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20 ANNIVERSARY

2022

Arcadyan Technology Sustainability Report

create a better future

through networking

CONTENT

About this Report

Arcadyan Technology Co., Ltd. (hereinafter referred to as "Arcadyan") issued the first corporate social responsibility report in 2018. In response to international trends and Taiwan Corporate Governance 3.0 norms to officially changed its name to "Sustainability Report" (hereinafter referred to as the "Report"). The compilation of this report summarizes the previous year's business development, sustainable partnership, R&D innovation, environmental protection, happy workplace, social care and public welfare participation. The presentation year of this report is 2022 (January 1st to December 31st, 2022). The reporting period of this report is the same as that of the previous edition; Chinese and English versions are provided on "Arcadyan Sustainable Development website" every year for stakeholders to download.

Scope of Report

In 2021 Arcadyan Sustainability Report, there is no major change in the scale of the organization. This report discloses that the main operating locations, including the Taiwan Headquarters (Hsinchu), CNC China Production Center (Kunshan) and AVC Vietnam Production Center (Yongfu). It also covers the environmental data of Arcadyan Taipei Office, Shanghai SVA Office, and Guangzhou Office. This report does not disclose the relevant information of strategic partnerships including the subsidiaries in the United Kingdom, Germany, South Korea, Australia, the United States, Brazil, India and Russia that disclosed in the financial report. If there is any information that cannot be disclosed above, it will be specially marked and explained in a specific chapter. For the undisclosed information, Arcadyan will consider the correctness and completeness of the information collection, establish an information collection mechanism, and will include it in the scope of disclosure in the next year.

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Your invaluable suggestion will be much appreciated
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Report Assurance

This report is compiled in accordance with the GRI Sustainability Reporting Guidelines 2021 Edition (hereinafter referred to as the GRI Guidelines) published by the Global Reporting Initiative (GRI), which includes eight reporting principles of reporting principles: accuracy, balance, clarity, comparability, completeness, continuity, timeliness, and verifiability to prepare this report. This report is verified by an independent third party, AFNOR International Co., Ltd. (AFNOR Asia) in accordance with the AA1000 Accountability Principle and the GRI Standards, and confirmed that it meets the GRI Standards AA1000 Type I Moderate Assurance Level. The verification statement is listed in The appendix of this report is for your reference. The relevant content reference data related verification is as follows:

- Financial data: refer to financial reports certified by an accountant
- Product carbon footprint verification (Green Mark): TUV Taiwan, Germany Rheinland Technical Guardian Consultants
- Greenhouse Gas Emissions Verification (ISO 14064:2018): TUV Taiwan, Germany Rheinland Technical Monitoring Consultants
- Circular Economy Certification (BS 8001:2017): SGS Taiwan Inspection Technology Co., Ltd.
- Energy Management (ISO 50001:2018): IMQ Istituto Italiano del Marchio di Qualità
- Quality Management (ISO 9001:2015/ TL 9000:2016): AFNOR International Co., Ltd.
- Environmental Management (ISO 14001:2015): AFNOR International Inc.
- Product Ecological Design Management (ISO 14006: 2011): AFNOR International Co., Ltd.
- Occupational Safety and Health Management (ISO 45001:2018): AFNOR International Co., Ltd.
- Business Continuity Management Procedure (ISO 22301:2019): AFNOR International Co., Ltd.
- Information Security and Information Risk Management (ISO 27001:2017/ ISO 27005:2011): AFNOR International Co., Ltd

Letter from Chairman

Global situation and challenges

In 2022, under the international situation and pressure such as the closure of cities due to the covid-19 epidemic in China, the war between Russia and Ukraine, and trade sanctions, Arcadyan's operations faced more risk impacts and challenges. In this regard, Arcadyan has made arrangements in advance and has successively introduced various response plans, including expanding the production base and capacity of Vietnam factory, strengthening the adaptability of supply chain management, and overseas OEM (Original Equipment Manufacturer) manufacturing layout, etc., to meet customers flexibly demand and respond to the impact of various risks.

Arcadyan has adhered to the sustainable management commitment of taking from the society and using it for the society. The "Sustainable Development Committee" established under the board of directors, and is the sustainable development decision-making center within the company. Senior executives in various fields jointly inspect the company's core operating capabilities, formulate strategic guidelines and development directions for corporate sustainable development, and promote sustainable development-related plans, which are internalized as part of Arcadyan's culture.

In response to the global energy transformation, the goals of international customers and Taiwan's local net zero emission strategy, and the challenges of corporate low-carbon transformation, Arcadyan takes the "United Nations Sustainable Development Goals (SDGs)" and Taiwan Financial Supervisory Commission "Corporate Governance 3.0 - "Sustainable Development Blueprint" as corporate governance blueprints. Develop the strategy of Arcadyan's sustainable development in the three major aspects of Environment, Social, and Governance. And signed the Science Based Targets initiative, SBTi in 2022, declaring to formulate an active carbon reduction strategy to achieve the goal of net zero emissions.

Low carbon transformation thinking

Responding to the global carbon reduction commitment to climate action, Arcadyan implemented ISO 14064 Greenhouse Gas Inventory of each factory area, and expanded to the emission data inventory of scope 3 within the group. All the disclosed data have been verified by a third party. Arcadyan also conducted ISO 50001 Energy Management System audit in 2022, improving energy efficiency within the group and demonstrating Arcadyan Group's determination to actively reduce carbon emissions.

The AVC Vietnam production center has launched the solar photovoltaic system in June 2022, which can reduce the electricity consumption of AVC production center by about 15% every year. At present, the construction of the second phase of solar photovoltaic system has been planned. It is expected that in 2024, the proportion of renewable energy used in the production center will be greatly increased, so as to gradually realize the goal of low-carbon production.

Not only for the carbon reduction measures within the group, Arcadyan also cooperate with customers to launch the Carbon Reduction Plan (CRP) from 2022. For PCB and PSU suppliers with high carbon emissions and high risks in products, optimize their design, process and energy efficiency through life cycle assessment, to further reduce the carbon emissions of Arcadyan Group's scope 3, and fulfill Arcadyan's commitment to carbon reduction and net zero.

Good for social influence

Arcadyan focuses on sustainable supply chains, regards sustainable development as an important indicator of procurement strategies, encourages suppliers to promote corporate social responsibility plans, and implements the "Responsible Business Alliance (RBA)" code of conduct. In order to implement the vision of good together, Arcadyan has been actively implementing the Supplier Development Plan (SDP) with customers since 2019, promoting suppliers to implement environmental protection, energy efficiency improvement, carbon emission management, labor conditions and human rights protection measure. In 2022, a total of 10 suppliers have participated in this program, so as to enhance the sustainable development capabilities of suppliers, reduce supply risks, strengthen customer satisfaction and supply chain competitiveness, and create a win-win supply chain management

Implement corporate governance

In compliance with relevant laws and regulations, Arcadyan has established a comprehensive corporate governance structure, including the remuneration committee, independent directors, audit committee, built internal control, risk management, and internal audit mechanisms, and drafted the "Code of Governance Practice" and "Integrity Management Operation Procedures and Behavioral Guidelines", through the supervision, evaluation, resolution and guidance of the board of directors, to implement operational transparency. Arcadyan integrates and manages potential risks that may affect operations through the risk management mechanism, and fulfills the responsibility of business operators. In the "Ninth Corporate Governance Evaluation", Arcadyan was ranked the top 20%~35% of listed companies, recognized Arcadyan's emphasis on practice and implementation after the establishment of the governance system, and active disclosure of relevant performance.

Strengthen ESG performance

Arcadyan demonstrated outstanding performance in all aspects of ESG. In 2022, in the EcoVadis global CSR evaluation, the environment, labor rights, ethics, and sustainable procurement have be awarded gold medals. Arcadyan will continue to demonstrate the transparency of ESG information with concrete actions.

Sustainable strategy development

Arcadyan takes the core value of "technological innovation, people-oriented, self-transcendence, and customer-oriented" as the basis of sustainable development strategy, and demonstrates the actions and performance of ""Corporate Governance", "Environmental Sustainability", "Employee Care", "Sustainable Procurement" and "Social Participation", and continue to have good interactions with stakeholders in all aspects, towards a sustainable and shared future, give full play to the industrial value chain and social influence, and fulfill the social responsibility of a global corporate citizen.
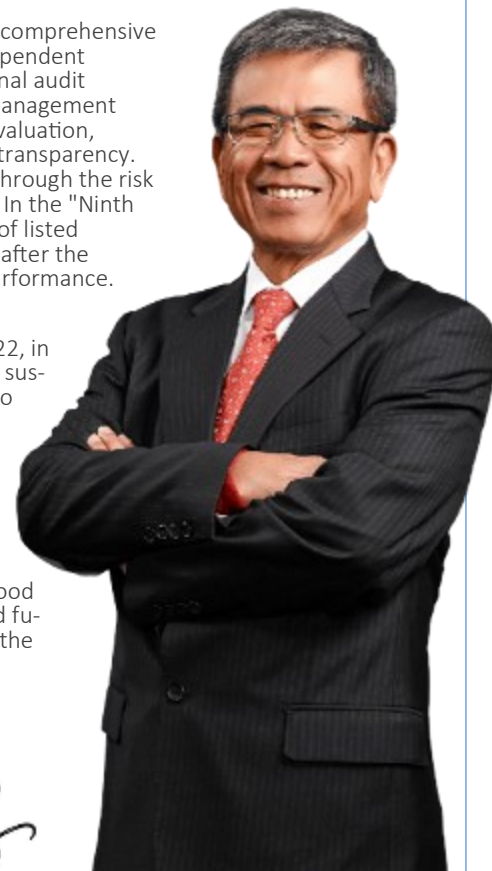
Chairman

Sustainability Vision

- Create a Better Future Through Networking

create a better future through networking

Sustainability Policy

- Provide customers with a full range of services with continuously innovative products and technolo-gies and integrating upstream and downstream supply chain resources

- Protect human rights and labor rights, establish good labor relations, and provide employees with a healthy and safe working environment

- Actively and effectively integrate resources and take responsibility for the impact on the economy, society and environment

- Feedback to society with the practical actions of "coexistence, common glory, and com-mon good " to create a better future

2022 Sustainability Achievements

Governance

- Corporate Governance Evaluation ranking 21-35%

Environment

- The 4th National Enterprise Environmental Protection Award won the Silver Award

- Participated in International Carbon Disclosure Project (CDP) climate change survey and won B- Management Level

- Participated in International Carbon Disclosure Project (CDP) supplier engagement rating and won A– Leadership Level

- Awarded "CDP Best Carbon Management Disclosure" by Chunghwa Telecom Sustainable Partner

- Arcadyan Taiwan headquarters obtained ISO 50001 Energy Management System certification

- Completed the inventory of Arcadyan Group's greenhouse gas scope 3 and obtained third-party verification

- Awarded "Green Environmental Protection Enterprise Award" from the Organic Life Promotion Association

Social

- EcoVadis Global Corporate Social Responsibility (CSR) Gold Rating

- AVC Vietnam Production Center has no major non-compliance in the 2022 Responsible Business Alliance (RBA) audit

- 2022-2023 Best Practice Award in Swisscom Sustainable Supply Chain Development (SDP) Program

- Won the Gold Award for Excellence in Zero Disaster Working Hours

EcoVadis CSR Gold Rating

4th National Enterprise Environmental Protection Award

CDP Best Carbon Management Disclosure

Gold Award for Zero Disaster Working Hours

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External Initiatives

As an important member of the earth's environmental citizens, Arcadyan has the responsibility and obligation to actively participate in the tasks of SDGs, and select goals related to Arcadyan's operation from the 17 Sustainable Development Goals (SDGs) of the United Nations as the indicators of Arcadyan's sustainable plan. Arcadyan also supports the ten principles of the United Nations Global Compact (UNGC) to follow the core values of the United Nations Global Compact in all integrity management, labor human rights and environmental policies, continue to pay attention to the indicators of the sustainable development alliance, and provide employees with safe and stable working environment and continuous improvement of working conditions, establishment of a healthy workplace, effective labor-employment communication. Arcadyan also strengthens competitiveness, continuously improves management capabilities, reduces additional costs and establishes a reliable supply chain, and develops towards sustainable management. Relevant implementation actions are disclosed in "Arcadyan Sustainable Development Network - Sustainable Management Concept".

Arcadyan actively participates in global environmental initiatives and actions. Since 2009, Arcadyan has participated in Carbon Disclosure Project (CDP) every year to disclose carbon emission, carbon reduction results, identification of regulations and physical risks, etc. to answer questionnaires on carbon-saving management and strengthen Arcadyan's ability to respond to climate change. Arcadyan regularly responds to issues such as energy depletion, resource shortage, extreme weather, and sea level rise to reduce operational risks and costs, and transform various risks into green circular economic business opportunities to improve the sustainability of corporate operations. Referring to "Task Force on Climate-related Financial Disclosures" (TCFD) guidelines, introduce the four major aspects of Governance, Strategy, Risk management, Indicators / Goals into the management framework, evaluate the current management status of climate change risks and opportunities, and disclose them in the annual sustainability report. In 2022, In 2022, Arcadyan has submitted commitment letter to Science-Based Carbon Reduction Initiative (SBTi), conduct product carbon footprint surveys on key suppliers, set more aggressive carbon reduction targets, and look forward to reducing the burden on the earth and leaving a better living environment for future generations.

Arcadyan also follows the Code of Conduct_ Responsible Business Alliance (RBA), conduct self-assessment for labor, health and safety, environment, ethics, management system, etc., and actively obtain international certification. In addition to increasing the trust of customers, employees and suppliers, it also fulfills corporate responsibilities for the environment, economy and society. CNC China production center obtained SA8000 (Social Accountability) certification since 2013, and AVC Vietnam production center also continues to promote Corporate Social Responsibility (CSR) related policies and measures to show stakeholders its commitment to social responsibility. Arcadyan has joined Joint Audit Cooperation (JAC) supplier CSR program since 2016 to follow customers' requirements for sustainable development goals, assisting suppliers to conduct sustainable audits and improvements, through the influence of Arcadyan to establish a sustainable supply chain.

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Current State of Practice in Support of the UN Global Compact

Ten Principles of the UNGC		Status of Practice and Contents of Sustainability Report	Page
Human Right	Support and respect the internationally recognized declaration on the protection of human rights	Arcadyan supports and respects internationally recognized human rights, and promulgated the "Arcadyan Human Rights Policy Declaration" in 2021. For detailed implementation status, please refer to Section 6-3 Respect for Human Rights in the "Sustainability Report".	76
	Guaranteed not to involve human rights violations	Arcadyan supports the "Responsible Sourcing" initiative of the Responsible Business Alliance (RBA) and formulates the "Sustainable Procurement Policy". For detailed implementation status, please refer to Section 3 Sustainable Partnership in the "Sustainability Report".	40
Labor	Supports freedom of labor assembly and association and does recognize the right to collective bargaining	Arcadyan supports the freedom of labor assembly and association and recognizes its right to collective bargaining. For detailed implementation status, please refer to Section 6-3 Respect for Human Rights in the "Sustainability Report".	79
	Prohibition of all forms of forced and compulsory labor	Arcadyan prohibits all forms of forced and compulsory labor, and promulgated the "Arcadyan Human Rights Policy Declaration" in 2021. For detailed implementation status, please refer to Section 6-3 Respect for Human Rights Prohibition of Forced Labor in the "Sustainability Report".	76
	Prohibit child labor	Arcadyan strictly prohibits the employment of child labor, and promulgated the "Arcadyan Human Rights Policy Declaration" in 2021. For detailed implementation status, please refer to Section 6-3 Respect for Human Rights in the "Sustainability Report".	76
	Eliminate employment and occupation-related discrimination	Arcadyan prohibits any form of discrimination. Promulgated the "Arcadyan Human Rights Policy Declaration" in 2021 and formulated "Workplace Sexual Harassment Prevention Measures, Complaint and Punishment Measures". For detailed implementation status, please refer to Section 6-3 Labor Rights Discrimination, Harassment Prevention and Handling in the "Sustainability Report".	78
Environment	Support preventive measures to address environmental challenges	Arcadyan establishes an environmental management system, sets goals and targets for continuous improvement of environmental protection, continues to promote a green supply chain, manages and controls environmental risks, and actively responds to the goal of net zero emissions. For detailed implementation status, please refer to the "Environmental Sustainability" on the official website and Section 5 Environmental Protection in the "Sustainability Report".	57-65
	Take proactive actions to promote and strengthen corporate environmental responsibility	The green design thinking of Arcadyan products is based on "Product Life Cycle (PLC)", which considers the environmental impact of various life cycle stages such as raw material procurement, manufacturing, packaging and transportation, consumer use to disposal and recycling. For detailed implementation status, please refer to the "Environmental Sustainability" on the official website and Section 4-2 Green Products in the "Sustainability Report".	48
	Encourage the development and promotion of environmentally friendly technologies	All members of Arcadyan participate in green design, consider the impact of raw materials, transportation, product use and other processes on the environment during the product life cycle, continue to promote and implement product ecological design, and use innovative technology to mitigate the environmental impact caused by climate change, and improve product safety. For detailed implementation status, please refer to Section 4-3 Environmental Friendly Design in the "Sustainability Report".	51
Anti-corruption	Any form of corruption is prohibited, including extortion and bribery	Arcadyan abides by integrity management, prohibits any form of corruption, formulates the "Business Ethics Policy" and regularly conducts "supplier integrity investigations". For detailed implementation status, please refer to Section 2-8 Business Ethics in the "Sustainability Report".	35

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Membership of Associations

In order to understand the development trend of the industry and enhance the communication of information, Arcadyan actively participates in relevant industry associations, technical alliances and activities, and conducts multi-party professional exchanges and cooperation. In 2022, Arcadyan participated in the following organizations as a member, and did not serve as a director or participate in the operation of relevant working groups:

- Broadband Forum
- Open Connectivity Foundation (OCF)
- SD Association
- Connectivity Standards Alliance: CSA-IOT
- The Bluetooth Special Interest Group (SIG)
- Wi-Fi Alliance
- Digital Content Protection Licensed Adopter
- DTLA Digital Transmission Licensed Adopter
- HDMI Licensed Adopter
- RDK Management Licensed Adopter
- prpl Foundation
- High-tech Industry Payroll Management Association

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Sustainable Business Philosophy

Environment, is one of the important items that Arcadyan believes cannot be ignored when enterprises pursue operation growth. Only when the environment, economy and society coexist, can there be a sustainable enterprise. In order to avoid the negative impact of operation on the environment, as of 2022, Arcadyan introduced relevant certifications such as TL9000, ISO9001 Quality Management, ISO14001 Environmental Management and ISO 45001 Safety and Health Management. Arcadyan R&D team also pays special attention to the green design of products. It has successfully introduced lead-free manufacturing processes, completed the control regulations for prohibited substances such as lead, cadmium, mercury, and hexavalent chromium, and implemented ISO 14006 Product Ecological Design Management System to implement product eco-design, and introduced BS 8001 Circular Economy design concept in 2020 to effectively track and control the environmental performance of various products, and obtain external certification for business model optimization. From 2021, Arcadyan also cooperated with third-party verification agencies to conduct ISO 14064 Organizational Greenhouse Gas Inventory, set a base year to monitor major emission sources, set emission reduction targets and implement various emission reduction measures. In response to the carbon reduction goal, Arcadyan obtained ISO 5001 Energy Management System certification in 2023 to effectively improve energy efficiency.

Social responsibility, is the commitment that Arcadyan believes that enterprises should take from the society, use it for the society, and operate sustainably. Only when enterprises undertake social responsibilities and participate in social welfare activities can they create a good society. CNC China production center has introduced SA8000 social responsibility management system since 2012, and Arcadyan headquarters also has a "Sustainable Development Committee", which actively responds to and actively plans public welfare activities every year. The implementation activities include: caring for rural students, after-school tutoring, donations, and reduce the gap between urban and rural areas; caring for disadvantaged groups through fundraising, sponsorship, supporting minorities and other activities, participating in public welfare foundation donations, caring, and giving back to society. By participating in these public welfare activities, Arcadyan feels the executive power of colleagues to give back to the society, and demonstrates Arcadyan's commitment to fulfilling corporate social responsibility.

Employees, are the greatest assets of an enterprise. and cherishing talents is the core belief of Arcadyan. Arcadyan is people-oriented, providing a complete career training plan and a competitive salary and welfare system, so that employees can develop their jobs without any worries. Arcadyan has introduced ISO 45001 Safety and Health Management System since 2008 to ensure that employees can work in a safe, hygienic, and healthy workplace environment, and won the gold award for the record of 15 million hours of zero-disaster working hours. Arcadyan also cares about and communicates with employees to understand their needs, organizes various activities to promote physical and mental health, so that employees can give full play to their strengths and improve the quality of work and life.

To response United Nations Sustainable Development Goals (SDGs), and continuing its commitment to the environment, society and economy, Arcadyan focus on the following key goals and actively face various challenges:

● Actively respond to the 17 goals of the United Nations Sustainable Development Goals (SDGs), and promote policies and activities related to the economy, society and the environment.

● Pay attention to climate change issues, continue to promote and implement product ecological design and green design, and use innovative technology to mitigate the environmental impact of climate change and improve product safety.

● Promote the corporate social responsibility management process and organizational performance, strengthen Arcadyan's internal governance, revise the environmental sustainability policy. And cooperate with external customers to promote corporate social responsibility policies in line with international norms, so that the concept of sustainability can be internalized into Arcadyan's corporate culture.

The operation of sustainable enterprises attaches great importance to commitment. Arcadyan promises to be a responsible enterprise based on the existing core competence and competitive advantages. Adhering to the spirit of "technological innovation, people-oriented, self-transcendence, customer-oriented", the policy of sustainable development is as follows:

◆ Provide customers with a full range of services with continuously innovative products and technologies and integrating upstream and downstream supply chain resources

◆ Protect human rights and labor rights, establish good labor relations, and provide employees with a healthy and safe working environment

◆ Actively and effectively integrate resources and take responsibility for the impact on the economy, society and environment

◆ Feedback to society with the practical actions of "coexistence, common glory, and common good "to create a better future

Sustainability Management System and Certification in 2022

Arcadyan's core R&D process follow ISO 9001 and TL9000 international quality standards, builds quality management system, implements comprehensive quality management, strictly introduces it into product design, development, manufacturing and after-sales service support processes to enhance customer satisfaction. And through the quality policy to promote Arcadyan's core value and business strategy. AVC Vietnam Production Center be included in the scope of Arcadyan Group's ISO 22301 Business Continuity Management System in 2022, and has obtained third-party verification. In response to the development trend of global climate change, Arcadyan headquarters began to introduce ISO 50001 Energy Management System in 2022, expanded the inventory of organizational greenhouse gases (scopes 1, 2, and 3), and obtained third-party external certification.

Scope	International Standard	Arcadyan Headquarters	CNC China Production Center	AVC Vietnam Production Center
Quality	ISO 9001:2015 Quality Management System	O	O	O
	TL 9000 Telecommunications Quality Management System	O	O	O
	IATF 16949:2016 Automotive Quality Management System		O	
Environmental	BS 8001:2017 Circular Economy	O		
	ISO 14001:2015 Environmental Management System	O	O	O
	ISO 14006:2011 Product Eco-design Management System	O		
	IECQ-QC080000:2017 Hazardous Substance Process Management System		O	(In Process)
	ISO 14064-1:2018 Greenhouse Gas Verification	O	O	O **New**
	ISO 50001:2018 Energy Management System	O **New**		(In Process)
Social	ISO 22301:2019 Business Continuity Management System	O	O	O **New**
	ISO 27001:2017 Information Security Management System	O	O	O
	ISO 27005:2011 Information Risk Management System	O	O	O
	ISO 45001:2018 Occupational Health and Safety Management System	O	O	(In Process)
	SA 8000:2014 Social Accountability 8000 Standard		O	
	Responsible Business Alliance (RBA) Audit		O	O

Customer Satisfaction

Effective Economically

Fully Participation

1 Identification of Stakeholders and Materiality Topics

1-1 Stakeholder Identification and Communication

Arcadyan collects the opinions of all stakeholders, understands their concerns, and serves as an important basis for Arcadyan's sustainable development. The sustainable development executive group refers to the relevant information listed by the industry and the results of internal discussions, lists the stakeholders that may be contacted, and summarizes the six stakeholder category of Arcadyan: "shareholders, customers, employees, suppliers, government agencies and non-profit organizations". In 2022, two types of stakeholders were added: community residents in Arcadyan's main operating bases, and operation-related organizations, such as industry alliances, public associations, and third-party verification agencies. And according to "Stakeholder Communication Mechanism Table" to maintain the smooth communication channel with stakeholders

Stakeholders	Stakeholders	Communication Channels	Frequency	Main Issues of Concern	Corresponding Chapters	Page
Shareholders	Investors Shareholder Bank	Shareholders meeting	Yearly	Operating performance	2-4 2021 Consolidated Financial Business Performance	21
		Institutional investors' conference		Business integrity	2-8 Integrity management and Compliance with Regulations	31
		Investor hotline and mailbox	Irregularly	Stakeholder communication	2-3 Operational Policy in 2021	20
		Group of investors discussion			1-2 Materiality Topics Identification	14
Customers	Foreign and Domestic Customers	Regular communication	Monthly	Customer service management	3-2 Customer privacy and product information security protection	35
		Discussion conference			4-5 Customer Health and Safety	50
		Email discussion	Irregularly	Technology and Research	4-1 Business Development Plan	41
		Customer audit		Green product	4-3 Environmentally Friendly Design	45
Employees	Employees Foreign Employees Part-time worker	Labor-management Communication	Quarterly	Employment/Labor Relationship	6 Happy Workplace	63
		Welfare Committee			6-3 Labor Human Rights	69
		Performance Appraisal	Bi-yearly		6-4 Employee Rights and Welfare	70
		Education Training		Cultivation and training	6-5 Talent Cultivation and Development	72
		Internal BBS bulletin board		Occupational Safety and Health	6-6 Occupational Health and Safety	74
		Internet and Employee Comment Box, Complaint Hotline, mailbox	Irregularly	Human rights	6-3 Labor Human Rights	67
Suppliers	Suppliers, contractors, out-sourcers, and other partners	Email discussion	Irregularly	Sustainable procurement	3-3 Sustainable Supply Chain Management	36
		Supplier Assessment and Audit		Green product	4-3 Environmentally Friendly Design	45
Government	Local government Fire bureau Environment bureau Labor bureau	Official Document	Irregularly	Energy consumption and management	5-4 Energy Management 5-5 Water Resource Management	57 / 60
		Regulations Briefing				
		Seminar		Waste Management	5-6 Waste Management	61
		On-site Visits		Occupational Safety and Health	6-6 Occupational Health and Safety	74
NGO	Social Welfare Group, Foundations	Email Discussion	Irregularly	Society Care and Public Welfare Participation	7 Society Care and Public Welfare	80
		Event or Meeting				
NEW Community	Community resident	Community Resident Meeting	Irregularly	Society Care and Public Welfare Participation	7 Society Care and Public Welfare	80
NEW Operation Related Organizations	Industry alliance	Online Meeting	Irregularly	Technology and Research	4-2 Green Product	42
	Public association	Regular Newsletter		Technology and Research	4-1 Business Development Plan	41
	Third-party Verification Agency	Annual Audit and Verification	Yearly	Management System Certification	2021 Sustainability Management System and Certification	11

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1-2 Materiality Topics Identification

In addition to collecting information through various communication channels and feedback boxes, Arcadyan also actively collects issues of concern to stakeholders through questionnaires every year. The topics of the survey are based on the sustainability GRI Sustainability Reporting Standards issued by the Global Reporting Initiative, and in response to issues of concern to stakeholders such as domestic and international sustainability trends, Sustainability Accounting Standards Board (SASB) and economic, environmental and social issues, compared with the previous year's issues, Arcadyan added "taxation", "fair competition" , "Product Information Security", "Employee Diversity and Inclusion" and "Sustainable Environmental Education" are more closely related to the sustainable trend that the industry is concerned about. There are a total of 26 topics.

Arcadyan refers to 2021 edition of GRI General Guidelines to identify material subjects to adopts the double materiality analysis. Takes "impact" as the evaluation principle of whether the theme is material, the X-axis is the impact of ESG issues on Arcadyan. According to the importance of each stakeholder in the questionnaire, the weight of Arcadyan is evaluated, and multiplied by the proportion of each stakeholder's concern for each major issue, calculate the total degree of concern of stakeholders on each issue, as the impact on Arcadyan. The Y-axis is the impact of Arcadyan on ESG (including human rights), according to the sustainable development execution team's assessment of 26 major issues, evaluates the degree of positive/negative impact and the probability of occurrence, and regards it as an external impact.

Draw the XY scatter diagram, according to the 1/4 circle screening principle, from the high impact on Arcadyan (X) and the high impact on ESG (Y), 12 materiality issues are intersected, including "Economic Performance", "Integrity Management and Anti-corruption", "Regulatory Compliance", "Technology and R&D", "Customer Service Management", "Business Continuity", "Supply Chain Management", "Green Products", "Circular Economy", "Energy and Resource Management", "Climate Change and Carbon Management", "Equality of Human Rights". Compared with the 18 materiality issues in 2022, 6 fewer issues are "complaints and whistleblowers", "information security", "employment/labor relations", "talent cultivation and training", "Occupational Safety and Health", "Infectious Diseases Prevention and management". This year, environmental issues received more attention than social issues. Although the remaining non-major thematic issues were of lower priority, some of them were also presented in the report. Related policies, measures and results.

Matrix of Materiality Topics
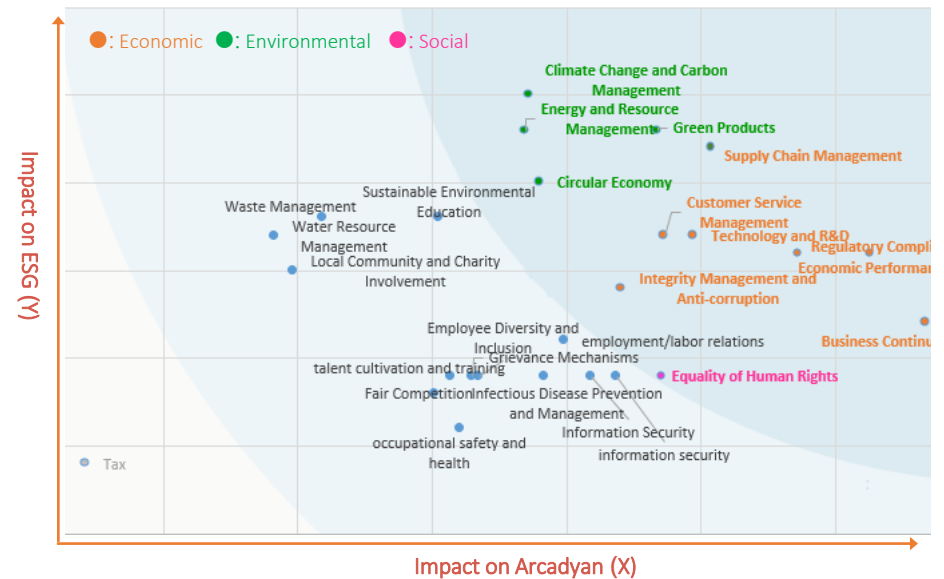
Stakeholder Questionnaire Collection

In 2022, Arcadyan set up an online questionnaire collection channel on the "Corporate Social Responsibility" official website. As of the end of 2022, a total of 60 valid questionnaires have been collected; other paper questionnaires, telephone interviews, or e-mail and other channels Of the questionnaires filled out by stakeholders, 262 valid questionnaires were returned, a total of 322 copies, and the return rate of questionnaires was higher than 95%.

1 Determine Who to Communicate	**2** Collect Issues about Sustainable	**3** Identify the Impact on Arcadyan	**4** Identify the Impact for External	**5** Draw Materiality Matrix	**6** Corresponding Disclosure Content	**7** Setting Target and Monitoring
8 Types of Stakeholders	**26** Total Topics	**322** Questionnaires	**5** Scale to Assess Impact	**12** Materiality Topics	**16** GRI Standards	**24** ESG Targets
Shareholders, customers, employees, suppliers, government agencies, NGO, local communities and operation-related organizations	Topics are collected from sources such as the international sustainability standard GRI, domestic and international trends, the electronics industry, and stakeholder communication	A total of 322 stakeholder questionnaires were collected through multiple channels (online questionnaire, E-mail, telephone interview, paper questionnaire)	Sustainability execution team interviews with experts to evaluate the degree of influence and occurrence probability of ESG	Plot the X-axis impact on Arcadyan and the Y-axis impact on ESG, and filter out materiality major issues with 1/4 circle	According to the identified 12 materiality topics, corresponding to the 16 specific topics in the GRI standard, to collect and disclose sustainable information	For materiality ESG topics, company colleagues and supervisors jointly formulate 24 management Targets

1-3 Impact Assessment and Management Policy of Material Topics_ Economic

	Economic Performance	Integrity Management and Anti-corruption
Significance Statement	Operation-related performance is the main concern of all stakeholders. Arcadyan disclosed the operation performance and market competitiveness information in 2022 to practice the sustainable operation of the enterprise.	Both Arcadyan and stakeholders attach great importance to the integrity of corporate governance and international/national laws to control anti-corruption, fair competition, anti-trust or monopoly practices
Corresponding GRI Standards	GRI 201: Economic performance	GRI 205: Anti-corruption, GRI 206: Anti-competition
Impact Effect	Arcadyan Group's operating activities are for the R&D and manufacturing of Netcom products. The activity process has a slight potential negative impact on the environment and related stakeholders. In order to balance economic development and environmental protection, Arcadyan signed the Scientific Based Targets initiative (SBTi) in 2022, and required the supply chain to jointly implement energy conservation and carbon reduction, regularly review the implementation of major topics that stakeholders are concerned about, and actively Invest in environmental protection and continuously evaluate the feasibility of improvement to reduce the potential impact caused by operations.	Arcadyan regularly organizes training courses related to honesty, morality and anti-corruption, and publishes business ethics policies to practice honest management with high standards of self-requirements and protect the rights and interests of stakeholders. Arcadyan also requires supply chain partners to sign a letter of commitment to follow integrity management to establish a good business integrity relationship.
Policy or Commitment	Provide customers with a full range of services by continuously innovating products and technologies, and integrating upstream and downstream supply chain resources.	Arcadyan complies with laws and regulations, and formulates relevant documents such as "Arcadyan Business Ethics Policy", "Code of Integrity Management", "Integrity Management Operation Procedures and Behavior Guidelines", and strictly prohibits bribery, corruption, fraud, money laundering, collusion, etc. In addition to cooperating with suppliers to abide by the RBA Responsible Business Alliance code of conduct, it also cooperates with customers' corporate social responsibility-related requirements, accepts irregular written or on-site audits, and promises to abide by the ethical standards.
Actione Taken	Continue to expand the existing telecommunications market share, actively develop telecommunications customers in markets; provide customers with fast customized product services, and design and develop competitive products to effectively assist customers in market segmentation. Focus on the development of new markets and new customers, and continue to optimize the overall product portfolio and profitability.	Through internal risk assessment, Arcadyan identifies the high-risk processes of integrity management, including Procurement, Sales and Finance departments that have direct contact or have substantial influence with customers, suppliers and financial institutions. Besides require its supervisors and colleagues to accept the internal "Integrity Commitment Self-Assessment Survey" on a regular basis, promising not to provide or accept bribes, and any other forms of improper benefits, it is also required to prohibit any form of rebates from third-party partners , money, items, or other benefits of value or that could influence an objective decision.
Management System	Hold board and shareholder meetings every year to report on relevant business performance	Formulate the code of integrity management, operating procedures and behavior guidelines, and incorporate the issue of integrity management into the internal audit plan.
Metrics and Targets	Short Term (2023~2025) 1. Sustained profit (operating income, after-tax profit) 2. Stable dividend distribution policy (dividend distribution accounts for >50% of EPS) 3. Continue to invest in R&D expenses to create company value (R&D expenses account for > 5% of revenue) 4. Actively participate in legal person briefing sessions, convey and assist stakeholders to understand Arcadyan's operating conditions (participate in legal person briefing sessions > 10 times a year) Long Term (2026~2030) 1. Ensure Arcadyan's long-term operating advantages 2. Emphasis on the rights and interests of stakeholders **8 DECENT WORK AND ECONOMIC GROWTH**	Short Term (2023~2025) 1. Major violations of integrity: 0 case 2. Corruption cases: 0 case 3. Continue to implement education, training and publicity (completion rate of education and training for all employees > 95%) Long Term (2026~2030) (same as short term goal) **16 PEACE, JUSTICE AND STRONG INSTITUTIONS**
Assessment Method	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Hold the board of directors and shareholders' meeting every year to report on business performance	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Execute audits in the annual internal audit process 3. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement

1-3 Impact Assessment and Management Policy of Material Topics_ Economic

	Regulatory Compliance	Technology and R&D
Significance Statement	1. Arcadyan's product design concept focuses on environmental friendliness, and compliance with international environmental protection laws and directives is an issue that Arcadyan attaches great importance to. 2. Arcadyan abides by various international human rights conventions and prohibits any violations of human rights.	Excellent R&D capability is the key factor for Arcadyan to maintain its competitive advantage. Arcadyan publicly discloses competitive niches and long-term and short-term business development plans to respond to market demand.
Corresponding GRI Standards	GRI 2-27: Regulatory Compliance	（Self-defined major themes）
Impact Effect	Arcadyan ensures that Arcadyan's operations comply with external laws and regulations and Arcadyan's internal procedures and policies, reducing Arcadyan's 's operating risks and responsibilities, so as to maintain market competitiveness and protect the Arcadyan's reputation. Establish a legal compliance system to reduce the probability and impact of violating laws and regulations, and fulfill the responsibility of a good corporate manager	With the diversification of network services and the continuous increase in global consumers' demand for bandwidth, coupled with the fact that China Netcom equipment manufacturers are actively entering the market at low prices, it is expected that the challenges of competing with them will become more severe in the future..
Policy or Commitment	The operation of sustainable enterprises attaches great importance to commitment. Arcadyan promises to abide by all applicable laws and regulations on the basis of existing core capabilities and competitive advantages to ensure the compliance of corporate operations. Actively participate in social and environmental-related improvement actions, and fulfill corporate social responsibilities.	Excellent R&D capability is the key factor for Arcadyan to maintain its competitive advantage. In order to strengthen the technical capabilities of Arcadyan's R&D team, the funds invested in R&D manpower have increased by nearly 40% in the past two years to help speed up development timeliness, improve R&D quality, and make Arcadyan towards a more diversified product development.
Actione Taken	Arcadyan follows the local regulations and international standards of each operating sites to formulate relevant norms. Relevant departments also regularly carry out identification and review of regulations, pay attention to the orders of competent authorities and updates of domestic and foreign regulations, so as to timely revise the rules and regulations related to environmental protection, labor rights, occupational safety and health, anti-bribery/corruption, anti-harassment/discrimination, fair competition, information security, intellectual property, etc.	Arcadyan draws up short-term and long-term business development plans, continuously improves technical capabilities, improves cost competitiveness, enhances the advantages of Time to Market, maintains long-term cooperative relationships with upstream suppliers, and develops high-quality, competitive products to reduce costs. Actively develop and maintain a partnership of mutual trust and mutual benefit with telecommunications customers to increase market share.
Management System	Each ISO document specifies the regulatory identification procedures for the management system.	Arcadyan strictly verifies the quality and function of the products, and the products must undergo strict engineering and design verification tests before mass production. Arcadyan headquarters and each production centers carry out internal and external audits of TL 9000 telecommunications quality management system and ISO 9001 quality management system every year, and have obtained third-party certification.
Metrics and Targets	**Short Term (2023~2025)** violations of environmental and social laws and regulation: 0 case **Long Term (2026~2030)** (same as short term goal) **16 PEACE, JUSTICE AND STRONG INSTITUTIONS**	**Short Term (2023~2025)** Technology integration and product customization, maintain product technology and function leadership, and increase market share **Long Term (2026~2030)** (same as short term goal)
Assessment Method	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement	1. Regularly hold business management meetings to confirm the status of plans implementation and goals achievement 2. Perform internal and external audits of TL 9000 Telecommunications Quality Management System and ISO 9001 Quality Management System every year.

