

ESG Report 2023

Environmental, Social and Governance Report



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MISSION

As a leading player in the medical device industry, AK GLOBALTECH CORPORATION is dedicated to embedding Environmental, Social, and Governance (ESG) principles into our operations.

Our company is committed to sustainability at every stage of our operations. We pledge to source ethically, minimize waste, and prioritize eco-friendly practices in our supply chain.

Through collaboration with our partners and dedication to continuous improvement, we aim to lead the wholesale industry towards a more sustainable and prosperous future for all. Our mission is clear: to deliver quality products while nurturing the planet, ensuring a legacy of sustainability for generations to come.

Message from Our CEO



At AK GLOBALTECH CORPORATION, we believe that businesses have a fundamental responsibility to operate in a way that promotes the well-being of people and the planet. This belief is deeply ingrained in our corporate culture and is reflected in everything we do, from our day-to-day operations to our long-term strategic planning.

As CEO of AK GLOBALTECH CORPORATION, I am personally committed to driving our sustainability agenda forward and ensuring that sustainability remains a core priority for our organization.

One of the key sustainability issues that AK GLOBALTECH CORPORATION is actively addressing is climate change. We understand the urgent need to reduce greenhouse gas emissions and transition to a low-carbon economy. That is why we have set ambitious goals to reduce our carbon footprint and increase energy efficiency across our operations. By the end of 2030, we plan to reduce 20% of waste in our corporate office and warehouses, utilizing recycled paper and supplies. We are also investing in innovative technologies and sustainable practices to minimize our environmental impact and contribute to a more sustainable future.

In addition to addressing climate change, AK GLOBALTECH CORPORATION is also committed to promoting social responsibility and ethical business practices throughout our supply chain. We believe in the importance of fair labor practices, human rights, and diversity and inclusion, and we are working closely with our suppliers to ensure that they uphold these principles in their operations.

As we look ahead to the future, I am excited about the opportunities that lie ahead for AK GLOBALTECH CORPORATION to make a positive impact on the world. We are committed to continuing our journey towards sustainability, and we will remain steadfast in our efforts to create a more sustainable, equitable, and resilient world for future generations.

Respectfully,

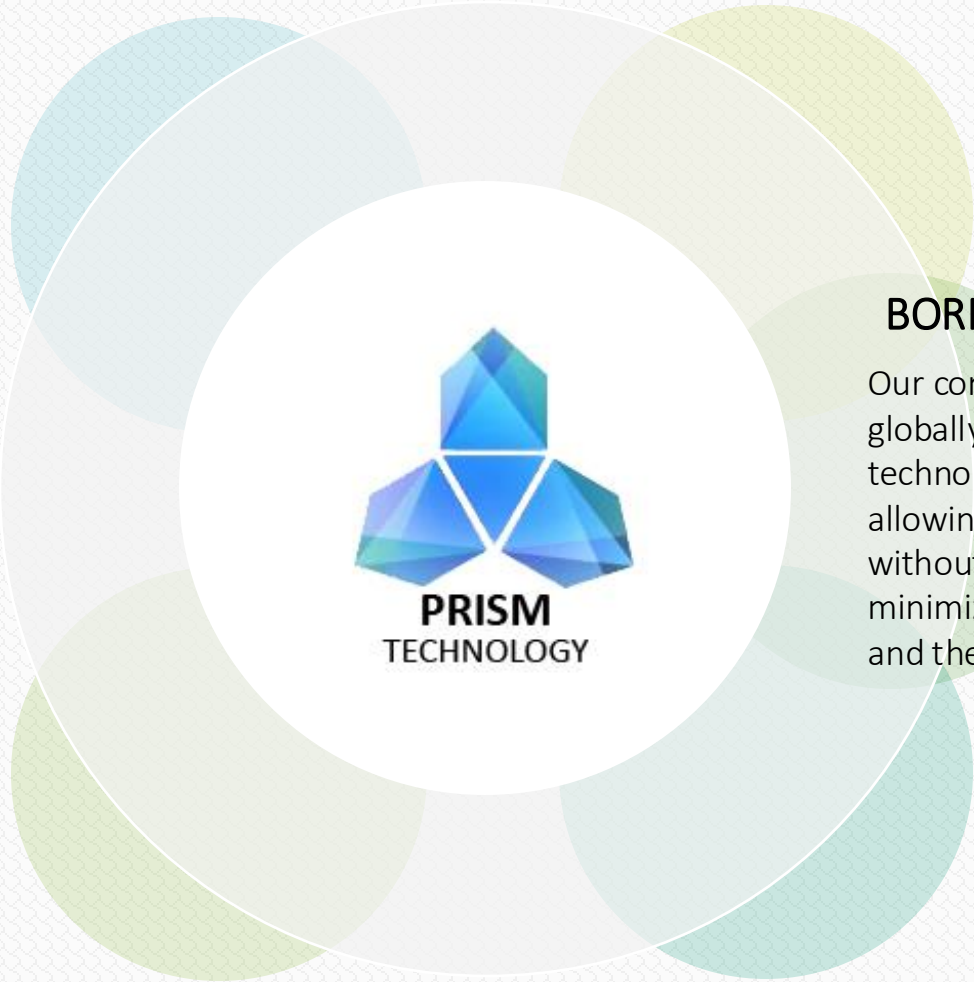
Matthew H. Son
President & CEO
AK GLOBALTECH d/b/a AlcoMate

About AK GLOBALTECH

Founded in 2001, AK GLOBALTECH CORPORATION has become a market leader in the breath alcohol testing industry across North and South America.

In 2012, we secured a global patent for our PRISM technology, which features pre-calibrated, replaceable sensor modules.

