



2023 Sustainability Report

Medtecs International Corporation Limited

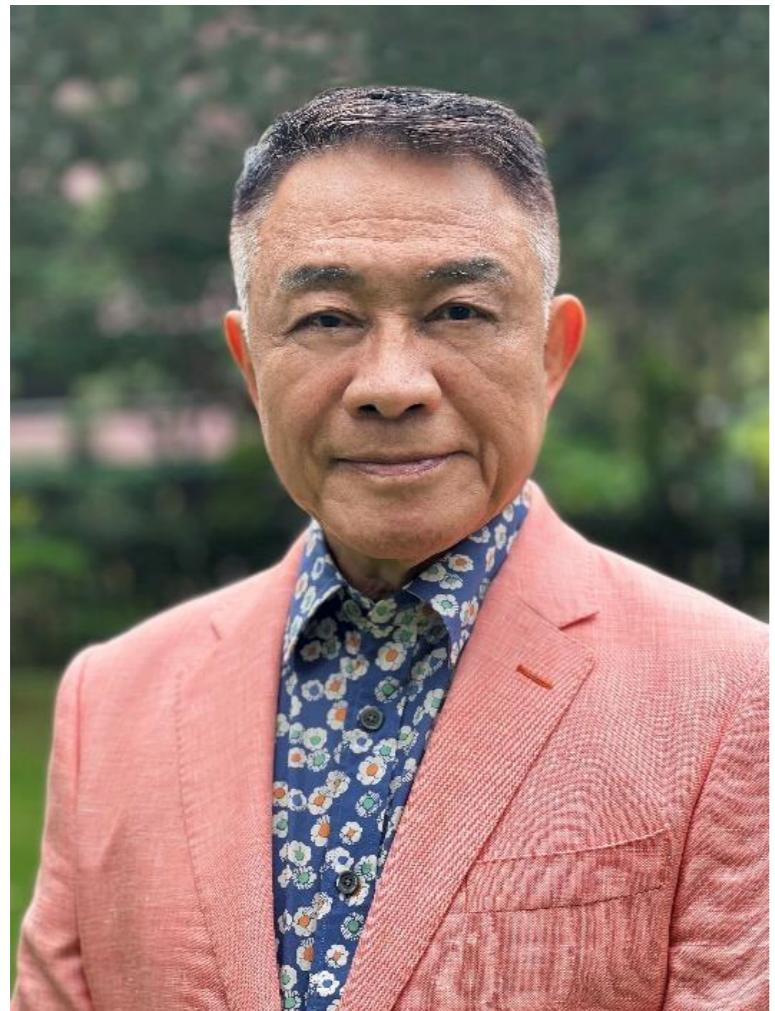


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Chairman's Message



Clement Yang Ker-Cheng
Chairman

In 2023, the COVID-19 pandemic eased its grip on the world, with countries reopening their borders, signaling a gradual return to normalcy. However, the Russia–Ukraine war and the Israel–Palestine conflict, along with ongoing global high inflation and extreme weather events, have continued to cause turmoil and pose challenges in the international landscape. As a leading manufacturer of personal protective equipment (“PPE”), the Group has kept its promise to “ensure that every worker returns home safe”. We continue to manufacture various protective equipment and workwear, and develop personal products such as antiviral sprays, nitrile gloves, and wet wipes to meet the customers’ diverse needs. Additionally, in response to global sustainability trends, we are committed to promoting ESG development across the entire Group, and we aim to continuously enhance sustainability performance and exert a positive corporate impact.

In terms of environmental efforts, in 2023, we conducted our first greenhouse gas (“GHG”) inventory at our factory in Cambodia to assess its 2022 GHG emissions. We also adopted the Task Force on Climate-related Financial Disclosures (“TCFD”) for the first time, identifying and analysing the financial risks and opportunities associated with climate change and publishing our first TCFD report. The implementation of TCFD not only helped the Group systematically understand the potential impact of climate change on its business and operations but also aided relevant units in effectively managing and formulating response strategies and action plans. Furthermore, subsidiaries in Taiwan, Cambodia, and the Philippines optimised energy usage and efficiency by acquiring new equipment and increasing the use of renewable energy lighting fixtures. These actions aim to promote energy conservation and carbon reduction. Moreover, the Group emphasizes resource reuse by collaborating with other companies to transform waste fabric, plastic pellets, and other byproducts from the production process into fuel rods and planters, thereby giving new life to waste and promoting a circular economy.

As for social responsibility, the Group is committed to creating a workplace that is respectful, inclusive, and safe. In 2023, the Company developed a human rights policy for the entire Group in accordance with international human rights conventions and Taiwanese labor laws. Additionally, we identified potential human rights risks and promoted relevant management measures to safeguard the rights of employees within the Group and various external stakeholders. Apart from upholding basic human rights, the Company also prioritises employee compensation, welfare benefits, and career development. We remain

dedicated to creating a happy workplace and were honored with the 2023 Happy Enterprise Gold Award by 1111 Job Bank in Taiwan.

With regard to governance strategies, in 2023, the Group inaugurated a new glove factory in Cambodia, which has significantly propelled our business development forward. We continue to innovate and respond to market demands and customer orders by collaborating with multiple medical material companies and business partners to develop new production lines, including nitrile gloves, acne patches, hydrogel patches, and more. This is done to provide comprehensive and convenient product services. Additionally, we capitalize on the manufacturing advantages of our subsidiaries in the Philippines, Cambodia, Singapore, and Taiwan, to offer a seamless, one-stop PPE service.

In the years ahead, Medtecs will remain committed to not only enhancing its sustainability performance but also proactively implementing measures to tackle risks posed by extreme weather events and global uncertainties. We will fulfill our corporate responsibilities and demonstrate our impact by collaborating with stakeholders to create positive impact on our communities and the environment.

About This Report

This is the seventh sustainability report (the “Report”) issued by Medtecs International Corporation Limited (the “Company” or “Medtecs”), which is currently listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). In addition to complying with the Listing Manual Section B: Catalist Rules of the SGX-ST (the “Catalist Rules”), we also strive to maintain the utmost transparency in disclosing the achievements of Medtecs Group in environmental, social, and governance (“ESG”) through the annual publication of sustainability reports. By doing so, we hope stakeholders will gain a comprehensive understanding of our principles and actions in practicing sustainable development.

Scope and Principles

The data and information disclosed in this Report cover the actions, related data, policies, and performance of Medtecs and its subsidiaries (collectively referred to as “Medtecs Group” or the “Group”) in ESG aspects for the financial year ended 31 December 2023. This includes content and performance that may reflect on past achievements or anticipate future development. During the reporting period, there were no significant restatements of information by the Group.

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

- Medtecs (Cambodia) Corporation Limited
- Medtecs (MSEZ) Corporation
- Medtecs (Taiwan) Corporation
- Medtex Corporation
- Medtecs International Corporation Limited (Philippines)
- Medtecs Materials Technology Corporation
- RMKH Glove (Cambodia) Co., Ltd.
- Universal Weavers Corporation

Reporting Framework

The framework of the Report is mainly based on the Universal Standards 2021 published by the Global Reporting Initiative (“GRI Standards”), a globally-recognised framework suited for reporting on sustainability matters relevant to the Group. The framework also aligns with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” the United Nations Sustainable Development Goals (“SDGs”), the TCFD, and the Sustainability Accounting Standards Board (“SASB”). The Report is prepared in accordance with the requirements set out in Listing Rule 711B and Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules. Please refer to Appendices 1 and 2 to this Report for details of the Group’s application of the GRI Standards and the SASB Content Index respectively.

Report Review and Management Process

The data and information in the Report are provided by various departments and operating units of the Group, compiled by the Legal Department, and revised by heads of the Sustainability Task Forces under the Sustainability Reporting Council. It is then subjected to review by the Company’s Sponsor for compliance with the relevant rules of the SGX-ST, and then sent to the Board of Directors for approval.

The Company has commenced its internal review of its sustainability reporting processes and will continue to evaluate and refine its internal review processes. Please refer to disclosure in page 19 of the Report.

Third-Party Assurance

The Report has undergone rigorous scrutiny by Ernst & Young Global Limited, an independent third-party auditing firm, which has conducted independent assurance procedures to verify the accuracy of the relevant data. For a detailed account of their findings, please refer to Appendix 5 of the Report, which contains the assurance report.

Status of Issuance

- Previous version: Issued in May 2023
- Current version: Issued in May 2024
- Next version: Expected to be issued by the end of May 2025

Board Statement

The Board of Directors (the “Board”) is pleased to present Medtecs’ 2023 Sustainability Report, which confirms the Group’s commitment to sustainability. This commitment is reflected in the Group’s sustainable business strategies and objectives that the management have identified after determination and consideration of key ESG issues. The Board had considered sustainability issues in its strategic formulation, approved these material ESG factors and overseen their management and monitoring by the management. The Report has been prepared in accordance with the guidelines of the Global Reporting Initiative, which are well-known and credible standards for reporting on environmental, social and governance issues that are most important to the Group’s business and stakeholders.

Contact Information

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



Medtecs Sustainability page

2023 Highlights

Environment	Social	Governance & Economy	Product
<p>3.7% reduction in unit natural gas usage Due to leveraging benefits of natural gas for power generation and reusing waste heat</p> <p>26.57 tons of waste fabric Provided to Ta-Yuan Cogeneration Power Plant, contributing 72,365.91 kcal/ton heating value</p> <p>300% reduction in water consumption In Cambodia after installing water meters</p> <p>75 metric tons of flower pots Produced from recycled waste scraps</p> <p>US\$65,000 invested in fully synthetic thermal conductive oil Expected to decrease coal consumption by 15%+ in Philippines</p>	<p>7,766 training hours provided in Taiwan A 385% increase from 2022</p> <p>\$175K+ in cash and in-kind donations Including 240K+ pieces of face masks, 115K+ pieces of gloves, 1K+ pieces of hospital linens and blankets, and 90 reflective vests to road guards at 3 Cambodian schools for student commute safety.</p> <p>172 volunteer hours Counted through beach clean-up and collected 100 kgs of trash</p>	<p>100% office employees based in Taiwan completed anti-bribery and anti-corruption training A total of 77 employees completed the training (excluding new hires) as of March 2023.</p> <p>Improved policies and processes of the Group Including Scrap & Waste Disposal Policy and Visitor Policy for Cambodia, Group Grievance Procedure, Group Contract Management Policy, Group Human Rights Policy, and introduced Group Authorization Tables into the BPM system</p> <p>Conducted an online assessment of the Group's Whistleblowing Policy for the management team in Cambodia To strengthen awareness of reporting potential violations</p>	<ul style="list-style-type: none"> Collaborated with suppliers to develop biodegradable materials to reduce plastics Compressed product volumes to avoid excessive packaging, aiming to optimize products and reduce carbon footprint 4th generation water pressure testing machine from Switzerland introduced by the subsidiary in Cambodia in 2023, doubling efficiency of product quality testing 7 executives from the subsidiary in Cambodia underwent professional quality management training at Intertek's laboratory and successfully obtained certification

Recognition

In November 2023, we were honored to be selected for the 2023 Happiest Employees Award by 1111 Job Bank, recognizing our efforts. At the award ceremony, our General Counsel accepted the award on behalf of Medtecs, with cheers from the cheerleading team adding to the excitement. We will continue to create an innovative, diverse, friendly, and inclusive workplace atmosphere, allowing every employee to realize their potential and achieve career success. We are grateful for each employee's hard work, making Medtecs one of the best enterprises to work for in 2023.



1 Sustainable Development



About Medtecs

Company Profile

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

The Group's headquarters is located in Taipei, Taiwan, and has offices and facilities spanning across Taiwan, Singapore, Cambodia, the Philippines, China, and the United States. The Group has 11 factories and mainly engages in the manufacturing and sales of PPE, medical textiles, medical consumables, and workwear, as well as providing integrated hospital services of hospital consumables and laundry services. The Group's monthly production capacity reaches 500,000 pieces of workwear, 2 million pieces of protective coveralls, 3 million pieces of AAMI Level 2 isolation gowns, 3 million pieces of isolation gowns, 5 million pieces of PE isolation gowns, 90 million pieces of medical face masks, and other products, which are sold to multiple countries and regions in Asia, Europe, the Americas, and Oceania. In 2020, the Group established its first subsidiary in the United States, Medtecs USA Corporation, to expand the local market for PPE and medical consumables. In 2023, the glove factory constructed by the Group in Cambodia commenced full-scale production, with a monthly glove production capacity of up to 50 million gloves.

Operational Overview

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

- Manufacturing services:** The Group is an original product manufacturer ("OPM") of PPE, medical textiles, and workwear. Its production bases are located in the Philippines, and Cambodia, and its products are mainly exported to the EU, the Asia-Pacific region, and the United States (accounting for 59%, 17%, and 24% respectively).
- Hospital logistics services:** The Group provides leasing, laundry, logistics (referred to as 3L services), and trading of medical consumables for hospitals in Taiwan and the Philippines. In terms of revenue, Taiwan accounts for 91%, while the Philippines accounts for 9%.

As a leading provider of comprehensive solutions for medical institutions in Taiwan, we have service contracts with 19 major hospitals, including the E-Da Healthcare Group, Tri-Service General Hospital, and Tungs' Taichung Metroharbor Hospital. Over the past few years, the Group has successfully expanded these comprehensive hospital logistics services to 30 hospitals and medical service institutions in the Philippines.

(US\$)						
Sales revenue of Medtecs' products						
	Category	Disposable face mask	Disposable protective clothing	Workwear	Surgical gown and drape	Disinfectants
Region	Asia Pacific	2,053,139	418,114	348,793	726,064	1,475
	North America	1,896,931	3,197,025	966,130	1,594,802	4,960
	Europe	-	14,901,724	5,656,589	121,089	-
Customer Type	E-commerce	1,954,498	1,772,570	-	71,081	230
	International/ Domestic	1,995,573	16,744,293	6,971,513	2,370,874	6,204
Total		3,950,071	18,516,863	6,971,513	2,441,955	6,435

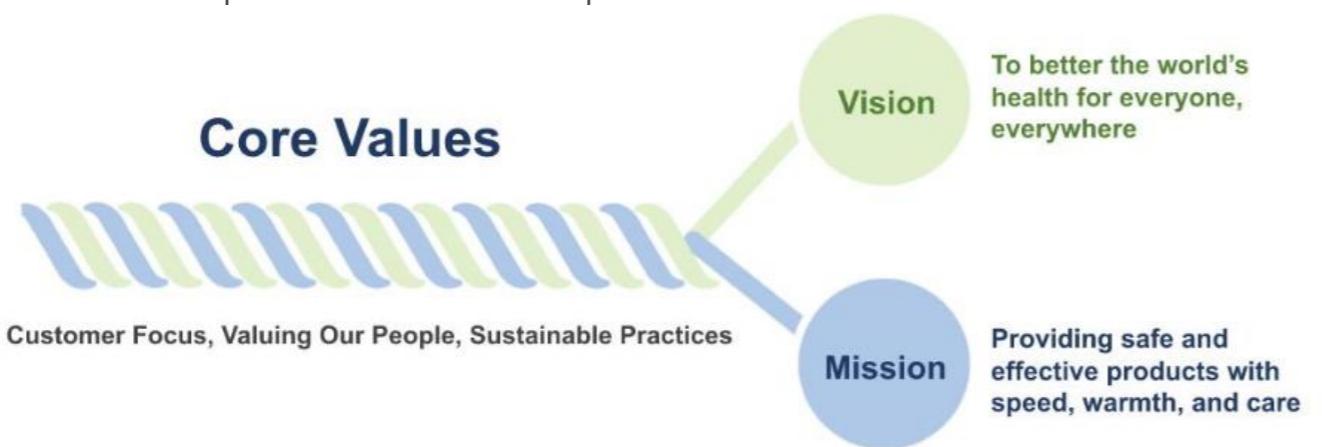
Basic information of Medtecs Group	
Company name	Medtecs International Corporation Limited
Number of employees	3,313
Year of establishment	1989
Chairman	Clement Yang Ker-Cheng
CEO	William Yang Weiyuan
Headquarters address	11F, No. 9, Song Gao Rd., Xinyi Dist., Taipei City 110, Taiwan
Stock symbol	Singapore Exchange: 546 Taiwan Stock Exchange: 9103
Capital (USD)	27,471,000



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

Corporate Vision and Values

Medtecs is a provider of integrated medical products and services and has long followed its core values of Customer Focus, Valuing Our People, and Sustainable Practices to provide world-class medical products, services, and protective equipment. Customer needs and satisfaction are always our top priority. We also value our employees' career development and workplace health, embodying the spirit of Valuing Our People. Our corporate vision is to "better the world's health for everyone, everywhere," with the mission of "providing safe and effective products with speed, warmth, and care." We continuously enhance our service efficiency and quality while adhering to the spirit of Sustainable Practices, ensuring that our business decisions and operational models prioritise sustainable development.



We implement the TARPS management philosophy, symbolizing five important workplace attitudes: Teamwork, Accountability, Reward & Punishment, and Solution-Oriented mindset. This culture aims to prevent potential gaps and errors in work processes, enhance overall efficiency, and cultivate strong problem-solving skills among our employees.



We adopt the **KUNG FU** work attitude, promoting excellence, innovation, and teamwork through the principles of **Know Your Customer**, **Understand the Transaction**, **Never Give Up**, **Good for Stakeholders**, **Faith**, and **Up**. Together, we strive for excellence and the creation of long-term value.

Sustainable Governance and Strategy

Sustainable Governance

In 2017, the Group established the Sustainability Reporting Council under the Audit Committee, which is under the jurisdiction of the Board, to serve as the management unit responsible for planning and overseeing sustainable development. The council is tasked with formulating the Group's sustainable development strategy and goals and regularly monitoring the progress of these goals and various sustainability projects. The Chief Executive Officer ("CEO") of the Group serves as the chairperson, with the Chief Financial Officer and General Counsel serving as executive members. The Council reports regularly to the Audit Committee.

Five Sustainability Task Forces have been established under the Sustainability Reporting Council, covering Corporate Governance, Employee Care, Environmental Sustainability, Customer and Partner Relations, and Social Welfare. Department heads are appointed as members of these task forces, and regular sustainability management meetings are held to promote various sustainability goals. Additionally, annual sustainability projects are initiated in response to climate change, carbon reduction, water conservation, and human rights management. The progress of these sustainability goals is regularly reported to the Board and these goals are also included as part of the annual performance evaluation for relevant personnel.

The Group's sustainability report is prepared annually through the Sustainability Reporting Council and undergoes assurance by a third-party consultant. After approval by the Board, the Report is officially published to disclose the Group's annual sustainability achievements to internal and external stakeholders.

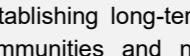
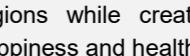
Sustainable Governance Organisational Structure



Task Force	Function	Responsible Units
Corporate Governance	Enhancing the transparency and efficiency of corporate governance, including risk management, legal compliance, and internal control.	Internal Control, Legal
Employee Care	Employee well-being and work environment, including health and safety, training and development, as well as diversity and inclusion.	Human Resources & Administration, Legal
Environmental Sustainability	Promote environmental protection and sustainable development, including reducing carbon emissions, efficient use of energy and resources, and waste management.	Factory Managers, Supply Chain Management
Customer and Partner Relations	Promote environmental protection and sustainable development, including reducing carbon emissions, efficient use of energy and resources, and waste management.	Legal, Marketing, Sales
Social Welfare	Promote social welfare activities, including community engagement, charitable donations, and volunteer services.	Human Resources & Administration, Legal, Marketing

Corporate Sustainable Governance

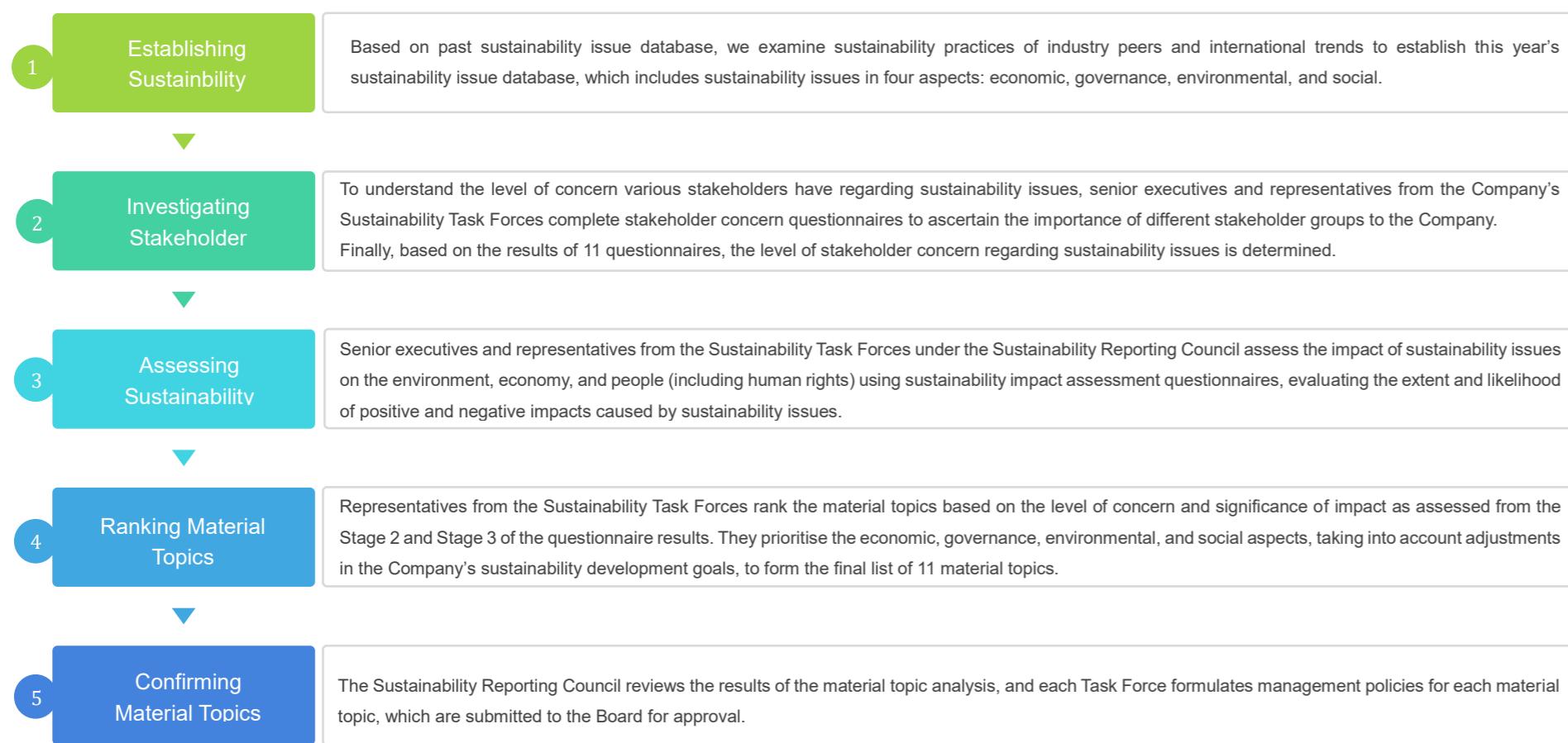
With a focus on its core business of PPE, Medtecs Group has developed five major pillars of sustainability: Integrity Governance, Value Innovation, Sustainable Environment, Diversity in the Workplace, and Community Empowerment. Medtecs' sustainable development strategy also aligns with 12 Sustainable Development Goals (SDGs). We combine the core values of Customer Focus, Valuing Our People, and Sustainable Practices to create a positive corporate influence for various stakeholders.

Integrity Governance	Adhering to the basic principles of accountability, transparency, and sustainability to fulfill social responsibilities to stakeholders. 		
Environmental Sustainability	Emphasizing the importance of addressing climate change, implementing goals for reducing energy/resource consumption and waste, and transitioning toward a low-carbon model. 		
Community Empowerment	Establishing long-term collaborative relationships with communities and non-profit organizations near our operating sites, participating in community development, and making a positive impact. 		
Diversity in the Workplace	Complying with labor laws and regulations in different regions while creating a workplace that promotes happiness and health for employees. 		
Value Innovation	Establishing rigorous product processes and supplier management; developing innovative and sustainable products. 		

Identification of Material Topics and Stakeholder Engagement

Material Topics Identification Process

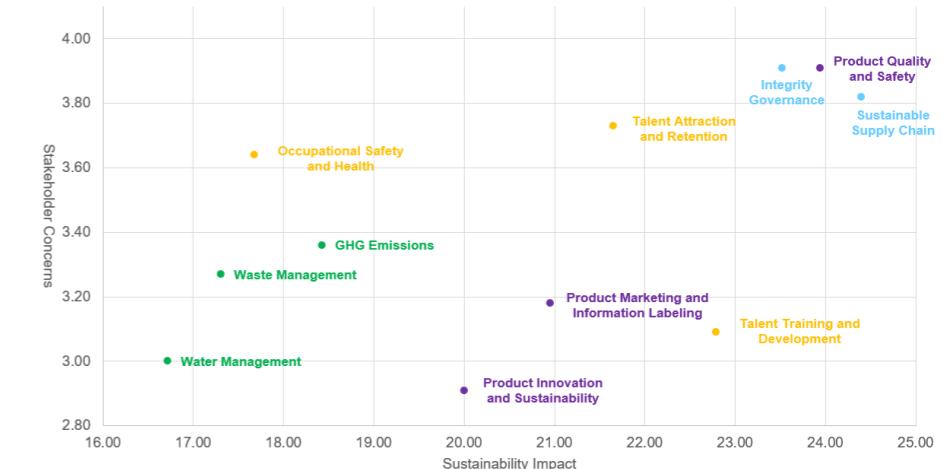
The Group references the GRI Standards and the AA1000 Accountability Principles Standard, using the principles of inclusivity, materiality, responsiveness, and impact to identify material topics. Following the GRI 3: Material Topics 2021, we constructed a process for analysing material topics. Furthermore, we assessed the positive and negative impacts of these material topics on the environment, economy, and people (including human rights). The results are used to guide the Company's sustainable development direction and serve as the basis for responding to stakeholders and disclosing information.



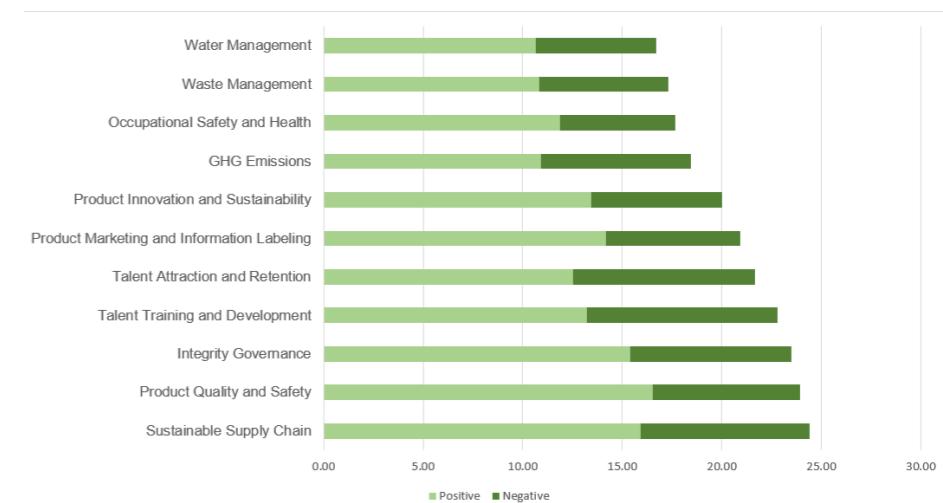
Material Topics Matrix

Economic	Product	Environmental	Social
Sustainable Supply Chain	Product Quality and Safety Product Marketing and Information Labeling Product Innovation and Sustainability	GHG Emissions Waste Management Water Management	Talent Attraction and Retention Talent Training and Development Occupational Safety and Health
Integrity Governance			

Results of Material Topics Assessment



Positive and Negative Impact Ranking of Material Topics



List of Material Topics and Related Impact

Material Topics	Positive/Negative Impact	Impact on the Economy, Environment, and People (Responses to Risks and Opportunities)	Corresponding GRI Standards	Corresponding Sections in the Report
Integrity Governance	<p><u>Positive:</u> Effective integrity governance establishes standards for ethical behavior in all operational activities by implementing relevant policies and guidelines. This commitment to integrity creates a positive ripple effect, benefiting the Company, society, and the environment.</p> <p><u>Negative:</u> Failure to implement robust integrity governance may lead to the misuse of company resources and engagement in behaviors detrimental to the Company, society, and the environment, resulting in negative impacts on stakeholders and may even incur additional legal and litigation costs due to non-compliance with laws.</p>	<p><u>Economy:</u> By embracing robust integrity governance, we can instill greater confidence among stakeholders. This trust encourages investment and facilitates commercial transactions, leading to increased revenue and economic growth, demonstrating the fundamental role integrity plays in successful corporate management.</p> <p><u>Environment:</u> Embracing the concept of integrity in operations and having a sound governance system can prevent the Company from engaging in environmentally harmful practices and reduce the likelihood of cost-shifting to the environment due to economic considerations.</p> <p><u>People:</u> Good integrity in operations can prevent the Company from facing legal penalties, lawsuits, or even shutdowns due to illegal activities. It also ensures that company resources are not misused, thereby safeguarding employees' job rights and ensuring equal treatment.</p>	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior GRI 207: Tax GRI 405-1: Diversity of governance bodies and employees	Integrity Management
Product Innovation and Sustainability	<p><u>Positive:</u> Continued investment in innovative research and development ("R&D") management enhances product competitiveness while reducing negative impacts on the environment. Additionally, innovation enables the continuous provision of novel products and services, thereby boosting overall industry value.</p> <p><u>Negative:</u> Lack of robust product innovation and sustainable management may lead to product failures causing harm to customers or the environment. Without maintaining advanced technologies, the Company may struggle to provide innovative services or products in response to market changes, thus lowering market competitiveness.</p>	<p><u>Economy:</u> Adhering to an innovative mindset and continuously investing in product or service enhancements and improvements can boost competitiveness and enhance operational performance, thereby benefiting consumers.</p> <p><u>Environment:</u> Combining innovative technologies and research into emerging materials, using environmentally friendly materials and processes, and continuously enhancing products and services to reduce environmental impact.</p> <p><u>People:</u> Encouraging employees to contribute their creativity fully and inviting suppliers to jointly develop environmentally friendly materials. Working together with internal and external partners through strategies and concrete actions to actively innovate.</p>	Customized topic	Product and Service Innovation
Product Quality and Safety	<p><u>Positive:</u> By implementing rigorous product quality and safety control processes, Medtecs ensures the quality and reliability of its textiles, medical equipment, and PPE, thereby meeting customer needs and delivering competitive products.</p> <p><u>Negative:</u> Inadequate management of product quality and safety can result in the inability to provide customers with excellent products and services, leading to a decrease in customer trust. Failure to continuously adapt management systems to international standards and market demands may lead to a loss of product competitiveness.</p>	<p><u>Economy:</u> Establishing a comprehensive quality management system and processes to ensure the safety of products used by customers can enhance their confidence in the Company, leading to long-term partnerships and improving competitiveness and operational performance.</p> <p><u>Environment:</u> Through effective quality management procedures, ensuring that the production process complies with regulations helps avoid negative impacts on environmental safety due to poor process management.</p> <p><u>People:</u> The Company places importance on product safety and quality. Through training of relevant personnel and rigorous quality management procedures, the safety of products after launch is ensured, thereby avoiding impacts on the health and safety of customers and consumers.</p>	GRI 416: Customer Health and Safety	Quality Management

