



2021

The background of the slide features a pair of hands holding a small globe of the Earth. The globe shows the Americas and parts of Europe and Africa. The background is a soft-focus image of a bright, sunny outdoor scene with green foliage and a sky filled with warm, golden bokeh light spots.

Arcadyan Technology Corporation 2021 Sustainability Report



arcadyan

create a better future
through networking

E

Environmental

S

Social

G

Governance

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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 2021 (January 1st to December 31st, 2021). The reporting period of this report is the same as that of the previous edition; Chinese and English versions are provided on Arcadyan website "Sustainable Development Zone" 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 the data and information on the environmental and social activities of 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, Guangzhou Office and TTI Technology Corporation. The entity subsidiaries disclosed in the financial report of Arcadyan will not be disclosed, including the relevant information of offices located in the United Kingdom, Germany, South Korea, Australia, the United States, Brazil, India and Russia. If there is any information that cannot be disclosed above, it will be specially marked and explained in a specific chapter; the information that has not been disclosed will be considered for the correctness and completeness of the information collection, and to establish an information collection mechanism, which will be included in the scope of disclosure in the coming years.

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Report Assurance

This report is compiled in accordance with the Sustainability Reporting Guidelines (hereinafter referred to as GRI Guidelines) published by the Global Reporting Initiative. The content includes four major elements of reporting principles: inclusiveness of stakeholders, sustainable context, materiality, and integrity; and six qualities of accuracy, balance, clarity, comparability, reliability, and timeliness. This report has been verified by AFNOR Asia, an independent third-party institution, in accordance with the AA1000 accountability principle and the GRI standard, confirming that this report meets the core options of the GRI standard and AA1000 Type I Moderate Assurance Level. The verification statement is listed in the appendix of this report for reference. The relevant content reference data are verified 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.
- 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.
- Operational Continuity Management Procedure (ISO 22301:2019): AFNOR International Inc.
- Information Security and Information Risk Management (ISO 27001:2017/ ISO 27005:2011): AFNOR International Inc.

Letter from Chairman

Global Situation and Challenges

In 2021, under the dual pressure of the global epidemic and international trade tensions, the operation of the Netcom industry will face the challenges of competition and cooperation in all aspects, and it is expected that it will face risks from more levels. In this regard, Arcadyan has laid out in advance and successively introduced various response plans, including expanding the production base in Vietnam, strengthening the adaptability of supply chain management to flexibly meeting customer needs and minimizing the impact.

For a long time, Arcadyan adhered to the sustainable management commitment of taking from the society and using it for the society. In 2017, it established the "CSR Committee", and in 2021, it was expanded and renamed as "Sustainable Development Committee" which is Arcadyan's internal sustainable development decision-making center. A number of senior executives from different departments jointly review Arcadyan's core operating capabilities, formulate the strategic policy and development direction of Arcadyan's sustainable development, and promote sustainable development-related plans, which are internalized as part of the Arcadyan culture.

From 2021, in response to the goals of global energy transition, international customers and Taiwan's local net-zero emission strategy, and facing the challenges of low-carbon transformation of enterprises, Arcadyan takes "United Nations Sustainable Development Goals (SDGs)" and "Corporate Governance 3.0 - Sustainable Development Blueprint" which issued by Taiwan Financial Supervisory Commission to develop Arcadyan's sustainable development strategy in environment, society and corporate governance aspects.

Circular Economy Thinking

Due to the accelerated speed of 3C product introduction, the product life cycle continues to shorten. Arcadyan understands that behind the economic prosperity of the development of the manufacturing industry, energy resources are exhausted. In order to solve the problem of limited supply of energy resources and waste pollution, Arcadyan re-thinks environmental strategies, changes design thinking, reduces energy resource consumption and waste materials, and reduces environmental hazards. In 2021, Arcadyan won BS 8001 Circular Economy best practice certification.

In response to the global commitment to carbon reduction for climate action, Arcadyan plans to expand the scope of GHG Scope 3 inventory in 2022 and implement ISO 50001 energy management system to improve the energy efficiency within group. In addition, it also plans to sign the Science-Based Carbon Reduction Target Initiative in 2022, demonstrating Arcadyan Group's determination to actively reduce carbon emissions.

Strengthen Social Influence

Arcadyan focuses on the sustainable supply chain, regards sustainable development as an important indicator of its procurement strategy, encourages suppliers to promote corporate social responsibility plans, practice the "RBA Responsible Business Alliance" code of conduct, to follow and participate in the "Sustainable Development Platform, SDP" to enhance suppliers' sustainable development capabilities, reduce supply risks, strengthen customer satisfaction and supply chain competitiveness, and create win-win supply chain management. In 2021, Arcadyan awarded JAC (Joint Audit Cooperation) for outstanding performance in the fields of sustainable supply chain development and risk management, and was highly praised by the jury as "enhancing key suppliers in the field of sustainable development, and brought significant CSR and financial benefits to both Arcadyan and customers", the only company in the JAC Forum to receive the Outstanding Achievement Practice Award.

Implement Corporate Governance

In accordance with relevant laws and regulations, Arcadyan established a sound corporate governance structure, including the remuneration committee, independent directors, audit committees, etc. to build internal control, risk management and internal audit mechanisms, and formulate the "Corporate Governance Code of Practice" and "Integrity Management Operations Procedures and Conduct Guidelines" to implement operational transparency through board supervision, evaluation, resolution and guidance. Through the risk management mechanism, Arcadyan integrate and manage the potential risks that may affect the operation, and implement the responsibility of the enterprise operator. In the "Eighth Corporate Governance Evaluation", Arcadyan was ranked among the top 21% to 35% of listed companies, commending Arcadyan's emphasis on practice and implementation after establishing a governance system, and proactively disclosing relevant performance.

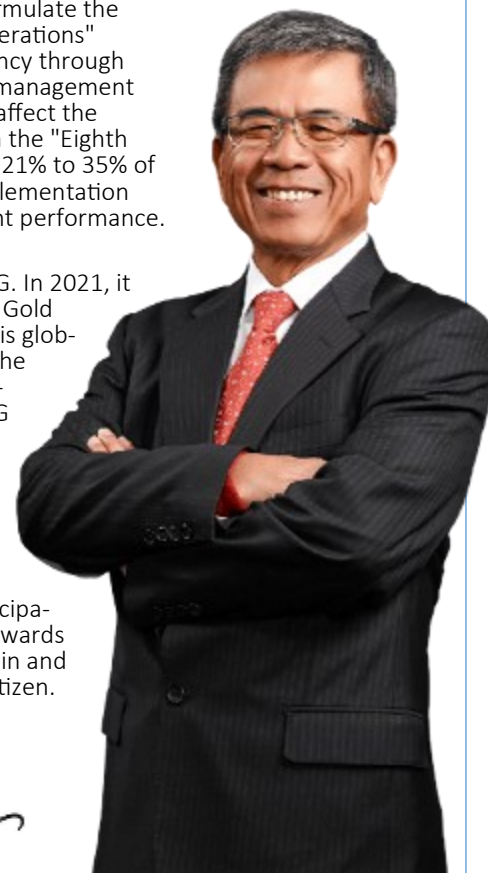
Strengthen ESG Performance

Arcadyan has demonstrated outstanding performance in all aspects of ESG. In 2021, it was recognized by Chunghwa Telecom (CHT) customers and awarded the Gold Award for Sustainable Partner. In the same year, it completed the EcoVadis global corporate social responsibility assessment, and won the gold medal in the aspects of environment, labor rights, business ethics, and sustainable procurement. Arcadyan will continue to demonstrate the transparency of ESG information with specific actions.

Sustainable Strategy Development

Arcadyan will take the core values of "technological innovation, people-oriented, self-transcendence, and customer-oriented" as the basis of its sustainable development strategy, demonstrating actions and performance in various aspects of "corporate governance", "environmental sustainability", "employee care", "sustainable procurement" and "social participation", continue to have good interactions with all stakeholders, to work towards a sustainable and common 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 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

2021 Sustainable Highlights



Governance

- Corporate Governance Evaluation ranking 21-35%



Environment

- The 3rd National Enterprise Environmental Protection Award won the Bronze Award
- Taiwan Headquarters and China Production Center Obtained ISO 14064 Greenhouse Gas Emission Confirmation
- Obtained BS 8001:2017 Circular Economy business model maturity optimizing level
- Participated in International Carbon Disclosure Project (CDP) climate change survey and won B Management Level



Social

- EcoVadis Global Corporate Social Responsibility (CSR) Gold Rating
- Arcadyan Headquarters won the Chunghwa Telecom (CHT) Sustainable Partner Gold Award
- AVC Vietnam Production Center was awarded the A grade of JAC (Joint Audit Co-operation) International Telecommunications Operators Association audit evaluation in 2021
- CNC China Production Center was awarded the B level of the JAC (Joint Audit Co-operation) International Telecommunications Operators Association audit evaluation in 2021
- AVC Vietnam Production Center was awarded the Silver Level of Audit and Assessment by RBA Responsible Business Alliance in 2021
- Swisscom Sustainable Development Program (SDP) Best Practice Award
- JAC (Joint Audit Co-operation) CSR Supply Chain Management Best Practice Award



External Initiatives

As an important member of the global environmental citizen, Arcadyan deeply feels the responsibility and obligation to actively participate in the tasks of the SDGs, and selects the goals related to Arcadyan's operation from the 17 Sustainable Development Goals (SDGs) proposed by the United Nations as indicators of sustainable planning; and supports the ten principles of the United Nations Global Compact (UNGC). All integrity management, labor rights and environmental policies follow the core values of the United Nations Global Covenant, continue to pay attention to the indicators of the Alliance for Sustainable Development, provide employees with a safe and stable working environment and continue to improve working conditions, establish a healthy workplace, and effective labor-employment communication ; Strengthen competitiveness, continuously improve management capabilities, reduce additional costs and establish a reliable supply chain, towards sustainable development.

Arcadyan actively participates in global environmental initiatives and actions. Since 2009, Arcadyan has participated in the Carbon Disclosure Project (CDP) to disclose carbon emission inventory data, carbon reduction effects, and identify regulations and physical risks for carbon saving management. To strengthen Arcadyan's ability to adapt to climate change, evaluate issues related to limited energy, resource shortages, extreme weather, sea level rise, etc., reduce operational risks and costs, and further transform various risks into green circular economy business opportunities to improve the sustainability of business operations. Based on the TCFD climate-related financial disclosure standards, the management framework is introduced based on the four aspects of governance, strategy, risk management, indicators and goals, and to inventory management status of climate change risks and opportunities, disclosed in the 2021 Sustainability Report. Arcadyan also plans to implement the Science-Based Carbon Reduction Initiative (SBTi) in 2022, conduct product carbon footprint surveys for key suppliers, set more aggressive carbon reduction goals, reduce the burden on the earth, and leave a better living environment for future generations.

Arcadyan also follows the Code of Conduct - Responsible Business Alliance (RBA), conducts self-assessment for labor, Health & Safety, Environmental, Ethics, Management System, etc., and actively obtains international certification, not only to increasing the trust of customers, employees and suppliers, but 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 demonstrate its commitment to social responsibility to stakeholders. Arcadyan joined the JAC (Joint Audit Co-operation) supplier coaching program in 2016. In the process, we follow the customer's goals and requirements for sustainable development, lead suppliers to conduct sustainable audits and improvements, maximize the influence of the enterprise, drive the supply chain to actively practice corporate responsibility, and establish a sustainable supply chain.



United Nations
Global Compact



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Responsible Business Alliance

Advancing Sustainability Globally



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Membership of Associations

To understand the development trend of the industry and enhance the exchange of information, Arcadyan actively participates in relevant associations and groups. In 2021, Arcadyan participated in the following organizations as a member, and will not serve as a director or supervisor or participate in the operation of relevant working groups:

- Broadband Forum
- Digital Content Protection LLC
- Digital Transmission Licensing Administrator, LLC (DTLA)
- HDMI Licensing Administrator, Inc.
- Open Connectivity Foundation (OCF)
- Purple Foundation
- SD Association
- The Bluetooth Special Interest Group (SIG)
- Wi-Fi Alliance
- RDK Management LLC
- Connectivity Standards Alliance: CSA-IOT
- ULE Alliance
- High-tech Industry Payroll Management Association



Sustainable Business Philosophy

Environment is one of the important item during Arcadyan operations and growth process. When the environment, economy, and society coexist, can there be a sustainable enterprise. In order to avoid the negative impact of operations on the environment, as of 2021, Arcadyan has introduced relevant certifications such as TL9000, ISO9001 quality management, ISO14001 environmental management, and ISO 14006 Eco-design management. Arcadyan R&D team also especially considers the green design of products, and has successfully introduced lead-free processes, completed the control specifications for prohibited substances such as lead, cadmium, mercury, and hexavalent chromium, and implemented ISO 14006 Product Ecological Design Management System to establish a systematic management system, and begin to introduce BS 8001 Circular Economy design concept since 2020 to effectively track and control the environmental performance of various products. In 2021, Arcadyan cooperated with third-party verification institution to conduct ISO 14064 organizational greenhouse gas inventory, set a base year to monitor major emission sources, and set emission reduction targets to carry out various emission reduction measures.

Social Responsibility is the commitment of Arcadyan to believe that enterprises should take it from society, use it in society, and commitment to sustainable operation. Only when enterprises undertake social responsibilities and participate in social welfare activities can they create a good society. Arcadyan set up "Corporate Social Responsibility Committee", and introduced SA8000 Social Responsibility Management System in CNC China production center. Arcadyan actively responds to and actively plans a number of public welfare activities every year. The implementation includes: caring for students in remote areas, class assistance, donations, realizing dreams, and shortening the gap between urban and rural areas; caring for disadvantaged groups, charity sales, fundraising, sponsorship, and helping minority groups; Cooperate with public welfare foundations to participate, donate, and care, and give back to the society. By participating in these public welfare activities, Arcadyan deeply understand the intentions of our colleagues and the executive power of giving back to the society, and demonstrate Arcadyan's commitment to fulfilling corporate social responsibility.

Employees are the most greatest assets of an enterprise; cherishing talents is the core belief of Arcadyan. Arcadyan is people-oriented, and provides a healthy and safe workplace environment, a complete career training plan and a competitive salary and welfare system, so that employees can work without worries. Arcadyan has introduced ISO 45001 safety and hygiene certification since 2008 to ensure that employees can work in a safe, hygienic and healthy workplace. Arcadyan also cares and communicates to understand the needs of employees, and organizes various activities to promote physical and mental health, so that em-

ployees can give full play to their strengths, take into account physical and mental health, and improve the quality of work and life.

In order to respond to the United Nations Sustainable Development Goals (SDGs) and continue its commitment to the environment, society and economy, Arcadyan focus on the following key goals and actively face the upcoming challenges

- Actively respond to the 17 goals of the United Nations Sustainable Development Goals (SDGs), and to promote policies and activities related to the economy, society and environment.
- Pay close attention to climate change issues, continue to promote and implement product eco-design and green design, take innovative technology to mitigate the environmental impact of climate change and improve product safety.
- Promote corporate social responsibility management processes and organizational performance, strengthen internal corporate governance, revise environmental sustainability policies, implant the DNA of corporate sustainability and environmental protection, and work with external customers to promote corporate social responsibility policies that comply with international standards, so that the concept of sustainability can be deeply embedded in Arcadyan's corporate culture.

Arcadyan believes that the most important way for the sustainable operation of an enterprise is commitment. Arcadyan promises that we will be a responsible enterprise based on our existing core capabilities and competitive advantages. Adhering to the spirit of "technological innovation, people-oriented, self-transcendence, customer-oriented", its sustainable development policy is:

- 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 2021

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 implemented ISO 27001 Information Security Management System and ISO 27005 Information Risk Management System in 2020, and obtain third-party verification in 2021. AVC Vietnam Production Center also carry out ISO 22301 Business Continuity Management System construction in 2021, and expected to obtain the third-party verification in 2022.

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	
	ISO 14064-1:2018 Greenhouse Gas Verification	O	O	
Social	ISO 22301:2019 Business Continuity Management System	O	O	
	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	
	SA 8000:2014 Social Accountability 8000 Standard		O	
	Responsible Business Alliance (RBA) Audit		O	O



1 Identification of Stakeholders and Materiality Topics

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1-1 Stakeholder Identification and Communication

Arcadyan collects the opinions of all stakeholders, through their feedback and suggestions, understands the issues of concern as an important basis for the sustainable development of Arcadyan. The CSR execution team refers to the relevant information listed by the industry, and lists the stakeholders that may be contacted by the parties in the internal discussion article, and then the team summarizes the "Shareholders, Customers, Employees, Suppliers, Government Agencies and Non-Government Organizations". The six types of stakeholders in the company will maintain a smooth communication channel with the stakeholders in accordance with the "Stakeholder Communication Table" in the following table.

Stakeholders	Stakeholders	Communication Channels	Frequency	Main Issues of Concern	Corresponding Chapters	Page
 Shareholders	Investors	Shareholders meeting	Yearly	Operating performance	2-4 2021 Consolidated Financial Business Performance	21
	Shareholder	Institutional investors' conference		Business integrity	2-8 Integrity management and Compliance with Regulations	31
	Bank	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	Cultivation and training	6-4 Employee Rights and Welfare	70
		Education Training			6-5 Talent Cultivation and Development	72
		Internal BBS bulletin board	Irregularly	Occupational Safety and Health	6-6 Occupational Health and Safety	74
		Internet and Employee Comment Box, Complaint Hotline, mailbox		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	City Government, Fire Bureau, Environment Bureau, Police station	Official Document	Irregularly	Energy consumption and management	5-4 Energy Management	57
		Regulations Briefing			5-5 Water Resource Management	60
		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	Email Discussion	Irregularly	Society Care and Public Welfare Participation	7 Society Care and Public Welfare	80
	Group, Foundations	Event or Meeting				
 Community	Community resident	Community Resident Meeting	Irregularly	Society Care and Public Welfare Participation	7 Society Care and Public Welfare	80
 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

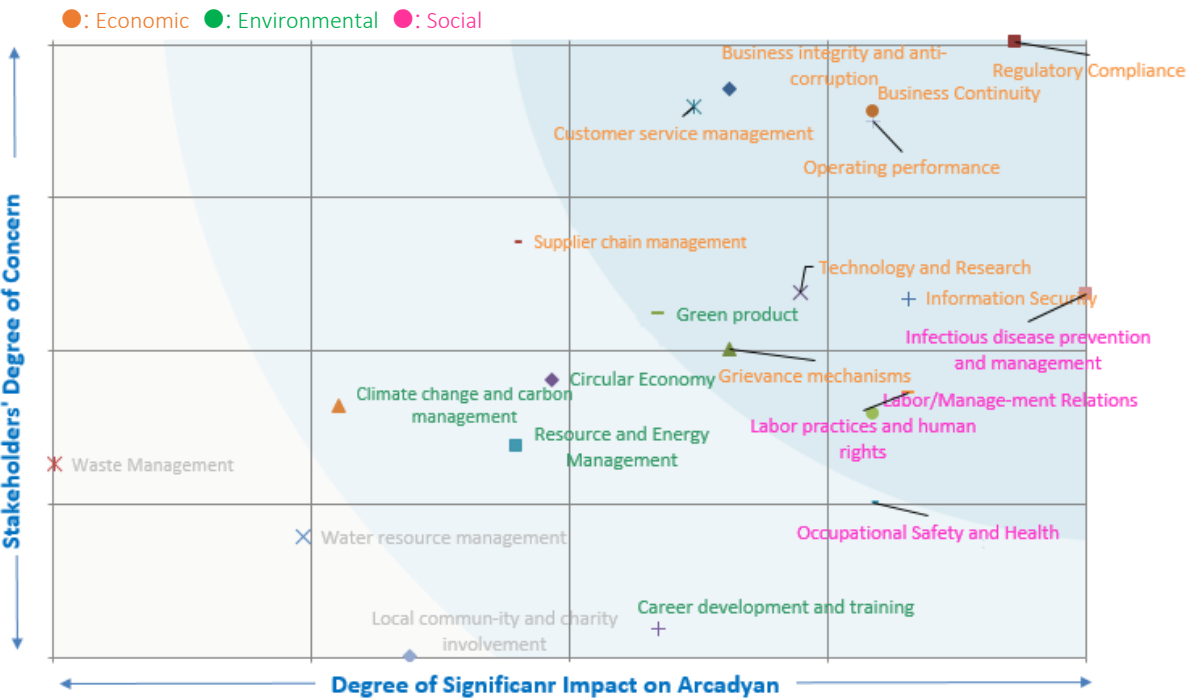


1-2 Materiality Topics Identification

In addition to collecting information through various communication channels and feedback mailboxes, Arcadyan also takes questionnaires every year to understand the concerns of stakeholders. Its topics are based on the various aspects of the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative, and there are 21 topics in total in response to domestic and international trends, the electronics industry, the environment, society and other stakeholders' concerns. Compared with the 2020 topics, Arcadyan has adjusted the title of the topic "Energy Conservation and Carbon Reduction" to "Climate Change and Carbon Management", which is closer to the trend that the industry is concerned about.

In 2021, Arcadyan official website "Corporate Social Responsibility - Stakeholders Zone" will set up an online questionnaire collection channel. As of the end of 2021, a total of 65 valid questionnaires have been collected; a total of 449 questionnaires were feedback from various stakeholders, such as paper questionnaires or E-mail, with a total of 514 responses. The questionnaire response rate was higher than 95%, and the number of collected questionnaires increased by 75% compared with the previous year.

The sustainable development executive team evaluates the importance of each stakeholder to Arcadyan, multiplied by the proportion of each stakeholder's degree of concern for each major issue, and calculates the total degree of concern of each stakeholder for each issue as " Ordinate". In addition, taking the operation of Arcadyan as a consideration, the degree of impact of this major issue on the internal organization is taken as the "abscissa", and the XY scatter diagram is drawn as follows. According to the XY intersection interval of the high concern of stakeholders and the high impact on the economy, society and the environment, and compare the characteristics of the Arcadyan industry again, taking the ranking method, quadrant method, 1/4 circle and other statistical analysis methods to compare each analysis and finally adopting the most comprehensive 1/4-round screening principle, 18 major topics are formed from the intersection of high external attention and high internal impact. Compared with the 14 major topics in 2020, "Grievance Mechanisms", "Circular Economy", "Resource and Energy Management", and "Climate Change and Carbon Management" are added. Although the remaining non-major topics have low priority, some of them also show their related policies, measures and issues in this report.