Since 2013, we have been the exclusive breathalyzer supplier for the U.S. Navy and Marine Corps, and we continue to provide alcohol testing solutions to healthcare institutions, rehabilitation centers, and various other sectors within the healthcare industry.



BORN TO SUSTAINABILITY

Our core technology is inherently eco-friendly. The globally patented **Replaceable Sensor Module** technology significantly reduces carbon emissions by allowing the replacement of only the sensor module without the need to replace the entire device. This minimizes emissions associated with device disposal and the sensor calibration process.

HIGHLIGHTS

SUSTAINABILITY STRATEGY

As a leading player in the breath alcohol testing industry, AK GLOBALTECH is deeply committed to enhancing our sustainability footprint while delivering value to customers, partners, and stakeholders. Our ESG strategy is guided by our responsibility to the planet, our communities, and the principles of sound governance, ensuring we operate with integrity and purpose.

At AK GLOBALTECH CORPORATION, we recognize the critical role that our value chain plays in advancing our Environmental, Social, and Governance (ESG) commitments. From sourcing materials to delivering our breath alcohol testing solutions to customers, we are committed to maintaining high standards of sustainability, ethical practices, and transparency throughout every stage of our operations.

VALUE CHAIN



ENVIRONMENT

Our replaceable sensor module technology has enabled us to achieve an annual reduction of 45.9 tons of CO2 equivalent (tCO2e) in carbon emissions. This reduction is primarily achieved through the innovative design (US Patent 8,250,900 B2) of our sensor modules, which are engineered to be easily replaced instead of being discarded entirely when they become worn out or less effective.

Our commitment to our workforce is central to our ESG strategy. We prioritize diversity, equity, and inclusion, striving to create a workplace where everyone feels valued and empowered. Our initiatives include Diversity and Inclusion (D&I), employee well-being, talent and career development and safe work environment. We regularly assess and improve our practices to ensure we meet our commitments and support our employees effectively.

PEOPLE

Emissions of the greenhouse gases (GHG) that drive climate change and its impacts around the world are growing. According to climate scientists, global carbon dioxide emissions must be cut by as much as 85 percent below 2000 levels by 2050 to limit global mean temperature increase to 2 degrees Celsius above pre-industrial levels.¹

Temperature rise above this level will produce increasingly unpredictable and dangerous impacts for people and ecosystems. As a result, the need to accelerate efforts to reduce anthropogenic GHG emissions is increasingly urgent. Existing government policies will not sufficiently solve the problem. Leadership and innovation from business is vital to making progress.

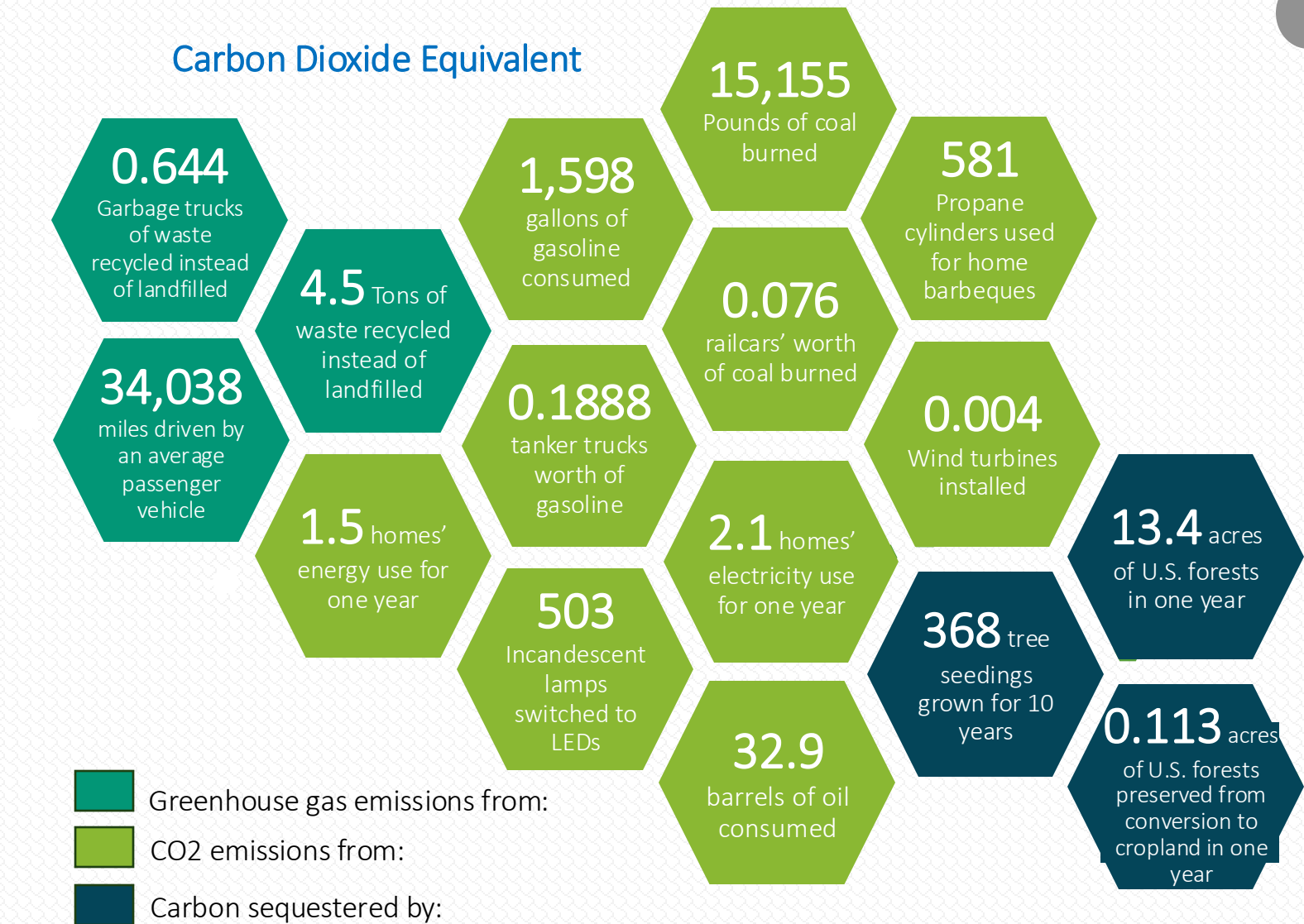
As we reflect on 2023, we are proud of our low carbon emissions compared to other businesses in wholesale industry. We worked hard to reduce our environmental footprint, drive progress throughout our value chain, and create a safer, more inclusive place for people to work.

