

2023

CORPORATE SUSTAINABILITY REPROT



Catalogue

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2023 Corporate Sustainable Development Performance List



Axiomtek Sustainability Policy

In 2015, all member states of the United Nations adopted the 2030 Agenda for Sustainable Development, which provides a common blueprint for peace and prosperity for all people and the planet, now and in the future. With 17 Sustainable Development Goals (SDGs) as the core and 169 targets as the direction of implementation, it aims to achieve the vision of promoting the survival and sustainable development of human beings by 2030.

Since its establishment, Axiomtek has been focusing on technology cultivation and long-term corporate development in accordance with its original intention, and at the same time taking care of Axiomtek's employees, customers, shareholders, suppliers, society and other stakeholders, and adhering to the sustainable visions of "Corporate Governance and Honest Management," "Green Products and Environmental Protection," and "Caring for Employees and the Disadvantaged" in order to become a domestic benchmark enterprise and to pursue sustainable management and development.

The current ESG vision was set by the Chairman of the Board of Directors (Founder) in discussion with senior executives.

In 2024, Axiomtek will revisit and redefine its ESG-related vision and policies in conjunction with Axiomtek's 2030 corporate development visioning exercise.

Our vision

- Benchmark enterprise, sustainable operation

Our mission

- Compliance with corporate governance and integrity management
- Caring for Employees and the Vulnerable
- Green design products, emphasizing environmental protection

Our Implementation Policy

- Compliance with corporate governance and integrity management

Axiomtek emphasizes the corporate spirit of integrity and honesty, abides by laws and business ethics, and maintains good corporate governance. Prohibit improper benefits and unfair business competition, respect intellectual property rights, and commit to protecting the privacy of every customer and business partner. Establish multiple communication channels, promote social responsibility, and make life and society better.

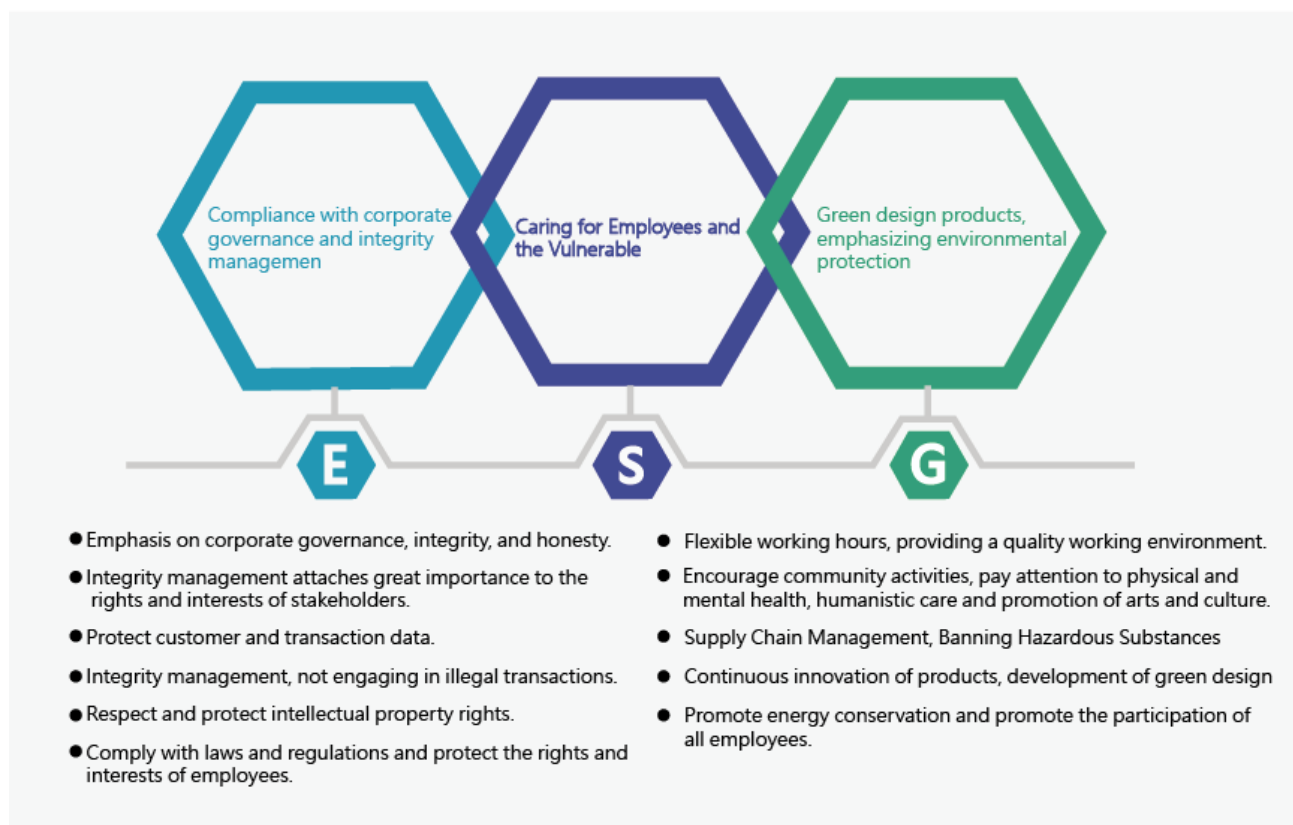
- Caring for Employees and the Vulnerable

Pay attention to the safety and health of employees and comply with government laws and regulations, provide reasonable salary and benefits, equality, and equal rights, retain talents and cultivate talents, prohibit any form of discrimination, and prohibit the use of child labor and forced labor. Actively promote the life balance and physical and mental health of employees, reasonably arrange the working hours, and rest of employees and give them appropriate flexibility, and create a safe, healthy, motivating and comfortable working environment through an open communication management model.

- Green design products, emphasizing environmental protection

At the beginning of product development, we use the design thinking of long-term product life cycle to think about how to reduce energy consumption, improve efficiency, simplify the manufacturing process, and develop green design products from the aspects of material selection, product design, supplier management, and manufacturing. According to the requirements of customers and stakeholders for the management of hazardous substances banned/restricted substances, provide specifications and high quality that meet the needs. Carry out environmental protection through the strength of the enterprise, and fulfill the responsibility of a global citizen.

Axiomtek's core concept of sustainable development



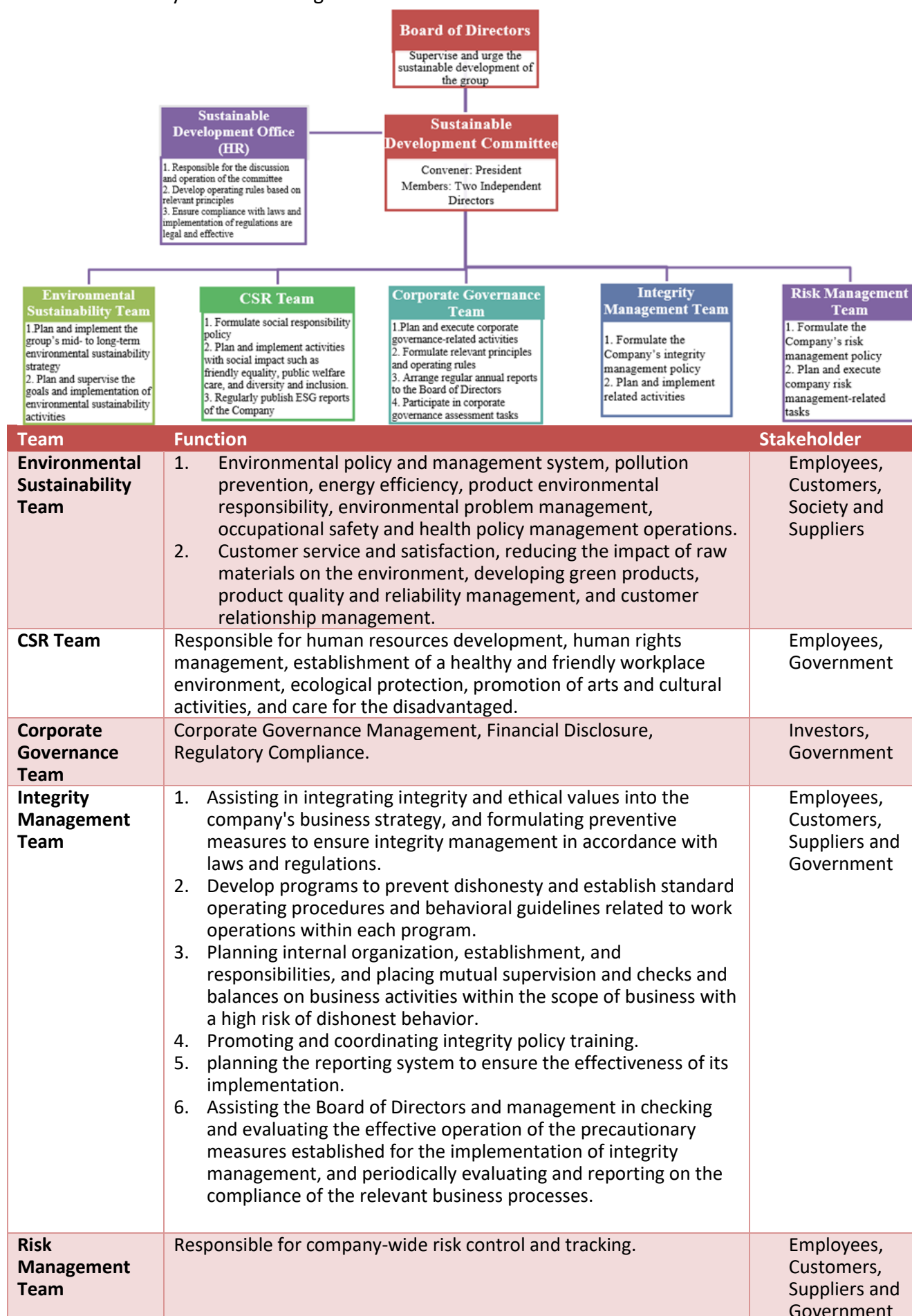
Axiomtek Corporate Sustainability Committee

Axiomtek aims to become a "benchmark company" and an "invisible champion" in the industry, and has been issuing CSR reports since 2016, and will switch to issuing sustainability reports from 2021. 2021 Axiomtek will set up a Sustainability Committee to manage projects and issues related to corporate sustainability from the three perspectives of corporate governance, the environment, and the community, covering the following areas: corporate risk management plan, talent cultivation and succession, greenhouse gas inventory planning, sustainability report preparation issues, and communication with stakeholders reporting issues. The topics include: corporate risk management plan, talent cultivation and succession, greenhouse gas inventory planning, sustainability report preparation, and communication with stakeholders. In 2023, the Sustainability Committee, which is accountable to the Board of Directors, was formally established, integrating various internal functional organisations and comprising five working groups, including the Environmental Sustainability Group, the CSR Group, the Corporate Governance Group, the Integrity Management Group and the Risk Management Group, as well as the ESG Promotion Office. The ESG Promotion Office reports on the issuance of the annual report and a summary of ESG work priorities at the annual board meeting. The board of directors is responsible for reviewing the annual sustainability report and the general manager approves important projects related to the implementation of ESG. The organisation is shown below.

Axiomtek's Sustainability Committee consists of the General Manager, two independent directors, and a total of three members. The ESG Office sets annual plans and reports major ESG issues and project progress to the Sustainability Committee at least every six months. Climate change risk issues are included in the agenda of the Board of Directors' meetings at least once a year, and the Risk Management Team is responsible for managing climate change. After each new ESG project is confirmed by the Committee, the team responsible for the project will start the action, and the ESG Office will track the effectiveness and propose improvement plans on a regular basis; the ESG Promotion Office will also report the planning and progress of the relevant projects in the senior executives' meeting every month, and the President will give the direction and strategic advice personally, and invite the first-level executives (vice presidents) to participate in the important meetings and decision-making. The members of each working group include legal, supply chain management, quality assurance, product research and development, customer relations, finance, human resources and investor relations, etc. They manage various issues related to stakeholders such as customers, suppliers, government, employees, shareholders and society, and systematically implement them in Axiomtek's daily operations to achieve Axiomtek's vision and mission of sustainable development.

Different stakeholders may have different concerns, and Axiomtek's obligation and responsibility is to respond to their concerns in the best possible way. Axiomtek has established good communication channels and dedicated staff to listen to the needs of stakeholders and incorporate the feedback collected through different communication channels into the report for in-depth explanation and response.

● Sustainability Committee Organization



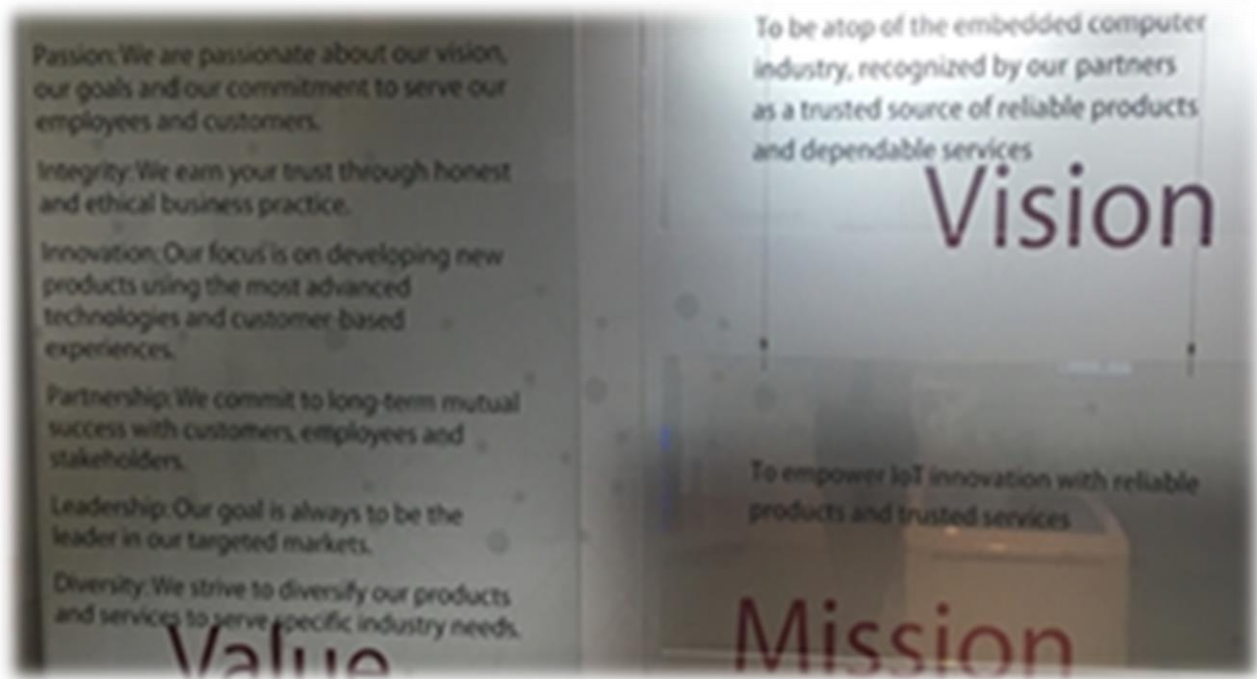


United Nations Sustainable Development Goals (Sustainable Development Goals · SDGs)

Axiomtek's achievements are summarized as follows

Integrity

- Code of Ethical Conduct of Axiomtek Co., Ltd.



Axiomtek hereby formulates the “Axiomtek Code of Ethical Conduct” in accordance with the “Reference Model for the Code of Ethical Conduct for Listed and OTC Companies” in order to guide the directors, managers and employees to act in accordance with the values and ethical standards of Axiomtek's organization and to enable the stakeholders to have a better understanding of the company's ethical standards ; In order to implement the “Code of Ethical Conduct of Axiomtek Co., Ltd.” and the “The Company's Code of Business Integrity” and to ensure the legitimate rights and interests of the whistleblower and the other party, the “Guidelines for Reporting Illegal and Unethical or Dishonest Behavior” have been formulated for the purpose of compliance with the Guidelines.

In 2021, Axiomtek will introduce an RBA-like CSR management system for factory audits in response to customer requests. In 2023, Axiomtek will once again be assessed by a third-party certification organisation commissioned by the customer and will require that at least one hour of ESG/Honest Management courses (including anti-corruption) be made mandatory for new recruits. Each year, Axiomtek conducts a 1-hour online course on integrity management (including anti-corruption)/ESG education and training for all employees and major suppliers in Taiwan. In 2023, the completion rate of the course for employees in Taiwan was 98%, and the number of course completions for major suppliers was 106 out of 517, with the percentage of those who received anti-corruption communication and training at 20.5%; and the percentage of those who received anti-corruption communication and training in the FY2010 Board of Director's Education Course was 28.5%. The percentage of board members receiving anti-corruption communication and training was 20.5%; 2 of the 2023 board members received anti-corruption related courses, and the percentage of them receiving anti-corruption communication and training was 28.5%.

No corruption or suspected cases of corruption were detected in FY2023 through internal control accounts checking of the head office and factories. There were no identified cases of corruption and bribery in FY2023, nor are we currently involved in any ongoing cases of corruption and bribery. There were no cases of corruption and bribery in FY2023, nor are we currently involved in any ongoing cases of corruption and bribery.

- In-service Reminder

Axiomtek's beliefs and values are displayed in the product display area of the headquarters in Shiodome. In addition to constantly promoting and reminding every Axiomtek employee to self-reflect and continuously implement Axiomtek's beliefs and values, Axiomtek's dedication and persistence in these beliefs and values are also simultaneously proclaimed to important external guests.

- Supplier Commitment

In order to establish a pure and honest long-term trading relationship with suppliers and to jointly pursue the sustainable growth of both sides, all suppliers dealing with Axiomtek are required to sign the “Axiomtek Integrity Commitment”, which once again declares Axiomtek's dedication and insistence on beliefs and values to suppliers.

Management of major issues: Integrity	
Item	Summary Description
Issue Impact Boundary	Organization, Suppliers.
Management Mechanism	There are no actual cases and publicity in the complaint mailbox and dedicated telephone line.
2023 Goal	1. Promote foreign and domestic employees and suppliers through online courses. 2. Completion of English course materials.
2023 Results	Completed domestic course promotion and English course materials.
2024 Promotion Goals	1. Conducted online courses for domestic employees and major suppliers. 2. Completion of English course recordings and presentations to overseas colleagues and suppliers.
Related Policy	Code of Ethical Conduct of Axiomtek Co., Ltd. and the The Company's Code of Business Integrity 、 “Guidelines for Reporting Illegal and Unethical or Dishonest Behavior”.

Axiomtek Beliefs and Values



About This Report

Axiomtek Co., Ltd. (hereinafter referred to as "Axiomtek" or "the Company") has issued the "Corporate Social Responsibility Report" every year since 2015, and changed it to the "Corporate Sustainability Report" since 2020. Through this report the book presents the company's strategies, policies, goals, measures and performance in terms of sustainable development to stakeholders, and responds to the expectations and needs of stakeholders, and hopes to establish long-term partnerships with customers and social groups to promote social inclusion. Towards the goal of sustainable growth, and the efforts and determination to continue to implement sustainable development.

- Reporting Period and Scope

This report covers the period from January 1, 2023 to December 31, 2023, and addresses stakeholders' concerns about the Company's practices and performance in corporate governance, corporate commitment, environmental protection, and social engagement. The boundaries of Axiomtek's Sustainability Report only take into account Axiomtek's operationally significant locations (headquarters, factories) in Taiwan, with additional disclosure of some performance data for the Taichung office. Other subsidiaries and offices are focused on marketing and business activities and are not currently included in this report. Please refer to the section "Stakeholder Communications and Responses" for more information on the identification of materiality and the setting of reporting boundaries for the Company. The information and data disclosed in this report are derived from the Company's own statistics, and the relevant calculation methods and units used are based on internationally accepted calculation methods. Unless otherwise specified, financial data are expressed in New Taiwan dollars (NT\$) unless otherwise stated, and certain events or data references are backdated to prior years for ease of reference. Some of the events or data are stated back to previous years for reference.

- Principles of Report Writing

This report was jointly planned by the Company's Sustainability Committee and prepared in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI), the Regulations Governing the Preparation and Reporting of Sustainability Reports by Listed Companies, and with reference to SASB standards and TCFD standards. In addition, we also considered the results of the evaluation and stakeholder discussions, as well as issues that may have potential impacts on the Company's operations, and identified the major themes related to the Company's operating value chain, and discussed and resolved the boundaries of each theme in accordance with the management guidelines of each theme, and finally provided an index table of the GRI Standards for your reference.

This report also serves as one of the transparent channels for the Company to discuss with its stakeholders, and we look forward to understanding each other's endeavors and expectations through disclosure, communication, and feedback, so that we can continue to move towards a better future.

- Recompile of the report

This report does not include any major changes in the organization or changes in scope during the reporting period. If there are any changes or adjustments to the relevant data or content, the changes will be explained.

- Report Review

To enhance the disclosure quality of the report, British Standards Institution Limited (BSi) has conducted a Type 1 Medium Assurance Level Check in accordance with AA 1000: AS V3, confirmed compliance with GRI Standard 2021 and obtained a Statement of Assurance, which is also provided in the Appendix of this report for reference. This report is published on the website and on the Market Observation Post System (MOP) after approval by the Board of Directors. This report is published on the official website and on the Market Observation Post System after approval by the Board of Directors.

- Publication

This is the third sustainability report issued by the Company (five CSR reports have been issued before 2020), and the Company is committed to continue to issue the report annually in the future. In order to implement corporate sustainability and to implement the paperless policy, the report is announced in an electronic version on the “Sustainability Zone” of the Company's website.

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Next publication: August 2025

Website: <https://www.axiomtek.com.tw/Default.aspx?MenuId=AboutUs&ItemId=194&C=永續發展專區>

- Contact Information

If you have any questions or suggestions about this report, you are welcome to contact us. The contact information is as follows:

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Letter from the Chairman

The world is increasingly paying attention to the issue of sustainable development. As a Taiwanese brand focused on technology and long-term industry growth, Axiomtek prioritizes environmental protection, employee welfare, customer satisfaction, and stakeholder engagement.

Axiomtek adheres to the RBA Responsible Business Alliance Code of Conduct, emphasizing employee well-being, environmental sustainability, and ethical management practices. Green products are central to our sustainable development strategy, supported by ongoing investment in R&D for eco-friendly technologies. We believe in supporting domestic suppliers and promoting energy efficiency, with 88% of procurement sourced domestically. ISO 14064-1 certification underscores our commitment to managing greenhouse gases.



In terms of corporate governance, Axiomtek follows the principle of fairness and justice, ensures the efficient operation of the group's governance mechanism, protects the rights and interests of shareholders, adheres to transparency and social responsibility, and establishes a cooperative relationship of mutual trust and mutual benefit with stakeholders. It is worth mentioning that in the results of the 10th (112th) corporate governance evaluation, Axiomtek has been ranked in the top 5% (first level) of "listed companies" for eight consecutive years. Additionally, it entered the list with a market value of more than 5 billion yuan to 10 billion yuan in the top 5% list of over-the-counter companies. This achievement is an affirmation of our continuous pursuit of excellence and the Group's commitment to improving corporate governance standards.

Our sustainability reporting follows GRI, SASB, and TCFD standards, integrating major themes with business strategies for continual improvement. Axiomtek's corporate sustainability policy is not only a document but also a long-lasting commitment to sustainable operations. The company will work with stakeholders to achieve this goal and create a better future together!

Thank you for your support and trust in us.

YT Yang
Founder and Chairman

Chapter 1 Company Introduction

Company Name: Axiomtek Co., Ltd.

Date of Establishment: May 1990

Chairman: YANG,YU-TE

Total capital: NT\$1,020 million

Stock Code: 3088

Number of Employees: 846 (Group)

2023 Consolidated Revenue: NT\$6.7 billion



About Axiomtek

1.1 Company Background

Axiomtek Corporation (“Axiomtek” or the “Company”) was founded in 1990, engages in research and development, manufacturing and marketing of Axiomtek's brand in Taiwan, not only to promote the domestic job market, but also to promote Taiwan's brand to the world, with subsidiaries, offices, or exclusive sales offices in the U.S., Germany, the U.K., China, Japan, Italy, Malaysia, and Thailand, actively expanding overseas territory, providing global customers with real-time business and technical services, staying close to the market to understand customer needs, deepening customer relationships and establishing Franchise Partner global distribution partners, expanding sales scale and collaborating with global customers to provide immediate business and technical services, staying close to the market to understand customer needs, deepening customer relationships and establishing Franchise Partners. We are actively expanding our overseas territories, providing real-time business and technical services to our global customers, staying close to the market to understand customers' needs, deepening customer relationships and establishing Franchise Partners to expand our sales scale and cooperate with customers to open up new markets, and at the same time, promoting the localization of our brands around the world.



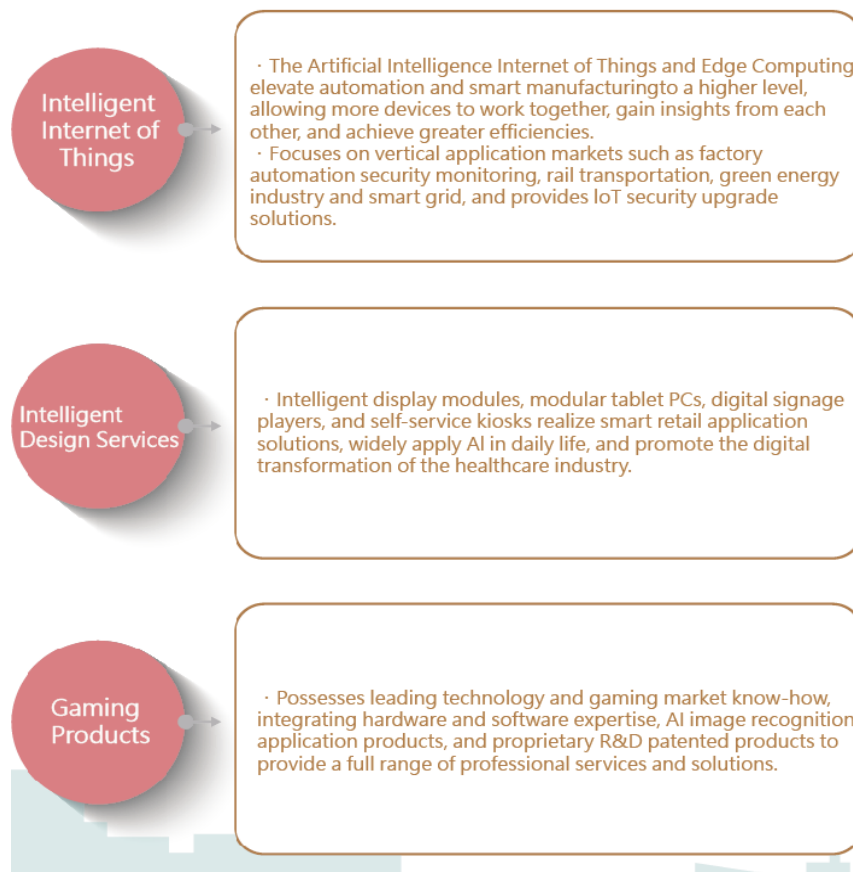
Axiomtek is a leading designer and manufacturer of industrial computers. With the trend of AI, AR/VR technology, big data and IoT, industries such as smart factories, smart transportation, mobile devices, high-performance computing, smart cities, and telemedicine are gradually taking off. Axiomtek takes the innovative design service and digital transformation as the core of its development, integrates software and hardware to enhance the added value of its products, and provides customers with in-depth solutions for the Domain application industry, and pursues long-term development and sustainable operation to create a win-win situation for partners and shareholders. Domain application industry in-depth solutions, and the pursuit of long-term development and sustainable operation, to create a win-win situation for partners and shareholders.

Associations and organizations that Axiomtek participates in

No.	Associations	General Membership
1	Taipei Computer Association	●
2	New Taipei City Computer Association	●
3	Taiwan Computer Emergency Response Team/Coordination Center	●

Main Products

Axiomtek's products are mainly categorized into Intelligent Internet of Things (IoT) products, Intelligent Design Services (IDS) products and Gaming products. Axiomtek has excellent R&D capabilities and has been marketing its products internationally for more than 30 years. We have excellent hardware and software engineers who develop products that meet the needs of a variety of industries based on applications and customer requirements, including smart factories, rail transportation, healthcare, smart retail, and gaming markets.



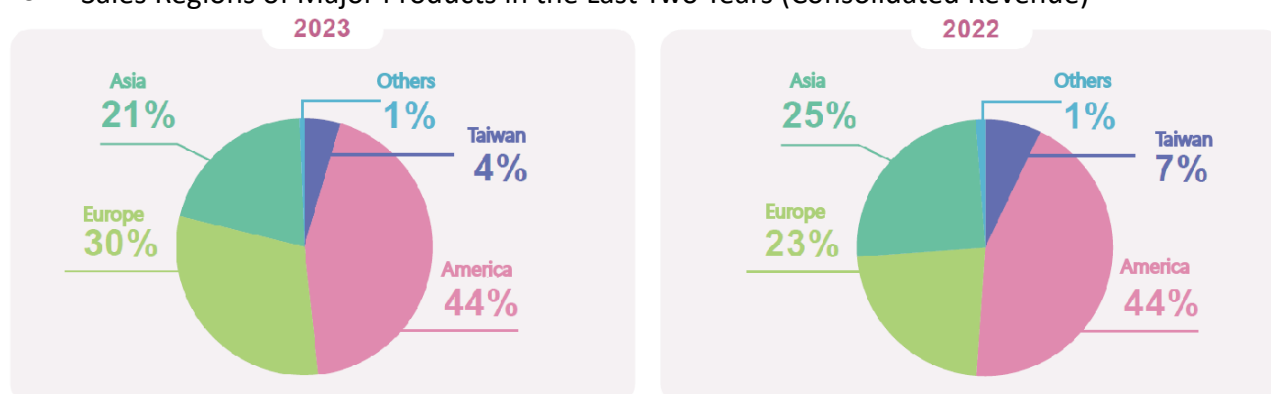
- Product Sales Weighting Table for the Last Two Years (Consolidated Revenue)



- Table of production values for the last two years (combined)
Unit: PCS; NT\$ Thousand

Main Products	2023			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
IOT Products	602,116	614,382	2,060,315	770,353	809,725	2,349,408
Intelligent Design-in Service Products	440,827	444,144	1,495,804	513,126	488,112	1,413,922
Gaming Products	210,773	212,359	704,082	367,771	349,843	989,905
Others	80,000	85,951	292,332	80,000	125,283	364,142
Total	1,333,716	1,356,836	4,552,533	1,731,250	1,772,963	5,117,377

- Sales Regions of Major Products in the Last Two Years (Consolidated Revenue)



Market Share

Industrial computers have a diverse range of industry characteristics. Axiomtek and its subsidiaries ("Axiomtek Group" or the "Group") are constantly launching new products and exploring new markets, upholding the concept of innovation and technology to develop products that meet the needs of a variety of industries, and have become the world's leading companies in the fields of intelligent transportation, intelligent healthcare, retail, and factory automation, etc., and are continuing to build up growth momentum. Since there is no credible authority in China to compile statistics on the market share of industrial computers, the market share of the Company is not available. However, the global environment is still facing regional political and economic instability, and despite the many challenges, the Group has shown positive growth for three

consecutive years, with record revenue and profit, and the market expects that the Group will continue to explore more business opportunities in the future with its innovative application technologies such as AI Artificial Intelligence, Edge Computing, IoT, and Network Security. In the future, the market is expected to explore more business opportunities with innovative application technologies such as AI artificial intelligence, edge computing, Internet of Things, network security, virtual reality, augmented reality and 5G. In addition, the Group's global sales network is densely distributed, with the main sales regions being overseas markets such as Europe, the Americas and Asia, with external sales accounting for more than 90% of the total revenue. Through the complete global marketing channel network, the Group has been working with key customers in each region to understand customers' needs and market information, and to expand the scale of sales and assist customers in opening up new markets to gain more business opportunities with the advantages of its own brand and professional experience.

With the advantages of our own brands and professional experience, we are able to expand our sales scale and assist our customers in exploring new markets to gain more business opportunities. With the continuous expansion of the Group's business and its promising growth potential in the future, it is expected that the Group will continue to enhance its market position in the industrial computer field and its overall operation and market share should grow steadily.

1.2 Corporate Governance

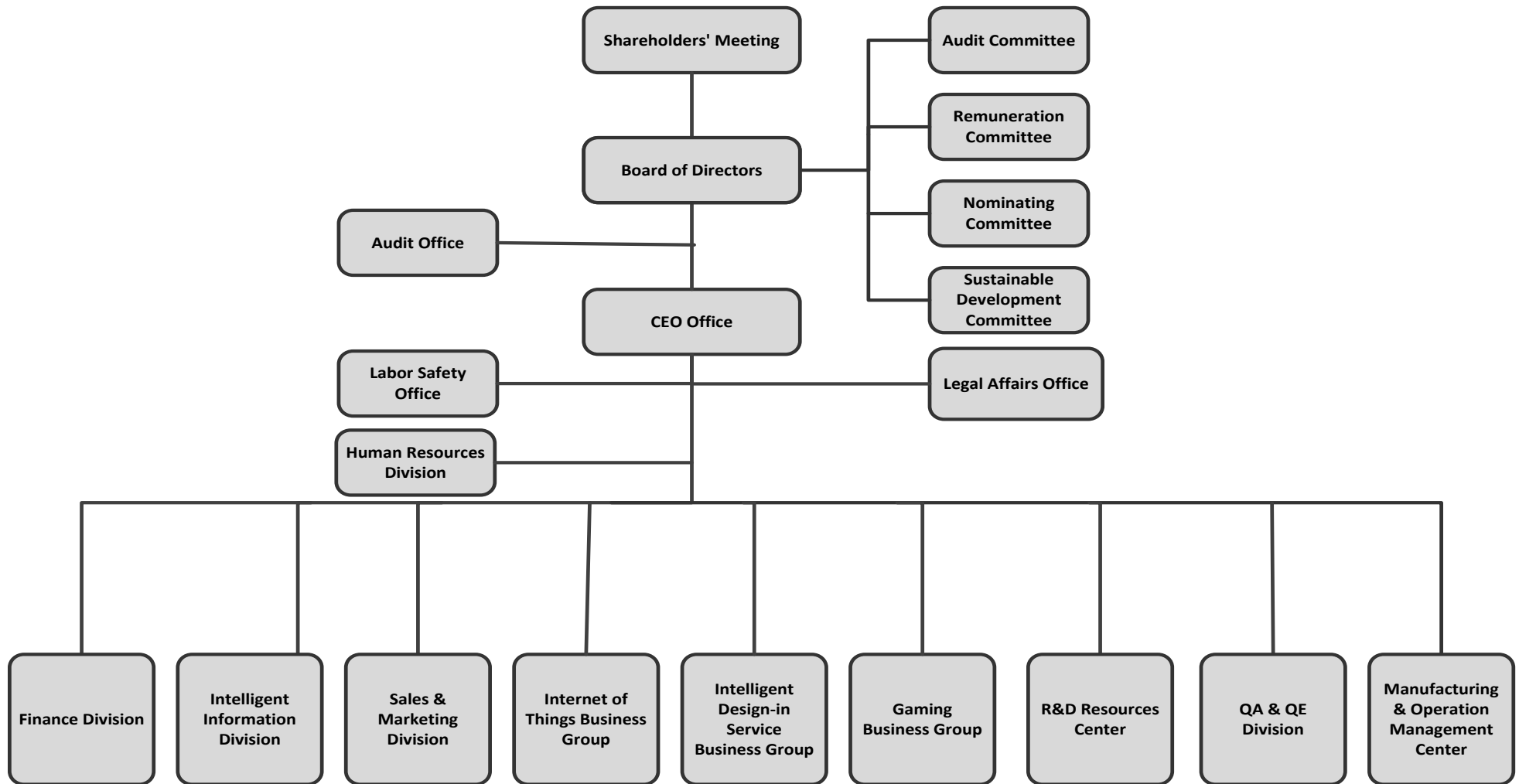
The Over-the-Counter Securities Trading Center of the Republic of China (OTC) and the Taiwan Stock Exchange Corporation (TSE) jointly commissioned the Securities and Futures Market Development Foundation of the Republic of China (SFC) to conduct the Tenth 112th Annual Corporate Governance Evaluation of Listed and OTC Enterprises, and a total of 952 listed companies and 754 over-the-counter (OTC) companies have been evaluated in the Tenth (112th) Annual Corporate Governance Evaluation. On April 30, 2024, Axiomtek announced the list of top 5%, 6% ~ 20%, 21% ~ 35%, 36% ~ 50%, 51% ~ 65%, 66% ~ 80%, and 81% ~ 100% according to the evaluation results of each group. Among them, 38 companies were ranked in the top 5%, and Axiomtek, the world's leading manufacturer of industrial computers, has been ranked as one of the top listed companies for eight consecutive years despite the fact that the number of companies evaluated is higher than before, which helps enterprises to compete and strengthen the level of corporate governance, and voluntarily shape corporate governance into the organizational culture of the enterprises.

Axiomtek operates in a transparent manner and focuses on shareholders' rights. All stakeholders can inquire about the corporate governance structure, the organization of functional committees, and other important information¹ in the Corporate Governance section of the Company's website. The Board of Directors of Axiomtek has authorized the establishment of the Audit Committee, the Compensation Committee and the Nomination Committee, which are functional committees under the Board of Directors, to assist the Board of Directors in fulfilling its supervisory responsibilities, and to regularly review the policies, systems, standards and structures for the evaluation of the performance of the directors and managers, as well as their remuneration. On October 26, 2013, Axiomtek has adjusted the organization of the Sustainability Committee as a functional committee of the Board of Directors to strengthen the functions of corporate governance and the objectives of sustainability. The Audit Committee and the Compensation Committee are composed of all members of the Board of Directors. The Audit Committee and the Compensation Committee are composed of all independent directors; the Nomination Committee and the Sustainable Development Committee are composed of three directors, a majority of whom are independent directors.

¹ Details of the operation of corporate governance can be found in the Company's 2013 Annual Report to Shareholders.

(<http://www.axiomtek.com.tw/Default.aspx?MenuId=AboutUs&ItemId=201&C=股東會資訊>) website
(<http://www.axiomtek.com.tw/Default.aspx?MenuId=AboutUs&ItemId=193&C=公司治理專區>)

Corporate Governance Organization



1.2.1 Management Team

Main Department	Job Title	Name	Main experience & education	Responsibilities
CEO Office	President	Huang, Jui-Nan	Director, Axiomtek Co., Ltd. VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information Engineering, National Taiwan University	Responsible for the Company's vision development, business strategy, operation policy.
CEO Office	Chief Strategy Officer	Yang, Yu-Te	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Manager of Automation System Unit, Advantech Co., Ltd. Bachelor of Electrical Engineering, Fu Jen University	Responsible for planning Axiomtek's mid-to-long-term development strategy and promoting the company's long-term development.
Finance Division	Vice President Head of Accounting/Finance Chief Corporate Governance	Jane Hsu	Vice President, Leadtek Research Inc. Manager, Deloitte & Touche EMBA Master of National Taiwan University Master of Accounting, National Chengchi University	Responsible for the summary, planning, implementation and management of accounting, finance, taxation, investment, annual budgeting, credit management and stocks affairs services.
Sales & Marketing Division	Vice President	Joanne Lin	Director, Foxconn (Far East) Ltd. Sales Director, Dell Taiwan Director, HP Services, Asia Pacific Region, Hewlett-Packard Co. Bachelor of Science, Industrial and Operational Engineering, University of Michigan	Responsible for the planning and implementation of global market development and marketing business.
Internet of Things Business Group	Vice President	William Wu	Deputy Director, R&D Division, Chaintech Technology Corporation Bachelor of Electronic and Computer Engineering, National Taiwan University of Science and Technology	Responsible for product planning and market development of Intelligent Automation, Network Computing Platform, and Intelligent Transportation solution products.
Manufacturing & Operation Management Center	Vice President	Henry Lin	Vice President, Hi-Top internal Co., Ltd. EMBA Master of National Chengchi University Bachelor's in Electronic Engineering, National	Responsible for the Company's procurement, manufacturing, testing and assembly and logistics, sourcing for strategic products, and executing EMS business and coordinating the Group's global supply chain management and operation.
Intelligent Design-in Service Business Group	Vice President	Chiven Fan	Sales Manager, eBizrise Technology Ltd. Sales Manager, Asiatek Inc. Associate's degree in Electrical Engineering, Jinwen University of	Responsible for product planning and market development of Intelligent Retail, Intelligent Medical, and

Main Department	Job Title	Name	Main experience & education	Responsibilities
			Science and Technology	Embedded Design-in Services products.
Gaming Business Group	Vice President	Gary Tsao	Product Manager, Dynatrong Material Inc. Product Manager, Compal Electronics Inc. Project Manager, Simtec Holding Ltd. Master of China Studies, Tamkang University	Responsible for product planning and market development of Gaming System, and Electronic Gaming Machines products.

Note: The chairman of the board of directors and the general manager of the Company are different persons, and there is no case in which the chairman of the board of directors also serves as the general manager.