1 Determine Who to Communicate

8 Types of Stakeholders

Shareholders, customers, employees, suppliers, government agencies, NGO, local communities and operation-related organizations

2 Collect Issues about Sustainable

21 Total Topics

Topics are collected from sources such as the international sustainability standard GRI, domestic and international trends, the electronics industry, and stakeholder communication

3 Investigate the Level of Concern

514 Questionnaires

A total of 484 external stakeholders and 30 internal stakeholders were collected

4 Analyze Operational Impact

30 Senior Executives

Covering senior managers at the director, associate, and vice-president levels, participating in identifying the impact of ESG issues on company operations

5 Draw Significance Matrix

18 Materiality Topics

Plot the degree of internal impact on the X-axis and the attention of external stakeholders on the Y-axis, and filter out major issues with a 1/4 circle

6 Corresponding Disclosure Content

16 GRI Standards

According to the identified 18 materiality topics, corresponding to the 16 specific topics in the GRI standard, to collect and disclose sustainable information









7 Setting Target and Monitoring

24 ESG Targets

For materiality ESG topics, company colleagues and supervisors jointly formulate 24 management Targets

1-3 Corresponding GRI Material Topic for Arcadyan

●: Direct Impact ○: Indirect Impact △: Commercial Impact

Materiality Topics		GRI Indicator	Description	Materiality Description	Management Targets	Impacted Boundary				SDGs	Page
						Suppliers	Production center	Arcadyan	Customers		
Economy	Operating Performance	GRI 201: Economic Performance	Key financial information such as company revenue and costs; the economic impact and indirect economic shocks of climate change	Economic-related performance is the most concerned topic for all stakeholders. We will disclose information on operational performance and market competitiveness in 2021 to practice sustainable business operations.	1. Continuous profit (operating income, after-tax surplus) 2. Stable dividend policy (dividend distribution)	○	●	●	△		18
	Integrity Management	GRI 206: Anti-Competitive Conduct	Integrity and anti-corruption policies or monitoring mechanisms for company operations	Arcadyan and stakeholders care integrity of corporate governance and national or international laws, and manage anti-competitive, anti-trust or monopoly practices	0 cases of corruption, bribery, etc. violating integrity management	○	●	●	△		32
	Regulatory Compliance	GRI 307: Compliance with Environmental Protection GRI 419: Socioeconomic Compliance	The company's compliance with regulations related to the environment, products, etc.	Providing environmentally friendly products is the design concept of Arcadyan. Arcadyan attaches great importance to issues that comply with international environmental protection regulations and directives	0 cases of violations of environmental laws and regulations	●	●	●	△		39, 53 48-50
	Grievance Mechanisms 	GRI 307: Compliance with Environmental Protection GRI 406: Nondiscrimination GRI 419: Socioeconomic Compliance	Communication, grievance channels, response and handling mechanisms for environmental, labor, human rights, and social issues	Arcadyan attaches great importance to the relevant rights and interests of all stakeholders, and requires that each operating site must truly comply with local regulations and international norms, whether in environmental or social aspects	1. 0 cases of violations of environmental laws and regulations 2. 0 cases of forced labor complaints reported		●	●			67-68
	Technology and R&D	N/A	Propose innovative practices in R&D and management in terms of technology, process and products	Excellent R&D capability is the key factor for Arcadyan to maintain its competitive advantage. Arcadyan publicly discloses its competitive advantage and long-term and short-term business development plans to respond to market need.	Technology integration and product customization, maintain product technology and function leadership, and increase market share	○	●	●	●		41-42
	Customer Service	GRI 416: Customer Health and Safety	Product Safety, Customer Satisfaction Survey and Customer Management	Customer satisfaction is the focus of Arcadyan's sustainable operation, meeting customer needs and making continuous progress, creating a sustainable cooperation model	Customer satisfaction above 85%		●	●	●		35, 50
	Business Continuity	GRI 201: Economic Performance	The company effectively manages risks that threaten operations and ensures continued operations in the event of a disruptive event	In recent years, the global situation is turbulent and the epidemic continues to spread, Arcadyan has formulated continuous management policies and response plans in response to various shocks	Develop improvement plans for major risk projects	●	●	●	△		26-30
	Information Security	GRI 418: Client Privacy	The company plans information security risk response measures to control and reduce the threats and impacts caused by information security incidents	Arcadyan protects the privacy of customer information, and sets up various information security control mechanisms and regular publicity measures both internally and externally to avoid information security incidents.	0 cases of violation of customer privacy and other major information security incidents			●	●		28, 35
	Supply Chain Management	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment	Supervise and manage the supply chain (including new suppliers) to reduce possible risks, and conduct supplier social and environmental assessments, conflict mineral management, etc.	Continuing to strengthen the management of supply chain and increase the proportion of local procurement are the key projects of Arcadyan	1. Prohibition of conflict minerals 2.The proportion of local procurement of Vietnamese production centers reaches 20%	●	●	●	△		36-38



1-3 Corresponding GRI Material Topic for Arcadyan

●: Direct Impact ○: Indirect Impact △: Commercial Impact

Materiality Topics	GRI Indicator	Description	Materiality Description	Management Targets	Impacted Boundary				SDGs	Page
					Suppliers	Production center	Arcadyan	Customers		
Environment	Green product	GRI 301: Materials	Product development and product safety management to reduce environmental impact	1. All products comply with European and American regulations on the restriction of hazardous substances 2. Take ecological design as the core concept of product design 3. Select environmentally friendly materials and parts 1. All products comply with European and American regulations on the restriction of hazardous substances 2. Take ecological design as the core concept of product design 3. Select environmentally friendly materials and parts	●	●	●	△	13 气候行动	43, 47-49
	Circular Economy NEW	GRI 301: Materials	The company maximizes the benefits and value of its products, components and materials, and meets the demands of circular economy through recyclable and renewable designs		●	●	●	△	13 气候行动	44
	Resource and Energy Management NEW	GRI 302: Energy	Analyze the consumption of various energy sources, promote related energy-saving activities and manage the effectiveness			●	●	△	13 气候行动	57
	Climate Change and Carbon Management NEW	GRI 305: Emissions	Inventory and calculation of greenhouse gas emissions, assessment of various carbon reduction measures, climate change risks and opportunities		●	●	●	●	13 气候行动	54-56
Society	Employment/Labor Relations	GRI 401: Labor relations	Salary, welfare and reward system, employment form, employee communication, and centripetal force, etc.	Arcadyan focuses on labor-employment relations, employee benefits, talent cultivation, treats all Arcadyan employees equally, and creates a friendly and comfortable working environment	Provide multiple benefits and activities to balance work and life	●	●		8 体面劳动	69-71
	Cultivation and Training	GRI 404: Training and Education	The company's planning, management and evaluation of employee education and training	Arcadyan focuses on labor-employment relations, employee benefits, talent cultivation, treats all Arcadyan employees equally, and creates a friendly and comfortable working environment	Improve talent development and training, and provide suitable career development	●	●		4 优质教育	72-73
	Occupational Safety and Health	GRI 403: Occupational Safety and Health	Healthy workplace, occupational injury rate, occupational disease, lost work and absentee rate	Arcadyan attaches great importance to the occupational health and safety of employees. Only healthy employees can have a flourishing industry.	Provide a safe working environment and strive for zero disaster accidents	●	●		3 良好职业健康安全	74-79
	Infectious Disease Prevention and Management	GRI 403: Occupational Safety and Health	The company's response to infectious diseases, such as COVID-19, by making overall operational adjustments to reduce its impact on the company and stakeholders	Arcadyan attaches great importance to the occupational health and safety of employees. Only healthy employees can have a flourishing industry.	Dynamic adjustment of epidemic prevention mechanisms and measures, flexible working environment to reduce the probability of infection		●	△	3 良好职业健康安全	29-30
	Labor Practices and Human Rights	GRI 406: Nondiscrimination GRI 409: Forced or Compulsory Labor	The company protects the human rights of employees, guarantees freedom of association and collective negotiation, anti-discrimination and does not employ child labor, etc.	Arcadyan abides by international human rights organizations and labor policies, and shall not discriminate against others for any reason, conduct human trafficking, or force others to work. And "following relevant laws and regulations" is regarded as the key item in the selection of new suppliers and the annual audit	1. To formulate a declaration of Arcadyan Human Rights Policy 2. Prohibition of child labor 3. 0 cases of forced labor complaints and reports	○	●	●	10 减少不平等 5 性别平等	67-68



2 Business Development

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2-1 Industry Overview and Development

Continuing the industry trend from 2020 to 2021, the 5G topic continues to be popular. Due to the impact of the COVID-19 epidemic on personal life and business operations, it will promote a large number of applications of cloud, remote and IoT network. Under the trend of digital transformation, it highlights the importance of 5G high-speed and low-latency networks.

According to the release of **Market Intelligence & Consulting Institute (MIC)**, it is predicted that in 2022, the main axis of the development of the Netcom industry will be "large bandwidth", which will affect the development of five major trends. The industry trends related to Arcadyan's business scope are "Influence of 5G New Standard Formulation" and "Mobile Core Network On-Cloud". The research and development status of Arcadyan in 2021 is as follows:

- Developed products include: Whole Home Wi-Fi (Wi-Fi Mesh Network), smart home solutions, 4G/LTE small cells with integrated Self-Optimizing Network (SON), indoor and outdoor LTE routers/gateways routers, 802.11ax, 802.11ac (single-band, dual-band and triple-band) wireless network routers, 802.11ax, 802.11ac VDSL routers, repeaters that increase indoor wireless signal coverage, and support high-end ultra-high resolution TV set-top box (Android TV OTT/IP STB), GPON OLT/ONT fiber broadband, NG-PON2 fiber broadband and DOCSIS 3.1 & 3.0 Cable Modem and other products.
- Continue to enhance and optimize the integration functions of the new generation IAD, such as ZigBee / Z-Wave / BLE / DECT ULE / NFC technology integration, software AI intelligent repair function, IEEE1905.1, Easy Mesh TM R1 / R2 multi-style interface integration management.
- Accelerate the development of 5G user terminal equipment (CPE), 5G small cell (Small Cell), MEC switch, smart home / IoT gateway interworking, 76 GHz-80 GHz vehicle BSD blind spot assist active warning radar, and artificial intelligence (AI) algorithm / big data cloud analysis integration and other new technologies.

In response to the impact of COVID-19, the global demand for remote work and cloud applications has increased rapidly. Under the continuous construction of broadband infrastructure in various regions, Netcom products will continue to grow. The next phase of product planning will continue to develop including:

- Gateways supporting smart home and IoT functions, built-in wireless modules for consumer audio and video products (such as Smart TV and home voice assistants), high-end CPE required by ISPs, 5G terminal equipment supporting Fixed mobile convergence, and IAD, Small Cell and MEC switches supporting 5G O-RAN architecture, high-end ultra-high resolution (4K) and high dynamic range (HDR) TV set-top boxes (Android TV OTT/ IP STB), next-generation Cable Modem Routers, 76GHz-80GHz automotive BSD blind spot assist active warning radars, and smart CPEs incorporating artificial intelligence (AI) algorithms and big data cloud analysis will also be the main axes of research and development.
- Expand JDM's business model to gain greater economic scale advantages, actively introduce automated production processes, expand the scale of Vietnam's production center, increase production capacity, moderately diversify overseas production base risks, and improve manufacturing flexibility in multiple locations.



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.

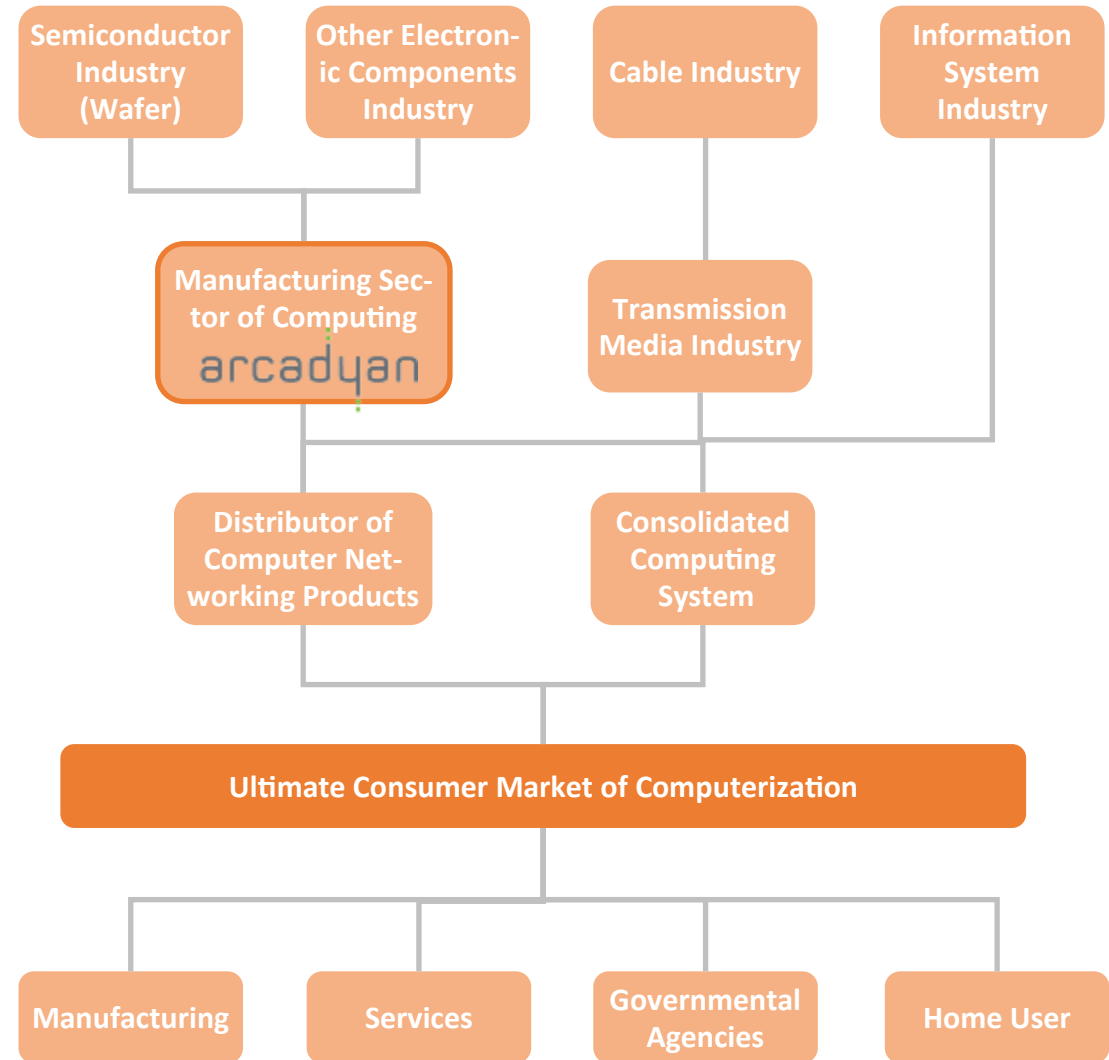
Product Category

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 terminal equipment
- Wireless local area network
- Optical fiber communication network
- Mobile communication
- Digital home application

Industrial Chain Diagram



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.

The proportion of Arcadyan's business in 2021 is as follows:



■ Europe ■ Americas ■ Asia and other Regions



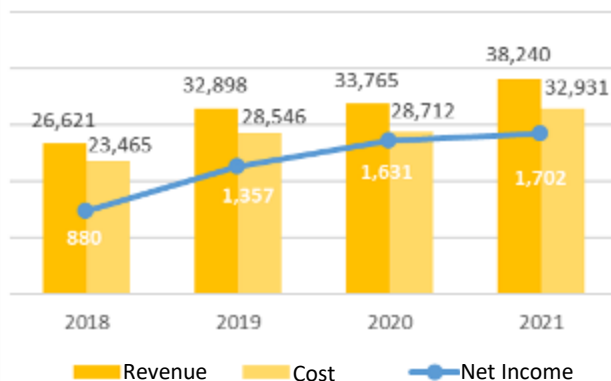
■ Smart Home Solution ■ Broadband Solution ■ Mobility Solution ■ Others



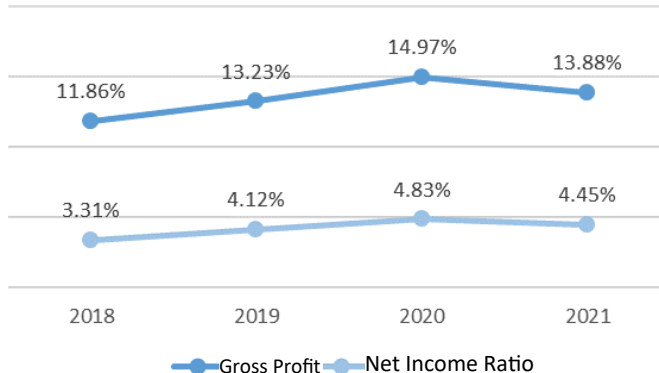
2-4 2021 Consolidated Financial Business Performance 2021

Arcadyan's 2021 debt-to-equity swap caused changes in the share capital structure, but it has no major impact or change on the overall operation of Arcadyan. The consolidated financial performance and profitability analysis for the past four years is presented in the chart below. All calculations are based on the new International Financial Reporting Standards (IFRS). For complete financial performance related content, please refer to "6. Financial Overview" of Arcadyan Technology's 2021 Annual Report.

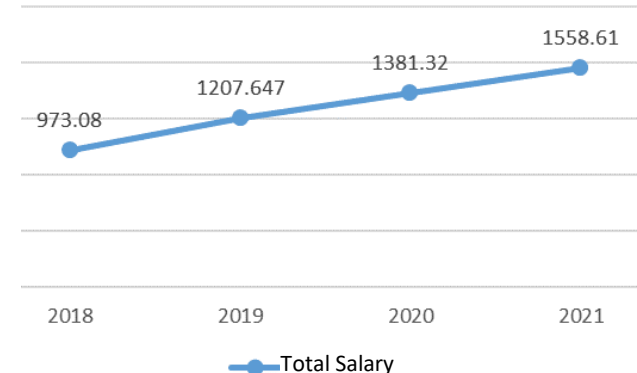
Operating Revenue, Cost and Net Income
(NT\$ million)



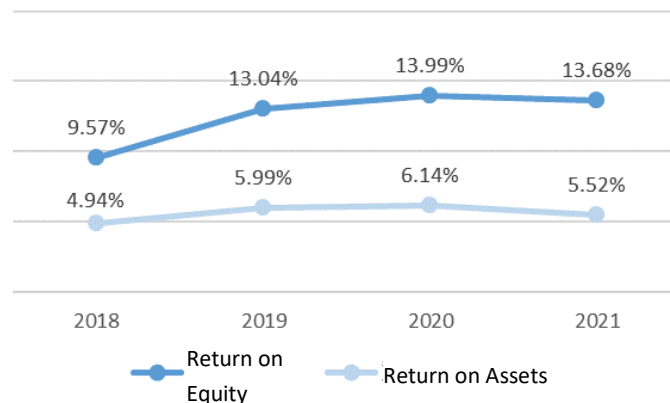
Gross Profit and Net Income Ratio
(%)



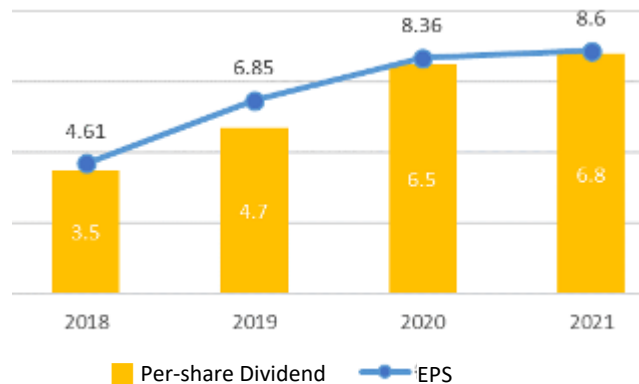
Total Salary_ Individual Finance Report
(NT\$ million)



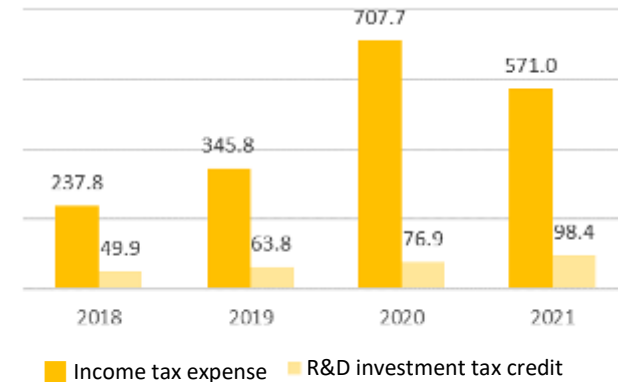
Return on Assets and Return on Equity
(%)



Per-share dividend (NT\$ thousand) and EPS (NT\$)

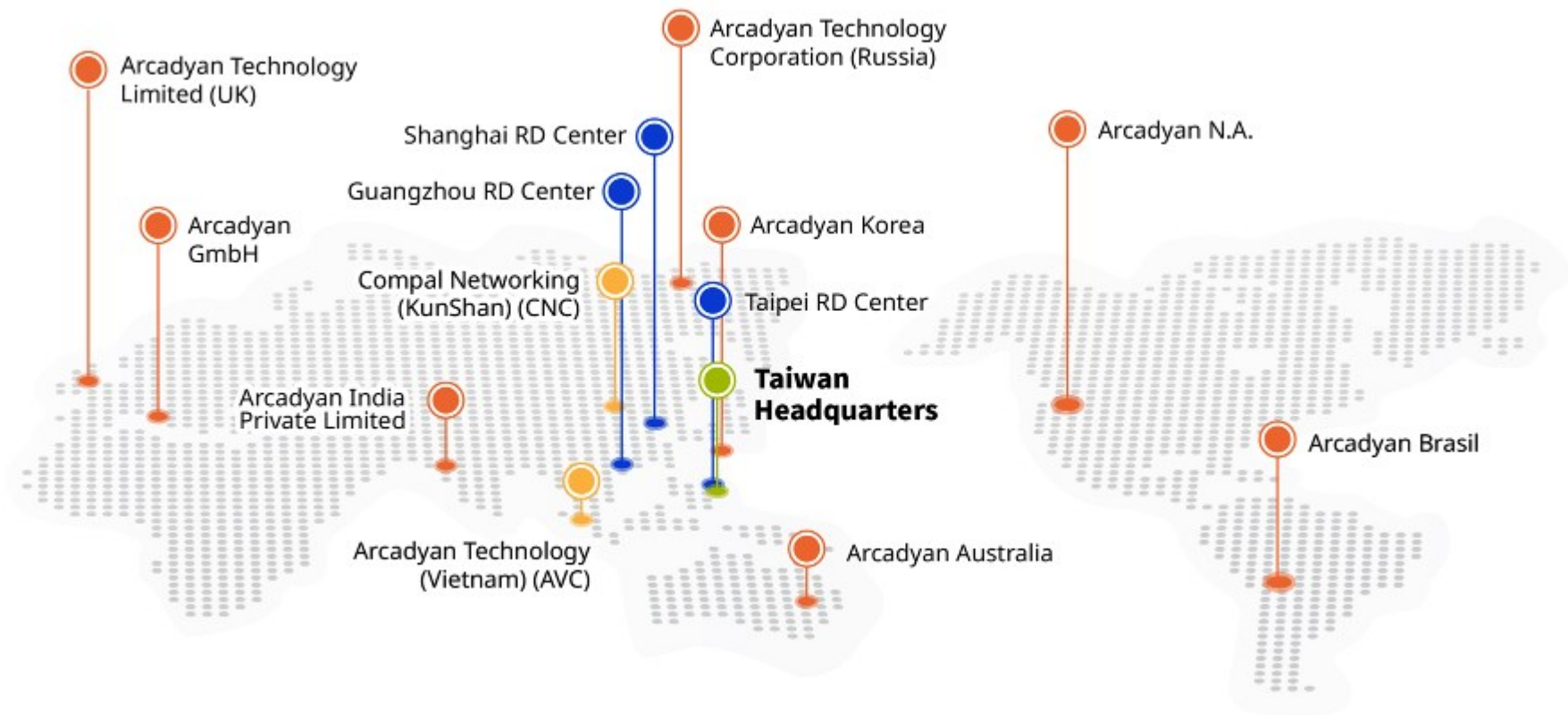


Income tax expense and R&D investment tax credit
(NT\$ million)

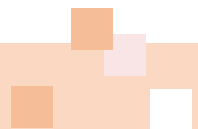


Operating Base and Service Market

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.

