



AIDC values corporate governance and has published the "Corporate Governance Operational Guidelines" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The Company amended the Corporate Governance Operational Guidelines in August 2021. It was approved by the Board of Directors and published on the Market Observation Post System.



## Governance Organization

11 Directors including 3 Independent Directors. All Directors are elected based on a candidate nomination system. The Board of Directors of AIDC has diverse members who have the skills for making business judgment, accounting and financial analysis, business management, crisis management, knowledge of the industry, international market perspectives, leadership, and decision-making skills. Their professional qualifications include finance, law, aerospace, defense industry, and material engineering. With diverse professional skills and experience, they jointly bear the responsibilities for the Company's strategies, operations, and supervision, and helps AIDC attain sustainable development goals. In addition, the Company values on harmonious and stable labor-management relations and corporate governance. The Board of Directors include 2 Directors who represent the union. The Company also appointed the Corporate Governance Officer to take charge of improving related corporate governance affairs.

Position	Name	Gender	Business management	Aerospace industry	Finance and accounting	Law	Risk management	Government and regulatory authorities	Labor representatives
Chairman	Hu, Kai-Hung	Male	v	v			v	v	
Executive Director	Ma, Wan-June	Male	v	v			v	v	
Director	Liou, Ming-Jong	Male	v				v	v	
Director	Chang, Ming-Pin	Male	v			v	v	v	
Director	Shieu, Fuh-Sheng	Male	v	v			v	v	
Director	Hsiao, Mu-Lai	Male		v			v	v	v
Director	Lee, Ming-Li	Male		v			v	v	v
Director	Mei, Chia-Shu	Male	v				v	v	
Executive and Independent Director	Chan, Chia-Chang	Male	v		v		v		
Independent Director	Chen, Yin-Chin	Female	v			v	v		
Independent Director	Lien, Li-Jen	Male	v			v	v		

Note: "v" indicate professional skills of the Director



## ◆ Board Performance Evaluation

AIDC conducts regular performance evaluations of the Board of Directors, functional committees, and individual Directors each year and submits results to the Board of Directors and the Remuneration Committee. The evaluation standards are as follows:

- Performance evaluation of the Board of Directors: Five aspects including participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors, and internal control.
- Performance evaluation of individual Directors: Six aspects including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the Director's professionalism and continuing education, and internal control.
- Performance evaluation of functional committees: Five aspects including participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, and internal control.

## ◆ Connection Between the Board of Directors Remuneration and Sustainable Performance

The remuneration for Directors of AIDC is determined by the evaluation of the attainment of the performance targets by the Remuneration Committee, which considers the connection between remuneration and sustainability performance. It covers the economic, social, and environmental aspects of the Company's operations and their participation in operation. According to the current regulations of the Articles of Incorporation, if the Company has profits for the current year, the Company may set aside no more than 0.58% of the net profit before tax as remuneration for Directors. The Remuneration Committee shall evaluate and propose a recommendation on the actual distribution ratio and amount, and it shall be passed in the shareholders' meeting after it is passed in a resolution of the Board of Directors.

## ◆ Remuneration Committee

The Remuneration Committee of the Company's ninth Board of Directors is passed by a resolution of the Board of Directors in accordance with the Remuneration Committee Charter of Aerospace Industrial Development Corporation. The 3 Independent Directors Chan, Chia-Chang, Chen, Yin-Chin, and Lien, Li-Jen serve as members of the Committee and all members of the Committee unanimously elected the Independent Director Chan, Chia-Chang to serve as the chair of the Remuneration Committee. A total of 2 regular meetings were held in 2021 and all members attended all proceedings of the meetings with an attendance rate of 100%. The Remuneration Committee is established to assist the Board of Directors with executing and assessing the Company's overall compensation and welfare policy, as well as the remuneration of Directors and managers.

## ◆ Audit Committee

The Audit Committee of AIDC was established in June 2015 to ensure the implementation of corporate governance. The members of the Committee consist of all Independent Directors, who assist the Board of Directors in ensuring the correct representation of the Company's financial statements, independence and performance of the CPA, effective implementation of internal controls, the Company's compliance with related laws and regulations, and risk management. The Company convened meetings of the Audit Committee in accordance with regulations in 2021 and the attendance rate of the members was 100%.



## ◆ Information & Communication Security Committee

AIDC convened the first meeting of the Information & Communication Security Committee on May 13, 2021 and completed the report on the current state and implementation of the Company's information security management. It also completed (1) the Information Security Policy; (2) Article 6 of the Information & Communication Security Committee Charter; (3) review of the amendment of the three documents in the 2021 Information Security Implementation Plan. The Company convened the second meeting of the Information & Communication Security Committee on December 3, 2021 and completed the two reports on the effectiveness of the 2021 Information Security Implementation Plan. It also completed the review of two proposals including the 2022 information security quantified targets and the 2022 Information Security Implementation Plan.

## Risk Management

AIDC established the "Risk Management Committee" in 2010 to effectively identify and manage the risks that affect the attainment of the Company's targets and sustainability. The Committee regularly reviews risk ratings and designated the person in charge of risk management to plan and execute risk management response measures, including the formulation of the risk management policy as well as the identification and management of risks. The implementation results, risk management policy, and risk profile are reported to the Board of Directors.



## ◆ Risk Management Policy

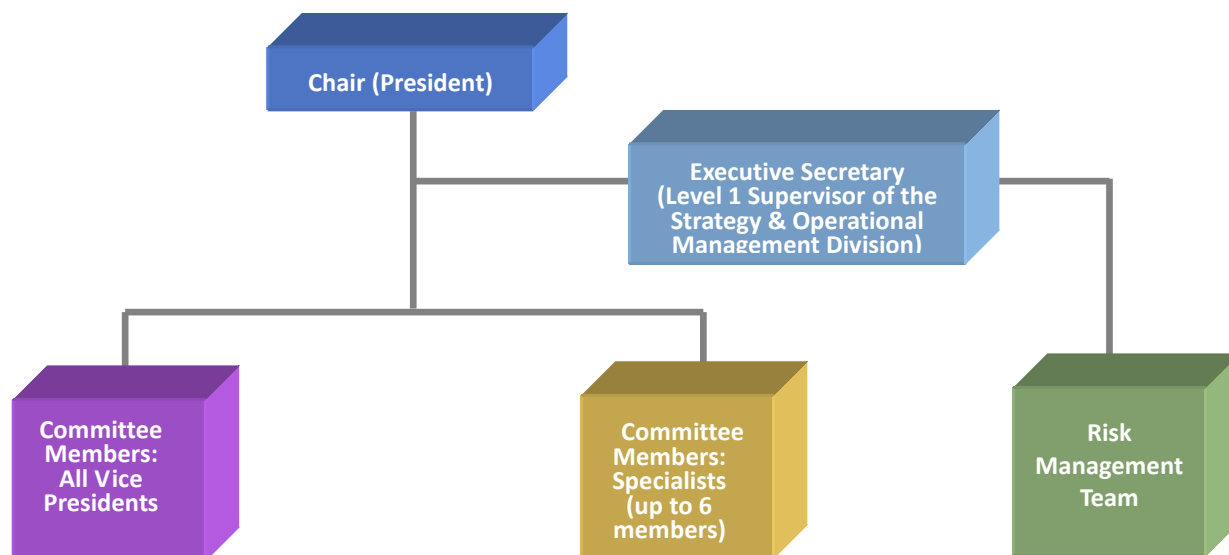
The Company established the following Risk Management Policy to support the implementation of the corporate governance system, improve the Company's management of major risks, and create a corporate culture of risk management:

- I. Pay close attention to environmental, social, and governance issues related to the Company's operations and perform risk assessments to pursue sustainable development.
- II. Continue to enhance risk management operations and systems to reduce operational risks.
- III. Establish employees' risk awareness and create a risk management culture for the Company.