Material Topics	Positive/Negative Impact	Impact on the Economy, Environment, and People (Responses to Risks and Opportunities)	Corresponding GRI Standards	Corresponding Sections in the Report
Product Marketing and Information Labeling	<p><u>Positive:</u> Adhering to regulatory standards and effectively implementing product marketing and information labeling can protect the rights of customers and consumers, increasing their trust in Medtecs products.</p> <p><u>Negative:</u> Failure to comply with regulations may result in penalties from regulatory authorities or harm to customer rights, thereby affecting the Company's financial condition and damaging its reputation.</p>	<p><u>Economy:</u> Compliance with relevant product labeling regulations in various regions, completing product verification properly, and obtaining product permits can ensure that customers and consumers receive clear product-related information, which increases their confidence in the Company and improves operational performance.</p> <p><u>Environment:</u> Clear and detailed product labeling helps users make the most of your product while minimising environmental harm by providing comprehensive information on contents, usage, and disposal.</p> <p><u>People:</u> Clear labeling of product information with relevant warnings and including a consumer service hotline can prevent harm to health and safety caused by improper use of products by customers and consumers.</p>	GRI 417: Marketing and Labeling	Quality Management
Sustainable Supply Chain	<p><u>Positive:</u> Establishing a supplier management mechanism and collaborating with suppliers to build a sustainable supply chain can ensure that suppliers uphold human rights and work together to achieve energy conservation, carbon reduction, and operational cost reduction.</p> <p><u>Negative:</u> Failure to implement sustainable supplier management leads to a lack of insight into suppliers' human rights and environmental management practices. This could result in adverse effects on the Company, society, and the environment, such as reputational risk.</p>	<p><u>Economy:</u> Establishing a comprehensive supply chain management system to stabilize the supply of goods can enhance operational efficiency and increase revenue.</p> <p><u>Environment:</u> Collaborating with suppliers to improve sustainability performance, including developing energy-saving and carbon-reduction plans; conversely, a lack of emphasis on environmental management in the supply chain may increase legal risks.</p> <p><u>People:</u> Human rights disputes in the supply chain can lead to a decline in customer trust and a reduction in order quantity.</p>	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Sustainable Supply Chain
GHG Emissions	<p><u>Positive:</u> Conducting an inventory to track the Company's GHG emissions allows for effective data management and future planning of carbon reduction pathways and strategies. This can lead to the adoption of low-energy equipment, which reduces emissions and associated air pollution.</p> <p><u>Negative:</u> Failure to effectively manage GHG emissions may lead to higher carbon costs (such as local market carbon fees or tariffs) due to non-compliance with regulations. This can also lead to increased air pollution if emissions are not reduced.</p>	<p><u>Economy:</u> Procuring energy-efficient equipment that complies with the low-energy standards announced by the Energy Administration, Ministry of Economic Affairs, establishing energy-saving equipment with the Energy Label, and reducing the demand for coal and fuel oil usage to decrease electricity and fuel-related expenses.</p> <p><u>Environment:</u> Conducting an organisational GHG inventory and planning carbon reduction strategies to avoid excessive GHG emissions that could impact the environment.</p> <p><u>People:</u> Enhancing employees' awareness of environmental protection and energy conservation helps develop internal talent capable of creating and executing effective carbon reduction strategies.</p>	GRI 305: Emissions	Climate Change Strategy and Management
Water Management	<p><u>Positive:</u> Effective water resources management can increase water usage efficiency, water recycling rates, and wastewater treatment effectiveness, thereby reducing the overall water consumption and minimising negative impacts on the surrounding environment and public health.</p> <p><u>Negative:</u> Lack of proper water resources management may result in inefficient water use, water wastage, and water pollution, leading to adverse environmental and health impacts.</p>	<p><u>Economy:</u> Increasing water resources efficiency and the proportion of recycled water usage can reduce expenses related to water bills and wastewater treatment.</p> <p><u>Environment:</u> Implementing a rigorous water resources management system prevents the excessive depletion of local water resources and avoids environmental pollution and regulatory fines caused by wastewater leakage</p> <p><u>People:</u> The Company ensures that local residents' water resource needs are not compromised, and controlling wastewater treatment can also reduce potential impacts on public health, avoiding negative effects on the Company's reputation.</p>	GRI 303: Water and Effluents	Water Management

Material Topics	Positive/Negative Impact	Impact on the Economy, Environment, and People (Responses to Risks and Opportunities)			Corresponding GRI Standards	Corresponding Sections in the Report
Waste Management	<p><u>Positive:</u> Effective waste management, such as reducing waste and implementing recycling measures, improves the living conditions and health of residents and stakeholders around Medtecs' facilities.</p> <p><u>Negative:</u> Failure to manage waste properly may harm the health of residents and stakeholders around Medtecs' facilities and may even lead to environmental pollution.</p>	<p><u>Economy:</u> Collaborating with suppliers to implement waste disposal measures can prevent fines due to waste pollution. Additionally, promoting a circular economy effectively reduces waste volume and related disposal costs.</p> <p><u>Environment:</u> Effective waste management reduces the environmental impact of waste disposal, which in turn helps protect the Company's reputation.</p> <p><u>People:</u> Prudent management of waste sorting, transfer, and disposal processes ensures the health and safety of personnel and reduces the risk of subsequent compensation claims against the Company.</p>			GRI 306: Waste	Waste Management
Talent Attraction and Retention	<p><u>Positive:</u> The Company prioritises employee compensation, benefits, and talent development by establishing fair compensation and promotion systems that facilitate the recruitment and retention of outstanding talent.</p> <p><u>Negative:</u> Failure to prioritise employee compensation, benefits, and talent development may hinder the attraction and retention of top talent, leading to high turnover rates, a lack of succession planning, and ultimately impacting the company's sustainable operations and innovation capabilities.</p>	<p><u>Economy:</u> Planning and providing competitive compensation and benefits, along with diverse recruitment channels for attracting top talent, can enhance the Company's competitiveness and inject growth momentum into revenue.</p> <p><u>Environment:</u> N/A</p> <p><u>People:</u> Designing a robust compensation system and offering opportunities for diverse career development can enhance employee job engagement and satisfaction, making it easier for the Company to retain outstanding talents.</p>			GRI 401: Employment GRI 402: Labor/Management Relations 2016 GRI 405: Diversity and Equal Opportunity 2016	Talent Attraction and Retention
Talent Training and Development	<p><u>Positive:</u> Dedicating efforts to talent development and empowerment can invigorate corporate culture and enhance talent effectiveness, leading to improved service and production efficiency, higher product quality, a better user experience, and a strengthened competitive advantage in the market.</p> <p><u>Negative:</u> Neglecting talent cultivation and empowerment, such as insufficient employee training, may result in operational errors, decreased product quality, or failures that harm customer interests and reduce the Company's market competitiveness.</p>	<p><u>Economy:</u> Talent is the foundation of business growth. Valuing and continuously cultivating and developing employees can enhance their innovation and efficiency, thereby increasing the Company's competitiveness and revenue growth momentum.</p> <p><u>Environment:</u> NA</p> <p><u>People:</u> Valuing and actively nurturing employees can harness their talents while enhancing job satisfaction, engagement, and overall fulfillment.</p>			GRI 404: Training and Education	Talent Training and Development
Occupational Safety and Health	<p><u>Positive:</u> A well-planned occupational safety and health management system, including managing hazardous chemicals, monitoring work environments, developing various protection and management plans for different work groups, providing education and training, will effectively maintain workplace safety and health for employees and contractors, as well as prevent environmental pollution.</p> <p><u>Negative:</u> The lack of a comprehensive occupational safety and health management system may jeopardize personnel safety and health and lead to environmental pollution.</p>	<p><u>Economy:</u> A comprehensive occupational safety and health management system helps identify workplace risks, so as to prevent accidents in advance and reduce the likelihood of legal penalties as a result of occupational safety and health incidents.</p> <p><u>Environment:</u> A well-managed occupational safety and health system assists companies in managing hazardous substances, ensuring proper monitoring and disposal of organic solvents, dust, specific chemicals, and other harmful substances in the workplace, thereby reducing the environmental burden.</p> <p><u>People:</u> An effective occupational safety and health management system effectively protects contractors and employees, establishing a safe and healthy workplace.</p>			GRI 403: Occupational Safety and Health	Occupational Safety and Health

Stakeholder Engagement

After the Group identifies stakeholders according to the AA1000 Stakeholder Engagement Standard, it assesses the relationships and impact levels between each stakeholder group and Medtecs with the guidance of the Sustainability Reporting Council and external consultants. In 2023, the Company decided to continue engaging with the same seven categories of stakeholders as in the previous year. They include shareholders, financial institutions, employees, government agencies, local communities, customers, and suppliers.

We respond to stakeholders' concerns through open and diverse communication channels and platforms. We have also created a [Sustainability section](#) on Medtecs' official website to inform stakeholders about our efforts on various sustainability issues. The communication channels and frequency of communication between Medtecs and stakeholders are as follows:

Community Group	Examples of Engagement (Frequency)	Issues
Shareholders	<ul style="list-style-type: none"> Announcements of the Group's financial results made through SGXNet, Taiwan Stock Exchange Market Observation Post System, and the Company's official website (as needed) Annual report and sustainability report (once a year) Annual general meeting (once a year) 	<ul style="list-style-type: none"> Risk management Corporate governance
Financial institutions	<ul style="list-style-type: none"> Company's official website (as needed) Annual report (once a year) Mutual visits and exchanges (from time to time) 	<ul style="list-style-type: none"> Risk management Corporate governance
Employees	<ul style="list-style-type: none"> E-mail (immediately) Suggestion box, complaint mailbox, and hotline (immediately) Internal and external training programs (from time to time) Gatherings and events within the department or Company events (from time to time) Performance evaluations (twice a year) Labor-management meetings (quarterly) Management meetings (monthly) Employee satisfaction surveys (from time to time) 	<ul style="list-style-type: none"> Talent attraction and retention Talent training and development Occupational safety and health Operational performance Salaries and benefits
Government agencies	<ul style="list-style-type: none"> Announcements of the Group's financial results made through SGXNet, Taiwan Stock Exchange Market Observation Post System, and the Company's official website (as needed) Verbal and written communication with relevant authorities regarding obtaining or renewal of permits (from time to time) 	<ul style="list-style-type: none"> Risk management Corporate governance Regulatory compliance Labor relations
Local communities	<ul style="list-style-type: none"> Public welfare and charitable activities (from time to time) Volunteer service (from time to time) 	<ul style="list-style-type: none"> Community care and public welfare
Customers	<ul style="list-style-type: none"> Company's official website and social media platforms (from time to time) Customer satisfaction surveys (annually) Remote inspection for customers (from time to time) Participation in physical and virtual exhibitions (3-5 times per year) Customer contact (daily) 	<ul style="list-style-type: none"> Product labeling and sales responsibility Service and product quality Customer relations
Suppliers	<ul style="list-style-type: none"> Company's official website (from time to time) E-mail (from time to time) Telephone and messaging apps (from time to time) 	<ul style="list-style-type: none"> Sustainable supply chain



2 Operations and Governance

Corporate Governance

Medtecs Group upholds a core business philosophy of Accountability, Transparency, and Sustainability. By maintaining high standards of corporate governance, the Company also enhances investor confidence. Appropriate culture, values, and ethical behavior standards are built upon effective corporate governance, which not only safeguards the interests of stakeholders but also enhances shareholder value, thereby realizing long-term sustainable business operations.

Corporate Governance Framework

The Board serves as the Company's highest governance body and oversees functional committees such as the Audit Committee, Nominating Committee, and Remuneration Committee. Additionally, the Sustainability Reporting Council, composed of senior executives from various departments, is supervised by the Audit Committee.



The Group is committed to sustainable development. Its operational strategies are formulated by a Board possessing the independence, diverse thinking, and backgrounds to make decisions that align with the Company's best interests. As at 31 December 2023, there were five directors: two executive directors and three independent directors (including one female director), with independent directors accounting for 60% of the Board. As at the date of this report, there were five directors: two executive directors and three independent directors (including two female directors), with independent directors accounting

for 60% of the Board. All external directors are considered independent within the meaning of the Listing Manual Section B: Rules of Catalyst of the SGX-ST and the Code of Corporate Governance. To ensure the avoidance and mitigation of conflicts of interest between the Board and senior management, the Group has established the Code of Ethics and Professional Conduct (the "Code"). Measures include identifying conflicts of interest, abstaining from certain activities, and disclosing familial and financial interests. For more information on the Board members, functional committees, Board compensation policies, and shareholder-related information, please refer to Medtecs' 2023 Annual Report.

The Board meets on a quarterly basis to discuss and formulate the Group's overall strategic direction and the Company's governance framework. Additional meetings are convened whenever necessary to fulfill their duties. Each meeting is scheduled by the directors in advance, and may be conducted via telephone or video conferencing. Decisions of the Board and other functional committees may also be made through circular resolutions.

In 2023, the Board held a total of four meetings, discussing various topics including economic performance, procurement practices, supplier environmental assessment, emissions, energy, waste, water and effluents, occupational safety and health, training and education, customer health and safety, and marketing and labeling, encompassing 11 material topics from FY2022. The attendance rate of individual directors was 100% for each meeting.

Evaluation of Board Members' Performance

Each year, the Nominating Committee reviews and assesses the standards for evaluating the performance of the Board. After recommending an objective set of performance criteria and processes, which are approved by the Board, the evaluation is conducted to assess the independence of the entire Board and individual committees, as well as the members' contributions to the Group. The duties of directors are all aimed at effectively enhancing long-term shareholder value; therefore, performance is closely linked to the directors' compensation system.

- Criteria for Board Performance Evaluation:
- Board size and composition
- Accessibility and credibility of information available to the Board/committees/directors
- Performance in decision-making and execution of key tasks
- Communication with management and behavioral standards of each director

Based on the evaluation results, the Chairman and CEO consult with the Nominating Committee and recommend suitable candidates for new appointments or resignations.

The Group conducts at least one Board performance evaluation every year. The Nominating Committee evaluates each director and discusses, analyses, and provides recommendations based on the evaluation results to enhance the overall performance of the Board. Currently, the Group has not integrated the Company's sustainability goals and performance into the Board performance evaluation; therefore, these factors are not linked to Board compensation. This aspect will be discussed in the future. The overall performance of the Board in 2023 was satisfactory and aligned with the Nominating Committee's views. Furthermore, all committees operated effectively. However, this assessment has not yet undergone external evaluation.

Education and Training for Board Members

The directors have years of experience in corporate governance and are familiar with their responsibilities and duties as directors. To effectively contribute to the Board, directors must stay updated on the latest business and legal developments and regularly enhance their skills and knowledge. Therefore, the Group provides opportunities and activities, such as visits to the Group's operating facilities and meetings with management, to increase their understanding of the Group's business and strategies, and to discuss and formulate relevant sustainable development strategies.

Integrity Management

For Medtecs, integrity governance is the cornerstone of establishing the right corporate culture, values, and ethical behavior. It not only enhances shareholder value but also considers the interests of all stakeholders, ensuring that the Company balances economic objectives with social responsibilities.

Medtecs is committed to following the principles of good governance, and adhering to the core values of Accountability, Transparency, and Sustainability to maintain high standards of corporate governance. We continuously strengthen internal management policies and systems to enhance the Group's overall risk resilience and operational efficiency. Furthermore, we adhere to local tax regulations at each operating site and comply with international tax standards to accurately calculate taxes and file returns within the statutory deadlines, responsibly fulfilling our tax obligations. This approach further promotes sustainable growth and development within the Group.

Material Topic: Integrity Governance

2023 Targets		Our Progress
Continuous education and training for employees: To continue to coach and educate Medtecs Group employees on basic legal knowledge. This will enhance the overall level of corporate governance by ensuring that all employees understand and comply with relevant laws and regulations.		Completed anti-bribery and anti-corruption training for the entire Taiwan region; scheduled an online assessment on the Group's whistleblowing policy for the management team in Cambodia in June; conducted tax regulation education and training in Taiwan and Cambodia.
Establishment and implementation of policies and systems: To establish, promote, and implement various policies and procedural regulations within the Group. This includes aspects ranging from internal controls to risk management, ensuring consistency and transparency in the Group's operations.		Launched various policies and procedures within the Group, including the Waste Management Policy for the factory in Cambodia, the Visitor Policy for the Philippines office, the multilingual Grievance Procedures, and the Contract Management Policy for the entire Group.
Enhancement of efficiency and effectiveness in legal dispute resolution: To monitor the progress of disputes and legal actions to learn to optimise case management, and protect the Company's interests and reputation. To establish a post-litigation review mechanism, with the expectation of incorporating results into standard operating procedures to enhance departmental efficiency.		Actively monitored potential legal risks, Optimised internal processes, and collaborated with external legal teams whose specialties align with our operational needs. Our focused legal strategy included managing a case of non-compliance in influencer endorsement advertisements and resolving a dispute effectively. These actions not only reduced related expenses but also preserved the company's reputation.
Future Targets		
2024 Targets <ul style="list-style-type: none"> Assessment of the Group's risk gaps and strengthen compliance awareness: to enhance employee compliance awareness through ongoing legal training and conduct regular risk assessments to identify and address potential risk gaps. Refinement and enforcement of policies and procedures across the organisation, simultaneously optimising our contract management processes, which is aimed at boosting overall efficiency and ensuring greater transparency throughout the Group. Use of artificial intelligence ("AI") technology to enhance our document management and archiving systems. This integration aims to significantly improve the speed and accuracy of data retrieval processes across the Group. Collaboration with external legal advisors: to ensure professional support and legal guidance for the Group's various operating sites through ongoing cooperation with external legal advisors. 		
2030 Targets <ul style="list-style-type: none"> Develop an advanced system for litigation case tracking and management, so as to enhance the effectiveness of tracking and monitoring the progress of each litigation case, and to ensure timely responses and strategic management throughout the legal process. Develop AI-driven legal assistants for workflow efficiency within our legal department, and for streamlining processes and reducing the time required for routine tasks. Establish a global risk management framework to ensure that regional operations comply with local regulations and maintain consistent standards. 		

Integrity Management and Regulatory Compliance

Medtecs Group adheres to integrity governance as the cornerstone of its operations. We establish consistent and appropriate culture, values, and ethical behavior standards at all levels of the Company. The Board and functional committees follow the Code and the Code of Conduct for Dealing in Securities to realize the goals of corporate integrity management.

This year, the Group continued to improve its policies related to integrity management, including:

- Amending the Waste Management Policies for the factory in Cambodia.
- Establishing the Visitor Policies for the Philippines office to enhance visitor safety and management efficiency.
- Completing the multilingual Grievance Procedures for the Group to effectively improve cross-border communication efficiency and accuracy, while ensuring that employees from different language backgrounds can smoothly file complaints and provide feedback when needed.

These policy revisions not only enhanced employee engagement and satisfaction but also further strengthened the Group's integrity culture. Additionally, the Contract Management Policy reinforced control and supervision over the contract process, improving efficiency while ensuring consistency and accuracy in execution.

All members of the Medtecs Group (including employees, consultants, agents, temporary staff, and other representatives of the Group) are responsible for understanding and adhering to the Code, relevant policies and operating procedures, as well as applicable laws and regulations. Senior executives and managers, in particular, have a special responsibility to foster integrity culture through leading by example and ensuring that their teams understand the expectations of the Group. Additionally, supervisors engage in regular discussions with their teams, discussing the provisions of the Code and how they govern day-to-day work.

To continuously track regulatory compliance and ensure adherence to regulatory requirements, the following approaches have been adopted:

- Use AI tools: To Use AI tools to automatically track and report regulatory changes.
- Timely regulatory updates: To leverage the expertise and resources of external legal advisors to regularly receive alerts and updates on changes in laws and regulations.
- Participation in seminars and training sessions organised by external advisors: To attend seminars and training organised by external advisors to stay updated on the latest legal changes and best compliance practices.

In 2023, the Company was penalized for the following incident and had implemented improvement measures as a response:

Penalty date	Penalized entity	Description of violation	Improvement measures
August 31, 2023	Medtecs (Taiwan) Corporation	On August 3, 2023, during a labor inspection conducted by the Tainan City Government at the linens room in SinLau Hospital in Madou, Tainan, it was found that employee attendance records only tracked daily work hours and did not record to the minute, which violated Article 30, Paragraph 6 of the Labor Standards Act. As a result, the Company was fined NT\$20,000 by the Tainan City Government.	All supervisors and employees are now required to clock in and out for work. Field employees use a cloud-based clock-in system, whereas on-site personnel use time clocks or sign-in/sign-out methods to record attendance. Additionally, the Company has required the sign in/out records of all hospital linens room personnel to record time to the minute to prevent similar violations from occurring in the future.

Apart from the aforementioned incident, the Group had no other major violations in 2023.

The Group classifies major violations as events that are illegal, non-compliant, or in breach of company regulations, and which significantly impact the Company's operations or external interactions. Although the Company has no definitive list, major violations may include, but are not limited to, the following:

- Significant legal or regulatory breaches, such as corruption and fraud
- Material violations of company policies, including major infringements of the code of conduct or internal control system
- Severe business or management failures resulting in substantial financial losses or operational errors
- Major externally impactful events, such as serious environmental accidents or social incidents

Major violations can have serious consequences for the Company, including damage to the Company's operations, finance, legitimacy and credibility. Therefore, the Company needs to take necessary preventive and remedial measures.

Anti-Corruption

The Group's Code prohibits any form of direct or indirect bribery and corruption. This prohibition applies to all directors, employees, agents, and representatives. The Group's Anti-Bribery and Corruption Policy governs all of its business activities and applies to interactions with stakeholders such as government officials, customers, suppliers, partners (including healthcare professionals), and contractors.

The Group has conducted a risk assessment for corruption in Taiwan and there were no corruption-related events or litigation related to anti-competitive behavior, antitrust, or monopoly behavior in 2023. In the future, risk assessments will be expanded to other overseas operations.

Furthermore, to ensure that employees maintain awareness of anti-corruption practices, the Group completed anti-bribery and anti-corruption training for the entire office employees based in Taiwan in March 2023. A total of 77 employees completed the training, accounting for 100% of all office staff (excluding new hires). In 2024, the Company will arrange for 100% of all office staff to receive training. Additionally, two directors on the Board had participated in the training, representing 40% of all Board members. This training not only enhanced employees' legal knowledge but also improved their understanding of contract risk control. At the end of June, the Cambodian management team took an online test on Medtecs' whistleblowing policy to raise awareness of reporting potential violations. These measures demonstrate our firm commitment to creating a transparent, fair, and accountable work environment.

Internal Audit

To bolster the internal control system, the Internal Control Department diligently maintained and updated the decision-making authority tables for different positions across Medtecs Group's operating locations in Taiwan, China, Cambodia, and the Philippines.

In addition, the Internal Control Department has initiated an internal review of the Company's sustainability reporting processes. This review aims to identify areas for improvement and ensure that the Company's sustainability reporting is accurate, transparent, and aligned with the industry's best practices. By continuously assessing and optimising these processes, the Company seeks to enhance the effectiveness and efficiency of its operations, as well as its ability to identify and manage potential risks.

In Taiwan, the Internal Control Department implemented risk management policies and procedures and guided each department to complete risk control self-assessments. The results were incorporated into the risk monitoring table for management, enhancing the Company's overall risk management.

For the newly inaugurated glove factory in Cambodia, the Internal Control Department set up project teams to plan and promote the establishment of an internal control system, including internal control measures and management systems for each operating cycle, to ensure that the new factory's internal control system is sound and complete.

In terms of internal audits, the Internal Control Department conducted audits on the Group's Cambodian subsidiary, MCCL, covering key areas such as fixed asset management, procurement and payment, and inventory management. The department also provided recommendations for the problems found to continuously improve the level of internal control.

In 2024, the Internal Control Department will further improve the Group's internal control system and enhance overall risk management capabilities through the following initiatives:

- Optimise the internal control system of the Philippines subsidiary.
- Establish the internal control system for Medtecs' company in Hangzhou, China.
- Formulate and implement a group-level internal audit system to establish a sound internal supervision mechanism.
- Conduct in-depth self-assessments for various cycle processes including sales and receivables, procurement and payments, production and research, and fixed assets based on the audit procedures used at Cambodian subsidiaries to continuously improve internal control.
- Implement risk management systems in Taiwan subsidiary to update the progress of tracking items on the risk monitoring table for each department.
- Optimise the decision-making authority table in each subsidiary of the Group.
- Inspect the effectiveness of the Group's 7S management activities and promote continuous improvement.

Reporting System

The Group is committed to complying with high standards of accounting, financial reporting, internal control, corporate governance, auditing requirements, and any related laws and regulations. To uphold this commitment, the Group has established a whistleblowing policy to allow employees to express concerns about the Company while ensuring protection for whistleblowers from retaliation or harm.

Multiple reporting channels and their explanations are as follows, and the content of any report will be kept confidential:

- Employees should first raise their concerns with their immediate supervisor. If the matter involves their immediate supervisor, manager, or department head, or if for any other reason the whistleblower does not wish to disclose their identity, they can report to the HR supervisor or HR manager.
- Reports can be made through a designated email address, which is monitored by members of the Company's governance team and the HR Department, and then submitted to the Audit Committee and Chairman of the Board.
- Reports can also be made to the Country manager, who will then forward the information to the Audit Committee and Chairman of the Board.
- Any relevant questions or information should be submitted in writing (via letter or email). The Group recommends that whistleblowers provide a detailed description of the background, process, and reasons for the report. If the whistleblower is unable or uncomfortable with submitting the information in writing, they can telephone or meet the appropriate officer in confidence at a time and location to be determined together.
- The Company ensures that the whistleblower's identity will be kept confidential (unless the whistleblower chooses to disclose their identity), and all communications will be treated as highly confidential.

Reporting Channels

Responsible Unit: Group Legal Department / Group Human Resources & Administration Department

Email: whistleblowing@medtecs.com

Operational Strategy and Performance

Operational Strategy and Goals

Medtecs Group remains committed to investing in the research and development of PPE, with the goal of improving product quality and production efficiency to boost its competitive edge in the global market. Moving forward, the Company will continue to collaborate closely with partners and customers, focusing on structural adjustments in key areas such as quality assurance, product certification and compliance, production efficiency, and delivery times. The Group's overall operational strategy can be broken down into three main aspects:

- In response to escalating geopolitical and war risks impacting global supply chains, Medtecs is taking decisive steps to bolster our supply chain resilience. We plan to adjust our inventory levels using Enterprise Resource Planning (ERP) and AI technology, while also strengthening partnerships with key suppliers. Additionally, we will optimize our production processes and enhance logistics and distribution efficiencies. These measures are aimed at enhancing the stability and flexibility of our supply chain, minimising operational risks, and ensuring a rapid, efficient response to customer demands.
- To cope with global political, economic, and financial fluctuations and challenges, Medtecs will leverage technologies such as AI, Application Programming Interfaces (“APIs”), data analytics, and automation to enhance operational efficiency and effectiveness, thereby ensuring the Company’s continued growth and development.
- As the global population ages, Medtecs is proactively venturing into the longevity industry to cater to the diverse needs of the elderly. The Company’s objective is to establish a comprehensive, long-term care industry ecosystem that offers a wide range of products and services tailored to the unique requirements of older adults.

Financial Performance

Medtecs' total consolidated revenue in 2023 was about US\$ 52.64 million, and net loss after tax was about US\$ 22.49 million, representing a decrease of 6.4% and 23.2% in revenue and net loss, respectively, compared to the previous year. The main reasons for the decline are (1) decrease in sales due to the drop of global demand of PPE and face masks, and (2) provisions from expected credit loss and impairment of property, plant and equipment. The decrease in the number of COVID-19 cases and the relaxation of pandemic prevention measures in most countries significantly affected the purchasing habits of most key customers, thereby affecting revenue and net profit.

In the future, we will continue to transform our operations through initiatives such as developing new products, applying for patents and maintaining intellectual property rights, enhancing customer service, and collaborating with partners to develop new product lines, all aimed at creating operational benefits for shareholders. The Company did not receive any government subsidies during the reporting period.

(US\$ '000); earning per share in cents

Item/Year	2021	2022	2023
Operating revenue	144,155	56,243	52,639
Gross profit/(loss)	42,034	(3,337)	5,957
Operating profit/loss	15,121	(34,020)	(25,806)
Non-operating income and expenses	1,797	3,366	3,291
Profit before tax	16,918	(30,654)	(22,515)
Profit (Loss) after tax for the current period	16,510	(29,263)	(22,488)
Total comprehensive income for the current period	15,869	(32,572)	(22,007)
Earnings per share	3.171	(5.244)	(3.866)
Employee welfare expenses	7,836	11,792	9,518
Dividends	22,840	3,271	-
Employee compensation (including employee benefits)	7,836	11,792	9,518
Retained economic value	16,486	(29,263)	(22,488)
Payments to investors	22,840	3,271	-
Payments to the government	501	(1,391)	(27)
Community investment	1,186	62	102

Note:

- “Payments to investors” refers to the distribution of dividends to all shareholders, as well as the payment of interest to lenders (including any form of debt and interest on borrowing) and unpaid dividends to preferred stockholders.
- “Payments to the government” refers to all taxes (including business tax, profit-seeking enterprise income tax, and property tax) and fines.
- Employee benefits in “employee compensation (including employee benefits)” include labor insurance, national health insurance, retirement pension, and other monetary benefits provided to employees (excluding education and training, protective equipment costs, or other costs directly related to employee job duties).
- “Employee welfare expenses” refers to the expenses for the Company’s contribution to the Employee Welfare Committee for the provision of non-monetary benefits to employees, such as employee trips, health checkups, and holiday gifts.
- “Community investment” refers to donations and contributions.
- “Retained economic value” is calculated as “direct economic value generated” minus “distributed economic value”. (“Direct economic value generated” means revenue. “Distributed economic value” includes operating costs, employee compensation and benefits, payments to lenders, payments to governments by country, and community investments.)
- The “retained economic value” in 2022 has been corrected as the financial figures were unaudited at the time of the previous sustainability report release.

Sales to external customers		(US\$ '000)		
Year		2021*	2022	2023
Region	Total Amount	Total Amount	Total Amount	Total Amount
Taiwan	-	18,768	16,560	
Luxembourg	-	11,705	15,075	
United States	-	9,149	8,487	
Philippines	-	11,333	5,342	
United Kingdom	-	2,507	4,956	
Total	-	53,462	50,420	

*Due to change of auditor in October 2023, the table disclosed above is consistent with the 2023 annual report.

Tax Management

Medtecs Group is committed to enhancing tax risk management, maintaining information transparency, and ensuring regulatory compliance. The Company also supports various government-implemented tax policies designed to promote economic development and sustainable operations.

- The Group complies with local tax regulations and legislative spirit at all its operating sites.
- The Group bases transactions between business partners on the Arm's Length Principle and complies with the internationally recognised transfer pricing guidelines published by the Organisation for Economic Cooperation and Development ("OECD").
- Financial reporting is transparent, and tax disclosures are handled in accordance with relevant regulations and standards.
- The Group does not use tax havens or engage in tax planning for the purpose of tax avoidance.
- The Group uses legal and transparent tax incentive policies and does not abuse tax exemptions in ways that violate the spirit of the law.
- The Group seeks to build a relationship of mutual respect with tax authorities based on mutual trust and information transparency.

