

# Corporate Sustainability Report

## 2022



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# 2022 Corporate Sustainable Development Performance List



Axiomtek has no occupational accidents for employees and contractors in 2022



Axiomtek's domestic procurement amount in 2022 was as high as 85%



In 2022, according to the ISO14064-1 standard, complete the greenhouse gas inventory of the Taiwan corporate headquarters



Axiomtek's 9th (2022) Corporate Governance Evaluation Results, ranked among the top 5% of OTC companies and the top 5% of the market value of 5-10 billion dollars for seven consecutive years



# Axiomtek Sustainability Policy

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

Since its establishment, Axiomtek has focused on technology training and long-term corporate development in line with its original intention. At the same time, it has also considered the stakeholders of Axiomtek Group, including employees, customers, shareholders, suppliers, and the society. The sustainable vision of "environmental protection" and "caring for employees and the disadvantaged" has become a model of domestic benchmark enterprises, pursuing sustainable business development.

## **Our vision**

- Benchmark enterprise, sustainable operation

## **Our mission**

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

## **Our Implementation Policy**

- Compliance with corporate governance and integrity management

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

- Caring for Employees and the Vulnerable

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

- Green design products, emphasizing environmental protection

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

# Axiomtek's core concept of sustainable development



- Emphasis on corporate governance, integrity, and honesty.
- Integrity management attaches great importance to the rights and interests of stakeholders.
- Protect customer and transaction data.
- Integrity management, not engaging in illegal transactions.
- Respect and protect intellectual property rights.
- Comply with laws and regulations and protect the rights and interests of employees.
- Flexible working hours, providing a quality working environment.
- Encourage community activities, pay attention to physical and mental health, humanistic care and promotion of arts and culture.
- Supply Chain Management, Banning Hazardous Substances
- Continuous innovation of products, development of green design
- Promote energy conservation and promote the participation of all employees.

## Axiomtek Corporate Sustainability Committee

Axiomtek aims to become a "benchmark enterprise" and "hidden champion" in the industry, and pays attention to the rights and interests of stakeholders. The "Sustainable Development Committee" (hereinafter referred to as the ESG Committee) led by the chairman integrates various internal functional organizations, and has There are 5 working groups including "Environmental Sustainability Group", "CSR Group", "Corporate Governance Group", "Integrity Management Group", and "Risk Management Group".

Each team member manages stakes with customers, suppliers, government, employees, shareholders and the society according to their scope including legal affairs, supply chain management, quality assurance, product development, customer relations, finance, human resources and investor relations, etc. Various issues related to people are systematically implemented in the daily operation of Axiomtek to realize the vision and mission of Axiomtek's sustainable development.

Different stakeholders may have different concerns, and Axiomtek's obligation and responsibility is to respond best to the concerns of stakeholders. Axiomtek has established good communication channels and dedicated personnel who are responsible for listening to the needs of stakeholders and incorporating the feedback information collected through different communication channels into the report for in-depth explanation and reply.

● Sustainability Committee Organization

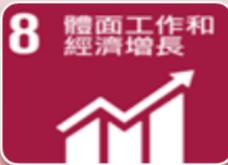


Member	Organizational Function	Stakeholder
<b>Environmental Sustainability Team</b>	1.Environmental policy and management system, pollution prevention and control, energy efficiency, product environmental responsibility, environmental problem management, occupational safety, and health policy management operations. 2.Customer service and satisfaction, reducing the impact of raw materials used on the environment, research and development of green products, product quality and reliability management, and customer relationship management.	Employees, Customers, Society and Suppliers
<b>CSR Team</b>	Responsible for human resources development, human rights management, establishment of a healthy and friendly workplace environment, ecological protection, promotion of art and cultural public welfare activities and care for vulnerable groups.	Employees, Government
<b>Corporate Governance Team</b>	Corporate Governance Management, Financial Information Disclosure, Regulatory Compliance.	Investors, Government
<b>Integrity Management Team</b>	<ol style="list-style-type: none"> <li>Assist in the integration of integrity and moral values into the company's business strategy, and cooperate with the legal system to formulate relevant anti-fraud measures to ensure honest management.</li> <li>Formulate plans to prevent dishonesty, and formulate standard operating procedures and behavior guidelines related to work and business in each plan.</li> <li>Plan the internal organization, staffing and responsibilities, and arrange a mutual supervision check and balance mechanism for business activities with a high risk of dishonest behavior within the business scope.</li> <li>Promote and coordinate integrity policy publicity and training.</li> <li>Plan the reporting system to ensure the effectiveness of implementation.</li> <li>Assist the board of directors and management to check and evaluate whether the preventive measures established in the implementation of integrity management are operating effectively, and regularly evaluate the compliance status of relevant business processes and prepare reports.</li> </ol>	Employees, Customers, Suppliers and Government
<b>Risk Management Team</b>	Responsible for the monitoring and tracking of company-wide risk events.	Employees, Customers, Suppliers and Government

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



Axiomtek's achievements are summarized as follows

	<p><b>3 良好健康與社會福利</b> Good Health and Social Welfare</p> <ul style="list-style-type: none"> <li>• Paid vaccine leave will begin in 2021 and continue through 2022.</li> </ul>
	<p><b>8 體面工作和經濟增長</b> Decent work and economic growth</p> <ul style="list-style-type: none"> <li>• The number of employees hired in 2022 continues to increase.</li> </ul>
	<p><b>11 永續城市</b> Sustainable city</p> <ul style="list-style-type: none"> <li>• Obtained ISO14064-1 certification, effectively manage greenhouse gases, save energy and reduce carbon, love the earth.</li> </ul>
	<p><b>12 責任消費與生產</b> Responsible consumption and production</p> <ul style="list-style-type: none"> <li>• Import ISO14001 environmental management system, fully adopt lead-free process, and reduce waste generation.</li> </ul>
	<p><b>17 全球夥伴</b> Global partner</p> <ul style="list-style-type: none"> <li>• Participate in the sustainable development initiative launched by E.SUN Bank.</li> <li>• Promoting brand globalization and localization through alliances or investing in vertical markets.</li> </ul>

## Integrity management

Code of Ethical Conduct of Axiomtek Co., Ltd.

In order to guide the behavior of the company's directors, managers and all employees to comply with the group's organizational values and moral standards, and to make the company's stakeholders better understand the company's moral standards, it follows the "Listed OTC Companies to Formulate Ethical Code of Conduct" "Reference Example" defines the "Axiomtek Co., Ltd. Ethical Code of Conduct"; and implements the formulated "Axiomtek Co., Ltd. Ethical Code of Conduct" and "Company Integrity Management Code" to ensure the legality of the whistleblower and the counterparty rights and interests, and then formulate the "Code of Reporting Illegal and Immoral or Dishonest Behaviors" for compliance.

In 2021, in response to customer requirements, Axiomtek will introduce the factory audit of the RBA-like CSR management system, and pass the assessment of the third-party certification agency entrusted by the customer. Every year, a 1-hour online course on integrity management/ESG education and training is conducted for all Axiomtek's colleagues and major suppliers in Taiwan.

- **Newcomer Training**

In Axiomtek's general education and training courses for new employees, the general manager or senior executives will personally explain Axiomtek's core concepts to newcomers, so that every Axiomtek employee can understand Axiomtek's beliefs and values from the newcomer stage, and feel The company attaches great importance to and persists in this belief and value.

- **Job Reminder**

Axiomtek has displayed Axiomtek's beliefs and values on the product display corridor of Xizhi headquarters and the reception area at the entrance of the Beitou factory. In addition to constantly promoting and reminding each Axiomtek employee, they should always reflect on themselves and continue to implement Axiomtek's beliefs In addition to values, Axiomtek also announced to important external guests Axiomtek's dedication and persistence in beliefs and values.

- **Supplier Commitment**

In order to establish a pure and honest long-term trading relationship with suppliers, and to jointly pursue the sustainable growth of both parties, all suppliers dealing with Axiomtek must sign the "Axiomtek Integrity Commitment Letter", and once again declare to the suppliers that Axiomtek Perseverance and persistence in beliefs and values.



Management of major issues : Integrity Management	
Item	Summary Description
Issue Impact Boundary	Organization, Suppliers.
Management Mechanism	There are no actual cases and publicity in the complaint mailbox and dedicated telephone line.
2022 Goal	Record online courses and promote them to overseas colleagues of the group.
2022 Results	Completed domestic online course recording, and began to promote to overseas colleagues (Axiomtek China).
2023 Promotion Goals	Complete the English online course and promote it to the group's overseas colleagues and suppliers.
Related Policy	Axiomtek Co., Ltd. Code of Ethical Conduct, Corporate Integrity Management Code, "Code of Reporting Illegal and Unethical or Dishonest Behaviors"

# Axiomtek Beliefs and Values

- Enthusiasm and positive

We love our vision, our purpose, and our commitment to our employees and customers.

- Integrity and honesty

We abide by integrity and pragmatism and implement the business ethics business philosophy and win the trust of customers.

- Innovation value

We focus on developing new products using state-of-the-art technology and customer experience.

- partnership

We are committed to long-term success with our customers, employees, and partners.

- Leadership

Our vision is to always be a leader in the target field.

- Multiple services

We strive to diversify our products and services to meet the needs of the target industries.

## About This Report

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

- Reporting Period and Scope

The disclosure period of this report is from January 1, 2022 to December 31, 2022. The company's practices and performance in corporate governance, corporate commitment, environmental protection and social participation respond to the concerns of stakeholders. The boundaries of Axiomtek's sustainability report only take into account Axiomtek's important operations in Taiwan (Xizhi headquarters, Beitou factory), and additionally disclose some performance data of the offices in Taiwan. Other subsidiaries and offices focus on marketing and business activities and are not currently included in this report. For the identification of material issues of the company and the setting of reporting boundaries, please refer to the chapter "Communication and Response to Stakeholders". The information and data disclosed in this report come from the company's own statistics. The relevant calculation methods and units used are based on internationally accepted calculation methods. The financial data refer to the financial reports verified and certified by accountants. Unless otherwise specified, all are expressed in thousands of NT dollars, and some events or data descriptions are retroactive to previous years for reference.

- Principles of Report Writing

This report is jointly planned by the Company's Sustainability Committee and written in accordance with the Core Option of the GRI Standards issued by the GRI. At the same time, it considers the results of negotiations with stakeholders, as well as issues that may have potential impacts on the company's operations, and identifies major themes related to the company's operating value chain. And according to the management policy of each major theme, the boundary of each theme is discussed and decided, and the GRI Standards index table is provided at the end of the full text for reference.

This report is also one of the transparent channels for the company to negotiate with stakeholders. It is expected to understand each other's efforts and expectations through disclosure, communication and feedback, and continue to move towards a better future.

- Publication

This report is the third sustainability report issued by the company (5 corporate social responsibility reports have been issued before 2020). The company promises that it will continue to publish every year in the future. To implement the sustainable development of the enterprise and implement the paperless policy, the report will be announced in electronic version on the "Corporate Social Responsibility Zone" of the company's website.

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

- Contact Information

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# Letter from the Chairman

The threat of drastic climate change has led to the promotion of sustainable trends from ESG risk management to corporate transformation and adaptability. The EU's Green New Deal is based on the draft Carbon Border Adjustment Mechanism Act. It is scheduled to start in 2023 to standardize the import of high-carbon emission products into the EU. Carbon border taxes must be levied, and carbon management will be included in the scope of governance issues.

Axiomtek is facing the approach of sustainable management and low-carbon era, promotes organizational processes, internal audits and internal controls, and combines operational strategies with sustainable supply chain management to ensure the competitiveness of operational management. The company pays special attention to (3) good health and social welfare, (8) decent work and economic growth, (11) sustainable cities, (12) responsible consumption and production, and (17) global partners in the United Nations sustainable development SDGs17 goals . Actively formulate relevant codes of conduct at different levels, care for employees and the disadvantaged, attach importance to environmental protection, and abide by corporate integrity and corporate governance. In 2022, participate in the sustainable development initiative initiated by Yushan Bank, jointly promote the sustainable development of SDGs initiated by the United Nations, move towards the goal of net zero transformation in 2050, and strengthen the competitiveness of enterprises.

The road to net zero for an enterprise must start with a comprehensive carbon inventory. Axiomtek will complete a comprehensive inventory of greenhouse gas emissions at the corporate headquarters in Taiwan in accordance with the ISO 16064-1 standard in 2022; it will help the company understand and manage carbon emissions, reduce negative impact on climate change.

In 2022, the proportion of domestic purchases will be as high as 85%, supporting the development of domestic supply chains and economic growth, reducing dependence on international supply chains, creating more employment opportunities for domestic enterprises and labor, and promoting sustainable economic development. Incorporate green procurement and carbon management into one of the criteria for selecting suppliers, introduce new supplier risk assessment management, and jointly pursue the overall net zero emissions, ensure high-quality and stable delivery of material procurement, reduce operational risks and strive for business opportunities.

Axiomtek's 9th (2022) Corporate Governance Evaluation has been ranked in the top 5% of OTC companies for seven consecutive years, with the number and difficulty of companies being evaluated more than ever. And for the first time, it ranked among the top 5% of OTC companies with a market capitalization of 5-10 billion. By the end of 2022, the total number of global employees of the group has exceeded 800. The company provides lifelong learning opportunities for employees, and cultivates innovation, leadership, market insight and skills to face future challenges through course design.

Axiomtek attaches great importance to integrity management, brand resilience, sustainable integration, and risk management. In the face of the challenges of the new environment, new technology, and new regulations, through target management, excellent business performance, and professional and high-quality services. Give full play to the power of the team to promote positive changes in the social environment. In the face of digital transformation and organizational growth, we maintain our original aspirations, combine our core values and corporate culture, and pursue a sustainable and beautiful future.



Chairman : Yang, Yu-Te

# Chapter 1 Company Introduction

## About Axiomtek

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Company Name: Axiomtek Co., Ltd.

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Date of Establishment: May 1990

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Chairman: YANG, YU-TE

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Total Capital: NT\$920 million

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Stock Code: 3088

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Number of Employees: 823 (Group)

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2022 Consolidated Revenue: NT\$6.62 billion

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## 1.1 Company Background



Axiomtek Co., Ltd. (hereinafter referred to as "Axiomtek" or "the Company") was established in 1990. It is engaged in R&D, manufacturing, and global marketing under the Axiomtek brand in Taiwan, driving the domestic job market and promoting Taiwanese brands to the world. Axiomtek listens to the voice of customers, focuses on innovative design, provides flexible and customized services, produces high-quality industrial computers, and pursues excellent customer satisfaction. Axiomtek has subsidiaries, offices or exclusive distribution locations in the United States, Germany, the United Kingdom, mainland China, Japan, Italy, Malaysia, and Thailand to provide global

customers with immediate business and technical services.

Axiomtek is a leading designer and manufacturer in the field of industrial computers. According to the development trend of IIoT (Industrial Internet of Things, IIoT) and Industry 4.0, Axiomtek is actively investing in application fields such as factory automation, smart transportation, and smart energy. In order to cultivate its own embedded computer technology capabilities and promote the core value of the brand, it will develop towards a more profitable industry and create a win-win situation for partners and shareholders.



In terms of brand marketing and customer relations, Axiomtek listens to customers' voices, focuses on innovative designs, continues to market globally with its own brand, actively establishes more sales and technical bases, expands marketing channels and realizes localized services, and through regional headquarters and local subsidiaries, close to the US, Germany, UK and European markets, in-depth understanding of customer product needs in vertical application fields, formulate strategies and tactics for global Key Account, Domain-Focused SI and Channel Partner sales strategies, expand sales scale and assist customers open up new markets.

## Associations and organizations that Axiomtek participates in

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

## Main Products

Axiomtek's products are mainly divided into IOT products, intelligent design-in service products and gaming products. Axiomtek has excellent capabilities of research and development technology and has the history of product marketing more than 30 years in the world. The Company has excellent hardware and software engineers as well. According to applications and customer needs, the Company develops products that meet the needs of various industries, including smart factories, rail transit, medical, smart retailing and gaming markets.

- The table of product sales ratio in the most recent 2 fiscal years (consolidated revenue)

### IOT Products

- The Internet of Things and artificial intelligence are taking automation and smart manufacturing to a new level, allowing more devices to cooperate with each other, gain insight into each other, and achieve greater efficiency.
- The Company's industrial computers, AI edge computing systems, industrial touch panel computers, and IoT-related gateway & cybersecurity platforms are rich in functions to meet the challenging operational requirements in the automation industry, while providing flexible and customized services.

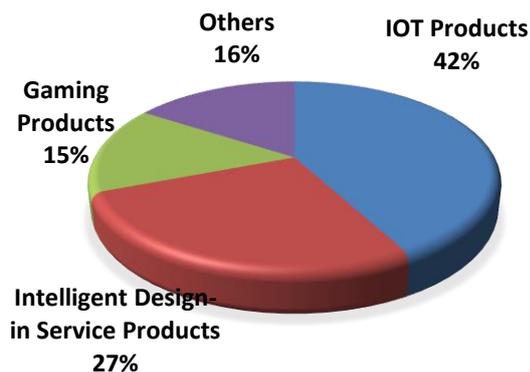
### Intelligent Design-in Service Products

- Smart display modules, digital signage players, antibacterial open touch displays, and self-service kiosks realize smart retail application solutions. At the same time, the Company entered the medical industry and promoted digital transformation.

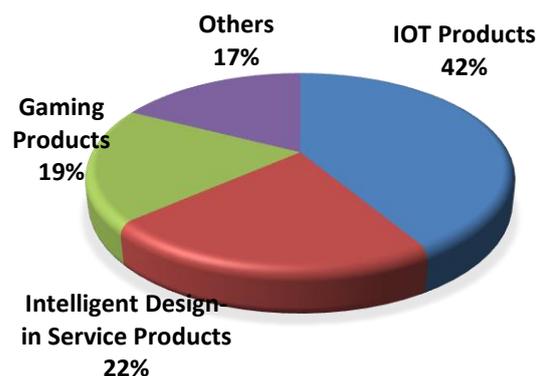
### Gaming Products

- Develop dedicated platforms for the global gaming and entertainment market, integrate hardware and software expertise, AI image recognition application products, and self-developed patented products to provide a full range of professional services and solutions.

**2022**



**2021**

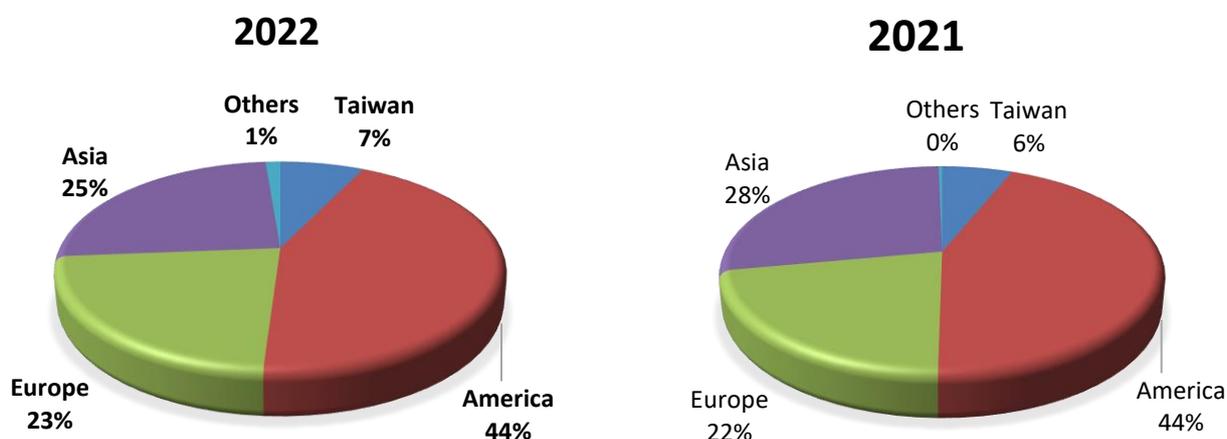


- Production volume and value in the most recent 2 fiscal years (consolidated information)

Unit: PCS; NT\$ Thousand

Main Products	2022		2021			
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
IOT Products	770,353	809,725	2,349,408	788,767	921,900	2,315,021
Intelligent Design-in Service Products	513,126	488,112	1,413,922	612,267	597,351	1,429,995
Gaming Products	367,771	349,843	989,905	247,139	241,118	567,969
Others	80,000	125,283	364,142	80,000	153,992	388,427
<b>Total</b>	<b>1,731,250</b>	<b>1,772,963</b>	<b>5,117,377</b>	<b>1,728,173</b>	<b>1,914,361</b>	<b>4,701,412</b>

- Sales districts for main products in the most recent 2 fiscal years (consolidated revenue)



## Market Share

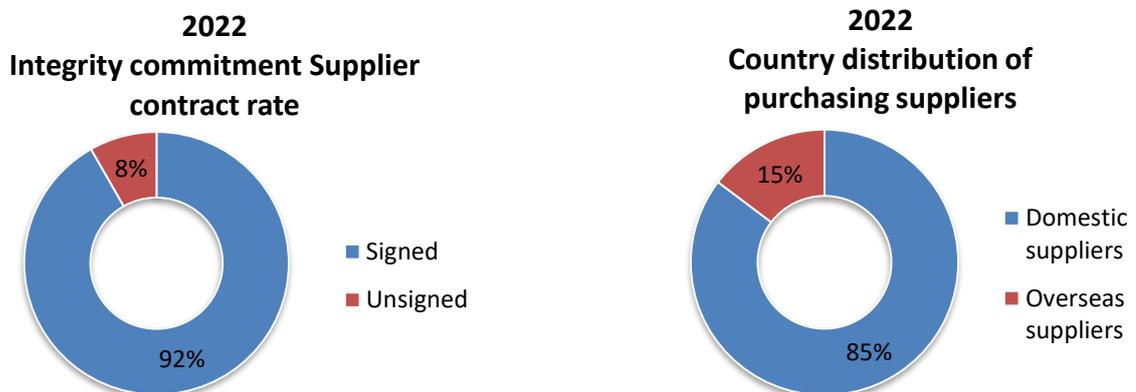
Industrial computers have a variety of industrial characteristics. Axiomtek and its subsidiaries (hereinafter referred to as "Axiomtek Group" or "the Group") continue to launch new products and open up new markets. The Company upholds the concept of innovative technology to research products that meet the needs of various industries. It has become a world-class leader in retail, factory automation and other fields, and its future growth potential is promising. Since there is no reliable agency in China to count the market share of industrial computers, there is no market share of the company. However, the main sales areas of the Group are overseas markets such as Europe, America and Asia, and export sales account for the proportion of the overall revenue. More than 90%; the Group will continue to cultivate its own technical capabilities, focus on specific vertical application markets, and combine future development trends such as wireless communications, artificial intelligence, Internet of Things, machine vision, deep learning, and smart mobile platform applications to build a differentiated and innovative core competitiveness. To meet the emerging

wave of AIoT, the Internet of Everything and smart data, the development of vertical industry intelligence and automation will be more prosperous and faster. When related products are launched, Axiomtek will invest more in software and hardware integration capabilities, cooperate with strategic partners, lead performance growth with value-added services, and provide a more diversified product portfolio. As the Group's business continues to expand and its future growth potential is promising, it can be expected that the Group will continue to improve its market position in the field of industrial computers, and its overall operations and market share should grow steadily.

## Supplier

The Company has formulated the "Ethical Corporate Management Best Practice Principles", which requires that the content of the contract signed with its agents, suppliers, customers, or other business partners should include compliance with the integrity management policy, and when the counterparty of the transaction is involved in dishonest conduct, the terms of the contract may be terminated or rescinded at any time.

The Company works closely with its suppliers to improve the state of corporate social responsibility, and set-up online courses to main suppliers every year to continuously promote and educate the principles. Axiomtek request suppliers to sign the "Axiomtek Integrity Commitment Letter" to establish a pure and honest long-term trading relationship, and to jointly pursue the sustainable growth of the performance of both parties.



Among the Company's 546 raw material procurement suppliers, 501 copies of "Axiomtek Integrity Commitment" have been signed, with a signing rate of 92%. In 2022, the proportion of domestic procurement amount is as high as 85%, and the proportion of imported procurement amount is 15%, mostly from the United States and China.

## Procurement Risk Management and Strategy

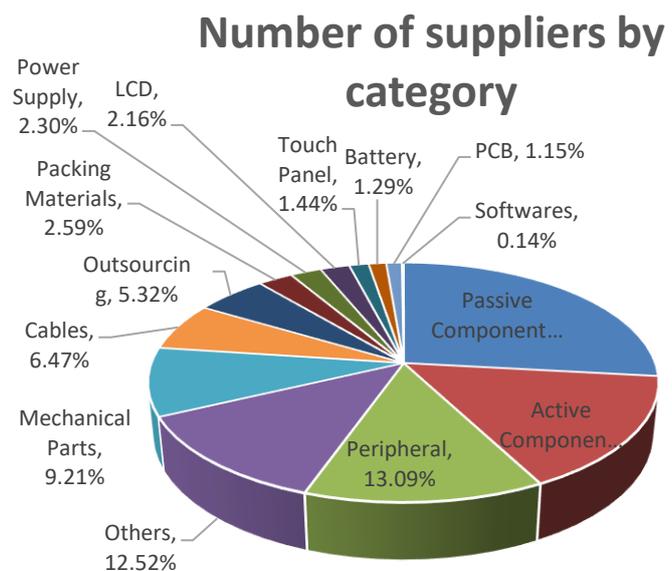
Material management is the key to the smooth operation of the Company. Since the pandemic, the supply disruption is a risk to the operation of the Company. Axiomtek's procurement strategy is as follows:

1. Optimized PVL (Preferred Vendor List): Strengthen the adhesion with main suppliers through centralized procurement strategy, achieve efficient cooperative management through convergence and concentration, and achieve high quality and stable delivery to reduce risks.
2. Raise the inventory level of key materials and plan long-term delivery orders: Build up a supplier market information platform and announce industry news internally. The responsible sourcing personnel would propose suggestions for procurement strategy which could be implemented immediately after approval, in order to act preemptively. Major customer projects are reviewed and followed-up from production capacity to price reduction strategy, through regular meetings between procurement and suppliers in responds to regular business communication and feedback from Sales and customers.
3. Optimized RMM (Risky Material Management) platform and BCP (Business Continuity Plan) : Geopolitics and the epidemic are tense, and the supply chain has potential risks. Second source solution needs to be established. Axiomtek accelerates the speed of information connection and evaluation and conducts census management of the origin of raw materials in specific regions to maintain stable quality and supply.
4. Introduce new supplier risk assessment management: If the assessment result as a high-risk supplier, the assessment team needs to go to the supplier to conduct an on-site audit and ensures its controllable in order to accept as a qualified supplier.
5. Introduce PLM (Product Life-cycle Management) System: If the material has risk or end-of-life notice, the material status will be maintained immediately and informed to the relevant team members internally.

## Supply Chain Overview

The Company's procurement categories are roughly divided into processors, chipsets, printed circuit boards, liquid crystal panels, power supplies and chassis. Over the years, the suppliers of the main raw materials of the Company's products have come from large domestic and overseas manufacturers with good quality, reputation, and long-term stable cooperation relationship, so that the Company shall not lack in the production. In terms of supply chain selection, to achieve environmental protection goals, it is recommended that product units continuously evaluate and reduce the use of

EPE buffer materials and use all- paper packaging materials as much as possible. Upstream PCB suppliers have been gradually introducing environmentally friendly processes and equipment. Major supplier A replaced a 1,000-ton variable frequency chiller in 2022, saved a total of about



260,000 kilowatt-hours of electricity compared to 2021. Major supplier B continues to introduce environmentally friendly processes to reduce the disposal of waste films and old screen plates, with a common goal of achieving a sustainable supply chain.

The main raw material suppliers:

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

## Supplier audit and evaluation

- Supplier evaluation and Procurement management process

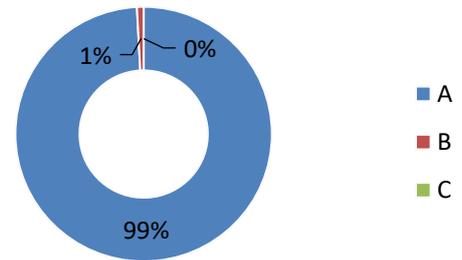
To enable raw material suppliers and Axiomtek to establish a close cooperative relationship and feedback system, improve product quality, supply materials needed for production in a timely, appropriate amount, and high-quality, as to achieve stable quality and reduce costs. All cooperating suppliers must pass the evaluation standards established by Axiomtek's "Supplier Evaluation and Management Process" to ensure that raw materials meet the requirements of laws and regulations and use supplier evaluation and regular assessment and audits to manage the delivery status and quality of suppliers. The supplier evaluation criteria include operation management, environmental management, hazardous substance management, and the evaluation indicators such as occupational safety and health management and corporate social responsibility management.



