

AV TECH CORPORATION

Sustainability Report 2024

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I. About This Report

AV TECH CORPORATION (hereinafter referred to as 'AV TECH ' or 'the Company') hopes to use this report to explain to all stakeholders the Company's short-, medium-, and long-term strategies and achievements in economic, environmental, social, and corporate governance (ESG) dimensions. It shares AV TECH 's sustainability strategies, practical actions, and performance, in pursuit of a sustainable cycle.

Reporting Period: January 1, 2024 to December 31, 2024

AV TECH publishes a sustainability report annually.

Current Edition: July 2025

Next Edition: Expected July 2026

1. Scope of the Report

The scope of this report covers more than 99% of the Company's consolidated financial statement revenue, including all subsidiaries disclosed in the financial reports. It presents management approaches and performance in financial, environmental, and social aspects. If differences in topics or data collection affect the coverage, explanations will be provided in the relevant sections. Any restatements of information will also be noted in the respective chapters.

2. Basis for Data Measurement

The data and statistics disclosed in this report are compiled internally through surveys and calculations. Financial data have been audited and confirmed by Deloitte Taiwan CPAs. Although this report has not been verified by an external third party, the Company relies on rigorous internal control mechanisms to ensure the accuracy of all disclosed information.

3. Reporting Framework

This report was prepared with reference to the following domestic and international standards:

[1] Global Reporting Initiative (GRI) Standards

[2] Sustainability Accounting Standards Board (SASB) – Electrical & Electronic Equipment Standard

[3] Task Force on Climate-related Financial Disclosures (TCFD)

[4] Taiwan Stock Exchange 'Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies'

4. Report Management Process

Drafts of this report were prepared by individual departments, consolidated, and submitted to the Board of Directors for approval prior to publication. The preparation and verification processes are incorporated into the Company's internal controls to ensure reliability and compliance with relevant standards.

5. Contact Information

If you have any questions or suggestions regarding the content of this report, please contact us:

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II. About AV TECH

1. Company Profile

Since its establishment in 1996, AV TECH has focused on manufacturing surveillance and security systems, as well as trading electronic components. In 2005, the Company was listed on the Taiwan Stock Exchange (Stock Code: 8072). From its solid foundation in the early years, AV TECH has continued to diversify its product portfolio and strengthen its distribution network.

Company Name	AV TECH Co., Ltd.
Date of Establishment	June 26, 1996
Industry	Electronic Component Manufacturing
Headquarters Address	10F., No. 19-11, Sanchong Rd., Nangang Dist., Taipei City, Taiwan
Number of Employees	114
Paid-in Capital	NT\$800,000 thousand

Chairman	Mr. Shih-Chung Chen
President	Mr. Chun-Ping Chen

2. History

1996: Company established as AV TECH Ltd. with capital of NT\$5,000,000, focusing on manufacturing and trading surveillance and security systems. Developed the first wireless camera by year-end.

1997: Developed the first black-and-white camera. In July, began development of color cameras, officially entering the CCTV market.

1998: Developed the first color and black-and-white quad processors.

1999: Began expanding global distribution channels. Acquired Chiao-Wu Enterprise Co., Ltd. to establish the electronic components agency division.

2000: Launched proprietary ASIC quad and frame processors.

2001: Successfully developed the Digital Video Recorder (DVR).

2003: Listed on OTC market.

2005: Transferred listing to Taiwan Stock Exchange. Developed the world's first 16-channel MPEG4 DVR.

2006: Developed advanced dome camera auto-control technology.

2007: Named by Forbes Asia as one of Asia's 200 Best Under a Billion. Product AVD718 3G DVR won the Platinum Award at IFSEC UK. Spun off components agency division to Chiao-Wu International Co., Ltd.

2008: Named again by Forbes Asia as one of Asia's 200 Best Under a Billion.

2009: Launched mobile surveillance systems integrated with iPhone, BlackBerry, HTC and other smartphone platforms.

2011: Introduced consumer network cameras, building know-how in consumer security channels.

2012: Began shipment of NVRs, and launched intelligent CMS system capable of managing multiple NVRs and IP cameras.

2013: Released EaZy Networking cloud service, entering the 3S era (Software, System, Solution).

2014: Introduced Standalone IP System as a simplified IP surveillance solution.

2015: Launched HD CCTV Solutions and developed IoT-based security systems.

2016: Introduced a full series of intelligent infrared speed dome cameras.

2017: Developed high-capacity Standalone DVR/NVR systems, extending applications of security and IoT solutions.

2018: Entered the era of intelligent security products, including facial recognition and home control.

2019: Expanded into consumer intelligent security market.

2020: Expanded operations and diversified investments.