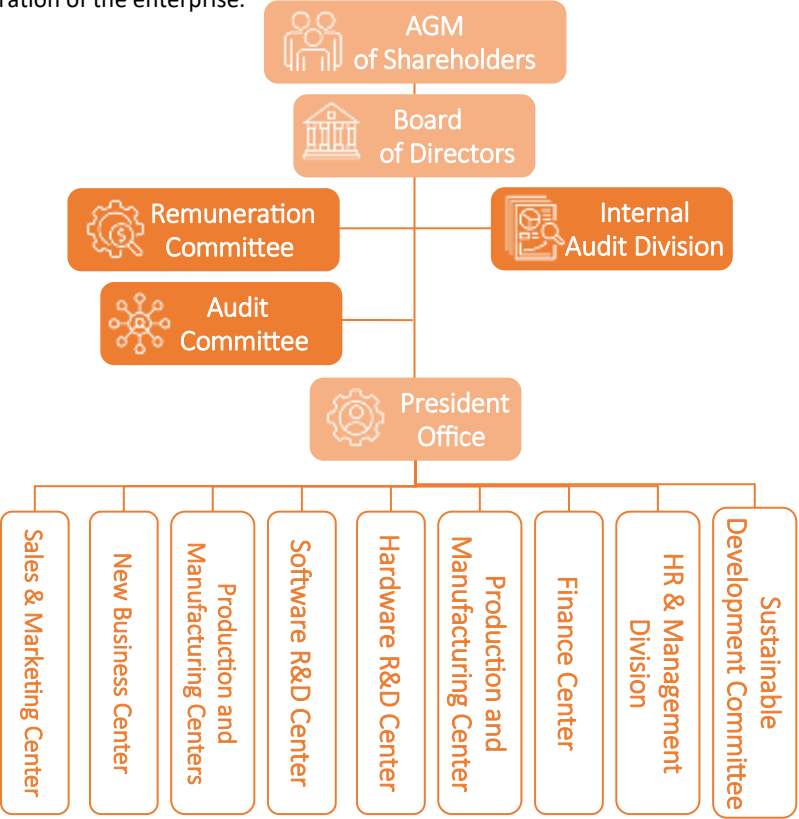


Headquarters	Hsinchu (Taiwan)
R&D Center	Hsinchu, Taipei, Shanghai, Guangzhou
Production Center	CNC China Production Center (Kunshan), AVC Vietnam Production Center (Yongfu)
Branch Office	USA, Germany, UK, Korea, Australia, Brazil, Russia, India, Taiwan



2-5 Corporate Governance

Arcadyan attaches great importance to operation transparency and corporate governance, formulates and follows Arcadyan’s "Procedure Rules for Board of Directors" in accordance with "Procedures for Board of Directors of Public Companies" promulgated by the government. The attendance of directors at the board of directors was disclosed on the public information observatory, and the major resolutions of the board of directors were announced on the Arcadyan website. According to the "Code of Practice on Corporate Governance of Listed Companies" to formulated Arcadyan "Code of Practice on Corporate Governance", and the disclosed relevant content on Arcadyan website and the Public Information Observatory. To establish an effective corporate governance structure, strengthen the functions of the supervisory board of directors, protect the rights and interests of shareholders, and adhere to the principle of integrity management, formulate various systems, and implement the spirit of corporate governance, so as to improve operational performance and practice the sustainable operation of the enterprise.



Department	Main Responsibilities
Internal Audit Division	In charging of the planning, execution and improvement of the internal audit of the Company
President Office	Establishing the operational goals of the Company, taking charge, directing and overseeing the overall business operations
Sales & Marketing Center	1. Expanding and developing sales operation. 2. Overseeing the communication channels of customer service. 3. Managing marketing strategy and business operation. 4. Designing, planning and implementation of marketing projects
New Business Division	Conducting R&D on new technologies, new products development and introduction for mass production, including assessment of the feasibility of new product development and integration of Technologies 1. Managing products and controlling project schedules. 2. Collaborating with R&D and manufacturing divisions and arranging for trial-run manufacturing to facilitate mass production. 3. Overseeing procurement, import and export, and production material control. 4. Designing and managing the engineering and manufacturing of products, managing and certifi-cating of product quality. 5. Constructing and overseeing network environment, and installing and maintaining the main-frame computer system and peripheral equipment. 6. Planning for introduction and conducting overall maintenance of ERP/MES, other online systems, developing operating procedures and assessing feasibilities. 7. Planning, designing and implementation of legal patent related matters. 8. Assisting in cost control of products and procurement to increase the overall profitability
Operation Management Center	
Software R&D Center	Develop various software technologies and testing programs of the Company
Hardware R&D Center	Develop various hardware technologies and the related integration programs of the Company
Production and Manufacturing Center	Supervising the overall production matters in the factory areas of Vietnam and Mainland China.
Finance Center	1. Preparing and examining the accounting and tax matters, and preparing financial reports. 2. Preparing budgets, difference analysis and control of variances 3. Managing financial matters, establishing short, medium and long term capital funding and ar-rangement. 4. Cost computing, analyzing and planning for inventory physical Count
HR & Management Division	1. Establishing, amending and implementation of company management system. 2. Conducting performance assessment for Employees, establishing promotion, retirement and other HR systems. 3. Planning and conducting employee training. 4. Computing salary, labor, health and group insurance. 5. Managing administrative matters
Sustainable Development Committee	1. The formulation of sustainable development policies. 2. The establishment of the annual plan and strategic direction of sustainable development. 3. Track and review the implementation and effectiveness of sustainable development, and report to the Board of Directors. 4. Decisions on other matters related to sustainable development.

Information of Directors and Supervisors

The board of directors is the center of Arcadyan's highest governance and major business decisions. Its responsibilities include appointing and supervising Arcadyan's management, supervising business performance, preventing conflicts of interest, ensuring that Arcadyan complies with various laws and regulations, and protecting shareholders' rights. The members of the board of directors have professional capabilities such as operational judgment, accounting and financial analysis, business management, risk management, industry knowledge, international market outlook, leadership decision-making, investment, mergers and acquisitions. To achieve the goal of diversifying the board members and make it more functional, Arcadyan will select a director with Netcom's technology expertise and industry qualifications to provide professional advice on operations and industry practices to enhance Arcadyan's sustainable competitiveness. In 2021, there were 4 meetings of the board of directors, and the average actual attendance rate was 91.67%.

Diversity of Arcadyan Board Members

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.	○	○	○	○	○	○	○	○	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.	○	○	○	○	○	○	○	○	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.	○		○	○	○	○	○		Male	50~59 years old
Director	Compal Electronics Inc. Representative: Liu Chung-Pao	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation	○		○	○	○	○	○		Male	60~69 years old
Director	Tseng Chao-Peng	MBA, Oklahoma State University President of Arcadyan Technology Corporation	○	○	○	○	○	○	○	○	Male	60~69 years old
Independent Director	Lee Ying-Jen	PhD in Electrical Engineering, National Taiwan University Chairman of Litemax Electronics Inc.	○	○	○	○	○	○	○	○	Male	60~69 years old
Independent Director	Wen Ching-Jang	PhD. Graduate Institute Of Electrical Engineering, University of Pennsylvania. Director of Biophtek Technology Inc.	○	○	○	○	○	○	○	○	Male	70~79 years old
Independent Director	Yang Wen-An	Master of Commerce, National Taiwan University Chairman of Durbun Digital Solutions, Inc.	○	○	○	○		○	○	○	Male	60~69 years old
Director	Wei Je-He	PhD in Electrical Engineering, University of Washington Honorary Professor of National Chiao Tung University	○		○	○	○	○	○	○	Male	70~79 years old



Operation of the Board of Directors

Arcadyan appoints three independent directors at the regular shareholders' meeting, and the three independent directors form a remuneration committee to assist in evaluating and approving the remuneration of directors and managers, combining remuneration with personal and company operational performance, and providing reasonable remuneration to retain outstanding employees.

Three independent directors form an Audit Committee that meets at least quarterly. The main functions and responsibilities of the Audit Committee are to review Arcadyan's financial statements, internal audit/control systems, significant assets, derivatives transactions, capital lending, providing guarantees, as well as the appointment, dismissal, remuneration and independence assessment of certified accountants, and accepting reports cases, regularly review Arcadyan's legal compliance.

The Audit Committee

Three independent directors are elected to form the audit committee in the regular shareholders' meeting of Arcadyan, which meets at least once a quarter. There were 4 audit meetings in 2021, and the average attendance rate of independent directors was 100%. The main duties of the Audit Committee are:

1. Supervise Arcadyan's financial statements
2. Supervise the selection (dismissal), independence and performance of the visa Accountant.
3. Supervise the effective implementation of Arcadyan's internal control
4. Supervise Arcadyan's compliance with relevant laws and regulations
5. Supervise Arcadyan's management of existing or potential risks

Remuneration Committee

The Salary and Remuneration Committee has 3 members and meets at least twice a year. It is responsible for assisting in evaluating and approving the salary level of directors and managers, to combine the salary distribution

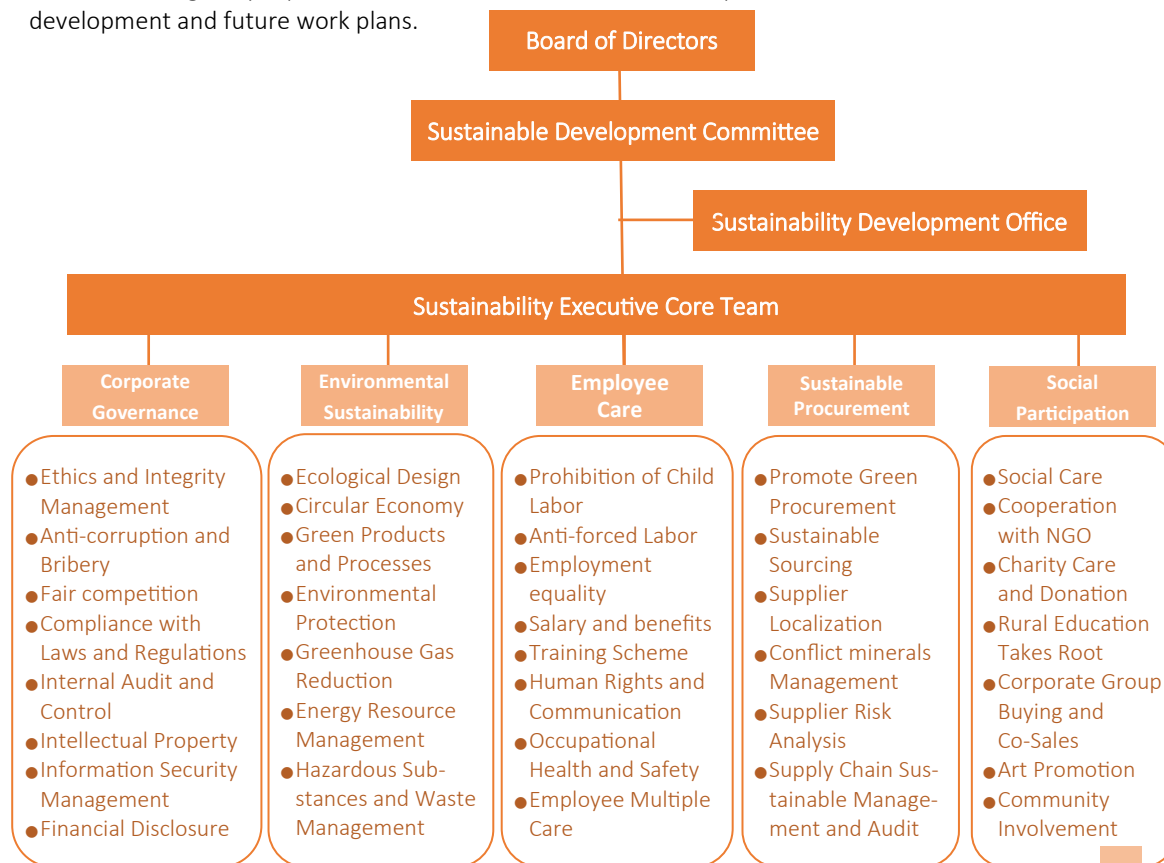
with the performance of individuals and companies, so as to achieve the rationality of salary distribution and attract and retain outstanding employees. In 2021, the Salary Committee met 4 times, and the average attendance rate of members was 100%. Its main duties are:

1. Formulate and regularly review policies, systems, standards and structures for performance evaluation and remuneration of directors and managers
2. Regularly assess and determine the remuneration of directors and managers

Sustainable Development Committee

Following the vision and mission of the ESG policy, Arcadyan established the "CSR Committee" in 2016, and expanded the group to set up a dedicated functional department in 2010, which is Arcadyan's internal sustainable development decision center. The president serves as the chairman, and together with senior executives in different fields to review Arcadyan's core operating capabilities and formulate medium and long-term sustainable development plans. "Sustainable Development Committee Organization Regulations" was approved by the Board of Directors on 5th May 2022, and "Sustainable Development Committee" was established under the Board of Directors and appointed members to be responsible for the promotion of Arcadyan's sustainable development work.

The members of the Sustainability Committee are appointed by the chairman to serve as the top managers of relevant centers, including finance, R&D, production, procurement, human resources, quality, green execution, information security, and audit teams. The chairman of the "Sustainable Development Committee" regularly reports to the Board of Directors on the implementation results of sustainable development and future work plans.



2-6 Business Risk Management

There are many types of internal and external risks that Arcadyan faces, such as local legal changes, business competition, natural disasters and other risks in each operating base. How to reduce the impact to maintain the continuity of operations, or even turn them into opportunities, is the responsibility of every Arcadyan employees. The purpose of risk management is to detect risk factors that may adversely affect operations in advance, and after appropriate assessment and processing procedures, reduce, avoid, transfer and accept risks, thereby preventing the occurrence of losses. In response to changes in the internal and external environment, it can immediately detect and warn of risks to minimize the impact of operational shocks.

For the prevention of operational impact, Arcadyan has set up an "Operation Management Committee", with the president serving as the chairman of the business continuous operation. The members include procurement, finance, legal affairs, information, R&D, quality and overseas production centers to jointly participate, and hold regular meetings every year. Through systematic analysis, Arcadyan identify risks that may affect operations in all aspects of the environment, economy and society, and take prevention, response, management and operational 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, formulate analysis and risk assessment processes, and annually based on PPTISSFT (personnel, location, technology, information, stakeholders, suppliers, financial and transportation), assess the frequency and possibility of risks occurrence, and set up 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 operation continuity of Arcadyan Group, it is planned to include the newly built AVC Vietnam production center into the implementation scope of the ISO 22301 operation continuity management system in 2022, and obtain third-party verification.

Strategies and Opportunities to Respond Operational Risks

Aspect	Risk type	Impact	Response Strategy	Opportunities
Social Aspect	Ethics and Integrity	Affect the rights and interests of stakeholders	1. Formulate the internal management guidelines for "Handling of Violations of Integrity". 2. There is an independent whistleblower mailbox (ethics@arcadyan.com) as a complaint channel for dishonest or misconduct issue.	Demonstrate business integrity and anti-corruption policies, improve corporate governance capabilities, ensure the rights and interests of stakeholders, and exert the influence of corporate social responsibility.
	Fair Competition	and cause losses to Arcadyan's operations.	3. Strengthen employees' awareness of regulations and ethics, and implement an internal audit system.	
	Child Labor	Violation of legal re-	1. The headquarters formulated the "Arcadyan Technology Human Rights Policy Declaration" to strengthen internal management and review mechanisms, prohibit forced labor and child labor, and overseas production centers have issued relevant guidelines and review procedures.	Create a healthy workplace and prevent potential occupational injuries and risks, ensure employee health and rights, enhance team cohesiveness, and fulfill corporate social responsibilities.
	Working Overtime	quirements will cause occupational safety and health hazards or incidents, reduce employees' recognition with the company, and cause employee turnover.	2. protect human rights, freedom of association and collective negotiation. 3. Set up an internal complaint reporting mailbox (hr_hq@arcadyan.com) to anonymously review any illegal activities and ensure that employee complaints are properly handled.	
	Employee Health		4. Through the risk classification of the working environment, Arcadyan formulated continuous improvement measures to reduce the risk of safety and health in the working environment.	
	Labor Relations		5. Regularly conduct health examination for all employees, set up a health center and employ professional nursing staff, on-site doctors and special medical institutions to check the health of each employee. 6. Set up a labor-management committee, hold regular labor-management meetings, collect employees' opinions, and establish a good communication mechanism.	



Strategies and Opportunities to Respond Operational Risks

Aspect	Risk type	Impact	Response Strategy	Opportunities
Environmental Aspect	Environmental Regulations		<ol style="list-style-type: none"> Strengthen the audit and supervision mechanism of Arcadyan's management level. Pay attention to global environmental regulations, strengthen supply chain management, update relevant information regularly, and conduct publicity. 	
	Climate Change	<ol style="list-style-type: none"> Changes in laws and regulations lead to changes in R&D technology and increased costs. Violation of relevant laws and regulations on environmental protection, resulting in operational losses and affecting corporate image. 	<ol style="list-style-type: none"> Pay attention to the trend of global climate change issues, actively participate in global environmental initiatives and actions, implement carbon emission invention and verification, disclose carbon reduction results, and obtain ISO 14064 third-party verification statement. Referring to TCFD framework, identify climate-related risks and opportunities that may cause a major financial impact on Arcadyan, promote various climate adaptation projects, set management indicators, and hold regular meetings to track related performance. 	Understand regulations and market development trends, design and develop environmentally friendly products with high efficiency, low energy consumption, and the concept of circular economy.
	Green Product		<ol style="list-style-type: none"> Obtained ISO 14006 product ecological design specification certification Set product design direction including "Post-Consumer Recycled (PCR) plastic", "Energy-saving design", "Easy to disassemble, easy to refurbish", "Reduce packaging and use recycled packaging materials", "Reduce the use of parts", and obtain SGS BS 8001 circular economy certification in 2021 to achieve the goal of environmental friendly. 	
Economic Aspect	Supply Chain Management Risk	If there is a risk to the supplier, it is impossible to provide services or materials, resulting in the interruption of Arcadyan's operations and can't to meet the customer's delivery time.	<ol style="list-style-type: none"> Conduct supplier risk analysis, regularly evaluate supplier performance, and schedule audit plans. Formulate management guidelines for environmentally hazardous chemical substances, and conduct hazardous substance monitoring and conflict mineral investigations. Suppliers are required to sign the CSR Corporate Social Responsibility Commitment Letter, and the production center conducts annual supplier CSR audits. Introduce the QC 080000 hazardous substance management process in the production center, and actively develop halogen-free products to maintain the health and safety of customers. 	Maintain an effective two-way communication channel, grasp the situation of suppliers, implement supply chain management and adaptability, improve the flexibility of the supply chain, and reduce operational risks.
	Information Security Risk	Hacking, or the leakage of important information such as customer documents or R&D secrets, affects Arcadyan's operations and causes losses to Arcadyan's operations.	<ol style="list-style-type: none"> Obtain ISO 27001 information security management system and ISO 27005 information risk management system certification, regularly perform risk assessment of information systems and information assets, and formulate response measures and plans for information system backup, encryption functions and dedicated management. Regularly check internal information security risks, consider threats, weaknesses and impacts, and improve the protection and adaptability in case of cyber attacks. 	Establish a complete information security incident management program to reduce or eliminate the threat and impact that caused by information security incidents, and enhance the trust of supply chain partners.
	Infectious Disease Prevention and Management	If the epidemic of infectious diseases is not effectively controlled, it will cause risks such as factory shutdown and supply chain interruption, which will affect Arcadyan's operations or the work rights of employees.	<ol style="list-style-type: none"> Develop a Business Continuity Plan (BCP), including human resources, supply chain, manufacturing, customer service and communication, and homework drills. Continue to expand the new plant in AVC Vietnam production center, showing a high degree of resilience, and reduce the impact of the epidemic with multiple locations and flexible scheduling of production. 	Due to the impact of the epidemic, the demand for bandwidth and hardware equipment upgrades caused by changes in lifestyles such as remote work and online teaching drove Arcadyan's business performance



Information Systems Risk Management

Information security is very important to the current industry. All departments implement information security monitoring and regularly conduct internal / external audits in accordance with the information security policy and operating standards of "Information Security is Everyone's Responsibility". Through the risk assessment of information assets, and implementing appropriate control measures according to various risk characteristics, to reduce or transfer risks, achieve the purpose of risk management, ensure the confidentiality of Arcadyan related business information, and prevent the leakage and loss of sensitive information and personal data of Arcadyan.

Since 2012, Arcadyan headquarters and CNC China production center have strengthened information security related operations in accordance with international standards to meet relevant regulations, contracts, and relevant requirements of customers and suppliers, and obtained ISO 27001 Information Security Management System and ISO 27005 Information Risk Management System certifications. AVC Vietnam production center has completed the relocation at the end of 2020 and started to build the relevant management system, obtained the external certification of ISO 27001 and ISO 27005 information system in 2021. In 2021, there were no major information security incidents such as violation of customer privacy in Arcadyan Group.

Information Security Management

To ensure the confidentiality, integrity and availability of all information, Arcadyan established internal control documents in accordance with the ISO/IEC 27001 international standard. Conduct internal and external audits every year, assess the risk level of each process database, scan system vulnerability risks and update the inventory of information assets. It also implements relevant operational impact analysis, disaster recovery execution, review of user account permissions, review of firewall settings, information security publicity and training, penetration testing, management review meetings, irregular social tool drills and other control mechanisms. Arcadyan headquarters conducts social email tests for employees every quarter, and strengthens awareness training for employees who violate information security regulations. In 2021, 12 information security awareness training sessions were held, with a total of 91 employees participating.

