FLEXium

2023 Sustainability Report

CONTENT

Introduction

INTRODUCTION

Letter from the Chairman

Reflecting on 2023, the business environment was filled with numerous variables and challenges, testing corporate governance resilience and the ability to innovate sustainably. Flexium joined the "RE100 Global Renewable Energy Initiative" led by The Climate Group and the Carbon Disclosure Project (CDP) in 2022, committing to achieving 100% green electricity usage by 2040. This action marks an important milestone in Flexium's push for ESG development, driving the company towards its carbon neutrality goals. With the concerted efforts and participation of the Board of Directors, the ESG Steering Committee, the ESG Team, and all colleagues, we introduced a Greenhouse Gas Inventory Tools and ISO 50001 energy management system in 2023. By analyzing data on emission hotspots and energy usage, we more efficiently promoted energy conservation and carbon reduction, continuously enhancing our resilience to environmental changes and mitigating the impacts of climate change.

As one of critical leaders in the FPC/FPCA industry, Flexium has always regarded environmental protection, social responsibility, and corporate governance as fundamental to our business strategy. Our ESG development vision is to "be an ESG doer, and make society and the environment better." We continue to work towards establishing a sound corporate governance system and are committed to sustainable corporate governance, building a robust green supply chain, and creating a mutually beneficial business model. We also encourage all our colleagues to continuously demonstrate ESG action and growth momentum, together advancing towards sustainable goals.

In 2023, Flexium's specific actions in the three aspects of ESG (Environmental, Social, and Governance) include:

- Environmental

  We continued to promote water-saving measures, achieving a total water savings of 608,872 tons in 2023, a 41.87% increase compared to 429,183 tons in 2022. We also continued to promote energy-saving measures, including raising the chilled water main unit output temperature by one degree, performing major maintenance on chilled water main units, lowering the cooling tower water output temperature to save energy, installing air conditioning variable frequency drives, reducing the pressure difference in chilled water return pipelines, and improving the air compression system. Through the EMS smart power control system, we saved 5,374,210.28 KWh of electricity, reducing carbon emissions by approximately 2,660.2 tons of CO_2e. In terms of waste recycling and utilization, in 2023, we utilized copper electrolysis recovery equipment to recover copper ions from wastewater, producing 10.5 tons of copper pillars for reuse. Promoting waste recycling and utilization across all plants generated an economic benefit of approximately NT$330,179,766 from 2020 to 2023. We introduced the central chemical supply system to transport chemical regenerants, nitric acid, hydrochloric acid, and diluted sulfuric acid through the central supply system, reduce the frequency and number of chemical liquid transport trips, thereby decreasing carbon footprints and avoiding hazards associated with manual transport. We completed third-party verification of greenhouse gas emissions, set carbon emission reduction targets, and reported progress to the Board of Directors quarterly.

- Social

  Flexium offers diversified educational training programs, providing suitable courses for employees at all levels. In addition to offering diverse and comprehensive content on management topics to deepen colleagues' management competencies, we organized seminars such as "Creating a Friendly Workplace" and "Legal Insights into Labor Law" to actively foster a positive work environment, ensuring that every colleague has a secure, safe, and stable workplace. We continued to conduct company-wide fire drills and, in 2023, carried out regional emergency drills (including fire and chemical spill drills) for manufacturing units, focusing on disaster containment and immediate reporting. Regarding community involvement and local care, we donated 1,000 residential fire alarms to the Kaohsiung City Fire Department to help improve home fire safety for Kaohsiung residents. We organized the 'Mid-Autumn Love Charity Gift Box Promotion' in collaboration with the Syin-

Lu Foundation, encouraging all employees to purchase charity gift boxes. This resulted in the sale of 209 boxes and raised a total of NT$80,829 for charity. Continuing the Christmas Love Gift activity from 2022, we set up charity sale booths in various plants a week before Christmas 2023, using the slogan "Enjoy Coffee, Support Charity" to attract employees. The total revenue from this charity sale was NT$32,060, which was entirely used to purchase daily necessities for donation to the Garden of Hope Foundation - Kaohsiung Hope Love Sharing Center. We expanded the "mBot2 Robot Donation Plan" to include Wong Yuan Elementary School near the Ho-Fa Plant, donating a total of NT$300,000 in educational resources, including 42 sets of mBot2 robots (with teaching materials) and one laser cutting machine, allowing students to experience hands-on programming, learning electronics, and multifunctional robot solutions, enhancing both their enjoyment and creativity in learning. Additionally, the proportion of raw materials locally procured was as high as 91.1%, actively supporting the development of local suppliers.

- Governance

  According to GRI guidelines, we continue to publish sustainability reports, disclosing sustainability information, and refer to the Sustainability Accounting Standards Board (SASB) standards for the Hardware industry to enhance the quality of sustainability information disclosure. To accelerate our smart factory goals, we leverage machinery to improve process efficiency and product yield, thereby reducing labor costs and error rates. We regularly organize " Continuous Improvement Project Activities (CIP)," encouraging employees to use systematic analysis and improvement techniques through teamwork to optimize processes, enhance quality, improve efficiency, and advance technological research and development capabilities. In 2023, we continued our collaboration with National Cheng Kung University on projects such as "Development and Application of Digital Lithography Systems with High Precision Alignment Capability and Automatic Graphical Compensation Function for 2023-2024" and "Analysis of Flexible RF MEMS Switch Components for 2023-2024." We also collaborated with National University of Tainan on the "Design and Development of Ultra-Advanced Materials for RF Microwave/Millimeter-Wave Systems" project, continuously enhancing our technological and innovative capabilities.

Looking ahead to 2024, Flexium will continue to face the challenges of global climate change and rapid changes in the business environment. We will maintain our operational focus on advancing product development, strengthening supply chain management, enhancing production efficiency, reducing resource waste, and conserving energy consumption. Collaborating closely with customers and suppliers, we aim to innovate further, commit to fulfilling corporate sustainability responsibilities, and implement innovative business models. In the future, Flexium will demonstrate more achievements in sustainability and stronger competitive capabilities. We look forward to continued support from all stakeholders.

Walter Cheng

Chairman, Flexium Interconnect, Inc.

Awards and Sustainable Performance

2023-12 In 2023, the Dafa Plant III and the Dafa Plant V earned the Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare of Health Promotion Administration.

2023-05 Awarded in the "CommonWealth Magazine Taiwan Top 2000 Survey", Flexium ranked 110th in the manufacturing industry in 2022, 432nd in revenue growth rate, 101st in after-tax net profit, and 509th in profit margin.

2023-04 Awarded a commendation by the Kaohsiung City Government's Environmental Protection Bureau, commending Flexium for actively participating in the 2022 Green Procurement Program and enthusiastically promoting environmental initiatives.

2022-12 In 2022, the Dafa Plant, Dafa Plant II, and Hofa Plant earned the Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare of Health Promotion Administration for the year 2021.

2022-09 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.

2022-08 In 2022, our CEO was ranked 42nd among the top 100 best-performing CEOs by the Harvard Business Review.

2022-07 Honored to receive a certificate of appreciation from the Kaohsiung City Government's Environmental Protection Bureau which commends Flexium's active participation in the Green Procurement Program for the year 2021 and our dedicated efforts in promoting environmental conservation initiatives.

2022-05 Flexium ranked 120th in the manufacturing industry in 2021 in CommonWealth Magazine's Taiwan Top 2000 survey. ◦

2021-05 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.

2020-06 In June 2020, we released our 2019 Corporate Social Responsibility Report.

2020-05 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.

2020-03 The Kaohsiung plant migrated its accredited certification to the ISO 45001:2018 standard.

Sustainability Performance	
Kubernetes **Containerized Application Platform**	In 2023, Flexium implemented the "Kubernetes Containerized Application Platform," transitioning the application service layer of our production operations system to containerized management. This allows the system to automatically handle load balancing and redundancy, and enables automatic deployment and scaling across host clusters, enhancing the system's ability to achieve uninterrupted and high-quality recovery capabilities.
Innovating Service Value	
Expanding **global service locations**	In September 2023, we established an office in India to provide local services, promptly meet customer demands, and implement sustainable business practices.
Scored over 80 points for four consecutive years	In 2023, the customer satisfaction survey yielded a composite score of 60 across six core areas: quality, service, delivery, price, technology, and hazardous substances. Over the period from 2020 to 2023, the average score remained above 80 for four consecutive years.
4 Industry-Academia Collaboration Projects	Dedicated to developing cutting-edge technology, we engage in academic collaborations with research and development units both domestically and internationally to study fundamental materials and innovate advanced technologies. In 2023, we achieved a total of four industry-academia collaboration projects.
324 accumulated patents	In 2023, we obtained a total of 12 patents, all of which were invention patents. These include 2 patents in the United States, 1 in China, and 1 in Hong Kong, among others. From 2003 to 2023, we have accumulated a total of 324 patents (excluding pending applications).
Quality score of 88	Quality Rating in Customer Evaluations: An average of 88 from 2020 to 2023.
Hazardous substance management score of 91	In the management of hazardous substances, the customer satisfaction survey rating averaged 91 from 2020 to 2023.
More than 90% of materials procured locally	From 2020 to 2023, the average proportion of local procurement expenditure has exceeded 90%.

Protecting the Environment for Sustainability	
2,660.2 tCO_2e	In 2023, ongoing energy-saving initiatives included chiller maintenance, improvements to air compression systems, reducing cooling tower water temperatures, and installing variable frequency drives for air conditioning. These efforts, along with maintaining chiller water outlet temperatures one degree higher and utilizing the EMS smart power control system, resulted in a reduction of 2,660.2 metric tons of CO_2e emissions. These measures not only met the temperature requirements of production areas but also significantly lowered overall energy consumption.
10.5 tons	In 2023, using copper electrolysis recovery equipment, we processed ions from wastewater to produce 10.5 tons of copper pillars, which were then recycled and reused.
608,872 tons	In 2023, water savings reached 608,872 tons, compared to 429,183 tons in 2022, marking an increase in water conservation by 179,689 tons and saving approximately NT$28,616,961.
Creating a Happy Workplace	
NT$11,816,162	The total training expenditure in 2023 amounted to NT$11,816,162.
Friendly Workplace	Inviting experienced lawyer Zhengpeng Guo to conduct a seminar on handling sexual harassment cases, aiming to enhance understanding of gender equality laws and personal rights among all executives, from senior managers to grassroots staff. A total of 209 participants are expected to attend.
Employees of the Year	Each year, 10 outstanding employees are selected and rewarded with stock awards. In 2023, a total of 9 colleagues were selected as annual outstanding employees.
Cultivating Deeper Social Engagement	
Spreading Love and Caring Locally	• April 2023: Organized a World Earth Day Beach Cleanup Activity to promote environmental conservation. • June 2023: Donated NT$300,000 in educational resources to Wong Yuan Elementary School, fostering students' critical thinking skills. • September 2023: Held a charity gift box promotion, raising NT$80,829 for the Syin-Lu Foundation. • December 2023: Hosted a charity event "Coffee for Love", raising NT$32,060 for the Garden of Hope Foundation - Kaohsiung Hope Love Sharing Center.
Support for Police and Fire Departments	In 2023, as a community initiative, donated 1,000 residential fire alarms to the Kaohsiung City Fire Department. The fire department assisted in installing these alarms across Kaohsiung, enhancing home fire safety with immediate detection and response capabilities, thereby reducing the risk of fire casualties.

About Flexium

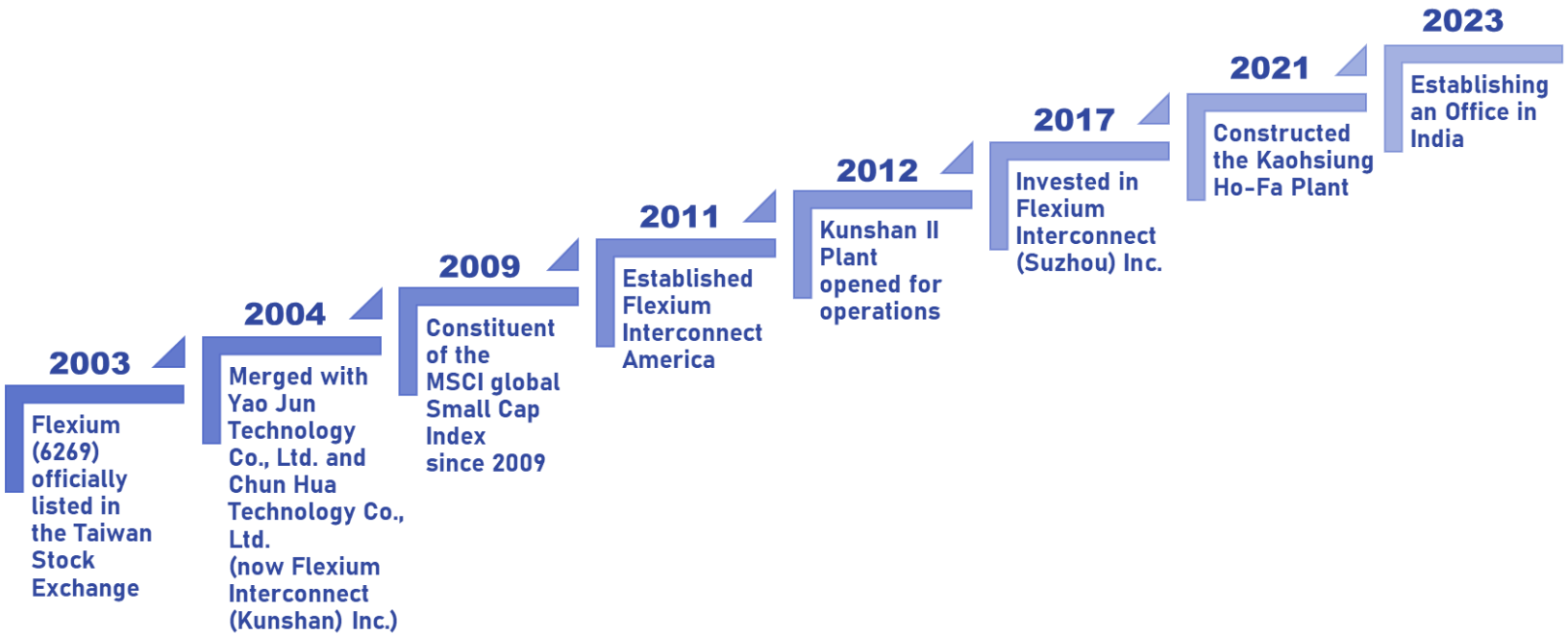
Company Profile

Flexium Technologies Co., Ltd. (hereinafter referred to as Flexium) has been dedicated to providing top-quality Flexible Printed Circuits (FPC) since its establishment in 1997. The company has continuously developed Flexible Printed Circuit Assembly (FPCA) technologies. Additionally, Flexium has made significant breakthroughs in technologies such as high-frequency and semiconductor applications.

Overview of Flexium

Establishment	Founded on **December 19, 1997**		
Nature and Legal Form of Ownership	Publicly listed company (Stock Code: **6269**)		
Capital	NT$**3.2** billion		**Corporate Website**
2023 Consolidated Revenue	NT$**32.7** billion		
Subsidiaries	**20**		
Number of Employees in 2023 (excluding dispatched workers)	Number of employees: **2,499** ; number of group's employees: **5,951**		
Plant Area	**68,197 ft2**	**Bare PCB Self-production Rate**	**100%**
Headquarters	No.1, Shangfa 5th Rd., Hofa Industrial Park, Daliao Dist.,Kaohsiung City 831132, Taiwan (R.O.C)		

Flexium Milestones ▶

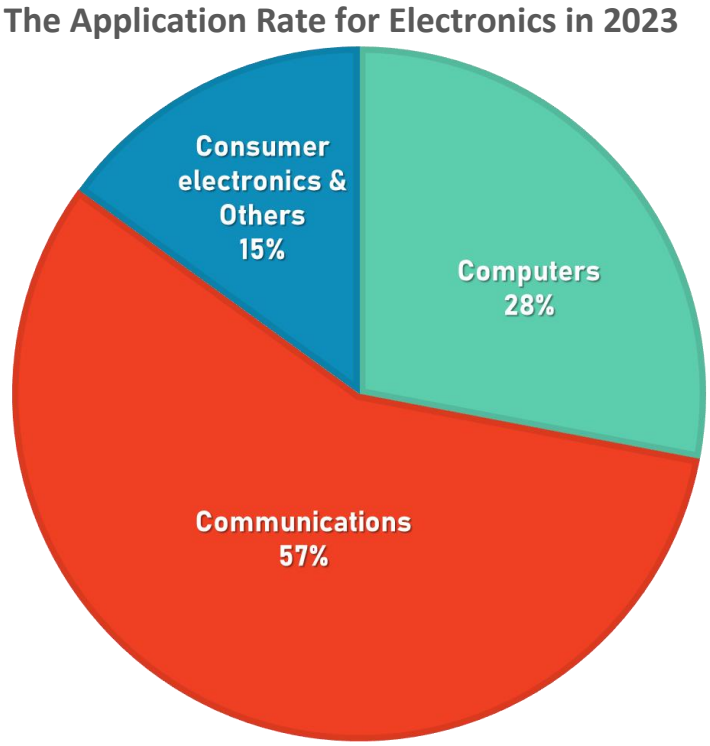


Flexium officially joined RE100 in September 2022, committing to 100% renewable energy by 2040 under the global initiative led by the Climate Group and the Carbon Disclosure Project (CDP). In 2023, we focused on building upon the advancements made in 2022 in high-end mobile device manufacturing. We developed more multi-layer flexible printed circuits (FPCs), and with the increased penetration of 5G communications, high-end flexible antenna boards expanded into mobile phones, tablets, notebooks, and wearable devices. This led to further development of flexible board module products incorporating passive components such as antennas and filters, achieving circuit integration. This approach maximizes space utilization and significantly reduces signal transmission loss between different media. Furthermore, Flexium independently designed the Butler Matrix and integrated it with Metaverse processes, tailoring designs based on structural environments and different application frequencies (28/39/60GHz). This ensures our products align closely with societal needs and sustainable business practices.

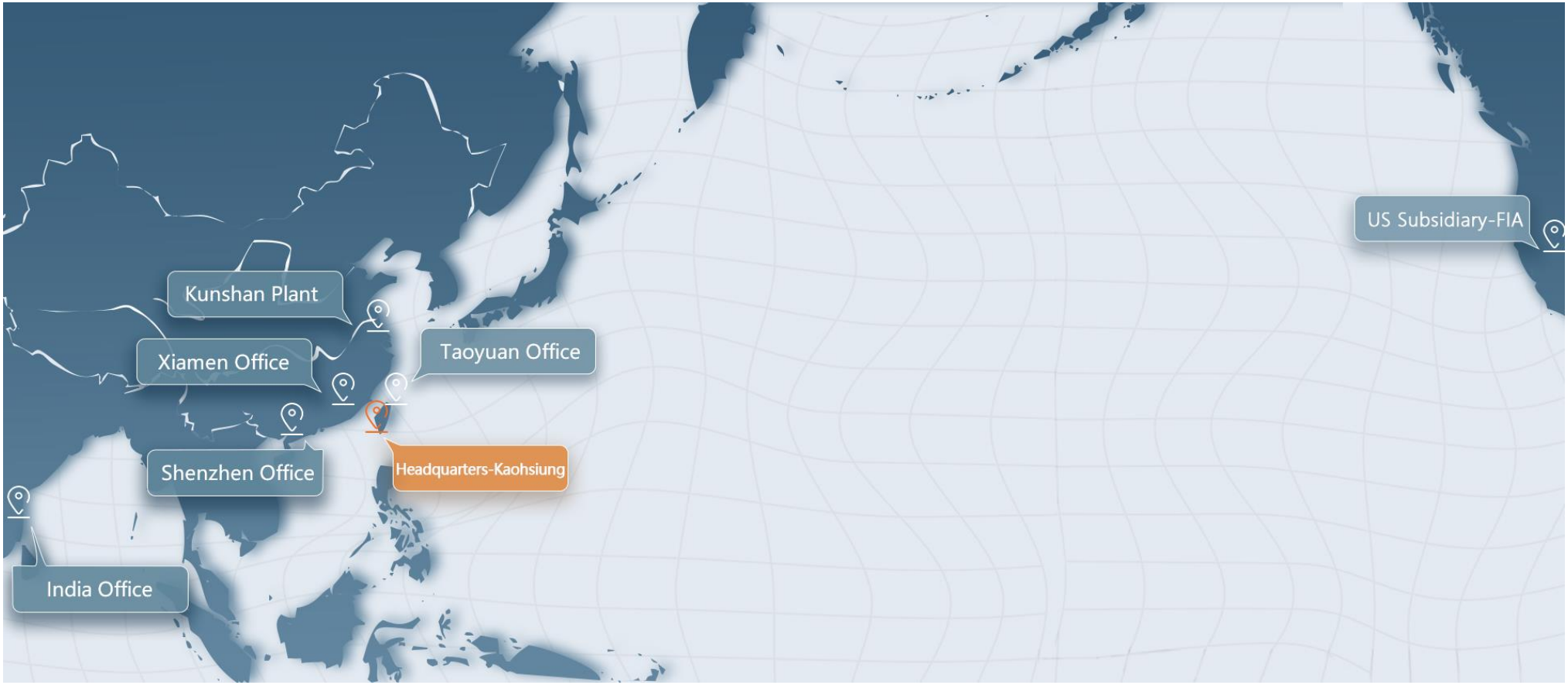
Flexium anticipates an adjustment period in 2024 due to industry downturn concerns. Our focus will be on integrating transmission technologies and adjusting product structures, strategically positioning ourselves in high-frequency transmission related to artificial intelligence (AI), optoelectronics, and smart vehicles, thereby building momentum for the next wave of growth.

Flexium's vision is to become the global leader in FPCA solutions. We focus on technological development in FPCs and FPCAs, covering a wide range of technologies including 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, including the Design Department, handles customized circuit design, engineering validation testing (EVT), design validation testing (DVT), and production validation testing (PVT) before prototypes enter mass production. Our after-sales services include production leveling during mass manufacturing to ensure products reach our clients on time and in the best condition.

ProductApplications	
Category	**Item**
Automotive parts	Dashboard, stereo, function control, and antenna.
Instruments	Medical and industrial apparatus.
Telecommunications	Mobile phone, smartphone, direct phone, and fax machine.
Consumer electronics	Camera, digital camera, digital video camera, video recorder/player, personal portable audio player, stereo, MP3, wearable device, bluetooth headphones, Augmented Reality, Virtual Reality
Display	Color STN LCD, TFT LCD, PDP, TP.
Computers and peripherals	Tablet PC, NB, printer, hard drive, floppy disc drive, and X/D-ROM.

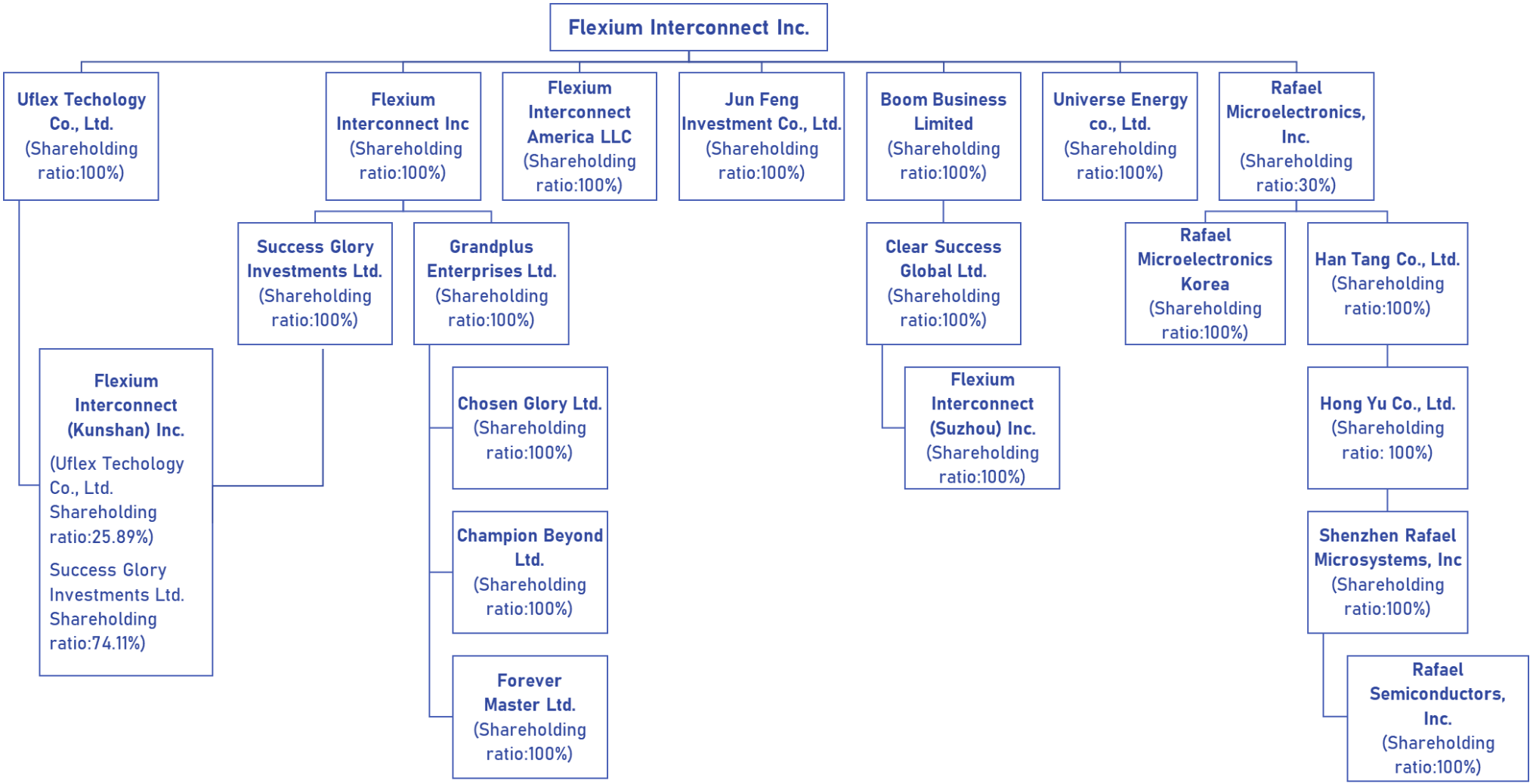


Global Distribution



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. In 2023, the company acquired Rafael Microelectronics, Inc., including its subsidiaries Rafael Microelectronics Korea, Han Tang Co., Ltd., Hong Yu Co., Ltd., Shenzhen Rafael Microsystems, Inc., and Rafael Semiconductors, Inc. Flexium now holds a total of 20 subsidiaries. For detailed information on shareholdings, please refer to page 80 of the company's "2023 Annual Report."



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.

Vision

- Become the global leader in FPCA solutions
- The rapid advancement of technology product comes from creative invention by the human race. We strongly believe that Flexium will become a navigator for future technology in this new century. We hope that every step we make can lead to progress of the human's life of technology.

Business Philosophy

- Cherish the Opportunity
- Be Grateful for Blessings
- Accountability for All
- Sharing and Caring

Policy

- Flexium commits to achieve our goals of environmental protection through building green plants and producing green products, as well as implementing recycling and waste management plans.
- We are dedicated to fulfill our policy of doing everything right the first time, and serve customers in quality, cost, delivery and service.

Financial Performance

Industry Overview

The rise of emerging digital technologies has driven innovation and growth in electronic technology products, with flexible printed circuit boards (FPCs) playing a crucial role in enabling these innovative applications. FPCs are essential components in the electronic product supply chain.

In recent years, technologies such as blockchain, cognitive computing, and virtual reality have emerged as key drivers of disruptive innovation, altering human behaviors and activities. Meanwhile, advancements in social networking, cloud computing, and other technologies are guiding the electronic industry toward digital transformation. Benefiting from improvements in communication infrastructure (5G/6G/low-orbit satellites), smart home applications (Smart Home Kit), automotive electronics, and AR/VR, FPCs, compared to rigid circuit boards, offer advantages of being lighter, thinner, and more flexible. These characteristics allow emerging electronic products to achieve more creative demands and innovative applications, making FPCs more advantageous in a wide range of applications and expanding the market for high-end FPCs, driving substantial demand.

Flexium focuses on and steadily maintains its position in high-frequency, high-performance conductive, and millimeter-wave technology fields. The company collaborates with world-class strategic partners to develop and launch new products, providing comprehensive modular solutions including simulation platforms, design concepts, and testing methods. Flexium enhances product specifications rapidly (electrical properties, layers, line width/spacing, integration), moving toward applications in high-density, high-speed/frequency, and multi-function. This approach helps clients realize their product designs, significantly accelerating development timelines and reducing the time from concept to market, meeting market demands.

Product Output

Unit: Production Capacity (KSF); Output (KPCS); Production Value (NT$ thousand)
*Note: SF stands for square feet.

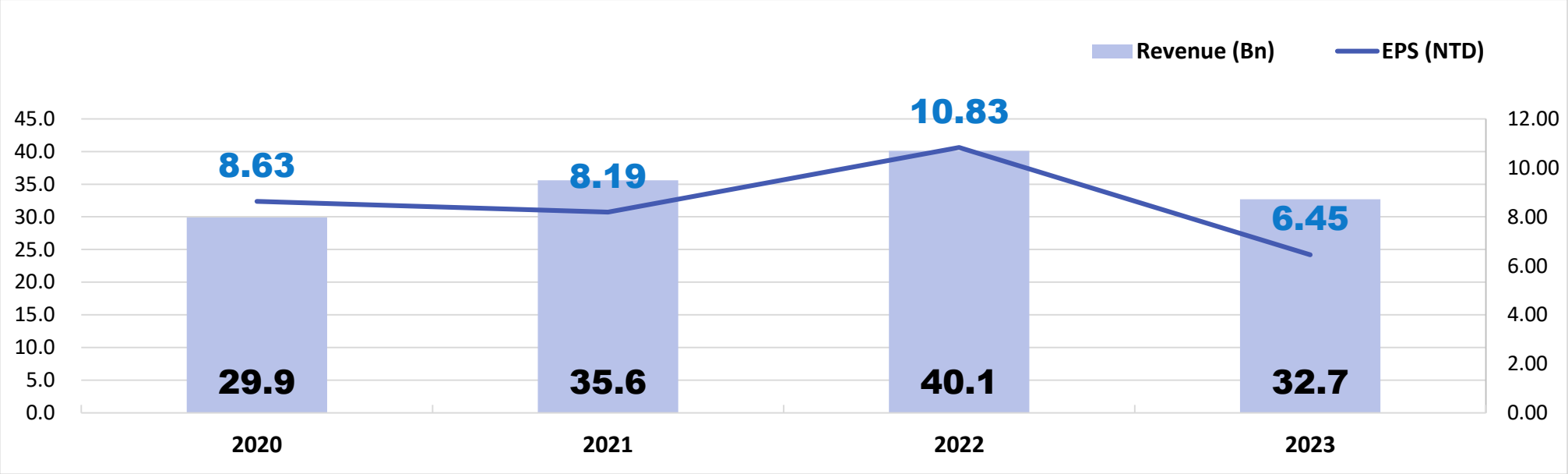
Main Products	2020			2021			2022			2023		
	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value
FPCs	**20,847**	**1,646,228**	**24,775,775**	**31,423**	**1,897,523**	**29,652,520**	**27,605**	**1,795,177**	**32,700,263**	**26,705**	**1,314,905**	**24,933,254**
RFICs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,084**	**41,495**
Total	**20,847**	**1,646,228**	**24,775,775**	**31,423**	**1,897,523**	**29,652,520**	**27,605**	**1,795,177**	**32,700,263**	**26,705**	**1,314,905**	**24,933,254**

Market Share

Unit: NT$ '000s

Year		2020		2021		2022		2023	
Market Volume		Market Volume	Market Volume	Market Volume	Market Volume	Market Volume	Market Volume	Market Volume	Market Volume
Domestic		1,449,038	4.85	1,691,296	4.76	1,361,057	3.40	1,448,957	4.43
Export	Asia	9,835,064	32.90	7,250,544	20.38	4,148,731	10.35	2,729,572	8.34
	Europe/ Americas	18,613,894	62.25	26,626,826	74.86	34,560,334	86.25	28,550,333	87.23
	Subtotal	28,448,958	95.15	33,877,370	95.24	38,709,065	96.60	31,279,905	95.57
Total		29,897,996	100.00	35,568,666	100.00	40,070,122	100.00	32,728,862	100.00

Financial Performance



Historical Financial Performance

Year	2020	2021	2022	2023	Unit	Remarks
EPS (Earnings per share)	8.63	8.19	10.83	6.45	NT$	Consolidated
Consolidated Income Tax Expense	750,988	760,475	584,972	198,607	NT$ '000s	
Consolidated Income Tax Expense	862,898	934,179	790,030	272,453	NT$ '000s	
Paid-in Capital	3,617,798	3,513,309	3,227,909	3,225,010	NT$ '000s	
Individual Total Revenue	29,674,189	35,426,904	40,001,113	32,613,577	NT$ '000s	
Consolidated Total Revenue	29,897,996	35,568,666	40,070,122	32,728,862	NT$ '000s	
Individual Net Profit Before Tax	3,685,031	3,640,225	4,106,529	2,265,332	NT$ '000s	
Consolidated Net Profit Before Tax	3,796,941	3,813,929	4,311,587	2,328,176	NT$ '000s	
Total Market Capitalization	43,775,356	36,714,077	31,633,510	28,476,838	NT$ '000s	Based on year-end share price
Individual Operating Expense	1,165,254	1,227,749	1,324,030	1,391,570	NT$ '000s	
Consolidated Operating Expense	2,694,780	3,056,537	3,292,737	3,215,960	NT$ '000s	
Retained Earnings	17,731,146	19,645,120	20,634,841	21,902,253	NT$ '000s	
Individual Total Salaries	1,487,155	1,584,910	1,790,149	1,852,526	NT$ '000s	
Consolidated Total Salaries	3,782,634	4,303,254	5,387,226	4,988,908	NT$ '000s	
Total Employee Benefits	1,702,645	1,862,628	2,100,621	2,164,919	NT$ '000s	Individual
Total Pension	48,266	61,891	71,547	73,383	NT$ '000s	Individual
Stock Dividends	Cash: 5	Cash: 5	Cash: 5	Cash: 5	NT$	
Government Financial Subsidies	372,538	287,863	28,572	240,158	NT$ '000s	

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

Participation in Associations

Flexium actively engages with industry and local associations, collaborating with these organizations to promote industry development and related initiatives. In 2023, we joined several external public associations, and the list is as follows.

Institute Member	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.

01 Governance

1. GOVERNANCE

1.1 Sustainability Promotion

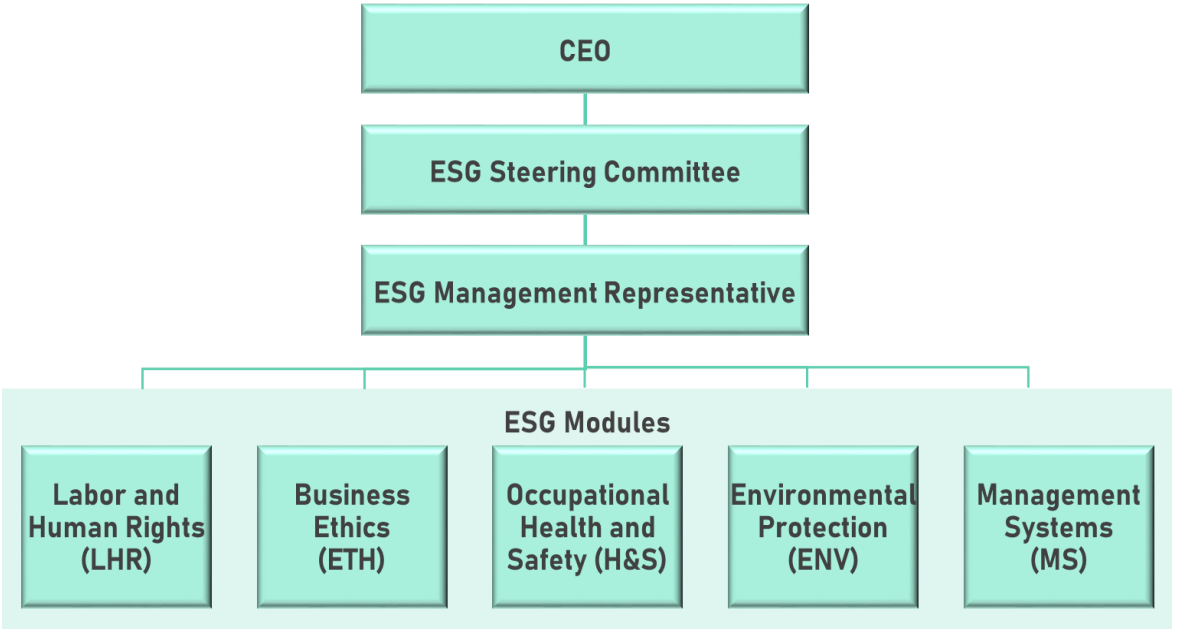
1.1.1 ESG Performance

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, led by the CEO and senior executives, is the chief decision-making body for corporate sustainable management at Flexium. The Assistant Vice President of the General Manager's Office, as the management representative, guides members in performing ESG tasks in five modules: labor and human rights (LHR), occupational health and safety (H&S), environmental protection (ENV), business ethics (ETH), and management systems (MS). These members, drawn from relevant departments, regularly review KPIs and budgets, quarterly ESG roadmaps, and convene ESG management review meetings per Flexium’s procedures. These meetings assess ESG policies, audit results, targets, management plans, budgets, legal and client compliance, risk assessments, stakeholder feedback, and complaint resolutions.