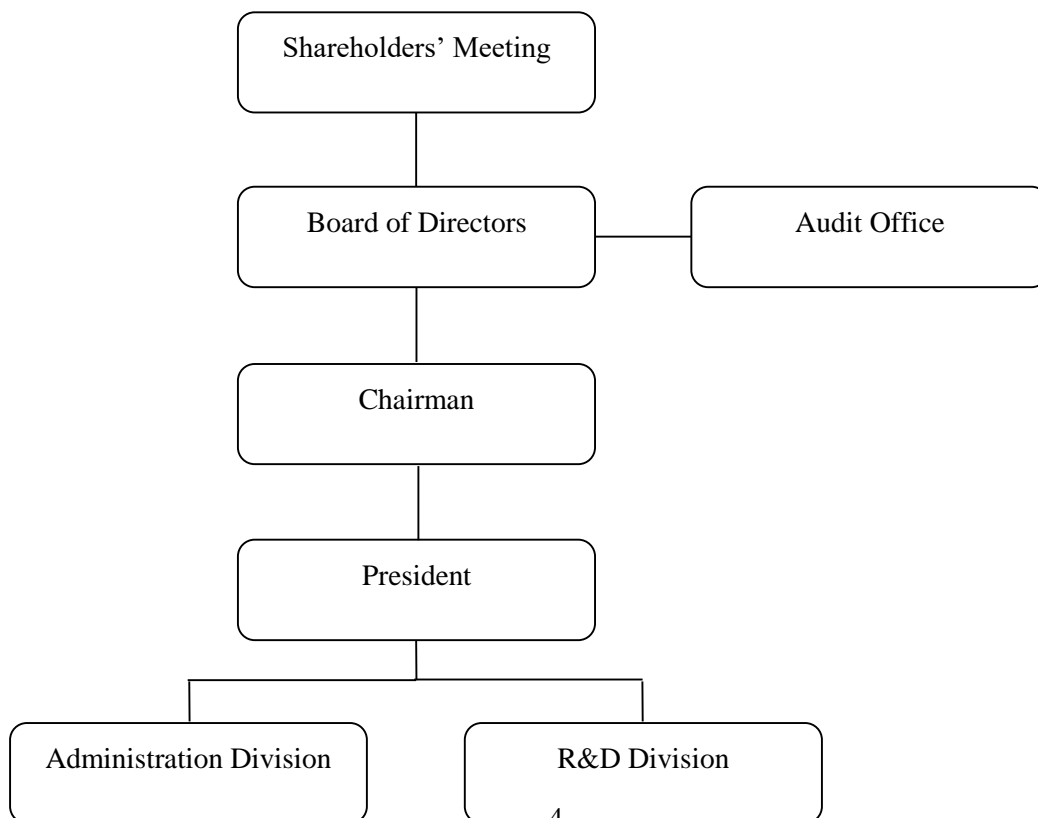
2021: Introduced new product lines and expanded investment portfolio.

2022: Diversified products and strengthened distribution network.

2023: Expanded technological applications through diversified investments.

2024: Launched AI DVR smart applications.

3. Organizational Structure



Major Departments	Responsibilities
President	<p>[1] Responsible for formulating medium- and long-term business goals and development plans.</p> <p>[2] Approves contracts and document control.</p> <p>[3] Convenes and chairs management review meetings.</p>
Audit Office	<p>[1] Responsible for formulating medium- and long-term business goals and development plans.</p> <p>[2] Approves contracts and document control.</p> <p>[3] Convenes and chairs management review meetings.</p>
Administration Division	<p>[1] Plans, raises, allocates, and manages funds; handles registration and custody of securities; manages cash receipts and disbursements, deposits, custody, and loans with financial institutions; issues checks and receipts; and oversees accounting and taxation matters.</p> <p>[2] Develops and analyzes systems, maintains integration, promotes and executes computerized operations, ensures stable IT operations, and manages human resources, administration, and company assets.</p> <p>[3] Handles procurement of raw materials and products, inventory and warehouse management, import/export activities, and shipping operations.</p>
R&D Division	<p>[1] Designs image capture and storage-related products.</p> <p>[2] Designs transmission and control-related products.</p> <p>[3] Designs new IC-related products.</p> <p>[4] Designs mechanical and transmission-related products.</p> <p>[5] Develops product software.</p> <p>[6] Conducts product testing, applications, and production integration.</p>

III. Business Philosophy

AV TECH upholds the core values of 'Integrity, Innovation, and Mutual Benefit,' dedicated to providing high-quality, high-performance electronic product solutions. We believe that sustainable business growth comes from long-term commitments to customers, employees, shareholders, and the environment. Facing a rapidly changing industry landscape, AV TECH continues to strengthen R&D and innovation, promote smart manufacturing and green production, and fulfill corporate social responsibility to create stable and reliable value within the global electronic supply chain.

1. Company Aspect

AV TECH is committed to being a technology company that combines competitiveness and responsibility. To achieve this, the Company has implemented ISO 9001 Quality Management System and ISO 14001 Environmental Management System. Through standardized processes, AV TECH ensures stable product quality, improved operational efficiency, and reduced environmental impact.

In response to external market fluctuations and global supply chain risks, AV TECH continuously optimizes internal risk control and resource allocation capabilities to strengthen business resilience. Beyond focusing on business growth, AV TECH values the Company's role and influence in society. The AV TECH Charitable Foundation engages in social welfare and education support programs, and builds positive relationships with local communities.

2. Customers and Suppliers

AV TECH regards customers and suppliers as key partners in sustainability. We advocate transparent and fair procurement and sales processes, and encourage customers and supply chain partners to jointly uphold standards in ethics, labor rights, and environmental protection. Through customer and supplier evaluation and collaborative mechanisms, we continuously enhance the resilience and sustainability performance of the overall industry chain, creating a responsible value network together.

