per year: 850. 5.Annual salary increase of 4%. <p>Decrease in asset value: decreased brand value.</p>	Establishing relevant management policies and procedural regulations to meet client demands.	<ul style="list-style-type: none"> ■Increase in indirect costs: Increase in employee recruitment costs is estimated as follows: •Approximately NT\$ 3,172,490 in 2030 •Approximately NT\$ 4,695,744 in 2040 •Approximately NT\$ 6,950,180 in 2050 <p>Manpower costs for research, development, manufacturing, and quality assurance</p> <ul style="list-style-type: none"> ■Costs of using compliant materials ■Costs of replacing old equipment or modifying equipment ■Research and development costs for new materials and processes (equipment) ■Expenditure on community outreach activities and donations ■Hiring fees for consulting services

Opportunity Matrix



Notes:

1. Impact Intensity is defined in 5 levels: High, Medium-High, Medium, Medium-Low, Low.

2. Probability is defined in the following 8 levels:

Certain (>99% likelihood of occurrence); Highly Probable (>90% likelihood of occurrence); Probable (>66% likelihood of occurrence); Some Likelihood (>50% likelihood of occurrence);

Maybe Possible (33-50% likelihood of occurrence); Unlikely (<33% likelihood of occurrence); Highly Unlikely (<10% likelihood of occurrence); Absolutely Unlikely (<5% likelihood of occurrence)

3. Material Opportunities are defined as opportunities with Medium Impact Intensity and Probability >66%.

4. Risk and numbering correspondence table:

Transition Risk					
No.	Opportunity Category	Opportunity Source	No.	Opportunity Category	Opportunity Source
001	Resource efficiency	Transportation modes	012	Products and services	Adaptation and solutions
002	Resource efficiency	Production process	013	Products and services	R&D and innovation
003	Resource efficiency	Renewable materials	014	Products and services	Diversification of operations
004	Resource efficiency	Green buildings	015	Products and services	Changes in customer behavior
005	Resource efficiency	Water usage	016	Market	Seeking new business opportunities
006	Energy source	Low-carbon energy	017	Market	Cooperation with the government
007	Energy source	Policy incentives	019	Market	Exploring funding sources
008	Energy source	Adoption of new technology	020	Resilience	Participating in renewable energy projects
009	Energy source	Engagement in carbon market	021	Resilience	Improving energy efficiency
011	Products and services	Low-carbon products and services	022	Resilience	Exploring alternative or diversified resources

Analysis of Financial Impact Resulting from Climate Change (Material Opportunity)

The company conducts scenario analysis and financial impact assessment for material opportunities with medium impact intensity and probability >66%. It also develops corresponding response measures.

No.	Opportunity Category	Opportunity Source	Location	Time frame	Scenario Analysis and Financial Impact	Management	Cost of Management
001	Resource efficiency	Transportation modes	Upstream, Organization	Medium-term	Decrease in indirect costs: 1. Volume of air-to-sea (land) transportation * cost savings per ton of freight 2. Fuel cost savings from using new vehicles 3. Freight cost savings from local procurement	Assessing the transportation vehicles of the delivery logistics network to reduce carbon emissions:	<ul style="list-style-type: none"> • Procuring electric transportation vehicles • Choosing electric logistics vehicles
011	Products and services	Low-carbon products or services	Organization, Downstream	Short-term	Increase in revenue: client-generated increase in sales revenue 1. The percentage of customers demanding low-carbon products or services in 2022 is 80%. 2. Based on the company's commercial objective for 2030 of 70 billion dollars, the commercial objective increases by 200% every 10 years. Based on the company's commercial objective for 2030 of 70 billion dollars, the commercial objective increases by 200% every 10 years. • Approximately 54 billion dollars in 2030 • Approximately 108 billion dollars in 2040. • Approximately 216 billion dollars in 2050.	Discussing with customers, selecting green materials and developing low-carbon process	<ul style="list-style-type: none"> • Manpower costs for process improvement • Investment in energy-efficient production equipment • Costs for new materials/process verification • Costs of sample testing and wastage
014	Products and services	Diversification of operations	Organization	Long-term	Increase in revenue: revenue generated from new operation modes.	Evaluating energy-efficient equipment and developing renewable materials.	<ul style="list-style-type: none"> • Cost of equipment and vendor assessment • Material testing and development • Addition or modification of equipment • Allocation of resources for research and development, manufacturing, and quality assurance integrated team.
015	Products and services	Changes in customer behavior	Downstream	Short-term	Increase in revenue: low carbon products generate higher gross profit margins Increase in asset value improves the brand image.	Formulating timelines and approaches for carbon reduction plans	<ul style="list-style-type: none"> • Manpower for planning energy-saving programs • Purchase of energy storage equipment • Energy infrastructure costs • Green energy procurement expenses

Metrics and Goals

In formulating climate risk metrics, when there is a typhoon, we track and estimate rainfall and rainfall intensity in advance to enable early response with the help from the Central Weather Bureau of the Ministry of Transportation and Communications. During the dry season, we monitor daily reservoir water levels and implement corresponding actions based on the three-stage water condition signals provided by the Water Resources Agency of the Ministry of Economic Affairs, as outlined in the operational instructions for internal water restriction contingency measures. In the first stage (yellow light), water supply is supplemented by activating jockey pumps. In the second stage (orange light), groundwater and coordinated water truck operations are initiated. In the third stage (red light), in addition to the original water intake points for water trucks, extra water trucks are dispatched to other intake points. Risks associated with Scope 1 emissions are relevant to the potential increase in greenhouse gas emissions due to the rising temperatures which could lead to an increased usage of chiller units, refrigerators, and company vehicles that require refrigerants and fuel. This increase in greenhouse gas emissions could result in poor statistical performance in meeting environmental sustainability targets, affecting the company's reputation and violating customer environmental commitments. Risks associated with Scope 2 emissions involve the potential increase in overall purchased electricity as temperatures rise, which could lead to greater greenhouse gas emissions. If the reliance on purchased electricity continues to increase, there shall be a corresponding increase in the installation of solar energy or other renewable energy sources to meet customer demands for a higher percentage of green energy. The increased installations would augment costs, and the company would risk losing contracts if it fails to meet customer requirements for green energy.

Flexium's exclusive greenhouse gas emission intensity is measured in CO₂e-t/step, where "step" refers to the operational process of completing a single production line. The intensity values for the past two years are as follows: 0.0186 CO₂e-t/step in 2021 and 0.0165 CO₂e-t/step in 2022. Relevant goals and targets have been established.

2022 Goals	2022 Performance	2023 Goals	Description
Reduce carbon emissions by 900 tons.	Annual carbon reduction of 1,328.3 tons.	Reduce greenhouse gas emissions by 30%.	The baseline year for carbon reduction will be 2022, based on verified greenhouse gas emissions data from that year.
Increase the overall water recycling rate to 30%.	Overall water recycling rate of 27.43%	Increase the overall water recycling rate to 30%.	The calculation for the water recycling rate baseline will be: [Discharged water volume / (Total recycled water + Discharged water volume)] * 100%.
No specific goals have been established yet.	None	Reduce the usage of chemicals in wastewater treatment by 10% per ton of wastewater.	The baseline for chemical usage in wastewater treatment will be the amount used per ton of wastewater in 2022.
No specific goals have been established yet.	None	Purchase 1 MW of renewable energy.	The initial goal for 2023 is to purchase 1 MW of renewable energy, with a plan to increase the procurement of green energy gradually in the future.
Reduce the generation of hazardous industrial waste by 10% per step.	Reduced 34.95% of hazardous industrial waste generated per step.	Reduce the generation of hazardous industrial waste by 12% per step.	The target for reducing hazardous industrial waste generation per step will be a 12% decrease compared to the baseline year of 2019.

3.1.2 Greenhouse Gas Management

Climate change has become a global challenge that requires collective efforts to address. Flexium is deeply aware of the worsening climate and environment due to the emissions of greenhouse gas. As an Earth citizen, we strive to conduct greenhouse gas inventory and reduction works to meet the standards set by the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, in order to effectively monitor and manage greenhouse gas emissions. Through risk assessment and opportunity management, we hope to effectively minimize or avoid operating losses and explore potential business opportunities.

Flexium considers reducing greenhouse gas emissions the key approach to combat climate change and mitigate global warming where the greenhouse gas inventory serves as a basis for reducing emissions. We establish reduction targets and set priorities to develop clear goals for the subsequent emission reduction plans, improve the efficiency of energy-saving plans, and evaluate management achievements. We established the greenhouse gas inventory system in 2009 and conduct an inventory on the greenhouse gas emissions of the previous year. The company formulated the Greenhouse Gas Inventory Management Procedure to quantify greenhouse gas emissions, which serves as the guideline for relevant departments to conduct inventories on greenhouse gases such as carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). Since 2022, the company has adopted the ISO 14064-1:2018 specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals to conduct inventories on the greenhouse gas emissions of 2021 and 2022, primarily covering Scope 1 and Scope 2 emissions. The greenhouse gas emissions for the year 2022 are expected to be verified by a third party in September 2023. The emissions for 2022 have significantly increased compared to 2021, primarily due to the addition of emissions from newly inventoried boundaries and emissions from new plant areas.

Greenhouse Gas Emissions (tCO ₂ e)					
Category	Source	2019	2020	2021	2022
Scope 1	Stationary combustion	0.784	1.150	509.627	1,190.410
	Mobile combustion	17.382	15.470	68.503	35.027
	Process emissions	-	-	36,732.852	41,397.057
	Fugitive emissions	113.127	0.960	983.984	244.298
	Subtotal	131.293	17.580	38,294.966	42,866.792
Scope 2	Indirect emissions from energy consumption	23,202.662	26,886.700	28,900.943	46,608.541
	Total	23,333.955	26,904.280	67,195.909	89,475.333

Notes:

- The boundary for inventory is based on operational control, including the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and Ho-Fa Plant in the Kaohsiung site (Ho-Fa Plant data included since 2022).
- Emission calculations are based on the Greenhouse Gas Emission Coefficient Management Table 6.0.4 version (updated on 2019/6/27) published by the Environmental Protection Administration, Executive Yuan. Global Warming Potential (GWP) values are based on the IPCC Fifth Assessment Report.
- Scope 1 includes fixed emissions, process emissions, mobile emissions, and fugitive emissions.
- Scope 2 refers to purchased electricity, with emission coefficients of 0.533 kg CO₂e/kWh (2019), 0.509 kg CO₂e/kWh (2020), 0.502 kg CO₂e/kWh (2021), and 0.509 kg CO₂e/kWh (2022).
- The electricity consumption of the Pingzhen Office accounts for less than 0.1% of the total electricity consumption in the Kaohsiung site, and thus it is not included in the scope of energy and greenhouse gas inventory.
- The greenhouse gas data are self-reported. The ISO 14064-1:2006 standard was used for 2019 and 2020, while the ISO 14064-1:2018 standard was used for 2021 and 2022.
- The significant increase in greenhouse gas emissions in 2021 compared to 2020 is mainly due to the inclusion of CF₄ in the inventory for 2021. Similarly, the significant increase in greenhouse gas emissions in 2022 compared to 2021 is mainly due to the inclusion of emissions from newly added areas in Ho-Fa Plant.
- The activation of the Dafa Plant V in 2021, which uses natural gas, resulted in significant differences in fixed emissions between 2020 and 2021.

Emissions of each Gas in Scope 1 (tCO ₂ e)				
Gas	2019	2020	2021	2022
CO ₂	18.038	17.010	575.954	1,223.174
CH ₄	0.232	0.230	215.151	245.130
N ₂ O	0.382	0.340	1.669	1.431
HFCs	112.641	0	769.340	0
PFCs	-	-	36,732.852	41,397.057
SF ₆	0	0	0	0
NF ₃	0	0	0	0
Total	131.293	17.580	38,294.966	42,866.792

Note: Scope 1 includes stationary, mobile, process and fugitive emissions.

3.2 Energy and Resources Management

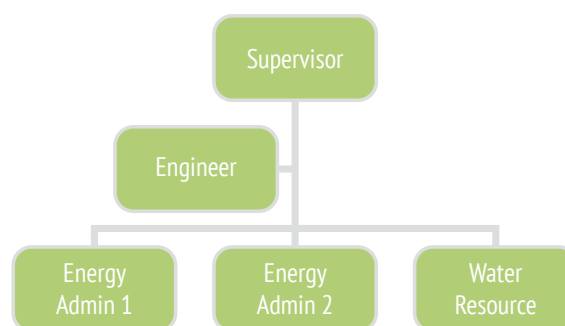
3.2.1 Energy Use

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. Due to the activation of Ho-Fa plant in 2022, there was an increase in purchased power from 57,580 mWh to 80,335 mWh. However, in terms of electricity usage per square meter of production, Flexium has shown effective contributions to energy efficiency, as we achieved a reduction from 84 kWh/production-m² in 2019 to 80 kWh/production-m² in 2022.

