



# Sustainability Report 2021

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# Introduction

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## About this Report

This is the 5th sustainability report (the “**Report**”) issued by Medtecs International Corporation Limited (the “**Company**” or “**Medtecs**”), which is currently listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). On top of complying with the Listing Manual Section B: Catalist Rules of the SGX-ST (the “**Rules of Catalist**”), we also aim to keep all stakeholders informed of our long-term sustainable practices by releasing a sustainability report on an annual basis, to enhance transparency on our corporate sustainability and align with social and environmental values.

### ■ The Scope and Boundary

The data and information disclosed in the Report cover the actions as well as related data, policies, and business performances of the Company and its subsidiaries (collectively, the “**Group**”) in governance, environmental and social aspects for the financial year (“**FY**”) between 1 January, 2021 to 31 December, 2021.

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 report as they represent a small percentage of the Group's overall revenue.

### ■ Status of Issuance

- Previous issue: Issued in May 2021
- Current issue: Issued in May 2022
- Next issue: Expected to be issued as a stand-alone report by the end of May 2023.

### ■ Sustainability Reporting Framework

The information in the Report is prepared and disclosed in accordance with the requirements set out in Rule 711B and Practice Note 7F Sustainability Reporting Guide of the Rules of Catalist, and the Core option requirements of the GRI Standards issued by the Global Reporting Initiative (GRI), a globally-recognized framework suited for reporting on sustainability matters relevant to the Group.

Please refer to the Index of GRI Standards at the end of the Report for each of the GRI Standards used and all the disclosures included in the Report.

As we have completed several sustainability reporting cycles, we sought the independent and external assurance of Ernst & Young Global Ltd. for the Report, which has provided the limited assurance report annexed as Appendix 4 of the Report.

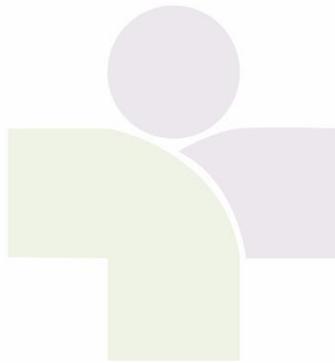


■ **Board Statement**

The Board of Directors is pleased to present Medtecs' 2021 Sustainability Report, which confirms the Group's commitment to sustainability. This commitment is reflected in the Group's sustainable business strategies and objectives that the management have identified after determination and consideration of key environmental, social and governance (ESG) issues. The Board of Directors had considered sustainability issues in its strategic formulation, approved these material ESG factors and overseen their management and monitoring by the management. This 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](mailto:christine@medtecs.com) or +886-2-27392222.



## Message from the Chairman

Amid the SARS-CoV-2 (“COVID-19”) pandemic in 2021, Medtecs as the leading manufacturer of personal protective equipment (“PPE”) continued to keep its promise to ensure the safe return of every worker by providing a wide range of PPE and workwear solutions as well as other medical equipment and hospital logistics services to assist the world in its fight against the pandemic while creating value for all stakeholders.

In FY2021, operation wise, we focused on leveraging our strong cash position and competitive advantages to secure long-term orders, and by partnering with key industry leaders through joint ventures and strategic alliances, our business continued to grow. In FY2021, we partnered with ACO International Limited, a company with extensive expertise in the medical product supply chain, to form a joint venture company, Resilient Medical Pte. Ltd, in Singapore. This provided the Group with an opportunity for immediate access to the U.S. market and would expand our production capacity and product range, thereby increasing the Group’s total revenue.

Continuing the strategy outlined in last year’s Sustainability Report, we promoted our business along the five key concepts: ‘Corporate Governance’, ‘Value Innovation’, ‘Sustainable Environment’, ‘Diversity in the Workplace’ and ‘Community Empowerment’. Through management meetings and the Sustainability Reporting Council, we regularly reviewed the Group’s sustainability objectives in order to fulfill our corporate social responsibility.

Good and sound corporate governance is essential to achieving corporate sustainability. Aside from implementing corporate governance through the basic principles of “accountability”, “transparency”, and “sustainability”, the Group also established an Internal Control department comprising a team of 3 personnel this year to help achieve more effective communication. Moving forward, we will continue to embed a culture of integrity through structured training sessions and clearly established policies and guidelines.

In terms of product and value innovation, we continued to develop new products; for example, we launched the Medtecs Shields collection, a range of products made with nanocomposites offering antiviral protection. In addition, we focused on building an effective quality management system that was carefully monitored by internal working groups to ensure quality at all levels from development to production. To build a more resilient supply chain, we partnered with



government agencies, group purchasing organisations (“GPO”) and brand owners to become the first multinational GPO in Asia with one-stop-shop capability.

Under the Paris Agreement, governments around the world are implementing actions to tackle climate change. Energy conservation and carbon reduction play an important role in accelerating companies’ transition to a low-carbon economy. In addition to the ongoing implementation of our 5S program across all offices and factories, we plan to engage external consultants in the second half of FY2022 for an introduction to the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations and to measure our greenhouse gas emissions in order to seize opportunities during climate crisis and enhance the Company’s sustainable competitive advantages.

To create a friendly workplace, apart from recruiting more staff in response to the business growth and to manage manpower resources, we also set up a second office in our Taipei headquarters to provide for improved work environment and maintain social distancing in the workplace as recommended by the Taiwan government. In addition, we gave out a pandemic bonus to our frontline workers this year in recognition of their sacrifices during the pandemic.

Continuing our philanthropic efforts stemming from the “New Life with Beauty in Distance” donation project with 12 charitable organisations last year, we partnered with notable non-profit organisations and government agencies in FY2021. For example, we joined forces with The TSMC Charity Foundation to donate several hundred thousands of PPE to our diplomatic allies, and was chosen as a sponsor to provide Taiwan’s national Olympic team PPE for the Tokyo Olympics. We hope our care and blessings are sent along with the quality products we provided to those in need, and in return we are able to reach the vulnerable groups as more and more people hear about Medtecs.

We will continue to develop our brand while sparing no effort in serving our stakeholders. In line with our vision to better the world’s health for everyone, everywhere, we will continue to fulfil our commitments to our stakeholders, maintain our competitive edge, and build a reliable medical supplies procurement platform to play a central role in the sustainable development for our supply chain partners in the local communities.



## FY2021 Performance Highlights

Aspect	Achievements
<b>Environmental</b>	<ul style="list-style-type: none"> <li>● Taiwan subsidiary: purchased new orbital laundry equipment to save water and electricity</li> <li>● Cambodian subsidiary: automated waste disposal process with 8 electric trucks</li> <li>● Philippine subsidiary: racks and pallets were built to prevent serious damage to the raw materials and finished goods in the warehouse from heavy rain or flooding</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>● Pandemic bonus given to frontline workers</li> <li>● A second office added at headquarters to improve the work environment and to provide more space to prevent the spread of the pandemic</li> <li>● Introduced online career and personality tests</li> <li>● Participated in the "Donut Planet: 100 Actions for a Sustainable Life" to increase the Group members' engagement in sustainability</li> <li>● Provided insurance coverage for all Medtecs employees during the pandemic with up to NT\$5,000 in bonus a month to frontline workers</li> <li>● The Philippine subsidiary established the first factory in Bonded Area with COVID-19 screening, to protect the health of Medtecs employees and prevent the spread of COVID-19</li> <li>● The Cambodian subsidiary was awarded the International Labour Organisation's (ILO) Better Factories Cambodia</li> <li>● Joined forces with various non-profit organisations and government agencies to donate PPE to countries in Asia, Europe, North America, and Africa</li> <li>● Donated 200,000 masks to the Chinese Taipei Olympic Committee for the athletes participating in Tokyo Olympics.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>● Set up Internal Control department dedicated to strengthening sound governance and management across the Group</li> <li>● Revamped the Medtecs Express website</li> <li>● Partnered with Amazon and Newegg to strengthen Medtecs' logistics and distribution capabilities in North America</li> <li>● Enhanced Medtecs brand image by launching masks in collaboration with the Chinese Taipei Olympic Committee and the New Taipei City Government</li> <li>● Launched the Medtecs Shield collection</li> <li>● Construction of Cambodia's first nitrile glove factory located in the Manhattan Special Economic Zone in Svay Rieng Province with an expected monthly output of 50 million gloves</li> <li>● Awarded tender to supply Philippine Army uniforms</li> <li>● Following the Group's branching into the B2C market in FY2020, we successfully maintained traffic to our shop on the US Amazon site and achieved \$600,000 in sales in a single month.</li> </ul>



■ Awards and accolades

Name of Award	Ranking/Award title	Awarded by
16 <sup>th</sup> Golden Torch Award	Top Ten Enterprises of the Year	Outstanding Enterprise Manager Association (R.O.C.) in Taiwan
	Top Ten Managers of the Year	
2021 Best Taiwan Global Brands	Honorable Mention	Ministry of Economic Affairs in Taiwan
2021 Taiwan Trademark Award	Excellent Design Innovation	Economic Daily News in Taiwan
2021 Gold Award	Corporate Products Excellence	Economic Daily News in Taiwan
AFAB	Certificate of Appreciation	The Authority of the Freeport Area of Bataan, Philippines
8 <sup>th</sup> Annual Stakeholders' Night	Top Employer Award 2 <sup>nd</sup> Place in Medium Enterprise Category (UWC)	
	Top Employer Award 2 <sup>nd</sup> Place in Medium Enterprise Category (MICL)	
	Top Employer Award 2 <sup>nd</sup> Place in Micro and Small Enterprise Category (MMTC)	
	Top Exporter Award 3 <sup>rd</sup> Place in 499 and Below Employees Category (Medtex)	



- ▲ Medtecs' CoverU Jacket won the Corporate Product Excellence Award at the Taiwan Golden Jade Awards organised by the Economic Daily News.





▲ Medtecs participated in the Golden Torch Awards organised by the Outstanding Enterprise Manager Association (R.O.C.) and was awarded the Top Ten Enterprises and Top Ten Managers of the Year.

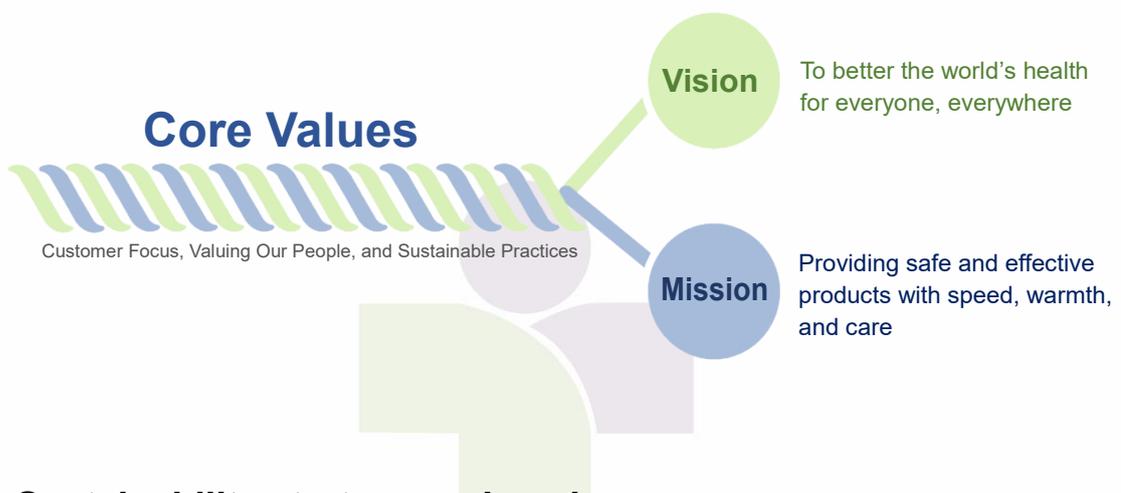
**For more information and past recognitions:**



## Sustainable Development Goals & Strategies

### ■ Sustainable vision and mission

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



### ■ Sustainability strategy and goals

In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development that included 17 Sustainable Development Goals (SDGs) to tackle global issues. We have been actively responding to 12 of the SDGs through five main aspects identified in the previous Report as Medtecs' blueprint for sustainable development – Corporate Governance, Value Innovation, Sustainable Environment, Diversity in the Workplace, and Community Empowerment – and to implement related strategies to create value and positive impact for all stakeholders.



## Medtecs' blueprint for sustainable development

Aspect	Description	Responding to the SDG Project
<b>Corporate Governance</b>	We will fulfil our social responsibility to our stakeholders, with "accountability", "transparency" and "sustainability" as our fundamental principles.	  
<b>Value Innovation</b>	We continue to develop our product and supplier management processes with integrity and service as our core values.	  
<b>Sustainable Environment</b>	We will manage our resources with an aim to reduce waste and pollution.	  
<b>Diversity in the Workplace</b>	We create workplaces to promote employee engagement and health, while complying with local labour laws.	  
<b>Community Empowerment</b>	We have a long history of working with local communities and non-profit organisations near our operations to create positive impact.	  



## ■ Sustainability Reporting Council

Medtecs places high priority on the sustainable development of the Group as a whole. The Group's Board of Directors (the “**Board**”) is responsible for setting operational strategies. In recent years, sustainable development has been a priority. ESG issues such as environmental, social and governance (ESG), which may have an impact on corporate sustainability, are also regularly monitored to ensure Medtecs' sustainable development.



In order to continuously promote principles of sustainable governance, the Sustainability Reporting Council was established in 2017, chaired by the Group Chief Executive Officer, with the Group Chief Financial Officer and General Counsel as Executive Committee members and the heads of various departments as members. Through regular meetings, the Council identifies risks and opportunities in relation to environmental (E), social (S) and governance (G) issues and their impact on the Group's operations, formulates responses and sustainability strategies, and reports to the Board. The General Counsel is responsible for coordinating the sustainability reporting of all departments.



## Participated as the Sustainability Partner of the “Doughnut Planet Project” to advocate for a sustainable future

In FY2021, Medtecs Taiwan was invited by DBS Bank (Taiwan) to participate in the “Doughnut Planet: 100 Actions for a Sustainable Life” campaign organised by Social Enterprise Insights, DBS Bank (Taiwan), and the United Press Vision Project. We advocated sustainable development practices through a series of activities covering three aspects: "Awareness", "Action" and "Strategy", and was named as one of the campaign’s Sustainability Partner.

We encouraged Medtecs employees to take part in a sustainability survey to gauge their awareness of various sustainability-related issues and use the results as reference and standard for our future sustainability initiatives. We also arranged two sustainability seminars: "PackAge+: Recycled Packaging" and "Cha Tzu Tang: Rebirth of Camellia Oil" to enhance Medtecs employee’s knowledge on the concept of circular economy and sustainable branding.



▲ PackAge+: Recycled Packaging



▲ Cha Tzu Tang: Rebirth of Camellia Oil

## Sustainability goals for FY2022

We hope to continue the previous year's approach of arranging educational seminars and build a sustainability culture within the Group through the following actions:

- Regularly promote the Group's sustainability goals
- Plan 3 sustainability events/volunteering activities for Medtecs employees
- Implement workplace policies and practices for improved employee health and well-being
- Join RE 10x10: Corporate Renewable Energy Initiative and evaluate the possibility of using renewable energy in each factory



## Medtecs Culture and Values

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

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

### TARPS management culture



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

## **KUNG FU work attitude**

The Company moves from mediocrity to excellence by practicing hard at all times.

**K**now your customer

**U**nderstand the transaction

**N**ever give up

**G**ood for stakeholders

**F**aith

**U**p



## Stakeholder Engagement and Materiality Assessment

Medtecs values all our stakeholders and their inputs. To understand the material ESG factors that the stakeholders are concerned with and to achieve the purpose of the sustainability report for communicating our sustainability efforts, the Group refers to the reporting principles (Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness) of the Global Reporting Initiative (GRI) Standards issued by the GRI to establish the following procedure for materiality assessment. The expectations of stakeholders on Medtecs' material ESG factors are recorded through such methods as department interviews and questionnaire analysis. The procedure for determining the material ESG factors is set out below:

Procedure	Description
<b>Step 1</b> Identification of Stakeholders	Medtecs Group has identified seven categories of key stakeholders in accordance with the AA1000SES Stakeholder Engagement Standard: shareholders, customers, employees, governments, local communities, suppliers, and financial institutions.
<b>Step 2</b> Compilation of ESG factors	The GRI Standards were adopted as the basis for identification of material ESG factors. A total of 17 ESG factors were identified this year.
<b>Step 3</b> Analysis and ranking of material issues	Through interviews and questionnaires given to different departments, stakeholders and supervisors, the impact of ESG factors on the Group's operations and the degree of concern were collected and analysed. A material ESG factor is something that has a significant impact on the Company's ability to grow and create value, or something that significantly influences the decision-making process of our stakeholders. The Sustainability Reporting Council identified a total of 6 material ESG factors this year.
<b>Step 4</b> Confirmation and disclosure of material issues	Various material ESG factors and how they were managed have been disclosed in the 2021 Sustainability Report, with 6 of them monitored and managed on a continuous basis.

### ■ Step 1: Identification of Stakeholders

According to the AA1000 Stakeholder Engagement Standard, the Group has identified 7 major categories of stakeholders based on the principles of responsibility, influence, dependence, degree of concern, and variety, namely: shareholders, customers, employees, government agencies, communities, suppliers, and financial institutions. We aim to respond to issues identified or communicated by stakeholders through unobstructed and diversified communication channels and platforms. We have set up a Sustainability section on our official website to allow stakeholders concerned with our sustainable management to understand our efforts on these issues.