1-3 Impact Assessment and Management Policy of Material Topics_ Economic

	Customer Service Management	Business Continuity
Significance Statement	Customer satisfaction is the focus of Arcadyan's sustainable operation, meeting customer needs and making continuous progress, creating a sustainable cooperation model.	In recent years, due to the change in the global situation and the impact of the epidemic, Arcadyan has faced various impacts, and proposed various continuous management policies and response methods
Corresponding GRI Standards	GRI 416: Customer Health and Safety	（Self-defined major themes）
Impact Effect	"Customer satisfaction" is the core value of Arcadyan. Arcadyan takes R&D, innovation and continuous improvement as its mission. Through continuous learning in the process of communicating with customers, quick and immediate response, full participation and positive attitude to grow together with customers and become customers key partners.	Arcadyan faces various and changeable internal and external risks, such as changes in local laws and regulations, business competition, and natural disasters in each operating site. Based on the assessed and screened operation risks, measures are taken to reduce, avoid, transfer, and accept them to prevent losses. In response to changes in the internal and external environment, Arcadyan continuously monitors, detects and warns of risks to minimize the impact of operational shocks.
Policy or Commitment	Arcadyan's sustainable development policy provides customers with a full range of services through continuous innovation of products and technologies, and integration of upstream and downstream supply chain resources.	Arcadyan Business continuity policy : 1. Effectively management of any accidents may result in the business interruption of the Company 。 2. Business continuity policy 3. Minimizing potential impact of business interruption on the Company and its goodwill.
Actione Taken	Arcadyan attaches great importance to the interactive relationship with customers. In addition to communicating with customers through email or telephone, Arcadyan conducts customer satisfaction surveys every year to review the performance of Arcadyan's "technical capability", "product quality", "responsive service" and "on-time delivery", take as an important basis for the continuous improvement of Arcadyan's products and services. Develop improvement plans through the quality management system, and set customer evaluation scores as performance indicators for all relevant departments, continuously track customer satisfaction, and provide perfect product quality.	Arcadyan has set up the "Operation Management Committee", with the general manager as the chairman of the continuous operation. Regular meetings are held every year to identify risks that may affect the operation from various aspects of the environment, economy and society through systematic analysis, and take prevention, response, management, and business continuity plans to reduce or eliminate possible losses including life, environment, property, and goodwill.
Management System	Arcadyan is committed to establishing, maintaining and strengthening long-term good relations of win-win and mutual benefit with every important key operation partner, and establishing a good communication mechanism and mutual trust foundation, and then building a strong supply and sales chain.	Arcadyan headquarters in Taiwan and production centers in Vietnam and China have obtained ISO 22301 Business Continuity Management System since 2012, and have formulated analysis and risk assessment processes. Evaluate the frequency and possibility of risk occurrence based on key activities every year, and set up recovery priorities, accident management plans, business continuity and other related plans to effectively manage any emergencies that may cause disruption of Arcadyan's operations.
Metrics and Targets	**Short Term (2023~2025)** Customer satisfaction score over 85% **Long Term (2026~2030)** (same as short term goal)	**Short Term (2023~2025)** Conduct business impact analysis and risk assessment every year, and formulate improvement plans for major risk projects **Long Term (2026~2030)** (same as short term goal)
Assessment Method	Carry out customer satisfaction surveys every year to collect customers' ratings on Arcadyan's technical capabilities, on-time delivery, responsive services, product quality, etc., and track the implementation status and goal achievement status at the annual management review meeting	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Conduct internal and external audits of ISO 22301 Business Continuity Management System of the Taiwan headquarters, China, and Vietnam production centers every year

1-3 Impact Assessment and Management Policy of Material Topics_ Economic and Environment

	Supply Chain Management	Green Products
Significance Statement	The focus of Arcadyan's supply chain development is to continuously strengthen the cooperation of key supply chains and increase the proportion of local procurement	Based on the principles of resource reuse, waste reduction, and waste reduction, Arcadyan produces environmentally friendly products by using recycled materials, improving product performance, and extending product life cycles.
Corresponding GRI Standards	GRI 204: Procurement Practices, GRI 308Supplier Environmental Assessment, GRI 414 Supplier Social Assessment	GRI 301: Materials
Impact Effect	1. In response to customer environmental protection requirements, international environmental laws and regulations, and green product management system needs, in addition to introducing QC 080000 Hazardous Substance Management process, Arcadyan also actively develop halogen-free products and regularly submit REACH Substances of Very High Concern (SVHC) related information. 2. In response to the requirements of international human rights laws and regulations, manage the sources of non-conflict mineral parts and conduct investigations on suppliers.	The green label is recognized in the European and American markets, and its standards verify the verifiability and accuracy of the factors considered in the product life cycle. Through the certification of the Green Product Mark, it provides consumers with clear guidelines for environmentally friendly products and also reduces the impact on the environment.
Policy or Commitment	Arcadyan formulated the "Sustainable Procurement Policy", requiring suppliers to sign the "Supplier Corporate Social Responsibility Commitment Letter", regulating suppliers to comply with local laws and international norms related to the environment and society, and demonstrating Arcadyan's determination to improve the sustainable supply chain.	All employees of Arcadyan participate in green design, consider the impact of raw materials, transportation, and product use on the environment during the product life cycle, continue to promote and implement ecological product design, and use innovative technology to mitigate the environmental impact of climate change, and improve product safety.
Actione Taken	Suppliers are important partners in Arcadyan's sustainable supply chain. Through irregular supplier conferences, commendations for excellent suppliers, training and publicity courses, signing of CSR commitment letters and evaluation questionnaires, Arcadyan strengthen the management and interaction of suppliers, and implement the sustainable purchasing policies to enhance the competitiveness of the overall supply chain.	The green design thinking of Arcadyan products is based on the consideration of "product life cycle", which evaluates the impact on the environment in various life cycle stages such as raw material procurement, manufacturing, packaging and transportation, consumer use to disposal and recycling. Arcadyan strengthens the green concept of product design with the core directions of "material selection with low toxicity", "power saving and low energy consumption", "easy to disassemble and easy to recycle and renew", "extend product life", and in line with international trends and the needs of stakeholders, to carried out environmentally friendly design to achieve the best ecological benefits.
Management System	Arcadyan revised "Supplier Sustainability Investigation Criteria" in 2020, conduct supplier risk assessment and audit every year, guide suppliers to meet the requirements of the green supply chain, and reduce supply chain risks.	Since 2015, Arcadyan has implemented product life cycle data collection in accordance with ISO 14067 carbon footprint standard and ISO 14006 product ecological design system. The evaluation content includes: scope definition, life cycle inventory analysis, life cycle impact assessment and life cycle interpretation. And from 2021, Arcadyan introduced ISO 14006 product ecological design specification into the product design, and obtain TUV green label and carbon footprint certification.
Metrics and Targets	Short Term (2023~2025) 1. The return rate of supplier corporate social responsibility commitment letter is 100% 2. The return rate of supplier integrity survey form is 100% 3. The local procurement ratio of Vietnam production center reaches 15% Long Term (2026~2030) 1. Prioritize the purchase of local suppliers in the operating site to strengthen supply resilience. 2. The local procurement ratio of Vietnam production center reaches 20% **17 PARTNERSHIPS FOR THE GOALS**	Short Term (2023~2025) 1. 100% achievement rate of product with green product certification 2. The number of halogen-free parts reaches 50% 3. 100% compliance with product hazardous substance control and customer specifications Long Term (2026~2030) 1. The number of halogen-free parts reaches 70% 2. 100% compliance with product hazardous substance control and customer specifications **13 CLIMATE ACTION**
Assessment Method	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement

1-3 Impact Assessment and Management Policy of Material Topics_ Environment

	Circular Economy	Energy and Resource Management
Significance Statement	Based on the principles of resource reuse, waste reduction, and waste reduction, Arcadyan designs and produces environmentally friendly products by using recycled materials, improving product performance, and extending product life cycles.	In response to the development trend of climate change, hundreds of countries or alliances around the world have declared their commitment to net zero emissions, and their carbon reduction goals have gradually extended from environmental protection to industrial and energy transformation. All factories of Arcadyan Group have obtained the third-party verification of greenhouse gas inventory since 2021, and plan to introduce ISO 50001 Energy Management System to strive to reduce the carbon emissions of the organization and products.
Corresponding GRI Standards	GRI 301: Materials	GRI 302: Energy
Impact Effect	In recent years, climate change and extreme weather have occurred frequently. Consumers are aware of the importance of environmental protection, promoting low-carbon and green economy consumption patterns, replacing the concept of end-of-life cycle through recycling and reuse, reduce environmental impact, and take into account economic growth and low-carbon emission operation development.	Issues related to climate change have brought business impacts and transformation opportunities. In order to respond to the business development opportunities driven by the global temperature rise target of 1.5°C and net-zero transformation as soon as possible, Arcadyan reduces the consumption of energy resources to improve energy efficiency, so that various software and hardware facilities can achieve the application of maximizing the efficiency of energy resource utilization.
Policy or Commitment	In the process of developing operational performance, Arcadyan is committed to achieving the important goal of emission reduction. In addition to focusing on the reuse of resources and reducing carbon emissions, the effective use of energy resources is considered in the product development process to move towards the vision of zero waste and zero emissions in resource recycling.	1. Comply with the domestic environmental, health / safety, and energy regulations, and effectively implement the environmental, health / safety, and energy management system 2. All staff participate in product ecological design, environmental protection and energy management, and promote continuous improvement for sustainability. 3. Improve resource recycling and energy efficiency, and reduce the impact of carbon emissions in the supply chain. 4. Promote education and publicity on environmental safety, energy and product eco-design. 5. Implement employee health management, proactively prevent occupational disasters, and create a safe workplace with zero disasters
Actione Taken	In the stage of product development, Arcadyan consider maximizing the value of products and resources. The primary consideration is to extend the life cycle of products, and think about how to process them into recycled materials through the recycling system when the life cycle of its components is over. And apply post-consumer recycling (PCR) materials in the product casing and packaging design, through design optimization, reduce the use of parts and raw materials, improve product performance, reduce energy consumption during use, and save energy resources in the product life cycle expend.	Arcadyan group takes PDCA method to formulate long-term and short-term reduction targets for greenhouse gases, energy (electricity), water resources, and hazardous waste, and use key performance indicators (KPIs) to review the status of energy management monthly, and then propose improvement measures and plans painting. Arcadyan Vietnam production center has built a solar photovoltaic system, which generated electricity in June 2022. It is planned to add a solar photovoltaic system in the second phase of the project, which is expected to be completed by the end of 2023.
Management System	Arcadyan has adopted the concept of BS 8001 Circular Economy in product design since 2020, followed the six principles to carry out eight circular promotion stages, and obtained the SGS certification of BS 8001 circular economy best practice certification in 2021.	Arcadyan headquarter introduced ISO 50001 Energy Management System in 2022 and obtain external certification. The Vietnam production center is expected to complete the implementation of ISO 50001 system in 2023.
Metrics and Targets	**Short Term (2023~2025)** 1. Promote 20 pieces of biodegradable or low-material materials every year 2. The proportion of product models that use recycled plastics should exceed 60% 3. The average product packaging material uses recycled material exceed 80% **Long Term (2026~2030)** 1. Use biodegradable materials with a proportion of more than 10% 2. The proportion of products using recycled plastics should exceed 80% 3. The average product packaging material uses 90% recycled materials.	**Short Term (2023~2025)** 1. Energy intensity decreased by 1% compared to the previous year 2. Vietnam production center introduced ISO 50001 energy management system 3. The second factory of Vietnam production center introduced solar power generation system **Long Term (2026~2030)** 1. Arcadyan headquarters builds solar power generation system 2. Achieve SBTi scope 2 carbon reduction target
Assessment Method	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement

1-3 Impact Assessment and Management Policy of Material Topics_ Environment and Social

	Climate Change and Carbon Management	Equality of Human Rights
Significance Statement	In response to the development trend of climate change, hundreds of countries or alliances around the world have declared their commitment to net zero emissions, and their carbon reduction goals have gradually extended from environmental protection to industrial and energy transformation. All factories of Arcadyan Group have obtained the third-party verification of greenhouse gas inventory since 2021, and plan to introduce ISO 50001 Energy Management System to strive to reduce the carbon emissions of the organization and products.	Arcadyan abides by international human rights organizations and labor policies, and shall not discriminate against others, engage in human trafficking or force others to work for any reason. And listed relevant human rights laws and regulations as the focus of audits in the selection of new suppliers and annual supplier audits.
Corresponding GRI Standards	GRI 305: Emissions, GRI 201: Economic Performance	GRI 406: Non-Discrimination, GRI 408: Child Labor, GRI 409:Forced Labor
Impact Effect	In order to reduce the impact of climate change on Arcadyan's operations, and in response to the 2050 net zero goals announced by countries around the world and the carbon reduction requirements of customers, Arcadyan has adopted the Science-Based Reduction Target Initiative (SBTi) to control the temperature increase by 1.5°C as the goal, and set the carbon reduction target Incorporated into the daily management of group operations. While declaring that it is pursuing economic performance, Arcadyan also exerts its influence to lead the supply chain, fulfill the responsibility of carbon reduction and environmental protection, and achieve the goal of sustainable value chain.	Diversity and inclusiveness are the competitive advantages of corporate differentiation. By employing diverse employees and advocating a corporate culture of diversity, equality and inclusiveness, Arcadyan encourages employees to have a sense of belonging and identity, and provides employees with career planning and encourages them to display their potential , to achieve Arcadyan's goals
Policy or Commitment	Arcadyan signed the Science-Based Reduction Target Initiative (SBTi) carbon reduction target and the 2040~2050 net zero commitment in 2022, and submitted the CDP (Carbon Disclosure Project) questionnaire and TCFD (Task Force on Climate-Related Financial Disclosures) related information every year, continue to promote reduction of greenhouse gases.	Arcadyan released "Arcadyan Human Rights Policy" in 2022, integrating respect for the economy, society, culture, and citizens in its operations; respecting differences and inclusive of multiculturalism, providing a non-discriminatory, safe, healthy, and zero-harassment working environment, and eliminating illegal activities. Discriminate and ensure equal job opportunity.
Actione Taken	Arcadyan headquarters and production centers in China and Vietnam obtained the third-party verification of ISO 14064 greenhouse gas inventory every year. In 2022, Arcadyan cooperated with PwC Consulting Company to establish the Science-Based Reduction Target Initiative (SBTi) carbon reduction strategy project to manage various aspects of greenhouse gases, and take specific actions and initiatives to prevent or mitigate potential negative impacts.	Arcadyan conducts human rights risk assessments every year, and formulates the "Control Procedures for Using Child Labor, Underage Workers and Student Workers", "Control Procedures for Freedom of Association and Collective Bargaining Rights", "Procedures for Prohibiting Discrimination and Disciplinary Measures Management", " Prohibition of forced labor control procedures" and other relevant management regulations to ensure that employees and external stakeholders will not work under any retaliation or threat. Arcadyan conducts labor human rights awareness training for all employees every year. The course content including employee code of conduct, gender equality, sexual harassment prevention, forced labor, and measures related to the implementation of human rights policies, and publicizes the Human Rights Policy of Arcadyan.
Management System	Arcadyan headquarters and production centers in China and Vietnam have obtained ISO 14001:2015 environmental management system certification, regularly conduct environmental-related risk assessments to reduce the impact on the operating environment and the external environment, and conduct annual inspections of greenhouse gas emissions at each operating site, and have obtained ISO 14064- 1:2018 third-party verification.	All of Arcadyan's operating sites follow "International Labor Organization Convention", "the United Nations Universal Declaration of Human Rights", "the United Nations Global Covenant" and other international human rights conventions and local regulations to prevent any violations of human rights. Arcadyan also complies with "the UK Modern Slavery Act 2015", prohibits forced labor, protects the personal freedom of employees, and respects the rights of employees, including freedom of employment, freedom of resignation, freedom of overtime and freedom of movement, etc
Metrics and Targets	**Short Term (2023~2025)** 1. 1% reduction in greenhouse gas intensity compared to the previous year. 2. Cooperate with the competent authorities to review and revise the management mechanism related to climate change risk **Long Term (2026~2030)** Achieve Science-Based Reduction Target Initiative (SBTi) scope 1, 2, and 3 carbon reduction target	**Short Term (2023~2025)** 1. Zero child labor 2. Zero forced labor complaints 3. Every year human rights awareness training rate for new recruits is 100% **Long Term (2026~2030)** 1. Continue to increase the number of employees with disabilities through job planning 2. Promotion of gender equality in the workplace
Assessment Method	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement	1. Hold review meetings quarterly to report on the status of plans implementation and goals achievement 2. Through Arcadyan Sustainable Development Committee and the Sustainable execution Team, continue to track the status of plans implementation and goals achievement

2 Business Development

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5 Environmental Protection
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2-1 Industry Overview and Development

According to the survey results of "IEEE Global Survey: The Impact of Technology in 2023 and Future" published by the IEEE Institute of Electrical and Electronics Engineers (IEEE), cloud computing, 5G, metaverse, electric vehicles and industrial Internet of Things will become the most important technologies affecting 2023 ; and wireless communications, automobiles and transportation, energy and financial services will become the industries most affected by technological development in 2023, such as Industrial Internet of Things (IIoT), fully automated industry, Metaverse Experience, etc., are regarded as advanced 5G application development.

In addition, 5G Fixed Wireless Access (FWA) is also regarded by global telecom operators as another option for home broadband. TrendForce Research Institute pointed out in a trend report that global telecom operators are expected to deploy large-scale 5G FWA services in compliance with 3GPP in 2023. The deployment of 5G FWA will bring users greater network bandwidth and low-latency network. It has become one of the solutions for accelerating and expanding the deployment of high-speed fixed networks in many countries.

In terms of wireless network technology, as the penetration rate of Wi-Fi 6/6E continues to increase, the market size of Wi-Fi 6 gradually expanded in 2022. Most of the high-end models are equipped with Wi-Fi 6 as standard, and the penetration rate is expected to increase to 60%-70% next year. To meet the communication needs of the metaverse and other industrial visions, the next generation of faster and more stable Wi-Fi 7 will be applied from the end of 2023 to the beginning of 2024.

- The products that Arcadyan has developed include: 5G fixed wireless access network equipment (5G FWA CPE), Whole Home Wi-Fi Mesh Network smart home solutions, 4G integrated self-optimizing network (SON) / LTE small cell, indoor and outdoor LTE router/gateway, 802.11ax, 802.11ac (single-band, dual-band and tri-band) wireless network router, 802.11ax, 802.11ac VDSL router, amplify indoor wireless signal coverage repeater, TV upper box (Android TV OTT/IP STB) supporting high-order ultra-high resolution (4K), high dynamic range imaging (HDR), GPON OLT/ONT optical fiber Broadband, NG-PON2 fiber broadband and DOCSIS 3.1 & 3.0 Cable Modem and other products.
- Continuously enhance and optimize the integrated functions of the new generation of IAD, such as ZigBee/ Z-Wave/ BLE/ DECT ULE/ NFC technology integration, software AI intelligent repair function, IEEE1905.1, EasyMeshTM R1/R2 multiple interface integration management and big data cloud Analysis platform optimization.

- Accelerate the development of a new generation of 5G customer terminal equipment (CPE), 5G Small Cell, switch Multi-access edge computing (MEC), smart home/IoT gateway interconnection, 76GHz-80GHz vehicle BSD blind spot assistance initiative New technologies such as warning radar and artificial intelligence (AI) calculation/big data cloud analysis integration.

Arcadyan continues to focus on the development of the telecommunications market, and develops system software that can support various software platforms, which can meet the needs of different customers. Arcadyan actively develops and integrates technologies such as small base stations, fixed-line mobile integration, and back-end networks to create its own technology for the 5G cross-domain ecosystem, hoping to immediately enter and respond to the market needs of telecom customers. In the future, Arcadyan will strengthen its in-depth understanding of market demand, master the development trend of system software on various software platforms and integrate them into applications that match smart handheld devices, and aim at the development directions of smart home, Internet of Things, artificial intelligence (AI) calculation, cloud analysis, etc., and invest in forward-looking 5G, IAD, IP STB/Android TV OTT, NG-PON2 fiber optic broadband and other product development, providing complete solutions to customers. The next stage of product planning will continue to develop, including:

- Gateways supporting smart home and Internet of Things functions, built-in wireless modules in consumer audio-visual products (such as Smart TV and home voice assistants), high-end CPE required by Internet Service Providers operators (ISP), such as supporting Fixed mobile convergence 5G terminal equipment and IAD, Small Cell and MEC switches supporting 5G O-RAN architecture, high-end ultra-high resolution (4K) and high dynamic range imaging (HDR) TV upper box (Android TV OTT/IP STB) , a new generation of Cable Modem routers, 76GHz-80GHz vehicle BSD blind spot assist active warning radar, and smart CPE that introduces artificial intelligence (AI) calculations and big data cloud analysis will also be the focus of research and development..

- Expand the Joint Design Manufacture (JDM) business model to obtain greater economic scale advantages, actively introduce automated production processes, expand the production capacity of Vietnam production center, increase production capacity and seek OEM cooperation partners, diversify risks in overseas production bases, and increase manufacturing flexibility in multiple locations. And increase the sales proportion of high unit price and high profit products.

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2-2 Company Overview

Founded in 2003, Arcadyan Technology is the first professional and intelligent network terminal equipment company in Taiwan that integrates broadband, multimedia, wireless and Internet communication protocols. At present, it focuses on the research and development of access/routing products for client equipment, and combines voice and multimedia technologies to provide solutions such as integrated digital home, mobile broadband, wireless audio and video products and multimedia gateways.

Arcadyan's product design concept develops from the user's point of view. Therefore, product development is based on leading technology and provides user-friendly operation interface to ensure user satisfaction. Arcadyan's professional R&D team, combined with the internal R&D talents and industry experts, has jointly developed advanced platforms, fully functional products, and provided complete services to customers. Arcadyan is committed to integrating the core technology - wireless communication technology into product requirements, bringing the convenience of wireless communication to home users to meet the needs of wireless broadband and digital home multimedia services.

Product Category

Arcadyan provides advanced design planning capabilities and solutions to help customers sell differentiated products and services in the market. And achieve the goal of quickly introducing products into the market in order to maintain its competitive advantage. It also provides added value in product development through technology integration and functional enhancement.

Arcadyan understands customers' needs for technology integration, product compatibility and standardized platforms, so it provides a complete product series and digital home communications and services. Arcadyan's product line includes:

DSL CPEs　　Wireless LAN　　FTTx　　Set Top Box　　Mobile Broadband products

Industrial Chain Diagram

Semiconductor Industry (Wafer) — Other Electronic Components Industry — Cable Industry — Information System Industry

Manufacturing Sector of Computing — arcadyan

Transmission Media Industry

Distributor of Computer Networking Products — Consolidated Computing System

Ultimate Consumer Market of Computerization

Manufacturing — Services — Governmental Agencies — Home User

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2-3 Operational Policy in 2021

In the face of market, economic and trade uncertainties, Arcadyan has formulated the following operating policies:

1. Continue to expand the existing telecommunications market share, actively develop telecommunications customers in emerging markets, expand the product categories of existing telecommunications customers, extending from copper wire fixed network to optical fiber broadband product line, develop mobile broadband related products, provide customers with rapid customized commodity services, design and develop competitive products to effectively help customers to differentiate their products in the market.

2. Strengthen the software and hardware technology upgrade and new product line expansion of Android TV OTT and IP-STB, and focus on the development of new markets and new customers, so as to continuously optimize the overall product mix and profitability.

3. Expand Multiple System Operator (MSO) market share and enhance market position, actively develop new customers and expand cable modem product line, and increase customer product penetration by providing value-added services.

4. Actively develop new product categories such as Smart Home, Internet of Things (IoT), Artificial Intelligence (AI), 76GHz-80GHz Vehicle BSD Blind Spot Assist Active Warning Radar, etc., implement research on the application of commercially available derivative technologies, and follow up 5G technology development, continue to develop a new generation of 5G CPE products, maintain and operate the 5G small base station market.

5. Cooperate with the technology suppliers in various regions to develop the local telecommunication market.

6. Cooperate with chip manufacturers and central office manufacturers to ensure the leading product technology and function, and cooperate to develop the market.

7. Continue to expand the production capacity and scale of Vietnamese production center, optimize the capacity exchange and deployment between the Vietnamese and China production center, and diversify the risks of overseas production sites.

8. Taking Arcadyan's core values as the basis of its sustainable development strategy, it has established five major dimensions of "corporate governance", "environmental sustainability", "employee care", "sustainable procurement" and "social participation", and formulated various short-term, medium–term and long-term goals and management policies.

9. Organize a sustainable development committee to formulate Arcadyan's sustainable development strategy and development direction, and continue to have good interactions with all stakeholders to pursue a sustainable future.

Proportion of Arcadyan's Business in 2022

2022 Ratio of Operating Revenues based on Customers' Locations

- 22.2%
- 38.5%
- 39.3%
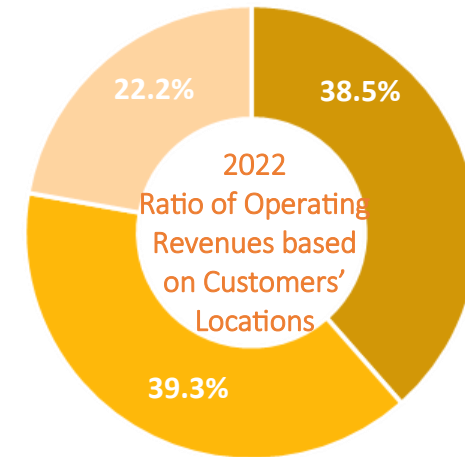
■ Europe ■ Americas ■ Asia and other Regions

2022 Revenue Distribution

- 2.88%
- 35.26%
- 33.81%
- 28.05%
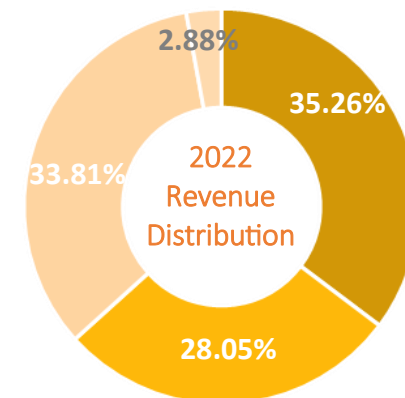
■ Smart Home Solution ■ Broadband Solution ■ Mobility Solution ■ Others

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2-4 2022 Consolidated Financial Business Performance

In 2022, there will be no major impact or change in the overall operation of Arcadyan, and both operating income and profit will grow steadily. The consolidated financial performance and profitability analysis of the past four years are presented in the chart below, all calculated using the new International Financial Reporting Standard (IFRS). For detailed operating conditions and financial performance including liabilities, equity assets, surplus retention, company dividend policy and implementation status, employee and director remuneration, etc., please refer to Arcadyan Technology 111 annual report disclosed on Arcadyan's website (www.arcadyan.com. tw) Investor Zone.

Operating Revenue, Cost and Net Income (NT$ million)

	2019	2020	2021	2022
Revenue	32,898	33,765	38,240	47,168
Cost	28,546	28,712	32,931	40,581
Net Income	1,357	1,631	1,702	1,915
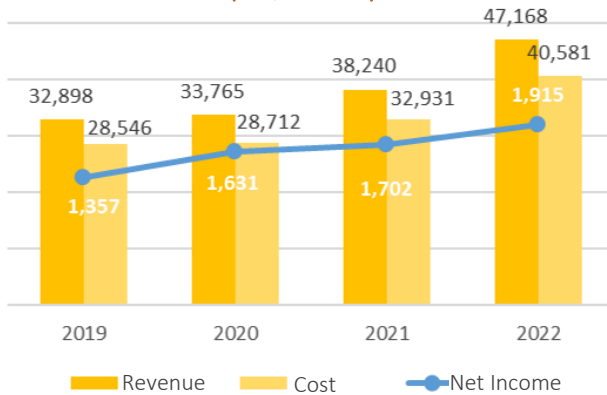
Gross Profit and Net Income Ratio (%)

	2019	2020	2021	2022
Gross Profit	13.23%	14.97%	13.88%	13.96%
Net Income Ratio	4.12%	4.83%	4.45%	4.06%
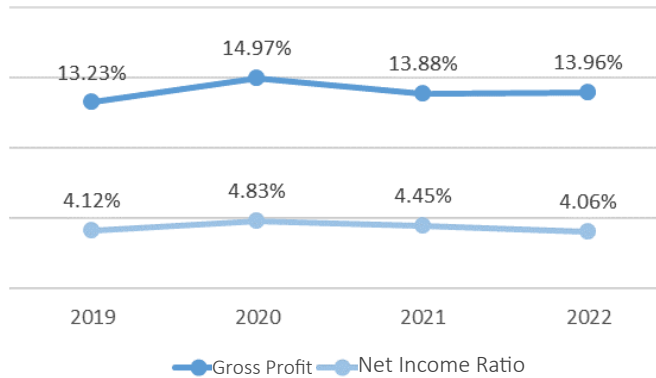
Total Salary_ Individual Finance Report (NT$ million)

	2019	2020	2021	2022
Total Salary	1207.647	1381.32	1558.61	1,495.79
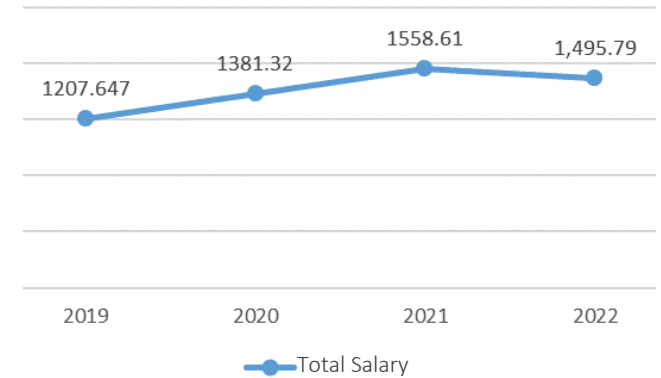
Return on Assets and Return on Equity (%)

	2019	2020	2021	2022
Return on Equity	13.04%	13.99%	13.68%	14.26%
Return on Assets	5.99%	6.14%	5.52%	5.43%
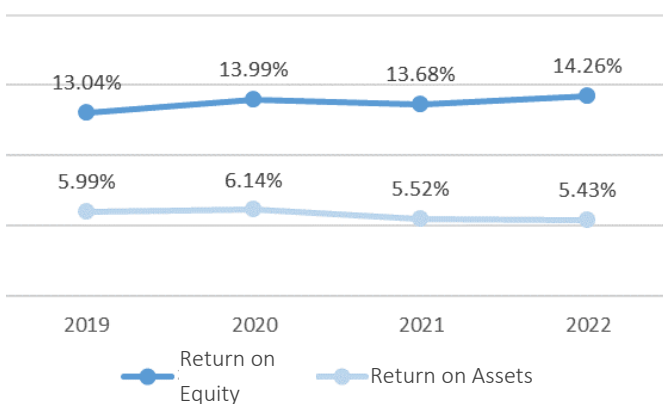
Per-share Dividend (NT$ thousand) and EPS (NT$)

	2019	2020	2021	2022
Per-share Dividend	4.7	6.5	6.8	6.5
EPS	6.85	8.36	8.6	9.2
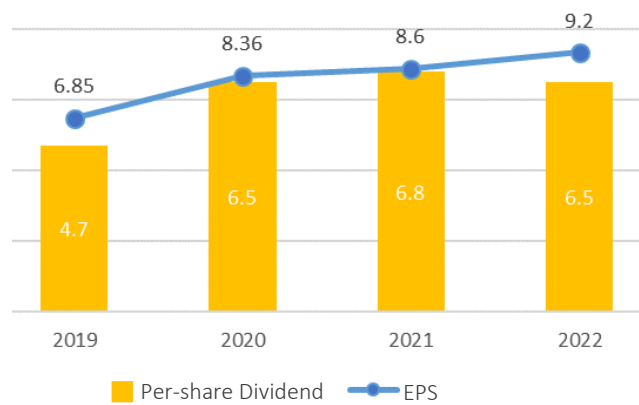
Income tax Expense and R&D Investment tax Credit (NT$ million)

	2019	2020	2021	2022
Income tax expense	345.8	707.7	571.0	551.1
R&D investment tax credit	63.8	76.9	98.4	102.4

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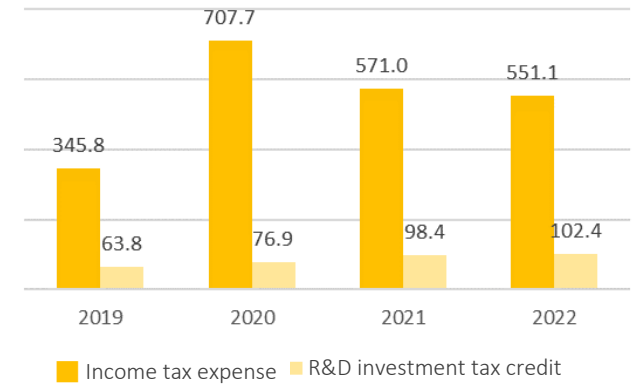
Operating Base and Service Market

Arcadyan's products are sold worldwide and provide complete and fast services with a global layout. Arcadyan is headquartered nearby Hsinchu Science Park, and has R&D centers in Taiwan and China to respond to rapid technological innovation. It also has sales offices in various countries in Europe and America, so as to grasp the market demand in real time and provide customers with more rapid technical consultation and after-sales service.

Arcadyan Technology Limited (UK)
Arcadyan GmbH
Shanghai RD Center
Guangzhou RD Center
Arcadyan Korea
Compal Networking (KunShan) (CNC)
Taipei RD Center
Arcadyan N.A.
Arcadyan India Private Limited
Taiwan Headquarters
Arcadyan Brasil
Arcadyan Technology (Vietnam) (AVC)
Arcadyan Australia

● Headquarters   ● R&D Center   ● Manufacturing Center   ● Branch Office
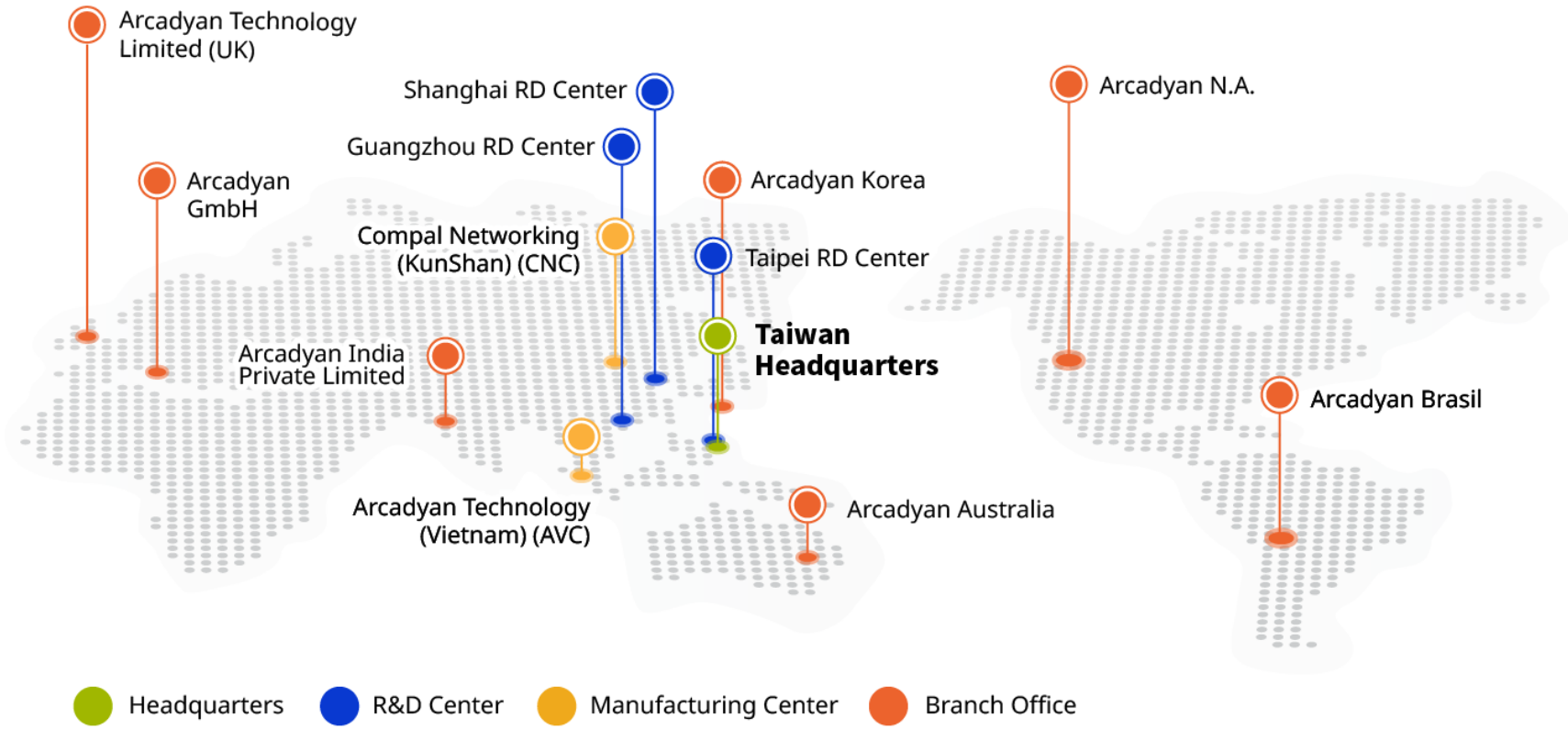
Headquarters	Hsinchu (Taiwan)
R&D Center	Hsinchu, Taipei, Shanghai, Guangzhou
Production Center	CNC China Production Center (Kunshan), AVC Vietnam Production Center (Yongfu)
Branch Office	USA, Germany, UK, Korea, Australia, Brazil, India, Taiwan

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2-5 Corporate Governance

Arcadyan attaches great importance to operational transparency and corporate governance. According to the "Procedures of the Board of Directors of Publicly Issued Companies" to formulate Arcadyan "Board of Directors Procedures" for compliance. Disclose the directors' attendance at the board of directors on the public information observation station, and disclose major resolutions of the board of directors on Arcadyan website. According to the "Code of Practice for Corporate Governance of Listed OTC Companies" to formulate "Code of Practice for Corporate Governance" and disclosed the relevant content on Arcadyan website and the public information observation station. Arcadyan establishes an effective corporate governance structure, strengthens the supervision of the functions of the board of directors, protects the rights and interests of shareholders, and adheres to the principle of honest operation, formulates various systems and methods, and implements the spirit of corporate governance to improve operational performance and practice sustainable management of the enterprise.