## ◆ Organization of the Risk Management Committee

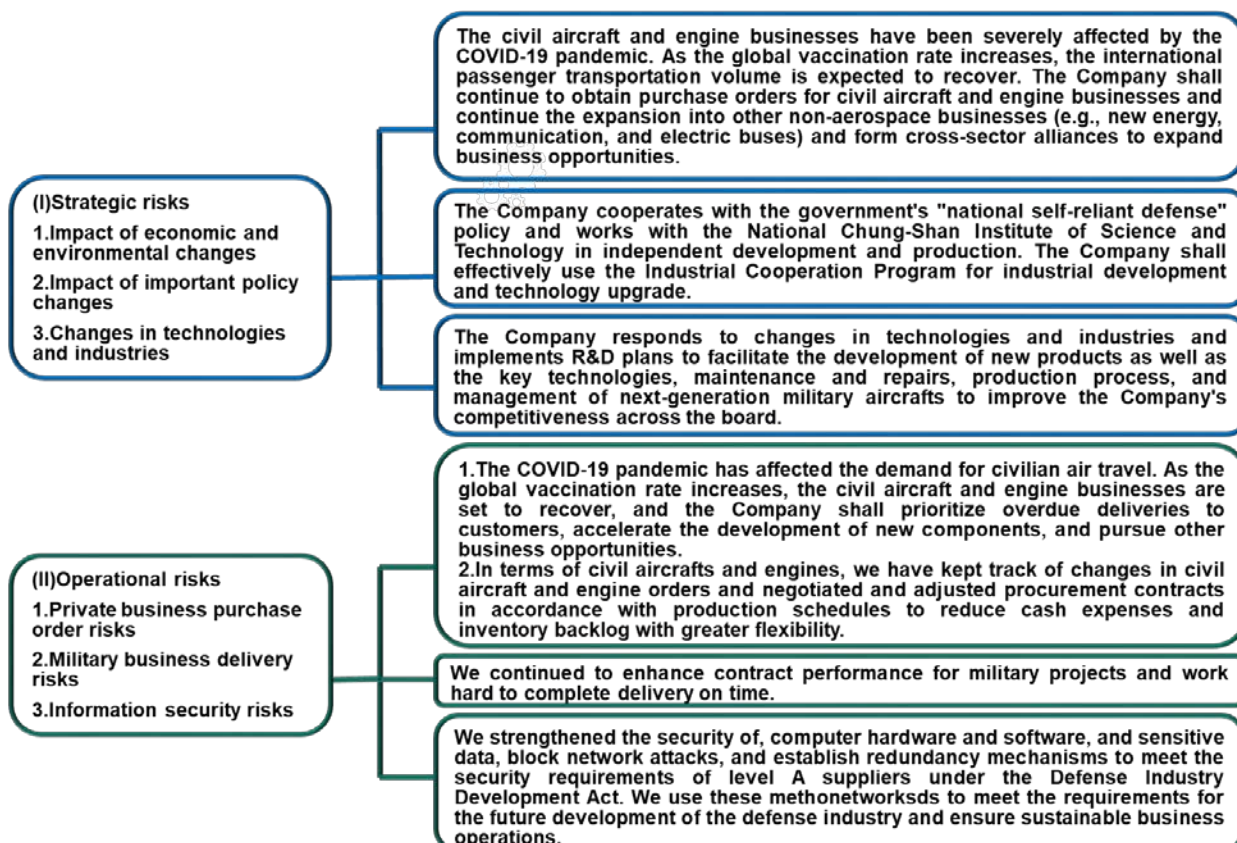
The President serves as the chair of the Risk Management Committee and all Vice Presidents are ex-officio members. The chair may select up to 6 individuals with suitable professional qualifications to serve as members and the level 1 supervisor of the Strategy & Operational Management Division shall serve as the executive secretary. The Strategy & Operational Management Division may select suitable specialists to establish a risk management team based on operational requirements to help the Strategy & Operational Management Division to organize the risk management operations of the Company for the year.



## ◆ Risk response strategies and targets:

### Risks:

### Response strategies and targets:

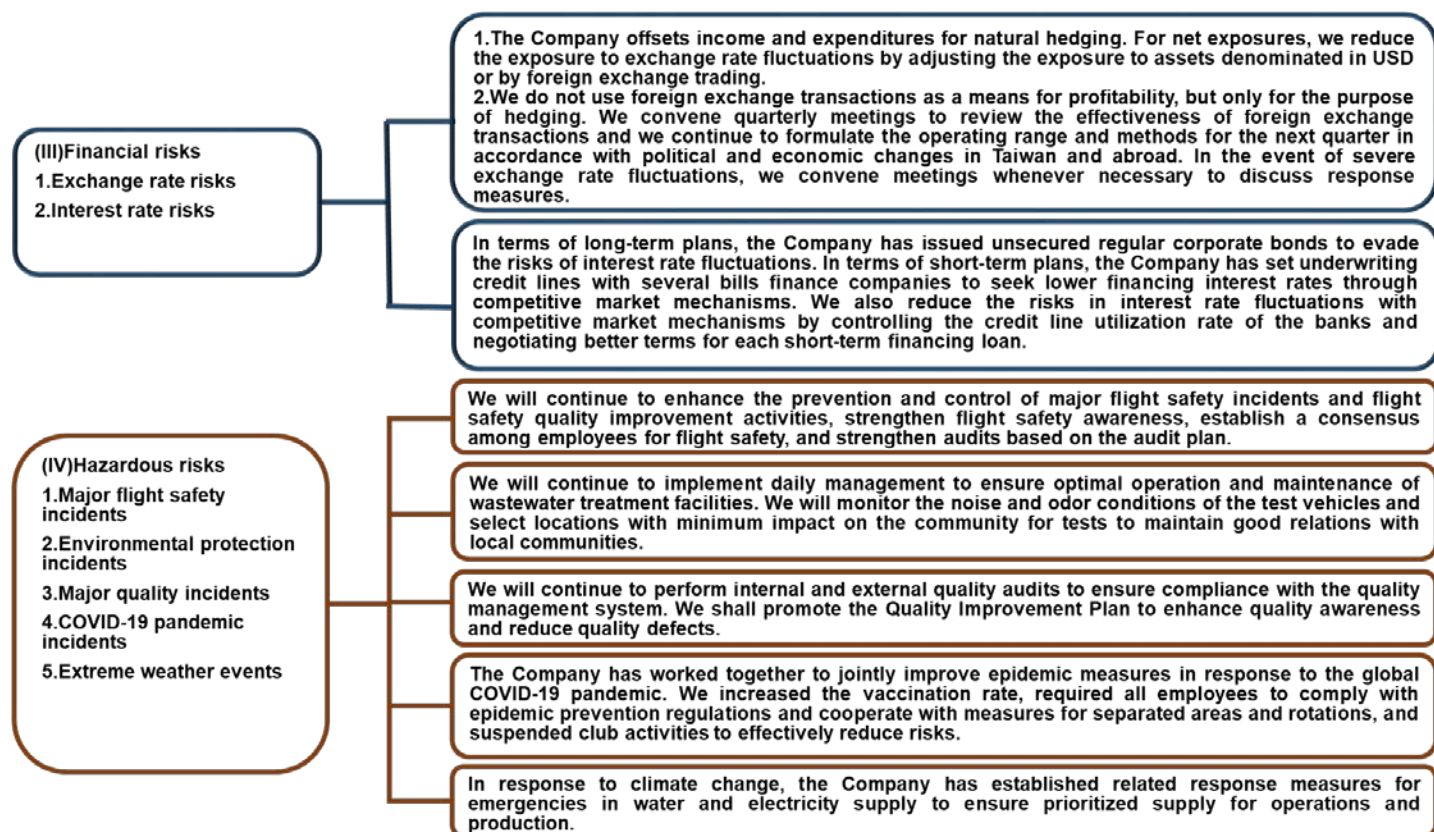






### Risks:

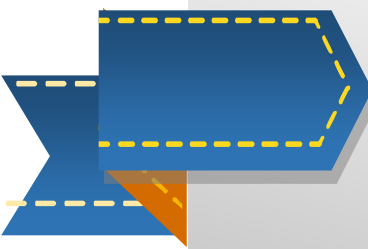
### Response strategies and targets:



## Ethical Corporate Management

Ethical corporate management is the most basic social responsibility of companies. To establish a corporate culture of ethical corporate management and ensure healthy development, AIDC has established the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct for Business Management Personnel", "Management Guidelines for Handling Material Information and Prevention of Insider Trading", and "Employee Code of Ethical Conduct" for compliance by business management personnel and employees.