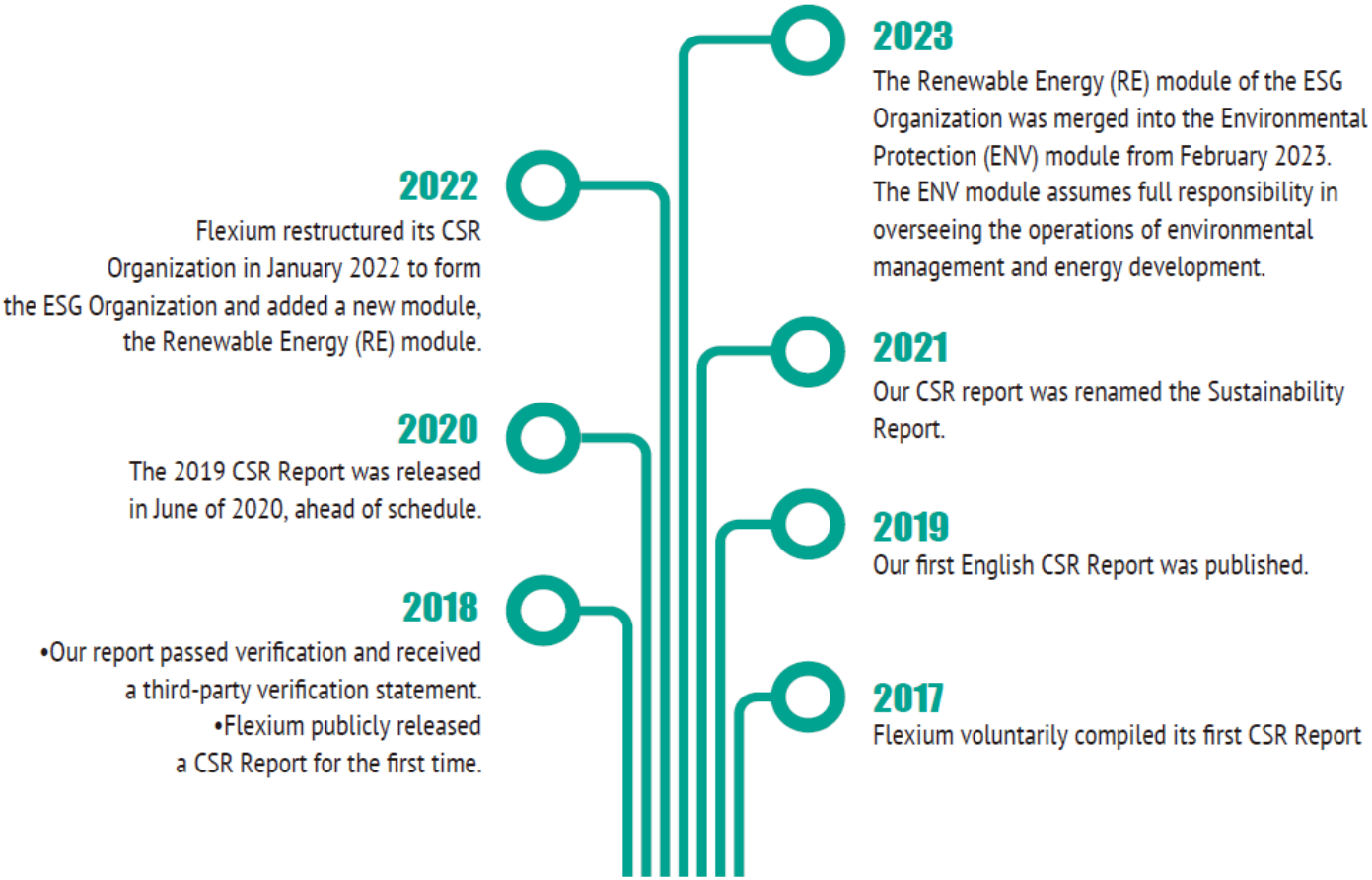
The management representative reports ESG performance to the Board of Directors at least annually, where directors provide oversight, guidance, and risk management to ensure effectiveness. In 2023, key items reported to the Board of Directors included the restructuring of the 2023 ESG organization, results from the annual customer ESG audits, the progress of the annual sustainability report preparation, the carbon neutrality pathway plan, the greenhouse gas inventory plan and progress, 2024 work priorities, and 2024 ESG highlight projects. The company's original "ESG Steering Committee," which is a task-oriented organization, is scheduled to be upgraded to the "Sustainable Development Committee" by the end of 2024. This committee will be under the Board of Directors and serve as the functional committee responsible for decision-making and overseeing the highest governance unit for economic, environmental, and social matters.



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 CorporateSustainability 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." Based on the "Responsible Business Alliance Code of Conduct," we have established the "Corporate Sustainability Management Policy" and formulated the "Corporate Sustainability Management Manual." The document addresses five major areas: labor and human rights, health and safety, environment, ethics, and management systems. The contents include four key policies: "Labor and Human Rights," "Environment, Health, and Safety," "Ethics," and "Management Systems," clearly defining related responsibilities, obligations, and relevant procedures. Some provisions regarding labor rights and human rights are derived from relevant key international human rights standards, including the International Labour Organization's (ILO) "Declaration on Fundamental Principles and



Flexium's ESG Milestones

Rights at Work" and the "Universal Declaration of Human Rights." We have formed an ESG Team based on these principles and set annual key performance indicators (KPIs) for each area. In addition to regularly reviewing progress through management review meetings, we ensure the implementation of policies through internal audits. To effectively communicate our corporate sustainability management policy, objectives, and management approaches (including the five major areas of labor and human rights, health and safety, environment, ethics, and management systems), we implement several strategies. Internally, we disseminate ESG-related policies and performance through educational training (including new employee orientation and ESG Seed Training), the Flexium App, and our corporate website. Externally, we require suppliers to sign the "Supplier Code of Conduct" and conduct regular or irregular ESG evaluations of suppliers (refer to Section 2.2.1). Additionally, we communicate our ESG performance to stakeholders via our corporate website, annual sustainability report, signed commitment/statement documents, and shareholder meetings.

Corporate Website (ESG Overview)			ESG Vision Be an ESG doer, and makes society and environment better.			
No.	Policy	Strategy	Roadmap			
			2023		2024	2025
1	Care	To promote the spirit of compassion, the care for others and to positively contribute to the wider community.	• Provide employees with multiple meal options • Invest NT$ 1.5 million in social contribution programs	X	• Co-host charity sale events with public welfare organizations • Achieve a total training duration where employees' online learning hours account for ≥20% • Promote Flexium with 10 Facebook posts and 5 LinkedIn posts annually	• Organize Volunteer Association of Flexium activities, accumulating 250 participants annually. • Employees' online learning hours account for at least 30% of total training hours. • Publish 12 Facebook posts and 6 LinkedIn posts throughout the year to promote Flexium.
2	Health	To create a friendly, supportive workplace for all of our employees.	• Reduce workplace incidents by 50% compared to 2022 • Reduce hours of labor lost due to workplace incidents by 50% compared to 2022.	X	• Achieve national-level "Badge of Accredited Healthy Workplace" for the Kaohsiung Plant to promote employee health.	• Obtain national-level "Badge of Accredited Healthy Workplace" for three facilities to promote employee health.
3	Green	To develop greener plants, save energy, reduce our carbon footprint and take part in caring of the earth.	• Conserve 3.7 million cubic meters of water consumption and reduce carbon emissions by 600 tons.	X	• Save 300,000 cubic meters of water and 3 million kWh of electricity, reducing carbon emissions by 1,000 tons compared to the previous year.	• Save 50,000 cubic meters of water and 950,000 kWh of electricity, reducing carbon emissions by 500 metric tons compared to the previous year.

			• Reduce waste incineration carbon emission > 3% compared to the previous year. • Obtained ISO14064-1 certification • Planning for the introduction of ISO50001 systems.		• Reduce carbon emissions from waste incineration by more than 3% compared to the previous year. • Obtain ISO 14064-1 system certification. • Obtain Clean Production Certification (Dafa Plant). • Implement EMS Energy Management Platform. • Implement ISO 50001 (Hofa Plant).	• Reduce carbon emissions from waste incineration by more than 3% compared to the previous year. • Achieve 50% green energy usage for the entire plant's electricity consumption. • Obtain Clean Production Certification for Dafa Plant III and Dafa Plant V.
4	**Integrity**	To act with integrity in business and to protect everyone's intellectual property rights.	• Introduce regulations for trade secrets management. • Raise the Corporate Governance Evaluation ranking to 6%~20%.	✗	• Establish an Employee Grievance Committee. • Zero ethics violations. • Ethics risk factor below 20.	• Operate an Employee Grievance Committee. • Zero ethics violations. • Ethics risk factor below 18.
5	**Advancement**	To advance management systems through continuous improvement and pursuit of better solutions.	• Compile the ESG report in accordance with TCFD and SASB principles	✓	• At least 2 patents for inventions • Zero Conflict Minerals Usage	• At least 2 patents for inventions • Zero Conflict Minerals Usage

In 2023, the following goal was not achieved, with the explanation as follows:

1. Care - "Social Contribution Program Achieve NT$1.5 Million":
   - Donations totaled approximately NT$690,000. Due to various activities involving donated goods and receipts, calculating the amount accurately was challenging, leading to the goal not being met. Future goals will focus less on donation amounts.
2. Health - "Reduce Occupational Incidents by 50% Compared to 2022" and "Reduce Lost Work Hours due to Occupational Incidents by 50% Compared to 2022":
   - There were 5 occupational incidents resulting in 381 lost days in 2023. Each incident was investigated, and corrective actions were taken to prevent recurrence. Starting 2024, achieving zero lost work hours per month due to incidents is a new MBO target for enhanced monitoring.
3. Green - "Reduce Waste Incineration Carbon Emissions by Over 3% Compared to the Previous Year" and "Obtain ISO14064-1 System Verification":
   - In 2023, due to new facilities and production plants included in the calculation scope, waste incineration totaled 1,575 tons, a 41% increase from 2022's 1,117 tons. This increase led to the carbon emission reduction target not being met. Monitoring efforts will be strengthened in 2024 to achieve the goal.
   - ISO 14064-1 system third-party verification was delayed until February 2024, causing the goal for 2023 to be unmet. Monitoring efforts for this goal will be strengthened, and verification was completed in February 2024.
4. Integrity - "Implemented Trade Secret Management Measures" and "Raised Corporate Governance Evaluation Level to the 6%~20% Range":
   - In 2023, revised Trade Secret Management Measures (draft) were not publicly announced due to organizational delays.
   - The corporate governance evaluation for 2022 ranged from 36% to 50%, below the target. Issues included inadequate disclosure in remuneration, dividend policies, risk management, information security, and intellectual property management plans. Efforts will focus on improving these areas for better scores.

Ways to Communicate ESG Policy

Corporate Website(ESG Overview)

Quarterly ESG Seed Training

Flexium APP (ESG Policy)

1.1.2 Material Issues and Stakeholder Engagement

1.1.2.1 Materiality Analysis

To effectively communicate ESG information disclosure to stakeholders, we conduct materiality analysis based on GRI Standards 2021, AA 1000 SES (Stakeholder Engagement Standard), and AA 1000 AP (Accountability Principle). This analysis identifies significant sustainability issues for Flexium, guiding the formulation of management policies and the development of short- and long-term goals to drive sustainability initiatives. Building upon the 2022 materiality analysis results, we continue to refine significant issues through internal discussions, ensuring ongoing disclosure of Flexium's progress in fulfilling its sustainability commitments in 2023.

Identify stakeholder

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

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 Sustainability Report.

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

- 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;
- Based on the integration of the above three surveys and comparison with significant issues from the previous year, we identified issues that are present in both. After discussion by the ESG Team and approval by management representatives, Flexium has determined a total of 7 major issues.

Determine materiality topics for disclosure

Following discussions on the stakeholders’ concern and the significance of topics to the company's business operations, 7 materiality topics were identified as Flexium's highest disclosure priorities. The 7 materiality topics correspond to 7 GRI themes, with four additional themes added to reflect Flexium's industrial character. In total, there are 11 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	SASB-Technology & Communications - Hardware	Flexium's Value Chain			
	Innovation and Research	Revenue	Customer satisfaction	Cost	Risk				Procurement	Production	Transportation	Customer Usage
Business Ethics		✓			✓	Anti-corruption (GRI 205-1, 2, 3)	No. 7 (anti-competitive practices)			●	●	
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)			●		
Waste Management				✓		Waste (GRI 306-1, 2, 3, 4)	No. 3 (hazardous waste), No. 5 (product life cycle)	TC-HW-410a.1, 2, 3, 4 Product Lifecycle Management		●		
Energy and Resource Management						Energy (GRI 302-1, 3, 5)	No. 1: (energy, purchased electricity, and renewable energy)			●		
Talent Attraction and Retention	✓	✓				Employment (GRI 401-1~3), Diversity and equal opportunity (GRI 405-1~2)		TC-HW-330a. Employee Diversity & Inclusion		●		

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

Material Topics

Topics	Policies or Commitments	Economic, Environmental, and Social Impacts	Actual/Potential/ Positive/Negative Impacts	Primary Stakeholders Impacted	Negative Impact Prevention or Mitigation Measures	Corresponding Section
Business Ethics	The company must uphold the highest ethical standards in addressing issues involving employees, the company, and customers.	As the company grows and transactions with suppliers increases, the expanded interests raise the opportunity for employees to gain improper benefits. Without effective prevention and management, the company could face economic losses and reputational damage.	□ Actual Positive Impact □ Potential Positive Impact □ Actual Negative Impact ■ Potential Negative Impact	Suppliers, employees, customers	1. External: Sign integrity commitments with suppliers, conduct ethical investigations, and promote awareness. 2. Internal: Establish employee code of conduct, regularly train and promote ethical management guidelines.	1.2.1.2 Business Ethics
Information Security	Comprehensively protect the security of information equipment, system services, and data, ensuring compliance with regulations.	As the company expands, the likelihood of becoming a target of cyber attacks and facing external threats increases. Without effective prevention and management, the company could face severe impacts such as economic losses and regulatory penalties.	■ Actual Positive Impact □ Potential Positive Impact □ Actual Negative Impact ■ Potential Negative Impact	Customers, employees, investors, regulatory authorities	1. Optimize operational systems and enhance monitoring mechanisms to ensure effective backup and recovery methods. 2. Adhere to Flexium's cybersecurity framework, conduct regular reviews of protective measures, and practice recovery drills. Strengthen cybersecurity awareness among personnel to mitigate risks.	1.2.2.3 Information Security Management
Climate Change	1. Prevent pollution and reduce environmental impact. 2. Promote green factories, conserve energy, and protect the Earth.	With the global emphasis on climate change and increasing demands from international corporations and regulations for carbon neutrality, climate risk adaptation, and environmental management, failure to manage greenhouse gas emissions could result in regulatory penalties, lost orders, and reduced investment due to non-compliance with ESG trends. Conversely, responsible climate adaptation and environmental management could reduce costs and enhance product competitiveness in sustainability.	□ Actual Positive Impact ■ Potential Positive Impact □ Actual Negative Impact ■ Potential Negative Impact	Customers, investors, regulatory authorities	1. Quarterly collect and review carbon emissions data for board reporting, ensuring executive support for carbon reduction efforts. 2. Develop and implement a carbon neutrality plan with adaptive strategies for ongoing carbon reduction. 3. Regularly review environmental regulations and customer requirements, adjusting management procedures through internal audits for continuous improvement.	3.1 Climate Action
Energy and Resource Management	1. Comply with government regulations and energy trends to reduce energy consumption.	In response to the global emphasis on climate change and increasing demands from international corporations and regulations for energy-saving plans, climate change risk adaptation, and	□ Actual Positive Impact □ Potential Positive Impact	Customers, employees, investors, regulatory authorities	1. Promote green factory initiatives to reduce energy and resource consumption. 2. Besides implementing reduction measures internally, actively	3.2 Energy and Resources Management

Topics	Policies or Commitments	Economic, Environmental, and Social Impacts	Actual/Potential/ Positive/Negative Impacts	Primary Stakeholders Impacted	Negative Impact Prevention or Mitigation Measures	Corresponding Section
	2. Collaborate across teams to design and manufacture high-quality products with minimal environmental impact, prioritizing stakeholder needs, environmental considerations, and energy efficiency. 3. Continuously improve energy efficiency and implement effective controls to minimize environmental impact. 4. Enhance employee awareness and accountability for energy performance through effective communication and participation mechanisms.	resource management, failing to implement effective energy-saving actions could lead to: 1. Increased direct electricity costs due to rising temperatures. 2. Electrical system overloads causing outages, halting production lines, affecting yield, and eroding customer trust. 3. Rising costs of renewable energy procurement to meet customer demands and organizational requirements.	■ Actual Negative Impact ■ Potential Negative Impact		procure renewable energy and seek collaboration with relevant stakeholders. 3. Implement ISO 14001 and ISO 50001 management systems, regularly review environmental regulations and customer requirements, adjust management procedures, and conduct internal audits to execute improvement plans effectively.	
Water Management	1. Develop a water resource efficiency policy aligned with company operations and product production. 2. Commit to complying with regulations and continuously improving water resource efficiency management systems. 3. Promote water-saving products, services, and designs to enhance efficiency. 4. Document and implement policies to	In response to the global emphasis on climate change and increasing demands from international corporations and regulations for water-saving plans, climate change risk adaptation, and water management, failing to implement effective water-saving actions could lead to: 1. Increased direct costs due to rising water usage and water bills. 2. Inability to meet customer water recycling requirements, leading to loss of orders. 3. Significant impacts from production halts during water shortages, affecting investor perception and customer trust. Conversely, responsible climate adaptation and water management can	□ Actual Positive Impact ■ Potential Positive Impact ■ Actual Negative Impact ■ Potential Negative Impact	Customers, employees, investors, regulatory authorities	1. Implement a production line water conservation program. 2. Optimize the in-house pure water treatment process to increase water reuse efficiency. 3. Regularly outsource the cleaning of RO membrane tubes to maintain overall recovery rates. 4. Implement ISO 14001 management system, conduct regular reviews of environmental regulations and customer requirements, adjust management procedures, and ensure implementation through internal audits and improvement plans.	3.2.3 Water Resources 3.3.2 Effluents

Topics	Policies or Commitments	Economic, Environmental, and Social Impacts	Actual/Potential/ Positive/Negative Impacts	Primary Stakeholders Impacted	Negative Impact Prevention or Mitigation Measures	Corresponding Section
	review and maintain water resource efficiency goals.	reduce cost risks and enhance product competitiveness in sustainability.				
Waste Management	1. Implement waste sorting to reduce general waste output and increase recyclable waste. 2. Reduce liquid waste disposal and enhance recycling of heavy metals.	With the global focus on environmental protection and increasing demands from international corporations and regulations for resource recycling and reuse plans, failing to implement effective waste management actions could lead to: 1. Increased direct costs due to rising waste disposal volumes and associated fees. 2. Inability to meet customer zero-waste requirements, leading to loss of orders. 3. Increased environmental impact, affecting investor perception and customer trust. Conversely, responsible waste management can reduce cost risks, increase product competitiveness and resilience, and thereby enhance its sustainability.	□ Actual Positive Impact ■ Potential Positive Impact ■ Actual Negative Impact ■ Potential Negative Impact	Customers, employees, investors, regulatory authorities	1. Implement a factory-wide waste reduction initiative, promote the importance of recycling, and reduce general waste and incineration. 2. Implement bilateral commissioning projects to promote internal wastewater reuse and reduce the generation of hazardous waste. 3. Implement the ISO 14001 management system, regularly review environmental regulations and customer requirements, adjust management procedures, and ensure effective internal auditing and implementation of improvement plans.	3.3.3 Waste
Talent Attraction and Retention	Talent is the core foundation of our business. By recruiting through diverse channels, implementing effective retention mechanisms, and offering competitive compensation, we enhance the value that talent brings to Flexium.	The company faces the following challenges: • The semiconductor industry in southern Taiwan is well-established but suffers from persistent labor shortages, necessitating competition with major semiconductor firms in areas like Qianzhen, Qiaotou, Luchu, and Nanzih for talent. • Competitors are offering attractive welfare benefits and incentives. • Recruiting and retaining mid to senior-level talent and addressing grassroots personnel shortages are critical challenges. Without effective strategies for talent attraction and retention, the company risks losing competitiveness, impacting orders, market share, and investor confidence.	■ Actual Positive Impact ■ Potential Positive Impact □ Actual Negative Impact ■ Potential Negative Impact	Customers, employees, investors	1. Offer competitive salaries and benefits, coupled with extensive training and development opportunities, to attract top talent. 2. Establish a comprehensive learning framework and diverse channels to enhance employee motivation and effectiveness in a learning-driven culture. 3. Promote career growth through interdepartmental rotations, creating an attractive and supportive work environment that fosters cohesion and retains top talent.	4.1 Talent Attraction and Retention 4.2 Talent Development 4.3 Human Rights and Care

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.

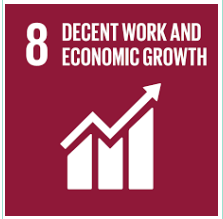
Flexium's Communication Channels with Its Stakeholders

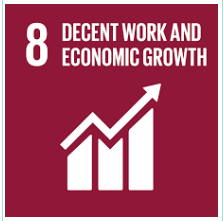
Stakeholder Group		Concern	Communication Channel/ Frequency	How Does Flexium Respond?	Results in 2023
Investors	Foreign legal entities, investment companies, insurance companies (capital investment departments), etc.	• Operational outcomes and strategies • Information transparency • Stock/cash dividend payable dates	• Stockholder meetings (annual) • Material disclosures, quarterly financial reports, and the latest financial information published on our corporate website (daily)	• Addressing stockholders' concerns at annual stockholder meetings. • Responding to investor inquiries over the phone.	• **Attended 4 external investor conferences** • **Held 1 stockholder meeting**
Clients	All clients	• Delivery timelines • Prototype and product pricing • Product quality • Industry trends and global investment plans for the future	• Phone calls • Emails • Client visits • Customer satisfaction surveys (All conducted irregularly)	• Addressing clients' concerns during face-to-face visits, by telephone, or via email • Providing oral or written feedback to clients who have filled out the customer satisfaction survey	• **Average customer satisfaction of 82 points in 2023. (Survey respondents: Top 10 clients in terms of revenue contribution in 2022)**
Employees	Local and foreign employees	• Employee benefits • Institutional policy • Management style • No unreasonable fees	• Employee complaints hotline, email address, and the General Manager's Mailbox(irregular) • Employee interviews (irregular) • Monthly newsletter (regular) • Labor-management meeting (regular)	• Implementing corrective measures • Communicating with the parties concerned • Address employees' concerns during interviews • Contact foreign contact agencies for confirmation	• **4 labor-management meetings** • **12 monthly meetings (newsletter)** • **1 singing competition for migrant workers**
Partners	All suppliers and contractors	• Ethical and fair competition • Materials procurement • Future plans and operational • goals • Market information • Waste disposal and waste • management audits	• Emails (irregular) • On-site audit (regular or irregular) • Phone calls (irregular) • Supplier portal (irregular)	• 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	• **Performed business ethics surveys on 237 suppliers** • **201 surveys responded. (No illegal or unjust issues were uncovered.)** • **Conducted 8 supplier audits (including 3 ESG audits)** • **Implemented 7 on-site waste disposal audits**

Stakeholder Group		Concern	Communication Channel/ Frequency	How Does Flexium Respond?	Results in 2023
Government Agencies	Competent authorities (OSHA, EPA, and MOL)	• Inspections, reports, and audits as required by law • Inquiries regarding regulatory changes	• Plant visits (irregular) • Phone calls (semiannual) • Government visits (irregular)	• Fulfilling inspection and reporting duties as required by law • Adjusting internal regulations to comply with regulatory changes	• **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**
Community	Local communities and educational institutions	• Integration of foreign workers into the community • Industry-academia collaboration programs • Plant tours	• Visits (quarterly or irregular) • Phone calls (irregular) • Emails (irregular)	• The village did not receive any complaints against Flexium • Co-organized off-campus tours	• **Conducted 1 visits to local village chiefs**

1.1.3 Response to United Nations Sustainable Development Goals (SDGs)

To align with the United Nations Sustainable Development Goals (SDGs), Flexium integrates sustainability into its strategies and operations, incorporating SDGs in product design, raw material procurement, manufacturing, and sales. Focusing on 11 SDGs, Flexium seeks to align ESG categories with its strategies, ensuring sustainable resource allocation.

Category	SDGs	Goals	Flexium Response/Actions in 2023
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 transition to smart factories, we utilize advanced machinery to enhance process efficiency and product yield, reducing labor costs and errors, while introducing automatic measurement and laminating technologies to embrace Industry 4.0.
			Hold annual CIP (Continuous Improvement Projects) to encourage teamwork and systematic analysis, aiming to improve methods, optimize processes, elevate quality, enhance efficiency, and boost technology R&D for corporate growth.
		Goal 9.5 Encourage innovation and increase the number of research personnel.	Dedicated to advancing frontend technologies, collaborating with domestic and international research units, researching foundational materials, and innovating cutting-edge technologies. Achieved 4 industry-academia collaboration projects in 2023.
			In 2023, total R&D expenditures amounted to NT$ 1,914,074,000. R&D personnel reached 318, and the ratio ofR&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.

Category	SDGs	Goals	Flexium Response/Actions in 2023
		Goal 16.3 Promote national and international laws to ensure that everyone has equal access to justice.	Established internal grievance and external complaint mechanisms to formulate risk control measures and eliminate injustice.
		Goal 16.5 Significantly reduce all forms of corruption and bribery.	Flexium Code of Ethics serves as a guiding principle for employees.
Social		Goal 3 Ensure health and promote welfare at all ages.	In 2023, Flexium hosted regular health seminars at the Health Center to promote employee well-being. Topics covered stress relief, smoking cessation, preventing musculoskeletal injuries, and first aid. Monthly onsite doctor consultations were also provided.
		Goal 3.6 Reduce the number of people killed or injured in traffic accidents worldwide by half.	The Company continued to promote traffic safety in 2023 to reduce the chance of work-related traffic accidents.
		Goal 4.5 Eliminate inequality in education and ensure that disadvantaged groups receive adequate education and vocational training.	In 2023, Flexium provided tailored education and training across all levels. We hosted a seminar on "Creating a Friendly Workplace" and "Legal Insights into Labor Laws", promoting a supportive and secure work environment.
		Goal 4.7 Ensure that all students acquire the necessary knowledge and skills to promote sustainable development.	In 2023, Flexium donated NT$300,000 worth of mBot to Wengyuan Elementary School, providing students with a hands-on programming experience and a versatile solution to learn about electronics and robotics, fostering enjoyment and creativity in their education.
		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.	Flexium had 556 new hires in 2023, thus providing many local job opportunities.
			At Flexium, we employ people with disabilities and do not differentiate starting pay based on gender.
		Goal 8.7 Take immediate and effective measures to prohibit and eliminate child labor and forced labor.	Flexium prohibits child labor and has adopted concrete measures to prevent the use of child labor.
		Goal 8.8 Promote workplace safety and reduce labor risks.	In addition to annual fire drills at the plant, in 2023, regional emergency drills (including fire and chemical leak drills) were also conducted, with a focus on disaster reporting andcontainment.
		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.	In 2023, 91.1% of Flexium’s purchases were made locally in Taiwan. We actively support the development of local suppliers.

Category	SDGs	Goals	Flexium Response/Actions in 2023
Environment		Goal 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	In 2023, water savings amounted to 608,872 metric tons, marking a 41.87% increase compared to 429,183 metric tons in 2022.
		Goal 7.3 Double improvements in global energy efficiency.	In 2023, we continued energy-saving efforts by maintaining chiller units, improving compressed air systems, and reducing cooling tower water temperatures to save chiller energy. Installing air conditioning frequency converters and managing with an EMS system, we achieved annual electricity savings of 5,374,210.28 kWh and cut approximately 2,660.2 tons of CO_2e, meeting production area temperature needs while reducing energy consumption.
		Goal 11.6 Reduce the harmful effects of cities on the environment, with special attention to air quality, urban management, and waste management.	Recycling programs at our plants generated about NT$ 330,179,766 in economic benefits from 2020 to 2023.
		Goal 12.2 Sustainable management and efficient use of natural resources.	In 2023, facilities for electrolytic copper recovery were used to convert copper ions in wastewater into 10.5 metric tons of copperpillars for reuse.
		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.	In 2023, a total of 28,294 metric tons of scrapped FPCs were recycled, comprising two categories: gold-edge material and copper-edge material. The gold-edge material was 100% recycled into gold ingots and gold salts after processing, while the copper-edge material was 100% recycled into crude copper. Packaging materials included 586 tons of plastic film rolls and 108 tons of cardboard boxes, sorted and stored by type for recycling by certified recyclers.
		Goal 13.B Improve mechanisms in least developed countries to enhance their capacity for effective climate change planning and management.	In 2023, we introduced a system platform and conducted an inventory based on the "ISO 14064-1:2018 Greenhouse Gas Inventory Standard," achieving third-party verification in February 2024. We continue to strive to reduce greenhouse gas emissions and work towards our carbon neutrality goal.

Management Approach

Topic	Business Ethics
Reporting Requirements	Description
Significance of the Topic	1) As the company expands, transactions with suppliers increase annually, involving broader interests. This raises employees' motivation and opportunities to seek undue benefits. Without effective prevention and management measures, the company faces serious economic and reputational risks. 2) Ethical business practices uphold the highest standards of integrity in all commercial interactions. Our company prohibits all forms of corruption, extortion, embezzlement, and ensures compliance with ethical conduct through monitoring and reinforced procedures.
Policies/Strategies	The company proactively prevents unethical behavior when addressing issues involving employees, the company, and customers. We comply with all laws and regulations and adhere to the highest ethical standards. We prohibit bribery or the acceptance of improper benefits in any form, protect confidential information, respect intellectual property rights, ensure fair transactions, and promote transparency to uphold ethical business practices.
Objectives and Targets	Short-term Goals (2023-2025) • Ensure the effectiveness of internal control operations, adherence to relevant codes of conduct, and compliance with laws and regulations. Mid-term Goals (2026-2028) • Enhance the control environment and corporate culture to establish the highest ethical standards and integrity in business operations. Long-term Goals (2030) • Achieve zero complaints. • Zero violations of integrity principles by directors, managers, and employees.
Evaluation Mechanism	According to the company's internal audit plan, annual audits and special project audits are conducted to ensure the effectiveness of the internal control system's design and execution, operational efficiency, and compliance with regulations. This approach reinforces integrity management and auditing, helping to prevent and deter illegal activities.
Performance and Adjustments	In 2023, there were no violations of integrity principles by directors, managers, or employees. Relevant management policies and codes of conduct have been established and are adjusted as needed.
Preventive or Remedial Measures	• Established multiple complaint channels, including a hotline, email, and a general manager's mailbox, allowing employees and external parties to file complaints. • Require new suppliers to sign the Flexium Code of Ethics and conduct annual supplier ethics surveys, along with ethical investigations and promotions to prevent and reduce dishonest behavior. • Internally, developed employee behavior guidelines, provided regular ethics-related management training, and conducted compliance and internal/external audits, revising management practices based on identified issues. • Regularly evaluate suppliers, agents, and other business partners, and immediately cease business with any party found to engage in dishonest behavior, listing them as prohibited contacts.

Topic	Information Security
Reporting Requirements	Description
Significance of the Topic	1) As the company expands, the likelihood of becoming a target for cyberattacks and external threats also increases. Without effective prevention and management, the company could face severe impacts such as financial loss and regulatory penalties. 2) To ensure the security of customer products and confidential information, and to protect, store, and use resources appropriately while maintaining uninterrupted operational information systems, various information security measures must be implemented. The goal is to achieve zero information security violations through regular monitoring and control.
Policies/Strategies	1) Policy Commitment: Comprehensive protection of information equipment, system services, and data security while ensuring legal compliance. 2) Strategy: Establish the "Flexium Group Cybersecurity Framework" and regularly review pre-event, during-event, and post-event protective measures. To ensure uninterrupted operational information systems, set the goal of "Group Information System Operational Stability."
Objectives and Targets	Short, Medium, and Long-term Goals: 1) Achieve a score of over 95 for the stability of the Group's information systems. 2) Conduct two information security drills annually.
Evaluation Mechanism	Focus on "Operational System Optimization and Monitoring Improvement," with evaluation metrics based on the frequency of system anomalies and the number of preventive drills conducted.
Performance and Adjustments	Based on the 2023 system stability rating of 86.5 points, which falls short of the target score of 95 points, continuous advancement and improvement efforts will be maintained.
Preventive or Remedial Measures	1) Continuously optimize information equipment and application system backup and recovery capabilities, while phasing out EOSL equipment to enhance stability. 2) Implement database space alert systems and increase personnel inspection frequency. 3) Strengthen operational information security drills and continuously train all staff on cybersecurity awareness.

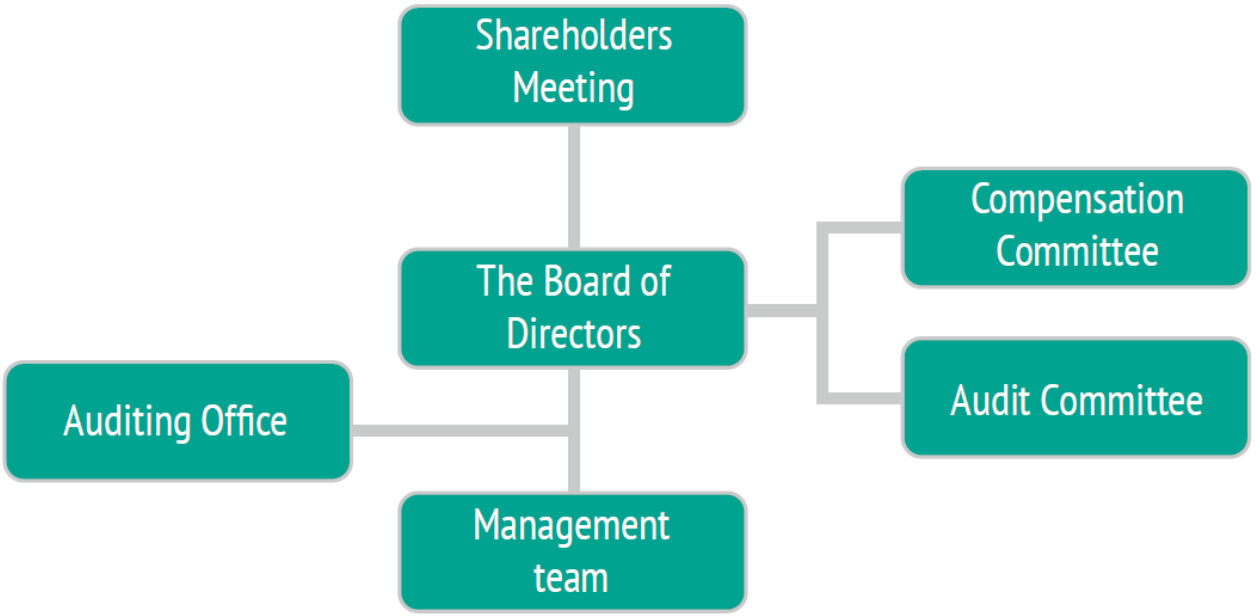
1.2 Business and Governance

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 7~9 of the Company's 2023 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.



Duties of the Board of Directors

Oversight	The Board ensures the Company's compliance with the law, disclosure of material financial information, and managerial integrity. Various organizations and mechanisms have been established to fulfill these supervisory duties, including the Compensation Committee and internal audits among others.
Strengthening management	The Board regularly reviews reports from the management team, monitors the Company's progress towards its goals, and guides the management team in making adjustments as necessary.
Effective Corporate governance framework	The management team maintains open communication with the Board and remains committed to executing the instructions issued by the Board in order to maximize shareholder value.

The Company's Board of Directors provides strategic direction, oversees management, and is accountable to the Company and shareholders. The corporate governance system must ensure the Board's authority is exercised in accordance with laws, the Articles of Incorporation, and shareholder resolutions. Diversity in Board member selection should be based on corporate operations, business models, and development needs, considering two main aspects: basic criteria and values (gender, age, nationality, and culture) and professional knowledge and skills (educational background, professional skills, and industrial experience).

To strengthen the Board structure, the Company has 11 Board members, including 2 female directors (18%) and 1 foreign director (9%). In 2023, the Board held 7 meetings with a 96% attendance rate. 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. Three members are under 50 years old, and the rest are over 50. For more details on Board members' backgrounds, see pages 7~9 of the Company's "2023 Annual Report".

In line with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEx Listed Companies, the Company organizes courses for Board members on corporate governance, legal compliance, and sustainability to enhance their understanding of emerging issues and improve governance. In 2023, directors received an average of 3.55 hours of training. For more details, visit the Market Observation Post System (MOPS) website.

Based on the regulations stipulated in the "Verification and Public Handling Procedures for Material Information of Listed Companies on the Taiwan Stock Exchange," and related internal procedures of Flexium such as the "Internal Handling Procedures for Material Information" and "Board Meeting Rules," the Company submits significant decisions to the Board of Directors for review and approval.

Date	Important Board Resolutions	Nature of Resolutions
2023.01.05	1. Approved the drafting of the 2023 operational plan.	Budget
	2. Approved the review of the 2023 capital expenditure budget.	Budget
	3. Approved the 2022 annual operational bonus and salary adjustment for Company executives.	Compensation and dividend distribution
	4. Approved the distribution of employee remuneration and director fees for the year 2022.	Compensation and dividend distribution
2023.02.09	1. Approved the declaration of the 2022 internal control system statement.	Internal audit
	2. Approved the 2022 financial statements and business report of the Company.	Financial reports

	3. Approved the distribution of profits for the year 2022.	Compensation and dividend distribution
	4. Approved the proposal to distribute cash from capital surplus for the Company.	Compensation and dividend distribution
	5. Approved matters related to setting the record date for cash dividends of the Company.	Compensation and dividend distribution
	6. Approved amendments to the Company's Articles of Incorporation.	Management rules revision
	7. Approved the issuance of new shares with restricted employee rights for the year 2023.	Investment projects
	8. Approved the termination of the 2022 shareholders' meeting resolution regarding the public offering of common stock, issuance of new shares for participation in overseas depositary receipts, private placement of common stock, or overseas or domestic convertible bonds.	Investment projects
	9. Approved the public offering of common stock, issuance of new shares for participation in overseas depositary receipts, private placement of common stock, or overseas or domestic convertible bonds.	Investment projects
	10. Approved the convening of the Company's 2023 annual general meeting of shareholders.	Shareholders' meeting
2023.05.04	1. Approved the internal rotation of the accounting firm conducting the Company's audit verification.	Financial reports
	2. Approved amendments to the Company's internal control system.	Internal audit
	3. Approved loans and funding arrangements by the Company.	Funds
2023.07.06	1. Approved personnel and organizational adjustments within the Company.	Personnel changes
	2. Approved loans and funding arrangements by the Company.	Funds
	3. Approved the auditor's audit fees for the year 2023.	Financial reports
2023.08.03	1. Approved the renewal of the Company's bank credit line.	Funds
2023.10.18	1. Approved the proposal for the public acquisition of shares of Rafael Microelectronics, Inc.	Investment projects
	2. Approved the application for financial institution performance guarantee letters.	Funds
2023.11.10	1. Approved the drafting of the 2024 audit plan for the Company.	Internal audit
	2. Approved amendments to the "Organization Regulations of the Compensation Committee" of the Company.	Management rules revision
	3. Approved the renewal of the Company's bank credit line.	Funds
	4. Approved the assessment of the independence and suitability of the signing accountant of the Company.	Financial reports

Note:

- In 2023, a total of 27 important decision items were submitted to the Board of Directors.
- Nature: 5 items related to funding; 4 items related to compensation and dividend distribution; 4 items related to investment projects; 4 items related to financial reports; 3 items related to internal audits; 2 items related to budgets; 2 items related to management rules revisions; 1 item related to personnel changes; 1 item related to a shareholders' meeting.

