



20 — 41st Anniversary
20 ABC Taiwan
Electronics Corp.
Sustainability Report
ABC ✦ Satisfies



ABC-ATEC- Boundless Innovation

Insisting the spirit of service, innovation and seeking for excellent, Tracing the market demand and technology trend, Running under systematization, standardization & institutionalization. Carrying practical management by data orientation. To create everlasting innovation and development.

We believe " Only the Paranoid Survier. Only the Innovator Success & Only the Speedy Player Win."

ABC Taiwan Electronics Corp. strives to uphold our professional quality while focusing on the research and development of innovative technology, thereby exceeding the limits of the brand in an effort to provide our clients with better services and products. Therefore, we proposed the concept of "ABC-ATEC- Boundless Innovation", where innovative technology, cross-generation deployment, smart manufacturing, corporate innovation, and growth are combined with the infinity sign as well as product-related elements such as loops, current, and technology. These are complemented by the stacked images of a high-tech city to convey the infinite potential and development of the ABC brand.

A **Ambition & Enthusiasm** **B** **Best** **C** **Capability & Competitiveness**

The 3 dimensions are the core development and management thinking of ABC over the last 41 years, and it is our intention to carry forward such spirit.

The image of an airplane, boat, and car moving toward 3 major directions symbolizes ABC's endeavors and aspirations to realize the company's vision and future ideals.



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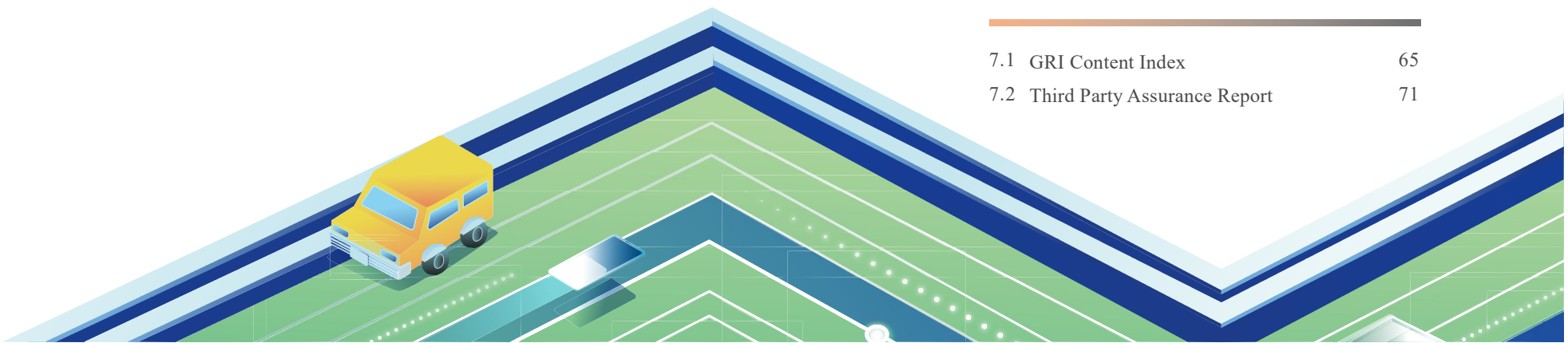
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0.1 | PREFACE About The Report

ABC Taiwan Electronics Corp. (stock code: 3236; referred to as "the Company" or "ABC" below) was founded in 1979 and headquartered in Yangmei District, Taoyuan City. It is mainly involved in the research, development, production, and sale of inductors.

2020 marked the 41st anniversary of ABC, and in 2021, the Company published its first sustainability report in accordance with "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" after taking into consideration GRI's (Global Reporting Initiatives) reporting guidelines and sustainable development goals (SDGs) of the United Nations. This report is intended to publicly disclose the Company's actions on Environmental, Social, and Governance aspects. Meanwhile, information is being disclosed on the Company's website to promote bilateral communication with internal as well as external stakeholders. Through publication of this report, we hope to enforce our conviction towards sustainable growth and ongoing improvements.

◆ Reporting Period 102-50

This report discloses ABC's actions and performance in governance, environmental, and social aspects in year 2020 (from January 1 to December 31, 2020), and responds to issues that are of concern to stakeholders.

◆ Reporting Cycle 102-51 102-52

This initial sustainability report of ABC is published in September 2021 in both Chinese and English. The Company plans to publish subsequent reports on a yearly basis, and the next report (for year 2021) is scheduled to be published in September 2022. You may download reports from ABC's official website. ABC website: <https://www.atec-group/>

◆ **Scope And Boundary Of Report** 102-45 102-46

Scope and boundary of this report have been established mainly to cover ABC's Factory 2 in Taiwan. Factory 1 was also included in the disclosure of certain issues, given its significance to the material topic in question. The report discloses financial information taken from ABC's consolidated financial statements, but some subsidiaries were excluded from this report as performance information was not collected. For these subsidiaries, the Company plans to first conduct sustainability training and then make progressive disclosures after three years. ABC's corporate social responsibility efforts covered:

Headquarters:

No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City

Yangmei Factory 1:

No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City

Yangmei Factory 2:

No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City

◆ **Report Preparation Principles** 102-54

Information in this report has been disclosed based on GRI guidelines of the Global Reporting Initiative (GRI), Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies, SDGs of the United Nations, the AA1000 standard, stakeholders' opinions, and the Company's market position. We have identified and disclosed information relevant to ABC's corporate social responsibility efforts using the core option, and furnished a GRI Index in the appendices for quick reference.

◆ **Assurance Over The Accuracy Of Public Information** 102-56

Having recognized how information disclosed in the sustainability report will significantly effect stakeholders' decisions, we have committed our best efforts to tend to every little detail in the hope of ensuring the correctness and completeness of information disclosed. Data and statistics in this report were provided, consolidated, analyzed, and integrated by ABC's internal departments to ensure that they meet the requirements of the sustainability report. Every piece of information has been confirmed and approved by the head of the respective department, and reviewed by the Chairman, where as financial data has been audited by Deloitte Taiwan. This report has been certified by SGS for AA1000 Type I Moderate Assurance.

◆ **Contact Information** 102-53

If you have any suggestion regarding the content of this report or any activities, please share with us and help us improve.

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0.2 | PREFACE

Message From The Chairman 102-14



This is the first "Sustainability Report" of ABC, a company founded in Taiwan with the ideal of "building a successful business through collective talents," and motivated by the mission of bringing products to the world through advanced technologies, exceptional quality, and sustainable practices. For 41 years since ABC was founded in 1979, we have persistently adhered to the business philosophy of "Group entrepreneurship," in which we encourage employees to own a part of the Company and make it a shared business that thrives in line with Taiwan's society. ABC may be small, but it was never a family business. In addition to being listed on Taipei Exchange (TWSE), **ABC ranked 957th in Taiwan's top-1000 businesses in 2020**, but on the operational level, the business is still being run by a group of individuals who share a common ideal and care for the collective wellbeing of the group.

Creating Growth Opportunities And Expanding Influence

In order to support business growth in ways that meet stakeholders' expectations, ABC followed the "Corporate Governance 3.0" roadmap announced by the government in August 2020 and developed its medium and long-term sustainability plans as a guideline for future governance efforts. As the Chairman, I specifically instructed each department to adopt key performance indicators (KPI) and enforce them so that every employee can intuitively contribute towards ESG goals in routine work activities from "individual," "department" to the "business" level. By incorporating sustainability strategies into our business philosophy, we continue to promote "growth through innovation" and create new models of profit growth. Meanwhile, through initiatives such as "execution enhancement," "strategic alliance and M&A," and "venture into smart mobile communications," we are creating growth opportunities for ABC Group and taking pro-active steps toward achieving our vision of "NT\$10-billion annual revenue" in the next ten years.

Developing Professional Capacity And Sharing Sustainability Philosophy Among Employees

Employees are the most important advantage to any company. To sustain growth, a business not only has to create opportunities and generate profits consistently, but shall also support employees with different professional training based on their experience and expertise. At ABC, we develop talents in line with our ultimate vision that "Personal achievement will be realized, while company reached its target, ABC means Satisfactory," and incorporate CSR philosophy into talent training and management to create an environment where talents may continually grow and contribute their wisdom and creativity, thereby create sustainability values for the business. Many of the Company's senior managers have opted to continue education at postgraduate institutions after accumulating industry experience in their respective areas of expertise, and all of whom have been granted the status of PhD candidate. Their studies on subjects such as: Low Temperature Co-fired Ceramic Technology, Materials, and Procedures will help improve the Company's existing production procedures and raise technological standards of the industry to meet the society's needs for new products.

This year, in the 41st anniversary of ABC, we made a milestone achievement in Taiwan's inductors industry by being the first to introduce SMD inductors and follow up with various types of SMD components. We have also completed development of new materials such as Fecera, a ferrite ceramic compound material, and MPC (micro porous ceramic) that will open up possibilities for new products. In recent years, we have launched new products such as MPC heat sink, planar transformer, and LED light, introduced precision metal stamping and plastic molding technologies, and developed precision components as our new products. At ABC, we always strive to stay steps ahead of peers, and commit ourselves to making products to the satisfaction of our customers.

Climate Change Response And Prevention Of Global Warming

Electronic technology has been the source of the nation's wealth, and Taoyuan City not only plays a key role in the development of new technology, but is also an iconic industrial city in Taiwan. With respect to the issue of environmental pollution, we support the government's policies on wastewater discharge, and strive to minimize impact of industrial development on the nearby environment. We look forward to working with businesses within the industrial zone to introduce new measures such as intelligent environment monitoring and secondary treatment of effluents, and make effluents cleaner than they are today. As for the issue of climate change, countries around the world have announced their goals toward achieving net zero emission by 2050, and it is essential that we take part in this global action by reducing emission of greenhouse gases into the atmosphere. In light of the business opportunities associated with auto electronics, ABC completed its factory expansion project that started back in 2017. Building B of Factory 2 was constructed based on the concept of circular economy, incorporating a variety of recycling mechanisms to recycle and reuse waste and wastewater. Meanwhile, Building C of Factory 2 was constructed as an intelligent factory with the goal of reducing energy and materials consumption. The Company has engaged an external consultant to perform green building assessments using the 9 indicators including: biodiversity, green transformation, soil water content, energy conservation, CO2 reduction, waste reduction, indoor environment, water resource, and wastewater/waste improvement. By taking advantage of available technologies and creative thinking, we hope to slow down depletion of the Earth's resources and will continue recycling metal powders. In the future, ABC will exhaust all available options to protect the Earth's environment.

Giving back through ABC Sustainability Foundation

ABC has always viewed technology and innovation as the foundation for persistent growth, and adopted "Technology Innovation and sustainable development" as part of its business philosophy and "Growth through Innovation" as a long-term goal. Since 1994, the Company has been cooperating with Industrial Technology Research Institute on industrial research, and engaging academic institutions such as National Tsing Hua University, National Chiao Tung University, National Cheng Kung University, National Pingtung University of Science and Technology, National Central University, and National Taipei University on several industry-academia collaboration projects. In recent years, we have been working with National Taipei University College of Electrical Engineering and Computer Science on the research of "AI+AOI Production Procedures," in which we aim to develop solutions for fully automated factory that will prove critical to the nation's industrial upgrade and transformation. Having appreciated how technology, research, development, and innovation provide the foundation for business growth and sustainability, we are currently making plans to establish a non-profit foundation aimed at promoting technological innovation and sustainable business growth within the nation, as well as raising technological standard and competitiveness of the nation's industries. Our short-term plans include: supporting National Taipei University in various activities during "Global Corporate Sustainability Forum," developing industrial AI and photoelectric inspection technologies, supporting local and foreign universities in studies of innovative technology, hosting 5G mobile communication forums (as an inductors business), and sponsoring studies on industrial environmental protection technology and sustainable Earth.

ABC has long been sponsoring local schools and organization, organizing activities relating to the Hakka culture, and sponsoring talented choir and orchestra groups in various performances local and abroad in an attempt to raise the public's appreciation for arts, culture, and lifestyle. Through cultural exchange, we hope to promote the spirits and preserve artifacts of the Hakka culture. The Company hopes to use its passion to create a harmonious atmosphere which is like a breath of fresh air to be further put back into the society as sensibility, creativity, and energy to nurture a rich aesthetic and creative social culture full of elegance and joy.

The sudden outbreak of COVID-19 in early 2020 quickly escalated into a global pandemic that persists until this day. While preparing this sustainability report, Taiwan was still struggling to contain the disease without sufficient vaccine, and it was in this time of crisis that I placed the health and safety of employees and stakeholders at the top priority, and took pro-active measures

in response. Faced with an uncertain future, I hope to continually improve ABC's ability to innovate and contribute new technologies in Taiwan, and quickly respond to the needs of customers and the market to further strengthen our competitive advantage and leading position in the industry.



ABC Taiwan Electronics Corp.

Chairman

Message From The President 102-14

No matter how far you go, never forget why you went in the first place. At ABC, we never forget our motivations, and constantly ask ourselves: "What kind of product and strategy can inspire determination and create passion?" "What kind of product can be the best of the world?" and "What kind of target can drive ABC for further growth? "

In the 40th year of ABC's existence (2020), we revisited our initial motivations and decided to commit more efforts on environmental, social, and governance (ESG) aspects, which was why we designated year 2020 as the initial year for "CSR Actions." During this year, we established our "Corporate Social Responsibility Policy" and assembled a "Corporate Social Responsibility Committee" tasked with the mission of coordinating departments for the enforcement of ABC's CSR values on all aspects, in addition to pursuing operational excellence.

Shareholder Value As The Corporate Driver

We are currently at a junction that is unprecedented in the last hundred years, and this is the time when businesses have to make the right decisions, be more competitive, and adapt to what becomes of the future environment. Driven by the vision of "To Create and Develop a premium Inductive Components and Mechanical Parts Industry through Practical Operation, Creative Innovation and Continuous Development." and pursuit for "service, innovation and seeking for excellent," ABC Group pays close attention to the market's needs as well as changes in technologies. By adopting a corporate model that is systematized, standardized, and institutionalized, the organization managed to pass Class B Quality Control Test by the Product Inspection Bureau, Ministry of Economic Affairs, in the 1980s, attain ISO 9002 certification in 1997, and respond positively to the world's lead-free movement around 2000, despite having incurred additional costs for raw material management, product design, production, and shipment. The Company later passed certification for TS 16949 - Automotive Quality Management and IECQ QC080000 in 2006, and once again overcame the prevailing bottleneck to open up opportunities for the industry with innovation and global vision.

In terms of corporate governance, ABC upholds business integrity and compliance at the core, and makes ongoing optimizations to management practices, using KPIs as reference for business decisions. ABC generated NT\$2.02 billion of revenues in 2020 and reported gross profit margin of 20.1% and EPS of NT\$0.79, with export sales representing nearly 70% of ABC's revenues. Despite the world having succumbed to the threat of COVID-19 and lost much of its economic activities the previous year, we were still able to meet our 15% annual revenue growth target, and strive to maintain business growth.

Creating Customer Value As The Means Of Survival

The Company does not manufacture products directly for end consumers, but instead produces a specific component (i.e. inductors) that is used in a wide variety of modules, which makes it difficult for the public to directly appreciate the contributions we have made towards carbon reduction and the environment. We continue to invest 2% of our revenues into researching new production procedures, and exchange knowledge extensively with tertiary institutions through industry-academia collaboration projects on topics such as new product development, new materials, AI-powered optical inspection, and micro precision inductors for 5G application. Together, they provide the Company with the know-how needed to grow in the future. The Company aims to capitalize on automotive ethernet applications in 2021, offering "lightweight, miniaturized, high-speed, modularized, and integrated" solutions to distinguish itself from competition, and continually provide customers with competitive products and services.

Creating Value For The Environment As A Sustainability Mission

In 2015, the United Nations introduced "2030 Sustainable Development Goals" (SDGs) as a set common values for the senior management of businesses around the world. Following the formal enforcement of the Paris Agreement in 2021, sustainability has become one of the world-accepted standards for measuring corporate strength and growth potentials. International Carbon reduction initiatives have surged in recent years to the point that even the most reluctant business owners are compelled to accommodate the requirements of supply chain customers and indirectly participate in reducing carbon emission. For the sustainability of the business and to connect with the world, the management team at ABC has begun a series of actions that are aimed at protecting the Earth's environment. In 2021, Taiwan headquarters adopted

"ISO 14064-1 Greenhouse Gas Inventory" and made progressive plans to include overseas subsidiaries into greenhouse gas survey. To accommodate the needs of EMI solution, all of ABC's ongoing factory expansion projects are being constructed with environmental protection, energy conservation, and carbon reduction features for green building certification. Building B of Factory 2, a metal particle surface treatment factory expected to be completed some time this year, has been designed to incorporate the concept of circular economy, and features specialized waste recycling systems to facilitate recycling and reuse of waste materials and wastewater. By "turning waste into treasure," the new factory will set a model example for "zero waste and zero pollution."

Employee Value As The Foundation Of Corporate Success

ABC values employees' interests and gives each employee ample room to perform to their best potentials. We actively convince employees to identify with the Company's philosophy, missions, and practices, and to adopt the mindset that "Personal achievement will be realized, while company reached its target, ABC means Satisfactory." The Company shares profit with employees in profitable years, and allocates 12%-16% of the profit it makes as employee remuneration, which can be paid in shares or in cash depending on the board's resolution. It is our goal to share our business success with shareholders and employees. ABC values the physical and mental health of its employees, and has assembled an Occupational Safety and Health Committee in accordance with regulations to plan various health promotion events. The Company began promoting Health Activation Label this year, and has made the certification of occupational safety and health management system as part of its medium and long-term plan for the safety and health of the workplace. People are the foundation to sustainable success of a business, which is why we devote significant efforts to nurturing key talents, and implement a diversified talent training system to help employees develop quality and work skills over their careers.

Community Value As An Inspiration

ABC constantly reviews and adjusts its business philosophy in line with social and economic changes around the world, and ensures that it caters for sustainability and social values while pursuing economic gains. At ABC, we uphold the concept of "in order to have a joyful society, can we have an industry that touches the world; arts and cultural activities are essential to a society's sensibility and moral motivation, as well as the source of creative life and industry."