The Company's Chairman expressly declared the ethical policy on the Company's website:

- 
- I. We are committed to maintaining high-quality work ethics, upholding our traditional business reputation of integrity, and fulfilling corporate social responsibility. The members of the Board of Directors and managers will not engage in the offering or accepting of bribes.
  - II. They shall perform business operations in accordance with the Company's Code of Ethical Conduct, including the principles of integrity, transparency, and avoidance of conflicts of interest.
  - III. The Company shall punish individuals who accept bribes in strict accordance with laws.

AIDC encourages internal and external personnel to report illegal (including corruption) and unethical conduct of employees in their own names, which shall be kept confidential.



AIDC shall process reports and respond in accordance with the procedures in the Company's Guidelines for Handling Whistleblower Cases.

The statistics on the response to reports sent to the Company's anti-corruption whistleblowing mailbox in the last 3 years are provided in the table below. The Company has conducted investigations and verified that there was no specific evidence to prove the claims in the reports.

Statistics on the response to reports sent to the anti-corruption whistleblowing mailbox															
Year	2019					2020					2021				
Item/number of reports	Reported	Under investigation	Results of the investigation		Case closed	Reported	Under investigation	Results of the investigation		Case closed	Reported	Under investigation	Results of the investigation		Case closed
			True	False				True	False				True	False	
Internal report	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
External report	0	0	0	0	0	1	0	0	1	1	0	0	0	0	0
Ratio of cases processed (%)	0	0	0	0	0	100%	0	0	100%	100%	0	0	0	0	0

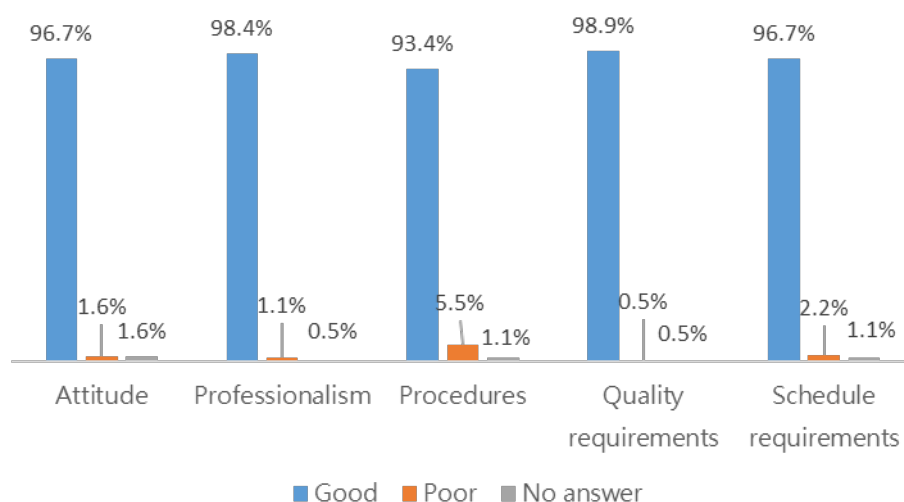
Note: Internal report refers to reports filed by employees or individuals who claim to be employees

## ◆ Supplier questionnaire survey

AIDC uses questionnaire surveys to obtain information from suppliers and contractors. The contents of the questionnaire include administrative services, overall integrity, and anti-corruption regulations. Based on the results of the analysis of the questionnaires recovered, the Company learns about how the Company is viewed and evaluated by suppliers to effectively implement related corruption prevention and anti-corruption tasks. The results of the questionnaires showed that more than 90% of interviewed suppliers expressed high levels of approval for the Company's administrative efficiency, service attitude, and overall integrity. With regard to the overall integrity question, only one supplier did not provide a response. Suppliers that were very satisfied accounted for 64.8% and those that were satisfied accounted for 34.6%.

### Statistics on overall impression in the supplier questionnaire survey

Unit: Percentage of total (182 questionnaires)





## ◆ Code of Conduct awareness campaign

AIDC has required all employees of the Company to sign the Employee Code of Ethical Conduct Statement at the beginning of each year since 2015. They must agree to and understand the contents and abide by company regulations. The signature rate in 2021 was 100%. The Company communicates AIDC's ethical policy to suppliers in the annual supplier conference (the supplier conference was not held in 2021 due to the impact of the COVID-19 pandemic). The Company also established the "Supplier Code of Conduct" and announced it on the Company's website. The contents of the Code of Conduct have been included in the application form for domestic bidders and the Company requires all suppliers to rigorously abide by the regulations.



### AIDC Employee Code of Ethical Conduct

1. Perform work with integrity.
2. Avoid conflicts of interest.
3. Avoid using one's position to benefit oneself or specific persons.
4. Do not pry or disclose trade secrets.
5. Protect company assets from theft, damage, or waste.
6. Comply with laws and regulations.
7. Do not engage in insider trading.
8. Do not request or accept gifts, bribes, or other improper benefits.
9. Report any breach of ethical requirements to the Team Leader of the Prevention Team of the Ethics & Security Division (extension: 2373).



**AIDC's complaint hotline 04-22842373**

**E-mail [clean@ms.aidc.com.tw](mailto:clean@ms.aidc.com.tw)**



### AIDC Supplier Code of Conduct

- I. Comply with laws and regulations of Taiwan and the countries included in the contract.
- II. Respect human rights and public order and do not use or hire any illegal labor.
- III. Provide a friendly workplace environment that respects and protects all employees from harassment, insults, discrimination, threats of violence, intimidation, etc.
- IV. Do not obtain competitive advantage directly or indirectly by illegal, dishonest, or other illegitimate means.
- V. Transactions with AIDC must not involve the person in charge, managers, processing personnel, or relatives within the third degree of kinship of the aforementioned personnel.
- VI. The documents and records related to the subject matter of the contracts must be complete and accurate without forgery, falsification, or deliberate omission.
- VII. Respect the intellectual property rights and maintain careful custody of the information that must be kept confidential in accordance with the contract or the law.
- VIII. Conserve natural resources, comply with industrial safety and environmental protection laws, maintain a healthy and safe working environment, and avoid endangerment of employees and all personnel who enter the workplace for business purposes.
- IX. Comply with import and export laws and embargoes of international organizations, and do not directly or indirectly purchase materials produced or extracted by unlawful means or in a manner that violates human rights.
- X. Encourage employees to behave in a moral and righteous manner and protect those who report wrongdoing or abuses from fear and retaliation.

## ◆ Ethics training

The Company ensures that every employee understands and implements the Company's regulations on ethics. In 2021, 5 of AIDC's 11 Directors and Independent Directors, or 45% of all Directors, received ethics and anti-corruption training totaling 16 hours, which accounted for 25% of the 63 total training hours. 100% of all new employees received 1 hour of ethics and safety training and 573 people received training. They account for 8.46% of the 6,772 employees.



