



Sustainability Report 2020

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1. About this Report

This report is the fourth sustainability report issued by Medtecs International Corporation Ltd (the Company, and together with its subsidiaries, the Group), which is currently listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (SGX). In addition to complying with the Listing Manual Section B: Catalist Rules of the SGX (Catalist Rules), Medtecs also hopes to keep all stakeholders informed of Medtecs' long-term commitment to fulfill corporate social responsibilities and the related actions in achieving such goals through issuing sustainability reports on an annual basis with the hope of increasing transparency in reporting its sustainable initiatives and the social and environmental issues the Group has tackled.

Scope and Boundary

The data and information disclosed in this report cover the actions as well as related data, policies, and business performances of the Medtecs Group in governance, environmental, and social aspects for the period between January 1, 2020 and December 31, 2020 (FY2020).

The scope of this report focuses on the information of the Company and its major subsidiaries in Taiwan, the Philippines, and Cambodia.

Status of Issuance

- Previous issue : Issued in June 2020
- Current issue : Issued in May 2021
- Next issue : Expected to be issued as a stand-alone report by the end of May 2022.

Sustainability Reporting Framework

The information in this report is prepared and disclosed in accordance with the requirements set out in Rule 711B and Practice Note 7F Sustainability Reporting Guide of the Catalist Rules, 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 this Report for each of the GRI Standards used and all the disclosures included in this Report.

As we have completed several sustainability reporting cycles, we sought the independent and external assurance of Ernst & Young Global Ltd. for this report, who has provided the

limited assurance report annexed as Appendix 2 of this report.

Board Statement

The Board of Directors is pleased to present Medtecs' 2020 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 this report, please feel free to contact Ms. Christine Yang at Christine@medtecs.com or +886-2-27392222.



2. Message from the Chairman

Following the outbreak of the novel coronavirus 2019 (COVID-19), global demand for personal protective equipment (PPE) spiked. The Group quickly adopted various countermeasures to meet the increased demand and to assist business sectors in combating COVID-19. The Group delivered record results thanks to the resiliency of the Group's operations and strong relationships with our suppliers and customers. Compared to FY2019, in FY2020, the revenue and after-tax net profit of the Group increased by 480.4% and 11,196.4% respectively to US\$400.3 million and US\$131.7 million, respectively, reaching a record high. In November, Medtecs was included as the constituent stock of such well-known index stocks as the MSCI (Morgan Stanley Capital International) Singapore Small Cap Index and the S&P (Standard & Poor's) Global Broad Market Index.

Focus More on Group Sustainability by Addressing New Issues

While setting records in operational performance and gaining more recognition in the market, it did not stop us from doubling efforts in sustainable development. Looking back to when we issued our first Sustainability Report in 2018 in compliance with the Catalyst Rules, we have held our Group's vision and mission statement to the core. We constantly examined our market position, operation conditions, resource allocation, and changes in internal and external environment to address material issues covering environmental, social, and corporate governance (ESG) aspects (the "ESG factors"). We set individual goals, took necessary actions, and achieved remarkable results.

In FY2020, in order to capture our growth momentum, apart from adopting multiple countermeasures for production and sales, we also initiated various transformation projects. For example, we actively built our brand by expanding the Company's own branded product line with innovative products such as CoverU Jacket and Medtecs Shield Weekly Disposable Mask. To address the issues that may impact the Group's overall sustainable development, we have taken the following actions:

- 1 Setting up a governance department responsible for corporate governance and risk control, and an IT department for information security practices.
- 2 Consulted Ernst and Young Global Ltd., a global leader in assurance and consulting, for our Sustainability Report to ensure that the content has the required depth, accuracy and credibility.
- 3 Identified new ESG factors to address. In the past, we addressed issues in energy usage, system automation, and employee training. This year, we implemented and focused on the following six factors, including: financial performance, quality control,

product labeling and responsibility, labor relations, employee training, and waste management covering the environmental, social, corporate governance, and product aspects. It serves to supervise and lead the Group towards a more sustainable future.

Five (Main Axes/Themes) Towards Sustainable Development

To ensure the sustainable development of the Group, we will continuously adhere to our core philosophy of "To Better the World's Health for Everyone, Everywhere" to create value for all stakeholders and do our best to implement corporate social responsibility based on the five themes of "Integrity Governance", "Value innovation", "Sustainable Environment", "Diversified Workplaces", and "Community Empowerment" while promoting various businesses of the Group.

1 Integrity Governance

Medtecs firmly believes that good corporate governance is the core to the sustainable operation of a company. We implement corporate governance based on the basic principles of "accountability", "transparency", and "sustainability".

2 Value Innovation

As a leader in the industry, Medtecs regards the R&D of products and services as an important driving force for growth. In recent years, we have made many changes in warehousing and logistics management, expansion of production lines, and sales channels. We focus on the development of "Global Stockpiling Services" for PPE, and set up logistics and warehousing centers in Japan, the United States, Canada and Europe to improve local supply efficiency, responding to the global short-chain trend. Furthermore, we strictly control the quality of products and services, taking the initiative to comply with various international standards and certifications.

3 Sustainable Environment

Currently, the world has entered the time of climate emergency; extreme weather events occur frequently, and related environmental protection laws and regulations are becoming more and more stringent. For this reason, Medtecs has formulated the energy-saving and carbon-reduction goals at various stages for each operation unit, continuing to improve the energy utilization efficiency of the Group by replacing the old equipment in the manufacturing facility with the new one. Taking the Xiangshan Laundry plant as an example, it is scheduled to stop using coal-fired boilers in 2021 and will fully adopt the more environmental-friendly liquefied natural gas for power generation.

4 Diversified Workplaces

In terms of talent training, although the training plans could not be carried out as scheduled due to the epidemic, we still built sound video conferencing equipment and

online training system, utilizing the three modules of "laying a solid foundation", "cultural integration" and "professional knowledge" to link the company's mission and operational strategic goals, and continuing to improve the learning and training development system for our employees. Moreover, we also provide professional training courses for our overseas employees. In addition to cultivating the employees' competencies, the quality of products is also improved.

5 Community Empowerment

In the aspect of social inclusion, Medtecs continues to maintain long-term cooperation with communities and non-profit organizations for promoting communities around the manufacturing facilities to engage in relevant activities. After the start of the COVID-19 pandemic, we have spared no effort in making large donation of epidemic prevention materials to not only local communities in Taiwan, but also countries such as Cambodia, the Philippines, Japan, the United States, France, Italy, and Germany, hoping to work with countries around the world to fight against the pandemic.

Realizing the Company Vision for a Better Future

As a result of the Company's significant growth in the operation performance in FY2020, the Company announced an intention to submit an application to the SGX for a transfer of listing from the Catalist to the Mainboard of the SGX. Further updates on the outcome of the proposed transfer of listing to the Mainboard of the SGX will be provided in due course. In the meantime, we will adopt more stringent standards for self-examination and implement the corporate governance codes and sustainability strategies through actual practices, actively respond to the United Nations Sustainable Development Goals (SDGs), and continue to have a positive impact on the society as well as the environment through close collaboration with partners and suppliers.

Looking further ahead, we will implement the corporate's vision of "To Better the World's Health for Everyone, Everywhere" and integrate Taiwan's outstanding OEM medical supplies to build the world's best medical procurement platform. Moreover, the core capabilities of Medtecs will be combined to strengthen the sustainability actions based on the five themes of "Integrity Governance", "Value innovation", "Sustainable Environment", "Diversified Workplaces", and "Community Empowerment", establishing closer cooperative relations with all stakeholders to create a better future!

3. 2020 Performance Highlights

Aspect	Description
Environmental	● Natural gas boilers and pipelines were installed in the Xiangshan Laundry Plant to reduce carbon emission significantly. ● Subsidiary in the Philippines has fully adopted LED lights to effectively save energy and improve energy efficiency.
Social	● In 2020, the Group has made donations to eight countries around the world. According to our records, the Group has donated a total of 4,104,300 masks, 27,100 protective suits, 25,000 non-woven isolation gowns, 50,000 PE isolation gowns, 10,000 pairs of safety goggles, 50,000 bouffant caps, and 200,000 pairs of shoe covers. ● The charity event of “Colorful Masks for Love and Warmth During Pandemic” was organized to donate more than one million masks to 12 large social welfare organizations in Taiwan.
Governance	● 2020 Global Supplier of Alibaba with the Highest Revenue ● Medtecs received an order of more than US\$60 million from the Alibaba website. The order was placed by the British National Health Service for the purchase of PPE for epidemic prevention, which was the largest order in the history of Alibaba. Medtecs made the delivery on time. The Group’s PPE was able to strengthen the epidemic prevention capability of the medical personnel in the United Kingdom and to help an already stretched-to-the-limit medical system. ● The Group has been included as a constituent stock of the Morgan Stanley Capital International (MSCI) index since November 30, 2020.

Awards

Year of award	Title of award	Award photo
2020	Global Supplier of Alibaba with the Highest Revenue	
2020	The Only 5-Star Service Provider of Alibaba.com Taiwan	

Quality Assurance

Year of certification	Type of certification	Receiver of certification	Photo of certification
2019	ISO 9001	Subsidiary in Cambodia	
2020		Subsidiary in the Philippines	
2012	ISO 13485	Subsidiary in Hangzhou	
2019		Subsidiary in Cambodia	
2020		Subsidiary in the Philippines	

2012	CE Marking	Subsidiary in Hangzhou	
2020		Subsidiary in Cambodia	
2020	WCA Human Rights Check	Subsidiary in Cambodia	
2020	U.S. FDA	Medtecs (Taiwan) Corporation (subsidiary in Taiwan), and subsidiaries in the Philippines, Cambodia, Hangzhou, and Bermuda	    
2020	D&B D-U-N-S Certificate	Medtecs (Taiwan) Corporation (Subsidiary in Taiwan)	

4. Sustainability Development Strategies and Goals

Sustainable Vision and Mission

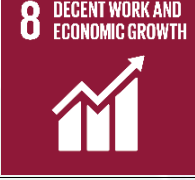
Medtecs International Corporation Ltd. (the **Company** and together with its subsidiaries, the **Group**) is a provider for integrated medical products and services. We have long been upholding the core values of "Customer Focus, Valuing Our People, and Sustainable Practices" to provide world-class medical products, services, and protective equipment to our customers. 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 improve the efficiency and quality of our services to allowing everyone to work safely and live worry-free during the epidemic.



Sustainable Development and Goals

The United Nations set up the 17 Sustainable Development Goals (SDGs) of the 2030 Sustainable Development Agenda in 2015, inviting people from all over the world to work together to solve these global issues. The Company has responded positively to these Sustainable Development Goals. We focused on 12 of the Sustainable Development Goals from the aspects of integrity governance, value innovation, sustainable environment, diversified workplaces, and Community Empowerment to formulate a sustainable development blueprint for Medtecs, taking the initiative to fulfill our corporate social responsibilities, create value for our stakeholders, and engage with communities across all levels of society.

Sustainable development blueprint of Medtecs

Aspect	Response to the SDGs		
Integrity governance			
Value innovation			
Sustainable environment			
Diversified Workplaces			
Community Empowerment			

Sustainability Reporting Committee

Medtecs attaches great importance to the sustainable development of the entire Group. In 2017, the "Sustainability Reporting Committee" was established, with the Group Chief Executive Officer as the Chairman, the Group Chief Financial Officer and the General Counsel as Executive Directors, and the heads of various departments as the Committee members. Through regularly held management meetings, the risks and opportunities of the Group as well as their impacts on business operation are identified based on environmental (E), social (S), and governance (G) related issues, so as to formulate the appropriate measures and sustainable development strategies. The General Counsel will coordinate the sustainability reporting work of all business units involved.

5. Stakeholder Engagement and Materiality Assessment

Sustainable Vision and Mission

Medtecs values all our stakeholders. 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 of 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
Step 1 Identification of stakeholders	According to the AA1000 Stakeholder Engagement Standard, the Group has identified seven major categories of stakeholders: shareholders, customers, employees, government agencies, communities, suppliers, and financial institutions.
Step 2 Compilation of ESG factors	The GRI Standards were adopted as the basis for the identification of ESG factors. A total of 17 ESG factors were identified this year.
Step 3 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 analyzed. The Sustainability Reporting Committee decided and identified a total of 6 material ESG factors this year.
Step 4 Confirmation and disclosure of issues	Various material ESG factors and how they were managed have been disclosed in the 2020 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 Corporate Social Responsibility section on the official website of Medtecs to allow stakeholders concerned with Medtecs' 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
Shareholders	Announcement on financial performance is made through SGXNet and the Company's official website (once every six months), and other material matters, such as business development, other related disclosures, and press releases are announced from time to time through our Investor Relations team. Contact the team at investor.relations@medtecs.com	Risk management Corporate governance Financial performance	We disclose financial performance, group strategies, and sustainability initiatives in our annual reports and sustainability reports. Regularly make announcements about financial performance through SGXNet and the Company's official website. Share the latest products and news of the Group through Facebook and other social media from time to time. Organize investor conferences and participated in analyst symposiums held by major securities firms. Formulate backup plans for business and investor briefings. Upgrade production equipment in the factories.

Stakeholders	Engagement Method/Frequency	Issues of Concern	Responses and Actions
Customers	Audits commissioned by customers (on an ad-hoc basis) Customer surveys (on an ad-hoc basis) Exhibitions (at least once a year) Engage through our corporate website and social media (including our Facebook pages) (on an ad-hoc basis) Customer contact through Alibaba.com, Global Sources, and Taiwantrade.com (on a daily basis)	Labor relations Education and training Occupational safety and health	Continue to improve service and product quality based on customer survey results.
Employees	Spring banquet, year-end banquet, Christmas party (once a year) Brainstorming sessions (once a month) Employee participation (on an ad-hoc basis) Health check for front-line employees (once a year) Labor-management meetings (5-6 times a year) Performance review (once a year) Staff birthday party (once a month) Company trip (on an ad-hoc basis) New employee orientation Suggestion box (on an ad-hoc basis) Training programs (on an ad-hoc basis)	Labor relations Education and training Occupational safety and health	Provide professional skill enhancement courses and workshops. Provide orientation for new employees so they are familiar with the Group's vision and corporate culture. Regularly meet with factory employees to discuss labor issues.

