



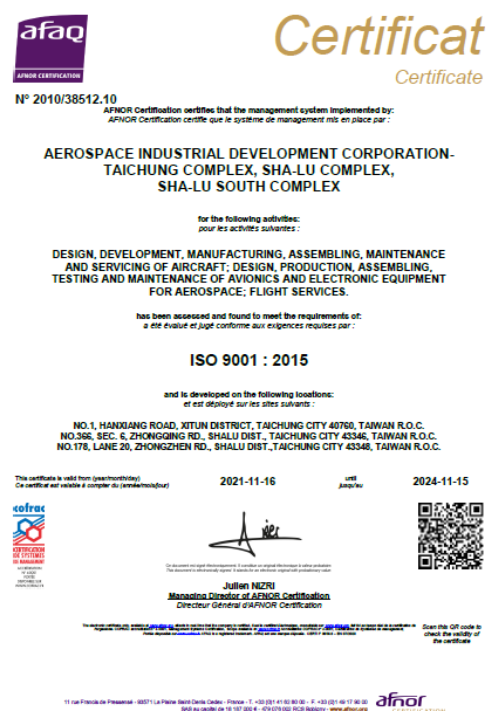
## Customer Services

AIDC regards quality, delivery schedule, and services for customers as core requirements for its business operations. The Company implements corrections and continuous monitoring for customer complaints and requests for improvements, and evaluates customer satisfaction. The evaluation items include quality comparison, delivery schedule scoring, customer complaints, and rectification actions. They are converted into overall scores and the Company implements immediate correction plans for differences in the evaluation results. We also continue to follow up and evaluate the effectiveness of the improvement results.

## Quality Management

### ◆ Quality control system certification

AIDC has obtained ISO 9001:2015 & AS9100:D quality management system certification and has passed the quality system certification of world-class aerospace quality systems such as Boeing D6-82479, Airbus AP2190 and GEAE S-1000, United Technologies Aerospace Supplier Quality Requirement (ASQR-01) (including Pratt & Whitney engines), Sikorsky Supplier Quality Requirements (SSQR-01), Honeywell Aerospace Supplemental Purchase Order Conditions (SPOC), MITAC MRJ-SQC-01, KHI KQMS-7100, Leonardo IAYC 05C, Bell Flight Supplier Quality Requirements Manual (SQRM-001), and Bombardier QD 4.6-40. We have successfully met the requirements for the international commercial aviation manufacturing supply chain and retain the experience and capacity to satisfy customer requirements.





## ◆ Special process certification

AIDC received the certification for special processes from the National Aerospace and Defense Contractor Accreditation (NADCAP). The certification for the 11 types of special production processes included non-destructive testing, coating, surface strengthening (bead blasting), composite materials, heat treatment, non-traditional processing (laser-guided discharge processing), traditional processing (special processes), chemical processes, welding, material testing laboratories, and measurements and inspections. We also continued to maintain the effectiveness of the certificates.

### 漢翔公司獲得NADCAP特殊製程認證項目清冊 AIDC NADCAP Special Accreditation List

#### (1) 台中/沙鹿/TACC廠區(Taichung/Shlu/TACC Complex)

製程名稱	證書屆期日	證書效期
1 Surface Enhancement (Shot Peening)	2021/04/30	18 Months
2 Heat Treating	2021/04/30	18 Months
3 <b>Nondestructive Testing</b>	<b>2021/04/30</b>	<b>24 Months</b>
4 <b>Welding</b>	<b>2021/04/30</b>	<b>24 Months</b>
5 <b>Materials Testing Lab.</b>	<b>2021/04/30</b>	<b>24 Months</b>
6 Composite	2021/04/30	18 Months
7 Measurement & Inspection	2021/03/31	18 Months
8 Chemical Processing	2021/10/31	18 Months

#### (2) 岡山廠區(Kaohsiung Complex)

製程名稱	證書屆期日	證書效期
1 Chemical Processing	2021/04/30	18 Months
2 Coating	2021/04/30	18 Months
3 Material Testing Lab.	2021/04/30	18 Months
4 Measurement & Inspection – Air Flow	2021/04/30	18 Months
5 Nondestructive Testing	2021/04/30	18 Months
6 Welding	2021/04/30	18 Months
7 Surface Enhancement (Shot Peening)	2021/04/30	18 Months
8 Heat Treating	2021/07/31	18 Months
9 <b>Nonconventional Machining</b>	<b>2021/10/31</b>	<b>24 Months</b>
10 <b>Conventional Machining as a Special Process</b>	<b>2022/01/31</b>	<b>24 Months</b>