## Trade Secret Protection

To perform the confidentiality obligations for customers and partners, the Company takes protective measures in accordance with the confidentiality agreements, "Trade Secret Management Guidelines", "Confidential Information Protection Guidelines", and applicable laws and regulations for the technical support contracts. The Company also processes and uses personal data in accordance with the "Personal Data Protection Act". The projects periodically receive regular safety audits by customers and the Company implements confidential information security inspections on outsourced service providers of confidential projects based on the collaboration experience. In addition to implementing security inspections on professional units that participate in confidential operations, AIDC also cooperates with customers such as the Ministry of National Defense, Air Force Command Headquarters, and NCSIST on regular and ad hoc audits to ensure that all customer requirements for security are satisfied.

## Information security

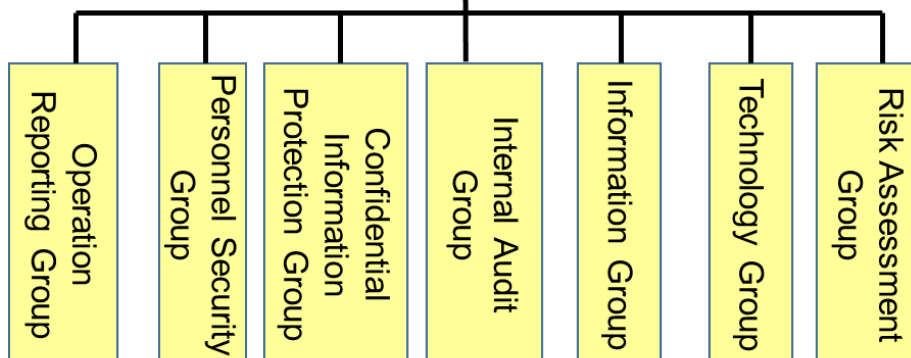
The Company executes highly sensitive projects such as the advanced jet trainer and pays close attention to information security. The Company set up the "Information & Communication Security Committee" at the level of the Board of Directors on December 18, 2020 and assigned an Independent Director to serve as the convener and chair of the Committee, which convenes at least two meetings each year. The "Information & Communication Security Management Team", a cross-departmental task force set up under the Committee at the management level, is responsible for planning and executing the Company's information Security Policy. It also formulates the Company's measures for information security management, crisis reporting, and emergency response.

**Functional committees of  
the Board of Directors**

**Information &  
Communication Security  
Committee**

**Business management  
level**

**Information &  
Communication Security  
Management Team**







## Authority and responsibilities of the Information & Communication Security

### Management Team

Group	Responsibilities
Convener	Responsible for the coordination and implementation of information security management
Executive Secretary	Responsible for supporting the coordination and discussions of information security management issues
Operation Reporting Group	Responsible for problem identification and reporting (mainly virus reports and responding to hackers) and cooperation with the implementation of information security policy
Personnel Security Group	Responsible for personnel management and security
Confidential Information Protection Group	Responsible for the execution of related regulations for confidential information protection
Internal Audit Group	Responsible for auditing information security operations
Information Group	Responsible for the Information Security Policy and improvement and audits of management and procedures
Technology Group	Responsible for the introduction of new information security technologies and the response and analysis of information security incidents / investigations Responsible for the maintenance of normal operations of the computer server room, communication server room, information system, and telecommunication networks, and the development, maintenance, and management of the information application system
Risk Assessment Group	Review the self-assessment results of information security risks

### ◆ Information security risk identification and response

According to the assessment, the Company's current information security risks mainly consist of "suspension of critical information system operations that causes interruption of operations". In response to this risk, the Company continues to perform risk assessments and takes the following measures to effectively reduce the risks of business interruption as a result of the suspension of critical information systems: (1) enhance network monitoring and protection mechanisms; (2) execute critical information system emergency response drills; (3) strengthen information system access control; (4) execute social engineering exercises; (5) enhance information security awareness education for all employees.

According to statistics, the average availability rate of critical information system in 2021 was 99.995%.

The Company has set up online backup mechanisms for all critical information systems and conducts emergency response drills according to the plan each year. Following discussions, the Company's Risk Management Committee found the risk level of "critical information system outage resulting in business interruption" in 2021 to be low.

### ◆ 2021 information security management performance

1. Passed ISO 27001:2013 / CNS 27001:2014 management system certification, and received certification for regular review and special audit certification for expanded scope (added related areas for military businesses) on August 11, 2021. (Effective till August 25, 2023).



2. The Company organizes an email social engineering exercise every 2 months to enhance information security training for all employees.
3. Effective interception of spam e-mail.
4. Effective defense against advanced persistent threat (APT) attacks.
5. Maintain the availability of critical information systems.
6. Improve ICT security and protection effectiveness.
7. Completed information security training and information security awareness campaigns for all personnel.
  - (1) Completed information security training for all personnel (3 hours).
  - (2) Ad hoc information security awareness campaigns.
  - (3) The Company organizes a social engineering exercise for information security every 2 months.
8. The Company invested approximately NT\$50 million in information security management manpower in 2021, and the capital expenditures and maintenance fees for information security management amounted to approximately NT\$11 million.



## Information security management and control systems

ISO 27001:2013 / CNS 27001:2014

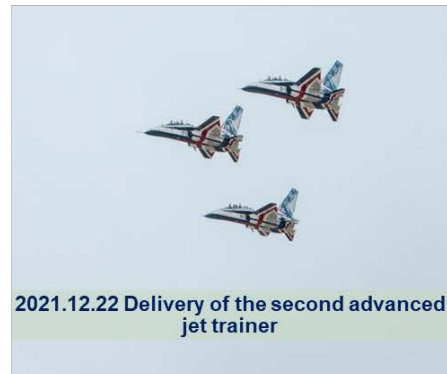
- Set up backup mechanisms for all critical systems and conducts annual emergency response drills for the systems.
- Manage end-to-end file transfer software and use of mobile storage media to block unlicensed software.
- Set up the WLAN usage restriction system to effectively block the use of the Company's WLAN by unauthorized computers.
- Set up an information security management system to collect, store, and analyze the information security equipment and main server logs.
- Set up Internet proxy servers to effectively control employee access to the Internet and set up Internet connection encoders to provide a secure Internet connection.
- Set up an intricate spam blocking mechanism, continue to provide information on social engineering attacks on emails, and conduct email opening inspections from time to time.
- Set up an anti-virus system for information security to notify the system administrator by email when there is a suspected hacker attack or virus infection in the system. Assign dedicated personnel to scan for vulnerabilities in the Company's external server and scan for vulnerabilities in the Company's internal server for system vulnerability makeup operations.
- To ensure security on user devices, set up Trend Micro and Microsoft update systems to access patches for the Company's servers and user computers at all times.



## Indigenous production of aircraft

The advanced jet trainer is the start of the "indigenous production of aircraft" program and an important indicator in Taiwan's push to advance its defense industry. Since the start of the advanced jet trainer program in February 2017, AIDC's Project Team has upheld the three missions assigned by President Tsai Ing-wen when she held the contract signing ceremony for the Ministry of National Defense and the advanced jet trainer program — "indigenous production of advanced jet trainer, talent development in the domestic aerospace industry, and strengthened links with the industry". The Team has dedicated full efforts into their assignments and completed the maiden flight of the first prototype in June 2020 with only approximately 3 years of research and development. The feat was considered as almost an impossible mission in the development of military aircrafts in countries around the world. After AIDC accepted its mission, it has actively started preparation tasks. The aim is to meet requirements for staying on schedule and satisfy the functional specifications. AIDC is also responsible for the development of outstanding talents in Taiwan and using the defense industry to power the national economy.