- Supplier Evaluation/Audit

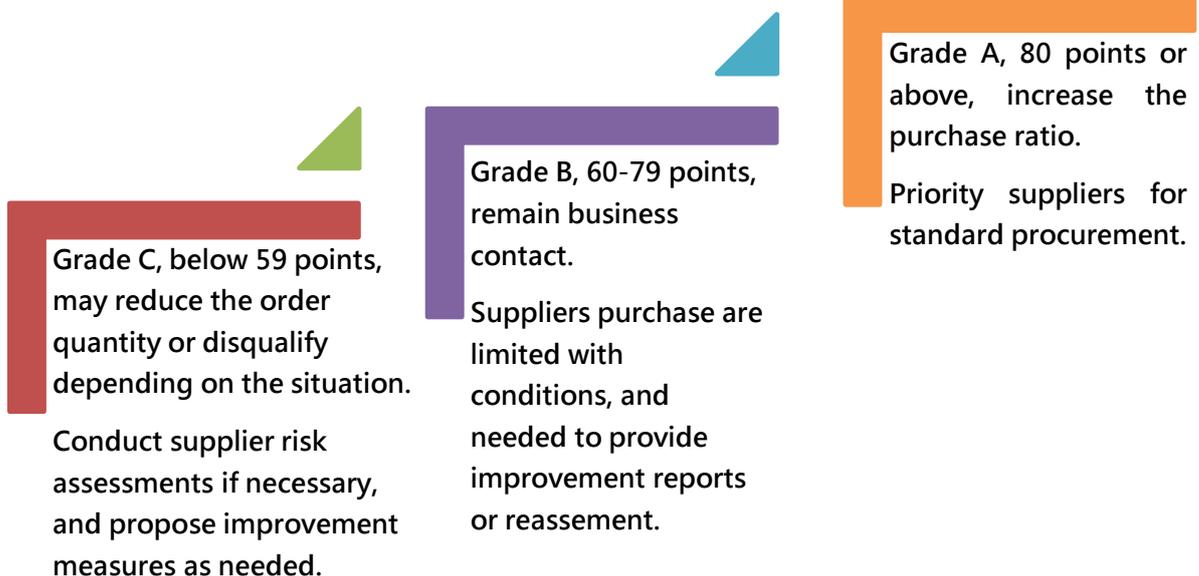
Supplier evaluation is conducted on a quarterly basis on quality, delivery and service. The evaluation result is used to determine the degree of follow-up business contract growth or decreasing. The evaluation team will also schedule the annual audit plan of critical parts suppliers. If the supplier is rated below grade B (inclusive) and above grade C in the quarterly evaluation, the team would review the score situation at the quality meeting, and formulate an onsite audit plan. The purchasing department would confirm the audit schedule with the suppliers, and cooperate with the R&D, QC, QA departments to conduct on-site audit and re-evaluation of the supplier.

## 2022 Q4 Supplier Evaluation



- Judgment and processing of evaluation grade

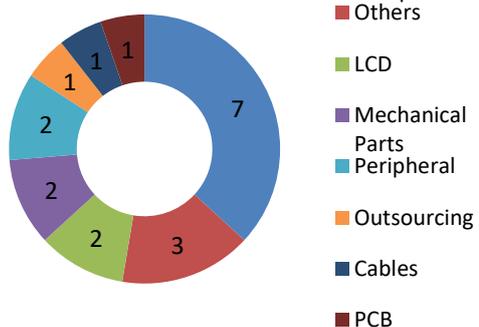
Axiomtek evaluated a total of 355 suppliers in the fourth quarter of 2022, 352 of which were rated as grade A suppliers, 3 were rated as grade B, and no supplier fell into grade C.



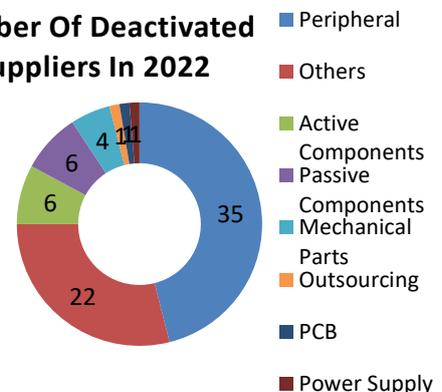
- Changes in the supply chain

Due to PVL strategy strengthening the relationship with main suppliers and the synergistic effect of consolidation and reduction of suppliers, the number of suppliers changed much remarkable in 2022, with 19 new suppliers and 76 discontinued suppliers.

### Number Of New Suppliers In 2022



### Number Of Deactivated Suppliers In 2022



## 1.2 Corporate Governance

The Taipei Exchange (TPEX) and the Taiwan Stock Exchange (TWSE) are jointly entrusted with the Securities and Futures Institute (SFI) to hold the ninth "2022 Corporate Governance Evaluation of TWSE/TPEX listed companies ", a total of 928 listed companies and 734 OTC companies were evaluated in the ninth (2022) corporate governance evaluation. On April 27, 2023, The Institute announced the list of top 5%, 6% ~ 20%, 21% ~ 35%, 36% ~ 50%, 51% ~ 65%, 66% ~ 80% and 81% ~ 100% companies in the evaluation results of each group. There are 37 "OTC companies" ranked in the top 5%. Axiomtek, a well-known global leader in industrial computers has been ranked among the top 5% company for seven consecutive years, even though the number of evaluated companies is more than ever. It is helpful for the competition of enterprises and strengthens the level of corporate governance. Axiomtek has more spontaneously shaping corporate governance into organizational culture.

Axiomtek operates transparently and pays attention to the rights and interests of shareholders. All stakeholders can check the corporate governance structure, organizational regulations of various functional committees and related important information in real time in the corporate governance area of the company website . Axiomtek's board of directors authorizes functional committees such as the audit committee, remuneration committee, and nomination committee to assist the board of directors in performing their supervisory duties, and to regularly review the policies, systems, standards, and structures of performance evaluation and salary compensation for directors and managers. The Audit Committee and Remuneration Committee are composed of all independent directors; the Nomination Committee is composed of 3 directors, more than half of whom are independent directors.

### Directors actively participate in corporate governance in 2022

#### Board of Directors

- In-Person Attendance Rate Of directors are 100%

#### Audit Committee

- In-Person Attendance Rate Of committee members are 100%.

#### Remuneration Committee

- In-Person Attendance Rate Of committee members are 100%.

#### Nomination Committee

- In-Person Attendance Rate Of committee members are 100%.

## 2022 Axiomtek's specific achievements in promoting corporate governance

- Protect the rights and interests of shareholders and treat shareholders equally.
  1. Axiomtek's articles of incorporation stipulates that the election of all directors (including independent directors) adopts candidate nomination system. The company records the results of shareholders' approval, opposition, and abstention on each proposal in the minutes, and enters the results into the Market Observation Post System on the day when the general meeting of shareholders is held.
  2. The company uploads the Chinese and English annual reports 18 days prior to the regular shareholder meeting, and simultaneously uploads the Chinese and English meeting notices and the handbook for annual meeting of shareholders 30 days prior to the meeting.
  3. Cash dividends are distributed every year according to the profit situation, and the distribution is completed within 30 days after the ex-dividend base date to protect shareholders' rights and interests.
  4. There are "Procedures for Handling Material Inside Information" to prohibit insiders such as directors or employees from using information that cannot be obtained in the market to make profits and to prevent insiders from obtaining unjust gains for themselves. Regularly implement insider trading prevention announcements for insiders and employees every year.
  5. According to the Corporate Governance Best Practice Principles, it is stipulated that the stock trading control measures from the date insiders of a company become aware of the contents of the company's financial reports or relevant results. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.
- Strengthen the structure and operation of the board of directors.
  1. The "Corporate Governance Best Practice Principles" was approved by the board of directors and published on the company's website and market observation post system.
  2. The Company set up a Nomination Committee, which is responsible for constructing and developing the organizational structure of the Board of Directors and various committees and conducting the performance evaluation of the Board of Directors, various committees, directors, senior managers and internal audit supervisors and the independence of independent directors.
  3. The nomination and selection of members of the board of directors follows the company's articles of incorporation. It adopts a candidate nomination system and

complies with the "Director Election Rules" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of directors.

4. All independent directors of Axiomtek have no more than three consecutive terms of office.
5. In addition to the remuneration committee and the audit committee, Axiomtek has voluntarily set up a non-statutory functional committee - the nomination committee. It more than half of the members are independent directors, and set up a corporate governance supervisor, whose main responsibility is to handle the meetings of the board of directors and shareholders' meeting in accordance with the law Relevant matters, making minutes of the board of directors and shareholders' meetings, assisting directors in their appointment and continuing education, providing directors with information needed to perform their duties, and other matters stipulated in the company's articles of incorporation or contracts.
6. The board of directors of the company evaluates the independence of CPAs every year and obtains the CPA's statement of independence and 2021 audit quality indicators (AQIs) reports.
7. Arrange separate communication between independent directors, internal audit supervisors and accountants every year. And disclose the results of the communication on the company website.
8. The Company has formulated "Risk Management Policy and Procedure" and "Risk Management Best Practice Principle" are approved by the board of directors, which discloses the scope of risk management, organizational structure and its operation, and reports to the board of directors every year.
9. The company has established cyber security risk management and formulated cyber security policies and specific management plans, and reports to the board of directors every year.
10. The company has established a cyber security risk management framework, formulated cyber security policies and specific management plans, and reports to the board of directors every year.
11. The company's internal audit, appointment, dismissal, and evaluation are submitted to the nomination committee for deliberation, and the remuneration are submitted to the remuneration committee for approval, and then submitted to the board of directors for approval before implementation. The procedures are the same as managers.
12. For improving the performance of the board of directors, the company appointed the Taiwan Corporate Governance Association to perform external performance evaluation of the board of directors. The association has issued the performance

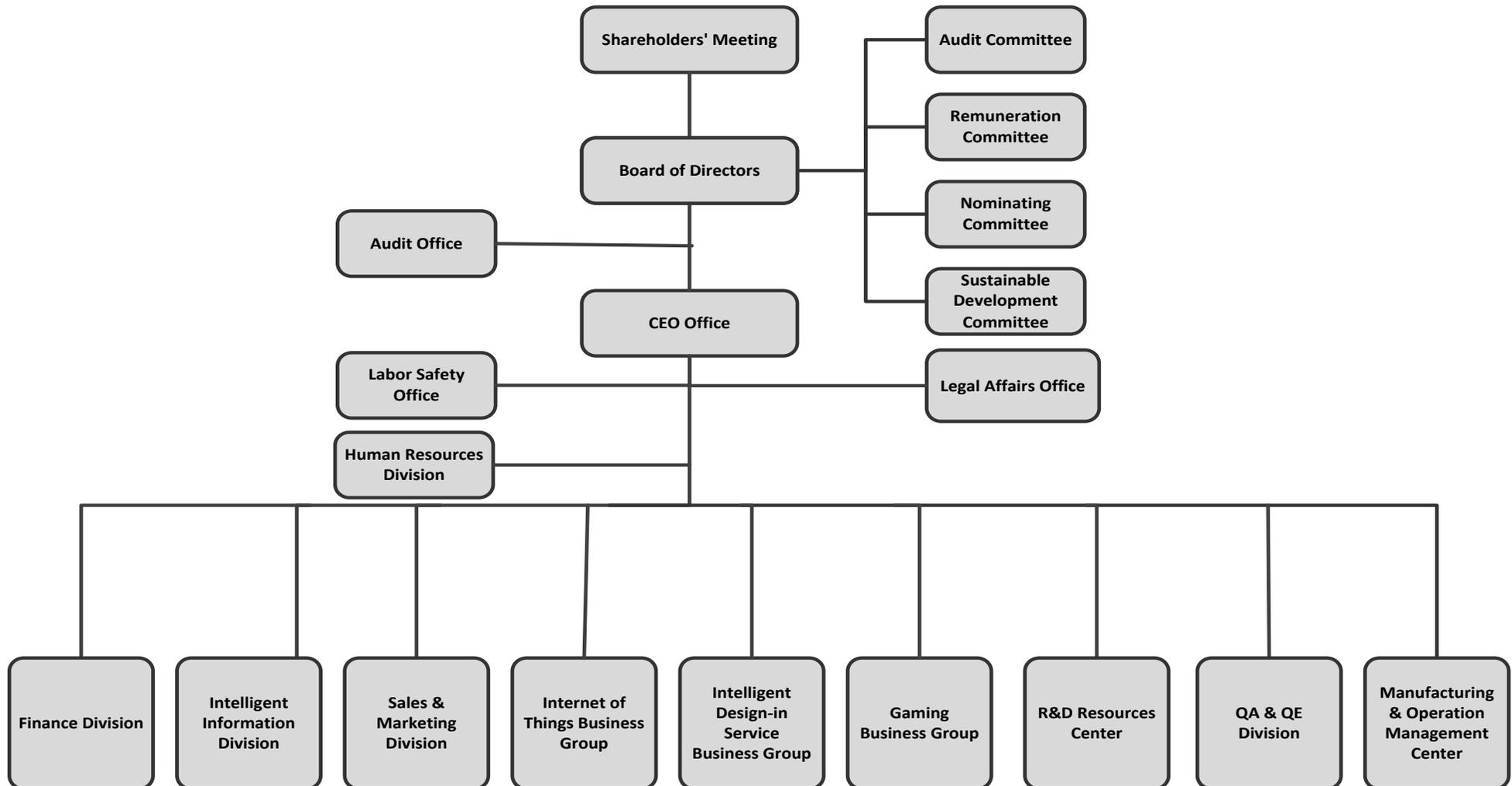
evaluation report of the board of directors on June 15, 2021, and disclosed the implementation status and evaluation results on the company's website and annual report.

- Increasing information transparency.
  1. The company has not been punished with liquidated damages for violating relevant regulations such as the "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" or the "Rules Governing Information Reporting by Companies with Listed Securities" in the current year.
  2. The company discloses information in both Chinese and English, including material information, notices of annual shareholders meeting, handbook for annual meeting of shareholders, and annual reports.
  3. The company publishes annual financial statement within 2 months after the end of the fiscal year.
  4. The company's financial statement be approved by the board of directors or submitted to the board of directors 7 days before the announcement period, and the financial statement be published within 1 day after the date of approval or submission.
  5. The company has voluntarily disclosed the individual remuneration of directors in the annual report.
  6. The company has voluntarily disclosed the amount and nature of audit and non-audit fees paid to certified public accountant in the annual report.
  7. The company has established a Chinese and English website, including financial, business, and corporate governance related information.
  8. Axiomtek was invited to attend institutional investor conference twice in 2022, and the interval between the first and last institutional investor conference will be more than 3 months.
- Implement corporate social responsibility.
  1. The Company established the Sustainable Development Committee in February 2021, responsible for promoting the sustainable operation of various businesses including environmental sustainability, corporate social responsibility, corporate governance, integrity management and risk management, popularizing the concept of sustainable operation, achieving full participation, and implementing the results.
  2. The integrity management team of the company's sustainable development committee is headed by the human resource unit, responsible for the formulation and supervision of the integrity management policy and prevention plan and reports the implementation status to the board of directors once a year.

3. The company has completed the preparation of the corporate sustainability report in accordance with the international reporting guidelines and uploaded the corporate sustainability report on the company website and market observation post system before the end of June.
4. The Company requires major suppliers to sign the “Axiomtek Integrity Commitment Letter” to establish a pure and honest long-term trading relationship, jointly pursue the sustainable growth of the performance of both parties, and work together to improve corporate social responsibility.
5. The company has formulated human rights protection policies and specific management plans with reference to international human rights conventions and disclosed them on the company website and annual report.
6. The Company has disclosed the ethical corporate management policies approved by the board of directors on the company's website and annual report to clearly stipulate specific practices and plans to prevent dishonest behaviors.



# Organizational Chart Of Corporate Governance



# Management Team



## Management Team

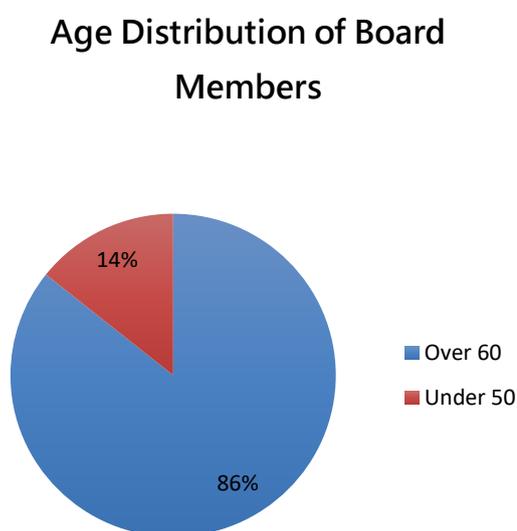
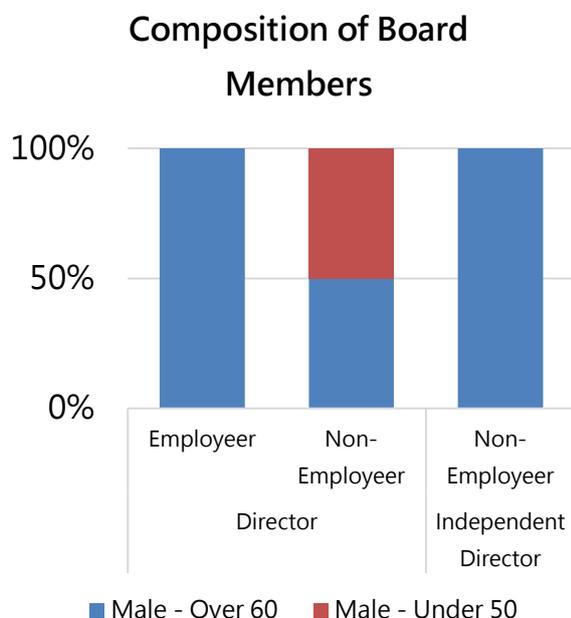
Main Department	Job Title	Name	Main experience & education	Responsibilities
CEO Office	President	Huang, Jui-Nan	Director, Axiomtek Co., Ltd. VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information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

Main Department	Job Title	Name	Main experience & education	Responsibilities
				products, and executing EMS business and coordinating the Group's global supply chain management and operation.
Intelligent Design-in Service Business Group	Vice President	Chiven Fan	Sales Manager, eBizrise Technology Ltd. Sales Manager, Asiatek Inc. Associate's degree in Electrical Engineering, Jinwen University of Science and Technology	Responsible for product planning and market development of Intelligent Retail, Intelligent Medical, and Embedded Design-in Services products.
Gaming Business Group	Vice President	Gary Tsao	Product Manager, Dynatrong Material Inc. Product Manager, Compal Electronics Inc. Project Manager, Simtec Holding Ltd. Master of China Studies, Tamkang University	Responsible for product planning and market development of Gaming System, and Electronic Gaming Machines products.

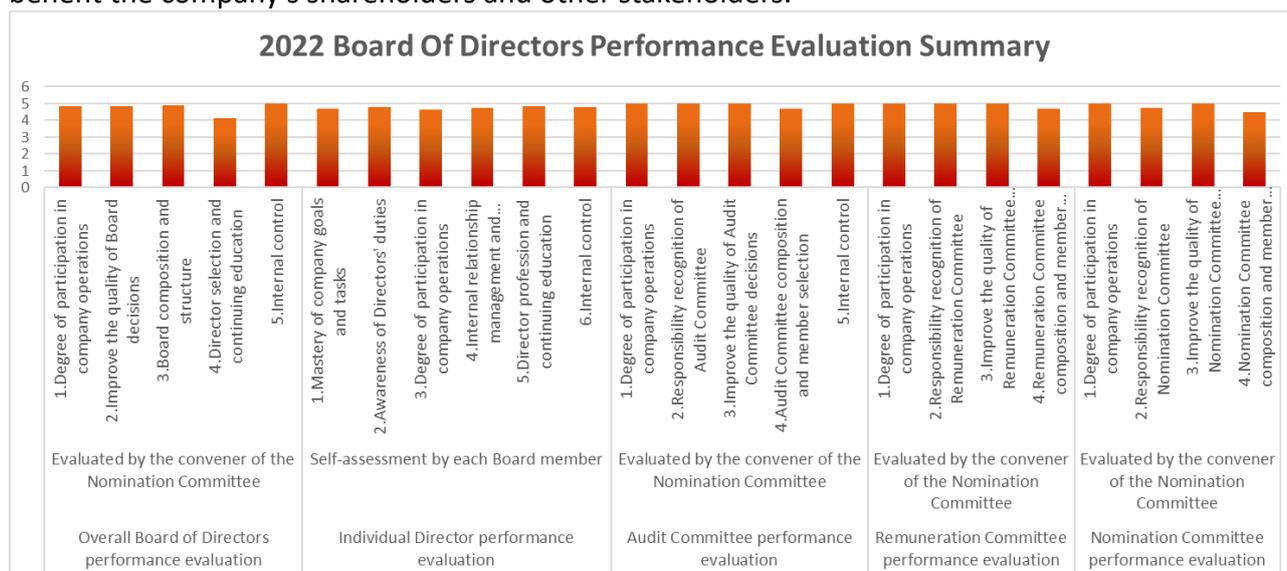
## Board of Directors

There are 7 Directors on the Board of Directors of the Company (including 3 independent directors), with a term of three years. The candidate nomination system is adopted, and the shareholders are elected from the list of director candidates, and they can be re-elected. The board of directors of the company shall convene at least once a quarter. The reason for the convening of the board of directors shall be stated and all directors shall be notified 7 days in advance. However, in case of emergency, the meeting may be convened at any time. Directors who have an interest in the matters of the meeting with themselves or the legal person they represent shall explain the important content of their interests at the meeting of the board of directors. If they are harmful to the interests of the company, they shall not participate in the discussion and vote. shall be withdrawn and shall not act as an agent of other directors to exercise their voting rights. Axiomtek's 2022 annual board meeting will be held 5 times (A). The average attendance rate of directors is as high as 100%.





The company evaluates the performance of directors every year on a scale of 1 (bad) to 5 (excellent). In 2022, the average score is 4.76. The evaluation results are excellent, which shows that the overall operation of the company's board of directors and various functional committees is perfect. This also shows the company is in line with the spirit of corporate governance. The directors of the company actively participate in the board of directors, and the efficiency and effectiveness of the operation of various assessment indicators are positively evaluated. The board of directors consists of 7 directors (including 3 independent directors), and the current members are 100% male. In the future, the composition of the board of directors will consider diversity, and formulate appropriate diversification policies based on the company's own operations, business model and development needs, except for gender. In addition to basic conditions and values such as age, nationality, and culture, professional knowledge and skills are also considered, including professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. An informed, diverse board will improve the quality of decision-making and benefit the company's shareholders and other stakeholders.



Scored on five levels : 1 : Bad (Strongly disagree) ; 2 : Poor (Disagree) ; 3 : Fair (Ordinary) ; 4 : Good (Agree) ; 5 : Excellent (Strongly agree)

In March 2021, the company appointed the Taiwan Corporate Governance Association to perform the performance evaluation of the board of directors, respectively, on the composition, guidance, authorization, supervision, communication, internal control, and risk management of the board of directors, self-discipline of the board of directors and others such as board meetings, support systems, etc. It was completed the company's self-assessment in the form of an open-ended questionnaire. The evaluation committee of the association and the commissioner jointly conducted video book review and video interview evaluation. The performance evaluation report of the board of directors has been issued on June 15, 2021. The performance evaluation certificate of board of directors as follows:



社團法人中華公司治理協會

## 董事會績效評估證明

茲證明

艾訊股份有限公司

委託本協會執行外部董事會績效評估服務專案

本協會委派三位評估專家

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

110 年 6 月 3 日與公司進行視訊訪評

110 年 6 月 15 日出具董事會績效評估報告

綜整本協會對公司董事會之總評與建議事項

特此證明



理事長

陳清祥

依照分層負責規定  
授權單位主管執行

中 華 民 國 110 年 6 月 15 日

This is to certify

Axiomtek Co., Ltd.

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

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

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

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

Board of Directors.

Hereby certify

Chairman Chen Qing-Xiang  
Taiwan Corporate Governance Association

June 15, 2021

● Board members' main education and experience

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

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

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
Head of Internal Auditor	Feb 25, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Wen Lan CPA Feng, Ming-Chuan, Assistant Vice President Ivy Kuo, Manager Raby Cheng	1. 2021 Q4 audit report 2. The status of the execution of the internal control system and the results of the self-audits. Discuss the effectiveness of the 2021 internal control system and the internal control system statement. 1. Explanation and discussion on the revision of the "Internal Control System" and "Internal Audit Implementation Rules" of the company.	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Apr 28, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Wen Lan	1. 2022 Q1 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
	Jul 28, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Wen Lan PwC Taiwan: CPA Feng, Ming-Chuan, Manager Raby Cheng	1. 2022 Q2 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
	Oct 27, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou	1. 2022 Q3 audit report 1. 2023 annual audit plan	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
	Feb 18, 2022 Mar 8, 2022 Apr 8, 2022 Apr 29, 2022 May 31, 2022 Jun 6, 2022 July 29, 2022 Sep 2, 2022 Sep 29, 2022 Oct 31, 2022 Nov 30, 2022 Dec 27, 2022 Internal audit reports	Send the confirmed internal audit report of the previous month to the mailbox of each Independent Director before the end of each month	Jan 2022 Monthly audit and tracking report. Feb 2022 Monthly audit and tracking report. Mar 2022 Monthly audit and tracking report. Apr 2022 Monthly audit and tracking report. May 2022 Monthly audit and tracking report. Jun 2022 Monthly audit and tracking report. Jul 2022 Monthly audit and tracking report. Aug 2022 Monthly audit and tracking report.	According to the 2022 annual audit plan passed on Oct 28, 2021, various circular audits will be carried out monthly, and the audit results and follow-up reports will be sent to each Independent Directors before the end of each month

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
			Sep 2022 Monthly audit and tracking report. Oct 2022 Monthly audit and tracking report. Nov 2022 Monthly audit and tracking report. Dec 2022 Monthly audit and tracking report.	and obtained all Independent Director's Receipt letter.
Certified Public Accountant	Feb 25, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Wen Lan PwC Taiwan: Assistant Vice President Ivy Kuo, Manager Raby Cheng	<ol style="list-style-type: none"> <li>1. Explain and communicate the results of the audit for 2021 parent company only and consolidated financial reports.</li> <li>2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures.</li> </ol> <ol style="list-style-type: none"> <li>1. CPA explained to questions raised by the Audit Committee.</li> </ol>	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed
	July 28, 2022 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Wen Lan PwC Taiwan: CPA Feng, Ming-Chuan, Manager Raby Cheng	<ol style="list-style-type: none"> <li>1. Explain and communicate the review results of 2022 Q2 consolidated financial statements and the review plan for 2022.</li> <li>2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures.</li> </ol> <ol style="list-style-type: none"> <li>1. CPA explained the questions raised by the Audit Committee.</li> </ol>	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed

## Remuneration Committee

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

- a. Schedule regular review sessions with the Directors, managerial officers and head of internal auditor to evaluate remuneration strategies, system, standards and structure.
- b. Regularly evaluate and confirm the remuneration for the Directors, managerial officers, and head of internal auditor.

The term of current members is from July 5, 2021 to July 4, 2024. The number of Remuneration Committee meetings held in the most recent fiscal year was: 4. In-person attendance rate of committee members was 100%.

## Audit Committee

The Company set up an Audit Committee on June 3, 2015. The Audit Committee is composed of all independent directors, the number of which should not be less than 3, and at least one of them should have accounting or financial expertise. The independent director Chang, Jen-Chih accountant served as the convener of the current committee. The purpose of the Audit Committee is to assist the Board of Directors in carrying out its supervisory duties and the functions and powers conferred by the Securities and Exchange Act, the Company Act and other relevant laws.

The term of current members is from July 5, 2021 to July 4, 2024. The number of Audit Committee meetings held in the most recent fiscal year was: 4. In-person attendance rate of committee members was 100%.

## Nomination Committee

In order to improve the functions of the company's Board of Directors and strengthen the management system, the Company set up a Nomination Committee on October 26, 2016. The Nomination Committee is composed of at least three Directors nominated by the Board of Directors, of which more than half of the Independent Directors shall participate. The Independent Director Yu, Chwo-Ming served as the convener of the current committee. The identities and expertise of the members of the Nomination Committee are listed below. All three members have the professional ability required by the committee to perform its duties:

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

The committee is authorized by the Board of Directors to perform the following functions and powers, and submit the recommendations to the Board of Directors for discussion:

- Develop a standard of diversified background and independence for the knowledge, skills, experience, and gender required by Board members and senior managerial officers, and seek, review and nominate candidates for Directors and senior managerial officers.
- Build and develop the organizational structure of the Board of Directors and committees, conduct performance evaluations of the Board of Directors, committees, Directors, and senior managerial officers, and assess the independence of Independent Directors.

- Establish and regularly review the Director’s progress plan and the succession plan for Directors and senior managerial officers.
- Formulate the Company’s corporate governance code of practice.  
The term of current members is from July 13, 2021, to July 4, 2024. The number of Nomination Committee meetings held in the most recent fiscal year was: 2. In-person attendance rate of committee members was 100%.

## Internal audit organization and implementation

- Internal audit organization
  1. The internal audit is an independent unit, under to the board of directors, and reports directly to the audit committee and the board of directors.
  2. The audit department has 1 to 2 full-time auditors, one of whom is the audit supervisor. The appointment or discharge of the audit supervisor must be approved by the audit committee and the board of directors.
  3. The appointment, dismissal, assessment, and remuneration of the internal audit supervisor are all resolved by the nomination committee and the remuneration committee. It is implemented after discussion by the board of directors.

- Implementation

Purpose : According to the implementation of the audit plan approved by the board of directors, assist the audit committee, the board of directors and managers to inspect and review the implementation of the internal control system, and provide timely improvement suggestions to ensure the continuous and effective implementation of the internal control system and promote the sound operation of the company.

Internal audit : Internal audit: Perform audit operations according to the annual audit plan, and prepare an audit report after checking each operation. If any problems are found, the improvement results will be continuously tracked to confirm that relevant units have taken appropriate improvement measures, and report to the audit committee and the board of directors. In 2022, 24 audit reports were submitted, and a total of 4 improvement suggestions were put forward. All inspected units were notified to take appropriate improvement measures in a timely manner according to the recommendations. All the suggestions have now been closed.

Internal control self-assessment : At least one internal control self-inspection is conducted every year, and the internal audit unit reviews the self-inspection reports of each unit as the main basis for the board of directors to evaluate the effectiveness of the internal control system and issue a statement on the internal control system.

## Chapter 2 Stakeholder Communication and Response

In order to implement the sustainable operation of the enterprise and the vision and goals of Axiomtek, Axiomtek established a CSR team under the Sustainable Development Committee, which is jointly planned by the Human Resources Department and the Quality Assurance Department. Through the "Plan-Do-Check-Act" model to identify and manage issues of concern to stakeholders, various operation groups have been established to hold meetings from time to time to assist in the handling of ESG-related matters and to review the effectiveness of their implementation at any time. During the course of the operation, feedback on information collected through different communication channels will be included in the report for in-depth explanation and reply. Regarding the management of stakeholder concerns, we have set the following goals:

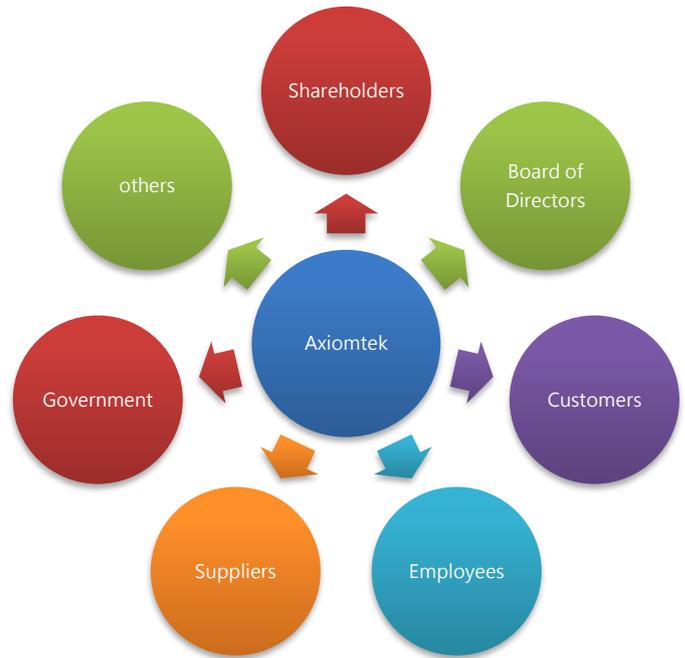
- Adhere to integrity and honesty: make stakeholders understand the company's integrity management policy to gain trust, and maintain a good communication and response mechanism.
- Caring for employees and the disadvantaged: Committed to the improvement of Axiomtek's business performance, giving back to the society and caring, and building Axiomtek's reputation.
- Green design products: Taking environmental protection as the starting point, develop green products with low power consumption and high efficiency, and fulfill the responsibility of world citizens.

Axiomtek's process of identifying major topics and boundaries: Identifying Axiomtek's stakeholders to understand and the types of objects affected by Axiomtek, and analyzing major issues of concern to stakeholders. And put forward the management policy and review, and finally provide information through multiple channels to respond and serve as the identification work for the next reporting cycle.



## Identification of Interested Parties

According to Freeman, the stakeholders of an enterprise are individuals or groups in an organization that will affect or be affected by the objectives of the organization, in short, people with interests in the enterprise. Axiomtek discusses and identifies the stakeholders that are contacted by the personnel of production, sales, human resources, development, and finance departments in their operational activities and interactions, and decides on the types of stakeholders and their targets, and Axiomtek's identification of stakeholders includes shareholders/investors, directors, customers, employees, suppliers, the government, and other parties, such as banks, brokerage firms, the management center of the plant, and the neighboring communities.



## Programs, Interactions and Operations

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

Chart: Materiality analysis of Axiomtek's stakeholders' issues of concern



Axiomtek's CSR team conducted a statistical analysis of the issues of concern discussed by the stakeholders contacted by each major operational department (conducted every two years, with new questionnaires to be issued in 2021 and to be adopted in 2022), based on the themes of the GRI Sustainability Reporting Guidelines, which are categorized into the degree of impact on the organization by internal stakeholders, and the degree of concern on the organization by external stakeholders. A total of 451 questionnaires were collected in 2021, 59 more than the pre-determined

standard. As a result of the analysis of the significance of issues of concern to stakeholders, a total of 14 issues of concern to stakeholders and one significant issue of the Company's own choosing were identified. The materiality of each issue was evaluated and analyzed according to its level of concern and potential impact on the Company, and based on the results of the analysis, internal and external stakeholders' major concerns were used as the major themes to be addressed in the report. We also invited more than 30 colleagues from our overseas subsidiaries to participate in the questionnaire.

## Materiality analysis

Axiomtek's relevant units set management policies based on the results of the analysis of major themes, combined with the organization's business strategy, to address the objectives of each operation, and through the Axiomtek Corporate Social Responsibility Team to discuss and improve the review, and from time to time to review and evaluate the effectiveness of the management policies as the company's sustainability policy. Actively encourage stakeholders to participate in the identification, understand and respond to sustainability issues and mutual concerns, and report to stakeholders, explain its decisions, actions and performance and enable stakeholders to evaluate the organization's performance in order to formulate management policies and a performance measurement system, and utilize the results of the review to provide information for the identification process in the next reporting cycle.

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

Stakeholders	Issues of Concern (Consideration Side)	Communication Pipes and Response Methods	Response to Chapter
<b>Shareholders/ Investors</b>	Economic Performance Wastewater and Waste Environmental Compliance Supplier Environmental Assessment	1. Shareholders' Meeting 2. Stakeholder Area on the Company's 3. Website	Chapter 1 Chapter 6
<b>Board of Directors</b>	Economic Performance Socio-economic compliance	1. Board of Directors 2. Stakeholder Area 3. Employee Suggestion Box/Employee 4. Hotline/Employee Education & Training Programs	Chapter 1 Chapter 5
<b>Customers</b>	Customer Health and Safety Marketing and Labeling Customer Privacy Socio-Economic Compliance	1. Customer Satisfaction Survey 2. Customer Business Review Meeting 3. Interactive Seminars / Domestic and 4. International Exhibitions 5. Stakeholder Area	Chapter 4 Chapter 5
<b>Employees</b>	Economic Performance Labor/Investment Relations Occupational Health and Safety	1. Intranet & Email 2. Employee Welfare Committee 3. Employee Suggestion Box / Employee Hotline	Chapter 1 Chapter 5 Chapter 6
<b>Suppliers</b>	Anti-Corruption Occupational Health and Safety Forced and Compulsory Labor Customer Privacy	1. Education and Training 2. Company Website Stakeholder Area 3. Employee Suggestion Box/Employee Hotline 4. Customer Satisfaction Survey	Chapter 1 Chapter 4 Chapter 5
<b>Government</b>	Environmental Compliance Customer Health and Safety Socio-economic compliance	1. Phone & Email 2. Correspondence 3. E-Mail	Chapter 4 Chapter 6
<b>Others (Banks, Neighborhoods, etc.)</b>	Economic Performance Anti-Corruption Labor/Management Relations	1. Phone & Email 2. Newcomer Training 3. Employee Suggestion Box/Employee Hotline	Chapter 1 Chapter 5

## Distinguishing Consideration Surface Boundary

Based on the identification of each major concern issue, Axiomtek evaluates its impact through meeting convening and discussion, and determines the impact of the considerations inside and outside the organization. It is divided into the internal boundary of the organization and the external boundary of the organization. The internal boundary of the organization includes Axiomtek and its subsidiaries, the external boundary objects of the organization include customers and suppliers.

Table: Axiomtek's Corporate Sustainability Report Consideration Boundary.

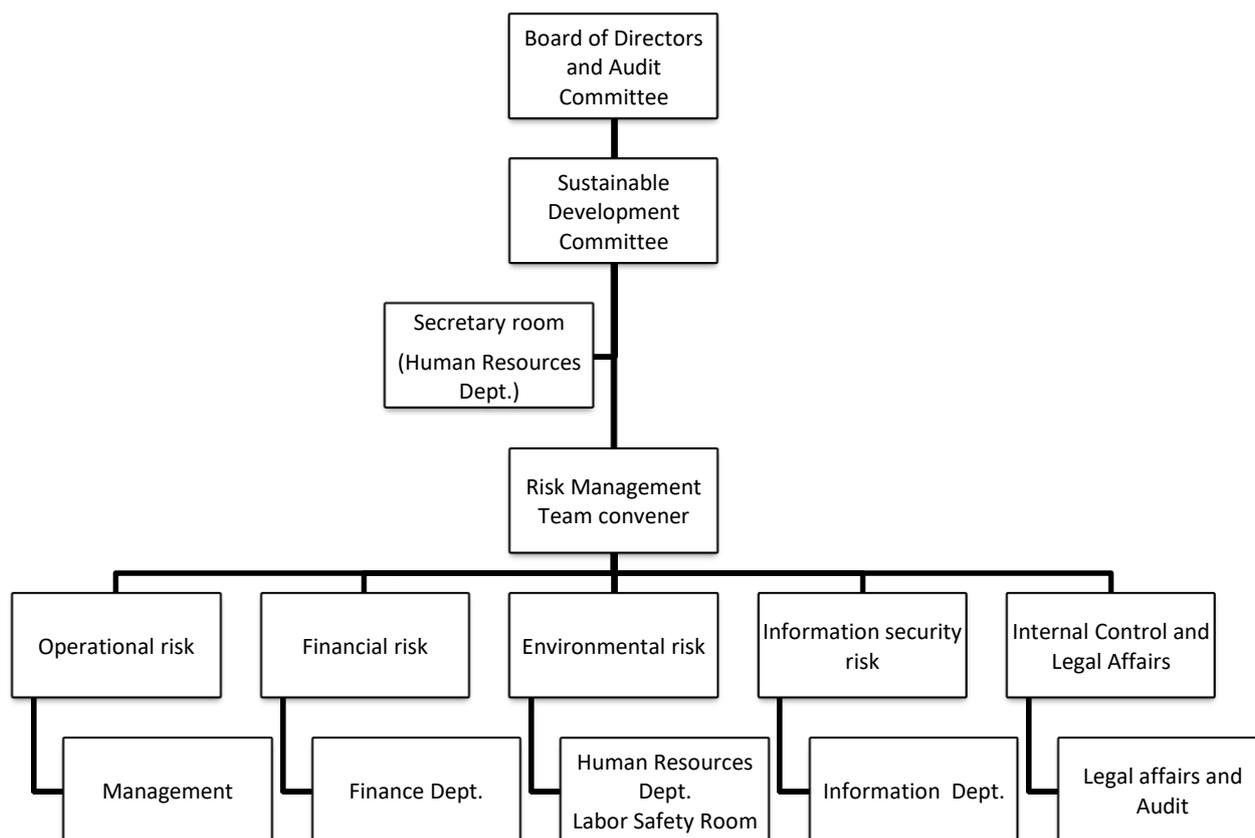
Issues of concern	Boundary consideration of the surface	Intra-organizational boundaries		Organizational external boundaries	
		Axiomtek	Associated company	Suppliers	Customers
Economy	Economic Results	•	•		
	Anti-Corruption	•	•	•	
Environment	Environmental compliance	•			
Society	Integrity	•		•	
	Labor-Employment Relationship	•			
	Labor/Management Relations	•			
	Occupational Health and Safety	•		•	
	Training & Education	•			
	Employee Diversity & Equal Opportunity	•			
	Non-discriminatory	•			
	Child Labor	•			
	Forced and Compulsory Labor	•		•	
	Customer Health and Safety	•			•
	Marketing & Labeling	•			•
	Customers' Privacy	•			•
Socio-economic regulations follow	•		•	•	

•Of a material nature and in this disclosure .

## Corporate Risk Management Organization

The Board of Directors passed the "Risk Management Policy" on October 29, 2020, as the highest guiding principle of the Company's risk management. A risk management team has been established under the Sustainable Development Committee. The risk management team regularly conducts risk factor identification every year to identify relevant risks that may affect the sustainable development of the enterprise, and formulates risk management policies and procedures for various risks, covering management Mechanisms such as objectives, organizational structure, ownership of rights and responsibilities, and risk management procedures are implemented and implemented to effectively identify, measure, and control various risks of the company, and control major risks within an acceptable range.

The Company's overall risk management policy is mainly to establish early warning networks by risk category and reporting systems. Adopt a structured approach in risk management and monitoring to be able to respond accordingly and effectively when the need arises. This will minimize risks.



● Risk management organization structure and powers and responsibilities:

Name	Responsibility
<b>Board of Directors</b>	Company risk management & policy making. Supervise major risk response directions and ensure the risk management mechanism is followed.
<b>Audit Committee</b>	Assist the Board of Directors to perform its risk management duties and supervise the implementation of the risk management system, including reviewing the Company's risk management policies and important risk management systems.
<b>Sustainable Development Committee</b>	Assist the Audit Committee and the Board of Directors to perform their risk management responsibilities, mainly responsible for reviewing risk management reports, integrating, and coordinating common risk management issues among subsidiaries, and advising and communicating important risk management issues.
<b>Risk Management Team</b>	Responsible for the monitoring and tracking of risks.
<b>Management Team (Including Subsidiaries)</b>	Review the risks involved in the Company's various operating activities to ensure that the Company's risk management system can control related risks in a complete and effective manner.
<b>Legal office</b>	Implement legal risk control and assist in evaluating the legal risks that may be involved in various businesses, legal documents, and contracts.
<b>Each Operating Units (Including Subsidiaries)</b>	Before implementing each business, thoroughly review various risk management regulations to ensure that business execution and compliance with laws and regulations can comply with relevant regulations.

● Important risk projects & management structure:

Major issues	Risk Classification	Risk Assessment Item	Risk Management Responsible Unit	Decision & Monitoring
Environment	Climate change	Carbon emission. Product carbon footprint. Environmental impact and management.	Labor security office Human resources unit	Audit Office Risk Management Team Sustainable Development Committee Audit Committee Board of Directors
	Natural resources	Raw material purchase.	Labor security office Purchasing unit	
	Pollution and waste	Toxic releases and waste.	Labor security office Product unit	
Society	Human capital	Human capital development. Occupational safety and health.	Labor security office Human resources unit	
	Product liability	Product safety and quality.	Product unit OC unit Supply Chain & Operations Management Unit	
Governance	Corporate behavior	Operational risk.	Legal Affairs Office Each operating unit Supply Chain & Operations Management Unit CEO office	
		Environmental risk.	Each operating unit	
		Financial risk.	Financial unit	
		Information security risk.	IT unit	
	Corporate governance	Strengthening the functions and fulfilling the responsibilities of Directors.	Head of Corporate Governance Board of Directors	
		Legal Compliance.	Each operating unit	
		Stakeholder communication.	Each operating unit	

● Response measures of risk impact:

1. The effect of technological and industrial changes (including cyber security risks) on financial status and operation of the Company:

The new wave of industrial growth momentum is in related applications such as artificial intelligence, Internet of Things, 5G/6G, AR/VR, and high-computing platforms, mastering key technology niches, application market niches, and business strategy niches for vertical application industries. The Group will use the global distribution network and in-depth projects to gather customer demand and market trend information to quickly provide products that meet customer specifications. In terms of financial operations, we will strengthen cash flow management, production and sales management, and inventory management based on the characteristics of the industry, and create a win-win situation with suppliers and partners in a sustainable business model.

2. Impact of corporate image change on corporate crisis management

Since its inception, the Group has actively enhanced the internal management of the Group and continuously improved the capability in product quality management. In order to improve

corporate governance and strengthen the relevant functions of the Board of Directors, the Company has appointed three Independent Directors in accordance with Article 14-2 of the Securities Exchange Act. In August 2011, the Board of Directors set up the Remuneration Committee to assist the Board of Directors in implementing the remuneration management function. The Audit Committee was established in June 2015, the Nomination Committee was established in October 2016, and the Sustainable Development Committee was established in February 2021. The Company participated in the “Corporate Social Welfare and Corporate Volunteer Promotion Assistance Program” which help companies develop their corporate social responsibilities, integrate public welfare actions with the core values of enterprises and business operations, and promote the good culture of corporate volunteer service. Through corporate volunteerism, create a good citizen environment and work together to contribute towards a caring society and changing the world. In the most recent year and as of the date of publication of the annual report, there has been no significant change in the corporate image of the Company, and there has been no potentially damaging report in the market on our corporate image.

● Risks and Opportunities

With the increasing expansion and demands of industrial IoT and Industry 4.0, we expect an inevitable trend in the development of 5G, AIoT, and edge computing, anticipating the rise of demand in smart factories, the robot industry, intelligent transportation, smart healthcare, renewable energy, smart retail, and smart city-related industries. In the continuous expansion of new applications, product categories are trending towards diversity and the pursuit of exclusive customization services. Overall, the market will continue to expand. Axiomtek aligned with strategic partners to jointly create a complete solution, plan joint marketing activities, enhance brand awareness, and develop vertical application markets in depth. At present, it has selected factory automation, smart transportation, medical care, smart energy, and smart retail, etc., and will actively implement them in the future. Establish more technical bases, expand marketing channels, and realize localized services, and do a good job in local customer management and project management, so as to grasp the changes in market demand in real time. Axiomtek operates the industrial computer business. Because of its high professional technology and Domain Know-How in R&D, product and management, emphasis on integration and service experience, long learning period and difficult deployment, and long market development period, it makes it possible to operate this industry. It has the characteristics of high threshold and has considerable competitiveness.

Technological innovation is a necessary factor to increase product competitiveness and successfully achieve sales goals. Through the annual business plan, the Company formulates new technology development plans, aligns the market domain and customer expectations, and achieves the goal of increasing product highlights. Positive and negative factors for future development of

<b>Positive factors</b>	<ul style="list-style-type: none"> <li>➢ Strong research, and development capabilities, smart modular products</li> <li>➢ Vertical and horizontal industrial strategic alliance</li> <li>➢ Brand awareness and strong global sales network</li> <li>➢ Excellence in business management</li> </ul>
<b>Negative factors</b>	<ul style="list-style-type: none"> <li>➢ The development trend of the vertical application market is becoming more complex, with emphasis on system integration capabilities towards AI applications.</li> <li>➢ High export sales increasing exchange risks.</li> <li>➢ Market information deficiency</li> </ul>

Axiomtek :

Response measures of negative factors:

Negative factors	Response to such factors
The development trend of the vertical application market is becoming more complex, with emphasis on system integration capabilities towards AI applications.	Bring together market demand and customer-centric and obtain future technical requirements and market strategies through customized projects, quickly respond to product design engineering and Domain Know-How, and develop intelligent system products.
High export sales increasing exchange risks.	Presently, the Company's financial unit has appointed a person dedicated to collating exchange rate changes at any time, grasp the trend of exchange rate changes, and to provide timely information and advice on the most appropriate time to buy or sell foreign exchange, and the impact of exchange rate changes when quoting to customers, and to do well in supplier management. The above measures will ensure reasonable profits.
Market information deficiency	Customers are scattered in various industries, and most of them enter the market through distributors or subsidiaries to manage end customers. In the future, we will continue to establish more technical service bases, grasp technical issues or demand trends across fields and from multiple perspectives, and improve satisfaction and brand trust. Expand sales channels and realize local services, optimize customer management, and project management, and make breakthroughs in innovative applications to accelerate industrial automation and digitalization.

## Participate in the "E.SUN ESG Sustainability Initiative"

The "E.SUN ESG Sustainability Initiative" was jointly launched by E.Sun Bank and like-minded companies in 2021. By signing the "Sustainable Development Initiative", they will take practical actions against climate change. It is hoped that by controlling greenhouse gas emissions, Mitigate the impact on climate and environment. Yushan Bank held the "2022 Yushan ESG Sustainability Initiative" press conference on 8/18, and publicly advocated ESG sustainable development with more than 100 companies. President Tsai Ing-wen was also invited to call on enterprises to fully implement and march towards 2050 Net zero transformation goal. He said that the government will work with everyone to turn new challenges into opportunities. After the net zero technology gradually matures in the future, it will drive the development of related emerging industries, which will enable the industry to have better development, stronger competitiveness, and better performance. With international standards. Axiomtek Chairman Yang Yude personally attended the press conference to declare to stakeholders Axiomtek's determination to achieve the 2050 net zero goal.



## Chapter 3 Operation Highlights

The epidemic has slowed down and moved toward unblocking. The kinetic energy of various industries has gradually picked up, and the layout of digital transformation has been actively launched. Digital transformation is mainly driven by big data and software, improving operational efficiency and resilience through digital solutions. It is expected that the wave of smart manufacturing and global localization will promote the transformation and growth of enterprises. Facing the trend of digital transformation, the Company makes good use of its existing advantages in hardware manufacturing and design, creates technological service value through the ecosystem, and provides highly vertically and horizontally integrated value for automation, smart city, retail, energy, medical, and other application industries, and drive the next wave of growth momentum.

Regarding the business policy, the company focus on the integration of artificial intelligence and the Internet of Things, smart manufacturing-related technologies, and edge computing platforms, and continue to invest in domain industries such as factory automation, smart energy, transportation, medical, gaming, and smart retail. It also provides a complete product line and professional customization services for targeted vertical markets. At the same time, the company has added overseas service bases, actively deploying overseas Design Engineering Service to provide localized professional services, deepened customer relationships in global marketing channels, and collaborated with strategic partners to create alliances to pursue the vision of sustainable development of the enterprise and long-term talent cultivation.



In terms of product research and development, in response to the development trend of edge computing and artificial intelligence Internet of Things, plan medium and long-term strategic directions, including continuous development towards miniature and modular design, adopts industrial aesthetic design, and emphasizes user experience. Designed for automation, smart energy, machine vision, AGV/AMR, artificial intelligence and IoT application markets. Obtain product specialty certifications for specific vertical applications; deeply cultivate the smart retail, smart medical and gaming industries, provide exclusive, customized and flexible services for partners, and enhance the added value of integrated solutions; develop edge computing for outdoor fields System, obtain professional certification, cooperate with technical partners to provide smart city, transportation, energy solutions, and combine with customer IT architecture to create a smart medical environment, such as the control system of large-scale testing instruments, mobile medical carts, telemedicine, etc. They are all the focus of future product development.

To meet the emerging wave of AIoT artificial intelligence Internet of Things, the Internet of Everything and smart data, the development of vertical industry intelligence and automation will be more prosperous and rapid, and technologies such as 5G, artificial intelligence Internet of Things and edge computing will be combined with the vertical application market to continue large-scale development. For industrial transformation and regional growth, the world will formulate longer-term infrastructure plans to realize localized supply chains and services. The Group will continue to cultivate its own technological capabilities, focus on specific vertical application markets, and combine future development trends such as wireless communications, artificial intelligence, Internet of Things, machine vision, deep learning, and smart mobile platform applications to build differentiated and innovative core competitiveness. When related products are launched, more software and hardware integration capabilities will be invested, and strategic partners will be coordinated to lead performance growth with value-added services and provide a more diversified product portfolio.

Axiomtek adheres to the principle of integrity and attaches great importance to corporate governance. It will continue to develop global arrangement and localized deep cultivation operations, move technical energy to the front line, set up a local technical service team, and provide zero-time exclusive services; and cooperate with KA, DFSI and distribution channels and other partners to work together to gradually lay the cornerstone of global brand and sustainable management.

### **Operating Policies and Objectives**

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

<b>Marketing Strategies</b>	<b>Research and Development</b>
<ul style="list-style-type: none"> <li>• Brand Development and Global Localization.</li> <li>• Expanding sales scale to expand markets.</li> <li>• Deepening the vertical application field.</li> <li>• Cloud Service Platform Application and Digital Marketing.</li> </ul>	<ul style="list-style-type: none"> <li>• Embedded Boards and SoM Computer Modules.</li> <li>• Edge Computing Platforms and High Computing Application Platforms.</li> <li>• Network Security Application Platform.</li> <li>• Gaming Industry Dedicated Computer Platform and Smart Retail.</li> </ul>

- **Business Marketing Strategies**

1. Develop strategies and tactics for global key accounts, vertical application system integrators, and distribution channels to expand sales and assist customers in developing new markets.
2. Through long-term planning of global regionalization and random function organization, close to the U.S., Germany, U.K., Italy, and European markets, and in-depth understanding of the product needs of customers in the vertical application field.
3. By leveraging our strengths in R&D, design, flexible customization, and rapid integration services, we will continue to market globally under our own brand name, establish more sales and technical bases, expand marketing channels and localized services, and manage customer relationships and project management on a long-term basis.
4. Utilize cloud service applications and platforms to effectively manage customer relationships and project progress with IT technology, and improve customer experience by integrating digital marketing models.
5. Enhance regional R&D and design teams and high-end system assembly capabilities to achieve localization and customized services in vertical application areas.

- **Product Research Development Planning**

1. smart retail toward intelligent development, retail industry into the immersive experience of the sales environment, the future will integrate a few Internet of Things technology touch computer, such as interactive self-service kiosks, digital electronic kiosks, large-scale self-service ordering system, and mobile (Mobile) POS, to become the mainstream of the new wave of smart retail.
2. Integrate with customers' IT structures to create an intelligent medical environment. Large-scale testing equipment control host system, mobile medical trolley, bedside computer information computer is the focus of future product development.
3. Keeping abreast of the market trend, we will continue to develop towards automation, smart energy, machine vision, AGV/AMR, artificial intelligence, and Internet of Things (IoT) application markets. We will provide software and hardware integration services for specific vertical applications and obtain professional certification for our products.
4. Focusing on the industrial network security application market, we develop edge computing computer platforms, remote monitoring technology IPMI and high-speed Ethernet modules, and develop SDN network security architecture.
5. Newly developed AI image recognition application products for gaming industry as well as self-developed patented products, and provided full range of professional services to assist customers in the fastest time-to-market.
6. Integrate with customers' IT structure to create an intelligent medical environment. The control host system of large-scale testing instruments, mobile medical trolleys, and bedside computer information computers are the focus of future product development.
7. Keeping abreast of market trends, we will continue to develop towards automation, smart energy, machine vision, AGV/AMR, artificial intelligence and Internet of Things applications. We provide software and hardware integration services for specific vertical applications and

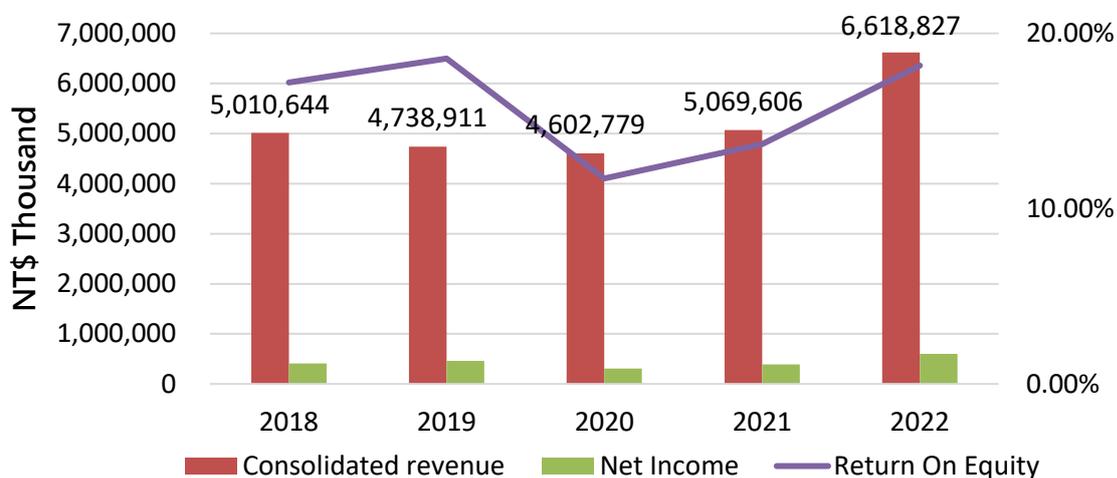


- obtain professional certification for our products.
8. Focusing on the industrial network security application market, we develop edge computing computer platforms, remote monitoring technology IPMI and high-speed Ethernet modules, and develop SDN network security architecture.
  9. Newly developed AI image recognition application products for gaming industry as well as self-developed patented products, and provided full range of professional services to assist customers in the fastest time-to-market.

## Economic Results

Management of major issues : Economic Results	
Item	Abstract Description
<b>Issues Affecting Borders</b>	Inside the Organization (Full Group)
<b>Management Mechanism</b>	To establish and operate a sound corporate governance organization with a head of corporate governance to protect shareholders' rights and interests and to strengthen the functions of the Board of Directors, please refer to the section on the Board of Directors in the Report for details.
<b>2022 Goal</b>	We continue to invest in industrial automation, transportation and smart city, smart healthcare, smart retail and other. We will continue to invest in industrial automation, transportation, smart city, smart healthcare, and smart retail industries, and develop artificial intelligence Internet of Things application platforms.
<b>2022 Execution</b>	Consolidated operating revenue reached NT\$6.619 billion, an annual growth of 30.56%. Consolidated net income for the period amounted to NT\$603 million, and after-tax earnings per share was NT\$6.66.
<b>2023 Rollout</b>	Leveraging existing hardware manufacturing and design strengths to create value in technology services, and providing a high degree of vertical integration in related application industries, we are able to grasp market trends and emerging trends to drive subsequent growth.
<b>Medium and Long Term Development Direction</b>	Continuing the global localization of deep-rooted operations, combined with vertical application markets, to build the core competitiveness of differentiation and innovation, and gradually lay the cornerstone of a global brand and sustainable operation.
<b>Relevant Policies</b>	Axiomtek's articles of incorporation, code of corporate governance practices and plan of operation.

Axiomtek Group's FY2022 consolidated revenue reached NT\$6.619 billion, consolidated net income for the period was NT\$603 million, and consolidated total income for the period was NT\$687 million, with earnings per share of NT\$6.66.



