

2022

Medtecs International Corporation Limited

Sustainability Report



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Message from the Chairman



Medtecs Group believes that good corporate governance is an essential element in practicing “sustainable business.” While expanding its business, the Group implements Accountability, Transparency, and Sustainability as its basic principles to fulfil corporate governance. The Group also establishes five key areas - Corporate Governance, Value Innovation, Sustainable Environment, Diversity in the Workplace, and Community Empowerment - to develop sustainability strategy and fulfil corporate social responsibility.

In the first half of 2022, the COVID-19 pandemic continued to ravage the world. As a leading manufacturer of personal protective equipment (“PPE”), the Group kept its promise to “ensure that every worker returns home safe” by continuing to provide various protective equipment and workwear to safeguard health care workers and the public, assisting all sectors in fighting the pandemic, and creating value for all stakeholders. In the second half of 2022, as the pandemic gradually subsided, we expanded our product portfolio to meet changing market demand and introduced new products such as antiviral sprays, alcohol wipes, home healthcare products (hydrocolloid bandages and dressings), and medical devices with AI capabilities. This not only supports our customers in maintaining their health but also enables us to explore new markets and reduce dependence on a single product line. By diversifying our offerings, we enhance our business resilience and position ourselves for long-term success.

We maintain good corporate governance by conducting evaluations and making adjustments annually based on the issues identified by the Sustainability Reporting Council. By issuing a sustainability report, we can address the specific areas of concern faced by various stakeholders which have been identified as key focus areas for the Group and material ESG factors for the purposes of this sustainability report. We identified six material topics in our 2021 Sustainability Report, and this year we addressed seven additional material topics, namely Procurement Practices (GRI 204), Supplier Environmental Assessment (GRI 308), Emissions (GRI 305), Energy (GRI 302), Water and Effluents (GRI 303), Occupational Health and Safety (GRI 403), and Customer Health and Safety (GRI 416). We renamed some of the material topics and omitted material topics such as Employment (GRI 401) and Quality Management to focus more on environmental issues. The omitted material topics will continue to be tracked internally by the Company.

In terms of business operation, in 2022 we continued to expand our overseas markets, such

as launching our products on Amazon Singapore, and collaborate with strategic alliances to expand production capacity and product offerings. We also ensure product quality management by maintaining ISO 9001 and ISO 13485 quality management system certifications and conducting rigorous product reviews from research and development (“**R&D**”) to manufacturing processes and labeling.

We continue to put every effort in reducing our carbon footprint in 2022. For example, we took proactive steps to enhance our environmental reporting by introducing greenhouse gas (“**GHG**”) inventory training and adopting the Task Force on Climate-related Financial Disclosures (“**TCFD**”) framework with the assistance of external professional consultants. By understanding the carbon footprint of our energy use, product production processes, and waste disposal through the results of the GHG inventory, we can develop further carbon reduction strategies. By introducing the TCFD framework, we can fully identify the risks and opportunities generated by climate change, discuss specific countermeasures and financial estimates based on individual risks, and help the Group enhance its climate resilience.

For future challenges, we will do our best to deploy forward-looking strategies, mitigating measures and responses. We believe that our efforts will contribute to the sustainable development of the Company, stakeholders, and the overall environment. Thank you for support from our stakeholders. Medtecs will continue to work hard towards our corporate vision: To better the world’s health for everyone, everywhere.

A handwritten signature in black ink, reading "Vincent C. Young".

About this Report

This is the 6th sustainability report (the “**Report**”) issued by Medtecs International Corporation Limited (the “**Company**” or “**Medtecs**”), which is currently listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). On top of complying with the Listing Manual Section B: Catalist Rules of the SGX-ST (the “**Rules of Catalist**”), we also aim to keep all stakeholders informed of our long-term sustainable practices through our annual sustainability report, to enhance transparency on our corporate sustainability and align with social and environmental values.

■ Scope and Principles

The data and information disclosed in the Report cover the actions as well as related data, policies, and business performances of the Company and its subsidiaries (collectively, the “**Group**”) in governance, environmental and social aspects for the financial year ended December 31, 2022. Some of the content and performance may reference to the past or be expected in the future.

The scope of the Report focuses on the information of the Company and its major subsidiaries in Taiwan, the Philippines, and Cambodia. The subsidiaries in Singapore, China, and Malaysia are not included in this year's scope of disclosure as they represent a small percentage of the Group's overall revenue. Financial data is based on all entities listed in the consolidated financial statements. In addition to Medtecs, other entities are listed as follows:

- Medtecs (Taiwan) Corporation
- Medtecs (Cambodia) Corporation Limited
- Medtecs International Corporation Limited (Philippines)
- Medtex Corporation
- Medtecs Materials Technology Corporation
- Universal Weavers Corporation

■ Reporting Framework

The framework of the Report is mainly based on the Universal Standards 2021 published by the Global Reporting Initiative (“**GRI**”), a globally-recognised framework suited for reporting on sustainability matters relevant to the Group. The framework also aligns with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” the United Nations Sustainable Development Goals (“**SDGs**”), the TCFD, and the Sustainability Accounting Standards Board (“**SASB**”). The information and data in the Report are provided by various departments and operating facilities of the Group, compiled by the Legal Department, and revised by the heads of various departments in the Sustainability Reporting Council. The Report is prepared and disclosed in accordance

with the requirements set out in Rule 711B and Practice Note 7F Sustainability Reporting Guide of the Rules of Catalist, reviewed by the Company's Sponsor for compliance with the relevant rules of SGX-ST, and then sent to the Board of Directors for approval.

To ensure the credibility of the Report, the Company commissioned Ernst & Young Global Limited, an independent accounting firm, to conduct external assurance and verify the accuracy of the relevant data. The limited assurance report is annexed as Appendix 4 of the Report. During the reporting period, there were no significant restatements of previously provided information, and any changes in how the data was collected are explained in its corresponding chapters. The process for identifying stakeholders and material topics have been adjusted in accordance with the updated GRI Standards, details of which can be found in 1.3 Stakeholder Engagement and 1.4 Identification of Material Topics.

The Company is also in the process of commencing its internal review of its sustainability reporting processes and will continue to evaluate and refine its internal review processes

■ **Status of Issuance**

- Previous issue: Issued in May 2022
- Current issue: Issued in May 2023
- Next issue: Expected to be issued by the end of May 2024

■ **Board Statement**

The Board of Directors is pleased to present Medtecs' 2022 Sustainability Report, which confirms the Group's commitment to sustainability. This commitment is reflected in the Group's sustainable business strategies and objectives that the management have identified after determination and consideration of key environmental, social and governance ("ESG") issues. The Board of Directors had considered sustainability issues in its strategic formulation, approved these material ESG factors and overseen their management and monitoring by the management. The Report has been prepared in accordance with the guidelines of the Global Reporting Initiative, which are well-known and credible standards for reporting on environmental, social and governance issues that are most important to the Group's business and stakeholders.

■ **Contact Information**

If you have any questions, comments, or suggestions about the Report, please feel free to contact Ms. Christine Yang at christine@medtecs.com or +886-2-27392222.

ESG Performance Highlights

Environmental
The Xiangshan factory in Miaoli, Taiwan launched a new orbital washing machine and adopted a high-efficiency direct-fired dryer.
The Longde factory in Yilan, Taiwan replaced all its washing and drying machines with new ones.
The subsidiary in Cambodia implemented energy-saving and waste-reduction measures (including replacing coal-fired boilers with gas-fired boilers and recycling leftover materials), and achieved outstanding results.
Six factories operated by our subsidiaries in Cambodia implemented GHG inventory this year, marking the Group's path towards sustainability and net-zero emissions.
Social
“Medtecs Can Help,” a medical supply donation program, was officially launched, in the hope of providing support to those in remote areas or in need so that no one is left behind.
The Group continues to support local and international sports events by donating essential supplies for disease prevention to government agencies, schools, and social welfare organisations. These donations are aimed at safeguarding the health and safety of athletes during the competitions.
The Group held internal seminars alongside, Taiwan RE-THINK Environmental Education Association, a Taiwan's NGO, to encourage employees to take action and contribute to the earth and the environment through their own efforts.
Governance
Products registered under the 2022 EU MDR have completed UDI information registration on Eudamed.
The subsidiary in the Philippines completed its internal control system.
The Group adopted the TCFD framework, identifying the Group's risks and opportunities related to climate change.
The Group announced and implemented its Code of Ethics and Professional Conduct, Charitable Giving Guidelines, and Diversity, Equity & Inclusion Policy.

■ Honors and Awards in 2022

The “Amazon Global Selling” program aims to help Taiwanese sellers develop cross-border e-commerce businesses, expand global markets, and build international brands through Amazon's global resources. Medtecs, with over 30 years of professional medical product original equipment manufacturer (“OEM”) experience, has successfully transformed into a brand operator through the development of cross-border e-commerce. As a result, we were awarded the “2022 Amazon Business Seller of the Year Award - North America.”



1. Sustainable Development



1.1 About Medtecs

■ Company Profile



Headquarters – Taipei, Taiwan

Medtecs and its subsidiaries (collectively, the “Group”) commenced operations in 1989 and is a leading global manufacturer and distributor of PPE, providing a full range of protective solutions for government agencies, corporations, and individuals worldwide, to ensure the adequacy and effectiveness of protective equipment. The Group established a strong presence in the United States, Europe, and the Asia-Pacific region and have the largest manufacturing capacity of PPE outside of China. The Company’s shares have been listed on the Singapore Exchange since 1999 and its Taiwan Depository Receipts commenced trading on the Taiwan Stock Exchange in 2002.

The Group's headquarters is located in Taipei, Taiwan, and has offices and facilities spanning across Taiwan, Singapore, Cambodia, the Philippines, China, and the United States. The Group has 11 factories and mainly engages in the manufacturing and sales of PPE, medical textiles, medical consumables, and workwear, as well as providing integrated hospital services of hospital consumables and laundry services. The Group’s monthly production capacity reaches 500,000 pieces of workwear, 2 million pieces of protective coveralls, 3 million pieces of AAMI Level 2 isolation gowns, 3 million pieces of isolation gowns, 5 million pieces of PE isolation gowns, 90 million pieces of medical face masks, and other products, which are sold to 22 countries. In 2020, the Group established its first subsidiary in the United States, Medtecs USA Corporation, to expand the local market for PPE and medical consumables.

Basic information of Medtecs	
Company name	Medtecs International Corporation Limited
Number of employees	3,601
Year of establishment	1989
Chairman	Clement Yang Ker-Cheng
CEO	William Yang Weiyuan
Headquarters address	11F, No. 9, Song Gao Rd., Xinyi Dist., Taipei City 110, Taiwan
Stock symbol	Singapore Exchange: 546 Taiwan Stock Exchange: 9103
Capital (USD)	27,471,000

■ Operating facilities



Location	Main businesses
Taiwan	Headquarters, medical laundry factories
Singapore	Branch office
Cambodia	Spinning, weaving, dyeing, printing, production of nitrile gloves, garments, protective coveralls, isolation gowns, shoe covers, and bouffant caps
China	Medical equipment, trays and kits, catheters, urine bags, incontinence products trading
Philippines	Dyeing, weaving, production of garment, laboratory, medical bandages, medical and surgical face masks
USA	Branch office

■ Products and Services

The Group's main businesses include the manufacturing and distribution of PPE and the integration of hospital logistics services.

- Manufacturing services: The Group is an original product manufacturer (“OPM”) of PPE, medical textiles and workwear. Its production bases are located in the Philippines, and Cambodia, and its products are mainly exported to the EU, the Asia-Pacific region, and the United States (accounting for 25%, 57%, and 17% respectively).
- Hospital logistics services: The Group provides leasing, laundry, logistics (referred to as “3L services”), and trading of medical consumables for hospitals in Taiwan and the Philippines. In terms of revenue, Taiwan accounts for 91%, while the Philippines accounts for 9%.

As a leading provider of comprehensive solutions for medical institutions in Taiwan, we have signed service contracts with 19 major hospitals, including the E-Da Healthcare Group, Tri-Service General Hospital, and Tungs' Taichung Metroharbor Hospital. Over the past few years, the Group has successfully expanded these comprehensive hospital logistics services to 31 hospitals and medical service institutions in the Philippines.

Unit: USD

Sales revenue of Medtecs' products (based on the Group's unaudited financial results for the financial year ended December 31, 2022)						
Product		Disposable face mask	Disposable protective clothing	Reusable workwear	Surgical gown and drape	Disinfectants
Region	Asia Pacific	5,069,521	3,184,259	8,324,227	896,773	495,329
	North America	4,708,154	919,457	-	2,705,598	-
	Europe	-	9,328,750	2,506,555	3,098,470	-
	Australia	-	-	-	213,635	-
Customer type	E-commerce	5,027,001	928,920	31,218	121,906	23,110
	International/ Domestic	4,750,674	12,503,547	10,799,564	6,792,570	472,220
Total		9,777,675	13,432,466	10,830,782	6,914,476	495,329
				41,450,728		

■ Participation in Organisations and Associations

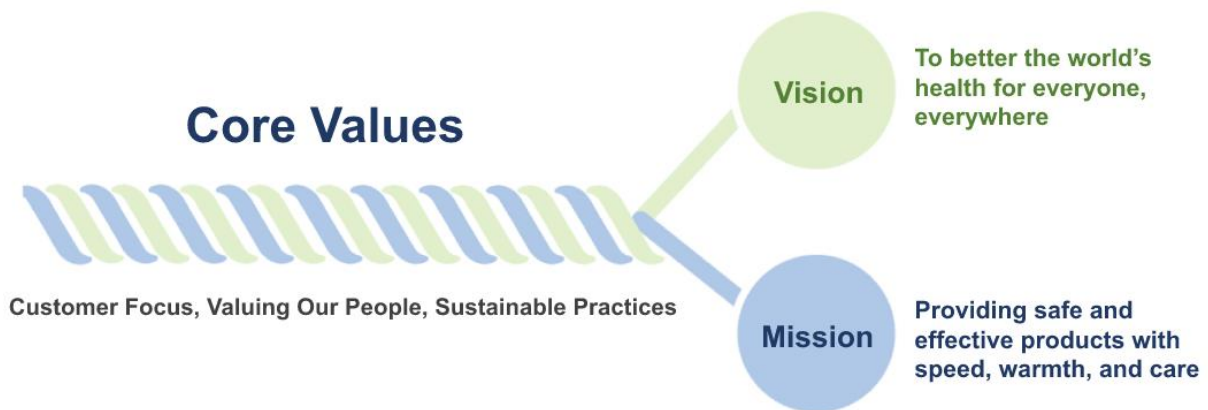
In addition to focusing on our core business, the Group actively participates in various organisations and associations. By exchanging ideas with peer groups, we not only enhance our development capacity but also maintain good relationships with other companies, gaining insights for the Company's future direction. The organisations and associations the Group is a member of are shown in the following table:

Industry associations, other member associations and national or international advocacy organisations	Membership qualification
Chinese International Economic Cooperation Association (CIECA)	Member
Taiwan Technical Textiles Association	
Taiwan Textile Federation	
Taipei Medical Instruments Commercial Association	
Miaoli County Industrial Association	
Miaoli County Laundry Business Association	
Importers and Exporters Association of Taipei (IEAT)	
Institute for Biotechnology and Medicine Industry (IBMI)	
Taipei Garment Business Association	
Taipei Listed Company Association	
PHILEXPORT	
Chinese National Association of Industry and Commerce	
Taiwan Women on Boards Association	
Textile Apparel, Footwear & Travel Good Association in Cambodia	
Taiwan Sustainable Development Association	
Confederation of Philippine Manufacturers of PPE	
Textile Apparel, Footwear & Travel Good Association in Cambodia	
Taiwan Sustainable Development Association	
Confederation of Philippine Manufacturers of PPE	

1.2 Sustainable Development Strategy and Commitment

■ Sustainable Vision and Mission

Medtecs is a provider of integrated medical products and services and has long followed its core values of “Customer Focus,” “Valuing Our People,” and “Sustainable Practices” to provide world-class medical products, services and protective equipment. Our vision is “to better the world’s health for everyone, everywhere” and with the mission of “providing safe and effective products with speed, warmth, and care,” we will continue to innovate and improve our products and services, so that everyone can live and work with peace of mind despite health and any work-related risks.











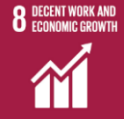



■ Sustainable Development Strategy and Goals

In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development that includes 17 SDGs, inviting people from all over the world to work together to address global issues. Medtecs actively responds to the SDGs and focuses on 12 of them from the perspectives of Corporate Governance, Value Innovation, Sustainable Environment, Diversity in the Workplace, and Community Empowerment to develop a sustainable development blueprint for the Company. Medtecs actively practices its corporate social responsibility to create value and positive impact for all stakeholders.

■ Medtecs’ Blueprint for Sustainable Development

As our business expands, we place a strong focus on aligning our operations with the United Nations’ SDGs. Through regular meetings with the senior management and the Sustainability Reporting Council, we discuss the SDGs of the Group to fulfil our corporate social responsibility.

Aspect	Description	Responding to the SDGs		
Corporate Governance	We fulfil our social responsibility to our stakeholders, with Accountability, Transparency, and Sustainability as our fundamental principles.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS

Value Innovation	We continue to improve our product and supplier management processes with integrity and service as our core values.			
Sustainable Environment	We manage our resources with an aim to reduce waste and pollution.			
Diversity in the Workplace	We create workplaces to promote employee engagement and health, while complying with local labour laws.			
Community Empowerment	We establish long-term cooperation relationship with local communities and non-profit organisations near our operating facilities to create positive impact.			

■ Medtecs' Sustainability Commitment

Medtecs adheres to the principles of good governance, including Accountability, Transparency, and Sustainability, as the basis for policy development. In 2022, the Company officially announced the implementation of the Code of Ethics and Professional Conduct (the "Code"). The Code serves as a guiding framework for all employees of the Group, outlining the core principles and values that should govern their actions and behaviour in their daily work and business activities. Through our Whistleblowing Policy, employees are encouraged to report possible violations, and provided a designated, safe, and confidential reporting channel as well as guidelines for any illegal, unethical, or dishonest behaviour. In addition, the Group provides comprehensive training programs to foster a culture of corporate governance excellence. These programs aimed to equip employees with the necessary knowledge and skills to uphold high standards of ethical conduct, prevent corruption, and deter other illegal activities.

In 2022, the Company's internal control team continued to implement internal control systems at various locations to ensure the legality and effectiveness of the Company's operations and to ensure the reasonable use of funds and resources. This also helps the Company prevent and detect internal fraud and other illegal activities.

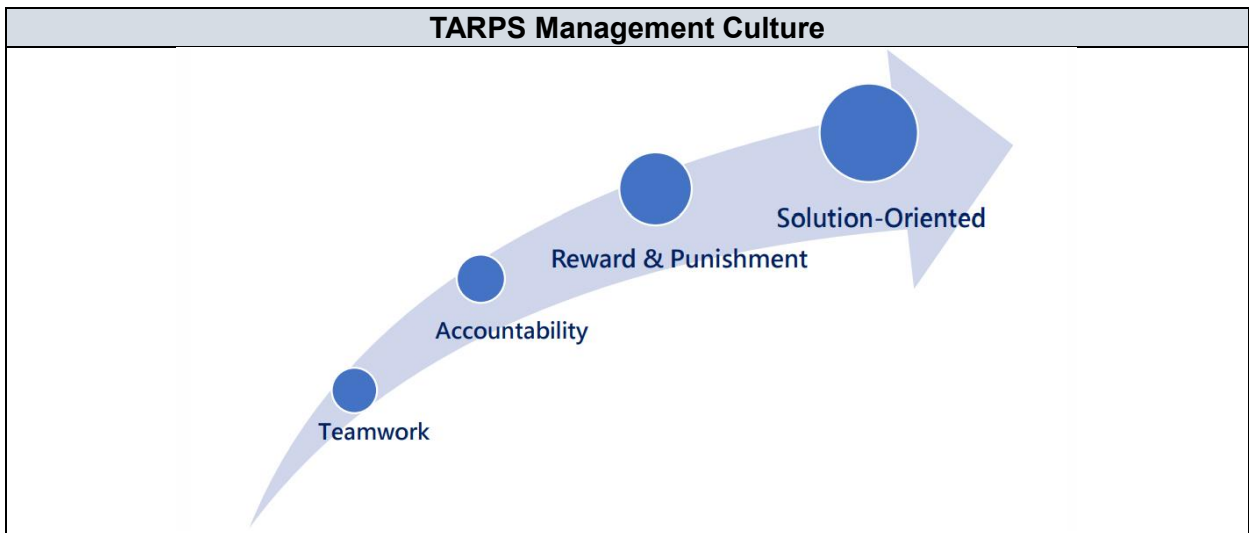
The Group did not cause significant negative economic or social impacts in 2022. Since the 4th quarter of 2022, the Company started to work with external professionals to measure and monitor GHG emissions generated by the Company's operations, to understand the actual impact of the Company's energy use, production processes, waste treatment, and other aspects on climate change, and to provide supporting data for the Company to develop appropriate climate change response strategies. The Company also plans to obtain external verification and hopes to develop a solution for net-zero carbon

emissions by 2050 in the future, creating a win-win situation for both the Company and the environment.


■ **Medtecs’ Values and Culture**

By building a TARPS management culture at all levels and practicing the KUNG FU work attitude, employees at all levels are able to continuously improve their performance and create long-term value for the Company, enabling the Group to grow steadily.

TARPS: This acronym symbolises five important workplace attitudes in our internal management: Teamwork, Accountability, Reward & Punishment, and Solution-Oriented. Teams can internalise these attitudes to prevent potential gaps and errors in their work and to improve their efficiency and problem-solving skills.



KUNG FU: We require our team to practice “Know your customer,” “Understand the transaction,” “Never give up,” “Good for stakeholders,” “Faith,” and “Up” at all times. We work with an attitude of “know your enemy and know yourself,” never give up, have confidence in ourselves and have a positive attitude in decision making.

KUNG FU Work Attitude	
The Company strives for excellence by embodying the principles of KUNG FU at all times.	
K now your customer	
U nderstand the transaction	
N ever give up	
G ood for stakeholders	
F aith	
U p	

1.3 Stakeholder Engagement

With reference to the GRI Standards, we considered the stakeholders of Medtecs to include shareholders and other investors, financial institutions, government, employees and other workers, customers, consumers, business partners, suppliers, local communities, NGOs (non-governmental organisations), social welfare organisations, public associations, and other stakeholders as identified by our peers as well as ones listed in our [2021 Sustainability Report](#). We also commissioned external professionals to rate these stakeholders based on the actual and potential negative/positive impacts of the Company on them. Stakeholders with a total score of more than 10 were reviewed by the Company's senior management and confirmed as important stakeholders for Medtecs in 2022.

Although the GRI Standards were recently updated and resulted in changes to our process for identifying our stakeholders this year, the identified stakeholders are mostly the same compared with previous years. The Company still follows the above procedures and through discussions with external professionals, the stakeholders identified this year included shareholders, financial institutions, employees, government agencies, local communities, customers, and suppliers.

■ Communication Channels with Stakeholders

We respond to stakeholders' concerns through open and diverse communication channels and platforms, and have set up a [Sustainability section](#) on Medtecs' official website to enable stakeholders who are concerned about our sustainable business practices to understand our efforts on global issues.

The Group evaluates suppliers in accordance with our policies and requires new suppliers to sign Hazardous Substances Non-Use Guarantee & Environmental Statement, Supplier CSR & Integrity Pledge, and non-disclosure agreements. We also use production and inspection of bulk goods as one of our supplier evaluation criteria to ensure product quality.

The Group obtains various certifications to products and factories according to customer needs, and conduct annual audits to ensure labour protection. We also continuously improve service and product quality based on customer satisfaction survey results. The Group holds regular meetings with factory employees to discuss labour-related issues, completed compliance education and training for the Group, and started implementing anti-corruption and anti-bribery education and training. In 2022, the Group successfully organised its first-ever mountain cleanup in Taiwan. The event garnered an impressive turnout, leading to increased team morale and rapport. It also showcased the employees' strong commitment to environmental conservation and community engagement. As a

result of everyone's collective efforts, we were able to collect a remarkable total of 42.5 kilograms of garbage.

How we communicate and engage with our stakeholders are shown in the following table:

Stakeholder	Engagement channels	How often we communicate
Shareholders	<ul style="list-style-type: none"> ● Announcements on the Group's financial results made through SGXNet and the Company's website ● Announcements of other material matters such as business developments and other related disclosures and press releases ● Annual report and sustainability report ● Annual general meeting of shareholders ● E-mail: investor.relations@medtecs.com ● Other social media platforms 	<ul style="list-style-type: none"> ● Announcements of material matters are disclosed when appropriate and financial performance are reported every six months ● Issuance of annual report and a standalone sustainability report once a year ● Hold annual general meeting of shareholders once a year ● Timely responses provided through our Investor Relations team ● New products and news updates shared from time to time
Financial institutions	<ul style="list-style-type: none"> ● Official website ● Annual report ● Mutual visits and exchanges 	<ul style="list-style-type: none"> ● Announcements of material matters are disclosed when appropriate and financial performance are reported every six months ● Issuance of annual report once a year ● Visits from time to time
Government agencies	<ul style="list-style-type: none"> ● Announcements on the Group's financial results made through SGXNet and the Company's website ● Announcements of other material matters such as business developments and other related disclosures and press releases ● Verbal and written communication with relevant authorities regarding obtaining or renewal of permits 	<ul style="list-style-type: none"> ● Announcements of material matters are disclosed when appropriate ● From time to time
Suppliers	<ul style="list-style-type: none"> ● Official website ● E-mail ● Telephone and messaging apps 	<ul style="list-style-type: none"> ● Announcements of material matters are disclosed when appropriate ● Communicate with suppliers from time to time through calls or messaging apps
Customers	<ul style="list-style-type: none"> ● Official website and social media platforms ● Customer satisfaction surveys ● Remote inspection for customers ● Participation in physical and virtual exhibitions ● Customer contact window 	<ul style="list-style-type: none"> ● From time to time ● Once a year ● From time to time ● 3~5 times a year ● Daily
Employees	<ul style="list-style-type: none"> ● E-mail, suggestion box, and hotline ● Education and training ● Gathering events within the department or company events (e.g. spring banquet, year-end party, and other festive events) 	<ul style="list-style-type: none"> ● Immediately ● From time to time ● From time to time (at least 3 times per year) ● Quarterly

	<ul style="list-style-type: none"> • Performance evaluations • Labour-management meetings • Health checkups for frontline employees 	<ul style="list-style-type: none"> • 3 times a year • Once a year
Local communities	<ul style="list-style-type: none"> • Public welfare and charitable activities • Volunteer service 	<ul style="list-style-type: none"> • From time to time

1.4 Identification of Material Topics

■ Identification Process of Material Topics

Through the process of identifying material topics, the Group analyses issues related to its operational activities, business relationships, and sustainability, and identified the material topics for 2022. In accordance with GRI 3: Material Topics, the issues of concern to stakeholders will be addressed effectively. A material topic is something that has a significant impact on the Company's ability to grow and create value, or something that significantly influences the decision-making process of our stakeholders.

- **Step 1: Understanding the organisational context**

The Group's sustainability topics are identified with reference to GRI Topic Standards, SASB Standards, SDGs, and material topics in the Company's previous sustainability report, to compile a list of 31 sustainability topics.

- **Step 2: Identifying the actual and potential impacts of sustainability topics**

The Group invites external professionals to clarify the actual or potential negative impacts as well as positive effects of each sustainability topic on the economy, environment, and society (people and human rights) for the department heads. Subsequently, rating of the actual/potential negative impacts as well as the actual/potential positive effects of each sustainability topic on the economy, environment, and society (people and human rights) is conducted by each department and subsidiary of the Group. The sustainability topics are then ranked based on the scores they received. A topic is preliminarily determined as a material topic if it receives a score higher than the minimum benchmark of its corresponding category. Finally, meetings are held with external professionals to discuss the final results, which then become the material topics of the Group.

- **Step 3: Assessing the significance of impact**

The impact of each material topic is then assessed in terms of its significance and possibility based on past operational experience. A total of 11 material topics of the Group were identified through analysis.

- **Step 4: Disclosure and reporting of sustainability issues**

The external professionals further evaluate each material topic according to its nature and conduct a comprehensive assessment with various departments of the Company. Finally, the 11 material topics are combined into six material topics according to their nature and addressed to stakeholders through the sustainability report.