The table below details how we communicate and engage with our stakeholders:

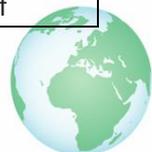
Stakeholders	Engagement method/Frequency	Issues of concern	Responses and actions
<b>Shareholders</b>	Announcements on the Group's financial results are made through SGXNet and the Company's website, and other material matters such as business developments and other related disclosures and press releases are announced through our Investor Relations team from time to time when appropriate. Contact them at investor.relations@medtecs.com.	<ul style="list-style-type: none"> <li>▶ Risk management</li> <li>▶ Corporate governance</li> <li>▶ Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Financial profile, Group operating strategy and sustainability practices are disclosed in our annual report and sustainability report.</li> <li>▶ We regularly publish announcements about our financial results via SGXNet and the Company website.</li> <li>▶ From time to time, our latest products and news of the Group are shared via Facebook and other social media platforms (including LinkedIn, Twitter, and Instagram).</li> <li>▶ We upgrade our production facilities.</li> <li>▶ In 2021, the Internal Control Department was established to strengthen internal management processes.</li> </ul>
<b>Financial institutions</b>	<ul style="list-style-type: none"> <li>▶ Exchange through visits</li> <li>▶ Official website/Annual report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Use of Funds</li> <li>▶ Industry Outlook</li> <li>▶ Financial Performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Quarterly Financial Performance Announcements</li> <li>▶ Annual Report</li> </ul>
<b>Government agencies</b>	Announcements on the Group's financial results are released via the SGXNet and	<ul style="list-style-type: none"> <li>▶ Risk Management</li> <li>▶ Corporate governance</li> <li>▶ Regulatory</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclosure of corporate governance structure in the annual report.</li> </ul>



	<p>the Company's website, and other material matters such as business developments and other related disclosures and press releases are announced from time to time.</p> <ul style="list-style-type: none"> <li>▶ We communicate verbally and in writing with the relevant parties regarding the granting or renewal of permits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ compliance</li> <li>▶ Employer-Employee Relations</li> </ul>	
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ We communicate with our suppliers from time to time through communication software and emails.</li> <li>▶ Communication methods include: email and telephone (approximately 3-5 times per week).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Supplier Communication</li> <li>▶ We ensure our supplier's commitment by requesting return of signed legal documents and supplier assessment forms.</li> <li>▶ Quality/delivery/quotations/problem handling of large items.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We conduct supplier evaluations in accordance with Group policy.</li> <li>▶ For new suppliers, we ask them to sign the following: Hazardous Substance Non-Use Guarantee &amp; Environmental Statement, Supplier CSR &amp; Integrity Pledge, and Non-Disclosure Agreement.</li> <li>▶ We proactively clarify and sign the relevant commitments with our existing suppliers.</li> <li>▶ We inspect items delivered as part of supplier evaluation.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Customer factory inspections via video conferencing (on an ad-hoc basis).</li> <li>▶ Customer</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employer-Employee Relations</li> <li>▶ Education and Training</li> <li>▶ Occupational</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continuous improvement of service and product quality based on customer satisfaction survey</li> </ul>



	<p>satisfaction survey (annually)</p> <ul style="list-style-type: none"> <li>▶ Participation in physical and remote exhibitions (at least 3-5 times per year).</li> <li>▶ Interaction via Company website and official social media channels (Facebook, LinkedIn, Instagram) (on an ad-hoc basis).</li> <li>▶ Customer contact window (Alibaba.com, Global Sources, Taiwantrade.com, Amazon (b2c)) (on a daily basis).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Safety</li> <li>▶ Quality management</li> <li>▶ Production Environment</li> <li>▶ Factory Certification</li> <li>▶ Cost Control</li> <li>▶ Capacity Management</li> </ul>	<p>results.</p> <ul style="list-style-type: none"> <li>▶ Increase in certifications (for products and factories) in response to customer demand.</li> <li>▶ Adjust production line capacity according to orders and increase efficiency of automated equipment to reduce costs.</li> <li>▶ Annual CSR audits to ensure labour protection.</li> </ul>
<p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>▶ Engage with all Group departments to communicate the importance of contract management for potential legal issues.</li> <li>▶ Spring banquet or year-end party, Christmas party (once a year)</li> <li>▶ Dress code events (occasional)</li> <li>▶ Brainstorming sessions (occasional)</li> <li>▶ First-line staff health check (once a year)</li> <li>▶ Labour-management meeting (2~4 times per year)</li> <li>▶ Performance review (once a year)</li> <li>▶ Company if trips (occasional)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employer-Employee Relations</li> <li>▶ Training and Education</li> <li>▶ Occupational Safety and Health</li> </ul>	<ul style="list-style-type: none"> <li>▶ Education and training on legal compliance</li> <li>▶ Development/implementation of contract review management.</li> <li>▶ Provide vocational and personal skills enhancement courses and seminars.</li> <li>▶ Provide on-the-job training for new staff to help them familiarize themselves with the Group's vision and corporate culture.</li> <li>▶ Regular meetings with factory staff to discuss labour issues.</li> <li>▶ Collaborate with various non-profit organisations and NGOs to ensure that the welfare and safety of</li> </ul>



	<ul style="list-style-type: none"> <li>▶ Induction training (monthly)</li> <li>▶ Suggestion box (occasional)</li> <li>▶ Training programs (occasional)</li> <li>▶ Interaction via the Company website and official social media (including FB and LINE groups) (occasional).</li> </ul>		employees are fully protected in the course of their duties.
<b>Community</b>	<ul style="list-style-type: none"> <li>▶ Charity (at least once a year)</li> <li>▶ Volunteer services (on an ad-hoc basis)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Waste management</li> <li>▶ Social participation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expanded community partnership projects.</li> </ul>

## ■ Step 2: Compilation of ESG factors

Medtecs carries out scheduled and unscheduled exchanges with stakeholders to collect their feedback and understand their ESG concerns. Adjustments are made in accordance with global sustainability trends and benchmarks within the industry. The issues are then categorized based the aspects of economy, society, environment, and product and service, and a total of 17 ESG factors have been identified.

<b>Economy</b>	<b>Society</b>	<b>Environment</b>	<b>Product and Service</b>
Corporate governance	Occupational safety	Energy efficiency	Quality management
Economic performance	Education and training	Waste management	Product and service innovation
Legal compliance	Employer-employee relations	Supplier environmental assessment	Automation
Procurement practices	Employee diversity	Climate change strategies	Product labeling and sales responsibility
	Local communities		

## ■ Step 3: Analysis and ranking of material issues

We prepared and sent questionnaire to 17 senior executives from across the Group, and the feedback was consolidated and analysed. The final results were ranked by 'significant economic, environmental and social impact' and 'level of stakeholder concern', resulting in six material ESG factors for Medtecs in FY2021.



## Medtecs materiality matrix



## Material ESG factors for FY2021

Economy	Society	Environment	Products and Services
Economic performance	Employer-employee relations	Waste management	Quality management
	Education and training		Product labeling and sales responsibility

### ■ Step 4: Confirmation and disclosure of issues

Medtecs has identified six material ESG factors for FY2021. In addition to disclosing these factors in accordance with GRI standards in the Report, we will also follow up with material issues that were mentioned in previous reports, such as energy management, supplier evaluation, and automation. Going forward, these issues will be managed on an ongoing basis in order to provide a more complete response to address concerns of our stakeholders.



## Material issues and the boundary of impact for Medtecs in FY2021

Key Issues	Aspect	Boundary of impact							Corresponding GRI standard	Corresponding chapter
		In the organisation		Outside the organisation						
		Medtecs	Employee	Shareholder	Customer	Supplier	Authorities	Local community		
Economic performance	Governance	V	V	V			V		GRI 201-1	Operational performance
Quality management	Product	V	V		V	V			Customized issues	Quality management
Product labeling and sales responsibility	Product	V			V	V	V		GRI 417-7	Quality Management
Employer-employee relations	Social	V	V				V		GRI 401-1	Talent recruitment and retention
Education and training	Social	V	V						GRI 404-3	Training and Development
Waste management	Environmental	V	V		V	V	V	V	GRI 306-3	Pollution Prevention and Environmental Protection



## 2. Approach and Governance

Material issues: Economic performance	
What it means for Medtecs	Good financial performance is the foundation of a sustainable business and is also the topic that is of most concern to our stakeholders. We look forward to continuing to grow at a steady pace and to create value for our customers.
Policy and commitment	Medtecs is committed to the fundamental principles of 'accountability', 'transparency' and 'sustainability' in corporate governance, and to improving operational performance and protecting shareholders' interests. We will continue to leverage our resources, improve supply efficiency, strengthen our own brands, integrate our supply chain, develop innovative products and services, and expand reach into new markets.
FY2021 goals	<ul style="list-style-type: none"> <li>● Build a global sales network</li> <li>● Expand into overseas markets</li> <li>● Develop new products and innovative services</li> <li>● Expand the depth and scope of customer engagement to create business opportunities</li> <li>● Increase the quality and quantity of raw materials supplied through e-commerce platform</li> <li>● Continued to follow the "Source and Sell Globally" strategy</li> </ul>
FY2021 results	<ul style="list-style-type: none"> <li>● Building a global sales network           <ul style="list-style-type: none"> <li>■ We operated our business through e-commerce and social platforms such as Medtecs Express, LinkedIn, Instagram, Facebook and Twitter pages to increase exposure, promote our own products, raise brand awareness and increase customer interaction.</li> <li>■ We continued to follow the "source and sell globally" strategy by building on our e-commerce presence (Amazon, Alibaba, Shopee and Medtecs Express) to expand our online retail reach</li> <li>■ We partnered with Amazon and Newegg to strengthen Medtecs' North American logistics and distribution capabilities.</li> <li>■ We continued to expand product offering on our US Amazon shop.</li> </ul> </li> <li>● Developed new products and innovative services           <ul style="list-style-type: none"> <li>■ Upgraded the Medtecs Express website.</li> <li>■ We launched the Medtecs Shield, the anti-viral collection.</li> <li>■ We entered into the medical nitrile glove market, because the nitrile gloves were in short supply since the COVID-19 outbreak.</li> </ul> </li> </ul>



## Material issues: Economic performance

	<p>By capturing the global demand for medical nitrile gloves, we would add a new revenue stream and further create value for our shareholders. This new product will increase the Group's production capacity and expand the range of PPE products, contributing to our ultimate goal of building a resilient global PPE supply chain.</p> <ul style="list-style-type: none"> <li>● Expanded customer engagement to create business opportunities             <ul style="list-style-type: none"> <li>■ Continued to enhance our brand image by launching masks in collaboration with the Chinese Taipei Olympic Committee and the New Taipei City Government.</li> <li>■ Increased retail sales of our own "Medtecs" and "CoverU" branded products through chain drug stores and supermarkets in Taiwan and the Philippines.</li> </ul> </li> <li>● Increased the quality and quantity of raw materials procurement through e-commerce platform</li> <li>● Group revenue decreased due to an overall lower demand for PPE amongst our customer base, as most of our customers had already built up their PPE stockpile in the previous year.</li> </ul>
<p>Goals for FY2022 (Short-term goals)</p>	<ul style="list-style-type: none"> <li>● Build a global sales network</li> <li>● Expand into overseas markets</li> <li>● Develop new products and innovative services</li> <li>● Explore the possibility of entering the renewable energy sector</li> </ul>
<p>Goals for the next 3-5 years (Medium- to long-term goals)</p>	<ul style="list-style-type: none"> <li>● Establish a global procurement platform</li> <li>● Create global stockpiling service</li> <li>● Develop new products and innovative services</li> <li>● Explore the possibility of entering the renewable energy sector</li> </ul>
<p>Responsible party</p>	<p>Chief Executive Officer, Chief Financial Officer, General Counsel</p>
<p>Specific actions and performance</p>	<ul style="list-style-type: none"> <li>● Participated in a total of 4 exhibitions (online and offline)</li> <li>● Donated PPE to countries spanning 4 continents: Asia, Europe, America and Africa</li> <li>● Held various online and offline marketing activities to increase brand and product exposure</li> </ul>



## About Medtecs

### ■ Company profile

Established in 1989, Medtecs (and its subsidiaries, the "Group") is a leading global manufacturer and distributor of personal protective equipment (PPE), providing a full range of protective solutions for government agencies, corporations and individuals worldwide, to ensure the adequacy and effectiveness of protective equipment. We have strong roots in the US, Europe and the Asia-Pacific region, with the largest PPE manufacturing capacity outside 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.

Headquartered in Taipei, Taiwan, the Group has operations in Taiwan, Cambodia, the Philippines, and China. With 14 factories in total, the Group has a monthly production capacity of PPE including 500 thousand workwear, 2 million coveralls, 3 million Level 2 isolation gowns, 3 million isolation gowns, 8 million pieces of PE gowns and 90 million face masks. The products are sold in 22 countries in FY2021. In FY2020, the Group incorporated its first subsidiary in the United States, Medtecs USA Corporation, to facilitate its expansion into the local PPE and medical consumables market.



### Basic information of Medtecs Group

<b>Company full name</b>	Medtecs International Corporation Limited
<b>Employee count</b>	4,646
<b>Year of establishment</b>	1989
<b>Chairman</b>	Clement Yang Ker-Cheng
<b>Chief Executive Officer</b>	William Yang Weiyuan
<b>Headquarters</b>	Taipei, Taiwan
<b>Stock code</b>	Singapore Exchange: 546 Taiwan Stock Exchange: 9103
<b>Capital (USD)</b>	\$27,471,000



## ■ Operation bases



Location	Major operations
Taiwan	Headquarters, medical laundry plant
Singapore	Branch office
Cambodia	Spinning, weaving, dyeing, printing, production of garments, protective clothing, isolation gowns, shoe covers, and bouffant caps
China	Medical equipment, trays and kits, catheters, urine bags, incontinence products trading
Philippines	Dyeing, weaving, production of garment, laboratory, medical bandages, medical and surgical masks

## ■ Product and service

The Group's business comprises the manufacture and distribution PPE and the integration of hospital logistics services. We are a manufacturer of medical clothing and textiles, as well as industrial workwear (OPM). Production bases are located in the Philippines, China and Cambodia. Our products are mainly exported to the EU, Asia Pacific and the US (21%, 53% and 26%, respectively). Hospital Logistics Services: We provide leasing, laundry, logistics (collectively known as the “**3L services**”) and trading of medical consumables for use in hospitals in Taiwan and the Philippines. Taiwan accounts for 90% of our hospital services revenue and the Philippines accounts for 10%.

As a leading provider of integrated hospital solutions provider for medical institutions in Taiwan we have signed service contracts with 29 major hospitals such as E-Da Hospital, Tri-Service General Hospital and Tungs' Taichung MetroHarbor Hospital, just to name a few. Over the past few years, the Group has successfully expanded its network of hospital services to 33 hospitals and medical institutions in the Philippines.



## Revenue breakdown by business segment in the past three years

(US\$ '000)

	FY2019		FY2020		FY2021	
Segment	Total Amount	%	Total Amount	%	Total Amount	%
<b>Manufacturing</b>	52,903	77%	357,817	89%	117,937	82%
<b>Hospital Services</b>	14,271	20%	14,668	4%	14,971	10%
<b>Trading and Distribution</b>	1,803	3%	27,842	7%	11,247	8%
<b>Total</b>	68,977	100%	400,327	100%	144,155	100%

## Revenue breakdown by geography in the past three years

(US\$ '000)

	FY2019		FY2020		FY2021	
Region	Total Amount	%	Total Amount	%	Total Amount	%
<b>Europe</b>	32,729	47.5%	118,929	29.7%	30,062	20.9%
<b>Asia-Pacific</b>	28,434	41.2%	217,464	54.3%	76,451	53.0%
<b>North America</b>	7,743	11.2%	45,254	11.3%	37,642	26.1%
<b>Australia</b>	-	-	14,715	3.7%	-	-
<b>Others</b>	71	0.1%	3,965	1.0%	-	-
<b>Total</b>	68,977	100%	400,327	100%	144,155	100%

In FY2020 we started promoting our own branded products and we also started the transition from a product manufacturer to a supplier of own-branded PPE and related products.



## Operational performance

In FY2021, the Group's revenue and net profit decreased by 64.0% and 87.5% as compared to the prior year to US\$144.2 million and US\$16.51 million, respectively. This is due to an overall lower demand for PPE amongst our customer base, as most of our customers had already built up their PPE stockpile in the previous year, and an overall reduction in the average selling price of PPE. Going forward, we will continue to transform our operations to generate operational benefits for our shareholders.

## Financial performance

(US\$ '000)

Item	Underlying elements	FY2019	FY2020	FY2021
Direct economic value generated	Revenue	68,977	400,327	143,273
Allocated economic value	Operating costs	58,446	228,707	101,209
	Employee salaries and benefits (Note 1)	3,002	4,215	7,836
	Payments to investors (Note 2)	-	4,669	22,840
	Payments to the government (Note 3)	351	3,374	501
	Community investment (Note 4)	3	1,466	1,186
Economic value of retained earnings (Note 5)		1,166	131,716	16,486

Note 1: Including other personnel expenses such as bonuses, pensions, and salary advance payments

Note 2: Cash dividends allotted during the year

Note 3: Income tax expenses paid during the year

Note 4: Donations to government agencies, social welfare organisations, and local community

Note 5: Net profit after tax for the year

For additional financial performance information and analysis, please refer to Medtecs FY2021 Annual Report.



## ■ Growth strategies and objectives

COVID-19 has been driving the growing demand for PPE tailored to control and minimise infection. The compound growth rate of PPE is expected to remain at between 7% and 12% per year for the next five to seven years. Although a number of vaccines were released in FY2021, COVID-19 variants such as Delta, Omicron continued to emerge, leading to a steady demand for PPE. In addition to further developing its FY2020 business strategy, the Group continued to build a global sales network in order to expand into new markets, and to position itself to become the preferred PPE supplier and stockpiling partner for global and national group purchasing organisations to provide a total solution for PPE stockpiling. We also continued to apply the “Source and Sell Globally” strategy to ensure quality, adequacy and effectiveness of protective garment and equipment. Our unique strengths are:

- A. Experience and stellar reputation as a key supplier to the governments of Singapore and Taiwan for managing their PPE stockpiles;
- B. Over 30 years of experience in the manufacture and global distribution of PPE;
- C. Warehouses and logistics centers strategically located in Europe, Asia and the USA;
- D. Our diversified manufacturing facilities located in different countries, to minimise supply chain disruptions which could impact raw material supply and our delivery.

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

Through its wholly-owned subsidiary Medtecs (Asia Pacific) Pte. Ltd. and its joint venture with ACO International Limited, the Group's joint venture company, Resilient Medical Pte. Ltd. has created a reliable, high-quality PPE platform that vertically integrates product development, manufacturing, sales and distribution and delivery platform. Resilient Medical had started construction of a nitrile glove plant in the Manhattan Special Economic Zone in Svay Rieng Province, Cambodia in the second half of FY2021, to be completed in FY2022. Initially, the glove factory will accommodate 2 production lines with a monthly production capacity of about 50 million gloves. More production lines will be added according to market demand.



## Corporate Governance

We believe that good corporate governance is at the heart of a healthy business. Medtecs' corporate governance is based on the fundamental principles of "accountability", "transparency" and "sustainability", with sustainable and risk- mitigation strategies developed to protect the interests of all stakeholders.

The Board has an appropriate level of independence and diversity of experience and background in its composition to enable it to make decisions in the best interests of the Company. There are currently five Directors on the Board, including three independent directors.



The Board has the dual role of formulating the strategic direction and setting the way in which the Company is governed. The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of the Board meetings are normally set by the Directors well in advance. Telephonic attendance and conference audio-visual communication at Board and Board Committee meetings are allowed under the Company's Bye-Laws. Decisions of the Board and Board Committees can also be obtained by circular resolution. Four Board meetings were held in FY2021. The attendance rate of each individual Director was 100%.



## Board attendance in FY2021

Role	Number of people	Percentage of the Board	Actual attendance rate
Chairman	1	20%	100%
CEO	1	20%	100%
Independent Director	3	60%	100%

### ■ Board committees

To assist the Board in the execution of its responsibilities, the Board has established Board committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee (collectively, the “**Board Committees**”), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. Each Board Committee is formed by clear written terms of reference, setting out the composition, duties, authority and accountabilities of each committee.

### ■ Board Diversity Policy

We believe that a diverse Board will provide varied perspectives to enhance the decision-making process, allowing the Group achieve its strategic objectives for sustainable development. We are therefore committed to promoting board diversity and have adopted a Board Diversity Policy in FY2020.

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

#### Medtecs Board Diversity Policy



# Risk management

## Risk management mechanisms

Medtecs has actively established a robust risk management mechanism to identify all risks and threats and to take preventive measures in advance. Potential challenges and solutions are regularly discussed by the responsible units in the areas of "Governance", "Environment", "Supply Chain" and "Major Infectious Diseases" and are reviewed by the Audit Committee. The Audit Committee also provides recommendations on the appropriateness and effectiveness of the Group's risk management and internal control mechanisms.

The seven risk categories identified in FY2021 were: "interest rate, exchange rate risk", "business risk", "production and operational risk", "policy and legal risk", "climate change-related risk", "concentration in procurement and sales risk" and "inventory turnover risk".