Shareholders Meeting

Board of Directors

Remuneration Committee

Audit Committee

Internal Audit Office

Sustainable Development Committee

President Office

Eurasia Sales Center | Americas Sales Center | New business center | Operation Management | Software R&D Center | Hardware R&D Center | Manufacturing center | Financial Center | HR & Administration | Sustainable Development Office | Business Management Committee

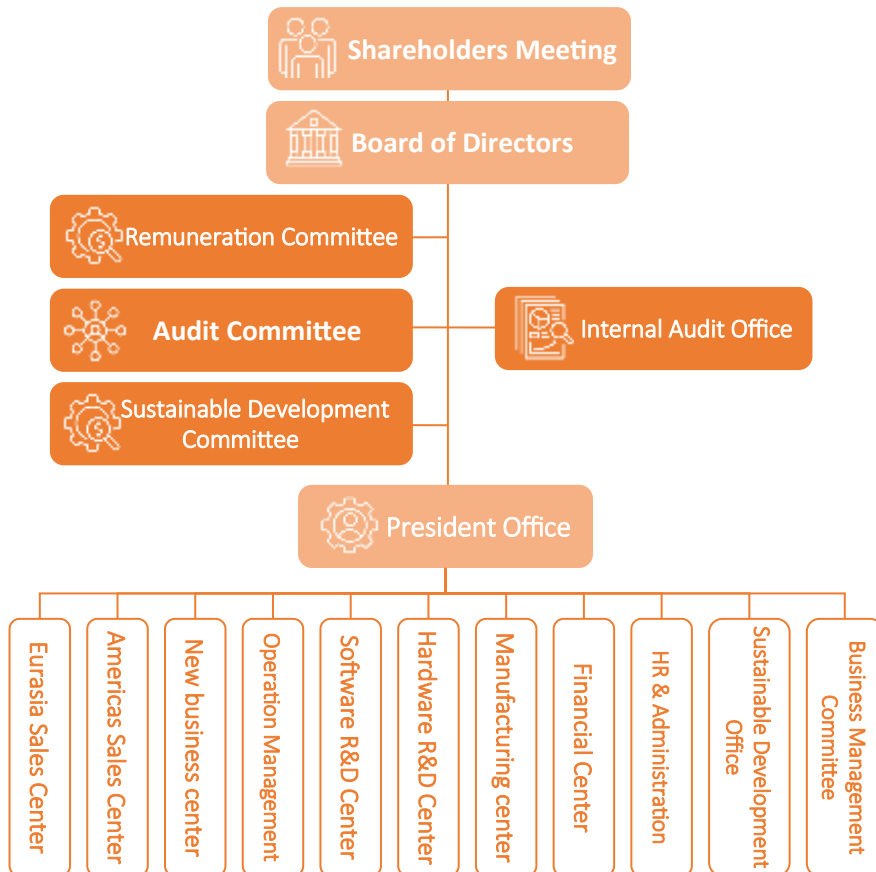| Functions	Main Responsibilities
Remuneration Committee	1. Formulate and regularly review the policies, systems, standards and structures for performance evaluation and salary of directors and managers. 2. Regularly evaluate and determine the remuneration of directors and managers.
Audit committee	1. Proper presentation of the company's financial statements 2. The selection (dismissal) appointment, independence and performance of accountants. 3. Effective implementation of Arcadyan's internal control 4. Arcadyan abides by relevant laws and regulations. 5. The management and control of Arcadyan's existing or potential risks.
Sustainable Development Committee	1. Formulation of sustainable development policy. 2. Formulation of annual plans and strategic directions for sustainable development. 3. Tracking and verification of the implementation and effectiveness of sustainable development. 4. Decisions on other matters related to sustainable development.
Auditing Office	Responsible for the planning, execution and improvement tracking of Arcadyan's internal audit.
President Office	Formulate Arcadyan's operating goals, manage and supervise Arcadyan's overall operation execution
Europe Americas and Asia Sales Center	1. Promotion and development of sales business 2. Customer services and communication window 3. Marketing strategy and business management 4. Design, planning and execution of marketing projects
New business Center	Development and introduction of various new technologies and new products of Arcadyan, feasibility assessment of new product development and technical integration affairs
Operation Management Center	1. Manage products and control project progress 2. Coordinate with relevant departments to arrange trial production for smooth mass production 3. Operation management of procurement, import / export and production management 4. Product engineering and process design management, product quality management 5. Network environment construction and management, computer equipment maintenance. 6. ERP/MES system planning, import, integration and maintenance, operation process function development and feasibility assessment. 7. Planning, design and execution of legal intellectual property related business 8. Assist in the cost control of products and procurement to improve overall profitability.
Software R&D Center	Responsible for the software technology and test program development business of various products of Arcadyan
Hardware R&D Center	Responsible for the hardware technology and related development and integration business of various products of Arcadyan
Manufacturing Center	Coordinate matters related to product production and capacity allocation in China and Vietnam factories
Financial Center	1. Accounting, tax audit, and preparation of financial statements 2. Budget preparation, variance analysis and control 3. Financial management: formulate short-term, medium-term and long-term fund acquisition and scheduling plans 4. Cost calculation, analysis and inventory planning
HR & Administration Division	1. The formulation, revision and implementation of Arcadyan management system 2. Employee performance appraisal, evaluation, promotion and retirement system formulation 3. Education and training planning and implementation 4. Payroll accounting, labor health insurance, etc. 5. General Administration Management
Sustainable Development Office	1. Promote and implement matters related to the sustainable development of Arcadyan. 2. Assist the Sustainable Development Committee to track the implementation progress of various sustainable development activities.
Business Management Committee	Planning, execution and supervision of risk management related issues.

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Board of Directors

Arcadyan's board of directors has established three functional committees, the Audit Committee (established in 2014), the Salary Committee (established in 2014) and the Sustainable Development Committee (established in 2022). The Audit Committee and the Salary Committee are composed of all independent directors. The Sustainable Development Committee is composed of one independent director and two directors who also act as managers to assist the board of directors in fulfilling its supervisory duties.

In 2022, the "Risk Management Policy and Procedures" was approved by the Board of Directors. The "Operation Management Committee" was established under the president, and added "Risk Management Promotion and Implementation Team" to establish a risk management system and steadily operate the business towards the goal of sustainable development of the enterprise.

Audit Committee

The main duties of the Audit Committee are to review Arcadyan's financial statements, internal audit and control system, major asset and derivative commodity transactions, capital lending, endorsement or guarantee, appointment, dismissal, remuneration and independence assessment of certified accountants, As well as the appointment and dismissal of financial, accounting or internal audit supervisors, accepting received reports, and regularly reviewing Arcadyan's compliance with laws, etc. There are 4 audit meetings in 2022, and the attendance rate of its independent directors is 100%.

In 2020, Arcadyan formulated the "Performance Evaluation Method of the Board of Directors and Functional Committees" through the resolution of the board of directors. The audit committee's evaluation methods include the committee's internal self-evaluation or other appropriate methods for performance evaluation. The performance results in 2022 are significantly "Standards significantly surpassed ."

Remuneration Committee

There are 3 members in the Salary and Compensation Committee, which meets at least twice a year. They are responsible for assisting in the evaluation and approval of the salary levels of directors and managers, so that the salary payment can be combined with the performance of individuals and companies, making salary distribution reasonable and attracting outstanding talents. According to the provisions of Arcadyan's articles of association, Arcadyan's employees and directors' remuneration are calculated by multiplying Arcadyan's pre-tax net profit by the set staff and directors' remuneration ratio (not less than 5% for employees and no more than 2% for directors' remuneration) as the basis for estimation. In 2020, Arcadyan formulated the "Performance Evaluation Method of the Board of Directors and Functional Committees" through the resolution of the board of directors. The salary committee's evaluation methods include the committee's internal self-evaluation or other appropriate methods for performance evaluation. The performance results in 2022 are significantly "exceeding the standard.". There are 4 meetings in 2022, and the attendance rate of its independent directors is 100%.

Sustainable Development Committee

According to the vision and mission of the ESG policy, Arcadyan established the "CSR Committee" in 2016, and expanded the organization in 2019 to set up a dedicated organization, which is the sustainable development decision-making center within the company. The president serves as the chairman, and many different fields Senior executives jointly review Arcadyan's core operating capabilities and formulate medium and long-term sustainable development plans. In May 2022, the board of directors formulated the "Organizational Regulations of the Sustainable Development Committee", set up a "Sustainable Development Committee" under the board of directors, and appointed three members (including one independent director), with the General Manager as the chairman. A "Sustainable Development Office" is also set up, which is responsible for the promotion of various tasks of Arcadyan's sustainable development.

The "Sustainable Development Committee" shall hold at least one meeting every year, and the chairman shall regularly report to the Board of Directors on the implementation results of sustainable development and future work plans. The content of the proposal includes (1) identifying sustainable issues that need attention, and formulating action plans to respond to them; (2) goals and policy revisions for sustainable issues; (3) supervising the implementation of sustainable management issues and evaluating the implementation status.

Board of Directors
— Remuneration Committee
— Audit Committee

Sustainability Committee

General Manager & Executives
— Sustainability Development Office

Corporate Governance	Environmental Sustainability	Sustainable Procurement	Employee Engagement	Social Participation	China Production Center	Vietnam Production Center
Finance Dept.	**Green Product Dept.**	**Procurement Dept.**	**Human Resources Dept.**	**Charity Committee**		
• Business Ethics and Integrity Management	• Ecological Design	• Sustainable Procurement	• Prohibition on Child Labor	• Corporate Citizenship	• Legal Compliance	• Legal Compliance
• Anti-corruption and Bribery	• Circular Economy	• Supplier Localization	• Labor/ Occupational Health and Safety	• NPO Collaboration	• Cooperation on Sustainable Procedures and Relevant Measures	• Cooperation on Sustainable Procedures and Relevant Measures
• Fair Competition	• Product Life Cycle Assessment	• Prohibition on Conflict Minerals	• Equal Opportunities	• Fundraising and Donation		
• Legal Compliance	• Green Products and Processes	• Supplier Risk Assessment	• Compensation and Benefits	• Rural Education		
• Internal Audit and Control	• Environmental Protection	• Supply Chain Sustainability Management	• Talent Development	• Responsible Purchase and Charity Sale		
• Intellectual Property	• Greenhouse Gas Management		• Human Rights	• Promotion of Culture and Arts		
• Information Security Management	• Energy Resource Management		• Communication	• Community Engagement		
• Risk Management	• Hazardous Substance Management		• Employee Satisfaction			
• Financial Information Disclosure	• Waste Management					

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Information of Directors and Supervisors

The board of directors is the company's highest governance unit and the center of major business decisions. The president is the chairman of the highest governance organization. The duties of the board of directors include appointing and supervising the company's management, business performance, impact management, preventing conflicts of interest and ensuring that Arcadyan abides by various laws and regulations. And protect the rights and interests of shareholders. The composition of the board of directors is diversified, and members have professional capabilities such as operational judgment, accounting/financial analysis, operation management, risk management, industry knowledge, international market outlook, leadership decision-making, and investment mergers and acquisitions. Arcadyan adopts a candidate nomination system in accordance with the "Director Election Method", and is elected by the shareholders' meeting, and those who receive more votes are elected as independent directors or non-independent directors. Directors and independent directors were elected by the shareholders' general meeting on June 18, 2020, and their term of office is three years. If the company makes profits every year, no less than 5% of the pre-tax net profit shall be appropriated as employee remuneration and no more than 2% shall be used as director remuneration. There are 4 board meetings in 2022, with an average actual attendance rate of 94.44%.

In 2020, the Board of Directors of Arcadyan adopted the "Performance Evaluation Method of the Board of Directors and Functional Committees", which stipulates that the board of directors must conduct internal self-evaluation every year. The five aspects of the performance evaluation of the board of directors are 1. The degree of participation in the company's operations, 2. .Improving the decision-making quality of the board of directors, 3. Composition and structure of the board of directors, 4. Selection and continuing train of directors, 5. Internal control. In addition, the performance evaluation of directors has six aspects: 1. Handling of the company's goals and tasks, 2. Recognition of directors' responsibilities, 3. Participation in company operations, 4. Internal relationship management and communication, 5. Professionalism and continuity of directors Further study, 6. Internal control. In 2022, the self-assessment results of directors and members of the board of directors were "significantly exceeded the standard". In order to strengthen the supervisory function of the board of directors and promote gender equality, Arcadyan expects to elect a female director with legal expertise in the board of directors in 2023. In the future, it is planned to select a director with expertise in Netcom technology and industry qualifications to provide professional advice on operations and industry practices, to achieve the goal of diversifying the board of directors, to improve the functions of the Arcadyan's board of directors, and to enhance Arcadyan's sustainable competitiveness.

Title	Name	Principal Work Experience and Academic Qualifications	Professional Knowledge and Skills								Gender	Age
			Operational judgments	Accounting and finance	Business management	Risk management	Knowledge of the industry	International market perspective	Leadership	Knowledge of investment and merger		
Chairman	Compal Electronics Inc. Representative: Chen Jui-Tsung	Bachelor of Electrical Engineering, National Cheng Kung University, Vice Chairman and CSO of Compal Electronics Inc.	O	O	O	O	O	O	O	O	Male	70~79 years old
Director	Compal Electronics Inc. Representative: Wong Chung-Pin	Master in Management Science, National Chiao Tung University, Director and CEO of Compal Electronics Inc.	O	O	O	O	O	O	O	O	Male	60~69 years old
Director	Compal Electronics Inc. Representative: Peng Sheng-Hua	Master in Electrical Engineering, National Taiwan University, Director and Executive Vice President of Compal Electronics Inc.	O		O	O	O	O	O		Male	50~59 years old
Director	Compal Electronics Inc. Representative: Liu Chung-Pao	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation	O		O	O	O	O	O	O	Male	60~69 years old
Director	Tseng Chao-Peng	MBA, Oklahoma State University President of Arcadyan Technology Corporation	O	O	O	O	O	O	O	O	Male	60~69 years old
Director	Wei Je-He	PhD in Electrical Engineering, University of Washington Honorary Professor of National Chiao Tung University	O		O	O	O	O	O	O	Male	70~79 years old
Independent Director	Lee Ying-Jen	Ph.D. in Electrical Engineering, National Taiwan University, Chairman of Litemax Electronics Inc	O	O	O	O	O	O	O	O	Male	70~79 years old
Independent Director	Wen Ching-Jang	PhD. in Electrical Engineering, University of Pennsylvania Director of Bioptik Technology Inc.	O		O	O	O	O	O	O	Male	70~79 years old
Independent Director	Yang Wen-An	Master's degree of Commerce, National Taiwan University, Chairman of Durbun Digital Solutions, Inc.	O	O	O	O		O	O	O	Male	60~69 years old

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2-6 Business Risk Management

The types of internal and external risks faced by Arcadyan are diverse and changeable, such as changes in local laws and regulations, business competition, natural disasters and other risks in each operating sites. How to reduce the impact to maintain the continuity of operations, and turn it into an opportunity, is the responsibility of every employee of Arcadyan. The purpose of risk management is to detect risk factors that have an adverse impact on operations in advance, and after appropriate assessment and treatment procedures, take measures to reduce, avoid, transfer and accept risks to prevent losses. Operational continuity management will detect and warn risks in real time in response to changes in the internal and external environment, and minimize the impact of operational shocks.

Arcadyan set up an "Operation Management Committee" to prevent the impact of operations. The president serves as the chairman of the continuous operation of the operation. Members include procurement, finance, legal affairs, information, R&D, quality and other departments and production centers to participate, and regular meetings are held every year. Identify environmental, economic and social risks that may affect operations through systematic analysis, and take prevention, response, management, and business continuity plans to reduce or eliminate possible losses including life, environment, property, and goodwill.

Arcadyan headquarters and CNC China production center have obtained ISO 22301 Business Continuity Management system since 2012, and have formulated analysis and risk assessment procedures. Evaluate the frequency and possibility of risk occurrence based on Person, Place, Technology, Information, Stakeholder, Supplier, Finance, Transportation (PPTISSFT) of key activities every year and set recovery priorities, Incident Management Plan (IMP) and Business Continuity Plan (BCP) to effectively manage any emergencies that may cause disruption of Arcadyan's operations. In order to comprehensively manage the risks that may affect the continuous operation of Arcadyan Group, in 2022, Arcadyan included the newly built AVC Vietnam production center into the implementation scope of the ISO 22301 operation continuity management system, and obtain third-party verification.

Confirm the Analysis Scope, Time and Object

Establishment of the Management Committee

Risk Identification

Risk Analysis

Risk Assessment (Quantitative)

Formulate Countermeasures and Preventive Measures

Regular Tracking and Monitoring

Strategies and Opportunities to Respond Operational Risks

Aspect	Risk type	Impact	Response Strategy	Opportunities
Economic	Business Performance	Stakeholders fail to obtain key financial information such as Arcadyan's revenue and costs; or the company's poor operating performance affects the rights and interests of the investing public and the willingness of customers to cooperate	● Arcadyan regularly discloses information such as the company's operating performance, product development trends, and future prospects in the "Investor Zone" of the website and in the annual report. And in accordance with the regulations of listed OTC companies, a shareholder meeting is held every year for communication. ● Set up an email address (press_hq@arcadyan.com) and contact number on Arcadyan website to establish a smooth communication channel between investors and Arcadyan.	Arcadyan's financial performance is stable, which strengthens shareholders' confidence in the company and enhances shareholders' investment and customer cooperation willingness.
	Integrity Anti-corruption Fair Competition	Arcadyan does not have management policies related to integrity management and anti-corruption or does not have an effective monitoring mechanism; or the implementation is not effective, which affects the rights and interests of the investing public and the willingness of customers/suppliers to cooperate.	● Arcadyan formulates the "Business Ethics Policy" to implement the integrity and moral behavior of employees and standardize the ethical handling of conflicts of interest between individuals and professions. And strengthen employees' awareness of law compliance and implement the internal audit system. ● Arcadyan conducts integrity due diligence based on the risk assessment results every year to prevent offering or accepting bribes and any other forms of improper benefits. ● An independent reporting mailbox (ethics@arcadyan.com) is set up as a reporting channel for internal and external stakeholders to report dishonesty or misconduct.	Arcadyan demonstrates the integrity of its operations and anti-corruption policies, and has a complete management mechanism to enhance the willingness of shareholders to invest and cooperate with customers/suppliers, and to exert the influence of corporate social responsibility.
	Law Compliance	Arcadyan fails to grasp international environmental, social, human rights and other ESG-related laws and regulations, resulting in operating losses or legal litigation liabilities, which affects shareholders' willingness to invest, suppliers' rights and interests, and customer cooperation opportunities.	● Arcadyan Board of Directors is the highest governance organization and the center of major business decisions. It is responsible for appointing and supervising Arcadyan's management, supervising business performance, preventing conflicts of interest, and ensuring that Arcadyan complies with various laws and regulations. ● Arcadyan actively participates in global environmental initiatives and actions, and discloses measures such as carbon emission inventory and verifications, carbon reduction results, identification of regulations and physical risks, to reduce operational risks and costs, and improve the sustainability of corporate operations.	Regularly identify and grasp relevant international environmental, product, social, labor and other relevant laws and regulations, reduce the preparation period for response, reduce operational risks, implement corporate social responsibility, and increase the willingness of shareholders, customers to invest and cooperate with suppliers.
	Technology and R&D	Arcadyan is unable to propose innovative approaches to R&D and management in terms of technology, manufacturing process and products; or R&D technical capabilities are insufficient, which affects the timing of new product development and market launch for customers.	● Through irregular visits, technical forums, seminars or conferences, communicate new product development technologies and directions with customers. ● Backed by the experience and capabilities of the R&D team, Arcadyan has proficient R&D and self-developed software capabilities to provide customers with fast and highly functional customized product services. (Arcadyan website)	Arcadyan grasps the market development trend, has advanced research and development technology, designs and develops competitive products, and has achieved a leading position in the market, which is helpful to cooperate with customers to develop the market.
	Customer Service Management	Arcadyan cannot ensure product safety, or the product quality/service provided fails to satisfy customers; or fails to establish a long-term close and mutual trust business partnership with customers, resulting in a decline in performance.	● Arcadyan introduced TL 9000 Quality Management system for the telecommunications industry, and uploaded important quality-related indicators to the Telecommunications Industry Supplier Quality Excellence Forum (QuEST Forum) every month, and the performance was better than the telecommunications industry standard. ● Arcadyan conducts customer satisfaction surveys based on "technology", "quality", "response" and "delivery time" every year, draws up improvement plans through the quality management system, and is committed to providing perfect product quality. ● Communicate with customers through quarterly review meetings and irregular meetings.	Arcadyan provides safe and high-quality products, and establishes a close and mutual trust business partnership with customers to enhance customers' long-term cooperation willingness.
	Business Continuity	Natural disasters (typhoons, earthquakes, tsunamis, etc.), epidemics, or international events (China-US trade war, Russia-Ukraine war, etc.) affect the normal operation of Arcadyan, resulting in shareholder investment losses, customer supply delays, or employee employment rights, etc.	● Arcadyan Headquarters, CNC China Production Center, and AVC Vietnam Production Center have introduced ISO 22301 Business Continuity Management System Certification, regularly perform risk assessments of operational processes (including supply chain risks, factory transfers, infectious diseases, emergency response, etc.), and formulate response measures and plans (Business Continuity Plan, BCP). ● Expansion of the phase II factory in Vietnam (AVC), with the production mode of multiple bases and flexible scheduling, reduces the impact of operation interruption. And evaluate and seek cooperation with overseas foundries such as India and Brazil.	Arcadyan deploy a production center in Vietnam ahead of schedule in 2020 to reduce the impact of the city closure caused by the epidemic in China. And anticipate any risks that may affect operations, and draw up relevant plans to reduce the impact on customer supply or service provision.
	Supply Chain Management	Arcadyan fails to implement the management of the supply chain (including new suppliers), which increased possible risks; or Arcadyan failed to implement supplier quality, social and environmental assessment, conflict minerals, etc. management in accordance with regulations/customer requirements, affecting operational performance; Or for example, the closure of China due to the epidemic caused the interruption of the supply chain.	● Arcadyan introduced ISO 22301 Business Continuity Management system to regularly assess supply chain risks and formulate response measures and plans. ● In response to the update of customer environmental protection requirements, global environmental protection laws and standards, and the needs of the green product management system, QC080000 Hazardous Substance Management process is introduced in the production center to maintain the health and safety of customers, and actively develop halogen-free products, and promise to use non-conflict mineral source parts. ● Suppliers are required to fill in a CSR Corporate Social Responsibility Commitment Letter, and the production center is required to conduct supplier CSR audits every year. Arcadyan also requires suppliers to cooperate with customers' RBA, CAR, JAC and other related ESG audits to comply with international laws and human rights norms.	Arcadyan implements supply chain management and response capabilities in accordance with the external environment (such as legal regulations or customer requirements), improves the flexibility of the supply chain, and reduces operational risks.

Strategies and Opportunities to Respond Operational Risks

Aspect	Risk type	Impact	Response Strategy	Opportunities
Environment	Green Product	Arcadyan failed to develop green products that comply with laws and regulations and customer requirements, causing environmental impact and failing to win customer orders.	• In response to customer needs, Arcadyan obtained ISO 14006 Product Ecological Design certification, confirming that the product complies with relevant energy regulations, and has obtained TUV green label and carbon footprint certification. • The green core direction of Arcadyan's product design is "material selection with low toxicity", "energy-saving design" and "easy disassembly and recycling with less packaging". • Arcadyan develops products that meet environmental protection requirements in response to customer requirements, and applies for green labels, such as Product Carbon Label, Product Green Mark or Product Carbon Footprint Verification.	Arcadyan commit to the development of green products, reducing the impact on the environment, fulfilling the corporate social responsibility of environmental friendliness, and enhancing the corporate image of customers.
	Circular Economy	Arcadyan failed to develop products that meet the requirements of laws and regulations and the circular economy requirements of customers, which caused environmental impact and failing to win customer orders.	• Arcadyan obtained BS 8001 Circular Economy Optimization certification in 2021 from SGS , and introduce the research and development process of product design • Arcadyan makes full use of the best benefits and values of products, components and materials, and meets customers' circular economy requirements to achieves the goal of environmental friendliness through recoverable and renewable designs.	Arcadyan implements the concept of circular economy in the product design and development process, meets customer requirements, increases product orders, and fulfills its environmental-friendly corporate social responsibility.
	Energy Resource Management	Arcadyan failed to monitor energy consumption or implement energy-saving and carbon-reduction measures, resulting in an increase in product carbon emissions and failure to meet customer requirements, causing environmental impact and affecting social perception.	• Electricity energy consumption is the main source of greenhouse gas emissions in Arcadyan. Arcadyan takes Key Performance Index (KPI) to track energy management every month, regularly reviews and proposes improvement measures and plans. • AVC Vietnam production center has built solar power generation equipment, which has generated electricity in June 2022. It is expected to save 7.5% of Arcadyan group's electricity consumption a year. • Arcadyan headquarters has introduced ISO 50001 energy management system, and obtained the third certification in 2022. Through energy review and major energy assessment to introduce relevant management measures to improve energy efficiency.	Arcadyan performs energy audits and major energy assessments, conducts consumption analysis and related energy-saving management measures to meet customer requirements, save energy and operating costs, and promote environmental protection.
	Climate Change and Carbon Management	Arcadyan failed to effectively monitor the consumption of energy resources; or did not set effective energy-saving and carbon-reduction measures, causing environmental impact and affecting social perception and corporate image.	• Arcadyan participates in the Carbon Disclosure Project (CDP), and takes Task Force on Climate-Related Financial Disclosures (TCFD) framework to conduct climate change risk assessments, transforming various risks into green circular economy business opportunities to improve the sustainability of business operations. • Arcadyan Group conducts an annual inventory of organizational greenhouse gases (Scope 1 and Scope 2) and obtains ISO 14064 third-party verification, monitors the emission status through regular verification, and formulates reduction plans. • Arcadyan has obtained ISO 14006 Product Ecological Design certification, introduced the design concept into the product design, and obtained the TUV green label and carbon footprint certification. • Arcadyan signed SBTi (Science-Based Carbon Reduction Target) in October 2022, introduced an active carbon reduction strategy, and promised to achieve the international net-zero emission target between 2040~2050.	Arcadyan regularly monitors the use and emission of energy, water, waste, and greenhouse gases within the group, and sets emission reduction measures, which are helpful to environmental friendliness, enhance corporate image, and exert corporate influence.
Social	Equal Human Rights	Arcadyan violates laws and regulations, fails to protect employees' human rights, freedom of association, negotiation, anti-discrimination and other rights, or misuses child labor or overtime working hours, which affects the rights and interests of employees or the loss of talents, and affects the corporate image.	• Arcadyan Headquarters has formulated "Arcadyan Human Rights Policy Declaration" to strengthen internal management and review mechanisms, prohibit forced labor and child labor, China and Vietnam production centers also issued relevant guidelines and review procedures. • Arcadyan set up an internal complaint reporting mailbox (hr_hq@arcadyan.com) and a special line. If employees experience any threats, abuse, exploitation and forced sexual behavior in the workplace, they can anonymously report any illegal activities through the complaint channel. Arcadyan has established relevant review procedures and non-retaliation guarantees to ensure that employee complaints are properly handled. • Arcadyan creates a positive labor-employment relationship through a diverse and smooth communication mechanism, accepts suggestions from employees and actively handles them. Each operating site has a labor-management committee, which holds regular labor-management meetings to extensively collect opinions from employees and establish a good communication mechanism.	Arcadyan abides by Responsible Business Alliance (RBA), respects the freedom and rights of employees and does not have forced labor, ensures the rights and interests of employees, enhances the solidarity of employees, and fulfills corporate social responsibilities.

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2-7 Information Systems Risk Management

Based on the importance of information security to the industry, MIS department requires all departments to implement information security monitoring operations in accordance with the "Information security is everyone's responsibility" information security policy, management procedures, operating guidelines, and regularly perform internal and external audits. For the related risks of various information assets, through information asset risk assessment, and according to various risk characteristics, implement appropriate control measures, and formulate third-party data and data retention time to reduce or transfer risks and achieve the purpose of risk management. Arcadyan ensures the confidentiality of relevant business information and prevents the leakage and loss of sensitive information and personal data.

Arcadyan headquarters, CNC China Production Center, and AVC Vietnam Production Center carry out external certification of ISO 27001 Information Security Management System and ISO 27005 Information Risk Management System every year to ensure that the company and personal data, privacy rights and customer confidential information (including trade secrets and intellectual property rights) are under well control. In 2022, Arcadyan strictly controlled the output of various types of data internally, and build a monitoring system to prevent the leakage of sensitive data through communication software, external devices, etc., so as to strengthen the protection of mobile user data and reduce the risk of data leakage.

Information Security Management

In order to ensure the confidentiality, integrity, and availability of all information, Arcadyan formulates internal control documents in accordance with the ISO/IEC 27001 international standard, conducts internal and ex-

ternal audits every year. MIS department evaluate the risk level of each process database, scan system vulnerability risks, update the inventory of information assets, perform relevant operational impact analysis, disaster recovery drills, user account authority review, firewall setting review, information security publicity, education training, penetration testing, review meetings and occasional social tool drills,...etc. control mechanisms.

Arcadyan headquarters conducts social phishing email drills for all employee every quarter, and strengthens awareness training for employees who violate information security regulations. In 2022, a total of 8 phishing email themed drills were carried out, and 4 on-site information security awareness trainings were held, with a total of 110 colleagues join. In 2022, there will be no major information security incidents such as violation of customer privacy in Arcadyan group.

Information Security Risk Management Measures		ARC Head-quarters	CNC China Production center	AVC Vietnam Production Center
Information Security Awareness Training	Arcadyan headquarters and AVC Vietnam production center conduct social email drills every quarter, and strengthen awareness training for employees who violate information security regulations. In addition to routine information security awareness training, CNC China production center also conducts IT information security lectures for new employees to enhance employees' awareness of information security.	4 times	6 times	4 times
Security Information Disseminate	Irregularly release various information security announcements and share information security news such as anti-fraud, phishing, hacking, information loopholes, ransomware attacks, and fake links.	23 Articles	12 Articles	8 Articles
Audit to Prevent Information Security Risk	Arcadyan headquarters and overseas production centers regularly conduct ISO 27001 internal audits twice a year and ISO 27001 external audits once per year.	O	O	O
Confidential Information Management	Arcadyan introduced a network threat detection system (Deep Discovery Inspector, DDI) to monitor all physical, virtual, horizontal and vertical network traffic in 360 degrees, and improve the detection ability. For all possible risks such as attacks, advanced threats, and ransomware, analyze the threat sources, discover unknown malicious attacks in advance, evaluate the detection capability of current threats, and continuously improve the monitoring program.	O	O	O
Third Party Due Diligence	According to the management procedures, when exchanging information with external personnel, external manufacturers or related personnel are required to sign an information security non-disclosure agreement (NDA).	O	O	
Obtain the consent of related parties to process/share information	Arcadyan requires each employee to avoid improper use of all electronic materials, documents and communications by others, and to abide by the confidentiality policy. The bottom of Arcadyan official website is marked "This website uses cookies to improve your browsing experience. By using this site you agree to our use of cookies. ' and other privacy policy messages as measures for handling, sharing and retaining confidential information.	O		
Information Security Appeals and Reports	Arcadyan set up an information security reporting mailbox (ethics@arcadyan.com) to provide various stakeholders to communicate on issues related to information security.	O		

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2-8 Business Ethics

Arcadyan follows the laws and strictly prohibits bribery, corruption, fraud, money laundering, collusion, etc. For customers and suppliers, in addition to complying with the Responsible Business Alliance (RBA) Code of Conduct, Arcadyan also cooperates with customers' corporate social responsibility requirements to accept document or on-site audit, promise to abide by the moral standards of anti-corruption.

Arcadyan established an internal control system and an auditing office with special responsibilities. The auditing office is responsible for supervising the implementation of various policies and reporting to the board of directors regularly. In accordance with the "Code of Integrity Management of Listed OTC Companies", the Board of Directors has approved the formulation of the "Code of Integrity Management", "Operation Procedures and Behavior Guidelines for Integrity Management", and strictly abides by the prohibition of offering and accepting bribes, the prohibition of illegal political donations, and the prohibition of improper charity donation or sponsorship, prohibition of unreasonable acceptance of gifts and entertainment, and various improper gifts and business entertainment, prohibition of infringement of intellectual property rights, prohibition of engaging in unfair competition, and prevention of products or services that harm interested parties.

Arcadyan Business Ethics Policy

In order to make employees fully understand the importance of integrity, Arcadyan headquarters formulated the "Employee Code of Conduct" in 2007, stating that employees should avoid any conflict or possible impact between personal interests and company interests. And in 2021, the scope of control be expanded, revised and renamed as "Business Ethics Policy". The scope of the policy covers honesty and integrity, conflicts of interest, gifts and entertainment, protection and use of company resources, intellectual property rights and confidentiality, fair competition transactions, and money laundering prevention. Explain that when engaging in daily work and business, employees should strictly abide by Arcadyan's business ethics policy, and avoid engaging in commercial transactions with agents, suppliers, customers or other business contacts involved in dishonest behavior. If find dishonest behavior in business contacts or partners, employee should immediately stop business contacts with them, so as to implement Arcadyan's honest management policy and maintain Arcadyan's reputation. For those who violate the integrity and the circumstances are serious, they will be dismissed or dismissed in accordance with relevant laws and regulations or in accordance with Arcadyan's personnel regulations.

In addition to exposing the "Execution of Enterprise Integrity Management" and "Handling of Violations of Integrity" on official website, Arcadyan's board members, internal audit and control office, and relevant executive department personnel all participated in external training on issues related to Integrity management compliance, accounting system, prevention of insider trading, financial and tax issues, information security and privacy protection, and internal control courses in 2022. The trainees include members of the board of directors and accounting executives, corporate governance executives, and audit supervisors. Starting from 2021, Arcadyan Group implements awareness training courses for all employees every year to strengthen the awareness and prevention of Arcadyan headquarters, China and Vietnam production center colleagues on issues related to honest management such as "anti-corruption" and "fair competition". In 2022, the completion rate of the awareness training courses for all employees was 99.5%.

Integrity Management and Anti-Corruption Training Courses

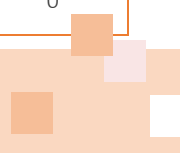| Course type	Trainee	Participants	Trainee Ratio	Training Hours
Integrity Management, Corporate Governance, Internal Control Management courses	Member of the board	8	88.89%	36
	Corporate Governance Related departments	3	100%	50
Anti-Corruption Awareness Training	Employees of Arcadyan Group	6,285	99.5%	6,304

Integrity Due Diligence

Arcadyan established "Risk Management Promotion and Implementation Team" under the Operation Management Committee in 2022 to conduct risk assessments based on operational functions. In 2022, the team jointly reviewed the departmental risks with the heads of each department, classify the degree of impact according to the significance and probability of risk types, and formulate countermeasures for high-risk operations. Internal auditor conduct integrity investigation risk assessments for high-risk behaviors identified by HR department as "anti-corruption" and "fair competition" that are related to integrity and ethics. The risk assessment items were including entertainment, money laundering, bribery, fraud, and violation of fair competition, and assess their severity and likelihood. For processes with high risk of integrity management as a result of the identification, including procurement, sales, and finance departments that have direct contact with customers, suppliers, and financial institutions or have substantial influence, their supervisors and colleagues are required to fill in the "Arcadyan Integrity Due Diligence Questionnaire", promising not to provide or accept bribes and any other forms of improper benefits, it is also required to prohibit any form of rebates, money, items or other benefits that are valuable or may affect objective decision-making from third-party partners. In 2022, a total of 62 high-risk process supervisors and colleagues of Arcadyan were surveyed and completed the questionnaires, with a completion rate of 100%. No violations of business ethics and corruption were found in the survey results.

Grievance Mechanisms of Violation of Integrity and Ethics

Arcadyan strictly stipulates that employees shall not accept any bribes, and has set up an independent report and complaint mailbox (ETHICS@ARCADYAN.COM) on the official website as a channel for stakeholder to complain. The audit office is responsible for supervising the risks of business activities and integrity behaviors within the business scope, setting up a mutual supervision and management mechanism, and assisting the board of directors and management to verify and evaluate whether the preventive measures established by implementing honest management are operating effectively. Regularly evaluate compliance with relevant business processes, and report to the board of directors regularly.

Arcadyan keeps the identity of the whistleblower and the content of the report confidential, and promises to protect the whistleblower from being improperly dealt with due to the reporting. Arcadyan strictly prohibited from disclosing the reporting situation to the person being reported or his department. When investigating and verifying the situation, the whistleblower or the whistleblowing information shall not be disclosed, nor shall the handwriting of anonymous whistleblowing letters be identified. If others engage in dishonest behavior against Arcadyan or its behavior is illegal, Arcadyan will notify the judicial and procuratorial agencies to deal with it; if there are public agencies or public servants involved, Arcadyan will notify the government anti-corruption agency. In 2022, Arcadyan did not have any corruption complaints, nor was punished by the competent authority for violating laws and regulations related to integrity management and corruption.

Case Category	Appeal Ways	Number of Reported Cases	Number of Cases Accepted	Number of Cases Closed
Inappropriate acceptance of gifts, entertainment, bribes or conflicts of interest	Ethics Complaint Mailbox	0	0	0
	CSR mailbox	0	0	0
	Report directly to supervisor	0	0	0

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Internal Controls to Prevent Corruption Issues

Arcadyan has established an internal control system and an Internal Audit Office dedicated to implementation. It conducts annual reviews of the internal control of anti-corruption and integrity and ethics issues within the scope of operations. The audit office is responsible for supervising the implementation of various policies and reporting to the board of directors on a regular basis. In 2022, according to the assessment results of low-risk process for integrity and moral operations. Arcadyan's financial and accounting department's regular job rotation mechanism strengthens organizational activation, prevents collusion and avoids collective fraud; when the approval process is a high amount of money or the resolution issue may affect shareholders' rights and interests, follow the Four-eye Principle to divide the business operation process into stages and set control points separately, and assign them to different units or departments. Strengthen the internal containment and job division mechanism to implement internal control.

Regulatory Compliance

Arcadyan follows the local regulations and international standards of each operating site to formulate relevant norms. The board of directors is the highest governance organization and the center of major business decisions. It is responsible for appointing and supervising Arcadyan's management, supervising business performance, preventing conflicts of interest, and ensuring that Arcadyan abides by various laws and regulations. Relevant departments also regularly carry out identification and review of laws and regulations, pay attention to the orders of competent authorities and the updates of domestic and foreign laws and regulations, and timely revise environmental protection, occupational safety and health, anti-bribery/corruption, anti-harassment/discrimination, fair competition, information security, and intellectual property in related fields.

In order to improve the service quality of the supply chain and implement corporate sustainability, Arcadyan also requires suppliers to follow international and local laws and regulations to hire employees, follow international standards such as ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System, and provide health and safety workplace environment, complete career training planning and competitive salary and benefits system. Arcadyan actively participates in global environmental initiatives and actions, and discloses measures such as carbon emission checks and verifications, carbon reduction results, identification of regulations and physical risks to reduce operational risks and costs, and improve the sustainability of corporate operations. In 2022, Arcadyan did not have any violations of local laws and regulations or major lawsuits (fines exceeding NT$2 million or lawsuits related to product transactions)

Fair Competition

Arcadyan surpasses competitors in a fair and honest way, formulates Arcadyan's "Code of Integrity Management" and "Business Ethics Policy" governance norms, conducts business activities in accordance with relevant competition laws, and shall not fix prices, manipulate bids, limit production and quotas, or share or divide the market by allocating customers, suppliers, operating areas or business types.

Arcadyan seeks competitive advantage through excellence rather than unethical or illegal business practices. Arcadyan prohibits anyone from stealing patent information, dealing with transaction secret information obtained without the owner's consent, or inducing current or former employees of other companies to disclose their relevant confidential information. Arcadyan respects and treats the rights of Arcadyan's customers, suppliers, competitors and employees fairly. Employees are required not to obtain unreasonable benefits from others through manipulation, concealment, abuse of privileges, misrepresentation of important information or other illegal transactions, and provide stakeholders with a complaint and reporting channel (ETHICS@ARCADYAN.COM). If the employees of Arcadyan are involved in dishonest behavior, will report to the department head, immediately request to stop the relevant behavior and deal with it appropriately, and report to the competent authority or transfer it to the investigation office if necessary. In 2022, Arcadyan did not have any lawsuits related to anti-competitive behavior, antitrust or monopoly regulations, or closed legal actions. Arcadyan's competitive advantage as below:

Excellent R&D team

Due to the outstanding capability of the R&D team and researchers with tremendous experience in the network communication, the Company has been designated by many international wafer makers as one of the Early Access Partners to take part in wafers development. As such, the Company is much earlier in obtaining the information of future products than its counterparts in the industry, allowing it to engage in product development sooner and thus gaining competitive advantages in launching new products.

Product Customization

With the support of the experience and capability of the R&D team, for the Access Technology, the Company has a mature R&D capability which allows it to develop software application and provide customers with high speed and strong functionality customized product design. The contribution of customized software application to customers includes:
i. Assisting customers to create market segmentation of products effectively.
ii. Providing customers with quick customized product services.
iii. Assisting customers in developing competitive products successfully.
iv. Collaborating with wafer makes in development and leading position of the Company in product technology and functions.
v. Reducing the customers' investment in customer service with user friendly interface.

Deeply Cultivation in the Industry

The product technology development direction follows the user's demand for functions, such as: Carrier Wi-Fi, VDSL products, PON, Internet Protocol Television (IPTV) and 802.11x solutions and other application technologies and specifications.

Arcadyan is optimistic about the future market development of Internet Service Providers (ISPs). In order to establish a direct cooperative business model with Internet Service Providers (ISPs) in the future, although market development will take a long time, Arcadyan still insist on investing in research and development resources, and accumulate product development experience to strengthen the research and development capabilities of product technology integration.

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Sustainable Partnership

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3-1 Sustainable Partner

Arcadyan is committed to establishing, maintaining and strengthening long-term and good relations of win-win and mutual benefit with each important operation key partner, and establishes a good communication mechanism and mutual trust foundation, and then builds a strong supply and sales chain.

● Customer: "Customer satisfaction" is the core value of Arcadyan. Arcadyan takes R&D innovation and continuous progress as its mission. Through continuous learning in the process of communicating with customers, quick and immediate responses, full participation and positive attitude to grow with customers, become a key partner of customers

● Suppliers: Suppliers are important partners of Arcadyan's sustainable supply chain. Through irregular supplier conferences, training and publicity courses, signing commitments and evaluation questionnaires, Arcadyan strengthen the management and interaction of suppliers, and implement sustainable procurement policies, enhance the competitiveness of the overall supply chain.