■ Results of Material Topics Identification

There were six material topics in the Group's 2021 Sustainability Report. The process and criteria for identifying material topics this year are substantially different from the previous year's as no questionnaires were distributed to stakeholders. In addition, there may be some differences in the interpretation and understanding of material topics.

In addition to the material topics of Economic Performance (GRI 201), Training and Education (GRI 404), Waste Management (GRI 306), and Marketing and Labeling (GRI 417) from the previous year, the Report issued this year addresses seven additional material topics, namely Procurement Practices (GRI 204), Supplier Environmental Assessment (GRI 308), Emissions (GRI 305), Energy (GRI 302), Water and Effluents (GRI 303), Occupational Health and Safety (GRI 403), and Customer Health and Safety (GRI 416).

Some material topics from the previous year were renamed, such as Product Labeling and Sales Responsibility was renamed to Marketing and Labeling (GRI 417), and Education and Training was renamed to Training and Education (GRI 404). Two material topics from the previous year were omitted, namely Quality Management and Employment (GRI 401). The omission of such material topics does not mean that they are no longer important. Rather, we chose to focus more on environmental issues this year. The omitted material topics will continue to be monitored by the Company.

The Group ultimately consolidated the 11 material topics into six overarching categories of material topics, and the results of the consolidation are presented in the List of Material Topics. The results of material topics identification are shown in the following table:

Results of Material Topics Identification					
Material topics					
1 Economic Performance	2 Procurement Practices	3 Supplier Environmental Assessment	4 Emissions	5 Energy	6 Waste
7 Water and Effluents	8 Occupational Health and Safety	9 Training and Education	10 Customer Health and Safety	11 Marketing and Labelling	
Minor topics					
12 Market Presence	13 Indirect Economic Impacts	14 Tax	15 Anti-Corruption	16 Anti-Competitive Behaviour	17 Materials
18 Biodiversity	19 Employment	20 Labour/Management Relations	21 Diversity and Equal Opportunity	22 Non-Discrimination	23 Freedom of Association and Collective

					Bargaining
24 Child Labour	25 Forced and Compulsory Labour	26 Security Practices	27 Rights of Indigenous Peoples	28 Local Communities	29 Supplier Social Assessment
30 Public Policy	31 Customer Privacy				
<p>Notes:</p> <p>1. Topics highlighted in green are environmental issues; topics highlighted in red are social issues; and topics highlighted in yellow are governance issues.</p> <p>2. The topics listed above are ordered based on its respective order in the GRI Standards, not based on the scores received.</p>					

List of Material Topics

Material topics	Organisation's policies or commitments related to material topics	Impacts of organisation's policies of commitments	Stakeholders affected
Economic Performance (GRI 201: Economic Performance)	Sound financial performance is the foundation of sustainable business operations and is also the issue most concerned by stakeholders. We look forward to continue growing steadily and creating value for our customers.	In addition to the continuous growth of operational performance, how to achieve sustainable management is also one of the current issues. We need to develop relevant strategies to protect our environment while stabilizing the industry.	Shareholders, financial institutions, customers, suppliers
Sustainable supply chain (GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment)	In addition to promoting energy conservation and carbon reduction in the production process, the Company also uses low-carbon-emission green energy instead of coals for the boilers at the factory in Cambodia. Responsible emission management can reduce the Company's risk in costs and improve the competitiveness of our products in the aspect of sustainability. The practices have also been applied to our suppliers.	Controlling the supply chain is not only important for the Company internally, but it is also a crucial aspect for the entire value chain. Because the entire value chain is interrelated, we must pay extra attention to our suppliers to avoid significant loss and disruptions.	Suppliers
Environmental Protection (GRI 305: Emissions, GRI 302: Energy, GRI 306: Waste, GRI 303: Water and Effluents)	By prioritising Environmental Protection, the Company demonstrates its commitment to addressing key environmental concerns, including emissions, energy, waste, and water management. This approach is particularly significant in Cambodia, a developing country, as it enables the company to proactively contribute to sustainable practices and become a role model for other forward-looking organizations.	We only have one earth. With extreme weathers gradually emerging nowadays, if we do not start developing relevant strategies to cope with this issue, not only will the Company's interests be jeopardized, but the environment will also become more precarious.	Shareholders, government agencies, local communities, customers
Occupational Health and Safety (GRI 403: Occupational Health and Safety)	Employees are important assets of the Company, and we must ensure that they have a safe working environment while performing their job duties. We also hold regular labour-management meetings to understand the needs of employees and develop improvement strategies.	The Company strictly conforms with internal policies. We regularly provide education and training to factory employees to ensure their safety and maintain a suitable working environment.	Shareholders, employees, government agencies, customers
Employee Competency Development (GRI 404: Training and Education)	Medtecs hopes that employees can practice KUNG FU hard to continue to improve their competencies, keep up with the times, and create long-term value for the Company. In addition, each year each department establishes annual plan for employee education and training that meets the Company's development strategies and core values.	Since new employees join the Company, there is a series of new employee orientation to help them understand the relevant work processes and corporate culture. In addition, existing employees can continue to pursue further education, which is something that the Company values.	Employees, government agencies

Material topics	Organisation's policies or commitments related to material topics	Impacts of organisation's policies of commitments	Stakeholders affected
Product Safety (GRI 416: Customer Health and Safety, GRI 417: Marketing and Labelling)	Apart from textiles, Medtecs specialises in producing personal protective equipment (PPE) and medical devices. The quality and accurate labelling of these products play a vital role in enabling customers to choose the appropriate items based on the level of hazard in their environment and to use them correctly for their health and safety. This not only ensures customer satisfaction but also contributes to the company's reputation in the industry.	Product safety has always been a top priority for the Company. In order to provide customers and consumers with the best quality, we continue to monitor our products to ensure that they are safe and reliable.	Shareholders, employees, government agencies, local communities, customers, suppliers

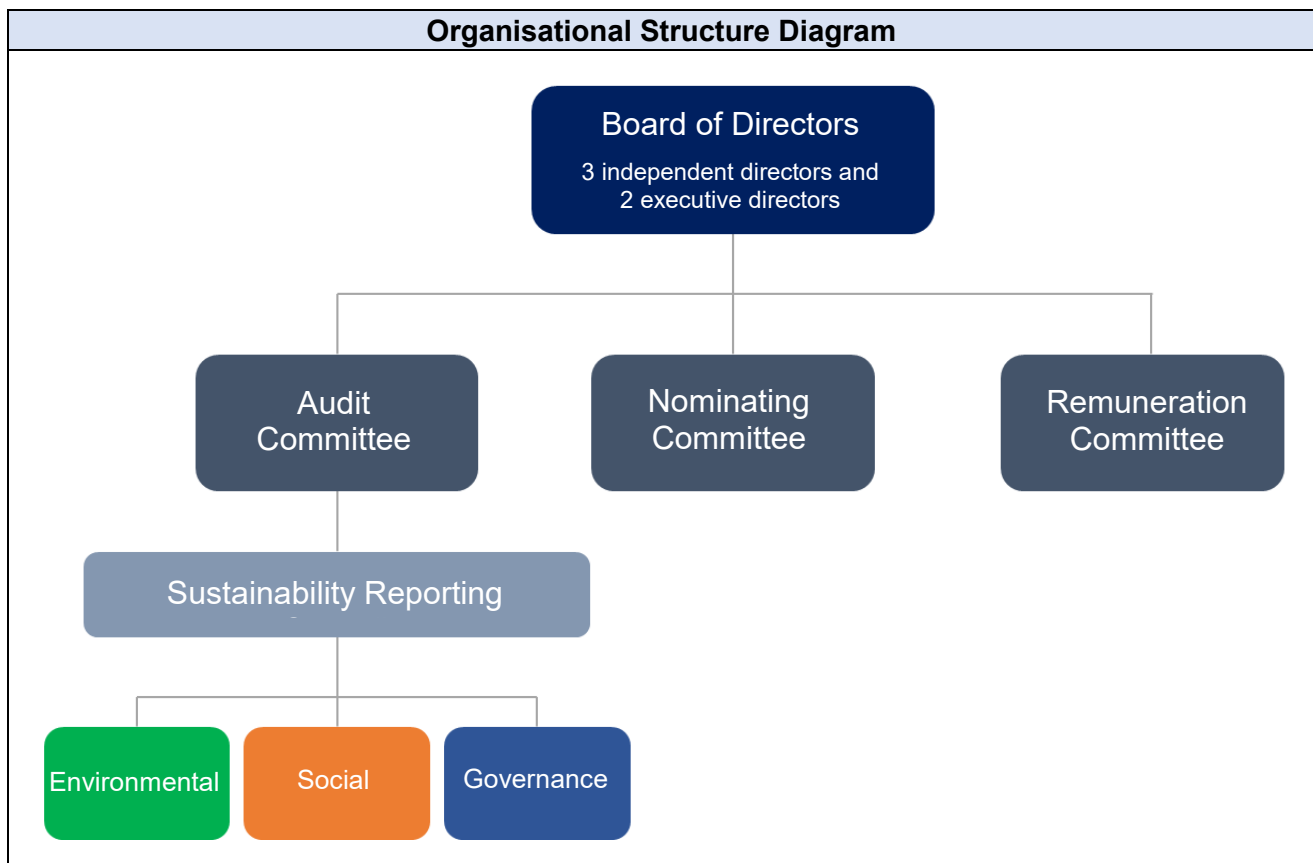


2. Integrity and Governance

2.1 Corporate Governance

The Company is committed to following the principles of good governance, with the core values of Accountability, Transparency, and Sustainability, to achieve and maintain our high standards of corporate governance. At the same time, we aim to enhance investor confidence and achieve long-term sustainable business operations. Good corporate governance can establish and maintain appropriate cultures, values, and ethical standards at all levels of the Company, which helps enhance long-term shareholder value while also protect the interests of all stakeholders.

The organisational structure of the Company is shown in the figure below. The Board of Directors serves as the highest governing body, with a series of functional committees including the Audit Committee, Nominating Committee, and Remuneration Committee. In addition, the Sustainability Reporting Council is convened by the senior executives of various departments, which reports to the Audit Committee.



■ Board of Directors

The Company places great emphasis on sustainable development, and the Board of Directors is responsible for formulating strategies. The Board is composed of members with appropriate independence, diversity and background, to make decisions that align with the best interests of the Company. Currently, the Company has five directors, of

whom three are independent directors (including one female director), accounting for 60% of the Board members. All external directors meet the criteria of independence. In addition, for the needs of business development and practical operations, two directors serve as executive directors of the Company.

The Board has the dual role of formulating the strategic direction and setting the way in which the Company is governed. The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of the Board meetings are normally set by the Directors well in advance. Meetings can be conducted via telephone or video conferencing, and decisions of the Board and other functional committees can be obtained by circular resolution.

Four board meetings were held in 2022. The attendance rate of each individual director was 100%.

Information of the Board members is shown in the following table:

Title	Name	Gender	Date of appointment	Education and experience	Current position in the Company and other companies
Chairman/ executive director	Clement Yang Ker-Cheng	Male	1997/11/19	Former CEO of Shenghui International Corporation	-
Vice Chairman/ executive director/ CEO	William Yang Weiyuan	Male	2013/09/02	Major in Electrical and Computer Engineering from New York Institute of Technology	-
Lead independent director	Lim Tai Toon*	Male	2010/10/29	Master's degree in Information Engineering from Curtin University of Technology Master's degree in Business Administration from Henley Management College	Independent director of Medinex Ltd.
Independent director	Carol Yang Xiao-Qing*	Female	2005/05/01	Master's degree in Communications Management & Investor Relations from Simmons College	Vice President of Give2Asia, Chief Representative of China
Independent director	Nieh Chien- Chung	Male	2019/08/08	MBA in Finance from Baruch College, Master's and Doctoral degrees in Economics from Rutgers University	Director of Fulltech Fiber Glass Corp. and Microtips Technology Inc., and Professor at Tamkang University and National Taipei University

Title	Name	Gender	Date of appointment	Education and experience	Current position in the Company and other companies
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Notes:

- There is 1 Board member aged 30-50 and 4 Board members aged over 50.
- *Mr Lim Tai Toon and Ms Carol Yang Xiao-Qing have served on the Board for more than nine years from the date of their first appointment on 29 October 2010 and 1 May 2005 respectively. The NC has reviewed (with Mr Lim Tai Toon and Ms Carol Yang Xiao-Qing abstaining in relation to their respective assessments) based on, amongst others, their attendance and contributions at meetings of the Board and Board Committees and confirmed that Mr Lim Tai Toon and Ms Carol Yang may continue to be considered independent until the conclusion of the Company's annual general meeting for financial year ending on or after 31 December 2023 (the "Transitional Period").

In addition, the Board of Directors of the Company is composed of members with diverse background. By leveraging diverse industry experiences and professional capabilities, they can bring richer perspectives to the decision-making process and provide broader opinions, considering more comprehensive directions and viewpoints.

The diverse capabilities of the Board members are shown in the following table:

Title	Name	Industry experience		Professional capability
		Bank/ Finance	Business management	Accounting and financial analysis
Chairman/ executive director	Clement Yang Ker-Cheng	-	●	-
Vice Chairman/ executive director/CEO	William Yang Weiyuan	-	-	-
Lead independent director	Lim Tai Toon	●	●	●
Independent director	Carol Yang Xiao-Qing	●	-	-
Independent director	Nieh Chien- Chung	●	●	-

■ Education and Training for Board Members

All Board members are required to stay up-to-date with the latest developments in business and legal affairs to effectively serve and contribute to the Board. All directors have years of experience in corporate governance and are familiar with their duties and responsibilities as directors (including their roles as executive, non-executive, and independent directors). Additionally, the Group provides opportunities for them to develop and maintain their skills and knowledge as directors, including visits to the Group's operating facilities and meetings with management to increase their understanding of the Group's business and strategies.

During the reporting period, all Board members of the Company (including three independent directors) attended the LED-Environmental, Social and Governance Essentials (Core) course offered by the Singapore Institute of Directors on May 31, 2022.

Each director obtained four hours of continuing education credits and gained a deeper understanding of the importance of ESG issues during the course. Through this training, it is hoped that the directors will have different perspectives on the Company's future operating strategies and continue to move towards sustainable development.

■ **Evaluation of Board Members' Performance**

The Nominating Committee reviews the criteria for evaluating the performance of the Board of Directors each year and recommends to the Board a set of objective performance standards and processes for assessing the independence of the entire Board, each Board Committee, and the contributions of the Chairman and directors. Each individual director of the Board is committed to enhancing long-term shareholder value in an effective manner. Based on the recommendations of the Nominating Committee, the Board has established an objective evaluation process to assess the overall performance of the Board as well as the performance of each director.

Evaluation criteria for the performance of the Board of Directors include the size and composition of the Board, the ease and reliability of information acquisition for the Board, the performance in decision-making and executing major tasks, communication with management, and the conduct of each director. These evaluation criteria have been approved by the Board. The Chairman and CEO will consult with the Nominating Committee based on the evaluation results and recommend appropriate new or departing director candidates.

The Group conducts at least one evaluation on the performance of the Board every year. The Nominating Committee evaluates each director, and discusses and analyses the evaluation results to provide suggestions for improving the overall performance of the Board.

The Board and the Nominating Committee agree that the overall performance of the Board this year is satisfactory, and each committee is able to operate effectively. However, this evaluation result has not yet undergone external audit.

■ **Functional Committees**

To assist the Board of Directors in the execution of its responsibilities and functions, the Board of Medtecs established several functional committees, including the Audit Committee, the Nominating Committee, and the Remuneration Committee, collectively known as the Board Committees. The Board together with the Company's senior management, also established a Sustainability Reporting Council, which reports to the Board and works closely with the Audit Committee. Each committee is formed by clear written terms of reference, setting out the composition, responsibilities, authority, and accountability of each committee.

■ **Nominating Committee**

We believe that a diverse board will provide varied perspectives to enhance the decision-making process, allowing the Group to achieve its strategic objectives for sustainable development. Therefore, we are committed to promoting board diversity and have adopted a Board Diversity Policy in 2020.

In accordance with Medtecs' Board Diversity Policy, the Nominating Committee considers multiple factors when reviewing the composition of the Board of Directors, the rotation, retirement, and succession plans for the directors, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skills, knowledge, independence, and years of service. When determining the optimal composition for the Board, all of the above will be considered and an appropriate balance will be reached where possible.

■ **Remuneration Committee**

The Remuneration Committee reviews the remuneration framework and specific remuneration plans for each director and key executive, and makes recommendations to the Board of Directors, considering all aspects of remuneration including but not limited to director's compensation, salary, allowances, bonuses, stock options, perquisites, and termination terms to ensure fairness. The two executive directors of the Company have each signed service contracts with the Company. The compensation framework for key executives and executive directors includes monthly salary, annual bonus, and allowances. The Company has an employee stock option plan, which aims to provide long-term incentives, enhance loyalty, and align performance with shareholder interests for directors and key executives. The service contracts of the Chairman and CEO are fixed-term contracts, and do not contain complicated termination clauses.

The Company has a formal standard operating procedure for planning individual director's remuneration, and no director may participate in the decision-making process regarding his or her own remuneration. In determining remuneration, the Company takes into account the salary of comparable companies in the same industry, the performance of the Group, and the performance of individual directors.

The Remuneration Committee conducts regular reviews of the remuneration of directors, ensuring that the remuneration of executive directors and key executives reflects their additional value and contribution to the Group and is in line with the Group's financial position and business needs. The operational performance of the Group's Chairman and CEO (as well as key executives) is also periodically reviewed by the Remuneration Committee. The Company has a stock option plan to provide long-term incentives to

directors and key executives, improve their loyalty, and align their interests with those of shareholders.

If directors and relevant management perform poorly, their evaluation results and bonuses for the year will be affected. The remuneration levels and structure of the Board and key executives are appropriate and commensurate with the Group's sustained performance as well as value created, considering the Company's strategic objectives. Information regarding the operation of the Remuneration Committee in 2022 is shown in the following table:

Attendance of the Remuneration Committee				
Title	Name	Attendance	Attendance by proxy	Attendance rate (%)
Chairman	Nieh Chien-Chung	4	0	100
Committee member	Carol Yang Xiao-Qing	4	0	100
Committee member	Lim Tai Toon	4	0	100

■ Audit Committee

The Board of Directors, with the assistance of the Audit Committee, directs the executives to establish effective risk management mechanisms and internal control systems to safeguard the rights and interests of shareholders and the assets of the Group. It is also necessary to identify the nature and scope of significant risks that may arise in order to achieve the organisation's goals and create values.

Attendance of the Audit Committee				
Title	Name	Attendance	Attendance by proxy	Attendance rate (%)
Chairman	Lim Tai Toon	4	0	100
Committee member	Carol Yang Xiao-Qing	4	0	100
Committee member	Nieh Chien-Chung	4	0	100

■ Sustainability Reporting Council

In recent years, the Group has focused on sustainable development and regularly monitors ESG issues that are related to the environment, society, and governance, which may affect the sustainable development of the business. This ensures the sustainable operation and development of Medtecs.

To continuously improve the management principles of sustainable governance, the Group established the Sustainability Reporting Council in 2017 as a cross-departmental

task force responsible for sustainability initiatives. The Council is chaired by the CEO of the Group, with the Chief Financial Officer and the General Counsel as executive members, and department heads as members. Through regular senior management meetings, the council identifies the Group’s risks and opportunities related to the ESG issues and their impacts on operational activities. It formulates response measures and sustainability strategies, and coordinates the sustainability reporting work of various units. The council is also responsible for supervising the progress and achievement of various carbon reduction and water conservation plans.

The Sustainability Reporting Council regularly reports potential challenges and response plans to the Audit Committee and submits them for review. When setting annual goals, relevant personnel in each department are also required to propose measures to address and improve issues related to climate change risks, which must be included as important work objectives and part of their annual performance evaluation.

The Board of Directors of the Group authorises senior executives to establish ESG goals. Senior executives, through the Council, report the achievement of ESG goals to the Board of Directors at least once a year through the sustainability report. The report is then reviewed by the Company’s Sponsor for compliance with the relevant rules of SGX-ST, and finally sent to the Board of Directors for approval before it is finalised and published.

2.2 Operational Performance

Material Topic: Operating Performance (GRI 201: Economic Performance)	
Importance of the topic	Sound financial performance is the foundation of sustainable business operations and the most concerned topic for stakeholders. We look forward to steady growth and creating value for our customers.
Policies/ Strategies	Medtecs is committed to implementing corporate governance based on the principles of Accountability, Transparency, and Sustainability to enhance operational performance and safeguard the rights and interests of shareholders. We will continue to make good use of the Group’s resources, improve supply efficiency, strengthen our own brand, integrate the supply chain, actively develop innovative products and services, and expand into new markets.
Goals and targets	<ul style="list-style-type: none"> ● Build a global procurement platform ● Develop global stockpiling solutions ● Develop innovative products and services ● Strengthen supply chain management ● Explore the possibility of expanding into the renewable energy market
Management evaluation mechanism	The Company’s CEO, CFO, and Corporate Governance Department review, confirm, and adjust the Company’s operations
Performance and adjustments	<ul style="list-style-type: none"> ● Participated in a total of 4 domestic and international exhibitions (online and offline) ● Continued to donate PPE and cash domestically and internationally ● Organised various online and offline marketing activities to increase product

	exposure
Preventive or remedial measures	The Company reviews overall carbon reduction performance annually and formulates emission reduction strategies. We also continue to build green factories that meet green building certification standards. If the carbon reduction result is not as expected, the Company will take the initiative to purchase renewable energy and seek communication and cooperation with relevant units.

Medtecs' total consolidated revenue in 2022 was US\$ 56.24 million, and net loss after tax was US\$ 31.73 million, representing a decrease of 61.0% and 292.2% in revenue and net profit, respectively, compared to the previous year. The main reasons for the decline are: (1) decrease in sales due to the drop of global demand and average selling price of PPE and face masks, and (2) excess inventory of existing customers and a decrease in non-recurring orders. The decrease in the number of COVID-19 cases and the relaxation of pandemic prevention measures in most countries significantly affected the purchasing habits of most key customers, thereby affecting revenue and net profit.

In the future, we will continue to create operational benefits for shareholders through business transformation. The Company did not receive government subsidies during the reporting period.

Unit: USD '000; Earnings per share are in cents

Item/Year	2020	2021	2022
Operating revenue	400,327	144,155	56,243
Gross profit	171,620	42,034	(3,337)
Operating profit/loss	134,675	15,121	(35,536)
Non-operating income and expenses	415	1,797	2,415
Profit before tax	135,090	16,918	(33,121)
Profit after tax for the current period	131,716	16,510	(31,730)
Total comprehensive income for the current period	134,569	15,869	(35,039)
Earnings per share	23.973	3.171	(5.697)
Employee welfare expenses	4,215	7,836	11,792
Dividends	4,669	22,840	3,271
Employee compensation (including employee benefits)	4,215	7,836	11,792
Retained economic value	131,716	16,486	(31,730)
Payments to investors	4,669	22,840	3,271
Payments to the government	3,374	501	(1,391)
Community investment	1,466	1,186	62

Notes:

- "Payment to investors" refers to the distribution of dividends to all shareholders, as well as the payment of interest to lenders (including any form of debt and interest on borrowings) and unpaid dividends to preferred stockholders.
- "Payment to government" refers to all taxes (including business tax, profit-seeking enterprise income tax, and property tax) and fines.
- Employee benefits in "employee compensation (including employee benefits)" include labour insurance, national health insurance, retirement pension, and other monetary benefits provided to employees (excluding education and training, protective equipment costs, or other costs directly related to employee job duties).
- "Employee welfare expenses" refers to the expenses for the Company's contribution to the Employee Welfare Committee for the provision of non-monetary benefits to employees, such as company trips, health checkups, and holiday gifts.

5. "Community investment" refers to donations and contributions.
6. "Retained economic value" is calculated as "direct economic value generated" minus "distributed economic value."
7. "Direct economic value generated" means revenue.
8. "Distributed economic value" include operating costs, employee compensation and benefits, payments to lenders, payments to governments by country, and community investments.

■ Development Strategies and Goals

The COVID-19 pandemic has driven the sustained growth in demand for PPE to prevent and control infections across various sectors. The compound growth rate of PPE is expected to remain at between 7% and 12% per year for the next five to seven years. Although a number of vaccines were released in 2022, COVID-19 variants such as Delta, Omicron continued to emerge, leading to a steady demand for PPE. In addition to further developing its 2021 business strategy, the Group continued to build a global sales network in order to expand into new markets, and to position itself to become the preferred PPE supplier and stockpiling partner for global and national group purchasing organisations to provide a total solution for PPE stockpiling. We also continued to apply the *Source and Sell Globally* strategy to ensure quality, adequacy, and effectiveness of protective garment and equipment. Our unique strengths are:

1. **Stellar reputation as a key supplier to the governments of Singapore and Taiwan for managing their PPE stockpiles;**
2. **Over 30 years of experience in the manufacture and global distribution of PPE;**
3. **Warehouses and logistics centers strategically located in Europe, Asia, and the USA;**
4. **Our diversified manufacturing facilities located in different countries, to minimise supply chain disruptions which could impact raw material supply and delivery.**

Thanks to the Group's position as the largest PPE supplier in the Philippines and the founding member of the Confederation of Philippine Manufacturers of PPE, the Philippine subsidiary won the Philippine government's military uniform tender in early 2021. While we explored opportunities to become a supplier of protective clothing to civil servants of the Philippine government, we also applied for licenses related to the import and sale of medical equipment to meet the demand of the Philippine market. Separately, in April 2021, we signed a number of agreements with the Ministry of Health of Cambodia for the supply of N95 face masks, isolation gowns, shoe covers and coveralls.

The Group has been deeply rooted in the Philippines and Cambodia for a long time. During the restructuring of the global supply chain, our geographical advantage becomes even more significant. In September 2022, our joint venture company Resilient Medical Pte. Ltd. established a state-of-the-art nitrile glove factory in the Manhattan Special Economic Zone in Svay Rieng Province, Cambodia. The glove factory currently houses two production lines with a monthly production capacity of approximately 50 million gloves,

and additional production lines will be added according to market demand. The construction of glove factories outside of China not only expands our product portfolio, but also strengthens our key position in the customers' supply chain. It also represents an important step for the Group to realise the creation of a high-quality PPE platform through vertical integration of product development, manufacturing, sales, and distribution.

5. Product Development and Innovative Services

This includes popular healthcare products such as antiviral sprays, alcohol wipes, home healthcare products (hydrocolloid bandages and dressings), and medical devices with AI capabilities. These products not only help customers maintain their health but also develop new markets and reduce reliance on a single product line, which is beneficial for enhancing business resilience.

6. Strengthening Supply Chain Management

We will strengthen supply chain management, optimise demand forecasting capabilities, and enhance cooperation with suppliers and distributors to reduce the risks of excess inventory or shortages. This will allow us to respond quickly to customer demands and lay the foundation for future growth.

7. Promoting Energy Business Development

In response to the global trend of renewable energy development, the Group is exploring the possibility of expanding into renewable energy market, such as solar power generation and energy storage businesses. This may include installing solar panels in our own factories and plans to explore renewable energy-related businesses with strategic partners in the Philippines and Cambodia. Announcements will be made at the appropriate juncture if and when the Company has any new developments in this regard.

2.3 Risk Management

The Group actively establishes a sound risk management mechanism to identify all risks and threats and take preventive measures in advance. Based on the materiality principle, we identify and evaluate risks related to the Company's operations, including economic (including corporate governance), environmental, social, and other aspects, and prioritise the risks based on their potential impact on the Group to come up with appropriate response measures. Then we submit the findings to the Audit Committee for review.