As the world enters an era of climate emergency, extreme climate events are occurring more frequently, directly or indirectly affecting business operations. Increasingly, investors are concerned about how companies respond to the financial impact of climate change. Medtecs is taking the risks of climate change into account when planning its growth and risk management strategies. In response to natural disasters and emergencies, we regularly review and update our business continuity plans to ensure that they are implemented by all departments at all levels to prevent any negative impact on the sustainability of the Group's operations. It is anticipated that the Task Force on Climate-related Financial Disclosures (TCFD) will be introduced in the future to refine the Group's approach to all risks associated with climate change. Please see the table below for how this will be approached. (See Response to Climate Change chapter for more information)

Aspect	Risk category	Management approach
<b>Governance</b>	Interest rate, exchange rate risk	<ul style="list-style-type: none"> <li data-bbox="703 1402 1391 1720"> <span style="display: inline-block; width: 1em; height: 1em; background-color: black; margin-right: 0.5em;"></span> Interest rate risk:                      The Group adopts an Immunization Strategy for its asset and liability management, i.e. arranging banking facilities to meet the short- and long-term investment needs of its operational working capital or fixed assets, taking into account the cost of capital.                 </li> <li data-bbox="703 1731 1391 1977"> <span style="display: inline-block; width: 1em; height: 1em; background-color: black; margin-right: 0.5em;"></span> Exchange rate risk:                      Adopting a natural hedging strategy. As the Group's operating income is mainly denominated in U.S. dollars, most of the related financial transactions are in U.S. Dollars.                 </li> </ul>



Aspect	Risk category	Management approach
	Production and operational risks	<ul style="list-style-type: none"> <li>■ Raw material inventory management: Conducting regular stock-taking and inventory analysis of raw materials and finished goods to track changes in quantity and quality of materials.</li> <li>■ Logistics management: Tracking the logistics status of the Group's goods on a regular basis so as to understand the progress of the delivery schedule.</li> </ul>
	Business risks	<ul style="list-style-type: none"> <li>■ Customer turnover: Customers are graded according to their credit rating and past performance and are reported on a case-by-case basis. Medtecs offers different payment terms for different levels of customers.</li> <li>■ Overdue customer account management:</li> <li>■ Management reports are available to control and track overdue payments to customers.</li> </ul>
	Policy and legal risks	<ul style="list-style-type: none"> <li>■ Medtecs' product certification and plant operations (including labour contracts and working environment) are managed and controlled in accordance with the relevant certification bodies and government regulations.</li> <li>■ Medtecs' external contracts are signed in accordance with the relevant authorization procedures and are approved by the legal authority before being signed.</li> </ul>
<b>Environment</b>	Climate change related risks	<ul style="list-style-type: none"> <li>■ In line with the Group's corporate sustainable development policy and government regulations, we are actively replacing old equipment in our factories to improve energy efficiency and reduce greenhouse gas emissions.</li> </ul>



Aspect	Risk category	Management approach
<b>Supply chain</b>	Concentration in procurement and sales risks	<ul style="list-style-type: none"> <li data-bbox="703 241 1393 656">■ Risk of concentration of procurement: Supplier management and decentralized purchasing sources are dynamically adjusted according to the quality and price status of the products supplied, the usage status of the factory and feedback from market information. Annual assessments are also conducted to reduce the risk of over-concentration of the Company's imports.</li> <li data-bbox="703 674 1393 976">■ Risk of concentration of sales: In addition to continuing to expand its long-standing and stable customer base, the Group is also increasing the proportion of its own brand sales and new customer sales through its e-commerce platform.</li> </ul>
<b>Major infectious diseases</b>	Inventory turnover risk	<ul style="list-style-type: none"> <li data-bbox="703 999 1393 1256">■ We actively communicate with our OEM customers to keep abreast of their sales and pull schedules, and work with our suppliers to manage stock availability and production schedules to reduce inventory lead times.</li> <li data-bbox="703 1283 1393 1379">■ In recent years, we have also actively implemented ERP to enhance production management efficiency.</li> </ul>

## Integrity and regulatory compliance

To implement Medtecs' principles of integrity governance, we have established a consistent and appropriate culture, which emphasizes values and standards of ethical behavior at all levels of the Company. The Board of Directors and functional committees act in accordance with the Medtecs Corporate Governance Code and the Code of Conduct for Dealing in Securities, to ensure that businesses operate with integrity. The Group has not experienced any reported incidents of corruption in FY2021.

In FY2022, Medtecs will continue to improve or introduce policies such as the Code of Conduct, Anti-Bribery & Corruption Policy and Diversity & Inclusion Policy. We also plan to complete more internal employee awareness and training sessions.



## ■ Internal control and audit system

Medtecs set up the Internal Control Department comprising 3 members in FY2021 dedicated to strengthening sound governance and management across the Group. In FY2021, the internal control and systems for the Company and its Cambodian subsidiary were fully implemented. The Philippine subsidiary was expected to complete its implementation in early FY2022.

The Group's internal audit program is based on an audit plan prepared by the Head of Internal Control, which will be implemented upon submission. Taking the project audits as an example, in FY2021, we asked the relevant departments to take stock of unused materials and inventory items every three months, and propose a follow-up plan with the business units to improve their handling. In addition, for provisional accounts receivable of US\$20,000 or more arising after FY2020, they were required to list and present the progress of collection at monthly management meetings.

## ■ Whistle-blowing policy

In line with our corporate governance guidelines, we updated our whistle-blowing policy in FY2021 to provide ways to encourage employees to report possible breaches within the Group. Employees can report matters to their immediate supervisors, the Head of Human Resources or via email ([whistleblowing@medtecs.com](mailto:whistleblowing@medtecs.com)). Upon receipt of a report, the matter is referred to the Audit Committee and the Chairman for necessary action.

## ■ Privacy policy

Medtecs' global privacy policy is based on the U.S. California Consumer Privacy Act (CCPA) and the European Union's General Data Protection Regulation (GDPR) as the highest guiding principles. This policy is published externally. The policy details the company's approach to the collection of personal information in order to protect the rights of consumers and safeguard their data sovereignty rights.

## ■ Regulatory compliance

To ensure that the Group and its subsidiaries comply with the relevant national laws and regulations, the Group's Legal Department closely monitors any domestic or international policy and legal developments that may have a significant impact on the Group's business and finances. The Corporate Governance Department also works with a team of external consultants to keep the relevant departments of the business and management informed and up-to-date on regulatory developments.



### 3. Value Innovation

<b>Material issue : Quality management</b>	
<b>What it means for Medtecs</b>	The quality of our products has a direct impact on Medtecs' brand image and product value. We have established quality management procedures and compliant product labeling to ensure the safety, health and stability of our products, in order to achieve our philosophy and mission of "Providing safe and effective products with speed, warmth, and care".
<b>Policy and commitment</b>	The Group is committed to establishing rigorous supplier management and production control processes. With integrity and service as the core beliefs, the Group is also committed to strengthening the verification and certification of each raw material as well as product, and obtain domestic and international professional certifications for all products, ensuring that the quality of our products exceeds the required standards and winning the trust of customers.
<b>FY2021 goals</b>	<ul style="list-style-type: none"> <li>● To ensure our operations and production processes meet the required specifications in the revised ISO 13485:2016 which was launched in FY2021</li> <li>● To ensure that the implementation of quality goals, internal and external audit results, and customer satisfaction meet the requirements of the Group: the rate of first-class products to be above 97%, customer satisfaction rate (Calculation = 1 – customer complaint rate = customer satisfaction rate) to be above 98%, and the rate for product return/exchange to be below 0.5%.</li> <li>● To establish evaluation standards, maintain the percentage of excellent suppliers to be above 90%, and assist other suppliers in making improvements and replacing unqualified suppliers</li> <li>● To gradually increase the ratio of excellent suppliers to stabilize the quality of shipments delivered by each supplier.</li> </ul>
<b>FY2021 results</b>	<ul style="list-style-type: none"> <li>● ISO 13485:2016 first-class rate exceeded 97%, no product returns or exchanges occurred, and customer satisfaction rate exceeded 99%.</li> <li>● 95% of our suppliers was rated “excellent”. We helped our remaining suppliers strengthen their quality and performance so that they could increase their competitiveness in the market and reduce Medtecs’s risk of receiving non-conforming or lower-quality materials.</li> </ul>



<p><b>Goals for FY2022 (Short-term goals)</b></p>	<ul style="list-style-type: none"> <li>● To reduce purchasing costs through the development of purchasing specifications, active supplier development and knowledge of domestic and international trends.</li> <li>● Quality assurance: Establishing product specifications, increasing expertise in purchasing goods and ERP-assisted analysis reports. We have adapted our quality system at the factory to comply with the EU MDR requirements related to quality systems.</li> <li>● Three-phase control: Purchasing staff have a clear overview of supplier delivery times, factory stock availability and inventory, and related shipping progress through a delivery schedule.</li> </ul>
<p><b>Goals for the next 3-5 years (Medium- to long-term goals)</b></p>	<ul style="list-style-type: none"> <li>● To expand the scope of our quality system (ex: sterilisation products) in line with the product development concept for healthcare-associated infections (HAI).</li> <li>● Conduct joint procurement feasibility and strategy evaluation for A-level suppliers to control the quality stability of bulk goods. For example: same material specification, gather different brands for one purchase.</li> <li>● To develop IQC specifications for primary and trimmings.</li> <li>● To implement Material Requirement Planning (MRP) so that we have a better understanding of our raw material usage requirements and the safety stock of raw materials during the production cycle to reduce the risk of raw material shortage.</li> </ul>
<p><b>Responsible parties</b></p>	<p>Procurement Department, Quality Assurance Department, Sales Department, Factories</p>
<p><b>Specific actions and performance</b></p>	<ul style="list-style-type: none"> <li>● Implemented Warehouse Management System at our Liujia warehouse to reduce stock handling errors.</li> <li>● Added automated production lines and mask production equipment to improve production efficiency to reduce human error and reduce production costs.</li> <li>● Formulated quality specifications: standardize the quality requirements related to raw materials and finished products to facilitate subsequent warehousing and quality inspection operations.</li> </ul>



<b>Material issue : Product labeling and sales responsibility</b>	
<b>What it means for Medtecs</b>	Some of our products such as masks and isolation gowns are categorised as medical equipment. Therefore, the labeling of our products must adhere exactly to applicable regulations.
<b>Policy and commitment</b>	Before launching a product to the market, the product label will be reviewed by the General Counsel in consultation with external advisers and lawyers to ensure compliance with relevant regulations.
<b>FY2021 goals</b>	<ul style="list-style-type: none"> <li>● To label clearly the packaging of masks and other PPE to include the following required information: <ul style="list-style-type: none"> <li>■ Product composition and size</li> <li>■ Certification standards and certification number</li> <li>■ Product instructions</li> <li>■ Expiration date</li> <li>■ Caution &amp; Warnings</li> <li>■ Contact Information</li> </ul> </li> </ul>
<b>FY2021 results</b>	<ul style="list-style-type: none"> <li>● 60 items of mask inner packaging and other PPE products were clearly labeled.</li> </ul>
<b>Goals</b>	<b>Short-term (FY2022)</b> <ul style="list-style-type: none"> <li>● In accordance with the new EU Medical Device Regulation (MDR) requirements for Unique Device Identification (UDI) and Device Identifier (DI), the following information will be included on the product package for tracking purposes: <ul style="list-style-type: none"> <li>■ In accordance with UDI's requirements, Global Trade Item Number (GTIN) under GS1 standards will be assigned to identify our products</li> <li>■ Lot/Batch No.</li> <li>■ Date of manufacture</li> <li>■ Expiration date</li> </ul> </li> </ul>
	<b>Medium to long-term (next 3-5 years)</b> <ul style="list-style-type: none"> <li>● Implement individual serial numbers and UDI carriers: <ul style="list-style-type: none"> <li>■ UDI Human Readable Interpretation</li> <li>■ Automatic Identification Data Capture (AIDC).</li> </ul> </li> </ul>
<b>Responsible parties</b>	Product Management Department, Quality Assurance Department in all factories
<b>Specific actions and performance</b>	<ul style="list-style-type: none"> <li>● Re-designed packaging with a blank space to allow for the correct manufacturing information to be entered on the packaging and incorporated error-proof mechanism in the manufacturing process.</li> <li>● In addition to the regular weekly meetings, the Product Management team held meetings to educate the Company's Sales, Marketing and Quality Assurance staff on new products or product enhancements, and to determine if there were any labeling requirements for sales channels.</li> <li>● Developed a label book to clearly define the format of the labels and text that should be included on the packaging.</li> </ul>



## Product and service innovation

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

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

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

### Product innovation goals

Short-term goals (FY2022)	Mid-term goals (next 3 years)	Long-term goals (next 5 years)
We continue to expand our family of PPE to meet the needs of different groups and professions.	Extend our product line to include home care and general consumer products.	Sterile surgical gowns and other sterilisation medical consumables for healthcare-associated infections (HAI).

Medtecs departments work together to conduct preliminary research for new product development. The Product Management Department assists in the coordination by providing relevant certifications and specification checks during product development, as well as research through analysis of market trends. In the marketplace, market trends and competitive product analysis are adjusted by the business unit or salesperson in accordance with market and regulatory requirements and presented at weekly meetings to facilitate brainstorming and discussion.

### New product development process



■ Key products developed in FY2021

**CoverU Jacket**



Medtecs CoverU Jacket provides full upper body coverage and protection. The jacket is made of SMMS four-layer filter material, which has good breathability and provides protection to reduce the risk of COVID-19 infection for passengers and commuters.

**HEPA Sports Mask**



This sports mask is the only medical-grade mask in Taiwan with a differential pressure of less than 1.5mm H<sub>2</sub>O/cm<sup>2</sup> that is certified by Taiwan Textile Research Institute. The face mask boasts 1/3 the level of breathing resistance compared to other medical-grade masks, thereby promoting enhanced airflow, ideal for extended wear or for working out.

**Collaboration with the Chinese Taipei Olympic Committee**

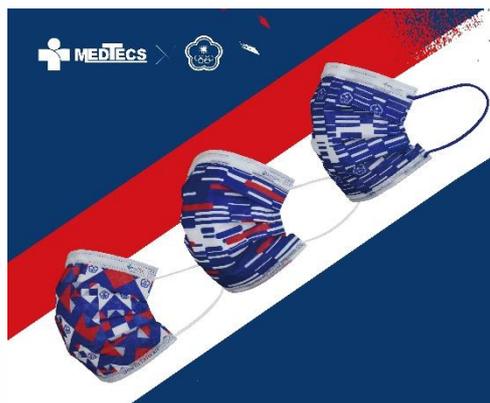
In FY2021, Medtecs joined forces with the Chinese Taipei Olympic Committee for the first time to launch customized masks – the Elite style for athletes and 3 co-branded styles for public sale. In FY2020, the Tokyo Olympics were postponed due



to the COVID-19 pandemic, which resulted in athletes from around the world having to wear masks. All 68 Chinese Taipei athletes wore Medtecs' Elite masks and returned home safe and healthy, with zero infection post-game.



In terms of merchandise sales, the launch created online buzz, generating enquiries from people before the Olympic games even started, and sales were favorable. The launch of the Olympic Games-inspired masks fully embodies Medtecs mission of providing world-class medical products so that every worker can return home safely.



In addition, in safeguarding the safety of the national athletes, the trust between our brand and consumers had been further strengthened.

**Successfully developed the US market by launching the Amazon (USA) website amidst the COVID-19 pandemic**

FY2021 marked Medtecs’ entry into the B2C market and its expansion into the U.S. market. We started with Amazon US as our first overseas B2C site. During the two waves of the COVID-19 pandemic in the US and when most competing products were out of stock, we were able to respond to market demand in a timely manner with the stock we already prepared in advance, enabling us to provide the best protection to our customers in time. This led to sales of over USD\$600,000 a month. This was a great start of our first foray into the B2C market.

■ **Patents and intellectual property**

Medtecs takes protection of intellectual property rights seriously. In order to enhance our employees’ knowledge of intellectual property management principles and to improve their responsiveness, we regularly educate our employees on intellectual property issues.

Medtecs has five new patents, with extensions pending in FY2021.

Type	Patent No.	Name
New type	M587965	Disposable medical partition with quick release structure
New type	M586130	V-shaped pillow
New type	M586129	L-shaped pillow
New type	M531260	Waterproof and breathable mat
(China)	ZL 2016 2 0773885.3	Waterproof and breathable mat

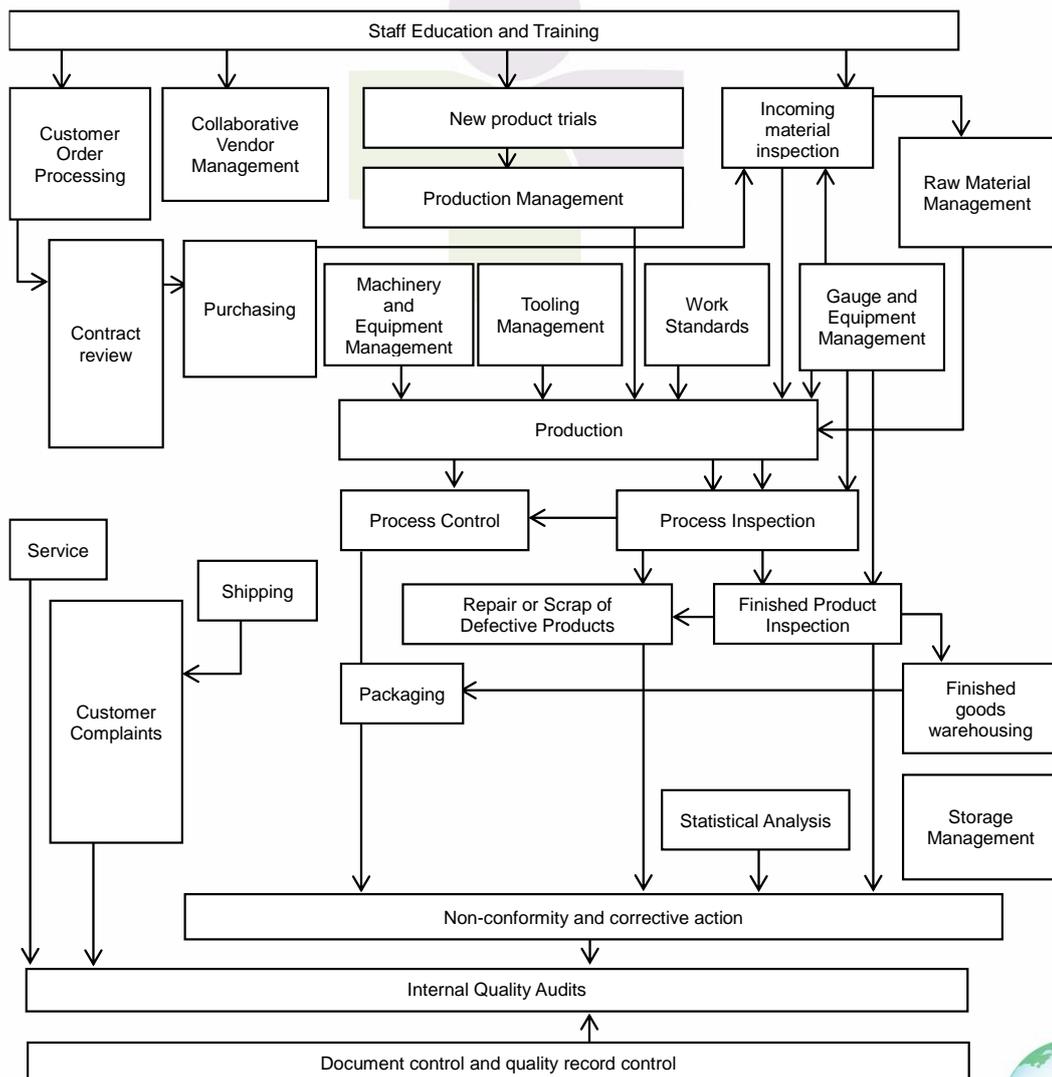


# Quality management

Quality management is an important part of a company's sustainability and Medtecs has long been trusted by all its customers through comprehensive quality management procedures and compliant product labeling. Each product is subject to specific specifications and inspection standards to ensure quality, safety and consistency. Medtecs' ISO 13485-compliant quality management system provides a product-oriented approach to risk management for manufacturing, inspection and compliance with the regulatory requirements of the countries in which the products are marketed. For example, medical device manufacturers in Taiwan are required to have QSD/QMS (quality management system) and overseas medical device manufacturers are required to have proof of ISO 13485 and ISO 9001 quality management system certification.