For many years, ABC has supported the development of Hakka culture and sponsored arts and cultural activities, including the Yu-Hsien Teng Concert, through which we hoped bring harmony to the society and create a culture of elegance, joy, aesthetics, and creativity. As a support to the cultural education of younger generations, ABC has long sponsored Rei-Yuan Junior High School and contributed to the equality of education resources, while at the same time arousing teenagers' curiosity towards exploring the local culture. By contributing to community development, ABC hopes to create values for the benefit of the society.

ABC sets news goals and expectations for itself each year, and for 2021, the Company will place more focus on "target attainment, project execution, and new market exploration." In the future, ABC will continue strengthening its advantage and tend to the needs of all stakeholders while working with them towards fulfilling the Company's CSR commitments and visions, and in doing so ensure sustainable development business growth.

**I'm doing the
excellent all the time**



ABC Taiwan Electronics Corp.

President



0.3 | PREFACE

Company Profile 102-5

ABC Taiwan Electronics Corp. (stock code: 3236) was founded on May 25, 1979 and headquartered in Yangmei District, Taoyuan City. It started by making products for radios, sound systems, and mini motors, and later began producing components for TVs and computers. Today, ABC focuses on the research, development, and production of inductors for a multitude of applications from IT, communication, consumer electronics, industrial control, medical equipment to auto electronics. In the future, the Company will continue exploring base materials and applications, and develop automated production procedures that further improve the quality of inductors and heat sinks in terms of performance, reliability, features, size, energy efficiency, and environment-friendliness, and thereby making sustainability a competitive advantage for the organization.

Basic Profile 102-1 102-3 102-7

Company name: ABC Taiwan Electronics Corp.

Chairman: Joseph Hsu

President: Francis Fan

Headquarters: No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City

Yangmei Factory 1: No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City

Yangmei Factory 2: No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City

Share capital: NT\$929 million

Employee count: 185 (as of December 31, 2020)

Operating Locations 102-4

ABC is headquartered in Taiwan and has factories established in Taiwan, Guangzhou, Shanghai, and Malaysia along with R&D center and reliability test center. The Company not only introduces the latest automated equipment, but also develops its own equipment and makes ongoing improvements to raise performance. Today, ABC Group is an IATF 16949-certified producer of auto electronics.

Enterprise Core



◆ Mission

To Create and Develop a premium Inductive Components and Mechanical Parts industry through Practical Operation. Creative Innovation and Continuous Development.

◆ Management Philosophy

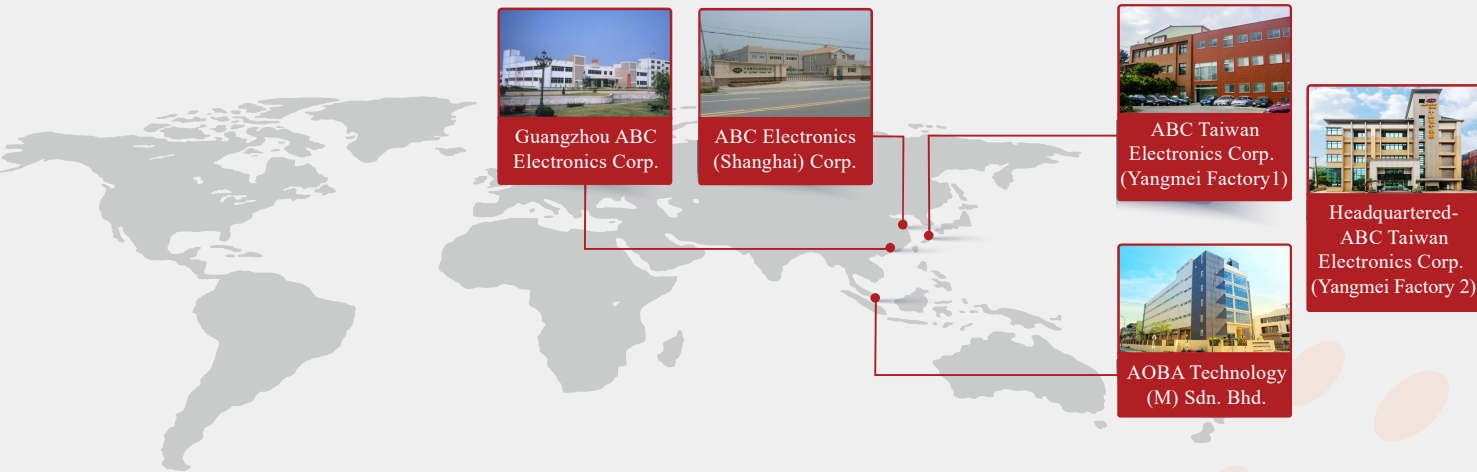
Insisting the spirit of service, innovation and seeking for excellent, Tracing the market demand and technology trend, Running under systematization, standardization & institutionalization. Carrying practical management by data orientation. To create everlasting innovation and development.

We believe " **Only the Paranoid Survier. Only the Innovator Success & Only the Speedy Player Win.** "

◆ Vision

To Create and Develop a premium Inductive Components.

Global Presence



Brand Story

When ABC was first founded, the founding shareholders (10 in total) had the idea of manufacturing "Remote Controlled Airplane, Boat and Car" toys, so we took the initials of the three products and named the Company "ABC"; a stylized LOGO for the brand ABC was also designed.

Due to the higher risks associated with remote-controlled toys and having estimated that molding costs for the first lineup of remote-controlled cars alone would drain all of the capital raised, we decided to go back to producing coil inductors, which was a business that we were familiar with. Although the founding shareholders were unable to realize their initial dreams, they recognized the importance of focusing on areas they were most competitive in. Although inductors now make up a dominant proportion of ABC's business, the name ABC still carries the dream of our founding shareholders.

Before ABC's shares were listed on TWSE in 2004, we reached a consensus and stated that our purpose for public listing was to "use investors' valuation as

a driver for the Company's growth," and put in a lot of thought to "sustaining the Company's growth." When founder Joseph Hsu was on a business trip to the United States in September that year, he found new meanings for the name ABC, and designated A - Ambition & Enthusiasm, B - Best, and C - Capability & Competitiveness. We then re-interpreted the ABC logo, and drew out the meanings of A, B, and C in three overlapping circles to represent the new mindset and business model that the business will adopt going forward.

This AB&C approach serves as a reminder for all employees of ABC to constantly ask themselves: "What kind of product and strategy can inspire determination and create passion?" "What kind of product can be the best of the world?" and "What kind of target can drive ABC for further growth?" These have been the three mindsets that provide ABC with the stable and strong motivation needed to sustain business growth.

ABC's Values



Group photo at ABC's 41st anniversary dated December 2, 2020

2020 marked the 41st anniversary of ABC, for which the Company held a modest anniversary banquet on December 2 out of respect for the prevailing disease control guidelines. Chairman Joseph Hsu said in his speech: "Even in such a challenging situation, ABC has been able to stay on course and continue its strategies with particular regards to funding, production coordination, South Asia investment, and IC Design-in in the U.S. and Europe. I am grateful of all our internal and external partners who have contributed ideas in helping us respond with the correct strategies. For the purposes of reducing production cost and improving price competitiveness of consumer products, the management of ABC will continue investing into AI-assisted manufacturing, automated production lines, and customized machinery to scale up production and enhance overall competitiveness."

ABC also prepared its 41st anniversary publication for 2020 that summarizes ABC's growth and history, and shares with the public on how ABC's mindset that "Personal achievement will be realized, while company reached its target, ABC means Satisfactory" has supported its growth for the last 41 years.



The Chairman also announced during the anniversary banquet that ABC Group will emphasize on "Growth through Innovation," "AI intelligent manufacturing," and improved "execution" as means to achieve "NT\$10-billion annual revenue in the next decade" at a faster rate, and build the foundation for a long-lasting business.









0.4 | PREFACE Identification And Communication With Stakeholders 102-40 102-42

Given that 2020 was ABC's initial year for "CSR Actions," the management not only established a "Corporate Social Responsibility Policy" and assembled a "Corporate Social Responsibility Committee," but also implemented "Stakeholder Identification and Material Issue Assessment Guidelines" along with other CSR practices and systems to enforce the Corporate Social Responsibility Policy.

The Company follows AA1000 SES: 2015 - "Stakeholder Engagement Standard" and identifies stakeholders on five main aspects including: dependency, responsibility, tension, influence, and diverse perspective using a 5-point scoring scale. Results are discussed among members of the Corporate Social Responsibility Committee, and the types of stakeholders that the Company considers to be the most influential and relevant to its operations are: government agencies, shareholders and investors, employees, customers, suppliers/contractors, community, media, and academic institutions. Using a variety of communication channels, the Company listens to stakeholders' voices and gathers issues that are of concern to them, and responds to their expectations accordingly.



◆ Stakeholders' Communication Channels And Issues Of Concern 102-43 102-44

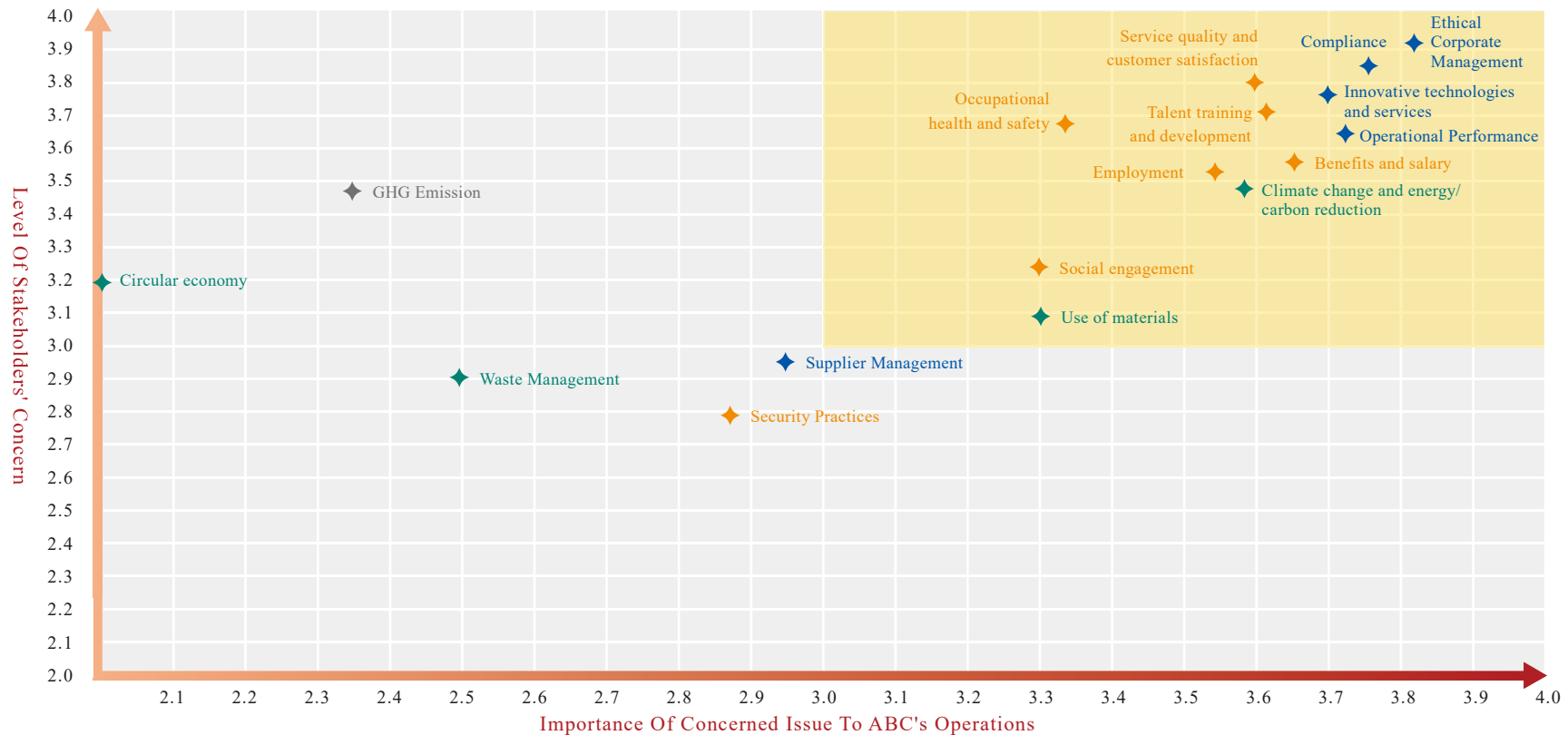
Stakeholders	Importance to corporate operations	Concerned issues	Communication channels and methods of response	Frequency of communication
 Government Agencies	Compliance with government regulations, gaining government's trust, and ensuring business survival and growth.	Compliance	Official correspondence or e-mail	Unscheduled
		Operational Performance	Annual shareholder meetings and annual reports	Once per year
		Ethical Corporate Management	Board of directors meetings	At least 4 sessions per year
		Climate change and energy/ carbon reduction	Official correspondence or written correspondence	Unscheduled
		Occupational Safety and Health	Official correspondence or written correspondence	Unscheduled
 Shareholders And Investors	Improve operating performance, maintain open and transparent disclosure of information, and protect investors' interest.	Compliance	E-mail and telephone	Unscheduled
		Operational Performance	Annual shareholder meetings and annual reports	Once per year
		Ethical Corporate Management	Board of directors meetings	At least 4 sessions per year
 Employees	Employees represent a company's advantage, and are entitled to gender-equal and healthy work environment, as well as competitive compensations, benefits, and fair career opportunities.	Benefits and salary	Internal publications and company announcements	Once every half-year
			All-employee meetings	As needed
		Talent training and development	Employee Welfare Committee meetings	Once per quarter
			Education and training courses	Unscheduled
		Occupational Safety and Health	Occupational safety meetings	Once per quarter
			Employee health checkup	Once per year
 Customers	Main contributor to the Company's performance and revenues, and partners for sustainable business.	Service quality and customer satisfaction	Customer satisfaction survey	Twice per year
		Use of materials	Annual audit	As needed
 Suppliers/ Contractors	To ensure that goods supplied by suppliers are fully compliant with the Company's Q, C, and D requirements.	Compliance	Supplier Audit	As needed, at least once a year
 Community	Care for community, neighborhood, and cultural activities at the Company's location.	Social engagement	Sponsoring cultural activities and schools	Unscheduled
 Media	Respond to media queries sincerely and pro-actively, and build mutual trust with the media.	Operational Performance Innovative technologies and services Social engagement	Press releases	Unscheduled
 Academic Institutions	Participate in industry-government-academia collaboration and contribute to the competitiveness of the academia and the industry.	Innovative technologies and services Social engagement	Industry-academia collaboration	Unscheduled

Assessment And Identification Of Material Issues

ABC creates CSR questionnaires based on GRI standards after taking into account global trends, industry characteristics, and the issues of concern gathered through stakeholder communication. Surveys were distributed to stakeholders through the online questionnaire system, and their feedbacks gave the Company a good indication of how concerned stakeholders are about each issue, as well as the level of impact each issue has on the Company.

Analysis Of Material Issues

In order to establish knowledge on stakeholders' concerned issues, the Corporate Social Responsibility Committee conducted a materiality analysis that cross-examined "Level of stakeholders' concern," as gathered through questionnaire, against "Level of impact" that each issue has on the Company's operations. Issues that fall within the range of (3.0,4.0)-(3.0,4.0) were shortlisted as material issues, and a total of 12 were identified for the year. Each issue was prioritized by materiality with short-, medium-, and long-term goals determined for regular follow-up in team meetings, during which team members would review accomplishment of short-term goals and solutions.



Based on the above results, we have shortlisted the following material issues for the Company for 2020:




Economic aspect: Ethical Corporate Management, Compliance, Operational Performance, and Innovative Technologies and Services

Environmental aspect: Climate Change and Energy Conservation Management and Use of Materials




Social aspect: Occupational Health and Safety, Benefits and Salary, Talent Training and Development, Employment, Service Quality and Customer Satisfaction, and Social Engagement



◆ Economic Impacts Of material Issues

Direct impact: ●
Indirect impact: ○


Aspect	Material issue	Corresponding GRI topic	Importance to ABC's operations	ABC's values			Other stakeholders				Corresponding chapter	Page
				Upstream	Operations	Downstream	Government Agencies	Community	Academic institutions	Media		
				Suppliers	Employees/shareholders	Customers						
 Economic	1. Ethical corporate management	205: Anti-corruption	Adhere to business integrity principles; improve corporate governance evaluation score; ensure compliance with anti-bribery and anti-corruption rules from 100% of employees; and enforce sound corporate governance.	●	●	●	●	○	○	○	Chapter One	25
	2. Compliance	307: Environmental compliance 419: Socioeconomic compliance	Identify applicable regulations on a quarterly basis; comply with government regulations; and avoid major violations as part of sustainable business practice.	●	●	●	●	●	○	○	Chapter One	25
	3. Operational performance	201: Economic performance	Continue improvement of operational performance; aim for 20% annual revenue growth; share business results with employees and investors; and support industry growth.	●	●	●	○	○	○	○	Chapter One	22
	4. Innovative technologies and services*	*Issue specific to ABC	Gain knowledge over market demand and technology trends; aim to spend 15% of expenses into R&D; and lead the next generation of product development.	●	●	●	○	○	●	○	Chapter Two	33
 Environmental	1. Climate change and energy/ carbon reduction	302: Energy	Aim to reduce power consumption compared to the previous year; devise energy conservation and carbon reduction measures; achieve CO ₂ reduction through environmental management system; and enforce energy/carbon reduction measures.	●	●	●	●	○	○	○	Chapter Three	36
	2. Use of materials	301: Materials	Monitor use, recycling, and management of raw materials during the production process; increase percentage of metal powders recycled; increase percentage of raw materials reused; and reduce production costs.	●	●	●	○	○	●	○	Chapter Three	39
 Social	1. Occupational health and safety	403: Occupational safety and health	Care for employees' health; organize health promotion activities; ensure zero occupational hazard; and create a satisfying and healthy workplace.	●	●	●	●	○	○	○	Chapter Five	52
	2. Benefits and salary	401: Employment 405: Diversity and equal opportunity	Value employees' basic rights; organize labor-management meetings in accordance with laws; provide a gender-equal and healthy work environment; and ensure at least 20% female managers for diversity and equality.	●	●	●	●	●	○	○	Chapter Four	45 48
	3. Talent training and development	404: Education and training	Develop a comprehensive training system; increase training hours; and expand employees' capabilities and improve overall performance of the Company.	○	●	○	○	○	○	○	Chapter Four	49
	4. Service quality and customer satisfaction	*Issue specific to ABC	A customer satisfaction score below 80 would lead to loss of sales order. Closely monitor customers' satisfaction score and deliver products at quality, timing, and prices that meet customers' demands.	●	●	●	○	○	○	○	Chapter Two	34
	5. Social engagement	203: Indirect economic impact	Raise the standard of business administration and continue sponsoring cultural events. Nurture more outstanding talents through industry-academia collaboration and increase indirect economic impact.	●	●	●	○	●	●	●	Chapter Six	59