Stakeholders	Engagement Method/Frequency	Issues of Concern	Responses and Actions
	Engagement through our corporate website, social media pages (including our Facebook pages), and LINE groups (on an ad hoc basis)		
Government agencies	Announcement on financial performance is made through SGXNet and the Company's website (once every six months), and other material matters, such as business development, other related disclosures, and press releases are announced from time to time. Carry out verbal and written communications with relevant authorities in relation to obtaining or renewal of licenses.	Risk management Corporate governance Regulatory compliance Labor relations Waste management	Disclose corporate governance structure in the annual report. Apply for the transfer to the mainboard of SGX.
Communities	Charity event (at least once a year) Volunteer services (on an ad hoc basis)	Waste management Social participation	Collaborate with local communities to organize more charity related projects.
Suppliers	Communicate with suppliers through communication software and emails from time to time	Supplier management	Conduct supplier evaluation in accordance with the Group's policy
Financial institutions	Exchange through visits Symposium Official website/annual report	Financial performance	Semi-annual financial statements announcements Organize investor conferences and participate` in analyst symposiums held by major securities firms. Annual report

Step 2: Identification of ESG factors

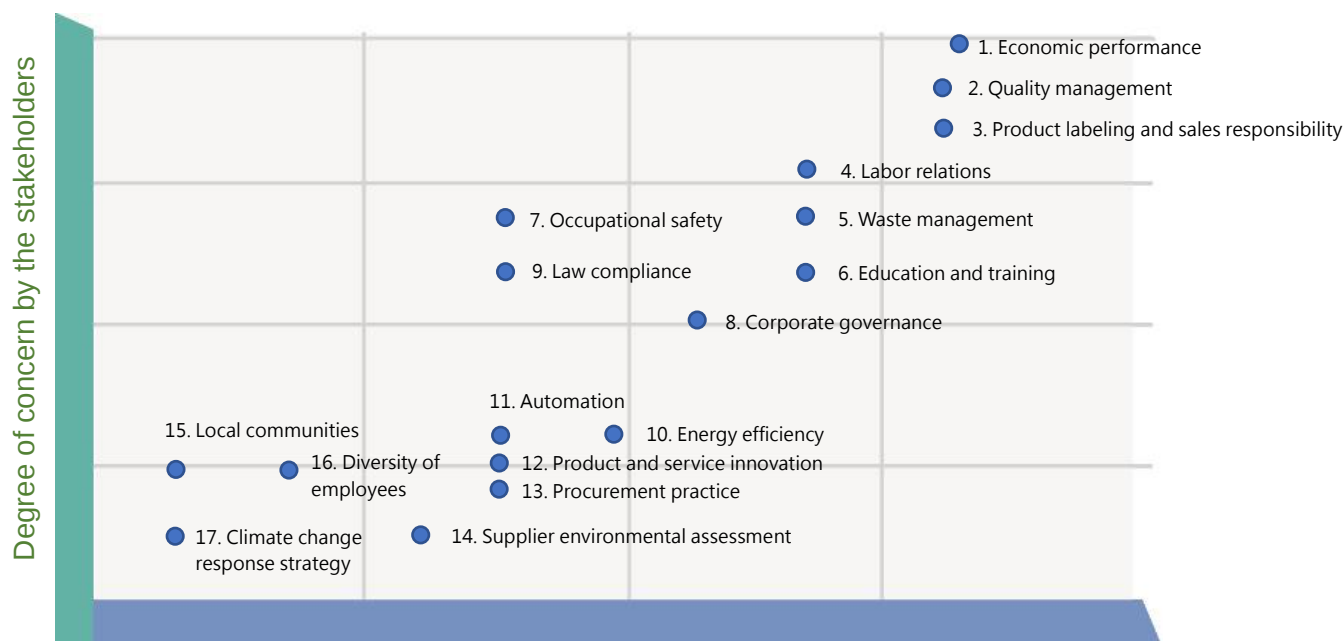
Medtecs carries out scheduled and unscheduled exchanges with stakeholders to collect their feedback and understand their ESG concerns. Adjustments are made in accordance with global sustainability trends and benchmarks within the industry. The issues are then categorized based the aspects of economy,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

Economy	Society	Environment	Product and Service
Corporate governance	Occupational safety	Energy efficiency	Quality management
Economic performance	Education and training	Waste management	Product and service innovation
Law compliance	Labor relations	Supplier environmental assessment	Automation
Procurement practice	Diversity of employees	Climate change response strategy	Product labeling and sales responsibility
	Local communities		

Step 3: Analysis and ranking of material issues

We sent the survey questionnaires to 8 senior executives from various departments of the Group. After receiving the results of the survey questionnaires, we conducted an integrated analysis to rank the issues with reference to their "significant economic, environmental, and social impacts" as well as the "degree of concern by the stakeholders" to come up with the six material issues of the Group for FY2020.

Materiality Matrix of Issues for the Group



Step 4: Confirmation and disclosure of issues

Medtecs has identified 6 material ESG factors for FY2020 as set out below.

Material ESG Factors for FY2020

Economy	Society	Environment	Product and service
Economic performance	Labor relations	Waste management	Quality management
	Education and training		Product labeling and sales responsibility

In addition to disclosing these 6 issues in accordance with the GRI standards in this report, we will also follow up with the material issues mentioned in last year's report, such as energy management, supplier assessment, automation, etc. In the future, we will continue to strengthen the management of these issues, and provide better response to the material ESG factors that are of concern for all stakeholders.

Material issues of Medtecs in FY2020 and the boundary of impact

Material ESG Factor	Aspect	Boundary of impact							Corresponding GRI standard	Corresponding chapter and section
		Within the organization		Outside the organization						
		Medtechs	Employees	Investors/Shareholders	Customers	Suppliers	Competent authority	Local communities		
Economic performance	Governance	V	V	V			V		GRI 201-1	1.2 Operation performance
Quality management	Product	V	V		V	V			Custom issues	Integrity governance
Product labeling and sales responsibility	Product	V			V	V	V		GEI 417-7	2.2 Product labeling and sales responsibility
Labor relations	Society	V	V				V		GRI 401-1	3.1 Talent recruitment and retention
Education and training	Society	V	V						GRI 404-3	3.3 Training and development
Waste management	Environment	V	V		V	V	V	V	GRI 406-2	2.2 Environmental pollution prevention

6. Response to the Pandemic

On January 15, 2020, the Ministry of Health and Welfare in Taiwan officially announced that the new “Severe Pneumonia with Novel Pathogens” is the fifth-category notifiable communicable disease. For Medtecs, a provider of integrated logistics services for hospitals, the control for the pandemic shall be more stringent since it would not only have a substantial impact on the Group’s operation, but also pose a direct threat to the health of our employees. Immediately, the Group cooperated with the government to establish an emergency response and epidemic prevention team, with the Chairman of the Board as the director, and the Head of the Leasing, Laundry, and Logistics (3L) Business Department as the deputy director. The Administration Department of the General Management Office was the secretary unit for the team to keep an eye on the development of the pandemic and the changes of policies at any time. The "Medtecs Group's Epidemic Prevention and Protection Measures in Response to Severe Pneumonia with Novel Pathogens (COVID-19)" was formulated to carry out rolling adjustments to various policies, ensuring the operation of the company as well as the health and safety of our employees.

Epidemic control methods for factories in Taiwan

Medtecs’ subsidiary in Taiwan was responsible for providing the integrated hospital services including leasing, laundry and logistics of hospital linens and, scrubs and patient gowns. Due to the increasing number of confirmed cases in Taiwan, the Group adopted preventative measures in the transportation of soiled gowns and linens from hospitals to the laundry plant. For example, hypochlorous acid and diluted bleach is used to clean the ground after trucks carrying soiled gowns and linens have left for the laundry plant. We also ask hospitals to put used or soiled items removed from suspected and confirmed patients in a special water-soluble laundry bag. The bag was designed to dissolve during washing to prevent our workers from coming into contact with source of infection directly during the laundry process. The supervisor of the laundry plant is responsible for the other related control and preventative measures throughout the laundry process to ensure that the contaminated items do not become a health concern.

Preventative and control measures for medical gowns and linens



Pandemic control methods for overseas factories

The Group's other manufacturing facilities based overseas followed the regulations stipulated by the local government. Through regular meetings held by the Safety and Health Management Committee, epidemic prevention measures were discussed and formulated to ensure the health of employees and the compliance of the protective measures with local laws and regulations. Moreover, information on epidemic prevention, methods of epidemic prevention implemented by the manufacturing facilities and the contact information of the local health department were posted on each facility's notice board. Besides checking the temperature of each personnel entering the facility, we have adopted measures to maintain social distancing, mask-wearing during the operation, and maintain equipment cleanliness. The Company also provided quarantine centers and dedicated shuttle buses, and required all vehicles entering our premises to be disinfected. Numerous precautions were taken throughout the factory to ensure the health and safety of all employees.



Information on epidemic control and prevention, measures implemented by the manufacturing facility, and the contact information of the local health department posted on the factory's notice board.



Regular meetings held by the Safety and Health Management Committee to discuss epidemic prevention measures.



Group personnel and visitors entering the factory area were required to have their body temperature taken and hands disinfected by alcohol or disinfectant.

	
Fully accommodated quarantine center provided to protect the health of employees.	All equipment or vehicles were required to be cleaned and disinfected before entering the facilities
	
All staff and workers on duty were required to be at least 1 meter apart from one another and to wear masks at all times.	Common areas and frequently used equipment were required to be disinfected every 2 hours.
	
Designated shuttle buses were available for employees to reduce contact with others.	Masks and PPEs were donated to local governments, hospitals, and schools to strengthen the epidemic prevention capability of the local communities.



Social distancing was maintained when eating in public area. Employees were encouraged to bring their own boxed lunches and snacks to eat in their work areas.



Employees were required to wear protective masks at work.



7. INTEGRITY GOVERNANCE

Material issue: Economic performance	
Significance for Medtecs	Good financial performance is the foundation of sustainable operation, and is also the topic that is of most concern to the stakeholders. We look forward to long-term steady growth to create value for our customers.
Policy and commitment	Medtecs is committed to implementing corporate governance with "accountability", "transparency", and "sustainability" as the basic principles to improve operational performance and to ensure shareholders' rights and interests. We will continue to make good use of the Group's resources, improve supply efficiency, strengthen our own brand, integrate the supply chain, and develop innovative products as well as services, which will lead the Group's entry into new markets.
2020 Goals	● Build a global sales network ● Expand overseas markets ● Develop innovative products and services ● Use e-commerce platforms to increase the quality and quantity of raw material supply ● Expand the depth and scope of customer base to create more business opportunities ● Build a business model to "Source and Sell Globally"
Achievement of 2020 goals	● Successfully developed the global sales network and built distribution centers in the United States, Canada, Japan, and Europe in response to the global shift from globalization to localisation.. ● Launched the Medtecs Express service. ● Launched the patented travel suits and developed our own branded PPE (Medtecs and CoverU). The percentage of Medtecs-branded products revenue to the total revenue increased from 3% in 2019 to 65%. ● Partnered with major e-commerce platforms to deliver epidemic prevention products to rest of the world: For the first time, products were available in the physical stores and related e-commerce stores of major supermarkets and drugstore chains in Taiwan and the Philippines. ● "One-stop service" platform was built to sell not only our own branded products, but also products produced by other manufacturers to meet the needs of our customers. ● In response to the trend of localization, "Made in USA" masks were

Material issue: Economic performance	
	manufactured in North Carolina, USA for U.S. market. ● Collaborated with key raw material suppliers to ensure uninterrupted raw material for production. The 1st stage of collaboration starts from the Philippines and will expand to other countries in the future.
Goals for FY2021 (Short-term goals)	● Promote Global PPE stockpiling services. ● Collaborate with key raw material suppliers to ensure uninterrupted raw material for production. ● Increase the market share and popularity of our own branded products: Medtecs Shield Collection with anti-viral power to be launched in the second quarter (Q2) of 2021. ● Expand global sales channels
Goals for the next 3-5 years (Medium and long-term goals)	The demand for PPE continues to rise. Reports have shown that the PPE market is expected to grow at the compound annual growth rate of 7-12% in the next 5-7 years. Medtecs plans to establish partnerships with major raw material suppliers and leaders in the industry through M&A (mergers and acquisitions) and joint venture to develop: ● Brand franchising ● Global procurement platform ● Global stockpiling service
Responsible person/unit	Chief Executive Officer (CEO), Chief Financial Officer (CFO), Corporate Governance Office
Specific actions and performance	● Participated in a total of 28 investor conferences and analyst briefings organized by major securities firms. ● Increased domestic and international donations of PPE to 8 countries in Asia, Europe, and North America. ● Organized various marketing activities to increase product exposure. ● In FY2020, the revenue and profit reached record highs. The revenue and after-tax net profit increased by 480.4% and 11,196.4%, respectively.

7.1 About Medtecs

Corporate Profile

Medtecs International Corporation Ltd. ("Medtecs", and together with its subsidiaries, "the Group") were established in 1989 and are the world's leading personal protective equipment (PPE) manufacturer and distributor. The Group is also a trusted supplier of PPE stockpiling around the world. By providing a full range of protective solutions for government agencies, medical institutions and retail clients worldwide, the Group has established a strong presence in the United States, Europe, and the Asia-Pacific region. The Company's shares have been listed on the Singapore Exchange since 1999 and its Taiwan Depositary Receipts commenced trading on the Taiwan Stock Exchange in 2002.



The Group is headquartered in Taipei, Taiwan, and has manufacturing facilities in Taiwan, Cambodia, the Philippines, and China. The Group has 14 factories in total with a monthly production capacity of 500 thousand pieces of workwear uniforms, 2 million pieces of protective coveralls with tape, and 4 million Association for the Advancement of Medical Instrumentation (AAMI) Level 2 isolation gowns, 4 million AAMI Level 4 isolation gowns, 8 million PE gowns, and 80 million surgical masks. These produced personal protective equipment (PPE) are sold to 33 countries. In FY2020, the Group incorporated Medtecs USA Corporation, its first subsidiary in the United States, to facilitate its expansion into the local PPE and medical consumables market.

Basic information of Medtecs

Company full name	Medtecs International Corporation Limited
Number of employees*	5,606
Year of establishment	1989
Chairman of the Board	Clement, Yang Ker-Cheng
CEO	William Yang Weiyuan
Headquarters	Taipei, Taiwan
Capital (USD)	\$27,470,562

*As of end of Dec 31st, 2020

Operation bases



Location	Major businesses
Taiwan	Headquarters, medical laundry plant
Singapore	Branch office
Cambodia	Spinning, weaving, dyeing, printing, and the production of garments, protective clothing, isolation gowns, shoe covers, and bouffant caps, etc.
China	Manufacturing of medical equipment, trays and kits, catheters, urine bags, and incontinence products
Philippines	Dyeing, garment, laboratory, and medical and surgical mask manufacturing

Products and services

The Group's 3 main business segments include manufacturing, trading and integrated hospital services. As a manufacturer of medical textiles and consumable, as well as workwear and uniforms, Medtecs has manufacturing facilities based in in the Philippines, China, and Cambodia. The Group's products are mainly exported to the European Union, Asia Pacific, and the United States, accounting for 30%, 56% and 14% of the Group's total revenue, respectively). As an integrated hospital services provider, Medtecs provides hospitals in Taiwan and the Philippines with leasing, laundry, and logistics (the 3L services) and medical consumables supply services. In terms of the revenue generated, Taiwan accounts for 89% of the total revenue for hospital services while the Philippines accounts for 11%.

The Group is a leading integrated hospital solutions provider for medical institutions in Taiwan, and is servicing 24 hospitals in Taiwan (including such well-known ones as National Taiwan University Hospital and Tri-Service General Hospital). The Group has successfully expanded its

network of hospitals serviced to 34 hospitals in the Philippines.