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 quarterly social email exercises to strengthen awareness training for employees who violate information security regulations. In addition to the routine information security awareness training, CNC China Production Center also conducts IT information security seminars 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	15 Articles	23 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.	○	○	○
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.	○	○	○
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).	○	○	
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.	○		









2-7 Infectious Diseases and COVID-19 Response Measures

Since the spread of the novel coronavirus pneumonia (COVID-19) infectious disease in December 2019, the epidemic has had a great impact on the overall operating environment of Arcadyan Group. Under the epidemic prevention blockade or isolation measures, the production centers in China and Vietnam have been affected by the supply chain interruption, which has affected the production capacity utilization rate of factories. In order to reduce the possible threat of large-scale infectious diseases to Arcadyan Group, formulate the Arcadyan's infectious disease response plan, so that its operations can still operate effectively under the condition of infectious diseases, and reduce personnel infection, property loss, production interruption or environmental loss etc.

Arcadyan activated the "Epidemic Prevention Response Mechanism" through the operation continuity management structure. The top manager of each factory serves as the convenor to organize emergency response teams. Through routine meetings to control the personnel health management in each factory, the management of epidemic prevention materials, the scheduling of supply chain materials, and the allocation of manufacturing and production. And through the mutual support between production centers, Arcadyan can restore the normal operation mode in the shortest time. Although the overall production capacity was affected by the epidemic, the impact of the epidemic on Arcadyan's operations was effectively controlled through contingency management and communication with the supply chain. The Business Continuity Team, together with the Human Resource Administration Office and relevant departments formulated an infectious disease prevention response plan based on "Infectious Disease Response Plan", recorded and reviewed the implementation process and results.

Epidemic Prevention Measures at Taiwan Headquarters

 Personal Protection	Personal Protective Equipment	<ul style="list-style-type: none"> ● Dynamic self-declaration of health conditions, body temperature measurement, wearing masks, and alcohol disinfection of hands
	Epidemic Prevention Investigation	<ul style="list-style-type: none"> ● In response to the epidemic and local case tracking, conduct employee epidemic prevention information and activity footprint surveys
	Infection Treatment	<ul style="list-style-type: none"> ● One confirmed case: employees on this floor work from home for 14 days ● Two confirmed cases in the same period and belong to different floors: all employees work from home for 14 days
 Epidemic Prevention Measures	Add Anti-epidemic Equipment	<ul style="list-style-type: none"> ● Add infrared thermal imager and elevator hanging air purifier equipment
	Dining Restrictions	<ul style="list-style-type: none"> ● Dining room zoning adjustment, group dining is prohibited
	Meeting Restrictions	<ul style="list-style-type: none"> ● Group meetings are prohibited and dynamically adjusted according to the epidemic situation
	Temporary Activity area	<ul style="list-style-type: none"> ● Build an outdoor space and interview area to reduce the risk of infection by outside visitors
	Environmental Disinfection	<ul style="list-style-type: none"> ● Enhanced cleaning of all frequently touched surfaces in the workplace ● Irregularly invite external cleaning companies to the factory for disinfection
 Attendance Management	Remote Office	<ul style="list-style-type: none"> ● Start working from home or work in different zones (dynamic adjustment depending on the situation)
	Domestic/ overseas Business Trip	<ul style="list-style-type: none"> ● Reduce unnecessary domestic and overseas business trips
 Visitor Management	Visitor Registration	<ul style="list-style-type: none"> ● Implement name registration, wearing masks and alcohol disinfection
	Visitor Control	<ul style="list-style-type: none"> ● Visitors are only allowed to enter the 1F, and set up an epidemic prevention control grading scale. Visitors to the facility must be approved by a senior manager.
 Employee Care	Health Tracking	<ul style="list-style-type: none"> ● Investigate employees' contact and travel records, arrange work from home if necessary, and provide regular health
	Employee Epidemic Screening	<ul style="list-style-type: none"> ● Employee epidemic screening has been implemented in June 2021, with a total of 706 employees participating
 Anti-pandemic Supplies	Supplies Inventory	<ul style="list-style-type: none"> ● Regular material inventory to ensure sufficient epidemic prevention supplies



Epidemic Prevention Measures at Oversea Production Centers

Due to the impact of the epidemic on the world, the closure of customs, city and isolation measures in various countries affected the originally stable life. In China, the center of Arcadyan's supply chain, faced a more serious impact in the early stage of the epidemic. In order to ensure that the supply chain was not interrupted, regular meetings are held every morning to update the supplier's resumption status, confirm the factory material status and supplier-side material inventory, so as to arrange the production schedule after the resumption of work. When CNC China production center was completely closed and cannot be produced, it was planned to transfer production demand to AVC Vietnam production center, and establish the sharing platform for the discussion and resolution of AVC production conditions, so as to reduce the impact on production operations.



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

- Employee epidemic screening has been implemented



Anti-epidemic Supplies

Supplies Inventory

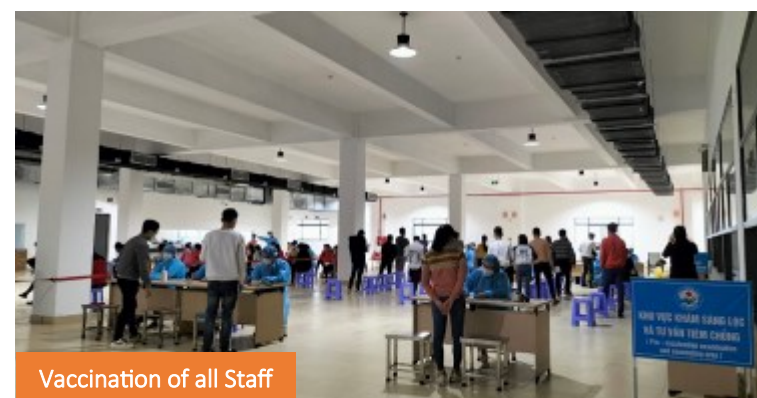
- Regular material inventory to ensure sufficient epidemic prevention supplies



Infrared Camera Monitoring



Regular Factory Disinfection



Vaccination of all Staff



2-8 Integrity Management and Compliance with Regulations

Arcadyan follows the laws and strictly prohibits bribery, corruption, fraud, money laundering, and collusion. For customers and suppliers, in addition to comply with the RBA Responsible Business Alliance Code of Conduct, Arcadyan also cooperate with customers' CSR-related requirements to accept documentation or on-site audits, and promise to abide by the ethical standards of anti-corruption. Establish an internal control system and a dedicated audit office, which is responsible for supervising the implementation of various policies and reporting to the board of directors regularly. According to the "Code of Integrity Management of OTC Listed Companies", the "Code of Integrity Management" and "Integrity Management Procedures and Behavior Guidelines" have been approved by the board of directors, and have strictly abided by the prohibition of bribery and acceptance of bribes, illegal political donations, prohibition of improper charitable donations or sponsorships, unreasonable gifts and entertainment, and all kinds of improper gifts and business entertainment are prohibited. And prohibit infringement of intellectual property rights, prohibit any unfair competition, and prevent the products or services provided from harming interested parties.

In addition to exposing the "Enterprise integrity management implementation" and "Handling of Violations of Integrity" on Arcadyan's website, in 2021, members of the board of directors, internal audit departments and relevant executive departments of Arcadyan had participated in external training on issues on compliance with laws and regulations on integrity management, accounting system, prevention of insider trading, fiscal and taxation issues, information security, privacy protection and internal control courses. The trainees include board members, accounting executives, corporate governance executives and audit executives. It also implemented the awareness training course for all employees of Arcadyan Group for the first time to strengthen the awareness and prevention of integrity management issues such as anti-corruption and fair competition.

In 2021, Arcadyan add new integrity management audit plan in the internal audit process, and identify the top three high-risk processes through risk identification: sales, procurement and payment operations. The Audit Office draw up internal audit plans and performs due diligence to verify that no incidents that violate ethics and cause loss of operations and goodwill have occurred.

Integrity Due Diligence

Based on the high-risk process identified by Integrity Management, Arcadyan requires those who have direct contact or substantial influence with customers, suppliers and financial institutions (including the supervisors and colleagues of the purchasing department, sales department, and financial department) to conduct "Arcadyan Due Diligence", promise not to offer or accept bribes, and any other forms of illicit gains, and avoid any form of rebate, money, goods, valuable property or any benefits from third-party partners that may affect objective decision-making of Arcadyan. In 2021, a total of 56 supervisors and colleagues of Arcadyan completed the survey and filled out the questionnaire, with a completion rate of 96.55%. No violation of business ethics or corruption was found in the survey results.

Arcadyan Business Ethics Policy

In order to make employees fully understand the importance of integrity, Arcadyan headquarters formulated the "Staff Code of Conduct" in 2007, stating that employees should avoid any conflict or possible influence between personal interests and company interests. In 2021, Arcadyan expanded its control scope and changed its name to "Business Ethics Policy". Its policy scope covers integrity, conflict of interest, gifts and hospitality, protection and use of company resources, intellectual property rights and confidentiality, fair competition transactions, and money laundering prevention. Explain

that employees should strictly abide by Arcadyan's business ethics policy when engaging in daily work and business, and avoid engaging in business transactions with agents, suppliers, customers or other business partners involved in dishonest behavior. If find that there are dishonest behaviors in business dealings or cooperation partners, employees should immediately stop business dealings with them, so as to implement Arcadyan's integrity management policy and maintain company's reputation. For serious violations of integrity by employees, they will be dismissed in accordance with relevant laws and regulations or Arcadyan's personnel regulations. The content of this policy is also trained when new employee onboarding.

Integrity Management and Anti-Corruption Training Courses

Course type	Trainee	Number of Participants	Total Training Hours
Integrity Management, Corporate Governance, Internal Control Management courses	Member of the board	9	62
	Corporate Governance Related departments	3	60
Anti-Corruption Awareness Training	Employees of Arcadyan Group	2,291	2,291

Grievance Mechanisms of Violation of Integrity and Ethics

Arcadyan strictly prohibits employees from receiving any bribes, and has an independent reporting and complaint mailbox ETHICS@ARCADYAN.COM on the official website as a complaint channel for stakeholders. The audit office is responsible for supervising the risks of business activities and honest behavior within the business scope, setting up a mutual supervision mechanism, and assist the board of directors and manager to check whether the preventive measures established by the integrity management are operating effectively. Regularly evaluate the compliance of relevant business processes and regularly make reports to the board of directors.

Arcadyan keeps the whistleblower and the content of the report confidential, and promises to protect the whistleblower from being improperly dealt with because of the report. If someone engages in dishonest acts against Arcadyan and involves illegal matters, Arcadyan will notify the judicial agencies for handling; if any government agencies or public officials are involved, Arcadyan will notify the government integrity organization.

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

Regulatory Compliance

Arcadyan complies with the local laws and regulations of each operating sites and the relevant norms formulated with international standards. Relevant departments also regularly implement the identification and review of regulations, pay attention to the updates of the competent authority's orders and domestic / foreign regulations to revise the rules and regulations of environmental protection, occupational safety and health, anti-bribery/corruption, anti-harassment/discrimination, fair competition, information security, intellectual property and other related management measures.

To improve the service quality and implement corporate sustainability of the supply chain, Arcadyan also requires suppliers to hire employees in accordance with international and local regulations, and in accordance with the ISO 45001 international standard for occupational safety and health management systems to provide a healthy and safe workplace, complete career training plans and a competitive salary and welfare system. In 2021, Arcadyan Group did not have any violations of local laws and regulations or major lawsuits (the amount exceeds NT\$2 million or the lawsuits related to product transactions).

Fair Competition

Arcadyan outperforms its competitors in a fair and honest manner. Conduct business activities in accordance with the governance norms of the internal "Integrity Management Code" and relevant competition regulations, and shall not fix prices, manipulate bids, limit production and quotas, or share or divide the market by allocating customers, suppliers, operating areas, and business types.

Arcadyan achieves a competitive advantage through superior performance, not through unethical or illegal business practices. It is prohibited to steal proprietary information, process confidential transaction information obtained without the owner's consent, or induce other companies to disclose information about current or past employees. Arcadyan respects and treats the rights of the company's customers, suppliers, competitors and employees fairly. All employees are required not to obtain unreasonable benefits from others through manipulation, concealment, abuse of privileges, misrepresentation of material facts or other illegal transaction behaviors, and provide a complaint and report hotline for stakeholders at ETHICS@ARCADYAN.COM. In 2021, Arcadyan did not be involved in any litigation or legal action related to anti-competitive behavior, anti-trust or monopoly.

Competitive Advantage



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:

- Assisting customers to create market segmentation of products effectively.
- Providing customers with quick customized product services.
- Assisting customers in developing competitive products successfully.
- Collaborating with wafer makers in development and leading position of the Company in product technology and functions.
- 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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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.

Customer Satisfaction

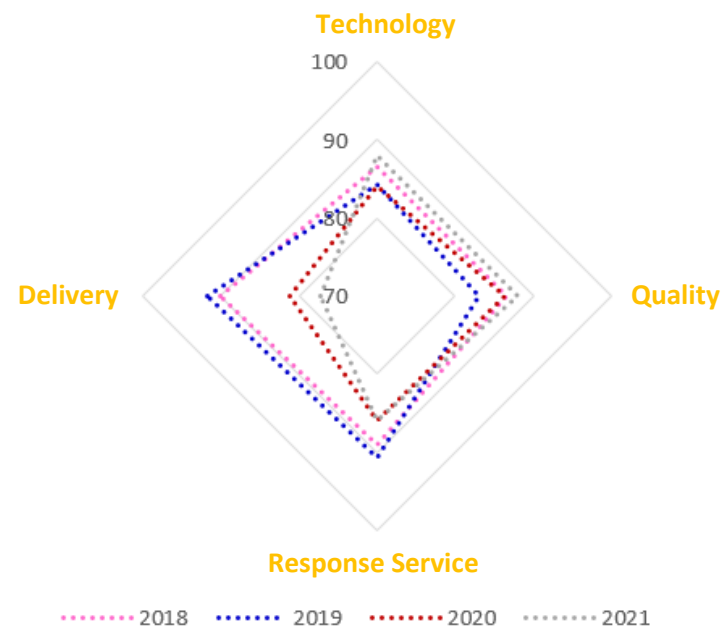
Arcadyan attaches great importance to the interaction with customers. In addition to communication with customers through e-mail or telephone contact, Arcadyan conducts customer satisfaction surveys every year, and examines the performance of four aspects of "Technology capabilities", "Product quality" and "Response service" and "On-time delivery" with customers. Customer satisfaction is an important basis for Arcadyan to continuously improve products and services. Based on customer evaluation records and audit scoring results, improvement plans are drawn up through the quality management system, and the improved customer evaluation score is set as the performance indicator of each relevant department. Continuously track customer satisfaction and strive to provide perfect product quality.

In 2019, Arcadyan won the high-quality supplier award from British Telecom and Buffalo, and won the Swisscom Sustainable Development Program (SDP) Best Practice Award in 2020. Arcadyan will continue to provide customers with high-standard and innovative quality and services to become the best partner for customers.

Customer Satisfaction Over the Years

Affected by the COVID-19 epidemic in 2020, the transportation demand for shipping and air transportation has risen sharply, but due to the attendance of port operators, the time of containers staying at the terminals has been extended, leading in serious port congestion and shortage of container ships, resulting delays in logistics and supply chain delivery, which in turn affects the performance of the "on-time delivery" score in the 2020 and 2021 customer satisfaction surveys.

Year	2018	2019	2020	2021
Average Satisfaction Score	88	87	85	85

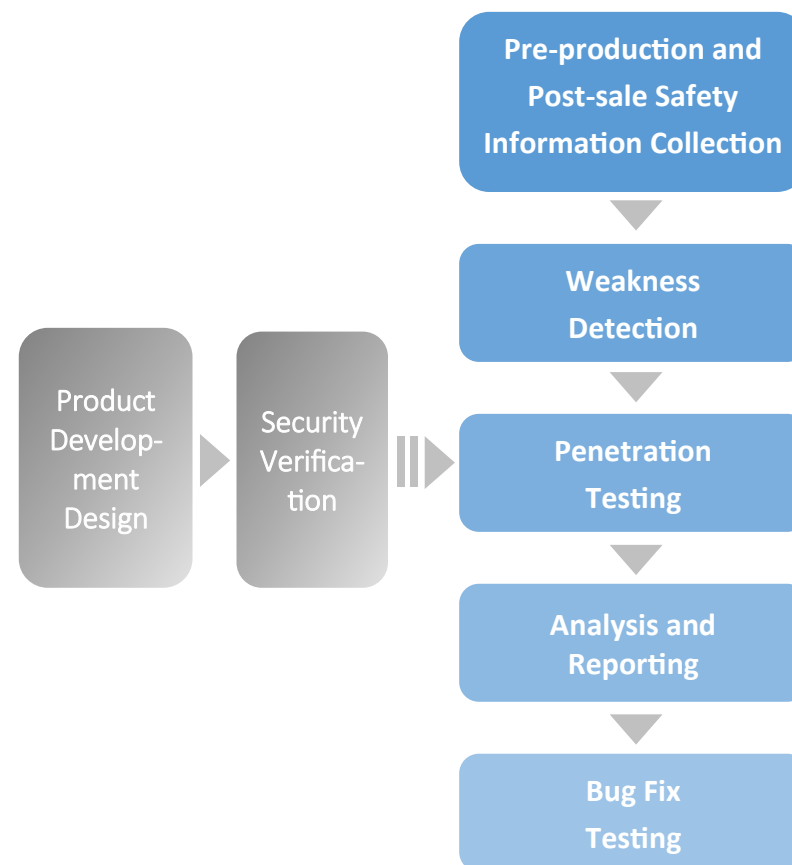


3-2 Customer Privacy and Product Information Security Protection

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 2021, Arcadyan received 13 vulnerabilities related to product software through various channels, of which 4 were assessed as real and risky vulnerabilities, and got customer's consent to fix the vulnerability immediately. Arcadyan is committed to ensuring that the products provided are protected against attacks throughout the supply chain life cycle from parts procurement, manufacturing to transportation, service and recycling, and informs all partners that must comply with information security regulations and identify counterfeiting, malware and tampering risks. Arcadyan plans to introduce the ISO 17025 laboratory quality management system in 2022. Through the third-party on-site evaluation process to effectively improve the technical and management level of the laboratory. Also to achieve the purpose of Arcadyan laboratory meet with international standards through the evaluation and certification of the testing laboratory.



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.



3-3 Sustainable Supply Chain Management

Based on the premise of supporting the company's business development and enhancing market competitiveness, Arcadyan conducts effective management and co-improvement for supplier quality, price, delivery, service, environmental and social responsibility performance, develops the most appropriate procurement policy and work with suppliers to operate a responsible supply chain. In order to ensure that suppliers comply with regulations, Arcadyan reviews supplier performance quarterly, conducts supplier risk assessment every year, and implements document review and on-site audit 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 their comprehensive performance such as quality, delivery, service and price, it also incorporates green product instructions required by customers into suppliers' incoming materials inspection procedures and audit operations to promote source management and implement a continuous improvement cycle. In 2021, Arcadyan collected green parts list and material test reports for 299 suppliers of key customers, and conduct supplier environmental performance evaluation, the sign-back rate reached 100%.

Arcadyan continues to promote corporate social responsibility plans, and also participates in customers' supplier Sustainable Development Platform (SDP), and guides suppliers to participate in and follow the Responsible Business Alliance (RBA) and the International Telecommunications Operators Association Guidelines (Joint Audit Co-operation, JAC), prompting suppliers to meet delivery requirements, improve quality, and increase competitive advantage. Arcadyan also guides supply chain partners to improve and strengthen their ethics, labor rights, environmental protection, health and occupational safety, establish a comprehensive management system, jointly create excellent and competitive products, and create a win-win supply chain management.

In order to lead suppliers to grow together, Arcadyan revised the complete "Supplier Sustainability Investigation Specification" at the end of 2020, including new supplier evaluation, supplier management, supplier audit and supplier coaching, so as to guide suppliers to become a green supply chain, reduce supply chain risk. In 2021, Arcadyan cooperated with Taiwan Industrial Service Foundation to hold the "ISO 20400 Sustainable Procurement Course". Due to the epidemic situation, online video courses were adopted. Total of 27 purchasing personnel from Arcadyan main operating bases such as Arcadyan Taiwan headquarters, China and Vietnam production center have completed the training, and the completion rate of the course was 100%. Set sustainable procurement goals in the course, and incorporate sustainable procurement goals into the performance appraisal of procurement personnel. Arcadyan also formulated the "Arcadyan Technology Sustainable Purchasing Policy" to require suppliers to sign a new version of the "Supplier Corporate Social Responsibility Commitment", which includes "organizational governance", "labor rights and interests", "occupational health and safety", "environmental protection", "Management System", "Code of Ethics", "Appeal Mechanism" and other key themes and norms, the 2021 commitment letter sign-back rate reached 100%. In 2021, Arcadyan incorporated the relevant norms of environmental sustainability and social human rights into the supplier contract, requiring suppliers to fully comply with local regulations and international norms related to the environment and society, showing Arcadyan's determination to fully improve the sustainability of the supply chain.

1 Sustainable Procurement Training

27 Buyers Participation
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 27 procurement personnel participated, and the course achievement rate was 100%

2 Issue Sustainable Purchasing Policy

4 Major Strategies
Four management principles including:
1. Environmental Sustainability - Reduced Environmental Impact
2. Social Responsibility - Legal and Social Implications
3. Corporate Governance - Business Ethics and Competitive Conduct
4. Supply Chain Prohibition of Conflict Minerals Management

3 New Supplier Evaluation

29 Qualified New Suppliers
Score on labor rights, health and safety, environmental protection, corporate governance, business ethics, and grievance mechanisms

4 Signing of the CSR Commitment

100% Sign-up Rate
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

5 Supplier Risk Analysis

19 High-risk Suppliers
Comprehensive scoring results for product type, transaction amount, business continuity, environment, human rights, other risks and CSR-related document review

6 Suppliers On-site Audit

19 High-risk Suppliers
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.

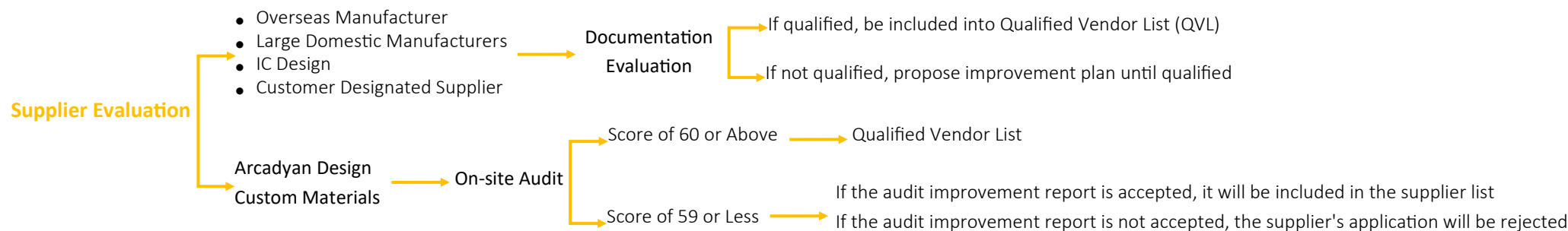
7 Supplier Integrity Survey

40 Medium and High Risk Suppliers
The survey rate of Arcadyan Integrity Survey was 100%, and the survey results did not find any violation of business ethics, rebates, and acceptance of money, items or inappropriate hospitality.