Management Team



1.2.2 Board members' main education and experience

Job Title	Name	Gender	Main Education & Experience
Chairman of the Board Nomination Committee member	Yang, Yu-Te	Male	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Manager of Advantech Co., Ltd. Automation System Unit Bachelor of Electrical Engineering, Fu Jen University
Director	Advantech Co., Ltd. Representative Liu, Wei-Ting	Male	Investment Representative of Advantech Co., Ltd. Master of Business Administration, National Taiwan University Bachelor of Electrical Engineering, University of Illinois
Director	Tsai, Shih-Yang	Male	Chairman, Smart Management Consulting Co., Ltd. Co-founder, Advantech Co., Ltd. Bachelor of Electronic Engineering, MingHsin University Bachelor of Applied Mathematics (Information Dept.), Chinese Culture University
Director	Huang, Jui-Nan	Male	President of Axiomtek Co., Ltd. VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information Engineering, National Taiwan University
Independent Director Nomination Committee Member Audit Committee Member Convener Of Remuneration Committee	Lin, Yih-Jong	Male	Chairman, Vossic Technology Co., Ltd. President/COO, Advantech Automation Group VP, Computer Systems Organization, HP Taiwan Managing Director, Tektronix China Bachelor of Electrical Engineering, National Cheng Kung University
Independent Director Remuneration Committee Member Convener Of Audit Committee	Chang, Jen-Chih	Male	Certified Public Accountant of Hot Tai Accounting Firm Department Head, Department of Accounting & Statistics, Chungyu College of Business Management Department Head, National Taipei College of Business Master of Accounting, National Chengchi University Bachelor of Accounting, National Chung Hsing University
Independent Director Remuneration Committee Member Audit Committee Member Convener Of Nomination Committee	Yu, Chwo-Ming	Male	Professor of Department of Industrial and Business Management, Chang Gung University. Professor of Department of Business Administration, National Chengchi University Independent Director of Yuanta Futures Co., Ltd. Independent Director of Advantech Co., Ltd. Independent Director of Yuanta Commercial Bank Co., Ltd. Ph.D. of Business Administration of University of Michigan

1.2.3 2023 Axiomtek promotes specific corporate governance initiatives



- Protection of shareholders' rights and equal treatment of shareholders
 1. Axiomtek's articles of association provide that the election of all directors (including independent directors) is based on a candidate nomination system. The company records the results of the shareholders' approval, disapproval and abstention of each motion in the minutes of the meeting and inputs the results into the Market Observation Post System (MOPS) on the day of the regular shareholders' meeting.
 2. The Company uploads the annual report in both English and Chinese before the 18th day of the general meeting, and simultaneously uploads the notice of meeting and the handbook in both English and Chinese before the 30th day of the meeting.
 3. Cash dividends are distributed annually based on profitability and are paid within 30 days after the ex-dividend date to protect shareholders' rights and interests.
 4. Established the "Procedures for Handling Material Internal Information" to prohibit insiders, such as directors and employees, from making use of information that is not available in the market to gain profits and to prevent insiders from obtaining improper profits for themselves, and regularly conducts insider trading prevention counseling for insiders and employees every year.
 5. In accordance with the Code of Corporate Governance Practices, insiders' stock trading controls from the date of receipt of the Company's financial reports or related results include, but are not limited to, prohibiting trading in the Company's stock during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.
- Strengthen the structure and operation of the board of directors
 1. The "Code of Corporate Governance Practices" was approved by the Board of Directors and published on the Company's website and on the Market Observation Post System.
 2. A Nominating Committee has been established to establish and develop the organizational structure of the Board of Directors and its committees, and to evaluate the performance of the Board of Directors, its committees, directors, senior managers, and the head of internal audit, as well as the independence of independent directors.
 3. The nomination and selection of the Board of Directors follows the provisions of the Company's Articles of Incorporation, adopts the candidate nomination system, and complies with the "Regulations Governing the Election of Directors" and the "Code of Corporate Governance Practices" to ensure the diversity and independence of the Board of Directors.
 4. All independent directors of Axiomtek shall be appointed for a term not exceeding

three consecutive terms.

5. In addition to the Compensation Committee and the Audit Committee, Axiomtek has voluntarily established a non-statutory functional committee, the Nomination Committee, with more than half of the members being independent directors, and a Head of Corporate Governance, whose main duties are to handle matters related to the meetings of the Board of Directors and shareholders in accordance with the law, prepare minutes of the meetings of the Board of Directors and shareholders, and assist the directors in taking office and continuing education. The main duties of the Head of Corporate Governance are to handle matters related to the meetings of the Board of Directors and shareholders in accordance with the law, prepare minutes of the meetings of the Board of Directors and shareholders, assist the directors in their appointment and continuing education, provide the directors with information necessary for the execution of their business, and other matters in accordance with the Company's Articles of Incorporation or contracts. In addition, in order to enhance the professional knowledge and legal quality of the directors, at least 6 hours of continuing education courses are arranged for the directors each year as shown in the table below (at least 12 hours of continuing education courses are arranged for the new directors), and the total number of hours of continuing education for the directors in FY2023 will be 43 hours, all of which will be related to the development of sustainable development.
6. The Company's Board of Directors regularly evaluates the independence of the certified public accountants on an annual basis and obtains a statement of independence from the certified public accountants as well as a report on the 112 Annual Audit Quality Indicators (AQIs).
7. Arranging separate communication between the independent directors and the head of internal audit and accountant every year and disclosing the communication status on the Company's website.
8. The Company has formulated risk management policies and procedures and a "Code of Practice on Risk Management" approved by the Board of Directors, disclosing the scope of risk management, organizational structure, and its operation, and reporting to the Board of Directors on a regular basis every year.
9. The Company has established a risk management framework for information and communications security, formulated information and communications security policies and specific management programs, and regularly reports to the Board of Directors on an annual basis.
10. All directors (including independent directors) of the Company have completed the hours of study in accordance with the "Implementation Guidelines for Directors and Supervisors of Listed and OTC Companies".
11. The appointment, dismissal, and evaluation of the head of the internal audit department shall be submitted to the Nomination Committee for consideration, and the remuneration shall be submitted to the Compensation Committee for approval, and then to the Board of Directors for approval before implementation.
12. To enhance the performance of the Board of Directors, the Company appoints an external third party to conduct performance evaluation every three years. In 2021, the Company appointed the Chinese Corporate Governance Association to conduct an external performance evaluation of the Board of Directors, and the Association issued a report on the evaluation of the performance of the Board of Directors on June 15, 2021, and will disclose the status of the implementation of the program and the results of the evaluation on the Company's website and in the annual report.

Directors' further education in 2023:

Title	Name	Date of training		Organiser	Course Name	Hours of study
		start	End			
Chairman of the Board	Yang, Yu-Te	112/04/25	112/04/25	Taiwan Corporate Governance Association	Offensive and Defensive Strategies in Disputes over Operating Rights and the Risk of Legal Liability of the Company's Responsible Persons (Independent Directors)	3
		112/11/16	112/11/16	Accounting Research and Development Foundation	[Technology Sustainability] Digital Technology and Sustainable Transformation	3
Director	Liu, Wei-Ting	112/06/07	112/06/07	Taiwan Institute of Directors	The Future of Enterprises in a War Zone: Tactical Shift & Strategic Transformation	3
		112/08/12	112/08/12	Taiwan Institute of Directors	Legacy Strategies of a Century-old Company	3
Director	Tsai, Shih-Yang	112/08/29	112/08/29	Taiwan Corporate Governance Association	How to amplify your impact, contribute to sustainable SDGs and increase your corporate value	3
		112/09/25	112/09/25	Securities and Futures Institute	Corporate Governance & Securities Regulation	3
Director	Huang, Jui-Nan	112/02/07	112/02/07	Taiwan Corporate Governance Association	Information Security Governance in Practice: An Analysis of Key Management Issues	3
		112/12/22	112/12/22	Taiwan Corporate Governance Association	Carbon Connections: Carbon Fee, Carbon Tax, Carbon Rights and Carbon Trading	3
Independent Director	Lin, Yih-Jong	112/06/02	112/06/02	Taiwan Corporate Governance Association	Commercial Litigation and Dispute Resolution Practice Review	3
		112/11/14	112/11/14	Taiwan Corporate Governance Association	Emerging Money Laundering Patterns and Regulatory Trends	3
Independent Director	Chang, Jen-Chih	112/03/06	112/03/06	National Federation of CPA Associations of ROC	Essentials of Business Tax Returns and Explanation of Doubts	7
Independent Director	Yu, Chwo-Ming	112/11/14	112/11/14	Independent Director Association Taiwan	The Group's M&A strategy and post-investment management	3
		112/12/15	112/12/15	Taiwan Corporate Governance Association	How to Strengthen Strategy Execution	3

- Increasing information transparency
 1. During the year, the Company has not been subjected to liquidated damages for violation of the “Procedures for Verification and Disclosure of Material Information of Listed Companies” or the “Procedures for Reporting Information of Listed Companies”.
 2. The Company discloses information in both English and Chinese, including material information, notice of shareholders' meeting, meeting handbook, annual report and financial report.
 3. The company publishes its annual financial report within 2 months after the end of the accounting year.
 4. The Company's financial reports are approved by the Board of Directors or presented to the Board of Directors 7 days before the announcement deadline, and the financial reports are published within 1 day after the approval date or presentation date.
 5. The Company has voluntarily disclosed the individual emoluments of the directors in the annual report.
 6. The Company's annual report voluntarily discloses the amount and nature of audit and non-audit fees paid to the certified public accountants.
 7. The Company has established a corporate website in English and Chinese, which contains financial, business and corporate governance information.
 8. Axiomtek is invited to hold 2 corporate meetings in FY2023, and the first and last corporate meetings will be held more than 3 months apart.
- Implement corporate social responsibility
 1. The Company established the Sustainable Development Committee in February 2021, which is responsible for promoting various aspects of corporate sustainability, including environmental sustainability, corporate social responsibility, corporate governance, integrity management, and risk management, to popularize the concept of sustainable management, to achieve full participation of all employees, and to implement the effectiveness of the implementation.
 2. In order to strengthen the corporate governance function and the goal of sustainable development, the organization of the Sustainable Development Committee was adjusted to become a functional committee of the Board of Directors in October 2023, with the first committee members being President Huang Ruinan, Independent Director Zhang Nongchi, and Independent Director Yu Zhuo Min, and with President Huang Ruinan serving as the convenor and chairman of the meeting.
 3. The Sustainable Development Committee has set up a project secretary (human resources unit) to be in charge of consolidating the business of the Committee, integrating the annual plans and execution results of each working group to report to the Committee, and coordinating and tracking the implementation of the annual plans agreed upon by the Committee by each working group.
 4. The Company has completed the preparation and uploading of the annual report to the Company's website and Market Observation Post System (MOP) by the end of June, in accordance with the guidelines for the preparation of internationally recognized reports.
 5. The Company requires its major suppliers to sign the “Axiomtek Integrity Commitment” to establish a pure and honest long-term trading relationship, to pursue the sustainable growth of the performance of both parties, and to make joint efforts to improve the situation of corporate social responsibility.
 6. The Company has formulated policies and specific management programs for the

protection of human rights with reference to international human rights conventions, which have been disclosed on the Company's website and annual report.

7. The Company's website and annual report have disclosed the integrity management policy approved by the Board of Directors, specifying specific practices and programs to prevent dishonest behavior.
8. Entered into a contract with Taiwan Central Depository & Clearing Corporation (TCCDC) for "Electronic Notification Service for Stock Affairs" to encourage shareholders to comply with the trend of energy saving and carbon reduction in the future, and to improve the efficiency of notification.
9. Participated in the "Sustainable Deposit Program" of the Monte Jade Bank in the amount of NT\$10 million, to jointly commit to sustainable development, to take concrete actions in response to the impacts of climate change, environmental protection, etc., and to realize ESG together. The funds from this sustainable deposit are used for credit and investment projects that are in line with the green, ESG, and other related sustainable projects.
10. Participated in E.SUN BANK's "Sustainable Deposit Program" of NT\$10 million, to jointly commit to sustainable development and take concrete actions in response to climate change, environmental protection, and other impacts, and to practice ESG together. The funds of this sustainable deposit will be used for credit and investment projects in line with green and ESG sustainability.

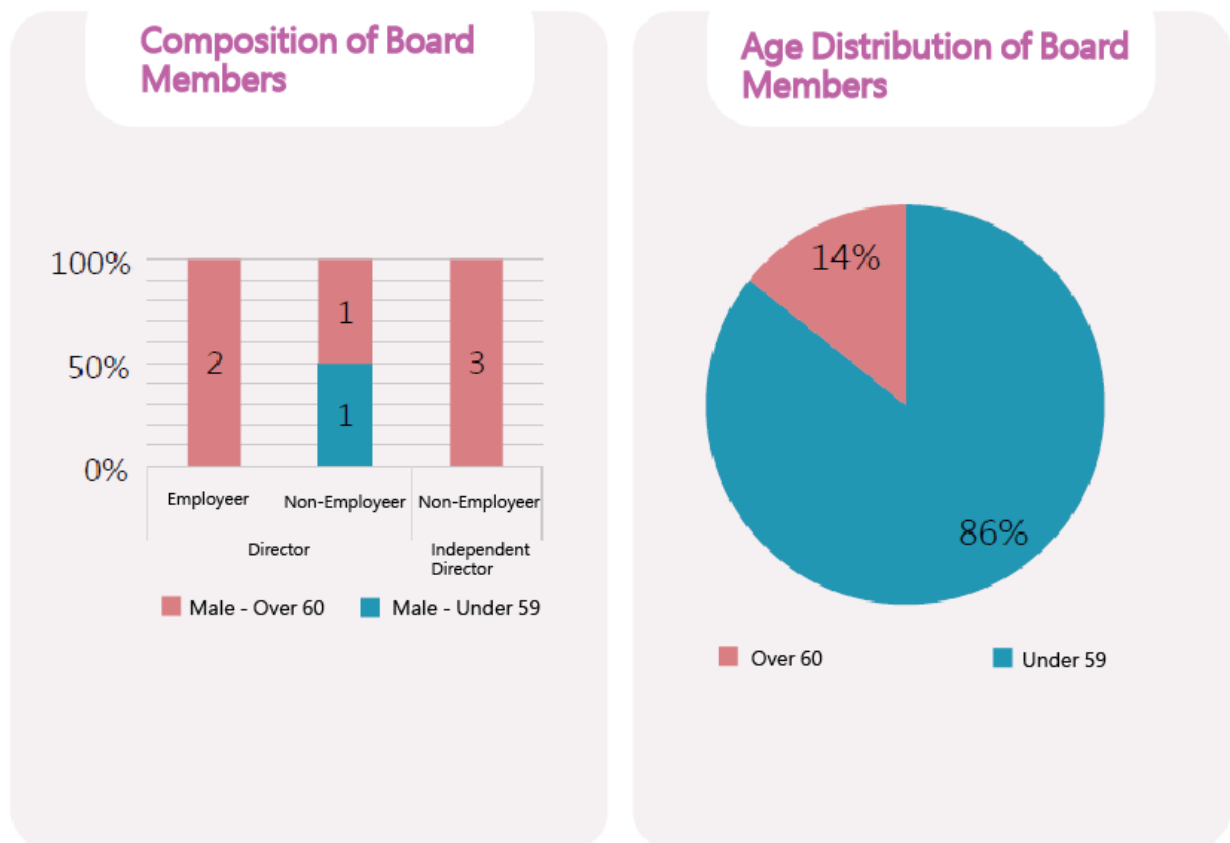
1.2.4 Board of Directors



Currently, the Board of Directors consists of 7 directors (including 3 independent directors) with a term of 3 years. The Board of Directors adopts a candidate nomination system, whereby shareholders elect the directors from a list of candidates, and they are eligible for re-election. The board of directors of the Company is convened at least quarterly. The board of directors' meeting shall be convened by stating the reasons for the meeting and notifying each director seven days in advance; however, the meeting may be convened at any time in the event of an emergency. A director who has an interest in a matter that concerns him/her or the legal entity he/she represents shall explain the significance of his/her interest at the board of directors' meeting and shall not participate in the discussion or vote on the matter if it is detrimental to the interests of the Company. He/she shall abstain from the discussion or vote and shall not act as a proxy for other directors in exercising his/her right to vote. Axiomtek held 6 (A) board meetings in fiscal year 2023, with 100% attendance of all directors. The operation of the board of directors was in accordance with the relevant provisions of the Act and the Rules Governing the Conduct of Board Meetings, among which, the board of directors shunned the board of directors' interest once, please refer to P23 of the annual report of the shareholders' meeting for fiscal year 2023, and the other directors' appointment and cross-shareholding situation, please refer to P12 of the annual report of the shareholders' meeting for fiscal year 2023.

The Company regularly conducts an annual evaluation of the performance of directors on a scale of 1 (very poor) to 5 (excellent), and the average score for 2023 is 4.78, which is excellent, indicating that the overall operation of the Company's Board of Directors and functional committees is still in good condition and in line with the spirit of corporate governance; the Company's directors actively participate in the Board of Directors, and have positively evaluated the efficiency and effectiveness of the operation of various assessment indicators. The Board of Directors consists of 7 directors (including 3 independent directors), of which 100% are currently

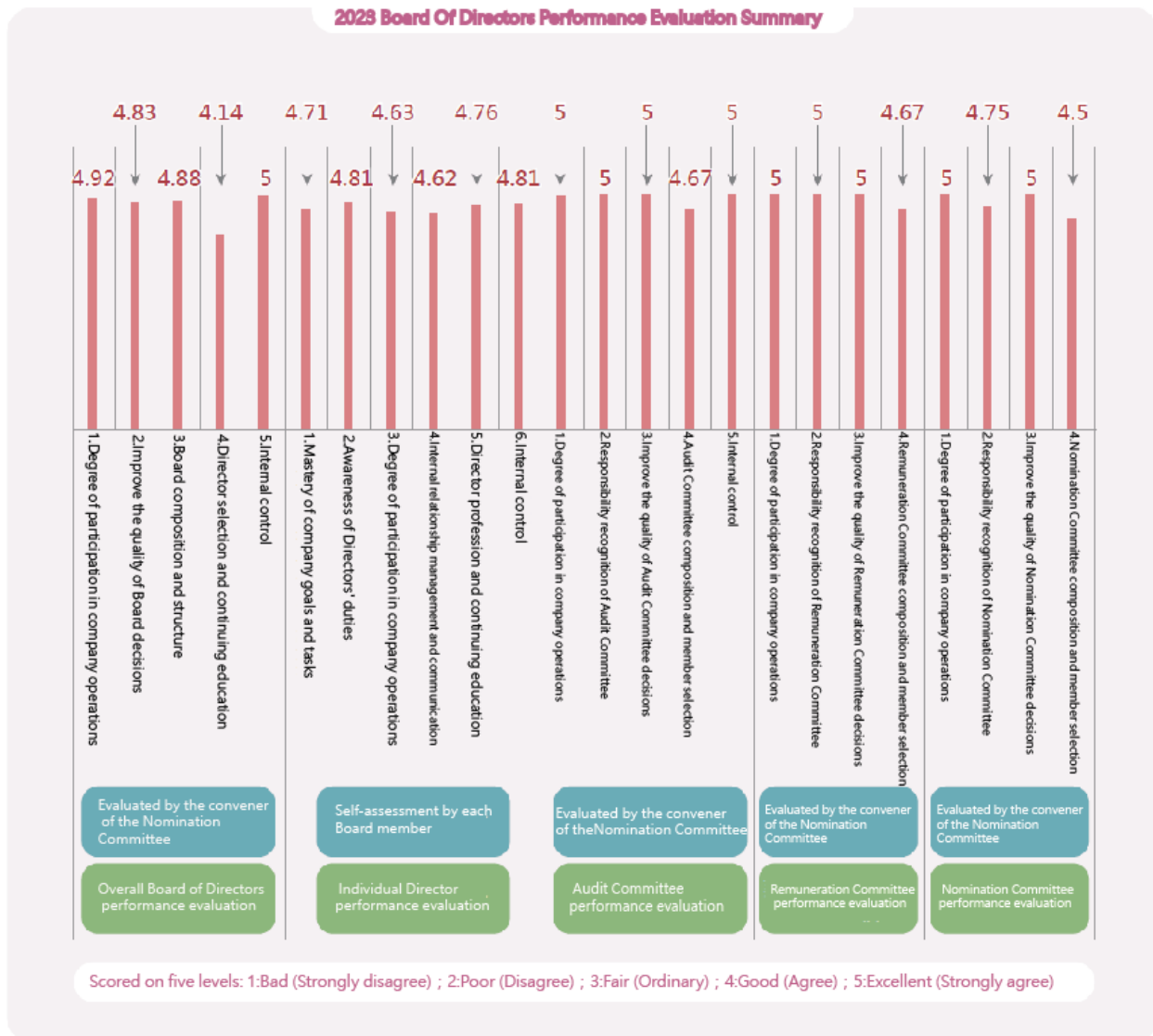
male. In the future, the Board of Directors will consider diversification in its composition and will formulate appropriate diversification policies with respect to the Company's own operations, business model and development needs, taking into account not only the basic qualifications and values such as gender, age, nationality and culture, but also their professional knowledge and skills, including their professional backgrounds (e.g., law, accounting, industry, finance, marketing or technology), and their ability to perform their duties in a professional capacity. professional background (e.g. law, accounting, industry, finance, marketing, or technology). A diverse Board of Directors with a variety of perspectives and opinions, such as professional skills and industry experience, will enhance the quality of decision-making and benefit the Company's shareholders and other stakeholders.



Axiomtek has established the "Code of Corporate Governance" and "Internal Operating Procedures for Handling Material Information" to implement the functions of corporate governance units, balance the rights and interests of stakeholders, and communicate material information. Each department interacts with stakeholders through routine duties on a daily basis, and in the event that there is a potentially significant negative impact between a stakeholder and the company, the relevant due diligence will be carried out by the department in charge and assessed whether to report to the Board of Directors depending on whether the specific results will cause significant harm to the overall operation of the company. In the event of a potentially material negative impact between an interested party and the Company, the relevant due diligence investigation will be conducted by the responsible department, and depending on whether or not the specific results will cause significant harm to the Company's overall operations, the Board of Directors will evaluate whether or not to report the results to the Board of Directors, and ultimately, the Board of Directors will make a resolution on the due diligence report submitted by

the department and submit it to the responsible department for implementation. There were no negative material events between the Company and its stakeholders in 2023, so there is no record of reporting to the Board of Directors, and the ESG-related information reported to the Board of Directors in 2023 is as follows:

Nature	Frequencies
Greenhouse Gas Inventory Programme Report	4
Information Security Performance Report	1
Integrity Management Performance Report	1



In March 2021, the Company appointed the Chinese Corporate Governance Association (CCCGA) to conduct a board of directors' performance evaluation. The CCCGA completed a self-assessment of the Company using an open-ended questionnaire, and the CCCGA's evaluation committee members and the Commissioner jointly conducted a video written review and a video interview to assess the eight components of the board of directors' composition, guidance, authorization, supervision, communication, internal control and risk management, self-regulation of the board of directors, and other components of the board of directors' performance, including the board of directors' meetings and the support system, etc. The Board of Directors' Performance Evaluation Report was released on June 15, 2021, and the certificates of board of directors' performance evaluation are listed as follows:

 社團法人中華公司治理協會

董事會績效評估證明

茲證明

艾訊股份有限公司

委託本協會執行外部董事會績效評估服務專案

本協會委派三位評估專家

審閱公司自民國 109 年 5 月 1 日至 110 年 4 月 30 日期間相關文件

110 年 6 月 3 日與公司進行視訊訪評

110 年 6 月 15 日出具董事會績效評估報告

綜整本協會對公司董事會之總評與建議事項

特此證明



理事長

陳清祥

依照分層負責規定
授權單位主管簽發

中 華 民 國 110 年 6 月 15 日

This is to certify

Axiomtek Co., Ltd.

Entrust the Association to implement the external board performance evaluation service project.

The Association appointed three evaluation experts to review the Company's relevant documents from May 1, 2020 to April 30, 2021.

Video conferences with the Company management team and Board members on June 3, 2021.

The performance evaluation report of the Board of Directors has been issued on June 15, 2021, which summarizes the general evaluation and suggesting of the Association to the Company's Board of Directors.

Hereby certify

Chairman Chen Qing-Xiang
Taiwan Corporate Governance Association

June 15, 2021

- Summary of communication between the Independent Directors, head of internal auditor and the CPAs

Summary of communication between the Independent Directors, head of internal auditor and the CPAs

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
Head of Internal Auditor	Feb 23, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou CPA Feng, Ming-Chuan, CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2022 Q4 audit report 2. The status of the execution of the internal control system and the results of the self-audits 3. Discuss the effectiveness of the 2022 internal control system and the internal control system statement. 4. Explanation and discussion on the revision of the "Internal Control System" and "Internal Audit Implementation Rules" of the company.	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Apr 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou	1. 2023 Q1 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Jul 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2023 Q2 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Oct 26, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: Manager Raby Cheng, Manager May Yang	1. 2023 Q3 audit report 2. 2024 annual audit plan	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
Jan 21, 2023 Feb 23, 2023 Mar 29, 2023 May 12, 2023 Jun 8, 2023 Jul 5, 2023 Aug 9, 2023 Sep 4, 2023 Oct 5, 2023 Oct 31, 2023 Dec 4, 2023 Jan 2, 2024 Internal audit				

Summary of communication between the Independent Directors, head of internal auditor and the CPAs

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
Certified Public Accountant	Feb 23, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou CPA Feng, Ming-Chuan, CPA Lin, Po-Chuan, Manager Raby Cheng	1. Explain and communicate the results of the audit for 2022 parent company only and consolidated financial reports. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures. 3. Audit quality index (AQI) and pre-approval non-assurance service policy. 4. CPA explained to questions raised by the Audit Committee.	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed.
	Jul 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Lin, Po-Chuan, Manager Raby Cheng	1. Explain and communicate the review results of 2023 Q2 consolidated financial statements and the review plan for 2023. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures. 3. CPA explained the questions raised by the Audit Committee.	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed.
	Oct 26, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: Manager Raby Cheng, Manager May Yang	1. Explain and communicate the review results of 2023 Q2 consolidated financial statements and the review plan for 2023. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures. 3. CPA explained the questions raised by the Audit Committee.	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed.

1.2.5 Remuneration Committee

The Company set up a Remuneration Committee on August 29, 2011. The Remuneration Committee is composed of three Independent Directors. The Independent Director Lin, Yih-Jong served as the convener of the current committee. The members of the committee should perform the following duties faithfully with the attention of kind managerial officers, and be responsible to the Board of Directors, and submit the recommendations to the Board for discussion:

- Establish and regularly review policies, systems, standards and structures for performance evaluation and compensation of directors, managers and auditors.
- Regularly evaluates and determines the compensation of directors, managers and auditors.

The current term of the Commissioners is from July 5, 2021 to July 4, 2024, and the Compensation Committee met four times in FY2023 with 100% actual member attendance.

The Company's policy on directors' remuneration is mainly in accordance with the "Operating Procedures for Evaluation of the Performance of the Board of Directors" and the "Regulations Governing the Allocation of Directors' Remuneration". In accordance with Article 27 of the Company's Articles of Incorporation, if the Company makes a profit (i.e., net income before income tax, less employees' remuneration and directors' remuneration) during the year, no more than 2% of such profit shall be set aside as directors' remuneration. However, if the Company has accumulated losses (including adjustments to unappropriated earnings), the amount should be set aside in advance. Directors' remuneration shall be paid in cash only. The proportion of the annual

total compensation of the general manager and employees is not disclosed for the current year in consideration of the confidentiality of the information but is planned to be included in the future in consideration of the degree of transparency of the industry. 2023, the Company has not yet linked the ESG development objectives and performance to the personal compensation of the members of the Board of Directors and plans to include it in the next three years to strengthen the effectiveness of governance of the Board of Directors.

1.2.6 Audit Committee

Since June 3, 2015, Axiomtek has established an Audit Committee. The Audit Committee consists of all independent directors, and its number shall not be less than three, and at least one of them should have accounting or financial expertise. The current Committee is convened by CPA Chang Imchi, an independent director. The purpose of the Audit Committee is to assist the Board of Directors in carrying out its supervisory duties and responsibilities under the Securities and Exchange Law, the Company Law and other relevant laws and regulations.

The term of the current membership is from July 5, 2021 to July 4, 2024, and the Audit Committee met five times in FY2023 with 100% actual member attendance.

1.2.7 Nominating Committee

Axiomtek established the Nomination Committee on October 26, 2016 in order to improve the functions of the Board of Directors of the Company and to strengthen the management mechanism. The Committee is composed of at least 3 directors elected by the Board of Directors, of which a majority of independent directors should participate. The current term of the Committee is convened by Mr. Yu Cheuk Man, an independent director. The identities and expertise of the members of the Nomination Committee are set out below, and the 3 members have the necessary professional competence to perform the duties of this Committee:

Name	Title	Professional Qualifications
Yu, Chwo-Ming	Independent Director	Business management, industry knowledge, leadership decision-making
Lin, Yih-Jong	Independent Director	Financial & Accounting, operational judgment, leadership decision-making
Yang, Yu-Te	Director	Business management, industry knowledge, leadership decision-making

With the authorization of the Board of Directors, this Committee shall faithfully perform the following duties with the care of a good steward and shall submit its recommendations to the Board of Directors for discussion:

- To set standards for the diversity of backgrounds and independence of board members and senior managers in terms of expertise, skills, experience, and gender, and to identify, review and nominate candidates for directors and senior managers accordingly.
- Constructing and developing the organizational structure of the Board of Directors and its committees, conducting performance evaluations of the Board of Directors, its committees, directors, senior managers, and the head of internal audit, and evaluating the independence of the independent directors.
- Establishing and periodically reviewing plans for the advancement of directors and succession planning for directors and senior managers.
- Establishment of the Company's Code of Corporate Governance Practices.

The term of office of the current members is from July 13, 2021 to July 4, 2024. The Nominating Committee met twice in FY2023 and the actual attendance rate of members was 100%.

1.2.8 Sustainable Development Commission

In February 2021, Axiomtek formed a Sustainable Development Committee comprising the General Manager and the Head of Operations, which is overseen by the Audit Committee. Under the Committee, five working groups have been set up for the implementation of environmental sustainability, corporate social responsibility, corporate governance, integrity management and risk management.

To implement corporate sustainable development, the organization of the Sustainable Development Committee was adjusted to become the Functional Committee of the Board of Directors in October 2023, with three members, comprising the General Manager and two independent directors appointed by resolution of the Board of Directors. In order to assist the Board of Directors in continuing to promote the assessment of and response to risks in the environmental, social, and corporate governance aspects of the enterprise in order to realize the purpose of sustainable management, its terms of reference shall include the following matters:

- To formulate sustainable development directions and objectives in the areas of environmental sustainability, corporate social responsibility, corporate governance, integrity management and risk management, and to draw up relevant management policies and specific promotion plans.
- Promote and implement the direction and objectives of sustainable development of the company.
- Tracking, reviewing, and revising the implementation and effectiveness of corporate sustainable development.
- Other matters to be handled by the Committee as resolved by the Board of Directors.

The term of office of the current members of the Committee is from October 26, 2023 to July 4, 2024, and there is no record of formal meetings held in fiscal year 2023 since the adjustment of the Committee's organizational structure.

1.2.9 Internal audit organization and its implementation

- Internal Audit Organization
 1. The internal audit unit is an independent unit under the Board of Directors and reports directly to the Audit Committee and the Board of Directors. 2) The internal audit department is staffed with one to two full-time auditors, one of whom is the head of the audit department.
 2. The internal audit department is staffed with one to two full-time auditors, one of whom is the head of the internal audit department, and the appointment and removal of the head of the internal audit department is subject to the approval of the Audit Committee and the Board of Directors.
 3. The appointment, removal, evaluation, and compensation of the internal auditor shall be approved by the Nomination Committee and the Compensation Committee and discussed by the Board of Directors.
- Enforcement
 1. Goal: In accordance with the audit plan approved by the Board of Directors, assisting the Audit Committee, the Board of Directors, and the managers in inspecting and reviewing the implementation of the internal control system, and providing timely recommendations for improvement to ensure the continuous and effective

implementation of the internal control system and to promote the sound operation of the Company.

2. Internal Auditing: Internal Audit: Audit operations are conducted in accordance with the annual audit plan, and audit reports are prepared after reviewing each operation. If any problems are found, the results of improvement will be tracked to ensure that the relevant units have taken appropriate improvement measures and reported to the Audit Committee and the Board of Directors. 24 audit reports were submitted in 2023, with a total of 2 recommendations for improvement, and the units under inspection were notified to take the appropriate improvement measures in accordance with the recommendations. All recommendations have been finalized.
3. Internal Control Self-Assessment (ICSA): At least one internal control self-inspection is conducted every year, and the internal audit unit reviews the self-inspection report of each unit, which serves as the main basis for the Board of Directors to assess the effectiveness of the internal control system and issue the statement of internal control system.

- Stakeholder Consultation and Grievance Channels

To implement the core values of the Company's integrity management culture and in accordance with the Company's "Code of Business Integrity" and "Guidelines for Reporting Illegal, Unethical or Dishonest Behaviour", the Company has established a reporting channel and a response window for shareholders and investors, external suppliers and customers, and internal colleagues. An investor relations section has been set up on the Company's website in both English and Chinese to provide contact information for stakeholders, who may communicate with the Company and consult with it to protect their legitimate rights and interests.



1.2.10 Socio-economic regulations follow

Axiomtek hereby formulates the "Axiomtek Code of Ethical Conduct" in accordance with the "Reference Model for the Code of Ethical Conduct for Listed and OTC Companies" to guide the directors, managers, and employees to act in accordance with the values and ethical standards of Axiomtek's organization and to enable the stakeholders to have a better understanding of the company's ethical standards. In order to implement the "Axiomtek's Code of Ethical Conduct" and the "Company's Code of Ethical Conduct" and to ensure the legitimate rights and interests of the whistleblower and the other party, the "Guidelines for Reporting Illegal and Unethical or Dishonest Behavior" have been formulated for the purpose of compliance with the Guidelines.

Compliance with laws and regulations is a fundamental requirement of corporate governance. Axiomtek attaches great importance to compliance with laws and regulations by the company and all employees, and annually reaffirms internally from time to time the ethical standards of business ethics, corporate governance, and employee moral integrity, and adheres to the principle of

honesty and integrity to abide by the laws and regulations of the place of operation. In addition to the definition of material events in accordance with the regulations on the procedures for the investigation and public handling of material information of listed and over-the-counter companies, after the discussion of the first-level supervisors and the approval of the president, it is defined as a material event when the accumulated amount of fines and fines reaches more than NT\$1,000,000 in a single incident. In the event of a material event, a description of the event is disclosed in the relevant section of the report.

Axiomtek has always complied with the law and the following events have not occurred in 2023:

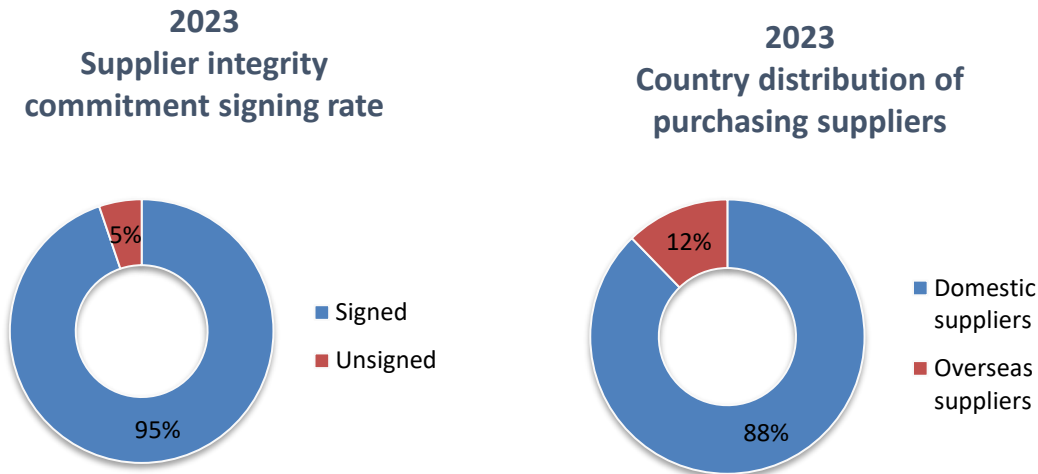
- 1) A significant monetary penalty or non-monetary sanction for a violation of a law or regulation.
- 2) Products or services that violate consumer health and safety laws and regulations or self-regulatory codes.
- 3) Violation of information or labeling laws or regulations.
- 4) Marketing activities (including advertising, promotion or sponsorship) in violation of relevant laws and regulations or self-regulatory codes.
- 5) A major fine for violation of laws and regulations related to the provision or use of products or services.
- 6) There were no violations arising from the Integrity Incident.

Management of major issues: Socio-economic regulations follow	
Item	Abstract Description
Issues Affecting Borders	Internal organization, suppliers, customers
Management Mechanism	<ul style="list-style-type: none"> ● Enhance employees' awareness of compliance with laws and regulations and ensure that the operations of the Company's various locations can comply with changes in domestic and international regulations and policies and reduce the Company's operational risk due to violations of laws/regulations or changes in regulations. ● Pay attention to the relevant laws and regulations (including but not limited to import and export laws and regulations, labor laws and regulations, etc.) of the locations where the company has its branches and organize legal education according to the needs of the business.
Goal	<p>Short-term: Continuously promote the concept of the rule of law, and cooperate with the promotion of the company's integrity management operating procedures and behavioral guidelines.</p> <p>Medium and long term: Implement the concept of honest management and achieve compliance with laws and regulations throughout the company.</p>
Methods of Action	<p>Short-term: The Legal Affairs Office is constantly aware of the risks of various domestic and overseas operational regulations and organizes educational and training courses as required.</p> <p>Medium and long term:</p> <ol style="list-style-type: none"> 1. Cooperate with the Audit Office and the Finance Department to monitor internal control risks and formulate or amend internal management rules as necessary. 2. Pay attention to the latest local regulations and policy changes to reduce the company's domestic and overseas data point operation risks, and organize the compliance of laws and regulations to the operating points as required.
2023 Executive Effectiveness	There were no significant events in 2023.

1.3 Supplier

The Company has adopted a "Code of Business Conduct on Corporate Integrity" which requires that contracts with its suppliers, customers or other business counterparties include provisions for adherence to the Business Conduct Policy and for termination or rescission of contracts at any time in the event of dishonest conduct on the part of the counterparty.

Axiomtek works closely with its suppliers to enhance the corporate social responsibility situation and organizes an online course every year to continuously educate the major suppliers. Axiomtek requires all major suppliers to sign the "Axiomtek Integrity Commitment" to establish a pure and honest long-term trading relationship, and to jointly pursue the sustainable growth of the performance of both parties.

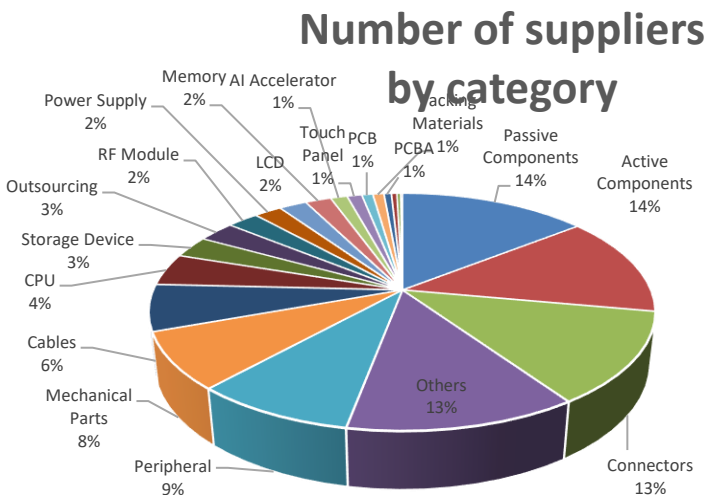


Among the 517 suppliers of raw materials purchased by the Company, 490 of them have signed the "Axiomtek Pledge of Integrity", with the percentage of signing reaching 95%. The Company prioritizes domestic suppliers in its procurement, with 88% of the procurement amount from domestic suppliers and 12% of the procurement amount from imported suppliers from the U.S. and China in fiscal year 2023.

Supply Chain Profile

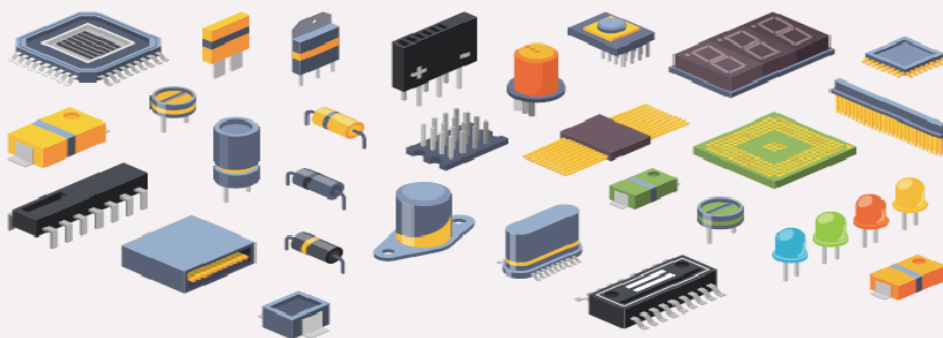
The Company's purchases are broadly categorized into chipsets, central processing units, printed circuit boards, liquid crystal panels, power supplies and industrial computer cases. Over the years, the main suppliers of raw materials for the company's products have come from domestic and foreign factories with good quality and reputation and have maintained a long-term stable relationship, so that the company does not suffer from a shortage of raw materials for the production of the company.

In the supply chain, to achieve the goal of environmental protection, we continue to recommend product units to reduce the use of EPE cushioning material and switch to all-paper packaging material as much as possible. Upstream PCB suppliers are also introducing environmentally friendly manufacturing processes and equipment to complete the concept of sustainable supply chain. The supply of major raw materials is summarized as follows:



Supply Chain Profile

Processors, Chipsets	Synnex 、 Arrow 、 Avnet 、 Weikeng 、 WT
Printed Circuit Boards	Everlast Win 、 Ellington 、 Circuitech
LCD Panel	Kyocera 、 Promate
Power Supply	FSP
Chassis	TZANG YANG 、 SCANNING 、 ALPMETAL
Connectors	Supercon 、 Helm
Capacitors	Nichidenbo 、 HSIN BUNG
Peripheral	Innodisk 、 Transcend



Material Purchasing Risk Management and Strategy

Material control is the key to the company's smooth operation. Since the outbreak of Xin Guan epidemic, the supply of materials has not been smooth, which has seriously threatened the company's operation, Axiomtek has the following procurement strategy:

Optimized PVL(Preferred Vendor List)

Strengthen the adhesion with main suppliers through centralized procurement strategy, achieve efficient cooperative management through convergence and concentration, and achieve high quality and stable delivery to reduce risks.

Reguar supplier risk assessment management

If the assessment result as a high-risk supplier, the assessment team needs to go to the supplier to conduct an on-site audit and ensures its controllable in order to accept as a qualified supplier.

Raise the inventory level of key materials and plan long-term delivery orders

Build up a supplier market information platform and announce industry news internally. The responsible sourcing personnel would propose suggestions for procurement strategy which could be implemented immediately after approval, in order to act preemptively. Major customer projects are reviewed and followed-up from production capacity to price reduction strategy, through regular meetings between procurement and suppliers in responds to regular business communication and feedback from Sales and customers.

Optimized PLM (Product Life-cycle Management) System

If the material has risk or end-of-life notice, the material status will be maintained immediately and informed to the relevant team members internally.