In FY2020 the Group focused on marketing and distributing Medtecs-branded products. In response to the rapid increase in demand for PPE as a result of the pandemic, Medtecs has taken the initiative to transform itself from a product manufacturer to a PPE solutions provider with its own branded products and dedicated sales channels. In addition to the Medtecs brand, the Company also launched CoverU in March, a new collection which focuses on specialized head-to-toe PPE, including masks, coveralls, isolation gowns, medical workwear, and so forth.

Breakdown of revenue contribution by each segment

(USD in '000)

Year	2019		2020	
Segment	Total Revenue	%	Total Revenue	%
Manufacturing	52,903	77%	357,817	89%
Hospital Services	14,271	20%	14,668	4%
Others	1,803	3%	27,842	7%
Total	68,977	100%	400,327	100%

List of associations

No.	Name of association	Method of involvement
1	Chinese International Economic Cooperation Association, Taiwan	Member
2	Taiwan Technical Textiles Association	Member
3	Taiwan Textile Federation	Member
4	Taipei Medical Instruments Commercial Association	Member
5	Miaoli County Industrial Association	Member
6	Miaoli County Laundry Association	Member

7.2 Operational Performance

In FY2020, revenue and net profit after tax were US\$400.3 million and US\$131.7 million, respectively. Group revenue increased by 480.4% compared with that of the previous year, and net profit after tax increased by 11,196.4%. 19.4% of new customers acquired by the Group came from e-commerce, and the Group's sales on Alibaba's platform exceeded USD\$75.5 million dollars. As the demand for PPE continues to grow, the Group is optimistic about its outlook. For the total assets of the Group and for the identity and percentage of ownership of the Group's largest shareholders, please refer to pages 59 to 61 of the Annual Report for FY2020 available for download on the Group's website.

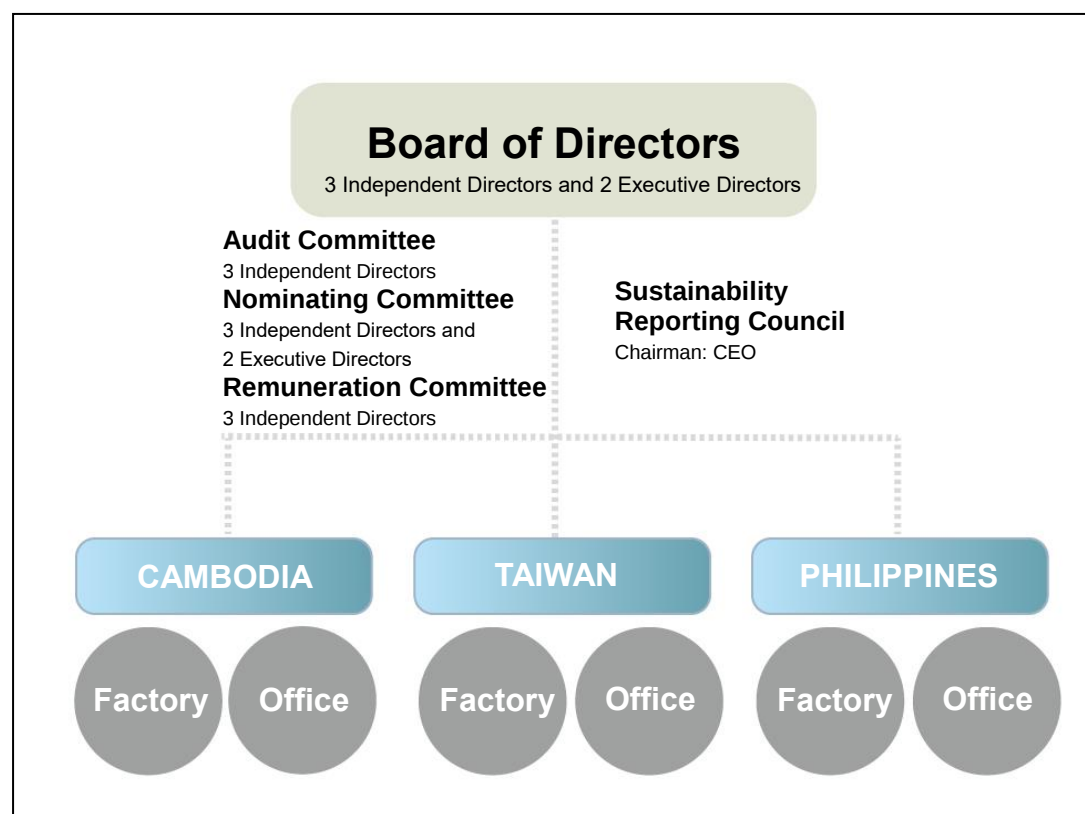
Financial performance

(USD in '000)

Item	2018	2019	2020
Revenue	68,304	68,977	400,327
Operating cost	58,020	58,446	228,707
Gross profit	10,284	10,531	171,620
Operating expenses	7,660	7,496	35,410
Non-operating income and expenses	(1,438)	(1,518)	(1,120)
Dividends and dividend payouts	0	0	(4,669)
Profit/(loss) before tax	1,186	1,517	135,090
Income tax expense	272	351	(3,374)
Net profit/(loss) for the year after tax	914	1,166	131,716
Employee salary and welfare expenditure*	24,739	25,503	26,047

*Note: The order of the items is based on the format of the income statement; therefore, this item has been included in the operating cost expenses.

7.3 Corporate Governance



Medtecs believes that good corporate governance is the foundation of corporate sustainable operation. We implement corporate governance based on the basic principles of "accountability", "transparency" and "sustainability". We develop sustainable strategies with reference to rights and interests of all stakeholders, and implementing them in the value chain. The Board of Directors and functional committees must comply with the requirements of the Catalyst Rules, the Code of Corporate Governance 2018 and the Company's internally devised Code of Conduct for Dealing in Securities.

In 2020, the Company was not aware of any corruption incidents.

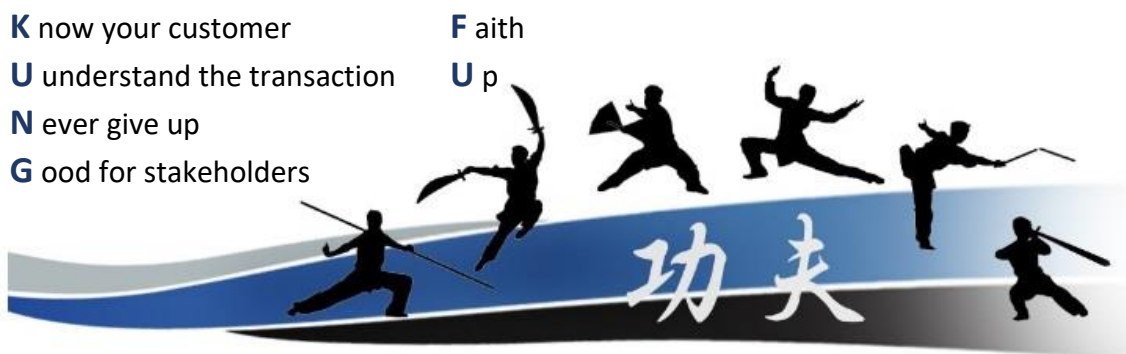
In addition, our good governance is also reflected in our culture and values. Employees at all levels have been told the importance of TARPS, which stands for "Teamwork", "Accountability", "Reward & Punishment", "Solution-Oriented" and have been asked to practice KUNFU, which stands for "Know your customer", "Understand the transaction", "Never give up", "Good for stakeholders", "Faith", and "Up" to create long-term value for the Company and its stakeholders.

T.A.R.P.S. Spirit



K.U.N.G.F.U.

KUNG FU will transform us from ordinary to extraordinary



The composite and function of the Board of Directors

The Group’s Board of Directors (the Board) has appropriate independence in composition, and diversity of ideas as well as backgrounds, allowing it to make decisions that are in the best interests of the Company. Currently, there are 5 directors (4 males and 1 female, including 3 independent directors), with female accounting for 20% and male accounting for 80% of all board members.

The Board has the dual role of formulating the strategic direction and setting governance policies for the Company. The Board of Medtecs holds a meeting every quarter and meets whenever necessary to perform its duties. A total of 4 meetings have been held in 2020. Before each meeting, the directors decide the date of the meeting in advance. The meeting can be conducted by way of audio or video conference. The Board and Board Committees may also review and approve resolutions through the directors’ resolutions in in writing.

Composition of the Board in 2020

Title	No. of people	Percentage in the Board	Actual attendance rate
Chairman	1	20%	100%
Director	1	20%	100%
Independent Director	3	60%	100%

Functional committee

To assist in the implementation of the duties and functions of the Board, the Board of Medtecs has established several functional committees, including the Audit Committee (AC), the Nominating Committee (NC), and the Remuneration Committee (RC) (collectively referred to as the Board Committee). Each functional committee's composition, duties, powers are set out in their terms of reference.

In 2017, we established the Sustainability Reporting Council made up of the Planning Department of the Group and senior executives, led by the Group's Chief Executive Officer, which is responsible for coordinating our sustainability reporting efforts and ensuring that the Board and the Group's senior management are informed and engaged on ESG factors which will be influenced by or have an impact on our business planning, strategy and operations.

Board diversity policy

In 2020, the Board reviewed and approved the Board Diversity Policy. According to the 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.

7.4 Risk Management

Medtecs has taken the initiative to put in place a risk management mechanism to identify risks as well as threats and to take preventive measures in advance. The responsible departments regularly discuss potential challenges and proposes response plans based on the aspects of "governance", "environment", "supply chain", and "major infectious diseases", which are submitted to the Sustainability Reporting Council. In addition, the Audit Committee also provides recommendations on the appropriateness and effectiveness of the Group's risk management and internal control mechanisms. Please refer to the Risk Management and Internal Controls sub-section under the Report on Corporate Governance in page 39 of the Annual Report for FY2019.

There were six categories of risks identified by the Management in 2020, namely "interest rate, exchange rate risk", "business risk", "policy and legal risk", "concentrated procurement or sale risk", and "inventory turnover risk". The world has entered an era of climate emergency. Extreme weather events continue to affect business operations directly or indirectly. More and more investors are focusing on how companies respond to the financial impacts brought about by climate change. Medtecs also has taken the risks of climate change into consideration when planning its growth and risk management strategies. In response to natural disasters and emergencies, the Group regularly reviews and updates its business continuity plans to ensure they are implemented by all departments to prevent any negative impact on the continued operation of the Group during emergencies.

The Group's responses to manage the above risks are summarized in the following table:

Aspect	Risk category	Responses
Governance	Interest rate, exchange rate risk	- Interest rate risk: Considering the level of capital costs, the Immunization Strategy is adopted for asset and liability management, that is, to coordinate with the operating turnover fund or the long- and short-term investment needs of fixed assets, and arrange bank financing plans. - Exchange rate risk: Adopting a natural hedging strategy. Since the Group's revenue is mainly denominated in U.S. dollars, the relevant financing is mostly in U.S. dollars.
	Business risk	Customer credit line: According to customer credit rating and past performance, the risk is classified and reported on a case-by-case basis. Medtecs provides customers of different classes with different payment terms.

Aspect	Risk category	Responses
		● Management of overdue payment For customers with overdue payment, various levels of management reports will be prepared and reviewed by appropriate departments for monitor and control.
	Policy and legal risk	● Medtecs' product certification and management of manufacturing facilities (including labor practices and working conditions) are carried out in accordance with requirements of related the certifying bodies and relevant government agencies. ● Contracts with external parties shall be carried out in accordance with relevant approval process and can only be entered into after being reviewed and approved by the Group's General Counsel.
Supply chain	Vendor and customer concentration risk	● Vendor concentration risk The Group periodically reviews and ranks suppliers based on quality and price of their products, factory conditions and market feedback. In addition, the procurement department conducts annual assessments with a view to reducing the risk of vendor concentration for the Company. ● Customer Concentrated risk In addition to expanding our pool of recurrent, long-term customers, the Company is actively increasing the percentage of sales from our own branded products. The sales from new customers have been increased through use of e-commerce platforms.
Major infectious diseases	Inventory turnover risk	● Actively communicate with our customers to get a hold of their sales and demand forecasts in advance, and to cross check with inventory levels and production schedules to optimize inventory turnover. Implementation of the ERP system to manage and improve production efficiency.
Environment	Climate change-related risk	● In line with the sustainable development policy of the Group and government regulations, equipment in the factory is upgraded constantly to improve energy efficiency and reduce greenhouse gas emissions.

8. VALUE INNOVATION

Material issue: Quality management	
Significance for Medtecs	The quality of the products will directly affect the brand image and product value of Medtecs. We have established comprehensive quality control and compliant product labels to ensure the safety, health, and stability of the products, achieving the corporate mission of "to better the world's health for everyone, everywhere".
Policy and commitment	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.
2020 Target	● Ensure that the quality of operation and production meet the required specifications to the launch of the revised version of ISO 13485:2016. ● 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%. ● Establish evaluation standards, maintain the percentage of excellent suppliers to be above 90%, and assist other suppliers in making improvement and replacing unqualified suppliers.
2020 Results	● The revised version of ISO 13485:2016 was launched in 2019. In response to the revised version, the Group's operations in 2020 have been carried out in accordance with the new version. ● The rate of first-class products was over 97%. There was no return/exchange of products, and the customer satisfaction rate was over 99%. ● 95% of our suppliers was rated "excellent". The Group provided assistance to the suppliers to improve their product quality and improve their operation performance, increasing their market competitiveness and reducing the risk of Medtecs for getting non-conforming or lower-quality materials and products.
Targets for FY2021 (Short-term goals)	● Continue to maintain quality standards, internal and external audit results, and customer satisfaction rate to meet the requirements of the Group: customer satisfaction rate to be over 98%, rate of first-class products to be over 97%, and rate of product return/exchange to be less than 0.5%. ● Obtain the US FDA Medical Device Class II 510K certification for surgical gown, isolation gown, and chemo gown. ● Obtain the European CE MDR (2017/745 Medical Device

Material issue: Quality management	
	Regulation) certification for various PPE products. ● Gradually increase the proportion of excellent suppliers and stabilize the quality of shipments from the suppliers. Through market search, the Group to reduce procurement and shipping costs. ● Starting from 2021, training will be provided for employees at the laundry plant once every quarter, with a duration of at least 1 hour for each session to focus on major quality control incidents that occurred in the previous quarter and to conduct analysis and review for continuous improvement.
Targets for the next 3-5 years (Medium and long-term targets)	● For weaving/dyeing and finishing, the mask factory will adopt internal quality control standards that are more stringent than the conventional industrial standards: the filtering efficiency of surgical masks to be greater than 85% (conventional standard in the industry is 80%), and the color fastness of polyester fabric to be greater than level 4 (conventional standard in the industry is no less than level 3). ● Continuously increase the number of excellent suppliers, develop a list of global suppliers, implement the Group's business model of "Source and Sell Globally", and reduce the costs of transportation as well as raw materials while at the same time to promptly fulfill customer needs. ● The fines from the Company's leasing services to hospitals will be reduced by 10% each year in the next 3 years.
Responsible person/unit	Procurement Department, Quality Assurance Department, Sales Department, and local manufacturing facilities.
Specific actions taken and performance result	● Valued each wearing experience and feedback from users, and increased the number of channels for customer communication, including social media, fan pages, customer support hotlines, etc. ● Provided free exchange for all defective products, and devoted resources to the Research & Development team for product enhancement to reduce the defect rate of our products. ● Obtained the EC Declaration of Conformity Directive 93/42/EEC certification for PPE products. ● Implemented ERP (Enterprise Resource Planning) to reduce order processing errors and strengthen raw material management. ● Added automated production lines and equipment to improve production efficiency, reduce human errors, and save production costs.

