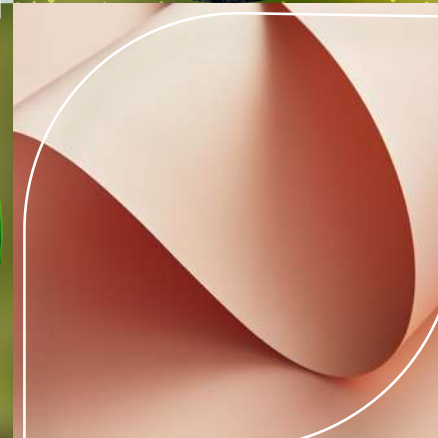
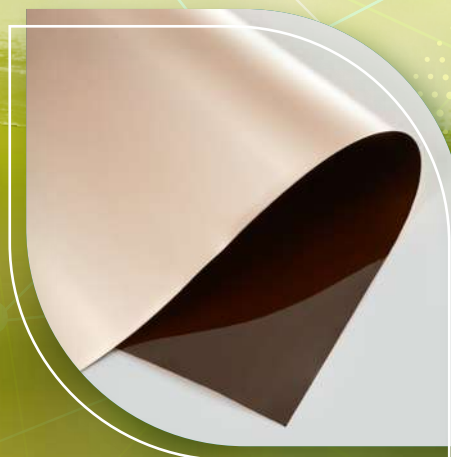


# TAIFLEX 2021 ESG Report



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## Statements from Top Executives

### Messages from the Chairperson

Global warming and climate change pose serious threats on human health while COVID-19 sweeps across the globe. Never in the history of mankind has there been a time like this. Advancements in technology forge close ties and interactions between people. In the report “Our Common Future” presented by Gro Harlem Brundtland in the United Nations General Assembly in 1987, sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Taiflex Group utilizes technology and adopts the sustainable development model, striving to maintain a balance in development among economy, environmental protection and social justice.

Taiflex Green Power Co., Ltd. was established in early 2021. In the same year, the major electricity consumer clause came into effect, starting a new chapter for green power market in Taiwan. Although Taiflex Group is not subject to the major electricity consumer clause, we have installed solar power equipment with a capacity of nearly 1,150 kilowatts as early as 2013 and in 2017 and 2021. An additional 3,500 kilowatts is scheduled to be completed in 2022. The goal is to generate 15% of the Group’s electricity from renewable energy by 2030. Through efforts from the professional team of Taiflex Green Power, we aim to be ready to have 100% of our electricity from renewable energy by 2050.

As end customers impose stricter requirements concerning environmental sustainability of supply chain, issues including carbon neutrality, net zero emissions as well as zero waste under circular economy have become key indicators of corporate survival. To this end, Taiflex has initiated circular economy measures concerning energy saving, emission reduction and zero waste since 2015. Our targets are explicit - to have manufacturing process close to net zero emissions by 2050 and move towards green manufacturing as we strive to achieve zero waste by 2030.

*Chairperson*



## Statements from Top Executives

### Messages from the President

2021 was a year where both opportunities and risks presented themselves as well as a year with unique changes in external circumstances. In addition to constantly confronting the turmoil from COVID-19 and challenges in supply chain, the world suffered the third-highest catastrophe-driven economic loss on record due to the environmental impact of climate change in 2021 (■ Note 1). We continue to stay concerned with sustainability issues, constantly improve our corporate blueprint by incorporating development strategies in accordance with rules of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) as well as focus on the management and opportunity of sustainability risk and industry value chain. Through collaborations with external and internal related parties and partners in the value chain, we aim to realize the global vision of a circular economy with zero waste by 2030 and Net Zero by 2050. Our continuous efforts not only boost revenues to a record high but are also demonstrated through product applications and participations in external organizations, i.e., becoming a part of the MIH Open EV Alliance and exploring the markets of Metaverse and in-vehicle applications. All these actions deepen our contribution to the economic developments of the world. The introduction of smart factory and AI as well as the use of big data in Robotic Process Automation (RPA) and Sales & Operation Planning (S&OP) signal the commencement of promotion and thorough implementation of digital transformation in Taiflex.

In response to the highly contested regional status, we make new plans and progress on the enterprise map which are scheduled to be officially launched in 2022. The decision will realize profit-sharing among Taiflex and value chain partners in the regional economies. We uphold our commitments and focus on our goals. On the path of infinite self-innovation, we garner strengths of parties involved to achieve common prosperity.

■ Note 1: 2021 Weather, Climate and Catastrophe Insight, Aon plc.

*President*

Tzong-Hann Jiang



## Summary and Scope of the Report

### ■ Report Overview

The Report is prepared in accordance with the guidelines and framework of GRI standards issued by the Global Reporting Initiative (GRI). It also conforms to the international standards, TCFD and SASB, as required by the Securities and Futures Institute (SFI) for the preparation of sustainability reports. It contains detailed actions taken by Taiflex Scientific Co., Ltd. (Taiflex or the Company) in areas of corporate governance; sustainable management and supply chain; green production and environmental protection; product innovations; friendly, healthy and safe workplace and community developments in fulfilling its corporate social responsibilities.

### ■ Reporting Period

The Report covers information of 2021 (from January 1, 2021 to December 31, 2021). It discloses the Company's ESG sustainable management approaches; risk assessment; the identification, analysis and ranking of material issues to stakeholders; responses; and outcomes of action plans. Parts of the content are to enhance readers' understanding of the data.

Sustainability reports will be issued on an annual basis from now on.

### ■ Scope and Boundary

Information in the Report is based on Taiflex's operations in Taiwan, excluding subsidiaries in mainland China and material topics of customers, suppliers and investors outside of the affiliates and organizations. Financial data are expressed in New Taiwan dollars while environmental data are stated in common units used worldwide. Financial figures have been audited by Ernst & Young. Except for financial performance figures which are presented on a consolidated basis, all other figures are expressed on a parent company only basis and presented in commonly used wordings and numerical value.

### ■ Principle and Guidance

In order to improve the comparability of performance and substantiality of the Report, we adopt the GRI Standards, TCFD, SASB and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies as required by the SFI for the preparation. In addition, the Report is presented using the international indicators under the "core options" and estimates are noted in relevant chapters. Details of international standards and Taiwanese laws are as follows:

#### ◆International Standards

Global Reporting Initiative (GRI Standards)

TCFD: Climate-related risks and opportunities as well as financial impacts

Accounting standards issued by SASB for the resource transformation industries:

Hardware manufacturing industry: topics of sustainable developments and accounting indicators

UN Sustainable Development Goals (SDGs)

#### ◆Taiwanese Laws

Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Revisions to the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies on December 7, 2021: Sustainability reports (ESG).

### ■ Frequency

Frequency: Annually.

The current report: Issued in June 2022.

Next report: June 2023.

Previous report: June 2021.

Upon issuance, the Report will be available on the corporate website at <https://www.taiflex.com.tw>.



# 01



PART. ONE

# Corporate Governance and Sustainable Operation

- 1.1 Company Overview
- 1.2 Organization and Job Responsibilities
- 1.3 Corporate Governance Structure
- 1.4 ESG Sustainability Unit and Stakeholder Identification and Communication
- 1.5 Prioritize and Respond to Material Issues upon Identification
- 1.6 Risk Management
- 1.7 Information Security
- 1.8 Regulatory Compliance, Code of Ethics and Business Ethics
- 1.9 Internal Control System and Management System Verification
- 1.10 Goals and Plans of Sustainable Developments









■Facing the material issues and goals of sustainable management in terms of business ethics, risk management and regulatory compliance under corporate governance, the short, medium and long-term indicators are as follows:

	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<div>Business Ethics</div> 	<ul style="list-style-type: none"> <li>■ SFI Corporate Governance Evaluation: 6~20%</li> <li>■ No. of participants in internal training on business ethics: 1,000 persons</li> </ul>	<ul style="list-style-type: none"> <li>■ SFI Corporate Governance Evaluation: 5%</li> </ul>	<ul style="list-style-type: none"> <li>■ SFI Corporate Governance Evaluation: 5%</li> </ul>
<div>Regulatory Compliance</div> 	<ul style="list-style-type: none"> <li>■ Violations of ethical principles by managers or employees: 0 incident</li> <li>■ Violations of product or fair-trade laws and regulations: 0 incident</li> </ul>	<ul style="list-style-type: none"> <li>■ Violations of ethical principles by managers or employees: 0 incident</li> <li>■ Violations of product or fair-trade laws and regulations: 0 incident</li> </ul>	<ul style="list-style-type: none"> <li>■ Violations of ethical principles by managers or employees: 0 incident</li> <li>■ Violations of product or fair-trade laws and regulations: 0 incident</li> </ul>

## ■ Goals and Performance of Material Issues: Sustainable Management

In terms of corporate governance and sustainable management, Taiflex adheres to the concepts of business ethics and information transparency. We comply with laws and regulations, improve business performance, refine internal controls, personnel management mechanisms and ISO management system certifications, and foster our high-quality corporate culture through implementing business ethics philosophies and ethical standards. The goals set for material issues and performance are as follows:

■ Business Ethics 	Goal for 2022	Goal for 2021	Performance in 2021
Violations of ethical principles by managers or employees	0 incident	0 incident	0 incident  Achieved
No. of participants in internal training on business ethics	1000 persons	973 persons	973 persons  Achieved
SFI Corporate Governance Evaluation	6~20%	21~35%	21~35%  Achieved

■ Regulatory Compliance 	Goal for 2022	Goal for 2021	Performance in 2021
Violations of product or fair-trade laws and regulations	0 incident	0 incident	0 incident  Achieved



# 1.1 Company Overview

TAIFLEX Scientific Co., Ltd. was founded in 1997. We mainly engage in the research and development of green energy-saving products, and provide customers with the most reliable and advanced flexible printed circuit (FPC) materials (e.g., FCCL, coverlay, bonding sheet, stiffener and composite film) as well as services integrated with innovative applications. With core competencies of independent basic formula and precision coating process, Taiflex is now one of the top three suppliers of FPC materials in the world.

In October 2020, we established Taichem Materials Co., Ltd. with the original R&D team and semiconductor professionals. This company is dedicated to the research of semiconductor and display packaging materials. We also established Taiflex Green Power Co., Ltd. in March 2021. Besides developments in renewable energy, the new company effectively improves energy efficiency and energy-saving technologies in factories through systematic energy inventory and energy consumption analysis.

Taiflex has strong competitive advantages and is a listed company with international certifications including ISO 9001, IATF 16949, IECQ HSPM, ISO 14001, ISO 45001, CNS 45001, ISO/IEC 27001, ISO 50001, AEO and UL.

## About Taiflex

Date of incorporation	August 16, 1997	
Chairperson	Ta-Wen Sun	
President	Zong-Han Jiang	
Spokesperson	Chi-Yuan Pan	
Paid-in capital	NT\$2,091,196,920	
Ticker number	Listed on the Taipei Exchange in 2003, followed by the Taiwan Stock Exchange in 2009 under the ticker number 8039	
Number of employees	868 employees (as of December 2021)	
Products	FCCL, coverlay, bonding sheet, stiffener and composite film	
Headquarters	No.1, Huanqu 3rd Rd., Kaohsiung Cianjhen Technology Industrial Park, Cianjhen Dist., Kaohsiung City, Taiwan	
Location of operation	Taiwan, China, Japan and the U.S.	
Corporate Website	<a href="https://www.taiflex.com.tw">https://www.taiflex.com.tw</a>	

## History

Year	Milestones
2021	Received a certificate of the Kaohsiung City Government for supporting Mid-Autumn Festival gifts from Sheltered Workshop to help disabled friends. Received a certificate of the Social Affairs Bureau, Kaohsiung City Government for supporting Mid-Autumn Festival gifts from disability organizations. Established Taiflex Green Power. Obtained ISO 50001 Energy Management System certification. (Figure 1)
2020	Approved by the Customs Administration, Ministry of Finance to be a Security and Safety Authorized Economic Operator (AEO). Established Taichem Materials Co., Ltd. Received Devotion to Social Welfare Award and Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C. (MOEA).
2019	Received the Occupational Health Promotion Certificate from Health Promotion Administration, Ministry of Health and Welfare. (Figure 2) Obtained ISO45001:2018 Chinese National Standard Occupational Health and Safety Management Systems certification. (Figure 3) Completed the construction of Rudong Fuzhan factory. Received Devotion to Social Welfare Award and Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, MOEA.
2018	Received Sports Corporation Certificate from Sports Administration, Ministry of Education. Approved by the Ministry of Finance to be an AEO. Received Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA. (Figure 4) Ranked 31st in the Commonwealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises. (Figure 5) Established Taiflex USA Corporation. Obtained IATF 16949 certification, a revision of ISO/TS 16949.

Year	Milestones
2017	Received the 2016 certification mark for Exporters/Importers with Excellent Trade Performance from Bureau of Foreign Trade, MOEA. Received SGS ISO 9001 18 Years Merit Award.
2016	Established Taiflex Scientific Japan Co., Ltd. Obtained ISO 27001 Information Security Management certification. Received 2016 Work and Life Balance Award - Work Autonomy and Achievement from Ministry of Labor. (Figure 6) Received Award for Excellence in Factory Safety and Protection from Export Processing Zone Administration, MOEA.
2015	Ranked 38th in the Commonwealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises. Received awards from Export Processing Zone Administration, MOEA for (1) being the models of water-use efficiency, (2) charities and community services, (3) industry-academia collaboration, and (4) factory transformation.
2014	Received A+ Award in the 11th Information Transparency and Disclosure Ranking for Exchange and OTC-Listed Companies.
2013	Received 2013 National TrainQuali Prize. (Figure 7) Received Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA. Selected in the Enterprises as Backbones of Industries Leaping Promotion Program of MOEA.



Figure 1



Figure 2



Figure 3



Figure 4



Figure 5



Figure 6



Figure 7



Year	Milestones
2012	Ranked 10th in the Commonwealth Magazine's Corporate Citizenship Awards - Medium-Sized Enterprises. The Chairperson received the Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA. (Figure 8)
2011	Received Golden Award of Taiwan TrainQuali System (TTQS). (Figure 9) Chairperson, Ta-Wen Sun, received the Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA. Taiflex unveiled corporate mascot - Taiflex Bear.
2010	Taiflex became the parent company of Koatech Technology Corporation through share acquisition. Received Golden Award of TTQS (Enterprise Version).
2009	Listed on Taiwan Stock Exchange. Obtained ISO 14064 Greenhouse Gas Inventory certification. (Figure 10)
2008	Began sales of PV module backsheets and expanded into solar energy market in Asia Pacific. Obtained OHSAS 18001 Occupational Health and Safety Management System certification. (Figure 11)
2007	Obtained IECQ QC 080000 HSPM certification. (Figure 12)
2006	Introduced TTQS concept and review mechanism to enhance talent quality. Increased training efficiency and accumulated human capital to improve the overall competitiveness. Obtained ISO/TS 16949 Technical Specification certification. (Figure 13)

Year	Milestones
2005	Chairperson, Ta-Wen Sun, received the Model of Entrepreneurs Award.
2004	Chairperson, Ta-Wen Sun, received the Outstanding Young Entrepreneur Award. Established Taiflex Scientific (Kunshan) Co., Ltd. Officially launched Taiflex 2. Obtained ISO 14001 Environmental Management Systems certification. (Figure 14)
2003	Listed on the OTC Stock Exchange. (Ticker number: 8039). Received Outstanding Technology Development Award and R&D Innovation Award from MOEA.
2002	Established Kunshan Taiflex Electronic Material Co., Ltd. Received Best R&D Award and Best Sales of Own-Brand Award from MOEA.
1999	Obtained ISO 9001 Quality Management System certification. (Figure 15)
1998	Moved to Kaohsiung Export Processing Zone at Qianzhen District, Kaohsiung. Main products were flexible laminates and protective films.
1997	Founded at the Incubator Center of Industrial Technology Research Institute (ITRI) with experts in electronic materials.



■ Figure 8



■ Figure 9



■ Figure 10



■ Figure 11



■ Figure 12



■ Figure 13



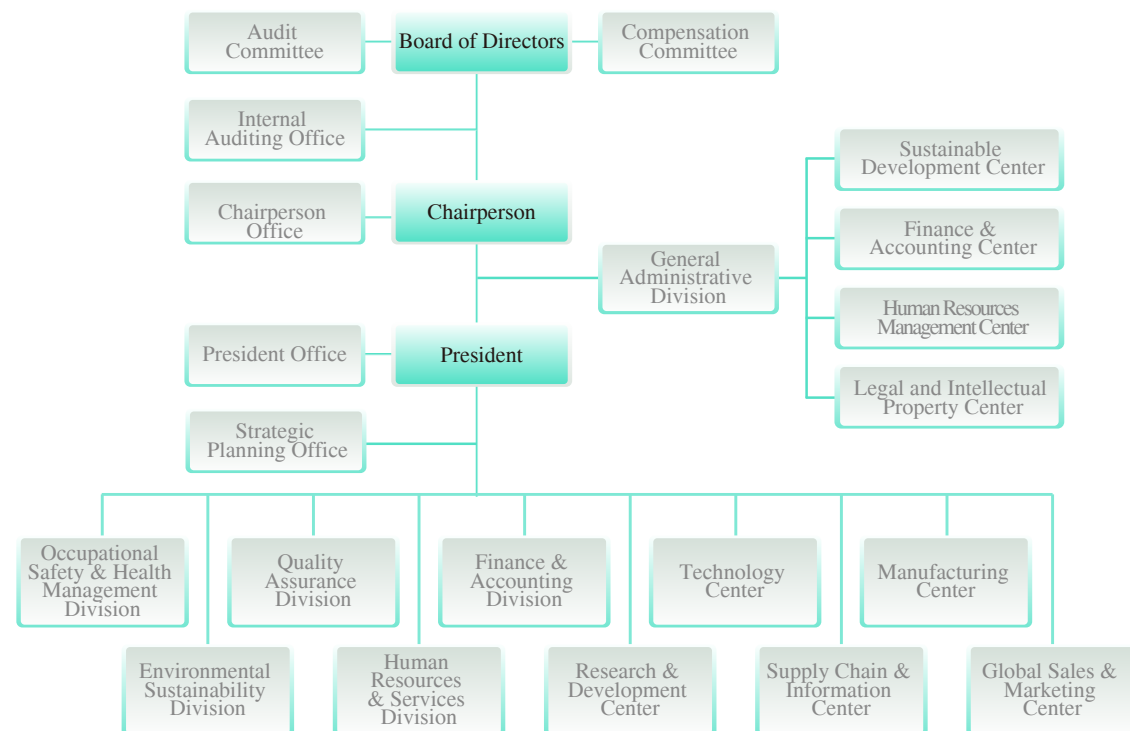
■ Figure 14



■ Figure 15

## 1.2 Organization and Job Responsibilities

The organizational chart released on March 1, 2022 is illustrated below. The Chairperson supervises two subordinate units: Chairperson Office and General Administrative Division. The President is the top management executive supported by the President Office, Strategic Planning Office, Global Sales & Marketing Center, Manufacturing Center, Supply Chain & Information Center, Finance & Accounting Center, Human Resources Management Center, Sustainable Development Center, Quality Assurance Division and Occupational Safety & Health Management Division.



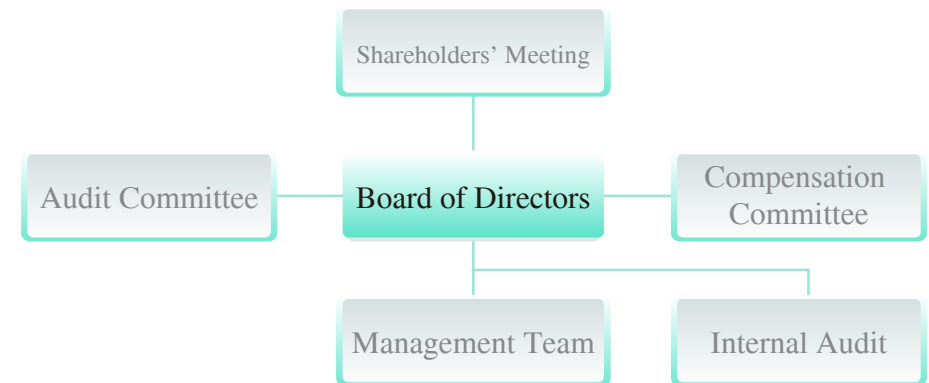
### Job Responsibilities of Tier-One Unit

Departments	Job Responsibilities
Internal Auditing Office	1. Review and assess the reliability and effectiveness of internal controls and make recommendations for an effective operation. 2. Conduct routine and non-routine audits.
Chairperson Office	Assist the Chairperson with internal management and external issues.
General Administrative Division	Manage the execution of corporate business in accordance with resolutions of the shareholders' meetings and the Board of Directors' meetings as well as orders from the Board.
Sustainable Development Center	1. Plan and drive the sustainable developments of the Group to align with the international sustainability issues and incorporate them in corporate development strategies; focus on sustainability risk management and opportunities as well as industry value chain; and take on the missions of realizing ESG sustainability and bringing positive energy to the world. 2. Take actions pursuant to the SBTi's science-based targets, adopt relevant international verifications and collaborate with internal and external stakeholders as well as value chain partners to achieve the global vision of zero-waste circular economy by 2030 and Net Zero by 2050.
Finance & Accounting Center	1. Financial, accounting and tax planning and management for the Group. 2. Carry out operation forecast simulation, analysis and improvement for the Group and business units. 3. Assess, execute and manage strategic investments. 4. Maintain investor and public relations. 5. Handle and promote corporate governance affairs.
Human Resources Management Center	1. Formulate HR development blueprints and strategies, establish motivational and innovative mechanisms for talent attraction, cultivation and retention, build human capital and improve readiness. 2. Establish, integrate and manage human resource management policies and systems of the Group. 3. Enhance corporate image and build corporate culture for the Group. 4. Comply with and respond to labor-related laws and regulations. 5. Plan, execute and supervise general and public affairs.
Legal and Intellectual Property Center	Handle legal affairs of the Company, including compliance with domestic and overseas regulations, management and litigations concerning business contract, patents and other intellectual property rights, and provision of business-related legal consultations.
President Office	Assist the President with internal management and external issues.
Strategic Planning Office	1. Analyze technology and industry market dynamics to facilitate the Group with identifying business opportunities. 2. Plan and drive the short and long-term strategies of the Group and monitor the implementation outcome. 3. Assess potential strategic investments, M&A targets and cooperation opportunities.
Occupational Safety & Health Management Division	Formulate, plan, supervise and promote safety and health management of the Group, prevent and handle occupational accidents and provide guidance for implementation.

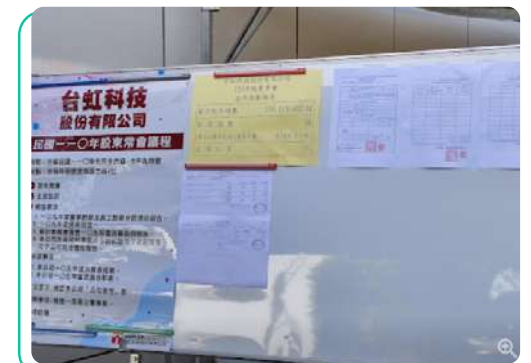
Departments	Job Responsibilities
Quality Assurance Division	<ol style="list-style-type: none"> <li>1. Establish and maintain quality control system.</li> <li>2. Inspect and accept raw materials and perform quality control inspections on processes and products.</li> <li>3. Monitor product quality and provide relevant data to manufacturing units.</li> <li>4. Support sales with technical consultation to customers.</li> </ol>
Research & Development Center	Formulate product development blueprints based on development strategies of the Group and align product launches with business units' operational needs to enhance the competitiveness of the Group.
Technology Center	Develop and introduce new products, materials, technologies and institutions based on the development strategies of the Group and business units.
Supply Chain & Information Center	<ol style="list-style-type: none"> <li>1. Manage the operation of facility system and improve its energy efficiency.</li> <li>2. Engage in the evaluation, development and construction projects of the Company's new factories.</li> <li>3. Develop, assess, test and introduce new processes and equipment.</li> <li>4. Plan production capacity and acquire, configure and consolidate the allocation of raw materials and finished goods based on the Company's sales and procurement strategies so as to meet the sales and cost targets.</li> <li>5. In charge of the Company's allocation and warehouse management of raw materials, supplies and equipment.</li> <li>6. Implement information policy and standards as well as plan, establish and promote developments of the entire information system based on the Company's trends of developments to facilitate smooth operation of the business.</li> <li>7. Procure raw materials, supplies and equipment based on the sales and procurement strategies of the Company in order to meet the sales and cost targets. Maintain supplier relationship to facilitate smooth operation of the supply chain.</li> <li>8. In charge of the bonding and customs affairs.</li> <li>9. In charge of the promotion, planning and execution of the Company's information security policy and advocate the knowledge management platform.</li> </ol>
Manufacturing Center	<ol style="list-style-type: none"> <li>1. In charge of product manufacturing and the maintenance, upkeep, repair, and automation enhancement of manufacturing equipment.</li> <li>2. Improve production yield and utilization along with technology and equipment.</li> <li>3. Formulate and implement the repair and maintenance plans for production equipment.</li> <li>4. Calculate the standard work hour, direct labor allocation and production capacity of single major (coating/rolling/laminating/slitting) equipment.</li> <li>5. Improve the time for utilization target, yield target and major equipment downtime target.</li> <li>6. Integrate and improve system requirements and processes of manufacturing center.</li> </ol>
Global Sales & Marketing Center	<ol style="list-style-type: none"> <li>1. In charge of domestic and overseas production and act as an agent for product sales.</li> <li>2. In charge of collecting market intelligence and analyzing the industry and macro economy.</li> <li>3. Plan and market FPC products as well as provide new product development plan requirements to the R&amp;D.</li> <li>4. Provide customers with product solutions, answers to issues concerning new products and handle complaints on new product sampling.</li> </ol>

## 1.3 Corporate Governance Structure

Taiflex holds shareholders' meetings annually as required by laws and regulations and elects nine Directors (including 3 Independent Directors) every three years pursuant to the Articles of Incorporation. Besides laws, regulations and the Articles of Incorporation, the Company has established the "Director and Supervisor Election Procedures" for Director elections. The said Procedures require Board members to possess the following abilities: operational judgment, accounting and financial analysis, business management, risk management, industrial knowledge, global market perspective, leadership and decision-making. The Company's governance structure is illustrated below:



■ 2021 Annual Shareholders' Meeting



■ Agenda of Shareholders' Meeting



## ■ Board of Directors

The Company's highest governance body is the Board of Directors (the Board) which is composed of nine Directors with extensive industry experience. Taiflex has elected the ninth-term Board in the annual shareholders' meeting on May 28, 2020, and three of the nine Directors elected are Independent Directors.

Education and work experience of the six Directors and three Independent Directors are summarized in the table below:

Title	Name	Term	Education and Selected Past Positions
Chairperson	Ta-Wen Sun	3 years	<ul style="list-style-type: none"> <li>◆ Chairperson of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of Taichem Materials Co., Ltd.</li> <li>· Chairperson of Qiao Mei Development Corporation</li> <li>· Chairperson of You Ben Investment Co., Ltd.</li> <li>· Chairperson of Innatech Co., Ltd.</li> <li>· Chairperson of Taiflex Green Power Co., Ltd.</li> <li>· Director of Rudong Fuzhan Scientific Co., Ltd.</li> <li>· Independent Director of Advanced Ceramic X Corp.</li> <li>· Bachelor of Business Administration, Fu Jen Catholic University</li> </ul>
Director	Chein-Ming Hsu	3 years	<ul style="list-style-type: none"> <li>◆ Vice Chairperson of Taiflex Scientific Co., Ltd.</li> <li>· Corporate Representative Director of Taichem Materials Co., Ltd.</li> <li>· Director of Taiflex Green Power Co., Ltd.</li> <li>· Electronic Communication &amp; Power Director of 3M Company (the Greater China Region)</li> <li>· Electronic Communication Promotion Director of 3M Company (the Asia-Pacific Region)</li> <li>· CEO of 3M Thailand Limited</li> <li>· Electrical Engineering, Chung Yuan Christian University</li> </ul>
Director	Ching-Yi Chang	3 years	<ul style="list-style-type: none"> <li>◆ Director of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of LandMark Optoelectronics Corporation</li> <li>· Director of Entire Technology Co., Ltd.</li> <li>· Director of Eurocharm Holdings Co., Ltd.</li> <li>· Master of Business Administration, National Chengchi University</li> </ul>
Director	Re-Zhang Lin	3 years	<ul style="list-style-type: none"> <li>◆ Corporate Representative Director of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>· Corporate Representative Director of Launch Technologies Co., Ltd.</li> <li>· Corporate Representative Supervisor of Advanced International Multitech Co., Ltd.</li> <li>· Bachelor of Accounting, Soochow University</li> </ul>
Director	Chun-Chi Lin	3 years	<ul style="list-style-type: none"> <li>◆ Director of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of Taiwan Electron Microscope Instrument Corporation</li> <li>· Independent Director of M31 Technology Corporation</li> <li>· Corporate Representative Director of SG Biomedical Co., Ltd.</li> <li>· Corporate Representative Director of PentaPro Materials Inc.</li> <li>· CEO of Xintec Inc.</li> <li>· CEO/President of VisEra Technologies Co., Ltd.</li> <li>· EMBA, College of Management, National Taiwan University</li> </ul>

Title	Name	Term	Education and Selected Past Positions
Director	Fu-Le Lin	3 years	<ul style="list-style-type: none"> <li>◆ Director of Taiflex Scientific Co., Ltd.</li> <li>◆ Senior R&amp;D Director of Taiflex Scientific Co., Ltd.</li> <li>· Corporate Representative Director of Koatech Technology Corporation</li> <li>· Ph.D. in Polymer Science, University of Akron, USA</li> </ul>
Independent Director	Wen-I Lo	3 years	<ul style="list-style-type: none"> <li>◆ Independent Director of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of CSX Material Co., Ltd.</li> <li>· Independent Director of ADO Optronics Corporation</li> <li>· Corporate Representative Director of Gemtek Technology Co., Ltd.</li> <li>· Corporate Representative Director of PCL (Hsinchu) Co., Ltd.</li> <li>· Director of Sweepot Inc.</li> <li>· Corporate Representative Supervisor of REC Technology Corporation</li> <li>· Chairperson of FengYi Capital Management Co., Ltd.</li> <li>· Supervisor of Wholesenses Global Corp.</li> <li>· Master of Business Administration, National ChengChi University</li> </ul>
Independent Director	Yung-Shun Chuang	3 years	<ul style="list-style-type: none"> <li>◆ Independent Director of Taiflex Scientific Co., Ltd.</li> <li>· Chairperson of AAEON Technology Inc.</li> <li>· Chairperson of EverFocus Electronics Corporation</li> <li>· Chairperson of ONYX Healthcare Inc.</li> <li>· Director of MACHVISION Inc.</li> <li>· Director of King Core Electronics Inc.</li> <li>· Corporate Representative Director of CHC Healthcare Group</li> <li>· Corporate Representative Director of Winmate Inc.</li> <li>· Corporate Representative Director of XAC Automation Corp.</li> <li>· Director of AtechOEM Inc.</li> <li>· Corporate Representative Director of IBASE Technology Inc.</li> <li>· Director of Litemax Electronics Inc.</li> <li>· Director of Allied Biotech Corporation</li> <li>· Independent Director of Top Union Electronics Corp.</li> <li>· Honorary Doctorate, National Taiwan University of Science and Technology</li> </ul>
Independent Director	Shi-Chern Yen	3 years	<ul style="list-style-type: none"> <li>◆ Independent Director of Taiflex Scientific Co., Ltd.</li> <li>· Honorary and Adjunct Professor of Chemical Engineering, National Taiwan University</li> <li>· Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd.</li> <li>· Independent Director of Subtron Technology Co., Ltd.</li> <li>· Independent Director of E Ink Holdings Inc.</li> <li>· Ph.D. in Chemical Engineering, University of Wisconsin</li> </ul>

## ■ Responsibilities of the Board

1. Supervise and determine business directions to meet the short, medium and long-term market demand.
2. Appoint a management team with good characters, honesty, and professionalism to carry out business strategies formulated by the Board in order to guarantee the Company's business performance.
3. Guide the management team in formulating strategies favorable to the Company's long-term developments. The Board regularly receives reports from, as well as communicates and holds discussions with, the management team to ensure effective implementation of strategies.

Management team regularly proposes development strategies to the Board, which would review the proposals before granting its consents where appropriate. Following the execution of strategies, the Board would periodically examine the overall outcome in subsequent periods and urge the management team to make proper adjustments when necessary. Excellent communication between the Board and the management lays the foundation for our sustainable operation.

Our long-term steady operation relies not only on strategies formulated by the Board and the management based on market trends and fluctuations, but also our prudent business approaches as well as the formulation of and control over internal management systems. Our business performance in 2021 met the Board's expectation; thus, there was no material disputes.

The Company's Articles of Incorporation stipulate that remuneration to Directors and Supervisors shall not exceed 4% of the annual profits and the remuneration to Directors and managers shall be reviewed by the Compensation Committee and approved by the Board before it can be distributed. Please refer to our 2021 Annual Report for details on remuneration to Directors and managers. As for the regulatory requirements to hold a Board meeting at least once each quarter, the Company has proceeded accordingly.

A total of eight Board meetings was held in 2021. The attendance status of the Directors and Independent Directors are as follows:

Title	Name	Attendance in Person		Attendance by Proxy	Attendance Rate
		Expected	Actual		
Chairperson	Ta-Wen Sun	8	8	0	100%
Vice Chairperson	Chein-Ming Hsu	8	8	0	100%
Director	Ching-Yi Chang	8	8	0	100%
Director	Re-Zhang Lin	8	8	0	100%
Director	Chun-Chi Lin	8	6	1	75%
Director	Fu-Le Lin	8	8	0	100%
Independent Director	Wen-I Lo	8	8	0	100%
Independent Director	Yung-Shun Chuang	2	2	0	100%
Independent Director	Shi-Chern Yen	8	8	0	100%
Average attendance rate					97.06%

To fulfill its supervisory duties, the Board has created various functional units and communication channels, e.g., the Compensation Committee and Audit Committee as required by law. The main functions of Internal Auditing Office, a supporting unit of the Board, are to review and assess the reliability and effectiveness of internal controls and make recommendations for an effective operation as well as to conduct routine and non-routine audits. It also regularly reports to the Audit Committee under the Board concerning the reliability and effectiveness of business management in terms of internal control, identifies deficiencies and proposes improvement recommendations.



Our Board members and managers conduct themselves in strict compliance with the Code of Ethical Conduct. There has been no gender discrimination incidents and the Company has yet to receive any complaints pertinent to sexual harassment or gender inequality.

To avoid conflict of interests, Directors and managers shall secure approvals from the shareholders' meeting and the Board in accordance with applicable laws and regulations when they take actions that are within Taiflex's business scope for themselves or on behalf of others. Furthermore, the Company shall comply with the strict reporting requirements imposed by securities laws and regulations and fully disclose all transactions with related parties.

## Audit Committee

The Company established the Audit Committee to replace Supervisors in 2017. The Committee operates according to the "Charter for Audit Committee", and supervises the following items:

1. the fair presentation of the Company's financial statements,
2. the appointment (discharge), independence and performance of the Company's CPAs,
3. the effective implementation of the Company's internal controls,
4. regulatory compliance, and
5. controls over existing or potential risks of the Company.

Taiflex appointed the three Independent Directors, Mr. Wen-I Lo, Mr. Yung-Shun Chuang, and Mr. Shi-Chern Yen, to be the members of the second-term Audit Committee. Their tenure starts on May 28, 2020 and ends on May 27, 2023. With their professional competencies, these three Independent Directors can supervise all aspects of governance and corporate developments, thereby implementing corporate governance, strengthening supervisory function and improving management mechanism.

■ The Audit Committee held five meetings in 2021 and members had achieved 100% attendance rate. Details are shown in the following table:

Title	Name	Attendance in Person Expected	Attendance in Person Actual	Attendance by Proxy	Attendance Rate
Convener	Wen-I Lo	2	2	0	100%
Member	Yung-Shun Chuang	4	4	0	100%
Member	Shi-Chern Yen	4	4	0	100%

■ Note: The Audit Committee Charter is available on the corporate website at [https://www.taiflex.com.tw/cg\\_reg](https://www.taiflex.com.tw/cg_reg) and the Market Observation Post System (MOPS) at [https://mops.twse.com.tw/mops/web/t100sb04\\_1](https://mops.twse.com.tw/mops/web/t100sb04_1).

## Compensation Committee

The Compensation Committee was established by the Board in 2011. Its job responsibilities include:

1. to regularly review the Charter and propose recommendations,
2. to formulate and regularly review the annual and long-term performance targets as well as the compensation policies, systems, standards and structures of Directors and managers, and
3. to regularly assess the progress of Directors and managers concerning their performance targets and set out details and amount of individual's compensation.

The laws stipulate that the Compensation Committee members shall be appointed by the Board. Based on the Compensation Committee Charter, the Committee shall consist of three Independent Directors and they shall elect one member among themselves to be the convener and the chairperson. At present, the Board has appointed all three Independent Directors to be the Compensation Committee members and Mr. Yung-Shun Chuang is elected to be the convener. Taiflex Chairperson, Mr. Ta-Wen Sun, is invited to attend each Committee meeting and join the discussions. However, he would recuse himself during discussions on his compensation.

■ The Compensation Committee held four meetings in 2021 and members had achieved 100% attendance rate. Details are shown in the following table:

Title	Name	Attendance in Person Expected	Attendance in Person Actual	Attendance by Proxy	Attendance Rate
Convener	Yung-Shun Chuang	2	2	0	100%
Member	Wen-I Lo	4	4	0	100%
Member	Shi-Chern Yen	4	4	0	100%

■ Note: The Compensation Committee Charter is available on the corporate website at [https://www.taiflex.com.tw/cg\\_reg](https://www.taiflex.com.tw/cg_reg) and the MOPS at [https://mops.twse.com.tw/mops/web/t100sb04\\_1](https://mops.twse.com.tw/mops/web/t100sb04_1).

## 1.4 ESG Sustainability Unit and Stakeholder Identification and Communication

To carry out corporate sustainable developments, Taiflex establishes an **ESG Sustainability Task Force - Corporate Sustainable Development Committee**, comprising of representatives from all departments with the head of **Sustainable Development Center** being the Committee chairperson and the Sustainable Development Center being the dedicated unit in promoting relevant activities. Team members report to the Committee chairperson at different intervals depending on the operation.

The Chairperson and the President jointly supervise the Committee operation which covers environmental protection, workplace safety, corporate governance, employee care, green product procurement, green product research and development, product quality and delivery, audit improvement, supplier management, customer relationship as well as the management of issues in economic, environmental and social aspects. The Committee fulfills our missions of carrying out corporate sustainable developments and social responsibilities in terms of “environmental sustainability”, “social participation”, “employee care”, “corporate governance”, and “corporate commitment”. The organizational chart of the Committee is as follows:



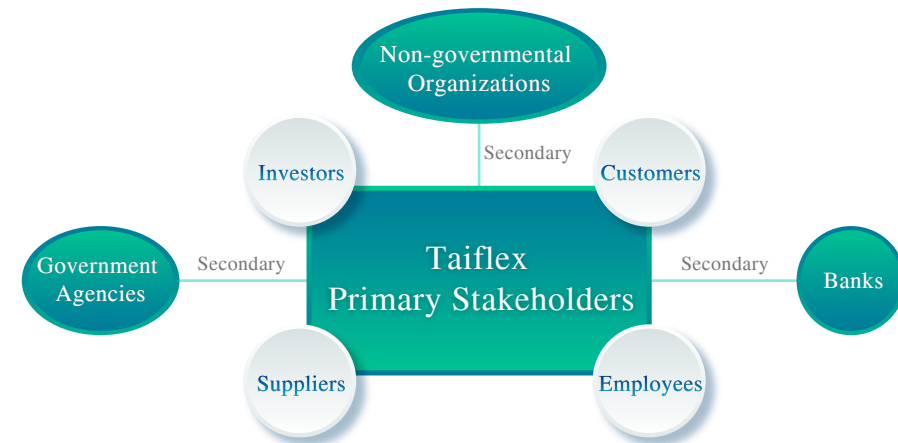
**ESG Sustainability Task Force** is in charge of planning, executing and controlling action plans; integrating and monitoring the progress and results of the six teams: Business Governance, Economy & Supply Chain, Social Care and Friendly Workplace, Green Product, Environment, Safety, and Health and Risk Management; and ensuring the effectiveness of horizontal and vertical communications of the Committee, thereby achieving sustainable developments of the Company.

Responsibilities of the Committee:

- 1.to determine the strategic directions of the annual plans for corporate sustainable developments and social responsibilities,
- 2.to draw up plans for corporate sustainable developments and social responsibilities,
- 3.to monitor and review the execution and directions of corporate social responsibility plans, and
- 4.to make decisions on other matters pertaining to ESG sustainable developments.

The Committee holds review meetings semi-annually to map out the promotion of corporate social responsibility issues and activities, and reports on the execution results of the year to the Board. The Board resolves to appoint Mr. Chi-Yuan Pan, the Director of Finance & Accounting Division, the Officer of the Business Governance Team to safeguard shareholders’ rights and interests and strengthen the Board’s functions. Other teams are led by the highest-ranking officers of relevant departments.