Flexium developed and implemented greenhouse gas management based on the *Greenhouse Gas Inventory Management Procedure* to reduce and prevent greenhouse gas emissions or increase greenhouse gas removal capacity. Since power consumption is still the main contributor of greenhouse gas emissions, Factory Facility Unit has carried out replacement of large machinery and production equipment over 15 years old, such as air compressors and chiller units. We continue to replace some high energy-consuming motors with high efficiency motors, set the dust-free room temperature at 23 degrees Celsius and increase the temperature of the chilled water by 1 degree Celsius. Also, we determine the reasonable power consumption for each machine during production with energy management system (EMS). The power allocation during off-production period is managed based on the reasonable power consumption. Real-time alerts, notifications and immediate shutdown of non-essential power-consuming components are implemented to achieve energy-saving goals.

Every year, for plants with electricity contract capacity of 800KW or more, energy declarations for major electricity consumers are conducted (declaration content: achieve energy savings of 1% or more). Energy managers then promote and implement energy-saving plans based on the energy-saving targets. Quarterly meetings are held by energy managers to review the progress of energy-saving implementation and make necessary adjustments to ensure a reduction of 1% or more in energy efficiency compared to the previous year.

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

Energy Consumption					
Energy Type	Unit	Annual Performance			
		2019	2020	2021	2022
Diesel	kilolitre	3.4	3.2	5.4	12.8
	Million Joules (MJ)	1.19*10²	1.12*10²	1.89*10²	4.50*10²
Gasoline	kilolitre	3.9	3.5	20.98	9.04
	Million Joules (MJ)	1.27*10²	1.14*10²	6.85*10²	2.95*10²
Natural gas	Thousand cubic meters	-	-	224.038	508.683
	Million Joules (MJ)	-	-	9.04*10⁶	2.05*10⁷
Purchased Electricity	Kilowatt-hours	43,532	52,823	57,580	80,335
	Million Joules (MJ)	1.56*10⁸	1.90*10⁸	2.07*10⁸	2.89 x 10⁸
Total	Million Joules (MJ)	≅1.56*10⁸	≅1.90*10⁸	≅2.07*10⁸	≅2.89 x 10⁸

Notes:

1. Diesel is primarily used for stationary power generators and mobile forklifts, while gasoline is primarily used for mobile company vehicles.
2. The value for purchased electricity is based on the total electricity consumption indicated in the utility bills.
3. The electricity consumption of the Pingzhen Office has been below 0.1% for the past three years and is therefore not included in the energy and greenhouse gas inventory.
4. Diesel has a calorific value of 8,400 kcal/L. 8,400 kcal/L * 4.184 = 35,146 kJ/L. 35,146 kJ/L * activity intensity / 1,000 = Million Joules (MJ).
5. Gasoline has a calorific value of 7,800 kcal/L. 7,800 kcal/L * 4.184 = 32,635 kJ/L. 32,635 kJ/L * activity intensity / 1,000 = Million Joules (MJ).
6. 1 kWh of electricity = 3.6 million Joules (MJ).
7. Gasoline consumption is calculated based on actual fuel receipts and average fuel prices to estimate the annual consumption.
8. In 2022, the inclusion of electricity and diesel consumption from Ho-Fa Plant in the second half of the year resulted in increased values compared to previous years.
9. Renewable energy was not used in the year 2022.
10. Natural gas usage started only after the activation of the Dafa Plant V in 2021. Therefore, the data for 2019 and 2020 does not include natural gas.
11. The total calorific value of natural gas is calculated based on monthly average calorific value (kcal) * monthly consumption * 4.184 (J/Cal).

Major Energy Saving Measures

Year	Measures	Estimated Annual Electricity Savings (MWh)	Calculation Method
2020	 1°C water temperature increase	97.7	The chiller has a cooling capacity of 1,200 refrigeration tons (RT) with an average load of 60%. The chiller efficiency is approximately 0.62 kW/RT. Increasing the chilled water temperature by 1 degree Celsius can reduce the chiller's power consumption by 2.5%. $(1,200 \text{ RT} * 60\% * 0.62 \text{ kW/RT} * 2.5\% * 8,760 \text{ hours/year} = 97,761.6 \text{ kWh/year})$
2021	 Replacing low-efficiency water chillers to improve energy conservation	551	The chiller has a cooling capacity of 1,200 refrigeration tons (RT) with an average load of 60%. The chiller efficiency is approximately 0.62 kW/RT. Increasing the chilled water temperature by 1 degree Celsius can reduce the chiller's power consumption by 2.5%. $(1,200 \text{ RT} * 60\% * 0.62 \text{ kW/RT} * 2.5\% * 8,760 \text{ hours/year} = 97,761.6 \text{ kWh/year})$ •Before replacement: Both existing chillers have a capacity of 300 LPM. Chiller A has an efficiency of 0.89 kW/RT with a standard cooling capacity of 1,584,000 RT/HR. Chiller B has an efficiency of 0.68 kW/RT with a standard cooling capacity of 1,708,200 RT/HR. Therefore, the total energy consumption is calculated as $0.89 * 1,584,000 + 0.68 * 1,708,200 = 2,572,112 \text{ kWh}$. •After replacement: the three new chillers each has a capacity of 300 LPM. Chiller A has an efficiency of 0.63 kW/RT with a standard cooling capacity of 208,800 RT/HR. Chiller B has an efficiency of 0.63 kW/RT with a standard cooling capacity of 1,386,000 RT/HR. Chiller C has an efficiency of 0.59 kW/RT with a standard cooling capacity of 1,708,200 RT/HR. Therefore, the total energy consumption is calculated as $0.63 * 208,800 + 0.63 * 1,386,000 + 0.59 * 1,708,200 = 2,021,223 \text{ kWh}$. •The energy savings achieved by the replacement is calculated as the difference between the before and after consumption: $2,572,112 \text{ kWh} - 2,021,223 \text{ kWh} = 550,879 \text{ kWh}$, which represents a 21% energy efficiency improvement.
2022	 Increase the chilled water supply temperature by 1 degree Celsius to comply with the smart energy management system	29.3	A 540-ton (RT) chiller with an average load of 40% and an efficiency of approximately 0.62 kW/RT. Increasing the chilled water supply temperature by 1 degree Celsius can reduce the chiller's power consumption by 2.5%. $(540 \text{ RT} * 40\% * 0.62 \text{ kW/RT} * 2.5\% * 8,760 \text{ hours/year} = 29,328.5 \text{ kWh/year})$

Note: Due to a calculation error, a correction was made to the energy savings data of 2020 with energy-saving contributors and methods unchanged.

Greenhouse Gas Reduction Outcomes After Implementing Energy-saving Measures

Item	Unit	Outcomes			
		2019	2020	2021	2022
Electric Power Savings	 MWh	196	97.7	551	29.3
	 MJ	$0.7 * 10^6$	$3.5 * 10^5$	$1.98 * 10^6$	$1.05 * 10^5$
CO ₂ Reduction	 tCO ₂ e	108.584	49.729	276.602	14.928
Total Invested Amount	 NT\$ (Million)	1.65	0	4.25	0
Annual Cost Savings	 NT\$ (Million)	0.49	0.24	1.38	0.07

Notes:

- The emission factor for purchased electricity is 0.533 kg CO₂e/kWh (2019), 0.509 kg CO₂e/kWh (2020), 0.502 kg CO₂e/kWh (2021), 0.509 kg CO₂e/kWh (2022).
- 1 kWh = 3.6 million joules (MJ).
- Cost savings are calculated based on an average electricity price of NT\$ 2.5 per kWh (including three-tiered pricing for peak, off-peak, and mid-peak periods).
- The EMS (Energy Management System) was continuously used in 2022 to monitor and control electricity consumption, resulting in an annual energy savings of 293,285 kWh.
- A correction is made to the energy savings data for 2020 due to a calculation error.

Renewable Energy Planning for the Future

Aside from replacing old equipment and continuously promoting energy-saving measures, Flexium also commits itself to solving the power shortage problem. We announced our participation in the Global Corporate Renewable Energy Initiative (RE100) led by the Climate Group and Carbon Disclosure Project in September 5th 2022, in order to fulfill the goal of 100% renewable energy usage rate by 2040. After an evaluation on the feasibility of renewable energy installation, Flexium adjusted the plan and set short-term goals such as establishing energy storage facilities and purchasing green energy (wind and solar power) to deal with the power shortage problem. We plan to purchase 1 MW of renewable energy in 2023. Compared with building power generation plants on our own, power storage facilities have the advantages of occupying smaller land area, costing shorter construction time, and serving as backup power sources within the plants to improve power quality and ensure safety. Our medium-term goal is to compare the technical costs of procuring renewable energy, energy storage, self-built power generation plants and other alternatives. Assessing energy storage systems typically involve evaluating various factors such as land area requirements, hardware equipment, and environmental considerations, to achieve self-usage renewable energy. We'll further consider the possibility of selling renewable energy to maximize its usage. In 2022, Flexium adopted the ISO 14064-1:2018 standard to conduct a greenhouse gas inventory, and we plan to apply for third-party verification in 2023. The inventory data from 2022 will serve as the baseline for carbon reduction. In 2023, we have planned to purchase 1MW of renewable energy and implement CF4 reduction equipment to achieve a 30% reduction in carbon emissions by 2023.

3.2.2 Raw Materials

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 the procurement statistics in 2022, Flexium's top three procured raw materials are copper, protective films, and chemicals. The variations in the usage of these raw materials are influenced by product structures and market demands. In 2022, the usage of copper decreased by 22% compared to 2021, while the usage of coverlays increased by 4%. This change can be attributed to the increased demand for new products and multilayer boards. Additionally, the usage of chemicals in 2022 increased by 218% compared to 2021, mainly driven by the requirements for new plant validation and production capacity.

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 92.7% of our procurement budget spent locally in 2022. We are taking tangible action to support the development of local suppliers.

In terms of product recycling and packaging material disposal, Flexium's main products are Flexible Printed Circuit Boards (FPC) and Flexible Printed Circuit Assembly (FPCA). After the products are delivered to the clients, defective products will be disposed of depending on the situation. Some may be scrapped locally by the clients, while others may be returned to Flexium for disposal. The products typically returned by clients for recycling are defective FPCs and FPCAs. In 2022, the total weight of scrapped FPC materials collected from

		Usage of Main Materials			
Item	Unit	Usage			
		2019	2020	2021	2022
Copper	m ²	715,566	1,100,041	1,225,739	956,011
Coverlays	m ²	890,610	1,489,436	1,714,791	1,794,183
Chemicals	l	672,476	984,044	1,478,625	3,232,152

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

various facilities, including the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V, and the Ho-Fa Plant, amounted to 13.372 tons. The scrapped FPC materials can be classified into two categories: those with gold edges and those with copper edges. The gold-edged materials are processed and 100% recycled into gold ingots and potassium gold cyanide, while the copper-edged materials are processed and 100% recycled into crude copper. The packaging materials mainly consist of paper boxes (rolls) and plastic films (rolls), totaling 24,220 rolls. They are categorized and stored accordingly, and then sent to certificated recycling vendors for recycling and reporting.

3.2.3 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	In the discharged water, there are heavy metal copper ions and nickel ions, which are the main regulated items under the management standards for the Dafa Plant and the Ho-Fa Plant areas.	
Mitigation measures	Domestic-use water conservation promotional campaigns. Treating wastewater to comply with local effluent standards.	Increasing the water recycling rate and tightening control over water usage at production lines to reduce the company's usage, effluents, and in turn, environmental impacts. Wastewater is treated to comply with the industrial park's effluent standards before being discharged to the park's sewage treatment plant for further treatment in accordance with local effluent standards. The treated water is then discharged to the receiving body of water.	

