



2022

Airmate ESG Report

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Chairman Message

In 2022, the global economy was weakened by multiple interconnected factors, including the ongoing three-year spread of the COVID-19 pandemic, the geopolitical crisis stemming from the Ukraine-Russia conflict, interest rate hikes by the Fed, and supply chain shifts caused by deglobalization. These factors led to rapid inflation, weak consumer demand, high prices of bulk commodities and constraints on production and sales globally, resulting in an unprecedentedly dire external environment since the Great Depression of the last century. The ambiguous, uncertain external environment posed numerous serious challenges to the Company's operations in 2022. Thanks to the proactive efforts made by our management team and each employee, the proportion of revenue impact, while remotely acceptable, exceeds that of most of our industry peers. However, it is not good enough for us to be complacent. Our overall profitability has turned positive, with the core business segment still incurring losses but showing improvements compared to the previous period. With this in mind, we have reviewed our operational performance in 2022 and found initial favorable outcomes due to systematic efforts regarding the product line strategy in the Chinese market, the diversification and evolution of online channels, the in-depth optimization of production policies and configurations, the effective adjustment of human resources, the development of high-quality export customers, and the new sales channel layout for end consumers. We are dedicated to the ongoing development of our core smart home appliances business while also striving to cultivate our product lines and harness diverse benefits of distribution channels. With a persistent focus on improving quality as our corporate essence, we continue to redefine our brand image to create sustainable business value.

We have been publishing ESG reports to provide performance data in the environmental, social and governance aspects, focusing consistently on sustainability issues with an aim to promote the sustainable development of our Company. We proactively enhance the corporate governance by integrating resources, optimizing manufacturing structures, and strengthening the competitiveness of core products. We also implement environmentally friendly production practices, including the completion of the Environmental Management System certification and the compliance with restrictions on the use of substances in materials, collaborating with suppliers to achieve a sustainable supply chain. Furthermore, we consider our employees to be our most valuable asset and ensure their basic rights and benefits package, offering comprehensive healthcare coverage and conducive workspace. Additionally, we leverage corporate influence to give back to local communities. We continue to support the Airmate Station for Juvenile Birds initiative, helping to care for left-behind children and alleviate the care-giving pressure on our employees. We also focus on child education and support the development of community arts and culture. In recent years, we adhere to the spirit of sustainability and proactively build a green brand that puts the concept of low-carbon lifestyle into practice. Environmental protection and green energy are taken into consideration during our production process. We explore more efficient ways of energy utilization and select raw materials with lighter environmental impact. By upholding sustainability throughout the value chain, we have developed a variety of low-carbon products and reduced environmental impacts in line with the global goal of achieving net-zero emissions. By continually certifying to the ISO 14001 Environmental Management System and disclosing climate-related financial information, we aim to address the impact of climate change on our business operations, including financial implications and future market opportunities, as well as develop strategies to enhance our organizational resilience. In 2022, Airmate relentlessly deepened its ongoing reform in precision operation and manufacturing structure efficiency adjustments, integrated its resources, and strengthened its quality of core products and marketing focus. In addition to improving the cost-performance ratio of our products, we rebuilt our brand strength and channel loyalty. We manufactured and sold home appliance products that met the current consuming environment and the needs of end consumers to enhance quality of life. This was to ensure the added value of products, increase brand premiums, and achieve continuous and effective progress with these strategies.



As we look ahead to 2023, our Company confronts numerous internal and external economic and operational challenges. Faced with the dynamic changes in quality and quantity in the domestic and international consumer markets and intense competition within the small home appliance industry, our Company will anchor itself in prudent management. We are intensifying the in-depth and meticulous management of each subsidiary while focusing on enhancing overall synergies. We prioritize responding quickly to market changes and ensuring a smooth supply chain. We actively explore new markets and customers, while deepening our customer service throughout the entire process. We collaborate closely with our high-quality customers to foster growth. Additionally, we continue to monitor trends and developments in domestic and international sustainability regulations, striving to improve our sustainability goals. We are constructing an ESG-centric enterprise based on our core values to create value for the overall society and enhance Airmate's sustainable competitiveness.

**Chairman
Shih, Jui-Pin**

Annual Sustainability Highlights & Performance

The United Nations proposed 17 Sustainable Development Goals (SDGs) to improve the global situation and progress toward sustainability. It is expected that from 2015 to 2030, there will be gradual progress in achieving sustainable development in the areas of environment, economy, and society. These goals provide a direction for national and local governments, businesses, and civil society organizations to align with the initiative and formulate policies.

To fulfil the social mission of sustainable development, Airmate, while pursuing economic growth, places an emphasis on the conservation of natural resources, such as water, air, and land, as well as the values of social justice. We have formulated various SDGs-oriented policies and activities, and the highlights of our 2022 achievements are listed as follows:

Aspect	UN SDG Indicators	Airmate SDG Initiatives
Environmental		<ul style="list-style-type: none"> ● In 2022, the total energy consumption was 121,576,637 million joules, a 38.4% decrease compared to the previous year. ● In 2022, the total amount of waste generated was 497,291 metric tons, of which 118,029 metric tons were classified as hazardous waste and 379,262 metric tons classified as non-hazardous waste. All the waste was outsourced for off-site disposal, with a 100% rate of hazardous waste transfer and recycling. ● In 2022, the GHG emissions from the Shenzhen plant were as follows: Scope 1 emissions were 281.42 metric tons and Scope 2 emissions were 14,789.39 metric tons, totaling 15,070.81 metric tons. ● In 2022, Airmate's total water consumption was 275.60 million liters, a decrease of 2.24 million liters compared to the previous year. ● In 2022, Airmate conducted wastewater quality tests through an independent third-party organization, with all test results meeting applicable regulatory standards. ● In 2022, Airmate had no incidents of pollution leaks resulting in production shutdowns or resident protests, nor was there any significant environmental fines imposed on the Company.
Social		<ul style="list-style-type: none"> ● In 2022, the total training hours for all our colleagues reached 161,227 hours, with an average of 40.31 hours per person. ● In 2022, the occupational safety training was attended by a total of 10,514 individuals with a cumulative total of 21,348.5 hours of training time. ● In 2022, Airmate's Jiujiang plant and Shenzhen plant respectively held a safety knowledge competition to enhance the safety awareness and self-protection abilities of our colleagues. ● In 2022, Airmate's Jiujiang plant and Shenzhen plant respectively held a firefighting and evacuation drill to increase the fire safety awareness of our colleagues. ● In 2022, the 13th Airmate Station for Juvenile Birds summer program was held with a participation of 115 children of Airmate employees from 13 provinces. ● Airmate has been caring for underprivileged children and their families since 2017 and donated NT\$32,000 to a social welfare organization in 2022.

Governance



- Airmate considers technology research and development (R&D) its core business. In 2022, a total of NT\$109 million was invested in R&D, accounting for 1.18% of the revenue.
- In 2022, the consolidated revenue was NT\$9.22 billion, with a consolidated net profit after tax of NT\$473 million, and consolidated earnings per share after tax of NT\$3.25.
- In 2022, a total of 86 new products were developed, with 94 out of 110 patent applications granted.
- The Board of Directors reviewed the Company's operational performance and kept track of its execution progress of resolutions with an attendance rate of as high as 86.84% in 2022.
- To ensure that the Board of Directors has sufficient expertise to lead and supervise, a total of 67 hours of further education were completed in 2022, with an average of seven hours per person.
- In 2022, a planned on-site investigation of 144 suppliers was conducted with all 144 of them successfully surveyed, achieving a completion rate of 100%. The investigation results did not reveal any significant deficiencies or risks.
- As of 2022, 68 suppliers have passed the ISO 14001 EMS certification, accounting for approximately 100%.
- In 2022, a total of 33,409 surveys were conducted to measure Airmate's customer satisfaction, with a 100% response rate and an overall customer satisfaction rate of 99.98%.
- In 2022, two distributor conferences were held, inviting suppliers to discuss the product quality in procurement and sales, promotion of our business philosophy, and educational training for ethics management.
- In 2022, a total of 839 companies signed the Integrity, Honesty, and Confidentiality Commitment, with a signing rate of 97%.
- In 2022, Airmate conducted a total of 24 hours of regulatory compliance training, with a cumulative participation of 27,878 individuals.
- In 2022, Airmate conducted monthly, quarterly, and annual performance evaluations in accordance with each department's regulations, with 100% of our colleagues undergoing regular performance checks.

About the Report

Report Overview and Publication Frequency

This is Airmate (Cayman) International Co., Ltd.'s third annual ESG report. We will continue to publish the report each year to periodically disclose our operational achievements beyond financial performance, as well as to put into action our corporate vision of sustainable business.

This report was issued in September 2023, and the next report is to be released in June 2024. In this report, the energy data were recompiled based on the previous report. For more details, please refer to the [Energy Management](#) section of this report.

Report Scope and Boundaries

This report discloses information within the time frame of January 1, 2022, to December 31, 2022. The financial data in this report were sourced from the Airmate Consolidated Financial Statement, with the parent company and all subsidiaries as the disclosure scope. For entities included in the financial statement, please refer to Chapter 1 About Us: Financial Performance. The remaining environmental and social information pertains to the parent company and its subsidiaries, Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd. For more detailed information on related companies, please refer to the [Annual Report 2022](#) of Airmate (Cayman) International Co., Ltd.

Style Guide

This report was compiled according to the latest version of the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards). We refer to the 2021 version of the General Standards, the 2018 version of Topic-specific Standards for GRI 303 and GRI 403, the 2020 version of Topic-specific Standards for GRI 306, and the 2016 version of the other Topic-specific Standards. The GRI Content Index is included in the appendix.

Responsible Units and Quality Management Methods

To enhance the integrity and credibility of our ESG Report, we followed the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies to establish the process for preparing sustainability reports and conducting internal audits or external verification. This process was further incorporated into our Sustainable Development Best Practice Principles and then presented to the Board for review and approval of its institutional validity.

Operating Procedure	Method	Responsible Unit/Position
Report compilation	The report is organized and prepared by the sustainability project personnel assigned by the Chief Financial Officer (CFO), who serves concurrently as the Director of Governance under the Chairman's appointment. The data, strategic objectives, performance indicators, and other information disclosed in the report are provided by the respective responsible units, and then integrated, compiled, and reviewed by the sustainability project personnel.	Sustainability project personnel
Internal review	The completed report is reviewed by each department to ensure the integrity and accuracy, with final approval made by top executives of relevant departments.	Relevant responsible departments and their top executives
External assurance	To enhance the accuracy and credibility of the information, the financial data disclosed in our report is sourced from the consolidated financial statement audited by PricewaterhouseCoopers Taiwan (PwC Taiwan) in accordance with International Financial Reporting Standards (IFRS), with New Taiwan Dollars as the reporting currency.	PwC Taiwan
Final draft approval	The final draft is presented by the sustainability project personnel to the CFO, who concurrently serves as the Director of Governance, for review and approval before its public release.	CFO concurrently serving as the Director of Governance

Contact Information

If you have any suggestions or questions regarding Airmate's ESG Report 2022, you are welcome to contact us via the following means. To fulfill our corporate information disclosure responsibilities, we have also simultaneously published this report on our official website for easy access.

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Sustainability Management

Airmate primarily refers to the sustainability issues listed in the GRI Standards and, in accordance with the AA1000 Account Ability Principle (2018), identifies significant topics based on inclusivity, materiality, responsiveness, and impact. These significant topics are then ranked in accordance with the requirements of the GRI Universal Standards 2021, with the impact, management strategies, and practical situations for each significant topic disclosed. Based on these results, Airmate calibrates its sustainability goals and strategies, enhancing the effectiveness of external communication.

Sustainability issue collection	<ul style="list-style-type: none"> ● Collect sustainable issues highly relevant to Airmate's operational activities based on national policy trends, as well as various international standards, evaluations, and initiatives.
Stakeholder engagement	<ul style="list-style-type: none"> ● A total of seven major stakeholders were identified. ● Conduct a survey on the level of concern regarding nine sustainability issues through the Stakeholder Concerns Survey Questionnaire.
Material topic identification	<ul style="list-style-type: none"> ● The dedicated sustainability project personnel organizes a meeting, inviting senior executives from various company departments to analyze and prioritize the questionnaire survey results based on internal considerations, industry conditions, industry chain practices, and stakeholder recommendations. ● A total of eight material topics were identified in 2022.
Material topic examination and establishment	<ul style="list-style-type: none"> ● Engage external consultants to jointly examine the appropriateness of relevant procedures and standards, while cross-referencing the impact of issues on the economy, environment, and society, so that the appropriate order of the material topics in the report can be determined.

Stakeholder Engagement

Following the Plan-Do-Check-Act (PDCA) model, Airmate continually engages with stakeholders and invites their active participation in company activities to continuously assess and enhance the effectiveness of corporate social responsibility initiatives. The objectives we set for stakeholder issue management are as follows:

- To fully understand the issues of concern to stakeholders and continue to improve our performance in corporate social responsibility
- To earn the trust and respect of stakeholders towards Airmate
- To demonstrate Airmate's efforts and achievements, thereby ensuring and enhancing its reputation

Stakeholders identification and selection

The Company evaluates stakeholders based on their business operations and industry characteristics, as well as in terms of dependency, responsibility, concern, influence, and diverse perspectives as defined in AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES-2015), with seven key stakeholders identified for this year: (1) colleagues, (2) investors, (3) government agencies, (4) customers, (5) suppliers, (6) community/non-profit organizations, and (7) media.

In order to understand the issues of concern to stakeholders and assess their actual or potential impact, the Company actively engages in ongoing, two-way communication with different stakeholders through a variety of channels in daily operations, while collecting and responding to the issues raised by stakeholders.

By looking into national policy trends, as well as referencing various international standards, assessments (e.g. CDP), and initiatives (e.g. UN's SDGs, UNGC, and RBA COC), we focused on nine sustainability issues across economic, environmental, and social aspects that were highly relevant to our Company, with the Stakeholder Concerns Survey Questionnaire created for stakeholders to complete. After completion of the Questionnaire, the sustainability project personnel compiled the questionnaire results and organized a meeting, where the identified issues were discussed against internal considerations, industry conditions, industry chain practices, and expert recommendations, so as to assess the impact of these issues of concern on the economy, environment, and society. The material topics identified were then included in this report for information disclosure, allowing stakeholders to evaluate and use for decision-making.

Responding to stakeholders' issues of concern

Our company departments engages in communication with stakeholders through various channels such as business transactions, routine surveys, and interview analysis. Through diverse communicative channels, we can clearly understand the needs and expectations of stakeholders. By integrating their perspectives into our operational management, we respond appropriately to the major concerns of stakeholders.

Collecting stakeholders' issues of concern:

Airmate collects and classifies all stakeholders' issues of concern regarding the Company, and then conducts subsequent analysis and response. The issues of concern revealed through various business interactions and communications with stakeholders, such as face-to-face meetings, phone interviews and feedback boxes, are collected and classified in the form of conference discussions. Furthermore, we refer to the topics that organizations are expected to disclose as specified in the GRI Standards, narrowing down the wide range of issues to focus on key topics that cover economic, environmental, and social aspects for further analysis and material topic identification.

Obtaining external trend information through experts and professional organizations:

We have also commissioned experts, including corporate social responsibility lecturers from the National Sun Yat-sen University and a team of leadership and business management consultants with appropriate qualifications, to evaluate the level of external stakeholders' concern about various issues based on the Company's industry characteristics. They have also cross-referenced the impact of these issues on the economy, environment, and society, thereby determining the proper ranking of material topics in this report.

Deciding on material topics after careful evaluation:

A total of eight material topics for the Company were identified in 2022. This report discloses the importance and impact of each material topic on the organization's operations, as well as the Company's corresponding policies, commitments, goals, responsibilities, resources, and specific actions.

In addition to the above standard procedures, we have also established a stakeholders' section on our official website, providing a dedicated email address for communication and contact with stakeholders: yasung@airmate-china.net. If you have any question, suggestion, or even complaint regarding the material topics, please contact us via the email for easy and efficient communication.

▼ Stakeholders' issues of concern and our communication methods, frequency, and procedures

Stakeholder	Issues of Concern	Communication Method	Communication Frequency	Communication Performance
Colleagues	<ul style="list-style-type: none"> Regulatory compliance Ethics management/Integrity Human rights and employee benefits Occupational safety and health Talent development and retention 	<ul style="list-style-type: none"> Employee communication meeting: Employees can communicate their opinions and concerns directly to the top management through internal channels and a complaint mailbox. Employee performance evaluation/educational training 	<ul style="list-style-type: none"> Ad hoc Monthly/Quarterly/Annually 	<ul style="list-style-type: none"> A total of 52 complaints were received in 2022, and all 52 have been processed with a 100% processing rate. Monthly, quarterly, and annual performance evaluations were conducted in 2022 in accordance with each department's regulations, with 100% of our colleagues undergoing regular performance checks.
Investors	<ul style="list-style-type: none"> Business performance Corporate governance Product innovation 	<ul style="list-style-type: none"> Shareholders' meeting Financial report Important information announcement Investor conference 	<ul style="list-style-type: none"> Once a year Once a quarter Ad hoc Twice a year at least 	<ul style="list-style-type: none"> Shareholders' meeting was held on June 10, 2022. Financial report was delivered four times in 2022. Investor conference was held twice respectively on August 9 and December 27.

Government Agencies	<ul style="list-style-type: none"> ● Business Performance ● Legal and regulatory compliance 	<ul style="list-style-type: none"> ● Company website ● Relevant information disclosure and reporting on the Market Observation Post System ● Official correspondence ● Participation in promotional conferences held by the competent authority. 	<ul style="list-style-type: none"> ● Regularly and ad hoc 	<ul style="list-style-type: none"> ● All were announced and reported as required by the competent authority in 2022.
Customers	<ul style="list-style-type: none"> ● Product innovation ● Product quality 	<ul style="list-style-type: none"> ● Communication of innovative product requirements ● Regular business reviews with key customers ● Satisfaction survey 	<ul style="list-style-type: none"> ● According to the product development needs of customers ● Once a quarter/half a year ● Ad hoc 	<ul style="list-style-type: none"> ● 86 new products were launched in 2022. ● Distributor conference were held twice in 2022. ● 33,409 customer satisfaction surveys were conducted in 2022 with a 100% response rate.
Suppliers	<ul style="list-style-type: none"> ● Product quality ● Continued steady supply ● Occupational safety and health ● Supplier management 	<ul style="list-style-type: none"> ● Supplier visits ● Evaluation of supplier management 	<ul style="list-style-type: none"> ● Ad hoc ● Biennially (or annually under special circumstances). 	<ul style="list-style-type: none"> ● 144 suppliers were visited in 2022.
Community/ Non-profit organizations	<ul style="list-style-type: none"> ● Environmental energy management ● Pollution control ● Waste management ● Water stewardship 	<ul style="list-style-type: none"> ● Community meetings/Lectures ● Email/Phone 	<ul style="list-style-type: none"> ● Ad hoc 	<ul style="list-style-type: none"> ● Six community meetings/lectures were held in 2022. ● Four instances of phone/letter communication in 2022 ● Relevant information is disclosed in the annual report and on our official website.
Media	<ul style="list-style-type: none"> ● Product innovation and technology development ● Business performance ● Sustainability strategies ● Environmental energy management 	<ul style="list-style-type: none"> ● Product launch ● Press release distribution ● Important information announcement ● Financial report ● Company website 	<ul style="list-style-type: none"> ● Ad hoc ● Ad hoc ● Ad hoc ● Once a quarter ● Ad hoc 	<ul style="list-style-type: none"> ● A total of five press releases were issued in 2022. ● 56 pieces of important information in 2022 ● 86 new products were launched in 2022.

Material topic identification and ranking

Upon completing stakeholder engagement, we proceed to evaluate operational impacts and identify, examine, and establish material topics. We conducted a standardized and quantified internal assessment using the Stakeholder Concerns Survey Questionnaire, identifying and ranking the eight material topics to be disclosed in this report, including one environmental topic, three social topics, and four economic topics. We then engaged the sustainability project personnel, senior executives of each department, and external consultant experts to collectively discuss and review the appropriateness of relevant processes and standards. After confirming that all relevant material topics are included, the decision is reported to our CFO, who concurrently served as the Director of Governance, for approval, before proceeding with the report compilation process. Compared to the previous reporting period (2021 Sustainability Report), no changes were made to the material topics and topic boundaries in this year's report.

▼ List of material topics

Ranking	Material Topic	Significance & Positive/Negative Impacts on Airmate	Value Chain Impact			Corresponding Section
			Upstream (Suppliers of plastic, copper wire, and other raw materials)	Airmate	Downstream (Retailers)	
1	Corporate Governance	Airmate upholds a healthy culture of corporate governance by adhering to anti-corruption and anti-bribery principles, so as to progress towards the vision of sustainable operation. Upside: <ul style="list-style-type: none"> Integrity in corporate governance aligns with shareholders' trust and expectations. A fair, just, and transparent corporate system helps progress towards sustainable business. Downside: <ul style="list-style-type: none"> A corrupt and bribery-ridden corporate environment leads to stagnation and dysfunction of company systems. 	•	•	•	Chapter 2 Corporate Governance
2	Product Quality	Airmate considers product quality as the highest standard for business operation, aspiring to become a reputable and trustworthy company for consumers. Upside: <ul style="list-style-type: none"> High-quality products increase the customer satisfaction. Stable product quality enhances Airmate's brand image. Downside: <ul style="list-style-type: none"> Poor product quality poses risks to user health and environmental safety. 	•	•	•	Chapter 3 Sustainable Value Chain
3	Business Performance	The continuous growth in financial performance drives Airmate's operation, creating a virtuous cycle for the R&D and quality standards of products through resource investment. Upside: <ul style="list-style-type: none"> The Company's competitiveness increases. Profitability rises with increased revenue. Downside: <ul style="list-style-type: none"> Investment failures result in operational difficulties facing the Company. 	•	•	•	Chapter 1 Our Company

4	Talent Development	<p>Airmate views talent as a crucial asset and talent cultivation as the cornerstone of our business, aiming to accumulate its intellectual capital by providing employees with professional development courses, as well as encouraging them to exchange internal and external knowledge.</p> <p>Upside:</p> <ul style="list-style-type: none"> • Effective talent development strengthens the Company's capability to scale up. • Excellent talent facilitates workplace harmony and growth. <p>Downside:</p> <ul style="list-style-type: none"> • Loss of talent undermines the Company's market competitiveness. 		•		Chapter 5 Social Participation
5	Environmental Protection	<p>Airmate is concerned about environmental protection issues and reduces environmental impact by changing internal value chain processes.</p> <p>Upside:</p> <ul style="list-style-type: none"> • An environment for efficient use of resources is created to reduce waste. • Environmental protection management is implemented for the sustainability of earth resources. <p>Downside:</p> <ul style="list-style-type: none"> • Lack of implementation of environmental protection measures leads to rising environmental costs. 	•	•	•	Chapter 4 Environmental Protection
6	Social Participation	<p>We proactively engage in social participation and contribute to local communities, so as to achieve the vision of social prosperity.</p> <p>Upside:</p> <ul style="list-style-type: none"> • Our corporate influence is enhanced by contributing to the society and caring for the underprivileged. • Local economy and community development are promoted. <p>Downside:</p> <ul style="list-style-type: none"> • Lack of positive interaction with the outside world results in stiffening local relationships. 		•		Chapter 5 Social Participation
7	Supplier Management	<p>Effective supply chain management, with our partners' ESG performance taken into account, enhances the organization's overall operational resilience.</p> <p>Upside:</p> <ul style="list-style-type: none"> • Good suppliers help to provide high-quality products. • Effective supplier management ensures raw materials safety. <p>Downside:</p> <ul style="list-style-type: none"> • Product delivery delays and increased operational costs result from unfaithful suppliers. 	•	•	•	Chapter 3 Sustainable Value Chain
8	Occupational Safety and Health	<p>The Company ensures sustainable operations by protecting employees' physical and mental health and creating a vibrant workplace.</p> <p>Upside:</p> <ul style="list-style-type: none"> • A safe and healthy workplace fosters talent retention. • A secure work environment improves employee satisfaction. <p>Downside:</p> <ul style="list-style-type: none"> • Inadequate occupational safety and health management impacts on the environment and communities. 	•	•		Chapter 5 Social Participation

Sustainability Strategy and Vision

Airmate considers sustainable development as an integral part of its business decision-making process. We adhere to international human rights conventions, including the UN's Universal Declaration of Human Rights and the International Labor Organization (ILO) Conventions, to formulate management policies and procedures. Our subsidiaries all establish employee benefits packages and management procedures in accordance with local labor regulations, so as to safeguard the legal rights and interests of employees. Additionally, we established the Business Partner Management Procedures that sets out the rules for supplier management, committing to comply with local labor regulations and the BSCI Corporate Social Responsibility standards. We also established the Code of Ethics Management. In addition to promoting and encouraging honest and ethical behavior during meetings, we also specify our business philosophy, Integrity, Trust, Transparency, and Diligence, in Chapter 3 of the Employee Code of Conduct.