3. Employees

Employees are the core driving force of AV TECH's growth. We value every colleague's development and well-being, striving to create a safe, diverse, and inclusive work environment

with fair promotion opportunities and continuous learning resources. We believe that only by nurturing teams with a sense of mission and innovative thinking can we steadily move forward on the path of sustainable transformation, achieving shared prosperity for both the Company and employees.

IV. Sustainability Governance

1. Sustainability Governance Structure

To enhance organizational effectiveness in promoting sustainability, AV TECH established the Sustainability Development Committee in 2024. This committee functions as one of the Board's functional committees. It consists of the Chairman and two Independent Directors, with the Chairman serving as the convener. The committee plays a supervisory and guiding role, regularly reviewing progress of sustainability strategies and urging management adjustments when necessary. The Sustainability Development Committee reports to the Board on a regular basis to review the status of implementation.

2. Sustainability Development Strategies

To practice the philosophy of sustainable operations, the Company is committed to fulfilling corporate social responsibility, aiming to achieve balanced and sustainable development in the economy, society, and the environment.

- Sustainability Strategy Dimensions

Governance and Social Responsibility	Low-Carbon Economic Development	Sustainable Environment Development
[1] Operation of the Sustainability Development Committee [2] Establishment of an effective corporate governance framework [3] Strengthening of Board functions	[1] Promotion of energy conservation and carbon reduction [2] Advancement of low-carbon transformation strategies	[1] Implementation of environmental protection initiatives [2] Stakeholder engagement and advocacy

V. Board of Directors and Functional Committees

1. Board Operations

The Board of Directors is the highest governance body within AV TECH 's corporate governance framework. It consists of six directors with diverse expertise aligned with the Company's development needs. Under the Board, AV TECH has established an Audit Committee and a Remuneration Committee, both composed entirely of Independent Directors, to supervise company operations and governance.

At the Annual General Meeting on June 19, 2024, the Company elected the 10th Board of Directors, including four Independent Directors, with a three-year term from June 19, 2024, to June 18, 2027.

The Board meets at least once per quarter, during which management reports operational performance to the Board, and the Board determines future business directions and key policies. In 2024, a total of five Board meetings were held, with an attendance rate of 100%.

Details of Board operations are disclosed in AV TECH 's 2024 Annual Report.

Board Diversity

In accordance with Article 21 of the Company's Corporate Governance Best Practice Principles, the composition of the Board should consider diversity, while directors should generally possess the knowledge, skills, and competencies necessary to perform their duties. To achieve the ideal governance objectives, the overall Board should include the following competencies:

- [1] Operational judgment
- [2] Accounting and financial analysis
- [3] Business management
- [4] Crisis management
- [5] Industry knowledge
- [6] International market perspective
- [7] Leadership
- [8] Decision-making

The Board currently consists of six members, including one female director and five male directors. For the next Board term, the Company plans to ensure at least one-third of directors are female, to further enhance Board diversity.

Evaluation Regulations.' The evaluation covers the overall Board, individual directors, and functional committees. Results are used as a reference when nominating directors.

3. Conflict of Interest Management

To ensure the independence of the Board's supervision, directors who have conflicts of interest in meeting agenda items must recuse themselves from discussion and voting. The names of the directors concerned, relevant details, and the recusal status are recorded in the meeting minutes.

Disclosure of cross-shareholdings, controlling shareholders, or related parties is made publicly on the Market Observation Post System (MOPS).

4. Remuneration Policy

Directors' compensation is determined by the Board in accordance with the Articles of Incorporation, based on directors' participation in operations and contributions to the Company, and with reference to domestic and international industry standards. When the Company makes a profit, the Board decides the amount of directors' remuneration in accordance with the Articles of Incorporation. Independent Directors, as members of the Audit Committee, receive additional reasonable compensation in consideration of their responsibilities, risks, and time commitment.

5. Structure and Operations of Functional Committees

5.1 Audit Committee

The Audit Committee assists the Board in executing its supervisory duties and exercising powers under the Securities and Exchange Act, Company Act, and other regulations. The committee regularly communicates with the Company's certified public accountants and reviews matters such as their selection, independence, and performance. Additionally, internal audit staff report audit summaries to the Audit Committee based on the annual audit plan.

The Audit Committee is composed entirely of Independent Directors. All four Independent Directors meet the professional expertise, work experience, independence, and concurrent independent directorship requirements stipulated in regulations.

Details of Audit Committee operations are disclosed in AV TECH's 2024 Annual Report.

5.2 Remuneration Committee

To strengthen corporate governance and improve the compensation system for directors and managers, the Remuneration Committee is composed entirely of Independent Directors. The committee's primary responsibility is to assist the Board in formulating and regularly reviewing policies, systems, and standards for directors' and managers' compensation.

Details of Remuneration Committee operations are disclosed in AV TECH 's 2024 Annual Report.

5.3 Sustainability Development Committee

To enhance organizational effectiveness in promoting sustainability, AV TECH established the Sustainability Development Committee in 2024. The committee consists of the Chairman and two Independent Directors, with the Chairman serving as the convener. The committee plays a supervisory and guiding role, regularly reviewing sustainability strategies and urging management adjustments when necessary. The committee reports to the Board regularly on the status of sustainability implementation.

As the committee was established in November 2024, there are no operational results yet.

VI. Stakeholder Engagement

AV TECH identifies stakeholders based on their level of influence and dependence on the Company's operations. The main stakeholder groups include shareholders/investors, customers, employees, suppliers/contractors, government agencies, and local communities. The Company maintains ongoing communication with stakeholders through diverse channels to understand their concerns and respond appropriately.