**ESG Sustainability Task Force** discusses and evaluates the relevance and the level of impact between various stakeholders and the Company, and identifies four types of primary stakeholders - investors, customers, employees and suppliers for communication. Secondary stakeholders include banks, government agencies and non-governmental organizations. Through communication with stakeholders via diverse channels and issue analysis, material issues of concern to stakeholders are identified. Corresponding measures are taken to strengthen information disclosure. The primary and secondary stakeholders of the Company are illustrated in the chart below:





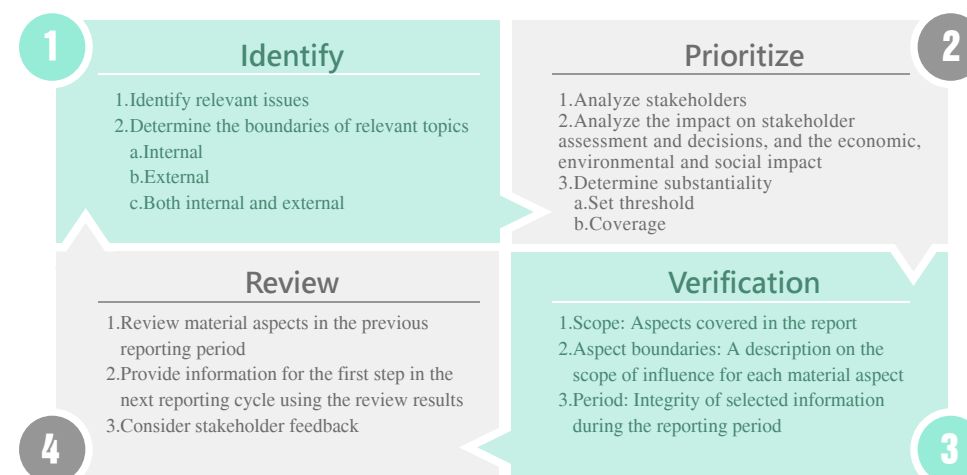
Taiflex has explicitly assigned units to properly respond to and address environmental, social and economic issues arising from the operation. The roles and responsibilities of the ESG Task Force members are presented in the following table:

#### ■ ESG Task Force - Roles and Responsibilities of Corporate Sustainable Development Committee Members

Committee Member	Scope of Issue	Stakeholder
Legal/ Information	Code of Business Ethics, regulatory compliance, protection of confidential information Maintenance of ISO 27001 Information Security Management System, promotion of trade secret education, information governance, information security governance	Government, Employee, Society, Customer
Marketing/ Customer Service	Revenue, product positioning, marketing strategies, business promotion, customer service and satisfaction	Customer
Procurement	Purchase of raw materials and equipment, supply chain risk management, supplier management, conflict minerals, green supply chain, contract fulfillment, payment terms	Supplier
Production/ Quality Assurance	Product quality management, on-time delivery, maintenance of ISO quality management systems	Customer
Research and Development	Innovation management, new product development, old product enhancement, green product	Employee, Customer
Risk Management	Risk management, crisis management, emergency procedures and action plans	Customer, Employee, Society, Investor
Finance	Financial report analysis on business performance, corporate governance, disclosure of financial information, shareholders' rights, tax strategies, investment strategies	Government, Investor
Audit	Corporate governance, internal control mechanism, risk management system	Government, Investor
Investor Relations	Properly address investors' concerns, build long-term mutual trust, manage effective two-way communications, compile annual financial reports, upload sustainability reports	Investor
Environmental Protection	Maintenance of environmental policies and ISO 14001 Environmental Management Systems, pollution control, energy and resource utilization efficiency, carbon emission management, reporting mechanism of environmental issues	Employee, Customer, Government, Society, Investor
Facilities	ISO 50001 Energy Management System	

Committee Member	Scope of Issue	Stakeholder
Safety and Health	Environmental equipment expenditure, occupational safety and health policy and management mechanism, workplace safety management, prevention of occupational disease and health promotion, communication on environmental protection, safety and health regulations, maintenance of ISO 45001 Occupational Safety and Health Management System	Employee, Customer, Government, Society, Supplier, Investor
Human Resources and Administration	Talent recruitment and retention, compensation and benefits, working hour and leave management, employee health and safety, training and development, performance evaluation and promotion program, labor-management relations and complaint mechanism, employee complaint mechanism, gender equality, ban on child labor, maintenance of RBA social responsibility management system	Employee, Society, Government
Taiflex Youth Care Association/Volunteers	Corporate citizen, charity activities, community relations	Society, Non-governmental Organization
ESG Sustainability Task Force	Stakeholder engagement, ESG report preparation	Society

■ To facilitate effective communications with different stakeholders, Taiflex identifies the scopes and boundaries of aspects pursuant to the GRI Standards. Steps taken are as follows:



## ■ Identification of Boundaries of Issues to Stakeholders

With regard to the corresponding aspect of material issues to stakeholders, the identification of content and boundaries are as follows:

Aspects of Stakeholder Concern		Material Issue	Internal Boundary		External Boundary				
			Organization	Employee	Investor	Customer	Supplier	Bank	Government
Corporate Governance		Regulatory compliance	●	●			●	●	●
		Business ethics	●	●					●
		Labor-management relations	●	●					●
		Risk management	●	●			●	●	●
		Information security	●	●		●	●		●
		Human rights protection	●	●					●
Economic	Shareholder	Operating performance	●	●	●		●	●	●
		Shareholders' rights	●		●				●
		Innovation management	●	●	●	●	●	●	●
	Customer	Collection terms	●			●			
		Customer service and satisfaction	●			●			
		Product quality and delivery schedule	●	●		●			
		Customer privacy	●			●			
	Supplier	Product quality and delivery schedule	●	●	●	●	●		
		Payment terms	●				●		
		Supply chain management	●			●	●		
	Compliance with RBA Standards	Labor practice assessment of supplier	●			●	●		
		Human rights assessment of supplier	●			●	●		
		Conflict minerals	●			●	●		



## ■ Identification of Boundaries of Issues to Stakeholders

With regard to the corresponding aspect of material issues to stakeholders, the identification of content and boundaries are as follows:

Aspects of Stakeholder Concern		Material Issue	Internal Boundary		External Boundary				
			Organization	Employee	Investor	Customer	Supplier	Bank	Government
Environmental		Raw materials management	●	●		●	●		
		Waste management	●	●		●	●		●
		Wastewater discharge/air pollutant emissions	●	●		●	●		●
		Water resource management	●	●		●	●		●
		Energy conservation & carbon reduction	●	●		●	●		●
		Energy management	●	●		●			●
		Chemical management	●	●			●		●
Social	Internal Personnel Management	Compensation and benefits	●	●					●
		Training and development	●	●					
		Promotion program	●	●					
		Future development	●	●				●	
		Safety and health	●	●			●	●	●
		Employee complaint system	●	●					●
		Ban on child labor	●	●					●
	Public Relations	Charity activities	●	●					
		Donations and sponsorship	●						

## ■ Communication Channels for Stakeholder Issues and Effects

Taiflex is devoted to interactions with stakeholders to achieve a balance of interests. The following table lists communication channels with stakeholders and their effects:

Stakeholder	Issue of Concern	Communication Frequency and Channel	Outcome of Communication in 2021
Investor	1. Operating performance 2. Future development 3. Profitability 4. Innovation management 5. Dividend policy 6. Corporate governance 7. Regulatory compliance	1. Annual shareholders' meeting 2. Investor conferences every year 3. Investor relations website - 4. Contact person: Manager, Mei-Xian Su 5. Tel: 07-8139989#72803 6. Email: ir@taiflex.com.tw	1. Voluntary disclosure of consolidated revenue by product types monthly. 2. Investor conferences are held every year for investors to understand the business performance of the Company. 3. The English version of the Company's shareholders' meeting agenda, annual report and meeting minutes are available to investors.
Customer	1. Product quality and delivery schedule 2. Collection terms 3. Customer service and satisfaction 4. Energy management 5. Pollution management 6. Chemicals management 7. Water resource management 8. Regulatory compliance	1. Regular communication and meetings for discussions 2. Direct communication via visits, phone calls, and emails 3. Contact person: Manager, Wei-Xun Xu 4. Tel: 07-8139989#55111 5. Email: emc_sales@taiflex.com	1. A dedicated customer service department has been set up. 2. Regularly conduct customer satisfaction surveys, and propose improvement schemes and recommendations for items that fail to meet the standards.
Supplier	1. Product quality and delivery schedule 2. Payment terms 3. Green product 4. Supply chain management 5. Environmental protection 6. Regulatory compliance	1. Regular communication and meetings for discussions 2. Direct communication via visits, phone calls, and emails 3. Annual supplier audit 4. Email: pur@taiflex.com.tw	1. Comply with the quality management system, the environmental safety system and the AEO 2. Execute green procurement management principle through the e-procurement system, and reduce and recycle packaging materials so as to mitigate their negative impact on the environment.
Employee	1. Business ethics 2. Labor-management relations 3. Regulatory compliance 4. Training and development 5. Promotion program 6. Occupational safety and health 7. Risk management 8. Information security	1. Ehr platform (Taiflex forum) 2. Use the employee suggestion boxes to convey information, file complaints or interact 3. Informal meeting with CEO 4. Contact person: Senior Assistant Vice President, Jia-Yi Li Tel: 07-8139989#72301 5. Email: hrm@taiflex.com.tw	1. Prepare individual development plans based on individuals' job requirements, performance assessment outcome and career development. 2. Regularly hold labor-management meetings. 3. Established the Occupational Safety & Health (OSH) Committee and obtained ISO 45001 Occupational Health and Safety Management Systems certification for implementing safety and health measures. 4. Obtained ISO 14001 Environmental Management Systems certification.

Stakeholder	Issue of Concern	Communication Frequency and Channel	Outcome of Communication in 2021
Government Agency	1. Regulatory compliance (Labor/ environmental protection) 2. Labor-management relations 3. Labor conditions/ Human rights 4. Occupational safety and health 5. Environmental protection 6. Corporate governance	1. Routine and non-routine labor inspections and environmental audits by government agencies 2. Regularly hold labor-management meetings for communication 3. Regularly hold OSH Committee meetings 4. Regularly hold Employee Welfare Committee meetings	1. Approved the work rules. 2. Approved the OSH Rules, OSH unit and relevant personnel. Established OSH mechanism and system. 3. Monthly Employee Welfare Committee meetings. 4. Regular production/sales and cross-functional meetings. 5. Timely communication with line managers.
Non-profit organizations	1. Regulatory compliance (environmental protection) 2. Pollution management 3. Anti-corruption 4. Participation in charity activities.	1. Communicate with competent authorities through laws and regulations, official correspondence, phone calls, and emails 2. Organize charity activities/volunteer participation 3. Various channels: email, hotline or spokesperson 4. Contact person: Assistant Vice President, Kuo-Liang Chiang Tel: 07-8139989#72350 5. Email: knight@taiflex.com.tw	1. Establish comprehensive identification and registration mechanism and evaluation for environmental protection regulations. Immediate corrective/preventive measures shall be taken for non-compliances. 2. The Company has established a charity unit - Taiflex Youth Care Association to proactively participate in social welfare activities.

# 1.5 Prioritize and Respond to Material Issues upon Identification

After the stakeholders were identified, ESG Committee members held a meeting to discuss key stakeholders’ issues of concern, level of interests and level of immediate or potential impact on economy, environment and society in 2021. The ESG Committee reviewed 2021 stakeholder issues and made reasonable adjustments and revisions with reference to peers and the adjustments on these 30 issues had been reviewed and approved by the Board. For 2021, a total of 25 major issues and 5 minor issues were disclosed as shown in the table below:

Level of Interest	High	Customer privacy, charity activities, donation, sponsorship	Labor-management relations, compensation and benefits, promotion program, future development, collection terms, payment terms, safety and health, information security	Operating performance, product quality, delivery schedule, shareholders’ rights, customer satisfaction, innovation management, risk management, corporate governance, regulatory compliance, business ethics
	Medium		Training and development, raw materials management, employee complaint system, ban on child labor	Wastewater discharge/ air pollutant emissions, supply chain management, human rights protection, energy conservation & carbon reduction, water resource management, waste management, energy management
	Low			
		Low	Medium	High

Level of Immediate or Potential Impact on Economy, Environment and Society

Note: Major issues   Minor issues

## ■Response to Material Issues

Management actions and relevant measures for the 25 material issues identified in 2021 are summarized as follows:

Corporate Governance Aspect/ Economic Aspect			
Item	GRI Standard	Impact	Measures
Corporate governance – Shareholders’ rights	102-22: Composition of the highest governance body	Customer satisfaction is vital to the Company.	Draw up the Articles of Incorporation and clearly define the procedures for dividend distribution.
Risk management	TCFD 102-30: Risk management 418: Information security	Establish risk management mechanism to respond quickly to operational and environmental risks faced by companies worldwide, thereby reducing losses and safeguarding the interests of stakeholders.	Regularly monitor the operational impact and losses of extreme weather. Develop adaptive policies and solutions concerning climate risks and proactively carry out countermeasures.
Operational performance	201: Economic performance	Achieve the goal of sustainability and create new job opportunities through continued revenue growth.	Understand the latest economic status and increase capital expenditures in a timely manner. Expand customer base. Control costs and expenses.
	416: Product safety 417: Product service, product quality and delivery schedule	Quality and delivery schedules are important to customers and key factors in building mutual trust and good reputation.	Obtain ISO 9001 Quality Management System certification and approve the quality assurance procedures and operating standards.
	207: Tax payment Collection/payment terms Customer satisfaction	Collection terms are important to the Company and payment terms are important to suppliers. Understand customers’ view on the Company.	Establish customer and supplier collection and payment management authority or rules. Carry out customer satisfaction survey regularly.
Ethics	205: Anti-corruption	Build ethical corporate culture and sound business operation based on the principles of fairness, honesty, trustworthiness and transparency.	Establish the Principles of Business Ethics and rules concerning whistleblowing and complaint.
Supply chain management	201: Economic performance 308: Supplier assessment	For sustainable developments, relationship with suppliers shall be built and business associates shall adhere to the social responsibilities of supply chain.	Formulate supply chain management rules and build mutual trust as well as solid relationship with suppliers for collective growth. Forge sustainable supplier relationships.



## ■ Response to Material Issues

Environmental Aspect			
Item	GRI Standard	Impact	Measures
Energy conservation & carbon reduction	305: Emissions	Align with the global environmental protection trends and the developments of the country's overall greenhouse gas (GHG) reduction strategy. Monitor the Company's GHG emissions.	Adopted the ISO 50001 Energy Management System for efficient energy management in 2021.
Water resource management	303: Water and effluents	Improve water resources management measures, reduce water shortage crisis, implement water management and reduction, and increase recycling and reuse.	Based on usage, water is classified into water of cooling towers, wastewater from process and household water for recycling.
Energy management	302: Energy management	Establish measures for effective reductions of direct (gasoline and diesel) and indirect energy (electricity).	Adopted ISO 50001 Energy Management System in 2021.
Waste management	306: Waste disposal	Classify waste for disposal and execute waste reduction plans.	Adopted ISO 14001 Environmental Management Systems for effective waste reduction.
Wastewater discharge/air pollutant emissions	305: Emissions	Wastewater discharge/air pollutant emissions are in compliance with environmental laws and regulations.	Procedures of waste and wastewater disposal and air pollutant emissions.
Social Aspect			
Item	GRI Standard	Impact	Measures
Labor-management relations	401: Employment 402: Labor-management relations	Employees are considered our most important partners and we aim to create a challenging and enjoyable working environment with sustainable learning opportunities.	Provide competitive compensation strategy and a statutory retirement system to forge employee cohesion.
Human rights protection	412: Human rights assessment	Comply with labor regulations and establish rules of foreign worker management to safeguard their labor rights.	Formulate labor rights protection codes and regularly assess the risk of forced labor.
Regulatory compliance	419: Socioeconomic compliance	Establish standards to improve corporate governance, thereby creating a business environment for sustainable developments.	Establish the Code of Practice for Corporate Governance for employees to follow and stakeholders to gain better insights into the Company's ethical standards.
Safety and health	402: Occupational safety and health	Provide a safe, healthy and quality workplace with hazard identification and safety operation standards.	Introduce ISO 45001 Occupational Health and Safety Management Systems and work rules.
Compensation and benefits	102-36: Process for determining compensation 102-38: Compensation ratio	Provide competitive compensation strategy to attract and retain outstanding talents.	Establish "Compensation Management Rules" and "Rules for Performance Bonus Distribution" to maintain our market competitiveness. There are also incentive schemes for R&D/production projects.
Promotion program Future development	404: Training and development	Establish mechanisms that prioritize employee developments with performance evaluation being the supplementary measure to cultivate and develop employees' competence.	Every year, managers of all levels would nominate outstanding employees to be promoted to managerial positions or in ranking.

## 1.6 Risk Management

### 1.6.1 Risk Management

Besides risk response plans which may affect the financial performance, the Company's risk management includes risk assessments and emergency plans concerning natural disasters, environment and information. We also instill the concept of prevention in our corporate culture and strive to eliminate identifiable and avoidable risks so as to minimize potential losses due to operation disruption.

With regard to major risks to our operation including markets, production operation, human resources planning, new product development and financial and accounting controls, the Company proactively develops advanced and highly sensitive procedures and standards on top of the existing systems, standards and procedures to supervise, assess and control risks. By covering both safety and efficiency, we build a business model with better economic benefits, e.g., the strengthening of information system and the enhancement on early warning and monitoring capabilities.

As for the environmental aspect, we establish and maintain our emergency procedures as a reference for the formulation of response procedures and planning for possible accidents or emergencies. The procedures include the scope of emergency plans; duties, responsibilities and framework of the organization; activation procedures; hazard identification and risk assessment; rescue plans; evacuation plan; Material Safety Data Sheet (SDS) and audit rules on emergency responses. All units shall comply with the above procedures and rules to diminish or mitigate the impact and losses arising from personnel injuries, property losses and production disruptions due to sabotages, natural disasters and other serious accidents for a swift return to normal operation.

**Risk management objectives:** Understand the global economic situation and risks associated with climate change and energy supply, formulate development strategies and adjust the operating model in advance, and proactively execute relevant countermeasures.

**Commitment:** Closely monitor global industry trends and climate change as well as adjust development goals and business strategies in a timely manner to lower potential risks

**Risk management measures:** In response to various operational risks, management meetings are held when the need arises to review response actions and adjust business directions, thereby preventing risks in advance.

## ■ Risk Types, Potential Impact on Operation and Adaptive Measures are as Follows:

Risk Type		Potential Impact on Operation	Adaptive Measure
Physical Risk	Floods, typhoons, earthquakes	<ul style="list-style-type: none"> <li>Affect production and reduce revenue</li> <li>Delay or fail to make deliveries</li> </ul>	<ul style="list-style-type: none"> <li>Establish sound controls on water resources</li> <li>Existing storage facility can hold 3 to 5-day supply of water (3 days in severe drought)</li> <li>Use water tanks to support factories experiencing water shortage</li> <li>Set up a typhoon response team for preparedness operation</li> <li>Inspect process equipment at each factory</li> </ul>
	Power outage, tripping of circuit breakers		
Transition Risk	Rising temperature	<ul style="list-style-type: none"> <li>Increasing electricity consumption due to high temperature</li> <li>Increasing emissions</li> </ul>	<ul style="list-style-type: none"> <li>Enhance electricity saving awareness</li> <li>Use LED lighting and built-in sensors</li> </ul>
	Emission control	<ul style="list-style-type: none"> <li>Additional carbon control equipment required</li> <li>Increasing operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Introduce continuous monitoring equipment to keep track of exhaust emissions</li> <li>Evaluate and control hazardous gas emissions during production process</li> </ul>
	Corporate image	<ul style="list-style-type: none"> <li>Customers' expectations to reduce carbon footprint of products</li> <li>Negative feedback concerning the Company from stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>For the ESG sustainability task force to formulate relevant management measures</li> <li>Strengthen green processes of energy-saving and water-saving facilities</li> </ul>

## ■ Control over Operational Risks

Main Risk	Regulatory Risk	Procurement Risk	Sales Risk	Climate Change Risk
Control Measures	<ul style="list-style-type: none"> <li>Closely monitor changes in important policies, laws and regulations and map out countermeasures. Comply with applicable laws and regulations and mitigate the impact of regulatory changes on operation.</li> </ul>	<ul style="list-style-type: none"> <li>Secure multiple suppliers for key materials and maintain a safety stock mechanism to avoid supplier concentration and material shortage.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a diverse customer base and aggressively develop new customers to avoid customer concentration risk.</li> </ul>	<ul style="list-style-type: none"> <li>Minimize the impact of climate changes and natural disasters on costs through planned procurement as well as selected material sources and production methods.</li> <li>Determine alternative materials in the early stage of R&amp;D.</li> </ul>

## ■ Environmental Risks

Main Risk	Regulatory Risk	Procurement Risk	Climate Change Risk
Control Measures	<ul style="list-style-type: none"> <li>Obtained ISO 50001 Energy Management System certification.</li> <li>Schedule to carry out ISO 14064 voluntary GHG inventory in 2022.</li> <li>The goal of energy conservation and carbon reduction is to lower electricity consumption by 1% every year. By greening the factory premises and improving equipment (e.g., lighting with built-in sensor, LED lighting, etc.), we aim to effectively control carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Maximize water efficiency through recycling, water distribution by quality and pollution prevention, thereby reducing water consumption.</li> <li>The total consumption is expected to stay flat comparing to 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Total waste weight was 1,691 MT in 2021.</li> <li>Obtained ISO 14001 Environmental Management Systems certification in 2013.</li> <li>Established the "Procedures for Industrial Waste Management" to regulate the classification, collection, storage, and treatment of industrial waste.</li> <li>Usable raw materials/waste are recycled to be reused and 46.6% of waste to be incinerated are recycled.</li> </ul>

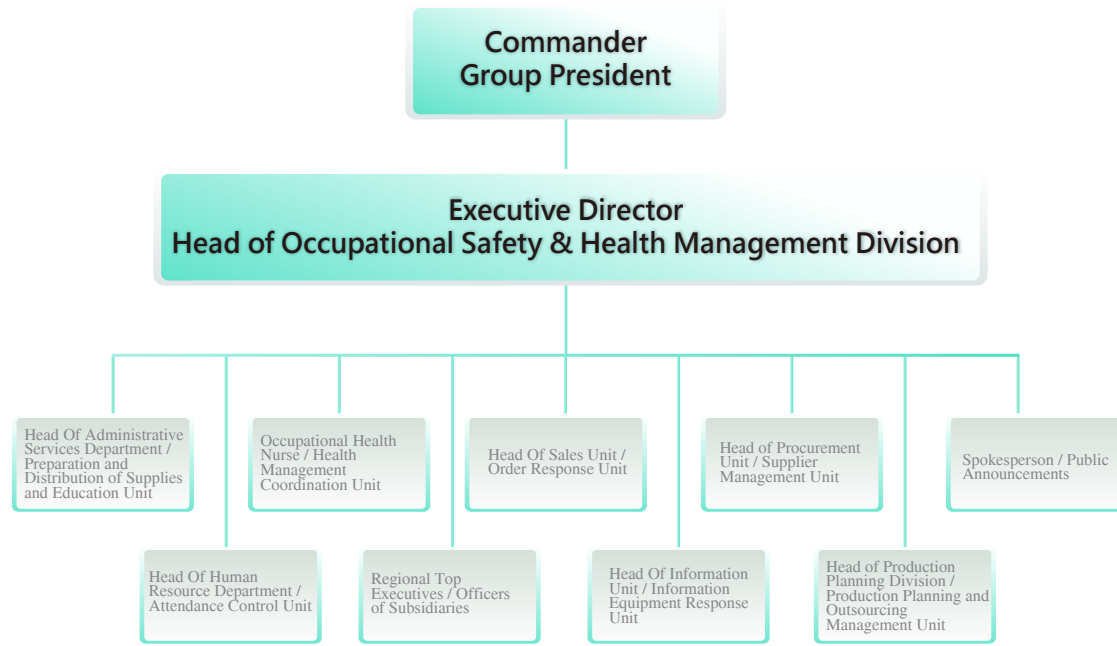
## ■ Emerging Risk: In Response to COVID-19

Taiflex is a multinational corporation. After the suspected pneumonia cases of unknown cause were detected at the end of 2019, the Company has imposed controls on business trips of employees (Including all our subsidiaries around the world) since January 3, 2020. Furthermore, a "COVID-19 Response Team" (as shown in the following page) was immediately established. The unit regularly holds disease prevention meetings, continuously monitors pandemic developments both at home and abroad and promotes various prevention and response measures. It maintains an up-to-date records on the health conditions of Taiflex employees and stakeholders to avoid pandemic risk, and keeps track of the situations in overseas subsidiaries, supply chain and the market to ensure the Company can operate normally.

Taiflex proactively adopts response measures where internal employees and external visitors are concerned. To mitigate the risk of COVID-19 cases within the Company, the substitute system has been activated for all units and personnel, and the distance between seating arrangement in the office area has been widened. Departments may choose between flexible shift schedules or alternate shift arrangements based on their business nature to avoid crowding. Moreover, the preparation for working off-site, alternating work groups or work from home (WFH) has been completed and can be activated at any time depending on the pandemic developments or government mandates.

Objective of disease prevention: Measures for pandemic preparedness and continued operation are divided into six categories - promotion, training and announcement; disease prevention supplies management; personnel management; factory management; production management and monitoring of domestic and foreign pandemic developments, and the internal and external impact on the Company is considered. Measures corresponding to different pandemic scenarios are established and strictly implemented. During the peak of the pandemic, disease prevention meetings are held daily to track the implementation progress; otherwise, they are held on a weekly basis to review the implementation status of each department. Measures are reviewed and adjusted as required and all personnel have worked together to ensure our preventive measures have covered all aspects.

## ■ Organizational Structure of COVID-19 Response Team



Since the end of 2019, the havoc wreaked by COVID-19 across the world has persisted. In order to avoid the cluster of COVID-19 infections, the Company has to suspend operation, which consequently affects the productivity. A COVID-19 Response Team has been established with the OSH management unit leading a group of tier-one management units. Besides constantly adjusting the prevention measures and the preparation of relevant suppliers based on pandemic developments, the Team carries out division of labor as well as drills concerning various tasks, such as: emergency response plans of each department, alternating shift arrangements and WFH. When a confirmed case has been identified, a contact investigation would be initiated based on information released by the Central Epidemic Command Center (CECC) and the outcomes would be reported back to the Team for a swift identification of close or proximate contacts and to create a control list of WFH and self-health management personnel. When necessary, the premises would be disinfected and cleaned. We also continue to strengthen our disease prevention measures, including the

e-investigation platforms and automatic temperature scanner, to safeguard employee health and business operation.

## ■ Four-level Response to the Prevention of COVID-19

Taiflex has established three lines of defense for disease prevention. The first line is elimination of external sources via health survey (i.e., travel, occupation, contact, and cluster (TOCC) questionnaire), access control, contact information registration and self-testing station. The second line of defense is employee health protection with measures including auto-login to body temperature scanner through facial recognition, rapid antigen tests for people in contact with the hot zones, enhancement on the reporting of self-isolation/home quarantine, distribution of medical masks, health surveys and care from the occupational health nurse. The third line of defense is integration of disease prevention systems. It covers the health declaration system for disease control, contact tracing, distribution of N95 respirators, protective cloth (shield), cross-factory management, e-forms and WFH. Our response work covers multiple aspects and includes advance planning and preventive measures. With detailed planning and cautious preparation, we secure employee health and continued operation while minimizing the unwanted risk of infection.







■ Prevention Measures of Taiflex

teams collecting domestic and overseas data to evaluate the potential risk items to the Company's long-term operation. By means of questionnaires or top executive meetings, we list two issues that could potentially cause the greatest impact in the future, examine ways to mitigate the impact as well as draw up countermeasures. Solutions are submitted to the risk management center for approval and kept as important references to the formation of future business strategies.

#### ■ Identification of Annual Significant Emerging Risk



#### ■ Evaluation of Significant Emerging Risks



#### ■ Management of Significant Emerging Risks



■ In 2021, the significant emerging risk identified through discussions among top executives based on emerging risk events collected and consolidated by department managers was the continued rampage of COVID-19 variants. Taiflex has taken actions concerning the risk identified.

### ■ Identification, Assessment and Management of Emerging Risks

Taiflex constantly monitors changes in the economy, identifies long-term risks and opportunities, and adjusts business strategies accordingly in order to achieve the goal of sustainability and long-term operating performance. Thus, we have risk management



■ Health Declaration System

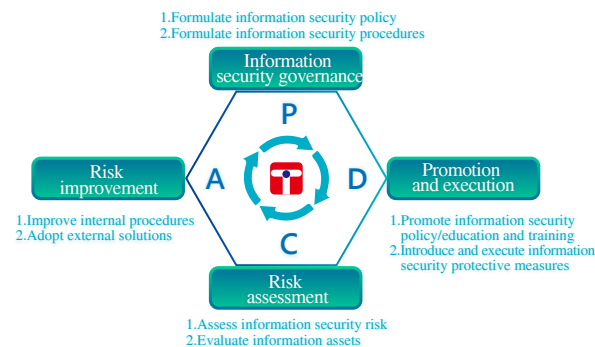
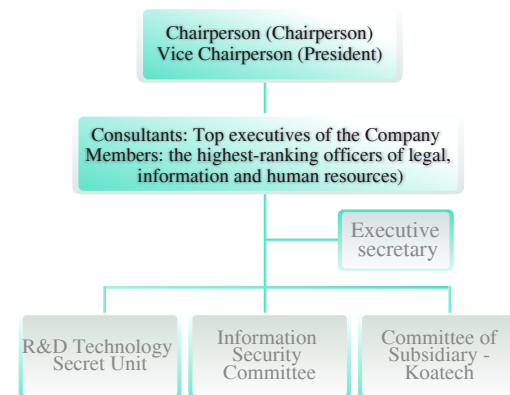
## 1.7 Information Security

### Information Security Unit and Risk Management Structure

Taiflex places great importance on information security and trade secrets. The Intangible Asset Security Committee (as shown in the bottom left picture) was established in early 2015 to coordinate the planning of the Group’s information security risk management structure, information security policy, specific action plans and resources required. For stricter compliance with information security management standards and to certify the Company’s information security management structure, Taiflex has complied with the quality system of the information security management structure (ISO 27001: 2013) in carrying out circular reviews, inspections and tracking periodically with relevant risk

management measures implemented since 2016, and has obtained ISO 27001 certification for six consecutive years. In March 2022, the Board approved the establishment of the Information Security and Knowledge Management Division for the planning and execution of policies as well as risk management pertinent to the protection of cyber security and trade secret. The head of the “Information Security and Knowledge Management Division” would report to the Board on the implementation effectiveness of cyber security management and cyber security issues.

Under the concept of sustainable management, employees of the Company and subsidiaries at home and abroad shall comply with relevant rules and proceed accordingly to ensure the availability, integrity and confidentiality of tangible and intangible assets. By preserving our intellectual property, we can strengthen our competitiveness. The information security risk management structure (as shown in the bottom right



picture) includes information security governance, risk assessment, risk improvement as well as promotion and execution for continuous improvement of the Company’s information security operation.

### Specific Information Security Improvement and Management Plans

- 1.Document management: Establish a document management platform (DMP) and adopt file classification management. Establish procedures for the retrieval and destruction of confidential documents and implement tracking and management measures.
- 2.Risk management: Risk assessments and regular vulnerability scanning on computer facilities. Regular disaster exercises and drills concerning cyber security.
- 3.Information operation security: Enforce password rules and establish endpoint detection and response (EDR) software. Set up remote and local backup/recovery services.
- 4.Device security: Set up device security protection mechanisms (e.g., encryption). Monitor network and information access security.
- 5.Supply chain security: Units shall adopt the practice of signing non-disclosure agreements (NDAs) with suppliers.
- 6.Premises security: Implement controls over computers of guests/visitors as well as electronic devices, personal mobile phones and USB flash drives at production lines and laboratories. Establish separate management mechanisms for office and restricted areas, implement access control at computer room as well as monitor abnormal events for review and continuous improvement.
- 7.Human resource security: Carry out cyber security education and training, and promote information security instructions company-wide. Advocate the “Confidential Information Protection Policy” on the first day of each month to increase employees’ awareness on information security.
- 8.Information security assessment: The Company has obtained ISO 27001 Information Security Management certification for six consecutive years and passed the information security audits of key customers. With improvement measures, internal audits and self-assessments, the Company continues to carry out periodic vulnerability and threat analyses and reports to top executives for approval.

Through regular reviews conducted by the Intangible Assets Security Committee on every operational procedure associated with information security, the Company strengthens or supplements measures against information risk to protect the Company’s trade secrets from theft. In 2021 and as of the date of this Report, the Company did not identify any major cyberattacks or security breaches, nor was there any existing or possible issues which may have material adverse impact on the Company’s operation.

## 1.8 Regulatory Compliance, Code of Ethics and Business Ethics

### ■ Regulatory Compliance

Our vision has always been to “become the most trustworthy supplier of flexible materials in the world” since establishment. Thus, our regulatory compliance measures include the tracking of updates in domestic and foreign laws and regulations, regulatory compliance education and training, and internal reporting systems. Taiflex has established the General Administrative Office - Legal and Intellectual Property Center as the professional legal team to assist with implementing legal compliance, realizing corporate vision, fulfilling social responsibilities as well as protecting the intellectual property.

### ■ Tracking and Evaluation of Laws and Regulations

Our business has spread across Asia and we aggressively expand our presence worldwide. Thus, we regularly review domestic and foreign laws and regulations and closely monitor changes in policies and regulations that may have significant impact on our business and finance both at home and abroad. The Legal and Intellectual Property Center also provides the latest legal updates to all relevant departments as well as the management team, assisting all internal units to fulfill regulatory requirements as well as formulating countermeasure strategies.

### ■ Formulation and Implementation of Policy and Regulatory Compliance Scheme

Taiflex has established policies and procedures for regulatory compliance within the business scope, including but not limited to anti-corruption, anti-harassment/discrimination, environmental protection, financial disclosure/internal control, protection of intellectual property right and confidential information, and privacy. To ensure the Company meets its regulatory requirements and fulfills its commitments to the protection of employees’ rights, Taiflex encourages employees to file complaints online or via the hotline in the face of unfair treatments (including but not limited to sexual harassment and workplace bullying), thereby safeguarding employees’ rights and workplace safety. We would ensure the confidentiality of whistleblower’s identity so that he/she is not subject to retaliation.

### ■ Regulatory Compliance Education and Training

Regulatory compliance education and training are essential in Taiflex’s compliance scheme. We formulate projects targeting relevant laws and regulations, and regularly organize courses for relevant units to attend. Key actions and measures are as follows:

1. For employees to understand the key aspects of regulatory compliance, we organize relevant courses including the protection of environment, intellectual property right and confidential information.
2. Personnel of the Legal and Intellectual Property Center periodically attend external courses to stay current with amendments and the latest developments in laws and regulations.
3. We hold seminars or lectures where legal professionals and experts are invited to share fresh developments in regulations as well as the latest news of the industry with employees.
4. Compliance measures are regularly reviewed to ensure our regulatory compliance is in line with the industry or international requirements.

Besides training courses, the Legal and Intellectual Property Center sends out notices or emails on compliance topics regularly or when the need arises to promote the regulatory compliance concept.

### ■ Open Reporting Systems

As mentioned above, the Company offers open reporting channels to employees and external parties (e.g., customers, suppliers or contractors). In 2021, we did not receive any reporting on violations of business ethics.

### ■ Others

The Company was fully compliant with the Company Act, the Securities and Exchange Act, and laws and regulations concerning environmental protection and labors; and there was no incident requiring corrective or disciplinary actions from the competent authorities in 2021. Moreover, we remained politically neutral and made no political contributions.

■ **Corruption-Related Administrative Penalties, Fines or Settlements in 2021: None.**

### ■ Business Ethics

#### Core Value and Business Ethics

Our code of conduct consists of enthusiasm, responsibility, integrity, creativity and execution, which are the essential core value of our culture.

We formulate standards including the Code of Ethical Conduct and Procedures and Guidelines of Business Ethics with reference to the RBA Code of Conduct and the Electronic Industry Code of Conduct (EICC) to serve as the basis of business conducts for Directors, managers and employees. In order to enhance the integrity and ethics awareness of employees, education and training concerning business ethics and ethical conducts are organized regularly every year for all employees. The training coverage rate is 100%.

All employee shall comply with the “Code of Ethical Conduct” when performing their duties. They shall also uphold the corporate culture of being helpful and friendly to colleagues as well as respecting discipline, integrity and diligence. We are committed to the Code of Ethical Conduct which contains the eight principles below:

#### 1. Avoid conflict of interests:

Personnel of the Company shall perform their duties with objectivity and efficiency. They shall prevent themselves, their spouses, parents, children or relatives within second degree of kinship from obtaining improper benefits as a result of their positions in the Company. When the Company engages in loans, guarantees, significant asset transactions, sales or purchases with affiliated companies at which the said family members are employed, personnel of the Company shall voluntarily clarify if



there is any potential conflict of interests.

#### 2.Avoid opportunities to pursue personal benefits:

Personnel of the Company owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. They shall remove themselves from the following situations:

- (1)To discover opportunities for personal benefits through the use of corporate property, information or position;
- (2)To obtain personal benefits through the use of corporate property, information or position; and
- (3)To compete with the Company.

#### 3.Confidentiality:

Except when disclosure is authorized or required by laws or regulations, personnel of the Company shall maintain the confidentiality of information entrusted to them by the Company or our customers and suppliers. Confidential information includes all non-public information that may be of use to our competitors, or harmful to the Company or our customers if disclosed.

#### 4.Honesty and fair dealing:

We set standards for gifts from or to suppliers and customers, and continuously educate employees on good business ethics. Personnel of the Company shall deal fairly with all customers, suppliers, competitors and employees. They are prohibited from obtaining improper benefits through manipulation, concealment or abuse of information obtained due to their positions, misrepresentation of material facts, or any other unfair-dealing practice.

#### 5.Protection and proper use of corporate assets:

Employees of the Company shall protect the Company's assets and ensure that these assets are effectively used for legitimate business purposes. Theft, negligence, and waste have direct impact on the Company's profitability.

#### 6.Compliance with laws and regulations:

Employees of the Company shall observe all applicable policies, the Securities and Exchange Act and other laws and regulations.

#### 7.Encourage the reporting of illegal behavior or violations of the Code of Ethical Conduct:

The Company shall raise awareness of ethical standards and encourage employees to report suspected or observed violations of laws and regulations or the Code of Ethical Conduct to the Audit Committee, management team, internal audit officer or other appropriate personnel of the Company. There are mechanisms in place to encourage the reporting of misconduct. The Company shall establish an explicit whistleblowing system and inform employees that the Company would make every effort to protect the whistleblowers against retaliation.

#### 8.Disciplinary measures:

The Company shall handle serious breaches of the Code of Ethical Conduct by Directors or managers in accordance with the disciplinary measures defined in the Code. Details of the violation shall promptly be released at the MOPS, including the date of violation, particulars of the violation, code violated and disciplinary measures taken. The Company shall also establish a complaint system for violators to file appeals.

### ■Information Disclosure

Under the Board's supervision, the management team shall ensure that the financial and accounting information filed per requests of the competent authorities or disclosed to external parties is complete, fair, accurate, timely and understandable. We have taken considerable measures to ensure our compliance with the aforementioned requirements. The annual reports and ESG reports are available on the corporate website.

### ■Others

Amendments to the Code of Ethical Conduct would take effect after being approved by the Board and shall be reported to the shareholders' meeting to ensure we maintain our high ethical standards.

### ■Business Ethics

Enthusiasm, responsibility, integrity, creativity and execution are the most important core value and business philosophy of our culture. We engage in business activities adhering to the principles of fairness, honesty, trustworthiness and transparency. There are Principles of Business Ethics and Code of Ethical Conduct in place for all Directors, managers and employees to follow when performing their duties in order to build an organization and work culture which respect mutual assistance, friendliness, disciplines, honesty and hard work. Integrity management and audits are implemented in the E-trade platform created for suppliers to avoid any legal violations. Taiflex remains politically neutral and encourages employees to fulfill their civil responsibilities.

### ■Anti-corruption

All Directors, managers and employees of Taiflex must abide by the Company's Principles of Business Ethics. They shall not offer, accept, promise or demand improper benefits, either directly or indirectly, or engage in behaviors which are illegal or in serious breaches of good faith or serious violations of fiduciary duties during the course of business in order to obtain or maintain personal gains. In order to prevent malpractices, Taiflex has regularly educated employees on subjects of business ethics and ethical behaviors. Internal and external complaint channels are available to handle the reported unethical conducts. There has been no major corruption incident in the past three years.

### ■Intellectual Property (IP) Protection System

For employees to have correct understanding on IP management system, Taiflex has adopted the Taiwan Intellectual Property Management System (TIPS) since 2014 to establish a systematic management system which conforms to the nature of our technology research and development and links IP management with operational objectives. In recent years, we have continued to improve IP acquisition, protection, maintenance and utilization and set the goal of obtaining the Level-A TIPS certification in 2023. With further improvement on IP management and trade secret protection system, we can enhance our overall profitability and operation performance. Trade secrets have high commercial value and importance to corporate operations. Besides protecting the research achievements through patent applications, we adopted ISO 27001

Information Security Management System in 2018 to establish a sound trade secret protection and management mechanism. The Intangible Assets Security Committee was created and the Confidential Information Protection Policy was formulated to manage the Company's confidential information. Actions including the inventory, classification and labeling of confidential information, identification of ownership over IP rights, signing of confidentiality agreement, control over information security, retention of records, early warning, audits, annual assessment on the protection of confidential information as well as training and promotion of information security are taken to reduce the risk of trade secret leakage.