Strengthening the Functionality of the Board

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

The company's current ESG Steering Committee, initially a task-oriented group, is scheduled to transition to a Sustainability Development Committee by the end of 2024. This new committee, overseen by the Board of Directors, will manage decision-making and governance oversight concerning economic, environmental, and social issues within the organization.

Committee	Audit Committee	Audit Committee Committee
Members:	Convenor: Hsin-Pin Fu Members: Pei-Jun Wu, Shui-Tung Huang, Anson Tseng	Convenor: Hsin-Pin Fu Members: Pei-Jun Wu, Shui-Tung Huang
Number of meetings held in 2023	**6**	**2**
Attendance	**96%**	**100%**
Scope of Duties	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.	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 "2023 Annual Report" for more information.

Compensation Policy for Directors and Managers

The compensation for Flexium's directors is capped at 2% of profits, as specified in the company's Articles of Incorporation. This is based on the company's performance and the directors' contributions. The General Manager, Deputy General Manager, and managers' salaries are determined by company standards, considering their education, experience, and performance. Their compensation includes both fixed and variable pay, with retirement benefits similar to regular employees. Details of remuneration for directors, the General Manager, and the Deputy General Manager can be found on pages 15-16 of the company's 2023 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.

■ Discussion and decisions of the Compensation Committee

Compensation Committee	Proposal	Results	Handling of Compensation Committee Opinions
2023.1.5 (5th Term, 2nd Meeting)	1.Distribution of Directors' Remuneration for 2022. 2.Distribution of Managers' and Employees' Compensation for 2022. 3.Distribution of Managers' Operational Bonuses for 2022.	Approved by all members	Approved by all attending directors at the Board meeting
2023.11.10 (5th Term, 3th Meeting)	Amendment to the Company's "Compensation Committee Charter"	Approved by all members	Approved by all attending directors at the Board meeting

1.2.1.2 Business Ethics

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 2023, 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. The total number of regulatory violations and fines for the current and previous reporting periods (2022-2023) is as follows.

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.

Overview of Regulatory Violations (2022-2023)			
Year	Date of Incident	Violation	Penalty
2023	2023/8/18	Violation of Article 057, Paragraph 1 of the Occupational Safety and Health Facility Regulations and Article 006, Paragraph 1 of the Occupational Safety and Health Act.	NTD$ 100,000
2022	2022/10/19	Violation of Article 20, Paragraph 1 of the Air Pollution Control Act.	NTD$ 120,000
2022	2022/8/19	Violation of Article 31, Paragraph 1, Subparagraph 1 and Article 36, Paragraph 1 of the Waste Disposal Act, and Article 7, Paragraph 1, Subparagraph 2 of the Standards for Industrial Waste Storage, Clearance, and Disposal Methods and Facilities.	NTD$ 120,000
Note: The above incidents listed occurred during the current and previous reporting period (2022-2023), reflecting the time of occurrence, not the announcement of penalties."			

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 2020 to 2023, all the risk scores were below 27.

Business Ethics Evaluation Indicators	Is it controlled?	Risk Priority Number (RPN)			
		2020	2021	2022	2023
Business Integrity	Y	15	24	9	8
No Improper Advantages	Y	16	20	9	12
Information Disclosure	Y	15	12	9	12

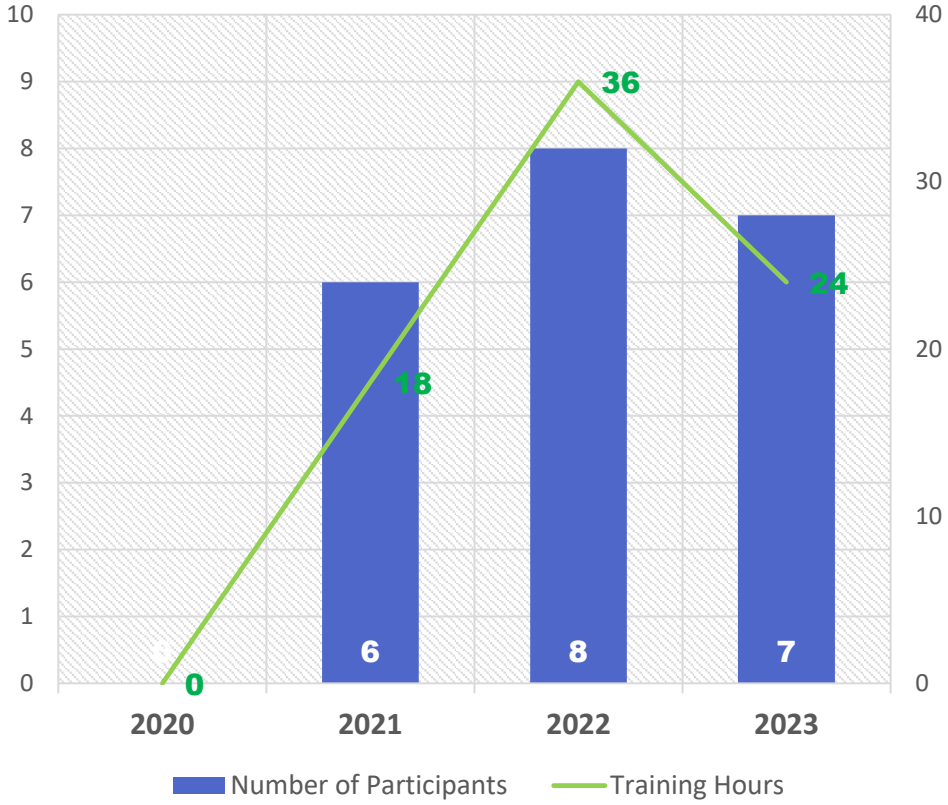
Employee Code of Conduct

Flexium has established an ”Employee Code of Conduct” that requires the highest standard of conduct for our employees at work. Employees must strictly abide by the law and Company rules whether dealing with business or personal duties. Under no circumstances should an employee be involved in any act that violates the law, damages the Company’s goodwill and interest, or involves corrupting interests. The “Employee Code of Conduct” encompasses the principles of the “United Nations’ Universal Declaration of Human Rights”, “the Global Compac”t, “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

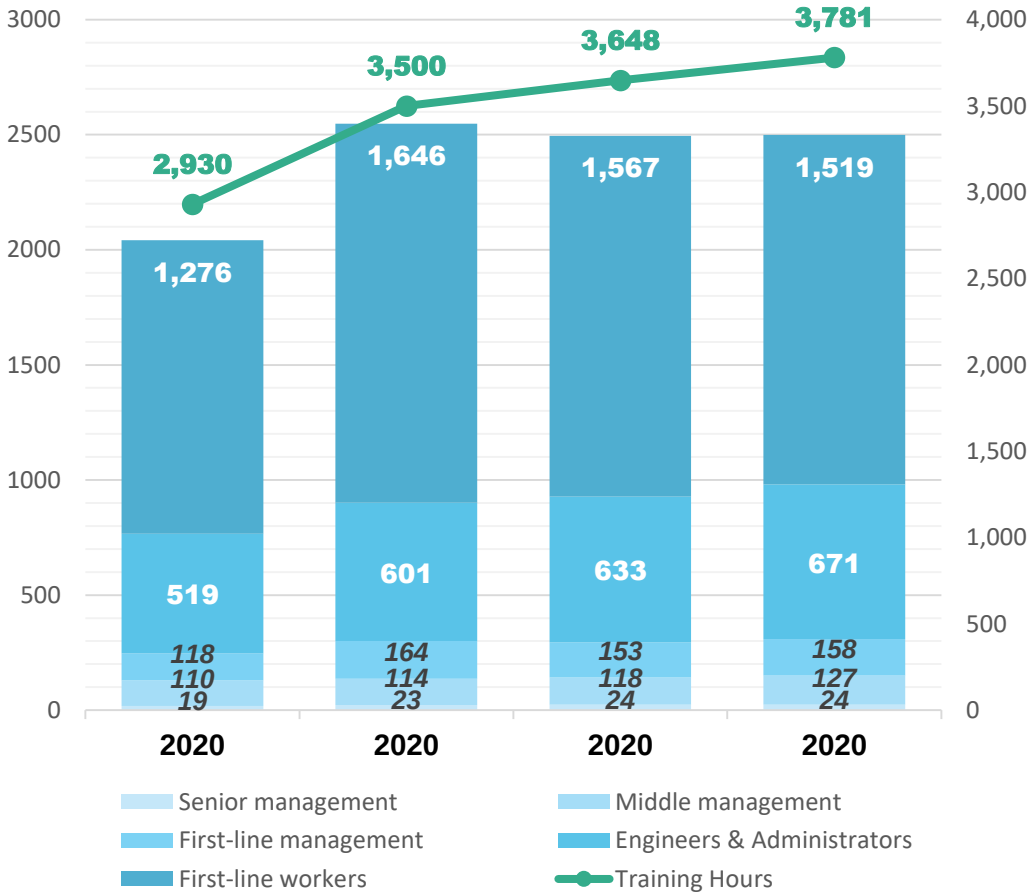
Flexium strictly prohibits employees from offering, accepting, promising, or demanding, directly or indirectly, for the self or others, acts that are dishonest, unlawful, or otherwise contrary to the duties entrusted to them by the Company, in order to uphold the principles of fair trade and prevent 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 2023, no corruption or bribery cases were recorded within the company, results which can be attributed to our commitment to integrity and ethics.

Statistics on Board Training in Anti-corruption Courses



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

Statistics on Employee Training in Anti-corruption Courses



Notes:
1.Anti-corruption courses include business ethics in new employee and ESG Seed Training.
2.Training rate (%) = Actual trainees / Expected trainees * 100%
3.Senior management: plant, division level and above; Middle management: department and section level; First-line management: group/unit levels; Engineers & Administrators: engineer-level employees below section level; First-line workers: operator-level employees.
4.Data is based on December 31 figures annually.
5.From 2020 to 2022, according to GRI Standard 2-8, dispatched workers are classified as non-employee workers, impacting disclosed data by reducing numbers.

Reporting Mechanism

Flexium encourages both internal and external individuals to report ethical issues through a secure and confidential complaint channel. The "Employee Complaints, Whistleblowing, and Feedback Instructions" explicitly state that complainants may remain anonymous. Employees who suspect or discover violations of laws, regulations, or ethical standards by the company or its employees are encouraged to report to managers, internal audit supervisors, or other appropriate personnel. They can also use physical General Manager Mailboxes located in factory and dormitory areas, as well as the independent whistleblowing mailbox (109@flexium.com.tw) and dedicated hotline (07-7871008 ext. 109) on the company's website. These reporting channels are promoted through regular and ad hoc sessions such as new employee training and ESG Seed Training, covering complaint mechanisms, professional ethics, business ethics, and integrity commitments. Posters promoting reporting channels are displayed in factory bulletin boards and rest areas for awareness. Upon receiving cases, the Audit Department convenes a Complaints Committee to initiate investigations following established procedures, including assigning investigative units, planning investigations, conducting root cause analyses, developing improvement plans, and communicating outcomes. Investigations are conducted confidentially, and no form of retaliation is tolerated against genuine complainants. In cases of confirmed retaliation, complainants have the option to transfer departments or apply for leave without pay. Retaliation cases are promptly identified and addressed by the Ethics Committee or designated personnel under the oversight of the General Manager on a monthly basis. As of 2023, no corruption-related reports were received. However, the company processed and resolved all 46 general complaints and feedback cases. (Please refer to section 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.

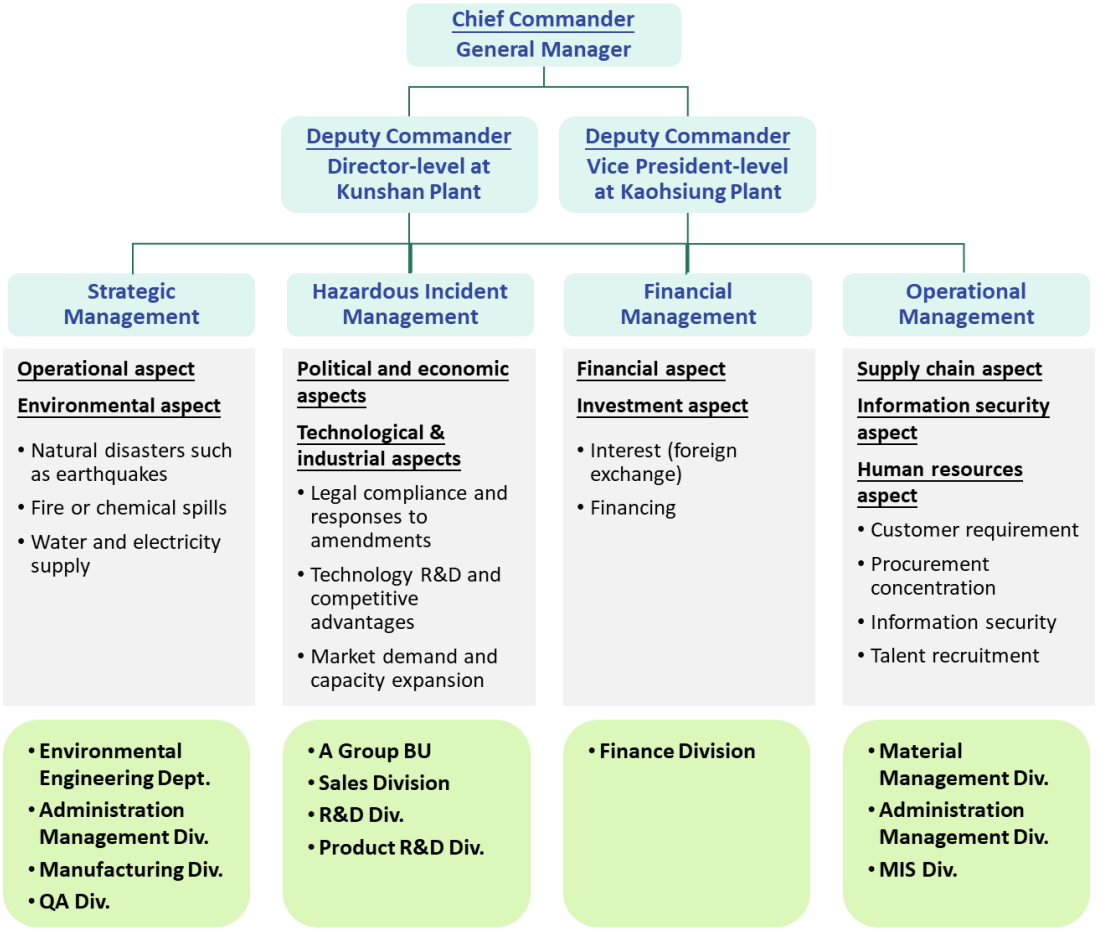
1.2.2 Risk Management and Information Security

1.2.2.1 Risk Identification and Response

For various policies, operations, finances, and potential hazards, Flexium annually implements routine management and measures to address potential risks. Starting from 2022, it has further consolidated risk management across these areas, categorizing risks into four major categories: strategic considerations, operational considerations, financial considerations, and hazards. Evaluating the frequency and severity of operational impacts from risk events in a proactive and cost-effective manner, Flexium defines risk control priorities and levels using a Risk Map. Corresponding risk management strategies are then applied based on the risk levels identified.

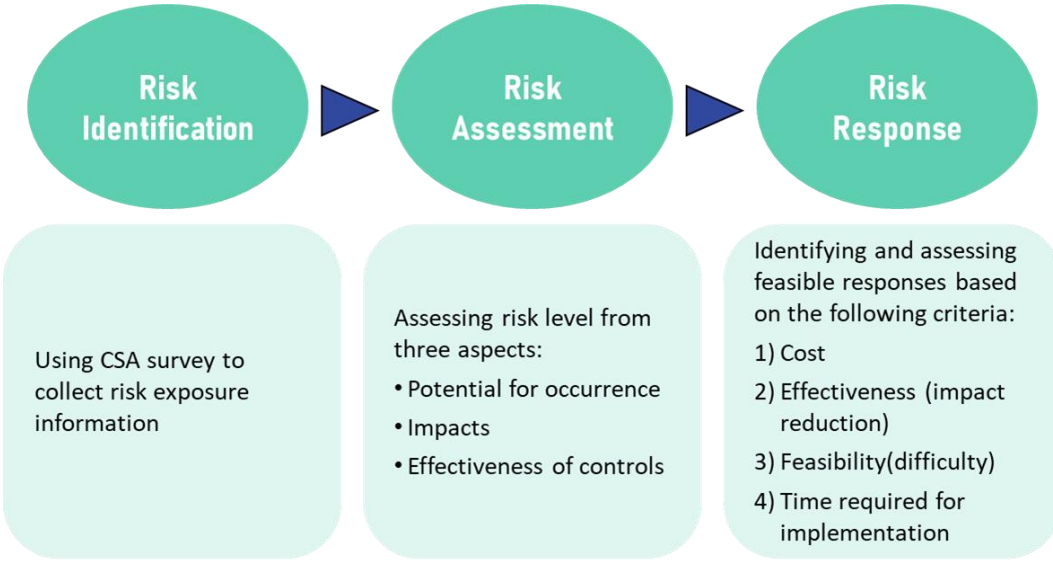
Risk Management Scope and Management Organization

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



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 section 3.1.1

Risk Management Dimension	Risk Type	Response Measures
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.
	Export controls, environmental and climate change regulations, and agreement risks	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	In the early stages of identification, protection, and detection, we enhanced defenses and provided training to boost technical skills. In the mid-to-late response and recovery stages, we reinforced response mechanisms and conducted regular disaster recovery drills to ensure our ability to respond effectively and maintain uninterrupted information system operations. In 2023, we implemented cloud storage and preventive measures to mitigate data leakage risks. In May and August 2023, the IT department carried out core system security updates and uninterrupted simulation drills, activating automatic backup mechanisms to ensure normal system operations and achieve uninterrupted information system goals.
	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.
	Supply chain risk management	• With increasing product complexity and specialization, supply chain management is crucial. Flexium has established the "Material Procurement Delivery Anomaly Reporting Instructions" to address different causes of supplier delivery anomalies, maintaining competitive advantage. • Flexium's main products are FPCs, using raw materials like copper-clad laminates, protective films, and electronic components. The diverse range of suppliers domestically and internationally ensures our sourcing is not overly concentrated on specific suppliers.
	Occupational safety and health risk management	During normal business operations, there is always potential for operations, activities, facilities, and manufacturing processes involving materials, machinery, equipment, and personnel to result in physical, chemical, biological, or ergonomic hazards. To mitigate potential risks, Flexium has adopted the Hazard Identification and Risk Evaluation Management Procedures. These procedures evaluate the potential frequency, feasibility, probability, and severity of occupational risks, cross-referenced with probability and severity weighting to determine risk levels. Based on these risk levels, improvement measures are proposed to achieve risk control and mitigation.

Enhancement of Risk Management 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.

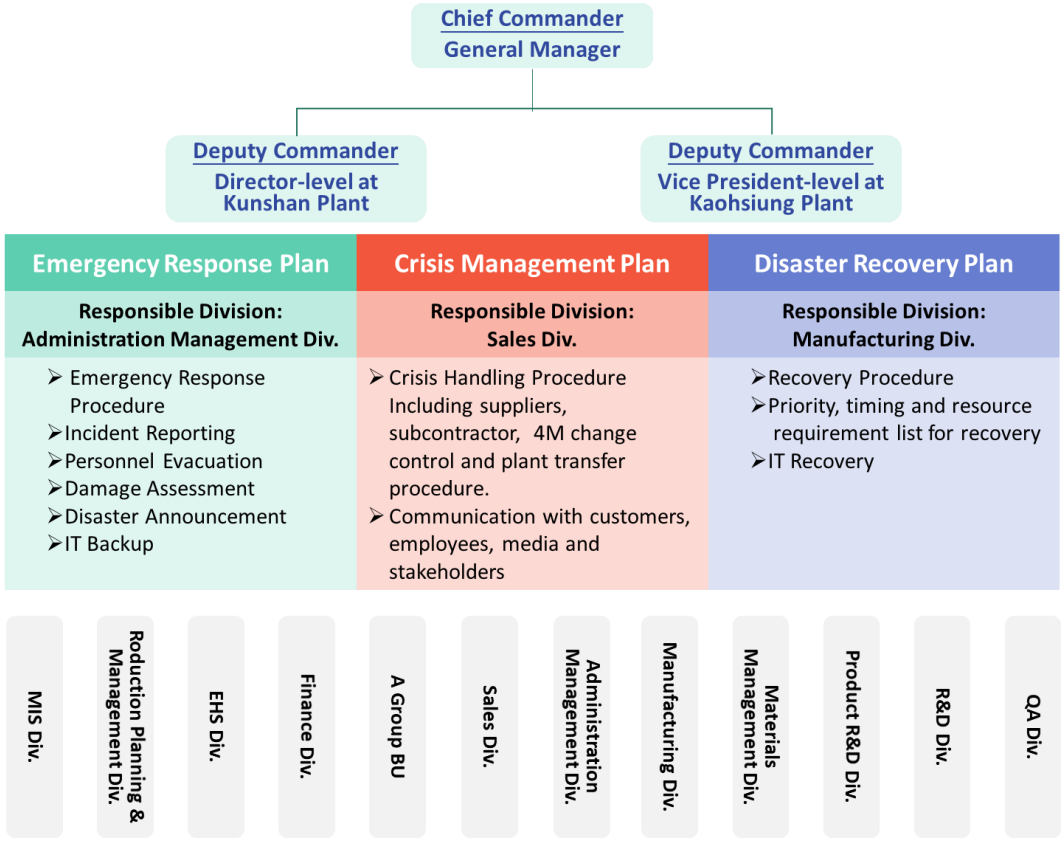
Subject	Frequency	Channels
Information security risk management	Quarterly	Supervisors'meetings/ Emails
Asset security management for key talents	Non-scheduled	Orientation training for new recruits
Risk management for occupational safety and health	Non-scheduled	Orientation training for new recruits

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

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.

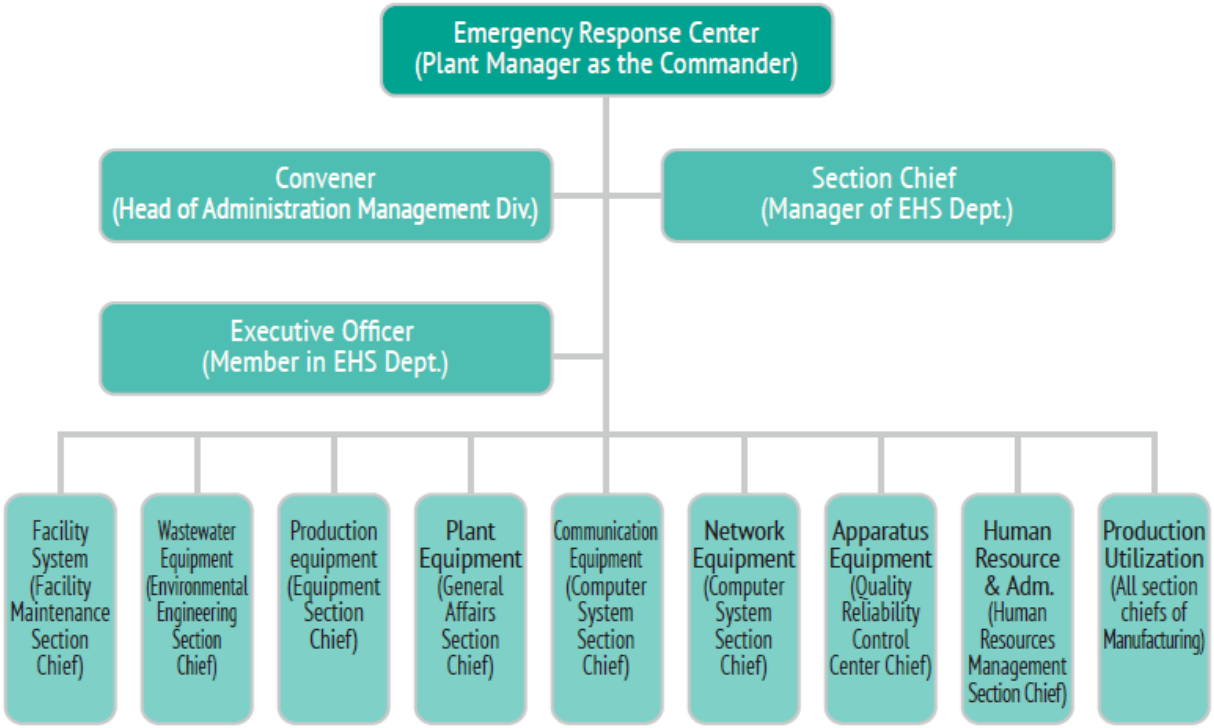
Two self-organized fire response drills were held at our plants in 2023 with a total attendance of 2,283 people. The drill trained employees in extinguishing fires, reporting fire hazards, and evacuation. Additionally, since the PCB industry is ranked a high-risk business unit, chemical leak drills are also scheduled for the relevant departments to improve their response capabilities.

2023 Two Fire Drills

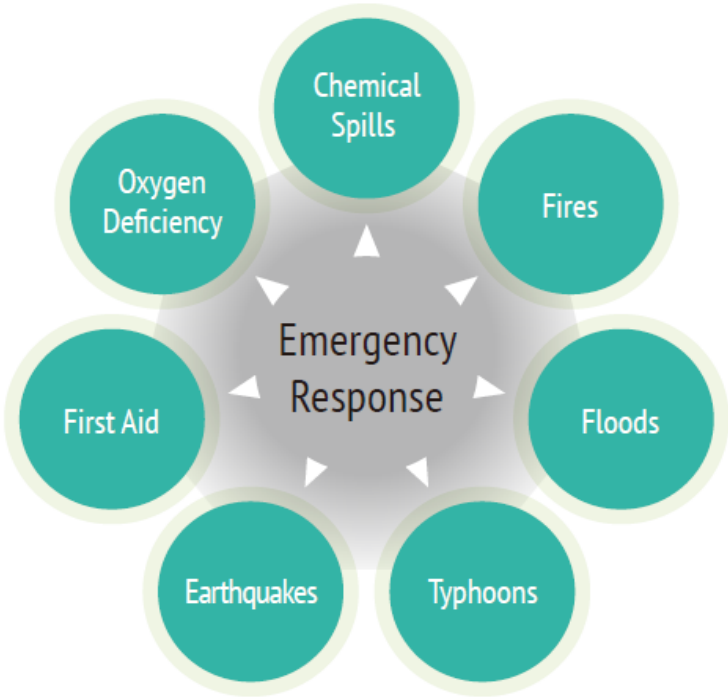
2023 Regional Fire-fighting Drills

2023 Chemical Spill Drills

Emergency Response Center



Emergency Response Plan Aspects



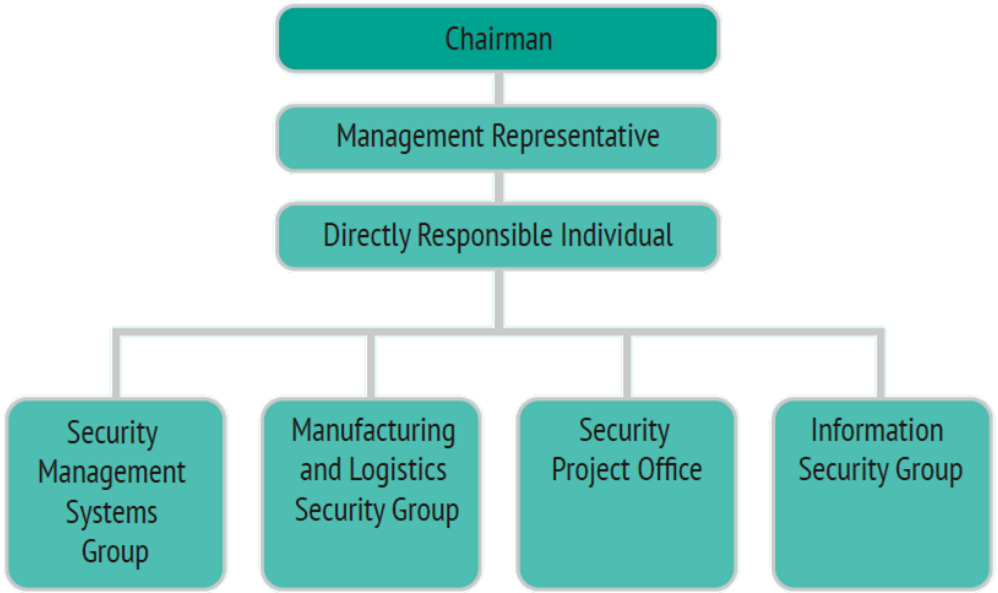
1.2.2.3 Information Security Management

Information Security Management Policy and Framework

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.

To address various information risks, such as computer equipment management, hardware protection, application system security monitoring and alerts, proactive web threat detection and endpoint protection, system vulnerability scanning and patching, and MFA (Multi-Factor Authentication), we continuously conduct risk assessments and implement corresponding measures. We also outsource third-party cybersecurity assessments to enhance information security management. To fulfill our corporate responsibility of protecting customer personal data, we comply with the "Information Protection Management Procedures," completing technical and managerial assessments to improve network and information system security and governance. To mitigate the risk of operational disruption from information system interruptions, we use the ELK log management platform to collect and analyze system logs for real-time anomaly detection and alerts. We perform system vulnerability scans to detect and patch potential cybersecurity threats, reducing the risk of cyber attacks. For critical operational systems, we implement redundancy and load balancing, upgrade equipment, and optimize architecture. We have introduced the Kubernetes application container platform to containerize application services, enabling automatic load balancing and redundancy across host clusters for enhanced system recovery and continuous operation. Additionally, we ensure comprehensive data protection with backup mechanisms, offline backups, and offsite storage.

Flexium's Cyber Defense Matrix(CDM)

	Identify	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 NAC Vulnerability scan	Intrusion detection Extemal firewall	Log Anatysis Management Platform		
Date	Email delivery record Date classilication	SPAM and Outgoing email executive sign-off Hard disk encryption	File Date Access Audit Management		Date backup
People	Secunty awareness training AD identity authentic ation	Social engineering training Multi-Factor Authentication (MFA)	User Behavior Analysis	Cybersecurity Incident Response Team (CIRT) Security Incident drill	Date recovery drill
Governance	Cyber Security Management System(CSMS) Informaation Security Executive Team				

To ensure uninterrupted information system operations, we have established the "Group Information System Stability" goal, monitoring operations through both policy and execution. We conduct 1-2 information protection drills annually. In May and August 2023, the IT department performed core system security updates and uninterrupted simulation drills. These drills activated automatic backup mechanisms based on maintenance needs or disaster scenarios to ensure normal, uninterrupted system operations.

Information Security Incident Notification Process

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 strengthens employee awareness of information security through various channels and methods. Each year, we conduct health checks and proof of concept (POC) evaluations on newly acquired IT products to identify potential cybersecurity threats and risks before procurement or enhancing security. Improvements are made from optimizing network speed and updating software to promoting security through monthly meetings, emails, and training sessions. We ensure robust network security and regularly conduct employee retraining on information security to heighten awareness and vigilance against cybersecurity threats.

Information Security Training

Subject	Course	Total Number of Participants (Unit: persons)	Total Training Hours (Unit: hours)	Participation Rate (%)
New Employees	**Information education, training, and exams for new employees**	**1,228**	**614**	**100%**
IT Technician and Associated Personnel	**General Information courses**	**10**	**4**	**100%**
Other Personnel	**General Information courses**	**68**	**68**	**100%**

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

In 2023, there were five information security incidents, all caused by human error resulting in damaged equipment and violations of information security regulations. The company responded by implementing enhanced information security training, disciplinary actions, or awareness campaigns for the individuals involved, depending on the severity of the incident. These measures aim to reduce future security risks.

Subject	2020	2021	2022	2023
Information security violations	**3**	**1**	**4**	**5**
Violations involving customers' persoal data	**0**	**0**	**0**	**0**
Customers affected by information breaches	**0**	**0**	**0**	**0**
Penality reiceved due to information or cyber security incidents (NT$)	**0**	**0**	**0**	**0**

Note:
The definitions for information security incidents from 2020-2023 are as follows:
1) Confidentiality breaches: Incidents reported by customers or business feedback.
2) Behavior violations: Employees violating information security regulations, such as using external email services or unauthorized USB drives.
3) Computer viruses: Incidents of computer infections within the company.
4) Other violations: Improper use of information equipment resulting in damage.
From 2020 to 2023, the reported information security incidents mainly fell under category ④ (improper use of information equipment). Considering that equipment damage does not constitute an information security breach, starting from 2024, such incidents will be excluded from information security incident reports.

02

Product

2. PRODUCT

2.1 Innovation and Service

Flexium has been in the FPC business for many years, accumulating extensive experience in design, marketing, manufacturing, and management. As an elite player in the industry, we have adopted a top-of-the-line roll-to-roll automated production line that integrates machines, workers, and big data into a single, digitally connected production system. This transition toward smart factories and smart manufacturing highlights our competitive edge. Additionally, our product development, production, and sales comply with applicable laws, regulations, and voluntary guidelines. In 2023, no incidents occurred due to non-compliance with product or service labeling regulations or voluntary guidelines, marketing and communication regulations or voluntary guidelines, or health and safety regulations related to products and services.