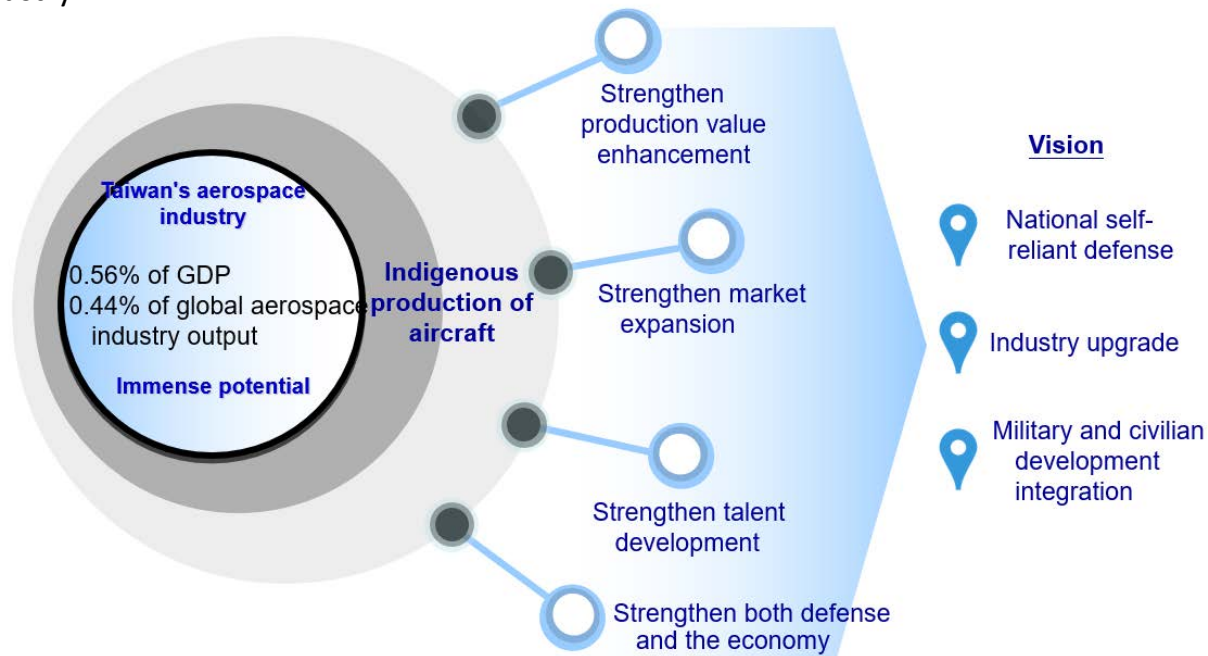
AIDC achieved new progress in the indigenous production of aircraft in 2021 and the first and second advanced jet trainers were delivered to Taitung Air Base on November 29 and December 22, 2021.







AIDC aims to complete assignments for the advanced jet trainer on schedule and also aims to create the foundations for sustainable development in the aerospace industry.



**Upgrade industry technologies:** Completed the work items for the production of structural components, manufacturing of tools, and tests for the advanced jet trainer. Assisted 217 domestic suppliers is passing the evaluation, and signed 136 contracts with the suppliers. Effectively helped the technological transformation and upgrade of the domestic aerospace industry and created more than NT\$10 billion in overall benefits in domestic commercialization projects.

**New advanced jet trainer**

Machining machines, 3D printing, aluminum alloys, composite materials, and system components

Domestic commercialization drives growth in the aerospace industry chain

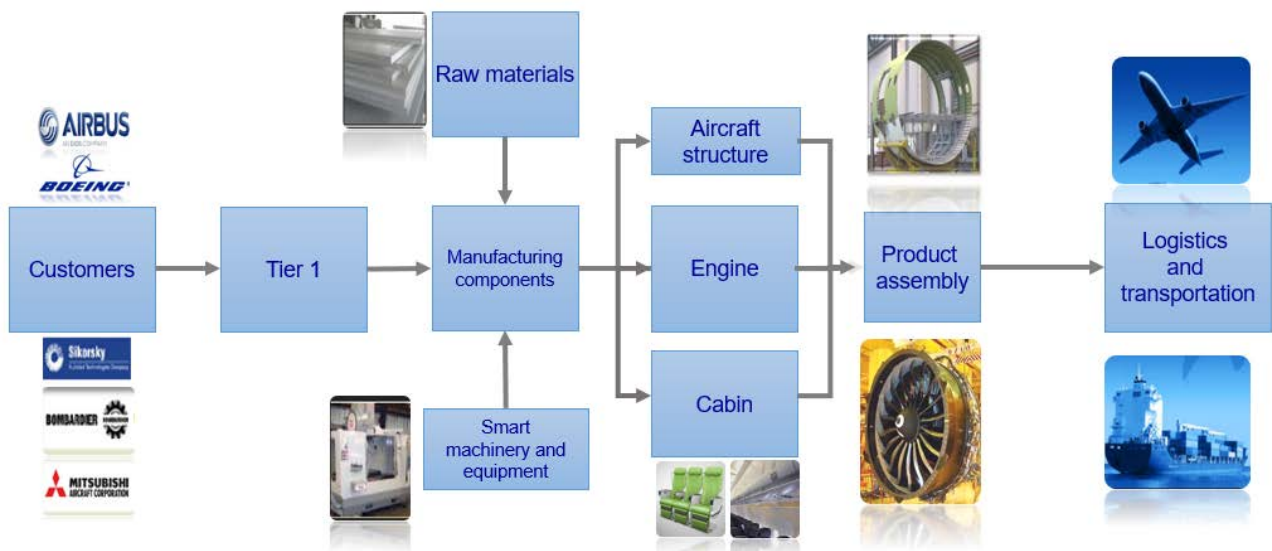
- I** 53 suppliers signed in Phase 1  
2017.12.06
- II** 26 suppliers signed in Phase 2  
2018.04.24
- III** 39 suppliers signed in Phase 3  
2018.10.17
- IV** 18 suppliers signed in Phase 4  
2019



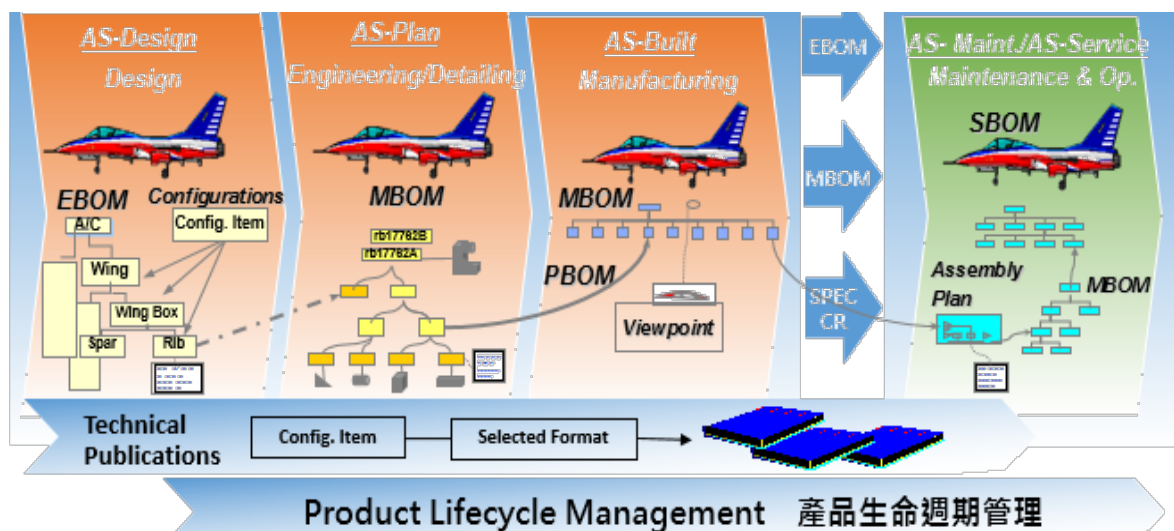
**Strengthen talent development:** Develop talents and create job opportunities. AIDC and suppliers hired more than 1,000 engineers and will use the project to pass on experience and build a strong talent chain for the indigenous production of aircraft. Created 2,000 job opportunities in the domestic aerospace industry.