Medtecs Group appoints reputable local accounting firms to handle tax filings for each subsidiary and provides annual financial data for tax accounting firms to prepare tax returns, effectively managing overall tax practices. The Group also conducts tax-related education and training at operating sites in Taiwan and Cambodia. Tax information is disclosed regularly through public channels such as the official website and annual reports to ensure transparency for stakeholders. The tax information for Medtecs Group in 2023 is as follows:

Operating region	Paid income tax	Income tax for the current period	Profit before tax	Income tax benefit
Taiwan	(284)	163	368	(107)
Cambodia	(190)	—	(3,142)	96
Philippines	(95)	11	(4,605)	43

Risk Management

To identify all risks and threats and take proactive measures, the Group has established a robust risk management mechanism. Based on the principle of materiality, the Group conducts risk identification and assessment related to economic (including corporate governance), environmental, social, and other aspects of the Company's operations. Risks are prioritised based on their potential impact on the Group, and corresponding management measures are developed. The Audit Committee reviews these measures and provides improvement suggestions.

In 2023, the main risk types faced by the Company and the corresponding response measures are as follows:

Risk type	Potential risk	Risk description	Response measures
Supply chain	Supply chain risk	<ul style="list-style-type: none"> Failure to negotiate with multiple suppliers and agents (distributors) may result in decreased competitiveness of product prices and quality, which could affect the Company's profitability and lead to delays in the shipment of materials, affecting import/export scheduling. Failure to conduct regular assessment evaluations of suppliers and agents (distributors) may result in significant discrepancies between their offered prices, quality and actual market or implementation. 	<ul style="list-style-type: none"> For fixed export routes, we inquire, compare, and negotiate prices with at least three suppliers every two weeks. We select suppliers based on their ability to meet our requirements in terms of timeliness and cost-effectiveness. We regularly assess third-party suppliers. The results are recorded in the Supplier Periodic Assessment Form by the Supply Chain Management and Quality Control departments before they are submitted for approval. The assessment team (including Quality Control and Production supervisors) assesses suppliers according to the criteria in the Supplier Evaluation Form, which includes the supplier's willingness to sign the Supplier Purchase Agreement. The results are submitted to the president/chairman/manager of the responsible department according to the approval authority table. Those who pass the assessment will be recorded in the Qualified Supplier List by the Supply Chain Management Department. We continue to track major raw material market trends and provide trend analysis in the bi-weekly procurement report, including the main materials for glove factories - latex and chemical packaging.
	R&D and production risk	<ul style="list-style-type: none"> The development of a product without a feasibility evaluation may result in abnormalities, affecting the overall development cost and launch schedule. Poor quality of supplied goods may cause problems in product development, and the product quality could not meet the requirements, resulting in a delay in the product trial stage. In the event of emergencies such as power outages, natural disasters, etc., the lack of corresponding handling measures may result in the Company's production line coming to a halt. Failure to obtain or find qualified suppliers to cooperate within the deadline will face the inability to bid and fulfil contracts. 	<ul style="list-style-type: none"> The product development team conducts review meetings with Production, Quality Control, Supply Chain Management, Sales and Marketing departments to review the competitive environment of our products in the market and evaluate development costs. We implement proactive measures to mitigate the impact of various natural disasters, including floods, fires, earthquakes, and typhoons, in order to minimise the risk of injuries. Our staff undergoes comprehensive training in advance to ensure swift and effective response during such events. Additionally, we conduct regular equipment inspections to identify and address any signs of wear, thus prolonging the lifespan of our equipment.
Operation and governance	Sales risk	<ul style="list-style-type: none"> Giving excessive credit limits without fully understanding the customer's situation may not only lead to bad debts or overdue payments it is difficult to predict customer order quantities, causing a lack of reference for stocking. Inadequate handling of customer complaints may result in customer loss or a negative image of the Company, which may seriously damage the Company's reputation. Failure to obtain or find qualified suppliers within the deadline may result in the inability to bid and fulfil contracts. This may result in fines or being blacklisted, preventing participation in other bidding opportunities. 	<ul style="list-style-type: none"> The Sales team is required to include a customer's credit limit when adding them to the database and submitting the Customer Information Form for approval. The Sales team is required to regularly review customer credit limits and make appropriate adjustments after conducting background checks. In order to enhance competitiveness and reduce lead time, we engage in materials procurement for our long-term customers with recurring orders. We periodically confirm the quantity of materials procured with the customers to prevent any potential disputes. Additionally, the stock availability and pricing of the materials must receive annual approval from the supervisor. This ensures efficient operations and maintains customer satisfaction. When we receive a customer complaint, the Sales team shall figure out the cause of the issue, handle it accordingly, and fill out the Customer Complaint Handling Form. After the form is approved by the department supervisor, it is submitted to the Quality Control department for cause analysis and tracking progress. The Quality Control department will record the handling method and preventive measures in the Customer Complaint Handling Form and submit it to the Sales team to reply to the customer. To establish a performance evaluation process for government tender bids, the sales department must first confirm a customer order. Subsequently, they should coordinate with the production and warehouse departments to gather the necessary details such as the product name, quantity, and delivery date. Once the feasibility of the order is determined,

Risk type	Potential risk	Risk description	Response measures
Operation risk		<ul style="list-style-type: none"> The Group's network and data management processes if not covered sufficiently, may result in data breaches such as theft of confidential files and leakage of trade secrets, which could potentially lead to system failure. Failure to timely update operational regulations may result in operational deficiencies and negligence in departmental operational processes, leading to losses for the Company. 	the information should be recorded in the "order maintenance tracker" and subsequently submitted for approval.
Fixed asset risk		<ul style="list-style-type: none"> Failure to insure fixed assets may result in a lack of protection in the event of a disaster, or failure to obtain the entitlements of insured fixed assets after a disaster. Improper management of machinery and equipment may result in a lack of contingency measures in the event of a disaster, causing losses for the Company. Property inventory, if not regularly updated and reviewed, may lead to a discrepancy between actual fixed assets and accounting records. 	<ul style="list-style-type: none"> When a network issue occurs, it is repaired immediately with the troubleshooting steps recorded. The Company's information security is also regularly reviewed and strengthened. The Company forbids the use of removable media or any type of portable storage device. Personal storage devices should not be used for storage of any Company information or be used with Company hardware. Case control records are maintained by department heads and reviewed from time to time by the heads of the Company's Information Technology Department and Internal Control Department. Implementation of annual network vulnerability scans by vendors, semi-annual data restoration drills, and biennial disaster recovery exercises for mainframe recovery. Keep up with regulatory changes through the assistance of external lawyers and consultants to ensure compliance. The properties covered by the Company's insurance, including buildings, vehicles, and other important items, are managed by the Property Management unit. Each piece of equipment undergoes regular usability checks as it has a specific lifespan. In the event of a disaster, on-site employees in close proximity are responsible for handling the situation and promptly reporting it to supervisors at all levels. The accounting unit conducts an annual inventory in accordance with the Asset Inventory List in collaboration with the Property Management unit and the Audit department. Property tags should be created based on asset numbers to facilitate inventory management. Assets should be managed according to the Fixed Asset Regulations, and a list of non-accountable fixed assets for general affairs should be established. Inventory of non-accountable fixed assets for general affairs should be conducted every 6 months.
Financial risk		<ul style="list-style-type: none"> Inability to raise sufficient funds when needed may lead to operational disruption for the Company. Due to the adverse effects from financial and global political turbulence, lower-than-expected investment performance for the Company, significant fluctuations in interest rates, or fluctuations in exchange rates may occur, which leads to exchange losses or increased manufacturing costs for existing positions and future transactions, and may bring about decreased profits or even losses for the Company. 	<ul style="list-style-type: none"> Monthly analysis of the Company's financial credit rating is conducted to establish a line of credit with banks and maintain good relationships with multiple financial institutions. The Company has established an investment decision-making process to increase awareness and recognition of the overall economic environment and familiarity with various market hedging instruments. The Company has developed an investment plan that includes investment areas and targets, fund size, annualized target return rate, trial period for funds, investment sources (including external investment institution analysis reports), and operation mode of the investment working group. Appropriate investment targets are selected on the basis of the investment decision-making process and management framework, investment matters are executed, and the investment results are reported. For investments in the stock capital market, technical and fundamental financial ratio analysis and credit rating assessment are conducted to ensure investment profitability.
Legal and compliance risk		<ul style="list-style-type: none"> Failure to familiarize with relevant laws related to the Company's operations or differences in laws between countries may result in losses for the Company or even cause a negative impact on the Company's reputation. Insufficient regulation compliance/legal awareness among the Company's employees, performing unauthorized actions, or failure to follow contract management procedures when signing legally binding documents with external parties may lead to errors or the inclusion of unequal terms, causing improper decision-making risks. 	<ul style="list-style-type: none"> The Company consults external professionals on a regular basis to monitor and stay updated on relevant regulations in various countries. Regular education and training programs are conducted to enhance employees' awareness of compliance and legal knowledge, and contract management policies and procedures are implemented.
Human resources management risk		<ul style="list-style-type: none"> If relevant technical expertise for the Company's operations is concentrated in the hands of specific individuals, there may be gaps in work handover. Major labor disputes may make recruitment difficult. Non-compliance with the Taiwan Labor Standards Act or other relevant laws and regulations in personnel management may result in fines from regulatory authorities. 	<ul style="list-style-type: none"> Standard operating procedures are developed for specific tasks, and training plans are formulated to ensure proper guidance and consistency in operations. Regular training sessions are conducted to enhance employee skills and knowledge. Human resource planning will be properly adjusted accordingly to the changes and development of the Group, and in compliant with relevant regulations. Each year, updates are made to ensure compliance with the Taiwan Labor Standards Act and to align with changes in

Risk type	Potential risk	Risk description	Response measures
Environment	Climate risk	<ul style="list-style-type: none"> The increasing impact of climate change due to global warming in recent years has led to more frequent extreme weather events, which in turn may affect the production activities of the Company. The Company may face increased capital expenditure due to compliance with emerging environmental regulations. As the use of green energy and environmentally friendly materials increases, the Company may also face higher production costs and decreased profitability. Rising environmental awareness among customers to seek companies with sustainable environmental certifications may result in the transfer of orders, affecting the future profitability of the Company. 	<p>relevant regulations and industry trends. The working hours are adjusted periodically to insure ongoing compliance with legal requirements and maintaining a compliant work environment.</p> <ul style="list-style-type: none"> To keep pace with global sustainability trends, the Company adopted the TCFD framework, and integrated climate-related risks and opportunities into its business strategy and corporate governance. Apart from disclosing and implementing response measures relating to such risks and opportunities, we also incorporate climate-related risks into our risk management procedures to allocate resources fairly and efficiently, and achieve better financial performance and sustainable development. In order to meet the GHG reduction and net-zero emissions targets by 2050, the Company plans to purchase renewable energy certificates (priced at approximately US\$67 per 1000 kWh of electricity) to reduce its carbon footprint from electricity usage (based on Taiwan's NDC goals with 2005 as the base year and a 20% emissions reduction by 2030 and a 55% reduction by 2050). The Company expects to improve its process to save energy and reduce carbon footprint or use low-carbon materials, with an estimated investment of about US\$5 million. At the same time, the Supply Chain Management department shall prepare a list of replaceable key materials and trimmings, and maintain good communication with supplier to ensure we receive market information as early as possible and prepare in advance. The Company plans to promote the use of environmentally friendly materials in customer products and will actively recommend the use of such materials to customers.
Emerging risks	Emerging risk	<ul style="list-style-type: none"> In the ever-changing business environment, the Company faces many emerging risks such as geopolitical risk, digitalization risk, artificial intelligence and automation risk, social media and reputation risk, social diversity and inclusion risk, and biosecurity risk. These risks may not have received sufficient attention in the past, but with the development of society, technology, and regulations, they have become important factors affecting the Company's sustainable development. In response to these emerging risks, the Company needs to be flexible, strengthen risk management and crisis response capabilities, and actively apply ESG (Environmental, Social, and Corporate Governance) principles to ensure sustainable operations and development. 	<ul style="list-style-type: none"> The Company is considering the establishment of diversified supply chains in different regions to mitigate geopolitical risks in a single region. To strengthen data security measures, the Company plans to implement the Personal Data Security Protection Regulations for the Medical Equipment Wholesale and Retail Business to prevent digitalization risks. Employees will receive relevant training on digital risks and artificial intelligence to increase their awareness. The Company will actively engage with social media to promptly respond to potential crisis situations and handle potential reputation risks. Periodic multicultural promotion activities, including events like Pride Month and Earth Day will be held to promote a culture of diversity and inclusivity within the Company. The Company will transparently showcase its efforts by issuing sustainability reports and regularly reporting to stakeholders on the Company's ESG performance and improvement measures. Implementation of 7S promotion activities, will continue for the sixth consecutive year to improve workplace hygiene standards and ensure the safety of employees and customers. ESG considerations will be incorporated into business operations and strategic planning.
Others	Other risk	<ul style="list-style-type: none"> Risks that do not fall under the categories above but could lead to significant losses for the Company, such as major external threats or tail risks (extreme risks) triggered by catastrophic events. Other risks should be managed according to their characteristics and impact level by establishing appropriate risk management procedures. 	<ul style="list-style-type: none"> After identifying risks and opportunities, the Company discusses possible countermeasures to mitigate the economic impact of each risk while setting achievable targets. The Company's risk management structure encompasses the Board, Chairman, and President, Risk Management Team, and various functional teams. Each functional team is responsible for monitoring risks specific to their area, developing appropriate countermeasures, and reporting their findings to senior management.



3 Value Innovation

Product and Service Innovation

Product innovation and sustainability have a profound impact on the Company's competitiveness, customer satisfaction, and brand image. Through product innovation, the Company can maintain a competitive advantage in the market and increase opportunities to enter new markets or expand existing market share. Innovative and sustainable products also contribute to enhancing customer satisfaction and improving the Company's brand image.

Medtecs' vision is to "better the world's health for everyone, everywhere," and the Company is dedicated to "providing safe and effective products with speed, warmth, and care." The Company continues to drive its strategy of expanding into new products and markets.

Material Topic: Product Innovation and Sustainability

2023 Targets	Our Progress
Develop a distributor business model.	✓ Business Model Development: Successfully developed five major distributors in Taiwan.
Strengthen the depth and scope of the Company's product line, developing consumer goods	✓ Product Development and Product Line Strengthening: Developed multiple new products, including consumer goods like hydrogel, acne patches, and PPE like nitrile gloves and Type 4 Coverall Yellow.
Future Targets	
2024 Targets	<ul style="list-style-type: none"> Launch at least four new products related to health and safety, with their sales accounting for more than 10% of total revenue Establish a dedicated team responsible for new product development and facilitate cross-departmental and external collaborations
2030 Targets	<ul style="list-style-type: none"> The Group will align its operations with its vision and mission, seamlessly integrating cutting-edge AI technologies and robust ESG principles into its existing foundation. The Company's focus on product innovation and development is expected to yield a steady year-over-year increase in the proportion of revenue generated from new products.

Medtecs Group, founded over 35 years ago, is currently one of the largest manufacturers of PPE outside of China. Its product portfolio includes PPE, medical textiles, medical devices, and integrated hospital solutions.

Since the outbreak of the COVID-19 pandemic in 2020, there has been a significant increase in demand for contagious disease prevention supplies. Medtecs Group has seized this opportunity to transition from contract manufacturing to developing its own brand. Its flagship brand, **Medtecs**, is positioned as a leading provider of PPE and integrated hospital solutions. The products are made from the highest quality materials and include disposable PPE that meets international standards for professional protection from head to toe. These products are designed to provide excellent and convenient protection for medical professionals, business professionals, and the general public. Additionally, Medtecs also offers workwear and environmental sanitation services. In addition, **Medtecs CoverU**, is primarily positioned as an e-commerce brand, especially for selling flight suits and protective clothing on Amazon. By leveraging the different channels and marketing strategies of these two brands, Medtecs aims to fulfill and meet the diverse needs of its customers.

In response to the recent easing of the pandemic, we have collaborated with multiple medical material companies to develop new production lines, aiming to provide comprehensive and convenient product services. We continue to launch new products based on market demand and customer orders, including nitrile gloves, acne patches, hydrogel patches, and more. Additionally, leveraging our production advantages, we offer one-stop PPE services in the Philippines, Vietnam, Cambodia, Singapore, and Taiwan.

We are committed to providing our products and technologies to those in need through stable and affordable pricing. In 2023, the weighted average net price increase for all products sold to the United States was 1.8%, lower than the 3.4% annual growth rate of the U.S. Consumer Price Index (CPI).

New Product Development Process

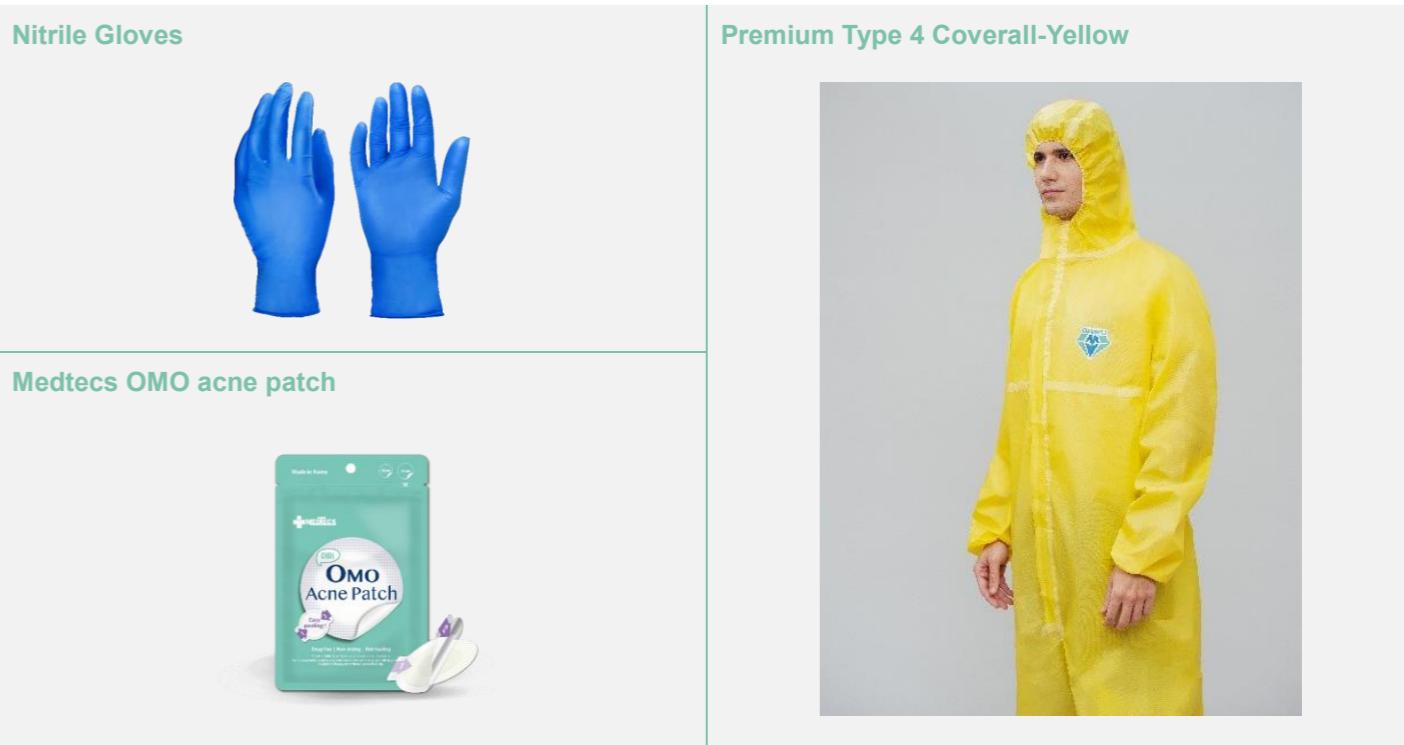


Key Products Developed in 2023

In the post-pandemic era, the demand for PPE returned to normal levels. However, consumers, having gone through the pandemic experience, are now more conscious about health and hygiene than ever before. Therefore, in addition to continuing to focus on PPE, Medtecs Group is also considering the development of its existing sales channels and business strategy. In 2023, the Company sequentially launched medical textiles, environmental cleaning and disinfection products, and other consumer products, aiming to enrich its product portfolio and expand its target customer base. Furthermore, the Company has observed the trend of population aging, and intends to expand into the development of consumer healthcare products in 2024.

In 2023, our lineup of PPE included nitrile gloves and premium Type 4 Coverall-Yellow. Nitrile gloves surpass latex in durability, puncture resistance, and abrasion resistance. Their hypoallergenic properties allow for extended wear without risk of latex allergies, making them ideal for medical exams and food processing. On the other hand, the premium Type 4 Coverall-Yellow features elastic cuffs, ankles, and hood, providing a snug fit for reliable protection against harmful particles. Each coverall comes with a front zipper for easy wearing and removal. Made from polypropylene spunbond fabric and polyethylene film, it offers excellent protection, durability, breathability, and comfort for workers.

In 2023, the Group also introduced home health products designed for family care, such as acne patches and hydrogel dressings. The acne patch, which features our patented Peel-Easy application method and individual packaging design, offers improved convenience compared to existing products on the market and reduces the risk of contamination. In May 2023, we launched Medtecs OMO acne patch, which has successfully secured placement in chain lifestyle stores. We will continue to expand into new channels to enhance the exposure and visibility of our products.



Medtecs values intellectual property rights. To enhance employees' understanding of intellectual property management principles and improve their response capabilities, we regularly educate our employees on intellectual property issues. Currently, Medtecs holds five patents and has successfully applied for extensions.

Climate Pledge Friendly Program

As part of Medtecs Group's steadfast commitment to sustainability, in 2023, we applied for Amazon's Climate Pledge Friendly program through ClimatePartner. This initiative aims to encourage businesses to adopt environmentally friendly practices in product design and manufacturing. By integrating sustainability principles into our products, we enhance their environmental friendliness, empowering consumers to make more eco-conscious choices. This transformation from a concept to action embodies our dedication to sustainability and is reflected in every product we offer. This program also offers us the opportunity to collaborate with ClimatePartner, a leading organization focused on global warming issues. Through this partnership, we conduct a comprehensive assessment of the Company's carbon footprint and develop practical emission reduction targets. We may then implement a series of innovative and efficient strategies to reduce emissions, aiming to make a positive contribution to environmental protection. The Group plans to offset approximately 871 metric tons of carbon emissions generated during the production process through carbon compensation measures in 2024. Additionally, we plan to obtain Amazon's Climate Pledge Friendly certification in 2024 and display the Climate Pledge Friendly badge on our product pages.

Quality Management

Product quality and safety are our commitment to customers and our responsibility to society. Through rigorous quality management processes and compliant product labeling, we ensure the health and safety of our customers. Additionally, excellent product quality helps to enhance customer trust, maintain our brand image and reputation, and keep us competitive in the market.

Medtecs Group adheres to the vision of “bettering the world’s health for everyone, everywhere” and is committed to establishing rigorous supplier management and product manufacturing control processes. We not only consider product verification and certification as prerequisites for market entry but also continuously strengthen product quality control through quality systems such as ISO 9001 and ISO 13485.

The core products of the Company are medical devices and PPE. The quality and labeling of these products are crucial for enabling customers to choose the appropriate product according to the level of hazard in their environment, and for them to use the products correctly for their health and safety. Additionally, this significantly impacts the Company's reputation.

Medtecs actively practices corporate social responsibility and continuously strengthens product capabilities and marketing efforts. All products must comply with local regulations, undergo rigorous product verification before market launch, and obtain all relevant licenses to ensure the highest standards of quality and safety. Product labeling is done according to the approved content of the product license. Compliance with ISO 9001 and ISO 13485 quality systems ensures ongoing product quality assurance through stringent monitoring and adherence to international standards.

For new product packaging, we will implement a rigorous review process where all text and graphic content must be submitted to the Company's Legal Department for approval. This ensures the authenticity and transparency of all relevant information, providing high-quality product information to the end users.

Material Topic: Product Quality and Safety

2023 Targets		Our Progress
Finished product yield >97%		✓ Finished product yield: 98.66%
Customer satisfaction with quality >80%		✓ Average annual customer satisfaction with quality: 87.27%
Container inspection pass rate >96%		✓ Container inspection pass rate: 100%
Future Goals		
		<ul style="list-style-type: none"> • Increase outsourced inspection pass rate to >99%. • Double the testing capacity for key items in the in-house laboratory. • Enhance efficiency in IQC raw material inspection by introducing relevant electronic systems. • Optimise and adjust manpower, conduct professional external training for relevant personnel quarterly.
2024 Targets		<u>Mid-term goals:</u> <ul style="list-style-type: none"> • Implement electronic information systems for all key quality processes (IQC, IPQC, FQC), analyse big data to identify quality issues, and improve product quality and safety. • Upgrade factory facilities, introduce dust-free workshops to meet stricter quality requirements. <u>Long-term goals:</u> <ul style="list-style-type: none"> • Become the top brand in the market for reliability in quality. • Achieve zero defect rate, zero customer complaints, and zero recall incidents through rigorous quality control and continuous improvement processes.
2030 Targets		

Material Topic: Product Marketing and Information Labeling

2023 Targets		Our Progress
Existing products 100% compliant in marketing and information labeling.		✓ All product information and labeling are 100% compliant.
Future Goals		
2024 Targets		<ul style="list-style-type: none"> • Strengthen User Education and Awareness: Provide consumers with more education information about product usage, safety, and selection through online and offline channels to enhance customer's correct usage and trust in the products. • Expand Market Share: Expand market share in specific markets in the future through market research and effective marketing strategies.
2030 Targets		<ul style="list-style-type: none"> • Global Standard Compliance: Actively adapt to regulations in different regions and countries to ensure global standard compliance in product marketing and information labeling. This includes adjusting product labels and promotional materials according to local regulations. • Sustainability and Social Responsibility: Strengthen corporate social responsibility by implementing measures such as green manufacturing and sustainable procurement to reduce environmental impact. • Actively participate in social welfare activities to enhance corporate image.

Medtecs adheres to the vision of "bettering the world's health for everyone, everywhere" by closely integrating its management policies with its vision of product safety and quality. Emphasis is placed on preventive measures over corrective ones, to reduce potential quality issues through pre-risk analysis and the formulation of preventive measures. In terms of quality control, we strictly monitor the early stages of the quality process, including incoming inspection and third-party testing, to implement quality measures before production. The Company adopts a zero-tolerance attitude towards quality defects, as only through the strictest control measures can we ensure the excellent quality of our products and ultimately achieve the goal of bettering the world's health for everyone, everywhere.

In 2023, 100% of the products provided by both the Company and its primary suppliers underwent inspection by third-party entities. There were no product recall incidents, nor any product-related health and safety events (such as being listed in the FDA MedWatch database for human medical product safety alerts, being included in the FDA MAUDE database, or facing FDA penalties for violating eGMP regulations). To prevent potential impacts on customer health and safety from the products we provide, particularly concerning Per- and polyfluoroalkyl substances (PFAS), lead, and phthalates, which pose health risks such as thyroid disorders, cancer (PFAS), carcinogenicity, reproductive harm, and fetal abnormalities (phthalates), we ensure that harmful substances in the final products are within regulatory limits.

To uphold this principle, we adhere to the requirements of ISO 9001:2015 and ISO 13485:2016, establishing a comprehensive product safety and quality management system. All aspects of company operations, including risk control, incoming inspection, in-process inspection, final product inspection, personnel education and training, resource allocation, and top management involvement, comply with ISO standards. Through relevant certifications and verifications, the Company ensures that its quality management system is internationally recognised, thereby fulfilling the commitment to safety and excellent quality.

The subsidiary of the Group in the Philippines rigorously conducts inspections of its suppliers, with a particular focus on face mask testing, including pressure differentials and virus filtration effectiveness, to ensure the product's efficacy and safety. This reflects Medtecs' longstanding priority of prioritising consumer safety in product use.

As for our subsidiary in Cambodia, the Company has further enhanced its laboratory testing capacity. In 2023, we introduced the fourth-generation hydrostatic pressure tester from Switzerland and doubled our testing efficiency. This not only demonstrates the Company's commitment to ensuring product performance in compliance with standards but also guarantees product safety and quality. Through a high-standard sampling plan, the Company showcases a rigorous approach to quality control, further achieving the goal of bettering the world's health for everyone, everywhere.

Hydrostatic pressure tester



International Certification

Certification	Certified factory	Latest certification year
ISO 9001 Quality Management System Certification	Subsidiary in Cambodia Subsidiary in the Philippines	2021 (Valid until 2025) 2023 (Valid until 2026)
ISO 13485 Quality Management System Certification	Subsidiary in Cambodia Subsidiary in the Philippines	2021 (Valid until 2025) 2023 (Valid until 2026)
Quality System Documentation (QSD) for Importing Medical Devices	Subsidiary in Cambodia	2023 (Valid until 2027)
CE Marking	Subsidiary in the Philippines/ Medical Devices	Subsidiary in Cambodia
WCA Human Rights Audit	Subsidiary in the Philippines/ Medical Devices	2023
U.S. Food and Drug Administration (FDA)	Medtecs International Corporation Limited (Taiwan), subsidiary in the Philippines, subsidiary in Cambodia	2023
WRAP Certificate Program	Subsidiary in Cambodia	2023
Certification	Certified product	Latest certification year
FDA 510 (k) Premarket Notification	CoverU Disposable Gown with Tape AAMI Level 4 Isolation Gown CoverU Disposable Gown with Tape - Chemo Gown	2022
	ASTM Level 1/EN14683 Type IIR 3-Ply disposable Surgical Mask	2022
	Nitrile Powder Free Examination Gloves	2023
	SMS gowns	2011

Quality Management System

Medtecs' Quality Management System complies with the requirements of ISO 9001:2015 and ISO 13485:2016, and it adheres to the PDCA (Plan-Do-Check-Act) principle to ensure quality assurance. In addition to emphasizing quality, we also prioritise meeting various safety requirements. Therefore, "Safe and Effective" is one of our quality management strategies and a crucial aspect that the Group highly values in product quality and safety.

Incoming Quality Management

Category	Quality Inspection Mechanism
Non-woven fabric	AATCC 127 (Water Resistance: Hydrostatic Pressure Test) and AATCC 42 (Water Resistance: Impact Penetration Test) are conducted on 10% of sampled products, along with measuring gram per yard (g/y).
Woven and knitted fabric	Inspections are conducted on 10% of sampled products according to the four-point system (ASTM D5430), along with measuring gram per yard (g/y).
Trimmings	Countable trimmings (such as buttons, labels, packaging materials) are inspected using an AQL 1.5 Level II sampling plan. The inspection of trimmings is conducted based on their category and characteristics, employing both AQL 1.5 Level II inspection plan and 10% sampling plan. This serves as the Incoming Quality Control (IQC) mechanism for trimmings, ensuring comprehensive quality control.
Key materials	For key materials, we require suppliers to provide third-party test reports to meet our quality standards.