At the same time, the Audit Committee also provides improvement recommendations on the suitability and effectiveness of the Group's risk management and internal control mechanisms. In 2022, the risks faced by the Company mainly included the following categories:

Risk Management Scope			
Category	Potential risk	Description of risk	Response measures
Supply chain	Supply chain risk	<ul style="list-style-type: none"> Failure to negotiate with multiple suppliers and agents (distributors) may result in decreased competitiveness of product prices and quality, which could affect the Company's profitability and lead to delays in the shipment of materials, affecting import/export scheduling. Failure to conduct regular assessments and evaluations of suppliers and agents (distributors) may result in significant discrepancies between their offered prices, quality, and actual market or implementation. 	<ul style="list-style-type: none"> For fixed export routes, we inquire, compare, and negotiate prices with at least three suppliers every two weeks. We select suppliers based on their ability to meet our requirements in terms of timeliness and cost-effectiveness. We regularly assess third-party suppliers. The results are recorded in the Supplier Periodic Assessment Form by the Procurement and Quality Control departments before they are submitted for approval. The assessment team (including Quality Control and Production supervisors) assesses suppliers according to the criteria in the Supplier Evaluation Form, which includes the supplier's willingness to sign the "Supplier Purchase Agreement." The results are submitted to responsible departments according to the approval authority table. Those who pass the assessment will be recorded in the Qualified Supplier List by the Procurement department.
Operation and governance	R&D and production risk	<ul style="list-style-type: none"> The development of a product without a feasibility evaluation may result in abnormalities, affecting the overall development cost and launch schedule. Poor quality of supplied goods may cause problems in product development, and the product quality could not meet the requirements, resulting in a delay in the product trial stage. In the event of emergencies such as power outages, natural disasters, etc., the lack of corresponding handling measures may result in the Company's production line coming to a halt. Failure to obtain or find qualified suppliers to cooperate within the deadline will face the inability to bid and fulfil contracts. 	<ul style="list-style-type: none"> The product development team conducts review meetings with Production, Quality Control, Procurement, Sales and Marketing departments to review the competitive environment of our products in the market and evaluate development costs. We implement proactive measures to mitigate the impact of various natural disasters, including floods, fires, earthquakes, and typhoons, in order to minimise the risk of injuries. Our staff undergoes comprehensive training in advance to ensure swift and effective response during such events. Additionally, we conduct regular equipment inspections to identify and address any signs of wear, thus prolonging the lifespan of our equipment.

	Sales risk	<ul style="list-style-type: none"> • Giving excessive credit limits without fully understanding the customer's situation may not only lead to bad debts or overdue payments it is difficult to predict customer order quantities, causing a lack of reference for stocking. • Inadequate handling of customer complaints may result in customer loss or a negative image of the Company, which may seriously damage the Company's reputation. • Failure to obtain or find qualified suppliers within the deadline may result in the inability to bid and fulfil contracts. This may result in fines or being blacklisted, preventing participation in other bidding opportunities. 	<ul style="list-style-type: none"> • The sales team is required to include a customer's credit limit when adding them to the database and submitting the Customer Information Form for approval. • In order to enhance competitiveness and reduce lead time, we engage in materials procurement for our long-term customers with recurring orders. We periodically confirm the quantity of materials procured with the customers to prevent any potential disputes. Additionally, the stock availability and pricing of the materials must receive annual approval from the supervisor. This ensures efficient operations and maintains customer satisfaction. • When we receive a customer complaint, the Sales team shall figure out the cause of the issue, handle it accordingly, and fill out the Customer Complaint Handling Form. After the form is approved by the department supervisor, it is submitted to the Quality Control department for cause analysis and tracking progress. The Quality Control department will record the handling method and preventive measures in the Customer Complaint Handling Form and submit it to the Sales team to reply to the customer. • To establish a performance evaluation process for government tender bids, the sales department must first confirm a customer order. Subsequently, they should coordinate with the production and warehouse departments to gather the necessary details such as the product name, quantity, and delivery date. Once the feasibility of the order is determined, the information should be recorded in the "order maintenance tracker" and subsequently submitted for approval.
	Operation risk	<ul style="list-style-type: none"> • The Group's network and data management processes if not covered sufficiently, may result in data breaches such as theft of confidential 	<ul style="list-style-type: none"> • When a network issue occurs, it is repaired immediately with the troubleshooting steps recorded. The Company's information security is

		<p>files and leakage of trade secrets, which could potentially lead to system failure.</p> <ul style="list-style-type: none"> • Failure to timely update operational regulations may result in operational deficiencies and negligence in departmental operational processes, leading to losses for the Company. 	<p>also regularly reviewed and strengthened.</p> <ul style="list-style-type: none"> • The Company forbids the use of removable media or any type of portable storage device. Personal storage devices should not be used for storage of any Company information or be used with Company hardware. Case control records are maintained by department heads and reviewed from time to time by the heads of the Company's IT & Internal Control department. • Keep up with regulatory changes through the assistance of external lawyers and consultants to ensure compliance.
	Fixed asset risk	<ul style="list-style-type: none"> • Failure to insure fixed assets may result in a lack of protection in the event of a disaster, or failure to obtain the entitlements of insured fixed assets after a disaster. • Improper management of machinery and equipment may result in a lack of contingency measures in the event of a disaster and causing losses for the Company. • Property inventory if not regularly updated and reviewed may lead to a discrepancy between actual fixed assets and accounting records. 	<ul style="list-style-type: none"> • The Finance department is responsible for the insurance and management of the Company's buildings, vehicles, and equipment. • Each equipment undergoes regular usability checks as it has a specific lifespan. In the event of a disaster, on-site employees in close proximity are responsible for handling the situation and promptly reporting it to supervisors at all levels. • The Accounting department conducts a physical inventory in accordance with the "Inventory List" alongside the Finance department and the Internal Control/Audit departments.
	Financial risk	<ul style="list-style-type: none"> • Inability to raise sufficient funds when needed may lead to operational disruption for the Company. • Due to the adverse effects from financial and global political turbulence, lower-than-expected investment performance for the Company, significant fluctuations in interest rates, or fluctuations in exchange rates may occur, which leads to exchange losses or increased manufacturing costs for existing positions and future transactions, and may bring about decreased profits or even losses for the 	<ul style="list-style-type: none"> • The Finance department conducts a monthly analysis of the company's financial credit rating, establishes and maintains a line of credit with banks, and cultivates positive relationships with financial institutions. • The Finance department is responsible for establishing a robust investment strategy, ensuring its crucial importance. Additionally, they are responsible for raising awareness of the overall economic environment within the organization. This involves identifying and familiarising themselves with various types of market hedging instruments to

		Company.	effectively mitigate risks and make informed investment decisions.
	Legal and compliance risk	<ul style="list-style-type: none"> Failure to familiarise with relevant laws related to the Company's operations or differences in laws between countries may result in losses for the Company or even cause a negative impact on the Company's reputation. Insufficient regulation compliance/legal awareness among the Company's employees, performing unauthorised actions or failure to follow contract management procedures when signing legally binding documents with external parties may lead to errors or the inclusion of unequal terms, causing improper decision-making risks. 	<ul style="list-style-type: none"> The Company consults external professionals on a regular basis to monitor and stay updated on relevant regulations in various countries. Regular education and training programs are conducted to enhance employees' awareness of compliance and legal knowledge. Contract management policies and procedures are continuously strengthened to ensure effective oversight and adherence to legal requirements.
	Human resources management risk	<ul style="list-style-type: none"> If relevant technical expertise for the Company's operations is concentrated in the hands of specific individuals, there may be gaps in work handover. Major labour disputes may make recruitment difficult. Non-compliance with the Taiwan Labor Standards Act or other relevant laws and regulations in personnel management may result in fines from regulatory authorities. 	<ul style="list-style-type: none"> Standard operating procedures ("SOPs") are developed for specific tasks, and training plans are formulated to ensure proper guidance and consistency in operations. Regular training sessions are conducted to enhance employee skills and knowledge Human resource planning shall be properly adjusted accordingly to the changes and development of the Group, and in compliant with relevant regulations. Each year, updates are made to ensure compliance with the Taiwan Labor Standards Act and to align with changes in relevant regulations and industry trends. The working hours are adjusted periodically to insure ongoing compliance with legal requirements and maintaining a compliant work environment.
Environment	Climate risk	<ul style="list-style-type: none"> The increasing impact of climate change due to global warming in recent years has led to more frequent extreme weather events, which in turn may affect the production activities of the 	<ul style="list-style-type: none"> To keep pace with global sustainability trends, the Company adopted the TCFD framework, and integrated climate-related risks and opportunities into its business strategy and corporate

		<p>Company.</p> <ul style="list-style-type: none"> • The Company may face increased capital expenditure due to compliance with emerging environmental regulations, as the use of green energy and environmentally friendly materials increases, the higher production costs and decreased profitability for the Company. • Rising environmental awareness among customers to seek companies with sustainable environmental certifications may result in the transfer of orders, affecting the future profitability of the Company. 	<p>governance. Apart from disclosing and implementing response measures relating to such risks and opportunities, we also incorporate climate-related risks into our risk management procedures to allocate resources fairly and efficiently, and achieve better financial performance and sustainable development.</p> <ul style="list-style-type: none"> • In order to meet the GHG reduction and net-zero emissions targets by 2050, the Group plans to purchase renewable energy certificates (priced at approximately US\$67 per 1000 kWh of electricity) to reduce its carbon footprint from electricity usage (based on Taiwan's INDC goals with 2005 as the base year and a 20% emissions reduction by 2030 and a 55% reduction by 2050). • The Company expects to improve its process to save energy and reduce carbon footprint or use low-carbon materials, with an estimated investment of about 5 million USD. At the same time, the Procurement department shall prepare a list of replaceable key materials and trimmings, and maintain good communication with supplier to ensure we receive market information as early as possible and prepare in advance.
<p>Others</p>	<p>Other risk</p>	<ul style="list-style-type: none"> • Risks that do not fall under the above categories but could cause significant losses for the Company, such as major external threats or tail risks triggered by catastrophic events. • Other risks should be managed with appropriate risk management procedures based on the characteristics of the risks and their impact levels. 	<ul style="list-style-type: none"> • After identifying risks and opportunities, the Company discusses possible countermeasures for each risk to mitigate the economic impact brought by the risks, and sets achievable target • The Company's risk management structure encompasses the CEO, internal control department, and all functional teams. Each functional team is responsible for monitoring risks specific to their area, developing appropriate countermeasures, and reporting their findings to senior management. This collaborative approach ensures comprehensive risk oversight and enables timely decision-making to mitigate potential risks.

2.4 Climate-Related Financial Risks

In addition to identifying potential risks and corresponding measures related to operations and governance, the Group followed the TCFD framework in 2022 to identify the risks and opportunities that may be faced by the Company in terms of climate-related financial aspects. Through setting relevant measures and response strategies, the Group aims to mitigate the potential financial losses caused by risks and even turn crises into opportunities, creating greater benefits for the Company.

	Governance	Strategies	Risk management	Indicators and targets
Management strategy and action plan	<p>The Group's Board of Directors is responsible for formulating sustainable business development strategies and regularly supervising environmental, social, and governance issues that may affect the Group's sustainable development. The Group also has a Sustainability Reporting Council that discusses climate change-related issues across departments, in accordance with the guidance of the Audit Committee.</p>	<ul style="list-style-type: none"> Conducting scenario analysis to understand the impact of climate change on Medtecs. Medtecs adjusts its operational direction in response to domestic emission reduction policies. Integrating SDGs into the decision-making process. 	<p>Using a risk matrix and referencing TCFD report recommendations to identify and assess risks and opportunities.</p>	<p>Following Taiwan's Intended Nationally Determined Contribution ("INDC") as well as the set energy-saving and carbon reduction goals required by the Climate Change Response Act, and constantly making adjustments to comply with international standards.</p>
Implementation status	<ul style="list-style-type: none"> The Board of Directors discusses ESG factors at least once a year, including climate-related issues. The Sustainability Reporting Council regularly discusses potential challenges and response plans related to the "environment" aspect and submits them to the Audit Committee of the Board of Directors for review. 	<ul style="list-style-type: none"> The identification and evaluation process of climate-related risks at Medtecs is conducted in accordance with the guidance of the Board of Directors. A cross-functional team consisting of relevant departments is formed to discuss climate-related issues. 	<ul style="list-style-type: none"> Scenario analysis is conducted to explain and define the context of each risk, and assess the financial impact and likelihood of each category of risks to identify the Company's risk issues. We also discuss potential opportunities based on the current 	<ul style="list-style-type: none"> Set short-, medium-, and long-term goals according to various aspects. The installation of the ASAHI laundry machine at the Xiangshan factory has been completed to reduce natural gas and electricity consumption. The Sustainability Reporting Council

	<ul style="list-style-type: none"> Independent directors have all completed the education and training on sustainability issue in 2022, and one director has completed a continuing education program on sustainability in 2022. 	<ul style="list-style-type: none"> We review and revise the management process of climate-related risks annually through regular management and budget meetings. 	<p>development of the Company.</p>	<p>regularly monitors the progress of various water-saving plans as well as the achievements of goals, and reports the results to the Board of Directors.</p>
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■ Climate Risk and Opportunity Management

The process adopted by the Group to identify climate-related risks and opportunities is as follows:

● Step 1: Background Information Collection

The Group refers to the recommendations of TCFD reports and seeks guidance from external professionals on relevant issues and processes. After understanding the implication represented by each risk and opportunity, relevant information is collected, and scenarios are set up (physical risks RCP8.5, INDC scenarios, transition risks SSP1-2.6 and SSP5 baseline scenarios) for identification.

● Step 2: Risk and Operation Evaluation Scope

The Group determines the scope for risk evaluation, which covers Medtecs' headquarters and factories in Taiwan, as well as subsidiaries in Cambodia, and the Philippines.

● Step 3: Risk and Operation Impact Analysis

Using a financial impact and likelihood rating system, the Group evaluates each risk and opportunity, and then discusses and reviews the ratings with senior management and external advisors. In the end, five risks and three opportunities were identified.

● Step 4: Management Measures and Target Setting

After identifying the risks and opportunities, the Group discusses potential measures to mitigate the economic impact of risks and sets targets to achieve them. The Group also explores ways to pursue the identified opportunities and plans to gather information and implement strategies in the near future.

The risks and opportunities identified by the Group in 2022 are listed below. For more detailed information, please refer to the Task Force on Climate-related Financial Disclosures Report issued by the Group, to be published in the 3rd quarter of 2023.

Risk Identification Results of Medtecs			
Risk type	Issue	Risks	Responses
Transition risk	Regulation - Increased pricing of GHG emissions	The Group produces medical products such as coveralls and face masks, and actively promotes GHG reduction to comply with national policies. Countries around the world have also introduced carbon taxes or carbon pricing systems, and significantly raised carbon tax standards in stages. As a result, this will significantly increase production costs for high-carbon-emission industries or small and medium-sized enterprises with high electricity consumption, reducing their competitiveness.	<ul style="list-style-type: none"> The Group will actively respond to international GHG regulations in the future. Emissions will be calculated according to each country's reporting format and cycle, verified by third-party verification agencies, and reported to the government (the third-party verification cost for carbon inventory is approximately US\$ 10,000/year). The Group plans a phased introduction of ISO 14001 environmental management system, ISO 14064-1 GHG inventory (already implemented), and ISO 50001 energy management system to establish control over GHG emissions. The one-time system introduction cost is expected to be US\$20,000, and the regular verification cost for ISO systems is US\$ 30,000 per year.
	Regulation - 2050 net-zero emissions regulation	In April 2022, the Taiwan government renamed the draft amendment of the “GHG Reduction and Management Act” to the “Climate Change Response Act” and formulated a policy of achieving net-zero emissions by 2050. The government also did not rule out expanding the scope of taxation to other industries in the future as an economic means of achieving net-zero emissions.	<ul style="list-style-type: none"> In order to meet the GHG reduction and net-zero emissions targets by 2050, the Group plans to purchase renewable energy certificates (priced at approximately US\$67 per 1000 kWh of electricity) to reduce its carbon footprint from electricity usage (based on Taiwan's INDC goals with a base year of 2005) of a 20% emissions reduction by 2030 and a 55% reduction by 2050. The estimated expenditure on renewable energy certificates is US\$888,500 in 2030 and US\$ 3,092,000 in 2050.
	Technology - Low-carbon technology transformation	In numerous production processes, fossil fuels continue to play a significant role as an energy source. However, it is anticipated that there will be a significant increase in legislation related to climate change, which will have an impact on the use of fossil fuels	<ul style="list-style-type: none"> Currently, both the Taiwan and overseas business units maintain good production efficiency for their machinery, and there are new factory equipment installations that can further improve production efficiency and energy savings. There is a plan of developing green energy businesses overseas. However, regulations differ from country to country; therefore, only green energy generation of 5 MW is currently planned for the short term. The Group's factory in Yilan is updating its drum-type

			washing machine as well as the heat exchange equipment for its drying machines to improve energy efficiency.
	Market - Changes in customer behaviour	Customers request to monitor and reduce carbon emissions. If it is related to the main and auxiliary materials, it can be addressed by replacing qualified suppliers. Although the processing operation uses less/simple energy, there may be a risk of order transfer if customers suddenly request such improvements.	<ul style="list-style-type: none"> The Group plans to improve process energy efficiency and use low-carbon or composite low-carbon materials, with an estimated investment of approximately US\$ 5 million. A list of main and auxiliary material replacements is being prepared, and information exchange is being maintained with suppliers in order to receive market information early and make preparations in advance.
Physical risk	Immediate - Tropical cyclones	Every year during typhoon season, there are several days where work is disrupted due to heavy rain and typhoons, such as damage to power facilities and interruptions to public transportation, which prevent workers from coming to work.	<ul style="list-style-type: none"> The factory in the Philippines is protected by comprehensive insurance coverage provided by major insurance companies. This coverage includes the main assets such as buildings, improvements, machinery and equipment, as well as inventory. The total insured amount for the period from 2022 to 2023 is PHP 1 billion. The total premium paid by the Company for this year's renewal is PHP 2.48 million.

Opportunity Identification Results of Medtecs			
Opportunity type	Issue	Opportunities	Responses
Resource efficiency	Adopt more efficient transportation methods	<ul style="list-style-type: none"> The service area of Xiangshan factory in Miaoli extends north to Jinshan in New Taipei City, and south to Taichung. It dispatches 12 diesel trucks (expected to be replaced in the near future) multiple times a day to meet the daily needs of hospitals, consuming approximately 750 liters of diesel per day. The Longde factory in Yilan is responsible for nearly 85% of the medical uniforms and scrubs washing and processing services in the greater Yilan area, with the task completed by 4 3-ton trucks (Phase 6), consuming approximately 40 liters of diesel per day. The Xiangshan factory may increase its fuel consumption due to poor performance of old vehicles, and the Group 	<ul style="list-style-type: none"> Currently, one 11-ton and one 5-ton truck at the Xiangshan factory have been replaced with new Phase 6 environmentally friendly diesel vehicles. It is expected that starting from 2030, 6 diesel trucks will be replaced every 10 years, with a replacement cost of NT\$ 1 million per truck, for a total of 12 diesel truck replacements.

		<p>can check and replace old trucks while reviewing driver habits to reduce fuel consumption.</p>	
	<p>Implement recycling and reuse</p>	<ul style="list-style-type: none"> • The Xiangshan factory in Miaoli and the Longde factory in Yilan plant are currently making efforts in water recycling. The recycled water is mainly used for steam generation and washing operations depending on the water usage in the factory. • For the steam heating operation, in addition to using the excess steam heat to preheat cold water and reduce energy consumption during the washing process, the condensed water is also recycled for washing, accounting for about 5% to 8% of the daily washing water volume. • For the washing operation, the Xiangshan factory uses an orbital continuous washing machine with a washing water filtration and recycling system, which saves up to 70% of water compared to traditional washing machines. 	<ul style="list-style-type: none"> • With the current installation of condensate recovery equipment at the Longde factory, it is estimated that 5% (4,800 m³) of annual water consumption can be saved, reducing water costs by NT\$ 57,600. • The Longde factory plans to install new condensate recovery equipment for NT\$ 110,000 in 2025, and expects to replace it every 15 years.
<p>Energy source</p>	<p>Use low-carbon energy sources</p>	<ul style="list-style-type: none"> • The rooftop of the Xiangshan factory is rented out to a renewable energy company. In the future, the Group can purchase green energy from the renewable energy company to meet the Group's green energy demand. The installed capacity of this project is approximately 200 kW, which can be gradually increased based on the Group's development strategy. • The natural gas in the laundry factories of Medtecs acts as the energy source for generating steam and drying clothes. Currently, electric energy is used to convert to heat for later use, but the efficiency is only about 50%. The main consideration for equipment replacement will be based on efficiency improvement for the current operation. 	<ul style="list-style-type: none"> • The factory in Cambodia is expected to build a 500-kW solar power generation system in 2025, with a cost (including maintenance) of about NT\$ 30,000 per kW. • Subsequent evaluations for installation of solar power generation system in other factories will depend on future improvements in electricity efficiency.

2.5 Integrity Management and Regulatory Compliance

■ Integrity Management

Integrity governance is the supreme principle of a company's operations, and the Group adheres to this principle by establishing consistent and appropriate cultures, values, and ethical behaviour standards at all levels of the Company. The Board of Directors and functional committees follow the Medtecs Corporate Governance Code and the Code of Conduct for Dealing in Securities to implement the purpose of corporate integrity management.

The Group has not experienced any reported incidents of corruption within the Group in 2022.

The Group has continued to improve its policies this year, such as the Code of Ethics and Professional Conduct, Charitable Giving Guidelines, and Diversity, Equity & Inclusion Policy. Internal employee education and training have been completed to maintain the rights and interests of stakeholders while promoting the stable growth and sustainable operation of the Company.

■ Internal Control and Audit System

Medtecs set up the Internal Control Department comprising 3 members in 2021 dedicated to strengthening sound governance and management across the Group. The internal control and systems for the Company and its subsidiary in Cambodia were fully implemented in 2021, and implementation in relation to the Philippine subsidiary was completed in early 2022.

The Company is in the process of commencing its internal review of its sustainability reporting processes. The Company is also currently evaluating and refining its internal review processes. Taking the project audits as an example, in 2021, we asked the relevant departments to take stock of unused materials and inventory items every three months, and propose a follow-up plan with the business units to improve their handling. In addition, for provisional accounts receivable of US\$ 20,000 or more arising after 2020, they were required to list and present the progress of collection at monthly management meetings.

In 2022, the Group strengthened the supervision of its subsidiaries, and the Internal Control Department conducted project audits on various subsidiaries in the Philippines in the first half of the year. The audits focused on their excessively high accounts receivable turnover days and inventory turnover days, and required the responsible units to track their aging and inventory analysis. The audits also checked the completion of the capital lease amortization and updated the sales cost. Additionally, the Internal Control

Department conducted on-site audits on the slow-moving inventory in the Bataan plant in the Philippines, and required the team to reclassify, label, and package each item for sale on the Walmart and eBay platforms. In the second half of 2022, the Internal Control Department conducted project audits on the waste disposal of the subsidiary in Cambodia to ensure compliance with Company policies and internal control system, and provided the following audit opinions:

1. The scrap and waste materials need to be classified, weighed and stored, regularly inventoried, and sold after negotiation.
2. Establish a waste and garbage disposal procedure.
3. Establish a gate access management procedure.
4. Revise the decision-making authority table.
5. Import waste management information into the ERP system.
6. Strengthen the execution of contract management policies, protection of trade secrets, and dormitory management.
7. Update the inventory list of idle machinery and equipment by assigning them unique identification numbers or codes and capturing their images for accurate record-keeping and tracking of fixed assets.

In addition, to ensure the sound operation and sustainable development of the Company and effectively manage potential risks, the subsidiary in Taiwan has established a risk management policy in accordance with Article 44 of the Regulations Governing Establishment of Internal Control Systems by Public Companies on September 30, 2022. As part of this policy, a quarterly risk monitoring management procedure has been implemented, requiring all departments to complete risk monitoring forms by the 15th day of the first month of each quarter. This proactive approach helps identify and address uncertain factors that may pose threats to the Company's operations.

In 2023, the Internal Control Department has outlined the following plans to strengthen internal controls and conduct effective internal audits:

- Establish Internal Control System for the glove factory in Cambodia:
 - Develop a draft of the internal control cycle operation.
 - Set up a project team to complete the necessary operations and management systems.
- Implement Internal Audit Plan:
 - Conduct audits of the Cambodian subsidiary (MMSEZ).
 - Update the fixed asset inventory list.
- Enhance Financial Accountability:
 - Conduct audits of procurement and payment cycles, with a focus on petty cash operations.

- Production Cycle Audits:
 - Assess inventory management, equipment maintenance, inspection operations, OEM operations, production control, and production scheduling.

These initiatives aim to ensure the Company's sound operation, effective corporate governance, and mitigate risks in various areas.

■ Whistleblowing Policy

The Group is committed to complying with high standards of accounting, financial reporting, internal control, corporate governance, auditing requirements, and any related laws and regulations. To fulfil this commitment, a whistleblowing policy has been established to provide employees with channels to raise concerns while ensuring that they will be protected and not subject to retaliation or harm. The reporting channels can be made through the following methods:

Employees should first raise their concerns with their immediate supervisor. If the matter involves their immediate supervisor, manager, or department head, or for any other reason the whistleblower does not wish to disclose their identity, they can report confidentially to the HR Supervisor or HR manager. Employees can also report confidentially through an email box, which is monitored by members of the Company's governance team and Human Resources and Administrative Department, and then submitted to the Audit Committee and Chairman of the Board. Whistleblowers can also report confidentially to the regional manager, who will then forward the information to the Audit Committee and Chairman of the Board.

Any relevant questions or information should be submitted in writing (letter or email). The Company recommends that whistleblowers provide a detailed description of the background and process of the event, as well as the reason for the report. If the whistleblower is unable or uncomfortable with providing written information, they can arrange to meet with an assigned representative of the Group in confidence and in person at a mutually agreed time and place or talk to the representative via telephone.

The Company ensures that the identity of the whistleblower is kept confidential (unless the whistleblower chooses to identify himself or herself) and all concerns raised and communications made by the whistleblower are considered highly confidential.

Reporting channels	
Responsible unit	Group General Counsel's Office / Group Human Resources and Administration Department
E-mail	whistleblowing@medtecs.com

■ Privacy Policy

Medtecs' Global Privacy Policy references the U.S. California Consumer Privacy Act (“**CCPA**”) and the European Union's General Data Protection Regulation (“**GDPR**”) as guiding principles. This policy is published externally. The policy details the Company's approach to the collection of personal information in order to protect the rights of consumers and safeguard their data rights.

■ Regulatory Compliance

2022, the Company was subject to penalties and the improvement measures taken are as follows:

Penalty	Type	Penalty content	Violation description
Fine	A fine of NT\$ 20,000	Medtecs (Taiwan) Corporation was fined for violating the Labor Standards Act by not fully recording employees' attendance records for clocking in and out.	Article 30, Paragraph 6 of the Labor Standards Act
	A fine of NT\$ 50,000	Medtecs (Taiwan) Corporation violated the Labor Standards Act by having employees work overtime beyond the maximum limit of 4 hours per day on weekdays.	Article 32, Paragraph 2 of the Labor Standards Act
Total	Number of incidents: 2; Total amount of fine: NT\$ 70,000		

Based on the above incidents, the Company's improvement measures are as follows:

1. Reinforce the completeness of the attendance records for clocking in and out:
 - (1) Establish clear rules for employees' attendance records and regularly check their implementation status.
 - (2) Set up an employee attendance sign-in system to record clock-in and clock-out times.
 - (3) Regularly check employees' attendance records and take serious action against violators.
2. Standard for agreed overtime hours:
 - (1) According to Article 32, Paragraph 2 of Taiwan's Labor Standards Act, the working hours for a worker on a regular workday cannot exceed 12 hours, and overtime hours per month cannot exceed 46 hours. To avoid violating regulations, we ask our supervisors to be stricter in approving daily overtime requests from employees.
 - (2) Management of rest time: The management of rest time plays a significant role in complying with the regulation of not exceeding 12 consecutive overtime hours specified in Article 32, Paragraph 2 of the Labor Standards Act. To ensure compliance, reasonable planning of rest time can reduce unnecessary pressure on employees caused by continuous work and ensure that the limit on overtime hours is not exceeded.

- (3) Effective work arrangement: To avoid violating the regulations specified in Article 32, Paragraph 2 of the Labor Standards Act, the Company will be more cautious in work arrangements to prevent employees from having to work overtime due to an inability to complete their tasks. The Company also encourages mutual assistance among employees to improve work efficiency and achieve synergistic effect.