**Control key technologies and consolidate national self-reliant defense:** Control key technologies and consolidate national self-reliant defense: AIDC and NCSIST are working with domestic industries in preliminary preparation for the design and production of the next-generation fighters and opted for independent production and R&D for the system parts for the advanced jet trainer purchased from external sources. The aim is to attain 100% self-production rate for future fighters.

**Strengthen market expansion:** By entering the aerospace industry with military aircrafts, the Company shall continue to develop capabilities and become part of the international aerospace supply chain to expand into the global civil aviation market.



**Strengthen production value enhancement:** The demand from national defense for the development, mass production, maintenance, and performance improvement of aircrafts in indigenous production will include the original investment and more than 2.5 times the investment in the expanded output of the overall industry.

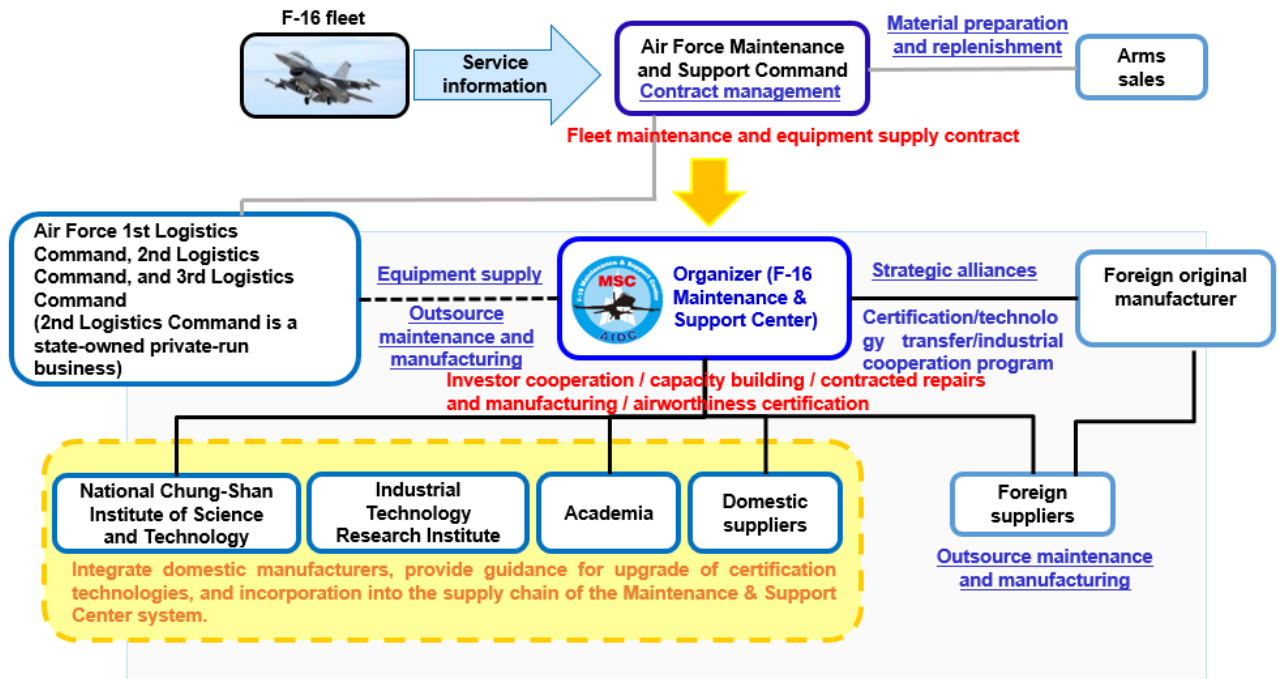






## Establishment of F-16 Maintenance & Support Center

AIDC works hard to create a comprehensive system for the supply chain for F-16 repairs, and pursues the business opportunities in the production and local repairs of the F-16V fighters. We seek to power the growth in the technologies and output of the domestic aerospace industry with the aim of achieving "indigenous production and local maintenance and repairs".



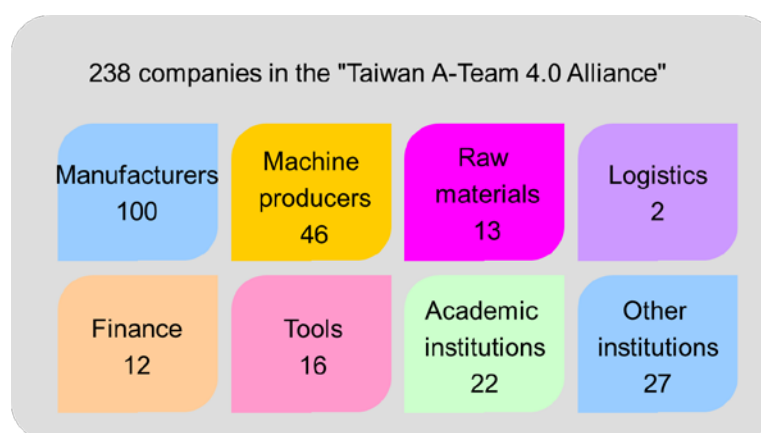
The Company has signed the "F-16 Maintenance and Repairs Center Open Contract" with the Ministry of National Defense to provide the Air Force with long-term equipment supply and maintenance and repairs services. During this period, AIDC will continue to integrate and improve the capacity of domestic suppliers and use maintenance and repairs to power the demand for production. It will facilitate the gradual establishment of a national team for the international market, increase domestic output, and expand the industry.