Quality Management Process

During the production process, Medtecs rigorously implements comprehensive quality management to ensure that all Medtecs products adhere to the strictest standards at every stage. This includes product design and development, raw material procurement, production, first-article inspection, in-process inspection, and final product inspection. Each step undergoes meticulous quality control to ensure product effectiveness and compliance. Medtecs' quality management process is as follows:

Product Design and Development:

During this stage, we conduct design planning, research, product development, and validation. Through third-party testing and performance verification, we ensure that the products meet user requirements while identifying potential quality risks to ensure the effectiveness and compliance of the design.

Raw Material Procurement:

We require suppliers to provide third-party test reports for relevant performance verification and conduct random sampling inspections of raw materials based on an AQL sampling plan. Incoming inspections play a significant role in supplier evaluations, and abnormal suppliers are guided and subjected to increased inspection rates.

Pre-Production Preparation:

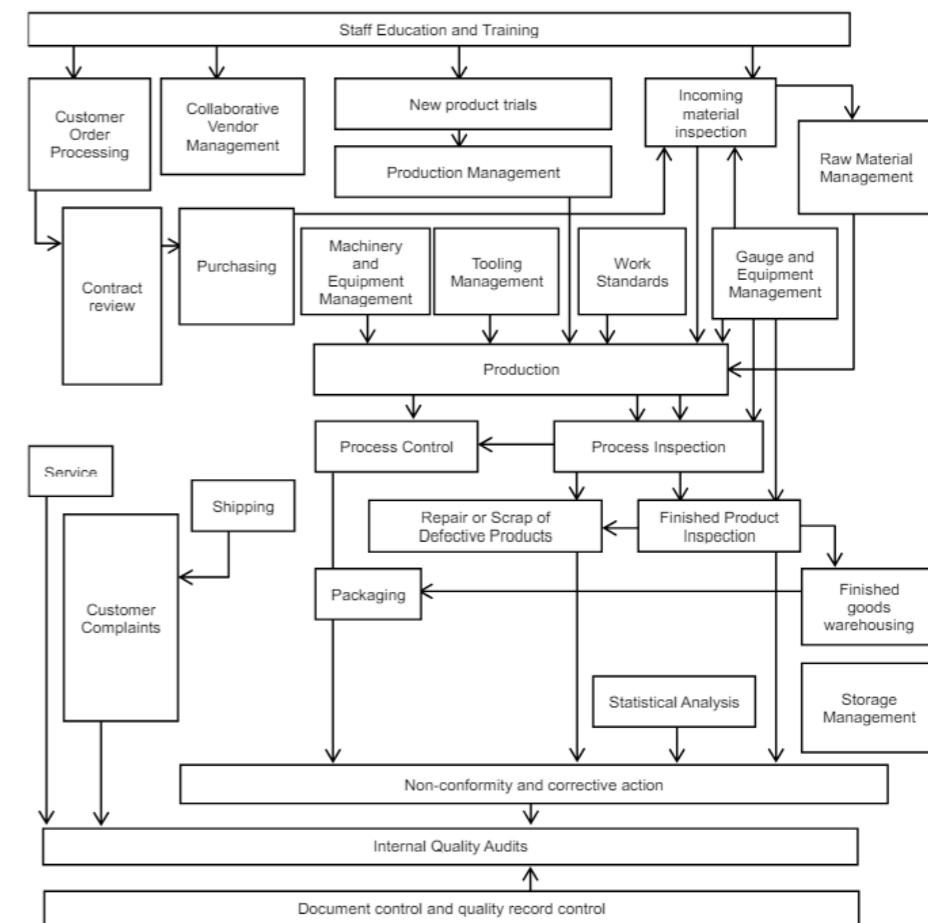
We conduct pilot runs and hold pre-production meetings to identify and address issues, implement improvements and preventive measures, and confirm product specifications and material accuracy. This stage ensures quality activities before production.

Production:

During the production process, we implement first-article inspection, in-process inspection, and final product inspection to ensure a rigorous quality control process. The first-article inspection confirms the correct setup and operation of production equipment, ensuring product performance, workmanship, material composition, and specifications are consistent with the requirements. In-process inspection ensures each process meets set quality standards, while final product inspection involves 100% visual inspection and functional testing to ensure every finished product meets the highest standards.

Statistical Analysis:

In addition to strict quality control during production, we use statistical data analysis to assess product quality and operational processes. This includes evaluating product characteristics and process trends while focusing on opportunities and audit items, providing comprehensive insights for addressing improvement issues.



- Supplier Evaluation: We conduct comprehensive assessments of suppliers, including raw material providers, to ensure that products are always manufactured with high-quality materials.
- Audit Data Analysis: Regular audits of internal processes are conducted, and audit data is analysed to ensure that processes comply with standards and regulations.
- Customer Satisfaction (CSAT) Data Analysis: We conduct regular surveys on customer satisfaction and analyse this data to improve service quality, ensuring that we meet customer expectations.

Quality Management Education and Training

Medtecs follows the requirements of ISO 13485:2016 and conducted education and training sessions monthly, with qualifications assessed by supervisors. Internal auditors are required to hold internal audit certificates, while personnel operating heat-sealing machines must pass internal professional qualification assessments. Therefore, we regularly conduct qualification assessments for personnel to ensure they possess necessary professional knowledge and skills, ensuring smooth execution of quality control activities. Additionally, we conduct systematic training and assessments to maintain a high standard of quality among inspection personnel and drive continuous improvement of the quality management system.

In 2023, the subsidiary in Cambodia arranged for a total of 7 factory quality team members to undergo professional training at Intertek's laboratory. They successfully completed the training and obtained certificates of completion.

Product Labeling and Sales Responsibility

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

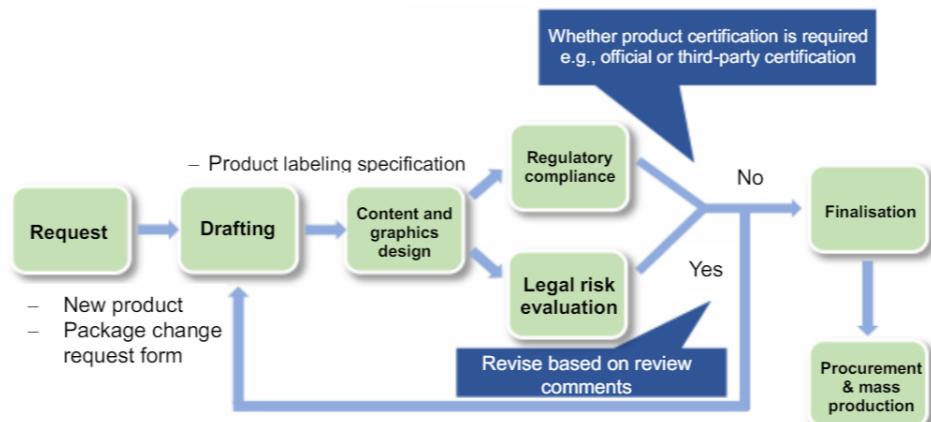
The Group discloses necessary information for each product and service according to the regulations in the region where the product and service is launched. This information includes details such as the country of origin, sources of product components or ingredients, service providers for the product's services, product ingredients (especially substances that may have environmental or social impacts), product dimensions, certification standards and certification numbers, environmentally friendly labels, usage instructions, shelf life, disposal instructions, and more. This ensures that consumers have a clear understanding of the relevant product information. Additionally, a consumer service hotline is provided for inquiries and assistance. The labeling and instructions for all products and services provided to consumers are required to comply with relevant regulations. In 2023, Medtecs maintained full compliance and did not violate any regulations related to product or service information and labeling in any country.

Through departmental collaboration, the Marketing Department follows the requirements of the Brand Business Department when designing product packaging. Essential information is placed on the packaging as requested, and before the product is launched, the labeling undergoes confirmation by the Legal Department or external consultants to ensure compliance with relevant regulations governing marketing communications.

In 2023, Medtecs received a notification from the Department of Health, Taipei City Government, concerning a potential violation in our marketing strategy for the new acne patch product. The concern cited non-compliance with Article 41, Paragraphs 1 and 2 of the Medical Device Management Act. In response, Medtecs submitted a detailed statement of opinion for review. Subsequent evaluations confirmed that the advertisement did infringe upon the stipulated regulations of the Act. Fortunately, no penalties were applied. To avoid similar occurrences in the future, Medtecs has instituted stricter compliance measures. We now mandate that any product requiring licensure for promotional activities must secure the necessary advertising approvals prior to launching any marketing campaigns.

Product Labeling Status

Region	Product name	Application standard	Scope of label	Mandatory/Voluntary labeling
Taiwan	Surgical face mask	Surgical face mask	Surgical face mask	Mandatory
	Medical face mask	Medical face mask	Medical face mask	Mandatory
	Medical protective clothing	Medical protective clothing	Medical protective clothing	Mandatory
	Medical isolation gown	Medical isolation gown	Medical isolation gown	Mandatory
	Acne patch	Acne patch	Acne patch	Mandatory
Philippines	Food-grade gloves	Food-grade gloves	Food-grade gloves	Mandatory
	Camouflage clothing	Camouflage clothing	Camouflage clothing	Mandatory
	Military uniform	Surgical face mask	Surgical face mask	Mandatory



Sustainable Supply Chain

The Supply Chain Management Department consists of members from procurement, shipping, quality control, and production management, each playing a crucial role. They work together to ensure the smooth operation of the entire supply chain, achieving sustainable, efficient, and cost-effective supply chain processes to meet the needs of the brand and consumers.

Environmental Policy: we seek environmentally friendly materials for primary materials and trimmings for garment products; for disposable products, we look for materials that can be decomposed.

Material Topic: Sustainable Supply Chain

2023 Targets	Our Progress
Supplier evaluation percentage surpasses 60% and non-conformance rate is below 5%.	Partly achieved: ▲ In 2023, many brand-designated suppliers were added, resulting in an increase in the evaluation percentage from 60% to 63%. The non-conformance rate was 9%.
Future Targets	
2024 Targets	<ul style="list-style-type: none"> Supplier evaluation percentage reaches 65%. Maintain a non-conformance rate in supplier evaluation below 8%.
2030 Targets	<ul style="list-style-type: none"> Mid-term goal: Achieve a supplier evaluation percentage of 75% or higher and a non-conformance rate below 5%. Long-term goal: Achieve a supplier evaluation percentage of 100% and a non-conformance rate below 1%.

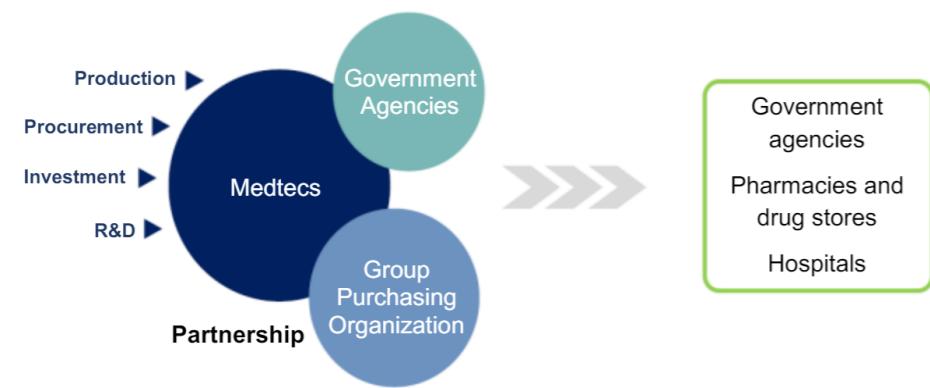
Key Material Risk Management

To support ongoing growth and generate shareholder value at Medtecs, we recognise the crucial role of supplier management. Looking back at the past few years, severe disruptions in the supply of raw materials have occurred globally due to climate change and unexpected pandemics. In response to potential disruptions that may affect our supply chain and access to key raw materials, we have collaborated with government agencies, international procurement organisations, and brand owners to establish a reliable and flexible network comprising raw material suppliers, distributors, and manufacturers.

In 2023, Medtecs proactively managed potential risks in our raw material supply chain by capitalizing on the benefits of vertical integration and enhancing our supplier network. We conducted comprehensive audits of our supply chain, including key customers, product categories, and market concentrations. Our evaluations also extended to product characteristics and inventory costs, ensuring optimal safety stock levels are maintained.

To further secure our supply chain, we identified and integrated outstanding backup suppliers for various raw materials, which effectively safeguarded against any disruptions. As a result of these strategic initiatives, Medtecs did not face any shortages in key raw materials throughout the year.

Resilient Supply Chain



Medtecs is committed to building a resilient supply chain. We integrate production, procurement, investment, and R&D with manufacturing and operating sites in Taiwan, the Philippines, Cambodia, and China. We have established reliable partnerships with raw material suppliers, contract manufacturers, traders, and collaborated with government agencies, international procurement organisations, and brand owners. Through the establishment of a resilient supply chain, we work together with our partners to minimise the risk of key raw material supply chain disruptions. The related measures are as follows:

1. Increase the percentage of qualified supplier procurement.
2. Establish a list of backup suppliers to ensure timely raw material allocation and maintain uninterrupted production.
3. Set safety stock levels at factories.
4. Actively communicate with customers to forecast demand during peak and off-peak seasons, allowing factories to adjust stock levels appropriately.
5. Seek local procurement to reduce transportation risks across different regions.
6. Seek suppliers who can process finished products on behalf of others to avoid raw material shortages or factory shutdowns.

Supplier Selection and Management

The Group has established the Supplier Management Procedure to select suppliers based on the principles of fairness, impartiality, and transparency. Suppliers are comprehensively evaluated based on quality, price, delivery lead times, sustainability indicators, and financial status to identify and choose excellent suppliers that meet Medtecs' requirements for quality, cost, and delivery. We also continuously improve the procurement process to increase operational efficiency.

This year, in response to customer requirements, we requested suppliers to sign the Non-Use of Hazardous Substances Guarantee and Environmental Statement, and we required fabric suppliers to provide a Global Recycled Standard (GRS) certificate. Additionally, in 2023, the Company collaborated with suppliers to develop biodegradable plastic reduction materials. However, because the products are used in PPE and must comply with various national regulations, they are still in the development stage and have not yet entered mass production.

To ensure the quality of products and services from our suppliers, the Group evaluates suppliers based on the selection principles mentioned above before engaging in business with them. During the business relationship, regular or ad-hoc audits are conducted to monitor changes in supplier quality. Both new and existing suppliers are required to sign documents related to environmental, safety, and health concerns. These documents include the Non-Use of Hazardous Substances Guarantee, Environmental Statement, Supplier CSR & Integrity Pledge, and Nondisclosure Agreement. Among them, the signing rate for the Supplier CSR & Integrity Pledge was approximately 95%. Additionally, depending on the production category of suppliers, we require both new and existing suppliers to provide relevant certificates such as BCI (Better Cotton Initiative) membership, OEKO-TEX certification for environmental textiles, and self-inspection reports from fabric suppliers. These measures help us comprehensively assess the environmental

capabilities and performance of our suppliers. In 2023, we used the above-mentioned environmental standards to screen 100% of new suppliers, including 2 fabric suppliers and 1 zipper supplier.

Regarding potential social impacts from suppliers, we plan to incorporate social issues such as human rights management into our selection criteria when choosing new suppliers in the future.

Supplier Selection and evaluation process



Supplier Evaluation

The supplier evaluation form is created and maintained by the Supply Chain Management Department. It generally covers aspects such as the supplier's business status, product quality, delivery schedule, pricing conditions, and responsiveness. Suppliers who consistently focus on environmental and labor protection, social welfare, and corporate governance issues, and have relevant certifications, may receive additional consideration. At the end of each year, the head of Supply Chain Management Department reviews the contents of the supplier evaluation form with relevant personnel and presents the Qualified Supplier List for review and implementation of corresponding measures. For suppliers who do not meet the criteria, unscheduled factory and product inspections are conducted, with increased sampling for large items. If the supplier fails to show improvement, the business relationship will be terminated. In 2023, the ESG performance of new suppliers was included as one of the evaluation criteria. This included whether the supplier had relevant environmental certifications and whether they used traceable organic materials, encouraging suppliers to take concrete actions to reduce carbon emissions.

For our key suppliers (excluding outsourced processing suppliers), we conduct semi-annual assessments based on their delivery performance, whereas the remaining trimmings suppliers undergo annual inspections. The Supply Chain Management Department assesses their performance based on delivery time, cooperation, and delivery achievement rate. Meanwhile, the Quality Assurance Department at each production site evaluates supplier delivery quality, including incoming inspection yield, incoming inspection acceptance rate, cooperation, and customer complaint cases. The assessment results are documented in the Periodic Supplier Assessment Form.

The assessment criteria include six aspects:

1. Cooperation
2. Delivery quantity/Delivery achievement rate
3. Price competitiveness/Development capability
4. Supplier environmental requirements
5. Proactiveness in handling complaints and abnormalities
6. Incoming inspection yield/Incoming inspection acceptance rate

Currently, the Group has not conducted assessments on suppliers regarding environmental and social criteria such as energy, emissions, human rights issues. We also have not yet evaluated and managed potential negative environmental impacts within the value chain. Although these issues have not been formally assessed, the Group regularly monitors whether its collaborating suppliers have any incidents or illegal behavior related to environmental, human rights, and other issues.

Medtecs establishes clear supplier grading based on assessment results, with the following categories: Grade A (90–100 points); Grade B (80–89 points); Grade C (70–79 points); Grade D (below 70 points). For suppliers rated as Grade D for two consecutive periods, indicating non-compliance, their order quantities will be reduced, and they will undergo a reevaluation in the procurement process.

Grade	Score	Result	Management measures
A	90-100	Quality supplier	<ul style="list-style-type: none"> 1. Strategic partner: increase order quantity accordingly 2. Give priority to the production of samples developed by the Company
B	80-89	General supplier	Normal trading
C	70-79	Supplier needing guidance	Place on observation list and require guidance and auditing
D	Below 70	Non-conforming supplier	Grade D rating for two consecutive periods will result in reduced order quantities and reassessment for suitability

Evaluation Criteria Explanation

Evaluation criteria	Evaluation criteria explanation	Percentage
Cooperation	Service rating	10%
Delivery quantity/Delivery achievement rate	1- (Delayed batches / Total incoming batches × 100%)	20%
Price competitiveness/Development capability	Whether there are unreasonable price increases; RFT (Right First Time) for samples submitted; provide a new product catalog every 6 months	15%
Supplier environmental requirements	Have relevant environmental certifications, use traceable organic materials, etc.	5%
Proactiveness in handling complaints and abnormalities	Calculate the number of abnormal complaints occurring every 6 months; deduct 3 points per incident, with a maximum score of 15 points; evaluate the supplier's response speed when complaints or abnormalities occur	25%
Incoming inspection yield/Incoming inspection acceptance rate	(Nonconforming quantity / Sample size × 100%), with a maximum score of 15 points (Production batches / Issued batches × 100%); with a maximum score of 10 points	25%

Supplier evaluation results in the past three years

Year	2021	2022	2023
Total number of suppliers	200	193	157
Number of suppliers evaluated	60	99	99
Percentage of suppliers evaluated	30%	51%	63%

In 2023, Medtecs evaluated 99 suppliers and achieved a 91% approval rate in these assessments. Despite this success, there was an issue with one supplier whose fabric had white horizontal streaks, deviating from our customer's specifications. After confirming the discrepancy through a quality inspection, we required the supplier to adjust their processes and submit improvement measures. The supplier agreed to include this specific defect in their pre-production checklist to ensure future shipments meet our quality standards.

For important raw material suppliers whose management standards and resources are inadequate or who have poor annual evaluations, the Company may assign the Supply Chain Department to provide guidance as needed. This is aimed at enhancing the supplier's quality management system to ensure more stable products in the future. For instance, if there are quality issues such as tolerances exceeding acceptable standards or failure to meet delivery deadlines leading to shortages, we require suppliers to detail their follow-up quality improvement actions in the procurement contract. Additionally, the Company will assign professional quality assurance personnel to conduct factory inspections, audits, and tracking to ensure quality standards are met.

Year	2021	2022	2023
Grade A	40%	43%	35%
Grade B	53%	51%	61%
Grade C	7%	6%	4%
Grade D	0%	0%	0%
Pass rate in supplier evaluation	93%	94%	96%

Type of Purchases

The Group's annual purchases from suppliers can be divided into two categories: primary materials (woven and non-woven fabrics) and trimmings (sealing strip, zippers, elastic bands, and instructions, etc.). The primary materials account for approximately 61% of the total purchases and the trimmings account for 39% of the total purchases. All raw materials are mainly transported by sea. Of these, 34% are currently sourced from China, which is lower than in previous years as the Company had decided to purchase from other qualified manufacturers in Southeast Asia to shorten the delivery time in the supply chain. We have a quality control process for incoming goods, and fabrics in particular are inspected in accordance with the international 4-point system, with 10% of the fabrics tested at random. Trimmings are

inspected in accordance with the AQL standard. In addition, we send key materials to third parties for further testing to ensure product quality.

Local Procurement

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

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

Local purchases as a percentage of total purchases			
Region	2021	2022	2023
Taiwan	37%	35%	23%
China	52%	55%	34%
Cambodia	6%	8%	6%
Philippines	2%	2%	4%
Europe	0%	0%	33%

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

External Audit and Affirmation

Workplace Conditions Assessment (WCA) audit

The Workplace Conditions Assessment (WCA) audit is an international standard provided by Intertek for evaluating workplace conditions. Its purpose is to ensure that suppliers' labor conditions meet international human rights standards. The content of the WCA audit includes good labor conditions, reasonable wages and working hours, employee health and safety care, management systems, and a good working environment.

Medtecs successfully passed the WCA audit in 2023 with outstanding results, scoring an average of 95 points. This achievement demonstrates our rigorous commitment to international social

responsibility and human rights standards. It also reflects our active efforts in safeguarding employee rights and enhancing workplace health and safety. We firmly believe that implementing the WCA audit contributes to more effective internal controls, boosts employee morale, and creates a more productive work team. This underscores our commitment to sustainable operations and continuous improvement in ESG-related matters.

SMETA

To comply with international management system requirements, gain international recognition, enhance competitiveness with renowned brands, and improve employee relations, ultimately boosting productivity and profit growth, Medtecs joined the Suppliers Ethical Data Exchange (SEDEX) as a member in 2023. We look forward to leveraging our SEDEX membership to actively engage in international supply chain collaboration, promote continuous improvement, and achieve a higher level of corporate social responsibility.

In 2023, Medtecs successfully passed the SEDEX verification; specifically, the SMETA (4 Pillar) audit, without any major flaws identified. The SMETA audit covers labor rights and conditions, health and safety, with Medtecs adding environmental protection and anti-bribery measures under the 4 Pillar framework, which is more comprehensive than the conventional 2 Pillar approach. This further demonstrates our commitment to sustainable practices and upholding high ethical standards in business operations.

Better Factories Cambodia ("BFC")

BFC was launched in 2001 as the foundational program of the Better Work initiative, jointly promoted by the International Labour Organisation ("ILO") and the International Finance Corporation (IFC), a member of the World Bank Group. BFC is dedicated to workplace gender equality and empowerment, aiming to improve the lives of workers, their families, and communities while enhancing the competitiveness of Cambodia's textile and garment industry.

Medtecs has been a member of BFC since 2001 and is proud to be part of this initiative. For the past two years (2021, 2022), our performance in random monitoring audits has been outstanding, with no major flaws identified. For detailed information, please refer to the [Better Factories Transparency Database](#).

Customer Relations

Customer Privacy Protection

Medtecs follows the U.S. California Consumer Privacy Act (CCPA) and the European Union's General Data Protection Regulation (GDPR) as guiding principles. We have developed a [Global Privacy Policy](#) for the Group based on these regulations. This policy details our approach and methods for collecting personal information to ensure that consumers can exercise their rights related to data protection.

Customer Engagement Through Diverse Communication Channels

Medtecs prioritizes a "customer first" philosophy, catering to both distributors and consumers across domestic and international markets. To effectively address customer inquiries and feedback, we've developed multiple communication channels such as exhibitions, Company's official website, and e-commerce platforms. Among these, exhibitions have the highest feedback frequency. In 2023, we received over 250 customer feedbacks. Customers can reach us via the online customer service feature on the Medtecs official website, through our social media platforms, brand e-commerce sites, and a dedicated service hotline for urgent issues. For our B2B customers, we engage in both physical and remote exhibitions to thoroughly understand their needs, offering both standard and customized services for added convenience. In 2023, Medtecs participated in five overseas medical exhibitions, conducting face-to-face discussions to plan order arrangements for 2024. This proactive engagement resulted in increased quoting opportunities and improved customer satisfaction.

Customer Engagement in 2023

Additionally, we have established specific conditions and procedures for handling customer returns, exchanges, and refund requests to ensure prompt and fair resolution meeting each customer's needs.

- Return conditions:
Products must be in their original condition, including all accessories, tags, and packaging. We only accept returns due to quality issues or manufacturing defects.
- Return process:
Contact our Customer Service Department after receiving a defective

product, providing the order number and relevant photos or descriptions of the defect. We will review and respond to the customer to confirm the return request.

- Exchange policy:
If you wish to exchange a product, provide the order number and information about the item you want to exchange when contacting customer service. Once the exchange request is confirmed, we will arrange the exchange process and delivery the new item as soon as possible.
- Refund:
For refund requests, the refund will be processed within 5 business days after receiving the returned item.

Customer Relations Management

Regardless of the sales channels, whether B2B or B2C, technology management remains a pivotal focus for Medtecs. We are committed to embracing digitisation in all aspects of our operations. In 2023, we advanced the use of AI tools significantly, promoting their use among employees for tasks such as ad copywriting, which reduced document work time by 60%. Additionally, AI tools were employed to efficiently and accurately sort and categorize customer messages on our website, with automatic notifications sent to the relevant departments. This process not only enhanced our operational efficiency but also ensured swift responses to customer inquiries. By integrating automated technology with personalized service, we achieved a 95% response rate to messages on our official website, exemplifying our dedication to responsive and efficient customer service.

In addition, we leverage the advantages of the e-commerce platform to streamline information and search for high-quality raw material suppliers in a one-stop manner. Through our own e-commerce platform operations and data analysis, we effectively explore new customer sources and diversify our supply channels to maintain production flexibility. We have initiated automated system processes to reduce waiting time for customers to receive their goods. In 2023, the Company used the backend data from Amazon to study and develop high-end PPE, Type 4 Coverall-Yellow. We also used in-site advertising data to predict trends in pandemic-related products such as face masks and protective clothing, achieving real-time restocking effectiveness to meet consumer demands. In 2023, we continued our information reform and integration efforts to

achieve customer management goals in a more data-driven and automated manner. This included the following four management actions:

1. ERP Optimisation: Upgrading and implementing ERP systems to facilitate the integration of daily operations and business activities within the Company.
2. Sales Management System: Using data-driven sales analytics software such as Tableau to assist the Sales Department in making more effective and precise judgments.
3. Leverage Customer Relationship Management Tools: Through customer relationship management tools, such as SalesForce, we can effectively track customer needs, behaviors, and interactions, and tailor more personalized solutions based on the data.

In addition to data-driven customer management efforts, in 2023, Medtecs adjusted its business strategy, leading to different customer management approaches for B2B clients. We delegated the management of small and medium-sized clients to distributors, while the Company focused on managing large-scale retailers and expanding our distributor network. We adopt a tiered pricing approach when quoting prices to distributors. Based on customer characteristics and subsequent transaction status, the sales team determines the pricing method. This strategic realignment aimed to allocate company resources more efficiently and generate increased sales momentum.

In our approach to brand social media management, Medtecs employs dynamic strategies to strengthen community ties and enhance brand visibility. We regularly organise giveaways to boost community engagement and use short reels to effectively demonstrate product features, usage methods, and share pertinent medical knowledge, which helps deepen connections with our fans. Additionally, we leverage ephemeral content such as stories to provide real-time interactive experiences. These include offering exclusive discount codes and hosting Q&A sessions, tactics that have significantly increased fan participation. These efforts have cultivated a vibrant social community, contributing to heightened brand awareness and customer loyalty. Notably, the impact of using short reels and ephemeral stories has proven substantial, achieving four times the average reach and engagement compared to other content forms.

Customer Complaint Handling

For customer complaints from various channels, we have a comprehensive handling process and return/exchange mechanism in place. Taking Amazon as an example, customers who purchase Medtecs products can leave messages by using the platform's Message feature or express their experiences through buyer ratings and reviews on the front end. Feedback obtained through messages is responded to within 24 hours, and customers who leave negative reviews are contacted through the platform system to confirm any issues or defects. After internal review and analysis, we decide on sales concessions or returns/exchanges based on customer needs. As we have stopped using Global Sources, in 2023, our calculation of complaint rates and case closure rates was based solely on data from Amazon. With our complete complaint handling mechanism, our B2C complaint rate in 2023 was 0.00025%, with a case closure rate of 90%.

Customer feedback (not divided into channels)

The customer will be asked to leave his or her name and telephone number for follow up action

Our customer service team assists customers in facilitating returns, exchanges, or providing appropriate compensation based on their preferences and requirements

Customer service staff contact the warehouse to send logistics staff for return and exchange

The goods are received by the logistics staff and sent back to the warehouse. Items with serious customer complaints will be sent to the Taipei office

Confirm receipt of goods in the warehouse

Refund the amount of returned goods to the customer

Medtecs is dedicated to maintaining strong customer relationships, achieving a 100% closure rate for B2B customer complaints over the past three years. During this period, we have not encountered any serious customer complaints. However, there was a specific request from a customer to keep our role as their brand manufacturer confidential. In response, we promptly informed relevant employees to ensure full compliance with this request. We have upheld a strict policy regarding customer privacy and data use, with no incidents of violations or improper handling of customer information reported. This commitment underscores our dedication to customer trust and the integrity of our business practices.

Handling of B2B customer complaints over the past 3 years

Channels: exhibitions, official website, Alibaba

	2021	2022	2023
Customer complaint rate	0.04%	0.01%	0.01%
Customer case closure rate	100%	100%	100%

Handling of B2B customer complaints over the past 3 years

Channels: Medtecs official website, Medtecs official shopping site messages, Shopee Chat, customer service hotline of the Company

	2021	2022	2023
Customer complaint rate	0.004%	0.0036%	0.003%
Customer case closure rate	100%	100%	100%

Handling of B2C customer complaints over the past 3 years

	2021	2022	2023
Customer complaint rate	0.001%	0.0004%	0.00025%
Customer case closure rate	79.3%	81.6%	90%

Customer Satisfaction

We conduct satisfaction surveys with our distributors and consumers from time to time. In 2023, the satisfaction score for B2B customers was 80 points. Feedback from distributors has been largely positive, indicating that Medtecs products are highly competitive and have a high repurchase rate. Negative feedback often relates to pricing and quality. In response to customer feedback, we have established an IE team, increased automation levels, and provided quality concept education and training for employees. These practical actions aim to continuously improve and optimise products and services, meeting customer expectations.





4 Environmental Sustainability

Climate Change Strategy and Management

Medtecs takes full responsibility for responding to crises caused by extreme weather conditions. Through GHG inventory, we strive to save energy usage and associated costs, aiming to reduce GHG emissions.

Medtecs is dedicated to enhancing energy efficiency and actively explores new technologies to replace production processes that generate greenhouse gases (GHGs). We are steadily increasing our use of renewable energy and prioritize low-pollution, energy-saving options when upgrading equipment. Furthermore, we engage in ongoing promotion and training programs for our employees to heighten their awareness and involvement in reducing GHG emissions. This commitment reflects our dedication to sustainable practices and our responsibility towards environmental stewardship.