CDP Supplier Engagement Rating (SER) is based on climate change questionnaires, evaluating the connection between upstream and downstream, supply chain, products and services of various companies on climate change issues. Arcadyan develops low-carbon products in response to industry trends and customer requirements, conducts training for suppliers and collects supplier carbon footprint data, and requires suppliers to conduct energy-saving carbon reduction and energy resource management. In 2022 Arcadyan won the CDP Supplier Engagement A- Leadership Rating.

Customer Satisfaction

Arcadyan attaches great importance to the interactive relationship with customers. In addition to communicating with customers through email or telephone, Arcadyan conducts customer satisfaction surveys every year to examine the performance of the four aspects of "Technical capability", "Product quality", "Responsive service" and "On-time delivery" with customers. Customer satisfaction is an important basis for Arcadyan's continuous improvement of products and services. Based on customer evaluation records and audit scoring results, Arcadyan formulates improvement plans through the quality management system, and sets the improvement of customer evaluation scores as performance indicators for all relevant departments to continuously track customer satisfaction and is committed to providing perfect product quality.

Since 2020, Arcadyan won the Best Practice Award of the Sustainable Development Program (SDP) from Swisscom every year. Arcadyan will continue to provide customers with high standards and innovative quality and services to become the best partner of customers. The results of customer satisfaction surveys in the past three years have all reached above 80%. Arcadyan will uphold the spirit of continuous improvement, and correctly and quickly propose overall solutions to customer problems and feedback.

Customer Satisfaction Over the Years

Affected by the novel coronavirus pneumonia (COVID-19) epidemic in 2020, the transportation demand for shipping and air transportation has increased significantly. However, due to the shortage of manpower in port operations, the processing speed of cargo at the terminal has slowed down resulting in port congestion and container ship shortages. The situation leading to delays in logistics and supply chain delivery, which in turn affects the performance of on-time delivery in the customer satisfaction survey from 2020 to 2021.

Year	2020	2021	2022
Average Satisfaction Score	85	85	83

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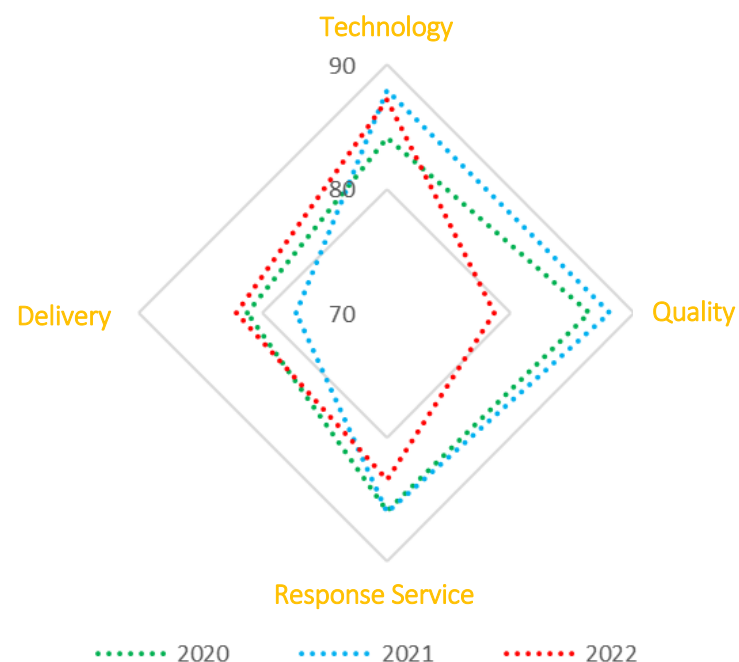
3-2 Customer Privacy and Product Information Security Protection

Through ISO 27001 information security management system, Arcadyan monitors the leakage of confidential documents, protects the integrity of customer documents and data, and assists each departments to manage and reduce various threats and risks faced by information. Arcadyan established "Visitor Application System" in August 2019 to improve visitor management efficiency and maintain information security. In accordance with the policies and plans of "Information Security Committee", Arcadyan has established strict protection measures in each link to fulfill the responsibility of protecting customer privacy. In 2021, Arcadyan did not have any complaints of infringing and leaking customer privacy.

Arcadyan adheres to the highest safety standards in designing its products and services. In order to more comprehensively protect customers and their information, the R&D department analyzes and evaluates any information about potential security vulnerabilities provided by market security researchers, academic institutions and other members of the security community. When notified of suspicious vulnerabilities, the responsible department will conduct due diligence, actively discuss and report with customers regarding major security vulnerabilities.

In 2022, Arcadyan received 40 vulnerabilities related to product software through various channels. After evaluation and classification, there were 23 high-risk vulnerabilities, 15 medium risks, and 2 risks unrelated to Arcadyan product functions. The vulnerabilities confirmed to be risky have been repaired immediately with the consent of the customer in the current year. Arcadyan is committed to ensuring that all products can defend against information security attacks in the entire supply chain life cycle from parts procurement, manufacturing to transportation, service and recycling, and informs all partners that they must abide by information security regulations to identify counterfeit, malware and tampering risks requirements. Arcadyan introduced ISO 17025 Laboratory Quality Management System in 2022 to effectively improve the technical and management of the laboratory, and achieve the purpose of the laboratory meeting international standards and quality and technology improvement.
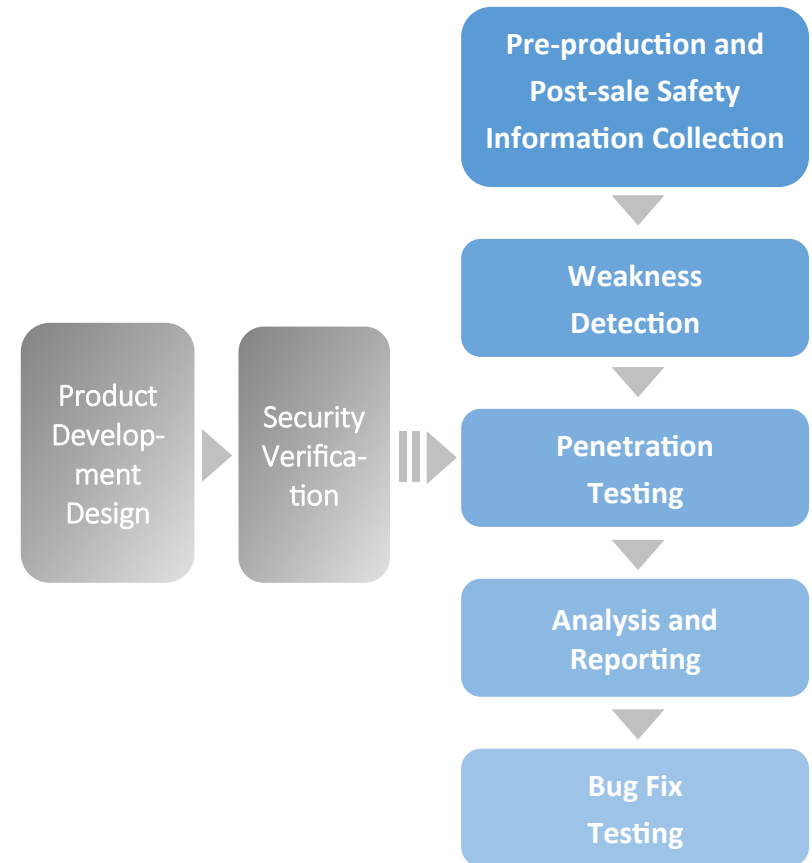
Product R&D Process

Through internal training and sharing of information security incidents, prevent relevant departments from being attacked by hackers due to information security vulnerabilities during product development.

Product Shipment Inspection

Arcadyan established a complete software/firmware testing process. The product needs to pass a complete test before shipping to ensure that all functions and versions meet the specifications, and there is no doubt about the risk of information security vulnerabilities.

Post-sale Product Protection

Set up a special department to monitor software/firmware vulnerabilities, analyze and evaluate suspicious vulnerabilities, and if they are confirmed to be major security vulnerabilities, they must be repaired and eliminated immediately

Product Development Design → Security Verification →

- Pre-production and Post-sale Safety Information Collection
- Weakness Detection
- Penetration Testing
- Analysis and Reporting
- Bug Fix Testing

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3-3 Sustainable Supply Chain Management

On the premise of improving the company's operation development and the market competitiveness, Arcadyan conducts effective management on supplier quality, price, delivery date, service, and CSR performance, develops appropriate procurement policies, and jointly manages responsible supply with suppliers chain. In order to ensure that suppliers meet the requirements of Arcadyan in all aspects, Arcadyan reviews supplier performance every month, conducts supplier risk assessment every year, and conducts document and on-site audits for medium and high-risk suppliers. Arcadyan regards supplier management as one of the key actions to implement social responsibility. In addition to continuously requiring suppliers to improve the comprehensive performance of quality, delivery, service and price, etc., it also incorporates the green product instructions required by customers into suppliers' incoming materials inspection procedures and audit operations, promote source management and implement a continuous improvement cycle. In 2022, Arcadyan collected the green parts list and material test reports from 376 suppliers of key customers for supplier environmental performance evaluation, and the recovery rate was reached 100%.

Arcadyan continues to promote corporate social responsibility plans, and also participates in the customer's supplier sustainable development plan (Sustainable Development Program, SDP), coaching suppliers to participate in and follow the Responsible Business Alliance (RBA) and the International Telecommunications Operators Association Standards (Joint Audit Co-operation, JAC) promote the awareness of supplier partners' sustainable awareness, invest in improving and strengthening their ethics, labor human rights, environmental protection, health and occupational safety, and establish a comprehensive management system. Work together to create excellent and competitive products and create a win-win supply chain management.

In order to lead suppliers to grow together, Arcadyan revised "Supplier Sustainability Survey Specification" by the end of 2020, including new supplier evaluation, supplier management, supplier audit and supplier counseling, so as to guide suppliers to become a green supply chain , reduce supply chain risk. In 2021, Arcadyan cooperated with Taiwan Industry Service Foundation to hold the "ISO 20400 Sustainable Procurement Course". In 2022, a total of 17 supervisors and colleagues of the procurement personnel of the supplier development complete the training, and the completion rate of the course is 100%. Set sustainable procurement goals in this courses, discuss and communicate on common issues of supplier management, such as labor rights, working hours, health and safety, greenhouse gas management, carbon reduction measures, etc., and incorporate the goal of sustainable procurement into the performance appraisal of buyers. In 2021, Arcadyan incorporate environmental sustainability and social human rights related norms into supplier contracts, suppliers of components for supply in 2022 have signed contracts containing environmental and social human rights -related requirements, with a signing rate of more than 90%, demonstrating the determination to improve the sustainability of the supply chain.

Arcadyan also formulated "Arcadyan Sustainable Procurement Policy" requiring suppliers to sign a new version of the "Supplier CSR Commitment", which includes "Organization Governance", "Labor Rights", "Occupational Health and Safety", "Environmental Protection" ", "Management System", "Code of Ethics", "Grievance Mechanism" and other key norms. And in 2022, the relevant guidelines for diversity, equality, tolerance and anti-discrimination will be added. Unequal treatment occurs in recruitment, salary remuneration, training opportunities, rewards, promotion, discipline, dismissal or retirement, and it is necessary to promote employment diversity and equality of opportunity/treatment. And in 2022, Arcadyan added diversity, equality, inclusion and anti-discrimination related guidelines to request suppliers not to engage in recruitment, salary remuneration, training opportunities, rewards, promotions, punishments, unequal treatment occurs in processes such as dismissal or retirement, and it is necessary to promote employment diversity and equality of opportunity/treatment. In 2022, a total of 29 suppliers' corporate social responsibility commitment letters were signed back, with a return rate of 100%; by the end of 2022, a total of 325 copies had been signed.

1 Sustainable Procurement Training	2 Add Diversity, Equity, and Inclusion	3 New Supplier Evaluation	4 Signing of the CSR Commitment	5 Supplier Risk Analysis	6 Suppliers On-site Audit	7 Supplier Integrity Survey
17 Buyers Participation	**7** Management Guidelines	**15** Qualified New Suppliers	**100%** Sign-up Rate	**10** High-risk Suppliers	**8** High-risk Suppliers	**21** Medium and High Risk Suppliers
The duration of the course was 2 hours, and the content is discussed on ISO 20400 sustainable procurement specifications and common audit problems. A total of 17 procurement personnel participated, and the course achievement rate was 100%	Added diversity, equality, inclusion and anti-discrimination criteria to the "Supplier CSR Commitment Letter" to promote employment diversity and equal opportunity/treatment	Score on labor rights, health and safety, environmental protection, corporate governance, business ethics, and grievance mechanisms	Covering organizational governance, labor rights, occupational health and safety, environmental protection, management systems, ethics, grievance mechanisms, etc., and requiring supplier partners to abide by the social and environmental code of conduct	Comprehensive scoring results for product type, transaction amount, business continuity, environment, human rights, other risks and CSR-related document review	Conduct on-site audit on child labor, forced labor, health and safety, free association, discrimination, punishment, working hours, wages and compensation, environmental management, business ethics, supplier management, etc.	The return rate of Arcadyan due diligence Survey questionnaire was 100%, and the survey results did not find any violation of business ethics, rebates, and acceptance of money, items or improper entertainment

New Supplier Evaluation

The Purchasing Department of Arcadyan requires suppliers to fill in the "Supplier Evaluation Form" and provide relevant documents as evidence of implementation. The evaluation content includes aspects such as quality, environment, engineering technology, and CSR. In 2022, a total of 15 new suppliers were evaluated, and the proportion of compliance with the standards reached 100%. New suppliers are also required to sign a Corporate Social Responsibility (CSR) statement and comply with the supplier code of conduct. Only if the audit results meet the criteria for evaluation scores, can they be included in the Qualified Vendor List (QVL).

Supplier Evaluation

- Overseas Manufacturer
- Large Domestic Manufacturers
- IC Design
- Customer Designated Supplier

→ Documentation Evaluation
- If qualified, be included into Qualified Vendor List (QVL)
- If not qualified, propose improvement plan until qualified

Arcadyan Design Custom Materials → On-site Audit
- Score of 60 or Above → Qualified Vendor List
- Score of 59 or Less →
  - If the audit improvement report is accepted, it will be included in the supplier list
  - If the audit improvement report is not accepted, the supplier's application will be rejected

Supplier Audit

In order to guide suppliers to provide better products, Arcadyan arranges on-site quality audits for key suppliers every year. The audit content includes: product shipment quality, abnormal handling of environmental substances, detection methods and compliance of environmental protection prohibited substances, internal environmental protection audits plan, information dissemination and publicity of environmental substances, test equipment history. And confirm whether to obtain ISO 9001 quality management / ISO 14001 environmental management / ISO 45001 safety and health management system certification. For suppliers whose audit results do not meet the standards, in addition to giving clear improvement goals and time limits, Arcadyan also review and formulate improvement plans with suppliers, and provide appropriate assistance, counseling and training.

In addition to performing regular quality audits of suppliers, Arcadyan requires suppliers to undertake responsibilities such as environmental protection, labor rights, occupational health and safety, management systems, ethics, and reporting and complaint mechanisms, and requires suppliers to sign the "Supplier CSR Commitment" to comply with Arcadyan's corporate social responsibility concept. Arcadyan conducts supplier risk analysis every year, and conducts comprehensive scoring for product type, transaction amount, business continuity, environment risks, human rights risks and CSR related documents, and arranges on-site audits for high-risk suppliers, 2022 A total of 10 high-risk suppliers were selected for on-site audit.

Arcadyan production center conducts on-site audit of high-risk suppliers in accordance with 10 major audit aspects. "Environmental management" and "labor human rights" account for 50% of the weight of the score, and the other 8 aspects account for the other 50% of the weight. In 2022, affected by the epidemic, cities in China implemented blockade and isolation measures. The production center only conduct on-site audits of 8 suppliers. Other suppliers who cannot perform on-site audits due to local closures took documentation reviews and provide guidance to suppliers to complete the correction of the deficiencies in the audit.

Arcadyan also cooperates with customers' irregular audit requirements, and conducts audits on the tier 2 supplier of key suppliers. In 2022, audit a tier 2 supplier to ensure compliance with relevant environmental, social and moral standards. Arcadyan will continue to expand corporate social responsibility audits to tier 2 manufacturers of key suppliers, so as to improve the sustainable management of the supply chain.

Supplier Audits Over the Years	2020	2021	2022
Documentation Review of Suppliers	24	4	2
On-site Auditing of Suppliers	3	15	8
Audit Achievement Rate	100%	100%	100%
On-site Audit Ratio	11%	79%	80%

Supplier Counseling

Arcadyan established a professional green information platform to help suppliers and partners solve problems. The green information platform provides a new version of green environmental protection procedures and announcements, so that suppliers can follow the correct and latest regulations. Suppliers can also check the upload and update status of documents on the platform to grasp the latest compliance status.

Arcadyan continues to track the improvement of suppliers' non-conforming items during the audit process. In 2022, the production center has guided a total of 10 suppliers to complete the improvement of issues related to corporate social responsibility. The "health and safety", "environment", " "Working hours and overtime" has the highest improvement ratio, accounting for about 70% of the non-compliance ratio in the overall audit.

Commend Outstanding Suppliers

In 2022, Arcadyan evaluated the quality, response to complaints, and service coordination of the trading suppliers of the current year, and for the first time includes corporate social responsibility performance into the selection criteria, commends suppliers with outstanding performance in the environment and society, and selects 15 excellent suppliers issue medals to encourage suppliers to achieve better CSR performance, and work with supply chain partners to practice corporate social responsibility.

Arcadyan conducts assessment or audit every year based on the quality performance of suppliers' incoming materials, the number of customer complaints, the status of non-conformity issue responses, and corporate social responsibility risks. If the supplier performs well, it will be listed as a priority when purchasing. If the performance is not good, the proportion of procurement will be adjusted according to the situation, and it will be took as a reference for evaluating the replacement of suppliers.

Arcadyan holds supplier conferences Irregularly to communicate with supplier partners on the requirements of Arcadyan's green products and the current environmental and social issues facing the industry. Arcadyan continues to take innovative products and technologies to effectively integrate upstream and downstream supply chain resources, provide customers with a full range of services, take responsibility for the impact on the economy, society, and environment, and provide a sustainable positive cycle for the industry and the earth.

Promote Supplier Carbon Reduction Projects

Arcadyan works with customers to practice the sustainable development of the supply chain, and actively participates in various projects to guide suppliers to implement corporate social responsibility. Since 2016, Arcadyan has cooperated with customers to implement Joint Audit Cooperation (JAC) supplier counseling program. JAC International Telecommunications Association is composed of the world's major telecommunications operators. It aims to promote the sustainable development of the information and communication technology industry. To verify, evaluate and develop the corporate social responsibility implementation performance of major multinational supplier production centers, including labor conditions, health and safety, environment, ethics and anti-corruption and management systems. Arcadyan engagement with customers every year, recommends 2-3 suppliers to accept JAC audit, and guides suppliers to promote improvement plans, so as to introduce the concept of CSR and sustainable development.

In 2019, Arcadyan participated in the Sustainable Development Program (SDP) project for the first time. This project examines the supplier's production center in circular economy, energy resource management, environmental protection, labor human rights, ethics, supply chain management, etc. 10 ESG related performance, to conduct a two-year sustainable development performance improvement project. Arcadyan discusses with customers to select 2-3 suppliers to participate in the SDP plane very year , helping suppliers to operate in a more sustainable mode.

In 2022, Arcadyan cooperated with customers to promote Carbon Reduction Program (CRP) for major suppliers of key products, identify the top three high carbon emission suppliers through product Life-cycle Assessment (LCA). Assist and guide suppliers to optimize key projects such as energy management, greenhouse gas emissions, and circular economy. The first phase of the project is expected to be completed in 2023. Arcadyan also began to collect supplier carbon footprint data in 2022, requiring suppliers to conduct energy conservation, carbon reduction and energy resource management.

Product Carbon Footprint Analysis
Through product life cycle assessment, calculate carbon emissions from raw material to shipment and end use, and screen out emission hotspots

Supplier Engagement
Invite key suppliers to conduct carbon inventory, and evaluate opportunities for improvement in terms of energy management and greenhouse gas emissions.

Improvement and Redesign
Counsel suppliers to introduce energy monitoring systems, improve energy efficiency, and apply the concept of circular economy in the design, production and raw material selection.

Develop low-carbon products
Develop low-carbon products, use each generation of models as the basis for carbon reduction comparison, set goals to track the carbon reduction effect of products

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Diversity, Equality and Inclusion of Suppliers

Arcadyan complies with various international human rights conventions and local regulations such as the International Labor Organization Convention, the United Nations Universal Declaration of Human Rights, and the United Nations Global Covenant, and formulates the "Arcadyan Human Rights Policy Declaration" to eliminate any violations of human rights, so that all employees of Arcadyan can be treated with fairness and dignity, and promote a diverse organization to cultivate employees with more diverse and equal concepts.

Arcadyan also requires suppliers to promise to respect all employees in the "Supplier CSR Commitment" and ensure that there is no corporal punishment, harassment or inhumane behavior in the workplace, including but not limited to sexual harassment, corporal punishment, mental coercion, physical coercion or verbal violence. Workers or prospective workers shall not be required to undergo discriminatory medical tests or physical examinations, except as required by law or for the purpose of assessing specific jobs. In 2022, Arcadyan expanded the theme of "anti-discrimination and harassment" in the supplier audit checklist to "diversity, equality, inclusion and anti-discrimination". In matters such as recruitment, salary remuneration, training opportunities, rewards, promotion, discipline, dismissal or retirement, etc., employees shall not be treated on the basis of race, color, age, gender, sexual orientation, race, disability, religious belief, political affiliation, trade union membership, etc. , nationality or marital status and other factors, and promote employment diversity and equality of opportunity/treatment.

Adhering to respecting the diversity of gender, nationality, race, disadvantage, age and sexual orientation, Arcadyan establishes a working environment where employees feel safe, accepted, respected and value their uniqueness. Arcadyan not only starts from within the enterprise, but also continues to cooperate with external partners to advocate the concept of diversity and tolerance, and support small business, disadvantaged groups, ethnic minorities and women-run enterprises. Among the staff meal suppliers that Arcadyan cooperates with, half of them are run by aboriginal women. Arcadyan will continue to provide job opportunities for the disadvantaged and disabled through external public welfare organizations and provide a diverse and equal working environment.

Type	Enterprise characteristics	2022 Transaction Amount
Staff Meals	1. Small business, disadvantaged group 2. ethnic minorities enterprises	TWD 5,677,869
Cleaning company	1. Small business, disadvantaged group 2. Enterprises handle by women 3. Provide employment opportunities for disadvantaged workers in the workplace	TWD 3,527,875
Public Group	1. Disadvantaged group 2. Provide employment opportunities for disadvantaged workers in the workplace	TWD 250,992
Amount		TWD 9.456.736

3-4 Supply Chain Localization

Arcadyan takes the production centers in China and Vietnam as important manufacturing bases, and continues to develop local procurement in order to improve production, supply efficiency and economic scale. Most of the important components of Arcadyan's products, including power supplies, electronic components, electromechanical parts, printed circuit boards, and mechanism suppliers, come from Taiwan, China and Vietnam. As the application and demand of products continue to rise, most Taiwan suppliers not only expand the production capacity of their own factories, but also expand factories in China or other regions. In order to reduce the energy consumption and environmental pollution caused by the transportation of raw materials and products, in addition to improving the effective use of packaging materials and space, using recyclable packaging materials, it also supports local procurement to reduce unnecessary transportation costs and carbon emissions.

To take into account the continuity of operations and the management of greenhouse gases in raw material transportation, Arcadyan continues to increase the ratio of local procurement, and continues to develop local suppliers through procurement management procedures. In 2022, the proportion of AVC Vietnam production center's local procurement amount is lower than that in 2021. The main reason is that the Vietnam production base has introduced new-generation models for production. Due to the incomplete establishment of the local supply chain, relevant key component suppliers still need to rely on China suppliers for supply. In 2022, the relocation plan of key suppliers was delayed due to impacts such as the closure of the epidemic and the lack of materials. Therefore, the target of 20% of the local procurement amount set in 2021 was not reached. Arcadyan will continue to pay attention to supplier expansion and relocation plans, improve the balance between local procurement and supply chain diversification, accelerate production efficiency, strengthen the resilience of sustainable supply, and reduce the carbon emissions of transportation of raw materials and components.

Proportion of local Purchase Amount	CNC China Production Center	AVC Vietnam Production Center
2020	80 %	20 %
2021	79 %	15 %
2022	87.3%	11.5 %

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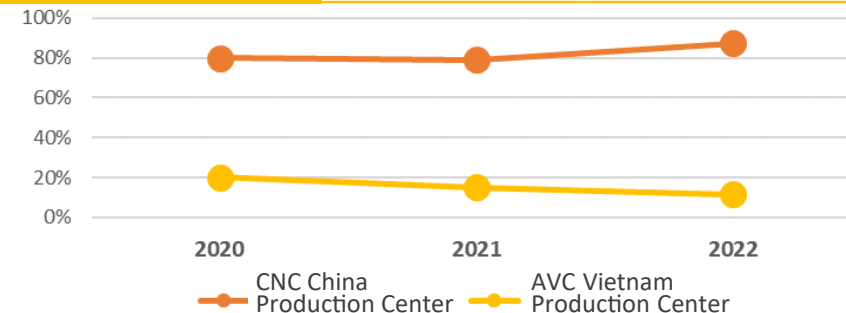
3-5 Prohibition of Conflict Minerals

Arcadyan is committed to complying with the Responsible Minerals Initiative (RMI) standards, and takes the Conflict Minerals Reporting Template (CMRT) developed by RMI to manage conflict minerals. Since 2010, Arcadyan has been managing conflict mineral parts, and has issued a statement policy to suppliers and partners related to the electronics industry, such as electronics and machinery, requiring suppliers to sign the "Not Using Conflict Minerals Declaration". Arcadyan also conducts due diligence survey on suppliers, requiring mineral smelters/refiners used by suppliers to comply with the Responsible Minerals Assurance Process (RMAP), and requiring new suppliers to sign the "Supplier CSR Commitment" to promise to abide by Arcadyan's responsible mineral procurement policy and submit a qualified CMRT report. In 2022, the completion rate of Arcadyan's non-conflict mineral survey reached 99%, and will continue to require suppliers to regularly update the survey results and ensure that the materials meet the requirements of conflict-free metals in the Democratic Republic of the Congo.

Arcadyan regularly pays attention to the latest information on responsible mineral procurement issued by the Responsible Mineral Initiative (RMI), as well as relevant international, national and regional laws and regulations. Arcadyan issue "Arcadyan Sustainable Procurement Policy" in 2021, incorporating the policy of prohibiting conflict minerals into the policy, and formulating relevant control measures. As a result of the investigation, if the material uses conflict minerals in Congo and its surrounding areas, the supplier is required to provide a document statement, immediately stop purchasing and formulate corresponding improvement and preventive measures to meet the requirements of the conflict-free mineral policy. Arcadyan began to include "Cobalt" in the control list of conflict minerals in the fourth quarter of 2019, and included the smelters related to the product in the investigation list, and continued to support the mining method of humane treatment, requiring suppliers to attach importance to issues such as ethics, labor human rights, health and safety, and environmental protection.

Arcadyan Prohibition of Conflict Minerals policy:

I.   Trace the source of conflict minerals in the supply chain

II. Ensuring that the ingredients come from a legal origin

III. Complies with Reasonable Country of Origin Inquiry (RCOI)

1 Formulate Policy	**2 Investigation Implementation**	**3 Data Review**	**4 Continuous Execution**
2021 Issuing Sustainable Procurement Policy	**99%** Supplier Survey	**100%** Complete Review	**100%** Compliant
Require suppliers to sign a Prohibition of Conflict Minerals Declaration	Collect information on conflict minerals from suppliers	Review data reports and supporting materials submitted by suppliers	Stop purchasing if any non-conforming items are found

Mineral Category	Content
Gold	Gold-containing metals (including derived metals), minerals, ores and concentrates
Cassiterite	Stannum metals (including derived metals), minerals, ores and concentrates containing tin (cassiterite and other tin ore)
Tungsten, Manganese, Iron Ore	Tungsten metals (including derived metals), minerals, ores and concentrates containing tungsten (tungsten and other tungsten ore)
Columbium, tantalum, iron ore	Tantalum metals (including derivative metals), minerals, ores and concentrates containing niobium or tantalum (coltanite, coltanite, tanta-lite, columbite, pyrochlore and other tantalum-niobium)

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4-1 Business Development Plan

With the diversification of network services and the development of video-on-demand multimedia applications, global consumers' demand for bandwidth continues to increase. In addition, China Netcom equipment manufacturers are actively deploying, rushing into existing markets at low prices, and improving R&D technology regardless of cost. As the current price trend of key raw materials is still full of uncertain variables, it is expected that the challenges of cooperating with them will become more severe in the future. Therefore, Arcadyan will continue to improve its technical capabilities, improve cost competitiveness, enhance the advantages of Time to Market, and actively develop, cultivate, and maintain mutually trusting and mutually beneficial cooperative relationships with telecom customers to continue to increase market share.

Aspect	Short-term Development	Long-term Development
Research and Development Strategies	• Through technology integration and providing customized products to grasp the market trends and customer needs to increase market share. • In addition to reducing costs, applying Arcadyan's technical knowledge, developing new product, introducing into the market and enhancing product quality and popularity.	• Combined with the application needs of the market to provide customers with a complete product series, and accumulate experience in network communication design and integration of technical capabilities, develop the breadth and depth of product lines, and develop other high-end products to meet customer and market needs. • Continuously improve the R&D process and efficiency, and strengthen the R&D capabilities and core technologies.
Marketing Strategy	• Stabilize existing customers and actively develop markets, expand sales bases to establish a complete marketing channel, and provide professional consulting, maintenance and technical support for various products.	• Long-term cultivation of professional marketing talents, cultivation of relationships with customers, real-time grasp of changes in the network communication market and product development trends. • Actively strive for joint development or strategic alliance with international manufacturers to expand the international marketing market.
Production Strategy	• Obtain a production base with cost advantages and improve product competitiveness • Increase productivity and control budgets and costs. • Strengthen supply chain management capabilities and control material conditions and delivery dates.	• Maintain long-term cooperative relationships with upstream suppliers to jointly develop high-quality, competitive products to reduce costs. • Expand production capacity and diversify the risk of a single production base through the diversification of production bases.
Operational and Financial Planning Strategy	• Actively expand business, increase operating income and capital, and expand operating scale. • Improve management performance, stimulate employees' work potential, and strengthen internal organization.	• Flexible use of financial market tools in domestic and foreign capital markets to diversify financial risks. • Strengthen the ability of international operation and management, cultivate international talents, and move towards the goal of an international enterprise.

In terms of the telecommunications market that Arcadyan is good at, although the market development time is relatively long, the barriers for competitors to enter are relatively high. Therefore, we will keep focusing on the new business development in the telecom market, developing our self-own software codebases, and establishing a reliable Triple Play Enable software platform. In addition, Android TV OTT and IP STB have become our key product lines to develop. From the view of the business side, we will continue to explore new markets and new customers; from the view of technology side, enhance the integration between software, hardware, and whole system. Moreover, with the advent of the 5G era, Arcadyan has been following the latest 3GPP standards and actively developing 5G Small Cells, integrating fixed and mobile networks, and building our self-own technology for the 5G cross-domain ecosystem. This will make us to respond to the latest market demands immediately and cut in new customers quickly. In the future, we will dig out the market demands deeply, stay with the development trend of Triple Play closely, and integrate above technology into the applications of smart handheld devices. We are also targeting at the fields of Smart Home, IOT, IOV, AI analysis and cloud computing, and further invest in the developments of 5G/4G, IAD, IP STB/Android TV OTT, GPON and V2V (Vehicle to Vehicle) applications to provide the total solutions to all customers.

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Technology and R&D

Excellent R&D capability is a key factor for Arcadyan to maintain its competitive advantage. In order to strengthen the technical capabilities of Arcadyan's R&D team, the R&D manpower has increased by nearly 40% in the past two years, which will help accelerate the development timeliness, improve the R&D quality, and enable Arcadyan to move towards a diverse range of Product development:

Software Development is the core advantage of Arcadyan. Through a development-based software platform , the complex product content can be quickly transformed into simple models to quickly respond to market demands. The application software developed and designed by Arcadyan can support Triple-play, provide effective firewall function, support DLNA to expand digital home services, compatible remote management, Auto Provision, IPv6, and have established a good sales performance in the telecom market.

Hardware Antenna is an important element used to transmit and receive electromagnetic wave energy in the wireless transmission system. As a leading manufacturer of wireless network products, Arcadyan attaches great importance to the design and development of antennas, and has established a dedicated department to continuously develop products with excellent quality and transmission efficiency. And obtained a number of domestic and foreign patents on antenna design, including the design of different antennas, the control method of RF output power, the test system and test method of wireless devices, etc.

Arcadyan strictly controls the good quality and function of the finished products. Before mass production, the products must pass rigorous testing procedures, including engineering verification testing and design verification testing:

Engineering Verification Test

- Thermal and 4corner Test
- Functional Test
- Power Measurement
- Signal Quality Test
- Conformance Test
- Interoperability Test

Design Verification Test

- Safety test
- Reliability test
- Third-party certification

Products and Technologies Successfully Developed in the Past Three Years

2020
◇ Successfully developed Wi-Fi 6 broadband products
◇ Successfully developed XGSPON optical fiber broadband products

2021
◇ Successfully developed DOCSIS 3.1 + Wi-Fi 6 Cable products
◇ Successfully developed 79GHz commercial vehicle interior wheel difference radar
◇ Successfully developed 4G/5G networked Telematics vehicle information system
◇ Successfully developed mobile edge computing switches

2022
◇ Successfully developed EasyMesh R2 product
◇ Successfully developed 77GHz five-in-one BSD ADAS radar
◇ Successfully developed Wi-Fi 6e products

Hardware

- Broadband/ WiFi/ LTE/PLC/STB
- Mechanical/ ID
- RF Design & Testing
- In house Antenna Design

Software

- DLNA/ IPTV
- Open WiFi/ IGMP
- Web/ TR069/ UPnP
- Power Mang/ HTTP

R&D Overall Integration

NTC Testing

- Multiple OS
- Multiple Protocols
- Network Manager S/W
- Application S/W

FAE/PM Support

- On Site PM Direct Cont.
- FAE in DE/ ES/ LA/ US

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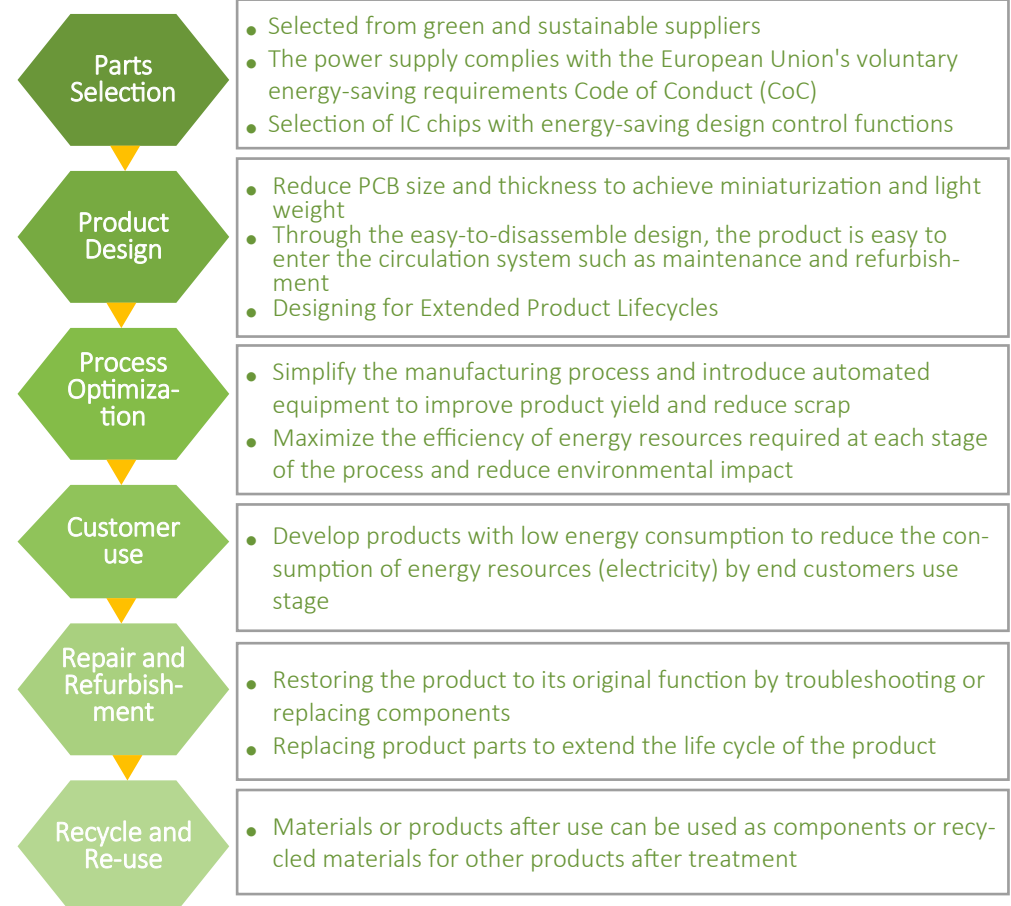7 Society Care and Public Welfare

4-2 Green Products

The green design thinking of Arcadyan's products is based on the "Product Life Cycle (PLC)", which considers the environmental impact of each life cycle stage from raw material procurement, manufacturing, packaging and transportation, consumer use to disposal and recycling. Therefore, at the beginning of product design, in addition to focusing on customer needs, functionality, and energy-saving and low-carbon design in compliance with the laws and regulations of sales regions in various countries, such as the European Union's Eco-Design Requirements for Energy-relative Products, Arcadyan strengthened the core direction of the product design of the green concept is "material selection with low toxicity", "power saving and low energy consumption", "easy to disassemble and easy to recycle and renew", and "extend the service life of the product". Arcadyan also cooperates with international trends, stakeholders and customer needs, and carries out environmentally friendly design to achieve the best eco-effectiveness.

Since 2015, Arcadyan has implemented product life cycle data collection based on carbon inventory and ISO 14006 product ecological design system. The main assessment content includes four parts: purpose and scope definition, life cycle analysis, life cycle impact assessment and life cycle interpretation. In addition to fully understanding the implementation of product environmental impact assessment, the environmental information disclosure report can be used as a necessary reference for external verification document. In 2022, Arcadyan introduced ISO 14006 product ecological design specification into Set Top Box product design. Compared with the previous generation products, the carbon emission was reduced by about 20 KgCO2e, accounting for about 40% of the total, and has successfully obtained the TUV Green Label and carbon footprint certification.

Arcadyan requires that the products and services provided by all activities must comply with environmental and energy-related laws and regulations, reduce the impact of the operation process on the environment, and achieve the goal of enterprise sustainable development. In 2022, related green product plans have been implemented:

- New Product Development Practice BS 80001 Circular Economy Guiding Principles
- A total of 5 product projects have obtained third-party verification of ISO 14067 product carbon footprint
- A total of 15 product projects have obtained TÜV Rheinland's Green Product Mark certification

Arcadyan regards sustainable development of the environment as an important indicator, promotes a circular economic system, including green procurement, product life cycle, sustainable development and ecological design, uses innovative technology to mitigate the environmental impact by climate change, achieves the goal of sustainable development of the enterprise. The concept and deeds of Arcadyan's sustainable operation have been highly recognized. Being recognized for its sustainable operation, Arcadyan was invited to the Presidential Palace to be awarded the Silver National Enterprise Environmental Protection Award.