1.Categories of Stakeholders

Category	Description
Customers	Provide comprehensive services to promote both the company's and customers' growth, thereby achieving sustainable operations.
Employees	Offer competitive compensation and benefits, along with a diverse learning environment that allows talented colleagues to fully

	develop their strengths, enhancing the company's performance and efficiency.
Investors	Disclose operational information transparently and demonstrate business performance to strengthen investor support, ensure stable funding, and create investment value.
Suppliers	Promote collaborative programs across economic, social, and environmental aspects to collectively enhance the overall value of the supply chain.
Government Agencies	Strive to be a sustainable enterprise by actively engaging in communication and providing input as reference for policymaking.
Communities/Non-Profit Organizations	Strengthen positive social impact through ongoing communication and collaboration.

2 Stakeholder Communication and Key Issues

Stakeholder	Communication Channels	Key Issues of Concern
Customers	Customer meetings; Customer service platform	Product responsibility & customer service; Information security & privacy protection; Ethical business conduct; New market development
Employees	Complaint channels for sexual harassment and misconduct; Department meetings; Employee Welfare Committee	Talent development & training; Talent attraction & employee benefits; Labor relations; Healthy workplace
Investors	Shareholders' meetings; Annual financial reports; Investor conferences; Market Observation Post System (MOPS) material information	Risk management; Business performance; Ethical business conduct; Corporate governance
Suppliers	Surveys; Supplier management system; Supplier meetings/visits	Green procurement; Supply chain management; Sustainable products & development; Research and innovation
Government Agencies	Regulatory public hearings; Official document exchanges	Regulatory compliance; Greenhouse gas management;

		Water resource management; Waste recycling
Community / Society	Participation in external associations; ESG section on company website	Social engagement & contribution; Air pollution management & climate action; Green products

VII. Material Topic Management Guidelines

The company conducted surveys on sustainability issues across departments, based on daily operations and interactions with stakeholders, and established a potential list of material topics as follows:

Potential Material Topics

Aspect	Sustainability Issue
Operations	Research & Innovation
Operations	New Market Development
Environment	Sustainable Products & Development
Environment	Climate Action
Environment	Greenhouse Gas (GHG) Management
Environment	Water Resource Management
Environment	Green Products
Environment	Green Procurement
Environment	Waste Recycling
Environment	Air Pollution Management
Society	Talent Development & Training
Society	Healthy Workplace
Society	Talent Attraction & Employee Benefits
Society	Labor Relations
Society	Social Engagement & Contribution
Governance	Supply Chain Management
Governance	Product Responsibility & Customer Service
Governance	Corporate Governance
Governance	Ethical Business Conduct
Governance	Business Performance
Governance	Information Security & Privacy Protection
Governance	Risk Management
Governance	Regulatory Compliance

(1) Identification of Material Topics

Aspect	Sustainability Issue	Corresponding GRI Topic
Environment	Sustainable Products & Development	GRI 305: Emissions
Environment	Climate Action	GRI 307: Environmental Compliance
Environment	GHG Management	GRI 302: Energy
Society	Talent Development & Training	GRI 404: Training & Education
Society	Healthy Workplace	GRI 403: Occupational Health & Safety
Governance	Business Performance	GRI 201: Economic Performance

Governance	Ethical Business Conduct	GRI 419: Socioeconomic Compliance
Governance	Risk Management	Custom Topic
Governance	Information Security & Privacy Protection	GRI 418: Customer Privacy
Governance	Product Responsibility & Customer Service	GRI 301: Materials; GRI 416: Customer Health & Safety
Governance	Supply Chain Management	GRI 204: Procurement Practices; GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment

(2) Management Approach for Material Topics

Material Topic	Impacts	Policies / Strategies	Management Mechanism	Preventive & Remedial Measures
Sustainable Products & Development	+ Patent accumulation, highlighting innovation value. – Higher R&D costs for green products.	R&D Department develops various green products to achieve energy-saving and carbon-reduction goals.	Regular evaluation of R&D investment and effectiveness, with progress tracking.	Strengthen collaboration with customers to continue R&D and design, launching green products.
Climate Action	+ Growing public environmental awareness, increasing acceptance of green products. – Stricter environmental regulations may raise operational costs.	Establish sustainability strategies with short-, mid-, and long-term goals.	Implement environmental management programs, reduce raw material use in production.	Conduct irregular inspections to reduce environmental pollution.
GHG Management	+ Reducing emissions helps mitigate climate change. – Rising carbon prices and emission restrictions may increase costs.	Address climate-related risks and low-carbon opportunities to enhance competitiveness.	Conduct GHG inventory and verification per FSC requirements.	Monitor policies, regulations, and customer expectations; implement net-zero actions.
Healthy Workplace	+ Protects employees' physical and mental well-being. – Emergencies may endanger employee safety.	Enforce risk control to reduce occupational accidents.	Annual health checks and a supportive workplace.	Regular fire inspections and safety checks.
Business Performance	+ Enhance brand awareness and revenue. – External environment changes may	Develop diverse products and expand distribution channels.	Management executes performance plans, overseen by Audit Committee, Board, and shareholders.	Monitor international trends and adjust business strategies accordingly.