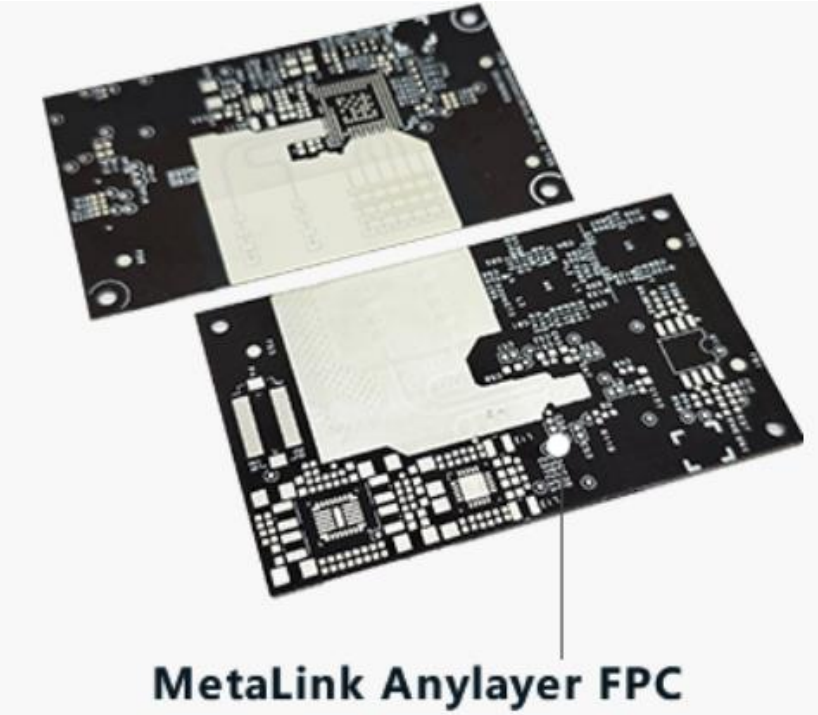
2.1.1 Research and Innovation

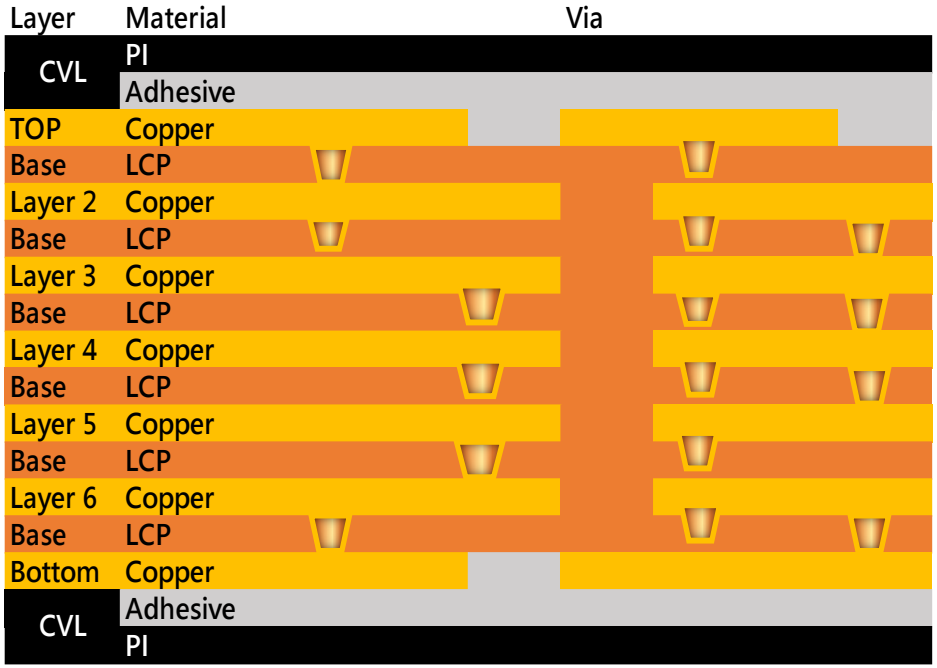
In establishing a presence in Taiwan and accelerating technological innovation and global deployment, Flexium continues to collaborate closely with major international material manufacturers, academic R&D institutions, and factories with advanced technology and equipment during the new product R&D process. 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





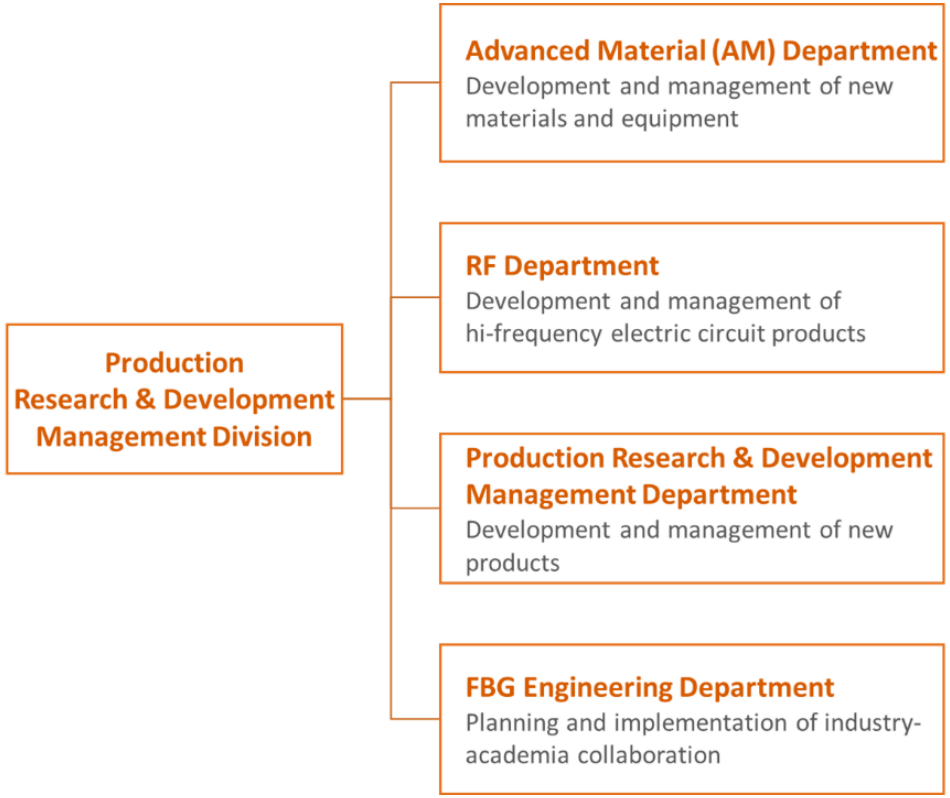
Metalink is a product and technology platform developed by Flexium in 2020 to incorporate 5G communication technologies into high-end electronic products, such as automotive radar. Future key product applications envisioned by Flexium include 24/77GHz automotive radar, 60GHz radar sensor, and low-Earth 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		2023	2024	2025	2026
Layer counts		S/S & D/S Multi-layers: 12 layers	S/S & D/S Multi-layers: 12 layers	S/S & D/S Multi-layers: 14 layers	S/S & D/S Multi-layers: 16 layers
Flex material		Polyimide LCP Modified-Polyimide	Polyimide & LCP Low Dk/Df Material PTFE	Polyimide & LCP Low Dk/Df Material PTFE	Polyimide & LCP Low Dk/Df Material PTFE High Dk/Low Df Material
Base thickness		100um,75um,50um, 25um,12.5um,7um	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,6um	70um,35um,18um,12um, 9um,6um,3um	70um,35um,18um,12um, 9um,6um,3um	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 2um/15um	25um/33um 12.5um/25um 12.5um/15um 7um/10um 2um/15um 2um/10um
Drill	Mechanical	0.075mm	0.075mm	0.075mm	0.075mm
	Laser	0.03mm	0.03mm	0.03mm	0.03mm
Via Structure		PTH, Blind, Buried & Copper fill plating	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)	0.018/0.018 mm	0.018/0.018 mm	0.018/0.018 mm	0.015/0.015 mm
	D/S(12um)	0.030/0.030 mm	0.030/0.030 mm	0.030/0.030 mm	0.025/0.025 mm
LPSM of Shift Tolerance		0.030mm	0.030mm	0.018/0.018 mm	0.015/0.015 mm
LPSM of Opening		0.10mm	0.10mm	0.030/0.030 mm	0.025/0.025 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

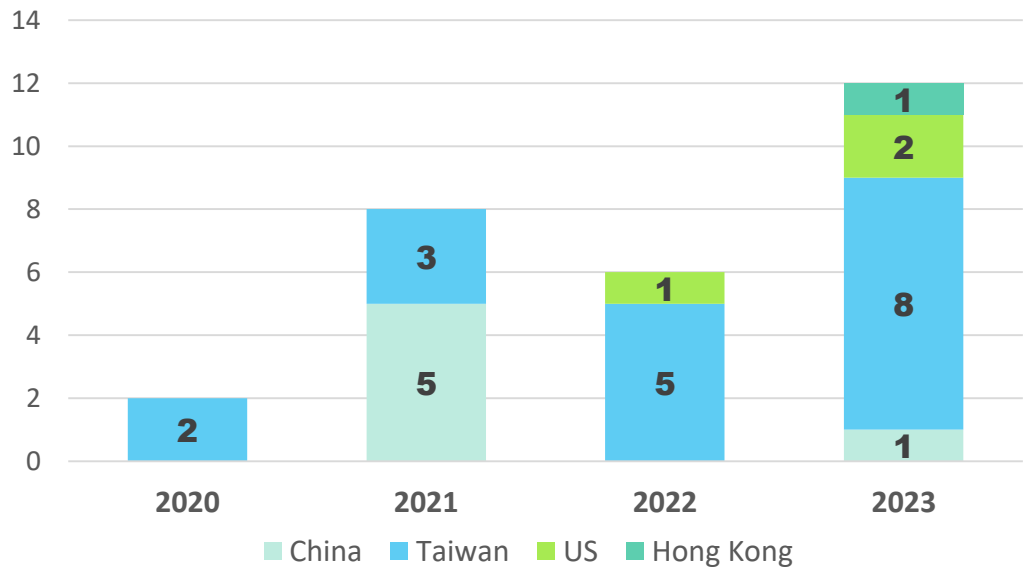
Year	2020	2021	2022	2023
R&D personnel (person)	193	215	250	318
Ratio of R&D personnel to employees (%)	8.91%	8.05%	9.77%	12.52%
R&D expenditure (NT$ thousand)	1,826,427	2,055,340	2,050,930	1,914,074
Ratio of operating income (%)	6.11%	5.78%	5.12%	5.85%

Intellectual Property Management

With Flexium's growth, the company actively pursues international patents to protect its R&D achievements, strengthening our collaboration with customers and suppliers. This patent strategy enhances our value and competitiveness. In 2023, we obtained 12 patents, all invention patents, covering the global market, including 1 in Taiwan, 2 in the United States, 1 in China, and 1 in Hong Kong. From 2003 to 2023, we have accumulated a total of 324 patents (excluding pending applications).

Our patent strategy includes a formalized process and a patent bonus system, which has significantly increased patent applications since its implementation in 2020. To further boost the approval rate of invention patents, Flexium introduced legal courses in 2021, focusing on patent education and training for R&D personnel as part of our long-term training program.

Number of patents disclosed for four consecutive years (2020~2023)



Industry-academia Collaboration

In April 2022, Flexium completed an industry-academia collaboration with National Cheng Kung University on the project "Advanced Process Technology and Equipment Development for Electro-Optical Circuit Boards 2022-2023." This project aimed to improve the current manual alignment and laser processing methods, which often result in horizontal and rotational misalignment. By integrating photomasks, we enhanced excimer laser processing efficiency and output, optimizing the manufacturing technology for electro-optical circuit boards.

In the same year, building on the project's success, Flexium extended its collaboration with National Cheng Kung University to develop and apply a "Digital Lithography Exposure Machine with High-Precision Alignment and Automatic Pattern Compensation Function for 2023-2024." This project focuses on using lithography technology to create optical transmission channels on flexible circuit substrates in optoelectronic composite board design. The process must overcome size variations in flexible circuit boards and incorporate automatic pattern correction to maintain high-resolution channels despite these variations. The ultimate goal is to establish an exposure lithography technology and equipment suitable for optoelectronic composite boards.

In 2023, Flexium signed an industry-academia collaboration project with Tainan University on the "Design and Development of Metamaterial-Based RF Microwave/Millimeter-Wave Systems." Metamaterials have unique properties compared to conventional materials, such as reversed phase velocity, refraction differing from Snell's law, Doppler shifts, and Cherenkov radiation, which have garnered significant attention in high-frequency systems. To meet various system requirements, different types of antennas must be designed accordingly. Chip antennas are particularly attractive due to their ease of integration and low cost. To further improve chip

antenna performance, we aim to reduce antenna size and use the concept of metamaterials to design a single-plane, highly integrated, miniaturized antenna, thus reducing the cost and loss of the antenna and the entire system.

We are also continuing our industry-academia collaboration with the Department of Engineering Science at National Cheng Kung University on the "2023-2024 Flexible RF MEMS Switch Component Detection and Analysis" project. This project aims to develop flexible RF MEMS switch components, which have overwhelming advantages in linearity and high-frequency response compared to traditional solid-state electronic components. Consequently, this technology is poised to replace conventional solid-state electronic components in high-frequency communication. The four industry-academia collaboration projects have been signed and will each be executed over one year, with a total cooperation amount of NT$5 million. The project outcomes will integrate products and technology.

No.	Partner	Project	Content	Status
1	National Cheng Kung University (2022~2023)	Development of Advanced Process Technology and Equipment for Electro-Optical Circuit Boards	Optimizing electro-optical circuit board manufacturing technology with enhanced molecular laser slope angle processing and gray-scale photomask capability.	Completed
2	National Tainan University (2023.2~2023.11)	Design and Development of Metamaterial-Based RF Microwave/Millimeter-Wave Systems	To reduce antenna size, employing the concept of metamaterials, designing a single-plane structure to achieve high integration and miniaturization of the antenna.	Completed
3	National Cheng Kung University (2023~2024)	Development and Application of Digital Photolithography Equipment with High-Precision Alignment and Automatic Pattern Compensation Capability	To meet transmission requirements in the design of optoelectronic composite boards, microfabrication techniques are employed to create optical transmission channels on flexible circuit substrates.	Ongoing
4	National Cheng Kung University (2023~2024)	Analysis and Testing of Flexible RF MEMS Switch Components	Developing flexible RF-MEMS (Micro-Electro-Mechanical Systems) switch components.	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 astrict monitoring and control system. The Quality Assurance Division is responsible for product quality assurance and improvements. We have adopted and implemented ISO 9001, ISO/IATF 16949 (Automotive Quality Management Systems), ISO 13485 (Medical Devices - Quality Management Systems), and IECQ QC 080000 (Hazardous Substance Management Systems). Third-party verifications have been obtained for these systems, all of which are valid until 2024. We are rolling out robust quality assurance practices across all our product lines. We have a quality policy along with a series of quality assurance management systems in place to regulate our quality and service standards and continuously optimize product quality.

Quality Policy

Preventive Management

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

Continuous Improvement

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

Continuous Improvement

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

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 2023, 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 2023, a total of 24 quality-related education and training courses were held, with a total of 4,238 participants and 5,256 training persons/hours.

Quality-related Training

Enhancing Product Quality and Minimizing Customer Complaints

Product quality is not only a critical factor affecting customer satisfaction but also a vital element influencing the survival and development of our enterprise. We understand that quality issues can impact market share, increase failure and sales costs, and reduce profitability. We are committed to implementing practical and effective measures, such as Failure Mode and Effects Analysis (FMEA). By collecting and analyzing production defects, we aim to improve and prevent issues, ensuring zero-defect production. Our goal is to maintain excellent product quality to uphold customer satisfaction and our market position.

(For details on historical customer complaint situations and corresponding improvement methods, please refer to Section 2.1.3.1 Customer Services.)

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.

CASnumber/ID	Material Type	Revenue Share of Products	Note
1303-86-2	Boron trioxide	1.85%	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.
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%	

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.

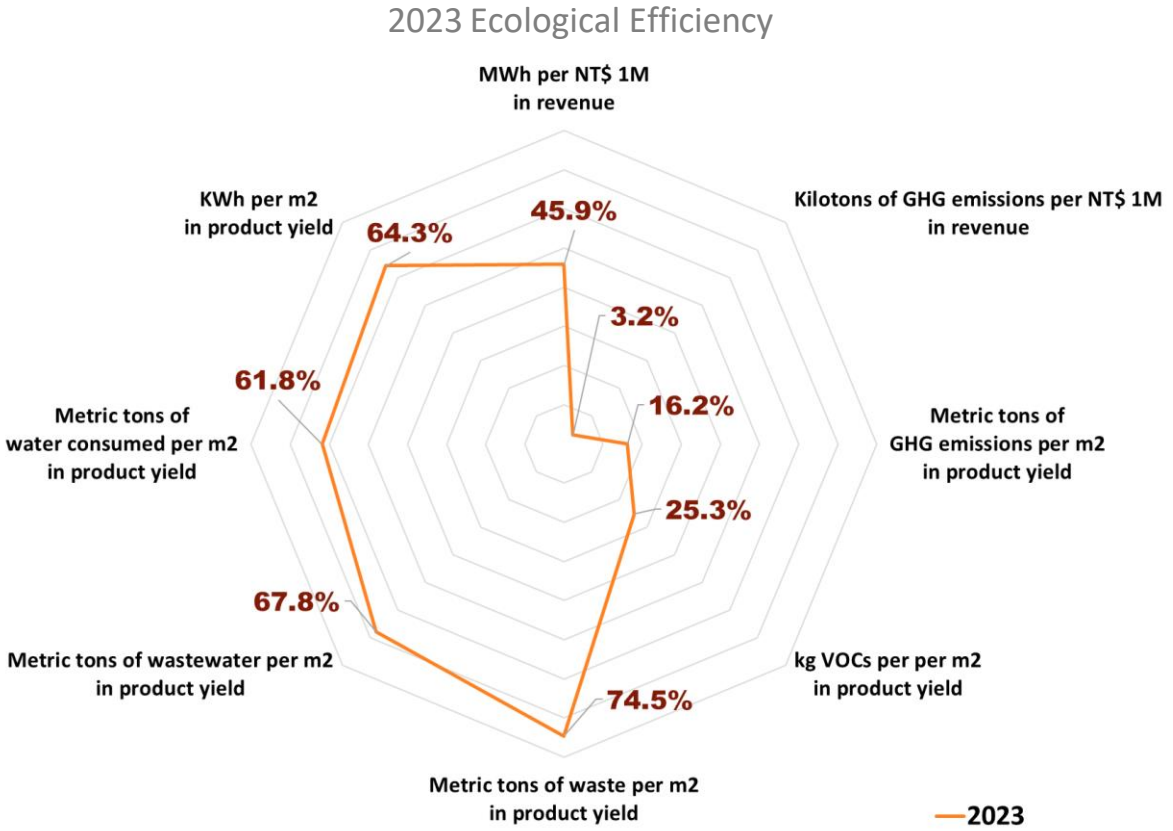
2.1.2.2 Ecological Efficiency Management

In enhancing ecological efficiency throughout our manufacturing processes, Flexium incorporates green design principles from the outset. This includes integrating green materials, manufacturing processes, and production methods aimed at developing green products. During the product planning and design phases, we prioritize minimizing environmental risks and impacts, achieving reductions in carbon emissions, exhaust, and wastewater. We prioritize the use of green materials that not only comply with EU and international regulations but also align with Flexium's commitment to environmental stewardship. For products not meeting green material standards, we conduct regular annual reviews and convene with our R&D, procurement, and suppliers to explore alternative materials that meet green product criteria. This ongoing effort aims to continually reduce the proportion of non-green materials used, with the ultimate goal of achieving full adoption of green materials across all our production lines.

In green design, Flexium prioritizes energy-saving and carbon reduction during the product development phase. Our goal is to optimize and streamline production processes to achieve this aim. Designed to meet customer needs, our products vary in length, width, weight, thickness, and shape, requiring adjustments in spatial constraints. This makes the design of flexible printed circuit boards (FPCBs) particularly challenging, as they are custom-made to fit specific spatial requirements, resulting in complex and lengthy manufacturing processes.

Flexium strives to shorten and optimize these processes without compromising quality or quantity. Our objective is to reduce environmental pollution, improve efficiency, and lower production volumes. By doing so, we aim to decrease waste and minimize the generation of wastewater and exhaust gases, ultimately conserving energy and maintaining a green environment.

Analysis shows that the "electricity consumption per million revenue (kWh/million revenue)" increased by 45.9% in 2023 compared to 2022. Similarly, the "electricity consumption per unit of production (kWh/unit)" increased by 64.3% in 2023 compared to 2022. This increase is attributed to the launch of the Hofa Plant in the second half of 2022, with its electricity consumption only recorded for half the year in 2022, while the full-year data for all plants was included in 2023. Additionally, in 2023, we implemented the ISO 50001 Energy Management System, establishing related procedural documents, identifying energy equipment, conducting internal audits, and management reviews starting in May, and achieving certification in November of the same year.



Regarding greenhouse gas emissions, we adopted the ISO 14064-1:2018 organizational greenhouse gas standard. Compared to 2022, the "greenhouse gas emissions per million revenue (thousand tons CO_2e/million revenue)" increased by 3.2% in 2023. Although the total greenhouse gas emissions decreased, the revenue decline led to an increase in emission intensity per unit. The 2022 greenhouse gas data was verified in February 2024, and the verified 2022 data will serve as the baseline year for carbon reduction. In terms of water efficiency, we improved our water recycling system and increased water reuse projects to enhance water resource utilization, reduce water consumption, and lower wastewater discharge. This demonstrates our ongoing commitment to energy-saving and waste reduction activities.

Indices	Unit	Efficiency				Change (%, 2023 vs. 2022)
		2020	2021	2022	2023	
Power consumption	MWh per NT$ 1M in revenues	1,928	1,622	2,008	2,929	45.9%
	kWh per m^2 in product yield	55.0	57.0	80.0	131.9	64.3%
Greenhouse gas emissions	Kilotons per NT$ 1M in revenues	0.930	1.890	2.271	2.339	3.0
	Metric tons per m^2 in product yield	0.027	0.066	0.091	0.105	16.0
VOCs	Kg per m^2 in product yield	0.027	0.028	0.025	0.031	25.3%
Waste	Metric tons per m^2 in product yield	0.003	0.003	0.004	0.007	74.5%
Wastewater	Metric tons per m^2 in product yield	0.840	0.812	1.083	1.817	67.8%
Water consumption	Metric tons per m^2 in product yield	0.900	0.768	1.193	1.931	61.8%

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. All greenhouse gas data were self-reported. For 2020, the ISO 14064-1:2006 standard was adopted for greenhouse gas accounting. From 2021 to 2023, the ISO 14064-1:2018 standard was adopted.
7. The 2022 greenhouse gas inventory was third-party verified in February 2024, leading to the revision of the 2022 emission data (Scope 1 to Scope 4).

2.1.3 Customer Relationship Management

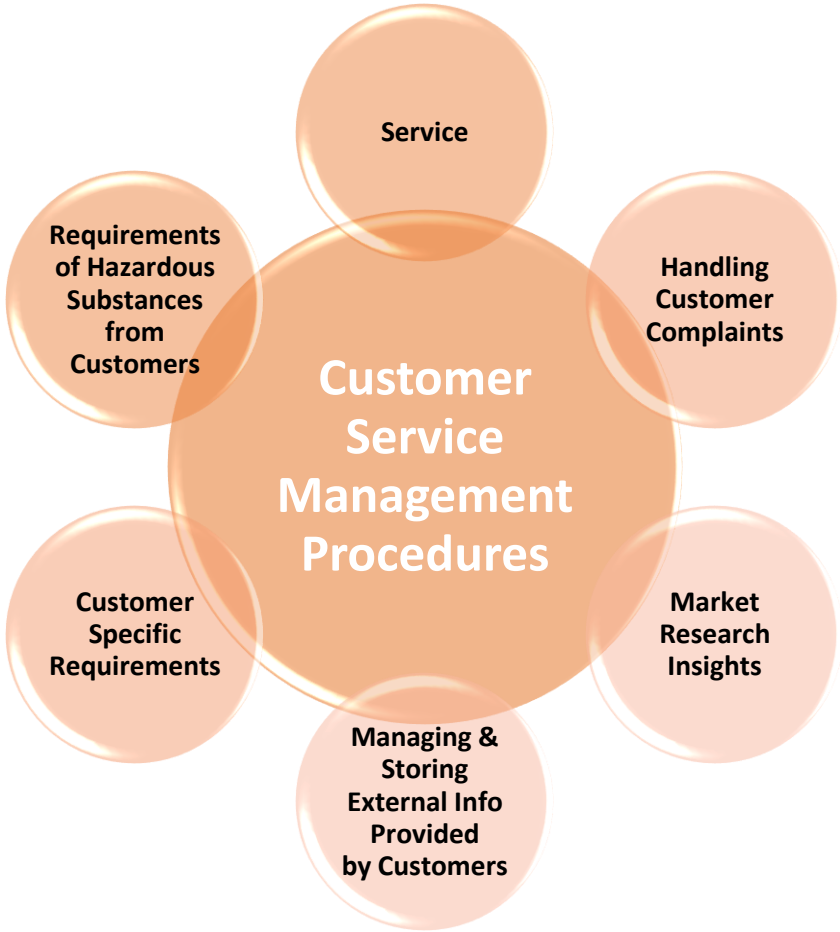
2.1.3.1 Customer Services

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.

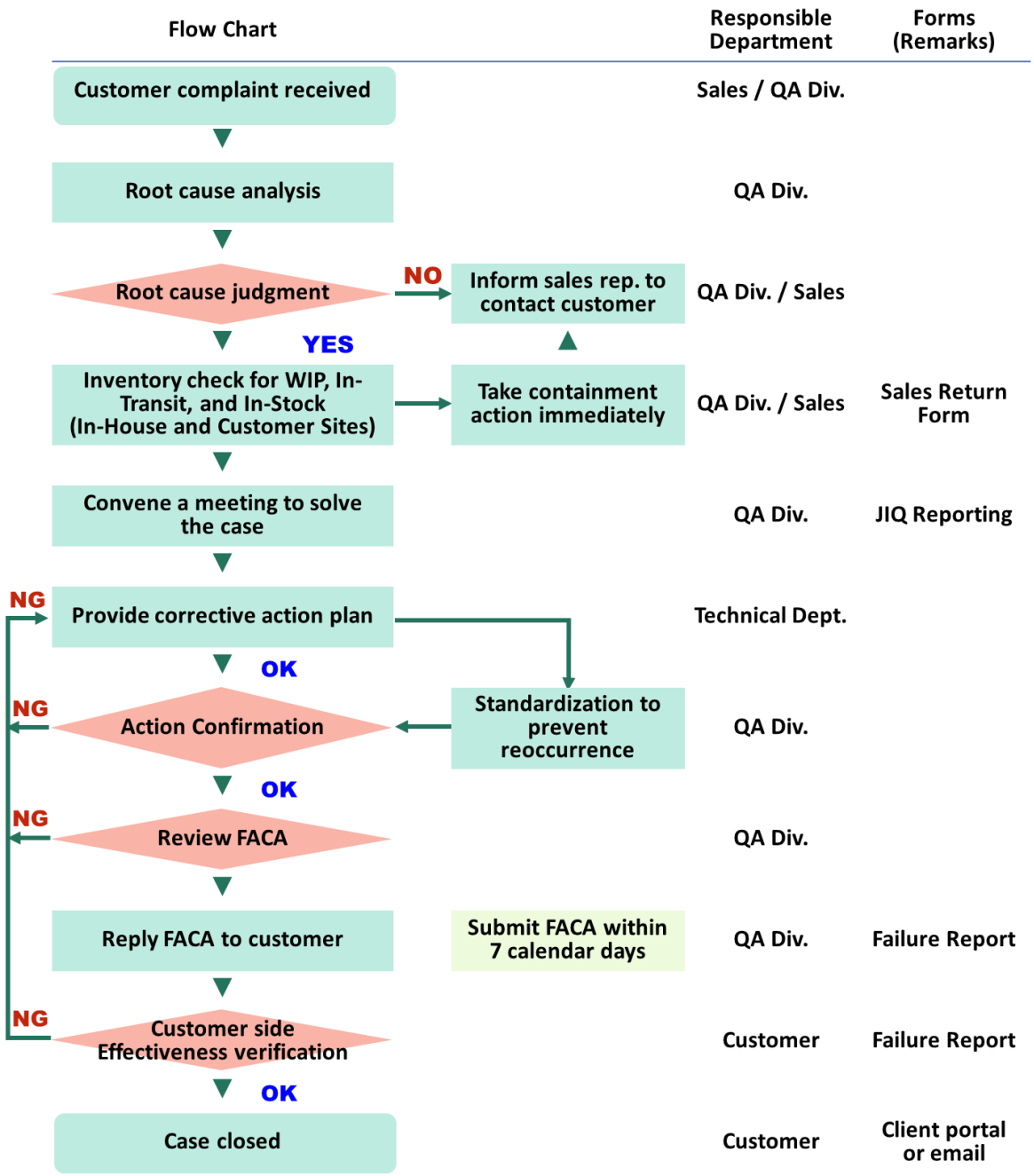
Customer Feedback Channels

Corporate website: https://www.flexium.com.tw/Contact/KaoHsiung?lang=en-us		**QR Code**
Domestic	Tel: +86-512-577-755-99 Ext.8666 briancheng55@flexium.com.cn	
International	Tel: +1 (669) 300-9987 phyllischien@flexiumusa.com	

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 2023, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data.



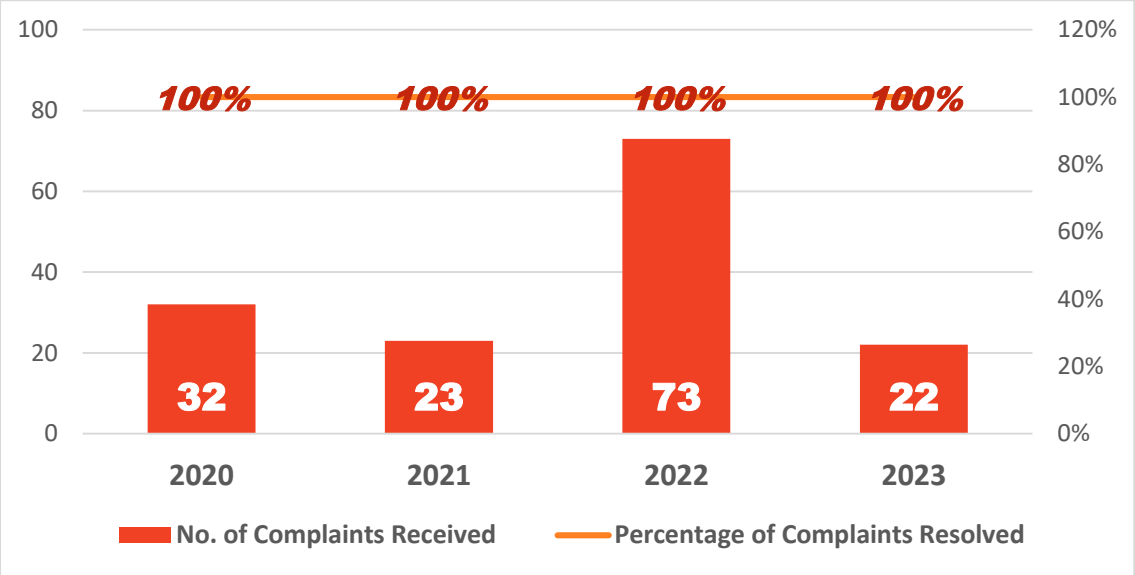
Flexium has established its “Customer Complaint Handling Procedures” to handle customer complaints. We analyze the underlying reasons for complaints and respond quickly to customers to reduce the occurrence of complaints. When we receive a complaint, we respond within 72 hours and produce a report utilizing 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 2023, Flexium's Kaohsiung Plant received 22 customer complaints, the lowest number on record. These complaints were categorized as 64% appearance defects, 27% functionality defects, and 9% reliability tests (ORT) and other defects. All issues have been resolved.

For each category, we conducted a root cause analysis. The primary category, appearance defects, was mainly due to inspection oversights. We optimized the inspection procedures to improve defect detection rates and enhanced training and awareness among personnel. For the secondary category of functionality defects, we found room for improvement in the production line control systems. We implemented a comprehensive system upgrade, including the addition of QR codes on flexible circuit board edges, control of product entry and exit times, and extensive CCTV deployment to prevent such defects.

Number of Customer Complaints During the Past Four Years



Note:
The increase in the number of cases in 2022 compared to previous years is primarily due to the adjustment of the customer complaint receiving units at the Kaohsiung Plant and the Kunshan Plant.

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.

From 2020 to 2023, customer satisfaction with pricing was low due to a market trend towards Chinese suppliers, leading to more competitive pricing. In 2023, continuing from the high inflation and low demand from the second half of 2022, the market was still affected by supply chain adjustments, excess supply, and weak pricing. Consequently, our pricing was less competitive compared to other companies. Despite the poor overall market conditions and weak end-user demand in 2023, major companies continued to advance their technology nodes and plan for mid-to-long-term capacity needs in anticipation of market recovery.

In 2024, facing challenging market trends, we made operational adjustments and set a customer satisfaction target of 85 points or higher. We aim to improve overall yield rates and listen to customer feedback to better meet their needs, thereby increasing customer satisfaction. The results of the customer satisfaction survey are as follows.

Customer Satisfaction

Indicators	2020	2021	2022	2023
Quality	87	93	88	83
Service	91	89	86	88
Delivery	86	86	81	86
Pricing	75	86	68	74
Technology	89	92	83	84
Hazardous Substance Management	92	94	90	88
Total	86	90	82	84
Target (%)	85	85	85	85
Revenue contribution of top 10 customers as a percentage of all revenue (%)	85%	85%	85%	85%
Customer satisfaction level (%)	50%	80%	40%	40%

Notes:

1. The targets for this survey were our top 10 clients in terms of revenue contributions in 2023.
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: 87.87% Double-layer: 90.76% Multi-layer: 83.37%**
Number of Customer Complaints	• Target: No. of customer complaints averaged ≤ 3 cases • Calculation: Statistics on customer complaints due to product quality, hazardous substance control, or late deliveries	✓	**Averaged 1.7 cases per month**
Quotation Acceptance Rate	• Target: 30% • Calculation: Accepted quotations as a percentage of all quotations.	✓	**54%**
Order Fulfillment Rate	• Target: 95.0% • Calculation: Fulfilled orders as a percentage of all orders.	✓	**98.9%**
Control Shipping Costs	• Target: Cap Product export shipping costs at <NT$ 250,000/month	✓	**Averaged NT$132,682 per month**

In 2023, the management item that did not meet the target was "yield rate," with specific issues as follows:

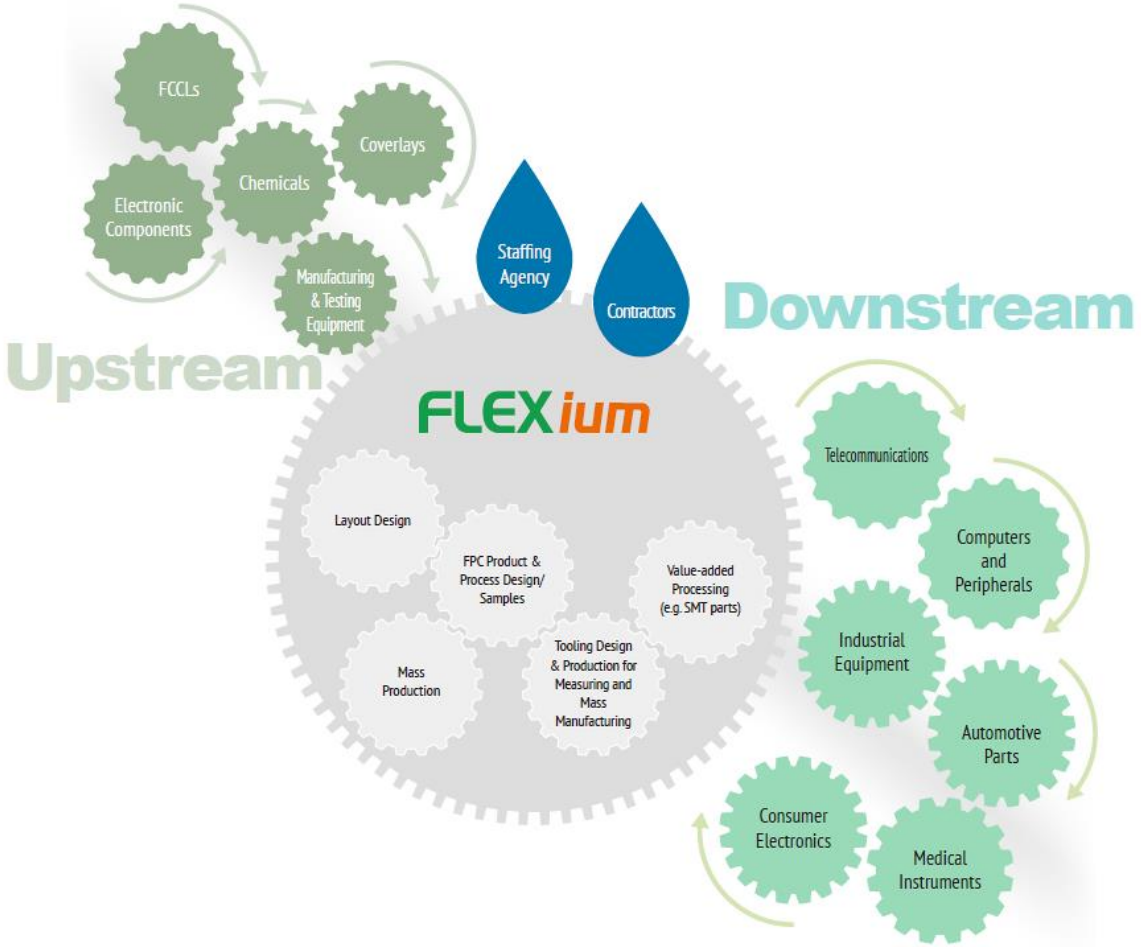
- Single-layer boards: The main issues included folding marks, bubble marks, and foreign object adhesion, which led to a decrease in yield rate. To improve this, plans are underway to increase maintenance and cleaning frequency, and to enhance operational techniques.
- Double-layer boards: The main issue was the occurrence of discontinuities. To address this problem, improvements will be made in materials, machine parameters, and additional process steps.
- Multi-layer boards: The main issues were exposed copper and residual ink blockages. To address these issues, improvements will focus on adjusting machine parameters, adding process steps, and refining operational techniques.

2.2 Sustainable Supply Chain

2.2.1 Supplier Sustainability Management

Industry Value Chain

Flexium specializes primarily in flexible printed circuit boards (FPC). Its upstream raw materials include copper foil substrates, chemicals, films, and electronic components. Downstream applications encompass various electronic products, including information technology, telecommunications, and consumer goods. In late 2023, the company acquired the semiconductor firm "Rafael Microelectronics, Inc." located in Hsinchu County, Taiwan. Rafael Micro is primarily engaged in the research, design, development, and sales of radio frequency integrated circuits (RF ICs). This acquisition aims to vertically integrate with Flexium's FPC production base, enhancing the transmission speed between light and electricity. It seeks to establish a leading platform for Taiwan's next-generation transmission technology, fostering diverse business models and services. The characteristics of upstream materials, manufacturer processes, and technological levels significantly impact the quality of FPCs, underscoring the crucial importance of collaboration and expertise among upstream, midstream, and downstream partners. To mitigate risks of raw material supply disruptions, Flexium plans material stocking for 4 to 12 weeks based on customer demand. Substitute materials undergo verification and require customer approval before procurement.



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 2023, the proportion of recycled gold salts used reached 76% of the total gold salts used, compared to 47.15% in 2022, marking an increase of 28.85%.

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.

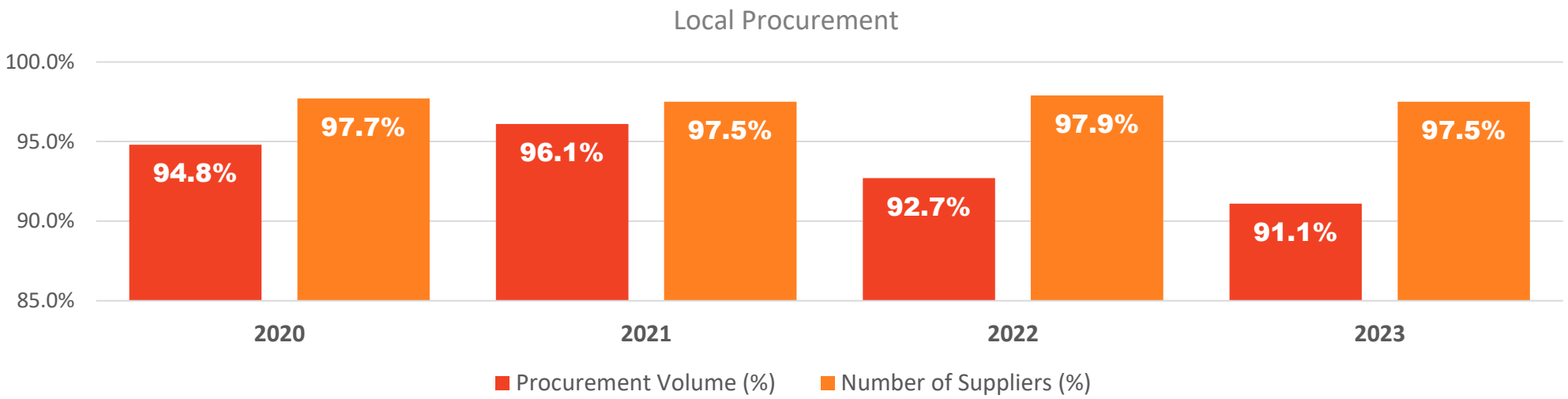
Number of Primary(Note 1)/Key(Note 2) Suppliers and Procurement Volumes and Percentages

Year	2020	2021	2022	2023
Total Number of Suppliers	452	406	387	447
Number of Key Suppliers	123	151	160	168
Number of Primary Suppliers	12	11	11	10
Procurement from Key Suppliers (%)	97.18	97.98	98.13	97.43
Procurement from Primary Suppliers (%)	43.05	45.79	43.10	41.11

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 436 suppliers registered in Taiwan. Local procurement in 2023 accounts for 91.1% 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.