Optimized RMM (Risky Material Management) platform and BCP (Business Continuity Plan)

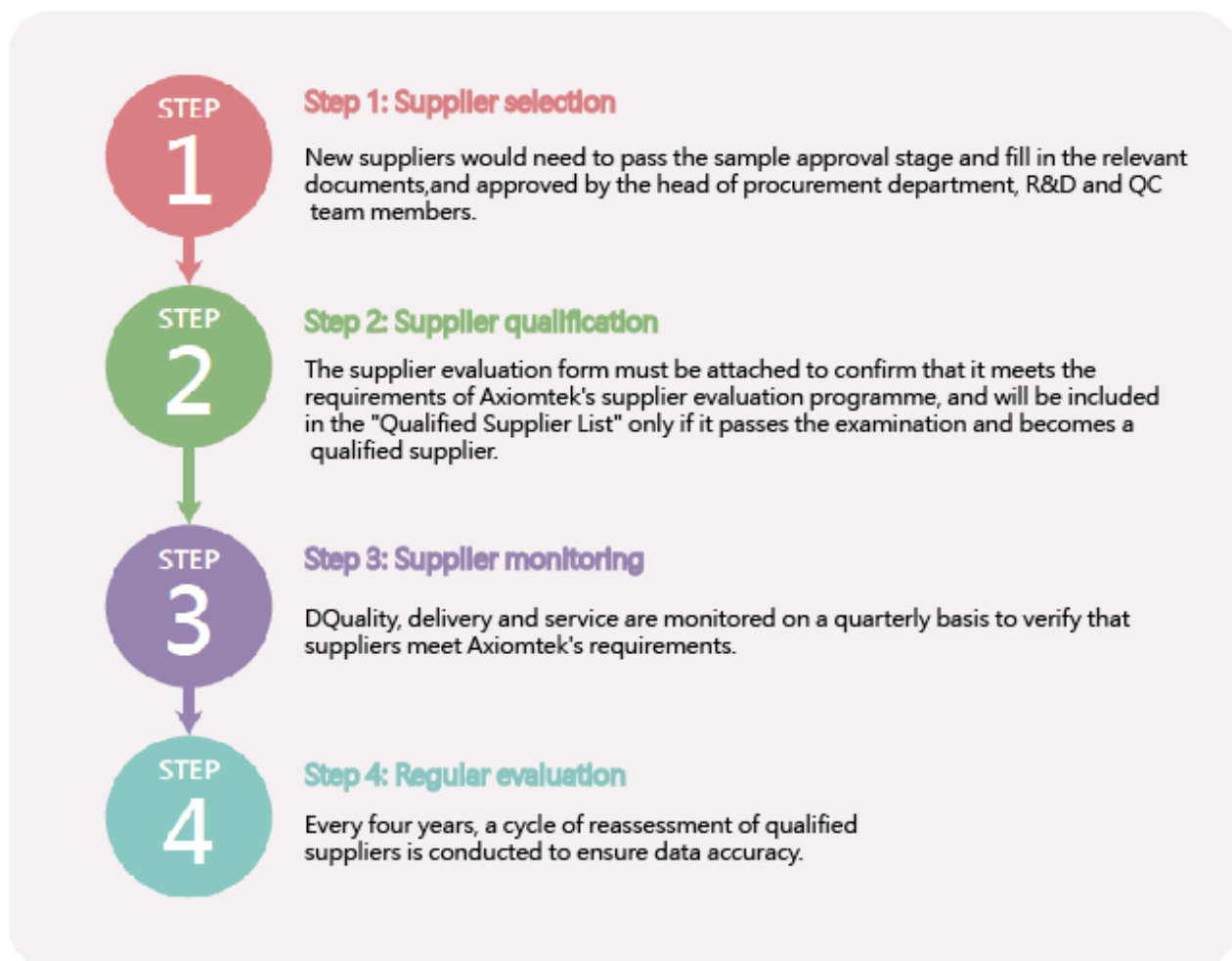
Geopolitics situation continue in tense, and the supply chain has potential risks. Second source solution needs to be established. Axiomtek accelerates the speed of information connection and evaluation and conducts census management of the origin of raw materials in specific regions to maintain stable quality and supply.

Supplier Audit Evaluation Status

- New supplier selection and audit, quarterly evaluation and periodic assessment mechanism

To enable raw material suppliers to establish a close working relationship with Axiomtek and feedback system, and to improve the quality of products, and to supply the materials needed for production in the right quantity and quality at the right time, in order to achieve stable quality and reduce costs. All suppliers are required to pass the evaluation standards set by Axiomtek's Supplier Management System to ensure that raw materials can meet the requirements of laws and regulations, and to manage the delivery status and quality of suppliers through the supplier evaluation and regular assessment mechanism. In addition to the original evaluation of operation management, environmental management, hazardous material management, occupational safety and health management, and corporate social responsibility management, suppliers are also evaluated.

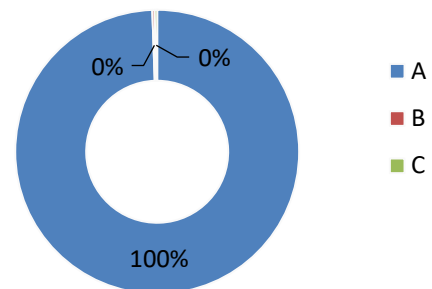
- Supplier Procurement Management Process



- **Supplier Evaluation/Audit**

In order to evaluate the quality and value-added of suppliers' products and services, Axiomtek conducts quarterly (January, April, July and October) supplier evaluations on quality, delivery and service, and determines the extent of future dealings with suppliers based on the evaluation results. Every quarter, if a supplier is a customized supplier with a grade of B or below and a grade of C or above, an audit list will be drawn up by the relevant unit at the quality meeting based on the scores. Purchasing confirms the audit schedule with suppliers based on the list, and conducts on-site audits in conjunction with QC, engineering, QA, etc., and re-conducts supplier evaluations.

2023 Q4 Supplier Evaluation



- **Determination and Processing of Assessment Levels**

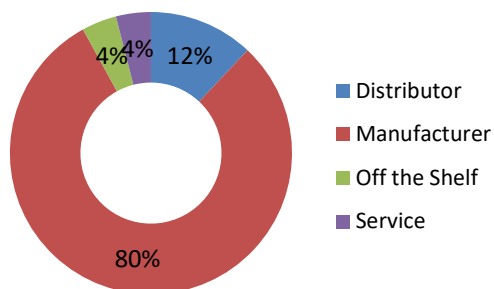
Axiomtek evaluated 364 suppliers in the fourth quarter of 2023. 362 suppliers were rated as "A", 1 was rated as "B", and 1 was rated as "C", but because it was designated to be utilized for the project, it was set up as a restricted procurement and managed by a project contract.



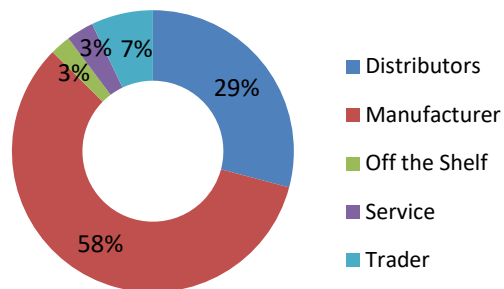
- Changes in Supply Chain

As a result of PVL's strengthening of its procurement relationship with its main suppliers and consolidation and reduction of supplier synergies, the number of suppliers will change significantly in 2023, with 25 new suppliers added and 127 suppliers discontinued.

**Number Of New Suppliers
In 2023**



**Number Of Deactivated
Suppliers In 2023**

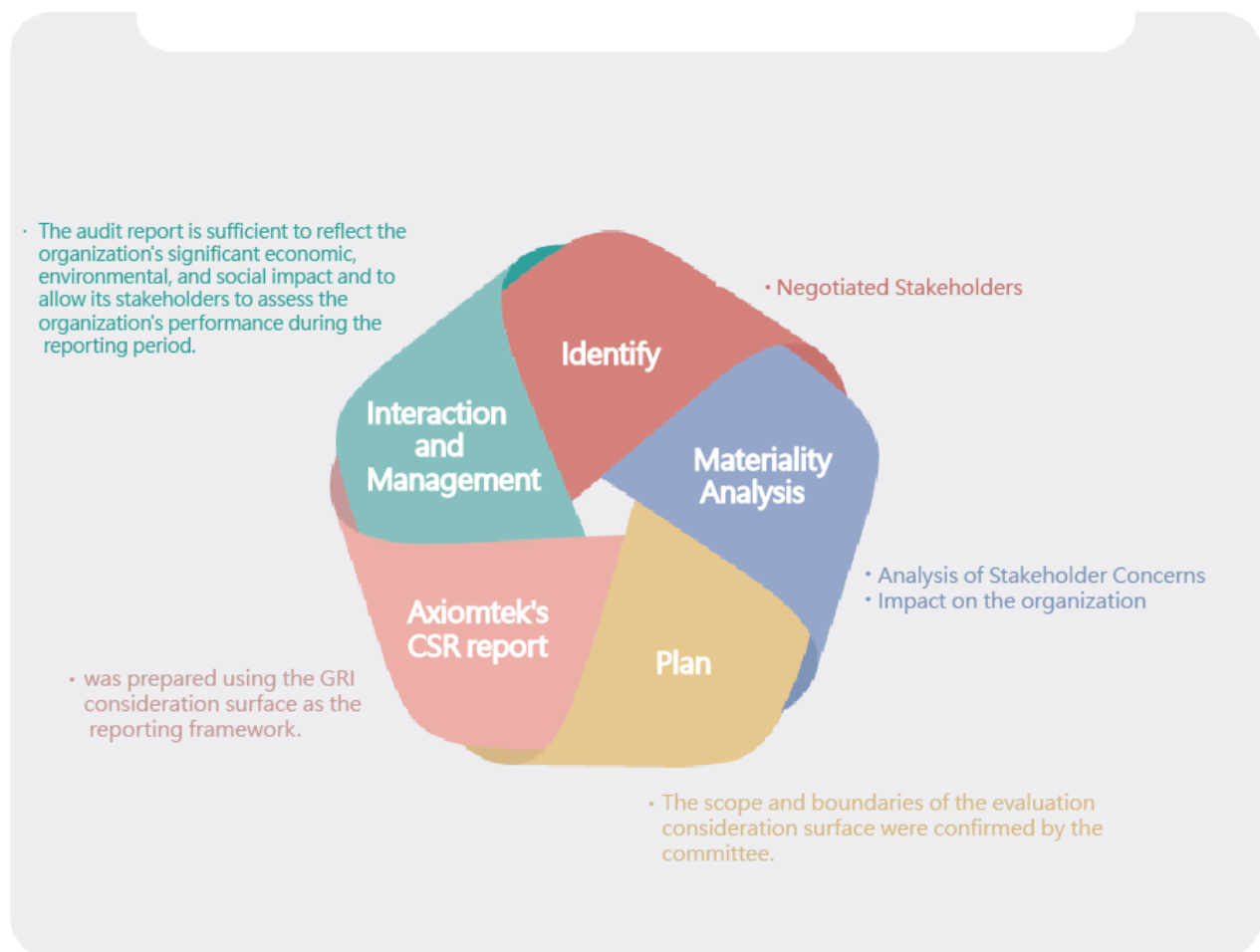


Chapter 2 Stakeholder Communication and Response

In order to realize sustainable management and Axiomtek's vision and goals, Axiomtek has set up a CSR team under the Sustainable Development Committee, which is jointly organized by the Human Resources Department and the Quality Assurance Department, to identify and manage the issues of concern to stakeholders through the "Plan-Do-Check-Act" model. Stakeholders' concerns are identified and managed through the "Plan-Do-Check-Act" model. In addition, various operation groups are set up to hold meetings from time to time to assist in ESG matters and review the effectiveness of implementation at any time, and the feedback collected through different communication channels will be included in the report for in-depth explanations and replies. For the management of stakeholder concerns, we have set the following objectives:

- **Integrity & Honesty:** Enable stakeholders to understand the company's integrity management policy and gain their trust, and maintain a good communication and response mechanism.
- **Caring for Employees and the Disadvantaged:** Axiomtek is committed to improving its business performance, giving back to the community and building up Axiomtek's reputation.
- **Green Design Products:** To develop low-power, high-efficiency green products with environmental protection as the starting point, and to fulfill our responsibility as a global citizen.

Axiomtek's identification of major themes and boundary process: Identify the stakeholders of Axiomtek's understanding of Axiomtek's impact on the target group, analyze the major issues of concern to the stakeholders, and propose management approaches and reviews, and finally provide information through multiple channels to respond and serve as the identification operation for the next reporting cycle.



2.1 Stakeholder Communication

Identification of interested parties

According to Freeman, the stakeholders of an enterprise are individuals or groups in an organization that will affect or be affected by the objectives of the organization. In short, they are the people who have an interest in the enterprise. Axiomtek discusses and identifies the stakeholders that are contacted by the personnel of production, sales, human resources, development, and finance departments in their operational activities and interactions, and determines the categories of the stakeholders and the targets of the stakeholders. Stakeholders include shareholders/investors, directors, customers, employees, suppliers, government, and others (including banks, brokerage firms, plant management centers, and neighboring communities).



Programs, Interactions and Operations

Axiomtek communicates with stakeholders through telephone, e-mail, and on-site visits, and has established a communication platform on its website. Through multiple communication channels, Axiomtek is able to obtain information from different categories or levels, and the information responded to by stakeholders will be handled by the relevant responsible units and feedback will be provided.

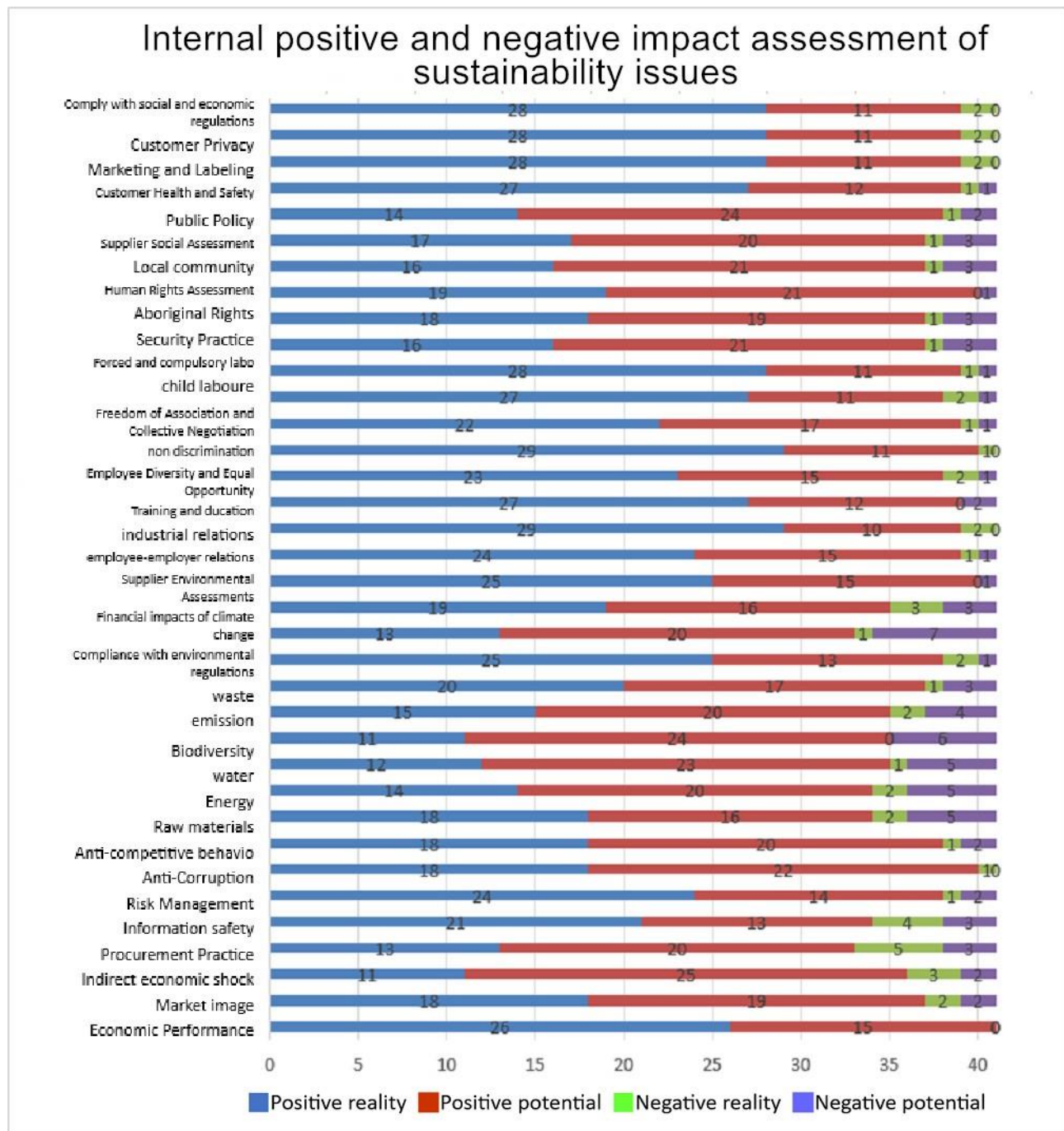
Table: Important Issues of Concern and Communication Channels of Axiomtek's Stakeholders

Stakeholders	Issues of Concern (Consideration)	Communication Pipes and Response Methods	Responding to Chapters
Shareholders/ Investors	Economic Performance	Shareholders' Meeting	Chapter1
	Waste Disposal	Stakeholder Area	Chapter6
	Environmental Compliance	Education and Training	Chapter6
	Supplier Environmental Assessment	Supplier Survey and Audit	Chapter6
Board of Directors	Economic Performance	Board of Directors	Chapter1
	Compliance with socio-economic regulations	Stakeholder Area	Chapter2
	Non-discrimination	Employee Feedback/Hotline/Training Programs	Chapter5
	Employee Supervision and Equality	Recruitment Policy	Chapter5
	Risk Management	Risk Assessment	Chapter2
Customers	Customer Health and Safety	Customer Satisfaction Survey	Chapter4
	Marketing and Labeling	Customer Business Review Meeting	Chapter5
	Customer Privacy	Interactive Seminars / Domestic and International Exhibitions	Chapter3
	Socio-Economic Compliance	Stakeholder Area	Chapter3
	Child Labor	Recruitment Policy / Employee Information	Chapter5
Employees	Economic performance	Internal website and email	Chapter1
	Employment relationship / Labor / Capital relationship	Employee Welfare Committee	Chapter5
	Education and training	Annual Training Plan/Online Learning Platform	Chapter5
	Occupational health and safety	Employee suggestion box/employee hotline	Chapter6
Suppliers	Anti-corruption	Education and training	Chapter1
	Occupational health and safety	Company website stakeholders' section	Chapter4
	Forced labor and compulsory labor	Employee suggestion box/Employee hotline	Chapter5
	Customer privacy	Customer Satisfaction Survey	Chapter3
Governments	Compliance with environmental regulations	Phone and email	Chapter4
	Customer health and safety	Official documents exchange	Chapter6
	Compliance with social and economic regulations	Email	Chapter3
Other (Banks, Neighborhoods, etc.)	Economic performance	Phone and email	Chapter1
	Anti-corruption	New employee training	Chapter2
	Employment relationship / Labor / Capital relationship	Employee suggestion box/employee hotline	Chapter5

Analysis of significance

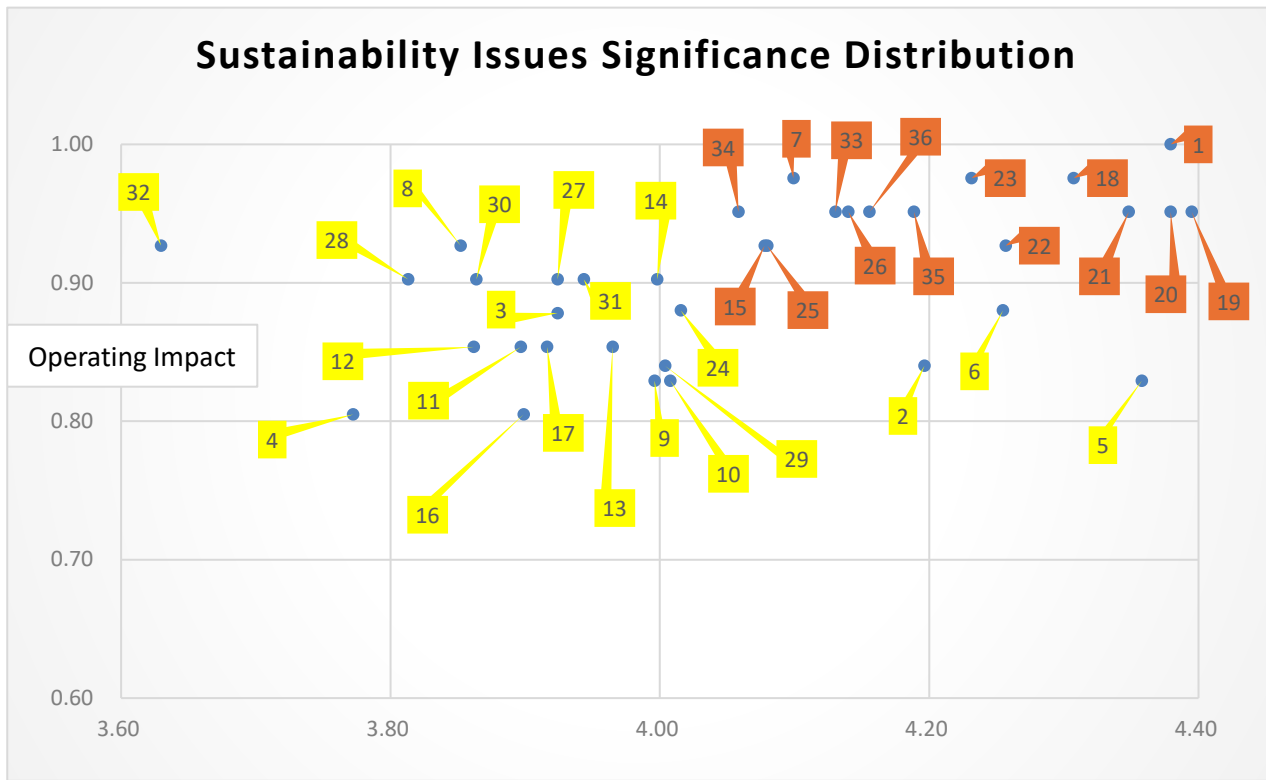
Axiomtek's CSR team has conducted statistical analyses of the issues of concern discussed by stakeholders in each major operational department by re-distributing questionnaires (conducted every two years, with the previous one in 2021) according to the 36 issues of economic, environmental, and social issues in accordance with the themes of the GRI Sustainability Reporting Guidelines, including the degree of impact and the degree of relevance of the items. A total of 555 questionnaires were collected in 2023 (including 41 questionnaires from internal supervisors and 514 questionnaires from external stakeholders). Based on the results of the materiality analysis of the stakeholders' issues of concern and internal impact, the top 15 topics in terms of risk value

were selected as material topics, and materiality was assessed and analysed according to the degree of relevance of each topic and its possible impact on the Company.



Note: The impact assessment results of all issues in 2023 show positive impacts, with no negative impacts.

Sustainability Issues Significance Distribution



FY2023 Continuing Issues and Order of Significance

No	Continuing Issues	Sort	No.	Continuing Issues	Sort
1	Economic Performance	1	8	Anti-competitive behavior	19
18	Labor/Employer Relations	2	31	Supplier Social Assessment	20
19	Labor/Management Relations	3	27	Security Practices	21
20	Occupational Health and Safety	4	24	Freedom of Association and Collective Bargaining	22
21	Training and Education	5	2	Market Image	23
23	Non-Discrimination	6	30	Local Community	24
7	Anti-Corruption	7	3	Indirect Economic Impact	25
35	Customer Privacy	8	28	Aboriginal Rights	26
36	Socio-Economic Compliance	9	13	Emissions	27
22	Employee Diversity and Equal Opportunity	10	32	Public Policy	28
26	Forced and Compulsory Labor	11	29	Human Rights Assessment	29
33	Customer Health and Safety	12	17	Supplier Environmental Assessment	30
34	Marketing and Labeling	13	11	Water	31
25	Child Labor	14	10	Energy	32
15	Environmental Compliance	15	9	Raw Materials	33
6	Risk Management	16	12	Biodiversity	34
5	Information Security	17	16	Financial Impact of Climate Change	35
14	Waste	18	4	Purchasing Practices	36

Major theme changes

2022	2023	Changes
Employer Relations	Economic Performance	▲ 5
Customer Health and Safety	Employer Relations	▼ 1
Training and Education	Labor/Investment Relations	▼ 2
Labor/Investment Relations	Occupational Health and Safety	▼ 2
Occupational Health and Safety	Training and Education	▼ 2
Economic Performance	Non-Discrimination	▲ 4
Anti-Corruption	Anti-Corruption	--
Forced and Compulsory Labor	Customer Privacy	▲ 6
Employee Diversity and Equal Opportunity	Social and Economic Compliance	▲ 6
Non-Discrimination	Employee Diversity and Equal Opportunity	▼ 1
Child Labor	Forced and Compulsory Labor	▼ 3
Environmental Compliance	Customer Health and Safety	▼ 10
Marketing and Labeling	Marketing and Labeling	--
Customer Privacy	Child Labor	▼ 3
Social and Economic Compliance	Environmental Compliance	▼ 3

Identification of Consideration Surface Boundaries

Axiomtek identifies each major issue of concern as a basis for assessing its impact and determining its influence on the organization's internal and external boundaries through meetings and discussions, which are divided into internal and external boundaries, including Axiomtek and its subsidiaries, and external boundaries including customers and suppliers.

Table : Axiomtek Corporate Sustainability Report Consideration Boundary

Issues of concern	Boundary Dimension of a test	Internal Organizational Boundaries		External Boundary of the Organization	
		Axiomtek	Associated company	Supplier	Client
Economy	Economic Performance	●	●		
	Anti-Corruption	●	●	●	
Environment	Environmental Compliance	●			
Society	Customer Health and Safety	●			●
	Labor/Employer Relations	●			
	Labor/Investment Relations	●			
	Occupational Health and Safety	●		●	
	Training and Education	●			
	Employee Diversity and Equal Opportunity	●			
	Non-Discrimination	●			
	Child Labor	●			
	Forced and Compulsory Labor	●		●	
	Marketing and Labeling	●			●
	Customer Privacy	●			●
	Social and Economic Compliance	●		●	●

●Major and important items disclosure in this time.

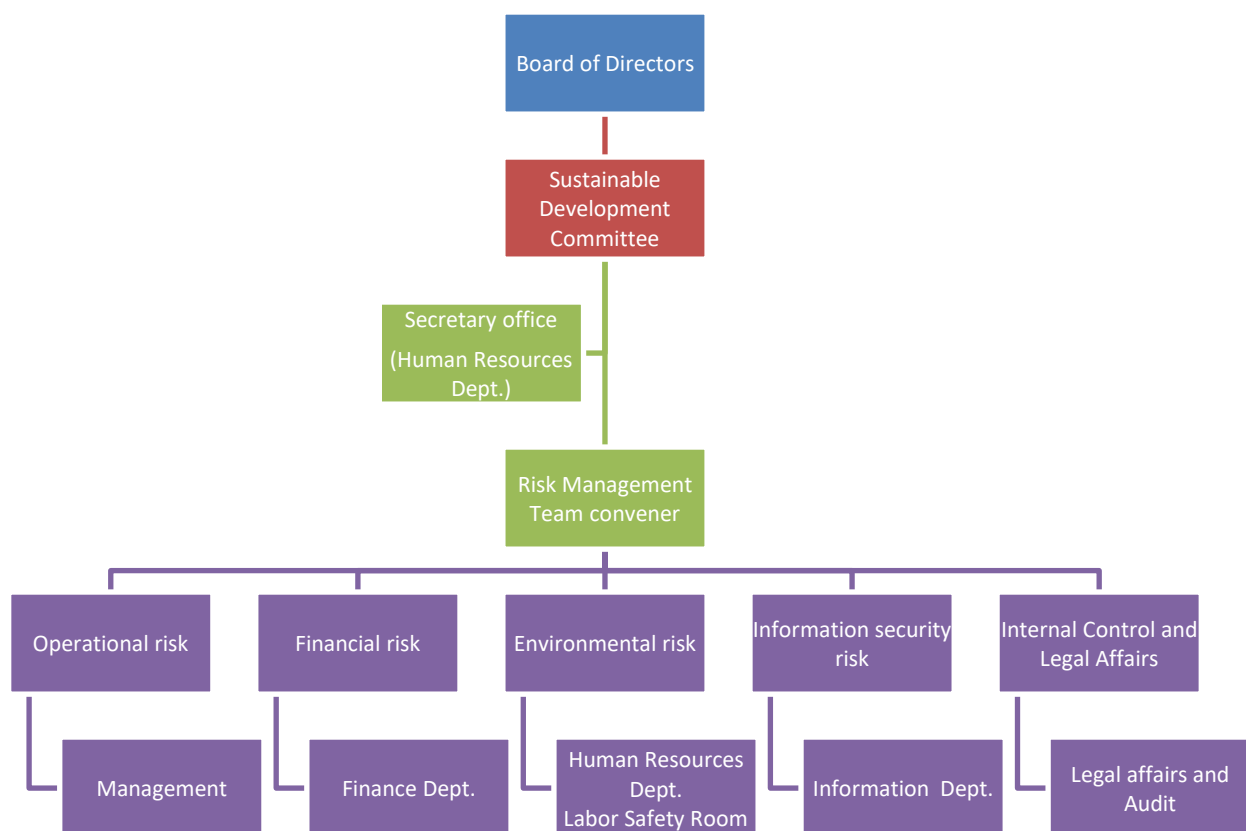
2.2 Corporate Risks

Corporate Risk Management Organization

The Company formulated the "Risk Management Policy" which was approved by the Board of Directors on October 29, 2020 as the highest guiding principle of the Company's risk management. A risk management team has been set up under the Sustainable Development Committee, which conducts risk factor identification on a regular basis every year in order to identify the relevant risks that may affect the sustainable development of the enterprise, and formulates the risk management policies and procedures for each risk, covering management objectives, organizational structure, attribution of authority and responsibility, risk management procedures and other mechanisms, and implements them to effectively identify, measure, and control the Company's various risks, so as to control the significant risks in an acceptable way. The risk management policies and procedures covering management objectives, organizational structure, attribution of authority and responsibility, and risk management procedures are implemented to effectively identify, measure, and control the Company's various risks and to control significant risks within acceptable limits.

The Company's overall risk management policy mainly focuses on the establishment of different risk alert networks and reporting systems, as well as orderly risk control and monitoring, in response to the occurrence of various unexpected situations, with a view to effectively implementing management to minimise the impact of risks.

- The organisational structure for risk management is as follows:



Organisation	Authority and Responsibility
Board of Directors	Corporate risk management and policy formulation.
Sustainability Committee	Assisting the Board of Directors in carrying out its risk management duties and supervising the implementation of the risk management system.
Risk Management Team	Including reviewing the Company's risk management policies and major risk management systems.
Management (including subsidiaries)	Assisting the Audit Committee and the Board of Directors in the execution of their risk management duties, including reviewing risk management reports, integrating, and coordinating common risk management issues among subsidiaries, and advocating and communicating important risk management issues.
Legal Department	Responsible for risk control and tracking.
Operating Units (including subsidiaries)	Review the risks involved in the company's various operating activities to ensure that the company's risk management system can completely and effectively control the relevant risks.

● **Risks and Management Framework:**

Significant Issues	Risk Classification	Risk Assessment Items	Risk Management Authorities	Decision Making and Supervision
Environment Social	Climate Change	Carbon Footprint Product Carbon Footprint Environmental Impact and Management	Labour and Safety Office Human Resources Unit	Audit Office Risk Management Team Sustainability Committee Board of Directors
	Natural Resources	Raw Material Sourcing	Labour Safety Office Purchasing Unit	
	Pollution and Waste	Toxic emissions and waste	Labour Safety Office Product Unit	
Environment Social	Human Capital	Human Capital Development Occupational Safety and Health	Labour Safety Office Human Resource Unit	
	Product Responsibility	Product Safety and Quality	Product Unit Quality Control Unit Supply Chain Management Unit	
Governance	Corporate Behaviour	Operational Risks	Legal Office Operating Units Supply Chain Management Unit Chief Executive Office	
		Environmental Risks	Operating Units	
		Financial Risk	Finance Unit	
		Information Security Risk	Information Unit	
	Corporate Governance	Enhancement of Directors' Functions, Enforcement of Directors' Responsibilities	Head of Corporate Governance Board of Directors	
		Compliance with Laws and Regulations	Operating Units	
		Stakeholder Communication	Operating Units	

- **Risk Impact Measures:**

- 1. Impact of technological changes (including information security risks) and industry changes on the Company's financial operations**

New industry growth momentum in artificial intelligence, Internet of Things, 5G/6G, AR/VR, high-computing platforms, and other related applications, mastering key technology niches, application market niches and business strategy niches in vertical application industries.

The Group will leverage its global distribution network and in-depth projects to gather information on customer needs and market trends to quickly provide products that meet customers' specifications. In terms of financial operations, the Group will strengthen cash flow management, production and sales management, and inventory management to create a win-win-win situation with suppliers and partners in a sustainable business model.

- 2. The Impact of Corporate Image Change on Corporate Crisis Management**

Since its inception, we have actively strengthened our internal management and continued to enhance our product quality management capabilities. In order to improve corporate governance and strengthen the relevant functions of the Board of Directors, the Company has established three independent directors in accordance with the provisions of Article 14 bis of the Securities and Exchange Act, established a remuneration committee to assist the Board of Directors in performing the remuneration management function in August 2011, established an audit committee in June 2015, established a nomination committee in October 2016, established a sustainability committee in February 2021 and restructured the organisation of the sustainability committee to become a functional committee of the Board of Directors in October 2021. In recent years, we have begun to participate in the "Corporate Social Welfare and Corporate Volunteer Promotion Assistance Programme", which assists corporations in fulfilling their corporate social responsibility, integrating public welfare actions with corporate core values and business operations in an innovative way, and promoting a culture of kindness in corporate volunteerism, so as to make corporate volunteers become an important resource for the construction of a good civic environment, and to jointly contribute to the care for the society and the change of the world. As at the date of publication, there has been no significant change in the Company's corporate image, nor has there been any unfavourable market reports on the Company's corporate image.

- **Risks & Opportunities**

Nowadays, the demand for industrial IoT and Industry 4.0 continues to expand, and the future development of 5G, AI and edge computing is also an inevitable trend. We can foresee the demand for smart factories, smart mobile devices, smart transportation, smart healthcare, renewable energy, retail, and smart city-related industries, and under the continuous expansion of new application areas, the product types tend to become more diversified, and the pursuit of tailor-made services, and the market size will continue to expand. The overall market size will continue to expand. Axiomtek has formed alliances with strategic partners to create complete solutions, plan joint marketing campaigns to enhance brand awareness, and further develop vertical application markets, including factory automation, intelligent transportation, healthcare, smart energy, and smart retail. In the future, Axiomtek will actively set up more technical bases to expand marketing channels and achieve localised services and do a good job of local customer management and project management, so that we can grasp the changing market demand and situation in a real-time manner. In the future, we will actively establish more technology bases to expand marketing channels and implement localised services and do a good job in local customer management and project management, to keep abreast of changes in market demand. Axiomtek operates in the industrial computer business. Due to the high level of expertise and Domain Know-How in R&D, product and management, emphasis on integration and service experience, a long learning period and difficulty in deployment, and a long period of market development, Axiomtek operates in the industrial computer business with high thresholds and possesses considerable competitiveness.

Technological innovation is an essential factor in increasing product competitiveness and successfully achieving sales targets. Through the annual ABP (Annual Business Plan), the company has set up a new technology development plan to meet the market domain and customer

expectations, and to achieve the goal of increasing product highlights.

Favourable and unfavourable factors for Axiomtek's development:

Facilitating factors	➤ Deep and strong R&D capabilities, intelligent modular products
	➤ Vertical Horizontal Industry Strategy Alliance
	➤ Brand strength and tight global distribution network
	➤ High industrial niche
Unfavourable factor	➤ Vertical application markets are becoming more sophisticated and complex, and AI applications are focusing on system integration.
	➤ High proportion of foreign sales and higher risk of exchange rate fluctuations.
	➤ Insufficient market information.

Countermeasures against unfavourable factors:

Unfavourable Factors	Countermeasures
Vertical application markets are becoming more sophisticated and complex, and AI applications are focusing on system integration.	We gather market demand and customer orientation and obtain future technical demand and market strategy through customised projects, respond quickly to product technical energy and develop intelligent system products by deep-rooted Domain Know-How.
Higher proportion of external sales, facing higher	The Finance Department of our company has specialists to collect information on exchange rate changes at any time, to grasp the trend of exchange rate changes, and to ask banks to provide timely foreign exchange information and advice, to grasp the most appropriate opportunity to buy, sell or convert foreign exchange. In addition, when quoting prices to customers, we will also consider the impact of exchange rate changes and do a good job of supplier management to protect the company's reasonable profits.
Risk of exchange rate fluctuation	Customers of industrial computers are scattered in various industries, and most of them enter the market through distributors or subsidiaries to operate end-users. In the future, we will continue to set up more technical service bases to grasp the technical problems or demand trends in a cross-domain and multi-directional manner, so as to enhance the satisfaction and brand trust. Expanding marketing channels and realising regional localised services will optimise local customer management and project management, to keep abreast of changes in market demand and make breakthroughs in innovative applications to accelerate the automation and digitisation of the industry.

Financial Risk Assessment

The Company's daily operations are subject to a variety of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management of the Company is mainly carried out by the finance department in accordance with the policies approved by the Board of Directors. The finance department works closely with the risk management team to identify, assess, and hedge financial risks.

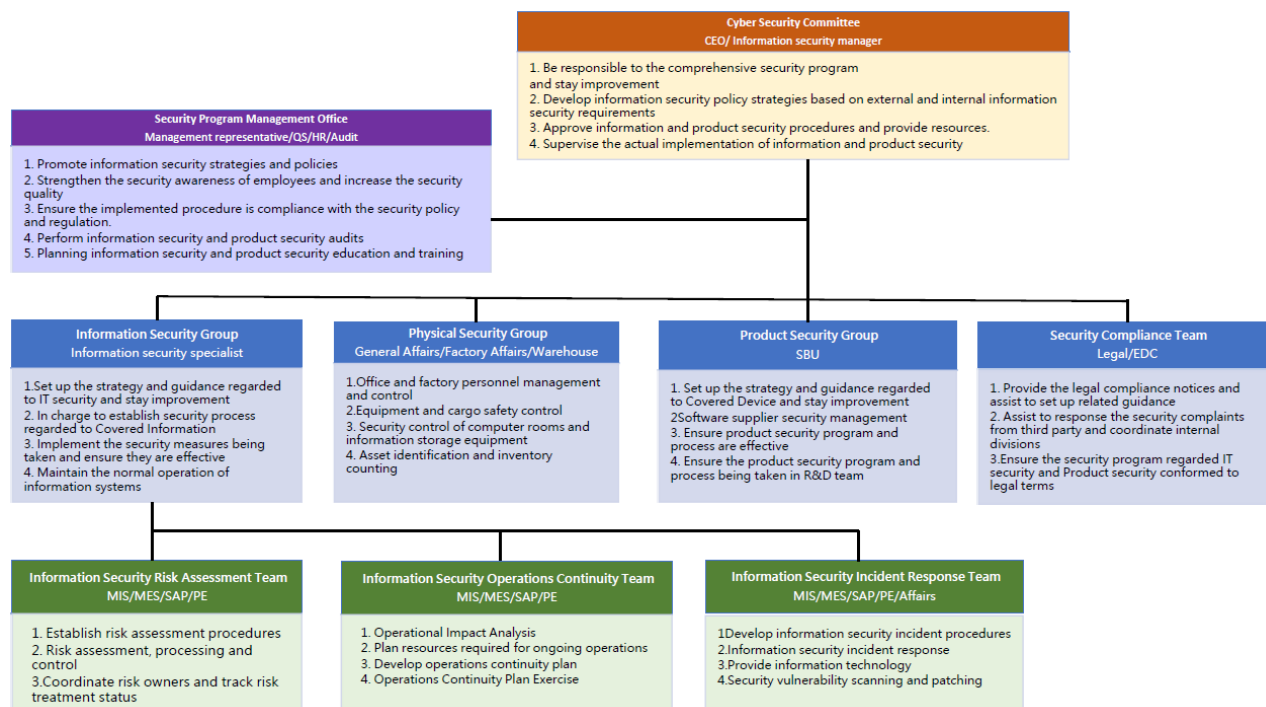
Risk Category	Management strategy/practice
Currency Risk	Adoption of natural hedging strategy to offset foreign currency receivables and payables. Establishment of specialised personnel to collect information on exchange rate changes in a timely manner
Interest Rate Risk	Setting up specialists to collect information on interest rate changes at any time for immediate response. Adjust financial planning according to the trend of interest rates to reduce the impact of interest rates on operations.
Price Risk	Set investment policy. Diversify investment targets and refrain from high-risk investment operations.
Credit Risk	Set up credit limit control measures. Regularly review the content and collection status of accounts receivable.
Liquidity Risk	Analyse and plan for outstanding long-term liabilities. Maintain good relationships with financial institutions and develop funding channels to ensure a secure source of funding and reduce the risk of liquidity shortages.

Information Security Measures (ISM)

Information and Communications Security Management Framework, Information and Communications Security Management Policies, Specific Management Programmes and Resources Invested in Information and Communications Security Management:

1. Ares Security Risk Management Framework

- The Company has established the Intelligent Information Division as the information security risk management authority and responsibility unit and has set up a dedicated head of information security and a dedicated information security officer, who are responsible for formulating, planning and enforcing the information security risk management policies, and reporting to the Board of Directors on a regular basis on the overview of the Company's information security governance.
- The Audit Office of the Company is the supervisory unit of information security management and is responsible for supervising the implementation of information security management. If deficiencies are found in the audits, the audited unit will be required to put forward relevant improvement plans and specific actions, and the effectiveness of the improvements will be tracked on a regular basis in order to reduce the risk of information security.
- Organisational Structure of Ares



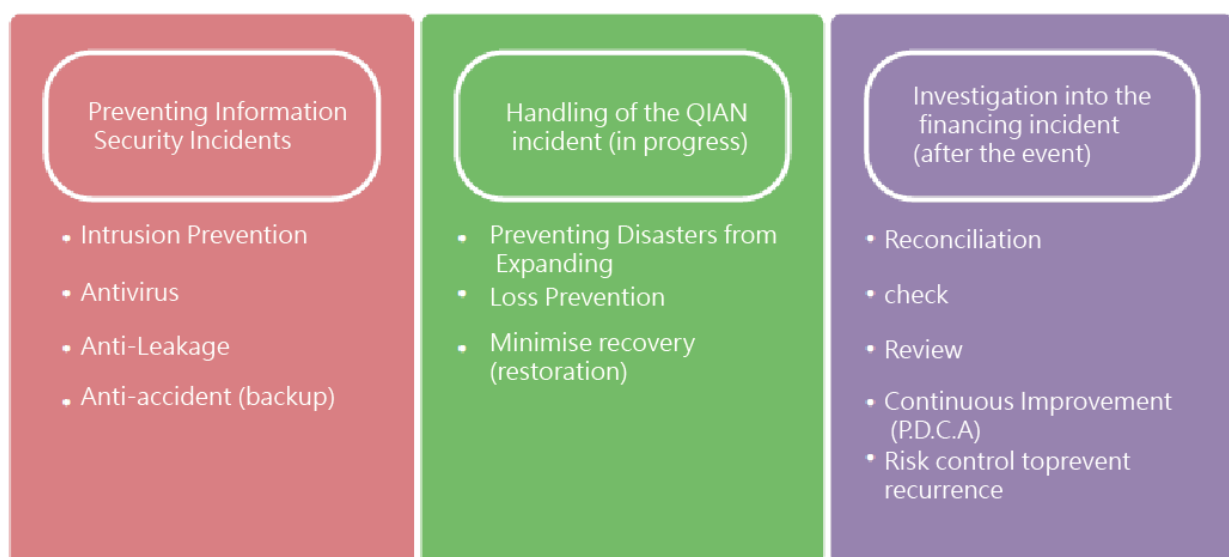
2. Ares Security Policy

Uninterrupted Information Security, Continuous Risk Control, Secure Enterprise Operation: In order to strengthen information security management and enhance the rigour and security of information security management process, our company follows the requirements and spirit of ISO/IEC 27001:2022 Information Security Management Clause for thorough implementation, effective operation, supervision and management, and continuous improvement with PDCA (Plan-Do-Check-Act, PDCA) cycle process management to maintain the confidentiality, integrity and availability of the company's important core systems, and to strengthen the understanding of our colleagues about information security. PDCA (Plan-Do-Check-Act, PDCA) cycle process management for continuous improvement, to maintain the confidentiality, integrity and availability of the company's important core systems, and at the same time to reduce operational risks and the frequency of computer virus hazards that interrupt services, to strengthen the awareness of information security of corporate colleagues, to reduce the number of security incidents, and to enhance the organisation of internal and external risk management, and to enhance customer satisfaction with the quality of the company and achieve the goal of sustainable business operations.



3. Specific management programmes

which affects the functioning of the information system and constitutes a threat to the information security policy. To address risk management, the Company has three approaches to respond to and prevent the occurrence of information security risk events:



● Ares Security Risk Management

Item	Description	Risk Tolerance	Countermeasures	Expected Result	Tolerance of residual risk
Ares Security Risk	1. Hacking 2. Data leakage 3. Computer poisoning	negate	1. Firewall, anti-virus software, regular virus update and scanning. 2. Regular Windows Update. 3. AD passwords change regularly. 4. M365 and SSL VPN using MFA mobile phone multi-factor authentication. 5. OpenDNS web filtering. 6. Use M365 cloud service, even if you are encrypted by hackers, you can retrieve the files before encryption.	Reduced incidence and impact	yes
Risk of information service interruption	The Company's mainframe, network or other information-related equipment is unavailable due to a man-made or accidental disaster.	negate	1. The emergency UPS in the server room can supply power to the host for about 4 hours in case of a power failure. 2. Using M365 cloud service, even if the server equipment is damaged, employees can still send and receive EMAILs and access cloud files normally. 3. The server is backed up according to the backup 321 principle. 4. Off-site backup. 5. Cloud Backup	Reduced incidence and impact	yes

- The Company has adopted the following strategies to address the challenges faced by ICT security, such as ATP advanced persistent attacks, DDoS attacks, ransomware, social engineering attacks, information theft, and other ICT security issues:

A. 1. Upgrading IT Infrastructure

1. Replace the server mainframe with Dell R740 server and upgrade the operating system to Windows Server.
2. Upgrade external network bandwidth and update high-speed bandwidth manager to solve the problem of insufficient external bandwidth.
3. upgraded the leased lines to improve the quality of the company's factory leased lines.
4. Set up off-site backup line and mechanism: Backup factory data to third place and cloud.
5. RD Lab test equipment environment isolation.
6. Enhance endpoint security by replacing anti-virus software with more comprehensive protection, providing integrated patches, prioritising and providing patches through vulnerability analysis and repair procedures, automatically detecting behavioural intrusion

patterns, and detecting multiple sources of threats by anti-virus software cloud protection.

B. Enhanced Backup System

C. Enhancing the Information Security Management System (ISMS)

D. Implemented ISO 27001:2022 information security management system to upgrade IT infrastructure and various mechanisms, such as server upgrades, endpoint protection, network external bandwidth, backup mechanism, etc., to continuously improve and enhance the security of information and communication.

● Investing in Information Security Management Resources

1. Upgrade M365 Cloud Collaboration and introduce ATP advanced threat protection to enhance enterprise infrastructure security.
2. Implemented Microsoft Gold level information security SI-Free system to continuously improve the information security of the enterprise.
3. Import Microsoft Microsoft Defender for Identity and Microsoft Defender for Endpoint to enhance AD account management and user endpoint security.
4. Import Azure Cloud Backup to backup important systems locally and then copy them to the cloud.
5. Regular social engineering phishing email drills to raise employee awareness of security. 112 Social engineering drills have been conducted in September, and employees will ask the information unit if they have any information security anomalies, which shows that employee awareness of security is increasing year by year, and in the future we will conduct regular drills once a year.
6. Regular information security education and training to implement employee security awareness. Every year, we arrange ICT security education training for social engineering drills. Employees will be required to attend ICT security education training and testing courses as long as they have some links. 112 years of ICT security education training was completed in December, and we plan to perform it once a year on a regular basis.
7. join the CERT Computer Emergency Response Team (CERT) and CSIRT Computer Security Incident Response Team (CSIRT).
8. Report to the Board of Directors on the implementation of information security on a regular basis.

In accordance with Article 9 of the "Guidelines for the Establishment of Internal Control System for Public Companies", the information unit is responsible for the formulation of information security policy, planning and implementation of information security policy, as well as reporting to the Board of Directors on a regular basis on the status of the company's information security management. The implementation of information security governance has been reported to the Board of Directors by the Head of Information Security on 26 October 2012.

Losses suffered as a result of major information security incidents in recent years and up to the date of publication of the annual report, the possible impact and measures to deal with them: None.

2.3 Climate Chapter

Financial Impacts of Climate Change and Other Risks and Opportunities

In the final agreement of the Glasgow Climate Pact (COP26), the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement's commitment to curbing warming by 1.5 degrees Celsius was reaffirmed, reinforcing the importance that the international community attaches to climate change and global warming; and COP27 also reaffirmed the dangers of extreme climate change to human society and called on all sectors to enhance their resilience in the face of the climate crisis. The 27th Conference of the Parties (COP27) also reaffirmed the dangers of extreme climate change for human society and called on all sectors of the community to enhance their resilience in the face of climate crises, all of which pointed to the imminence of the crisis caused by climate change. The 28th Conference of the Parties (COP28) pledged to "transform the energy system away from fossil fuels" and to accelerate action in a fair and orderly manner in this critical decade to reach net zero by 2050.

In the Global Risks Report released by the World Economic Forum (WEF) in early 2024, "Natural Disasters and Extreme Climate Events" and "Dramatic Changes in the Earth's Ecosystems" were listed as two of the world's most serious risks. In order to cope with this major risk, Axiomtek has not only set up the "Code of Practice for Sustainable Development" and continuously disclosed information in the sustainability report, but also endeavoured to reduce the greenhouse gas emissions generated by itself and its supply chain. Since 2015, the Environmental Sustainability Team has coordinated the ISO14064 greenhouse gas inventory to understand the environmental impacts of Axiomtek to the earth through the greenhouse gas inventory. In addition, Axiomtek also identifies climate risks in the value supply chain and plans related management measures to establish indicators and targets to ensure effective implementation and results.

Since 2023, the Company has implemented the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) based on four major areas: governance, strategy, risk management, metrics and objectives. The framework of TCFD is based on the four major aspects of governance, strategy, risk management, indicators and objectives to perform the related information disclosure, and to identify the Company's material risks and classify their sources into two categories:

- (1) Transformation risk due to climate change and economic restructuring.
- (2) Physical risks that are directly impacted by climate change or extreme weather.



2.3.1 Gestion

Corporate Risk Management and Policy Formulation Overseeing the direction of major risks and ensuring risk management mechanisms	
Board of Directors	
Audit Committee	To assist the Board in carrying out its risk management responsibilities and to oversee the implementation of the risk management system. This includes reviewing the Company's risk management policies and key risk management systems.
Sustainability Committee	Assisting the Audit Committee and the Board of Directors in the execution of their risk management responsibilities, with primary responsibility for reviewing risk management reports, integrating and coordinating common risk management issues among subsidiaries, and advocating and communicating on important risk management matters.
Risk Management Group	Responsible for risk control and tracking.

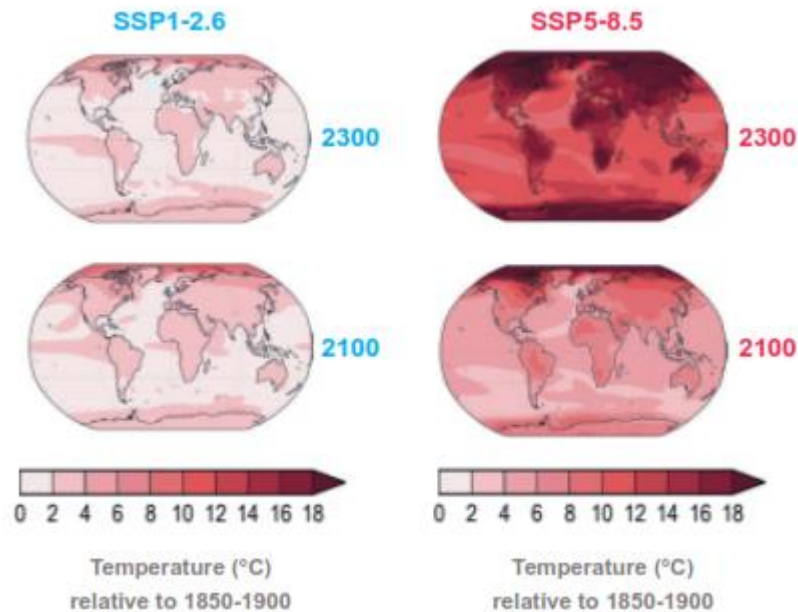
In order to appropriately respond to various climate actions and fulfil our corporate social responsibility, the Board of Directors of the Company is the highest supervisory unit for sustainable development and climate change, and is responsible for supervising, reviewing, and approving the objectives of the sustainability policy. The identification and management of climate change risks and opportunities are the responsibility of the Environmental Sustainability Group of the Sustainable Development Committee. In accordance with the Company's risk management system, climate risk issues and environmental risk issues are regularly reported to the Risk Management Group of the Sustainable Development Committee, which then evaluates and approves the relevant mitigation and adaptation plans; the Risk Management Group also regularly reports to the Board of Directors on the implementation of risk management (including climate risk) in the Company. The risk management team also regularly reports the implementation of the Company's risk management (including climate risk) to the Board of Directors, so that the Board of Directors can understand and supervise the risk issues facing the Company.

Projects related to climate risk are coordinated and planned by the Risk Management Team under the CEO, which establishes a proactive climate change risk management mechanism through the Risk Management Policy and develops adaptation and mitigation plans

2.3.2 Strategy

Contextual risk modelling approach

Axiomtek's risk scenarios are based on the shared socio-economic pathways SSP1-2.6 and SSP5-8.5 in the Sixth Assessment Report AR6 of the United Nations Intergovernmental Panel on Climate Change (IPCC), which are used as the basic databases for the analysis of climate issues. The following figure shows the global warming scenarios for the next 200 years under these two scenarios, based on the period 1850-1900. By simulating the physical risks that Axiomtek will face under the ideal scenario (SSP1-2.6) and the worst case scenario (SSP5-8.5), Axiomtek will study the impacts of the impacts on its future operations and potential financial impacts, as well as develop contingency management measures.

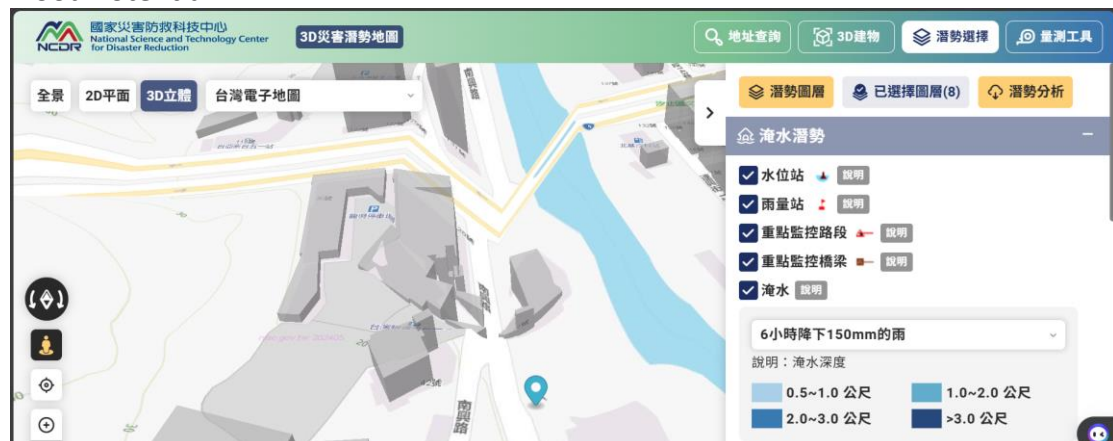


Operating Points - Disaster Potential and Hazard Levels

Implemented flooding (heavy rain, typhoons) and soil liquefaction (earthquakes) disaster assessments for Taiwan's main operating sites, the head office and the first plant.

Head Office-No. 55, Nanxing Rd., Xizhi Dist., New Taipei City

Flood Potential

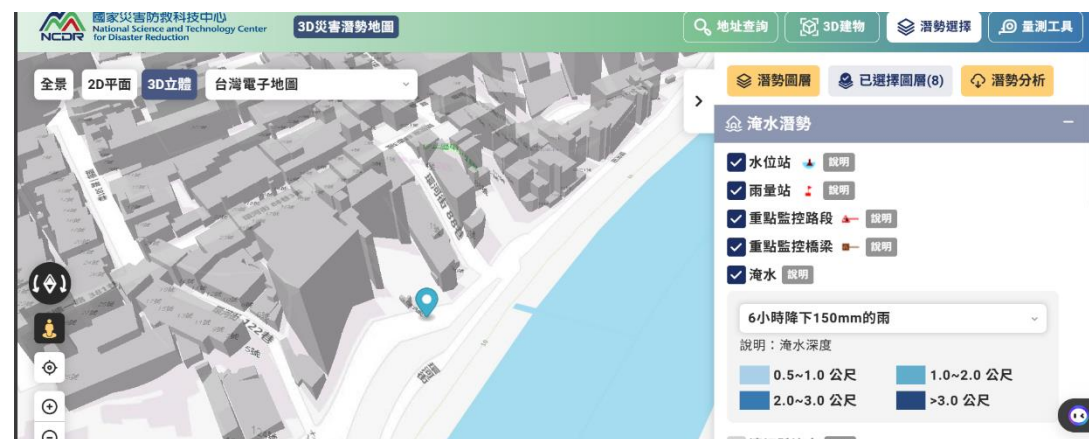


Soil liquefaction



Not directly located in an area with a potential for inundation by 650 mm of rainfall in 24 hours, but within 500 metres of it, which would seriously affect the safety of staff travelling to and from work in the event of flooding; and not a potential area for soil liquefaction.

Flood Potential



Soil liquefaction



Although it is not directly located in the 6-hour rainfall potential area of 350 mm, it is located within 500 metres of the factory, which means that under extreme weather conditions (SSP5-8.5), the factory will likely face the threat of flooding and inundation, which will affect the timing of deliveries, the commute of staff, and the overall operation of the factory.

Based on the disaster potential analysis of the two operating bases, we found that neither flooding nor soil liquefaction would have a significant impact on our Taiwan bases in the short term, and therefore the results of the disaster potential analysis are not considered for the time being. However, the supply chain related to the climate impact on the supply of goods or customer response concerns are closely related to the Company's main business strategy, and are therefore included in the overall risk consideration and response.

Axiomtek has identified that supply chain disruptions will have a significant impact on the company, as well as its upstream, midstream, and downstream business partners. Therefore, we have included supply chain risk as a risk that must be evaluated and managed through a response strategy, and we are implementing a response strategy that focuses on the following areas:

- We will actively co-operate with suppliers to expand the scope of sustainable business links, enhance our own supply chain management efforts and strengthen the management of climate risk in our supply chain.
- Increase low-carbon supply chain development in response to customer and regulatory requirements for low-carbon products.
- To formulate a strategic direction for the research and development of low-carbon products and invest more resources to enhance the short-, medium- and long-term effectiveness of the R&D unit in related development projects.

2.3.3 Risk Management

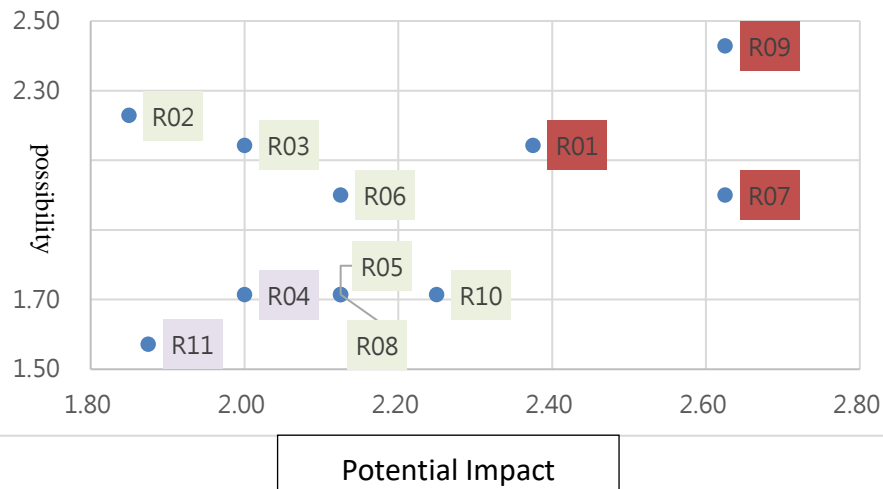


↑Risk Management Process

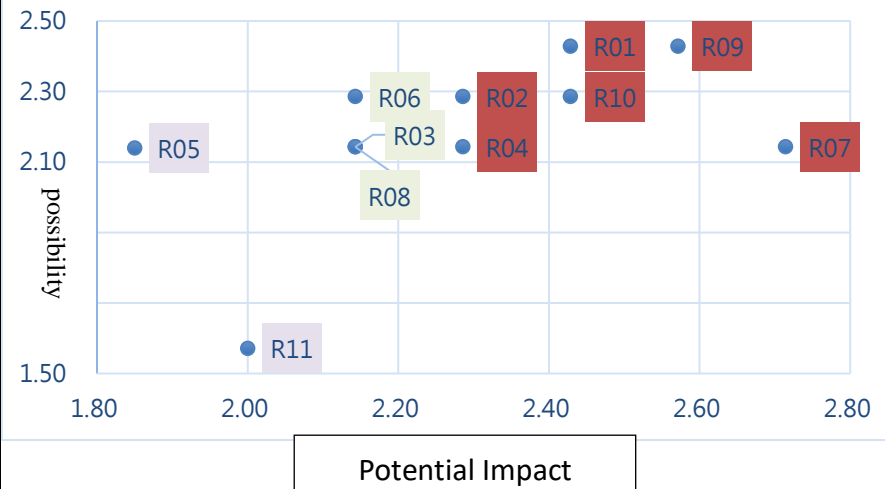
In order to grasp the financial impact of climate change on enterprises, Axiomtek uses the process of climate risk and opportunity identification to list the risk factors and opportunity factors facing climate change, and conducts impact and scenario analyses of climate risk by dividing them into different items and directions according to their types and impacts, and then draws a matrix based on the risk and opportunity factors listed above.

The Company defines short-, medium-, and long-term climate-related risks and opportunities as "0-5 years" for short-term, "5-10 years" for medium-term, and "more than 10 years" for long-term, and conducts climate risk and opportunity assessment accordingly, and in principle, re-conducts identification and assessment of climate risk and opportunities every three years. The types of climate risk include two major categories: transformation risk and physical risk, which are further classified into policy and regulation, technology, market, reputation, and immediate and long-term. Opportunities are categorised into resource efficiency, energy sources, products and services, markets and organisational resilience.

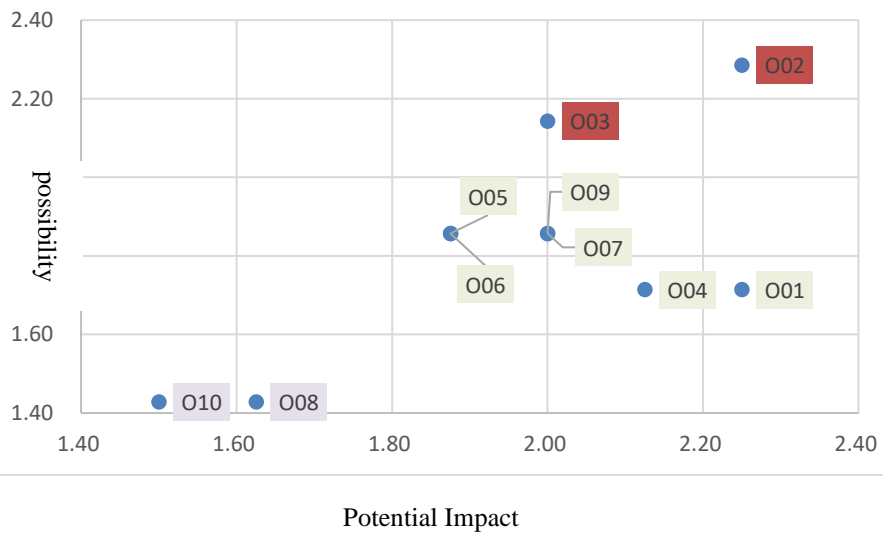
Short-term Risks



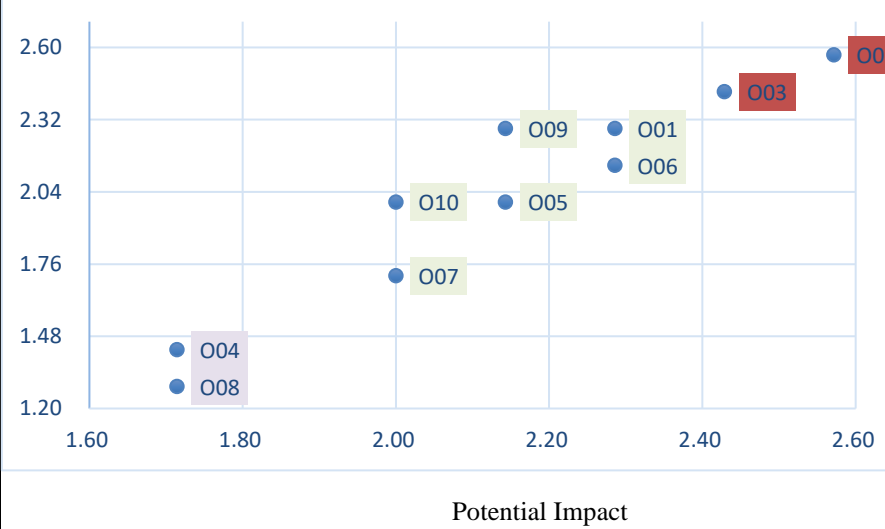
Medium to Long Term Risks



Short-term Opportunities



Medium to Long Term Opportunities



No.	Risky items	No.	Opportunities
R01	Carbon Fee/Carbon Tariff on Greenhouse Gas Emissions	O01	Reduce water consumption and water usage
R02	Disclosure of carbon emission information	O02	Use more efficient production processes
R03	Requirement and supervision of existing products and services	O03	Recycling
R04	Requirements for Low Carbon Emission Products and Services	O04	Switch to more efficient buildings
R05	Failure to invest in new energy technologies	O05	Use more efficient transport
R06	Changes in customer behaviour	O06	Use low carbon energy
R07	Increased severity and frequency of extreme weather events such as typhoons and floods	O07	Develop and increase low-carbon goods and services
R08	Changes in rainfall (water) patterns and extreme changes in climate patterns	O08	Use of new technologies
R09	Rising raw material costs	O09	Participate in the carbon trading market
R10	Increase in average temperature	O10	Switching to decentralised energy sources
R11	Sea level rise		

Note 1: The Company is a listed computer and peripheral equipment industry, not a high energy-consuming enterprise, and has not received any negative comments from stakeholders about the Company's climate management, therefore, the risk of stigmatisation is excluded from the risk of transformation.

Note 2: Risk and opportunity priority is the product of potential impact and likelihood, and a score of ≥ 4.5 is considered high risk or opportunity to be mastered.

Note 3: For short-term, medium- and long-term risks are high-risk items, marked as red 6, financial impact assessment and the establishment of relevant countermeasures, medium and low risks are included in the tracking observation; for short-term, medium- and long-term opportunities, two financial impact assessment and the establishment of relevant countermeasures.

Note 4: Financial impact assessment of over \$10 million is classified as high impact, \$2 to \$10 million is classified as medium impact, and less than \$2 million is classified as low impact.

Transformation Risk - Scenario and Potential Financial Impact Assessment

Risk Orientation	Risky Projects	Impact scenarios	Assessment of Potential Financial Impact	Management measures
Policy and Regulatory Risks Technology	Carbon Fee on Greenhouse Gas Emissions	<p>SSP1-2.6 Scenarios for Estimating Changes in Policies and Regulations</p> <ul style="list-style-type: none"> ● The Climate Change Response Act (CCRA) will impose a carbon fee on high-emission industries in 2025. ● The EU will pilot the CBAM in October 2023 and plan to impose a carbon tariff on products in 2026. Currently, only Scope 1 and 2 have completed GHG inventories, while Scope 3 has not yet been implemented. 	<ul style="list-style-type: none"> ● The current carbon fee is still in the drafting stage. According to the current draft, from 2030 onwards, the carbon fee will be levied on annual emissions of less than 10,000 tonnes, with a carbon fee of \$500 per tonne, and the emissions in 2023 will be 4,000 tonnes, which will increase the fee by \$2 million per year from 2030 onwards. ● needs the counselling and assistance of external consultants, which will increase the cost of related resource inputs. Completion of annual GHG inventory and third party verification is estimated to increase by \$400,000 per year. 	<ul style="list-style-type: none"> ✓ Annual greenhouse gas inventories implemented since 2015 ✓ The EU Carbon Tariff CBAM has not yet been introduced for the Company's industries and the Company will continue to monitor this risk. ✓ 2024 Completion of Scope 3 inventory and establishment of SBTi emission reduction targets. ✓ 2025 SBTi emission reduction targets reviewed.
	Disclosure of Carbon Emissions Information			
Markets	Replacement of Existing Products and Services with Low Carbon Goods	Using SSP1-2.6 scenarios to estimate technology demand, a small number of customers have enquired about the demand for low-carbon commodities in the expanding low-carbon commodity market.	Failure to introduce low-carbon goods in a timely manner to meet market demand will reduce competitiveness in the market, resulting in the loss of a small number of customers and affecting revenue. Based on the potential demand from existing customers, it is estimated that there will be a financial loss of approximately 5% or less.	<ul style="list-style-type: none"> ● Completion of product carbon footprint information creation in 2024. ● Completion of carbon footprint digitalisation and completion of a product carbon footprint project by 2025.

Risk Orientation	Rising raw material costs	<p>Using the SSP1-2.6 scenario to estimate the change of raw materials in the market.</p> <p>In response to international carbon tax regulations requiring low-carbon transformation of the supply chain and the reduction of raw materials due to climate change, enterprises are transforming to replace existing raw materials with low-carbon materials.</p>	Estimated annual increase in raw material cost of about 10% to 15%	<ul style="list-style-type: none"> ✓ Established a sustainable development system for suppliers and counselled them in their transformation. ✓ Monitor international carbon tariff-listed industries and supply chains, and prioritise suppliers with low carbon footprints as qualified suppliers for the company. ✓ Implement a localised procurement policy.
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Entity Risk - Scenario and Potential Financial Impact Assessment

Promptness	Increased severity of extreme weather events such as typhoons and floods	<ul style="list-style-type: none"> ✓ Under climate change, typhoons and heavy rains are becoming more severe, which may expose the Company's operating sites to natural disasters, resulting in operational disruptions or casualties. ✓ SSP1-2.6 : The average annual total rainfall in Taiwan increased by about 12% and 16% in the middle and end of the 21st century. The average annual maximum 1-day rainstorm intensity increased by about 15.7% and 15.3% in the middle and end of the 21st century. ✓ SSP5-8.5: The average annual total rainfall in Taiwan increased by 15% and 31% in the middle and end of the 21st century. The average annual maximum 1-day rainstorm intensity increased by 20% and 41.3% in the middle and end of the 21st century. ✓ SSP5-8.5: In the middle and end of the 21st century, the number of typhoons 	<p>Typhoons and flooding may cause interruptions in the production and transportation of upstream products, resulting in delays in delivery, which in turn may affect the revenue performance of goods or services, and negative news may cause investors to withdraw their investments. Based on the existing Axiomtek Shioji plant and the head office, it is estimated that typhoons and flooding will affect the revenue by less than 2%.</p>	<ul style="list-style-type: none"> ✓ Follow the scientific highlights of IPCC Climate Change Assessment Report and the updated report of Taiwan Climate Change Assessment Report to monitor the climate change in the areas related to the company's operation bases. ✓ Place orders and arrange for early delivery of products. ✓ Setting up typhoon and flood prevention facilities at headquarters and factories, and planning emergency response teams to cope with the situation.
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Long-term	Average Temperature Increase	<p>SSP1-2.6: The average temperature in the middle and the end of the 21st century may increase by 1.3°C, 1.4°C, and the number of days with high temperature above 36°C will increase, and in the middle and the end of the 21st century, the increase will be about 6.8 days, 6.6 days.</p> <p>SSP5-8.5: The annual mean temperature may increase by more than 1.8°C and 3.4°C in the middle and the end of the 21st century, and the number of days with high temperature above 36°C will increase in the middle and the end of the 21st century, the increase will be about 8.5 days and 48.1 days, of which the increase will be more significant in the metropolitan areas than in the other areas.</p>	<p>A slight increase in the number of days with extreme high temperatures leads to higher usage of energy equipment and increased energy costs; it may also cause production disruptions for suppliers and operational losses for businesses. According to information from the Taiwan Energy Bureau, for every 1°C decrease in air-conditioning temperature, there is a 6% increase in electricity consumption. For scenarios SSP1-2.6 and SSP5-8.5, a warming of 1.3°C and 1.8°C in the mid-21st century would increase electricity costs by 7.8% and 10.8% respectively without any adjustment to the electricity tariffs.</p>	<ul style="list-style-type: none"> ✓ Optimising energy efficiency ✓ Promote energy saving and carbon reduction measures ✓ Early ordering and early delivery of products ✓ Green Building ✓ Increase the use of renewable energy or purchase of renewable energy certificates.

Opportunity-Situation and Potential Financial Impact Assessment

Opportunity Projects	Opportunity situations	Assessment of Potential Financial Impact	Management measures
Use more efficient production processes	Through process automation and process improvement projects, we are able to drive improvements in production energy and resource efficiency.	Reduce operating costs by 5% in 2030 based on full automation of process equipment.	<ul style="list-style-type: none"> ✓ Introducing automated production system to improve product efficiency and reduce on-site manpower requirement. ✓ Introduced the concept of circular economy to reduce carbon emission and use of energy resources. ✓ Quality improvement projects to reduce product defective rate and waste. ✓ Incorporate supply chain disruption due to climate change into production and marketing planning.
Recycling	Reduce resource wastage and increase recycling, while creating circular economic value.	Promote circular economy and reduce operating costs	<ul style="list-style-type: none"> ✓ At the design stage, raw materials are recognised as PCR recycled materials for priority consideration. ✓ Procurement of reused auxiliary materials and packaging materials, including the recycling of packaging materials and auxiliary materials used by suppliers for shipment. ✓ Co-operate with waste disposal companies on plastic particle recycling.

2.3.4 Indicators and targets

Progress of Greenhouse Gas Inventory

Axiomtek, in response to the Climate Change Act 2050 net-zero emissions and the international trend of sustainable development, as well as to comply with the relevant carbon emission laws and regulations, carries out the relevant carbon emission inventory and reduction operations in accordance with the government's greenhouse gas management policy.

Since 2015, Axiomtek has introduced ISO 14064-1 to conduct the company's greenhouse gas emissions inventory, focusing on Scope 1 and Scope 2, and expanding to Scope 3 in FY2024, and is planning to respond to the SBTi Initiative in 2025 to set and achieve scientific emissions reduction targets.

Axiomtek has formulated a greenhouse gas reduction strategy and set a target to reduce per capita emissions by 1.5% per year compared to the previous year in order to save electricity/reduce greenhouse gas emissions. Its per capita greenhouse gas emissions in 2023 will be 5.74 tonnes of CO₂e, which is higher than the per capita greenhouse gas emissions in 2022, which was 2.57 tonnes of CO₂e, and the per capita greenhouse gas emissions have risen by 3.17 tonnes of CO₂e from the previous year. The reason for the significant increase is due to the relocation of Axiomtek's factory in the third quarter of 2023 and the addition of many new refrigerant-containing equipment, such as air conditioners, refrigerators, and fire extinguishing equipment, which resulted in a much higher inventory result than that of 2022.

Greenhouse Gas Emission Sources and Emission Scenarios

Scope	Category	Equipment Sector (Emission Source)
Scope 1 Direct GHG Emissions	Mobile combustion source: Refers to the fuel combustion of transport equipment, such as: motor vehicles.	Bus_Gasoline (CO ₂ , CH ₄ , N ₂ O) Bus_Diesel (CO ₂ , CH ₄ , N ₂ O)
	Fugitive emission source: Refers to both intentional and unintentional emissions such as: methane from equipment joints, leaks in seals, or from wastewater treatment plants; carbon dioxide from fire protection equipment; and HFCs from air conditioning, refrigeration, and domestic refrigeration equipment.	CO ₂ Fire Extinguisher (CO ₂) Drinking fountains, air conditioners, refrigerators, bus air conditioners, dryers, Chamber (HFCs) Septic tanks (CH ₄)
Scope 2 Energy Indirect GHG Emissions	Greenhouse gas emissions from purchased electricity, heat, steam or other fossil fuel derived energy.	Purchased electricity (CO ₂)
Scope 3 Other Indirect GHG Emissions	Examples include: employee business travel; shipment of packages or waste via third-party groups; foreign aid activities, outsourced manufacturing, and authorised dealers; emissions from sources or facilities where the point of GHG emission occurs outside of the	Outsourced Transport of Document Parcels—Gas, Diesel (CO ₂ , CH ₄ , N ₂ O), Refrigerants (HFCs) Outsourced waste removal - petrol, diesel (CO ₂ , CH ₄ , N ₂ O), refrigerants (HFCs) Staff travelling to and from work and

Scope	Category	Equipment Sector (Emission Source)
	facility boundaries, where the emissions are from waste generated by the facility; employee commuting to and from the workplace (including emissions from non-energy raw materials).	business trips - petrol, diesel (CO ₂ , CH ₄ , N ₂ O), refrigerants (HFCs) Vending Machines-Refrigerants (HFCs)

Emission statistics of Greenhouse Gas Scope and Scope Emission Type of The Whole Plant							
	Scope 1				Scope 2	Scope 3	Total Emission Equivalent
	Stationary Emissions	Process Emission	Moving Emissions	Fugitive Emissions	Energy Indirect Emissions	Other Indirect Emissions	
Emission Equivalent (tonnes CO ₂ e/year)	0.00	4.1565	5.3284	1962.9011	1875.8267	NA	3848.2127
Percentage of Gases (%)	51.25 (%)				48.75%	NA	100.00%

Note: The calculation basis is based on the GHG emission factor management table (version 6.0.4) announced by the Environmental Protection Administration, Executive Yuan. 2023 GHG emission equivalent is the result of the company's self-inventory, and the external verification is scheduled to be completed in December 2024 for the inventory.

Energy Saving and Carbon Reduction Behaviour

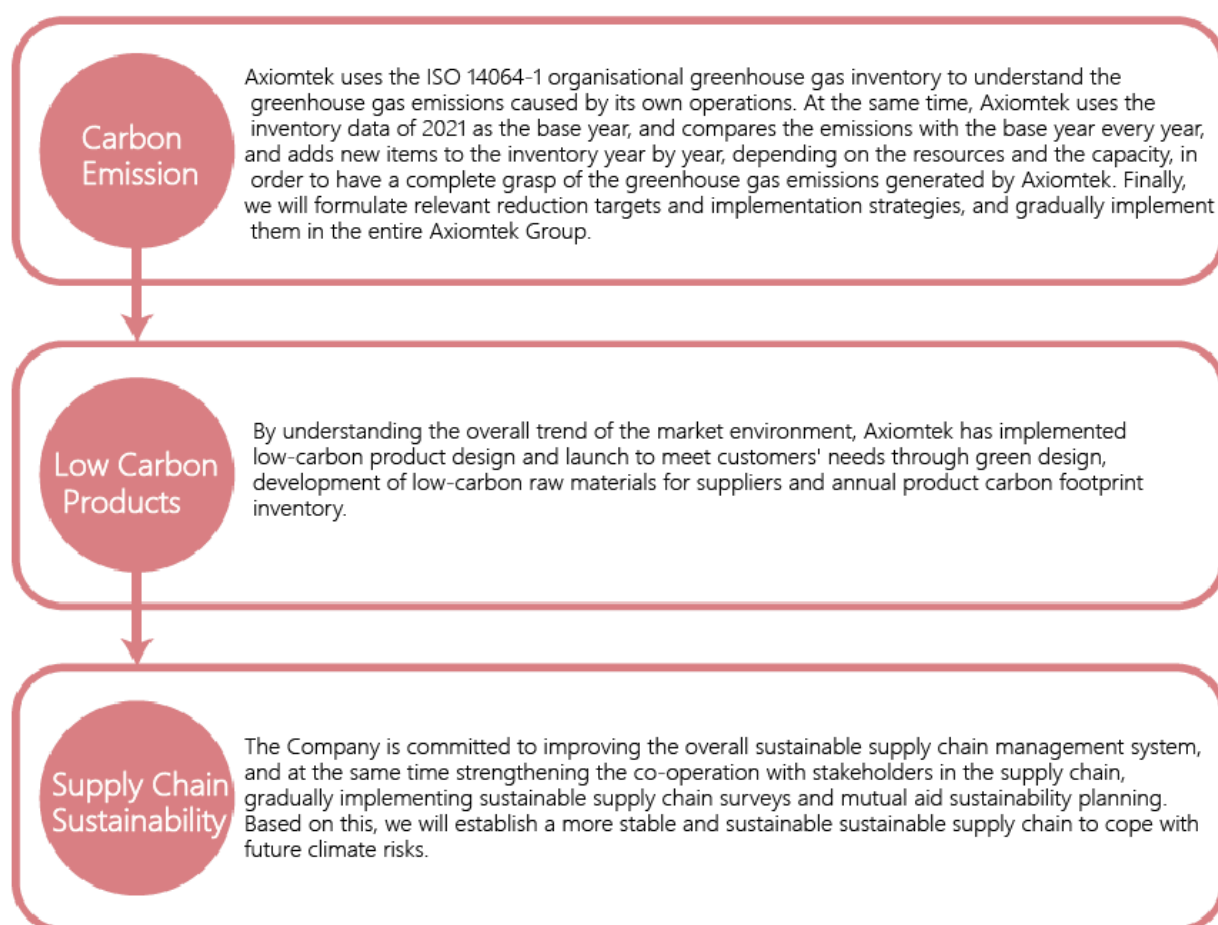
Source Management	<ul style="list-style-type: none"> ✓ Adopting environmentally friendly and energy-saving lamps for fire, refuge and emergency exit indicators in the building. ✓ Use LED lighting fixtures to replace traditional T8 lighting fixtures. ✓ Use environmentally friendly and energy-saving water dispensers to reduce standby power consumption. ✓ Use video conferencing equipment to reduce the energy consumption of staff travelling to and from work. ✓ Replaced the dressing room with sensor-activated taps and sensor-activated urinals to avoid wastage of water resources. ✓ Replacement of energy-saving refrigerator and energy-saving air-conditioning system to enhance energy-saving effect.
Energy Saving Measures	<ul style="list-style-type: none"> ✓ The air-conditioning temperature in the office is set at 26 degrees Celsius, and the air-conditioning equipment is regularly maintained to keep it running efficiently and save energy. ✓ Encourage colleagues to use staircases, which is good for physical and mental health and also reduces the use of lifts during peak hours. ✓ Switch off office lights during lunch break. ✓ Installation of recirculation fans at air-conditioning outlets to regulate indoor temperature (Axiomtek Factory 1, 1st floor) and reduce the frequency of compressor start-up.

Conceptualisation

- ✓ Strengthen the promotion of switching off non-essential power supplies and computer peripherals.
- ✓ Introduce an electronic signature system, digitalise document signatures, digitise technical documents, and promote the use of both sides of internal paper printing to save paper.
- ✓ Encourage employees to take public transport to and from work or share rides.

Management Objectives

Through the climate risk identification process, Axiomtek identifies relevant climate risk and opportunity factors and assesses their potential financial impact and influence. Based on the company's sustainable development strategy and the characteristics of the identified factors, Axiomtek has categorised its management objectives into three major areas, namely "carbon emissions", "low-carbon products" and "supply chain sustainability", and has made these three management objectives the core of our decision-making in response to climate change.



Management Objectives	Short-term goals	Mid-term goals	Long-term goals	Management measures
Carbon emissions	Through organizational greenhouse gas inventory, comprehensively understand one's own carbon emissions situation, and continuously update and improve annual inventory projects.	By formulating an effective greenhouse gas emission strategy, we can find potential opportunities for emission reduction, and gradually reduce carbon emissions in the process of continuous improvement, aiming at reducing total emissions by 1% compared with the base year.	Plan the carbon footprint survey of product life cycle, and lay out the carbon reduction strategy for the company, in order to keep up with the government's 2050 net zero emission and realize the sustainable development goal.	<ul style="list-style-type: none"> • ISO 14064-1 Organisational Greenhouse Gas Inventory • Energy Conservation and Carbon Reduction Actions (Current Management and Project Work) • 2050 Net Zero Emissions Target
Low carbon products	<ul style="list-style-type: none"> ✓ Develop suppliers of low-carbon raw materials and renewable energy. ✓ Planning product carbon footprint 	<ul style="list-style-type: none"> ✓ Negotiate with suppliers to increase the ratio of low-carbon raw materials ✓ Through the implementation of the product carbon footprint project, the benefits of reducing carbon emissions are quantitatively calculated and optimized by rolling. 	Through the implementation of low-carbon products, the visibility of low-carbon products will be expanded, which will positively affect the carbon reduction actions of supply chains and partners.	<ul style="list-style-type: none"> • Supplier promotion and management procedures • Sustainability Committee • Environmental Team conducts new supplier and product assessments • Product carbon footprint project work
Supply Chain Sustainability	Promote the investigation of sustainable supply chain and plan the sustainable strategy of supply chain mutual assistance. Including extensive collection and evaluation of sustainability information of all links in the supply chain and the effectiveness sharing meeting of sustainable supply chain strategy.	Strengthen cooperation among stakeholders in the supply chain, and gradually strengthen communication and consultation with stakeholders. Through the technical support of product carbon footprint project to suppliers, the effect of knowledge sharing and simplified management cost can be achieved, so as to establish the common goal and action plan of the industrial chain.	By further improving the overall system of sustainable supply chain management and strengthening the supplier supervision mechanism. Actively promote emission reduction through low-carbon goods, and cooperate with business partners to establish a more reliable, transparent and environmentally friendly sustainable supply chain.	<ul style="list-style-type: none"> • Code of Conduct for Responsible Business Alliances (RBA) • Supplier advocacy and management procedures • Environmental and social impact assessment of suppliers • Product carbon footprint project operation

Bibliography:

- Task Force on Climate-related Financial Disclosures (TCFD) : <https://www.fsb-tcfd.org/>
- IPCC Sixth Assessment Report on Climate Change - Summary of Scientific Highlights and Updated Report on the Assessment of Climate Change in Taiwan : https://tccip.ncdr.nat.gov.tw/km_abstract_one.aspx?kid=20210810134743
- Taiwan 3D Disaster Potential Map : <https://dmap.ncdr.nat.gov.tw/>

2.4 Compliance

Axiomtek has established a complete internal control system, procedures and implementation plan for sustainable development and stable operation, which includes pre-compliance with laws and regulations, in-process risk management, and post-compliance internal audit and risk assessment, in order to achieve good internal control and enterprise risk management.