## ■ Disclosure of Corporate Governance Information

Information disclosure is an important responsibility of the Company. We have dedicated personnel responsible for the collection and disclosure of corporate information as well as the spokesperson system for timely and fair presentation of information which may affect the decisions of shareholders and stakeholders. In order to improve the accuracy and timeliness of material information disclosures, the spokesperson or deputy spokesperson shall be persons who have comprehensive understanding on the finance and business of the Company or can coordinate departments for data collection as well as are capable of independently representing the Company in communicating with external parties.

To put the spokesperson system into effect, we have requested the management and employees to keep financial and business information confidential and not to disclose information without consent. Changes in the spokesperson or deputy spokesperson shall immediately be announced to the public.

Utilizing the convenience of the Internet, we have set up a corporate website containing finance, business and governance information of the Company for shareholders and stakeholders. The finance, corporate governance and other information is also available in English. Dedicated personnel are assigned to maintain the website, ensuring all data are accurate and up to date to avoid misleading information. Investor conferences are held in accordance with regulations of the competent authorities while meetings are tape recorded or videotaped for retention.

Financial and business information disclosed in the investor conferences shall be uploaded to MOPS website as required by the competent authorities with appropriate channels available for inquiries. Our corporate website has a dedicated section disclosing corporate governance information, including:

- 1.Board of Directors: background and responsibilities of Board members as well as the diversity policy of the Board and implementation thereof.
- 2.Functional committees: background and responsibilities of members in the functional committees.
- 3.Corporate governance-related rules: Articles of Incorporation, Rules of Procedure for the Board of Directors' Meetings, charters of functional committees, etc.
- 4.Importance of corporate governance information: e.g., appointment of the corporate governance officer.

## 1.9 Internal Control System and Management System Verification

### ■ Internal Control System

An effective internal control system is established based on the Regulations Governing the Establishment of Internal Control Systems by Public Companies, overall operating activities of the Company and its subsidiaries, and applicable laws and regulations of the industry we operate in. In response to changes in both internal and external environment and laws and regulations, the system is reviewed constantly to ensure the effectiveness of its design and implementation.

The implementation of internal control system is a continuous operation. Through supervision and inspection on operations and management procedures, deviations from the corporate policies, operating procedures, established goals or expected standards can be identified in a timely manner with feedback given to the appropriate management level. Corrective actions are taken to ensure our operations continue to effectively conform to the planned directions. In addition, the internal control mechanism can be applied for auditing purpose to eliminate malpractices.

### ■ Internal Audit

The Internal Auditing Office is established under the Board and internal auditors are full-time employees of the Company. Each year, they attend audit-related courses organized by professional training institutions as required to continuously enhance their professional competence. Through professional and independent internal audit structure, the internal control system is applied to all levels of the Company.

Before the end of each year, the Internal Auditing Office would draw up an audit plan for the following year in accordance with laws and regulations as well as the risk assessment outcomes. Once the plan has been approved by the Audit Committee and the Board, it would serve as the basis for the execution of audit operations. Also, depending on project requirements, top executives or the internal audit officer may specify audit topics and timing for internal auditors to perform project audits within a pre-determined timeframe.

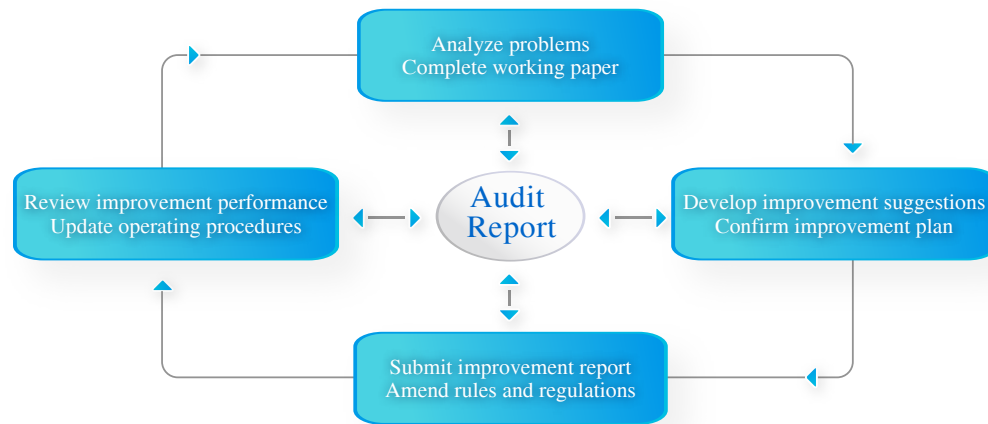
The scope of an internal audit includes examinations and assessments on the adequacy and effectiveness of internal control system and the efficiency of operating activities within each department. The audit subject includes operations of all units within the Company and its subsidiaries.

Internal auditors of the Company would regularly examine the compliance status and perform non-routine inspections. Audit reports are then prepared based on the outcome and submitted to managers for review to ensure proper implementation of corporate policies and improvement of internal control mechanisms.

In addition to preparing audit reports concerning the deficiencies and abnormal items identified in the internal control system during an audit, the internal auditors would track and monitor these

items to ensure that the responsible units have taken appropriate improvement measures in a timely manner. The follow-up records are submitted to Independent Directors for review in the month following the completion of the audit report.

Audit operation management adopts the P-D-C-A Cycle as illustrated in the figure below:



■ In 2021, there was no major deficiency identified in internal control. The Statement of Internal Control System is available in the annual report.

## Internal Management System

The internal management system is established by the Board and managers in accordance with the Regulations Governing the Establishment of Internal Control Systems by Public Companies and other applicable laws to enhance the effectiveness of business management and product quality.

The system comprises the following three components:

1. Internal control system:

The internal control system covers the entire operation of the Company, e.g., the “administration” functions such as planning, organization, and control; the nine major cycles of sales, production, procurement, financing, payroll, fixed assets, data process, investment and research & development; and standard procedures.

The three practices aiming to achieve the fundamental purpose of “facilitating an effective operation of the enterprise” are as follows:

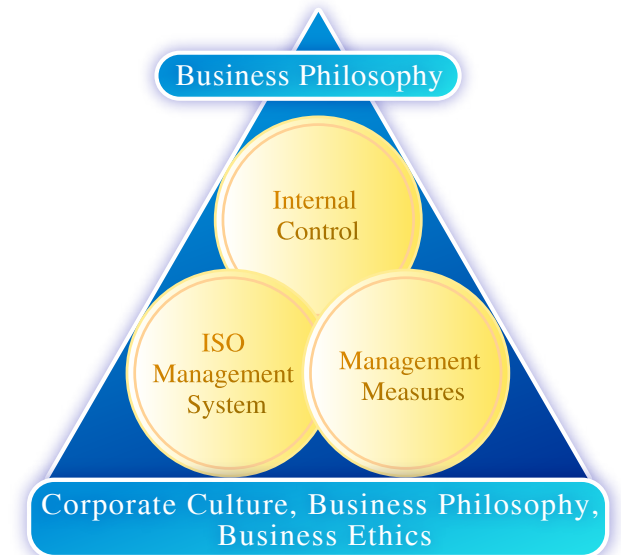
- (1) Ensure the Company complies with policies and operating procedures
  - (2) Prevent waste, theft and inefficient use of assets
  - (3) Ensure the accuracy and validity of accounting and operation data
2. ISO management system
- For issues of production, quality, environment and information management, ISO management systems have been established. ISO certifications obtained include ISO 9001 Quality Management System, IATF 16949 Automotive Quality Management Systems, ISO 14001 Environment Management Systems, ISO 45001/CNS 45001 Occupational Health and Safety Management Systems, ISO 50001 Energy Management System, IECQ Hazardous Substance Process Management

System and ISO/IEC 27001 Information Security Management System.

3. Management measures

For special control items with high operational risks, such as credit management and expense approval, relevant management measures have been established to mitigate operational risks. The three internal control management systems of internal control system, ISO management system and various management measures detailed above are founded on corporate culture, employee core values and business ethics to ensure their effective operation and continued improvement as well as to meet the requirement for sustainability. Furthermore, they improve the business management performance and product quality, achieving the vision and mission of sustainable management.

Internal Control Management System is illustrated as follows:



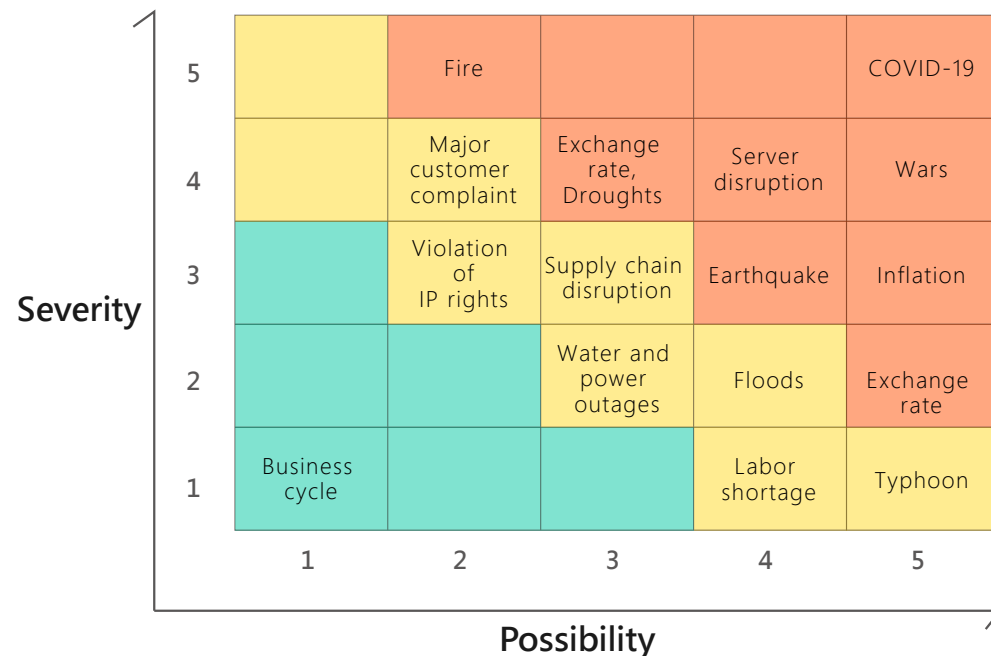


## 1.10 Goals and Plans of Sustainable Developments

### ■Goals and Plans of Sustainable Developments

Factors having significant impact on business continuity include fires, earthquakes, typhoons, floods, COVID-19, server disruption due to hacking, supply chain disruption, violation of IP rights, exchange rates, water and power outages, geopolitical instability or war, business cycles, major customer complaints, labor shortage, and inflation. Based on the severity and probability of occurrence, these factors are ranked on a scale of five. The aforementioned risks are classified as low, medium or high with corresponding business continuity contingency and recovery plans.

- 1.Low risk: Handled by the responsible officers with outcomes reported to the business continuity team.
- 2.Medium risk: The business continuity team would determine whether to formulate a business continuity plan (BCP).
- 3.High risk: Activate the contingency plan and business recovery plan under BCP.



#### 1.Development and execution of BCP (Action)

BCP is developed for high-risk factors identified by the business continuity team upon assessment and approved by the President.

Based on the risk assessment outcome, contingency plans and business recovery plans are developed under the BCP.

Contingency plans map out how the emergency response team would execute emergency response measures at the early stage of a disaster to minimize losses. Business recovery plans focus on the recovery work in the aftermath of a disaster.

#### 2.Content of BCP (Plan)

BCP includes lists of BCP team members and their contact numbers, external agencies, important machinery and equipment, key suppliers and customers; evacuation procedures; IT (computer room) continuity plans, etc. for an effective recovery of vital functions required for business operation of the Company, thereby minimizing personnel and property losses.

#### 3.Drill (Do) and periodic reviews (Check) of BCP

Depending on the situation, BCP may be tested every year for all departments to be familiar with the contingency or recovery procedures within the BCP so that they can act accordingly in the event of a disaster, and the BCP would be modified based on drill outcome or other information. In addition, the BCP is reviewed regularly every year to ensure the measures and nature of the plan remain aligned with the current status and future needs of the Company.



# 02



PART.TWO

## Operating Performance, Customer Service and Sustainable Supply Chain

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- 2.1 Marketing Unit and Work Division
- 2.2 Product Marketing and Development
- 2.3 Business Performance
- 2.4 Customer Service and Satisfaction
- 2.5 Sustainable Supply Chain

- Taiflex' s goals of sustainable management: **sound and stable financial performance, added value of innovative products, regulatory compliance, outstanding customer services and high satisfaction as well as contributions to supply chain sustainability.** In addition, we set short, medium and long-term indicators (as shown in the table below) to maximize sales and profits.

	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<b>Operating Performance</b> 	<ul style="list-style-type: none"> <li>Financial performance: A minimum return on equity (ROE) of <b>10%</b></li> <li>Operating profit with an average annual growth rate of <b>5%</b></li> <li>Customer satisfaction score of at least <b>88</b> points</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance: A minimum ROE of <b>13%</b></li> <li>Operating profit with an average annual growth rate of <b>7%</b></li> <li>Customer satisfaction score of at least <b>89</b> points</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance: A minimum ROE of <b>15%</b></li> <li>Operating profit with an average annual growth rate of <b>10%</b></li> <li>Customer satisfaction score of at least <b>90</b> points</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Responsible mineral: Conduct source investigations for precious metal from suppliers of key materials. <b>100%</b> of the minerals used are sourced responsibly.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible mineral: Conduct source investigations for precious metal from suppliers of key materials. <b>100%</b> of the minerals used are sourced responsibly.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible mineral: Conduct source investigations for precious metal from suppliers of key materials. <b>100%</b> of the minerals used are sourced responsibly.</li> </ul>



## ■ Goals and Performance of Material Issues:

In order to achieve sound and stable financial performance, added value of innovative products, outstanding customer services and high satisfaction as well as supply chain sustainability, the goals set for material issues and performance thereof are as follows:

■ Operating Performance 	Goal for 2022	Goal for 2021	Performance in 2021
Revenue growth	5 ~ 10%	NT\$84 billion	Over NT\$94 billion  Achieved
Minimum ROE	9.5 % ~ 10 %	9.5 %	9.5 %  Achieved
■ Customer Satisfaction 	Goal for 2022	Goal for 2021	Performance in 2021
Maintain customer satisfaction scores	Over 88 points	88 points	88 points  Achieved
■ Supply Chain Sustainability 	Goal for 2022	Goal for 2021	Performance in 2021
Self-assessment of suppliers on social responsibility	100%	100%	100%  Achieved
■ Regulatory Compliance 	Goal for 2022	Goal for 2021	Performance in 2021
Violation of Company Act or tax regulations	0 incident	0 incident	0 incident  Achieved

## 2.1 Marketing Unit and Work Division

The Global Sales & Marketing Center is responsible for global marketing of Taiflex. The unit supervises the Global Business Division, Marketing Planning Division and Technical Solution Division as illustrated in the figure below. It manages short, medium, long-term as well as annual business plans, product planning, sales, marketing and product sales services. It analyses information concerning domestic and foreign FPC markets and related electronic materials, develops and executes marketing plans, and carries out product and technical services in the market and application ends.



## 2.2 Product Marketing and Development

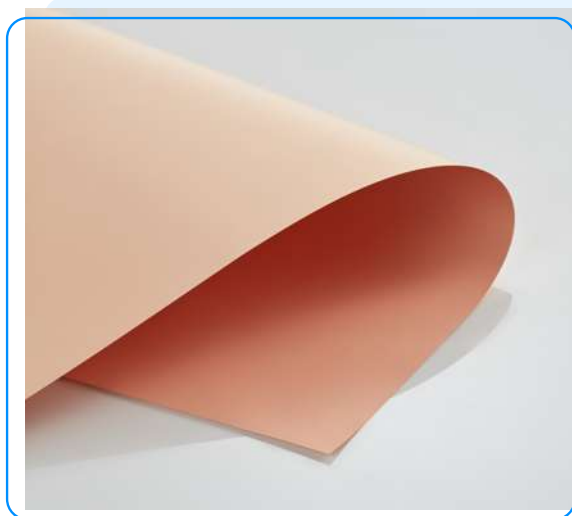
### 2.2.1 Product and Marketing

As a world's major suppliers of FPC materials, the main products of Taiflex include adhesive FCCL materials, adhesiveless FCCL materials, coverlay, bonding sheet and composite materials. Our product applications cover mobile electronic devices, wearable devices, car multimedia and others.

Taiflex offers flexible, light and thin FPC materials such as FCCL, coverlay, bonding sheet, stiffener and composited film. We also aggressively explore the high-density, fine-line, low-loss and high-speed applications, such as the bonding sheet and coverlay featuring ion-migration resistance, low-loss bonding sheet, coverlay, MPI and LCP as well as Fluoro FCCL. By providing the market with superior and diverse solutions, we receive trust and support from global customers.

Demand for enormous data transmission and robust developments in electric cars running on alternative fuels drive 5G growth and consequently the Internet communications between telematics and 5G base stations. High bandwidth and low latency will be the focuses of future developments.

The R&D team of Taiflex has developed advanced products with high power, high density and high frequency which can be applied in diverse applications to meet the market trends. The three major types of products within the high frequency series are high-frequency FCCL, high-frequency coverlay and high-frequency bonding sheet.



<b>Adhesive FCCL Materials</b>	<p><b>Purpose:</b> Excellent ion-migration resistance, superior dimensional stability and high tensile strength</p> <p><b>Feature:</b> Halogen/Bismuth-free. UL and RoHS certified.</p> <p><b>Application:</b> Battery, industrial control and automotive applications. A comprehensive range to satisfy the demand for different thicknesses.</p>
<b>Adhesiveless FCCL Materials</b>	<p><b>Purpose:</b> Light, thin, superior flexural endurance and high dimensional stability</p> <p><b>Feature:</b> High glass transition temperature (Tg) as well as superior weather and chemical resistance. UL and RoHS certified.</p> <p><b>Application:</b> Antenna, button and battery of mobile phones. A comprehensive range to satisfy the demand for different thicknesses.</p>
<b>High-frequency FCCL Materials</b>	<p><b>Purpose:</b> For FPC CCL (high-frequency). Available in three series: MPI, LCP and Fluoro</p> <p><b>Feature:</b> Low Df</p> <p><b>Application:</b> Antenna, USB-C and transmission line</p>



<b>Halogen-free Coverlay</b>	<p><b>Purpose:</b> To protect the circuits of FPC. Available in three colors: black, yellow and white</p> <p><b>Feature:</b> Halogen/antimony/Bismuth-free</p> <p><b>Application:</b> Used for FPC circuit protection</p>
<b>High-Tg Coverlay</b>	<p><b>Purpose:</b> To protect the circuits of various FPCs</p> <p><b>Feature:</b> Outstanding heat resistance during lamination and operability</p> <p><b>Application:</b> Flex-rigid PCBs and multilayer PCBs</p>
<b>Low-ion Coverlay</b>	<p><b>Purpose:</b> To protect the circuits of various multilayer and flex-rigid PCBs</p> <p><b>Feature:</b> Outstanding ion-migration resistance</p> <p><b>Application:</b> Display, SSD and cell board</p>
<b>High-frequency Coverlay</b>	<p><b>Purpose:</b> To protect the circuits of FPC</p> <p><b>Feature:</b> Low Df</p> <p><b>Application:</b> Antenna, USB-C and transmission line</p>





### High-Tg Bonding Sheet

**Purpose:**To bind multilayer and flex-rigid PCBs  
**Feature:** High Tg, excellent temperature tolerance and able to withstand several lamination cycles  
**Application:**Applicable to a wide range of components, e.g., IO, button, camera and battery

### Low-ion Bonding Sheet

**Purpose:**To bind multilayer and flex-rigid PCBs  
**Feature:**Better ion-migration resistance than the High-Tg series for the trend of high-density and fine-line applications  
**Application:**Applicable to a wide range of components, e.g., camera, display and battery

### High-frequency Bonding Sheet

**Purpose:**To bind multilayer FPCs  
**Feature:**Low Df  
**Application:**Antenna, USB-C and transmission line



### Stiffener

**Purpose:**To be used to reinforce various types of FPCs  
**Feature:**Available in two colors: black and yellow. Excellent operability and chemical resistance  
**Application:**Reinforce FPCs

### Composite Sheet

**Purpose:**To be used to reinforce various types of FPCs  
**Feature:**Available in two colors: black and yellow. Excellent operability and chemical resistance  
**Application:**Reinforce FPCs

## Product Applications

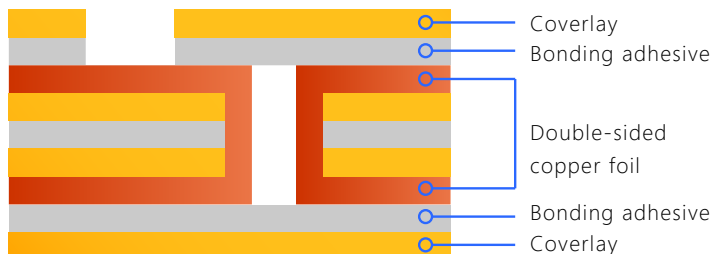
Products of the Company are applied in FPC, where the end products include smartphones, tablets, wearable devices, car multimedia, and other PCB applications as demonstrated in the figure below:



## FPC Material Applications

### Double-sided FPC Stack-up

### Materials



### Flexible Copper Clad Laminate (FCCL)

- Adhesive single/double-sided FPC
- Adhesiveless single/double-sided FPC

### Insulating Coverlay (Protective film)

- Yellow, black
- White, High-Tg



### High-frequency and High-speed Transmission Materials

- MPI FCCL
- LCP FCCL
- Fluoro FCCL
- BS, CVL

### Electronic-grade Coverlay (Bonding Sheet)

- Halogen-free
- High-Tg

### Stiffener/ Composite Sheet

- Yellow
- Black

At present, large smartphone manufacturers gradually shift towards eco-friendly substrates and eco-friendly materials have become basic product requirements due to the rising environmental awareness and regulatory requirements. Among the various demands, the quest for compact devices remains unchanged. Thus, adhesiveless FPC material (2L-FCCL), with its advantage of being thinner, officially replaces adhesive FPC material (3L-FCCL) to become the mainstream specification in the market. Its penetration rate continues to rise, driving the major FCCL producers to aggressively expand their production capacity of 2L-FCCL. Consequently, 2L-FCCL-related materials and technology developments will be the focus of research and development. Material developments will center around features of high frequency and high speed in response to various 5G applications. Based on choices made by major material manufacturers and mid-range brands, the mainstreams are the new applications of MPI, LCP and fluorine in FCCL, attracting active participations from companies worldwide.

In terms of competitions among electronic material products, the global supply of FCCL is dominated by Japan, Taiwan and Korea. The main competitors include Nippon Steel and Arisawa in Japan, Doosan in Korea, plus ThinFlex and AEM in Taiwan. However, the PCB industry in China has grown rapidly with help from the government. A complete industry cluster, which includes copper foil plants, CCL plants, and assembly factories, is taking shape. Meanwhile, there are peers entering the FCCL market. For instance,

ITEQ and Shengyi Technology have been proactively switching from CCL to FCCL recently. Thus, the competitions have turned complicated.

With the commercial deployment of 5G, competitors will compete aggressively to position themselves in the lead in order to extend their influence. Therefore, the next two years will be extremely critical. In terms of expansion and related operations, our overall sales plans are categorized into long and short-term:

#### 1. Long-term Business Development Plan

- (1) Establish regional marketing offices and logistic centers to enhance competitiveness and advantages.
- (2) Identify niche markets and diversify product profile to diminish the impacts of business cycle on operation.
- (3) Segment target markets precisely and establish appropriate strategies to increase market share.
- (4) Form strategic alliances, maintain long-term supply chain relationships and pursue sustained cooperative partners.

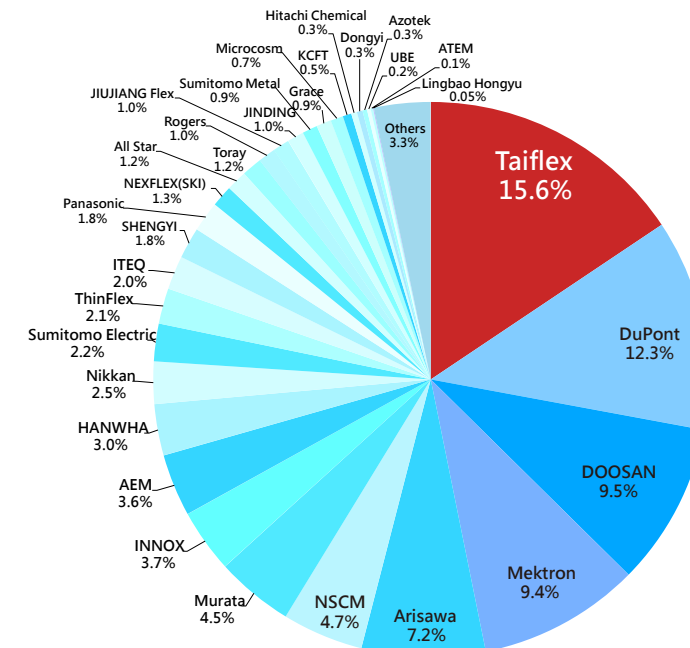
#### 2. Short-term Business Development Plan

- (1) Increase market share in the Greater China Region and Southeast Asia, support product design trends of the market and customers, strengthen customer services, establish good relationships with customers, build customer market and customer trust as well as improve customer satisfaction.
- (2) Understand the dynamics of customers' product designs and the use of major materials and convey the information to R&D, production and quality assurance divisions to increase customer stickiness and loyalty.
- (3) Develop overseas markets and customers proactively and cooperate with more overseas agents to boost export sales and overall revenues.
- (4) Attend overseas seminars and product launches to enhance corporate presence as well as identify potential customers.
- (5) Establish and develop product application database for product promotion.

## 2.2.2 Market Share

Looking back at 2020, COVID-19 had severe impact on humanity. It changed the way people live and work as well as business activities and brought about higher risks to business operation. However, with outstanding risk management capacity, we seized the opportunities amid crises and strived to maintain momentum for operational growth. Going forward, we will proactively implement a variety of operational and risk control measures, e.g., increase local purchases, adopt flexible stock optimization strategy for key raw materials and products, optimize product structure, persistently carry out cost improvement and production efficiency enhancement as well as expense control to allow the Company better flexibility to maneuver. In addition to mitigating the adverse effects of uncertainty, it is of greater importance for the Company to develop the capabilities to seize growth opportunities. 5G mobile communication is entering the high-growth stage and we will not miss the golden opportunity. Our pursuit of a long-lasting competitive and sustainable operation model will continue.

Our market share in FPC applications worldwide was 15.6% in 2021 as shown in the chart below:

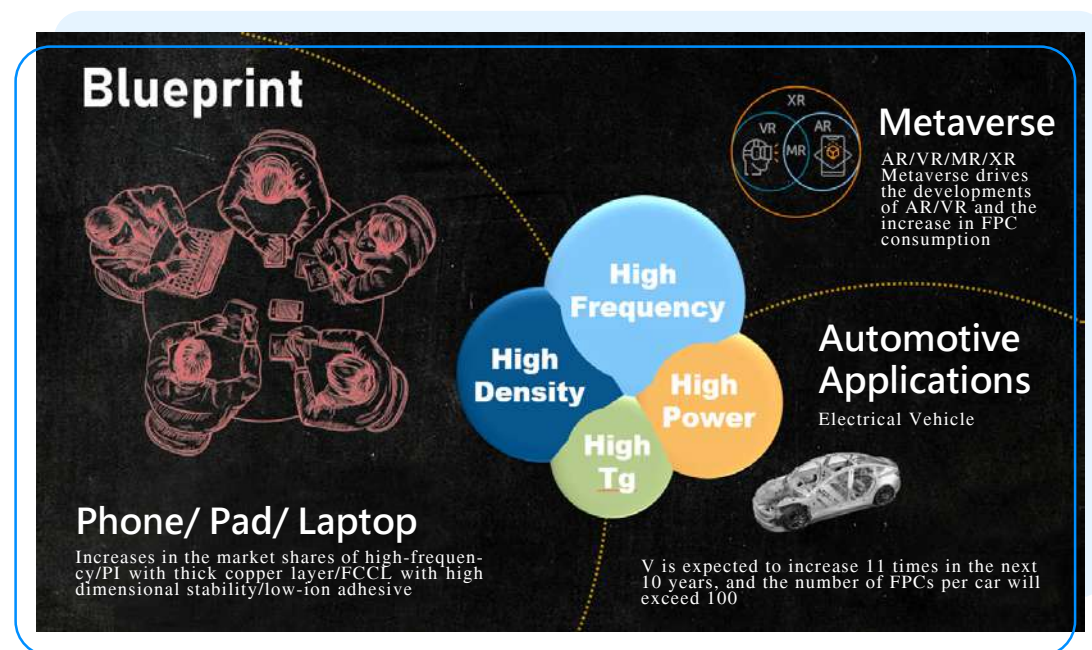




We will persistently strengthen our core competitiveness, invest research and development resources in advanced flexible electronics materials, heat dissipation materials and semiconductor materials, and work towards producing high-value products. We will also utilize our leading position in flexible materials to collaborate with customers in order to capture the driving forces of market growth and consolidate the foundation for sustainability.

## Product Development Trends

Products of the Company are applied in FPC, where the end products include smartphones, tablets, wearable devices, car multimedia, and other PCB applications as demonstrated in the figure below:



## 2.3 Business Performance

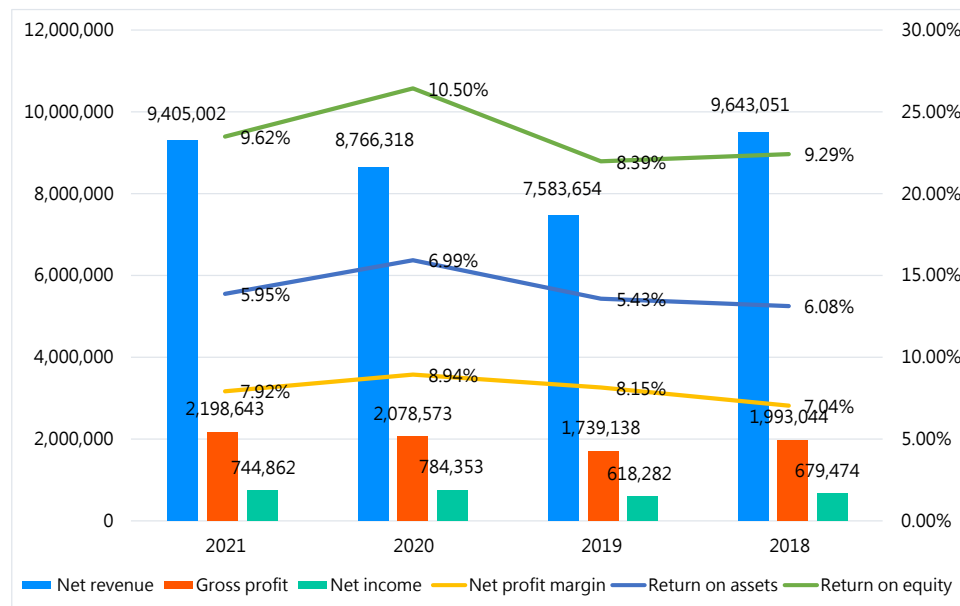
The Company generated a net revenue of NT\$9,405 million in 2021, an increase of 7.3% from NT\$8,766 million in 2020. Net income attributable to shareholders of the parent company came to NT\$735 million, down 4.9% year-over-year, with an earnings per share of NT\$3.51. COVID-19 continued to exert its influence on global economy in 2021. Adjustments on preventive measures adopted by governments around the world brought about a surging demand whereby major economies enjoyed significant economic growth. In contrast to the substantial hikes in demand, the overall supply capacity of the industry was constrained due to relevant prevention policies. As supply failed to meet the demand, the operating costs such as raw materials, transportation and wages rocketed while inflation was just around the corner.

Benefitting from rising demand and professional competence in supply chain management, we achieved growth in revenue despite shortages in key components such as chips confronted by end customers. However, the rapidly rising operating costs imposed enormous pressure on the entire industry. We strived to lower the impact of rising costs by improving our operation efficiency. The profits in 2021 declined slightly compared to the previous year.

### Financial Performance between 2018 and 2021 is Presented in the Table Below:

In Thousands of New Taiwan Dollars

Item	2021	2020	2019	2018
Net revenue	9,405,002	8,766,318	7,583,654	9,643,051
Gross profit	2,198,643	2,078,573	1,739,138	1,993,044
Net income	744,862	784,353	618,282	679,474
Net profit margin (%)	7.92	8.94	8.15	7.04
Return on assets (%)	5.95	6.99	5.43	6.08
Return on equity (%)	9.62	10.50	8.39	9.29



## Revenue by Product Category and Country/Region in 2021

### Consolidated Revenue by Product Category between 2018 and 2021

In Thousands of New Taiwan Dollars

Item	2021	2020	2019	2018
Electronic Materials	8,997,760	8,469,882	7,195,384	8,273,030
PV Backsheet	0	0	85,434	1,176,124
Others	407,242	296,436	302,836	193,897
<b>Total</b>	<b>9,405,002</b>	<b>8,766,318</b>	<b>7,583,654</b>	<b>9,643,051</b>

### Consolidated Revenue by Country/Region between 2018 and 2021

In Thousands of New Taiwan Dollars

Region	2021	2020	2019	2018
Taiwan	2,751,874	2,446,463	1,229,108	1,931,443
Mainland China	6,491,687	5,982,093	5,983,082	7,364,249
Others	161,441	337,762	371,464	347,359
<b>Total</b>	<b>9,405,002</b>	<b>8,766,318</b>	<b>7,583,654</b>	<b>9,643,051</b>

Looking at 2022, countries around the world begin to ponder ways to coexist with COVID-19 and mitigate the adverse impact on economy. The European countries have gradually lifted all preventive measures and global economic activities are expected to slowly return to normal. Nevertheless, the pressure of soaring price drives central banks worldwide to reverse the expansionary monetary policy adopted during the pandemic. As monetary policy tightens, interest rates move towards rate-rising cycles. Meanwhile, manufacturers are bound to transfer some costs to consumers as the rising costs become unbearable. The magnitude of impact on consumption from these two factors remains to be seen. 2022 is no doubt going to be a turbulent year.

To cope with uncertainties looming over demand, we will stay focused on risk control. By minimizing the impact of emergencies and maintaining a sound supply capacity, we will continue to enhance our leading position in the supply chain and expand our market share. Also, through the launch of new products, we can further grasp the emerging requirements for high frequency and high speed in communications as well as the enormous business opportunities in electronic components driven by alternative fuel vehicles to stay on top of long-term growth trends.

## ■ Tax Policy and Information

In Thousands of New Taiwan Dollars

Item	2021	2020	2019	2018
Income before Income Tax	940,814	965,797	792,454	868,542
Income Tax Expense	195,952	181,444	174,172	189,068
Effective Tax Rate	20.83%	18.79%	21.98%	21.79%
Income Tax Paid	181,061	221,982	207,177	255,134

In order to mitigate tax risk and optimize interests of the Company and shareholders, we have established the following tax policies:

1. Transactions between affiliates shall comply with the arm's length principle as well as the transfer pricing guidelines set by the competent authority.
2. Analyze the operating environment, assess tax risks, and consider tax risk based on business decisions.
3. Comply with domestic and international tax regulations.
4. Not to use tax havens for tax avoidance.
5. Comply with the Company Act and tax-related laws and regulations.

## 2.4 Customer Service and Satisfaction

Customer satisfaction is at the heart of our management philosophy. We are committed to deliver innovative products and services to customers and uphold the core values of responsibility and enthusiasm. Taiflex has dedicated units providing product services to customers and working closely with the quality assurance department to solve product issues ranging from appearance to functionality. Besides Taiwan, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong to cope with production globalization among downstream customers by enhancing the accessibility and timeliness of our services. We also have offices in the U.S. and Japan, serving as a base for providing timely product services and sales.

### Global Service Centers



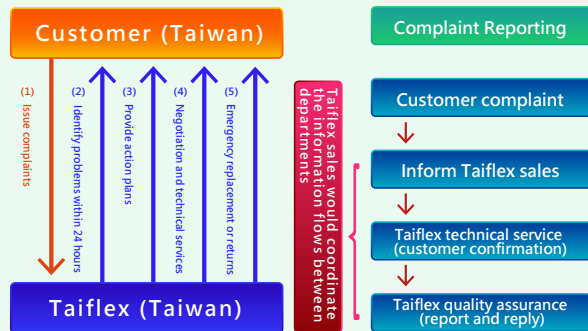
- Taiflex sets up service centers in China to provide timely services as customers shift their production sites.
- Overseas services are available throughout Southeast and Northeast Asia



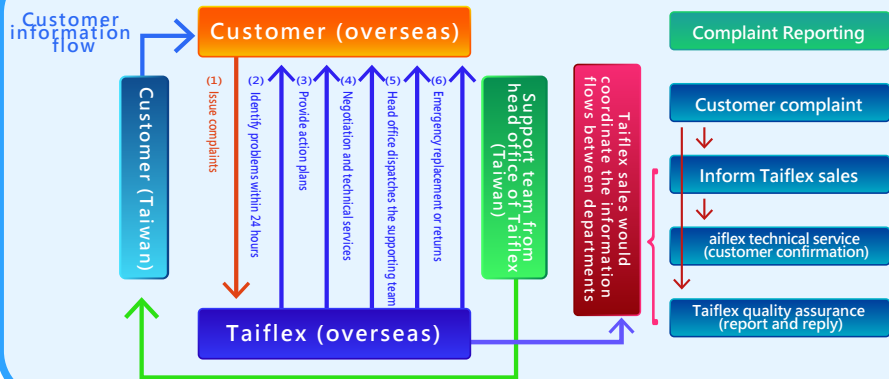
## 2.4.1 Management of Customer Complaints

Once we identify opinions, questions or grievances from our customers as major customer complaints, a cross-department task force would be assembled to handle the issue. Immediate actions and timely improvement measures would be taken by production, technology, R&D, and quality assurance units based on their functions and authorities to assist customers with resolving the issue as well as minimize the loss in labor, materials or equipment utilization. Our product service quality can therefore be enhanced to uphold our reputation and secure customer satisfaction.

### Procedures for Domestic Customer Complaints

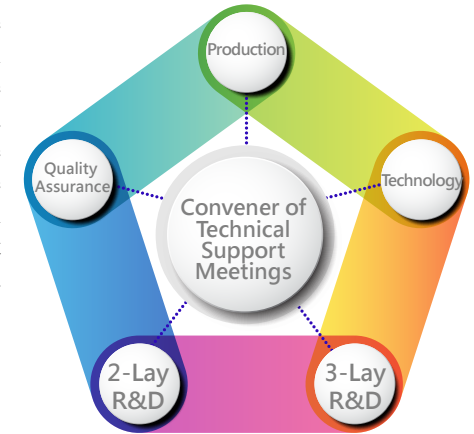


### Procedures for Overseas Customer Complaints



## Major Customer Complaint Task Force

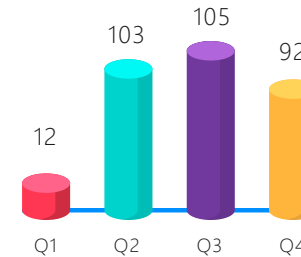
In the event of a major customer complaint, the customer service officer would hold a technical service meeting involving officers of the Production, Quality Assurance, Technology and 2-Lay and 3-Lay R&D as well as responsible engineers to discuss major defects in the product. Replies concerning causes identified in the preliminary review and improvement measures shall be given within three days, and the complete test data, cause analysis, improvement and preventive measures as well as reasonable solutions acceptable to the customers shall be provided within seven days to ease customers' concerns.



## 2.4.2 Customer Service

To satisfy customers' needs for material analysis and characteristic testing, Taiflex acquires a complete set of testing equipment including SEM/EDS, FTIR, metallurgical microscopes, TMA/DSC/DMA thermal analyzers and tension machines to be used by relevant internal departments as well as for testing requests from customers. In 2021, 312 testing requests from customers were completed. The testing not only speeds up product verifications for customers but also provides us a better understanding of product characteristics. Number of testing requests from customers in 2021 by quarter and testing machines are as follows:

Number of Testing Requests from Customers in 2021



## 2.4.3 Customer Satisfaction

To truly understand and listen to our customers, Taiflex conducts customer satisfaction surveys annually. The survey covers overall performance on quality of product, sales, customer service and delivery as well as management of hazardous substances. Negative feedback or failed performance would be discussed in the management review meetings for cross-department units to propose improvement schemes and recommendations as we strive to become a trustworthy long-term partner to customers. The customer satisfaction survey contains five areas: product quality, sales quality, customer service quality, banned substance management and delivery quality. The scores are summarized as follows:

Item	Product Quality	Sales Quality	Customer Service Quality	Delivery Quality	Banned Substance Management	Average
2020 1st Half	88	86.2	86.4	86.6	86.8	86.8
2020 2nd Half	87	87.2	87.4	87.6	87.8	87.4
2021 1st Half	90	86.5	84.7	86.3	91.7	87.8
2020 2nd Half	90	86.8	85.3	88.3	90.7	88.2

■ There was no violation of regulations concerning the health and safety of products and services in 2021.