◆ ABC's Sustainability Performance And Short / Medium / Long Term Targets

Corresponding SDGs	Corresponding SDG sub-goals	Material Issue	Corresponding GRI Topic	2020 Target	2020 Performance	2021 Target	Short/Medium/Long Term Target
Governance							
 SDG 16 Peace, Justice And Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms.	Ethical Corporate Management	205: Anti-corruption	<ul style="list-style-type: none"> Regular board meetings: 4 sessions. Assembly of Audit Committee: completed in June 2020. Open disclosure of company-related information: in accordance with rules. Directors' ongoing participation in corporate governance courses: in accordance with rules. Employees' signed commitment to business integrity: 100%. 	<ul style="list-style-type: none"> Convention of board meetings: 6 sessions; attendance rate: 98%. Audit Committee was assembled in June 2020. Material financial and business information is disclosed on MOPS and the Company's website according to rules. Director members' training hours: 6 hours per person, in compliance with rules. Employees' signed commitment to business integrity: 100%. 	<ul style="list-style-type: none"> Publication of the first sustainability report (Chinese and English versions). Board meeting attendance rate (including proxy attendance): 100%. Director members' training hours: 6 hours per person, in compliance with rules; completion rate: 100%. Employees' signed commitment to business integrity: 100%. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Comply with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"; continually improve corporate governance evaluation results by targeting areas with poor scores. ◆ Medium-/long-term: <ul style="list-style-type: none"> Adopt anti-corruption management practices and develop sound corporate governance.
	16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.	Compliance	307: Environmental compliance 419: Socioeconomic compliance	<ul style="list-style-type: none"> No regulatory violation and penalty. 1. Number of violations against environmental laws: 0. 2. Number of violations against socioeconomic laws: 0. 	<ul style="list-style-type: none"> No regulatory violation and penalty. 1. Number of violations against environmental laws: 0. 2. Number of violations against socioeconomic laws: 0. 	<ul style="list-style-type: none"> No regulatory violation and penalty. 1. Number of violations against environmental laws: 0. 2. Number of violations against socioeconomic laws: 0. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Continue compliance with environmental protection and socioeconomic regulations promulgated by government authorities. Continue adoption of ISO 14001 - Environmental Management System. ◆ Medium-/long-term: <ul style="list-style-type: none"> Avoid major violations.
 SDG 8 Decent Work And Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Operational Performance	201: Economic performance	<ul style="list-style-type: none"> Continue enforcing "growth through innovation" and create new models for profit growth; annual revenue growth rate: 13% while aiming for 20%. 	<ul style="list-style-type: none"> Annual revenue growth: 11.25%. Construction of Factory 2 Building B: commenced March 2020. 	<ul style="list-style-type: none"> Shareholders' long-term value: EPS NT\$0.5 Completion and commissioning of Factory 2 Building B (metal particle surface treatment plant). Factory 2 Building C (ASF & AHE) commenced construction. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Factory 2 Building C: expansion project to be completed in November 2022. Robust capital management; capital injection at 5% per year while increasing earnings capitalization to 40%. ◆ Medium-/long-term: <ul style="list-style-type: none"> Continually increase revenues and profitability; aim for NT\$10-billion a year in the next decade.
 SDG 9 Industry, Innovation And Infrastructure	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product.	Innovative technologies and services*	*Issue specific to ABC	<ul style="list-style-type: none"> Develop upgrade plans for profitable products in the future. Develop environment-friendly products and procedures; minimize impacts on the environment. 	<ul style="list-style-type: none"> R&D expense: NT\$41,627,000. 	<ul style="list-style-type: none"> R&D expense: up 15% from 2020. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Key technologies/new products - aim to rank top 5 in the world, and top 3 in DDR5 products. ◆ Medium-/long-term: <ul style="list-style-type: none"> Pursue new knowledge and stay ahead of technologies and trends; develop next-generation materials and products; and adopt green and sustainable governance practices that are appropriate in modern times.

Corresponding SDGs	Corresponding SDG sub-goals	Material Issue	Corresponding GRI Topic	2020 Target	2020 Performance	2021 Target	Short/Medium/Long Term Target
Environmental							
 SDG 13 Climate Action	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Climate change and energy/carbon reduction	302: Energy	<ul style="list-style-type: none"> Enforce power reduction; aim to reduce 1% relative to production value compared to the previous year. 	<ul style="list-style-type: none"> Power consumption relative to production value increased 18% compared to the previous year. 	<ul style="list-style-type: none"> Adopt ISO 14064-1 for internal greenhouse gas survey. Power consumption relative to production value: to reduce by 1% compared to the previous year. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Adopt ISO 14064-1 for external greenhouse gas survey. Building C factory is being constructed using green building standard EEWH-GF. Identify climate change risks and opportunities using the TCFD framework. ◆ Medium-/long-term: <ul style="list-style-type: none"> Continue adoption of ISO 14001 - Environmental Management System.
 SDG 12 Responsible Consumption And Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Use of materials	301: Materials	<ul style="list-style-type: none"> Reduce rejection rate of input materials for automobile goods: 0%. 	<ul style="list-style-type: none"> Reduce rejection rate of input materials for automobile goods: 0%. 	<ul style="list-style-type: none"> Reduce rejection rate of input materials for automobile goods: 0%. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Adopt circular economy goals; expand capacity of production line in Taiwan; and reduce rejection rate of input materials. ◆ Medium-/long-term: <ul style="list-style-type: none"> Reduce production costs and increase the percentage of metal powders recycled.



Corresponding SDGs	Corresponding SDG sub-goals	Material Issue	Corresponding GRI Topic	2020 Target	2020 Performance	2021 Target	Short/Medium/Long Term Target
Social							
 <p>SDG 8 Decent Work And Economic Growth</p>	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Occupational health and safety	403: Occupational safety and health	<ul style="list-style-type: none"> Regular Occupational Safety and Health Committee meetings: once per quarter. Occupational safety and health training: in compliance with legal requirements. Emergency response drills: once every half-year. Frequency of accidents: 0. Health promotion activities: 3. 	<ul style="list-style-type: none"> Regular Occupational Safety and Health Committee meetings: 4 times a year. Number of people subjected to occupational safety and health training: 178. Emergency response drills: twice per year. Frequency of accidents: 1. Health promotion activities: 5; participant count: 84. 	<ul style="list-style-type: none"> Health Activation Label. Regular Occupational Safety and Health Committee meetings: 4 times. Number of people subjected to occupational safety and health training: 100. Emergency response drills: twice. Frequency of accidents: 0. Health promotion activities: 2; participant count: 40. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Continue escalation of health management and health promotion efforts. ◆ Medium-/long-term: <ul style="list-style-type: none"> Apply for certification of occupational safety and health system. Aim to obtain Health Promotion Label. Continue total elimination of occupational disease and occupational safety-related deaths.
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	Social engagement	203: Indirect economic impact	<ul style="list-style-type: none"> Sponsorship to arts and cultural activities. Support for local culture. Sponsoring National Taipei University College of Business in CSR-related academic conferences. Industry-academia collaboration. Charity activities. 	<ol style="list-style-type: none"> Sponsorship to arts and cultural activities: <ul style="list-style-type: none"> Sponsored 2020 Taoyuan Lupinus Festival. Sponsored the 14th Yu-Hsien Teng Concert. Funded budgets of Rei-Yuan Junior High School. Sponsored National Taipei University College of Business in CSR-related academic conferences. Industry-academia collaboration. <ul style="list-style-type: none"> National Pingtung University of Science and Technology. National Cheng Kung University. National Taipei University. Charity activities: <ul style="list-style-type: none"> Donation to Taiwan Light House. Donated to Yang Mei Club of Kiwanis International for the acquisition of blood donation vehicle. Disease control actions: <ul style="list-style-type: none"> Donated medical-grade face masks to the civil defense department of Seri Kembangan City, Malaysia. 	<ul style="list-style-type: none"> Continue sponsorship to arts and cultural activities. Continue support for local culture. Sponsoring National Taipei University College of Business in CSR-related academic conferences. Continue industry-academia collaboration. ABC donated NT\$10 million cash for the establishment of ABC Sustainability Foundation. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Continue sponsorship to arts and cultural activities; promote personnel and cultural exchange. Continue sponsorship to activities associated with Hakka culture as a means to cultivate students' identity and for them to inherit local culture so that the spirit of Hakka can be promoted and cultural relics preserved. ◆ Medium-/long-term: <ul style="list-style-type: none"> Continue raising the competitiveness of the academia and the industry through industry-academia collaboration; engage the academia in close interactions that help students build up work capacity; and aim to achieve mutually beneficial and complementing results. Foundation: a foundation will be formed and tasked with the missions of incorporating innovative technologies into corporate sustainability and supporting publication of academic periodicals. By serving as an exchange and collaborative platform for the industry, the academia, and research institutions, the foundation will help develop new technologies that contribute to the upgrade and globalization of the industry.

Corresponding SDGs	Corresponding SDG sub-goals	Material Issue	Corresponding GRI Topic	2020 Target	2020 Performance	2021 Target	Short/Medium/Long Term Target
 <p>SDG 10 Reduced Inequalities</p>	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.</p>	Benefits and salary	<p>401: Employment</p> <p>405: Diversity and equal opportunity</p>	<ul style="list-style-type: none"> Regular labor-management meetings: once per quarter. Attrition rate: 1.5%. Minimum percentage of female managers: 20%. 	<ul style="list-style-type: none"> Regular labor-management meetings: once per quarter. Attrition rate: 17.84 %. Minimum percentage of female managers: 25%. 	<ul style="list-style-type: none"> Regular labor-management meetings: once per quarter. Attrition rate: 1.5%. Minimum percentage of female managers: 20%. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Enforce labor-management meeting as a communication channel and provide comprehensive benefits. ◆ Medium-/long-term: <ul style="list-style-type: none"> Conduct employee satisfaction survey on an ongoing basis; diagnose problems within existing management practices and improve accordingly for improved production efficiency. Ensure workforce stability and recruit and retain the right talents.
 <p>SDG 4 Quality Education</p>	<p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.</p>	Talent training and development	<p>404: Education and training</p>	<p>Planning and implementation of roll-based training:</p> <ul style="list-style-type: none"> Total courses of employee training: 129 sessions. Total hours of employee training: 452.5 hours. Expenses of employee training: NT\$324,500. 	<p>Planning and implementation of roll-based training:</p> <ul style="list-style-type: none"> Total courses of employee training: 194 sessions. Total hours of employee training: 459.5 hours. Expenses of employee training: NT\$398,480. 	<p>Planning and implementation of roll-based training:</p> <ul style="list-style-type: none"> Total sessions of employee training: 118 sessions. Total hours of employee training: 610 hours. Expenses of employee training: NT\$1,060,300. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Provide employees with a comprehensive training system and learning resources. ◆ Medium-/long-term: <ul style="list-style-type: none"> Allow employees to grow with the Company, and raise employees' productivity.
 <p>SDG 12 Responsible Consumption And Production</p>	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	Service quality and customer satisfaction	*Issue specific to ABC	<ul style="list-style-type: none"> Major customer complaints that ABC is accountable for: 0. Rejection rate of finished automobile goods: 0%. Customer satisfaction score: 80. 	<ul style="list-style-type: none"> Major customer complaints that ABC is accountable for: 0. Rejection rate of finished automobile goods: 0%. Customer satisfaction score: 82. 	<ul style="list-style-type: none"> Major customer complaints that ABC is accountable for: 0. Rejection rate of finished automobile goods: 0%. Customer satisfaction score: 80. 	<ul style="list-style-type: none"> ◆ Short-term: <ul style="list-style-type: none"> Quickly establish control over product quality, and reduce customer complaints. ◆ Medium-/long-term: <ul style="list-style-type: none"> Continually improve product yield and reduce customer complaint as the long-term quality target.



1

102-18

CORPORATE GOVERNANCE

Management Approach

- 1.1 Economic Performance
- 1.2 Governing Body
- 1.3 Ethical Corporate Management
- 1.4 Compliance
- 1.5 Risk Management
- 1.6 Associations

Ethical Corporate Management, Operational Performance, Compliance

Material Issue

CH•1 CORPORATE GOVERNANCE

Management
Approach



103-1 103-2 103-3



GRI
Standards

201 Economic Performance, 205 Anti-Corruption, 307 Environmental Compliance, 419 Socioeconomic Compliance.



Policy

The Company has always adopted the business philosophy of "service, innovation and seeking for excellent" since it was first incorporated, and managed to create a distinctive set of corporate values that "ABC means satisfaction." Through implementation of a Group entrepreneurship system, Personal achievement will be realized while company reached its target, ABC means Satisfactory.



Commitment

In 2015, the board of directors passed a set of "Business Integrity Code of Conduct" to outline commercial practices that conform with integrity principles. Members of ABC Group, including directors, supervisors, employees, agents, and controllers are expected and required to take part in the enforcement of integrity policies.



Responsibility

- ◆ External responsibilities: The Company Act, Securities and Exchange Act, Business Entity Accounting Act, Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- ◆ Internal policies: Board of Directors Conference Rules, Shareholder Meeting Conference Rules, Compensation Committee Charter, Director Election Policy, Material Insider Information Handling Procedures, Ethical Behavior Guidelines, Business Integrity Code of Conduct, Insider Trading Prevention Policy, Articles of Incorporation, Misconduct Reporting Policy for Illegal and Unethical Conducts Involving Insiders and Outsiders, Audit Committee Charter etc.



Resources

- ◆ Comply with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and related laws.
- ◆ Directors' and supervisors' participation in corporate governance courses.
- ◆ Organize employee training courses to raise employees' regulatory awareness.



Grievance
System

Investor relations contact number:
Spokesperson: Mr. Tommy Hsu
TEL: (03) 4788-105 Extension: 111

Event Outcome

2020 Goals/Solutions	2020 performance
<ul style="list-style-type: none"> Regular board meetings: 4 sessions per year 	<ul style="list-style-type: none"> Convention of board meetings: 6 sessions; attendance rate: 98%
<ul style="list-style-type: none"> Assembly of Audit Committee: completed in 2020 	<ul style="list-style-type: none"> Audit Committee was assembled in June 2020
<ul style="list-style-type: none"> Open disclosure of company-related information: in accordance with rules 	<ul style="list-style-type: none"> Material financial and business information is disclosed on MOPS and the Company's website according to rules
<ul style="list-style-type: none"> Directors' ongoing participation in corporate governance courses: in accordance with rules 	<ul style="list-style-type: none"> Director members' training hours: 6 hours per person, in compliance with rules
<ul style="list-style-type: none"> Employees' signed commitment to business integrity: 100% 	<ul style="list-style-type: none"> Employees' signed commitment to business integrity: 100%
<ul style="list-style-type: none"> No regulatory violation and penalty <ol style="list-style-type: none"> Number of violations against environmental laws: 0 Number of violations against socioeconomic laws: 0 	<p>No regulatory violation and penalty</p> <ul style="list-style-type: none"> Number of violations against environmental laws: 0 Number of violations against socioeconomic laws: 0
<ul style="list-style-type: none"> Continue enforcing "growth through innovation" and create new models for profit growth; annual revenue growth rate: 13% while aiming for 20%. 	<ul style="list-style-type: none"> Annual revenue growth: 11.25% Construction of Factory 2 Building B: commenced March 2020

1.1 | CORPORATE GOVERNANCE

Economic Performance



Work commencement ceremony for Factory 2 Building on March 6, 2020

ABC's operations in 2020 were carried out with focuses on "marketing, resource integration, and markets for new products," and enforced through the 8 fundamental strategies below:

- 1 Enhance ASF marketing for strategic products, and develop products that conform with Leadframe and OA.
- 2 Factory expansion and utilization - production lines are being transferred to the new Serdang factory in Malaysia since January 2020.
- 3 Applied for "Investment Incentives for Returning Taiwanese Businesses (for expansion of Buildings B and C and equipment at Yangmei Factory 2, starting from 2020)."
- 4 Develop upgrade plans for products with future market potentials (e.g. DDR5); review regularly and enhance communication with customers.
- 5 Consolidated existing lineups of metal compression-formed and semi-shielded inductors for optimal production and sales performance.
- 6 Explore partners in new markets and regions, and transition away from current agencies.
- 7 Transform Factory 1 in Taiwan into a Group Training Center.
- 8 Establish MFMEA system for production lines and ensure effectiveness of the MES system.

However, outbreak of COVID-19 in 2020 has had enormous impact on the global economy. Faced with this unprecedented crisis, the Company was fortunate to have a decisive management team that formulated effective strategies and employees who executed them in unison and at high level of efficiency, **thereby enabling the group to generate consolidated net revenues of NT\$2,020,656,000 for the year, representing an 11.25% growth over 2019, that met stakeholders' expectations.**

1.1.1 Consolidated Financial Performance - 2020 102-7

Unit: NTD thousands

Year	2018	2019	2020
Operating revenues	2,516,073	1,816,262	2,020,656
Gross profit	575,885	377,859	405,906
Operating profit	250,355	103,052	101,406
Non-operating income and expenses	(5,106)	(25,452)	7,406
Pre-tax profit	245,249	77,600	108,812
Earnings per share	1.79	0.46	0.79

1.1.2 Direct Economic Value Generated And Distributed 201-1

Unit: NTD thousands

Economic Performance	Items	Definition	2020 - actual
Direct economic values produced	Operating revenues	Sales revenues	2,020,656
	Operating costs	Cost of sale Operating expenses	1,614,750 304,500
Economic values distributed	Employee salary and benefits	Employee salary and benefits	449,615
	Proceeds paid to capital contributors	Payment of 2019 cash dividends in 2020 Interest expense	46,460 7,828
	Proceeds pay to government	Profit-seeking enterprise business income tax expense Penalty	34,950 0
	Community investments	Donations and sponsorships	490
	Residual economic value		46,628

1.1.3 Major Local Investments 102-10

Building B of ABC's Factory 2 in Yangmei began construction on March 6, 2020, and is expected to complete in 12 to 18 months. The new Building is intended to be used as a metal particle surface treatment plant, using proprietary technology developed by the Company's technical team. In the future, the Company will be able to perform precision alloy powder surface treatment within the materials factory, which improves the characteristics of metal compression-formed inductors for products of better quality and better saturation.