Compliance with laws and regulations is not only the responsibility of the company's directors and management team, but all employees should also establish a clear awareness and system of compliance with the laws and regulations that should be followed in their operations, in order to comply with the latest laws and regulations on corporate governance and internal business processes, to ensure that corporate organisations and personnel comply with the relevant rules, to avoid or reduce the legal risks of internal and external criminal offences and losses, and to enable the company to assess legal suitability and eliminate foreseeable legal risks by means of internal compliance with the laws and regulations prior to commercial activities. It also enables enterprises to assess the legality of laws and regulations through internal compliance operations prior to business activities, eliminating foreseeable legal risks and reducing the risk of non-compliance with laws and regulations that may occur at any time. Overall, effective compliance with laws and regulations not only prevents malpractice and reduces the loss of labour, time and cost of judicial investigations, fines, lawsuits, and negative press, but also enhances the corporate image, which in turn attracts high-quality independent directors, employees and counterparties, resulting in a win-win-win situation for the company, its shareholders, and its stakeholders.

"Zero Fines" has always been a key performance indicator for Axiomtek's corporate governance. Every year, Axiomtek regularly evaluates all environmental regulations and customer requirements, and also evaluates updates to regulations and determines the applicability of and the need for adjustments to the content of the regulations. In case of any non-compliance or insufficiency in the audit results from governmental agencies and customers, we will prioritise the improvement and propose measures to avoid the recurrence of similar incidents.

In 2023, Axiomtek will not have any major violations in the areas of integrity management, business accounting, environmental protection, labour and human rights, occupational safety, product safety, product labelling and marketing, and customer privacy.

Chapter 3 Operation Highlights

The global environment is still facing regional political and economic instability. Axiomtek continues to focus on the core technology of the Industrial Internet of Things (IIoT), connecting with digital technology, hardware and software integration, and ecosystem partners, and leveraging its existing strengths in hardware manufacturing and flexible design to create value for its technology services, and to provide customers with in-depth solutions for the Domain application industry. We will continue to aim for sustainable management, fulfil our corporate social responsibility and focus on ESG, and work with our partners for the common good.



With respect to business objectives, the Company focuses on the integration of artificial intelligence and the Internet of Things, smart manufacturing-related technologies, and edge computing platforms, and continues to invest in industries such as factory automation, smart energy, transportation, healthcare, and smart retailing, etc. The Company will provide a complete line of products and professional customised services for targeted vertical application markets, and at the same time establish overseas service bases to enhance the local R&D and design teams and high-end system assembly capabilities in the region, so as to realise the localisation of customised services and deepen its focus on vertical applications, and to work together with its strategic partners in the creation of alliances and integration of software and hardware to enhance the value-added of its products, in pursuit of the Company's long-term development and sustainable operation.

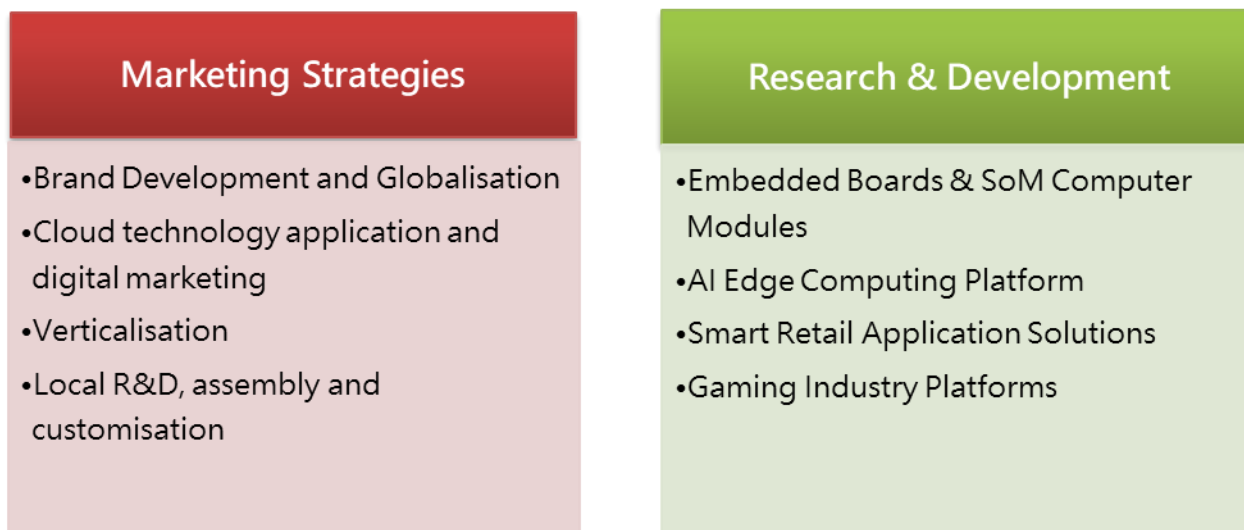
In terms of product research and development, in response to the development trend of edge computing and artificial intelligence Internet of Things (IIoT), the medium- and long-term strategic direction of the planning, including continuing to automation, intelligent energy, machine vision, AGV/AMR, artificial intelligence and IIoT application market development, the retail industry into the immersive experience of the sales environment, the future will be integrated with a number of IIoT technologies of the touch-screen computers, such as interactive self-service machines, digital signage, large-scale self-service ordering systems and mobile POS, digital signage players and self-service machines integrated touch screen, barcode reading, payment devices and other multi-functionality to become the mainstream of the new wave of smart retail. In the future, touch-control computers integrating multiple Internet of Things technologies, such as interactive self-service kiosks, digital signage, large-scale self-service ordering systems, and mobile POS, digital signage players and self-service kiosks integrating multi-functionality such as touch screens, barcode readers, and payment devices, will become the mainstream of the new wave of smart retail, and in addition to integrating with the customer's IT structure to create a smart healthcare environment, such as large-scale testing equipment control host systems, mobile medical trolleys, and telemedicine, will be a key focus of product development in the future.

Continuously embracing the wave of AIIoT (Artificial Intelligence and Internet of Things), Axiomtek will continue to promote digital transformation and regionalised growth, accumulate innovative design service strength, and formulate the development of the Random-Access Group. With the mission of sustainable management, Axiomtek attaches great importance to corporate social responsibility, builds up talents with an international vision of business management, and plans for a long-term development strategy to realise a regionalised service and supply chain that can meet the needs of customers in the region. Axiomtek adheres to the principle of integrity, emphasises corporate governance and ESG responsibilities, and sets vision and goals to help strategic partners grow sustainably, gradually laying the foundation for a global brand and sustainable operation.



3.1 Operating Policies and Objectives

Axiomtek is committed to enhancing shareholders' value and has established a clear development plan for the Group. Monthly management meetings are held to review the performance of each business unit and propose improvement plans for the planning and implementation of operation and management systems, as well as for the assessment of operational performance and project business. Through proactive operation and management planning, Axiomtek aims to meet the annual performance and profitability targets to meet the expectations of its shareholders and stakeholders, and to pursue stable growth and sustainable operation of the enterprise.



● Business Marketing Strategies

1. Develop strategies and tactics for key global customers, vertical application system integrators and distribution channels to expand sales and assist customers in developing new markets.
2. Through long-term planning of global regionalisation and random function organisation, we are close to the US, Germany, UK, Italy, and European markets, and have an in-depth understanding of the product needs of customers in vertical application areas.
3. Leveraging our strengths in R&D, design, flexible customisation and rapid integration services, we continue to market globally under our own brand name, establish more sales and technical bases, expand marketing channels and localised services, and manage customer relationships and project management on a long-term basis.
4. Utilise cloud-based applications and platforms to effectively manage customer relationships and project progress with IT technology and improve customer experience through the integration of digital marketing models.
5. Enhance the local R&D and design team and high-level system assembly capabilities to achieve localisation and customised services in vertical application areas.

● Product Research & Development

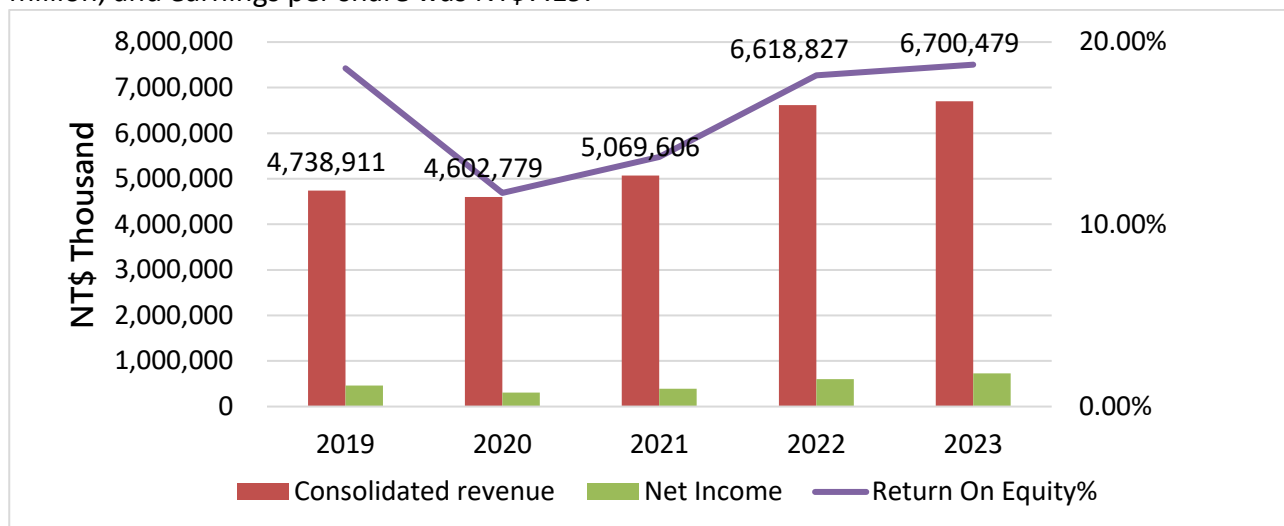
1. Intelligent retail towards intelligent intelligent development, the retail industry into the immersive experience of the sales environment, the future will be integrated with a number of Internet of Things technology touch-screen computers, such as interactive self-service kiosks, digital electronic kiosks, large-scale self-service ordering systems, and mobile POS, to become the mainstream of the new wave of smart retail.
2. Integration with customer's IT structure to create an intelligent healthcare environment. Large-scale testing equipment control host system, mobile medical trolley, bedside computer information computer is the focus of future product development.
3. Keeping abreast of the market trend, we continue to develop towards automation, smart energy, machine vision, AGV/AMR, artificial intelligence, and Internet of Things applications. We provide software and hardware integration services for specific vertical applications and obtain professional certification for our products.
4. Focusing on the industrial network security application market, the company develops edge computing platforms, remote monitoring technology IPMI and high-speed Ethernet modules, and SDN network security architecture.
5. Newly developed AI image recognition application products for gaming industry as well as self-developed patented products, providing a full range of professional services to help customers to implement products in the fastest time.



3.2 Economic Results

Management of major issues: Economic Results	
Item	Abstract Description
Issue Impact Boundary	Internal organisation (Group-wide)
Management Mechanism	Establishment and operation of a sound corporate governance organisation with a head of corporate governance to protect shareholders' interests and strengthen the functions of the Board of Directors, please refer to the section on the Board of Directors in the Report for details.
2023 Goal	Continued investment and development of AI, Edge Computing, Internet of Things, Intelligent Healthcare, and Intelligent Retail to maintain high growth momentum.
2023 Results	Consolidated revenue reached NT\$6.7 billion, an annual growth of 1.23%, and consolidated net income was NT\$728 million, with after-tax earnings per share of NT\$7.19.
2024 Promotion Goals	With innovative design services and digital transformation as the core of development, strengthening the added value of product hardware and software integration, marketing under our own brand name globally, expanding marketing channels and realising localised services.
Medium and long-term development direction	Axiomtek will continue to deepen its global localisation operations, integrate vertical application markets, realise regionalised services, and supply chains, and create an industry alliance ecosystem, gradually laying the foundation for a global brand and sustainable operations.
Related Policy	Axiomtek's Articles of Incorporation, Code of Corporate Governance Practices and Business Plan.

Axiomtek Group's FY2023 consolidated revenue reached NT\$6.7 billion, consolidated net income for the period was NT\$728 million, consolidated total income for the period was NT\$732 million, and earnings per share was NT\$7.19.



Unit: NT\$ Thousand

Item	Item	2019	2020	2021	2022	2023
Financial Overview	Revenue	4,738,911	4,602,779	5,069,606	6,618,827	6,700,479
	Gross Profit	1,693,484	1,550,755	1,700,995	2,230,812	2,402,897
	Gross Profit Margin	35.74%	33.69%	33.55%	33.70%	35.86%
	Operating Income	498,835	403,951	417,006	728,720	944,138
	Income before tax	596,417	412,502	495,096	792,782	981,557
	Net profit for the period	460,455	306,598	390,915	602,637	727,624
Profitability	Net profit after tax	9.72%	6.66%	7.71%	9.10%	10.86%
Dividend payout	Earnings per share (\$)	5.76	3.73	4.57	6.66	7.19

Item	2019	2020	2021	2022	2023
Income(Note)	4,849,183	4,627,417	5,158,182	6,695,434	6,760,452
Subsidy Income	-	41,713	6,185	2,858	-
Operating Costs	2,780,466	2,811,506	3,027,358	4,019,378	3,835,942
Staff salaries and benefits	1,007,069	1,013,021	1,146,402	1,304,915	1,342,892
Research and Development Expenditure	453,968	422,620	488,175	570,785	581,329
Social Investment	-	-	-	-	-
Lender Interest Payments	11,263	9,481	7,336	10,432	18,732
Government Taxes	135,962	105,904	104,181	190,145	253,933
Net profit after tax	460,455	306,598	390,915	602,637	727,624

Note: Including operating income and non-operating income.

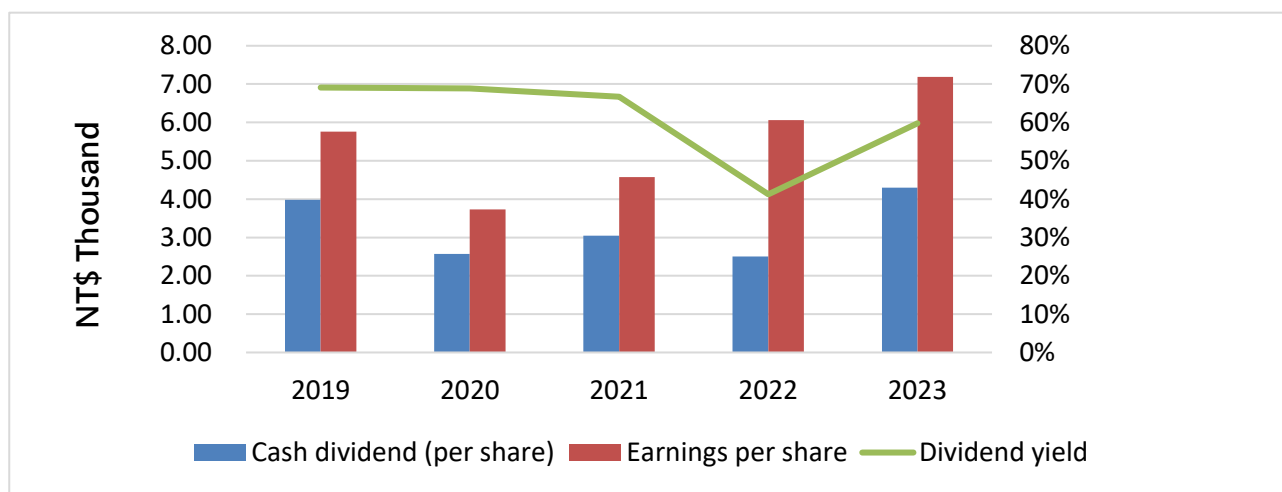
Distribution of surplus

Since 2005, when the Company's shares were listed on the Over-the-Counter Securities Trading Centre in the Republic of China (Taiwan), the Company's revenue and profits have grown steadily, and the Company has maintained a stable financial structure. Through dividend payments, the Company values the interests of its investors and creates value for them on an ongoing basis. Since 2005, the Company has paid dividends to shareholders every year.

In accordance with Article 27 of the Company's Articles of Incorporation, if the Company has a net profit after tax for the current period, the Company shall first make up for the accumulated losses (including adjustments to the undistributed earnings) and then appropriate 10% of the net profit as legal reserve in accordance with the law; provided that the legal reserve shall be set aside or reversed in accordance with the laws and regulations or the requirements of the competent authorities, unless the legal reserve has already reached the total amount of the Company's paid-in capital. After the appropriation or reversal of the special reserve as required by law or by the competent authorities for the second time, the remaining surplus, together with the unappropriated earnings at the beginning of the same period (including adjustments to the unappropriated earnings), shall be appropriated by the Board of Directors, who shall prepare a resolution for appropriation of the remaining surplus, and shall authorise the Board of Directors to distribute all or a portion of the dividends and bonuses payable as cash dividends, in accordance with the resolution of the Board of Directors with the attendance of more than two thirds of the directors and a majority of the directors present, and report the same to the shareholders in the general meeting of the shareholders.

In the event that the distribution of earnings in accordance with the preceding paragraph is made through the issuance of new shares, it shall be resolved by the shareholders at a shareholders' meeting in accordance with the provisions of Article 240 of the Company Act.

The Company's dividend policy is to allocate no less than 25% of the available-for-distribution earnings each year for the distribution of dividends and bonuses to shareholders in accordance with the current and future development plans, taking into account the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders, etc., with the distribution of stock dividends limited to no more than 80% of the total amount of dividends and bonuses. The Board of Directors of the Company has approved the distribution of a cash dividend of NT\$4.30 per share for the year 2023 by a resolution of the Board of Directors with the presence of more than two-thirds of the directors and a majority of the directors present on 22 February 2024, which was reported to the shareholders in accordance with the law, and the Chairman of the Board of Directors was authorised to determine the basis of the dividend distribution date and the date of the dividend distribution, and other related matters.

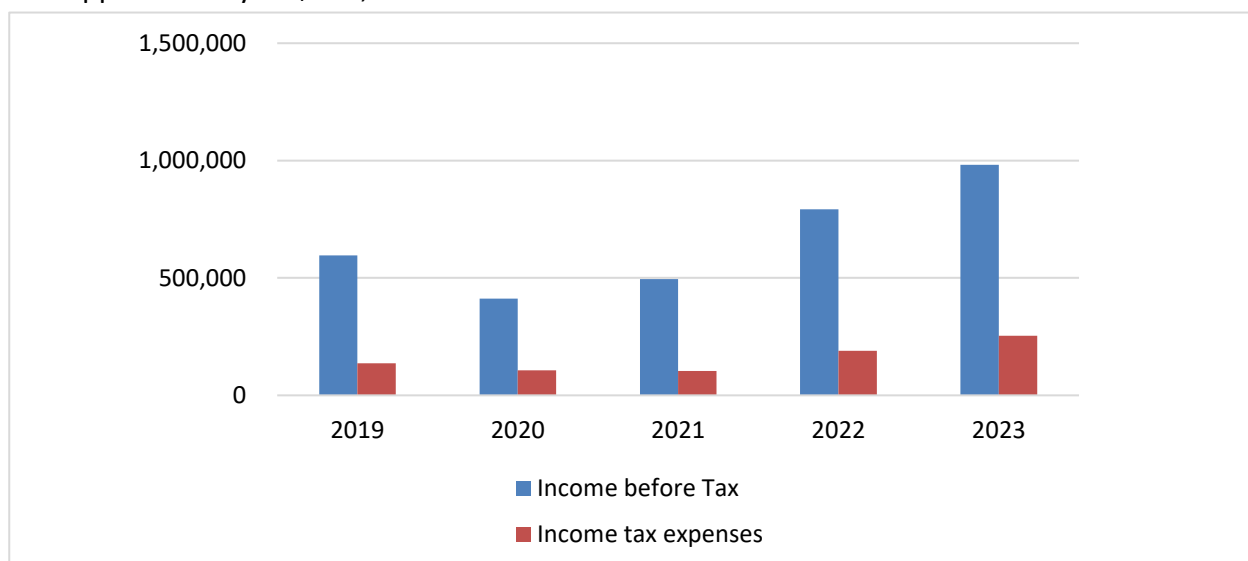


Taxation Policy and Financial Assistance From the Government

In support of a tax policy that fosters innovation and economic growth, and with a commitment to information transparency and sustainability, we pledge to:

- All operations are conducted in accordance with relevant tax laws and regulations.
- Financial reporting information is transparent and tax disclosures are handled in accordance with relevant regulations and standards.
- We do not engage in transactions for the sole purpose of tax avoidance.
- We have a respectful relationship with the tax authorities based on mutual trust and transparency of information.
- The company's key decisions take into account the impact of rental tax.

The Company's contribution to the government's rental tax is mainly due to the payment of income tax from profit-making operations, and the actual income tax paid by the Group in FY2023 was approximately NT\$219,637 thousand.



Axiomtek received a 2020 Notice of Approval of Income Tax on Profit-making Businesses in 2022, and the amount of investment tax credits approved by the Ministry of Finance's Northern Region IRS was NT\$980,000 (US\$1.5 million).

● Tax Governance

Policy Philosophy In response to the international trend of tax governance, Axiomtek implements stringent management of tax operations in order to effectively manage tax risks and implement sustainable corporate development. We have set up a tax management unit where day-to-day tax administration and management is delegated to the Accounting Officer, who is assisted by professional and experienced tax professionals in fulfilling the company's tax obligations, and the Chief Financial Officer is the tax administrator.

We are ultimately responsible for our tax affairs. In addition, in the face of the ever-changing domestic and international tax laws and regulations, we have adopted appropriate responses and strategic adjustments, as well as enhanced our professional knowledge through the professional services provided by external tax consulting organisations.

● **Tax Risk Management**

Country	Type of Tax	Content of Risk
Taiwan China America Asia	Corporate Income Tax Indirect tax Other	<p>Uncertainty in tax laws and regulations leads to tax disputes.</p> <ul style="list-style-type: none"> ● Increased tax compliance costs due to different timeframes for interpreting legislation in accordance with the BEPS(Note) policy implemented by the Organisation for Economic Co-operation and Development (OECD). ● Changes in tax laws or incentives may affect the Company's original tax planning. ● Failure to implement tax administration policies; failure to timely assess and respond to tax costs arising from changes in tax laws or transaction patterns.

Note: BEPS (Base Erosion and Profit Shifting) is an international tax reform led by OECD, which aims to establish an international tax system that is conducive to global economic growth.

Chapter 4 Products & Services

Axiomtek Co., Ltd. continues to develop and manufacture a series of innovative, high-performance, and reliable industrial computer products, and follows the "Industry 4.0" integration framework as the cornerstone of its product development goals. In addition, Axiomtek has obtained international quality management certificates such as ISO9001, ISO14001, ISO13485, etc., to evaluate the R&D, production, sales, and service phases, to ensure that the entire R&D process is of the highest standard and quality, and that the product specifications and design comply with the international professional certification standards such as IEC61000 CE+LVD and FCC Part 15B Class A. Axiomtek is also committed to the core We are also committed to the layout of our core patents and the related confidentiality and monitoring. In addition to the introduction of the green factory concept to enhance the industry's green image, the product design also focuses on user safety, from the placement of the motherboard components to the outward appearance of the components, are designed to be easy to use, environmentally friendly, low-carbon, low-power as the starting point, has not yet been received by the customer using Axiomtek products resulting in injury or discomfort, and at the same time, to let the user understand that the industrial fanless system is no longer just a hardware product, in addition to compliance with regulatory requirements for certification. Axiomtek's industrial fanless system is not just a hardware product, but also a total solution that combines cloud intelligence and edge computing, in addition to meeting regulatory certification requirements. Axiomtek will gradually realise the vision of sustainable development.

In order to ensure that the products that Axiomtek provides to customers meet international regulations such as UL, CE, FCC, CCC, etc. and to reduce the health and safety impacts during the product life cycle, Axiomtek not only conducts regular environmental, safety, and hygiene inspections, but also establishes fair trade and antitrust clauses in the Axiomtek Code of Corporate Social Responsibility and the Code of Conduct for Employees, and strictly requires employees to abide by the provisions of the Code of Conduct in terms of the protection of customers' privacy and intellectual property, and has not had any cases of violations of the relevant rules and standards for marketing and communication, or the Code of Conduct for Employees, in recent years.



In recent years, there have been no cases of non-compliance with the regulations and standards related to marketing communications and the Code of Conduct for Employees, in which the following management policies were proposed to address the requirements for product and service information and labelling:

Management of major issues: Product and Service Information and Labelling Requirements	
Item	Product labelling of anomalies and power ratings are important information about the product and are printed on anti-silver dragon stickers that must comply with the product specifications.
Issue Impact Boundary	Within the organisation, customers.
Management Mechanism	If the product design changes the Power Rating, the safety regulations must be re-certified, and the PCN must be issued to inform the customer, otherwise it cannot be changed arbitrarily.
2023 Goal	QA sends out MAIL to the head office and factory to give examples and reinforce the promotion.
2023 Results	No further relevant cases.

2024 Promotion Goals	After importing PLM (Product Life-cycle Management), PM can choose whether to trigger PCN (Product Change Notice) when filling out ECR Application Form (Engineering Change Request Form) to give change notification to their end customers.
Related Policy	Axiomtek is committed to honesty, integrity, and business ethics, and has earned the trust of our customers.

Axiomtek's business philosophy is to achieve a win-win situation with suppliers and customers, and to always ensure ethical and environmentally friendly supplier and production principles. At the same time, Axiomtek has set up a green supply chain management system, which is 100% compliant with the regulations and customer specifications for components free of hazardous substances and requires suppliers to sign a "Certificate of Commitment for Restriction of Hazardous Substances" and "Declaration of No Conflicting Substances" to ensure that all components comply with relevant environmental regulations. Suppliers are required to sign the "Restriction of Hazardous Substances Commitment" and the "Declaration of Non-use of Conflicting Substances" to ensure that each component complies with the relevant environmental protection laws and regulations, and suppliers must promise and guarantee that their products do not contain hazardous substances listed by the Company, and that they comply with the EU Restriction of Hazardous Substances Directive. Hazardous substances Directive (2011/65/EU), (EU) 2015/863: Restriction of Pb, Hg, Cd, Cr6+, PBB, PBDE, DEHP, BBP, DBP, DIBP and other related hazardous substances.

Axiomtek's innovative modular fanless embedded intelligent transportation system, tBOX500-510-FL-PoE, and industrial-grade, low-power, fanless embedded computer system, eBOX671-517-FL, are developed based on this conceptual framework. The fanless system not only avoids noise, dust, and stability problems caused by fan operation, but also operates under a wide range of temperatures. It can also work in a wide range of operating temperatures. Built-in PoE power supply greatly reduces deployment cost and saves system installation space, which is reliable, safe and economical.

The tBOX500-510-FL provides a robust embedded fanless system to meet the diverse needs of the intelligent transport sector.

The eBOX671-517-FL provides a high-performance embedded fanless system to meet the needs of AIoT industrial IoT applications.



tBOX500-510-FL



eBOX671-517-FL

At the same time, the newly launched industrial-grade low-power edge computing system eBOX100-312-FL and the fanless system of the retail advertising system DSP521 are developed based on this conceptual framework, which provides an IP40-rated fanless system, which not only avoids the noise, dust, and stability problems caused by the operation of the fan, but also operates in a wide range of temperature environments. Slim and compact, flexible I/O expansion through monitoring software and connecting to cloud database via network (LAN/WLAN/WWAN), this architecture will greatly reduce labour cost and increase processing time efficiency, which meets the principles of reliability, safety and economy. eBOX100-312-FL provides robust IP40 rated embedded fanless system products to meet the needs of factory automation. The eBOX100-312-FL provides a robust IP40 rated embedded fanless system to meet factory automation requirements.

In order to meet the needs of different retail areas, the demand for advertising is also increasing, Axiomtek provides a robust, high-performance and low-power embedded 4-Display advertising system to meet the needs of customers.



eBOX100-312-FL



DSP521

Axiomtek's main product lines have been successfully applied in factory automation, intelligent railway transportation, intelligent energy, robotics, intelligent healthcare, gaming, point-of-sale intelligence systems, interactive multimedia platforms, retail vertical markets, digital signage for network security, and many more industrial IoT related areas. Axiomtek has an experienced R&D and manufacturing team to develop a wide range of embedded and industrial computer products and modular design application computer platforms with advanced embedded technology.



Pico-ITX



CAPA



PICMG 1.3 Full-size



COM Express



Smart Display Module



Low power consumption fanless embedded computer



Multi-function Fanless Embedded Computer



Scalable Fanless Embedded Computer



Embedded Computer for Intelligent Transport



Intelligent Traffic Monitoring System Platform



Upright Expandable Fanless Embedded Standard



Mechanical visualisation control platforms



Industrial Network Extenders



Industrial Edge Servers



Switchable Intelligent Traffic Surveillance System



Intelligent Traffic Monitoring System Platform



Fanless Touch Panel PC



High Performance Expandable Tablet PC



Stainless Steel Tablet PC with Dust & Water Resistance



1U Network Appliance



2U Network Appliance



Fanless Slim-type NA



Industrial Ethernet Switch



Autonomous mobile robot AMR



OPS Digital Signage Player



Digital Signage Player



CAN Converter



Digital Signage Playback System



Smart KIOSK Module



Edge AI Artificial Intelligence System



Industrial IoT Gateway Platform



Industrial Network Firewall



Edge AI Computing Platform

● Product Information Security

In recent years, information security incidents of electronic products have occurred from time to time, and product information security has become increasingly concerned by authorities and consumers. The Company has established a standardised process management for product information security to ensure the security of consumer information and privacy.

Stage	Management Mechanism
Development Environment	The company has implemented ISO/IEC 27001 in early 2024, and the relevant personnel and software/hardware operations are all in compliance with the company's information security policy, such as complying with the relevant laws and regulations on information security and its related social norms. We have established anti-virus and regular backup mechanisms to prevent file damage and loss of information assets, and to ensure the confidentiality, integrity, and availability of sensitive and valuable digital data.
Product Development	The company plans to formally implement IEC62443-4-1 by the end of 2024. In the preliminary planning and design of network communication related products, the company will implement the concept of product information security from the beginning of the product design, and do a good job in the development stage of the process and document traceability, and will continue to maintain and track the products after mass production.
Quality Assurance	After the introduction of IEC62443-4-1, products in the finished product stage of mass production planning requirements related to the model will be sent to the laboratory to do a complete standard test, if there is a possible risk of immediate changes and corrections, in order to pass the test and obtain the relevant certificates as the goal. This ensures that the product will be able to withstand unnecessary information security risks after the product is officially sold. There were no product information security or suspected product information security incidents in FY2023.

Axiomtek provides a complete solution to the needs of all industries:

● Industry 4.0 Smart Factory

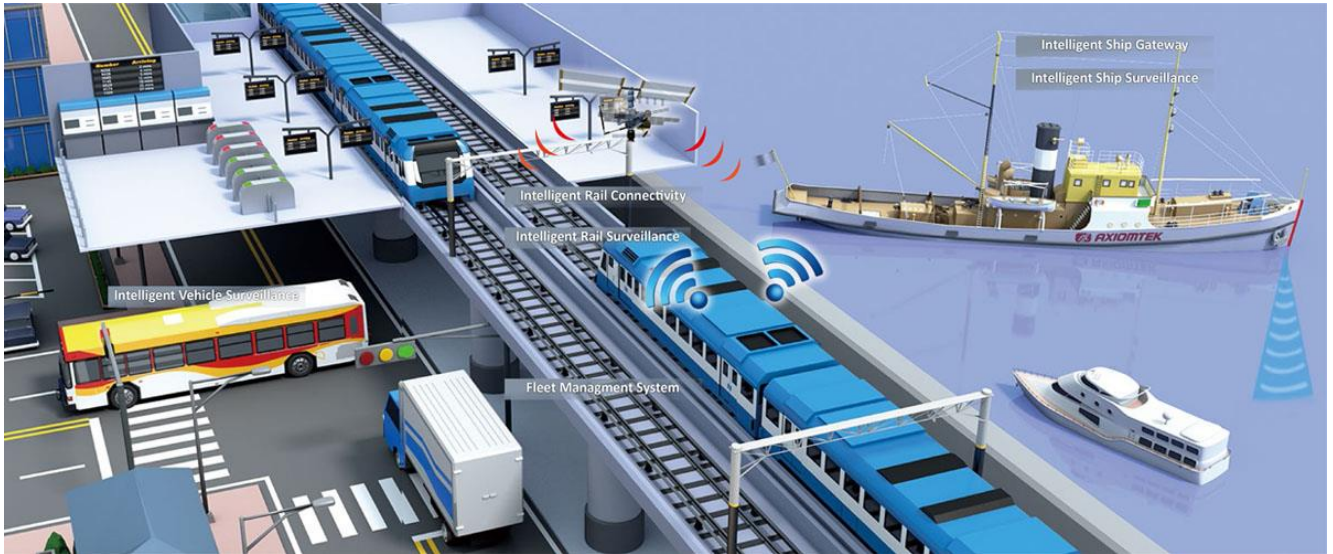
Industry 4.0 is the technological evolution from embedded systems to networked, physical systems. Embedded production technology and smart production connect to the new technological era. Industry 4.0 represents a shift from centralised to decentralised products, meaning that machines will not only be able to carry out simple commands, but also receive



multiple commands at the same time. This will fundamentally change the industry's production value chain and business models, as well as assisting in the implementation of smart factories to increase production and factory efficiency, while reducing the cost burden and complexity of physical inventories.

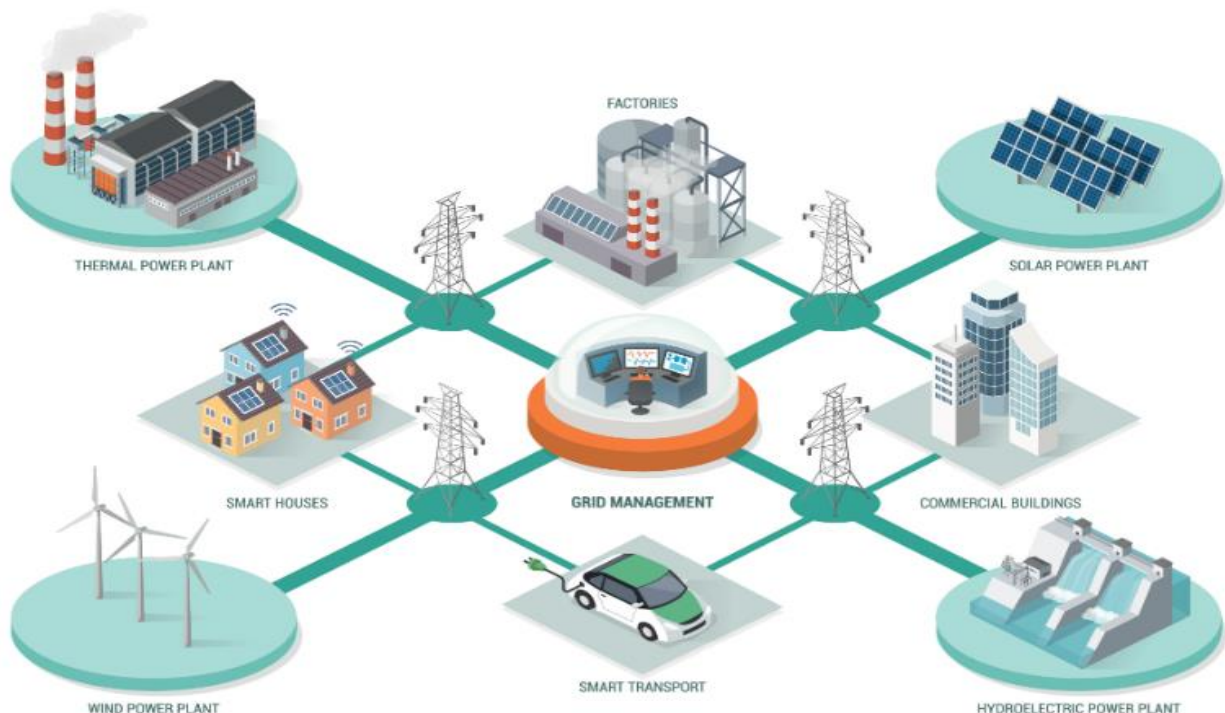
- **Intelligent Transport**

Axiomtek provides excellent traffic and transport solutions with low-power core processors for both performance and economy, as well as lead-free manufacturing processes (RoHS), which meets the green requirements of stringent manufacturing processes and high standards of quality control. With a complete network video surveillance system (NVR), wireless communication technology, intelligent gates, etc., to enhance the overall resource allocation, traffic scheduling and improve the ability of infrastructure, while at the same time reduce traffic congestion and environmental impact, improve the efficiency of transport and energy use, to meet the safety of all kinds of railways, vehicles and maritime transport, as well as the quality of customer service and other important project objectives.



- **intelligent energy**

Axiomtek has a wide range of rugged embedded computer systems and Ethernet products that integrate control, communication, management and video functions for power generation, transmission, and distribution. Axiomtek's power and energy solutions help customers in the energy industry to upgrade, extend uptime, reduce power outages, and save operation and maintenance costs, meeting the needs of smart energy, roadside service, electric vehicle charging stations, and other applications, as well as fully complying with safety and environmental requirements.



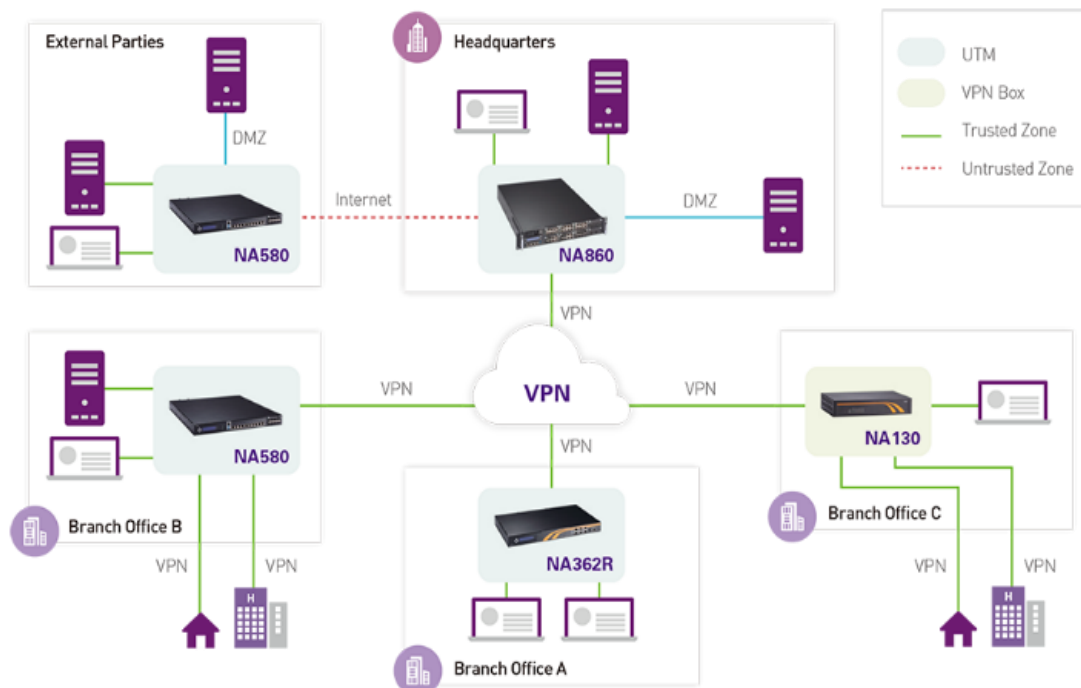
● Robotics Industry

With the increasing use of autonomous mobile robots (AMR) in factory automation, smart logistics and e-commerce, and their rapidly growing demand, Axiomtek introduces the AMR Build Kit, which includes an AMR controller, ROS 2 software package, sensor kit and development support services to simplify the AMR development process from design to manufacturing and help system integrators accelerate time-to-market. Real-time data collection, advanced predictive and reactive capabilities for fast processing and execution of continuous motion. Extensive I/O interfaces to cameras, sensors, control boards, displays, and other end devices to help customers create autonomous mobile robots that meet the requirements of Industry 4.0 applications to address labour market shortages and rising labour costs.



● Network Security Management

With the advent of the 5G era and the growing development of Internet of Things (IoT), governments, enterprises, campuses, and even SOHOs are paying more and more attention to cyber security issues. Axiomtek provides a variety of network security application platforms with high-performance processors, flexible matching, low power consumption, fanless or low noise, and cost-effective, which undoubtedly become the best solution for network applications such as Virtual Private Network (VPN), Intrusion Detection System (IDS), Integrated Threat Management (UTM), and network security entrance/exit ramp management.



- **Digital Signage with Axiomtek's Remote Device Management System**

Axiomtek has built a complete digital signage platform that is suitable for shopping malls, companies, educational institutions, hospitals, banks, transport, restaurants, entertainment, and other public and commercial venues to effectively communicate business, announcements, news and information to provide uninterrupted service. Provide 2 to 9 displays digital signage system.



Axiomtek digital signage system with our self-developed remote management system, can provide some remote monitoring functions, as well as through the remote to allow the machine to restart or even reboot, for the owners to say is more helpful. We can also get a better understanding of the machine's condition through the return of these real-time questions.