Flexium also encourages the implementation of a green procurement policy. Since 2021, the company has gradually purchased products that meet domestic and international energy-saving and environmental labels, such as ENERGY STAR® and FSC. In 2023, the amount spent on green procurement was approximately NT$5.67 million, accounting for 0.185% of total procurement expenditures. This represents a 47% decrease compared to the NT$11.87 million spent in 2022. The decline is mainly attributed to the high growth expenditure in 2022, followed by a weakened demand in 2023. Moving forward, green procurement will continue to be prioritized.

Supplier's Code of Conduct

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

Labor	Healthy and Safety	Environment	Ethics	Management System
Prohibition of Forced Labor	Occupational Health and Safety	Environment Permit and Reporting	Business Integrity	Company Commitment
Young Workers	Emergency Preparedness	Pollution Prevention and Resource Conservation	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
Non-Discrimination/ Non-Harassment/ Humane Treatment	Physically Demanding Work	Air Emissions	Fair Business, Advertisement and Competition	Improvement Objectives
Freedom of Association and Collective Bargaining	Machine Safeguarding	Materials Restrictions	Protection of Identity and Non-Retaliation	Training
	Sanitation, Food, and Housing	Water Management	Responsible Sourcing of Minerals	Communication
	Health and Safety Communication	Energy Consumption and Greenhouse Gas Emissions	Privacy	Worker/Stakeholder Engagement and Access To Remedy
				Audits and Assessments
				Corrective Action Process
				Documentation and Records
				Supplier Responsibility
Note: Flexium Supplier Code of Conduct is based on the Responsible Business Alliance (RBA) guidelines and covers the above issues.				

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.

In 2023, a total of 168 suppliers met the aforementioned criteria. Flexium required these suppliers to sign the "Flexium Supplier Code of Conduct," and all 168 suppliers have returned signed Codes (including 5 who provided guarantee letters), achieving a 100% response rate. Flexium will continue to maintain communication with suppliers and provide them with the latest updates moving forward.

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 2023. 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 Assessment

Flexium has developed its own set of supplier ESG auditing standards based on the “RBA Code of Conduct” to audit suppliers’ ESG and sustainability practices. The scope of evaluation includes human rights, working hours, chemical and equipment safety, environmental protection, management systems, and responsible sourcing of minerals. Every year, a written assessment is conducted on major suppliers with a transaction volume in the top 80% and a workforce of 300 or more.

The results of the written assessment are used to determine whether to conduct on-site audits of suppliers that might generate quality and economic impacts/risks. On-site audits are conducted in accordance with our annual “Supplier ESG Assessment Plan”.

In 2023, Flexium audited three material suppliers. The audit revealed one supplier with 2 findings and 4 recommendations, while the other two suppliers had no findings. The main issues identified included discrepancies between the supplier's labor contract content and actual practices, as well as non-compliance with standard operating procedures (SOP) for rainwater management operations. All suppliers have completed the required improvements for all findings within the specified deadlines.

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.

Flexium Responsible Minerals Policy

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)”.

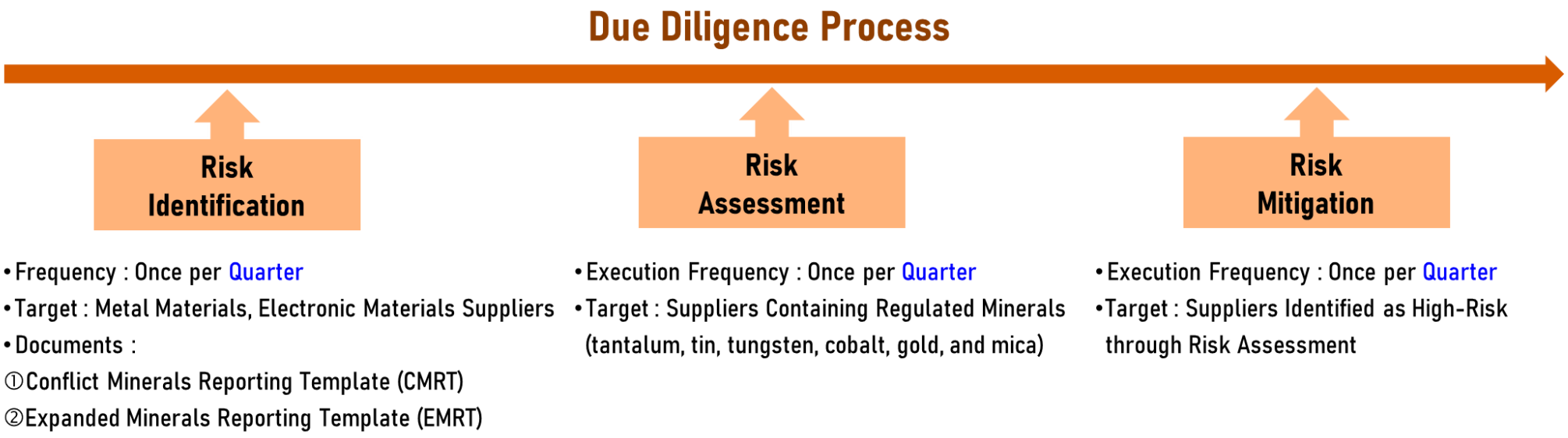
We review laws and regulations on a quarterly basis to ensure conformance with international laws and customer requirements. In the event of changes to requirements relevant to responsible mineral outsourcing, the Company responds by taking action to revise internal operational regulations and methods 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 2023

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 65 suppliers of metal and electronic materials, which are included in the due diligence process. The 65 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 53 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, including①whether the supplier responds to the Conflict Minerals Reporting Template established by the Responsible Minerals Initiative (RMI), ②whether the smelters and refineries pass industry verifications, and ③whether the smelters are included in the client’ s approved list. Following the risk assessment, it is revealed that 49 suppliers are identified as "low risk" and 4 suppliers as "high risk."

In the third stage, the 4 "high-risk" suppliers identified in the previous stage were flagged mainly because their smelters were not listed on the RMI's official approved list. As a result, they were classified as high-risk suppliers. We requested a risk mitigation plan from these suppliers, and it was found that all four high-risk suppliers sourced from the same smelter (not approved by the RMI). Subsequently, these suppliers provided relevant certification documentation for the smelter. Based on the results of risk mitigation, all 4 high-risk suppliers are allowed to continue the transactions. The results of the due diligence for 2023 will be reviewed in the annual management review meeting.



Flexium promises not to ban all minerals from the DRC or adjoining countries. All minerals only sourcing from qualified smelters in compliance with the Responsible Minerals Assurance Process (RAMP) and customer requirements. We guarantee that we'll never source minerals that directly or indirectly benefit the armed groups violating serious human rights in the areas. We'll dedicate to implementing Flexium's Responsible Minerals Policy—"We commit to conducting due diligence and establishing responsible mineral supply chains." 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.

03
Environment

3. ENVIRONMENT

Management Approach

Topic	Climate Change
Reporting Requirements	Description
Significance of the Topic	After analyzing the stakeholders' communication focus and impact degree, the topic of climate change is relatively important to our company. If we do not manage and reduce greenhouse gas emissions, the company may face economic impacts such as regulatory penalties, failure to meet customer demands leading to order transfers, and failure to meet ESG trends in the investment market, resulting in reduced investment willingness from investors. On the contrary, responsible climate change adaptation and environmental management can reduce the company's cost risks and increase the competitiveness of our products regarding sustainability issues.
Policies/Strategies	1) Prevent environmental pollution and continuously improve to reduce environmental impact. 2) Pursue green manufacturing, conserve energy, reduce carbon emissions, and care for the Earth.
Objectives and Targets	The company's greenhouse gas emissions baseline year is 2022. • Short-term goal: Reduce greenhouse gas emissions by 20% by 2025. • Mid-term goal: Reduce greenhouse gas emissions by 50% by 2030. • Long-term goal: Achieve zero greenhouse gas emissions at all operating sites by 2040.
Evaluation Mechanism	1) In accordance with the internal management review procedures of ISO 14001, ISO 14064-1, and ISO 50001, an annual assessment of the effectiveness of the PDCA cycle for emissions management is conducted. 2) A climate change risk management procedure is established, and an annual climate change risk assessment is carried out, with relevant results reported to the board of directors.
Performance and Adjustments	The greenhouse gas emissions data for 2022(baseline year) was verified by a third-party unit in February 2024. Moving forward, we will continue to invest in greenhouse gas reduction efforts in accordance with our set targets.
Preventive or Remedial Measures	1) Carbon emissions data is compiled quarterly and reviewed by the ESG management representative before being reported to the board of directors. This not only keeps the management informed about the company's emissions but also ensures their full support for proactive carbon reduction measures. 2) Develop a carbon neutrality plan, implement carbon reduction actions step-by-step, and adjust strategies and practices continuously. 3) Regularly review environmental regulations and customer requirements, adjust management procedures accordingly, and carry out internal audits and improvement plans.

Topic	Energy and Resources Management
Reporting Requirements	Description
Significance of the Topic	After analyzing stakeholder communication concerns and impact levels, if energy resource management is not implemented, the company may face the following situations in the future: 1) Increased direct costs of electricity due to rising temperatures. 2) Continuous increase in factory electricity usage may lead to power outages and other anomalies, causing production line shutdowns, affecting yield rates, and eroding customer trust. 3) Continuous increase in factory electricity usage may fail to meet customer demands and international initiative requirements for higher renewable energy usage, resulting in increased costs for green electricity procurement.
Policies/Strategies	• Comply with government regulations and energy-related trends to achieve the goal of reducing energy consumption. • Design and manufacture high-quality products while minimizing their environmental impact and harm, balancing stakeholder needs, environmental considerations, and effective energy use. • Continuously improve energy resource use efficiency, promote appropriate control and reduction measures, and support the procurement of products that enhance energy performance, striving to reduce environmental impact. • Deepen all employees' awareness and responsibility for energy resource efficiency, provide appropriate communication and consultation channels and participation mechanisms to ensure the effective operation of the energy management system.
Objectives and Targets	• In 2024, the group will purchase 4 MWh of renewable energy. • By 2025, the group's renewable energy purchase will account for 50% of the group's electricity consumption (RE50). • By 2030, the group's renewable energy purchase will account for 70% of the group's electricity consumption (RE70).
Evaluation Mechanism	• Our company conducts annual PDCA effectiveness assessments on greenhouse gas emissions and energy efficiency management, in accordance with ISO 14064-1 and ISO 50001 internal audit procedures. • We undergo third-party verification annually for ISO 14064-1 to ensure compliance with carbon emission calculation methods. • Regular third-party audits and verifications are conducted for ISO 50001 to ensure energy efficiency compliance with standards.
Performance and Adjustments	1) In 2023, we completed the purchase of 2 MWh of renewable energy. 2) In 2023, we achieved energy savings of 5,374,210.28 kWh, meeting the Energy Bureau's annual requirement for a 1% reduction in electricity consumption.
Preventive or Remedial Measures	1) Promoting green factory initiatives to reduce energy and resource consumption. 2) In addition to implementing reduction measures internally, our company actively procures renewable energy and seeks collaboration with relevant entities for communication and cooperation. 3) Implementing management systems based on ISO 14001 and ISO 50001 standard, conducting regular audits of environmental regulations and customer requirements, adjusting management processes, and ensuring internal audits are conducted and improvement plans are implemented.

Topic	Water Management
Reporting Requirements	Description
Significance of the Topic	After conducting stakeholder engagement and impact analysis, the company identified potential future scenarios if water management measures are not implemented: 1) Continued increase in water usage leading to higher direct costs such as water expenses. 2) Inability to meet customer requirements for water recycling rates, posing a risk of losing orders. 3) In the event of future changes in rainfall patterns, inadequate water management could lead to significant disruptions, including production line shutdowns due to water shortages, impacting investor perception and customer trust.
Policies/Strategies	• Formulate policies that fully consider the company's operational principles, all activities, and the products produced, and reflect them in the water resource efficiency policy. • Commit to compliance with relevant regulations and requirements, fulfilling obligations to adhere to regulations. • Include a commitment to continuously improving water resource efficiency management systems. • Support the use of water-saving products, services, and designs to enhance water resource efficiency performance. • The policy should serve as a framework for reviewing water resource efficiency goals and objectives, with documentation for implementation and maintenance.
Objectives and Targets	• Short-term goal (2024): Increase water recycling rate in the group to 32%. • Short-term goal (2025): Increase water recycling rate in the group to 33%. • Medium to long-term goal (2030): Increase water recycling rate in the group to 35%.
Evaluation Mechanism	The company conducts regular PDCA effectiveness assessments for emissions management in accordance with ISO 14001.
Performance and Adjustments	In 2023, the water recycling rate was 31.57%, with a total recycled water volume of 608,872 tons. Adjusting the short-term goal for 2024 to increase the group's water recycling rate to 32%.
Preventive or Remedial Measures	1) Implementing production line water-saving initiatives. 2) Optimizing the in-house purified water washing process to increase water reuse efficiency. 3) Regularly outsourcing the cleaning of RO membrane tubes to maintain overall recovery rates. 4) Implementing management system based on ISO 14001 standard, conducting regular audits of environmental regulations and customer requirements, adjusting management procedures, and ensuring the execution of internal audits and improvement plans.

<table>
<tr><th>Topic</th><th>Waste Management</th></tr>
<tr><td>Reporting Requirements</td><td>Description</td></tr>
<tr><td>Significance of the Topic</td><td>Based on stakeholder communication and impact analysis, if waste management practices are not improved, the company may face the following consequences in the future:
1) Continued increase in waste removal volume leading to higher direct costs associated with disposal expenses.
2) Inability to meet customer demands for zero waste, potentially resulting in customer loss.
3) Increased environmental impact, affecting investor perception and customer trust.</td></tr>
<tr><td>Policies/Strategies</td><td>1) Implement waste sorting to reduce general waste output and increase the amount of recyclable waste.
2) Reduce wastewater disposal volume and enhance the recycling of heavy metal resources.</td></tr>
<tr><td>Objectives and Targets</td><td>Taking 2023 as the base year, the short, medium and long-term goals are set as follows:
<table>
<tr><th>Goals</th><th>Short-term goals (2024)</th><th>Short-term goals (2025)</th><th>Medium & long-term goals (2030~)</th></tr>
<tr><td>Reduction in overall waste generated per unit (STEP)</td><td>3%</td><td>5%</td><td>10%</td></tr>
<tr><td>Reduction in hazardous industrial waste generation per unit (STEP)</td><td>3%</td><td>5%</td><td>10%</td></tr>
<tr><td>Reduction in incinerated waste per unit (STEP)</td><td>3%</td><td>5%</td><td>10%</td></tr>
</table></td></tr>
<tr><td>Evaluation Mechanism</td><td>The company conducts regular PDCA effectiveness assessments for emissions management in accordance with ISO 14001.</td></tr>
<tr><td>Performance and Adjustments</td><td>The amount of waste generated in 2023 increased by approximately 26.7%, from 3,803 tons in 2022 to 4,817 tons. This increase is attributed to the Hofa Plant, which commenced operations in the second half of 2022 and was fully operational throughout 2023. Our company has set short-, medium-, and long-term goals and will actively and continuously implement various waste reduction and recycling initiatives.</td></tr>
<tr><td>Preventive or Remedial Measures</td><td>1) Implement plant-wide waste reduction initiatives, promote the importance of recycling, and reduce the generation and incineration of general waste.
2) Implement mutual commission projects to promote the reuse of waste liquids within the plant to reduce the generation of hazardous waste.
3) Adhere to the ISO 14001 management system, regularly review environmental regulations and customer requirements, adjust management procedures accordingly, and execute internal audits and improvement plans.</td></tr>
</table>

Environment, Health, and Safety (EHS) Policy

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.

To address the challenges of climate change and energy transition, Flexium joined the global renewable energy initiative RE100 in 2022 and committed to achieving 100% renewable energy consumption throughout the company by 2040. This aims to drive the development of Taiwan's renewable power industry and realize a sustainable future. At the same time, we follow the global trend of carbon neutrality to mitigate the impacts of climate change.

Flexium's environmental management goal is "zero fines, zero pollution." In the event of environmental issues leading to external disputes during operations, these are managed or coordinated according to the "Communication Management Procedures." On October 19, 2022, Dafa Plant II exceeded the concentration limits of odor pollutants, violating Article 20, Paragraph 1 of the Air Pollution Control Act and Article 2 of the Emission Standards for 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. This was Flexium's first violation of these regulations within three years, and due to good compliance during inspections, the fine was reduced. Flexium promptly took responsibility for environmental stewardship and implemented necessary improvements.

Flexium has not experienced any major environmental pollution incidents nor received external complaints. During an audit by the regulatory authority on August 7, 2023, Flexium was fined NT$120,000 for violating Articles 31 and 36 of the Waste Disposal Act. Flexium immediately complied with the regulatory requirements by adding new internal signage and updating waste clearance records. These improvements have been completed.

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.

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.

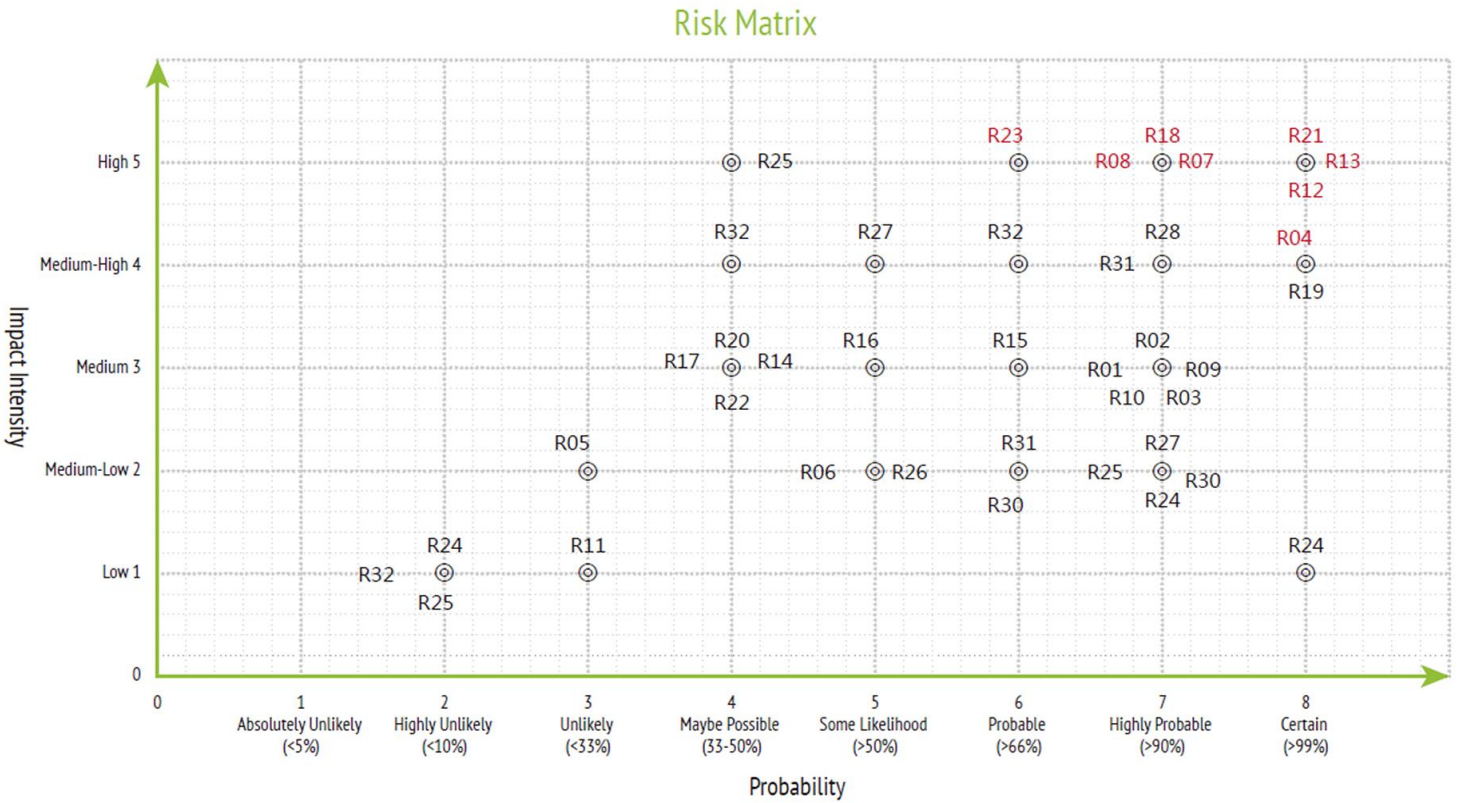
Strategy

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 seminars conducted in groups. Discussions in these seminars 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%

Risk & Numbering Correspondence Table

Transition Risk									Physical Risk		
No.	Risk Category	Risk Source	No.	Risk Category	Risk Source	No.	Risk Category	Risk Source	No.	Risk Category	Risk Source
R01	Regulation	Carbon tax	R09	Regulation	General environmental regulations	R17	Technology	Transition to low-carbon technologies	R24	Immediate	Tropical cyclones
R02	Regulation	Fuel tax/Energy tax	R10	Regulation	Uncertainty in new regulations	R18	Market	Changes in consumer behavior	R25	Immediate	Extreme temperature changes
R03	Regulation	Cap/Trade	R11	Regulation	Lack of regulations or compliance	R19	Market	Uncertainty in market information	R26	Immediate	Changes in rainfall patterns & distribution
R04	Regulation	M&atory reporting	R12	Regulation	International conventions or agreements	R20	Market	Triggering natural resource changes	R27	Immediate	Extreme rainfall & drought
R05	Regulation	Product efficiency regulations & standards	R13	Regulation	Voluntary agreements	R21	Reputation	Shift in customer preferences	R28	Immediate	Ice & snow
R06	Regulation	Product efficiency regulations & standards	R14	Litigation	Legal litigation	R22	Reputation	Negative reputation	R30	Long-term	Changes in average temperatures
R07	Regulation	Renewable energy regulations	R15	Technology	Dem& for low-carbon products & services	R23	Reputation	Triggering negative feedback	R31	Long-term	Changes in average rainfall
R08	Regulation	Air pollution control	R16	Technology	Investment in new technologies				R32	Long-term	Uncertainty in physical risks

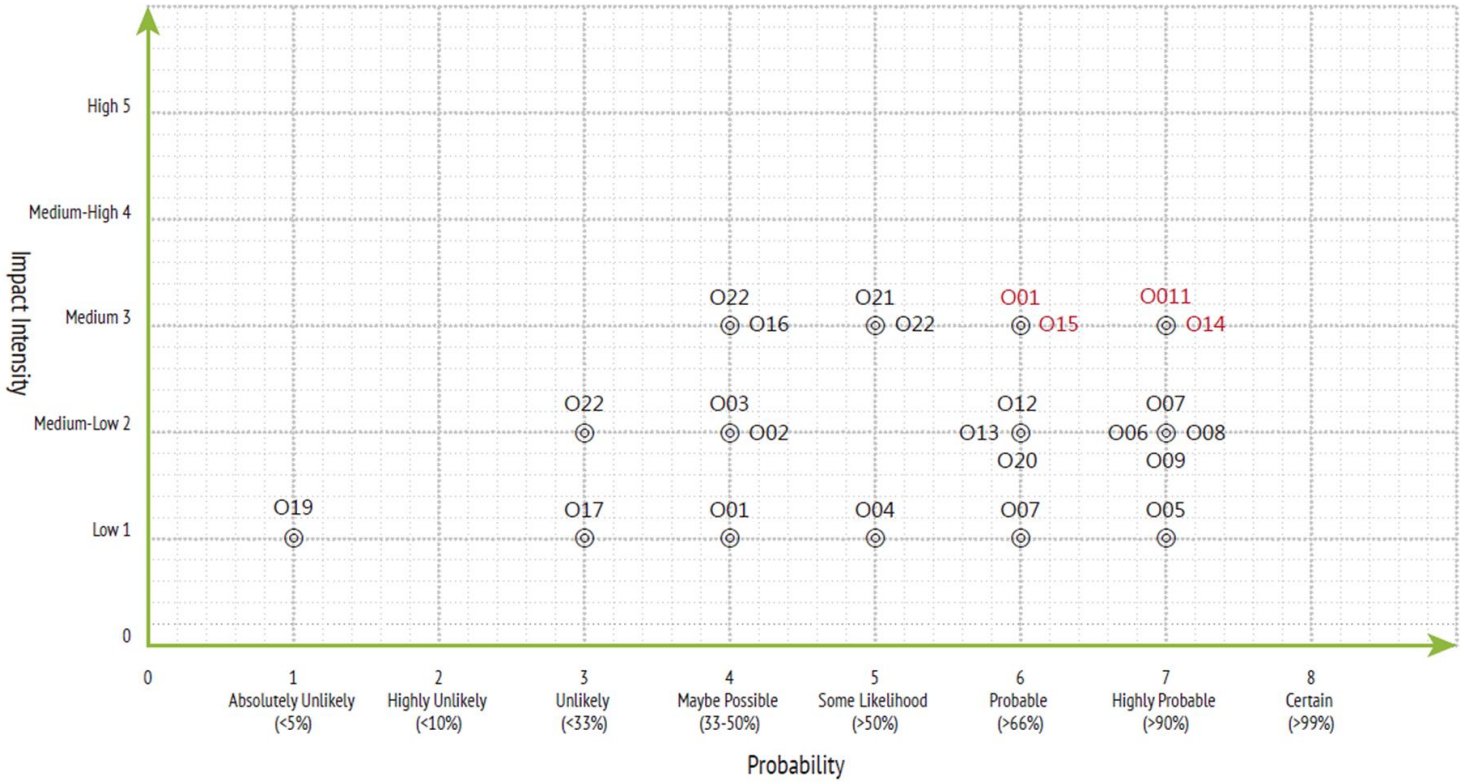
Analysis of Financial Impact Resulting from Climate Change (Material Risk)

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	• Increase in indirect costs: Regulatory compliance checks and reporting incur manpower costs. Assumptions: 1) Personnel level: Professional staff. 2) Number of personnel: 3 people. 3) Annual salary increase: 4%. 4) Average daily salary in 2023: NT$ 1,500. 5) Person-days required: 24 person-day per year	Implementing regulatory compliance checks, adjusting, reporting, and verification	• Estimated increase in manpower costs for regulatory compliance: ▶ NT$ 159,866 in 2030 ▶ NT$ 236,641 in 2040 ▶ NT$ 350,287 in 2050
R07	Transition	Regulation	Renewable energy regulations	Upstream, Organization	Long-term	• Decrease in revenue: Non-compliance with regulations or standards will result in a revenue loss. • Increase in indirect costs and capital expenditure: Additional expenses for procuring renewable energy externally due to regulatory requirements. Assumptions 1) A 10% annual growth rate in electricity consumption from 2020 to 2025, and a 5% annual growth rate from 2026 to 2050, based on historical growth rates. 2) Kaohsiung plant's electricity consumption was 60 GW in 2020, projected to reach 123 GW in 2030, 201 GW in 2040, and 327 GW in 2050. 3) In 2021, with an electricity consumption of 66 GW and a tariff of NT$ 2.6 per kWh, the estimated electricity cost was NT$ 171.6 million.	Implementing regulatory compliance checks, and adjusting	• Estimated costs for mandatory external procurement of renewable energy: ▶ 2030: NT$ 538.74 million (60% green energy) ▶ 2040: NT$ 2.4321 billion (100% green energy) ▶ 2050: NT$ 5.4936 billion (100% green energy)
R08	Transition	Regulation	Air pollution control	Organization	Short-term	• Increase in indirect costs: air pollution fees	Implementing regulatory compliance checks, and adjusting	• Manpower costs • Equipment purchase costs • Fees for engaging external consultants
R12	Transition	Regulation	International conventions or agreements	Upstream, Organization, and Downstream	Mid-term	• Increase in indirect costs: Manpower costs for government communication. The assumed conditions are as follows: 1) Average daily salary of staff at the managerial level in 2023: 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.	• 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

No.	Category	Risk Category	Material Risk Source	Location	Time Frame	Scenario Analysis and Financial Impact	Management	Cost of Management
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 purchasing green energy to attain carbon reduction benefits.	• Manpower for management needed • Costs of power plant construction • Purchase of green energy
R18	Transition	Market	Changes in consumer behavior	Downstream	Short-term	• Decrease in revenue: A 2019 study by the National Bureau of Economic Research estimates that with a global average temperature increase of 0.04 degrees Celsius per year, GDP per capita will decrease by 7.22% by 2100. Estimated impacts are: ▶ By 2030: GDP decreases by 0.9% ▶ By 2040: GDP decreases by 1.8% ▶ By 2050: GDP decreases by 2.7% • Increase in indirect costs: Manpower costs for client communication. Assumptions: 1) Communication level: professional staff (sales personnel). 2) Number of personnel: 34 in 2023, increasing by 1 annually and 10 every 10 years. 3) Annual salary increase of 4%. 4) Based on 20 working days per month. 5) Average daily salary for professional staff in 2023: NT$ 1,500.	Formulating timelines and approaches for carbon reduction plans	• Decrease in revenue: ▶ NT$ 630 million in 2030 ▶ NT$ 2.52 billion in 2040 ▶ NT$ 7.56 billion in 2050 • Increase in indirect costs: ▶ NT$ 5,328,879 in 2030 ▶ NT$ 15,776,087 in 2040 ▶ NT$ 35,028,693 in 2050
R21	Transition	Reputation	Shift in customer preferences	Downstream	Short-term			
R23	Transition	Reputation	Triggering negative feedback	Organization	Mid-term	• Decrease in Revenue: Negative impacts affecting product revenue. • Increase in indirect costs: Higher recruitment costs. Assumptions: 1) Average daily salary for professional staff in 2023: NT$ 1,500 (recruiter). 2) Recruiting requires 1 person-day per month. 3) Average training cost per new employee in 2023: NT$ 2,500. 4) Average number of employees trained per year: 1200 5) Annual salary increase of 4%. • Decrease in asset value: decreased brand value.	Establishing relevant management policies and procedural regulations to meet client demands.	• Increase in employee recruitment costs: ▶ NT$ 3,548,640 in 2030 ▶ NT$ 5,252,244 in 2040 ▶ NT$ 7,774,380 in 2050 • Manpower costs for R&D, manufacturing, and quality assurance. • Costs of compliant materials. • Costs of replacing or modifying equipment. • R&D costs for new materials and processes. • Expenditure on community outreach and donations. • Consulting fees

Opportunity Matrix



Notes:

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

Opportunity & Numbering Correspondence Table

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

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
O01	Resource efficiency	Transportation modes	Upstream, Organization	Med-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.	• Procuring electric transportation vehicles. • Choosing electric logistics vehicles.
O11	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	• Manpower costs for process improvement • Investment in energy-efficient production equipment • Costs for new materials/process verification • Costs of sample testing and wastage
O14	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.	• 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.
O15	Products and services	Changes in customer behavior	Downstream	Short-term	• Increase in revenue: low carbon products generate highergross profit margins • Increase in asset value improves the brand image.	Formulating timelines and approaches for carbon reduction plans	• Manpower for planning energy-saving programs • Purchase of energy storage equipment • Energy infrastructure costs • Green energy procurement expenses

Metrics and Goals

For climate risk indicators, Flexium tracks daily rainfall and intensity forecasts from the Central Weather Bureau during typhoons for early response. During droughts, the Water Resources Agency's daily reservoir status updates guide actions based on a three-stage water restriction signal system, as outlined in the "Operational Guidelines for Water Restrictions in Plants." In the first stage (Yellow Light), booster pumps are activated to supplement water. In the second stage (Orange Light), groundwater is utilized, and water trucks are coordinated. In the third stage (Red Light), additional water trucks are deployed to various water sources.

Scope 1 emissions risk arises as hotter climates increase the use of chillers, refrigerators, and company vehicles, leading to higher refrigerant and oil consumption, thus increasing greenhouse gas emissions. This can negatively impact environmental sustainability targets, affecting corporate reputation and customer environmental commitments. Scope 2 risk involves higher electricity consumption due to rising temperatures, leading to increased greenhouse gas emissions. Continuous increases in purchased electricity necessitate proportional rises in renewable energy capacities like solar power to meet customer demands, potentially raising costs. Failing to increase green energy capacity could result in not meeting customer requirements, risking order losses.

Flexium's industry-specific greenhouse gas emission intensity is measured as CO_2e-t/step, where "step" refers to the operational process of completing a single production line. The emission intensity values for the past two years are 0.0222 CO_2e-t/step in 2022 and 0.0184 CO_2e-t/step in 2023. These values are used to set relevant targets.

2023 Goals	2023 Performance	2024 Goals	Description
Reduce greenhouse gas emissions by 30%	Achieved annual carbon reduction of 749.1 tons.	Reduced greenhouse gas emissions by a total of 1,749 tons	Continuing the energy and water-saving measures from 2023, the carbon reduction amount was 749.1 tons. In 2024, the goal is to achieve an annual carbon reduction of 1,000 tons through similar measures, bringing the cumulative reduction to 1,749.1 tons.
Increase plant-wide water recycling rate to 30%	Plant-wide water recycling rate reached 31.57%.	Increased plant-wide water recycling rate to 32%	The calculation for the water recycling rate baseline will be: [Discharged water volume / (Total recycled water + Discharged water volume)] * 100%.
Reduce chemical usage per ton of wastewater by 10%	Reduced chemical usage per ton of wastewater by 44.85%.	Reduced chemical usage per ton of wastewater by 15%	Using the 2022 chemical usage per ton of wastewater as a baseline.
Procure 1MW of renewable energy	Procured 2MW of renewable energy.	Procured 4MW of renewable energy	Gradually increasing the procurement of green energy.
Reduce hazardous industrial waste generation per step by 10% (Base year: 2019)	Reduced hazardous industrial waste generation per step by 3.99%.	Reduced hazardous industrial waste generation per step by 3% (Base year: 2023)	Due to the company's annual development of new products, the emission intensity data has consistently fallen short of the targets originally set against 2019 levels. Therefore, the target will be adjusted next year to reduce hazardous industrial waste generation per step by 3%, using 2023 as the new baseline.

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 combating climate change and mitigating global warming to be critical, with greenhouse gas (GHG) reduction being a key method. Conducting a GHG inventory provides a basis for reduction efforts. By setting reduction targets and priorities based on inventory results, the subsequent reduction path becomes clear, and energy-saving plans can be implemented more efficiently, allowing for effective evaluation of management outcomes.

Since 2009, Flexium has established a GHG inventory system, annually conducting self-assessments of the previous year's GHG emissions and formulating the "GHG Inventory Management Procedures" to quantify emissions. Relevant departments follow these procedures to inventory seven types of GHGs: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

Starting in 2022, Flexium has followed the ISO 14064-1:2018 standard for organizational GHG inventories, conducting self-assessments of emissions for 2021 and 2022. Initially, the 2021 inventory focused on categories 1 and 2, while the 2022 inventory included categories 3 through 6 for the first time. In November 2023, Flexium introduced a system platform to consolidate emissions information from various categories across all plants. The third-party verification of 2022 data, initially scheduled for September 2023, was delayed due to the verifier’s schedule and the reassignment of responsibilities within the company but was completed in February 2024.

Due to the addition of the fifth plant, Hofa Plant, in 2022 and the third-party verification of GHG inventory data, Flexium has designated 2022 as the baseline year for its GHG inventory. Following the ISO 14064-1:2018 organizational GHG inventory standard, the organizational boundary for the inventory is set using the operational control approach. This includes six locations: five plants and a dormitory building, all fully owned by the company. The method consolidates facility-level GHG emissions and removals. Through a significance assessment, significant indirect emission sources that need to be included in the calculations are identified.

The GHG emissions disclosed in the 2022 Sustainability Report were 89,475.333 tons CO_2e (self-inventoried). After third-party verification, the emissions were revised to 90,851.770 tons CO_2e. The primary adjustment was in the calculation method for process emissions of CF4. Initially, emissions were calculated based on procurement quantities, but the revision considered the actual usage of gas cylinders, accounting for residual pressure when cylinders are replaced. The residual gas was estimated at 10% of the cylinder capacity. This adjustment corrected Scope 1 data and incorporated Scope 3-4 data, resulting in an overall increase in GHG emissions compared to the previous year's report.

The 2023 GHG emissions inventory data, which is self-inventoried, will undergo verification in July 2024. The ISO 14064-1 verification statement is expected in August. The reported emissions are 76,494.943 tons CO_2e, representing a decrease of approximately 15.80% compared to 2022. This reduction is primarily due to a decrease in process emissions (Scope 1) and the effectiveness of controls on gases used in the processes. Moving forward, the company will continue to implement energy-saving measures and improve energy efficiency within the plants, aiming to reduce carbon emissions annually to meet the group's sustainability goals.

Greenhouse Gas Emissions (tCO_2e)

Category	Source	2020	2021	2022	2023
Scope 1	Stationary combustion	1.150	509.627	983.0855	970.7788
	Mobile combustion	15.470	68.503	83.4651	96.2967
	Process emissions	-	36,732.852	25,134.4792	8,727.5880
	Fugitive emissions	0.960	983.984	2,536.4730	2,565.2757
	Subtotal	17.580	38,294.966	28,737.5028	12,359.9392
Scope 2	Imported energy	26,886.700	28,900.943	45,958.6214	47,319.0727
Scope 3	Transportation	-	-	1,563.1612	1,472.4318
Scope 4	Products used	-	-	14,592.4846	15,343.4990
	Subtotal	26,886.700	28,900.943	62,114.2672	64,135.0035
	Total	26,904.280	67,195.909	90,851.770	76,494.943

Note:

1. The inventory boundary is set using the operational control approach, including Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, Hofa Plant, and dormitories (Hsi-Fu Building) in the Kaohsiung region. (Hofa Plant data was included starting 2022).
2. Emission calculations are based on the "Greenhouse Gas Emission Coefficient Management Table Version 6.0.4 (updated on 2019/6/27)" published by the Environmental Protection Administration, Executive Yuan, with GWP values from the IPCC Fifth Assessment Report.
3. Scope 1 includes stationary emissions, process emissions, mobile emissions, and fugitive emissions.
4. Scope 2 covers purchased electricity with emission factors of 0.509 kg CO_2e/kWh (2020), 0.502 kg CO_2e/kWh (2021), 0.509 kg CO_2e/kWh (2022), 0.495 kg CO_2e/kWh (2023), and 0.494 kg CO_2e/kWh (2024).
5. Energy consumption at the Pingzhen Office accounts for less than 0.1% of the total energy consumption of the Kaohsiung plants annually, hence it is excluded from the energy and GHG inventory scope.
6. All GHG data are self-inventoried results; 2019 and 2020 used the ISO 14064-1:2006 GHG inventory standard; 2021 and 2022 used the ISO 14064-1:2018 standard.
7. GHG emissions in 2021 saw a significant increase compared to 2020, mainly because CF4 was not inventoried in 2020; additionally, the significant increase in 2022 compared to 2021 is due to the inclusion of Hofa Plant emissions in the 2022 inventory boundary.
8. Dafa Plant V started operations in 2021, leading to a significant difference in stationary emissions between 2020 and 2021 due to the use of natural gas.
9. The GHG emissions disclosed in the 2022 sustainability report were 89,475.333 tons of CO_2e, based on self-inventory results. After third-party verification in 2024, the calculation method for CF4 was adjusted, resulting in revised emissions of 90,851.770 tons of CO_2e, with the information recompiled for this year.