■ Taiflex respects customer privacy. Product and service information is clearly displayed. There has been no violation of laws and regulations nor major customer complaint.

## 2.5 Sustainable Supply Chain

### 2.5.1 Sustainable Supplier Management

#### ■ Policy and Management

Taiflex strives to maintain long-term relationships with suppliers both at home and abroad to jointly build a steady and sustainable supply chain. On top of quality, delivery and prices, we also urge suppliers to carry out environmental protection, energy conservation and carbon reduction measures; improve safety and health; respect human rights; fulfill corporate social responsibilities as well as maintain sound risk management and sustainable operation plans.

#### ■ Taiflex Industry Chain

FCCL industry can be divided into PI/copper foil materials, FCCL, and FPC by upstream, midstream and downstream. Taiflex is dedicated to the process research, manufacturing and sales of FCCL and mainly responsible for the manufacturing of FCCL in the industrial supply chain.

At the design, testing and verification stage of upstream products, our Headquarters supports the technical needs of customers in Taiwan, mainland China, Europe, the U.S., Japan and South Korea in order to enhance the efficiency of customer service and forge a closer tie with customers. Technical exchanges take place from time to time, providing technical support and assistants to solve issues in design and testing faced by customers. In the production and sales stage, forecasted demand of customers is relayed to the Headquarters every week through continued communications with customers. By translating global demand forecasts into production plans on a weekly basis, we can align with customers' needs and optimize efficiency while at the same time collaborate with companies in the supply chain to form a comprehensive industrial value chain.

Upstream	Midstream	Downstream
PI/ Copper Foil Materials	FCCL	FPC
<ul style="list-style-type: none"> <li>Raw materials</li> <li>Chemicals</li> <li>Equipment vendors</li> </ul>	<ul style="list-style-type: none"> <li>FCCL</li> <li>CVL coverlay</li> <li>Stiffener</li> <li>Chemical composite</li> </ul>	<ul style="list-style-type: none"> <li>FPC &amp; PCB</li> <li>Insulating tape</li> </ul>

## Supply Chain Overview

Taiflex requires all suppliers (including new/potential ones) to comply with the quality management system, the environment, safety and health (ESH) management system and the AEO assessment. Through our procurement procedures, we examine suppliers by indicators including basic corporate information, relevant certifications, quality assurance records, ESH management investigation, operation, product information, manufacturing process, raw material suppliers, financial status under business continuity management, procurement contracts, green product management, and social responsibilities.

Taiflex has adopted RBA as the assessment standard for supplier management since 2017. The standard serves as the social responsibility standard for the electronics industry at present and covers areas including labor, health and safety, environmental protection and business ethics. Its objectives are to ensure a safe working environment, respect workers and remain environmentally responsible during manufacturing process in the supply chain of the electronics industry. Moreover, we introduced the Supplier Relationship Management (SRM) platform in 2020. Suppliers can perform order maintenance, delivery confirmation, shipment query, acceptance query, return order query, etc. in a more efficient manner, thereby reducing information gap, increasing communication accuracy, and boosting efficiency.

We also reinforce the promotion of corporate social responsibility and business ethics principles, and take appropriate measures to ensure our suppliers comply with legal requirements on environmental, health and safety, and labor issues. In addition to ensure their compliance with the local statutory minimum wage requirements, our suppliers are urged to provide employees appropriate levels of wages and commit to the highest ethical and moral standards in their business.

2018	2019	2020	2021
No. of Major Suppliers (Tier 1)			
60	66	61	62
No. of Key Suppliers			
21	22	26	29
Proportion of Key Suppliers (%)			
35	33	43	47
Proportion of Procurement Amount of Key Suppliers (%)			
98.80	98.60	98.80	99.30

Distribution of Key Suppliers by Region

Region	Key Supplier
Asia	95.20%
America	3.20%
Europe	1.60%
Total	100%

## 2.5.2 Sustainable Supply Chain Management Structure

Taiflex has established a sustainable supply chain management structure whereby we manage supply chain risks and strengthen the sustainability performance of suppliers through sustainability guidelines, risk survey, on-site audit/improvement measures as well as competence enhancement of suppliers. The series of sustainable management practices prompt suppliers to advance together and create greater shared value and influence.

Besides ongoing requirements for quality, delivery and service, we also establish relevant risk control mechanisms. In the event of supply chain disruptions caused by external factors (e.g., natural disasters, diseases, major global events, etc.), emergency response procedures are immediately initiated. Relevant departments including procurement, quality assurance and production planning shall jointly and swiftly draw up a contingency plan to control risks by taking inventory of raw materials, securing materials from alternate suppliers, increasing inventory levels and reviewing material consumption during process.

01	02	03	04	05
Sustainability Guidelines	Active Risk Assessment and Survey	Sustainability Risk Assessment Questionnaire	On-site Sustainability Audit/Improvement Measures	Suppliers Competence Enhancement
<ul style="list-style-type: none"> <li>Taiflex's Code of Conduct for suppliers and contractors</li> <li>RBA Code of Conduct</li> <li>Rules and requirements concerning conflict-free minerals</li> </ul>	<ul style="list-style-type: none"> <li>Develop management system verification survey according to the RBA standards</li> <li>Checklist shall cover labor, health and safety, environment, ethics, and management system</li> </ul>	<ul style="list-style-type: none"> <li>Self-assessment questionnaires to key suppliers</li> <li>Determine high-risk suppliers</li> </ul>	<ul style="list-style-type: none"> <li>On-site audit</li> <li>Document review</li> <li>Random inspections</li> <li>Report audit deficiencies</li> <li>Follow-up on deficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Hold improvement recognition conferences</li> </ul>

### (1) Corporate Social Responsibility Statement

In order for suppliers to understand and gradually implement corporate sustainability, we have formulated the "Taiflex Supplier/Contractor Corporate Social Responsibility Statement" (the Statement) and give suppliers comprehensive training with a participation rate of 100%. The Statement encompasses the Code of Conduct for suppliers and contractors, RBA Code of Conduct and rules and requirements pertaining to conflict-free minerals. Before signing the Statement, suppliers shall commit to complying with the corporate social responsibility standards within.



Existing Suppliers	2022	Goal for 2023
No. of suppliers	62	-
No. of signed suppliers	62	-
Proportion of signed suppliers (%)	100	100
Key Suppliers	2022	Goal for 2023
No. of key suppliers	29	-
No. of signed key suppliers	9	-
Proportion of signed key suppliers (%)	100	100
New Suppliers	2022	Goal for 2023
No. of new suppliers	1	-
No. of signed new suppliers	1	-
Proportion of signed new suppliers (%)	100	100

## (2) Sustainable Supplier Selection

In terms of supplier selection, suppliers of direct materials shall have third-party ISO 9001 and ISO 14001 certifications as well as undergo rigorous evaluations and reviews to become part of Taiflex's supply chain. Evaluations are conducted on six major indicators, i.e., quality, delivery, service, cost, technology, and sustainable management, to ensure suppliers' compliance with the Company's sustainable supply chain requirements.

Quality	Delivery
<ul style="list-style-type: none"> <li>Stable quality</li> <li>Variation reduction</li> </ul>	<ul style="list-style-type: none"> <li>On-time delivery</li> <li>Multiple alternatives</li> </ul>
Service	Cost
<ul style="list-style-type: none"> <li>Quick response</li> <li>Collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Waste reduction</li> <li>Efficiency enhancement</li> </ul>
Technology	Sustainable Management
<ul style="list-style-type: none"> <li>Front-end development</li> <li>Leading technology</li> </ul>	<ul style="list-style-type: none"> <li>Green environment</li> <li>Social responsibility</li> </ul>

## (3) Sustainability Risk Survey and Assessment

In order to ensure the implementation of sustainability in the supply chain, the "Taiflex Supply Chain Code of Conduct Questionnaire" is given to major suppliers annually for self-assessments. Suppliers shall provide feedback on their implementation status of each sustainability issues in the questionnaire and provide relevant management system certifications. The results of the suppliers' self-assessments will serve as the basis for sustainable risk management as well as a reference to assist in supply chain sustainability. The questionnaire considers the potential impact on suppliers regarding the three major aspects of economy, society and environment (e.g., the social aspect takes into account the potential impacts of labor practices/human rights standards/business ethics/safety and health; and the environmental aspect considers the potential impacts of environmental management/GHG) for analysis of the self-assessment results and selection of key suppliers. On-site audits are conducted and guidance is provided for improvement. In 2022, all key suppliers had completed the sustainability risk assessments (29 self-assessment questionnaires were sent and responded). Upon analysis, three key suppliers were identified as high-risk suppliers in 2022 and document reviews as well as on-site audits had been performed for these suppliers.

## ■ Supplier Sustainability Risk Assessment

Key Suppliers	Goal for 2022
No. of participants	29
Response rate (%)	100
No. of high-risk suppliers	3
Proportion of high-risk suppliers (%)	10

### (4) Supplier Sustainability Audit

Besides performing audits on high-risk suppliers identified through the “Taiflex Supply Chain Code of Conduct Questionnaire” annually, an on-site audit is carried out on key suppliers at least once every three years to improve the sustainable risk management of supply chain. Starting from 2022, all key suppliers are required to undergo sustainable risk audits conducted by third-party institutions engaged by Taiflex. Audits on three suppliers are scheduled to be completed in 2022 to ensure the implementation of supply chain sustainable management.

## ■ Statistics Concerning Sustainability Audits of High-risk Suppliers

Suppliers	Goal for 2022
No. of audited suppliers	3
Average audit score	-
No. of high-risk suppliers	-

## ■ Category and Number of Non-compliance

Category	Goal for 2022
Labor ethics	0
ESH	0
Improvement rate (%)	100

### (5) Supplier Competence Enhancement

We place great importance on the sustainable management of the entire supply chain. In order to improve the management performance, we set goals and have assessments in place concerning the quality, cost, delivery, service as well as various sustainability indicators of suppliers, encouraging suppliers to operate in coordination with our procurement strategies and conducting periodic audits on suppliers. With systemic measures of supplier assessment, audit, guidance concerning audit deficiencies, performance evaluation and supplier recognition conference as well as cooperation and mutual assistance, the assessment items include major categories such as supply chain performance, quality system, customer satisfaction, delivery, and environment safety. Sustainability requirements are implemented in the daily management of supply chain to ensure all indicators meet our demands.

### (6) Supplier Forum

Taiflex halted the supplier conference in 2021 due to the pandemic. Instead, we expressed our gratitude towards suppliers’ support and contributions over the past year via video conferencing. The Supply Chain Center shared our visions with and communicated our requirements in terms of quality, technology, delivery, service, cost, and sustainable management of supply chain to our partners during the meeting, stressing yet again our goal of overcoming challenges together to achieve better performance.



## (7) Annual Assessment of Suppliers

Taiflex holds forums for the annual assessments to discuss production-related requirements with suppliers and to promote relevant sustainability issues when the need arises. The supplier recognition conference is held based on the annual assessment results where top executives would communicate the goals and requirements in aspects of quality, technology, delivery, service, cost, and sustainable management directly to suppliers in the meeting. In 2021, assessments were carried out on suppliers of raw materials, parts and equipment, whereby eight suppliers were praised.

## (8) Development Strategy of Sustainable Supply Chain

Taiflex strongly believes that the sustainable growth of supply chain has certain influence on the corporate sustainable developments; thus, we are committed to sustainable supply chain developments. By actively investing related resources and collaborating with suppliers, we aim to drive the sustainable supply chain and achieve shared value.



## Our Commitments

All products comply with conflict minerals requirements and procurement is conducted pursuant to the green product standards.

Adhere to the fair-trade principle and relevant laws and regulations, respect human rights, safeguard physical and mental health and safety of workers, protect the environment and fulfill social responsibilities.

Uphold the ethical principle, commit to fulfilling corporate social responsibilities and pursue sustainability.

## (9) Sustainable Supply Chain Development Project

### Requirements and Assistance Concerning Supplier Risk Control Mechanism

Besides ongoing requirements for quality, delivery and service, we also establish relevant risk control mechanisms. In the event of supply chain disruptions caused by external factors (e.g., natural disasters, diseases, major global events, etc.), emergency response procedures are immediately initiated. Relevant departments including procurement and quality assurance shall jointly and swiftly draw up a contingency plan to control risks by taking inventory of raw materials, securing materials from alternate suppliers, increasing inventory levels and reviewing material consumption during process.

**Business continuity plan:** We ask suppliers to formulate contingency plans and procedures for potential natural or man-made threats that may lead to production or service losses to ensure their business continuity and mitigate the risk impact on Taiflex.

**Earthquake risk:** We take the initiative to help suppliers in need by teaching them how to improve the seismic performance of facilities. We also set up the emergency notification system so that in the event of a disaster, suppliers can report their status and update their recovery progress in a timely manner for us to have a clear picture of their situation.

**Climate change risk:** We ask suppliers to prepare response plans such as production backup plans or an increased safety stock factor to mitigate the risk impact brought on by any incidents.

**Fire risk:** We share our experience and assist suppliers with tasks of fire prevention, equipment installation, personnel training, etc.

## 2.5.3 Green Procurement Management

As a part of our social responsibilities and missions, and in line with the green concept of only one earth and our eco-policy, we have delivered our green procurement requirements along with purchase orders to our suppliers via the e-procurement system since 2015 for the execution of green procurement management. GP documents shall be provided or updated for the introduction of new materials and regular purchases for a strict application of the green procurement management principles. Simultaneously, we promote the green procurement concept to the supply chain. We actively manage the environmental impact of our operations, adopting standards above regulatory requirements for energy, resources, emissions and waste to avoid or mitigate their impact. We are committed to fulfill our green production responsibility and safeguard the natural environment. By integrating the green supply chain to service customers and initiating measures to reduce and recycle packaging materials, and consequently mitigating their negative environmental impact, we enhance the Company's operational resilience under the climate change crisis.

### Conflict Minerals Management

To fulfill our corporate social responsibilities, we comply with the "conflict minerals disclosure requirements" under Rule 13p-1 of the U.S. Securities Exchange Act of 1934 promulgated by the US Securities and Exchange Commission (SEC) for our conflict minerals management. By implementing self-audits on social responsibilities, we do not source minerals from conflict-affected and high-risk areas. Through the assessment system adopted by new suppliers, the requirement of not sourcing conflict minerals from conflict

regions is imposed since new supplier selection. As for existing suppliers, we initiate investigations to ensure that agreements or statements which ban the use of conflict minerals from conflict regions are signed or provided for specific materials (gold, tantalum, tin, tungsten, cobalt, and mica) and conduct due diligence in the same way we manage the supply chain. Next, we examine whether the upstream smelters of our suppliers use conflict minerals from conflict regions through annual supplier audits. Lot traceability is also employed to reconfirm that conflict minerals from conflict regions are completely banned. We establish risk management procedures for responsible mineral procurement and carry out responsible mineral audits on suppliers/contractors regularly.

All suppliers of raw materials which use or contain minerals shall comply with the Company's policy and use the Conflict Minerals Reporting Template (CMRT) as an investigation tool in providing investigation results, thereby ensuring the supply chain is not involved in illegal financing of warlords or armed groups nor violation of basic human rights.

The Company is committed to the management of conflict-free minerals and responsible sourcing strategies, and carries out supply chain due diligence in order to fulfill expectations of current and future markets, laws and regulations. To satisfy the requirements of conflict-free metals and take on RBA responsibilities, we achieve the goals of the Responsible Minerals Assurance Process (RMAP) and ensure our purchases of minerals would not, either directly or indirectly, come from conflict regions.

Taiflex continues to investigate the source of minerals in the supply chain pursuant to the Conflict-Free Minerals Project. Copper is the main metal used in our products. We ensure that all smelters and refineries disclosed on the list are ones in the Taiflex's supply chain.

#### Future Prospects

Modernization, rapid advancement in technology and exploitation of natural resources all leave their marks on the green earth. Rising surface temperature triggers extreme climates and the exploitation of resources raises issues of enormous energy consumption, water pollution and land loss, or even involves illegal acts such as human rights violations. Demand of customers and the society has brought Taiflex to engage in semimetal and volatile organic compounds investigations, proactively introduce alternate suppliers to the qualified supply chain, and ensure all suppliers in the supply chain report misconducts as well as work towards meeting regulatory requirements and customer expectations, thereby creating a sustainable corporation.

#### United Nations Announces the "2030 Sustainable Development Goals"

In 2015, the United Nations announced the "2030 Sustainable Development Goals (SDGs)" including 17 goals with 169 specific targets. Taiflex has identified eight issues, such as green products and R&D, which are in line with the Company's core business philosophy. Details and action plans are presented in the figure below:





# 03




PART.THREE

## Innovation Development

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- 3.1 Product R&D and Innovation
- 3.2 Management of the Five-Year Strategic Plans  
for New Products
- 3.3 Intellectual Property Status and Strategy
- 3.4 Product Quality Management

- Taiflex is committed to product development and quality improvement. Actions taken to achieve profit growth include **product research and innovation, patents for research and development achievements, protection of trade secrets and regulatory compliance, and product quality management.** The short, medium and long-term indicators are as follows:

	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<b>Patent</b> 	<ul style="list-style-type: none"> <li>No. of patent applications for new products during the year: <b>2</b> cases</li> </ul>	<ul style="list-style-type: none"> <li>No. of patent applications for new products during the year: <b>2</b> cases</li> </ul>	<ul style="list-style-type: none"> <li>No. of patent applications for new products during the year: <b>2</b> cases</li> </ul>
<b>Information Security and IP Management</b> 	<ul style="list-style-type: none"> <li>Introduced the Electronic Laboratory Notebook (ELN) in 2021</li> <li>To obtain the Level-A TIPS certification in 2023</li> </ul>	<ul style="list-style-type: none"> <li>Continue the use of ELN</li> <li>Obtain new version of ISO 27001 Information Security Management certification</li> </ul>	
<b>Quality Assurance</b> 	<ul style="list-style-type: none"> <li>Maintain ISO 9001 Quality Management System certification</li> </ul>	<ul style="list-style-type: none"> <li>Maintain ISO 9001 Quality Management System certification</li> </ul>	



## ■ Goals and Performance of Material Issues:

Taiflex has long advocated for product research and innovation, R&D patents, quality assurance and regulatory compliance. Primary goals and performance of the aforementioned issues in 2021 and 2022 are as follows:

■ Innovation and Quality 	Goal for 2022	Goal for 2021	Performance in 2021
No. of patent applications for new product during the year	2 cases	1 case	1 case  Achieved
R&D expenses as a percentage of revenue	3 ~ 5 %	> 3.00 %	3.27 %  Achieved
Maintain ISO 9001 Quality Management System certification	Obtained	Obtained	Obtained  Achieved
■ Regulatory Compliance 	Goal for 2022	Goal for 2021	Performance in 2021
Violation of patent or other IP regulations	0 incident	0 incident	0 incident  Achieved

## 3.1 Product R&D and Innovation

Taiflex has long engaged in the field of FPC materials, persistently advancing on the three core technologies of formula R&D, precision coating and testing methodologies. Combining the best precision coating and laminating machines with continuous improvements in formulas and processes, our products are in line with market trends as we steadily becoming a global leader as well as the largest supplier of FPC materials worldwide.

Recognitions received over the years are as follows:

- 2002** • Best R&D Award and Best Sales of Own-Brand Award from MOEA
- 2003** • Outstanding Technology Development Award and R&D Innovation Award from MOEA
- 2004** • National Award for Outstanding SMEs

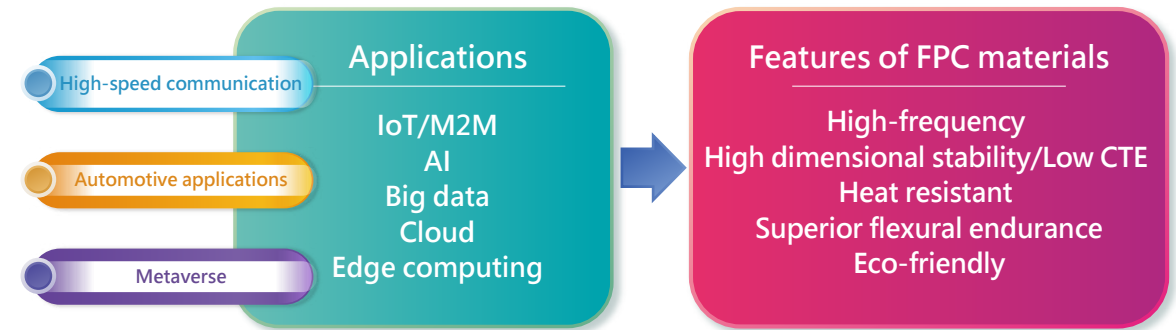
### 3.1.1 R&D Management

As the quest for thin, light, multi-functional and high-performance electronic products continues, the demand for FPC rises and creates abundant business opportunities. Taiflex works closely with global material suppliers and equipment engineering companies during product development, and carries out academic exchanges and collaborations with domestic research institutions and academic agencies in developing the next-generation products with end customers.

The R&D of Taiflex focuses on materials for 5G applications, automotive electronics and Metaverse applications.

The two crucial trends in the transition from 4G to 5G are the wider applications of high-frequency FPC, especially for 5G high-frequency millimeter wave, and the solution of SiP with FPC instead of flex-rigid PCBs adopted before. The significant shift can be found in FPCs used by headphones, mobile phones, and battery modules.

### TRENDS OF DEVELOPMENT FOR NEW DEMAND OF FPC MATERIALS



### 3.1.2 R&D and Innovations

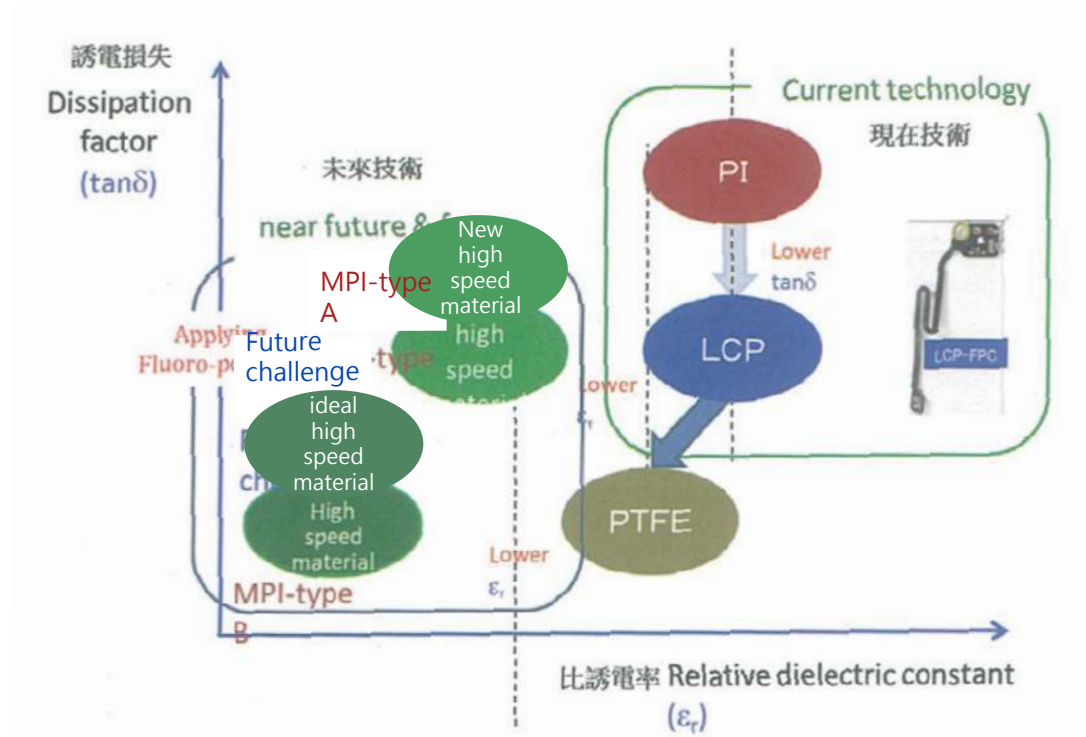
Low-loss materials will not only be needed for 5G phones but also applications such as automotive electronics and wearable devices. As 5G applications expand, the demand for these materials will rise as well to satisfy the needs for higher frequency and higher speed in applications. During the development of low-loss materials, materials with lower Dk and Df are being commercialized.

As high-speed signal transmission suffers greater insertion loss, applications often opt for materials with low Dk/Df. The R&D Center of Taiflex has developed LCP and MPI which are common in the market and is actively developing the newly-emerged fluoro-based materials.

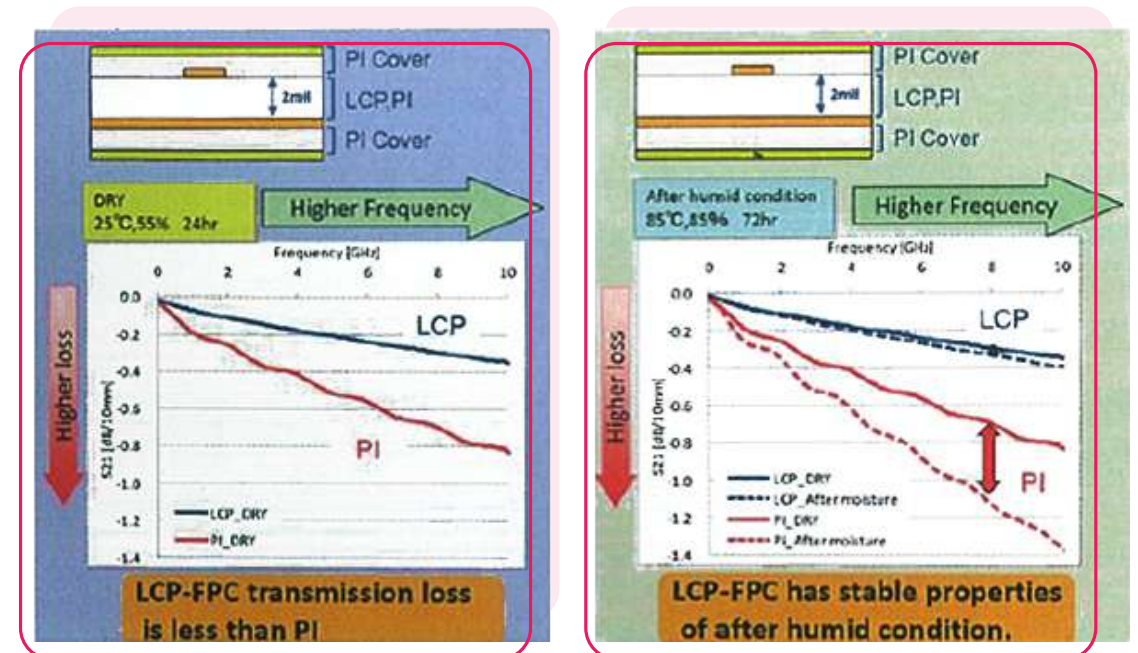
Higher operating frequency results in higher insertion loss. During product development, the focus shall not be placed merely on understanding the material but also on its processability and economic value in the market.



Taiflex excels in materials and coating technology, and possesses extensive research resources, equipment and human capital in FCCL. Fluoro-based materials have high electronegativity, and thus external polarization has minimal influence on molecules. Consequently, it is an excellent material for high-frequency applications. However, the material itself is difficult to process. Our professional R&D team has to adjust the formula in order to process it into copper clad laminate. The flow chart of high-frequency material development is illustrated in the figure below:



The low moisture absorption rate of liquid crystal polymer (LCP) allows Dk and Df to remain stable. The moisture absorption of PI in a natural environment is unstable relative to the coefficient of moisture absorption of LCP. Moisture absorption of LCP and PI is presented as follows:



Taiflex has several coating lines as well as numerous types of coating equipment and technologies matched by top-notch laminating technologies in the world. As for product appearance and FCCL properties, we have testing equipment with the most rigorous and highest standards as well as control standards. We are confident in providing the new information generation with the best high-frequency materials.

## 3.2 Management of the Five-Year Strategic Plans for New Products

Taiflex persists on researches and innovations of new products and has a comprehensive blueprint for new products in the future. The table below shows our five-year strategic plans. We aim to have significant growth in automotive applications, Metaverse and wearable devices.

### ■Growth of R&D Personnel between 2022 and 2026 is as follows:

Year	2022	2023	2024	2025	2026
No. of personnel	37	37	41	41	45
Increase	2	0	4	0	4
Growth rate (%)	5.71	0	9.75	0	8.88

### ■Over 3% of Revenue on R&D

Year	2017	2018	2019	2020	2021
Revenue (In Thousands of New Taiwan Dollars)	11,192,892	9,643,051	7,583,654	8,766,318	9,405,002
R&D Expenses (In Thousands of New Taiwan Dollars)	415,256	333,578	291,212	280,522	307,544
Percentage (%)	3.71	3.48	3.84	3.2	3.27

### ■Revenue Contribution of New Products between 2022 and 2026

Year Item	2022	2023	2024	2025	2026
Revenue contribution (%)	9.89	11.63	8.67	9.28	8.60

## 3.3 Intellectual Property Status and Strategy

As one of the world's three leading FPC materials companies in terms of manufacturing and R&D, Taiflex not only invests enormous resources in in-house R&D but also commits to provide services integrating advanced FPC materials and innovative applications through industry-government-academia-institute collaborations, e.g., technology transfer with domestic and foreign technical research institutions and academic institutions, or joint efforts on R&D plans. In order to enhance the value of Taiflex among international brands, build goodwill, and sustain the competitive advantage of our product technology in the market, we continue to maintain effective patents worldwide.

As of 2021, we have 238 global patent applications and up to 83% of them are in the major markets of Taiwan, the U.S., Japan, Europe and mainland China. 146 applications have been approved. We aim to continuously expand our IP portfolio regarding our core technologies and R&D achievements.

Taiflex attaches great importance to R&D innovations and recognizes IP as a core asset of the organization. During technology development, we use patent search and literature analysis to stay current on existing patents, thereby avoiding infringement of others' rights and securing our freedom to operate. Once the development stage is over, R&D results shall be properly maintained and managed to avoid data breach, or protected via patent applications to create a competitive niche for our operation. We regularly maintain and evaluate our patents or R&D results under protection to lower the operating costs of IP. We also evaluate IP value as well as collect and analyze intelligence to commercialize our IP through patent licensing or technology transfer.

Furthermore, in the face of global business competitions and complex supply chain relationships, trade secrets protection has become one of the competitive edges for securing a company's future core competitiveness. The scope of trade secrets includes technologies, methods, processes, formulas, programs, designs or other information that can be used for production, sales or operation and meets the requirements of confidentiality, economic value, and the adoption of reasonable confidentiality measures. A total of 11 trade secrets have been registered for management and we introduce ELN to reinforce our control over R&D achievements, thereby furthering our technological advantages.

Taiflex is well aware of the commercial value and importance of trade secrets to business operations. In addition to protecting R&D results through patent applications, we established

a sound trade secret protection mechanism in 2018 as well as an Intangible Asset Security Committee. Moreover, we adopt the ISO 27001 Information Security Management system and formulate the “Confidential Information Protection Policy” to manage our confidential information. Actions including the inventory, classification and labeling of confidential information, identification of ownership over IP rights, signing of confidentiality agreement, control over information security, retention of records, early warning, audits, annual assessment on the protection of confidential information as well as training and promotion of information security are taken to minimize the risk of trade secret leakage.

For employees to have correct understanding on IP management system, Taiflex has adopted the Taiwan Intellectual Property Management System (TIPS) since 2014 to establish a systematic management system which conforms to the nature of our technology research and development, and links IP management with operational objectives. In recent years, we have continued to improve IP acquisition, protection, maintenance and utilization, and set the goal of obtaining the Level-A TIPS certification in 2022. With further improvement on IP management system, we can enhance our overall profitability and operation performance.

■Products with patents granted in the past three years:

A total of 18 invention patents and 2 utility model patents have been granted. Details are shown in the table below:

Year \ Patent Type	Invention Patents	Utility Model Patents	Total
2019	12	2	14
2020	4	0	4
2021	2	0	2
No. of patents obtained	18	2	20

### 3.4 Product Quality Management

#### 3.4.1 Quality Policy and System

##### Quality Policy:



##### Description of Quality Commitment System

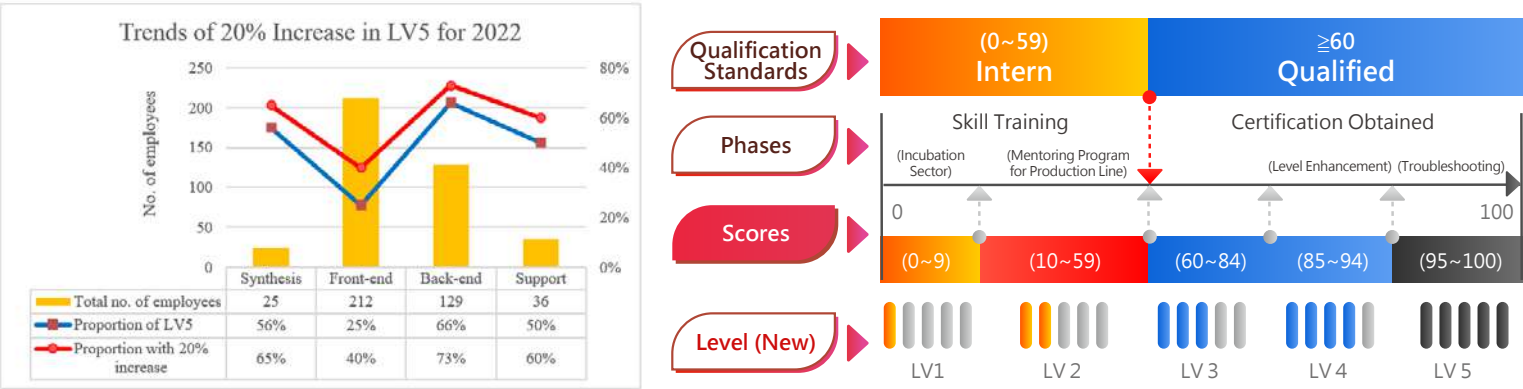
- 1.The Company persistently carries out improvement activities, e.g., cross-departmental technical meetings, quality proposals, QCC, 5S, KPI, etc., to satisfy customer needs. We respond quickly to issues raised by customers to achieve the principle of customer satisfaction. Fine product quality and customer services would ensure customer satisfaction.
- 2.The Company's quality/HSF policy shall be announced and promoted for all employees to understand and act accordingly.
- 3.Appropriate revisions to the Company's quality/HSF policy shall be made in accordance with IATF 16949 and HSPM System requirements.
- 4.4. In terms of the Company's quality/HSF targets, appropriate items and quantitative targets are determined in the management review meetings based on objective market conditions and subjective biotech requirements, and their compliance and applicability are reviewed regularly.

### 3.4.2 Quality Management

Developments of the electronics industry have always been highly dependent on the use of minerals where the mining of minerals often involves armed conflicts and human rights violations. The global consensus has now leaned towards the use of conflict-free minerals. Tim Cook, the CEO of Apple, has emphasized the use of recycled materials in the production of new iPhones and Elon Musk, the CEO of Tesla, has demanded to source from environmentally friendly mining companies. Copper not only is the most commonly used metal in FCCL but is also widely used in other electronic products. Besides mining new minerals, recycling minerals from existing applications or electronic products has become the trend.

Taiflex continues to hold its leading position under the trend, cooperating with major suppliers of copper foil. The sophisticated process of retrieving copper from recycled metals gives it the advantages in production cost, and the greater degree of width and thickness adjustments allows it to be widely used in various electronic products. About 90% of copper foil factories worldwide mainly produce recycled copper foils and Taiflex maintains the use of recycled copper foil to a certain degree, contributing to the reuse of resources and the sustainable development of the earth.

The Manufacturing Center shoulders the responsibility of production. Since talent cultivation and skill improvement are first and foremost in achieving stable production, employees shall undergo safety and orientation training when coming aboard and only qualified employees can join the production line. Skill training is then carried out through the mentoring program as well as the certification system. To operate machines independently, employees shall have a scores above level-3. Quarterly and annual training assessments are also conducted for level assessment. The training goal in 2022 is to increase the proportion of level 5 by 20%.



Department	Total No. of Employees	No. of LV4 Employees	No. of LV5 Employees	20% Increase in LV5 Employees	Training Course for LV4/LV5 Promotion
Synthesis (Excluding Thai employees)	25	1	14	16	1.Troubleshooting (modification/-checkpoint mechanism) 2.Exception reporting mechanism (reporting procedures for different exceptions) 3.Production line management (manpower deployment/scheduling control/batching) 4.Concept of lean production (three don' ts/pre-shift meeting/QRQC/exception) •Incubation Section carries out training tests •On-site operation is assessed by trainer in conjunction with the section head
Front-end	212	7	53	85	
Back-end	129	36	85	94	
Support	36	3	18	22	



### 3.4.3 Incoming, Process and Outgoing Quality Control Mechanism

To secure the basis of product quality and inspection operation, job specifications for inspections and testing at each stage of incoming materials, manufacturing, work in progress, finished goods as well as shipment are established and maintained in accordance with the quality control plans. All inspections and tests shall be recorded to verify that the products conform to relevant requirements.

**Incoming Material Management:** refers to inspections followed by stacking and storage of purchased materials such as raw materials and semi-finished goods by category in the storage area.

1. When the quality inspectors are notified of the incoming materials, they would carry out quality inspections and judgements pursuant to the control characteristics and sampling frequency set out in the "Incoming Material Control Plan" and relevant "Incoming Material Inspection Instructions".
2. For materials which passed the inspection and posted in the system, the material control personnel would stick the bar codes generated from the system on these materials for labelling purpose.
3. Materials would then be moved from the pending area to the storage area pursuant to rules of the warehousing operation procedure.

**Process Management:** refers to quality management of the entire production process from material inputs to packaging and warehousing. Through process quality management, the product quality can be brought to specified standards.

1. Inspection on work in progress: Quality inspectors and production personnel would carry out inspections and judgements according to the control characteristics and sampling methods set out in each control plan. Items passed the inspection would be labeled as qualified and temporarily stored by the production personnel or move on to the next stage according to the process control procedures.
2. Inspection on finished goods: Quality inspectors would conduct inspections according to the control characteristics and sampling methods set out in finished goods control plan and relevant inspection instructions. Grades are assigned to the finished goods based on inspection results.
3. Appearance inspection of finished products: Production personnel would conduct inspections in accordance with rules set out in relevant quality control plan and label the goods according to the grades assigned from the appearance inspections. Finished products are then processed according to the warehousing operation procedures.
4. Regular XRF sampling is carried out mainly to ensure that the outgoing products are not contaminated by hazardous substances in the use of raw materials and during processing. These inspection records of hazardous substances must be separately archived and managed.

**Shipment Management:** Shipment is carried out by sales and material control personnel in accordance with the shipment process.

1. Shipping notice: The sales unit would fill out the "Shipment Notice" based on delivery requirements specified in customers' orders as well as inventory data in the system for shipments.
2. Upon receiving the notice to have goods ready for shipment, the material control personnel would issue tally sheets based on the principle of first-in-first-out for tallying and picking and the shipping marks would be attached, waiting for documents to be ready.
3. Once the shipment inspection report is completed, the material control personnel would reexamine the shipping marks, quantity, documents and cargo boxes to avoid errors or damages.
4. Loading for shipment and release: Once the goods are ready for shipment, the sales and material control personnel would arrange trucks for pick up at the factory. Goods are released from the factory once the material control personnel have checked and handed over the goods.