Retail API service benefit



- **Self-service solutions**

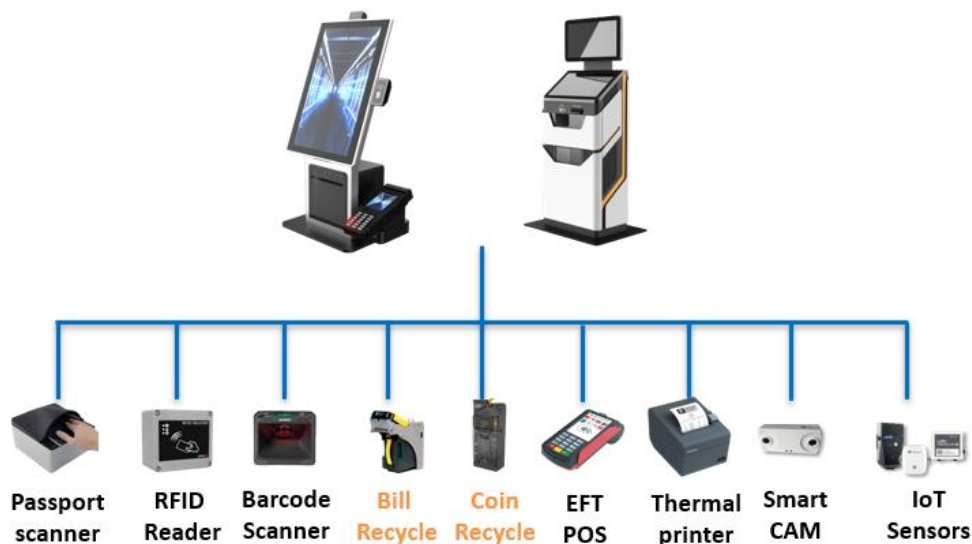
Self-service systems are widely used in banks, shopping malls, department stores, transportation facilities, etc. Axiomtek builds a complete POS / Kiosk self-service system and provides customised services with flexible configuration, easy maintenance, multi-environmental applicability, and high stability, etc. Axiomtek provides product system integration and design and installation through modular design, which allows self-service systems to be upgraded quickly, maintained easily, and reduces the cost of its management and transportation.

- **Edge Computing AI Platform Solutions**

Axiomtek offers Edge Computing AI embedded platforms in a variety of sizes and architectures to meet the needs of diverse AI applications, from low-power, high-performance embedded systems to server-grade, scalable, industrial-grade systems. Axiomtek's platforms have not only helped customers in the fields of smart manufacturing, smart transportation, smart agriculture, smart cities, and smart retail to improve their operations, but also to enhance productivity, efficiency, and operational performance.



System design and peripheral integration services



- **Centralised Internet of Things Terminal Device Network Management Platform**

Due to the operation of the Internet of Things (IoT) generation, edge devices, whether they are gateways or computers, need to be connected to the network to transmit data, and they also need to be managed over the network. To facilitate the centralised management of all the scattered devices, Axiomtek provides DigiHub for TMS, a web-based software suite for centralised IoT terminal device network management platform, which can help users to keep track of the operation status of each terminal device, setup adjustments, fault detection, remote updates, and other maintenance and operation tasks from a remote location. Axiomtek provides DigiHub for

TMS, a centralised IoT terminal device network management platform in web form, which helps users to keep track of each terminal device's operation status, setting adjustment, abnormality detection, remote update, etc., and various maintenance and operation tasks from a remote location. This management platform is compatible with all Axiomtek's standard products, which can eliminate the complexity of selecting the devices and learning various management packages.

● Intelligent Medical System

In order to meet the digital transformation of hospitals and the medical industry, Axiomtek's medical-grade computer systems and high-performance computing systems are ready to integrate into different medical equipment and medical environments with their design advantages of high stability, quiet, fanless operation, and waterproof design, which accelerate the application of artificial intelligence in medical environments and reduce the burden of healthcare workers. The medical and computer system products have passed EN60601-1, CE, and FCC Part 18 Class B certifications.



mBOX600



mHPC202

Product Lists :

Fanless Embedded System	eBOX100-312, eBOX100-51R, eBOX560-500, eBOX560-52R, eBOX560-512, eBOX560-900, eBOX565-500, eBOX625-853, eBOX626-853, eBOX625-312, eBOX626-311, eBOX626A, eBOX630-528, eBOX630A, eBOX640-500, eBOX640A, eBOX640-521, eBOX670-891, eBOX671-517, eBOX671-521, eBOX671A, eBOX671B, eBOX700-891, eBOX710-521, eBOX710A, eBOX800-841. eBOX800-511, eBOX800-900
Edge AI Embedded System	AIE100-903, AIE110, AIE500-901, AIE800, AIE900-902, AIE900A
DIN-rail Embedded System	ICO100-839, ICO120-83D, ICO120-E3350, ICO300, ICO300-83B, ICO300-83M, ICO310, ICO320-83C, ICO500-518, Agent200, IFB122, rBOX630
Transportation Embedded System	tBOX110-APL, tBOX300-510, tBOX323-835, tBOX324-894, tBOX500-510, tBOX510-518, tBOX810-838, UST100-504, UST200-83H, UST210-83K,

	UST500-517, UST510-52B, tBOX324-894, tBOX110-APL
ARM-based Embedded Board	SCM120, SCM180, Q7M120
Industrial Systems	IPC960-525, IPC962-525, IPC964-525, IPC962-511, IPC962-512, IPC960A, IPC962A, IPC964A, IPC964-512, IPC950, IPC970, IPC972, IPC974-519
Transportation Touch Panel PC	GOT710S-837, GOT712S-837, GOT715S-RA-M
Transportation Monitor	P710, P712, P718O
Fanless Touch Panel PC	GOT315A, GOT318A, GOT321A, GOT815A, GOT818A, GOT821A, GOT110-316, GOT107W-319, GOT115-319, GOT5103W-845, P115, GOT315B, GOT317B, GOT321B
Modular Panel PCs	ITC151 , ITC211 , ITC241
ATX Motherboards	IMB520R, IMB521R, IMB523R, IMB524R, IMB525R, IMB530, IMB540, IMB541, IMB700
Slot CPU Cards	SHB140, SHB150R, SHB160, SHB250R
PCI Express Cards	AX92320, AX92321, AX92322, AX92324, AX92351, AX92352, AX92353, AX93327 Fiber Series
SMB Network Appliances	NA345R, NA362R, NA363R, NA590, NA591, NA592, NA860, NA861, NA870
SOHO Network Appliances	NA345, NA346, NA347, NA361, NA362, NA363
DIN-rail Network Appliances	iNA100, iNA200
Digital Signage Player	DSP3XX Series 、 DSP5XX Series 、 DSP6XX Series 、 DSP8XX Series
Modular Board	SDM3XXS Series 、 SDM5XXL Series
Medical HPC	MHPC200 Series
Medical Box PC	MBOX100 Series 、 mBOX600 Series
Industrial PC	APC Series
Industrial Motherboard	MMB Series 、 MANO Series 、 NANO Series 、 CAPA Series 、 PICO Series 、 KIWI Series
System On Module	CEM Series 、 CEB Series 、 Q7M Series 、
Added-On Card	AX Series, MIO Series, EIO Series

In addition, under the spirit of ISO 9001, ISO 14001 and ISO 13485 quality control system, the company implements pollution prevention and related environmental protection measures, complies with national environmental protection laws and regulations and relevant requirements and regulations of environmental protection organizations in accordance with the highest environmental policy of "unlimited environmental protection and sustainable resources", educates and promotes the concept of environmental protection to each employee, and communicates with raw material suppliers and third-party suppliers to jointly commit to the concepts of environmental protection and sustainable economy. Communicate with raw material suppliers and third parties to work together for the concept of environmental protection and sustainable economy.

In terms of customer service, we have a comprehensive service network, both domestic and overseas customers can quickly get the timeliest service and the most satisfactory price through our global network. Each of Axiomtek's sales program is completed by a group of experienced hardware and software engineers, institutional engineers, system application engineers, and excellent business associates. From concept to design, Axiomtek provides an excellent service team that can tailor to different needs and accelerate product development time to meet market demand.



In terms of technical support, Axiomtek's customer service department at Axiomtek's headquarter or in other regions around the world is composed of a team of professional technical support staffs, who provide customers with immediate technical support with their professional knowledge. Axiomtek's repair support is handled by our RMA customer service department, which provides customers with professional and complete technical support and promises to complete the repair service within 14 days.

Axiomtek also provides OEM/ODM customized design services to meet all customers' needs, whether it is to carry out projects, propose application solutions, or provide technical support, all of which are based on the customer's needs as the highest priority. In order to maximize product performance, Axiomtek utilizes an international distribution network. Axiomtek's global inventory control and tracking system allows us to efficiently dispatch our products from our offices in Taiwan, the United States, Germany, the United Kingdom, and China, ensuring that our products are shipped on time, every time, with no delays!

Client Relationships

In order to maintain the security of customer information and prevent data leakage, our company has regulations on the collection, handling and utilization of information from employees, customers and suppliers, and we have signed customer confidentiality agreements with some of our customers to ensure that the information of both parties will not be leaked. We have signed customer confidentiality agreements with some of our customers to ensure that the information of both parties will not be leaked out. If customers have any concerns or find that their privacy has been infringed upon, they can contact the business counter directly, and the business counter will file a complaint with the Quality Assurance Department for investigation and follow-up. the number of complaints related to the infringement of customer privacy or the loss of customer information in fiscal year 2023 was zero.

Axiomtek's network infrastructure has passed ISO 27001 certification. Network transactions and private data are protected by high-tech encrypted and secure transmission methods, with data encrypted before transmission to prevent data interception and theft.

Axiomtek adopts a zero-tolerance policy for violations of personal information protection. If, after investigation, Axiomtek is found to have violated applicable laws and regulations on personal information protection, including failure to report wrongdoing by a person with supervisory responsibilities, Axiomtek will immediately review and improve its management practices and take disciplinary actions in accordance with the labor contract, internal disciplinary rules, and procedures, including termination of employment.

● Axiomtek has established the following contact channels for the privacy protection policy:

Axiomtek Co.

Personal Information Protection Officer

8F., No. 88, Nanxing Rd., Xizhi Dist., New Taipei City 221026, Taiwan.

privacy@axiomtek.com.tw

Customers who deliver Axiomtek's personal data may exercise the following rights in accordance with the provisions of Article 3 of the Personal Data Protection Act and Articles 16 to 20 of the EU General Data Protection Regulation.

1. Enquiry or request to view.
2. Request a copy.
3. Requests for additions or corrections.
4. Request to stop collection, processing, or utilization.
5. Request to limit processing.
6. Restrict automatic decision making.
7. Request deletion. However, Axiomtek may not be able to operate and reply if the processing of personal data is necessary and the data is not applicable to the exercise of the right to erasure in accordance with the relevant personal data law.
8. Request for data portability.

Customers can contact us through Axiomtek's website or mail to our mailbox.

Management of major issues: Privacy	
Item	Protection of customer privacy
Issues affecting the boundary	External Customers / Regulatory Authorities
Management Mechanism	Customer Complaint Forms / Official Documents of Regulatory Authorities
2023 Goal	The number of complaints related to infringement of customer privacy or loss of customer information is zero.
2023 Executive Effectiveness	The total number of verified incidents of information leakage, theft or loss of customer information is zero.
2024 Rollout	<ul style="list-style-type: none"> 1 、 Revise a more complete customer privacy management program. 2 、 Importing safety certified quality enterprises (Authorized Economic Operator, AEO)
Relevant Policies	<p>Axiomtek always respects the privacy of our customers and has set up management regulations for technical documents and application information provided by our customers to prevent the infringement of their privacy.</p> <p>To comply with European and American personal data protection regulations such as the GDPR and other principles, technical and procedural safeguards have been built into the website to prevent certain combinations of data.</p> <p>Privacy Policy and Cookie Policy can be found at: https://www.axiomtek.com.tw/Default.aspx?MenuId=Information&FunctionId=InfoFullPage&ItemId=277</p>

Chapter 5 Friendly Workplace

Employee Diversity and Equal Opportunities

Management of major issues: Employee Diversity and Equal Opportunities	
Item	Summary Description
Issues Affecting Borders	Intra-organizational
Management System	Talent will be hired without discrimination on the basis of race, sex, age, mental or physical handicap, religion, national origin, or any other characteristic protected by applicable law.
2023 Goals	Continuously promote gender equality, diversity, and a cross-generational friendly workplace. Gender Equalization: Reduce the difference in gender ratio by 1% compared to 2022. Cross-generational composition: Employee age range from 19 to 65 years old.
2023 Effectiveness	Gender ratio difference of 12.1% in 2022 and 11.64% in 2023, which is lower than the original target. The minimum age group of employees in 2023 will be 19 years old and the maximum age group will be 64 years old, with the same coverage as in 2022.
2024 Rollout Goals	Continuing to promote gender equality, diversity, and a cross-generational friendly workplace. Gender Equalization: Reduce the difference in gender ratio by 1% compared to the 2023 result. Cross-generational composition: Employee age range from 19 to 65 years old.
Related Policies	None.

Talent Composition

Axiomtek has always emphasized the value of a diversified workplace, and fair employment opportunities are the source of the company's competitiveness. Axiomtek's employees are not differentiated by gender, race, religion, politics, marriage, labor unions and associations, etc. Axiomtek has a wealth of talents, including energetic talents under the age of 30, professional talents between the ages of 30 to 50, and intelligent talents over the age of 50, and through cross-age exchanges and integration. Respect differences and learn together to pass on Axiomtek's corporate culture, beliefs, and values to consolidate and enhance Axiomtek's human resources development. To satisfy the career development of colleagues and the company's operational needs, colleagues' willingness to transfer, the monthly publication of Axiomtek's e-newsletter will also convey the latest information on job vacancies to colleagues. In addition to keeping abreast of the latest job vacancy dynamics, the company has a system in place to provide colleagues with the necessary assistance for all issues arising from the change of duties and encourages employees to apply for transfers and rotations within the company's internal units.

Axiomtek has always emphasised the value of a diverse workplace, and fair employment opportunities are the source of the company's competitiveness. Axiomtek's employees are not differentiated by gender, race, religion, politics, marriage, labour unions and associations, etc. The ratio of male to female and nationality by professional functions are analysed below:

Item		Number and proportion of males		Number and proportion of females		Total
Professional Functions (by gender)	Managers	95	14.18%	26	3.88%	121
	Technicians	192	28.66%	128	19.10%	320
	Other staff	87	12.99%	142	21.19%	229
	Total	374	55.82%	296	44.18%	670

Note: % = number of persons in the category / total number of persons in the company at the end of the year

Item		Number and proportion of Taiwanese		Number and proportion of Vietnamese		Number and proportion of Malaysians		Number and proportion of other nationalities		Total
Professional Functions (by nationality)	Managers	121	18.06%	0	0.00%	0	0.00%	0	0.00%	121
	Technicians	244	36.42%	74	11.04%	2	0.30%	0	0.00%	320
	Other staff	224	33.43%	1	0.15%	1	0.15%	3	0.45%	229
	Total	589	87.91%	75	11.19%	3	0.45%	3	0.45%	670

Note: % = number of persons in the category/total number of persons in the company at the end of the year; other nationalities include China, India, Ecuador and the United States.

Axiomtek's talent pool consists of dynamic talents under the age of 30, professional talents between the ages of 30 and 50, and intelligent talents over the age of 50. Through cross-age exchanges and integration, we respect differences and learn together to pass on Axiomtek's corporate culture, beliefs, and values, in order to consolidate and enhance the development of Axiomtek's human resources, and in order to satisfy the career development of colleagues and the company's operational needs, we have a willingness to transfer colleagues to Axiomtek, which is a very important step in the development of Axiomtek. Axiomtek has also set up a link to internal job vacancies on its internal website, and the monthly Axiomtek e-newsletter also conveys the latest job vacancy information to employees. In addition to being able to keep abreast of the latest job vacancies, Axiomtek also has a system in place to provide employees with the necessary assistance for all issues arising from job variations, and encourages employees to apply for transfers and rotations within the internal units.

As of the end of December 2023, Axiomtek's Taiwan headquarters had 670 employees (including the Hsichih headquarters, Beitou plant, and Taichung office), of which 92 were senior executives, all of whom are residents of Taiwan, the Republic of China. The composition of the staff according to gender, age and job category is as follows:

Item		Number and proportion of males		Number and proportion of females		Total
Employees	Number of people in the company	374	55.82%	296	44.18%	670
Executives	Manager, Assistant Manager or above	78	11.64%	14	2.09%	92
Employee Age Regular & Contract Job Functions	Under 30 years old	52	7.76%	87	12.99%	139
	30~50 years old	285	42.54%	171	25.52%	456

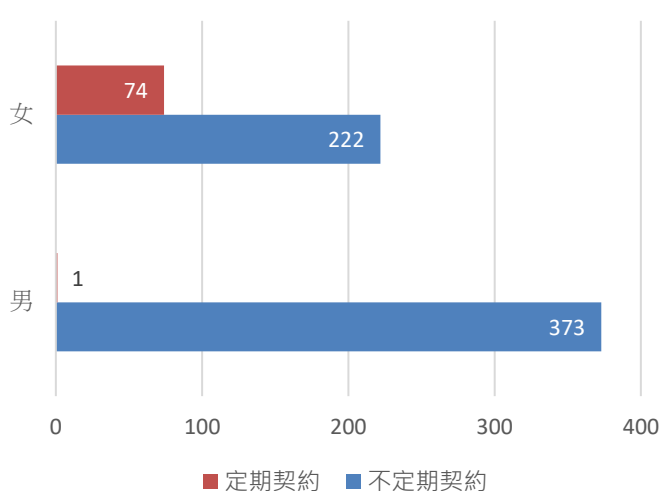
	Above 50 years old	37	5.52%	38	5.67%	75
Minority or Disadvantaged Groups Employees	Full-time	373	55.67%	222	33.13%	595
	Appointment	1	0.15%	74	11.04%	75
Executives Employee Age Regular & Contract Job Functions	Marketing	15	2.24%	45	6.72%	60
	Administration	41	6.12%	51	7.61%	92
	R&D	237	35.37%	64	9.55%	301
	Manufacturing	81	12.09%	136	20.3%	217
Minority or Disadvantaged Groups	Physical & Mental Disability	6	0.9%	0	0%	6

Note: % = number of persons in the category / total number of persons in the company at the end of the year

Employees are the most important asset of an enterprise and the cornerstone of sustainable management. Axiomtek emphasizes the long-term cultivation and development of localized talents. Except for foreigners working in Taiwan, who are required to sign fixed-term labor contracts due to legal restrictions on the duration of their employment, Axiomtek employs all non-legally restricted talents on non-fixed-term labor contracts in the interest of long-term development and in the expectation that our employees will grow together with the company. More than 90% of the female employees on fixed-term contracts are production line employees.

Analyzing the current staff composition, the ratio of men to women is approximately 1.26:1. Due to the characteristics of the industry, there is a high proportion of male R&D personnel, resulting in a higher male-to-female ratio. In addition, six mentally and physically challenged staff were employed in line with government policy to safeguard equal employment opportunities for the disadvantaged groups.

Gender	Male	Female	Total
Indefinite contract	373	222	595
Fixed-term contracts	1	74	75
Total	374	296	670
Full-time	373	296	669
Part-time	1	0	1
Total	374	296	670
No Hourly Guaranteed Staff	0	0	0



Note: Permanent employees are those with indefinite contracts and temporary employees are those with fixed-term contracts; full-time employees are those with fixed working hours; part-time employees are those who work less than full-time employees on a weekly, monthly, or yearly basis; and non-guaranteed employees are those who are not guaranteed a minimum number of working hours per day, per week, or per month. The headcount data of the Company includes the head office in Hsichih (including Taichung office) and the Hsichih plant. The number of non-employee workers in the Company is the total number of contracted service workers, which is 4, namely, 2 security guards and 2 cleaning workers.

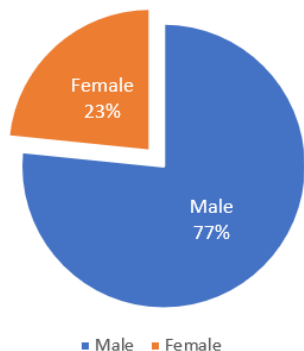
Labor-employment relations

Management of major issues: Labor-employment relations	
Item	Abstract Description
Issues Affecting Borders	Intra-organizational
Management System	Pursue stable manpower development and employ non-permanent contractual workers, with long-term development planning for employees, to avoid drastic manpower fluctuations affecting production capacity and employees' right to work. Comply with the manpower policy in accordance with laws and regulations, prohibit child labor except for the students of the University-Industry Cooperation Program, no gender discrimination, equal work and equal pay for equal work. Proactively hire local employees and cultivate talented people at the grassroots level to become management successors.
2023 Goals	Cultivation program for reserve management talents. Project Management Talent Enhancement and Related Project Promotion.
2023 Effectiveness	Implemented the "Elite Academy" international key personnel training course for a total of 630 people and established a program to cultivate management personnel with an international outlook. Promote the PMP training camp for a total of 1,376 people, and actively cultivate professional talents to enhance the function of talents.
2024 Goals	Promote and implement organization and talent development planning (O&PR). Establish an action plan for the development of key personnel.
Medium and long-term development direction	Create stable job opportunities and become a cradle for nurturing excellent talents.
Related Policies	None

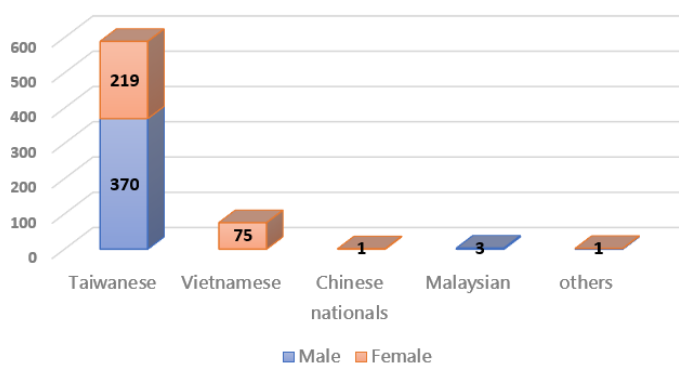
● Gender Equality

Although Axiomtek is an industrial computer technology industry, it maintains a gender-friendly environment with a balanced ratio of men to women in terms of the number of employees. Axiomtek recruits all of its own talents and all important positions in the organization are filled by self-employed talents based on performance and potential cultivation in the light of healthy competition, which provides a balanced and equal opportunity environment for the development of human resources in the fields of recruiting, hiring, training, evaluating, promoting and salary adjustment.

Gender Ratio of Management Staff



Number of national employees by gender



- Retention strategies

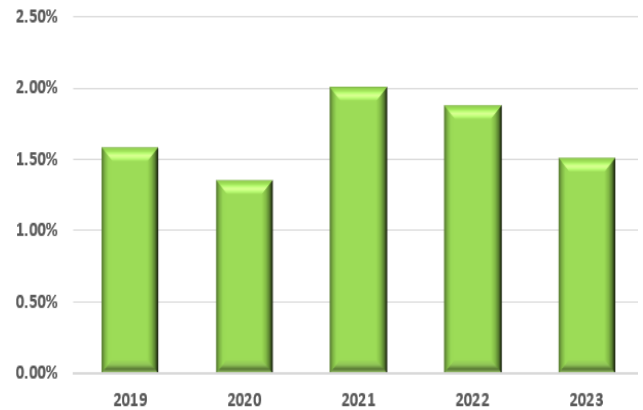
Axiomtek Taiwan 2023 New Entry Rate & Turnover Rate

Category	Total	Gender		Age		
		Male	Female	<30	30-50	>50
Number of new entrants	159	78	81	78	75	6
Newcomer rate (%)	24%	21%	27%	51%	17%	7%
Number of departures	119	58	61	40	66	13
Departure rate (%)	18%	16%	21%	26%	15%	15%

Note 1: New entrant rate = new entrants in the category in the year / total number of staff in the category at the end of the year

Note 2: Separation rate = number of staff leaving the category at the end of the year / total number of staff in the category at the end of the year

Historical Employee Retirement Rate

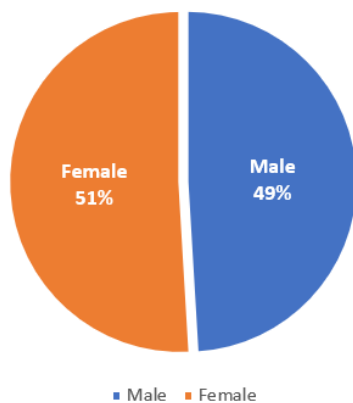


Note: Annual retirement rate according to the formula of the Ministry of Labor = (number of retirements / (average monthly number of employees * 12)) * 100%.

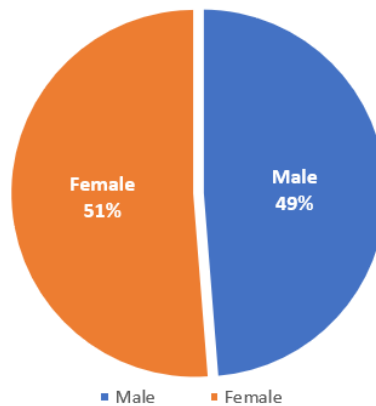
2023 With the outbreak effectively under control, Taiwan's technology industry is gradually recovering, and the steady growth in orders and staffing needs has led to an increase in the company's rate of recruiting new staff.

In order to retain outstanding talents, Axiomtek has not only planned a competitive reward system, but also launched a number of key talents programs in recent years, in which the company selects outstanding executives and talents with "potential" and "scarcity of talents" and provides them with talent retention bonuses or employee stock certificates, as well as a talent cultivation program to strengthen the professional and management skills of the targeted talents and nurture a number of mid-level executives, thus reserving more tiers of talents for Axiomtek. Axiomtek has also trained a number of mid-level executives to provide a reserve of talents for the next level. As a result of our continuous efforts, the turnover rate of the company has remained stable and has been decreasing year after year.

Gender Ratio of New Recruits



Gender Ratio of Retirees



The problem of childlessness is serious in Taiwan. To encourage employees to start a family and stimulate the birth rate, we provide marriage and childbirth gifts. In addition, to alleviate the burden of our employees, we have partnered with a national childcare organization, the Easton Yoyo Nursery School, to offer discounted tuition fees and provide support to our employees and their families.

Axiomtek fully complies with the laws and regulations related to parental leave without pay. There is no discrimination between men and women in applying for parental leave, and they can also apply for reinstatement upon the expiration of the period of leave without pay.

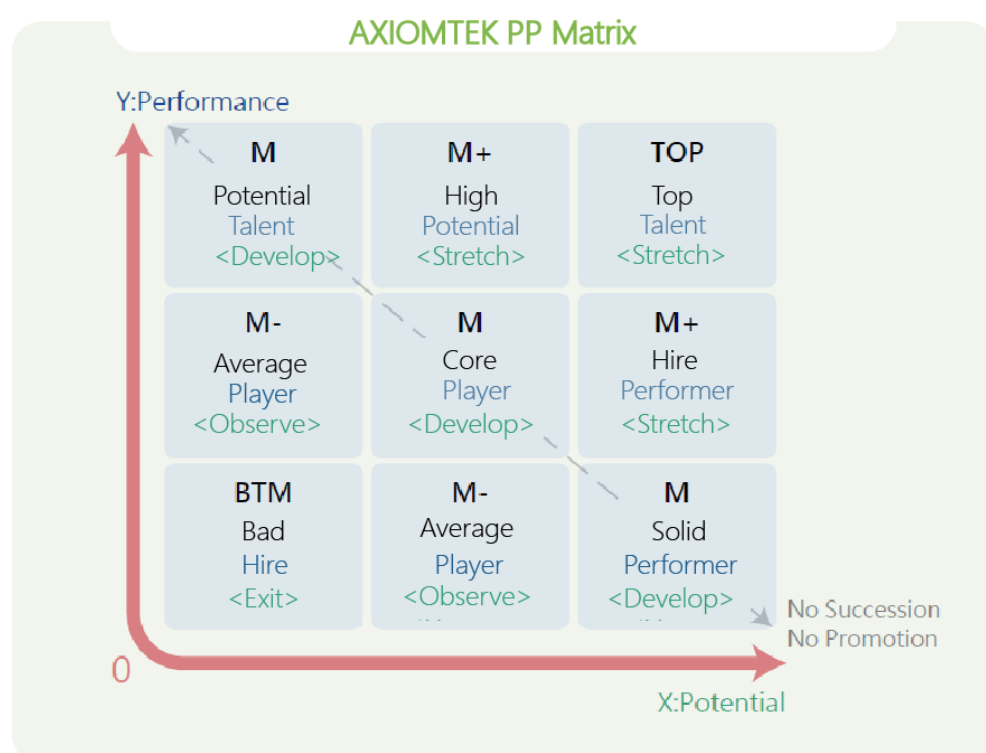
Gender	Male	Female
(A) Number of eligible applicants for baby-sitting stays in 2023 (2020-2023)	28	7
(B) Actual number of applicants for childcare leave in 2023	0	2
(C) Number of employees expected to be reinstated in 2023 after the cessation of baby-sitting service	0	2
(D) Actual number of persons reinstated on baby-sitting leave in 2023	0	1
(E) The actual number of applicants for reinstatement in 2022	0	1
(F) Number of applicants who will continue to work for one year after applying for reinstatement of their childcare leave in 2022	0	0
Application rate for infant care suspension (B/A)	0%	25%
Rate of reinstatement (D/C)	—	50%
Infant care leave suspension rate (F/E)	—	0%

- Performance Measurement

Axiomtek has developed a performance management system from setting annual performance indicators to regularly evaluating the results of the performance indicators and returning the results of the performance evaluation to the evaluated employees, so that employees can continue to maintain their good performance and improve their bad performance, which encourages employees to continuously develop their potentials and form an optimal learning organization; and the results of the performance evaluation are also linked to the employee's rewards and promotion, which provides employees with the motivation to continue to work hard. In 2023, we will continue to implement the OKR performance appraisal mechanism at the first level of management and link it to their rewards.

- Promotion and Salary Adjustment

Axiomtek's performance management system is linked to the promotion and salary adjustment system, which regularly evaluates the promotion and salary adjustment of the excellent performers every year, and also adjusts the salary of the average performers according to the price index and the operation performance. At the same time, it takes care of both excellent and qualified talents, and selects the key talents among them, and supplements them with the program of the project for the training and encouragement, so as to maintain the competitiveness of the enterprise and to cultivate the successor strengths



- Remuneration and benefits

Axiomtek places great importance on human assets. When a new employee joins Axiomtek, he/she will be evaluated according to his/her academic background, years of experience, professional experience, professional skills, and managerial skills, etc., and compared with his/her counterparts in the same position in order to evaluate and approve his/her salary level for appointment. As for the remuneration policy for the employees, after the employees have helped the company to achieve the established business targets, the company will regularly reward the employees by linking the bonus with the performance of each stage based on the results of the performance evaluation, so that the annual salary of the employees will have a better salary month than the competitors in the industry market. At the same time, taking into consideration of the folk culture and customs of Taiwan, the year-end bonus is only linked to the proportion of the current year's employment, so that each employee of the Axiomtek will be able to have a good year every year. In order to encourage our employees to be professional and pursue excellence, our regular employees enjoy a more complete and comprehensive compensation package than our contract employees.

Axiomtek Rewards Link

Applicable	Bonus Category	Link
Full-time staff	Three Holiday Bonuses	Assessment for transfer to full-time employment
Full-time staff	Performance Bonus - R&D	Semi-Annual Performance Evaluation
Full-time staff	Performance Bonus - Business	Quarterly Performance Evaluation
Full-time staff	Performance Bonus - Manufacturing	Quarterly Performance Evaluation
Full-time staff	Performance Bonus - Logistics	Semi-Annual Performance Evaluation
Full-time staff	Remuneration	Annual Performance Evaluation

Percentage of employees receiving regular performance and career development reviews

Year	2019	2020	2021	2022	2023
Male Staff	100%	100%	100%	100%	100%
Female Staff	100%	100%	100%	100%	100%
Total	100%	100%	100%	100%	100%
Supervisory staff	100%	100%	100%	100%	100%
Non-supervisory staff	100%	100%	100%	100%	100%
Total	100%	100%	100%	100%	100%

Axiomtek's salary, performance appraisal and career development plan do not discriminate based on gender, race, religion, politics, marriage, labor unions and associations, etc.; and there have not been any incidents of discrimination in the hiring of employees in 2023.

Responsibilities	Male	Female
Operators / Assistants	0.98	1
Professional Technician	1.21	1
Basic Supervisor	1.13	1
Mid to High Level Supervisor	0.97	1
Remark: 1. Definition of annual salary: including annual basic salary and annual bonus.		
2. The scope of statistics excludes foreign migrant workers.		

Axiomtek attaches great importance to gender equality in the workplace. Job assignments are made according to the ability of the talent, while salary evaluation takes into account the supply and demand of talent and performance. There is only a very slight difference in the ratio of basic salary plus wage between women and men, and the salary level of female workers is even slightly higher than that of male workers in the sections of operators/assistants and middle/senior executives.

Axiomtek's main operation is based in Taiwan, where the minimum monthly salary for both male and female employees is about 15% higher than the statutory basic wage, and the average monthly salary for male and female employees at the lowest level is even higher than about 25% of the statutory basic wage.

Item	Male minimum wage to SMW ratio	Ratio of female minimum wage to SMW	Female to male minimum salary ratio	Ratio of the average salary of the lowest male grade to the statutory minimum wage	Ratio of the average salary of women at the lowest grade to the statutory minimum wage	The ratio of women's average salary to men's average salary at the lowest level
Taiwan HQ	1.17	1.14	1.03	1.27	1.24	0.97

註: Note:1. The statutory minimum wage in Taiwan for 2023 is 26,400 元
2. Statistical scope excludes foreign migrant workers.

The ratio of the highest annual total remuneration to the median annual total remuneration of other employees for the year was approximately 19, and the ratio of the rate of growth in the remuneration of the highest paid individual to the rate of growth in the remuneration of the median employee was approximately -2.6, with the negative value being attributable to the fact that one of the individuals did not experience any growth in his annual remuneration and the decrease in the ratio of the two was 19.7%.

● Quality Staff

Axiomtek organizes annual employee awards, including "Best Service Award", "Best Innovation Award" and "Annual Contribution Award" from 2020 onwards. Nominations are made by colleagues, the top 3 are selected by all employees and sent to the Human Resources Appraisal Committee (HRAC) for deliberation, then the outstanding employees are invited to give a brief explanation to the HRAC, and finally, those who have received more than 1/2 of the affirmative votes from the HRAC are selected as the outstanding employees who have demonstrated the most outstanding behaviors of the staffs of Axiomtek and are publicly commended at the tailgate banquet, and the Chairman of the Board of Directors will present them with plaques and awards, which is a great honor for an individual.



- Human Resource Vision

Axiomtek's human resources vision is to be a mission-driven human resources department that nurtures employees to become global leaders and allows them to develop unlimited creativity and apply their skills and knowledge for the benefit of mankind, to promote Axiomtek as a company in pursuit of excellence, and to benefit the community through its excellence, in order to fulfill its corporate social responsibility and to achieve the goal of sustainable management.

艾訊人資願景 HR Vision

具使命感的 HR A Purposeful HR

促進艾訊成為追求
卓越的企業，並藉由
其卓越來助益社會

Promotes a great
company not as an
end, but as a means to
magnify its benefit to
humanity & society

不懈地培育員工成
為全球的公民與傑
出的領導人才

Relentlessly, cultivates
employees to be
global
workers and outstand-
ing leaders.

培養無限的創造力，
發現並應用知識和
技能以造福人類

Fosters unlimited
creativity, and
discovers and applies
knowledge
& tech. for the benefit
of humanity & society.

In order to realize the vision of human resources, Axiomtek takes "innovation" and "to be the most desirable company to work for" as the mission of the human resources department, from shaping a beautiful working environment, employee care, health care and promotion, to work-life balance, to emphasizing on social welfare, green energy and environmental protection, and to leading employees from caring for themselves and their family members to caring for the living environment and the limited resources of the earth through all-around planning and balanced development of the needs of employees, so that employees can enlarge their mindset and vision to look at the world. Through comprehensive planning and balanced development of employee needs, we lead our employees from caring for themselves and their families to caring for the living environment and the limited resources of the earth, in the hope that our employees can enlarge their mindset and vision, and look at the world.

艾訊人資使命 HR Mission



Management of major issues: Labor Relations	
Item	Abstract Description
Issues affecting the boundary	Intra-organizational
Management Mechanism	Every quarter of the year, "Labor-Management Meeting" and "Welfare Committee Meeting" are held, and in the 4th quarter, HR and the Welfare Committee plan employee activities for the following year.
2023 Goal	The annual planning is based on the theme of "building a happy workplace", and we will promote "stress relief seminars" and "social club activities", etc. Through various stress relief activities and parent-child interactions, we will help employees get along with each other like a big family.
2023 Executive Effectiveness	We have completed 8 health talks, 8 aerobic exercise classes, annual sports meet, "Luk Fook Village Parent-Child Fun Club", "Vocational Basketball Watching", "Movie Appreciation Club", etc., and continue to organize various community activities.
2024 Rollout Target	In addition to the large-scale activities and stress relief activities of the clubs, we also organize "Sports Day" and "Sustainable Development Activities".
Medium and long-term development direction	We are striving to become the most desirable company to work for.
Relevant Policies	Procedures for selecting and managing outstanding employees, setting up clubs, and providing incentives and subsidies.

The minimum notice period for significant changes in the Company's operations is 10 days for those with seniority of more than three months but less than one year, 20 days for those with seniority of more than one year but less than three years, and 30 days for those with seniority of more than three years, as stipulated in the Company's regulations.

- Happiness in work-life balance
 1. Flexible working hours: Shiodome staff are entitled to 1 hour of flexible working hours (working hours are from 8:30am to 9:30am and from 5:30pm to 6:30pm) to facilitate staff to take care of their family needs and achieve work-life balance.
 2. Special festivals: Every year, the opening ceremony of the Spring Festival is held in the two factory areas, where the chairman of the board of directors leads the supervisors and employees to pray for blessings in the two factory areas in accordance with the auspicious time and go to the neighboring Dugong Temple for spring walk to enjoy the cherry blossoms in full bloom in Kangliao Kengxi.
 3. Tea Time : Provide a monthly afternoon tea fund for each employee to support colleagues to enjoy gourmet refreshments. Through the preparation and sharing of afternoon tea, each department not only promotes the emotion among colleagues, but also expresses the work emotion and pressure.
 4. Clubs: Axiomtek encourages colleagues to connect their work and interests. In 2023, there are 13 clubs and the system of organizing "large-scale activities" has been introduced to the clubs. Therefore, watching vocational basketballs, stage dramas, movie appreciation, and bakery classes have been held one after another, which adds more health, leisure, and diversification to the activities of the clubs, and enhances the exchanges and bonds between the colleagues.



5. Axiomtek's Academy: Axiomtek designs the learning blueprint based on the needs of development and training, so as to plan the training courses with a sense of purpose. In addition to the professional courses, the stress relief and spiritual growth courses are also added to allow employees to learn and grow professionally as well as physically and psychologically.
6. Art Lecture: In order to promote the design concept of "Aesthetic Innovation", Axiomtek arranges exhibitions of artists' works in the Art Corridor every 2~3 months and invites the participating artists to share their creative concepts with the company.

● Comfortable workplace

Axiomtek relocated its corporate headquarters from New Shop to Shiodome in October 2017 and planned and designed a series of user-friendly and comfortable spaces in the brand new office space:

1. Pleasant outdoor scenery and green space: Next to the Shiodome Headquarters is the Kangliao Hang Creek. In late winter and early spring, the cherry blossoms bloom on both sides of the creek, and there are many visitors strolling along the creek, making you feel as if you were in an exotic cherry blossom season celebration. Colleagues working in the headquarters have the company of a gurgling brook outside their windows, and look up to see the greenery of the distant mountains; the sky garden on the top floor and the green landscaped balcony on the second floor have become the best place for colleagues to relieve stress and relax after work.



2. Considerate dining and resting space: a multi-functional staff lounge is set up, with a central bar providing microwave, oven, and black gold stove, etc., which can be used by colleagues to cook meals instantly, and the handmade cooking club often organizes baking and cooking activities here; outside of the dining time, it can be used as a flexible space for guests to meet with guests and colleagues to meet with them for relaxation and to hold book clubs, music performances, and appreciations.
3. Library: In addition to purchasing new books on a regular basis to enrich the existing collection, a branch library will be set up in August 2023 after the factory is moved to the new factory in Shizhi, so that factory employees can enjoy the pleasure of borrowing books and reading immediately.
4. Food Store: Adopting an honest store management approach, we have a wide range of beverages and food products for our employees to replenish their energy and enjoy at any time, as well as organizing promotional activities for our employees to eat more healthily.
5. Penthouse Gym: There are 3 treadmills and 3 various flywheels and bicycles. Just take the elevator up to the top floor and use it as many times as you like before, during or after work, and you can work hard for your health easily!
6. Art Gallery: For the cultivation of aesthetics and the practice of aesthetics in daily life, since May 2018, Axiomtek has officially set up a professional art exhibition in the 2nd floor gallery of the headquarters in Shichih Chih, inviting artists with a variety of media and creativity to formally display their artworks for a period of 2~3 months.

After moving the factory from Beitou to the new factory on Huanhe Road in Xizhi in 2023, the company still set up a comfortable employee cafeteria, so that employees can enjoy a beautiful dining and resting space, as well as various welfare measures.



1. Spacious and novel dining space: In addition to the innovation of organizing group meals, the spacious and comfortable employee cafeteria still maintains a comfortable audio-visual meeting room with KTV audio-visual equipment, as well as a library and a bar in the center island, which enriches the diversified usability of the entire space.

2. Library: The book budget is compiled quarterly to gradually increase the number of book items and the number of books, and open to employees to recommend books to enhance the interest of employees in borrowing books.

3. Gallery: Located at the entrance of the first floor of the main building, the gallery is synchronized with the Hsichih headquarters, i.e., the same artist exhibits his/her works of art at the same time in the two factories, so that the factory staff can enjoy the aesthetics together.



4. KTV Audio-Visual Room: A professional high-class audio-visual room has been set up. Colleagues often make use of this KTV room for socializing and celebrating after work or on holidays, so as to enhance the friendship among colleagues.

5. Breastfeeding Room: In order to take care of breastfeeding women and the relationship between mother and baby, a well-equipped and safe breastfeeding room has been set up and subsidized by the government.

6. Medical Office: In line with the scheduling of health care workers and doctors, the company arranges for nurse practitioners and hospital doctors to be stationed there for consultation, and sets up medical beds to provide health care and care services for colleagues.

● Excellent Sports Enterprises

To promote the sports culture, Axiomtek has been organizing employee sports activities for a long time. By encouraging employees to engage in basketball, badminton, billiards, golf, hiking, and other diversified sports, we can enhance their physical and mental health, as well as help them to build consensus and create a sense of unity. By encouraging employees to engage in basketball, badminton, billiards, golf, hiking, etc., Axiomtek has been organizing employee sports activities for a long time. Through participation in external competitions, the will to win is further fostered, resulting in self-motivation and a better and more positive impact on the workplace.

Axiomtek has been promoting the sports environment within the company for many years. In FY2023, Axiomtek was selected by the Sports Department from nearly 60 sports enterprises and invited to be the target of this year's media interviews and received the "Excellent Enterprise Award for the Employment of Athletic Instructors" from the Sports Department, which is an honor for an excellent sports enterprise.