Major violations usually refer to illegal or non-compliant events that have a significant impact on the Company's operations or external interactions, and violate company regulations. While the Company has not yet defined what constitutes a major violation, major violations may include but are not limited to the following:

- Major violations of laws or regulations, such as corruption, fraud, etc.
- Major violations of company regulations, such as major violations of the Company's code of conduct, internal control system, etc.
- Major business or management failures, such as significant financial losses, major operational errors, etc.
- Major events with external impact, such as major environmental accidents, social events, etc.

Major violations can have serious consequences for the Company, including damage to the Company's operations, finances, legality, and credibility. Therefore, the Company needs to take necessary preventive and remedial measures. The Company adheres to the principle of compliance, and there were no incidents of violation as mentioned in the following table during the reporting period:

Regulations on corporate governance	Regulations on labour rights
<ul style="list-style-type: none"> ✓ No violations of the Company Act ✓ No violations of the business law ✓ No violations of securities and financial regulations ✓ No involvement in corruption events ✓ No legal disputes arising from anti-competitive, anti-trust, or monopolistic behaviours 	<ul style="list-style-type: none"> ✓ No violations of the Act of Gender Equality in Employment ✓ No forced labour ✓ No use of child labour

3. Value Innovation

A hand is shown interacting with a glowing, digital globe. The globe is composed of a grid of points and lines, with a bright light source creating a lens flare effect. The background is a dark blue space with some faint, glowing lines. The hand is positioned as if it is touching or manipulating the globe. The overall aesthetic is futuristic and technological.

3.1 Product and Service Innovation

Established over 30 years ago, Medtecs is currently one of the world's largest manufacturer of PPE outside of China. Its portfolio includes PPE, medical textiles and medical devices and integrated hospital solutions. As a leader in the industry, Medtecs sees innovation in product and service development as a key driver of growth, and in recent years has made a number of improvements to its warehousing and logistics management, production line expansion and sales channels.

Medtecs, a brand of the Medtecs Group, comprises a range of disposable PPE made from the highest quality materials. It offers head-to-toe professional protection that meets international standards and provides excellent, effective and convenient protection for healthcare workers, business people and the general public.

Recognising the need for products and services in response to global trends in epidemic preparedness, we continue to innovate and provide a comprehensive and convenient product service, and we continue to develop products in response to market demand and customer orders. We developed new lines of products by collaborating with various medical device companies. Products include: nitrile gloves, syringes, rapid screening, as well as respirators and atomisers. We also offer one-stop shop PPE services in the Philippines, Vietnam, Cambodia, Singapore and Taiwan through our own manufacturing capabilities.

New Product Development Process



■ Key Products Developed in 2022

Entering the post-pandemic era, in addition to continuing to focus on PPE, Medtecs also considers its existing sales channels and business strategy development, launching medical textiles, environmental cleaning and disinfection products, and consumer health products in 2022 to continue to enrich its product portfolio and expand its target customer base.

The PPE products launched in 2022 included nitrile gloves and SMMS protective clothing (Coverall Light). Nitrile gloves are more durable, puncture-resistant, and wear-resistant than latex gloves, can be used for long periods of time, and do not cause latex allergies. They can be widely used in medical examinations and food processing, among others. SMMS protective clothing (Coverall Light) is a more breathable and comfortable option for basic chemical protection.

In 2022, the Group expanded its product portfolio to include items specifically designed for home healthcare. These products encompass medical scrubs, alcohol wipes, disinfectant anti-bacterial alcohol, acne patches, and hydrogel dressings. The medical scrubs are made of fabric with antibacterial and odour-resistant effects, as well as being breathable and stretchy, allowing medical staff to obtain protection while improving their comfort when wearing the suits. The acne patches have a special tear-off technology patent and independent packaging design, which improves the inconvenience of existing products on the market and reduces the risk of contamination.

In 2022, Medtecs continued to focus on obtaining product certifications, including two 510(k) certifications from the United States Food and Drug Administration, and EU MDR and EU PPER certifications. Medtecs' IL-4036 is the fourth product in the world to receive AAMI Level 4 Isolation gown certification from the United States. At the same time, in 2022, the Company completed product registration under the more stringent new version of the EU regulation MDR, ensuring that its products can continue to be sold in Europe and the United States.

■ **Patents and Intellectual Property**

Medtecs takes protection of intellectual property rights seriously. In order to enhance our employees' knowledge of intellectual property management principles and to improve their responsiveness, we regularly educate our employees on intellectual property issues. Medtecs currently holds and maintains five patents, all of which have been successfully extended.

3.2 Quality Management

Quality management is an important part of a company's sustainability and Medtecs has long been trusted by all its customers through comprehensive quality management procedures and compliant product labeling. Each product is subject to specific specifications and inspection standards to ensure quality, safety and consistency.

Medtecs' ISO 13485-compliant quality management system provides a product-oriented approach to risk management for manufacturing, inspection and compliance with the regulatory requirements of the countries in which the products are marketed. For example, medical device manufacturers in Taiwan are required to have QSD/QMS (quality management system) and overseas medical device manufacturers are required to have proof of ISO 13485 and ISO 9001 quality management system certification. In 2022, the Company did not experience any instances of product recalls.

The Group's subsidiary in the Philippines maintains strict supplier inspections to ensure product quality. However, due to the absence of testing facilities for face masks in the country,

the finished masks are sent to Taiwan for comprehensive inspections. These inspections involve testing each batch of face masks for pressure drop and virus filtration to guarantee their effectiveness and user safety. Furthermore, we have enhanced safety and hygiene inspections for raw materials, including assessments for odour and lint that may cause skin allergies. With consumer safety as our foremost priority, we remain committed to upholding the highest standards of quality and performance in our products.

Safety certification acquired for products or services		
Name of products or services	Safety certification	Percentage of evaluated products or services provided to customers
Medical devices	13485 Quality Management System Certification	100%
	QSD Medical Device Quality Management System Regulations	
PPE	ISO 9001 Quality Management System Certification	100%

Note: Percentage = (Total number of evaluated products or services provided to customers / Total number of products or services provided to customers) * 100

ISO 13485	
 <p>CERTIFICATO N. 0626.2019 CERTIFICATE N.</p> <p>SI CERTIFICA CHE IL SISTEMA DI GESTIONE PER LA QUALITA' DI WE HEREBY CERTIFY THAT THE QUALITY MANAGEMENT SYSTEM OPERATED BY MEDTECS (CAMBODIA) CORP, LTD. PHUM AMPEL LEU, KHUM AMPEL, SROK KAMPONG SIEM - KAMPONG CHAM PROVINCE CAMBODIA UNITA' OPERATIVE / OPERATIVE UNITS PHUM AMPEL LEU, KHUM AMPEL, SROK KAMPONG SIEM - KAMPONG CHAM PROVINCE CAMBODIA E' CONFORME ALLA NORMA / IS IN COMPLIANCE WITH THE STANDARD ISO 13485:2016 PER LE SEGUENTI ATTIVITA' / FOR THE FOLLOWING ACTIVITIES <i>Manufacture of textiles (including non woven) for medical device use including non sterile surgical gown, non sterile isolation gown, overshoes, wrapper, protective coverall, scrub garments, wamup garments, caps, surgical gown, sheets and shoes cover</i> Ulteriori informazioni riguardanti l'applicabilità dei requisiti ISO 13485:2016 possono essere ottenute consultando l'organizzazione Further clarifications regarding the applicability of ISO 13485:2016 requirements may be obtained by consulting the organization</p> <p>IL PRESENTE CERTIFICATO E' SOGGETTO AL RISPETTO DEL REGOLAMENTO PER LA CERTIFICAZIONE DEI SISTEMI DI GESTIONE THE USE AND THE VALIDITY OF THE CERTIFICATE SHALL SATISFY THE REQUIREMENTS OF THE RULES FOR CERTIFICATION OF MANAGEMENT SYSTEMS</p> <p>DATE: PRIMA CERTIFICAZIONE / FIRST CERTIFICATION: 2019-04-12 EMISSIONE CORRENTE / CURRENT ISSUE: 2021-12-21 SCADENZA / EXPIRY: 2025-04-11</p> <p> IRQ S.p.A. - VIA QUINTILIANO, 43 - 20138 MILANO ITALY Management Systems Division - Flaminio Orsago</p>   <p>Organismo di Certificazione Federato CSQ CSQ è la Federazione Italiana di Organismi di Certificazione del sistema di gestione qualità. CSQ is the Italian Federation of management system Certification bodies.</p>	 <p>Certificate of Registration QUALITY MANAGEMENT SYSTEM - ISO 13485:2016</p> <p>This is to certify that: Medtex Corporation 7th St., Phase II, Fresport Area of Bataan, Mariveles, Bataan 2106 Philippines</p> <p>Holds Certificate Number: MD 500825 and operates a Quality Management System which complies with the requirements of ISO 13485:2016 for the following scope: <i>The design, development and manufacture of incontinence protective restraint garment, surgical garment, surgical drapes, elastic bandage, therapeutic medical binder, mattress cover, operation room bed liners, examination garment, surgical face mask.</i></p> <p>For and on behalf of BSI:  Graeme Tunbridge, Senior Vice President Medical Devices</p> <p>Original Registration Date: 2005-10-28 Latest Revision Date: 2022-08-12</p> <p>Effective Date: 2020-10-07 Expiry Date: 2023-10-06</p> <p>Page: 1 of 1 ...making excellence a habit.™</p>   <p>This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated at: www.bsigroup.com/ClientDirectory Printed copies can be validated at www.bsigroup.com/ClientDirectory</p> <p>Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PR. Tel: +44 345 080 9000 BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK. A Member of the BSI Group of Companies.</p>

ISO 9001

www.esq.it

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CERTIFICATO N. 0242.2019
CERTIFICATE N. 0242.2019

SI CERTIFICA CHE IL SISTEMA DI GESTIONE PER LA QUALITÀ DI
WE HEREBY CERTIFY THAT THE QUALITY MANAGEMENT SYSTEM OPERATED BY
MEDTECS (CAMBODIA) CORP., LTD.
PHUM AMPEL LEU, KHUM AMPEL, SROK KAMPONG SIEM - KAMPONG CHAM PROVINCE CAMBODIA
UNITA' OPERATIVE / OPERATIVE UNITS
PHUM AMPEL LEU, KHUM AMPEL, SROK KAMPONG SIEM - KAMPONG CHAM PROVINCE CAMBODIA
E' CONFORME ALLA NORMA / IS IN COMPLIANCE WITH THE STANDARD
ISO 9001:2015
PER LE SEGUENTI ATTIVITA' / FOR THE FOLLOWING ACTIVITIES

Manufacture of textiles (including non woven) for clinical use including non sterile surgical gown, non sterile isolation gown, overshoes, non sterile container wrap, protective coveralls, scrub garments, warmup garments, caps, surgical drape and shoes cover

Ulteriori informazioni riguardanti l'applicabilità dei requisiti ISO 9001:2015 possono essere ottenute consultando l'organizzazione
Further clarifications regarding the applicability of ISO 9001:2015 requirements may be obtained by consulting the organization

IL PRESENTE CERTIFICATO E' SOGGETTO AL RISPETTO DEL REGOLAMENTO PER LA CERTIFICAZIONE DEI SISTEMI DI GESTIONE
THE USE AND THE VALIDITY OF THE CERTIFICATE SHALL SATISFY THE REQUIREMENTS OF THE RULES FOR CERTIFICATION OF MANAGEMENT SYSTEMS

DATE: PRIMA CERTIFICAZIONE FIRST CERTIFICATION	EMISSIONE CORRENTE CURRENT ISSUE	SCADENZA EXPIRY
2010-06-24	2021-12-29	2025-06-24

IMQ S.p.A. - VIA QUINTILIANO, 43 - 20138 MILANO ITALY
Management Systems Division - Pavia Office

La firma e prima sottoscrizione è valida al momento di parte di altro Organismo
First certification date is related to issue date of another Certification Body

IAF: 04
SQG N° 005 A

Organismo di Certificazione Federato CISQ
www.imq.it

www.cisq.com
CISQ is the Federazione Italiana di Organismi di Certificazione del sistema di gestione aziendale
CISQ is the Italian Federation of management system Certification Bodies.

bsi.

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that: **Medtecs Materials Technology Corp.**
/Medtex Corporation
7th St., Phase II,
Freeport Area of Bataan,
Mariveles, Bataan
2106
Philippines

Holds Certificate No: **FM 501307**
and operates a Quality Management System which complies with the requirements of ISO 9001:2015 for the following scope:

The manufacture of protective restraint garment, surgical garment, surgical drapes, elastic bandage, therapeutic medical binder, mattress cover, operation room bed liners, examination garment, face mask.

For and on behalf of BSI: **Chris Cheung, Head of Compliance & Risk - Asia Pacific**

Original Registration Date: 2005-10-27 Effective Date: 2020-10-07
Latest Revision Date: 2020-09-25 Expiry Date: 2023-10-06

Page: 1 of 2

"making excellence a habit."

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsi.com/ClientDirectory or telephone +86 (0)202656-0333.
Tower Headquarters, 2nd Floor, No.27, 3-Hu Rd., Tai-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

QSD

正本 檔號: 110074
保存年限:

衛生福利部 函

機關地址: 11558 台北市南港區忠孝東路六段488號
傳真: 02-27877178
聯絡人及電話: 邱淑麗02-27877111
電子郵件信箱: CHOCOLATE-MILKY@FDA.GOV.TW

12345
台北市信義區松高路9號11樓

受文者: 美德向邦股份有限公司

發文日期: 中華民國110年7月28日
發文字號: 衛授食字第1106604146號
送別: 普通件
密等及解密條件或保密期限:
附件: 核銷總號X02446收據乙紙

主旨: 貴公司申請輸入醫療器材廠符合醫療器材優良製造規範後續檢查乙案(案號: 1106604146), 本部同意准予認可登錄, 請查照。

說明:
一、復貴公司110年4月19日申請書。
二、認可登錄內容:
(一)登錄號碼: QSD9065
(二)製造廠名稱: Medtecs (Cambodia) Corp., Ltd.
(三)製造廠地址: Phum Ampel Leu, Khum Ampel, Srok Kampong Siem, Kampong Cham Province, Cambodia
(四)登錄品項: 1. Medical Apparel, 2. Medical Protective Clothing等2項。
(五)有效期限: 113年12月1日。
(六)代理輸入之廠商: 美德向邦股份有限公司。
三、依醫療器材品質管理系統檢查及製造許可核發辦法相關規定, 貴公司應於有效期滿六個月前至十二個月間, 向本部食品藥物管理署主動提出申請檢查。上開認可登錄內容第(二)、(三)(以門牌整編為限)及(六)項變更, 應自變更事實發生之日起30日內申請變更登記; 第(四)項變更,

第一頁 (共二頁)

正本 檔號: 111072
保存年限:

衛生福利部 函

地址: 115204 台北市南港區忠孝東路六段488號
聯絡人: 林芝瑋
聯絡電話: 02-2787-7191
傳真: 02-2787-7178
電子郵件: chihyulin@fdg.gov.tw

11073
台北市信義區松高路9號11樓

受文者: 美德向邦股份有限公司

發文日期: 中華民國111年10月31日
發文字號: 衛授食字第1110607580號
送別: 普通件
密等及解密條件或保密期限:
附件: 核銷總號X03988收據乙紙

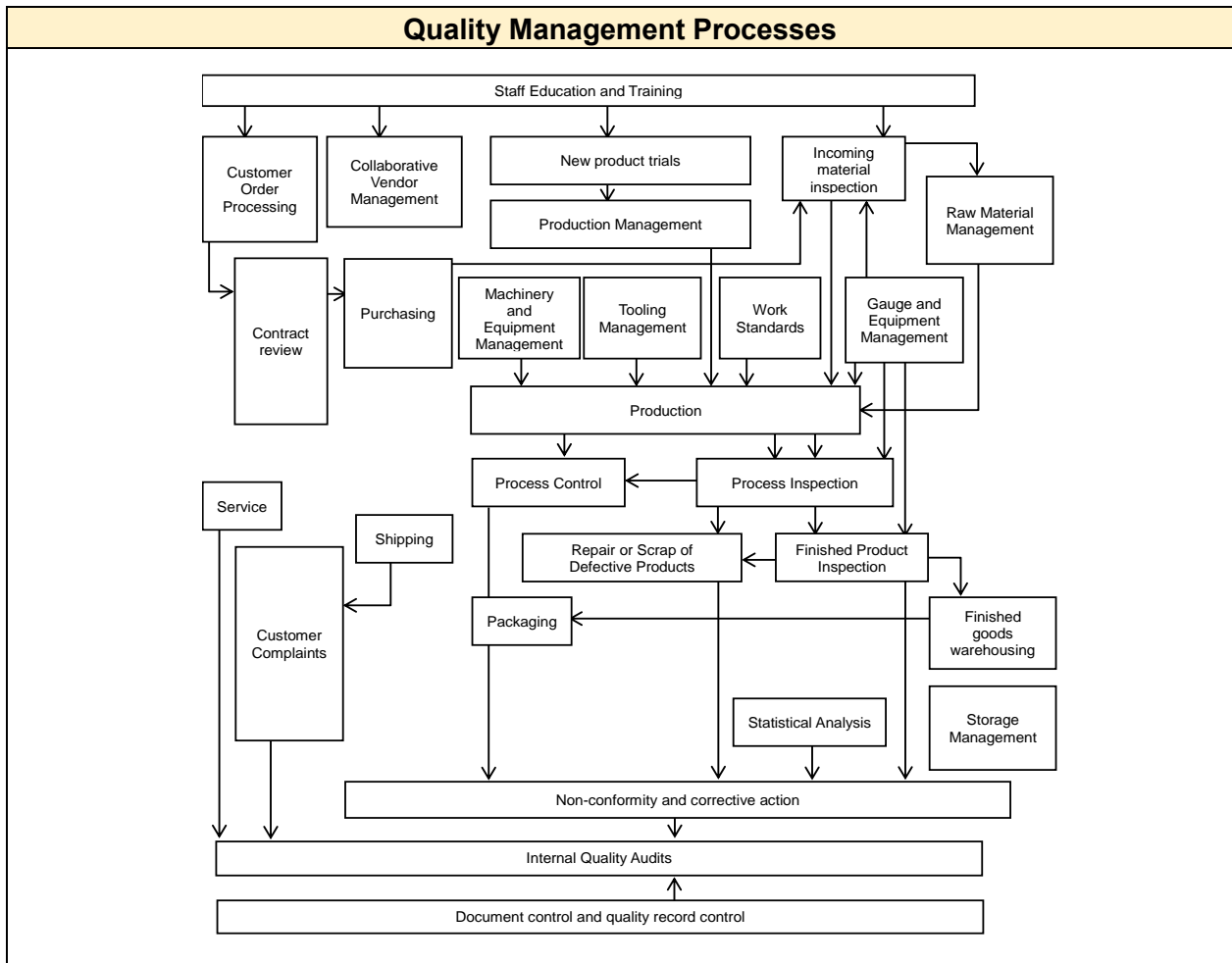
主旨: 貴公司申請輸入醫療器材廠符合醫療器材品質管理系統準則之品質系統文件後續展延檢查乙案(案號: 1110607580), 本部准予核備, 請查照。

說明:
一、復貴公司111年6月28日申請書。
二、製造許可內容:
(一)許可編號: QSD4704
(二)製造廠名稱: MEDTEX CORPORATION
(三)製造廠地址: 7TH ST., PHASE II, FREEPORT AREA OF BATAAN, MARIVELES, BATAAN 2106, PHILIPPINES
(四)許可項目及作業內容:
1、Medical Protective Clothing之設計、製造、包裝、貼標及最終驗放作業。

第一頁 共三頁

■ Quality Management Systems and Processes

Medtecs establishes, implements, maintains and continuously improves its quality management system, including the required processes and their interactions, in accordance with the requirements of ISO 9001, ISO 13485 and REGULATION (EU)2016/425.



3.3 Medical Device Risk Management

In order to effectively manage the risks associated with our quality management system and to enhance our risk management capabilities, our subsidiary in Cambodia has established a “Medical Device Risk Management Plan” and formed a cross-departmental “Medical Product Risk Management Team” composed of personnel from the Quality Assurance, Sales, Human Resources, and Procurement departments. Once a year, we hold a meeting where senior management presents findings from the Group’s environmental scanning and considers the requirements and expectations of relevant stakeholders. At the meeting, responsible individuals and department heads identify potential risks that may impact product and service compliance. We even carry out risk analysis and identification in accordance with our risk criteria and promptly report findings to the CEO and CFO.

By following this process, we aim to enhance our risk management practices and ensure that our quality management system remains effective.

Risk assessment and management				
Risk level	Extremely high risk	High risk	Moderate risk	Low risk
Rating*	9	3~6	2	1
Handling measures	Very dangerous, immediate action by Production and Quality Assurance departments required	Management must supervise the development of the project and provide necessary resources	The responsibilities of management must be clearly defined	Low-risk events are dealt with in the usual procedures
* Please refer to the following matrix for risk rating				
Likelihood of occurrence				
Impact level	Unlikely (1)	Likely (2)	Very likely (3)	
Low (1)	1	2	3	
Medium (2)	2	4	6	
High (3)	3	6	9	

■ Ways to Identify, Analyse and Respond to Risks in the Production Process

The Risk Management Team reviews findings from the Group’s environmental scanning, stakeholders’ needs, and response measures to process potential risks and other relevant information (which may include historical data, theoretical analysis, constructive opinions, and expert opinions).

The Risk Management Team conducts qualitative and quantitative analysis of the identified risks in order to determine the risk value. The Team then compares the risk analysis results with the risk criteria to determine whether the risk needs to be dealt with, the priority of the response, and select the corresponding remedial actions and implementation approaches.

Quality Management Strategy for Incoming Goods

Sample development	Sample products should be approved and cleared by the relevant department for mass production.
Purchase order	After the formal order is placed, the quality requirements are specified in the purchase agreement with the supplier.
Pre-shipment	Before shipment, the supplier must provide a Certificate of Approval (COA) and conduct random inspection of bulk production goods in accordance with the Acceptable Quality Level (AQL) standard. Only after the inspection is completed can the goods be shipped.
Arrival of material at the factory	Relevant inspection will be carried out after receipt the bulk production goods. If there are any defects, the Procurement Department will handle objections according to the defective products and inspection reports provided by the factory.

■ **Quality Management Education and Training**

In order to implement quality management education, in 2021, Medtecs' Xiangshan factory has provided quality assurance training for employees once a quarter for at least one hour each time, and analysed the reasons for major quality control cases that occurred in the previous quarter and reviewed the adequacy of improvement measures.

Medtecs' Xiangshan factory has conducted a total of three quality assurance training sessions in the first, second and fourth quarters respectively, which took place on April 1, 2022, August 17, 2022 and January 11, 2023. Due to the surge of COVID-19 cases in Taiwan from September to October 2022, the training session in the third quarter was cancelled to reduce the risk of cluster infections.

■ **Safety & Hygiene Inspection and Management Method**

We place great emphasis on the quality and safety of our products, and all of the products from Medtecs undergo biocompatibility evaluations and testing in accordance with regulations. The vast majority of our products also undergo inspections from third-party testing units, such as the Textile Industry Research Institute, to ensure the safety and hygiene of our products.

We also require our raw material suppliers to provide documents such as Material Safety Data Sheets (“MSDS”), which specifically describe the characteristics of the materials they supply to prevent potential health hazards from raw materials.

In addition to conducting safety and hygiene testing on our products and raw materials, we also place great emphasis on the environment and hygiene of overseas factories to ensure the best working conditions to protect the rights of our employees. As a result, for on-site audits requested by overseas clients, Medtecs has consistently achieved positive results.

Quality management results of Medtecs		
Quality management KPI	Yield rate and target for 2022	Actual achievement in 2022
Achievement of specific delivery dates	≥ 96%	98.1%
Pass rate of container inspection	≥ 97%	100%

3.4 Product Labeling and Sales Responsibility

Material Topic: Product Safety (GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling)	
Importance of the topic	The Company's core products are medical devices and PPE. The quality and labeling of these products are crucial as they enable customers to make informed choices based on the potential hazards in their specific usage environments, ensuring their health and safety. At the same time, it also has a significant impact on the Company's reputation.
Policies/ Strategies	Adhering to the vision of “to better the world’s health for everyone, everywhere,” the Company actively practices corporate social responsibility and continuously strengthens its product and marketing capabilities. All products also need to comply with local regulations, complete product verification and obtain product licenses before being marketed, and product labeling must be based on the approved content of the product license. Subsequently, the quality of the products is continuously ensured through quality systems that comply with ISO 9001 and ISO 13485.
Goals and targets	Short-term goals: <ul style="list-style-type: none"> • Expand brand awareness through product diversity. • Establish SOP for product labeling review. • The product defect rate and customer complaint ratio should not exceed 1.5%.
	Medium-term goals: <ul style="list-style-type: none"> • Become a leading brand in the market. • Provide education and training to employees to establish knowledge of regulations. • The product defect rate and customer complaint ratio should not exceed 0.8%.
	Long-term goals: <ul style="list-style-type: none"> • Improve customer loyalty to the brand. • In addition to education and training, continue to comply with local regulations, and obtain essential certifications to ensure product quality, health, and safety. • The product defect rate and customer complaint ratio should be less than 0.1%.
Management evaluation mechanism	<ul style="list-style-type: none"> • Plan and execute monthly, quarterly, or annual marketing promotions in accordance with the marketing goals through an annual contract with a professional PR agency. • Comply with the risk controls of the Internal Control Department. • Before launching products, ensure compliance with local regulations to meet product certification and labeling requirements, and obtain product certification in the region before launching. • Set product inspection frequencies based on the Company's quality manual and regularly review product defect rate and customer complaint ratio.
Performance and adjustments	<ul style="list-style-type: none"> • Official launch of the “Medtecs Can Help” donation program: The Mountain Social Medical Service Team of Taipei Medical University was the first recipient, and through them we were able to provide support to those in remote areas and lacking supplies. • Sponsorship of domestic and international sports events: In addition to continuously donating epidemic prevention supplies such as face masks and PPE to major government agencies, schools, and social welfare institutions, Medtecs also donated disease prevention supplies such as antiviral sprays, CoverU jackets, and PPE kits to the Chinese Taipei Olympic Committee, Chinese Taipei Tug of War Association, Taiwan Jiu-Jitsu Federation, and Chinese Taipei Association of Ultrarunners. These donations are aimed at safeguarding the health and safety of athletes during the competitions. • The Group has collaborated with the local NGO, Taiwan RE-THINK Environmental Education Association, to hold internal seminars and encourage employees to take action and contribute to the earth and the environment through their own efforts. • Products registered under the 2022 EU MDR have completed UDI information registration on Eudamed. • In compliance with the Taiwan Food and Drug Administration (“TFDA”)’s requirement for medical device labeling to display a single identification code, Medtecs has carried out

	factory-side ERP and UDI system construction and integration, and will complete the registration of second-level medical devices on the UDID platform by June 1, 2023 in accordance with TFDA regulations.
Preventive or remedial measures	<ul style="list-style-type: none"> • Engage PR agencies to act as media contact to ensure timely response to media inquiries, and to implement a public relations crisis management mechanism to address customer concerns effectively. • Establish a product labeling review mechanism

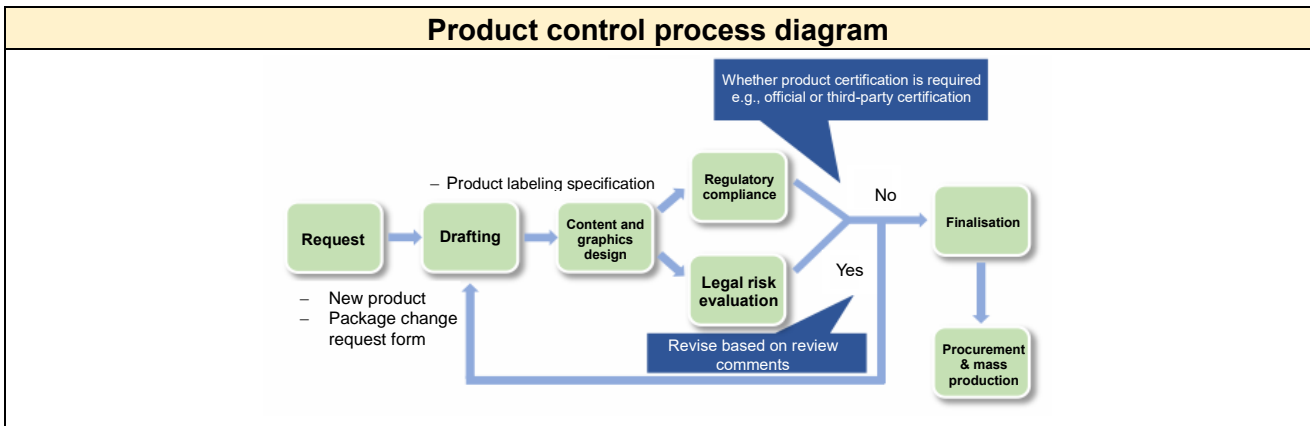
We know well the importance of correct and compliant product labeling and continue to refine product control processes and develop error-free specifications to create products that meet domestic and international regulatory and quality standards. We have a clear process and specification for product labeling. When a new product or packaging needs to be modified, we follow a set of products labeling guidelines and evaluate the new design for regulatory or legal risks before mass production can proceed.

The Group complies with regulations in each region where products are launched by providing essential information for each product and service. Detailed information, including country of origin, product composition and size, certification standards and numbers, usage instructions, expiration date, precautions, and operation guidelines, is listed on the packaging and product instructions. Additionally, a consumer service hotline is available for inquiries and support. The Group strictly adheres to relevant regulations to ensure accurate labeling and instructions for all products and services provided to consumers.

Through division of labour among departments, the Marketing Department follows the requirements of the Product Management Department to place necessary information on the package during product packaging design. Before the product is launched, the labeling will be confirmed by the Legal Department or external consultants to comply with the regulations.

However, in 2022, the Group was fined NT\$ 30,000 for violating Article 18 of Taiwan’s Medical Device Management Act for failing to correctly disclose information such as the name of the medical device, the name of the medical device manufacturer, address, license number, etc. on the website. In response, the Group took immediate action to rectify the incorrect information on our official website. We conducted a thorough review of all e-commerce platforms where the product was sold to ensure the accuracy of the information and made necessary revisions promptly. Additionally, we conducted a comprehensive review of the text descriptions of all other products to ensure compliance with relevant regulations. Moving forward, before launching any new product on an e-commerce platform, relevant departments such as the Product Management, Brand Business, and Legal Departments will diligently review all related text content for appropriateness and accuracy.

The Group continued to monitor product quality in 2022, and no incidents that caused concerns about health and safety regulations occurred. The Group will continue to implement strict controls to safeguard consumer rights in the future.



Product Labeling Situation

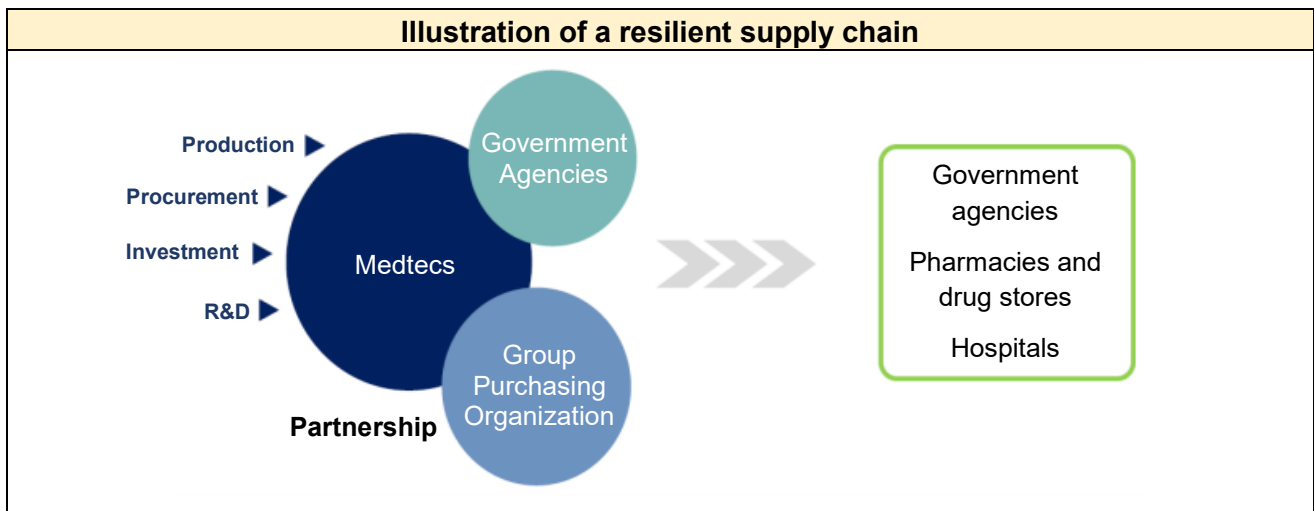
Area	Product name	Application standard	Scope of label	Mandatory/Voluntary labeling
Taiwan	Surgical face mask	CNS 14774	No. 014065, Department of Health, Manufacture of Medical Devices	Mandatory
	Medical face mask	CNS 14774	No. 004175, Department of Health, Manufacture of Medical Devices	Mandatory
Philippines	Camouflage clothing	Philippine Military Marking Code	Labeling	Mandatory
	Military uniform			

3.5 Sustainable Supply Chain

Material Topic: Sustainable Supply Chain (GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment)	
Importance of the topic	In addition to promoting energy conservation and carbon reduction in the production process, the Company also uses low-carbon-emission green energy instead of coals for the boilers at the factory in Cambodia. Responsible emission management can reduce the Company's risk in costs and improve the competitiveness of our products in the aspect of sustainability. The practices have also been applied to suppliers and material development of the supply chain.
Policies/ Strategies	Environmental Policy: Sustainability (ESG) is the top priority
Goals and targets	<ul style="list-style-type: none"> Supplier evaluation percentages and failure rates: Short-term goal: Supplier evaluation percentage of 60% and a failure rate of less than 8% Medium-term goal: Supplier evaluation percentage of 80% and a failure rate of less than 5% Long-term goal: Supplier evaluation percentage of 100% and a failure rate of less than 1%

Management evaluation mechanism	The Company upholds operational standards such as ISO 9001, ISO 13485, and WRAP to ensure effective implementation of internal factory management practices
Performance and adjustments	We are committed to continuously pursuing the Company's short, medium, and long-term goals, and actively promoting the corporate spirit of sustainability as our utmost priority.
Preventive or remedial measures	To improve supplier management, the Company also requires all stakeholders in the supply chain to comply with relevant regulations. In addition to prohibiting child labour and forced labour, we further require suppliers to develop relevant environmental strategies, which are used as evaluation criteria. Furthermore, if we do find such incidents occurring in our suppliers, we will take necessary procedures to address the situation and will not tolerate it.

We strongly believe that effective supplier management is crucial for the growth of our Group and the creation of value for our shareholders. In light of the challenges posed by climate change and the COVID-19 pandemic, which caused disruptions in global supply chains and shortages of raw materials, as well as the increased demand for PPE, we have been proactively collaborating with our partners up and down the supply chain to establish a global procurement platform. This initiative paved the way for the Company to prepare to become the first transnational purchasing organisation in Asia to provide comprehensive one-stop protective solutions and services.



In 2022, we continued to address the risks associated with raw materials shortage through vertical integration and selection of verified high-quality suppliers. We took stock of our supply chain, key customers, product categories and market concentration, assess our product characteristics and inventory costs, and planned ahead to maintain a safe level of inventory. We also diversified risks by having back-up suppliers in place for supply chain disruptions.

We have manufacturing and operating facilities in Taiwan, the Philippines, Cambodia and China to ensure a continuous supply chain. We also work with government agencies, group purchasing organisations (“GPO”) and brand owners to build a resilient and flexible supply

chain. We have established a trusted network of raw material suppliers, OEMs and traders to supply PPE, medical devices and healthcare products, and to minimise the risk of supply chain disruption that could affect key raw materials. The relevant measures adopted are as follows:

1	Increasing the percentage of purchases from qualified suppliers and have a back-up supplier to facilitate timely deployment of raw materials supply
2	Setting safe stock levels in factories
3	By conducting thorough business analysis, we carefully analyse the off-peak and peak seasons to gain insights into customer demand patterns. Through proactive communication with our customers, we obtain forecast quantities, allowing our factory to make necessary adjustments to ensure optimal stock availability.
4	Finding local sources of sourcing to reduce the risk of transport from one region to another
5	Seeking suppliers who can process finished products on behalf of others to avoid raw material outages or factory shutdowns

■ Supplier Selection and Evaluation

In selecting suppliers, the Group conducts a comprehensive assessment and selection process based on the principles of fairness, impartiality and openness in terms of quality, price, delivery, sustainability indicators and financial performance. In particular, we have established a "Supplier Management Procedure" to identify and manage quality suppliers who can meet the Group's requirements in terms of quality, cost and delivery, and to continuously improve the Group's procurement process and operational efficiency.

This year, based on our customers' requirements, the Company has requested suppliers to sign the Non-Use of Hazardous Substances Guarantee and Environmental Statement. The suppliers have provided the Global Recycled Standard ("GRS") certificate. Simultaneous with this year's supplier assessment, the Company has added a new scoring criterion. This encourages suppliers to actively invest in green energy usage, effectively use recycled yarn in product development, and take concrete action to reduce carbon emission.

In order to ensure the quality of our suppliers' products and services, suppliers with whom we have business dealings must be assessed and qualified in accordance with the above selection criteria before they are allowed to deal with us. Suppliers are subject to regular or sporadic audits to monitor changes in quality throughout our business relationship. Both new and existing suppliers are required to sign environmental, safety and health-related documents, including the Hazardous Substances Non-Use Guarantee & Environmental Statement, Supplier CSR & Integrity Pledge, and non-disclosure agreements. The signing rate of the Supplier CSR & Integrity Pledge was about 95%.

■ Supplier Assessment

The Procurement Department is responsible for the preparation and maintenance of the supplier evaluation form. In principle, the supplier evaluation form covers the supplier's business status, product quality, delivery time, pricing and ability to respond to changes. Additional points are awarded to suppliers who have continued to focus on sustainable issues such as environmental and labour protection, social welfare and corporate governance, and who have received relevant certifications. At the end of each year, the head of the Procurement Department reviews the supplier evaluation form with the relevant staff and presents a "Qualified Supplier List" for approval. Necessary measures are then taken based on the evaluation results. For non-excellent suppliers, periodic factory and goods inspections are conducted, with increased sampling for large items. If the supplier fails to show improvement, the business relationship will be terminated.

We conduct regular semi-annual performance reviews of our key suppliers (excluding outsourced process suppliers) based on their delivery performance. Random inspections are conducted on the rest of our trimmings once a year. The Procurement Department assesses delivery time, cooperation, and delivery rate, while the Quality Assurance Department at each production site evaluates the quality of suppliers' deliveries, including the yield rate and acceptance rate of incoming material inspection, cooperation, and handling of customer complaints. The assessment results are recorded in the Supplier Periodic Assessment Form, which includes six major components as assessment criteria.

1	Degree of cooperation	4	Customer complaints
2	Achievement of specific delivery dates	5	Yield rate of incoming material inspection
3	Delivery achievement rate	6	Acceptance rate for incoming material inspection

Currently, the Group has not yet assessed suppliers based on relevant environmental and social standards, such as energy, emissions, human rights, and other issues. Although we have not evaluated these issues, we regularly monitor whether our cooperating suppliers have any human rights violations.

Medtecs has established a clear classification of suppliers based on the assessment results and the disposition of each grade, which are **Grade A (95-100 points)**, **Grade B (81-94 points)** and **Grade C (71-80 points)**. If a supplier has been rated Grade C for two consecutive assessments periods, the supplier's order quantity will be reduced and re-evaluated.

Supplier grades			
Assessment grade	A	B	C
Assessment score	95~100	81~94	71~80
Assessment result	Quality supplier	General supplier	Non-conforming supplier
Management measures	1. Increase order quantity accordingly 2. Give priority to the production of samples developed by the Company	Normal trading	1. The Procurement Department recommends the direction of improvement 2. If a supplier has been rated Grade C for 2 consecutive periods (1 year), the supplier's order quantity will be reduced and re-evaluated

Supplier evaluation results for the past 3 years			
Year	2020	2021	2022
Total number of suppliers	219	200	193
Number of suppliers evaluated	52	60	99
Percentage of suppliers evaluated	24%	30%	51%

In 2022, we selected 99 suppliers for evaluation, and the pass rate of supplier evaluation was 94%. For suppliers of key raw materials, if their management standards and resources were inadequate or their annual evaluation results were poor, the Company may, if necessary, request Procurement Department to provide guidance to the suppliers in order to improve their quality management system so that they can provide more stable products in the future. For example, in the case of quality problems with trimmings caused by tolerance exceeding the acceptable standard and failure to meet the delivery date, we required the supplier to provide detailed quality improvement measures in the procurement contract. We also assigned professional quality assurance personnel to conduct factory inspections, audits, and follow-ups to ensure the quality of the products.

Year	2020	2021	2022
Grade A	38%	40%	43%
Grade B	57%	53%	51%
Grade C	5%	7%	6%
Conformity rate	95%	93%	94%

■ Local procurement

Medtecs prioritises working with well-established and well-qualified companies in order to enhance the company's transaction security and to increase the proportion of purchase from local companies in the countries where the factories are located. The Philippines and Cambodia are important locations for the Group's operations as their output accounts for a significant proportion of the Group's revenue. However, due to the lack of an effective and mature supply chain in these two countries, they are often unable to source the primary and trimmings required for their production locally and therefore rely on imports.

To support local industries, minimise transportation costs, and reduce environmental impact, we actively promote and empower local operators to procure items such as cartons, labels, and plastic bags from local sources. This initiative is based on a thorough cost-benefit assessment to ensure its feasibility and effectiveness.

Total purchases as a percentage of local purchases		
Region	2021	2022
Taiwan	37%	26%
China	52%	39%
Cambodia	6%	17%
Philippines	2%	9%
Others	3%	9%

Note: Percentage of purchases from local suppliers = (Purchases from local suppliers ÷ Total purchases) x 100%

■ Type of Purchases

The Group's annual purchases from suppliers can be divided into two categories: primary materials (woven and non-woven fabrics) and trimmings (sealing strip, zippers, elastic bands and instructions, etc.). The primary materials account for approximately 61% of the total purchases and the trimmings account for 39% of the total purchases. All raw materials are mainly transported by sea. Of these, 39% are sourced from China, which is lower than previous years as the Company had decided to purchase with other qualified manufacturers in Southeast Asia to shorten the delivery time in the supply chain. We have quality control process for incoming goods, and fabrics in particular are inspected in accordance with international 4-point system, with 10% of the fabrics tested at random. Trimmings are inspected in accordance with the Acceptable Quality Limit (“AQL”) standard. In addition, we send key materials to third parties for further testing to ensure product quality.

3.6 Customer Relations

■ Customer data management

Regardless of the sales channels, whether it is B2B or B2C, Medtecs has always prioritized technological management as a core value and strategic focus. We have embraced an information-driven approach as the cornerstone of our business operations. Leveraging the functionalities of our e-commerce platform, we adopt an integrated "end-to-end information" strategy to identify high-quality suppliers of raw materials. Through our own e-commerce platform operations and robust data analysis capabilities, we successfully expanded our customer base and diversified our supply sources, ensuring both production flexibility and responsiveness. Additionally, we have implemented automated system processes to significantly reduce customer wait times for product delivery. In 2022, we have built upon the momentum of 2021 and continue our commitment to information reform and integration.

3 key actions for information management		
1	Sales Force	Manage technology with specific software and methods to calculate more effective and efficient goals and directions.
2	ERP optimisation	The upgrade and implementation of ERP systems will enable the Company to integrate its daily operations and business practices.
3	Sales management System	Data-based sales analysis software, such as Tableau, can help the sales team make more effective and accurate judgments.

■ Diverse Customer Communication Channels

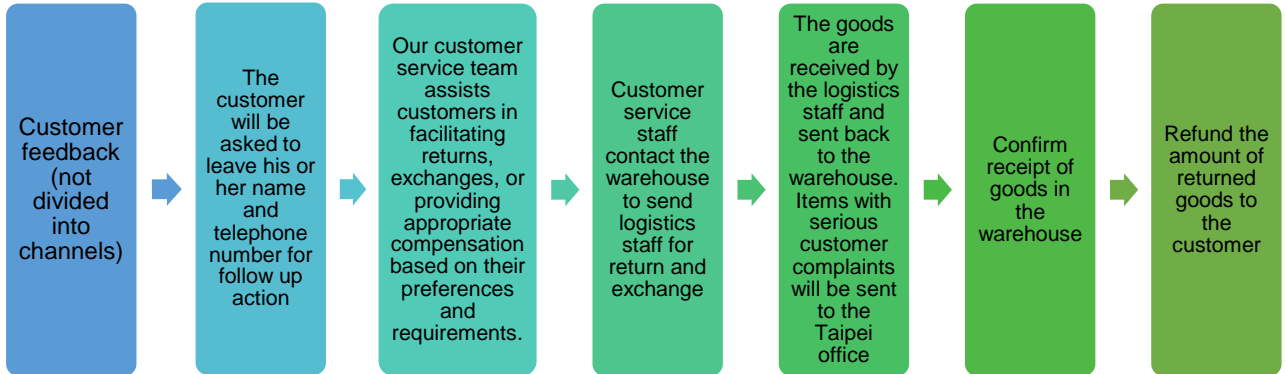
Medtecs is committed to delivering excellent customer service and fostering strong relationships with distributors and consumers worldwide. We provide a variety of communication channels to promptly address customer inquiries and feedback. Customers can reach out to us through our official website, social media platforms, and dedicated customer service channels on our e-commerce platform. These channels enable customers to connect with our representatives efficiently and receive timely assistance to resolve any issues or concerns they may have. For B2B customers, we actively participate in exhibitions (physical and remote) to understand their needs from various aspects, and provide customizable products and services to meet these needs in the most convenient way.

■ Customer Satisfaction Survey

From time to time, we conduct satisfaction surveys with our distributors and consumers. We scored 86.7 points on our 2022 Customer Satisfaction Survey. Most of the feedback from our distributors were positive, indicating that Medtecs products are highly competitive and have a high repurchase rate. In terms of price and quality, we are well liked by consumers and distributors. If we receive negative feedback, we will also improve our quality control, increase QC verification and staff training, and make practical

improvements, and even continue to optimise our products and services to meet customer expectations.

■ Customer Complaint Handling



We value good customer relations and has maintained a 100% closure rate for B2B customer complaints over the last three years. We have not received any serious consumer complaints, nor has it breached any consumer privacy laws or experienced loss or improper use of consumer data. Therefore, we only follow up on consumer requests for refunds or exchanges.

We have established a robust system for managing customer complaints from various channels, along with a streamlined process for returns and exchanges. For instance, on the Amazon platform, customers who have purchased Medtecs products can communicate with us through the Message function on the backend or share their experiences by leaving ratings and reviews on the frontend. We commit to responding to customer messages within 24 hours to ensure prompt and satisfactory resolution of any concerns or feedback. If a customer leaves a negative feedback on our website, shops or other online platforms, we will contact the customer through our platform system and conduct an internal review and analysis after identifying anomalies and defects, and decide on sales discounts or returns based on the customer's needs. Because we have stopped using Global Resources, B2C customer complaint rate and customer case closure rate will be calculated based on solely on sales through Amazon. Through our comprehensive customer feedback platform system, in 2022, the B2C complaint rate was 0.0004%, with a response rate of over 81.6%. The rate of B2B customer complaints was 0.01%, with a response rate of 100%.

Results of B2B customer complaints in the past three years			
	2020	2021	2022
Customer complaint rate	0.03%	0.04%	0.01%
Customer case closure rate	100%	100%	100%

4. Sustainable Environment



Material Topic: Environmental Protection (GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Waste)	
Importance of the topic	In addition to promoting energy conservation and carbon reduction in our production process, we have implemented the use of low-carbon-emission green energy instead of coal in the boilers at our factory in Cambodia. This responsible emission management not only reduces costs and risks for our company but also enhances the sustainability and competitiveness of our products. Furthermore, we have extended these practices to our suppliers and the development of materials within our supply chain.
Policies/ Strategies	Environmental Policy: Sustainability (ESG) is the top priority.
Goals and targets	<p>The Group used 2022 as the baseline year to measure its GHG emissions.</p> <ul style="list-style-type: none"> ● Short-term goal: Reduce GHG emissions by 5% within 5 years. ● Medium-term goal: Reduce GHG emissions by 25% before 2030. ● Long-term goal: Achieve net-zero GHG emissions for all operating facilities before 2050. <p>The subsidiary in the Philippines has set additional targets with 2022 as the base year.</p> <ul style="list-style-type: none"> ● Short-term goal: Reduce boiler GHG emissions by 30% within 5 years. ● Medium and long-term goals: <ul style="list-style-type: none"> ▪ Before 2030, solar energy with a capacity of over 70 kW will be used (solar lamps, solar water heating devices for supplying boiler water, solar panels for power generation). ▪ Before 2030, more than 30% of plastic packaging materials will use biodegradable plastics to reduce environmental pollution. ▪ The percentage of clean energy used should not be less than 20%.
Management evaluation mechanism	The Company has established a specialised unit for the Internal Control Department. The audit programs within the Group are formulated by the head of internal control, which are executed after approval, and the progress is reported and followed up during the monthly management meetings.
Performance and adjustments	<ul style="list-style-type: none"> ● The Xiangshan factory in Miaoli has launched a new orbital washing machine and adopted a high-efficiency direct-fired dryer. ● The Longde factory in Yilan has replaced all its washing and drying machines with new ones. ● The subsidiary in Cambodia has implemented energy-saving and waste-reduction measures, and achieved outstanding results.
Preventive or remedial measures	The factory regularly provides environmental, safety, and health and training for workers to prevent occupational accidents.

4.1 Energy Management

■ Historical Energy Consumption

We appreciate the importance on the sustainable integration of business and the environment. In order to improve the overall energy efficiency of the Group, we regularly replace old equipment with new ones and refurbish them, increase awareness of personnel management, and gradually replace all energy-consuming equipment with energy-efficient equipment. In addition, the relevant authorities will monitor and regularly review the relevant actions and implement continuous improvement.

In line with Taiwan government's environmental protection policy, the Group completed the installation of natural gas boilers and surrounding pipelines at its Xiangshan laundry

factory in Miaoli County on June 30, 2020. Starting from January 1, 2021, the old coal-fired boilers were decommissioned and replaced by new, energy-efficient liquefied natural gas (“LNG”) boilers for power generation. In March 2022, the Xiangshan factory installed and started using a brand-new orbital washing machine, along with six direct-fired dryers, for improved energy efficiency. The wash load of the Xiangshan factory in 2020, 2021, and 2022 was 12,343 metric tons, 11,801 metric tons, and 12,171 metric tons, respectively. The energy usage was 105,125 GJ, 75,370 GJ, and 71,044 GJ, respectively, and the energy usage per metric ton of wash load was 8.52 GJ, 6.39 GJ, and 5.84 GJ, respectively. After switching to a new natural gas boiler and introducing new orbital washing machine, the energy conversion efficiency has been improved, and the energy saving rate for the three years reached 31%.

The data disclosed in the Group’s annual report only includes information from the Xiangshan factory in Miaoli, Taiwan. However, in order to provide a clearer understanding of the data disclosure and accuracy for readers, the Group has decided to include data from the Longde factory in Yilan this year, and to separately disclose the data for each factory. The GHG emissions and water usage will also be disclosed in the same manner, which are shown in the following tables.

Energy consumption of the Xiangshan factory in Miaoli				
Quantitative indicators	Unit	2020	2021	2022
Electricity consumption	kWh/year	1,828,167	1,920,522	1,753,858
	GJ	6,581	6,914	6,314
Fuel oil consumption	L/year	69,900	20,100	19,200
	GJ	2,808	807	771
Coal consumption	kg	3,365,920	-	-
	GJ	85,625	-	-
LNG consumption	m ³	320,071	2,021,048	1,910,807
	GJ	10,111	67,649	63,959
Total energy consumption	GJ	105,125	75,370	71,044
Notes:				
1. Conversion of electricity calorific value: 1 kWh = 0.0036 GJ.				
2. The consumption values are calculated based on the conversion coefficients in the Environmental Protection Administration's (“EPA”) GHG Emission Factor Table 6.0.4, which uses the following fuel calorific values: fuel oil at 9,600 kcal/kg, coal at 6,080 kcal/kg, and natural gas at 8,000 kcal/m ³ . 1 kcal is equal to 4.184 kJ.				

Energy consumption of the Longde factory in Yilan				
Quantitative indicators	Unit	2020	2021	2022
Electricity consumption	kWh/year	321,480	323,600	303,160
	GJ	1,157	1,165	1,091
Fuel oil consumption	L/year	207,220	68,670	-
	GJ	8,323	2,758	-
Steam consumption	ton/year	-	1,299	1,878
	GJ	-	3,644	5,269
Steam calorific value	kcal/kg	670.54	670.54	670.54

Steam emission factor	kgCO₂e/ton	323.169	323.169	323.169
Total energy consumption	GJ	9,481	7,568	6,360
Notes:				
1. Conversion of electricity calorific value: 1 kWh = 0.0036 GJ.				
2. The consumption values are calculated based on the conversion coefficients in the EPA's GHG Emission Factor Table 6.0.4, which uses the following fuel calorific values: fuel oil at 9,600 kcal/kg, coal at 6,080 kcal/kg, and natural gas at 8,000 kcal/m ³ . 1 kcal is equal to 4.184 kJ.				

Energy consumption of the subsidiary in Cambodia				
Quantitative indicators	Unit	2020	2021	2022
Electricity consumption	kWh/year	4,137,366	3,589,217	2,479,331
	GJ	14,895	12,921	8,926
Gasoline consumption	L/year	697	570	970
	GJ	23	19	32
Diesel oil consumption	L/year	19,747	20,002	22,079
	GJ	694	703	776
Total energy consumption	GJ	15,611	13,644	9,734
Notes:				
1. Conversion of electricity calorific value: 1 kWh = 0.0036 GJ.				
2. The consumption values are calculated based on the conversion coefficients in the EPA's GHG Emission Factor Table 6.0.4, which uses the following fuel calorific values: fuel oil at 9,600 kcal/kg, coal at 6,080 kcal/kg, and natural gas at 8,000 kcal/m ³ . 1 kcal is equal to 4.184 kJ.				

Energy consumption of the subsidiary in Philippines				
Quantitative indicators	Unit	2020	2021	2022
Electricity consumption	kWh/year	2,304,330	1,278,830	1,599,430
	GJ	8,296	4,604	5,758
Coal consumption	Metric ton	614	141	257
	GJ	15,647	3,596	6,545
Total energy consumption	GJ	23,943	8,200	12,303
Notes:				
1. Conversion of electricity calorific value: 1 kWh = 0.0036 GJ.				
2. The consumption values are calculated based on the conversion coefficients in the EPA's GHG Emission Factor Table 6.0.4, which uses the following fuel calorific values: fuel oil at 9,600 kcal/kg, coal at 6,080 kcal/kg, and natural gas at 8,000 kcal/m ³ . 1 kcal is equal to 4.184 kJ.				

■ Historical Energy Intensity

The main reason for the increase in energy consumption in the Philippines in 2022 is that with the easing of the pandemic, the domestic market in the Philippines has partially recovered, and textile and dyeing factories have resumed production while PPE production has decreased. Compared to PPE, the textile and dyeing industries are more energy-intensive.

	Unit: GJ/K USD		
	2020	2021	2022
Xiangshan factory in Miaoli	0.2598	0.4706	1.1356
Longde factory in Yilan	0.0237	0.0525	0.1131
Subsidiary in Cambodia	0.0398	0.0946	0.1731
Subsidiary in the Philippines	0.0640	0.0595	0.2311

Note:

1. The denominator of energy intensity is calculated based on the Group's annual revenue, with data for 2020 at 400,327K USD, 2021 at 144,155K USD, and 2022 at 56,243K USD.

■ Historical GHG Emissions

In order to gain a better understanding of the greenhouse gas emissions across our company's various facilities and to establish clearer carbon reduction strategies, our group conducted an initial assessment in 2022 focusing on six factories in Cambodia. Although the findings were not formally verified, we gained a preliminary understanding of the assessment process and data requirements through guidance from external consultants. We also conducted internal verification training. Building upon this initiative, we plan to expand the assessment scope to include factories in Taiwan, the Philippines, and other locations in 2023. We will pursue external verification and obtain ISO 14064 certification. This will further enable us to develop carbon reduction targets and continue leading the Group towards sustainability.

Unit: kgCO₂e; the unit of GHG emission intensity is kgCO₂e/annual revenue of each factory (in K USD)

GHG emissions				
Operating base	Item	2020	2021	2022
Xiangshan factory in Miaoli	Scope 1	11,397,879	3,441,838	3,254,722
	Scope 2	918,158	975,142	883,013
	Total emissions	12,316,037	4,416,980	4,137,735
	GHG emission intensity	30.7649	30.6405	73.5689
Longde factory in Yilan	Scope 1	646,762	214,328	N/A
	Scope 2	161,383	584,509	761,220
	Total emissions	808,145	798,837	761,220
	GHG emission intensity	2.0187	5.5415	13.5345
Subsidiary in Cambodia	Scope 1	76,028	53,685	395,802
	Scope 2	2,076,958	1,826,911	1,239,395
	Total emissions	2,152,986	1,880,597	1,635,197
	GHG emission intensity	5.3781	13.0457	29.0738
Subsidiary in the Philippines	Scope 1	1,646,573	378,426	688,725
	Scope 2	1,156,774	650,924	814,110
	Total emissions	2,803,347	1,029,351	1,502,835
	GHG emission intensity	7.0026	7.1406	26.7204

Notes:

1. Scope 1 refers to emissions directly from sources owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources from transportation, and fugitive emissions. Emission factors are calculated based on the latest data in the Announcement 6.0.4 (IPCC Sixth Assessment Report) released by the Bureau of Energy, Ministry of Economic Affairs

2. Scope 2 refers to energy-related emissions, such as purchased electricity.

3. Types of GHG emissions: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O)

4. For purchased electricity, emission factors are based on the data announced by the Bureau of Energy. In 2020, the emission factor for electricity was 0.502 kgCO₂e/kWh, and in 2021, it was 0.509 kgCO₂e/kWh. However, the emission factor for 2022 has not yet been announced, so it is calculated based on the 2021 emission factor of 0.509 kgCO₂e/kWh for now.

5. The denominator of GHG emission intensity is calculated based on the Group's annual revenue, with data for 2020 at 400,327K USD, 2021 at 144,155K USD, and 2022 at 56,243K USD.

■ Air Pollution Management

During the washing and drying process at the Group's laundry factory, no ozone-depleting substances (“ODS”) are produced, and all other major emissions are within limits. However, some data were not collected in 2020 and 2021 due to the COVID-19 pandemic. As a precautionary measure, the subsidiary in the Philippines suspended emissions testing during those years, but resumed testing in 2022. The related emission standards and test results are shown in the table below.

Statistics of major gas emissions					
Operating base	Test item	Emission limit	2020	2021	2022
			Result	Result	Result
Longde factory in Yilan	TSP (mg/Nm ³)	30	-	-	24.57
	SO _x (ppm)	50	28	46	19
	NO _x (ppm)	100	73	89	63
Subsidiary in the Philippines	SO ₂ (ppm)	1,500	-	-	13.7
	NO _x (ppm)	1,000	-	-	36.3
	CO (ppm)	500	-	-	230

Notes:

1. Test of total suspended particulate (“TSP”) at the Xiangshan laundry factory in Miaoli not required.
2. Data collection was not conducted for the above three test items at the Xiangshan laundry factory in Miaoli.
3. The Company's Longde laundry factory in Yilan uses steam provided directly by the Formosa Petrochemical Corporation without the use of a boiler; therefore, there are no gas emissions.
4. Due to the COVID-19 pandemic, emissions testing was suspended at the Philippine subsidiary in 2020 and 2021

■ Energy Conservation and Carbon Reduction Efforts and Results in 2022

Since January 2021, the Xiangshan laundry factory in Miaoli has stopped using coal and switched to natural gas boilers. It has continued to improve energy efficiency and reduce carbon emissions. In June 2021, the factory purchased a brand new orbital washing machine from a Japanese manufacturer, which was delivered in December 2021 and installed and tested in February 2022. It officially started operation in March 2022.

The new orbital washing machine is equipped with a water recycling system, which not only saves water but also works in conjunction with six direct-fired dryers imported from Japan. Compared with traditional steam dryers, the new system can significantly improve drying efficiency and solve the problem of heat loss during the transportation of traditional steam pipelines, greatly improving energy efficiency and achieving the goal of energy conservation and carbon reduction.

The Company also provides a system for controlling the usage of medical scrubs at the Tungs' Taichung Metroharbor Hospital. In addition to setting monthly budget for medical scrubs for each unit, the system also monitors daily medical scrubs usage for each unit. If the usage is too high, the system will remind the corresponding unit to control its usage

to avoid excessive use of medical scrubs, achieving the goal of reducing usage and conserving energy as well as water resources.

Please refer to the table below for other measures:

Operating base	Measures	Amount invested	Results (cost reduced/electricity saved)
Cambodia	Implemented energy-saving measures includes reducing the number of light bulbs used and turning off power during off-office hours.	-	Electricity consumption reduced by 10%.
	Reduce the frequency of sending trucks for delivery to Phnom Penh.	-	Diesel fuel consumption reduced by 10%.
	Purchased a continuous operation granulation machine.	US\$ 12,550.72	The granulation machine will improve the efficiency of converting recycled waste fabrics into plastic pellets. However, the price of waste fabrics was higher; therefore, granulation machine was not used in 2022.
Philippines	During the renovation of the MEDTEX factory building, heat-insulating ceiling was added to the original sawtooth factory building, which lowered the temperature in the workshop and reduced electricity consumption for air conditioning.	Approximately US\$ 20,000	It can lower the workshop temperature by 2-3 °C, and if air conditioning is used, it can reduce electricity consumption by 10-15%.
	A cleaning schedule of once every three months is implemented for all air conditioning systems, which saves electricity and reduces the load on the systems.	US\$ 1,000	Based on a 10% reduction in electricity consumption, it can save US\$ 800 per month.
	The lighting in the warehouse was originally controlled by a single switch for all lights. Now, it has been changed to 6 sets of switches that control lighting in different zones separately. Lights are turned on only when needed, which saves electricity.	Approximately US\$ 1,500	It can save 50% of electricity used for lighting.

4.2 Water Resources Management

■ Water Usage

We are well aware of the importance of water resources management. Through a water resources assessment tool, our three major subsidiaries have determined that Taiwan is of low to medium (low-medium) risk, Cambodia is of medium to high (medium-high) risk, and the Philippines is of high risk. The Group proactively manages water usage and continuously explores more efficient methods for water recycling to promote sustainability, regardless of the results of the risk assessment.

Medtecs' laundry factory has purchased a new orbital washing machine with a water recycling function. The relatively clean rinse water at the end of the washing process can be pumped to the front of the orbital washing machine for pre-washing of dirty clothes, reducing water consumption in the washing process. The new orbital washing machine arrived at the Xiangshan laundry factory in Taiwan in January 2022, completed installation and testing at the end of February 2022, and was officially put into operation in March. The subsidiary in Cambodia maintains a strict practice of using filtered water provided by a reputable company. Regular inspections of the water are conducted every three months to ensure its safety and reliability for customers. The subsidiary in the Philippines plans to build a rainwater collection facility, as the Philippines has a rainy season of 3-4 months. If this system can be utilised to supply water to dyeing factory during the rainy season, it can reduce water consumption by at least 30%.

The main water sources for each subsidiary are tap water, well water, and groundwater. The total water intake in 2022 was 668.19 million litres. The subsidiary in the Philippine installed a roof spray cooling water recycling system (as shown in the figure below) in 2022 to maximise the reuse of spray water.



Collecting the water sprayed on the roof for cooling and pump it back to the roof for reuse

The detailed water usage data is shown in the following table:

Unit: million litres

Water consumption by operating base				
Operating base	Item	2020	2021	2022
Xiangshan factory in Miaoli	Water intake	134	126	126
	Wastewater discharged	94	94	90
	Water consumption	40	32	36
Longde factory in Yilan	Water intake	40	46	44
	Wastewater discharged	32	37	35
	Water consumption	8	9	9
Subsidiary in Cambodia	Water intake	356	402	367
	Wastewater discharged	285	234	183
	Water consumption	28	23	18
Subsidiary in the Philippines	Water intake	195	112	131
	Wastewater discharged	195	112	131
	Water consumption	0	0	0
Total	Water intake	724	686	668

Note:
1. Water consumption=Water intake - Wastewater discharged

■ Historical Water Intake Intensity

The increase in water consumption in the Philippines in 2022 was primarily driven by changes in the product structure as the pandemic situation eased. There was a rise in orders for water-jet looms and dyeing factories, which are known for their high water consumption, while orders for PPE decreased.

Unit: million litres/K USD

	2020	2021	2022
Xiangshan factory in Miaoli	0.0003	0.0009	0.0022
Longde factory in Yilan	0.0001	0.0003	0.0009
Subsidiary in Cambodia	0.0009	0.0028	0.0065
Subsidiary in the Philippines	0.0005	0.0008	0.0023

Notes:
1. The denominator of water intake intensity is calculated based on the Group's annual revenue over the years, with data for 2020 at 400,327K USD, 2021 at 144,155K USD, and 2022 at 56,243K USD.
2. The calculation method for water intake intensity is: Water intake (million litres) / Revenue (K USD).

■ Wastewater Management

Medtecs has installed pollution control equipment at each of its manufacturing facilities or commissioned a specialist to provide proper treatment, in order to reduce the environmental impact of its operations. The wastewater discharged from the Group's two laundry factories in Taiwan is mostly laundry water, which is less polluting and is discharged after treatment by the wastewater treatment facilities.

For the operating facilities overseas, domestic wastewater is produced by the subsidiary in Cambodian as no dye is used in the production process. Nevertheless, domestic

drinking water and filtered water are regularly tested by the relevant authorities to confirm that the pH and chemical oxygen demand (“COD”) values are within the local government discharge standards.

The wastewater discharged by the Xiangshan factory, a subsidiary of Medtecs in Taiwan, was 93,786 metric tons and 89,621 metric tons in 2021 and 2022, respectively. The wash load was 11,801 metric tons and 12,171 metric tons, respectively. The amount of wastewater discharged per metric ton of medical scrubs washed was 7.95 metric tons and 7.36 metric tons, respectively, a reduction of 7.4%. This reduction was mainly due to the new orbital washing machine that was purchased and put into use in March 2022, which gives better washing and water recycling efficiency compared to traditional washing machine, resulting in a reduction in wastewater discharged.

In addition, the subsidiary in the Philippines is committed to reducing its environmental impact during the production process by using only low-polluting dyeing chemicals and pledging not to use any azo dyes. Furthermore, it has implemented a system to recycle some of the cooling water generated during the dyeing process to reduce wastewater discharge. All wastewater is sent through pipes to a wastewater treatment plant, which is centrally managed by the local administrator. The subsidiary is charged for wastewater treatment based on 80% of its total water consumption.

Unit: million litres

Wastewater discharged by operating base			
Operating base	2020	2021	2022
Xiangshan factory in Miaoli	93.801	93.786	89.621
Longde factory in Yilan	32.261	36.812	35.025
Subsidiary in Cambodia	-	-	-
Subsidiary in the Philippines	155.769	89.200	104.918
Total	281.831	219.798	229.564

Note: The subsidiary in Cambodia has no wastewater discharge due to the nature of its business. However, previous reports included data on wastewater discharge. This year, the definition has been revised, and historical data has been updated accordingly.

Wastewater discharge standards					
Operating base	Test item	Discharge standard	2020	2021	2022
			Annual average value measured	Annual average value measured	Annual average value measured
Xiangshan factory in Miaoli	Coliform bacteria (CFU/100mL)	200,000	36,570	6,185	830
	Anionic surfactant	10	0.28	0.29	0.185
	Chemical oxygen demand (mg/L)	100	59.4	84.6	56.15
	Suspended solids (mg/L)	50	25.05	43.95	11.1
	Water temperature (°C)	38	29.35	30.05	30.65
	pH value	6~9	7.1	8.25	7.65

4.3 Waste Management

In line with the principles of Reduce, Recycle, and Reuse, Medtecs will continue to strengthen the education and training of production line workers and related personnel to reduce production defects at the source and reduce the production of waste and scrap. In addition, we also require all employees to implement waste classification for recycling and reuse, and commission specialised operators to carry out the recycling operation.

In the case of the two main operating facilities in Cambodia and the Philippines, the non-woven trimmings from the subsidiary in Cambodia can be recycled by the factory itself after the trimmings have been turned into plastic pellets. Other non-woven trimmings that cannot be recycled are handed over to legal and government-licensed waste treatment facilities in Cambodia. The subsidiary in Cambodia compiles monthly data on the production and disposal of production and domestic waste. The subsidiary in the Philippines has given the Bonded Area Administration the responsibility for organising and collecting general waste and has specifically identified companies that have been established or registered with the Philippine Environmental Protection Agency to collect hazardous waste to ensure that third party organisations working with Medtecs can legally dispose of the waste. The subsidiary in the Philippines keeps records of each collection of waste. A monthly breakdown will also be collected for proper monitoring and collection of waste data.

After washing and drying the medical scrubs, the laundry factory carries out quality control before shipping the cleaned medical scrubs. The damaged medical scrubs are identified and discarded. Since the discarded medical scrubs are clean, they are not considered medical waste. The laundry factory treats them as general industrial waste and commissioned qualified waste disposal operators to transport them to an incinerator for disposal. The data for other related waste is shown in the following table:

Unit: metric ton/year

Waste production and disposal						
Operating base	Waste composition	Hazardous / Non-hazardous	On-site		Off-site	
	Item		Waste generation	Treatment method	Waste generation (tons)	Treatment method
Taiwan	Waste fabric	Non-hazardous	0	-	56	Incineration (including energy recovery)
	Inorganic sludge		0	-	18	Other disposal operation
	Employee household waste		0	-	60	Incineration (excluding energy recovery)
Cambodia	Scrap metal	Non-hazardous	0	-	647	Other disposal operation
	Waste paper		0	-	81	Other disposal operation

	Plastic pellets		0	-	18	Other disposal operation
	Waste plastic pellets		0	-	230	Other disposal operation
	Production waste		0	-	144	Other disposal operation
	Production garbage		0	-	353	Incineration (including energy recovery)
	Household waste		0	-	334	Incineration (including energy recovery)
Philippines	Waste cardboard boxes	Non-hazardous	0	-	65	Preparation for reuse
	Waste yarn from weaving mills		0	-	12	Preparation for reuse
	Waste plastic bags		0	-	12	Preparation for reuse
	Waste paper yarn tubes		0	-	8.5	Preparation for reuse
	Waste paper		0	-	6	Preparation for reuse
	Other non-recyclable garbage		0	-	415	Other disposal operation

Notes:

1. The waste generated by the Company's laundry factory mainly consists of three types: waste fabric, employee household waste, and inorganic sludge from the sewage treatment tank, all of which are non-hazardous substances.
2. The Company's waste is temporarily stored first in appropriate locations within the factory and then handled by qualified waste disposal operators when it reaches a certain amount.
3. The inorganic sludge is handled by qualified waste disposal operators and is treated by thermal method.
4. The reuse of non-hazardous substances referred to by the subsidiary in the Philippines includes a portion that is reused and a portion that is sold to recycling companies for reuse as raw materials.
5. Other disposal operation referred to by the subsidiary in the Philippines, such as non-recyclable waste, are handed over to the waste recycling department of the FAB (Freeport Area of Bataan) for disposal.

Waste generation process and social/environmental impacts				
Stage		Subsidiary in Taiwan	Subsidiary in Cambodia	Subsidiary in the Philippines
Input	Upstream suppliers	According to the needs of various hospitals, Medtecs either purchases fabrics to produce finished products or directly purchases medical scrubs from external suppliers	Non-woven fabric	Non-woven fabric, polyester/cotton fabric, nylon/polyester ear loops, cardboard boxes, cotton yarn, packaging plastic bags
Activity	Production and manufacturing activities at Medtecs' factories	The laundry factory washes and dries the dirty medical scrubs used in hospitals before returning them for reuse	Cutting, sewing, and packaging	Weaving, dyeing, and sewing
Output	Downstream brand owners/Medtecs' own brand/products	Medical scrubs are reused	Protective coveralls, isolation gowns, patient	Face masks, clothing, finished fabrics, PPE

			gowns, doctor gowns, surgical gowns, shoe covers, bouffant caps, etc.	
	Waste generated from production and manufacturing activities at Medtecs' factories	Wastewater from the laundry process, scraps from the production of medical scrubs, and leftover materials from the production of medical scrubs	Domestic water use	Trimming scraps from clothing production, non-woven fabric, polyester/cotton fabric, waste packaging materials (cardboard boxes, plastic film)

5. Diversity in the Workplace



5.1 Talent Recruitment and Retention

Medtecs recognises that talent selection, recruitment, development, promotion, and retention are crucial for driving the Company's growth. We use various recruitment channels to attract talent and have introduced a headhunting mechanism to identify hidden talents. Additionally, we supplement our workforce with short-term talent through manpower assignments to support the achievement of our development goals. In 2022, the number of non-employee workers remained consistent at seven dispatched workers compared to the previous year. The detailed breakdown of the Group's employees is presented in the table below.

We provide our employees with excellent remuneration and benefits, a comprehensive career development plan, and actively nurture and retain talents to cultivate leaders with the TARPS (Teamwork, Accountability, Reward & Punishment, and Solution-Oriented) spirit.

Composition of Medtecs' employees						
Region	Employment type	Female	Male	Others	Non-disclosed	Total
Taiwan	Number of employees	221	154	0	0	375
	Number of regular employees	167	114	0	0	281
	Number of contract employees	54	40	0	0	94
	Number of full-time employees	217	150	0	0	367
	Number of part-time employees	4	8	0	0	8
Cambodia	Number of employees	2,248	468	0	0	2,716
	Number of regular employees	759	199	0	0	958
	Number of contract employees	1,489	269	0	0	1,758
	Number of full-time employees	2,079	397	0	0	2,476
	Number of part-time employees	169	71	0	0	240
Philippines	Number of employees	263	247	0	0	510
	Number of regular employees	214	203	0	0	417
	Number of contract employees	49	44	0	0	93
	Number of full-time employees	263	247	0	0	510
	Number of part-time employees	0	0	0	0	0

Notes:

1. Employee: Individuals who establish an employment relationship with an organisation in accordance with national laws or applicable requirements (in Taiwan, employees who have joined the labour insurance program).
2. Regular employees: Individuals who sign indefinite-term contracts.
3. Contract employees: Individuals who sign fixed-term contracts.
4. Full-time employees: Individuals who work according to the definition of working hours under the Labor Standards Act, which in Taiwan, means not exceeding 8 hours per day or 40 hours per week.
5. Part-time employees: Employees who are not considered full-time.
6. The calculation in this table is based on the full-time equivalent method.

5.2 Salaries and Training

Material Topic: Employee Competency Development (GRI 404: Training and Education)	
Importance of the topic	<ul style="list-style-type: none"> • Excellent employees are the cornerstone of a successful company. Employees with sufficient skills and knowledge can complete work more efficiently and improve the overall competitiveness of the Company. • With the rapid changes in technology, economy, and social environment, the Company needs to constantly adjust its strategies to respond to changing environments. After joining the Company, employees also need to continuously enrich their professional knowledge to keep up with the times. Competency development can ensure that employees have the skills to respond to rapidly changing market demands, creating long-term value for the Company. • Competency development can provide employees with opportunities for growth and promotion. It not only helps improve employees' job performance, but also enhances their loyalty and satisfaction with the Company, reduces talent turnover, and maintains internal talent stability.
Policies/ Strategies	<ul style="list-style-type: none"> • The main policy is to create an open and innovative culture, establish an environment that supports employee growth and lifelong learning, and create diverse value to promote high-quality innovation and sustainable growth of the Company. • Each department plans its own employee education and training programs annually, to integrate development strategies and core values. • A comprehensive annual employee training program is developed based on the Company's business needs and employees' job skills, including various aspects such as skills training, leadership development, and digital literacy enhancement. • Regular internal training, seminars, and discussions are held to achieve cross-departmental collaboration and knowledge sharing.
Goals and targets	<p>Short-term goals:</p> <ul style="list-style-type: none"> • Strengthen new employee training: Through training course content, enhance the promotion of corporate culture and core values, so that employees fully understand the Company's mission, vision, and culture, and integrate them into daily work. • Conduct regular performance and competency development evaluations: Combining performance and competency development evaluation results with rewarding and promotion mechanisms, to ensure that employees' efforts can be rewarded in a timely manner. The percentage of evaluated employees shall not be less than 95%. • Optimise training programs: Regularly review and update training programs to ensure that the content is consistent with market demand and the Company's development strategies. Incorporate employee feedback to optimise training content and methods, improving training effectiveness. • Promote digital literacy: Regularly hold digital skills training workshops to strengthen employees' digital literacy and enable them to use emerging technologies to improve work efficiency in their daily work. • Foster diversity and inclusivity: Implement diversity and inclusivity training programs to enhance employees' awareness of cultural diversity and promote gender equality, creating a diverse and inclusive work environment. <hr/> <p>Medium to long-term goals:</p> <ul style="list-style-type: none"> • Identify key talents within the organisation through talent inventory. • Build a "Talent Pipeline": Develop and implement a program to identify and train employees with leadership potential, aiming to groom them as future managers and leaders within the organisation. • Increase external recruitment channels, such as LinkedIn and Headhunters, to obtain outstanding senior talent. • Implement a comprehensive evaluation system to assess the performance and competency development of every employee, with a focus on achieving 100%

	<p>coverage.</p> <ul style="list-style-type: none"> Use technology to improve learning efficiency: To ensure that employees can fully utilize technology to improve learning efficiency, relevant digital education resources will be provided for on-the-job training to achieve continuous competency development.
Management evaluation mechanism	<ul style="list-style-type: none"> All training courses (including internal and external training) have assessments to evaluate learning outcomes. Training programs are established and implemented.
Performance and adjustments	<ul style="list-style-type: none"> Strengthen employees' awareness of laws and regulations, and begin a series of legal compliance training for the Group. Each operating base has been promoting 5S activities for four consecutive years, and in 2022, safety measures were included in the activities to cultivate employee habits. All operating bases successfully completed the implementation of cloud data backup systems, both in terms of software and hardware, to enable seamless remote work capabilities.
Preventive or remedial measures	<ul style="list-style-type: none"> The Group is committed to offering comprehensive learning and development opportunities to our employees. This includes conducting regular internal and external courses, including legal compliance training. In the event of any violations, we will not only take appropriate action in accordance with laws and regulations, but also reinforce the effectiveness of education and training to prevent employees from repeating the same mistakes. The Group aims to align the direction and curriculum planning of general education and training to facilitate the implementation of cognitive education for employees across all operating bases. With the rapid development of technology, we understand that employees need to have basic information technology skills to adapt to the needs of modern society. Therefore, we promise to invest more resources in education and training to enhance employees' digital literacy.

Medtecs attaches great importance to the rights and well-being of our employees, and in compliance with all local regulations where we operate, we offer our employees excellent remuneration and a wide range of benefits, as well as a comprehensive performance review and performance-based incentive mechanism, in the hope of motivating our employees to grow with us and contribute to the future development of the Group.

Country/Region	The ratio between the annual salary of the highest-paid individual and the median annual salary of employees (excluding the highest-paid individual) within a subsidiary of the Group	Increase in the ratio between the annual salary of the highest-paid individual and the annual median salary of employees (excluding the highest-paid individual) within a subsidiary of the Group
Taiwan	6.71 : 1	(3.71) : 1
Cambodia	7.65 : 1	(2.11) : 1
Philippines	12.59 : 1	(0.88) : 1

Notes:

- The Chairman of the Company is not considered as the highest-paid individual, unless he/she also serves as the President/CEO.
- The calculation formula for the ratio of the annual median salary is: the annual salary of the highest-paid individual in the year divided by the annual median salary of individual in the same year.
- The calculation formula for the ratio of the annual salary increase is: the percentage increase in the annual salary of

the highest paid individual in the year divided by the percentage increase in the annual salary of the individual at the median of the salary distribution in the same year.

■ Labour-Management Relations and Labour-Management Meetings

Medtecs considers its employees to be its most important asset. We listen to each and every one of our employees and protect their rights. The Group's domestic and overseas subsidiaries are in strict compliance with trade union laws to ensure that every employee has the right to form and operate a trade union, and have a comprehensive employee grievance procedure to handle concerns and complaints. Any subsidiary company that has not established a trade union holds regular labour-management meetings every quarter, with transparent and open communication channels. In 2022, we did not receive any complaints. As required by the Trade Union Act, we also held regular meetings with the Labour Committee/Management and Labour Council, at which employee concerns and demands are discussed in detail.

■ Performance Evaluation Statistics

All Medtecs employees are subject to regular performance reviews. However, some employees of the subsidiary in Taiwan were not evaluated due to being employed for less than three months. The majority of employees in the Philippines and Cambodia are only on fixed-term contracts and are therefore not subject to performance reviews. As a result, the percentage of employees who have undergone evaluation in both countries is significantly lower than those in Taiwan.

Taiwan				
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel
Percentage of male employees who have undergone evaluation	100%	82.8%	80.43%	92.06%
Percentage of female employees who have undergone evaluation	100%	87.88%	88.94%	85.71%
Note: The evaluation rate did not reach 100% because employees who have been employed for less than three months in 2022 were not evaluated.				

Cambodia				
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel
Percentage of male employees who have undergone evaluation	75%	54%	81%	34%
Percentage of female employees who have undergone evaluation	90%	73%	81%	22%
Note: The evaluation rate did not reach 100% because employees who have been employed for less than three months in 2022 were not evaluated.				

Philippines				
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel
Percentage of male employees who have undergone evaluation	15%	45%	43.3%	40%
Percentage of female employees who have undergone evaluation	35%	55.55%	54%	53.5%
Notes: 1. All front-line workers in the clothing factory undergo monthly evaluation based on efficiency and quality, with bonuses and penalties. 2. The clothing factory is the unit with the largest number of employees among the factories in the Philippines, accounting for more than 40% of the total number of employees.				

■ Education, Training and Development

Medtecs expects its employees to practice K.U.N.G.F.U.: “Know your customer,” “Understand the transaction,” “Never give up,” “Good for stakeholders,” “Faith,” and “Up” in order to create long-term value for the Company and to maintain stable growth. At the same time, we also consider the development and growth of our employees to be an important responsibility. We offer a wide range of staff training programs in line with the Group's core values and strategies.

When new employees join the Group, there will be a series of related courses to help employees familiarise themselves with the Group's vision and corporate culture. In addition, relevant courses are also regularly held for current employees to enable them to refamiliarise themselves with old content and learn new knowledge so that they continuously improve themselves and maximise their value.

The detailed education and training content are shown in the table below:

【Taiwan】

Pre-employment training	We provide pre-employment training initiatives, including "New Employee Orientation," "Introduction to Personnel Systems," "Group Operations Policy," "Sustainable Development Program," and "Occupational Safety and Health On-the-Job Education and Training." These programs aim to familiarise new employees with the Group's vision and corporate culture, ensuring a smooth integration into the organisation.
General education	We offer a range of general courses, including "Compliance Training," "Brand Guidelines and Official Website Guide," digital tools and information literacy, and "5S," with the aim of deepening employees' understanding and fostering a strong sense of identification with Medtecs' culture. These courses provide valuable knowledge and skills to enhance employee engagement and promote a cohesive organisational culture.
Professional development	The courses are curated by the respective departments to address their specific requirements. Employees in these departments undergo on-the-job education and training, which includes attending external seminars and site visits relevant to their areas of expertise. These training programs cover product knowledge and practical skills. To ensure convenience and

	flexibility, we have also digitised selected courses, enabling staff to seamlessly adapt to their new environment and work without constraints of time and location, thereby maximizing their potential.
Epidemic prevention and health education	In response to the COVID-19 pandemic, we have arranged special health workshops on mitigation strategies for COVID-19 and provided training to hospital staff. The course mainly covers on-site infection control measures, introduction to emerging epidemics, and the donning and doffing of protective gear.
Occupational safety and health	During the course, we educate staff on the use of fire-fighting equipment, fire escape drills and the use of various types of machinery in the factory. In addition, we provide adequate knowledge and practical exercises on occupational safety and health to prevent occupational accidents.
Medical logistics	For hospital logistics service unit, we explained precautions that should be taken and the health protocols to be followed for staff working in hospitals, as well as the laundering and delivery of hospital linens.