Through the ESG framework, we have assessed our corporate management practices and formulated a set of sustainability strategies tailored to Airmate, aiming to achieve sustainability goals and fulfill our corporate social responsibility. Airmate's sustainability strategies can be categorized into three aspects:

Two-way love between the Company and its employees	Eco-environment maintenance for the sustainability of green environmental protection	A focus on children's education through improving the learning environment
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- **Airmate& Employees: Two-way love between the Company and its employees**
Airmate places a great emphasis on talent development and application, occasionally inviting renowned instructors for training sessions based on employees' professional development needs. We also encourage team members to engage in internal technical exchange and sharing. Besides, we enhance employees' cultural literacy and humanistic spirit through a range of sports events and cultural activities. In addition to building the basketball court, badminton court, and fitness center, we also offer parent-child lectures, employee clubs, and open learning spaces such as the training room, dance studio, table tennis room, karaoke center, legal assistance center, model worker's studio, library, and chess room. By offering employees a favorable work environment and competitive benefits packages, we instill in each employee a proactive work attitude and an innovative teamwork spirit, making talent a valuable resource for Airmate.
- **Airmate& Environment: Eco-environment maintenance for the sustainability of green environmental protection**
Airmate is committed to environmental protection and actively transforms itself into a green enterprise through energy conservation and emission reduction. We uphold the goal of sustainable operation to put the concept of low-carbon lifestyle into action. We maintain ecological balance by means of a green environmental protection system. To promote energy reuse, we set up the ISO 14001 Implementation Committee to incorporate industrial wastewater, domestic wastewater, waste gas, noise, and waste recycling into our management projects. We also built a wastewater treatment facility to collect and recycle all domestic and industrial wastewater from the entire factory. This initiative is a win-win for both environmental protection and production efficiency, which has earned us the ISO 14001 EMS certification.
- **Airmate& Society: A focus on children's education through improving the learning environment**
Since its stable development in 1991, Airmate has proactively embraced corporate social responsibility by constructing multiple "hope primary schools" in regions like Jiangxi, Yunnan, Sichuan, consistently providing care, attention, and support for these schools. We also donate to fund the Child Welfare League Foundation, R.O.C., contributing to the living and growth environment of children in Taiwan. Furthermore, Airmate has initiated a support program for at-risk students, offering them employment opportunities. We have also collaborated with Guangdong Maitian Education Fund to implement a long-term donation program. Electric fans, electric heaters, and air purifiers were donated and sent to schools with poor learning environment, so as to improve the learning conditions for children in impoverished areas.

Chapter 1 Our Company

- About Airmate
 - Airmate Milestones
 - Global operating locations
 - Business projects
 - Economic performance
- External Engagement
 - Global initiatives
 - Participation in various associations

About Airmate

Airmate was founded in 1973, with its brand name derived from the expression "air mate," which indicates its dedication to the research and manufacturing of high-quality small home appliances that improve air quality. During the early stages of the entrepreneurship, the primary focus was on manufacturing and exporting electric fans. With a commitment to quality and a pragmatic, innovative approach to R&D, Airmate continued to thrive and grow. Since 1997, it has focused on developing its own brand in the Chinese market, systematically establishing sales channels through local distributors within the territory of China. After years of market cultivation, Airmate has expanded its presence throughout various regions in China and also ventured into new product areas such as electric heaters and health-related small home appliances. Airmate launched its IPO in 2012 and went public in 2013 with the stock code 1626. The company ownership is jointly shared among all shareholders. In response to changes in business planning and the sales market, the Company has transitioned from traditional physical stores to the current e-commerce sales channel. Consequently, Airmate E-commerce (Shenzhen) Co., Ltd. was established in June 2020, followed by Weiwu Technology (Foshan) Co., Ltd. in July 2022. Both are subsidiaries of Airmate (Cayman) International Co., Ltd., with no significant changes in ownership.

With outstanding R&D and manufacturing capabilities, we have pioneered the electrical engineering field since 2011 and mastered the core technology of direct current (DC) dynamos, developing a series of highly efficient and energy-saving products, including DC fans and ventilation fans. Since 2015, we have adopted the brand strategy, Cleverly Create a Comfortable Environment for You, and have been the first in the industry to promote high-quality integrated air systems. The air quality is evaluated from four aspects: temperature, humidity, quality, and circulation, which are integrated using sensing technology. In 2019, Airmate continued its core value of being an "air mate" and upgraded by repositioning itself as a brand focusing on Technology, Aesthetics, and Home Companion, integrating technology and aesthetics in line with contemporary trends. Moreover, our rich experience in design and development allows us to tailor our products to the consumer characteristics of different regional markets. We can develop over 200 new products each year, with an average of one new product launched every 1.5 days. This flexibility and competitive edge in adapting to market changes enable our products to lead the trend and maintain a leading position in the market. In the past two years, Airmate has maintained its leading position in the traditional fan market through quality output, while introducing and innovating air circulators, which are anchored to the high-end market and undergo targeted R&D and output. We are also committed to making technological breakthroughs in electric heaters to provide users with a sensation of warmth rather than just heat. Through creating a sensory experience, we deliver an immersive product experience that goes beyond the physical and touches the heart. These product innovations are a result of technological advancements. We develop products around user pain points, turning those pain points into product highlights, and providing an unexpectedly exceptional user experience.

Airmate aims to create high-quality air solutions for each household, allowing each user to enjoy a convenient, healthy living environment that is pleasant and comfortable! By focusing on improving user experience, Airmate consistently drive product upgrades and innovation. We also serve as an OEM (original equipment manufacturer) factory specializing in the design, development and production for international home appliance brands. With Waon Development Limited (Hong Kong) handling the external sales transformation business, our OEM services extend to regions such as Japan, Korea, France, Germany, Canada, Singapore, the United States, Australia and other regions. The external sales amount accounts for about 48% of the Group's total sales, and it has become one of the most internationally recognized manufacturers in the home appliance industry.

We will continue to focus on our core business development, pursuing innovations through research and development and leading the trends through industrial design. We will develop competitive high-margin products and make constant improvements through efficient automation equipment, mature electrical production technology, and optimized assembly processes, resulting in sustained production efficiency enhancement. The use of smart production lines ensures a consistent output of high-quality products. Airmate is committed to pursuing win-win cooperation with stakeholders, fully dedicated to maintaining brand strength and customer loyalty. We actively respond to, discover, and satisfy the deep-seated needs of end-market customers, leveraging real-time market insights to gain recognition and orders for new markets, new customers, and new products. We continue to lead the environmental electronics industry and strive to become a trusted partner in consumers' high-quality lives, building a century-old brand.

Airmate Milestones

Year	History of the Company and the Group
1973	Airmate's parent company (Taiwan Tung Fu Electric Co., Ltd.) in Taiwan was founded.
1990	Waon Development Limited (Hong Kong) was established by the management team major shareholders, with a registered capital of HK\$13,510 thousand.
1991	Airmate Electrical (Shenzhen) Limited was established, with a registered capital of US\$23,750 thousand and set up a primary production base in Shenzhen to expand globally

1994	The Company became the first foreign-invested company to obtain China's CCEE safety certification for small home appliances The Company began cooperation with Sanyo Electric Co., Ltd. of Japan to produce dedicated Sanyo fan motors.
1996	Obtained the international certification for the ISO9002 quality control system
1997	The presence of the Airmate brand was expanded in the Chinese market and entered the electric heater market. Airmate's French subsidiary was established, with a registered capital of F\$50 thousand. Airmate China International Co. Ltd. was established, with a registered capital of US\$20,000 thousand.
1998	Airmate International Holding Co. Ltd. was established, with a registered capital of US\$21,000 thousand.
1999	International certification for the ISO9001 quality control system was obtained. Rated as the National Foreign Investment Double Excellence Enterprise by the China Association of Enterprises with Foreign Investment Waon was incorporated as a 100% subsidiary of Airmate International through share conversion.
2000	The Company established a global sales network in more than 60 countries across five continents and became the largest supplier of household electric fans in Japan.
2001	Waon signed an equity transfer agreement with Airmate China to transfer its 100%-owned equity of Airmate Electrical (Shenzhen) to Airmate China.
2002	Awarded the National Enterprise with Dual Guarantees of Product Quality and After-Sale Service Credit by China Quality Inspection Association Airmate was recognized as a prestigious trademark in the Guangdong Province. Awarded the dual honors of the Top 100 in Business and Industry and the Top 100 Exporters in Shenzhen
2003	Airmate (Shenzhen) expanded manufacturing facilities. Airmate electric fans passed the National Inspection-Free Product Quality. Awarded the National Dual Guarantee Enterprise of Product Quality and After-Sale Service Credit
2004	The Company was established with HK\$16,000 thousand in shares and became the ultimate parent company of the Group through a series of stock exchange processes.
2005	Airmate extensively entered other small home appliances markets. Hailed as China Famous Brand Product by the General Administration of Quality Supervision, Inspection and Quarantine Rated as the Inaugural Shenzhen Import and Export Integrity AAA Enterprise Rated as the Top 500 Companies with the Most Brand Value in China
2008	Airmate trademark was awarded the title of Well-known Trademark. Capital increase by cash of HK\$40 thousand
2009	Awarded the National High-tech Enterprise Awarded the title of Guangdong Famous Brand Product Selected as Shenzhen Quality and Integrity Member Enterprise Capital increase by cash of HK\$1,050 thousand Capital increase by surplus and employee bonus of HK\$4,820 thousand
2010	Awarded the honor of Shenzhen Intellectual Property Advantageous Enterprises Awarded the District Chief Award for Science and Technology Innovation in Bao'an District Capital increase by employee bonus of HK\$680 thousand
2011	Airmate's electric fans have ranked in the top two among domestic companies for 10 consecutive years in terms of the overall market share in the China domestic market. Airmate's electric heater have ranked in the top three within the industry for 6 consecutive years in terms of the overall market share in the China domestic market.
2012	Capital increase by capital surplus of HK\$203,310 thousand Capital increase by cash of HK\$29,000 thousand In the comprehensive reelection of Board of Directors, nine Directors were appointed, including four independent directors, and an audit committee was established. On July 26, 2012, the shareholders' meeting approved a resolution to change the Company's par value per share from HK\$1 to NT\$10, with the paid-up capital of NT\$1,102,442,500.
2013	Capital increase by cash of NT\$ 122,500 thousand Listed on the TWSE starting from March 21
2014	Airmate Electric (Jiujiang) Co., Ltd. was established with a registered capital of US\$35,000 thousand and officially began mass production in October the same year.
2015	The joint venture Intelligent Solution (I.S) Co., Ltd. was established with mainland Chinese residents, with a registered capital of RMB\$10,000 thousand. The Company holds a 51% stake and specializes in product

	design, product development, and market expansion of kitchen appliances.
2016	Capital increase by cash of US\$23,000 thousand for Airmate Electric (Jiujiang) Co., Ltd. On June 3, 2016, the Company signed the Old Plant Land Development Plan with TCL Sea Creation Valley Technology Park Development Co., Ltd. (referred to as TCL Sea Creation Valley), which is based in Bao'an, Shenzhen, and Shenzhen TCL Real Estate Co., Ltd. for a joint development project in Shenzhen Industrial Zone. Airmate Europe LLC. completed Liquidation on June 8, 2016.
2017	Capital increase by cash of US\$3,300 thousand for Airmate Electric (Jiujiang) Co., Ltd.
2018	Capital increase by cash of US\$1,850 thousand for Airmate Electric (Jiujiang) Co., Ltd. On April 30, 2018, Airmate's Fresh Air Department was established. In October, 2018, the Company signed the Old Plant Land Development Plan with TCL Sea Creation Valley Technology Park Development Co., Ltd. (referred to as TCL Sea Creation Valley), which is based in Bao'an, Shenzhen, and Shenzhen TCL Real Estate Co., Ltd. for a joint development project in Shenzhen Industrial Zone.
2019	Capital increase by cash of NT\$120,000 thousand for Airmate (Cayman) International Co., Ltd. Airmate's Black and White Swan Air Circulators series won TMIC's Best New Product Award in the category of air circulators and the Golden Wheat Quality Award in the category of home appliances and digital products. Airmate renewed and upgraded its brand. The new trademark design, while following the core value of "air mate," was repositioned as a brand focusing on Technology, Aesthetics, and Home Companion, integrating aesthetics into technology.
2020	Airmate's AIR2 Air Circulator from the High-End Aesthetics series, won the Outstanding Product Award in the AWE (Appliance and Electronics World Expo) Award 2020 for its industry-leading fashion design and innovative technology, reaffirming Airmate's commitment to understanding user needs, enhancing user experience, and creating excellent products. Airmate E-commerce (Shenzhen) Co., Ltd. was established in June 2020, with a primary focus on selling proprietary brand products on Chinese e-commerce platforms to expand sales channels.
2021	Airmate's AIR6 High-End Aesthetics series won the Smart Technology Innovation Product Award. AIR3 won the Excellent Product Award in the Jiujiang Tiangong Cup Industrial Design Competition. Additionally, for the China Home Appliance Industry Rock Award 2021, while the AIR6 series won the Excellent Product Award, Airmate Electric (Jiujiang) Co., Ltd. won the Solid Rock Award.
2022	The Flame Air Humidifying Negative Ion Aroma Fireplace won the 2022 China Home Appliance Solid Quality Award. AIR7Pro won the fifth Consumer Smart Technology Innovation Product Award. FA20-RD70 Air Circulator was awarded the Top 10 Trendy Products of 2022. Additionally, in the 12th Shenzhen Skills Competition - Advanced Manufacturing Industry (Product) Design Skills Competition, Airmate's R&D team secured the first and second places for the Elite Design Award. Weiwu Technology (Foshan) Co., Ltd. was established in July 2022, with a primary focus on selling proprietary brand products on Chinese e-commerce platforms to expand sales channels.

Global Operating Locations

The main sales (provision) areas of the Company's current primary products (services) are mainland China and overseas. The market areas where each subsidiary provides services are listed as follows:

Headquarter		
Airmate(Cayman) International Co Limited	The Office of Codan Trust Company (Cayman) Limited Yard, Cricket Square, Hutchins Drive, P.O.BOX 2681 GT, George Town, Grand Cayman, British West Indies.	(86)-0755-27655988
Subsidiary		
Airmate International Holding Co. Ltd.	P0 Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	(86)-0755-27655988
Airmate China International Co. Ltd.	Palm Grave House, P.O, Box438, Road Town, Tortola, British Virgin Islands	(86)-0755-27655988
Airmate (Cayman) International Co., Ltd., Taiwan Branch	3F., No. 11, Xinzhong Rd., South Dist., Tainan City, Taiwan (R.O.C.)	(886) 6-2645207
Wacon Development Limited (Hong Kong)	Room 1006-7, 10/F, Fortess Tower, 250 King's Road, North Point, Hong Kong	(852)2578-3303
Wacon Development Limited TAIWAN BRANCH (Hong Kong)	3F., No. 11, Xinzhong Rd., South Dist., Tainan City, Taiwan (R.O.C.)	(886) 6-2645207
Airmate Electric (Shenzhen) Co., Ltd.	Huangfengling Industrial Zone, Shiyan Subdistrict Office, Bao'an District, Shenzhen City, Guangdong Province; Building T2, Haigu Science Mansion, Luoazu Community, Shiyan Subdistrict, Bao'an District, Shenzhen City, Guangdong Province	(86)-0755-27655988
Airmate Electric (Jiujiang) Co., Ltd.	No.1, Tonggang East Road, Chengxi Port District, Jiujiang Economic and Technological Development Zone, Jiangxi Province, P.R.China	(86)-0792-2286888
Intelligent Solution (Shenzhen) Co., Ltd.	Building T2, Haigu Science Mansion, Luoazu Community, Shiyan Subdistrict, Bao'an District, Shenzhen City, Guangdong Province	(86)-0755-27655988
Airmate E-commerce (Shenzhen) Co., Ltd.	Building T2, Haigu Science Mansion, Luoazu Community, Shiyan Subdistrict, Bao'an District, Shenzhen City, Guangdong Province	(86)-0755-27655988
Weiwu Technology (Foshan) Co., Ltd.	Building T2, Haigu Science Mansion, Luoazu Community, Shiyan Subdistrict, Bao'an District, Shenzhen City, Guangdong Province	(86)-0755-27655988

Business Projects

Airmate specializes in the production of electric fans, electric heaters, and other small home appliances, as well as complete sets of parts, components, and molds. We are dedicated to the research, development, manufacturing, and sales of various high-end small home appliances. Adhering to the service philosophy of Quality First, Customer First, we maintain an absolute commitment to quality. We conduct comprehensive quality management through rigorous quality inspection standards and methods, including incoming quality control (IQC), 100% process quality control (PQC), comprehensive quality assurance (QA), product life testing room, and a product laboratory equipped with precision measuring instruments. Airmate products have obtained home appliance certifications from multiple countries, including UL in the United States, CSA in Canada, GS and VDE in Germany, SAA in Australia, SISIR in Singapore, SHARK in Japan, and 3C in China. In 1999, Airmate obtained the ISO 9001 certification, an internationally recognized standard for quality management systems, further enhancing our quality requirements for every aspect from exterior design, development, production, installation, to after-sales service. Additionally, the strict quality control system applied in our factories earned us the honor of being a Class A Qualified Factory in Quality Management, as well as being certified by the JIS in Japan and the IMQ in Italy. Putting our philosophy of service-oriented manufacturing into practice, we instill the concept of quality control and assurance into the work of each of our colleagues.

Besides, our products are exported to over 60 regions and countries worldwide, such as Japan, South Korea, Europe, and the Americas. We are one of the leading manufacturers and brand owners in the global small home appliance industry that combine design, development, and production. We also maintain long-term partnerships with multiple well-known international brands. From OEM, ODM to OBM, Airmate aims for sustainable operation and actively focuses on environmental issues and social responsibility, striving to provide consumers with a better, healthier way of life.

In 2022, Airmate products won multiple major awards through innovative research and development, making a splash in small home appliance-related areas. The Flame Air Humidifying Negative Ion Aroma Fireplace won the China Home Appliance Solid Quality Award. AIR7Pro Air Circulator won the fifth Consumer Smart Technology Innovation Product Award. FA20-RD70 Air Circulator was rated as the Top 10 Trendy Products of 2022. Moreover, in the 12th Shenzhen Skills Competition - Advanced Manufacturing Industry (Product) Design Skills Competition, Airmate's R&D team won the Elite Design Award.

▼ Airmate's AIR7Pro won the Consumer Smart Technology Innovation Product Award.



▼ Airmate's Air Circulator was rated as the Top 10 Trendy Products of 2022.



▼ Airmate received the exemplary honor of China Home Appliance Solid Quality Award.



- ▼ Airmate's R&D team won the Elite Design Award's First Prize in the Shenzhen Skills Competition - Advanced Manufacturing Industry (Product) Design Skills Competition.




- ▼ An overview of the primary sales market for Airmate's main products in the past three years

(Unit: NTD thousand; %)

Main Product Category	Primary Sales Regions	2020		2021		2022	
		Sales Revenue	Percentage	Sales Revenue	Percentage	Sales Revenue	Percentage
Electric Fans	Mainland China, Japan, South Korea, and Europe	5,892,496	64.00%	6,712,792	66.09 %	5,878,253	63.75%
Electric Heaters		1,936,989	21.04%	1,790,037	17.62 %	1,831,760	19.87%
Small Home Appliances		833,445	9.05%	838,961	8.26 %	750,639	8.14%
Electrical Products		357,622	3.88%	474,260	4.67 %	519,259	5.63%
Others (Spare Parts and Molds)		186,794	2.03%	340,541	3.36 %	240,952	2.61%
Total		9,207,346	100%	10,156,591	100.0 %	9,220,863	100%

Economic Performance

▼ Airmate's management status regarding the material topic Business Performance in 2022

Material Topic	Business Performance
Corresponding GRI Indicators	Self-defined Topic
Relevant SDGs	
Policies or Commitments	We continue to focus on developing the core business and competitive high-margin products. Meanwhile, we proactively respond to, explore, and satisfy the underlying needs of end customers in the market to maximize the profitability of our operations.
Indicators and Objectives	<p>Sustainability goals:</p> <ul style="list-style-type: none"> • To consistently invest in research and development budgets, actively develop diverse product applications, meet market demands, and enhance product profitability performance • To actively engage in research and technology associations to explore new technology development, leading the introduction of new specification products to enhance our competitiveness in the product market.
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> • Monthly operational management meetings are held to regularly review and discuss financial and operational issues across departments. • The Research and Development (R&D) Division holds weekly meetings to track and discuss the progress of product development.
Annual Actions and Achievements	<ul style="list-style-type: none"> • In 2022, the consolidated revenue was NT\$9.22 billion, with a consolidated net profit after tax of NT\$473 million, and consolidated earnings per share after tax of NT\$3.25. • Airmate considers technology research and development (R&D) its core business and invests substantial resources in the development of emerging technology each year. In 2022, a total of NT\$109 million was invested in R&D, accounting for 1.18% of the revenue. • Driven by its outstanding R&D team, Airmate develops new products in response to customer needs and market demands every year, creating economic value for both the product and the market. In 2022, a total of 86 new products were developed, with 94 out of 110 patent applications granted. • To meet customer needs and market demands, we have been developing new products and improving our research and development technology. In 2022, a total of NT\$162 million was allocated to the R&D budget for the next fiscal year, based on the current product development project. • In 2022, Airmate products won multiple major awards through innovative research and development. The Flame Air Humidifying Negative Ion Aroma Fireplace won the China Home Appliance Solid Quality Award. AIR7Pro Air Circulator won the fifth Consumer Smart Technology Innovation Product Award. FA20-RD70 Air Circulator was rated as the Top 10 Trendy Products of 2022.

The Company's consolidated revenue for the year 2022 was NT\$9.22 billion, with a consolidated earnings after tax of NT\$473 million, and a consolidated earnings per share after tax of NT\$3.25. The gross revenue for 2022 decreased by 9.21% compared to 2021, mainly due to the impact of the ongoing COVID-19 pandemic in the first half of the year, as well as the order decline caused by prior customers' delayed inventory clearance. Nevertheless, due to the slowdown in the once-soaring price of raw materials caused by the pandemic, the decrease in operating costs was larger than the decline in gross revenue for 2022, resulting in an increase in the gross profit margin compared to the previous two years.

Considering the current uncertain global economic environment, our Company will persist in developing innovative products beyond the two seasons and exploring diverse sales channels in order to secure orders and boost sales revenue.

▼ Airmate's consolidated financial statements for the past three years (Unit: NTD thousand)

Item	2020	2021	2022
Operating revenue	9,207,346	10,156,591	9,220,863
Operating cost	7,636,858	9,039,549	7,777,614
Gross profit	1,570,488	1,117,042	1,443,249
Operating expense	1,349,582	1,482,556	1,686,220
Operating profit	220,906	(365,514)	(242,971)
Non-operating income and expense	2,973	12,685	781,677
Net profit before tax	223,879	(352,829)	538,706
Income tax benefit (expense)	(67,640)	45,602	(65,509)
Net income	156,239	(307,227)	473,197
Other comprehensive net income after tax	100,606	676	(12,317)
Total comprehensive income	256,845	(306,551)	460,880
Net profit attributable to owners of the parent	156,239	(307,227)	473,197
Comprehensive income attributable to owners of the parent	256,845	(306,551)	460,880
Earnings per share (pre-distribution) (Unit: NT\$)	1.08	(2.11)	3.25

Note:

1. This consolidated financial statement includes all subsidiary companies in the preparation of the consolidated financial report.
2. The entities incorporated in the consolidated financial statement are as follows: the parent company, Airmate (Cayman) International Co., Ltd., and its subsidiaries, including Airmate International Holding Co. Ltd., Airmate China International Co. Ltd., Waon Development Limited (Hong Kong), Airmate Electric (Shenzhen) Co., Ltd., Airmate Electric (Jiujiang) Co., Ltd., Intelligent Solution (Shenzhen) Co., Ltd., Airmate E-commerce (Shenzhen) Co., Ltd., and Weiwu Technology (Foshan) Co., Ltd.

External Engagement

Global Initiatives

In addition to issuing sustainability reports in accordance with the GRI sustainability standards, Airmate (Cayman) International Co., Ltd. also pays attention to the development of many other international sustainability initiatives. Not only do we proactively support these initiatives, but we also establish internal management procedures and policies against the relevant goals, which serve as guiding principles for our long-term promotion of sustainable development, as well as a concrete manifestation of our commitment to society.

▼Airmate-supported global initiatives

ESG	1. We advocate for the UN's 17 SDGs, promote sustainable business operations, and take action to achieve these goals, contributing towards establishing a world of peace, safety, prosperity, and justice.
Environmental	1. Implement the ISO 14001 EMS to enhance the efficiency of resource utilization, plan and prevent negative impacts or accidents on the environment 2. Comply with international directives and regulations on restricted substances, including the directive of Restriction of Hazardous Substances (RoHS) and EU's regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), so as to reduce the environmental impact of the product manufacturing process
Social	1. Conform to the Universal Declaration of Human Rights, respect human rights, and embrace diversity and differences by establishing relevant management policies and procedures, including workplace equity and labor relations. 2. Comply with the ILO Conventions and local labor regulations at the location of each subsidiary to establish employee benefits packages and management procedures, thereby safeguarding the legal rights and interests of employees 3. Implement the ISO 45001 Occupational Health and Safety Management System to actively build a safe working environment Establish operation procedures and implement relevant safety measures to prevent occupational injuries and illnesses
Governance	1. Enforce the Business Social Compliance Initiative (BSCI) to enhance the protection of human rights for employees and suppliers

Participation in Various Associations


Airmate actively participates in various associations and symposiums to share its industry experience and exchange ideas with excellent industry peers, hoping to jointly enhance industry competitiveness and contribute to the society.