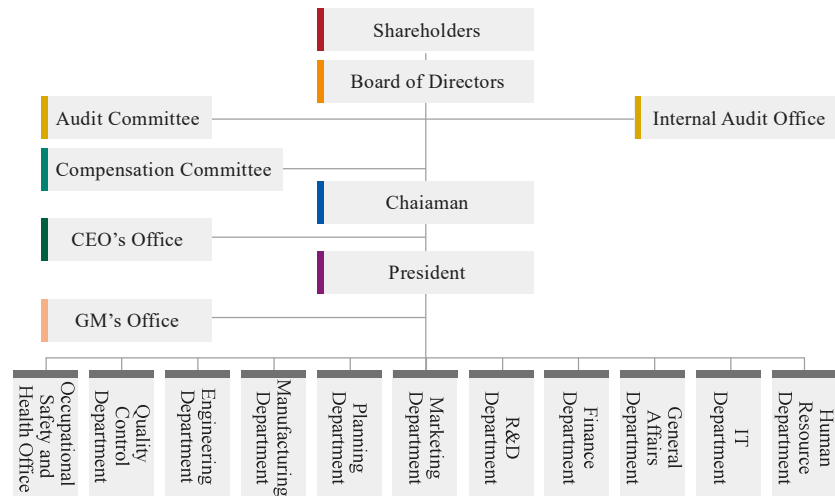


Work commencement ceremony for Factory 2 Building B on March 6, 2020

1.2 | CORPORATE GOVERNANCE

Governing Body

1.2.1 Management Organization 102-18



1.2.2 Shareholder Structure 102-5

ABC's shareholder structure as of April 2, 2021, the book closure date before 2021 annual general meeting, is as follows:

Domestic natural persons: 84.77%

Foreign institutions and foreigners: 10.55%

Other corporate entities: 4.68 %

1.2.3 Board Of Directors 405-1

ABC has a total of 10 members on the board, including 3 independent directors who participate in board meetings. The board includes 2 female members making up 20% of members. In terms of age distribution, 4 directors were aged below 60 and 6 directors were aged 60 and above. All members of the board have complied with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and completed at least 6 hours of courses each as of August 11, 2020; an aggregate 60 hours of education were completed in 2020. A total of 6 board meetings were held in 2020; below are the attendance records:

Title	Name	Gender	In-person attendance (count)	Proxy attendance (count)	In-person attendance rate (%)
Chairman	Joseph Hsu	Male	6	0	100.00
Director	CTBC Bank in Its Capacity as Master Custodian for Bourns Investment Account Representative: Tan-Wei Kuo	Male	5	1	83.33
Director	Francis Fan	Male	6	0	100.00
Director	Polter Hong	Male	6	0	100.00
Director	Tommy Hsu	Male	6	0	100.00
Director	Chi-Yung Peng	Male	3	0	100.00
Director	Huei-Tsung Hsu Chen	Female	3	0	100.00
Independent Director	Yung-Cheng Wang	Male	6	0	100.00
Independent Director	Sen-Tian Wu	Male	6	0	100.00
Independent Director	Lan-Fen Wang	Female	3	0	100.00

1.2.4 Audit Committee

ABC assembled its Audit Committee in accordance with the Securities and Exchange Act during the 2020 annual general meeting, at which time the supervisors were dismissed from duty. The committee is consisted of three independent directors. The Audit Committee is responsible for supervising fair presentation of the Company's financial statements, appointment/dismissal and independence/performance review of financial statement auditors, implementation of internal control system, compliance with relevant laws and rules, and management/control of existing or potential risks. The Audit Committee held 3 meetings in 2020 and achieved a 100% attendance rate.

1.2.5 Compensation Committee

ABC's Compensation Committee comprises four members: Yung-Cheng Wang, Sen-Tian Wu, Lan-Fen Wang, and Tung-Zun Huang. Duration of service of the current board: from August 11, 2020 to June 22, 2023; the Compensation Committee held 4 meetings in 2020. Main responsibilities of the committee are to set and regularly review performance evaluation compensation policies, systems, standards, and structures of directors and managers, and regularly assess and determine managers', directors', and supervisors' compensation.

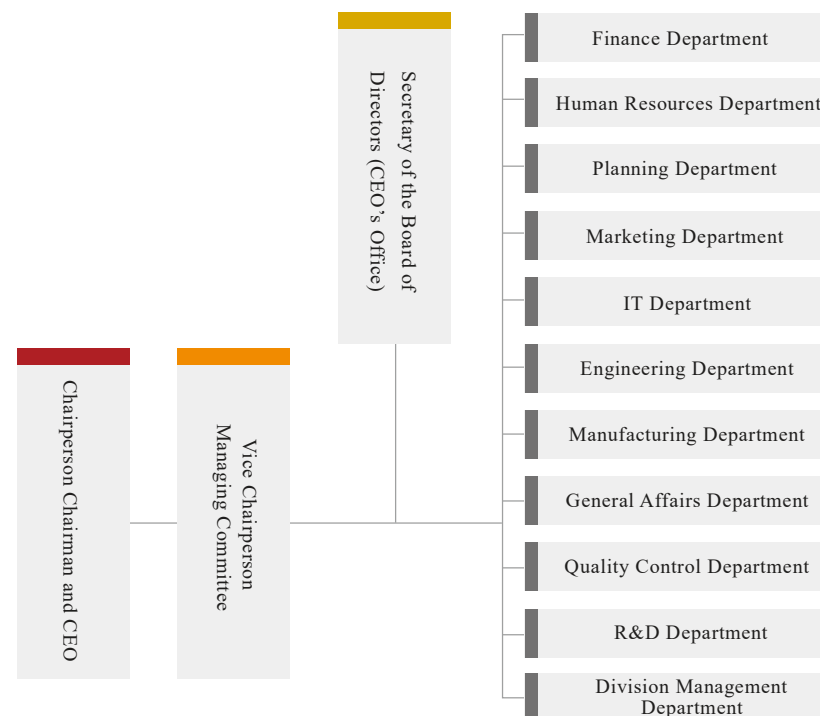
1.2.6 Internal Audit

ABC's annual audit plans are executed with board of directors' approval. Internal audit reports are examined during Internal Control System Defect Review Meetings, in which the Chief Internal Auditor explains and communicates with participants on the outcome of internal audit. As for financial statements, the details of which are discussed with CPAs during board of directors meetings.

In 2020, each department conducted its own internal control self-assessments on various aspects of their operations, including update of business results, efficiency, target accomplishment, target accomplishment, reliability of reported financial information, and regulatory compliance, and found that the design and execution of internal control system to be effective at providing reasonable assurance for the abovementioned goals.

1.2.7 Corporate Social Responsibility Committee

Given that 2020 was ABC's initial year for "CSR Actions," the Company not only established a "Corporate Social Responsibility Policy," but also assembled a "Corporate Social Responsibility Committee" in which the Chairman serves as the "Lead Committee," whereas members of the management serve as Deputy Committees, the CEO's Office serves as executive secretary, the heads of department serve as Enforcement Committees, and their representatives serve as Execution Committees. Together, they are responsible for the planning and goal-setting of CSR issues, and proper enforcement of the Corporate Social Responsibility Policy.



1.3 | CORPORATE GOVERNANCE 102-16 205-2

Ethical Corporate Management

The board of directors of ABC passed a set of “Business Integrity Code of Conduct” in 2015. Directors, customers, and suppliers engaging in commercial activities shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits in any form or name. Terms and conditions of ethical corporate management shall be clearly specified in the contract to implement fair, equal, and integrity principles to further protect all stakeholders. The Company has incorporated ethical corporate management into employees' behavioral guidelines. Employees have been asked to sign the "Employee Integrity Guarantee Commitment " since 2020, and 100% of the workforce has signed the commitment to date. Anti-corruption training courses are being organized, and no incident of bribery or corruption had occurred in 2020.

◆ Number and percentage of employees subjected to anti-corruption training in 2020

2020	Employee category				Employee type	
	Governing unit	Senior managers	Mid-level managers	General staff	Direct	Indirect
No. of people trained	0	4	12	80	4	91
Total count	6	9	19	157	66	119
Percentage of people trained	0.00%	44.44%	63.16%	50.96%	6.06%	76.47%

Note: Governing unit refers to members of the board of directors; the Chairman, the General Manager, and 2 vice presidents were listed as senior managers

1.3.1 Whistleblowing System

ABC has set up internal and external grievance channels and procedures to protect its reputation. A complaint/suggestion mailbox (atec.suggest@atec-group.com) and hotline have been made available to prevent illegal, unethical, and dishonest conducts that may compromise the interests of shareholders, employees, and business partners (suppliers). A stakeholder section has been created on the Company's website to be used as a communication channel for stakeholders' suggestions, queries, and disputes. The Company also implements "Personal Data Protection Policy" as a means to protect whistleblowers, ensure confidentiality of misconduct reports, and reward/discipline the parties involved for stakeholders' best interest. No misconduct report of any kind was received in 2020.

1.4 | CORPORATE GOVERNANCE 307-1 419-1

Compliance

As a Company that started business in Taiwan, we are very passionate about the country and we know how important it is for companies to co-exist with the land to reach sustainable management and development, we therefore take environmentally-friendly manufacturing processes seriously. The Company has obtained certifications relating to environmental protection, including ISO 14001 and IECQ QC080000, that prohibit the use of hazardous substances. Products are developed in accordance with EU RoHS, REACH, WEEE, EuP Directives, halogen-free and lead-free requirements, and international laws. The Company did not violate any environmental law in 2020 for which it was penalized.

As a citizen enterprise in the electronics industry, we support and respect internationally recognized human rights policies including principles disclosed in international human rights treaties such as: “UN Guiding Principles on Business and Human Rights,” the “UN Global Compact,” “Responsible Business Alliance” and “UN International Labor Organization.” We do not tolerate any conduct of infringement and violation of human rights. The Company did not violate any social or economic law in 2020 for which it was penalized.

1.5 | CORPORATE GOVERNANCE 102-11

Risk Management

ABC adheres to the business philosophy of " To Create and Develop a premium Inductive Components and Mechanical Parts industry through Practical Operation. Creative Innovation and Continuous Development." and manages its businesses based on principles of materiality. The Company regularly identifies and monitors risks that are relevant to its operations, which in turn allows timely response to crises and the possibility of minimizing threats or even turning them into opportunities.

A total of 4 risks were identified in 2020; risk factors, threats, and response strategies are explained below:

Risk category	Risk factors	Threats	Response strategies
Strategic risks	Risks of industry competition	Taiwanese businesses currently account for a low percentage of the global market. There are more than 100 manufacturers of inductors and coils in Taiwan, and most of which specialize in the production of coils.	<ol style="list-style-type: none"> 1. The Company actively analyzes the markets and industries it is involved in, and commits significant resources into developing new products and technologies in line with the latest market trends. 2. The Company maintains strong cooperative relationship with upstream and downstream partners, and works with customers in as early as the design stage. By engaging customers as our R&D partners, we are able to develop up-to-date knowledge on product trends and market demands.
Financial risks	Interest rate risks	The Company is exposed to interest rate risks due to capital borrowed at both fixed and floating rates.	In the future, the Company will source capital through a combination of floating rate and fixed rate debts to mitigate the effect of interest rate changes on the Company's profitability.
	Exchange rate risk	The Company is prone to the impact of changes in USD, EUR, and RMB exchange rates. The purpose of the Company's exchange risk management practices is to avoid risks, and not to profit from risks.	<ol style="list-style-type: none"> 1. Foreign currency sales proceeds received from overseas are first placed in foreign currency deposit accounts, and later converted into NTD at an appropriate time to avoid exchange rate risks. 2. The Company pays constant attention to financial news and exchange rate changes, and maintains active relationship with banks. The Company also evaluates and purchases currency forwards as a means to hedge exchange rate risks.
Business risks	Business integrity risks	The Company's operations are prone to worker and morality risks and incidents that may harm its goals, personnel, assets, the environment, and reputation.	The Company's "Business Integrity Code of Conduct" has outlined preventive measures for business activities that are prone to higher risk of dishonesty. Issues that are of concern to internal and stakeholders are subjected to risk assessment at the end of each year to ensure that the system remains effective.
	Supply chain risk	Downstream buyers are constantly squeezing the prices of components produced by the upstream, whereas the growing number of small- and medium-size manufacturers provokes price competition as a means to increase market share. In some situations, suppliers may be heavily affected by the pandemic that they are unable to ship supplies.	<ol style="list-style-type: none"> 1. Continue maintaining productive relationship with suppliers. 2. Actively look for and explore alternative suppliers. 3. Establish a dedicated production line for automobile electronics, enforce the IATF16949 system, and aim to take part in the supply chain of world's major brands.
	Raw materials risk	Abnormal test results in raw materials and improper uses of tools, fixtures, jigs, and auxiliary materials may contaminate the final product.	ABC requires all original manufacturers to test the materials supplied, and all suppliers to fully comply with HSF regulations as well as any additional requirement imposed by the Company and any of its customers.
Business risks	Cybersecurity risks	IT server disruption, leakage of confidential information, leakage of customers' information, hacker attack, loss of employees' PC terminals.	<ol style="list-style-type: none"> 1. Backup files and store them at an alternative location. 2. Progressively develop off-site backup servers and practices. 3. Organize backup drills on a regular basis. 4. Regularly examine the external intrusion LOG and develop firewall policy in response. 5. Enhance employees' cybersecurity awareness.
	Employment relations risk	High attrition rate or penalty caused by poor employment relations or failure to comply with regulations.	The Company has implemented and enforced internal policies in accordance with labor regulations on all matters concerning personnel management, such as appointment, dismissal, and retirement of employees. An Employee Welfare Committee has been assembled in accordance with laws to oversee employees' benefits.
Hazard risks	Environment, safety, and health risks	Sudden or unexpected occurrence of public health incident, accident, or natural disaster may threaten continuity of the business and cause financial burden or give rise to other risks.	The Company has developed an emergency response plan and a business continuity plan. Regular drills are being organized to ensure the safety of equipment operations, enhance employees' response to crisis, shorten the time of business disruption, and minimize impact.
	Risk of climate change	Risk of natural disaster continues to rise due to climate change.	The Company plans to adopt ISO 14064-1 standards on greenhouse gas survey, and manage data in a systematic manner that would provide useful reference for reduction solutions in the future.

COVID-19 Control Measures

When COVID-19 first showed signs of worldwide spread in 2020, the Chairman of ABC immediately instructed relevant departments to monitor the situation and implemented a multitude of disease control measures to maintain normal operation of the Company. A disease control response team was assembled later in March with the Chairman serving as the convener. The team carried out various disease control measures according to the severity of the situation, and instructed all subsidiaries to comply with the rules of the headquarter, while at the same time monitor recovery of work activities to ensure that ABC continued to operate and serve its customers. Meanwhile, employees of ABC's production site in Malaysia responded pro-actively to the disease, and even supplied the local police and fire departments with medical-grade masks at a time when they were most desperately needed. No infection of COVID-19 had been reported within ABC by the end of 2020.

1.6 | CORPORATE GOVERNANCE

Associations 102-13

ABC actively participates in industry associations and contributes to the development of the industry through conferences. ABC is currently an ordinary member of Taiwan Electrical and Electronic Manufacturers' Association, National Association of Small & Medium Enterprise, R.O.C., Taoyuan City Industrial Association, Chinese International Economic Cooperation Association (Taiwan), Chinese Management Association, and National Outstanding SMEs Award Friendship Club.



2 INNOVATIVE TECHNOLOGIES AND SERVICES

Management Approach

2.1 Industry Supply Chain

2.2 Innovative Technologies And R&D

2.3 ABC Means Satisfaction

CH 2 INNOVATIVE TECHNOLOGIES AND SERVICES

Management
Approach



103-1 103-2 103-3

Material Issue



GRI
Standards

Issue Specific To ABC*



Policy

We insist on the spirit of service, innovation and seeking for excellent. Based on the commitment "I am doing the excellent all the time" and participation of everybody. We provide our customers products with Best Quality, Quick Delivery and Best Price.



Commitment

- ◆ Service: ABC means satisfaction of Core Value.
- ◆ R&D: To be our customers R&D Partner and the consultant of Inductors & Mechanical Parts Technology.
- ◆ Innovation: Comprehend the market's needs as well as changes in technologies; and gain worldwide presence through innovation.
- ◆ Seeking for excellent: Develop world-class manufacturing capabilities in inductors and precision components.



Responsibility

- ◆ External responsibilities: Comply with EU REACH, RoHS, WEEE, EuP Directives, halogen-free and lead-free requirements, and international laws.
- ◆ Internal policies: Meet customers' requirements, learn customers' needs through satisfaction survey, and implement robust customer complaint tracking system.