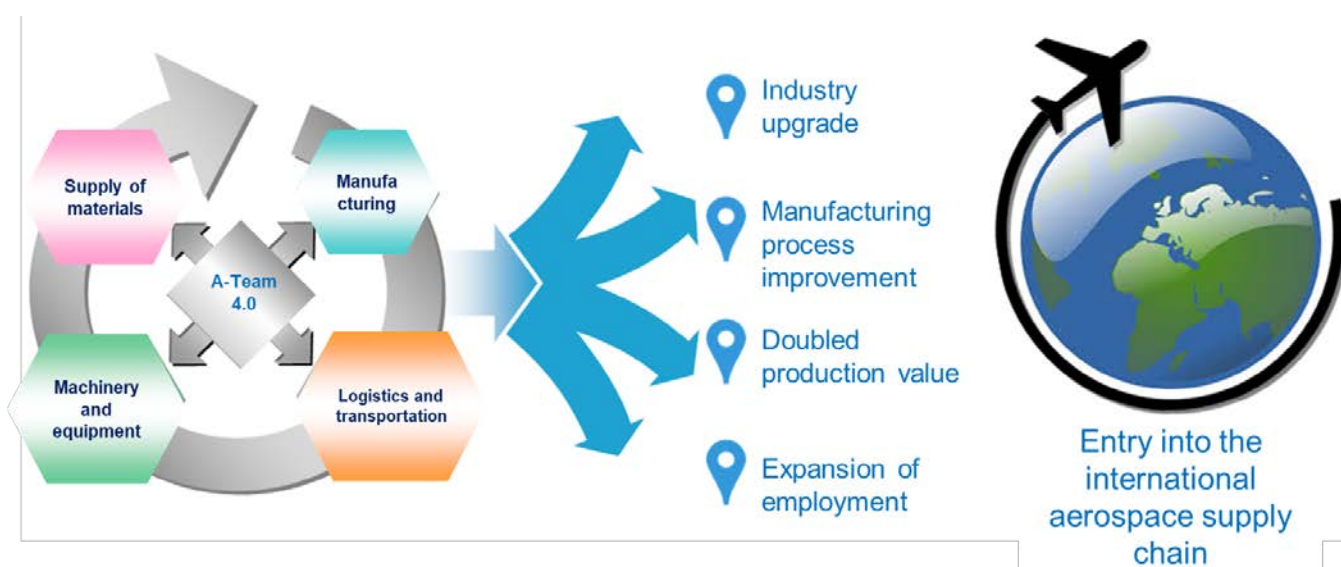


## Integration of Industrial Supply Chain

In response to the challenges of the global aerospace market and the existential threat to the aerospace industry, AIDC took the lead with the idea of creating an aerospace industry alliance and established the "Taiwan A-Team 4.0 Alliance" on June 2, 2016. The main objective is to integrate competitive advantages of different fields while pursuing lean manufacturing and developing Industry 4.0 to create effective competitive conditions and reduce production cost. The Company shall also leverage the advantages of different companies for division of labor and improve competitiveness. The creation of the alliance is a commitment to the joint development of the aerospace industry. The members of the alliance demonstrated their resolve for becoming part of the global aerospace supply chain in the inauguration ceremony that focused on "creating alliances with other industries, division of labor in the industry", and they are committed to becoming tier 1 suppliers for major international aerospace companies. There was a total of 238 members of the Alliance in 2021.



**Vision of the Alliance:** Become an important supply chain for the global aerospace industry.





**Mission of the Alliance:** Consolidate national self-reliant defense and enhance national security. Develop the aerospace industry and promote economic prosperity. Lean manufacturing in the industry and increase the competitiveness of the nation. Promote cross-industry collaboration and lead industrial upgrade.

**Common ideals of the Alliance:** Integrity, commitment, innovation and R&D, and customer trust.

**Alliance development strategies:** Establish short, medium, and long-term goals and set KPIs for each industry.

**Supply chain integration strategy:**



**Objectives of the alliance:** The short-term goals are to ensure lean manufacturing and increase competitiveness. The medium-term goals are to improve the supply chain and overall competitiveness. The long-term goal is to become an important supply chain for the global aerospace industry.

### Short-term goals

#### Raw material suppliers

- Obtain aerospace quality certifications
- Use tools for trial production

#### Manufacturing suppliers

- Improve lean manufacturing, training, and experience sharing

#### Machine producers

- Improve machines and upgrade them to aerospace ratings
- Increase the number of sensors

#### Logistics suppliers

- Rapid/timely/cost-competitive transportation and delivery to designated locations

### Medium-term goals

#### Raw material suppliers

- Becoming a qualified international supplier of aerospace materials

#### Manufacturing suppliers

- Improve manufacturing process and produce high-end products

#### Machine producers

- Provide high-speed / high-precision / high-composite aerospace machines

#### Logistics suppliers

- Integrate domestic aviation material requirements and jointly procure high-quality and low-cost materials

### Long-term goals

#### Raw material suppliers

- Cooperate with Taiwan's aerospace material distribution center to provide stable supply for meeting domestic and international demand

#### Manufacturing suppliers

- Adopt the concept of shared workshops and centralize the deployment of spare production capacity

#### Machine producers

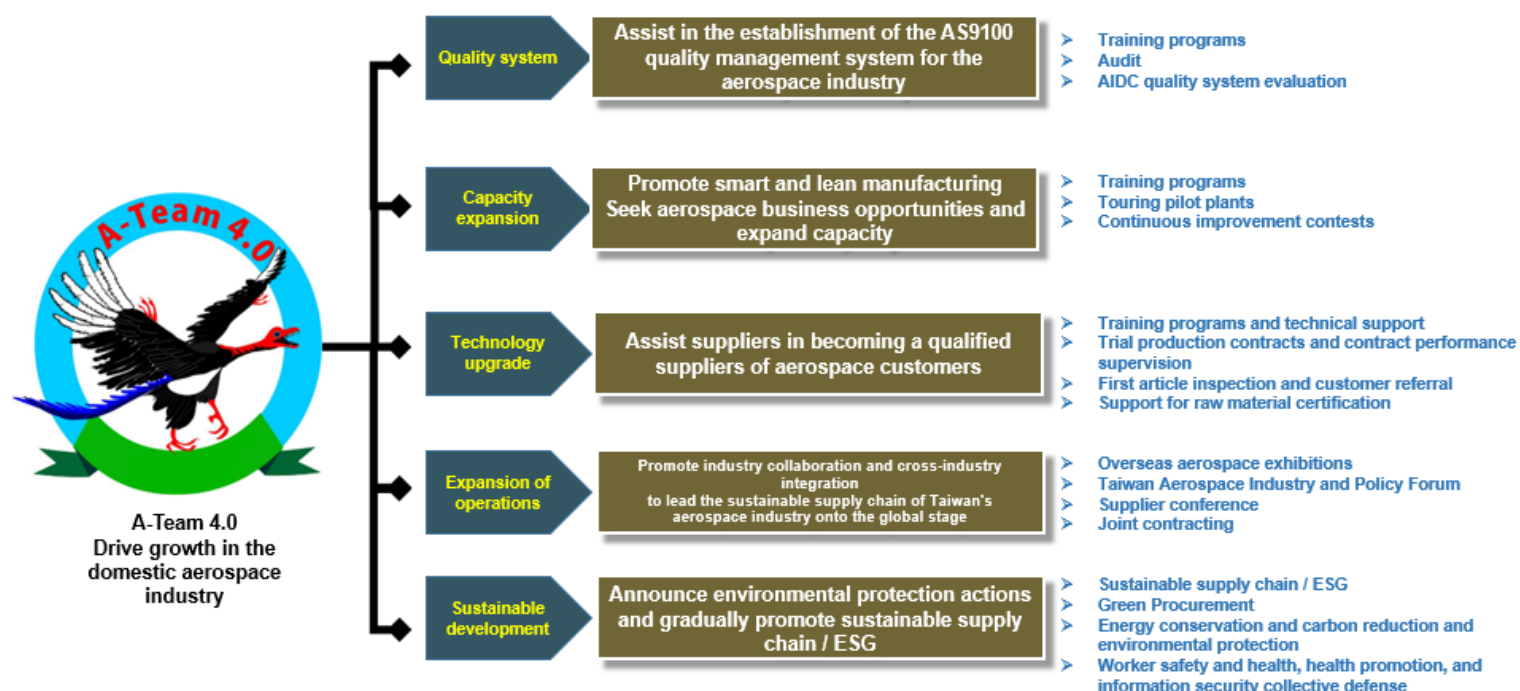
- Integrate cloud, big data, and Internet of Things technologies to create smart factories

#### Logistics suppliers

- Taiwan's aerospace material distribution center provides supply for meeting domestic and international demand for materials



## Support provided by the Alliance to domestic suppliers:



## Achievements of the Alliance:

Item No.	Implementation strategy/target	2021 implementation results
1	Training and development of aerospace talents	<ul style="list-style-type: none"> <li>In 2016, the Company spent NT\$16 million for the repairs of the "Hsiang Yuen Aerospace Learning Zone", which was used as the venue for more than 182 courses in 2021 for more than 4,767 participants with an attendance rate of 90% and satisfaction rate of 89%.</li> </ul>
2	10th meeting of the Implementation Committee	<ul style="list-style-type: none"> <li>The Alliance convened the 10th meeting of the Implementation Committee on March 25, 2021 to report the results from 2020, plan Alliance events in 2021, appoint new members of the Implementation Committee, and approve the entry of new members into the Alliance.</li> </ul>
3	F-16 Maintenance & Support Center organizer's investor seminar	<ul style="list-style-type: none"> <li>Two sessions of the "F-16 Maintenance &amp; Support Center organizer's investor seminar" were held at the Hsiang Yuen Aerospace Learning Zone on August 14 and November 16, 2021 to showcase F-16 fighters, engines, and related components. The Company invited 109 companies and institutions in Taiwan that are interested in the development, production, and maintenance and repairs of military equipment, and helped the attendees learn about the future business opportunities in the exhibition of military equipment. AIDC aims to create a complete F-16 maintenance and repairs supply chain and incorporate it into the Maintenance &amp; Support Center to improve the industrial technology and output on all levels of the domestic aerospace industry.</li> </ul>