	affect profitability.			
Ethical Business Conduct	+ Strong leadership, decision-making, and crisis management from board and executives. – Violations of business ethics could harm operations and reputation.	Establish and enforce codes of conduct.	Participate in governance evaluations and enhance disclosure.	Strengthen management systems and prevent misconduct.
Risk Management	+ Strengthens resilience through identification and responses. – Political, economic, and climate risks may challenge operations.	Operate under internal controls to manage risks.	Report risk management to Board and Sustainability Committee.	Develop professional risk management models.
Information Security & Privacy Protection	+ Establishes incident response and recovery processes to reduce risks. – Security breaches may cause financial loss.	Implement IT security procedures to ensure confidentiality, integrity, and availability.	Annual audits and supervision of information cycles.	Maintain incident management procedures, upgrade firewalls, enforce password policies, and raise awareness.
Product Responsibility & Customer Service	+ Provide reliable products to meet customer needs. – Competitive market risks may cause customer loss.	Deliver honest, high-quality services.	Hold regular business meetings to address customer needs.	Establish CRM mechanisms for customer care.
Supply Chain Management	+ Collaborate with suppliers on green products for win-win results. – Limited eco-part suppliers may cause shortages.	Regular supplier evaluations.	Regular management meetings to ensure targets.	Adjust procurement strategies and manage inventory to maintain stable operations.

VIII. Governance

AV TECH is committed to maintaining a sound corporate governance framework in accordance with regulatory requirements and best practices. The Company continues to strengthen the functions of the Board of Directors, enhance transparency, and uphold shareholder rights. AV

TECH regularly reviews its governance practices to ensure alignment with international standards and stakeholder expectations.

1. Business Performance

In 2024, AV TECH continued to deliver stable operational performance despite global economic uncertainty. The Company remains focused on expanding product diversification, strengthening R&D capabilities, and improving distribution channels, ensuring long-term competitiveness and sustainable growth.

Financial position

Unit: NTD 1000

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	1,505,087	1,628,205	123,118	8.18%
Property, Plant and Equipment	708,536	702,389	-6,147	-0.87%
Other Assets	274,618	293,800	19,182	6.98%
Total Assets	2,488,241	2,624,394	136,153	5.47%
Current Liabilities	143,952	212,495	68,543	47.62%
Non-current Liabilities	32,111	41,377	9,266	28.86%
Total Liabilities	176,063	253,872	77,809	44.19%
Equity attributable to shareholders of the parent	2,243,130	2,285,135	42,005	1.87%
Share Capital	800,000	800,000	0	0.00%
Retained Earnings	1,429,570	1,467,685	38,115	2.67%
Other Equity	-4,162	-111	4,051	-97.33%
Non-controlling Interest	69,048	85,387	16,339	23.66%
Total Equity	2,312,178	2,370,522	58,344	2.52%

Note:

1. Current liabilities increased due to higher purchases in Q4 2024, resulting in an increase in accounts payable.
2. Total equity decreased due to the disposal of a subsidiary.

Financial performance

Unit: NTD 1000

Item \ Year	2023	2024	Increased (Decreased) Amount	% of Change
Net Operating Revenue	1,159,521	938,840	-220,681	-19.03%
Operating Costs	951,991	777,253	-174,738	-18.36%
Gross Profit	207,530	161,587	-45,943	-22.14%
Operating Expenses	195,561	152,442	-43,119	-22.05%
Operating Income	11,969	9,145	-2,824	-23.59%
Non-operating Income and Expenses	77,370	126,819	49,449	63.91%
Profit before Income Tax for the Year	89,339	135,964	46,625	52.19%
Net Profit for the Year	68,870	110,529	41,659	60.49%
Other Comprehensive Income (Loss) for the Year (Net After Tax)	3,533	3,019	-514	-14.55%
Total Comprehensive Income (Loss) for the Year	72,403	113,548	41,145	56.83%
Net income attributable to shareholders of the parent	58,603	100,178	41,575	70.94%
Net income attributable to non-controlling interest	10,267	10,351	84	0.82%
Analysis of deviation changes: Non-operating income and expenses showed a significant variance between the two periods due to an increase in foreign exchange gains from USD.				

2. Ethical Business Practices

AV TECH continuously enhances its corporate governance framework, including protecting shareholders' rights, strengthening the role of the Audit Committee, improving board operations, and enhancing information transparency to promote sound management. To ensure directors can fulfill their duties effectively, AV TECH has purchased directors' liability insurance, aligning responsibilities with authority and maximizing benefits for shareholders.

AV TECH values the company’s overall reputation and is committed to upholding the highest ethical standards and professional competence. The company emphasizes prudent operations, legal compliance, and the prevention of any dishonest or unlawful behavior, thereby fulfilling corporate social responsibility and fostering a balance among economic, social, and environmental sustainability.

To reinforce its commitment to integrity, AV TECH has established the “Procedures for Ethical Corporate Management Practices” and the “Code of Ethical Conduct for Directors and Managers”, which set clear standards for ethical behavior. These apply to all subsidiaries, directors, managers, and employees, ensuring that integrity is embedded across the organization.

3. Risk Management

AV TECH has established comprehensive risk management mechanisms to address operational, financial, legal, and environmental risks. The Company conducts periodic risk assessments, integrates risk management into decision-making processes, and reports risk status to the Board of Directors. Specific risk categories include supply chain disruptions, cybersecurity threats, regulatory compliance, and climate change impacts.