## ◆ Inspection capacity

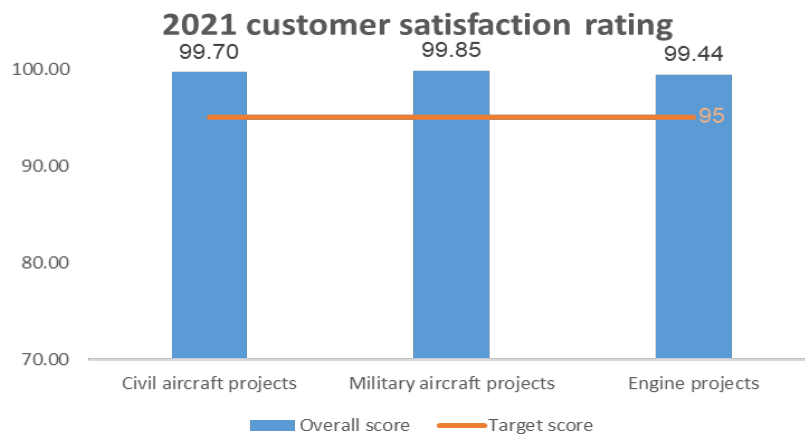
AIDC has sufficient inspection capacity to meet all inspection requirements. The main inspection equipment includes a large coordinate-measuring machine, robotic arm measuring machine, laser trajectory finder, and hardness, conductivity, non-destructive testing (including ultrasonic testing, X-ray testing, magnetic particle testing, eddy-current testing, and fluorescence testing).

## Customer Satisfaction

### ◆ Satisfaction rating

To satisfy customer requirements, the Company enhances quality, delivery schedule, and various management measures. We also organize satisfaction surveys in accordance with the key requirements of domestic and foreign customers. We set up 24-hour response information systems to quickly address issues reported by customers to build better relationships with customers.

- We use questionnaire surveys to measure the satisfaction of domestic customers such as the three services of the military. We focus on quality, technological capabilities, delivery schedule, service attitude, and level of support to enhance services for customers.
- The satisfaction survey of foreign customers is focused on the items designated by customers, items of the highest importance to customers, and items that can be quantified. They mainly include "product compliance", "delivery accuracy rate", "customer complaints", and "requirements for rectification actions". The objective data from the evaluations by foreign customers are used as the basis for scoring.



## Supplier Management

AIDC understands that industry clusters are advantages of Taiwan's aerospace supply chain. The Company actively assists companies in setting up quality systems, special process certification, transfer of processing technologies, building the foundations for aerospace tool design and manufacturing capacity, and improving aerospace inspection capabilities to establish long-term and stable partnerships with members of the supply chain, increase the overall competitiveness of Taiwan's aerospace industry supply chain, and expand the scale of Taiwan's aerospace industry.

### ◆ Supplier screening and evaluations

AIDC mainly evaluates suppliers based on quality and delivery schedule. To ensure the implementation of the corporate social responsibility of the Company and suppliers, if qualified suppliers have certifications for ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System), ISO 45001 (Occupational Health and Safety Management System), and TOSHMS (Taiwan Occupational Safety and Health Management System) or other certifications with contributions to the society and environment, the supplier will be included in the prioritized list of suppliers and be invited to participate in the Company's procurement.



<p><b>6. Business operations:</b> Business practices, track records, business management, suppliers/customers, financial health (financial and budget analysis), quality of plans, production and sales coordination, logistic support, additional services of suppliers, and response capabilities.</p>	<p><b>3. Cost:</b> Cost breakdown, cost rationalization, competitive advantages, price competitiveness, procurement capabilities, geographic location, green procurement, energy conservation and carbon reduction, etc.</p>	<p><b>7. Scale:</b> Production capacity, equipment, trading capacity, and market competitiveness.</p>
<p><b>2. Delivery schedule:</b> Lead time management, management system, delivery speed and reliability, product defect rate, equipment utilization rate, RDR return processing, and logistics.</p>	<p><b>Qualified suppliers:</b>                  ✓ Meet basic qualifications (determined by the supply of the subject of the tender and contract performance capability).                  ✓ Meet specific qualifications.</p>	<p><b>4. Philosophy:</b> Business philosophy, sustainable management, medium and long-term plans, morale, management, system, credit, reliability, labor safety and health, corporate responsibility, and environment.</p>
<p><b>5. Willingness:</b> Willingness to cooperate (suppliers with common values and willingness to cooperate), service attitude, communication, and coordination.</p>	<p><b>1. Quality:</b> Quality management, quality assurance, quality improvement awareness, full participation, source management, inspections, inspection instruments, and test equipment.</p>	<p><b>8. Technologies:</b> Manufacturing technology capabilities, design innovation capabilities, and research and development capabilities.</p>

### ◆ Distribution of global procurement

In 2021, AIDC maintained stable partnerships with 1,124 domestic and foreign suppliers and contractors. The procurement and outsourced services provided by foreign suppliers and contractors accounted for 83.83%, and those of domestic suppliers and contractors accounted for 16.17%.