Resources

- ◆ Conformity with: IATF16949, ISO9001:2015, and IECQ QC080000
- ◆ R&D expense: NT\$41,627,000
- ◆ Customer satisfaction survey



Grievance
System

Customer service contact number:
Marketing Department: Ms. Huang
TEL: 03-4788-188 Extension: 1201

Complaint/suggestion mailbox:
atec.suggest@atec-group.com

Event Outcome

2020 Goals/Solutions	2020 performance
<ul style="list-style-type: none"> Major customer complaints that ABC is accountable for: 0 (Definition: cases that result in losses of US\$3,000 or above) 	<ul style="list-style-type: none"> Major customer complaints that ABC is accountable for: 0
<ul style="list-style-type: none"> Rejection rate of finished automobile goods: 0% 	<ul style="list-style-type: none"> Rejection rate of finished automobile goods: 0%
<ul style="list-style-type: none"> Customer satisfaction score: 80 	<ul style="list-style-type: none"> Customer satisfaction score: 82

▼ Accomplished
 — Not accomplished

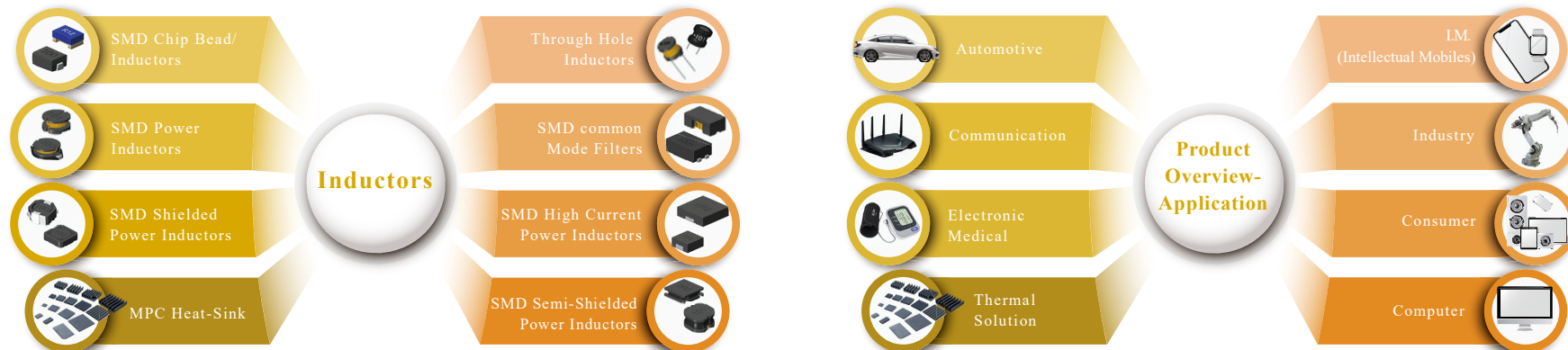
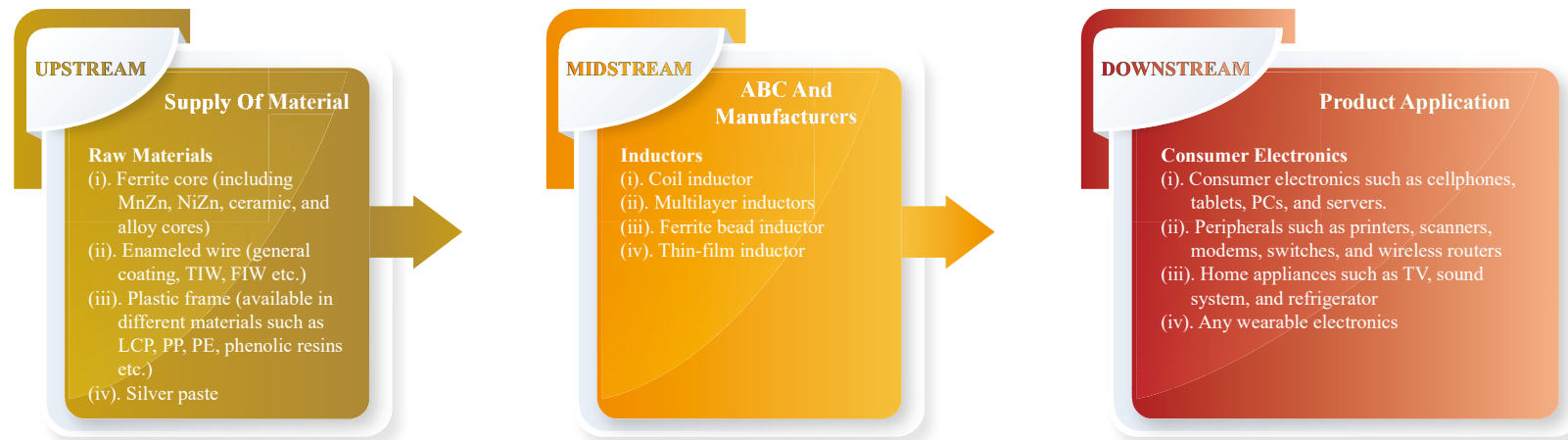


2.1 | INNOVATIVE TECHNOLOGIES AND SERVICES

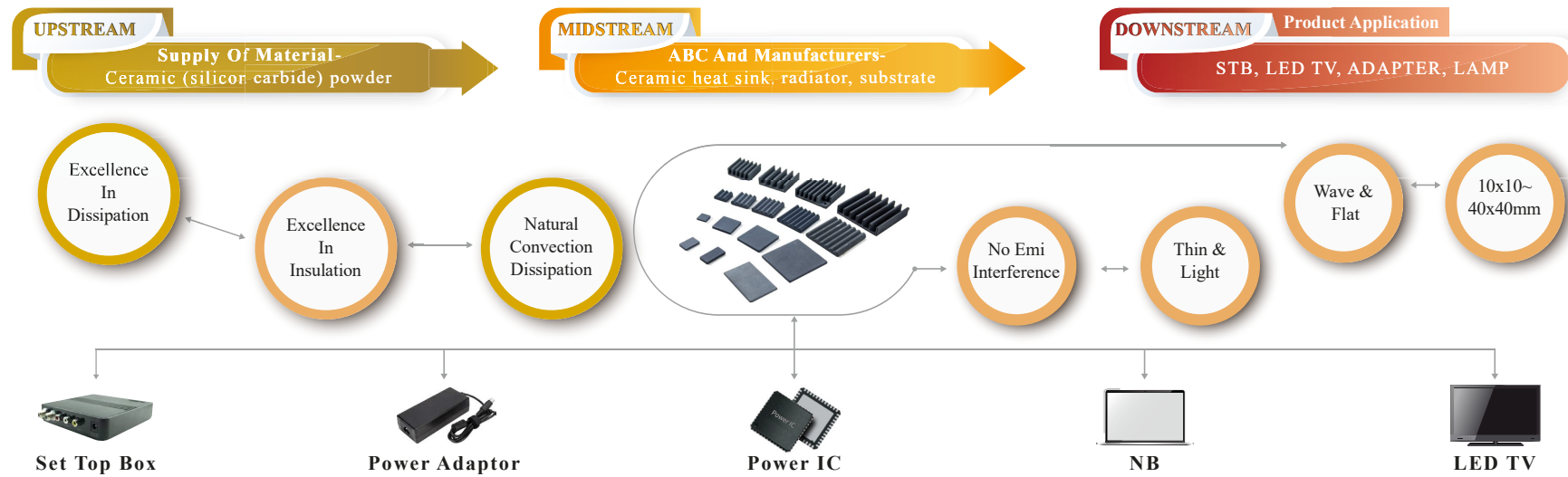
Industry Supply Chain 102-9

ABC's business activities mainly include the design, development, and manufacturing of wave filters, converters, IC coils, power converters, delay lines, convergence coils, deflection yokes, as well as components such as magnet cores, flyback converters, and ferrite cores. Relationship between upstream, midstream, and downstream industry participations is explained below:

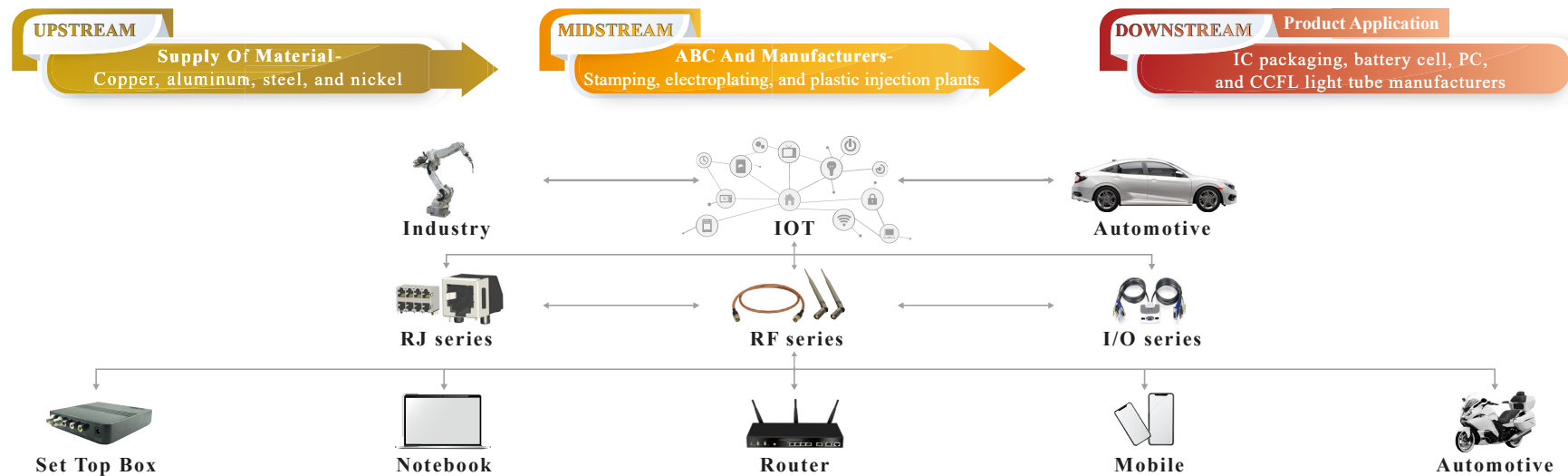
◆ Inductors



◆ Ceramic Heat Sink



◆ Precision Metal Parts



2.2 | INNOVATIVE TECHNOLOGIES AND SERVICES

Innovative Technologies And R&D

2.2.1 Product Development Strategies 102-2

ABC spent NT\$41,627,000 on research and development in 2020. The Company has adopted a strategy to compete in "both mainstream and niche markets of inductors" (being the main product line). The Company will also commit more efforts into exploring IC Design-in in USA and Europe, 5G mobile communication, and ceramic heat sinks.

2.2.2 Main Products And Applications

Inductors

Inductors can be used in buck DC-DC converters, boost DC-DC converters, common-mode choke filters, impedance matching, EMI shielding, and noise reduction.

Ceramic Heat Sink

Higher heat dissipation: Compared to aluminum heat sinks of the same size, ceramic heat sinks have more surface area due to their porous structure, which allows better exchange and dissipation of heat into the air within a given time, making them a more efficient cooling solution.

Stamping And Plastic Molding

Metal parts used for applications such as IT, communication, consumer electronics, industrial control, medical equipment, automobile electronics etc. are stamp-formed. The Company will continue exploring high rigidity and lightweight materials as well as high-speed, low-temperature precision molding technologies in the future to manufacture products for multiple purposes.

2.2.3 Sales Destinations 102-6

Unit: NTD thousands

Year		2019		2020	
Sales destination		Amount	%	Amount	%
Domestic sale	Taiwan	167,859	9.24	115,674	5.72
	Germany	383,967	21.14	448,540	22.20
Export sale	USA	814,003	44.82	842,787	41.71
	Tunisia	71,537	3.94	60,199	2.98
	China	278,219	15.32	409,071	20.24
	Hong Kong	75,381	4.15	101,580	5.03
	Other	25,296	1.39	42,805	2.12
	Subtotal	1,648,403	90.76	1,904,982	94.28
Total		1,816,262	100.00	2,020,656	100.00

2.2.4 Production Volume Of main Products 102-7

Unit: KPCS; NTD thousands

Year		2019		2020	
Main products	Production Volume	Production capacity	Production volume	Production capacity	Production volume
		Value			
Inductors		1,517,643	1,494,965	1,256,004	1,220,106
Ceramic heat sink		46,121	46,121	40,916	40,916
Precision metal parts		72,151	72,151	64,345	64,345
Total		1,635,915	1,613,237	1,361,265	1,325,367

2.3 | INNOVATIVE TECHNOLOGIES AND SERVICES

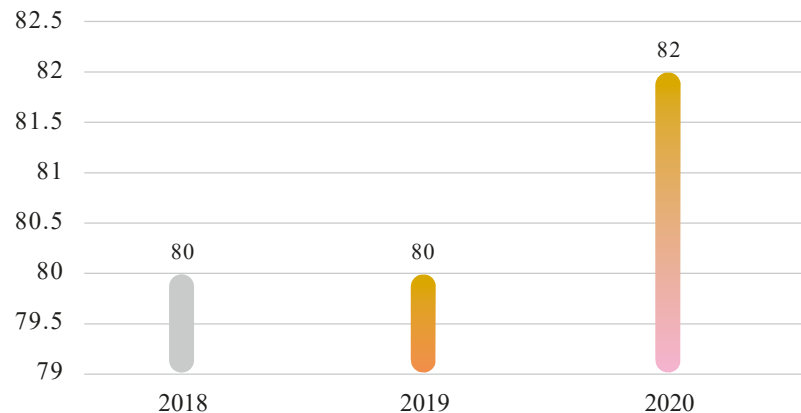
ABC Means Satisfaction

ABC's commitment to improving product quality has been awarded ISO 9002 certification in 1996, the 10th National Award of Outstanding SMEs in 2001, ISO9001 certification in 2002, TS16949 certification in 2006, and IECQ08000 certification in 2007. In 2017, the entirety of ABC Group passed certification for IATF16949 and won strong recognition from its customers. Rejection rate of finished automobile goods in 2020 was 0%.

2.3.1 Customer Satisfaction

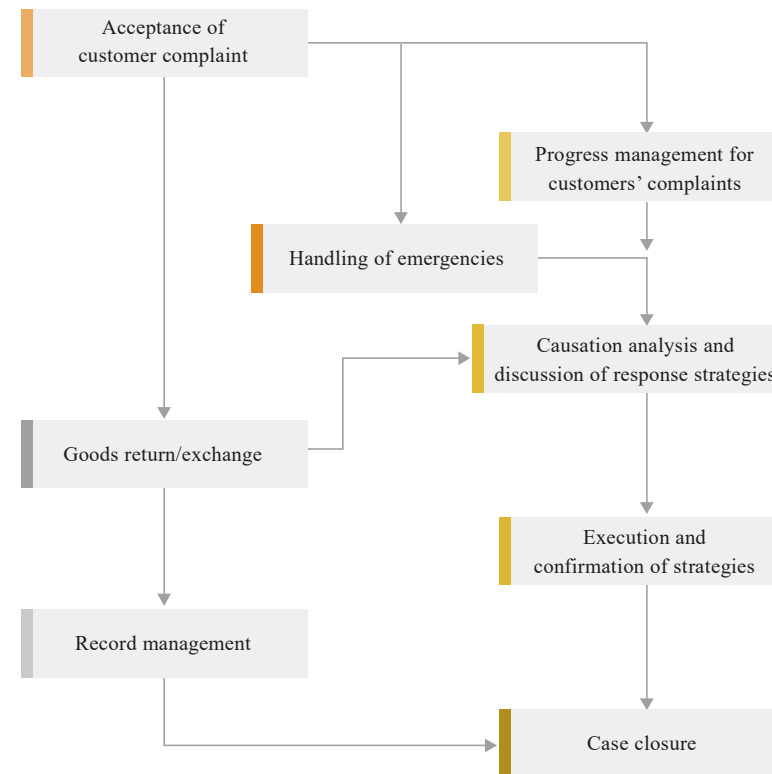
The Company adopts and enforces a quality control policy that aims at achieving "I'm doing the excellent all the time." As an IATF16949-certified supplier of automobile parts, ABC is eager to learn customers' expectations with regards to quality, delivery timing, engineering/R&D capacity, service standard etc., and therefore organizes "customer satisfaction surveys" on a yearly basis. The 2018 survey concluded an overall score of 80 with "Service" being the higher scoring aspect; the 2019 survey concluded an overall score of 80 with "Delivery Timing" and "Service" being the higher scoring aspects; and the 2020 survey concluded an overall score of 82 with "Service" being the higher scoring aspect. The surveys consistently indicated "Service" as ABC's best-performing aspect. Based on the outcomes of each satisfaction survey, the Company is able to optimize its operating strategies and ensure that product quality, delivery, and services are able to satisfy customers' demands and expectations.

◆ Overall score

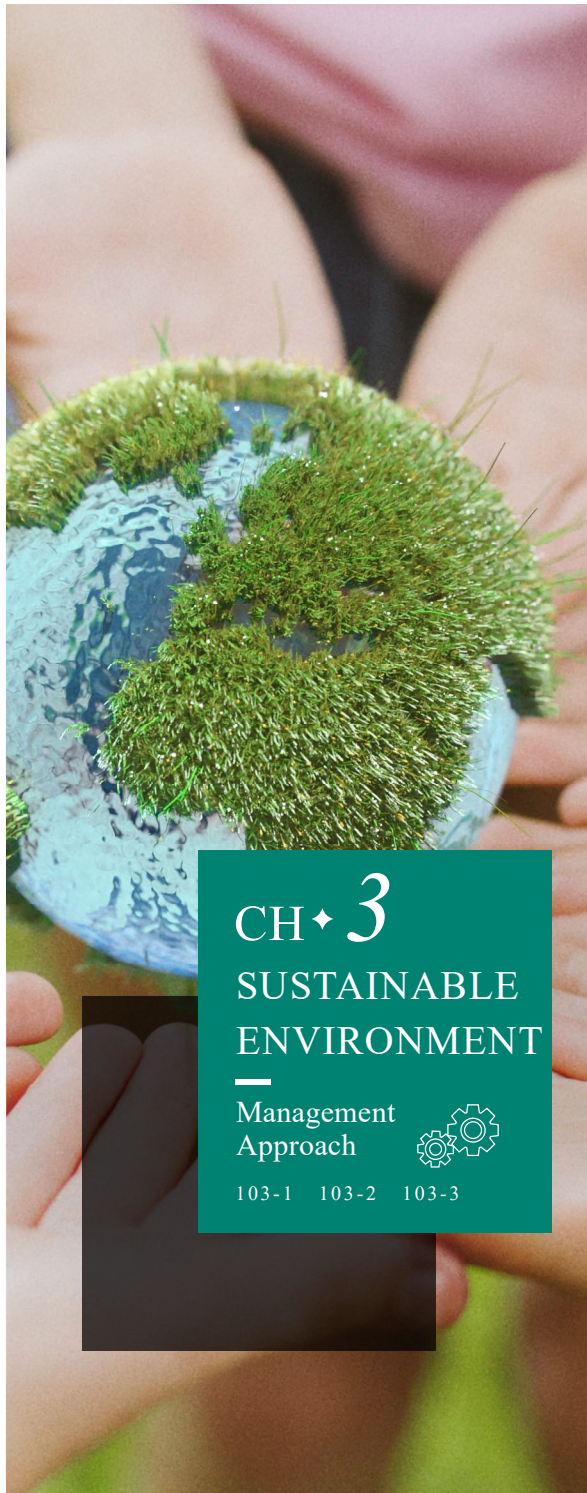



2.3.2 Customer Complaint Handling System

ABC does not manufacture products directly for end consumers; all products sold are labeled in accordance with EU REACH, RoHS, WEEE, EuP Directives, halogen-free requirements, international laws, and requirements of downstream customers. The Company complies with confidentiality agreements and the Personal Data Protection Act with respect to customers' privacy, and has a customer service unit in place along with complaint channels. There had been no major customer complaint or product recall in 2020.