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 2020, a total of 29 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 "Arcadyan 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 Audit

To guide suppliers to provide better products, Arcadyan arranges on-site quality audits for key suppliers every year. The audit contents include: product shipment quality, abnormal handling of environmental substances, environmental protection prohibited substances detection methods and compliance with specifications, internal environmental protection audit plan review, environmental substance information communication and promotion, and history of testing equipment. And check whether it has obtained ISO 9001 quality management / ISO 14001 environmental management / ISO 45001 safety and health management system certification for evaluation records. For suppliers whose audit results do not meet the required 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 supplier quality audits, Arcadyan requires supplier partners to undertake responsibilities for environmental protection, labor rights, occupational health and safety, management systems, ethics, and reporting and grievance mechanisms, and requires suppliers to sign the "Supplier Corporate Social Responsibility Commitment Letter", so that suppliers can understand Arcadyan's corporate social responsibility concept. In addition, Arcadyan conducts supplier risk analysis every year, review and score risks such as product type, transaction amount, business continuity, environment, human rights, and CSR-related documents, and arrange on-site audits for high-risk suppliers.

Arcadyan overseas Production Center conducts on-site audit of high-risk suppliers according to 10 major audit aspects, of which "environmental management" and "labor human rights" account for 50% of the score, and the other 8 aspects account for the other 50%, and added "Declaration not to use "conflict minerals". In 2021, cities in various regions affected by the epidemic to implement blockade and isolation measures. A total of 15 suppliers have been audited on-site in the production center, and other suppliers that cannot be audited on-site due to local lockdowns are reviewed by documents. After the audit, Arcadyan assists and guides the supplier to complete the improvement of the audit deficiency.

Arcadyan also cooperated with customers' irregular audit requirements, and cooperated with third-party investigation agencies in 2020 to conduct anonymous employee surveys on second-tier manufacturers of key suppliers, which cover work environment, wages, working hours, supervisory management, discrimination, harassment, and grievance mechanisms. Arcadyan will continue to expand the corporate social responsibility audit to the second-tier manufacturers of key suppliers, so as to improve the sustainable management of the supply chain.

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



Supplier Counseling

Arcadyan has established a professional green information platform to assist supplier partners to solve problems and grow together with them. The green information platform provides the new version of green environmental protection procedures and announcement notices, so that suppliers can follow the correct and up-to-date regulatory content. Suppliers can also check the status of file uploads and updates on the platform to keep of the latest compliance status.

Arcadyan holds irregular supplier conferences to promote the green product management system platform and related matters that need to be cooperated with suppliers, and also communicates the current environmental and social issues facing the industry with supply chain partners. In 2021, CNC China Production Center assisted 19 suppliers in completing the improvement of issues related to Corporate Social Responsibility (CSR). The main failure categories were "Health and Safety", "Environment", and "Working Hours and Overtime", which account for about 80% of the total audit failures.

Arcadyan has joined the JAC (Joint Audit Co-operation) supplier engagement program since 2016. During the process, Arcadyan follows the customer's sustainable development goals and requirements, and assist suppliers to conduct sustainable audit and improvement. On the agenda of the 10th JAC Forum in 2021, under the challenges of the current environmental science-based approach and modern slavery and forced labor, in-depth discussions were held on topics such as ecological design, zero waste, energy and resource utilization, recycling, maintenance and renovation, and making the best use of materials. JAC affirmed Arcadyan's management and coaching of the supply chain, commended outstanding performance in the fields of sustainable supply chain development and risk management, and was highly praised by the reviewers as "improving key suppliers in the field of sustainable development, and it has brought significant CSR and financial benefits to both Arcadyan and its customers." Arcadyan is the only company in the JAC annual forum to receive the Outstanding Achievement Practice Award.

With continuously innovative products and technologies, Arcadyan actively and effectively integrates upstream and downstream supply chain resources, provides customers with a full range of services, takes responsibility for the impact on the economy, society and environment, and provides a sustainable positive cycle for the industry and the earth.

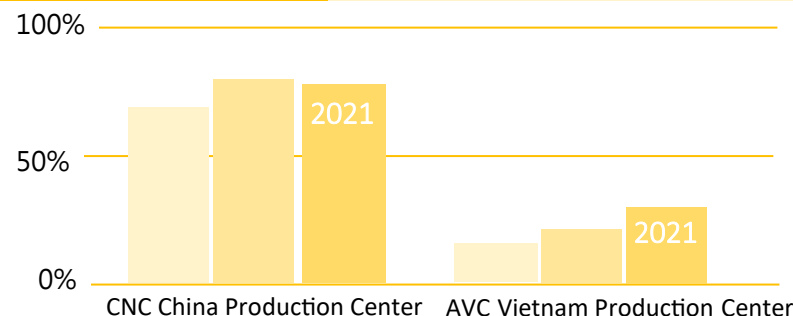


3-4 Supply Chain Localization

Arcadyan takes China and Vietnam production centers as important manufacturing production bases. In order to improve production, supply efficiency and local economy, local procurement has been continuously developed over the years. There are hundreds of suppliers of related important components, including power supplies, electronic components, electromechanical components (printed circuit boards, etc.), and mechanical components, are mostly from Taiwan, China and Vietnam. As the application of products and related demand continue to rise, most Taiwan suppliers continue to expand production capacity in their own factories, and also expand factories in other China 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 and adopting recyclable packaging materials, Arcadyan also supported local procurement to reduce unnecessary transportation costs and carbon emissions.

Taking into account the continuity of operations and the effective management of greenhouse gases in the transportation of raw materials, Arcadyan continues to increase the ratio of local procurement, and continues to develop local suppliers through procurement management procedures. In 2021, Arcadyan set more stringent conditions for local procurement, and readjust the proportion of local procurement amount over the years. In 2021, the Vietnam production center purchased 15% of the local purchase amount. The main reason is that the AVC Vietnam production center has introduced new-generation models for production. Since the local supply chain is not fully established, the key parts still need to be supplied by China suppliers, which have not reached the target of 30% of the local procurement amount set in 2020, and the short-term target of local procurement in Vietnam has also been adjusted to 20%. However, due to the impact of the epidemic in 2021, the closure of the city and the lack of materials, CNC China production center coordinates with suppliers to coordinate supply scheduling in line with the delivery time, and its local procurement ratio will maintain the level of the previous year.

Proportion of local Purchase Amount	CNC China Production Center	AVC Vietnam Production Center
2019	70 %	13 %
2020	80 %	20 %
2021	79 %	15 %



3-5 Prohibition of Conflict Minerals

Arcadyan follows the Conflict Minerals Reporting Template (CMRT), and has been managing non-conflict mineral parts since 2010, and has issued a statement policy to hundreds of suppliers of electronics, machinery and other materials related to the electronics industry around the world. The supplier conducts an information survey on conflict minerals for the materials sent in the samples, and makes commitments and guarantees for the materials. In addition, Arcadyan also conducted non-conflict mineral surveys, and the completion rate reached 99% in 2021. Arcadyan will continue to require suppliers to regularly update the survey results and ensure that the materials meet the requirements of the Democratic Republic of Congo for conflict-free metals.

The sustainable procurement policy issued by Arcadyan in 2021 includes the policy of prohibiting conflict minerals into the policy, indicating that Arcadyan is committed to complying with the EICC (Electronic Industry Code of Conduct) standards, relevant international, national and regional laws and regulations. Arcadyan also formulated relevant control measures. If the investigation results in the use of conflict minerals in the Congo and its surrounding areas, the supplier is required to provide a written explanation, immediately stop the procurement and use of conflict minerals in the Congo and its surrounding areas, and formulate relevant improvement and preventive measures to comply with the requirements of the Conflict Free Minerals Policy. From the fourth quarter of 2019, Arcadyan included "Cobalt" in the control list of conflict minerals, and included smelters related to the products in the investigation list, continued to support the mining method of humane treatment, which prompted suppliers to pay attention to ethics, Labor rights, health and safety, and environmental protection issues.

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

2021 Issuing Sustainable Procurement Policy
Require suppliers to sign a Prohibition of Conflict Minerals Declaration

2 Investigation Implementation

99% Supplier Survey
Collect information on conflict minerals from suppliers

3 Data Review

100% Complete Review
Review data reports and supporting materials submitted by suppliers

4 Continuous Execution

100% Compliant
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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Actively expand business, increase operating income and capital, and expand operating scale. Improve management performance, stimulate employees' work potential, and strengthen internal organization. 	<ul style="list-style-type: none"> 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.

Currently, Arcadyan is doing well in the telecom market. Although it takes time to develop new business in the telecom market, the entry barriers for our competitors are also 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.



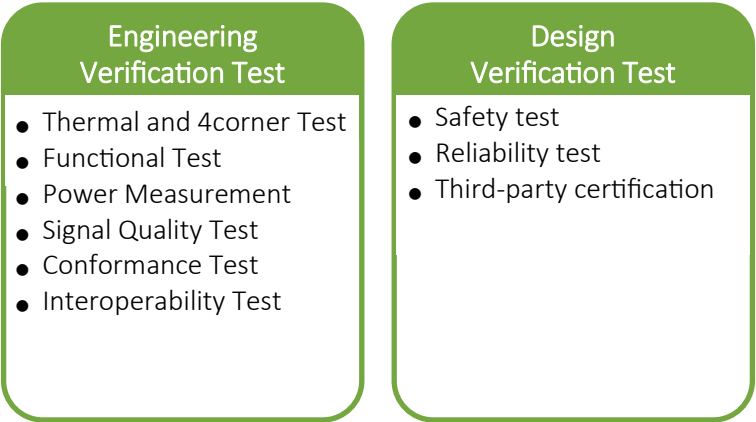
Technology and R&D

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:

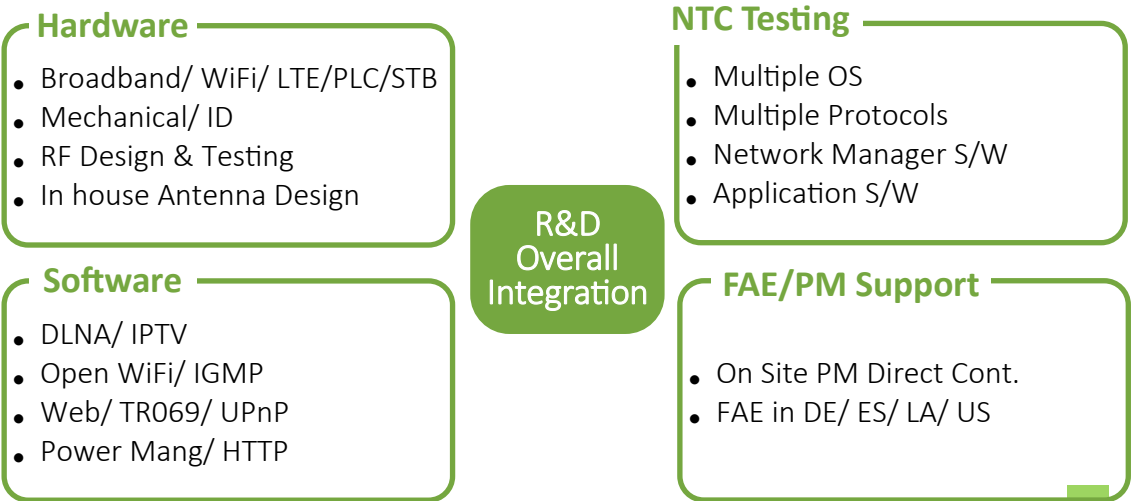
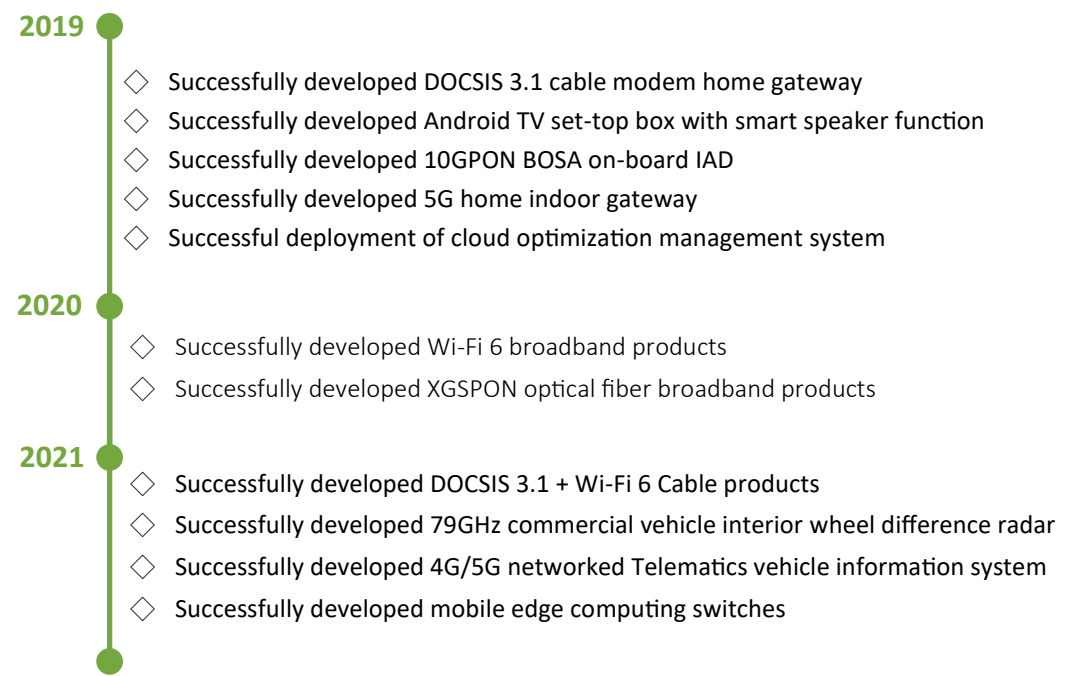
Software Development is the core advantage of Arcadyan. Through a development -based software platform , the complex product content can be quickly trans- formed into simple models to quickly respond to market demands. The applica- tion software developed and designed by Arcadyan can support Triple-play, pro- vide 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 electro- magnetic wave energy in the wireless transmission system. As a leading manufac- turer of wireless network products, Arcadyan attaches great importance to the design and development of antennas, and has established a dedicated depart- ment 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 out- put 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:



Products and Technologies Successfully Developed in the Past Three Years



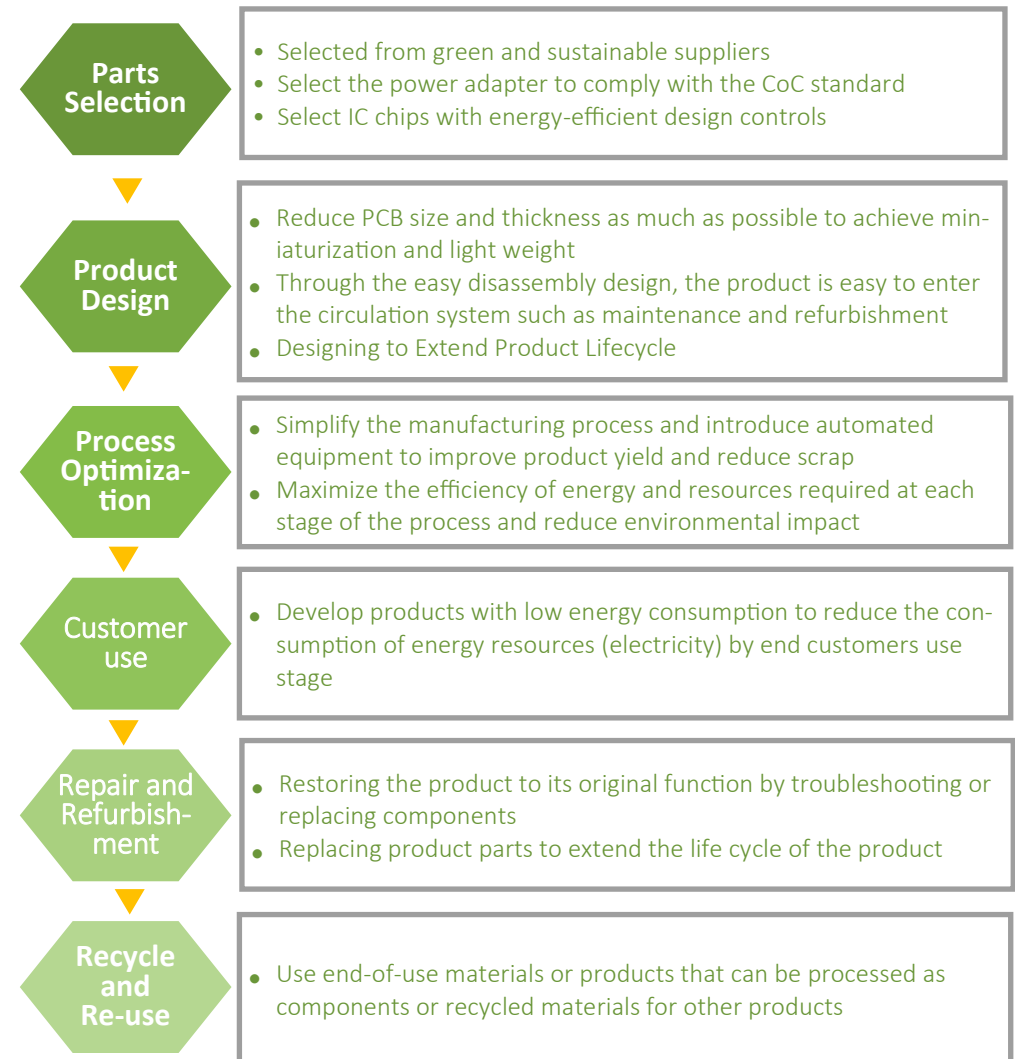
4-2 Green Products

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. Therefore, at the beginning of product design, in addition to focusing on customer needs, functionality, energy-saving and low-carbon design that complies with the regulations of the sales regions of various countries, such as the EU Eco-Design Requirements for Energy-related Products. The core directions of product design that Arcadyan strengthens the green concept are "material selection with low toxicity", "power saving and low energy consumption", "easy disassembly and easy recycling and refurbishment", and "extending product service life". Arcadyan also cooperates with international trends and the needs of stakeholders and customers to carry out environmentally friendly design to achieve the best Eco-effectiveness.

Since 2015, Arcadyan has implemented product life cycle data collection based on carbon inventory specifications and ISO 14006 product ecological design system. The main assessment contents include four parts: purpose and scope definition, life cycle inventory analysis, life cycle impact assessment and life cycle interpretation. In addition to a complete understanding of the implementation of product environmental impact assessment, the environmental information disclosure report can be used as a necessary reference document for external verification. In addition to a complete understanding of the implementation of product environmental impact assessment, the environmental information disclosure report can be used as a necessary reference document for external verification. In 2021, Arcadyan introduced ISO 14006 Product Ecological Design specification into the product design of Set Top Box project. Compared with the previous series products, the carbon emission is reduced by about 14 Kg CO₂e, accounting for about 23% of the overall total emission, and obtained TUV green label and carbon footprint certification.

Arcadyan requires all activities, products and services provided to comply with environmental and energy-related regulations, reduce the impact of operations on the environment, and achieve the goal of corporate sustainable development. Implementation of green product related plans in 2021:

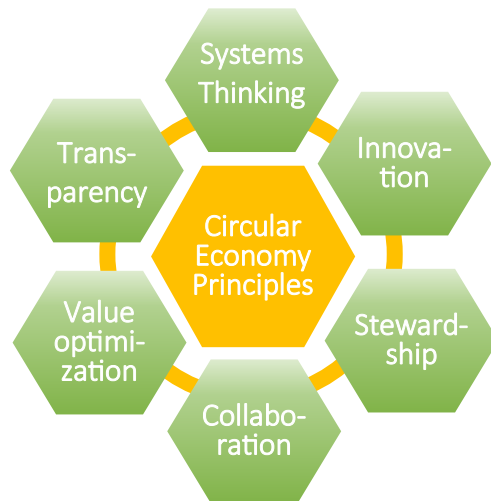
- New Product Development Practice BS 80001 Circular Economy Guiding Principles
- A total of 3 product projects obtained ISO 14040 and ISO 14044 life cycle assessment third-party verification
- A total of 4 product projects obtained ISO 14067 third-party verification of product carbon footprint
- A total of 4 product projects have obtained TUV Green mark certification



BS 8001 Circular Economy Introduction

With the continuous growth of the global population and the continuous depletion of the earth's energy, Arcadyan is committed to achieving the important goal of emission reduction while the company is developing. In addition to focusing on resource reuse and reducing carbon emissions, Arcadyan is thinking about how to make efficient use of energy resources in the process of product development, so as to move towards the vision of zero waste and zero emission of resource recycling.

Arcadyan launched BS 8001 circular economy training in mid-2020. According to the operation mode and product characteristics of Arcadyan, Taiwan Industrial Foundation launched eight cycles of promotion in accordance with six principles. In the material selection stage, it is to evaluate whether recycled metals can be applied to existing materials, and to consider how it can be processed into recycled materials through the recycling system when its components are unusable. In the product development stage, Arcadyan consider maximizing the value of products and resources, and take extending the product life cycle as the primary consideration. Post-Consumer Recycled (PCR) materials are also used in the design of product casings and packaging. Through design optimization, reduce the use of parts, and improve product performance, reduce energy consumption during use, and save energy and resources in the product life cycle. In addition, through the content of the contract with customers, Arcadyan also provide product maintenance and refurbishment services, complete product inspection and parts replacement, so that the product can be restored to the good state of the new product, so as to extend the life cycle of the product. Arcadyan obtained external verification of BS 8001 circular economy optimization level in March 2021.



BS 8001 Product Introduction Project

Taking European customer products as a demonstration project, following the six principles of BS 8001 circular economy to develop four major design schemes with a systematic structure. After the circular economy team evaluates and calculates its carbon reduction benefits, each product will reduce carbon emissions by about 190 kgCO₂.