**186 qualified external suppliers**

- 62 in Central Taiwan
- 59 in Northern Taiwan



- 46 in Southern Taiwan
- 19 in foreign countries

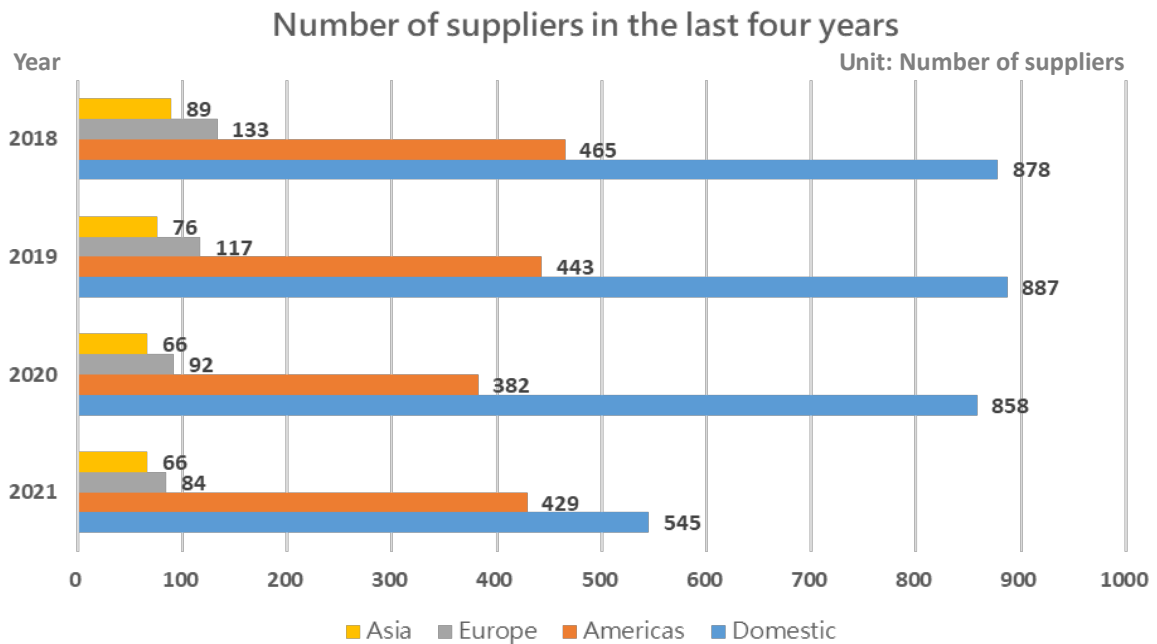
Locations of 1124 suppliers		
Region	Ratio of suppliers	Procurement value ratio
Asia	5.87%	7.94%
Europe	7.47%	6.70%
Americas	38.17%	69.19%
Domestic	48.19%	16.17%

Note: The table shows data on contracts signed from January 1, 2021 to December 31, 2021.