CH•3
 SUSTAINABLE
 ENVIRONMENT
 —
 Management
 Approach 
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Climate Change And Energy Conservation Management And Use Of Materials

Material Issue

 GRI Standards

302 Energy, 301 Materials

 Policy

ABC-ATEC has committed and upheld the spirits, "Regulatory Compliance, Pollution Prevention, Resource Sustainability, and Continuous Improvement". Through participation in "Environmental Management System," we strive to fulfill corporate social responsibility, promote corporate image, and ensure sustainable management.

 Commitment

- ◆ Actively reduce greenhouse gas emission and contribute towards low-carbon and sustainable environment.
- ◆ Energy management for energy-intensive machinery and equipment.
- ◆ Promote energy conservation awareness among employees, and encourage all employees to contribute to energy conservation and environmental protection in their daily routines.

 Responsibility

- ◆ External responsibilities: Greenhouse Gas Reduction and Management Act.
- ◆ Internal policies: Environmental management handbook.

 Resources

- ◆ ISO 14001 - Environmental Management System, IECQ QC080000 - Hazardous Substance Process Management
- ◆ Energy conservation & carbon reduction projects

 Grievance System

Environmental complaint (or suggestion) contact number:
 General Affairs Department: Ms. Chang
 TEL: 03-4788-188 Extension: 1610

Event Outcome

2020 Goals/Solutions	2020 performance
◆ Enforce power reduction; aim to reduce 1% relative to production value compared to the previous year	◆ Power consumption relative to production value increased 18% compared to the previous year
◆ Reduce rejection rate of input materials for automobile goods: 0%	◆ Reduce rejection rate of input materials for automobile goods: 0%

✓ Accomplished — Not accomplished




3.1 | SUSTAINABLE ENVIRONMENT

Environmental Policy

ABC cares for the future of Taiwan, and in an effort to protect the environment and fulfill corporate social responsibility, we released a new version of our environmental policy in January 2019, which outlines the Company's environmental protection blueprint as well as its efforts and contributions to Earth.

Environmental policy



ABC-ATEC has committed and upheld the spirits, "Regulatory Compliance, Pollution Prevention, Resource Sustainability, and Continuous Improvement". Through participation in "Environmental Management System," we strive to fulfill corporate social responsibility, promote corporate image, and ensure sustainable management.

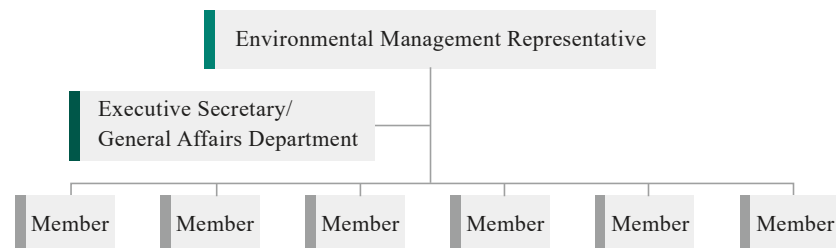


3.2 | SUSTAINABLE ENVIRONMENT

Environmental Management Committee

ABC's environmental management system has been designed to enforce "Regulatory Compliance, Pollution Prevention, Resource Sustainability, and Continuous Improvement."

The Taiwan Headquarters passed external certification for ISO 14001: 2015 in 2019, and through regular performance review of the environmental management system using the PDCA cycle, the Company lives up to its promises of green operations and sustainable growth.



3.3 | SUSTAINABLE ENVIRONMENT 302-1 Carbon Reduction Measures And Results

Equipment, machinery, air conditioning, lighting, and office activities make up the bulk of power consumption within ABC. The Company consumed 14.5% additional power in 2020 due to capacity expansion and purchase of new equipment; power consumption relative to production value increased 18% compared to 2019 mainly because of the additional equipment and factory expansion. The Company plans to adopt ISO 14064-1 standards on greenhouse survey in 2021 for more active carbon reduction and management. Through systematic practices, ABC hopes to take progressive steps toward realizing its low-carbon vision.

Category	Unit	2018	2019	2020
		Taiwan Headquarters	Taiwan Headquarters	Taiwan Headquarters
Power	kWh	1,075,200	1,290,200	1,479,240
Gigajoule	GJ	3,871	4,645	5,325
Total consumption	GJ	3,871	4,645	5,325

- Note:
- 1 kWh = 0.0036GJ
 - 1 L diesel = 8400kcal (based on the Energy Heat Value Chart published by Bureau of Energy, Ministry of Economic Affairs)
 - 1kcal=0.000004GJ
 - Taiwan Headquarters: Factory 1+Factory 2 data
 - Source: Electricity bill issued by Taiwan Power Company

Items	2019	2020	Percentage increase/decrease
Power usage (kWh)	1,290,200	1,479,240	14.7%
Production value (NTD)	74.758	72.876	-3%
Power intensity	17,258	20,298	18%

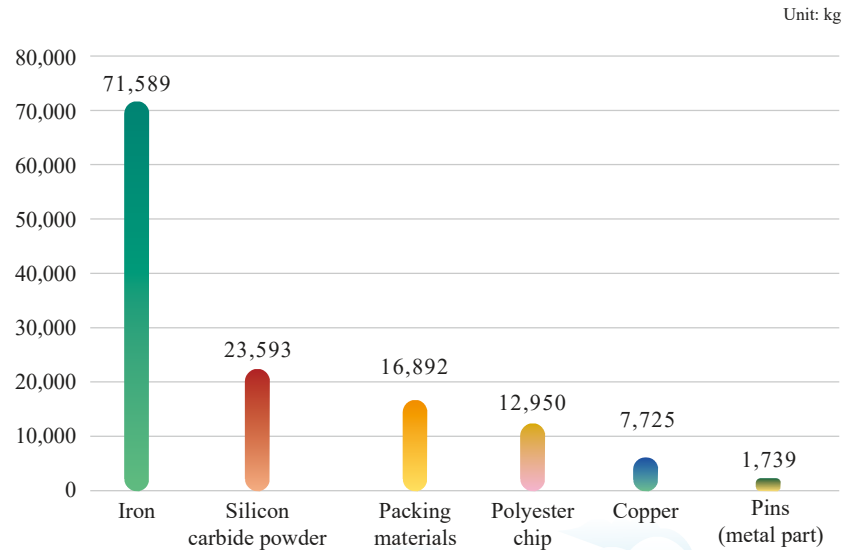
Production value: per thousand PCS produced; NTD thousands

3.4 | SUSTAINABLE ENVIRONMENT 301-1 Raw Material Purchase

ABC primarily uses raw materials (as opposed to renewed materials), which include iron, silicon carbide powder, polyester chip, copper, pins (a metal part), and packing materials. Rejection rate of input materials for automobile goods in 2020 was 0% (rejection rate = non-conformity batches/total batches).

Total weight used in the production and packing of main products in 2020 is depicted in the figure:


◆ Raw material weight 2020



3.5 | SUSTAINABLE ENVIRONMENT Green Supply Chain


3.5.1 Supplier Sustainability Management 102-10 403-7

Not only are quality, delivery, and price part of our considerations regarding raw material supplier management, we also do what we can to urge suppliers to focus on and comply with labor rights, all aspects of environmental protection and safety, and health while fulfilling corporate social responsibility. It is our goal to create a sustainable supply chain that benefits all participants. ABC manages its suppliers using the following methods:




New Supplier Evaluation

All new suppliers are required to furnish relevant information for assessment and sign an "Integrity and Confidentiality Commitment Letter." Only those that satisfy ABC's requirements are accepted as qualified suppliers. A total of 12 new suppliers were accepted in 2020.




Supplier Evaluation

Suppliers of key raw materials are required to undergo assessments on quality, delivery, service, management of hazardous substances, and compliance with environmental regulations. Suppliers that fail to maintain minimum score will be instructed to make improvements within a given time, and either submit proof of completion or have progress confirmed through on-site audit.



Supplier Audit

Supplier audits are conducted as part of the annual audit plan, but due to the effect of COVID-19, the Company conducted on-site audit on 2 suppliers and documentary audit on 7 suppliers in 2020. No supplier was removed from the approved list in 2020.



Supplier Guidance And Training

- ◆ Suppliers of automobile materials are required to pass ISO 9001 certification; those that do not pass certification are required to submit an adoption plan.
- ◆ ABC hosts annual supplier summit meetings to escalate the level of quality management systems adopted in the automobile industry (aiming for IATF16949 - Quality Management Systems); however, this event was suspended in 2020 due to the pandemic.



Suppliers that are scheduled for annual audit would be required to provide answers to the following question on occupational safety:

A commitment from the executive management and a publicly announced and documented occupational safety and health policy on providing employees with a safe and healthy work environment, including all necessary health promotion and first-aid facilities, as well as actions toward reducing safety and health risks and occupational hazards, and any work suspension or penalty imposed by the authority in the last 3 years.

Integrity and Confidentiality Commitment Letter

These letters signify commitments from ABC's suppliers/business partners on integrity, anti-bribery, and confidentiality with respect to all business dealings (including trade negotiation, supply of goods, service, logistics, payment, and other acts of contract fulfillment) with ABC's employees and all information obtained. Specifically, commitments are made on the following aspects: 1. Compliance with principles of integrity and trust; 2. Compliance with principles of anti-bribery and transparency; 3. Compliance with confidentiality obligations; 4. Default liabilities; and 5. Others.

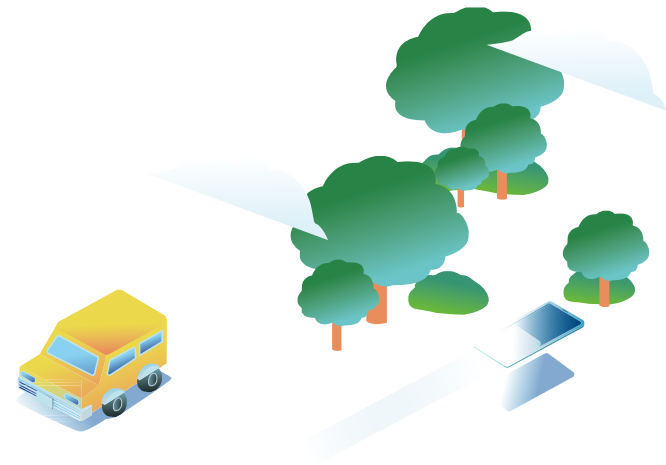


3.5.2 Non-Conflict Minerals

ABC has formulated the “Declaration of Non-Conflict Minerals” for suppliers. We require our suppliers to purchase from non-conflict metal supply chains and carry out an investigation according to the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to thoroughly facilitate responsibility procurement management. Out of the 12 new suppliers added in 2020, 6 of which were required to furnish a “Declaration of Non-Conflict Minerals” and 6 (100%) of which had signed.

3.5.3 Hazardous Substance Management

Green materials are taken into consideration in as early as the design and development stage. All purchased raw materials comply with RoHS (Restriction of Hazardous Substances), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), SVHC (Substances of Very High Concern), and EU Directive on Packaging and Packaging Waste (94/62/EC). Inspection mechanisms have been established for production, manufacturing, and storage processes to prevent pollution of hazardous substances during manufacturing. We support the strategic direction and continue to make reduction and improvement plans to meet international regulations and customer requirements. We aim to reduce environmental impact and achieve corporate sustainability.





4 ♦ EMPLOYEE CARE

Management Approach

- 4.1 Talent Development Policy
- 4.2 Human Resource Structure
- 4.3 Compensation And Benefits
- 4.4 Talent Training And Development

Material Issue

CH 4 MANAGEMENT APPROACH

Management Approach 

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Employment, Benefits And Salary, Talent Training And Development



GRI Standards

401: Employment, 405: Diversity And Equal Opportunity, 404: Education And Training



Policy

Policies are formulated based on the Company's vision, management concept, and annual goals. We build development plans and learning channels for employees using 4 aspects: selection, utilization, education, and retention so that employees are allowed to have space for self-development and growth.



Commitment

- ◆ To offer highly competitive compensations and benefits.
- ◆ To provide insurance benefits and pension contributions according to local regulations; offer group insurance plans that are more favorable than what the laws require; and arrange a wide variety of entertainment events.
- ◆ Implement an effective career development/training program.
- ◆ Establish communication channels with employees.



Responsibility

- ◆ External responsibilities: Labor Standards Act and Labor Inspection Act
- ◆ Internal policies: Compensation Committee, Personnel Evaluation Panel, Performance Evaluation Policy, Education and Training Management Measures, Workers Onjob Training Policy, Sexual Harassment Prevention Measures, Grievance and Disciplinary Policy, Employee Transfer Policy, Personnel Recruitment Policy, Reward and Disciplinary Policy, and Employee Welfare Committee Charter.



Resources

Total employee training expenses: NT\$398,480



Grievance System

Employee complaint (or suggestion) contact number:
HR Department: Ms. Wu
TEL: 03-4788-105 Extension: 601

Event Outcome

2020 Goals/Solutions	2020 performance
<ul style="list-style-type: none"> ◆ Regular labor-management meetings: once per quarter 	<ul style="list-style-type: none"> ◆ Regular labor-management meetings: once per quarter
<ul style="list-style-type: none"> ◆ Attrition rate: 1.5% 	<ul style="list-style-type: none"> ◆ Attrition rate: 17.84%
<ul style="list-style-type: none"> ◆ Minimum percentage of female managers: 20% 	<ul style="list-style-type: none"> ◆ Minimum percentage of female managers: 25%
<p>Planning and implementation of roll-based training:</p> <ul style="list-style-type: none"> ◆ Total courses of employee training: 129 sessions ◆ Total hours of employee training: 452.5 hours ◆ Total employee training expenses: NT\$324,500 	<p>Planning and implementation of roll-based training:</p> <ul style="list-style-type: none"> ◆ Total courses of employee training: 194 sessions ◆ Total hours of employee training: 459.5 hours ◆ Total employee training expenses: NT\$398,480

▼ Accomplished — Not accomplished

4.1 | EMPLOYEE CARE Talent Development Policy

ABC develops both character and professional skills of its employees. The Company envisions honest and open communication, involves all employees in making decisions, and delivers results at high level of pragmatism and performance through teamwork. At ABC, we implement the mindset that "individual accomplishments are realized only when the group achieves."



4.2 | EMPLOYEE CARE Human Resource Structure

4.2.1 Workforce By Gender And Form Of Employment 102-8

ABC had 185 employees in total as of December 31, 2020; all of whom were full-time and there were no part-time workers. Females accounted for 53.5% of the workforce and there had been no significant change or seasonality compared to the previous year.

Form of employment		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
Total employee count	Direct	19	40	20	35	23	43
	Indirect	53	54	55	56	63	56
Subtotal		72	94	75	91	86	99
Total		166		166		185	

Note:
 Direct employees: those that are entitled "Technicians."
 Indirect employees: those that have a title other than "Technician."
 Factory 1+Factory 2

4.2.2 Workforce By Gender And Employment Contract

Form of employment		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
Total employee count	Term	0	0	0	0	0	0
	Unscheduled	72	94	75	91	86	99
Subtotal		72	94	75	91	86	99
Total		166		166		185	

Note:
 Term employees: number of employees who had signed contracts of defined terms.

4.2.3 New Recruits And Resigned Employees By Gender And Age 401-1

Age / Year	2019				2020			
	Total number of new employees		Total number of resigned employees		Total number of new employees		Total number of resigned employees	
	Male	Female	Male	Female	Male	Female	Male	Female
Age 30 and below	1	1	2	3	18	8	10	3
Proportion	14.28%	14.28%	14.28%	21.43%	37.50%	16.67%	30.30%	9.09%
Age 31-50 (inclusive)	3	1	5	2	14	7	12	4
Proportion	42.86%	14.28%	35.72%	14.28%	29.17%	14.58%	36.36%	12.12%
Age 51 and above	0	1	0	2	1	0	2	□
Proportion	0%	14.28%	0%	14.28%	2.08%	0.00%	6.06%	6.06%
Subtotal by gender	4	3	7	7	33	15	24	9
Proportion	57.14%	42.86%	50%	50%	68.75%	31.25%	72.73%	27.27%
Total	7		14		48		33	
Proportion	4.22%		8.43%		25.95%		17.84%	

Note:

Percentage of new recruits for a given age range: number of new male (female) new recruits for a given age range in the year/total new recruits for the given age range in the year.

Percentage of resignation for a given age range: number of male (female) employees resigned for a given age range in the year/total employees resigned for the given age range in the year.

New recruits by age range relative to total: total new recruits for a given age range in the year/total employees at year-end.

Resignations by age range relative to total: total resignations for a given age range in the year/total employees at year-end.

4.2.4 Attrition Rate

Terms of employment at ABC are fully compliant with regulations. All employees are entitled by laws to terminate employment on a voluntary basis. The Company strives to ensure the stability and growth of human resources and retain top talents. A total of 33 permanent employees resigned in 2020, representing an attrition rate of 17.84% for the year.

4.2.5 Percentage Of Female Managers

ABC actively addresses the needs of female employees, and provides nursery facilities for the peace of mind of female workers with child. The percentage of females in managerial roles has been maintained at 25%, which is indicative of the fairness and gender equality of our workplace.

4.2.6 Workforce By Gender And Age 405-1

Year	Statistical category	Senior managers		Mid-level managers		General staff		Total
		Male	Female	Male	Female	Male	Female	
2020	Total count	9	0	12	7	65	92	185
	Age 30 and below	0	0	0	0	21	11	32
	Proportion	0%	0%	0%	0%	13.38%	7.01%	17.30%
	Age 31-50 (inclusive)	2	0	6	2	41	58	109
	Proportion	22.22%	0%	50.00%	28.57%	63.08%	63.04%	58.92%
	Age 51 and above	7	0	6	5	3	23	44
	Proportion	77.78%	0%	50.00%	74.43%	4.62%	25.00%	23.78%

Note:

Senior managers: Assistant Vice President and above.

Mid-level managers: Manager and below.

General staff: Non-managerial employees.

Age distribution percentage: number of males (females) for a given age range/total employees for the given age range

Age range relative to total: total employees for a given age range/total employees at year-end

4.3 | EMPLOYEE CARE Compensation And Benefits 405-2

Robust salary structure and benefit system are key to retaining top talents. The Company offers highly competitive compensations and benefits that are reviewed on a yearly basis according to market conditions and operational indicators, which help attract industry's top talents into ABC.

4.3.1 Employee Salary

To properly reflect business performance in employees' compensation, the Company follows Article 34 of its Articles of Incorporation and allocates 12%-16% of its profit as employee remuneration, which the board of directors may decide to distribute in cash or in shares. Average salary paid in 2020 was NT\$707,000 per employee; change in salary compensation was calculated at 1.6%. The Company reported EPS of NT\$0.79 in 2020, and therefore raised salary slightly for employees.

◆ Employee Salary By Gender - 2020

Job grade / Year	2019				2020			
	Basic salary		Average compensation		Basic salary		Average compensation	
	Male	Female	Male	Female	Male	Female	Male	Female
Non-managerial staff	1.10	1	1.08	1	1.12	1	0.94	1
Managerial staff	1.09	1	1.02	1	1.32	1	1.15	1

Note:

Basic salary = approved salary






Average compensation = basic salary plus other bonuses

◆ Median For Full-Time General Staff - 2020

Year	Mean salary	Median salary
2019	NT\$696,000	NT\$504,000
2020	NT\$707,000	NT\$526,000
Difference from the previous year	NT\$11,000	NT\$22,000

4.3.2 Employee Welfare Measures 401-2

ABC is a well-established business with more than 40 years of history. Aside from providing numerous insurance benefits and pension contribution, the Company also offers group insurance, employee training, scholarships for children of employees, and childbirth allowances that are better than what the law prescribes, and organizes a variety of activities to boost employee morale at work.

Items	Performance
 <p>Welfare Committee Allowances</p>	<p>We give vouchers (cash) for major festivals and birthday gifts. Subsidies are provided according to different items such as weddings and funerals, training, hospitalization, occupational injuries, childbirth subsidy, and scholarships. In 2020, a total subsidy of NT\$2,834,621 was provided.</p>
 <p>Group Insurance</p>	<p>The Company fully pays for and plans comprehensive employee group insurances including medical insurance, occupational accident insurance, accident insurance, critical illness insurance, and cancer insurance.</p>
 <p>On-the-Job Training</p>	<p>We provide on-the-job training subsidies for colleges and universities each academic year per the "Subsidy Management Measures for Employee Training." Moreover, subsidies are provided for employees taking training on professional knowledge in accordance with the "Education and Training Management Measures." In 2020, a total subsidy of NT\$398,480 was provided.</p>
 <p>Employees' Health</p>	<p>ABC organizes general health checkups and health checkups for special workplace on a yearly basis. Checkup coverage rate for Taiwan was reported at 100% in 2020. Because we care about the health of our colleagues, health seminars are arranged and quality of drinking water is checked regularly.</p>
 <p>Female Care</p>	<p>We adjust shifts for female employees during their pregnancy and provide exclusive parking spaces for pregnant women. The Company engages nurses to provide care over the course of pregnancy, and has set up nursery facilities.</p>

Parental Leave 401-3

We attach considerable importance to the social issue of sluggish birth rates. It is the precise reason why we help the people of ABC establish a family and create a happy family life to improve the birth rate of Taiwan. For many years, our employees have been encouraged with measures such as childbirths and parental leave without pay.

◆ **Unpaid Parental Leave Chart**

Items	Gender	2018	2019	2020
No. of employees qualified for unpaid parental leave in the current year	Male	2	2	9
	Female	2	5	8
	Total	4	7	17
No. of employees applied for unpaid parental leave in the current year	Male	NA	NA	1
	Female	2	2	2
	Total	2	2	3
No. of people due for reinstatement in the current year (A)	Male	NA	NA	NA
	Female	2	NA	2
	Total	2	NA	2
No. of people reinstated in the current year (B)	Male	NA	NA	NA
	Female	1	NA	1
	Total	1	NA	1
Reinstatement rate (B/A)	Male	NA	NA	NA
	Female	50%	NA	50%
No. of employees due for reinstatement and restated from unpaid parental leave in the previous year (C)	Male	NA	NA	NA
	Female	5	1	1
	Total	5	1	1
No. of employees having worked for more than 12 months after reinstatement (D)	Male	NA	NA	NA
	Female	4	1	NA
	Total	4	1	NA
Retention rate (D/C)	Male	NA	NA	NA
	Female	80%	100%	NA

Note: Reinstatement rate = No. of employees having reinstated from unpaid parental leave (B)/No. of employees due for reinstatement from unpaid parental leave (A)* 100%
 Retention rate = No. of employees remained on job for 12 months after reinstating from unpaid parental leave (D)/No. of employees reinstated from unpaid parental leave in the previous year (C)*100%

4.4 | EMPLOYEE CARE Talent Training And Development

Employees are the foundation of a company’s longevity, and the most important source for a company’s continuous growth and to stay competitive. Our human resource development strategy is formulated based on the Company’s vision, management concept, and annual goals. We build development plans and learning channels for employees using 4 aspects: selection, utilization, education, and retention so that employees are allowed to have space for self-development and growth.

◆ **Employee Selection**

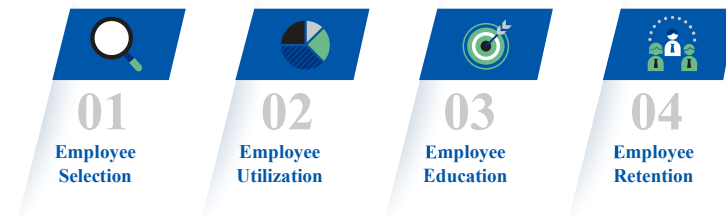
A “Behavior Profile” evaluation is carried out using the “Occupational Personality Trait Analysis,” and suitable candidates are then shaped through the requirements and application of the “Behavior Profile.” We also find the right people to join the Company through internal and external channels.

◆ **Employee Utilization**

We place employees in the right position based on the needs of the organization and personal development while using the functional model as the basis for the utilization of employees and adopting the “key work plans” management.

◆ **Employee Education**

In an effort to enhance the improvement of work capabilities and implementing lifelong learning vision for all employees, we set clear development focus of core organizational capabilities of each department and key process tasks of each position as well as necessary capabilities. We transform these capabilities into training courses for general knowledge functions, professional functions, and management functions. Allowing employees to take part in internal and external training courses.



◆ Employee Retention

We promote the “Senior Employee Mentorship System” - New employees are assisted by experienced “Employee Mentors” to quickly get a grasp of the company system and work culture. By doing such, not only the personalization of training and career development recommendations are strengthened, the retention rate of employees is also further enhanced.

◆ Average Training Hours Per Employee, By Gender And Grade

Year	Items	Gender	Job level			Total
			General staff	Mid-level managers	Senior managers	
2020	Number of People	Male	65	12	9	86
		Female	92	7	NA	99
	Total hours	Male	2368.5	450.5	387.5	3206.5
		Female	3583.5	381.5	NA	3965
	Average hours	Male	36.44	37.54	43.06	37.28
		Female	38.95	54.50	NA	40.5

Note:

Grade average hours: total training hours for male (female) employees of a given grade/total male (female) employees of the given grade

Grade total average hours: total training hours for employees of a given grade/total employees of the given grade



5 HEALTHY WORKPLACE

Management Approach

- 5.1 Workplace Safety Committee
- 5.2 Hazard Identification, Risk Assessment, And Incident Investigation
- 5.3 Occupational Health Services
- 5.4 Occupational Health Promotion Activities
- 5.5 Occupational Safety And Health Training
- 5.6 Contractor Safety And Health Management



CH 5
HEALTHY
WORKPLACE
Management
Approach
103-1 103-2 103-3

Occupational Health And Safety

Material Issue

 GRI Standards

403 Occupational Safety And Health

 Policy

To "comply with safety and health laws," promote risk and hazard awareness through "full participation," commit to "ongoing improvement" in corporate social responsibilities, and value life and health with a "people focus."

 Commitment

- ◆ To assemble an Occupational Safety and Health Committee and convene meetings once per quarter.
- ◆ To create a satisfying work environment and enforce the Company's occupational safety policy.
- ◆ To provide comprehensive occupational safety and health training that addresses occupational safety and health issues in all aspects of corporate operation.
- ◆ To provide employees with total healthcare and emphasize on work-life balance.

 Responsibility

- ◆ External responsibilities: Contractor Safety and Health Management Policy.
- ◆ Internal policies: Occupational safety and health management plan.

 Resources

- ◆ Occupational safety training
- ◆ Promotion of healthy workplace

 Grievance System

Employee complaint (or suggestion) contact number:
Occupational Safety and Health Office: Mr. Wang
TEL: 03-4788-1188 Extension: 1616

Event Outcome

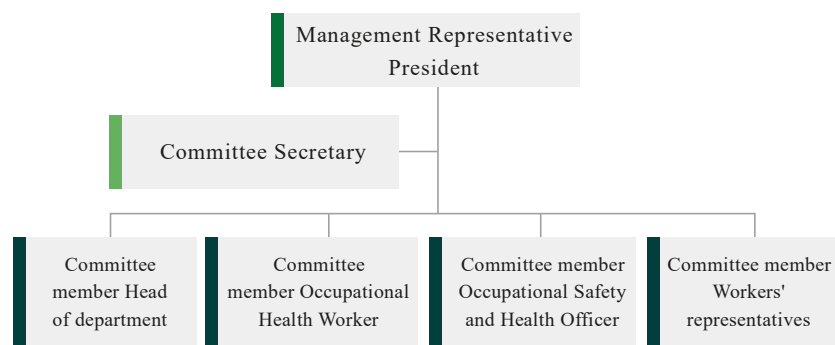
2020 Goals/Solutions	2020 performance
<ul style="list-style-type: none"> ◆ Regular Occupational Safety and Health Committee meetings: Once per quarter 	<ul style="list-style-type: none"> ◆ Regular Occupational Safety and Health Committee meetings: 4 times a year
<ul style="list-style-type: none"> ◆ Occupational safety and health training: In compliance with legal requirements 	<ul style="list-style-type: none"> ◆ Number of people subjected to occupational safety and health training: 178
<ul style="list-style-type: none"> ◆ Emergency response drills: Twice per year 	<ul style="list-style-type: none"> ◆ Emergency response drills: Twice per year
<ul style="list-style-type: none"> ◆ Health promotion activities: 3 	<ul style="list-style-type: none"> ◆ Health promotion activities: 5 Participant count: 84

✓ Accomplished — Not accomplished



5.1 | HEALTHY WORKPLACE Workplace Safety Committee 403-1 403-4

ABC has assembled an Occupational Safety and Health Committee in accordance with regulations, but has not obtained certification for occupational safety and health management system. The management has issued instruction to make ISO 45001 certification as part of its medium and long-term goals.



5.1.1 Composition Of Workplace Safety Committee

Year	2020
Total employee count	185
Total number of the committee members	15
Total number of the representatives	5
Percentage of workers' representatives	33%

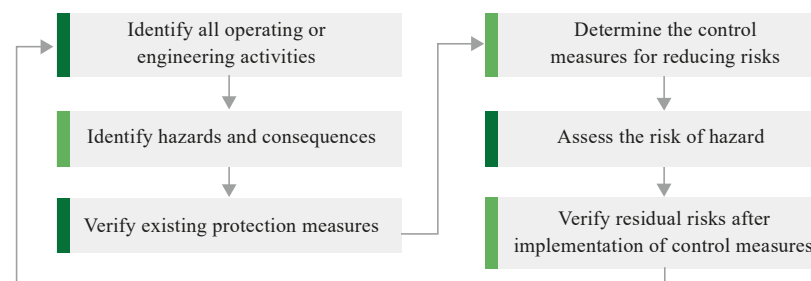
5.2 | HEALTHY WORKPLACE Hazard Identification, Risk Assessment, And Incident Investigation 403-2 403-7

ABC has implemented a Hazard Identification and Risk Assessment Policy based on the Risk Assessment Technical Guidelines published by Occupational Safety and Health Administration, Ministry of Labor, and proposed improvement or control measures for risks of medium level and above. The 2020 hazard identification exercise concluded 33 high-risk issues, as shown below:

Type of hazard	Work-related occupational disease	Cut/crushing/collision/smashing/jamming	Contact with hazardous substance	Electric shock	Fall	Foreign object in the eye
Count	4	15	5	7	1	1

Hazard identification and risk assessment shall be conducted again where new equipment or hazardous chemicals have been added or changed, or where an occupational disaster occurs in the factory. Employees are entitled under the Occupational Safety and Health Act to exercise the right to refuse work if they encounter any emergency hazard while performing duties.

Risk assessment flowchart of the Hazard Identification and Risk Assessment Policy:



ABC classifies each hazard by its work environment and characteristics; this classification provides reference for hazard identification, statistical analysis, and implementation of control measures afterwards. For intolerable hazards, the Company tries to address them through elimination, substitution, engineering control, management control, and personal protection gear in the stated priority, and adopts various control measures depending on the availability of technology, capability, and resources to reduce risks. Risks that are rated medium level and above are monitored as part of the management plan with annual targets set to facilitate regular tracking and improvement. Control measures taken to reduce risks are regularly followed up to ensure effectiveness and enable adjustments.

5.2.1 Occupational Hazard Investigation Procedures

ABC has formulated reporting, investigation, and improvement procedures regarding occupational disasters. Occupational safety and health personnel alongside the labor representative carry out an investigation where an occupation disaster occurs, and would follow up on subsequent improvements.

◆ Reporting, Investigation and Improvement Process for Occupational Disasters



5.2.2 Analysis Of Occupational Hazard 403-9

Items / Year	2019		2020	
	Male	Female	Male	Female
Baseline number of employees for calculation	75	91	86	99
Total work days	16,411	23,313	18,471	24,238
Total work hours	148,760	187,680	147,504	194,761
No. of days absent	7	30	0	0
No. of deaths caused by occupational injury	0	0	0	0
Percentage of deaths caused by occupational injury	0%	0%	0%	0%
No. of people suffered severe occupational injury	0	0	0	0
Percentage of people suffered severe occupational injury	0%	0%	0%	0%
No. of documented occupational injuries	1	3	1	0
Percentage of documented occupational injuries	1.34%	3.19%	1.36%	0%

Note:
 Percentage of documented occupational injuries = No. of documented occupational injuries / work hours * 200,000



5.3 | HEALTHY WORKPLACE Occupational Health Services 403-3

The physical and mental health of employees is one of the crucial indicators for a company's sustainability. All new employees should undergo a physical examination; employees of the Company receive a health examination each year. The Company provides special health examinations to workers engaging in particularly hazardous workplaces (such as noisy, dust, ionizing radiation workplaces). Adequate medical information is provided for individual cases that require follow-up management after being examined and determined by the doctor. In 2020, a total of 137 employees received a general health examination, reaching a 100% rate; a total of 30 employees received a special health examination, reaching a 100% rate.

Item	Types of Health Examination	No. of people to be checked	No. of people actually checked
1	General Health Examination	137	137
2	Health Examination for Dusty Workplaces	20	20
3	Health Examination for Ionizing Radiation Workplaces	3	3
4	Health Examination for Noisy Workplaces	3	3
5	Long-Term Night Shift Workers	4	4

5.3.1 Occupational Disease Prevention

As a response to rules concerning prevention of new occupational disease stated in the Occupational Safety and Health Act, the Company has implemented new measures accordingly to protect maternity health, prevent against physical or mental abuse while performing duty, and prevent disease associated with shift, night-time working, long-hour working, and abnormal workload. No incident of occupational disease had occurred in 2020. Relevant measures are as follows:

Occupational Disease Prevention Items	Content	Number of People
Maternal Health Protection	Measures adopted to protect women involved in work activities that pose risk to maternal health during pregnancy up to one year after labor.	3
Prevention of physical or mental abuse while performing duty	Hazard identification and assessment actions have been taken to prevent employees from threat or assault in the work environment.	49
Prevention of diseases associated with shift, night-time working, long-hour working, and abnormal workload	To prevent risks of cerebral or cardiovascular disease associated with shift, long-hour working, and night-time working, the Company discusses with employees and arranges health guidance, work hour adjustment, and change of work activities to whom such measures are deemed necessary or recommended.	12

5.4 | HEALTHY WORKPLACE Occupational Health Promotion Activities 403-6

ABC signed a special contract with qualified occupational health physicians and nurses to offer guidance on the prevention of occupational disease, health management, and health promotion. For employees who had abnormal health checkup results, the Company arranged 29 health guidance and follow-up sessions and completed face-to-face discussions with 61 people. In addition, 5 health seminars were held for a total of 84 participants, whereas jump rope and pacing competitions were organized for a total of 47 participants, in which the winning teams were rewarded with cash prizes.



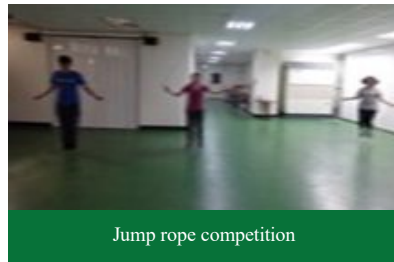
Health guidance from nurses



Respiratory protection



Healthy diet seminar



Jump rope competition



Relaxation exercise - 1



Relaxation exercise - 2

5.5 | HEALTHY WORKPLACE Occupational Safety And Health Training 403-5

All new recruits are subjected to 3 hours of safety, health, and emergency response training to develop proper awareness on safety and health. All occupational safety and health trainings are carried out in accordance with occupational safety and health laws. The Company organizes emergency response and fire safety drills every six months to ensure that employees can be quickly mobilized at time of emergency to correctly and effectively contain hazard and minimize losses. Education and training conducted in 2020:

Course / Number of People	No. of people trained	Training Hours	Total hours
Safety and health training for new recruits	48	3	144
On-job safety and health training	44	1	44
General hazard training	29	3	87
Work rotation training	6	3	18
Workplace violence prevention	44	1	44
Risk assessment training	7	3	21

5.6 | HEALTHY WORKPLACE Contractor Safety And Health Management 403-6

ABC has a set of "Contractor Safety and Health Management Policy" in place to ensure the safety of contractors' work activities while at the same time prevent occupational hazard and pollution. Contractors are informed of safety and health issues, notified of potential hazards, and instructed to comply with Occupational Safety and Health Act, environmental protection laws, and internal policies on environmental protection, safety, and health when performing work activities on plant premise. Contractors are required to conduct thorough inspections of the work site and work equipment on a daily basis over the course of contracted work. Any high-risk work activities have to be applied three days in advance. Coordination meetings are held from time to time to communicate with contractors on government laws, updates of plant premise, audit outcome, improvement suggestions, and work-related requirements, and thereby prevent accident and personnel injury. No contractor had suffered any permanent injury, partial permanent injury, or temporary injury while performing work activities in 2020. Workers' total work hours are expected to be disclosed in next year's report.