# 04

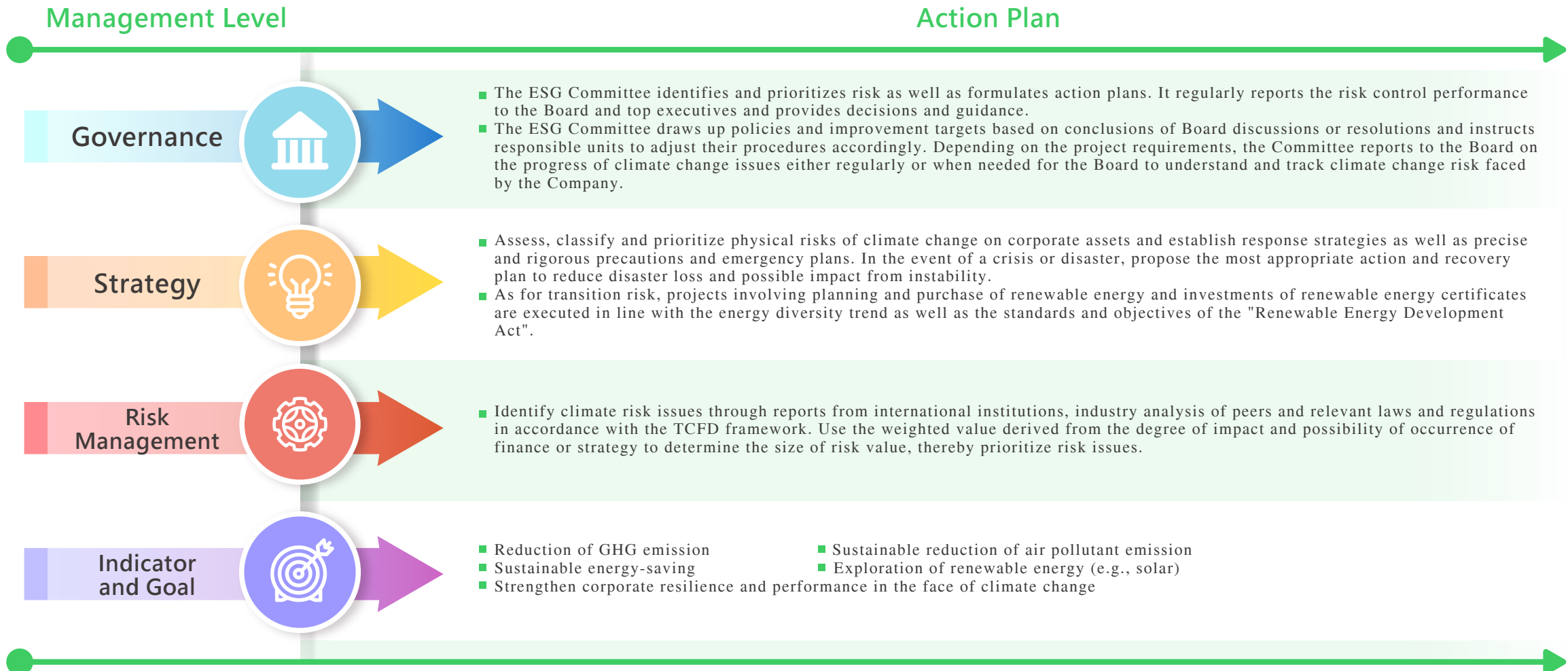
PART.FOUR

# Green Production







- 4.1 Environmental Protection and Sustainability Policy
- 4.2 Risks and Opportunities in Response to Climate Change
- 4.3 Energy Management
- 4.4 Raw Materials Management
- 4.5 Environmental Compliance
- 4.6 Air Pollution Control
- 4.7 Water Resource Management
- 4.8 Waste Management
- 4.9 Green Investment and Benefits



- Climate change is one of the environmental issues concerned by the United Nations, governments around the world, communities and corporations. Pursuant to the TCFD recommendations created by the Financial Stability Board (FSB) in 2019, Taiflex establishes the following governance, strategy, risk management as well as indicator and goal:











■ Confronting climate change issues, the short, medium and long-term indicators for **environmental management** are shown in the table below:

	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<b>Energy Conservation &amp; Carbon Reduction</b> 	<ul style="list-style-type: none"> <li>With 2021 as the base year, reduce product GHG emission by <b>5%</b></li> <li>Green energy installation with <b>3.5</b> MW of electricity from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>With year 2021 as the base year, reduce product GHG emission by <b>15%</b></li> <li>Electricity: <b>10%</b> from renewable energy sources</li> <li>Green energy installation with <b>&gt; 8</b> MW of electricity from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>With year 2021 as the base year, reduce product GHG emission by <b>25%</b></li> <li>Electricity: <b>50%</b> from renewable energy sources</li> <li>Green energy installation with <b>&gt; 15</b> MW of electricity from renewable energy sources</li> </ul>
<b>Green Energy</b> 	<ul style="list-style-type: none"> <li>Green energy installation with <b>3.5</b> MW of electricity from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>Electricity: <b>10%</b> from renewable energy sources</li> <li>Green energy installation with <b>&gt; 8</b> MW of electricity from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>Electricity: <b>50%</b> from renewable energy sources by 2050</li> <li>Green energy installation with <b>&gt; 15</b> MW of electricity from renewable energy sources</li> </ul>
<b>Waste</b> 	<ul style="list-style-type: none"> <li>Waste diversion rate <b>&gt; 50%</b></li> <li>Proportion of waste incinerated <b>&lt; 50%</b></li> <li>Recycle rate of volatile organic compounds (VOCs) <b>&gt; 60%</b></li> </ul>	<ul style="list-style-type: none"> <li>Waste diversion rate <b>&gt; 60%</b></li> <li>Proportion of waste incinerated <b>&lt; 40%</b></li> <li>Recycle rate of VOCs <b>&gt; 70%</b></li> </ul>	<ul style="list-style-type: none"> <li>Waste diversion rate <b>&gt; 80%</b></li> <li>Proportion of waste incinerated <b>&lt; 10%</b></li> <li>Recycle rate of VOCs <b>&gt; 90%</b></li> </ul>
<b>Wastewater</b> 	<ul style="list-style-type: none"> <li>COD <b>&lt; 600</b> ppm at discharge point</li> <li>Cu <b>&lt; 2.5</b> ppm upon wastewater treatment</li> </ul>	<ul style="list-style-type: none"> <li>COD <b>&lt; 500</b> ppm at discharge point</li> <li>Cu <b>&lt; 2</b> ppm upon wastewater treatment</li> </ul>	<ul style="list-style-type: none"> <li>COD <b>&lt; 300</b> ppm at discharge point</li> <li>Cu <b>&lt; 1</b> ppm upon wastewater treatment</li> </ul>
<b>Reduce Air Pollutant Emission</b> 	<ul style="list-style-type: none"> <li>Reduce natural gas consumption of air pollution control facilities by <b>10%</b> comparing to 2016</li> <li>VOC unit emission <b>&lt; 3%</b> comparing to the base year (2021)</li> <li>Recycling rate of VOCs <b>&gt; 1%</b></li> </ul>	<ul style="list-style-type: none"> <li>Reduce natural gas consumption of air pollution control facilities by <b>20%</b> comparing to 2016</li> <li>VOC unit emission <b>&lt; 10%</b> comparing to the base year (2021)</li> <li>Recycling rate of VOCs <b>&gt; 5%</b></li> </ul>	<ul style="list-style-type: none"> <li>Reduce natural gas consumption of air pollution control facilities by <b>30%</b> comparing to 2016</li> <li>VOC unit emission <b>&lt; 30%</b> comparing to the base year (2021)</li> <li>Recycling rate of VOCs <b>&gt; 30%</b></li> </ul>
<b>Regulatory Compliance</b> 	<ul style="list-style-type: none"> <li>Violation of environmental laws and regulations: <b>0</b> Incident</li> </ul>	<ul style="list-style-type: none"> <li>Violation of environmental laws and regulations: <b>0</b> Incident</li> </ul>	<ul style="list-style-type: none"> <li>Violation of environmental laws and regulations: <b>0</b> Incident</li> </ul>



## ■ Goals and Performance of Material Issues:

Taiflex is committed to fulfilling environmental responsibilities and being a company with sustainable developments and continuous improvements. The goals and performance for mitigating potential impact on the society and environment over the past two years are presented as follows:

■ Energy Conservation & Carbon Reduction 	Goal for 2022	Goal for 2021	Performance in 2021
GHG emission (MT - CO <sub>2</sub> e)	24,000	24,500	24,160 
GHG emission per product area (kg- CO <sub>2</sub> e /m <sup>2</sup> )	0.66	0.67	0.67 
Natural gas consumption per capacity (m <sup>3</sup> /m <sub>2</sub> )	0.064	0.061	0.061 
Electricity consumption per capacity (MWh/m <sup>2</sup> )	0.00120	0.00112	0.00112 
Electricity consumption per revenue (MWh/Millions of New Taiwan Dollars)	4.129	4.279	4.279 
■ Waste Management 	Goal for 2022	Goal for 2021	Performance in 2021
Total waste/Revenue (kg/Millions of New Taiwan Dollars)	175	<180	175 
Recycling rate of general waste (%)	50	40	46.6 
In-house recovery of organic solvents from waste adhesives (MT)	135	125	131 

■ Regulatory Compliance 	Goal for 2022	Goal for 2021	Performance in 2021
Violations of environmental regulations	0 incident	0 incident	0 incident  Achieved
ISO 50001 Electricity consumption of control equipment (%)	100	100	100  Achieved
ISO 14001 Maintenance of Environmental System (%)	100	100	100  Achieved
■ Water Resource Management 	Goal for 2022	Goal for 2021	Performance in 2021
Water consumption per capacity (T/Km2)	3.048	2.402	2.403  Achieved
Increase the use of reclaimed water factory-wide (L/year)	6,873,000	2,417,000	2,417,000  Achieved
Water quality standards for the discharge point	Compliance with the standards	Compliance with the standards	Compliance with the standards  Achieved
Water quality after treatment (ppm)	Cu < 2.5	Cu < 3	Cu < 2.5  Achieved
■ Stationary Pollution Sources Management 	Goal for 2022	Goal for 2021	Performance in 2021
Recycling rate of NMP (%)	> 70	> 65	> 67  Achieved
One more factory to adopt the enclosed processing system for reducing VOCs emissions (Taiflex 3)	One more factory (Taiflex 3)	One more factory	One more factory (Taiflex 2)  Achieved
Exhaust emissions comply with the emission standards and total quantity control	Exhaust emissions comply with the emission standards	Exhaust emissions comply with the emission standards	Exhaust emissions comply with the emission standards  Achieved

## 4.1 Environmental Protection and Sustainability Policy

Taiflex was co-founded by professionals from the Industrial Technology Research Institute (ITRI) and the electronic materials field in Taiwan. Our production focuses on flexible materials with products including FCCL, coverlay and optical materials. With industry-leading technology, we are the largest material supplier of FPC in the Greater China Region. “Zero Accident and Environmental Protection” are the prerequisites for all product-related activities within the Company. We value issues concerning the health and safety of employees and contractors, shareholders’ rights and environmental protection; fulfill our corporate social responsibilities; and adhere to the spirit of sustainable operation.

Taiflex views employees as the Company’s most valuable assets. Therefore, workplace safety and employee health are of utmost importance. All personnel and their families can rely on this promise of wellbeing. The Company strictly monitors risks arising from manufacturing, such as the risk of fire, explosion, chemical exposure, cuts and entanglement during the processes of synthesis, coating, slitting, and inspection. In view of a win-win solution for corporate development and environmental protection as well as occupational accident prevention, Taiflex is committed to carry out operation management in an eco-friendly manner and dedicated to pollution prevention and reduction control. The Company would implement reduction and effective utilization of energy and resources, risk controls, and intrinsic safety mechanisms.

Corporate social responsibility is an important core value of Taiflex Group in terms of business strategy. To implement international environmental practices, the Company is committed to adopt an eco-approach for operation and management. The ISO14001 Environmental Management Systems certification received in 2013 is shown in the figure below. We focus on energy conservation, emissions reduction, circular economy and environmental sustainability, and adopt measures to achieve the goals of carbon neutrality and net-zero GHG emissions. As an end-customer, Taiflex is duty bound to follow sustainable environmental management practices. In view of this, Taiflex Group’s declaration on environmental sustainability policy and action plans are as follows:

### ■Regulatory Compliance, Green Product Innovation, Energy Conservation and Carbon Reduction, Circular Economy, Continuous Improvement, Net Zero Emissions

The policies are disclosed through appropriate means and media for everyone to understand and carry through the ESH determination.

### ■Action Plans:

- 01 Comply with environmental laws and regulations, and implement green procurement of goods and services
- 02 Commit to green product innovation, pollution prevention, waste reduction as well as energy and resource efficiency
- 03 Improve environmental education and emergency response capability of employees and achieve full participation
- 04 Integrate environmental resources and accomplish circular economy as well as net zero target
- 05 Continue with environmental sustainability improvement and carry out regular reviews to promote the goal of sustainability
- 06 Expand the influence of corporate social responsibilities and march towards corporate sustainability

Entering the 21st century, issues on energy crisis, global warming and climate change have deteriorated while environmental laws and regulations have imposed tighter controls. The top mission of climate change management is GHG reduction. Besides complying with relevant laws and regulations and obtaining certifications associated with environmental management system, through examining the entire operation flows, we have also conducted various environmental sustainability reviews and implemented improvement measures including GHG inventory and reduction, resource inventory management, and waste reduction and recycling in response to climate change as well as our industry characteristics in order to achieve the goal of environmental sustainability.



## 4.2 Risks and Opportunities in Response to Climate Change

Climate change is inevitable in economic activities and growth. There are currently two ways to tackle the issue:

- 1.Reduce GHG emissions through man made efforts in the spirit of the Greenhouse Gas Reduction and Management Act to mitigate the impact of climate change.
- 2.Adopt regulating mechanisms and equipment to diminish the risks for human and the natural environment under the influence of climate change.

Taiflex has established the environmental sustainability policy. We remain dedicated to pollution prevention and reduction control; carry out resource reduction, effective utilization or reuse; implement energy conservation and carbon reduction measures; stay current with climate change information as well as conduct internal GHG inventory, thereby mitigating risks and seizing possible opportunities from climate change.

### 4.2.1 Strategy for Climate-Related Risks and Opportunities

For issues associated with climate change, the Company conducts assessments, establishes strategies accordingly, and sets goals and implementation measures prior to presenting them to the Board as material issues for discussion and resolution, and the Board would supervise the execution thereof. The Board has established two strategies:

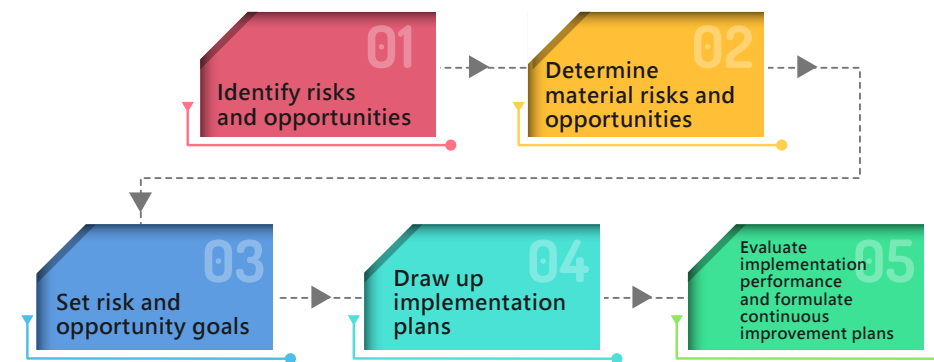
- 1.Identify climate-related risks and opportunities.
- 2.Identify climate-related risks and opportunities and their impact on the Company's business, strategies, financial planning, etc.

### 4.2.2 Management of Climate-Related Risks

- 1.To meet international requirements concerning climate change developments and build our capacity for climate change adaption, we have incorporated climate change management into our GHG inventory system.
- 2.We have obtained ISO 14064-1 certification for the GHG inventory system adopted, driving carbon reduction with the inventory results.
- 3.Renewable energy strategy: With support of senior executives, we have established a renewable energy task force dedicated to energy reduction. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality so as to continuously promote the objective of sustainable development. Moreover, we comply with government policies as well as customer requirements concerning energy saving and carbon reduction.
- 4.Objectives of renewable energy:
  - (1)CO<sub>2</sub> emission reduction target: With 2021 as the base year (third-party verification), the percentage of reduction aims for twice the revenue growth rate in the base year. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality.

- (2)Over 10% of the Company's electricity would be generated from renewable energy by 2030.
- (3)50% of electricity consumed by our operation worldwide would be using renewable energy by 2050.

### 4.2.3 Process of Identifying Climate-Related Risks and Opportunities



### ■Process of Identifying Climate-Related Risks and Opportunities

Risk	Identification Result	Impact on Finance	Countermeasure
Physical Risk	Climate change results in increasing severity of natural disasters such as floods and droughts, and expansion of disaster areas.	Reducing production capacity, increasing material prices, and suspending production due to extreme rainfall and drought. Extreme rainfall leads to production interruption while drought results in water shortage and water rationing, consequently shutdown.	Emergency generators, emergency water purchase, and carry out emergency response procedures to solve short-term issues of water supply and energy response.
Regulatory Risk	Total quantity control, air pollution and tightened emission standards.	Improve the efficiency of pollution control equipment which increases investment costs on equipment.	Invest in high-efficiency pollution control equipment to reduce pollution and operating costs, and avoid exceeding the emission limit.
Policy Risk	Insufficient carbon allowance due to total quantity control policy.	Carbon allowance is subject to total quantity control. Excess shall be covered by the purchase of carbon rights through carbon trading which increases operating costs.	Enhance equipment or purchase electric cars to reduce energy consumption and carbon emissions.



Risk	Identification Result	Impact on Finance	Countermeasure
Energy Opportunity	Set up condensation equipment for volatile organic compounds (VOCs).	Reduce energy costs and increase investments on equipment.	Adopt zeolite rotors and use highly-concentrated VOCs to assist combustion, thereby reducing natural gas consumption.
Green Energy Opportunity	Install solar panels on the roof of Taiflex 2.	Improve corporate image and reduce carbon emissions.	Renewable energy and green energy policies have been drawn up and will be implemented from 2021 onwards.
Resource Recovery Opportunity	Turn resource waste into fuel rods.	Evaluate waste recycling or reuse and achieve the objectives of mitigating environmental impact and increasing operating profits simultaneously.	Search for technologies which save resources and energy, reduce waste incineration, lower disposal costs and mitigate environmental impact.

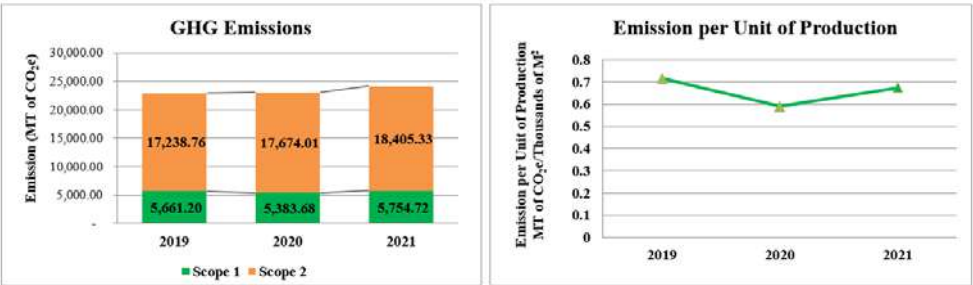
#### 4.2.4 Disclosures of Three-Year Data on GHG Emissions from Operation

The production volume of Taiflex was 34,564 thousand m<sup>2</sup>, 39,105 thousand m<sup>2</sup>, and 35,891 thousand m<sup>2</sup> from 2019 to 2021, respectively. The GHG emissions from operation are listed as follows:

Unit: MT of CO<sub>2</sub>e

Year	Scope 1	Scope 2	Scope 3	Total	Production Volume
2019	5,661.20	17,238.76	0.00	22,899.96	34,564 thousand m <sup>2</sup>
2020	5,383.68	17,674.01	0.00	23,057.69	39,105 thousand m <sup>2</sup>
2021	5,754.72	18,405.33	0.00	24,160.04	35,891 thousand m <sup>2</sup>

■ Note: Scope 1: Direct GHG emissions; Scope 2: Indirect GHG emissions; Scope 3: All other indirect GHG emissions



#### 4.2.5 Performance of Key Eco-measures

Key eco-measures adopted in 2021 and their performances thereof are as follows:

1. In 2021, green electricity generated from solar power was 869,779 kWh, equivalent to a reduction of 442 thousand KG of CO<sub>2</sub>e emissions. Green electricity refers to electricity which has zero or close to zero CO<sub>2</sub> emission during production.
2. Taiflex 2 adopted the enclosed processing systems factory-wide where low-concentration exhaust was condensed by zeolite rotor concentrators and then processed by Rotary Regenerative Thermal Oxidizer (RTO) to reduce the use of auxiliary fuel. Natural gas consumption was 124,290 m<sup>3</sup> in 2021, a reduction of 55,710 m<sup>3</sup> compared to the base year (2019).
3. The decrease in natural gas consumption also reduced the volume of secondary pollutants. The reductions in nitrogen oxides (NO<sub>x</sub>), total suspended particulate (TSP) and CO<sub>2</sub> are shown in the table below:

Year	Reduction in Natural Gas (m <sup>3</sup> )	NO <sub>x</sub> (kg)	TSP (kg)	CO <sub>2</sub> (kg)
2021	55,710	89.25	2.67	104,679.09

■ Calculated using the air pollution control fee factors and the Table of GHG Inventory Factors - version 6.04

#### 4.2.6 Short-term, Medium-term and Long-term GHG Emission Reduction Targets (Scopes 1 and 2)

Targets in accordance with the Company's renewable energy policy are:

1. CO<sub>2</sub> emission reduction target: With 2021 as the base year, the percentage of reduction aims for twice the revenue growth rate in the base year. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality.
2. Over 10% of the Company's electricity would be generated from renewable energy by 2030.
3. 50% of electricity consumed by our operation worldwide would be using renewable energy by 2050.

Significant risks in the short run come from stricter laws and regulations, floods, droughts, and power shortages. The Company formulates relevant countermeasures including the enhancement of carbon emission equipment to reduce energy consumption. Long-term risks stem from the increasing awareness of climate change and controls implemented worldwide where carbon emission permits are obtained through emission trading at high costs.

The Company's GHG reduction targets are as follows:

Item	Year	Scope 1		Scope 2	
		Emission Target	Compared to Base Year	Emission Target	Compared to Base Year
Base year	2021	5,755	Base Year	18,405	Base Year
	2022	5,697	1%	18,221	1%
	2023	5,527	3%	18,039	1%
	2024	5,305	4%	17,858	1%
	2025	5,040	5%	17,680	1%
	2026	4,788	5%	17,503	1%
Long-term Target	2030	4,549	5%	16,628	5%
	2050	4,094	10%	8,314	50%

## 4.3 Energy Management

The Bureau of Energy, MOEA announced the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" pursuant to the "Renewable Energy Development Act" on December 31, 2020. The compulsory user of renewable energy shall perform its obligations either by installing renewable energy power generation equipment, purchasing renewable energy and certificates, installing energy storage facility or selecting a combination of the three within five years counting from the second year since notification of the compulsory installed capacity by the central competent authority.

At present, the compulsory installed capacity of major electricity consumers (users with a chartered capacity exceeding 5,000 kW) shall be calculated as 10% of their average chartered capacity in the previous year. The chartered capacities of Taiflex factories are: 400 kW for Taiflex 1; 1,700 kW for Taiflex 2; 3,250 kW for Taiflex 3; and 1,150 kW for Taiflex 5. None of the factory is subject to the aforementioned regulations at this stage.

### 4.3.1 Energy Use

Taiflex mainly relies on electric power and natural gas while our process equipment relies mostly on electric power. The power consumption was 34,731 MWh, 36,965 MWh and 40,248 MWh from 2019 to 2021, respectively. Next, the total natural gas consumption was 2,081 Km<sup>3</sup>, 2,127 Km<sup>3</sup> and 2,176 Km<sup>3</sup> from 2019 to 2021, respectively. According to the Energy Administration Act promulgated by the Bureau of Energy, MOEA, the Company shall have an average power-saving rate of 1% between 2015 to 2024. In 2021, we completed 15 energy-saving items and saved a total of 438.8 MWh, achieving a power-saving rate of 1.09% which conformed to provisions in the Energy Administration Act. In terms of weightings, electric power accounted for 94.6% and 94.9% while natural gas accounted for 5.4% and 5.1% in 2020 and 2021, respectively. Natural gas and electricity consumptions of the past three years are illustrated in the graphs below:

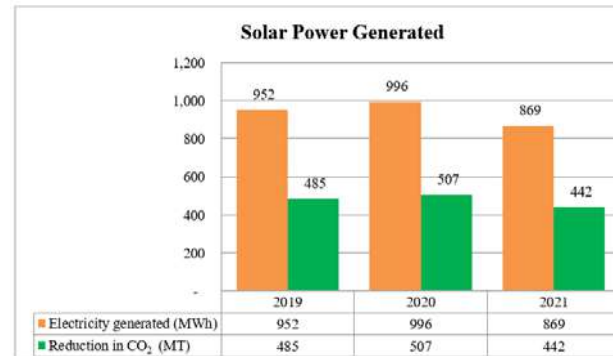


## 4.3.2 Use of Renewable Energy

In response to the government's continual encouragement for enterprises to use renewables, Taiflex has installed solar power systems on the roofs of Taiflex 3, Taiflex 5 and Taiflex 2 in 2015, 2018 and 2021, respectively. Solar power is considered renewable energy and is also called green power which refers to electricity that has zero or close to zero CO2 emission during production.

## 4.3.3 Electricity Generated and Carbon Reductions by Factory

Electricity generated was 869 MWh in 2021 (520 MWh from Taiflex 3 and 349 MWh from Taiflex 5), which reduced carbon emissions by 442 MT. Electricity generated was 996 MWh in 2020 (609 MWh from Taiflex 3 and 387 MWh from Taiflex 5), which reduced carbon emissions by 507 MT. Electricity generated was 952 MWh in 2019 (607 MWh from Taiflex 3 and 345 MWh from Taiflex 5), which reduced carbon emissions by 485 MT.



### 2020 Electricity Carbon Emission Factor

(Carbon emissions from electricity sold by electricity generating enterprises and self-use power generation facility installers at wholesale to electricity retailing utility enterprises - Carbon emissions due to line loss) / Total electricity sold by electricity retailing utility enterprises = 0.502 kg CO<sub>2</sub>/kWh

- Description:
1. Scope of application: As a reference for the calculation of GHG emissions from fuel burning indirectly borne due to the purchase or use of electricity from electricity retailing utility enterprises to cope with the quantification of GHG inventory.
  2. The above result is calculated based on the "Standard Operating Procedures for the Calculation of Electricity Carbon Emission Factor for Electricity Retailing Utility Enterprise". It is used as a reference only. The emission factor over the years is as follows:

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Electricity Carbon Emission Factor	0.555	0.562	0.558	0.555	0.543	0.534	0.534	0.529	0.519	0.518	0.525	0.53	0.554	0.533	0.509	0.502

3. In accordance with Paragraph 1, Article 28 of the Electricity Act, "when an Electricity Retailing Utility Enterprise sells electric power to its users, the sold electric power shall have an Electricity Carbon Emission Factor that meets the electricity carbon emission factor criteria and be reported to the electricity industry regulatory authority", the "Electricity Carbon Emission Factor" has been replaced by the "Electricity Carbon Emission Factor of Electricity Retailing Utility Enterprise" since 2018. These two factors adopt the same calculation standards.

4. The "Electricity Carbon Emission Factor" is a control item in the energy sector for the national periodic regulatory goals of GHG emissions, with statistics derived from electricity sold by electricity retailing utility enterprises and renewable electricity through direct supply or wheeling. The direct supply of renewable electricity amounted to 253.1 million KWh in 2020. The calculation of electricity carbon emission factor would be performed based on the electricity carbon emission factor of electricity retailing utility enterprises along with renewable electricity through direct supply or wheeling.

The latest electricity carbon emission factor released by the Bureau of Energy on September 27, 2021 is used for the calculation.

## 4.3.4 Energy Conservation Activity and Promotion

On top of producing green products conforming to European Union (EU) standards, we strive for the promotion of energy and electricity conservation as well as carbon emission reduction. Measures adopted include the use of LED lights which are more energy efficient as well as quarterly maintenance and cleaning of air conditioning units to improve their efficiency. Air circulators are installed on the ceiling (as shown in the figures below) to swiftly distribute cool air to the entire room and keep the air flowing.

We initiated the "Vegetarian Meal Day" in July 2020 whereby the 22th of each month would be a meatless day for health purpose. The program has received positive responses from the employees.





# 4.4 Raw Materials Management

## 4.4.1 Source Reduction - Reduce the Use of Raw Materials

Taiflex has always insisted on directing the use of raw materials towards optimization with the best feasible practice so as to achieve minimal waste volume and production cost, accomplishing a win-win outcome where profitability and environmental protection are concerned.

The consumption of raw materials in the past few years is as follows:

Raw Material Consumption	2018	2019	2020	2021
Raw Material Consumption (Km <sub>2</sub> )	81,711	80,505	88,433	83,882
Output (Km <sup>2</sup> )	36,017	34,564	39,105	35,891

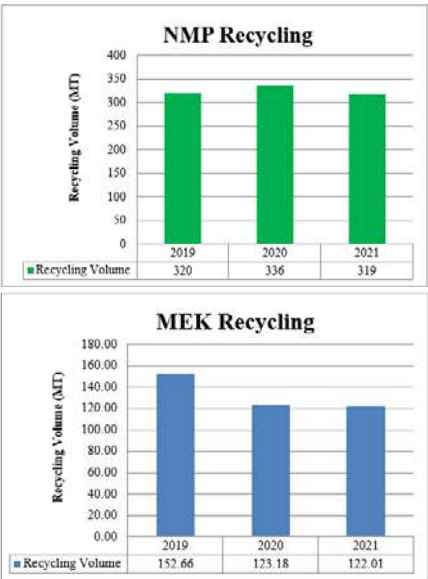
■ Note: The consumption rate is slowly reduced based on annual output.

## 4.4.2 Recycled Raw Materials Management

Taiflex spent around NT\$60 million to install NMP recycling facilities at Taiflex 3 in May 2017. The facilities turn waste gases into solvent through condensation and refine NMP chemicals into industrial grade raw materials through distillation and purification for them to be used at the production line. NMP recycled was about 320 MT, 336 MT and 319 MT from 2019 to 2021, respectively.

NMP recycling not only enhances the Company’s competitiveness and cuts down stationary pollution sources and exhaust emissions, but also conforms to the concept of raw material recycling, reuse and zero waste.

In terms of the organic solvent recycling system for plastic waste, MEK recycled was 152.66 MT, 123.18 MT and 122.01 MT from 2019 to 2021, respectively. The recycling reduces waste as well as the volume of raw materials purchased, achieving environmental friendliness.



## 4.4.3 Green Products

Taiflex collaborates with upstream raw material suppliers and downstream FPC customers to mitigate the environmental impact as well as reduce the resources and energy consumed per production unit. For instance, FCCL and its technology development are driven by downstream demands. Following the trends of compact, reliable and multifunctional electronic products, the needs for high frequency, high speed and anti-electromagnetic interference products are increasing, boosting development of related products in the FCCL industry. Moreover, the use of electronic materials stresses on pollution reduction given the rising awareness in maintaining a green environment. Thus, material suppliers intensify their efforts in the research and development of eco-friendly materials, initiating a material revolution in the CCL industry. Nowadays, electronics manufacturers gradually shift towards eco-friendly substrates. Demanded by environmental awareness and regulations, eco-friendly materials will become the basic requirement for products.

FPC materials produced by Taiflex are widely used in various electronics, e.g., computer, mobile phone, camera, and consumer applications. Through our manufacturing techniques, customers’ designs can be realized and applied to daily life. These products have made significant contributions to the evolution of modern society. As the Company strives for growth, it also spares no efforts in protecting the environment and enhancing social value.

Environmental impact of our professional manufacturing services continues to improve new process technology and satisfy end-product demand. There are two directions in our design of FPC materials. First is the quest for thin, light, high frequency, high speed and high thermal conductivity products, mainly to be used in mobile and wearable devices. With polarized demands, forefront material designs shall also meet the needs of end products. Taiflex’s research and development also aim to develop thin, light, high frequency, high speed, high thermal conductivity and high stability CCLs which are more advanced, energy-saving and eco-friendly to contribute to global sustainability.



## ■ Social Contribution of Our Professional Manufacturing Service

Assist customers with realizing innovations and rapid evolution of compact portable devices, offering fast and convenient mobile communication lifestyle.

### ■ Rapid Growth in Smartphones and Tablets

It reflects robust demand for mobile device components. Portable devices bring about enormous convenience and the Company has made considerable contribution including:

1. FCCL is categorized into two groups: 3L-FCCL with adhesive and 2L-FCCL without adhesive. 2L-FCCL enjoys the advantage of being thinner. Thus, it has gradually replaced the traditional 3L-FCCL to become the mainstream in the market due to the trend for thinner and lighter mobile devices; and
2. With the advantages of being flexible, lightweight and thin, FPC satisfies the demand for compact data transmission and telecommunication products, allowing greater convenience in using mobile devices. People can communicate and manage affairs without time constraint, driving the mobility in modern life to a whole new level.

### ■ Cooperation with Suppliers to Reduce Products' Carbon Footprints Across the Board

Where products are concerned, we insist on both quality and the production of green products. The environmental impact of the entire process, from the production and transportation of raw material to the production, transportation, application and disposal of products, is taken into consideration. Carbon, water and other environmental footprints are all key indexes of the products' environmental performance. Therefore, we demand our factories to duly conduct hazardous substance management, pollution prevention, energy and water conservation as well as waste reduction, and take one step further to ask or assist our suppliers to follow suit. Our major suppliers have also been requested to set the same requirements where their downstream suppliers are concerned. Step by step, the green supply chain is taking shape after several years of efforts.

### ■ Compliance with or Stricter Controls than International Regulations Concerning Hazardous Substance Management

Through the establishment of IECQ QC080000 Hazardous Substance Process Management System, we ensure our FPC materials are in compliance with international regulations and customers' requirements concerning hazardous substance management, including:

1. EU's Restriction of Hazardous Substances Directive (EU RoHS):

The maximum levels of restricted substances: Lead < 1,000 ppm, Cadmium < 100 ppm, Mercury < 1,000 ppm, Hexavalent Chromium < 1,000 ppm, Polybrominated Biphenyls < 1,000 ppm, and Polybrominated Diphenyl Ethers < 1,000 ppm. The RoHS 2.0 includes

four more restricted substances: Bis(2-Ethylhexyl) Phthalate (DEHP) < 1,000 ppm, Benzyl Butyl Phthalate (BBP) < 1,000 ppm, Dibutyl Phthalate (DBP) < 1,000 ppm and Diisobutyl Phthalate (DIBP) < 1,000 ppm. All our products are RoHS compliant.

2. Halogen-free electronics:

In general, halogen-free requirement means the product must contain less than 900 ppm of bromine and chlorine each, with a total of less than 1,500 ppm. All our products meet the aforementioned requirements.

3. Restrictions on Perfluorooctane Sulfonate (PFOS), Perfluorooctanoic acid (PFOA) and relevant substance:

Taiflex is aware of the restrictions imposed by international laws and regulations. Raw materials containing PFOS, PFOA and relevant substances are no longer used in our process and none of our product contains these substances.

4. Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) of the EU:

With regard to hazardous substances announced and the Substance of Very High Concern (SVHC) gradually released by REACH, all our products meet the regulatory requirements.

5. Waste Electrical and Electronic Equipment Directive (WEEE):

The directive is formulated to cope with the increasing waste electrical and electronic devices, mitigate the burden on landfills and incinerators, and prevent hazardous substance within the waste electrical and electronic devices from polluting the environment. Our products are not the end products; thus, we are not directly subjected to the WEEE. After the end products are used by the end users, FPC materials would turn into waste which shall then be recycled by the manufacturers of the end products.

Besides existing international laws and regulations and requirements imposed by customers, we keep a close watch on regulatory requirements that may be formulated in the future and have action plans and countermeasures ready.

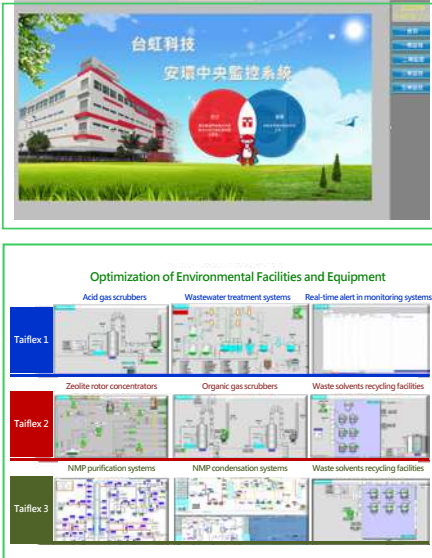
### ■ Management and Reduction of Packaging Materials

Packaging materials of our shipments are all recyclable materials, including paper and plastics. The amount of lead, cadmium, mercury and hexavalent chromium in these packaging materials conforms to the EU standards. With regard to reductions in packaging materials, we have achieved a close to 100% reuse rate. We make every effort to recover the packaging materials such as cartons and cushioning materials for repetitive use to minimize waste from packaging.

# 4.5 Environmental Compliance

Taiwan is a small island with high population and factory density. The regulatory body has gradually tightened the environmental laws and standards. For thorough environmental compliance, Taiflex has established a comprehensive identification and registration mechanism. The environmental protection department carries out conformity identification and assessment on environmental regulations concerning air pollution, water pollution, waste and toxic chemicals each quarter, and adopts countermeasures for applicable laws and regulations. Where regulatory risk is identified, improvement or preventive measures would be taken promptly. “Zero environmental incident” is our fundamental goal. To ensure our compliance, we install various monitoring systems at the discharge points of pollutant emission facilities and connect them with the central monitoring system for continuous online surveillance. Abnormal data would be handled immediately in accordance with the emergency and reporting procedures as a precaution and to prevent pollution as well as violation of laws and regulations.

■ We do not have any environmental penalties, serious pollution spills nor noncompliance with environmental regulations in the past five years.



Strategy	Sustainable Development Goal
1. Establish an environmental management system for autonomous management. Monitor and improve non-conformities. 2. Carry out applicability assessment concerning regulations quarterly. 3. Continue to drive the upgrade and improvement of pollution prevention and control facilities as well as monitor the pollutant emissions for environmental compliance.	Maintain zero penalty on environmental incidents
	Goal
	Zero penalty on environmental incidents during the year
	Result
	Zero penalty on environmental incidents from 2016 to 2021

# 4.6 Air Pollution Control

Our air pollution control facilities adopt the best technology available recommended by regulatory bodies, and is in compliance with the Air Pollution Control Act as well as the Air Pollutant Emission Standards of Stationary Pollution Sources. It operates 24 hours a day throughout the whole year. There are also real-time monitoring systems in place to ensure normal operation. Furthermore, we would engage a third-party certification body to conduct tests on the emission concentration of various air pollutants annually. Exhaust generated during the manufacturing process of our factories are processed via closed systems which have been approved by the environmental protection unit. The exhaust is collected and processed based on their properties. Low-concentration exhaust is treated via zeolite rotor concentrators with RRTO. Prior to the introduction of zeolite rotors in 2018, the annual natural gas consumption was 180,000 m3. After the introduction of zeolite rotor concentrators to concentrate VOCs and later the RRTO for combustion, the consumption of natural gas as auxiliary fuel was 158,920 m3, 102,930 m3 and 124,290 m3 from 2019 to 2021, i.e., reductions of 21,080 m3, 77,070 m3 and 55,710 m3, respectively.

Savings on Natural Gas with the Introduction of Zeolite Rotors - RRTO			
Year	Natural Gas Consumption	Base Year Comparison (Reduction)	Unit
2018	180,000	Base year (prior to improvement)	m³/year
2019	158,920	21,080	m³/year
2020	102,930	77,070	m³/year
2021	124,290	55,710	m³/year

The decrease in natural gas consumption reduces the volume of secondary pollutants: NOx, TSP and CO2. Details are summarized as follows:


Year	Reduction in Natural Gas (m <sup>3</sup> )	NOx (kg)	TSP (kg)
2019	21,080	33.77	1.012
2020	77,070	123.47	3.7
2021	55,710	89.25	2.67

Calculated using the air pollution control fee factors and the Table of GHG Inventory Factors - version 6.04

#### 4.6.1 Exhaust Recovery Facilities

Taiflex collaborates with ITRI to develop a processing system which condenses and then purifies NMP in exhaust. Besides recycling the organic NMP solvent to be used as raw materials, the system reduces fuels (i.e., natural gas) consumed for exhaust treatment, hence mitigates the impact of VOCs emissions and secondary pollutants on the environment and adheres to the concept of circular economy. The overall environmental benefits are detailed in the table below:

Year	Recovery (kg)	CO <sub>2</sub> Emission Reduction (kg)	Cumulative Recovery (kg)	Cumulative CO <sub>2</sub> Emission Reduction (kg)
2016	76,763	170,567	76,763	170,567
2017	395,708	879,263	472,471	1,049,831
2018	332,283	738,333	804,754	1,788,163
2019	319,501	709,931	1,124,255	2,498,095
2020	335,920	746,415	1,460,175	3,244,509
2021	319,210	709,285	1,779,385	3,953,794

Number of trees in equivalent: **361,077 trees** 

■ Note: According to the research data of the Environmental Quality Protection Foundation (EQPF):  
1kg NMP = 2.222kg of CO<sub>2</sub>. A tree can absorb around 10.95kg of CO<sub>2</sub> per year.