Unit: NT\$ Thousand

Item	Item	2018	2019	2020	2021	2022
<b>Financial Overview</b>	Operating income	5,010,644	4,738,911	4,602,779	5,069,606	6,618,827
	Gross Profit	1,666,150	1,693,484	1,550,755	1,700,995	2,230,812
	Gross margin	33.25%	35.74%	33.69%	33.55%	33.70%
	Business Benefits	557,020	498,835	403,951	417,006	728,720
	Net income before tax	605,541	596,417	412,502	495,096	792,782
	Net profit for the period	406,924	460,455	306,598	390,915	602,637
	Net interest rate after tax	8.12%	9.72%	6.66%	7.71%	9.10%
<b>Operating Costs</b>	Operating costs and charges	4,453,624	4,240,040	4,198,807	4,652,637	5,889,893
<b>Profitability</b>	Earnings per share (dollars)	5.12	5.76	3.73	4.57	6.66
<b>Employee Salary &amp; Benefits</b>	Employment Costs	943,638	999,067	1,006,579	1,139,226	1,294,941
	Employee Benefits	7,535	8,002	6,442	7,176	9,974
<b>Dividend Payout</b>	Cash dividends (dollars)	3.75	3.98	2.57	3.05	2.50
<b>Government Revenue</b>	Profit-seeking business income tax	104,554	203,415	43,548	50,218	126,150
<b>Payment of interest to lenders</b>	Payment of interest	3,379	4,744	4,436	4,231	10,262
<b>R&amp;D Expenditures</b>	R&D Costs	418,399	453,968	422,620	488,175	570,785
	As % of operating revenue	8.35%	9.58%	9.18%	9.63%	8.62%
<b>Supplementary Income</b>	Financial assistance from the government	-	-	41,713	6,185	2,858

## Appropriation of Surplus

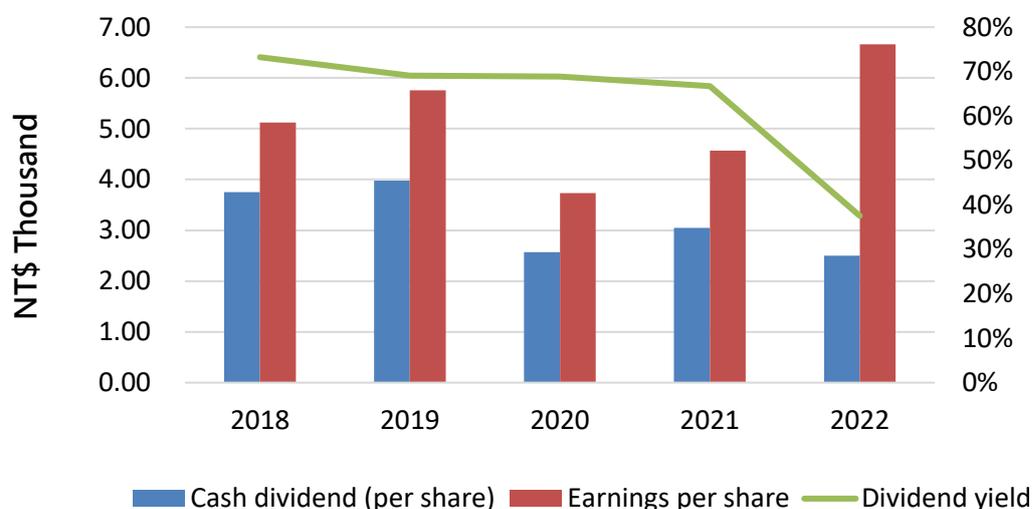
Since 2005, the Company's shares have been listed on the Over-the-Counter Securities Trading Center in the Republic of China (ROC). The Company has maintained a sound financial structure and has continued to create value for investors by paying dividends and emphasizing the interests of investors. Since 2005, the Company has paid dividends to its shareholders every year.

In accordance with Article 27 of the Company's Articles of Incorporation, if the Company has a net profit after tax for the current period, the Company shall first make up for the accumulated losses (including adjustments to the undistributed earnings) and then set aside 10% of the accumulated losses as legal reserve in accordance with the law, unless the legal reserve has reached the total amount of the Company's paid-in capital. After the appropriation or reversal of the special reserve as required by law or by the competent authorities, the remaining surplus, together with the unappropriated earnings at the beginning of the period (including adjustments to the unappropriated earnings), shall be appropriated by the Board of Directors, and the Board of Directors is authorized to distribute all or a portion of the dividends and bonuses payable in the form of cash dividends upon the resolution of the Board of Directors with the presence of at least two-thirds of all the directors and a majority of the directors present at the Board of Directors meeting and to report to the Shareholders' Meeting.

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

The Company's dividend policy is to allocate no less than 25% of the available-for-distribution earnings each year for dividends and bonuses to shareholders in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders, etc., of which no more than 80% of the total amount of dividends and bonuses may be distributed as stock dividends.

On February 23, 2023, the Board of Directors of the Company resolved to distribute cash dividends of NT\$2.50 per share and to issue 9,162,948 new shares with a par value of NT\$10 per share by way of capitalization of capital surplus for the year 2022, tentatively allotted 100 shares for every 1,000 shares of capital surplus for no consideration, in accordance with the proportion of shareholders and their holdings of shares as recorded in the register of shareholders as of the date of allotment, and authorized the chairman of the board of directors to set another date of allotment and release date, and other related matters. The appropriation of capital surplus of NT\$91,629,480 was reported to the shareholders in accordance with the law, and the Chairman was authorized to determine the basis of dividend allotment and the release date and other related matters.

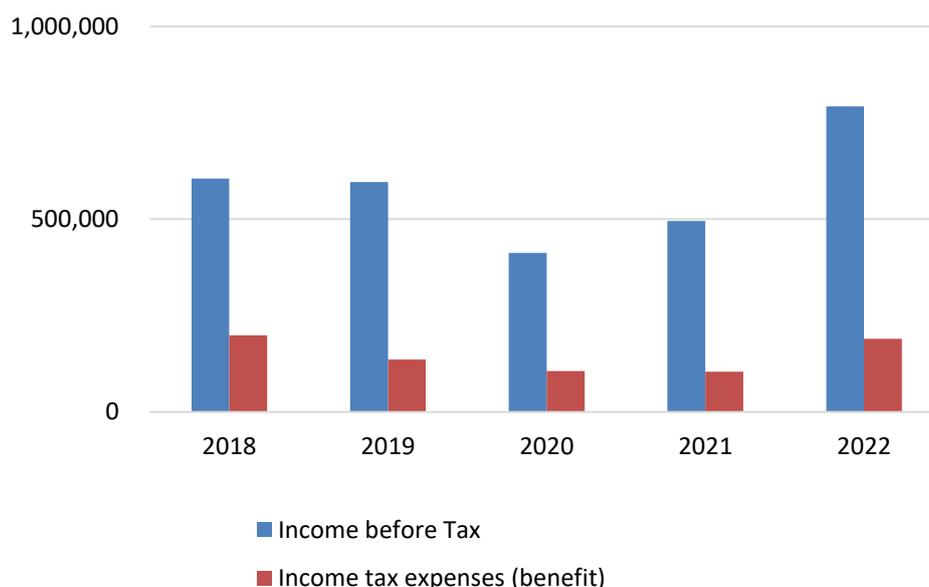


## Tax Policy and Financial Assistance from the Government

We are committed to supporting tax policies that promote innovation and economic growth, as well as information transparency and sustainability:

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

The Company's contribution to the government's rental tax is mainly due to the payment of income tax of the profit-making business, and the actual income tax paid by the Group in FY2022 is approximately NT\$126,150 thousand.



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

The German subsidiary (AXGM), due to the impact of the COVID-19 epidemic, applied for the local government's transitional assistance program for small and medium-sized enterprises (SMEs), and received financial subsidy income of \$2,858 thousand from the government in 2022.

## Financial Risk Assessment

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

Risk Category	Management strategies/practices
Exchange Rate Risk	Adopt natural hedging strategies to offset foreign currency receivables and payables. Establishment of specialists to collect information on exchange rate changes in real time.
Interest Rate Risks	Setting up specialized personnel to collect information on interest rate changes and respond to them immediately. Adjustment of financial planning according to the trend of interest rate to minimize the impact of interest rate on operation.

Risk Category	Management strategies/practices
Price Risk	Investment Policy Diversify the investment portfolio and do not engage in high-risk investment operations.
Credit Risk	Establishment of credit limit control system Regularly review the content and collection status of accounts receivable.
Liquidity Risks	Analyze and plan for outstanding long-term liabilities. Maintaining good relationships with financial institutions and developing funding channels to ensure a secure source of funding and reduce the risk of illiquidity.

## Socio-economic Regulations Follow

In order to guide the directors, managers, and all employees to act in accordance with Axiomtek's organizational values and ethical standards, as well as to enable the company's stakeholders to have a better understanding of the company's ethical standards, I hereby formulate the "Axiomtek's Code of Ethics" in accordance with the "Reference Model for Code of Ethics for Listed and OTC Companies"; and in order to implement the "Axiomtek's Code of Ethics" and the "Company's Integrity Code of Business Conduct", and to ensure that the lawful rights and interests of the whistleblowers and their peers are safeguarded, the "Guidelines on the Prosecution of Unlawful, Unethical and Dishonest Behavior" is hereby formulated to serve as a basis for compliance. Compliance with laws and regulations is a fundamental requirement of corporate governance.

Axiomtek attaches great importance to compliance with laws and regulations by the company and all employees, and from time to time every year, Axiomtek reaffirms internally its ethical standards of business ethics, corporate governance, and employee moral integrity, and adheres to the principle of honesty and integrity to abide by the laws and regulations of the places where it operates. In addition to the definition of material events in accordance with the regulations on the procedures for the investigation and public handling of material information of listed and over-the-counter companies, a single event with an aggregate fine amount of NT\$100,000,000 or more is considered as a material event, and a description of the event is disclosed in the relevant section of the report.

Axiomtek has always complied with the law and the following events did not occur in fiscal year 2022:

- 1) A significant monetary penalty or non-monetary sanction for a violation of a law or regulation.
- 2) Products or services that violate consumer health and safety laws and regulations or self-regulatory codes.
- 3) Violation of information or labeling laws or regulations.
- 4) Marketing activities (including advertising, promotion, or sponsorship) in violation of relevant laws and regulations or self-regulatory codes.
- 5) Violation of laws and regulations related to the provision or use of products or services and the imposition of significant fines.

### Management of major issues : Socio-economic Regulations Follow

Item	Abstract Description
<b>Issues affecting the boundary</b>	Internal organization, suppliers, customers
<b>Management Mechanism</b>	<ul style="list-style-type: none"> <li>● Enhance employees' awareness of legal compliance and ensure that the operations of the Company's various locations comply with changes in domestic and international regulations and policies and minimize the Company's operational risks due to violations of laws/regulations or changes in the regulatory environment.</li> <li>● Pay attention to relevant laws and regulations (including but not limited to import and export laws and regulations, labor laws and regulations, etc.) in the locations of the company's various locations and organize legal education according to the needs of the business.</li> </ul>

## Management of major issues : Socio-economic Regulations Follow

<b>Goal</b>	<p>Short-term: Continuously promote the concept of the rule of law and cooperate with the promotion of the company's integrity management operating procedures and behavioral guidelines.</p> <p>Medium and long term: Implement the concept of honest management and achieve compliance with laws and regulations throughout the company.</p>
<b>Methods of Action</b>	<p>Short-term: The Legal Office is constantly aware of the risks of various domestic and international operational regulations and organizes educational training courses as required.</p> <p>Medium and long term:</p> <ol style="list-style-type: none"> <li>1. cooperate with the Audit Office and the Finance Department in internal control and risk management and formulate or amend the company's internal management methods according to the needs. 2. pay attention to the latest local regulations and policy changes to reduce the company's domestic and overseas operation risks.</li> <li>2. pay attention to the latest local regulations and policy changes to reduce the company's domestic and overseas data point operation risks and organize regulatory compliance promotion to each operation point according to the needs.</li> </ol>
<b>2022 Execution</b>	There were no significant events in FY2022.

## Financial Impacts and Other Risks and Opportunities of Climate Change

Climate change risk is a material risk of the company. Considering that it may have a significant financial impact on operations, the inventory and disclosure of climate change risk and opportunity management will help relevant stakeholders to grasp climate change risks, opportunities, and financial impact more systematically.

The environmental sustainability team of the Sustainable Development Committee is responsible for the identification and management of climate change risks and opportunities, and regularly reports climate risk issues and environmental risk issues to the Sustainable Development Committee risk management team in accordance with the company's risk management system Meetings, the risk management team will evaluate and approve relevant mitigation and adaptation plans; the risk management team will also regularly report the company's risk management implementation (including climate risk) to the board of directors, so that the board of directors can understand and supervise the risk issues facing the company.



The following table describes the impact of various climate risk factors on the company's strategy, operation, and financial planning, as well as relevant response measures:

Major issues	Risk Classification	Risk Evaluation	Risk Management Policy or Strategy
<b>Environmental</b>	Environmental protection and ecological conservation	Environmental pollution prevention and control	<ol style="list-style-type: none"> <li>1. Comply with the relevant regulations of the "Waste Disposal Act", and regularly review the harm and impact of the industry on the environment.</li> <li>2. The Company has got "ISO14001" since 2015, and on a regular basis of following year.</li> <li>3. Strictly comply with legal requirements and provide adequate training for responsible personnel.</li> <li>1.4. Set implementation plans every year, and regularly track and review the progress of each plan to ensure that the goal is achieved.</li> </ol>
	Climate change	Disaster prevention and control Climate change Risk of non-compliance with	<ol style="list-style-type: none"> <li>1. The schedule and requirements of carbon neutrality have now become a topic of concern to domestic companies. Since the relevant domestic and foreign laws, schedules and requirements have not yet</li> </ol>

Major issues	Risk Classification	Risk Evaluation	Risk Management Policy or Strategy
		environmental, climate and other international regulatory agreements	<p>been fully finalized, the Company will continue to pay attention to it and complete the project under the premise of meeting the domestic and foreign requirement.</p> <p>2. Regularly assess the adequacy of the relevant natural disaster insurance amount.</p>
Social	Social responsibility	Occupational safety and health	<p>1. The Company got the OHSAS occupational safety and health management system certification in 2016 and subsequently got the certification regularly.</p> <p>2. Held the fire drills regularly and industrial safety training every year to cultivate employees' emergency response and self-safety management capabilities.</p> <p>3. All SOPs are required to be followed thoroughly.</p>
		Product safety	<p>1. The Company's products comply with government regulations, comply with EU RoHS regulations, and do not contain any hazardous substances. Through a rigorous quality management system, we provide customers with stable product quality. In order to ensure customer service quality and improve customer satisfaction, our employees set up customer service phone number and websites and conduct regular customer satisfaction surveys every year to strengthen our relationship with customers. And the relationship has become the cornerstone of the sustainable development of the enterprise.</p> <p>2. Strengthen the product design safety concept.</p> <p>3. Confirmation of regulation compliance during manufacturing procedure.</p> <p>4. Got product safety certification aggressively.</p> <p>5. Apply product liability insurance for all of products.</p>
Corporate Governance	Socioeconomic and compliance	Operational risk	<p>1. Review the compliance with regulations of operation and strengthen the Company's compliance training.</p> <p>2. Implement the internal control system, conduct self-assessment of the internal control system on a regular basis every year, and issue an internal control statement.</p> <p>3. Discussions the industry environment changes and adjustments of the strategy are made through regular business weekly, monthly and strategic meetings.</p> <p>4. An "Annual Business Plan" meeting is held every year to discuss possible changes in technology, products and industries in the coming next three years, and develop strategies to respond to environmental changes.</p> <p>5. Hold Partners Connect Event with important customers from time to time to understand customer needs and market changes</p>
		Financial risk	<p>1. Financial department monitor the changes in financial market, such as interest rates and exchange rates, and have relevant transactions or hedging operations.</p> <p>2. Forecast cash flow weekly and provide countermeasures timely.</p> <p>3. Maintain a good relationship with banks to ensure that the credit line is sufficient to meet</p>

Major issues	Risk Classification	Risk Evaluation	Risk Management Policy or Strategy
			<p>the short- and medium-term capital demands and reduce the cost of capital.</p> <p>4. Implement the management of customer's credit line and overdue accounts to avoid expected credit risk.</p>
		Information security risk	<ol style="list-style-type: none"> <li>1. A firewall is build for the external network, anti-virus software is installed on the Company's computer, and the virus pattern is updated regularly, and virus scanning is carried out.</li> <li>2. Filtering the website content to avoid connecting to problematic websites.</li> <li>3. The Company implement Microsoft 365, email and important files are placed in the Microsoft cloud, and they are automatically backed up. Even if they are encrypted by hackers, the pre-encrypted files can be restored.</li> <li>4. The emergency UPS in the server room can supply for about four hours power when the power is cut off.</li> <li>5. The Company implement Microsoft 365, and emails and important files are placed in the Microsoft cloud. Even if the Company's internal equipment is damaged, employees can still send and receive emails and access cloud files.</li> <li>6. All servers of the Company are backed up regularly, according to the backup principle 321.</li> <li>7. Report the Company's information security governance to the board on a regular basis every year.</li> </ol>
	Enhance the functions of Directors and fulfilling the responsibilities of Directors	Enhance the structure and operation of the Board of Directors	<ol style="list-style-type: none"> <li>1. Have a corporate governance supervisor to help Directors in understanding legal responsibilities and related regulations, plan the training of Directors, and invite CPA to introduce the latest fiscal, tax and legal issue every year.</li> <li>2. Insuring Directors' liability insurance for Directors to ensure that Directors perform their duties and protect them from lawsuits or claims.</li> <li>3. Arrange for Independent Directors to communicate with external auditors individually every year.</li> <li>4. In addition to the regular annual performance evaluation of internal Directors, and external evaluations are carried out at least once every three years.</li> </ol>
	Stakeholders' communication	Stakeholders' communication	<ol style="list-style-type: none"> <li>1. Value the communication with stakeholders and reports the situation of communication with stakeholders to the Directors on a regular basis every year.</li> <li>2. Establish communication channels for stakeholders, actively communicate, and reduce confrontation and misunderstanding.</li> <li>3. For effective communication with stakeholders, a stakeholder questionnaire is conducted every two years to understand the level of concern of stakeholders on corporate governance, environment, society and other related issues.</li> </ol>

The company will follow the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" issued by the government to complete the calculation and disclosure of greenhouse gas inventory and related financial information in sequence.

## Chapter 4 Products and Services

Axiomtek Co., Ltd. is committed to developing and manufacturing a wide range of innovative, high-performance, and reliable industrial computer products, with the "Industry 4.0" integration framework as the cornerstone of its product development goals. In addition, Axiomtek has obtained ISO 9001, ISO 14001, ISO 13485 and other international quality management certifications to ensure the standard and quality of R&D, production, sales and service stages. We are also committed to the layout of core patents and related confidentiality and control. In addition to the green factory concept that has been introduced to enhance the green image of the industry, the product design itself also focuses on user safety, from the placement of the motherboard components to the external mechanical components, all of which are designed for ease of use, environmental protection, low carbon, and low power consumption. In addition to meeting regulatory requirements, it is also a total solution that combines cloud intelligence and edge computing. Axiomtek will gradually realize the vision of sustainable management and development.

To ensure that the products we provide to our customers comply with international regulations such as UL, CE, FCC, CCC, etc., and to reduce the health and safety impact during the product life cycle, Axiomtek conducts regular environmental, safety, and health regulations audits, and sets fair trade and anti-trust clauses in the Axiomtek Corporate Social Responsibility Code and Employee Code of Conduct.

In recent years, there have been no cases of violations of the regulations and standards related to marketing communications and employee conduct, and the management guidelines for product and service information and labeling requirements are as follows:



Management of major issues : Product and Service Information and Labeling Requirements	
Item	Product labeling abnormality incident, Power rating is an important product information printed on the anti-silver dragon sticker and must comply with the product specifications.
Issue Affecting Borders	Within the organization and customers.
Management System	If there is a power rating change in product design, the safety certification must be re-certified, and a Product Change Notification (PCN) must be issued to inform customers. The change cannot be made without notifying the customers.
2022 Goal	QA sends email to the head office and the factory to provide examples and strengthen promotion.
2022 Implementation Effectiveness	No relevant cases to raise again.
2023 Promotional Goal	After implementing the Product Life-cycle Management (PLM), PM can select whether or not to trigger a Product Change Notice (PCN) when filling out an Engineering Change Request (ECR) Application Form, and send a change notification to its end customers.
Related Policies	Axiomtek is committed to honesty, integrity and business ethics, and has earned the trust of our customers.

Axiomtek's business philosophy is to create a win-win situation with suppliers and customers while ensuring ethical and environmentally responsible sourcing and manufacturing practices. Axiomtek has established a green supply chain management system that complies with all relevant regulations and customer specifications regarding the use of hazardous substances in components. Suppliers are required to sign a "Restricted Substances Commitment Statement" and a "Declaration of Non-Use of Conflict Minerals" to ensure that all components meet relevant environmental regulations. Suppliers must also ensure that their products do not contain any hazardous substances that are regulated by Asentek, such as Pb, Hg, Cd, Cr6+, PBB, PBDE, DEHP, BBP, DBP, and DIBP, in compliance with the European Union's Restriction of Hazardous Substances Directive (2011/65/EU), (EU) 2015/863.

Axiomtek has developed modular fanless embedded systems for specialized applications in the intelligent transportation and industrial IoT sectors. The tBOX500-510-FL-PoE and eBOX671-517-FL are built on the philosophy of providing fanless systems that offer noise-free operation, better stability, and can operate in wider temperature ranges. The tBOX500-510-FL-PoE comes with a PoE power supply that significantly reduces deployment costs and saves system installation space. It is designed to provide a robust embedded fanless system that can meet the diverse demands of the intelligent transportation sector. The eBOX671-517-FL, on the other hand, is designed to provide a high-performance embedded fanless system that can meet the demands of AIoT industrial IoT applications. Both products are designed to meet the principles of reliability, safety, and economy.



tBOX500-510-FL



eBOX671-517-FL

At the same time, the newly launched eBOX100-312-FL industrial-grade low-power edge computing system and the DSP511 retail market advertising playback system both feature a fanless design, which is developed based on this concept. They offer an IP40-rated fanless system that not only avoids the noise, dust, and stability issues caused by fan operation, but can also work in a wide temperature range. The device is lightweight and compact, and its flexible I/O expansion can be connected to a cloud database via monitoring software and network (LAN/WLAN/WWAN), greatly reducing labor costs and increasing processing efficiency, while meeting the principles of reliability, safety, and economy. The eBOX100-312-FL provides a robust IP40-rated embedded fanless system product to meet the needs of factory automation.

To meet the growing demand for advertising playback in various retail fields, Axiomtek provides a robust, high-performance, and low-power embedded 4-display advertising playback system to meet customer needs.



eBOX100-312-FL



DSP511

Axiomtek's main product lines have been successfully applied in factory automation, intelligent rail transportation, smart energy, robotics industry, smart healthcare, gaming, point-of-sale information systems, interactive multimedia platforms, retail vertical markets, network security, digital signage and more in the industrial Internet of Things related fields. Axiomtek has experienced

R&D and manufacturing teams and develops a variety of embedded and industrial computer products and modular design application platforms with advanced embedded technology.



Pico-ITX



CAPA



PICMG 1.3 Full-size



COM Express



Smart Display Module



Low Power Fanless Embedded PC



Multifunction Fanless Embedded PC



Expandable Fanless Embedded PC



Embedded PC for Intelligent Transportation



Intelligent Transportation Monitoring System Platform



Upright Expandable Fanless Embedded Accuracy System



Mechanical Visualization Control Platform



Industrial Network Extenders



Industrial Edge Servers



Convertible Intelligent Traffic Surveillance System



Intelligent Transportation Monitoring System Platform



Touch Screen Fanless Tablet PC



High Performance Expandable Tablet



Stainless Steel, Dust & Water Resistant Tablet PCs



1U Network Appliance



2U Network Appliance



Fanless Slim-type NA



Industrial Ethernet Switch



Autonomous mobile robot AMR



OPS Digital Signage Player



Digital Signage Player



CAN Converter



Digital Signage System



Smart KIOSK Module



Edge AI Artificial Intelligence System



Industrial IoT Gateway Platform



Industrial Network Firewall



Edge AI Computing Platform

Axiomtek provides complete solutions for various industries:

- **Industry 4.0 Smart Factory**

Industry 4.0 is a technological evolution from embedded systems to networks and physical systems. The production technology of embedded systems and intelligent manufacturing are connected to a new technological era. Industry 4.0 represents a shift from centralized to decentralized products, meaning that machines will not only be able to execute simple commands but also accept multiple commands. This will fundamentally change the production value chain and business models in the industry, as well as assist in the implementation of smart factories to increase production output and factory efficiency while reducing the complexity of cost burdens and physical inventory.



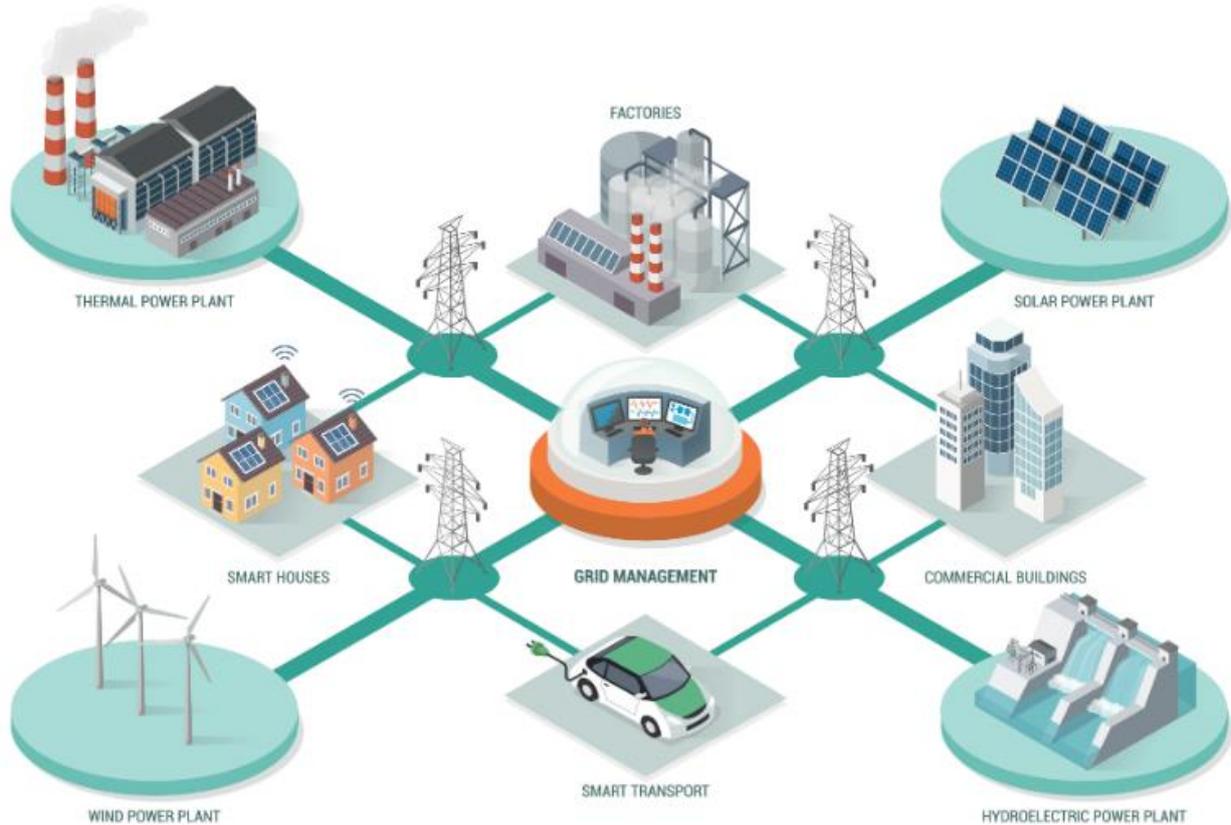
- **Intelligent Transportation**

Axiomtek provides excellent transportation solutions, equipped with low-power core processors that are both efficient and economical, and introduces lead-free processes (RoHS) to meet strict process and high standard quality control requirements for green and environmental protection needs. With a complete network video surveillance system (NVR), wireless communication technology, and smart gates, it enhances overall resource allocation, traffic scheduling, and infrastructure capabilities, while also reducing traffic congestion and environmental impacts, improving transportation and energy efficiency to meet important project goals such as safety and customer service quality for all types of rail, vehicle and marine applications.



- **Intelligent Energy**

Axiomtek has a wide range of rugged embedded computer systems and Ethernet products integrated with control, communication, management, and video functions for the power generation, transmission, and distribution phases. Axiomtek's power and energy solutions help energy industry customers upgrade, extend their optimal operating time, reduce outage and operational maintenance costs, and meet various application requirements such as smart energy, road services, electric vehicle charging stations, and fully comply with safety and environmental requirements.