● Employee care and support

1. Family day: In the past, organizing employee travel activities combined with family days to support colleagues in balancing work and family, encouraging company employees to actively participate in emotional interactions like family members. In 2023, the Welfare Committee will organize the "Leofoo Village Theme Park" parent-child activities and professional basketball viewing activities, with over a hundred employees and their families enjoying the fun together each time.



2. Childcare: The library at the Xizhi headquarters has a designated parent-child reading area, providing a safe and comfortable space for colleagues to place their children and family members.
3. Emergency Assistance: Providing emergency relief funds and emergency accident leave for colleagues who have experienced major emergencies, to assist them in handling family emergencies with peace of mind, and to help them recover from the emergency injuries as soon as possible and return to their work positions. For example, in the event of an emergency, the company provides supportive paid leave and relief funds to allow colleagues to take care of their families or recover their health with peace of mind.
4. Health check-ups: Provide a number of health check-ups and items that exceed regulatory requirements each year, supporting colleagues to focus on health and develop good health habits.
5. Safety and Health: Providing a safety and health environment certified with international ISO 45001, and conducting regular environmental testing, water quality, and noise testing to support colleagues in enjoying the right to a safe and healthy work environment.

● Shuttle Bus and Parking Spaces

1. Shuttle Bus: In 2017, due to the relocation of the Aisin headquarters to Xizhi, new shuttle buses were operated daily between Xizhi and Zhonghe. In August 2023, the factory moved from Beitou to Xizhi, so shuttle buses for commuting between Beitou and Xizhi, as well as Tamsui and Xizhi, were also introduced.
2. Parking Spaces: Due to the two previous factory relocations, Aixin has decided to charge employees a monthly cleaning fee for each parking space at the Xizhi headquarters to facilitate driving. However, no rent is charged to employees at the Xizhi factory, allowing them to easily commute by car.



Since 2019, Axiomtek has hired professional occupational health personnel, committed to achieving a "work-life balance" and has received subsidies from the Ministry of Labor, dedicated to achieving a balance between physical, mental, and work aspects. In 2023, a total of 8 stress relief workshops were held, including activities such as creating red envelopes with Zen drawing, traditional Chinese medicine meridian massage for health preservation, and dandelion painting, to take care of the physical and mental health of colleagues.



● Green energy and environmental protection

1. Energy Saving and Carbon Reduction Management: Introducing ISO 14064-1 for more effective management of greenhouse gases, promoting environmental protection, energy saving and carbon reduction, and advocating colleagues to care for their homes and the earth.
2. Waste management: Regularly manage and declare waste in accordance with regulations to collectively protect the Earth's environment.
3. Hazardous Waste Management: Regular management and reporting in accordance with regulations, and finding qualified waste disposal companies to handle, collectively maintaining the Earth's environment.

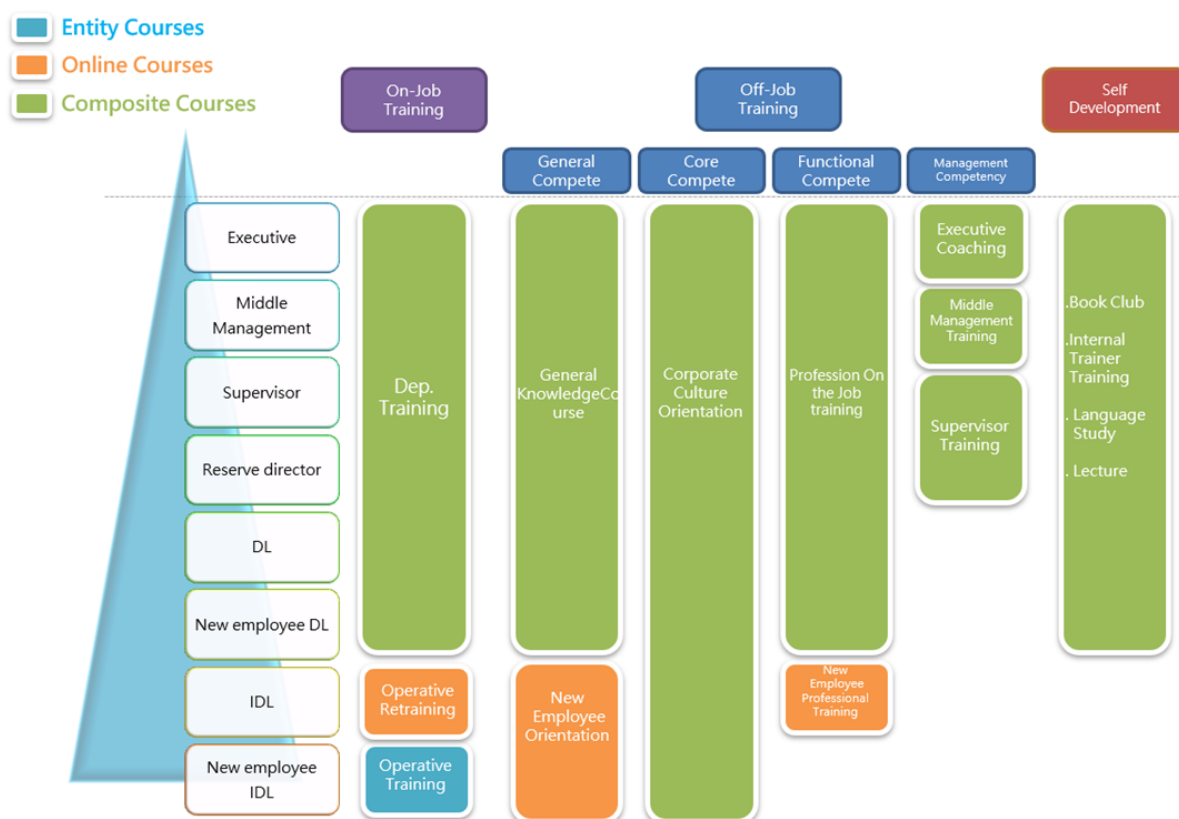
● Training and development

Management of major issues: Training and development

Item	Abstract Description
Issues Affecting Borders	Internal organization
Management System	Employee training effectiveness each year
Goals	Short-term → Improvement in satisfaction and post-training test scores Medium to long term → Establish and enhance the diversification of education and training methods and tools.
Actions	Short-term → Managers carry out education and training improvements or enhancements based on the gap in organizational members' skills. Focus on company strategy needs and management objectives and integrate and plan the overall employee training program. Medium to long term → Through a progressive education and training system, focusing on expanding employees' expertise, developing potential, and accumulating professional knowledge. Thoroughly implementing the transfer of knowledge and experience and acquiring new knowledge, enabling employees' expertise to continue growing.
2023 Effectiveness	In 2023, the average training score per employee is 84.7 out of 100.

Axiomteek designs learning maps with a focus on developing training needs, combining key performance indicators and competency assessments to identify training needs for organizations, units, and employees. It formulates annual education and training plans, applies a training system model, and implements new employee training and on-the-job training at different levels. Training methods include hard management, professional courses, soft stress-relief courses, and book clubs, among others. The promotion of training aims to align training outcomes with operational performance, with training execution benchmarked against TTQS and managed in a training management loop with PDDRO.

- Plan: The training plan is based on the unit's KPI requirements and employee function gap analysis to ensure the linkage of training objectives.
 - Design: Link training results with performance evaluation, and then feedback to bonus, compensation, promotion, salary transfer, etc., to give real feedback and promote learning motivation.
 - Do: Electronic recording of training programs and results, and compilation of post-training reports for follow-up review and improvement.
 - Review: Incorporate training objectives into ISO objectives for regular review and continuous improvement.
 - Outcome: The training results must be linked to the achievement of unit performance and the improvement of employee functions, and the knowledge of the learning materials will be shared on the training platform for immediate absorption and use by all colleagues at any time, and the monthly e-newsletter of Axiomtek will be used to share the study experience and course highlights.
- Comprehensive training system and learning development opportunities



In order to implement the spirit of "people are the most important asset of Axiomtek", Axiomtek provides employees with a series of training courses that combine corporate strategic goals and career development. In terms of internal talent development, a comprehensive training

course framework is developed to ensure that employees at every level have the necessary professional knowledge and can unleash their potential. From new employees to technical/professional staff at all levels and various levels of managers, a well-planned training system is established. Key talents are selected internally on a regular basis to gradually cultivate a pool of talents for the company's future succession pipeline.

Utilizing the advantages of both physical and online courses concurrently, we encourage colleagues to cultivate a lifelong learning attitude, allowing learning to be omnipresent and enabling colleagues and the company to grow together. We highly value talent development, planning a comprehensive education and training system for different levels and functions, while also establishing an internal trainer training mechanism to enhance the teaching skills of current managerial and technical colleagues, passing on knowledge and skills, and developing talent capabilities.



Promoting diversified learning is one of the key strategies for talent development. Since 2020, we have initiated the planning of a digital learning resource platform, integrating digital, physical, and hybrid courses to train individuals, creating an environment conducive to self-directed learning. This approach drives continuous learning, enabling colleagues to cultivate up-to-date intellectual abilities and strengthen their learning awareness. In addition to existing general education courses, product-specific knowledge, and on-the-job training for production skills, digital courses introduced in 2023 include courses on business management, ESG advocacy, and health and safety promotion. As of December 2023, over 4,499 colleagues have participated in these courses.



Continuing the previous cultivation of international business management talents plan, in 2023, through case studies and discussions in different target markets, further defining customer types and corresponding business plans, and providing different exclusive services through a grading system to guide students in developing strategic management and business thinking from various aspects and perspectives of business operations, cultivating cross-disciplinary business management skills, as

well as operational and decision-making abilities.

Through the analysis of management theories and case studies in the course, helping participants to trigger thinking, discussions on topics can be more thorough, and with senior executives serving as group mentors, participants can receive horizontal and in-depth assistance in learning. Through case analysis and stimulating deep thinking in organizational behavior, strengths and weaknesses can be addressed under the guidance of the wise, using logic to enhance the

quality of management and decision-making. By expanding perspectives through communication, daring to dream and creative thinking, we can construct Axiomtek's five-year vision.

To enhance the company's project management success rate, reduce project costs, and increase overall competitiveness, a PMP project management training camp is planned for 2023. Through group presentations, colleagues' learning and application in the course will be evaluated to help them stand at a higher level for the company and customers. This will enable them to execute projects more effectively, break free from traditional thinking, and lead the team to improve overall performance.

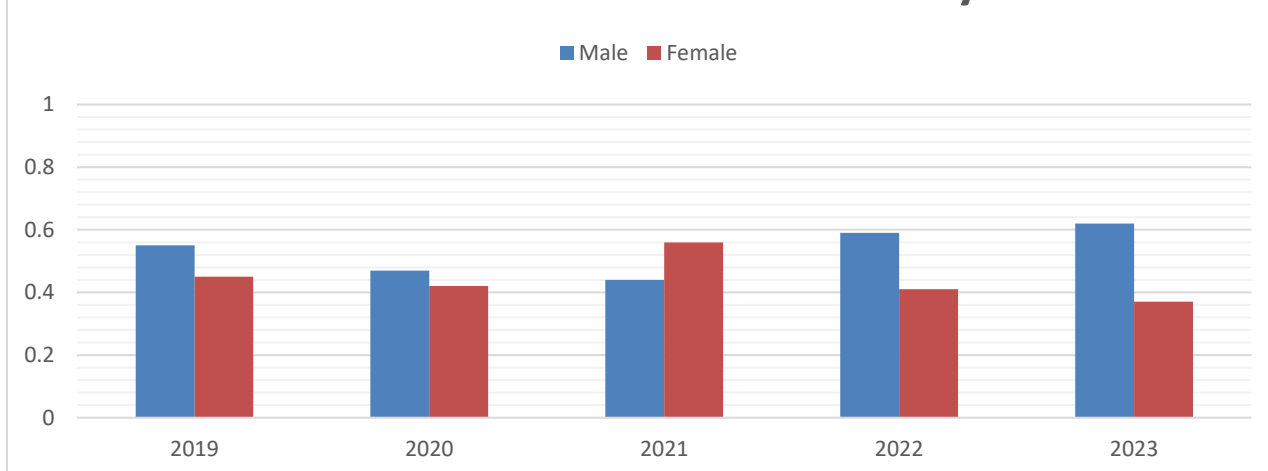


● Training Results in 2023

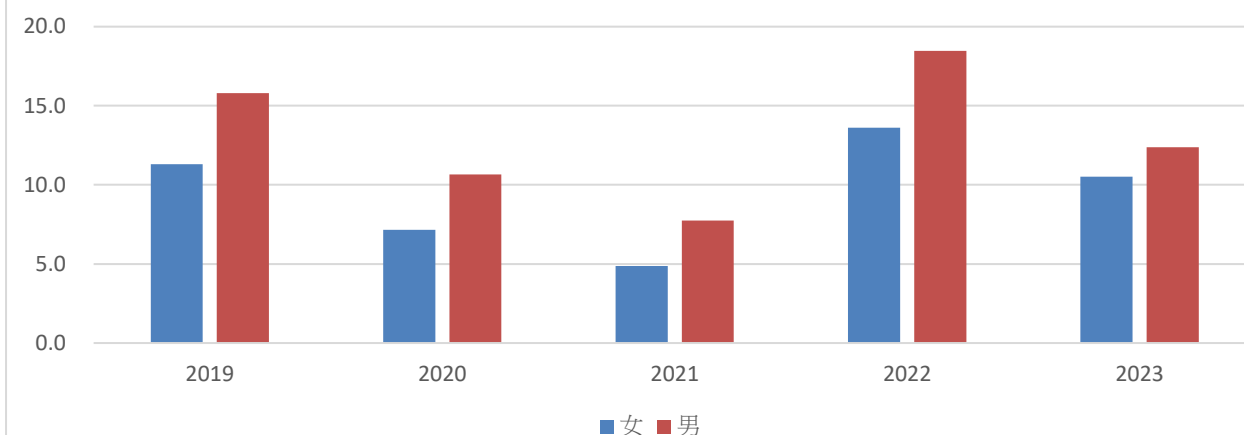
Axiomtek's education and training system is divided into six major course categories. Training for new recruits is conducted through online independent learning and on-the-job training at any time after reporting for duty, while other on-the-job training courses total 115 mandatory courses, with balanced gender development as follows:

Category	New employee Orientation	Professional Course	General Course	Core Course	Management Course	Self-development Course	Total
Total Required	Reference enrollment	66	26	2	10	7	115
Including manager promotion course	-	3	5	2	3	-	13
Including supervisor promotion course	-	4	5	2	-	1	12

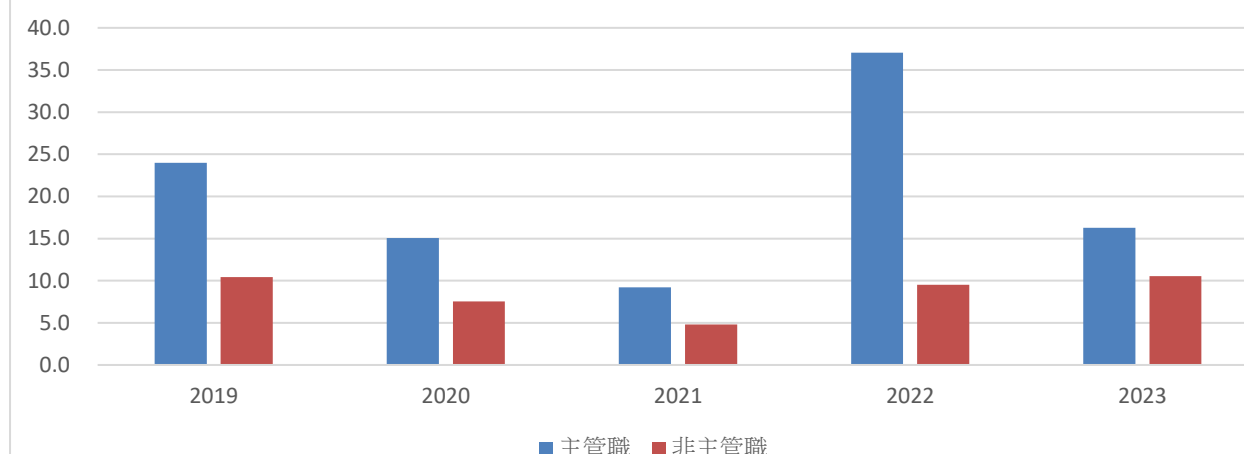
Gender ratio of trainees over the years



Gender average training hours ratio over the years



Proportion of average training hours of posts over the years



Human Rights Commitment and Policy

Axiomtek fulfills its corporate social responsibility by safeguarding the basic human rights of all employees, acknowledging and voluntarily adhering to internationally recognized human rights standards such as the "United Nations Universal Declaration of Human Rights," "United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," and "International Labour Organization," and eliminating any acts that violate human rights, treating all employees with dignity and respect.

Axiomtek's human rights policy applies to all subsidiaries, affiliated companies, and operational locations within the group, adhering to labor laws, gender equality regulations, and implementing measures related to human rights protection and labor policies in accordance with the laws and regulations of the operating locations.

Forced Labor and Compulsory Labor

Forced labor refers to people working against their will, either through punishment or coercion, including practices such as slavery, child labor, human trafficking, bonded labor, and debt bondage. We believe that all work should be voluntary, respecting the freedom of employees,

and do not condone any form of forced labor. Regarding internal management within the company, employee feedback boxes and complaint hotlines are utilized. There have been no reports of forced labor within the reporting period. In terms of supplier management, starting from 2021, the supplier audit criteria have included guidelines prohibiting forced labor. Plans are in place to adjust the supplier audit criteria in 2023 to include guidelines on human rights issues, officially becoming a scoring factor in supplier evaluations. Additionally, suppliers with a history of forced labor (forced work, forced overtime, underreporting of work hours) or high risks will be prioritized for future inspections.

- Employment policy

To implement workplace diversity, uphold the principles of openness and fairness, and not discriminate based on individual gender, race, socioeconomic status, age, marital status, family situation, language, religion, political affiliation, nationality, appearance, facial features, disabilities, etc., in language, attitude, and behavior. Eliminate all forms of forced labor, discrimination in employment and hiring, prohibit harassment, respect privacy rights, and strive to create a work environment that is equal opportunity, dignified, safe, equal, free from discrimination and harassment.

- Reasonable working hours

Establishing legal regulations on flexible working hours and extended working hours, balancing work and life, and regularly caring about and proactively understanding employees' attendance status.

- Healthy workplace

To assist employees in maintaining physical and mental health as well as work-life balance, professional nurses and contracted doctors were hired in 2019 to regularly organize employee care and health promotion programs, and to increase employee access to EAP counseling services.

- Harmonious Labor and Employee Communication Axiomtek has set up various communication channels to listen to the voices of employees: 8185 Employee Hotline and Mailbox, New Employee Orientation, New Employee Opinion Response, and Employee Opinion Survey, etc., so that when employees have any opinions, they can reflect them or give feedbacks through the various communication channels; Axiomtek has set up a variety of employee assistance programs (EAPs) in the EIP intranet to consider the needs of the employees, so that when the employees have the needs of the frequently encountered public affairs or private affairs, they can get the solutions in the fastest way.

▼ Newcomers' Opinion Survey Form and Responses

公佈欄	行事曆	常用平台
<ul style="list-style-type: none"> 部門公佈欄 管理制度 員工圖地 艾訊學苑 艾訊圖書室 各處室負責人 錦娟 8600 韻如 8120 佳燕 8121 涵茹 8131 	<ul style="list-style-type: none"> 年度行事曆 艾訊公司行事曆 休假紀錄查詢 公出 / 出差查詢 歡迎新人 人員異動 韻如 8120 各處室負責人 韻如 8120 澤蘭 8131 美而 8111 	<ul style="list-style-type: none"> Website BPM 電子簽核系統 PMC Server 艾訊E學苑 M365 更多連結 茜如 8872 俊德 3120 昭凱 3122 佳燕 8121 千祐 3123 俊德 3120

好用連結	下載/查詢專區	服務專區
<ul style="list-style-type: none"> 匯率 File Server 員工熱線8185 員工申訴信箱 	<ul style="list-style-type: none"> 職工福利委員會表單 勞工保險給付表單 團體保險給付表單 員工/廠商帳款查詢 分機/座位表查詢 關門流程查詢 佳燕 8121 佳燕 8121 澤蘭 8122 雅芳 8613 涵茹 8131 信和 8132 	<ul style="list-style-type: none"> 訂會議室系統 訂便當系統 幸福艾訊集點平台 選廠資訊專區 氣象 昭凱 3122 涵茹 8131 佳燕 8121 佳燕 8121 俊德 3120

新人意見反應-SAP系統以美金計價



Mel.chen(陳美而)

收件者 alex.pan(潘皇良); Eric.Hsu(許逸民)

副本 Sonny.Hsu(許迪翔); Candy(陳韻如)

Dear sirs,

I/IOT 產品企劃部的新進同仁 Tiffany 填寫新人意見反應表中提議如下，供貴單位參考喔!

SAP 系統內的報價單位是否可以變更為美金

以上請協助確認與評估，如有任何決議請不吝告知，以利轉告同仁知悉，共創良好工作環境，謝謝!

Best Regards,

Mel Chen

Axiomtek Co., Ltd.

Tel: +886-2-8646-2111 ext. 8111

www.axiomtek.com

Staff Communication Statistics 2023

Communication Channels	Incoming Cases	Closed Cases	Handling
8185 Staff Hotline	0	0	<input type="checkbox"/> Acceptance of proposed adjustments and improvements <input checked="" type="checkbox"/> Re-communicate to reach a consensus
Orientation for Newcomers	161	161	<input checked="" type="checkbox"/> Acceptance of proposed adjustments and improvements <input checked="" type="checkbox"/> Re-communicate to reach a consensus
Feedback from Newcomers	25	25	<input checked="" type="checkbox"/> Acceptance of proposed adjustments and improvements <input checked="" type="checkbox"/> Re-communicate to reach a consensus
Opinion Survey of Serving Staff	0	0	<input checked="" type="checkbox"/> Acceptance of proposed adjustments and improvements <input checked="" type="checkbox"/> Re-communicate to reach a consensus
Total	186	186	

Axiomtek hopes to build a corporate environment of mutual respect, interaction and human rights protection, and healthy and positive labour relations. Therefore, regular labour meetings and welfare committee meetings are held to ensure that two-way communication channels and various employee assistance programmes are carried out smoothly.

Axiomtek holds at least one labour meeting per quarter in accordance with the Ministry of Labour's "Regulations on the Implementation of Labour Conferences", with the chairpersons rotating among the representatives of the employers and employees. In addition, Axiomtek establishes an employee welfare committee in accordance with the "Regulations on Employee Welfare Benefits", "Enforcement Rules of the Regulations on Employee Welfare Benefits", and the "Guidelines on the Organisation of Employee Welfare Committees", and selects the members of the committee based on the ratio of the number of members in each unit by recommending and electing members of the committee, and convenes the committee's meeting at least once a quarter for the purpose of discussing the policies of employee welfare and the planning of employees' activities.

Retirement system implementation:

- Axiomtek has established a defined benefit pension plan in accordance with the provisions of the Labour Standards Law. For employees who are eligible to retire, pension payments are based on the number of years of service and the average salary of the six months prior to retirement. Axiomtek makes monthly contributions of 2% of salaries and wages to a pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The fair value of plan assets was \$45,613 thousand as of the end of 2023. In accordance with the related regulations mentioned above, the Company recognised \$521 thousand as expense in 2023, and the accrued pension liability was recorded for the amount required to be contributed by law in the future, which was \$33,740 thousand as of the end of 2023.
- Axiomtek has a defined contribution pension plan in accordance with the Labor Pension Act, which applies to domestic employees and requires monthly contributions of 6% of salaries to the employees' individual accounts at the Bureau of Labor Insurance. The subsidiaries in Mainland China are required by the government of the People's Republic of China to make monthly contributions to the pension fund based on a certain percentage of the salaries of the local employees, and the percentage of the contribution for the year 2023 is 14%, the Axiomtek Group's pension cost recognized in accordance with the above pension plan in the year 2023 is NT\$35,401 (US\$1,070).

Occupational Health and Safety Guidelines

Employees are the key driving force for the company's continuous innovation and sustainable development. Therefore, creating a safe and friendly working environment has always been Axiomtek's goal and important responsibility. In addition to implementing legal regulations, Axiomtek also cultivates employees' awareness of work safety and provides them with multiple healthcare services in conjunction with occupational doctors and nurses in order to establish a safe and healthy working environment and prevent occupational accidents and illnesses.

Management of major issues: Occupational Safety and Health	
Issues affecting the boundary	Internal organisation (Taiwan), suppliers, contractors, visitors
Management Mechanism	Annual verification by a professional third-party impartial certification organization.
2023 Goal	Comply with the law, communicate, and participate, control risks, and improve performance.
2023 Executive Effectiveness	Reduce the number of chemicals stored in the factory storage area and co-ordinate with suppliers to deliver goods in batches.
2024 Rollout Target	Xizhi factory has planned an independent chemical storage area, with on-site ventilation windows and storage quantity control to ensure that the storage quantity meets the standards of fire safety regulations.
Relevant Policies	The factory has obtained AED certification (more than 70% of employees have completed CPR+AED education and training).
Issues affecting the boundary	Comply with the law, communicate, and participate, control risks, and improve performance.

● Occupational Safety and Health Management System

Axiomtek attaches great importance to the work safety of its employees. The annual management policy for occupational safety and health is based on the Occupational Safety and Health Management System (ISO45001), and the PDCA cycle is used to continuously improve the working environment and prevent occupational injuries. With the assistance of the Labour and Safety Office and the supervisors of the various units, we have standardised the safety and health operations, defined the procedures and methods for the various operations, implemented the self-inspection of the equipment and set up the priority for the improvement of the safety and health. We set up safety and health improvement priorities, set goals and improvement plans, and

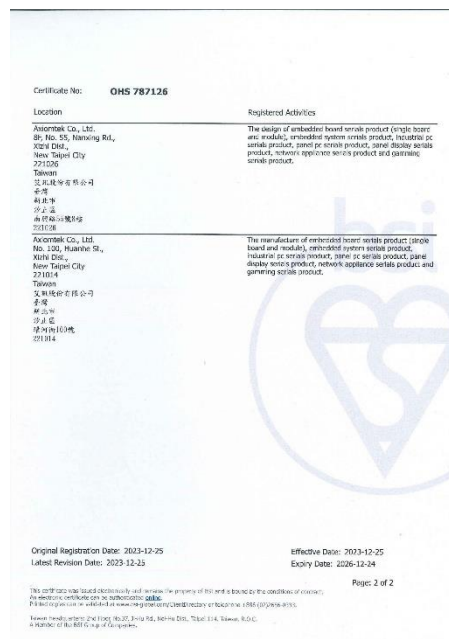
report regularly to the company's Occupational Safety and Health Committee. Through the implementation of the improvement plans and regular annual audits and reviews by management, we continue to improve our safety and health performance to enhance the safety of employees at work and in the environment, and to promote health care.

Axiomtek adheres to the Occupational Safety and Health Policy of "Compliance, Communication, Participation, Risk Control, and Performance Enhancement", and in accordance with the Occupational Safety and Health Act, establishes and promotes the implementation of the Occupational Safety and Health Management System, provides safe and healthy working conditions, complies with occupational safety and health laws and regulations, eliminates hazards and reduces risks to occupational safety and health, and promotes consultation and participation in occupational health and hygiene for workers. All employees and non-employees, including 4 people (cleaning staff and security guards stationed in the plant), who perform work activities at the Company's Hsichih headquarters, Hsichih Axiomtek Plant No. 1 and Taichung office operate under the OSH management system, which covers 100% of the Company's operation and management area; the third-party validation of the OSH management system covers only the Hsichih headquarters and the Axiomtek Plant No. 1, as the Taichung office only has 10 or fewer employees. The third-party verification of the OSHMS implementation only includes the Hsichih headquarters and the Axiomtek plant, as the Taichung office is a business unit with less than 10 employees and is not a manufacturing plant, and is therefore not included in the scope of the verification.

● Hazard Identification, Risk Assessment, and Incident Investigation

Axiomtek has formulated the "Hazard Identification, Risk Assessment and Risk Control Planning Management Procedures" in order to continuously identify and evaluate the physical, chemical, biological and human engineering hazards that may be caused by the raw materials, equipment, operating environment and personnel activities involved in the company's various operations, and to take reasonable, effective and feasible control measures to minimise the impact on the safety and hygiene of the company's personnel, the contractor's labourers and the third party involved, and to minimise the risks. Hazard Identification, Risk Evaluation and Risk Control Planning Management Procedures" are formulated to continuously identify, evaluate and control the risks, and to minimise the risks.

In accordance with ISO45001 Occupational Safety and Health Management System requirements, the company has formulated the procedures for hazard identification, risk assessment and risk control planning, and the personnel who perform hazard identification and risk assessment shall receive prior examination and training. The assessment personnel of each unit shall fill in the assessment form item by item according to the hazard characteristics of the operation process and operation steps within their scope of responsibilities, and complete the routine and non-routine inventory process at least once a year; if there are new operation



activities, products, development of new production process, use of materials, and introduction of equipments, etc., they shall complete the non-routine identification and inventory; and then, according to the results of the risk assessment and statistical results, we shall draw up a risk and hazard level and improvement sequence, and report the results of risk assessment to the Occupational Safety and Health Committee. The Occupational Safety and Health Committee will be involved in the risk assessment and decision-making process.

If an employee discovers a working condition in the workplace that may cause immediate injury or illness, he/she may, in accordance with Article 18 of the Occupational Safety and Health Act, stop work and retreat to a safe place without endangering the safety of other workers, and immediately report the situation to the supervisor in charge in order to improve the risk of harm, and the employer may not terminate the employment of the employee, transfer him/her to another position, or refuse to pay him/her wages during the period of cessation of work, or any other unfavourable penalties.

In the event of a work-related injury, the unit supervisor and the Labour Safety Office will initiate an investigation into the cause and potential causes to identify safety and health management system failures and take effective corrective and preventive measures. The proposed corrective and preventive measures should be subject to a risk assessment prior to implementation in order to ensure that the safety and health risks are reduced to an acceptable risk after improvement; in the case of a major incident, the Labour Safety Office should immediately notify the representative of the Safety and Health Manager, and report the incident to the Labour Inspection Agency within 8 hours, and the supervisor of the unit should ensure that the situation is in a state of safety and that the scene is not moved or damaged during the incident, in addition to first aid and emergency treatment where necessary.

● Occupational Health Services

Axiomtek attaches great importance to the safety and health of its employees at work. In accordance with Articles 3 to 8 of the Labour Health Protection Rules, Axiomtek invites qualified doctors who have been trained as labour health service doctors to provide on-site health services on a contractual basis, once a month at the head office, with a duration of 3 hours for each visit.



In FY2023, a total of 125 people from the two plants participated in occupational health interviews, which included topics such as health check-ups or health education for new employees, health education on special hazards, health education and counselling on the protection of maternal health, and counselling on personal health issues of employees.

Only healthy and happy employees can create a quality and sustainable business. Axiomtek regards employees as the most important asset of the company. Since the establishment of the company in 1990, Axiomtek has been arranging annual health checkups for employees of all ages, and has been arranging checkups that are better than those required by laws and regulations year after year, so as to enable employees to develop a health concept of early protection, with the acceptance rate of the general checkups being over 90%, and that of special checkups being close

to 100%. The company also arranges the National Health Administration's four-cancer screening activities on the day of the health check to increase the rate of employees receiving the four-cancer screening service, so that they can be effectively detected and treated at an early stage. The company has also implemented a biennial health check programme for senior executives, and has increased the budget for the health check and the contents of the items year by year, so that employees can receive more comprehensive health prevention.

Year	Type of Health Checks	Percentage of Xizhi factories inspected	Percentage of Xizhi Headquarter inspected
2021	Free Radiation Special Operation Inspection	100%	NA
	n-hexane special operation	100%	NA
2022	General Inspection	96%	93.2%
	Physical Examination for Special Operations with Ionising Radiation	100%	NA
	n-hexane special operation	98.4%	NA
2023	General Inspection	97%	92%
	Physical examination for special operation with free radiation	100%	NA
	n-hexane special operation	97.2%	NA

- **Worker involvement, consultation and communication on occupational health and safety**

Each factory shall set up an occupational safety and health committee in accordance with the provisions of the Occupational Safety and Health Management Regulations, in which at least one-third of the committee members shall be labor representatives, and labor representatives elected by the company's labor-management meeting shall participate in the meeting and provide opinions on the development, planning, implementation, performance evaluation and improvement measures of the occupational safety and health management system.

The authority, responsibility and operation of the Occupational Safety and Health Committee are carried out in accordance with the Safety and Health Committee's management procedures, and the committee meets at least once a quarter and four times a year to discuss occupational safety and health management system items (such as participation in risk assessment for hazard identification, hazard classification and control, investigation and improvement of the causes of accidents, internal and external audits, and contractors and outsourcers' specifications, etc.), employee education and training, automated inspection programmes, and health care for employees. We also obtained consensus from the members in the meeting.

- **Occupational Health and Safety Education and Training for Workers**

Axiomtek provides all employees with the necessary safety and health education and training for work and disaster prevention, and the training methods can be divided into internal and external training. For internal training, 3 hours of safety and health education and training are arranged for new employees when they arrive at work, and then on-the-job training will be arranged according to the time they arrive at work, the nature of their work, and their position as a member of the safety and health committee; and for those who are working as the relevant operators of the safety and health management system (including safety and health business supervisors, safety and health managers, safety managers, labour health service nurses, fire prevention managers, first-aiders, organic solvents, and other related workers). For those who are in charge of the safety and health management system (including safety and health business supervisors, safety and health administrators, safety administrators, labour health service nursing staff, fire prevention administrators, first-aiders, organic solvents operation supervisors, and free-

radiation equipment operators), they will participate in external training in order to complete the statutory retraining hours in accordance with the Occupational Safety and Health Education and Training Rules and the relevant laws and regulations.

The content of the in-house training course includes occupational safety and health laws and regulations, rights and obligations of employees, work rules and regulations, hazardous materials, traffic safety and ISO 45001 occupational safety and health management system, etc. The time schedule is mainly during working hours, and a quiz will be taken after the course to understand the degree of absorption of the employees.

● Worker health promotion

Axiomtek not only attaches importance to the safety of employees at work, but also cares about their physical, mental and spiritual health, and promotes employees' access to non-professional medical and health services. Every month, a nurse writes a health column in the e-newsletter to educate employees on the latest health information, conducts regular health checkups and uses interviews to collect opinions on employees' health needs and activities, cooperates with the local health clinic to help with four-cancer screenings, and applies for the Ministry of Labour's Work-Life Balance Subsidy Program. From time to time, we hold stress-relieving activities to relieve employees' physical and mental stress and help them with their work adjustments, such as: Soap-making wizardry, Traditional Chinese Medicine Meridian Massage Seminar, Paper Sculpture Creation Activities, and Dandelion Painting Courses, which allow colleagues to take a break from their busy lives to enjoy a wonderful little journey of healing.



For the convenience of our hard-working colleagues, we have cooperated with the "Call Pharmacist" platform since April to provide the "Call Pharmacist, One-Click Drug Delivery" service, which can be used by both colleagues and family members. By uploading the prescription request memos to the platform, a professional pharmacist will come to the company or home to deliver the prescriptions at the appointed time every month. 2023 statistics show that the service provided 79 prescription request memos.

Arranging health talks by factory doctors and dietitians to address the health problems of modern people and promoting health issues in the professional staff's lectures on the annoying diseases of civilisation - autonomic dysfunction & osteoporosis prevention, to enhance the importance of colleagues to their own health.



Axiomtek has always attached great importance to the health and welfare of its employees and is equipped with a public AED device in the lobby of the ground floor of its headquarters. Axiomtek has set up its own AED device on the ground floor of its first factory, so that if an

accident occurs, it can be dealt with in the first instance, thus preventing regrettable accidents from occurring, and has even planned to complete first aid education training for its employees in fiscal year 2024 and complete the certification of its AED safe and secure workplaces, which will serve as an important aid in linking up the chain of survival. The protection of workplace safety at Tongren is also a major enhancement of employees' rights and interests.



Implementation of the four major programmes

Disease prevention plan for abnormal workloads: During the annual health checkup, we provide employees to fill out a questionnaire on mental strength, assess the risk level according to individual risk factors, and provide high-risk employees with health guidance through face-to-face interviews by the factory doctor.

Human Hazard Prevention Plan: Provide employees with the opportunity to fill out a questionnaire on self-perceived musculoskeletal symptoms and establish a tracking list during the annual health check. If the screening score is greater than 3, the factory doctor will understand the cause of the symptoms and give appropriate suggestions for improvement. The doctor will also visit the production line to understand the working conditions of the employees and take simple human factors engineering improvement measures.

Maternal Health Protection Plan: Every year, the factory doctor conducts an assessment of hazards in the workplace, and provides maternal health care for employees during pregnancy and within one year after giving birth, as well as setting up breastfeeding rooms for use. In FY2023, the number of people who will receive maternal health care will be two in the Xizhi headquarters, and one in the Aisun plant.

Implementation of the workplace violence prevention plan: Each year, occupational safety personnel assist in conducting inspections of the workplace environment and self-inspections of the behaviour of unit supervisors, as well as conducting violence education and training for each employee to prevent and deal with workplace violence and ensure the safety and physical and mental health of the employees.

● Preventing and minimising occupational health and safety impacts on those directly associated with the business.

In order to prevent work-related injuries, ill-health, diseases and accidents, Axiomtek has set up a safety and health management procedure for contractors to control external personnel who enter the factory to carry out work, including construction, repair or maintenance work. Customers visiting or auditing the factory are required to apply for a visit, and the relevant unit will plan the time and itinerary of the visit to ensure the safety of all employees in the factory, as well as suppliers, contractors and visitors entering the company.

- **Occupational Injuries**

In FY2023, the total number of working hours of Axiomtek's headquarter and factories was 1,321,426, the number of fatalities caused by work-related occupational injuries to all employees was zero, the number of serious occupational injuries caused by work-related occupational injuries was zero, and the number of recordable cases of work-related occupational injuries was one, which was a minor injury accident caused by improper actions in the moving industry, with three days of lost working hours. The occupational injury incident was a minor injury caused by an improper movement in the moving industry and the number of lost work hours was 3. The occupational injury rate per million work hours in FY2023 was 0.76 (in FY2023, there were 3 traffic accidents involving employees travelling to and from work, which were not included in the calculation).

In FY2023, the total number of hours worked by non-employees has not yet been calculated, and there were no reported cases of occupational injuries during the annual working period. The number of fatalities caused by work-related occupational injuries to non-employees was zero, the number of serious occupational injuries caused by work-related occupational injuries was zero, and the number of recordable cases of work-related occupational injuries was zero.

There are no high-risk operations in the company's work content, but the assembly or warehouse units may cause musculoskeletal injuries in the long run due to repetitive operations with heavy loads, which will need to be observed in the future, and we will try to improve the work platforms or provide protective gears to avoid occupational injuries through the analysis of the risk of hazards.

- **Work-Related Diseases**

In FY2023, Axiomtek did not report any work-related occupational disease deaths, occupational disease cases diagnosed by occupational medicine specialists, or special health checkups for Level 4 personnel; in FY2023, the special work medical checkups included n-hexane and ionising radiation, and the number of people under Level 1 management for n-hexane special work was 34, and the number of people under Level 2 management was 22, and the number of people under Level 1 management for ionising radiation was seven, and the number of people under Level 2 management was one. The number of people under the management of special operation level I for n-hexane is 34, and the number of people under the management of level II is 22. The number of people under the management of special operation level I for ionising radiation is seven, and the number of people under the management of level II is one.

The Labour Safety Office works with contracted staff doctors, the Human Resources Department, and department heads to protect and promote the health of employees; staff doctors and nurses fill out questionnaires for employee health checkups every year to understand the health status of employees in relation to their work, and provide health guidance to high-risk employees to continuously take care of employees' health.

Axiomtek continues to raise the safety awareness of its employees through education and training and electronic newsletters, and strengthens the supervision and inspection of the environment and safety by the management unit, in order to achieve zero disaster, which is a goal that Axiomtek will continue to strive for.

Chapter 6 Environmental Protection

6.1 Environmental Management Policy

Axiomtek's environmental policy is to "Protect the environment indefinitely and sustain resources". Under the policy and limited resources, the company will continue to improve and upgrade its working methods and management skills through the participation of all employees, so that the company's products, service quality, and environmental management can satisfy the needs of its customers, and the company's annual environmental policy, objectives, and measures for achieving these objectives are also listed as follows:

Environmental Policy	
Policy Objectives	Environmentally Friendly and Resource Sustainable
Policy Objectives	<ol style="list-style-type: none">1. 100% passing rate of labour environment testing.2. Drinking water quality testing pass rate 100%.3. Energy saving in electricity consumption decreased by 1.5% per year.4. Greenhouse gas reduction by 1.5% per year.5. Per capita water consumption decreased by 1.0% per year.6. Reduce the proportion of non-recyclable business waste by 1.0% from the previous year.
Achievement Strategies	Strict compliance with environmental laws and regulations, implementation of environmental education and management, and reduction of environmental impact on the earth.
Achievement Measures	<ol style="list-style-type: none">1. Implement labour environment testing twice a year.2. Implement drinking water quality testing 4 times a year.3. Monitor and review monthly electricity/water consumption.4. Monitor and review annual greenhouse gas/waste output.