In order to fulfill our social responsibilities, we persistently advance in pollution control and improvement as well as operation management to enhance the process efficiency for equipment to be operating at a stable or optimal condition, thereby reducing VOCs emission as well as saving natural gas and raw materials consumption. We also work on cutting down resource waste and the consequent secondary pollutants. In terms of VOCs control, we adopt the enclosed processing system at factory level, using zeolite rotor concentrators of TOYOBO from Japan to condense low-concentration exhaust. The resulting high-concentration VOCs are then collected to be used as auxiliary fuel for RRTO. The process reduces VOC emissions as well as natural gas consumption and achieves an overall VOC removal rate of 95%, which exceeds the regulatory requirements of 90%. The reduction effectiveness is detailed as follows:

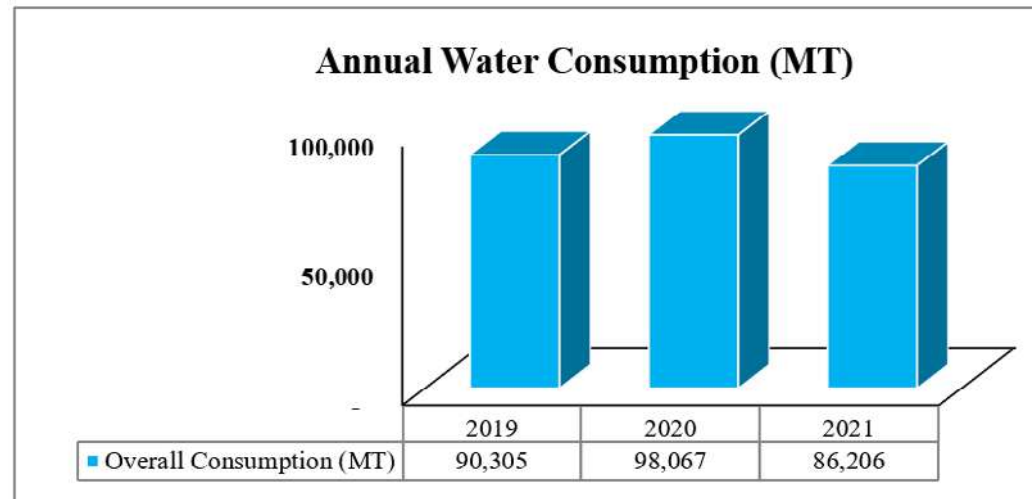
#### Reduction in VOCs with Enclosed Processing System at Factory-level

Year	Consumption of Bonding Adhesive (kg)	VOCs Emission (kg)	VOCs Emissions per Unit of Plastics (VOC-kg/Adhesive-kg)	Emission Reduction Rate (%)	Note
2019	1,345,000	61,709	0.046	Base year	Prior to improvement
2020	1,418,000	44,152	0.031	47%	After improvement
2021	1,399,000	45,719	0.033	40%	After improvement

## 4.7 Water Resource Management

### 4.7.1 Water Usage

Taiflex adopts the dry process. Water is mainly used as cooling water for air conditioning, followed by employee daily usage and firefighting purposes. Water consumed comes from tap water. Our water-saving measures include the recycling of RO and wastewater from drinking fountains as cooling water for air conditioning, dual flush toilet, recycling of rainwater from the roof and condensed water from air conditioning system for watering plants, and adjustments on the conductivity of water discharged from the air conditioning systems. Water consumption was 90,305 MT, 98,067 MT and 86,206 MT from 2019 to 2021, respectively. Improvements in the way of changing cooling water of the air conditioning system in 2021 resulted in a decline in the overall water consumptions over the past year.

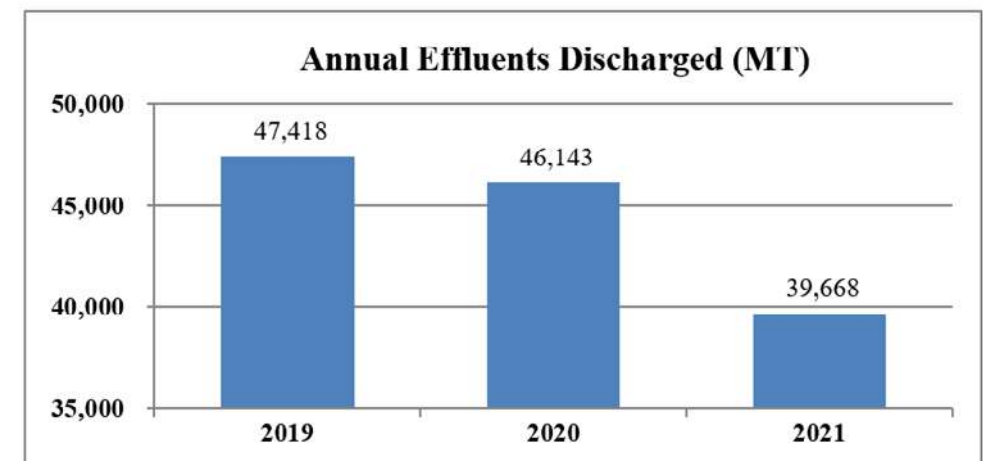


### 4.7.2 Effluents Discharge

Effluents from operation are mostly wastewater discharged from the cooling tower of factories and water used for domestic purposes, e.g., wash up or kitchen waste cleaning. Our etching laboratory in Taiflex 1 would discharge etching wastewater; thus, a wastewater treatment system was installed. The system is equipped with pH and flow meters connected to the central monitoring system for constant online monitoring to ensure the effluents discharged fully meet the standards set by the Processing Zone. The wastewater is then processed by the Kaohsiung Central District Sewage Treatment Plant before being discharged into the ocean. Consequently, our effluent discharge would not affect the biodiversity in the conservation area nor the high degree of biodiversity outside the conservation area.

Regular inspections are carried out at each effluent outlet twice a year with monthly self-inspections. The test results meet the effluent standards. The average COD value from periodic inspections was 65.3 mg/L between 2019 and 2021, which was far lower than the effluent standard of 600 mg/L. The Company has never been penalized by the competent authorities since incorporation.

The volume of effluents discharged was 47,418 MT, 46,143 MT and 39,668 MT from 2019 to 2021, respectively. **The total effluents discharge in 2021 decreased by 6,475 MT compared to 2020.**





## 4.8 Waste Management

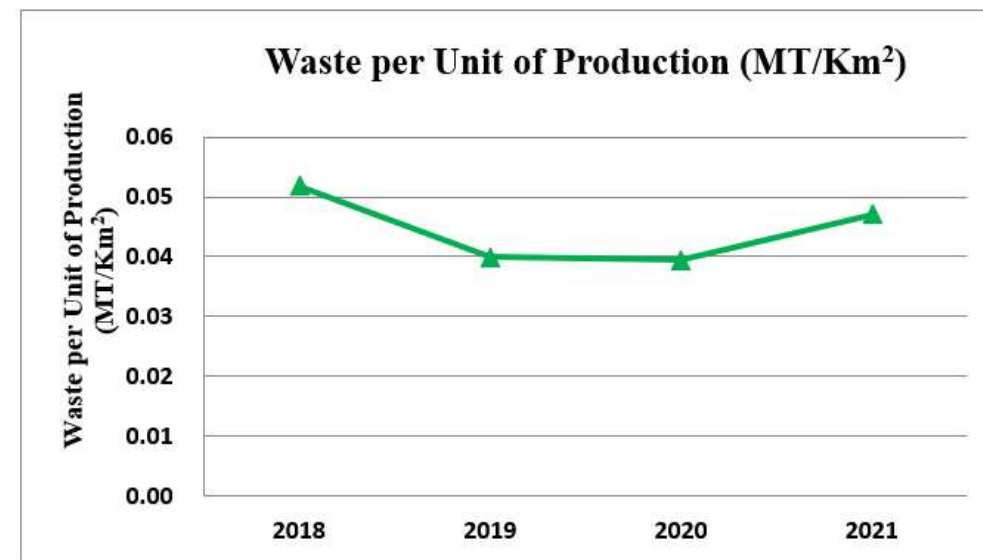
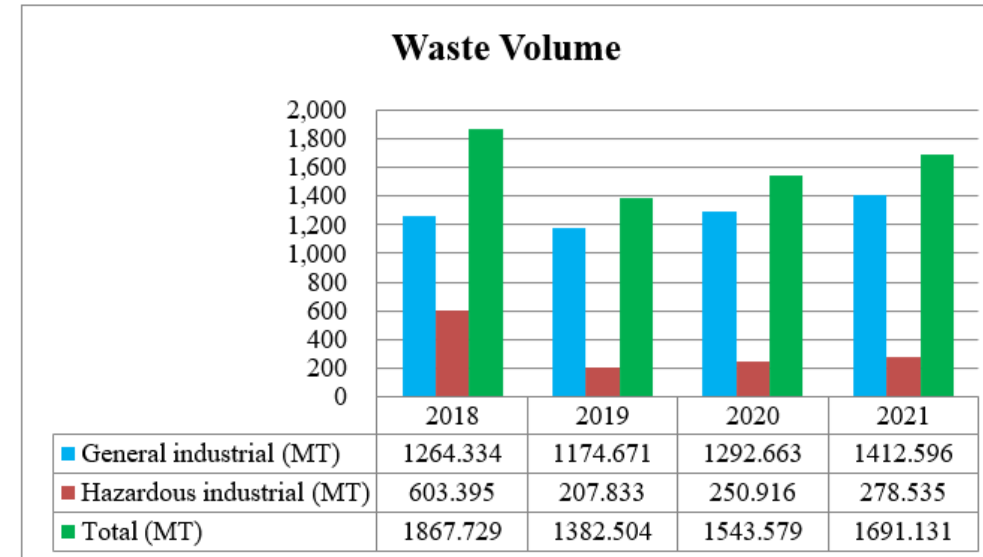
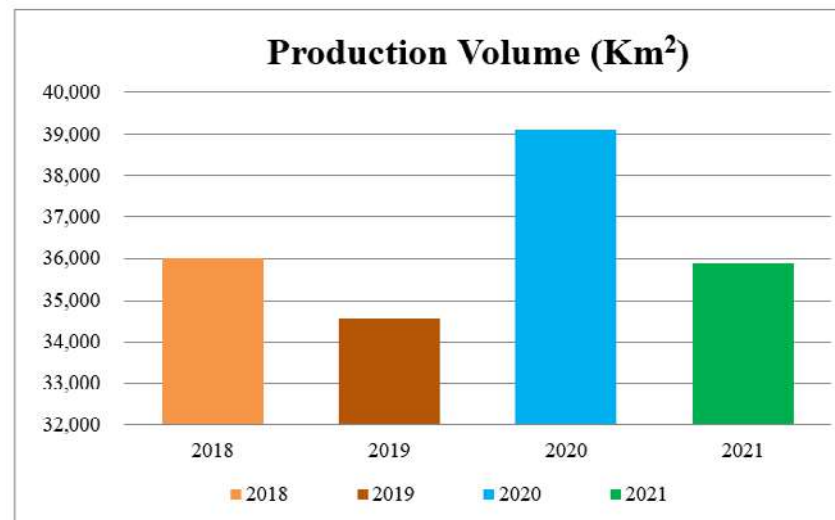
### 4.8.1 Management Principle

Enhance resource efficiency, promote the concept of reuse and mitigate environmental impact.

Waste generated from our production can be categorized into two types: general and hazardous industrial waste. Waste is handled by qualified waste disposal vendors in accordance with relevant laws and regulations, and on-site inspections on hazardous waste treatment plants are carried out regularly every year to ensure proper disposal of waste at legal landfills.

Recyclable waste is recycled and reused while hazardous industrial waste is treated internally in an attempt to reduce outsourcing of hazardous substance, thereby lowering operating cost and mitigating the environmental impact. Through effective management, we continue to work towards waste reduction.

Waste volume was 1,867.7 MT, 1,382.5 MT, 1,543.6 MT, and 1,691.1 MT from 2018 to 2021, respectively. There was a decrease of 176.6 MT in 2021 compared to 2018. With production volume of 36,018 thousand m<sup>2</sup>, 34,564 thousand m<sup>2</sup>, 39,105 thousand m<sup>2</sup>, and 35,891 thousand m<sup>2</sup> from 2018 to 2021, respectively, the waste per unit of production was 0.052 MT/Km<sup>2</sup> in 2018 and 0.047 MT/Km<sup>2</sup> in 2021, i.e., a reduction of 0.005 MT/Km<sup>2</sup> in 2021 compared to 2018.



## 4.8.2 Waste Reduction Measures

### (1) Ban on Disposable Tableware

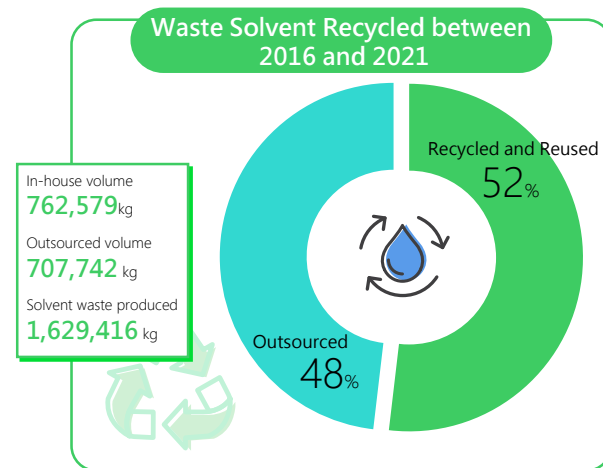
Most disposable tableware takes up a large amount of wood, paper pulp, detergents, bleach, and chemicals such as sulfur dioxide during production. It is energy consuming with adverse impact on the environment and health. Taiflex has taken the lead in promoting the “BYO Utensils” program in 2011 where employees were given eco utensils and encouraged to bring their own set of tableware. Eco utensils are also available in the cafeteria for guests and vendors. Disposable tableware is banned to stop further damage on employees’ health and the environment.

In 2021, there was an average of 830 diners (including but not limited to Company employees) per day in the cafeteria. Based on this figure and the 248 working days in 2021, we saved about 205,840 disposable utensils, equivalent to 3,087.6 KG of virgin paperboards considering each disposable lunchbox weights about 15 grams. Data given by the paper lunch box manufacturers indicate that about 15% to 23% of raw materials would be wasted during the production process. Thus, 3,550.74 KG of paperboards are needed to produce 205,840 lunch boxes. If a tree which takes between 20 to 40 years to reach a height of 8 meters with a diameter of 16 cm can produce 50KG of paper, 71 trees would be needed for 3,550.74 KG of paperboards.

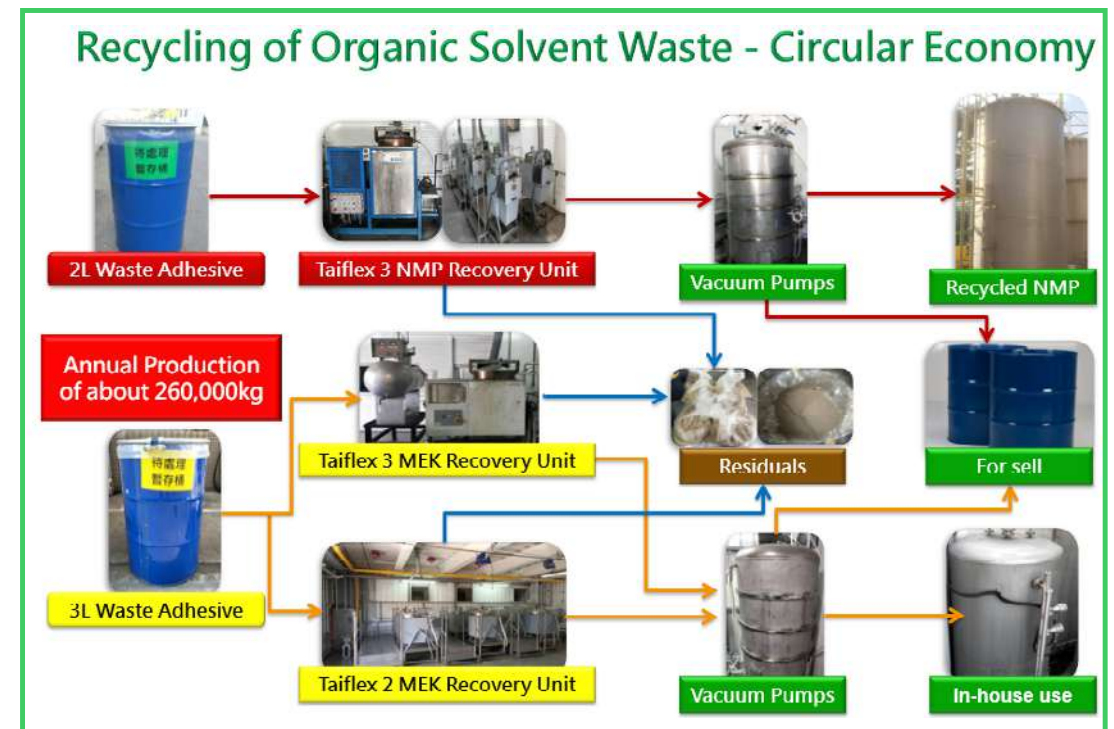
Our implementation of BYO Utensil program not only reduces waste and carbon emissions but also lowers the impact of waste on the environment. Furthermore, it is hygienic and healthy for employees.

### (2) Waste and Circular Economy

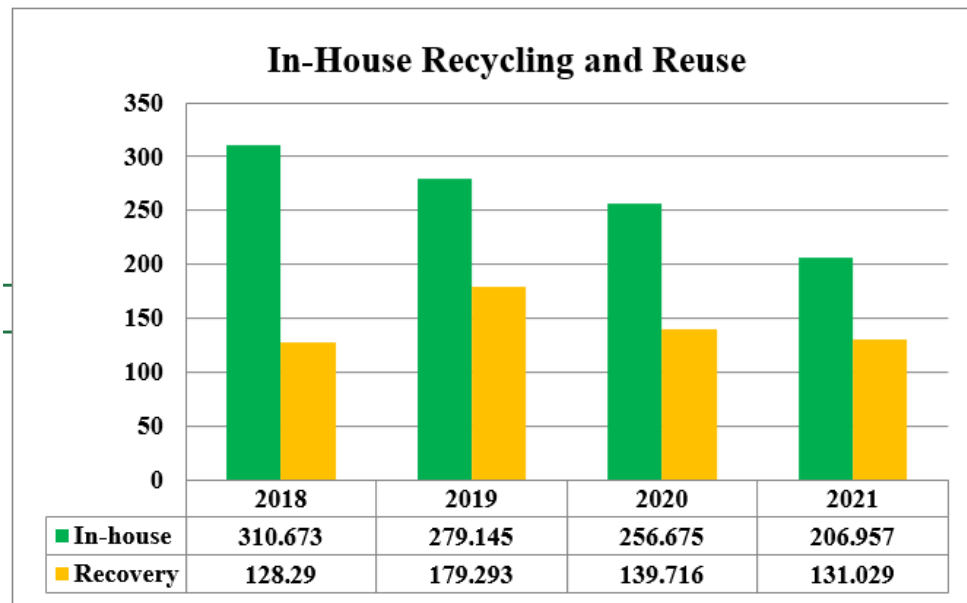
We uphold the goal of zero waste with regard to hazardous industrial waste generated from production to minimize resource consumption. We recycle our hazardous industrial waste (organic solvent) through in-house recycling system to not only save energy and avoid improper loss and waste of resources, but also reduce the environmental impact of waste. We strive to identify the best treatment measure and set zero pollution as our ultimate goal.



We have 12 sets of 60-liter and 2 sets of 200-liter solvent recovery units to process our hazardous industrial waste (organic solvent waste). The solvent recovered can be reused and the in-house facilities lower the environmental impact of outsourcing. In 2020, vacuum pumps for the solvent recovery units were installed to reduce the solvents’ boiling point for distillation and minimize electricity consumption of heaters. As distillation in a vacuum state prevents waste gas emission, the waste gas is collected via enclosed, negative-pressure operation to be processed in air pollution control facilities. Remote monitoring devices were installed in the same year to ensure solvent recycling efficiency and regional environmental safety. Details are illustrated in the figure below:




Between 2018 and 2021, the in-house recycling system processed 310.673 MT, 279.145 MT, 256.675 MT and 206.957 MT of hazardous industrial waste and recovered 128.29 MT, 179.293 MT, 139.716 MT and 131.029 MT of organic solvent, i.e., a recovery rate of 41.29%, 64.23%, 54.43%, and 63.31% respectively. The recovery rate in 2021 increased by 22.02% compared to 2018.



In order to reduce waste, we recycle and reuse waste solvents to decrease environmental burden, establish sustainable use of resources, and realize the concept of circular economy. We also cut down the GHG emissions (kg) from solvent evaporation. **Between 2016 and 2021, we recovered a total of 896,743 kg of organic solvents from waste adhesive, equivalent to a carbon reduction of 2,180,898 kg or the planting of 169,395 trees.**

## Carbon Reduction due to Solvent Recovery from Waste Adhesive between 2016 and 2021

Main Solvent	Waste Adhesive (kg)	Annual Recovery (kg)	Reduction in CO2 Emission (kg)
MEK	1,082,622	844,550	2,064,925
NMP	468,002	52,193	115,973
Total	1,550,624	896,743	2,180,898
CO <sub>2</sub> absorption by trees		199,169 trees 	
■ Note: According to the research data of the EQPF: A tree can absorb around 10.95kg of CO <sub>2</sub> per year. 1KG MEK = 2.22 KG CO <sub>2</sub> ; 1kg NMP = 2.445kg of CO <sub>2</sub> .			

## 4.9 Green Investment and Benefits

The purpose of Taiflex's environmental accounting system is to identify and measure the Company's environmental costs as well as to conduct benefit assessments and compile statistics on costs reduced or revenue generated as a result of executing environmental projects, thereby encouraging and promoting environmental projects with economic benefits. Economic benefit is calculated by estimating the potential cost savings from reductions in energy, water consumption and waste for carrying out the environmental projects plus the revenues from waste recycling and reuse. The environmental benefit amounted to NT\$109,862 thousand in 2021. Environmental expenditure totaled NT\$42,368 thousand in 2021. It was mostly costs for operating and administrative activities of the Company, e.g., audits on environmental system standards, pollution control, environmental monitoring, eco-education, sponsorship to eco-organizations, etc. We collaborate with impartial third-party assurance agencies and agencies engaging in recycling, professional waste disposal and environmental monitoring.

2021 Green Investment and Benefits								
Item	Details		Item	Details				
01 Environmental expenditure	1. Pollution control (regulatory fees and charges: e.g., air pollution control fee, etc.) 2. Eco-projects to reduce environmental impact (e.g., improvements on exhaust treatment system) (Application fees for operating permits) 3. Industrial waste disposal charge 4. Industrial waste recycling charge (reuse) (3L + 2L) 5. Environmental management fee (maintenance and certification of ISO14001 management system)		03 Expected improvements	1.Reduce air pollution (NO <sub>x</sub> , TSP, CO <sub>2</sub> )				
				Year	Reduction in Natural Gas (km <sup>3</sup> )	Reduction in NO <sub>x</sub> (kg)	Reduction in TSP (kg)	Reduction in CO <sub>2</sub> (kg)
				2021	55.7	89.23	2.67	104,660.3
	Total spending: NT\$ 42,368 thousand			2.Cut down resource consumption (e.g., recycling and reuse of organic solvent waste)				
02 Environmental benefits	1. Savings on pollution control and reduction measures of NT\$25,920 thousand (NMP purified and recycled of NT\$25,247 thousand and natural gas reduction of NT\$673 thousand) 2. Savings on reduction, recycling and reuse of industrial waste (3L + 2L) of NT\$ 12,221 thousand 3. Savings from measures to improve wastewater treatment efficiency of NT\$8,500 thousand 4. Savings on resource recycling (recycling + copper foil + solvent) of NT\$ 63,221 thousand		04 Impact upon improvement	Year	Reduction in Waste Adhesive (kg)		Solvent Recycled and Reused (kg)	
				2021	72,912		72,912	
				3.Improve the efficiency of control facilities (waste gas condensation)				
				4.Waste reuse				
				Year	Recycled and Reused (kg)			
	2021	507.412						
	Total savings: NT\$ 109,862 thousand			1. Reduce environmental impact and sponsor community parks to fulfill corporate social responsibilities and achieve sustainability 2. Reduce air pollutants by more than 5%, lower resource consumption and VOCs emissions, and increase raw material consumption and production 3. Innovative eco-measures to enhance competitiveness and achieve the goal of sustainability				

Improvement schemes for stationary pollution sources and industrial waste are as follows:

#### 1.Air Pollution Source:

Waste gases from manufacturing process are well-managed. We continue to enhance the operation and management of rotors, NMP condensation system, wastewater cleaning facilities and RRTOs; and improve the processing efficiency for equipment to be at a stable or optimal state. Through reduction of VOCs emissions and savings on natural gas and raw materials consumption, we can avoid wasting resources and cut down secondary pollutants.

#### 2.Industrial Wastes:

We engage waste management professionals certified by the Environmental Protection Administration to handle our waste. Also, we select qualified vendors to process hazardous industrial waste and conduct annual audits to prevent environmental pollution due to negligence or violation of laws. With regard to the management of hazardous industrial waste, we have waste solvent recycling system in place. Recycling saves energy, avoids unnecessary losses and waste, and diminishes the adverse impacts of waste on the environment. We seek the best solutions and set zero pollution as our ultimate goal. Vacuum pumps are installed to the organic solvent recycling machine to reduce the solvents' boiling point for distillation and minimize electricity consumed by heaters. As distillation in a vacuum state prevents waste gas emission, the waste gas is collected via enclosed, negative-pressure operation to be processed in pollution control facilities.









# 05

PART.FIVE

# Friendly Workplace

- 5.1 Diversity, Competence and Stability at Workplace
- 5.2 Training and Development
- 5.3 Excellent Compensation and Benefits
- 5.4 Employee Engagement
- 5.5 Healthy and Safe Workplace

■ In terms of friendly workplace: the short, medium and long-term indicators of personnel management concerning **friendly workplace and labor-management relations** are as follows:





	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<b>Training</b> 	<ul style="list-style-type: none"> <li>■ Satisfaction score of training courses <b>80%</b></li> <li>■ Attendance rate of training courses <b>90%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Satisfaction score of training courses <b>85%</b></li> <li>■ Attendance rate of training courses <b>90%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Satisfaction score of training courses <b>85%</b></li> <li>■ Attendance rate of training courses <b>90%</b></li> </ul>
<b>Turnover</b> 	<ul style="list-style-type: none"> <li>■ Turnover rate of staff and engineers <b>20%</b></li> <li>■ Turnover rate of operators <b>45%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Turnover rate of staff and engineers <b>18%</b></li> <li>■ Turnover rate of operators <b>42%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Turnover rate of staff and engineers <b>15%</b></li> <li>■ Turnover rate of operators <b>40%</b></li> </ul>
<b>Human Rights</b> 	<ul style="list-style-type: none"> <li>■ Illegal infringement of rights/bullying at workplace <b>0</b> incident</li> <li>■ Completion rate of business ethics training <b>100%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Illegal infringement of rights/bullying at workplace <b>0</b> incident</li> <li>■ Completion rate of business ethics training <b>100%</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Illegal infringement of rights/bullying at workplace <b>0</b> incident</li> <li>■ Completion rate of business ethics training <b>100%</b></li> </ul>
<b>Health and Safety</b> 	<ul style="list-style-type: none"> <li>■ Voluntary participation in health promotion scheme <b>&gt; 40%</b></li> <li>■ Major event and occupational injury (hospitalization) <b>0</b> incident</li> <li>■ Disabling injuries frequency rate (FR) <b>≤ 2.4</b></li> <li>■ Disabling severity rate (SR) <b>≤ 4.4</b> Improvement rate on potential threat <b>&gt; 93%</b></li> <li>■ Maintain <b>0</b> incident of occupational disaster from chemical exposure</li> </ul>	<ul style="list-style-type: none"> <li>■ Voluntary participation in health promotion scheme <b>&gt; 45%</b></li> <li>■ Major event and occupational injury (hospitalization) <b>0</b> incident</li> <li>■ Disabling injuries frequency rate (FR) <b>≤ 2.3</b></li> <li>■ Disabling severity rate (SR) <b>≤ 4.3</b> Improvement rate on potential threat <b>&gt; 94%</b></li> <li>■ Maintain <b>0</b> incident of occupational disaster from chemical exposure</li> </ul>	<ul style="list-style-type: none"> <li>■ Voluntary participation in health promotion scheme <b>&gt; 50%</b></li> <li>■ Major event and occupational injury (hospitalization) <b>0</b> incident</li> <li>■ Disabling injuries frequency rate (FR) <b>≤ 2.2</b></li> <li>■ Disabling severity rate (SR) <b>≤ 4.2</b> Improvement rate on potential threat <b>&gt; 95%</b></li> <li>■ Maintain <b>0</b> incident of occupational disaster from chemical exposure</li> </ul>

## ■ Goals and Performance of Material Issues: Talent Development and Sustainability

Taiflex is committed to building a friendly workplace: To build an environment with employee support and care as well as fulfill the responsibility of talent selection, cultivation and retention have become the driving force for sustainable developments and growth of the Company. The goals set for the aforementioned key items of employment, training and development, human rights protection and ethics as well as health and safety, and their performance thereof in the past two years are as follows:

■ Training and Development 	Goal for 2022	Goal for 2021	Performance in 2021
Achievement rate of annual education and training	80%	90%	62.5% (Note)
Satisfaction score of training courses	80%	80%	82% 
Attendance rate of training courses	80%	90%	85% (Note)

■ Note: Courses in the second half of 2021 were interrupted due to the pandemic.

■ Retention and Turnover 	Goal for 2022	Goal for 2021	Performance in 2021
Retention rate of new recruits/engineers	80%	80%	85% 
Turnover rate of staff/engineers	20%	25%	23% 
Turnover rate of operators	40%	55%	50% 



■ Human Rights Protection and Ethics 	Goal for 2022	Goal for 2021	Performance in 2021
Ban on child labor	0 person	0 person	0 person  Achieved
Illegal infringement of rights/bullying at workplace	0 incident	0 incident	0 incident  Achieved
Completion rate of business ethics training	100%	100%	100%  Achieved
■ Health and Safety 	Goal for 2022	Goal for 2021	Performance in 2021
Major event and occupational injury (hospitalization)	0 incident	0 incident	0 incident  Achieved
FR	< 2.14	< 2.14	0.63  Achieved
SR	< 5.0	< 6.0	4.4  Achieved
Improvement rate on potential threat	90%	85%	91.6%  Achieved

■ Note: \*1. FR = (Number of Disabling Injury \* 1,000,000)/Total Hours Worked  
\*2. SR = (Number of Working Days Lost \* 1,000,000)/Total Hours Worked



## 5.1 Diversity, Competence and Stability at Workplace

Taiflex considers employees an important asset to the Company as they are the key driver in maintaining sustainable operation and innovations within the corporation.

We create a people-oriented and comfortable workplace. New recruits are given systematic training courses with diverse learning and development resources to quickly accumulate professional knowledge and skills, and rewarded with reasonable compensations. We firmly believe that quality and stable workforce facilitates productivity and competitive advantages. We continue to plan and provide an environment suitable for talent development and become the best employer in nurturing talents through talent cultivation.

We are devoted to new product R&D, enhancing the added value of products, and creating a friendly working environment with challenges, continual learning programs and equal opportunities. Employees are entitled to fair recruitment, training, compensation, evaluation, promotion, etc. regardless of their gender, religion, race, nationality, and political affiliation. Performance assessment and compensation adjustments are carried out in a fair, reasonable and objective manner.

We draw up a competitive compensation policy and provides employee welfare programs that are above industry standards, along with statutory labor insurance, health insurance, and retirement systems to build employee cohesion and retain competent talents as the sources of growth for sustainable developments.

### ■ Labor Rights

Taiflex complies with local labor regulations and international standards. In addition to submitting the "Work Rules" to the Labor Affairs Bureau of Kaohsiung City Government for reference, and formulating the "Rules on Employee Recruitment" to proceed accordingly, we prohibit child labor. Recruits have to provide proofs of identification for verification, and applicants are subject to the dual-checking mechanism before they can be formally employed. Through these efforts, the Company is able to maintain a sparkling record in banning the employment of labor under the age of 16.

1. Provide education and training concerning anti-corruption policy to all employees: The Company promotes ethical concepts including business ethics and relevant guidelines to all employees as well as new recruits when the need arises.
2. Number of employees in compliance with the policy: All 868 employees are in compliance with the policy. There has been no incident of violation.



**In terms of labor rights policy, Taiflex is committed to:**



### ■ Recruitment

Our recruitment principle: We look for competence and stability and provide compensations matching the skill level. Recruits shall exhibit interests and enthusiasm for their work, preferably with a proactive attitude. Thus, we provide compensation strategy, talent cultivation and development mechanism, performance assessment and promotion, salary adjustment and numerous welfare systems that are competitive in the industry, hoping to employ and retain excellent talents.

In the annual business plans, recruiting units would map out the manpower requirements and directions for the new year, and submit recruiting applications reflecting actual demand to the human resources department, which would then recruit by releasing job vacancies via numerous hiring channels or through internal transfers. Hiring channels in 2021 included human resources bank, campus recruitment, employee recommendation, government employment service stations, employment fairs, media advertising, online recruitment, internal recruitment and cooperation with universities to locate suitable candidates.

With increasing production facilities and capacity, the proportion of operators increased from 43% to 47% of employees. Changes in gender weightings were minimal. Employees are analyzed as follows: female and male employees accounted for 23% and 77%, respectively. The percentages reflect the socio-economic environment in Taiwan, i.e., the Company's operation base, where the majority of students in science and engineering majors are male. Consequently, male R&D and technical personnel account for a higher proportion.

■As of the end of December, 2021, Taiflex had a total of 868 employees, an increase of 108 persons compared to 2020. The workforce structure in the last two years is as follows:

Category		Year		2020				2021			
Item	Position	Ratio by Gender				Ratio by Gender					
		Female	Ratio	Male	Ratio	Female	Ratio	Male	Ratio		
Job title	Managerial personnel	19	10%	172	90%	19	10%	177	90%		
	Technical personnel	31	31%	85	73%	37	29%	91	71%		
	Administrative personnel	53	70%	23	30%	65	75%	22	25%		
	R&D personnel	12	24%	37	76%	16	30%	37	70%		
	Operator	53	16%	275	84%	66	16%	338	84%		
	Contractor	6	11%	50	89%	--	--	--	--		
Total (exclude contractors):		168	22%	592	78%	203	23%	665	77%		
		Total: 760 employees/100%				Total: 868 employees/100%					
Age (R.O.C.national)	Under 30 years old	34	23%	116	77%	47	25%	144	75%		
	Between 30 to 50 years old	121	21%	443	79%	136	22%	475	78%		
	Over 50 years old	13	28%	33	72%	18	31%	41	69%		
Age (Foreign national)	Under 30 years old	--	--	--	--	1	20%	4	80%		
	Between 30 to 50 years old	--	--	--	--	1	50%	1	50%		
	Over 50 years old	--	--	--	--	--	--	--	--		
Total:		168	22%	592	78%	203	23%	665	77%		
		Total: 760 employees/100%				Total: 868 employees/100%					
Education	Master' s degree and above	40	31%	88	69%	46	35%	87	65%		
	Bachelor' s degree	74	24%	237	76%	94	27%	260	73%		
	Other higher education	16	15%	90	85%	16	14%	96	86%		
	Senior high school/senior vocational schools or under	38	18%	177	82%	47	17%	222	83%		
Total:		168	22%	592	78%	203	23%	665	77%		
		Total: 760 employees/100%				Total: 868 employees/100%					

Applicants are treated equally regardless of their gender or physical disability. Diverse recruitment channels allow more female workers and disabled people to work in Taiflex, giving them the opportunities to live up to their potential and make contributions to the Company. In 2021, there was no significant change in operation. In the event of a significant operational change, notices shall be given to employees 10 to 30 days in advance depending on their seniorities pursuant to Article 16 of the Labor Standards Act.

## Ratio of New Recruits and Turnover Rate by Gender in the Last Two Years

Category	Year	2020				2021			
Item	Item	Ratio by Gender				Ratio by Gender			
		Female	Ratio	Male	Ratio	Female	Ratio	Male	Ratio
New recruits (R.O.C.national)	Under 30 years old	12	21%	46	79%	40	25%	122	75%
	Between 30 to 50 years old	12	20%	47	80%	31	26%	87	74%
	Over 50 years old	0	--	0	--	1	33%	2	67%
New recruits (Foreign national)	Under 30 years old	1	50%	1	50%	2	25%	6	75%
	Between 30 to 50 years old	0	--	0	--	1	100%	0	0
	Over 50 years old	0	--	0	--	0	--	0	--
Subtotal:		25	21%	94	79%	75	26%	217	74%
Total:		119 employees/100%				292 employees/100%			
Percentage of new recruits to all employees: 16 %/year						Percentage of new recruits to all employees: 34 %/year			
Resigned (R.O.C.national)	Under 30 years old	9	11%	72	89%	14	16%	72	84%
	Between 30 to 50 years old	27	25%	82	75%	20	20%	81	80%
	Over 50 years old	0	--	3	100%	1	20%	4	80%
Subtotal:		36	19%	157	81%	35	18%	157	82%
Total:		193 employees/100%				192 employees/100%			
Turnover rate:25 %/year						Turnover rate: 22 %/year			

■ Note: Taiflex started employing foreign workers in 2021, therefore, data for 2020 is not available.

Our overseas subsidiaries are located in different regions within China. We have production bases and provide sales and technical support in China, whereas in other areas, we offer services including sales and technical support.

FPC industry is a knowledge and technology-intensive industry. Employees' innovations and contribution secure our leading position in the industry. In order to ensure corporate sustainability, preserve knowledge and revitalize the Company while taking into account external factors such as the economy, we set the cap of our turnover rate at 3%. The average turnover rate at our headquarters was 22% in 2021, consisted of 82% male employees and 18% female employees. Among different age groups, the average turnover rate was 45%, 53%, and 3% for employees under 30 years old, between 30 to 50 years old and over 50 years old, respectively.

**Campus recruitment:** We recruit from schools. Besides job fairs at campuses, we carefully organize various projects and activities so that students can become acquainted with the work and prospects of the industry. Key activities include the following:



#### ■ Youth Employment Project

Taiflex has participated in the government's "Youth Employment Project" since 2017. We recruit senior high school graduates and nurture technical talents through mentoring program so as to lay a solid foundation for talent development.

#### ■ Youth's Employment Ultimate Program

Taiflex has participated in the government's "Youth's Employment Ultimate Program" since 2020. We recruit youths between the age of 18 to 29 and nurture technical talents through mentoring program so as to lay a solid foundation for talent development.

#### ■ Diverse job opportunities for people with disabilities

We encourage the recruitment of disabled people and take the initiative to integrate external resources. Besides current job positions, we continue to create suitable job opportunities, e.g., massage services, document receipt and forwarding, etc.

As of the end of 2021, we had 10 disabled employees which accounted for 1.15% of our total workforce, exceeding the regulatory requirements. We have complied with relevant laws and regulations.



## 5.2 Training and Development

Corporate growth is inseparable from employees' learning and development, where the latter adhere to our training philosophy.

"Diverse learning to improve professional skills and internalization for company-wide growth, thereby enhancing performance and adopting continuous improvement for developments".

Taiflex strives to build an effective learning environment with extensive contents for continuous learning. We have formulated the "Education and Training Guidelines" and integrated external and internal resources to nurture and improve employees' competence for employees to advance with the Company.

### 5.2.1 Comprehensive Employee Training Development

Taiflex measures the achievement level and formulates employees' development guidelines through the determination and execution of organizational and personal goals as well as the performance assessments of each period.

#### Individual Development Plans and Diverse Learning

Taiflex maps out the "Individual Development Plan" (IDP) based on job requirements, performance assessment outcome and career development of individuals, and provides diverse learning channels and development resources via the comprehensive education and training system below. The system is divided into three areas: On-Job Training, Off-Job Training and Self Development. The Off-Job Training is further divided into three categories: tier, function and new recruits. Each category has a specific training blueprint outlining the essential trainings for each specific position or department. The On-Job Training is the core of training, as this area has a direct and definite impact on whether the Company can function normally and effectively.

Under the impact of COVID-19, the overall training hours decreased from the previous year. However, Taiflex continued to carry out employee training in 2021. As of the end of 2020, Taiflex had a total of 760 employees. Expenses associated with training and development amounted to NT\$1,893 thousand with 57,065 training hours and 19,602 participants in total. The average training hours per employee exceeded 25.8 hours. In 2021, Taiwan upgraded COVID-19 alert to level three. Expenses associated with training and development was adjusted to NT\$2,462 thousand with 18,925 training hours and 12,874 participants in total. As of the end of 2021, Taiflex had a total of 868 employees. The average training hours per employee exceeded 21.8 hours.



#### Individual Development Plans and Diverse Learning

Item	2020				2021			
	Gender	Hours	No. of Employees	Average Hours	Gender	Hours	No. of Employees	Average Hours
Managerial Personnel	Male	15,656	172	91	Male	4,872	177	28
	Female	1,596	19	84	Female	689	19	36
Administrative Personnel	Male	1,590	23	69	Male	542	22	25
	Female	3,087	53	58	Female	1,484	65	23
R&D Personnel	Male	3,977	37	107	Male	1,847	37	50
	Female	1,452	12	121	Female	540	16	34
Technical Personnel	Male	7,952	85	94	Male	4,203	91	46
	Female	2,158	31	70	Female	1,357	37	37
Operator	Male	16,565	275	60	Male	2,806	338	8
	Female	3,032	53	57	Female	585	66	9
Subtotal:		57,065	760	25.8	Subtotal:	18,925	868	21.8

Through these developments and training, employees can accomplish their tasks more effectively. Take the new management training course as an example, it assisted managers with building the right methods and mindset in personnel management and acquiring key skills so that they can lead their teams to complete tasks with higher efficiency. In addition to trainings, we have also actively constructed the mentoring program in recent years and enriched employees' learning experience via job rotation and guidance, allowing positive experience to be passed on effectively to shorten employees' learning curves.

Taiflex systematically provides general, professional and management courses. We not only invite external experts to give lectures, but several hundreds of lecturers are also trained internally to achieve the goal of passing on our key knowledge and techniques.