Departmental Responsibilities for Risk Management

Department	Responsibilities
Board of Directors	Ensure policy effectiveness and allocate overall resources.
Senior Management	Execute board resolutions, formulate policies, and make major decisions.
Audit Office	Develop annual audit plans and integrate regulations and systems.
General Management Office	Manage financial risk assessments, regulatory compliance, human resource allocation, and information security execution.

Key Risks and Countermeasures

Category	Risk Item	Control Strategies & Opportunities
Financial	Inflation	Closely monitor market conditions, implement effective controls over costs and operating expenses to mitigate operational impact and prevent false profitability.
Talent	Talent Shortage	Assess manpower needs, provide employees with multiple communication channels, competitive compensation and benefits, and a safe and comfortable workplace.
Raw Materials	Supply Shortage	Actively pursue global diversification, strengthen supplier management, and reduce risks of over-concentration in sourcing and sales.
Information	Information Security	Establish clear IT system procedures, enforce control measures, and strengthen cybersecurity policies.
Environment	Climate Change	Conduct carbon inventories and regular audits, implement energy-saving and carbon-reduction projects, and develop low-energy products.

4. Regulatory Compliance

The Company places great importance on regulatory compliance in its operations and management, staying informed of the latest updates from relevant authorities. Employees are encouraged to participate in regulatory briefings and draft legislation consultations to ensure alignment with government policies and to fulfill the Company's corporate social responsibilities.

In 2024, none of the Company's operational sites incurred any significant fines related to economic, environmental, or social issues.

5. Information Security

To maintain the confidentiality, integrity, and availability of information, and to build a continuously improving cybersecurity environment, the Company established Information Security Operating Procedures in November 2023.

A Chief Information Security Officer (CISO) is assigned to promote and oversee information security management practices, which are subject to annual audits conducted by the Audit Office to ensure operational safety.

In 2024, no significant information security incidents occurred at any operational site.

Information Security Policy:

- Maintain the continuous operation of information systems.
- Prevent hacking, virus intrusions, and other malicious attacks.
- Prevent improper or unlawful human intervention.
- Prevent leakage of sensitive data.
- Maintain physical environment security.
- Conduct regular information security audits to ensure effective implementation.

6. Participation in Associations and Organizations

AV TECH actively engages in external industry associations and organizations to strengthen collaboration and industry development.

- Taiwan Security & Safety Industry Association (TSSIA)
- ONVIF Association
- SD Association

- HDMI Association

7. Product Responsibility and Customer Service

Product Responsibility:

AV TECH's main products are surveillance equipment and electronic components. The Company prioritizes product quality across all stages—from raw material procurement and R&D design to production and manufacturing.

Continuous quality improvement and preventive measures are implemented. For raw materials, IQC sampling inspections are carried out to ensure quality. During production, operators are responsible for quality control to monitor process quality in real time, ensuring that delivered products meet required standards.

Customer Service:

The Company primarily serves domestic and international clients in the electronics and semiconductor industries. From order-taking, product development to delivery, AV TECH provides comprehensive customer relationship management (CRM) mechanisms.

A CRM platform has been established to monitor customer needs and manage client relations in real time.

The Company's products are not subject to market bans, nor have they been involved in disputes or controversies. In 2024, no product marketing or promotional activities resulted in violations of relevant regulations.

Customer Privacy Protection:

To safeguard the confidentiality of customer information acquired during business interactions, AV TECH guarantees the secure handling of all sensitive data.

Regulations require compliance with applicable privacy and information security laws in the collection, storage, processing, transmission, and sharing of personal data.

In 2024, AV TECH received no complaints regarding privacy violations or loss of customer information.

8. Supply Chain Management

Suppliers are a critical resource in the Company's operations. AV TECH expects its raw material suppliers to align with its operational strategies and business needs while jointly fulfilling corporate social responsibility.

Supplier Management:

Before collaboration, AV TECH carefully selects well-known and sustainable suppliers. Regular assessments are conducted on quality, delivery schedules, pricing, and services to ensure supply stability.

The Company is committed to maintaining long-term partnerships with both domestic and international suppliers to establish a resilient and sustainable supply chain.

Procurement staff evaluate suppliers based on three dimensions: quality, delivery, and coordination. Results are regularly entered into the ERP system as a reference for procurement strategies.

Local Procurement Support:

To enhance supply chain resilience and localization, AV TECH promotes local procurement.

This approach reduces lead times, lowers transportation and market fluctuation risks, and supports local enterprises, contributing to regional prosperity.

Local supplier count and procurement amounts are reviewed and adjusted annually in line with operational needs.

IX. Social

1. Talent Development

The Company regards employees as valuable assets. In addition to providing a quality working environment and comprehensive benefits, it is committed to protecting employee rights, personal privacy, and preventing sexual harassment. We ensure fair and competitive compensation, emphasize our commitment to employees, and strive to maintain talent competitiveness in a rapidly changing industry.

Human Rights Commitment

The Company complies with national labor laws and applicable industry standards, continuously improving working conditions and employee welfare. Our human rights policy covers the following issues:

- **Non-discrimination:** Ensuring equal treatment in recruitment, onboarding, promotions, compensation, and termination. Regular workplace assessments are conducted to reduce workplace bullying.
- **Prevention of Sexual Harassment:** A dedicated mailbox and policies are in place to foster a gender-equal work environment.
- **Prohibition of Child Labor:** No employment of individuals under 16 years old in compliance with labor laws.