Emissions of each Gas in Scope 1 (tCO_2e)

Emissions	2020	2021	2022	2023
CO_2	17.010	575.954	1,062.5248	1,063.3648
CH_4	0.230	215.151	254.3499	275.4465
N_2O	0.340	1.669	2.8274	2.6743
HFCs	0	769.340	2,056.5215	2,064.0656
PFCs	-	36,732.852	25,134.4792	8,727.5880
SF_6	0	0	226.8000	226.8000
NF_3	0	0	0	0
Total	17.580	38,294.966	28,737.5028	12,359.9392

Notes:

1. Scope 1 includes stationary, mobile, process and fugitive emissions.
2. The 2022 sustainability report disclosed Category 1 emissions of 42,866.792 tons CO_2e, based on self-inventory results. After third-party verification in 2024 and adjustments to the CF4 calculation method, the revised Category 1 emissions are 28,737.5028 tons CO_2e. This information has been updated accordingly.

3.2 Energy and Resources Management

3.2.1 Energy Use

Flexium has appointed two energy management officers from the plant management team and established an Energy Resource Management Organization to oversee annual energy-saving plans. The company's energy usage includes gasoline, diesel, and electricity, with electricity being the largest component. The energy management officers continuously monitor and record electricity consumption weekly for cost control and production efficiency.

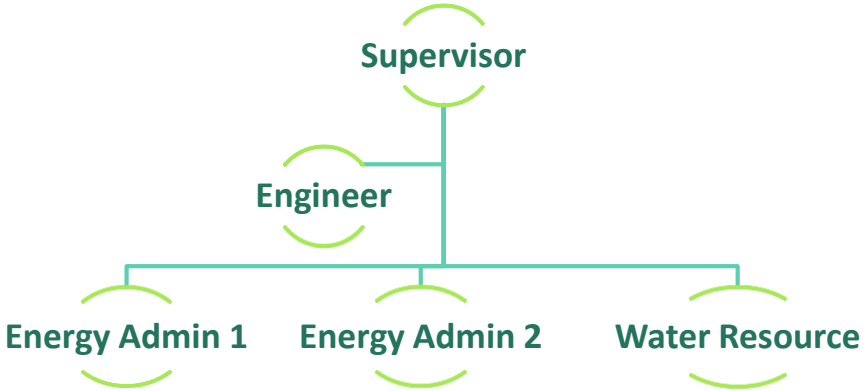
Since the Hofa Plant began operations in the second half of 2022, only half a year of its electricity consumption was included. In 2023, the annual data from all plants was included, increasing purchased electricity from 80,335 kWh to 95,788 kWh. Therefore, 2023 is the baseline year for energy reduction. Additionally, the Dafa Plant adopted the ISO 50001:2018 energy management system standard in 2023 and obtained certification in November. This system will be extended to other plants.

Due to electricity usage being the primary source of greenhouse gas emissions, Flexium has planned and implemented greenhouse gas control measures through the "GHG Inventory Management Procedure" to reduce emissions or increase removal. In addition to this procedure, Flexium has implemented the ISO 50001:2018 energy management system standard in 2023. The company manages equipment based on procedures such as "Energy Audit Management Procedure," "Energy Objectives, Targets, and Action Plans Procedure," "Energy Management Monitoring, Measurement, and Analysis Procedure," and "Major Energy-Using Equipment Control Procedure." These procedures guide equipment improvements and maintenance.

In 2023, the facilities department replaced old equipment, such as air compressors and chillers, continued energy-saving measures, including major maintenance of chillers, improving the air compression system, lowering the cooling tower water outlet temperature, and installing air conditioning inverters. These measures, along with increasing the chiller outlet water temperature by one degree and using the EMS smart energy management system, set reasonable electricity usage for production equipment and managed non-essential power consumption when the production line is not operating. Real-time alerts and notifications help achieve energy-saving goals. The energy-saving measures implemented in 2023 resulted in savings of 5,374,210.28 kWh, equivalent to approximately 2,654.86 tons of CO_2e reduced.

Flexium reports energy usage annually for plants with contract capacities over 800 kW, aiming for an annual energy savings of more than 1%. Energy managers push and execute energy-saving plans based on these targets, holding quarterly meetings to track progress and adjust goals, ensuring annual energy efficiency improvements of more than 1% compared to the previous year.

Flexium Energy Management Organization



- **Supervisor:** Oversees the implementation of carbon reduction efforts, formulates energy-saving targets, and completes project tasks.
- **Energy Administrators:** Focuses on energy improvements.
- **Water Resources:** Works on water resource system enhancements.
- **Engineer:** Arranges meetings, collects energy-saving and carbon reduction data, and prepares monthly execution reports.

Energy Consumption

Energy Type	Unit	2020	2021	2022	2023
Diesel	kilolitre	3.2	5.4	12.8	23.3
	Million Joules（MJ）	$1.12*10^2$	$1.89*10^2$	$4.50*10^2$	$8.19*10^2$
Gasoline	kilolitre	3.5	20.98	9.04	21.16
	Million Joules（MJ）	$1.14*10^2$	$6.85*10^2$	$2.95*10^2$	$6.91*10^2$
Natural gas	Thousand cubic meters	-	224.038	508.683	506.49
	Million Joules（MJ）	-	$9.04*10^6$	$2.05*10^7$	$2.08*10^7$
Purchased Electricity	Kilowatt-hours	52,823	57,580	80,335	95,788
	Million Joules（MJ）	1.90×10^8	2.07×10^8	2.89×10^8	3.45×10^8
Renewable Energy	Kilowatt-hours	0	0	0	0
	Million Joules（MJ）	0	0	0	0
Total	Million Joules（MJ）	$\fallingdotseq 1.90 \times 10^8$	$\fallingdotseq 2.07 \times 10^8$	$\fallingdotseq 2.89 \times 10^8$	$\fallingdotseq 3.66 \times 10^8$

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. Natural gas use at Dafa Plant V began in 2021; thus, data from 2019 and 2020 do not include natural gas.
9. The total calorific value of natural gas is calculated using data from the gas distribution station, based on the average calorific value (kcal) per month, multiplied by the monthly usage, and converted using 4.184 (J/cal).
10. The addition of Hofa Plant in the second half of 2022 and its full operation in 2023 led to increased external electricity and diesel usage compared to previous years.
11. In 2023, Flexium's Kaohsiung plant and Pingzhen office did not use renewable energy.

Year	Project	Measures	Estimate of annual electricity savings (MWh)	Calculation Method
2020	**Water Chiller**	**1°C water temperature increase**	**97.7**	A 1,200 RT chiller with a 60% load and 0.62 kW/RT efficiency reduces power consumption by 2.5% for each 1°C increase in chilled water temperature. **(1,200 RT*60%*0.62 kW/RT*2.5%*8,760 hours/year = 97,761.6 kWh/year)**
2021	**Water Chiller**	**Replacing low-efficiency water chillers to improve energy conservation**	**551**	Replacing two 300 LPM (Liters Per Minute) chiller units with three new units resulted in an annual electricity consumption reduction from 2,572,112 kWh to 2,021,233 kWh, achieving a savings of 550,879 kWh and an efficiency improvement of 21%. Calculation Method: •Before Replacement:： ▶ Two chiller units, each with a capacity of 300 LPM. ▶ Unit A efficiency: 0.89 kW/RT, cooling capacity: 1,584,000 RT/HR. ▶ Unit B efficiency: 0.68 kW/RT, cooling capacity: 1,708,200 RT/HR. ▶ Calculation: (0.89 * 1,584,000) + (0.68 * 1,708,200) = 2,572,112 kWh. •After Replacement： ▶ Three new chiller units, each with a capacity of 300 LPM. ▶ Unit A efficiency: 0.63 kW/RT, cooling capacity: 208,800 RT/HR. ▶ Unit B efficiency: 0.63 kW/RT, cooling capacity: 1,386,000 RT/HR. ▶ Unit C efficiency: 0.59 kW/RT, cooling capacity: 1,708,200 RT/HR. ▶ Calculation: (0.63 * 208,800) + (0.63 * 1,386,000) + (0.59 * 1,708,200) = 2,021,233 kWh. **Before replacement: 2,572,112 kWh - After replacement: 2,021,233 kWh = Energy savings of 550,879 kWh, with an efficiency improvement of 21%.**
2022	**Water Chiller**	**1) Increase the outlet water temperature by 1°C.** **2) Align with EMS system management.**	**29.3**	A 540 RT chiller, operating at 40% load with an efficiency of 0.62 kW/RT, reduces power consumption by 2.5% for each 1°C increase in outlet temperature. **(540RT*40%*0.62 kW/RT*2.5%*8,760 hours/year=29,328.5 kWh/year)**
2023	**Water Chiller**	**1) Lower chilled water return line pressure.** **2) Major maintenance on chilled water unit.** **3) Raise outlet water temperature by 1°C.**	**1,122.9**	1) Decrease in return water pressure: Saves 38,405 kWh per month, approximately 460,860 kWh annually. 2) Major maintenance of the chiller: • Dafa Plant: ▶ Condenser and tube cleaning save about 7%. ▶ Chiller 01: Pre-maintenance use = 1,376,179 kWh. ▶ Chiller 02: Pre-maintenance use = 1,410,931 kWh. ▶ Total savings = (1,376,179 + 1,410,931) × 7% = 195,097 kWh. • Dafa Plant II: ▶ 3,206,160 KWh*3%=277,516.8 ▶ Tube cleaning saves about 3%. ▶ Pre-maintenance use = 3,206,160 kWh. ▶ Savings = 3% × 3,206,160 × 11/12 = 88,169.58 kWh. • Dafa Plant III: ▶ Tube cleaning saves about 3%. ▶ Pre-maintenance use = 3,206,160 kWh.

Year	Project	Measures	Estimate of annual electricity savings (MWh)	Calculation Method
				▶ Savings = 3% × 3,206,160 = 277,516.80 kWh. 3) Increasing the chiller outlet temperature by 1°C at Dafa Plant can save about 3% on electricity costs: • Chiller 01: Pre-maintenance use = 1,376,179 kWh. • Chiller 02: Pre-maintenance use = 1,410,931 kWh. • Chiller 03: Pre-maintenance use = 587,520 kWh. ▶ Total: 1,376,179 kWh + 1,410,931 kWh + 587,520 kWh = 3,374,630 kWh ▶ Savings: 3,374,630 kWh * 3% = 101,238.9 kWh
2023	**Cooling Tower System**	**Lowering the Cooling Tower Outlet Temperature**	**202.5**	The cooling tower at Dafa Plant currently outputs water at 34°C. After replacement, it will be reduced to 32°C, saving approximately 6% of the chiller's electricity consumption. • Dafa Plant Chiller 01: Preimprovement consumption = 198KW * 8688 hrs * 80% load = 1,376,179 kWh • Dafa Plant Chiller 02: Preimprovement consumption = 203KW * 8688 hrs * 80% load = 1,410,931 kWh • Dafa Plant Chiller 03: Preimprovement consumption = 70KW * 4320 hrs * 80% load = 241,920 kWh ▶ **Total: 1,376,179 kWh + 1,410,931 kWh + 241,920 kWh = 3,029,030 kWh** ▶ **Savings: 3,029,030 kWh * 6% = 181,741.8 kWh**
2023	**Installation of Inverters in AC Systems**	**Usage of Inverters**	**2,932.5**	1) Air Conditioning Unit (OAS-SUPPLY) Inverter •Before inverter installation: OAS-SUPPLY air conditioning units (201~204, 301~305, 401) operated at 60Hz with a power consumption of 45kW. •After inverter installation: ▶ 201~204: Average 45.47Hz, 19.93kW (operating rate 75%) ▶ 301~305: Average 40.73Hz, 14.07kW (operating rate 80%) ▶ 401: Average 36.74Hz, 10.33kW (operating rate 99.45%) •**Annual energy savings:** **((45kW - 19.93kW) * 4 units * 75%) + ((45kW - 14.07kW) * 5 units * 80%) + ((45kW - 10.33kW) * 1 unit * 99.45%) * 24 hours/day * 365 days/year = 2,044,666 kWh** 2) Air Conditioning Unit (OAS-EXHAUST) Inverter •Before inverter installation: OAS-EXHAUST air conditioning units (201~204, 301~305, 401) operated at 60Hz with a power consumption of 18.5kW. •After inverter installation: ▶ 201~204: Average 45.38Hz, 8kW (operating rate 50%) ▶ 301~305: Average 39.84Hz, 5.42kW (operating rate 60%) ▶ 401: Average 36.15Hz, 4.05kW (operating rate 99.45%) •**Annual energy savings:** **((18.5kW - 8kW) * 4 units * 50%) + ((18.5kW - 5.42kW) * 5 units * 60%) + ((18.5kW - 4.05kW) * 1 unit * 99.45%) * 24 hours/day * 365 days/year = 653,588 kWh** 3) Air Conditioning Unit (PAH) Inverter Installation •Before inverter installation: ▶ General air conditioning unit PAH-101 operated at full load power of 11kW. ▶ PAH-201 operated at full load power of 22kW.

Year	Project	Measures	Estimate of annual electricity savings (MWh)	Calculation Method
				▶ PAH-401 operated at full load power of 5.5kW. •After inverter installation: ▶ PAH-101: Average 52.12Hz, 7.21kW (operating rate 99.45%) ▶ PAH-201: Average 31.22Hz, 3.1kW (operating rate 3.97%) ▶ PAH-401: Average 36.24Hz, 1.21kW (operating rate 16.67%) •**Annual energy savings:** **((11kW - 7.21kW) * 99.45%) + ((22kW - 3.1kW) * 3.97%) + ((5.5kW - 1.21kW) * 99.45%) * 24 hours/day * 365 days/year = 46,038 kWh** 4) Installation of Inverters for Air Handling Units (RCU) •Before Installation: Air handling units RCU-101 and RCU-102 had a full-load operating power of 15 kW. •After Installation: ▶ RCU-101 operates at an average of 36.57 Hz with a power of 3.4 kW (utilization rate 99.45%). ▶ RCU-201 operates at an average of 41.61 Hz with a power of 5 kW (utilization rate 99.45%). •**Annual Energy Savings:** **Calculated as \[((15 kW - 3.4 kW) * 99.45% + (15 kW - 5 kW) * 99.45%)] * 24 hours/day * 365 days/year = 188,175 kWh.**
2023	**Air Compression System Improvement**	**1) Replace the type of drain valve on the air storage tanks.** **2) Process optimization improvements.**	**1,116.4**	1. Replace the type of drain valve on the air storage tanks: •The current configuration of the air compressor storage tanks uses a 1/2" valve (12 mm diameter for drainage). •The storage tank drain uses a pneumatic float drain (drains when the liquid level reaches it). •For an Atlas Copco (250HP 31.1CMM) compressor: With a 12 mm diameter, the hourly air consumption is calculated as 10.7 x [3600 seconds / (1200 seconds + 5 seconds)] x (5/60) = 2.6CMM. This equates to 2.6 / 31.1 x 250 = 21HP or 15.9 kW of operation. ▶ **Energy savings: 15.9 kW x 24 hours x 362 days x 2 units = 276,278 kWh/year (276.28 MWh/year).** 2. Process Optimization Improvements: •Hofa Plant Air Compressor: ▶ Annual consumption was 2,392,176 kWh. Reducing pressure by 1 kg/cm² saves 6%. Lowering pressure from 7.5 to 7 kg/cm² saves 3%. ▶ **Annual savings:** 71,765 kWh •Dafa Plant Air Compressor: ▶ Reducing air pressure from 8 kg to 7 kg saves 8%. ▶ Before optimization: 75 kW x 8,760 hours = 657,000 kWh/year ▶ Before optimization: 37 kW x 8,760 hours = 324,120 kWh/year ▶ **Savings:** 78,489.6 kWh/year •Dafa Plant II: ▶ Eliminating one 100 HP (75 kW) compressor saves energy. ▶ **Annual savings for three months:** 164,250 kWh •Dafa Plant III: ▶ Switching to a dedicated vacuum machine reduced high-pressure air use by 30%. ▶ Before modification: 200 kW x 8,760 hours = 1,752,000 kWh/year ▶ **Savings:** 525,600 kWh/year

Greenhouse Gas Reduction Outcomes After Implementing Energy-saving Measures

Item	Unit	Outcomes			
		2020	2021	2022	2023
Electric Power Savings	MWh	97.7	551	29.3	5,374.21
	Million Joules (MJ)	$3.5*10^5$	$1.98*10^6$	$1.05*10^5$	$1.93*10^7$
CO_2 Reduction	tCO_2e	49.729	276.602	14.928	2,654.860
Total Invested Amount	NT$ (Million)	0	4.25	0	0
Annual Cost Savings	NT$ (Million)	0.24	1.38	0.07	20.42

Notes:
1. The emission factors for purchased electricity are: 0.509 kg CO_2e/kWh (2020), 0.502 kg CO_2e/kWh (2021), 0.509 kg CO_2e/kWh (2022), 0.495 kg CO_2e/kWh (2023), 0.494 kg CO_2e/kWh (2024).
2. 1 kWh = 3.6 Million Joules (MJ)
3. Cost savings are calculated based on an average electricity price of NT$3.8 per kWh (average for semi-peak and off-peak periods).
4. In 2023, continued energy-saving measures, including major maintenance of chiller units, air compressor system improvements, lowering the cooling tower outlet temperature, installing variable frequency drives, reducing chiller return water pressure, and increasing chiller outlet water temperature, led to an annual electricity savings of 5,374,210 kWh.s

Renewable Energy Planning for the Future

Flexium not only replaces old equipment and continues implementing various energy-saving measures but also actively addresses power shortages. On September 5, 2022, the company joined the global renewable energy initiative RE100, led by climate organizations and the Carbon Disclosure Project. To meet RE100's target of 100% renewable energy by 2040, Flexium assessed the feasibility of renewable energy installations in 2022. Given the long construction time for solar power plants, the plan was adjusted. The short-term goal is to install energy storage systems and purchase renewable energy (wind and solar) to temporarily address the power gap, with a plan to purchase 1 MW of renewable energy in 2023. Energy storage systems require less space and have a shorter installation time compared to building power plants, and they can serve as backup power sources to enhance power quality and stability. The mid-term goal is to compare the costs of purchasing renewable energy, storage, and building power plants or other renewable energy generation technologies, seeking the most cost-effective solution for future planning. The long-term goal involves assessing the land, hardware, and environmental requirements for building power plants or other alternatives, aiming for maximum renewable energy use and exploring the feasibility of selling surplus energy. In 2022, Flexium used ISO 14064-1:2018 standards for greenhouse gas inventory, initially planning to apply for third-party verification in 2023. Due to delays, this will be completed by February 2024.

To achieve the 30% carbon reduction target for 2023, the original plan included purchasing 1 MW of renewable energy for the Kaohsiung plant, 2 MW for the Kunshan plant, and installing CF4 reduction equipment. Due to a comprehensive overhaul of related control equipment, the CF4 reduction equipment installation has been postponed to the end of 2025, with a focus on purchasing 2 MW of renewable energy for the Kunshan plant in 2023.

3.2.2 Raw Materials

Flexium is committed to providing global customers with high-quality, environmentally friendly products. Our procurement philosophy prioritizes environmental friendliness. Currently, we use virgin raw materials for quality considerations and customer requirements, and we do not yet procure recycled materials. According to procurement statistics for 2023, Flexium's top three raw materials are copper, protective films, and chemicals. The usage of these materials fluctuates with product structure and market demand. In 2023, copper and protective film usage increased by 8% and decreased by 10% respectively compared to 2022, mainly due to the demand for new products and multi-layer boards. Chemical usage increased by 13% in 2023 compared to 2022, driven by the requirements of new plant validation and production capacity.

To implement a localized procurement policy, Flexium not only reduces unnecessary air or sea freight costs but also minimizes the carbon footprint generated by material transportation. Currently, the main procurement area for raw materials is Taiwan. In 2023, 91.1% of our procurement expenditure was locally sourced, supporting the development of local suppliers through our procurement actions.

Usage of Main Materials

Item	Unit	Usage			
		2020	2021	2022	2023
Copper	m^2	1,100,041	1,225,739	956,011	1,036,703
Coverlays	m^2	1,489,436	1,714,791	1,794,183	1,609,164
Chemicals	l	984,044	1,478,625	3,232,152	3,654,249

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

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.

The total weight of scrapped flexible printed circuit materials collected in 2023 amounted to 28.294 tons (including the Dafa Plant, the Dafa Plant II, the Dafa Plant III, the Dafa Plant V, and the Ho-Fa Plant), which is 14.922 tons more than the 13.372 tons collected in 2022, representing an increase of 111.59%. 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 586 tons of plastic film rolls and 108 tons of paper boxes. These materials are categorized and stored accordingly, and then sent to certified recycling vendors for processing 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

Impact Stage	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 sources primarily come from the Fengshan Reservoir. In 2021, the company initiated the construction of ROR (reverse osmosis reject water) recycling cooling towers and washing towers, extending the pipelines to more buildings to enhance recycling efficiency and reduce overall tap water consumption. In 2023, the total tap water usage was 1,402,643 tons, a 17.45% increase compared to 1,194,240 tons in 2022. This increase is due to the Ho-Fa Plant's full-year inclusion in 2023, as it was commissioned in the second half of 2022, thereby affecting the annual water usage calculations. During the first half of 2023, due to water shortages across Taiwan, the company increased its use of groundwater, totaling 66,518 tons for the year, compared to 751 tons in 2022. The water conservation plan continued from 2022, recycling ROR (RO concentrate) to cooling towers and washing towers. In December 2023, the Ho-Fa Plant also completed recycling ROR to washing towers, resulting in a total recycled water volume of 608,872 tons, an increase of approximately 41.87% compared to 429,183 tons in 2022. The overall water recycling rate for the year 2023 was 31.57% (including the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Ho-Fa Plant), up from 27.43% in 2022 (including the Dafa Plant, Dafa Plant II, Dafa Plant III, and Dafa Plant V), marking a 4.14% increase. This improvement is attributed to including the Ho-Fa Plant's data and the efficient implementation of ROR recycling systems in new buildings. The plant maximizes the use of recycled water through circulation mechanisms, with cooling towers achieving a concentration ratio of

approximately 11.5 times and washing towers about 20 times. Additionally, production line washing tanks use a three-layer design for optimal water reuse (approximately 2.5 times), estimating a total recycled water volume of about 4,652,857 tons for the year, with a corresponding carbon savings of 725,845.7 $kgCO_2$. The data shows yearly improvements in water recycling performance, effectively reducing regional water resource stress. The company sets water management goals based on environmental policies, risk assessments, legal requirements, customer demands, and internal audits, reviewing KPI achievements monthly to monitor and improve progress. By increasing water recycling, Flexium addresses industrial area water distribution issues and fosters a more sustainable development environment.

*Note: The "overall plant water recycling rate" is calculated as [Total Recycled Water Volume / (Total Recycled Water Volume + Discharged Water Volume)].

Water Consumption and Discharge

Item		Unit	2020	2021	2022	2023
Water withdrawal	Third-Party Sources: Tap Water	Million liters	911.2	780.4	1,194.2	1,402.6
	Groundwater		55.8	125.2	0.8	66.5
	Surface Water: Rainwater		1.8	1.8	1.1	3.4
Subtotal			968.8	907.4	1,196.1	1,472.5
Water discharge		Million liters	853.5	825.0	1,083.4	1,319.6
Water consumption		Million liters	115.3	82.4	112.7	152.9

Notes:

1. Water consumption = Water intake – Discharge
2. For 2022, the calculation scope includes the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Ho-Fa Plant. Since the Ho-Fa Plant was commissioned in the second half of 2022, the data for the Ho-Fa Plant covers July to December 2022, while the other plants' data cover the entire year of 2022.
3. For 2023, the calculation scope includes the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Ho-Fa Plant, with all plants' data covering the full year.
4. Recycled water and groundwater are recorded using cumulative flow meters; rainwater volume is estimated based on rainfall data and the area of land used within the plant.
5. The total dissolved solids in all water sources are less than or equal to 1,000 mg/L.
6. Rainwater volume is estimated using data from the Central Weather Bureau's Kaohsiung station, calculated as monthly rainfall data * plant land area * 2% reuse rate.
7. Water-related carbon emission factor: 0.156 CO_2e/kWh (Source: 2022 Sustainability Report of Taiwan Water Corporation)

Water Management Performance

Item	Unit	Usage			
		2020	2021	2022	2023
All water consumed	Million liters	1,211.000	1,228.700	1,624.174	2,078.033
Third-Party Source - Tap Water Withdrawal	Million liters	911.198	780.441	1,194.240	1,402.643
Third-Party Source - Tap Water Percentage	%	75.40	63.52	73.53	67.50
Groundwater	Million liters	55.839	125.183	0.751	66.518
Groundwater Percentage	%	4.60	10.19	0.05	3.20
Output Water - Reclaimed water	Million liters	242.178	321.299	429.183	608.872
Output Water - Reclaimed water Percentage	%	20.00	26.15	26.42	29.30

Notes:

1. Tap water data is based on water meter readings.
2. Recycled water data is based on daily meter readings (input to the recycled water system).
3. For 2022, the calculation scope includes the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Ho-Fa Plant. Since the Ho-Fa Plant was commissioned in the second half of 2022, its data is calculated for July to December 2022, while the other plants are calculated for the entire year of 2022.
4. For 2023, the calculation scope includes the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Ho-Fa Plant, with all plants calculated for the entire year.

Water Conservation Measures and Outcomes

Item	Unit	2020	2021	2022	2023
Measures	-	Reclaimed water was used for additional purposes in 2020 (such as Cooling water and replenishing wet scrubbers)	In 2021, ROR continued to increase and was recycled back into cooling towers and scrubbers.	Continuing the 2021 water conservation plan, ROR was recycled back into cooling towers and scrubbers.	• Added ROR recycling pipelines to scrubbers at the Ho-Fa Plant. • Continued to optimize the pure reclaimed water system's chemical cleaning process to improve water use efficiency.
Water Conservation	**ton**	**242,178**	**321,299**	**429,183**	**608,872**
Annual Cost Savings	**NT$**	**11,382,366**	**15,101,053**	**20,171,601**	**28,616,961**

Notes:

1. Digital water meters produce real-time statistics for effective control of water usage.
2. The base rate for calculating cost savings was NT$ 47 per metric ton of recycled water.
3. 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

The primary air pollutant from Flexium is volatile organic compounds (VOCs). The company has applied for permits for stationary pollution sources in accordance with regulations from the Environmental Protection Bureau. Trial operation testing is conducted in line with the "Management Regulations for Stationary Pollution Source Installation and Operation Permits," and actual emissions values are lower than the standards announced by the Ministry of Environment. Flexium has established an "Air Pollution Control Procedure," where certified personnel who have undergone dedicated air pollution control training operate stationary pollution source equipment and conduct regular monitoring to ensure compliance with permit standards. In the event of equipment failure or other unexpected incidents causing significant pollutant emissions, Flexium adheres to the "Air Pollution Control Act" by reporting to the municipal Environmental Protection Bureau within one hour of the incident and completing repairs or ceasing operations within 24 hours. A written report is submitted to the local competent authority within 15 days of the incident. In 2023, total revenue was NT$32.729 billion, a decrease of 18.3% from NT$40.07 billion in 2022. VOC emissions decreased from 25,065 kg to 22,797 kg, a reduction of 9.05%, demonstrating the effectiveness of the company's VOC control measures.

VOC Emissions Volume

Item	Unit	2020	2021	2022	2023
Volatile Organic Compounds (VOCs)	Kg	27,370	28,783	26,787	22,797
Nitrogen Oxides (NOx)	Kg	59	215	369	487
Total Suspended Particulates (TSP)	Kg	5	7	14	17
Sulfur Oxides (SOx)	Kg	0	0	0	0

Notes:

1. The emission quantities are calculated based on the Ministry of Environment's announced "Industry Process Emission Factors, Operational Unit (including Equipment Components) Emission Factors, Control Efficiency, and Other Measurement Regulations for Declaring Air Pollution Control Fees from Fixed Pollution Sources at Public and Private Places" for Volatile Organic Compounds (VOCs).
2. The calculation scope includes the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and the Hofa Plant. Since the Hofa Plant was commissioned in the second half of 2022, its data calculation period is from July to December 2022, while the other plants are calculated for the entire year of 2022.
3. Data source: Summarized from the quarterly reports submitted to the Ministry of Environment in 2023.
4. The "Volatile Organic Compounds (VOCs)" disclosed in the 2022 Sustainability Report was 25,065 kg. However, the original filling method was based on reported values using detection coefficients. After subsequent review and correction by the competent authority, the reported values were adjusted to 26,787 kg using the announced coefficients. Therefore, the data has been revised, reflecting an increase compared to the previous year's report.
5. In accordance with GRI 305-7, Nitrogen Oxides (NOx), Total Suspended Particulates (TSP), and Sulfur Oxides (SOx) have been added. Consequently, data for 2020-2023 has been included.

3.3.2 Effluents

Flexium's wastewater discharge is treated through processes such as equalization, coagulation, and sedimentation. In addition to internal monitoring, we arrange for third-party certified units to conduct regular testing of wastewater discharge to the industrial park, as required by law. All results meet the discharge standards. Once the wastewater quality is confirmed to meet the Dafa Industrial Park and Hofa Industrial Park's standards, it is then discharged into the Kaohsiung Linhai Linyuan Dafa Industrial Park Combined Wastewater Treatment Plant and the Hofa Industrial Park Wastewater Plant. Our wastewater treatment also includes a copper electrolysis recovery system, which treats high-concentration copper-containing wastewater to produce high-purity (99%) copper columns. In 2023, a total of 10.5 tons of copper columns were recovered. We emphasize both source reduction and end-of-pipe treatment. As a result, our wastewater discharge does not have a significant impact on natural habitats and biodiversity. In 2023, with the first full inclusion of the Hofa Plant's water usage, the total water consumption increased to 1,469,161 tons, up approximately 22.94% from the 1,194,991 tons in 2022. The total wastewater discharge for 2023 was 1,319,600 tons, a 21.80% increase from the 1,083,415 tons in 2022. The proportionate increase in water usage and wastewater discharge indicates that while new plants and processes have increased water consumption, proper water management has ensured that water usage and discharge remain aligned, avoiding unnecessary water wastage.

3.3.3 Waste

To effectively classify and store waste within the plant, Flexium has established the "Waste Classification, Storage, and Handling Operating Procedures." This ensures proper response and swift handling in the event of a waste-related incident. The Environmental Engineering Section categorizes waste into general industrial waste and hazardous industrial waste, recording them in the "Waste Disposal Log." The primary types of hazardous waste produced include mercury-containing waste lighting, waste ink, metal-containing printed circuit board scraps and dust, wastewater treatment sludge from electroplating processes, waste acidic etching solutions, toxic hazardous waste containers, copper and its compounds, copper sulfate crystals, and cyanide electroplating solutions. These are all managed and recycled by qualified domestic vendors, following the "Waste Disposal Vendor Inspection Operating Procedures." The "Annual Waste Disposal Vendor Audit Plan" is formulated to conduct regular on-site audits or random follow-up checks, recording findings in the "Industrial Waste Disposal Vendor Audit Log" to ensure proper waste management without overseas transportation or disposal. To address the direct impacts of waste generation, Flexium has proactively improved and increased recyclable and reusable items. Since 2020, waste copper sulfate solutions have been treated in the wastewater copper electrolysis system to produce copper columns with a purity higher than 99%. In 2022, the waste copper solution electrolysis system continued to be used, and a copper electrolysis system was installed in the newly operational Hofa Plant. In 2023, the copper electrolysis system produced 10.5 tons of copper columns, a 26.40% decrease from the 14.2 tons produced in 2022, due to system adjustments at the Hofa Plant from March to September. The total waste generated in 2023 increased by approximately 26.7%, from 3,802 tons in 2022 to 4,817 tons, mainly because the Hofa Plant was only operational for the second half of 2022, while 2023 saw a full year of operation, contributing to the increased waste volume.

Impact Assessment of Wastes

Impact Stage	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 for direct assembly by downstream clients, enabling local disassembly and recycling of final products.

Solid Waste Production

Off-site Waste Classification	EPA Waste Category Codes	Item	Unit	2020	2021	2022	2023
General Industrial Waste	D、R	Reuse	tons	702	605	759	866
		Recycling	tons	0	0	0	0
		Other Recycling Activities	tons	0	0	0	0
		Recycling Rate	%	58	53	45	36
	D	Incineration (with Energy Recovery)	tons	506	546	916	1,544
		Incineration (without Energy Recovery)	tons	NA			
		Incineration Rate	%	42	47	55	64
		Subtotal	tons	1,208	1,151	1,675	2,410
Hazardous Industrial Waste	A、C、E、R	Reuse	tons	2,010	1,783	2,127	2,273
		Recycling	tons	0	0	0	0
		Other Recycling Activities	tons	0	0	0	0
		Recycling Rate	%	100	100	100	94
	C	Incineration	tons	0	0	0	134
		Incineration Rate	%	0	0	0	6
		Subtotal	tons	2,010	1,783	2,127	2,407
		Total	tons	3,218	2,934	3,802	4,817
On-site Waste Classification	EPA Waste Category Codes	Item	Unit	2020	2021	2022	2023
General/ Hazardous Industrial Waste	-	Reuse	tons	0	0	0	0
		Recycling	tons	0	0	0	0
		Other Recycling Activities	tons	0	0	0	0

Notes:

1. Data Source: Based on the Environmental Protection Administration's waste reporting system.
2. Calculation Description: For municipal waste, the total monthly amount is estimated based on a single weight measurement.
3. Environmental Protection Administration Waste Category Codes:
   Category A: Process-related hazardous industrial waste; Category B: Toxic hazardous industrial waste; Category C: Biomedical and hazardous waste with harmful characteristics; Category D: General industrial waste; Category E: Mixed metal waste; Category R: Waste designated for recycling.
4. Data for Hofa Plant: Since the Hofa Plant was operational from the second half of 2022, the data for Hofa Plant is calculated for July to December 2022, while the data for other plants covers the full year of 2022.
5. 2023 Calculation Range: Includes full-year data for Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and Hofa Plant.

04
Social

4.SOCIAL

Management Approach

<table>
<tr><th>Topic</th><th colspan="4">Talent Attraction and Retention</th></tr>
<tr><th>Reporting Requirements</th><th colspan="4">Description</th></tr>
<tr><td>Significance of the Topic</td><td colspan="4">Attracting and retaining talent directly impacts a company's long-term development, competitiveness, and social reputation. Its significance extends beyond business operations and cost-efficiency, encompassing shaping corporate culture, enhancing customer satisfaction, and maintaining social reputation. Therefore, the company integrates talent management into its strategic planning and continuously optimizes related strategies to ensure the ongoing attraction and retention of outstanding talent.</td></tr>
<tr><td>Policies/Strategies</td><td colspan="4">1) Policy Commitment: Talent is the core foundation of business operations. By utilizing diverse recruitment channels to attract outstanding talent and implementing effective retention mechanisms and competitive compensation systems, we increase the value that talent brings to Flexium.
2) Strategy: Flexium’s talent attraction and retention policy is a comprehensive strategic framework covering recruitment, training, and employee benefits. This ensures the company can attract and retain excellent talent, driving long-term business development and success.</td></tr>
<tr><td>Objectives and Targets</td><td colspan="4"><table>
<tr><th>Target</th><th>Short-term Goals (2023-2024)</th><th>Mid-term Goals (2025-2027)</th><th>Long-term Goals (2028 and beyond)</th></tr>
<tr><td>Promotion and External Recruitment of Management Personnel</td><td>≥ 50 people</td><td>≥ 50 people</td><td>≥ 60 people</td></tr>
<tr><td>Recruitment of Indirect Labor for New Plants</td><td>≥ 70 people</td><td>≥ 70 people</td><td>≥ 80 people</td></tr>
</table></td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="4">According to the Labor Standards Act, Employment Service Act, and other relevant regulations, as well as the company's "210-C-02 Personnel Recruitment and Appointment Regulations", talent recruitment operations are conducted to ensure that recruitment procedures comply with legal and ethical standards and hiring criteria and procedures, while also preventing employment discrimination or illegal activities.</td></tr>
<tr><td>Performance and Adjustments</td><td colspan="4">Looking back at 2023, the actual number of promoted and outsourced management executives reached 91, and the actual number of indirect labor recruited for new plants was 119. This meets the company's short-term goals, and we will continue to advance talent recruitment and retention measures in the future.</td></tr>
<tr><td>Preventive or Remedial Measures</td><td colspan="4">1) Increase the attractiveness and retention rate for specific positions, such as R&D and production talent, by adjusting competitive salary and benefits packages. Additionally, offer comprehensive career training and development opportunities.
2) Introduce Management Training Programs (MTP) to develop supervisors with exceptional leadership and management skills, while fostering a positive corporate culture. Ensure regular performance evaluations and feedback to provide support and guidance, motivating employees to focus on future development.
3) Conduct regular exit analyses to gain insights into reasons for employee turnover, learn from these experiences, and continuously enhance the organization’s ability to create an attractive, supportive, and motivating work environment.
These measures will help create an attractive work environment, enhance the organization's competitiveness, and retain top talent.</td></tr>
</table>

4.1 Talent Attraction and Retention

Talent is at the core of business operations. Starting in 2023, to meet the demands for capacity and R&D, we actively recruited management executives and indirect labor to join Flexium. Our target for 2023 was to promote and hire 50 management executives and recruit 70 indirect staff, and both goals have been achieved. In addition to job search platforms, we participated in major university career fairs and campus talks, and regularly posted and promoted company activity videos on our Facebook fan page and LinkedIn to build Flexium’s corporate image through social media. To highlight R&D achievements, we held a research and development technology forum in 2023 to showcase the outstanding results of our R&D team members, boost employee morale, enhance their sense of accomplishment, and provide internal transfer opportunities to ensure employees are well-suited to their roles.

4.1.1 Workforce Composition and Recruitment

Due to the complexity of the flexible circuit board manufacturing process and the industry's characteristic of requiring substantial labor for later-stage processes and varying order volumes, Flexium has continued to focus on process automation in 2023. The company established the SF department to prepare for the Smart Factory and actively recruited and trained talent in related fields. In 2023, Flexium's total number of employees reached 2,499, with manufacturing personnel comprising approximately 70% of the workforce. To enhance the capabilities of existing staff, the company has continued to develop multi-skilled employees and implement job rotation programs, enabling frontline workers to acquire more skills and realize their full potential.

Flexium Workforce Composition

Categories	Year		2020		2021		2022		2023	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Type of employment contract	Regular employees	Male	988	48.38%	1308	51.33%	1259	50.46%	1252	50.10%
		Female	658	32.22%	924	36.26%	890	35.67%	865	34.61%
	Foreign employees	Male	0	0	0	0	0	0	0	0
		Female	396	19.39%	316	12.40%	346	13.87%	382	15.29%
Region	Northern Region	Male	5	0.24%	5	0.20%	5	0.20%	5	0.20%
		Female	8	0.39%	8	0.31%	9	0.36%	9	0.36%
	Southern Region	Male	983	48.14%	1303	51.14%	1254	50.26%	1247	49.90%
		Female	1046	51.22%	1232	48.35%	1227	49.18%	1238	49.54%
Age	Below 30	Male	284	13.91%	784	30.77%	406	16.27%	381	15.25%
		Female	449	21.99%	687	26.96%	556	22.28%	544	21.77%
	31-49	Male	645	31.59%	457	17.94%	772	30.94%	786	31.45%
		Female	580	28.40%	519	20.37%	634	25.41%	648	25.93%
	50 and above	Male	59	2.89%	67	2.63%	81	3.25%	85	3.40%
		Female	25	1.22%	34	1.33%	46	1.84%	55	2.20%
Position	Senior management	Male	19	0.93%	23	0.90%	24	0.96%	24	0.96%
		Female	0	0	0	0	0	0	0	0
	Middle management	Male	94	4.60%	91	3.57%	97	3.89%	99	3.96%
		Female	16	0.78%	23	0.90%	21	0.84%	28	1.12%
	First-line management	Male	93	4.55%	128	5.02%	125	5.01%	128	5.12%
		Female	25	1.22%	36	1.41%	28	1.12%	30	1.20%
	Engineers & administrators	Male	333	16.31%	390	15.31%	394	15.79%	430	17.21%
		Female	186	9.11%	211	8.28%	239	9.58%	241	9.64%
	First-line workers	Male	449	21.99%	676	26.53%	619	24.81%	571	22.85%
		Female	827	40.50%	970	38.07%	948	38.00%	948	37.94%

Categories	Year		2020		2021		2022		2023	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Job category	Manufacturing	Male	654	32.03%	924	36.26%	850	34.07%	799	31.97%
		Female	827	40.50%	968	37.99%	937	37.56%	937	37.49%
	QA	Male	62	3.04%	78	3.06%	72	2.89%	69	2.76%
		Female	68	3.33%	90	3.53%	98	3.93%	98	3.92%
	R&D	Male	139	6.81%	153	6.00%	176	7.05%	232	9.28%
		Female	54	2.64%	62	2.43%	74	2.97%	86	3.44%
	Administrators and others	Male	133	6.51%	153	6.00%	161	6.45%	152	6.08%
		Female	105	5.14%	120	4.71%	127	5.09%	126	5.04%

Notes:
1. Personnel statistics are based on data as of December 31 each year.
2. According to GRI Standard 2-8, Dispatched Worker are considered non-employees. As a result, the calculation of employee numbers for 2020-2022 has been adjusted. The total employee count has decreased compared to the previous report due to the removal of Dispatched Worker.
3. Workforce numbers include only full-time employees.
4. Regular employees: Those on indefinite contracts, including senior and junior employees, considered permanent but excluding foreign employees. Foreign employees: All foreign staff on fixed-term contracts.
5. Senior management: plant, division level and above; Middle management: department and section level; First-line management: group/unit levels
6. Manufacturing staff: All units related to manufacturing. R&D staff: All units related to research and development. Quality assurance staff: All units related to quality control and inspection. Administrative staff: Administration, IT, finance, materials, and sales departments. Others are classified as other staff.

Non-Employee Workers in 2023

Item	Dispatched Worker	Security Guards	Cleaning Staff	Contractors Entering and Leaving the Plant
Number/Visits	40	25	19	27,810
Total	40	27,854		

Notes:
1. The number of security guards and cleaning staff is counted as personnel; contractors entering and leaving the plant are counted as visits, totaling 27,854 visits from 01/01/2023 to 12/31/2023.
2. There were 40 dispatched personnel engaged in process production support work, counted as of December 31 each year.

Diverse Workforce Composition

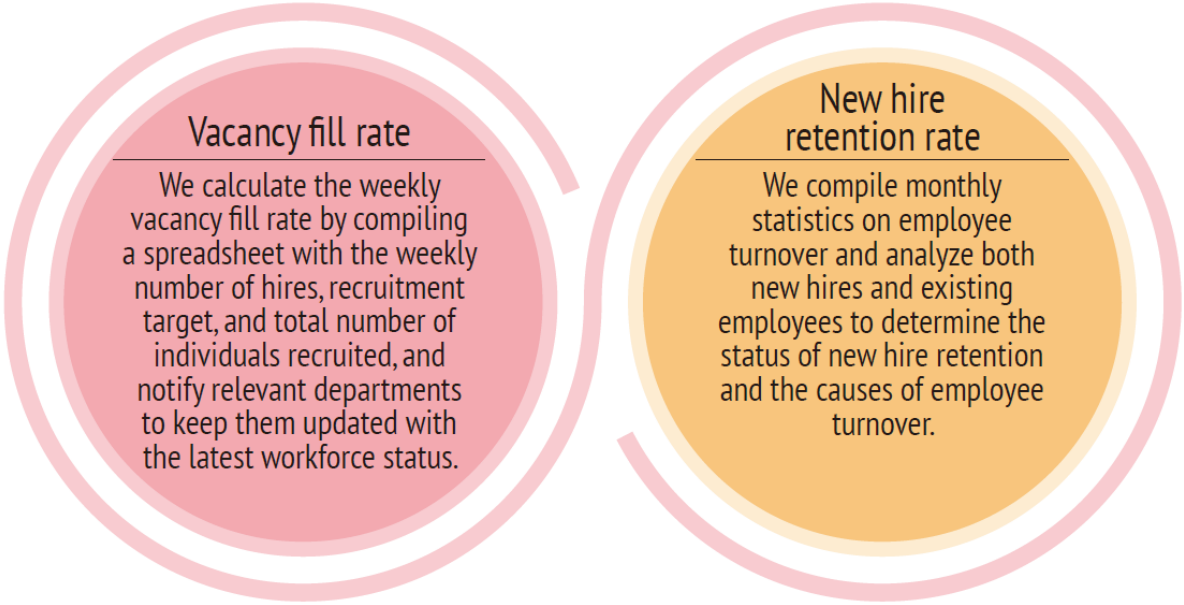
2023	Taiwan		Vietnam		Other Countries		Total
	Male	Female	Male	Female	Male	Female	
Senior Management	22	-	-	-	2	-	24
Other Management	226	55	-	-	1	3	285
Other Employees	994	796	1	391	6	2	2,190
Total	1,242	851	1	391	9	5	2,499

Note:
Senior management: plant, division level and above; Middle management: department and section level; Other Employees: Personnel not included in senior or other management levels.

In 2023, Taiwan faced severe labor shortages. To maintain a stable workforce, we continuously optimized retention conditions, expanded recruitment channels, and increased company visibility. Our efforts included participating in one ITRI 5G R&D event, attending ten campus job fairs, using social media for recruitment, collaborating with local community service centers and government employment channels, advertising on recruitment platforms, and utilizing government resources. For instance, we recruited 30 individuals through the Kaohsiung's Dream Big Program and 12 through the Youth's Employment Ultimate Program, enhancing Flexium's visibility in the recruitment market.

In recruitment management, the company regularly reviews manpower needs and sets annual MBO KPIs for recruitment targets at all levels. We track recruitment progress daily, providing summaries of progress rates, weekly and monthly hiring numbers, target numbers, and total numbers achieved. Weekly and monthly reports are also generated to address manpower gaps with strategic solutions, aiming to achieve a stable workforce.

Workforce Recruitment and Control Mechanism ▶



The Ratio of Male to Female by Position in 2023

2023	Women (%)	Men (%)	Total (%)
Management	18.77%	81.23%	100%
Technical	30.44%	69.56%	100%

Notes:
1. Management: Supervisors at the section chief level and above
2. Technical Positions: Based on STEM adjustments for counting, including employees in the following units: Quality Assurance Department, R&D Department, Product Development Department, Manufacturing Department's Mechanical and Electrical Section, Manufacturing Department's Factory Affairs Section, Manufacturing Department's Process Engineering Section, Manufacturing Department's Equipment Section, Process Engineering Division, Environmental Engineering Division, IE Promotion Division, and IT Department.

Workplace Diversity

To enhance workforce diversity and support minority groups, Flexium ensures that recruitment is free from discrimination based on age, gender, religion, or ethnicity. We encourage the employment of individuals with disabilities and assign suitable roles to boost their performance and confidence. Over the past three years, the number of employees with disabilities hired has exceeded legal requirements, and the tenure of these employees is higher than the average tenure of other employees, demonstrating Flexium's commitment to workplace diversity and inclusion.

Number of Disabled Employees Recruited

Year	2020	2021	2022	2023
Male	17	20	24	19
Female	8	9	9	11
Total	25	29	33	30
Employment Rate	1.22%	1.14%	1.32%	1.20%

Note:
According to GRI Standard 2-8, dispatched personnel are classified as non-employee workers. Therefore, the calculation of employee numbers for 2020-2022 has been adjusted to exclude dispatched personnel. Compared to the previous year's report, the revised data shows an increase in the employment rate for 2020-2022.

4.1.2 New Hires and Employee Turnover

In 2023, Flexium hired a total of 519 new employees who accounted for 20.77% 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 52.22% are women.

Composition of New Employee Hires

Category	Year		2020		2021		2022		2023	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Age	Below 30	Male	105	36.97	266	33.93	165	40.64	137	35.96
		Female	114	25.39	195	28.38	292	52.52	164	30.15
	31-49	Male	122	18.91	215	47.05	123	15.93	110	13.99
		Female	80	13.79	167	32.18	94	14.83	104	16.05
	50 and above	Male	8	13.56	1	1.49	4	4.94	1	1.18
		Female	0	0.	0	0	0	0	3	5.45
Total			429	21.01	844	33.12	678	27.17	519	20.77

Notes:
1. Ratio of Total New Employees: Total number of new regular employees / Total number of regular employees still employed as of December 31 of the year
2. Ratio by Category: Number of employees in the category / Total number of employees in the category
3. The calculation method for category ratios has been adjusted from [Number of employees in the category / Total number of employees] to [Number of employees in the category / Total number of employees in the category]. Compared to the previous year's report, the revised data shows an increase in the category ratios for 2020-2022.

In 2023, Flexium had 557 resignations, accounting for 22.29% of the total workforce, with most being first-line workers. To reduce the turnover rate, we allow employees to choose fixed shifts that suit them, improving retention. For those struggling to adapt to the work environment, we offer rotation opportunities to ensure employees are in roles that match their skills. Additionally, the new plant includes an employee rest area, in addition to existing ones, for manufacturing staff to take short breaks during their second rest period. This helps employees recharge and adapt to the nature of standing for extended periods.

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.

Since 2019, the company has 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		2023	
	Group	Gender	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)	Number of employees	Percentage in workforce(%)
Age	Below 30	Male	99	34.86	80	10.20	163	40.15	130	34.12
		Female	81	18.04	99	14.41	218	39.21	145	26.65
	31-49	Male	143	22.17	150	32.82	211	27.33	145	18.45
		Female	100	17.24	126	24.28	190	29.97	118	18.21
	50 and above	Male	9	15.25	5	7.46	8	9.88	14	16.47
		Female	4	16.00	3	8.82	4	8.70	5	9.09
Total			436	21.35	463	18.17	794	31.82	557	22.29

Note:

1. Turnover Ratio: Total number of regular employees who resigned / Total number of regular employees still employed as of December 31 of the year.
2. Ratio by Category: Number of employees in the category / Total number of employees in the category.
3. The calculation method for category ratios has been adjusted from [Number of employees in the category / Total number of employees] to [Number of employees in the category / Total number of employees in the category]. Compared to the previous year's report, the revised data shows an increase in the category ratios for 2020-2022.
4. Employees who resigned within three months of employment are not counted.

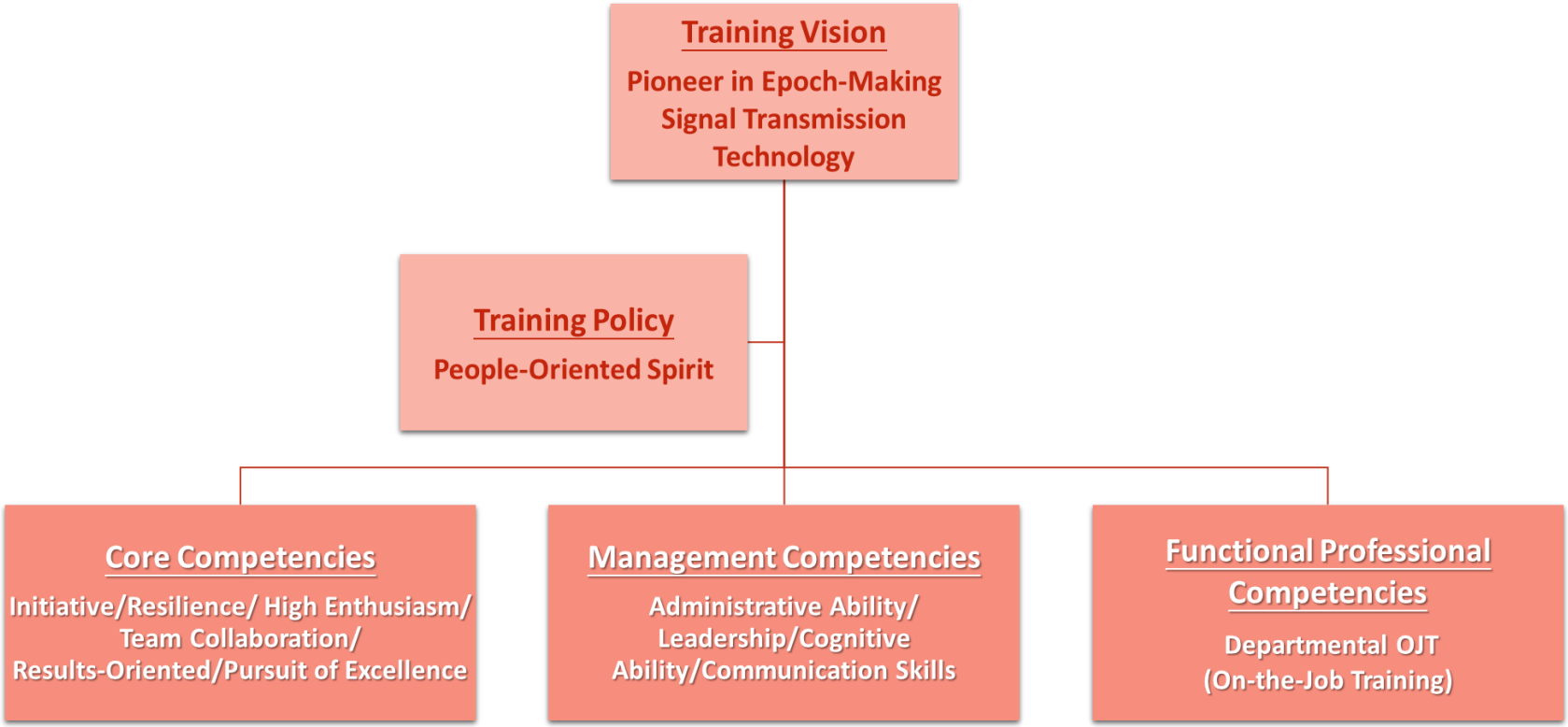
4.2 Talent Development

4.2.1 Career Development and Planning

The foundation of every enterprise lies in its people, and Flexium values talent development and succession. We emphasize nurturing and utilizing talent, defining the value of 'talent cultivation'. Flexium is committed to learning through doing, transforming knowledge into ability, and continuously and consistently implementing improvements. We focus on nurturing talent, innovating methods, setting high-bar goals, and having strategies for success. Most importantly, talent must possess the correct mindset, upgrading from a "manufacturing mindset" to a "value-providing mindset" to create products that exceed customer expectations.

Flexium envisions itself as a "Pioneer in Epoch-Making Signal Transmission Technology" for talent training, emphasizing a "People-Oriented Spirit" as its training policy. Through training programs based on three key competencies, we continuously enhance employee capabilities and foster innovation. We design key development courses for employees at all levels, encouraging participation, gathering wisdom, and generating numerous improvement proposals to enhance professional and management skills. By leveraging individual strengths, we aim to build a sustainable, century-old enterprise.

The Framework of Talent Training



In 2023, the total employee training hours amounted to 77,385 hours, averaging 31 hours of training per employee. The training content included new employee orientation, cross-departmental general courses, management courses, and various professional competency trainings. The annual training expenditure was approximately NT$8.12 million. Despite the increase in total training hours in 2023, the expenditure decreased, attributed to the successful promotion of online courses. Online courses, one of the key initiatives for 2023, provided greater flexibility and freedom for managers and employees by eliminating time and location constraints compared to in-person courses, and also reduced course delivery costs. Additionally, to enhance and strengthen the management competencies of supervisory personnel, a series of diverse management courses were introduced, resulting in a significant increase in the training hours for management personnel at all levels.

Total Training Expenditures/Training Hours

Item/Year	2020	2021	2022	2023
Total Expenditure (NT$)	**6,636,150**	**12,400,879**	**8,791,537**	**8,124,302**
Total Training Hours	**58,994**	**96,794**	**76,796**	**77,385**
Mean Training Expenditure per Employee (NT$)	**3,250**	**4,867**	**3,524**	**3,251**
Mean Training Houes per Employee (NT$)	**29**	**38**	**31**	**31**

Notes:

1. The number of employees includes all Kaohsiung Plant employees who participated in training throughout the year and were still employed at the end of the year, including regular foreign employees, totaling 2,499 people.
2. The total training expenditure includes the salary costs of employees during new hire training.
3. The above expenditure includes:
   - The number of employees who joined during the year and were employed for more than 1 month at the end of the year: (Number of employees * 22 days (1 month working hours) * 4 hours of online training per position).
   - The number of employees who joined during the year and were employed for less than 1 month at the end of the year: (Number of employees * number of days * 0.7 (working days) * 5 hours of online training per position).
4. The number of employees is based on the data as of December 31 each year.
5. According to GRI Standard 2-8, dispatched personnel are classified as non-employee workers, thus the employee numbers for 2020-2022 have been adjusted accordingly. Compared to the previous version, the disclosed data for 2020-2022 have been revised downward due to the exclusion of dispatched personnel and the calculation based on the number of employees still employed as of December 31.

Competency Training Hours

		2020	Mean	2021	Mean	2022	Mean	2023	Mean
All personnel	Male	30,163	31	53,300	41	41,335	33	41,176	33
	Female	21,351	20	34,476	28	25,418	21	36,209	29
Position	Senior management (Male)	58	3	117	5	413	17	635	26
	Senior management (Female)	0	0	0	0	0	0	0	0
	Middle management (Male)	1,804	19	1,969	22	2,662	27	3,203	32
	Middle management (Female)	162	10	360	16	227	8	729	26
	First-line management (Male)	2,036	22	3,748	29	3,106	24	3,431	27
	First-line management (Female)	356	14	730	20	213	7	633	21
	Engineers (Male)	13,924	42	18,198	47	16,497	38	19,903	46
	Engineers (Female)	5,029	27	6,709	32	9,402	39	8,061	33
	Specialists (Male)	12,343	27	29,269	43	18,658	33	14,004	25
	Specialists (Female)	15,805	19	26,679	28	15,576	16	26,786	28
Type of work	Manufacturing personnel (Male)	19,855	30	39,014	42	25,945	31	25,247	32
	Manufacturing personnel (Female)	15,904	19	25,502	26	15,626	17	27,623	29
	QA personnel (Male)	1,469	24	2,897	37	1,646	23	1,569	23
	QA personnel (Female)	1,242	18	3,454	38	2,741	28	2,206	23
	R&D personnel (Male)	6,226	45	6,505	43	7,776	44	9,678	42
	R&D personnel (Female)	1,698	31	2,037	33	2,609	35	2,863	33
	Administrative and other personnel (Male)	2,614	20	4,885	32	5,969	37	4,683	31
	Administrative and other personnel (Female)	2,507	24	3,484	29	4,443	35	3,517	28

Notes:

1. The above competency courses include management competencies (management courses) and professional competencies (various professional training for all levels).
2. The formula for calculating total competency hours is based on the actual courses offered and the training hours and category attributes of trainees still employed at the end of the year.
3. Definitions: Senior management: plant, division level and above; Middle management: department and section level; First-line management: group/unit levels; Manufacturing personnel cover all units related to manufacturing; R&D personnel cover all units related to research and development; QA personnel are responsible for quality control, inspection, and quality management; Administrative personnel include administration, IT, finance, materials, and sales departments; Other personnel are those not included in the above categories.
4. The average hours above represent the average training hours per employee for management and professional competencies.
5. The formula for calculating average hours is the total hours of competency courses for each level and type divided by the number of regular and foreign employees for each level and type that year.
6. The number of employees is based on the data as of December 31 each year.
7. According to GRI Standard 2-8, dispatched personnel are classified as non-employee workers, thus the employee numbers for 2020-2022 have been adjusted accordingly. The disclosed data for 2020-2022 have been revised downward due to the exclusion of dispatched personnel and calculation based on the number of employees as of December 31.

Manufacturing First-Line Management Training Course

In addition to the regular first-line management courses, in 2023, Flexium specifically organized online training for manufacturing line supervisors, focusing on three key themes: "Reporting Upwards," "Communication and Presentation Skills," and "Team Management." Through video analysis, learning feedback, and case study discussions, the program aimed to encourage first-line supervisors to review and improve their daily management practices, enhance their communication and presentation skills, and strengthen their team management abilities. A total of 117 supervisors participated, with outstanding works selected by the manufacturing department heads and publicly recognized and rewarded during the monthly manufacturing meeting. This initiative is designed to foster smooth communication, a cohesive and positive atmosphere, and a high-performing team that meets its performance goals.

Creating a Friendly Workplace Seminar

To comply with the Gender Equality Work Act, which was renamed from the Gender Equality in Employment Act effective August 18, 2023, we invited Zheng-Peng Guo, an attorney with extensive experience in handling sexual harassment cases, to conduct a seminar. This seminar aimed to enhance the understanding of the new law and personal rights from both managerial and individual perspectives. A total of 209 participants, from senior managers to first-line supervisors, attended the seminar. It provided comprehensive guidance on promoting gender equality, preventing sexual harassment issues, and managing related cases, with the goal of establishing a supportive and safe workplace environment for all employees.

Legal Insights into Labor Law

At the end of 2023, the Human Resources and Legal departments collaborated to invite Lawyer Li-Ran Huang from HSLC&Partners Attorneys-An-Law for a seminar on labor law. The professional lawyer and senior and mid-level managers discussed employment issues and recent company policy topics. The main focus was on the responsibilities and management scope assigned to each level within the company, providing managers with clear labor law concepts and effective communication strategies. The seminar had a total of 92 participants, with an average satisfaction score of 4.5 out of 5, indicating that the course content was practical and helpful for managers in addressing employee issues and conducting comprehensive evaluations.

4.2.2 Promotion and Compensation

Flexium motivates talent by linking compensation with company performance, departmental performance, and individual performance. The salary levels, in addition to being above the local minimum wage, aim to ensure fairness both internally and externally, and provide regular performance and career development reviews regardless of gender to ensure smooth promotion channels. Each year, all employees undergo two performance evaluations. Staff at the senior level and above discuss goal-setting with their supervisors in January and July, conduct mid-year reviews in March and September, and finalize performance evaluations in July and the following January. Promotions and salary adjustments are made based on the previous year's performance evaluations in February and August.

For career development, we strive to align employees with their roles. If internal rotation opportunities arise, they are announced internally, allowing employees to apply freely. When organizational needs necessitate job adjustments, employee preferences are consulted before proceeding with the rotation to ensure their work rights are protected.

The Salary Ratio of Men to Women

Item	2020		2021		2022		2023	
	Basic Salary	Package	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	1.13	1.13
First-line management	1.07	1.15	1.07	1.10	1.04	1.04	1.05	1.06
Engineers	1.07	1.12	1.08	1.16	1.09	1.15	1.09	1.17
First-line workers	1.00	1.02	1.00	1.04	1.00	1.05	1.00	1.04

Notes:
1. Basic Salary: Fixed monthly salary; Compensation: Basic salary + Bonuses (such as year-end bonuses, patent bonuses, outstanding employee bonuses, performance bonuses, etc.); Ratio: Male salary / Female salary.
2. Senior Management: Factory and department level and above; Mid-level Management: Managerial level and section chief; First-line Management: Team leader and section head.
3. The symbol "✻" indicates that there are no female employees in that category.

Salary of Non-management Full-time Employees

Item	2022	2023	Percentage increase/decrease (%)
Number of employees	2,212	2,302	4.07%▲
Mean salary (NTD in thousands)	650	647	-0.46%▼
Median salary (NTD in thousands)	578	570	-1.38%▼

4.3 Human Rights and Care

Flexium has established a "Labor Rights Policy" to safeguard employees' rights and equality. The policy explicitly prohibits any form of discrimination or exclusion based on race, skin color, gender, age, sexual orientation, disability, religious beliefs, political views, union participation, or marital status. Employees must be treated fairly and equitably, with zero tolerance for sexual harassment or other forms of violence, threats, or intimidation. These guidelines are also detailed in the company's work regulations.

Annually, we hold ESG Seed Training sessions to educate first-line management about the company's ESG policies and annual goals, including human rights advocacy. Additionally, our new employee training series covers the company's corporate policies, development directions, management principles, environmental, health, and safety (EHS) courses, and sustainability concepts. This training includes prohibitions on forced labor and child labor, anti-discrimination measures, anti-harassment policies, work hour management, humane treatment guarantees, and the provision of a healthy and safe work environment.

All outsourced security personnel receive at least 2 hours of human rights training upon their appointment. This training covers an overview of sexual harassment prevention, security etiquette, and response training to ensure that no instances of sexual harassment or human rights violations occur in security operations.

Human Rights Policy Training	2020	2021	2022	2023
Number of participants	2,042	2,548	2,495	2,499
Training hours	7,325	8,751	9,119	9,453
Participation rate (%)	100	100	100	100

Notes:
1. Training Rate (%) = (Actual number of trainees / Number of employees required to be trained) * 100%.
2. Number of Trainees: Total number of employees still employed as of December 31 of the year.
3. Human Rights Policy Training is primarily delivered through new employee orientation, quarterly ESG Seed Training sessions for all employees, and ongoing internal advocacy.
4. Employee numbers for 2020-2022 have been adjusted according to GRI Standard 2-8, which classifies dispatched personnel as non-employee workers. Compared to previous versions, the disclosed data for 2020-2022 have been revised downward due to the exclusion of dispatched personnel.

To ensure the implementation of human rights, we have established the "Labor Rights and Business Ethics Risk Assessment Regulation." Annually, the Human Resources Department conducts regular risk identification and assessment of labor rights regulations. Risk coefficients are calculated, and if they exceed the prescribed value, improvement targets and measures are set. If targets are not met, an improvement plan must be proposed and implemented. In 2023, 36 labor rights management items were assessed, with 2 identified as high-risk and 34 as low-risk. The high-risk items were: working hours exceeding 60 hours per week (including overtime) and the factory not providing at least one day off every seven days. These two high-risk items have been incorporated into the 2024 ESG KPIs for management.

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.

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 2023, we received 46 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.

Monthly Labor-Management Meetings

- Organized monthly to solicit employee opinions, resolve issues, and improve organizational cohesion

Employee Welfare Committee Meetings

- Employee and management representatives can discuss welfare measures in detail during Welfare Committee meetings, addressing various work and life-related concerns. This promotes mutual understanding and serves as a reference for the 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

- Our company and subsidiaries have established confidential complaint channels under the General Manager's Office. This allows employees to report any illegal activities or infringements on their rights directly to the highest management level for timely correction and protection.

Number of Complaints

Type of complaint	2020	2021	2022	2023
General Complaint	27	27	26	45
Ethics complaints	0	0	0	0
Opinions or suggestions	6	3	6	1
Total (cases)	33	30	32	46
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.

Complaint Channel

- Fill out the "Employee Complaint Form" and submit it to the physical General Manager's Mailbox.
- Email: 109@flexium.com.tw
- Complaint Hotline: 07-7871008 ext. 109

A designated staff member collects employee complaint data from the General Manager's Mailbox weekly and signs off on the "General Manager's Mailbox Inspection Form" to confirm receipt.

Upon receiving employee complaint information, it must be logged into the "Employee Complaint Tracking Sheet" and reported to the General Manager within 24 hours.

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.

Flexium has established regulations regarding unpaid parental leave in accordance with the provisions of the "Gender Equality in Employment Act." In 2023, a total of 46 employees (29 women and 17 men) applied for unpaid parental leave; the reinstatement rate of 74.36%. 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 2023	**Male**	**Female**	**Total**
Number of employees eligible for unpaid parental leave in the given year (A)	**129**	**87**	**216**
Number of employees who have applied for unpaid parental leave in the given year (B)	**17**	**29**	**46**
Number of employees who intend to return to work after unpaid parental leave in the given year (C)	**16**	**23**	**39**
Number of employees who have returned to work after unpaid parental leave in the given year (D)	**12**	**17**	**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)	**7**	**21**	**28**
Number of employees who returned to work after leave in the previous year (F)	**9**	**23**	**32**
Returned-to-work rate of employees taking unpaid parental leave (%) (D/C)	**75.00%**	**73.91%**	**74.36%**
Retention rate of employees taking unpaid parental leave (%) (E/F)	**77.78%**	**91.30%**	**87.50%**
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.			

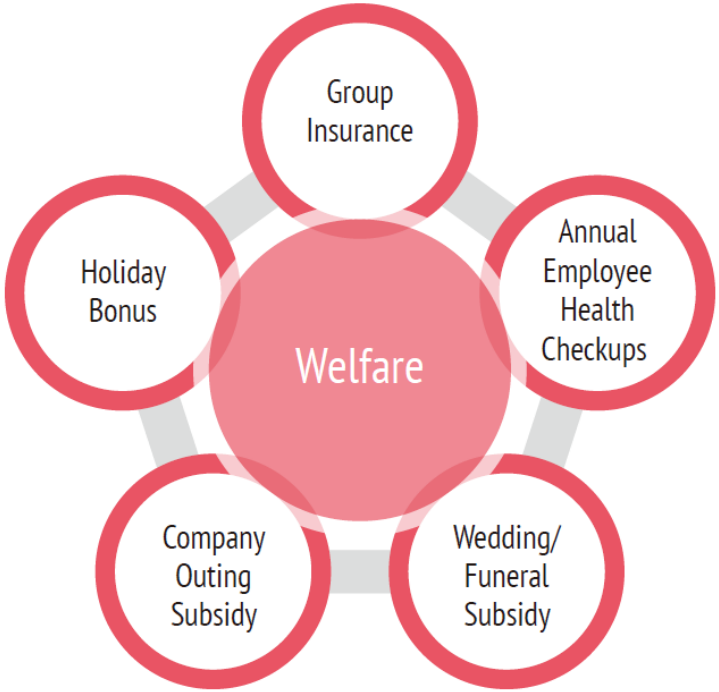
Retirement and Benefits

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, having established an Employee Welfare Committee to oversee various initiatives. Employees receive mandatory labor and health insurance, along with additional group insurance for life, accident, and medical coverage. Annual health check-ups are provided for added protection.

The company supports employees with subsidies for weddings, funerals, and celebrations, and offers travel allowances. During the Mid-Autumn Festival and Dragon Boat Festival, gift boxes and vouchers are distributed. Special gifts, such as handmade egg rolls and cookies from charitable organizations, are provided for employees to share.

In early 2023, Flexium hosted a year-end party at the Kaohsiung Exhibition Center and organized travel activities to boost team cohesion. Mother's Day and Dragon Boat Festival events were held to foster family connections and team spirit. The company supports employee clubs with subsidies, currently featuring nine clubs with 397 members engaged in sports, service, and recreational activities, enhancing their work-life balance.



Employee Welfare Committee Expenditures

Item	2020	2021	2022	2023
Total amount (NTD)	26,848,545	35,508,177	50,306,045	34,065,202
Percentage of Welfare Expenditure to Revenue (%)	0.09	0.10	0.13	0.10

Welfare Committee Activities in 2023

2023 Prosperity Year-End Party at Kaohsiung Exhibition Center

2023 Employee Travel

2023 Mother's Day Gifts

2023 Dragon Boat Festival Activities

2023 Club Activities

Volunteer Association of Flexium

Coffee Club

Flexium Badminton Club

Speed Limit Motorbike Club

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, wehave 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 2023, a total of 199 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 implementation rate for health management is 100%. The company has never encountered any major occupational illness owning to our comprehensive health management system. Additionally, personal information from health checkups is protected under the “Personal Information Protection and Management Regulations”, 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	2023
Operations involving noise exposure	28	34	47	50
Operations involving ionizing radiation	38	53	71	78
Operations involving exposure to nickel	35	70	94	50
Operations involving exposure to manganese	4	8	25	21
Total	105	165	237	199

Flexium provides health check-ups that exceed legal requirements, conducting regular employee health screenings. General health check-ups are performed annually, while employees involved in special health hazard tasks undergo specialized health check-ups each year.

The comprehensive health checks aim to monitor and manage employees' health, offering one-on-one consultations with professional doctors. These consultations help assess working conditions, exposure levels, and provide health education and follow-up. Based on the health status and needs, recommendations for job reassignments may be made to protect employees' health.

All employees with more than one year of service are required to participate in health checks and consultations. Employees with less than one year of service also receive free specialized health checks. Additionally, new hires engaged in special health hazard tasks must undergo specialized health checks before starting work and after leaving the company.

Year	2021	2022	2023
General health examination attendance	1,433	1,588	1,728
Proportion of individuals at high risk for cardiovascular diseases	8%	7%	8%

Since 2021, all employees have included electrocardiogram (ECG) tests as part of their annual health check-ups to assess cardiovascular health. In 2023, 1,728 employees underwent general health check-ups, with 8% identified as high-risk for cardiovascular issues. For these high-risk individuals, workplace health care initiatives are implemented, including consultations with occupational health physicians, health promotion activities, and stress-relief seminars led by psychologists from Minsheng Hospital. High-risk individuals are also invited to attend health seminars to enhance their overall well-being.

Health Promotion

Flexium is committed to providing a healthy and safe work environment. We conduct annual health check-ups, host health seminars, offer health information, and promote health education through monthly posters. In 2023, our workplace smoking cessation program successfully referred over 22 employees to quitline services or clinics. Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and Hofa Plant received the Healthy Workplace Certification – Health Activation Label, and we plan to apply for the Healthy Workplace Promotion Certification for Dafa Plant, Dafa Plant II, and Hofa Plant in 2024. Our on-site medical rooms are staffed with factory nurses and contracted occupational physicians, providing health assessments and consultations. In 2023, our on-site doctors conducted 72 services, attended by 770 employees. In March 2024, we will install Automated External Defibrillators (AEDs) in the workplace, with professional training for non-medical personnel to handle sudden cardiac arrests. We will also install electronic blood pressure monitors in cafeterias for employees to use. We aim to create a healthy, vibrant, and happy work environment, fostering a culture of safety and health for all employees.

Annual and Special Health Checkups

Health Promotion Program

Stress Prevention Methods	*Supporting Your Smoking Cessation*	*Musculoskeletal Injury Prevention*	*Basic Life-Saving First Aid Techniques*
Through instructor-led sessions, employees are guided to understand various types of workplace stress and learn effective stress management techniques to achieve a balance between work and life.	Long-term smoking can cause severe damage to the body. Through the seminar, employees are taught the importance of avoiding the harm of smoking, thereby preventing potential diseases.	Through interactive seminars with doctors, employees gain accurate knowledge on preventing musculoskeletal injuries and learn to avoid repetitive movements that could cause harm.	By training first aid team leaders in each area, employees enhance their emergency response skills, ensuring that accidents receive proper care before medical personnel arrive, thereby reducing the likelihood of fatalities.
			