## ■ Taiflex' s Training Courses are as Follows:

Course Type	Course Description
Orientation	<ul style="list-style-type: none"> <li>Orientation, basic trainings and on-job guidance help new recruits quickly understand the Company' s core value and working environment</li> <li>Supplemented by instructions from supervisors and the comprehensive "babysitter system" , we proactively assist new recruits to adapt to and blend in with the workplace</li> </ul>
ISO/Environmental Protection/Safety and Health (General Knowledge)	<ul style="list-style-type: none"> <li>Training for the entire Company and general knowledge of different levels pursuant to regulatory requirements and corporate policies</li> <li>Individual performance management, industrial safety, safety and health, quality assurance, emergency response plus various language trainings</li> </ul>
Professional Competency Training	<ul style="list-style-type: none"> <li>Technical and professional trainings required by each functional unit</li> <li>Including courses of equipment engineering, process engineering, accounting and information technology</li> </ul>
Management	<ul style="list-style-type: none"> <li>Training and development activities customized according to individuals' competence and duties required by different levels of management in order to assist all managers in advancing their leadership skills</li> <li>Including fundamental and advanced management skill trainings and other diverse electives</li> </ul>
Direct Personnel (On-job training)	<ul style="list-style-type: none"> <li>Knowledge, skills and attitudes required for production-line technicians to become multifunctional and trainings for obtaining certifications associated with machinery operation permits</li> <li>Skill trainings for direct personnel, trainings for technicians and trainers, and trainings for supervisors of the production division</li> </ul>
Organization-specific Training (Self Development)	<ul style="list-style-type: none"> <li>Courses devised based on strict demand analysis and course design in response to the business and organizational needs of specific units</li> </ul>



## ■ Internal Lecturer Incubation Program

To facilitate knowledge sharing and pass on techniques, Taiflex has built a comprehensive system to nurture internal lecturers. We are in the process of forming a Taiflex knowledge academy. Over the years, the Company has a total of 260 formally certified internal lecturers. Lecturers would be paid a fee on top of their salaries as an incentive for their devotion and contribution in passing on their experience. They would also be recognized publicly in seminars and morning meetings for their contribution and participation in forging a learning culture.



## ■ Training Effects from Our Pursuit of Excellence

To ensure course quality and make improvements accordingly, we evaluate course benefits through after-class questionnaires and pre- and post-course assessment mechanisms. Each of our training programs has clear scoring standards. Improvement schemes would be formulated and followed-up for courses that fail to meet the standards. So far, we have received positive feedback for our courses as a whole, and the annual course quality targets have been met. Over 80% of

employees are satisfied with the course quality and the percentage of courses failing to meet the standards has been kept under 2%, which is considered reasonable.

To constantly enhance the course quality, Taiflex adopts TTQS to monitor course benefits and training effects. We have developed an online learning system, i.e., e-Learning/e-Training as shown in the figures to the right. The results were outstanding in all aspects, including revenue, finance, employee and employee satisfaction. We received one silver and three gold TTQS awards between 2010 and 2017, and won the National TrainQuali Prize of MOEA in 2013. Photos from the training programs are shown below:





### 5.2.1 Performance Management and Employee Development

The purpose of our performance management and development system is to explore employees' potential, providing an environment which facilitates employees' continuous growth as well as promotes interactions and communication between management and employees. The system pursues simplicity and practicality and complies with the following four principles:

1. Feedback and recognition: Feedback and recognitions are given based on employees' target achievement level
2. Performance and target improvement: Improvement directions and plans for the subsequent period are drawn up for aspects which fail to meet the target
3. Continuous communication and encouragement:
  - Mutual communication between management and employees to discuss specific events or records in performance interviews
  - Management duly applies reward and punishment mechanisms to hand out adequate rewards or punishment
4. Objective assessment: Assessment process shall be definite for a relatively fair and objective outcome.

#### ■ Employee Career Development

Performance assessment helps to complete the human resources system, thereby improving the business management system as a whole. New recruits are subject to assessment after coming on board for three months, guiding management and employees in understanding the Company's expectations in aspects of behavior, result and work attitude. By aligning expectations with employees' mindsets and behaviors as well as integrating them into corporate culture, we can all work towards common goals. Based on the operation standards, recruiting managers would conduct fair, reasonable and objective performance assessments for all team members to clearly understand their roles vested by their positions and strive to meet the performance requirements of each

position. Also, employees are given specific work targets, plans and improvement guidelines for future performance to achieve the overall business objectives.

In 2021, 292 new recruits were subject to the annual performance assessment and they had all participated regardless of gender.

Besides stressing the fact that employees and management have reach consensus on job targets, the purpose of the assessment system is to cover the two main functions of assessment and development based on the "employee development supplemented by performance assessment" mechanism. Through the system, we expect to nurture and develop the competence of employees for them to become highly skilled in their jobs and true supports for managers as well as positive force to the Company. Corporate competitiveness and efficiency can thus be enhanced. In addition, vacancies in managerial position are recruited through internal recommendations for the Company to have the right people in the right position.

#### ■ New Recruits Assessment: Number of Employees Subject to the Performance Assessment in the Past Two Years are as Follows:

Assessment Position	Year		No. of New Recruits in 2020				No. of New Recruits in 2021			
			119 persons				292 persons			
			Number of Participants		Percentage (%)		Number of Participants		Percentage (%)	
			Male	Female	Male	Female	Male	Female	Male	Female
Managerial personnel			4	0	100%	0%	5	1	83%	17%
Technical personnel			26	3	90%	10%	33	19	63%	37%
Administrative personnel			7	17	29%	71%	5	22	16%	84%
Direct personnel			57	5	92%	8%	174	33	84%	16%
Total:			94	25	79%	21%	217	75	74%	26%

Every year, managers of all levels would nominate outstanding employees to be promoted. In 2021, 87 employees were promoted and the proportions by position were 34% for technical personnel, 14% for administrative personnel and 52% for OPR direct personnel.



## 5.3 Excellent Compensation and Benefits

Taiflex's employee compensation and benefits include base salary, allowances, cash bonus, rewards, pensions and other benefits. In 2021, payroll expense amounted to NT\$778,531 thousand with the average and median salaries of full-time non-supervisory employees being NT\$811 thousand and NT\$727 thousand, respectively.

### ■ Payroll Expense of Full-time Non-supervisory Employees

Item	2020	2021	Difference
Number of full-time employees	700	759	59
Average salary (in thousands of New Taiwan Dollars)	791	811	20
Median salary (in thousands of New Taiwan Dollars)	713	727	14

We uphold the principle of gender equality. Salaries are determined based on the Company's payroll standards where gender does not lead to any fundamental changes. The payroll standards take into account the position, ranking, education, work experience and seniority of employees. Since the majority of our employees are male with education, work experience and seniority generally higher than those of female employees, when comparing within the same job category, the average position and ranking of male employees would also be higher than those of female employees. Consequently, the average compensation ratio of the two genders would be different.

### ■ Diverse and Superb Leaves

The Company's leave policy is in compliance with relevant laws and regulations. Employees with more than six months of employment are entitled to annual paid leaves and at least 240 hours of half-paid sick leave each year. For major injuries or illness, employees are entitled to at least one year of half-paid sick leave, both non-hospitalized and hospitalized, within a two-year period. With regard to creating a workplace which is friendly to maternal employees and their spouses, employees are entitled to menstrual leave, maternity leave, antenatal care leave and paternity leave as stipulated in laws and regulations. For employees who need to attend to personal affairs, besides personal leave and family care leave stipulated in the Labor Standards Act, they may apply for unpaid leave if a longer period of time is required for parental care, military service, major injuries or illness, etc. before returning to work in order to manage both personal and family needs.

Taiflex has set 40 hours per week as the regular working time since 2005 with regular leaves, rest days and holidays in full compliance with the Labor Standards Act. In addition, employees are entitled to flexible working hours and leaves, e.g., the arrival time is given a 15-minute range three times every month, executive leaves, etc. Furthermore, flexible working hours and appropriate resting periods are given pursuant to the Implementation Regulations on Memorial Days and Holidays, the Act of Gender Equality in Employment, the Regulations of the Maternity Health Protection at the Workplace, and the Sexual Harassment Prevention Act. Take the unpaid parental leave as an example, six employees applied for the leave in 2020 with an average return rate of 83% and a retention rate of 100%. Number of employees applied for unpaid leave and reinstatement in the past two years are summarized by gender as follows:

Category	2020			2021		
	Female	Male	Total	Female	Male	Total
Actual No. of applicants (B)	4	2	6	5	1	6
No. of employees eligible to apply for reinstatement (C)	5	3	8	3	3	6
Actual No. of employees apply for reinstatement (D)	4	3	7	3	1	4
Reinstatement rate (D/C) (%)	80%	100%	--	100%	33%	--
No. of employees reinstated in the previous year (E)	9	2	11	4	3	7
No. of employees who have been reinstated for over one year in the previous year (F)	7	2	9	3	3	6
Retention rate (F/E) (%)	78%	100%	82%	75%	100%	86%

- Note: According to Article 16 of the Act of Gender Equality in Employment, parents may apply for parental leave without pay before any of their children reach the age of three years old.  
Number of employees eligible for parental leave without pay in 2020 = year 2020  
Number of employees eligible for parental leave without pay in 2021 = year 2020 + year 2021



### ■Stable Pension System

Taiflex draws up employee pension policy in accordance with the Labor Standards Act and the Labor Pension Act, and provides steady pension contributions and payments. In 2016, the Labor Standards Act was amended so that each year, the employers shall estimate the amount of pension required to pay the employees who are eligible for retirement in the following year and supplement the pension fund to avoid shortage as well as to safeguard employees' retirement rights.

Besides making contributions to the pension funds as required by laws, we have engaged professional accounting consultants to perform actuarial calculations, ensuring our contributions are sufficient to protect employees' right to pensions in the future. Taiflex calculates the pension payments based on employees' years of service and the average salaries six months before retirement in accordance with the Labor Standards Act.

We make a contribution equals to 6% of employees' salaries to the Labor Pension Fund Supervisory Committee which would deposit the money in the Committee's name at the Bank of Taiwan. As of the end of 2021, the fair value of plan assets amounted to NT\$18,547 thousand. In accordance with the aforementioned rules, Taiflex recognized expenses of NT\$8,786 thousand in 2021. Regulatory contributions for future periods are accounted for as accrued pension liabilities, which equaled to NT\$248,689 thousand as of December 31, 2021.

### ■Pension Contributed Under the Labor Pension Act

Taiflex makes a contribution equals to 6% of employees' salaries to the employees' individual pension accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act, and the expenses recognized amounted to NT\$26,562 thousand in 2021.

### ■Comprehensive Health Care Management and Insurance Programs for Employees

All employees are covered by the labor insurance, the national health insurance and the occupational accident insurance as required by laws and regulations as well as a group comprehensive program since the day they commenced work. The program covers life insurance, accident insurance, medical insurance, cancer insurance, critical illness insurance, business travel insurance, etc., giving employees full coverage. Employees can still participate in the insurance program during their unpaid parental leave. Moreover, employees' spouses can also join the program at a discounted rate for the employees and their families to be fully covered. The comprehensive health care mechanism for employees includes:

- 1.Personnel of the Occupational Safety & Health Management Division would monitor and assess the risks of working environment as well as carry out improvement measures
- 2.Health examination items and frequency that are superior to regulatory requirements - free

annual health examination

- 3.Medical staff at workplace: including health service personnel and on-site doctors
- 4.Health management and disease prevention kits for employees on business trips
- 5.Health seminars and sports courses
- 6.Subsidies for critical illness
- 7.Health promotion projects: lose weight, reduce elevated blood pressure, blood sugar level and cholesterol level, smoking cessation courses, etc.
- 8.Health monitoring services and care visits
- 9.Maternal health management
- 10.Ergonomic hazard prevention management
- 11.Overload hazard prevention management
- 12.Weekly on-site insurance service provided by group insurance company
- 13.Travel insurance with high limits and overseas emergency assistance
- 14.Group insurance for employees and their spouses

### ■Worry-free at Work and in Life

For damages suffered by employees due to flood, fire, hail, hurricane, drought, earthquake and other force majeure natural disasters, Taiflex offers death, relocation, flood or injury subsidies accordingly in hope to ease emotional trauma so that they can return to the normal state of lives as soon as possible. To save employees from commuting, Taiflex offers temporary resting rooms and shower facilities. Besides disabled parking spaces, we also have parking spaces reserved for pregnant employees, employees with mobility issues and outstanding employees. For employees' families visiting from out-of-town areas, our contracted hotels or guesthouses offer accommodation for their family trips.

### ■Promote Work Performance Through Sports and Leisure

The Company provides a leisure center for employees to enrich their work-life balance. The indoor space is also equipped with sporting equipment including billiards, table tennis, table football, exercise bikes, etc., while the outdoor multi-functional facility can accommodate basketball, volleyball and badminton games. Night lighting is available and employees can rent equipment for the ball games at any time. Various employee activities are also organized each quarter as well as during the holidays at this venue. The Company has recruited a full-time masseuse with vision impairment for employees to relax their muscles and relieve pressure from work while fulfilling our corporate social responsibility.

### ■ Delicious Meals and Abundant Snacks

Taiflex has uniforms, raincoats, lounge rooms and cafeteria to ensure employees are well-fed and dressed in order to focus their energy on work. Meals provided are as follows:

1. Lunch is provided by contracted restaurants and serviced in a buffet style. There are noodles, all-you-can-eat, vegetarian, fruit and salad sections, providing Taiwanese, Japanese, and traditional cuisines as well as health meals or fruit platter to satisfy a variety of dietary requirements from employees.
2. Dinner is served in a boxed-meal style by quality restaurants. Employees are entitled to a number of free choices.
3. There are special treats on festivals, e.g., rice dumplings on Dragon Boat Festival, glutinous rice balls on Lantern Festival, turkey dishes on Thanksgiving, etc.
4. All employees can enjoy the offering from monthly worship and the Ghost Festival ceremonies.
5. Coffee machines are available to employees 24 hours a day.
6. Free stress-relief tea bags at each lounge room for employees to enjoy.
7. Free cold/hot drinks at the ground floor lobby depending on the seasons.

### ■ Other Benefits

1. Employee Stock Ownership Trust Committee where the Company would make contributions at a certain percentage to establish the link between employee welfare and Company performance as well as to contribute to the employees' retirement plans.
2. Taiflex's Employee Welfare Committee also provides numerous welfare measures, including: cash gifts for marriages and childbirth, and subsidies for hospitalization and funerals
3. Cash gifts for important festivals and birthdays
4. Subsidies for company trips
5. Subsidies for children education as well as contracted kindergartens and child care centers
6. Club subsidies - we have running club, Taiflex bike club, hiking club, shrimp fishing club, softball club, basketball club, billiards club, bowling club, yoga club, golf club, Youth Care Association, badminton club, aerobic club, etc.
7. Discounts offered by contracted stores
8. Excellent nursery rooms with unlimited breast-feeding time and frequency. Fridges dedicated for breast milk plus fridges and freezers for general use
9. Family library
10. 7-Eleven smart vending machine and smart coffee maker that beat the market price.

## 5.4 Employee Engagement

### 5.4.1 Enhance Employee Cohesion

Our employees share the same visions and values, and work towards the same goals. To increase employees' level of organizational commitment and strengthen team spirit, the Company organizes quarterly activities and annual family day. Through competitions and games, employees can interact and exchange ideas which facilitate team spirit. Since the beginning of 2020, COVID-19 has put a hold on large gatherings. Instead, our photography team took the initiative to make videos with family members of employees expressing their appreciation towards employees, bringing these families closer to the Company. These videos were aired along with special treats at the cafeteria on Father's Day, surprising employees. COVID-19 also put a stop on all outings during the year. As the pandemic slightly eased in the fourth quarter of 2020, we organized four batches of family day activities at Taroko Park where employees and their families were invited. Games and challenges were designed for participants to enjoy themselves and boost morale in the Company.

In 2021, we organized a Happy Mother's Day event with 757 participants and a charity road run with 246 participants.

### 5.4.2 Diverse Communication Channels: Open Communication Where Employee Engagement is Encouraged to Create Harmonious Labor-management Relations

Taiflex places great importance on two-way is committed to provide open transparent communication channels between management and employees as well as between employees. To listen to employees' opinions and voices, labor-management meetings are convened quarterly. Through fair and effective communication mechanisms such as channels for employees to voice their opinions, their concerns can be heard and promptly addressed. The objective is to create harmonious industrial relations and achieve a win-win situation for the Company and employees. We have received the "Friendly Workplace Award" (as shown



in the figure to the right) from the Council of Labor Affairs.

- Organize regular communication meetings for all levels of management and employees.
- Carry out periodic employee satisfaction surveys and formulate improvement schemes in response to employees' opinions.
- Arrange informal meetings with CEO for employees to understand the operation status and development goals of the Company.
- Offer two confidential complaint channels for major management, financial and auditing issues:
  - An independent whistle-blowing mailbox for auditing; and
  - An "Employee Ombudsman System" handled by dedicated personnel.
- Set up E-hr and Eip employee forums and hotlines (52885 and 50885) for employees to voice general comments and opinions concerning work and the environment.
- Establish the employee care hotline 70580 to assist employees with work-life balance.
- Set up the workplace violence hotline 70555 (e-mail for illegal infringement at 80995@taiflex.com.tw), the sexual harassment hotline 70995 (e-mail for sexual harassment prevention at help70995@taiflex.com.tw), and the gender equality hotline 70995 to help employees deal with unlawful incidents at workplace.
- Establish the information security reporting hotline 70110 and the integrity management hotline 70999 to assist employees in handling information security as well as integrity and ethics matters.

### ■Diverse Labor-Management Communication Channels

The Company respects employees' rights to freedom of assembly and association vested by laws. We neither oppose nor stop or prevent employees from such activities. Among the above-mentioned labor-management communication organizations, there are more labor than management representatives present, except for labor-management meetings. Moreover, we have established the Occupational Safety and Health Committee and the Employee Welfare Committee pursuant to applicable laws and regulations to hold labor-management meetings on a regular basis. The numbers of labor and management representatives are as follows:

Communication Organization	Labor Representative	Management Representative
Labor-management meetings	5	5
Employee Welfare Committee	15	1
Labor Pension Fund Supervisory Committee	8	1

### ■Labor Pension Fund Supervisory Committee

To facilitate communication and coordination between labor and management as well as to prevent illegal infringement on employees' rights and interests, we provide diverse communication channels and complaint hotlines, such as labor-management meetings, E-hr forums, Employee suggestion boxes, workplace violence hotline and sexual harassment prevention, etc. Issues are promptly handled by dedicated units to maintain harmonious industry relations.

## 5.5 Healthy and Safe Workplace

### 5.5.1 Health and Safety Policy and Goals

Employees are the most valuable asset of the Company. We are committed to achieve the goal of “zero accident” as nothing surpasses the importance of health and safety at workplace. All personnel and their families rely on this wellbeing promise and work together for continuous improvement to achieve “zero accident.”

Taiflex had obtained the ISO/CNS 45001 certification for OSH management systems, aligning with the global OSH management through our latest OSH management system. We proactively lower risks, comply with regulations and meet all 2021 OSH targets. Through participation and joint efforts of employees, we have reached several milestones. Our Frequency-Severity Indicator (FSI) was 0.08, which was far superior than the average FSI of 0.55 for the PCB industry disclosed by the Ministry of Labor. Moreover, we delivered outstanding results in terms of FR and the rate of occupational disease prevention with 0% for both indicators. However, an area of improvement was the participation rate of health activities which had declined due to COVID-19. Constant efforts are required in this area.



### ■ Construct an OSH Management System: Tier-one Dedicated Safety and Health Unit

Taiflex has established the Occupational Safety & Health Management Division at the group level to coordinate and oversee the safety and health management of the Group. On-site safety and health tasks are carried out through cooperation between industrial safety personnel in subsidiaries at home and abroad, the Industrial Safety Section of the Manufacturing Center and the safety and health personnel of each unit. To meet the requirements and expectations of our internal and external stakeholders, besides continuous improvement on safety culture promotion and risk management measures, we also allocate more resources on optimizing occupational disease prevention and the Taiflex Employee Assistance Program (TEAP), striving to build a healthy workplace.

### ■ Tier-one Safety and Health Unit

The OSH Management Division allocates personnel and certified safety and health professionals to safety and health organizations based on relevant staffing rules. Details are as follows:

Safety and Health Organization	Management Representative	Labor Representative
Taiflex 1	3	1
Taiflex 2	7	3
Taiflex 3	14	5
Taiflex 5	3	1

### ■ Work Environment and Safety Protection

During the construction or partial reconstruction of a factory, relevant units such as manufacturing, management, information and safety and health shall carry out safety and health risk assessments. The number of personnel and professionals with certifications assigned by the OSH Management Division are listed in the table below:

Certification of Professional Safety and Health Personnel	No. of People
OSH management specialist	1
OSH management staff (Class-B certified technician)	2
Nurse	1
Manager of OSH affairs (Class A)	1
Fire safety staff	1
First aid personnel	56



## ■OSH Education and Training

For new recruits to familiarize themselves with relevant operations as soon as possible, they are arranged to take OSH education and training during orientation. Assessments concerning learning materials would then be conducted to enhance employees' awareness on OSH and relevant operations. The number of sessions, participants and hours on OSH education and training are summarized below:

Training Category	No. of Session	No. of Participant	No. of Hour	Total Hours
Safety and health training for new recruits	43	189	3	567
General safety and health training for employees	1	808	1	808
Chemical safety	1	6	1	6
Protective gear	2	13	0.5	6.5
Illegal infringement prevention	1	740	1	740
Health management	3	56	5	86
Fire safety	3	56	0.5	28
Electrical safety	1	10	1	10

## ■Occupational Injury Management

Taiflex takes the cause of each occupational injury seriously. For effective management, we have established the procedures for handling environmental, safety and health anomalies. In the event of an accident, the OSH Management Division shall be notified immediately. Investigation and analysis of the incident shall be conducted with improvement measures proposed to prevent a recurrence of the event. Meanwhile, through education and training, inspections of operating environment as well as internal/external audits, we raise employees' safety and health awareness, mitigating potential operational hazards and environmental risks.

## ■2021 Occupational Injury Statistics: 1 reported incident; FR=0.63, SR=4.4 and FSI=0.05. The number of incidents stayed flat compared to 2020.

Occupational Injury Rate/Index	2020	2021
No. of reported incident	1	1
FR	0.68	0.63
SR	10.2	4.4
FSI	0.08	0.05
Fatal occupational injury rate	0	0

■ Note: Occupational injuries excludes traffic accidents

FR = Number of Disabling Injury / Total Hours Worked \* 1,000,000

SR = Number of Working Days Lost (excluding the number of fatality) / Total Hours Worked \* 1,000,000

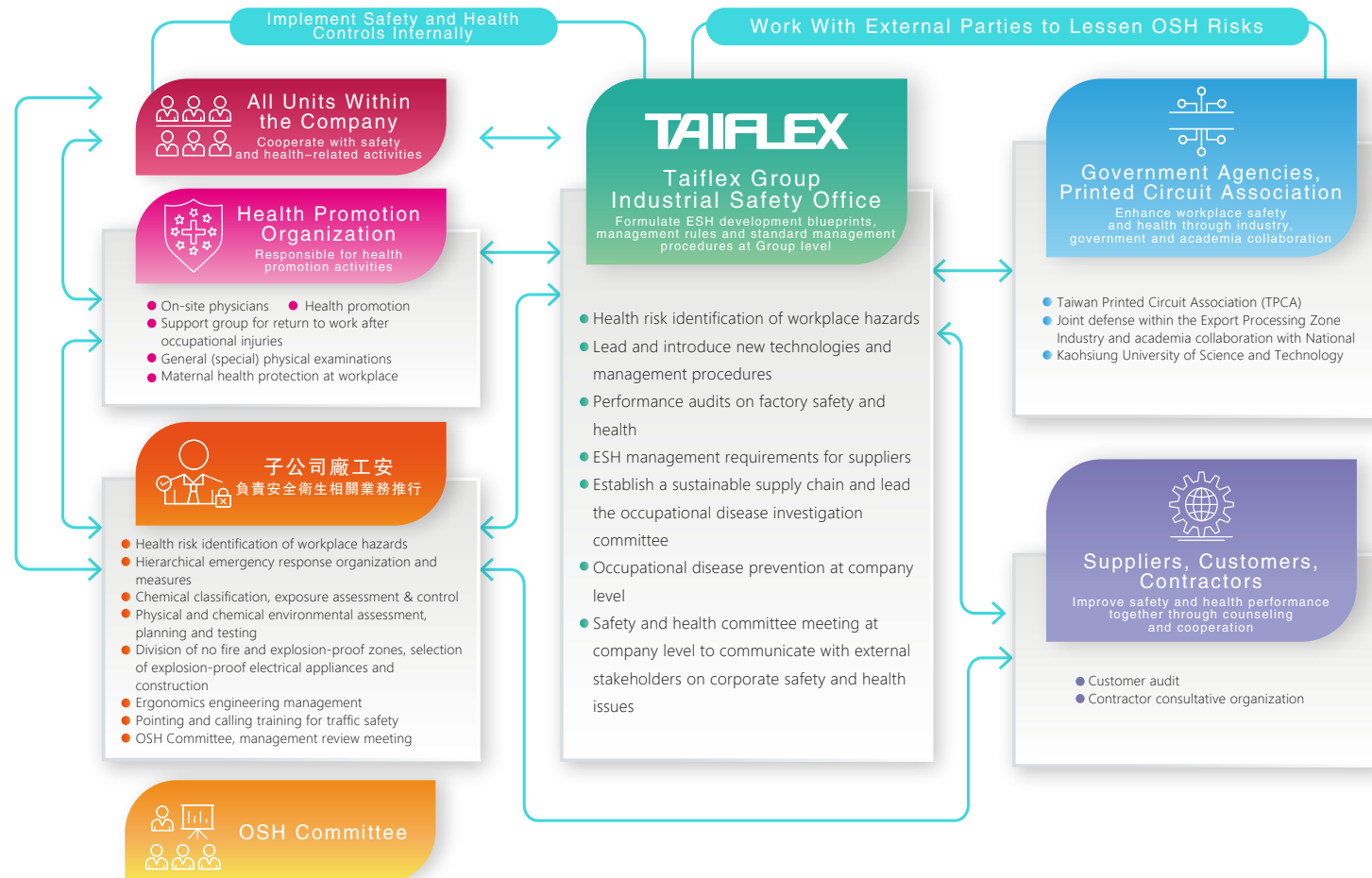
Fatal occupational injury rate = Number of Fatality from Occupational Injury / Total Hours Worked \* 1,000,000

## ■Internal Safety and Health Audit

In order for internal inspections on machinery, equipment and safety and health items to be conducted voluntarily, thereby eliminating potential operational hazards, the OSH Management Division carries out audits on five major areas within the daily operation, i.e., chemicals, machinery and equipment, on-site environment, fire safety equipment and waste treatment.

In 2021, audits on 17 production departments identified a total of 48 deficiencies. Upon analysis, the top three categories were workplace or operational hazard identification, assessment and control with 15 deficiencies; traffic flow hazard at production site with 7 deficiencies; and other safety and health management measures with 7 deficiencies. We also provided guidance and monitored the improvement progress of relevant units. The completion rate was 100%. Also, improvement on one minor violation and nine observations from the ISO45001 audit in 2021 was completed.

## ■The Structure of OSH Management System is as Follows:



### 5.5.2 Advancement in Safety Performance Index (SPI) Monitoring - Strengthen Safety Management and Reduce On-site Injury as well as Traffic Risk

We proactively list and set various performance indicators for safety and health management pursuant to the OSH management system, and regularly calculate these performance indicators to ensure the effectiveness and feasibility of safety and health management measures. In particular, we emphasize on the monitoring and the improvement in occupational accident rates. We conduct root cause analysis on all occupational accidents. Besides rare cases, we also delve into minor incidents and false alarm incidents to explore feasible and efficient improvement plans. We identify units with high disabling injuries frequency rate and the types of most common occupational accidents, and target units with relatively high accident severity and recurrence as the focus of safety communications and management. Through continuous analysis and improvement, we forge a Taiflex-specific safety culture.

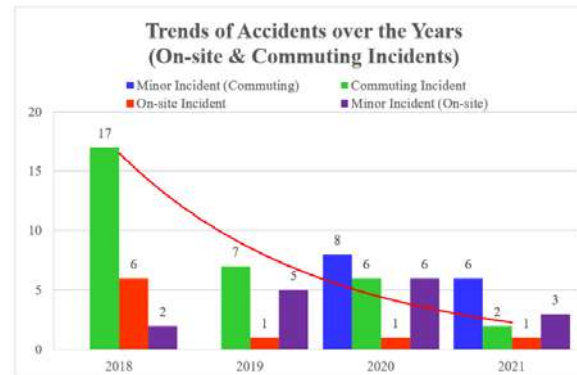
In 2021, there were 12 injury incidents/accidents, including 8 traffic incidents/accidents and 4 on-site incidents/accidents. The number decreased compared with the previous year as improvement measures were taken. We would continue with the promotion and activities associated with occupational incidents and improvements thereof, for example: a comprehensive inventory of risks was carried out for places likely to cause fall (trip) within the factories. Through on-site improvement and behavior promotion, we continued to discuss enhancement measures such as safe access and slip-resistant flooring. A total of 45 fall-prone places were identified with a floor-leveling improvement rate of 95%. We would proceed to formulate short, medium and long-term improvement measures to effectively reduce the fall (trip) risk.

## ■ Focus of Improvement

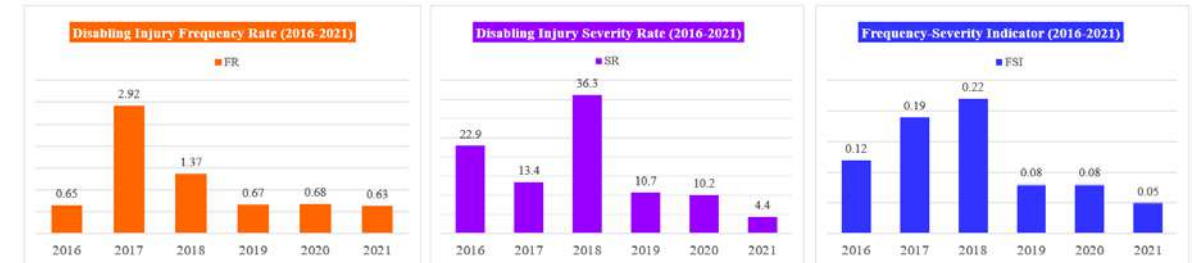
- **Improve electrical safety:** Launch switchboard enhancement project to prevent overheating of aging devices, thereby avoiding electrical fire.
- **Prevent falling:** Promote fall prevention for life-saving project. Take inventory and eliminate the sources of fall hazards.
- **Prevent traffic accident:** Regular inspections on motorcycles and scooters.
- **Reward reporting of false alarms:** Encourage employees to report incidents that may cause illness, injury, disability, death or damage to machinery and equipment at workplace or relevant work activities to reduce the accident rate.

## ■ Statistical Analysis on Occupational Accidents

Our statistical analysis uses the FR and SR as the key figures in accordance with the disabling injury indicators published by the Ministry of Labor and the GRI Standards. (The statistical data excludes traffic accidents occurred outside the factories.) FR and SR were 0.63 and 4.4 respectively, with a FSI of 0.05 in 2021 (lower than the PCB industry's average FSI of 0.55 disclosed by the Ministry of Labor). With only one fall (trip) accident



throughout the year, we were very close to our management target of zero accident. We adopt the signal lighting mechanism to disclose the safety status of occupational accident every month. Green light represents zero accident in the month, encouraging employees to keep up the good work. Red light and yellow light represent occupational accidents and traffic accidents respectively, reminding all departments to strengthen the safety management of employees.



Safety First Zero Accident													
2021 Statistics of Occupational Accidents		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
● Zero accident ● Traffic accidents ● Occupational accidents													
Occupational Safety & Health Management Division		●	●	●	●	●	●	●	●	●	●	●	●
Global Sales & Marketing Center	Technical Solution Division	●	●	●	●	●	●	●	●	●	●	●	●
	Marketing Planning Division	●	●	●	●	●	●	●	●	●	●	●	●
	Global Business Division	●	●	●	●	●	●	●	●	●	●	●	●
Manufacturing Center	Production Equipment Department	●	●	●	●	●	●	●	●	●	●	●	●
	Manufacturing Technology Division	●	●	●	●	●	●	●	●	●	●	●	●
	Manufacturing System Integration Division	●	●	●	●	●	●	●	●	●	●	●	●
	Production Division	●	●	●	●	●	●	●	●	●	●	●	●
Supply Chain & Information Center	Public Facilities & New Construction Division	●	●	●	●	●	●	●	●	●	●	●	●
	Information Service Division	●	●	●	●	●	●	●	●	●	●	●	●
	Production Planning Division	●	●	●	●	●	●	●	●	●	●	●	●
	Supply Chain Management Division	●	●	●	●	●	●	●	●	●	●	●	●
Product Development Technical Center		●	●	●	●	●	●	●	●	●	●	●	●
R&D Center		●	●	●	●	●	●	●	●	●	●	●	●
Finance & Accounting Center - Finance & Accounting Division		●	●	●	●	●	●	●	●	●	●	●	●
Human Resources & Administrative Division		●	●	●	●	●	●	●	●	●	●	●	●
Quality Assurance Division		●	●	●	●	●	●	●	●	●	●	●	●
Environmental Protection Division		●	●	●	●	●	●	●	●	●	●	●	●

- Note: Occupational injuries excludes traffic accidents. FR = Number of Disabling Injury / Total Hours Worked \* 1,000,000  
SR = Number of Working Days Lost (excluding the number of fatality) / Total Hours Worked \* 1,000,000  
Fatal Occupational Injury Rate = Number of Fatality from Occupational Injury / Total Hours Worked \* 1,000,000



## 5.5.2 Safety Management of Alliance Companies (Contractors, Suppliers and Leasing Firms)

We constantly strengthen contractor safety management measures. As occupational injuries of contractors occur frequently in many companies, we have tightened requirements on management measures and supervision pursuant to operation performed by contractors especially for contractors assisting and executing high-risk operations on site:

### Sustainable Measures

1. Controls over special operations including hot work, confined spaces, and aloft work
2. Regular or necessary coordination meetings to give hazard notifications
3. Coordination on safety issue management
4. Selection and recognition of outstanding contractors using the contractor assessment system, and guidance to underperformers

### Enhanced Measures

1. Training of supervisory personnel in project management unit
2. Education and training of security personnel on access controls of stakeholders, and maintenance of a 0% disabling injury rate

### ■ Safety and Environmental Audit/Safety Management Mechanism of Leasing Firms

Taiflex also adopts the mutual cooperation model for safety management of leasing firms within the factory and strengthens environmental safety management with regular safety meetings and safety audits. In addition, we ensure suppliers' compliance with our safety, environmental and quality assurance management requirements through regular audits.

### ■ Strengthen Construction Site Safety Management and Coaching Mechanism

Taiflex works with contractors in building a safe working environment to ensure the safety of construction personnel during new factory construction. Contractors are asked to strengthen the on-site safety management unit. Contractors, on-site safety management unit and Taiflex collaborate on building a safety management system to jointly protect the safety of workers on construction site. In addition to periodic on-site audits, contractors are urged to promptly improve deficiencies identified during the audits and prevent the recurrence of the same event. In terms of operation safety, we discuss safety procedures with contractors

and demand training mechanisms for operators. Violations of safety rules are subject to punishment or work suspension depending on the severity of the circumstances.

### ■ Employee Health and Safety Training

Actions taken include: reinforce the correct concept of compound emergency response and prevention; improve the efficiency of the disaster notification and communication system through drills; confirm the feasibility and applicability of emergency response measures when disasters occur; and familiarize with using various disaster relief resources, manpower and equipment in hope to have the correct response concepts and disaster relief actions when facing complex disasters so as to keep the damage caused by disaster or accidents to the minimum. As demonstrated in the content of safety and health courses in 2021 (as shown in the table below), annual training plans are formulated every year to continuously bolster the safety awareness of employees. In 2021, a total of 20 safety and health courses was organized, including topics of health, safety and health, and fire safety. **There were 1,753 participants with 1,409 training hours.**

Course Category	No. of Courses	Content
Health Management	3	Turn positive - listening and expressing Health management from gut microbiota What you need to know about cardiovascular disease risks
Safety and Hygiene	14	General education and training on chemical hazards Education and training on automatic inspection of switchboard and explosion-proof electrical devices Hearing protection training On-job training for general safety and health Emergency response team training, etc.
Fire Safety	3	Basic training on returns of foam liquid at warehouses storing dangerous goods Fire safety training



- The number of sessions, participants and hours on health, safety and hygiene training during the past three years are summarized below:  
(Figures below: photos taken during safety and health training)

Year	No. of Sessions	No. of Participants	No. of Hours
2019	24	1,339	1,130.5
2020	25	2,822	2,159.5
2021	20	1,753	1,409



### 5.5.3 Diverse and Comprehensive Health Care

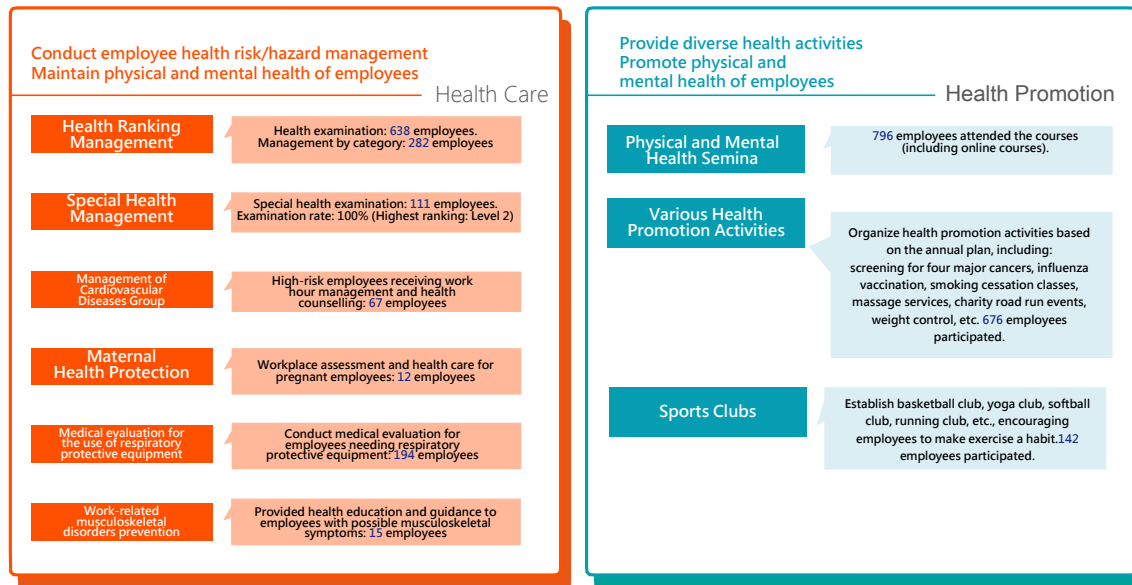
Occupational diseases or injuries are not only hazardous to personal health but also affect corporate productivity. In order to improve the physical and mental health of employees, Taiflex is committed to strengthen employee health management with a combination of internal and external resources. Through occupational disease and health hazard prevention management, regular physical and mental assessments and assistance measures, we prevent occupational injuries and diseases and safeguard the health of individuals.

#### ■ Prevention of Occupational Disease or Injury

Chemical/Physical	Ergonomic	Biological	Social
<b>Sustainable management:</b> <ul style="list-style-type: none"> <li>Extend the monitoring of ambient concentration at operation areas containing chemicals to ensure safety. Check the noise value and exposure risk.</li> <li>Health ranking management measures for employees taking special health examination.</li> </ul>	<b>Sustainable management:</b> <ul style="list-style-type: none"> <li>Regular examinations on musculoskeletal conditions of employees and monitor employees taking sick leaves for musculoskeletal disorders.</li> <li>Analyze and investigate the situation and conduct hazard assessment on possible high-risk workplaces.</li> </ul>	<b>Sustainable management:</b> <ul style="list-style-type: none"> <li>Provide information on infectious diseases as well as preventive measures. Survey health status of employees and check whether there are contacts with COVID-19 cases.</li> <li>Set up a response team to cope with changes in pandemic developments.</li> </ul>	<b>Sustainable management:</b> <ul style="list-style-type: none"> <li>Establish psychological consultation mechanisms.</li> <li>Regularly conduct surveys on the mental load of employees.</li> </ul>
<b>Enhanced measures:</b> <ul style="list-style-type: none"> <li>Reduce noise pollution with sound-proofing works, and bolster protective gears and training.</li> </ul>	<b>Enhanced measures:</b> <ul style="list-style-type: none"> <li>Simultaneous operation of similar equipment (installation of labor-saving devices for rewinders).</li> </ul>	<b>Enhanced measures:</b> <ul style="list-style-type: none"> <li>Establish an e-investigation platform for access control.</li> <li>Set up automatic temperature scanner.</li> </ul>	<b>Enhanced measures:</b> <ul style="list-style-type: none"> <li>Take the initiative in conducting interviews and referrals for employees with excess fatigue.</li> </ul>
<b>Results:</b> <ul style="list-style-type: none"> <li>100% compliance with ambient concentration.</li> <li>100% health counseling rate.</li> </ul>	<b>Results:</b> <ul style="list-style-type: none"> <li>100% installation of labor-saving devices for rewinders.</li> </ul>	<b>Results:</b> <ul style="list-style-type: none"> <li>Pandemic was not spread within the factories to affect productivity.</li> </ul>	<b>Results:</b> <ul style="list-style-type: none"> <li>One referral to professional psychologist counseling.</li> </ul>

## Comprehensive Health Management and Promotion

To continuously improve health care efficiency, we adopt e-caring and e-tracking mechanisms to assist employees with detection of physical/mental health issues. Early treatment as well as a healthy life style would improve the overall wellbeing of individuals.



## Health and Medical Care

Health examination:

Superior to regulatory requirements, the Company provides free annual health examinations and special health examinations for those involved in tasks with special health hazards. Health examination results are analyzed to identify possible causes of diseases and a ranking approach is adopted for health risk management. High-risk groups are monitored, while at the same time we carry out occupational health promotion and occupational disease prevention, providing employees with comprehensive medical care services.