Material issue: Product labeling and sales responsibility	
Significance for Medtecs	Some of our products such as masks, isolation gowns are categorized as medical equipment. Therefore, the labeling of our products must comply with certain relevant regulations.
Policy and commitment	Before launching a product to the market, the label will be reviewed by the General Counsel in consultation with external advisers and lawyers to ensure compliance with relevant regulations.
2020 Target	Comply with local laws and regulations and obtain important certifications to ensure product quality, health and safety.
2020 Results	All products have complied with local laws and regulations and have obtained required certifications to ensure product quality, health and safety.
Targets for FY2021 (Short-term targets)	● Establish SOP for product labeling review, and conduct internal and external education and training for related employees to strengthen their knowledge on relevant laws and regulations. ● Continue to comply with local laws and regulations, and obtain required certifications to ensure product quality, health and safety.
Target for the next 3-5 years (Medium and long-term targets)	● Familiarize with medical device/equipment regulations to avoid customer complaints and product returns due to product labeling. ● Continue to comply with local laws and regulations, and obtain important certifications to ensure product quality, health, and safety.
Responsible person/unit	Global Marketing Department, Quality Assurance Department, Sales Department, and local manufacturing facilities
Specific actions taken and performance result	● Medtecs' surgical masks and medical masks are in compliance with the requirements of Taiwan's national standards for medical masks (CNS14774: Medical Face Masks). They also received the US ASTM F2100 Level 2 and European EN14683 Type IIR certifications, and obtained the medical equipment quality management certification of the ISO 13485 Medical Devices - Quality Management System. ● TTA material was developed and was awarded a nanomaterial certificate. The material was combined with non-woven fabric and passed the ISO18184 test. It exhibits the anti-H1N1 virus activity value of 4.1, which is equivalent to an anti-virus efficiency of 99%. ● CoverU Travel Jacket developed by the Group for general infectious disease prevention has received CE certification and patents in both Taiwan and China.

8.1 Product and Service Innovation

Medtecs has been in operation for more than 30 years and is currently one of the world's largest manufacturers of PPE outside of China. Its product range includes PPE, medical textiles, and hospital logistics integrated services. As a leader in the industry, Medtecs regards R&D of products and services as an important driving force for growth. In recent years, it has made many changes in warehousing and logistics management, expansion of production lines, and sales channels.

Personal Protective Equipment	Medical Textiles	Integrated Hospital Services
 The Group offers disposable non-woven PPE to reduce risk of infection of workers who are exposed to dangerous working environment, and provides customized services to meet the needs of customers.	 Medtecs has more than 30 years of experience in the manufacturing of medical textiles and hospital clothing. The products developed by Medtecs can withstand repeated use and wash, ensuring the comfort of doctors, nurses, and patients while wearing them.	 Medtecs provides the integrated services including leasing, laundry, distribution of medical textiles, and provides facility management for such non-core hospital businesses as hospital laundry equipment, and automation.

The COVID-19 pandemic has caused a surge in PPE demand. It is estimated that the annual compound growth rate of PPE will maintain at 7% to 12% in the next 5 to 7 years. Under this trend, in addition to executing the business strategies of 2020, the Group will focus on growing its Global PPE Stockpiling Services and collaborate with government agencies, institutions, and retail customers around the world to provide them with head-to-toe protective solution and PPE stockpile management. This service relies mainly on the four unique advantages of Medtecs, namely:

1. Long-term key stockpiling partner for the government of Singapore and Taiwan, with experience and excellent reputation;
2. Over 30 years of experience in PPE manufacturing and global marketing;
3. Global distribution centres in Europe, Asia, and the United States to offer ready local supply;
4. Several manufacturing facilities based around the world with multiple sources of raw materials to guarantee uninterrupted supply.

Anticipating future global disease control trends to continuously launch new products and services

The Group is committed to being a leading total solution provider of PPE and related services. Depending on market demand and customer needs, the Group continues to develop new products such as stylish epidemic prevention masks/kits, Medtecs weekly disposable masks, CoverU jacket, and the Cooltex fabrics as textiles for hospitals. In the Philippines, Cooltex fabrics have gained popularity, resulting in a cumulative production volume of more than 10 million meters.

New product development process



Launched practical and stylish epidemic prevention products

During the pandemic, we saw a dramatic uptick in the number of people with mental health issues in Taiwan. The economic downturn, the travel restrictions, and fears about the spread of the virus caused a lot of people to start to experience mental health issues. For this reason, Medtecs adopted the "color psychology" as the design concept and launched 14 types of colored masks, hoping to help alleviate people's stress level. Medtecs also co-branded with well-known brands to launch products including masks, flight jacket, epidemic prevention kits, etc. Moving forward, Medtecs plans to acquire intellectual property rights for a number of products and to launch epidemic prevention products that are not only practical but also aesthetically pleasing.



Medtecs held a press conference of "New Life with Beauty in Distance" to launch its new products. Ms Ching Ying Tao, a well-known TV host, was invited to attend the event as the spokesperson.



14 different colored masks to uplift people's spirits during the pandemic



Collaborated with the Department of Information and Tourism, Taipei City Government to design medical masks printed with the City Government's mascot, Bravo the Bear.

Co-branded with Pili Puppet Show to launch masks that are practical and with cultural significance.

Combined new TTA nanomaterials and non-woven fabrics to develop "weekly disposable" masks

Adhering to the vision "To Better the World's Health for Everyone, Everywhere", the Group's Research & Development team made use of TTA, a cutting-edge nanocomposite to develop a weekly disposable mask, which eventually became a part of the Medtecs Shield collection. The material itself has been tested to effectively inhibit growth of influenza virus, H1N1, enterovirus, super Bacteria MRSA, and Escherichia coli. In addition, the TTA material has also been awarded a nanomaterial certificate. The fabric treated with TTA has further passed the ISO18184 test, exhibiting the anti-H1N1 virus activity value of 4.1, which is equivalent to an anti-virus efficiency of 99%. Through the use of our weekly disposable masks, the Group helped to reduce the daily consumption of masks, while preserving more medical and protective equipment to be shared with those in greater need.

Combined new TTA nanomaterials and non-woven fabrics to develop "weekly disposable" masks



Developed particle-filtering travel suits, allowing travelers to return home safely

When to use?



Air pollution.



Protects against pollution and transmission of virus infections in public places.

Product specialty

Provides upper body full cover protection.

Filters 100% of particles larger than one micron.
(PM2.5=2.5 micron)

Blocks sand and dust particles

Protects against droplet and contact infection.



Transparent PET face shield

Anti fog and scratch resistant.

Breathing valve

SMS non-woven
polypropylene material

Effective filter air pollution PM2.5

Medtecs has developed a jacket-like travel suit, which is specially designed for travel. Users do not need to take off the entire suit when going to the toilet. The entire suit including head cover made of filtering material, which can filter out tiny particles and dust in the air. Wearing the travel suit is like being protected by a large face mask (anti-fog mask) with superior comfort and breathability. The product has received CE certification and patents in Taiwan and China. The suit can provide the required protection for up to 58 hours, ensuring the comfort and safety of the wearer. In the future, it will not only be available for individual purchase, but also for global airlines to offer its passengers to purchase as a flight add-on.

8.2 Quality Management and Product Labeling Responsibility

Quality management is essential to our long-term success. Since the very beginning, Medtecs has gained customer trust through sound quality management procedures and compliant product labeling. Each product has designated specifications and inspection standards to keep its quality, safety, and stability under control. We continue to improve the product control process and formulate debugging specifications, striving for perfection and creating products that meet the requirements of domestic and international regulations as well as quality standards. There was no violation of product labeling laws and regulations in 2020.

Quality control of Medtecs' products (using the subsidiary in the Philippines as an example)

Process	Description
Incoming raw materials	● Strict inspection standards are set for the materials and trimmings. 10% of all raw materials are sampled after entering the factory. Subsequently, visual inspection, laboratory test, and examination by instrument are carried out. If there is any concern about the quality of the material, complete (100%) inspection of this batch of raw material is carried out. ● After the raw materials enter the factory, they are sorted and stacked in their designated locations, labeled with specifications, item numbers, and delivery time. The materials are used on a first-in, first-out basis.
Production	● Before mass production, a pilot run is carried out in advance, and quality control personnel is assigned to inspect the quality of the products and raw materials. After the pilot run confirms the right processes, then mass production can be carried out. ● Semi-finished products and finished products produced on site are labeled with equipment number, operator, batch number of raw materials, and production time to facilitate tracking and correction when abnormality occurs. ● Before the production process of new products begins, pre-production training is provided to operators to explain the production procedures, methods, and quality standards.
Warehousing	● All materials, trimmings, and finished products are sorted and stacked in designated locations, labeled with information such as name, batch number, and time. The products are shipped according to the principle of "first in, first out".

Quality management result of Medtecs (using the subsidiary in the Philippines as an example)

Quality management KPI	Goal for 2020	Result in 2020
Defective rate	3%	< 3%
Success rate	97%	> 97%
Customer complaint rate	< 2%	< 1%
Product safety passing rate	100%	100%

In order to keep the quality of products under control, the Group has put in place various measures to improve employees' awareness of quality management. For example, the subsidiary in Taiwan implemented a reward system to encourage employees to increase the per capita laundry efficiency, with bonuses provided quarterly. In addition, customer satisfaction surveys are sent out to medical institutions. Based on the results of the data collected, operation efficiency is reviewed and improved continuously. We achieved an excellent satisfaction rate of 93.09%.

Furthermore, Medtecs' surgical and medical masks are in compliance with the requirements of Taiwan's national standards for medical masks (CNS14774: Medical Face Masks). They also received the US ASTM F2100 Level 2 and European EN14683 Type IIR certifications, with both bacterial filtration efficiency (BFE) and particulate filtration efficiency (PFE) greater than 98%, and obtained the medical equipment quality management certification of the ISO 13485 Medical Devices - Quality Management System.

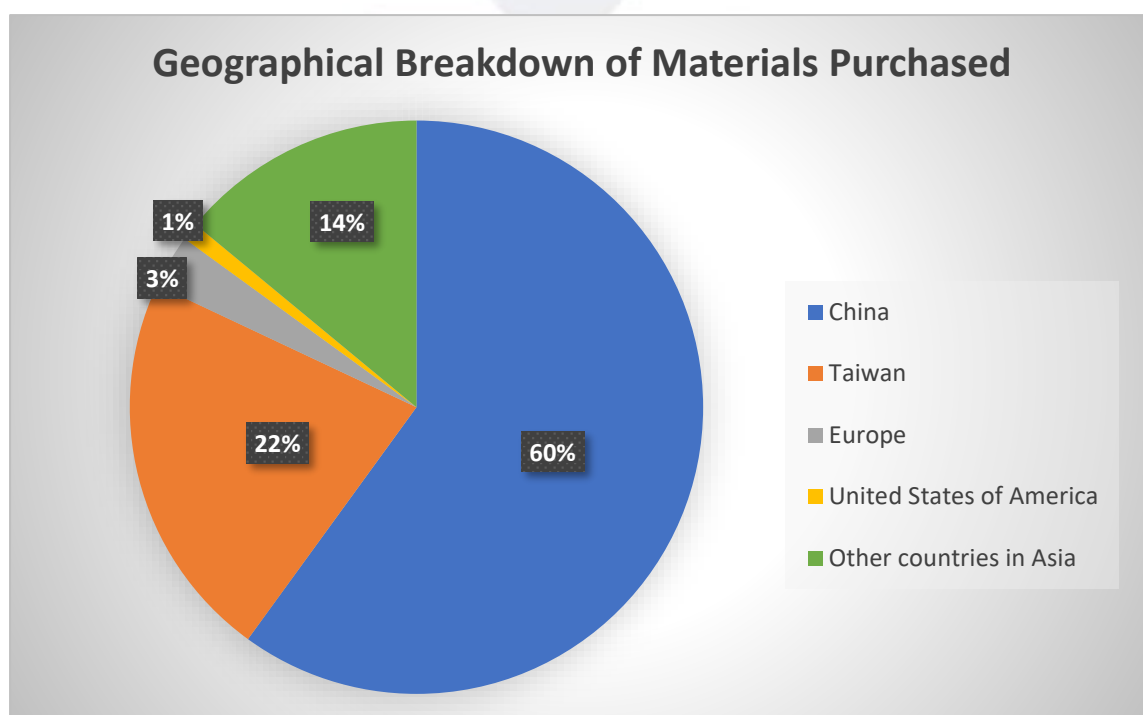
Labeling of Medtecs' product in 2020

Name of label	Applicable standard	Scope of label
Surgical mask	CNS14774	DOH Medical Device Manufacturing (Import) No. 014065
Medical mask	CNS14774	DOH Medical Device Import No. 004175

8.3 Sustainable Supply Chain

Supplier management affects the business growth of Medtecs and the value we can create for shareholders. Therefore, we have established manufacturing and operating bases in Taiwan, the Philippines, Cambodia, and China to minimize risks of supply chain disruption. Moreover, we are committed to finding excellent suppliers that can meet the Group's requirements in terms of quality, cost, and delivery schedule, improving the Group's procurement process and operation efficiency continuously.

The Group's annual purchases from suppliers can be divided into two categories: materials and trimmings, the former accounting for about 60% of the total purchase amount and 40% of the total purchase amount for the latter. All raw materials are transported by sea and air. 60% of the major and minor materials are purchased from China, and the rest are purchased from Taiwan, Europe, the United States, and other Asian countries, accounting for approximately 22%, 3%, 1%, and 14%, respectively. We have established quality control process for incoming raw materials. According to the 4-point system, we randomly inspect 10% of fabrics and 3% of minor materials. Besides carrying out visual inspection for defects, we also send the samples to an independent verification body for testing.



Medtecs has been established for more than 30 years and has built long-term partnerships with many suppliers. During the pandemic, we upheld the principle of mutual benefit and trust to work with our pool of trusted suppliers to ensure uninterrupted supply and product quality. As a result, we did not experience any shortage of raw materials in 2020.