## ■ Quality management systems and processes

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



## ■ Medical device risk management

(in the case of the Cambodian subsidiary)

In order to effectively manage the risks associated with our quality management system and to enhance our risk management capabilities, we have established a Medical Device Risk Management Plan and formed a cross-departmental Medical Product Risk Management Team. At least once a year, we hold a meeting where Team Leader presents an analysis of the organization's situation and the requirements and expectations of the stakeholder groups, and asks the responsible person or department head to identify potential risks in the process that could affect product and service compliance. We even carry out risk analysis and identification in accordance with our Risk criteria and report back to the CEO and CFO in a timely manner.

### Risk assessment & management

Risk level	Extremely high risk	High risk	Moderate risk	Low risk
Rating*	<b>9</b>	<b>3~6</b>	<b>2</b>	<b>1</b>
Management measures	Very dangerous events require immediate action.	Management must supervise the development of the project and provide necessary resources.	The responsibilities of management must be clearly defined.	Low-risk events are dealt with in the usual steps.

\* Rating of risk is with reference to the following risk matrix:

	Likelihood of occurrence		
Impact level	Unlikely (1)	Likely (2)	Very likely (3)
Low (1)	1	2	3
Medium (2)	2	4	6
High (3)	3	6	9

## ■ Ways to identify, analyze and respond to risks in the production process

The Risk Management Team reviews organizational situation analysis, interest groups' needs and response measures, and process potential risks and other relevant information (which may include historical data, theoretical analysis, constructive opinions, and expert opinions). In principle, it is based on evidence as an input to risk identification. The Risk Management Team conducts qualitative and quantitative analysis of the identified risks in order to determine the risk value. The Team then



compares the risk analysis results with the risk criteria to determine whether the risk needs to be dealt with, the priority of the response, and select the corresponding remedial actions and implementation approaches.

## ■ Quality management strategy for incoming goods

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

## ■ Quality management education and training (in the case of Taiwan Xiangshan Washing Plant)

In order to implement quality management education, in FY2021, Medtecs Xiangshan Washing Plant has provided quality assurance training for employees once a quarter for at least 1 hour each time, and analyzed the reasons for major quality control cases that occurred in the previous quarter and reviewed the adequacy of improvement measures. Medtecs Xiangshan has conducted a total of 5 quality assurance training sessions in the first, third and fourth quarters respectively, which took place on April 9, August 3, August 13, August 18 and December 27, 2021. Among them, Taiwan was on level-3 COVID-19 alert in May 2021, and to reduce the risk of group infection, no training was conducted. In addition, in the 3<sup>rd</sup> quarter we held three training sessions in August based on epidemic prevention considerations.

## ■ Safety and hygiene inspection and management methods

We place great importance on the quality and safety of our products. Medtecs medical products are evaluated and tested for biocompatibility in accordance with regulations. Most of our products are also verified by a third-party inspection unit to obtain a report from the Taiwan Textile Research Institute and to ensure the safety and hygiene of our products. We also require our raw material suppliers to submit MSDS documents and



specify the characteristics of the materials they supply, in order to eliminate any possible hazards to humans.

In addition to safety and hygiene testing of products and raw materials, we also place great emphasis on the environment and hygiene of our overseas factories to ensure the best working environment for our employees. Medtecs has achieved excellent results in the field audits requested by overseas brands.

**Medtecs quality management results** (in the case of the Cambodian subsidiary)

Quality management KPI	Yield rate and target for FY2021	Actual achievement in FY2021
Achievement of specific delivery dates	≥ 97% or above	97.9%
Pass rate of container inspection	≥ 96% or above	96.5%

■ **Third party inspection**

(in the case of the Philippines subsidiary)

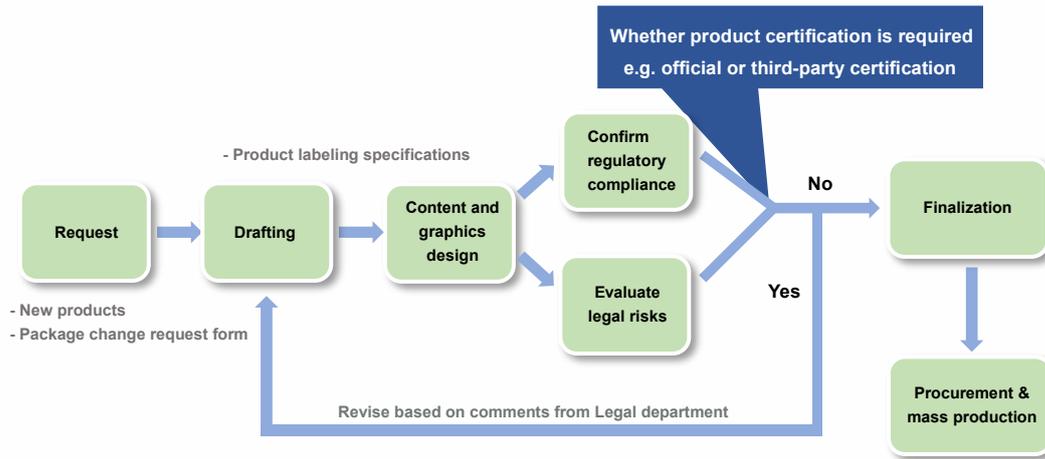
The Philippine subsidiary conducts stringent third-party testing, but there is currently no testing facilities in the Philippines that can test masks, so all finished masks are sent to Taiwan for testing. Each batch of masks is tested for differential pressure and virus filtration to ensure the effectiveness of the product and ensure the product is safe to the user. During the raw material inspection, we have added safety and hygiene checks related to odor and linting (which can cause skin irritation). In FY2021, the uniform camouflage fabric was tested by a third party and the passing rate was 100%.

Category	Test item	Number of samples (Pieces)	Conformity rate
Camouflage fabric	Specifications of fabric in full set	3	100%

■ **Product labeling and sales responsibility**

We know well the importance of correct and compliant product labeling and continue to refine its product control processes and develop error-free specifications to create products that meet domestic and international regulatory and quality standards. We have a clear process and specification for product labeling. When a new product or packaging needs to be modified, we follow a set of product labeling guidelines and evaluate the new design for regulatory or legal risks before mass production can proceed. Under our efforts, there were no significant breaches of product labeling regulations that resulted in fines in FY2021.





## Content of the product label

We require the following to be clearly marked on the product packaging of all masks and all PPE:

1. Product composition and size
2. Certification standards and certification numbers
3. Product instruction
4. Expiration Date
5. Caution & Warning
6. Contact information

## Product labeling (in the case of Taiwan and the Philippines)

Area	Product name	Applicable standard	Scope of label	Mandatory/Voluntary labeling
Taiwan	Surgical mask	CNS14774	No. 014065, Department of Health, Manufacture of Medical Devices (Import)	Mandatory
	Medical grade mask	CNS14774	No. 004175, Department of Health, Manufacture of Medical Devices (Import)	Mandatory
Philippines	Camouflage clothing	Philippine Military Marking Code	Labeling	Mandatory
	Military uniform			



## Sustainable supply chain

We believe that proper management of suppliers will contribute to Medtecs business growth and create value for shareholders. In the face of climate change and the outbreak of COVID-19, countries around the globe experienced severe supply disruptions and issues obtaining raw materials. At the same time, we foresee a surge in demand for PPE. Medtecs has therefore taken the initiative to establish a global sourcing platform to become the first multinational organization in Asia that can provide one-stop-shop sourcing capability.

In FY2021, we addressed the risks associated with raw materials supply shortage through vertical integration and selection of multiple verified suppliers. We took stock of our supply chain, key customers, product categories and market concentration, assess our product characteristics and stocking costs, and planned ahead to maintain a safe level of inventory. We also diversified risks by having back-up suppliers in place for supply chain disruptions.

We have manufacturing and operational sites in Taiwan, the Philippines, Cambodia and China to ensure a continuous supply chain. We also work with government agencies, international sourcing organisations and brand owners to build a resilient and flexible supply chain. We have established a trusted network of raw material suppliers, OEMs and traders to supply PPE, medical devices and healthcare products, and to minimise the risk of supply chain disruption that could affect key raw materials. The relevant measures adopted are as follows:

1	Increasing the proportion of purchases from qualified suppliers and have a back-up supplier to facilitate timely deployment of raw materials supply
2	Setting safe stock levels in factories
3	Analyzing the low and/or high seasons through business analysis and actively communicate with customers on forecast quantities so that the factory can make appropriate adjustments to stock availability
4	Finding local sources of sourcing to reduce the risk of transport from one region to another
5	Seeking suppliers who can process finished products on behalf of others to avoid raw material outages or factory shutdowns



## Medtecs is committed to building a resilient supply chain



## Supplier selection and evaluation

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

In order to ensure the quality of our suppliers' products and services, suppliers with whom we have business dealings must be assessed and qualified in accordance with the above selection criteria before they are allowed to deal with us. Suppliers are subject to regular or irregular audits to monitor changes in quality during their dealings with us. Both new and existing suppliers are required to sign environmental, safety and health-related documents, including the "Non-Use of Hazardous Substances Guarantee", "Environmental Statement", "Corporate Social Responsibility and Integrity Pledge" and "Confidentiality Pledge". The signing rate of the "Corporate Social Responsibility Pledge and Integrity Pledge" is about 95%.

### ■ Supplier assessment

The Procurement Department is responsible for the preparation and maintenance of the supplier evaluation form. In principle, the supplier evaluation form covers the supplier's business status, product quality, delivery time, pricing conditions and ability to respond to changes. Additional points are awarded to suppliers who have continued to focus on sustainable issues such as environmental and labour protection, social welfare and corporate governance, and who have received relevant certifications. At the end of each year, the head of the Procurement Department discusses the contents of the supplier



evaluation form with the relevant staff, and then proposes a "Qualified Supplier List" for approval and carries out measures in response. We carry out occasional factory and goods inspections on non-excellent suppliers, and increase the sampling of large items. If the supplier does not improve, the relationship will be terminated.

We conduct regular semi-annual reviews of the performance of our existing key suppliers (excluding outsourced process suppliers) based on their delivery performance. The rest of our trimmings are inspected on a random basis once a year. The Procurement Department conducts assessments based on delivery time, cooperation and delivery rate. The Quality Assurance Department of each production site assesses the quality of the suppliers' deliveries, including the yield rate of incoming material inspection, acceptance rate of incoming material inspection, cooperation and customer complaints. The assessment results are recorded in the "Supplier Periodic Assessment Form". As for the assessment criteria, the following 6 major components will be assessed:

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

### ■ Supplier grading

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

### ■ Supplier grades

Assessment level	A	B	C
Assessment score	95~100	81~94	71~80
Assessment results	Quality supplier	General supplier	Non-conforming supplier
Management measures	1. Increase order quantity accordingly	Normal trading	1. The Procurement Department recommends the



	2. Give priority to the production samples developed by the Company		direction of improvement. 2. If a supplier has been graded C for 2 consecutive periods (1 year), the supplier's order quantity should be reduced and re-evaluated.
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■ **Supplier evaluation results for the past 3 years**

	FY2019	FY2020	FY2021
<b>Total number of suppliers</b>	188	219	200
<b>Number of suppliers evaluated</b>	48	52	60
<b>Evaluation percentage</b>	26%	24%	30%

FY	2019	2020	2021
<b>Grading</b>			
<b>Grade A</b>	42%	38%	40%
<b>Grade B</b>	50%	57%	53%
<b>Grade C</b>	8%	5%	7%
<b>Conformity rate</b>	92%	95%	93%

In FY2021, we have selected 60 suppliers for evaluation, and the pass rate of supplier evaluation is 93%. For important suppliers of raw materials, if their management standards and resources are inadequate or their annual appraisal results are poor, the Company may, if necessary, send its procurement department to provide counseling to the supplier in order to improve the supplier's quality management system so that the supplier can provide more stable products in the future. As an example, a manufacturer of masks in FY2021 had problems with color inconsistencies and delayed deliveries.



After confirming the compensation for the defects caused by the poor quality, we required this manufacturer to specify the follow-up related quality assurance improvement actions in the purchase contract, and will conduct on-site factory inspections and tracking to ensure the quality of suppliers.

## Local procurement

Medtecs prioritises working with well-established and well-qualified companies in order to enhance the company's transaction security and to increase the proportion of purchase from local companies in the countries where the factories are located. The Philippines and Cambodia are important locations for the Group's operations as their output accounts for a significant proportion of the Group's revenue. However, due to the lack of an effective and mature supply chain in these two countries, they are often unable to source the primary and trimmings required for their production locally and therefore rely on imports. In order to assist the development of local industries, save transportation costs and reduce the impact on the environment, we encourage and empower local operators to source locally for items such as cartons, labels and plastic bags, through a cost-benefit assessment.

### Total purchases as a percentage of local purchases

Region	FY2021
Taiwan	37%
China	52%
Cambodia	6%
Philippines	2%
<b>Total</b>	<b>97%</b>

※ Percentage of purchases from local suppliers = (Purchases from local suppliers ÷ Total purchases) x 100%.

### ■ Type of purchases

The Group's annual purchases from suppliers can be divided into two categories: primary materials (woven and non-woven fabrics) and trimmings (sealing strip, zippers, elastic bands and instructions, etc.). The main materials account for approximately 64% of the total purchases and the trimmings account for 36% of the total purchases. All raw materials are mainly transported by sea and air. Of these, 52% are sourced from the PRC, while the remainder are sourced from Taiwan, Europe, the USA and other Asian countries, accounting for approximately 37%, 1%, 1% and 9% respectively. Our incoming goods quality control process is based on a four-point scale, with 15% and 5% of the fabric and trimmings being tested respectively. In addition to checking the appearance for defects, we will also send incoming goods to a third party for testing.



# Customer relationship management

## Customer data management

Technology management has always been an important objective and direction for Medtecs in all sales channels, be it B2B or B2C sales. Information systemisation has always been the guiding principle of the Company's operations and efforts. We leveraged e-commerce capabilities to source for quality raw material supplier by "one-stop-shop" approach to information. Through the operation of our e-commerce platforms and data analysis, we have been developing new leads and diversifying our suppliers to maintain production capacity flexibility, and activating automated system processes to reduce customer wait time for products.

In FY2021, we continued to focus on the following priorities to transform and connect information to achieve our customer management goals in a more data-driven and automated manner.

### 3 key actions for information management

1	<b>Sales force</b>	We use specific software and practices to manage technology in an actuarial manner to compile more efficient and effective targets and directions to work towards.
2	<b>ERP optimization</b>	The upgrade and implementation of ERP systems will enable the company to integrate its daily operations and business practices.
3	<b>Sales management System</b>	Data-based sales analysis software, such as Tableau, can help the sales team make more effective and accurate judgments.

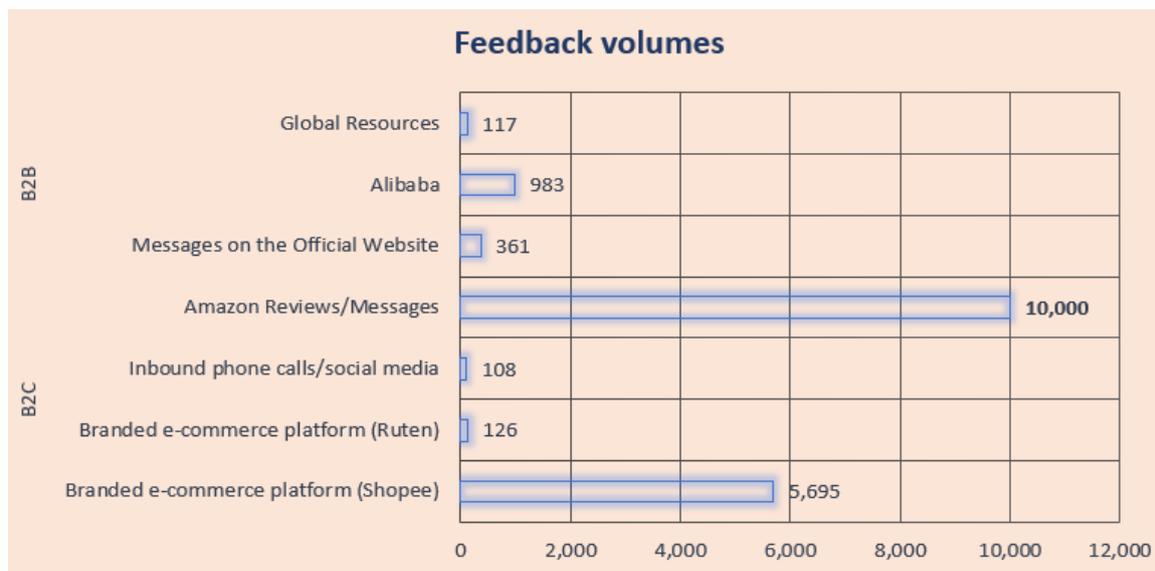
### Diversified customer communication channels

Medtecs is committed to maintaining customer relationships, whether with distributors or consumers at home or abroad, by putting the customer first. We have a wide range of consultation and feedback channels to address customers' needs in real time. Consumers have access to Medtecs official website, social media and the online customer service function of the brand's e-commerce, which allows them to contact a representative as soon as possible and resolve their problems as quickly as possible.

For B2B customers, we actively participate in exhibitions (physical, online and remote) to understand their needs from various aspects, and provide customizable products and services to meet these needs in the most convenient way.



## Diversified customer feedback channels and feedback volumes in FY2021



### Customer satisfaction survey

From time to time, we conduct satisfaction surveys with our distributors and consumers. We scored 83.9 points on our FY2021 Customer Satisfaction Survey. Most of the feedback from our distributors were positive, indicating that Medtecs products are highly competitive and have a high repurchase rate. In terms of price and quality, we are well liked by consumers and distributors alike. If we receive negative feedback, we will also improve our quality control, increase QC verification and staff training, and make practical improvements, and even continue to optimize our products and services to meet customer expectations.

### Hearing real consumer feedback at the event



▲ In April 2021, Medtecs set up a four-day pop-up store at Xinyi Shanti Plaza, and in December, Medtecs partnered with the New Taipei City Government to participate in the Christmasland in New Taipei City where for 31 days we displayed our products and interacted with customers in a Christmas-themed container.