Material Topic: GHG Emissions

2023 Targets	Our Progress
Reduce GHG emissions by 5% within 5 years (base year: 2022) in Taiwan	▲ Partially achieved.
Reduce electricity usage by 5% in Cambodia	✓ Achieved.
Reduce waste by 60% in Cambodia	✓ Achieved.
Future Targets	
2024 Targets	<p>Taiwan</p> <ul style="list-style-type: none"> Cultivate talent for carbon inventory in laundry factories and collaborate with external organisations to conduct GHG inventories and verification. Reduce overall unit electricity consumption by 10% (Miaoli Xiangshan Factory and Yilan Longde Factory). Reduce unit steam consumption by 10% (Yilan Longde Factory). <p>Cambodia</p> <ul style="list-style-type: none"> Reduce energy consumption. Reduce GHG emissions.
2030 Targets	<p>Taiwan</p> <ul style="list-style-type: none"> Establish a GHG inventory list for laundry factories in accordance with ISO 14064-1. Implement and enhance energy cascade use to reduce unit carbon emissions. <p>Cambodia</p> <ul style="list-style-type: none"> Control lighting switch times to reduce electricity usage by 5% and decrease related GHG emissions. <p>Philippines</p> <ul style="list-style-type: none"> Replace two forklifts with electric forklifts. Upgrade coal-fired boilers and purchase new boilers with energy-saving and low-emission features.

Medtecs Group places great importance on the environmental impact of its operations. Each subsidiary in various locations has its own environmental management policy and promotes various sustainability initiatives:

Region	Environmental management policy	Implementation results in 2023
Taiwan	Adopting feasible methods to achieve water savings. This includes replacing outdated equipment and adjusting operational practices to enhance water efficiency.	The Xiangshan Factory gradually adjusted the operational balance between old and new tunnel-type washing machines, achieving a power-saving effect of up to 30%.
	Efficient use of fuel/electricity: Continuously record daily usage conditions, immediately detect abnormalities, discuss issues, and devise improvement plans to maintain efficient energy use.	Steam boilers underwent inspections by two third-party organisations, with efficiency values exceeding 97%.
	Unit time capacity enhancement: Review operation mode and equipment usage to increase equipment sharing and reduce equipment downtime while maintaining production capacity, thereby achieving overall energy savings.	The monitoring sensors in the wastewater treatment pool have been updated to ensure precise processing and to track sludge levels in the pool to ensure sufficient retention time for thorough treatment before discharge.
	Waste management: Regularly engage third parties to inspect exhaust gas and wastewater to ensure compliance with waste disposal standards.	Air and water pollution tests in 2023 have both met emission standards.
Cambodia	Continuously conserve resources used in operations to reduce the Company's environmental impact, and fulfill Medtecs social responsibility in environmental protection through practical work. The factory site is expected to pass external verification for ISO 14001 Environmental Management System in 2024.	Included environmental regulations in the guest room manual.
		Set up four separate recycling bins for glass, paper, plastic, and cans.
		Avoided using materials that have a negative environmental impact and used locally manufactured recycled materials whenever possible.
Philippines	The Company strictly adheres to relevant environmental protection laws and regulations.	For more details, please refer to the corresponding sections in this chapter.
	Pollution prevention and control: The Environmental Department conducts annual emissions testing for the factory's boilers. During routine coal procurement, suppliers are required to provide coal testing reports to ensure that sulfur and other harmful substances meet standards.	
	Daily environmental management: Medtecs employs a certified Pollution Control Officer to oversee daily environmental management, inspections, and training.	

TCFD Framework

To understand the risks and opportunities that climate change brings to businesses, Medtecs follows the TCFD framework to provide management actions and explanations accordingly based on the four focuses of TCFD: governance, strategy, risk management, and metrics and targets.

Category	Management actions	Corresponding sections in the Report
Governance	Medtecs' climate governance is overseen by the Board, while climate risk management and strategy formulation are supervised by the Audit Committee, which consists of three independent directors.	Corporate Governance
	The Sustainability Reporting Council coordinates the establishment of cross-departmental project teams. Following the guidance of the Audit Committee, the council regularly convenes senior executives from various departments for cross-departmental meetings. They identify	Climate Change Strategy and Management

Value Innovation	Environmental Sustainability	Diversity in the Workplace	Community Empowerment	Appendix
	relevant risks and opportunities related to climate change, with reference to the TCFD framework. They then formulate response strategies and risk management plans, which are reviewed by the Board and the Audit Committee.			
	Based on Medtecs' climate change risk and opportunity assessment methodology, short-term is defined as within 1–3 years, medium-term as within 3–10 years, and long-term as over 10 years.			
Strategy	Medtecs is committed to addressing climate change and assessing the short, medium, and long-term impacts on the environment and business operations.			Climate Change Strategy and Management
	We conduct risk analysis using scenarios such as the physical risk RCP 8.5 scenario, the NDC scenario, and scenarios from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (SSP1-2.6, SSP5).			Climate Change Strategy and Management
Risk management	Medtecs uses the TCFD framework to systematically analyze policies, regulations, technology, market trends, corporate reputation, and both acute and chronic climate risks. By convening identification meetings led by project team leaders, discussions assess the impact of risks and opportunities on the company. The team prioritises by multiplying the "likelihood of occurrence" by the "impact level," identifying five major climate risks and three significant opportunities for the company			Risk Management
	Medtecs is actively evaluating the implementation of a mechanism for identifying climate-related risks and opportunities, aiming to integrate this into the company's overall risk management strategy. Each department is tasked with incorporating responses and improvement measures for climate change risks into their annual goals. These measures are prioritised as key work objectives and are included in the annual performance evaluations of relevant personnel. Additionally, the Audit Committee offers recommendations to enhance the Group's risk response management and internal control mechanisms, assessing their appropriateness and effectiveness.			Climate Change Strategy and Management
Metrics and targets	Mitigation measures for transition risks include: Introducing new tunnel-type washing machines in Taiwan and adopting highly energy-efficient LNG (liquefied natural gas) boilers for power generation to improve energy consumption; replacing water-saving faucets to enhance water conservation benefits; planning to install 500 kW solar power generation equipment in Cambodia to increase the percentage of renewable energy usage; phasing out traditional transportation equipment and using eco-friendly diesel vehicles or electric cars.			Energy Management Water Management Climate Change Strategy and Management
	Short-term metrics and targets for risks and opportunities are as follows: Based on Taiwan's NDC, achieve a 25% reduction in emissions by 2030 compared to the base year, with an annual reduction of 1% from 2006–2030.			
	Achieve an annual water savings rate of 1% at the Xiangshan Factory starting from 2023. Reach a renewable energy usage percentage of 1% by 2025.			
	Transition to eco-friendly vehicles (Euro 6 diesel cars), aiming for a short-term target of 40% and a medium-term target of 100%.			
	Adaptation to physical risks: To cope with extreme weather conditions, each factory will strengthen its alarm system, implement emergency response plans, and regularly inspect the location of buildings and equipment. In low-lying areas, structures will be elevated to reduce the risk of equipment damage or shutdowns caused by flooding.			Occupational Safety and Health

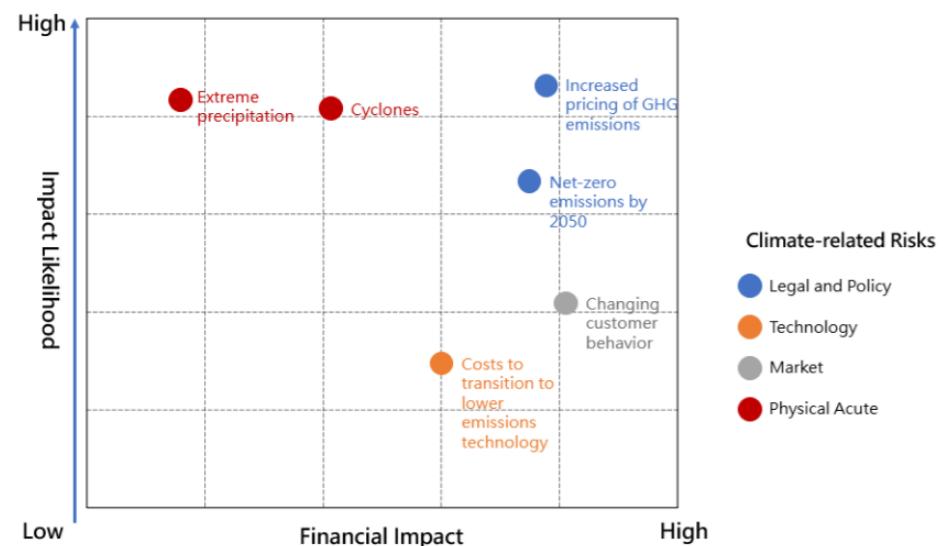
Identification of Climate Risks and Opportunities

Process of identifying and assessing climate-related risks and opportunities

Background data collection	Medtecs Group referred to climate-related financial disclosure reports and was guided by external experts in understanding the implications of climate risks and opportunities for various entities and low-carbon transformation. Relevant data was collected and scenarios were set for identification
Scope of Risk and Operational Assessment	The Group focused on risks related to Medtecs' headquarters, various factories in Taiwan, subsidiary in Cambodia, and subsidiary in the Philippines for consideration and evaluation.
Risk and Operational Impact Analysis	The Group assessed financial impacts (revenue contribution), likelihood of occurrence for each risk and opportunity, scored them accordingly, discussed them with senior executives and external consultants, and finally identified 1 physical risk, 4 transition risks, and 3 low-carbon transition opportunities
Management Measures and Goal Setting	After identifying risks and opportunities, the Group discussed potential strategies to mitigate economic impacts of risks and set targets accordingly. Discussions also focus on practical implementation of opportunities, with plans for data collection and implementation in the near future.

Following the climate change risk and opportunity identification meeting, a total of 5 major climate-related risks and 3 significant climate-related opportunities were identified.

Climate change risks matrix



Climate Risks and Opportunities Management Strategy

After identifying climate risks and opportunities, we evaluated the risk index based on criteria such as likelihood of occurrence and financial impact level. Once the risk and opportunity levels were confirmed, we discussed corresponding response strategies for each issue and set short-term, medium-term, and long-term goals. Medtecs conducted a comprehensive assessment of global sustainability trends and the Group's operational development objectives. We analysed key issues in governance, economics, environment, and society, and formulated response measures as outlined in the table below:

Top five climate related risks and response measures

Risk aspect	Category	Climate risk	Risk descriptions	Response measures	Risk status
Transition Risk	Policy	Increased pricing of GHG emissions	The Group primarily produces protective clothing, face masks, and other medical products, actively promoting GHG reduction to comply with national policies. Various countries are also implementing carbon taxes or fees, with significantly increased carbon tax levels in phases. This will significantly increase production costs for high-carbon industries or small and medium-sized enterprises with high electricity consumption, reducing their competitiveness.	Actively address international GHG regulations, calculate emissions according to the reporting formats and cycles of each country, and report to the government after verification by third-party verification agencies.	Time frame: Medium term
		Net-zero emissions by 2050	In April 2022, the Taiwan government renamed the "GHG Reduction and Management Act" draft amendment to the "Climate Change Response Act" and formulated a policy for net-zero emissions by 2050. The government may also expand the taxation scope to other businesses gradually in the future, using economic means to achieve net-zero emissions.	Promote the adoption of ISO 14001 Environmental Management System, ISO 14064-1 GHG Inventory (already implemented), and ISO 50001 Energy Management System.	Likelihood: Extremely high Financial impact: Moderate
	Technology	Costs to transition to lower emissions technology	Fossil fuels remain an important energy source for many production processes, and it is expected that legislation related to climate will significantly increase.	To meet the GHG reduction and 2050 net-zero emissions goals, as per Taiwan's NDC targets (base year: 2005), a 20% reduction by 2030 and a 55% reduction by 2050 are required. The Company plans to purchase renewable energy certificates (RECs) to offset carbon emissions from electricity usage.	Time frame: Medium term
Physical Risk	Market	Changing customer behavior	Customers are requesting to monitor and reduce carbon emissions. For primary materials and trimmings, this can be addressed by replacing suppliers with qualified alternatives. While the processing part uses less energy, there is a risk of being reassigned if customers request sudden improvements.	Currently, both the Taiwan and overseas business units maintain good production efficiency for machinery, and with new factory equipment in place, they can further enhance related efficiency and energy saving.	Time frame: Medium term
		Cyclones	During the typhoon season every year, there are several days when work is suspended due to heavy rain and typhoons, such as damage to power facilities and disruptions in public transportation preventing workers from coming to work.	Overseas evaluation for developing green energy businesses is ongoing, with a short-term plan for 500 kW of green energy generation.	Likelihood: Low Financial impact: Moderate
	Acute			Implement equipment upgrades for drum-type washing machines and heat exchange equipment for dryers at the Yilan factory for improved efficiency.	Time frame: Short term

Assessment of financial impact of climate risks

Climate risk	Financial impact		
	Short term	Medium term	Long term
Increased pricing of GHG emissions	-\$750,924 (USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2030 is US\$32.72. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.	-\$1,966,631 (USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2040 is US\$71.76. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.	-\$3,968,037(USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2050 is US\$99.97. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.
Net-zero emissions by 2050	-\$129,244 (USD/Year) 【Baseline】 Estimated total carbon emissions for Medtecs Group in 2021 are 20,000 metric tons. 【Baseline】 Linear annual growth rate of GHG emissions from 2020 to 2030 is 2.95%. 【Baseline】 Linear annual reduction rate from 2005 to 2030 is 1%.	-\$790,508 (USD/Year) 【Baseline】 Estimated total carbon emissions for Medtecs Group in 2021 are 20,000 metric tons. 【Baseline】 Linear annual growth rate of GHG emissions from 2030 to 2040 is 2.76%. 【Baseline】 Linear annual reduction rate from 2030 to 2050 is 3.75%.	-\$3,184,045 (USD/Year) 【Baseline】 Estimated total carbon emissions for Medtecs Group in 2021 are 20,000 metric tons. 【Baseline】 Linear annual growth rate of GHG emissions from 2040 to 2050 is 2.11%. 【Baseline】 Linear annual reduction rate from 2030 to 2050 is 3.75%.
Costs to transition to lower emissions technology	-\$200,000 (USD/Year) 【Cost Increase】 Assuming an increase in sales costs, this would result in an additional US\$200,000 in costs annually from 2023 to 2030, with all other conditions being the same.	-\$500,000 (USD/Year) 【Cost Increase】 Assuming an increase in sales costs, this would result in an additional US\$500,000 in costs annually from 2031 to 2050, with all other conditions being the same.	-\$500,000 (USD/Year) 【Cost Increase】 Assuming an increase in sales costs, this would result in an additional US\$500,000 in costs annually from 2031 to 2050, with all other conditions being the same.
Changing customer behavior	-\$2,000,000 (USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2030 is US\$32.72. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.	-\$2,000,000 (USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2040 is US\$71.76. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.	-\$2,000,000 (USD/Year) 【Cost Increase】 Estimated carbon fee per ton by 2050 is US\$99.97. 【Cost Increase】 Third-party verification fees for carbon inventory are approximately US\$10,000 per year. 【Cost Increase】 Estimated one-time system implementation cost is US\$20,000, and ISO system periodic verification costs are US\$30,000 per year.
Cyclones	-\$129,244 (USD/Year) 【Repair Costs】 The annual repair cost for small motors damaged by typhoons is approximately 40,000 Philippine pesos (equivalent to US\$720 at an exchange rate of 0.018).	-\$790,508 (USD/Year) 【Repair Costs】 The annual repair cost for small motors damaged by typhoons is approximately 40,000 Philippine pesos (equivalent to US\$720 at an exchange rate of 0.018).	-\$3,184,045 (USD/Year) 【Repair Costs】 The annual repair cost for small motors damaged by typhoons is approximately 40,000 Philippine pesos (equivalent to US\$720 at an exchange rate of 0.018).

GHG Management

To develop effective carbon reduction strategies, Medtecs Group conducted a GHG inventory across six factories in Cambodia in 2022 to familiarise ourselves with the inventory process and collecting essential data, alongside conducting internal audit training. While external verification is pending, we are planning to extend this inventory to include operations in Taiwan, the Philippines, and other locations. Our goal is to complete a parent-company-only inventory and the consolidated report for subsidiaries by 2025, adhering to regulations and fully disclosing Scope 1 and Scope 2 emissions. By 2026, we plan to disclose Scope 3 emissions and aim for external verification in 2027 to secure ISO 14064 certification. This structured approach will enable us to set ongoing carbon reduction targets and devise actionable plans to reduce GHG emissions across the Group.

Medtecs Group continues to invest resources and efforts through its subsidiaries each year, aiming to reduce the consumption and burden on natural resources during its operations. For instance, since January 2021, the Xiangshan Laundry Factory in Miaoli has ceased using coal and switched to natural gas boilers, leading to continuous improvements in energy efficiency and a notable reduction in carbon emissions. Similarly, the Longde Laundry Factory in Yilan stopped using all boilers in April 2021 and transitioned to steam from an industrial co-generation plant within the industrial zone, resulting in a significant decrease in carbon emissions.

GHG Emissions

Medtecs Group did not conduct a GHG inventory and assurance this year. The following data is self-calculated information on Scope 1 and Scope 2 GHG emissions:

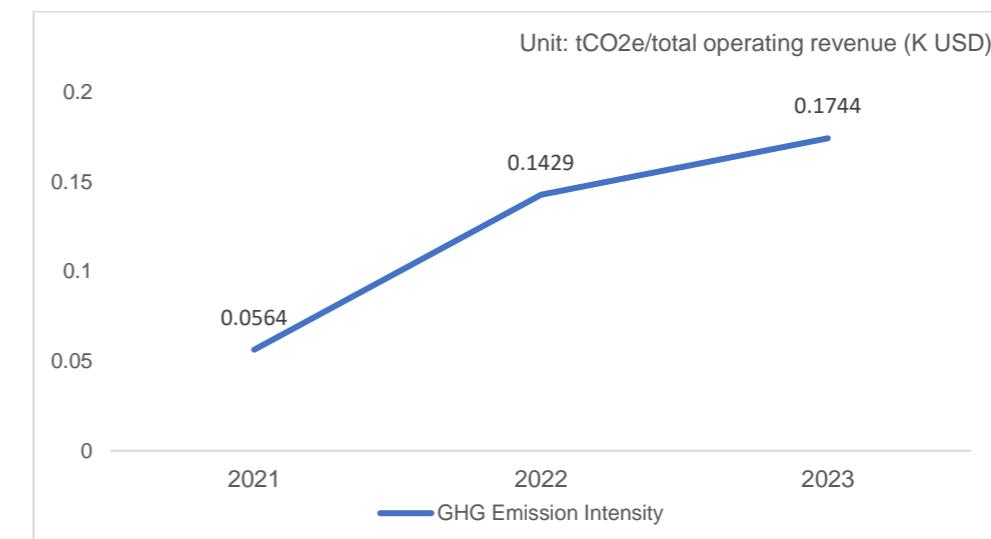
Region	Item	Unit: tCO2e		
		2021	2022	2023
Taiwan	Scope 1	3,656.17	3,254.72	3,310.45
	Scope 2	1559.651	1644.233	1693.25
	Total emissions	5,215.82	4,898.96	5003.698
Cambodia	Scope 1	53.685	395.802	64.531
	Scope 2	1,826.911	1,239.395	1,167.299
	Total emissions	1,880.597	1,635.197	1,231.83
Philippines	Scope 1	378.426	688.725	2,036.739
	Scope 2	650.924	814.110	907.547
	Total emissions	1,029.351	1,502.835	2,944.286
Group	Scope 1	4,088.277	4,339.249	5,411.718
	Scope 2	4,037.486	3,697.738	3,768.096
	Total emissions	8,125.765	8,036.987	9,179.814

Note 1: In 2023, the Group did not conduct a GHG inventory. Therefore, the data for Scope 1 and Scope 2 emissions were estimated using the "Mandatory GHG Reporting System" of the Climate Change Administration, Ministry of Environment. The emission factors used are from the GHG Emission Factor Management Table version 6.0.4. The data for the Yilan Longde Factory is lower this year compared to previous years because it only includes diesel consumption for transportation trucks.

Note 2: The figures are rounded to the third decimal place.

Note 3: In 2023, the emissions for Scope 1 significantly decreased at the subsidiary in Cambodia due to reduced usage of company cars compared to the previous year.

Group's GHG emission intensity over the years



Note: Due to the complexity of re-collecting data and differences in reporting units over the years, only the Group's GHG emission intensity for 2023 is disclosed this year.

Air Pollution Management

The two laundry factories located in Taiwan do not generate ozone-depleting substances (ODS) during washing and drying processes. Other major emissions are regularly monitored and remain within standard limits. We will continue to monitor the latest air pollution regulations and comply with prescribed standards, ensuring equipment maintenance and performance testing to maintain healthy emissions from emission sources. In the Philippines, the main emissions are GHGs, and regular on-site inspections of coal-fired boilers by the Philippine Environmental Agency have all passed inspection. The operation of the factory in Cambodia differs from Taiwan and the Philippines and does not produce related gas pollutants. Overseas operating sites also do not produce ozone-depleting substances (ODS) and NOx.

Operating site	Pollutant	Emission limit	Emissions in 2021	Emissions in 2022	Emissions in 2023
Longde Factory in Yilan	TSP (mg/ Nm ³)	30	-	24.57	-
	SO _x (ppm)	50	46	19	-
	NO _x (ppm)	100	89	63	-
Subsidiary in the Philippines	NO _x (mg/cm)	500	-	36.3	30.77
	SO _x (mg/cm)	700	-	13.7	108.04
	CO (mg/cm)	500	-	230	104.36

Note: The operating sites in Taiwan did not undergo an inventory check this year, and the subsidiary in the Philippines suspended emission testing in 2021 due to the COVID-19 pandemic.

Energy Management

Medtecs Group regularly inspects, refurbishes, and replaces outdated equipment with energy-efficient alternatives to enhance the overall energy usage efficiency. Additionally, the Company strengthens training and advocacy efforts in this regard. A dedicated unit oversees the results of energy usage to continually plan improvement strategies and gradually increase energy efficiency.

In March 2022, the Miaoli Xiangshan Laundry Factory installed a new orbital washing machine and paired it with six natural gas direct-fired dryers. Combined with the LNG (liquefied natural gas) boilers adopted in 2021, the overall energy conversion efficiency has significantly increased. The energy savings over 4 years amounted to a 41% reduction in energy consumption. Our subsequent plan is to reduce energy conversion into heat by improving equipment and combining it with environmental enhancements to save electricity usage. For example, investing approximately US\$1 million in the Xiangshan Laundry Factory in Miaoli to purchase additional tunnel washing machines and replace old models is expected to result in a saving of over 10% in annual electricity consumption. Similarly, the Longde Laundry Factory in Yilan has invested around US\$6,700 in 2023 to improve the power factor of the substation, increasing overall efficiency by 10%.



The subsidiary in Cambodia implemented energy-saving measures this year, reducing the number of light bulbs in use and ensuring that power is switched off during non-working hours, resulting in a 5% reduction in electricity usage. They also installed timer switches for the air conditioning systems in dormitories to reduce electricity usage by 3%. Additionally, they installed 15 solar street lights in the factory area to increase the use of renewable energy sources. Furthermore, by accelerating machine operations and reducing personnel involvement, they collectively reduced electricity costs by 20%. The subsidiary also adjusted the usage frequency of company cars, leading to a 5% reduction in diesel consumption.

The subsidiary in the Philippines invested US\$3,000 to purchase more than 20 solar street lights to replace traditional street lights. It is estimated that this investment will reduce electricity costs by US\$2,500. Additionally, in product transportation, the subsidiary adopted compressed packaging to reduce transportation volume, increase vehicle load capacity, and enhance fuel efficiency.

Energy usage over the past 3 years

Unit : GJ

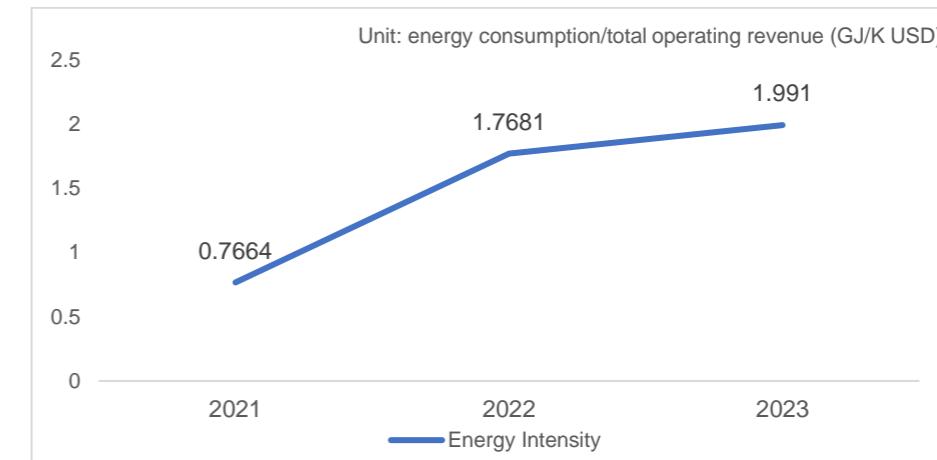
Operating site	Energy type	2021	2022	2023
Taiwan	Electricity	8,079	7,405	7,625
	Fuel oil	3,566	771	72
	Natural gas	67,649	63,959	65,264
	Steam	3,647	5,272	5,550
Cambodia ¹	Total energy use	82,941	77,407	78,550
	Electricity	12,921	8,926	8,489
	Gasoline	19	32	41
	Diesel fuel	703	776	820
Philippines ²	Total energy use	13,644	9,734	9,350
	Electricity	4,604	5,758	6,600
	Coal	3,596	6,545	15,975
	Total energy use	8,200	12,303	22,575
Group	Total energy use	104,784	99,444	110,475

Note 1: No coal, fuel oil nor natural gas were used in the manufacturing and production processes in Cambodia.

Note 2: No fuel oil nor natural gas were used in the manufacturing and production processes in Philippines.

Note 3: Due to increased production output in the dyeing and finishing plant in 2023, the coal consumption of the subsidiary in the Philippines has significantly increased.

Group's energy intensity over the years



Water Management

As global warming progresses, the climate patterns across different regions are undergoing noticeable changes. Once-plentiful water sources are now facing threats like desertification and freshwater salinization. Given these challenges, Medtecs, which depends on stable water supplies for its operations, recognises the heightened need to responsibly manage our water usage and wastewater discharge. This commitment is crucial to sustaining our services and supporting environmental sustainability.

Medtecs is committed to using environmentally friendly raw materials, conserving water, and improving water efficiency, as well as establishing water recycling facilities. We rigorously monitor equipment conditions to ensure efficient operation and prevent water wastage. Additionally, we research possibilities for wastewater recycling to increase water recovery rates. Regarding wastewater discharge, we outperform the required standards and strictly adhere to environmental laws and regulations in each country, avoiding the use of highly polluting chemicals. Furthermore, we conduct regular employee training to enhance awareness of water resources management among our staff.

Material Topic: Water Management

2023 Targets		Our Progress
An annual water savings rate of 1% in Taiwan's Xiangshan Factory.		— In progress
Reduce water consumption by 10% in Cambodia		✓ Achieved.
Future Goals		
2024 Targets		<p>Taiwan</p> <ul style="list-style-type: none"> An annual water savings rate of 1% in Taiwan's Xiangshan Factory. <p>Cambodia</p> <ul style="list-style-type: none"> Install automatic faucets with continuous water meters to reduce water consumption by 5% from 2024–2026. <p>Philippines</p> <ul style="list-style-type: none"> Within 3 years, complete the construction of a 60 m³ reservoir to increase the water recycling rate of the dyeing plant to 30%. Within the next three years, Medtecs aims to complete the installation of pipelines at our factory. This infrastructure upgrade will enable the recycling of water from water-jet looms and dyeing plant effluents. The reclaimed water will be used for eco-friendly irrigation and toilet flushing purposes, enhancing our sustainability practices and reducing water waste.
2030 Targets		<p>Cambodia</p> <ul style="list-style-type: none"> 1. Recycle 5% to 10% of water used for factory green irrigation and firefighting purposes. <p>Philippines</p> <ul style="list-style-type: none"> Construct a 1,000 m³ reservoir/purification tank for dyeing machine and water-jet loom usage, expected to save 40,000 m³ of tap water annually. Within three years, we will replace all dyeing machines at our plant with models that have smaller bath ratios. These new machines can process more fabric with the same amount of water, cutting water use and wastewater by about 30%.

Medtecs places significant importance on the effective utilization of water resources. The Company has conducted thorough risk assessments of its major subsidiaries using a specialised water resources assessment tool. The results categorise the risk levels as follows:

- Taiwan: Low-medium risk
- Cambodia: Medium-high risk
- Philippines: High risk

Based on these assessments, Medtecs has implemented targeted water resources management measures and enhanced water recycling systems across its subsidiaries. These initiatives aim to improve the Company's sustainability performance and mitigate water-related risks. Notably, in 2023, there were no significant incidents of wastewater leaks at any of Medtecs' operating sites, demonstrating the effectiveness of the implemented measures.

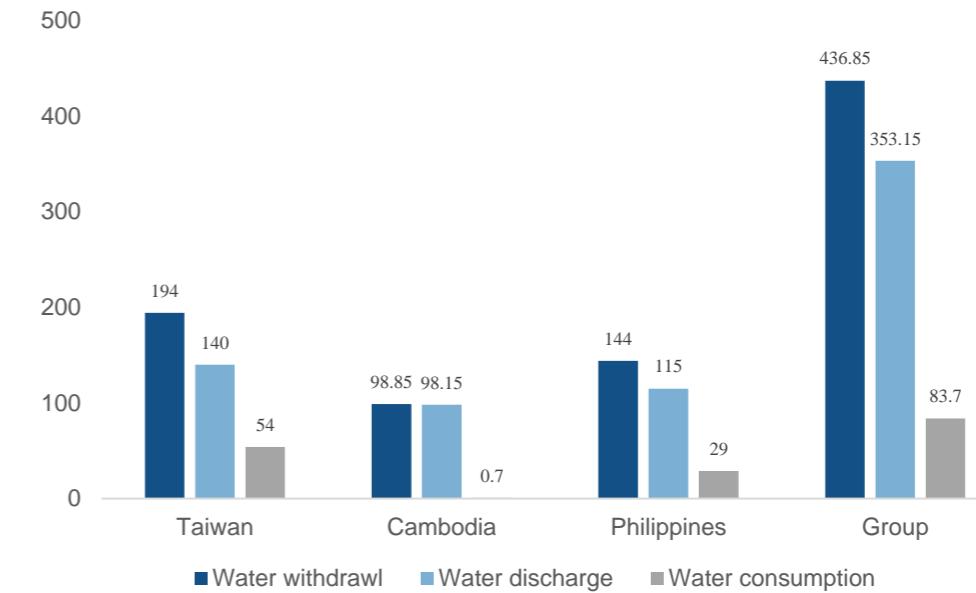
In Taiwan we have adopted a new type of tunnel washer with water recycling functionality. This washer can draw relatively clean rinse water from the end of the washing process back to the front of the tunnel washer for pre-washing, reducing water consumption during the washing process. Additionally, the new orbital washing machine was officially put into operation in March 2022, and plans are underway to install another one in 2024. By referencing the specifications of the new and old equipment, further estimation of water savings can be made.