6.2 Internal and External Energy Use

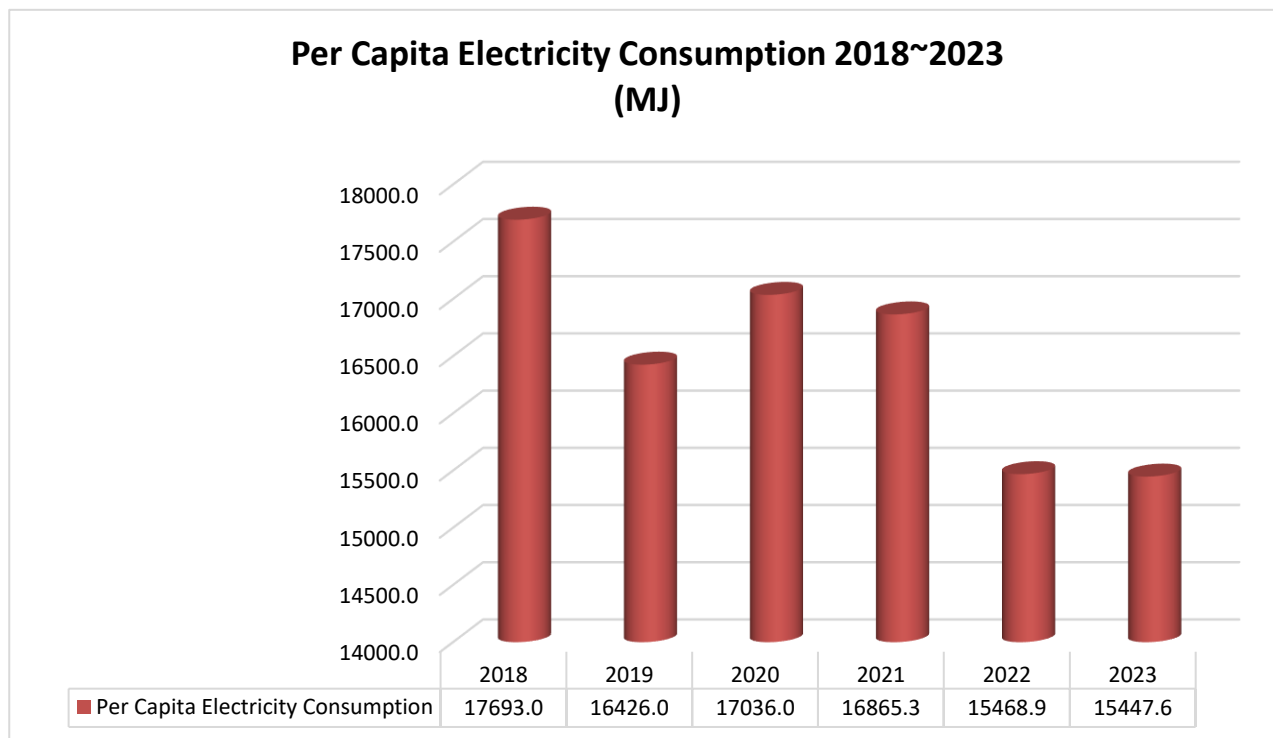
- Electricity

The energy consumption generated by Axiomtek in production and business operations uses electricity as the main power source. From the perspective of energy intensity, the per capita electricity consumption is calculated based on the electricity consumption and the number of electricity users. It can be seen that the per capita electricity consumption in 2023 is the same as that in 2022, with only a decrease of 0.88%.

We can observe a significant decline in per capita electricity consumption from 2018 to 2023. Overall, Axiomtek has effectively controlled and reduced per capita electricity consumption through various methods such as company relocation and equipment updates (from the new store office to the Xizhi office), relocation of foreign labor dormitories from the Beitou factory, implementation of energy-saving measures, and automatic power-off and air conditioning when employees set security locks after work.

The following table shows the company's electricity consumption from 2018 to 2023 converted into millions of joules :

Year	2018	2019	2020	2021	2022	2023
Per capita electricity consumption Million Joules	17693	16426	17036	16865.3	15468.9	15332.3
Annual Electricity Consumption Million Joules	9554137.2	9346406.4	9744739.2	9933663.6	9374158.8	10272654
Electricity Consumption Number of people	540	569	572	589	606	670

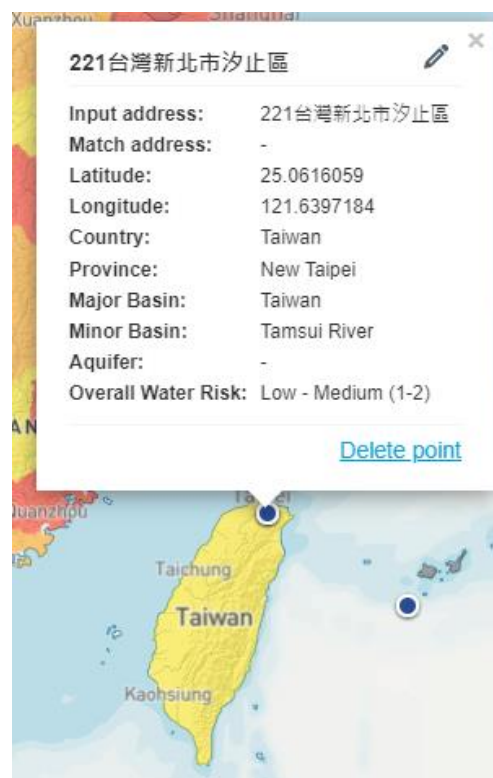


● Water Resources

Taiwan's uneven rainfall intensity and distribution can easily cause regional and seasonal water shortages. In order to avoid the impacts of water shortages, Axiomtek used the World Resources Institute (WRI) Aqueduct Water Risk Atlas to assess the water risk of the areas where its operations are located. Axiomtek's headquarters and Axiomtek's Plant 1 are located in the Xizhi District of New Taipei City, which is classified as low to medium risk by the Aqueduct Water Risk Atlas (as shown in the figure).

The water used by Axiomtek comes from the water supply company in Taiwan. Axiomtek does not use water in its manufacturing process and does not produce industrial wastewater, therefore, the water used is for daily use. As Axiomtek is located in a public park, not a private factory, it is difficult to recycle and reuse the water, and the discharges are handled and discharged centrally by the park.

Looking at the water consumption trends over the years, we can see that there is a slight upward trend in per capita water consumption in 2023. Compared with 2022,



the overall water consumption in 2023 increased by 0.00039 million liters, and the per capita water consumption increased by 2.53%. The reason for the increase in water consumption in 2023 compared with 2022 is that in 2023, the epidemic situation eased and there was no diversion to work, so the water consumption returned to normal.

The company-wide water consumption figures for 2018 to 2022 are presented as follows:

Year	2018	2019	2020	2021	2022	2023
Per capita water use (million litres)	0.03447	0.01803	0.01579	0.01509	0.01544	0.01583
Water consumption (million litres)	18.614	10.261	9.034	8.888	9.357	10.603
Number of Water Users	540	569	572	589	606	670

● Greenhouse Gases

In addition to the statistics of electricity and water resources, Axiomtek has co-ordinated the ISO 14064 greenhouse gas inventory by the Environmental Sustainability Group since 2015. The operational boundary of the inventory includes direct greenhouse gas emission sources (Scope 1) and indirect energy greenhouse gas emission sources (Scope 2), and the items covered are as follows:

Note: Axiomtek is in the process of compiling statistics on other indirect emissions from other activities (Scope 3) and expects to disclose the complete statistics for Scope 1 to Scope 3 in Q2 this year.

Scope	Category	Facility Type (Emission Source)
Scope 1 Direct Greenhouse Gas Emissions	Mobile combustion sources: Refers to the fuel combustion of transport equipment, such as: cars.	Bus_Gasoline (CO ₂ 、 CH ₄ 、 N ₂ O) Bus_Diesel (CO ₂ 、 CH ₄ 、 N ₂ O)
	Fugitive Emission Sources: Intentional and unintentional emissions, such as methane from equipment joints, leaks in seals, or from wastewater treatment plants; carbon dioxide from fire protection equipment; and HFCs from air conditioning, refrigeration, and domestic refrigeration equipment.	CO ₂ fire extinguisher (CO ₂) Drinking water dispenser, air-conditioner, refrigerator, air-conditioning for buses, dryer, Chamber (HFCs) Septic tank (CH ₄)
Scope 2 Energy Indirect Greenhouse Gas Emissions	Greenhouse gas emissions from purchased electricity, heat, steam or other fossil fuel derived energy.	Purchased electricity (CO ₂)
Scope 3 Other Indirect GHG Emissions	Examples include employee business travel; shipment of packages or waste via third-party groups; foreign aid activities, outsourced manufacturing, and authorised dealers; emissions from sources or facilities where the point of GHG emission occurs outside of the facility boundaries, and where the emissions are from waste generated by the facility; employee commuting to and from the workplace (including emissions from non-energy raw materials).	Outsourced transport of parcels of documents - petrol, diesel (CO ₂ , CH ₄ , N ₂ O) , Refrigerants (HFCs) Outsourced transport of wastes - petrol, diesel (CO ₂ , CH ₄ , N ₂ O) , Refrigerants (HFCs) Staff travelling to and from work and business trips - petrol, diesel (CO ₂ , CH ₄ , N ₂ O) , Refrigerants (HFCs) Vending Machines-Refrigerants (HFCs)

Emission statistics of Greenhouse Gas Scope and Scope Emission Type of The Whole Plant							
	Scope 1				Scope 2	Scope 3	Total Emission Equivalent
	Stationary Emissions	Process Emission	Moving Emissions	Fugitive Emissions	Energy Indirect Emissions	Other Indirect Emissions	
Emission Equivalent (tonnes CO2e/year)	0.00	4.1565	5.3284	1962.9011	1875.8267	NA	3848.2127
Percentage of Gases (%)	51.25 (%)				48.75%	NA	100.00%

Note: The calculation basis is based on the GHG emission factor management table (version 6.0.4) announced by the Environmental Protection Administration, Executive Yuan. 2023 GHG emission equivalent is the result of the company's self-inventory, and the external verification is scheduled to be completed in December 2024 for the inventory.

Actual GHG inventory results for 2023:

According to the results of the inventory, the total direct emissions from sources owned or used by Axiomtek are 1,962.9011 tonnes of CO2e in 2023, accounting for 51.25% of the total emissions.

Indirect Sources (Scope 2): In 2023, the total GHG emissions from the use of electricity supplied from outside the organisation's boundaries will be 1,875.8267 tonnes of CO2e, accounting for 48.75% of the total emissions.

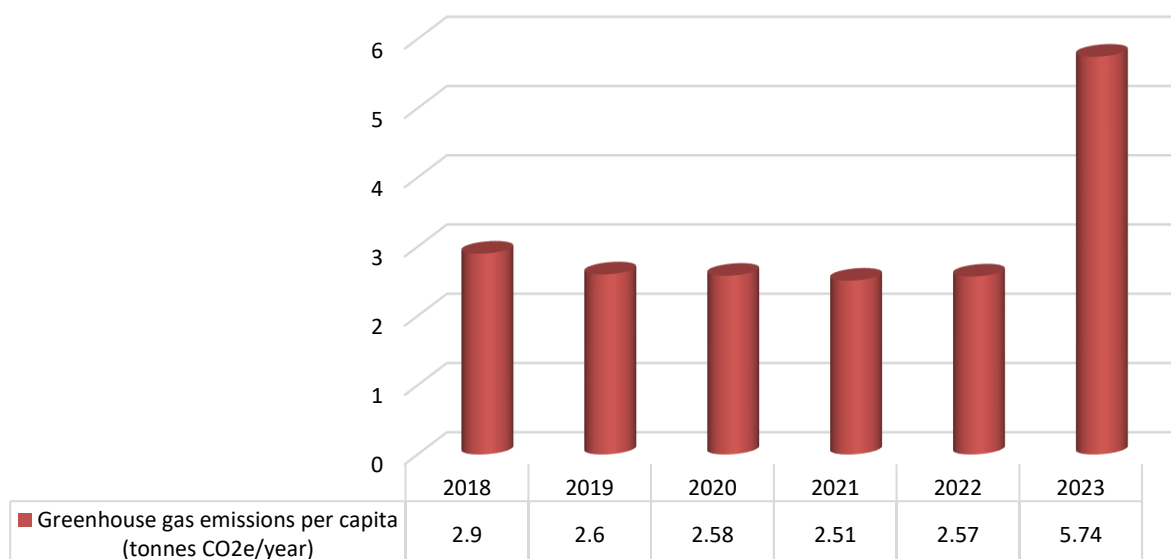
Based on Axiomtek's philosophy of "Ai Earth", Axiomtek has set up a GHG reduction strategy, where each year will be reduced by 1.5% compared to the previous year in order to save electricity/reduce GHG emissions.

The monitoring result shows that the per capita GHG emissions in 2023 = 5.74 tonnes CO2e, compared to the per capita GHG emissions in 2022 = 2.57 tonnes CO2e, the per capita GHG emissions have increased by 3.17 tonnes CO2e compared to the previous year, and the reason for the significant increase is that Axiomtek factory relocated in 2023Q3, and added many new refrigerant-containing equipments in the factory, such as air conditioners, refrigerators and fire-fighting equipments. The inventory result is much higher than 2022 because of the relocation of the Axiomtek plant in 2023Q3 and the addition of many refrigerant-containing equipment in the plant, such as air conditioners, refrigerators and fire extinguishing equipment.

Revealing Greenhouse Gas Emissions 2018~2023:

Year	2018	2019	2020	2021	2022	2023
Total emissions per capita (metric CO2e/year)	2.90	2.60	2.58	2.51	2.57	5.74
Total Emissions (metric tonnes CO2e/year)	1,563.62	1,480.15	1,475.02	1479.70	1,556.88	3,848.21
Total number of people	540	569	572	589	606	670

**Greenhouse gas emissions per capita in 2018~2023
(tonnes CO₂e/year)**



6.3 Climate Change and Reducing Energy Consumption

Axiomtek loves the earth and is always concerned about the issue of climate change and is committed to reducing energy consumption. Since the adoption of the Paris Agreement in 2015, the world has officially entered a brand new stage of climate change and energy management, and not to warm up more than 2 degrees Celsius has become a management issue that cannot be delayed globally, and as a member of the manufacturing industry, it is also an important responsibility for us to conserve energy and environmental protection and jointly reduce the emission of greenhouse gases. In order to achieve the goal of reducing energy consumption, we have set up the following energy-saving measures to save electricity/paper and computer recycling.

Water and Electricity Saving Measures

1. Replace lighting with energy-saving fixtures.
2. Use sunshade to reduce sunlight.
3. Installation of recirculation fans in air-conditioning vents to regulate indoor temperature (Axiomtek Factory 1, 1F) and reduce the frequency of compressor start-ups.
4. promote turning off unused power during lunch break and after work.
5. Increase the temperature of air-conditioner chilled water to reduce the frequency of compressor start-up to avoid waste of resources.
6. set sleep function for water dispenser during non-working hours to reduce power consumption.
7. keep the air-conditioning main unit's chilled water pipeline warm.
8. Understand the actual power consumption situation, and compile power statistics for each area as a basis for improvement.
9. Use water-saving taps in toilets.

Provincial Paper and Other Measures

1. Introduction of electronic signature system, digitalisation of document signatures, digitisation of technical documents, and promotion of double-sided internal paper printing to save paper.
2. The standard format of business cards is not printed with fax numbers, replacing fax machine paper printing with electronic file transfer.
3. In addition to internal staff using their own environmentally friendly cups, visitors also use environmentally friendly cups to reduce the use of paper cups.

4. Promote waste separation to increase the number of recyclable resources and reduce the amount of general waste.
5. Encourage employees to take public transport to and from work or to share rides.
6. Promote the use of environmentally friendly tableware to reduce rubbish production and related resource consumption.
7. Donate recyclable PCs or NBs to related organisations for use by disadvantaged groups.

6.4 Waste Treatment and Resource Recovery

Axiomtek inventories the types of waste generated in the plant are divided into three categories: general household waste, general business waste, hazardous business waste, etc., and each of these three categories of waste has its own different management model as shown in the table below:

Category	Waste content	Treatment method	Final treatment method
General Waste	Waste Paper/Glass Bottles/Plastics/Metal & Aluminium Cans	Xizhi Headquarters-Management Committee Axiomtek Factory - Recycling	Recycling
	Lunch boxes/household waste/food waste	Xizhi Headquarters - Management Committee Axiomtek Factory-Commissioned qualified removal Disposal	Incineration, Fertiliser
General Utility Waste	Belt / Static belt / Styrofoam / Plastic tube / Empty tin / Packing tape / Waste parts / Waste motherboards / Wooden pallets..	Qualified Removal Disposal	Incineration
Hazardous waste	PCB waste board edge	Qualified Removal Disposal	Incineration

Axiomtek also keeps an eye on the waste contractors every year, and if there is any breach of contract or violation of government laws and regulations, it will take corresponding disposal, counselling or replacement actions, and there will be no major breach of contract or violation of laws and regulations by the waste contractors in 2023.

● General domestic waste

Axiomtek's Xizhi headquarters and Axiomtek's factory have different ways of handling domestic waste. The Xizhi headquarters is located in the National Yang Clouds Building, so it is collected and handled by the building management committee, while Axiomtek's factory is a stand-alone building, so it is collected and handled by specialists and commissioned to qualified removal and treatment companies, and it is stipulated that general domestic waste is classified into general rubbish, and resource rubbish (such as paper, glass bottles, plastics, and iron and aluminium cans). Except for waste that can be recycled and reused, general rubbish is disposed of by sanitary landfill or incineration. The weights of the annual removal contracts for general household wastes were examined as follows :

Location	Contract weight/month	Handling method
Xizhi Headquarters	2.0 tonnes	Building Management Committee Appointment of Qualified Removal Operators
Axiomtek Factory	2.2 metric tonnes	Specialist Recycling Consign to qualified removal operators

- **Industrial Waste**

Axiomtek has checked the types of business waste generated in the factory area, which are divided into three categories: general business waste (recyclable), general business waste (non-recyclable), hazardous business waste (E-0221), etc. All the wastes are commissioned to be treated by qualified waste removal and treatment plants, and if they are business wastes, they must report the commissioning to the Environmental Protection Department or the joint treatment of the triplet, and the different types of wastes will be treated in accordance with the law and regulations. After treatment, different types of wastes will be sold, recycled, incinerated or buried in a sanitary landfill in accordance with the law.

Axiomtek not only appoints legal companies to remove and dispose of business waste, but also cares about the final disposal method of the companies and examines the final disposal process of the company's waste to feel at ease before appointing the company.

Axiomtek's waste output in FY2023 was 63.08 metric tonnes. Since Axiomtek mainly focuses on SMT/DIP assembly/testing processes, the proportion of hazardous waste (E-0221) is relatively low, and the proportion of hazardous waste (E-0221) output in FY2023 was 3.90 metric tonnes, accounting for 6% of the total 63.08 metric tonnes of waste output, and the proportion of the waste output is shown below. The ratio of waste generated is shown in the figure below.

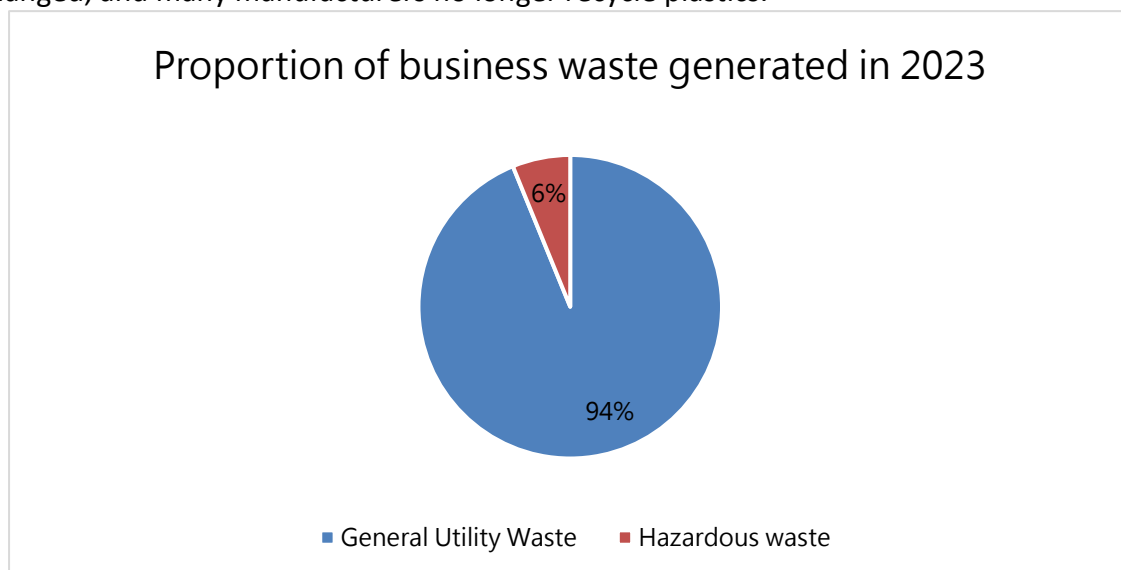
Axiomtek's hazardous waste (E-0221) has all been entrusted to a qualified treatment plant for physical treatment. After the waste has been crushed and processed by the treatment plant, it can be divided into two types of components, approximately 35% copper powder and 65% glass fibre, which can be sold back to the smelting plant as raw materials, while glass fibre will be used by recycling companies as an additive to asphalt or cement, so that 100% of the waste produced by Axiomtek is recycled. Therefore, the percentage of hazardous waste (E-0221) recycled by Axiomtek is 100%.

Hazardous waste (E-0221) in FY2023 decreased by 2.89 metric tonnes compared to 6.79 metric tonnes in FY2022. The reason for the decrease in hazardous waste (E-0221) in FY2023 was that some motherboards were sent to outsourcing companies in response to the relocation of the factory in FY2023-Q3, and because the number of motherboards produced in the factory decreased, the PCB waste also showed a downward trend. As the number of motherboards produced in the plant has decreased, PCB waste generated also showed a downward trend, and the total amount of general business waste generated was approximately 59.18 metric tonnes, accounting for approximately 94.0% of the total amount of waste generated.

Axiomtek's PCB waste is the bulk of the hazardous waste produced during the production process. In the future, Axiomtek will continue to improve the process yield and reduce the PCB waste to achieve the results of industrial waste reduction.

Axiomtek's PCB waste is most of the hazardous waste produced during the production process. In the future, Axiomtek will continue to improve process yields and reduce PCB waste to achieve the results of industrial waste reduction.

Axiomtek has also set "1.0% reduction of non-recyclable business waste compared to the previous year" as its annual waste reduction target, and monitored the non-recyclable waste output in these three years as follows, we can see that there is an increase of 1.9 tonnes of non-recyclable waste in 2023 compared to 2022, and the reason for the increase in non-recyclable business waste in 2023 is due to the increase in production capacity and output quantity in 2023 and the increase in the amount of non-recyclable business waste in 2022. Waste recycling market has changed, and many manufacturers no longer recycle plastics.



Year	2021	2022	2023
Total output (tonnes/year)	38.55	57.28	59.18
Increase/decrease (tonnes/year)	+4.89	+18.73	+1.90
Increase/decrease ratio (%)	+114.53%	+148.59%	+103.32%

6.5 Environmental Regulations Compliance

Since its establishment, Axiomtek has never been involved in any major violations of environmental laws and regulations. We have implemented ISO 14001 environmental management system in both our Taiwan headquarters in Hsichih, Taiwan and Axiomtek's first factory to ensure that while pursuing our operations, we also have stringent requirements for environmental management, and that compliance with the local government's environmental laws and regulations is Axiomtek's basic requirement for environmental management standards, therefore, we have taken the zero environmental violations as the basic goal for sustainable development. Therefore, we have set zero environmental offences as our basic goal for sustainable development. Our management strategy includes regular environmental regulations appraisal/employee training/regular monitoring of various environmental indicators to achieve sustainable development, as shown in the table below:

Management Strategy	Frequency (year)	Sustainable Development Goals	Target (year)	Outcome (year)
Regular Processing Regulatory Identification	≥ 2	Zero offences	2023 offences: 0	2023 offences: 0

6.6 Procedures for managing restricted hazardous substances

For chemical substances that may be used in products or in the production process and that may affect the safety of the environment, we have formulated the "Restricted Hazardous Substances Management Procedure" in accordance with international regulations and customer requirements, and the general requirements for banned/restricted substances should comply with the EU RoHS Directive and REACH regulations. If RoHS exemption or SVHC is used, over 1000 ppm

should be noted in the declaration, Axiomtek requires suppliers to comply with EU hazardous substances regulations from the component side, and uses GPM (Green Product Management) to request and manage suppliers to submit materials. We also use the GPM (Green Product Management) Green Supply Chain Management System to request and manage suppliers to provide information such as test reports/composition lists of materials/refineries that use conflict minerals.

When the supplier comes in, the incoming material inspection unit will use XRF to test the parts to see if the hazardous substance exceeds the standard, and some parts with Pb exceeding the standard will also be confirmed to see if they are exempted, and the production manufacturing unit will carry out monthly inspections of the tin furnace in production to ensure that the production process complies with the "product environmental specifications" listed by the Aisin Control and comply with the international laws and regulations, as shown in the following table:

NO.	Regulation		Name of hazardous substance	CAS No.	Limit
1	RoHS	<u>EU 2011/65/EU</u>	Cadmium (Cd) / Cadmium Compounds	7440-43-9	<100ppm
			Lead (Pb) / Lead Compounds	7439-92-1	<1000ppm
			Mercury (Hg) / Mercury Compounds	92786-62-4	
			Hexavalent VI (Cr6+) / Hexavalent Compounds	7440-47-3	
			Polybrominated biphenyls (PBB)	67774-32-7	
			Polybrominated diphenyl ethers (PBDE)		
		<u>(EU) 2015/863</u>	DEHP	117-81-7	<1000ppm
			BBP	85-68-7	
			DBP	84-74-2	
			DIBP	84-69-5	
2	REACH Annex XVII	(EC) No 1907/2006	Dangerous Substances restricted under REACH: https://echa.europa.eu/substances-restricted-under-reach		https://echa.europa.eu/substances-restricted-under-reach
3	REACH SVHCs (REACH	(EC) No 1907/2006	Candidate List of SVHCs: http://echa.europa.eu/web/guest/candidate-list-table		<1000ppm
4	Package	94/62/EC Amendment <u>2013/2/EU</u>	Cd+Pb+Hg+Cr6 + concentration	7440-43-9	< 100ppm
				7439-92-1	In Package material
				92786-62-4	
				7440-47-3	
5	Battery	2006/66/EC Amendment <u>2013/56/EU</u>	Mercury / Mercury Compounds (Hg)	92786-62-4	<5ppm
			Cadmium / Cadmium Compounds (Cd)	7440-43-9	<20ppm
			Lead / Lead Compounds (Pb)	7439-92-1	<40ppm

Based on the above management, Axiomtek has not violated any regulations and/or voluntary agreements relating to marketing communications (including advertisements, promotions and sponsorships), nor has it violated the information and labelling requirements for products and services or voluntary regulations in the past five years.

Chapter 7 Social Participation

Industry-University Co-operation (IUC)

● Fu Jen Catholic University of Foreign Languages and Polytechnic Internship Programme

Founder Chairman Yang was awarded the Distinguished Alumni Award of Fu Jen Catholic University, and thus started various industry-academia co-operation projects with Fu Jen Catholic University. In 2023, Axiomtek launched the first internship programme, with three students from the departments of German, Memory, and Information Technology, who have obtained good results from their internships.

● Fu Jen Catholic University, Department of Electrical Engineering, Industry-Academic Cooperation Project

Axiomtek combined the power of industry, government, and academia, and together with the professor of the Department of Electrical Engineering, applied for an industry-academia co-operation case with NSC. Axiomtek provided the equipment, samples, and funds, and through the participation of the professor and the students and the application of the ideas, we hoped to promote Axiomtek's products into the students' learning materials, and to bring the last mile of the cooperation between academia and the use of the products closer.



Social Welfare

● Festival Charity Sale

During the festive season, we always think of family reunion. Therefore, during the three traditional festivals (Lantern Festival, Dragon Boat Festival, and Mid-Autumn Festival), Axiomtek will co-operate with charity organisations to hold charity sales at both the head office and the factory. 2023 will be co-operated with Lanzhi Foundation (the second event) and New Taipei City Jixian Sheltered Workshop respectively. Axiomtek's people have also demonstrated a high degree of love and endeavoured to use NT dollars to bring public welfare goods off the shelves. Each charity sale that lasts less than three hours allows the public welfare units to receive more than \$10,000 in proceeds from the charity sale, which is a full demonstration of Axiomtek's warm heart and power of action.



● Christmas Love Campaign

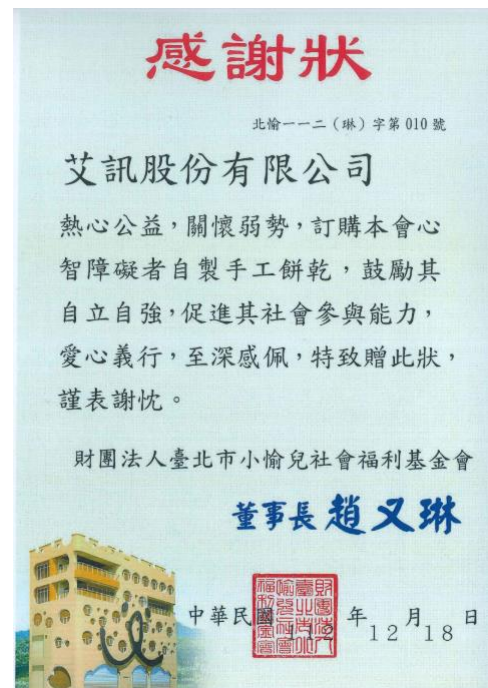
Every year, the mid-year kick-off meeting is held before Christmas. As usual, it is also a good opportunity for Axiomtek staff to show their love and care again. This year, Axiomtek once again purchased two kinds of gift boxes from Kumi House, which has been cooperating with Axiomtek for many years. In addition to a box of biscuits as a Christmas gift from Welfare Committee, Axiomtek also purchased a box of cake for those who participated in the Blood Donation Programme, which provides nutritional supplements to the staffs and doubles the amount of love and care.

● Blood Donation Programme · Axiomtek Sustainability

At the end of 2023, Axiomtek's first Blood Donation Day was officially held. On the day of the event, the first cold wave of the winter with water came, but the cold and humid weather did not dampen the enthusiasm of Axiomtek's staff. Starting from 11:30 a.m., from Axiomtek's first factory to the headquarter in Shiodome, there were a lot of people boarding the buses. There was no tension, but rather a feeling of calmness and joyfulness as the employees were laughing and joking around. Time passed unnoticeably, and as the number of blood bags continued to increase, the excitement and emotion were indescribable. The activity was originally scheduled to end at 17:00, but due to the large number of participants, it was delayed until 18:30 when the last colleague finished donating blood.

This event not only achieved the Blood Donation Centre's target of 60 bags...it even exceeded it! There were 61 participants, and 84 bags of hot blood were collected, mainly from the 500cc donors who exceeded the expectation. Although some of you were rejected at the first check, we felt your enthusiasm and love!

Thank you for your enthusiastic participation, blood donation is an activity that helps others and benefits oneself. In the future, we will continue to organise this activity in the spirit of "what is taken from the society, is used in the society", and we look forward to more colleagues joining the ranks of happy blood donors.



GRI Content Index

GRI	Disclosure Items		Page	Omitted	Remarks
General Disclosure					
GRI 2: General Disclosure	2-1	Organisation Details	11	-	
	2-2	Entities included in organisational sustainability reporting	8	-	
	2-3	Period of coverage, frequency, and contacts	8 、 9		
	2-4	Recompilation of the report	8		
	2-5	External assurance/confidence	9		
	2-6	Activities, value chains and other business relationships	12		
	2-7	Staff	92	-	
	2-8	Non-employee workers	92		
	2-9	Governance Structure and Composition	4	-	
	2-10	Nomination and Selection of Top Governance Units	25	-	
	2-11	Chairman of the highest governance body	4	-	
	2-12	Role of the Top Governance Body in Overseeing Shock Management	3	-	
	2-13	Responsible Persons for Shock Management	4	-	
	2-14	Role of the Top Governance Body in Sustainable Reporting	4	-	
	2-15	Conflict of intefrest	25		
	2-16	Communicating Critical Incidents	26	-	
	2-17	Group Intelligence of Top Governance Units	22		
	2-18	Performance evaluation of the top governance unit	28	-	
	2-19	Remuneration policy	30 、 98	-	
	2-20	Salary Determination Process	30 、 98	-	
	2-21	Annual Total Remuneration Ratio	99	-	

GRI	Disclosure Items		Page	Omitted	Remarks
	2-22	Statement of Sustainability Strategy	10	-	
	2-23	Policy Commitments	6 、 109		
	2-24	Incorporation of Policy Commitments	6 、 109		
	2-25	Procedures for Remediating Negative Shocks	33	-	
	2-26	Occupational Health Services	33	-	
	2-27	Regulatory Compliance	33 、 71	-	
	2-28	Membership of the HKSA	12	-	
	2-29	Stakeholder Consultation Policy	40	-	
	2-30	Human Rights Policy		-	No group agreement signed
Major Themes					
GRI 3:	3-1	Process of Deciding Major Topics	43	-	
Major Themes	3-2	Major Topic List	45	-	
	3-3	Major Topic Management	45		
GRI 201 Economic Performance					
*GRI 201:	201-1	Direct economic value generated and distributed by the organisation	72	-	
Economic Performance	201-2	Financial impact of climate change and other risks and opportunities	55	-	
	201-3	Defined benefit obligations and other retirement plans	112	-	
GRI 202 Market Status					
GRI 202:	202-1	Ratio of standard pay to lowest local pay for junior staff of different genders	99	-	
Market Status	202-2	Proportion of local residents employed at senior management level	92	-	
GRI 203 Indirect Economic Shocks					
*GRI 203:	203-1	Development and Impact of Infrastructure Investment and Support Services	128	-	
Indirect Economic Shocks					
GRI 204 Purchasing Practices					

GRI	Disclosure Items		Page	Omitted	Remarks
GRI 204: Purchasing Practices	204-1	Proportion of procurement expenditure from local suppliers	35	-	
GRI 205 Anti-Corruption					
GRI 205: Anti-Corruption	205-1	Operational sites that have undergone corruption risk assessment	6	-	
	205-2	Communication and training on anti-corruption policies and procedures	6	-	
GRI 302 Renewable energy					
GRI 302: Renewable energy	302-1	Energy consumption inside the organisation	119	-	
	302-3	Energy intensity	119	-	
	302-4	Reduction of energy consumption	119	-	
GRI 303 Water and running water					
GRI 303: Water and running water	303-3	Water Intake	120	-	
GRI 305 Emission					
GRI 305: Emission	305-1	Direct (Scope 1) Greenhouse Gas Emissions	121 、 122	-	
	305-2	Indirect Energy (Scope 2) GHG Emissions	121 、 122	-	
GRI 308 Supplier Environmental Assessment					
GRI 308: Supplier Environmental Assessment	308-1	Screening new suppliers using environmental criteria	37	-	
GRI 401 Labour relations					
*GRI 401: Labour relations	401-1	New and departing employees	95	-	
	401-2	Benefits for full-time employees (not including temporary or part-time employees)	101	-	
	401-3	Parental leave	96	-	
GRI 402 Labour/Capital Relations					
*GRI 402: Labour/Capital	402-1	Minimum notice period for operational changes	101	-	

GRI	Disclosure Items		Page	Omitted	Remarks
Relations					
GRI 403 Occupational Safety and Health					
*GRI 403: Occupational Safety and Health	403-1	Occupational Safety and Health Management System	112	-	
	403-2	Hazard Identification, Risk Assessment and Accident Investigation	113	-	
	403-3	Occupational Health Services	114	-	
	403-4	Occupational Safety and Health Worker Engagement, Consultation and Communication	115	-	
	403-5	Occupational safety and health training for workers	115	-	
	403-6	Worker Health Promotion	116	-	
	403-7	Prevention and mitigation of occupational safety and health impacts directly related to business relationships.	117	-	
	403-9	Occupational injuries	118	-	Contractor work time information cannot be obtained-
	403-10	Occupational diseases	118	-	
GRI 404 Training & Education					
*GRI 404: Training & Education	404-1	Average number of hours of training per staff member per year	108		
	404-2	Staff enhancement and transition assistance programmes	105	-	
	404-3	Percentage of staff receiving regular performance and career development reviews	98	-	
GRI 405 Employee Diversity and Equal Opportunities					
*GRI 405: Employee Diversity and Equal Opportunities	405-1	Diversity in Governance Units and Staff	92	-	
	405-2	Ratio of Female to Male Basic Salary to Compensation	99	-	

GRI	Disclosure Items		Page	Omitted	Remarks
GRI 406 No discrimination 2016					
GRI 406 No discrimination 2016	406-1	Incidents of discrimination and corrective actions taken by the organization			No incidents of discrimination during the 2023 reporting period
GRI 408 Child labour					
*GRI 408: Child labour	408-1	Significant Risks of Child Labour at Operating Locations and Suppliers	95	-	
GRI 409 Compulsory or Forced Labour					
*GRI 409: Compulsory or Forced Labour	409-1	Operational sites and suppliers with significant risk of forced or compulsory labour incidents	109	-	
GRI 414 Provider Social Assessment					
GRI 414: Provider Social Assessment	414-1	Using social criteria to screen new suppliers	35	-	
	414-2	Negative social impacts in the supply chain and actions taken	35	-	
GRI 416 Customer Health and Safety					
GRI 416 Customer Health and Safety 2018	416-2	Violations of health and safety regulations related to products and services	79		
GRI 417 Marketing & Labelling					
*GRI 417: Marketing & Labelling	417-1	Product and Service Information and Labelling Requirements	79	-	
GRI 418 Customer privacy					
*GRI 418: Customer privacy	418-1	Substantiated Complaints of Violation of Customer Privacy or Loss of Customer Data	91		No related events

「*」 The topics labelled are those selected by stakeholders as significant issues of concern, while the rest are the Company's own topics.

Axiomtek Corporation august 2024 PUBLISHING

<http://www.axiomtek.com.tw/>

SASB Sustainability Accounting Standards - Hardware

Topics	Accounting Indicators	Disclosure	Consolidated Report	Number
Product Safety and Responsibility	Description of Methods for Identifying and Addressing Data Security Risks in Products	Chapter 4 Network Security Management	Chapter 4 Product Information Security	TC-HW-230a.1
Diverse Workforce	Percentage of gender and racial/ethnic group representation of (1) management, (2) technical staff, and (3) all other staff ²	Increase in the number of management, technical staff, male and female statistics	Chapter 5 Talent Composition	TC-HW-330a.1
Product Lifecycle Management Supply Chain Management Raw Material Purchasing	Percentage of revenue from products containing IEC 62474 reportable substances ³	The Company has not yet confirmed and compared its existing products with IEC 62474, and will discuss with the relevant authorities to confirm the compliance of the Company's current situation with the relevant specifications in the future.		TC-HW-410a.1
	Percentage of eligible products that meet EPEAT registration or equivalent requirements by revenue ⁴	The Company does not currently have EPEAT-registered or equivalent products, but has begun discussing relevant regulations and green product design in its internal R&D design committee. However, we have begun to discuss relevant regulations and green product design in our internal R&D design committee. We have planned to formally launch the design of EPEAT-compliant green products from 2025 onwards.	-	TC-HW-410a.2
	Percentage of eligible products by revenue that meet ENERGY STAR® standards	The Company does not currently have any products that meet EnergyStar registration or equivalent requirements, but has begun discussing relevant regulations and green product design in its internal R&D design committee. However, the Company has	-	TC-HW-410a.3

		begun to discuss relevant regulations and green product design in its internal R&D design committee, and has planned to formally start designing green products that meet the same requirements as EnergyStar from 2025 onwards.		
	Weight of Reportable Products and Recovered E-waste, Percentage Recovered	According to the Axiomtek's waste cleanup plan, Axiomtek's electronic waste is E-0221, with an output weight of approximately 3.9 metric tonnes in FY2023, all of which is entrusted to a legal treatment plant to undergo physical treatment. E-0221 is divided into two types of components after crushing and treatment, with 35% copper powder and 65% glass fibre, the copper powder being sold back to the smelter as a raw material, and the glass fibre being used by reuse manufacturers as a The glass fibre will be used by recyclers as an additive to tar or cement; the percentage of Axiomtek's waste recycled is 100%.	6.4 Utility Waste	TC-HW-410a.4
Topics Product Safety and Responsibility	Percentage of Tier 1 Supplier facilities audited under the RBA Validity Audit Process (VAP) or equivalent for (a) all facilities and (b) high-risk facilities	Statistics to 2024/6/12, the first stage suppliers with RBA certification audit qualification management and effectiveness tracking, in 2023, the first stage suppliers through the RBA VAP audited a total of 15.	1.3 Suppliers	TC-HW-430a.1
	Percentage of Tier 1 Suppliers with (1) non-compliance with the RBA Validity Audit Process (VAP) or equivalent, and (2) the rate of corrective actions associated with (a) Priority Non-Compliance and (b) Other Non-Compliance	(a) Number of RBA VAP audited companies / Number of suppliers with transactions in FY2023: 15/464= 3.23%, (b) Number of suppliers audited due to RBA VAP auditing	1.3 Suppliers	TC-HW-430a.2
Diverse Workforce	Description of Risks Associated with Managing the Use of Critical Materials	6.6 Procedures for the management of restricted hazardous substances	-	TC-HW-440a.1

Product Lifecycle Management	Number of units produced by product category	Intelligent Internet of Things 614,382PCS Intelligent Design Services 444,144PCS Gaming Products 212,359PCS Others85,951PCS	-	TC-HW-000.A
	Area of production facilities	7892.55 m²	-	TC-HW-001.A
	Percentage of production in owned facilities	100%	-	TC-HW-002.A



INDEPENDENT ASSURANCE OPINION STATEMENT

2023 Axiomtek Co., Ltd. Sustainability Report

The British Standards Institution is independent to Axiomtek Co., Ltd. (hereafter referred to as Axiomtek in this statement) and has no financial interest in the operation of Axiomtek other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Axiomtek only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Axiomtek. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Axiomtek only.

Scope

The scope of engagement agreed upon with Axiomtek includes the followings:

1. The assurance scope is consistent with the description of 2023 Axiomtek Co., Ltd. Sustainability Report.
2. The evaluation of the nature and extent of the Axiomtek's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2023 Axiomtek Co., Ltd. Sustainability Report provides a fair view of the Axiomtek sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Axiomtek and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Axiomtek's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Axiomtek's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards and SASB Standard(s) were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to Axiomtek's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 15 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018), GRI Standards and SASB Standard(s) is set out below:

Inclusivity

This report has reflected a fact that Axiomtek has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Axiomtek's inclusivity issues.

Materiality

Axiomtek publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Axiomtek and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Axiomtek's management and performance. In our professional opinion the report covers the Axiomtek's material issues.

Responsiveness

Axiomtek has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Axiomtek is developed and provides the opportunity to further enhance Axiomtek's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Axiomtek's responsiveness issues.

Impact

Axiomtek has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Axiomtek has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Axiomtek's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Axiomtek provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Axiomtek's sustainability topics.

SASB Standards

Axiomtek provided us with their self-declaration of in accordance with SASB Standard(s) (Hardware Sustainability Accounting Standard, version 2018). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Hardware Sustainability Accounting Standard, version 2018) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

Responsibility

The sustainability report is the responsibility of the Axiomtek's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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Statement No: SRA-TW-807363

2024-07-19

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A Member of the BSI Group of Companies.



Conformity Statement

Climate related Financial Disclosure

This is to conform that
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Holds Statement Number CFD 806891

Axiomtek Co., Ltd. follows the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Guidance to disclose climate-related financial information which is clear, comparable and consistent against its organizational risks and opportunities as well as its financial impacts. The disclosure covers the four core elements of the TCFD and is prepared based on the seven guiding principles for effective disclosures.

The maturity model for the Climate-related Financial Disclosures is **Level-4: Satisfying** grade.

與氣候相關的財務揭露的成熟度模型為**【第四級：符合】**等級。

For and on behalf of BSI

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2024-06-24

Expiry date: 2025-06-23

Page 1 of 2

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Statement number: CFD 806891

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Conformity Check Overall Result:

The maturity model for the Climate-related Financial Disclosures is **Level-4: Satisfying** grade.

與氣候相關的財務揭露的成熟度模型為**【第四級：符合】**等級。

Latest issue: 2024-06-24

Expiry date: 2025-06-23

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