We made tablets available onsite and invited people to fill out product questionnaires to get feedback on our brand and products, in order to understand what consumers think



about the features and functions of the products and to use the feedback as a reference for refinement.

## ■ Customer complaint handling



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

We have a comprehensive process for handling customer complaints from different channels, as well as a return and exchange mechanism. For example, on the Amazon platform, consumers who have purchased Medtecs products can leave messages through the Message function on the backend, or leave ratings and reviews on the frontend to express their experiences with the products. We will reply to customers within 24 hours if we receive feedback from the message channel. If a customer leaves a bad feedback on our front desk, we will contact the customer through our platform system and conduct an internal review and analysis after identifying anomalies and defects, and decide on sales discounts or returns based on the customer's needs. In 2021, the B2C complaint rate was 0.08%, with a response rate of over 98%. The rate of B2B customer complaints was 0.04%. The higher than the previous two years was due to the COVID-19 pandemic in FY2020, which resulted in a large number of shipments, thus delaying the occurrence of complaints until 2021.

### Results of B2B customer complaints in the past three years

	FY2019	FY2020	FY2021
Customer complaint rate	0.01%	0.03%	0.04%
Customer case closure rate	100%	100%	100%



# Sustainable Environment

<p><b>Material issue: Waste management</b></p> <p>It aims to change the way businesses and organisations understand and measure waste, encouraging planning to reduce waste and increase reuse at the source of production and/or procurement, thus creating more opportunities for the development and practice of a circular economy.</p>	
<p><b>What it means for Medtecs</b></p>	<p>Large amounts of wastewater and waste material are discharged during the laundry and product manufacturing process. Medtecs believes that only by reducing the waste from the source and implementing waste classification as well as recycling, can the impact on the environment caused by business operations be reduced.</p>
<p><b>Policy and commitment</b></p>	<p>Medtecs is committed to using environmentally friendly detergents and low-carbon fuels in line with government policies. All Medtecs factories implemented domestic waste classification and recycling to reduce the impact on the environment.</p>
<p><b>FY2021 goals</b></p>	<p><b>Taiwan’s Xiangshan Laundry Plant:</b></p> <ol style="list-style-type: none"> <li>In the next three years, the three key indicators of wastewater discharge, namely chemical oxygen demand (COD), suspended solids (SS), and potential of hydrogen (pH), will not exceed the standards set by the competent authorities.</li> <li>Sampling and testing of the three key indicators of wastewater discharge—including COD, SS, and pH— which are conducted quarterly will be conducted monthly to shorten the testing interval for early correction.</li> </ol> <p><b>Cambodian subsidiary :</b></p> <ol style="list-style-type: none"> <li>To adopt automated waste disposal processes and purchase 8 electric carriers.</li> </ol> <p><b>Philippines :</b></p> <ol style="list-style-type: none"> <li>Add more space for waste sorting and recycling.</li> <li>Increase the flip sides of cartons to reuse and reduce the amount of waste. To increase the use and treatment of waste cartons e.g. in 3L, with a view of achieving a 40% recycling rate for used cartons in FY2021.</li> </ol>
<p><b>FY2021 results</b></p>	<p><b>Taiwan’s Xiangshan Laundry Plant:</b></p> <ol style="list-style-type: none"> <li>In FY2021, there was a malfunction in the pH meter at the treatment tank, which caused the pH value and SS indicator to exceed the regulatory standard. A second pH meter was subsequently installed with continuous 24/7 recording. The pH value is also checked twice daily by environmental safety personnel to ensure that the discharge is in compliance with the law.</li> <li>The sampling and testing of wastewater discharge conducted quarterly were conducted monthly to shorten the testing interval.</li> </ol>



	<p>In May, the COD value was detected to be slightly exceeding the emission standard, and the dosage was adjusted immediately to meet the standard. By testing at shorter intervals, Xiangshan Laundry Plant was able to correct the difference at the earliest possible.</p> <p><b>Cambodia:</b></p> <ol style="list-style-type: none"> <li>1. Continuous optimisation of the automated waste disposal process.</li> </ol> <p><b>Philippines:</b></p> <ol style="list-style-type: none"> <li>1. The proportion of domestic and general wastewater directly discharged was reduced so that the discharge from the domestic wastewater plant is linked to the wastewater treatment plant.</li> <li>2. 70% of domestic wastewater and general wastewater was discharged to the wastewater treatment plant. Examples include wastewater from the factory cafeteria, dormitories, and after washing hands in the toilet.</li> <li>3. The recycling rate of used cardboard boxes was 50%.</li> </ol>
<b>Goals for FY2022 (Short-term goals)</b>	<p><b>Taiwan's Xiangshan Laundry Plant:</b></p> <p>We will continue carry out monthly sampling tests on the three indicators, namely COD, SS and pH value, and monitor changes in the pH value through the 24-hour monitoring system to ensure the effectiveness of the monitoring equipment.</p>
<b>Goals for the next 3-5 years (Medium- to long-term goals)</b>	<p><b>Cambodia</b></p> <p>Add automated machinery and install solar panels on the roofs of our factories.</p>
<b>Responsible parties</b>	Factories at each location
<b>Specific actions and performance</b>	<ul style="list-style-type: none"> <li>● Automated waste disposal process in Cambodia: 8 electric trucks were purchased in FY2021 to automate the manual handling of waste and increased the efficiency of waste disposal.</li> <li>● Reduced factory electricity consumption: The LED lights and energy efficient motors had been replaced throughout the factories in Cambodia.</li> </ul>



## Response to climate change

Medtecs' climate-related risk identification and assessment process is conducted in accordance with the Board's guidelines. Cross-departmental discussions on climate change related issues are held through ad hoc groups formed by relevant departments. We review and revise our processes for managing climate related risks annually through our operational management and budget meetings.

In FY2021, we initially referred to the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) against the Group's current exposure to climate risks and strategies. We expect to be formally introducing it to relevant departments and operations in the second half of FY2022 to map out a complete and more detailed overview on the Group's climate risks and strategies.

### Climate change risks to operations

Risk type	Risk factor	Risk issue	Period of risk occurrence	Key impacts
Transformation risk	Emerging regulations	Enhanced emissions reporting obligations	Mid-term	As a result of changing regulatory requirements, the Company will have to change its power, heat and water requirements in accordance with national schedules, which will inevitably result in increased capital expenditure.
	Technology	Conversion to low carbon technologies	Short-term	In response to changes in the Company's production model due to climate risks, including: increased use of green energy and environmentally friendly materials, the Company's production processes need to be invested in and adjusted, resulting in higher production costs.
	Risks-market	Increase in raw material costs	Short-term	Production costs have increased in response to the rising costs of oil, production raw materials and supply chain due to climate change.
	Risks-market	Changes in customer behavior	Short-term	Market requirements for certifications related to sustainability and environmental protection have increased. Failure to meet these requirements may result in a shift in customer orders, which could affect future



				revenue and profitability.
	<b>Reputation</b>	Increased stakeholder interest or negative feedback	Short-term	Disposable PPE devices were used extensively during the COVID-19 pandemic, which could have a negative impact on the environment. The R&D team will need to invest resources or work with industry partners to develop recyclable protective equipment.
<b>Physical risks</b>	<b>Acute physical risks</b>	Increased severity and frequency of extreme weather events such as typhoons and floods	Long-term	Extreme climate change, such as typhoons and tsunamis, cause physical shocks to production sites and lead to disruptions in production operations.
	<b>Chronic physical risks</b>	Changes in precipitation patterns and extreme climates	Long-term	Extreme climate change causes physical shocks to production sites and leads to disruptions in production operations.

Medtecs' main production sites are located in the Philippines and Cambodia, both in the tropical monsoon climate zone. In particular, the impact of global warming on climate change has intensified in recent years and the rainy season has become longer than in the past, resulting in days of heavy rainfall. The physical risk of climate change can lead to the flooding of stock in warehouses and the complete destruction of stock. Employees may also be prevented from commuting to work, resulting in disruptions to production lines, etc.

The following are examples of how the Philippine subsidiary and the Group as a whole have responded to climate risk. They are examples of the Group as a whole have responded to climate risk, and how the Company has developed a strategy to address climate change risks and possible development opportunities in order to strengthen its operational resilience and address the impact of extreme climate and market changes on its operations.



## Medtecs' climate change management and response strategy

Strategy	Description
<b>Decentralised production base</b>	Through the deployment of different production sites and flexible production lines, the Company can flexibly respond to the impact of extreme weather on a single site.
<b>Contract manufacturing</b>	Medtecs has strategic partners for each of its product lines. With the help of these partners, the Group is able to respond flexibly to the effects of extreme weather.
<b>Development of new products</b>	In order to reduce the environmental impact of the massive use of disposable PPE during the COVID-19 pandemic, our R&D team is working with other industry leaders to find solutions to minimise PPE waste. The antiviral disposable masks in the Medtecs Shield collection can be worn for 5-7 days without creating an odor, allowing users to protect themselves and the environment at the same time.

### Physical risk response (in the case of the Philippine subsidiary)

Risk category	Challenges and impacts	How we cope
<b>Immediate physical risks</b>	<ol style="list-style-type: none"> <li>1. The Philippines is located in a natural disaster-prone region. Climate change may lead to an increase in the frequency of natural disasters such as typhoons and heavy rains (flooding).</li> <li>2. Abnormal weather conditions may reduce staff attendance and effective working days, which may affect orders.</li> <li>3. Typhoons and rainstorms can cause damage to public facilities such as electricity and water supply, which in turn can affect production activities.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Philippine subsidiary has implemented a multi-channel sourcing strategy, sourcing suppliers from outside the Philippines to minimise possible supply shortages and disruptions caused by a single source of supply. For example, some of the garment accessories, such as buttons, sewing thread and velcro, began to be sourced from China.</li> <li>2. All raw materials and finished goods are stacked on racks and pallets to prevent damage caused by heavy rainfall and flooding.</li> <li>3. The Company purchased its own power generators to deal with the possible impact of power outages and other incidents caused by extreme weather on the Company's operations.</li> </ol>
<b>Long-term physical risks</b>	More frequent typhoons and rainstorms	During typhoons and rainy seasons, stocks of raw materials are increased to



		prevent weather-related shipping and production shutdowns and supply shortages.
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▲ The Philippine subsidiary's goods are placed on raised pallets to prevent possible damage from rainstorms and flooding.

## Climate change opportunities for operation

Short-term	Mid-term	Long-term
<p>The Group's main operating locations are in the Philippines and Cambodia in Southeast Asia, which are tropical regions where sunshine is abundant. Compared to the use of fossil-based power, the introduction of solar power is relatively more efficient and cost effective, helping to reduce energy costs.</p>	<p>Medtecs has to build energy efficient and environmentally friendly processes and obtain certification from the relevant bodies to gain recognition from customers and at the same time reduce market risk.</p>	<p>We will flexibly deploy our production base to build a resilient and diversified supply chain in Cambodia, the Philippines and Taiwan to reduce the adverse impact of extreme climate change on a single production site.</p>



## ■ Targets and objectives

Our assessment of risks and opportunities is based on a combination of green energy and the number of days of disruption to operations due to extreme weather. In accordance with our strategies and surveys, in order to reduce our greenhouse gas emissions, we will manage our factories' energy consumption to reduce the greenhouse gas emissions risks in Scope 2, which also reduces the direct emissions risk in Scope 1. By managing our suppliers, we will be able to manage Scope 3 risks as much as possible.

In the future, we plan to work with external consultants to assist in the calculation and verification of emissions in all areas of greenhouse gas emissions, in line with regulatory requirements. In FY2021, the Taiwan subsidiary has started to calculate its emission factors provided by the Environmental Protection Administration and Bureau of Energy. Calculated results are shown in the table below.

### Emissions of greenhouse gases from Taiwan subsidiaries

Unit: tons of CO<sub>2</sub>e

Scope	FY2019	FY2020	FY2021
Scope 1	10,524	8,793	4,134
Scope 2	4,086	3,593	3,775
Total	14,610	12,386	7,909



## Energy use and management

### Energy consumption

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

In line with the Taiwan government's environmental protection policy, the Group completed the installation of natural gas boilers and surrounding pipelines at its Xiangshan Laundry Plant in Miaoli County in FY2020. With effect from 1 January 2021, the old coal-fired boilers were decommissioned and replaced by new, energy-efficient liquid natural gas boilers for power generation. In addition, the wash load at Xiangshan Laundry Plant was 12,343 tonnes and 11,801 tonnes in FY2020 and FY2021, respectively. The energy usage was 104,475 GL and 75,370 GL with 8.49 GL and 6.42 GL of energy used per metric tonne of scrubbing, respectively in FY2020 and FY2021. The switch to new natural gas boilers has resulted in a significant increase in energy conversion efficiency by 26%.

### Historical energy usage

Unit : GJ

Factory location	Energy type	FY2019	FY2020	FY2021
Taiwan	Electricity	7,483	6,581	6,914
	Coal fired	110,370	85,625	-
	Fuel oil	912	2,808	807
	Natural gas	-	10,111	67,649
	<b>Total energy use</b>	<b>118,766</b>	<b>105,125</b>	<b>75,370</b>
Cambodia	Electricity	10,146	14,895	12,921
	Coal fired	-	-	-
	Fuel oil	-	-	-
	Natural gas	-	-	-
	<b>Total energy use</b>	<b>10,146</b>	<b>14,895</b>	<b>12,921</b>
Philippines	Electricity	11,508	8,296	4,604
	Coal fired	59,423	15,647	3,596
	Fuel oil	-	-	-
	Natural gas	-	-	-
	<b>Total energy use</b>	<b>70,931</b>	<b>23,943</b>	<b>8,200</b>

※ The figures in the table are rounded to the nearest whole number and may not add up to the original figures.



## Energy intensity over the years

Unit : MJ/USD

	FY2019	FY2020	FY2021
The Taiwan subsidiary	14.8914	14.3108	10.9336
The Philippine subsidiary	0.2833	0.0738	0.2716
The Cambodian subsidiary	5.7743	0.4129	0.5189

The Philippine subsidiary's energy consumption per unit in FY2020 and FY2021 was significantly lower than in FY2019. This is mainly due to a significant change in the weighting of the Group's main sales products before and after the COVID-19 pandemic. In FY2019, prior to the COVID-19 pandemic, our main production included weaving, dyeing and garment for OEMs, which consumed more energy. However, after FY2020, we shifted our production to products that consumes less energy such as masks and PPE as the orders for dyed woven fabric also declined. In FY2021, the increase in unit energy consumption is due to lower PPE selling prices, resulting in lower revenue for the subsidiary.

## Energy saving and carbon reduction efforts and results in FY2021

Factory location	Practice	Amount invested (\$)	Effectiveness (cost/electricity savings)
Taiwan	Purchase of new orbital laundry equipment	NT\$40 million	Water/energy saving/carbon reduction (in progress)
Cambodia	Replacement old motors with energy saving motor	US\$6,750	Improvement of energy efficiency and reduction in fuel consumption
	Factory-wide replacement with LED luminaires (2,105 units)	US\$6,788.5	
	Imported electric vehicles (8 units)	US\$7,800	
	Use of solar street lights (12 units)	US\$960	
Philippines	Energy saving dyeing machine	US\$46,000	Saving approximately 10% in energy, 30% in coal and 30% in water use

The Xiangshan Laundry Plant in Miaoli procured new orbital laundry equipment from a Japanese manufacturer in June 2021, which was delivered in December 2021. Installation and testing was scheduled to be completed by the end of February 2022, and the orbital laundry equipment will be in operation from March. This new washer has a water return



function. In addition to saving water consumption, it can be combined with 6 Japanese direct-fired dryers. Compared to conventional steam dryers, this improves drying efficiency and solves the problem of heat loss during the transportation of conventional steam lines, thus significantly increasing energy efficiency and reducing carbon emissions.

### Energy and carbon reduction targets for FY2022

Factory locations	Taiwan Subsidiary	The Cambodian subsidiary	The Philippine subsidiary
Expected action	Launch of the new orbital laundry equipment	<ol style="list-style-type: none"> <li>1. Purchase of a continuous operation pellet making machine</li> <li>2. Purchase of electric forklifts</li> </ol>	<ol style="list-style-type: none"> <li>1. Replacement of all existing street lights with solar-powered street lights</li> <li>2. Purchase of a 1,000kg energy saving dyeing machine</li> </ol>
Expected benefits	Save water and increase energy efficiency	<ol style="list-style-type: none"> <li>1. Increased efficiency in the conversion of waste fabric into plastic pellets</li> <li>2. Reduced use of fuel oil</li> </ol>	<ol style="list-style-type: none"> <li>1. Start using renewable energy in the plant</li> <li>2. Accelerated process energy savings and carbon reduction</li> </ol>

In the next 3-5 years, the Philippine subsidiary expects to replace its diesel forklifts with electric forklifts and to use new energy-saving, low-emission boilers. In addition to reducing emissions, this will also reduce energy consumption and environmental pollution in the manufacturing process.

### Water resources management

We are aware of the importance of water management. The three major subsidiaries' main sources of water consumption are from tap water, well water and groundwater respectively. The total water abstraction in FY2021 is 251,195 m<sup>3</sup>, of which the Taiwan subsidiary, which specialises in washing, is the largest user of water, accounting for 53.3%.



Medtecs Laundry Plant has purchased new orbital laundry equipment with water return function, which can pump relatively clean rinse water from the end of the washing process to the front of the orbital laundry equipment to pre-wash soiled garments and reduce the water consumption of the washing process. The new orbital laundry equipment was delivered to the Xiangshan Laundry Plant in Taiwan in January 2022. Installation and testing is expected to be completed by the end of February 2022.

## Water usage in FY2021

Unit : m<sup>3</sup>

Source of water use	Taiwan Subsidiary	The Cambodian subsidiary	The Philippine subsidiary
Tap water	7,875	-	111,501
Well water and groundwater	122,603	5,817	-
Total water abstraction	130,478	5,817	111,501

## Historical intensity of water abstraction

Unit : m<sup>3</sup> / K USD

	FY2019	FY2020	FY2021
Taiwan Subsidiary	17.55	19.44	18.93
The Cambodian subsidiary	0.1624	0.0312	0.1224
The Philippine subsidiary	18.44	3.12	7.01

## Water saving activities and results in FY2021

Plant	Practice	Amount invested (\$)	Effectiveness (cost/water savings)
Taiwan Subsidiary	Introduction of a new high-efficiency orbital laundry equipment with water return function	NT\$40 million	Water savings (in progress)
The Cambodian subsidiary	Replacement of old water taps with automatic energy saving taps	50 USD	Effective in reducing water wastage



# Pollution prevention and environmental protection

## Wastewater management

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

For the two main production sites overseas, domestic wastewater is produced in the Cambodian subsidiary as no dye is used in the production process. However, domestic drinking water and filtered water are regularly tested by the relevant authorities to confirm that the pH and COD values are within the local government discharge standards.

## Historical wastewater discharge

Unit : m<sup>3</sup>

FY	Plant			
	Taiwan	Cambodia	Philippines	Group total
2019	137,360	5,806	185,023	328,189
2020	125,246	6,296	159,770	291,312
2021	93,786	5,817	89,200	188,803

The Taiwan subsidiary reduced its wastewater discharge by 25% in FY2021 compared to FY2020 due to a 4.4% reduction in wash load from the Xiangshan Laundry Plant and water shortage crisis in the northern part of Taiwan in the first half of FY2021, which resulted in a tight water supply. In line with the government's water conservation measures, the plant also stepped up its efforts to promote water consumption reduction in the plant, and has reduced the amount of water injected into the washing machines to reduce the amount of water used for washing. As a result, the amount of wastewater discharged has also been reduced.