2023 Occupational Safety and Health Management Achievements

Outstanding Achievements in Smoking Cessation Health Education Promotion in 2023

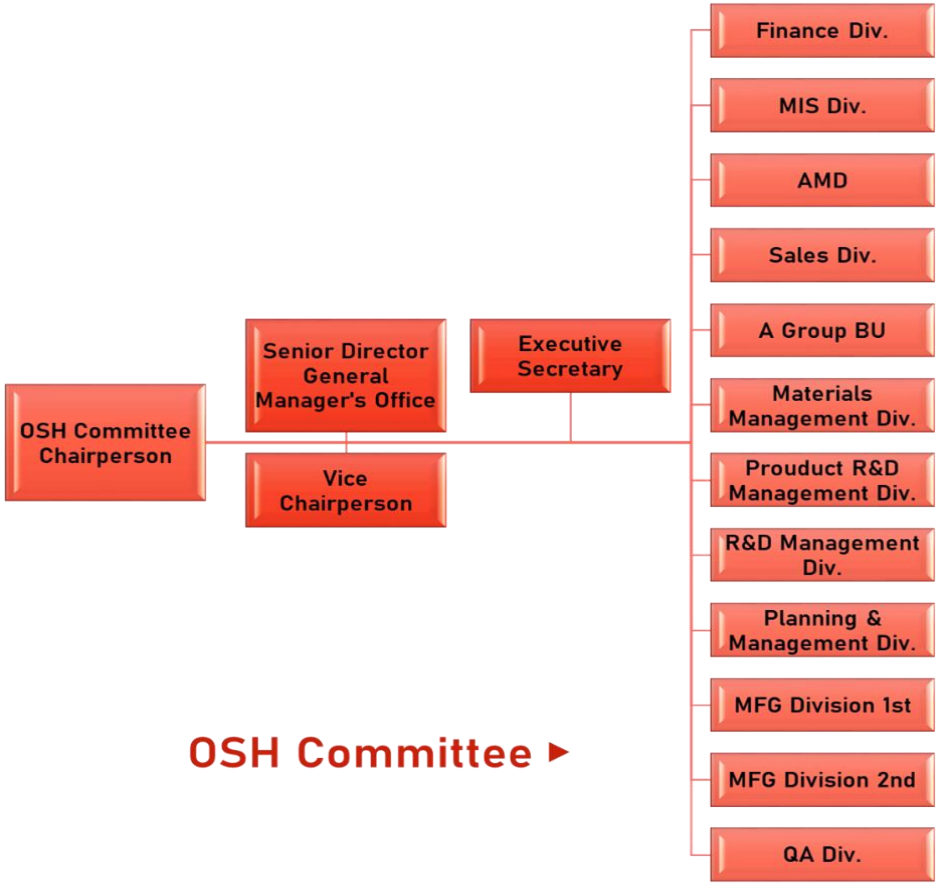
Health Workplace Activation Certification for Dafa Plant III and Dafa Plant V in 2023

4.4 Health Promotion

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 has established its Occupational Safety and Health Committee (OSH Committee) as required by law. The Committee, chaired by the Plant Manager, includes one Director, one Deputy Chair, and one Secretary, along with department heads, safety and health personnel, engineering technicians, on-site nurses, and employee representatives (including foreign workers). Meetings occur every three months, with employee representatives exceeding the one-third legal requirement. In the meetings, the Environment Health & Safety Section presents on safety issues and analyzes occupational hazard statistics. Departments report on safety measures implemented after incidents. The Committee reviews reports, coordinates between departments, and proposes solutions to prevent hazards and ensure employee safety and health.



Composition of OSH Committee			
Number of employee representatives	Percentage of employee representatives (%)	Number of employer representatives	Percentage of employer representatives (%)
6	40%	9	60%

Implementation of Occupational Safety and Health Activities in 2023		
Qualitative Fit Test	***Fire Safety Training***	***Occupational Safety and Health Roadshow***
In compliance with regulatory requirements, to ensure that workers are protected from airborne hazards when using respiratory protective equipment, an annual assessment is conducted to ensure a proper fit between the face and the protective gear.	The course invites the Chief of the Daliao Fire Brigade to give a lecture, covering the legal regulations and operation of various fire safety equipment, fire escape techniques, and sharing of factory fire case studies to prevent fire incidents.	In addition to arranging lectures, we also set up interactive games and activities such as trying on backpack safety harnesses, helmets, and lifelines. These activities help employees understand the importance of safety and raise safety awareness across the entire plant. A total of 91 employees participated in this event.

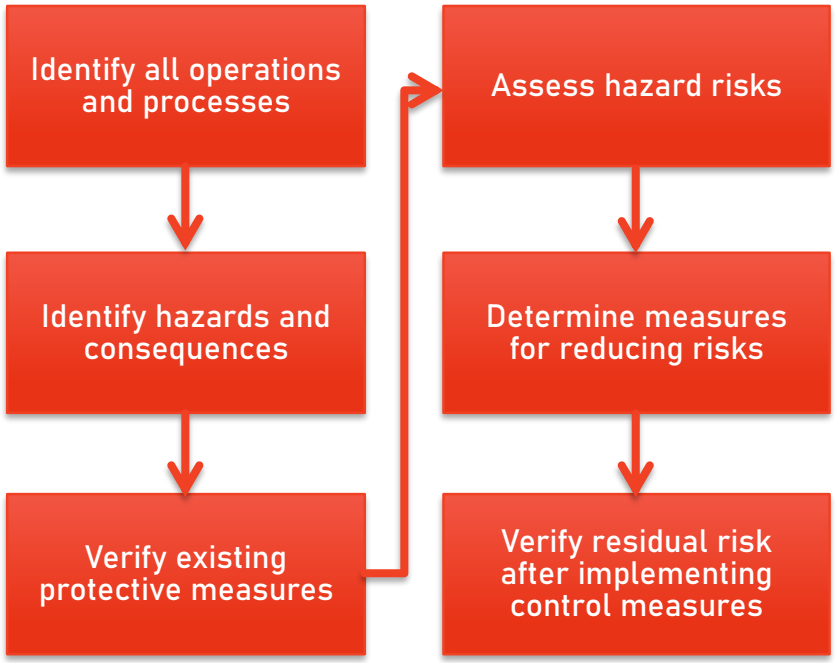
4.4.2 Occupational Injury Management

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 Personnel to each facility building. A total of 14 Occupational Safety Personnel have been assigned to support our employees in shaping a safe and healthy work environment.

Safety and health performance indicators are categorized into leading and lagging types. Leading indicators include achievement rates of environmental, safety, and health goals, the execution rate of safety inspections for machinery and equipment, and the compliance rate of automatic inspections. Lagging indicators involve daily inspection deficiencies, completion rates of improvement actions for accidents and near-misses, and other inspection issues. Monthly performance evaluations based on these indicators promote autonomous improvement and a better working environment. For departments not meeting standards, increased on-site guidance and inspection frequency are provided.

To reduce occupational hazards, we conduct identification and risk assessments for both routine and non-routine hazards, implementing graded controls. Each year, personnel responsible for risk determination receive hazard identification training, and their outcomes are evaluated. The process categorizes risks into five levels based on exposure frequency, event likelihood, and potential damage severity. After classification, high-risk hazards (Levels 1-3) are addressed with specific control measures and plans. In 2023, only four items were classified as high-risk, all at level 3. Improvement measures were implemented for these high-risk machines, while low-risk hazards (levels 4-5) will continue with existing methods.

Process for Identifying Occupational Hazards and Risk Assessment ▼



High-risk Reason	Risk level	Equipment	Improvement Measure	
Before improvement, the machine lacked safety guards, posing a risk of collision with the robotic arm during board handling.	3	**SBS Film Stripping and Rewinding Machine**	1. Install a partition between Rewinding Machines A and B to prevent personnel from entering the operating area. 2. Modify the access control program to stop the machine when either Row A or Row B is opened.	
The optical guard on the suction lifter was poorly positioned and lacked continuous protection, resulting in safety gaps.	3	**Unloading Area Suction and Lifting Machine**	1. Install safety barriers around the return line suction device; the machine will stop and sound an alarm when the barrier is opened. 2. Update the light curtain program for continuous protection. 3. Add a light curtain in the maintenance area behind the suction device for enhanced protection. 4. Move the front safety light curtain inward by 5 cm to close protection gaps.	 
The sodium carbonate pipeline configuration had insufficient drying time for the adhesive, leading to leakage.	3	**Sodium Carbonate Pipeline**	1. Define the drying time for pipeline adhesive, add pressure tests, and update relevent SOPs. 2. Reconfigure the pipeline.	
There is no exhaust temperature monitoring at the output of the laser engraving machine, which poses a fire risk in the event of an abnormal ignition.	3	**Laser Engraving Machine**	Install a temperature sensor at the laser light exhaust area.	

We engage all employees to build a strong safety culture and include near-miss incidents in our reporting procedures. Employees are encouraged to identify hazards and submit improvement proposals, with rewards given for both proposals and implementations, reducing near-miss incidents.

The plant's reporting system allows anonymous submissions. Employees can withdraw from immediate danger and notify their department head afterwards without penalty. The right to withdraw from hazardous situations is detailed in the "Emergency Response Plan Procedures," and relevant training is provided to ensure understanding. After an accident, we implement improvements in the affected unit and review other units for similar issues, making necessary changes. All cases are used for company-wide training and lessons learned.

In the event of an occupational accident, the Environment Health and Safety Section, with certified personnel, will conduct the investigation. They will form an investigation team with the affected unit and produce an investigation report. If the accident occurs in the workplace, labor representatives must be included in the investigation. If an employee is on leave due to an occupational accident for one month or more, they must submit a leave termination request and expected return date to their supervisor, with approval from their original medical facility. Before the employee returns, the supervisor should conduct an interview to assess the employee's recovery and job fitness. Based on this assessment, the supervisor will assign a suitable role or job function. After the employee returns, operational observations and job interviews should be conducted to confirm their adaptation.

Incidents of Occupational Injury at Flexium

Category\Year	2020	2021	2022	2023
Falls	-	-	-	-
Slips and trips	1	-	-	2
Injuries due to clamped or rolled in	2	-	-	1
Exposure to hazardous substances	1	-	-	-
Improper movement	1	-	-	-
Cuts, lacerations, and scrapes	1	1	-	-
Strikes by falling objects	-	-	-	-
Collisions	1	-	2	1
Burns	2	-	-	-
Crush injuries	-	1	-	1
Total incidents	**9**	**2**	**2**	**5**

Notes:
1. Statistical data is 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 2023. When incidents occur, engineering or procedural improvements are implemented in response to the specific hazard and extended to all departments within the plant. Proactive checks for other potential hazards are also conducted to decrease the occurrence of occupational incidents.

Occupational injuries						
Item	**Gender**	**2020**	**2021**	**2022**	**2023**	**Calculation**
Total recorded number of occupational injuries[Note 3] (cases)	**Male**	**4**	**2**	**0**	**0**	Calculations are based on the annual number of individuals affected by occupational hazards at Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, Hofa Plant, and the Pingzhen Office. Due to the small workforce at the Pingzhen Office (approximately 10 employees), its data is combined with the Kaohsiung Site. Additionally, the numbers for Dafa Plant and Dafa Plant II have also been consolidated due to their close proximity and mutual support.
	Female	**5**	**0**	**2**	**5**	
	Total	**9**	**2**	**2**	**5**	
Total working hours (hours)	**Male**	**2,093,792**	**2,412,368**	**2,793,128**	**2,665,152**	As for every year, the total working hours include the hours worked by all employees at the Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, Hofa Plant, and the Pingzhen Office. The total working hours are calculated as follows: 637,038 total working days × 8 hours/day = Total working hours.
	Female	**1,985,928**	**2,288,528**	**2,303,176**	**2,340,576**	
	Total	**4,079,720**	**4,700,896**	**5,096,304**	**5,005,728**	
Occupational injury rate (%)	**Male**	**38.21**	**16.58**	**0.00**	**0.00**	Occupational Injury Rate = (Total number of work injuries × 200,000) / Total actual working hours. This calculation excludes false alarms not involving personnel injuries and employees' personal commuting accidents.
	Female	**50.35**	**0.00**	**17.37**	**2.14**	
	Total	**44.12**	**8.51**	**7.85**	**1.00**	
Disabling injury frequency rate (%)	**Male**	**1.91**	**0.83**	**0**	**0**	Disabling Injury Frequency Rate = (Total number of work injuries / Total working hours) × 1,000,000. (Total data is calculated to two decimal places, not rounded.)
	Female	**2.51**	**0**	**0.87**	**2.14**	
	Total	**2.21**	**0.43**	**0.39**	**1.00**	
Disabling injury severity rate[Note 4] (%)	**Male**	**39**	**27**	**0**	**0**	Disabling Injury Severity Rate = (Days Lost / Total Working Hours) × 1,000,000. (Total data is rounded to the nearest whole number, not rounded.)
	Female	**18**	**0**	**2**	**162.78**	
	Total	**45**	**14**	**1**	**76.11**	
Absence rate (%)	**Male**	**7.40**	**11.60**	**11.10**	**11.63**	Absenteeism Rate = (Total Absentee Days / Total Working Days) × 100% 1. Total absentee days include industrial injury leave, sick leave, personal leave, and menstrual leave. 2. The data includes Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, Hofa Plant, and the Pingzhen Office. The total absentee days and total working days are summed from all these locations.
	Female	**7.10**	**10.00**	**14.40**	**17.18**	
	Total	**7.30**	**10.80**	**12.60**	**14.23**	

Notes:
1. Major Occupational Injuries: Defined as incidents causing death, or affecting three or more people, or one or more people requiring hospitalization due to the same incident.
2. Recordable Injuries: Includes death, disability, work restrictions, advanced medical treatment beyond basic first aid, loss of consciousness, or occupational diseases.
3. Severe Disability Injuries: Defined as disabilities lasting six months or more due to occupational injuries.
4. 2023 Data: No employee deaths or severe disabilities due to work-related incidents.

Causes and improvement measures for occupational injuries at the Kaohsiung Plant in 2023

Cause	The multilayer cart was pushed without following the designated floor pathways and operated with one hand. As a result, it tipped over while crossing the floor barriers of the double-sided printing machine, causing the unstable cart to tilt and injure the employee's right foot.	A worker ran through the machine walkway from the unstacker to retrieve a work order from the end of the production line. Due to lack of attention, the worker tripped and injured themselves.	While working in the unloading area, a worker addressed a jam in the washing machine during automatic mode. After removing the jammed board, the steel plate suction device continued operating, resulting in the worker being trapped between the washing machine and the disassembly table.	While working in the machine feeding area, an employee slipped while descending a staircase, resulting in an ankle sprain that impaired their ability to walk.	While retrieving a phone from the second-floor locker, an employee slipped and fell on the mid-level landing when descending the stairs from the shoe-changing area.
Improvement measure	1) Include the usage and walking pathways for the multilayer cart in the ink curing machine instructions. 2) Conduct relevant training for personnel based on the usage and pathways outlined in the instructions.	To enhance safety awareness among department personnel, reinforce the message that running is prohibited in the workplace to prevent falls and injuries.	1) Conduct internal training to ensure machines are switched to manual mode before resolving abnormalities and reinforce understanding of the instructions. 2) Modify the program to require a reset through the operation interface before restarting after resolving an issue in automatic mode, and ensure continuous light curtain operation. 3) Clearly define steps for handling abnormalities in the instructions. 4) Install safety barriers in the unloading area and configure the system to alarm and stop the machine when barriers are opened.	To enhance safety awareness among staff, reinforce the importance of being mindful of elevation changes when working on elevated floors.	1) Include the usage method and walking path of the tiered trolley in the instructions for the ink baking machine. 2) Conduct training for department personnel on the usage method and walking path of the tiered trolley as per the instructions.

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, ontractors, and other staff at the Kaohsiung plant sites. Additionally, due to the continuing expansion of the company, Flexium gained certification for the Hofa plant site in 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	945	2,499
	Coverage	100%	100%
Contractor	Number of individuals	967	27,854
	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 accordingto the audit plan.
2. Number of contractors: Based on the actual number of contractors entering the plant during the internal audit period (2023/12/7-2023/12/21).
3. Number of personnel in the external audit scope: Based on the number of employees and contractors within the system certification scope.

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 2023, a total of 4,294 individuals received training.

Contractor Management

In contractor management, we review contractor work orders, requiring submission of labor insurance, employer liability insurance, relevant operator certificates, and risk assessments. Before contractors begin work, we provide one hour of training on workplace hazards, protective measures, emergency response, safety regulations, and management rules to reduce potential safety risks. Our online contractor training platform launched in September 2022. Contractors complete online courses and tests to promote paperless exams, flexible training schedules, and digitalize contractor training. In 2023, 1,744 people attended both in-person and online training courses. We classify contractor work based on high, medium, and low risk levels. For high-risk tasks (e.g., confined space operations), we review supervisor qualifications, notify local labor inspection authorities, review hazard prevention plans, and require continuous on-site supervision. For medium-risk tasks (e.g., hot work, lifting operations,

elevated work), we check operator certificates, vehicle and equipment certifications, and ensure fire safety equipment and collaborative operations. For low-risk tasks, contractors must provide labor insurance and employer liability insurance, display worksite notices, and complete pre-, mid-, and post-work checklists.

Since 2021, we have implemented a certification system for contractor equipment before site entry (including electric tools, ladders, extension cords, and automatic shock prevention devices). Quarterly inspections ensure equipment functionality and prevent accidents. We also hold quarterly contractor agreement meetings to discuss safety and health issues, and to reiterate plant safety regulations. Contractors are required to comply with safety regulations, with their performance impacting their eligibility for future work. Since 2022, contractors undergo pre-entry safety training, and internal supervisors must verify contractor details and documentation to reduce safety risks.

Prospects for Occupational Safety and Health Management

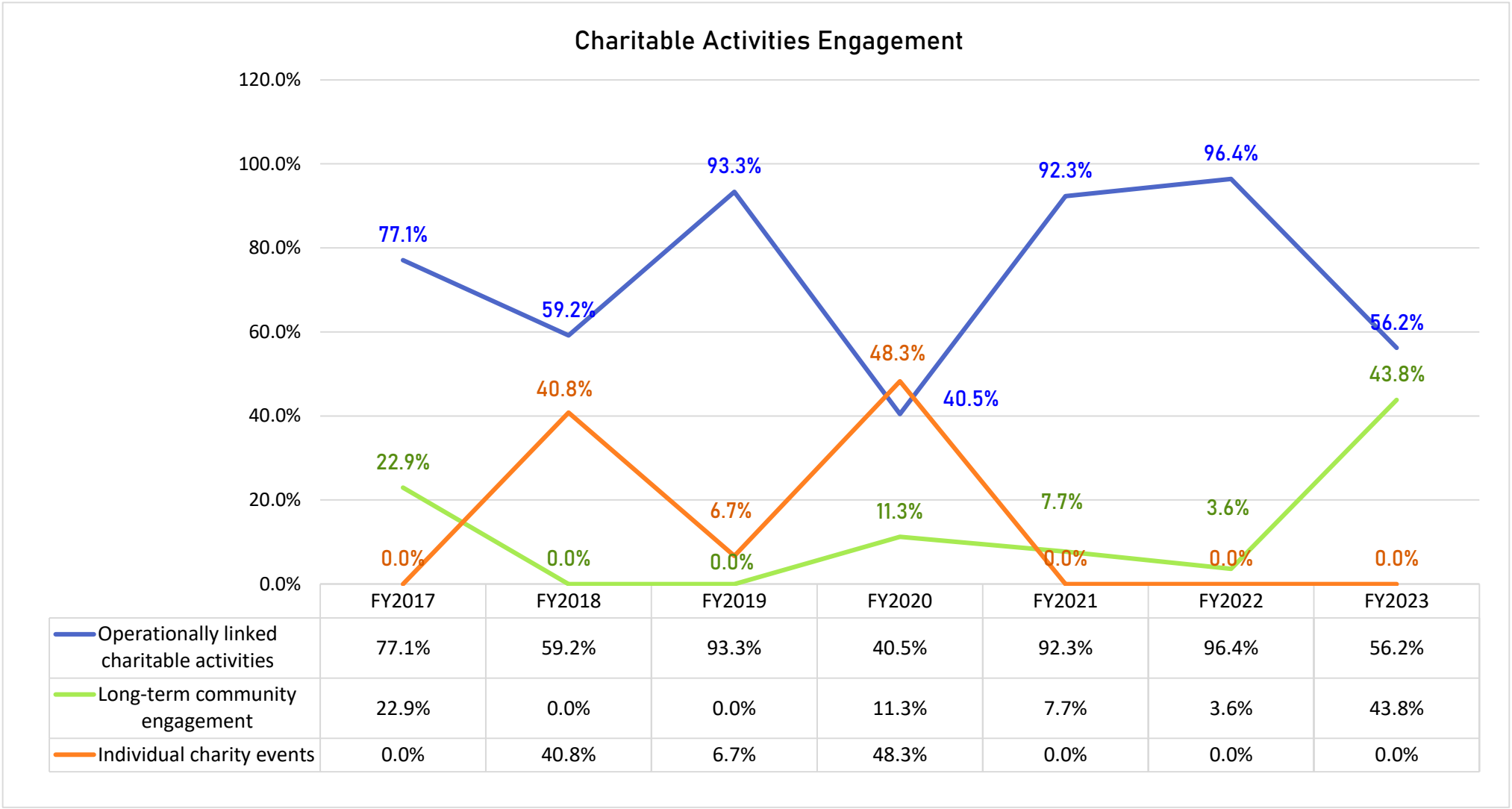
The establishment of the Safety Officer system at Flexium began with a focus on strengthening fundamental safety practices. Since its implementation in 2020, the system has grown to include 48 Safety Officers by 2023, making them key in creating a safe and healthy work environment and advancing safety initiatives.

The Safety Officer system enhances departmental safety practices and reporting functions, ensuring all levels of personnel fulfill their safety responsibilities, prevent accidents and occupational diseases, and foster a strong safety culture. In 2022, regular training sessions were held for Safety Officers, covering topics such as musculoskeletal hazards and cardiovascular disease prevention to mitigate and reduce related injuries.

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 five occupational incidents that occurred in 2023 resulted in a total of 381 workdays 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 consistently engaged in charitable activities in recent years. By evaluating the types of engagement, we aim to enhance the effectiveness and impact of our charitable efforts through optimal resource allocation. Our primary focus has been on operations-linked charitable activities, followed by long-term community involvement and one-time charity events. Going forward, we plan to integrate "Care," one of Flexium's five core sustainability policies, into our annual review to continue fulfilling our corporate citizenship responsibilities.



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operationally linked charitable activities	77.1%	59.2%	93.3%	40.5%	92.3%	96.4%	56.2%
Long-term community engagement	22.9%	0.0%	0.0%	11.3%	7.7%	3.6%	43.8%
Individual charity events	0.0%	40.8%	6.7%	48.3%	0.0%	0.0%	0.0%

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 beyondour 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.

In 2023, to give back to the community, Flexium donated 1,000 residential fire alarms to the citizens of Kaohsiung to help enhance home fire safety. Through this charitable act, we hope to raise awareness about the importance of home fire prevention, reduce fire-related casualties, and contribute to the safety of Kaohsiung residents. We are committed to giving back to society and working together to create a safer and better community.

Donation of Residential Fire Alarms to Kaohsiung City Fire Department by Flexium

4.5.2 Community Care

Volunteer Association of Flexium

To continue embodying the spirit of Flexium's corporate sustainability policy, the Volunteer Association of Flexium was established in 2017. The association recruits employees to join as volunteers, turning love into action. From 2018 to 2022, various impactful charitable activities were organized, with at least three events planned annually, though activities in 2021 and 2022 were affected by the COVID-19 pandemic. Over six years, the association has accumulated more than 18 service events. The volunteers exemplify the value of life through their contributions and will continue to plan diverse activities to encourage more employees to participate in charitable endeavors. In 2023, the association actively sought to become an official organization, aiming to secure more resources and rally more Flexium employees to join the volunteer ranks.

Flexium's "Care" spirit has consistently driven our local contributions. We have maintained long-term partnerships with Yongan Children's Home and Chaoliao Elementary School in Daliao, providing not only material and financial support but also organizing in-person and outdoor activities. These initiatives allow our volunteers to connect directly with those they serve, fostering meaningful interactions and spreading warmth. The children benefit from engaging with volunteers who serve as role models, while our volunteers experience the fulfillment that comes from giving. Beyond local institutions, we are expanding our reach to include Little Angel's Home, which shelters children aged 0-2. Through diverse initiatives, we aim to extend the compassion of our volunteers even further. From 2021 to 2023, we expanded our service scope to include additional local schools like Daliao Elementary School and Wengyuan Elementary School, broadening our impact in the community.

World Earth Day Beach Cleanup Activity

In response to an invitation from the "Bliss and Wisdom Cultural Foundation," a total of 17 volunteers gathered to participate in a World Earth Day Beach Cleanup Activity. On the day of the event, volunteers from various parts of Kaohsiung gathered at the Linyuan Coastal Wetland, where they collected large pieces of trash from the shoreline and used sieves to filter out plastic fragments and small debris from the grasslands. Within an hour, the volunteers managed to fill three large bags with trash, which both surprised them and heightened their awareness of the importance of not littering and recycling. Besides the cleanup, the organizers also arranged for the release of 70,000 fish fry into the ocean, hoping to promote sustainable fishery resources and protect marine life through this activity.

Beach Cleanup Activity

Donation of mBot2 Robots

In 2021, mBot2 robots were donated to Chao Liao Elementary School to support science education. In 2023, the initiative was expanded to include Weng Yuan Elementary School near the Hofa plant, with a donation of educational resources valued at NT$300,000. The donation included 42 sets of mBot2 robots (with teaching materials) and one laser cutter. The goal is to enhance science education by moving beyond traditional teaching methods. Students will learn basic programming and operate robots, fostering skills in logic, critical thinking, and problem-solving. By integrating courses with competitive games, children can "learn by doing" and "learn through play", allowing them to explore and enjoy the wonders of science, thereby making knowledge more accessible and sparking interest and motivation for self-directed learning.

Donation of mBot2 Robots to Weng Yuan Elementary School

Mid-Autumn Festival Charity Gift Box Promotion

The Mid-Autumn Festival is not only a time for family reunions and bonding but also an ideal occasion for gift-giving. During this year's festival, our volunteers, in collaboration with the Welfare Committee, organized a gift box distribution activity for employees. All employees were encouraged to purchase additional charitable gift boxes. We chose four different types and price ranges of gift boxes from the Syin-Lu Social Welfare Foundation for employees to select. The collective love from Flexium employees resulted in a total of 209 charitable gift boxes, benefiting 110 individuals, with a total donation amounting to $80,829. Ordering Mid-Autumn gift boxes not only fulfilled employees' gift-buying needs but also increased the sales of charitable gift boxes, thereby providing real help to those in need.

In-Factory Booth of Charity Gift Box

Awarded a certificate of appreciation

Coffee for Love

Continuing from the 2022 Christmas Charity Event, in 2023, the Volunteer Association of Flexium partnered with the Coffee Club to offer handmade cookies from the Children Are Us Foundation, paired with hand-brewed coffee from the Coffee Club. One week before Christmas, stalls were set up in various factories for a charity sale under the slogan "Enjoy Coffee, Support Charity," attracting all employees to make purchases. Each small act of kindness was combined to create a larger impact, spreading happiness. The total revenue from the charity sale was $32,060, which was used to purchase daily necessities donated to the Kaohsiung Garden of Hope Social Service Center, ensuring that families seeking help from the center could feel blessed and cared for.

Coffee for Love

The Garden of Hope Foundation Awarded a Certificate of Appreciation

Donation to The Garden of Hope Foundation - Kaohsiung Center

In the future, Flexium will continue to uphold the values of "Cherish the opportunity, be grateful for blessings, accountability for all, and sharing and caring." We invite more employees who share our spirit of compassion and dedication to join our service efforts. We aim to gradually expand the Volunteer Association of Flexium team, continuously reinvesting company profits into social development and talent cultivation. We will maintain our support for local educational resources for children and establish caring services rooted in the community, spreading Flexium's love from one person to another, creating ongoing benefits from our charitable efforts.

Appendix

APPENDIX

Principles of Reporting

Flexium Technologies Co., Ltd. (hereinafter referred to as Flexium or the Company) is issuing its eighth ESG Report in 2024. This report proactively discloses the Company's sustainability management principles and practices to all stakeholders concerned with Flexium, demonstrating our commitment to becoming a sustainable enterprise. Moving forward, we will continue to disclose information on business performance, environmental protection, and social engagement annually, actively communicating with stakeholders. The previous year's sustainability report was published in June 2023, and the next report is scheduled for release in June 2025. The information disclosure period and scope of this report are consistent with the annual financial report. Compared to the previous version, this report includes information reorganization, which will be noted in the corresponding chapter tables.

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Scope/Period of Disclosure	Scope of Data Collection—Internal	Scope of Data Collection—External	GRI (Global Reporting Initiative) Standards	AA1000 Assurance Standard from Accountability
• From January 1, 2023, to December 31, 2023 • The reporting period for this report is the same as that of the annual financial report	• This report covers Flexium's Kaohsiung facilities (Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and Hofa Plant) and the Pingzhen Office. • The materiality assessment for this report focuses primarily on the Kaohsiung facilities and the Pingzhen Office. • The reporting scope of this report is consistent with the annual financial report.	• Investors • Customers • Suppliers/Contractors • Government • Community/Academic Institutions	GRI Standards 2021 (Reference)Indicators	AA1000 Assurance Standard v3 TYPE 1- Moderate Level

Scope of Disclosure	Internal	The data disclosed in this report covers the period from January 1, 2023, to December 31, 2023, and includes various actions and performance data related to management practices, environmental protection, and social engagement. The scope of this report includes Flexium's Kaohsiung facilities (Dafa Plant, Dafa Plant II, Dafa Plant III, Dafa Plant V, and Hofa Plant) and the Pingzhen Office. (The reporting period and scope of this report are consistent with the annual financial report.)
	External	The scope of external disclosure includes investors, customers, suppliers/contractors, government, and community/academic institutions.
Review	Internal	The data and information in this report are collected and compiled by various departments. After initial review by department heads, the ESG Core Team confirms the details. Following comprehensive data review, final approval is given by the ESG management representative authorized by the Board of Directors. Standardized specifications are used to ensure the reliability of data and information quality.
	External	The information in this report was verified by SGS Taiwan Ltd. from April 26, 2024, to May 20, 2024. Financial data is based on audited annual reports by PricewaterhouseCoopers, in New Taiwan Dollars. Systems for environmental management (ISO 14001), quality management (ISO 9001), occupational health and safety (ISO 45001), energy management (ISO 50001:2018), and greenhouse gas inventory (ISO 14064-1:2018) have been third-party verified. The 2023 greenhouse gas inventory data will be verified by August 2024, with the ISO 14064-1 certificate expected in September.

GRI Standards Index

Statement	Flexium refer to the GRI Standards and the reporting period is from January 1, 2023 to December 31, 2023
Adopted GRI 1	GRI 1: Foundation 2021
Applicable GRI Industry Guidelines	No applicable GRI Industry Guideline yet

GRI 2: General Disclosures 2021

GRI Std. Code / Other	Indicators	Chapters	Pages	Supplementary/Explanatory Notes
2-1	Organizational details	About Flexium	8	
2-2	Entities included in the organization's sustainability reporting	Principles of Reporting	144	
2-3	Reporting period, frequency and contact point	Principles of Reporting	144	
2-4	Restatements of information	1.2.1.2 Business Ethics 3.1.2 Greenhouse Gas Management 3.3.1 Exhaust 4.1 Talent Attraction and Retention 4.2 Talent Development 4.3 Human Rights and Care	40 92 105 110 117 122	Compared to the previous version, this report includes information reorganization, which will be noted in the tables of the corresponding chapters in the left column.
2-5	External assurance	Principles of Reporting Third-party Assurance Statement	144 151	
2-6	Activities, value chain and other business relationships	About Flexium 2.2 Sustainable Supply Chain	8 72	
2-7	Employees	4.1 Talent Attraction and Retention	110	
2-8	Workers who are not employees	4.1 Talent Attraction and Retention	110	
2-9	Governance structure and composition	1.1.1 ESG Performance 1.2.1 Corporate Governance	18 35	
2-10	Nomination and selection of the highest governance body	1.2.1 Corporate Governance	35	
2-11	Chair of the highest governance body	1.2.1 Corporate Governance	35	

2-12	Role of the highest governance body in overseeing the management of impacts	1.1.1 ESG Performance 1.1.2 Material Issues and Stakeholder Engagement 1.2.1.1 The Board of Directors	18 23 35	
2-13	Delegation of responsibility for managing impacts	1.1.1 ESG Performance	18	
2-15	Conflicts of interest	1.2.1 Corporate Governance	35	
2-16	Communication of critical concerns	1.2.1 Corporate Governance	35	
2-17	Collective knowledge of the highest governance body	1.2.1 Corporate Governance	35	
2-18	Evaluation of the performance of the highest governance body	1.2.1 Corporate Governance	35	
2-19	Remuneration policies	1.2.1 Corporate Governance	35	
2-20	Process to determine remuneration	1.2.1 Corporate Governance	35	
2-22	Statement on sustainable development strategy	Letter from the Chairman	3	
2-23	Policy commitments	1.2.1.2 Business Ethics	40	
2-24	Embedding policy commitments	1.1.1.2 ESG Milestones and Roadmaps	19	
2-25	Processes to remediate negative impacts	1.1.2 Material Issues and Stakeholder Engagement	23	
2-26	Mechanisms for seeking advice and raising concerns	1.2.1.2 Business Ethics	40	
2-27	Compliance with laws and regulations	1.2.1.2 Business Ethics	40	
2-28	Membership associations	Participation in Associations	16	
2-29	Approach to stakeholder engagement	1.1.2 Material Issues and Stakeholder Engagement	23	
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
3-2	List of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	

Topic Aspect	Material Topics					
Governance	Business Ethics					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Each year, we evaluate all operational sites through internal compliance and audit mechanisms, identifying no corruption risks.		
		205-2	Communication and training about anti-corruption policies and procedures	1.2.1 Corporate Governance	35	
		205-3	Confirmed incidents of corruption and actions taken	1.2.1 Corporate Governance	35	
	Information Security					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.1.3 Customer Relationship Management	68	
Environmental	Climate Change					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 302: Energy	302-1	Energy consumption within the organization	3.2.1 Energy Use	94	
		302-3	Energy intensity	3.2.1 Energy Use	94	
		302-5	Reductions in energy requirements of products and services	3.2.1 Energy Use	94	
	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	3.1.2 Greenhouse Gas Management	92	
		305-2	Energy indirect (Scope 2) GHG emissions	3.1.2 Greenhouse Gas Management	92	
		305-5	Reduction of GHG emissions	3.1.2 Greenhouse Gas Management 3.2.1 Energy Use 3.2.3 Water Resources	92 94 103	

		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.1.2 Greenhouse Gas Management	92	
	Energy and Resources Management					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 302: Energy	302-1	Energy consumption within the organization	3.2.1 Energy Use	94	
		302-3	Energy intensity	2.1.2.2 Ecological Efficiency Management 3.2.1 Energy Use	65 94	
		302-5	Reductions in energy requirements of products and services	3.2.1 Energy Use	94	
	Water Management					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 303: Water and Effluents (2018)	303-1 (Management Approach)	Interactions with water as a shared resource	3.2.3 Water Resources	102	
		303-2 (Management Approach)	Management of water discharge-related impacts	3.2.3 Water Resources	102	
		303-3	Water withdrawal	3.2.3 Water Resources	102	
		303-4	Water discharge	3.2.3 Water Resources	102	
		303-5	Water consumption	3.2.3 Water Resources	102	
	Waste Management					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 306:Waste (2020)	306-1 (Management Approach)	Waste generation and significant waste-related impacts	3.3.3 Waste	106	
		306-2 (Management Approach)	Management of significant waste-related impacts	3.3.3 Waste	106	
		306-3	Waste generated	3.3.3 Waste	106	
		306-4	Waste diverted from disposal	3.3.3 Waste	106	

Social	Talent Attraction and Retention					
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Material Issues and Stakeholder Engagement	23	
	GRI 401: Employment	401-1	New employee hires and employee turnover	4.1.2 New Hires and Employee Turnover	116	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3.2 Benefits and Care	125	
		401-3	Parental leave	4.3.2 Benefits and Care	125	
	GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	1.2.1 Corporate Governance 4.1.1 Workforce Composition and Recruitment	35 110	
		405-2	Ratio of basic salary and remuneration of women to men	4.2.2 Promotion and Compensation	121	

GRI 400: Social Series

Series	Indicators	Description	Chapters	Pages	Supplementary/Explanatory Notes
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4.2.1 Career Development and Planning	117	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2.1 Career Development and Planning	117	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2.1 Career Development and Planning	117	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.3.1 Human Rights	123	
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	123	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.3.1 Human Rights	123	
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	123	

Note: GRI Standards 1, 2, and 3 follow the 2021 edition. GRI 303 follows the 2018 edition, GRI 306 follows the 2020 edition, while all remaining standards utilize the 2016 edition.

SASB Index

Indicators	Std. Code	Description	Chapters	Pages
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	1.2.2.3 Information Security Management	50
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of Gender and Racial/Ethnic Group Representation for Management and All Other Employees	4.1.1 Workforce Composition and Recruitment	110
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	2.1.2.1 Hazardous Substances	64
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	2.2.1 Supplier Sustainability Management	72
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	3.2.2 Raw Materials	101
Material Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	2.2.1 Supplier Sustainability Management	72
Activity Metric	TC-HW-000.A	Number of units produced by product category	Financial Performance	13
	TC-HW-000.B	Area of manufacturing facilities	Company Profile	8
	TC-HW-000.C	Percentage of production from owned facilities	Company Profile	8

Disclosure Indicators for Sustainability (Electronics Components Industry)

No.	Indicator	Category	Unit	Chapter	Page
1	Total energy consumption, percentage of purchased electricity and renewable energy usage	Quantification	Billion joules (GJ), percentage (%)	3.2.1 Energy Use	94
2	Total water withdrawal and total water consumption	Quantification	Thousand cubic meters (m^3)	3.2.3 Water Resources	102
3	Weight of hazardous waste generated and percentage of recycling	Quantification	Metric tons (t), percentage (%)	3.3.3 Waste	106
4	Description of the type, number and rate of occupational hazards	Quantification	Ratio (%), Quantity	4.4.2 Occupational Injury Management	133
5	Disclosure of product lifecycle management: weight and percentage of recycling of end-of-life products and electronic waste (Note 1)	Quantify	Metric tons (t), percentage (%)	3.2.2 Raw Materials	101
6	Description of risk management related to the use of critical materials	Qualitative Description	Not applicable	2.2.1 Supplier Sustainability Management	72
7	Total monetary loss due to legal actions related to anti-competitive behavior regulations	Quantify	Reporting Currency	1.2.1 Corporate Governance	35
8	Production of major products by product type	Quantify	Varies by product type	About Flexium	8
Note: The sale of scrapsor other recycling treatment which are included, should provide relevant instructions.					

Third-party Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FLEXIUM INTERCONNECT, INC.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Flexium Interconnect, Inc. (hereinafter referred to as Flexium) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/04/26~2024/05/20) in Flexium headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The information in the Flexium's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Flexium. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3: 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

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 Standards (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

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

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 assurance, 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 organization, 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.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance 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, CSR 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-way 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. Evaluating the relevance of identified material sustainability topics based on suitable and explicit criteria could be improved in the next report.

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 Sustainability Report of 2023, 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. For future reporting, Flexium is encouraged to take the sustainability context across the value chain into account when identifying issues that may have actual and potential impacts on the economy, environment, and people. Furthermore, more detailed explanations of the methods for sustainability impact assessment could be described.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-EDCZY

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Taipei, Taiwan
1 June, 2024
WWW.SGS.COM

FLEXium