Extend Product Life Cycle

- Extend product life cycle through optimized design and selection of high-end components
- Extend the product use time of end-customer by about 35%, which can reduce about 151 kgCO₂



Introduce Recycle Plastics (PCR)

- Apply Post-Consumer Recycled (PCR) plastics to product casings
- Approximately 2.3 kgCO₂ reduction per product based on plastic use per product



Reduce the Use of Product

- Optimization of heat dissipation design, reducing carbon emissions by about 1.5 kgCO₂ per unit
- Reduce the use of unnecessary parts and solder paste in the process, and reduce carbon emissions by about 0.2 kgCO₂ per product



Easy to Disassemble & Refurbish

- Use screws to reduce the latch design, avoid damage when disassembling the case, and reduce the scrapped case
- The easy-to-disassemble design of the case can improve the rate of reuse and refurbishment of the case, and reduce carbon emissions by about 33 kgCO₂ per product



4-3 Environmentally Friendly Design

Arcadyan regularly evaluates the potential risks and opportunities of climate change, and takes countermeasures for Task Force on Climate-Related Financial (TCFD). All members of Arcadyan participate in green design, consider carbon emissions from the product life cycle, continue to promote and implement product ecological design, use innovative technology to mitigate the environmental impact caused by 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

Environmentally Friendly (Thermal Design)

In the environment of natural shunt, the air duct for heat dissipation gradually shrinks with the trend of electronic equipment, so the heat dissipation performance becomes more critical. Arcadyan improves the heat convection structure and promotes heat exchange between cold and hot convection, thereby reducing the product temperature. By optimizing the heat dissipation structure design of the product, the energy consumption is reduced by about 6% compared with the previous series of products. It can not only improve the heat dissipation performance, but also extend the service life of the product.



Environmentally Friendly (Packaging Design)

Arcadyan continuously to reduce packaging materials, optimizes the design of each product packaging during the research and development process, and changes the stacking method to increase the volume ratio, thereby achieving the goal of reducing carbon footprint. On the inner packaging of fixed products, Arcadyan uses recycled paper or packaging made of Forest Stewardship Council (FSC) cardboard, and is printed with vegetable ink to reduce the burden on the environment. Biodegradable materials are used in the inner structure, such as paper foam (Paper Foam) which is composed of industrial starch, plant fiber and water. Low-carbon production can be directly recycled or used as compost material, low pollution and no harmful residues. In the products shipped by Arcadyan in 2020 and 2021, the average proportion of recycled paper used in each product is more than 55%.

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



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. In order to promote the use of waste plastics and effectively implement Post-Consumer Recycled (PCR), Arcadyan recycles the discarded plastic casings into new raw materials and puts them back into products. Since 2015, Arcadyan has introduced 65%~99% of PCR recycled plastic into plastic parts. To ensure that the recycled plastic made of ABS or ABS + PC does not affect the structural strength, the clip-on design replaces the general locking design, and fewer screws can avoid the difficulty of recycling the final product and material.

In 2021, the percentage of recycled plastics use was 25%, reaching the goal of using more than 20% of recycled plastics set in 2020. Arcadyan will continue to promote waste recycling, and it is expected that the percentage of recycled plastics use will reach more than 30% in 2022

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



Scrap Plastic Parts



Remade into New Plastic

Green Design Training Course

Arcadyan attaches great importance to product sustainability, regularly arranges training courses related to green products, integrates green design concepts and technologies in the product development and design stage, and enhances the ability to design environmentally friendly green products. In 2021, a total of 6 physical and online courses related to green products were held, and a total of about 860 people have participated in the following courses:

Green Product Course Name	Hours	Number of Participants
Physical properties of biodegradable materials	4	30
Product Environmental Footprint: Opening the Door to Circular Economy	4	30
Sustainable Purchasing Online Training Course	2	30
Green Products and Hazardous Substance Management (All Staff Awareness Training Series Courses for Arcadyan Group)	1	737
Conflict Minerals and Hazardous Substances Description	3	30
Introduction of PCR post-consumer recycled materials	3	30



Circular Economy Series Courses

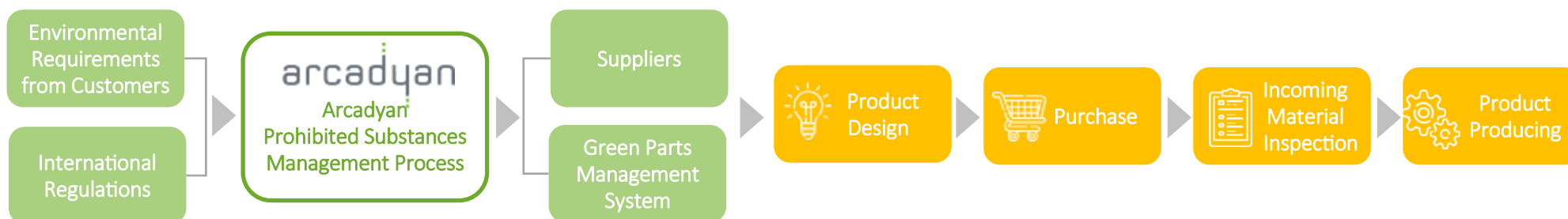


All Staff Awareness Training Series Courses

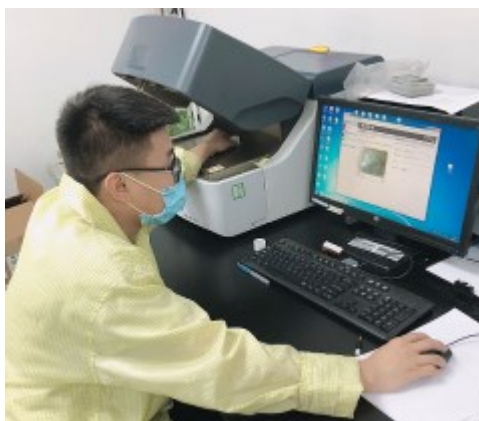


4-4 Management of Prohibited Substances in Raw Materials

To provide environmentally friendly products, Arcadyan conducts systematic control through the 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 uses Arcadyan Green Parts Material Substance Declaration Checking List to implement part composition investigation. In response to the update of customer environmental protection standards, the requirements of global environmental protection laws and the requirements of the green product management system, CNC China production center has introduced the QC080000 Hazardous Substance Management Process to meet the needs of customers, protect the health and safety of customers, actively develop halogen-free products and promise to use parts from conflict-free minerals. Arcadyan has actively registrant in SCIP Database (Substances of Concern In articles as such or in complex objects (Products)) since 2020, submitted REACH Substance of Very High Concern (SVHC) related information, and fulfilled the obligation to communicate to recipients of finished products. Arcadyan also requires suppliers to sign a statement on the prohibition of hazardous substances, with a total of 435 signed in 2021. In addition, Arcadyan also conducts one-to-one online or telephone education training for new suppliers or suppliers with training needs. In 2021, a total of 95 suppliers have completed the training, and the target supplier training rate is 100%.



Disassemble Components
to the Smallest Unit



Use XRF Instruments to
Detect Metal Materials



Supplier Restricted Substances Training



Supplier Restricted Substances Training



Waste Electrical and Electronic Equipment Directive (WEEE)

At the design stage, Arcadyan considers customer needs, waste reduction and resource reuse, applies environmentally friendly materials and low-polluting alternative materials, reduces the use of natural resources and increases recycling designs. The following is the design that Arcadyan follows the concept of Waste Electrical and Electronic Equipment Directive (WEEE) in the product design stage:

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)

In 2015, the European Union issued Directive (EU) 2015/863 in the Official Gazette, which officially included DEHP, BBP, DBP, and DiBP as control items. Due to the increasing environmental hazards caused by waste electrical and electronic products, all Arcadyan products are 100% compliant with the limits required by RoHS (2011/65/EU) directive, and there are no returns due to violations of the Restriction of Hazardous Substances (RoHS).

In response to the content of plasticizers DEHP, BBP, DBP, and DIBP and the addition of 4 new phosphophthalates (Commonly found in plasticizers, dyes, pigments, paints, adhesives and lubricants) control which specified in 2019. Arcadyan requires suppliers to include in the risk assessment of homogeneous components if electronic products are applied to the above substances

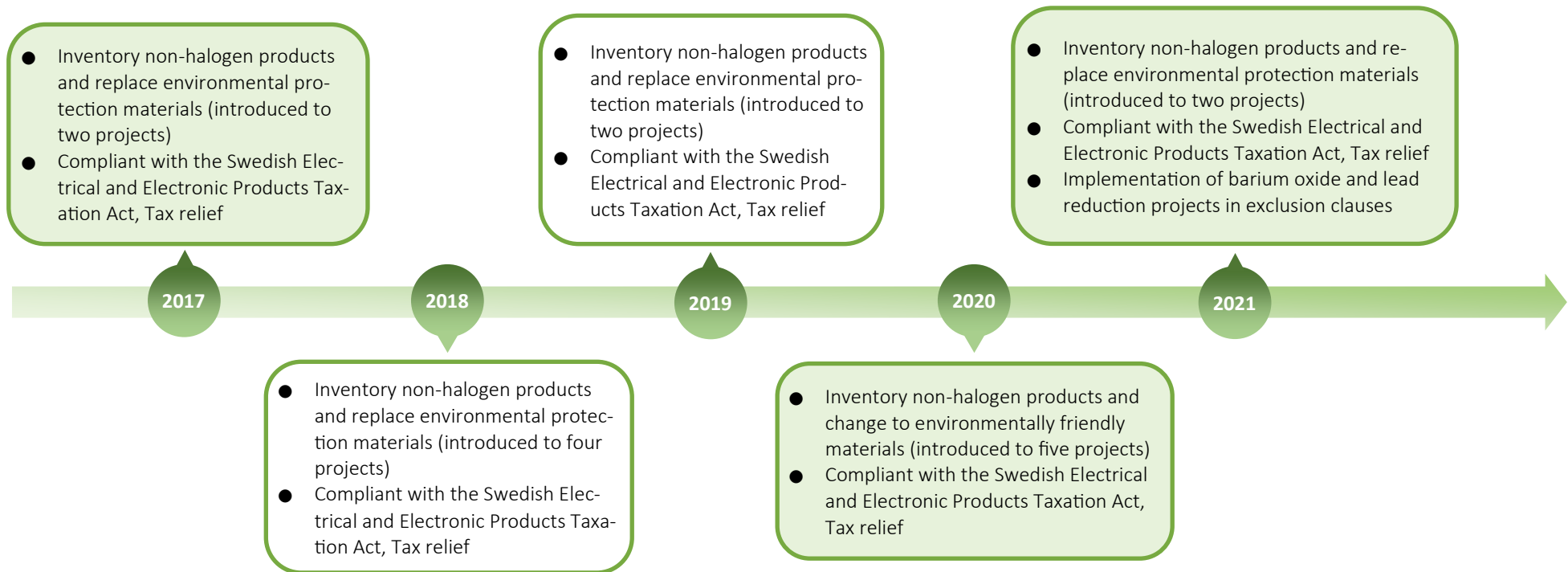
Taiwan RoHS

Taiwan's awareness of green environmental protection is gradually increasing. In response to the international emphasis on product quality and safety, Taiwan Bureau of Standards Metrology and Inspection (BSMI) officially included the six RoHS-listed toxic substances into the product verification and registration management, requiring that the commodity to be inspected must meet the requirements of CNS 15663 Section 5 "Indication of Content" before the specified time, and the content of restricted substances should be marked on the body, packaging, labels or instructions of the commodity. Arcadyan officially certificated by BSMI in 2018 and obtained the Taiwan Commodity Safety Label. According to the status of each product, the "Declaration of Restricted Substances Containing Status" is provided for the application of BSMI certificate.



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. In recent years, as major brand customers are moving towards the environmentally friendly standard of all halogen-free, Arcadyan will continue to develop environmentally friendly products and accelerate the replacement of halogen-containing materials to comply with market trends. The process of Arcadyan's promotion of halogen-free products is as follows:









4-5 Customer Health and Safety

Arcadyan attaches great importance to the impact of product safety on consumers. The health and safety of users has a direct impact on the company's reputation, legal, financial risks and compliance with market regulations. Therefore, Arcadyan avoids manufacturing products that endanger customers' health and safety. In order to provide health, safety and high-quality products, Arcadyan manages and controls through the product R&D management system to ensure that the procurement of raw materials fully complies with Arcadyan Hazardous Substance Standards. According to the parts recognition standards of Registration, Evaluation and Authorization of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS) international directives, CNC China production center has introduced QC080000 Hazardous Substance Management Process. From the stage of customer's product demand, design and mass production must comply with various safety regulations. 100% of mass-produced European and American products comply with IEC 62368 requirements and EN IEC 63000: 2018 RoHS directives, and have not violated product health and safety regulations and voluntary regulations so far. At present, all products of Arcadyan comply with relevant chemical requirements and safety regulations, take customer's health and safety as the guide is not only a commitment but also a responsibility of Arcadyan. In addition to meet customers' needs and protect customers' health and safety, Arcadyan is more active in developing low-halogen products and building a healthier and safer product production system.

Safety Specifications (IEC 62368 and IEC 63000)

To ensure that Arcadyan's products are safe under normal use, and prevent the risk of electric shock, fire, radiation, chemical or scalding caused by materials or parts, Arcadyan follows IEC 62368 and IEC 63000: 2018 certification standards and conducts testing during the design stage. After the internal safety test, the external verification agency will verify the testing to ensure that all products entering mass production have obtained the local national safety certification. Arcadyan has not violated the health and safety regulations of any major products and services since the establishment of the company until 2021..

Certification	BSMI CNS NCC	UK CA	PSB IMDA	DoE6	UL	CE
Country	Taiwan	U.K.	Singapore	U.S.	U.S.	EU
Label						
Proportion of shipments in 2021	0.15 %	10 %	0.7 %	11 %	11%	26 %







5 Environmental Protection

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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, establishing right 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	<ol style="list-style-type: none"> 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 	<p>In 2017, Arcadyan established a CSR Committee, which is jointly led by the company's senior executives, sets strategic goals, and monitors and promotes. In 2021, the name will be changed to the Sustainable Development Committee, and an Environmental Sustainability Team will be established to promote the ecological design of green products, energy resources and carbon management for the company. The Sustainable Development Committee will regularly report the progress and achievements of green product promotion to the company's senior executives and the board of directors.</p>
 Strategy	<ol style="list-style-type: none"> 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 	<p>The climate change risk assessment will be conducted for the first time in 2021, the opinions of relevant departments and supervisors will be summarized, and three directions: greenhouse gas reduction, low-carbon product innovation, and sustainable supply chain management. It is also included in the future short, medium and long-term strategies to facilitate the promotion of climate change adaptation development plans. Focusing on the promotion priorities in 2021-2022, more in-depth discussions and communication will be conducted to strengthen Arcadyan's ability to adapt to climate.</p> <ol style="list-style-type: none"> 1. Plan to sign the SBTi Science-Based Carbon Reduction Initiative in 2022 and set the Arcadyan group's reduction target. 2. Plan to introduce ISO 50001 energy management system in 2022 and start using renewable energy 3. Expand the scope of greenhouse gas inventory and include Scope 3 in the management
 Risk Management	<ol style="list-style-type: none"> 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 	<p>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:</p> <p>Mitigation: use renewable energy, introduce energy management systems, promote smart factories, improve energy efficiency, and reduce carbon emissions.</p> <p>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.</p>
 Metrics and Targets	<ol style="list-style-type: none"> 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 	<ul style="list-style-type: none"> • 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 • Continue to conduct a Scope 3 review of employee commuting and promote the replacement of remote travel with online meetings to reduce emissions



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. Therefore, in order to effectively and continuously promote and manage, Arcadyan formulates environmental safety and health policies, upholds the highest standards, operates equipment safely and protects the environment, employees, customers and the people of the community. Safety, hygiene and environmental protection are an integral part of the development of Arcadyan's business. We will continue to do our best to meet the expectations of the community, and to strengthen the business operation:

- Comply with environmental safety and health regulations and effectively implement the environmental safety and health management system.
- All employees participate in product ecological design and pollution prevention to establish a safe, health and safe environment, and are committed to continuous improvement of sustainability.
- Continue to promote resource recycling and industrial waste reduction, and reduce the impact of carbon emissions in the supply chain.
- Strengthen employee education, supplier and contractor management, environmental safety and health training.
- Automatically check, eliminate unsafe actions and the environment, take the initiative to prevent occupational accidents and avoid accidents
- Health management to maintain employee health, safety and zero disasters.

Energy Resource Management

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 effectiveness, 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:

- **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 improvement, 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

In 2021, Arcadyan has no cases of violation of environmental protection regulations or major leaks, major environmental-related litigation cases (amount exceeding NT\$2 million or litigation related to product transactions).

Energy Resource Management Target

Arcadyan headquarters and CNC mainland production center obtained ISO 14064 greenhouse gas third-party confirmation in 2021, set 2020 as the base year, and began to monitor related greenhouse gases in the entire assessment range of Category 1 and Category 2,

And according to the calculation standard, the target of reducing the intensity in 2021 is set, which is 1% lower than that of the previous year. Due to the increase in production capacity and the expansion of the AVC Vietnam production center in 2021, the electricity consumption will increase compared with previous years. We expect to introduce the ISO 50001 energy management system and the energy monitoring IOT system in 2022 to improve energy efficiency and reduce carbon emissions.

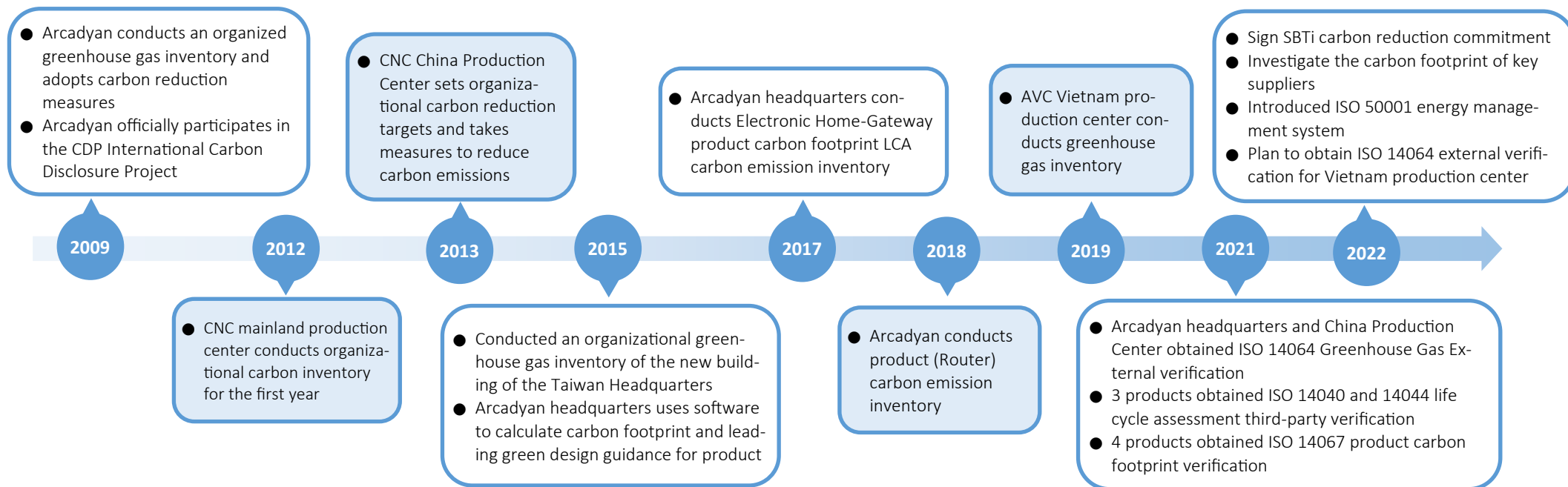
Cate.	Target	Implementation in 2021
GHG	Greenhouse gas intensity reduced by 1% compared to the previous year	Greenhouse gas intensity (average per unit weight) increased by 2.7% from the previous year
Energy Consumption	Energy intensity decreased by 1% from the previous year	Energy intensity (average per unit weight) increased by 11.8% from the previous year
Water Consumption	Per capita decreased by 1% compared with the previous year	Water consumption per capita increased by 25.6% from the previous year
Waste Recycling	The waste recycling rate has increased by 3% compared to the previous year	Recycling rate decreased by 1.42% compared to 2020



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.

In 2021, the Arcadyan headquarters and CNC China production center obtained third-party verification of ISO 14064 greenhouse gas inventory, expand the inventory scope include Arcadyan Taipei Office and SVA Shanghai Office, and set 2021 as the base year, and formulated a greenhouse gas-related emission reduction plan. At the same time, we plans to join the Science-Based Reduction Target Initiative (SBTi) in 2022, sign the SBTi carbon reduction commitment, expand the scope of greenhouse gas inventory, include Scope 3 in management, and conduct product carbon footprint surveys for key suppliers, and submit the SBTi target submission form in 2023. The history of GHG-related management measures over the years is shown in the figure below:



***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.

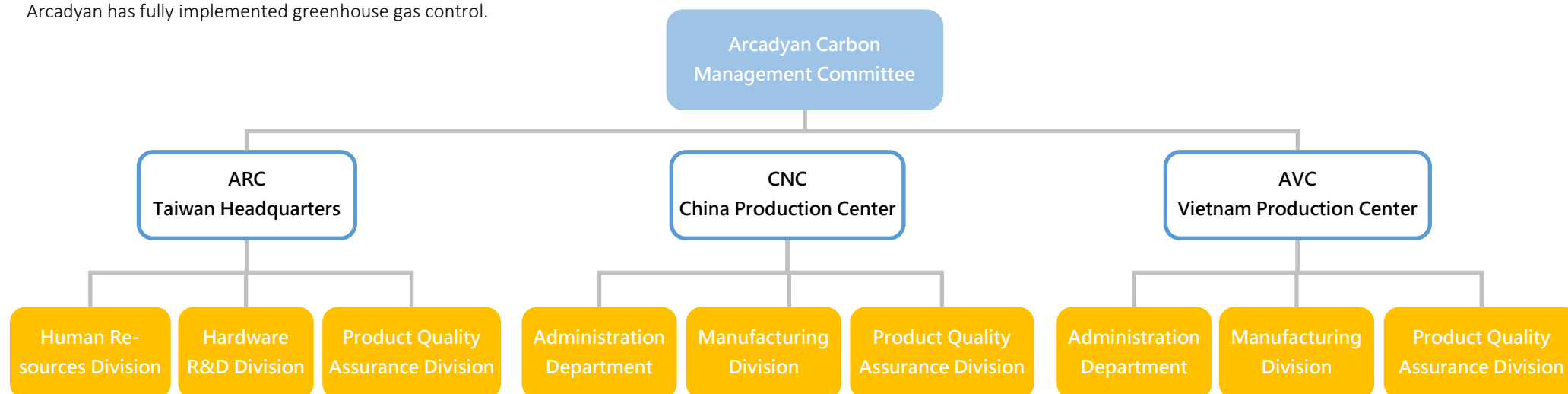
***Science-Based Targets Initiatives (SBTi):** The most important corporate climate target standard-setter, is to achieve global control of the global warming trend within the total carbon temperature of no more than 1.5°C or 2°C. Based on the emission, the reasonable emission (carbon reduction) quota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



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 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 important 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.