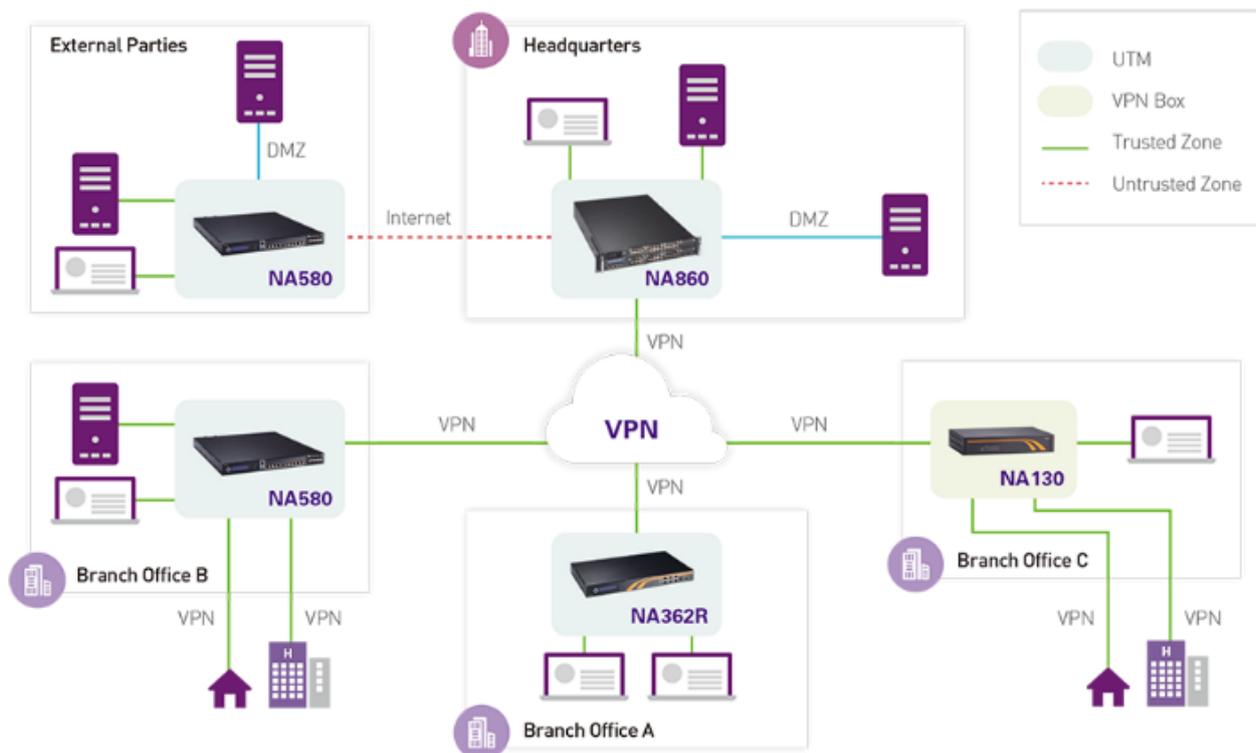
- **Robotics Industry**

With the increasing use of Autonomous Mobile Robots (AMR) in manufacturing automation, smart logistics, and e-commerce, demand for them has also grown rapidly. Facing the fast-developing AMR market, Axiomtek has launched an AMR builder package that includes an AMR controller, ROS 2 software package, sensor kits, and development support services to simplify the AMR development process from design to manufacture and help system integrators speed up time-to-market. Real-time data collection, advanced predictive and reactive capabilities, and high-performance controllers are necessary for quickly processing and executing sequential movements in AMR applications. Numerous I/O interfaces are required to connect with cameras, sensors, control boards, displays, and other end devices, enabling customers to create autonomous mobile robots that meet the requirements of Industry 4.0 applications and address labor market shortages and increased labor costs.



● **Network Security Management**

As the 5G era approaches and the Internet of Things (IoT) continues to flourish, the issue of network security is increasingly important for governments, businesses, campuses, and even SOHO users. Axiomtek offers a variety of network security application platforms that feature high-performance processors, flexible configuration, low power consumption, fanless or low-noise designs, and cost-effectiveness, making them the best solutions for virtual private networks (VPN), intrusion detection systems (IDS), unified threat management devices (UTM), and network security gateways, among other network applications.



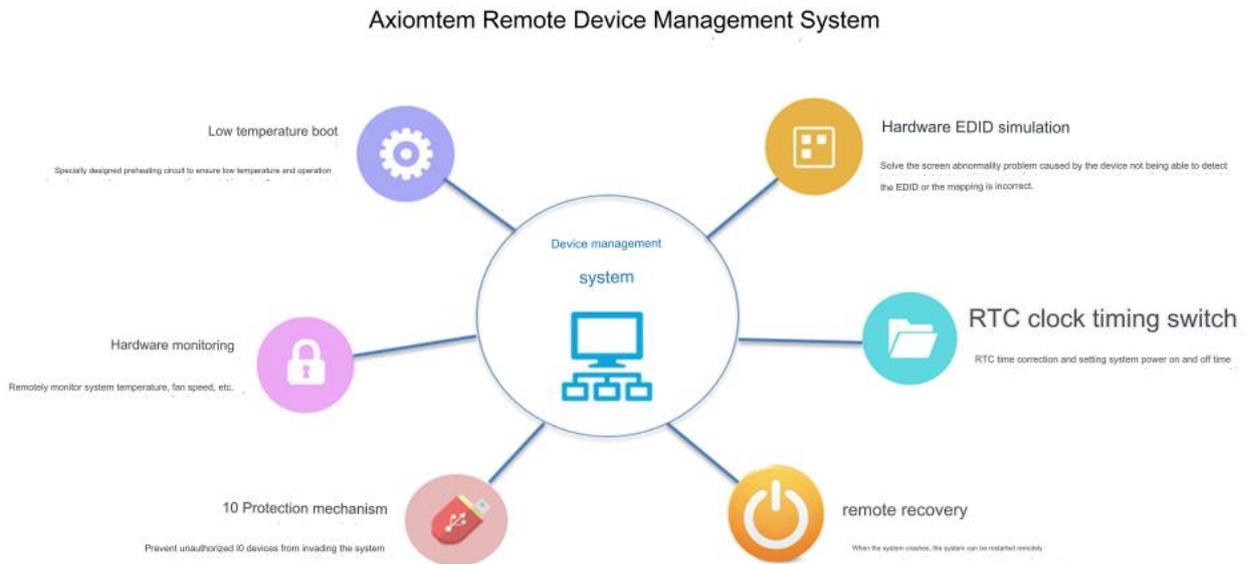
● **Digital electronic signage with remote device management system developed by Axiomtek**

Axiomtek has constructed a complete digital electronic signage platform, which is suitable for shopping malls, companies, educational institutions, hospitals, banks, transportation, restaurants, entertainment and other public and commercial places, effectively conveying business, announcements, news and information, etc. to provide uninterrupted services .

Provide all aspects of Shuli Electronic Kanban System from 2 displays to 9 displays.



**Axiomtek's digital signage system, combined with our self-developed remote management system, can provide some remote monitoring functions, and restart or even restart the machine through the remote, which is more helpful to the owner. Through the returns of these real-time questions, we can also be more able to grasp the status of the machine itself.**

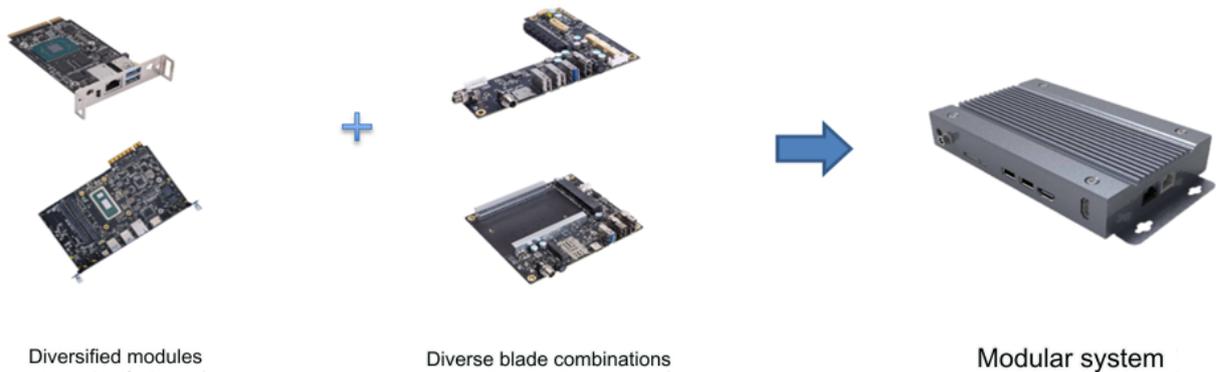


● **Self-Service Solutions**

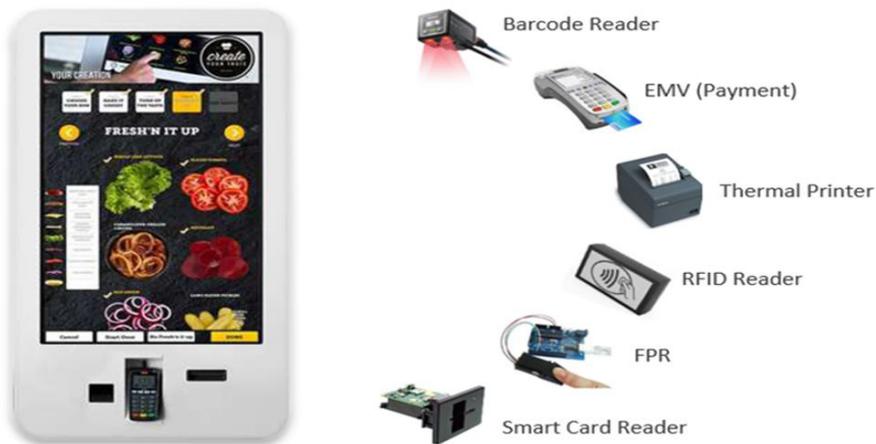
Self-service systems are widely used in banks, stores, department stores, transportation settings and other fields. Axiomtek has constructed a complete

POS / Kiosk self-service system and provide customized services, with the advantages of flexible configuration, convenient maintenance, adaptability to multiple environments and high stability, etc. Axiomtek provides product system integration and design assembly through modular design, allowing Self-service systems allow for quick upgrades, easy maintenance and reduced administrative shipping costs.

## Provide modular system



## Provide system integration and design assembly



### Intelligent Medical System

IT and CAx technologies have been applied in the medical field. In order to meet the specific requirements of hospitals and the medical industry, Axiomtek's medical-grade tablet computer system is ready, with the advantages of high stability, ultra-quiet, fanless operation, waterproof design, etc., and can be integrated into various medical equipment and medical environments, and the products have passed UL60601-1/EN60601-1, CE, and FCC Class B certification.



Smart Healthcare

Product Lists :

Fanless Embedded System	eBOX100-312, eBOX100-51R, eBOX560-500, eBOX560-52R, eBOX560-512, eBOX560-900, eBOX565-500, eBOX625-853, eBOX626-853, eBOX627-312, eBOX625-312, eBOX626-311, eBOX630-528, eBOX638-842, eBOX640-500, eBOX640-521, eBOX670-891, eBOX671-517, eBOX671-521, eBOX700-891, eBOX710-521, eBOX800-841. eBOX800-511, eBOX800-900
Edge AI Embedded System	AIE100-903, AIE500-901, AIE900-902
DIN-rail Embedded System	ICO100-839, ICO120-83D, ICO300, ICO300-83B, ICO300-83M, ICO310, ICO320-83C, ICO500-518, Agent200, IFB122, rBOX630
Transportation Embedded System	tBOX110-APL, tBOX300-510, tBOX323-835, tBOX324-894, tBOX500-510, tBOX510-518, tBOX810-838, UST100-504, UST200-83H, UST210-83K, UST500-517, UST510-52B
ARM-based Embedded Board	SCM120, SCM180, Q7M120
Industrial Systems	IPC960-525, IPC962-525, IPC964-525, IPC962-511, IPC962-512, IPC964-512, IPC950, IPC970, IPC972, IPC974-519
Transportation Touch Panel PC	GOT710S-837, GOT712S-837, GOT715S-RA-M
Transportation Monitor	P710, P712, P718O
Fanless Touch Panel PC	GOT110-316, GOT107W-319, GOT115-319, GOT315W-521, GOT318W-521, GOT321W-521, GOT810-316
Fanless Touch Panel PC	GOT315A, GOT318A, GOT321A, GOT815A, GOT818A, GOT821A, GOT110-316, GOT107W-319, GOT115-319, GOT5103W-845
Modular Panel PCs	ITC150WM 、 ITC210WM
ATX Motherboards	IMB520R, IMB521R, IMB523R, IMB524R, IMB525R, IMB530, IMB700
Slot CPU Cards	SHB140, SHB150R, SHB250R
PCE Express Cards	AX92320, AX92321, AX92322, AX92324, AX92351, AX92352, AX92353
SMB Network Appliances	NA345R, NA362R, NA363R, NA590, NA591, NA592, NA860, NA861, NA870,
SOHO Network Appliances	NA345, NA346, NA347, NA361, NA362, NA363
DIN-rail Network Appliances	iNA100
Digital Signage Player	DSP300 、 DSP302 、 DSP500 、 DSP501 、 DSP511 、 DSP600 、 DSP850
Modular Board	SDM300S 、 SDM500L 、 SKM500 、 SDM510L
Iterative Touch Computer	ITC150 、 ITC210 、 ITC550
Medical HPC	mHPC200 、 mHPC500
Medical Box PC	mBOX100 、 mBOX600
Industrial Motherboard	MANO Series 、 NANO Series 、 CAPA Series 、 PICO Series 、 KIWI Series
System On Module	CEM Series 、 CEB Series 、 Q7M Series 、

In addition, Axiomtek adheres to the ISO 9001, ISO 14001, and ISO 13485 quality management systems and implements pollution prevention and related environmental protection measures. Following the highest environmental policy of "unlimited environmental protection and sustainable resources," we comply with national environmental laws and regulations and relevant requirements of environmental organizations. We educate and promote environmental concepts to every employee and communicate with raw material suppliers and partner factories on environmental issues, working together to promote the concept of environmental protection and sustainable economy.

At the customer service level, we have a well-established service network, and customers both domestically and abroad can quickly obtain the most up-to-date services and satisfactory prices through our global network. Each sales plan at Axiomtek is completed through the cooperation of a group of experienced software and hardware engineers, institutional engineers, system application

engineers, and excellent sales colleagues. From concept to design, Axiomtek provides an excellent service team that can tailor solutions to different needs and accelerate product development time to meet market demands.

In terms of technical support, Axiomtek has professional technical support teams composed of experts located in our headquarters and other regions worldwide. Our customer service departments provide customers with real-time technical support through their professional knowledge. Our RMA customer service department is responsible for repair support, providing customers with professional and comprehensive technical support, and promising to complete repair services within 14 days!

Axiomtek also provides OEM/ODM customization design services, and our approach is to



prioritize the needs of each customer, whether it's project management, proposing application solutions, or providing technical support. To ensure optimal product performance, Axiomtek utilizes an international distribution network. Our global inventory control and tracking system effectively coordinates our product inventory in our offices located in Taiwan, the United States, Germany, the United Kingdom, and mainland China, ensuring timely delivery with no delays.

## Client Relationships

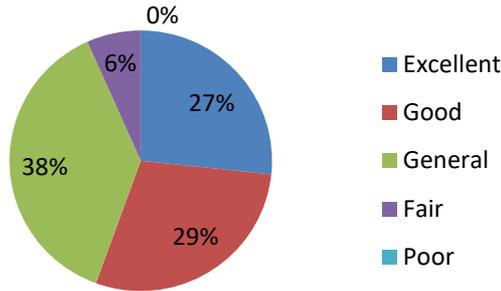
In order to meet the expectations and requirements of our customers and to provide a high level of product quality and service, we conduct customer satisfaction surveys once a year on a representative sample of important customers, including product design and quality, business service, technical service, and after-sales service. The results of the survey are fed back to the company's internal departments, including business, R&D, manufacturing, and storage and transportation, to serve as a reference for subsequent improvement, and to further enhance customer service and satisfaction.

The results of customer satisfaction survey in FY2022 are good in all aspects. To maintain the security of customer information and prevent data leakage, the Company has regulations on the collection, handling, and utilization of information from employees, customers, and suppliers, and has signed customer confidentiality agreements with some of its customers to ensure that the information of both parties will not be leaked. We have signed customer confidentiality agreements with some of our customers to ensure that the information of both parties will not be leaked out. If customers have any concerns or find that their privacy has been infringed upon, they can contact the business counter directly, and the business counter will file a complaint with the Quality Assurance Department for investigation and follow-up. the number of complaints related to the infringement of customer privacy or the loss of customer information in fiscal year 2022 was zero.

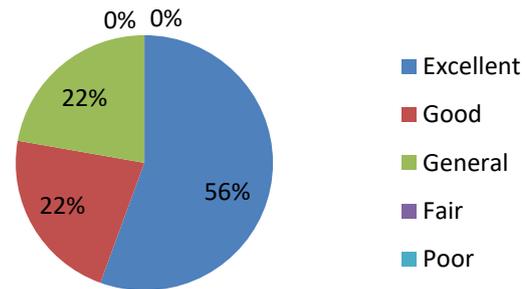
## Customer Satisfaction Survey Process



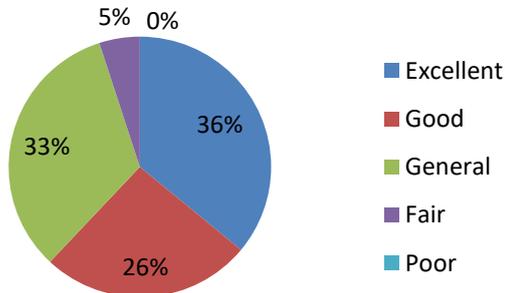
### Product Design & Quality



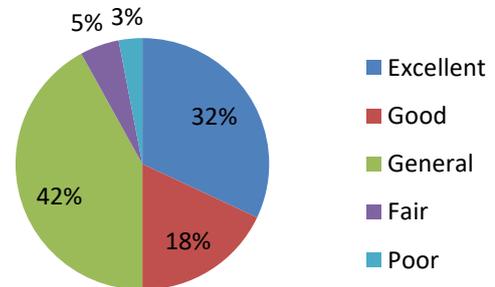
### Business Satisfaction



### Technical Satisfaction



### Satisfaction of after-sales service



Management of major issues : Privacy	
Item	Protection of customer privacy
Issues affecting the boundary	Within the organization, customers
Management Mechanism	Customer Complaint Forms / Official Documents of Regulatory Authorities
2022 Goal	Zero number of complaints related to infringement of customer privacy or loss of customer information
2022 Executive Effectiveness	The total number of verified incidents of information leakage, theft or loss of customer information is zero.

Management of major issues : Privacy	
<b>2023 Rollout</b>	The number of complaints related to violation of customer privacy or loss of customer information is zero.
<b>Relevant Policies</b>	<p>Axiomtek always respects the privacy of our customers, and has set up management regulations for technical documents and application information provided by our customers to prevent the infringement of their privacy.</p> <p>To comply with European and American personal data protection regulations such as the GDPR, technical and programmatic protection measures have been built into the website to prevent certain combinations of data.</p> <p>Please refer to our Privacy Policy and Cookie Policy:  <a href="https://www.axiomtek.com.tw/Default.aspx?MenuId=Information&amp;FunctionId=InfoFullPage&amp;ItemId=277">https://www.axiomtek.com.tw/Default.aspx?MenuId=Information&amp;FunctionId=InfoFullPage&amp;ItemId=277</a></p>

## Chapter 5 Friendly Workplace

### Employee Diversity & Equal Opportunity

Management of major issues : Employee Diversity and Equal Opportunity	
Item	Summary Description
<b>Issues Affecting Borders</b>	Intra-organizational
<b>Management System</b>	Hire talent without discrimination on the basis of race, sex, age, physical or mental disability, religion, national origin, or any other characteristic protected by applicable law.
<b>2022 Goals</b>	Continuing to promote gender work equity, diversity, and a cross-generational workplace. Gender work equity: Gender gap reduced by 1% compared to 2021 performance. Cross-generational composition: Employees' age ranges from 20 to 60 years old.
<b>2022 Effectiveness</b>	The gender ratio in 2022 is 12.1% which is decreased 2.92% comparing to 15.02% in 2021. 2022 Employee age group minimum 19 years old, maximum 64 years old. The coverage is wider than 2021.
<b>2023 Rollout Goals</b>	Continuing to promote gender work equity, diversity, and a cross-generational workplace. Gender work equity: Gender gap reduced by 1% compared to 2022 performance. Cross-generational composition: Employees' age ranges from 19 to 65 years old.
<b>Related Policies</b>	None.

### Talent Composition

Axiomtek has always valued the value of a diverse workplace, and fair employment opportunities are the source of the company's competitiveness. Our employees do not differ by gender, race, religion, politics, marriage, union, or association, etc. Axiomtek's talent includes dynamic people under the age of 30, professional people between the ages of 30 and 50, and intelligent people over the age of 50. In order to respect differences and learn together to pass on Axiomtek's corporate culture, beliefs and values to consolidate and enhance the development of Axiomtek's human resources; and to meet the career development of employees and to take into account the company's operational needs and the desire of employees to be transferred, the company has also set up an internal job vacancy link on its internal website, and the monthly Axiomtek e-newsletter will also convey the latest job vacancy information to employees.

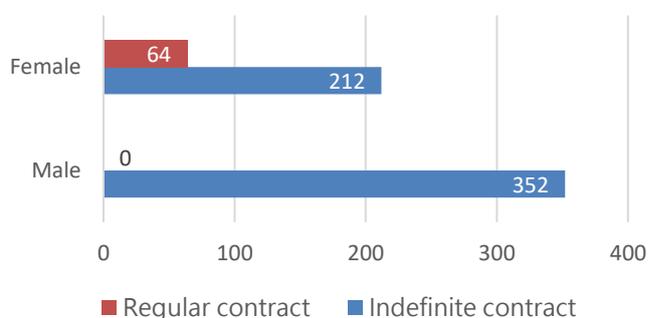
As of the end of December 2022, Axiomtek's headquarter in Taiwan has 628 employees (including Shih Chi headquarters, Beitou factory and Taichung office).

Among them, there are 78 senior executives, all of whom are residents of Taiwan, Republic of China. The composition of the employees, depending on gender, age and job category, is as follows :

Items	Number and proportion of males		Number and proportion of females		Total	
	Number	Proportion	Number	Proportion		
Employment	Company-wide headcount	352	56.05%	276	43.95%	628
Senior Executive	Manager, Associate Manager or above	65	83.33%	13	16.67%	78
Employee Age	Under 30	48	7.64%	80	12.74%	128
	31~49	261	41.56%	152	24.20%	413
	Over 50	43	6.85%	44	7.01%	87
Regular and Contract	Positions	352	56.05%	212	33.76%	564
	Contracting	0	0.00%	64	10.19%	64
Functional Classification	Sales and Marketing	16	2.55%	41	6.53%	57
	Administration	41	6.53%	51	8.12%	92
	R&D	223	35.51%	52	8.28%	275
	Manufacturing	72	11.46%	132	21.02%	204

In 2022, in promoting gender equality at work, gender ratio decrease from 15.02% in 2021 to 12.1%. The actual performance decrease 2.92% to achieve 2022 rollout goal. Axiomtek attaches importance to the long-term cultivation and development of localized talents. Except for foreigners working in Taiwan, who are required to sign fixed-term labor contracts due to restrictions on the duration of their employment, Axiomtek employs all other talents who are not restricted by laws and regulations with long-term development in mind and expects colleagues to share the company's prosperity and growth. Due to the characteristics of the industry, all of the female employees on fixed-term contracts are production line employees.

Gender	Male	Female	Total
Indefinite contract	352	212	564
Fixed-term contracts	0	64	64
<b>Total</b>	<b>352</b>	<b>276</b>	<b>628</b>



## Labor-employment relations

Management of major issues: Labor-employment relations	
Item	Abstract Description
Issues Affecting Borders	Intra-organizational
Management System	Pursuing stable manpower development and employing indefinite contract workers as the main basis for long-term employee development planning to avoid significant manpower fluctuations affecting production capacity and employees' work rights.

## Management of major issues: Labor-employment relations

The manpower policy is in line with the regulations, except for the students of industry-academic cooperation, all child labor is prohibited, there is no gender discrimination, work is equal, and equal pay for equal work.

We actively employ local employees and nurture talented people from the grassroots to become management successors.

### 2022 Goals

Continuously promote talent cultivation and retention programs to enhance employee career development.

### 2022 Effectiveness

In 2022, a four-month elite academy talent training plan will be launched to train 30 internal management talents.

### 2023 Goals

Management talent cultivation program.  
Enhancement of project management personnel and related projects

### Medium and long-term development direction

To create stable job opportunities and become a cradle for the cultivation of outstanding talents.

### Related Policies

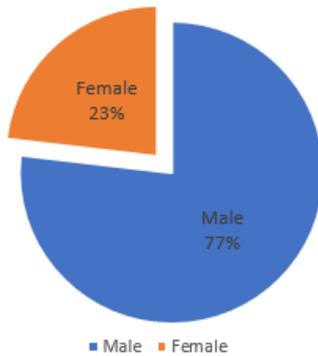
None

## ● Gender Equality

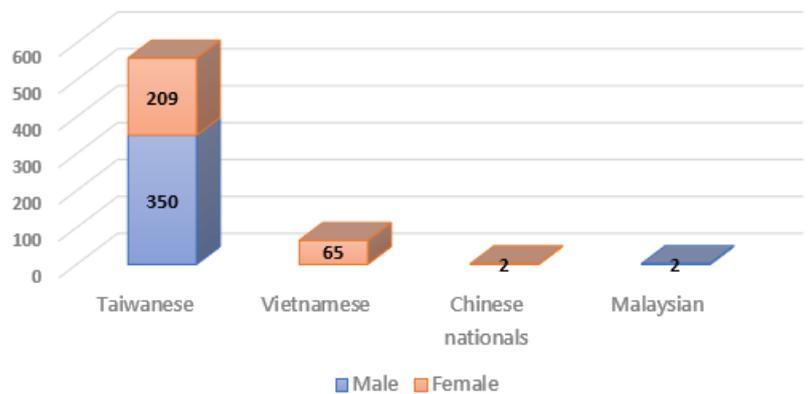
Although Axiomtek is an industrial computer technology industry, we still maintain a gender-friendly environment with a balanced ratio of male to female employees, and all talents are recruited by Axiomtek itself, and all-important positions in the organization are filled by self-recruited talents based on performance and potential.

All important positions in the organization are filled by self-employed personnel based on performance and potential, and are selected under healthy competition, from recruitment, appointment, training, evaluation, promotion, salary adjustment, etc., in a balanced and equal opportunity human resources development environment.

Gender Ratio of Management Staff



Number of national employees by gender



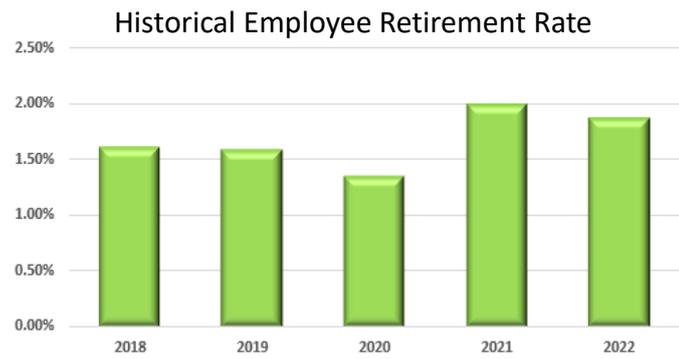
● Talent Retention Strategy

Axiomtek Taiwan 2022 New Entry and Exit Rates

Categories	Total	Gender		Age		
		Male	Female	<30	30-50	>50
Newcomers	178	91	87	86	87	5
Newcomer rate(%)	28%	26%	32%	67%	21%	6%
Number of Leavers	135	76	59	38	85	12
Turnover rate (%)	21%	22%	21%	30%	21%	14%

Note 1: New entry rate = new entrants to the category in the current year / total number of employees in the category at the end of the year

Note 2: Separation rate = the number of employees who left the category in the current year / the total number of employees in the category at the end of the year

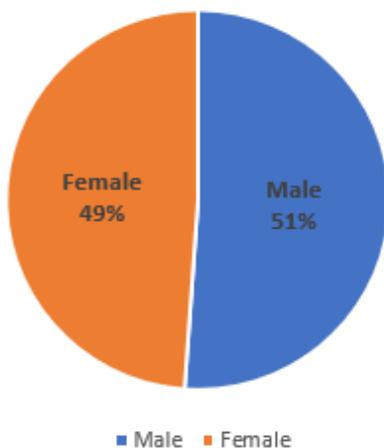


Note: The annual severance rate is calculated according to the formula of the Ministry of Labor = (number of departures/(annual average monthly number of employees\*12))\*100%.

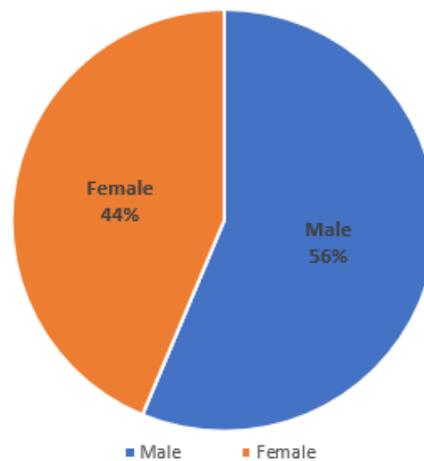
As the epidemic is gradually brought under control in 2022, Taiwan's technology industry is gradually recovering, and the steady growth in orders and staffing demand is driving the company to increase the proportion of new recruits.

To retain talents, Axiomtek has not only adjusted its salary structure and existing compensation system, but also launched several key talents programs in recent years, in which the company selects outstanding executives and talents with "potential" and "talent scarcity" and provides them with retention bonuses or employee stock certificates. In addition, we have nurtured several divisional and departmental-level supervisors, providing an additional layer of talent for Axiomtek. After more than a year of efforts, we have been able to keep the turnover rate under control °

Gender Ratio of New Recruits



Gender Ratio of Retirees



- Maternity Incentive and Retention without Pay

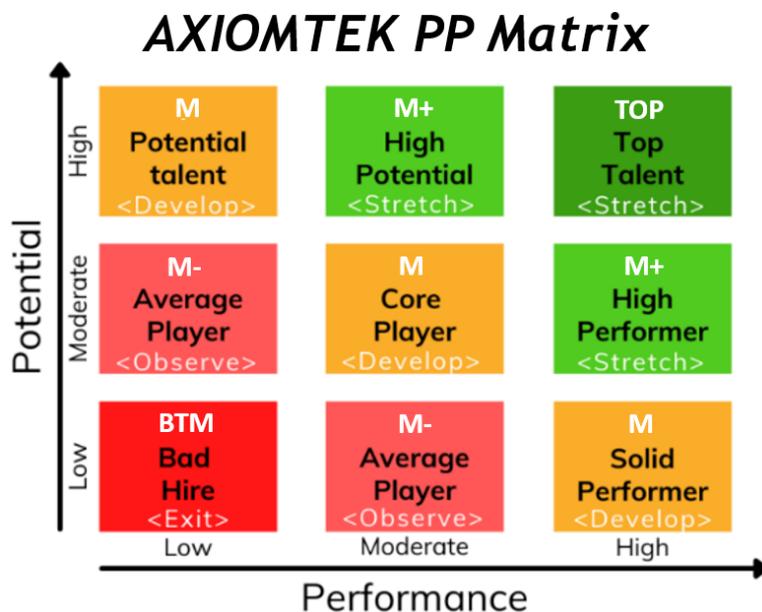
To encourage employees to have a family and stimulate the birth rate, we provide marriage and childbirth gifts. In addition, to relieve the burden of our employees, we have partnered with a nationwide childcare institution, the Yoyo Nursery School, to provide tuition discounts and support to our employees and their families.

Axiomtek fully complies with the provisions of the law on parental leave without pay, regardless of gender, and can apply for reinstatement upon expiration of the leave without pay.

Gender	Male	Female
(A) Number of applicants eligible for baby-sitting leave without pay in 2022 (2019-2022)	30	8
(B) 2022 Actual number of applicants for baby-sitting leave without pay	0	5
(C) The number of baby-sitting suspensions is expected to resume in 2022	0	3
(D) The actual number of people who will return to work without pay in 2021	0	1
(E) The number of people who applied for baby-sitting leave without pay in 2021 returned to work	0	2
(F) Number of people who applied for a year of continuous work after reinstatement without pay in 2021 for baby-sitting	0	1
Application rate for baby-sitting without pay (B/A)	0%	63%
Application rate for baby-sitting without pay (D/C)	—	33%
Application rate for baby-sitting without pay (F/E)	—	50%

- Promotion and salary adjustment

Axiomtek's performance management system is linked to the promotion and salary adjustment system, which regularly evaluates and promotes salary adjustments for outstanding personnel every year, and moderately adjusts salary for general performance personnel according to the price index and operating performance; at the same time, it takes into account outstanding and qualified talents, and selects key talents. Supplemented by special programs for training and incentives, maintaining corporate competitiveness and cultivating successor manpower.



- Compensation & Benefits

Axiomtek attaches great importance to human assets. When a new employee joins Axiomtek, he or she will be evaluated based on his or her academic background, years of experience, professional experience, professional skills and management skills, and will be compared with his or her current peers in order to assess and approve the salary level of the appointment. The compensation policy for the employees is that after the employees assist the Company to achieve the set management targets, the Company will periodically reward the employees according to the performance evaluation results and link the bonuses to the performance of each stage, so that the employees' annual salary has a better monthly salary than the competitive market, and at the same time, taking into account the folk culture of Taiwan, the year-end bonus is only linked to the proportion of the current year's employment, so that every working Axiomtek employees can have a good year every year. To encourage employees to be professional and pursue excellence, regular employees enjoy a more complete and comprehensive compensation and benefit design than contract employees.

### Axiomtek Rewards Links

Applicable Targets	Bonus Category	Rewards
Regular Contract Staff	Three section bonus	Transfer to formal staff assessment
Regular Contract Staff	Performance Bonus - R&D	Semi-Annual Performance Evaluation
Regular Contract Staff	Performance Bonus - Sales	Quarterly Performance Evaluation
Regular Contract Staff	Performance Bonus - Manufacturing	Quarterly Performance Evaluation
Regular Contract Staff	Performance Bonus - Support staff	Semi-Annual Performance Evaluation
Regular Contract Staff	Employee Compensation	Annual Performance Measurements

### Percentage of employees who receive regular performance and career development reviews

year	2018	2019	2020	2021	2022
Male staff	100%	100%	100%	100%	100%
Female staff	100%	100%	100%	100%	100%
<b>Total</b>	100%	100%	100%	100%	100%
Supervisory staff	100%	100%	100%	100%	100%
Non-Supervisory Staff	100%	100%	100%	100%	100%
<b>Total</b>	100%	100%	100%	100%	100%

Axiomtek's employee salary, performance evaluation and career development planning, without discrimination based on gender, race, religion, politics, marriage, union or association; and there have been no incidents of discrimination against employees in 2021.

Responsibilities	Male	Female
Operators / Assistants	1.06	1
Professional Technician	1.17	1
Basic Supervisor	1.08	1
Mid to High Level Supervisor	1.00	1

Remark: 1. Definition of annual salary: including annual basic salary and annual bonus.  
2. The scope of statistics excludes foreign migrant workers.

Axiomtek attaches great importance to gender equality in work. Job assignments are based on the ability of talents to fit the right person. Salary review considers the supply and demand of talents and performance. There is only a very small difference in the ratio of basic salary plus salary for women to men, even among middle and senior executives, the salary level of female executives is slightly higher than that of male executives.

Axiomtek's main operations are located at its headquarters in Taiwan, where the lowest monthly salary for both male and female employees is about 15% higher than the statutory basic wage; and the

average monthly salary for male and female employees at the lowest level is even higher than 23%~28% of the statutory basic wage.

Item	Male minimum wage to SMW ratio	Ratio of female minimum wage to SMW	Female to male minimum salary ratio	Ratio of the average salary of the lowest male grade to the statutory minimum wage	Ratio of the average salary of women at the lowest grade to the statutory minimum wage	The ratio of women's average salary to men's average salary at the lowest level
Taiwan HQ	1.15	1.15	1	1.28	1.23	0.96

Note:1. The statutory minimum wage in Taiwan for 2022 is NT\$25,250.

2. Statistical scope excludes foreign migrant workers.

### ● Quality Staff

Axiomtek organizes the annual selection of outstanding employees, and since 2020, the "Best Service Award", "Best Innovation Award" and "Annual Contribution Award" have been established. Nominations are made by colleagues, and the top 3 employees are selected by all employees and sent to the Human Resource Assessment Committee (HRC) for consideration. Outstanding employees are invited to give a brief explanation to the HRC, and those who have received more than 1/2 of the votes are finally selected by the HRC to be the employees who have demonstrated the best human behavior of Axiomtek, and are publicly commended at the tailgate banquet, and are presented with plaques and bonuses by the Chairman of the Board of Directors, which is a great honor for the individual.



### ● Human Resource Vision

Axiomtek's human resources vision is to be a human resources department with a sense of mission, to nurture employees to become global leaders, and to allow employees to develop unlimited creativity and apply their skills and knowledge for the benefit of mankind, so that Axiomtek become an enterprise that pursues excellence and benefits the community through its excellence, in order to fulfill its corporate social responsibility and achieve the goal of sustainable

## 艾訊人資願景 HR Vision

### 具使命感的HR A Purposeful HR

促進艾訊成為追求卓越的企業，並藉由其卓越來助益社會

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

不懈地培育員工成為全球的公民與傑出的領導人才

Relentlessly, cultivates employees to be global workers and outstanding leaders.

培養無限的創造力，發現並應用知識和技能以造福人類

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

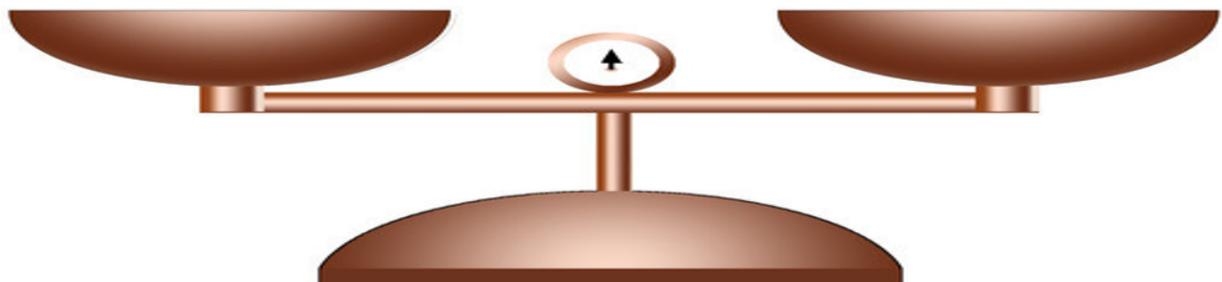
In order to realize the vision of human resources, Axiomtek takes "innovation" and "to be the most desirable company to work for" as the mission of the human resources department, which is to create a beautiful working environment, employee care, health care and promotion, and to take care of the work-life balance; to emphasize on the social welfare and green energy, and to lead employees from caring for themselves and their family members to caring for the general environment of their lives and the earth's finite resources through the all-around planning and the balance of employee's needs, with the aim of enabling the employees to enlarge the mindset and the vision and to look at the international arena.

## 艾訊人資使命 HR Mission

The Best Corp.  
To Work For



Innovation



Management of major issues : Labor Relations	
Item	Abstract Description
<b>Issues affecting the boundary</b>	Intra-organizational
<b>Management Mechanism</b>	Every quarter of the year, "Labor-Management Meeting" and "Welfare Committee Meeting" are held, and in the 4th quarter, HR and the Welfare Committee plan employee activities for the following year.
<b>2022 Goal</b>	The annual planning is based on the theme of "building a happy workplace", with "stress-relieving seminars" and "social club activities", etc. Through a variety of stress-relieving activities and parent-child interactions, employees can get along with each other like a family.
<b>2022 Executive Effectiveness</b>	Due to the epidemic, we completed the "Keelung Island Ecological Conservation Tour_Pure Beach" and the "Old Caoling Circular Bicycle One-Day Tour", and continued to organize social activities.
<b>2023 Rollout Target</b>	In addition to large-scale social activities, we also organize "Games" and "Sustainable Development Activities".
<b>Medium and long-term development direction</b>	We are striving to become the most desirable company to work for.
<b>Relevant Policies</b>	Procedures for selecting and managing outstanding employees, setting up clubs, and providing incentives and subsidies.

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

- Happiness of Work-Life Balance

1. Flexible working hours: Shiodome employees are entitled to 1 hour of adjustable flexible working hours (working hours are from 8:30 a.m. to 9:30 a.m. and from 5:30 p.m. to 6:30 p.m.), which is convenient for employees to take care of their family care needs and to achieve work-life balance.
2. Special festivals: The annual Spring Festival Opening Ceremony is held in the two factories. The Chairman of the Board of Directors of the Xizhi Headquarters leads the supervisors and employees to pray for blessings and go to the neighboring Tougong Temple for a spring walk to see the cherry blossoms in full bloom in Kangliao Kengxi.
3. Tea Time : Provide a monthly afternoon tea fund to support colleagues to enjoy gourmet refreshments. Through the preparation and sharing of afternoon tea, each department not only promotes the emotion among colleagues, but also expresses the work emotion and pressure.



4. Clubs: Axiomtek encourages colleagues to connect their work with their interests. In 2022, there will be 7 clubs, in addition to the badminton, basketball and billiard clubs that have been established for many years, the "Mountaineering Club" will also organize a one-day cycling trip to the Old Caoling Historic Trail in 2022, which will add more health, leisure and diversification to the activities of the clubs and increase the exchange of colleagues and the bonding of relationships closer together.



5. Axiomtek Academy: Designing the learning blueprint based on the needs of development and training, to plan a sensible training course. In addition to professional courses, stress relief and spiritual growth courses have been added to allow colleagues to learn and grow professionally and physically and mentally at the same time.

6. Art Seminar: To promote the design concept of "Aesthetic Innovation", Axiomtek arranges exhibitions of artists' works in the Art Corridor every 2~3 months and invites the participating artists to share their creative concepts with the company.

● **Comfortable workplace**

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

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



2. Dining space: A multi-functional staff lounge is set up, and the central bar provides microwave, oven, and black gold stove, etc. for colleagues to cook meals instantly, and the Art & Culture Club and Parent-Children Club also organize cooking courses here; outside of the dining time, it can be used as a flexible space for guests to meet with guests and colleagues to gather and talk freely.

3. Library: In addition to purchasing new books on a regular basis to enrich the existing collection, a branch library will be opened in Beitou in 2019, so that colleagues in Beitou can enjoy the pleasure of borrowing and reading books immediately.

4. Food Store: Adopting an honest store management approach, we have a wide range of beverages and food products for our employees to replenish their energy and enjoy at any time, as well as organizing promotional activities for our employees to eat more healthily.

5. Rooftop gym: There are 3 treadmills and 3 various flywheels and bicycles. You just need to take the elevator to the top floor, and you can use it as many times as you like before work, at noon, or after work, so that you can refuel your health easily.

6. Art Gallery: For the cultivation of aesthetics and the practice of aesthetics in daily life, since May 2018, Axiomtek has officially set up a professional art exhibition in the 2nd floor gallery of the headquarters in Shichih Chih, inviting artists with a variety of media and creativity to formally display their artworks for a period of 2~3 months.

Axiomtek has redecorated the staff lounge in the Beitou factory, which is comparable to a "five-star restaurant", so that the factory staff can also enjoy a beautiful dining and resting space. Especially under the tension of the work of production and shipment, walking into the richly designed lounge during the break time makes people feel relaxed and relieved of stress, so that they can recharge their batteries for another day of work.

1. Spacious and innovative dining space: Continuing the interior design aesthetics of the Shiodome headquarters, the design elements are integrated into this lounge space, together with the audio-visual equipment, enriching the multi-functionality of the entire space.

2. Library: Exchange books with Shiodome Library every 3 months, and gradually increase the number and items of books through the quarterly book purchase budget, and open up the books recommended by the staffs to enhance the interest of the staffs in borrowing books.

3. Gallery: The same planning period as the Xizhi headquarters, i.e., the same artist exhibits his/her artworks simultaneously, so that Beitou colleagues can enjoy the cultivation of aesthetics together.

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

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



## ● Employee Care & Attention

1. Family day: In the past years, we organized staff travel activities combined with family day to support colleagues to balance work and family and encourage them to participate in family-like emotional interactions. In 2022, the Welfare Committee organized the "Axiomtek Dabangan Happy Family Day", where more than 300 employees and their family members enjoyed hiking, barbecuing and playing games together.



2. Child Care: There is a parent-child reading space in the library of Shiodome Headquarters, which provides a safe and comfortable space for colleagues to accommodate their children's dependents.

3. Emergency Care: For employees who suffer from major emergencies, the company provides emergency condolence payment and emergency leave to help employees deal with family emergencies with peace of mind, so that they can recover from emergency injuries as soon as possible and return to work; for example, the company has provided supportive paid leave and condolence payment in the event of emergencies, so that employees can take care of their family members or recover their health without worrying about their health.

4. Health Screening: Provide health check frequency and health check items that are better than the regulations every year to support colleagues to emphasize on health and develop good health habits.

5. Safety and health: We provide a safe and hygienic environment that is double-certified by the international ISO 45001 and Taiwan CNS 45001, and regularly conduct environmental testing and water quality testing to support employees to enjoy the right to work in a safe and hygienic manner.

## Transportation and Parking

1. Transportation: In addition to taking care of the inconvenience caused by the relocation of the headquarter to Shiodome, and to facilitate the recruitment of new employees, Axiomtek operates two round trips from Shiodome to Shiodome and one round trip from Zhonghe to Shiodome on every working day.

2. Parking space: Axiomtek encourages employees in Shiodome to drive to work more often, therefore, each parking space only charges employees monthly cleaning fee, even if the number of employees has increased dramatically, resulting in insufficient parking spaces and the need to continue to rent, but still do not charge employees rent, so that employees can easily drive to and from work.



Since 2019, Axiomtek has been employing professional nursing staff who are committed to "work-life balance" and have received grants from the Ministry of Labor to work on the balance between mind, body, spirit, and work. 2022, when the outbreak eased a little, we also held a number of stress-relief seminars, including: succulent DIY, moss ball plant making, and Zen bypass painting art creation, to take care of the physical and mental health of our colleagues.



## ● Green Energy Environmental Protection

1. Energy Saving and Carbon Reduction Management: Introducing ISO 14064 for more effective management of greenhouse gases, promoting environmental protection, energy saving and carbon reduction, and advocating colleagues to care for their homes and the earth.
2. Waste Management: Regularly manage and report waste in accordance with the law, and work together to protect the global environment.
3. Hazardous material management: Regularly manage and report in accordance with the law, and find qualified transportation companies to deal with it, and jointly maintain the global environment.

● **Training development**

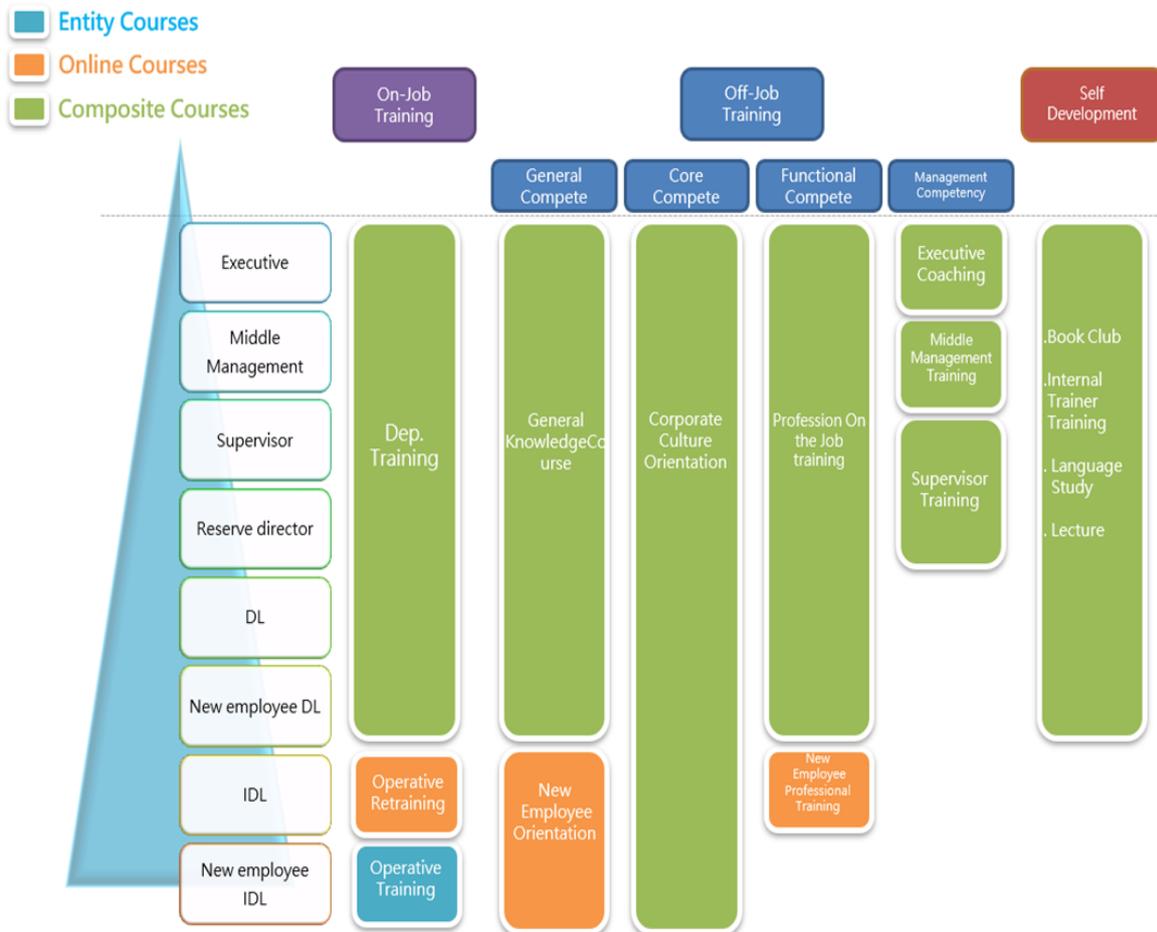
Management of major issues: Education and Training	
<b>Item</b>	Abstract Description
<b>Issues Affecting Borders</b>	Intra-organizational.
<b>Management System</b>	Employees perform annual training effectiveness.
<b>Goals</b>	Short-term → Improve the satisfaction level after training and test results after class. Medium to long term → Establishment and enhancement of diversified education and training methods and tools.
<b>Actions</b>	Short-term → Managers implement education and training to improve or enhance the functions of organization members according to the gaps. Focus on the Company's strategic needs and management objectives and plan the overall employee training program in an integrated manner. Medium to long term → Focus on the development of employees' expertise, potential development and professional knowledge through a progressive education and training system. Thoroughly implement knowledge and experience transfer and acquire new knowledge to enable employees to grow professionally.
<b>2022 Effectiveness</b>	The average score of 79.8 (out of 100) per employee trained in FY 2022.

Axiomtek Academy designs learning maps based on development training needs, combines key performance indicators and functional inventory to produce training needs of organizations, units and employees, formulates annual education and training plans, applies training system model, carries out new training and on-the-job training at different levels, including hard management, professional courses, soft stress relief courses and reading clubs... Training and promotion, so that the training results are consistent with the operation performance; And the training execution to TTQS as the criterion, to PDDRO as the training management circle.

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

● **Complete system of training and learning opportunities**

In order to implement the spirit of "people are the most important asset of Axiomtek", Axiomtek Academy provides a series of training courses that combine corporate strategic goals and career development. In terms of internal talent training, Aicun Academy has developed a complete training course structure, so that employees at every level can have the necessary professional knowledge and give full play to their potential. From new colleagues, all levels of technical/professional personnel to all levels of supervisors, planning a sound training system, and regularly in the internal selection of Key talent pool, gradually cultivate into the company's future succession echelon.



We using the parallel advantages of physical and online courses, we encourage colleagues to cultivate a lifelong learning attitude, so that learning can be everywhere, and colleagues and the company can grow together. Axiomtek attaches great importance to talent cultivation, planning a complete education and training system for all levels and functions, and establishing an internal training mechanism for lecturers to strengthen teaching skills of existing management and technical colleagues, inherit knowledge and skills and develop talent ability.



Promoting diversified learning is one of the key strategies for talent development of Axiomtek. Since 2020, the digital learning resource platform has been planned for the first time, and the parallel training of digital, physical and blended courses has been integrated to create an environment for independent learning, drive learning to happen every moment, and enable colleagues to continuously cultivate the intellectual ability to keep pace with The Times and strengthen the awareness of learning. In addition to the original general courses, professional product knowledge and on-the-job training of production line skills, digital courses have been launched online in 2022, including operation and management courses, ESG promotion and health and safety promotion courses. By December 2022, more than 2,473 participants have participated.



skills as well as operation and decision-making ability.

In order to cultivate international business management talents, a one-season management training program is conducted in four modules: business strategy, organization and talent development, international localization and financial management. It guides students to develop strategic management and operation thinking from various aspects and perspectives of business operation, and learn cross-field management

Through the management theory and case analysis in the course, students can trigger their thinking, and discuss the topics more thoroughly. With the guidance of senior supervisors as group tutors, students can learn more horizontally and deeply. By case analysis and organizational behavior to stimulate deep thinking, in order to use logic to improve the quality of management and decision-making. In the communication, I re-expanded my vision, and constructed the five-year vision of Axiomtek with bold dreams and creative ideas.

In order to create a talent development stage and expand technological energy outward, Axiomtek launched DES(Design Engineering Service) plan. In terms of language training, we continue to carry out business English classes and living German classes according to positions and strategic development planning, providing practical learning and application opportunities, helping to improve employees' international business communication ability, so as to enhance communication with overseas subsidiaries and customers, and strengthen the localization of services. In addition, the total investment in the number of foreign language learners and hours in 2022 has increased significantly compared to the past, with a total of 306 hours of courses, which shows the company's strategy of promoting internationalization and employees' attention and investment in language competence and professional licenses.

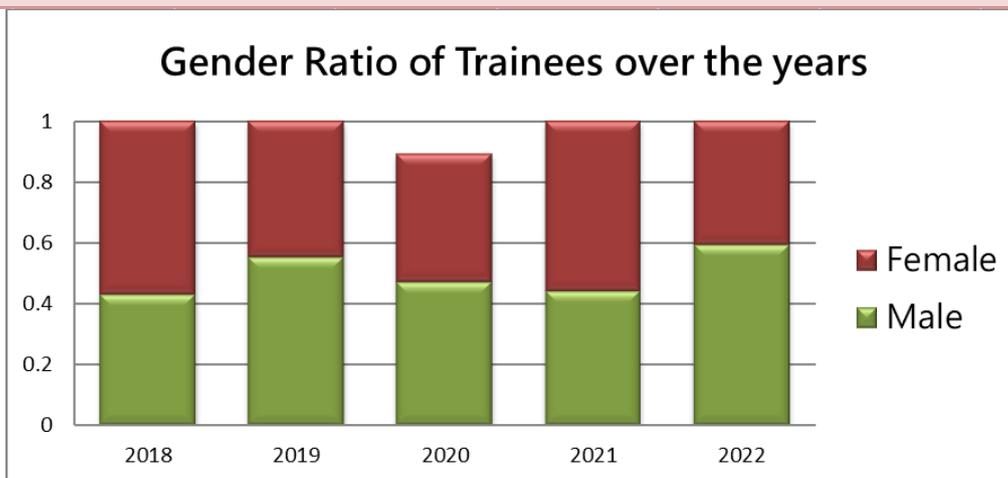


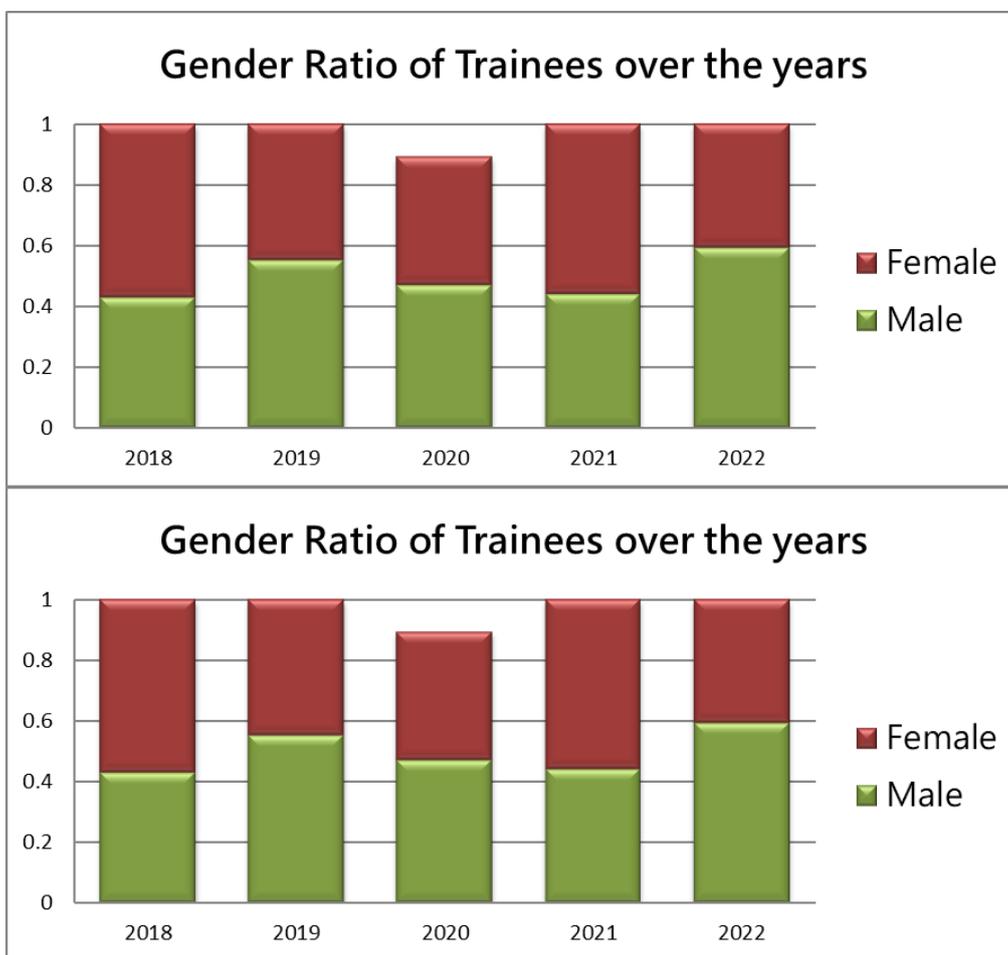
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● **Training results in 2022**

Axiomtek Academy divides six courses according to its education and training system. For new recruits, independent learning and on-the-job training are available at any time after registration. For other in-service training courses, 220 compulsory courses are offered, and gender development is balanced as follows:

Category	New employee Orientation	Professional Course	General Course	Core Course	Management Course	Self-development Course	Total
Total Required	Reference enrollment	25	27	2	26	140	220
Including manager promotion course	-	-	-	-	-	-	-
Including supervisor promotion course	-	-	-	-	-	-	-





## Human Rights Commitments and Policies

In order to fulfill its corporate social responsibility and protect the basic human rights of all employees, Axiomtek recognizes and voluntarily complies with internationally recognized human rights standards, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the United Nations International Labor Organization, and eliminates any infringement or violation of human rights, and treats all employees with dignity and respect.