Types of health examination and number of participants in the past two years are summarized as follows:

Year Item	2020		2021	
	Examination Items	No. of Participants	Examination Items	No. of Participants
General health examinations	Comply with Labor Health Protection Rules	638	Comply with Labor Health Protection Rules	680
Special health examinations (Dust and Noise)		111		120

We have physical therapists stationed on-site who take the initiative in arranging employees with abnormal health examination results, maternal employees, employees with excessive workloads as well as ones suffering from occupational disasters to consult with medical specialists. For employees classified as above ranking management, the doctor would evaluate both the health status and job functions to advice on the appropriateness of job arrangements. **27 and 30 employees participated in health consultation service in 2020 and 2021, respectively.**

## Employee Health Promotion and Improvement

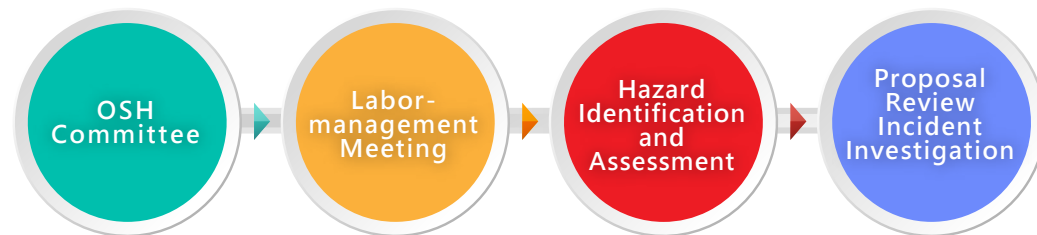


## Internal Safety and Health Audit

In order for internal inspections on machinery, equipment and safety and health items to be conducted voluntarily, thereby eliminating potential operational hazards, the OSH Management Division carries out audits on five major areas within the daily operation, i.e., chemicals, machinery and equipment, on-site environment, fire safety equipment and waste treatment.

In 2021, audits on 17 production departments identified a total of 48 deficiencies. Upon analysis, the top three categories were workplace or operational hazard identification, assessment and control with 15 deficiencies; traffic flow hazard at production site with 7 deficiencies; and other safety and health management measures with 7 deficiencies. We also provided guidance and monitored the improvement progress of relevant units. The completion rate was 100%. Also, improvement on one minor violation and nine observations from the ISO45001 audit in 2021 was completed.

## 5.5.5 Consultation and Communication for Internal Participation



## OSH Committee

Taiflex has established the OSH Committee where labor representatives are elected by laws. The Committee provides a formal channel for the management and employees to communicate face-to-face on ESH issues. Besides quarterly Committee meetings, department heads would hold monthly meetings of the same purpose in response to the growing scale of the Company for ESH management. **In 2021, a total of 10 labor and management members attended the regular meetings of OSH Committee.**

## Hazard Identification, Opportunity and Risk Assessment

Hazard identification team is established among departments to identify routine and non-routine hazard events from aspects of operation, division, facilities and physical and mental health of employees for risk assessments to be carried out as the basis for risk control, event prevention and continuous improvement of OSH system. **In 2020, 12 departments participated and 384 hazards were identified. In 2021, 487 hazards were identified and control measures were established.**

### Fire Safety Education and Training (2021)



### Emergency Response (2021)







# 06

PART.SIX

# Common Good for the Community

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6.1 Policy and Management System

6.2 Charity Activities



■The three themes in the common good for the community are: "caring for the disadvantaged", "local talents development" and "diverse charity activities." The short, medium and long-term indicators are as follows:

	Short-term Indicator(1~2 years)	Medium-term Indicator(3~5 years)	Long-term Indicator(Over 6 years)
<div>Green Space</div>	<ul style="list-style-type: none"> <li>Green space sponsorship NT\$100,000/year</li> <li>Green procurement &gt;NT\$5 million/year</li> </ul>	<ul style="list-style-type: none"> <li>Green space sponsorship NT\$100,000/year</li> <li>Green procurement &gt;NT\$7 million/year</li> </ul>	<ul style="list-style-type: none"> <li>Green space sponsorship NT\$100,000/year</li> <li>Green procurement &gt;NT\$10 million/year</li> </ul>

■Goals and Performance of Material Issues:

Common good for the community includes social participation. The goals and achievements in the last two years are as follows:

<div> <div>■ Social Participation</div> </div>	Goal for 2022	Goal for 2021	Performance in 2021
No. of volunteers in Kaohsiung City Youth Care Association	≥80 volunteers	50 volunteers	50 volunteers
Green space sponsorship at air quality purification zone in Kaohsiung City	Green space sponsorship at air quality purification zone in Kaohsiung City	Green space sponsorship NT\$100,000/year	Green space sponsorship NT\$100,000/year




## 6.1 Policy and Management System

As our corporate commitment to social responsibility, Taiflex promotes various social responsibility activities in accordance with the standards of the RBA Code of Conduct, including the establishment of the "ESG Committee". The performance data of social responsibility under sustainable operation are presented in the ESG Report.

With our operation gradually getting on track, in addition to our commitments to customers and associated practices, we are determined to ingrain the responsibilities of being a global citizen deeply into the minds of our employees. We hope to devote more resources on social care and planet preservation, providing future generations a better environment.

In addition to regularly appropriating a portion of earnings to support the disadvantaged, Taiflex takes part in charity activities, encouraging employee participation as contributions to the society. At the end of 2011, our employees took the initiative to establish the first charity club: the Youth Care Club. The Club was renamed the Kaohsiung City Youth Care Association in 2012 with Taiflex Volunteers established, and registered with the Social Affairs Bureau of Kaohsiung City Government. The Association focuses on caring and supporting disadvantaged children and teenagers. Taiflex has long allocated resources in "caring for the disadvantaged", "local talents development" and "diverse charity activities". We take specific actions and set goals in response to the UN's SDGs.



Theme	Description	Goal
<b>Caring for the Disadvantaged</b> 	<ul style="list-style-type: none"> <li>Participate in Puren Youth Care Foundation's incubation program</li> </ul>	<ul style="list-style-type: none"> <li>Sponsor development activities such as summer camps and Kaohsiung study tours</li> <li>Achieve the goal of having teenage students experiencing the urban lifestyle in Kaohsiung City</li> </ul>
<b>Local Talents Development</b> 	<ul style="list-style-type: none"> <li>Sponsor Siaogang Senior High School's basketball team</li> <li>Sponsor Siaogang Senior High School's karate team</li> <li>Work with Kaohsiung United Charity Association in providing financial aid to students from economically disadvantaged families in neighboring schools</li> </ul>	<ul style="list-style-type: none"> <li>Nurture local students to become outstanding national athletes</li> <li>Provide education opportunities for disadvantaged teenage students</li> </ul>
<b>Diverse Charity Activities</b> 	<ul style="list-style-type: none"> <li>Order Mid-Autumn Festival gifts from disability organizations to support the employment of disabled persons</li> <li>Take actions to care for and support farmers by purchasing fruits and vegetables from the producers to be distributed among employees</li> <li>Purchase organic vegetables regularly to support farmers and care for our employees</li> <li>Co-organize charity road runs and sales</li> <li>Volunteer at Kaohsiung A-Fu Food Bank to help with sorting food and promoting the concept of zero food waste</li> <li>Sponsor green space at air quality purification zone in Kaohsiung City</li> </ul>	<ul style="list-style-type: none"> <li>Initiate diverse charity activities and assist with improving social issues</li> <li>Green space sponsorship to help with enhancing air quality, purifying the air, and improving school environment</li> </ul>

## ■ Contributing to Society

### ■ Caring for the Disadvantaged

In terms of caring for the disadvantaged children and teenagers, Kaohsiung City Youth Care Association not only provides financial aid but also organizes different activities to interact with these students every year, such as watching inspirational movies and hosting charity concerts to give students the opportunities to demonstrate their talents. Each year, we join the Puren Youth Care Foundation in organizing study tours in Kaohsiung. Students were given the chance to explore Kaohsiung, enjoy a taste of urban lifestyle via experiential learning and interact with students from different regions to establish sound interpersonal relations. Furthermore, through the design and execution of Puren Youth Care Foundation's incubation program, we can nurture talents as well as make contributions.

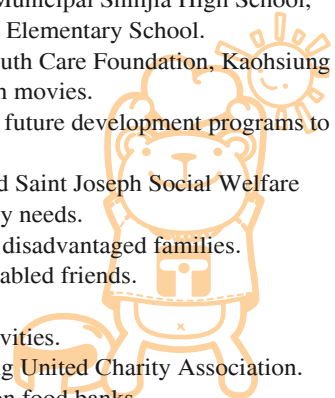
### ■ Local Talents Development

It has been close to 25 years since our establishment in Kaohsiung. Through our corporate influence, we hope to work with all sectors of society in caring of students in the neighboring schools with a focus on Qianzhen, Siaogang, Cijin and Gushan districts. We have joined Kaohsiung United Charity Association in sponsoring scholarships for economically disadvantaged students, and collaborated with the Puren Youth Care Foundation in organizing field trips for disadvantaged children as well as sponsoring school clubs, supporting students to participate in national tournaments. We plan on carrying out other school sponsorship programs in the future.

### ■ Diverse Charity Activities

Taiflex has been devoted to public welfare. Over the years, we have purchased agricultural produce to support farmers as well as products of disadvantaged organizations. Furthermore, we cooperate with local farmers to regularly purchase organic vegetables for employee meals. We play an active role in charity events, e.g., hosting One Day Volunteer and donation activities regularly with Kaohsiung United Charity Association as well as charity sales from time to time. Proceeds from the sales are donated to charity groups to help the disadvantaged. Moreover, to provide comprehensive care to everyone in need, we incorporate Carrefour's "Food Collection" program in our provision of food to economically disadvantaged families and community care groups for children and elderly. Under the threat of COVID-19 in recent years, we take the initiative in contacting Kaohsiung Municipal Shihjia High School, Kaohsiung Municipal Aicyun Primary School and Kaohsiung RuiFeng Elementary School to assist with improving the air quality and school environment in response to the Kaohsiung City Government's sponsorship program for green space in the air quality purification zone. We also assist with the screening of all foreign workers in the Technology Industrial Park by providing materials and personnel.

## ■ Taiflex Involvement




Activity	Sponsorship	Charity
<ul style="list-style-type: none"> <li>• Participation in Puren Youth Care Foundation's incubation program</li> <li>• Kaohsiung study tours (2-day tour)</li> <li>• Kaohsiung summer camps (7-day event)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial aid to surviving family members of employees</li> <li>• Work with Kaohsiung United Charity Association in supporting economically disadvantaged students in neighboring schools</li> <li>• Financial aid to students from disadvantaged families</li> <li>• Sponsor sports clubs</li> </ul>	<ul style="list-style-type: none"> <li>• Hosting charity events such as: blood donation, charity road run, donation and volunteer activities</li> </ul>
Specific Charity Programs		
<ul style="list-style-type: none"> <li>• Sponsor green space at the air quality purification zone of Kaohsiung Municipal Shihjia High School, Kaohsiung Municipal Aicyun Primary School and Kaohsiung RuiFeng Elementary School.</li> <li>• Invite students from the Syin-Lu Social Welfare Foundation, Puren Youth Care Foundation, Kaohsiung United Charity Association, and Siaogang Senior High School to watch movies.</li> <li>• Participate in Kaohsiung United Charity Association's scholarship and future development programs to assist students from economically disadvantaged families.</li> <li>• Sponsor the emergency relief fund of Siaogang Senior High School and Saint Joseph Social Welfare Foundation for students from disadvantaged families or with emergency needs.</li> <li>• Donate quilts to the Goods Bank-Jiaxian branch for solitary elders and disadvantaged families.</li> <li>• Order Mid-Autumn Festival gifts from Sheltered Workshop to help disabled friends.</li> <li>• Charitable donations to help economically disadvantaged families.</li> <li>• Assist disadvantaged families with experiencing urban exploration activities.</li> <li>• Participate in distributing supplies from the logistic center of Kaohsiung United Charity Association.</li> <li>• Cooperate with Carrefour and Kaohsiung United Charity Association on food banks.</li> </ul> 		



## 6.2 Charity Activities

### 6.2.1 Resources Allocated to Charity Activities

The supply of personal protective equipment and materials for pandemic prevention was more stable and sufficient in 2021 compared with 2020. Thus, cash donations become our major resource for charity activities. We will continue to examine the benefits from resource allocated, and respond to community needs with further social participation as well as long-term goals for public welfare activities.

 Cash Donation	2019	2020	2021
Amount (NT\$)	1,200,482	356,180	1,600,560
Proportion (%)	77.35%	36.44%	90.99%
 Goods Donation	2019	2020	2021
Amount (NT\$)	343,980	606,338	128,439
Proportion (%)	22.17%	62.03%	7.30%
 Volunteers	2019	2020	2021
Amount (NT\$)	7,500	15,000	30,000
Proportion (%)	0.48%	1.53%	1.71%

### 6.2.2 Participation in External Organizations

In order to effectively combine and utilize resources of the industry as well as stay current on the dynamics of industry developments, we joined a number of domestic industry associations. We attend seminars and forums held by these associations as a member, and interact and exchange ideas frequently with peers to jointly create a brighter future for the industry.

External Organization 	Role 
Office of Criminal Investigation Division under the Second Special Police Corps	Vice-Captain
Southern Region Office of Friends of the Police Association under the Second Special Police Corps	Member
Taiwan Export Processing Zone Electrical and Electronic Manufacturers' Association	Member
Taiwan Printed Circuit Association	Member
Association of Industrial Relation for Export Processing Zone	Member

## ■ Key Persons in Non-profit Organizations

With the promise of contributing to the society for support received, our Chairperson, Mr. Sun, is dedicated to social participation. Besides taking an active role in public welfare, he urges Directors and senior executives to join charity organizations. His devotion and influence are respected and trusted by leaders of all sectors in the Kaohsiung area. Directors and employees involved with non-profit organizations and their positions are summarized in the following table:

Name	Title	Non-profit Organization	Position
Ta-Wen Sun	Chairperson	Kaohsiung City Youth Care Association	Honorary Chairperson
Ching-Yi Chang	Director	Epoch Foundation	Director
Chun-Chi Lin	Director	Chau-Ting Chang Memorial Foundation	Director
Chun-Chi Lin	Director	Shui-Mu Foundation of Chemistry (NTHU)	Director
Re-Zhang Lin	Director	Taiwan Fu Hsing Culture & Education Foundation	Chairperson
Re-Zhang Lin	Director	Fortune Social Welfare Foundation	Chairperson
Guo-Xiong Xia	Senior Assistant Vice President	Kaohsiung City Youth Care Association	Director

Name	Title	Non-profit Organization	Position
Chong-Chen Liu	Senior Assistant Vice President	Kaohsiung City Youth Care Association	Director
Bing-Xun Zhang	Senior Assistant Vice President	Kaohsiung City Youth Care Association	Director
Yu-Han Huang	Assistant Vice President	Kaohsiung City Youth Care Association	Director
Kuo-Liang Chiang	Assistant Vice President	Kaohsiung City Youth Care Association	Director
Fang-I Hsieh	Senior Assistant Vice President	Kaohsiung City Youth Care Association	Supervisor
Chi-Yuan Pan	Assistant Vice President	Kaohsiung City Youth Care Association	Supervisor

## 6.2.3 Charity Activities

### (1) Donations:

Year/ Month	Sponsorships or Donations
2020/4	<ul style="list-style-type: none"> <li>Donated personal protective equipment to Puren Youth Care Foundation</li> </ul>
2020/5	<ul style="list-style-type: none"> <li>Sponsored Siaogang Senior High School's basketball team</li> <li>Donated personal protective equipment to Siaogang Senior High School</li> <li>Donated personal protective equipment to Syin-Lu Social Welfare Foundation</li> <li>Donated personal protective equipment to Good Shepherd Social Welfare Foundation</li> <li>Donated personal protective equipment to the food bank of Kaohsiung United Charity Association</li> <li>Made donations to Maryknoll Fathers and Brothers for pandemic prevention</li> </ul>
2020/8	<ul style="list-style-type: none"> <li>Sponsored Siaogang Senior High School's karate team and the Saint Joseph Social Welfare Foundation</li> <li>Supported and purchased gift boxes prepared by disability organizations</li> </ul>
2020/10	<ul style="list-style-type: none"> <li>Donations to Puren Youth Care Foundation for their service programs and activities</li> </ul>
2020/11	<ul style="list-style-type: none"> <li>Sponsored the 2020 charity activity for children and elders organized by cnYes</li> </ul>
2020/12	<ul style="list-style-type: none"> <li>Sponsored Siaogang Senior High School's basketball team</li> <li>Sponsored the emergency relief fund of Siaogang Senior High School for students from disadvantaged families or with emergency needs</li> <li>Participated in distributing supplies from the logistic center of Kaohsiung United Charity Association</li> <li>Hosted the Kaohsiung study tours of Puren Youth Care Foundation – youth experience activity</li> </ul>

Year/ Month	Sponsorships or Donations
2021/1	<ul style="list-style-type: none"> <li>Sponsored the Goods Bank-Jiaxian branch with quilts</li> <li>Sponsored schools' green space at air quality purification zone in Kaohsiung City</li> </ul>
2021/4	<ul style="list-style-type: none"> <li>Co-organized the Kaohsiung Run for Fun event</li> </ul>
2021/8	<ul style="list-style-type: none"> <li>Participated in Kaohsiung United Charity Association's scholarship and future development programs</li> </ul>
2021/9	<ul style="list-style-type: none"> <li>Sponsored Puren Youth Care Foundation's scholarship programs</li> </ul>
2021/10	<ul style="list-style-type: none"> <li>Supporting Mid-Autumn Festival gifts from Sheltered Workshop</li> </ul>
2021/11	<ul style="list-style-type: none"> <li>Sponsored Siaogang Senior High School's karate team and Saint Joseph Social Welfare Foundation</li> </ul>
2021/12	<ul style="list-style-type: none"> <li>Sponsored Siaogang Senior High School's basketball team and Saint Joseph Social Welfare Foundation</li> <li>Sponsored Puren Youth Care Foundation's Kaohsiung study tours</li> </ul>
2022/1	<ul style="list-style-type: none"> <li>Participated in Kaohsiung United Charity Association's scholarship and future development programs</li> </ul>

## (2) Participation in Charity Activities

Year/ Month	Sponsorships or Donations
2011/8	<ul style="list-style-type: none"> <li>Taiflex employees took the initiative to establish the first charity club: the Youth Care Club</li> </ul>
2012/11	<ul style="list-style-type: none"> <li>Sponsored the Goods Bank-Jiaxian branch with quilts</li> <li>Sponsored schools' green space at air quality purification zone in Kaohsiung City</li> </ul>
2015/7	<ul style="list-style-type: none"> <li>Co-organized summer camps and study tours plus homestay programs with Puren Youth Care Foundation in Kaohsiung</li> </ul>
2017/12	<ul style="list-style-type: none"> <li>Volunteered at the Kaohsiung A-Fu Food Bank to help with sorting the food and promoting the concept of zero food waste</li> </ul>
2020/8	<ul style="list-style-type: none"> <li>Provided internships to participants of the youth work experience program organized by the Youth Salon, Ministry of Labor</li> <li>Helped students from the Department of Cosmetology and Related Personal Grooming Art in Chung Shan Industrial &amp; Commercial School with their dreams of further education</li> </ul>
2021/4	<ul style="list-style-type: none"> <li>Invited students from the Syin-Lu Social Welfare Foundation, Puren Youth Care Foundation, Kaohsiung United Charity Association, and Siaogang Senior High School to watch movies</li> <li>Co-organized the Kaohsiung Run for Fun event</li> </ul>
2021/9	<ul style="list-style-type: none"> <li>Co-organized blood donation activities with Kaohsiung Export Processing Zone Administration</li> <li>Participated in the Love Plus One event organized by the Sheltered Workshop</li> </ul>
2021/10	<ul style="list-style-type: none"> <li>Supported Mid-Autumn Festival gifts from disability organizations</li> </ul>
2021/12	<ul style="list-style-type: none"> <li>Participated in the One Day Volunteer organized by Kaohsiung United Charity Association and raised money to help families with financial hardship</li> </ul>
2022/1	<ul style="list-style-type: none"> <li>Participated in the blood donation activities of Kaohsiung Export Processing Zone Administration</li> </ul>

## ■ Participation in Charity Activities





## ■Certificates for Charity Activities





# 07

PART.SEVEN

# Appendix



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Appendix 1: CSR Performance

Appendix 2: Comparison Table of GRI Standards  
and ESG Report

Appendix 3: SASB Comparison Table

## ■ Appendix 1: CSR Performance

Sustainability Indicator	Unit	2019	2020	2021
 A Company with Ethical Culture				
Operating revenue	NT\$100 Million	75.84	87.66	94.05
Operating expenses	NT\$100 Million	9.98	10.36	12.50
Earnings per share	NT\$100 Million	3.02	3.70	3.51
Proportion of Independent Directors	%	33.33	33.33	33.33
Attendance rate of Board meetings	%	96.83	98.77	97.06
 Best Company with Expertise and Innovations				
R&D expense as a percentage of revenue	%	3.75	3.21	3.44
No. of patent applications	Case	1	1	1
No. of trade secrets	Case	2	1	-
Percentage of satisfactory turnaround time for customer complaints	%	100.00	100.00	100.00
Customer satisfaction	Point	87.70	89.70	88.60
Violation of the Company Act or fair-trade laws and regulations	Case	-	-	-

## Sustainability Indicator

## Unit

2019

2020

2021

### Sustainable Management of Supply Chain

No. of Tier 1 suppliers	Suppliers	66	61	62
No. of key suppliers	Suppliers	22	26	29
Proportion of key suppliers	%	33	43	47
Proportion of purchases from key suppliers	%	98.6	98.8	99.3
Proportion of suppliers signing the Code of Conduct for suppliers/contractors				
· Tier 1 supplier	%	100	100	100
· Key supplier	%	100	100	100
· Tier 2 key supplier	%	100	100	100

### Green Manufacturer

GHG emission	MT - CO <sub>2</sub> e	22,900	23,058	24,160
Emission intensity - GHG emission per unit of product area	kg-CO <sub>2</sub> e/m <sup>2</sup>	0.71	0.59	0.67
Electricity consumption per unit of capacity	MWh/K-m <sup>2</sup>	1.00	0.95	1.12
Natural gas consumption per unit of capacity	m <sup>3</sup> /K-m	0.052	0.051	0.052
Natural gas consumption per unit of revenue	m <sup>3</sup> /NT\$ Millions	274	243	230
Cost of energy per unit of capacity	NT\$10K/K-m	0.34	0.29	0.32
Cost of energy per unit of revenue	NT\$10K/NT\$ Millions	1.57	1.27	1.21
Hazardous waste/revenue	kg/NT\$ Millions	207,833	250,916	278,535
Recycling rate of general waste	%	36%	40%	43%



## Sustainability Indicator

## Unit

## 2019

## 2020

## 2021



### A Company Values Talent Selection, Cultivation and Retention

Percentage of employee by gender (Female:Male)	%	23.35%	22.25%	23.00%
No. of nationality	No. of Country/Region	1(Taiwan)	1(Taiwan)	2(Taiwan/Thailand)
Turnover rate	%	26.50%	25.00%	22.00%
Average training hours per person	Hours	29.4	15.6	21.8
Achievement rate of annual education and training	%	95.0%	98.0%	62.5%
Satisfaction score of training courses	%	90.0%	88.0%	89.0%
Attendance rate of training courses	%	95.0%	92.3%	92.9%
Major occupational injury (hospitalized for more than three days)	No. of People	0	0	0
Disabling injuries frequency rate	No. of Disabling Injuries/ Millions of Hours Worked	67%	68%	63%
Disabling severity rate	No. of Disabling Injuries/ Millions of Hours Worked	1070%	1020%	440%
Improvement rate on potential threat	%	98%	100%	96%



### A Company Proactively Contributes Towards the Society

Category of public welfare: Charities	%	100	100	100
Proportion of resources allocated: Cash donation	%	77.35	36.44	90.99
Goods donation	%	22.17	62.03	7.3
Volunteers	%	0.48	1.53	1.71

## ■ Appendix 2: Comparison Table of GRI Standards and ESG Report

● : Core Options

NO	GRI Standard	Corresponding Chapter in ESG Report	Page	Note	
102	General Disclosures				
102-1	Organizational Profile	Name and address of the organization	1.1 Company Overview	8	
102-2		Activities, brands, products, and services	1.1 Company Overview	8	
102-3		Location of headquarters	1.1 Company Overview	8	
102-4		Location of operations	1.1 Company Overview	8	
102-5		Ownership and legal form	1.1 Company Overview	8	
102-6		Markets served	2.1 Marketing Unit and Work Division	35	
102-7		Scale of the organization	1.2 Organization and Job Responsibilities	11	
102-8		Information on employees and other workers	5.1 Diversity, Competence and Stability at Workplace	82	
102-9		Supply chain	2.5 Sustainable Supply Chain 2.5.1 Sustainable Supplier Management 2.5.2 Sustainable Supply Chain Management Structure	44	
102-10		Significant changes to the organization and its supply chain		44	
				45	
102-11		Precautionary principle or approach	1.9 Internal Control System and Management System Verification 1.10 Goals and Plans of Sustainable Developments	29	The internal control management system includes the internal audit system
				31	
102-12		External initiatives	6.2.2 Participation in External Organizations	105	
102-13		Membership of associations	6.2.2 Participation in External Organizations	106	Key persons in non-profit organizations
102-14	Strategy	Statement from senior decision-maker	Messages from the Chairperson	2	
102-15		Key impacts, risks, and opportunities	Messages from the President	3	

NO	GRI Standard		Corresponding Chapter in ESG Report	Page	Note
102-16	Ethics and Integrity	Values, principles, standards, and norms of behavior	1.8 Regulatory Compliance, Code of Ethics and Business Ethics	27	Core value and business ethics
102-17		Mechanisms for advice and concerns about ethics	1.8 Regulatory Compliance, Code of Ethics and Business Ethics	27 28	Code of Ethics and regulatory compliance Business ethics, ethical conducts and anti-corruption
102-18	Governance	Governance structure	1.3 Corporate Governance Structure	12	Governance structure
102-19		Delegating authority	1.3 Corporate Governance Structure	13	Governance structure, Board of Directors
102-20		Management - Executive-level responsibilities	1.2 Organization and Job Responsibilities	11-12	Organization and Job Responsibilities
102-21		Consulting stakeholders on economic, environmental, and social topics	1.4 ESG Sustainability Unit and Stakeholder Identification and Communication	16	Communication channels for stakeholders
102-22		Composition of the highest governance body and its committees	1.3 Corporate Governance Structure	12	Board of Directors, Audit Committee/ Compensation Committee
102-23		Chair of the highest governance body	1.3 Corporate Governance Structure: Board of Directors and Independent Directors	13	Chair of the Board: Chairperson
102-24		Nominating and selecting the highest governance body		24	Directors are elected in the shareholders' meeting
102-25		Conflicts of interest	1.8 Regulatory Compliance, Code of Ethics and Business Ethics	27 28	Formulate "Code of Ethical Conduct", etc.
102-26		Role of the Board in setting purpose, values, and strategy	1.3 Corporate Governance Structure	14	Responsibilities of the Board
102-27		Collective knowledge of highest governance body	1.3 Corporate Governance Structure	13	Education and work experience of Directors
102-30		Effectiveness of risk management processes	1.6 Risk Management	22	
102-31		Review of economic, environmental, and social topics	1.6 Risk Management: Risk Types	22-23	Potential impact on operation
102-32		Board of Directors' role in sustainability reporting	1.4 ESG Sustainability Unit	16	Report on the execution results of the year to the Board
102-35		Remuneration policies	5.3 Excellent Compensation and Benefits	89	Compensation and benefits
102-38		Annual total compensation ratio	5.3 Excellent Compensation and Benefits	89	Data including the average salary of full-time employees

NO		GRI Standard	Corresponding Chapter in ESG Report	Page	Note
102-37	Stakeholder Engagement	Stakeholders' involvement in remuneration	1.4 Stakeholder Identification and Communication	20	Communication channels for stakeholder issues
102-40		List of stakeholder groups	1.4 Stakeholder Identification and Communication	16	Primary and secondary stakeholders
102-41		Collective bargaining agreements	5.4 Employee Engagement	92	Diverse labor-management communication channels
102-42		Identifying and selecting stakeholders	1.4 Stakeholder Identification and Communication	16	Primary and secondary stakeholders
102-43		Approach to stakeholder engagement	Communication Channels for Stakeholder Issues and Effects	20	
102-44		Key topics and concerns raised	1.5 Prioritize and Respond to Material Issues upon Identification	21-22	
102-45	Reporting Practice	Entities included in the consolidated financial statements	Summary and Scope of the Report	4	Scope and Boundary
102-46		Defining report content and topic boundaries	Summary and Scope of the Report	4	Scope and Boundary
102-47		List of material topics	1.5 Prioritize and Respond to Material Issues upon Identification	21-22	
102-48		Restatements of information	Summary and Scope of the Report	5	Report summary: ESG report
102-49		Changes in reporting	Summary and Scope of the Report	5	Principle and guidance
102-50		Reporting period	Summary and Scope of the Report	5	Frequency
102-51		Date of most recent report	Summary and Scope of the Report	5	Frequency
102-52		Reporting cycle	Summary and Scope of the Report	5	Frequency
102-53		Contact point for questions regarding the report	Contact point of the Report	5	Contact point is available on the back cover
102-54		Claims of reporting in accordance with the GRI Standards	Purpose, Summary and Scope of the Report	5	Principle and guidance
102-55		GRI content index	Appendix 2 - Comparison Table of GRI Standards and ESG Report	114	P.114-121
102-56		External assurance	Principle and Guidance	5	Self-declaration statement: Core options



NO		GRI Standard	Corresponding Chapter in ESG Report	Page	Note
103-1	Management Approach	Explanation of the material topic and its boundary	1.5 Prioritize and Respond to Material Issues upon Identification	21-22	Policies, management approaches and short, medium and long-term plans and indicators are set out in Chapters 1 to 3 and 5 to 6.  In Chapter 4, the Company’ s governance, strategies, risk management as well as indicators and goals, and the short, medium and long-term plans and indicators are established pursuant to the TCFD recommendations in terms of climate change.
103-2		Management approach and its components	1. Corporate Governance and Sustainable Operation 2. Operating Performance, Customer Service 3. Innovation Development 4. Green Production 5. Friendly Workplace 6. Common Good for the Community	8 32	
103-3		Evaluation of the management approach		50 59 78 101	
200 Economic Performance Indicators (201~207)					
201	Economic Performance	Disclosures on management approach	2.2 Product Marketing and Development	35	
201-1		Economic Performance Disclosures on management approach	2.3 Business Performance	40	
201-2		Direct economic value generated	1.6 Risk Management	22	
201-3		Financial implications and other risks due to climate change Defined benefit plan obligations and other retirement plans	5.3 Excellent Compensation and Benefits	89	
203	Indirect Impacts	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy	64	
203-1		Development and impact of infrastructure investments and services supported	4.9 Green Investment and Benefits	76	
203-2		Significant indirect impacts	4.2 Risks and Opportunities in Response to Climate Change	65	
204	Procurement Practices	Disclosures on management approach	2.5 Sustainable Supply Chain	44	2.5.2 Sustainable Supply Chain Management Structure 2.5.3 Green Procurement
204-1		Proportion of spending on local suppliers	2.5.1 Sustainable Supplier Management/Supply Chain Overview	45	
205	Anti-corruption	Disclosures on management approach	1.8 Regulatory Compliance, Code of Ethics and Business Ethics	27	Promotion of anti-corruption
205-1		Operations assessed for risks related to corruption		28	
205-2		Communication and training about anti-corruption policies and procedures			
206	Anti-competitive Behavior	Disclosures on management approach	1.8 Regulatory Compliance, Code of Ethics and Business Ethics	27	Core value and business ethics 4. Honesty and fair dealing
206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		28	

NO	GRI Standard		Corresponding Chapter in ESG Report	Page	Note
300	Environmental Performance Indicators (301~308)				
301	Materials	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy	64	
301-1		Materials used by weight or volume	4.4 Raw Materials Management	69	
301-2		Recycled input materials used	4.4.2 Recycled Raw Materials Management	69	
301-3		Reclaimed products and their packaging materials	Management and Reduction of Packaging Materials	70	
302	Energy	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy 4.3 Energy Management/4.3.1 Energy Use  4.3.2 Use of Renewable Energy 4.3.3 Electricity Generated and Carbon Reductions by Factory	64	
302-1		Energy consumption within the organization		67 68 68	
302-2		Energy consumption outside of the organization			
302-3		Energy intensity			
302-4		Reduction of energy consumption			
302-5		Reductions in energy requirements of products and services			
303-1	Water and Effluents	Management approach - Impact of water as a shared resource	4.1 Environmental Protection and Sustainability Policy	64	Taiflex uses tap water.
303-2		Management of water discharge-related impacts	4.7 Water Resource Management 4.7.1 Water Usage	73	
303-1		Water withdrawal			
303-2-3		Water consumption and discharge			
305	Emissions	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy	64	Taiflex does not have emissions of NOx, SOx nor ozone-depleting substances.
305-1		Direct GHG emissions	4.2 Risks and Opportunities in Response to Climate Change	65 66 66 66-67	
305-2		Indirect GHG emissions	4.2.4 Disclosures of Three-Year Data on GHG Emissions from Operation		
305-3		Other indirect GHG emissions	4.2.5 Performance of Key Eco-measures		
305-4		Reduction of GHG emissions	4.2.6 Short-term, Medium-term and Long-term GHG Emission Reduction Targets		
305-5		Emissions of ozone-depleting substances			

NO	GRI Standard		Corresponding Chapter in ESG Report	Page	Note
306	Effluents and Waste	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy 4.7 Water Resource Management 4.7.2 Effluents Discharge 4.8 Waste Management 4.8.2 Waste Reduction Measures	64	Taiflex does not have serious spill incidents. Taiflex engages waste management professionals certified by the Environmental Protection Administration to handle waste.
306-1		Water discharge by quality and destination Waste by type and disposal method Significant spills Transport of hazardous waste Water bodies affected by water discharges and/or runoff			
306-2					
306-3					
306-4					
306-5					
307	Environmental Compliance	Disclosures on management approach	4.1 Environmental Protection and Sustainability Policy · Regulatory Compliance	64	There has been no violation of environmental laws and regulations in the past three years. Goal of each year: No violation of environmental laws and regulations.
307-1		Non-compliance with environmental laws and regulations		63	
400 Social Performance Indicators (401~419)					
401	Employment	Disclosures on management approach	5.1 Diversity, Competence and Stability at Workplace · Recruitment 5.3 Excellent Compensation and Benefits · Diverse and Superb Leaves	82	· Workforce structure in the last two years
401-1		New employee hires and employee turnover		83	
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees		89-91	
401-3		No. of employees taking parental leaves		89	
403	Occupational Health and Safety	Disclosures on management approach	5.5 Healthy and Safe Workplace · The Structure of OSH Management System · Hazard Identification, Opportunity and Risk Assessment 5.5.3 Diverse and Comprehensive Health Care · Tier-one Safety and Health Unit and professional personnel · No. of OSH professional personnel 5.5.2 Advancement in Safety Performance Index (SPI) Monitoring · 2021 occupational accidents and working hours lost	93	Number of employees applied for 5.5.1 Health and Safety Policy and Goals Obtained the ISO 45001 certification for OSH management system
403-1		Occupational health and safety management system Hazard identification, risk assessment, and incident investigation Occupational health services Worker participation, consultation, and communication Worker training on occupational health and safety Prevention and mitigation of occupational health and safety impacts Work-related injuries and diseases			
403-2				95	
403-3				100	
403-4				98-100	
403-5				93	
403-6				93	
403-7				95-96	

NO	GRI Standard		Corresponding Chapter in ESG Report	Page	Note
404	Training and Education	Disclosures on management approach	5.2 Training and Development	86	· Taiflex training roadmap
404-1		Average hours of training per year per employee	No. of hours and participants in employee training 5.2.1 Comprehensive Employee Training Development 5.2.2 Performance Management and Employee Development	86	· Individual development plans and diverse learning · Employee career development
404-2		Programs for upgrading employee skills		86	
404-3		Percentage of employees receiving regular performance and career development reviews		88	
405	Equal Opportunity	Disclosures on management approach	5.1 Diversity, Competence and Stability at Workplace · Recruitment · Data including the average salary of full-time employees	82	· Labor rights policy of Taiflex · Workforce structure in the last two years
405-1		Diversity of governance bodies and employees		83-84	
405-2		Ratio of basic salary and remuneration of women to men		89	
408	Child Labor	Disclosures on management approach	5.1 Diversity, Competence and Stability at Workplace	82	· Labor rights policy of Taiflex
408-1		Significant risk for incidents of child labor	· Labor rights policy: Ban on child labor	82	
412	Human Rights Assessment	Disclosures on management approach	· Taiflex labor rights policy 5.4 Employee Engagement  5.4.2 Diverse Communication Channels: Open Communication Where Employee Engagement is Encouraged to Create Harmonious Labor-management Relations	82 91 91-92	Taiflex does not have major complaints from employees.
412-1		Operations that have been subject to human rights reviews or impact assessments			
412-2		Employee training on human rights policies or procedures			
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			



NO	GRI Standard		Corresponding Chapter in ESG Report	Page	Note
414	Supplier Social Assessment	Disclosures on management approach	2.5 Sustainable Supply Chain  2.5.1 Sustainable Supplier Management/Supply Chain Overview 2. Sustainable Supplier Selection	44	2.5.2 Sustainable supply chain management structure 2.5.3 Green procurement management/P.48 3. Sustainability risk survey and assessment
414-1		New suppliers that were screened using social criteria		45	
414-2		Negative impacts in the supply chain and actions taken		46-47	
416	Customer Health and Safety	Disclosures on management approach	2.4 Customer Service and Satisfaction 2.5.3 Green Procurement Management  3.4.3 Incoming, Process and Outgoing Quality Control Mechanism	42-43	Taiflex does not purchase hazardous substances. · Shipment management/No violation of health and safety regulations of products and services.
416-1		Assessment of the health and safety impacts of product and service categories		48	
406-2		Incidents of non-compliance concerning the health and safety impacts of products and services		58	
417	Marketing and Labeling	Disclosures on management approach	1.7 Information Security · Information security policy · Data on product information security · Specific Information Security Improvement and Management Plans	26	Obtained ISO 27001 Information Security Management certification  Taiflex does not have non-compliance of laws and regulations concerning product and service
417-1		Requirements for product and service information and labeling		26	
417-2		Incidents of non-compliance concerning product and service information and labeling		26	
417-3		Incidents of non-compliance concerning marketing communications		26 28	
419	Socioeconomic Compliance	Disclosures on management approach	1.8 Regulatory Compliance, Code of Ethics and Business Ethics · Regulatory Compliance	27	Taiflex' s statement on compliance with laws and regulations in the social and economic area
419-1		Non-compliance with laws and regulations in the social and economic area		27	

## ■ Appendix 3: SASB Comparison Table

Industrial Machinery & Goods: Topics of sustainable developments and accounting indicators as well as corresponding chapters in ESG Report

Topic	Code	Accounting Metric	Category	Unit of Measure	Chapter/Section-Page No.
Energy Management	RT-IG-130a.1	1. Overall energy consumption: Consumption of Fuel (liter/year) + Electricity (MWh/year) + Natural Gas (m3/year) 2. Percentage of grid electricity (Contract Capacity of Taiflex / Installed Capacity of Qianzhen) 3. Export Processing Zone) Percentage of renewables	Quantitative	Gigajoules (GJ), Percentage (%)	1. 220.3 liter/year (for generators) + 40,248 MWh/year + 2,176 (m3/year) 2. $(6,500/300,000) \times 100\% = 2.1\%$ 3. $3.869/40,248 = 2.16\%$
Employee Health & Safety	RT-IG-320a.1	1. Total recordable incident rate (TRIR), 2. Fatality rate, and 3. Near miss frequency rate (NMFR)	Quantitative	Rate (%)	5.5 Healthy and Safe Workplace Occupational Injury Management 2021 Occupational Injury Statistics/ 94
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 Ton- miles	Taiflex does not have sales-weighted fleet fuel.
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	Taiflex does not have sales-weighted fuel efficiency.
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts/ Watts per gallon	Taiflex has generators, but not sales fuel.
	RT-IG-410a.4	Sales-weighted emissions of: 1. nitrogen oxides (NOx) and 2. particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Quantitative	Grams per Kilowatt-hour	Taiflex does not have emission of NOx and PM nor locomotive diesel engines and on-road medium- and heavy-duty engines.
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	2.5.2 Sustainable Supply Chain Management Structure Sustainable Supplier Selection/46
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	N/A
Table 2: Activity Index					
Number of Units Produced by Product Category	RT-IG-000.A	No. of units produced by product category and revenue weightings	Quantitative	Number	2.2.2 Market Share/39
Number of Employees	RT-IG-000.B	Number of employees	Quantitative	Percentage (%)	5.1 Diversity, Competence and Stability at Workplace Number of employees (868 employees)/82



## Contacts

This Report is intended for stakeholders to gain better insights into Taiflex's efforts in promoting sustainability and social responsibilities.

Please contact us via the following means for any recommendations and advices concerning the Report.

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