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 2021, with a total of about 840 participants in the courses:

Environmental Sustainability Course Name	Training Hours	Participants
Organizational Carbon Inventory ISO 14064-1:2018 Series Courses	8	30
ISO 50001:2018 Energy Management Energy Baseline and Performance Evaluation	4	30
Sustainable Purchasing Online Training Course	2	40
Energy saving and carbon reduction and water saving management (Arcadyan Group Awareness Training Series Courses)	1	737



Greenhouse Gas Inventory

Arcadyan conducts greenhouse gas inventory at major operating locations every year, and reviews greenhouse gas management goals. Arcadyan headquarters and CNC China production center obtained the TUV ISO 14064-1:2018 greenhouse gas inventory verification in 2021. AVC Vietnam production center is expected to obtain ISO 14064-1:2018 external verification in 2022, and the total greenhouse gas emissions of Arcadyan global operating base are 31215.469 (Ton CO₂e). In response to the SBTi carbon management disclosure principle, the GHG inventory scope add Taipei office and Shanghai SVA office in 2021, resulting in an increase in the total amount of greenhouse gases compared with the previous year.

Considered the expansion of the production scale of overseas production centers in recent years, Arcadyan set the carbon emission per unit of product as the evaluation benchmark. The carbon emission per unit of production weight in 2021 was 0.657, an increase of about 2.7% compared with 2020. Arcadyan will greatly shorten the low-carbon introduction planning time. We expected to immediately introduce the ISO 50001 energy management system in 2022 to improve the energy efficiency of the factory area, and build solar energy in the AVC Vietnam production center. At the same time, Arcadyan headquarters also conducts green electricity procurement evaluation, increase the utilization rate of renewable energy, and strive to continuously reduce energy used and improve the efficiency of energy use, thereby reducing greenhouse gas emissions.

Site	Category 1	Category 2
Arcadyan Headquarters	100.132	1634.828
CNC China Production Center	672.993	19660.216
AVC Vietnam Production Center	157.878	8915.965
SVA Shanghai Office	6.232	67.225
Total (Ton CO₂e)	31215.469	

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
Number of Physical Hosts Settings	6	10
Number of Virtual Host Settings	75	100

Energy Saving Equipment Settings

The CNC China production center 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%. AVC Vietnam Production Center plans to use energy-saving lamps and frequency conversion equipment in the whole factory when it is built, so as to achieve the energy-saving goal of using low-energy-consumption equipment in the factory area. And introduce automated robotic arms to improve production efficiency, reduce defect rates and waste of energy resources.



NEW Refrigeration Equipment



NEW Refrigeration Equipment



Automated Robotic Arm



Inverter air Conditioning



5-4 Energy Management

Arcadyan headquarters and overseas production centers mainly use purchased electricity. In 2021, the scope of inventory will increase Arcadyan Taipei Office and SVA Shanghai Office (covering offices in Shanghai and Guangzhou). Considering the expansion of production scale of overseas production centers in recent years, we use the energy consumption per unit product is compared with the previous year. Compared with 2020, the energy consumption per unit product in 2021 will increase by 11.8%, so we planned to be introduced ISO 50001 energy management system and start using renewable energy in 2022. The main energy consumption of the headquarters and overseas production centers in the past two years is shown in the following table:

Site \ Year	Energy Use (KWH)		
	2019	2020	2021
Arcadyan Headquarters *	2,578,475	2,807,664	3,256,629
CNC China Production Center	17,725,470	19,237,500	27,946,292
AVC Vietnam Production Center	5,250,292	8,721,255	11,088,129
SVA Shanghai Office	-	-	110,081

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

Renewable Energy Development

Arcadyan supports the development of renewable energy. In addition to planning to build a rooftop solar power generation system at the AVC Vietnam production center, we also evaluates and implements the procurement of international Renewable Energy Certification (I-REC) to increase the usage and ratio of renewable energy year by year. The headquarters of Arcadyan Taiwan also find suitable renewable energy providers and sign a green power purchase agreement to gradually move towards low-carbon production. We estimated that the rooftop solar system of AVC Vietnam production center will be completed in 2022, which can save 20-25% of the annual electricity consumption of the plant.



AVC 越南生產中心太陽能施工規劃

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, 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 re-sources in the planning of various software and hardware facilities.

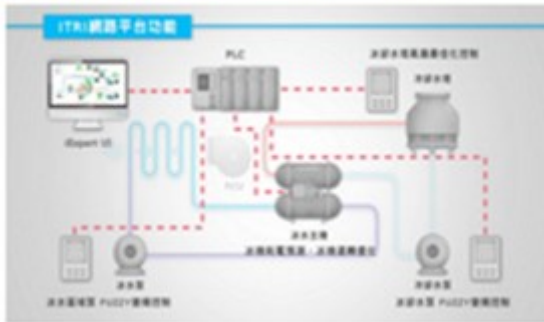
Arcadyan Energy Saving Project

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°C in summer; not higher than 22°C 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.



Intelligent Control of Air Conditioning Ice Water System



Intelligent Energy-saving Control of Parking

Green Procurement

Arcadyan cooperates with the government's green consumption policy, enhances the green image implements our actions, 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 and promoting green product knowledge. According to statistics, the amount of green procurement in 2021 will reach \$15,600,000 (NTD).

Product Type	Quantity	Amount (NTD)
Environmental Energy Conservation Label Notebook	414	\$12,000,000
Personal Desktop PC	168	\$2,800,000
Computer Screen (Energy Conservation Label)	239	\$800,000



Electric Vehicle Charging Station Setup

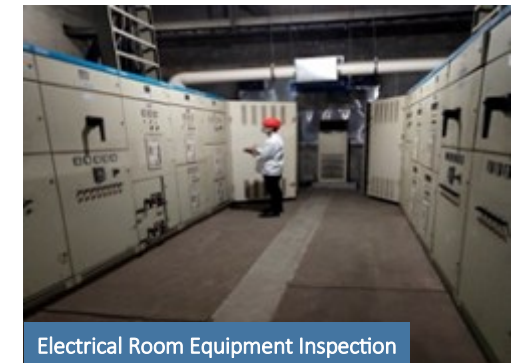
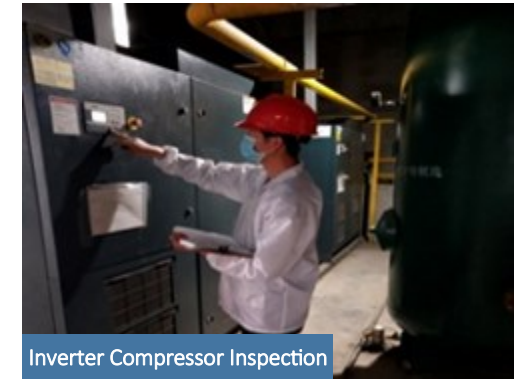
In response to market trends, the development of electric vehicles to replace fuel vehicles is conducive to net-zero carbon reduction, and the transformation of transportation vehicles has become a global trend. In 2021, Arcadyan completed the installation of 4 EV charging stations in Hsinchu headquarters, 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.



Energy-saving Measures Regular Maintenance of Equipment



Energy-saving measures Regular Inspection of Equipment



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.

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



Automatic Irrigation System for Plants



Environmental Greening of Vietnam



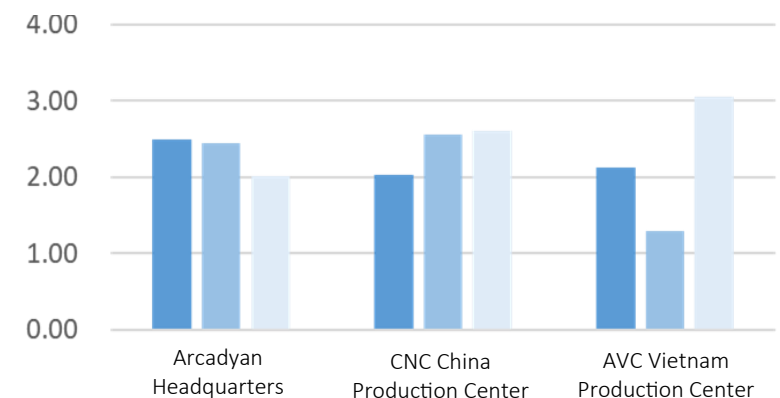
China Factory Recycled Water for Reuse

Water Consumption of Arcadyan

Due to the epidemic in 2021, the water consumption of overseas production centers of Arcadyan is higher than in previous years. Mainly because of the epidemic, most of the water consumption 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. Arcadyan will introduce a wastewater recycling system by the end of 2021 to recycle handwashing and domestic water. After filtering, it can be used as a toilet flush to improve the water recovery rate.

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

Arcadyan Capita Water Consumption Per Month in 2020



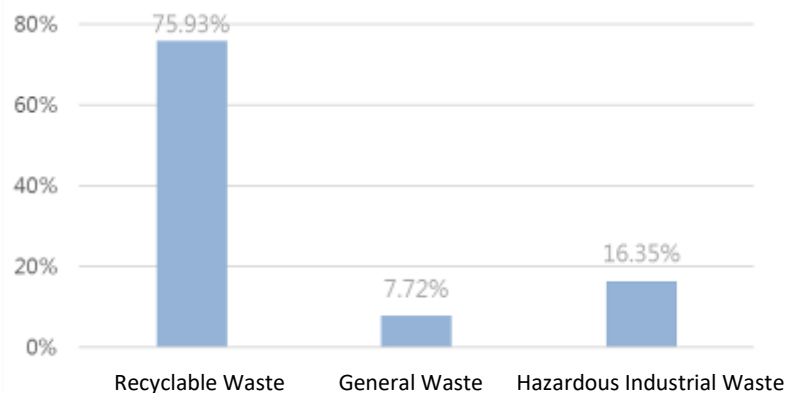
5-6 Waste Management

In order to prevent pollution incidents, Arcadyan manages and disposes of waste from the source, thereby achieving the goal of waste reduction. In 2021, due to the need to use disposable tableware during the epidemic period, increasing the amount of general waste, the waste recycle rate of Arcadyan each site reached 75.93%. The following explains the implementation status of waste management at Arcadyan 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 annually by the third-party audit company TÜV Rheinland (TUV) since 2019.

Site	General waste (Tons)	Recyclable Waste (Tons)	Hazardous Industrial Waste (Tons)	Recovery Rate
Arcadyan Headquarters	29.465	12.08	0	29.07%

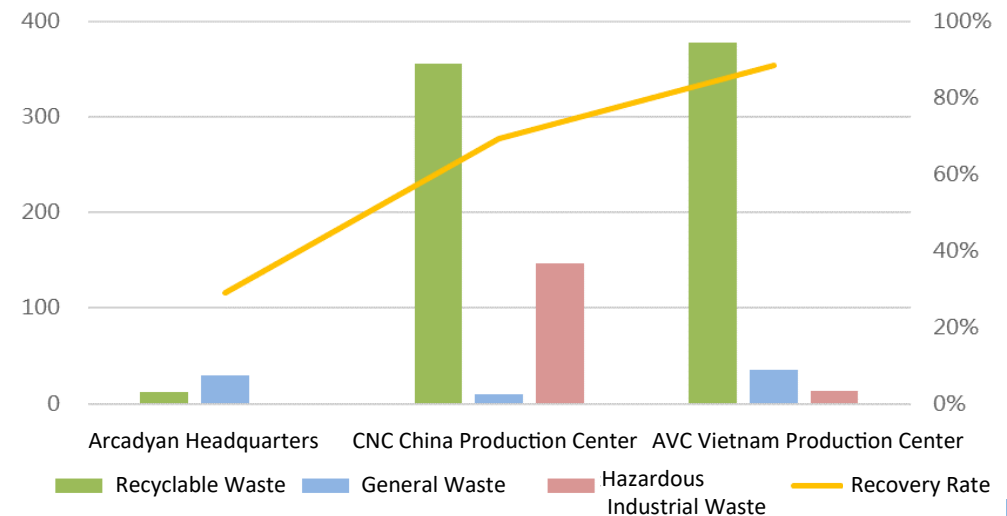
Proportion of Arcadyan Overall Waste



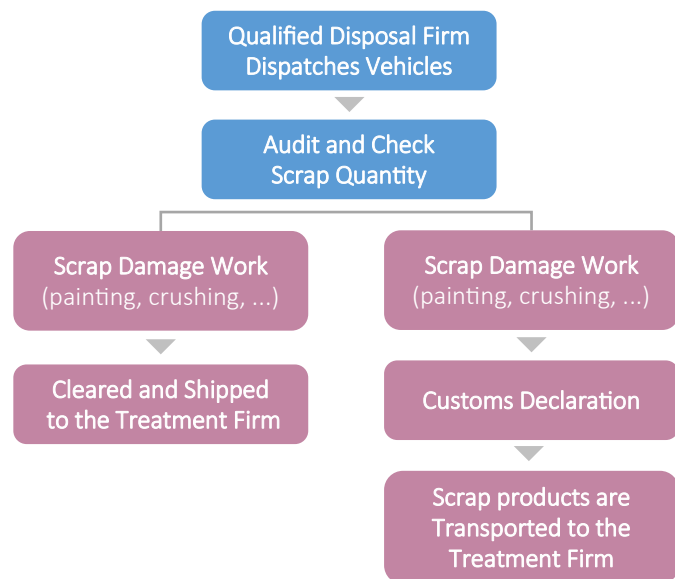
China and Vietnam Production Centers the waste generated by classified and processed, and then recycled or incinerated by qualified disposal firm according to the category. The factory site has only a small amount of hazardous industrial waste, which is mainly derived from the cleaning agent used to 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 source of exhaust gas emissions from the factory process is the soldering process. The exhaust gas is discharged from the exhaust pipe through the adsorption of activated carbon filters. The administrative department conducts monthly inspections and maintenance of exhaust equipment, and air pollutant monitoring twice a year to ensure that the air pollution monitoring data meets the environmental protection requirements of the local government. As of the end of 2021, there have been no major pollutants such as oil, fuel leaks, waste, chemical substances, etc., that have affected the soil or water surface in the past years. There is also no import or export of hazardous waste and any violation of environmental protection laws and 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 2021



Procedures for the Removal of Scrapped products



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 re-stored 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

With the progress of the times, the life cycle of consumer electronic products is getting shorter and shorter. While innovations are stimulating consumption, the increasing number of waste electronic products has gradually become a burden on the environment, Arcadyan recycles the discarded plastic housings of institutions into new raw materials. In 2021, more than 16,000 products were refurbished by RMA (Return Merchandise Authorization) department. The defective products will be re-paired or re-assembled to restore the products to good condition and extend the life of the products. In 2021, RMA cooperated with plastic recycling vendor to recycle nearly 71 pallet plastic parts and scrap products, saving about 11,842kg of plastic material, equivalent to 96Tons CO₂e carbon emissions.

RMA Refurbishment	2020	2021
Recycle Plastic (Pallets)	24	71
Saving Plastic (Tons)	3.8	11.8
Saving Carbon Emissions (TonCO ₂ e)	30.5	96



RMA Inventory and Classification



PCB Recycling



6 Happy Workplace

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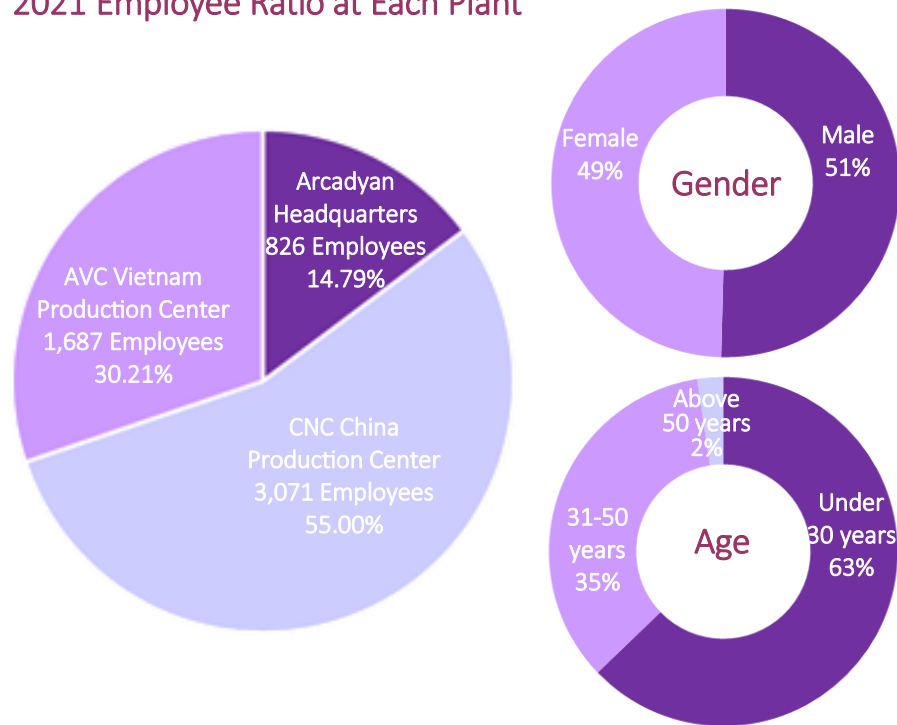
6-1 Employee Profile

By the end of December 2021, Arcadyan Hsinchu R&D headquarters and production centers (including expatriates) have a total of 5,584 employees (826 in Taiwan, 3,071 in CNC mainland production center, and 1,687 in AVC Vietnam production center). The overall employment of men and women in Arcadyan group is 50.41% men and 49.59% women.

There are a total of 826 employees in Arcadyan Hsinchu headquarters, Taipei office and overseas staff. R&D personnel accounted for more than 60% of the company's employees. Male and female of Arcadyan employees accounted for 72% and 28%; management positions males accounted for 80%, and females accounted for 20%. The discrepancy is attributed to job nature rather than gender discrimination.

The total number of employees in CNC China production center is 3,071, of which 50.93% are males and 49.07% are females. The total number of employees in the AVC Vietnam production center is 1,687, of which 38.94% are males and 61.06% are females.

2021 Employee Ratio at Each Plant



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 2021 CNC China production center is 87.18%, and AVC Vietnam produces The center is 50%.

Site	Managers	Local Managers*	Percent
Headquarters (Hsinchu)	172	170	98.84%
CNC China Production Center	78	68	87.18%
AVC Vietnam Production Center	24	12	50.00%

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

Employee Diversity & Inclusion

In response to the information disclosure requirements of the SASB Sustainability Accounting Standards Committee, 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.

Site	Management	Technical Staff*	Administration Staff	Direct Employees
Arcadyan Headquarters	172	540	114	0
CNC China Production Center	78	253	112	2628
AVC Vietnam Production Center	24	127	123	1413

*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	103	2.81%	419	11.45%	72	1.97%	59	1.61%	151	4.13%	22	0.60%
CNC China Production Center	1086	19.45%	460	8.24%	18	0.32%	1078	19.31%	412	7.38%	17	0.30%
AVC Vietnam Production Center	518	14.15%	136	3.47%	3	0.00%	663	18.11%	365	9.97%	2	0.05%

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	-	137	457	5	599	70.97%	-	35	197	13	245	29.03%
CNC China Production Center	1252	54	258	0	1564	50.93%	1376	24	107	0	1507	49.07%
AVC Vietnam Production Center	489	19	149	0	657	38.94%	924	5	101	0	1,030	61.06%
Total	1741	210	864	5	2820	50.34%	2300	64	405	13	2782	49.66%

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.

Note3: Arcadyan Hsinchu headquarters cooperates with public welfare groups to provide summer work-study opportunities for young people in remote areas. In 2021, a total of 5 participants participated in the summer work-study project (4 males, 1 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 2020, due to the fact that employees in China production center cannot return to work during the epidemic, the turnover rate is higher than in previous years. In addition to advocating that employees stay in the local for Chinese New Year, HR department also gave out bonuses to reduce personnel turnover. Arcadyan will continue to enhance employee salaries and benefits, improve the working environment, and create a workplace environment that enables employees to achieve self-realization and continuous growth, so as to reduce the turnover rate.

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	55	6.66%	65	7.87%	2	0.24%	36	4.36%	38	4.60%	0	0.00%
CNC China Production Center	915	29.79%	144	4.69%	0	0.00%	882	28.72%	115	3.74%	0	0.00%
AVC Vietnam Production Center	488	28.93%	76	4.51%	0	0.00%	702	41.61%	202	11.97%	2	0.12%

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	20	2.42%	37	4.48%	5	0.61%	5	0.61%	16	1.94%	0	0.00%
CNC China Production Center	857	27.91%	203	6.61%	1	0.03%	679	22.11%	210	6.84%	1	0.03%
AVC Vietnam Production Center	164	9.72%	28	1.66%	0	0.00%	338	20.04%	90	5.33%	0	0.00%



6-3 Labor 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" will be 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.

Arcadyan conducts human rights-related risk assessments every year, and for overseas production centers with higher risks, 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 or services. In 2021, 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

In 2021, Arcadyan hold the first labor rights awareness training for all employees. The content of the course 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 2,291 Arcadyan colleagues participated, with a completion rate of over 95%.

Course	Training Hours	Participants	Training Rate
Prohibition of Forced Labor and Human Rights Policy	1	2,291	98%
Gender Equality Training	1	2,291	98%
Sexual Harassment Prevention Training	1	2,291	98%



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 2019, 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. 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.



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 2021, 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	0	0	0
Hot Line	03-5727000 #14499	0	0	0
Fax	03-5727969	0	0	0

Arcadyan Overseas Production Center Complaint and Reporting Channel		Number of Reports	Number of Accepted	Number of Cases Closed
Mail	0211-3858 666 #32056	0	0	0
WeChat	0397-580 197	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 2021, 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



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 Headquarters Labor-Management Conference



China Production Center Staff Interview



Vietnam Production Site 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 per Quarter	5	5
China Production Center	Once a Year	15	5
Vietnam Production Center	Once a 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 and Reports	Overview and progress for the handling of reports of discrimination and harassment



6-4 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 determined according to the company's operating profit and the individual performance of the employees. The salary of all employees in overseas production center is higher than the minimum salary stipulated by local laws and regulations.

Average Annual Salary of Non-supervisor Employees at Arcadyan Headquarters (Unit: NT\$ thousand)		
Year	Average	Median
2019	1,630	1,367
2020	1,747	1,461
2021	1,805	1,598

Retirement Regulations

Arcadyan has established employee retirement regulations. According to the regulations, employees' service years are calculated in accordance with the Labor 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 Insurance 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 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 2021, the pension expenses allocated to the Labor Insurance Bureau in 2021 were NTD 50,300,000 in total, which has been allocated to the Bureau of Labor Insurance. Other pension expenses and basic pension insurance expenses recognized by the subsidiaries included in the preparation of the consolidated financial statements are NTD 59,866,000.

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\$19.3 million in subsidies for a total of 292 newborn babies between 2011 and 2021. In addition, we have signed a contract with relevant nursery/daycare centers to provide discounted 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 Employment" and the "Measures for Implementing Unpaid Parental Leave for Raising Children." Employees who complete 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.