- **Prohibition of Forced Labor:** Employees are not forced to work beyond legal limits and are compensated for overtime.
- **Open Communication Channels:** New employee training explains available feedback channels (suggestion boxes, email, phone) to promote labor-management interaction.

Labor Relations

1. **Employee Welfare:** A Welfare Committee was established in March 2000 to organize activities such as company trips and other benefits, fostering harmony and cohesion.
2. **Retirement System:** In line with the Labor Standards Act, a defined benefit retirement plan is implemented, with payments calculated based on seniority and salary. Under the new system, 6% is contributed monthly to employees' pension accounts.
3. **Labor Relations:** The Company maintains harmonious relations, with no disputes or labor agreements required.
4. **Diversity and Inclusion:** Employment is based on equality regardless of race, nationality, age, gender, marital status, political stance, religion, or disability. Disadvantaged and marginalized groups are also protected.
5. **Gender-Friendly Environment:** Facilities such as nursing rooms and leave for maternity checkups, paternity leave, and parental leave are provided.
6. **Employee Training:** Employees are encouraged to pursue further education, with subsidies provided to support development.

Workforce and Compensation Structure

As of December 2024, the Company employed 114 full-time employees, including foreign nationals. Senior management consists entirely of Taiwan nationals.

Year	2024
Manufacturing Personnel	50
R&D Personnel	20
Sales Personnel	22
Administrative Personnel	22
Total Employees	114
Average Age	43

Average Years of Service: 11

Education Background Distribution: Master's 7%, University 46%, Junior College 11%, High School 31%, Below High School 5%.

The ratio of the highest-paid employee's compensation to the median of all full-time employees is 4.13 times, with no significant year-on-year change.

Robust Retirement System

To safeguard employees' post-retirement life, the Company contributes retirement funds in accordance with the Labor Standards Act and Labor Pension Act. Funds are deposited into designated trust and individual accounts. Actuarial reviews are conducted annually to ensure adequacy.

Collective Agreements

Although the Company has no labor union, quarterly labor-management meetings are held for communication. All employees sign employment contracts defining rights and obligations.

Talent Cultivation and Development

The Company values employee training and encourages diverse learning opportunities to strengthen professional skills and enhance corporate competitiveness.

2. Occupational Safety and Health

Safety is the top priority in business operations. Only by providing employees with a safe and healthy working environment can the company maintain competitiveness and enhance its corporate image.

Safe and Healthy Workplace

The company's environmental safety objectives are as follows:

1. Provide safe working conditions and environment to protect employee safety and health.
2. Comply with relevant occupational safety, health, and environmental protection laws and regulations, fulfilling corporate social responsibility.
3. Conduct continuous audits and management to reduce environmental pollution and risks to employee safety caused by product activities and services.
4. Maintain smooth communication channels to demonstrate determination to improve the environment.

Hazard Identification and Risk Assessment

The company has promoted that in the event of an emergency, employees should immediately stop work, retreat to a safe location, and promptly report to their direct supervisor. Once the cause of the incident has been investigated, the results will be reported to the responsible unit manager to implement corrective measures and prevent injuries. The effectiveness and progress of the corrective actions will be continuously tracked.

In 2024, the company recorded zero occupational accidents.

X. Environment

1. Climate Change Response

AV TECH recognizes climate change as a significant global challenge that impacts business operations and supply chains. In line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Company evaluates potential risks and opportunities arising from climate change, integrates climate considerations into corporate strategies, and develops response measures to enhance resilience.

2. Greenhouse Gas Management

AV TECH conducts regular greenhouse gas (GHG) inventories in accordance with ISO 14064 standards. The Company has established carbon reduction targets and implements energy-saving initiatives, including upgrading to energy-efficient equipment, improving production processes, and promoting the use of renewable energy.

3. Sustainable Products

AV TECH is committed to developing environmentally friendly and sustainable products. The Company integrates green design concepts into its R&D process, focusing on energy efficiency, reduced material consumption, and extended product life cycles. In addition, AV TECH promotes circular economy practices by encouraging product recycling and reuse.

Appendices

1. GRI Content Index

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	205-3 Confirmed Incidents of Corruption and Actions Taken	NA	NA
GRI 301: Materials 2016	301-1 Materials Used by Weight or Volume	NA	NA
	301-2 Recycled Input Materials Used	NA	NA
	301-3 Reclaimed Products and Their Packaging Materials	NA	NA
GRI 302: Energy 2016	302-1 Energy Consumption Within the Organization	NA	NA
	302-2 Energy Consumption Outside of the Organization	NA	NA
	302-3 Energy Intensity	NA	NA
	302-4 Reduction of Energy Consumption	NA	NA
	302-5 Reductions in Energy Requirements of Products and Services	NA	NA
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	NA	NA
	305-2 Energy Indirect (Scope 2) GHG Emissions	NA	NA
	305-3 Other Indirect (Scope 3) GHG Emissions	NA	NA
	305-4 GHG Emissions Intensity	NA	NA