In FY2021, due to the COVID-19 pandemic, the Philippine subsidiary received fewer orders for its dyeing and water loom plants, resulting in lower water consumption. The Philippine subsidiary tried to reduce the environmental impact of its production process by using only low-pollution dyeing materials and never used azo dyes. At the same time, the Philippine subsidiary also recycled part of the cooling water after dyeing in order to reduce the discharge of wastewater. After discharge, all wastewater was piped to the wastewater treatment plant for centralised treatment by the local management area, and a wastewater treatment fee of 80% of the total water consumption is charged.

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▲ The Philippine subsidiary's dyeing cooling water recycling plant

### Explanation of wastewater discharge violations and improvement measures for FY2021

Both the Cambodian subsidiary and the Philippine subsidiary had no serious leakage in FY2021. However, the Taiwan subsidiary (Xiangshan Laundry Plant) reported that the pH value of the wastewater discharged exceeded the standard due to a malfunction of the pH meter, which was detected by the local health bureau. We retrofitted the equipment and have completed subsequent improvement measures. Please see the table below for details:

<b>Reason for violation of regulations</b>	On November 9, 2021, the Health Bureau of Miaoli County Government conducted an annual sampling inspection at the Company's Xiangshan Laundry Plant. The results of the inspection revealed that of the three indicators, including COD, SS, and pH value, two exceeded the standard (SS and pH value). It was found that the pH meter in the treatment tank had malfunctioned, resulting in an exceedance of the pH value and, as a result of the high pH value, an exceedance of the SS.
<b>Amount of fine imposed</b>	Department of Health, Miaoli County Government
<b>Authorities</b>	NT\$105,000
<b>Prevention and improvement measures</b>	<ol style="list-style-type: none"> <li>1. In order to avoid a recurrence in the future, in addition to the original pH meter, a second pH meter was installed and connected to the computer for 24-hour testing records, to prevent any further exceedance of the standard due to equipment failure.</li> <li>2. Since then, the pH value has been checked twice daily by environmental safety personnel to ensure that the relevant emissions are in compliance with the law.</li> </ol>



## Waste management

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

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

### Waste generation process and social and environmental impacts

Stages		Taiwan Subsidiary	The Cambodian subsidiary	The Philippine subsidiary
Input	Upstream suppliers	Depending on the needs of each leasing hospital, we purchase fabric to make finished products or purchase finished medical clothing directly from outside.	Non-woven fabrics	Non-woven, polyester/cotton, nylon/polyester earbands, cardboard boxes, cotton yarn, plastic bags for packaging.
Activity	Production and manufacturing activities at Medtecs' various sites.	The laundry plant washes and dries used hospital gowns before returning them to the hospital for use.	Cutting, sewing and packaging	Weaving, dyeing and sewing
Output	Downstream brand owners /	Reusable medical gowns	Coveralls, isolation	Masks, garments, finished cloths,



	Medtecs' own brands / products.		gowns, patient gowns, doctor gowns, surgical gowns, shoe covers, bouffant caps, etc.	PPE
	Waste from production and manufacturing activities at Medtecs' various sites.	Washing water, scraps of waste clothing, scraps from the clothing making process.	Domestic water	Cut and sewn leftover bits and pieces, non-woven, polyester/cotton, used packaging materials (cartons, plastic film).

### Type and weight of waste in FY2021

Factory location	Waste type	Volume generated (tonnes/year)	Treatment method
<b>Taiwan</b>	General utility waste	59	Consignment for removal/incineration
<b>Cambodia</b>	Scrap iron	21	Contracted waste recycling company
	Waste paper	229	
	Plastic pellets	171	
	Waste plastic pellets	13	
	Production waste	1,095	Contracted waste removal company
	Domestic waste	178	
<b>Philippines</b>	Production waste	587	
	General utility waste	616	Commissioned to the Bonded Area Authority for paid removal
	Hazardous waste	0.085	Consistent disposal by professional companies

※ There was no hazardous waste in Taiwan and Cambodia. Waste from the Philippine subsidiary factory is stored in a dedicated space inside the factory until it reaches a certain volume and is then disposed of in one go by a professional removal company.



## 5. Diversity in the Workplace

<b>Material issue: Labour relations</b>	
What it means for Medtecs	Medtecs is a labour-intensive industry where employees are key partners in the sustainable development of the company. Harmonious labour relations increase operational efficiency to create more value.
Policy and commitment	We are committed to complying with applicable local labour laws and regulations, protecting the rights and interests of our employees, providing a legal and reasonable remuneration and incentive scheme, as well as implementing workplace safety and hygiene management to protect the physical and mental wellbeing of our employees.
FY2021 goals	<ul style="list-style-type: none"> <li>● Zero labour disputes.</li> <li>● Zero material non-compliance from the audit performed by the competent authority.</li> </ul>
FY2021 results	<ul style="list-style-type: none"> <li>● There was no labour disputes in 2021.</li> <li>● There was no of material non-compliance.</li> </ul>
Goals for FY2022 (Short-term goals)	<ul style="list-style-type: none"> <li>● Continue to maintain the record of zero labour disputes.</li> <li>● Continue to maintained the record of no material non-compliance.</li> <li>● Continue to retain and recruit talent to avoid front-line staffing shortage and potential labour law violations.</li> <li>● To encourage an in-depth question and answer session during the recruitment process to minimise potential labour relations issues.</li> <li>● Recruit outstanding talents based on the needs of each department to achieve strategic goals of the Group for business expansion.</li> </ul>
Goals for the next 3-5 years (Medium- to long-term goals)	<ul style="list-style-type: none"> <li>● To maintain the record of zero labour disputes.</li> <li>● Zero cases of material non-compliance from the audit performed by the competent authority.</li> <li>● Energize the organisation (accelerate organisational transformation) and create job opportunities.</li> </ul>
Responsible party	Human Resources and Administration Department
Specific actions and performance	<ul style="list-style-type: none"> <li>● We ensure that our employees receive reasonable compensation and benefits.</li> <li>● We provide an open line of communication.</li> <li>● During the COVID-19 pandemic, we offered free masks for our employees and discounts for their family members to protect their health.</li> </ul>



	<ul style="list-style-type: none"> <li>● Due to the severity of the COVID-19 pandemic, we have taken out insurance for our staff and provided a pandemic allowance for frontline workers as a reward for their hard work.</li> <li>● We organised office parties and team-building activities. In addition to building team spirit, we have also built a sense of identity and belonging.</li> <li>● A second office was set up to accommodate our growing team at the Group's Taipei headquarters to improve the working environment and to create a roomier workplace.</li> <li>● We have implemented safety measure in the workplace to prevent workplace injuries.</li> <li>● We stepped up recruitment efforts so that the Group had sufficient manpower to meet rising demands for our products and services without putting employees on abnormal shifts.</li> <li>● We introduced online behavioral and personality tests to make the recruitment process more efficient.</li> </ul>
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### Material issue: Education and training

What it means for Medtecs	Talent is an important asset for a company. The professionalism and competence of our people are crucial to the success of our business. By providing appropriate training, our team will develop a diverse range of expertise to keep pace with the times and help the Company achieve its goals at all stages of development.
Policy and commitment	Through education and training, we aim to build a team with a set of common goals, and to implement the localization of our workforce in a timely and progressive manner to better create synergy across our operations.
FY2021 goals	<p>Due to the ongoing COVID-19 pandemic, we reduced the frequency of staff activities and office parties and suspended non-essential training in FY2021 to minimise spread of the virus. Related pandemic-prevention initiatives included:</p> <ul style="list-style-type: none"> <li>● We implement COVID-19 prevention measures into our daily operation, as well as our monthly 5S program.</li> <li>● We improved our business continuity planning by setting up the necessary equipment and software at each location and requiring staff to back up all their files on our cloud server.</li> </ul>
FY2021 results	<ul style="list-style-type: none"> <li>● For the third year, 5S activities have been implemented on a monthly basis at all locations and COVID-19 preventive measures have been incorporated into the daily management requirements.</li> </ul>



	<ul style="list-style-type: none"> <li>● At each location, a cloud NAS system has been set up and all staff were required to back up files and related operational information on a monthly basis so that they were ready to work remotely at any time.</li> <li>● Online training courses sponsored by Business Weekly Top 100 Corporate Advisory Panel</li> </ul>
Goals for FY2022 (Short-term goals)	<ul style="list-style-type: none"> <li>● In response to the COVID-19 pandemic in various countries, we will only organise office activities in select locations, and will shift to providing training through webinar and other online means.</li> </ul>
Goals for the next 3-5 years (Medium- to long-term goals)	<ul style="list-style-type: none"> <li>● We will continue to identify risks that can affect the Company's operations and to incorporate ways to mitigate these risks into our business continuity planning to ensure uninterrupted business operations.</li> <li>● We will identify key talent through periodic talent review and provide appropriate training programs as part of the overall "succession planning" to identify and prevent talent gaps in the organisation.</li> <li>● We will increase our external recruitment pipeline to secure sufficient talent for the organisation.</li> </ul>
Responsible parties	Human Resources and Administration Department
Specific actions and performance	<ul style="list-style-type: none"> <li>● We strengthened our staff's awareness of the law and legal compliance through a series of Group legal compliance education and training.</li> <li>● At each location, we continued to promote 5S and incorporated COVID-19 preventive measures into our activities to get our staff into the habit.</li> <li>● At each location, we have completed the hardware and software for cloud data backup to prepare for remote work.</li> </ul>



## Talent recruitment and retention

Medtecs regards the selection, employment, development, promotion and retention of talent as the key to driving the development of the company's operations, and uses a variety of recruitment channels to recruit talented people to join the Company. This year, we further included a headhunting mechanism in the hope of reaching more hidden talent and supplemented it with short-term talent through manpower assignments to help the organisation achieve its development goals at all stages. We provide our staff 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", "Solution-Oriented") spirit.

## Employee composition

Unit : number of people

Category		Taiwan			Philippines			Cambodia		
		Male	Female	Total Number	Male	Female	Total Number	Male	Female	Total Number
Employment	Regular	71	108	179	214	224	438	575	3,050	3,625
	Contract	73	113	186	67	151	218	0	0	0
Employment	Full-time	141	216	357	281	375	656	575	3,050	3,625
	Type	Part-time	3	5	8	0	0	0	0	0
Rank	Senior Supervisor	9	4	13	13	8	21	3	0	3
	Supervisor	11	5	16	17	11	28	8	10	18
	General employees	124	212	336	251	356	607	564	3,040	3,604
Age	Under 30	36	38	74	63	91	154	251	1,179	1,430
	31-50	66	106	172	173	224	397	300	1,809	2,109
	Over 50	42	77	119	45	60	105	24	62	86



## New employee statistics

Unit : number of people

New employees status	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Under 30	14	23	86	109	11	512
31-50	30	50	81	106	8	261
Over 50	8	19	10	11	0	1
Total number of employees	144	221	281	375	575	3,050
Total number of new employees	52	92	177	226	19	774
Percentage of new employees	39.45%		61.43 %		21.88%	

## Resigned employee statistics

Unit : number of people

Resigned employee status	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Under 30	18	16	146	156	64	729
31-50	32	31	114	161	27	428
Over 50	16	26	13	6	1	6
Total number of employees	144	221	281	375	575	3,050
Total number of resigned	66	73	273	323	92	1,163
Percentage of resigned employees	38.08%		90.85%		34.62%	

Note:

The Philippine subsidiary's office in Bataan has signed a short-term contract with 585 employees in FY2021 for a period of 5 months only. As a result, the turnover rate in FY2021 is 95%. The Philippine subsidiary will work with the Bataan office in the future to avoid mismatches between future workforce requirements and current production schedule by implementing a strict recruitment and targeted hiring system.



## Salaries and benefits

Medtecs attaches great importance to the rights and well-being of its employees, and in compliance with all local regulations where we operate, we offer our employees excellent remuneration and a wide range of benefits, as well as a comprehensive performance review and performance-based incentive mechanism, in the hope of motivating our employees to grow with us and contribute to the future development of the Group. We have set up a Staff Welfare Committee, which regularly hand out cash and non-cash gifts, subsidies for further studies and organise staff motivational and recreational activities to care for our staff, with the aim of maintaining high morale, enhancing their sense of identity, relieving their stress from hard work and ensuring work-life balance.

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

### 2021 Office Halloween Party

On 29 October 2021, we threw a Halloween party at our Taipei office. Fun activities included soda drink inferno competition and a costume competition where all staff could relive the fun they hadn't seen in a long time and compete for awards in different categories such as Most Sustainable, Most Medtecs, Best Personality, Most Daring and the Scariest Costume.



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## 2021 Christmas Party

On 16 December 2021, we hired Hooters Restaurant and invited all employees from the Taipei office to attend our annual Christmas party. During the celebration, the office were divided into teams and participated in a hula hoop competition and other holiday-inspired games. There were also beautiful photo backdrops and festive decorations to make the year-end party a memorable one.



### Employee benefits

<p><b>Supporting benefits</b></p> <ul style="list-style-type: none"> <li>● Marriage allowance</li> <li>● Maternity allowance</li> <li>● Funeral allowance for employees and their families</li> <li>● Hospitalized condolences for work injury</li> </ul>	<p><b>Education bonuses</b></p> <ul style="list-style-type: none"> <li>● Tuition assistance for dependent children</li> <li>● Subsidy for further studies</li> </ul>
<p><b>Leisure and recreation</b></p> <ul style="list-style-type: none"> <li>● Group travel</li> <li>● Birthday celebration</li> <li>● Club Activities</li> <li>● Club Benefits</li> </ul>	<p><b>Basic benefits</b></p> <ul style="list-style-type: none"> <li>● Cash bonuses disbursed on the three important Chinese festivals</li> <li>● Group accident insurance</li> <li>● Meal and travel allowance</li> <li>● Birthday gift</li> </ul>



### Average salary to local minimum wage ratio for junior staff in FY2021

Category	Taiwan	Philippines	Cambodia
<b>Regular</b>	1.2:1	1.19 : 1	1.33 : 1
<b>Contract</b>	1.03:1	1	N/A

※ The Cambodian subsidiary does not employ any contract staff

### Men to women average pay ratio in FY2021

Type of personnel	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
<b>Senior supervisor</b>	0.66	1	1.01	1	N/A	N/A
<b>Supervisor</b>	1.02	1	1.15	1	1	1
<b>General employees</b>	1.14	1	0.88	1	1	1

※ There are currently no female senior executives in our Cambodian subsidiaries.

### Labour relations and labour meetings

Medtecs considers its employees to be its most important asset. We listen to each and every one of our employees and protect their rights. The Group's domestic and overseas subsidiaries are in strict compliance with trade union laws to ensure that every employee has the right to form and operate a trade union, and have a comprehensive employee grievance procedure to handle concerns and complaints. In FY2021, we did not receive any complaints. At the request of union leaders, we also held regular meetings with the Labour Committee/Management and Labour Council, at which employee concerns and demands are discussed in detail. In FY2021, Medtecs held a total of four labour-management meetings.

Meeting	Topics covered at labour meetings
1	New dormitories for foreign workers have been leased to improve the quality of accommodation for foreign workers.
2	COVID-19 preventive measures implanted, which included alternate shifts, remote working and vaccination scheme.
3	A second office was opened in Taipei.
4	A referral bonus scheme and labour law compliance.



## Medtecs performance evaluation statistics

Category	Taiwan	Philippines	Cambodia
Male	109	86	17
Female	158	111	30
Total	267	197	47
Percentage of staff assessed	100%	30%	0.013%

All Medtecs employees are subject to regular performance reviews. However, the majority of employees in the Philippines and Cambodia are only on fixed-term contracts and are therefore not subject to performance reviews. As a result, the percentage of appraised employees in both countries is low. Moving forward, only Medtecs employees with more than one year of service will be subject to the performance appraisal.

## Retention without pay due to childcare in FY2021

Category	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Number of people eligible for parental leave in the FY2021 (A)	1	4	0	9	0	0
Number of people who applied for leave without pay for childcare purposes in FY2021 (B)	0	3	0	3	0	0
Application Rate (B/A)	0	75%	0	33%	0	0
Number of people who should be reinstated in FY2021 (C)	0	0	0	3	0	0
Actual number of applicants for reinstatement in FY2021 (D)	0	1	0	3	0	0
Percentage of people returning to work after a leave of absence from work for childcare in FY2021 (Reinstatement rate) (D/C)	0	0	0	100%	0	0
Number of people who actually stayed on leave and returned to work due to childcare in the previous year (2020) (E)	0	2	0	0	0	0
Number of people who returned to work after a one-year leave of absence from work due to childcare in the previous year (2020) (F)	0	2	0	0	0	0
Retention rate after leave without pay for childcare and return to work (Retention rate) (F/E)	0	100%	0	0	0	0

Note: An employee who originally applied for stay without pay from 2021/09/20 to 2022/03/19 due to childcare had asked to be reinstated on 21/11/2021.

Medtecs International Corporation Limited

SAFEGUARDING EVERY TOMORROW



## Training and development

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

- On-boarding: We provide general education courses on topics such as "Newcomer Training", "Introduction to the Personnel System", "Group Operational Guidelines", "Sustainable Development Course", "Legal Compliance Training" and "Occupational Safety and Health On-the-job Training" to help new employees integrate and adapt to our working environment, and to deepen their understanding and sense of identity with Medtecs' culture.
- Professional development: the relevant courses are set by the respective units. The relevant personnel receive on-the-job education and training according to their specialisation. The courses included: product and practical training. We have also converted suitable courses into digital format so that staff can quickly integrate into their new environment and work without time and space constraints, and make the most of their abilities.
- COVID-19 workshops: In response to the COVID-19 pandemic, we have arranged special health workshops on mitigation strategies for COVID-19 and provided training to hospital staff. The course mainly covers on-site infection control measures, introduction to emerging epidemics, and the donning and doffing of protective gear.
- Occupational safety and health: During the course, we educate staff on the use of fire-fighting equipment, fire escape drills and the use of various types of machinery in the factory. In addition, we provide adequate knowledge and practical exercises on occupational safety and health to prevent occupational accidents. (For more information on the implementation of occupational safety and health, please refer to Occupational Safety and Health).
- Medical logistics: For hospital logistics service unit, we explained precautions that should be taken and the health protocols to be followed for staff working in hospitals, as well as the laundering and delivery of hospital linens.
- Remote learning: As a result of COVID-19 travel restriction and alternative work arrangements in place in the Philippines and Cambodia, we have installed video conferencing equipment and software in our offices and work devices to make teleconferencing as well as remote learning possible across all our business units.