Axiomtek's human rights policy applies to all subsidiaries, affiliates, and operating locations within the Group. Axiomtek adheres to labor and gender equality laws and regulations in the locations in which it operates, and formulates and implements policies and measures related to human rights protection and labor.

## Forced and Compulsory Labor

Forced labor is when people are punished or coerced to perform work against their will, including slavery, child labor, human trafficking, bonded labor, and debt bondage, all of which are part of forced labor.

Axiomtek believes that all work should be voluntary, respects employees' freedom, and does not welcome any form of forced labor. Axiomtek manages the company's internal affairs through employee suggestion mailboxes and complaint hotlines, and there were no reports of forced labor

during the reporting period. Regarding supplier management, starting from 2021, the supplier audit will include criteria related to the prohibition of forced labor, and it is planned to adjust the content of the supplier audit in FY2023 to include criteria related to human rights, which will formally become a plus or minus point in the evaluation of the suppliers. We plan to adjust the content of supplier audits in fiscal year 2023 to include human rights-related criteria, which will formally become a plus or minus point in the evaluation of suppliers. In addition, we plan to include suppliers with a history of forced labor (forced work, forced overtime, and underreporting of hours worked) or a high risk of forced labor on our future priority audit list.

<b>Management of major issues : Forced and Compulsory Labor</b>	
<b>Item</b>	<b>Abstract Description</b>
<b>Issues affecting the boundary</b>	Organization and Suppliers
<b>Management Mechanism</b>	Conducting annual and quarterly labor-management meetings, and regularly checking whether there are cases to be handled in the staff suggestion box and complaint hotline
<b>2022 Goal</b>	No cases within the organization
<b>2022 Effectiveness</b>	No relevant cases occurred during the reporting period
<b>2023 Goal</b>	We are planning to adjust the content of supplier audits to include criteria related to human rights as an official plus or minus point item.
<b>Medium and Long-term development direction</b>	Desire to eliminate all forms of forced or compulsory labor

- Employment policy

Axiomtek is committed to the realization of diversity in the workplace and upholds the principles of openness and fairness. We do not discriminate against individuals on the basis of gender, race, socio-economic status, age, marital status, family status, language, religion, party affiliation, nationality, appearance, facial features, or physical or mental handicap in terms of language, attitude, or behavior. Eliminate all forms of forced labor, eliminate discrimination in employment and occupation, prohibit harassment, respect privacy, and strive to create a work environment of equal opportunity, dignity, safety, equality, and freedom from discrimination and harassment.

- Reasonable working hours

Axiomtek has set up legal regulations on flexible working hours and extended working hours to ensure work-life balance, and regularly cares about and actively understands employees' attendance status.

- Healthy Workplace

To assist employees in maintaining physical and mental health and work-life balance, professional occupational nurses and contracted occupational physicians have been appointed in 2019 to regularly organize employee care and health promotion programs, and to increase employee EAP consultation channels.

- Harmonious labor-management communication

Axiomtek has set up a variety of communication channels to listen to the voices of colleagues: 8185 staff hotline and mailboxes, orientation for new employees, feedback from new employees,

and opinion surveys for current employees, etc., so that when colleagues have any opinions, they can reflect them or give feedbacks through various communication channels; Axiomtek has set up a variety of employee assistance programs (EAPs) in the EIP intranet site in order to consider the needs of colleagues, so that when colleagues have frequently encountered the demand for public or private affairs, they can get the solution in the fastest possible time.

▼Newcomers' Opinion Survey Form and Responses

公佈欄	行事曆	常用平台
<ul style="list-style-type: none"> <li>部門公佈欄</li> <li>管理制度</li> <li>員工圖地</li> <li>艾訊學苑</li> <li>艾訊圖書室</li> </ul>	<ul style="list-style-type: none"> <li>各處室負責人</li> <li>錦娟 8600</li> <li>韻如 8120</li> <li>佳燕 8121</li> <li>涵茹 8131</li> </ul>	<ul style="list-style-type: none"> <li>年度行事曆</li> <li>艾訊公司行事曆</li> <li>休假紀錄查詢</li> <li>公出 / 出差查詢</li> <li>歡迎新人 人員異動</li> </ul>

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

From: Mel.chen(陳美而) <Mel.chen@axiomtek.com.tw> ↓

Sent: Tuesday, September 13, 2022 1:16 PM↓

To: Sonny.Hsu(許迪翔) <Sonny.Hsu@axiomtek.com.tw>↓

Cc: Candy(陳韻如) <candy@axiomtek.com.tw>↓

Subject: 新人意見反應-公益慈善小活動

←

Dear Sonny, ←

←

IRS 電子研發部新人陳心玫 Ellery 填寫新人意見反應表中提議如下，供大家參考喔! ←

公司偶爾可以發起一次性公益慈善小活動，不硬性要求，可以自由參加的活動， ←

例如，節慶前可以募資購買慈善基金會的小點心送給需要社會照顧的對象，每個人一點點的小心意，就能讓他們能感受節慶氛圍!!! ←

----- ←

←

Best Regards, ←

←

Mel Chen ←

Axiomtek Co., Ltd. ←

2022 Staff Communication Statistics

溝通渠道	收件數	結案數	處理方式
8185 Staff Hotline	1	1	<input type="checkbox"/> Acceptance of proposed adjustments <input checked="" type="checkbox"/> Re-communicate and reach a consensus
Orientation for Newcomers	179	179	<input checked="" type="checkbox"/> Acceptance of proposed adjustments <input checked="" type="checkbox"/> Re-communicate and reach a consensus
Feedback from Newcomers	24	24	<input checked="" type="checkbox"/> Acceptance of proposed adjustments <input checked="" type="checkbox"/> Re-communicate and reach a consensus
Opinion Survey of Serving Staff	0	0	<input checked="" type="checkbox"/> Acceptance of proposed adjustments <input checked="" type="checkbox"/> Re-communicate and reach a consensus
<b>Total</b>	<b>204</b>	<b>204</b>	

Axiomtek hopes to create a corporate environment of mutual respect, interaction, and human rights protection, as well as healthy and positive labor relations. Therefore, Axiomtek holds regular

labor-management meetings and welfare committee meetings to ensure that two-way communication channels and various employee assistance programs are carried out smoothly.

Axiomtek holds at least one labor-management meeting per quarter in accordance with the "Regulations for Implementing Labor-Management Conferences" established by the Ministry of Labor, with labor-management representatives taking turns to serve as chairpersons; and establishes an Employee Welfare Committee in accordance with the "Employee Welfare Benefits Ordinance", "Enforcement Rules of the Employee Welfare Benefits Ordinance", and the "Guidelines for the Organization of Employee Welfare Committees", whereby employee welfare committee members are selected by recommendation and election based on the ratio of number of employees in each unit. The committee meets at least once a quarter to discuss employee welfare policies and employee activity planning.

#### Retirement system implementation:

- Axiomtek has established a defined benefit pension plan in accordance with the Labor Standards Act. For employees who are eligible to retire, pension payments are based on the number of years of service and the average salary of the six months prior to retirement. Axiomtek makes monthly contributions of 2% of salaries and wages to a pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The fair value of plan assets was \$52,219 thousand as of the end of 2022. In accordance with the related regulations mentioned above, the amount recognized as expense in 2022 was \$335 thousand, and the accrued pension liability was recorded for the amount required to be contributed by law in the future, which amounted to \$41,513 thousand as of the end of 2022.
- Axiomtek has a defined contribution pension plan in accordance with the Labor Pension Act, which applies to its domestic employees and requires monthly contributions of 6% of salaries to the employees' individual accounts at the Bureau of Labor Insurance. The subsidiaries in Mainland China contribute a certain percentage of the local employees' salaries to a monthly pension plan in accordance with the pension insurance system stipulated by the government of the People's Republic of China, and the percentage of the monthly contribution in 2022 will be 14%, which means that Axiomtek's pension cost under the above pension plan will amount to NT\$33,413 (US\$2,595) for 2022.

### Occupational Health and Safety Guidelines

Employees are the key driving force for the company's continuous innovation and sustainable development. Therefore, creating a safe and friendly working environment has always been the goal of Axiomtek's efforts and an important responsibility. In terms of management, in addition to implementing laws and regulations, it also cultivates employees' work safety awareness, and implements multi-health care in conjunction with occupational doctors and nurses to establish a safe and healthy working environment and prevent occupational accidents and occupational diseases.

Management of major issues : Occupational Health and Safety	
<b>Boundary of Issue Impact</b>	Within the organization (Taiwan region), suppliers, contractors, visitors
<b>management mechanism</b>	Every year, a professional third-party impartial certification agency is entrusted to carry out verification
<b>Occupational Safety and Health Policy</b>	Teaching according to the law, communicating and participating, managing risks, and improving performance
<b>2022 Goal</b>	Improve the high-risk working environment in the factory

### Management of major issues : Occupational Health and Safety

<b>2022 Implementation effectiveness</b>	Xizhi headquarters has set up fireproof and explosion-proof boxes to store R&D chemicals, and the chemical storage area of Beitou factory has reduced the amount of storage.
<b>2023 Promotion goals</b>	Reduce the number of chemicals stored in the factory storage area, and coordinate suppliers to deliver goods in batches.
<b>Medium and long-term development direction</b>	The Xizhi new factory is planned to have a chemical storage area that complies with laws and regulations, or to have the storage area placed independently of the factory area.
<b>Related policies</b>	None

- **403-1 Occupational Safety and Health Management System**

Axiomtek attaches great importance to the work safety of employees. The management policy set by the annual occupational safety and health is mainly based on the occupational safety and health management system (ISO45001 & CNS45001). Through the PDCA cycle, the working environment is continuously improved to prevent occupational injuries. The Labor Safety Office and various units With the assistance of the supervisor, standardize the safety and health operations, specify various operating procedures and methods, implement self-inspection of equipment, set safety and health improvement priorities, set goals and improvement plans, and regularly report various work contents at the company's occupational safety and health committee meeting , Through the implementation of the improvement plan and regular annual audits, the management will review to continuously improve the safety and health performance, so as to improve the safety of colleagues at work and the environment, and promote health care.

Axiomtek adheres to the occupational safety and health policy of "teaching in accordance with the law, communicating and participating, controlling risks, and improving performance", establishes and promotes the implementation of an occupational safety and health management system in accordance with the provisions of the Occupational Safety and Health Law, provides safe and healthy working conditions, and abides by occupational safety and health laws and regulations. Relevant requirements, eliminate hazards and reduce occupational safety and health risks, promote occupational safety and health consultation and participation of workers. The scope of the company's management system includes relevant colleagues in the Xizhi headquarters, Beitou factory area, and Taichung office, including employees and non-employees (cleaning personnel stationed in the factory), covering 100% of the company's

operation and management scope.

- 403-2 Hazard identification, risk assessment, and accident investigation

Axiomtek continuously identifies and evaluates various types of physical, chemical, biological, and human engineering hazards that may be caused by raw materials, machinery and equipment, operating environment, and personnel operating activities involved in various operations within the company, so as to Take reasonable, effective and feasible control measures to reduce the impact on the safety and health of the company's personnel, contractors' labor and related third parties, and specifically formulate the "Hazard Identification, Risk Assessment and Risk Control Planning Management Procedures" to continuously Identify, evaluate, control and minimize risks.

In accordance with the requirements of ISO45001&CNS45001 Occupational Safety and Health Management System, the company formulates hazard identification, risk assessment and risk control planning procedures, and the personnel performing hazard identification and risk assessment must receive advance review training. The assessment personnel of each unit shall fill in the assessment form item by item according to the operation process and the hazard characteristics of the operation steps within the scope of their duties, and complete the routine and non routine inventory process at least once a year; If there are new work activities, products, new process development, material use, equipment introduction, etc., non routine identification and inventory operations must be completed; Subsequently, according to the risk assessment and statistical results,



the risk hazard level and improvement order are formulated, and the risk assessment results are submitted to the Safety and Health Committee, so that the employee representatives can participate in the risk assessment decision-making.

When an employee discovers a working state that may cause immediate injury or disease at the workplace, he or she may stop the operation and evacuate to a safe place without endangering the safety of other workers in accordance with Article 18 of the Occupational Safety and Health Law, and immediately report to the direct supervisor. The supervisor shall report to seek improvement of the hazard risk, and the employer shall not dismiss, reassign, refuse to pay wages during the suspension of operation, or take other unfavorable measures against the employee.

In case of work-related injury accidents, the unit supervisor and Lao An Office will investigate the causes and potential causes to identify the faults in the safety and health management system, and take effective corrective and preventive measures. The developed corrective and preventive measures need to complete risk assessment before implementation to ensure that the safety and health risks will reach acceptable risks after improvement; In case of any major incident, the Lao An

Office shall immediately inform the representative of the safety and health supervisor and the labor inspection agency within 8 hours. Besides the necessary first aid and rescue, the heads of all units shall ensure the site conditions and shall not move or damage the site.

- 403-3 Occupational Health Services

Axiomtek attaches great importance to the safety and health of employees at work. In accordance with Articles 3 to 8 of the Labor Health Protection Rules, Axiomtek invites qualified doctors who have passed the "Physician Training for Labor Health Services" to provide on-site health services. The Xizhi plant once a month, the service hours for each plant stay are 3 hours; the Beitou plant is once every two months, and the service hours for each plant stay are 2 hours.

In 2022, a total of 117 people from the two factories participated in occupational health interviews. The topics of the interviews included health checks or health education for new employees, health education for special hazard operations, maternal health protection education and consultation, and employee personal health consultation.

Axiomtek regards the health management of employees as an important issue. Since the company was established in 1990, it has arranged annual health checkups for employees of all ages, and has arranged inspection items that are superior to regulations year by year, so that employees can develop a healthy concept of early protection. For senior executives, comprehensive health checkups are implemented every two years. The general health checkup rate is over 90%, and the special kind of health checkup is nearly 100%.

Year	Type of health inspection	Inspection rate of Beitou factory	Inspection rate of Xizhi headquarters
2019	General physical examination	95.40%	97.70%
	Physical examination for special operations involving ionizing radiation	100%	NA
	Special operations for n-hexane	98.2%	NA
2020	General physical examination	98.10%	98.90%
	Physical examination for special operations involving ionizing radiation	100%	NA
	Special operations for n-hexane	98.8%	NA
2021	Physical examination for special operations involving ionizing radiation	100%	NA
	Special operations for n-hexane	100%	NA
2022	General physical examination	96%	93.2%
	Physical examination for special operations involving ionizing radiation	100%	NA
	Special operations for n-hexane	98.4%	NA

- 403-4 Workers' Participation, Consultation, and Communication on Occupational Health and Safety

Each factory area shall establish an occupational safety and health committee in accordance with the Occupational Safety and Health Management Measures. More than one-third of the committee members shall be labor representatives, and the labor representatives elected by the company's labor management meeting shall participate in the meeting to provide opinions on the

development, planning, implementation, performance evaluation, and improvement measures of the occupational safety and health management system.

The powers, responsibilities and operations of the Occupational Safety and Health Committee are implemented in accordance with the management procedures of the Safety and Health Committee. It is held at least once a quarter and 4 times a year. Occupational safety and health management system projects are discussed during the meeting (such as participation in hazard identification, risk assessment, hazard classification, etc.) Management and control, investigation and improvement of accident causes, internal and external audits, contractor and outsourcer specifications, etc.), employee education and training, automatic inspection items, employee health care, etc., and reached a consensus among the members in the meeting.

- 403-5 Occupational health and safety education and training for workers

Axiomtek provides necessary safety and health education and training for all colleagues to engage in work and prevent disasters. The training methods can be divided into internal training and external training. The internal training part arranges 3 hours of safety and health education and training for new employees when colleagues arrive at work. Afterwards, the course arrangement will gradually arrange on-the-job training based on the arrival time, nature of work content, and serving as a member of the safety and health committee; Within the company, personnel responsible for the operation of the safety and health management system (including safety and health business supervisors, safety and health administrators, safety managers, labor health service nurses, fire prevention managers, emergency personnel, organic solvent operation supervisors, and ionizing radiation equipment operators) participate in external training in accordance with the occupational safety and health education and training rules and relevant regulations to complete the statutory retraining hours.

The contents of the internal training course include the provisions of occupational safety and health regulations, the rights and obligations of colleagues, the provisions of the work code, the regulations on hazardous substances, the propaganda of traffic safety and the introduction of ISO 45001 occupational safety and health management system, etc. The schedule is mainly based on working hours, and the absorption degree of colleagues will be known by test after class.

- 403-6 Worker Health Promotion

Axiomtek not only attaches great importance to the work safety of employees, but also cares for their personal physical and mental health, and promotes employees' access to non-occupational medical and health services. Every month, a nurse writes a health column for the e-newsletter, with the latest health information for health and education colleagues. In 2022, the "Badge of Accredited Health Workplace" by the Health Promotion Administration Ministry of Health and Welfare will be postponed. It has been continually follows the health promotion and tobacco control policy. Regulations, regular health checkups and interviews to collect employee health needs and activity opinions, cooperate with the local health center to assist in the four cancer screenings, a gym and yoga classroom on the top floor, and bathroom facilities, so that colleagues can exercise in their spare time , organizes stress-relieving activities from time to time, such as: succulent plant potting DIY, body shaping aerobic courses, Zentangle art creation activities, colleagues responded enthusiastically.



In order to create a friendly environment for childcare in the workplace, Axiomtek has set up a breastfeeding room to help employees balance work and family care. It also cares for employees who are pregnant and within one year after giving birth, and understands whether the current work content is safe for mothers and fetuses. Hazards, if necessary, the factory doctor will select and match workers.

Aiming at the top three abnormal results of the 2022 annual health checkup, arrange a health lecture on metabolic syndrome, share the correct calculation of basal metabolic rate, what is metabolic syndrome and how to control weight, help colleagues check their own health, and stay away from metabolic syndrome under the guidance of professional doctors. Most of the metabolic syndrome comes from the choice of diet. Learn to choose seasonal and organic fresh ingredients, spend more snacks, and eat the right food, which will reduce the burden on the body, and hold a lecture on the choice of healthy ingredients for diet.



#### Implementation of the four major plans

**Prevention of Overwork related illness :** During the annual health checkup, colleagues are provided to fill in the heart strength scale questionnaire, and the risk level is assessed according to personal risk factors. High-risk employees are given health guidance through face-to-face interviews with factory doctors.

**Preventing and Managing Ergonomic hazards :** During the annual health checkup, colleagues

are provided to fill in the self-conscious musculoskeletal symptom questionnaire and create a tracking list. If the screening score is greater than 3 points, the factory doctor will understand the cause of the symptoms of the case, give appropriate improvement suggestions, and actually go to the production line to understand the working conditions of colleagues and simple human factor engineering improvement measures.

- 403-7 Prevent and reduce the occupational health and safety impact of those directly related to the enterprise

In order to prevent work-related injuries, unhealthy conditions, illnesses, and accidents, Axiomtek has established contractor safety and health management procedures to control external personnel entering the factory for operations, including construction, repair, or maintenance operations; Customers who visit or audit the factory must also go through a visit application, and the relevant units must plan the entry time and itinerary to ensure the safety of all employees, suppliers, contractors, and visitors entering the company.

- 403-8 Workers covered by the occupational safety and health management system

Axiomtek implements the occupational safety and health management system according to ISO 45001/CNS 45001, and its verification scope includes the headquarters and Beitou factory, while the Taichung office is only a business unit with less than 10 employees, not a manufacturing factory, so it is not included in the verification scope; In 2022, following the occupational safety and health management system, the number of employees covered by internal audits was 629, with a coverage rate of 98.89%.

The company's 2022 ISO 45001/CNS 45001 Occupational Safety and Health Management System External Audit and Verification will be suspended due to the impact of the verification schedule and the impact of the factory relocation plan. After the 2023 factory relocation is completed, the new factory will reschedule the external audit operation to obtain ISO 45001/CNS 45001 Occupational Safety and Health Management System Verification Certificate

- 403-9 occupational injury

In 2022, the total working hours of Axiomtek headquarters and Beitou factory is 1,240,033 hours, the number of deaths caused by work-related occupational injuries is zero, and the number of serious occupational injuries caused by work-related occupational injuries is zero, There were two recordable cases of work-related occupational injuries, all of which were minor injuries, The occupational injury rate per million working hours in 2022 is zero (a total of 6 employee commuting accidents occurred in 2022, not listed into the calculation).

There is no high-risk operation in the company's operation, but the assembly or warehouse units may cause musculoskeletal injury in the long run due to repeated operations, This will be something that needs to be observed in the future, and through the analysis of hazard risks, try to improve the working platform or provide protective equipment to avoid occupational injuries.

- 403-10 Work related diseases

In 2022, Axiomtek had no reported cases of work-related occupational disease deaths, confirmed cases of occupational diseases by professional doctors of occupational medicine, or special physical examination of the fourth level personnel. The company's labor safety office, together with the specially appointed occupational doctors, the Human Resources Department, and the heads of each department, handled matters of peer health protection and promotion; Vocational doctors and nurses conduct annual employee health checks to timely understand the correlation between colleagues' health status and work, and provide care and advice at appropriate times to avoid engaging in unsuitable operations.

# Chapter 6 Environmental Protection

## 6.1 Environmental Management Policy

Axiomtek's environmental policy is "Environmental protection is unlimited, resources are sustainable." The company adheres to the policy and limited resources, and through the participation of all employees, it continuously improves and enhances working methods and management skills to make the company's products, service quality, and environment Management can meet the needs of customers, and the annual environmental policy, goals, and achievement measures are also listed as follows:

environmental policy	
<b>policy purpose</b>	Unlimited environmental protection and sustainable resources
<b>policy goals</b>	<ol style="list-style-type: none"> <li>1. 100% qualified rate of labor working environment measurement</li> <li>2. The passing rate of drinking water quality testing is 100%</li> <li>3. Energy saving in electricity consumption decreased by 1.5% per year</li> <li>4. Greenhouse gas reduction by 1.5% per year</li> <li>5. Save water. Per capita water consumption will decrease by 1.0 % per year</li> <li>6. Reduce the proportion of non-recyclable industrial waste by 1.0% from the previous year</li> </ol>
<b>reach strategy</b>	Strictly abide by environmental laws and regulations, implement environmental education and management, and reduce the impact on the earth's environment
<b>Reach measures</b>	<ol style="list-style-type: none"> <li>1. Implement the measurement of labor working environment twice a year</li> <li>2. Implement drinking water quality testing 4 times a year</li> <li>3. Monitor and review monthly electricity /water consumption</li> <li>4. Monitor and review the annual greenhouse gas / waste output</li> </ol>

## 6.2 Internal and external energy use

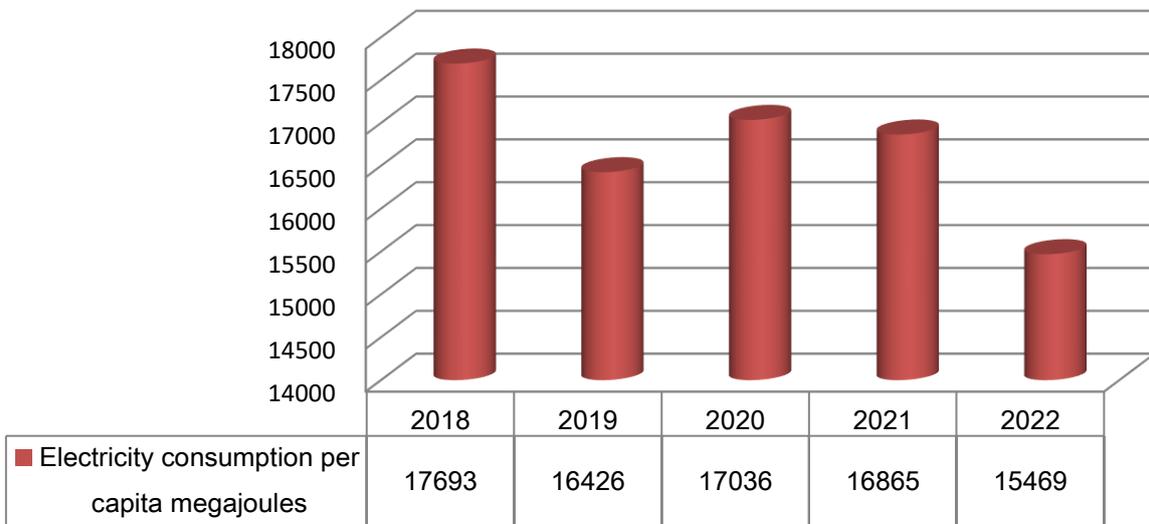
### ● Electricity

Axiomtek's energy consumption in production and business operations, electricity use is the main power source. From the perspective of energy intensity, the per capita electricity consumption is calculated based on the electricity consumption and the number of people using electricity. It can be seen that the per capita electricity consumption in 2022 There is a downward trend, and the reason for the decline in electricity consumption is that we have implemented power-saving measures. When employees leave work and set a security lock, the power will be automatically turned off and the air conditioner will be turned off. This will reduce the overall electricity consumption in 2022 by 559,504.8 million joules , and the per capita electricity consumption ratio It decreased by 8.28% in the previous year .

After viewing the company-wide electricity consumption from 2017 to 2022 and converting it to megajoules, the results are as follows :

Year	2018	2019	2020	2021	2022
Electricity consumption per capita megajoules	17693	16426	17036	16865.3	15468.9
Annual electricity consumption megajoules	9554137.2	9346406.4	9744739.2	9933663.6	9374158.8
Use electricity number of people	540	569	572	589	606

## Per capita electricity consumption from 2018 to 2022 ( million joules )



- **Water resources**

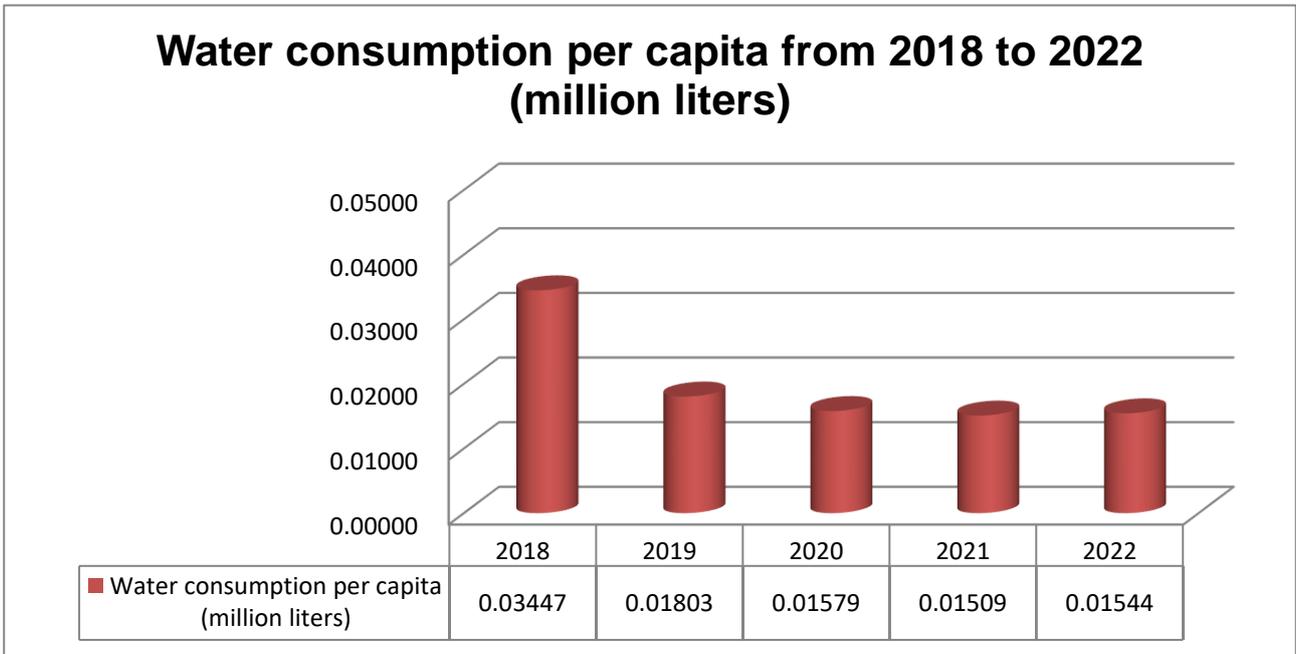
The water used by Axiomtek comes from the Taiwan Water Supply Company, and Axiomtek 's process does not require water nor produce industrial wastewater, so the water used is domestic water. Since the company is in a public park and not a private factory, it is difficult to recycle and reuse, and the discharge is completely handed over to the park where it is responsible for centralized treatment and discharge.

Examining the trend of water consumption over the years, the per capita water consumption in 2022 has a slight upward trend. The reason for the increase in water consumption compared to 2021 is that in 2021, due to the epidemic, there were diversions to work, and in 2022, most employees have returned to the company to go to work normally, and because the epidemic promotes the concept of strengthening epidemic prevention and washing hands, the water consumption has slightly decreased. rising trend.