Item Number	Association	Membership Status
1	Indoor Purification Services Committee of China Building Materials Circulation Association	Association Member
2	Technical Service and Management Center for Building Fresh Air Systems of the China Association of Plant Engineering	Association Member
3	China Household Electrical Appliances Association	Association Member
4	Chinese Trademark Association	Association Member
5	Bao'an District Association of Top 100 Enterprises in Five Categories	Association Member
6	Taiwan Compatriots Investment Enterprises Association of Jiujiang	Association Member
7	Jiangsu Household Electrical Appliances Association	Association Member
8	Jiangxi Emergency Management Association	Association Member
9	Small Home Appliance Enterprise Association of Bao'an District, Shenzhen City, Guangdong Province	Association Member
10	Guangdong Household Electrical Appliances Trade Association	Association Member
11	Guangdong Household Electrical Appliances Chamber of Commerce	Vice President Unit
12	Guangdong Trademark Association	Association Member
13	Federation of Shenzhen Industries	President of the Presidium Unit
14	Taiwan Merchant Association Shenzhen	Association Member
15	Shenzhen Quality Inspection Association	Association Member
16	Shenzhen Industrial and Manufacturing Industry Association	Association Member
17	Mission Hills Golf Club	Association Member

Chapter 2 Corporate Governance

- Governance Structure
 - Board Functions
 - Board Nomination and Selection
 - Conflict of Interest
 - Board Education
 - Board Performance Evaluation
 - Compensation Policy for Directors and Executives
- Functional Committees
 - Audit Committee
 - Compensation Committee
- Internal Control and Internal Audit
- Ethics Management
 - Regulatory Compliance
 - Complaints and Suggestions Channel
- Risk Management

▼ Airmate's management status regarding the material topic Corporate Governance in 2022

Material Topic	Corporate Governance
Corresponding GRI indicators	GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive Behavior 2016
Relevant SDGs	
Policies or Commitments	We adhere to the principle of ethics management and enhance the capabilities of our governance leadership, with the protection of the rights and interests of stakeholders as our highest guiding principle.
Indicators and Objectives	<p>Mid- and long-term goals:</p> <ul style="list-style-type: none"> To achieve diversity of the Board by increasing the proportion of female Directors to one-third To enhance the collective knowledge of the Board by increasing the average training hours per Board member to 10 hours <p>Sustainability goals:</p> <ul style="list-style-type: none"> To enforce corporate governance, facilitate the communication between the Directors and senior executives, and continuously improve the attendance rate of the Board, so as to ensure that all significant operational events are thoroughly discussed within the Board To ardently apply the principles of anti-corruption and anti-monopoly in business and create value for stakeholders, consistently progressing towards the goal of being an ethical company To sustain the outstanding performance of the Board and functional committees in performance evaluations, ensuring that the overall governance unit operates with stability To engage in business activities following the principles of fairness, honesty, faithfulness, and transparency, fully enforcing our policy of ethics management
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> Our annual report and sustainability report are issued periodically to provide stakeholders with an overview of the Board's operations during the fiscal year. A dedicated unit for promoting ethics management has been established, with multiple complaint and reporting channels provided for the regular handling of complaint cases. The Compensation Committee determines the compensation of each Director against their individual performance evaluation results.
Annual Actions and Achievements	<ul style="list-style-type: none"> The Board of Directors reviewed the Company's operational performance and kept track of its execution progress of resolutions with an attendance rate of as high as 86.84% in 2022. To effectively enhance the functions of the Board of Directors, performance evaluations are conducted annually on the overall Board, individual Directors, and functional committees. In 2022, the Board of Directors self-assessment averaged 4.66 out of 5; individual directors self-assessment averaged 4.68 out of 5; and functional committees self-assessment averaged 4.51 out of 5. The overall governance unit functioned effectively. To ensure that the Board of Directors has sufficient expertise to lead and supervise, a total of 67 hours of further education were completed in 2022, with an average of seven hours per person. In 2022, there were no incidents involving violation of laws or complaints due to corrupt practices, nor were there any incidents involving anti-competitive, anti-trust, or monopolistic behavior. In 2022, the Company did not face any penalties or punishments due to significant legal violations or infractions. The Company regularly organizes educational training sessions on ethics management to strengthen employees' awareness of regulatory compliance and ethical practices. In 2022, Airmate conducted a total of 24 hours of regulatory compliance training, with a cumulative participation of 27,878 individuals. To uphold the principle of ethics management, Airmate established a variety of channels for complaints, reports, and suggestions, through which stakeholders are encouraged to file reports and complaints regarding relevant matters. In 2022, Airmate received a total of 52 complaints, all of which were satisfactorily resolved through effective communication with a 100% closure rate.

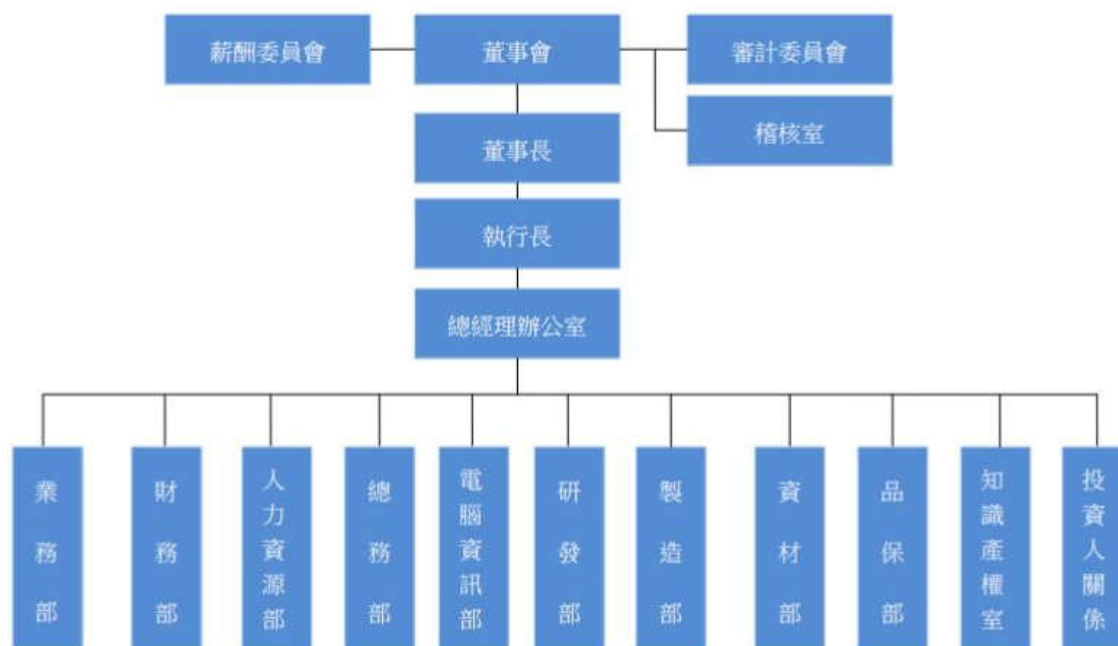
Governance Structure

Our Business Philosophy of Honesty	Our Business Principle of Integrity	Our Moral Sense of Fairness	Our Fighting Spirit of Diligence
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Airmate establishes its corporate governance system based on the business philosophy of integrity, pragmatism, and sustainability. In addition to complying with the laws, regulations, and relevant rules of stock exchanges and over-the-counter market, we also apply our governance principles by safeguarding shareholders' rights and interests, strengthening the functions of the Board of Directors, mobilizing the audit committee, respecting stakeholders' rights and interests, and enhancing information transparency.

We understand the importance of corporate governance and organizational transparency. Since its establishment, Airmate has embraced the principles of Honesty, Integrity, Fairness, and Diligence in our business management. Additionally, the Code of Ethics Management has been established to guide the behavior of the Company's Directors and managers in accordance with ethical standards, as well as make stakeholders, including customers, suppliers, and external parties, better understand the Company's ethical standards.

▼ Airmate's Organizational Chart



Board Functions

The Board of Directors is Airmate's highest governance unit, responsible for decision-making, supervision, and the management of the Company's impact on the economy, environment, human rights (people), and society. The current Board of Directors was originally scheduled to be re-elected at the shareholders' meeting in June 2021, but due to the impact of the pandemic, the shareholders' meeting was postponed to August 2021 for the re-election of the Board of Directors. The newly elected Board of Directors consists of a total of nine Directors, with three seats held by independent Directors. Despite the delayed re-election, the term still extends from June 2021 to June 2024.

To fulfill diversity in the composition of the Board, the Company aims to have over one-third of the Board seats held by each gender, as well as have no more than one-third of the Board seats held by its employees. Currently, the Board is composed of approximately 22% of Directors aged above 70, 33% of Directors aged 60-69, 41% of Directors aged 41-49, with a 33% representation of employee Directors and a 33% representation of independent directors, complying with regulations. However, the representation of female Directors on the Board remains 0%, falling short of the established goal. Steps will be taken to achieve this goal in the near future.

In 2022, the Board of Directors held a total of five board meetings, with an annual average attendance rate of 86.84%. The board meetings regularly report and track proposals in accordance with legal requirements and the Company's operational needs, with a main focus on reviewing the Company's business performance and internal control. Additionally, the Board assigns responsible units to confirm relevant matters and continues to monitor their actual progress and handling of these matters in subsequent meetings. In 2022, there were no significant events necessitating communication with the Board of Directors.

During the reporting year, the Company did not appoint a Director of Governance. The corporate governance matters were handled and executed by the CFO, who served concurrently as the Director of Governance. The Director of Governance is primarily responsible for coordinating with relevant departments to provide the Board with necessary, timely information for business execution, assisting the Directors with regulatory compliance, and handling matters related to the Board of Directors and shareholders' meetings in accordance with the law. On March 15, 2023, the CFO's concurrent role as the Director of Governance was further approved by the Board of Directors, officially taking over the corporate governance matters. For more information, please refer to the Company's [Annual Report 2022](#).

In order to implement corporate governance in 2022, Airmate fulfilled its responsibilities to the Board by assisting the Directors with their job duties, providing necessary information, and organizing further education. The Company also revised its corporate regulations in line with the latest legal requirements concerning business operation areas and corporate governance, with the aim of facilitating communication between Directors and senior executives. In addition, Airmate not only conducts self-assessments of its internal control system, but also require the Board of Directors and the management to perform annual departmental self-assessment and review audit reports from the audit unit. The Directors and members of the audit committee should hold meetings with internal auditors to review the deficiencies in the internal control system, take meeting minutes for follow-up improvement actions, and then provide reports to the Board of Directors.

▼ Members of the Airmate's Board of Directors

Job Title	Name	Gender	Age Bracket	Education and Experience	Attendance Frequency	Delegated Attendance Frequency	Actual Attendance Rate
Chairman, CEO and General Manager concurrently	Shih, Jui-Pin	Male	41-50	Department of Electronics of Chubu University Affiliated Vocational School, Aichi Province, Japan Commodities Department Employee of Yuasa Primus Co.,Ltd. Representative of Pearl Place Holdings Limited	5	-	100%
Director	Tsai, Cheng-Fu	Male	61-70	Master's in Electronic Engineering at National Kaohsiung University of Science and Technology Head of Lucky View Development Limited (Hong Kong)	5	-	100%
Director	Cheng, Li-Ping		71-80	Department of Statistics, Tamkang University Vice President of Tung Fu Electric Co., Ltd. Chairman of Airmate (Cayman) International Co., Ltd.	5	-	100%
Director	Representative of Pearl Place Holdings Limited: Shih, Jui-Lin	Male	41-50	Department of Business Administration, Mount Ida College, USA Business Department Staff of Data Systems Consulting Co., Ltd. and Microcell Composite Company	3	-	100%

Director	Chen, Yen-Fu	Male	41-50	Institute of Environmental Policy, National Dong Hwa University Assistant of Environmental Protection Task Force, Ministry of Education Project Manager of Capital Engineering Co., Ltd. Sales Specialist of Nano Electronics and Micro System Technologies, Inc. Assistant Sales Manager of Creating Nano Technologies Inc.	4	1	80%
Director	Representative of CTBC Bank Co., Ltd. in custody for Tuck Giant Enterprise Ltd.: Huang Ching-Shu	Male	61-70	Chairman of Hern Juei Co., Ltd. Chairman of Heng Ta Mold Enterprise Co., Ltd. Chairman of Ecotime Optoelectronic Technology Co., Ltd.	3	2	60%
Independent Director	Chen, Ming-Chang	Male	71-80	Ph.D. in MBA Program at National Chengchi University Doctor of Business Administration President of Taiwan Overseas Investment Association General Manager of China Productivity Center Director of the Graduate Program of Master of Business Administration at National Chung Hsing University Deputy Director of the Small and Medium Enterprise Administration, Ministry of Economic Affairs Director of the Economic Division, Mainland Affairs Council	4	1	80%
Independent Director	Chi, Lai-Ping	Male	61-70	Master's in International Relations at University of Chicago, USA. Bachelor's in Economics at Columbia University, USA. Independent Director of Yuanta Financial Holding Co., Ltd. Independent Director of Yuanta Life Insurance Co. Ltd. General Manager of Taiwan Merrill Lynch Investment Management Vice Chairman of Taiwan Prudential Life Insurance Chairman of Japan Sony Life Insurance for Greater China Region Vice Chairman of International Division, Metropolitan Life (MetLife) Insurance Company in USA Managing Director of Sino-US MetLife Insurance Chairman of Hong Kong MetLife Insurance General Manager of Taiwan MetLife Insurance	5	-	100%
Independent Director	Lin Chih-Lung	Male	41-50	Master's in Graduate Institute of Finance, National Cheng Kung University Lecturer of the Department of Public Finance and Tax Administration, National Taipei College of Business Lecturer of the Department of Accounting Information, Southern Taiwan University of Science and Technology Assistant Professor with Specialized Expertise of Graduate Institute of Business Administration, Department of Business Studies, Tainan University of Technology Partner CPA of TrustNet CPA Firm Audit Office of Diwan & Company Tax Department of KPMG in Taiwan	4	1	80%

Note:

1. None of the members of the Board of Directors identify with any underprivileged social groups, such as immigrants, ethnic minorities, gender identities minorities, sexual orientation minorities, individuals with disabilities, and individuals with indigenous ancestry.
2. Shih, Jui-Lin was appointed as Director by corporate Directors after the resignation of Shih Li, Chueh-Chu (who should have attended 2 board meetings).

Board Nomination and Selection

On August 5, 2021, Airmate's Board of Directors approved the election of nine Directors (including three independent Directors) during the 2021 general shareholders' meeting. On March 5, 2021, having been nominated by the Board and approved by all attending Directors, Shih, Jui-Pin was qualified as the candidate for the position of Chairman of the Board, while Chi, Lai-Ping, Chen, Ming-Chang, and Lin Chih-Lung were qualified as candidates for the position of Independent Director. The Company established the Director Election Procedures in compliance with Article 21 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The list of Independent Director candidates for the year 2021 was reviewed based on the diversity and independence of the Chairman and Independent Director candidates, as well as their educational background, industry experience, professional background and skills, and relevant abilities in dealing with organizational impact, including operational judgment, accounting and financial analysis skills, crisis management capability, industry knowledge, international market perspective, leadership ability, and decision-making ability.

Among these candidates, Mr. Shih, Jui-Pin, having served concurrently as Airmate's Chairman, CEO, and General Manager for many years, possesses expertise in operational judgment, business management, leadership decision-making, and crisis management. Not only does he provide professional, comprehensive guidance and recommendations for business management and investment decisions, but he also significantly contributes to the Company's operations. As a result, he has been nominated to continue serving as the Chairman. For more information on indicators for multiple core competencies of the Board of Directors and its committees, please refer to the Company's annual report.

Conflict of Interest

At Airmate, the highest governance unit is led by Shih, Jui-Pin, who serves concurrently as the Chairman of the Board, CEO, and General Manager of the Group. In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company established the Director Election Procedures, requiring all Board members to be appointed through nomination. Furthermore, the principles for Directors to avoid conflicts of interest are specified in the [Board Meeting Rules](#). These comprehensive guidelines on conflicts of interest require Board members to fulfill managerial and ethical obligations with a high degree of self-discipline and prudence, as well as faithfully execute their duties and responsibilities. The risks of conflicts of interest facing the Company include Directors serving on other companies' Boards and the positions of Chairman, CEO, and General Manager being held by the same person. According to the Company's [Corporate Governance Best Practice Principles](#), if the Chairman, General Manager, or other equivalent top executive positions are held by the same person, their spouses, or first-degree relatives, it is advisable to increase the number of the Independent Director seats. Additionally, more than half of the Directors should not hold an employee or managerial role, and the reasons, justifiability, necessity, and countermeasures should be clearly stated.

Reason	Justifiability and Necessity	Countermeasures to Mitigate Conflicts of Interest
<ul style="list-style-type: none"> Have complete industry experience Understand the industry market Possess leadership skills 	<ul style="list-style-type: none"> High familiarity with customers Full insight into changes in the market Proven capability for enterprise-wide planning 	<ul style="list-style-type: none"> Actively cultivate professional managers No more than half of Board Directors concurrently serve as the Company's employees or managers. Expect to add one Independent Director seat¹

To avoid and mitigate conflicts of interest caused by Directors serving on other companies' Boards, Directors with conflicts of interest related to agenda items, either personally or on behalf of legal entities they represent, should disclose relevant details of the conflict during the board meeting. If there is a potential harm to the Company's interests, Directors with conflicts of interest may not participate in the discussion and voting. They should abstain from the deliberations and voting, and may not act as a proxy for other Directors to exercise their voting rights.

¹ According to Article 4 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, if a listed company's Chairman, General Manager or equivalent positions are held by the same person, their spouses, or first-degree relatives, no fewer than four Independent Directors should be appointed by December 31, 2023. In compliance with this regulation, the Company already passed a resolution to appoint an additional Independent Director in 2023 during the Board meeting in March and the shareholders' meeting in June.

Board Education

Airmate's Board members possess industry expertise and extensive experience in corporate governance. They extensively reference international trend reports continually enhance their collective intelligence on environmental, social, and economic matters. To promptly grasp global risks and sustainability trends, as well as enhance crisis response capability, Airmate's Board of Directors proactively participates in further education to ensure their sufficient expertise to lead and supervise effectively. In 2022, the Board of Directors underwent a total of 67 hours of further education on finance, securities, ESG corporate management, ethics management, and other issues, with an average of seven hours per individual.

▼An overview of Airmate board members' further education in 2022

Job Title	Name	Organizing Unit	Course	Training Hours
Chairman	Shih, Jui-Pin	Accounting Research and Development Foundation	Analysis of financial statements fraud and tips on spotting key information	3
		Accounting Research and Development Foundation	A Case Analysis of Legal Responsibilities in Corporate Power Struggles	3
Director	Cheng, Li-Ping	Taiwan Corporate Governance Association	From CSR to ESG: Principles of Corporate Management	3
		Taiwan Corporate Governance Association	Securities Wrongdoing Cases and Director and Supervisor Responsibilities	3
Director	Tsai, Cheng-Fu	Taiwan Corporate Governance Association	From CSR to ESG: Principles of Corporate Management	3
		Taiwan Corporate Governance Association	Securities Wrongdoing Cases and Director and Supervisor Responsibilities	3
Director	Pearl Place Holdings Limited Representative: Shih, Jui Pin	Taiwan Corporate Governance Association	From CSR to ESG: Principles of Corporate Management	3
		Taiwan Corporate Governance Association	Securities Wrongdoing Cases and Director and Supervisor Responsibilities	3
Director	Representative of CTBC Bank Co., Ltd. in custody for Tuck Giant Enterprise Ltd.: Huang Ching-Shu	Taiwan Corporate Governance Association	From CSR to ESG: Principles of Corporate Management	3
		Taiwan Corporate Governance Association	Securities Wrongdoing Cases and Director and Supervisor Responsibilities	3
Director	Chen, Yen-Fu	Taiwan Corporate Governance Association	From CSR to ESG: Principles of Corporate Management	3
		Taiwan Corporate Governance Association	Securities Wrongdoing Cases and Director and Supervisor Responsibilities	3
Independent Director	Chen, Ming-Chang	Taiwan Corporate Governance Association	How the Board of Directors Oversees ESG Risks to Build Sustainable Corporate Competitiveness	3
		Taiwan Corporate Governance Association	Coping Strategies for Businesses and Individuals in Response to the CFC Crisis	3
Independent Director	Chi, Lai-Ping	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainability and Net Zero Summit – Transform to Net Zero	3
		Taiwan Stock Exchange	International Twin Summit Online Forum	2
		Corporate Operating and Sustainable Development Association	Latest Developments and Practices in Anti-Money Laundering and Counter-Financing of Terrorism	3
		Taiwan Insurance Institute	Analysis of Financial Consumer Protection and the Principle to Treat Clients Fairly	3
Independent Director	Lin Chih-Lung	Securities and Futures Institute	2022 Annual Advocacy Meeting on Insider Trading Prevention	3
		Taiwan Stock Exchange	Sustainable Development Roadmap Advocacy Meeting on Sector Topics	2
		Taiwan Institute of Directors	Exploring ESG from the Perspectives of Tax Governance and Risk Management	3
		Securities and Futures Institute	2022 Advocacy Meeting on Compliance with Insider Stock Trading Laws	3
		Taiwan Institute of Directors	ESG Governance and Circular Economy Innovation	3

Board Performance Evaluation

In order to enhance corporate governance and the functioning of the Board of Directors, Airmate has established performance targets for the Board to strengthen its operational efficiency. Specifically, the Company has developed the Board Performance Evaluation Procedures and conducts annual performance evaluations for the overall board, individual directors, and functional committees. The Company's board performance evaluation is conducted every three years by external professional independent organizations or external teams of experts and scholars. Internal performance evaluation includes the Board's self-assessment, the Board members' self-assessment, and peer evaluation, as well as annual performance evaluation conducted through the appointment of external professional organizations, experts, or other appropriate approaches.

▼ Airmate Board Performance Evaluation Metrics

The Board	Board Members	Functional Committees
<ol style="list-style-type: none"> 1. Degree of involvement in company operations 2. Enhancement of the quality of the Board's decision-making 3. Composition and structure of the Board 4. Appointment and further education of Directors 5. Internal control 	<ol style="list-style-type: none"> 1. Understanding of company mission and goals 2. Understanding of Directors' responsibilities 3. Degree of involvement in company operations 4. Internal relationship management and communication 5. Directors' expertise and further education 6. Internal control 	<ol style="list-style-type: none"> 1. Degree of involvement in company operations 2. Understanding of functional committees' responsibilities 3. Enhancement of the quality of functional committees' decision-making 4. Composition and member selection of functional committees 5. Internal control

In 2022, the self-assessment of Airmate's Board of Directors had an overall average score of 4.66 (out of 5), and the self-assessment of individual Board members had an overall average score of 4.68 (out of 5), indicating that the Board of Directors generally performed well. Additionally, the self-assessment of functional committees (Salary and Compensation Committee and Audit Committee) had an average score of 4.51 (out of 5), indicating that functional committees generally performed well and in line with regulations on corporate governance, as well as effectively facilitated the functioning of the Board of Directors. The results of self-assessment and performance evaluation of the Board of Directors for the year 2022 will be submitted for the first board meeting in 2023. The Company will use the Board's performance evaluation results as a reference for the selection or nomination of Directors and individual Director's performance evaluation results as a basis for determining compensation packages.

Compensation Policy for Directors and Executives

Director compensation is determined by the Board of Directors based on the recommendations of the Compensation Committee and the prevailing industry standards. The Compensation Committee has Independent Directors providing diverse external perspectives and ideas. Additionally, at least two meetings are held each year to review and ensure the competitiveness and justifiability of the compensation.

A Director's compensation package includes reimbursement for travel expenses, profit-sharing from earnings distribution, and remuneration for business execution. The profit-sharing from earnings distribution is clearly stipulated in the Company's [corporate bylaws](#). After deducting the income tax payable and offsetting the losses from previous years, 10% of the balance is appropriated for the legal reserve and the special reserve. This allocation is then proposed by the Board for approval in a shareholders' meeting, with an upper limit of three percent on the ratio of appropriated balance to earnings. The compensation for General Manager and Vice President is determined based on job positions, degree of contribution to the Company, and prevailing industry standards in accordance with the Company's personnel regulations, with a regular disclosure in the Company's annual report. For more information, please refer to Airmate's [Annual Report 2022](#).

In addition to the above mentioned provisions, no other significant special benefits are included in the compensation packages of the Company's senior executives; likewise, the retirement benefits system is implemented in accordance with laws and regulations, the same as that of the Company's employees.