## ■ Medtecs staff training statistics

### Taiwan staff training results

Type of training	Total shifts	Total attendance	Total hours
On-boarding	3	238	387.5
Professional Development	3	122	237.5
Health Education for Prevention and Control of COVID-19 Infections	4	180	289.0
Occupational Safety and Health	3	69	105.5
Hospital Logistics Services	1	9	4.5
<b>Total</b>	<b>14</b>	<b>618</b>	<b>1,024.0</b>

### Staff Training Achievements in Overseas Subsidiaries

Region	Project name	Project Description	Results and data for FY2021
<b>Cambodia</b>	Literacy classes	Providing literacy opportunities for illiterate workers	All 6 candidates passed the exam.
	Standard Minute Costing	Improving the capacity of PC teams	87% of PC team members achieved CGTI certification
<b>Philippines</b>	Infection Control and Health Education	COVID19 Program	A total of 16 staff members received training courses on prevention and control of Covid19.
	Occupational safety and health training (including new staff)	Organised during the probation/training period	All new employees are given the opportunity to receive training



## Education and training statistics for overseas subsidiaries

Region	Cambodia		
Type of training	Total shifts	Total attendance	Total hours
Health Education for Prevention and Control of COVID-19 Infections	5	140	140.0
Occupational Safety and Health	6	119	119.0
Medical Logistics Services	1	16	16.0
General Studies Training (including new training)	15	353	363.0
Others	2	24	224.0
<b>Total</b>	<b>29</b>	<b>652</b>	<b>862.0</b>

Region	Philippines		
Type of training	Total shifts	Total attendance	Total hours
Health Education for Prevention and Control of COVID-19 Infections	1	14	14.0
Occupational Safety and Health	4	30	74.0
General Studies Training (including new training)	8	218	3,488.0
Accounting-related training	16	2	16.0
Others	25	87	407.0
<b>Total</b>	<b>54</b>	<b>351</b>	<b>3,999.0</b>

## Statistics on the training hours of Medtecs' employees

### Taiwan

Taiwan	Male			Female		
	Total hours trained	Total number of trainees	Average number of training hours per person	Total hours trained	Total number of trainees	Average number of training hours per person
Senior supervisor	59.00	9	6.56	19.50	4	4.88
Supervisor	47.50	11	4.32	11.00	5	2.20
General employees	289.00	124	2.33	598.00	212	2.82
<b>Total</b>	<b>395.50</b>	<b>144</b>	<b>2.75</b>	<b>628.50</b>	<b>221</b>	<b>2.84</b>



## Philippines

Philippines	Male			Female		
	Total hours trained	Total number of trainees	Average number of training hours per person	Total hours trained	Total number of trainees	Average number of training hours per person
Senior supervisor	82.50	8	10.31	9.00	4	2.25
Supervisor	43.50	19	2.29	102.00	15	6.80
General employees	1,174.50	254	4.62	2,587.50	356	7.27
Total	1,300.50	281	4.63	2,698.50	375	7.20

## Cambodia

Cambodia	Male			Female		
	Total hours trained	Total number of trainees	Average number of training hours per person	Total hours trained	Total number of trainees	Average number of training hours per person
Senior supervisor	-	3	-	-	-	-
Supervisor	123.00	8	15.38	79.00	10	7.90
General employees	112.50	564	0.20	547.50	3,040	0.18
Total	235.50	575	0.41	626.50	3,050	0.21



## Partnering with government organisations to improve workers' literacy

In order to effectively improve the literacy rate of our factory workers, we have been working with the Ministry of Education of Cambodia and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) to jointly organise literacy classes for workers in our Cambodian subsidiaries, in the hope that through basic language education, we can gradually eliminate economic, social, cultural and class inequalities in the country and improve the health and educational level of our workers.



## Occupational safety and health

In order to protect the health and safety of our employees in the workplace, Medtecs subsidiaries have an Occupational Safety and Health Committee that meets regularly to actively implement our occupational safety and health policy. We have a Code of Conduct for our employees and aim to create a "zero-hazard" working environment. We also have an annual occupational safety and health management plan for offices and facilities. The relevant sub-programs include: the maternal health protection program, the abnormal workload disease prevention and management program, and the human hazards prevention program. In addition, we also provide comprehensive education and training to ensure that our employees work in a healthy and safe workplace.

### Medtecs' occupational safety and health management and implementation results (in the case of Taiwan's subsidiary, Xiangshan Plant)

Project	Objective	Implementation Status	Follow up action
<b>Women's Health Protection Program</b>	Medtecs shall provide hazard assessment and control, physician interviewing, risk classification management, work suitability arrangements and other related measures for a period of one year from the date of the female employee's pregnancy until after the birth of the baby.	No cases were reported	Interviews and follow-ups for female protection cases
<b>Abnormal Workload-induced illness Prevention and Management Program</b>	To avoid illnesses triggered by abnormal workloads among Medtecs employees, health management measures are provided to workers who may suffer disorder due to abnormal workloads such as shift work, night work, and long-hour work, preventing workers from suffering brain and cardiovascular related diseases due to overwork. This enables diseases, if any, to be detected and treated promptly, protecting the health of related workers.	<ul style="list-style-type: none"> <li>■ Moderate risk: 2 people were given health advice and re-assessed after six months</li> <li>■ Low risk: 43 people were given health advice</li> </ul>	Ongoing interviews with low and moderate risk groups
<b>Ergonomics Hazard Prevention Program</b>	Ergonomics Hazard Prevention Program To prevent workers from suffering musculoskeletal injuries or ergonomics related diseases due to repetitive operation, improper hardware	A total of 3 people with scores above 3 can be interviewed and given advice and guidance.	Continuous follow-up care



	design in the work environment, poor work posture, or long working hours, related improvement measures were formulated.		
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In the last three years, Medtecs Group's workplace injuries were caused by improper use of the Philippine subsidiary's machines. This has resulted in 26 minor workplace injuries. Apart from this, there have been no other major injuries. After the incidents, we have taken active steps to improve our operations, and immediately purchased additional protective eye wear, installed protective equipment and arranged for staff training. Reminders are posted on other higher-risk machinery and facilities.

### Responsibilities of Medtecs' labour safety personnel

- (1) Formulate occupational accident prevention plans and emergency response plans, and guide related departments to implement them.
- (2) Organise and supervise various departments to carry out labour safety and health audits and management.
- (3) Organise and supervise the checkpoints and inspections of safety and health facilities.
- (4) Organise and supervise related personnel to carry out inspections, routine inspections, key inspections, hazard communication, and work environment monitoring.
- (5) Organise and implement labour safety and health education and training.
- (6) Organise labour health inspections and implement health management.
- (7) Supervise the investigation, handling, and statistical analysis of occupational accidents such as occupational diseases, injuries, disability, and death.
- (8) Implement safety and health performance management evaluation, and provide labour safety and health consulting services.
- (9) Provide labour safety and health management related information and recommendations.
- (10) Other matters related to labour safety and health management.

#### ■ Workplace hazard control

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



1. Engineering controls: e.g. earth fault circuit breakers, machine guarding, safety interlocks.
2. Administrative controls: work procedures, safe working practices, rules.
3. Personal protective equipment: ear plugs, face masks and chemical resistant gloves.
4. Accident investigation: We conduct a reasonable investigation to determine the cause of the accident and analyze the future control measures required to prevent a recurrence.
5. Emergency action plans and emergency fire-fighting procedures are in place: Several plans are posted in each work area to clearly indicate the location of emergency exits, fire-fighting equipment, medicine cabinets and contact details for emergency personnel. In addition, emergency response SOPs are in place for different types of disasters.

By implementing appropriate hazard controls, we hope to reduce the various risks that are potentially present in the workplace. We also conduct regular health and safety inspections and practice hazard control through a process of hazard identification, assessment and control. We ensure that the hazard control measures being implemented are being used correctly.

■ **Occupational safety and health committee meetings and the relevant health education and training**

Medtecs holds quarterly occupational safety and health committee meetings at Xiangshan Plant and in 2021, a total of four occupational safety meetings were held to discuss and improve occupational safety issues at the plant, as well as to educate and explain preventive measures for occupational accidents, with a view to reducing the risk of work-related injuries at the plant and protecting the personal safety of employees.

**Xiangshan Plant's Occupational Safety and Health Committee meetings in FY2021**

Meeting Date	Case Presentation
21 January 2021	<ul style="list-style-type: none"> <li>■ Case of an electrical fatality during the manufacture and installation of machinery</li> <li>■ Case of Occupational Accidents of Death by Electric Shock during Equipment Relocation and Installation</li> </ul>
23 April 2021	<ul style="list-style-type: none"> <li>■ Case of Occupational Accidents caused by falling objects during forklift handling and cable hollow shaft operation</li> </ul>
16 July 2021	<ul style="list-style-type: none"> <li>■ Occupational accident involving death caused by being struck during the handling of goods on a lift</li> </ul>
23 October 2021	<ul style="list-style-type: none"> <li>■ Case of fatal occupational accident during forklift operation</li> </ul>



### Occupational safety and health training for the Philippine subsidiary

With the COVID-19 community quarantines in place in the Philippines, we reduced the number of training sessions in FY2021 in order to reduce non-essential gatherings. However, to ensure the safety of our staff, we have completed basic fire training on a case-by-case basis and sent staff to Red Cross for emergency response training.

Training Type	Train No.	Number of trainees	Training hours
<b>Occupational Safety and Health</b>	Annual Fire Safety Inspection Training	670	1,460
<b>External training for emergency response</b>	Philippine Red Cross courses	3	24

### Occupational safety and health training at the Cambodian subsidiary

The Cambodian subsidiary requires required all incoming employees to be trained in occupational health and safety before they are allowed to enter the production line.

Training type	Train No.	Number of trainees	Training hours (1 hour per shift)
<b>Occupational Safety and Health</b>	6	119	6
<b>Health Management Training</b>	5	137	5
<b>Hazardous Chemical Training</b>	1	16	1
<b>Emergency Response Training</b>	2	4,112	2

#### ■ Medtecs has been awarded a number of environmental safety and health certifications for its overseas factories

Medtecs is committed to operating a friendly and safe workplace environment where employees are guaranteed human rights protection and are subject to sound occupational safety and health management practices. The Cambodian subsidiary was accredited by a number of internationally renowned human rights organisations in FY2021 for its working conditions and sound occupational safety and health management measures. The International Labour Organisation (ILO) Better Factories Cambodia (BFC) program covers a comprehensive range of 21 key labour issues, including: non-employment of child labour, forced labour, equal pay for equal work and workers' right to join trade unions. (Please refer to Appendix 1: Quality Assurance and ISO Certification for relevant certifications and accreditations)



## FY2021 employee injury statistics

Plant	Taiwan Subsidiary		The Cambodian subsidiary		The Philippine subsidiary	
	Number of Cases	Ratio	Number of Cases	Ratio	Number of Cases	Ratio
Hitting/Being hit	0	0	0	0	0	0
Cut/slashed/scraped/stabbed	0	0	24	92%	0	0
Falling	0	0	0	0	1	0.125%
Others	0	0	2	8%	4	0.5%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>100%</b>	<b>5</b>	<b>0.625%</b>

## FY2021 employee injury statistics

Item		Taiwan	Philippines	Cambodia
Injuries at work (number of cases)	Male	0	3	3
	Female	0	2	23
	<b>Total</b>	<b>0</b>	<b>5</b>	<b>26</b>
Number of occupational diseases (number of cases)	Male	0	0	0
	Female	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Injury rate (IR)	Male	0	0.587	0.070
	Female	0	0.3	0.541
	<b>Total</b>	<b>0</b>	<b>0.513</b>	<b>0.611</b>
Absence rate (AR)	Male	0	0.042	0.017
	Female	0	0.028	0.092
	<b>Total</b>	<b>0</b>	<b>0.07</b>	<b>0.109</b>
Lost day rate (LDR)	Male	0	0.13	0.017
	Female	0	0.03	0.635
	<b>Total</b>	<b>0</b>	<b>0.07</b>	<b>0.752</b>
Number of deaths in duty	Male	0	0	0
	Female	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rate of death in duty	Male	0	0	0
	Female	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

- A.  $IR = \text{Total work-related injuries} \div \text{total working hours} \times 200,000$ .
- B.  $AR (\%) = \text{Number of days absent from work} \div \text{total number of days worked}$ .
- C.  $LDR = \text{Days missed from work} \div \text{total hours of work} \times 200,000$ , excluding the day of injury and the day of return to work.
- D.  $\text{Rate of death in duty} = \text{number of deaths at work} \div \text{total working hours} \times 200,000$ .
- E. IR, LDR, and rate of death on duty are calculated per 100 employees using 40 working hours per week for 50 weeks per year.



## Occupational safety and health education and training at our Cambodian subsidiary

Training type	Train No.	Number of trainees	Training hours
Occupational Safety and Health	6	119	6
Health Management Training	5	137	5
Hazardous Chemical Training	1	16	1
Emergency Response Training	2	4,112	2

## Occupational safety and health training for the Philippine subsidiary



## The Philippine subsidiary was inspected for fire safety by the Bataan Freeport Authority



**Preventing the pandemic at work: The Philippine subsidiary's employees wore PPE and maintain a safe social distance from their workplace**



**The Philippine subsidiary had the first factory in Bonded Area to implement in-plant COVID-19 screening at its own expense, with the aim of protecting the health of employees and preventing the spread of COVID-19.**



## 6. Community Empowerment

In line with Medtecs' core philosophy of keeping the world safe and healthy, Medtecs Group has a long history of community empowerment through charitable giving, volunteering and making a positive impact in all of our global operations. We have long been a staunch supporter of social causes around our locations, building strong relationships with local communities and always being the first to lend a helping hand when they are affected by disasters. In addition, we have also been working with medical units to organise health education programmes. In the face of the COVID-19 pandemic that sweep through the world in 2020-2021, Medtecs had been donating medical supplies around the world in line with our vision to better the world's health for everyone, everywhere.

As the world's leading manufacturer of PPE, Medtecs has invested a lot of resources to help governments, under-resourced communities and individuals to cope with the COVID-19 pandemic in 2020, resulting in a significant increase in the amount of social participation in FY2020 compared to FY2019. However, in FY2020, the overall revenue and net profit after tax increased as a result of the COVID-19 pandemic, so the ratio of social engagement to net profit after tax in FY2020 as the same as in FY2019. In FY2021, as demand for PPE stabilised, our after-tax profit declined compared to the previous year, resulting in a significant increase in social engagement as a percentage of after-tax profit in FY2021 compared to FY2020.

In FY2021, we embarked on a series of activities in line with Medtecs vision and mission, and continued to work with governments and organisations to combat COVID-19 in order to protect human life.

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

Unit: USD

FY	Amount of community involvement and investment	As a percentage of net profit
2019	2,974	0.255%
2020	1,466,430	1.11%
2021	1,185,650	7.19%



## Community engagement and investment statistics for FY2021

Type	Amount invested (USD)
Charitable activities	1,070,529
Community investment	84,220
Commercial activities	30,901
<b>Total</b>	<b>1,185,650</b>

Type	Amount (USD)
In-kind donations	1,032,150
Cash donations	145,000
Management costs	8,200
Volunteer costs	300
<b>Total</b>	<b>1,185,650</b>

※ Volunteer costs: Estimated in terms of volunteer hours.

## Core capabilities to fight against the pandemic

### Using our global stockpile of preparedness for immediate response during the pandemic

We established a rolling inventory management system in FY2011 to provide PPE inventory management services to the Taiwanese government. In FY2020, when the COVID-19 virus was rampaging around the world, Medtecs was able to step up production capacity of 14 plants with over 100 production lines and over 6,500 workers worldwide, because we were backed by strong procurement capability and inventory management, as well as a reliable distribution networks that counted DHL and FedEx as service providers. In the face of the COVID-19 pandemic and the impact of supply chain disruptions, we were able to ensure uninterrupted and prompt delivery of our products.

### The COVID-19 pandemic in Taiwan is severe, and all parties are working together to protect Taiwan

In May 2021, Taiwan experienced its first major COVID-19 outbreak. Overnight, the demand for PPE exploded. Medtecs leveraged its strengths of having diversified production sites,



multiple global distribution centres, and a robust supply chain, and quickly shipped much-needed PPE from 5 overseas distribution centres back to Taiwan. Medtecs responded in record time – less than 25 days- to address front-liners and first-responders’ need for safe and effective PPE. In addition, in response to the increasing demand for PPE, we started 15 additional production lines in the Philippines and Cambodia to support local pandemic preparedness operations and to safeguard people’s health.



In FY2021, the Group donated over NTD\$12 million worth of COVID-19 prevention materials in Taiwan. Recipients included Step 30 International Ministries, Huashan Social Welfare Foundation and other charitable organisations which were recipients of our donations from the FY2020 “New Life with Beauty in Distance” program. This year, the program was expanded to include hospitals and social agencies across Taiwan that worked with frontline health workers to ensure that Taiwan had adequate PPE and medical supplies to protect the safety and health of its people in the fight against COVID-19.

### **Donating millions of dollars of PPE to help contain the pandemic worldwide**

Since the outbreak of the COVID-19 pandemic in FY2020, Medtecs has been actively involved in overseas charitable aid and has been donating protective clothing, masks and other personal protective equipment to various parts of the world. In FY2021, we worked with a host of organisations to distribute Medtecs' PPE to more remote areas, attempting to address the most pressing social issues in our society with our core competencies and to build a COVID-19 safety net for the underprivileged.

- In February 2021, with the help of the Ministry of Foreign Affairs of Taiwan, we joined forces with the TSMC Charity Foundation to donate pandemic prevention materials to our friends in Eswatini, St. Lucia and Somaliland. The supplies include: 150,000 masks, 6,000 bouffant caps, 6,000 pairs of shoe covers, 7,000 coveralls, 11,000 isolation gowns and 1,500 CoverU Jackets, which were delivered to government agencies, medical institutions and vulnerable people in the recipient countries.
- In April 2021, we donated 200,000 Games-inspired facemasks to Chinese Taipei athletes, coaches and trainers traveling to the Tokyo Olympics, with the aim to showcase our being chosen as the exclusive sponsor of facemasks for the Chinese Taipei’s Olympic team and for protecting the athletes’ health so they could compete with peace of mind.
- In May 2021, we donated 50,000 and 100,000 masks to Ayase City Hall in Kanagawa Prefecture and Kairona City Hall in Kanagawa Prefecture, Japan,



respectively.

- In June 2021, we partnered with the University Social Responsibility Office of the National Chengchi University's Wenshan Project (Ember Box) to donate 20 anti-fog masks, 20 boxes of Medtecs protective clothing (25 per box) and 45,000 protective masks. The organisation pooled the donations and distribute them to 300 extremely vulnerable families affected by the COVID-19 pandemic.
- In June 2021, we partnered with The Church of Jesus Christ of Latter-day Saints to launch an international donation program to donate masks to non-profit organisations located in different countries. In particular, we provided approximately 1.56 million masks to Brazil. These non-profit organisations then distributed the masks to local clinics and schools, which in turn increases the country's COVID-19 preparedness.
- In July 2021, in collaboration with Harlem Yu, we donated COVID-19 pandemic prevention materials worth NT\$4.186 million, including isolation suits, N95 masks, gloves and goggles. Subsequently, all COVID-19 prevention materials were transferred to various elderly care institutions in New Taipei City through the "Good Day" platform to strengthen their COVID-19 prevention capacity and to protect the health of the elderly.
- In January, February, July and September 2021, we donated a total of 326,000 masks and 1,277 pieces of coveralls to teachers and students in New York public primary schools.
- Cambodian subsidiary: the KPC factory donated COVID-19 prevention materials, including 10,500 coveralls, 3,000 masks, 100 boxes of noodles, 50 boxes of water, 100 medical blankets, to the Cambodian Ministry of Emergency and the Ministry of Police and Labour in FY2021. It provided 2,798 goggles and 5,000 face shields to the Samdech Techo Voluntary Youth Doctor Association (TYDA), through which the supplies were redistributed to people in need in the region. In addition, our Phnom Penh office donated over US\$290,000 worth of PPE and cash to the local community in FY2021.
- The Philippine subsidiary: A total of 1.7 million masks, 2,000 medical blankets, 2,000 face shields and other items of PPE were donated to government agencies and local social welfare organisations such as the Philippine Red Cross, the provincial government and the city health department, amount to a total donation value of over PHP 15.6 million.