The company-wide water consumption from 2018 to 2022 is presented as follows:

year	2018	2019	2020	2021	2022
Water consumption per capita (million liters)	0.03447	0.01803	0.01579	0.01509	0.01544
Water used (million liters)	18.614	10.261	9.034	8.888	9.357
Number of people using water	540	569	572	589	606

- Greenhouse gases



- Greenhouse gases

In addition to the statistics of electricity consumption and water resources, Axiomtek’s environmental team has coordinated and managed ISO14064 greenhouse gas inventory operations since 2015. The operational boundaries of the inventory include direct greenhouse gas emission sources (scope 1) and energy indirect greenhouse gas emission sources ( Category 2), the items covered are as follows:

Note: Regarding other indirect emissions from other activities (Scope 3 ), Axiomtek has hired consultants to provide guidance in 2022-Q3 . The relevant data is being checked and counted . It is expected that there will be an opportunity to disclose the statistics of Scope 1 ~ Scope 3 in the next year data.

category	category	Equipment category (emission source)
<b>Scope 1 Direct Greenhouse Gas Emissions</b>	Stationary combustion source: Refers to the fuel combustion of stationary equipment, such as: emergency generators, etc.	no such device
	Mobile Combustion Source: Refers to the fuel combustion of transportation equipment, such as: automobiles.	Official vehicle_gasoline (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O) official vehicle_diesel ( CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O)
	Fugitive Emission Sources: Refers to intentional and unintentional emissions, such as: methane escaping from equipment joints, leaks from seals, or escaping from wastewater treatment plants; escaping carbon dioxide from fire-fighting equipment; escaping HFCs from air conditioners, air conditioners, and household refrigeration equipment.	CO <sub>2</sub> fire extinguisher (CO <sub>2</sub> ) Water dispenser, air conditioner, refrigerator , business car air conditioner , dryer, Chamber (HFC <sub>s</sub> ) Septic tank (CH <sub>4</sub> )

category	category	Equipment category (emission source)
<b>Scope 2 Energy indirect greenhouse gas emissions</b>	Greenhouse gas emissions from purchased electricity, heat, steam or other fossil fuel-derived energy.	Purchased electricity ( CO <sub>2</sub> )
<b>Scope 3 Other indirect greenhouse gas emissions</b>	Such as: employee business travel; transportation of packages or waste via third-party group documents ; foreign aid activities, outsourced manufacturing and authorized dealers; when greenhouse gas emission points occur at emission sources or facilities outside the boundary of the facility, the emissions come from the facility Waste produced; employees commuting to and from the workplace ( included in emissions of non-energy raw materials )	Document package outsourced transportation - gasoline, diesel (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O) , refrigerants (HFCs) Outsourced waste removal -gasoline, diesel (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O) , refrigerants (HFCs) Employee commute and business trip - gasoline, diesel (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O) , refrigerants (HFCs) Vending Machines - Refrigerants (HFCs)

**Summary Table 4. Statistical Table of Greenhouse Gas Category and Scope 1 Emission Type Emissions of the Whole Plant**

	Category 1				Category 2	Category 3	total emissions equivalent
	fixed emission	Process emission	move emission	escape emission	energy indirect emission	other indirect emission	
<b>Emission equivalent ( metric tons CO<sub>2</sub>e/year)</b>	Emission equivalent ( metric tons CO <sub>2</sub> e/year)				1,391.53	NA	1,556.88
	0.0000	0.0000	6.70	158.65			
<b>Proportion of gases (%)</b>	Gas specific proportion 10.62 (%)				89.38(%)	NA	100.00%

Note: The calculation basis refers to the Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4) announced by the Environmental Protection Agency of the Executive Yuan.

Result of actual greenhouse gas inventory in 2022:

Looking at direct emission sources (Scope 1) based on the inventory results: In 2021, the total emission directly from emission sources owned or used by Axiomtec will be 165.35 metric tons of CO<sub>2</sub>e, accounting for 10.62 % of the overall emission .

Indirect emission sources (Scope 2): In 2021 , the organization's total greenhouse gas emissions from using electricity provided outside the organization's boundaries will be 1,391.5 3 metric tons of CO<sub>2</sub>e, accounting for 89.3 8 % of the overall emissions .

Based on the concept of Ai Xun Ai Earth, Ai Xun has established a greenhouse gas reduction strategy, which will reduce by 1.5% every year compared with the previous year to achieve the goal of saving electricity/reducing greenhouse gas emissions.

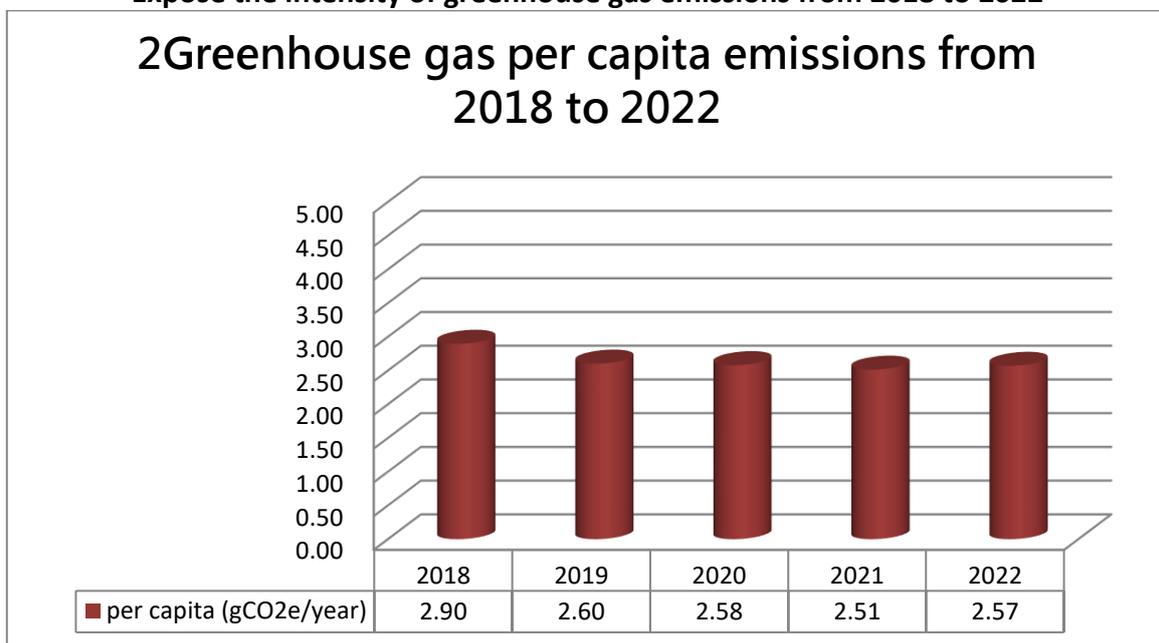
Check the monitoring results, its per capita greenhouse gas emissions in 2022 = 2.57 metric tons of CO<sub>2</sub> e , compared with 2021 per capita greenhouse gas emissions = 2.51 metric tons of CO<sub>2</sub> e , Greenhouse gas per capita emissions increased slightly by 2.39% compared to the previous year , and the reason why it failed to meet the reduction target of 1.5% reduction compared to the

previous year was that the proportion of the original category 1 gas increased from 6.39 % in 2021 to 2022 It is caused by 10.62% , and the reason for the increase in category 1 is that in 2022, more than 20 groups of CO 2 fire extinguishers will be tested and refilled, which will increase the proportion of gas. Considering that CO 2 fire extinguishers will not be replaced and filled every year, so No countermeasures are being taken for the time being, and continuous monitoring and observation is underway.

Reveal the greenhouse gas emissions from 2017 to 2022 :

年度	2018	2019	2020	2021	2022
per capita (gCO2e/year)	2.90	2.60	2.58	2.51	2.57
Total emissions (metric tons CO2e/year)	1,563.62	1,480.15	1,475.02	1479.70	1,556.88
total people	540	569	572	589	606

Expose the intensity of greenhouse gas emissions from 2018 to 2022



### 6.3 Climate Change and Reducing Energy Consumption

Axiomtek loves the earth, always pays attention to the issue of climate change and is committed to reducing energy consumption. Since the adoption of the Paris Agreement in 2015, the global issue of climate change and energy management has officially entered a new stage. It is imperative for the world not to raise the temperature above 2 degrees Celsius As a member of the manufacturing industry, it is also our important responsibility to save energy, protect the environment and jointly reduce greenhouse gas emissions. In order to achieve the goal of reducing energy consumption, we have the following energy saving/saving/paper saving and computer recycling and reuse, etc. energy saving measures.

<b>Water saving/power saving measure</b>	<ol style="list-style-type: none"> <li>1. Lighting equipment replaces energy-saving lamps</li> <li>2. Use shades to reduce sun exposure</li> <li>3. A circulating fan is installed at the air outlet of the air conditioner to adjust the indoor temperature (the first floor of Beitou factory) and reduce the frequency of compressor start-up</li> <li>4. Advocate to turn off unused power during lunch break and off-duty time</li> </ol>
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	<ol style="list-style-type: none"> <li>5. Increase the ice water temperature of the air conditioner host, reduce the frequency of compressor start-up, and avoid waste of resources</li> <li>6. Set the sleep function of the water dispenser during non-working hours to reduce power consumption</li> <li>7. Insulation measures for the ice water pipeline of the air conditioner</li> <li>8. Understand the actual power consumption situation, and make statistical power statistics in each region as a basis for improvement</li> <li>9. Use water-saving taps in toilets</li> </ol>
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<b>save paper and other measures</b>	<ol style="list-style-type: none"> <li>1. Introduce an electronic sign-off system, digitize document sign-off, digitize technical documents, and publicize that internal paper printing should be used on both sides to save paper</li> <li>2. The standard format of the business card does not print the fax number, and the electronic file transmission replaces the paper printing of the fax machine</li> <li>3. In addition to all internal colleagues using their own environmentally friendly cups, visiting customers also use environmentally friendly cups to reduce the use of paper cups</li> <li>4. Promote garbage classification, increase the amount of recyclable resources, and reduce the amount of general garbage</li> <li>5. Encourage employees to commute to get off work by mass transit or rideshare</li> <li>6. Advocate employees to use environmentally friendly tableware to reduce waste generation and related resource consumption</li> <li>7. Donate replaced and usable PCs or NBs and related organizations for use by disadvantaged groups</li> </ol>
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## 6.4 Waste Disposal and Resource Recovery

The types of waste that will be generated in Axiomtek’s inspection factory are divided into three categories: general domestic waste, general industrial waste, and hazardous industrial waste . The three major types of waste have different management models as shown in the table below :

Classification	waste content	processing method	final treatment
<b>General life waste</b>	waste paper/glass bottle/ plastic/ Iron and aluminum cans	Xizhi Factory- Management Committee Beitou Plant - Professional Recycling	Reuse
	Lunch box/domestic waste/kitchen waste	Xizhi Factory- Management Committee Beitou factory - entrust qualified clearance processor processing	sanitary burial Incineration Fertilizer use
<b>General business waste</b>	Tape/Static Tape/ Styrofoam / Hose/Empty Solder Paste Can/Packing Tape /Waste Parts/Waste Main Board/Wooden Pallet ...	Delegate Qualified Clearance processor processing	sanitary burial Incineration
<b>Harmful cause waste</b>	PCB scrap edge	Delegate Qualified Clearance processor processing	sanitary burial Incineration

Axiomtek also pays attention to the waste contractors every year. If the contractors violate the contract or violate the government regulations, they will take relative disposal or counseling or replacement. In 2022, no waste contractors will have a major breach of contract or illegal matters.

- General household waste

Axiomtek's Xizhi headquarters and Beitou factory have different disposal methods for domestic waste. Because Xizhi headquarters is located in the Guoyang Cloud Building, it is entrusted to collect and dispose of it by the building management committee. The Beitou factory is an independent building, so it is recycled by a special person. Entrust qualified clearing and processing companies to handle, and stipulate that general household waste can be divided into general garbage and resource garbage (waste paper, glass bottles, plastic, iron and aluminum cans ). In addition to waste, general waste is disposed of by sanitary landfill or incineration. Check the annual removal contract weight of general domestic waste as follows:

factory area	Contract weight/ month	processing method
<b>Xizhi Headquarters</b>	2.0 metric tons	Building Management Committee Entrust a qualified disposal company to handle
<b>Beitou factory</b>	2.2 metric tons	Professional recycling Entrust a qualified disposal company to handle

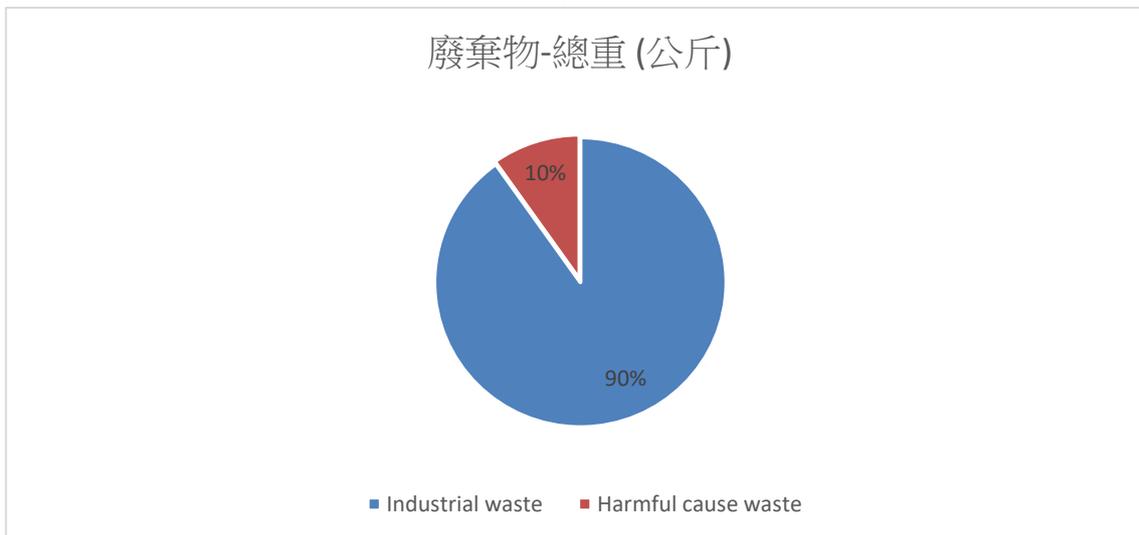
- Industrial waste

The types of industrial waste generated by Axiomtek’s inspection of the factory area are divided into three types: general industrial waste (recyclable), general industrial waste (non-recyclable), and hazardous industrial waste (managed waste) . All wastes are entrusted with the assistance of legal clearing and processing manufacturers. If they are industrial wastes, they must report to the Environmental Protection Agency for entrustment or jointly process a triple bill. After different types of wastes are disposed of, they will be sold, recycled, incinerated or sanitized in accordance with laws and regulations.

Axiomtek not only entrusts industrial wastes to legal manufacturers to clear and dispose of them, but also cares about the final disposal methods of manufacturers. Only after reviewing the final disposal process of manufacturers' wastes can, they be appointed with peace of mind.

Axiomtek ’s waste output in 2022 was 64.07 metric tons. As shown in the figure below, since Axiomtek mainly uses SMT /DIP assembly/testing processes, the proportion of hazardous industrial waste is relatively low. In 2022, hazardous industrial waste The production volume is about 6.79 metric tons, accounting for about 10.6 % of the overall waste output of 64.07 metric tons, but it is 2.59 metric tons higher than the 4.2 metric tons in 2021 ; The bakelite vehicles used in production are also regarded as hazardous industrial waste for declaration, while the total output of general industrial waste is about 57.28 tons, accounting for about 90.0 %. Most of the hazardous industrial waste produced by Axiomtek in the production process is PCB waste. In the future, we will continue

to improve the process yield and reduce the output of PCB waste, to achieve the relevant effects of



industrial waste reduction.

Axiomtek also listed "reducing the proportion of non-recyclable industrial waste by 1.0% compared with the previous year" as the annual waste reduction goal. Monitoring the output of non-recyclable waste in the past three years is as follows. We can see that the ratio of 2022 to 2021 An increase of 18.73 metric tons , an increase of 148.59% . After discussion, the reason for the continuous increase in the total output of non -recyclable industrial waste in 2022 is that the production capacity and output in 2022 have increased significantly, and the waste recycling market has changed. , Many manufacturers have stopped recycling plastics.

year	2020	2021	2022
<b>total output</b>	33.66	38.55	57.28
<b>( metric tons /year)</b>	-	+4.89	+ 18.73
<b>Increase/decrease ( metric tons /year)</b>	-	+ 114.53%	+ 148.59%

## 6.5 Compliance with Environmental Regulations

Since its establishment, Axiomtek has never been involved in any major violations of environmental laws and regulations. We have introduced ISO in the Xizhi plant of our Taiwan headquarters and the Beitou plant. 14001 environmental management system, to ensure the pursuit of operation, but also strictly require environmental management. Complying with the local government's environmental laws and regulations is Axiomtek's most basic requirement for environmental management standards. Therefore, we take zero environmental violations as the basic goal of sustainable development. The management strategy includes regular identification of environmental protection regulations/employee training/regular monitoring of various environmental indicators ... etc. to achieve sustainable development, as shown in the table below:

management strategy	frequency (year)	sustainable development goals	Target (annual)	Results (annual)
Regularly handle Identification of laws and regulations	≥ 2 times	Maintain zero environmental protection Illegal events	Environmental protection in 2022 Number of violations: 0	Environmental protection in 2022 Number of violations: 0

# Chapter 7 Social Participation

## Social Welfare

### ● Patouzi Taiping Net Beach

Even though there was a covid epidemic, Axiomtek's passion for ecological conservation remained unabated, and on March 19th, more than 300 Axiomtek colleagues and relatives went to Badouzi Fishing Harbor for a beach cleaning activity to experience the importance of protecting the oceans, to raise the awareness of the importance of protecting the marine ecosystem, and to cultivate a habit of not throwing away garbage, which will then lead to the adoption of actions to care for the oceans in our daily lives. In the process of the activity, Axiomtek colleagues put up gloves, picked up clips, and rolled up their sleeves to pick up the waste from the seal's rocky shores, and in the end, a total of 15.3 kilograms of plastic waste and 15.8 kilograms of PET bottles were cleaned up, which amounted to 31.1 kilograms, and we would like to give a great



deal of encouragement to our colleagues, and we would like to follow the company in the pursuit of sustainable management and profitability. We would like to give great encouragement to our colleagues to follow the company's pursuit of sustainable operation and profitability, and at the same time, uphold the realization of Corporate Social Responsibility (CSR), and gradually move towards the sustainable development of ESG (Environment, Society, and Economy) to achieve the concept of local sustainability, and work together to do their part for the protection of the environment.

### ● "Send warmth to charity Sends Warmth, Let Love Continue" Program (1)

Due to the impact of the epidemic and the overall economic downturn, many disadvantaged families and public welfare organizations are in dire straits. Axiomtek always organizes a charity event in the Christmas season every year. This year, the theme of the event was "Axiomtek sends warmth, let love continue". The organizer designed a series of activities to extend the love of colleagues to two public welfare units. First, the Welfare Committee purchased "Smiling Angel Gift Boxes" from the Taichung Mental and Physical Handicapped Welfare and Care Association, and those who participated in the donation program received a gift box. Those who participated in the Zen painting charity sale also received a gift box. The donation and sale of the paintings received a total of 165 enthusiastic responses!



**"Send warmth to charity, " Program (II)  
~ "Painting Charity Sale"**

The second activity of "Axiomtek's Warm Heart, Let Love Continue" is the "Zen Painting Charity Sale". Every quarter, Axiomtek's Xizhi headquarters and Beitou plant invite artists from various fields to exhibit their works in the cultural art gallery. The theme of the fourth quarter's exhibition was Zen painting. Axiomtek specially invited the artist and teacher to donate 12 paintings for charity sale, and the proceeds were donated to public welfare and charitable organizations. Axiomtek's colleagues placed each painting on the shelves with love, and all the proceeds from the charity sale were donated to the Lanzhi Foundation, putting charitable resources to effective use. Chairman Yang, the founder of the company, also participated in the painting presentation ceremony, and a number of executives responded to the charity sale by increasing the amount of the paintings to expand the scale of love.



● 「 Send warmth to charity, Let Love Continue 」 Program (III) ~" Sending love to Lanzhi, donating to Tianxin Joyful Home"



The love of Axiomtek's colleagues was boundless, and a total of \$90,000 cash was raised from the above two charity events. The cash was donated to the Lanzhi Foundation and designated for the establishment of a "Tianxin Home" for the mentally and physically challenged elderly.

On December 29th, just like the first visit to the Ranji Foundation four years ago, it was raining and cold, which is a daily routine in Yilan! But even the cold and rain couldn't quench the passion and love of the people of Axiomtek, and after four years and the COVID-19 epidemic, we once again brought the warmth of the people of Axiomtek with us for this donation drive.



財團法人蘭智社會福利基金會		捐款收據	
收據編號: 0110000001	日期: 0111年12月29日	捐贈者: 艾訊股份有限公司	身分證號碼: 2371801
聯絡電話: (02)02-86462111*8321		金額: 新台幣 玖萬元整	90,000
通訊地址:		用途/事由: 關心家園-磚瓦之愛	捐款方式: 現金
備註:		董事長: [Signature]	經手人: [Signature]

Ms. Winston Chu, CEO of the Ranji Foundation, was on hand to accept the donation and introduced the theme of the donation, "The Love of Brick and Mortar".

The Lanyang Intelligent Development Academy (LIDA), a division of the Lancel Foundation, has been established for nearly 30 years and enrolls mentally and physically challenged residents over the age of 18. Some of these residents, who need 24-hour placement, have to wait in line for a bed when there are only 36 beds available, and some have been waiting for more than a decade for beds, and the residents who have been placed in the program have been aging gradually over the years,

and need a placement environment that is more suitable for the elderly residents. The physically challenged face even more difficult problems of aging and care, and because of their innate physiological conditions, they age at a much faster rate than the general population. Usually, they begin to age at the age of thirty-five, and slowly enter the threshold of old age for the physically challenged, which is considered to be the old age at the age of forty-five. When the aging of the physically challenged arrives earlier, their parents, siblings, and other primary caregivers are also aging. In Yilan County, there is a lack of resources for care organizations for the elderly mentally handicapped, and so far there is no service organization dedicated to the middle-aged and elderly mentally handicapped people over the age of 45.

Therefore, there is an urgent need to build new housing that accommodates love. Ranchi Foundation is again working to build the first care service organization in Eastern Taiwan dedicated to the care of middle-aged and elderly people with mental disabilities - "Tianxin Joyful Home", which is rooted in the land of Sanshing Township, Yilan County, so that people with mental disabilities can receive complete, continuous and whole-person care services. Through professional environmental design, combined with health care professionals, the organization provides leisure activities and comfortable and quality living spaces for the disabled. Through professional environmental design and health care professionals, we provide suitable leisure activities and comfortable and quality living space for the physically challenged to create a sense of home, so that their family members can rest assured that they are able to help meet their long-term care needs. This new housing will provide more than 50 new beds, greatly increasing the number and quality of caregivers.

The "Tian Xin Joyful Home, Brick and Tile Love" project mainly aims to raise 20,000 bricks by donating \$2,000 for each brick, and this time, Axiomtek's donation has helped to raise 45 bricks. In this cold winter, Axiomtek's people sent warm love to the disadvantaged groups, and full of thanks to all Axiomtek's colleagues who participated in this warmth sending activity. Axiomtek has been organizing this annual Christmas charity event for 6 years, and we look forward to upholding the spirit of continuity, giving full play to the love of Axiomtek people, and fulfilling our corporate social responsibility!



## GRI Content Indexing

GRI Standards	Disclosure of items	Page	omit	External Confirmation (Yes/No)	
<b>General Disclosure</b>					
<b>GRI 102 : General Disclosures</b>	102-1	Name of Organization	7 10	-	NA
	102-2	Events, Brands, Products & Services	10	-	NA
	102-3	Headquarters Location	10	-	NA
	102-4	Locations	10	-	NA
	102-5	Ownership and Legal Forms	10	-	NA
	102-6	Markets served	10 12	-	NA
	102-7	Organizational Scale	10 21 63	-	NA
	102-8	Information for Employees and Other Workers	63 64	-	NA
	102-9	Supply Chains	14	-	NA
	102-10	Significant changes in the organization and supply chain	-	None	NA
	102-11	Early Warning Principles or Guidelines	36	-	NA
	102-12	External Initiatives	11	-	NA
	102-13	Membership of the HKSA	11	-	NA
	102-14	Decision Maker's Statement	9	-	NA
	102-16	Values, Principles, Standards and Behaviors	7	-	NA
	102-18	Governance Structure	21	-	NA
	102-40	Stakeholder groups	33	-	NA
	102-41	Organization Agreement	-	Axiomtek does not have a trade union organization, so it is not applicable.	NA
	102-42	Identification and Selection of Stakeholders	33	-	NA
102-43	Guidelines for Communicating with Stakeholders	33	-	NA	

GRI Standards	Disclosure of items	Page	omit	External Confirmation (Yes/No)	
	102-44	Raising Key Themes and Concerns	33	-	NA
	102-45	Entities included in the consolidated financial statements	10	-	NA
	102-46	Defining report content and subject matter boundaries	35	-	NA
	102-47	Tabular presentation of major themes	35	-	NA
	102-48	Information Reprogramming	7	-	NA
	102-49	Reporting Changes	7	-	NA
	102-50	Reporting Period	8	-	NA
	102-51	Date of last report	8	-	NA
	102-52	Reporting cycle	8	-	NA
	102-53	Contacts who can answer questions about the report	8	-	NA
	102-54	Declaration of compliance with GRI guidelines	7	-	NA
	102-55	GRI Content Indexing	99	-	NA
	102-56	External assurance/confidence	-	Not externally guaranteed/confirmed	NA
<b>GRI 103: Management Pin</b>	103-1	Explaining the major themes and their boundaries	34	-	NA
	103-2	Management Approach and its Elements	34 6	-	NA
	103-3	Evaluation of Management Approach	42 46 49 61 62 64 70 75 82	-	NA
<b>Major Themes</b>					NA
<b>GRI 200 Economic Theme</b>					
<b>*GRI 201: Economic Performance</b>	201-1	Direct economic value generated and distributed by the organization	46	-	NA
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	70	-	NA

GRI Standards		Disclosure of items	Page	omit	External Confirmation (Yes/No)
	201-4	Financial assistance from the Government	46	-	NA
<b>GRI 202: Market Image</b>	202-1	Ratio of standard pay to local minimum pay for junior staff of different genders	68	-	NA
	202-2	Proportion of local residents employed at senior management level	65	-	NA
<b>GRI 205: Anti-Corruption</b>	205-2	Communication and training on anti-corruption policies and procedures	7	-	NA
	205-3	Corruption incidents identified and actions taken	-	None	NA
<b>GRI 300 Environmental Themes</b>					
<b>GRI 305: Discharge</b>	305-1	Direct (Scope I) GHG Emissions	90	-	NA
	305-2	Energy Indirect (Scope II) Greenhouse Gas Emissions	90	-	NA
	305-4	Greenhouse Gas Emission Intensity	91	-	NA
	305-5	Greenhouse Gas Emission Reduction	91	-	NA
<b>GRI 306: Wastewater and waste</b>	306-2	Waste by type and method of disposal	93	-	NA
	306-4	Waste transportation	93	-	NA
<b>*GRI 307: Environmental compliance</b>	307-1	Violation of environmental regulations	95	-	NA
<b>GRI 400 Social Theme</b>					
<b>*GRI 401: Labor and Employment</b>	401-1	New and departing employees	65	-	NA
	401-2	Benefits offered to full-time employees (not including temporary or part-time employees)	67	-	NA
	401-3	Parental leave	66	-	NA
<b>*GRI 402: Labor/Management Relations</b>	402-1	Minimum notice period for operational changes	70	-	NA
<b>*GRI 403: Occupational Health &amp; Safety</b>	403-1	Occupational Safety and Health Management System	82	-	NA
	403-2	Hazard identification, risk assessment and incident	83	-	NA

GRI Standards	Disclosure of items	Page	omit	External Confirmation (Yes/No)
	investigation			
	403-3 Occupational Health Services	84	-	NA
	403-4 Worker Engagement, Consultation and Communication on Occupational Safety and Health Issues	82	-	NA
	403-5 Occupational Safety and Health Training Questions for Workers	85	-	NA
	403-6 Worker health promotion	86	-	NA
	403-7 Preventing and mitigating occupational safety and health impacts directly related to business relationships	87	-	NA
	403-8 Occupational Safety and Health Management System (OSHMS) covering all workers	87	-	NA
	403-9 Occupational Injuries	87	-	NA
	403-10 Occupational diseases	87	-	NA
<b>*GRI 404: Training &amp; Education</b>	404-1 Average number of hours of training per employee per year	79	-	NA
	404-2 Staff Enhancement and Transition Assistance Programs	81	-	NA
	404-3 Percentage of employees receiving regular performance and career development reviews	68	-	NA
<b>*GRI 405: Employee Diversity &amp; Equal Opportunity</b>	405-1 Diversity of Governance Units and Employees	65	-	NA
	405-2 Ratio of women to men's basic salary plus pay	68	-	NA
<b>*GRI 406: Non-discriminatory</b>	406-1 Incidents of discrimination and improvement actions taken by the organization	-	None	NA
<b>*GRI 408: Child labor</b>	408-1 Significant Risks of Child Labor at Operating Locations and Suppliers	-	-	NA
<b>*GRI 409: Forced or compulsory</b>	409-1 Operational sites and suppliers with significant risk of forced and	79	-	NA

GRI Standards		Disclosure of items	Page	omit	External Confirmation (Yes/No)
<b>labor</b>		compulsory labor incidents			
<b>*GRI 416: Customer Health &amp; Safety</b>	416-1	Assessing the health and safety impacts of product and service categories	50	-	NA
	416-2	Violations of health and safety regulations regarding products and services	-	None	NA
<b>*GRI 417: Marketing &amp; Labeling</b>	417-1	Product and Service Information and Labeling Requirements	50	-	NA
	417-2	Failure to comply with product and service information and labeling regulations.	-	None	NA
	417-3	Incidents of non-compliance with marketing communications regulations	-	None	NA
<b>*GRI 418: Customer Privacy</b>	418-1	Substantiated complaints of violation of customer privacy or loss of customer information	-	None	NA
<b>*GRI 419: Socio-economic regulations follow</b>	419-1	Violation of social and economic laws and regulations.	46		NA

「\*」 The remaining topics are customized by the Company.

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