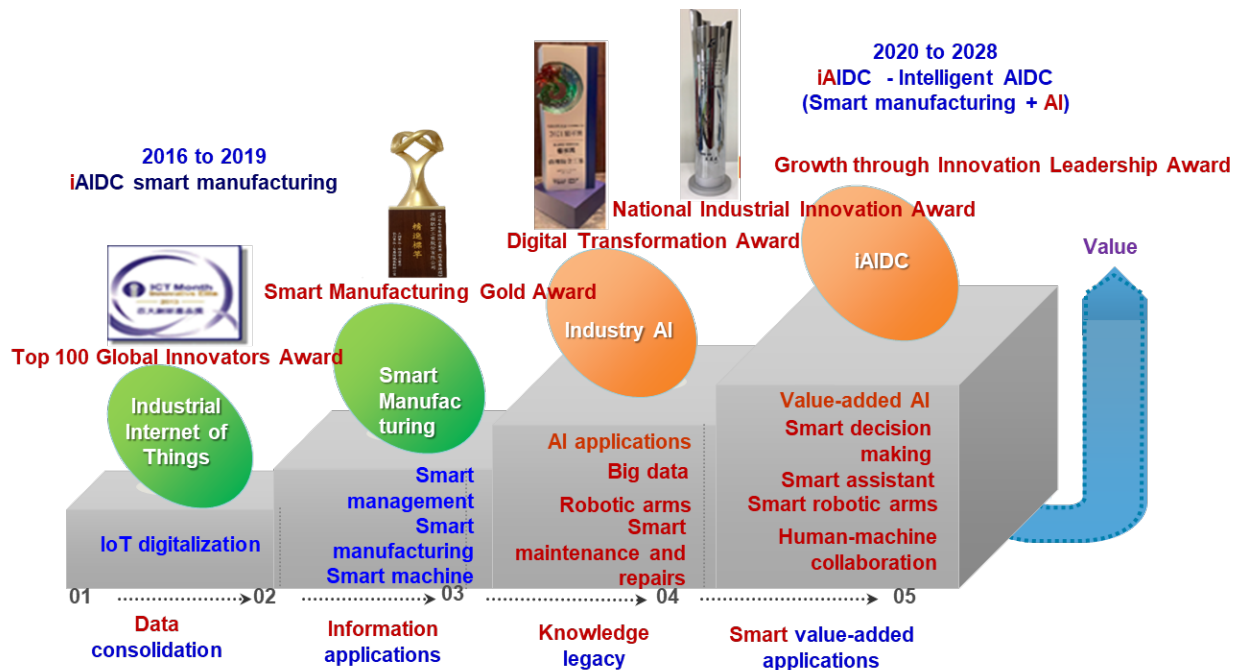
## Smart Manufacturing in Aerospace

**Targets in this phase:** Start with [smart manufacturing] and + AI value-added transformation [smart AIDC]

**AI application strategy:** Four stages of the trial period → start-up period → development period → maturity period => AI applications everywhere

**AI training strategy :** Participate in training with a specific target issue, group counseling, publication of results, project implementation, and application optimization (won recognition as the most successful project in the past three years in the government's promotion of internal training for AI talents)

**Three steps for AI + smart manufacturing applications:** AIDC developed its own iAIDC smart manufacturing/smart management system with the unique "three steps for smart manufacturing". The first step is the iAIDC; the second step is the decision-making strategy center; and the third step is iAI (industrial AI). We integrate the needs of different levels of the Company and actively transition from a company focused on manufacturing to a company focused on smart manufacturing. We encourage employees to embrace iAIDC's attitude for AI adoption to promote smart manufacturing, digital transformation, long preparation for technology development, and lean manufacturing (quality, efficiency, and cost) to gain recognition from domestic and foreign entities.



### Expansion of transformation efficiency/mutually beneficial cooperation to the smart machine industry chain (execution):

Taiwan does not have aerospace composite material processing equipment and machines made in foreign countries incur high costs and difficulties in upgrade and smart manufacturing. In response, AIDC and smart machine operators in Taiwan have demonstrated their capacity for **execution**:

#### **Overcoming difficulties:**

1. AIDC provides services to meet aerospace business requirements / processing technologies / beta test application verification
2. AIDC leads aerospace / smart manufacturing requirements + machine/smart machine supply for successful cross-industry collaboration for transformation and mutual benefits:
  - (1) Successfully assisted Vision Wide Tech Co., Ltd. / Gongin Precision Industries Co., Ltd. / Mirle Automation Corporation / Techman Robot Inc. in the development of machines made in Taiwan that can replace imports
  - (2) Aerospace / smart manufacturing + machine/smart machine for entry into the international aerospace / composite materials market





Increased benefits in domestic machine production		
<p>Hexagonal cell processing machine for composite materials made in Taiwan</p> <p>Vision Wide Tech Co., Ltd.</p>	<p>5-axis waterjet made in Taiwan</p> <p>Gongin Precision Industries Co., Ltd.</p>	<p>Processing robot for composite materials made in Taiwan</p> <p>Mirle Automation Corporation</p>
<p>AGV bots + Cobot gluing made in Taiwan Human-machine collaboration with cobot automatic gluing / transportation of components and materials</p> <p>Techman Robot Inc.</p>		<p><b>Vision Wide Tech Co., Ltd.:</b> Successful sales for foreign purchase orders with 3 potential customers in negotiations. Total sales are expected to exceed NT\$100 million.</p> <p><b>Gongin Precision Industries Co., Ltd.:</b> Successfully obtained OEM purchase orders for 32 aircraft landing gear components and expanded into semiconductors.</p> <p><b>Mirle Automation Corporation:</b> Obtained purchase orders for 9 robotic arms and expanded to 7 additional customers with total sales nearing NT\$200 million.</p> <p><b>Techman Robot Inc.:</b> Sold equipment on the global market with sales amount exceeding NT\$80 million.</p>

### Transformation and spread the effectiveness of aerospace smart manufacturing/smart management:

1. Obtain the approval of international customers and actively share and communicate the results of aerospace smart manufacturing to strengthen links
2. Provide processing operations / verification sites and successfully helped four smart machine companies develop machines made in Taiwan
3. Help partners expand international competitiveness / business opportunities and achieve the transformation and results for smart machine /aerospace industries



<Taipei Aerospace & Defense Technology Exhibition> President Tsai Ing-wen visited and praised iAIDC smart manufacturing



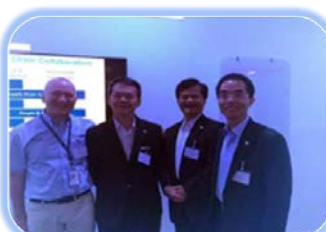
<Industrial Development Bureau> Filming and promotion of smart manufacturing in aerospace achievements



AIDC and Central Taiwan Science Park Administration / Industrial Technology Research Institute / Tunghai University jointly organized a technical talent training program



Industrial Development Bureau, Ministry of Economic Affairs  
Smart manufacturing pilot program



Rolls-Royce (UK) invitation for sharing iAIDC digitalization achievements



Smart Machinery Gold Award  
Digital Transformation Award  
Smart Manufacturing Gold Award  
National Industrial Innovation Award - Innovation Leadership Award