2021 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 2021	39	7	8	16	68	100
No. of employees who actually applied for unpaid parental leave in 2021	2	2	8	16	68	100
No. of employees expected to be reinstated in 2021(A)	0	2	8	16	68	89
No. of employees actually reinstated in 2021 (B)	0	1	8	16	68	63
No. of employees having worked for 1 year after their reinstatement in 2020 (C)	0	0	-	-	-	-
No. of employees actually reinstated after their unpaid parental leave in 2020 (D)	1	0	-	-	-	-
Reinstatement rate for 2021 (E) = (B)/(A)*100%	-	50.00%	100.00%	100.00%	100.00%	70.79%
Retention rate for 2021 (F) = (C)/(D)*100%	0.00%	-	-	-	-	-



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.

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. In 2021, the form of the employee satisfaction survey will be redesigned, 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	231	78	Job Promotion/ Learning Growth/ Employee Health
CNC China Production Center	150	90	Canteen Environment/ Accommodation Environment
AVC Vietnam Production Center	200	75	Work Environment / Travel Allowance / Restroom Hygiene

Diversified Welfare Measures

Employees are Arcadyan's greatest asset. We are committed to providing comprehensive employee welfare measures and building a friendly workplace to promote the best balance between employees' lives and work:

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 2021 due to the epidemic, will be changed to e-gift vouchers)



6-5 Talent Cultivation and Development

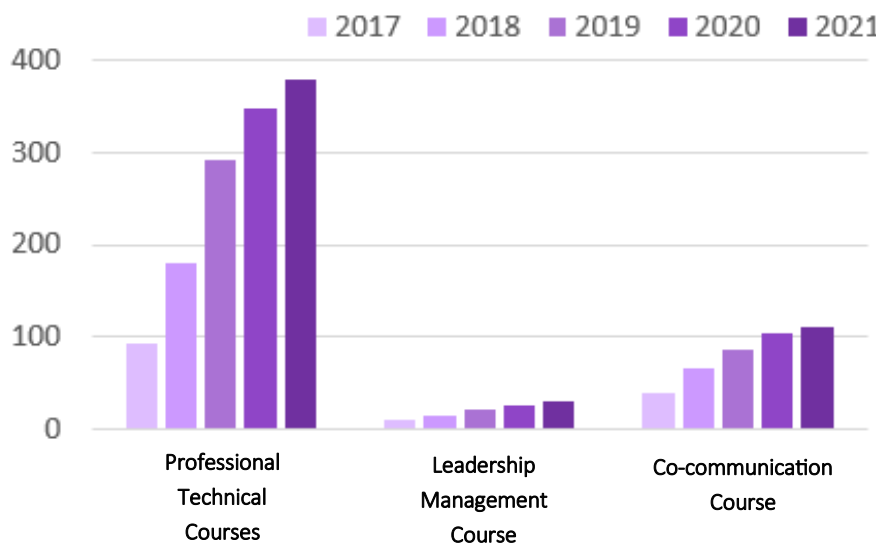
Arcadyan focuses on employee development and is committed to talent cultivation. Arcadyan actively encourages employees to participate in various training courses and self-learning. In addition to formulating annual training budgets and cooperating with professional institutions to handle professional 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 Over the Years (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.



Knowledge Sharing Platform

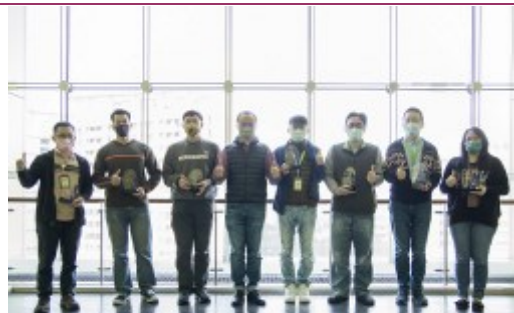
2021, a total of 826 people participated in online courses and classes in person at Arcadyan headquarters, and courses were offered through internal and external training. The total training hours exceeded 2,700 hours. At the same time, through the introduction of new IT technology and the sharing of 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.

2021 Average hours of Education and Training per Employee

Education and Training		Direct Employees		Indirect Employees			
		Male	Female	Supervisors		General Staff	
				Male	Female	Male	Female
Arcadyan Headquarters	Number of People	-	-	137	35	457	197
	Training Hours	-	-	786	142	1325	488
	Hours per Employee	-	-	5.74	4.06	2.90	2.48
CNC China Production Center	Number of People	1252	1376	54	24	258	107
	Training Hours	72616	79808	2112	1152	11868	28
	Hours per Employee	58.00	58.00	39.11	48.00	46.00	0.26
AVC Vietnam Production Center	Number of People	489	924	19	5	149	101
	Training Hours	5753	18525	4156	1348	9251	6070
	Hours per Employee	11.76	20.05	218.74	269.60	62.09	60.10



2021 Arcadyan Outstanding Employee Award Ceremony



2021 Arcadyan Outstanding Staff Commendation

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 2021 (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. 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.

2021 Performance Evaluation in Arcadyan

Performance Evaluation	Direct Employees		Indirect Employees			
	M	F	Supervisors		General Staff	
			Male	Female	Male	Female
Arcadyan Headquarters Persons of Appraisal	-	-	298	64	848	344
Persons of Performance Evaluation	-	-	283	62	785	309
Proportion (%)	-	-	95.0%	96.9%	92.6%	89.8%
CNC China Production Center Persons of Appraisal	-	-	91	48	377	304
Persons of Performance Evaluation	-	-	91	48	377	304
Proportion (%)	-	-	100%	100%	100%	100%
AVC Vietnam Production Center Persons of Appraisal	-	-	11	9	173	74
Persons of Performance Evaluation	-	-	11	9	173	74
Proportion (%)	-	-	100%	100%	100%	100%



6-6 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's plants are established with the Occupational Safety Committee, and meetings are convened according to the occupational safety and health management system (ISO 45001) to discuss occupational safety-related matters, in order to facilitate the communications and consultations among internal departments and all levels of the company as well as among external related units and groups, as well as to ensure the working environmental safety of employees. We explicitly specify the responsibilities of the managerial representatives and participating members according to the management of the "Quality, Environment Health/ Safety and Eco Design Manual", and through the procedures of "Consultation and Communication Management Procedures". Employee representatives shall participate in the development and review of safety and health policies and relevant procedures.

In 2021, Arcadyan headquarters and CNC China production center occupational safety committee held 4 quarterly meetings. Although the AVC Vietnam production center has not obtained the ISO 45001 external certification, it has discussed issues related to occupational health and safety in the regular labor-management meetings and employee interviews, track the target and plan of each safety and health implementation, and conduct an effectiveness review.

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 (CO2) operation environment measurement twice a year. The results of implementation in 2020 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 perform 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 2021, 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.

2021 Risk Assessment and Prevention of Arcadyan Headquarters

High Risk	Activity	Precautions
Human Factors Engineering	Vision loss, Poor posture, Hearing impact	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Hold traffic safety training ● Promote the concept of "defensive driving"
Electric Shock, Fire	Laboratory and restaurant pipeline fire accident	<ul style="list-style-type: none"> ● Factory regular inspection ● Implement electromechanical inspection ● Staff cafeteria included in annual fire drill

2021 Risk Assessment and Prevention of China Production Center

High Risk	Activity	Precautions
Mechanical Damage, Electric Shock	Accidents in machine operation during work	<ul style="list-style-type: none"> ● Continue relevant publicity and education to instill the concept of safety first
Fire Disaster	Factory pipeline fire accident	<ul style="list-style-type: none"> ● Conduct fire drills on a quarterly basis ● Perform escape drills every season
Traffic Accident	Accidents on the way to and from get off work	<ul style="list-style-type: none"> ● 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 to 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 four training courses for new employees in 2021. The training courses include 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 14 first-aid persons according to the ratio, and arranges three-hour on-the-job education and training courses every three 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 79 times in 2021, with a total of 2,765 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 22 days in 2021. The courses cover various safety management courses, chemical use, radiation safety and first aid training. A total of 21,857 people have completed the training; the Vietnam Production Center will be relocated in 2021. In the new factory area, a total of 2 fire drills were carried out. A total of 200 Vietnamese factory colleagues participated in the 6-day training course. After the course was completed, fire drills were arranged, and 3,103 people in the whole factory were mobilized to conduct fire escape drills.

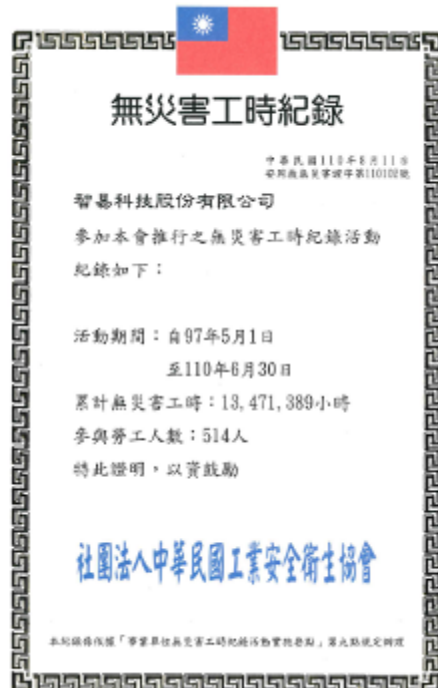


Occupational Accident

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 work-places, 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 2020, 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.



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	1.32%	1.73%	2.65%	3.19%	4.04%	4.71%
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



6-7 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	<ul style="list-style-type: none"> ● New recruit health training ● First aid training ● Health and epidemic prevention
Health Promotion	<ul style="list-style-type: none"> ● Comfortable nursing room ● Special health lecture ● Colorectal cancer screening ● Breast ultrasound examination ● Pap smear ● Visually impaired massage ● Weight loss activity ● Aerobic exercise
Health Management	<ul style="list-style-type: none"> ● 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 examination 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 2021, a total of 370 employees in special positions will complete the physical examination, with a completion rate of 100%. AVC Vietnam Production Center implements all employee physical examination every year. In 2021, a total of 1,251 people will participate in the physical examination (466 males and 785 females). The frequency of physical examinations for employees in special positions is once every six months, and a total of 179 people have completed health examinations.

Health Management Classification

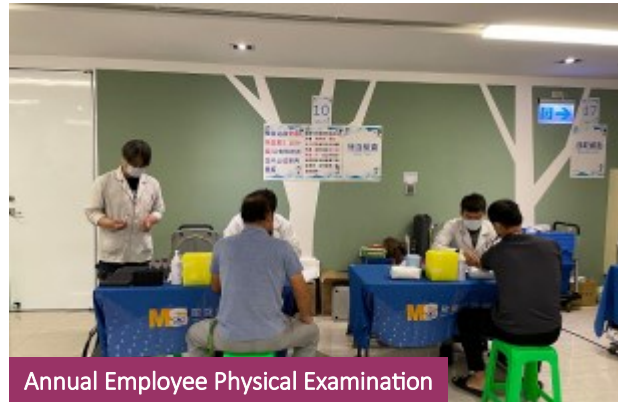
Level	Manage Content
A	No abnormalities, regular health check and follow-up every year.
B	Minor abnormalities, independent health management by colleagues, regular follow-up physical examination every year.
C	If the result of the health check is abnormal, the follow-up of the re-examination must be completed 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 re-checked 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.



2021 Arcadyan Headquarters Health Promotion and Employee Care Activities



Covid-19 Quick Screening for All Staff



Annual Employee Physical Examination



Visually Impaired Massage



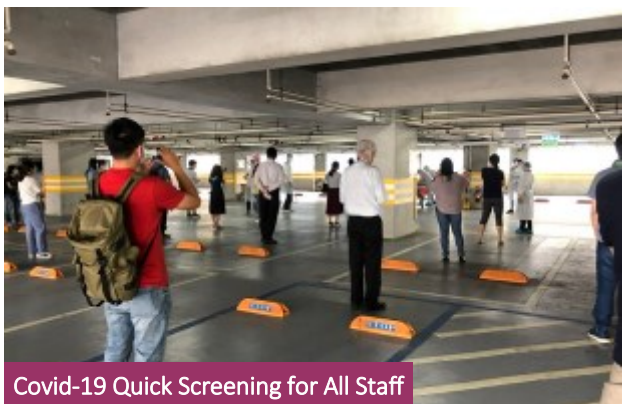
Covid-19 Quick Screening for All Staff



Annual Employee Physical Examination



Distribution of Epidemic Prevention Supplies



Covid-19 Quick Screening for All Staff



On-site Physician Online Health Consultation



Maternity Protection Online Consultation



2021 Arcadyan Overseas Production Center Employee Care Activity



Vaccination of all Staff



Covid-19 Quick Screening for All Staff



Year-end Banquet



Quarterly Birthday Party



Annual Employee Physical Examination



Year-end Banquet Show



Women's Day Gift



Mid-Autumn Festival Gifts



New Year's Eve Lucky Draw



7 Society Care and Public Welfare Participation

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7-1 Little Engineer Cultivation Program

Arcadyan have been cooperating with Hsu Chauing Social Welfare & Charity Foundation for 7 years. Hsu Chauing Social Welfare & Charity Foundation was founded in 1989, the main purpose is to carry forward the Compal Group chairman Mr. Hsu Chauing's concept of caring for the disadvantaged and helping others with kindness, and hopes to have a clearer plan and direction to give back to the society. Arcadyan upholds the chairman's service philosophy of "Take From society and Give Back To Society", and is committed to practicing various welfare and services, and supporting the foundation's various charity activities.

Shakeng Elementary School is located in Hengshan Township, Hsinchu County. Most of the students come from disadvantaged families. Compared with the abundant resources of urban children, children in remote areas not only face poverty and material shortages, but also have little access to the Internet and technology due to inconvenient transportation, lack of information, and lack of sufficient learning opportunities and social participation. "Urban-rural disparity" and "inequalities of resources" often make it difficult for children in remote areas to enter a good level of education. In the long run, children in remote areas have fewer opportunities for teaching and learning. Changes in global trends, technological development, and replacement of human resources have accumulated these factors. It will have far-reaching and structural impacts.

In 2021, Arcadyan Public Welfare Committee will cooperate with Hsu Chauing Charity Foundation and Shakeng Elementary School to jointly plan the "Little Engineer Cultivation Program", which will be explained with an Internet-related theme every month, focusing on basic Internet concepts and integrating children life experience, and through practical operation, build children's sense of achievement in learning. The curriculum structure refers to the National Information Security Literacy Network of the Ministry of Education, including: understanding the Internet structure, observing Internet etiquette, using Internet communities carefully, staying away from Internet addiction, protecting personal data and paying attention to information security, etc., so that children in remote areas can also have opportunities to know the information about network, learn the dangers and infinite possibilities of the online world, and let the little engineers have more possibilities in the future!

Little Engineer Cultivation Program Course Highlights



Activity Launch

Recruited on the internal electronic bulletin board of Arcadyan, and colleagues took the initiative to teach online courses such as understanding network concepts, programming, web design, UI interface design, etc.



Volunteer Leave

Provide volunteer leave for Arcadyan colleagues, participate in social and educational promotion activities, and provide paid volunteer leave according to the event attendance certificate provided by the Hsu Chauing Charity Foundation(8 hours/year).



Network Health Check

Assist Sandkeng Elementary School to conduct internet health check, improve the hardware/software equipment of school internet communication, assist children to use existing platforms to set up websites to promote the school and sell their own agricultural products



7-2 2021 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 2021, 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
- After school care
- "One School, One Art" Art Promotion

2

CHARITABLE

- A loving, Double Charity (one love, two help)
- Co-organizer of public welfare activities
- Corporate group purchase
- Physical and mental disabilities
- Backcountry tribe

3

RESCUE

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



Primary School Badminton Project in Remote Rural Areas



One Sand One World- Hsu Chauing Foundation Art Photography Achievement Published



Donate to Food Bank

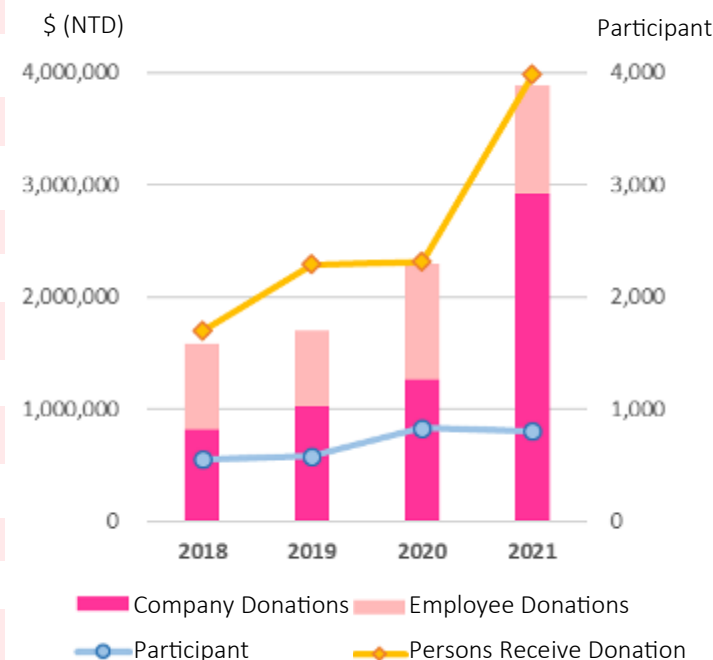


7-3 2021 Annual Results

- Total Arcadyan company donations NT\$2,921,370 & Total employee donations NT\$ 968,247 (Total NT\$3,889,617)
- 806 people participated in charitable event, and 3,985 persons receive the donation

Hsu Chaung Social Welfare Foundation	Dream Realization and Soaring Project, food donation program
Taiiping Elementary School	Subsidizing after-school care project, supporting the expense for improving the teaching equipment.
Resource Matching and Interconnection Association	Student supporting program and after-school program in rural areas.
Chinese Children home & Shelter Association	Transitioning accommodation program for children who lost their families.
Spring Foundation of NCTU	Sponsoring annual TED conference.
Taiwan Joy Baby Community Association	Donating funds for preparing dinner for kids after tuition at remote area.
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	Funding the services for underprivileged children.
Huashan Social Welfare Foundation	Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.
Ai-Heng Training Center for Mental Retardation	2021 carnival for children.
Hsinchu City Government	Sponsor the Open House Hsinchu event.
BlueSky Home	Donation to the halfway house for marginal adolescents
Hsinchu Life Education Care Association	Summer camp for disadvantaged children and after-school child care in summer vacation.
Andrew Charity Association	Donating to the food bank project for underprivileged children, employee fundraising for food donation.
Hua-Guang Intelligent Development Center	Commissioning the Seediq aboriginal tribe for rice planting, and donating the rice to Hua-Guang Intellectual Development Center
World Vision Foundation	Sponsoring domestic children, supporting water resource program, participating in stationery/desk lamp giving activities for underprivileged students for new semesters
World Peace Council	Donating to dreamer projects of underprivileged children and charity concerts, participating in New Year for Hungry Children Project, and employee fundraising to keep hungry kids away from hunger, etc.
Science Park Huizhu Growth Society	Sponsoring charity flea market activities, and donating the proceeds to St. Joseph Home and Hsinchu Healthy Mind Association.
Tribal Kitchen	Sponsoring Seediq's tribal kitchen with cereals and donating acquired rice to World Peace Organization and Hua-Guang Intellectual Development Center.
Hsinchu Fund for Children and Families	Summer camp for disadvantaged children; 2021 Warm & Winter Fair fundraising for children and parent-child activities.
Children Are Us Foundation	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 for the Children Are Us Foundation, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, donating second-hand office equipment, etc.

Donations and Recipients Over the Years



Appendixes



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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 2021, 3 tier 2 suppliers passed JAC audit (equivalent to RBA audit), and 8 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 2021, a total of 3 tier 1 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 2021
Area of manufacturing facilities	TC-HW-000.B	As of the end of 2021, 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 2021, the percentage of production in Arcadyan's owned factories (China and Vietnam production centers) is 100%



Independent Assurance Statement

ARCADYAN TECHNOLOGY CORPORATION'S SUSTAINABILITY REPORT FOR 2021

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 2021 (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 2021 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

The Sustainability Report announced by ARCADYAN TECHNOLOGY CORPORATION covers the operating performance and activities related to the aspects of social, environmental, and economic for its mainly operating bases in Taiwan and overseas.

AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (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. Evaluating the appropriate option of the Report and its disclosure of materiality topics by GRI Standards.



REFERENCES

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards

METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The contents and the level of disclosure of the Report were in accordance with GRI Standards core option and review the report's general standard disclosure requirements and specific subject disclosures (including management policies and projects) that meet the Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The documents, materials and information related to the report were examined and reviewed by interviewing the responsible persons of each group of ARCADYAN.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report are reviewed and verified through discussions between the verification team and relevant personnel.
- All the supporting material and evidence which were used for the preparation of the Report were reviewed for adequacy and integrity.



Independent Verification Statement



CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

ARCADYAN continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The impartial report sets out the economic, social, and environmental message adequately to support planning and achieving targets. Future reports could be improved by the following recommendations:

- Continue to maintain a variety of communication channels, focus on sustainable development, and enhance stakeholders' participation, carry out strategic planning, continuously improve the way of interacting with stakeholders, and collect issues of concern.

Materiality

ARCADYAN has made their sustainability management information public available to enable the stakeholders to assess the management and performance of the company. ARCADYAN also develops and implements a decision-making mechanism to consider all critical issues from different stakeholders. Future reports could be improved by the following recommendations:

- Relevant information has been published so that stakeholders can judge the management and performance of ARCADYAN, and plan, develop and implement a decision-making mechanism for major issues. The information duration should continue to strengthen the goals of short-term, medium-term, and long-term.

Responsiveness

ARCADYAN has developed and implemented the responding mechanism for stakeholders' interests to clearly declare the ethical policies and to communicate with interested parties. ARCADYAN has responded the ethical expectations and opinions from the stakeholders. Future reports could be improved by the following recommendations:

- Communicate and respond with an attitude that consistently meets the demands and expectations of its stakeholders.



Impact

ARCADYAN has developed and implemented processes to understand, measure, evaluate and manage the impact of the organization and to provide the necessary capabilities and resources. ARCADYAN is also committed to a comprehensive and balanced disclosure of the organization's impact measurement and assessment of stakeholders and themselves. Future reports could be improved by the following recommendations:

- Continue to devote resources to demonstrate the organization's impactful monitoring, analysis and management of its operations with environmental management in line with international management trends.

◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirm the related management policies and indicators in reference to GRI Standards (core option) in the report have been compliant with Standards. Some opportunities for improvement are:

- Highlight the organization's active involvement in sustainable development by continuing to integrate other international reporting requirements.

ASSURANCE OPINION

In our opinion, the information and data presented in the Report by ARCADYAN is satisfactory and provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in ARCADYAN in 2021 are well represented.

Afnor Group has developed a set of protocols 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 core option criteria, and their self-declaration in response to the Global Reporting Initiative.



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 disclaimer.

LIABILITY

This assurance statement is intended for the use of ARCADYAN 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
Aug.08.2022

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