Parts Selection
- Selected from green and sustainable suppliers
- The power supply complies with the European Union's voluntary energy-saving requirements Code of Conduct (CoC)
- Selection of IC chips with energy-saving design control functions

Product Design
- Reduce PCB size and thickness to achieve miniaturization and light weight
- Through the easy-to-disassemble design, the product is easy to enter the circulation system such as maintenance and refurbishment
- Designing for Extended Product Lifecycles

Process Optimization
- Simplify the manufacturing process and introduce automated equipment to improve product yield and reduce scrap
- Maximize the efficiency of energy resources required at each stage of the process and reduce environmental impact

Customer use
- Develop products with low energy consumption to reduce the consumption of energy resources (electricity) by end customers use stage

Repair and Refurbishment
- Restoring the product to its original function by troubleshooting or replacing components
- Replacing product parts to extend the life cycle of the product

Recycle and Re-use
- Materials or products after use can be used as components or recycled materials for other products after treatment

Silver National Enterprise Environmental Protection Award

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Arcadyan Green Product Development History

2003
Arcadyan was established

2004
- Suppliers are required to sign a RoHS Declaration of Conformity
- Provide WEEE dismantling analysis and recycling report (by 3rd Lab)

2006
- Conduct PCR material test development
- Selection of raw materials complying with RoHS, REACH

2009
- Disclose all material information of material composition

2010
- First development of non-halogenated products
- Disclosing information about conflict minerals

2011
- Provide WEEE dismantling analysis and recycling report

2013
- Inspectors obtained ISO 14067 and ISO 14064 audit certificates (issued by TUV)

2019
- Obtained ISO 14040/ISO14044 external verification for the first time

2017
- Obtain ISO 14067 and TUV Green Product Mark certification for the first time
- Begin calling for no plastic packaging

2016
- Complete ISO 14040/ISO 14044 training in the first year
- Conduct product LCA[1] life cycle assessment
- Start evaluating low carbon materials

2015
- Conduct ISO 14006 product ecological design system
- Carry out product carbon footprint inventory
- Getting Started with PCR Plastics

2014
- Arcadyan Green Information Platform completed

2020
- Introduce BS 80001 circular economy design scheme
- Establish SCIP[2] Prohibited Substances Management Database

2021
- Obtained BS 80001 circular economy optimization design verification
- Introduced barium oxide low toxicity reduction plan
- Use lead-free AC pin

2022
- Educate the supply chain about the non-use of mineral oil
- A comprehensive for no plastic packaging

2023
- Require the supply chain to sign a non-use mineral oil declaration

Note 1: Product Life cycle assessment (LCA)
Note 2: SCIP notification of Substances of Concern In articles as such or in complex objects (Products) (SCIP)

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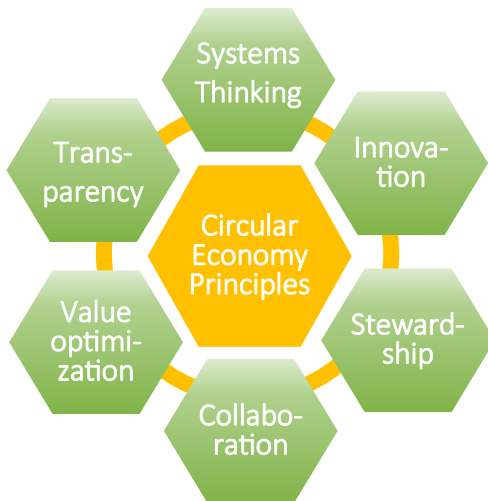# BS 8001 Circular Economy Introduction

With the continuous growth of the global population and the continuous depletion of the earth's energy resources, Arcadyan has been committed to achieving the important goal of emission reduction while developing the company in recent years. In addition to focusing on resource reuse and reducing carbon emissions, Arcadyan considers how to make effective use of energy resources during the product development process, and the ultimate goal is to move towards the vision of zero waste and zero emissions in resource recycling.

Arcadyan has introduced the circular economy design plan since 2020, followed the six principles to carry out eight circular promotion stages, and applied the 10R strategy of the Netherlands Environmental Assessment Agency (Planbureauvoor de Leefomgeving, PBL) to the design concept. In the material selection stage, RD evaluates whether recycled metals can be applied to existing materials, and considers how to process them into recycled materials through the recycling system when their components are unusable. As for the product development process, RD considers maximizing the value of products and resources, with extending product life cycle as the primary consideration; RD also applies Post-Consumer Recycled (PCR) materials to product casings and packaging design. RD also takes design optimization to reduce the use of parts, improve product performance, reduce energy consumption during use, and save energy and resource consumption in the product life cycle. Arcadyan also provides product repair and refurbishment services by signing contracts with customers, updating products or replacing parts, so that products can be restored to a good condition, so as to extend the life cycle of products.

Arcadyan follows the six principles of BS 8001 Circular Economy, and develops four major design schemes with a systematic framework. After evaluation and calculation, the carbon reduction benefit of the product has been achieved, and SGS external verification has reached the BS 8001 circular economy optimization business model level.

Application of Biodegradable Materials

- By using biodegradable materials, can reduce carbon emissions by about 3.3 $kgCO_2$ per product

Reduce the Use of Product Parts

- By optimizing heat dissipation design and reducing radiator and resistor parts, can reduce carbon emissions by about 1.43 $kgCO_2$ per product

Conduct Post-consumer Recycling (PCR)

- Applying Post-Consumer Recycled (PCR) plastic to the product casing, can reduce carbon emissions by about 3 $kgCO_2$ per product
- Applying Post-Consumer Recycled (PCR) paper to the packaging color box, can reduce carbon emissions by about 0.023 $kgCO_2$ per product

Easy-to-disassemble and Refurbishment

- Use screws to reduce the engagement amount of the groove design, improve the yield of cover removal, and reduce scrapped casings
- The case is easy to disassemble, which can increase the rate of product reuse and refurbishment, can reduce carbon emissions by about 0.97 $kgCO_2$ per product

Circular Economy Principles: Systems Thinking, Innovation, Stewardship, Collaboration, Value optimization, Transparency

Circular Economy 10 R Strategy Concept
R0 Refused: Make product redundant by abandoning its function or by offering the same function with a radically different product
R1 Rethink: Make product use more intensive (by sharing product)
R2 Reduce: Increase efficiency in product manufacture or use by consuming fewer natural resources and materials
R3 Reuse: Reuse by another consumer of discarded product, which is still in good condition and fulfills its original function
R4 Repair: Repair and maintenance of defective product so it can be used with its original function
R5 Refurbish: Restore an old product and bring it up to date
R6 Remanufacture: Use parts of discarded product in a new product with the same function
R7 Repurpose: Use discarded product or its parts in a new product with a different function
R8 Recycle: Process materials to obtain the same (high grade) or lower (low grade) quality
R9 Recover: Incineration of material with energy recovery

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4-3 Environmentally Friendly Design

Arcadyan regularly assesses the current and future potential risks and opportunities of climate change for enterprises, and adopts Task Force on Climate-Related Financial Disclosures (TCFD) response measures to climate-related issues. All employees of Arcadyan participate in green design, consider the impact of raw materials, transportation, and product use on the environment during the product life cycle, continue to promote and implement ecological product design, and take innovative technology to mitigate the environmental impact of climate change and improve product safety.

### Environmentally Friendly Design Concept

In the initial stage of product design, Arcadyan discussed the possibility of various environmentally friendly designs with customers. In addition to complying with international environmental protection regulations and customer requirements, in the research and development stage, concepts such as energy saving, material reduction, easy disassembly and recycling of products, waste reduction, and extend of product life are included in the design considerations. It is estimated that the introduction of environmentally friendly design products can reduce carbon emissions by about 1 kgCO2 per product.

Environmentally Friendly Design Concept
● Use easy-to-remove fixture in the repair center to reduce the proportion of products casings broken and scrapped
● Print the product manual on the outer box directly to reduce the use of paper
● Designed foot pads are easy to repair and refurbish, extending product usability
● Use paper ties to bundle accessories, easy to recycle and disassemble, to achieve environmental friendliness
● The integrated design of the product label and the casing to reduce the use of label and is easy to recycle (see the picture below)
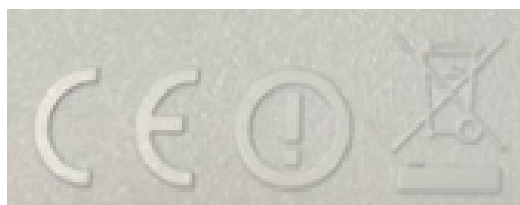
Label Stickers → Embossed Printing on Case Surface

Light-load and Efficient Carbon Reduction Design

Arcadyan uses high-efficiency power converters. The light-load and high-efficiency design can automatically enter the pulse skipping mode under light-load conditions to reduce the switching frequency and achieve the effect of improving conversion efficiency, which can increase energy efficiency by about 1~2%. Arcadyan's product design supports or has built-in Bluetooth function to replace the physical connector, and is designed with lower power consumption, higher transmission speed and longer transmission distance as the design goals, so that products with short-distance wireless transmission can be realized through WiFi and Bluetooth technology.

Environmentally Friendly (Packaging Design)

Arcadyan continues to aim at reducing the use of packaging materials, optimizes the packaging design of each product during the research and development process, and increases the volume space through stacking methods to increase the volume ratio of product transportation. On the inner packaging of fixed products, Arcadyan uses recycled paper or packaging made of Forest Stewardship Council (FSC) cardboard, and prints with plant-based inks to reduce the burden on the environment; on the inner structure packaging, Arcadyan uses biodegradable materials, the composition are industrial starch, plant fiber and paper foam. Low-carbon production can be directly recycled or used as composting materials, low pollution and no harmful residues. The proportion of recycled paper used in the products shipped by Arcadyan in 2022 has reached more than 80%.

Percentage of Renewable Materials Used	2020	2021	2022
Biodegradable Packaging Material	0%	0.3%	0.3%
PCR Recycled Paper Packaging	55%	55%	80%

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Environmentally Friendly (PCR Recycling Plastic Introduction)

Eco-design policy is the core of Arcadyan's initiative, and the selection of plastics with high recycling potential is the direction of Arcadyan's continuous improvement and optimization. To promote the use of waste plastics and effectively implement post-consumer recycling (PCR), Arcadyan recycles scrapped plastic casings into new raw materials and puts them into products again. Since 2015, 65% to 99% of PCR recycled plastics have been introduced into plastic parts. In order to ensure that the recycled plastics made of ABS or ABS + PC do not affect the structural strength, the clip-on design replaces the general locking design, the fewer screws reduce difficulties in final product and material recycling.

In 2022, the percentage of renewable plastics used was 50%, achieving the goal set in 2021 that the proportion of recycled plastics used be greater than 30%. Arcadyan will continue to promote the recycling of waste, and it is estimated that the proportion of recycled plastics in 2023 will reach more than 60%.

PCR Recycling Plastic Usage	2020	2021	2022
Recycled Plastic Specifications	65~99% ABS or ABS+PC	65~99% ABS or ABS+PC	65~99% ABS or ABS+PC
Usage	9.8%	25%	50%

Scrap Plastic Parts

Remade into New Plastic

Green Design Training Course

Arcadyan attaches great importance to product sustainability and regularly arranges training courses related to green products. Integrate green design concepts and technologies into product development and design stages to enhance the ability to design environmentally friendly green products. In 2022, a total of 5 physical and online courses related to green products have been held, with a total of 6,444 people participating in the following courses:

Green Product Course Name	Hours	Number of Participants
Explanation of the physical properties of biodegradable materials	4	30
Water Resources and Environmental Protection (Group Course)	3	25
Consumer Trends Under Climate Change	3	25
Green Products and Hazardous Substance Management (Awareness Training Courses for All Employees of ZArcadyan Group)	1	6,285
Introduction of post-consumer recycled (PCR) materials	3	30

Low Carbon Materials Course

All Staff Awareness Training Series Courses

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4-4 Restricted Substance Management

In order to provide environmentally friendly products, Arcadyan has systematically controlled the conformity technical document by GP Data Application Form from the design and development stage to ensure that all products comply with relevant international regulations, directives and customer needs, and use Arcadyan Green Parts Material Substan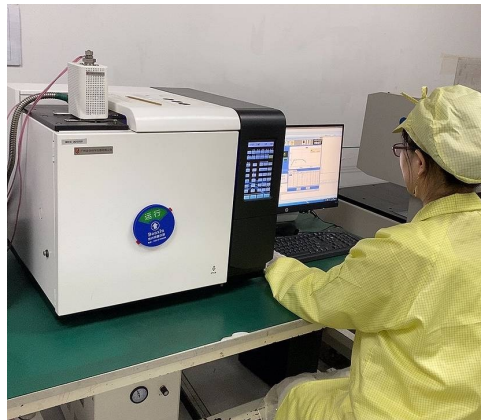ce Declaration Checking List for component composition investigation. In response to the update of customer environmental protection standards, the requirements of global environmental protection laws and the need for green product management systems, the CNC China production center has introduced QC080000 Hazardous Substance Management process to meet customer needs, maintain customer health and safety, and actively develop halogen-free products and commit to use Non-Conflict Minerals Sourced Parts. Since 2020, Arcadyan has actively registered in the EU Substances of Concern In articles as such or in complex objects (Products), SCIP database, and submitted REACH Substances of Very High Concern (SVHC) Relevant information, to fulfill the obligation to communicate to recipients of finished products. Arcadyan also requires suppliers to sign the "Declaration on Prohibition of Hazardous Substances". In 2022, a total of 532 declarations signed by suppliers have be received, with a recovery rate of 97%. Arcadyan also provides one-on-one online or telephone training for new suppliers or suppliers with training needs. In 2022, a total of 91 suppliers participated, and 115 training sessions have be completed. The target supplier training rate is 100%.

In recent years, European countries have promulgated laws and regulations related to circular economy, requiring relevant control over the use of mineral oil, and regulating the prohibition of mineral oil in commercial promotion of packaging, printed materials, advertising leaflets, catalog letters and other items to reduce resource waste and avoid mineral oil compounds from affecting human healthy, and promote the development of circular economy. Arcadyan complies with relevant regulations and restricted conditions of use, and will require suppliers to sign the "Declaration of Non-Use of Mineral Oil Conformity" in 2023 to ensure that the materials supplied to Arcadyan comply with the relevant use restrictions.

Environmental Requirements from Customers / International Regulations → **arcadyan** Arcadyan Green Product Platform → Raw Material Carbon Footprint Data / Green Parts Management System → Product Design → Purchase → Incoming Material Inspection → Product Producing
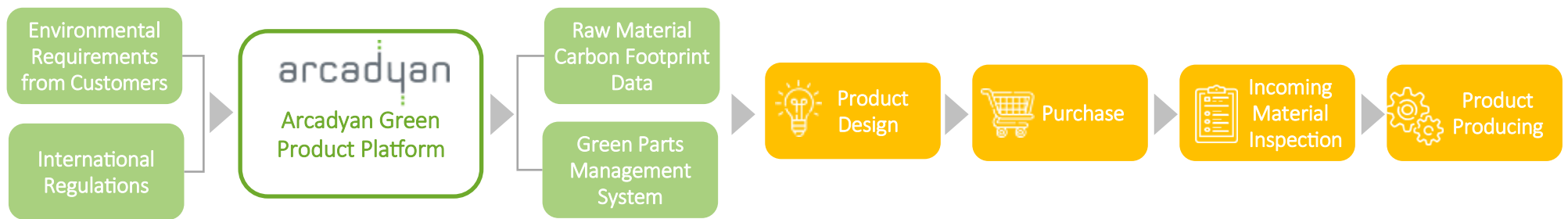
Disassemble Components to the Smallest Unit

Use XRF Instruments to Detect Metal Materials

Supplier Restricted Substances Training

Supplier Restricted Substances Training

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Waste Electrical and Electronic Equipment Directive (WEEE) 🌐

In the design stage, Arcadyan considers the needs of customers, the reduction of waste, the reuse of resources, the application of environmentally friendly materials and low-pollution alternative materials, and introduces a design model that reduces the use of natural resources and increases recycling. In 2022, Arcadyan use about 32,000 metric tons of renewable materials for production and packaging, such as paper, cardboard, wood, plastic and other materials, and about 26,000 metric tons of non-renewable materials. The proportion that comply with the requirements of WEEE to recycle the proportion of products. The following is the design concept of the European Union's Waste Electrical and Electronic Equipment Directive (WEEE) in the design phase of Arcadyan's products:

Waste Electrical and Electronic Equipment Directive WEEE
● Prohibit or reduce the use of hazardous chemicals to comply with RoHS standards
● Use a single plastic material type
● Actively develop and introduce recycled plastics and biodegradable plastics into electronic products
● The product plastic needs to be compatible with the raw materials of chemical surface treatment to achieve the purpose of recycling and reuse
● Product designed for easy disassembly and recycling
● The modular design of the product makes it easy to replace and upgrade the main parts to extend the product life

TUV Green Mark 🇪🇺

The energy efficiency mark is widely used in the requirements of the EU market. It is the authoritative evidence of the energy consumption level and shows the overall environmental preference of the product. The certification standards for this voluntary environmental labelling program are based on product life cycle considerations to convey verifiable and accurate information about the environmental aspects of products. Certification through the Green Product Mark provides consumers with clear guidelines for environmentally friendly products and reduces their impact on the environment.

Arcadyan sells Deutsche Telekom's products has applied for TUV Rheinland Green Mark since 2018, and conducted energy efficiency tests to confirm that product testing and certification comply with relevant energy consumption regulations, and obtained green labels and carbon footprint certificates, which not only ensures that the product complies with the entry regulations of the target market, and also enhance consumer trust in the product.

Restriction of Hazardous Substances Directive (RoHS) 🌐

The European Union issued the RoHS Directive (EU) 2015/863 in 2015, including four phosphophthalates (DEHP, BBP, DBP, DiBP) into the control items. Considering the increasing harm to the environment caused by waste electronic and electrical products, 100% of Arcadyan's products comply with the limits required by the RoHS (2011/65/EU) directive, and there is no return situation caused by violation of the Restriction of Hazardous Substances Directive (RoHS).

In response to the content of plasticizers DEHP, BBP, DBP, DIBP and other substances that came into force in 2019 and the newly added 4 items of phosphophthalate control (commonly found in plasticizers, dyes, pigments, paints, adhesives and lubricants wait). Arcadyan requires suppliers to provide electronic materials with the use of the above-mentioned raw materials, which must be included in the consideration of the risk assessment of homogeneous components.

Taiwan RoHS 🇹🇼

Taiwan is paying more and more attention to green environmental protection. In response to the current international emphasis on product quality and safety, Taiwan Bureau of Standards Metrology and Inspection (BSMI) has incorporated the six RoHS regulated toxic substances into product verification and registration management, requiring that the inspected commodities under control must meet the requirements of Chinese National Standards (CNS) CNS 15663 Section 5 "Content Labeling" before the specified time, and the content of restricted substances shall be marked on the body, packaging, and labels or instructions. Arcadyan obtained the Bureau of Standards, Metrology and Inspection (BSMI) certification of the Ministry of Economic Affairs in 2018, and obtained the Taiwan Commodity Safety Mark. According to the status of each product, provide the "Restricted Substance Content Labeling Statement" for the purpose of applying for BSMI certificate.

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4-5 Customer Health and Safety

Arcadyan attaches great importance to the impact of product safety on consumers. The health and safety of users have a direct impact on the organization's reputation, legal and financial risks, and compliance with market regulations. Arcadyan spares no effort to prevent the products it provides from causing harm to the health and safety of customers. In order to provide health, safety and high-quality products, Arcadyan controls through the product development management system to ensure that the procurement of raw materials fully complies with Arcadyan's hazardous substance standards. Arcadyan also takes international directives such as Registration, Evaluation and Authorization of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS) as parts recognition standards. The CNC China production center introduced QC080000 Hazardous Substance Management process to ensure that products must comply with various safety regulations from the stage of product demand from customers to design and mass production. 100% of European and American products produced by Arcadyan complied the requirements of the electronic product safety standard IEC 62368, and complied with the EN IEC 63000: 2018 RoHS directive on the restriction of hazardous substances in electrical and electronic products. So far, no violations of product health and safety regulations and voluntary regulations have occurred. All products of Arcadyan comply with relevant chemical requirements and safety regulations. The health and safety of customers is not only Arcadyan's commitment but also Arcadyan's responsibility. In addition to meeting customer needs and maintaining customer health and safety, Arcadyan is more active in developing low-halogen products and building a healthier and safer product production system.

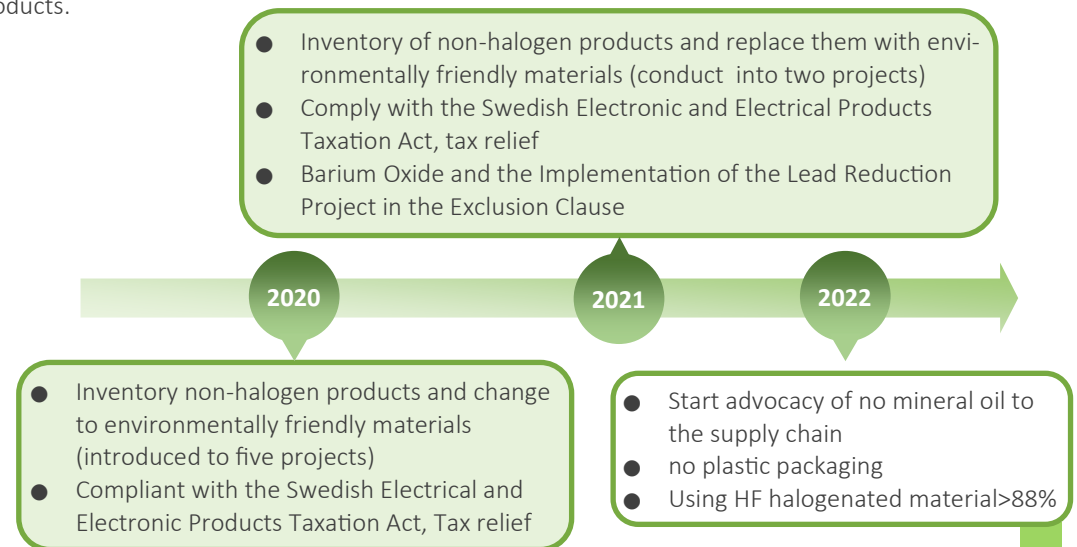## Safety Regulations (IEC 62368 and IEC 63000)

In order to ensure the safety of Arcadyan products under normal use, and to prevent the risks of electric shock, energy, fire, mechanical, radiation, chemical and burns and other risks caused by materials and parts, Arcadyan follows the electronic product safety standards IEC 62368 and IEC 63000: 2018 certification standards, and conducts inspections before the implementation of the design stage. After the internal safety test, the verification agency will carry out certification to ensure that all mass-produced products have obtained local national safety certification. In 2022, a total of 102 newly developed models have passed the test. Since the establishment of the company until 2022, Arcadyan has not violated any major product and service health and safety regulations.

Prohibition of Plastic Materials

The United Nations set out the terms of a global agreement at the Fifth United Nations Environment Assembly to slow and eventually prohibit plastic pollution. All countries need to take action on the life cycle of plastics, including design, production, manufacturing, logistics, use, reuse and end-of-life management. Every UN member state be required to develop a national action plan that includes measures to reduce production and improve waste management. In recent years, European and American countries have announced plastic ban policies, completely prohibiting the use of expanded polystyrene (EPS) in products and packaging. The European Union enacted legislation in 2019 to restrict the use of disposable plastics, including plastic bags, disposable tableware, polypropylene non-woven bags, plastic wrap, and plastic food packaging. In 2022, the application rate of PCR plastics for Arcadyan products has reached 50%. Arcadyan also cooperated with plastic suppliers to recycle waste plastics into PCR plastics and put them back into the production cycle. The transformation towards a circular economy is in line with the development trend and provides customers with more low-carbon and sustainable products.

Halogen-Free

Halogens may produce highly toxic dioxins after being burned and discarded. The European Union has listed PBB and PBDEs in the Restriction of Hazardous Substances (RoHS). In the face of international organizations advocating "halogen-free parts and processes" and customers' more active environmental protection needs, Arcadyan adheres to the design of reducing environmental load and human harm, and clearly defines the limits and control scope of chlorine and bromine content in halogen-free products, and gradually build the production and manufacturing capacity of halogen-free products. In 2010, Arcadyan inspected non-halogen products and replaced them with environmentally friendly materials, and started mass production for the first time. Arcadyan will continue to develop environmentally friendly products and accelerate the replacement of halogen-containing materials to comply with market trends. By the end of 2022, Arcadyan's halogen-free materials accounted for more than 88% of all materials, and the other 12% were within the allowable range of regulatory requirements. The process of promoting halogen-free materials is shown in the figure on the right:

- Inventory of non-halogen products and replace them with environmentally friendly materials (conduct into two projects)
- Comply with the Swedish Electronic and Electrical Products Taxation Act, tax relief
- Barium Oxide and the Implementation of the Lead Reduction Project in the Exclusion Clause

2020 **2021** **2022**

2020
- Inventory non-halogen products and change to environmentally friendly materials (introduced to five projects)
- Compliant with the Swedish Electrical and Electronic Products Taxation Act, Tax relief

2022
- Start advocacy of no mineral oil to the supply chain
- no plastic packaging
- Using HF halogenated material>88%

5 Environ-mental Protection

## 5-1 TCFD Climate-Related Financial Disclosure Executive Summary

Arcadyan cares about global environmental changes. Reducing carbon emissions is not only about saving energy, but also cultivating environmental awareness from life, Build good values and attitudes, and assisting in providing an environment that is easy to implement, so as to promote employees' ability about energy saving and carbon reduction. In order to specifically present the impact of climate change on enterprises, the proposed framework issued by Task Force on Climate-related Disclosure (TCFD) is adopted, which includes four core elements of Governance, Strategy, Risk Management, Metrics and Targets.

	TCFD Proposed Items for Disclosure	Arcadyan Specific Actions
Governance	1. Supervision of climate risk related risks and opportunities by the Board of Directors 2. Function of the management in the assessment and management of climate related risks and opportunities	In 2022, the Board of Directors of Arcadyan adopted the "Organizational Regulations of the Sustainable Development Committee", set up a sustainable development committee under the board of directors, with the general manager as the chairman, and assigning senior executives in different fields to lead the sustainable development executive team to jointly review the company's core operations ability, formulate medium and long-term sustainable development plans; set up an environmental sustainability team to promote green product ecological design, energy resources and carbon management organization for the company, and the sustainable development committee regularly reports to the board of directors on the promotion progress of environmental protection and results.
Strategy	1. Identified short, mid and long term climate related risks and opportunities 2. Climate risks and opportunities that have a significant impact on the business, strategy and financial planning of the organization 3. The potential impact of different situations on the business, strategy and financial planning of an organization	Climate change risk assessment in 2022, summarize the opinions of relevant departments and supervisors, and summarize three strategic plans: greenhouse gas reduction, innovation low-carbon product, sustainable supply chain management, and set short, medium and long-term strategies to promote climate change. 1. 2022 sign the SBTi science-based carbon reduction commitment letter, and the group's carbon reduction goals will be set, and the carbon reduction goals of 1.5 degrees net zero carbon emissions will be submitted in 2023. 2. 2022 introduced the ISO 50001 energy management system, and installed solar power system in the Vietnam production center to start using renewable energy. 3. Expand the scope of greenhouse gas inventory and include scope 3 in management.
Risk Management	1. Process of identification and assessment for climate risks. 2. Process of climate related management 3. Identify, assess and manage climate risk related processes and figure out how such processes can be integrated into our overall risk management	Based on the category of climate-related risks recommended by TCFD, Arcadyan regularly implements risk assessment procedures and manages related risks, and discusses potential opportunities arising from risks with relevant departments. In the face of climate risk, strategic direction is based on mitigation and adaptation: **Mitigation:** use renewable energy, introduce energy management systems, promote smart factories, improve energy efficiency, and reduce carbon emissions. **Adaptation:** In response to extreme weather, strengthen the alarm system, implement alert plans, regularly inspect the location of plants and equipment, and elevate low-lying areas to reduce the risk of flooding.
Metrics and Targets	1. Under the premise of compliance with strategies and risk management processes, the company shall apply suitable metrics and targets in the assessment of climate risk related risks and opportunities 2. Disclose emissions and relevant risks for Scope 1, 2 and 3 3. To manage the Company's climate related risks and opportunities, as well as relevant performance	• Arcadyan uses GHG emission intensity, energy resource use, and per capita water consumption as indicators to measure the impact of climate risks. • Arcadyan has been disclosing Scope 1 and 2 carbon emissions in CDP since 2009, and has obtained ISO 14064-1 third-party external verification every year since 2021. • Invest in renewable energy and build photovoltaic solar power generation facilities in Vietnam production center to increase the utilization rate of renewable energy. • Invite key suppliers to conduct carbon inventory, and evaluate opportunities for improvement in terms of energy management and greenhouse gas emissions.

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Climate Change Risk Identification

The rise in global temperature and extreme weather caused by climate change will affect the normal operation and production activities of enterprises, resulting in impacts including property losses or threats to labor health and safety. Arcadyan has followed the Task Force on Climate- Related Financial Disclosures (TCFD) framework, which discloses information on the four core elements of governance, strategy, risk management, metrics and targets, and explains related implementation methods, strategies, and results. 2022 Arcadyan Carbon Management Committee conducted information collection and discussion in groups to identify the impact (severity) and possibility (occurrence) of potential climate risks related to climate change issues, and formulate management strategies for major climate risks. And through scenario analysis, risks and opportunities are quantified as financial impacts, which serve as the basis for planning and preparing for relevant response measures, and strengthen the Arcadyan's ability to adapt to climate change.
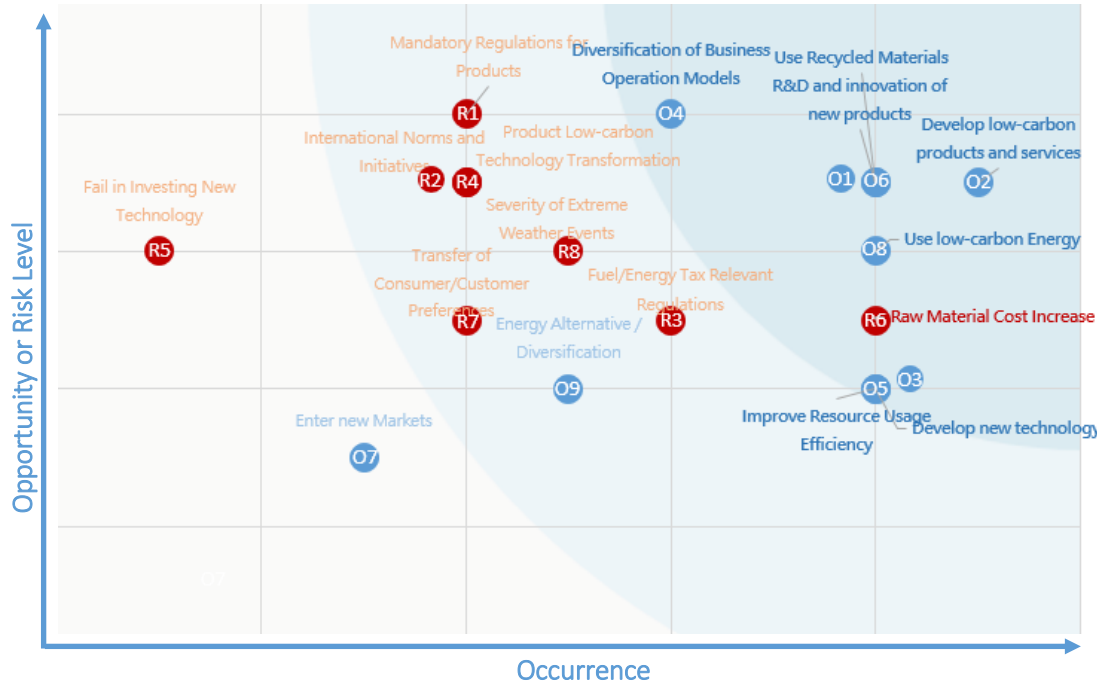
No.	Risk Category	Source of Risk
R1	Regulatory Risk	Mandatory Regulations for Products
R2	Regulatory Risk	International Norms and Initiatives
R3	Regulatory Risk	Fuel/Energy Tax Relevant Regulations
R4	Technology Risk	Product Low-carbon Technology Transformation
R5	Technology Risk	Fail in Investing New Technology
R6	Market Risk	Raw Material Cost Increase
R7	Market Risk	Transfer of Consumer/Customer Preferences
R8	Climate Risk	Severity of Extreme Weather Events

No.	Opportunity Category	Source of Opportunity
O1	Product Opportunity	R&D and innovation of new products
O2	Product Opportunity	Develop low-carbon products and services
O3	Product Opportunity	Develop new technology
O4	Product Opportunity	Diversification of Business Operation Models
O5	Resource Efficiency	Improve Resource Usage Efficiency
O6	Resource Efficiency	Use Recycled Materials
O7	Market Risk	Enter new Markets
O8	Energy Source	Use low-carbon Energy
O9	Toughness	Energy Alternative / Diversification

Arcadyan Carbon Management Committee assesses the degree of impact and the possibility of occurrence of climate change-related opportunities and risk, and screens out the eight sources with the highest risks and opportunities, namely "O1:R&D and innovation of new products (Opportunities)", "O2:Develop low-carbon products and services (opportunities), "O3: Develop new technology (opportunities)", "O4: Diversification of Business Operation Models (opportunities)", "O5: Improve Resource Usage Efficiency (opportunities)", "O6: Use Recycled Materials (opportunities)", "O8: Use low-carbon Energy (opportunity)" and "R6: Raw Material Cost Increase (risk)" and further assess its financial impact and formulate corresponding management practices and measures.

Climate Change Risks/Opportunities and Strategies

Opportunity Category	Source of Opportunity	Potential Financial Impact	Management and Measures
Product Opportunity	R&D and innovation of new products	• Developing low-power consumption products, but using high-specification ICs will result in an increase in raw material costs.	Continue to invest R&D resources in communication product technology, and at the same time take into account the green design and continue to enhance the competitiveness of Arcadyan products.
Product Opportunity	Develop low-carbon products and services	• Use of PCR recycle raw materials will increase the cost of raw materials and product test costs. • Use of environmentally friendly raw materials will increase the willingness of end users to purchase and increase product competitiveness.	Continue to pay attention to understand international trends, customers' green policy and requirements for suppliers, and the practices of enterprises in the same industry, and formulate Arcadyan's strategies and practices in response to climate change or other sustainable issues.
Product Opportunity	Develop new technology	• Develop low-carbon products and services to meet customer needs and further expand into new markets	Continuously enhance and optimize the integrated functions of the new generation of IAD, such as ZigBee/Z-Wave/BLE/DECT ULE/NFC technology integration, and software AI intelligent repair function.
Product Opportunity	Diversification of Business Operation Models	• In response to climate change and the post-epidemic era, the demand for network communication products has increased significantly. Providing network communication products with energy-saving will increase market share. • In response to the development trend of climate change, repairs instead of purchases have been advocated. In addition to prolonging the product life cycle, it can also reduce the cost of waste disposal and waste of resources.	• Arcadyan will continue to invest in new technologies such as artificial intelligence (AI) calculation/big data cloud analysis integration to increase product market share. • Arcadyan has an experienced and professional RMA Return Merchandise Authorization team, who can develop a new cooperation model with customers to assist in product recycling and repair.
Resource Efficiency	Improve Resource Usage Efficiency	• Improving process yield will help reduce production costs and scrap costs. • Introduction of waste heat recovery and rainwater recovery systems in the process will reduce the cost of energy resource usage. • Replace the equipment in the factory area or add frequency conversion devices to reduce unnecessary electricity costs.	Arcadyan headquarters will obtain ISO 50001 energy management system certification in 2022, and build an energy monitoring system to improve energy resource utilization efficiency. The Vietnam production center is expected to obtain ISO 50001 certification in 2023 and expand the use of renewable energy (solar energy).
Resource Efficiency	Use Recycled Materials	• The use of post-consumer recycled raw materials (PCR) will increase raw material costs and testing costs.	Arcadyan will continue to work closely with plastics and metal suppliers. In addition to sharing industry and market environmental protection trends from time to time, we will also jointly evaluate and test the feasibility of recycling technologies with suppliers in the development process.
Energy Source	Use low-carbon Energy	• Establishment of a solar photovoltaic system will reduce the annual electricity bill of the factory. • Use of renewable energy in the manufacturing process will reduce the carbon footprint of products and enhance the competitiveness of green products	Arcadyan will increase the proportion of renewable energy used in the production center, and build a solar system of the same scale as the first factory in the second factory of the Vietnam production center, which is estimated to account for more than 15% of the annual electricity consumption of the Vietnam production center.
Risk Category	Source of Risk	Potential Financial Impact	Management and Measures
Market Risk	Raw Material Cost Increase	Use of environmentally friendly materials may increase the cost, but if the acceptance of end customers is high, mass production can reduce the cost of materials.	• Establish a long-term cooperative relationship with suppliers. For suppliers with carbon reduction potential, through long-term project cooperation, suppliers' willingness to invest in new materials and new technologies will be enhanced.

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5-2 Environmental Protection Management Policy

Arcadyan adheres to the business philosophy of respect for life, deeply recognizes the limited resources of the earth and the importance of sustainable development, declares the implementation of an environmental safety and health management system, and integrates it into the entire management system. In business activities, Arcadyan understands the relationship between manufacturing process, products and the environment, and promises to do a good job of environmental safety and hygiene, and to continue to improve, to establish a safe, sanitary and safe environment, and to achieve the goal of sustainable development. Arcadyan headquarters introduced the ISO 50001 energy management system in 2022, and expand the environmental safety and health policy to "Environmental, Health/ Safety, Energy, and Product Eco Design Policy". Safety, hygiene, and environmental protection are an integral part of the development of Arcadyan's business. We will continue to do the best to meet the expectations of the community, and to strengthen the operation of the business:

● Comply with domestic environmental safety and health regulations and effectively implement the environmental, safety and health management system.
● All staff participate in product ecological design, environmental protection and energy management, and promote continuous improvement for sustainability.
● Improve resource recycling and energy efficiency, and reduce the impact of carbon emissions in supply chain.
● Promote education and publicity on environmental safety, energy and product eco-design.
● Implement employee health management, proactively prevent occupational disasters, and create a safe workplace with zero disasters.

Environmental Management Strategy

Arcadyan formulates energy saving and carbon reduction, greenhouse gas reduction, water reduction and other waste management policies: Including the Carbon Disclosure Program (CDP) to strengthen the company's ability to respond to climate change, including carbon emissions inventory, carbon reduction effective-ness, and identification of laws and entities risks, and further transform various risks into green circular economy business opportunities to improve the sustainability of business operations. In 2022, Arcadyan has no violations of environmental protection laws and regula-tions, major leaks, and major environmental-related lawsuits (amounts exceeding NT$2 million or lawsuits related to product transactions).

● **Greenhouse gas and energy management:** Each factory plant takes KPI (Key Performance Index) to track energy management every month, proposes improvement measures and plans, and takes PDCA methods to formulate long-term and short-term reduction targets for greenhouse gas, energy (electricity), water resources, and hazardous waste, and review the status of achievement monthly, and then propose improvement measures and plans.
● **Water resources management:** Since Arcadyan is not a water-consuming industry, most of it uses water for employees' daily life, so we mainly focuses on infrastructure maintenance and improve-ment, and the promotion of employees' living habits.
● **Waste management:** Develop an online sign-off system to reduce the use of paper and reduce the use of waste materials due to manual negligence, etc. All colleagues in the factory plant have received professional and rigorous training in environmental safety and health aspect, and there has been no major pollutant incident in the past years

Environmental Management Target

Arcadyan signed the SBTi Science Based Targets Carbon Reduction Commitment at the end of September 2022, commit to the net zero goal, and passed the review of SBTi in October, joined the Busi-ness Ambition for 1.5°C campaign member to introduce low-carbon and energy-saving measures. In order to strengthen the accuracy and credibility of the carbon inventory data, the main operating bases of Arcadyan (Arcadyan headquarters, CNC china production center and the AVC Vietnam production center) have all obtained the third-party ISO 14064 GHG verification in 2022, monitored scope 1 and scope 2 Greenhouse gases in major operating locations, and set annual absolute reduction targets based on the SBTi net-zero carbon reduction path. Arcadyan has also obtained the third-party confirmation of the ISO 14064 scope 3 greenhouse gas inventory every year from 2022. Based on the SBTi net-zero carbon reduction path, considers the operating growth rate and sets a reason-able target for annual intensity reduction.

Cate.	2022 Target	Implementation in 2022	2023 Target
GHG	Greenhouse gas intensity reduced by 1% compared to the previous year	Greenhouse gas intensity (average per unit weight) reduced by 18% from the previous year	Greenhouse gas absolute reduced by 5.3% compared to the previous year
Energy Consumption	Energy intensity decreased by 1% from the previous year	Energy intensity (average per unit weight) decreased by 15.8% from the previous year	Energy consumption decreased by 5.3% from the previous year
Water Consumption	Per capita decreased by 1% compared with the previous year	Water consumption per capita decreased by 12% from the previous year	Per capita decreased by 1% compared with the previous year
Waste Recycling	The waste recycling rate has increased by 3% compared to the previous year	Recycling rate decreased by 3.56% compared to 2021	1% reduction in waste intensity compared to the previous year

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5-3 Greenhouse Gas (GHG) Management

Arcadyan always concerned about global environmental changes, including relevant agreements actively promoted by various countries, such as the Kyoto Protocol, the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement, and Product energy-saving requirements of United Nations treaties and other regulations. Arcadyan has actively participated in the Carbon Disclosure Project (CDP*) since 2009, in order to reduce the risk and cost of business operations, and further convert various risks into circular economy business opportunities to improve the sustainability of business operations.

2022 Arcadyan joined the Science-Based Target Initiatives (SBTi), signed the SBTi Carbon Reduction Commitment Letter, joined the Business Ambition for 1.5°C campaign member, and expanded the scope of inventory of greenhouse gases. The category of scope3 emission hotspots has been included in the management, and the investigation of product carbon footprints of key suppliers has begun. In September 2022, Arcadyan and PwC Sustainability Services Company signed a carbon reduction project contract to carry out a two-year carbon management strategy course project. Referring to the carbon reduction path of the IPCC "Global Warming 1.5 Degrees Celsius Special Report", Arcadyan will set a carbon reduction plan to meet the control of temperature rise of 1.5 degrees, and submit the carbon reduction target to SBTi for validation by the end of 2023. The history of GHG-related management measures over the years is shown in the figure below:

2009
- Arcadyan conducts an organized greenhouse gas inventory and adopts carbon reduction measures
- Arcadyan officially participates in the CDP International Carbon Disclosure Project

2013
- CNC China Production Center sets organizational carbon reduction targets and takes measures to reduce carbon emissions

2015
- Conducted an organizational greenhouse gas inventory of the new building of the Taiwan Headquarters
- Arcadyan headquarters uses software to calculate carbon footprint and leading green design guidance for product

2017
- Arcadyan headquarters conducts Electronic Home-Gateway product carbon footprint LCA carbon emission inventory

2019
- AVC Vietnam production center conducts greenhouse gas inventory

2021
- Arcadyan headquarters and China Production Center began to obtain ISO 14064 Greenhouse Gas External verification
- 3 products obtained ISO 14040 and 14044 life cycle assessment third-party verification
- 4 products obtained ISO 14067 product carbon footprint verification

2022
- Sign SBTi carbon reduction commitment
- Investigate the carbon footprint of key suppliers
- Introduced ISO 50001 energy management system
- Began to obtain ISO 14064 external verification for Vietnam production center

2023
- Set scope 1, 2 and 3 carbon reduction targets
- Submit the target to the SBTi for validation
- Launch key supplier carbon reduction project
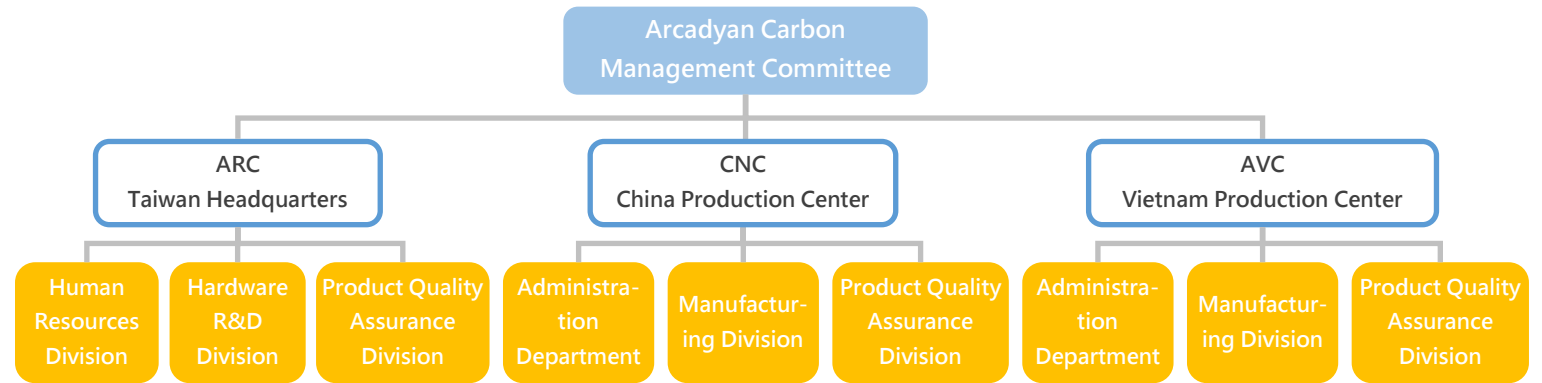- Procurement of Renewable Energy Certificates

*Carbon Disclosure Project (CDP): Mainly to emphasize the management and response of enterprises to climate change, and to strengthen the ability of enterprises to respond to climate change with policy tools, including carbon emission inventory verification, carbon reduction effect, and identification of regulations and physical risks, including resource exhaustion, resource shortage, climate change, sea level rise, etc.

*Science-Based Targets Initiatives (SBTi): The most important corporate climate target standard-setter, is to achieve global control of the global warming trend within the total carbon temperature of no more than 1.5°C or 2°C. Based on the emission, the reasonable emission (carbon reduction) quota of a specific industry calculated in the context of the global carbon budget through scientific methods and weight calculation methods.

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Greenhouse Gas Management Organization

In response to the global net zero carbon emission target, and committed to controlling the global temperature rise within 1.5 degrees. Arcadyan promises to achieve net zero emissions in key operating bases by 2040~2050. In addition to joining the Science-Based Reduction Target Initiative (SBTi), Arcadyan Sustainable Development Committee established a carbon management organization, and a special team composed of relevant departments is responsible for realizing the company's commitment to greenhouse gas emission reduction, and formulating financial budgets for practicing greenhouse gas emission reduction management, and linking the team's performance compensation to emission reduction goals. Ensure that the strategies and goals related to climate management are smoothly promoted and realized within the company.

The scope of monitoring greenhouse gases is Arcadyan's key operating bases and production centers, including Arcadyan Taiwan headquarters, CNC China production center, AVC Vietnam production center, and the main R&D base Shanghai SVA Office. The number of employees in the above operating bases about 97% of Arcadyan's global employees, indicating that Arcadyan has fully implemented greenhouse gas control.

Arcadyan Carbon Management Committee

- **ARC Taiwan Headquarters**
  - Human Resources Division
  - Hardware R&D Division
  - Product Quality Assurance Division
- **CNC China Production Center**
  - Administration Department
  - Manufacturing Division
  - Product Quality Assurance Division
- **AVC Vietnam Production Center**
  - Administration Department
  - Manufacturing Division
  - Product Quality Assurance Division

Environmental Sustainability Training Course

Arcadyan attaches great importance to issues related to climate change, and regularly arranges training courses related to environmental sustainability. For the first time in 2021, we hold a series of awareness training courses for all employees of the Arcadyan Group, providing employees with job-related training courses on energy conservation and greenhouse gas reduction. A total of 4 physical and online courses related to environmental sustainability will be held in 2022, with a total of about 6,400 participants in the courses:

Environmental Sustainability Course Name	Training Hours	Participants
[Arcadyan x PwC] SBTi Carbon Reduction Strategy Project	10	45
[Arcadyan Group Awareness Training Series Courses] Climate Change and Carbon Management	1	6,285
ISO 50001: 2018 Energy Management System courses	24	40
Low Carbon Green Life Lecture	3	30

Awareness Training Series Courses

Low Carbon Green Life Lecture

SBTi Carbon Reduction Strategy Project

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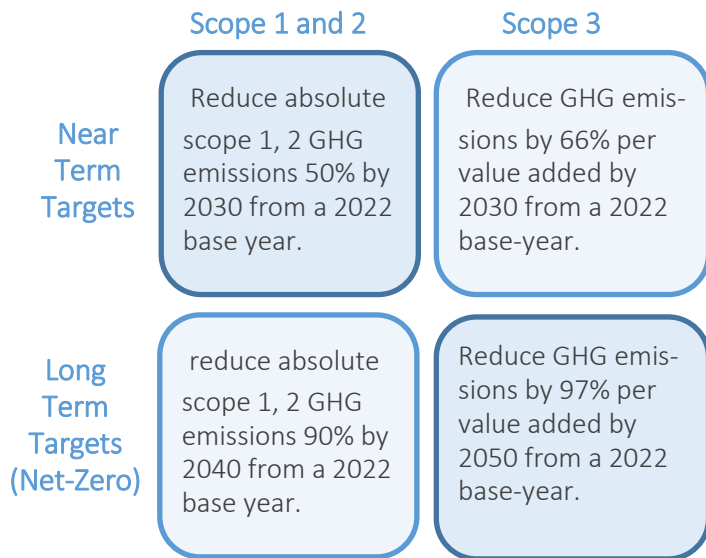7 Society Care and Public Welfare

Greenhouse Gas Management Strategy and Targets

Arcadyan has joined the Science-Based Reduction Targets Initiative (SBTi) in 2022 to assess the impact of future climate change with reference to the 1.5-degree warming scenario released by the International Energy Agency, and formulate the corresponding SBT scientific-based greenhouse gas reduction targets. Arcadyan's climate change response strategy includes the introduction of ISO 50001 energy management system, strengthening the utilization rate of renewable energy, developing low-carbon products, introducing low-carbon transportation routes, and low-carbon supply chains to implement greenhouse gas reduction and mitigate the impact of climate change. The energy management measures include the introduction of automatic monitoring equipment, and increase in the use of renewable energy, process optimization, and transformation of high energy consumption equipment. Improving energy efficiency and planning low-carbon products to reduce the impact of climate change and respond to the global goal of reducing carbon emissions.
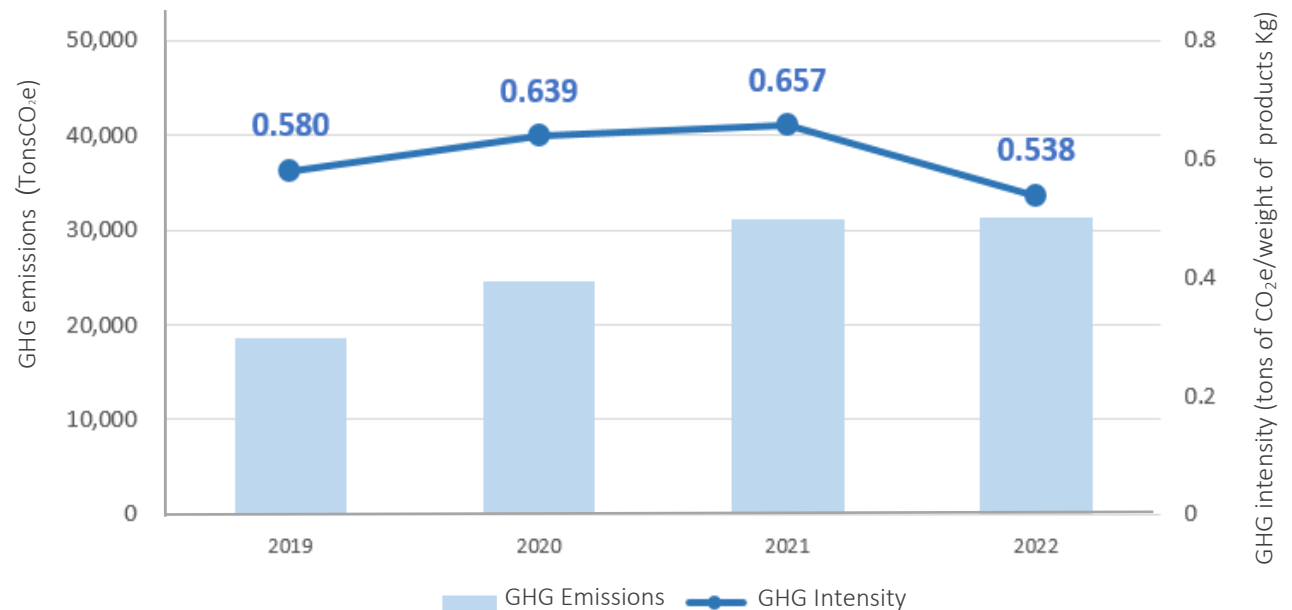
2022 Arcadyan's carbon emission intensity (per unit product weight) is 0.538 CO_2e/Kg, which is about 18% lower than the carbon emission intensity of 0.657 CO_2e/Kg in 2021, better than the 1% reduction target set in 2021. Arcadyan greatly shortened the timetable for low-carbon introduction planning. First, we introduced the ISO 50001 energy management system at headquarters in Hsinchu to improve the energy efficiency and serve as an ISO 50001 energy management demonstration plant. AVC Vietnam Production Center is expected to complete the ISO 50001 management system setup and obtain external certification in 2023. In June 2022, the Vietnam production center has launched the solar photovoltaic system, which has obtained external verification from SGS. At the same time, we have also evaluated the purchase of renewable energy certificates to increase the utilization rate of renewable energy, and is committed to continuously reducing energy consumption and improving energy efficiency.

2022 Arcadyan joined the Science-Based Reduction Target Initiative (SBTi), sets 2022 as the base year, declaring that the organization's greenhouse gas (Scope 1+2) will achieve net zero by 2040. A near-term goal is set for an absolute reduction of 50% in 2030. Other indirect emissions of greenhouse gases (scope 3) are planned to achieve net zero by 2050, with a near-term goal set for reduction of 66% per value added by 2030.

Arcadyan GHG Scope 1, 2 and 3 Carbon Reduction Targets

	Scope 1 and 2	Scope 3
Near Term Targets	Reduce absolute scope 1, 2 GHG emissions 50% by 2030 from a 2022 base year.	Reduce GHG emissions by 66% per value added by 2030 from a 2022 base-year.
Long Term Targets (Net-Zero)	reduce absolute scope 1, 2 GHG emissions 90% by 2040 from a 2022 base year.	Reduce GHG emissions by 97% per value added by 2050 from a 2022 base-year.

Arcadyan's GHG Scope 1 and 2 Emissions Statistics in Recent Years

GHG Intensity: 2019: 0.580; 2020: 0.639; 2021: 0.657; 2022: 0.538

Legend: GHG Emissions (bars); GHG Intensity (line)

2022 Greenhouse Gas Inventory

The greenhouse gas emissions in 2022 have been inventory according to the ISO 14064-1:2018 standard, and Arcadyan adopts the operational control approach to conduct greenhouse gas inventory on important operating locations. In addition to the greenhouse gas emissions from our own operations, starting from 2022 we will carry out a comprehensive inventory of 15 categories in Scope 3 and third-party verification every year, and extending Arcadyan's carbon management to value chain partners hotspots emissions.

For Scope 3 other indirect emissions in 2022, Arcadyan has conducted an inventory based on the all 15 categories. The three major emissions of "Category 1: Purchased Goods and Services", "Category 3: Fuel and Energy-related Activities" ,"Category 9: Downstream transportation & distribution" and "Category 11: Use of Sold Product". These four major emissions have accounted for more than 90% of the total GHG emissions of Arcadyan. Therefore third-party verification agency will verify the previous three major emission categories, and set corresponding carbon reduction targets. The other scope 3 categories are not activities that belong to the emission hotspots of Arcadyan Group, and external verification will not be conducted for the time being.

GHG Emissions (Ton CO2e)	Arcadyan Headquarters	CNC China Production Center	AVC Vietnam Production Center	SVA Shanghai Office
GHG Emission (Scope 1)	144.046	585.467	263.724	6.336
GHG Emission (Scope 2)	1810.527	16903.470	11549.767	68.768
Total GHG Emission (Scope 1+2)				31332.106

Note: Scope 2 electricity carbon emission factor of Arcadyan operation site: Taiwan 0.509 CO_2e/Kwh , China 0.7035 CO_2e/Kwh , Vietnam 0.7221 CO_2e/Kwh

GHG Emissions (Scope 3)	Category	Description of Inventory	Ton CO2e
Category 01	Purchased Goods & Services	Carbon emissions from raw materials purchased by Arcadyan Group	362,668.900
Category 03	Fuel and Energy-related Activities (not included in Scope 1 or Scope 2)	Fuel burned by contractors of Arcadyan's main operating bases	12,782.983
Category 09	Downstream transportation & distribution	Carbon emissions generated by the transportation mileage of shipments and distribution from Arcadyan's main operating bases	5,420.807
Category 11	Use of Sold Product	The carbon emissions generated by the products sold by Arcadyan to the world during the use phase	3,070,755.230

GHG Scope 3 Carbon Reduction Measures

In response to market trends, the development of electric vehicles to replace fuel vehicles is conducive to net-zero, and the transformation of transportation vehicles has become a global trend. In 2021, Arcadyan completed the installation of 4 EV charging stations in Hsinchu headquarters, to provide the convenience of charging for colleagues who drive electric vehicles, and reduce the carbon emissions related to employees commuting of greenhouse gas Scope 3.

In terms of raw material transportation, Arcadyan plans to introduce biofuel transportation routes in 2023 to reduce carbon emissions in upstream and downstream transportation. And cooperate with key customers to introduce a circular economy model, recycle waste products sold in the market, and after dismantling and sorting operations, the plastic shells are transported back to make PCR plastic pellets, and put into production again, reducing Carbon emissions of purchased products.

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Biodiversity

When building the Arcadyan headquarters, it referred to the nine major indicators of green building assessment, including biodiversity, greening amount, water retention, energy saving, carbon dioxide reduction, waste reduction, indoor environment, water resources and sewage and waste. The ecological greening area is planned to be equipped with trees, shrubs and ground cover. Camphor trees, moon oranges, Podocarpus, beech trees, and frangipani are planted. The ground cover plants are mainly artificial grass and carpet grass, and green area coverage rate is nearly 90%, which is better than the 50% standard of green building regulations. And no pesticides, synthetic chemicals or insecticides are used to establish a stable ecological system, to achieve the diversity of biological goals. Arcayan also uses a green roof design concept to place vegetation on the top floor to reduce solar radiation heat and carbon dioxide, lowering the indoor temperature on the roof by 3 to 5 degrees, thereby reducing the use of air conditioning.

In response to the COP15 United Nations Biodiversity Conference to be held in 2022, Arcadyan also measures the biodiversity risks faced by operations. In the product life cycle assessment (LCA) process, it considers climate change, human toxicity, freshwater Eco toxicity and minerals, The impact of 28 types of biodiversity, including fossils and resource depletion, is to ensure that the impact on biodiversity in the life process of the product is minimized.
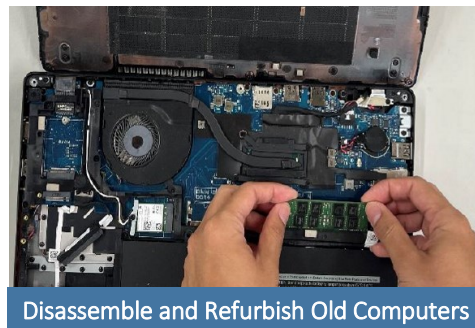
In 2022, Aradyan cooperated with the National Agricultural Science Subsidy Project to adopt 40 hectares of fields. After harvesting, they will not use the traditional method of burning rice straw. Instead, they will use organic fertilizer mixed with decomposing bacteria to decompose the rice straw, maintain the biodiversity of microorganisms in the soil, and prevent soil damage. Acidification, there is no need to apply base fertilizer during the next farming, keeping the soil healthy and resilient. Arcadyan will also continue to invest in climate action, pay attention to the development of carbon sequestration technology and offset related assessments, invest efforts in achieving the goal of carbon neutrality.

Green Procurement

Arcadyan cooperates with the government's green consumption policy, commits to the procurement of general affairs within the company, gives priority to evaluating the purchase of green products that meet the environmental protection label, and encourages employees to buy environmentally friendly products in daily life. According to statistics, the amount of green procurement in 2022 will reach $19,766,195 (NTD).

Product Type	Quantity	Amount
Environmental Energy Efficiency Label Notebook Computers	251	$10,244,345
Personal Desktop PC	74	$4,104,100
Environmental protection and energy saving label computer screen	163	$1,275,750
Energy-saving server	7	$2,114,000
Energy-saving IT equipment	2	$2,028,000

IT Equipment Refurbishment

Arcadyan implements the replacement and update of IT information system equipment every year. In 2022, the MIS department disassembled and reassembled 263 old computers eliminated by various departments to form 43 refurbished computers for function testing and cleaning to maintain computer functions. The replacement rate of computers can be reduced by means of refurbishment, and an average of 238Kg/CO_2e of carbon emissions can be saved per computer based on life cycle estimates.

Production Center Waste Heat Recovery

The waste heat recovery device has been installed in the production center of Arcadyan Vietnam since 2022. The high-temperature and high-pressure gaseous refrigerant is passed through the heat recovery device of the chilled water host, and the normal temperature water is sent to the heat recovery device by a circulating water pump, and the heat exchange with the high-temperature refrigerant steam is sent to air-conditioning box circulates dehumidification to ensure that the constant temperature and humidity of the process are within the monitoring range. It's also expected that after the completion of the staff dormitory in 2023, the air compressor heat recovery mechanism will be introduced, and the waste heat will be used by the dormitory staff for bathing with the same heat exchange principle.

Arcadyan HQs Green Area

Promotion of Rice Straw Project

Disassemble and Refurbish Old Computers

Waste Heat Recovery Equipment at Vietnam Factory

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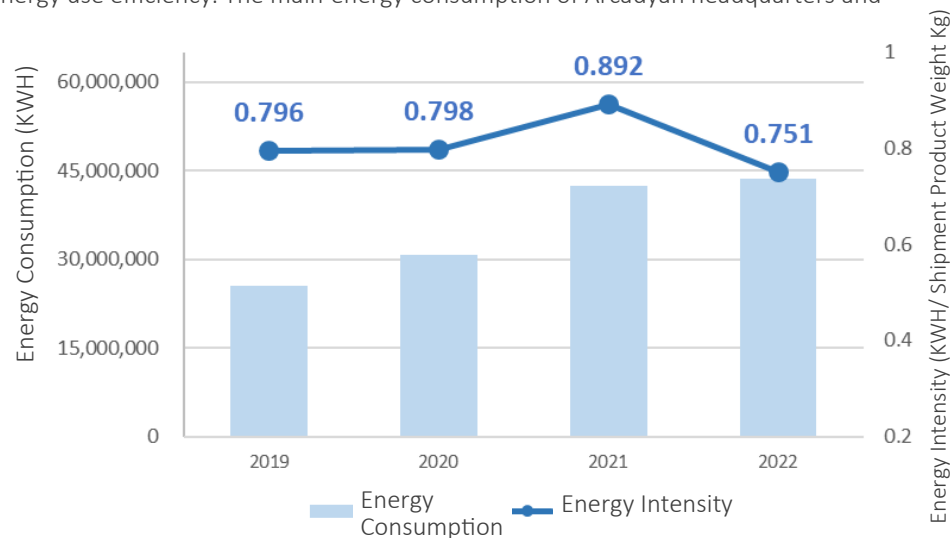7 Society Care and Public Welfare

5-4 Energy Management

Arcadyan headquarters and overseas production centers mainly use outsourced power. In 2022, Arcadyan headquarters has obtained the certification of the ISO 50001 energy management system. In the same year, the AVC Vietnam production center has launched a solar photovoltaic systems to improve the energy efficiency of the operating base. In 2022, the energy consumption per unit product of Arcadyan is 0.751KWH/Kg, which is 15.8% lower than the energy intensity of 0.892KWH/Kg in 2021, which is better than the 1% reduction target set in 2021. Arcadyan headquarters plans to cooperate with external energy technology service providers in 2023 to analyze the energy use structure for basic measurement, introduce energy-saving technologies and build energy monitoring equipment to improve energy management transparency and energy use efficiency. The main energy consumption of Arcadyan headquarters and overseas production centers in the past four years is shown in the following table:

Type	Site	Energy Use (KWH)			
		2019	2020	2021	2022
Purchased Power	Arcadyan Headquarters *	2,578,475	2,807,664	3,256,629	3,557,028
	China Production Center	17,725,470	19,237,500	27,946,292	24,027,676
	Vietnam Production Center	5,250,292	8,721,255	11,088,129	15,994,692
	SVA Shanghai Office	-	-	110,081	113,638
Solar Power	Vietnam Production Center	-	-	-	1,569,360

*Note: The Taipei office will be added to the coverage in 2021. The data for 2019 and 2020 is only for the Hsinchu headquarters.

Energy Consumption / Energy Intensity chart (2019–2022): Energy Intensity values 0.796, 0.798, 0.892, 0.751.

AVC Vietnam Production Center Solar Photovoltaic System

Renewable Energy Development

The roof-type solar power generation system built by AVC Vietnam Production Center will be completed in June 2022. The solar panels covering an area of 17,000 square meters can supply about 15% of the electricity for Vietnam Production Center every year. The power generation of solar energy is verified by SGS, and has obtained green energy certification by the end of 2022. In 2022, the solar power generation of the Vietnam production center from June to December is 1,569MWH, accounting for 3.5% of the total electricity consumption of Arcadyan group, and the target will reach 6% in 2023.

It's expected that after the completion of the second plant of the Vietnam production center in 2023, a solar power with the same unit area as the first plant will be built to increase the proportion of renewable energy used. Arcadyan has also begun to evaluate the purchase of international Renewable Energy certificates (I-REC), increasing the use of renewable energy year by year. In Arcadyan's Taiwan headquarters, it is also actively looking for suitable renewable energy companies and signing green power purchase agreements to gradually transform towards low-carbon production.

Energy Saving Measures

Promoting green offices to reduce carbon emissions is an important environmental protection mission of Arcadyan. The main green measures implemented include the use of LED lighting and the installation of water-cooled air conditioning systems to save energy. By improving the efficiency and reliability of equipment, indirect emissions and pollution can be managed more effectively. Arcadyan has added various environmental protection and energy-saving measures to daily operations, such as regularly cleaning the air-conditioning filters, installing high-efficiency filters in the full-heat air conditioning exchange system, and regularly monitoring energy consumption emissions. The energy-saving improvement plan of CNC China production center has been implemented since 2015. In addition to the control of lighting and air-conditioning equipment, it has also replaced old equipment with frequency conversion systems, uses a new level 1 energy consumption level refrigeration. Compared with the old unit, the high-efficiency cooling capacity can reduce the annual electricity consumption by about 40%. And posted energy-saving slogans to enhance colleagues' environmental awareness.

AVC Vietnam Production Center started production in the mid of 2019, following CNC China production center model, and maximizing the use of energy resources in the planning of various software and hardware facilities. Introduce automated robotic arms to improve production efficiency, reduce defect rate and waste of energy resources.

Category	Project Items
Energy Saving in Production	Implement automated production line
Air Conditioning Engine Modification	1. To replace the original high energy consumption unit to new low energy consumption (level 1) unit 2. The temperature setting is not lower than 26℃ in summer; not higher than 22℃ in winter
Lighting Modification	1. Using high-efficiency LED light-emitting diode lamps to reduce electricity consumption and carbon emissions 2. Install Time Control and Sensing Controllers
Air Compressor Modification	Replace the original high-energy-consuming frequency machine with two-stage compression frequency conversion energy-saving unit
Humidifier Modification	Replace the original high-energy-consumption electrode humidifier with a low-energy-consumption and energy-saving humidifier
Frequency conversion System	1. Replacing old equipment with high-efficiency production equipment, such as air-conditioning circulating water pumps using frequency conversion automatic control 2. Exhaust gas treatment adopts variable frequency fan motor automatic control
Intelligent Auto Dispatch	Adopt intelligent automatic dispatching system, and promote the use of more stairs and less elevators

iBEMS Intelligent Building Energy Management System

Arcadyan headquarters introduced the Intelligent Building Energy Management System (iBEMS) to establish a cloud-based energy management system, using the IoT concept to connect sensors and controllers in buildings through Zigbee wireless communication , to achieve building energy management and intelligent energy-saving control. Use contract capacity analysis to find optimal settings to reduce electricity bills; and establish energy consumption baseline (Baseline), which can achieve energy management through PDCA and intelligent energy-saving optimization control to air-conditioning and air quality monitoring (CO, CO2, etc.), lighting, personal computers, etc. And through analysis, control and other methods to optimize energy consumption and reduce energy waste, so as to achieve all-round energy saving improvement.

iBEMS Intelligent Management System

Production Center New Refrigeration unit
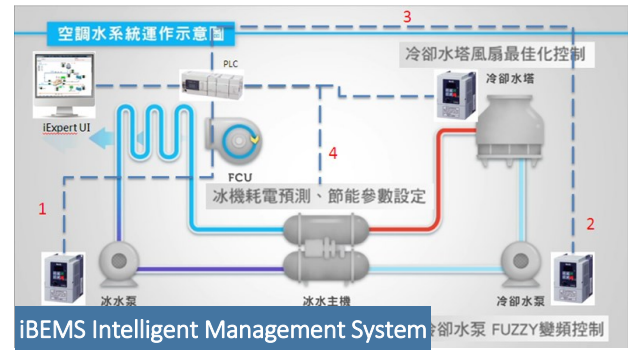
IT Energy Efficient Infrastructure

Arcadyan headquarters has 10 energy-saving physical hosts and about 100 virtual hosts. The equipment room is designed with dual-channel cooling and heating, which saves an average of 66,190 kilowatts of energy per year (Annual Server & Cooling Energy Usage). The impact on the environment can save 200 trees and reduce carbon emissions by 40,261 kilograms.

IT energy-saving host settings	2020	2021	2022
Number of Physical Hosts Settings	6	10	10
Number of Virtual Host Settings	75	100	100

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Energy-saving Measures Regular Maintenance of Equipment

Set up Auto-sensing Lighting

Intelligent air Conditioning Monitoring

High Pressure Spray Replaces Electrode Heating

Power Distribution Cabinet Maintenance

Frequency Conversion Pump

Air Conditioner Filter Cleaning

Energy-saving measures Regular Inspection of Equipment

Regular Inspection of Air-conditioning Equipment

Inverter Compressor Inspection

Exhaust Emission System Inspection

Electrical Room Equipment Inspection

Regular Inspection of Gas Supply Equipment

Regular Inspection of Gas Supply Equipment

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5-5 Water Resources Management

Water resources are a necessary resource in modern society and the most precious element of life on the earth. In response to climate change, Arcadyan uses tap water sources for water in all plants and implements comprehensive water resources management to achieve the objective of water conservation. Wastewater discharge management is to plan treatment facilities based on the type of wastewater, such as kitchen wastewater grease separation, to reduce the impact on the environment and make wastewater discharge better than local discharge standards.

The production center is an assembly factory, and only domestic water is discharged during the process, and no factory wastewater. The discharged domestic wastewater is directly discharged to the local sewer system, and the destination of the discharge is the sewer management system, and the domestic wastewater discharge permit has been obtained and the third party has passed the test. No sewage will directly affect the water quality and land, and regular monitoring.

By the end of 2022, Arcadyan's important production centers in China and Vietnam, have been tested by a third party for pH value, oxygen content, suspended solids, ammonia nitrogen, total phosphorus, total nitrogen and other chemical contents that meet the local discharge water quality regulations and standards. And there have been no related lawsuits (amount exceeding NT$2 million) such as violation of environmental protection laws and regulations or major leakages case.

Water Saving Measures

Arcadyan headquarters is a research and development office building. Water resources are only used for general domestic water, no process water is used, and the generated sewage is incorporated into the sewage and sewer management system set up by the government, So most of the planning for saving water resources is based on infrastructure improvement, such as the selection of water-saving equipment, rainwater recovery system, automatic planting watering system and other water-saving devices.

The Vietnam production center fully implements water resources management. The new factory will be relocated at the end of 2021, and a rainwater recovery system will be planned and built. Through the water collection pipes and gutter installed on the roof and eaves of the factory area, rainwater and surface water are collected by natural terrain and other methods. Rainfall runoff, after being filtered, is used as toilet flushing, plant watering, etc., to reduce the demand for daily water supply, and it is estimated that the annual water consumption can be saved by 10-15%.


Rainwater Recycling System in Vietnam

China Factory Recycled Water for Reuse

Water Consumption of Arcadyan

2022 the water consumption of the CNC production center is higher than in previous years, mainly due to the epidemic, and most of the water used is for cleaning and environmental disinfection. The AVC Vietnam Production Center was relocated to the new plant in 2021, the industrial and fire storage tanks need water injection and the increase in water for fire drills in the factory area, the capita water consumption per month was higher than in previous years, and the water consumption decrease to stable in 2022. In 2022, the monthly per capita water consumption of Arcadyan Group will be 2.33 tons/person, which is 12% lower than the monthly per capita water consumption of 2.65 tons/person in 2021, which is better than the 1% reduction target set in 2021.

Site	Year	Water consumption (tons)		
		2019	2020	2021	2022
Arcadyan Headquarters		19,427	21,067	20,021	23,157
CNC China Production Center		60,418	56,706	95,667	72,112
AVC Vietnam Production Center		13,680	20,122	61,880	71,022

Arcadyan Capita Water Consumption Per Month in 20202

Legend: 2019 2020 2021 2022

Arcadyan Headquarters: 2.17
CNC China Production Center: 2.67
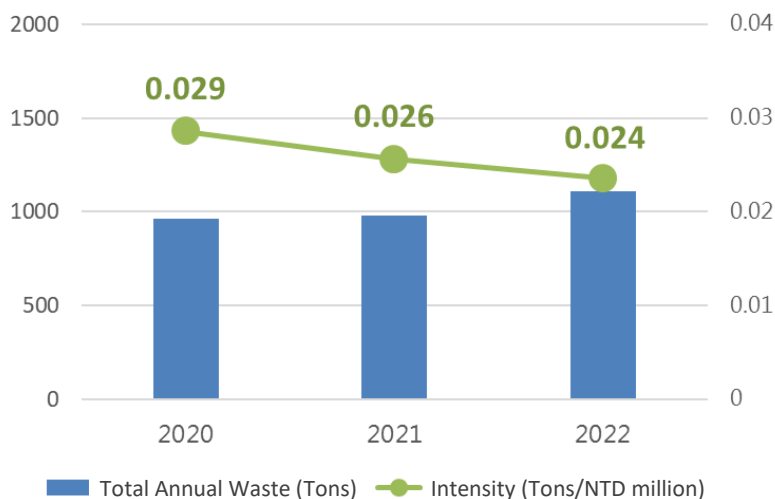AVC Vietnam Production Center: 2.11
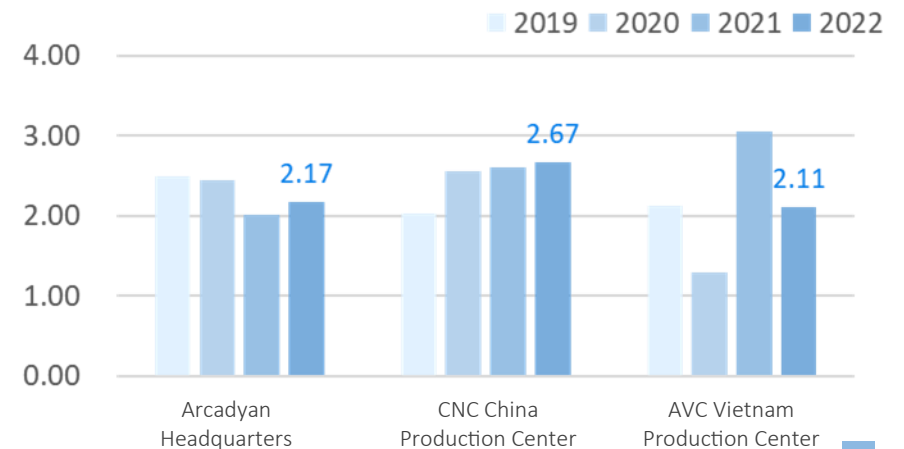
5-6 Waste Management

In order to prevent pollution incidents, properly manage and treat waste from the source, and achieve the goal of waste reduction, in 2022, the comprehensive waste recovery rate of Arcadyan's factories has reached 72.37%. The following explains the waste management of Hsinchu headquarters and each production center:

Arcadyan Headquarters' garbage includes general waste, recyclable waste and hazardous industrial waste; general waste is general combustible domestic waste, and resource recycling waste includes paper, general plastic, defective product plastic case, metal, glass, etc. In the waste removal and treatment part, set up a waste storage area that meets the requirements for classification, waste reduction, recycling, reuse, and incineration. The process outsourcing legal vendors handle in accordance with regulations. In addition to the establishment of an internal waste audit management operation, the headquarters waste data will be checked by the third-party TÜV Rheinland (TUV) since 2019.

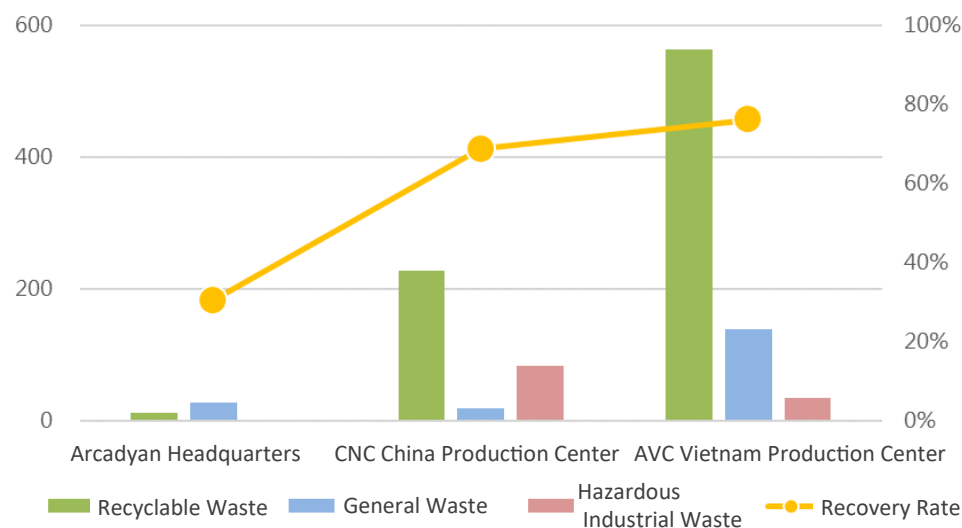| Site	General waste (Tons)	Recyclable Waste (Tons)	Hazardous Industrial Waste (Tons)	Recovery Rate
Arcadyan Headquarters	28.040	12.864	1.1	30.63%

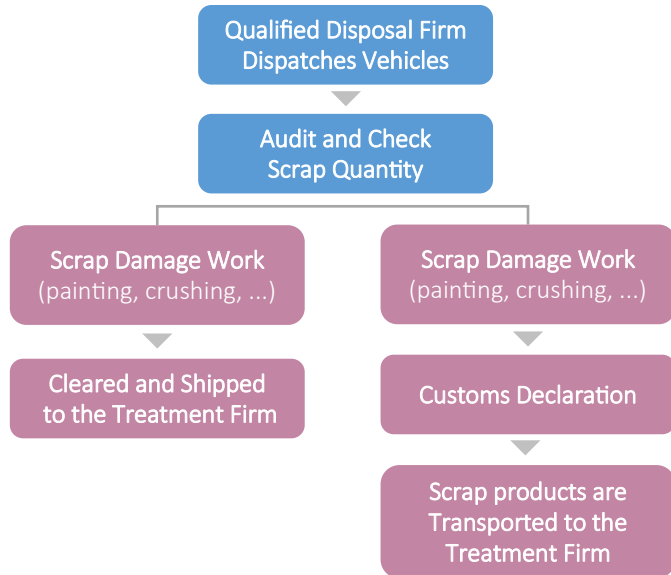### Proportion of Arcadyan Overall Waste

China and Vietnam Production Centers the waste generated by classified and processed, and then recycled or incinerated by qualified disposal firm according to the category. The factory site has only a small amount of hazardous industrial waste, which is mainly derived from the cleaning agent used to clean the steel plate/reflow furnace, the alcohol used for wiping, and the waste liquid of cleaning fixtures, waste lamps and PCB board edges, etc. which are handed over to the local qualified recycling and processing vendor for legal disposal. In addition, the exhaust gas emission source of the factory process is the soldering process. The exhaust gas generated by the soldering process in the factory is collected centrally and then discharged from the exhaust pipe after the activated carbon filter absorbs volatile organic compounds (VOCs). The production center conducts regular air pollution twice a year. For air pollution monitoring, the maintenance department will check and maintain the exhaust equipment every month to ensure that the air pollution monitoring data meet the environmental protection requirements of the local government. As of the end of 2022, there will be no leakage of major pollutants such as oil, fuel, waste, and chemical substances that will affect the soil or water surface. There is also no incident of importing or exporting hazardous waste or violating environmental regulations.

Site	General waste (Tons)	Recyclable Waste (Tons)	Hazardous Industrial Waste (Tons)	Recovery Rate
CNC China Production Center	10.103	354.983	146.436	69.40%
AVC Vietnam Production Center	36.099	377.476	13.854	88.31%

Waste Recycle Rate of Each Site in 2022

Procedures for the Removal of Scrapped products

```
┌──────────────────────────┐
│ Qualified Disposal Firm   │
│ Dispatches Vehicles       │
└──────────────────────────┘
            ↓
┌──────────────────────────┐
│ Audit and Check           │
│ Scrap Quantity            │
└──────────────────────────┘
        ┌────┴────┐
        ↓         ↓
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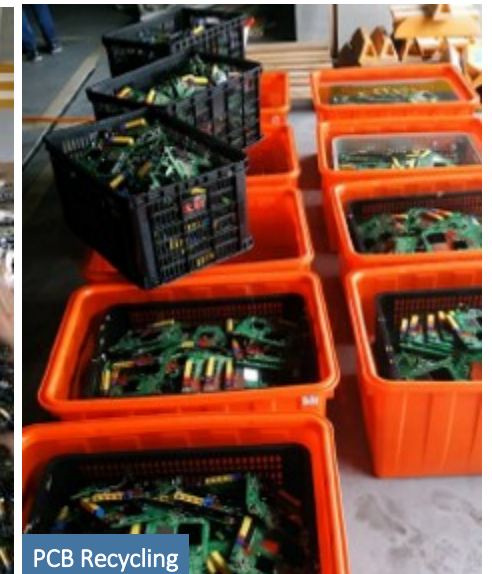| Scrap Damage Work (painting, crushing, ...)	Scrap Damage Work (painting, crushing, ...)
↓	↓
Cleared and Shipped to the Treatment Firm	Customs Declaration
	↓
	Scrap products are Transported to the Treatment Firm

Waste Reduction

Arcadyan understands the importance of waste separation and recycling at the source, and sets up recycling bins inside to encourage separation and recycling, and proposes a reduction plan. The number of garbage recycling bins in the factory area has been increased from 8 sites to 18 sites, increasing the employees' willingness to protect the environment and centralized recycling. Continuously carry out waste sorting, disposal and recycling, reduce resource consumption, energy saving and environmental protection, and regularly conduct environmental protection, energy conservation and other employee education and training to strengthen employees' awareness of environmental protection.

Arcadyan Waste Reduction Measures
The restaurant does not use disposable tableware
Develop online sign-off system to reduce paper usage
Conduct automated processes to improve yield rate
Reduce the loss of waste materials due to manual negligence, and fully implement it

Refurbishment of Accessories in RMA Process

In the recycling process of product return (Return Merchandise Authorization, RMA), Arcadyan adopts refurbishment and re-use of packaging materials and accessories. By restructuring or repairing, the used products can be restored to good condition. This method will extend the life cycle of products and accessories. Based on design experience and recycling industry recommendations, Arcadyan takes 5 aspects to evaluate the product's recyclability until the end of its life, and maximize its recyclability.

Five Aspects of Assessing Recyclability
1. Material type
2. Product design assembly/disassembly method
3. Recycling process in accordance with the WEEE directive
4. Dismantling in accordance with the WEEE directive
5. Check the assembly of parts easy to separate

Repair and Refurbishment

In 2022, 23,396 products have been refurbished by the Return Merchandise Authorization (RMA). Faulty or defective products have been repaired or reassembled to restore the product to a good condition, prolong the service life of the product, and power adapters and wire accessories were repackaged, and about 17,000 related accessories were refurbished. Recycling and reuse accounted for 77% of the total number of returned goods, maximizing the use of accessories and products.

In 2022, RMA cooperates with plastic recycling and transportation manufacturers to collect recycled plastic casings (about 7 metric tons of plastic materials) among the scrap products, so that the waste plastics that were originally discarded can be converted into waste through new pipelines, and can be recycled and reused The recycling mechanism is returned to the manufacturing process, which is equivalent to saving 105.3 metric tons of CO_2e carbon emissions.

RMA Inventory and Classification

PCB Recycling

6 Happy Workplace

1 Stakeholder Engagement
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3 Sustainable Partnership
4 R&D Innovation
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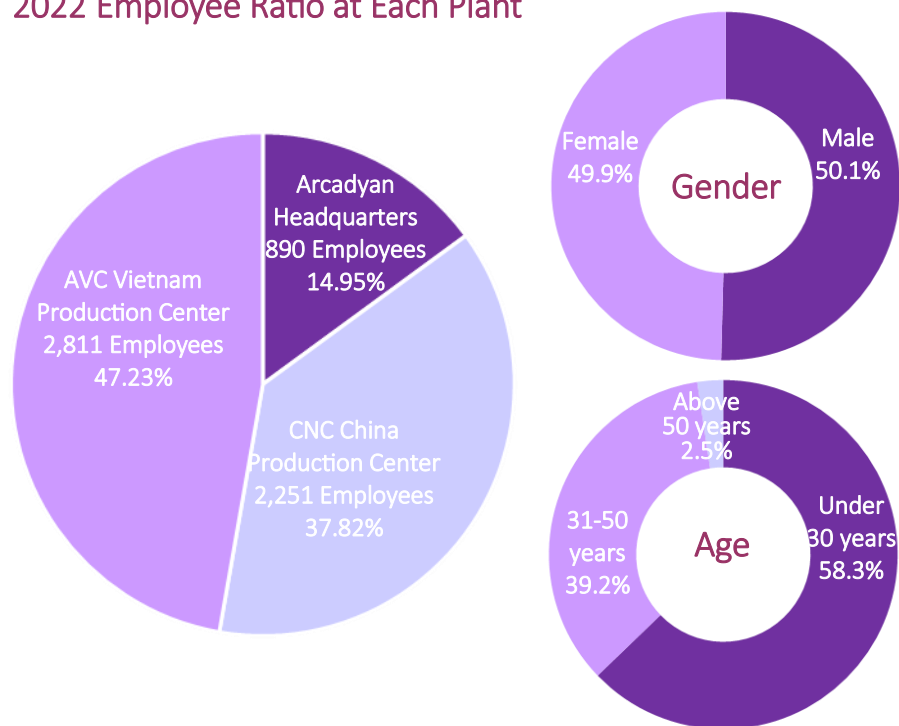7 Society Care and Public Welfare

6-1 Employee Profile

By the end of December 2022, Arcadyan Hsinchu R&D headquarters and production centers (including expatriates) have a total of 5,952 employees (890 in Taiwan, 2,251 in CNC mainland production center, and 2,811 in AVC Vietnam production center). The overall employment of men and women in Arcadyan group is 50.10% men and 49.90% women.

There are a total of 890 employees in Arcadyan Hsinchu headquarters, Taipei office and overseas staff. R&D personnel accounted for more than 70% of the company's employees. Male and female of Arcadyan employees accounted for 70.67% and 29.33%; management positions males accounted for 80.6%, and females accounted for 19.4%. The discrepancy is attributed to job nature rather than gender discrimination.

The total number of employees in CNC China production center is 2,251, of which 56.95% are males and 43.05% are females. The total number of employees in the AVC Vietnam production center is 2,811, of which 38.10% are males and 61.90% are females.

2022 Employee Ratio at Each Plant

Arcadyan Headquarters 890 Employees 14.95%
AVC Vietnam Production Center 2,811 Employees 47.23%
CNC China Production Center 2,251 Employees 37.82%

Gender
Female 49.9%
Male 50.1%

Age
Above 50 years 2.5%
31-50 years 39.2%
Under 30 years 58.3%

Localization of Supervisors

Arcadyan has set up production centers in China and Vietnam, and dispatched Taiwanese supervisors above the manager level to impart management experience, and strive to cultivate local talents, hoping to have a positive impact on the local area. The proportion of local supervisors in the 20212CNC China production center is 88.64%, and AVC Vietnam produces The center is 46.88%.

Site	Managers	Local Managers*	Percent
Headquarters (Hsinchu)	165	162	98.18%
CNC China Production Center	88	78	88.64%
AVC Vietnam Production Center	32	15	46.88%

*Note: **Local managers** refer to local personnel with positions above section chief .

Employee Diversity & Inclusion

In response to the information disclosure requirements of the Sustainability Accounting Standards Board (SASB), the number and proportion of each employee type has been disclosed in the sustainability report since 2021 to illustrate the diversity and inclusiveness of Arcadyan for employees. There are 12 foreign employees at Arcadyan headquarters, from India, Turkey, the Philippines, Argentina, Dominican Republic, Colombia, Malaysia, France, Vietnam and other countries, accounting for 1.3% of the headquarters' employees, showing the diversity and strength of Arcadyan.

Site	Management	Technical Staff*	Administration Staff	Direct Employees
Arcadyan Headquarters	165	510	215	0
CNC China Production Center	88	214	60	1,889
AVC Vietnam Production Center	32	186	146	2,447

*Note: **Technical Staff** are professionals in R&D, engineering and technology.

Ratio by Age

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Arcadyan Headquarters	109	1.83%	437	7.34%	83	1.39%	67	1.13%	168	2.82%	26	0.44%
CNC China Production Center	860	14.45%	406	6.82%	16	0.27%	578	9.71%	376	6.32%	15	0.25%
AVC Vietnam Production Center	817	13.73%	252	4.23%	2	0.03%	1041	17.49%	694	11.66%	5	0.08%

Note: The proportion of employees of each age group refers to the proportion of employees in each operating base to the total number of employees during 2022.

Structure and Distribution

	Male						Female					
	Direct Employees	Indirect Employees		Temporary*	Total for the Gender	Gender Ratio of Local Employees	Direct Employees	Indirect Employees		Temporary*	Total for the Gender	Gender Ratio of Local Employees
		Manager*	Staff					Manager*	Staff			
Arcadyan Headquarters	-	133	496	4	629	70.67%	-	32	229	11	261	29.33%
CNC China Production Center	977	62	243	0	1282	56.95%	841	26	102	0	969	43.05%
AVC Vietnam Production Center	848	25	198	0	1071	38.10%	1599	7	134	0	1740	61.90%
Total	1825	220	937	4	2982	50.10%	2440	65	465	11	2970	49.90%

Note1: Direct employees are defined as operators, indirect employees are defined as employees other than operators, and supervisors are those who hold positions above section chief.

Note2: The temporary of Arcadyan headquarters arranges employment according to the demand of low and peak seasons, and the annual average number is disclosed in this report.
   The number disclosed in the report is the number of people at the end of December 2022. (4 males, 11 females)

Note3: Arcadyan Hsinchu headquarters cooperates with public welfare groups to provide summer work-study opportunities for rural youths.
   In 2022, a total of 7 participants participated in the summer work-study project. (2 males, 5 female)

6-2 Recruitment and Turnover

Arcadyan is the first professional and intelligent network terminal equipment company to integrate broadband, multimedia, wireless and internet communication protocols. The excellent research and development capability is competitive advantage. To ensure that we can maintain our competitive advantage in the environment of rapid technological and specification changes, we formulate the business policy and development strategy for the next year at the end of each year, and formulates the annual employment plan based on our strategy. HR department publicly releases job vacancies through various recruitment channels, and recruits talents in accordance with government regulations. The recruitment process adheres to the principles of openness, transparency and merit-based admissions, and recruits suitable talents in a fair and just operation mode. In order to promote the flow of talents within the organization, while respecting the career development of employees and taking into account the company's business needs, provide diversified opportunities such as expatriate, internal transfer, and overseas professional technology transfer, and encourage employees to learn new knowledge and skills through cross-cultural and cross-field learning, and plan for diversified career development.

In 2022, due to the outbreak of the epidemic, the employees of the mainland production center returned to their hometowns and could not return to work during the long holiday, resulting in a higher turnover rate than in previous years. In addition to promoting the Chinese New Year in the local area, the human resources department also adopted additional bonus retention measures to reduce personnel turnover. Arcadyan will Continue to improve employee salaries and benefits and improve the working environment, create a workplace environment that allows employees to achieve self-fulfillment and continuous growth, and improve employee retention.

New Recruitment Rate

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Arcadyan Headquarters	47	5.28%	61	6.85%	5	0.56%	28	3.15%	30	3.37%	0	0.00%
CNC China Production Center	1794	79.70%	548	24.34%	0	0.00%	1124	49.93%	692	30.74%	0	0.00%
AVC Vietnam Production Center	1117	39.74%	235	8.36%	3	0.11%	1506	53.58%	723	25.72%	5	0.18%

Employee Turnover Rate

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Arcadyan Headquarters	23	2.58%	50	5.62%	7	0.79%	13	1.46%	13	1.46%	3	0.34%
CNC China Production Center	942	41.85%	247	10.97%	0	0.00%	621	27.59%	384	17.06%	0	0.00%
AVC Vietnam Production Center	776	27.61%	165	5.87%	2	0.07%	1077	38.31%	442	15.72%	3	0.11%

Note: The ratio of newly recruited and resigned employees refers to the ratio of newly recruited and resigned employees to the total number of employees of each operating base during 2022.

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6-3 Respect for Human Rights

Arcadyan headquarters and overseas production centers recruit employees solely based on personal character, ability, and match with the duties assigned. Under no circumstances would the company allow different treatment for race, ethnicity, social status, lineage, religion, disability, gender, sexuality orientation, family responsibilities, marital status, political opinion, age or other discrimination. In 2021, the "Arcadyan Technology Human Rights Policy Declaration" released on the official website, promising to provide a safe, healthy and harassment-free working environment, prohibit forced labor and child labor, eliminate illegal discrimination and ensure equal job opportunities, create an environment that is open to communication, and establish management model to help employees maintain physical and mental health and work-life balance. 2022 Arcadyan has added a diversity equality and tolerance policy to the human rights policy, respecting differences, inclusive of multiculturalism, and providing a non-discriminatory working environment. Respect the diversity of gender, nationality, race, disadvantage, age and sexual orientation, and establish a working environment where employees feel safe, accepted, respected and value their uniqueness.

Arcadyan conducts human rights-related risk assessments on Arcadyan's important operating locations, such as headquarters, overseas production centers, and key customer supply chains every year. And formulate relevant management regulations such as "Use Child Labor and Minors Labor Control Procedure", "Freedom of association and collective bargain rights control procedure", "Prohibition of discrimination and punitive measures management procedure" and "Disciplinary Measures Management Procedures" and "Forced Labor Control Procedures" to ensure that employees and stakeholders will not work or serve under any retaliation or threat, or as debt-paying work. In 2022, at the Hsinchu headquarters and overseas production centers, there were no cases of illegal employment of child labor or underage labor, and there were no cases related to penalties under the labor standards law.

Labor Rights Awareness Training for All Staff

2022 Arcadyan has organized "Labor Human Rights Awareness Training" for all employees. The course content covers employee code of conduct, gender equality, sexual harassment prevention, description of forced labor forms, and measures related to the implementation of human rights policies. Illustrate humane treatment, prohibition of undue discrimination, and non-employment of child labor, etc., create a corporate environment that respects, equals, and protects human rights. The labor rights awareness course for all employees was conducted simultaneously in the form of online courses and classes in person. A total of 6,285 Arcadyan colleagues participated, with a completion rate of over 99.5%, and completion rate of human rights awareness training for new employees is 100%.

Course	Training Hours	Participants	Training Rate
Prohibition of Forced Labor and Human Rights Policy	1	6,285	99.5%
Gender Equality Training	1	6,285	99.5%
Sexual Harassment Prevention Training	1	6,285	99.5%

Implementation at Vietnam Production Center

Prohibition of Forced Labor

All the operating bases of Arcadyan follow the "International Labor Organization Convention", "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant" and other international human rights conventions and local regulations to prevent any violations of human rights. Arcadyan also follows the British "Modern Slavery Act 2015 (UK Modern Slavery Act 2015) "strictly prohibits forced labor, protects employees' personal freedom, and respects employees' rights, including freedom of employment, freedom of resignation, freedom of overtime and freedom of movement. Prohibit the use of any form of forced labor, including indentured labor and bonded labor, etc., prohibit the seizure of employee ID cards, passports or work permits, and ensure that employees do not work or serve under any retaliation or threat, or as a debt-paying work or service. Employees have the right to freely choose to resign. According to legal requirements, the company will give notice to terminate the employment relationship, and they can resign after completing the resignation procedures. Through the regular review mechanism of internal audit and internal control, Arcadyan has checked that there is no violation of relevant forced labor.

In 2021, Arcadyan revised the "Supplier Corporate Social Responsibility Commitment" to require suppliers to follow the same standards, schedule on-site audits for suppliers with high human rights risks, and require suppliers to provide evidence that does not involve slavery or human right policy, management and related practices of the matter. In overseas production centers, the "Working Hours Early Warning System" systematically monitors working hours, and automatically notifies supervisors and colleagues who work overtime or have too many consecutive working days, reminding the supervisors to take care of the working conditions of their colleagues.

Arcadyan maintain smooth labor-management communication channels and harmonious relationship, through labor-management meetings to review the resignation and organizational change system processes to avoid labor disputes, and promises to notify employees at least four weeks in advance of major changes in operations. A deadline for improvement will be given before the employee is dismissed. The department head will communicate with the person concerned about the non-compliance, set a phased goal, and review the time limit for the results, and propose a specific improvement plan and assist the resources needed to improve the effectiveness of the work. And continuous evaluating the improvement situation. If employees are subjected to any threat, abuse, exploitation or coercive behavior in the workplace, they can appeal any illegality anonymously through the appeal mailbox (hr_hq@arcadyan.com). In 2021, at the Arcadyan headquarters and overseas production centers, there were no cases of forced labor in violation of regulations, and there were no cases related to penalties under the labor standards law.

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Diverse, Equal and Inclusive in Arcadyan

Arcadyan respects differences between people, gender equality, and the physical and mental health of employees. 2022 set barrier-free restrooms on 4F, 5F, and 7F as " All Gender Restrooms", regardless of whether they are biological males, biological females, or transgender groups. Employees of different gender identities or people with disabilities can use gender-friendly toilets with peace of mind.

When Arcadyan holds campus recruitment, it arranges for representatives of female supervisors to communicate with students. It is also planned to incorporate Diversity, Equity, and Inclusion (DEI) issues into newcomer training and employee awareness training courses from 2023, so as to cultivate a friendly corporate atmosphere in DEI through education and training. And provide leadership training for female executives to pursue self-growth and excellence, with at least one lecture every year, on topics such as women's power in technology, workplace and family, to provide employees with resources for success in the workplace.

ALL GENDER RESTROOM

Equal Pay Gender Pay Ratio

The salaries and benefits provided by Arcadyan are in compliance with the legal requirements of the place of operation, and all formally employed employees are entitled to legally stipulated insurance and pension plans. Adopt a salary policy of equal pay for equal work, regardless of race, nationality, age, social class, ancestry, religion, physical disability, gender, sexual orientation, family responsibility, marital status, political opinion, and consider awards based on the overall salary system, including salary, benefits and bonuses, etc. All employees are required to accept performance appraisals twice a year, and the appraisal results are used as the basis for rewards, appointments, promotions and various personnel management.

There is no difference in the starting salary and annual salary adjustment of new recruits due to gender, and they follow the same recruitment conditions and salary grades. However, due to various job attributes, seniority and other factors, the ratio of sexes in each job category is different, and the ratios are different. 74% of the total number of R&D positions in Arcadyan Headquarters are, and most of them are from science and engineering backgrounds, and belongs to the department with a majority of males. The salary difference between men and women in the table below is because it reflects the salary standards of different job types, not the factors of men and women.

Location	Category		Male	Female
Arcadyan Headquarters	Direct Employee	-	N/A	N/A
	Indirect Employee	Manager	1.22	1
		Staff	1.32	1
CNC China Production Center	Direct Employee	-	0.99	1
	Indirect Employee	Manager	1.16	1
		Staff	1.16	1
AVC Vietnam Production Center	Direct Employee	-	1.08	1
	Indirect Employee	Manager	1.09	1
		Staff	1.11	1

Symposium for Newcomers

Since the second half of 2022, Arcadyan headquarters has held seminars for new recruits based on the number of new recruits every month to understand the working status, build a communication platform, and help new employees integrate into the workplace. The purpose of the activity is not only to enhance the adaptability of the newcomers to the working environment of Arcadyan and improve the retention rate, but also to care about the feelings of the newcomers in the work practice through the group, and to express the pressure of learning and adapting. The participation rate in 2022 is about 76%.

Discrimination, Harassment Prevention and Treatment

Arcadyan prohibits all forms of discrimination and adopts the principles of fairness and equality in matters such as recruitment, remuneration, welfare, training, promotion, dismissal or retirement. Moreover, do not discriminate on the differences of employees' race, social class, nationality, religion, disability, or gender. Arcadyan formulated "Complaint and Disciplinary Measures for Sexual Harassment Prevention Measures in the Workplace" in accordance with the Gender Work Equality Act, prohibits any form of sexual harassment, including posture, language, and physical contact, and establishes dedicated sexual harassment complaint mailbox, telephone line and fax on the internal website. If employees find any discrimination or harassment, they can directly report to Human Resources department. Personnel without conflict of interest will be arranged to investigate the facts in a confidential manner, and corrective actions will be taken in a timely manner to ensure the privacy rights of the parties. Arcadyan takes non-retaliation guarantee measures to ensure that employee complaints are properly handled.

In response to sexual harassment punishment, Arcadyan adopts tracking and supervision methods. If the victim has counseling or medical needs, Arcadyan will assist in referral to professional counseling or medical institutions, and ensure that the disciplinary or handling measures are effectively implemented to avoid the same incident or retaliation. In 2022, there were no complaints of discrimination or harassment in Arcadyan.

Arcadyan Headquarters Complaint and Reporting Channel		Number of Reports	Number of Accepted	Number of Cases Closed
Mail	hr_hq@arcadyan.com	1	1	1
Hot Line	03-5727000 #14499	0	0	0
Fax	03-5727969	0	0	0

CNC China Production Center Complaint and Reporting Channel		Number of Reports	Number of Accepted	Number of Cases Closed
Mail	SHWYH_CNC@arcadyan.com.cn	0	0	0
WeChat	57028888-22018 /22415	0	0	0
Social Platforms	WeChat Account: Compal Network Information Kunshan Co., Ltd.	0	0	0

AVC Vietnam Production Center Complaint and Reporting Channel		Number of Reports	Number of Accepted	Number of Cases Closed
Mail	HR_AVC@arcadyan.com.vn	0	0	0
Hot Line	HR department hotline: 0397-580197 / 0911-893228 HR supervisor hotline: 02113-858666 (Ext: 32161)	0	0	0
Social Platforms	Zalo app	0	0	0
Suggestion Box	Suggestion Box	0	0	0

Employment of People with Disabilities

Cooperates with the government to promote the employment of persons with disabilities, Arcadyan has hired 6 people with disabilities at the Hsinchu headquarters in 2022, including 3 mild, 1 moderate and 2 severe. In addition to hiring the disabled, it also cooperates with the competent authority to match the disabled to provide employment opportunities for visually impaired masseurs, in compliance with the regulations that the number of people who should be employed by private institutions.

Arcadyan barrier-free facilities
● Set up barrier-free ramp access
● Barrier-free toilets and washrooms
● Set up barrier-free parking spaces on the first floor
● Braille buttons and voice prompts for drinking fountains
● Braille sign buttons and voice system guidance for elevators

6-4 Labor-Management Communication

Through a diversified and smooth communication, Arcadyan creates a positive labor-employment relationship, accepts employees' suggestions and actively handles them. For matters that affect the rights and interests of employees, Arcadyan not only follows laws and regulations to formulate policies, but also takes into consideration the rights and interests of employees. Arcadyan's employees can maintain a good labor-employment relationship through a multi-channel communication mechanism.

Communication Type	Communication Content
Labor-Management Meeting	Provide channels for the expression of opinions and communication between employers and managements
BBS Electronic Bulletin System	A platform for internal major information announcements, employees can also express their opinions through the internal BBS bulletin board system
HR Mailbox	Provide external contacts and staff questions and opinions exchange

Arcadyan HQ Labor-Management Conference

Staff Symposium

In addition to the regular labor-management consultation meetings held by Arcadyan in various operating bases, the Vietnam production center also holds employee staff symposium every year. Senior executives participate in the seminars to understand employees' ideas, and publicize the company's relevant information in the seminars to ensure The communication between the two parties is smooth, assisting colleagues in work and family, health care, and creating a comfortable workplace environment.

CNC China Production Center Staff Interview

Symposium for employees of Vietnam Production Center

AVC Labor-Management Conference

Labor-Management Meeting

Arcadyan does not have a labor union in its operating bases. Adhering to the concept of attaching importance to employee welfare and care, a labor-management committee has been established to establish a two-way communication channel. The proportion of labor-management representatives meets the requirements of the local regulations of each plant. The labor representative is elected by employees for a term of four years. Regular labor-management meetings are held every quarter to collect opinions from employees, and continue to communicate and improve labor-management issues. In addition, labor and management can also communicate opinions through the system platform and e-mail to maintain a good relationship. Arcadyan's labor-management relationship has always been harmonious, and there is no loss due to labor disputes, and no loss caused by labor disputes.

Site	Meeting Frequency	Number of Labor Representatives	Number of Management Representatives
Arcadyan Headquarters	Once/ Quarter	5	5
China Production Center	Once/ Year	15	5
Vietnam Production Center	Once/ Year	6	5

Topics of Labor-Management Meetings

Topic Category	Discussion Content
Overview of the Number of Employees	Number of employees in the quarter, changes, turnover rate
Overview of Operations	Business overview, production plan, market conditions
Employee Health and Safety	Employee health inspection, environmental lighting and other facilities, epidemic-related prevention measures
Working Conditions	Club activities, fitness equipment setup and purchase, staff meal suggestions
Welfare Committee Measures	Welfare measures, financial status of the Welfare Committee
Training and Career Development	Training courses, subscriptions to books, newspapers and periodicals
Discrimination and Harassment Appeals	Overview and progress for the handling of reports of discrimination and harassment

6-5 Employee Rights and Welfare

Salary and Bonus

Arcadyan has established a reasonable salary and related management systems to ensure that the company's salary and remuneration comply with relevant regulations and maintain industrial market standards. In addition to the fixed monthly salary, various bonuses such as regular year-end bonuses, annual bonuses, patent bonuses, and project bonuses are set up. The annual salary adjustment plan is deter-mined according to the company's operating profit and the individual performance of the em-ployees. The salary of all employees in overseas production center is high-er than the minimum salary stipulated by local laws and regulations. Arca-dyan's average salary and median salary in 2022 are slightly lower than those of the previous year. This is due to the considera-tion of talent development strategies and human struc-ture. The average number of non-manager full-time em-ployees has increased by 77, and nearly 40% of them have worked for less than 5 years , although the annual total salary has increased, but affected by the afore-mentioned factors, the aver-age and median are slightly lower than last year.

Average Annual Salary of Non-supervisor Employees at Arcadyan Headquarters (Unit: NT$ thousand)		
Year	Average	Median
2020	1,747	1,461
2021	1,805	1,598
2022	1,780	1,518

Retirement Regulations

Arcadyan has established employee retirement regulations. An external actuary will confirm whether the balance of the transfer account is suffi-cient every year. By the end of 2022, the balance of the transfer account to the retirement account is NT$140,338,758. According to the regula-tions, employees' service years are calculated in accordance with the La-bor Standards Law; the calculation and payment of employee retirement benefits are handled in accordance with relevant regulations. From July 1, 2005, the Labor Pension Regulations came into effect. Employees are free to choose the old and new system. Each employee who meets the new system will be allocated to the labor pension of the Bureau of Labor Insur-ance at the rate of 6% of his monthly salary. Personal account. According to the local social insurance system, overseas production centers allocate a certain percentage of monthly employee wages to the government (16% in mainland China and 14% in Vietnam) social insurance account for employees to use when they are old, sick, disabled, unemployed, giving birth, or facing difficulties in life. At the end of 2022, the pension fund

allocated by Arcadyan to the Labor Insurance Bureau will be NT$51,561,000. Other basic endowment insur-ance premiums and social welfare expenses recognized by subsidiaries included in the preparation of consoli-dated financial statements are NT$58,648,000.

Childbirth Incentive

In response to the government's birth incentive policy and to drive up birth rate in Taiwan, Arcadyan has been offering a subsidy of NT$66,000 for every child that employees of the Arcadyan Headquarters have given birth to since 2011. Arcadyan has paid out NT$20.6 million in subsidies for a total of 312 newborn babies between 2011 and 2022. In addition, we have signed a contract with relevant nursery/daycare centers to provide dis-counted prices to lighten the burden on employees.

Unpaid Parental Leave

The childbirth plan for our employees in Taiwan has been created by the "Act of Gender Equality in Employ-ment" and the "Measures for Implementing Unpaid Parental Leave for Raising Children." Employees who com-plete six months of service are entitled to apply for unpaid parental leave for every child under the age of three. The maximum duration of unpaid parental leave cannot exceed 2 years. At the end of the parental leave, we will reinstate the employee back to their original unit or related units and provide the said employees with courses on the required skills to re-acclimatize and prepare them for the job. Although no relevant regulations on unpaid parental leave exist at our overseas plants, our employees may still apply for parental leave.

2022 Employees on Unpaid Parental Leave	Arcadyan Headquarters		CNC China Production Center		AVC Vietnam Production Center	
	Male	Female	Male	Female	Male	Female
No. of employees qualified to apply for unpaid parental leave in 2022	40	6	9	17	46	101
No. of employees who actually applied for unpaid pa-rental leave in 2022	0	6	9	17	46	98
No. of employees expected to be reinstated in 2022 (A)	2	5	9	17	46	90
No. of employees actually reinstated in 2022 (B)	2	5	9	17	46	57
No. of employees having worked for 1 year after their reinstatement in 2021 (C)	0	1	8	13	25	35
No. of employees actually reinstated after their unpaid parental leave in 2021 (D)	2	2	8	13	56	58
Reinstatement rate for 2022 (E) = (B)/(A)*100%	100%	100%	100%	100%	100%	63.33%
Retention rate for 2022 (F) = (C)/(D)*100%	0.00%	50.00%	100%	100%	44.64%	60.34%

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Employee Welfare

Arcadyan established Employee Welfare Committee in accordance with government laws. In addition to providing various subsidies for employees' marriage, funeral, illness and child birth, it also regularly organizes various clubs and tourism activities, birthdays, evening parties, etc., to promote the physical and mental health of employees and promote employees interactive. The above welfare measures have been well feedback from employees over the years. Arcadyan also provides comprehensive personal protection for employees. In addition to insurance for employees as required by labor laws and regulations, it also provides group insurance for employees and their parents, spouses, children that superior to other companies, including life insurance, accident insurance, cancer insurance, and medical insurance.

Employees of overseas production centers also enjoy statutory insurance, and provide various social insurance, medical insurance, unemployment insurance and other legally related rights and interests in accordance with the relevant laws and regulations of the location. Arcadyan established "Employee Welfare Committee" to allocate welfare funds in accordance with the law, regularly organize welfare committee meetings and handle employee welfare activities to support the diversified development of club activities. Welfare plans include birthday gifts, annual festival gifts, employee health promotion and leisure activities, domestic and foreign travel, wedding and funeral subsidies, hospitalization allowance for employees and their families, and year-end banquet and lucky draw event.

Employee Satisfaction Survey

Employees are the most important partners of the company. Arcadyan conducts employee satisfaction surveys for working environment, work content, employee training, salary and benefits, management systems, etc., actual understanding to improve the problem, provide activities that are closer to the needs of employees, and create a friendly working environment and atmosphere. Since 2020, Arcadyan Group regularly conduct employee satisfaction surveys every year, hoping to collect employees' ideas and satisfaction more effectively, as a reference for promoting various measures in the future.

Site	Number of People Surveyed	Average Satisfaction Value	Main Improvement Aspect
Arcadyan Headquarters	219	78	Job Promotion/ Learning Growth/Employee Health
CNC China Production Center	1,200	92	Epidemic Control/ Canteen Serving Size
AVC Vietnam Production Center	189	72	Expatriate training system/ working environment

Arcadyan HQ satisfaction online Survey

AVC Satisfaction online Survey

Diversified Welfare Measures

Arcadyan Welfare Measures

- Employees have Annual Leave under the Labor Standards Act, and 5 days of paid sick leave are provided to employees each year superior to the Labor Standards Act.
- Organize domestic and foreign employee tours, provide travel subsidies, and enhance emotional exchanges between colleagues and parent-child harmony
- Held the year-end banquet to appreciate employee
- Free company uniform (summer/Polo shirt, winter/coat)
- Childbirth gift of NT$66,000 per child
- Provide employees with free parking spaces for cars and scooter to meet their parking needs
- Set up staff restaurants and coffee bars to cater for colleagues' dietary needs
- Set up a comfortable activity center and various equipment for employees to stretch their muscles and bones and exercise
- Set up a nursing room for female employees to breastfeed
- Attach importance to the resting environment and create elegant public spaces to allow employees to relax during breaks
- Cooperate with non-profit organizations to held regular visually impaired massage activities
- Book various gift voucher
- Organize family day activities to enhance parent-child relationship
  (The event will be suspended in 2022 due to the epidemic, will be changed to e-gift vouchers)

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6-6 Talent Cultivation and Development

Arcadyan focuses on employee development and is committed to talent cultivation. Arcadyan actively encourages employees to participate in various training courses and self-learning. In addition to formulating annual training budgets and cooperating with professional institutions to handle professional courses, Arcadyan also plans in accordance with Arcadyan's operating strategy, functional structure and requirements to plan annual courses, continue to study technology and knowledge, and innovative thinking to assist the team to maintain technological leadership. During the training process, employees of different ages can smooth communicate to break the stereotypes and prejudices of age, and establish a more tacit cooperation team.

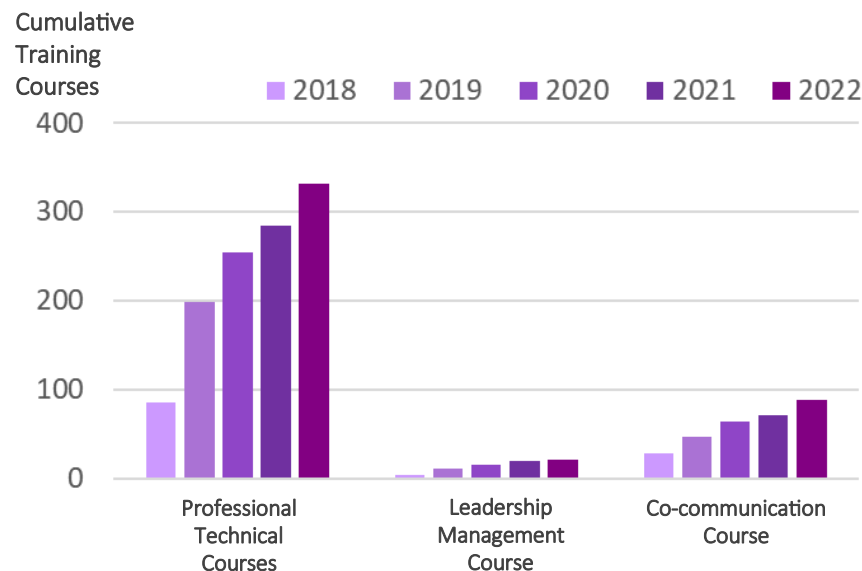| Course Category	Course Content
Professional Technical Courses	Cooperate with schools and professional institutions to handle professional courses, continue to study R&D knowledge, innovate thinking, and help R&D teams to maintain technological leader-ship. Invite expert speakers to enhance the ability to develop, apply new technologies and solve problems.
Leadership Management Course	Conduct leadership management courses, develop leadership and expand vision. Introduce new and old generation exchange sharing courses to take care of new employees
Co-communication Course	Through project management or team communication courses to help R&D and project managers to communicate and cooperate with each other, and enhance daily project operations and improve problem-solving effectiveness .

Cumulative Number of Training Courses (Arcadyan Headquarters)

Based on the concept of talent cultivation, various courses are offered in accordance with Arcadyan's core values of "innovation, harmony, transcendence, and service" to encourage employees to actively participate, continue to study research and development knowledge, and innovative thinking to help Arcadyan to maintain our technological leadership.

In the past three years, a total of about 200 courses have been offered for professional courses, and more than 260 courses have been offered for all courses. Arcadyan is committed to continuously cultivating all kinds of talents and their competitiveness. In addition to professional courses in research and development, there are courses in information skills, engineering, regulations, patents, and financial accounting.

Cumulative Training Courses

■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Praise the Outstanding Team

God of Cookery Tournament

Production Center Direct Employee Training

1 Stakeholder Engagement
2 Business Development
3 Sustainable Partnership
4 R&D Innovation
5 Environmental Protection
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Knowledge Sharing Platform

2022 a total of 890 people participated in online courses and classes in person at Arcadyan headquarters, and courses were offered through internal and external training. The total training hours exceeded 4,200 hours. At the same time, through the introduction of new IT technology and the sharing of professional experience of internal lecturers, Arcadyan has successfully established a knowledge sharing platform (Arcadyan Content Sharing System, CSS), where employees can view teaching materials and course audiovisual files within the company's domain, and share departmental professional information. Integrating Arcadyan's resources by CSS not only allows employees to quickly obtain the information they need, but also encourages the department to establish a knowledge management mechanism and encourage employees to learn by themselves at any time.

2022 Average hours of Education and Training per Employee

| Education and Training | | Direct Employees | | Indirect Employees | | | |
| | | | | Supervisors | | General Staff | |
		Male	Female	Male	Female	Male	Female
Arcadyan Headquarters	Number of People	-	-	133	32	496	229
	Training Hours	-	-	816.83	154.25	2357.25	914.33
	Hours per Employee	-	-	6.14	4.82	4.75	3.99
CNC China Production Center	Number of People	977	841	62	26	243	102
	Training Hours	71553	50117	2154	1016	2070	1255.5
	Hours per Employee	73.24	59.59	34.74	39.08	8.52	12.31
AVC Vietnam Production Center	Number of People	848	1599	25	7	198	134
	Training Hours	20332.5	32417	270	106	7991	3366
	Hours per Employee	23.98	20.27	10.8	15.14	40.36	25.12

2022 Outstanding Employee Award Ceremony

2022 Outstanding Employee Award Ceremony

Performance Appraisal System

Arcadyan provides electronic performance appraisal system for employee and supervisor to evaluate the past half-year work assignment results and effectiveness, and assist in setting work and project targets for the next half year, ensure that personal work goals are consistent with those of the department and company. The proportion of participation in regular performance appraisal is over 90% in 2022 (Except the supervisor at or above vice president and the newcomer who has on board for less than 3 months on the date of assessment).

Overseas production centers also perform performance evaluations at least twice a year. The number of supervisors evaluated is mainly local supervisors. In view of the promotion of high performance employees in the performance appraisal results, according to the functions (jobs) needs to provide leadership management courses, develop cross-team communication and cooperation; improve problem-solving performance and other capabilities for the preparation for job promotion or professional development.

2022 Performance Evaluation in Arcadyan

| Performance Evaluation | Direct Employees | | Indirect Employees | | | |
| | | | Supervisors | | General Staff | |
	M	F	Male	Female	Male	Female
Arcadyan Headquarters Persons of Appraisal	-	-	303	67	900	417
Persons of Performance Evaluation	-	-	295	65	854	391
Proportion (%)	-	-	97.4%	97.0%	94.9%	93.8%
CNC China Production Center Persons of Appraisal	-	-	120	50	492	200
Persons of Performance Evaluation	-	-	120	50	492	200
Proportion (%)	-	-	100%	100%	100%	100%
AVC Vietnam Production Center Persons of Appraisal	-	-	12	12	328	194
Persons of Performance Evaluation	-	-	12	12	328	194
Proportion (%)	-	-	100%	100%	100%	100%

6-7 Occupational Health and Safety

Healthy employees can improve the work quality and efficiency; promote the company's sustainable development. It is the Arcadyan's responsibility to provide a healthy environment, create a healthy workplace and promote health management. We hope to create a healthy workplace and prevent potential occupational injuries and risks through the attitudes and actions of employees' self-management, and demonstrate the concept of caring and emphasizing the health of employees.

To protect the occupational safety of employees at work, we have not only established the Environmental Safety and Health Policy base on ISO 45001, but also established relevant procedures and documents of the "Occupational Safety and Health Management" at each plant site in order to rigorously control details of each workplace. At the beginning of design all facilities in Arcadyan office environment, the protection of employee safety is the first consideration to ensure that employees can get the complete protection at work. Each entrance and exit has an access control system. The toilet is equipped with an emergency pressure buckle. Each floor has an AED (Automatic External Defibrillator). The main entrance and exit also have security to be guarded 24 hours a day to maintain a safe office environment. In addition, various fire-fighting equipment (such as fire alarms or fire extinguishers, etc.) are regularly maintained according to its prescribed time and kept in the best state.

Occupational Safety Committee

Arcadyan headquarters and overseas production centers have set up occupational safety committees, and held meetings in accordance with the ISO 45001 occupational safety and health management system, regularly conducted occupational safety and health-related risk assessments, and tracked the promotion of occupational safety-related measures to facilitate interdepartmental and communicate with all levels and external stakeholders to ensure a safe working environment for colleagues. And through the Environmental Safety and Health Management Implementation Committee to implemented ISO 45001 occupational safety and health management system, and let responsibilities of its management representatives and participating members are clearly defined. In 2022, there are 13 members of the Environmental and Labor Safety and Health Management Committee of Arcadyan Headquarters, and 16 and 6 members of the Occupational Safety Committee of the China and Vietnam production centers respectively, accounting for approximately 0.6% of Arcadyan's total employees. In 2022, each base will hold four quarterly meetings to evaluate various safety and health risks and preventive measures, track the implementation of target plans, and conduct effectiveness reviews.

Environment Inspection

To provide a safe workplace and community for our staff and residents, each plant is staffed with a unit responsible for routine inspection and maintenance, as well as identifying the hazardous factors in the work environment. For example, traffic and electricity safety measures, security measures, drinking water tests, emergency lighting, smoke detectors, fire hydrant equipment, lightning protection inspection. Arcadyan headquarters conducts lighting operation environment and carbon dioxide (CO_2) operation environment measurement twice a year. The results of implementation in 2022 are in compliance with regulatory standards.

Occupational Hazard Identification and Risk Assessment

Arcadyan emphasizes the employees' working environment safety and health. The hazard identification and risk assessment scope include all health and safety hazards expected to affect the plant's internal and external environments, including routine and non-routine activities, all personnel (including contractors and visitors) entering the plant site and outsourced contractors at the workplace. In addition, the managerial representative is responsible for review the assessment task force and supervise the hazard identification, risk assessment operation approval, and after verification, the promotion taskforce and the supervisor then per-form works for details of the risk identification.

Every year or when necessary, the committee conducts hazard identification and risk assessment based on the "Safety and Health Hazard Identification and Risk Assessment Form", as the basis for policy formulation and hazard treatment. Regular management review meetings are held to discuss, modify and approve the newly identified risks, and to revise the identified risks and the content that needs to be modified. The risk level standards and control are revised every year in accordance with the needs of Arcadyan.

In 2022, the high-risk projects identified by Arcadyan headquarters are human factors engineering and traffic safety. In order to avoid possible electric shocks or fires at work or accidents during commuting, we will continue to hold relevant publicity and education to promote colleagues " Defensive driving" concept, and strengthen the traffic command to and from get off work in the factory and surrounding intersections, improve employees' traffic safety knowledge and reduce traffic dead spots in the factory. Other overseas factories follow local regulations, ISO 45001 certification and other requirements to carry out environmental safety risk assessment and various management procedures. Through the above risk assessment process, relevant risks are listed, and medium and high risk factors are strictly controlled to achieve the vision and goal of safety and zero disasters.

2022 Risk Assessment and Prevention of Arcadyan Headquarters

High Risk	Activity	Precautions
Human Factors Engineering	Vision loss, Poor posture, Hearing impact	• Increase the frequency of massage services • Hold eye health seminars • Regular monitoring of operating environment noise
Traffic Accident	Traffic on the way to work, Accident	• Hold traffic safety training • Promote the concept of "defensive driving"
Electric Shock, Fire	Laboratory and restaurant pipeline fire accident	• Factory regular inspection • Implement electromechanical inspection • Staff cafeteria included in annual fire drill

2022 Risk Assessment and Prevention of China Production Center

High Risk	Activity	Precautions
Mechanical Damage, Electric Shock	Accidents in machine operation during work	• Continue relevant publicity and education to instill the concept of safety first
Fire Disaster	Factory pipeline fire accident	• Conduct fire drills on a quarterly basis • Perform escape drills every season
Traffic Accident	Accidents on the way to and from get off work	• Strengthen traffic command at intersections inside and outside the factory, and guide colleagues to abide by traffic rules
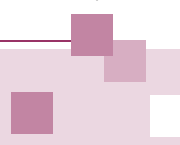
First Aid Training

Since 2015, Arcadyan has promoted first-aid skills and conducted first-aid training courses, through training to strengthen the application of related first-aid methods such as cardiopulmonary resuscitation (CPR) and Automated External Defibrillator (AED) in daily life, to achieve the purpose of saving oneself and others. A total of 6 Automated External Defibrillators (AEDs) have been set up on each floor of Arcadyan headquarters building. In order promote the use of Automated External Defibrillator (AED) and first aid skills, the training courses are held every three years, and are divided into explanation and practical operation.

Occupational Safety Education and Training

Employees understand the safety of the plants and possible hazards through safety education and training courses, and following the "Emergency Preparedness and Response Procedures" to help employees understand the disaster level and response, escape routes and other matters in the plant. Arcadyan also cooperates with the fire brigade to handle firefighting training, and regularly conducts disaster prevention knowledge dissemination to employees every year. The content includes correct handling methods such as fires, wind disasters, floods, and earthquakes, so that employees can establish a concept of disaster prevention in daily life. Arcadyan headquarters hold seven training courses for new employees in 2022. The training courses includes environmental safety and health introduction and electrostatic protection. There is also a semi-annual fire fighting education training and drill course. In addition to emergency response key notifications, it also combines physical operations. Arcadyan complies with legal requirements: the number of workers is more than 50, and each shift has at least one emergency worker. Arcadyan headquarters sets up 21 first-aid person according to the ratio, and arranges three-hour on-the-job education and training courses every three years. A total of 56 qualified first-aid personnel in the CNC China production center will participate in the training of first-aid personnel every two years.

Fire drills at overseas production centers are held in accordance with the frequency and hours specified by local regulations. The CNC mainland production center has performed 55 times in 2022, with a total of 2,300 people conducting safety and health education training and escape drills. AVC Vietnam Production Center will implement a series of occupational safety and health courses for a total of 116 hours in 2022. The courses cover various safety management courses, chemical use, radiation safety and first aid training. A total of 5,370 people have completed the training. The Vietnam production center has carried out a total of 2 fire drills in 2022, and has mobilized 2,143 people from the whole plant to conduct fire escape drills.

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Occupational Accident

A healthy body and mind is the most important asset. Arcadyan hopes that all employees can work in a safe and health environment. Arcadyan complies with environmental, safety and health regulations and management systems, implements it in all workplaces, and establishes a safety management system, regularly organizes disaster prevention and fire drills, advocates environmental safety training, and provides a leisure place for employees to relax after work, so as to enhance employees' physical and mental satisfaction, reduce work-related accidents, absenteeism and other risks, so that employees can work and live healthy with peace of mind.

Arcadyan aims to achieve a zero-injury work environment, and hopes to minimize the risk of occupational accidents. In 2022, there was no major work-related accidents at Arcadyan headquarters, CNC China production center and AVC Vietnam production center. Absence from work is mainly due to sick leave and personal leave. In addition to complying with the Occupational Safety and Health Act, Arcadyan conducts many exercises. Through education and training, employees continue to practice repeatedly to in-crease their proficiency so that they can quickly respond and deal with accidents and minimize the harm.

In 2022, Arcadyan Headquarters was selected by the Industrial Safety and Hygiene Association as an excellent company in Zero Disaster Working Hours. From 2008 to the end of 2022, it has accumulated more than 15 million disaster-free hours and won the Gold Award for excellent disaster-free performance.
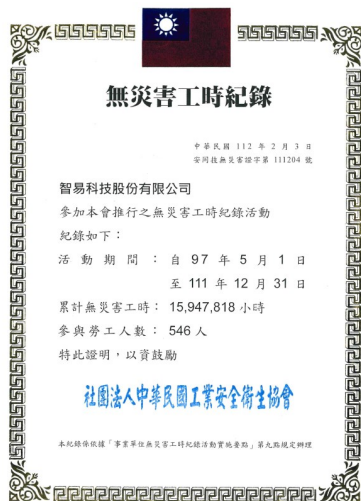
Occupational Disaster Work Injury Data

Item	Arcadyan Headquarters		CNC China Production Center		AVC Vietnam Production Center	
	Male	Female	Male	Female	Male	Female
Disabling Injury Frequency Rate（FR）[1]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Disabling Injury Severity Rate（SR）[2]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Disabling injury Index[3]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Occupational Disease Rate（ODR）[4]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Loss day Rate（LDR）[5]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Absence Rate（AR）[6]	1.66%	2.22%	3.30%	4.56%	4.14%	4.53%
Death Due to Official Duties	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Calculation Equation:
1. Disabling Injury Frequency Rate = Number of employees with disability injuries *1,000,000/ Total number of working hours
2. Disabling Injury Severity Rate = Days of employees with disability injuries *1,000,000/ Total number of working hours
3. Disabling injury Index = Disabling Injury Frequency Rate * Disabling Injury Severity Rate /1,000
4. Occupational Disease Rate = (Total number of employees with occupational diseases / Total number of working hours) *200,000
5. Loss Day Rate = (Number of loss days due to disability injuries/ Total number of working hours) *200,000
6. Absentee Rate = Number of absent days of employees / Total number of calendar working days*100%
7. On number of Deaths Due to Official Duties: Excluding commute traffic accidents

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6-8 Health Care and Promotion

Employees are Arcadyan's most valuable asset. The health of employees is the key to the company's success and sustainable development. It is Arcadyan's goal to provide all employees with a healthy and comfortable working environment. Arcadyan set up health centers, hired professional nursing staff, on-site physicians and special medical institutions, and worked hard in the three directions of "health education", "health promotion" and "health management" to ensure the health of each employee.

Care Category	Care Content
Health Education	● New recruit health training ● First aid training ● Health and epidemic prevention
Health Promotion	● Comfortable nursing room　　●Pap smear ● Special health lecture　　　●Visually impaired massage ● Colorectal cancer screening　●Weight loss activity ● Breast ultrasound examination　●Aerobic exercise
Health Management	● New recruit health examination ● Health examination abnormality management / tracking ● On job employee health examination ● Serving meal staff health examination

Maternity Protection

Arcadyan set up dedicated nursing room and provide related equipment and consumables, such as bottle sterilizer, refrigerator, locker and comfortable breastfeeding chair, so that has a safe and comfortable nursing environment.
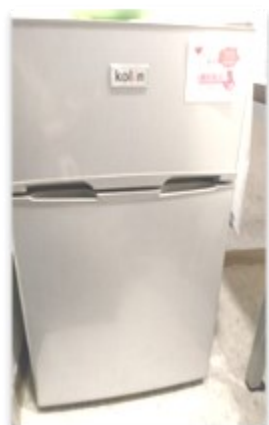
Health Examination

Arcadyan holds on-site health examination every year, and health check items and frequency are better than regulatory requirements. According to health ex-amination result and "Health Grading Management", on-site doctor selects the employees who need care and tracking. for the. And arranged for D and E-level employees in annual health checkup list, so that employees have the best Healthy body. In addition to taking care of employees with more serious health classifications, Arcadyan also based on the "Prevention of Health Disorders Resulting from Abnormal Workload ", "Maternal Health Protection Plan", "Human Harm Prevention Plan" and " Prevention of Illegal Infringement when Performing Duties". The four major guidelines for labor health protection, including the prevention of violations, set relevant management standards to create a friendly workplace and reduce the risk of occupational hazards.

In 2022, a total of 380 employees in special positions (PCB edge cutting, soldering operations, chemical management, etc...) have completed the physical examination, with a completion rate of 100%. AVC Vietnam Production Center implements all employee physical examination every year. In 2022, a total of 1,563 people participated in the physical examination (577 males and 986 females). The frequency of physical examinations for employees in special positions is once every six months, and a total of 207 people have completed health examinations, and the inspection results are normal.

Health Management Classification

Level	Manage Content
A	No abnormalities, regular health check and follow-up every year.
B	Minor abnormalities, independent health management by colleagues, regular follow-up physical examination every year.
C	If the result of the health check is abnormal, the follow-up of the re-examination must be completed within 6 months, and the doctor or nurse practitioner will evaluate and suggest to reduce the risk of disease.
D	The result of the health check is obviously abnormal, and it needs to be rechecked in the relevant department within one month and listed as a personal management for continuous tracking.
E	The results of the health examination are severely abnormal, and are listed as individual management objects, and need to go to the medical institution for reexamination and follow-up treatment.

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Epidemic Prevention Measures at Oversea Production Centers

In 2022, Covid-19 will still impact major cities around the world. Some countries' customs closures, city closures, and isolation measures will affect the originally stable life. The epidemic situation in China, which is the center of Arcadyan's supply chain, is particularly severe. In order to ensure that the supply chain is not interrupted, regular meetings are held every morning to update the supplier's resumption status, confirm the factory material status and the manufacturer's material inventory, so as to grasp and arrange the production schedule after the resumption of work. With the support of the government, the CNC China production center has carried out training for epidemic prevention personnel. A total of 11 employees have obtained the certificate of epidemic prevention personnel.

Personal Protection	Personal Protective Equipment	● Take body temperature, distribute masks, and disinfect alcohol every day, and report to the local government
	Infection Treatment	● If any fever or infection, employees were not allowed to enter the factory area
Epidemic Prevention Measures	Add anti-epidemic Equipment	● Add an infrared thermal imager
	Dining Restrictions	● Implement employee shifts operation and keep a safe distance during meals and breaks
	Meeting restrictions	● Avoid grouping and conduct online meetings
	Environmental Disinfection	● Enhanced cleaning of all frequently touched surfaces in the workplace ● Disinfect at least once a week
Visitor Management	Visitor Registration	● Visitors and partners are required to make a medical declaration and provide a negative Covid-19 test report before entering the factory
	Visitor Control	● Visitors are required to measure body temperature and disinfect with alcohol, and keep a distance of at least 1 meter
Employee Care	Employee Epidemic Screening	● In 2022, when the epidemic is heating up in the mainland production center from February to April, employees are encouraged to obtain certificates of epidemic prevention personnel and implement rapid screening for all employees in the factory
Anti-pandemic Supplies	Supplies Inventory	● Regular material inventory to ensure sufficient epidemic prevention supplies

Quick Screening Measures for All Employees

Factory Employees obtain Epidemic Prevention Certificates

Factory area and Dormitory are Daily Disinfected

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2022 Arcadyan Headquarters Health Promotion and Employee Care Activities

Five-in-one Fat Detection

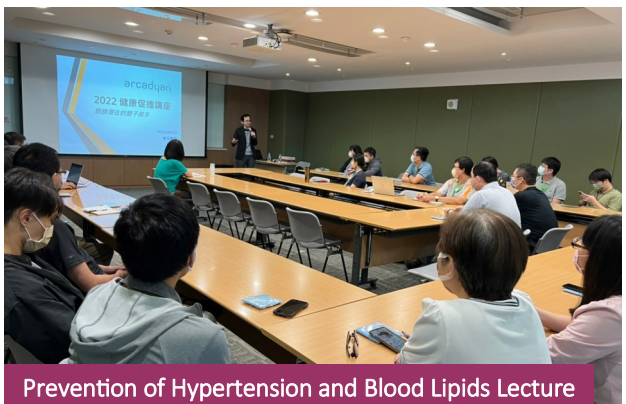Resolving Depression Lectures

Visually impaired massage

Seminar on Prevention of Dry Eye Syndrome

2022 Arcadyan Fat Loss Competition

Lecture on Aromatherapy Essential Oils

Prevention of Hypertension and Blood Lipids Lecture

On-site Physician Online Health Consultation

Maternity Protection Online Consultation

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2022 Arcadyan Overseas Production Center Employee Care Activity

Vietnam Production Center Football Match

Vietnam Production Center Childcare Gift

Year-end Banquet

Vietnam Production Center Football Match

Women's Day Flower Arrangement

Employee Physical Examination

Women's Day Gift

Staff Meal Selection

New Year's Eve Lucky Draw

7 Society Care and Public Welfare Participation

1 Stakeholder Engagement

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3 Sustainable Partnership

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7-1 Remote English Learning Program

In response to the trends and trends of globalization, bilingual education has become the main axis of education in various countries. The Taiwan government released the "2030 Bilingual National Policy Development Blueprint" in 2018, with two policy goals of "enhancing the English proficiency" and "enhancing national competitiveness". Using English as a medium to acquire new knowledge in various fields and cultivate multiple perspectives, on the one hand, respects the diversity of cultures, on the other hand, enriches personal horizons, and lays the foundation for lifelong learning.

Arcadyan has been paying attention to and cultivating the education development of remote primary schools for a long time. There are three major problems and challenges facing remote primary schools in implementing English teaching: lack of English teachers in rural schools, lack of bilingual application and learning environment for students, and gap in English proficiency among students, lack of learning motivation. Among them, the first problem to be solved is the high turnover rate of English teachers in rural areas and the difficulty of recruiting teachers. Only with full-time foreign language teachers and a stable learning environment can students further develop rational thinking skills in the process of language communication and understand different cultures and values.

In 2022, Arcadyan launched the "Remote English Learning Program" cooperated with the online English platform provider Winning English to provide English education resources for five remote elementary schools in Hsinchu County. Combining the English online learning platform and emerging technology materials, through "English online teaching" mode, bringing excellent teachers and curriculum resources to rural schools. Students are grouped according to their English proficiency and then have weekly online English conversation classes with professional lecturers. The course content is mainly about daily life, social interaction, entertainment etc. Through the interaction with teachers and classmates, language skills, listening, speaking, reading and writing are developed basic skills, students can use English more confidently. In 2022, a total of NT$94,920 has been invested in the project, and 6 Arcadyan volunteers have been invested. A total of 86 students have benefited, and a total of 99 times have participated in online English courses.

In addition to online conversation classes, Arcadyan also plans to sponsor students to take a two-week study tour to a language school in Cebu, Philippines in 2023, so that children can learn in an immersive environment, experience local culture. The language school will provide one-to-one or small-group English courses according to the age, level of the children, extending from the topics of daily life to natural science and other topics. Arcadyan firmly believes that diverse and high-quality learning models can not only provide children in rural areas with subject knowledge, but also arouse strong learning motivation, promote the growth and development of non-cognitive skills from all aspects of children's lives, and enhance students' learning ability. The ability to use English in daily life and the competitiveness of the future workplace, in order to achieve the fair and high-quality education in the SDGs United Nations Sustainable Development Goals.
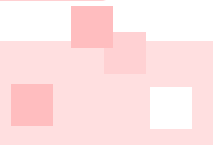

Stable Learning Platform

Before the plan is launched, Arcadyan assists each elementary school in conducting network checks to confirm the hardware/software equipment of the school's network communication, and assists the school in building a stable network speed environment. Let students immerse themselves in rich content such as course voice interaction or video animation viewing.

Professional Teacher

Course materials mainly focus on daily life, social interaction, entertainment and other themes. Through interactive students' language skills, basic skills of listening, speaking, reading and writing are cultivated. Foreign teachers with rich teaching experience and enthusiasm for teaching will conduct distance English teaching courses every week according to the learning progress.

Graded Group Study

Students are divided into groups according to their English ability. Each group is led by a foreign teacher to carry out English learning and interaction with 3~4 students. During the learning process, teachers and students can form a tacit understanding between teaching and learning, so that students can overcome their sense of incompatibility in learning foreign languages and gain confidence.

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7-2 2022 Social Participation in Public Welfare Activities Project

Arcadyan has established the "Arcadyan Technology Public Welfare Committee", and within the "Social Participation Implementation" group under the "Sustainable Development Committee", it combines group companies or social welfare groups to promote various social welfare activities. The committee formulates relevant plans every year, and hold various lectures and experience activities to assist colleagues to implement corporate social responsibility in their daily life. Community participation, social contribution, social service, social public welfare, consumer rights or other social responsibility activities, Arcadyan actively responds to a number of public welfare activities every year, plans and implements through the public welfare committee, and contributes to the society through activities to fulfill our corporate social responsibility. In 2022, Arcadyan Public Welfare Committee will participate in related public welfare projects as follows:

1 EDUCATION

- Care for children from disadvantaged / remote families
- Dream Realization and Soaring Talent Development Program
- Christmas dream come true
- "One School, One Art" Art Promotion
- Promotion of online English education in remote primary schools

2 CHARITABLE

- A loving, Double Charity (one love, two help)
- Co-organizer of public welfare activities
- Corporate group purchase
- Non-profit organization summer corporate work-study

3 RESCUE

- Emergency Aid
- Visually Impaired Massage
- Food Bank/New Year's Care Activities

"One School, One Art" Art Promotion

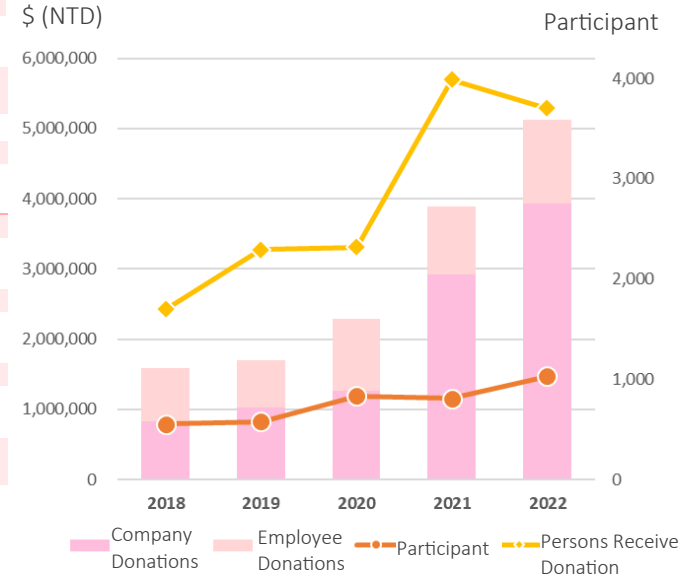A loving, Double Charity

Donate to Food Bank

7-3 2022 Annual Results

- Total Arcadyan company donations NT$3,926,569. Total employee donations NT$ 1,200,173 (Total NT$5,126,742)
- 1,027 people participated in charitable event, and 3,704 persons receive the donation

EDUCATION	online English education in remote primary schools	Taiping Elementary School, Nanhe Elementary School, Pinglin Elementary School, Shakeng Elementary School, and Jinshan Elementary School.
	Dreamer projects for children in rural areas	Dreams Come True of Hsu Chauing Social Welfare Charity Foundation, and Christmas activity of Kuen Tai Cultural and Education Foundation, etc.
	Subsidizing after-school care project	Taiping Elementary School, Pinglin Elementary School, Nanhe Elementary School, supporting the expense for improving the teaching equipment.
	Kuen Tai Foundation	Employee fundraising for donating diabolo
	Hsinchu Chusin Association	Multiple courses plans to read together, and summer after-school care.
	Taiwan Joy Baby Community Association	Donating funds for tuition and preparing dinner for kids at remote area.
CHARITABLE	World Vision Taiwan	30 Hour Famine, domestic sponsorship for children.
	Ai-Heng Training Center for Intelligent Development	2022 carnival for children.
	Bluesky Home	Donation to the halfway house for marginal adolescents.
	Together Good Social Innovation Association	Volunteer training programs and assistance for women/youth/children/senior citizen care
	Spinal Cord Injury Foundation	"It's Brave - One Kilometer of Hope" campaign to encourage wounded people to go outdoors
	Hua-Guang Intellectual Development Center	Commissioning the Sediq people for rice planting, and donating the rice to Hua-Guang Intellectual Development Center.
	Saint Joseph Social Welfare Foundation	Funds for children early treatment, grassland concerts, and employee fundraising for multiple service support funds for the physically and mentally challenged.
	Hsu Chauing Social Welfare Charity Foundation	Participating in dreamer projects and food donation program, and donations for underprivileged children's education from employees. Purchasing cakes for Mother's Day and Mid-Autumn Festival (and donating the cakes to underprivileged children), sponsoring diversified workplace open house activities and beautiful life activities, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, etc.
	Hsinchu Fund for Children and Families	Parent-child relationship improvement activities, summer camp for disadvantaged children, 2022 Warm Winter Fair fundraising for children and parent-child activities.
	Group purchase from charity organizations	Including charity bazaar on Mother's Day and gift boxes of mooncake and Chinese New Year from Saint Joseph Social Welfare Foundation, gift boxes of Mother's Day and delivery of Love to Tribes program of Children Are Us Foundation, and charitable group purchase for Dragon Boat Festival from Huashan Social Welfare Foundation, and group purchase for gift boxes of Mother's Day and Spring Festival from AIHENG Educational Center, etc.
	Tribal Kitchen	Sponsoring Sediq's tribal kitchen with cereals and donating acquired rice to World Peace Organization and Hua-Guang Intellectual Development Center.
RESCUE	Regular donation	Making monthly donations to Chinese Christian Relief Association for its 1919 Read Together program, to Baby Green Box for the expense of fruits and vegetables of its orphanage, and to Double Bliss Welfare and Charity Foundation for its integrated care service program for older adults.
	R.O.C. Resource Matching Association	Student sponsorship projects of delivery with love to the underprivileged and charity fairs, and employee fundraising for New Year's food to the underprivileged family.
	World Peace Organization	Donating to summer vacation and emergency meals of underprivileged children participating in New Year for Hungry Children Project, and employee fundraising to keep hungry kids away from hunger, etc.
	Taiwan People's Food Bank Association	Gifting the food offerings from first business day of the year and Ghost Festival's praying rituals.
	Eden Social Welfare Foundation	Home improvement services program, and funding the services for underprivileged children.
	Andrew Charity Association	Donating to the food bank project for underprivileged children, employee fundraising for food donation to underprivileged families
	Huashan Social Welfare Foundation	Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.
	The Garden of Mercy Foundation	Donate care funds for drug-addicted babies (caused by mothers taking drugs during pregnancy)

Donations and Recipients Over the Years

$ (NTD) — Participant

Legend: Company Donations, Employee Donations, Participant, Persons Receive Donation

Appendixes

GRI Sustainability Reporting Standards Content Index

Statement of use	Arcadyan follows GRI to publish this report. The report covers performance in economic, social and environmental aspects in 2022 . (from January 1 to December 31, 2022).
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GRI 2: General Disclosures 2021

Disclosure	Description	Reference	Page	Note
2-1	Organizational details	About this Report 2-2 Company Overview	4 24, 27	
2-2	Entities included in the organization's sustainability reporting	About this Report	4	
2-3	Reporting period, frequency and contact point	About this Report	4	
2-4	Restatements of information	About this Report	4	
2-5	External assurance	About this Report	4, 103-104	
2-6	Activities, value chain and other business relationships	2-2 Company Overview	24	
2-7	Employees	6-1 Employee Profile	74	
2-8	Workers who are not employees	6-1 Employee Profile	74	
2-9	Governance structure and composition	2-5 Corporate Governance	28-30	
2-10	Nomination and selection of the highest governance body	2-5 Corporate Governance	29	
2-11	Chair of the highest governance body	2-5 Corporate Governance	29-30	
2-12	Role of the highest governance body in overseeing the management of impacts	2-5 Corporate Governance	29-30	
2-13	Delegation of responsibility for managing impacts	2-5 Corporate Governance	29-30	
2-14	Role of the highest governance body in sustainability reporting	2-5 Corporate Governance	29	
2-15	Conflicts of interest	2-5 Corporate Governance	30, 35	

GRI Sustainability Reporting Standards Content Index

Disclosure	Description	Reference	Page	Note
2-16	Communication of critical concerns	2-8 Business Ethics	35	
2-17	Collective knowledge of the highest governance body	2-5 Corporate Governance	30	
2-18	Evaluation of the performance of the highest governance body	2-5 Corporate Governance	30	
2-19	Remuneration policies	2-5 Corporate Governance	29	
2-20	Process to determine remuneration	2-5 Corporate Governance	29	
2-21	Annual total compensation ratio	-	-	Highest Individual Total Annual Compensation is Confidential
2-22	Statement on sustainable development strategy	Letter from Chairman	5	
2-23	Policy commitments	Sustainability Policy	6	
		2-8 Business Ethics	35	
		5-2 Energy Resource Management Policy	60	
		6-3 Respect for Human	76	
2-24	Embedding policy commitments	2-8 Business Ethics	35	
		6-3 Respect for Human	76	
2-25	Processes to remediate negative impacts	2-8 Business Ethics	35	
		6-3 Respect for Human	78	
2-26	Mechanisms for seeking advice and raising concerns	2-8 Business Ethics	35	
		6-3 Respect for Human	78	
2-27	Compliance with laws and regulations	2-8 Business Ethics	36	
		5-2 Energy Resource Management Policy	60	
2-28	Membership associations	Membership of Associations	10	
2-29	Approach to stakeholder engagement	1-1 Identify Stakeholders	14-15	
2-30	Collective bargaining agreements	6-3 Respect for Human	79	

GRI 3: Material Topics 2021

Disclosure	Description	Reference	Page	Note
3-1	Process to determine material topics	1-1 Identify Stakeholders 1-2 Materiality Topics Identification	14 15	
3-2	List of material topics	1-2 Materiality Topics Identification 1-3 Impact Assessment and Management Policy of Material Topics	15 16-21	
3-2	Management of material topics	1-3 Impact Assessment and Management Policy of Material Topics	16-21	

Series	Disclosure	Reference	Page	Note
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	2-3 Operational Policy in 2022	25-26	
	201-2 Financial implications and other risks and opportunities due to climate change	5-1 TCFD CLIMATE-RELATED FINANCIAL DISCLOSURE	57-59	
	201-3 Defined benefit plan obligations and other retirement plans	6-5 Employee Rights and Welfare	80-81	
	201-4 Financial assistance received from government	2-4 2022 Consolidated Financial Business Performance	26	Government financial grants are tax credits for R&D
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	3-4 Supply Chain Localization	43	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	2-8 Business Ethics	35	
	205-2 Communication and training about anticorruption policies and procedures	2-8 Business Ethics	35	
	205-3 Confirmed incidents of corruption and actions taken	2-8 Business Ethics	35	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2-8 Business Ethics	36	
GRI 301: Materials	301-1 Materials used by weight or volume	4-4 Restricted Substance Management	54	
	301-2 Recycled input materials used	4-2 Green Product	52	
	301-3 Reclaimed products and their packaging materials	5-6 Waste Management	51	
GRI 302: Energy	302-1 Energy consumption within the organization	5-4 Energy Management	66	
	302-2 Energy consumption outside of the organization	5-4 Energy Management	64	
	302-3 Energy intensity	5-4 Energy Management	66	
	302-4 Reduction of energy consumption	5-4 Energy Management	66-68	
	302-5 Reductions in energy requirements of products and services	5-4 Energy Management	66-68	

GRI 3: Material Topics 2021

Series	Disclosure	Reference	Page	Note
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	5-3 GHG Management	63-64	
	305-2 Energy indirect (Scope 2) GHG emissions	5-3 GHG Management	63-64	
	305-3 Other indirect (Scope 3) GHG emissions	5-3 GHG Management	64	
	305-4 GHG emissions intensity	5-3 GHG Management	63	
	305-5 Reduction of GHG emissions	5-3 GHG Management	63-65	
	305-6 Emissions of ozone-depleting substances (ODS)	-	-	Arcadyan has no related process, not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	-	Arcadyan has no related process, not applicable
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	3-3 Sustainable Supply Chain Management	40-42	
	308-2 Negative environmental impacts in the supply chain and actions taken	3-3 Sustainable Supply Chain Management	40-44	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	6-3 Respect for Human Rights	78	non-discrimination case
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	2-6 Business Risk Management	33	
		3-3 Sustainable Supply Chain Management	40-42	
		6-3 Respect for Human Rights	76	
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	6-3 Respect for Human Rights	76	
		3-3 Sustainable Supply Chain Management	40, 43-44	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	3-3 Sustainable Supply Chain Management	40-42	
	414-2 Negative social impacts in the supply chain and actions taken	3-3 Sustainable Supply Chain Management	40-44	
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	4-5 Customer Health and Safety	55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4-5 Customer Health and Safety	55	Arcadyan has no major violations in 2022

GRI Standards Reference Table ： Current Disclosures

Series	Disclosure	Reference	Page	Note
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	5-6 Waste Management	70-71	
	306-4 Transport of hazardous waste	5-6 Waste Management	70-71	
GRI 401: Employment	401-1 New employee hires and employee turnover	6-2 Recruitment and Turnover	75	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6-5 Employee Rights and Welfare	80-81	
	401-3 Parental leave	6-5 Employee Rights and Welfare	80	
GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	6-3 Respect for Human	76	
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	6-7 Occupational Health and Safety	84	
	403-2 Hazard identification, risk assessment, and incident investigation	6-7 Occupational Health and Safety	84	
	403-3 Occupational health services	6-7 Occupational Health and Safety	84-85	
	403-4 Worker participation, consultation, and communication on occupational health and safety	6-7 Occupational Health and Safety	84	
	403-5 Worker training on occupational health and safety	6-7 Occupational Health and Safety	85	
	403-6 Promotion of worker health	6-7 Occupational Health and Safety	84	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6-8 Health Care and Promotion	87-90	
	403-9 Work-related injuries	6-7 Occupational Health and Safety	86	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	6-6 Talent Cultivation and Development	82-83	
	404-3 Percentage of employees receiving regular performance and career development reviews	6-6 Talent Cultivation and Development	83	
GRI 405: Diversity and Equal Opportunity	405-1Diversity of governance bodies and employees	2-5 Corporate Governance 6-1 Employee Profile	30 74	

SASB Content Index: TC Technology and Communication (Hardware) Industry

Accounting Metrics

Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	3-2 Customer privacy and product information security protection
Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-HW-330a.1	6-1 Employee Profile
Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	4-4 Management of Prohibited Substances in Raw Materials (Arcadyan's customers all take RoHS and REACH as the management standards for prohibited and restricted substances, and the percentage of sales of products that comply with RoHS and REACH is 100%)
Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	Arcadyan's products are not required for EPEAT registration
Percentage of eligible products, by revenue, meeting ENERGY STAR® Criteria	TC-HW-410a.3	Arcadyan's products are not required for ENERGY STAR® compliance.
Weight of end-of-life products and e-waste recovered, percentage recycled	TC-HW-410a.4	Arcadyan trade in the B to B model and do not require the WEEE procedure.
Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-HW-430a.1	In 2022, 3 tier 2 suppliers passed JAC audit (equivalent to RBA audit), and 9 suppliers passed JAC audit in the past three years
Tier 1 suppliers▢ (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	TC-HW-430a.2	In 2022, a total of 3 tier 3 suppliers have passed the JAC audit, and the completion rate of audit NC is 100%
Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	2-6 Operational Risk Management Arcadyan conducts supplier risk analysis, evaluates supplier performance and schedules audit plans; formulates management guidelines for environmentally hazardous chemical substances, conducts hazardous substance monitoring and conflict mineral investigations, and actively develops halogen-free products to maintain customer health and safety.

Activity Metrics

Number of units produced by product category	TC-HW-000.A	2-3 Operational Policy in 2022
Area of manufacturing facilities	TC-HW-000.B	As of the end of 2022, Arcadyan's manufacturing facilities include CNC China (Kunshan) and AVC Vietnam (Yongfu) production centers, with a total plant area of 88,000 m^2
Percentage of production from owned facilities	TC-HW-000.C	In 2022, the percentage of production in Arcadyan's owned factories (China and Vietnam production centers) is 100%

Taiwan Stock Exchange Sustainable Disclosure Index

Telecommunications Network Industry			
Total energy consumption, percentage of purchased power and renewable energy utilization rate	Quantitative	5-4 Energy Management	66
Total water withdrawn and total water consumed	Quantitative	5-5 Water Resource Management	69
Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	5-6 Waste Management	70
Types, number and rates of occupational injuries	Quantitative	6-6 Occupational Health and Safety	86
Weight of end-of-life products and e-waste recovered, percentage recycled (Including sales of scrap materials or other recycling/disposal methods, relevant explanations should be provided)	Quantitative	5-6 Waste Management In 2022, 23,396 products have been repaired and refurbished by the RMA, and the faulty or defective products are restored to good condition by repairing faulty components or reassembling	71
Description of the management of risks associated with the use of critical materials	Qualitative Description	2-6 Business Risk Management Arcadyan conducts supplier risk analysis, evaluates supplier performance and schedules audit plans; formulates management guidelines for environmentally harmful chemical substances, conducts hazardous substance monitoring and conflict mineral investigations, and actively develops halogen-free products to maintain customer health and safety.	31-33
Total monetary losses incurred due to legal proceedings related to anti-competitive behavior regulations	Quantitative	2-8 Business Ethics There will be no legal proceedings related to anti-competitive behavior regulations in 2022.	36
Major product output by product category	Quantitative	2-3 Operational Policy in 2022	25

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Independent Assurance Statement

ARCADYAN TECHNOLOGY CORPORATION's 2022 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of ARCADYAN TECHNOLOGY CORPORATION's Sustainability Report of 2022 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR Group and ARCADYAN TECHNOLOGY CORPORATION (hereinafter referred to as "Arcadyan") are independent entities. AFNOR ASIA LTD., was commissioned by Arcadyan to conduct the assessment and assure the Sustainability Report of 2022 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

The disclosure scope of the Report covers the economic, environmental and social activities and operational performance of Arcadyan and its affiliated companies operating bases in Taiwan and overseas.

AFNOR Asia is responsible for:

1. According to the Type 1 of the AA1000 Assurance Standard v3, evaluate Arcadyan's compliance with the AA1000 Accountability Principle (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.

2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the Report compiled by Arcadyan.

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REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards

METHODOLOGY

- Review the process and management of the principles of inclusivity, materiality, responsiveness and impact described in the Report related to the AA1000 Accountability Principles (2018).
- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- Conduct interviews with the management team to confirm stakeholder communication and response mechanisms.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The verification team inspected and reviewed the documents, materials and information related to the report by interviewing the responsible persons of Arcadyan's sustainable development teams.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the Report.

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Independent Verification Statement

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CONCLUSION

◆ **AA1000 Accountability Principles**

Inclusivity

Arcadyan has continued to implement a wide range of stakeholder engagement programs to identify and understand the important information generated by issues of concern to stakeholders. The report has fairly reported and disclosed economic, environmental and social information, which is sufficient to support appropriate plans and goals. In the future, the organization continues to strengthen the existing mechanism for identifying stakeholders and materiality issues, and collect and understand the expectations, interests and impacts of stakeholders.

Materiality

Arcadyan has released relevant information on sustainable management to enable stakeholders to judge the company's management and performance, and develop and implement a decision-making mechanism for material issues to accommodate issues from all parties. In the future, the organization can strengthen the decision-making process of material themes and incorporate them into the company's management operations, so that material issues can be updated in a timely manner and develop corresponding strategies, and spread to various departments for performance monitoring and response.

Responsiveness

Arcadyan has developed and implemented a stakeholder response mechanism, clearly declaring relevant policies and communicating with stakeholders, and responding to expectations and opinions from stakeholders. In the future, the organization can strengthen the response and communication mechanism of various departments and stakeholders, and strengthen the depth and breadth of the disclosed data; continue to collect the responses of stakeholders to this report as a reference for future improvement.

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Impact

Arcadyan has developed and implemented a process for understanding, measuring, evaluating and managing the impact of the organization, and provided the necessary capabilities and resources, and committed to making a comprehensive and balanced disclosure of the measurement and evaluation of the organization's impact on stakeholders and itself. In the future, the organization can continue to strengthen the risk and opportunity monitoring and measurement mechanisms of materiality sustainable actions and related impacts, and implement them into the operating procedures of various departments.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, we confirm that the Report complies with GRI reporting requirements in terms of general disclosure items and specific topic disclosures, including material topic management and disclosure items. In the future, the organization will continue to strengthen the disclosure content of the management policy, strengthen the continuous collection and disclosure of relevant information of each operating base, and more completely present the sustainability context and related sustainability performance.

ASSURANCE OPINION

In our opinion, the information and data presented in the Report by Arcadyan provides a fair and balanced representation. We believe the focuses on economic, environmental, and social aspects of Arcadyan in 2022 are well represented.

Afnor Group has developed a set of process for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (v3) and GRI Standards. We believe that the evidence collected by onsite assessment has exhibited that Arcadyan did follow the guidance of AA1000 Assurance Standard (v3) and GRI Standards, and their self-declaration in response to the Global Reporting Initiative.

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ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY

This assurance statement is intended for the use of ARCADYAN TECHNOLOGY CORPORATION only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR：

Trevor Wilmer
The Director for Certification and Assessment
Jun.29.2023

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