	305-5 Reduction of GHG Emissions	NA	NA
	305-6 Emissions of Ozone-Depleting Substances (ODS)	NA	NA
	305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions	NA	NA
GRI 308: Supplier Environmental Assessment 2016	308-1 New Suppliers That Were Screened Using Environmental Criteria	Supply Chain Management	20
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	403-2 Hazard Identification, Risk Assessment, and Incident Investigation	Occupational Safety and Health	23
	403-3 Occupational Health Services	NA	NA
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	NA	NA
	403-5 Worker Training on	NA	NA

	Occupational Health and Safety		
	403-6 Promotion of Worker Health	NA	NA
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	NA	NA
	403-8 Workers Covered by an Occupational Health and Safety Management System	NA	NA
	403-9 Work-Related Injuries	NA	NA
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GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers That Were Screened Using Social Criteria	Supply Chain Management	20
	414-2 Negative Social Impacts in the Supply Chain and Actions Taken	Supply Chain Management	20
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories	Product Responsibility and Customer Service	19
	416-2 Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	NA	NA
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2. Climate-related Information (TCFD)

1. Implementation of climate-related information

Item	Status of implementation				
<p>(I) Describe board and management oversight and governance of climate-related risks and opportunities.</p> <p>(II) Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (short-term, medium-term, long-term).</p>	<p>(I)The chairman of Avtech has already executed and planned work related to climate change and is expected to establish a Sustainable Development Committee.</p> <p>(II)</p>				
	Risk/ opportunity	Description	Financial impact level	Impact Statement	Response strategies
	Risk 1	Regulations and policies	Direct	Additional sustainability-related norms and regulations.	The organization may increase the cost to meet regulatory demands.
	Risk 2	Greenhouse gas emissions	Direct	Additional cost of greenhouse gas emissions.	In response to norms and regulations, the Company must purchase energy-consuming production equipment, energy-saving facilities or carbon offset

<p>(III) Describe the impact of extreme climate events and transition actions on the finance.</p> <p>(IV) Describe how identification, assessment and management processes</p>					purchases, and the operating cost is increased as a result.
	Opportunity 1	Promotion of the energy-saving and carbon-reducing production	Direct	In the manufacturing process, work stations are combined to reduce electricity consumption and paper waste.	Reduced electricity and paper usage result in significant decreases in power costs or archiving expenses.
	Opportunity 2	Design of green products	Direct	Green buildings are selling well, and demand for energy-efficient backend equipment such as security and control systems is increasing.	Increasing research and development as well as sales of energy-efficient products.
	<p>(III) The Board of Directors reported that the greenhouse gas inventory will be completed in 2026; currently, no corresponding assessment is available.</p>				

<p>of climate risk are integrated into the overall risk management system.</p> <p>(V) If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, and analysis factors used and the major impact on the finance shall be stated.</p> <p>(VI) If there is a transformation plan to manage climate-related risks, describe the contents of the plan, and the indicators and goals used to identify and manage physical and transition risks.</p> <p>(VII) If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p> <p>(VIII) If climate-related goals are set, the activities covered, the scope of</p>	<p>(IV) In order to understand the risks that climate change may bring to the Company, Avtech performs identification and ranking of climate-related risks/opportunities based on Task Force on Climate Related Financial Disclosures (TCFD) to understand what risks/opportunities may have an impact on Avtech. Avtech will refer to climate change research reports of international organizations and combine it with the climate risk and opportunity matrix to incorporate energy conservation, carbon reduction, water conservation and other sustainable management plans in the Company's business policies. Significant impact of relevant risks can be identified through risk identification based on “impact level” and “likelihood of occurrence”.</p> <p>(V) The Board of Directors reported that the greenhouse gas inventory will be completed in 2026; currently, no corresponding assessment is available.</p> <p>(VI) The Board of Directors reported that the greenhouse gas inventory will be completed in 2026; currently, no corresponding assessment is available.</p> <p>(VII) The Board of Directors reported that the greenhouse gas inventory will be completed in 2026; currently, no corresponding assessment is available.</p>
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<p>greenhouse gas emissions, the planning schedule, annual achievement progress and other information shall be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information shall be stated. The source and quantity of offset carbon reduction credits or the quantity of RECs shall be stated.</p> <p>(IX) Greenhouse gas inventory and assurance, reduction goals, strategies and specific action plans (to be provided 1-1 and 1-2 separately).</p>	<p>(VIII) The Board of Directors reported that the greenhouse gas inventory will be completed in 2026; currently, no corresponding assessment is available.</p> <p>(IX) Please refer to 1-1 and 1-2 for details.</p>
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1-1 Greenhouse gas inventory and assurance status in the most recent two years

1-1-1 Information of greenhouse gas inventory

Describe the greenhouse gas emissions (tCO ₂ e), intensity (tCO ₂ e/NT\$1 million) and data coverage in the most recent two years
The Company will complete its greenhouse gas inventory in 2026 and conduct external verification in 2028. At present, there is no requirement to disclose greenhouse gas inventory information.

1-1-2 Information of greenhouse gas assurance

The Company will complete its greenhouse gas inventory in 2026 and conduct external verification in 2028. At present, there is no requirement to disclose greenhouse gas inventory information.

1-2 Greenhouse gas reduction goals, strategies and specific action plans

The Company will complete its greenhouse gas inventory in 2026 and conduct external verification in 2028. At present, there is no requirement to disclose greenhouse gas inventory information.