1. IPCC, Summary for Policymakers (Table SPM.5: Characteristics of post-TAR stabilization scenarios), in Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, ed. B. Metz, O.R. Davidson, P.R. Bosch, R. Dave, L.A. Meyer (Cambridge, United Kingdom and New York, NY, USA: Cambridge University Press, 2007).

Our commitment to mitigating climate change is demonstrated through efforts to reduce greenhouse gas emissions across our operations and supply chain. Our Scope 3 emissions include all indirect emissions that are a result of our business activities.² These emissions include sources such as upstream and downstream activities in the value chain, employee work commute, business travel, waste disposal, and product transportation.



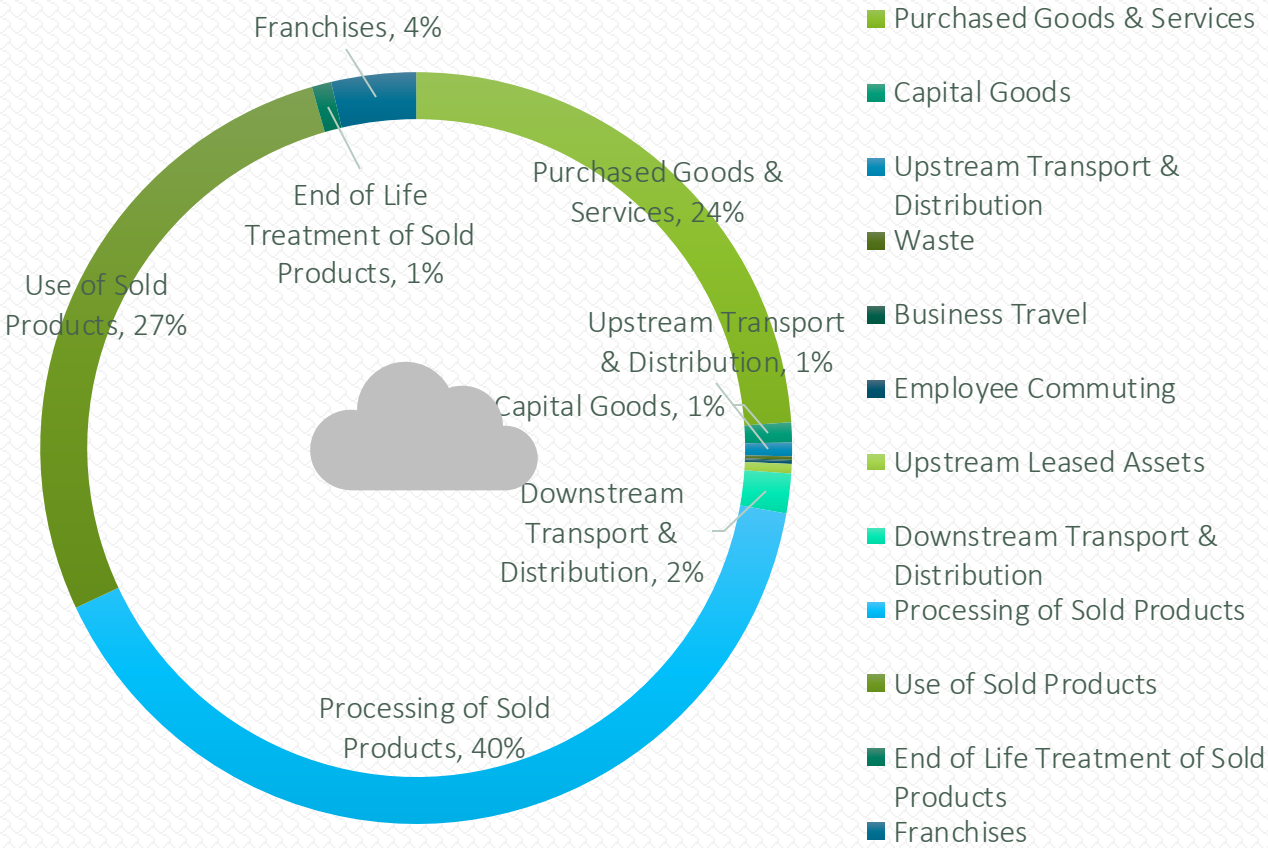
², Year 2023 is our first reporting period. Based on EcoVadis Carbon Emission Calculator.



3. Greenhouse Gas Equivalencies Calculator, <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

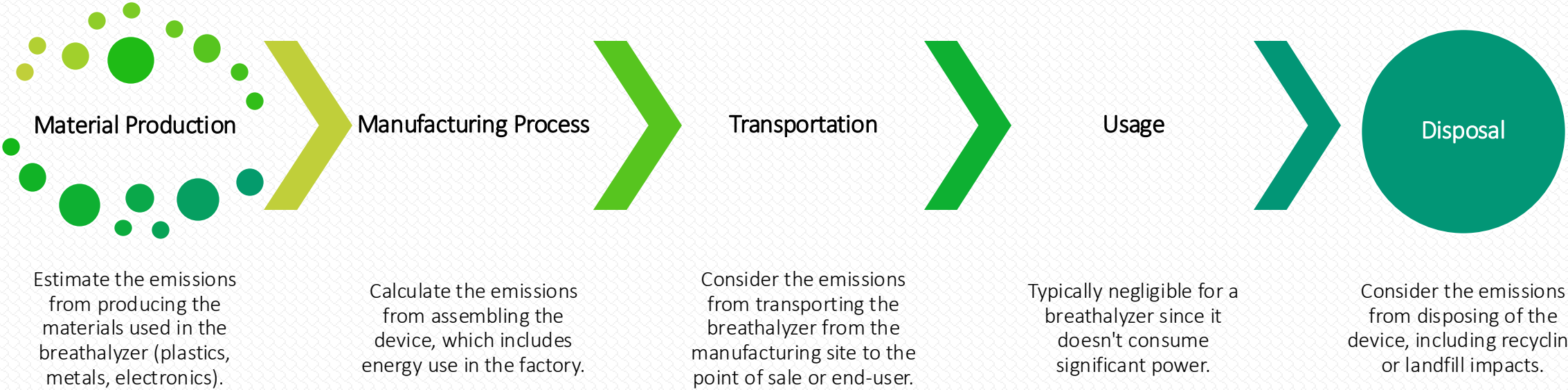
The category that emitted the most carbon was the processing of sold products, which generated 846 tons of carbon emissions in 2023.

Estimating the carbon emissions from a breathalyzer device requires considering several factors related to its lifecycle, including production, transportation, usage, and disposal.^{4 5}

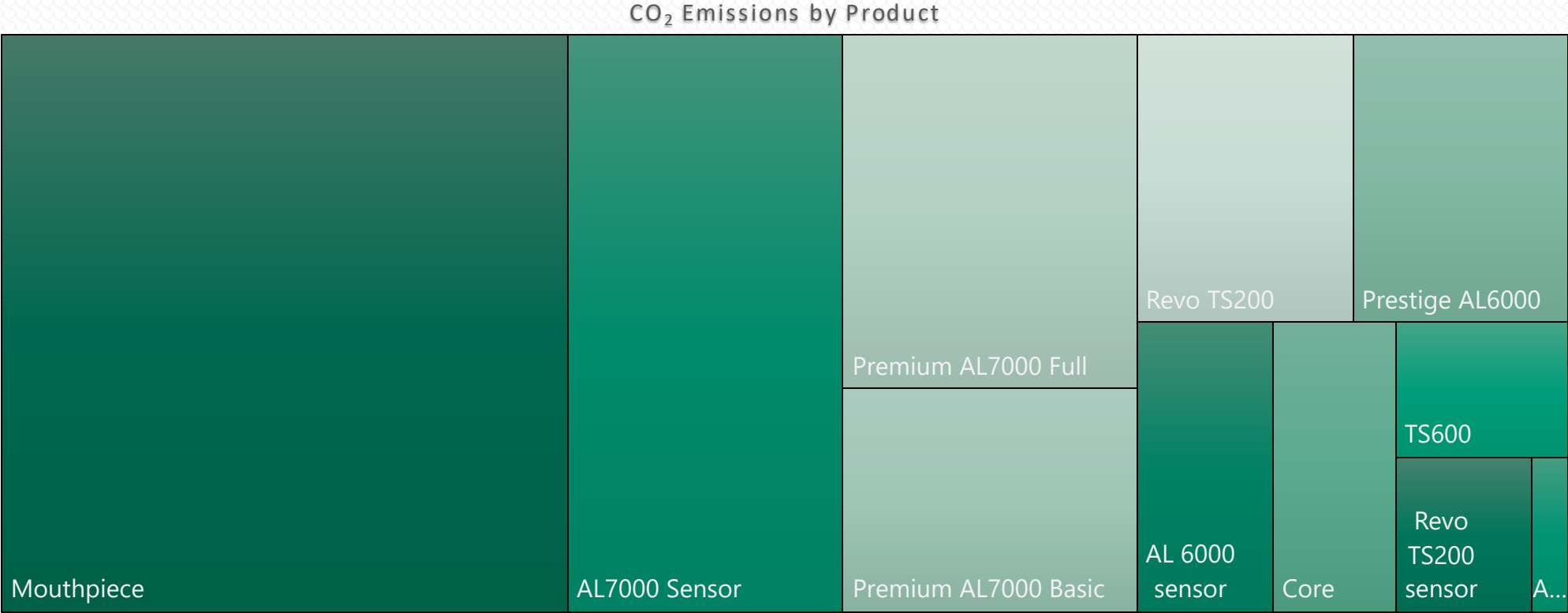


4. Sources for Data: 1) Plastic Emissions: World Resources Institute, "The Global Plastics Outlook" (OECD). 2) Electronics Manufacturing**: "Carbon Footprint of Common Electronic Products," ICCT Report. 3) Battery Production**: Argonne National Laboratory, GREET Model. 4) Transportation Emissions: "Carbon Footprint of Freight Transport," European Environment Agency (EEA). 5) Product End-of-Life: Ellen MacArthur Foundation, "Circular Economy and Carbon Emissions". 5. Amazon Devices Product Carbon Footprint Methodology

To estimate carbon emissions from a breathalyzer device with more precision, we have delved into each phase of the product lifecycle: raw material extraction, manufacturing, transportation, usage, and disposal.



In 2023, the total carbon emissions generated from the raw material extraction and production of our products amounted to 165 tons of carbon emissions. For example, the production process alone of our flagship product, the AlcoMate Premium AL7000, was measured to emit a total of 12 tons of carbon.

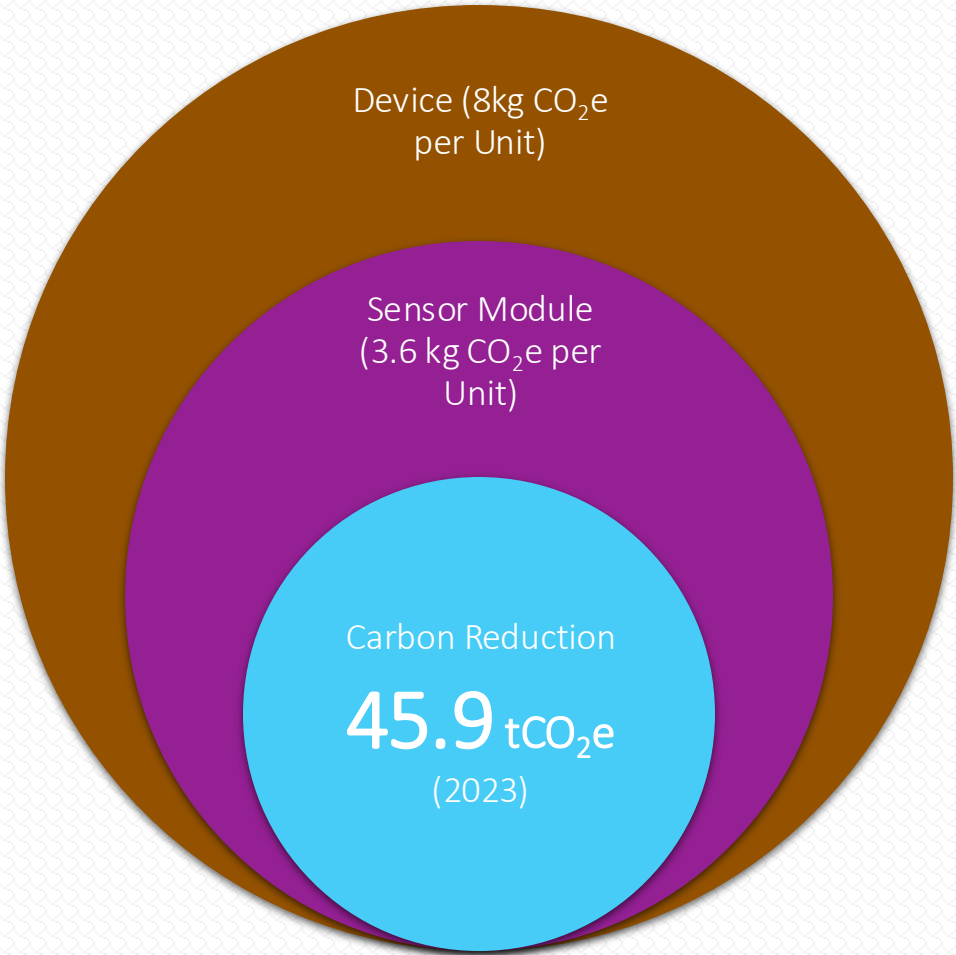


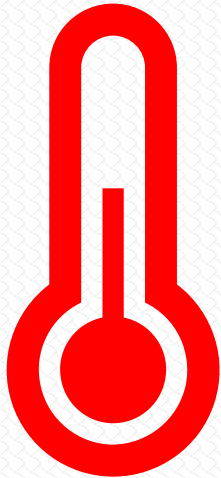
Our replaceable sensor module technology has enabled us to achieve an annual reduction of 45.9 tons of CO2 equivalent (tCO2e) in carbon emissions.

This reduction is primarily achieved through the innovative design (US Patent 8,250,900 B2) of our sensor modules, which are engineered to be easily replaced instead of being discarded entirely when they become worn out or less effective.

Assuming AlcoMate breathalyzer device emits 8 kg of CO2 equivalent (kgCO2e), our customers who purchased our sensor modules instead of replacing devices have reduced 45.9 tons of CO2 equivalent (tCO2e) in carbon emissions.

We will be able to dramatically reduce carbon emissions by transforming alcohol detection industry by our replaceable sensor module technology. The more consumers purchase our sensor modules, the more we will be able to reduce carbon emissions.





Lowering room temperature by 1°F can lead to significant energy savings, which in turn can reduce carbon emissions. We increase office temperature by 1 °F from May through October and lower 1 °F from November through April.

Changing room temperature by 1°F typically results in an energy savings of about 1-3% for heating, compared to the 5-10% savings for a 1°C reduction.⁶

6. Programmable Thermostats, US Department of Energy, <https://www.energy.gov/energysaver/programmable-thermostats>

VALUE CHAIN



Ethical Sourcing



Logistics and Distribution



Customer Usage and Product Lifecycle



Supplier and Partner Collaboration

Labor Practices: We ensure our suppliers uphold fair labor standards, prohibit child and forced labor, and maintain safe and equitable working environments.

Environmental Impact: Suppliers are expected to minimize their environmental footprint by reducing waste, conserving resources, and adhering to local environmental regulations.



At AK GLOBALTECH CORPORATION, from sourcing materials to delivering our breath alcohol testing solutions to customers, we are committed to maintaining high standards of sustainability, ethical practices, and transparency throughout every stage of our operations.

Compliance: We ensure that our suppliers adhere to our ethical sourcing standards and comply with global regulatory requirements. Currently, 25% of our major suppliers hold ISO 14001:2015 certification, and we actively encourage the remaining suppliers to align with these ethical sourcing standards. .

Carbon Reduction: We partner with logistics providers, such as DHL, UPS and FedEx, that are committed to reducing greenhouse gas emissions and are transitioning to low-carbon transportation methods.

Optimized Distribution: By optimizing routes and consolidating shipments, we reduce fuel consumption and emissions while ensuring timely delivery to our customers.



To further minimize our environmental footprint, we focus on sustainable logistics and transportation strategies:

Packaging: We are shifting towards using more sustainable and eco-friendly packaging materials, aiming to reduce single-use plastics and increase the use of recyclable and biodegradable options.

We are dedicated to providing high-quality, durable products that have a long lifecycle and minimize environmental impact:

End-of-Life Management: We encourage customers to return end-of-life products to us for recycling or proper disposal, and we are actively working on implementing a take-back program to ensure our devices are responsibly recycled and materials are reclaimed.



Sustainable Product Design: Our PRISM technology, featuring pre-calibrated, replaceable sensor modules, not only enhances product performance but also extends the product lifecycle, reducing the need for frequent replacements..

Take Back Program: To support the transition from re-calibration technology to replaceable sensor module technology, we offer a 10% discount to customers who previously used our AL9000 and AL2500 products, which do not feature replaceable sensor modules, when they purchase our TS200 or AL7000 models. .

VALUE CHAIN

We believe that close collaboration with suppliers and partners is key to improving sustainability across our value chain:

Supplier Engagement: We work closely with our suppliers to drive innovation in sustainable practices, sharing best practices and setting joint targets for environmental and social impact.



Supplier & Partner Collaboration

Supplier Support: We are committed to supporting our suppliers in meeting our stringent ESG standards, as we believe that fostering long-term, responsible partnerships benefits both parties and enhances our shared impact on sustainability and ethical practices. To this end, we provide resources and guidance to help suppliers align with our expectations in areas such as environmental responsibility, fair labor practices, and ethical business conduct.

As part of our onboarding process, when suppliers open a vendor account with us, they are required to thoroughly review and acknowledge our Supplier Code of Conduct. This document is provided alongside the vendor application forms and outlines the ethical, social, and environmental standards that we expect from all partners. By ensuring that suppliers are fully informed of our requirements from the outset, we aim to build strong, transparent relationships that are rooted in mutual accountability and a shared commitment to ESG principles.

VALUE CHAIN

Ensuring the integrity of our value chain is essential to meeting our ESG goals. We use the following mechanisms to monitor and improve our performance::

Supplier Scorecards: Our suppliers are evaluated on key ESG metrics, including environmental impact, labor practices, and ethical conduct.



Monitoring & Accountability

Continuous Improvement: We review and refine our practices regularly to ensure continuous improvement in both environmental and social outcomes within our value chain.



We believe that our success is closely tied to the well-being of our employees, customers, suppliers, and the communities in which we operate. We are committed to creating a positive social impact by fostering diversity, supporting local communities, and promoting ethical labor practices.



PEOPLE

At AK GLOBALTECH, we maintained an accident-free work environment for the last two years, thanks to continuous improvements in workplace safety protocols and regular employee training.

In 2023, we continued to maintain zero accident work environment and provide all our employees healthcare support.

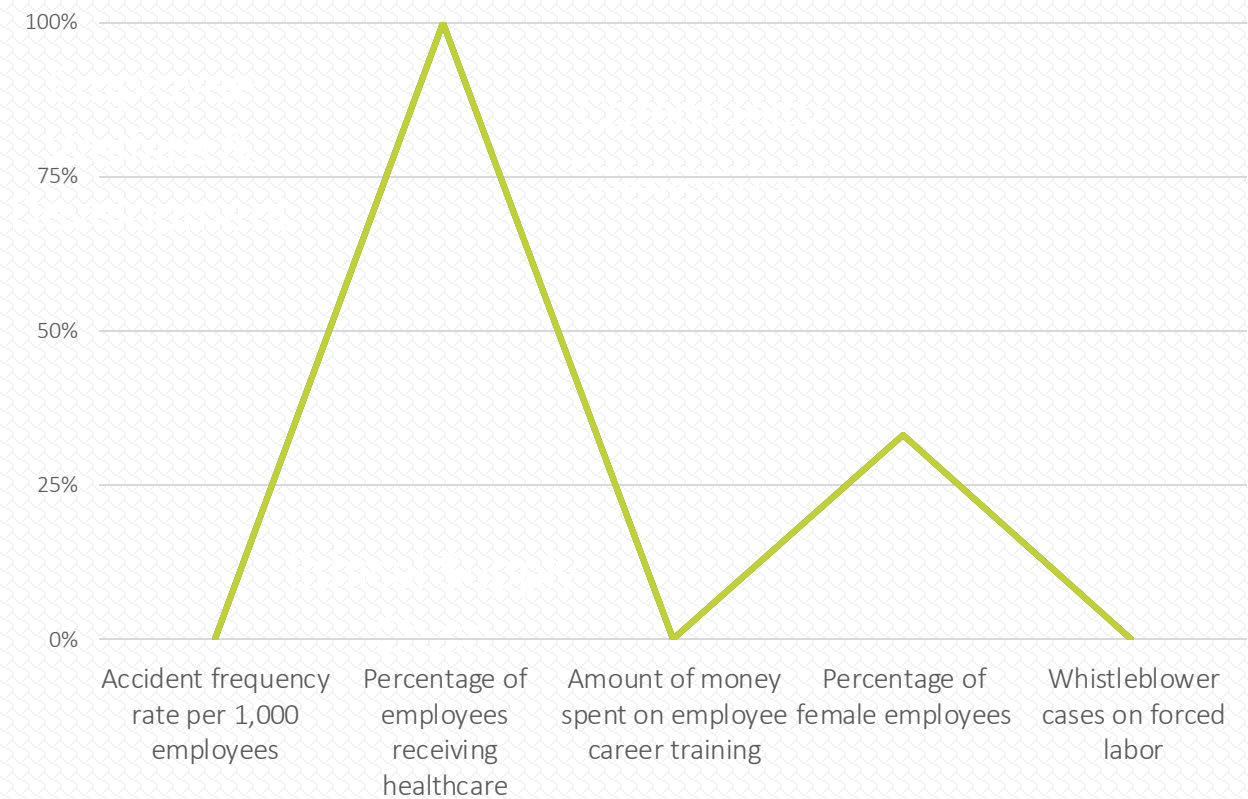
Our commitment to fostering a diverse and inclusive culture is embedded in our core values, which emphasize respect, collaboration, and equal opportunities for all employees.

100%

33%

We aim to attract and retain a workforce that reflects the rich diversity of the communities we serve, with a focus on gender, ethnicity, disability, sexual orientation, and cultural background. Our workforce comprises 33% women and 100% individuals from underrepresented groups.

Employee Welfare & Development



PEOPLE

We are committed to providing all our employees with a living wage that significantly exceeds minimum wage requirements in every region where we operate. Specifically, in New Jersey, our compensation rates are more than 170% higher than the state's minimum wage.¹⁰

170

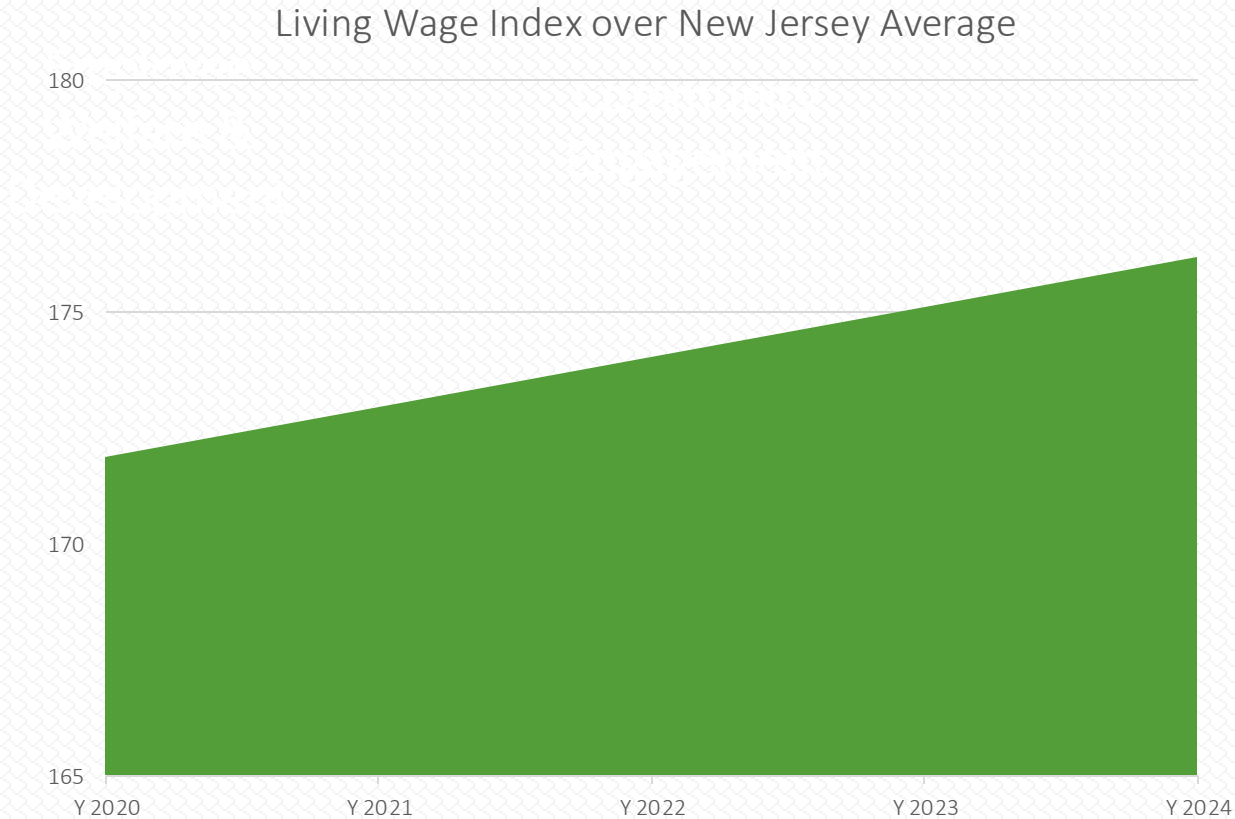
5%

This demonstrates our dedication to not only meeting but exceeding industry standards for fair compensation. Additionally, we ensure that employee wages continue to rise by implementing an annual salary increase of 5%, reflecting our ongoing commitment to supporting the financial well-being of our workforce.

This approach aligns with our values of equity and sustainability, ensuring that our employees can comfortably meet their living expenses and maintain a high quality of life.

Employee Welfare & Development

Living Wage



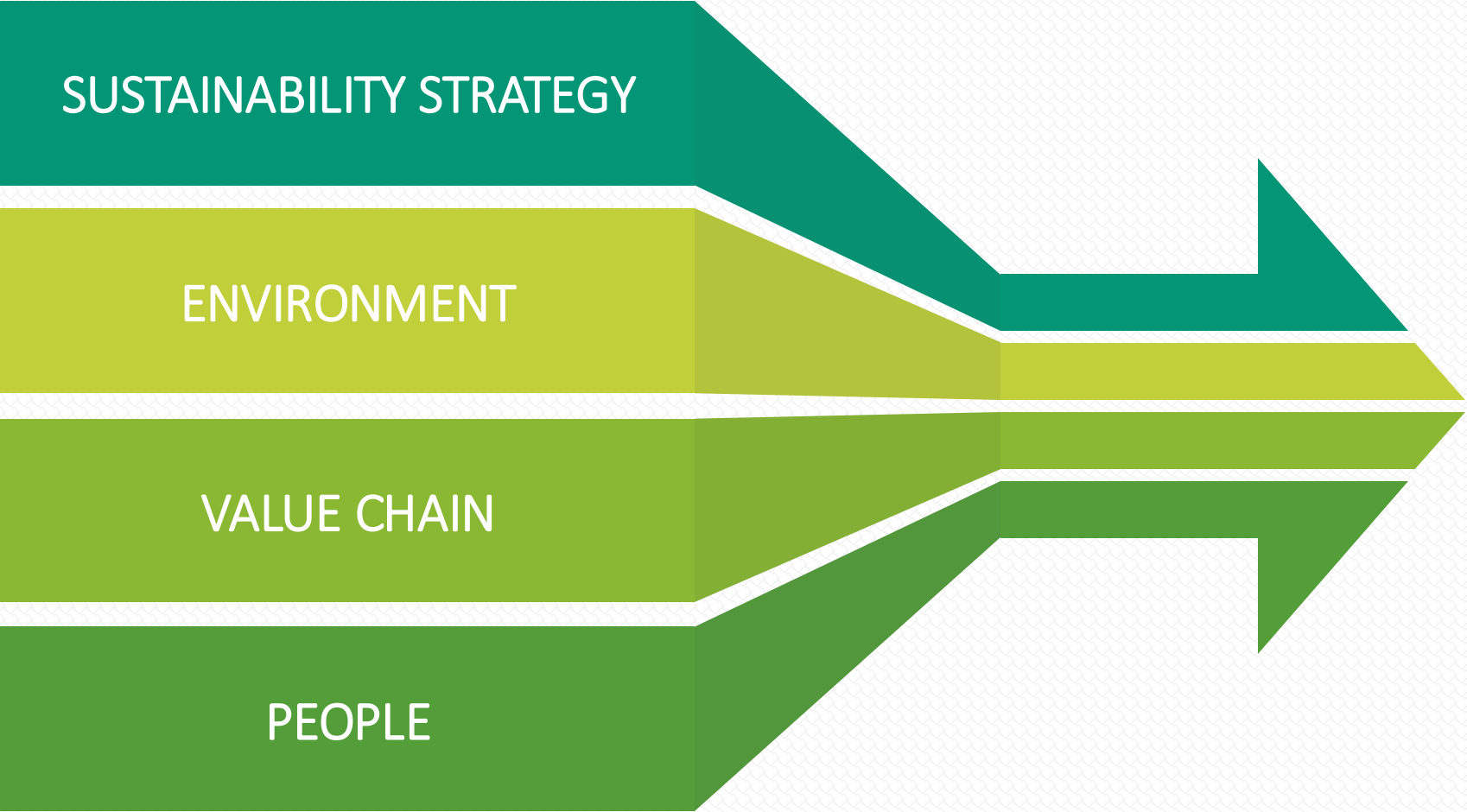
10. Living Wage Calculation for New Jersey, Massachusetts Institute of Technology, February 14, 2024, <https://livingwage.mit.edu/states/34>

We strongly recommend all our suppliers to follow a comprehensive code of conduct designed to uphold the highest standards of ethical labor practices. This code mandates fair treatment of workers, prohibits any form of forced or child labor, and ensures that working conditions are safe and conducive to the well-being of all employees.

Starting in 2024, we will include our Supplier Code of Conduct as part of the vendor application process. This document will be made available to all prospective vendors, ensuring that they are fully informed of our standards and expectations before they apply.

Employee





**Empowering
Progress,
Sustaining
Tomorrow.**

What's Next



Environment

- Carbon Reduction: Implement energy-efficient technologies and practices to reduce Scope 3 emissions by 20% over the next five years.
- Waste Reduction: Implement waste reduction initiatives, including optimizing packaging materials and reducing production waste.
- Circular Economy: Develop and promote circular economy practices, including product take-back and refurbishment programs.



Value Chain

- Ensure sustainability and ethical practices throughout our supply chain by 2026.
- Supply Standards: Develop and implement a comprehensive set of environmental and social standards for suppliers.
- Compliance Check: Conduct regular compliance check to ensure compliance with sustainability criteria and provide support for suppliers to improve their practices.
- Transparency: Increase transparency in the supply chain by publishing detailed reports on supplier sustainability performance.



People

- Health and Safety Enhancements: Maintain and continuously improve health and safety standards across all facilities. Provide ongoing safety training and resources to ensure a safe working environment and compliance with health and safety regulations. Maintain zero-accident work environment.
- Talent Development and Career Growth: Foster continuous learning and career development opportunities for all employees. Partner with educational institutions and online platforms to offer employees access to a range of upskilling and reskilling opportunities.
- Employee Engagement and Satisfaction: Improve employee engagement and satisfaction through enhanced communication and feedback mechanisms. Develop and implement action plans based on survey results to address concerns and enhance the employee experience.

**Our journey
towards a more
sustainable and
responsible
future.**

Thank you for taking the time to read our ESG report. We appreciate your interest in AK GLOBALTECH CORPORATION and our commitment to sustainability.

AK GLOBALTECH CORPORATION remains steadfast in its commitment to ESG excellence. By prioritizing environmental sustainability, fostering a positive social impact, and adhering to rigorous governance standards, we aim to drive long-term value for our stakeholders. We look forward to continuing our journey towards a more sustainable and responsible future.

Should you have any questions or feedback, please do not hesitate to reach out to us. Together, we can continue to drive positive change in the healthcare industry.

Matthew H. Son
CEO at AK GLOBALTECH CORPORATION

THANK YOU