The subsidiary in Cambodia adheres to using water filtered by professional companies and conducts water quality testing every three months to ensure safe usage for customers. In 2023, the Cambodian subsidiary officially installed water meters to address previous inaccuracies in water resource calculations. This initiative resulted in a 300% reduction in water consumption compared to the previous year.

The water-jet looms and dyeing plant in the subsidiary in the Philippines belong to industries that consume and discharge a high volume of water. Therefore, the factory plans to construct a rainwater collection facility to supply water to the dyeing and finishing plant during the rainy season, estimating a water savings of approximately 30%. Additionally, there are plans to gradually use non-polluted wastewater for toilet cleaning and green irrigation within the factory. The subsidiary has also collaborated with hospitals for years to develop low-cotton content and soft-textured fabrics (COOLTEX). Stains on these types of fabrics are easier to remove, and their lifespan is longer, effectively assisting in reducing water usage. Starting in 2022, the subsidiary in the Philippines installed pipelines and water storage tanks on the factory premises for greenery and cooling the factory's roof. This initiative helps save approximately 4,000,000 L of water annually, equivalent to saving about US\$1,600 in water costs. In 2023, the factory invested US\$2,100 to fully replace the underground water-supplying iron pipes with PVC pipes. This solved the problem of leaks in the old pipes, and if there is any damage, PVC pipes help personnel detect the damage for immediate repair.

Water usage of various operating sites

2023 Medtecs Group Water Resource Usage Data
(Unit: ML)



In 2023, the subsidiary in the Philippines experienced an increase in water consumption due to higher utilisation rates of water-intensive water-jet looms and dyeing plant, driven by increased sales of fabric. Additionally, due to more infrastructure construction and renovation projects in 2023, overall water consumption increased compared to the past 2 years. Meanwhile, the subsidiary in Cambodia installed water meters in 2023, allowing for more accurate calculation of water usage data.

Group water consumption intensity for 2023

Unit: million L / Total operating revenue (K USD)



Note: The data disclosed in 2022 was regarding water intake intensity. In order to comply with the relevant disclosure indicators in the sustainability report, the Group has adjusted to disclose water consumption intensity this year.

Wastewater Management

Medtecs places a high emphasis on pollution management. The Company has installed prevention and control facilities at its factory premises and engages specialised companies for proper treatment, thereby reducing its environmental burden and negative impacts. The Group's two laundry factories in Taiwan primarily discharge wastewater from laundry activities, which is low in pollution. Monitoring equipment ensures compliance with the intake limits of wastewater treatment plants or discharge standards. Regular surprise inspections are conducted by third-party organisations or personnel from local environmental protection departments to confirm ongoing effectiveness and compliance.

- Xiangshan Factory: Wastewater is treated to meet discharge standards before being discharged into the Yangkang River via the Yangkang River canal.
- Longde Factory: Wastewater is directed to the wastewater treatment plant in the industrial zone for treatment. After processing, it is discharged into the Xincheng River via the Longde River canal.

Regarding overseas production sites, the factory in Cambodia does not use dyes and only handles domestic wastewater. The responsible units regularly send potable water and filtered water for testing by government authorities to ensure that the pH value and Chemical Oxygen Demand (COD) are within discharge standards required by the local government.

To reduce environmental impact, the manufacturing facilities of factory in the Philippines exclusively use low-pollution dyeing agents in the production process. They also pledge not to use azo dyes. Moreover, they recycle and reuse some of the cooling water after dyeing to minimise wastewater discharge. All wastewater discharged is directed through pipelines to wastewater treatment plant, centrally managed by local authorities, and waste treatment fees are charged based on 80% of the total water usage.

Wastewater discharge volume of Xiangshan Factory and discharge standards					
		2021	2022	2023	
Test item	Discharge standard	Annual average value measured	Annual average value measured	Annual average value measured	
Coliform bacteria (CFU/100ml)	200,000	6,185	830	370	
Anionic surfactant	10	0.29	0.185	0.42	
Chemical oxygen demand (mg/l)	100	84.6	56.15	53.6	
Suspended solids (mg/l)	50	43.95	11.1	10.75	
Water temperature (°C)	38	30.05	30.65	31.3	
pH value	6-9	8.25	7.65	7.6	

Note: Wastewater from Medtecs' subsidiary in Taiwan (Longde Factory in Yilan), Cambodia, and the Philippines is managed by cooperating wastewater treatment plants, hence there are no relevant data available.

Waste Management

Medtecs believes that by continuously reducing waste generated during operations and collaborating with business partners to create a model for the reuse of waste, it can minimise environmental impact and impact on surrounding residents, while also giving waste new value.

Medtecs strictly enforces local environmental regulations at each operating site. The Company implements comprehensive waste and garbage sorting programs and collaborates with professional recycling organisations to manage waste effectively. Hazardous waste is handed over to specialized institutions designated by the Environmental Department for proper recycling and disposal.

Medtecs enhances waste sorting measures at its operating sites in Taiwan and coordinates with local communities to provide appropriate incentives for individuals to collect and exchange waste, aiding the disadvantaged. Waste fabrics from these sites are continuously transported to manufacturers producing biomass fuel rods (Solid Recovered Fuel, SRF), which are used in cogeneration plants for electricity generation.

Material Topic: Waste Management

2023 Targets		Our Progress
Reduce waste by more than 10% in Taiwan		<ul style="list-style-type: none"> ✓ 1. In 2023, the Xiangshan Factory achieved a 33% reduction in waste fabrics compared to 2022, with the recycled waste being utilized to make fuel rods (SRF) for power generation. ✓ 2. The volume of inorganic sludge generated was decreased by about 48%. ✓ 3. Employee household waste was reduced by approximately 50%.
Reduce waste by 60% in Cambodia.		<ul style="list-style-type: none"> ✓ Achieved
Old cardboard boxes are flipped to the other side for reuse, achieving a reuse rate of over 80%		<ul style="list-style-type: none"> ✓ The reuse rate of old cardboard boxes at the factory exceeded 80%, mainly used for packaging school uniforms and hospital bedding.
The utilisation rate of waste polyester yarn in the weaving factory reaches over 60%.		<ul style="list-style-type: none"> ✓ Recycling of waste yarn in the weaving factory: Previously, waste yarn from the weaving factory was treated as waste. After testing and cleaning, it is now used as filling material for pillows, maximizing the value of waste materials.
Future Targets		
2024 Targets		<p>Taiwan</p> <ul style="list-style-type: none"> • Continuously reduce waste production every year. <p>Cambodia</p> <ul style="list-style-type: none"> • Upgrade old machinery to automated machines <p>Philippines</p> <ul style="list-style-type: none"> • The waste yarn automatic cutting machine, expected to arrive at the factory in February 2024, will be used to enhance the reutilisation rate of waste yarn.
2030 Targets		<p>Cambodia</p> <ul style="list-style-type: none"> • Increase recycling rate. <p>Philippines</p> <ul style="list-style-type: none"> • Strive to use environmentally friendly, biodegradable, and recyclable production and packaging materials to reduce environmental pollution. Aim to achieve a usage rate of new environmentally friendly packaging materials of over 20% within 5 years.

Medtecs' core values in waste management are based on the principles of waste reduction at the source, recycling, and reuse. In addition to focusing on education and training to minimise defects from the manufacturing end, thus reducing the generation of scrap and offcuts, the Company also continually promotes waste sorting, recycling, and reuse among its employees. Furthermore, it collaborates with specialized operators for subsequent waste recycling and processing.

In 2023, the Group established the Scrap & Waste Disposal Policy for its subsidiary in Cambodia, outlining the handling procedures for various types of waste at the factory. To promote resource recycling, the subsidiary processes non-woven fabric scrap waste into plastic pellets on-site, which are then recycled into flower pots for reuse. In 2023, a total of 75 metric tons of flower pots were produced from these recycled materials. Any non-recyclable non-woven fabric scrap waste is disposed of by a licensed waste disposal company authorized by the Cambodian government. The subsidiary in Cambodia compiles monthly generation and waste disposal data for both production and non-production waste.

The general waste generated by the subsidiary in the Philippines is managed and collected by the Free Trade Zone Administration. For hazardous waste, specifically designated companies registered or approved by the Philippine Environmental Management Bureau are responsible for recycling, ensuring that waste disposal is legally compliant. The subsidiary in the Philippines maintains records of each waste recycling activity, and detailed monthly fees are collected to effectively monitor and gather waste data. Additionally, the subsidiary processes the waste yarn from the weaving factory, tests and cleans it, and uses it as filling material for pillows, maximizing the value of the waste materials. The factory also purchased an automatic waste yarn cutting machine at the end of the year, scheduled for use in 2024. This machine is expected to increase efficiency by several times compared to manual cutting, allowing for more efficient recycling of waste yarn.

Waste Management Highlight:

After quality control of washed and dried scrubs at the laundry factory in Taiwan and before shipping, damaged scrubs are identified. Previously, Medtecs followed a standard waste disposal process, handing over such scrubs to a partnered waste disposal operator. To align with Medtecs' core value of source reduction, recycling, and reuse, in 2023, the subsidiary proposed a new approach to waste fabric reuse, moving away from the traditional incineration method. The subsidiary's Xiangshan Factory signed a waste disposal contract with Ta-Yuan Cogeneration Co., Ltd., turning the waste fabric from the factory into raw materials for Solid Recovered Fuel (SRF), thus extending the value of the waste fabric. In 2023, a total of 26.57 metric tons of waste fabric was provided, contributing to a total heating value of 72,365.91 kcal/ton to the Ta-Yuan Cogeneration Power Plant. This initiative created a win-win and mutually beneficial resource recycling plan for the Company and its partners.



Waste Generation and Disposal

Unit: metric ton

Waste generation and disposal by composition				
Operating site	Waste composition	Waste generated	Waste diverted from disposal	Waste directed to disposal
Taiwan	Waste fabric (including SRF)	37.26	0	37.26
	Inorganic sludge	13.31	0	13.31
	Employee household waste	30.48	0	30.48
Cambodia	Household waste	157.46	0	157.46
	Production waste	89.57	89.57	0
	Waste cardboard boxes	18	18	0
Philippines	Waste yarn from weaving factory	5	5	0
	Waste plastic bags	2	2	0
	Waste paper yarn tubes	5.1	5.1	0
	Waste LED tube light	0.05	0.05	0
	Other non-recyclable waste	241	0	241

Note: Due to the use of wheelie bins for waste collection within the industrial zone, there is no information on waste weight available.

Unit: metric ton					Unit: metric ton				
Waste generation by treatment method					Waste for direct treatment				
Hazardous waste					Hazardous waste				
Operating site	Treatment method	On-site	Off-site	Total	Operating site	Treatment method	On-site	Off-site	Total
Taiwan	Preparation for reuse	0	0	0	Taiwan	Incineration (including energy recovery)	0	0	0
	Recycle for reuse	0	0	0		Incineration (excluding energy recovery)	0	0	0
	Other recycling operation	0	0	0		Buried in landfill	0	0	0
	Total	0	0	0		Other disposal operation	0	0	0
	Preparation for reuse	0	0	0		Total	0	0	0
	Recycle for reuse	0	0	0		Incineration (including energy recovery)	0	0	0
Cambodia	Other recycling operation	0	0	0	Cambodia	Incineration (excluding energy recovery)	0	0	0
	Total	0	0	0		Buried in landfill	0	0	0
	Preparation for reuse	0	0	0		Other disposal operation	0	0	0
	Recycle for reuse	0	0	0		Total	0	0	0
	Other recycling operation	0	0	0		Incineration (including energy recovery)	0	0	0
	Total	0	0	0		Incineration (excluding energy recovery)	0	0	0
Philippines	Preparation for reuse	0	0	0	Philippines	Buried in landfill	0	0	0
	Recycle for reuse	0	0	0		Other disposal operation	0	0	0
	Other recycling operation	0.05	0	0.05		Total	0	0	0
	Total	0.05	0	0.05		Incineration (including energy recovery)	0	0	0
	Non-hazardous waste					Incineration (excluding energy recovery)	0	0	0
	Operating site	Treatment method	On-site	Off-site	Total	Buried in landfill	0	0	0
Taiwan	Preparation for reuse	0	0	0	Taiwan	Other disposal operation	0	0	0
	Recycle for reuse	0	0	0		Total	0	0	0
	Other recycling operation	0	0	0		Non-hazardous waste			
	Total	0	0	0		Operating site	Treatment method	On-site	Total
	Preparation for reuse	0	0	0		Incineration (including energy recovery)	0	37.26	37.26
	Recycle for reuse	0	0	0		Incineration (excluding energy recovery)	0	30.48	30.48
Cambodia	Other recycling operation	89.57	0	89.57	Cambodia	Buried in landfill	0	0	0
	Total	89.57	0	89.57		Other disposal operation	0	13.31	13.31
	Preparation for reuse	0	0	0		Total	0	81.05	81.05
	Recycle for reuse	0	0	0		Incineration (including energy recovery)	0	0	0
	Other recycling operation	10.7	0	10.7		Incineration (excluding energy recovery)	0	0	0
	Total	10.7	19.4	30.1		Buried in landfill	0	157.46	157.46
Philippines	Preparation for reuse	0	19.4	19.4	Philippines	Other disposal operation	0	0	0
	Recycle for reuse	0	0	0		Total	0	157.46	157.46
	Other recycling operation	0	0	0		Incineration (including energy recovery)	0	0	0
	Total	0	19.4	19.4		Incineration (excluding energy recovery)	0	0	0
	Non-hazardous waste					Buried in landfill	0	0	0
	Operating site	Treatment method	On-site	Off-site	Total	Other disposal operation	0	241	241
Note: Production waste in Cambodia and discarded fluorescent lamps in the Philippines are temporarily stored at the factories awaiting subsequent disposal.									
Waste generation process and potential social/environmental impacts									
Stage	Taiwan	Cambodia	Philippines						
Input	Upstream suppliers								
Activity	Production and manufacturing activities at Medtecs' factories								
Output	Downstream brand owners/Medtecs' own brand/products								
Output	Wastewater from the laundry process, scraps from the production and manufacturing activities at Medtecs' factories								

Note: Production waste in Cambodia and discarded fluorescent lamps in the Philippines are temporarily stored at the factories awaiting subsequent disposal.



5 Diversity in the Workplace

Human Rights

Human Rights Policy

Medtecs Group respects human rights and is committed to creating a diverse and inclusive work environment. The Company pledges to support international human rights conventions, United Nations global compacts, UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct, and other international human rights norms and standards, while adhering to local laws and regulations in all operational locations worldwide. In 2023, the Group has developed and approved a Human Rights Policy endorsed by top-level management. This policy applies to all managers and employees within the Group, and we expect our affiliated companies, suppliers, contractors, and business partners to acknowledge and adhere to it as well. For the full policy details, please visit our official website.



Identification of Human Rights Risks

To safeguard and protect the human rights of our employees and to mitigate any potential impacts on human rights within our value chain, the Company has identified six significant human rights issues, including prohibiting child labor, prohibiting forced labor, opposing discrimination, prohibiting human trafficking, providing a safe and healthy work environment, and supporting employees' freedom of association and collective bargaining rights.

Risk Mitigation and Remediation Measures

We have developed risk mitigation and remediation measures specifically targeting affected parties, including employees and suppliers.

Significant human rights issues	Target	Mitigation measures	Remediation measures
No Child Labor	Employees	When hiring new employees, ensure that the candidate is at least 18 years old.	If a child laborer is discovered, we will immediately terminate the contract and make sure that the child has not suffered physical or psychological harm, and initiate follow-up compensation measures.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint case, the relevant departments should immediately initiate corresponding remedial measures and continue to track the status of stakeholders receiving the remedies.
No Forced Labor	Employees	Inform workers of their job responsibilities before employment, and ensure that during the hiring process, supervisors oversee the probationary period without any occurrence of forced labor.	If an investigation confirms the occurrence of forced labor, immediate corrective measures will be taken to restore the rights of the affected worker.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint case, the relevant departments should immediately initiate corresponding remedial measures and continue to track the status of stakeholders receiving the remedies.
No Discrimination	Employees	Develop a reasonable salary and compensation policy that clearly outlines employee performance evaluation and compensation reward mechanisms.	Regularly review the salary structure and payments to ensure that they are based on performance and align with reward and punishment standards. If discrepancies are found where compensation does not correspond to performance and the established criteria, the HR Department should review and adjust the salary system accordingly, compensating affected individuals for any losses.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint, the relevant departments should immediately initiate remedial measures and continue to monitor the status of stakeholders receiving the remedies.
No Human Trafficking	Employees	Confirm during the hiring process that employees are voluntary applicants for the job and are clear about the job responsibilities.	If human trafficking is confirmed through investigation, immediate improvement measures will be taken to restore the rights of the affected workers.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint case, the relevant departments should immediately initiate corresponding remedial measures and continue to track the status of stakeholders receiving the remedies.
A Safe and Healthy Work Environment	Employees	Each operating site has established the Occupational Safety and Health ("OSH") Committee responsible for various tasks related to company-wide occupational safety and health. These tasks include workplace hazard control, conducting education and training, and formulating/implementing occupational safety and health management plans.	The accident investigation process and the handling procedure for significant incidents have been established to ensure that workers receive prompt and proper handling and compensation in the event of work-related accidents.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint case, the relevant departments should immediately initiate corresponding remedial measures and continue to track the status of stakeholders receiving the remedies.
Freedom of Association and Right to Collective Bargaining	Employees	Following local labor union laws, regular labor-management meetings, labor-management committees/management and labor councils are convened to facilitate ongoing communication between labor and management.	If an investigation confirms any infringement on the freedom of assembly and collective bargaining rights of workers, immediate improvement measures will be taken to restore the rights of those workers.
	Suppliers	Request suppliers to sign the Supplier CSR & Integrity Pledge, Non-Use of Hazardous Substances Guarantee, and Environmental Statement.	Establish a complaint mechanism. If the investigation confirms the validity of a complaint case, the relevant departments should immediately initiate corresponding remedial measures and continue to track the status of stakeholders receiving the remedies.

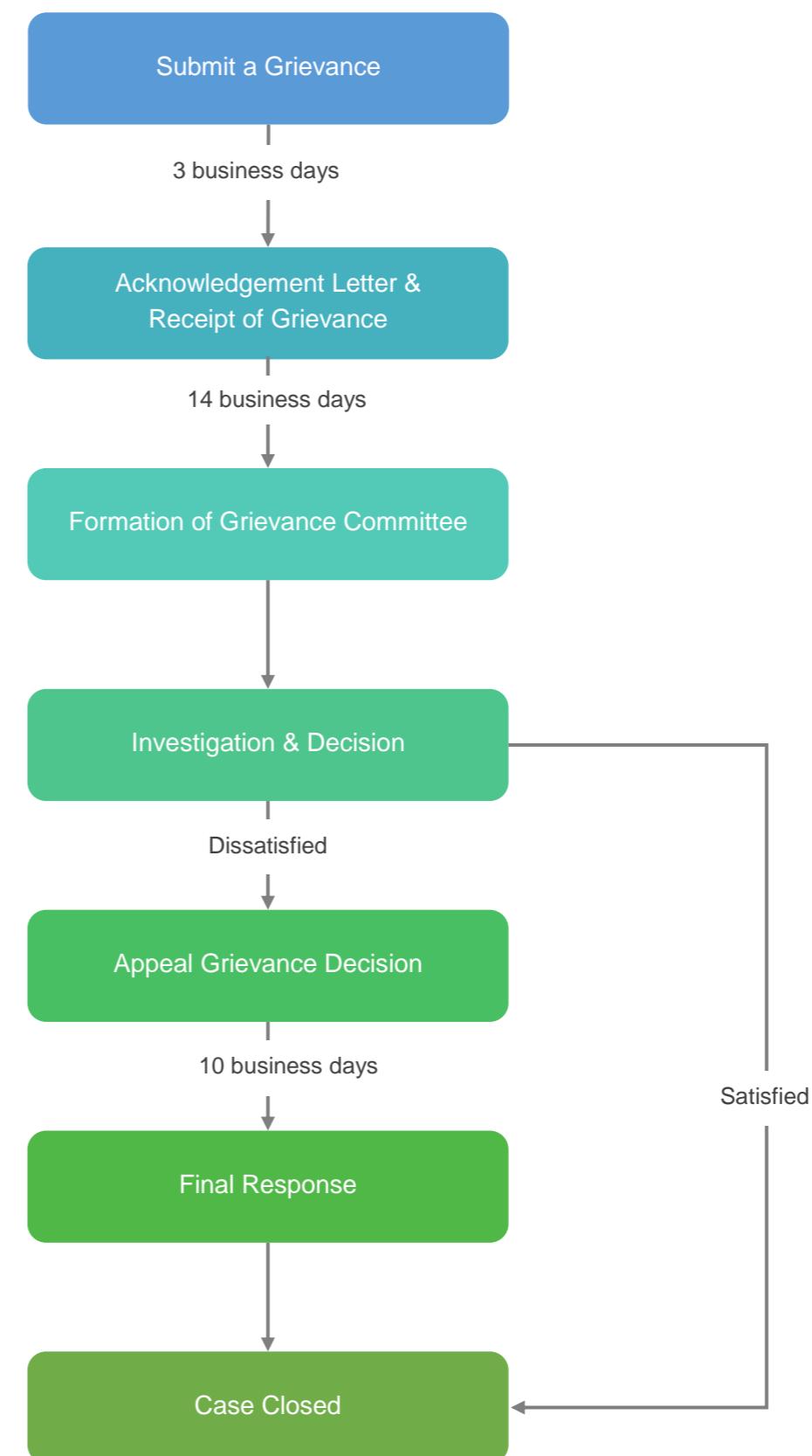
To further strengthen our commitment to human rights, we will assess the implementation of human rights due diligence by systematically identifying and addressing potential human rights risks. This includes conducting regular audits of internal processes and supply chains to ensure that all operations and business activities comply with international human rights standards. In 2023, Medtecs' subsidiary in Cambodia continued to pass the Workplace Conditions Assessment (WCA) audit with outstanding results, averaging a high score of 95 points. This demonstrates our commitment to human rights and reflects our active efforts to uphold employee rights and improve labor conditions and working environments.

Medtecs regards employees as its most valuable asset. We listen attentively to every employee's feedback, and have established a complaint mechanism. We encourage employees to submit any human rights-related grievance anonymously. Upon receiving a complaint, we will set up a dedicated investigation team to verify and assess the situation. If the complaint is substantiated, we will take immediate remedial action. We also strictly protect the privacy and safety of the complainant, ensuring there is no retaliation whatsoever.

Grievance Mechanism

Medtecs provides a grievance mechanism through various channels, including a 24-hour dedicated email address (whistleblowing@medtecs.com; hr@medtecs.com), or by personally visiting the Group Human Resources & Administration Department at our headquarters in Taiwan. Additionally, considering the Company's status as a multinational group with talents proficient in multiple languages, in 2023 we established a multilingual Group Grievance Procedure to enhance the Company's policies and processes.

Additionally, all subsidiaries of the Group strictly adhere to local labor laws to ensure that every employee within the Group has the right to freely form and operate labor unions. Currently, there are no labor unions established in Taiwan, nor are there any collective agreements. There is a labor union established for the operating site in the Philippines, covering 92% of the employees with a collective agreement. For subsidiaries without labor unions, regular labor-management meetings are held quarterly with transparent communication channels. In 2023, we did not receive any complaints, and there were no discrimination incidents reported across all factories. We regularly convene labor-management committee, management, and labor council to carefully discuss employee grievances during meetings. In case of significant operational changes, we comply with the Labor Standards Act by providing advance notice.



Talent Attraction and Retention

Medtecs regards talent as a core asset and actively recruits talent through diverse channels and international recruitment avenues. We offer competitive and internally equitable compensation, complemented by a range of benefits and activities, to attract talent to join our professional team.

Medtecs advocates for a diverse and inclusive culture, committed to mutual growth with its talent. We have dedicated organisations and units with diverse recruitment channels to attract talent. For supervisors and employees at all levels and positions, we develop personalised competitive compensation strategies, offering attractive salaries, benefits, and ample career development opportunities. We encourage flexible work arrangements and international exchanges, leveraging technology and data analytics to create a flexible and motivating environment, continually providing an attractive work experience for our employees.

Material Topic: Attraction and Retention

2023 Targets	Our Progress
Employee turnover rate not exceed 3%	<p>All 3 regions achieved the Group target in 2023.</p> <p>Taiwan</p> <ul style="list-style-type: none"> Onboarding status: 43 new hires in 2023, with an onboarding rate of 86% Turnover rate: 2.4% <p>Philippines</p> <p>Turnover rate: 2%</p> <p>Cambodia</p> <p>Turnover rate: 0.62%</p>
Future Targets	
2024 Targets	<ul style="list-style-type: none"> Turnover rate: Maintain the turnover rate within 3%, a 0.5% decrease compared to 2023, to ensure employee stability and continuity. Employee training participation rate: Increase by 15% compared to 2023, reaching approximately 32 hours per person annually, to enhance learning and development opportunities for employees. Continuously conduct workshops on gender-friendly workplaces to promote diversity and inclusivity in the Company's culture. Leverage diverse recruitment channels: Increase the use of new recruitment channels like Monster.SG in Singapore and 51job in China to attract more international talent. Use technological innovation to develop key talents, ensuring organisational sustainability, and enhancing employee experience: Hire external consultants to share knowledge on technological innovations, conduct multiple sessions on ChatGPT usage for learning purposes, develop key talents with a focus on continuous learning (7S) to achieve organisational sustainability and provide employees with more attractive work experiences.
2030 Targets	<ol style="list-style-type: none"> Enhance the system for competitive salaries and benefits. Continually expand internal training and professional development opportunities while fostering exchanges among the Group's employees. Offer more work-life balance programs. Increase the visibility of corporate brand and practice social responsibility. Promote the application of 4A technologies (AI, Application Programming Interfaces, Data Analytics, Automation) to further optimise talent management systems: <ul style="list-style-type: none"> AI: Accelerate data analysis speed and improve accuracy. APIs: Achieve more efficient workflow automation. Data Analytics: Enhance service quality and reduce costs through data analysis. Automation: Improve the Company's innovation and competitiveness through automation.

Medtecs regards talent selection, recruitment, development, promotion, and retention as key drivers for the Company's operational development. The Company leverages diverse international recruitment channels to attract excellent global talent. This year, Medtecs is also using international recruitment platforms such as China's 51job and Southeast Asia's Monster to reach more international talent. Additionally, through temporary staffing, Medtecs supplements short-term manpower to help achieve organisational development goals at various stages.

Operating sites in Taiwan and Cambodia have no non-employee workers, while the site in the Philippines has a total of 25 non-employee workers, all of whom are in security positions. Medtecs emphasises gender equality and diversity in terms of race and nationality among its employees. Female representation among middle management is 43%, and among senior executives, it is 22%. Detailed employee data and diversity in hiring for the Group are shown in the table below.

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

Workforce structure

Category	Taiwan			Philippines			Cambodia			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Age	Number of Employees	147	220	367	207	193	400	492	2,054	2,546
	30 years old and below	39	34	73	30	17	47	202	648	850
	31–50 years old	62	104	166	141	134	275	273	1,344	1,617
Employment contract	Above 50 years old	46	82	128	36	42	78	17	62	79
	Regular employee	112	167	279	187	186	373	410	2,054	2,546
	Contract employee	35	53	88	20	7	27	0	0	0
Employment type	Full-time employee	144	216	360	207	193	400	492	2,054	2,546
	Part-time employee	3	4	7	0	0	0	0	0	0
Job level	Senior Executive	9	2	11	4	2	6	1	0	1
	Middle Management	4	4	8	15	11	26	2	1	3
	General Employees	134	214	348	188	180	368	489	2,053	2,542

Note:

Employee: Individuals who enter into an employment relationship with the organisation in accordance with national laws or relevant requirements (employees in Taiwan who contribute to labor insurance).

Regular Employee: Individuals who sign indefinite-term contracts.

Contract Employee: Individuals who sign fixed-term contracts.

Full-time Employee: Individuals whose working hours fall under the definition of working hours according to the Labor Standards Act, with a maximum of 8 hours per day and 40 hours per week in Taiwan.

Part-time Employee: Those who are not full-time employees.

Senior Executive: Positions at the level of Assistant Vice President or above.

The figures in this table are calculated using the Full-Time Equivalent (FTE) method.

Diversity in Employment

Category	Taiwan		Philippines		Cambodia	
	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Indigenous people	5	1.36%	0	0%	163	6.40%
Employees with disabilities	27	7.35%	0	0%	18	0.71%
Foreign employees	89	24.25%	0	0%	13	0.51%

Note: Percentage = Number of people in the category / Total employees in the region * 100%

Medtecs actively recruited technical talents in anticipation of labor shortages. In 2023, several talent recruitment projects were initiated, including expanding international recruitment channels and launching industry-university collaborations. The statistics for new hires and employee turnover in 2023 are as follows:

Name of project	Description	Results in 2023
International Recruitment Platform (Southeast Asia)	Use the recruitment platform, Monster, in Southeast Asia to reach talents from Singapore, Malaysia, the Philippines, Indonesia, Thailand, and Vietnam.	In 2023, the number of applicants for job openings was 36 times the number of positions recruited by the Company.
International Recruitment Platform (China)	Use recruitment platforms in China to connect with talents from China.	In 2023, the number of applicants for job openings was 54 times the number of positions recruited by the Company.
Industry–University Collaboration Program	Broaden recruitment initiatives to attract international students, and promote the International Industrial Talents Education Special Program (INTENSE Program) to align with our need for strengthening mid-level managerial and technical talent	Planning of this initiative began at the end of 2023, and execution will commence in 2024.

New Hires and Turnover by Region

Overview of new hires in 2023

Status of new hires	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
30 years old and below	16	20	13	4	79	175
31–50 years old	36	41	13	7	45	120
Above 50 years old	11	22	2	0	0	2
Total number of employees	147	220	207	193	492	2,054
Total number of new hires	63	83	28	11	124	297
Percentage of new hires	42.9%	37.7%	14%	6%	25.20%	14.46%

Note: Percentage of new hires = Total number of new hires / Total number of employees * 100%

Overview of turnover in 2023

Status of turnover	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
30 years old and below	12	13	47	27	71	283
31–50 years old	45	41	58	67	80	350
Above 50 years old	9	23	13	18	9	14
Total number of employees	147	220	207	193	492	2,054
Total number of turnovers	66	77	118	112	160	647
Percentage of turnover	44.9%	35%	57%	58%	32.52%	31.50%

Note: Percentage of turnover = Total number of turnover / Total number of employees * 100%

Talent Training and Development

Exceptional employees form the foundation of a company's success. Skilled and knowledgeable employees can effectively complete tasks and enhance the company's overall competitiveness. As the international and industrial landscape rapidly evolves, companies must continually adapt their strategies to overcome challenges. By implementing globally standardized training programs, employees' core competencies can be strengthened. Furthermore, integrating 4A digital training ensures that employees possess the capabilities to meet dynamic market demands and generate long-term value for the company. Moreover, this approach provides employees with opportunities for growth and advancement. The goal is not only to elevate employee performance but also to foster employee loyalty and satisfaction, thereby reducing talent attrition and maintaining a stable internal talent pool.

The main policy is to create an open and innovative culture, establish an environment that supports employee growth and lifelong learning, and create diverse value to drive high-quality innovation and sustainable development for the Company.

The heads of various departments are required to develop annual employee training and development plans to strengthen the integration of corporate culture with business development strategies and core values. Annual employee training plans are formulated based on the Company's business and personnel needs, and include multidimensional course content such as professional intelligence training, leadership development, and digital 4A literacy enhancement. Internal training, seminars, symposiums, and other activities are held at regular intervals to achieve cross-departmental collaboration and knowledge sharing.

Material Topic: Talent Training and Development

2023 Targets	Our Progress
Taiwan <ul style="list-style-type: none"> Further enhance the effectiveness and comprehensiveness of employee training to support the Company's continuous growth in open innovation and sustainable development, with the overall training hours growing by 5.3 times. Implement more specific actions or action plans through 4A goal setting and require all departments to continue promoting learning. 	✓ In 2023, all goals were achieved, with overall training time increasing compared to 2022. The total training time reached 7,766 hours, a growth of 385%.
Cambodia Conduct training for all employees once a month in Cambodia	✓ Achieved. Additionally, new employee orientation now takes place on the 7th day after joining.
Philippines <ul style="list-style-type: none"> Conduct training for all employees once a month. Provide new employee orientation on their first day of joining. 	— Due to manpower shortages in the HR Department, the 2023 goals were not met. A training specialist has been hired to execute the 2024 training plan.



Future Targets

2024 Targets

Taiwan

- Strengthen employees' professional capabilities in core business areas, with a goal of achieving an average of 32 training hours per person.
- Increase 4A digital training courses to enhance employees' application capabilities of digital tools and technologies.
- Develop leadership training programs to enhance cross-cultural collaboration and responsiveness among middle and senior management.
- Conduct employee satisfaction surveys from time to time and set up an employee suggestion box to increase feedback mechanisms, and improve employee loyalty and stabilize development internally.

Philippines

- Promote short-term training courses and workshops to enhance soft skills, technical skills, and industry-related knowledge.
- Provide job rotation training opportunities and promote employee book clubs to strengthen internal knowledge-sharing.
- Arrange mentoring and coaching for employees to help them address capability gaps in a one-on-one manner.
- Enhance communication of performance expectations with employees.
- Establish feedback mechanisms for training course satisfaction and needs.

Cambodia

- Offer digital skills training workshops to boost employees' digital literacy, making these skills a part of their daily routines.
- Leverage emerging technologies to increase work efficiency.
- Develop 3-4 bilingual middle managers to strengthen communication and leadership across the Company.

2030 Targets

Taiwan

- Strengthen corporate culture and core values through internal communication and training programs to create a collaborative and innovative work environment.
- Establish an international talent pool and implement talent mobility initiatives to meet the manpower needs of different regions.
- Continuously build a diverse and inclusive workplace environment.

Philippines

- Set up an e-learning platform with a variety of learning options.
- Collaborate with external training institutions to provide a variety of professional training programs.
- Create individual development plans for each employee.
- Align employee individual development plans with organisational strategic goals.
- Conduct competency assessments for various levels within the organisation and establish a competency framework.
- Identify key roles within the organisation and develop talent succession plans.
- Establish key performance indicators mechanisms.

Cambodia

- Identify and cultivate team members who align with and embody the vision, mission, core values, management culture, and work ethic of the Group.
- Continuously train and develop 4A work capabilities, including AI, APIs, Data Analytics, and Automation. Integrate these skills into daily work to enhance team productivity and management efficiency.
- Establish a stable multinational management team that consistently endorses the steady improvement of the quality system, cost reduction, and efficiency enhancement. Provide competitive compensation packages, living conditions, and working conditions that ensure sustainable competitiveness.
- Actively nurture 10-15 local bilingual mid-level management talents.

Medtecs expects its employees to practice **KUNGFU**: Know your customer, Understand the transaction, Never give up, Good for stakeholders, Faith, and Up in order to create long-term value for the Company and to maintain stable growth. At the same time, we also consider the development and growth of our employees to be an important responsibility. We offer a wide range of staff training programs in line with the Group's core values and strategies. In 2023, the average training hours per person were approximately 21.16 hours, 7.98 hours, and 0.39 hours for Medtecs' operating sites in Taiwan, the Philippines, and Cambodia, respectively. The detailed statistics are as follows:

Implementation of education and training by region

Taiwan	Male			Female		
	Total training hours	Total number of people	Average training hours per person	Total training hours	Total number of people	Average training hours per person
Senior Executive	1,052.50	9	116.94	31.50	2	15.75
Middle Management	415.50	4	103.88	610.50	4	152.63
General Employees	2,844.20	134	21.23	2,811.92	214	13.14
Total	4,312.20	147	29.33	3,453.92	220	15.70

Cambodia	Male			Female		
	Total training hours	Total number of people	Average training hours per person	Total training hours	Total number of people	Average training hours per person
Senior Executive	-	1	-	-	-	-
Middle Management	39.50	2	19.75	66.00	1	66
General Employees	323.00	489	0.66	547.00	2,053	0.27
Total	362.50	492	0.74	613.00	2,054	0.30

Philippines	Male			Female		
	Total training hours	Total number of people	Average training hours per person	Total training hours	Total number of people	Average training hours per person
Senior Executive	53.50	4	13.38	8.00	2	4.00
Middle Management	74.00	15	4.93	81.00	11	7.36
General Employees	1,877.00	188	9.98	1,096.50	180	6.09
Total	2,004.50	207	9.68	1,185.50	193	6.14

The Group provides a series of new employee training courses to help them become familiar with the Group's vision and company culture upon joining. In addition, for existing employees, regular general and professional courses are conducted to make employees more proficient in their job responsibilities. The training also complies with occupational safety and other relevant regulations regarding annual training hours. Continuous improvement of professional knowledge is emphasised to maximise value. Detailed education and training content and hours are outlined in the following table.

Education and training topic and hours by region

Training type	Taiwan		Philippines		Cambodia	
	Number of sessions	Number of people trained	Number of sessions	Number of people trained	Number of sessions	Number of people trained
General training (including new employee orientation)	73	412	40	123	20	359
Professional training	18	577	31	58	6	39
Occupational safety and health	32	1,082	2	3	29	470
Total	123	2,071	73	184	55	868

Training courses structure in Taiwan

Course	Description
General training (including new employee orientation)	We provide general courses such as Compliance Training, Sexual Harassment Prevention and Reporting Advocacy, Anti-Corruption/Anti-Bribery Guidelines, 7S Management, etc., to deepen employees' understanding and sense of identity with Medtecs' culture.
Professional education	We provide pre-employment training initiatives for new hires, including Group Operations Policy, Sustainable Development Program, New Employee Orientation, Introduction to Personnel Systems, and occupational Safety and Health Training. These programs aim to familiarise new employees with the Group's vision and corporate culture, ensuring a smooth integration into the organisation. The courses related to professional education are planned and developed by the respective units: 1. External professional training based on expertise (including internal seminars or visits, etc.). 2. Job teaching based on employees' professional capabilities. The courses include product training and practical exercises. Suitable courses are converted into digital materials, allowing employees to quickly adapt to new environments, engage in their job roles, and unleash their potential without time and space constraints.
Occupational safety and health	The training educates employees on the use of firefighting equipment, fire evacuation drills, and the regulations for using various machinery within the facility. It aims to build comprehensive knowledge and practical skills in occupational safety and health, preventing workplace accidents. For employees stationed at hospitals, additional education and training are provided. This includes education on infection control measures within the hospital, information on emerging epidemics, procedures for donning and doffing protective equipment, as well as guidelines for washing and transporting cloth products.

Training courses structure in Cambodia

Course	Description
General training (including new employee orientation)	We provide pre-employment training initiatives, including New Employee Orientation, Introduction to Personnel Systems, Group Operations Policy, Sustainable Development Program, and Occupational Health and Safety, On-the-Job Education and Training. These programs aim to familiarize new employees with the Group's vision and corporate culture, ensuring a smooth integration into the organisation.
Occupational safety and health	The training educates employees on the use of firefighting equipment, fire evacuation drills, and the use of various machinery within the facility. It aims to build comprehensive knowledge and practical skills in occupational safety and health, preventing workplace accidents.

Training courses structure in Philippines

Course	Description
General training (including new employee orientation)	We hold brainstorming activities every month to promote innovative thinking and problem-solving. Additionally, we regularly introduce Company information, structure, policy guidelines and manuals to new hires, and provide introductions to all staff in different departments.
Professional education	To focus on work-life balance, we provide psychological first aid online seminars that emphasize stress management in the workplace to support employees' needs. We establish good communication channels with employees to ensure that the right approaches and mechanisms are in place to promote effective teamwork, thereby increasing productivity.
Occupational safety and health	Furthermore, we hold seminars on labor dispute prevention and resolution, intellectual property protection, and anti-corruption to enhance the Company's compliance with regulation, ensuring operational compliance and protect brand image.

Performance Management and Development

All employees of Medtecs undergo regular performance evaluations, except for employees in the Taiwan subsidiary who have been in their positions for less than 3 months and therefore have not undergone evaluation. Additionally, some employees in the Philippines and Cambodia subsidiaries are not included in the performance evaluations due to their contract type, and the evaluation criteria only apply to certain positions, resulting in a lower percentage of employees being evaluated in these regions.

Taiwan					
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel	
Percentage of male employees who have undergone evaluation	90%	79.9%	76.1%	93.2%	
Percentage of female employees who have undergone evaluation	85.7%	82.8%	81.3%	96.7%	
Note: The CEO, Chairman, and general managers were not evaluated, and employees who have been in their positions for less than 3 months are not evaluated.					

Philippines					
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel	
Percentage of male employees who have undergone evaluation	100%	51%	55%	40%	
Percentage of female employees who have undergone evaluation	100%	57%	56%	71%	
Note: Philippines only evaluates frontline workers who can be assessed using quantifiable metrics. Those holding positions such as drivers, janitors, warehouse assistants, and loaders are not included in the evaluation scope. Additionally, according to regulations, employees on unpaid leave do not fulfill their job responsibilities, making it impossible for the Company to evaluate their performance. Due to these two reasons, the evaluation rate did not reach 100% in 2023.					

Cambodia					
Item	Managerial position	Non-managerial position	Direct personnel	Indirect personnel	
Percentage of male employees who have undergone evaluation	100%	24%	24%	100%	
Percentage of female employees who have undergone evaluation	100%	16%	16%	100%	
Note 1: Employees who served less than 3 months in 2023 were not evaluated, hence the evaluation rate did not reach 100%.					
Note 2: Due to lower-than-expected order volumes in 2023, the Company temporarily suspended the hiring of some contract workers from February to December. This led to the evaluation rate not reaching 100%.					
Note 3: Some contract workers were not evaluated due to the nature of their contracts.					



Salaries and Benefits

Overall Salaries

Medtecs Group values employee rights and welfare. We abide by local regulations, and provides generous salary and diverse benefits to employees. We have established comprehensive performance evaluations and compensation reward mechanisms to motivate employees to grow together with us, dedicating ourselves fully to the future of the Group. Additionally, we help middle-aged and senior workers stay employed, providing services to those interested in continuing their careers.

Ratio of standard salary for grassroots personnel to the local minimum salary for 2023

Category	Taiwan		Philippines		Cambodia		(US\$)
	Female	Male	Female	Male	Female	Male	
Local minimum salary in 2023 (A)	Monthly salary: 860	Monthly salary: 860	Monthly salary: 257.5	Monthly salary: 257.5	Monthly salary: 200	Monthly salary: 200	
Standard salary for full-time grassroots personnel (B)	Monthly salary: 860	Monthly salary: 860	Monthly salary: 257.5	Monthly salary: 257.5	Monthly salary: 217	Monthly salary: 217	
Ratio (B/A)	1	1	1	1	1.08	1.08	
Standard salary for contract grassroots personnel (C)	Monthly salary: 860	Monthly salary: 860	Daily wage: 9	Daily wage: 9	Monthly salary: 217	Monthly salary: 217	
Ratio (C/A)	1	1	1	1	1	1	

Note: Exchange rates are based on the rates as of December 29, 2023: USD to TWD = 1:30.7; USD to PHP = 1:55.37; There is no exchange rate conversion for the Cambodia branch as transactions are conducted in USD locally.

Male-to-female salary ratio for 2023

Category	Taiwan		Philippines		Cambodia	
	Female	Male	Female	Male	Female	Male
Senior Executive	1	1.59	1	1.65	1	N/A
Middle Management	1	1.13	1	0.31	1	6.5
General Employees	1	0.93	1	0.83	1	2.78

Note: The subsidiary in Cambodia had no female senior executives in 2023, so there was no calculation of the male-to-female salary ratio.

Employee Benefits

The Employee Welfare Committee of Medtecs provides various benefits to employees annually, including allocating employee welfare funds, offering education subsidies, organising employee activities, spring banquet, etc., to care for employees from multiple perspectives. This aims to foster internal cohesion, enhance a sense of belonging, relieve work pressure, and balance life. The Company also allows employees to purchase Company products with employee discount from time to time for their family and friends. Additionally, small costume parties and team-building activities are held to boost morale and strengthen relationships among employees. The Taiwan headquarters spent a total of US\$248,408 on various employee welfare subsidies in 2023.

Category	Benefits
Supporting benefits	Marriage allowance
	Maternity allowance
	Funeral allowance for employees and their families
	Payment for medical expenses from work-related hospitalisation
	Health check-ups
Education bonuses	Subsidy for continuing studies
Leisure and recreation	Company trips (Spring banquet)
	Festival activities (Halloween, year-end parties)
	Birthday celebration
Basic benefits	Festival bonus (Labor Day, Dragon Boat Festival, Mid-Autumn Festival)
	Group accident and medical insurance
	Birthday bonus
	Meal and travel allowance

Maternity Benefits

Medtecs follows Taiwan's Gender Equality in Employment Act, allowing male and female employees to apply for unpaid parental leave according to relevant procedures, supporting employees during important life stages. In 2023, 9 employees from the Philippine subsidiary applied for unpaid parental leave, all returning to work after their leave, resulting in a 100% reinstatement rate. At the Taiwan headquarters, 1 employee applied for unpaid parental leave in 2022 and returned to work, resulting in a 100% retention rate. In 2023, 5 employees were eligible for unpaid parental leave, but only 1 applied, resulting in a 20% application rate. Due to varying career development and financial considerations among employees, a 100% application rate was not achieved.

Retirement System

The Group allocates retirement benefits in accordance with labor laws at each location. According to legal regulations, executives or employees with professional skills can apply for a transition to technical or advisory roles around the time of retirement (at an appropriate time). They can take on mentoring roles, allowing retiring employees with specialised skills to guide succession planning smoothly. For frontline employees nearing retirement at age 64, they are consulted regarding their willingness and physical condition, and they may continue their current job after the statutory retirement age (not subject to the mandatory retirement regulation at age 65).

Parental leave without pay in 2023

Item	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Number of people eligible for parental leave without pay in 2023 (A)	2	3	5	4	0	0
Number of people who applied for parental leave without pay in 2023 (B)	0	1	5	4	0	0
Application (B/A)	0	33.3%	100%	100%	0	0
Number of people who should be reinstated from parental leave without pay in 2023 (C)	0	0	5	4	0	0
Number of people who were reinstated from parental leave without pay in 2023 (D)	0	0	5	4	0	0
Reinstatement rate (D/C) for parental leave without pay	0	0	100%	100%	0	0
Number of employees who were reinstated from parental leave in 2022 (E)	0	1	0	0	0	0
Number of people who were reinstated from parental leave without pay in 2022 and have worked for a period of one year (F)	0	1	0	0	0	0
Retention rate (F/E) for parental leave without pay	0	100%	0	0	0	0

Employee activities in 2023

Taiwan

Spring Banquet

In February 2023, Medtecs held its annual spring banquet in Yilan. In addition to the highly anticipated local cuisine and lucky draw activities, the morning was filled with energetic mountain hiking activities. This not only allowed employees to enjoy delicious food and have fun but also helped maintain their health, meeting our vision of "bettering the world's health for everyone, everywhere".



Jinshan Team Building

In June 2023, all employees of Medtecs gathered at the Jinshan Youth Activity Center for a unique team-building event - the Adventure Treasure Hunt. This event not only tested the team's decision-making and cooperation skills but also required creativity and public relations abilities to gain extra points. Despite the hot environment, everyone overcame physical challenges and successfully completed the adventurous tasks. Through this event, we deeply felt that "alone we can go fast, but together we can go far". This belief will continue to inspire us to provide safe and effective products and warm services.

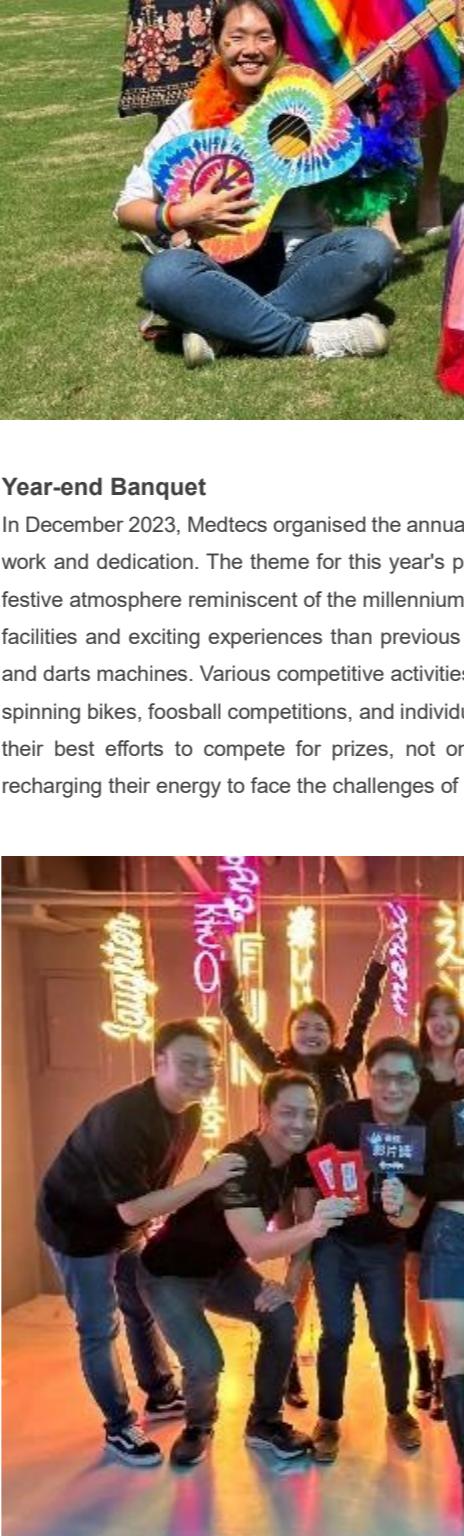


Pride Month

In June 2023, we turned Taipei office into a colorful paradise as we celebrated Pride month together. We dressed in vibrant rainbow attire, accompanied by stunning handmade rainbow accessories.



Reflecting Medtecs' Diversity, Equity & Inclusion Policy released in 2022, we stand united in creating a workplace that values and respects all gender identities and sexual orientations.



Year-end Banquet

In December 2023, Medtecs organised the annual year-end party to thank employees for their hard work and dedication. The theme for this year's party was "Back to the Y2K Nightclub", creating a festive atmosphere reminiscent of the millennium era. The venue was equipped with more diverse facilities and exciting experiences than previous years, including KTV, Nintendo Switch, billiards, and darts machines. Various competitive activities were also held, such as team water battles with spinning bikes, foosball competitions, and individual or group costume contests. Participants put in their best efforts to compete for prizes, not only enjoying delicious food and drinks but also recharging their energy to face the challenges of 2024.



Philippines

Halloween

Through fun, enjoyable, and team-building activities, we aim to foster positive morale within the team and integrate Filipino culture into our corporate values. This includes office design activities, costume competitions, and children's Halloween dress-up events. In total, 39 employees participated in these festivities.



Christmas

To celebrate the annual Christmas festivities, we organised many events with a theme based on the 1980s style. These included prize draws, retro dance competitions, rookie performances, and a vote for the best costume of the night. In total, 90 employees participated in these activities.



Cambodia

International Labor Day

To celebrate International Labor Day on May 1st, we organised an International Labor Day ceremony and invited the Governor of Kampong Cham' representative to participate in the event. We prepared multiple prize draw activities, including prizes of US\$100, US\$50, US\$20, as well as other items such as smartphones, bicycles, electric fans, rice cookers, etc. In total, approximately 2,200 employees participated in these activities.



Occupational Safety and Health

Employee health and safety are crucial for the productivity, efficiency, and competitiveness of a company. By continuously improving and strengthening safety management systems, conducting risk assessments, providing training and education, and understanding employee needs, a stable, safe, and healthy work environment can be established. This helps to increase employee job satisfaction and well-being, thereby promoting job engagement and initiative and enhancing the overall competitiveness and sustainability of the Company.

Each operating site of the Company has established an Occupational Safety and Health Committee, which holds regular meetings to provide comprehensive occupational safety and health education and training, as well as a safe working environment.

Material Topic: Occupational Safety and Health

2023 Targets	Our Progress
Taiwan <ul style="list-style-type: none"> • All environmental tests meet standards. • Conduct annual risk assessments and make improvements accordingly. • Reduce work-related incidents year by year. 	✓ Achieved
Philippines <ul style="list-style-type: none"> • Implement employee training to ensure compliance with regulations. • Zero (0) accident consistently. • Conduct annual risk assessments and make improvements accordingly. 	✓ Achieved
Implement comprehensive employee training on regulatory compliance in Cambodia, including fire prevention, first aid, work safety, and hazardous chemical handling	✓ Achieved



Future Targets

2024 Targets

Taiwan

- All environmental tests meet standards.
- Conduct annual risk assessments and make improvements accordingly.
- Reduce work-related incidents year by year.
- Zero cases of occupational diseases.

Philippines

- Implement employee safety-related training courses: Specifically targeting high-risk occupations such as boiler operators, electricians, and construction maintenance workers (working at heights), requiring employees to pass qualified training before starting work.
- Conduct workplace safety inspections to identify potential risks.
- Install or update safety signage in critical areas of the workplace: Use reflective materials for all electrical boxes and post warning signs; use reflective paint markings on each step of all stairs; convert stairs originally made of iron plates to concrete stairs to prevent slipping accidents during rainy weather.
- Review and update safety-related policies and procedures.
- Encourage reporting of near-miss accidents and potential hazards, establish a system for anonymous reporting by employees.
- Regularly inspect and replenish first aid kits and post prominent signs indicating the location of first aid stations for all employees.
- Convene safety committee meetings: Maintain monthly safety meetings.

Cambodia

- Conduct risk assessments annually and make improvements accordingly.
- Implement employee safety-related training courses.
- Conduct workplace safety inspections to identify potential risks.
- Regularly inspect and replenish first aid kits and ensure that all employees are aware of the location of first aid stations.

2030 Targets

Taiwan

- All environmental tests meet standards.
- Conduct annual risk assessments and make improvements accordingly.
- Reduce work-related incidents year by year.
- Zero cases of occupational diseases.

Philippines

- Achieve a workplace with zero accidents, zero injuries, and zero occupational diseases.
- Cultivate a safety culture within the organisation.
- Ensure that workspaces and equipment placement comply with ergonomic design principles.
- Conduct regular risk assessments.
- Establish effective communication channels for safety-related issues, encourage employee participation, and provide feedback.

Cambodia

- Conduct risk assessments annually and make improvements accordingly.
- Establish effective communication channels for safety-related issues, encourage employee participation, and provide feedback.
- Train employees to acquire more local technical knowledge and skills.

To ensure the hygiene and safety of our working environment, Medtecs Group has established OSH Committees at each subsidiary, despite not having a formal safety management system. These committees hold regular meetings and actively implement OSH policies. All employees of Medtecs Group are covered by the OSH Committees, with no exclusions.

The OSH Committee at the Xiangshan Factory in Taiwan is chaired by the factory manager, with the deputy factory manager serving as the committee secretary. It also includes representatives from various management levels and labor representatives, totaling 10 members. Meetings are held in January, April, July, and October each year. The Longde Factory in Taiwan does not currently have an OSH Committee due to not meeting the criteria set by the Occupational Safety and Health Management Regulations. However, it has established an OSH Management Program to ensure workplace safety.

We have formulated OSH Management Programs at our factories and offices worldwide, including Maternal Health Protection Program, Abnormal Workload-Induced Disease Prevention and Management Program, and Human Factor Hazard Prevention Program, to create a Zero Accident work environment. For example, the OSH Management Program of the Longde factory in Yilan not only explains the factory's policy commitments but also plans out when to carry out various hazard identification, assessment, and control measures within the year. This is to achieve the goals of zero work-related injuries and zero hygiene deficiencies. The plan also clearly assigns responsible personnel.

At the Medtecs Group's Bataan Factory in the Philippines, we installed exhaust fans and roof water sprinkler systems in warehouses to improve ventilation and reduce temperatures inside the warehouse. Additionally, the water loom unit provide slip-resistant work shoes to on-site workers to prevent slipping and injuries due to wet floors. In Cambodia, through the establishment of OSH committee responsibility documents, the duties of each committee member and relevant OSH requirements are explained in detail.

We also conduct comprehensive education and training to ensure that our employees can work in a healthy and safe environment. The results of our OSH management implementation and training are shown in the table below.

Each location has a Business Continuity Plan in place for safety, and regular disaster evacuation drills are conducted to ensure that all employees can correctly and quickly evacuate and respond to natural disasters or uncontrollable situations such as earthquakes, heavy rain, infectious diseases, etc. In terms of hygiene, each location regularly conducts various tests on internal water dispensers to create a reassuring work environment, allowing employees to focus more on their work.

OSH management and implementation results

Xiangshan Factory in Miaoli			
Name of program	Program content	Implementation status	Follow-up action
Maternal health protection program	For female employees, from the day of pregnancy until 1 year after childbirth, Medtecs will provide hazard assessment and control, physician counseling guidance, risk classification management, appropriate work arrangements, and other related measures.	The Xiangshan Factory reported 1 case in 2023 and classified it as level 1 follow-up management.	Conduct interviews and follow-up for maternal protection cases.
Abnormal workload- induced disease prevention and management program	To prevent employees from developing diseases due to abnormal workloads, such as shift work, night shifts, and long hours, we provide health management measures. This is to prevent workers from developing neurological and cardiovascular diseases due to excessive fatigue, and to achieve early detection and treatment, ensuring the physical and mental health of relevant workers.	The Xiangshan Factory categorizes employee work conditions based on risk levels. High risk: 1 person Moderate risk: 7 people, provided with health guidance, reassessment after six months Low risk: 51 people, provided with health guidance	Continuously provide health guidance to individual cases and include high and moderate-risk groups in the follow-up list.
Human factor hazard prevention program	To prevent employees from experiencing musculoskeletal symptoms with a score greater than 3 on the scale due to repetitive tasks, we arrange counseling sessions for consultation and guidance, and continue to monitor and care for 82 workers. This includes assessing hardware designs that are not suitable, improper work postures, or excessively long working hours that may lead to work-related musculoskeletal injuries and occupational hazards, and implementing relevant improvement measures.	Two people have scores greater than 3, and counseling sessions for consultation and guidance were arranged.	In April 2023, a seminar on preventing occupational hazards and promoting health was arranged, with a total of 7 participants.
Program for preventing unlawful harm in the workplace	Employees are protected from physical or mental harm caused by the actions of others while performing their duties. Necessary safety and health measures are planned and implemented to safeguard employees' physical and mental well-being.	There were no unlawful harm incidents at the Xiangshan Factory in 2023.	The team leaders at the Xiangshan Factory fill out hazard identification forms and regularly monitor unlawful harm incidents.

Overview of OSH Education and Training

Employees of the Company are required to undergo occupational safety and health-related education and training. The training statistics for the reporting period are as follows:

Operating site	Name of training	Total number of people who received training
Taiwan	Supervisor Training Information	3
	Fire and Self-Defense Team Training	99
	Infection Control Education and Training	107
	Emergency First Aid and CPR	31
	Work Injury Risk Awareness, Prevention, Remediation, and Case Studies:	59
	Knowledge of Hazardous Areas within the Factory	
	Factory Operation Risk Awareness, Prevention, and Remediation	31
	Work Injury Case Studies	214
	Hospital and Factory Inspection Checklist Joint Discussion	33
	Occupational Safety and Health Education Training: Four Major Programs	30
Cambodia	Work Injury Prevention Education and Training	81
Philippines	Fire Safety Training	21
	Basic Knowledge of Occupational Safety and Health	12
	Occupational Safety Officer Education and Training	1
	Gas Safety Seminar	1
	Accident Prevention Seminar	2
	Fire Safety Seminar	2
	Basic First Aid: CPR and AED	1

Workplace Hazard Control

Ensuring the health, safety, and environment of the workplace is a shared responsibility between us and our customers. Medtecs must ensure that all reasonable measures are taken to protect workers from harm and illness, and help employees develop a strong safety awareness so they can swiftly take effective and appropriate actions in emergency situations, minimising the impact on life, property, production, and corporate image.

We carry out the following hazard controls in the workplace:

- Engineering controls: e.g., earth fault circuit breakers, machine guarding, safety interlocks.
- Administrative controls: work procedures, safe working practices, rules.
- PPE: ear plugs, face shields and chemical resistant gloves.
- Accident investigation: We conduct thorough investigations to determine the causes of accidents and analyze the necessary control measures to prevent recurrence.
- Emergency action plans and fire-fighting procedures have been established to ensure the safety of employees. Multiple plans are visibly posted in each work area, indicating the precise locations of emergency exits, fire-fighting equipment, medicine cabinets, and contact information for emergency personnel. Furthermore, standardized operating procedures are in place to guide employees on how to

respond during various types of emergencies or disasters. These measures are implemented to prioritise the well-being and safety of everyone in the workplace.

Pay attention to the following aspects to ensure factory environmental hygiene:

1. Cleanliness of the workplace
2. Waste disposal
3. Water supply or drainage facilities
4. Cleanliness of toilets
5. Ventilation and lighting equipment
6. Drinking water and washing facilities

By implementing appropriate hazard controls, we reduce the various potential risks that may exist in the workplace. We also conduct regular health and safety inspections, practicing hazard identification, assessment, and control processes to ensure hazard control. It's important to verify that the hazard control measures being implemented are being correctly used.

For office workspaces, each location's Human Resources & Administration Department is responsible for conducting regular inspections of equipment to ensure that lighting, drinking water quality, indoor temperature, and air quality are all safe. Relevant epidemic prevention measures are also continuously adjusted and implemented. The Group provides protective equipment such as protective clothing, shoe covers, bouffant caps, face masks, and alcohol disinfectant dispensers free of charge to employees as needed. Additionally, regular emergency evacuation and fire drills are scheduled for employees, and frontline workers undergo annual health checkups, including healthcare workers under the leasing agreements and employees in various laundry facilities.

The Group also rolled out the 7S program across the entire group. Every month, the status of implementation at each location is reviewed, and specific actions and training in occupational safety and health are disseminated. The Internal Control Department is responsible for checking the effectiveness of the activities to ensure that employees have a better understanding of relevant issues and are better equipped for prevention and precautionary measures.

Hazard Identification and Risk Assessment

The Company's OSH Committee conducts comprehensive assessments and strives for continuous improvement to provide the most comfortable environment for employees. An annual safety and health plan, along with an emergency disaster response plan, is established at our operating site in Taiwan. These plans address specific disasters such as floods, fires, earthquakes, and typhoons to reduce injuries. The Company also organises employee grouping and drills in advance to ensure quick and effective disaster response. Manufacturing and laundry units must prepare disaster handling training in accordance with government regulations and ensure that related equipment is ready for use during emergencies to minimize injuries. Given that various equipment has a limited lifespan, regular inspections are conducted to assess usability, and equipment is labeled accordingly. If equipment reaches its expiration date, it should be used for training purposes during disaster handling training sessions for employees.

In addition, to enhance the productivity of employees, reduce accidents and losses, and actively promote environmental protection by minimising various forms of pollution, thus maintaining Medtecs' reputation and social image, the Company has established equipment maintenance operations, safety and health management operations, and laundry management operations. The procedures include production and leased laundry equipment maintenance plans, production and leased laundry equipment fault repair operations, management guidelines and responsibilities, safety inspection records, hygiene and health checkups, disaster prevention and handling, laundry management operations, laundry testing and non-conforming product control operations, soiled laundry reception and sorting operations, laundry testing operations, laundry completion testing operations, and non-conforming product control operations. The Company's environmental pollution measurement and control work are carried out in accordance with the regulations of the Occupational Safety and Health Act, Water Pollution Control Act, and Air Pollution Control Act. Through these operational standards, we ensure the occupational safety of our employees.

Risk Assessment and Response Measures at the Xiangshan Factory

We regularly identify and analyse potential or previously occurred hazards in various work processes, equipment, operations, and locations, and assess the severity, probability, control costs, and degree of control of these hazards. We also develop control measures based on hazard identification assessment, analyse various hazards or abnormal conditions, and formulate management plans to control them one by one.

Work Processes

- Establish standard operating procedures for garment/scrubs collection and delivery, soiled laundry sorting, washing, clean ironing, packaging, and other work processes. Incorporate these operating standards into the work rules.
- Develop and revise the major accident reporting process and conduct disaster emergency response drills.

Equipment

- Each machinery, equipment, and tool has a dedicated keeper responsible for its management. The tools are stored in designated locations and are maintained in a usable condition.

Operations

- Carry out the distribution and automatic inspection of PPE, as well as the related maintenance, upkeep, replacement, and updates.
- Conduct safety assessments before carrying out operations for various projects.
- Clearly specify in procurement contracts the occupational safety and health requirements that contractors must comply with, including conducting safety and health training for contracted operations.

Operation Areas

- Create hazard labels; update material safety data sheets and hazardous substance lists; review and revise hazard labels and general education plans; collect hazard information for regulated hazardous substances and hazardous material labeling and general education rules.
- Conduct environmental measurements in chemical and physical operation areas.
- Carry out regular inspections, focused inspections, and operation checkpoints according to the occupational safety and health Management Regulations. Monthly site inspections are conducted, and safety and health audits are carried out from time to time in the workplace.

Occupational safety and health Promotion

- Conduct general safety and health education and training, hazard labeling, and general education training for new employees. Regularly conduct on-the-job safety and health education and training. Assign personnel to participate in on-the-job training for supervisors and managers of safety and health unit.
- Strengthen the implementation of safety and health promotion activities.
- Compile information on the implementation of safety and health management matters in the workplace.
- Post notices on the Work Safety and Health Bulletin Board. Set up an employee rest area. Develop measures to ensure safety for the entry and exit of laundry delivery vehicles within the factory premises.

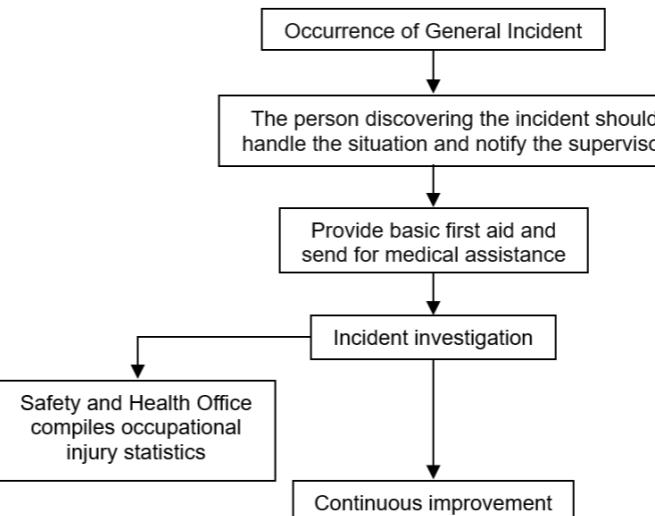
Risk Assessment and Response Measures at the Longde Factory

Based on the relevant facilities within the factory that may cause personnel injuries, an assessment of the potential risks and the consequences of these risks is conducted. A case study is created in the form of a table, outlining methods to reduce the risk and noting precautions to be taken. In safety education and during work, reminders are given regarding the risks of electric shock, falling, entanglement, burns, and impact. This process is executed by personnel holding the certificate of class-1 manager for occupational safety and health affairs. For chemicals, hazard identification cards are created, and hazardous substances are clearly labeled. Suppliers are also requested to provide information on the relevant chemical substances, which is compiled into a booklet for reference. Proper isolation measures are taken around chemical areas to ensure safety.

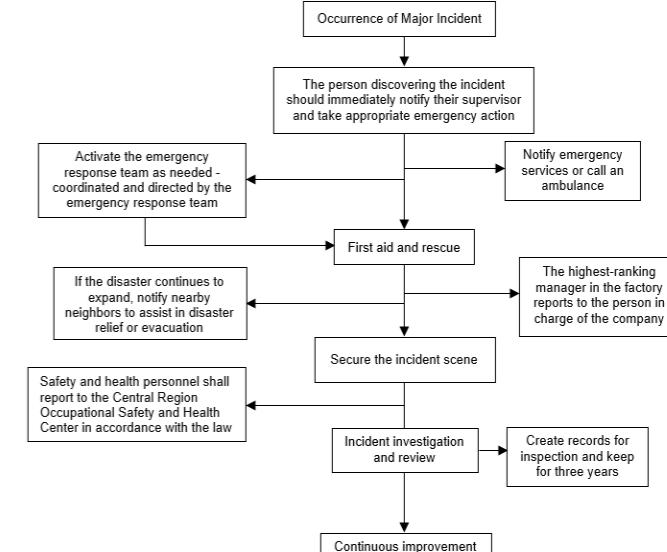
Incident Investigation

In the event of a disaster, on-site employees should handle the situation nearby and simultaneously notify supervisors at all levels. Depending on the situation, they should issue alerts or report to relevant government agencies. During handling, efforts should be made to minimise the extent of loss to life and property. The safety and health management unit should thoroughly document the handling process, on-site evidence, and conduct a root cause analysis for review, aiming to prevent recurrence and formulate preventive measures. Following the internal control system for safety and health management operations, the safety and health management unit comprehensively oversees all safety and health-related tasks within the Company. This includes planning, coordinating, promoting, guiding, and educating various units on safety and health matters, ensuring that each unit effectively conducts safety inspections and equipment maintenance operations.

General Incident Reporting Process



Major Incident Reporting Process



Health Promotion

To safeguard employees' safety and well-being, the Company enhances healthcare for employees, and implements prevention measures for occupational diseases. In accordance with safety and health management procedures, the Company conducts regular health checkups for employees, and based on the health checkup reports, it improves health management appropriately. Frontline staff undergo annual health checkups, including employees in contracted hospitals and laundry factory workers in various regions. Office employees also undergo annual health checkups, with specific tests added for employees over 50 years old. In 2023, a total of 54 office employees participated in the health checkups.

Occupational Injuries and Occupational Diseases

The table below shows the occupational injuries of employees in each factory of the Group. The number of occupational injuries for non-employees is zero, and both employees and non-employees have no cases of occupational diseases. Most of the occupational injuries suffered by employees are due to operational carelessness. In the future, there will be a stronger focus on education and training for equipment operation, as well as procedures for handling injuries if they occur, to minimise potential harm to employees.

In 2023, Medtecs Group's occupational injuries were primarily related to its subsidiary in Cambodia, with 71 cases of needle injuries to fingers during sewing operations and 10 cases of falling accidents. Additionally, at the Bataan factory in the Philippines, there was 1 case of injury due to falling and 1 case due to slipping. Apart from these incidents, there were no other major occupational injuries reported. Following the accidents, relevant personnel held meetings to analyse the incidents and prevent similar ones from happening in the future. They actively implemented improvements in operations. In the Cambodia facility, 81 injured employees received training on occupational injury prevention, whereas the Philippines facility conducted workplace inspections and promoted the use of appropriate PPE. Warning signs were also posted for machinery and facilities with higher risks.

Region		Taiwan			Philippines			Cambodia		
Gender		Female	Male	Total	Female	Male	Total	Female	Male	Total
Occupational accident	(A) Number of injured persons	7	2	9	0	2	2	65	16	81
	(B) Number of fatalities	0	0	0	0	0	0	0	0	0
(C) Number of severe occupational injuries in the injured persons		0	0	0	0	0	0	11	0	11
(D) Total number of employees		297	214	511	193	207	400	2,054	492	2,546
(E) Total number of occupational injuries (=A+B)		7	2	9	0	2	2	65	16	81
(F) Total work hours (=D*8*T)		589,248	424,576	1,013,824	489,448	524,952	1,014,400	4,798,064	1,149,312	5,947,456
(G) Occupational injury rate (=E/F*200,000)		2.38	0.94	1.78	0	0.76	0.39	2.71	2.78	2.72
(H) Severe occupational injury rate (=C/F*200,000)		0	0	0	0	0	0	0.46	0	0.37
(I) Total absent days		1,421.5	648.5	2,070	0	11	11	884	50	934
(J) Total person-days (=D*T)		73,656	53,072	126,728	61,181	65,619	126,800	599,768	143,66	743,432
(K) Absence rate (=I/Jx100%)		1.93%	1.22%	1.63%	0	0.02%	0.01%	0.15%	0.03%	0.13%
(L) Number of working days lost		202	85	287	0	11	11	144	20	164
(M) Rate of working days lost (L/F*200,000)		68.56	40.04	56.62	0	4.19	2.17	6	3.48	5.51
Occupational accident types		Falls: 3 cases, Traffic accidents: 5 cases, Crush injuries: 1 case			Falls: 1 case, Slips: 1 case			Falls: 10 cases, Needle injuries: 71 cases		



6 Community Empowerment

Community Engagement Goals

In today's world, where we've learned to coexist with COVID-19, PPE has become a daily necessity. As a global leader in PPE manufacturing, Medtecs is committed to safeguarding the health and safety of people worldwide. We remain attentive to the needs of communities and institutions, donating substantial quantities of pandemic prevention supplies to both local and international organizations in need, thereby helping to protect public health. Moreover, in line with sustainability and environmental trends, Medtecs regularly partners with non-governmental organizations (NGOs) to host internal seminars. We encourage our employees to embrace their roles as global citizens by actively participating in volunteer activities. Through these initiatives, we aim to foster a sense of social responsibility and contribute positively to the communities we serve.

Community Engagement Goals

The Group has set short, medium, and long-term goals for community engagement, aiming to combine its core business and continuously invest resources to create a greater social impact.

Timeline	Explanation	Related actions
Short-term (2024)	Expand community engagement and increase employee participation rates, while participating in ESG forums to strengthen the dissemination of corporate sustainability initiatives.	<ul style="list-style-type: none"> Intergenerational health care Enhance medical assistance and health education for children and older adults in rural areas. Address the health needs and psychological well-being of vulnerable older adults. Collaborate with NGOs to promote employee participation in volunteer activities, fostering deep connections with vulnerable older adults. These activities include regular visits and health seminars on topics such as prevention and knowledge sharing about Parkinson's and Alzheimer's disease. Sponsor nutritious lunches for children in rural areas, ensuring they receive adequate nutrition for healthy growth. Integrate health education into school curriculums through collaboration with schools, covering topics such as personal hygiene and disease prevention.
Medium-term (2025–2029)	Deepen Medtecs' connection with the community by establishing sustainable community programs to promote sustainability initiatives in environmental protection, education, health, and other areas. Expand support for education, including providing scholarships and organising professional training to promote social development.	<ul style="list-style-type: none"> Nurturing the Future Scholarship programs for children in rural areas, including mentorship programs, career guidance, and other academic support. Sustaining the Earth Collaborate with environmental organisations to carry out activities such as tree planting, and forest and beach cleanups. Community Empowerment Establish rapid response teams at each operating site, focusing on supporting local donation activities. The teams can mobilize quickly to assist local communities affected by natural disasters or emergencies. They can also provide essential supplies and training for community healthcare personnel.
Long-term (2030)	Establish global sustainable development partnerships and collaborate with various parties to address global challenges such as health inequality and environmental sustainability. Also, establish a comprehensive community engagement performance indicator system to regularly assess the Company's performance in the area of social responsibility, ensuring the realization of sustainable development.	<ul style="list-style-type: none"> Community Empowerment Long-term support and promotion of health-related charitable organisations. Implement fair labor policies, providing fair treatment to all employees. Respect labor rights, such as appropriate working hours, a safe working environment, and compliance with domestic and international labor regulations. Actively participate in public health advocacy: Participate in or initiate public health projects and initiatives, especially those targeting community health issues. Collaborate with government organisations, non-governmental organisations, and communities to provide health education and preventive medical services to enhance overall community health.

Community Engagement Efforts

In 2023, Medtecs' community engagement project was divided into four major areas: Medical Support, Intergenerational Health Care, Community Empowerment, and Green Action.

Medical Support

Taiwan

Lotung Poh-Ai Hospital

The hospital held two blood drives in March and July 2023, and Medtecs responded by donating 50,000 and 80,000 medical face masks, respectively, as gifts for blood donors.



Tungs' Taichung MetroHarbor Hospital

The hospital organised the 2023 Tungs' Taichung MetroHarbor Hospital International Conference Series (TICS 2023): The Future of Integrative UroTech, which included a charity road race event. Medtecs donated 20,000 face masks as gifts in the race kits. The road race attracted approximately 400 participants, including healthcare professionals and medical supplies vendors, providing an opportunity for Medtecs to effectively promote its brand and products to medical-related entities.

Charity Pink Run

In response to International Breast Cancer Prevention Month, a charity run was organised by Marie Claire. Medtecs raised brand awareness by distributing samples and engaging with attendees, donating 300 packs of OMO acne patches, and 600 elite masks. The event had a total of 454 online participants, 4,895 offline participants, and 116 offline public relations. The Medtecs brand logo was prominently displayed at the event venue, and all sample products were successfully distributed during the event, reaching nearly 1,000 people. This initiative highlights our commitment to community health and well-being, reinforcing our dedication to social responsibility.



Philippines

Philippines Dental Association

Medtecs donated 10,000 face masks for the annual convention of the Philippines Dental Association.

Hospitals and schools

Medtecs recognises the crucial role of comfort and cleanliness during the recovery process; therefore, the Company donated clothing to hospitals and blankets to schools.



Health Care

Taiwan

Helping welfare organisations and charitable groups

Despite the waning impact of the pandemic, many small-scale charitable organisations continued to need protective supplies.

In response, Medtecs donated over 500,000 units of supplies, including medical face masks, face shields, NBR nitrile gloves, cleaning alcohol, anti-bacterial wipes, and leak-proof sheets, to eight social welfare organisations and charitable groups. Recipients included the

Syin-Lu Social Welfare Foundation, Mennonite Social Welfare Foundation, and Chao-Hsing Social Welfare Foundation, which care for individuals with physical and mental disabilities, as well as the Huashan Foundation, which supports vulnerable older adults. This initiative benefitted over 1,000 people, demonstrating our ongoing commitment to community support and social responsibility.

Residents in remote areas

In the first half of 2023, Medtecs collaborated with Taipei Medical University to donate Medtecs brand shower caps to the university's dental hygiene service team. This team provides dental check-ups in remote areas, promoting the overall health of community residents.



Cambodia

Local schools

Medtecs donated 90 reflective vests to crossing guards at three schools to help ensure students' safety when crossing the road after school.



Philippines

Montanosa Community Outreach Program

We collaborated with local organisations and leaders to donate supplies to children from multiple tribes in Mountain Province. Medtecs provided face masks, benefiting over 400 students.



Community Empowerment

Cambodia

Cambodian Red Cross



Medtecs has been donating US\$100,000 annually to the Cambodian Red Cross. In addition to our annual pledges, we also donated US\$20,000 to the local Kampong Cham Red Cross to actively contribute to improving the lives of Cambodian people, and for a fair and just global labor environment.

Philippines

Philippine National Police

To support the Philippine National Police, Medtecs donated 50 sets of protective clothing, pandemic kits, and gloves to the Makati City Police Station.



Sustaining the Earth

New Taipei City



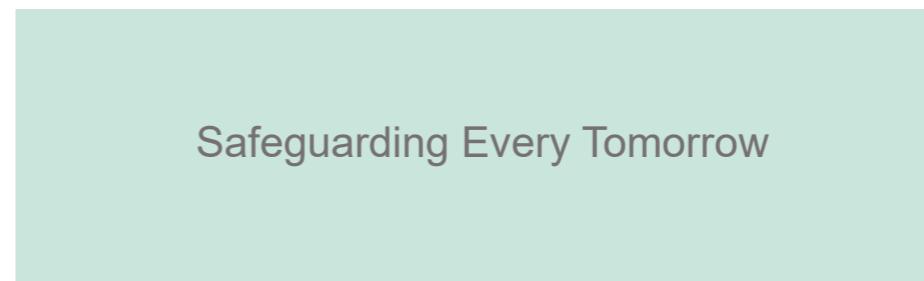
Cianshuei Bay Beach Clean-up

Since 2022, the Group has provided one day of paid volunteer leave every quarter. In 2023, the Company organised an employee beach cleanup event, with approximately 30 employees, representing 8.2% of the total workforce, participating. The volunteers contributed a total of 172 service hours, equivalent to NT\$45,033 in paid volunteer leave. During the event, they collected around 100 kg of trash, showcasing our commitment to environmental sustainability and community involvement.

Cambodia

Schools, police stations, and district governments

To promote environmental protection, Medtecs recycled containers into 50 recycling bins and provided them to the community, schools, police stations, and district governments for use.

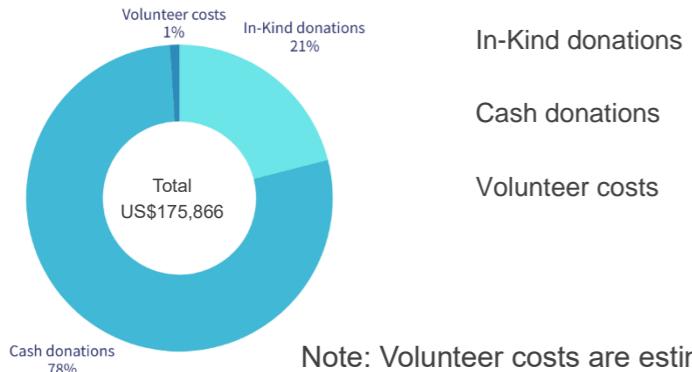


Past social responsibility efforts

Community Engagement Overview

Medtecs attaches great importance to community engagement. From 2020 to the present, the cumulative amount invested in social participation has reached near USD 3 million. In 2023, cash donations also amounted to USD 137,585. Our other types of community engagement are as follows:

Community engagement and investment in 2023



In-Kind donations
US\$ 36,814

Cash donations
US\$ 137,585

Volunteer costs
US\$ 1,467

Note: Volunteer costs are estimated based on volunteer service hours.

Donations since 2020



2023 Donation Breakdown



Philippines:
Top Community Building Champion Award, received as recognition for the donation of medical products and related basic supplies to local communities and schools.



Appendix

Appendix 1: GRI Content (GRI Standards) Index

Statement of use		Medtecs International Corporation Limited has prepared the Report following the GRI Standards. The reporting period covers FY2023 (from January 1, 2023, to December 31, 2023).			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI sector standards		No applicable GRI sector standards			
GRI 2 : General Disclosures 2021					
GRI Standards	Index	GRI Standards disclosure	Corresponding section in the Report	Page number	Omission/ Remarks
GRI 2: General Disclosures 2021	2-1	Organisational details	About Medtecs	7	
	2-2	Entities included in the organisation's sustainability reporting	About This Report	4	
	2-3	Reporting period, frequency and contact point	About This Report	4	
	2-4	Restatements of information	About This Report	4	
	2-5	External assurance	About This Report Appendix 5	4 80	
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Medtecs	7	
	2-7	Employees	Talent Attraction and Retention	55	
	2-8	Workers who are not employees	Talent Attraction and Retention	55	
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Corporate Governance	16	
	2-10	Nomination and selection of the highest governance body	Corporate Governance	16	
	2-11	Chair of the highest governance body	Corporate Governance	16	
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Governance and Strategy Corporate Governance	9 16	
	2-13	Delegation of responsibility for managing impacts	Corporate Governance	16	
	2-14	Role of the highest governance body in sustainability reporting	Sustainable Governance and Strategy Corporate Governance	9 16	
	2-15	Conflicts of interest	Corporate Governance	16	
	2-16	Communication of critical concerns	Identification of Material Topics and Stakeholder Engagement	10-13	
	2-17	Collective knowledge of the highest governance body	Corporate Governance	16	
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance	16	
	2-19	Remuneration policies	Corporate Governance	16	
	2-20	Process to determine remuneration	Corporate Governance	16	
	2-21	Annual total compensation ratio	Omitted	-	The highest annual total compensation is confidential information.

GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Sustainable Governance and Strategy	9	
	2-23	Policy commitments	Human Rights	52-53	
	2-24	Embedding policy commitments	Corporate Governance Sustainable Supply Chain Human Rights	16 33 52	
	2-25	Processes to remediate negative impacts	Human Rights	53	
	2-26	Mechanisms for seeking advice and raising concerns	Human Rights	53	
	2-27	Compliance with laws and regulations	Integrity Management	18	
	2-28	Membership associations	Appendix 4	79	
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Identification of Material Topics and Stakeholder Engagement	14	
	2-30	Collective bargaining agreements	Human Rights	53	

GRI 3 : Material Topic Disclosure 2021

GRI Standards	Index	GRI Standards disclosure	Corresponding section in the Report	Page number	Omission/ Remarks
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	Identification of Material Topics and Stakeholder Engagement	10	
	3-2	List of material topics	Identification of Material Topics and Stakeholder Engagement	11-13	
Material Topic: Integrity Governance					
GRI 3: Material Topics 2021	3-3	Management of material topics	Integrity Management	17	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Integrity Management	18-19	
	205-2	Communication and training about anti-corruption policies and procedures	Integrity Management	18-19	
	205-3	Confirmed incidents of corruption and actions taken	Integrity Management	18-19	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Integrity Management	18	
GRI 207: Tax 2019	207-1	Approach to tax	Operating Strategy and Performance	21	
	207-2	Tax governance, control, and risk management	Operating Strategy and Performance	21	
	207-3	Stakeholder engagement and management of concerns related to tax	Operating Strategy and Performance	21	
	207-4	Country-by- country reporting	Operating Strategy and Performance	21	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance Talent Attraction and Retention	16 55	
Material Topic: Product Innovation and Sustainability					

GRI 3: Material Topics 2021	3-3	Management of material topics	Product and Service Innovation	26	
Customized Topic	-		Product and Service Innovation	26-27	
Material Topic: Product Quality and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	Quality Management	28	
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Quality Management	29	
	416-2	Incidents of non- compliance concerning the health and safety impacts of products and services	Quality Management	29	
Material Topic: Product Marketing and Information Labeling					
GRI 3: Material Topics 2021	3-3	Management of material topics	Quality Management	28	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Quality Management	31	
	417-2	Incidents of non- compliance concerning product and service information and labeling	Quality Management	31	
	417-3	Incidents of non- compliance concerning marketing communications	Quality Management	31	
Material Topic: Sustainable Supply Chain					
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainable Supply Chain	32	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sustainable Supply Chain	35	
Material Topic: GHG Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate Change Strategy and Management	39	
	305-4	GHG emissions intensity	Climate Change Strategy and Management	43	
	305-6	Emissions of ozone-depleting substances (ODS)	Climate Change Strategy and Management	43	
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Climate Change Strategy and Management	43	
Material Topic: Water Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	Water Management	45	
	303-2	Management of water discharge- related impacts	Water Management	46	
	303-5	Water consumption	Water Management	46	
Material Topic: Waste Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	Waste Management	48	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management	49	
	306-2	Management of significant waste-related impacts	Waste Management	49	
	306-3	Waste generated	Waste Management	49	
	306-4	Waste diverted from disposal	Waste Management	50	

	306-5	Waste directed to disposal	Waste Management	50	
Material Topic: Talent Attraction and Retention					
GRI 3: Material Topics 2021	3-3	Management of material topics	Talent Attraction and Retention	54	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Talent Attraction and Retention	56	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Salaries and Benefits	62	
	401-3	Paternity leave	Salaries and Benefits	63	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Human Rights	53	
Material Topic: Talent Training and Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	Talent Training and Development	57-58	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Talent Training and Development	59	
	404-2	Programs for upgrading employee skills and transition assistance programs	Salaries and Benefits	62	
	404-3	Percentage of employees receiving regular performance and career development reviews	Talent Training and Development	60	
Material Topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	Occupational Safety and Health	65-66	
GRI 403: Occupational Safety and Health 2018	403-1	Occupational safety and health management system	Occupational Safety and Health	67	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health	67-69	
	403-3	Occupational health services	Occupational Safety and Health	67	
	403-4	Worker participation, consultation, and communication on occupational safety and health	Occupational Safety and Health	67	
	403-5	Worker training on occupational safety and health	Occupational Safety and Health	68	
	403-6	Promotion of worker health	Occupational Safety and Health	67	
	403-7	Prevention and mitigation of Occupational safety and health impacts directly linked by business relationships	Identification of Material Topics and Stakeholder Engagement Occupational Safety and Health	13 67-69	
	403-8	Workers covered by an occupational safety and health management system	Occupational Safety and Health	67	
	403-9	Work-related injuries	Occupational Safety and Health	70	
	403-10	Work-related ill health	Occupational Safety and Health	70	

Appendix 2: SASB Content Index

Category	Topic	Code	Metric	Corresponding Section	Page number	Remarks
Sustainability Accounting Standards	Affordability & Pricing	HC-MS-240a.1	Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index	Product and Service Innovation	27	
		HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	Customer Relations	36	
	Product Safety	HC-MS-250a.1	Number of recalls issued, total units recalled	Quality Management	29	
		HC-MS-250a.2	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	Quality Management	29	
		HC-MS-250a.3	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	Quality Management	29	
		HC-MS-250a.4	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Quality Management	29	
	Ethical Marketing	HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Quality Management	31	
		HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	-	-	Not applicable
	Product Design & Lifecycle Management	HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	Quality Management	30	
		HC-MS-410a.2	Total amount of products accepted for take-back and reused, recycled or donated, broken down by: (1) devices and equipment and (2) supplies	Waste Management	49	
	Supply Chain Management	HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	Quality Management	29	
		HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Sustainable Supply Chain	32-35	
		HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Sustainable Supply Chain	33	
	Business Ethics	HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Integrity Management	19	
		HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Integrity Management	18-19	
Activity Metric	-	HC-MS-000.A	Number of units sold by product category	About Medtecs	7	

Appendix 3: Climate-related Information of Listed Companies

Item	Corresponding section in the report	Page number
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	Climate Change Strategy and Management	40
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	Climate Change Strategy and Management	42
3. Describe the financial impacts of extreme weather events and transformation actions.	Climate Change Strategy and Management	42
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	Climate Change Strategy and Management	40-41
5. If scenario analysis is used to evaluate resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.	Climate Change Strategy and Management	40, 42
6. If there is a transformation plan to manage climate-related risks, describe the plan, indicators, and targets used to identify and manage physical and transition risks.	Climate Change Strategy and Management	40-41
7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.	-	-
8. If climate-related goals are set, describe the activities, GHG emissions scope, planning period, annual progress, and, if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, explain the source and quantity of carbon offsets or RECs.	Climate Change Strategy and Management	43
9. Inventory and verification of GHG emissions.	Climate Change Strategy and Management	42

Appendix 4: Participation in Associations

In addition to focusing on our core business, the Group actively participates in various organisations and associations. By exchanging ideas with peer groups, we not only enhance our development capacity but also maintain good relationships with other companies, gaining insights for the Company's future direction. The organisations and associations the Group is a member of in 2023 are shown in the following table:

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

Appendix 5: Limited Assurance Report

Independent Limited Assurance Report Statement

To the Management of
Medtecs International Corporation Limited

1. Scope

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

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

Management's responsibilities

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

Our responsibility

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

2. Our Approach

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

Our engagement applied to the Mandarin version of the Report. This text is a translation of the Independent Assurance Report issued in the Mandarin language – the Mandarin text is authoritative.

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

- Interviews with Medtecs' management and employees to gain an understanding of Medtecs' fulfillment of its corporate social responsibilities and the reporting process;
- Through interviews and inspection of relevant documents to gain an understanding of the expectations and needs of Medtecs' stakeholders, communication channels between the two parties, and how Medtecs responds to these needs and expectations;
- Performing analytical tests to selected sustainability information in the Report, collecting and evaluating other supporting documents and statements obtained from the management, and if needed, testing such documentations on a sample basis;
- Examining the Report to verify that it is in consistent with our understanding of the overall performance in fulfilling the corporate social responsibilities.

3. Limitations

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

4. Independence and Quality Control

We apply standards of TWSQC1: *Quality Control for Public Accounting Firms* and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance and ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

5. Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, Our engagement applied to the Mandarin version of the Report. This text is a translation of the Independent Assurance Report issued in the Mandarin language – the Mandarin text is authoritative.

nothing has come to our attention that causes us to believe that Medtecs' Sustainability Report has not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young

Jerry Wang
Partner

Taipei, Taiwan
31 May 2024

nothing has come to our attention that causes us to believe that Medtecs' Sustainability Report has not been prepared, in all material respects, in accordance with the applicable criteria.

Appendix 1 :

No.	Page no.	Title	Selected information	Applicable criteria
1	19	Anti corruption	There were no corruption related events in 2023.	Statistics on violation of "product labeling" related laws and regulations by Medtecs in 2023.
2	16	Corporate Governance	As at 31 December 2023, there were five directors: two executive directors and three independent directors (including one female director), with independent directors accounting for 60% of the Board.	

Note 1: No coal, fuel oil or natural gas were used in the manufacturing and production processes in Cambodia.
Note 2: No fuel oil or natural gas were used in the manufacturing and production processes in Philippines.

Historical energy usage

Factory location	Energy type	2021	2022	2023
Taiwan	Electricity	8,079	7,405	7,664
	Fuel oil	3,560	3,261	3,261
	Natural gas	6,449	6,979	6,254
	Steam	3,647	5,273	5,550
	Total energy use	82,991	77,407	78,256
Cambodia ¹	Electricity	12,921	8,926	8,489
	Diesel fuel	703	776	820
	Gasoline	19	32	41
	Total energy use	13,644	9,714	9,350
Philippines ²	Electricity	2,545	2,645	2,645
	Coal	2,596	6,545	15,975
	Total energy use	8,200	12,503	22,575
Group	Total energy use	104,784	99,444	110,475

Disclosure of the energy consumed converted into the same unit across Medtecs in 2023.

Note 1: No coal, fuel oil or natural gas were used in the manufacturing and production processes in Cambodia.

Note 2: No fuel oil or natural gas were used in the manufacturing and production processes in Philippines.

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