▲ We donated masks to the city government of Kairona, Kanagawa, Japan



▲ We donated supplies for pandemic prevention to a Taiwan local charity, Twilight Box



▲ We joined forces with singer Harlem Yu to help protect residents and staff of long-term care facilities in Taipei and New Taipei City.



▲ We joined forces with teachers and students of New York public schools to fight COVID-19.



▲ The Philippine subsidiary donated masks to the municipality of Mariveles in Bataan.



▲ The Cambodian subsidiary donated medical blankets to the local community



## Cheering for Chinese Taipei team at Tokyo



▲ Chinese Taipei at the opening ceremony at Tokyo



▲ Donated Medtecs Coveralls for those participating in Tokyo

The global fight against the COVID-19 pandemic continued in FY2021. All sporting events were held with enhanced COVID-19 mitigation measures. Of particular note is the quadrennial International Olympic Games, which was held in Tokyo, Japan from 23 July to 8 August 2021, which attracted athletes from all over the world to compete for supreme glory. A total of 68 Chinese Taipei athletes from Taiwan took part in the competition to win and bring glory to themselves and to Taiwan.

Medtecs worked with the Chinese Taipei Olympic Committee in the lead up to the competition and three exclusive co-branded masks were designed and 200,000 masks were donated to Chinese Taipei athletes, coaches and trainers in April 2021. We hope that with Medtecs' professional personal protective equipment, we can enhance the prevention of COVID-19 and provide the athletes with the strongest support.



## Working with Buddhist Compassion Relief Tzu Chi Foundation and foreign ministries across the world to fight the pandemic



▲ Shipment completed in Tainan, Taiwan



▲ Donation of 1 million masks to Honduras

Medtecs joined forces with the Buddhist Compassion Relief Tzu Chi Foundation to donate medical masks, shoe covers, hoods and isolation gowns to countries around the world. The project covers Cambodia, Nepal, the Dominican Republic, St Martin, Guatemala, Honduras, Zimbabwe, South Africa, Mozambique and Eswatini, among other developing countries. Medtecs had leveraged its core capabilities fully in this challenging environment.

### Statistics of Medtecs' donations in 2021:

Items	Unit	Total donated
Medical masks	pieces	1,140,000
Shoe covers	pieces	173,700
Bouffant cap	pieces	116,000
Isolation gown	pieces	50,000



# Engagement around the Globe

## Cambodia

**The school was flooded during the rainy season and we provided manpower and equipment to help**



▲ The first half of February FY2021 coincided with the rainy season in Cambodia. As a result, the school near the Cambodian subsidiary's factory was flooded. Medtecs provided \$5,000 worth of pumping motors and manpower to help dig ditches and pump water for the school, hoping to lessen the negative impact of the flooding on the local community could be mitigated and the children could return to school sooner.

**Long-term cooperation - donation to the Cambodian Red Cross**



▲ The Cambodian Red Cross is a powerful social welfare organisation with a strong local presence in Cambodia. It is committed to poverty reduction, promotion of human dignity, and the protection of victims and victim-friendly values. In addition to donating \$20,000 in May FY2021 to celebrate the International Federation of Red Cross and Red Crescent Societies' 158th World Red Cross and Red Crescent Day, Medtecs' Cambodian subsidiary is looking forward to building better medical facilities to promote international humanitarianism.



**Donation of coveralls to support local police force**

The Cambodian Police Force has sacrificed for the local community, both during the COVID-19 pandemic and in their daily lives. In recognition of this, the Chairman of the Cambodian subsidiary donated 10,000 coveralls to the local police force in April 2021, in the hope that they will give the officers a boost of protective energy.



# Appendix

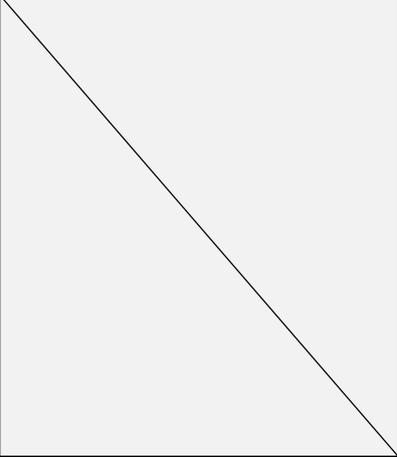
## Appendix 1: Quality Assurance and ISO Certification

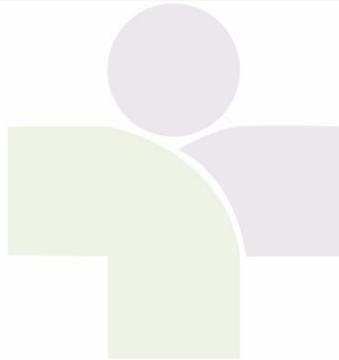
Certification Content	Scope of Certification	Latest year of Certification	Certificate Photo
ISO 9001	The Cambodian subsidiary	2021	
	The Philippine subsidiary	2020	
ISO 13485	Hangzhou subsidiary	2021	
	The Cambodian subsidiary	2021	
	The Philippine subsidiary	2020	



CE Mark	The Cambodian subsidiary	2021	
WCA Human Right Check	The Cambodian subsidiary	2021	
USA FDA	Medtecs (Taiwan subsidiary), Philippines and Cambodia, Hangzhou and Bermuda subsidiaries	2020	
D&B (Dun & Bradstreet) Third Party Corporate Certification	Taiwan subsidiary	2020	
Certified Safe Production Standardization (Level 3)	Hangzhou subsidiary	2021	

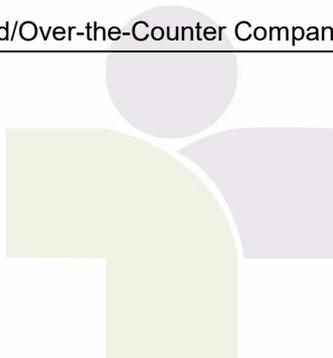


WRAP Certificate Program	The Cambodian subsidiary	2021	
Surgical Gown (510 (k))	Hangzhou subsidiary	2021	
Medtecs Medical Mask (EUA)	The Philippine subsidiary	2021	
	Taiwan subsidiary	2021	



## Appendix 2: Guilds and Association

No.	List of Public Associations	Participation Method
1	Chinese International Economic Cooperation Association Taiwan (CIECA)	Member
2	Taiwan Technical Textiles Association (TTTA)	Member
3	Taiwan Textile Federation	Member
4	Taipei Medical Instruments Commercial Association	Member
5	Miaoli County Industrial Association	Member
6	Miaoli County Laundry Commercial Trade Association	Member
7	Importers and Exporters Association of Taipei (IEAT)	Member
8	Institute for Biotechnology and Medicine Industry	Member
9	Taipei Garment Dealers Association	Member
10	Taipei Association of Listed/Over-the-Counter Companies	Member



## Appendix 3: GRI Content Index

### General disclosure

GRI Standards	Disclosed Item	Corresponding Chapter	Page Number	Remarks
<b>Organisation profile</b>				
GRI 102-1	Organisation name	About this Report	2	
GRI 102-2	Events, brands, products and services	About Medtecs	24-25	
GRI 102-3	Headquarters location	About Medtecs	24	
GRI 102-4	Operational locations	About Medtecs	25	
GRI 102-5	Ownership and legal form of business	About Medtecs	24-25	
GRI 102-6	Markets served	About Medtecs	24-25	
GRI 102-7	Scale of the organisation	About Medtecs	24	
GRI 102-8	Information on employees and other workers	Talent Recruitment and Retention	72	
GRI 102-9	Supply chain	Sustainable Supply Chain	46-50	
GRI 102-10	Significant changes to the organisation and its supply chain	Sustainable Supply Chain	-	No significant changes
GRI 102-11	Precautionary Principle or approach	Risk Management	31-34	
GRI 102-12	External initiatives	Sustainable Development Goals & Strategies	9-12	
GRI 102-13	Membership of associations	Appendix 2	101	
GRI 102-14	Statement from decision-maker	Message from the Chairman	4	
<b>Corporate governance and operations</b>				
GRI 102-16	Values, principles, standards and norms of behavior	Sustainable Development Goals & Strategies, Corporate Governance	9, 29-30	
GRI 102-18	Governance structure	Sustainable Development Goals & Strategies, Corporate Governance	11, 29	
GRI 102-19	Delegation of authority and responsibility	Sustainable Development Goals & Strategies	11	
GRI 102-20	Responsibilities of high-level management in economic, environmental and social issues	Sustainable Development Goals & Strategies	9-11	
GRI 102-21	Consult with stakeholders about	Stakeholder Engagement and Materiality	15-19	



	economic, environmental and social issue	Assessment		
GRI 102-22	Composition of the highest governance body and its committees	Corporate Governance	29-30	
GRI 102-24	Nomination and selection of the highest governance body	Corporate Governance	29	
GRI 102-29	Identification and management of economic, environmental and social impacts	Risk Management	31-33	
GRI 102-30	Effectiveness of the risk management process	Risk Management	31	
GRI 102-31	Review of economic, environmental and social issues	Sustainable Development Goals & Strategies	10-11	
GRI 102-32	The role of the highest governance body in sustainability reporting	Sustainable Development Goals & Strategies	11	
<b>Stakeholder engagement</b>				
GRI 102-40	Stakeholder groups	Stakeholder Engagement and Materiality Assessment	15-19	
GRI 102-41	Collective bargaining agreements	No collective bargaining agreements signed	-	Medtecs does not have a labor union but organises regular meetings with employees on labour agreements .
GRI 102-42	Identification and selection of stakeholders	Stakeholder Engagement and Materiality Assessment	15	
GRI 102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment	16-19	
GRI 102-44	Key issues and concerns raised	Stakeholder Engagement and Materiality Assessment	19-21	



Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements	About this Report	2	
GRI 102-46	Define the report content and boundaries of the topic	About this Report	2	
GRI 102-47	List of material issues	Stakeholder Engagement and Materiality Assessment	20	
GRI 102-48	Restatements of information	-	-	No significant changes
GRI 102-49	Changes in reporting	About this Report	2	
GRI 102-50	Reporting period	About this Report	2	
GRI 102-51	Date of the last report	About this Report	2	
GRI 102-52	Reporting cycle	About this Report	2	
GRI 102-53	Point of contact for questions related to the report	About this Report	3	
GRI 102-54	Declarations reported in accordance with the GRI Standards	About this Report	2	
GRI 102-55	GRI Content Index	Appendix 3	102-106	
GRI 102-56	External assurance	Appendix 4	107-111	

## Disclosure of material issues

GRI Standards	Disclosed Item	Corresponding Chapter	Page Number	Remarks
<b>Economic performance</b>				
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21
	GRI 103-2	Management policy and its elements	Approach and Governance	22-23
	GRI 103-3	Management policy assessment		
GRI 201: Economic performance	GRI 201-1	Direct economic value generated and distributed by the organisation	Operational Value	27



Quality management					
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21	
	GRI 103-2	Management policy and its elements	Innovation in Value	35-36	
	GRI 103-3	Management policy assessment			
No applicable GRI indicator					
Product labeling and sales responsibility					
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21	
	GRI 103-2	Management policy and its elements	Value Innovation	37	
	GRI 103-3	Management policy assessment			
GRI 417 : Marketing and labeling	GRI 417-1	Product and service information and labeling requirements	Quality management	44-45	
	GRI 417-2	Events of non-compliance with the information and labeling regulations for products and services	Quality management	-	No breaches of product and service information and labeling regulations
	GRI 417-3	Events of non-compliance with marketing-related regulations	Quality management	-	No breaches of marketing communications regulations
Employer-employee relations					
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21	
	GRI 103-2	Management policy and its elements	Diversity in the Workplace	69-70	
	GRI 103-3	Management policy assessment			
GRI 401 : Employer-employee relations	GRI 401-1	New and Separated Employees	Talent Recruitment and Retention	73	
	GRI 401-2	Benefits for full-time employees (excluding temporary or part-	Salaries and benefits	74-75	



		time employees)			
<b>Education and Training</b>					
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21	
	GRI 103-2	Management policy and its elements	Diversity in the Workplace	70-71	
	GRI 103-3	Management policy assessment			
GRI 404 : Training and education	GRI 404-1	Average number of hours each employee receives training per year	Training and Development	79-81	
	GRI 404-3	Percentage of employees who regularly receive performance and career development checks	Salaries and benefits	77	
<b>Waste management</b>					
Management policy	GRI 103-1	Explanation of critical issues and their boundaries	Stakeholder Engagement and Materiality Assessment	19-21	
	GRI 103-2	Management policy and its elements	Sustainable Environment	54-55	
	GRI 103-3	Management policy assessment			
	GRI 306-1	Waste Generation and Significant Waste-Related Impacts	Environmental Pollution Prevention and Control	67-68	
	GRI 306-2	Management of Significant Waste-Related Impacts		67-68	
GRI 306 : Waste	GRI 306-3	Waste generation	Waste management	67-68	



## Appendix 4: Limited Assurance Report

### Independent Limited Assurance Report Statement

To the Management of  
**Medtecs International Corporation Limited**

#### 1. Scope

Ernst & Young (“We”) was engaged by Medtecs International Corporation Limited (“Medtecs”) to undertake limited assurance over selected sustainability information disclosed within its 2021 Sustainability Report (the “Report”).

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

#### Management’s responsibilities

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

#### Our responsibility

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

#### 2. Our Approach

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

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

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## 5. Our conclusion

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

Ernst & Young

KyKy Lin  
Partner

Taipei, Taiwan  
23 May 2022

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**Appendix 1 :**

No.	Title	Selected information	Applicable criteria																																																												
1	Corporate Governance	In 2021, the Company did not have any corruption incidents.	Statistics on corruption incidents of Medtecs in 2021.																																																												
2	Quality Management and Product Labeling Responsibility	<p>There was no violation of "product labeling" related laws and regulations in 2021.</p> <p>Content of Medtecs product label in 2021 We require the following to be clearly marked on the product packaging of all masks and all personal protective equipment (PPE):</p> <ol style="list-style-type: none"> <li>1. Product composition and size</li> <li>2. Certification standards and certification numbers</li> <li>3. Product instruction</li> <li>4. Expiration date</li> <li>5. Caution &amp; warning</li> <li>6. Contact information.</li> </ol> <p>2021 Medtecs Product labeling (in the case of Taiwan and the Philippines)</p> <table border="1"> <thead> <tr> <th>Product name</th> <th>Applicable standard</th> <th>Scope of label</th> </tr> </thead> <tbody> <tr> <td>Surgical mask</td> <td>CNS14774</td> <td>No. 014065, Department of Health, Manufacture of Medical Devices (Import)</td> </tr> <tr> <td>Medical mask</td> <td>CNS14774</td> <td>No. 004175, Department of Health, Manufacture of Medical Devices (Import)</td> </tr> <tr> <td>Camouflage clothing</td> <td>Philippine Military Marking Code</td> <td>Labeling</td> </tr> <tr> <td>Military uniform</td> <td>Philippine Military Marking Code</td> <td>Labeling</td> </tr> </tbody> </table>	Product name	Applicable standard	Scope of label	Surgical mask	CNS14774	No. 014065, Department of Health, Manufacture of Medical Devices (Import)	Medical mask	CNS14774	No. 004175, Department of Health, Manufacture of Medical Devices (Import)	Camouflage clothing	Philippine Military Marking Code	Labeling	Military uniform	Philippine Military Marking Code	Labeling	Statistics on violation of "product labeling" related laws and regulations by Medtecs in 2021.																																													
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3	Energy Consumption	<p>Historical energy usage <span style="float: right;">Unit: GJ</span></p> <table border="1"> <thead> <tr> <th>Factory location</th> <th>Energy type</th> <th>FY2019</th> <th>FY2020</th> <th>FY2021</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Taiwan</td> <td>Electricity</td> <td>7,483</td> <td>6,581</td> <td>6,914</td> </tr> <tr> <td>Coal</td> <td>110,370</td> <td>85,625</td> <td>-</td> </tr> <tr> <td>Fuel oil</td> <td>912</td> <td>2,808</td> <td>807</td> </tr> <tr> <td>Natural gas</td> <td>-</td> <td>9,731</td> <td>67,649</td> </tr> <tr> <td>Total energy use</td> <td>118,766</td> <td>104,745</td> <td>75,370</td> </tr> <tr> <td rowspan="5">Cambodia<sup>1</sup></td> <td>Electricity</td> <td>10,146</td> <td>14,169</td> <td>12,921</td> </tr> <tr> <td>Coal</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Fuel oil</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Natural gas</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total energy use</td> <td>10,146</td> <td>14,169</td> <td>12,921</td> </tr> <tr> <td rowspan="3">Philippines<sup>2</sup></td> <td>Electricity</td> <td>11,508</td> <td>8,296</td> <td>4,604</td> </tr> <tr> <td>Coal</td> <td>59,423</td> <td>15,647</td> <td>3,596</td> </tr> <tr> <td>Fuel oil</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Factory location	Energy type	FY2019	FY2020	FY2021	Taiwan	Electricity	7,483	6,581	6,914	Coal	110,370	85,625	-	Fuel oil	912	2,808	807	Natural gas	-	9,731	67,649	Total energy use	118,766	104,745	75,370	Cambodia <sup>1</sup>	Electricity	10,146	14,169	12,921	Coal	-	-	-	Fuel oil	-	-	-	Natural gas	-	-	-	Total energy use	10,146	14,169	12,921	Philippines <sup>2</sup>	Electricity	11,508	8,296	4,604	Coal	59,423	15,647	3,596	Fuel oil	-	-	-	Disclosure of the energy consumed converted into the same unit across Medtecs in 2021.
Factory location	Energy type	FY2019	FY2020	FY2021																																																											
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No.	Title	Selected information						Applicable criteria	
5	Training and Development	Average training hours of Medtecs employees in each subsidiary						The ratio of the number of training hours based on gender and rank divided by the total number of employees at the end of the reporting period in Medtecs in 2021.	
		Unit: Hours							
		Taiwan	Male			Female			
			Total training hours	No. of employees	Average training hours per employee	Total training hours	No. of employees		Average training hours per employee
		Senior supervisors	59.00	9	6.56	19.50	4		4.88
		Supervisors	47.50	11	4.32	11.00	5		2.20
		Regular employees	289.00	124	2.33	598.00	212		2.82
		Total	395.50	144	2.75	628.50	221		2.84
		Philippines	Male			Female			
			Total training hours	No. of employees	Average training hours per employee	Total training hours	No. of employees		Average training hours per employee
		Senior supervisors	82.50	8	10.31	9.00	4		2.25
		Supervisors	43.50	19	2.29	102.00	15		6.80
		Regular employees	1,174.50	254	4.62	2,587.50	356		7.27
		Total	1,300.50	281	4.63	2,698.50	375		7.20
		Cambodia	Male			Female			
			Total training hours	No. of employees	Average training hours per employee	Total training hours	No. of employees		Average training hours per employee
		Senior supervisors	-	3	-	-	-		-
		Supervisors	123.00	8	15.38	79.00	10		7.90
		Regular employees	112.50	564	0.20	547.50	3,040		0.18
		Total	235.50	575	0.41	626.50	3,050		0.21

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Medtecs International Corporation Limited