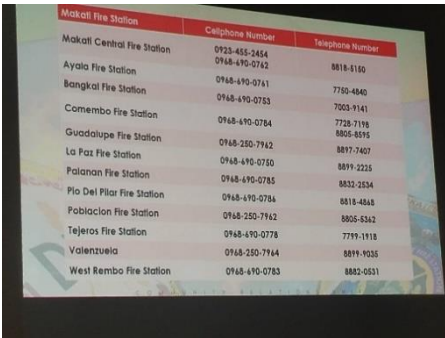
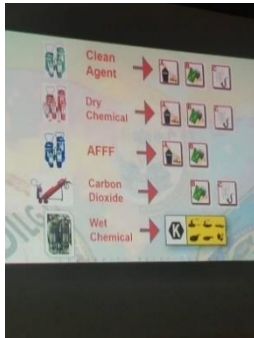



【Cambodia】




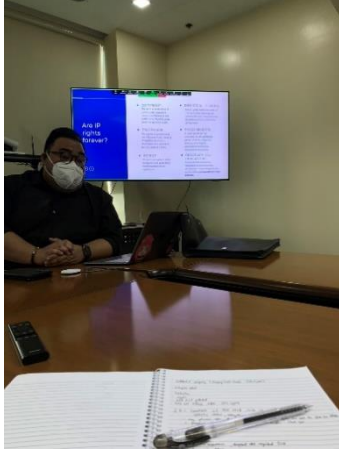
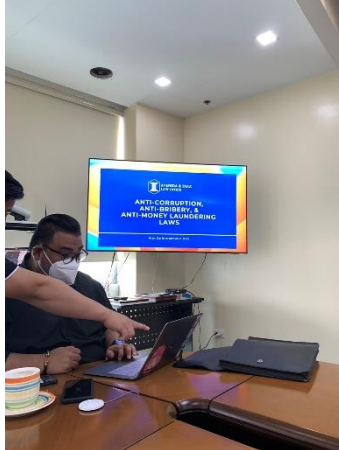

New employee orientation	We provide pre-employment training initiatives, including "New Employee Orientation," "Introduction to Personnel Systems," "Group Operations Policy," "Sustainable Development Program," and "Occupational Safety and Health On-the-Job Education and Training." These programs aim to familiarise new employees with the Group's vision and corporate culture, ensuring a smooth integration into the organization.
Occupational safety and health	During the course, we educate staff on the use of fire-fighting equipment, fire escape drills, and the use of various types of machinery in the factory. In addition, we provide adequate knowledge and practical exercises on occupational safety and health to prevent occupational accidents.

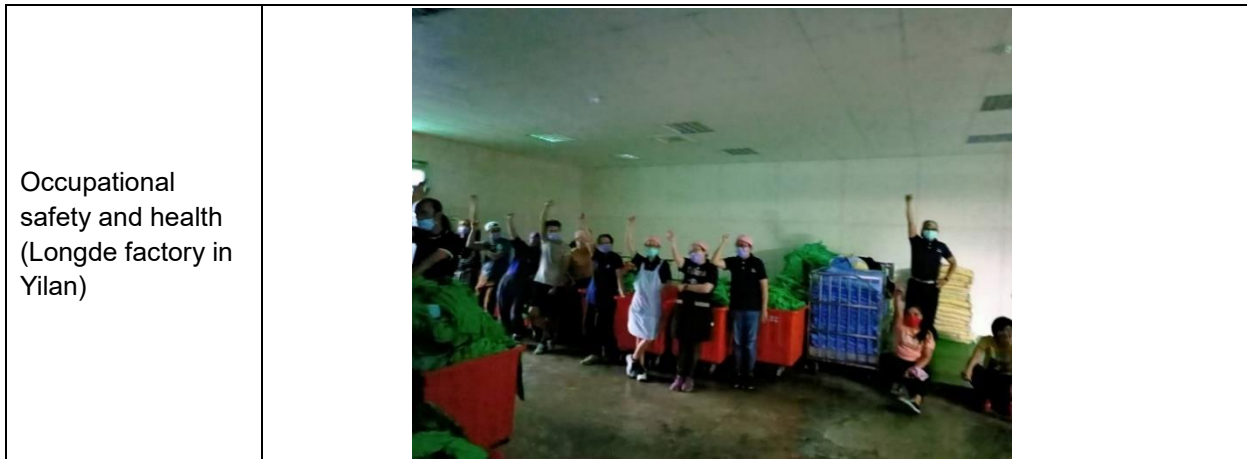
【Philippines】

Pre-employment training	This includes introducing new employees to the Company's information, structure, policy guidelines and manuals, as well as conducting department-specific introductions as needed for all personnel.
General education	To ensure the safety and health of employees, we provide training in occupational safety and health, as well as labour safety and health. In addition, we also conduct fire evacuation drills and provide emergency response, basic first aid, and Cardiopulmonary Resuscitation ("CPR") training to enhance employees' ability to respond to emergencies.
Occupational safety and health	During our training programs, we provide comprehensive education to our staff on various topics related to workplace safety. This includes training on the proper use of fire-fighting equipment, conducting fire escape drills, and operating different types of machinery in the factory. We also prioritise educating our employees on occupational safety and health to prevent accidents and injuries in the workplace. Additionally, we conduct regular fire evacuation drills and offer training in emergency response, basic first aid, and CPR to enhance our employees' preparedness and ability to handle emergencies effectively.
Professional development	We hold brainstorming activities every month to promote innovative thinking and problem-solving. Additionally, we offer skills training in cutting, sewing, quality control, maintenance, sales, and marketing to enhance the professional skills and work quality of our employees.
Epidemic prevention and health education	We provide information and prevention guidelines on dengue fever to ensure the health and safety of workplaces, homes, and individuals, and to

	prevent the spread of dengue fever.
Soft skills	We provide webinars on psychological first aid, focusing on stress management in the workplace to provide the support and assistance that employees need. We work with employees to adopt the right methods and communication to establish effective teamwork relationships, thereby increasing productivity.
Compliance and regulations	We hold seminars on labour dispute prevention and resolution to enhance the Company's compliance with labour laws; hold seminars on intellectual property to strengthen the protection and management of intellectual property; and hold seminars on anti-corruption and anti-money laundering to ensure the Company's legal operation and brand image.

Education and training	
Occupational safety and health - Fire prevention (Philippines)	<div style="display: flex; justify-content: space-around;">   </div> 
Occupational safety and health - Fire prevention (Cambodia)	 

<p>Occupational safety and health - Fire brigade training (Cambodia)</p>	<h2 style="text-align: center; background-color: #e6f2ff; padding: 5px;">Fire Brigade Trainings</h2>   	
<p>Compliance and regulations - Intellectual property and legal (Philippines)</p>		
<p>Occupational safety and health (Philippines)</p>		



Employee Training Statistics of Various Operating facilities

Taiwan									
Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees	Person	14	4	140	217	107	179	47	42
Total training hours	Hour	340	142.25	598.25	937.50	193	341	745.25	738.75
Average total training hours	Hour/person	24.29	35.56	4.27	4.32	1.80	1.91	15.86	17.59

Note:
1. The data includes the headquarters, Longde factory, and Xiangshan factory in Taiwan.

Cambodia									
Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees	Person	3	4	465	2,244	326	2,141	142	107
Total training hours	Hour	31	44	129	402	60	226	100	220
Average total training hours	Hour/person	10.33	11	0.28	0.18	0.18	0.11	0.70	2.06

Note:
1. The data includes the headquarters, Longde factory, and Xiangshan factory in Taiwan.

Philippines									
Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees	Person	20	22	227	241	129	215	118	48
Total training hours	Hour	74	174	4,350	6,978	2,300	6,608	2,124	544
Average total training hours	Hour/person	3.70	7.91	19.16	28.95	17.83	30.73	18.00	11.33

5.3 Employee Benefits

■ Staff Welfare Committee and Retirement Benefits

We have established a Staff Welfare Committee to regularly provide cash and non-cash gifts, subsidies for further studies, and organise motivational and recreational activities. These initiatives are aimed at showing our care for our staff, boosting morale, enhancing their sense of identity, relieving work stress, and promoting work-life balance.

During the COVID-19 pandemic, the Company offered friends and family of employee discounts on Company products to benefit employees' loved ones. In addition, we purchased COVID-19 pandemic insurance for employees and from May 2021 to June 2022, we provided a monthly pandemic allowance of NT\$ 5,000 for our frontline workers to ensure that they could work with peace of mind. To boost staff morale, we also organised costume-themed parties from time to time to add a little fun to the workplace and foster a closer bond between colleagues.

In compliance with applicable laws and regulations, Medtecs offers employees with professional skills or expertise the opportunity to apply for transfers to technical or consulting positions within the company before or after their retirement, whenever appropriate. These employees can serve as mentors to share their knowledge and experience with the successor team, ensuring a smooth transition. Additionally, front-line employees who have reached the retirement age of 65 may continue working in their original positions based on their physical condition, allowing them to contribute to the company beyond the mandatory retirement age.

Employee benefits	
Supporting benefits	Education bonuses
<ul style="list-style-type: none"> • Marriage allowance • Maternity allowance • Funeral allowance for employees and their families • Hospitalized condolences for work injury 	<ul style="list-style-type: none"> • Tuition assistance for dependent children • Subsidy for further studies
Leisure and recreation	Basic benefits
<ul style="list-style-type: none"> • Group trip • Birthday celebration • Social club activities • Social club benefits 	<ul style="list-style-type: none"> • Cash bonuses disbursed on the three important Chinese festivals • Group accident insurance • Meal and travel allowance • Birthday gift

Employee benefits (Cambodia)	
Leisure and recreation	Basic benefits
<ul style="list-style-type: none"> • Birthday celebration 	<ul style="list-style-type: none"> • Meal and travel allowance

Employee benefits (Philippines)	
Supporting benefits	Education bonuses
<ul style="list-style-type: none"> • Wedding gift / Marriage gift • Dependent funeral allowance • Group accident insurance • Safety shoes / Uniform / Work clothes subsidy • Emergency leave / Emergency event leave • Perfect attendance award / Continuous working award • Medical assistance • Dental subsidy • Sick leave allowance • Annual leave allowance 	<ul style="list-style-type: none"> • Tuition assistance for dependent children • Subsidy for further studies
Leisure and recreation	Basic benefits
<ul style="list-style-type: none"> • Group trip • Birthday celebration • Social club activities • Social club benefits 	<ul style="list-style-type: none"> • Cash bonuses disbursed on the three important Chinese festivals • Group accident insurance • Meal and travel allowance • Birthday gift

Parental leave without pay due to childcare in 2022

Category	Taiwan		Cambodia		Philippines	
	Male	Female	Male	Female	Male	Female
Number of people eligible for parental leave without pay in 2022 (A)	1	5	0	0	148	245
Number of people who applied for parental leave without pay in 2022 (B)	0	2	0	0	7	3
Number of people who should be reinstated from parental leave without pay in 2022 (C)	0	2	0	0	7	3
Number of people who were reinstated from parental leave without pay in 2022 (D)	0	1	0	0	7	3
Number of people who were reinstated from parental leave without pay in 2021 (E)	0	2	0	0	0	3
Number of people who were reinstated from parental leave without pay in 2021 and have worked for a period of one year (F)	0	1	0	0	0	3
Reinstatement rate (%) for those who applied for parental leave without pay in 2022 (D/C)	-	50	-	-	100	100
Retention rate (%) for those who applied for parental leave without pay in 2022 (F/E)	-	50	-	-	-	100

■ Medtecs Pride Month

Lesbian, Gay, Bisexual, Transgender and Queer (“LGBTQ”) Pride Month is celebrated annually, typically in the month of June, to promote diversity and inclusion. At Medtecs, we strive to ensure that all employees and job applicants are treated fairly and that our workforce is representative of all segments of society. To show our commitment to fostering a supportive and inclusive culture, on June 17, 2022, Medtecs' employees dressed in the colour that best represents themselves. We believe individual differences should be recognised and celebrated, and that everyone should be treated with dignity and respect.



PRIDE MONTH
LET'S UPLIFT, EMPOWER AND ENCOURAGE ONE ANOTHER



■ **Go Green for Halloween!**

During the Halloween season, Medtecs organised an engaging Trick-or-Treat activity in the Philippines to bring a festive spirit and a sense of fun to the office environment. This event was designed to promote teamwork, camaraderie, and a playful atmosphere among employees.



In Taipei, to prevent wasteful and promote sustainable practices, we handed out expired coveralls to employees and held a contest for each department to create the most creative and sustainable costume. The employees were encouraged to wear their own designs to work for Halloween. Not only did the event save costs and resources, it also showed Medtecs' commitment to protect the environment.



■ **Boho Beautiful Annual Party**

On December 23, 2022, we invited all employees from the Taipei office to a Bohemian-themed annual party. The party committee went above and beyond to create a series of games that guaranteed a fantastic time.

The night began with "You Say I Guess", a game that put our employees' language and listening skills to the test as they try guess the everyday objects described by their teammates—in Taiwanese! Just when they thought it could not get worse, the



committee introduced the "Naming Your Colleagues" game. It was a hilarious sight watching everyone struggle to recall the Chinese names of their buddies at work. When the party was over, our bellies were stuffed with delicious food, and our hearts filled with joy and warmth.



5.4 Occupational Safety and Health

Material Topic: Occupational Safety and Health (GRI 403: Occupational Health and Safety)	
Importance of the topic	Employee health and safety are crucial to the Company's productivity, efficiency, and competitiveness. By continuously improving and strengthening safety management systems, conducting risk assessments, providing training and education, and understanding employee needs, a stable, safe, and healthy work environment can be established. This helps to increase employee job satisfaction and happiness, promote work engagement and initiative, and enhance the Company's overall competitiveness and sustainable development capabilities.
Policies/ Strategies	Each operating base has an Occupational Safety and Health Committee, which holds regular meetings to provide comprehensive occupational safety and health education and training, and to maintain a safe and healthy working environment.
Goals and targets	<ul style="list-style-type: none"> • All types of testing comply with standards. • Risk assessments are conducted annually and improvements are made accordingly. • Occupational accidents are decreasing year by year. • Short-term goal: No work-related accidents. • Mid-term goal: No work-related accidents. • Long-term goal: No more than 1 work-related accident.
Management evaluation mechanism	The Company's Occupational Safety and Health Committee evaluates various aspects and strives to make improvements to provide the most comfortable environment for employees.
Performance and adjustments	<ul style="list-style-type: none"> • The Company conducts health check-ups for front-line employees, and there are no harmful situations found. • The Company has established a 5S activity promotion team to communicate with the Company through 5S activities in a two-way manner. • Occupational safety and health information and education and training are announced and provided on a monthly basis.
Preventive or remedial measures	Although the Company conducts risk assessments annually, if any related incidents occur, the Company will thoroughly investigate the case in accordance with laws and regulations to ensure that the incident is handled in the most appropriate manner.

To safeguard the health and safety of employees' work environment, although the Group does not have a job safety management system, each subsidiary has an Occupational Safety and Health Committee that regularly holds meetings and actively implements occupational safety and health policies. We have developed occupational safety and health management plans for factories and offices in various operating facilities, including maternal health protection program, abnormal workload-induced disease prevention and management program, and human factor hazard prevention program, to create a "zero-hazard" working environment. At the same time, we carry out comprehensive training to ensure that employees can work in a healthy and safe workplace. The workers covered by the Group's Occupational Safety and Health Committee include all employees of Medtecs, without excluding specific workers.

In terms of safety, each operating base has a business continuity plan in place and conducts regular disaster prevention and evacuation drills to ensure that all employees can correctly and quickly evacuate and take preventive measures in the event of natural disasters such as earthquakes, storms, and infectious diseases. In terms of health, each operating base

regularly conducts various tests on water dispensers, implements regular environmental disinfection during the pandemic, promotes COVID-19 vaccination for employees and keeps records, creating a reassuring working environment that allows employees to focus more on their work.

Occupational safety and health management and implementation results - Xiangshan factory in Miaoli			
Name of program	Program content	Implementation status	Follow-up action
Maternal health protection program	We prioritise the health and well-being of its female employees, particularly during the period from pregnancy to one year after delivery. During this time, the Group provides comprehensive support, including hazard assessment and control, consultations with physicians, risk classification management, appropriate work arrangements, and other related measures. These initiatives are aimed at ensuring a safe and supportive work environment for female employees during this important phase of their lives.	No cases were reported in 2022.	Conduct interviews and follow-up on maternal protection cases.
Abnormal workload-induced disease prevention and management program	To prevent Medtecs' employees from developing diseases due to abnormal workloads, health management measures are provided for abnormal workloads that may induce diseases such as shift work, night work, and long working hours. This is to prevent workers from suffering from brain and cardiovascular diseases due to excessive work, and to achieve the purpose of early detection and treatment, ensuring the physical and mental health of workers.	High risk: 0 people. Moderate risk: 11 people, given health guidance, and re-evaluated after six months. Low risk: 53 people, given health guidance.	Continuously conduct interviews with the low and moderate-risk population.
Human factor hazard prevention program	To prevent workers in the factory from developing work-related musculoskeletal injuries and diseases caused by human factor hazards resulting from repetitive work, inappropriate hardware design of the working environment, poor posture, or excessively long working hours, relevant improvement measures will be formulated.	Interview and guidance were arranged for a total of 6 people with a score of more than 3 points.	Continue to monitor and offer care.

■ Workplace Hazard Control

Health, safety and the environment in the workplace is a responsibility we share with our customers and Medtecs must ensure that it has taken all reasonable steps to protect workers from injury and illness and to help raise awareness of safety. In an emergency situation, effective and appropriate actions must be taken quickly to minimize the impact on life, property, production and corporate image. We carry out the following hazard controls in the workplace:

1. Engineering controls: e.g. earth fault circuit breakers, machine guarding, safety interlocks.
2. Administrative controls: work procedures, safe working practices, rules.
3. PPE: ear plugs, face shields and chemical resistant gloves.
4. Accident investigation: We conduct a reasonable investigation to determine the cause of the accident and analyse the future control measures required to prevent a recurrence.
5. Emergency action plans and fire-fighting procedures have been established to ensure the safety of employees. Multiple plans are visibly posted in each work area, indicating the precise locations of emergency exits, fire-fighting equipment, medicine cabinets, and contact information for emergency personnel. Furthermore, standardised operating procedures (“**SOPs**”) are in place to guide employees on how to respond during various types of emergencies or disasters. These measures are implemented to prioritise the well-being and safety of everyone in the workplace.

By implementing appropriate hazard controls, we can reduce potential risks that may exist in the workplace. We also conduct regular health and safety inspections and practice hazard control through the process of hazard identification, assessment, and control. We ensure that the hazard control measures being implemented are being used correctly.

The Administrative Management Department of each operating base takes responsibility for conducting regular inspections of office work areas to ensure the safety and functionality of equipment. This includes assessing lighting conditions, drinking water quality, indoor temperature, and air quality. During the pandemic, the Group has implemented and adjusted epidemic prevention measures as necessary, providing free protective equipment such as protective clothing, hats, shoe covers, masks, and alcohol disinfectant dispensers to employees based on their needs. Each subsidiary's office follows local laws and regulations by implementing measures such as split operations, flexible working hours, and work-from-home arrangements. Emergency evacuation and fire drills are regularly conducted to ensure employee safety, and frontline employees undergo annual health check-ups. These health check-ups are available to all employees covered under hospital leasing contracts and staff working at various laundry factories in the region.

In addition, the Group has established a 5S activity promotion team in its Taipei office, which reviews and summarises the implementation status of each operating base every month and promotes specific occupational safety and health actions as well as education and training. This is to help employees better understand relevant issues and take preventive measures.

■ Workplace Hazard Control

Employees of the Company should receive relevant occupational safety and health education and training. The education and training conducted during the reporting period are as follows:

Occupational safety and health education and training	
Name of the training	Number of people who received the training
Occupational injury prevention education and training (Longde factory)	33
Energy-saving activity education and training (Longde factory)	33
Identification, prevention, and remediation of work-related injury risks (Ironing operation) (Longde factory)	30
Identification, prevention, and remediation of work-related injury risks (Electrical safety) (Longde factory)	34
Identification, prevention, and remediation of work-related injury risks (Heat stress) (Longde factory)	32
Identification, prevention, and remediation of work-related injury risks (Washing and drying operation) (Longde factory)	30
Firefighting system usage (Fire extinguisher operation) (Longde factory)	33
Firefighting system usage (Fire hydrant operation) (Longde factory)	31
Identification, prevention, and remediation of work-related injury risks (Dangerous equipment usage demonstration) (Longde factory)	33
Identification, prevention, and remediation of work-related injury risks (Hospital inspection checklist discussion) (Longde factory)	32
Infection control education and training - 1st half of the year (Xiangshan factory)	118
Self-defense firefighting team training - 1st half of the year (Xiangshan factory)	12
Infection control education and training - 2nd half of the year (Xiangshan factory)	114
Self-defense firefighting team training - 2nd half of the year (Xiangshan factory)	13
Notes:	
1. This includes both employees and non-employees whose work and/or workplace are under the control of the organisation.	
2. Non-employees whose work and/or workplace are under the control of the organisation, such as security personnel, cleaning staff, construction workers, etc. (contractors or outsourced personnel).	
3. The occupational safety and health-related education and training mentioned here include general training or training specifically for particular occupational hazards or dangerous situations.	

■ Occupational Injuries and Diseases

In the past three years, the Group has identified the main cause of work-related injuries in its subsidiary in Cambodia to be improper use of machinery, resulting in 26 minor work-related injuries. In 2022, there were three work-related accidents reported at the Bataan factory in the Philippines, including sewing needle injuries to fingers and foot injuries caused by a cart. Fortunately, there were no major work-related injuries recorded. Following these accidents, the relevant personnel within the organisation conducted review meetings to analyse the root causes and implement preventive measures. Immediate improvements were made, including the procurement of protective eyewear,

installation of additional protective equipment, and provision of training for employees. Furthermore, warning labels were prominently displayed on other high-risk machinery to enhance safety awareness and prevent similar accidents from occurring in the future.

Job duties of the labour safety personnel in Medtecs	
1	Formulating occupational hazard prevention and emergency response plans and guiding relevant departments to implement them
2	Planning and supervising occupational safety and health audits and management in various departments
3	Planning and supervising safety and health facility inspections
4	Planning and supervising related personnel to implement inspection, regular checks, key checks, hazard education, and workplace measurements
5	Planning and implementing occupational safety and health education and training
6	Planning and implementing worker health checkups and health management
7	Supervising the investigations, statistics, and analyses of occupational accidents, injuries, disabilities, and deaths
8	Implementing safety and health performance management assessments and providing occupational safety and health consulting services
9	Providing occupational safety and health management related information and recommendations
10	Other matters related to occupational safety and health management

The following tables show the occupational injuries of employees in each of the Group's manufacturing facilities. There were no occupational injuries for non-employee workers, and neither employees nor non-employee workers had any occupational diseases. Most of the occupational injuries suffered by employees were due to careless operation. In the future, we will place more emphasis on education and training for equipment operation, as well as on the procedures for handling injury incidents, reducing the potential harm to our employees.

Statistics of occupational injuries for employees in Taiwan				
Category	Item	2020	2021	2022
Total working hours	Female total working hours	380,256	408,040	439,410
	Male total working hours	257,370	283,256	277,985
	Total working hours	637,626	691,296	717,395
Number of fatalities caused by occupational injuries	Number of female deaths	0	0	0
	Number of male deaths	0	0	0
	Total number of deaths	0	0	0
Number of severe occupational injuries (excluding fatalities)	Number of female severe occupational injuries	0	0	0
	Number of male severe occupational injuries	0	0	0
	Total number of severe occupational injuries	0	0	0

Recordable occupational injuries (including fatalities and severe injuries)	Number of female occupational injuries	2	1	3
	Number of male occupational injuries	1	1	1
	Total number of occupational injuries	3	2	4
Fatality rate caused by occupational injuries (%)		0	0	0
Severe occupational injury rate (%)		0	0	0
Recordable occupational injury rate (%)		4.7	2.89	5.58

Notes:

1. Fatality rate caused by occupational injuries = (Number of fatalities caused by occupational injuries / Total working hours) * 1,000,000
2. Severe occupational injury rate = (Number of severe occupational injuries (excluding fatalities) / Total working hours) * 1,000,000
3. Recordable occupational injury rate = (Recordable occupational injuries (including fatalities and severe injuries) / Total working hours) * 1,000,000
4. Severe occupational injuries refer to occupational injuries that cannot recover within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.
6. The difference in the number of occupational injury cases between this report and previous reports is due to a different interpretation of the definition of occupational injuries by the Company this year. Therefore, historical data has been adjusted accordingly.

Statistics of occupational injuries for employees in Cambodia				
Category	Item	2020	2021	2022
Total working hours	Female total working hours	558,005,760	450,912,000	287,364,000
	Male total working hours	101,687,040	85,008,000	53,292,960
	Total working hours	659,692,800	535,920,000	340,656,960
Number of fatalities caused by occupational injuries	Number of female deaths	0	0	0
	Number of male deaths	0	0	0
	Total number of deaths	0	0	0
Number of severe occupational injuries (excluding fatalities)	Number of female severe occupational injuries	0	0	0
	Number of male severe occupational injuries	0	0	0
	Total number of severe occupational injuries	0	0	0
Recordable occupational injuries (including fatalities and severe injuries)	Number of female occupational injuries	8	6	4
	Number of male occupational injuries	5	10	3
	Total number of occupational injuries	13	16	7
Fatality rate caused by occupational injuries (%)		0	0	0
Severe occupational injury rate (%)		0	0	0
Recordable occupational injury rate (%)		0.02	0.03	0.02

Notes:

1. Fatality rate caused by occupational injuries = (Number of fatalities caused by occupational injuries / Total working hours) * 1,000,000
2. Severe occupational injury rate = (Number of severe occupational injuries (excluding fatalities) / Total working hours) * 1,000,000

3. Recordable occupational injury rate = (Recordable occupational injuries (including fatalities and severe injuries) / Total working hours) * 1,000,000
4. Severe occupational injuries refer to occupational injuries that cannot recover within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.
6. The difference in the number of occupational injury cases between this report and previous reports is due to a different interpretation of the definition of occupational injuries by the Company this year. Therefore, historical data has been adjusted accordingly.

Statistics of occupational injuries for employees in the Philippines				
Category	Item	2020	2021	2022
Total working hours	Female total working hours	968,840	879,000	574,280
	Male total working hours	756,840	658,664	543,808
	Total working hours	1,725,680	1,537,664	1,118,088
Number of fatalities caused by occupational injuries	Number of female deaths	0	0	0
	Number of male deaths	0	0	0
	Total number of deaths	0	0	0
Number of severe occupational injuries (excluding fatalities)	Number of female severe occupational injuries	0	0	0
	Number of male severe occupational injuries	0	0	0
	Total number of severe occupational injuries	0	0	0
Recordable occupational injuries (including fatalities and severe injuries)	Number of female occupational injuries	0	2	1
	Number of male occupational injuries	0	3	2
	Total number of occupational injuries	0	5	3
Fatality rate caused by occupational injuries (%)		0	0	0
Severe occupational injury rate (%)		0	0	0
Recordable occupational injury rate (%)		0	3.5	2.68

Notes:

1. Fatality rate caused by occupational injuries = (Number of fatalities caused by occupational injuries / Total working hours) * 1,000,000
2. Severe occupational injury rate = (Number of severe occupational injuries (excluding fatalities) / Total working hours) * 1,000,000
3. Recordable occupational injury rate = (Recordable occupational injuries (including fatalities and severe injuries) / Total working hours) * 1,000,000
4. Severe occupational injuries refer to occupational injuries that cannot recover within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.

6. Community Empowerment



As the world’s leading manufacturer of PPE, Medtecs is committed to the core value of bettering the world’s health for everyone, everywhere. We continue to donate and volunteer our services, actively fulfilling our corporate social responsibility.

As the world gradually develops into “coexisting with the COVID-19 virus”, PPE has become a daily necessity for people. While we are committed to providing high-quality products, we also donate a large amount of pandemic prevention supplies to domestic and foreign units to jointly fight against the pandemic. In response to the rising awareness of environmental protection, Medtecs not only invites various NGO to hold internal seminars, but also encourages employees to participate in volunteer services, taking practical actions to contribute to the earth and the environment.

Cash donation through community involvement as a percentage of net profit after tax for the last three years

Unit: USD

Year	Cash contribution through community involvement	As a percentage of net profit after tax
2020	1,466,430	1.11%
2021	1,185,650	7.19%
2022	61,714	-0.21%

Community engagement and investment in 2022

Unit: USD

Type	Amount invested
Supply donations	55,390
Cash donations	6,023
Administrative expenses	0
Volunteer costs	301
Total	61,714

Note: Volunteer cost are estimated based on the hours volunteered

Supply Donations in 2022

In July 2022, Medtecs launched an official medical supply donation program. This program allows entities in need of infectious disease prevention supplies to apply for the needed items through our website. As part of this initiative, the Mountain Social Medical Service Team of Taipei Medical University received supplies from Medtecs, which were then distributed to remote areas in need, contributing to the ongoing efforts in the fight against the pandemic. Throughout the year, the Group continued its commitment to donating face masks, PPE, and other supplies to various government agencies, schools, and social welfare institutions. Furthermore, in support of the resumption of domestic and international sports events, Medtecs donated pandemic prevention supplies such as antiviral sprays, CoverU jackets, and PPE kits to organisations including the Chinese Taipei Olympic Committee, Chinese Taipei

Tug of War Association, Taiwan Jiu-Jitsu Federation, and Chinese Taipei Association of Ultrarunners. These donations aimed to ensure the safety of athletes during competitions.

- In January 2022, Medtecs donated 6,000 children's face masks to the Tzih Huai Social Welfare Foundation and also purchased 100 copies of the "Little Rose" picture book. Under the invitation of the Social Affairs Department of the Taitung County Government, the Foundation brought the picture books to rural elementary schools in Taitung for storytelling promotion, with the hope of cultivating children's kindness and good behavior through educational outreach.
- In February, June, and December of 2022, a total of 2,200 face masks, 500 boxes of face masks, 50 bottles of antiviral spray, and 40 packs of alcohol wipes were donated to institutions in the Changhua, Nantou, Yilan, Hualien, and Taitung areas in Taiwan through the Eden Social Welfare Foundation. The donations aimed to assist social welfare units in caring for those who were in need during the pandemic and meeting the huge demand for emergency supplies, while safeguarding the health of frontline workers. During the holiday season, Christmas-themed face masks were donated to the Eden Kaohsiung Yanchao Home to celebrate the holiday season through warmth and care.
- In June 2022, Medtecs made a donation of 20,660 face masks to support Chinese Taipei athletes participating in the Birmingham 2022 World Games, with the hope of bringing glory to the country. In September, 300 boxes of HEPA masks, 300 packs of alcohol wipes, and 300 boxes of antiviral spray were donated for the Jinyuan Cup Jiu-Jitsu Championship, and the CEO also attended the event as a guest presenter to show Medtecs' determination to support sports events. In November of the same year, 30 PPE kits were donated for the first time to the athletes attending the Jeju International Marathon in South Korea. The kits included a Lite spray bottle, HEPA masks, and high-performance antibacterial wipes, wishing the athletes a safe and successful competition.



- In June 2022, we donated 11,200 adult face masks and 11,200 children's face masks to the Taitung County Government. By providing the most basic and essential pandemic prevention supplies – face masks, we hoped to help Taitung, which had limited resources during the pandemic, to reduce the risk of severe illness.

- In June and December of 2022, we donated a total of 836 boxes of face masks, 1,000 face masks, 1,000 packs of alcohol wipes, and 660 bottles of antiviral spray to World Vision. Medtecs continued its donation of pandemic prevention supplies for three consecutive years, helping the disadvantaged families most impacted by the pandemic.
- In June 2022, the Group launched the "Medtecs Can Help" donation program, with the Mountain Social Medical Service Team of Taipei Medical University being the first recipient. Medtecs donated PPE worth over NT\$ 100,000, including 240 bottles of antiviral spray, 319 packs of alcohol wipes, 6,130 face masks, 2,500 children's face masks, and 720 N95 masks. These donations aimed to support volunteer medical consultation services and recreational activities for elementary school students in Ren'ai Township, Nantou County. The objective was to provide tangible support to remote areas and other units facing resource constraints, and to collaborate in overcoming the challenges posed by the pandemic.



- In July 2022, Medtecs donated 5,000 face masks to the Hsinchulun Association to help the homeless and disabled, who rely on street vending for their livelihood even during the pandemic. With donation, Medtecs showed care for the disabled community and provided them with basic safety protection.
- In July 2022, Medtecs donated 2,500 children's face masks to the Huimin Qizhi Center, a Catholic charity organisation in Penghu County, which was the only center providing day care for disabled people in Penghu. Medtecs hoped to provide immediate support to units with a lack of medical capacity and help them overcome the pandemic.
- In July 2022, Medtecs made a donation to the Derlan Special School in Tainan, providing 500 face masks, 1,000 children's face masks, and 50 packs of alcohol wipes. The Derlan Special School is dedicated to caring for children with developmental delay and providing employment counseling for people with disabilities. The donation from Medtecs was greatly appreciated as it helped create a safer environment for those in need.
- In August 2022, Medtecs donated 4,500 face masks to the Miracle Home Sisters of Providence in New Taipei City. The donation aimed to provide care and support to

economically disadvantaged, elderly, and isolated individuals, and dedicate to community services. During the pandemic, there was an even greater need for the support of PPE, and Medtecs hoped that its donation of face masks can improve the basic protection of those in need.

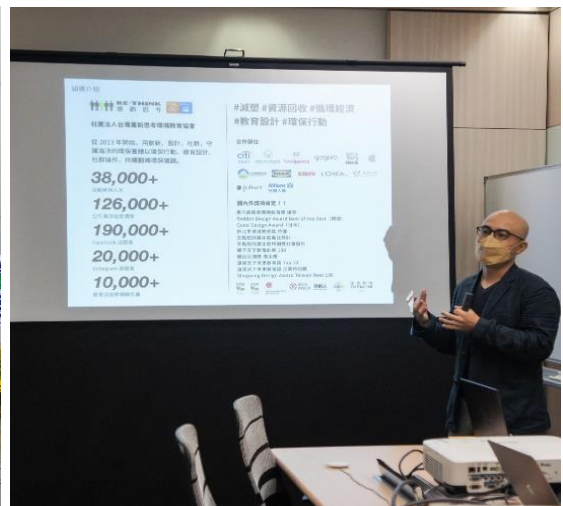
- In Cambodia: Throughout 2022, Medtecs continued to donate goods with a total of 64,000 face masks, goods worth US\$ 950, and US\$ 4,300 in cash.
- In the Philippines: Medtecs donated 2,900 boxes of face masks worth of almost ₱ 800,000 and ₱ 96,000 in cash. 21,000 face masks were donated especially to the province of Bataan.



Public Welfare Activities in 2022

Starting in July 2022, the Group implemented a policy to provide each employee with one day of volunteer time off per quarter, encouraging them to actively participate in community service. On December 16, 2022, the Company collaborated with the Taiwan Organic Lifestyle and Environmental Education Association to organize a company-wide mountain cleanup event, aimed at promoting health and environmental awareness. With guidance from the association, Medtecs employees successfully collected 42.5kg of garbage in just one hour, demonstrating their commitment to environmental stewardship.

In addition, the Group collaborated with non-profit organisations, such as Taiwan RE-THINK Environmental Education Association and Greenpeace, to provide educational lectures on environmental conservation, climate change, and healthy eating. These lectures aimed to instil a strong sense of sustainable environmental protection among our employees.



Furthermore, the Group extended its philanthropic efforts beyond domestic initiatives and partnered with overseas charitable organizations to donate supplies. For instance, during Christmas, Medtecs' subsidiary in the Philippines organised the "Christmas Shoebox Gift" event. Employees in the Philippines transformed shoeboxes into unique gift boxes and filled them with stationery and daily necessities. A total of 200 gift boxes were donated to children from disadvantaged families in the local community, spreading joy and support during the holiday season.

Statistics of Medtecs' donations in 2022



Appendix

Appendix 1: GRI Content (GRI Standards) Index

Statement of use	Medtecs International Corporation Limited has reported, in accordance with GRI Standards, the information in the GRI Content Index covering the period from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Application GRI sector standards	N/A

GRI Standards category/topic	Index	GRI Standards disclosure	Corresponding section in the report	Page number	Omission /Remark
1. The organisation and its reporting practices					
GRI 2: General Disclosures 2021	2-1	Organisational details	1.1 About Medtecs	7	
	2-2	Entities included in the organisation's sustainability reporting	About this Report	3	
	2-3	Reporting period, frequency and contact point	About this Report	3	
	2-4	Restatements of information	About this Report	3	
	2-5	External assurance	About this Report	3	
2. Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	1.1 About Medtecs	7	
	2-7	Employees	5.1 Talent Recruitment and Retention	78	
	2-8	Workers who are not employees	5.1 Talent Recruitment and Retention	78	
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	2.1 Corporate Governance	21	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	21	
	2-11	Chair of the highest governance body	2.1 Corporate Governance	21	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance	21	
	2-13	Delegation of responsibility for managing impacts	2.1 Corporate Governance	21	
	2-14	Role of the highest governance body in sustainability reporting	2.1 Corporate Governance	21	
	2-15	Conflicts of interest	2.1 Corporate Governance	21	
	2-16	Communication of critical concerns	2.1 Corporate Governance	21	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	21	

GRI Standards category/topic	Index	GRI Standards disclosure	Corresponding section in the report	Page number	Omission /Remark
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	21	
	2-19	Remuneration policies	2.1 Corporate Governance	21	
	2-20	Process to determine remuneration	2.1 Corporate Governance	21	
	2-21	Annual total compensation ratio	5.2 Salaries and Training	79	
4. Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the Chairman	1	
	2-23	Policy commitments	1.2 Sustainable Development Strategy and Commitment	10	
	2-24	Embedding policy commitments	1.2 Sustainable Development Strategy and Commitment	10	
	2-25	Processes to remediate negative impacts	1.2 Sustainable Development Strategy and Commitment	10	
	2-26	Mechanisms for seeking advice and raising concerns	2.5 Integrity Management and Regulatory Compliance	41	
	2-27	Compliance with laws and regulations	2.5 Integrity Management and Regulatory Compliance	41	
	2-28	Membership associations	1.1 About Medtecs	7	
5. Stakeholder engagement					
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	1.3 Stakeholder Engagement	13	
	2-30	Collective bargaining agreements	5.2 Salaries and Training	79	
GRI 200: Material Topics - Economic					
Anti-Corruption					
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	2.5 Integrity Management and Regulatory Compliance	41	
Anti-Competitive Behaviour					
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti- competitive behaviour, anti-trust, and monopoly practices	2.5 Integrity Management and Regulatory Compliance	41	
GRI 400: Material Topics - Social					

GRI Standards category/topic	Index	GRI Standards disclosure	Corresponding section in the report	Page number	Omission /Remark
Employment					
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Employee Benefits	87	
	401-3	Parental leave	5.3 Employee Benefits	87	
Non-Discrimination					
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	2.5 Integrity Management and Regulatory Compliance	41	
Child Labour					
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	2.5 Integrity Management and Regulatory Compliance	41	
Forced or Compulsory Labour					
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	2.5 Integrity Management and Regulatory Compliance	41	
Supplier Social Assessment					
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.5 Sustainable Supply Chain	56	
	414-2	Negative social impacts in the supply chain and actions taken	3.5 Sustainable Supply Chain	56	
Customer Privacy					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6 Customer Relations	62	

Material Topic Disclosure

GRI Standards	Issue	Sector standards	Index	GRI Standards disclosure	Corresponding section in the report	Page number	Omission/ Remark
GRI 3: Material Topics 2021	Management policy	-	3-1	Process to determine material topics	1.4 Identification of Material Topics	15	
GRI 3: Material Topics 2021	Management policy	-	3-2	List of material topics	1.4 Identification of Material Topics	15	
Material Topic: Operational Performance (GRI 201: Economic Performance)							
GRI 3: Material	Operational performance	-	3-3	Management of material topics	2.2 Operational Performance	27	

Topics 2021	Management policy						
GRI 201	Economic performance Topic disclosure 2016	-	201-1	Direct economic value generated and distributed	2.2 Operational Performance	27	
			201-2	Financial implications and other risks and opportunities due to climate change	2.4 Climate-Related Financial Risks	36	
			201-3	Defined benefit plan obligations and other retirement plans	5.3 Employee Benefits	87	
			201-4	Financial assistance received from government	2.2 Operational Performance	27	
Material Topic: Product Safety (GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling)							
GRI 3: Material Topics 2021	Product safety Management policy	-	3-3	Management of material topics	3.4 Product Labeling and Sales Responsibility	54	
GRI 416	Customer Health and Safety Topic disclosure 2016	-	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Quality Management	48	
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.4 Product Labeling and Sales Responsibility	54	
GRI 417	Marketing and labeling Topic disclosure 2016	-	417-1	Requirements for product and service information and labeling	3.4 Product Labeling and Sales Responsibility	54	
			417-2	Incidents of non-compliance concerning product and service information and labeling	3.4 Product Labeling and Sales Responsibility	54	
			417-3	Incidents of non-compliance concerning marketing communications	3.4 Product Labeling and Sales Responsibility	54	
Material Topic: Sustainable supply chain (GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment)							
GRI 3: Material	Sustainable supply chain	-	3-3	Management of material topics	3.5 Sustainable Supply Chain	56	

Topics 2021	Management policy						
GRI 204	Procurement practices Topic disclosure 2016	-	204-1	Proportion of spending on local suppliers	3.5 Sustainable Supply Chain	56	
GRI 308	Supplier environmental assessment Topic disclosure 2016	-	308-1	New suppliers that were screened using environmental criteria	3.5 Sustainable Supply Chain	56	
		-	308-2	Negative environmental impacts in the supply chain and actions taken	3.5 Sustainable Supply Chain	56	
Material Topic: Environmental Protection (GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Waste)							
GRI 3: Material Topics 2021	Environmental protection Management policy	-	3-3	Management of material topics	4. Sustainable Environment	64	
GRI 302	Energy Topic disclosure 2016	-	302-1	Energy consumption within the organisation	4.1 Energy Management	65	
		-	302-2	Energy consumption outside of the organisation	4.1 Energy Management	65	
		-	302-3	Energy intensity	4.1 Energy Management	65	
		-	302-4	Reduction of energy consumption	4.1 Energy Management	65	
		-	302-5	Reductions in energy requirements of products and services	4.1 Energy Management	65	
GRI 303	Water and effluents Topic management disclosure 2018	-	303-1	Interactions with water as a shared resource	4.2 Water Resources Management	71	
		-	303-2	Management of water discharge-related impacts	4.2 Water Resources Management	71	
	Water and effluents Topic disclosure 2018	-	303-3	Water withdrawal	4.2 Water Resources Management	71	
		-	303-4	Water discharge	4.2 Water Resources Management	71	
		-	303-5	Water consumption	4.2 Water Resources Management	71	
GRI 305	Emission Topic disclosure	-	305-1	Direct (Scope 1) GHG emissions	4.1 Energy Management	65	

	2016	-	305-2	Energy indirect (Scope 2) GHG emissions	4.1 Energy Management	65	
		-	305-3	Other indirect (Scope 3) GHG emissions	4.1 Energy Management	65	
		-	305-4	Emissions intensity	4.1 Energy Management	65	
		-	305-5	Reduction of GHG emissions	4.1 Energy Management	65	
		-	305-6	Emissions of ozone-depleting substances (ODS)	4.1 Energy Management	65	
		-	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	4.1 Energy Management	65	
GRI 306	Waste Topic management disclosure 2020	-	306-1	Waste generation and significant waste-related impacts	4.3 Waste Management	74	
		-	306-2	Management of significant waste-related impacts	4.3 Waste Management	74	
	Waste Topic disclosure 2020	-	306-3	Waste generated	4.3 Waste Management	74	
		-	306-4	Waste diverted from disposal	4.3 Waste Management	74	
		-	306-5	Waste directed to disposal	4.3 Waste Management	74	
	Wastewater and waste Topic disclosure 2016	-	306-3 (2016)	Significant spills	4.3 Waste Management	74	None
Material Topic: Employee Competency Development (GRI 404: Training and Education)							
GRI 3: Material Topics 2021	Employee competency training Management policy	-	3-3	Management of material topics	5.2 Salaries and Training	79	
GRI 404	Training and education Topic disclosure 2016	-	404-1	Average hours of training per year per employee	5.2 Salaries and Training	79	
		-	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Salaries and Training	79	
		-	404-3	Percentage of employees receiving regular performance and career	5.2 Salaries and Training	79	

				development reviews			
Material Topic: Occupational Health and Safety (GRI 403: Occupational Health and Safety)							
GRI 3: Material Topics 2021	Occupational safety and health Management policy	-	3-3	Management of material topics	5.4 Occupational Safety and Health	92	
GRI 403	Occupational safety and health Topic management disclosure 2018	-	403-1	Occupational health and safety management system	5.4 Occupational Safety and Health	92	
		-	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Safety and Health	92	
		-	403-3	Occupational health services	5.4 Occupational Safety and Health	92	
		-	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Safety and Health	92	
		-	403-5	Worker training on occupational health and safety	5.4 Occupational Safety and Health	92	
		-	403-6	Promotion of worker health	5.4 Occupational Safety and Health	92	
		-	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational Safety and Health	92	
	Occupational safety and health Topic disclosure 2018	-	403-8	Workers covered by an occupational health and safety management system	5.4 Occupational Safety and Health	92	
		-	403-9	Work-related injuries	5.4 Occupational Safety and Health	92	
		-	403-10	Work-related ill health	5.4 Occupational Safety and Health	92	

Appendix 2: SASB Content Index

Industry: Medical Device Supplier					
Topic of disclosure	Code	Accounting metric(s)	Nature	Corresponding section in the report	Page number
Affordability & Pricing	HC-MS-240a.1	Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index	Quantitative	2.2 Operational Performance	27
	HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	Discussion and Analysis		27
Product Safety	HC-MS-250a.1	Number of recalls issued, total units recalled	Quantitative	3.2 Quality Management	48
	HC-MS-250a.2	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	Discussion and Analysis	N/A	
	HC-MS-250a.3	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	Quantitative		
	HC-MS-250a.4	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Quantitative		
Ethical Marketing	HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Quantitative		3.4 Product Labeling and Sales Responsibility
	HC-MS-270a.2	Description of code of ethics governing promotion of off label use of products	Discussion and Analysis	N/A	
Product Design & Lifecycle	HC-MS-410a.1	Discussion of process to assess	Discussion and Analysis	3.3 Medical Device Risk Management	51

Management (PDLM)		and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products			
	HC-MS-410a.2	Total amount of products accepted for takeback and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies	Quantitative	3.5 Sustainable Supply Chain	56
Supply Chain Management	HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	Quantitative	3.2 Quality Management	48
	HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Discussion and Analysis	3.3 Medical Device Risk Management	51
	HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Discussion and Analysis		51
Business Ethics	HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	2.5 Integrity Management and Regulatory Compliance	41
	HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Discussion and Analysis		41

Appendix 3: Climate-related Information of Listed Companies

(For more information, please refer to the independent climate-related financial disclosure report issued by Medtecs Group)

Item	Corresponding section in the report	Page number
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	2.4 Climate-Related Financial Risks	36
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	2.4 Climate-Related Financial Risks	36
3. Describe the financial impacts of extreme weather events and transformation actions.	2.4 Climate-Related Financial Risks	36
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	2.4 Climate-Related Financial Risks	36
5. If scenario analysis is used to evaluate resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.	2.4 Climate-Related Financial Risks	36
6. If there is a transformation plan to manage climate-related risks, describe the plan, indicators, and targets used to identify and manage physical and transition risks.	2.4 Climate-Related Financial Risks	36
7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.	2.4 Climate-Related Financial Risks	36
8. If climate-related goals are set, describe the activities, GHG emissions scope, planning period, annual progress, and, if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, explain the source and quantity of carbon offsets or RECs.	2.4 Climate-Related Financial Risks	36
9. Inventory and verification of GHG emissions.	4.1 Energy Management	65

Appendix 4: Limited Assurance Report

Independent Limited Assurance Report Statement

To the Management of
Medtecs International Corporation Limited

1. Scope

Ernst & Young (“We”) was engaged by Medtecs International Corporation Limited (“Medtecs”) to undertake limited assurance over selected sustainability information disclosed within its 2022 Sustainability Report (the “Report”).

Please refer to **Appendix 1** for the selected information and its applicable criteria chosen by Medtecs.

Management’s responsibilities

Management of Medtecs was responsible for the preparation of the Report, including being in accordance to the GRI Standards issued by Global Reporting Initiatives. Further, Medtecs’ management was responsible for establishing, implementing, and maintaining internal controls relevant to the preparation and presentation of the Report during the collection and disclosure of the contents of the Report.

Our responsibility

We planned and conducted our limited assurance engagement in accordance *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by Accounting Research and Development Foundation in Taiwan.

2. Our Approach

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. While we considered the effectiveness of Medtecs’ internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on Medtecs’ internal controls.

To reach a limited assurance conclusion, we performed the following assurance procedures:

- Interviews with Medtecs’ management and employees to gain an understanding of Medtecs’ fulfillment of its corporate social responsibilities and the reporting process;
- Through interviews and inspection of relevant documents to gain an understanding of the expectations and needs of Medtecs’ stakeholders, communication channels between the two parties, and how Medtecs responds to these needs and expectations;
- Performing analytical tests to selected sustainability information in the Report; collecting and evaluating other supporting documents and statements obtained from the management; and if

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- needed, testing such documentations on a sample basis;
- Examining the Report to verify that it is in consistent with our understanding of the overall performance in fulfilling the corporate social responsibilities.

3. Limitations

Due to inherent risks associated with assurance over non-financial information in this Report, including the measurement methods chosen, there could be significant differences in performance assurance. Furthermore, the assurance procedures were conducted on a sample basis and any internal control is subject to inherent limitations, it is possible that fraud, error, or non-compliance may occur and not be detected.

4. Independence and Quality Control

We apply standards of Statements of Auditing Standards No. 46: *Quality Control for Public Accounting Firms* and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance and ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

5. Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Medtecs' Sustainability Report has not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young

KyKy Lin
Partner

Taipei, Taiwan
31 May 2023

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Appendix 1 :

No.	Title	Selected information	Applicable criteria																																																																				
1	Quality Management and Product Labeling Responsibility	<p>There was no violation of "product labeling" related laws and regulations in 2022.</p> <p>Content of Medtecs product label in 2022 We require the following to be clearly marked on the product packaging of all masks and all PPE:</p> <ol style="list-style-type: none"> 1. Product composition and size 2. Certification standards and certification numbers 3. Product instruction 4. Expiration date 5. Caution & warning 6. Contact information. <p>2022 Medtecs Product labeling (in the case of Taiwan and the Philippines)</p> <table border="1"> <thead> <tr> <th>Product name</th> <th>Applicable standard</th> <th>Scope of label</th> </tr> </thead> <tbody> <tr> <td>Surgical mask</td> <td>CNS14774</td> <td>No. 014065, Department of Health, Manufacture of Medical Devices (Import)</td> </tr> <tr> <td>Medical mask</td> <td>CNS14774</td> <td>No. 004175, Department of Health, Manufacture of Medical Devices (Import)</td> </tr> <tr> <td>Camouflage clothing</td> <td>Philippine Military Marking Code</td> <td>Labeling</td> </tr> <tr> <td>Military uniform</td> <td>Philippine Military Marking Code</td> <td>Labeling</td> </tr> </tbody> </table>	Product name	Applicable standard	Scope of label	Surgical mask	CNS14774	No. 014065, Department of Health, Manufacture of Medical Devices (Import)	Medical mask	CNS14774	No. 004175, Department of Health, Manufacture of Medical Devices (Import)	Camouflage clothing	Philippine Military Marking Code	Labeling	Military uniform	Philippine Military Marking Code	Labeling	Statistics on violation of "product labeling" related laws and regulations by Medtecs in 2022.																																																					
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2	Energy Consumption	<p>Historical energy usage Unit: GJ</p> <table border="1"> <thead> <tr> <th>Factory location</th> <th>Energy type</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Taiwan (Xiangshan factory)</td> <td>Electricity</td> <td>6,581</td> <td>6,914</td> <td>6,314</td> </tr> <tr> <td>Coal</td> <td>85,625</td> <td>-</td> <td>-</td> </tr> <tr> <td>Fuel oil</td> <td>2,808</td> <td>807</td> <td>771</td> </tr> <tr> <td>Natural gas</td> <td>10,111</td> <td>67,649</td> <td>63,959</td> </tr> <tr> <td>Total energy use</td> <td>105,125</td> <td>75,370</td> <td>71,044</td> </tr> <tr> <td rowspan="4">Cambodia¹</td> <td>Electricity</td> <td>14,895</td> <td>12,921</td> <td>8,926</td> </tr> <tr> <td>Gasoline</td> <td>23</td> <td>19</td> <td>32</td> </tr> <tr> <td>Diesel fuel</td> <td>694</td> <td>703</td> <td>776</td> </tr> <tr> <td>Natural gas</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td rowspan="5">Philippines²</td> <td>Total energy use</td> <td>15,611</td> <td>13,644</td> <td>9,734</td> </tr> <tr> <td>Electricity</td> <td>8,296</td> <td>4,604</td> <td>5,758</td> </tr> <tr> <td>Coal</td> <td>15,647</td> <td>3,596</td> <td>6,545</td> </tr> <tr> <td>Fuel oil</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Natural gas</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total energy use</td> <td>23,943</td> <td>8,200</td> <td>12,303</td> </tr> </tbody> </table> <p>Note 1: No coal, fuel oil, and natural gas were used in the manufacturing and production processes in Cambodia. Note 2: No fuel oil and natural gas were used in the manufacturing and production processes in Philippines.</p>	Factory location	Energy type	2020	2021	2022	Taiwan (Xiangshan factory)	Electricity	6,581	6,914	6,314	Coal	85,625	-	-	Fuel oil	2,808	807	771	Natural gas	10,111	67,649	63,959	Total energy use	105,125	75,370	71,044	Cambodia ¹	Electricity	14,895	12,921	8,926	Gasoline	23	19	32	Diesel fuel	694	703	776	Natural gas	-	-	-	Philippines ²	Total energy use	15,611	13,644	9,734	Electricity	8,296	4,604	5,758	Coal	15,647	3,596	6,545	Fuel oil	-	-	-	Natural gas	-	-	-	Total energy use	23,943	8,200	12,303	Disclosure of the energy consumed converted into the same unit across Medtecs in 2022.
Factory location	Energy type	2020	2021	2022																																																																			
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No.	Title	Selected information	Applicable criteria									
3	Training and Development	Average training hours of Medtecs employees in each subsidiary Unit: Hours	The ratio of the number of training hours based on gender and rank divided by the total number of employees at the end of the reporting period in Medtecs in 2022.									
		Taiwan										
		Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel		
		Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female	
		Total number of employees		Person	14	4	140	217	107	179	47	42
		Total training hours		Hour	340	142.25	598.25	937.50	193	341	745.25	738.75
		Average total training hours		Hour/person	24.29	35.56	4.27	4.32	1.80	1.91	15.86	17.59
		Cambodia										
		Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel		
		Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female	
		Total number of employees		Person	3	4	465	2,244	326	2,141	142	107
		Total training hours		Hour	31	44	129	402	60	226	100	220
		Average total training hours		Hour/person	10.33	11	0.28	0.18	0.18	0.11	0.70	2.06
		Philippines										
		Item/Category		Managerial position		Non-managerial position		Direct personnel		Indirect personnel		
Unit/Gender	Male	Female	Male	Female	Male	Female	Male	Female				
Total number of employees	Person	20	22	227	241	129	215	118	42			
Total training hours	Hour	74	174	4,350	6,978	2,300	6,608	2,124	544			
Average total training hours	Hour/person	3.70	7.90	19.16	28.95	17.83	30.73	18.00	11.33			
4	Occupational Injury	Number of occupational injuries of Medtecs employees in each subsidiary Unit: Number of people	Gender-based occupational injuries statistics in Medtecs in 2022.									
		Taiwan		Total number								
		Male		1								
		Female		3								
		Philippines		Total number								
		Male		2								
		Female		1								
		Cambodia		Total number								
		Male		3								
		Female		4								

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