Supplier Selection and Evaluation

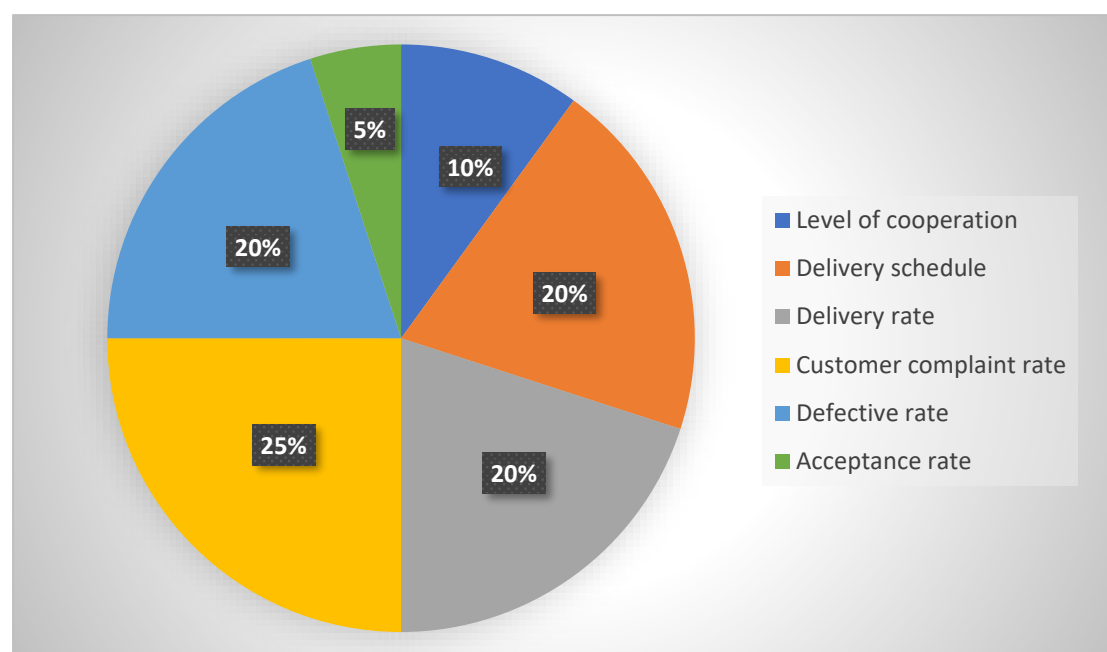
The Group's supplier selection is based on principles of fairness, impartiality, and transparency. The suppliers are evaluated based on their factors such as product quality, price, delivery schedule, sustainability indicators, and financial status. To ensure the quality of the suppliers' products and services, the suppliers must be evaluated according to the above-mentioned selection criteria and pass the qualification before they can be selected. During the cooperation, regular or unscheduled audits are required to monitor the quality of the suppliers' products and services. Regardless of new or existing suppliers, they are required to sign documents on environment, safety, and health, including the Declaration of Non-use of Hazardous Substances, the Declaration of Environmental Protection, the Letter of Compliance with Corporate Social Responsibility, the Honesty and Integrity Agreement, and the Non-Disclosure Agreement.

The Supplier Evaluation Form is prepared and maintained by the Procurement Department. It covers the supplier's financial status, product quality, delivery schedule, price condition, and adaptability. If the supplier continues to pay attention to sustainable issues, such as the environment and labor protection, social welfare and corporate governance, and have obtained relevant certifications, additional points are awarded for consideration. At the end of each year, the head of the Procurement Department discusses the results of the Supplier Evaluation Form with relevant personnel to propose a "List of Qualified Suppliers", which is then submitted for approval with corresponding measures to be taken as follow-up actions. For unqualified suppliers, unscheduled factory and product audits are carried out and random inspections of bulk material are performed. If there is no improvement, the cooperation will be terminated.

Evaluation result of Medtecs' suppliers in 2020

Item	No. of suppliers	Percentage
Qualified supplier	38	95%
Unqualified supplier	2	5%
Total No. of suppliers evaluated in 2020	40	100%

Supplier evaluation items



Local procurement

Medtecs prefers to select corporations that are considerable in size and experience for better transaction protection, and increases ratio of the procurement of the country where the factory is located as well as Taiwanese companies. The factories in the Philippines and Cambodia are important operating bases of the Group since their output value accounts for a significant proportion of the Group's revenue. However, due to the lack of efficient and well-developed supply chains in these two countries, the major and minor materials needed for production are usually not available locally; therefore, they are mainly imported from other countries. To assist the development of local industries, save the transportation cost, and reduce the impact on the environment, we encourage and authorize local management team to consider purchasing items that can be supplied locally, including cartons, labels, plastic bags, etc., through cost-benefit assessments.

Region	Percentage of local procurement
Taiwan	22%
Cambodia	10%
Philippines	4%

※Percentage of purchase amount from local supplier = purchase amount from local suppliers ÷ total purchase amount x 100%.

9. SUSTAINABLE ENVIRONMENT

Material issue: Waste management	
Significance for Medtecs	Significant amount of wastewater and waste will be discharged during laundry process 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.
Policy and commitment	Medtecs made the commitment to use environmentally friendly washing detergent, and adopt low-carbon fuels that comply with government policies. Factory areas of Medtecs must implement domestic waste classification and recycling to reduce impact on the environment.
2020 Targets	● To continue using Ecolab, the USA-made, environmentally-friendly detergent in our laundry plants to reduce the impact on the environment. ● To continue implementing domestic waste classification and recycling in laundry plants to reduce the volume of waste. ● In accordance with government policy, to complete the installation of natural gas boiler and auxiliary pipelines at the Xiangshan Laundry plant.
2020 Results	● Laundry plant of Medtecs continued to use Ecolab, the USA-made environmentally friendly detergent. ● Laundry plant of Medtecs continued to implement domestic waste classification and recycling. ● The Xiangshan Laundry plant completed the installation of natural gas boiler and auxiliary pipelines.
Targets for FY2021 (Short-term targets)	Strengthen the training of equipment operators, which is expected to reduce 80 tons of waste due to defective products.
Targets for the next 3-5 years (Medium and long-term targets)	● For Philippines: Collaborate with local manufacturers that can recycle PE and PPSB materials, which is expected to reduce the weight of waste by more than 30%. ● For The Xiangshan Laundry plant in Taiwan: The three key inspection items for wastewater discharge including chemical oxygen demand (COD), suspended solids (SS), and potential of hydrogen (pH), shall not exceed the standards set by the competent authority in the next three years. ● The Xiangshan Laundry plant in Taiwan: Sampling and testing for the three key inspection items for wastewater which are conducted once every quarter will be conducted on a monthly basis to shorten the period between tests for early correction.
Responsible person/unit	Local factories
Specific actions and performance	● Waste classification is implemented in Taiwan, Cambodia, and the Philippines. ● The Xiangshan Laundry plant in Taiwan uses environmentally friendly detergent to effectively reduce the impact on the environment.

9.1 Energy Use and Management

Medtecs understands that improving the Company's bottom line and protecting the environment are not mutually exclusive endeavors. To improve the overall energy efficiency of the Group, we upgrade and renovate old equipment regularly, strengthen personnel management, and replace gradually energy-consuming equipment with energy-saving equipment. The work is supervised by relevant responsible unit, and regular inspections are conducted for continuous improvement.

Energy-saving and carbon-reduction actions performed by Medtecs in 2020

Factory location	Actions	Amount invested (NTD)	Benefits achieved
Taiwan	Installed gas boiler and pipelines	\$10,000,000	Reduced substantial amount of carbon emissions
Cambodia	Replaced old motors with energy-saving motors	\$150,000	Improved energy efficiency and reduced fuel consumption
	Switched to LED lamps for the entire factory		
	Purchased 6 electric cars		
	Used solar-powered street lights		
Philippines	Switched to LED lamps (425 sets) for the entire factory	\$130,520	Improved energy efficiency

To comply with the environmental protection policy of the Taiwan government, the Group's Xiangshan Laundry plant in Miaoli County completed the installation of natural gas boiler and auxiliary pipelines on June 30, 2020. Starting from January 1, 2021, the coal-fired boiler was no longer be used, and liquefied natural gas was used for power generation, which is expected to reduce carbon emissions significantly. In addition, the Group has completed the 2021 environmental budget for implementing the environmental management policies of Medtecs.

Energy-saving and carbon-reduction targets for Taiwan's factories in 2021

Item	Xiangshan Laundry plant (Taiwan)	Longde Laundry plant (Taiwan)	All factories in Taiwan
Action	Spend approximately NT\$ 40 million to purchase new high-efficiency tunnel laundry equipment	Purchase new traditional washing machines and dryers	Review the use of existing transportation vehicles and replace old high-mileage trucks with new ones
Benefits	Significantly improve washing and drying efficiency, which is expected to greatly improve work efficiency and reduce the use of natural gas and electricity	Improve energy efficiency	Reduce the use of fuels

Energy consumption over the years

Factory location	Energy type	Unit	Year		
			2018	2019	2020
Taiwan	Electricity	kWh	2,164,800	2,079,742	1,829,000
	Coal	mt	4,086	4,343	3,386
	Fuel	kL	260	268	267
	Natural gas	M ³	0	0	213,450
Cambodia	Electricity	kWh	2,646,572	2,818,224	3,935,958
	Coal	mt	0	0	0
	Fuel	kL	0	0	0
	Natural gas	M ³	0	0	0
Philippines	Electricity	kWh	3,736,390	3,196,800	2,304,330
	Coal	mt	2,813	2,537	758
	Fuel	kL	0	0	0
	Natural gas	M ³	0	0	0

9.2 Environmental Pollution Prevention

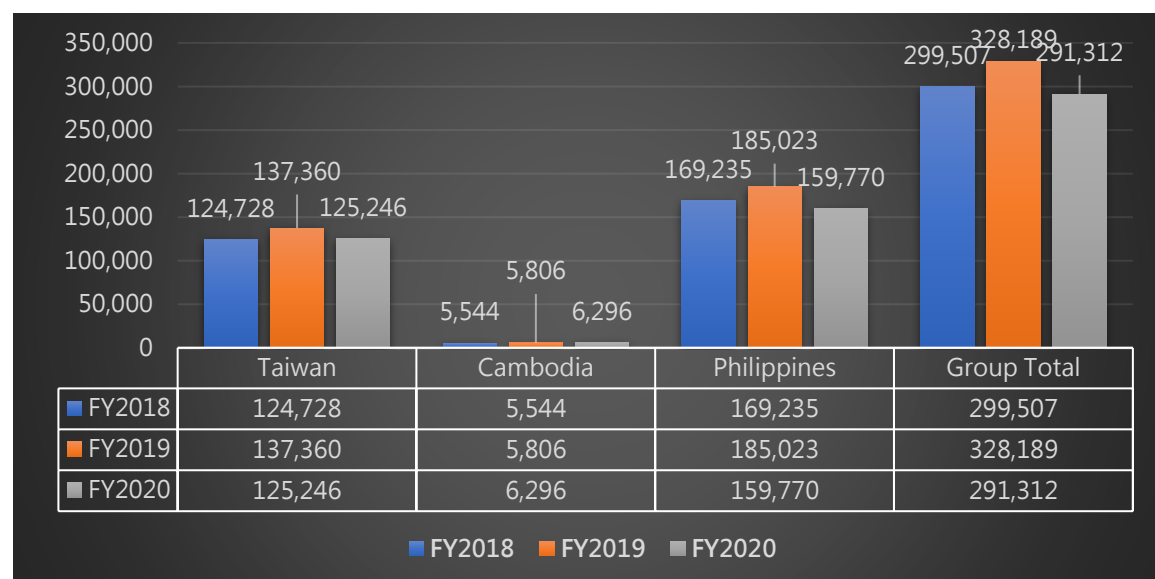
9.2.1 Wastewater Management

Medtecs has set up pollution prevention and control facilities in each factory area, or commissioned specialized operators to properly handle the waste generated during operation in order to reduce its negative impact on the environment. Most of the wastewater discharged by the Group's two laundry plants in Taiwan is laundry wastewater, and is discharged after being treated by the wastewater treatment facility in the plant, minimizing water pollution. The discharged water is also inspected by the local environmental protection department every year and meets the discharge standards.

As for the two major overseas production bases, the subsidiary in Cambodia does not use dyes in the manufacturing process; therefore, the wastewater generated is basically domestic wastewater. Nevertheless, the relevant responsible unit still conducts regularly check on the drinking water and filtered water to measure their pH and COD values, ensuring that they all meet the standards required by the local government for discharge.

To reduce the impact on the environment during the manufacturing process, the subsidiary in the Philippines uses only low-polluting dyes, and promises not to use azo dyes. Furthermore, part of the cooling water used during the dyeing operation is recycled to reduce waste. Discharged wastewater is sent to the local wastewater treatment facility for centralized treatment through pipelines, and a wastewater treatment fee is charged based on 80% of the total water consumed.

Wastewater discharged over the years (Unit: Tons)





Cooling water recycling facility of the subsidiary in the Philippines



9.2.2 Waste Management

Adhering to the principle of "reduce, recycle, and reuse", Medtecs will continue to strengthen the education and training of production line operators and related personnel to reduce the source of waste generation (e.g., defective products and leftover materials) from the source (e.g., production process). In addition, we also require all employees to implement waste classification for recycling and reuse, and commission specialized operators to carry out the recycling operation.

Regarding the handling of leftover non-woven fabrics, the subsidiary in Cambodia has commissioned local operators to convert the leftover fabrics into plastic pellets, which were then collected and recycled. Since there is no local operator specializing in processing the leftover materials in the Philippines, the subsidiary in the Philippines is still looking for suitable operators to collaborate, hoping to improve the recycling and reuse efficiency of leftover non-woven fabrics.

Total waste weight in 2020

Factory location	Waste type	Waste weight (mt/year)	Treatment method
Taiwan	General industrial waste	69.85	Transported/incinerated by commissioned operator
Cambodia	Waste metal	568.5	Sold to recycling operator for further treatment
	Waste paper	337.57	
	Plastic pellets	384.74	
	Waste plastic bag	12.44	
	Production waste material	961.766	Handled by centralized treatment facility
	Domestic waste	537.06	
	Production waste	355.69	
Philippines	General industrial waste	1,495.66	Handled by centralized treatment facility
	Hazardous waste	0.06	Treated by commissioned operator

※There was no hazardous waste generated by the factories in Taiwan and Cambodia.