Functional Committees

To effectively implement impact management of operational risks and ensure the Company's oversight of its impact on the economy, environment, and people, Airmate has established the Audit Committee and the Compensation Committee under the Board of Directors, as well as formulated the Ethics Management Procedures. Each management unit conducts due diligence investigations using a variety of questionnaires, document signing, and existing complaint mechanisms to prevent and control risks that may arise during the management process. Stakeholder feedback on major events regarding positive or negative risk impacts of the Company's operations is collected for establishing precautions, with periodical reports submitted to the Board of Directors.

Audit Committee

To assist the Board of Directors in overseeing the quality and integrity of the Company's accounting, auditing, financial reporting process, and financial control, Airmate has established the [Audit Committee Organization Charter](#) in accordance with Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The Audit Committee was established on June 8, 2012, consisting solely of independent directors and no fewer than three members, with committee meetings held at least once every quarter. The Audit Committee reviews various matters as follows: financial statements, audit and accounting policies and procedures, internal control systems, major transactions of assets or derivatives, major funds loaning and endorsements or guarantees, offering and issuance of securities, compliance with laws and regulations, related party transactions between managers and directors and potential conflicts of interest, employee complaint reports, fraud investigation reports, corporate risk management, appointment, discharge or remuneration of certified public accountants, and appointment and dismissal of financial, accounting or internal audit executives. In the year 2022, The Audit Committee held five meetings, and the attendance of Independent Directors at the Audit Committee meetings is shown in the table below.

▼2022 Airmate Audit Committee members' attendance status at Audit Committee meetings

Job Title	Name	Audit Committee Position	Attendance Frequency	Delegated Attendance Frequency	Actual Attendance Rate
Independent Director	Chi, Lai-Ping	Convener	5	-	100 %
Independent Director	Chen, Ming-Chang	Member	4	1	80%
Independent Director	Lin Chih-Lung	Member	4	1	80 %

Compensation Committee

In order to fulfill the due care of a good administrator, the Company has established the Compensation Committee. The Compensation Committee meetings are convened by the convener and held at least twice every year, with the committee recommendations submitted to the Board of Directors for further discussion. The Compensation Committee is responsible for faithfully establishing and regularly reviewing policies on the compensation and performance evaluation of Directors and managers. Additionally, it evaluates and establishes the compensation packages for Directors and managers on a regular basis, formulating the table of "the ratio of the total compensation paid to Directors, General Manager and Vice President of the Company to the net income after tax of individual or individual financial statements," as disclosed in Airmate's Annual Report 2022. In 2022, Airmate's Compensation Committee held a total of two meetings. The committee members' position and attendance status are shown in the table below.

▼2022 Airmate Compensation Committee members' attendance status at Compensation Committee meetings

Job Title	Name	Compensation Committee Position	Attendance Frequency	Delegated Attendance Frequency	Actual Attendance Rate
Independent Director	Chen, Ming-Chang	Convener	2	-	100 %
Independent Director	Chi, Lai-Ping	Member	2	-	100 %
Independent Director	Lin Chih-Lung	Member	2	-	100 %

Internal Control and Internal Audit

Airmate values its internal audit unit and personnel and grants them full authority to thoroughly examine and evaluate the deficiencies in the internal control system, as well as measure the operational efficiency, ensuring that the internal control system continue to function effectively. The Company also assists the Board of Directors and the management in fulfilling their responsibilities, thereby bringing corporate governance into practice. Airmate's internal audit function is an independent unit directly under the Board of Directors, staffed with dedicated audit personnel, including a total of four auditors, whose appointment and dismissal, performance evaluation, and compensation packages are submitted for approval by the Chairman of the Board after being signed and reported by the audit manager.

Airmate's internal audit regulations clearly define the internal control for the Company's operations and the subsidiary companies' internal audit and review procedures. The audit unit also reports on the adequacy of control design, routine operational practices, and whether the anticipated effectiveness and efficiency have been achieved. The audit work is primarily carried out in accordance with the audit plan approved by the Board of Directors. This audit plan is formulated based on identified risks and may also include project audits or reviews as deemed necessary. The above stated execution of general audits and projects are incorporated to provide the management with the operational status of the internal control function. The audit results, therefore, serve as an additional channel for the management to understand the existing or potential deficiencies. The internal audit unit reviews the self-inspections conducted by each department, including checking whether the operations have been executed, and reviews documents to ensure the quality of execution. Finally, the comprehensive results of the self-inspections are reported to the CEO and the Board of Directors.

Ethics Management

In order to cultivate a corporate culture, ensure healthy development, and facilitate business operations [in line with the principle of ethics management](#), Airmate has formulated the Code of Ethics Management. Additionally, the Procedures [for Ethical Management and Guidelines for Conduct](#) has been formulated in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, specifying the matters that the Company's personnel should be aware of during execution of duties. The Company has established the Regulations Governing the Handling of Material Inside Information and Prevention of Insider Trading, stipulating that the Company's Directors, managers, and employees may not disclose to others the material inside information they know, nor may they inquire about or collect any non-public material inside information of the Company unrelated to their individual duties from a person in the know, nor may they disclose to others any non-public material inside information of the Company they become aware of for reasons other than the performance of their duties.

The Company strictly prohibits unethical behavior. Directors, managers, employees, or substantial controllers may not directly or indirectly offer, promise, request, or accept any improper benefits, or engage in other unethical behaviors that violate integrity, the law, or entrusted obligations, in order to obtain or maintain benefits. In 2022, we conducted corruption-related risk assessments for all of Airmate's operating locations, with an assessment rate of 100%. The assessment results showed that no incidents of violating laws or receiving complaints due to corrupt behaviors had occurred, and our business activities had been done in accordance with the principles of fairness, honesty, faithfulness, and transparency, thereby putting the ethics management policy into effect.

Establishment of the dedicated unit

The Audit Office is designated as the dedicated unit for promoting ethical management under the Board of Directors. The primary function of the Audit Office is to carry out the revision, execution, and explanation of Procedures for Ethical Management and Guidelines for Conduct, as well as provide related consultation services, handle the recording and filing of reported incidents, and oversees the execution of related tasks. In general, the Audit Office helps to integrate ethics and integrity into the Company's business strategies and establish anti-fraud measures in compliance with laws and regulations to ensure ethics management. Specifically, the programs to forestall unethical conduct have been developed, with business-related standard operating procedures and code of conduct established within each program. The promotion and training of the ethics policy are held and coordinated with a reporting system devised to ensure effective execution. Furthermore, the Audit Office assists the management in auditing and evaluating the execution effectiveness of the preventive measures for ethics management. These related business procedures are regularly evaluated with the compliance status as above stated compiled into reports.

Whistleblower channels for unethical conduct

The Company encourages internal and external personnel to report unethical conduct or improper behavior. An internal independent mailbox or hotline shall be established and publicly announced simultaneously on the Company's internal and external websites, or shall be provided by an external independent institution, allowing the Company's insiders and outsiders to submit reports. The reported misconduct is then referred to the responsible unit for processing according to the prescribed procedure. The Company's relevant personnel addressing reported misconduct shall declare in written form that the identity of whistleblowers and the content of reported cases are in confidentiality, and shall undertake to protect whistleblowers against improper disciplinary actions due to their whistleblowing.

▼ Airmate's procedure for addressing reported misconduct

Any reported misconduct involving regular employees shall be reported to the department heads. Any reported misconduct involving Directors or senior executives shall be reported to the Independent Directors.

The responsible unit and the department head or personnel being reported to shall promptly investigate the facts and, where necessary, shall seek assistance from the Legal Compliance Department or other relevant departments.

If the reported person is confirmed to have indeed violated the applicable laws and regulations, or the Company's policy and regulations on ethics management, the Company shall immediately require the reported person to cease their misconduct and shall make an appropriate disposition. When necessary, the Company may institute legal proceedings and seek damages to safeguard its reputation and rights or interests.

Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the reported case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

With respect to a confirmed reported misconduct, the Company shall procure responsible units to review internal control systems and operating procedures, and propose corrective measures to prevent recurrence of similar incidents.

Regulatory Compliance

The Company puts ethics management into practice on the premise of compliance with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations for TWSE/TPEX listed companies, and other laws and regulations on commercial activities. This compliance with legal requirements for lawful business operation is the most fundamental responsibility of a company and also the key to its sustainable operation. To ensure Airmate's compliance with local laws and regulations in its operations, we have set up the dedicated Legal Compliance Department, which closely monitors the latest legislation and amendments that may impact the Company, so as to ensure that all departments comply with relevant legal requirements in their practical operations. In 2022, the Company did not face any penalties or punishments due to significant legal violations or infractions. Nor did it involve any anti-competitive, anti-trust, or monopolistic behavior. According to Airmate's definition, major illegal or non-compliant incidents refer to occurrences of fatal accidents, or instances of regulatory penalties, work stoppages, business suspension, forced closures, or revocation of licenses.

Compliance training

To provide timely assistance and consultation on laws and regulations for all departments, the Company regularly organizes educational training in ethics management on a variety of topics, including labor ethics code, patent search, risks and practices of information security. On the one hand, the compliance training ensures that relevant colleagues are fully informed of and familiar with the latest regulations, so that they can review and update their practical operations, avoiding any inadvertent violations due to unfamiliarity with the rules. On the other hand, our colleagues' awareness of legal compliance and ethical practice can be increased, thereby fulfilling the Company's fundamental social responsibilities.

The educational promotion of our Regulations Governing the Prevention of Insider Trading and other relevant legal requirements is conducted at least once a year for current Directors, managers, and employees. In the year 2022, the Company provided training courses on the confidentiality of material information, the causes, identification process and examples of insider trading, the scope of internal material information, confidentiality obligations, disclosure procedures, and disciplinary measures. A total of 2,395 Directors, managers, and employees participated in these one-hour courses, and the presentation slides were then uploaded to the internal employee system for absentees' reference. In the future, we will continue to conduct relevant topic-specific educational training to enhance our colleagues' awareness of ethics management.

▼ Airmate's compliance-related educational training in the past three Yyears


Year	Course Hours	Attendance
2020	24	21,336
2021	24	18,927
2022	24	27,878

Complaints and Suggestions Channel

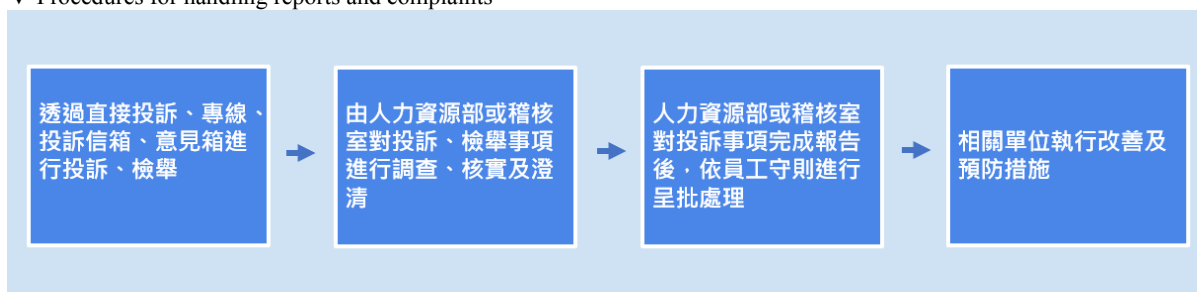
Integrity and responsible business conduct are the foundation for sustainable business operations. With this in mind, we have established various channels for complaints, reports, and suggestions, encouraging stakeholders to file reports, complaints, or suggestions regarding any unethical behavior or any operational activity that has an impact on the environment, economy, society, and human rights. Airmate provides accessible complaints and reports channels. Incidents of misconduct can be reported directly or through hotlines, emails and the QR code, as well as submitted into the suggestion box for regular handling by designated personnel. Additionally, anonymous reporting is allowed as well. The receiving unit must keep confidential the whistleblower's identity and the reported case. Any relevant information shall not be provided for unrelated third parties unless it is necessary for the investigation, so as to protect the whistleblower from experiencing unfair and unfavorable treatment. Furthermore, relevant protection systems, case handling procedures, and standards for addressing non-compliance are stipulated in the [Procedures for Ethical Management and Guidelines for Conduct](#), with reports, judgments, and approvals conducted in accordance with our Employee Code of Conduct. Responsible units are required to review how the non-compliance incident occurred and submit an improvement report. For the purpose of preventing recurrence of similar incidents, the internal and external management regulations shall be amended to improve internal operational processes, and educational promotion and training shall be enhanced as well both internally and externally.

In 2022, Airmate received a total of 52 complaints, all of which were resolved through beneficial communication and effective solutions with a 100% closure rate. For instance, a complaint related to employee relations was resolved through one-on-one conversations with the employees. The department head and frontline managers communicated attentively to help the employees develop a more positive awareness of managing employee relationship. As a result, the employees learned to respect others and control their temper, and they also submitted an improvement report upon completing the process.

▼ Airmate provides diverse channels for filing reports and complaints

Direct complaints	File complaints directly to the relevant department head
Complaint hotlines	Internal phone extension 8079 or 8035. External broadcasting phone: 27642417.
Suggestion boxes	Suggestion boxes are set up in the employee cafeteria, regularly opened and maintained by the head of the Human Resources (HR) Department.
Complaint emails	3253@airmate-china.net ; 0793@airmate-china.net
Complaint QR code	Both internal and external personnel can report misconduct to the Company through this public reporting channel. 

▼ Procedures for handling reports and complaints



▼ The statistics on Airmate's reporting and complaining cases in the past three years

Year	2020		2021		2022	
	number of cases	closure rate	number of cases	closure rate	number of cases	closure rate
Employee Relations	39	100%	13	100%	52	100%

Risk Management

Airmate's operational risk management includes routine discussions and evaluations of risk issues by various responsible units. It also compiles significant risk impact events and assesses their effects, formulates relevant response strategies and actions for prevention and control. After a thorough assessment by the Chairman and CEO, authorized execution is carried out to protect company assets and mitigate operational risks.

▼ 2022 Airmate's risk management measures

Risk Type	Risk Description	Future Response Measures	Responsible Units
Interest-Rate and Exchange-Rate Risks	<p>The Company's interest expense for 2022 was NT\$29,890 thousand, accounting for 0.32% of the net operating income, which was such a small amount that the impact of interest rate fluctuations on the Company was insignificant. Despite the slow increase in the current money market rates for the year, the rates remain in the low end. So no material fluctuation has occurred in the Company's loan interest rates.</p> <p>The Company's for 2022 exchange losses (gains) was NT\$39,039 thousand, accounting for 0.42% of the net operating income for the current period, which had an extremely low impact. Overall, no significant exchange risk was incurred.</p>	<p>If the interest rate trend sees material fluctuations in the future and the Company has an ongoing demand for loans, the Company will, in addition to raising funds through other capital market financing instruments, monitor the interest rate trend and obtain either fixed-rate or floating-rate loans to mitigate the risk of interest rate fluctuations.</p> <p>To strengthen the control over exchange positions, the Finance Department continues to enhance financial personnel's awareness of foreign exchange hedging, and also uses sales revenue in the same currency to cover procurement expenses and related costs. Additionally, depending on the Company's operational status, derivatives for hedging may be adopted to mitigate exchange rate risks.</p>	Finance Department
Investment Risk	<p>The Company has been focused on growing its core business in accordance with its prudent and conservative financial policy and does not involve itself in high-risk industries. Since the Company, in principle, never engages in high-risk, high-leveraged investments and transactions, the related risks shall be limited.</p>	<p>In the future, the Company will continue to focus on the operation of its core business, adopting a solid financial policy to reduce investment risks.</p>	Finance Department
R&D Risk	<p>The Company's R&D expense for the year 2022 was NT\$109 million, accounting for 1.18% of the annual revenue. In the future, more resources will continue to be allocated to R&D based on product development projects. The total R&D expense for 2023 are projected to be NT\$162 million.</p> <p>In addition to developing new products and core technology, the R&D team continues to make improvements and advancements and innovate products in line with customer needs and market demands, aiming to make the Company a sustainable supplier.</p>	<p>Future R&D plans are focused on relentless innovation of the technologies related to small home appliances. The Company is actively working on the development of energy-saving smart home appliances and aims to become the world's top enterprise for green solutions, providing customers with diverse applications and technologies in product design.</p> <p>Our production technology matures with each quick response to the market trend. We strive to enhance our process capability and product features while reducing costs, collectively developing products that meet market demands.</p>	R&D Division
Market Risk	<p>The Company is a well-known domestic brand in China and has close cooperation with export customers, most of which are global leading brands of small home appliances. During the year 2022 and the reporting period, the Company has not experienced any significant adverse impact on its financial operations due to technological changes or industry developments.</p>	<p>With the ever-increasing demand for technology, appearance, and structure of small home appliances and the rising global awareness of energy conservation and carbon reduction, the Company keeps up with market trends and evaluates the relevant impacts on its operations.</p>	Sales Division
Compliance Risk	<p>The Company is registered in the Cayman Islands, with main operations taking place in China and Hong Kong. The Cayman Islands primarily engage in financial services as their main economic activity, and China is currently one of the world's major economies. In 2022, the Company did not experience any significant impact on financial operations due to the government's major policy decisions or legal changes in the Cayman Islands, China, or Hong Kong.</p>	<p>The Company's business activities are conducted in line with important domestic and foreign policies and regulations, with continuous attention to the trends in significant policy development and changes in laws and regulations, both domestically and internationally. If changes occur, the Company will consult or engage its lawyers and accountants to evaluate and plan appropriate timely responses.</p>	Compliance Department; Finance Department

Information Security Risk	The Company has established an internal control system for managing information and personal data protection, so as to control network and information security. However, this does not guarantee complete immunity from third-party attacks on the network and computer systems.	The Company has set up a dedicated IT Department to ensure internal information security. This department checks the security of information system operations, monitors colleagues' usage, schedules daily backups of important data, and promotes relevant information security concepts and correct operating procedures.	IT Department
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Chapter 3 Sustainable Value Chain

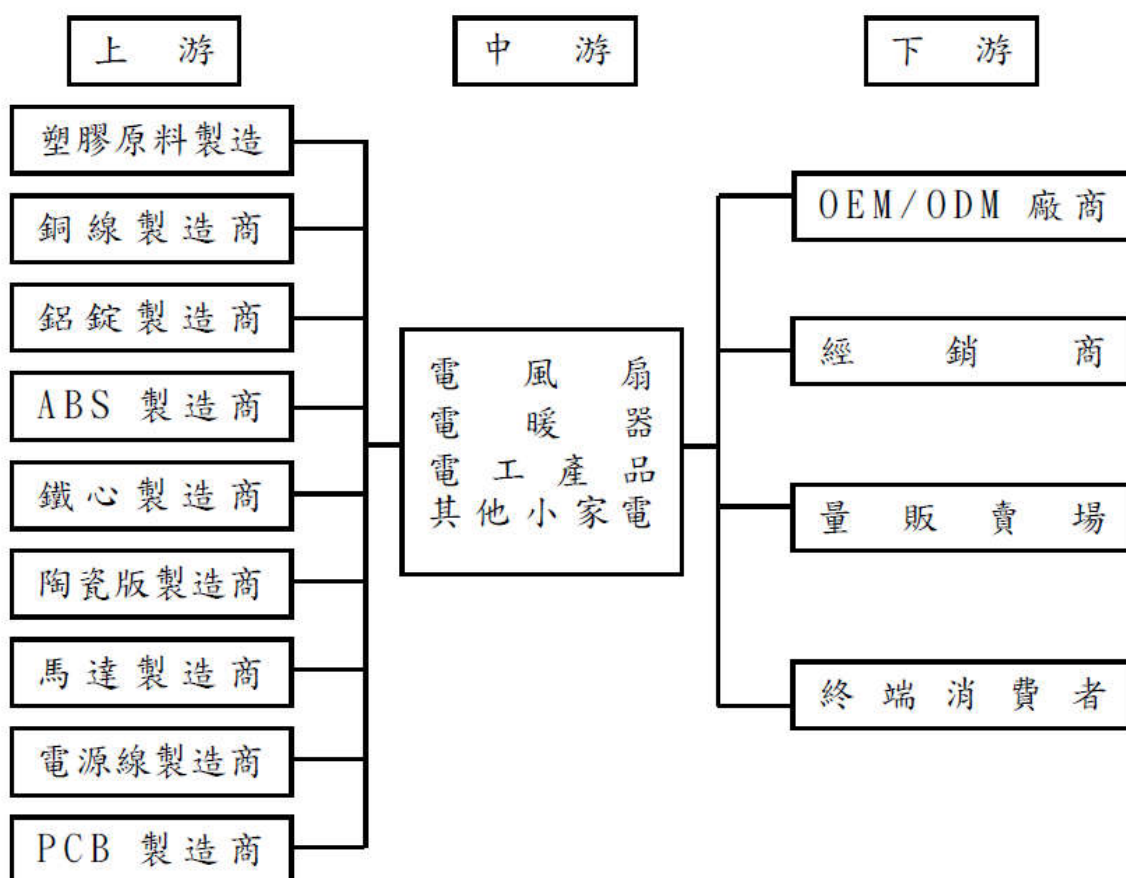
- Supplier Management
 - Supplier Management Policy
 - Supplier Evaluation Survey
 - Supplier Social Assessment
- Product Liability
 - Overview of Technical Research and Development
 - Core Technology
 - Committed to Creating Low-carbon and Green Small Home Appliances
 - Quality Management
 - Product Labeling
 - Customer Satisfaction Survey

Supplier Management


Airmate belongs to the home appliance manufacturing industry, with upstream suppliers providing various raw materials such as plastic materials and copper wires. The midstream segment of the industry consists of home appliance manufacturers, including the Company, Midea, Singfun, Lien Chuang, Haier, Joyoung, and Gree. In the downstream segment, products are sold to customers through retailers. In 2022, no significant changes occurred in Airmate's supply chains compared to the previous year.

The Company engages primarily in the R&D, design, manufacturing, and sales of small home appliances. Possessing its own private brand channels, the Company is an integrated production and sales enterprise positioned in the midstream and downstream of the industry. Airmate's business model is divided into two categories: OEM/ODM for export sales and private-label products for domestic sales. In terms of export sales, the Company endeavors to manufacture and customize high-quality products based on the needs of its corporate clients, exporting to more than 60 regions and countries worldwide, including the Americas. On the other hand, in terms of domestic sales, the Company adopts the OBM model, selling small home appliance products under the private label as mass-produced product to domestic distributors. The products are then distributed by Waon (Hong Kong) to overseas corporate clients. Part of these products are manufactured using the OEM/ODM model and are distributed to Japan, Korea, and Europe, as well as to 12,000 shopping malls across 31 cities and provinces in China, encompassing both online and offline channels. Airmate is one of the leading manufacturers and brand owners in the global small home appliance industry that integrate design, development, and production, aiming to establish long-term collaboration and diverse partnerships with multiple renowned international brands, so as to achieve sustainable business operation.

▼ The linkage between the upstream, midstream, and downstream segments of Airmate's industry



▼ Airmate's management status regarding the material topic Supplier Management in 2022

Material Topic	Supplier Management
Corresponding GRI indicators	Self-defined Topic
Relevant SDGs	
Policies or Commitments	In addition to incorporating quality, delivery, cost, and service (QCDS) into supplier management requirements, we also encourage suppliers to meet certain standards in aspects of environmental, social, and governance (ESG), so as to achieve a virtuous cycle in the industry and supply chains.
Indicators and Objectives	<p>Short-term goals:</p> <p>To plan on incorporating ESG evaluation items into the supplier management policy and include governance-related risks and commitments in the trading contract</p> <p>Mid- and long-term goals:</p> <ul style="list-style-type: none"> To evaluate ethical and environmental responsibilities, increase the proportion of recyclable material suppliers, and promote the development of sustainable supply chains. To include the signing rate of supplier risk assessment-related agreements, terms, commitment letters, and other documents in the criteria for evaluating qualified suppliers, so as to enhance the sustainable management of supply chain management
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> Implement supplier management policies through the Business Social Compliance Initiative (BSCI) and the Business Partner Management Procedures. Conduct on-site audits of business partners at least once a year to assess their condition using the Supplier Evaluation Form, and then provide improvement suggestions.
Annual Actions and Achievements	<ul style="list-style-type: none"> The supply chain policy has incorporated human rights-related policies and adheres to the BSCI to safeguard labor rights and interests. In 2022, a planned on-site investigation of 144 suppliers was conducted with all 144 of them successfully surveyed, achieving a completion rate of 100%. The investigation results did not reveal any significant deficiencies or risks. As of 2022, 68 primary raw material suppliers have passed the ISO 14001 EMS certification, accounting for approximately 100%. In 2022, two distributor conferences were held, inviting suppliers to participate and discuss the product quality in procurement and sales, promotion of our business philosophy, and educational training for ethics management. In 2022, a total of 839 companies signed the Integrity, Honesty, and Confidentiality Commitment, with a signing rate of 97%. Once assessed to have met the criteria, they are included as qualified suppliers.

Supplier Management Policy

In order to strengthen the sustainable management of supply chains, ensure that Airmate's business partners, including suppliers, subcontractors, and recruitment agencies, meet the requirements of social accountability standards, and gradually improve their social accountability performance, the Company has developed the Business Partner Management Procedures, which specifies that the Procurement Department is responsible for managing suppliers and taking action to press demands and provide assistance. At Airmate, suppliers are selected based on their social accountability performance by the Procurement Department and the HR Department. Excellent business partners are chosen and those with poor performance are eliminated, thereby encouraging each supplier to take action to improve social accountability performance.

Furthermore, to promote Airmate's policies and educational training on ethics management to suppliers, the Company requests suppliers to sign relevant rules and commitment letters. The suppliers are also occasionally invited to join the Company's conferences to discuss topics such as the review of incoming and outgoing goods quality issues, promotion of the Company's business philosophy, and educational training in ethics management. In 2022, Airmate held a total of two distributor conferences.

<p>Environmental risks</p>	<ul style="list-style-type: none"> ● 100% of the primary raw material suppliers have passed ISO 14001. In order to reduce environmental risk impact, Airmate continues to require its primary raw material suppliers to be ISO 14001 EMS certified. As of 2022, 68 actually-traded primary raw material suppliers have been evaluated for their environmental risk impact, with all 68 suppliers passing the ISO 14001 EMS certification, accounting for approximately 100%. ● Suppliers have to sign the Trading Contract Supplementary Agreement. At Airmate's request, suppliers sign directives and regulatory requirements for environmentally friendly materials. This commitment ensures that all supplied products or components, including original products, product accessories, packaging materials, and other related attachments for product delivery, do not pose any risks to human health and environmental safety.
<p>Social risks</p>	<ul style="list-style-type: none"> ● Suppliers have to sign the Mineral Conflict Survey Form. Airmate requires suppliers to refrain from using conflict minerals to ensure that the minerals used in the Company's products, such as tantalum (Ta), tin (Sn), tungsten (W), and gold (Au), do not generate profits for armed conflicts. If suppliers use the above minerals, they are required to disclose the source of minerals. ● Suppliers have to sign the Special Terms and Conditions for Business Partners Through the commitment of business partners to Airmate's corporate social responsibility and their integration into the corporate culture, due diligence and information management in Airmate's supply chains can be conducted. These actually-traded suppliers are required to sign the Special Terms and Conditions for Business Partners and also adhere to the BSCI Code of Conduct, so as to ensure protection of labor rights, safety, health, etc., avoiding social risks related to labor rights infringement in the supply chains.
<p>Governance risks</p>	<ul style="list-style-type: none"> ● 97% of the primary raw material suppliers have signed the Integrity, Honesty, and Confidentiality Commitment. All Airmate's suppliers have to sign the Integrity, Honesty, and Confidentiality Commitment. In 2022, a total of 839 companies signed the Commitment. Once assessed to have met the criteria, they are included as qualified suppliers.

Supplier Evaluation Survey












All Airmate's business partners should commit to complying with local labor regulations and the BSCI, as well as undergo on-site audits as requested, so that they can secure the Company's orders and contracts. The Procurement Department and the HR Department conduct on-site audits of business partners at least once a year. These audits are done at the site or in written form by checking the Supplier Evaluation Form's listed items, including quality management, project management, warehouse management, supplier management, design control, social responsibility, and verification for Customs-Trade Partnership Against Terrorism (C-TPAT). Only those who have passed this evaluation or make necessary improvements can become qualified business partners.

On the contrary, for those who fail the on-site audits, Airmate will issue a Non-Compliance Report on the Supplier Social Responsibility and Ethical Standards Audit, demanding improvements within a limited time period. They must also follow up on the effectiveness of the improvement measures at the site and provide evidence of effective improvements to close the non-compliance report. If the improvements are found to be ineffective, they must reformulate the measures for improvement until they are deemed compliant. Otherwise, they will not be able to continue the cooperation as a qualified supplier. In 2022, a planned investigation of 144 suppliers was conducted with all 144 of them successfully surveyed, achieving a completion rate of 100%. The investigation results did not reveal any significant deficiencies or risks. The investigation found no significant deficiencies or risks.

Supplier Social Assessment

In order to align with the UN's SDGs and assist in making the Company's business environment more in line with human rights and social responsibility, Airmate accepts the responsibilities as outlined in Amfori's Business Social Compliance Initiative (BSCI) Code of Conduct and collaborates with business partners, thereby putting Amfori's BSCI Code of Conduct into practice. Airmate actively promotes Amfori's BSCI Code of Conduct to business partners and demand their compliance with the BSCI. If any violation of the BSCI Code of Conduct values or the Terms of Implementation occurs, the Company may consider this a sufficient ground to terminate the business relationship. In so doing, the Company expects to urge business partners to fulfill social responsibility and protect labor rights.

▼ Airmate adheres to the BSCI's 11 principles

	<p>The Rights of Freedom of Association and Collective Bargaining</p> <p>Our enterprise respects the right of workers to form unions and engage in collective bargaining in a free and democratic manner.</p>		<p>Ethical Business Behavior</p> <p>Our enterprise does not engage in any acts of corruption, extortion, embezzlement, or bribery.</p>
	<p>Fair Remuneration</p> <p>Our enterprise respects the right of workers to receive fair remuneration.</p>		<p>No Discrimination</p> <p>Our enterprise provides equal opportunities and does not discriminate against workers.</p>
	<p>Occupational Health and Safety</p> <p>Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.</p>		<p>Decent Work Hours</p> <p>Our enterprise observes the law regarding hours of work.</p>
			<p>No Child Labor</p> <p>Our enterprise does not hire any worker below the legal minimum age.</p>
	<p>Special Protection for Young Workers</p> <p>Our enterprise provides special protection for underage workers.</p>		<p>No Precarious Employment</p> <p>Our enterprise hires workers in accordance with the law.</p>
	<p>No Forced Labor</p> <p>Our enterprise does not engage in any form of slavery, trafficking, or forced labor.</p>		<p>Protection of the Environment</p> <p>Our enterprise takes necessary measures to prevent environmental degradation.</p>

Compliance with BSCI Code of Conduct

At Airmate, the CFO is in charge of BSCI and social responsibility on behalf of the top management, taking proper measures within the scope required by regulations to fulfill the following standard regulations in a progressive manner.

1. **Compliance Policy:** The Company adheres to all relevant laws and regulations, industry minimum standards, ILO Conventions, UN Conventions, and any other stricter mandatory requirements.
2. **Supply Chain Management and Cascade Effect:** Communicate the BSCI Code of Conduct and Terms of Implementation to suppliers, and establish a management system for other business partners.
3. **Worker Involvement and Protection:** Airmate has established a labor union for communication with employees, so as to understand their needs and protect their legal rights and interests.
4. **The Rights of Freedom of Association and Collective Bargaining:** All employees have the right to voluntarily organize and join a labor union to bargain collectively.
5. **No Discrimination:** There is no discrimination based on gender, age, religion, race, social background, disability, nationality, union membership, political stance or viewpoint, sexual orientation, family responsibility, marital status, or any other personal circumstances in employment, paid labor, access to training opportunities, termination of employment, or retirement.
6. **Fair Remuneration:** The Company complies with the government's laws and regulations regarding minimum wage and does not use wage deductions as a means of punishment.
7. **Decent Work Hours:** The Company adheres to legal and industry standards, with a maximum of 60 hours per week. Overtime is voluntary for employees, and overtime pay is not less than 1.5 times the regular hourly wage. Each employee is entitled to at least one day off after working for six consecutive days.
8. **Occupational Health and Safety:** The Company provides a safe and healthy work environment for all employees, emphasizing the provision of personal protective equipment and taking measures to prevent any occupational hazards to personal safety.
9. **No Child Labor:** In order to protect children from any form of exploitation, the Company prohibits the employment of children under the age of 16. If any underage workers are employed, they will not be assigned to night shifts or risky positions, and their daily work hours will not exceed 10 hours. In 2022, neither the Company nor its suppliers have been involved in any significant violations related to child labor use.
10. **Special Protection for Young Workers:** To prevent harming the health or development of young individuals, the Company strives to avoid scheduling them for night shifts whenever possible, as well as ensure that the nature of the work and labor hours do not disrupt daily routines. Additionally, young workers are provided with vocational training according to their respective job positions.
11. **No Precarious Employment:** The Company provides workers with clear and understandable information regarding their rights, responsibilities, and employment conditions, and supports the role of both male and female workers as parents or caregivers.
12. **No Forced Labor:** The Company has established a program to prevent forced labor and prohibit mental and physical abuse. It does not withhold employees' identification documents, such as ID Cards, or collect deposits. In 2022, neither the Company nor its suppliers have been involved in any significant violations related to forced labor.
13. **Protection of the Environment:** The Company ensures that the handling, disposal, and emission of waste, chemicals, and other hazardous substances meet or exceed the minimum legal requirements for pollution control and waste management.
14. **Ethical Business Behavior:** The Company has established the Prevention of Corruption and Bribery Policy. It does not engage in any acts of corruption, extortion, embezzlement, or bribery, including but not limited to promising, providing, offering, or accepting any improper financial or other benefits.

Supplier Social Responsibility Survey

To examine and evaluate the implementation of corporate social responsibility, Airmate requires suppliers to complete the Supplier Social Responsibility Survey each year based on actual conditions. The survey form consists of nine categories for the supplier company to evaluate their implementation status through self-assessment. If a supplier is found to be "non-compliant," it has to make improvements within one week and provide corresponding evidence. If a supplier is identified as "needs improvement," it has to provide a long-term improvement plan within one month and implement the plan accordingly.



▼ Airmate's Supplier Social Responsibility Survey form

Child Labor	<ol style="list-style-type: none"> 1. Does your company employ child labor? 2. What is the procedure for dealing with current or former child workers?
Forced Labor	<ol style="list-style-type: none"> 1. Has your company signed labor contracts with each employee? 2. Are employees at your company allowed to use the restroom freely during work hours? Is it possible to seek medical treatment promptly when your employees are ill? Is it permissible to leave the work position after work? 3. Has your company engaged in the practice of withholding deposits or identification documents? Has your company engaged in any other behavior that force employees to work?
Health and Safety	<ol style="list-style-type: none"> 1. Have new employees at your company received necessary trainings on health and safety knowledge before starting their job? Have employees who changed positions received retraining? 2. Does your company provide workplace equipment and require employees to wear them? 3. Does your company's dangerous equipment, including shock, shear, and pressure mechanisms, have necessary safety protection devices? Are specialized operators certified professionals to perform the duty? 4. Are production equipment and fire protection equipment regularly maintained and serviced? Are the fire exits and emergency exits unobstructed? 5. Does your company provide sufficient toilets and potable water for employees?
Freedom of Association and Collective Bargaining	<ol style="list-style-type: none"> 1. Does your company have a labor union, or any other legal organization freely formed by employees? If so, does that organization have the right to engage in collective bargaining? 2. If there is a labor union organization, are the union representatives under discrimination? Is it possible to interact with workers in the workplace?
Discrimination	<ol style="list-style-type: none"> 1. Does your company discriminate based on race, class, religion, disability, gender, union membership, or political affiliation in terms of employment, salary, opportunities, or any other aspect? 2. Does your company have the right to interfere with the beliefs and customs of its employees? 3. Does your company engage in any coercive, threatening, or humiliating sexual behavior?
Disciplinary Measures	<ol style="list-style-type: none"> 1. Does your company engage in or support any physical punishment, mental or physical coercion, or verbal insults?
Work Hours	<ol style="list-style-type: none"> 1. How many working days a week does your company have? What is the maximum number of overtime hours at your company this year? 2. Is there any relevant permission documentation issued by the Labor Department for the overtime hours exceeding the labor law limit? 3. Are all employees at your company working overtime voluntarily?
Remuneration	<ol style="list-style-type: none"> 1. Does your company's minimum wage exceed the local minimum wage? 2. How are overtime wages paid by your company? 3. Does your company reduce employee wages for disciplinary purposes? 4. Has your company purchased social insurance for employees as required?
Management System	<ol style="list-style-type: none"> 1. Has your company appointed someone to be in charge of social responsibility? 2. Has your company formulated the policy regarding social responsibility?

Note: This table is compiled based on the SA 8000:2014 Standard.

Product Liability

▼Airmate's management status regarding the material topic Product Quality in 2022

Material Topic	Product Quality
Corresponding GRI indicators	GRI 416: Customer Health and Safety 2016 GRI 417-1 Requirements for product and service information and labeling GRI 417-2 Incidents of non-compliance concerning product and service information and labeling
Relevant SDGs	 
Policies or Commitments	We focus on product research and development as well as customer needs, emphasizing quality management in the product manufacturing process. Our goal is to become the most trusted home appliance brand among consumers and establish ourselves as a leading brand and flagship enterprise in the small home appliance market.
Indicators and Objectives	<p>Sustainability goals:</p> <ul style="list-style-type: none"> To increase research and development budget year by year, so as to consistently improve our products and core technology, enhance product features, and maintain product quality To ensure that each of our product lines continues to pass certification and verification of many different countries, including CCC, GS, BSMI, ETL, KC, PSE, etc. To consistently secure electrical safety certifications for our main products from various countries, including UL, CSA, GS, VDE, SAA, SISIR, SHARK, and 3C To pass the management system verification regularly to ensure consistent improvement of product quality, as well as customers' health and safety when using our products, thereby enhancing customer satisfaction
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> Conduct effective quality management by continuing to pass the ISO 9001 certification. Evaluate future product improvement and research directions for our products through customer satisfaction surveys. Evaluate our compliance with local regulations and performance requirements by conducting inspections for various product certifications. Implement comprehensive quality management through rigorous quality inspection standards and methods, including IQC, PQC, and QA.
Annual Actions and Achievements	<ul style="list-style-type: none"> We have consistently passed the ISO 9001 certification. In 2022, all Airmate's small home appliance products did not violate any health and safety-related laws or contractual obligations. All Airmate's products are labeled with detailed product information and specific information in accordance with the law. In 2022, there were no violation of laws and regulations regarding product and service information and labeling. In 2022, Airmate conducted product inspections for 100% of its main products. In 2022, a total of 33,409 surveys were conducted to measure Airmate's customer satisfaction, with a 100% response rate and an overall customer satisfaction rate of 99.98%.

Overview of Technical Research and Development

Airmate regards technical research and development as its core business and allocates significant resources to the development of emerging technologies every year, designing and developing products that are compact, lightweight, energy-efficient, silent, and stylish. By creating product value through differentiation, we incorporate original features that competitors do not have. Additionally, we actively develop new technologies in collaboration with technology associations to launch new products ahead of competitors, improve the brand image, secure leadership, and increase our product market competitiveness.

The Company has also established R&D and technology alliances with the well-known academic institutions such as National Cheng Kung University, National Kaohsiung University of Applied Sciences, Fuzhou Institute of Technology, Jiujiang University, etc. to provide more supporting for R&D work. In 2022, Airmate developed a total of 86 brand new products, with 94 out of 110 patent applications granted. In 2022, Airmate has positioned a total of 102 R&D personnel and boasts a comprehensive product testing center in the industry to ensure product quality. In recent years, due to the impact of climate change, global weather has become unpredictable. For this reason, Airmate's R&D team is dedicated to achieving technical breakthroughs in electric heating to create "warm" instead of "hot" experience for users. By creating this sensory experience, we aim to provide consumers with immersive product experience that connects the body to the heart.

The R&D expenses for the years 2022 and 2021 were NT\$109 million and NT\$119 million respectively, both accounting for 1.18% of the annual revenue. We will continue to allocate R&D resources based on product development plans. It is projected that a total of NT\$162 million will be invested in research and development in the next fiscal year. In addition to developing new products and core technology, Airmate's R&D team continues to make improvements and advancements and also innovate products in line with customer needs and market demands.

▼ Airmate's R&D investment for the past three years (Unit: NTD thousand)

	2020	2021	2022
R&D expenditure	107,717	119,531	109,238
Net operating revenue	9,207,346	10,156,591	9,220,863
Ratio of R&D expenditure to net operating revenue	1.17 %	1.18 %	1.18%

Airmate's future R&D plans will focus on relentless innovation of the technologies related to small home appliances. The Company is actively working on the development of energy-saving, carbon-reducing smart home appliances and aims to become a leading enterprise for green solutions, providing customers with diverse applications and technologies in product design. By promptly responding to market demands and improving production technology and process capabilities, the Company will continue to enhance product features and reduce costs.

▼ Airmate's Short- and Long-term Business Development Plans

Short-term	Long-term
<ol style="list-style-type: none"> 1. Conduct research and development of wireless steam cleaners, floor washers, personal health and care products, and pet product lines 2. Constantly increase research on the application of semiconductor chilling plates, radar, batteries, and thermoelectric cooler mini-fridges are continuously increased 3. Design and develop a high-capacity (2.5 liters/hour) humidifier 4. Conduct research and development for a new type of electric heater (including features such as the "flaming mountain," baseboard-type with closable air vents, and graphene heating elements) 5. Constantly increase research on the application of pin structure and high-power inner winding motors 6. Constantly apply new technologies, such as voice recognition (offline + online), motion monitoring, and gesture recognition, into different products 7. Develop the hydroxide ion-based air-purifying ceiling fan 8. Develop compressor-based products 	<ol style="list-style-type: none"> 1. Develop household-appliance product lines of personal health, care, and cleaning (e.g. disinfection, sterilization) 2. Conduct research and development for medical product lines 3. Conduct research on the application of sensors and human-computer interaction (voice control) for smart home appliances 4. Conduct research on various composite air processors (cooling, heating, humidifying) 5. Conduct research on the DIY design for fresh air products 6. Conduct research on the application of high cost-effective outer rotor DC motors 7. Conduct research and development for pet products 8. Develop compressor-based products

Core technology

Driven by its outstanding R&D team, Airmate develops flagship products for the market every year, creating economic value for both the product and the market. Furthermore, we collaborate with our clients in sharing the costs and fruits of product development costs, while exchanging the latest market information and technical data. We proactively venture into product innovations to cultivate technical strength and market advantages, thereby elevating our core capabilities of various design and application systems.

▼ Airmate's core technologies and R&D achievements

Airmate's Four Core Technologies			
Ultra-quiet, energy-efficient motor design	Smart home appliances' control system design	Implementation system for the research and application of aerodynamics	Application system for thermal materials and home appliance system
<ul style="list-style-type: none"> • <u>Mature technical capabilities:</u> Whether it is component material selection, motor winding design, mechanical transmission design, precision component manufacturing, or electrical manufacturing processes, our expertise has met the professional standards required by Japanese companies. • <u>Industry and market reputation:</u> The produced electrical components are all environmentally friendly, ultra quiet, and highly effective. • <u>Cost advantage:</u> With our exceptional technical capabilities, the costs have been effectively reduced. 	<ul style="list-style-type: none"> • <u>Pioneering the Industry:</u> The variable multi-speed control achieved in speed adjustment is adaptable to different environments; and intelligent wind control modes, such as plateau wind, sleep wind, and natural wind, are innovative designs. • <u>AI technology:</u> With the successful development of intelligent automatic motor braking control in 2011, other cutting-edge control features, such as automatic face control and motion image control, are currently under development. • <u>R&D talent:</u> The R&D team of electronic control systems from the R&D Center has many years of experience in smart home appliance control systems, making them excellent at integrating state-of-the-art technologies from the industry and related fields. 	<ul style="list-style-type: none"> • <u>Ventilation equipment leader:</u> The Company is one of the largest manufacturers of ventilation equipment in China, integrating the technology of aerodynamics into many of its product lines. • <u>Extensive design experience:</u> The Company's R&D Division conducts long-term, aerodynamics-related research and has accumulated a wealth of design experience, particularly in the design of the unique core technology for ventilating passages and ventilation parameters. 	<ul style="list-style-type: none"> • <u>Market-share advantage:</u> The Company ranks among the top three in market share for electric heaters in China and has developed thousands of electric heater products, making it one of the brands with the most abundant heat source materials in the world. • <u>Meeting diverse needs:</u> Various thermal materials are effectively applied to the electric heater product line, so as to meet the needs of different consumer groups and be suitable for use in different places.
2022 Annual R&D Achievements			
1. Development of high-airflow PTC electric heaters		12. Development of electric heaters of the Flaming Baseboard product line	
2. Design and development of water-cooled fans with thermoelectric cooler chip-based elements (instead of with ice crystals)		13. Development of Flaming (colorful) humidifiers	
3. Design and development of inverter window air-conditioners		14. Development of heated evaporative humidifiers	
4. Application of electrolyzed-water sterilization technology		15. Development of heated clothes cookers	
5. Application of natural humidification technology in hydrophilic humidification pan		16. Development of small portable air-conditioners (compressors)	
6. Integrated electric heaters (for both drying and heating)		17. Development of small split-type portable air-conditioners (compressors)	
7. Superconducting cooling and heating air circulators		18. Development of thermoelectric cooler chip-based beer dispensers	
8. Research on the sterilization function of fresh air products		19. Development of the food warming board products	
9. Research on the sterilization function of Bathroom Master products		20. Development of smart sugar-control cups	
10. Light-sensitive touch		21. Development of products with smart cameras	
11. Development of inner winding motors			

Committed to creating low-carbon and green small home appliances

Switching to similar products can reduce the electronic waste and simplify manufacturing processes. With our experience in installing energy-saving machinery and material-reuse production equipment, we can meet the market demand for green products.

Airmate seeks to build itself as a green enterprise for Energy-saving and Emission-reducing and bring the concept of low-carbon lifestyle into practice. The Company endeavors to incorporate green elements into the design, production, logistics, and sales processes to reduce carbon emissions, aiming to become a green company of small home appliances. Additionally, we design products with higher durability in terms of appearance and application, so that they do not need to be replaced in a short period of time due to outdated styles or product wear and tear.

The Company has launched a series of low-carbon electric fans with creative design, particularly the ultra energy-saving fans based on the innovative technology of brushless three-phase DC motors, which boasts energy efficiency that far exceeds national first-grade standards. In terms of the electric heater products, the Company pioneers the development for various high-tech heaters in China, including European-style fast heaters, electric film heaters, and multi-functional fast heaters. Compared to traditional electric heaters, these high-tech heaters offer advantages such as fast heating, long constant temperature, energy conservation, safety, and health benefits.

In the future, we will prioritize the continuous innovation of the small home appliance-related technologies and actively work on developing energy-saving smart home appliances. Our goal is to be among the world's leading enterprises for green solutions, offering customers a wide range of product designs, applications and technologies. Our production technology matures with each quick response to the market trend. We strive to enhance our process capability and product features while reducing costs, collectively developing products that meet market demands.

▼ Airmate's green small home appliance, the three-phase DC motor fan, embodies the concept of low-carbon lifestyle









Quality Management

Airmate values product quality and user health and safety. Therefore, we have invested considerable resources in establishing quality management systems for product development, manufacturing, transportation, sales, and usage. By the end of 2022, the Company has continually passed and maintained the ISO9001 quality management system, and also has been verified by the independent certification testing agency, CVC Testing Technology Co., Ltd., to ensure that our main small home appliance products all adhere to a high level of quality control. In 2022, Airmate conducted product inspections for 100% of its main products.

Besides, to ensure that all Airmate products do not endanger user health or environmental safety, the Company strictly prohibits the use of hazardous substances. All Airmate products meet the standards of the EU's Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) on Substances of Very High Concern (SVHC), as well as comply with the Directive on Packaging and Packaging Waste (94/62/EC) and legal requirements for halogen-free products. In 2022, all Airmate's small home appliance products did not violate any health and safety-related laws or contractual obligations, effectively ensuring product safety.

Airmate's air fans, electric heaters, humidifiers, air purifiers, and other small home appliances have all passed certifications in many different countries, including China's CCC and CQC certifications, Germany's GS certification, the EU's CE verification, Taiwan's BSMI certification, the United States' ETL and CETL certifications, South Korea's KC certification, and Japan's PSE certification. These products are sold in the domestic market of each country to verify whether they comply with local regulations, quality standards, environmental requirements, and other matters related to personal and property safety of consumers.

▼ Certification status of Airmate's main products

Verification/License	Main Product		
China CCC/CQC 	FA23-RDI92 (air fan)	HP20073-W (electric heater)	UM581 (humidifier)
German GS/EU CE 	F225 (air fan)	HP20072 (electric heater)	U250 (humidifier)
Taiwan BSMI 	SF-V1710 (air fan)	KEH-G920 (electric heater)	AC551-50W (air purifier)
US ETL/CETL 	MATE1-F (air fan)	AIR6-G (electric heater)	UM4107, UM4107M (humidifier)
South Korea KC 	SIF-14RMC (air fan)	SEH-S2400 (electric heater)	SUH-240ND (humidifier)
Japan PSE 	SF-V15 (air fan)	SH-TF161 (electric fan heater)	SCY-01 (electric fan heater)

Product labeling

Airmate has passed certification for its quality control systems and implements safety management of small home appliance products. Throughout the processes of product research and development, production, storage, and labeling, significant resources are dedicated to ensuring product safety. In addition to adopting product-specific safety measures based on different specifications, all product information and specific details are properly labeled in accordance with the law. The labeling of small home appliance products also complies with local regulations regarding the quality control system certification for product information and labeling. No violations of regulations on product and service information and labeling were reported during the reporting period.

Customer satisfaction survey

At Airmate, we consider customer feedback as a crucial foundation for enhancing customer relationship development and seek to understand customer needs through multiple channels. In response to customer feedback, we review, analyze, and propose appropriate improvement plans on a quarterly basis, aiming to establish a comprehensive customer-need response and handling process. In 2022, a total of 33,409 surveys were conducted to measure Airmate's customer satisfaction, with a 100% response rate and an overall customer satisfaction rate of 99.98%.


▼ Airmate customer satisfaction survey items

Product Satisfaction Survey		
product appearance	product quality	product features
Service Satisfaction Survey		
responsiveness	fee fairness	service attitude

Chapter 4 Environmental Protection

- Risks and Opportunities Posed by Climate Change
- Energy Management
- GHG Emissions
- Water Stewardship
- Waste Management

▼ Airmate's management status regarding the material topic Environmental Protection in 2022

Material Topic	Environmental Protection
Corresponding GRI indicators	GRI 302-1 Energy consumption within the organization GRI 303-2 Management of water discharge-related impacts GRI 303-5 Water consumption GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 306-3 Waste generated
Relevant SDGs	
Policies or Commitments	We are committed to building a green enterprise for Energy-saving and Carbon-reducing, aiming to implement the concept of low-carbon lifestyle, eradicate and prevent environmental pollution, and adhere strictly to environmental laws and regulations.
Indicators and Objectives	<p>Mid- and long-term goals:</p> <ul style="list-style-type: none"> To gradually expand the scope of greenhouse gas (GHG) inventory across operating locations, in order to accurately assess Airmate's overall greenhouse gas (GHG) emissions and promote carbon reduction To plan to gradually introduce the ISO 50001 Energy Management System at the Jiujiang plant and obtain relevant certifications, in order to accurately analyze and manage Airmate's overall energy consumption <p>Sustainability goals:</p> <ul style="list-style-type: none"> To install and introduce the GHG inventory management system, and to regularly track each plant's water resource usage and wastewater discharge data, with the aim of achieving continued reduction To consistently ensure that wastewater quality tests comply with local regulations without incurring any significant environmental penalty incidents To continue to pass the ISO 14001 EMS certification every year
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> Every year, an independent third-party organization is commissioned to conduct wastewater quality testing. The Shenzhen plant undergoes the testing once a month and the Jiujiang plant twice a year. Annual data on GHG emissions, water consumption, energy consumption, and total weight of waste are evaluated, so as to establish policies regarding energy saving and carbon reduction, GHG reductions, water conservation, and waste management. The supplier policy incorporates restrictions on the use of substances (RoHS, REACH) to reduce environmental pollution right from the source of products. Annual financial assessments are conducted to evaluate climate change-related risks and opportunities, thereby pre-determining relevant response strategies and measures.
Annual Actions and Achievements	<ul style="list-style-type: none"> In 2022, total energy consumption was 121,576,637 million joules, marking a 38.4% decrease compared to the previous year. This decline was primarily due to environmental factors, which led to a significant drop in production and a subsequent decrease in energy consumption. In 2022, the total amount of waste generated was 497.291 metric tons, of which 118.029 metric tons were classified as hazardous waste and 379.262 metric tons classified as non-hazardous waste. All the waste was outsourced for off-site disposal, with a 100% rate of hazardous waste transfer and recycling. In 2022, the GHG emissions from the Shenzhen plant were as follows: Scope 1 emissions were 281.42 metric tons and Scope 2 emissions were 14,789.39 metric tons, totaling 15,070.81 metric tons. The Company's annual total water consumption in 2022 was 275.60 million liters, a 2.24 million liters decrease from the previous year. This decrease was mainly due to delayed inventory clearance by most customers, resulting in reduced product demand, which in turn led to decreased production and water consumption. In 2022, Airmate conducted wastewater quality tests through an independent third-party organization, with all test results meeting applicable regulatory standards. In 2022, Airmate had no incidents of pollution leaks resulting in production

	<p>shutdowns or resident protests, nor was there any significant environmental fines imposed on the Company.</p> <ul style="list-style-type: none"> ● Airmate is committed to achieving energy and carbon reduction goals through on-site energy-saving measures, improvements in production processes, updates to production equipment, and reducing carbon emissions from commuting. ● Airmate implements various waste reduction measures, including setting up recycling bins, outsourcing manual sorting of domestic waste, enhancing hazardous waste recycling and disposal, and saving paper, to properly manage waste.
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Airmate's Environmental Protection Philosophy

Airmate is dedicated to environmental protection in line with the initiative of sustainable operation, With a special focus on global environmental protection trends and its corporate social responsibility. By complying 100% with local environmental regulations of each operating location, the Company helps promote a greener world.

1. Eradicate and prevent environmental pollutions
2. Fully observe and enforce the requirements of environmental laws and regulations
3. Dedicated to promoting the idea of environmental protection and serving as a green ambassador for the environment.

Airmate has implemented the ISO 14001 EMS in 2019, following the PDCA management cycle. By adopting the perspective of product life cycle, Airmate aims to enhance resource efficiency in its operational and production processes, control environmental risks through necessary preventive measures, and minimize harm to the environment. This commitment reflects Airmate's continuous efforts to improve its environmental performance. In 2022, no incidents of violating environmental regulations occurred.

The Company actively makes R&D investment to develop energy-saving products, as well as incorporates energy-saving and emission-reducing equipment in our production process. Dedicated to environmental protection, we adhere to the philosophy of sustainable business. Not only do we prioritize environmental protection within our own operations, but we also require suppliers to comply with restrictions on hazardous substances and regulatory requirements such as the EU RoHS and REACH directives. This includes limiting the use of harmful substances in supplier products, such as raw materials, packaging materials, and supplementary materials. Suppliers are required to submit test reports to Airmate to occasionally apply for SGS certification applications. This ensures that our products pose minimal risks to consumer health and safety.

▼ Airmate's Shenzhen and Jiujiang plants have both passed the ISO 14001 EMS certification, embodying our commitment to creating an environmentally-friendly green enterprise.



Risks and Opportunities Posed by Climate Change

In order to address the operational risks brought by climate change to the industry, we refer to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), identifying potential risks and opportunities posed by climate change through the four core elements of Governance, Strategy, Risk Management, and Metrics and Targets. With this understand of climate-related impacts on Airmate's operation, we can pre-establish relevant response strategies and measures to prevent the risks and damages posed by climate change.

▼TCFD core elements and financial disclosures

Core Element	Action Plan
Governance	The General Affairs Department is responsible for convening relevant units to annually assess and confirm the potential impact of each risk issue on both internal and external aspects of the organization, including the identification and evaluation of climate change risks and the response to climate impacts. The Company also holds regular meetings every year to prioritize sustainable development initiatives, including issues related to climate change, and fulfills its corporate social responsibility through concrete actions.
Strategy	The Company identify physical and transitional risks and opportunities based on business types and operational conditions, actively promoting environmental policies. In response to environmental impacts caused by global climate change and the greenhouse effect, energy-saving and carbon-reduction measures and goals have been established, encouraging energy management, waste reduction, and green procurement (namely purchasing products with the energy label or green mark) in offices and public areas.
Risk Management	In order to identify and assess potential major impacts or risks of current and future activities, products, and services on sustainable operations, the General Affairs Department conducts periodical assessments of organizational risks, including the assessment of climate change conditions as a foundation for formulating policies and setting goals. In the future, the risk assessment mechanism recommended by the TCFD will be introduced as well to evaluate specific climate-related issues, thereby understanding potential financial impacts and adopting relevant response strategies.
Metrics and Targets	In order to mitigate climate-related risks and impacts and hit green-energy and carbon-reduction targets, metrics are used to manage climate-related risks and opportunities. Airmate has long been implementing energy-saving and carbon-reduction measures. The main measures are as follows: <ol style="list-style-type: none"> 1. Power usage: Purchase lighting products with the energy label or green mark; turn off the air conditioning and lighting when meeting rooms are empty; and leave only essential lighting on in the office and public areas during lunch breaks. 2. Water resources: Promote water conservation; regulate the water flow rate of public restroom sinks; and prioritize the use of water faucets and toilets with the water efficiency label when replacing old equipment. Also, regularly inspect water pump motors, water towers, faucets, and other water pipe connectors for leaks in walls or underground pipes; and establish procedures for controlling water pollutants to reduce the negative impact of wastewater discharge on the environment. 3. Waste: Establish toxic waste management indicators and paper saving rules, and actively promote waste reduction policies. 4. GHG: The data on GHG inventory of the Shenzhen plant show that in 2022, Scope 1 emissions were 281.42 CO₂ e/ton and Scope 2 emissions were 14,789.39 CO₂ e/ton.

▼Climate-related risks and financial impacts

Type	Climate-related Risks	Duration of Impact	Potential Financial Implications	Response Actions
Transitional Risks	Policies, laws and regulations	long-term	<ul style="list-style-type: none"> ● In view of the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM), the implementation of China's emissions trading scheme, and the passage of Taiwan's Climate Change Response Act, operating costs may increase due to the impact of carbon border taxes and carbon fees. ● In response to Taiwan's GHG reduction and management regulations, costs will inevitably increase due to the need to improve energy efficiency across operating locations, expand the installation capacity of renewable energy devices, and purchase renewable energy certificates. 	<ul style="list-style-type: none"> ● The ISO 14001 EMS has been introduced and effectively manages the environmental impact of operational processes and product manufacturing processes. ● Following the ISO 14064-1 requirements for GHG Inventory, we continue to identify the Company's carbon emission hot spots, effectively driving the reduction of GHG emissions.
	Technologies	mid-term	<ul style="list-style-type: none"> ● Restrictions imposed by regulations and initiatives necessitate the development of low-carbon technologies to reduce carbon emissions, leading to increased capital investment. ● Using new, alternative technologies to research and develop practical operation and processes results in additional costs. 	<ul style="list-style-type: none"> ● From the perspective of product life cycle, we strive for low-carbon transformation of our value chain by simplifying manufacturing processes, installing energy-saving machinery, and utilizing material reuse equipment.
	Market	long-term	<ul style="list-style-type: none"> ● With heightened sustainability awareness, customers may opt to purchase lower-carbon products or services on the market and thus affect our revenue. 	<ul style="list-style-type: none"> ● The Company has launched a series of low-carbon electric fans with creative design, particularly the ultra energy-saving fans based on the innovative technology of brushless three-phase DC motors, far exceeding national first-grade energy efficiency standards. In the future, we will continue to develop and design low-carbon products to fulfill consumer needs.
	Reputation	long-term	<ul style="list-style-type: none"> ● Collaborating with suppliers that have high carbon emissions and pollution levels may affect our customer trust. ● Low climate resilience may affect the confidence of investors and stakeholders in the Company. 	<ul style="list-style-type: none"> ● We select partners by environmental standards and strictly require suppliers to comply with relevant environmental regulations, such as the EU's RoHS and REACH directives, so as to build sustainable supply chains. ● By incorporating green elements into the design, production, logistics, and sales processes, we aim to reduce carbon emissions and transform the Company into a green enterprise of small home appliances, enhancing our organizational resilience in addressing climate risks.
Physical Risks	Immediate risks	short-term	<ul style="list-style-type: none"> ● Climate factors may lead to decreased production capacity and reduced revenue. For example, transportation failure may cause supply chain disruption, and factory damage may lead to production shutdown. ● Factory buildings and equipment at operating locations may be damaged due to climate disasters. ● Decreased productivity due to employee absenteeism may lead to declined revenue and increased costs in occupational health and safety. 	<ul style="list-style-type: none"> ● Regularly monitor and manage climate risks at each operating location, and stay updated on the dynamics of immediate climate risks to effectively reduce potential climate risks for operating location and suppliers.
	Long-term risks	long-term	<ul style="list-style-type: none"> ● Increased average temperature has led to increased usage of air conditioning at operating locations, causing electricity costs to rise with each year. 	<ul style="list-style-type: none"> ● Implement energy-saving measures at each plant to increase energy efficiency, and implement green procurement across operating locations by purchasing energy-saving products with the green mark.

▼Climate-related opportunities and financial impacts

Type	Climate-related Opportunities	Potential Financial Implications	Response Actions
Resource Efficiency	<ul style="list-style-type: none"> ● Paper and waste recycling and reuse ● Switch to process equipment with higher efficiency ● Increase water efficiency 	<ul style="list-style-type: none"> ● Reduce expenses on consumable supplies ● Reduce power consumption and carbon emissions ● Reduce water costs 	<ul style="list-style-type: none"> ● Realign and transform the value chain process to enhance product manufacturing efficiency and reduce energy consumption in our operations. ● Develop environmental control processes and management regulations, such as waste disposal site management regulations and paper saving regulations, so as to maximize resource efficiency.
Energy Sources	<ul style="list-style-type: none"> ● Offices begin to partly use solar power generation equipment. 	<ul style="list-style-type: none"> ● Solar panels are installed on buildings to power part of the lighting for the purpose of power cost reduction. 	<ul style="list-style-type: none"> ● Solar panels may be installed on plant roofs for self-use in the future, so as to reduce the carbon emissions from coal-fired power generation.
Product Services	<ul style="list-style-type: none"> ● Research and develop new, alternative technologies 	<ul style="list-style-type: none"> ● While the exploration of new technologies at the early stages requires additional costs, the development of low-carbon products helps the Company enhance future competitiveness and attract potential interested corporate partners. 	<ul style="list-style-type: none"> ● Based on our technological design advantages, we design products with higher durability in terms of appearance and application. This ensures that our products do not need to be replaced in a short period of time due to outdated styles or product wear and tear, thereby minimizing electronic waste generation.
Market	<ul style="list-style-type: none"> ● Launch energy-efficient products 	<ul style="list-style-type: none"> ● Our alignment with current trends may well enhance brand image and boost sales and profits. 	<ul style="list-style-type: none"> ● We have cultivated energy-saving product lines for many years and have introduced the advanced energy-saving motor technology in line with consumer expectations for low-carbon products.
Resilience	<ul style="list-style-type: none"> ● The integration of climate-related risks and response strategies can enhance the Company's overall resilience. 	<ul style="list-style-type: none"> ● By enhancing business resilience, we can mitigate climate-related losses and minimize supply chain disruptions. 	<ul style="list-style-type: none"> ● We incorporate environmental factors into the Company's overall business strategy and include climate risks in the risk management process, so as to identify risks and opportunities posed by climate change and take different response measures, effectively enhancing our organizational resilience.

Energy Management

Airmate is fully aware of the various risks and impacts caused by climate change, therefore making a continuous effort to reduce energy consumption. We keep up with the ISO 50001:2018 Energy Management System and follow the PDCA model to improve energy utilization and management and also establish energy policies and goals. At the same time, we also consider how to increase the proportion of green energy in the future.

We have conducted energy statistics and management for the Shenzhen and Jiujiang plants, analyzing energy consumption and formulating various energy-saving and carbon reduction measures. In 2022, total energy consumption was 121,576,637 million joules, marking a 38.4% decrease compared to the previous year. This decline was primarily due to environmental factors. Due to the ongoing pandemic in the first half of the year, factors such as order volume decline and delayed inventory clearance by customers result in low product demand, which led to a significant drop in production and a subsequent decrease in energy consumption. Nevertheless, through proper operational management and process technology research and development, we will continue to reduce energy consumption and GHG emissions.

▼ Airmate energy consumption data for the past three years

Year	2020	2021	2022
Power Consumption (Unit: Kilowatt-hours, kWh)	36,260,060	54,897,797	33,771,288
Energy Consumption (Unit: kWh, MJ)	130,536,216	197,632,069	121,576,637

Note:

1. The data calculation scope includes Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd.
2. The source of energy data is purchased electricity. Calculation formula for purchased electricity: 1 kWh = 3.6 MJ.
3. The energy data disclosed in the previous year was calculated for Airmate Electric (Shenzhen) Co., Ltd. However, there was an error in the data calculation scope, which included both Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd. So this year's information has been recompiled to update the energy data for 2020 and 2021.

▼ Airmate's Shenzhen plant has obtained the ISO 50001 EMS certification, while the Jiujiang plant is expected to progressively introduce the EMS and obtain certification in the future.



GHG Emissions

In order to fulfill our responsibilities as global citizen, Airmate actively discloses information on GHG emissions, and also conducts a GHG inventory at the Shenzhen plant to calculate the total emissions. In 2022, the GHG emissions from the Shenzhen plant were as follows: Scope 1 emissions were 281.42 metric tons and Scope 2 emissions were 14,789.39 metric tons, totaling 15,070.81 metric tons. Due to the then ongoing pandemics, the delayed inventory clearance by customers led to a decrease in our order and production volume, so the GHG emissions were significantly reduced. Specifically, Scope 1 emissions were decreased by 52.73% and Scope 2 emissions were decreased by 25.03% from the previous year. Overall, the GHG emissions in 2022 marked an annual decrease of 25.84%.

Due to the temporary use of the Shenzhen plant as the boundary for GHG emissions inventory in 2022, which is different from the revenue boundary of this report, the GHG emission intensity is not calculated. The scope of GHG inventory across operating locations will continue to be expanded, so that Airmate's overall GHG emissions can be accurately assessed, progressing towards the environmental goal of energy-saving and carbon reduction.

Additionally, Airmate is also concerned about air pollution issues and has developed the Control Procedures for Air Pollutants to regulate waste gas emissions at each operating location. Not only did the Company purchase waste gas treatment facilities, but it also planned the management responsibilities and pollution control measures for each department regarding waste gas emissions, effectively reducing its external impact on the environment.

▼ Airmate's GHG Emissions at Shenzhen plant for the past three years (Unit: tonCO₂e)

Year		2020	2021	2022	
Scope 1 Direct Emissions	stationary combustion emissions	natural gas	693.66	595.35	281.42
		liquefied petroleum gas			
	mobile combustion emissions	diesel			
		gasoline			
Scope 2 Indirect Emissions from Energy	purchased electricity	20,979.90	19,727.56	14,789.39	
Total GHG Emissions		21,673.56	20,322.91	15,070.81	

Note:

1. The data calculation scope includes Airmate Electric (Shenzhen) Co., Ltd.
2. The conversion coefficient is sourced from the China Energy Statistical Yearbook.
3. The operational control method was used for aggregating GHG emissions.
4. The method for calculating the GHG emission volume of different energy sources is to respectively multiply the energy consumption volume by the corresponding carbon emission coefficient.
5. As required by the Shenzhen City government's GHG quantification report, the Company has selected the years 2018 to 2020 as the baseline years for the initial compilation of GHG inventories. The GHG carbon emissions were 27,678 metric tons CO₂e in 2018, 24,700 metric tons CO₂e in 2019, and 21,673.56 metric tons CO₂e in 2020.

Energy saving and carbon reduction

With the ongoing increase in global population, environmental pollution and destruction have become increasingly severe, making global warming an issue of concern for everyone. Driven by the concept of ESG governance, energy saving and carbon reduction have become a collective goal to be achieved globally. Airmate has introduced various environmentally-friendly home appliances in line with the energy-saving and carbon reduction policy, and also has established energy management regulations to implement on-site energy-saving measures in factories, putting the goal of energy-saving and carbon reduction into effect.

▼ Airmate's energy-saving and carbon-reducing action plans

Action Plan	Proposal
On-site energy-saving measures	Progress towards the energy-saving goal by implementing regulations for conserving electricity, water, and paper
Production process improvements	Oversee the material usage in the production and management departments to prevent material losses caused by unreasonable or incorrect operations; analyze various factors that may lead to material wastage while periodically updating each production department's production loss rate indicators
Updates to production equipment	Develop energy-efficient products and use production equipment that promotes energy conservation, emission reduction, and material reuse, so as to effectively utilize energy, minimize waste generation, and promote environmental protection
Reduction of commuting carbon emissions	Provide 251 on-site dormitory rooms and offer housing subsidies; encourage factory employees to live in the staff accommodation to reduce commuting time and carbon emissions

Water Stewardship

The U.S. think tank World Resources Institute observes in a 2019 report that a quarter of the world's people from 17 countries are facing a crisis of water scarcity and drought. The UN's data also indicates that by 2030, nearly half of the global population's residential areas may face water shortage. It is thus crucial to address the climate-related water shortage crisis in many regions around the world. The Company places an emphasis on the disclosure of water consumption. In 2022, Airmate's annual total water consumption was 275.60 million liters, marking a 2.24 million liters decrease from the previous year. This decrease was mainly due to the then ongoing pandemic in the previous year. The delayed inventory clearance by most customers resulted in reduced product demand, which in turn led to decreased production and water consumption.

To mitigate significant water-related impacts in Airmate's value chain, wastewater treatment systems have been installed in both Shenzhen and Jiujiang plants. The majority of treated wastewater is recycled for on-site toilet flushing, while a small portion is discharged into the city's wastewater network. Besides establishing procedures for controlling water pollutants and clearly defining departmental responsibilities in wastewater treatment, we also have employees assigned by the HR Department to engage in wastewater pollution control and management. These employees undergo training and assessment by the Environmental Protection Department. Additionally, Airmate conducted wastewater quality testing through an independent third-party organization, with the Shenzhen plant undergoing the testing once a month and the Jiujiang plant twice a year. In 2022, all test results met applicable regulatory standards. In the future, we will continue to reduce the impact of wastewater discharge on the environment, so as to maintain water quality and provide a high level of protection for the ecosystem.

▼ Airmate's water consumption in the past three years

Year	2020	2021	2022
Water Consumption (Million Liters)	282.97	277.84	275.60

▼ Airmate' discharge water quality monitoring results

Plant	Test Item	Unit	Local Regulatory Standard	Test Result
Shenzhen Plant	pH	-	6~9	7.60
	chemical oxygen demand	mg/L	80	10.25
	petroleum products	mg/L	2.0	0.17
	total phosphorus	mg/L	1.0	0.04
	total nitrogen	mg/L	20	8.20
	ammonia nitrogen	mg/L	15	0.33
Jiujiang Plant	total zinc	mg/L	1.0	0.04
	chemical oxygen demand	mg/L	500	99.12
	ammonia nitrogen	mg/L	25	16.00
	total phosphorus (industrial sewage)	mg/L	0.5	0.35
	total phosphorus (domestic sewage)	mg/L	-	1.90
	pH	mg/L	6~9	7.50~7.60
	suspended matter	mg/L	400	31.50
	five-day biochemical oxygen demand	mg/L	300	30.42
	anionic surfactant	mg/L	5.0	0.14
	petroleum products	mg/L	5	ND(0.06)
	zinc	mg/L	2.0	0.46
	animal and vegetable oils	mg/L	100	3.29

Note:

1. The water quality data in the above table were all analyzed based on samples collected from the factory site by a qualified inspection company. The emissions data were averaged from the reported test results and rounded to the second decimal place.
2. ND (detection limit) indicates that the test result is below the method detection limit or instrument detection limit.
3. The Jiujiang plant's discharge substance testing adhered to the Comprehensive Wastewater Discharge Standards (GB8978-1996), with the total phosphorus in industrial sewage complying with the first-level turbidity limit requirements, the total phosphorus in domestic sewage complying with the third-level turbidity limit requirements, and all the other test items complying with consistent water quality standard requirements and being averaged.

Waste Management

In 2022, the Airmate-generates industrial waste included paper, iron, plastic, and sludge, totaling 497.291 metric tons, of which 118.029 metric tons were hazardous waste and 379.262 metric tons were non-hazardous waste.

Airmate adheres to the principle of circular economy, implementing the 4Rs (Reduce, Reuse, Recycle, Recovery) as the foundation for waste generation and management. The Company has formulated different waste management procedures to classify and dispose of the waste in accordance with standard procedures, with 100% of its hazardous waste entrusted to waste treatment institutions recognized by local government for removal or recycling. Also, there is ongoing establishment of strict control and audit mechanisms for waste disposal and qualified vendors selection, so as to ensure that the waste flow is proper and legal. In 2022, Airmate had no incidents of pollution leaks resulting in production shutdowns or resident protests, nor was there any significant environmental fines imposed on the Company.

In the future, we will continue to promote source reduction and waste recycling and reuse within the factory. By leveraging the collective effort made by the entire supply chain, we relentlessly reduce raw material usage and minimize the environmental impact of production, implementing the concept of circular economy through innovative environmental protection projects. It is noted that the waste generated during the Company's production process consists mainly of wastewater and waste gas, so we have acquired relevant treatment facilities to minimize the potential negative impact on the environment.

▼ Airmate's waste categorized by composition for the year 2022 (Unit: metric tons)

Types of Waste	Waste Item	Jiujiang Plant Output	Waste Item	Shenzhen Plant Output
Hazardous Waste	waste mineral oil	1.277	waste mineral oil	1.95
	waste paint residues	10.065	waste scrapped fabrics	0.16
	residual resin	0.189	waste sulfuric acid	17.326
	waste sludge	26.585	waste sludge	53.337
	waste fluorescent tubes	0.028	waste fluorescent tubes	0.18
	waste toner cartridge and ink box	0.174	waste water paint	0.73
	waste paint can	0.28	waste paint can	0.605
	waste active charcoal	1.687	waste active charcoal	3.456
Subtotal		40.285		77.744
Non-hazardous Waste	paper, iron, plastic, etc.	121.01	paper, iron, plastic, etc.	257.652
			online-monitored waste liquid	0.6
Subtotal		161.295		335.996
Total				497.291

▼ Airmate's waste reduction measures

Measures	Methods
Set up recycling bins and outsource manual sorting of domestic waste	Encourage and promote employee compliance with the office waste sorting rule
Facilitate the recycling and treatment of hazardous waste	Prevent the leakage and discharge of toxic waste that could pollute the environment and establish management indicators, with dangerous waste 100% sent to qualified disposal facilities for recycling in strict compliance with the requirements of environmental protection authorities Strictly implement standardized safety production management and standard operation procedure (SOP) for production, as well as formulate strict KPIs for control, to eliminate production waste
Establish paper-saving regulations	Each department controls the use of paper for documents and forms and regularly calculate the paper usage, so as to ensure paper saving. Also, the paper-saving educational promotion is held to enhance employees' paper-saving awareness. By making the most of management software systems such as ERP, the Company is progressing towards the goal of Paperless Office.

Chapter 5 Social Participation

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Plenty of Diverse Employment Opportunities

Airmate considers employees its most valuable asset and endeavors to create a friendly workplace that facilitates employee happiness, so that employees can unleash their talents, make consistent progress, and find passion in work-life balance. As of the end of 2022, the total number of employees in Airmate's subsidiaries, the Jiujiang and Shenzhen plants, is 2,737 individuals, with approximately 59% being male and 41% female. Specifically, 2,325 individuals are regular employees on indefinite contracts, accounting for 85%, while another 412 individuals are dispatched employees on definite contracts, accounting for 15%. In terms of employee job category, the Production Department comprises the largest portion of our workforce, with 2,139 individuals, making up 78.15% of the total. Regarding job level, there are 67 supervisors and 2,670 general staff members. Airmate is committed to providing employment opportunities for individuals with disabilities. In 2022, a total of 13 individuals with disabilities have been employed, fulfilling the statutory employment quota.

▼ 2022 Information about Airmate's employees and other workers (Unit: individual)

		Male	Female	Subtotal
Employment Contract	Indefinite Contract (Regular)	1,352	973	2,325
	Definite Contract (Dispatch)	261	151	412
	Subtotal	1,613	1,124	2,737
Employment Type	Full-time	1,613	1,124	2,737
	Part-time	0	0	0
	Subtotal	1,613	1,124	2,737
Job Category	Sales Division	153	108	261
	Production Division	1,222	917	2,139
	Management Division	156	81	237
	R&D Division	82	18	100
	Subtotal	1,613	1,124	2,737
Job Level	Supervisor	50	17	67
	General Employee	1,563	1,107	2,670
	Subtotal	1,613	1,124	2,737

Note:

1. The Sales Division consists of the Market Department, the Storage and Transportation Section, and the Finished Products Section.
2. The Production Division includes all departments, except for the Sales Division, Management Division, and R&D Division.
3. The Management Division comprises the General Office, Finance Department, Computer Information Department, HR Department, Operations Control Office, and General Affairs Department.
4. The R&D Division actually is the Engineering Section of the Engineering Department.
5. The supervisory level includes managers/deputy managers and higher-level management personnel.
6. All personnel, except for supervisory staff, are considered general employees.

▼ Changes in the number of Airmate's personnel in the past three years

Personnel Type	2020	2021	2022
Employee	4,308	3,318	2,737
Non-employee	83	77	63
Total	4,391	3,395	2,800

Note:

1. The number of personnel is calculated in terms of headcount (or full-time equivalent, FTE).
2. The statistics were sourced on December 31, 2022.
3. Non-employee personnel: The staff who are not directly employed by the Company but whose work is controlled by the Company, including on-site administrators, infirmary medical personnel, environmental cleaners, and food service providers.

New Employees and Separated Employees

In 2022, there were a total of 1,576 new employees, including 917 male colleagues and 659 female colleagues. In terms of employee retention, there were 2,157 separated employees in 2022, including 1,132 males and 1,025 females. These separations of employment were mainly due to adjustments in the business positioning of operating locations, in which the production center was shifted to the Jiujiang plant. With the rapid expansion of the Jiujiang plant, new employees were struggling to adapt to the factory environment and labor intensity, combined with limited salary competitiveness, leading to increased personnel turnover. Additionally, the Shenzhen plant will be reconfigured as the Operations and Sales Headquarters and will undergo personnel downsizing. In the future, the Company will continue to facilitate work-life balance, enhance managerial capabilities, and offer career development opportunities. Additional mechanisms linking employee performance bonuses to assessments will also be introduced to promote employee retention.

▼ Statistics of total number and proportion of new hires and departures divided by age group and gender

Primary Category	Secondary Category (Age)	Male		Female		Subtotal	
		number	percentage	number	percentage	number	percentage
New Employees	Under 30	534	19.51%	298	10.89%	832	30.40%
	31-40	207	7.56%	184	6.72%	391	14.29%
	41-50	136	4.97%	159	5.81%	295	10.78%
	above 51	40	1.46%	18	0.66%	58	2.12%
New employees subtotal		917	33.50%	659	24.08%	1,576	57.58%
Separated Employees	Under 30	537	19.62%	318	11.62%	855	31.24%
	31-40	377	13.77%	383	13.99%	760	27.77%
	41-50	156	5.70%	298	10.89%	454	16.59%
	above 51	62	2.27%	26	0.95%	88	3.22%
Separated employees subtotal		1,132	41.36%	1,025	37.45%	2,157	78.81%

Note:

1. The formula for calculating the employee percentage is the number of employees in each category divided by the total number of employees at the end of the period.
2. New Hire Rate = Number of new employees in each category / Total number of employees at the end of the period (Total number of employees at the end of 2022 is 2,737).
3. Departure Rate = Number of separated employees in each category / Total number of employees at the end of the period (Total number of employees at the end of 2022 is 2,737).
4. Separated employees refer to employees who voluntarily left the organization, or those who were terminated, retired, or passed away in the line of duty.

Protection of Employee Rights

The Company complies with the regulations of the country where it operates regarding labor unions. After the establishment of the union, regular meetings are held in accordance with the law, and the management is invited to participate to promote labor-management communication. The management representatives listen to and respond to the opinions and requests of the employees, care about their well-being, assist them in overcoming difficulties, and involve them in the development of welfare policies and regulations. Meanwhile, suggestion boxes are established as a channel for employees to file complaints and grievances and managed by dedicated personnel, encouraging employees to offer suggestions as a reference for continuous improvement of company policies.

In 2022, the proportion of total employees covered by the collective bargaining agreement is 100%. The union treats all employees with a proactive and enthusiastic attitude, and adheres to the principles of properly using company property and complying with labor discipline, urging employees to strive to complete production and work tasks. The union must maintain open communication with employees, listen to and reflect their opinions and requests, show concern for their well-being, and assist them in resolving difficulties. Also, the union organizes labor competitions among employees and gathers their reasonable suggestions to promote technological innovation and collaboration activities, aiming to enhance labor productivity, economic efficiency, and overall productivity development. So far, the union members are passionately devoted to doing the job to the best of their ability and creating a win-win situation for both employees and the Company.

▼ An overview of Airmate's labor rights measures

Work Hours	<ul style="list-style-type: none"> Regular employees work eight hours per day and 40 hours per week. In the case of special circumstances requiring overtime, the total daily work hours shall not exceed 11 hours, with a monthly overtime limit of 36 hours. According to the Labor Standards Act, employees who work more than eight hours in a day are entitled to overtime pay, and it is prohibited to force employees to work overtime.
Separation and Retirement Regulations	<ul style="list-style-type: none"> In the case that it becomes necessary to terminate the employment relationship with an employee, the Company adheres to the provisions of Article 16 of the Labor Contract Law, providing advance notice of contract termination and granting severance pay and job-seeking leave.
Labor-Management Agreement	<ul style="list-style-type: none"> Airmate's Shenzhen subsidiary has established a labor union organization and holds regular labor-management meetings every quarter in accordance with Article 83 of the Labor Contract Law. When necessary, ad hoc meetings can be convened to facilitate two-way communication and negotiation on issues related to promoting labor-management cooperation, labor-management relationship coordination, improvement of working conditions, and planning of labor welfare. The Company has signed a collective bargaining agreement with the union committee of Airmate Electric (Shenzhen) Co., Ltd.. The agreement covers 100% of the total number of employees, providing regulations on labor contracts, labor compensation, work hours and rest days, labor conditions, insurance and welfare measures, negotiation procedures, labor safety and health, vocational training, special protection for female workers and underage workers, as well as the system of rewards and punishments. Airmate's Jiujiang subsidiary has established a labor union organization. When necessary, ad hoc meetings can be convened to facilitate two-way communication and negotiation on issues related to promoting labor-management cooperation, labor-management relationship coordination, improvement of working conditions, and planning of labor welfare. The Company has signed a collective bargaining agreement with the union. The agreement covers 100% of the total number of employees, providing regulations on wages and vacation, welfare measures, occupational health and safety, protection of female workers' rights, vocational training systems, and labor dispute mediation.
Significant Operational Changes	<ul style="list-style-type: none"> In 2022, due to organizational adjustments and operational management needs, Airmate transferred the production work of the Paint Section of Shenzhen plant to the Jiujiang plant. Starting from August 1, 2022, the original Shenzhen plant has been reconfigured as the Operations and Sales Headquarters and is undergoing personnel downsizing. Given that the personnel restructuring may cause employment rights infringements and changes in labor conditions, the Company proactively complies with the Labor Standards Act, the Act for Worker Protection of Mass Redundancy, and relevant local regulations, ensuring prior notice before labor contracts are terminated. Specifically, for those who have worked continuously for less than one year, notice should be given 10 days in advance. For those who have worked continuously for one year or more but less than three years, notice should be given 20 days in advance. For those who have worked continuously for three years or more, notice should be given 30 days in advance. Likewise, other major operating locations comply with local labor regulations.

Human Rights Policy

Airmate fulfills its corporate social responsibility by safeguarding the basic human rights of all employees. We recognize and adhere to various international human rights conventions, including the UN's Universal Declaration of Human Rights, Global Compact, and Guiding Principles on Business and Human Rights, as well as the conventions established by the International Labor Organization. We are committed to eradicating any violation of or infringement upon human rights, and we explicitly state our commitment to treating all employees with fairness, justice, and respect. Airmate's human rights policy applies to all operating locations worldwide. The Company complies with local regulations for labor and gender equity, establishes measures for human rights protection and labor policies, and implement relevant measures. In 2022, neither the Company nor its suppliers have experienced significant risks or incidents related to discrimination, child labor, forced labor, or other violations of labor rights.

▼ Airmate's Human Rights Policy

1. **Diversity, Equity, and Inclusion:**

We offer our colleagues a work environment that promotes gender equity and diversity, adhering to the principles of openness and fairness. We do not discriminate against individuals based on their age, gender, disabilities, race, religion, political beliefs, or pregnancy status. We strive to eradicate all forms of forced labor and employment discrimination. We prohibit harassment and respect privacy rights, dedicated to creating an equal, dignified, safe, and fair workplace free from discrimination and harassment.

2. **No Child Labor:**

In compliance with local laws and regulations regarding minimum labor age, we do not employ child labor.

3. **Achieving Minimum Wage:**

We provide our colleagues with wages and benefits that meet or exceed the minimum requirements of local laws and regulations.

4. **Reasonable Work Hours:**

We have established a legal and reasonable hour management plan, regularly monitoring and managing employee attendance.

5. **Health and Safety in the Workplace:**

We value workplace safety and health, aiming for employees to work in a healthy, safe, and caring environment while maintaining their physical and mental well-being. Our goal is to establish a safe and healthy workplace with zero occupational accidents.

6. **Freedom of Association:**

On the premise of compliance with local laws and regulations, the Company respects the rights of employees to freely form associations and establish diverse clubs in accordance with the law, as well as to actively promote participation in these associations among our colleagues.

7. **Labor-management Negotiation**

Airmate holds employee communication meetings regularly through the union to promote company policies, systems, welfare measures, and various activities. In so doing, employees can fully express their opinions and provide feedback to the Company's management team for timely response and assistance.

Pay Level

Airmate offers competitive compensation, with salary standards determined based on job position, professional abilities, educational background, and years of work experience. These standards are adjusted to align with industry market standards, emphasizing equal pay for equal work and ensuring there is no gender-based wage gap in overall compensation.

▼ Pay Ratio between males and females in different job levels at Airmate's subsidiaries over the past three years

Subsidiary	Year	2020		2021		2022	
Shenzhen	Job Level	Male	Female	Male	Female	Male	Female
	Supervisor	2.55	1	2.49	1	2.63	1
	General Employee	1.49	1	1.48	1	1.56	1

Subsidiary	Year	2020		2021		2022	
Jiujiang	Job Level	Male	Female	Male	Female	Male	Female
	Supervisor	1.03	1	1.11	1	1.11	1
	General Employee	1.17	1	1.16	1	1.13	1

Note:

1. Calculation method: Average salary of males in each category divided by average salary of females in each category.
2. Compensation: Namely annual salary, including base salary, meal allowance, year-end bonus, performance bonus, overtime pay, stock dividends, etc. (base salary + job allowance + job subsidy + skill allowance + special allowance + attendance bonus + seniority bonus + stage bonus + performance bonus + meal subsidy + other allowances + overtime wages).
3. The supervisory level includes managers/deputy managers and higher-level management personnel.
4. All personnel, except for supervisory staff, are considered general employees.

▼ Pay Levels of frontline personnel of major operating locations at Airmate's subsidiaries over the past three years (Unit: New Taiwan Dollars)

Subsidiary	Year	Average Standard Wage for Frontline Staff		Average Standard Wage for Frontline Staff / Local Minimum Wage	
		Male	Female	Male	Female
Shenzhen	2020	21,926	19,818	2.34	2.11
	2021	23,812	21,449	2.50	2.26
	2022	22,619	19,977	2.17	1.92

Subsidiary	Year	Average Standard Wage for Frontline Staff		Average Standard Wage for Frontline Staff / Local Minimum Wage	
		Male	Female	Male	Female
Jiujiang	2020	20,324	17,095	3.02	2.54
	2021	23,224	19,920	3.11	2.67
	2022	22,681	20,255	2.97	2.65

Note:

1. The term "key operating location" as defined by the Company refers to the operational boundaries disclosed in this report.
2. The Company ensures that the wages of its employees and other workers are set with reference to the annual Ministry of Labor announcement of the minimum wage, guaranteeing that they are not lower than the minimum wage.
3. Frontline staff: including direct personnel such as technicians, skilled workers, and dispatched operators (with a basic salary at the minimum wage standard).
4. Standard Wage: This includes regular salary such as base salary and attendance bonus (base salary + attendance bonus + meal allowance).
5. Based on the annual average exchange rate of the Bank of Taiwan, the exchange rate of the Chinese yuan for the years 2020 to 2022 were 4.26, 4.32, and 4.41.
6. For the years 2020 to 2022, the minimum monthly wage for the Shenzhen subsidiary was RMB 2,200 (NTD 9,372), RMB 2,200 (NTD 9,504), and RMB 2,360 (NTD 10,408) respectively.
7. For the years 2020 to 2022, the minimum monthly wage for the Jiujiang subsidiary was RMB 1,580 (NTD 6,731), RMB 1,730 (NTD 7,474), and RMB 1,730 (NTD 7,629) respectively.

Comprehensive Benefits Package

Talent is the Company's most cherished important asset. Airmate carefully cultivates, cherishes and cares for every employee, so that employees can achieve a balanced development in work, life and leisure. The Company also upholds profit-sharing and a robust performance evaluation system to craft its compensation policies, ensuring a comprehensive welfare system. Key welfare components encompass bonus structures (encompassing performance bonuses and holiday bonuses/gifts), insurance packages (including endowment insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance, and housing provident fund), recreational offerings (such as company-wide annual events and activities organized by the union), policy provisions (like a one-day off per week, flexible work hours, special leave/annual leave, paternity leave, and parental leave), and support categories (covering wedding/funeral celebration packages, maternity allowances, health check-ups, year-end bonuses, retirement benefits, and employee training), among various others, across these five major categories.

▼ Airmate's employee benefits measures

Five Major Benefits Categories	Benefits Measures
Bonus	<ol style="list-style-type: none"> 1. In-service employees can receive a maximum wedding red envelope of approximately NT\$2,000. 2. Female employees are entitled to a nutrition subsidy of approximately NT\$2,000 for their first childbirth. 3. In the event of the death of a direct relative of an in-service employees, the union provides a condolence payment of approximately NT\$400. 4. For in-service employees who have their birthdays during the month, birthday cakes are offered or birthday celebrations are organized.
Insurance	<ol style="list-style-type: none"> 1. Comply with the labor insurance system of the local government 2. Offer social insurance, housing provident fund, work injury insurance, endowment insurance, medical insurance, unemployment insurance, maternity insurance, etc.
Leisure	<ol style="list-style-type: none"> 1. Organize regular employee trips to promote employee relationship building 2. Organize basketball games, badminton games, table tennis games, fishing competitions, walking events, knowledge contests, Chinese New Year lucky draw, and cultural performances, as well as establish a large employee entertainment facility - Staff Home.
Institution	<ol style="list-style-type: none"> 1. Provide employees with paid annual leave, marriage leave, (paternity) leave, maternity leave, parental leave, bereavement leave, and sick leave in accordance with laws and regulations
Subsidy	<ol style="list-style-type: none"> 1. Provide employees with various subsidies for marriage, funeral, joyous occasions, and celebrations 2. Provide employees with dorminatories rooms and implement classified management, with a total of 3 buildings and 251 rooms 3. Offer clean meals and allow the local union to oversee and review matters related to employee meals 4. Offer various training programs, including training for new employees, on-the-job training (OJT), management training, online training, and management trainee development programs

Retirement System

Airmate complies with local regulations and adheres to the old retirement pension regulations stipulated in the Labor Standards Act. According to the Act, retirement reserves are allocated on a monthly basis and supervised by the Company's Labor Retirement Reserve Supervisory Committee. These reserves are deposited in the Bank of Taiwan under the committee's name, and the committee is responsible for managing income and expenses, as well as custody and utilization. Employees eligible for the new retirement pension system under the Enforcement Rules of the Labor Pension Act will have retirement pension contributions deducted by the Company at a rate of 6% of their monthly salary. These deductions are based on the monthly salary classification table approved by the Executive Yuan and are deposited into the individual retirement pension account established by the employee at the Labor Insurance Bureau. Subsidiaries located within China shall comply with its local laws and regulations. A portion of the total employee salary is allocated to the relevant government department as endowment insurance, which is then deposited into individual employees' independent accounts.

▼ Comparison of Airmate Retirement Pension System with Others

Pension System	The old pension system under the Labor Standards Act	The new pension system under the Enforcement Rules of the Labor Pension Act	The endowment insurance under China's Social Security System
Allocation Method	Retirement reserves are allocated on a monthly basis and supervised by the Company's Labor Retirement Reserve Supervisory Committee, with deposits made in the name of the Committee into the Bank of Taiwan.	The Company deducts retirement pension contributions at a rate of 6% of their monthly salary. These deductions are based on the monthly salary classification table approved by the Executive Yuan and are deposited into the individual retirement pension account.	A portion of the total employee salary is allocated to the relevant government department as endowment insurance, which is then deposited into individual employees' independent accounts.

Airmate recognized an estimated expense of approximately NT\$51.94 million in 2022 for the defined contribution plan. Prior to the end of each fiscal year, Airmate estimates the balance of the retirement reserve account for its employees. If the balance is insufficient to cover the estimated retirement benefits for employees who meet the retirement criteria in the following year, Airmate will make a one-time provision for the shortfall by the end of March of the subsequent year.

Retired employee farewell ceremony

In addition to offering retired employees retirement benefits, Airmate also organizes farewell ceremonies to express gratitude for their hard work and also send them blessings. After retirement, the Company also continues to provide retirement care for former employees, organizing relevant learning activities such as Household Services for employees who are planning to retire or have already retired.

Devoting years to fighting for Airmate marks youthful enthusiasm that lasts forever

On November 18, 2022, Airmate's union held a retirement farewell ceremony for 23 retiring employees. Airmate's Deputy Chairman Tsai, Cheng-Fu also graced the event with his presence to show the highest respect and offer best wishes to the retiring colleagues.

During the ceremony, Tsai led the management team to help each retiring colleague put on a red flower, as well as commemorative badges and souvenirs, expressing gratitude for their significant contributions to the Company's development. We have collectively manufactured countless air fans and other small home appliance products, selling them worldwide. It is our retiring colleagues, the witnesses, participants, and fighters throughout Airmate's 31-year journey, who have made Airmate thrive.

On this day, retired and retiring employees gathered at Airmate's cafeteria, sharing laughter and reminiscing about the cherished moments from their years at Airmate. Confused as they may have been, our colleagues, with youthful vigor and passionate sincerity, have built the Airmate family with their hardworking hands and jointly shaped its future, supporting Airmate throughout its 31-years of ups and downs.


▼ Airmate's colleagues are its greatest asset, deriving satisfaction from their devoted Airmate years, flourishing in youth, and leaving no regrets.



Training and Education

Employees are the cornerstone of a company and the source of its competitiveness. Airmate continually unlocks the personal potential of its employees and enhances their knowledge through the employee development policy and educational training. Furthermore, through collaboration with academic institutions and training organizations, the Company encourages employees to pursue educational advancements and polish professional skills, creating a conducive learning environment in the workplace. This will ultimately improve the overall operational performance of the Company and achieve our business objectives.

▼ Airmate's management status regarding the material topic Talent Development in 2022

Material Topic	Talent Development
Corresponding GRI indicators	Self-defined Topic
Relevant SDGs	
Policies or Commitments	Airmate bases its entrepreneurship on talent development. It provides employee functional training courses from time to time, encourages the employees to share and exchange knowledge internally and externally, and creates a positive working environment.
Indicators and Objectives	<p>Short-term goal: Plan to provide internal and external training courses each year that cater to the diverse skills of our employees.</p> <p>Mid-term goal: Increase the average training hours for the group annually based on market changes and employee needs.</p> <p>Long-term goal: Encourage employees to pursue further education in academic qualifications and professional skills, enhance the competitiveness of both employees and the Company, and create a positive work environment.</p>
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> ● To enhance the competitiveness of our talent, we promote on-the-job training (OJT) by annually developing training course plans through the HR Department.
Annual Actions and Achievements	<ul style="list-style-type: none"> ● In 2022, the total training hours for all our colleagues reached 161,227 hours, with an average of 40.31 hours per person. ● In 2022, the event, Diligence in Advancing Expertise, Competitiveness in Winning Promotion, was organized through cross-departmental efforts to create a facilitative work environment.

Airmate's Six Major Policies for Employee Training

Employee cultivation and development	New employee training	On-the-job training	Management training	Online training	Development of management trainees
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The measures to implement the staff training policy are as follows:

1. **Employee cultivation and development:** In 2022, the total training hours for the group reached 161,227 hours, with an average of 40.31 hours per person. The training courses covered topics such as first aid and disaster prevention training, on-boarding training for new employees, on-the-job skills training, department-specific professional skills, and general management training.
2. **New employee training:** After the new employees join the Company, they will be guided and led by the commissioner of the HR Department. In addition to familiarizing the new recruits with the working environment, it also strengthens their recognition and understanding of the Company. Various departments also organize basic training courses for new recruits to help them acquire essential job-related knowledge. This training includes topics such as company introduction, the organizational structure, the employee handbook, environmental protection, quality and environmental policies, company rules and regulations, salary and benefits, education and training, performance appraisal, production safety and health, 6S, quality assurance, and various related systems.
3. **On-the-job training (OJT):** The HR Department creates a training course plan for the upcoming year at the end of each year. The plan encompasses both internal and external training courses for the Company. Internal training courses can be conducted by in-house instructors or external experts hired for specific topics, including professional skill knowledge and techniques, machine operation, and more. For the external training part, professional institutions will be appointed to assist in the training as required.
4. **Management training:** The Company arranges various management skills training for each level of executives according to their characteristics, and establishes a team's common vision and business consensus.
5. **Online training:** The Company's WeChat office platform features an online training system accessible to all company employees upon registration. The courses are designed to cater to various position-specific needs and are categorized into management, technology, finance, information, quality control, and more.
6. **Development of management trainees:** To meet the Company's talent needs and enhance personnel quality continuously, creating business pioneers aligned with the Company's requirements and professionals who embrace the Company's culture, industry-university collaboration will establish a talent pipeline to ensure the Company's future sustainable development.

▼ Airmate Employee Training in 2022

Job Level	Calculation Method	Male	Female	Subtotal
Supervisor	Total Number of Employees during the Reporting Period (A1)	50	17	67
	Training Hours during the Reporting Period (B1)	3,393	1,281	4,674
	Average Training Hours during the Reporting Period (B1/A1)	67.86	75.35	69.76
General Employee	Total Number of Employees during the Reporting Period (A2)	2,228	1,705	3,933
	Training Hours during the Reporting Period (B2)	95,322	61,231	156,553
	Average Training Hours during the Reporting Period (B2/A2)	42.78	35.91	39.80
Total	Total Hours during the Reporting Period (Q)	98,715	62,512	161,227
	Total Number of Employees at the End of the Reporting Period (R)	2,278	1,722	4,000
	Average Training Hours per Employee (Q/R)	43.33	36.30	40.31

Note:

1. The total number of employees is calculated based on the number of training sessions attended by all employees during the reporting year (including training sessions attended by employees who have become regular employees but have since left the Company, as well as training sessions attended by newly hired employees at the time of the statistics).
2. The training hours during the reporting period include the education and training hours for new employees.

▼ Airmate's Employee Training Courses in 2022

Training Category	Course	Training Category	Course
New Employee Training	<ul style="list-style-type: none"> • New employees (including non-regular workers and dispatched employees) 	Levels 2 and 3 Training	<ul style="list-style-type: none"> • Training for department transfers and personnel in special positions
Internal Training	<ul style="list-style-type: none"> • R&D personnel development training • On-site first aid training • Product and project management training camp • Training on the new middle-class consumer model • Digital intelligence empowers business development • Fire evacuation and extinguishing • Part-time firefighter training • Electric stacker training • Elevator safety management personnel training • Safety regulations knowledge training • Humanized management 	External Training	<ul style="list-style-type: none"> • Specialization and Innovation: Enhancing the capabilities of small and medium enterprises • Training program for enhancing corporate intellectual property protection and efficiency management capability • Analysis of guiding cases on labor disputes by the Supreme Court and best practices for compliance management • Compliant path for salary payment management • The Special Equipment (Elevator) Manager certificate • Elevator operator and maintenance technician training • On-site first aid training • Forklift driver training • Notice of safety training for hazardous chemical enterprises in the Jiujiang Economic Development Zone

Enhancing Education and Professional Skills

In response to market competition trends, high-quality talent has become a crucial pillar for our business development. Since 2009, Airmate has collaborated with academic institutions and training organizations to encourage employees to participate in learning, improve their educational qualifications, and enhance their professional skills, thereby increasing the competitiveness of both the Company and its employees. The Company also awards bonuses to recognize outstanding employees, encouraging them to continue learning and enhance their knowledge and skills outside of work. This effort aims to create a conducive learning environment, effectively cultivate high-quality talent, and enhance the Company's competitiveness.

The Company places great emphasis on talent training and application, and has established a comprehensive three-tier education and training system. The HR Department regularly monitors the implementation of training and learning. The Dream Fulfillment program aims to assist employees in enhancing their educational qualifications while working, enabling them to achieve their dreams. It encourages employees to strive for self-improvement through continuous learning on their job positions. Furthermore, for those who obtain relevant certificates that are beneficial to their work, corresponding certificates and skill subsidies will be issued. Multiple channels will be utilized to carry out training and educational activities. Airmate is equipped with training classrooms, reading rooms, and multimedia computer classrooms, encouraging employees to engage in various training courses through online and offline channels. At the same time, we organize knowledge and skills competitions for all employees, aiming to promote learning through competition and enhance the quality of our workforce.

▼ Assistant Manager Li of the HR Department presented awards to the outstanding employees for the year 2022.





▼ In 2022, the event, Diligence in Advancing Expertise, Competitiveness in Winning Promotion, was organized through cross-departmental efforts to create the workplace culture of Dedication to the Job Leads to Success in the Position.



Occupational Safety and Health

▼ Airmate's management status regarding the material topic Occupational Safety and Health in 2022

Material Topic	Occupational Safety and Health
Corresponding GRI indicators	GRI 403-1 Occupational health and safety management system GRI 403-5 Worker training on occupational health and safety GRI 403-6 Promotion of worker health
Relevant SDGs	 
Policies or Commitments	Airmate adheres to the principles of the occupational safety and health management system, complies with occupational safety laws and regulations, reduces the risk of employee accidents, and fosters an optimal work environment.
Indicators and Objectives	Short-term goal: To continue to maintain the ISO 45001 certification for occupational health and safety management system Mid-term goal: To increase the number of participants and training hours in occupational safety training, effectively reducing the frequency of occupational accidents Long-term goal: To continue to organize annual safety knowledge competitions, fire drills, evacuation exercises, and other related activities to enhance employee awareness of prevention
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> ● Implement the Occupational Health and Safety Management System (ISO 45001) ● Identify and assess potential risks and establish preventive mechanisms by following the Airmate Code of Conduct
Annual Actions and Achievements	<ul style="list-style-type: none"> ● In 2022, the occupational safety training for all our colleagues was attended by a total of 10,514 individuals with a cumulative total of 21,348.5 hours of training time. ● In 2022, Airmate's Jiujiang plant and Shenzhen plant respectively held a safety knowledge competition to enhance the safety awareness and self-protection abilities of our colleagues. ● In 2022, Airmate's Jiujiang plant and Shenzhen plant respectively held a firefighting and evacuation drill to increase the fire safety awareness of our colleagues. ● In June 2022, Airmate's Shenzhen plant and in July 2022, its Jiujiang plant respectively mobilized their employees to conduct firefighting and evacuation drills. ● In 2022, the General Affairs Department and Safety Committee of Airmate's Shenzhen subsidiary were honored as the National (Shenzhen) Excellent Foreign-Invested Enterprise, Shenzhen Excellent Enterprise in the National Safety Cup Competition, and Outstanding Individual in the areas of safety culture construction and environmental protection construction.

Airmate has implemented a comprehensive occupational health and safety management framework in our main production facilities in Shenzhen and Jiujiang, China. We have obtained ISO 45001:2018 certification for our occupational health and safety management system. Through the principles of planning, execution, auditing, and action, we aim to prevent accidents, promote employee health and safety, and protect company assets. Airmate is committed to actively creating a safe working environment, preventing occupational injuries and illnesses, and maintaining the physical and mental health of employees. We also aim to deepen the awareness, responsibility, and culture of environmental safety and health among all employees.

1. **Hardware Facility Safety and Health Management:** In addition to complying with environmental, safety, and health regulations and internal standards during factory construction and expansion, Airmate also establishes safety control procedures for new machinery, raw materials, machine installation approval, modification of safety rules, and earthquake-resistant facilities.
2. **General Safety Management, Training, and Audit:** Airmate holds regular monthly meetings of the Environmental Protection, Safety, and Health Committee, while also implementing various preventive measures such as high-risk operation management, personal protective equipment requirements, and safety audit management. In addition, the Company continues to implement comprehensive disaster response procedures and regular drills in order to minimize the social and environmental impact of employee and company asset losses. In 2022, the drills were attended by a total of 10,514 individuals with a cumulative total of 21,348.5 hours of training time.

Airmate has established the Airmate Code of Conduct, which includes guidelines for occupational safety, emergency preparedness, occupational injuries and diseases, industrial hygiene, physical labor, machine protection, and health and safety information. By identifying and assessing potential risks and implementing preventive measures, we ensure the health and safety of our employees and the work environment. Regular training is conducted to enhance employee safety awareness.

Occupational Safety	<ul style="list-style-type: none"> ● Comply with regional work safety requirements ● By implementing appropriate design, engineering and administrative controls, protective maintenance, safe operating procedures, and ongoing safety training, we can identify, assess, and control safety hazards in the workplace. ● Provide employees with appropriate protective equipment ● Take appropriate measures to keep pregnant women or employees with breastfeeding needs away from highly hazardous work environments
Emergency Readiness	Evaluate potential emergency incidents and mitigate their impact through emergency plans and contingency procedures, including emergency reporting, employee notifications, evacuation procedures, employee training, drills, appropriate fire detection and suppression equipment, unobstructed exits, adequate evacuation facilities, and post-disaster recovery plans
Occupational Injuries and Occupational Diseases	Develop procedures and systems to prevent, manage, track, and report occupational diseases and industrial illnesses, including encouraging employees to report, classifying and documenting cases, providing necessary treatment, investigating cases, implementing corrective measures to eliminate them, and assisting employees in returning to their work positions
Industrial Hygiene	<ul style="list-style-type: none"> ● Reduce potential risks by implementing design, engineering, and administrative controls; evaluate and monitor the impact of employees' exposure to chemical, biological, and physical agents ● Provide employees with appropriate protective equipment
Physical Labor Work	Identify, evaluate, and manage the impact of employees engaging in physical labor work
Mechanical Protection	Evaluate and prevent hazards caused by machinery equipment; provide employees with physical protective devices, interlocking devices, and safety barriers
Health and Safety Information	<ul style="list-style-type: none"> ● Conduct occupational health, safety, and training; identify hazardous conditions in the workplace ● Health and safety information should be prominently displayed and made available in the workplace. Regular training sessions should be provided both before and after work.

Occupational Safety and Health Education and Training

In order to enable employees to work in a healthy and safe working environment, Airmate regularly organizes occupational safety training for new employees and contracted workers, as well as refresher training for existing employees, to ensure that employees acquire the necessary safety knowledge for their work. To prevent the recurrence of similar accidents, the Company also conducts regular accident education and training. Through accident investigation and analysis, we gain an understanding of the root causes of accidents, reduce occupational accidents, and enhance employee health and safety. Furthermore, we have organized multiple fire safety trainings, including safety knowledge competitions, fire evacuation drills, and fire extinguishing exercises, to enhance employees' self-protection abilities. As a result, we have been honored with the prestigious Regional Outstanding Enterprise Award. In 2022, the occupational safety training for all our colleagues was attended by a total of 10,514 individuals with a cumulative total of 21,348.5 hours of training time.

▼ Airmate 2022 Personnel Occupational Safety and Health Training

Personnel Type	Training Type	2022 Training Programs	Course Hours	Number of Trainees	Total Training Hours
New Employees	General Training	Production Safety and Occupational Health Education	2.5	2,700	6,750
	General Training	Safety Education	1	4,901	4,901
	Specific Training	Specialized Job Training	16	24	384
In-service Employees	General Training	Production Safety and Occupational Health Education	2.5	2,122	5,305
	Specific Training	Specialized Job Training	16	188	3,008
	Specific Training	Fire Safety	1	460	460
Service Contracting Company	General Training	Production Safety and Occupational Health Education	2.5	101	252.5
	Specific Training	Specialized Job Training	16	18	288
Total			57.5	10,514	21,348.5

Safety knowledge competition

In order to promote awareness of safety production laws and regulations, emergency response skills, and prevent major accidents, Airmate's Jiujiang subsidiary hosted the fifth knowledge competition, Safety and Health Cup, in September 2022. Similarly, Airmate's Shenzhen subsidiary organized the third safety knowledge competition, Strength and Safety Cup, in December 2022. Through these competitive events, supplemented by diverse safety knowledge learning, a broad dissemination of safety production knowledge has occurred. This has significantly enhanced employees' awareness of safety production and their self-protection capabilities, ultimately contributing to the improvement of the Company's safety culture and brand promotion efforts.

▼ Airmate's Shenzhen subsidiary awarded first, second, third, and excellent prizes in its third Strength and Safety Cup safety knowledge competition to acknowledge outstanding performances.



▼ Airmate's Jiujiang subsidiary awarded prizes in its fifth Safety and Health Cup safety knowledge competition to recognize outstanding participants.



▼ Airmate's Shenzhen subsidiary conducted an evaluation and reward program for the Zero-accident Department in 2022



In 2022, the General Affairs Department and Safety Committee of Airmate's Shenzhen subsidiary were honored as the National (Shenzhen) Excellent Foreign-Invested Enterprise, Shenzhen Excellent Enterprise in the National Safety Cup Competition, and Outstanding Individual in the areas of safety culture construction and environmental protection construction.



Fire evacuation and extinguishing drills

Airmate implements fire safety measures with a prime focus on fire prevention, as well as promotes the idea of Fire Prevention is the Best Firefighting, emphasizing that everyone is accountable for minimizing unseen fire hazards. With this in mind, in June 2022, Airmate's Shenzhen plant and in July 2022, its Jiujiang plant respectively mobilized their employees to conduct firefighting and evacuation drills. To ensure the safety of employees and company property, it is important to educate all staff members on the basics of fire prevention, enhance their awareness of safety measures, strengthen their self-protection abilities, and equip them with the necessary skills to respond to and escape from sudden fires. Additionally, they should be trained in fire extinguishing techniques and the orderly evacuation of personnel and assets. This will help safeguard the lives of employees and the security of company assets.



Fire safety training

Fire safety is the top priority in business operations, and both full-time firefighters and part-time firefighters are participants in the fire prevention efforts of the organization. By organizing training for part-time firefighters, the fire safety awareness and emergency rescue skills of the part-time firefighters have been enhanced, achieving the goal of disaster reduction, rescue, and elimination.



Health Promotion and Care

We aim for our colleagues to achieve a balance between work, health, and personal life. In alignment with the spirit of Employee Assistance Programs (EAPs), we have established a health center, an emergency response center, and enlisted professional physicians. We've also implemented a range of counseling channels, both internal and external, to provide support. These resources are integrated to assist employees in addressing issues that may impact their job performance, including health, family, legal, and psychological concerns. Our employee assistance is as follows:

Service System	<ul style="list-style-type: none"> ● Health Center: Airmate Community Health Station (Shenzhen subsidiary); the medical service station of Jiujiang College Affiliated Hospital (Xiangyang Hospital) (Jiujiang subsidiary) ● Emergency Response Center: Airmate Community Health Station
Professional Assistance	<ul style="list-style-type: none"> ● Shenzhen subsidiary's resident physicians: Peng, Shu-Piao, Li, Hui-Chin ● Jiujiang subsidiary's cooperating physician: Yu, Hsu-Yung ● Psychological counseling services: Peng, Shu-Piao
Consultation Channels	<ul style="list-style-type: none"> ● Health consultation hotline: The Community Health Station hotline ● Workplace unlawful conduct, sexual harassment, and feedback hotline: The complaint hotline ● Legal consultation: The Legal Aid Center (Workers' Home)
Event Organization	<ul style="list-style-type: none"> ● Jiujiang subsidiary: Badminton tournament and health road run ● Shenzhen subsidiary: Women's physical training class, Employees' Reading Corner, holiday celebration events, gifts of encouragement, and employee care

▼ Airmate's Jiujiang subsidiary organized a badminton competition and a health run event, providing employees with opportunities for exercise to help them improve and strengthen their physical fitness.



▼ Airmate's Shenzhen subsidiary organized a fitness class for female employees to promote a healthy and attractive appearance.



▼ Airmate's Shenzhen subsidiary organized an employee reading corner to promote a culture of reading, including fostering a love for reading, improving reading skills, and encouraging the habit of reading good books in daily life.



▼ Airmate's Shenzhen subsidiary organized Dragon Boat Festival and Father's Day activities to celebrate the holidays with its employees and create a joyful atmosphere in the workplace.



▼ Airmate's Shenzhen subsidiary sent gifts to employees during the Spring Festival and Labor Day holidays, demonstrating care for its employees.



Protection of Maternal Health

To identify and evaluate occupational health and safety risks for pregnant female employees and new mothers, and to implement appropriate measures for risk control, with the aim of reducing and eliminating those risks, Airmate is responsible for conducting risk assessments for pregnant and postpartum workers as assigned by the Safety Committee. Furthermore, they develop targeted preventive measures to ensure that all departments are well-informed about the physical conditions of pregnant and postpartum employees. The occupational health officer also supervises and inspects the implementation of various preventive measures, and evaluates their effectiveness. Furthermore, the HR Department will conduct inspections and supervision of the positions held by pregnant and postpartum employees in each department and issue corrective measures for any non-compliance.

Airmate proactively identifies and evaluates occupational health and safety risks within its maternity health protection program. These risks are classified into three categories: physical (unsafe conditions), personnel (unsafe behaviors), and environmental (adverse factors). We employ various methods, such as checklists, interviews, direct inspections, measurements, historical audit results, hazard and operability analysis, hypothetical scenario analysis, and failure mode and effects analysis, to thoroughly analyze and assess these risks, including identifying existing or potential hazards in the production process, such as hazardous equipment, hazardous substances, and hazardous occupations. In addition, for pregnant female employees and new mothers who may be at risk of harm, Airmate provides them with relevant safety training to enhance their safety awareness and learn proper operating procedures. We also offer appropriate personal protective equipment and increase warning signs to diligently implement corrective measures to eliminate, reduce, and mitigate potential hazards.


▼ Airmate Caring Mommies' House, providing a cozy corner for mothers to rest



Social Concern

Airmate actively participates in community care activities, beginning with our employees and the local community. In addition to organizing annual summer classes for the children of Airmate's employees who remain in the area to alleviate their childcare burden, we also continue to donate to families with underprivileged children. These efforts promote social engagement and contribute to building a society of shared prosperity.

▼ Airmate's management status regarding the material topic Social Participation in 2022

Material Topic	Social Participation
Corresponding GRI indicators	GRI 203-1 Infrastructure Investments and Services Supported
Relevant SDGs	
Policies or Commitments	Airmate actively assumes social responsibility by continuously collaborating with various charitable organizations, leveraging its corporate capabilities to make a positive impact, and dedicating itself to improving educational issues and regional health and well-being.
Indicators and Objectives	<p>Short-term goal: To organize the program of Airmate Station for Juvenile Birds annually, assisting left-behind children and continuing to donate funds to help impoverished families with children</p> <p>Mid-term goal: To consistently enhance the diversity of summer courses and reduce the urban-rural disparity in learning resources for left-behind children</p> <p>Long-term goal: To continuously allocate manpower and resources to social engagement, leveraging partnerships with charitable organizations to make a positive impact, contribute to the local community, and build a better society together</p>
Effectiveness Tracking Mechanism	By conducting an inventory of corporate resources, we can plan the annual allocation of manpower and resources, and evaluate the impact of output on effectiveness.
Annual Actions and Achievements	<ul style="list-style-type: none"> ● Every year, the summer program, Airmate Station for Juvenile Birds, is regularly held. In 2022, this summer program reached its 13th edition with a total of 115 children of Airmate employees participating from 13 different provinces. The program is dedicated to relieving the summer childcare burden on our employees. ● There are a total of 10 college student volunteers who are children of Airmate employees in the summer class, with five of them being former "juvenile birds" who have previously participated in the summer program. ● Airmate has been financially supporting underprivileged children's families since 2017 and donated NT\$32,000 to a social welfare organization in 2022.

2022 Airmate Station for Juvenile Birds

A guide for child growth, a guardian for child rights, and a dreamer for children's future

The 13th edition of Airmate Station for Juvenile Birds started on July 18, 2022, and ended on August 13. It saw the participation of 115 children of Airmate employees from 13 provinces, including Hunan, Hubei, Guangxi, and Yunnan, in this summer care program. Besides distributing the generous "learning gift bags," we arranged an African drum experience activity, a visit to the Bao'an District Science and Technology Museum, and capped it off with a screening of the 4D dome film, Journey of the Turtles. This year's summer program, organized by Airmate's Committee for the Welfare of the Next Generation and the labor union, features a diverse curriculum that includes art, calligraphy, reading, sports, and music courses. In addition, the program offers magic, guzheng, and African drum courses to enhance the range of talents and skills covered. The environment enables children to forge new friendships, gain fresh knowledge, and encounter unique experiences. Moreover, it serves as a channel for artistic enlightenment among left-behind children.

▼ Airmate's summer program has commenced, and the venue resonates with laughter and happiness, radiating the spirit of the holiday season. The children's joyous smiles are as radiant as blossoming flowers.



The 10 university student volunteers, who served as teachers for the summer program, all hail from the children of Airmate employees. Five of them were once "juvenile birds" in the program and have now come full circle, giving back to the summer program, thus perpetuating a wonderful tradition. The closing ceremony was masterfully hosted by a child of an Airmate motor course employee from Guangxi, who has been an active participant in the summer program for three consecutive years. Among the attendees were children who embarked on their journey with the Airmate Station for Juvenile Birds at the tender age of 6, with hopes of one day becoming volunteers themselves after completing their college education, dedicating their summers to kids just like them. This is the legacy of love driven by our deeply ingrained Airmate spirit.

▼ The 10 university student volunteers, all children of Airmate's employees, spent a meaningful summer vacation accompanying the young fledglings.



While developing the Company, Airmate also pays attention to the needs of its employees. Despite the challenges posed by the pandemic, Airmate has not backed down and has made great efforts to establish the Airmate Station for Juvenile Birds, offering a range of summer services for "juvenile birds" over the years. It is our corporate responsibility to ensure that children are happy and employees are content. Providing more heartfelt services to our employees is an essential duty.

▼ Airmate has addressed employees' summer childcare needs by organizing summer classes, effectively easing the burden of childcare for our employees.



▼ Airmate sincerely hopes that the summer program will grow and become more enriching with each passing year as both high-level leadership and grassroots personnel collaborate closely.



Airmate's summer program is now in its 13th year. These wonderful children are the second and third generations of Airmate, the children of Airmate's employees. Looking ahead, we will persist in innovating our program format and upholding our dedication to children's welfare, especially those who might be left behind. Our aim is to excel in child care and ensure the healthy development of our young ones.

▼ The children's summer program for "juvenile birds" provided kids with an opportunity to acquire knowledge, enhance their character, establish new friendships, and expand their horizons.



Our Focus on Disadvantaged Children, Rural Education, and Volunteer Service

Caring, consoling, and donating to families of disadvantaged children

Airmate has always upheld the noble tradition of actively engaging in public welfare and giving back to society. This commitment has been a longstanding principle and a testament to the late Chairman's vision and legacy. Since 2017, Airmate has remained steadfast in its commitment to support underprivileged children and their families. Without fail, we annually contribute to social welfare organizations, providing tangible assistance and heartfelt care to children from disadvantaged backgrounds. In 2022, Airmate made a generous donation of NT\$32,000 to these social welfare organizations.

Supporting rural education: Donating to help students build their future

In 2003, Airmate made a substantial donation in the name of Mrs. Chin Chih, the grandmother of the current chairman, Mr. Shih Jui-Pin, to help establish the first Hope Primary School in Dagangshan Township, Qianshan Town, Fenyi County, Xinyu City, Jiangxi. In 2005, Mr. Shih Hung-Yao, the founder of Airmate, donated funds to establish Airmate's second Hope Primary School in Pingfu Township, Shangyou County, Ganzhou, Jiangxi. Airmate continues to contribute to education through corporate donations, actively fulfilling its corporate social responsibility.

Over the span of 18 years, Airmate has been passing on love from one generation to the next, persistently contributing funds to enhance school facilities, procure teaching equipment, and improve the working and learning conditions for both teachers and students. Airmate's generous donations have made a positive impact on improving educational conditions in mountainous areas, advancing rural revitalization strategies, and fostering the development of the education sector. Through our donations and our dedication to their education, we aim to establish a strong educational foundation and cultivate a brighter future for students in remote mountainous areas.

Care for society through volunteer service

Airmate encourages employees to engage in social activities and demonstrate their commitment to social responsibility through active involvement. Roll up your sleeves and volunteer to donate blood, displaying wholehearted support for aiding others. Through these voluntary efforts, we aim to promote environmental sustainability by eradicating species that disrupt the terrestrial environment and safeguarding the ecological balance, thus making a meaningful contribution to society.

- ▼ Airmate's Shenzhen subsidiary held an employee voluntary blood donation event.



- ▼ Airmate organized the volunteer activity to eradicate the invasive species, Canada Goldenrop, preventing their strong reproductive ability and significant harm to the ecological environment.



Appendix

- GRI Standards Index Table

GRI Standards Index Table

General Disclosures

GRI Code	Disclosure Item	Corresponding Section	Page Number
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GRI 2-2	Entities Included in Organization's Sustainability Reporting	About the Report	P.5
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GRI 2-19	Remuneration policies	Compensation Policy for Directors and Executives Compensation Committee	P.31 P.32
GRI 2-20	Process to determine remuneration	Compensation Policy for Directors and Executives Compensation Committee	P.31 P.32
GRI 2-21	Annual total compensation ratio	Reason for omission: Restricted by confidentiality regulations The annual total compensation ratio is considered confidential information within the Company and should not be disclosed.	-
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GRI 2-23	Policy commitments	Chairman Message Sustainable Strategy and Vision Human Rights Policy	P.2 P.12 P.66
GRI 2-24	Embedding policy commitments	Sustainable Strategy and Vision Ethics Management Human Rights Policy	P.12 P.34 P.66
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GRI 2-26	Mechanisms for seeking advice and raising concerns	Complaints and Suggestions Channel	P.35
GRI 2-27	Regulatory Compliance	Regulatory Compliance	P.35

		(No violations occurred during the reporting year)	
GRI 2-28	Membership associations	Participation in Various Associations	P.23
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	P.7
GRI 2-30	Collective bargaining agreements	Protection of Employee Rights (The labor-management agreement covers 100% of all employees.)	P.65

Material Topics Disclosures

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GRI 3-3	Management of material topics	Material topic identification and ranking	P.10

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GRI 205-3	Confirmed incidents of corruption and actions taken	Ethics Management (No incidents of the kind occurred during the reporting year)	P.34
GRI 206: Anti-competitive Behavior 2016			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Regulatory Compliance (No incidents of the kind occurred during the reporting year)	P.35

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Social Participation

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Occupational Safety and Health

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GRI 405-1	Diversity of governance bodies and employees	Board Functions	P.27
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GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Policy (No incidents of the kind occurred)	P.66
GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights Policy (No incidents of the kind occurred)	P.66
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GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Policy (No incidents of the kind occurred)	P.66