6 SOCIAL CONTRIBUTION

Management Approach

- 6.1 Sponsorship To Arts And Cultural Activities
- 6.2 Support For Local Culture
- 6.3 Sponsorship To Charity Activities
- 6.4 Sponsoring National Taipei University College Of Business In CSR-Related Academic Conferences
- 6.5 Industry-Academia Collaboration
- 6.6 Disease Control Actions

Material Issue

CH 6
SOCIAL CONTRIBUTION
 Management Approach 
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Social Engagement



GRI Standards

203 Indirect Economic Impacts



Policy

At ABC, we uphold the concept of “in order to have a joyful society, can we have an industry that touches the world; arts and cultural activities are essential to a society’s sensibility and moral motivation, as well as the source of creative life and creative industries.



Commitment

- ◆ To continue sponsoring cultural activities, and participate in the development of Hakka culture as well as arts and cultural activities.
- ◆ Actively cooperate with industry participants, government agencies, and the academia in training top talents, and sponsor research and development of green products.



Responsibility

- ◆ External responsibilities: We sponsor arts and cultural activities as a means to improve the public’s taste of arts, culture, and lifestyle. By contributing to overseas performances, we at the same time promote personnel and cultural exchanges at home and abroad.
- ◆ Internal policies: Give back to the society through total participation.



Resources

- ◆ Sponsorship to Taoyuan City Fine Arts Society.
- ◆ Sponsored the 14th Yu-Hsien Teng Concert.
- ◆ Funded budgets of Rei-Yuan Junior High School.
- ◆ Donation to Taiwan Light House.
- ◆ Donated to Yang Mei Club of Kiwanis International for the acquisition of blood donation vehicle.
- ◆ Sponsoring National Taipei University College of Business in CSR-related academic conferences and research.
- ◆ Industry-Academia Cooperation.
- ◆ The board of directors has approved for ABC Group to donate NT\$10 million in cash for the establishment of "ABC Sustainability Foundation".



Grievance System

Contact No.:
 CEO’s Office: Ms Wang
 TEL: 03-4788-105 Extension: 120

Event Outcome

2020 Goals/Solutions	2020 performance
<ul style="list-style-type: none"> ◆ Sponsorship to arts and cultural activities 	<ul style="list-style-type: none"> ✓ ◆ Sponsored 2020 Taoyuan Lupinus Festival ✓ ◆ Sponsored the 14th Yu-Hsien Teng Concert
<ul style="list-style-type: none"> ◆ Support for local culture 	<ul style="list-style-type: none"> ✓ ◆ Funded budgets of Rei-Yuan Junior High School
<ul style="list-style-type: none"> ◆ Sponsorship to charity activities 	<ul style="list-style-type: none"> ✓ ◆ Donation to Taiwan Light House ✓ ◆ Donated to Yang Mei Club of Kiwanis International for the acquisition of blood donation vehicle
<ul style="list-style-type: none"> ◆ Sponsoring National Taipei University College of Business in CSR-related academic conferences 	<ul style="list-style-type: none"> ✓ ◆ Sponsoring National Taipei University College of Business in CSR-related academic conferences
<ul style="list-style-type: none"> ◆ Industry-academia collaboration 	<ul style="list-style-type: none"> ✓ ◆ National Pingtung University of Science and Technology ✓ ◆ National Cheng Kung University ✓ ◆ National Taipei University
<ul style="list-style-type: none"> ◆ Disease control actions 	<ul style="list-style-type: none"> ✓ ◆ Donated medical-grade face masks to the civil defense department of Seri Kembangan City, Malaysia

✓ Accomplished ✗ Not accomplished

6.1 | SOCIAL CONTRIBUTION Sponsorship To Arts And Cultural Activities 203-1

6.1.1 Sponsored 2020 Taoyuan Lupinus Festival

ABC has long been a sponsor and promoter of arts and cultural events. In 2020, the Company sponsored Taoyuan City Fine Arts Society in organizing the "2020 Taoyuan Lupinus Festival," an annual event centered around lupinus as a symbol of mother in Hakka culture. Activities including fan painting, screen printing, handicraft, and drawing competition were organized to give participants the opportunity to experience arts creation. Through this sponsorship, the Company demonstrated its care for human culture and indirectly contributed to the local tourism.



Group photo of the sponsored event - Taoyuan Lupinus Festival on February 15, 2020

6.1.2 Sponsoring The 14th Yu-Hsien Teng Concert

ABC has long been attentive to the local culture and strives to create an environment that is favorable to cultural development. The Company commits efforts and financial resources into sponsoring the Yu-Hsien Teng Concert each year, hoping to bring more audience into Taiwanese music and make music a part of people's lives, while passing on Yu-Hsien Teng's wonderful melodies for generations to come.



Poster of the 14th Yu-Hsien Teng Concert on December 5, 2020

6.2 | SOCIAL CONTRIBUTION Support For Local Culture

ABC supports heritage of the local culture, and has long been funding the efforts of Rei-Yuan Junior High School in promoting the Hakka culture among younger generations, as well as supporting arts and cultural activities in local communities. The 46th graduation ceremony, academic fund, 49th anniversary celebration and community sports competition, and Hakka arts and culture were among the many events the Company had sponsored in 2020. The Company offers extensive care for the local community and schools, and maintains close relationship and friendly interaction with the neighborhood.

6.3 | SOCIAL CONTRIBUTION Sponsorship To Charity Activities

ABC has been paying close attention to the development of the COVID-19 pandemic since the outbreak started in early 2020. After learning of the blood shortage from media, the Company donated financial resources to Yang Mei Club of Kiwanis International to finance their acquisition of blood donation vehicle, and in doing so provided strong support to blood supply in Taiwan at the time of crisis.



6.4 | SOCIAL CONTRIBUTION Sponsoring National Taipei University College Of Business In CSR-Related Academic Conferences

ABC has been sponsoring National Taipei University in hosting CSR-related academic conferences as a means to promote corporate sustainability and related studies since 2019. When invited as a sponsor for "2020 Global Corporate Sustainability Forum -- National Taipei University College of Business Academic Conference on CSR," Chairman Hsu spoke during his speech that ABC Group aims to become a world-leading manufacturer, and recognizes supplier and employee relations to be the key drivers for corporate sustainability. He also encourages industry participants to place more emphasis on sustainability values.



Group photo of National Taipei University's academic conference on CSR, sponsored on November 19, 2020

6.5 | SOCIAL CONTRIBUTION Industry-Academia Collaboration

Grasping the market trend has become a crucial key to the survival of the industry due to rapid fluctuation in the passive component market. ABC has been persistent at research and development since inception in an attempt to build a Taiwanese brand that rivals the rest of the world, and budgets significant resources and personnel into R&D each year depending on customers' needs, industry trends, and operational performance. For many years, ABC has engaged tertiary institutions for the development of new materials, technologies, and products through industry-academia collaboration. This enhanced

know-how on materials and production technologies have provided the Company with a solid foundation for developing new products. ABC has successfully cultivated potential R&D talents over the years through the cooperation of industry, academia, and research to enhance added value to the development of products as well as talent cultivation management performance. In 2020, ABC engaged National Pingtung University, National Cheng Kung University, and National Taipei University in several industry-academia collaboration projects that covered topics on: production of flat inductors, AI-assisted optical inspection for inductors, and preliminary research on low temperature co-fired ceramic RF components, for which it sponsored a total of NT\$1,477,804 in 2020. The Company will continue this type of arrangement in the future as a means to facilitate research and talent development in its line of business.



Group photo of industry-academia collaboration on talent development; October 15, 2020



Signing ceremony for industry-academia collaboration on talent development; October 15, 2020

6.6 | SOCIAL CONTRIBUTION

Disease Control Actions

Donation Of Medical-Grade Masks To Malaysia

2020 has been an especially challenging year, as COVID-19 brought drastic changes to people's lifestyles and work activities. Malaysia has been an important production site to ABC Group, and upon learning the escalation and extension of lockdown measures in Malaysia, the Company donated medical-grade masks to the country in support of the civil servants who had worked tirelessly at the frontline during the pandemic. ABC organized a handover ceremony for the medical masks on November 11, 2020, during which ABC Group Chairman Joseph Hsu invited Ms. Sharon Ho, representative for Malaysian Friendship and Trade Centre in Taiwan, to bear witness for the medical mask donation. When the world struggled against the pesky disease, ABC Group contributed what it could to support policemen, firefighters, and customs officers serving at the frontline in other countries, as we realize that no single country or individual will be able to endure the crisis on their own, and only by working together may we overcome the disease of the century.



Ceremony for donation of medical-grade face masks to Malaysia; November 12, 2020





7 APPENDICES

- 7.1 GRI Content Index
- 7.2 Third Party Assurance Report

WWAZ	▲	+111.51	▲	-99.31
TVRZ	▲	+92.21	▲	-87.59
TTAW	▲	+87.14	▲	-67.54
CCAD	▲	+131.94	▲	-121.49
HAEW	▼	-74.68	▼	-67.24
JJAS	▼	-94.71	▼	-61.41
RRAP	▼	-77.91	▼	-59.36

7.1 | APPENDICES

GRI Content Index

GRI Index	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated		
GRI 102: General disclosures 2016							
Basic profile	102-1	Name of the organization	Company profile	9			
	102-2	Activities, brands, products, and services	2.1 Product supply chain	31	No product or service was prohibited in any market		
			2.2 Innovative technologies and R&D	33			
	102-3	Report the location of the organization's headquarters	Company profile	9			
	102-4	Number of countries where the organization operates	Company profile	9			
	102-5	Ownership and legal form	1.2.2 Shareholder structure	23			
	102-6	Markets served	2.1 Product supply chain	31			
			2.2 Innovative technologies and R&D	33			
	102-7	Scale of the organization	Company profile	9			
			2.2.4 Production volume of main products	33			
	GRI 102	102-8	Information on employees and other workers	4.1 Human resource structure	45		
		102-9	Supply chain	2.1 Product supply chain	31		
		102-10	Significant changes to the organization and its supply chain	1.1.3 Major local investments	23	There was no significant change to the supply chain in 2020	
	3.5 Green supply chain			40			
	102-11	Precautionary Principle or approach	1.5 Risk management	25			
	102-12	External initiatives	-		No external initiative was signed		
	102-13	Membership of associations	1.6 Associations	27			
Strategies	102-14	Statement from senior decision-maker	Commitment of the management	4			
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	1.3 Ethical Corporate Management	25			
Governance	102-18	Governance structure	1.2 Governing body	23			

GRI Index	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated		
GRI 102: General disclosures 2016							
Stakeholder engagement	102-40	List of stakeholder groups	Identification and communication with stakeholders	12			
	102-41	Collective bargaining agreements	-	-	No collective bargain agreement was signed		
	102-42	Identifying and selecting stakeholders	Identification and communication with stakeholders	12			
	102-43	Approach to stakeholder engagement	Identification and communication with stakeholders	12			
	102-44	Key topics and concerns raised	Identification and communication with stakeholders	13			
Reporting practice	GRI 102	102-45	Entities included in the consolidated financial statements	About the report: Scope and boundary of report	3		
		102-46	Defining report content and topic Boundaries	About the report: Scope and boundary of report	3		
		102-47	List of material topics	Identification and communication with stakeholders	13		
		102-48	Restatements of information	-	-	Initial publication of the report	
		102-49	Changes in reporting	-	-	Initial publication of the report	
		102-50	Reporting period	About the report: Reporting period	2		
		102-51	Date of most recent report	About the report: Reporting cycle	2	Initial publication of the report	
		102-52	Reporting cycle	About the report: Reporting cycle	2		
		102-53	Contact point for questions regarding the report	About the report: Contact information	3		
		102-54	Claims of reporting in accordance with the GRI Standards	About the report: Report preparation principles	3		
		102-55	GRI content index	Appendices	65		
		102-56	External assurance	Appendices	71		

Material issue	GRI Index	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated	
Material issue Disclosure - economic aspect							
Ethical Corporate Management	Anti-corruption	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	1. Corporate governance	14	
			103-2	The management approach and its components	1. Corporate governance	20	
			103-3	Evaluation of the management approach	1. Corporate governance	20	
		GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	1.3 Ethical Corporate Management	25	
Compliance	Compliance	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	1. Corporate governance	14	
			103-2	The management approach and its components	1. Corporate governance	20	
			103-3	Evaluation of the management approach	1. Corporate governance	20	
		GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	1.4 Compliance	25	There was no violation of law in 2020
		GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area			
Operational Performance	Economic Performance	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	1. Corporate governance	14	
			103-2	The management approach and its components	1. Corporate governance	20	
			103-3	Evaluation of the management approach	1. Corporate governance	20	
		GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	1.1 Economic Performance	22	

Material issue	GRI Index		Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Material issue Disclosure - environmental aspect							
Climate change and energy/ carbon reduction	Energy	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	3. Sustainable environment	14	
			103-2	The management approach and its components	3. Sustainable environment	36	
			103-3	Evaluation of the management approach	3. Sustainable environment	36	
		GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.3 Carbon reduction measures and results	39	
Use of materials	Materials	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	3. Sustainable environment	14	
			103-2	The management approach and its components	3. Sustainable environment	36	
			103-3	Evaluation of the management approach	3. Sustainable environment	36	
			GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.4 Raw material purchase	39

Material issue	GRI Index		Disclosure	Chapter	Page	Supplementary explanation	Abbreviated	
Material issue Disclosure - social aspect								
Safe and healthy work environment	Occupational health and safety	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	5. Healthy workplace	14		
			103-2	The management approach and its components	5. Healthy workplace	52		
			103-3	Evaluation of the management approach	5. Healthy workplace	52		
			GRI 403: Occupational safety and health 2018	403-1	Occupational safety committee system	5.1 Occupational Safety and Health Committee	54	
				403-2	Hazard identification, risk assessment, and incident investigation	5.2 Hazard identification, risk assessment, and incident investigation	54	
				403-3	Occupational health services	5.3 Occupational health services	56	
				403-4	Worker participation, consultation, and communication on occupational health and safety	5.1 Occupational Safety and Health Committee	54	
				403-5	Worker training on occupational health and safety	5.5 Occupational safety and health training	57	


Material issue	GRI Index		Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Material issue Disclosure - social aspect							
Safe and healthy work environment	Occupational health and safety	GRI 103: Management approach 2016	403-6	Promotion of worker health	5.4 Occupational health promotion activities	57	
		GRI 403: Occupational safety and health 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Hazard identification, risk assessment, and incident investigation 5.6 Contractor safety and health management	54 57	
		GRI 403: Occupational safety and health 2018	403-9	Work-related injuries	5.6 Contractor safety and health management	57	
Benefits and salary	Diversity and equal opportunity	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	4. Employee care	14	
			103-2	The management approach and its components	4. Employee care	43	
			103-3	Evaluation of the management approach	4. Employee care	43	
		GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	1.2 Governing body 4.2 Human resource structure	23 45	
			405-2	Ratio of basic salary and remuneration of women to men	4.3 Compensation and benefits	48	
Employment	Employment	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	4. Employee care	14	
			103-2	The management approach and its components	4. Employee care	43	
			103-3	Evaluation of the management approach	4. Employee care	43	
		GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.2 Human resource structure	45	
Talent training and development	Training and Education	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	4. Employee care	14	
			103-2	The management approach and its components	4. Employee care	43	
			103-3	Evaluation of the management approach	4. Employee care	43	
		GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.4 Talent training and development*	49	

Material issue	GRI Index		Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Material issue Disclosure - social aspect							
Social engagement	Indirect economic impact	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	6. Social contribution	14	
			103-2	The management approach and its components	6. Social contribution	59	
			103-3	Evaluation of the management approach	6. Social contribution	59	
	Indirect Economic Impacts 2016	GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	6.1 Sponsorship to arts and cultural activities	61	
					6.2 Support for local culture	61	
					6.3 Sponsorship to charity activities	61	
					6.4 Sponsoring National Taipei University College of Business in CSR-related academic conferences	62	
				6.5 Industry-academia collaboration	62		
				6.6 Disease control actions	63		

Material issue	GRI Index		Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Disclosure of material issues Issue specific to ABC							
Innovative technologies and services	Issue specific to ABC	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	2. Innovative technologies and services	14	
			103-2	The management approach and its components	2. Innovative technologies and services	29	
			103-3	Evaluation of the management approach	2. Innovative technologies and services	29	
		-	-	Innovative technologies and services	2.2 Innovative technologies and R&D	33	
Service quality and customer satisfaction	Issue specific to ABC	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	2. Innovative technologies and services	14	
			103-2	The management approach and its components	2. Innovative technologies and services	29	
			103-3	Evaluation of the management approach	2. Innovative technologies and services	29	
			-	-	Service quality and customer satisfaction	2.3 ABC Means Satisfaction	34

7.2 | APPENDICES

Third Party Assurance Report



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABC TAIWAN ELECTRONICS CORP.'S SUSTAINABILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ABC Taiwan Electronics Corp. (hereinafter referred to as ABC) to conduct an independent assurance of the Sustainability Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all ABC's Stakeholders.

RESPONSIBILITIES
 The information in the ABC's SR report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ABC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all ABC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

TWLPP 5008 Issue 2104

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.
 In response to COVID-19 pandemic situation the pre-assurance process was conducted via Teams.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ABC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2104

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ABC has demonstrated a its commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality

ABC has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Existing policies and common practices among the sector are encouraged to be taken into account during future analysis.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact

ABC has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ABC's SR report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. It is recommended that material topics of oversea factories may be disclosed in future reports. System for data collection and analysis process are to be established to enhance information quality and data precision regarding ABC's sustainability activities.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
15 September, 2021
WWW.SGS.COM



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