10.DIVERSIFIED WORKPLACES

Material issue: Labor relations	
Significance for Medtecs	Medtecs is in a labor-intensive industry. Employees are important assets for the sustainable development of the Company. Harmonious labor-relations promote efficient operation of the organization to create more value.
Policy and commitment	Medtecs made the commitment to comply with local labor laws and regulations, protect the rights and interests of employees, provide a legal and appropriate remuneration and benefit system, and implement safety and health management in the workplace to protect the physical and mental health of employees.
2020 Targets	● Zero labor dispute cases. ● Zero items of major non-compliance from the audit performed by the competent authority.
2020 Results	● There were no labor dispute cases. ● There was one instance of failure to comply with the Taiwan regulatory requirement to give employees one day off per week. This occurred due to inadequate manpower during the peak of the COVID-19 pandemic, which resulted in some workers working over-time on irregular shifts. The Company was fined NT\$20,000 (equivalent to approximately US\$716), for the infraction by the Taiwanese authorities and no further action (including public sanction or reprimand) was taken against them.
Targets for FY2021 (Short-term goals)	● Stabilize the retention and recruitment of employees to avoid violation of labor laws and regulations due to shortage of front-line manpower. ● Recruit outstanding talents based on the needs of each department to achieve strategic goals of the Group for business expansion.
Targets for the next 3-5 years (Medium and long-term targets)	● Zero labor dispute cases. ● Activate the organization (accelerate organization evolution) and create job opportunities.
Responsible person/unit	Human Resources Division
Specific actions taken and performance result	● Ensured that employees receive appropriate remuneration and benefits. ● Provided a smooth communication channel. ● Provided masks as employee benefit during the pandemic to protect the health of employees. ● Organized employee welfare activities to strengthen employees' adhesion and sense of belonging towards the organization. ● Implemented workplace safety management to avoid workplace injuries. ● 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.

Material issue: Education and training	
Significance for Medtecs	Employees are the most important assets of a company. Their expertise and capabilities are critical to the performance of the Company. By providing the most suitable trainings, employees with diversified capabilities that advance with the times can be cultivated, assisting the organization in achieving the targets set at all stages.
Policy and commitment	Through various education and training, build a team with a common vision and targets, and gradually implement the strategy of local cadres to maximize the operation performance of the organization.
2020 Targets	The original training time was set at about 3,600 hours. However, each operating base was affected by the pandemic and was unable to carry out the training as scheduled. Therefore, the targets were changed as following: ● Implement 5S activities and incorporate epidemic prevention measures into the daily management requirements. ● Install the software and hardware needed for cloud operation in each operating base, and require employees to upload business data on a monthly basis to prepare for “working from home”.
2020 results	Affected by the COVID-19 pandemic, almost all education and training activities in 2020 were suspended to avoid gatherings, and the targets in 2020 were changed. The results were as follows: ● 5S activities were implemented and epidemic prevention measures were incorporated into the daily management requirements. ● The software and hardware needed for cloud operation in each operating base were set up, and employees were required to upload business data on a monthly basis to prepare for “working from home”.
Targets for FY2021 (Short-term targets)	Depending on the status of the pandemic in various countries, controlled employee meetings will be organized to carry on the Company's business philosophy, to help both new and existing employees better understand.
Targets for the next 3-5 years (Medium and long-term targets)	● Provide education and training courses for staff absence covers and management trainees to cultivate leadership talent and plan for future succession, and to pass on company values ● Promote online education and training courses
Responsible person/unit	Human Resources Division
Specific actions taken and performance result	● All operating bases continued to promote 5S and incorporated epidemic prevention measures into employees' self-checking activities, allowing employees to turn them into a habit. ● Each operating base completed the education and training for cloud data backup, in preparation for when “working from home”. ● In coordination with the “Medtecs Express” and the “Employees Sales Activities” projects, PPE products for epidemic prevention were promoted in Taiwan.

10.1 Talent Recruitment and Retention

Medtecs regards the "selection, employment, education, promotion and retention" of talents as the key to corporate operation development, and uses multiple channels to recruit outstanding talents to join the organization, helping the organization to achieve the development targets set at all stages. We provide excellent remuneration and benefits as well as complete career development plan for our employees, and put emphasis on talent cultivation and retention to develop leaders with the T.A.R.P.S ("Teamwork", "Accountability", "Reward & Punishment", "Solution-Oriented") spirit.

As of the end of 2020, Medtecs had 5,606 employees worldwide. Among them, male employees accounted for 21% and female employees accounted for 79% of the total employees. The number of employees in Taiwan was 387, while the number of employees in the Philippines and Cambodia was 814 and 4,405, respectively. We are committed to providing employees with the best remuneration and benefits, recruiting the best talents, and reducing the turnover rate of employees. In 2020, the rate for new hires in Taiwan, the Philippines, and Cambodia were 22.74%, 103.81%, and 38.75%, respectively, while the turnover rates in Taiwan, the Philippines, and Cambodia were 23.26%, 58.97%, and 12.24%, respectively.

Employee composition of Medtecs

Unit : No. of people

Type		Taiwan			Philippines			Cambodia		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Employment contract	Regular employee	58	82	140	208	224	432	194	977	1,171
	Contract employee	111	136	247	149	233	382	485	2,749	3,234
Employment type	Full time	166	214	380	357	457	814	679	3,726	4,405
	Part time	3	4	7	0	0	0	0	0	0
Position	Senior supervisor	7	3	10	10	2	12	3	0	3
	Supervisor	13	3	16	21	24	45	10	17	27
	Regular employee	149	212	361	326	431	757	666	3,709	4,375
Age	Under 30	45	39	84	130	154	284	404	1,917	2,321
	31-50	71	93	164	196	267	463	253	1,763	2,016
	Over 50	53	86	139	31	36	67	22	46	68

New employees of Medtecs

New employee status	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Under 30	18	11	189	358	227	900
31-50	22	19	89	203	103	469
Over 50	9	9	4	2	4	4
Total no. of employees	169	218	357	457	679	3,726
Total no. of new employees	49	39	282	563	334	1,373
Percentage of new employees	22.74%		103.81%*		38.75%	

*The percentage of new employees of Philippines is > 100%, because there were a large number of contracted employees with a 6-month contract period, which expired during the middle of the year. As a result, at the end of the year, the total number of employees were less than the total number of new employees.

Resigned employees of Medtecs

Resigned employee status	Taiwan		Philippines		Cambodia	
	Male	Female	Male	Female	Male	Female
Under 30	12	8	91	226	43	303
31-50	19	36	40	118	16	175
Over 50	9	6	3	2	1	1
Total no. of employees	169	218	357	457	679	3,726
Total no. of resigned employees	40	50	134	346	60	479
Percentage of resigned employees	23.26%		58.97%		12.24%	

Medtecs adheres to the spirit of the Universal Declaration of Human Rights to protect labor rights and implement job equality. Medtecs will treat people equally to provide fair competition and opportunities regardless of their race, class, language, ideology, religion, party, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical/mental disabilities, or other factors. Medtecs' Xiangshan Laundry plant in Taiwan also stipulated the "No workplace bullying" regulation, which prohibits any behaviors that are related to physical or psychological violence, and verbal or sexual harassment. Employees can use the Company's internal complaint handling mechanism to deal with related conflicts and disputes.

We are committed to building a gender-friendly working system and environment. In addition to promoting equal pay, we also promote the education and training for the "Act of Gender Equality in Employment" in Taiwan to eliminate gender discrimination in the workplace, promoting substantive gender equality, and preventing sexual harassment incidents from happening.

Diversified employment of Medtecs

Diversified employment	Indigenous people		People with disabilities		Foreign worker	
	No. of people	Percentage	No. of people	Percentage	No. of people	Percentage
Taiwan	6	1.55%	28	7.23%	97	25.06%
Philippines	0	0	0	0	4	0.49%
Cambodia	0	0	12	0.27%	14	0.32%

Average salary and compensation of female to male in 2020

Subsidiary	Senior supervisors	Supervisors	Regular employees
Taiwan	1.09	0.76	0.91
Philippines	2.91	0.91	0.93
Cambodia	-	0.95	0.92

* The subsidiary in Cambodia did not hire any female senior supervisor in 2020.

10.2 Remuneration and Benefit

Medtecs attaches great importance to the rights and well-being of the employees. It follows the local laws and regulations and provides the employees with excellent remuneration and diversified benefits. In addition, it establishes a comprehensive performance evaluation and remuneration rewarding mechanism, hoping to encourage the employees to develop together with the organization and make an all-out effort for the Group.

Medtecs has established an employee welfare committee. Every year, it provides supports for employees in many ways, including allocating employee benefits, organizing employee activities, organizing club activities, and granting club subsidies, hoping to consolidate the adhesion of employees, enhance their sense of belonging towards the Company, and ease their stress after their hard work, achieving a work-home balanced life.

During the pandemic, as employee benefit, Medtecs provided 3 months of masks to its employees for free, and allowed their families and friends to buy masks directly from Medtecs without the need to line up, so that employees can work with peace of mind. To boost the morale of the employees, Medtecs also organized small dress code parties from time to time to add fun to the workplace, strengthening the relationships between colleagues.



Medtecs held a Halloween party in its Taipei office on October 30, 2020. There were activities such as donut eating contest, charades, and best dressed contest organized for all employees and family members to enjoy. In the end, the Chairwoman of Medtecs, Sherry Su-Tian Chen, presented prizes to the winners of the various events.



On Christmas Eve, December 24, 2020, Medtecs organized an afternoon tea party at the W Hotel in Taipei and invited its employees to participate and dress up in the 1920s fashion. Several exquisite backboards were prepared for the employees to take photos with, allowing the employees attending the event to have a joyful and memorable day.

Ratio of the standard salary of regular employees of Medtecs to the local minimum salary in 2020

Type of employment	Taiwan	Philippines	Cambodia
Regular employee	1:1	1:1	1:1
Contract employee	1:1	1:1	1:1

Excellent employee benefits of Medtecs

Supporting benefits	Education bonus
● Marriage allowance ● Maternity allowance ● Funeral allowance for employees and their families ● Hospitalized condolences for work injury	● Education allowance for employees' children ● Education allowance for employees
Leisure and entertainment	Basic benefit
● Company tour ● Birthday activities ● Club activities ● Club subsidy	● Three festival bonuses ● Group insurance ● Food and transportation allowance ● Birthday allowance

Performance evaluation statistics of Medtecs

Category	Taiwan	Philippines	Cambodia	Percentage to all employees evaluated
Male	169	360	65	49.4%
Female	218	454	141	18.5%
Total	387	814	206	25.1%

Regarding the employee performance evaluation, in principle, all employees of Medtecs shall be included. However, due to a large number of contract employees in the subsidiary in Cambodia, the number of employees to be evaluated was reduced. In the future, Medtecs will carry out performance evaluation only for employees who have served Medtecs for more than 1 year.



10.3 Training and Development

Medtecs encourages its employees to practice the "K.U.N.G.F.U" ("Know your customer", "Understand the transaction", "Never give up", "Good for stakeholders", "Faith" and "Up") spirit from time to time to create long-term value for the Company, allowing the Company to grow steadily. Moreover, we also treat the planning of employee development and growth as our responsibility. We provide comprehensive employee training programs to develop the core values and strategies of the Group.

New employee orientation:

laying a good foundation/cultural integration/professional knowledge

Medtecs has built a comprehensive training framework for new hires, allowing them to quickly understand the Group's culture. Through the comprehensive education and training courses, they can understand the Company's overall vision, mission, and system norms from the inside out, helping newcomers to blend in.

- **Laying a good foundation:**

Provides courses such as the "Introduction to the Personnel System" and the "Occupational Safety and Health On-the-job Education and Training" to assist new employees to blend in and adapt to the new environment.

- **Cultural integration:**

Courses such as "Vision, Mission, and Core Values of Medtecs", and "Corporate Social Responsibility " can strengthen employees' understanding and recognition of Medtecs' culture.

- **Professional knowledge:**

Courses are designed by related unit, and on-the-job education and trainings are carried out according to the professions. The courses include product related and various practical trainings. In addition, suitable courses are converted into digital teaching materials, allowing employees to quickly adapt to the new environment and start the work without being restricted by time and space.

Measures to the COVID-19 epidemic: teleconferencing and online training

Affected by the COVID-19 pandemic in 2020, the Group suspended business trips for all of its operating bases. Since the lockdown of the cities in the Philippines in March, expatriates after returning to Taiwan were assigned to work in the Taipei head office. The epidemic in Cambodia was not as bad; however, the expatriates were still asked to take days off locally. For this reason, we have built complete video conferencing equipment to make online business activities as well as education and trainings possible.

Statistics on training of Medtecs' employees

Type of training	Training sessions	No. of employees	Training hours
Infection control and health education	79	780	840
Occupational safety and health	28	595	2558
Medical logistics services	35	249	324
General training (including new employee orientation)	33	429	510
Other	16	152	348
Total	191	2205	4580

Statistics on the training hours of Medtecs' employees

Category	Taiwan			Philippines			Cambodia			Total training hours
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Senior supervisors	13	4	17	136	12	148	0	0	0	165
Supervisors	41	127	168	4	24	28	21	86	107	303
Regular employees	454	499	953	552	1,315	1,867	264	1,028	1,292	4,112
Total training hours	508	630	1,138	692	1,351	2,043	285	1,114	1,399	4,580
No. of employees trained	169	218	387	357	457	814	679	3,726	4,405	5,606

Average training hours of Medtecs' employees in each subsidiary

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	13	7	1.86	4	3	1.33
Supervisors	41	13	3.15	127	3	42.33
Regular employees	454	149	3.05	499	212	2.35
Total	508	169	3.01	630	218	2.89

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	136	10	13.6	12	2	6.00
Supervisors	4	21	0.19	24	24	1.00
Regular employees	552	326	1.69	1,315	431	3.05
Total	692	357	1.94	1,351	457	2.96

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	0	3	0.00	0	0	-
Supervisors	21	10	2.10	86	17	5.06
Regular employees	264	666	0.40	1,028	3,709	0.28
Total	285	679	0.42	1,114	3,726	0.30

The subsidiary in the Philippines organized ISO training course for its employees



10.4 Occupational Safety and Health

To protect the health of our employees and the safety of the working environment, each subsidiary of Medtecs has established an Occupational Safety and Health Committee. The Committee holds regular meetings to implement the occupational safety and health policies, and established a code of conduct for employees to create a "zero-hazard" working environment. Occupational safety and health management plans are formulated every year, including Maternal Health Protection Program, Abnormal Workload-induced Disease Prevention and Management Program, Ergonomics Hazard Prevention Program, etc. In addition, complete education and trainings are carried out to ensure that employees can work under a healthy and safe environment.

In the past three years, except for the minor pinch injury occurred in the Xiangshan Laundry plant and the minor injury of the truck driver who accidentally hurt his foot while pushing the trolley, the Medtecs Group has no other major accident. After the incidents, corrective measures have been implemented immediately and warning signs have been attached to equipment that poses higher operation risks.

Major tasks of Medtecs' labor safety personnel

- (1) Formulate occupational accident prevention plans and emergency response plans, and guide related departments to implement them.
- (2) Organize and supervise various departments to carry out labor safety and health audits and management.
- (3) Organize and supervise the checkpoints and inspections of safety and health facilities.
- (4) Organize and supervise related personnel to carry out inspections, routine inspections, key inspections, hazard communication, and work environment monitoring.
- (5) Organize and implement labor safety and health education and training.
- (6) Organize labor 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 labor safety and health consulting services.
- (9) Provide labor safety and health management related information and recommendations.
- (10) Other matters related to labor safety and health management.

Occupational Safety and Health Management of Medtecs (Subsidiary in Taiwan, Xiangshan Laundry plant)

Name of program	Objectives
Maternal Health Protection Program	From the date of pregnancy to one year after delivery of female employees, Medtecs will offer supporting measures such as hazard assessment and control, doctor interview and guidance, risk classification and management, and work assignment based on suitability.
Abnormal Workload-induced illness Prevention and Management Program	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.
Ergonomics Hazard Prevention Program	To prevent workers from suffering musculoskeletal injuries or ergonomics related diseases due to repetitive operation, improper hardware design in the work environment, poor work posture, or long working hours, related improvement measures were formulated.

Protected by the sound occupational safety and health management measures, the subsidiary in Cambodia has been certified by the "Workplace Conditions Assessment" (WCA) and the "Better Factory Cambodia Program" under the International Labor Organization (ILO). The subsidiary in the Philippines has also passed the Work Environment Measurement issued by the local government to ensure that the working conditions of employees meet the human rights norms of the international society.

Environment, Safety and Health-related Certification of Medtecs (Subsidiary in Cambodia)

Workplace Conditions Assessment	Better Factory Cambodia program
 The image shows an Intertek Achievement Award certificate for Workplace Conditions Assessment. It is awarded to Medtecs (Cambodia) Corp. Limited. The certificate mentions the 'Workplace Conditions Assessment' and lists several criteria: 1. Labor and safety, 2. Health and safety, 3. Management of safety, 4. Environment. It also includes a signature and the date of issue: 23rd January 2019.	 The image shows a 'Certificate of Registration' for the Better Factory Cambodia program. It certifies that Medtecs (Cambodia) Corp. Limited, located at National Road No. 7, Ampil Leu Village, Ampil Commune, Kampong Siem District, Kampong Cham Province, Cambodia, has registered for the purpose of participating in the ILO-Better Factories Cambodia Project. The certificate includes the ILO logo and the signature of Esther Gerrens, Programme Manager, dated 23rd January 2019.

Work-related accidents of employees in 2020

Type of accident	No. of cases	Percentage
Collision/Accidents	2	5.9%
Chop / cut / scratch / stab	12	35.3%
Fall	2	5.9%
Traffic accident	13	38.2%
Others	5	14.7%
Total	34	100%

Work injury of employees in 2020

Item		Taiwan	Philippines	Cambodia
Work injury incident (No. of cases)	Male	1	2	5
	Female	2	6	6
	Total	3	8	11
Injury rate (IR) ¹	Male	0.25	0.46	1.38
	Female	0.51	1.08	1.66
	Total	0.77	1.54	3.04
Absenteeism rate (AR%) ²	Male	0.25	0.004	1.38
	Female	0.51	0.015	1.66
	Total	0.77	0.019	3.04
Lost day rate (LDR) ³	Male	5.68	1.16	0.84
	Female	10.59	3.81	0.34
	Total	16.27	4.97	1.18
No. of death in duty	Male	0	0	0
	Female	0	0	0
	Total	0	0	0
Rate of death in duty ⁴	Male	0	0	0
	Female	0	0	0
	Total	0	0	0

Note:

1. IR= Total work-related accidents ÷ total working hours × 200,000.
2. AR (%) = days absent from work ÷ total days worked × 100%.
3. LDR = Number of days lost ÷ total hours of work × 200,000. The number of lost days does not include the day of injury and the day of return to work.
4. Rate of death in duty = number of deaths at work ÷ total working hours × 200,000.

(The IR, LDR, and rate of death in duty are calculated based on 50 weeks per year, and 40 working hours per week per 100 employee)

Medtecs encourages employees to implement occupational safety in their daily operations, protecting their own safety while guarding the safety of others. Therefore, we have arranged comprehensive occupational safety and health courses for employees in all factories, including health management training and hazardous chemicals training, emergency response training, and health management training for infection control.

Workplace safety education and training

The subsidiary in Taiwan implemented fire-fighting team training, and conducted drills for fire-fighting, evacuation guidance, and safety protection



Education and training for all employees, explaining the safety precautions in the factories



103年6月3日發生金門大學學生
在洗衣工廠打工，手臂捲進平燙
機，造成手臂截肢，請操作人員
確實注意安全



注意！

機器運轉有捲夾危險
停機關電後始可進入



11.COMMUNITY EMPOWERMENT

Medtecs encourages employees to implement occupational safety in their daily operations, protecting their own safety while guarding the safety of others. Therefore, we have arranged comprehensive occupational safety and health courses for employees in all factories, including health management training and hazardous chemicals training, emergency response training, and health management training for infection control.

Summary of 2020 Group Donation

Type	Amount (in NTD)	Percentage
In Kind Donation	33,272,286	80%
Cash	4,000,465	10%
Management Costs	4,532,233	11%
Total	41,804,984	100%

11.1 Core Capability to Fight Against the Pandemic

On the frontline of protection

Since COVID-19 pandemic has taken over the world by a storm in the beginning of 2020 and during the most severe period of the pandemic, Medtecs adopted mask producing equipment from major Taiwanese manufacturers to increase its production capacity to 70 million pieces per month, providing the government of Taiwan with sufficient supply of masks in the first place. Not only that, while we were fully supporting the local government in fighting against the pandemic, we were also offering our help solving the problem of medical supply shortages around the world, sending supplies to Cambodia, Singapore, the United States, and countries in Europe, allowing us to claim Medtecs as the strongest logistics force that protects people's health.

Donate millions of epidemic prevention materials to help the world fight against the pandemic

Since the outbreak of the pandemic in 2020, while ensuring that there are adequate epidemic prevention materials in Taiwan, Medtecs has brought its corporate social responsibility into play and took the initiative to make donations to places around the world. We donated personal epidemic prevention materials such as coveralls and masks to Germany, Italy, and France.

- In February 2020, Medtecs donated a total of 300,000 masks to local social welfare groups to protect the health of underprivileged school children in Taiwan.

- In April 2020, Medtecs provided 140,000 masks to Fondazione Opera S. Camillo in Italy.
- In July 2020, Medtecs donated 10,000 pieces of coveralls and 100,000 shoe covers to the City Government of San Francisco, USA.
- In October 2020, Medtecs provided 20,000 pieces of coveralls to the Taipeh Vertretung in der Bundesrepublik Deutschland (Taipei representative office in Germany).
- In November 2020, Medtecs partnered with 12 public welfare organizations to donate over a million of masks to protect the underprivileged groups and pass on the protection of love to places throughout Taiwan, living the new life with love.
- In December 2020, Medtecs provided one million masks to the French Red Cross through the Bureau Français de Taipei (French Association in Taiwan), hoping to offer assistance to local medical institutions in France.
- The subsidiary in Cambodia: Medtecs provided US\$722,000 worth of epidemic prevention materials to the Cambodian government: 100,000 surgical masks, 20,000 coveralls, 20,000 level 4 high-risk isolation gowns, 50,000 PE isolation gowns, 10,000 pairs of goggles, and 50,000 bouffant caps, and 100,000 pieces of shoe covers.
- The subsidiary in the Philippines: Medtecs provided 780,950 N88 masks, 5,650 N95 masks, 995,700 medical masks, 2,000 coveralls, and 100 isolation gowns to government agencies and private organizations.

Protecting the health of school children



With the outbreak of the COVID-19 pandemic in the beginning of 2020, there was a need for children to wear masks when attending school. Due to the shortage of masks for children in the market, parents began to worry that the gathering of children in schools without adequate masks may cause a loophole in the fight against the pandemic. This problem was worse for vulnerable families who often lacked resources and channels to obtain medical supplies. To solve this social problem, Medtecs decided to deliver 100,000 children masks from the subsidiary in the Philippines to Taiwan and donated them to the social welfare groups that emphasize on family and children, protecting the health of school children.

Protecting the health of school children

- Donated 166,000 children masks to the “Child Welfare League Foundation” to protect the health of more than 3,200 children in more than 450 rural elementary schools.
- Donated 100,000 children masks to the "Taiwan Fund for Children and Families".
- Donated 34,000 children masks to the “Autism Society of Taiwan”.

Launching of the “New Life with Beauty in Distance” donation project

To prevent the outbreak of the pandemic in the fall and winter again, Medtecs launched the "New Life with Beauty in Distance" project in late October 2020. Medtecs partnered with 12 public welfare organizations to donate millions of masks to protect the underprivileged groups and pass on the protection of love to places throughout Taiwan, living the new life with love.

In addition to donating masks in regular colors, Medtecs also donated masks with 14 different colors which were launched in the latter half of 2020. The color of the masks donated matched the color of the logo the public welfare organizations, hoping that the public welfare organizations can feel the warmth of Medtecs while receiving the masks.

Organization	Description	Logo	Special color	No. of masks donated (piece)
Huashan Social Welfare Foundation	The targets of services are the elderly people, providing free home service for the (disabled, loss of dependency, dementia) elderly people		Cherry blossom	100,050
Syin-Lu Social Welfare Foundation	The targets of services are mentally disabled and their families in Taiwan		Blue	30,050
World Vision	It is an organization for Christian emergency relief, children, and their communities, and child rights advocacy, and is committed to working with children,		Orange	150,050

Organization	Description	Logo	Special color	No. of masks donated (piece)
	families, and communities to overcome poverty and injustice			
Taiwan Fund for Children and Families	An international non-profit organization caring for disadvantaged children, teenagers, and their families	 財團法人 台灣兒童暨家庭扶助基金會 Taiwan Fund for Children and Families	Sage green	250,050
Step30 International Ministries	For the purpose of improving the basic life of residents in the abject poverty areas of the Third World, gradually establish a harmonious and shared self-supporting community by means of publicity, education, drinking water, sanitation	 舊鞋救命	Yellow	150,050
Taiwan Hemophilia Society	Assist families of hemophilia patients to receive more complete treatment and professional knowledge exchange	 社團法人 台灣省關懷血友病協會 TAIWAN HEMOPHILIA SOCIETY	Cobalt	60,050
Taiwan Rett Syndrome Association	Take care of, support, and care for patients with Rett Syndrome and their families. Rett Syndrome is a rare and complex neurological disease that usually occurs in little girls. The children with Rett Syndrome will have rapid degeneration and developmental delays	 社團法人 臺灣雷特氏症病友關懷協會	Purple	50,050
Mennonite Social Welfare Foundation	Taking care of the elderly and the disabled in Hualien, Taiwan. A team of professionals including social	 MSWF 門諾基金會	Green	50,050

Organization	Description	Logo	Special color	No. of masks donated (piece)
	workers, nursing, rehabilitation, nutrition, and special education			
Hospice Foundation of Taiwan	Assist dying patients to obtain appropriate medical treatment and promote the caring of dying patients from all areas	 財團法人 (台灣) 安寧照顧基金會 中華民國 Hospice Foundation of Taiwan	Lavender	50,050
The Association of South-Link Health Care Promotion for Taitung County	Assist the disadvantaged groups in the south-link area of Taitung, provide emergency relief, caring, promote health, and improve the quality of medical care	 社團法人臺東縣 南迴健康促進關懷服務協會 The Association of South-Link Health Care Promotion for Taitung County	Cobalt blue	100,050
Taiwan Breast Cancer Foundation	Focusing on breast cancer prevention and treatment advocacy and patient services to raise people's awareness on correct breast cancer prevention knowledge	 財團 乳癌防治基金會 法人 Taiwan Breast Cancer Foundation (TBCF)	Pink	50,050
Zhi-Shan Foundation Taiwan	Assisting the development of disadvantaged children and children in the Asia-Pacific region, including Taiwan, Vietnam, Yunnan, and Myanmar	 財團法人 至善 社會福利基金會 Zhi-Shan Foundation TAIWAN	Brown	20,050
Total number of masks donated				1,060,500

Put on colorful masks with Taipei 101 to light up the light of hope in 2021

To comply with the government's epidemic prevention regulations and prevent the crowds during the New Year's Eve activities from becoming a blind spot for epidemic prevention, Medtecs partnered with Taipei 101 to light up the lights on the evenings of 30 and 31 December 2020. Through our epidemic prevention slogans of "Wearing masks during the New Year's Eve to avoid epidemic prevention blind spot" and "Ensuring every worker to return home safely" with colorful mask pattern in the LED lighting display design, we urged people to wear masks while participating in the New



Medtecs partnered with Taipei 101 to light up the light of hope

Year's Eve activities. We hoped that through this lighting event, people in Taiwan can unite to fight against the pandemic, welcoming a bright and healthy future in 2021.

In addition, the Group also collaborated with a professional filming team. Besides recording Taiwan's epidemic prevention progress in the form of a documentary, the team also combined our "New Life with Beauty in Distance", and "New Year's Eve Taipei 101 Lighting Up" events, hoping to pass on Medtecs' corporate mission of protecting the health of our nation to rest of the world. The documentary was released on December 29, 2020. As of the end of the year, the film has accumulated 293,995 views with 762,796 impressions on YouTube, Instagram, and Facebook in just three days.



2020 charity documentary of Medtecs – The Mission of Medtecs
15s

11.2 Giving Back to the Local Community

Cambodia

Reading has no barrier – building a factory library	Long-term cooperation with the Cambodian Red Cross to make donations
	
The subsidiary in Cambodia has long collaborated with the French non-profit organization Sipar to build a library in the factory in Kampong Zhen County for the employees. It is hoped that more than 3,400 employees in the factory can develop a good habit of reading, while enjoying the beauty of reading with the rich collections in the library, enhancing the knowledge and literacy of the employees.	The Cambodian Red Cross is a social welfare organization with strong local influence in Cambodia. It is committed to reducing poverty, safeguarding human dignity, and protecting the public welfare of victims and vulnerable groups. In 2020, Medtecs donated US\$5,324 in May to help the organization build more medical facilities and promote international humanitarian relief.
Facilitate local infrastructure construction and security upgrade operations	Provide assistance to fight against floods
	
Like many developing countries, Cambodia's economy has grown rapidly in recent years. However, there are also serious security problems. Therefore,	Due to the strong storms and rains in October 2020, 19 provinces and municipalities across Cambodia were hit by floods. School buildings, roads, and bridges in various places

Facilitate local infrastructure construction and security upgrade operations	Provide assistance to fight against floods
Medtecs donated US\$1,500 in October 2020 to support the local county government in constructing fences for the police stations, hoping that while boosting the local economic development, a safe and bright future can also be created for Cambodia.	were damaged by floods. In addition to donating US\$115,000 to the local government and troops to support disaster relief, the subsidiary in Cambodia also donated 2,000 cotton blankets to the local rescue teams, hoping with our help, the team can rescue all of the trapped victims as soon as possible.



12.APPENDIX

Appendix 1 GRI Sustainability Reporting Guidelines (GRI Standards) Content Index

General Disclosure

GRI Standards	Disclosure	Standard	Page No.	Note
Organizational Profile				
GRI 102-1	Name of the organization	1. About this Report	2	
GRI 102-2	Activities, primary brands, products, and services	7.1 About Medtecs	25 – 27	
GRI 102-3	Location of headquarters	7.1 About Medtecs	25	
GRI 102-4	Location of operations	7.1 About Medtecs	26	
GRI 102-5	Ownership and legal form	7.1 About Medtecs	25	
GRI 102-6	Markets served	7.1 About Medtecs	26	
GRI 102-7	Scale of the organization	7.1 About Medtecs	25	
GRI 102-8	Information on employees and other workers	10.1 Talent Recruitment and Retention	54	
GRI 102-9	Supply chain	8.3 Sustainable Supply Chain	43 – 45	
GRI 102-10	Significant changes to the organization and its supply chain	8.3 Sustainable Supply Chain	-	No significant changes
GRI 102-11	Precautionary Principle or approach	7.4 Risk Management	32 – 33	
GRI 102-12	External initiatives	4. Sustainability Development Strategies and Goals	10 – 11	
GRI 102-13	Membership of associations	7.1 About Medtecs	27	

Strategy				
GRI 102-14	Statement from senior decision-maker	2. Message from the Chairman	4 – 6	
Ethics and Integrity				
GRI 102-16	Values, principles, standards, and norms of behavior	4. Sustainability Development Strategies and Goals, 7.3 Corporate Governance	10 – 11, 29 – 30	
GRI 102-18	Governance structure	7.3 Corporate Governance	29 – 31	
GRI 102-19	Delegating Authority	4. Sustainability Development Strategies and Goals	10 – 11	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	4. Sustainability Development Strategies and Goals	10 – 11	
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	5. Stakeholder Engagement and Materiality Assessment	12 – 18	
GRI 102-22	Composition of the highest governance body and its committees	7.3 Corporate Governance	29 – 31	
GRI 102-24	Nominating and selecting the highest governance body	7.3 Corporate Governance	29 – 31	
GRI 102-29	Identifying and managing economic, environmental, and social impacts	7.4 Risk Management	32 – 33	
GRI 102-30	Effectiveness of risk management processes	7.4 Risk Management	32 – 33	

GRI 102-31	Review of economic, environmental, and social topics	4. Sustainability Development Strategies and Goals	10 – 11	
GRI 102-32	Highest governance body's role in sustainability reporting	4. Sustainability Development Strategies and Goals	10 – 11	
Stakeholder Engagement				
GRI 102-40	List of stakeholder groups	5. Stakeholder Engagement and Materiality Assessment	12 – 18	
GRI 102-41	Collective bargaining agreements	No labor-management agreement signed		Although Medtecs does not have a labor union, it regularly organizes labor-management agreement meetings with employees
GRI 102-42	Identifying and selecting stakeholders	5. Stakeholder Engagement and Materiality Assessment	12 – 18	
GRI 102-43	Approach to stakeholder engagement	5. Stakeholder Engagement and Materiality Assessment	12 – 18	
GRI 102-44	Key topics and concerns raised	5. Stakeholder Engagement and Materiality Assessment	12 – 18	
Reporting Practice				
GRI 102-45	the consolidated financial statements	1. About this Report	2	
GRI 102-46	Defining report content and topic boundaries	1. About this Report	2	
GRI 102-47	List of material topics	5. Stakeholder Engagement and	16 – 17	

		Materiality Assessment		
GRI 102-48	Restatements of information	-	-	No significant changes
GRI 102-49	Changes in reporting	5. Stakeholder Engagement and Materiality Assessment	16 – 18	
GRI 102-50	Reporting period	1. About this Report	2	
GRI 102-51	Date of most recent report	1. About this Report	2	
GRI 102-52	Reporting cycle	1. About this Report	2	
GRI 102-53	Contact point for questions regarding the report	1. About this Report	3	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	1. About this Report	2	
GRI 102-55	GRI content index	Appendix 1	75 – 81	
GRI 102-56	External assurance	Appendix 2	82 – 88	

Disclosure of Material Issues

GRI Standards		Disclosure	Standard	Page No.	Note
Economic Performance					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	7. Integrity Governance	23 – 24	
	GRI 103-3	Evaluation of the management approach			

GRI 201 : Economic Performance	GRI 201-1	Direct economic value generated and distributed	7.2 Operation Performance	28	
Quality Management					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	8. Value innovation	34 – 35	
	GRI 103-3	Evaluation of the management approach			
No applicable GRI index					
Product Labeling and Sales Responsibility					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	8. Value innovation	36	
	GRI 103-3	Evaluation of the management approach			
GRI 417 : Marketing and Labeling	GRI 417-1	Requirements for product and service information and labeling	8.2 Quality Management and Product Sales Responsibility	41	
	GRI 417-2	Incidents of non- compliance concerning product and service information and labeling	No incidents that violate the information and labeling laws and regulations of products and		

			services		
	GRI 417-3	Incidents of non-compliance concerning marketing communications	No incidents that violate the information and labeling laws and regulations of products and services		
Labor Relations					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	10. Diversified Workplaces	52	
	GRI 103-3	Evaluation of the management approach			
GRI 401 : Employment	GRI 401-1	New employee hires and employee turnover	10.1 Talent Recruitment and Retention	54 – 56	
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	10.2 Remuneration and Benefit	57 – 59	
Education and Training					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	10. Diversified Workplaces	53	
	GRI 103-3	Evaluation of the			

		management approach			
GRI 404 : Training and Education	GRI 404-1	Average hours of training per year per employee	10.3 Training and Development	60 – 62	
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	10.2 Remuneration and Benefit	59	
Waste Management					
Management Approach	GRI 103-1	Explanation of the material topic and its boundaries	5. Stakeholder Engagement and Materiality Assessment	17 – 18	
	GRI 103-2	The management approach and its components	9. Sustainable Environment	46	
	GRI 103-3	Evaluation of the management approach			
GRI 306:Wastewater and Waste	GRI 306-1	Waste generation and significant waste-related impacts	9.2.1 Wastewater Management	49	
	GRI 306-2	Management of significant-waste related impacts	9.2.2 Waste Management	51	
	GRI 306-3	Waste generated	No serious leaks occurred		

Appendix 2 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 2020 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 putting together the Report, including ensuring that it is prepared 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 information contained in the Report.

Our responsibility

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

2. Our Approach

Procedures performed in a limited assurance engagement vary in nature and time from, and are lesser in scope than, 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 had considered the effectiveness of Medtecs’ internal controls when determining the nature and extent of our procedures, our

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

assurance engagement was not designed to provide assurance on Medtecs's internal controls.

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

- Interviewing Medtecs' management and employees to gain an understanding of Medtecs's 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's stakeholders, communication channels between the two sides, and how Medtecs responds to the needs and expectations of the stakeholders;
- Performing analytical tests on 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 Company's 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,

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confidentiality, and professional behavior.

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
29 April 2021

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Appendix 1 :

No.	Title	Selected information			Applicable criteria																																	
1	Corporate Governance	In 2020, the Company did not have any corruption incidents.			Statistics on corruption incidents of Medtecs in 2020																																	
2	Quality Management and Product Labeling Responsibility	There was no violation of "product labeling" related laws and regulations in 2020. Medtecs' surgical and medical masks are in compliance with Taiwan's national standards for medical masks (CNS14774: Medical Face Masks). They also received the US ASTM F2100 Level 2 and European EN14683 Type IIR certifications, with both bacterial filtration efficiency (BFE) and particulate filtration efficiency (PFE) greater than 98%. Labeling of Medtecs' products in 2020 <table><tr><td>Product name</td><td>Applicable standard</td><td colspan="2">Scope of label</td></tr><tr><td>Surgical mask</td><td>CNS14774</td><td colspan="2">DOH Medical Device Manufacturing (Import) No. 014065</td></tr><tr><td>Medical mask</td><td>CNS14774</td><td colspan="2">DOH Medical Device Import No. 004175</td></tr></table>			Product name	Applicable standard	Scope of label		Surgical mask	CNS14774	DOH Medical Device Manufacturing (Import) No. 014065		Medical mask	CNS14774	DOH Medical Device Import No. 004175		Statistics on violation of "product labeling" related laws and regulations of Medtecs in 2020																					
Product name	Applicable standard	Scope of label																																				
Surgical mask	CNS14774	DOH Medical Device Manufacturing (Import) No. 014065																																				
Medical mask	CNS14774	DOH Medical Device Import No. 004175																																				
3	Waste Management	Total waste weight in 2020 <table><tr><td>Factory location</td><td>Waste type</td><td>Waste weight (mt/year)</td><td>Treatment method</td></tr><tr><td>Taiwan</td><td>General industrial waste</td><td>69.85</td><td>Transported/incinerated by commissioned operator</td></tr><tr><td rowspan="5">Cambodia</td><td>Waste metal</td><td>568.50</td><td rowspan="4">Sold to recycling operator for further treatment</td></tr><tr><td>Waste paper</td><td>337.57</td></tr><tr><td>Plastic pellets</td><td>384.74</td></tr><tr><td>Waste plastic bag</td><td>12.44</td></tr><tr><td>Production waste material</td><td>961.77</td></tr><tr><td rowspan="4">Philippines</td><td>Domestic waste</td><td>537.06</td><td>Handled by centralized treatment facility</td></tr><tr><td>Production waste</td><td>355.69</td><td>Handled by centralized treatment facility</td></tr><tr><td>General industrial waste</td><td>1,495.66</td><td>Handled by centralized treatment facility</td></tr><tr><td>Hazardous waste</td><td>0.06</td><td>Treated by commissioned operator</td></tr></table>			Factory location	Waste type	Waste weight (mt/year)	Treatment method	Taiwan	General industrial waste	69.85	Transported/incinerated by commissioned operator	Cambodia	Waste metal	568.50	Sold to recycling operator for further treatment	Waste paper	337.57	Plastic pellets	384.74	Waste plastic bag	12.44	Production waste material	961.77	Philippines	Domestic waste	537.06	Handled by centralized treatment facility	Production waste	355.69	Handled by centralized treatment facility	General industrial waste	1,495.66	Handled by centralized treatment facility	Hazardous waste	0.06	Treated by commissioned operator	Statistics on Medtecs' total waste weight by waste type in 2020
Factory location	Waste type	Waste weight (mt/year)	Treatment method																																			
Taiwan	General industrial waste	69.85	Transported/incinerated by commissioned operator																																			
Cambodia	Waste metal	568.50	Sold to recycling operator for further treatment																																			
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No.	Title	Selected information	Applicable criteria																																																							
4	Talent Recruitment and Retention	New employees of Medtecs	The ratio of the number of new employees based on age and gender divided by the total number of employees at the end of the reporting period in Medtecs in 2020. The ratio of the number of resigned employees based on age and gender divided by the total number of employees during reporting period in Medtecs in 2020.																																																							
		<table><tr><td rowspan="2">New employee status</td><td colspan="2">Taiwan</td><td colspan="2">Philippines</td><td colspan="2">Cambodia</td></tr><tr><td>Male</td><td>Female</td><td>Male</td><td>Female</td><td>Male</td><td>Female</td></tr><tr><td>Under 30 years old</td><td>18</td><td>11</td><td>189</td><td>358</td><td>227</td><td>900</td></tr><tr><td>31-50 years old</td><td>22</td><td>19</td><td>89</td><td>203</td><td>103</td><td>469</td></tr><tr><td>Over 50 years old</td><td>9</td><td>9</td><td>4</td><td>2</td><td>4</td><td>4</td></tr><tr><td>Total no. of employees</td><td>169</td><td>218</td><td>357</td><td>457</td><td>679</td><td>3,726</td></tr><tr><td>Total no. of new employees</td><td>49</td><td>39</td><td>282</td><td>563</td><td>334</td><td>1,373</td></tr><tr><td>Percentage of new employees</td><td colspan="2">22.74%</td><td colspan="2">103.81%*</td><td colspan="2">38.75%</td></tr></table> *The percentage of new employees of Philippines is > 100%, because there was a large number of contract employees with a 6-month contract period, which expired during the middle of the year. As a result, as at the end of the year, the total number of employees were less than the total number of new employees.		New employee status	Taiwan		Philippines		Cambodia		Male	Female	Male	Female	Male	Female	Under 30 years old	18	11	189	358	227	900	31-50 years old	22	19	89	203	103	469	Over 50 years old	9	9	4	2	4	4	Total no. of employees	169	218	357	457	679	3,726	Total no. of new employees	49	39	282	563	334	1,373	Percentage of new employees	22.74%		103.81%*		38.75%	
		New employee status			Taiwan		Philippines		Cambodia																																																	
				Male	Female	Male	Female	Male	Female																																																	
		Under 30 years old		18	11	189	358	227	900																																																	
		31-50 years old		22	19	89	203	103	469																																																	
		Over 50 years old		9	9	4	2	4	4																																																	
		Total no. of employees		169	218	357	457	679	3,726																																																	
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		Percentage of new employees		22.74%		103.81%*		38.75%																																																		
		Resigned employees of Medtecs																																																								
		<table><tr><td rowspan="2">Resigned employee status</td><td colspan="2">Taiwan</td><td colspan="2">Philippines</td><td colspan="2">Cambodia</td></tr><tr><td>Male</td><td>Female</td><td>Male</td><td>Female</td><td>Male</td><td>Female</td></tr><tr><td>Under 30 years old</td><td>12</td><td>8</td><td>91</td><td>226</td><td>43</td><td>303</td></tr><tr><td>31-50 years old</td><td>19</td><td>36</td><td>40</td><td>118</td><td>16</td><td>175</td></tr><tr><td>Over 50 years old</td><td>9</td><td>6</td><td>3</td><td>2</td><td>1</td><td>1</td></tr><tr><td>Total no. of employees</td><td>169</td><td>218</td><td>357</td><td>457</td><td>679</td><td>3,726</td></tr><tr><td>Total no. of resigned employees</td><td>40</td><td>50</td><td>134</td><td>346</td><td>60</td><td>479</td></tr><tr><td>Percentage of resigned employees</td><td colspan="2">23.26%</td><td colspan="2">58.97%</td><td colspan="2">12.24%</td></tr></table>		Resigned employee status	Taiwan		Philippines		Cambodia		Male	Female	Male	Female	Male	Female	Under 30 years old	12	8	91	226	43	303	31-50 years old	19	36	40	118	16	175	Over 50 years old	9	6	3	2	1	1	Total no. of employees	169	218	357	457	679	3,726	Total no. of resigned employees	40	50	134	346	60	479	Percentage of resigned employees	23.26%		58.97%		12.24%	
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5

Training and Development

Average training hours of Medtecs' employees in each subsidiary

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	13	7	1.86	4	3	1.33
Supervisors	41	13	3.15	127	3	42.33
Regular employees	454	149	3.05	499	212	2.35
Total	508	169	3.01	630	218	2.89

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	136	10	13.60	12	2	6.00
Supervisors	4	21	0.19	24	24	1.00
Regular employees	552	326	1.69	1,315	431	3.05
Total	692	357	1.94	1,351	457	2.96

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	21	10	2.10	86	17	5.06
Regular employees	264	666	0.40	1,028	3,709	0.28
Total	285	679	0.42	1,114	3,726	0.30

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 2020.

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