Flexium's water is primarily sourced from the Fongshan reservoir. We continue previous year's construction of ROR water reuse in cooling towers and wet scrubbers, and extended it to more buildings to improve reuse efficiency and reduce the total intake of municipal water. Ho-Fa Plant was officially operational in the second half of 2022, which results in the inclusion of water usage by Ho-Fa Plant in the data of that time frame (July to December). In 2022, the overall water consumption was 1,194,240 tons, which represents an increase of approximately 53.02% compared to the water consumption of 780,441 tons in 2021. This increase is mainly due to the inclusion of water usage by Ho-Fa Plant. In 2022, due to stable water conditions in the Kaohsiung area and effective water management within the plant, groundwater extraction was significantly reduced. The total groundwater usage for the year was only 751 tons, a substantial decrease of 99.40% compared to 125,183 tons in 2021. Continuing the water conservation plan from 2021, the ROR (RO concentrate water) was reused in the cooling towers and wet scrubbers, resulting in a water recovery volume of 429,183 tons in 2022, an increase of approximately 33.58% compared to the 321,299 tons in 2021. As Ho-Fa Plant was operational from the second half of 2022, water-related data was calculated from July 2022. Therefore, the overall water recycling rate was calculated separately for each plant area. The overall water recycling rate for the year was 27.43% (including the Dafa Plant, the Dafa Plant II, the Dafa Plant III, and the Dafa Plant V), a slight decrease of 0.60% compared to the 28.03% in 2021. This decrease is primarily due to the maintenance requirements of the RO system and recycled water system, which are planned for membrane cleaning and other maintenance operations in 2023. The water recycling rate of Ho-Fa Plant in the second half of 2022 reached 31.08%. This was attributed to the establishment of ROR water reuse in cooling towers and wet scrubbers for each building during their construction, which directly reuses ROR (RO concentrate water) in the wet scrubbers and cooling towers. Additionally, ROR water is prioritized for flushing toilets, resulting in significant improvements in water reuse at Ho-Fa Plant. According to the data from the water management performance report, the water recycling efficiency has been improving year by year, effectively reducing the strain on local water resources. Water management goals are set based on environmental policies, risk assessment results, legal requirements, customer demands, and internal audits. The achievement rate of key performance indicators (KPIs) is reviewed monthly to ensure a clear understanding of progress and areas for improvement. By improving water recycling rate, the distribution problem of water resources in the industrial park could be mitigated and provide a more sustainable environment for industrial development.




Note: the calculation for the overall water recycling rate is [Total recycled water volume / (Total recycled water volume + Discharged water volume)]

Water Consumption and Discharge					
Item	Unit	Usage			
		2019	2020	2021	2022
Water withdrawal	Tap water	732.4	911.2	780.4	1,194.2
	Groundwater	0.5	55.8	125.2	0.8
	Reclaimed water	119.2	242.2	321.3	429.2
	Rainwater	1.8	1.8	1.8	1.1
Subtotal	Million liters	734.7	968.8	907.4	1,196.1
Water discharge	Million liters	643.8	853.5	825.0	1,083.4
Water consumption	Million liters	90.9	115.3	82.4	112.7

Notes:
 1. Water consumption = water withdrawal – water discharge.
 2. The data scope includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V and the Ho-Fa Plant. As Ho-Fa Plant began its operation in the second half of 2022, the calculation period for Ho-Fa Plant is from July to December in 2022. For the other plant areas, the calculation period covers the entire year of 2022.
 3. The recycled water and groundwater are recorded using cumulative flow meters. Rainwater measurement is estimated by calculating the rainfall and the area of land used within the facility.
 4. The total dissolved solids in all water sources are below or equal to 1,000 mg/L.
 5. The rainfall amount is estimated using monthly rainfall data from the Kaohsiung Weather Station, multiplied by the area of land used within the facility, and assuming a 2% water recycling rate.

Water Management Performance					
Item	Unit	Usage			
		2019	2020	2021	2022
All water consumed	Million liters	853.910	1,211.000	1,228.700	1,624.174
Tap water withdrawal	Million liters	732.384	911.198	780.441	1,194.240
Tap water percentage	%	85.90	75.40	63.52	73.53
Groundwater	Million liters	0.510	55.839	125.183	0.751
Groundwater percentage	%	0.10	4.60	10.19	0.05
Reclaimed water	Million liters	119.254	242.178	321.299	429.183
Reclaimed water percentage	%	14.00	20.00	26.15	26.42

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).
 3. The data scope includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V and the Ho-Fa Plant. As Ho-Fa Plant began its operation in the second half of 2022, the calculation period for Ho-Fa Plant is from July to December in 2022. For the other plant areas, the calculation period covers the entire year of 2022.

Water Conservation Measures and Outcomes					
Item	Unit	2019	2020	2021	2022
Measures 	-	New reclaimed water treatment system introduced in 2019	Reclaimed water was used for additional purposes in 2020 (such as Cooling water and replenishing wet scrubbers)	The usage of recovered water in cooling towers and wet scrubbers was expanded in 2021	The usage of recovered water in cooling towers and wet scrubbers was expanded in 2021
Water Conservation 	ton	119,254	242,178	321,299	429,183
Annual Cost Savings 	NT\$	5,604,938	11,382,366	15,101,053	20,171,601

Notes:
 1. Digital water meters produce real-time statistics for effective control of water usage.
 2. Continuing the water conservation plan from 2021, the ROR was reused in the cooling towers and wet scrubbers
 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 + pure water charge: NT\$ 20 per ton).

3.3 Pollution Management

3.3.1 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 keep trained air-pollution prevention technicians on staff to operate stationary pollution source equipment. 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*. In 2022, the VOC (Volatile Organic Compounds) emissions for Ho-Fa Plant were included in the data for the second half of the year. Despite the overall increase in revenue from 35.57 billion in 2021 to 40.07 billion -- a growth of 12.66% -- the VOC emissions decreased from 28,783 kilograms to 25,065 kilograms, representing a reduction of 12.92%. This significant reduction in VOC emissions demonstrates the effectiveness of our company's VOC control measures.

VOC Emissions Volume					
Item	Unit	2019	2020	2021	2022
Emissions	Kg	24,480	27,370	28,783	25,065

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. The data scope includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V and the Ho-Fa Plant. As Ho-Fa Plant began its operation in the second half of 2022, the calculation period for Ho-Fa Plant is from July to December in 2022. For the other plant areas, the calculation period covers the entire year of 2022.
 3. Data source: Quarterly reports prepared for the Environmental Protection Administration (EPA) in 2022.

3.3.2 Effluents

The wastewater discharged by Flexium undergoes processes such as equalization, coagulation, and sedimentation in the wastewater treatment facilities. In addition to self-monitoring, the internal water quality data is regularly tested by a third-party certification agency according to the legal schedule for the industrial zone's wastewater discharge control items. All results comply with the discharge water standards. Once the water quality is confirmed to meet the wastewater discharge standards for the Dafa Plant and the Ho-Fa Plant areas, it is discharged into the joint wastewater treatment plant in Linyuan, Kaohsiung and the wastewater treatment plant in the Ho-Fa Plant area. The wastewater treatment also incorporates a copper electrolysis recovery system, which treats high-concentration copper-containing wastewater through electrolysis and produces high-purity (99%) copper pipes for recycling. In 2022, a total of 14.2 tons of copper pipes were generated. The company focuses on waste reduction from the source and emphasizes end-of-pipe treatment, ensuring that the wastewater discharge from Flexium does not significantly impact natural habitats and biodiversity. In 2022, the total water consumption increased to 1,194,991 tons from the 905,624 tons in 2021 due to the inclusion of Ho-Fa Plant, representing an increase of approximately 31.95%. The total wastewater discharge in 2022 was 1,083,415 tons, an increase of 31.32% compared to the total wastewater discharge of 825,048 tons in 2021. The increase in water consumption is highly correlated with the increase in wastewater discharge, indicating that although water consumption increased due to the operation of new plant areas and the development of new processes, proper water management ensures that water consumption and wastewater discharge are aligned, avoiding the wastage of additional water resources.

3.3.3 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. Regarding the direct impact resulting from waste, the company is actively working on improvement measures to enhance recyclability. Starting from 2020, we have been redirecting copper sulfate waste solution to the wastewater copper electrolysis system for electrolytic treatment, resulting in the production of copper pipes with a purity exceeding 99%. In 2022, we continued to utilize the waste copper electrolysis system and installed copper electrolysis-related systems in the newly launched Ho-Fa Plant. The copper pipes generated from waste copper electrolysis in 2022 reached 14.2 tons, an increase of 42.59% compared to the 9.96 tons produced in 2021. This demonstrates our achievements in the recycling and reuse of waste copper solution. The amount of waste generated in 2022 increased from 2,934 tons to 3,803 tons, an increase of approximately 29.6% compared to 2021. The ratio of waste per ton of production (m²) in 2022 amounted to 0.0038 tons of waste per square meter of production, which is slightly higher than the 0.0029 tons of waste per ton of production (m²) in 2021. This increase is mainly attributed to the waste generated in the second half of the year (July to December) due to the inclusion of Ho-Fa Plant. We are committed to actively and continuously implementing waste reduction and recycling measures.

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
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.

Solid Waste Production							
Category	EPA Waste Classification	Item	Unit	2019	2020	2021	2022
General Industrial Waste	D、R	Recycling	tons	470	702	605	759
		Recycling rate	%	48	58	53	45
	D	Incineration (with energy recovery)	tons	502	506	546	916
		Incineration (without energy recovery)	tons	NA			
		Incineration rate	%	52	42	47	55
Subtotal			tons	972	1,208	1,151	1,675
Hazardous Industrial Waste	A、C、E、R	Recycling	tons	1,569	2,010	1,783	2,127
		Recycling rate	%	100	100	100	100
	-	Incineration	tons	0	0	0	0
		Incineration rate	%	0	0	0	0
Subtotal			tons	1,569	2,010	1,783	2,127
Total			tons	2,541	3,218	2,934	3,802

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
- The data scope includes the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V and the Ho-Fa Plant. As Ho-Fa Plant began its operation in the second half of 2022, the calculation period for Ho-Fa Plant is from July to December in 2022. For the other plant areas, the calculation period covers the entire year of 2022.



Social



Social

4.1 Talent Attraction and Retention

Human talent is crucial to business operations. In response to the construction of new plants in 2021, the demand for manpower has increased, prompting us to actively recruit management executives and indirect labors. We have achieved the goals of promoting and hiring 50 management executives, and recruiting 70 new indirect staff for the new plant in 2022. Aside from posting on online job-matching platforms, Flexium continues to participate in job fairs and deliver speeches on campus at prominent universities. We regularly post updates and promotional videos of company activities on our Facebook fan page to enhance corporate image through social media. Flexium also gives annual promotions and salary adjustments to increase the retention rate of employees, and ensures that every employee is assigned to positions where they can make the most of their talents through internal transfers.

4.1.1 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 2022, Flexium had a workforce (including dispatched workers) of 2,558 individuals^{Note}. The majority consists of manufacturing staff, accounting for more than 70%. 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.

Note: There are no fixed term contract employees or temporary workers in all plants, except for foreign workers.





Due to the continuous impact of the pandemic in 2022, there has been a severe labor shortage in Taiwan. To maintain a stable supply of manpower, we continue to improve retention conditions, such as raising employees' salaries by an average of 7% in 2022, exploring new recruiting channels, and increasing the company's exposure by participating in two major recruitment events organized by the Kaohsiung City Government which attracted 931 participants in total and achieved an average preliminary talent-matching rate of 59.7%. We take part in job fairs at major universities as well as online job-matching platforms and strengthen cooperation with local community service centers and government employment channels. We also promote and advertise on human resources recruitment platforms and leverage government resources, such as Kaohsiung's Dream Big Program and the Youth's Employment Ultimate Program, from which we successfully recruited 30 individuals and 9 individuals, respectively. These efforts have significantly enhanced Flexium's visibility in the recruitment market. 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.

Vacancy fill rate

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

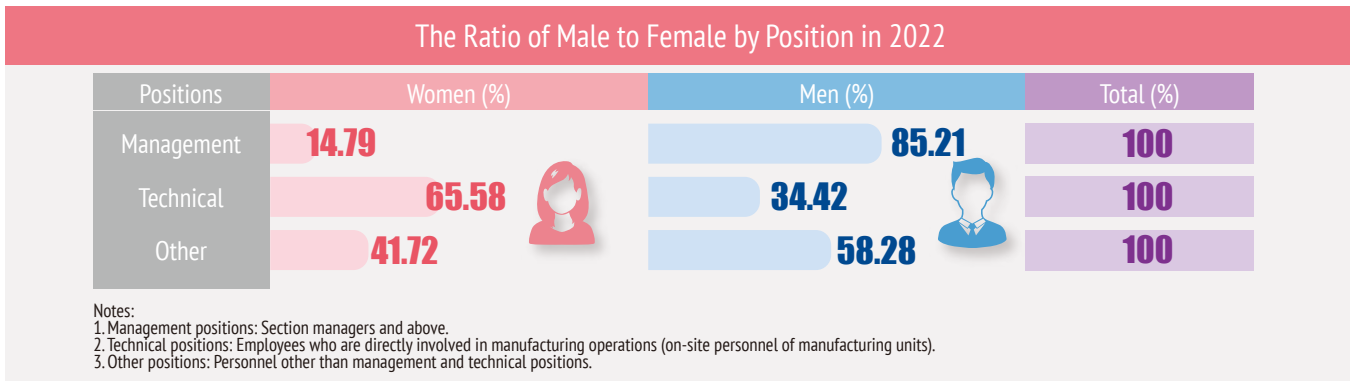
New hire retention rate

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

Flexium Workforce Composition								
Categories	Year		2020		2021		2022	
	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	988	45.61	1,308	48.97	1,259	49.22
		Female	658	30.38	924	34.59	890	34.79
	Dispatched workers	Male	62	2.86	69	2.58	35	1.37
		Female	62	2.86	54	2.02	28	1.09
	Foreign workers	Male	0	0.00	0	0.00	0	0.00
		Female	396	18.28	316	11.83	346	13.53
 Age	Below 30	Male	322	14.87	503	18.83	422	16.50
		Female	487	22.48	554	20.74	570	22.28
	31-49	Male	669	30.89	807	30.21	791	30.92
		Female	604	27.89	706	26.43	646	25.25
	50 and above	Male	59	2.72	67	2.51	81	3.17
		Female	25	1.15	34	1.27	48	1.88
 Position	Senior management	Male	19	0.88	23	0.86	24	0.94
		Female	0	0.00	0	0.00	0	0.00
	Middle management	Male	94	4.34	91	3.41	97	3.79
		Female	16	0.74	23	0.86	21	0.82
	First-line management	Male	93	4.29	128	4.79	125	4.89
		Female	25	1.15	36	1.35	28	1.09
	Engineers & administrators	Male	333	15.37	390	14.60	394	15.40
		Female	186	8.59	211	7.90	239	9.34
First-line workers	Male	511	23.59	745	27.89	654	25.57	
	Female	889	41.04	1,024	38.34	976	38.15	
 Job category	Manufacturing	Male	715	33.01	993	37.18	884	34.56
		Female	889	41.04	1,021	38.23	965	37.72
	QA	Male	62	2.86	78	2.92	72	2.81
		Female	68	3.14	91	3.41	98	3.83
	R&D	Male	139	6.42	153	5.73	176	6.88
		Female	54	2.49	62	2.32	74	2.89
	Administrators and others	Male	134	6.19	153	5.73	162	6.33
		Female	105	4.85	120	4.49	127	4.96

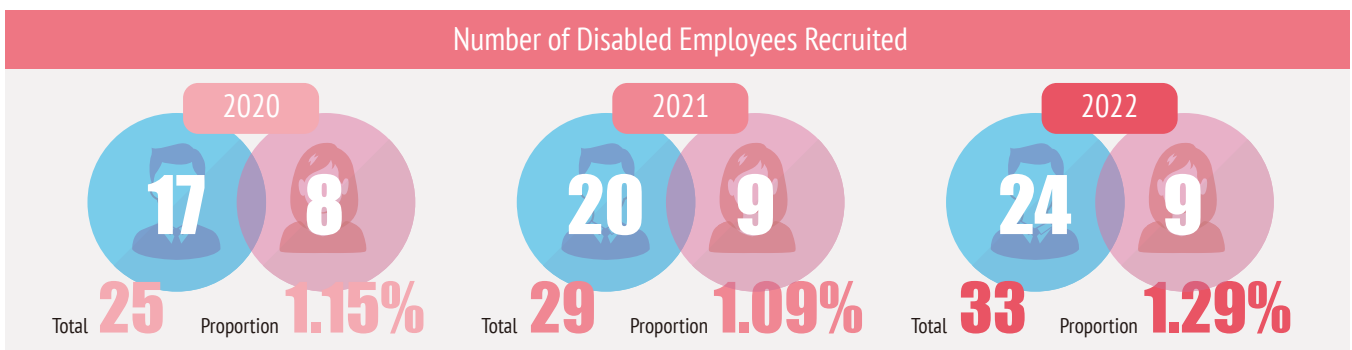
Notes:

- The statistics are compiled based on the number of individuals on December 31 of each year.
- Senior management: top managers; middle management: mid managers; first-line management: section/subsection chiefs. Permanent employees: Employees under regular employment, including senior management, first-line workers, and part-time employees, but excluding foreign workers. Dispatched workers: Employees who are employed by a dispatching agency to provide services for Flexium. Foreign workers: Foreign workers employed under fixed-term contracts.
- Manufacturing personnel: Employees in all manufacturing departments. R&D personnel: Employees in all R&D departments. QA personnel: Employees in all quality assurance and control departments. Administrative personnel: Employees in the Administration Management Division, MIS Division, Finance Division, Materials Management Division, and Sales Division. Personnel not listed above are categorized as other personnel.
- Non-employee workers include 25 security staff and 20 cleaning staff. The number of contractors entering and exiting the plant premises was counted, totaling 29,388.



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 better than 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.



4.1.2 New Hires and Employee Turnover

In 2022 Flexium hired a total of 678 new employees who accounted for 27.17% 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 43.07% are men.

Composition of New Employee Hires


Category	Year		2020		2021		2022	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Age	Below 30	Male	105	5.14	266	10.44	165	6.61
		Female	114	5.58	195	7.65	292	11.70
	31-49	Male	122	5.97	215	8.44	123	4.93
		Female	80	3.92	167	6.55	94	3.77
	50 and above	Male	8	0.39	1	0.04	4	0.16
		Female	0	0.00	0	0.00	0	0.00
Total			429	21.01	844	33.12	678	27.17

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 794 employees left Flexium in 2022, accounting for 31.82% of our workforce; most of the employees who left the Company were first-line workers. 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. To reduce the turnover rate, we implemented a program to care for the physical and mental well-being of new employees in the second half of 2022. We assessed new employees' workplace adaptation and gathered their feedback on company policies. Targeting new employees who need to work in shifts, we also provide an early shift training period of 2-3 months. The extended training period gives employees more time to adapt to the work operations and shift schedule. In cases where an employee is not able to adapt well to the workplace, we offer transfer opportunities to help them find a better job where their skills and abilities can be utilized effectively.

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.

From 2019 to 2022, the company awarded shares to employees with excellent performance records and those who served in core positions, 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		2020		2021		2022	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
 Age	Below 30	Male	99	4.85	80	3.14	163	6.53
		Female	81	3.97	99	3.89	218	8.74
	31-49	Male	143	7.00	150	5.89	211	8.46
		Female	100	4.90	126	4.95	190	7.62
	50 and above	Male	9	0.44	5	0.20	8	0.32
		Female	4	0.20	3	0.12	4	0.16
Total			436	21.35	463	18.17	794	31.82

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.

4.2 Talent Development

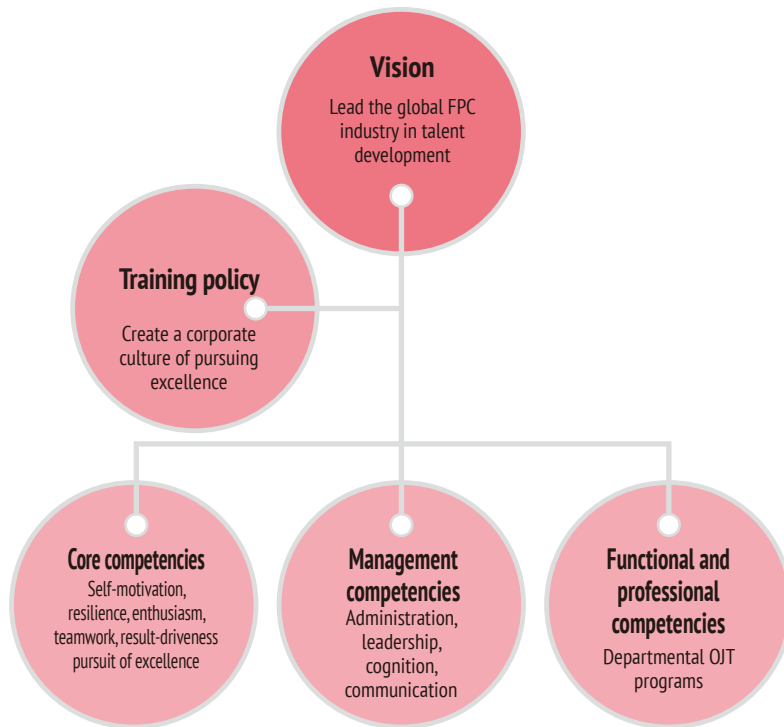
4.2.1 Career Development and Planning

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. 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.

Employee training programs in 2022 totaled 122,000 training hours, with 32 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 2022 totaled approximately NT\$ 12.32 million. In 2022, as the pandemic improved in Taiwan, Flexium gradually resumed in-person training programs. We resumed physical lectures with instructors to enhance the learning experience and effectiveness. However, compared to self-study or

online on-the-job training (OJT) through independent learning, in-person courses have limitations in terms of venue availability and scheduling. As a result, the total number of training hours and associated expenses significantly decreased compared to 2021.

The Framework of Talent Training



Total Training Expenditures/Training Hours		
2020	2021	2022
<p>\$\$ Total expenditure (NTD) 11,712,270</p> <p>🕒 Total training hours 113,187</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 3,887</p> <p>🕒👤 Mean training hours per employee 38</p>	<p>\$\$ Total expenditure (NTD) 19,182,619</p> <p>🕒 Total training hours 176,200</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 5,098</p> <p>🕒👤 Mean training hours per employee 47</p>	<p>\$\$ Total expenditure (NTD) 12,321,772</p> <p>🕒 Total training hours 122,000</p> <p>\$\$👤 Mean training expenditure per employee (NTD) 3,228</p> <p>🕒👤 Mean training hours per employee 32</p>
<p>Notes:</p> <p>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 2022 was 5,817.</p> <p>2. Total training expenditure includes payroll expenditures for new employee hires in orientation training.</p> <p>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.)</p>		

Competency Training Hours							
		2020	Mean	2021	Mean	2022	Mean
All personnel	Male	62,147	40	99,473	49	66,935	33
	Female	42,282	29	65,270	37	43,878	24
Position	Senior management (Male)	58	3	205	9	608	23
	Senior management (Female)	0	0	99	99	0	0
	Middle management (Male)	2,083	21	2,533	26	3,286	32
	Middle management (Female)	162	10	359	16	228	11
	First-line management (Male)	2,125	23	4,925	34	3,743	28
	First-line management (Female)	350	14	721	20	213	8
	Engineers (Male)	17,816	46	25,551	55	20,996	47
	Engineers (Female)	5,820	29	9,520	39	11,462	43
	Specialists (Male)	40,065	42	66,259	52	38,304	39
	Specialists (Female)	35,951	29	54,572	38	31,975	30
Type of work	Manufacturing personnel (Male)	47,637	41	78,819	51	47,749	39
	Manufacturing personnel (Female)	35,936	30	51,948	37	31,482	30
	QA personnel (Male)	2,795	35	4,740	44	2,172	27
	QA personnel (Female)	1,411	17	5,362	43	3,705	33
	R&D personnel (Male)	7,505	48	8,048	48	8,965	48
	R&D personnel (Female)	1,998	35	2,825	40	2,962	38
	Administrative and other personnel (Male)	4,210	27	7,867	41	8,050	56
	Administrative and other personnel (Female)	2,937	26	5,136	37	5,729	45

Notes:

1. Competency training includes courses in management competencies (management courses) and professional competencies (professional training courses for all positions).
2. Formula for calculating total training hours: The actual hours and category of training received are calculated based on the attributes of the courses actually conducted.
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.

Essential Management Skills Courses

To facilitate employees' understanding and alignment with the company's operational goals and management policies, the second Essential Management Skills Courses, which consists of a series of courses, was held to improve employees' management skills in 2022. This series of courses covered a wide range of topics, including quality and risk awareness, management and leadership concepts for junior managers, and individual cultivation of logical thinking and a positive mindset. In addition to inviting first-level supervisors from various departments to serve as trainers, the CEO personally attended the sessions to encourage and show support for the learning efforts of junior managers. The Essential Management Skills Courses consisted of eight courses with a total participation of 637 attendees. After each session, a satisfaction survey was distributed, which indicated an average satisfaction rating of 4.6 out of 5 from the participants. The feedback from the attendees revealed a generally positive attitude towards the courses. The participants believed the training program covered diverse subjects, ranging from personal well-being and financial management to logical thinking in the workplace and quality awareness; it even included team management and leadership development. The comprehensive nature of the program inspired many participants to continue their learning journey and actively suggest topics for future courses, thereby fostering a culture of organizational learning.

2022 Essential Management Skills Courses








4.2.2 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.

Salary of Non-management Full-time Employees			
Item	2021	2022	Percentage increase/decrease (%)
Number of employees	2,092	2,212	+5.74%
Mean salary (NTD in thousands)	632	650	+2.85%
Median salary (NTD in thousands)	560	578	+3.21%

The Salary Ratio of Men to Women						
Item	2020		2021		2022	
	Basic Salary	Package	Basic Salary	Package	Basic Salary	Package
Senior management 	*	*	*	*	*	*
Middle management 	1.11	1.07	1.14	1.13	1.17	1.11
First-line management 	1.07	1.15	1.07	1.10	1.04	1.04
Engineers 	1.07	1.12	1.08	1.16	1.09	1.15
First-line workers 	1.00	1.02	1.00	1.04	1.00	1.05




Notes:
1. Basic salary: basic pay per month; Remuneration: base salary plus bonuses (year-end bonus, patent bonus, outstanding employee bonus, performance bonus, etc.); 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

4.3 Human Rights and Care

Flexium has stipulated a Labor Rights Policy to protect the human rights and equality of its employees, and 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 Train-the-Trainer 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 training 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.

To effectively implement human rights policies, Flexium formulated the *Labor Rights and Business Ethics Risk Assessment Regulation*. Every year, the Human Resources department regularly conducts risk identification and assessment on labor rights regulations and calculate risk factors. If the risk factors exceed prescribed limits, improvement measures must be carried out. If the target values are not achieved, an improvement plan for non-compliance must be proposed and implemented. In 2022, a total of 36 labor rights management items were evaluated, with 2 high-risk items and 34 low-risk items. The high-risk items include working hours (including overtime) that exceed 60 hours per week and plants failing to provide at least 1 day-off every seven days. These two high-risk items have been included in the 2023 ESG KPIs for management purposes.

Human rights policy training ^{Note3}			
	2020	2021	2022
Number of participants 	2,166	2,671	2,558
Training hours 	8,257	10,192	10,176
Participation rate (%) 	100	100	100

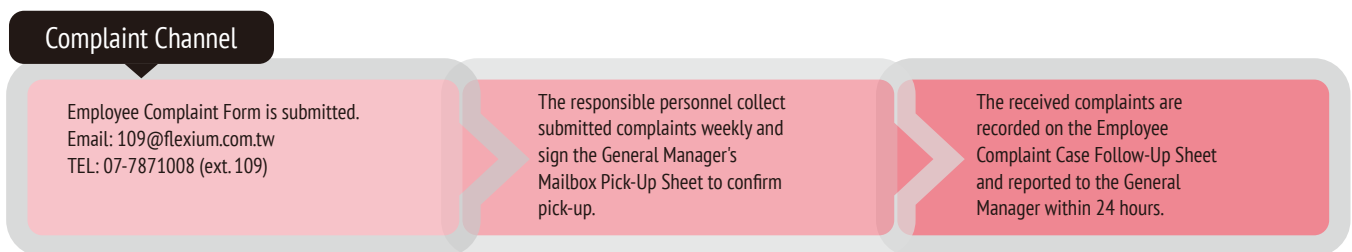
Notes:
 1. Coverage rate (%) = number of employees who participated in training/number of employees eligible for training *100%
 2. Number of participants: The total number of incumbent employees on December 31 of the given year.
 3. Human Rights Policy Training is conducted through new employee education and training, as well as quarterly ESG Train-the-Trainer Program for both new hires and existing employees, to promote awareness and understanding across the plants.

4.3.1 Human Rights

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

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 2022, we received 32 labor-related complaints (including management/cadre, welfare/meals, opinions/suggestions, etc.), all of which were investigated and resolved. After receiving the complaints, we will make improvements and follow up on the results to prevent the recurrence of similar complaints.



Number of Complaints				
Type of complaint	2019	2020	2021	2022
General Complaint	28	27	27	26
Ethics complaints	0	0	0	0
Opinions or suggestions	12	6	3	6
Total (cases)	40	33	30	32
Case closure rate (%)	100	100	100	100

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

4.3.2 Benefits and Care

Maternity Health

To create a welcoming workplace for pregnant employees, upon receiving a notification of pregnancy, we adjust the pregnant employee's shift to day shifts and prevent them from working night shifts. The occupational health staff will provide educational care, informing the pregnant employee of precautions during pregnancy. After completing the educational care, the occupational health staff will visit the employee's workplace to assess their tasks and ensure that they do not produce adverse effects on the pregnancy. Subsequently, the employee will have consultations with the occupational health physician to understand their physical and mental condition. The occupational health staff will conduct monthly follow-up calls to monitor the employee's work status and overall health. If the pregnant employee requires assistance going up and down stairs or parking, elevator access will be granted and friendly parking spaces will be provided. For employees working after childbirth, the occupational health staff will assess the appropriateness of their return to work and ensure that their tasks do not negatively affect breastfeeding. They will also provide care and education in which they inform needed employees of the available lactation rooms to meet employees' breastfeeding needs.

Parental Leave System

Flexium has established regulations regarding unpaid parental leave in accordance with the provisions of the *Gender Equality in Employment Act*. In 2022, a total of 46 employees (30 women and 16 men) applied for unpaid parental leave; the reinstatement rate of 80.56%. 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.

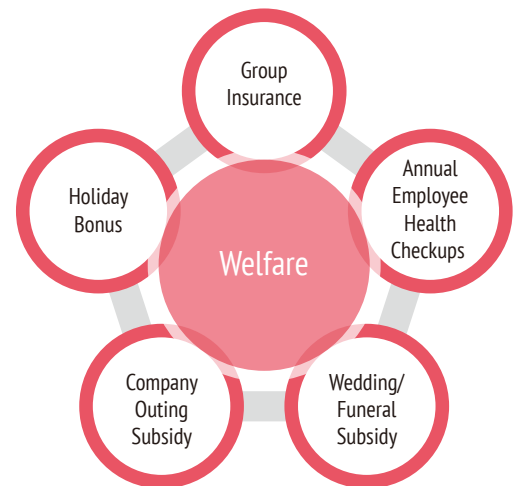
Unpaid Parental Leave in 2022			
Number of employees eligible for unpaid parental leave in the given year (A)	127	85	Total 212
Number of employees who have applied for unpaid parental leave in the given year (B)	16	30	Total 46
Number of employees who intend to return to work after unpaid parental leave in the given year (C)	9	27	Total 36
Number of employees who have returned to work after unpaid parental leave in the given year (D)	6	23	Total 29
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)	0	4	Total 4
Number of employees who returned to work after leave in the previous year (F)	2	7	Total 9
Returned-to-work rate of employees taking unpaid parental leave (%) (D/C)	66.67	85.19	Total 80.56
Retention rate of employees taking unpaid parental leave (%) (E/F)	0.00	57.14	Total 44.44

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.

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 fulfill employees' daily necessities, we provide various employee benefits, including subsidies for weddings, funerals, and celebrations, as well as travel allowances.



During the Mid-Autumn Festival and Dragon Boat Festival, we distribute gift boxes, vouchers, and other subsidies to employees, ensuring comprehensive employee welfare. For the Mid-Autumn Festival, the Welfare Committee purchases gift boxes from disadvantaged groups, handmade egg rolls from Syin-Lu Social Welfare Foundation, and cookies from Children Are Us Foundation, which are provided to employees for self-use or gifting. When the COVID-19 situation improved in early 2022, we organized a retro-themed birthday party at the Liudui Hakka Cultural Park. The event featured a variety of activities, including pinball machines, inflatable playgrounds, fishing ponds, as well as delicious food and performances. It was a joyful celebration where employees had fun together.

Employee Welfare Committee Expenditures			
Item	2019	2020	2021
Total amount (NTD)	26,848,545	35,508,177	50,306,045
Benefit expenditures as a percent of revenue (%)	0.09	0.10	0.13

Note: Due to the inclusion of meal and miscellaneous expenses in 2022, the data for 2020-2021 has been adjusted accordingly.

In 2022, due to the severe situation with COVID-19, each department held its own year-end party separately.

2022 Corporate Anniversary



2022 Mother's Day Event



2022 Father's Day Event



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. After identified the areas and 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 2022, a total of 237 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	2020	2021	2022
Operations involving noise exposure	28	34	47
Operations involving ionizing radiation	38	53	71
Operations involving exposure to nickel	35	70	94
Operations involving exposure to manganese	4	8	25
Total	105	165	237

Note: A total of 6 employees performed two types of tasks with special health hazards in 2022.

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. In addition, new employees are required to undergo special health checkups before and after they leave the company. Starting in 2021, all employees will be required to include an electrocardiogram in their annual health checkups for the evaluation of cerebral cardiovascular diseases. In addition to providing health care for employees with high cardiovascular risk, we also arrange interviews with occupational physicians to provide health guidance and hold activities for health promotion. We invite psychologists from Min-Sheng Hospital to assist with workplace stress relief seminars, and invite employees with high cardiovascular risk to attend health seminars to improve their physical and psychological health.

Year	2021	2022
General health examination attendance	1,433	1,588
Proportion of individuals at high risk for cardiovascular diseases	8%	7%



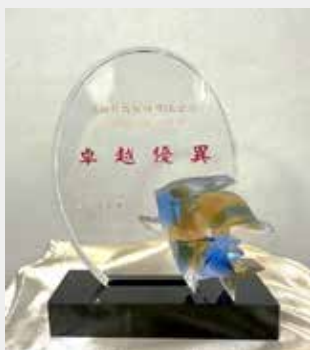
Annual and Special Health Checkups

Health Promotion

Flexium is committed to providing its employees with safe working conditions and a healthy workplace. In addition to conducting annual health examinations for employees, organizing health seminars, providing health information, and delivering health education campaigns, we also distribute monthly posters to communicate the latest health education information to employees. In 2022, our workplace anti-smoking services achieved excellent results, with over 15 individuals referred to smoking cessation helplines or clinics. Furthermore, the Dafa Plant, the Dafa Plant II, and the Ho-Fa Plant have obtained the Badge for Accredited Healthy Workplace, and we plan to apply for the badge for the Dafa Plant III and the Dafa Plant V in 2023. There is a medical room located in each plant which is staffed with nurses and contracted occupational medical physicians. They provide on-site services six times a month, conducting employee health assessments and offering related consultations to comprehensively take care of all employees' well-being. Due to the pandemic in 2022, the frequency of on-site medical services was reduced to only 61 times, with a total of 523 employees receiving on-site medical services. 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 Program	Purpose/Content	Outcomes
Improving stop-smoking services in the workplace	Preventing smoking employees from becoming severe cases or fatalities of COVID-19. Referring them to professional counseling services to assist them with smoking cessation while enhancing employees' health and productivity.	55 attendees, 29 people referred to smoking cessation helplines.
On-site vaccination by the Health Bureau	Compile total vaccination needs in all plants and schedule vaccinations in different time slots to accommodate all employees	226 attendees
Abnormal workloads	Through interactive lectures conducted by physicians, employees obtain accurate health information regarding abnormal workloads to prevent diseases caused by irregular workloads from working shifts, night shifts, and long working hours.	18 employees signed up for the lecture and 18 attended, resulting in a participation rate of 100%.
Musculoskeletal injury prevention	Through interactive lectures given by physicians, employees obtain accurate health information on preventing musculoskeletal injuries and what movements should be avoided when engaging in repetitive tasks.	28 employees signed up for the lecture and 28 attended, resulting in a participation rate of 100%.

Occupational Health and Safety Management Achievements in 2022



Excellent results in health education and promotion - Stop-smoking services in 2022



Badge for Accredited Healthy Workplace in 2022 - the Dafa Plant, the Dafa Plant II, and the Ho-Fa Plant



Pandemic Prevention and Management

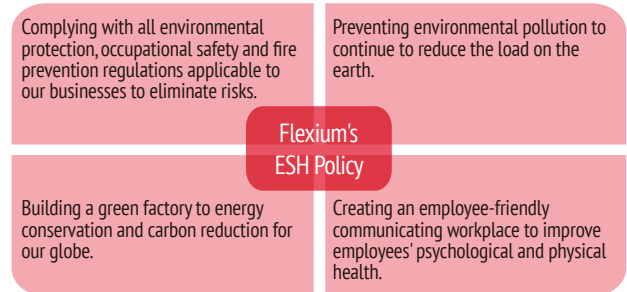
In 2022, we continued the strict control measures for meetings and maintained the social distancing protocols implemented during the pandemic in 2021. We regulated the number of attendees and seating distances, implemented staggered dining arrangements, controlled seating distances during meals, and prohibited conversations. We also implemented segregated work zones and areas to minimize intermingling and reduce the risk of transmission among employees. Additionally, we continued to use health declaration forms to assess the health conditions of employees. When COVID-19 cases were reported among employees, immediate workplace disinfection was carried out, and contact tracing was conducted based on the results of the epidemiological investigation. Flexible workforce deployment and space adjustments were made accordingly. Throughout 2022, we continued to enforce preventive measures for contractors and visitors. All individuals entering the premises were required to fill out health declaration forms. Furthermore, dedicated personnel providing regular care and meal delivery services were offered to foreign employees who contracted COVID-19 and needed to isolate in the dormitory to support their physical and mental well-being. We also remained responsive to changes in government guidelines and promptly updated our internal preventive measures of which we notified all employees. If an employee got tested positive for COVID-19, immediate management and monitoring were implemented to ensure their well-being.



Workplace disinfection operations

4.4 Occupational Safety and Health

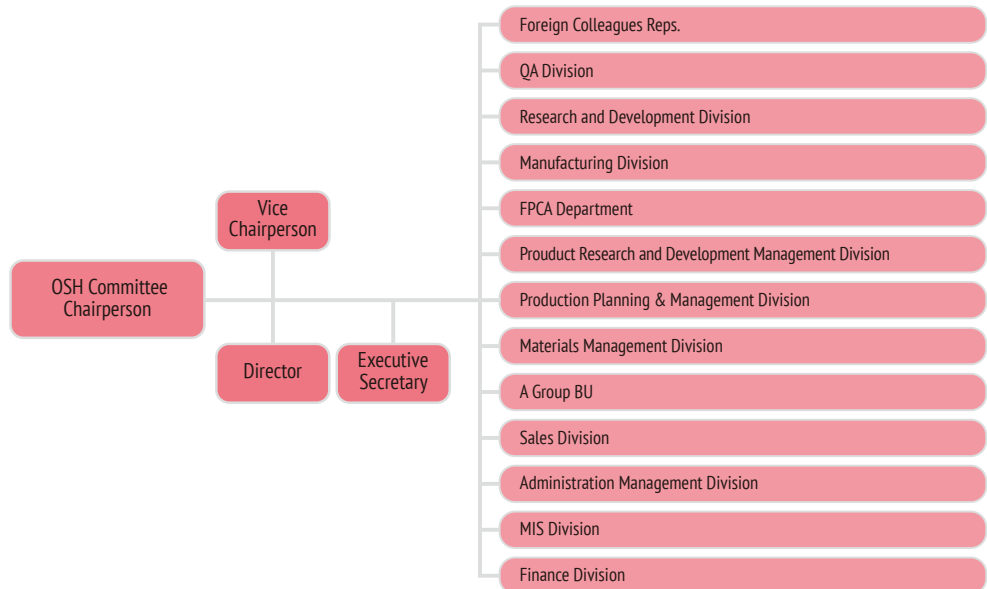
To reduce environmental impacts and prevent accidents, Flexium upholds the philosophy of “doing everything right the first time.” Through our EHS management system, we have been able to effectively prevent occupational injuries and diseases. We also developed an EHS policy and work continuously to ensure a green, healthy, legally compliant, and safe work environment. We formulated the *Environment, Health, and Safety (EHS) Management Manual* and established corresponding procedures, operational instructions, and regulations to ensure the effective implementation of occupational safety and health practices.



4.4.1 Occupational Health and Safety Management Systems

Flexium established its Occupational Safety and Health Committee (OSH Committee) in accordance with the law. The Chair of the Committee is held by the Plant Manager, who is responsible for overseeing the safety and health initiatives and making decisions regarding safety and health matters, 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	55	Percentage of employee representatives (%)	79	Number of employer representatives	14
				Percentage of employer representatives (%)	21

Implementation of Occupational Safety and Health Activities in 2022	
Item	Content
Qualitative fit testing	In compliance with regulatory requirements, to ensure that workers are protected from harmful substances in the air while using respiratory protective equipment, an annual assessment is conducted to ensure proper facial fit with the protective equipment.
Training on the proper use of personal protective equipment	In order to ensure that personnel can quickly and correctly put on protective equipment during chemical spills, a total of six training sessions were conducted in 2022. These sessions focused on educating employees on the proper use of eye protection, hand protection, face protection, protective clothing, and the correct wearing of personal protective equipment.
Regular educational training conducted by safety officers	Through regular retraining sessions conducted by the safety officer, employees obtain the necessary knowledge and skills to fulfill their safety and health responsibilities, thereby preventing workplace musculoskeletal hazards and cerebrovascular diseases. In 2022, a total of two training sessions were conducted.
Installation of signage for hazardous organic chemicals	Within the plant premises, 26 signs are installed in the areas where organic hazardous chemicals are handled, reminding employees of the precautions to be taken during operations to reduce the risk of chemical exposure.



Qualitative fit testing



Training on the proper use of personal protective equipment



Regular educational training conducted by safety officers



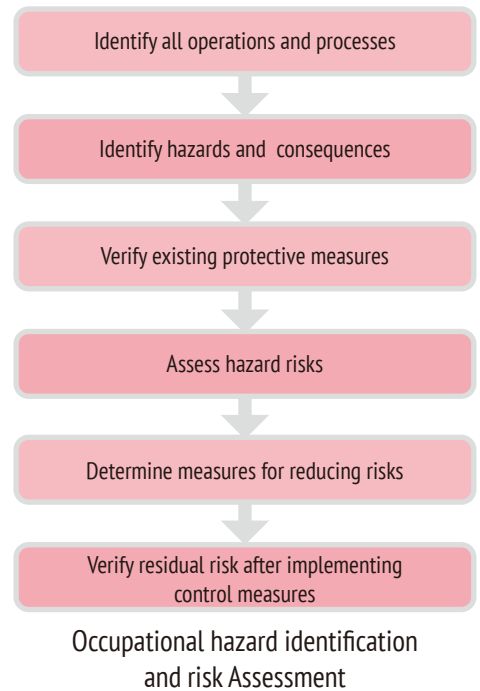
Installation of signage for hazardous organic chemicals


4.4.2 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.

Safety and health performance indicators are formulated and divided into leading and lagging indicators. Leading indicators include the achievement rate of environmental, safety, and health objectives, execution rate of machinery and secondary equipment safety inspections, and compliance rate of automatic inspections. Lagging indicators cover the number of daily inspection deficiencies, completion rate of improvement actions for occupational accidents and near-miss incidents, and daily inspection deficiencies. Monthly departmental performance evaluations are conducted based on these safety and health performance indicators. This helps to enhance a culture of autonomous improvement and maintain a good working environment. For departments that fail to meet the standards, increased on-site guidance and inspection frequency are provided.

To reduce occupational hazards, we conduct identification and risk assessments for routine and non-routine occupational hazards and implement graded controls. Each year, during the hazard identification and risk assessment process, the personnel responsible for risk determination receive hazard identification training, and their learning outcomes are evaluated afterwards. The internal risk identification process distinguishes between routine and non-routine activities and classifies risks into five levels. Risks are assessed based on the frequency of exposure, likelihood of events, and severity of potential damage. After risk determination is completed, risks are classified as opportunities or risks; control measures are proposed and unacceptable risk control plans are developed for high-risk (Levels 1-3) hazards. In 2022, only one item, the STR feeding machine, was identified as a high-risk hazard at Level 3. Further improvement measures will be implemented for this high-risk machine. Low-risk hazards (Levels 4-5) will maintain their existing operational methods.





Reason	Risk level	Equipment	Improvement measure
Automatic displacement of operating panel results in the risk of accidental touch of the touchscreen switch when personnel manually pull back the control panel door on the machine.	3	STR feeding machine	The equipment operating panels have been modified to prevent automatic displacement and can be securely fixed in a position accessible to personnel during operation. 

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 2022, legal compliance, external concerns, technology acquisition and degree of control, and the impact of the investment amount on the Company's operations and activities are among the factors considered in establishing control plans to address unacceptable risks.

To prevent occupational hazards, we enlist the help of every employee to build an incident-free corporate safety culture. We include near-miss incidents in our incident management and reporting procedures and offer awards to encourage employees to report potential hazards and propose improvement plans so as to reduce the likelihood of near-miss incidents. Employees may report incidents anonymously through the plant's reporting system. In case of imminent danger, employees may step away and afterwards notify the head of their department. We do not penalize employees who report such issues. The right of employees to withdraw from dangerous situations will be further addressed in the *Emergency Response Plan Instructions* and training carried out in the relevant departments upon its publication so that employees have a better understanding of their personal right to safety. After an occupational hazard incident, the department in which the incident has occurred is required to implement improvement measures. The Company also reviews other departments to see if the same operation is performed and, if so, the improvement measures are immediately implemented thereafter as well. These cases are then studied in employee training for future reference. Reports regarding improvement measures on the machinery are given in the quarterly Safety and Health Committee meetings to enhance employees' awareness about workplace safety from the perspective of plant management. Measures such as installing protective panels at the bottom opening of the human-machine interface on parallel mask aligners are implemented by the Equipment Department to mitigate the risk of hand injuries on personnel.

2022 Occupational Accident Statistics

Category	Occupational injury	Near Miss
Case	2	29
Closure Rate	100%	100%

Equipment	Before improvement	After improvement	Improvement measure
Parallel mask aligners			To address the enclosed human-machine interface of parallel mask aligners, a protective panel is installed at the bottom opening to prevent personnel from reaching into the machine through the opening.

Year	2020	2021	2022
Occupational safety improvement proposals	616	166	101

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 previous approach is continuously adopted in 2021 and 2022, 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	2020	2021	2022
Falls	-	-	-
Slips and trips	1	-	-
Injuries due to clamped or rolled in	2	-	-
Exposure to hazardous substances	1	-	-
Improper movement	1	-	-
Cuts, lacerations, and scrapes	1	1	-
Strikes by falling objects	-	-	-
Collisions	1	-	2
Burns	2	-	-
Crush injuries	-	1	-
Total incidents	9	2	2

Notes:

1. Statistical data sourced from Kaohsiung Plants (including Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, Hofa Plant and the Pingzhen office)
2. Flexium immediately launched hazard investigations into the occupational incidents that occurred in 2022. 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	2020	2021	2022	Calculation
Total recorded number of occupational injuries ^{Note 3} (cases)	Male	4	2	0	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, Hofa plant 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	5	0	2	
	Total	9	2	2	
Total working hours (hours)	Male	2,093,792	2,412,368	2,793,128	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, Hofa Plant and the Pingzhen Office. 637,038 total working days * 8 hours/day = Total working hours.
	Female	1,985,928	2,288,528	2,303,176	
	Total	4,079,720	4,700,896	5,096,304	
Occupational injury rate (%)	Male	38.21	16.58	0.00	Occupational injury rate: (Total number of occupational injuries × 200,000) / Total actual hours worked. This calculation does not include near-miss incidents without injuries or personal commuting accidents involving employees.
	Female	50.35	0.00	17.37	
	Total	44.12	8.51	7.85	
Disabling injury frequency rate (%)	Male	1.91	0.83	0	Disabling injury frequency rate = number of occupational injuries / total hoursworked * 1,000,000. (Total numbers are rounded down to the second decimal place.)
	Female	2.51	0	0.87	
	Total	2.21	0.43	0.39	
Disabling injury severity rate ^{Note 4} (%)	Male	39	27	0	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	0	2	
	Total	45	14	1	
Absence rate (%)	Male	7.4	11.6	11.1	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, Hofa Plant and the Pingzhen Office. Calculations are based on total days absent for both genders / total days worked by both genders.
	Female	7.1	10.0	14.4	
	Total	7.3	10.8	12.6	

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 2022, 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. "Recorded occupational injuries" refers to death, incapacity, restriction or change of work position, exceeding simple first aid treatment, or loss of consciousness, or other occupational disease.
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 2022.
6. Hofa Plant is added into the scope of 2022 data.

Causes and improvement measures for occupational injuries at the Kaohsiung Plant in 2022

Cause	Equipment	Before improvement	After improvement	Improvement measure																																			
An employee performing sulfuric acid cleaning operation inadvertently sustained a head injury while reaching inside the machine to place a plate. After placing the plate, the employee's head moved directly from the left side to the right side, accidentally colliding with the unloading device.	Automatic loading/unloading machine			<ol style="list-style-type: none"> 1. Request the Equipment Department to adjust the machine program so that the machine automatically stops when personnel extend their heads into the inner side of the machine during operation. 2. Install intermediate barriers on the inner side of the machine to prevent personnel from moving their bodies inside the machine, thereby avoiding potential hazards. 																																			
During the operation of the vacuum hot press, personnel reached inside to retrieve the product after opening the heated platen and the lower platen chain suddenly breaks. As a result, the upper platen rapidly descends and moves backward, causing the personnel's hand to accidentally collide with the upper platen and bruising the personnel's middle finger on the right hand.	Vacuum hot press	<p>Inspection item was added</p> <table border="1"> <thead> <tr> <th>項次</th> <th>檢查內容</th> <th>檢查方法</th> <th>判定基準</th> <th>處置</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>緊急閉鎖、按鈕、切鎖閉鎖</td> <td>目視</td> <td>閉鎖、按鈕應完整、作動時指示燈應亮、器具須堅固、不可懸空裝置</td> <td>調整或更換</td> </tr> <tr> <td>2</td> <td>鎖內 NFB、漏電斷路器、電磁接觸器</td> <td>目視、聽測</td> <td>器具作動不可有異聲、NFB、漏電斷路器應無異常於 ON 位置器具須堅固、不可懸空裝置、電磁接觸器應無異化</td> <td>調整或更換</td> </tr> <tr> <td>3</td> <td>溫度器</td> <td>目視</td> <td>可正常作動控制溫度 SENSOR 完整</td> <td>調整或更換</td> </tr> <tr> <td>4</td> <td>SSR</td> <td>目視、勾測</td> <td>正常作動時應亮綠燈 SSR 主體散熱風扇需有轉動、未作動時勾測輸出端應無電流通示</td> <td>調整或更換</td> </tr> <tr> <td>5</td> <td>緊急平台</td> <td>操作、目視</td> <td>平台作動應正確、無異常</td> <td>調整</td> </tr> <tr> <td>6</td> <td>傳動鏈條確認</td> <td>目視、更換</td> <td>延長過長/鬆緊無法彎曲時、更換鏈條</td> <td>更換</td> </tr> </tbody> </table>		項次	檢查內容	檢查方法	判定基準	處置	1	緊急閉鎖、按鈕、切鎖閉鎖	目視	閉鎖、按鈕應完整、作動時指示燈應亮、器具須堅固、不可懸空裝置	調整或更換	2	鎖內 NFB、漏電斷路器、電磁接觸器	目視、聽測	器具作動不可有異聲、NFB、漏電斷路器應無異常於 ON 位置器具須堅固、不可懸空裝置、電磁接觸器應無異化	調整或更換	3	溫度器	目視	可正常作動控制溫度 SENSOR 完整	調整或更換	4	SSR	目視、勾測	正常作動時應亮綠燈 SSR 主體散熱風扇需有轉動、未作動時勾測輸出端應無電流通示	調整或更換	5	緊急平台	操作、目視	平台作動應正確、無異常	調整	6	傳動鏈條確認	目視、更換	延長過長/鬆緊無法彎曲時、更換鏈條	更換	<ol style="list-style-type: none"> 1. In order to prevent similar accidents from happening, we inspected all SBS vacuum hot presses and replace any non-compliant chains. 2. Stipulate the inspection and replacement frequency of chains in the Monthly, Quarterly, Semi-Annual Preventive Maintenance Work Instruction for Vacuum Hot Press and revise the checklist to include additional inspection items.
項次	檢查內容	檢查方法	判定基準	處置																																			
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Flexium prioritizes the safety and health of its employees and has developed policies to address risk management, legal compliance, communication training, and continuous improvement. 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) in 2022				
Type	Item	Internal audit scope		External audit scope
Employee	Number of individuals	510		2,558
	Coverage	20%		100%
Contractor	Number of individuals	1,168		44,661
	Coverage	100%		100%

Notes:

1. Internal audit units: Environmental Engineering Section, Mechanical and Electrical Engineering Section, Facility Maintenance Section, Production 1st Section, Production 2nd Section, Production 4th Section of MFG 2nd Division (the Dafa Plant V), Quality System Section, Environment Health & Safety (EHS) Section, Purchasing Section, Quality Reliability Control Center. The scope of work for the Environmental Engineering Section, Mechanical and Electrical Engineering Section, and Facilities Maintenance Section covers all plants and is subject to annual mandatory audits. Other units will be audited according to the audit plan.
2. Number of Contractors: Calculated based on the actual number of contractors during the internal audit period (December 19, 2022, to December 30, 2022).
3. Number of personnel in the external audit scope: Calculated based on the number of employees within the scope of system certification and the number of contractors entering the plant.

In compliance with regulatory requirements, regular occupational health and safety training is provided to ensure that every employee is familiar with relevant occupational health and safety regulations and the company's safety management mechanisms. This training aims to build a culture centered around safety and health within the company. In 2022, a total of 3,467 individuals received training, accumulating a total training time of 12,932 person-hours.

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. The online education and training platform for contractors was officially launched in September 2022. Contractors can complete courses and take assessments online, which facilitates paperless exams and increases flexibility in training schedules. This initiative aims to promote the digitization of contractor education and training programs. In 2022, a total of 1,106 individuals participated in physical and online training courses. 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 since 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, and restate the safety and health regulations of the factory. 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*. In 2022, pre-entry occupational safety and health education and training were conducted on contractors. Additionally, internal supervisory personnel are required to thoroughly review the construction details, location, work content, and relevant documentation provided by contractors when issuing work orders. This practice aims to reduce the risk of occupational accidents within the plants.

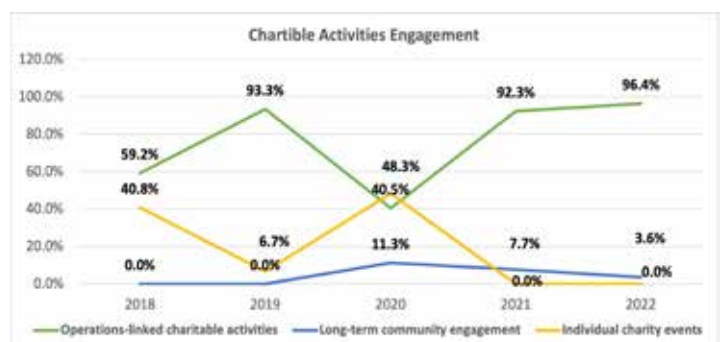
Prospects for Occupational Safety and Health Management

The creation of the safety officer system is based on the concept of building up our fundamental capacity for safety and health management. As of 2022, we have trained a total of 48 qualified security officers who have become indispensable roles in building a safe and healthy in-plant environment and promoting occupational safety operations since the establishment of the safety officer system in 2020. 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. In 2022, regular retraining sessions for in-house safety officers were conducted, focusing on topics such as preventing and mitigating workplace musculoskeletal hazards and cardiovascular diseases. These courses aimed to prevent and reduce injuries associated with the aforementioned health issues.

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 2022 resulted in a total of 5 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. 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.

4.5 Social 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 operations-linked charitable activities over the last five years, and then the long-term community engagement and individual charity events. We plan to incorporate "Care," one of Flexium's five core values, into our annual assessment to establish long-term charity objectives.



4.5.1 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.

Contribute to pandemic prevention

In 2022, as the COVID-19 pandemic worsened, Flexium demonstrated its commitment to combating and safeguarding against the virus by donating essential epidemic prevention supplies. The donation included 500 sets of novel coronavirus nucleic acid testing reagents and 500 P2 level protective suits. These supplies were provided to the frontline epidemic prevention personnel of the Kaohsiung City Fire Department to protect them from infection risks and ensure the safety of the city’s residents.



Donated COVID-19 nucleic acid testing reagents and P2 level protective suits to the Kaohsiung City Fire Department.

4.5.2 Community Care

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 2022. In 2021 and 2022, our schedule was affected by the COVID-19 pandemic. Volunteer Association of Flexium has organized over 15 social welfare activities in the 5 years since its establishment. 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, Kaoshiung, which accommodates children under the age of two. In addition, we added Kaohsiung Municipal Daliao Elementary School to our charitable efforts in 2021 and 2022.

Calligraphy Room in Daliao Elementary School

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. The Calligraphy Classroom was completed in February in 2022, and an unveiling and donation ceremony was held in March.









Heartwarming Christmas Charity event


On the eve of Christmas in December 2022, the Heartwarming Christmas Charity event was held. Led by the Volunteer Association of Flexium, the event encouraged all employees to participate and expand the scale of community service while spreading the love. During the lunch break, booths were set up in each plant area for charity sales. Christmas-themed items were sold on-site, and invoices were collected to incentivize all employees to participate. The event aimed to turn each charitable effort into a great act of love and spread happiness. A total of 165 invoices were collected, and the revenue from the charity sales amounted to NT\$ 28,385. All proceeds were used to purchase daily necessities, which were donated to the Kaohsiung branch of the Garden of Hope Foundation. This donation aimed to bring blessings and warmth to women and children seeking assistance from the foundation.



Principles of Reporting


Flexium Interconnect, Inc. (hereinafter referred to as Flexium) is publishing its seventh Sustainability Report in 2023 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 2022 and we will be releasing the next report in June 2024.

 <p>Period of Disclosure</p> <p>January 1, 2022 to December 31, 2022</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, Dafa Plant V, and Ho-Fa Plant^{note}) and the Pingzhen office. The aspects and boundaries of the material</p> <p><small>Note: Environmental data related to the Ho-Fa Plant has been included since July 2022. Additionally, due to the overlapping job responsibilities, the number of staff in each plant cannot be calculated exactly. Therefore, the number of staff associated with the Ho-Fa plant includes data covering the whole year.</small></p>	 <p>Scope of Data Collection—External</p> <p>Investors Clients Suppliers/Contractors Government Community/Academic Institutions</p>
 <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

Internal	The period of disclosure for this report dates from January 1 to December 31, 2022. 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, Dafa Plant V, and Ho-Fa Plant) and the Pingzhen office. The environmental data of Ho-Fa Plant are counted from July 2022 onwards; 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 for a whole year therefore includes the Ho-Fa Plant.
External	The scope of external disclosure includes investors, clients, suppliers/contractors, government, community, and academic institutions.



Review

Internal	The information and data collected and compiled by each department was first reviewed by the department heads, then submitted to the ESG 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 heads of departments and finally approved by the management representative authorized by the board. 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.
External	The financial data in this report were audited by PricewaterhouseCoopers Taiwan (PwC Taiwan) and denominated in TWD. Compliance with the Environmental Management System (ISO 14001), Quality Management System (ISO 9001), and Occupational Health and Safety Assessment Series (ISO 45001(the original OHSAS 18001)) Standards was certified by an impartial third party.

GRI Standards

Statement	Flexium refer to the GRI Standards and the reporting period is from January 1, 2022 to December 31, 2022
Adopted GRI 1	GRI 1: Foundation 2021
Applicable GRI Industry Guidelines	No applicable GRI Industry Guideline yet

GRI Std. Code / Other	Description	Chapter	Page
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2-3	Reporting period, frequency and contactpoint	Principles of Reporting	93
2-4	Restatements of information	NA	
2-5	External assurance	Third-party Assurance Statement	97
2-6	Activities, value chain and other business relationships	0.3 About Flexium 2.2 Sustainable Supply Chain	6 - 50
2-7	Employees	4.1 Talent Attraction and Retention	71
2-8	Workers who are not employees	4.1 Talent Attraction and Retention	71
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2-11	Chair of the highest governance body	1.2.1 Corporate Governance	27
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2-13	Delegation of responsibility for managing impacts	1.1.1 ESG Performance	14
2-14	Role of the highest governance body in sustainability reporting	Principles of Reporting	93
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2-17	Collective knowledge of the highest governance body	1.2.1 Corporate Governance	27
2-18	Evaluation of the performance of the highest governance body	1.2.1 Corporate Governance	27
2-19	Remuneration policies	1.2.1 Corporate Governance	27
2-20	Process to determine remuneration	1.2.1 Corporate Governance	27
2-21	Annual total compensation ratio	Non-disclosure	
2-22	Statement on sustainable development strategy	0.1 Letter from the Chairman	2
2-23	Policy commitments	1.2.1.2 Business Ethics	29
2-24	Embedding policy commitments	1.2.1.2 Business Ethics	29
2-25	Processes to remediate negative impacts	1.1.2 Material Issues and Stakeholder Engagement	17
2-26	Mechanisms for seeking advice and raising concerns	1.2.1.2 Business Ethics	29
2-27	Compliance with laws and regulations	1.2.1.2 Business Ethics	29
2-28	Membership associations	0.3.4 Participation in Associations	12
2-29	Approach to stakeholder engagement	1.1.2 Material Issues and Stakeholder Engagement	17
2-30	Collective bargaining agreements	Flexium employees have not yet established their own union, therefore no collective agreement has been made.	
Material Topic			
3-1	Process to determine material topics	1.1.2 Material Issues and Stakeholder Engagement	17
3-2	List of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
Innovation Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement
Specific	-	Propose innovative R&D and management methods to be applied in technology, production and product.	2.1.1 Research and Innovation
Product Quality			
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement
Specific	-	Establish and promote quality management system, culture of quality and product recall protocol.	2.1.1 Research and Innovation

Topic	GRI Std.	Description	Chapter	Page
Customer Service				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.1.3 Customer Relationship Management	47
Supplier Sustainability Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	2.2.1 Supplier Sustainability Management	50
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	2.2.1 Supplier Sustainability Management	50
	308-2	Negative environmental impacts in the supply chain and actions taken	2.2.1 Supplier Sustainability Management	50
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	2.2.1 Supplier Sustainability Management	50
	414-2	Negative social impacts in the supply chain and actions taken	2.2.1 Supplier Sustainability Management	50
Business Ethics				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	All operating locations are evaluated annually through internal integrity management regulations and internal auditing mechanisms, and no corruption risks are identified.	
	205-2	Communication and training about anti-corruption policies and procedures	1.2.1 Corporate Governance	27
	205-3	Confirmed incidents of corruption and actions taken	1.2.1 Corporate Governance	27
Risk Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
Specific Topics	-	Fulfill risk management system by measures of risk identification, evaluation, prioritization and risk strategy.	1.2.2 Risk Management and Information Security	31
Information Security				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.1.3 Customer Relationship Management	47
Climate Change				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 302: Energy	302-1	Energy consumption within the organization	3.2.1 Energy Use	62
	302-3	Energy intensity	3.2.1 Energy Use	62
	302-5	Reductions in energy requirements of products and services	3.2.1 Energy Use	62
GRI 302: Energy	305-1	Direct (Scope 1) GHG emissions	3.1.2 Greenhouse Gas Management	61
	305-2	Energy indirect (Scope 2) GHG emissions	3.1.2 Greenhouse Gas Management	61
	305-5	Reduction of GHG emissions	3.1.2 Greenhouse Gas Management	61
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.1.2 Greenhouse Gas Management	61
Water Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 303: Water and Effluents (2018) *Management Approach: 303-1, 303-2	303-1	Interactions with water as a shared resource	3.2.3 Water Resources	66
	303-2	Management of water discharge-related impacts	3.2.3 Water Resources	66
	303-3	Water withdrawal	3.2.3 Water Resources	66
	303-4	Water discharge	3.2.3 Water Resources	66
	303-5	Water consumption	3.2.3 Water Resources	66
Green Product				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
Specific Topics	-	Evaluations on hazardous material, carbon footprint, water footprint, environment-friendly product certificate and life-cycle.	2.1.2 Green Product	44
Waste Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 306: Waste (2020) *Management Approach: 306-1, 306-2	306-1	Waste generation and significant waste-related impacts	3.3.3 Waste	68
	306-2	Management of significant waste-related impacts	3.3.3 Waste	68
	306-3	Waste generated	3.3.3 Waste	68
	306-4	Waste diverted from disposal	3.3.3 Waste	68

Topic	GRI Std.	Description	Chapter	Page
Energy and Resources Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 302: Energy	302-1	Energy consumption within the organization	3.2.1 Energy Use	62
	302-3	Energy intensity	3.2.1 Energy Use	62
	302-5	Reductions in energy requirements of products and services	3.2.1 Energy Use	62
Occupational Safety and Health				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 403 : 2018 Occupational Health and Safety *Management Approach: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7	403-1	Occupational health and safety management system	4.4.1 Occupational Health and Safety Management Systems	86
	403-2	Hazard identification, risk assessment, and incident investigation	4.4.1 Occupational Health and Safety Management Systems	86
	403-3	Occupational health services	4.4.1 Occupational Health and Safety Management Systems	86
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.1 Occupational Health and Safety Management Systems	86
	403-5	Worker training on occupational health and safety	4.4.1 Occupational Health and Safety Management Systems	86
	403-6	Promotion of worker health	4.4.1 Occupational Health and Safety Management Systems	86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.1 Occupational Health and Safety Management Systems	86
	403-8	Workers covered by an occupational health and safety management system	4.4.1 Occupational Health and Safety Management Systems	86
	403-9	Work-related injuries	4.4.1 Occupational Health and Safety Management Systems	87
Talent Attraction and Retention				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	17
GRI 401: Employment	401-1	New employee hires and employee turnover	4.1.2 New Hires and Employee Turnover	73
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3.2 Benefits and Care	80
	401-3	Parental leave	4.3.2 Benefits and Care	80
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	1.2.1 Corporate Governance	27
			4.1.1 Workforce Composition and Recruitment	71
	405-2	Ratio of basic salary and remuneration of women to men	4.2.2 Promotion and Compensation	77

GRI 400: Social Series				
Series	GRI Std. Code	Description	Chapter	Page
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4.2.1 Career Development and Planning	74
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2.1 Career Development and Planning	74
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2.1 Career Development and Planning	74
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.3.1 Human Rights	79
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3.1 Human Rights	79
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.3.1 Human Rights	79
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3.1 Human Rights	79

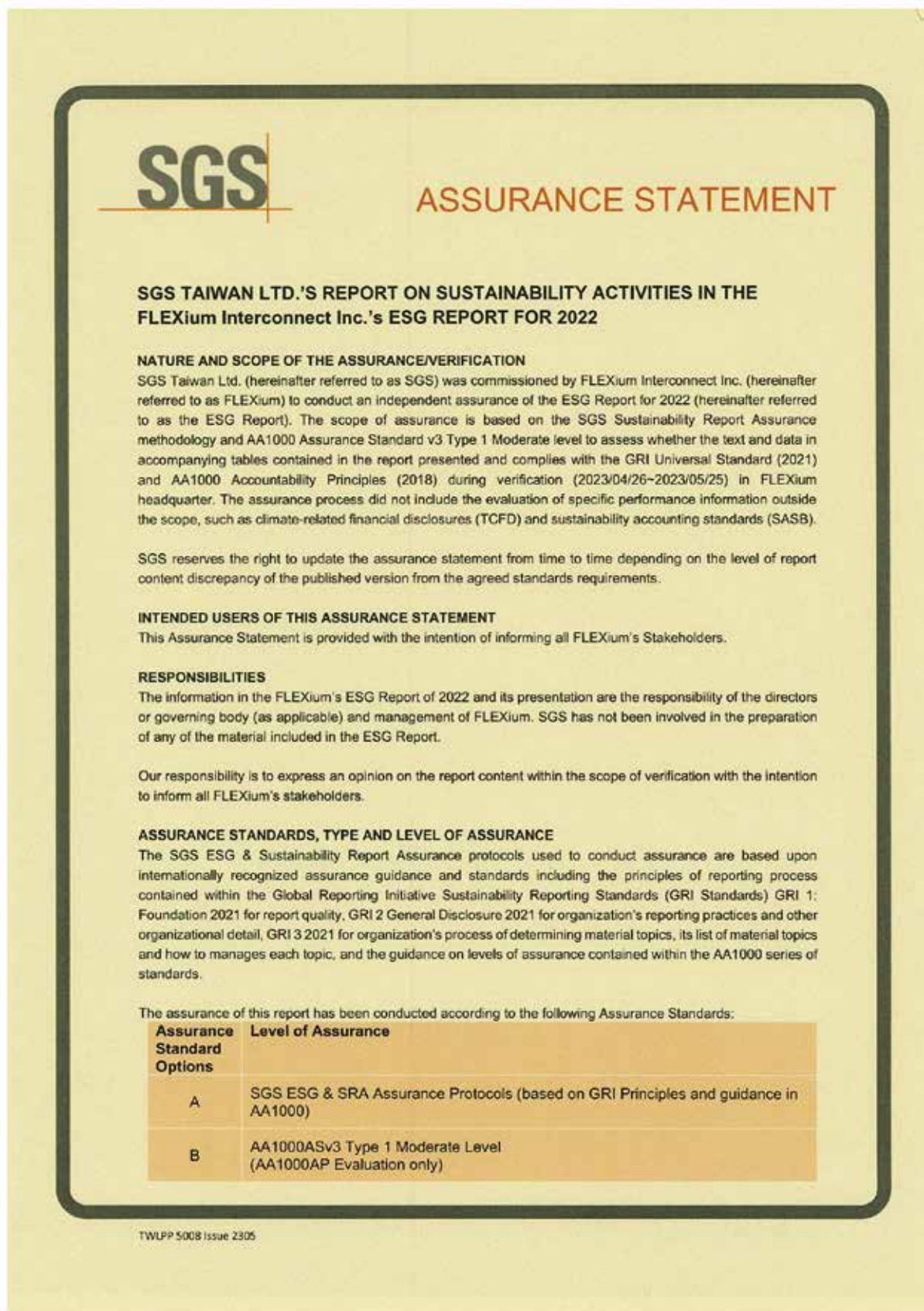
Note : Except for 303 and 403, which adopt the 2018 edition, GRI 207, which adopts the 2019 edition, and GRI 306, which adopts the 2020 edition, all other standards adopt the 2016 edition.

Sustainable Indicators for Electronic Components Industry

No.	Indicator	Category	Unit	Chapter	Page
1	Total energy consumption, percentage of purchased electricity and renewable energy usage	Quantitative Desc.	Billion joules (GJ), percentage (%)	3.2.1 Energy Use	62
2	Total water withdrawal and total water consumption	Quantitative Desc.	Thousand cubic meters (m³)	3.2.3 Water Resources	66
3	Weight of hazardous waste generated and percentage of recycling	Quantitative Desc.	Metric tons (t), percentage (%)	3.3.3 Waste	68
4	Description of the type, number and rate of occupational hazards	Quantitative Desc.	Ratio (%), Quantity	4.4.2 Occupational Injury Management	87
5	Disclosure of product lifecycle management: weight and percentage of recycling of end-of-life products and electronic waste (Note 1)	Quantitative Desc.	Metric tons (t), percentage (%)	3.2.2 Raw Materials	65
6	Description of risk management related to the use of critical materials	Qualitative Desc.	Not applicable	2.2.1 Supplier Sustainability Management	50
7	Total monetary loss due to legal actions related to anti-competitive behavior regulations	Quantitative Desc.	Reporting Currency	1.2.1 Corporate Governance	27
8	Production of major products by product type	Quantitative Desc.	Varies by product type	0.3 About Flexium	6

Note 1: The sale of scraps other recycling treatment which are included, should provide relevant instructions.

Third-party Assurance Statement



SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- | | |
|---|---|
| 1 | GRI Universal Standard (2021) (Reference) |
| 2 | AA1000 Accountability Principles (2018) <ul style="list-style-type: none"> • 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 Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information. |

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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**ASSURANCE/VERIFICATION OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

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

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)**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. For future reporting, FLEXium may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

FLEXium has established effective 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 demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FLEXium's ESG Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to FLEXium's contributions to sustainability development. For future reporting, FLEXium is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
16 June, 2023
WWW.SGS.COM



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