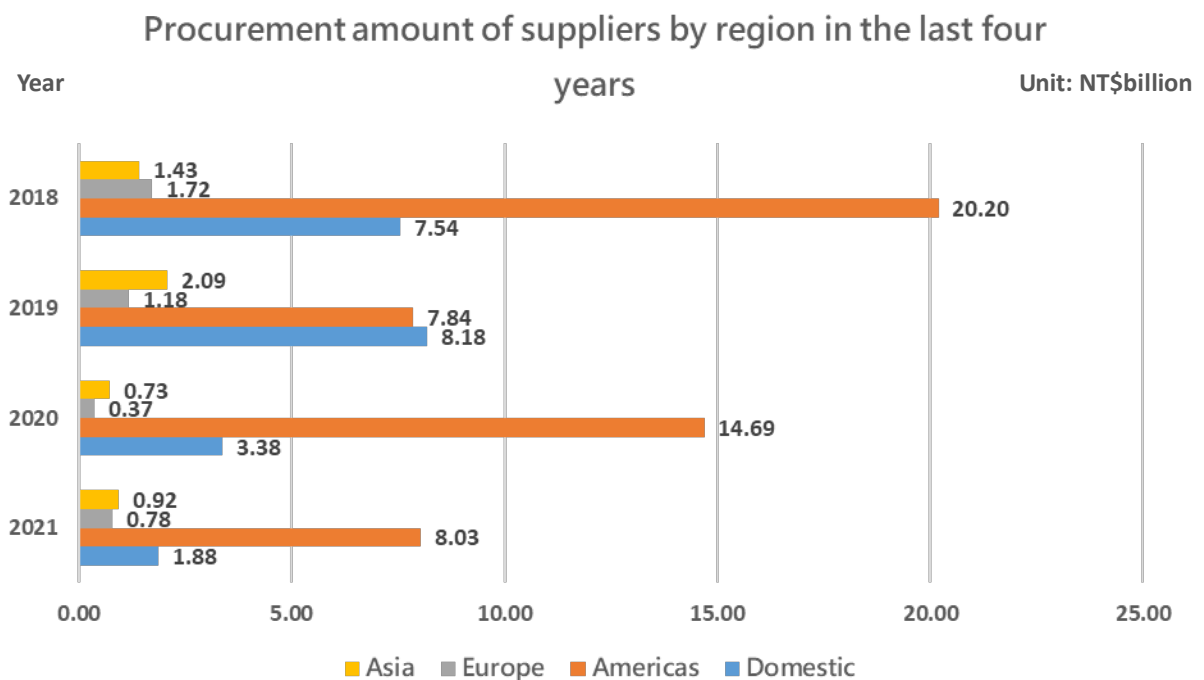
Note: Statistics of qualified external suppliers as of December 31, 2021



In terms of the number of suppliers by region in the last four years, the number of domestic suppliers decreased slightly with 545 suppliers in 2021, as shown in the figure below:



In terms of the value of contracts signed with suppliers by region in the last four years, the value of contracts signed with suppliers in the Americas was the highest with NT\$20.196 billion in 2018. The value of contracts signed with domestic suppliers decreased slightly with NT\$1.877 billion in 2021, as shown in the figure below:



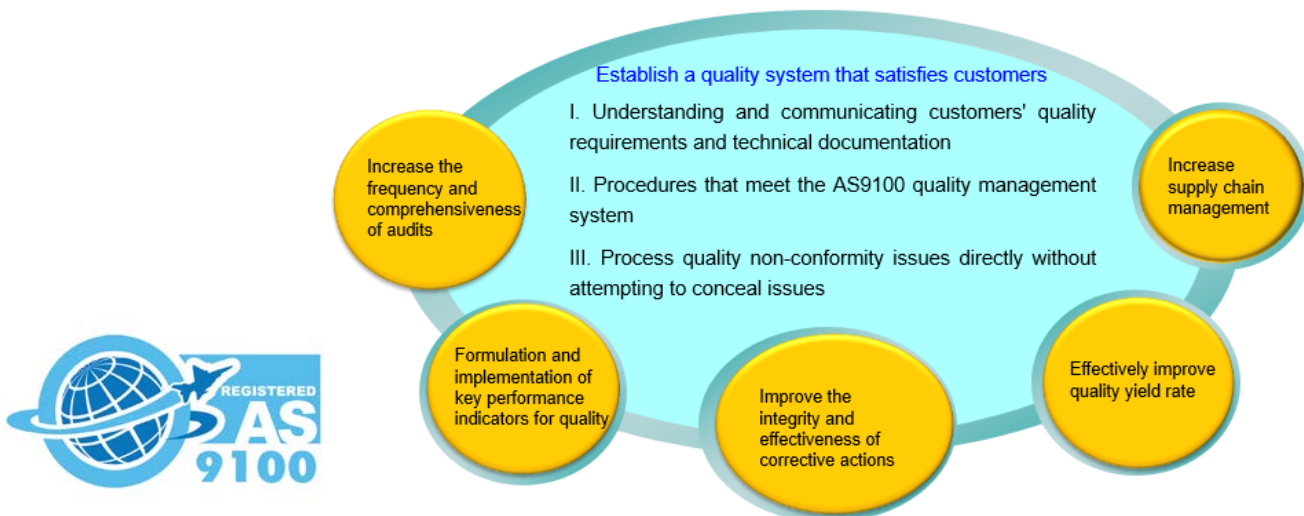




## ◆ Supply chain management targets and strategy



## ◆ Work with suppliers to improve quality together

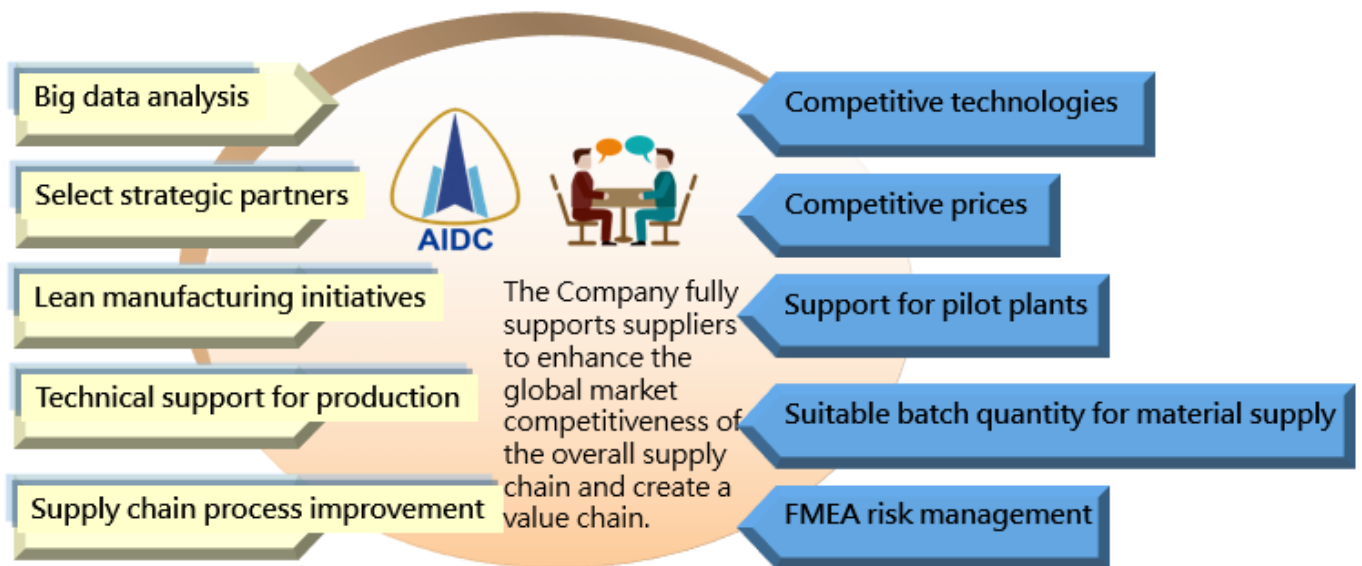


## ◆ Assistance for companies in the supply chain

AIDC provides suppliers with training and assistance for process improvements and advancements to help them increase quality, engineering technologies, and management capabilities to reduce cost and increase competitiveness for winning purchase orders. The Company also helps improve the supply chain by launching lean manufacturing activities and organizing events to publish results. We publish the results of the lean manufacturing project for suppliers organized by Japanese consultants to provide partners with role models of lean manufacturing and gain experience in the promotion of lean manufacturing activities.



## ◆ Support the entry of domestic suppliers into the sustainable supply chain of the industry



AIDC will continue to support government policies with its sustainable supply chain management strategy. In terms of technology, we require energy-saving, low-pollution and high-recycling designs. In terms of labor, safety, environmental protection, and energy management systems, we encourage suppliers to set up labor, safety, environmental protection, and energy management systems. In terms of setting green product standards, we will require suppliers to comply with energy conservation, ease of recycling, low toxicity, battery use, material labeling, packaging materials, etc. in separate phases. They shall be included in the Supplier Code of Conduct and specified in contract requirements. AIDC will do its best to develop a comprehensive sustainable supply chain for the aerospace industry and improve competitiveness to become an important supply chain for the global aerospace industry. We shall lead the sustainable supply chain of Taiwan's aerospace industry and step onto the global stage.

## ◆ Supply chain sustainability management

AIDC is committed to promoting sustainable supply chain management and sustainable procurement. We review suppliers based on ethics and sustainability issues and help the Company make better decisions and implement risk management for procurement to increase the positive effects on the economy, environment, and society. We shall work with suppliers in the joint development of green products, energy conservation and carbon reduction, and pollution prevention to create a sustainable supply chain together.



## Sustainable supply chain management practices:

