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2021

ABC Taiwan Electronics Corp.

Sustainability Report

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About the Report

Reporting cycle

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The Company's Sustainability Reports are published annually, and shall be available for download from the official website of ABC Taiwan Electronics Corp.

Official website: <https://www.atec-group.com/>

Contact information

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

Contact: Ms. Sun

Phone: +886 3 478-8105#168

FAX: +886 3 478-3855

Email: atec.suggest@atec-group.com

Reporting Period

ABC Taiwan Electronics Corp. (Stock Code: 3236, hereinafter referred to as "the Company" or "ABC", representing the headquarters in Taiwan) was established in 1979 and is mainly engaged in the research and development, production and sales of inductors, with its headquarters in Yangmei District, Taoyuan City, Taiwan. The Taiwan plants include Yangmei Plant 1 and Yangmei Plant 2, and the Company has also established manufacturing plants in Shanghai, Guangzhou and Malaysia, collectively known as the ABC-ATEC Electronics Group. In 2021, due to the profound impact of the COVID-19 pandemic, the international market is still rife with challenges. ABC continued to actively invest in the smart ICT sector, with the completion of the Materials Factory in Block B and the commencement of construction of the Smart Factory in Block C at the Yangmei Plant 2 in Taiwan, as well as the groundbreaking ceremony for the expansion of the Guangzhou Plant 2 in October 2021. The mid-term plan is to expand production capacity in response to anticipated market demand and to gradually offer competitive market products.

In accordance with the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" published by the Taipei Exchange (TPEX), the first sustainability report of ABC was issued in 2021, and was published in both English and Chinese simultaneously. The second sustainability report will be published in 2022 in accordance with the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" announced by the TPEX on December 28, 2021, and is based on the international reporting standards and guidelines of the GRI Guidelines published by the Global Reporting Initiatives (GRI) and the United Nations Sustainable Development Goals (SDGs), specifically disclosing our Environmental, Social, and Governance practices. Relevant information is also simultaneously published on the Company's official website to facilitate two-way communication with internal and external stakeholders. We hope that by publishing the report, we demonstrate as a concrete action our commitment and determination to sustainable development and continuous improvement.

The period covered by this report: January 1, 2021 to December 31, 2021

Scope of Report

The materiality of this report is based on the Company's Taiwan plants, of which the financial information is consistent with the consolidated financial statements, and the environmental information is based on ongoing global warming and climate change issues. In order to fulfill the Group's corporate social responsibility, the Chairman further pledged to disclose the environmental information of the Group's Shanghai, Guangzhou and Malaysia plants in this year's report, and plans to gradually include the performance of the Group's related issues in sustainability reports within three years.

Report preparation principles

Information in this report has been disclosed based on GRI guidelines of the Global Reporting Initiative (GRI): Core Option (2016), Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, SDGs of the United Nations, the AA1000 Assurance Standard, stakeholders' opinions, and the Company's market position. We have identified and disclosed information relevant to ABC's corporate social responsibility efforts by adopting the core option, and furnished a GRI Index in the appendices for quick reference.

Assurance over the accuracy of public information

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 heads of the respective departments, and reviewed by the Chairman, whereas financial data has been audited by Deloitte Taiwan. This report has been certified by SGS for AA1000 Type I Moderate Assurance.

Commitment of the Management

Message from the Chairman

“

The impact of the COVID-19 pandemic on life and health has intensified, geopolitical conflicts have led to supply chain disruptions and economic losses, and global warming has led to an increase in an extreme climate, bringing unprecedented impacts, challenges and risks to enterprises and governments around the world. ABC-ATEC Electronics Group has likewise been impacted by the pandemic. However, with the strong resilience empowered by its over 40 years of experience, the Group has been able to sustain its business development by upholding the spirit of "only the paranoid survive, only the innovator succeeds & only the speedy player wins", with business scopes continuing to grow and develop. The Group's consolidated net revenue for 2021 was NT\$2,478,376 thousand, representing a 22.65% growth in revenue, and net profit after tax was NT\$94,760 thousand, representing a 28.29% growth in profit, an achievement of double-digit growth.

”

Sustainable Governance is Key to Corporate Success

In order to comply with the Financial Supervisory Commission's "Corporate Governance 3.0" requirements and to ensure conformance with global trends, a Corporate Social Responsibility Management Committee ("CSR Committee") has been established in 2020 to formulate sustainable development strategies and integrate sustainable development into the Group's strategic plans and daily operations. To date, the CSR Committee regularly reports to the Board of Directors on environmental, social and governance (ESG)-related issues and the status of implementation of its objectives. ESG is the most critical term in 2021, as international majors demand carbon reduction in their supply chains, and various requirements come to the forefront; business operations must keep up with the times or be left behind. Among the three ESGs, the environmental-related issue of climate change is the most important. In order to implement the Group's corporate social responsibility, I requested that the second sustainability report published this year simultaneously disclose the environmental performance of our subsidiaries, and that we leverage the expertise of our Board of Directors, CSR Committee and external advisory team to monitor the risks associated with our business.

Innovative Technology and Industry-Academia Cooperation

For more than four decades, ABC has been working with various academic institutions to research and develop new materials, technologies, and products. Through close industry-academia cooperation, we have been working on basic materials (metal powder granulation technology and research on heat sink efficiency improvement technology) and processing technology research and development (three-dimensional structure electronic component module design and process development, AOI+AI smart processing). The AOI+AI project is almost complete, which is expected to save about one-third of the production line's visual inspection manpower and improve customer satisfaction in terms of delivery and quality.

Continuous innovation is ABC's unwavering goal. In response to the changing needs of customers, the Group actively develops new products and has medium and long-term plans for future product expansion and investment. In addition to investing in the newly purchased Yangmei Plant 2 in Taiwan, the Group has also built a new plant in Malaysia and is looking ahead to the feasibility of setting up locations in Vietnam and India, including setting up warehouses there, controlling inventory and shipping locally to provide professional manufacturing and quality service. We will establish a "One to One" partnership with our customers and respond to their needs with quality services.

Technology research and innovation are the foundation of corporate growth and sustainability. In 2021, we established the Technology Innovation and Development Committee ("Innovation Committee"), which is directly under the Board of Directors, as the highest steering body for the development of technological innovation in ABC, and are making great strides in moving toward a more focused and sophisticated innovative technology. We are also in the process of applying for the "ABC Electronics Foundation" to support research in the field of electronic components and cultivate talents in the field of electronic components, including a Taiwan Electrical and Electronic Engineering Master's and Doctoral Research Fellowship program, grants for participating in international conferences, internships in the Silicon Valley, and a Doctorate/Master's Thesis Award, which are designed to enhance the momentum of innovation through technology, so as to continue our competitive advantage and leadership in the industry. In the future, we will expand industry-academia collaboration through the "Application of Metaverse Concept Project" with the E-Business Research Center of National Taipei University, with the aim of expanding the Group's business development in the areas of "research on the development trend of the global IM market" and research and planning of marketing channels in the global IM market.

Environmental Protection, Towards Net Zero Carbon Emissions

With the development of the global economy, human consumption and demand for energy are increasing rapidly, and energy consumption brings about a large amount of greenhouse gas emissions, resulting in extreme weather caused by the greenhouse effect. The Group reduces the impact and damage to the environment through the green design of products, control of harmful substances and disposal of products after their useful life cycle. In 2022, the Group introduced the greenhouse gas inventory, which is ahead of the FSC's plan to complete the greenhouse gas inventory roadmap for all parent companies, domestic and foreign subsidiaries of listed companies by 2027. As the products we manufacture cannot use recycled materials, we focus on the final management of waste disposal service providers according to ISO 14001:2015 environmental management system to contribute to the circular economy, reduce pollution and conserve resources year by year, and reduce the impact of business operations on the environment.

Caring for Employees and Creating a Happy Workplace

I value each and every one of our employees and consider them as important as family members. Every month, together with our senior executives, we personally present a red envelope and a red rose to the birthday guy/girl of the month to thank them for their contributions to the company and to let them feel the company's care for them. With the increase in the proportion of middle-aged employees, it is increasingly important to provide a physically and mentally beneficial working environment. We will continue to provide a series of health promotion activities, such as rope skipping and stepping competitions, weight loss activities, smoking cessation activities, muscle health seminars, etc., to support the physical and mental health of our employees. In 2021, we were even awarded the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration. We will continue to create a caring health and safety culture that reduces potential workplace hazards and promotes physical and mental health.

Rooted in the Local Community, Contributing to the Common Good

The Company has its roots in Yangmei, a famous Hakka town, and we recognize the local culture and give back to local development. In view of the fact that the use of the Hakka language at home is decreasing year by year and the Hakka culture is in danger of being disconnected, in order to pass on the Hakka culture, we have been sponsoring the Hakka cultural activities in Rui-Yuan Junior High School for many years, and cultivate students to be proud of speaking Hakka. We also sponsor Seqalu and Hakka concerts and art exhibitions to enhance the public's literacy in art and lifestyle.

Fighting the Pandemic and Supporting Medical Services

The outbreak of the COVID-19 pandemic requires a rapid response from the government, businesses and local communities. Since the outbreak, the Ministry of Health and Welfare's hospitals have been the first line of care for 35% of the country's patients. At the most critical juncture of the outbreak (The Taoyuan Hospital Incident), the Company donated to the Ministry of Health and Welfare's Taoyuan Hospital to ensure that the front-line medical staff can continue to work with peace of mind, and the nation does not have to worry about the collapse of medical capacity. Since the pandemic has not yet abated, we will continue to implement epidemic prevention measures to protect the health of our employees and the continued operation of our businesses.

The Russia-Ukraine war broke out in February 2022, which has severely impacted the global stock market, as well as the precious metals, energy and industrial supply chain. Taiwan's technology industry has grown from strength to strength, and the New Taiwanese Dollar is expected to continue to be a strong currency. The Group, which is mainly focused on the export market, will again face the predicament of the rapid appreciation of the New Taiwan Dollar, last seen in 1987. In response to the severe challenges of the strong New Taiwan Dollar, I have adjusted the Group's development and investment direction to "small capital, big revenue", and plan production and revenue targets for 2022~2023 and a capital expenditure budget of nearly NT\$ 1 billion to invest in plant construction, R&D and production facilities, and continuous investment in R&D innovation for production expansion and enhanced efficiency. These investments will serve as a strong backbone for the Group. I will lead all of my colleagues to support the core business of ABC with technological prowess, to continuously innovate, to continue to achieve double-digit growth targets, to reach the vision of "annual revenue of NT\$10 billion dollars within ten years", and to move towards the goal of becoming a world-class inductor manufacturing group.



ABC-ATEC Electronics Group

Chairman,

A handwritten signature in black ink, appearing to read 'Jui-Hsu', written over a light-colored background.



Driving EPS Growth through ESG Governance

In recent years, international investors and industry chains have increasingly focused on ESG (environmental, social, and governance) related issues, and competent authorities have accelerated their efforts to establish ESG information disclosure quality and transparency regulations. Financial institutions are also taking the environmental and social risks of their financing targets into account in their underwriting, and this ESG trend has compelled the Group to recognize the urgency of sustainable development and therefore elevate ESG issues to the Management Committee and the Board of Directors. The Board of Directors plays an oversight and review role in determining how sustainability trends affect the Group's business operations and value chain. In accordance with the GRI criteria, the Group has considered both international trends and industry characteristics, and identified three major environmental, social and governance issues through stakeholder discussions.

Focus on Innovation and Technology to Drive Corporate Growth

As an upstream supplier of electronic products to brand-name customers, ABC-ATEC Electronics Group mainly supplies inductive components, ceramic heat sinks, and various precision metal stamping parts for design, development, and production. With the corporate core mission "to create and develop a premium inductive components and mechanical parts industry through practical operation, creative innovation and continuous development", we continue to strive to improve product quality and enhance product diversity, strengthen research and development, improve process technology and accelerate equipment automation to provide more miniaturized and precision designed products. In order to increase growth, the Group is actively cooperating with international manufacturers and preparing to expand from existing customer needs to the smart mobile field, and to expand business growth with innovative technology to reward shareholders.

Jumpstarting Greenhouse Inventory Project to Promote Energy Saving and Carbon Reduction

Over the past two years, the COVID-19 pandemic has had a significant impact on people's livelihood and the economy, but the Group still overcame the difficulties and commenced the construction of the Materials Factory Block B and Smart Factory Block C in our Yangmei Plant 2 in Taiwan. A pure water recycling system was integrated with the Materials Factory of Block B, Yangmei Plant 2. According to the characteristics of different diluents, we have changed from acetone to water as a solvent and actively developed water recycling in the manufacturing process, which not only reduces the risk of organic solvent use, but also conserves water resources. The Company's manufacturing operations involve a low-carbon emitting process, and the Smart Factory in Block C is planned to be a green building combined with smart technology to implement the concept of environmental protection, energy saving and carbon reduction. We plan to obtain green building certification upon completion to mitigate energy consumption.

The 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP 26) in 2021 reached an agreement to strengthen international measures to combat global warming under the target of 1.5 degrees Celsius of temperature rise, on account of the threats and challenges posed by climate change to global sustainability. The government announced on Earth Day 2021 to achieve net zero carbon emissions by 2050. "Net Zero Carbon Emission" is a long-term commitment. Therefore, the Group expects to complete the "ISO 14064-1 Greenhouse Gas" third-party inventory in 2022. Each production site takes carbon reduction measures for the emission hotspots, and by taking stock of the emissions generated by our own operations, we can set more specific reduction targets for each area.

Encourage Employee Learning to Enhance Competitive Advantages

As a long-established company with more than 43 years of industry expertise, ABC's employees have a relatively long history of stability in employment. In order to cultivate employees in areas of expertise other than their original duties, we are able to grow in both capabilities and qualifications. As the first employee to obtain an EMBA and a PhD in Resource Engineering, I am grateful for the Company's incentive program that encourages key employees to apply for on-the-job training, granting them official leave to attend classes and receiving tuition subsidies. After starting as a junior engineer in R&D, and in response to the needs of the company's growth and organizational expansion, I took an EMBA course in 2003 in business management to learn the areas of management that were lacking in my previous background, which was very beneficial to business management. In 2013, in order to refine the research and development of materials and innovative design capabilities, I studied for a PhD in Resource Engineering Materials to accumulate my professional skills.

Since last year, the Company has hired an external consultant to introduce a dual system of human resources development, planning for each employee to possess interdisciplinary work and experience various duties in the future, while optimizing the operation process to make the operation more organized and efficient, so that employees can achieve accomplishments at work and contribute to the Company, realizing the entrepreneurial philosophy of "the corporate goal is achieved when the individual goal is achieved".

In 2022, the mid- and long-term business policy is to "develop human resources and digitalization, and realize the future of growth". We will continue to share our entrepreneurial values with employees, shareholders, and customers, and move toward a better future together with all stakeholders.



ABC-ATEC Electronics Group

General Manager, *James Fan*



Company Profile

ABC Taiwan Electronics Corp. (stock code: 3236) was founded on May 25, 1979, and is headquartered in Yangmei District, Taoyuan City, Taiwan, with Taiwan manufacturing facilities including Yangmei Plant 1 and Yangmei Plant 2. In addition, the Company has overseas manufacturing operations in Shanghai, Guangzhou, and Malaysia, and is collectively known as ABC-ATEC Electronics Group. Initially, the Company's products were used in radio, audio, and small motors, before offering applications in televisions 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.

Global presence



Company name	ABC Taiwan Electronics Corp.
Chairman	Joseph Hsu
General Manager	Francis Fan
Taiwan HQ	No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City
Yangmei Plant 1	No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City
Yangmei Plant 2	No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City
Shanghai Plant	No. 8130 Jinda Road, Fengxian, Shanghai, China
Guangzhou Plant	No. 25 Shihua Road, Shanmen, Hualong, Panyu, Guangzhou, Guangdong, China
Malaysia Plant	No.5, Jalan BS 7/7, Off Jalan Cempaka, Seksyen 9, Taman Bukit Serdang, 43300, Seri Kembangan, Selangor, Malaysia
Share capital	NT\$929 million
Total number of employees of the Group	1,167 (as of December 31, 2021, Yangmei Plant 1 and Plant 2 in Taiwan: 203, Shanghai Plant: 198, Guangzhou Plant: 476, Malaysia Plant: 290)
Operating locations	ABC is headquartered in Taiwan and has factories established in Taiwan, Guangzhou, Shanghai, and Malaysia, along with an 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 automotive electronics.
	 <p>ABC-ATEC Electronics Group Introduction Video: https://www.atec-group.com/en/newslist-74-page454</p>

Business core

Mission

Building an industry of world-class inductors and precision components through pragmatism, innovation, and sustainability

Business philosophy

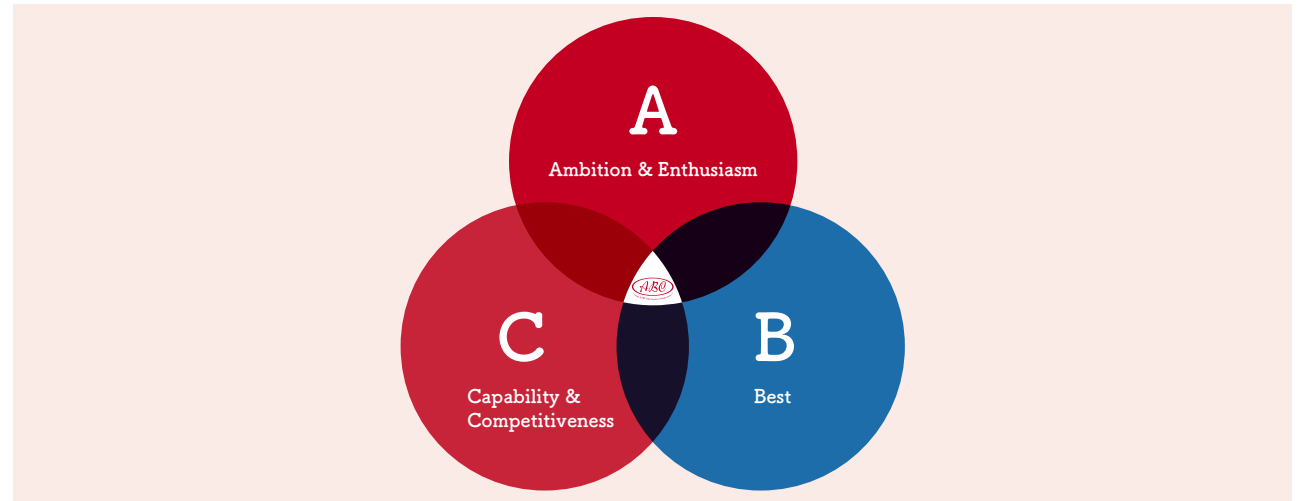
Pursue "service, innovation, and excellence"; comprehend the market's needs as well as changes in technologies; and gain worldwide presence through innovation and systematized, standardized, and institutionalized corporate model. We firmly believe that "only the paranoid survive, only the innovator succeeds & only the speedy player wins".

Corporate vision

To develop world-class manufacturing capabilities in inductors and precision components.



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. 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 a lot of thought into "sustaining the Company's growth." When founder Joseph Hsu was on a business trip to the United States in September of that year, he found new meanings for the name ABC, and designated A as Ambition & Enthusiasm, B as Best, and C as 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 or strategy can best inspire ambition and passion?" "Which are the products that we can be best at in the world?" and "What (indicators) can ABC depend upon to achieve economic success?" These have been the three mindsets that provide ABC with the stable and strong motivation needed to sustain business growth.

Identification and Communication with Stakeholders

Stakeholders' communication channels and issues of concern

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 Company's 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	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	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
		Climate change and energy/carbon reduction	Policy promotion conferences, telephone consultations, official documents or correspondence from competent authorities	Unscheduled
		GHG Emission	Regular disclosure of greenhouse gas emission data through external third-party audits	Once per year
		Waste Management	On-site audits, regular reporting, telephone consultations, official documents or correspondence	Unscheduled
		Information Security	Information security drills, software updates, e-mail campaigns	Unscheduled
		Occupational health and safety	Policy promotion conferences, telephone consultations, official documents or correspondence from competent authorities	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



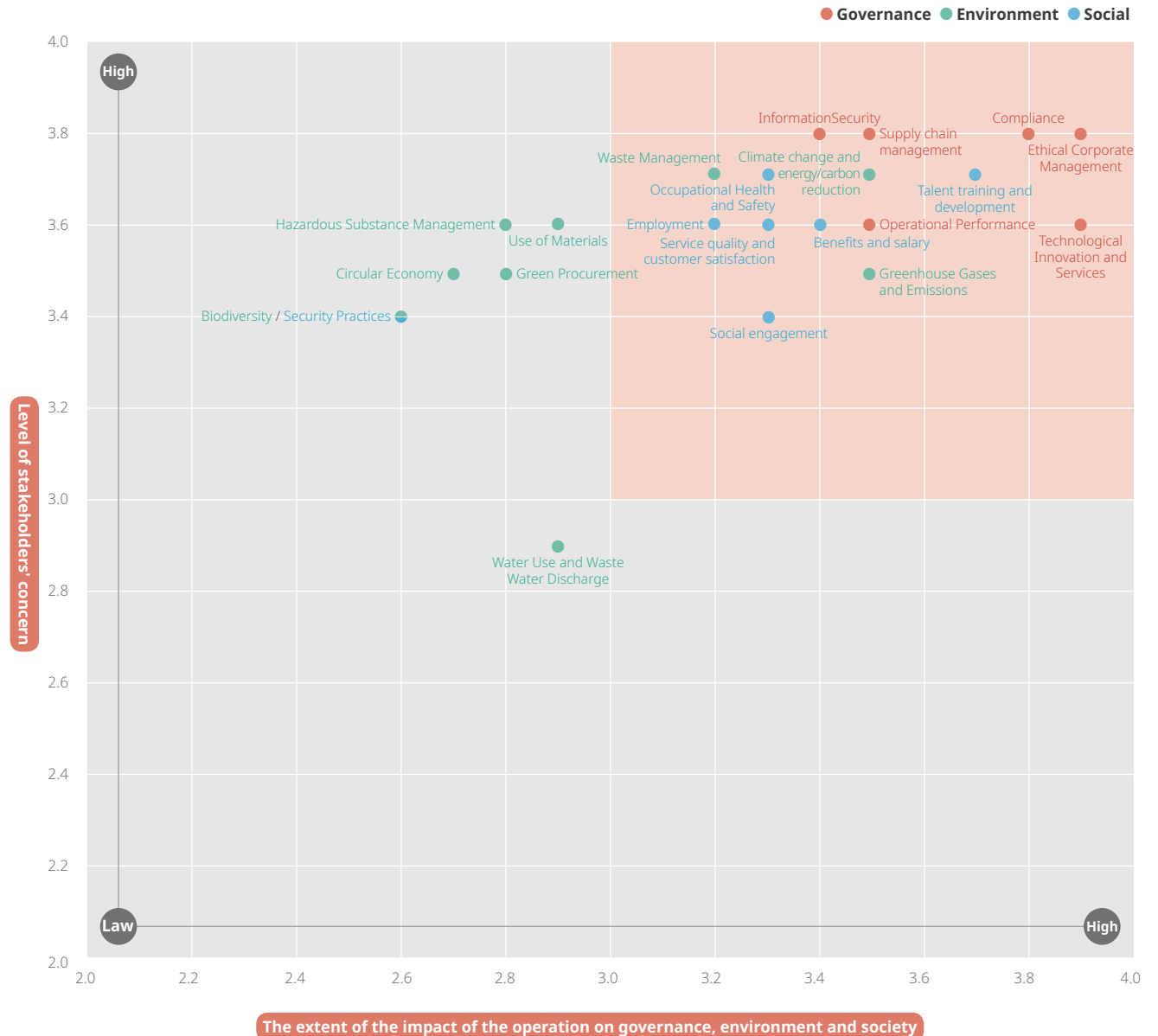
Stakeholders	Importance to corporate operations	Concerned issues	Communication channels and methods of response	Frequency of communication
Employees	Employees represent a company's advantage, and are entitled to gender-equal and healthy work environment, as well as competitive compensations, benefits, and fair career opportunities.	Employment	Internal publications and company announcements	Once every half-year
			All-hands employee communication townhall meetings and employee interviews, job rotations	As needed
		Benefits and salary	Employee Welfare Committee meetings	Once per quarter
		Talent training and development	Education and training courses	Unscheduled
		Occupational health and safety	Occupational safety meetings	Once per quarter
			Employee health checkup	Once per year
Health service by stationed physician	Once per month			
	Customers	Main contributor to the Company's performance and revenues, and partners for sustainable business.	Service quality and customer satisfaction	Customer satisfaction survey
Suppliers/contractors	To provide customers with excellent products and to ensure that goods supplied by suppliers are fully compliant with the Company's Q, C, and D requirements.	Supply chain management	Supplier evaluation, supplier rankings, supplier auditing	Unscheduled
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 academia and the industry.	Social engagement	Industry-academia collaboration	Unscheduled

Assessment and identification of Significant issues

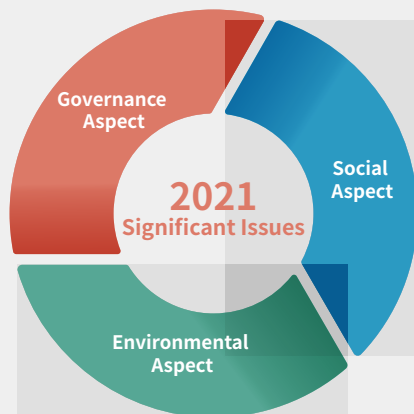
ABC creates CSR questionnaires based on GRI standards after taking into account global trends, industry characteristics, and the issues of concern gathered through stakeholder communication. Surveys were distributed to stakeholders through the online questionnaire system, and their feedbacks gave the 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 Significant issues

In order to establish knowledge on stakeholders' concerned issues, the CSR Committee conducted a materiality analysis that cross-examined the "level of stakeholders' concern," as gathered through questionnaires, against "the degree of impact on the environment, social and governance" that each issue has on the Company's operations. Issues that fall within the range of (3.0,3.0)-(4.0,4.0) were shortlisted as material issues, and a total of 15 were identified for the year. Each issue was prioritized in terms of materiality with short-, medium-, and long-term goals determined for regular follow-up in team meetings, during which team members would review the accomplishment of short-term goals and solutions, and then report the results of the analysis to the Board of Directors.



Based on the above results, we have shortlisted the following significant issues for the Company for 2021:



Governance Aspect

Ethical Corporate Management, Compliance, Operational Performance, Supply Chain Management, and Innovative Technologies and Services

Environment Aspect

Climate Change and Carbon Reduction, Greenhouse Gas Emissions, and Waste Management

Social Aspect

Occupational Health and Safety, Benefits and Salary, Employer-Employee Relations, Talent Training and Development, Service Quality and Customer Satisfaction, and Social Engagement

Compared with 2020, the changes in major issues are as follows. Each major issue was implemented by the responsible department with short-, medium- and long-term goals, and the performances were regularly reviewed.

✔ Maintain
 + New
 ✘ Delete

Aspect	Significant Issues for 2020	Significant Issues for 2021	Changes	Reasons
Governance	Ethical Corporate Management	Ethical Corporate Management	✔	No change in level of concern
	Compliance	Compliance	✔	No change in level of concern
	Operational Performance	Operational Performance	✔	No change in level of concern
	-	Supply chain management	+	IATF 16949 requires quality in the supply chain for the automotive industry, and external expectations for supplier management are high
	Technological Innovation and Services	Technological Innovation and Services	✔	No change in level of concern
	-	Information Security	+	FSC's new information security management items
Environmental	Climate change and energy/carbon reduction	Climate change and energy/carbon reduction	✔	No change in level of concern
	Use of Raw Materials	-	✘	No change in the level of concern, integrated into the input items of waste management
	-	Waste Management	+	External expectations for the circular economy are high, and waste separation management is strengthened
	-	GHG Emission	+	Following the net-zero carbon emissions roadmap and capturing greenhouse gas emissions as the first step in carbon reduction
Social	Occupational Health and Safety	Occupational Health and Safety	✔	No change in level of concern
	Benefits and salary	Benefits and salary	✔	No change in level of concern
	Employment	Employment	✔	No change in level of concern
	Talent training and development	Talent training and development	✔	No change in level of concern
	Service quality and customer satisfaction	Service quality and customer satisfaction	✔	No change in level of concern
	Social engagement	Social engagement	✔	No change in level of concern

Boundary Impacts of Material Issues on **Governance Aspects**

● Direct impact ● Indirect impact

Material issue	Corresponding GRI Topic	Impact on Operations		Value Chain			Other stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic institutions	Media
				Suppliers	Employees Shareholders	Customers				
Ethical Corporate Management	GRI 205 Anti-Corruption	Sound corporate governance is the cornerstone of business operations. Failure to operate with integrity will affect corporate image and competitiveness.	We will uphold the principle of ethical management, incorporate integrity and ethical values into our business strategies, and strengthen the operation and responsibilities of the Board of Directors in sound corporate governance.	●	●	●	●	●	●	●
Compliance	GRI 307 Compliance with environmental protection regulations GRI 419 Socioeconomic Compliance	Failure to comply with relevant laws and regulations may lead to illegal activities, which may damage the Company's reputation and reduce customer trust and loyalty.	We will review the laws and regulations every month, and invite domestic and overseas legal compliance officers to report on compliance management, and comply with government regulations as a sustainable management philosophy to ensure that no major violations occur.	●	●	●	●	●	●	●
Operational Performance	GRI 201 Economic Performance	The Company's operations and profitability will be affected by repeated disruptions caused by the COVID-19 pandemic if relevant epidemic prevention measures are not implemented, resulting in the suspension of work or the adoption of quarantine measures.	We have set up an epidemic prevention command system and a backup mechanism to ensure uninterrupted operations, improve operational performance, challenge annual revenue growth of 20%, and reward employees and investors, and continue to expand our manufacturing plants to promote industry development.	●	●	●	●	●	●	●
Supply chain management	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Some suppliers of raw materials are agents or importers in Taiwan, so it is difficult to directly audit whether the product production process meets environmental standards or low carbon to meet social standards for on-site auditing.	Through the annual Suppliers'Conference, we share the Company's sustainability philosophy to ensure that all suppliers we work with meet the Company's requirements.	●	●	●	●	●	●	●
Technological Innovation and Services	Specific issues of the Company	Innovation and technology are the driving force of the Company's growth. The Company is committed to continuously improving products, as well conduct research and development on innovative products according to customer needs.	This allows the Company to grasp market demand and technology trends, drive the next generation of product development and cultivate professional talents to invest in R&D and innovation, and provide excellent products and services.	●	●	●	●	●	●	●
Information Security	Specific issues of the Company	Activate the mechanism of off-site or Work From Home (WFH) policies. Inadequate security awareness of the Company's employees and external attacks will result in information security incidents, which would result in losses to the Company.	Implement information security maintenance, formulate plans related to the continuous operation of information system business and contingency plans for network threats, and effectively protect the company to maintain the normal operation of core systems.	●	●	●	●	●	●	●

Boundary Impacts of Material Issues on **Environmental Aspects**

● Direct impact ● Indirect impact

Material issue	Corresponding GRI Topic	Impact on Operations		Value Chain			Other stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic institutions	Media
				Suppliers	Employees Shareholders	Customers				
Climate change and energy/carbon reduction	GRI 302 Energy	In order to achieve the government's 20GW target of solar power installed capacity by 2025, the Company needs to increase investments to respond to low carbon transformation, which further affects profitability.	In response to the government's requirement that the annual energy saving rate for users with a contracted capacity of 800kW or more should reach 1%, new plants are installed with solar energy panels (photovoltaic systems) to achieve CO ₂ reduction through the environmental management system and reduce operating costs.	●	●	●	●	●	●	●
Greenhouse Gas Emissions	GRI 305 Emissions	It is difficult to grasp the source of greenhouse gas emissions in Scope 3, which makes it difficult to establish a low-carbon supply chain in the short term and further affects the reduction plan.	From daily operations, we have implemented electricity conservation initiatives and constructed sustainable plants with reference to green building standards to reduce our greenhouse gas emissions and actively build a culture of green operations.	●	●	●	●	●	●	●
Waste Management	GRI 306 Waste	In addition to criminal and administrative penalties for illegal storage, removal, or disposal of waste by external vendors, the owner of the enterprise that is the source of the pollution may also be subject to the risk of criminal prosecution.	Therefore, we monitor and control the waste generated from the production process and accurately classify it so that we can grasp the resource utilization status of the disposal companies and promote the sustainable recycling of materials.	●	●	●	●	●	●	●





Boundary Impacts of Material Issues on **Social Aspects**

● Direct impact ● Indirect impact



Material issue	Corresponding GRI Topic	Impact on Operations		Value Chain			Other stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic institutions	Media
				Suppliers	Employees Shareholders	Customers				
Occupational Health and Safety	GRI 403 Occupational Health and Safety	The organization may suffer from a decrease in employee productivity and satisfaction due to occupational safety and health issues.	Care for employees' health; organize health promotion activities; ensure zero occupational hazard; and create a satisfying and healthy workplace.	●	●	●	●	●	●	●
Benefits and salary	GRI 405 Employee Diversity and Equal Opportunity	Failure to create an equal employment environment and promote communication and coordination between employers and employees may lead to labor disputes or even confrontation, or to penalties for violating laws and regulations. Failure to establish a fair, open, reasonable and competitive compensation and welfare system may result in a loss of talent.	We attach importance to the basic rights of employees, hold labor-management meetings in accordance with the law, protect the equality of employees' gender work rights, and maintain a 20% ratio of female supervisors to promote employee diversity and equality.	●	●	●	●	●	●	●
Employment	GRI 401 Employment	Failure to establish a fair, open, reasonable and competitive compensation and benefits system results in high employee turnover and increases the cost of recruiting talent.	Creating an attractive work environment and establishing a comprehensive benefits package and competitive compensation system can reduce the turnover rate of new employees and talent development costs.	●	●	●	●	●	●	●
Talent training and development	GRI 404 Training and Education	The Company should provide diverse and personnel development structures and resources at all levels so that employees can develop their potential and contribute to the Company according to their personal characteristics and expertise.	The Company shall continue to construct a comprehensive education and training system, increase the content of different types of education and training, and enhance the management and professional functions of employees to improve the overall performance of the Company.	●	●	●	●	●	●	●
Service quality and customer satisfaction	<i>Specific issues of the Company</i>	If the product quality is defective and causes customer dissatisfaction, orders will be lost if products are returned for a full refund.	We closely monitor customer satisfaction scores to provide products that meet customer requirements in terms of quality, delivery, engineering and research and development capabilities, service and product quality management.	●	●	●	●	●	●	●
Social engagement	GRI 203 Indirect Economic Impacts	As economic activities shrink due to the continued severity of the COVID-19 pandemic, the question of how to integrate the Company's core business activities to maximize the effectiveness of the company's limited resources is brought to the surface.	We will continue to focus on cultural heritage activities and work together with academia to improve the competitiveness of the academia and the industry, and to enhance corporate management.	●	●	●	●	●	●	●




ABC's Sustainability Performance and Short/Medium/Long Term Targets



✔ Accomplished ✘ Not accomplished




Corresponding SDGs	Corresponding SDG Sub-goals	Material Issues	GRI Standards	FY2021 Target	FY2021 Performance	Achievement Status	FY2022 Target	Short/medium/long term target
Governance								
 <p>Goal 16 Peace, Justice, and Strong Institutions</p>	16.5 Substantially reduce corruption and bribery in all its forms.	Ethical Corporate Management	<p>GRI 205-2</p> <p>Communication and training about anti-corruption policies and procedures</p>	<p>Initial Issue Sustainability Report (English and Chinese)</p> <hr/> <p>Attendance rate at Board of Directors meetings (including by delegated proxy attendance):100%</p> <hr/> <p>Number of hours of training for board members: 6 hours per member as required; completion rate:100%.</p> <hr/> <p>Signing the "Employee Integrity Pledge": 100%.</p> <hr/> <p>Participation rate in anti-corruption training courses:80% for indirect employees</p>	<p>Initial Issue of Sustainability Report (English and Chinese): Third-party verification completed in September 2021</p> <hr/> <p>Attendance rate at Board of Directors meetings (including by delegated proxy attendance):100%</p> <hr/> <p>Number of hours of training for board members: 6 hours per member as required; completion rate:100%.</p> <hr/> <p>Signing the "Employee Integrity Pledge":100%.</p> <hr/> <p>Anti-corruption training course participation rate:84.85% for indirect staff</p>	<p>✔</p> <hr/> <p>✔</p> <hr/> <p>✔</p> <hr/> <p>✔</p> <hr/> <p>✔</p>	<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. Improve evaluation results, corporate governance evaluation ranking: medium to high Signing the "Employee Integrity Pledge" by all group employees at manager levels and above: 100% Integrity management education and training rate: 100% Anti-corruption training course participation rate: 90% for indirect staff Follow the anti-corruption management system model, no corruption incidents recorded 	<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 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	<p>GRI 307-1</p> <p>Non-compliance with environmental laws and regulations</p> <p>GRI 409-1</p> <p>Non-compliance with laws and regulations in the social and economic area</p>	<p>No regulatory violation and penalties</p> <ul style="list-style-type: none"> Number of violations of environmental laws and regulations:0 Number of violations of social and economic laws and regulations:0 	<p>No violations of laws and regulations and fines: No violation of laws and regulations was received.</p>	<p>✔</p>	<ul style="list-style-type: none"> Continue adoption of ISO 14001 - Environmental Management System Major violations:0 	<ul style="list-style-type: none"> Continue compliance with environmental protection and socioeconomic regulations promulgated by government authorities Continuously promote the ISO 14001 environmental management system and comply with regulations to ensure that no major violations occur.
 <p>Goal 8 Decent Work and Economic Growth</p>	8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors	Operational Performance	<p>GRI 201-1</p> <p>Direct economic value generated and distributed</p>	<p>Long-term shareholder value:EPS NT\$0.5</p> <hr/> <p>Completion of Block B Material Factory of Taiwan Yangmei Plant 2</p> <hr/> <p>Commenced construction of Smart Factory in Block C of Yangmei Plant 2</p>	<p>Long-term shareholder value:EPS NT\$1.02</p> <hr/> <p>Completion of Block B Material Factory of Taiwan Yangmei Plant 2</p> <hr/> <p>Commenced construction of Smart Factory in Block C of Yangmei Plant 2: Jan 2021</p>	<p>✔</p> <hr/> <p>✔</p> <hr/> <p>✔</p>	<ul style="list-style-type: none"> Long-term shareholder value:EPS NT\$1.56 Maintain annual revenue:20% growth Smart Factory in Block C of Yangmei Plant 2: Additional construction work to be completed in 2022 	<ul style="list-style-type: none"> Challenging the Group's vision of NT\$10 billion in revenue within 10 years Increase registered capital by 2.5 times Tripling of production scale Global inductor market share >5%

✔ Accomplished ✖ Not accomplished

Corresponding SDGs	Corresponding SDG Sub-goals	Material Issues	GRI Standards	FY2021 Target	FY2021 Performance	Achievement Status	FY2022 Target	Short/medium/long term target
Governance								
 <p>Goal 17 Partnerships for the Goal</p>	17.14 Enhance policy coherence for sustainable development.	Supply chain management	<p>GRI 204-1 Proportion of spending on local suppliers</p> <p>GRI 308-1 New suppliers that were screened using environmental criteria</p> <p>GRI 414-1 New suppliers that were screened using social criteria</p>	Proportion of local procurement amount from Taiwan factory:100%	Proportion of local procurement amount from Taiwan factory:100%	✔	<ul style="list-style-type: none"> Conducting anti-corruption awareness for new suppliers:100% New supplier environmental/social assessment compliance rate:100% Compliance rate of existing suppliers' audits: 90% 	<ul style="list-style-type: none"> Ensure that the quality of materials, labor or services provided by our suppliers meet the Company's requirements. Give priority to suppliers who value corporate social responsibility and consider the environment, human rights, labor and ethics, and establish a co-prosperous relationship with suppliers.
	 <p>Goal 9 Industry, Innovation, and Infrastructure</p>	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise the industry's share of employment and gross domestic product, in line with national circumstances, and double its share in the least developed countries.	Technological Innovation and Services	Specific issues of the Company	R&D investment:15% increase compared to 2020	R&D investment:NT\$70,258,000	✖	<ul style="list-style-type: none"> R&D investment: 15% increase from the previous year Aerosol granulation powder processing equipment installed Development of ASF4532-D series of common choke filters for automotive network communication modules (Can-FD Class 1) was completed. Introduction of AOI+AI intelligent processes
9.c. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in the least developed countries by 2020.		Information Security	Specific issues of the Company	Perform systematic disaster drills:2 times / year	Perform systematic disaster drills:2 times / year	✔	<ul style="list-style-type: none"> Establishment of information security policies in line with the requirements of corporate governance evaluation Number of major information security incidents: 0 Systematic disaster drills: 2 times/year Set up spam and mail backup system 	<ul style="list-style-type: none"> Compliance with ISO 27001 audit operation management: 1 time/year Number of major information security incidents:0 Social engineering drills:<3% Core IT system switchover time to the backup center and restoration of operations:2 hours
				Update of antivirus software:Automatic updates when computer systems are booted	Update of antivirus software:Automatic updates when computer systems are booted	✔		

Corresponding SDGs	Corresponding SDG Sub-goals	Material Issues	GRI Standards	FY2021 Target	FY2021 Performance	Achievement Status	FY2022 Target	Short/medium/long term target
Environmental								
 <p>Goal 7 Affordable and Clean Energy</p>	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.	Climate change and energy/carbon reduction	GRI 302-1 Energy consumption within the organization	Energy consumption intensity of Taiwan Plants: Electricity consumption/production value:1% lower than the previous year	Energy consumption intensity of Taiwan Plants: Electricity consumption/production value:38% higher than the previous year	✖	• Group-wide electricity consumption intensity a.Electricity consumption/production value:1% lower than the previous year b.Electricity consumption/revenue: 5% lower than the previous year • Block C plant is being constructed in line with EEWH-GF green building standards	• Add renewable energy equipment • Identify TCFD climate change risks and opportunities
			GRI 302-3 Energy intensity	Electricity consumption/revenue:5% lower than the previous year	Electricity consumption/revenue:7% lower than the previous year	✔		
 <p>Goal 13 Climate Action</p>	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Greenhouse Gas Emissions	GRI 305-1 Direct (Scope 1) Greenhouse Gas Emissions	Group-wide adoption of ISO 14064-1 greenhouse gas internal inventory to grasp the current status	Group-wide adoption of ISO 14064-1 greenhouse gas internal inventory to grasp the current status	✔	Group-wide implementation of ISO 14064-1 greenhouse gas inventory	• Following the "Sustainable Development Roadmap for Listed Companies", the Group will complete the ISO 14064-1 greenhouse gas inventory in 2027 and the certification in 2029 • To meet the national carbon reduction standards with 2021 as the base year.
			GRI 305-2 Energy Indirect (Scope 2) Greenhouse Gas Emissions					
			GRI 305-3 Other indirect (Scope 3) Greenhouse Gas Emissions					
 <p>Goal 12 Responsible consumption and production</p>	12.5 by 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	Waste Management	GRI 306-1 Waste generation and significant waste-related impacts	Exact classification of waste, recycling rate of waste in the Company's Taiwan plants:80%	Recycling rate of waste from the Company's Taiwan plants:82%	✔	Increase the recycling rate of waste from the Taiwan plants:85%.	• Continuously improve the recycling rate of waste to ensure that all waste generated by the Group's operations is properly disposed of, strengthen the reuse of resources, and reduce the burden on the environment. • All waste disposal service providers are approved by environmental protection competent authorities and no violations of any laws and regulations have occurred.
			GRI 306-2 Management of significant waste-related impacts					
			GRI 306-3 Waste Generated					

Corresponding SDGs	Corresponding SDG Sub-goals	Material Issues	GRI Standards	FY2021 Target	FY2021 Performance	Achievement Status	FY2022 Target	Short/medium/long term target
Social								
 <p>Goal 8 Decent Work and Economic Growth</p>	<p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	Occupational Health and Safety	<p>GRI 403-1 Occupational health and safety management system</p>	Promote the Badge of Accredited Healthy Workplace	Passing the Badge of Accredited Healthy Workplace	✔		
			<p>GRI 403-2 Hazard identification, risk assessment, and incident investigation</p>	Regular Occupational Health and Safety Committee meetings:4 times a year	Regular Occupational Health and Safety Committee meetings:4 times a year	✔	<ul style="list-style-type: none"> Promote the acquisition of the Badge of Accredited Healthy Workplace Regular Occupational Health and Safety Committee meetings:4 times a year Occupational health and safety education training: 100 people Emergency response drills:twice Number of recorded occupational disasters:0 Health promotion activities:2; participant count:40. 	
			<p>GRI 403-3 Occupational health services</p>					
			<p>GRI 403-4 Worker participation, consultation, and communication on occupational health and safety</p>	Occupational health and safety training: in compliance with legal requirements	Occupational health and safety education training:143 people	✔		
			<p>GRI 403-5 Worker training on occupational health and safety</p>	Emergency response drills:twice	Emergency response drills:twice	✔		
			<p>GRI 403-6 Promotion of worker health</p>					
			<p>GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p>	Number of recorded occupational disasters:0	Number of recorded occupational disasters:0	✔		
			<p>GRI 403-9 Work-related injuries</p>	Health promotion activities: 2; participant count:40	Health promotion activities: 2 times; 43 participants (73.5 hours)	✔		
 <p>Goal 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>GRI 404-1 Average hours of training per year per employee</p>	<p>The planning and implementation of education and training by function are as follows</p> <ul style="list-style-type: none"> Total sessions of employee training:118 sessions Employee course hours: 610 hours Total cost of employee training:NT\$1,060,300 	<p>The planning and implementation of education and training by function are as follows</p> <ul style="list-style-type: none"> Total number of staff training sessions:260 sessions Staff training hours:655 hours (total training hours: 8,807.5 hours) Total cost of employee training:NT\$1,161,475 	✔		<p>In accordance with the application for government subsidies for Corporate Human Resources Advancement Program, the planning and implementation of education and training from management functions and professional functions are as follows:</p> <ul style="list-style-type: none"> Total number of employee training sessions:35 sessions Employee course hours: 405 hours Total cost of employee training:NT\$2,403,200
				<p>Participation in the summer work-study program for young college students in the public sector</p>	Awarded a Certificate of Appreciation from the Taoyuan City Government (CAREER Taoyuan)	✔		
				<p>Training of management personnel: Vice President level executives obtained doctoral degrees.</p>	General Manager Francis Fan received a doctorate degree	✔		

Corresponding SDGs	Corresponding SDG Sub-goals	Material Issues	GRI Standards	FY2021 Target	FY2021 Performance	Achievement Status	FY2022 Target	Short/medium/long term target
Social								
 <p>Goal 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 statuses. Reduce inequality within and among countries.</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>GRI 405-1 Diversity of governance bodies and employees</p> <p>GRI 405-2 Ratio of basic salary and remuneration of women to men</p>	Maintain the proportion of female supervisors:20%	Percentage of female executives:44.44%	✔	Maintain the proportion of female supervisors:20%	<ul style="list-style-type: none"> Promote a family-friendly workplace and increase female employees' workplace participation rate Realize gender equality and reduce the wage gap between men and women
			Employment	<p>GRI 401-1 New employee hires and employee turnover</p> <p>GRI 401-2 Benefits provided to full-time employees that are not provided</p> <p>GRI 401-3 Parental leave</p>	<p>Regular labor-management meetings: once per quarter</p> <p>Average monthly turnover rate:3%</p>	<p>Regular labor-management meetings:once per quarter</p> <p>Average monthly turnover rate:2.99%</p>	<p>✔</p> <p>✔</p>	<p>Regular labor-management meetings:once per quarter</p> <p>Average monthly turnover rate:2%</p>
 <p>Goal 12 Ensure Sustainable Consumption and Production Patterns</p>	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>	Service quality and customer satisfaction		<p><i>The Company Specific Issues</i></p>	Major customer complaints that ABC is accountable for:0	Major customer complaints that ABC is accountable for:0	✔	<p>Major customer complaints that ABC is accountable for:0</p> <p>Rejection rate of finished automobile goods:0.1%</p> <p>Rejection rate of input materials for automobile goods:1%</p> <p>Customer satisfaction score:80</p>
			Rejection rate of finished automobile goods:0%		Rejection rate of finished automobile goods: 1.08%	✖		
			Customer satisfaction score:80		Customer satisfaction:82.5 points	✔		
 <p>Goal 8 Decent Work and Economic Growth</p>	<p>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.</p>	Social engagement	<p>GRI 203-2 Indirect Economic Impacts</p>	Support arts and cultural activities	<ul style="list-style-type: none"> Seqalu and Hakka Concert Yoshitomo Nara Exhibition at Tainan Art Museum Taoyuan City Art Association 	✔	<p>Continuously support arts and cultural development</p> <p>Continuously support local cultural development</p> <p>Continue to sponsor public welfare activities</p> <p>Continuously participate in academic seminars</p> <p>Implement industry-academia cooperation projects</p>	<ul style="list-style-type: none"> Continue sponsorship of arts and cultural activities; promote personnel and cultural exchange. Contribute to the development of local culture and promote the teaching of the Hakka language, and contribute to the cultural and academic community. 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.
				Support local cultural development	Rui-Yuan Junior High School Cultural Heritage and Hakka Language Teaching	✔		
				Sponsoring public welfare activities	Taiwan Public Welfare League	✔		
				Participate in academic seminars	<ul style="list-style-type: none"> Global Corporate Sustainability Forum (GCSF) academic seminar ICBA International Conference, Department of Business Administration, National Taipei University 	✔		
				Implement industry-academia cooperation projects	National Pingtung University of Science and Technology/National Taipei	✔		
				Assist in epidemic prevention activities	<ul style="list-style-type: none"> Contribute resources to the MOHW Taoyuan Hospital to help fight the COVID-19 epidemic Donated medical-grade masks to Seri Kembangan City Police and Fire Departments, NGOs, and other groups in Malaysia 	✔		



01 CORPORATE GOVERNANCE

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Management Policy

- 201 205 307 419 Company-specific issues*

Material Issues Integrity, operational performance, compliance with laws and regulations, and information security*

GRI Standards

201 Economic Performance, 205 Anti-Corruption, 307 Environmental Compliance, 419 Socioeconomic Compliance, Company-specific issues*

Policy

The Company has always adopted the business philosophy of "service excellence through innovation" since it was first incorporated, and managed to create a distinctive set of corporate values that "ABC Satisfies." Through the implementation of a joint entrepreneurship system, ABC aligns the accomplishments of the individual with the success of the group.

Commitment

Sound corporate governance is closely related to operating performance. 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, and to achieve the Company's vision of NT\$10 billion in revenue in 10 years.

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

Contact information

Spokesperson: Mr. Tommy Hsu
 TEL: (03)4788-105 Extension: 111

2021 goals/solutions

- Initial Issue of the Company's Sustainability Report (English and Chinese)
- Attendance rate at Board of Directors meetings (including by delegated proxy attendance): 100%
- Number of hours of training for Board members: 6 hours per member as required; completion rate: 100%
- Signing the "Employee Integrity Pledge": 100%
- Anti-Corruption Training Course Participation Rate: 80% for Indirect Staff
- No regulatory violations and penalties
 - Number of violations of environmental laws and regulations: 0
 - Number of violations of social and economic laws and regulations: 0
- Long-term shareholder value: EPS NT\$0.5
- Completion of Block B Material Factory of Taiwan Yangmei Plant 2
- Commenced construction of Smart Factory in Block C of Yangmei Plant 2
- Execution of systematic disaster drills: 2 times/year
- Update of antivirus software: Automatic updates when computer systems are booted

2021 performance

- Initial Issue of Sustainability Report (English and Chinese): Third-party verification completed in September 2021
- Attendance rate at Board of Directors meetings (including by delegated proxy attendance): 100%
- Number of hours of training for Board members: 6 hours per member as required; completion rate: 100%
- Signing the "Employee Integrity Pledge": 100%
- Anti-corruption training course participation rate: 84.85% for Indirect Staff
- No regulatory violations and penalties
 - Number of violations of environmental laws and regulations: 0
 - Number of violations of social and economic laws and regulations: 0
- Long-term shareholder value: EPS NT\$1.02
- Completion of Block B Material Factory of Taiwan Yangmei Plant 2
- Commenced construction of Smart Factory in Block C of Yangmei Plant 2: Jan 2021
- Execution of systematic disaster drills: 2 times/year
- Update of antivirus software: Automatic updates when computer systems are booted

Whether accomplished



1.1 Economic Performance

1.1.1 Consolidated Financial Results for FY2021

In FY2021, the Group focused on the following seven key strategies: "target-oriented, execution of plans, and challenge new markets" and "achieve 15% revenue growth target; while challenging 20%" as its operational goals:

- Expand the promotion of strategic products MSF, MHE, MHC type, and deploy the sales channel of powder products.
- Construction of Taiwan HQ Block B Powder plant was completed on time, and the construction of Block C plant was kicked off.
- Maintain existing customer relationships, develop niche markets together and expand existing market share.
- Expand the OBM marketing model and develop the brand highlights of ABC.
- Integration of production bases in China for improved profitability of the AOBA factory, increasing production yield by 10%, and penetrating the Indian market.
- The cost of existing production products and purchased materials is reduced by 5%, increasing operating profit.
- Organizational integration and function strengthening, transforming the Company's working culture and fostering the foundation of the NT\$10 billion revenue target in 10 years.

Despite the global economy continuing to be affected by the COVID-19 pandemic in 2021, the Company was fortunate to have a decisive management team that formulated effective strategies and employees who executed them in unison and at a high level of efficiency, thereby enabling the group to generate consolidated net revenues of NT\$2,478,376 thousand a year, representing a 22.65% growth over 2020, meeting stakeholders' expectations.

In NT\$ thousand; Earnings Per Share: NT\$

Items	2019	2020	2021
Operating revenues	1,816,262	2,020,656	2,478,376
Gross profit	377,859	405,906	492,296
Operating profit	103,052	101,406	148,335
Non-operating income and expenses	(25,452)	7,406	(11,691)
Pre-tax profit	77,600	108,812	136,644
Earnings per share	0.46	0.79	1.02

1.1.2 Direct economic value generated and distributed

Unit:NT\$ thousand

Economic Performance	Items	Definition	2021 - actual
Direct economic values produced	Operating revenues	Sales revenues	2,478,376
	Operating costs	Cost of sale	1,986,080
Operating expenses		343,961	
Economic values distributed	Employee salary and benefits	Employee salary and benefits	551,291
	Proceeds paid to capital contributors	Cash dividends distributed in 2021 and 2020	60,399
		Interest expense	7,503
	Proceeds pay to government	Profit-seeking enterprise business income tax expense	41,884
		Penalty	0
Community investments	Donations and sponsorships	2,726	
Residual economic value			35,823

1.1.3 Major local investments



▲ 2021.1.12 Groundbreaking ceremony for Yangmei Plant 2 Block B

Taiwan Factory Expansion - Yangmei Plant 2 Block C

ABC is a leading brand in the field of inductive components both in terms of technology and experience. In order to support the expected rise in market demand, the Company plans to expand production capacity, and construct a smart factory to reduce manufacturing costs, while continuing to offer more competitive products in the medium term. The Taiwan plants commenced expansion of Block C in Yangmei Plant 2 on January 12, 2021, in order to actively diversify into smart ICT fields. In order to meet the international trend of net-zero carbon emissions, the new plant facilities are planned to be certified green buildings combined with integrated smart factory technology, with sustainability as the basis and energy saving as the goal, thereby facilitating ABC's sustainable competitiveness.



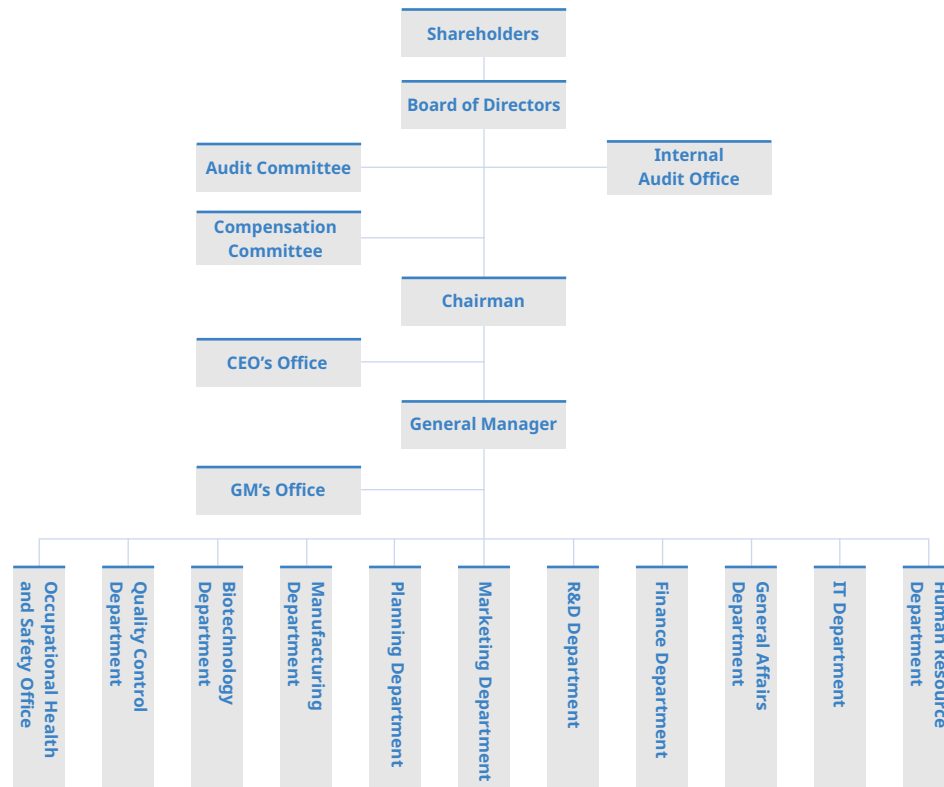
▲ 2021.10.15 Groundbreaking ceremony for Guangzhou Plant Phase II Expansion

Guangzhou Plant Phase II Expansion

The Company's Guangzhou Plant has been committed to driving the development of rationalization, automation, intelligence and industry 4.0, with the vision of "creating and developing a world-class inductor industry". To this regard, the groundbreaking ceremony for the second phase expansion of the Guangzhou Plant was held on October 15, 2021, contributing to the Group's medium and long-term goal of "NT\$10 billion in revenue in 10 years", and accelerating the integration of production in China and the introduction of new product development, revenue expansion and production scale-up.

1.2 Governing body

1.2.1 Management Organization Structure



1.2.2 Shareholder Structure

ABC's shareholder structure as of April 11, 2022, on the book closure date before the 2022 Annual General Shareholders' Meeting, is as follows:



1.2.3 Board of Directors

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 12, 2021; an aggregate 60 hours of education were completed in 2021. A total of 7 Board of Directors meetings were held in 2021; below are the attendance records:

Title	Name	Gender	In-person attendance (count)	Proxy attendance (count)	Actual attendance rate (%)
Chairman	Joseph Hsu	Male	7	0	100.00
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Tan-Wei Kuo	Male	7	0	100.00
Director	Francis Fan	Male	7	0	100.00
Director	Polter Hong	Male	7	0	100.00
Director	Tommy Hsu	Male	7	0	100.00
Director	Chi-Yung Peng	Male	6	0	85.71
Director	Huei-Tsung Hsu Chen	Female	7	0	100.00
Independent Director	Yung-Cheng Wang	Male	7	0	100.00
Independent Director	Sen-Tian Wu	Male	6	1	100.00
Independent Director	Lan-Fen Wang	Female	7	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 Shareholders' Meeting, at which time the Company's supervisors were relieved from duty. The Audit Committee is composed 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 an internal control system, compliance with relevant laws and rules, and management/control of existing or potential risks. The Audit Committee convened five times in FY2021, with 100% attendance.

1.2.5 Compensation Committee

The Compensation Committee of ABC is composed of 4 members. The term of office of the Compensation Committee is from August 11, 2020 to June 22, 2023, and the Compensation Committee convened four times in FY2021. The 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.

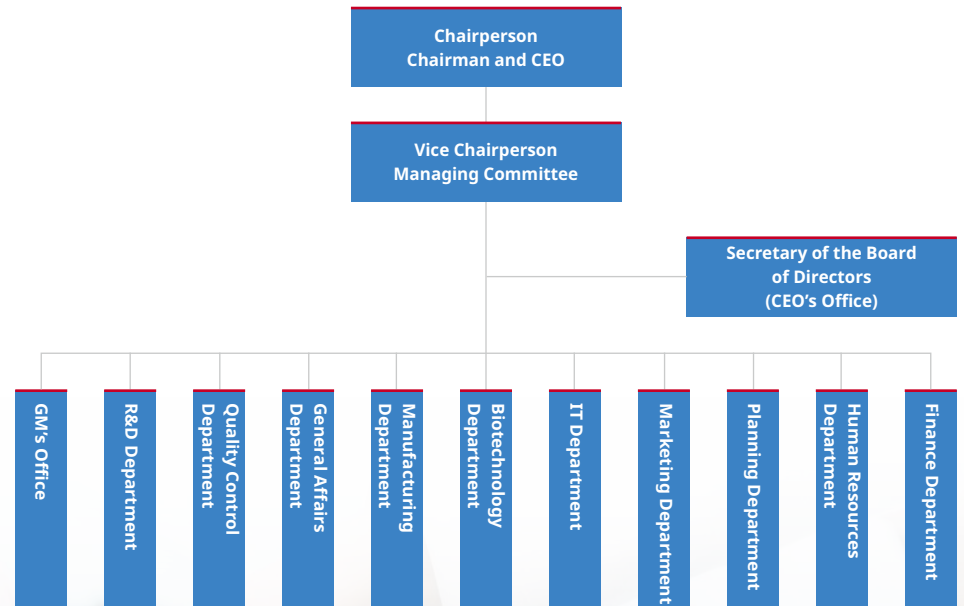
1.2.6 Internal Audit

Based on its risk assessment, ABC establishes an annual audit plan, which is approved by the board of directors for implementation. The internal audit unit submits monthly internal audit reports to independent directors for review and approval, and presents financial reports to the Audit Committee and the Board of Directors and communicates with the directors and the CPAs during said meetings.

In 2021, each department conducted its own internal control self-assessments on various aspects of its operations, including the 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 established a "Corporate Social Responsibility Committee" (CSR Committee) in which the Chairman serves as the "Chair," whereas members of the management serve as Deputy Chairs, the CEO's Office serves as executive secretary, the heads of department serve as Enforcement members, and their representatives serve as Execution members. Together, they are responsible for the planning and goal-setting of ESG issue planning and target setting, and hold meetings at least once a year to ensure the enforcement of CSR policies.



1.3 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 Commitment Letter" since 2021, 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 occurred in 2021.

Number and percentage of employees subjected to anti-corruption training in 2021

2021	Employee category				Employee type	
	Governing unit	Senior managers	Mid-level managers	General staff	Direct	Indirect
No. of people trained	0	3	12	119	22	112
Total count	6	5	13	185	71	132
Percentage of people trained	0.00%	60.00%	92.31%	64.32%	30.99%	84.85%

Note:
 1. Governing unit refers to the board of directors; the Chairman, the General Manager, and 2 deputy general managers were listed as senior managers.
 2. Disclosure boundary: Taiwan Yangmei Plant 1 and 2, and does not include expatriate staff.

ABC has set up internal and external grievance channels and procedures to protect its reputation. A complaint/suggestion mailbox and hotline have been made available to prevent illegal, unethical, and dishonest conduct 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 to ensure the right of the stakeholders. In addition, the Company has established the "Regulations Governing Handling Reports of Illegal and Unethical Conduct by Internal and External Personnel" to protect whistleblowers and to regulate confidentiality and reward and punishment mechanisms. There were no reported items in 2021.

1.4 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, as well as international laws. The Company did not violate any environmental law in 2021 for which it was penalized.

As a corporate citizen 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." The Group has established a human rights policy applicable to the Company, its subsidiaries and each of its operating locations, and complies with the labor and gender equality laws and regulations in its local place of business operations. We have established human rights protection and labor policies and implemented related measures to prevent any violations and infringements of human rights. The Company did not violate any social or economic law in 2021 for which it was penalized.



1.5 Risk Management

1.5.1 Risk management

ABC adheres to the business philosophy of "building an industry of world-class inductors and precision components through pragmatism, innovation, and sustainability" 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 2021; 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 relatively 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.	<ul style="list-style-type: none"> ✓ The Company actively analyzes the markets and industries it is involved in, and commits significant resources to develop new products and technologies in line with the latest market trends. ✓ The Company maintains a 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 of 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.	<ul style="list-style-type: none"> ✓ 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.	<ul style="list-style-type: none"> ✓ Foreign currency sales proceeds received from overseas are first placed in foreign currency deposit accounts, and later converted into NT\$ at an appropriate time to mitigate exchange rate risks. ✓ The Company pays constant attention to financial news and exchange rate changes, and maintains active relationships with banks. The Company also evaluates and purchases currency forwards as a means to hedge exchange rate risks.
	Financial Structure Risk	The Company is currently taking debts to expand its operations, and the debt ratio is increasing, resulting in more interest expenses.	<ul style="list-style-type: none"> ✓ In the future, the Company shall carefully evaluate major investment projects and make investments only with the approval of the Board of Directors, and keep an eye on the financial structure, cash flow and return on assets.
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.	<ul style="list-style-type: none"> ✓ 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.	<ul style="list-style-type: none"> ✓ Continue to foster good relationships with existing suppliers. ✓ Actively look for and explore alternative suppliers. ✓ Establish a dedicated production line for automobile electronics, enforce the IATF16949 system, and aim to take part in the supply chain of the 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.	<ul style="list-style-type: none"> ✓ 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.
	Cybersecurity risks	IT server disruption, leakage of confidential information, leakage of customers' information, hacker attack, loss of employees' PC terminals.	<ul style="list-style-type: none"> ✓ Backup files and store them at an alternative location. ✓ Progressively develop off-site backup servers and practices. ✓ Organize backup drills on a regular basis. ✓ Regularly examine the external intrusion LOG and develop firewall policy in response. ✓ Enhance employees' cybersecurity awareness.
	Employment relations risk	High attrition rate or penalty caused by poor employment relations or failure to comply with regulations.	<ul style="list-style-type: none"> ✓ 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.
	Customer relationship risks	Due to the rebound in demand after the pandemic subsided, orders have increased significantly, resulting in the production capacity not being able to meet customer demand in a timely manner.	<ul style="list-style-type: none"> ✓ We will strengthen the cooperation between production and sales, flexibly adjust the production capacity planning, and grasp the delivery schedule and production capacity situation, review and improve the orders with long delivery time, and make budget planning so that each unit can have sufficient time to arrange the production scheduling and production capacity deployment operations.
	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.	<ul style="list-style-type: none"> ✓ The Company has developed an emergency response plan and a business continuity plan. Regular drills have been organized to ensure the safety of equipment operations, enhance employees' response to a crisis, shorten the time of business disruption, and minimize impact.
Hazard risks	Risk of climate change	Risk of natural disaster continues to rise due to climate change.	<ul style="list-style-type: none"> ✓ The Company plans to adopt the ISO 14064-1 standard on greenhouse gas surveys, and manage data in a systematic manner that would provide a useful reference for reduction solutions in the future.
	Epidemic Risk	The impact of COVID-19 will lead to business and work suspensions.	<ul style="list-style-type: none"> ✓ The Company publishes and implements a policy of epidemic prevention measures and, where necessary, implements segregation and triage measures and simulations to address the risks faced.

1.5.2 Information Security Management

In order to maintain the integrity of the company's confidential information documents and to protect the privacy of customers and personal information, the Company has set up a firewall to improve the capability of the Company's cybersecurity system.

The following control measures are undertaken to prevent server room interruptions, leakage of confidential information, and hacker intrusions.

1. Data access control

To protect the company's information system and data security, appropriate management measures are established for security control, personnel access control, and environmental maintenance (such as temperature and humidity control) in server rooms and key areas.

2. Anti-virus software management

- Anti-virus software is installed on all internal computers and server hosts, and is set to automatically update and download anti-virus software to maintain company data and property.
- All important or confidential files are set up with access rights and data encryption measures to prevent document leakage and hacker intrusion. Access rights and record retention measures are planned to be implemented by 2023 for external storage devices or USB storage devices to ensure appropriate control and management.

3. Backup management

Daily off-site backups will be performed, and more comprehensive off-site backups and important data backups will be progressively set up in the future.

4. Software and hardware maintenance

Software and hardware maintenance is outsourced as needed, and employees are prohibited from installing or removing any software and hardware, and will be held responsible for any damage or loss.

5. Internal information security disaster drills

To ensure the safety of information operation system, equipment, network and data, the Company conducts systemized disaster drills every six months, mainly to test the recovery of the host system. The Company has also established a disaster recovery contingency procedure, with the general manager as the convener and the head of the IT Department and Department colleagues as the team members, to respond to the

notification and contingency handling of major incidents to ensure that the Company's servers can resume normal operations within the shortest possible time in the event of a disaster. In 2021, the systemized disaster drill rate was 100%, and no information security incidents occurred.

In addition, in order to raise the awareness of information security among employees, the Company has implemented the following measures through information security management and security awareness training for personnel:

1. Personnel information security management

- All employees shall sign a confidentiality contract and shall not disclose internal confidential information to the outside world.
- In the event of the departure or transfer of personnel related to security work, the supervisor in charge shall undertake appropriate arrangements for handling procedures to prevent unnecessary security deficiencies.

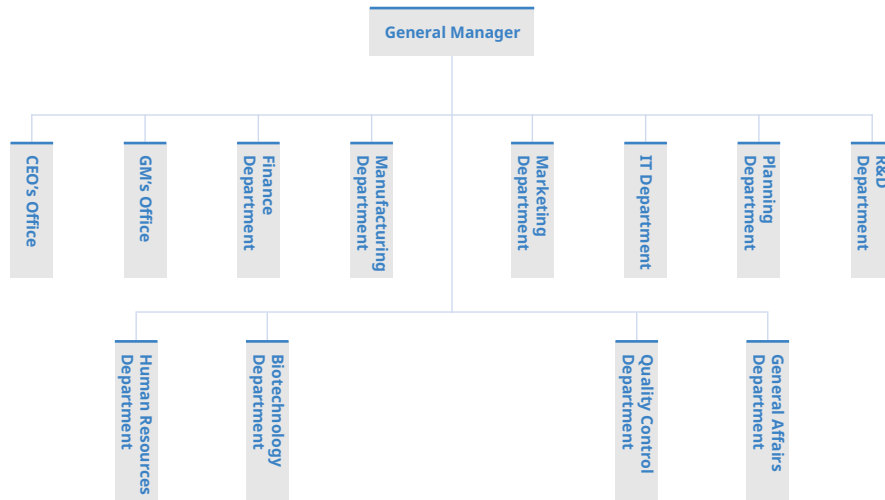
2. Information security awareness training

- If a major information security incident occurs inside or outside the Company, the IT supervisor will announce it promptly to Company employees to raise their awareness of information security risks.
- Information security education training is held regularly to raise the awareness of information security among all employees.
- When employees violate information and communication security, disciplinary measures shall be imposed to strengthen their sense of accountability for information security.
- The Company incorporates information security requirements into employee manuals and enhances training for IT personnel to enhance information security management capabilities.

1.5.3 COVID-19 Prevention Measures

When COVID-19 first showed signs of worldwide spread in February 2020, the Chairman of ABC immediately instructed relevant departments to monitor the situation and implemented a multitude of disease control measures to maintain normal operations of the Company. In response to the threat of variants of COVID-19, the Taiwan plants set up an epidemic prevention task force on April 23, 2021 to carry out various epidemic prevention measures according to the level of development of the epidemic and to keep track of the progress of the resumption of work to ensure that the Company maintains normal operations and provides customer services.

The new regulations for the management of special infectious diseases are divided into four levels of prevention and seven major management measures, and are implemented in accordance with the "Epidemic Alert Standards and Response" of the Central Epidemic Command Center.



1. Epidemic prevention management by level

In response to changes in the epidemic situation, the Company adopts a management model from Level 1 to Level 4, and holds regular epidemic prevention meetings to discuss and track the development of the domestic epidemic situation and the epidemic prevention measures within the factory.

2. Epidemic situation notifications

- Establish a bottom-up notification mechanism and process.
- If there are employees or their family members in a unit who are notified of home quarantine or home quarantine, they should report to the unit manager promptly and in detail.

3. Implementation of home isolation/quarantine/self-health management management

Refer to the Central Epidemic Command Center for the implementation of home isolation/quarantine/self-health management of colleagues with confirmed infections and tracking management mechanism.

4. Activity history investigation and management

In accordance with the Centers for Disease Control, MOHW or the county (city) government's announcement of confirmed cases necessitating the investigation of employees' or co-inhabitants activity history, the Company carries out health tracking measures for the employees involved.

5. Employee health monitoring

- In accordance with the Company's epidemic prevention regulations, body temperature measurement, QR Code real name registration, health declaration, and hand disinfections are implemented when contractors, visitors, customers, and new employees enter the Company's factories.
- A facial recognition body temperature recording system is installed at the main entrance, and temperature measurement and disinfection machines are installed on each floor to enhance overall site safety.
- All employees take a daily body temperature measurement, hand disinfection, and wear masks when entering the Company's factories.

6. Environmental Management

- Transparent plastic partitions are installed in employee canteens, with checkerboard seating required. Otherwise, employees may have meals in their own seats.
- Disinfection of public areas (e.g. elevators, staircase handrails, meeting rooms, restaurants and dressing rooms) and units (e.g. personal desks, keyboards, mice, cell phones, file cabinets, labs, etc.).
- Indoor air is circulated and air conditioning is used when needed.

7. Administrative Management

- Reduce the gathering of personnel by using online video, LINE group chats or telephone conferences.
- Avoid or prohibit assigned personnel from traveling to high-infection areas.
- Post health and epidemic prevention information on bulletin boards, LINE groups, and washrooms.
- Implemented triage, off-site or home office.
- QR Code real-name registration is installed on all floors, meeting rooms, and entrances to all departments.
- In accordance with the regulations of the FSC, shareholders' meetings are postponed and the number of participants is relaxed to less than 20.
- Epidemic prevention scenario simulation drills.

1.6 Associations

ABC actively participates in industry associations and contributes to the development of the industry through various conferences. In 2021, ABC participated in the following organizations as an ordinary member: 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, as well as the MIH Open EV Platform (Mobility In Harmony Open EV Platform).



02 INNOVATIVE TECHNOLOGIES AND SERVICES

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Management Policy

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Company-specific issues*

Material Issues Supply chain management, innovative technology and services*, service quality and customer satisfaction*

GRI Standards

GRI 204 Procurement Practices, GRI 308 Supplier Environmental Assessment, GRI 414 Supplier Social Assessment, Company-specific issues*

Policy

We pursue "service, innovation, and excellence," and invite all employees to take part in perfecting product quality, delivery, and pricing to the needs of customers.

Commitment

- Service: ABC Satisfies
- R&D: To become customers' research partner and consultant for inductor technologies
- Innovation: Comprehend the market's needs as well as changes in technologies; and gain worldwide presence through innovation
- Excellence: 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

- Conforms with: IATF 16949, ISO 9001:2015, IECQ QC080000 Technology Innovation and Development Committee (Innovation Committee)
- R&D cost: NT\$70,258,000 Supplier Audit, Customer Satisfaction Survey

Contact information

Spokesperson: Mr. Lin
Marketing Department
TEL: (03) 4788-188 ext. 1225

2021 goals/solutions

- Proportion of local procurement amount from Taiwan factory: 100%
- R&D investment: 15% increase from 2020
- Establish the Company's Innovation Committee with "Innovation Growth" as a long-term performance indicator
- Customer satisfaction: 80 points
- Rejection rate of finished automobile goods: 0%
- Major customer complaints that ABC is accountable for: 0 (Definition: cases that result in losses of US\$3,000 or above)

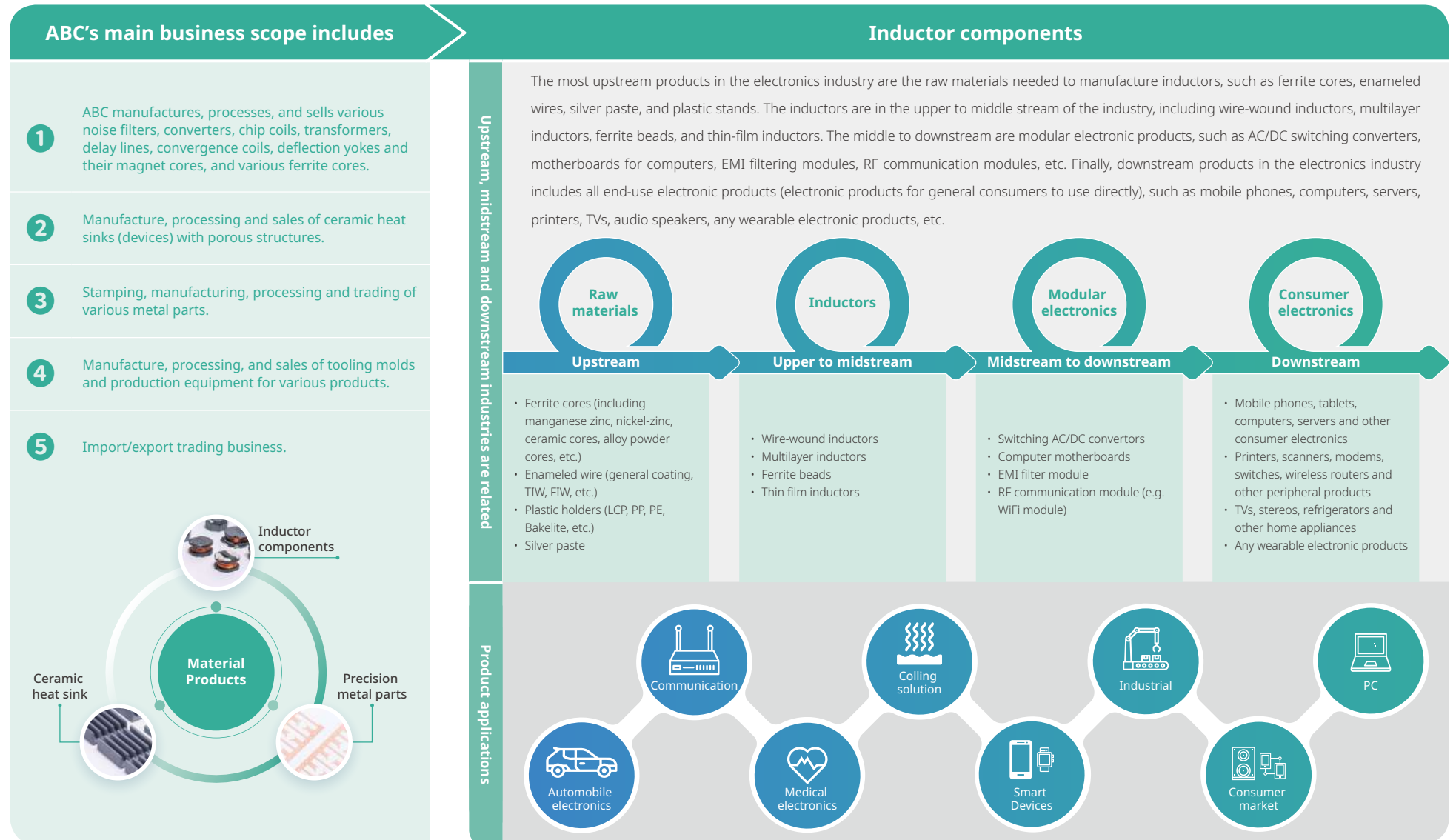
2021 performance

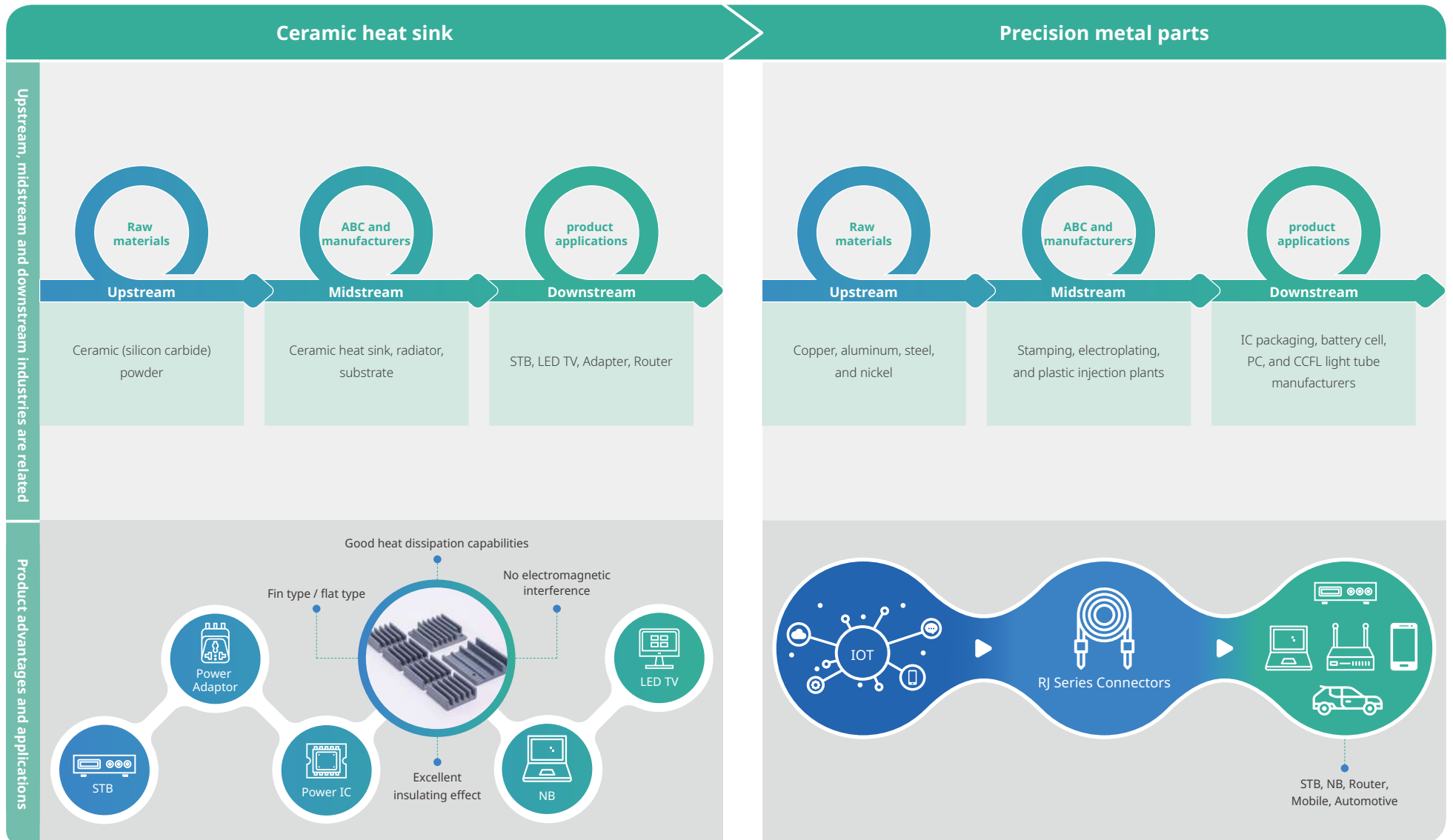
- Proportion of local procurement amount from Taiwan factory: 100%
- R&D investment: NT\$70,258,000
- Establishment of the Company's Innovation Committee
- Customer satisfaction: 82.5 points
- Rejection rate of finished automobile goods: 1.08%
- Major customer complaints that ABC is accountable for: 0

Whether accomplished



2.1 Industry Supply Chain





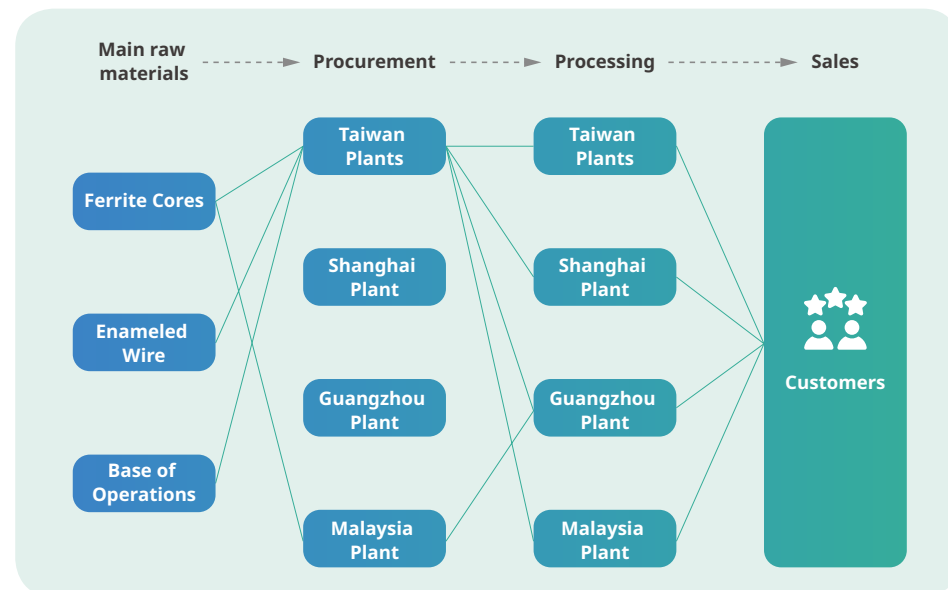
2.2 Green Supply Chain

2.2.1 Supplier Sustainability Management

The Group has obtained ISO 14001 and IECQ QC080000 certifications for environmental protection, and has adopted the idea of life-cycle and source management to strictly follow the requirements of environmental regulations from technology development, design, manufacturing, transportation to reuse and recycling. No hazardous substances are used, and products are developed in compliance with EU RoHS, REACH, WEEE, EuP directives, including halogen-free, lead-free requirements and other international regulations.

The Group's production sites are located in Taiwan, Guangzhou, Shanghai and Malaysia, and its main suppliers are the suppliers of raw materials. We also maintain good cooperation with upstream and downstream partners, and strive to become the R&D partner of customers at the design stage in order to keep abreast of the latest product and market demands and dynamics.

In response to the difficulty of obtaining raw materials for each operational site, the Group assists other factories in purchasing raw materials that are not easily available in the local area to streamline production. The relationship between the upstream and downstream supply chains of the main production materials among the plants is shown below:



Not only are quality, delivery, and price our considerations regarding raw material supplier management, we also try our utmost to urge suppliers to focus on and comply with labor rights, all aspects of environmental protection and safety, and health while facilitating corporate social responsibility. By jointly pursuing corporate sustainable management and growth, the goal of a win-win sustainable supply chain can be reached.

Region	Number of Raw Material Suppliers
Taiwan Plants	38
Guangzhou Plant	79
Shanghai Plant	79
Malaysia Plant	37
Total	233

Note: The disclosure boundary covers the Taiwan Yangmei Plant 1 and 2, Guangzhou Plant, Shanghai Plant, and Malaysia Plant.

ABC manages its suppliers using the following methods:

1. New Supplier Selection Mechanism

Implementing evaluations on new suppliers, including: including written evaluations and plant site evaluations. Assessment items covered: new suppliers are required to complete the "Non-use Guarantee for Environmental Substances," "Integrity and Confidentiality Pledge," "Declaration of Minerals Conflict-Free," "Procurement Quality Contract for Suppliers," and "Contact Letter for Commodity Quality Requirements." We demand suppliers to meet quality requirements and guarantees as a means to fulfill corporate social responsibility and meet regulatory requirements as well as protect the occupational safety of employees. Items about environmental protection and industrial safety will be included in the checklist of supplier audits, enabling suppliers to have a more thorough implementation.

Suppliers shall provide the relevant assessment information and sign the "Integrity and Confidentiality Pledge", and only those who meet the requirements will become ABC's qualified suppliers. In 2021, there was one (1) new supplier for the Taiwan Plants, no new suppliers for the Guangzhou and Shanghai Plants, and two new suppliers for the Malaysia Plant. The proportion of new suppliers selected by the Malaysia plant using environmental standards was 100%. In 2022, it is expected that the entire Group will adopt the environmental and social screening mechanism to evaluate new suppliers.



2. Supplier Evaluation

A monthly performance evaluation is conducted on major raw material suppliers regarding aspects such as quality, delivery, services, hazardous substance management, and requirements of environmental protection laws and regulations. Suppliers failing to reach the standard score are required to make improvements within a specific time given and supporting evidence must be given, or an on-site audit may be arranged. Evaluation results in 2021: Suppliers' scores have met the required standards, and no suppliers were disqualified in 2021.

3. Supplier Audit

Supplier audits are conducted according to the annual audit plan. In 2021, the annual audit of major raw material suppliers was changed to a documentary format due to the impact of the COVID-19 pandemic. The Taiwan plants conducted 11 audits, 1 on-site audit and 10 documentary audits; the Guangzhou plant conducted 12 audits, 9 on-site audits and 3 documentary audits; the Shanghai plant conducted 12 audits, 9 on-site audits and 3 document audits; and the Malaysia plant conducted 2 documentary audits.

Auditing items include aspects such as the quality system, hazardous substance management, social responsibility management (including environmental protection and occupational safety), and HR management.

If deficiencies are found, suppliers are asked to propose appropriate improvement plans, given clear targets and improvement time, and suppliers that fail to improve as scheduled are given more guidance. Suppliers that are unable to improve are disqualified as the Company's suppliers.

4. Supplier Guidance and Training

Suppliers of automotive materials are required to obtain international certifications such as ISO 9001 and other quality management systems. Introduction plans must be provided for those who have not yet obtained international certifications.

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 2021 due to the pandemic.

There is no significant change in the supplier management process in 2021, and the percentage of local procurement amount is as follows:

Region	Taiwan Plants	Guangzhou Plant	Shanghai Plant	Malaysia Plant	Total
Proportion of local procurement	100%	99%	88%	35%	84%

Note:

- 1.The disclosure boundary covers ABC's Taiwan Yangmei Plants 1 and 2, Guangzhou plant, Shanghai plant and Malaysia plant.
- 2.Proportion of local procurement are mainly domestic transactions, and local invoices are issued.

2.2.2 Conflict-free Minerals Management

When suppliers are being acknowledged, they must confirm and provide a Hazardous Substance Inspection Report, Safety Data Sheet, or Declaration of Minerals Conflict-Free. Mining for metals including gold, tantalum, tungsten, and tin in the Democratic Republic of the Congo and its neighboring countries has resulted in serious human rights violations and environmental problems. These metals are known as "conflict minerals" (also referred to as 3TG) and can be used in information and communication technology products. Mining and trading conflict minerals have financially aided armed groups in the Democratic Republic of the Congo and its neighboring countries while at the same time causing major bloodshed in these regions; companies manufacturing electronics that use conflict minerals signify their support for such conduct. Due to the protection of human rights and the social responsibility of environmental protection to avoid procuring conflict metals that come from illegal conduct, we have formulated the "Declaration of Minerals Conflict-Free" for suppliers. We require our suppliers to purchase from non-conflict minerals supply chains and carry out an investigation according to the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to thoroughly facilitate responsible procurement management. In 2021, one new supplier was added to the Taiwan plants and has completed the signing of the "Declaration of Minerals Conflict-Free", with a 100% signing rate.

2.2.3 Hazardous Substance Management

Green materials are taken into consideration as early as the design and development stage. All purchased raw materials comply with RoHS (Restriction of Hazardous Substances), REACH (Registration, Evaluation, Authorization 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 the 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.

2.3 Innovative Technologies and R&D

2.3.1 Establishment of the Technology Innovation and Development Committee

The number of employees at the initial establishment of the Company was only 5, and the sourcing of material resources was difficult at the nascent stages of the Company's development. In order to realize the ideal of "gathering a group of people to create a business", and for all members to become sustainable partners in the creation of the business, the Company adopted the vision of "creating and developing a world-class inductor industry - ABC Satisfies", and has been a player in driving wave after wave of industry development for Taiwan with its forward-looking and innovative technological R&D capabilities. ABC has become a leading brand in the field of inductive components in terms of both technology and experience. The outbreak of the COVID-19 pandemic in 2020 not only increased the demand for respiratory aids and other medical equipment, but also drove the growth of the stay-at-home economy, thereby spurring growth in the mobile phone, tablet, and laptop markets. Due to economic development trends driven by epidemic prevention measures, the Company actively continued its development of the smart mobile ICT sector in 2021. In the next three years, EVs will continue to grow at breakneck speed, bringing new opportunities for the Company. We are expanding our production capacity of EMI filters and alloy powder molded power inductors, which are key components for EV applications.

In order to enhance the Company's technological capabilities and differentiate itself from its peers, ABC appointed five technology scholars and experts to form the Innovation Committee in September 2021. Distinguished Prof. Jia-Chuan Lin, Department of Electrical Engineering, National Taipei University, serves as the convener; Distinguished Prof. Dalton Lin, Department of Computer Science and Information Engineering, National Taipei University, Distinguished Prof. Chen-Chien James Hsu, Department of Electrical Engineering, National Taiwan Normal University, Prof. Yuan-Chen Liu, Department of Computer Science, National Taipei University of Education, and Prof. Pei-Jun Lee, Department of Electronic Engineering, National Taiwan University of Science and Technology, serve as members of the Committee. ABC will actively invest in innovative research and development and manufacturing processes to implement automated smart manufacturing and optimize the process and efficiency of the original production line. ABC hopes to create a new curve of business growth through the enhanced momentum of technological innovation, and to realize its mission of "becoming an enterprise with NT\$10 billion revenue within 10 years".



▲ 2021.09.07 Innovation Committee visiting the production line



▲ 2021.09.07 Group photo of the inauguration ceremony of the Company's Innovation Committee



2020

The growth in the medical equipment, mobile phone, tablet, and laptop markets.



2021

The Company actively continued its development of the smart mobile ICT sector in 2021.



2021.9

ABC appointed five technology scholars and experts to form the Innovation Committee in September 2021.



Future

"Becoming an enterprise with NT\$10 billion revenue within 10 years".

2.3.2 Main Products and Applications

All kinds of components of electronic products can be divided into two types according to their basic characteristics. The first is "passive components", where components that only require an input signal to function and do not need an external power supply, and that will not change the direction of the flow of electricity, can be classified as passive components. Passive components include resistors, capacitors, inductors, transformers, quartz crystal resonators, etc., as well as all such products that are combined into integrated components, such as filters, and some RF-based components, such as RF couplers, duplexers, etc. The second type is "active components", all non-passive components are active components, including diodes, transistors, thyristors and all integrated circuits.

Resistors, capacitors and inductors are the three most important basic components of passive components. Among these three categories, the inductor is the most varied and the most complex in its application, but it is also the most vital component for achieving many important electrical functions. Almost all switching power converters require the use of inductors or transformers with inductive functions. For switching power converters, the inductance is the main determinant of the performance and efficiency of the switching converter. Power converters currently make up the largest application of the Company's inductor products and account for the highest percentage of overall sales. The second largest application is that of EMI filter inductors. Inductors play a key role in controlling EMI, such as line filters, common mode chokes, differential chokes, multilayer chip inductors, etc., are widely used in electronics or systems. Due to the continuous innovation and mass production of various electronic products, the growth momentum of EMI inductors is expected to continue. Radio frequency inductors (RF inductors) are used in more traditional inductive applications. However, with the increasing prevalence of wireless functions for handheld electronic devices and home appliances, the demand for radio frequency inductors has also risen exponentially, with growth momentum that should not be underestimated. These applications are driving the overall inductor industry toward full automation, miniaturization, higher operating frequency, and lower power consumption. In addition, due to the trend of EVs replacing fuel vehicles and the rapid expansion of automotive electronics, inductor products for the automotive sector are also experiencing explosive growth. However, the most important requirement in the automotive field is not performance or price, but quality, so inductors for automotive applications are constantly moving toward high quality (zero defects).

In terms of global inductor market share, Japan and the U.S. are the main sources of supply, but due to cost pressure, in recent years, companies in Taiwan, the U.S. and Japan have relocated their production bases to mainland China. China has become the world's most attractive market due to the high domestic market demand, which has brought together major global suppliers to expand their production and investment. With increased foreign investment from Taiwanese, American and Japanese companies, the Chinese market has been growing

and has surpassed Japan to become the world's largest component manufacturing base. Traditional heat sinks used in thermal management are all metal products. The use of ceramic (silicon carbide) to replace low-wattage electronic components for heat dissipation has been gradually accepted by the market. The main competitive advantage of a slim profile, light weight, and low cost is to bring new and innovative design applications to the electronics field, allowing consumer electronic products to move toward slimmer designs. Metal stamping components have always been indispensable for consumer electronics products, and are increasingly used in new products, with a trend towards miniaturization and precision. At the same time, product lifecycles are becoming shorter, and companies must move toward better responsiveness in order to gain the preference of customers and obtain more orders.

Technology and R&D Overview	New Products Planned
<p>In 2021, we invested NT\$70,258 thousand in R&D and had successfully developed the following technologies or products:</p> <ul style="list-style-type: none"> • ASF3225-E series of common mode chokes for automotive ethernet applications. • ASF4532-D series of common mode chokes for Can-FD Class 1 automotive ethernet modules. • MSN6045/ MSN5040/ MSN4030/ MSN3030 Series - Automated production, magnetically coated semi-shielded power inductors for automotive electronics with 150°C high temperature applications. • MHE0630/ MHE1004 Series - Automated production of high current power inductors for automotive electronics applications with AEC-Q200 reliability requirements. • MHS0735 / MHS1145 Series - Magnetic & E-Field shielded power inductors for automotive electronics applications • AQF7035/AQF9045/AQF1260 Series - Automotive high current power common mode filters. • Aerosol granulation powder processing equipment has been installed and is in the trial production stage. 	<ul style="list-style-type: none"> • Open Alliance (100Base-T1) and (1000Base-T1) common mode chokes for automotive ethernet applications. • Alloy powder molded high-current power inductors for power modules. • Semi-shielded power inductor for high-temperature power supply at 150°C with a magnetic coating. • Alloy powder molded miniature power inductors. • Ultra Miniature RF Inductors. • Alloy powdered one-piece thin precision power inductor series.

2.3.3 Sales Destinations

Unit: NT\$ thousand

Sales destination		2020		2021	
		Amount	%	Amount	%
Domestic sale	Taiwan	115,674	5.72	115,998	4.68
	Germany	448,540	22.20	577,752	23.31
Export sale	USA	842,787	41.71	1,173,950	47.37
	Tunisia	60,199	2.98	50,616	2.04
	China	409,071	20.24	339,085	13.68
	Hong Kong	101,580	5.03	125,788	5.08
	Other	42,805	2.12	95,187	3.84
	Subtotal	1,904,982	94.28	2,362,378	95.32
Total		2,020,656	100.00	2,478,376	100.00

2.3.4 Production volume of main products

Unit: KPCS; NT\$ thousand

Year	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Inductors	1,065,531	1,023,216	1,356,697	1,300,893	1,207,207	1,855,578
Ceramic heat sink	33,875	33,875	39,930	95,502	95,502	31,685
Precision metal parts	55,695	55,695	59,767	38,917	38,917	41,277
Total	1,155,101	1,112,786	1,456,394	1,435,313	1,341,627	1,928,540

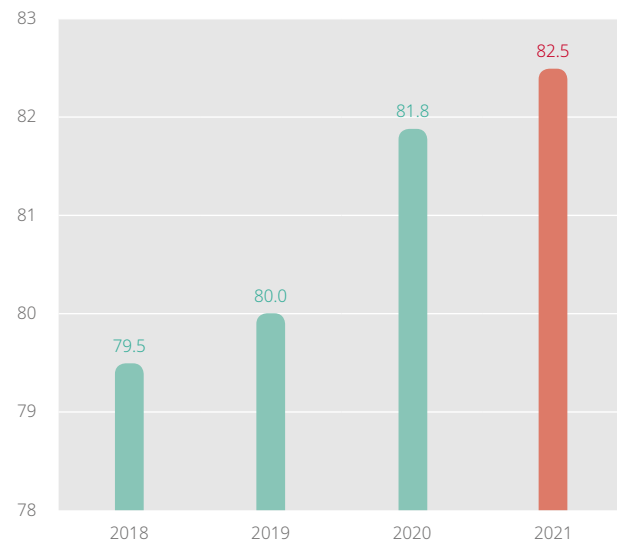


2.4 ABC Satisfies

2.4.1 Customer 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 IECQ080000 certification in 2007. In 2017, the entirety of ABC Group passed certification for IATF16949. In addition, the Guangzhou plant also obtained ISO 9002 certification in 1997 and TS16949 certification in 1997. Throughout the years, ABC has established a good reputation through outstanding product quality and won strong recognition from customers. In 2021, the batch return rate of finished product inspection for automotive products was 1.08%. In the past, a quality inspection was conducted at the production stage, but in the future, we intend to strengthen quality control at the design and development stage, as well as strengthen supply chain management and increase supplier

Overall score



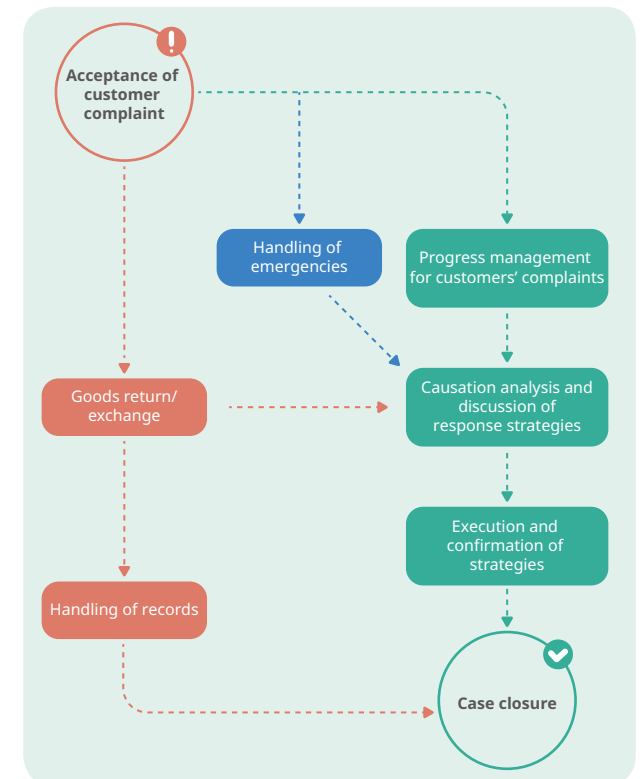
communication and guidance. This allows us to realize the long-term quality goal of continuously improving product yields and reducing customer complaints, with the goal of achieving a 0.1% reject rate for finished product inspections by 2022.

Our company promises and upholds the quality policy "products we produce are the best". As an IATF 16949 certified automotive components supplier, we have installed AECQ200 reliability testing equipment at each of our plants to ensure product quality and reliability and to identify potential quality problems. In order to understand customers' suggestions on quality, delivery, engineering/R&D capability, and service, ABC conducts an annual "Customer Satisfaction Survey," and the total satisfaction score for 2021 is 82.5 points. The questionnaire indicates that the Company performed the best in the quality and service categories, with a score of 85, while the satisfaction score for delivery dropped from 82 to 76, down 7.3% from the previous year.

The impact of the COVID-19 pandemic in 2021 has led to the rise of "contactless economy" business opportunities such as remote work, online learning, virtual entertainment, e-commerce, caregiving and companionship, which have profoundly transformed the demand and layout of various industries around the world, driving the growth of the global tech sector and the significant growth in demand from our customers. However, due to the significant increase in orders, the Company's production capacity has been tightened, which has affected the delivery time, which in turn has affected customer satisfaction ratings, resulting in a decrease in the satisfaction rate of delivery compared to the previous year. The Company intends to propose operational optimization strategies, such as replenishing manpower through multiple channels and improving delivery performances, ensuring that the Company's product quality, delivery and services meet customer needs and requirements.

2.4.2 Customer Complaint Handling

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 2021.





ABC

03 SUSTAINABLE ENVIRONMENT

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Management Policy 302 305 306

Material Issues Climate change and carbon reduction, greenhouse gas emissions, waste management

GRI Standards

302 Energy, 305 Emissions, 306 Waste

Policy

ABC strives for "environmental compliance, pollution prevention, sustainable use of resources, and ongoing improvement," and fulfills social responsibilities by involving all employees in the "environmental management system," which helps promote corporate image and ensure the sustainability of business operations.

Commitment

- Actively reduce greenhouse gas emission and contribute towards low-carbon and sustainable environment.
- Assessment of energy management measures 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: Climate Change Response Act
- Internal policies: Environmental management handbook

Resources

ISO 14001 environmental management systems, the introduction of ISO 14064-1 greenhouse gas management system

Contact information

General Affairs Department: Ms. Chang
Tel: (03) 4788-188 ext. 1610

2021 goals/solutions

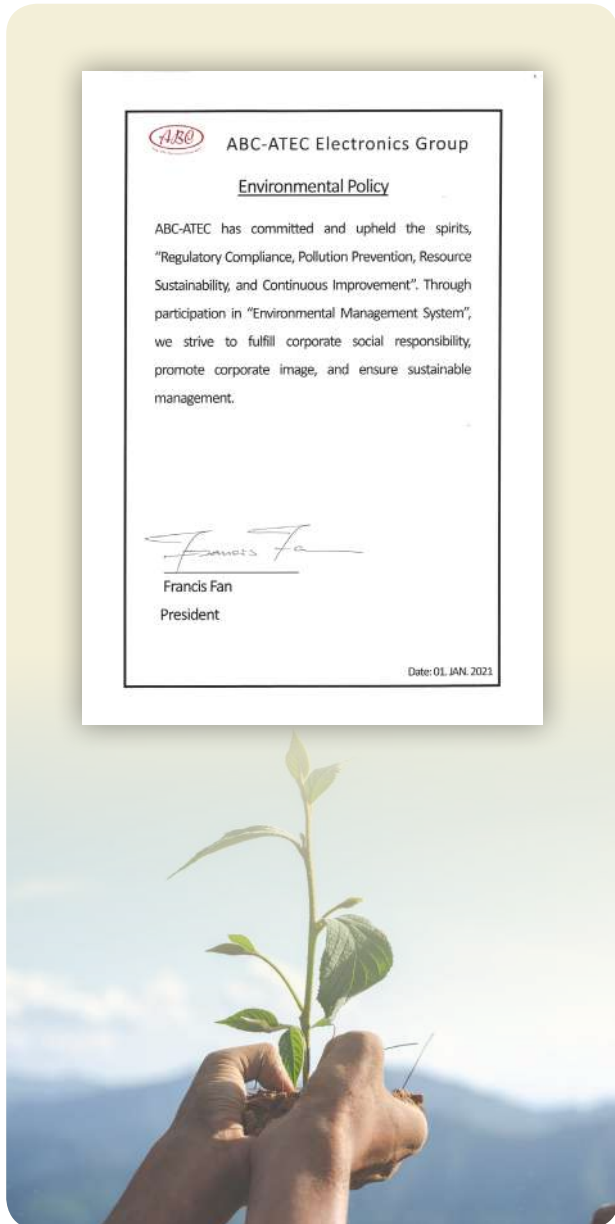
- ABC's Taiwan plants to promote reductions in electricity consumption. Electricity consumption compared to production value to decrease by 1% compared to 2020.
- Taiwan plants to reduce electricity consumption vs. revenue by 5% compared to 2020.
- Group-wide adoption of ISO 14064-1 greenhouse gas internal inventory to grasp the current status
- Exact classification of waste, recycling rate of waste in the Company's Taiwan plants: 80%

2021 performance

- Taiwan plants increased electricity consumption and production value by 38% compared to FY2020.
- Electricity consumption vs. revenue in Taiwan plants decreased by 7% compared to 2020.
- Group-wide implementation of ISO 14064-1 greenhouse gas inventory
- Exact classification of waste, recycling rate of waste in the Company's Taiwan plants: 82%

Whether accomplished





3.1 Environmental Policy

ABC profoundly acknowledges that enterprises must co-exist with the land to prosper. In order to protect the global environment and fulfill its corporate social responsibility, ABC introduced an environmental management system at its headquarters in Taiwan in 2007, and will release a new version of our environmental policy in January 2021. Furthermore, the Group has outlined its future blueprint for environmental protection: "We uphold the spirit of compliance with environmental regulations, pollution prevention, sustainable resource use, and continuous improvement in management. Through the participation of all employees in the environmental management system, we are fulfilling our social responsibility, enhancing our corporate image and ensuring sustainable management." Through these actions, we will develop quantitative goals and discuss implementation directions to ensure the achievement of environmental policies and goals, and make efforts and contributions to the global environment.

All of the Group's operational sites have been gradually introduced into its environmental management system and obtained ISO 14001:2015 environmental management system certification. The Taiwan Yangmei Plant 2 was certified by a 3rd party in 2019, the Guangzhou and Malaysia plants in 2020, and the Shanghai plant in 2021. Through the regular PDCA cycle review performance mechanism of its environmental management system, the Group is set to achieve its commitment to green operations and sustainable development.

3.2 Carbon Reduction Measures and Benefits

After the IPCC Sixth Assessment Report on Climate Change was published in 2021 and the 26th UN Climate Change Conference of the Parties (COP26) in the UK, which have set the goal to control the global temperature increase of no more than 1.5°C and to reduce global greenhouse gas emissions by half by 2030, the Group is actively engaged in the issue of combating climate change. The Group's main power consumption is by the use of equipment and machinery, air conditioning, lighting and office activities. In terms of equipment and machines, the main focus is on power-saving management for high power consumption. In terms of air conditioning, variable frequency air conditioning has been installed and proper usage has been promoted. In terms of energy saving and carbon reduction, the Company promotes the inventory and management of energy and resources, and has launched various carbon reduction actions. The Group's purchased electricity in 2021 is summarized as follows:

Site	Taiwan Plants	Guangzhou Plant	Shanghai Plant	Malaysia Plant
Purchased Electricity(kWh)	1,801,400	3,997,445	2,661,300	3,835,040
Purchased Electricity(GJ)	6,485	14,391	9,581	13,806

Note: 1kWh = 0.0036GJ.

The increase in electricity consumption of 1,479,240 kWh in 2020 and 1,801,400 kWh in 2021, an increase of 21.78%, was due to the expansion of Block B in 2020, which was completed by the end of 2021, and the expansion of Block C in 2021, which was the result of an increase in electricity consumption. The value of production in 2020 was NT\$118,260 thousand and NT\$104,262 thousand in 2021. The electricity consumption intensity (electricity consumption/production value) in 2021 increased by 38% compared to 2020 because the ceramic heat sink was manufactured by the Shanghai plant in 2020 and then transported to the Taiwan plants for labeling and sales. However, the ceramic heat sink made in Shanghai was no longer sold through the Taiwan plants in 2021, so the output value of the Taiwan plants in 2021 was not included. The revenue in 2020 was NT\$1,702,147 thousand, while the revenue in 2021 will be NT\$2,239,868 thousand, and the electricity consumption intensity (electricity consumption/revenue) in 2021 was 7% lower than that in 2020.

Year	2020	2021
Electricity consumption (kWh)	1,479,240	1,801,400
Production value (NT\$ thousand)	118,260	104,262
Electricity consumption intensity = Electricity Consumption(kWh)/Value of Production(NT thousand)	12.51	17.28
Revenue(NT thousand)	1,702,147	2,239,868
Electricity consumption intensity = Electricity consumption (kWh)/revenue (NT thousand)	0.87	0.80

3.3 Greenhouse Gas Emissions

Climate change is already a climate emergency, and in order to meet the stakeholders' requirements for carbon disclosure, ABC has launched a group-wide greenhouse gas inventory program to grasp the carbon emission status of each operation site and gradually realize the vision of low carbon operations.

In accordance with ISO 14064-1:2018, the Company adopted the operation control right method and conducted an inventory according to the latest Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR6) of the relevant greenhouse gas inventory (GHC), which includes direct, indirect and other greenhouse gas emissions.

The results of Taiwan plants' inventory are as follows: Data in May 2022 was externally verified, covering the period of greenhouse gas emissions in 2021, and was identified to be mostly indirect greenhouse gas emissions (Scope 2) from the purchase of electricity from the Taiwan Power Company. ISO 14064 was also introduced in the Shanghai plant, Guangzhou plant, and Malaysia plant in 2021, and external verification will be completed by the end of 2022, well in advance of the FSC's plan to complete the GHG inventory blueprint for all listed companies' parent companies, domestic and foreign subsidiaries by 2027. The Group has set the year 2021 as the base year for the GHG inventory, and will continue to track GHG emissions at each operating site, set carbon reduction targets and propose corresponding carbon reduction strategies in order to reduce the impact of GHG emissions on the environment.



Items	Greenhouse gas emissions from Taiwan plants (metric tons of CO ₂ e/year)
Direct Greenhouse Gas Emissions (Scope 1)	75.6834
Indirect Greenhouse Gas Emissions (Scope 2)	904.3028
Other Greenhouse Gas Emissions (Category 3)	690.2283
Total amount	1,670.215

3.4 Waste Management

The main products of ABC are inductors, ceramic heat sinks and precision metal parts. In order to grasp the impact on the environment in the value chain, the Company evaluates the process from raw material procurement, product design, and manufacturing process to waste generation to reduce the impact of operations on the environment.

Considering the impact on upstream value chains

In the procurement of raw materials, ABC starts with source management, prohibits the use of hazardous substances and products from conflict mining areas, and gives priority to the procurement of environmentally friendly products. In addition to quality, delivery and price considerations, **the Taiwan plants have changed wood pallets to light steel pallets** and returned them to the upstream suppliers for reuse, so as to establish a business model of pallet circulation and reuse together. In addition, the Guangzhou plant allows upstream suppliers to add **20%** recycled material to plastic bases in order to reduce the use of fossil fuels and reduce the impact on the environment.

01

Prohibits the use of hazardous substances and products from conflict mining areas.

02

Gives priority to the procurement of environmentally friendly products.

03

Establish a business model of pallet circulation and reuse.

04

Reduce the use of fossil fuels.

BEFORE

AFTER



▲ The existing wood pallet material used in the Taiwan plant is changed to a light steel pallet, which is beneficial for reuse and re-circulation.

Considering the impact of value chains on operations

The Group's waste management principle is "**reduce at source, reuse and recycle**". As the products manufactured by the Company cannot use recycled materials, so we focus on waste management at the end of the product life cycle. The waste generated by the Company is divided into three categories: hazardous business waste, general business waste, and resource recycling waste. Hazardous business wastes such as waste electronic components, solvent-containing wastes, solvent-containing wastes, waste motor oil, etc., from various factory plants. General business waste such as general waste from business activities, waste plastic mixture, waste from manufacturing processes, etc. Resource recycling waste such as tin cans, PET bottles, waste lamps, waste information items, dry batteries, waste paper, etc. The business waste is entrusted to the local qualified private service providers to remove and treat the waste for the purpose of complying with relevant regulations and resource reuse. The Taiwan plants are allowed to use 25% recycled ferrite powder in the wet granulation process to reduce the use of raw materials.

In recent years, the frequency of disasters such as rainstorms and water shortages caused by extreme weather has increased around the world. The Group adopts the World Resources Institute's (WRI) Water Risk Assessment Tool to identify water risks in all of its operations. Taiwan and Malaysia are located in the middle and low water stress areas, while Shanghai and Guangzhou are located in the middle and high water stress areas.

In the face of the different water risks in each location, Block B Materials Plant of Taiwan Yangmei Plant 2 has set up a pure water recycling system and planned to return all the recovered process wastewater to the manufacturing process as solvents for reuse, and to change from acetone to water as solvents according to the characteristics of different diluents. We are actively developing the recycling of water in the manufacturing process, which not only reduces the risk of hazards from the use of organic solvents, but also saves the use of water resources, and integrates the concept of green recycling and a friendly environment into operational activities. The Guangzhou plant will recycle process wastewater and domestic wastewater for use in toilets, floor cleaning, production wastewater distribution, and equipment backwashing water, etc. The rest will be discharged into the municipal sewerage network to reduce the use of water resources and reduce the impact on the environment. In 2019, the Guangzhou plant obtained the "Permit for Discharge of Urban Sewage into Drainage Network" issued by Panyu District Water Bureau; in 2020, Panyu District People's Government recognized the Company as part of the first batch of "Guangzhou Water Drainage Units That Achieved Standards", becoming a benchmark enterprise in environmental management in Panyu District.

Considering the impact on downstream value chains

In 2021, the service providers entrusted by Taiwan plants have no illegal records, and the recycling rate of waste was confirmed by each service provider to be **82%**, which realized the concept of "my waste is your resource". In order to promote the sustainable recycling of resources, Taiwan Plant 2, Block B Materials Plant has set up a waste recycling mechanism with a circular economy approach to facilitate waste recycling and wastewater recovery and reuse, and will enter into trial operation in January 2022. We expect to increase the value of resource reuse in the plants after mass production, which will lead to energy saving and carbon reduction, while carrying out sustainable development measures.

In accordance with the requirements of the local government's environmental protection department, the Guangzhou plant manages waste by classifying waste into hazardous waste and recyclables. Collection, storage, transfer and disposal of waste are carried out in accordance with government regulations, so that everyone can participate in graded management and implementation at all levels.

In recent years, the concept of "green" has become a trending topic. The energy saving and recycling of resources and energy, the adoption of environmental protection concepts, the incorporation of environmental protection design, and the practice of green and low-carbon have become the responsibility and commitment of corporate management, and the promotion of green and low-carbon cycle development has become an inevitable roadmap for enterprises. The Group has invested heavily in capital, equipment and talents on the road to sustainable development and environmental protection. We believe that the roadmap of high quality green development will become wider and wider in the future, laying a solid foundation for future green market opportunities.



Items	Taiwan Plants	Shanghai Plant	Guangzhou Plant	Malaysia Plant	Group-wide
Hazardous Business Waste (tons)	6.65	0.94	42.11	11.89	61.58
General Business Waste (tons)	49.57	8.93	82.24	99.89	240.62
Resource Recycling Waste(tons)	32.15	9.38	18.12	8.40	68.04
Total weight of waste(tons)	88.36	19.24	142.48	120.17	370.25
Recycling rate (%)	100%	59%	15%	20%	35%

Note:

1.The disclosure boundary covers Taiwan Plant 1 and 2, Shanghai Plant, Guangzhou Plant, and Malaysia Plant.

2.Recycling rate = Recycling / Total weight of waste generated * 100%.

In order to strengthen the management of waste disposal contractors, we will conduct random audits on waste disposal contractors in 2022 to understand the operation and management of waste storage, removal, treatment and reuse, and to grasp the exact flow of waste. The waste disposal and treatment contractors that handle the Group's waste must be registered or licensed service providers, with valid operation permits for the scope of services provided. If on-site audits reveal any illegal conduct, the Group may terminate the contract with the audited contractor.



The inputs, activities and outputs of waste-related significant impacts for each operating site in 2021 are as follows:

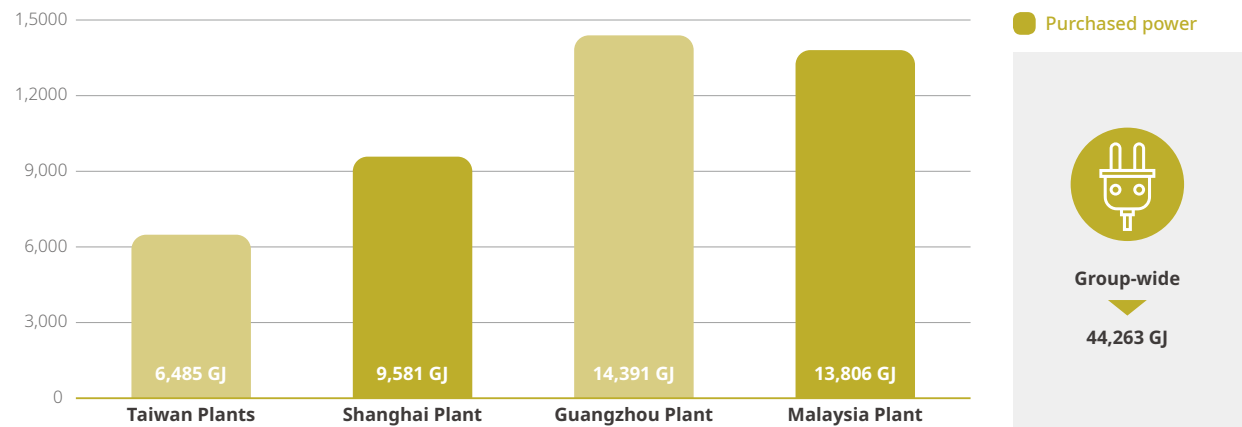
1. Inputs

- Raw materials and water

Unit: Metric tons

Items		Taiwan Plants	Shanghai Plant	Guangzhou Plant	Malaysia Plant	Group-wide
Raw materials	Ferrite Cores	2.40	135.76	160.06	14.44	312.67
	Enameled Wire	2.76	85.71	98.48	5.72	192.68
	Base of Operations	2.41	15.77	5.13	-	23.30
	Iron	73.50	-	-	-	73.50
	Adhesives	-	53.13	6.54	-	59.67
	Other main materials	27.89	71.57	15.91	0.61	115.98
	Semi-finished products	20.85	27.90	-	-	48.75
	Auxiliary raw materials	4.43	28.41	43.81	15.49	92.14
Packaging materials	17.61	151.78	153.32	32.13	354.84	
Tap water consumption		6,128	6,991	21,309	10,865	45,293

- Electricity consumption



2. Production Output

• Production Volume

Unit: KPCS

Items	Taiwan Plants	Shanghai Plant	Guangzhou Plant	Malaysia Plant	Group-wide
Inductors	39,046	394,196	541,594	232,372	1,207,207
Heat sinks	302	95,201	-	-	95,502
Precision metal parts	38,917	-	-	-	38,917

• Greenhouse gas emissions

Unit: metric tons CO₂e

Items	Greenhouse gas emissions of Taiwan plants
Direct Greenhouse Gas Emissions (Scope 1)	75.6834
Indirect Greenhouse Gas Emissions (Scope 2)	904.3028
Other Greenhouse Gas Emissions (Category 3)	690.2283
Total amount	1,670.215

• Waste and Wastewater Volume

Unit: Metric tons

Items	Taiwan Plants	Shanghai Plant	Guangzhou Plant	Malaysia Plant	Group-wide	
Waste	Hazardous business waste	6.65	0.94	42.11	11.89	61.58
	General business waste	49.57	8.93	82.24	99.89	240.62
	Resource recycling waste	32.15	9.38	18.12	8.40	68.04
	Subtotal	88.36	19.24	142.48	120.17	370.25
Wastewater volume	1,888	1,849	18,393	2,686	24,816	
Amount of recycled wastewater	-	-	8,466	-	8,466	

Note:

1. Guangzhou plant wastewater volume is actual volume.

2. The Group's Taiwan plants, Shanghai plant and Malaysia plant adopt estimated wastewater volumes, and the data is quoted from the "Technical Specification for Design of Building Wastewater Treatment Facilities" announced by the Construction and Planning Agency, Ministry of the Interior, specifically Category C industrial and warehouse items. This is calculated as 1/4 of the number of workers * 150 liters of wastewater per day * working days.





創造發展世界 電感及 密機構組件工業
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04 EMPLOYEE CARE

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4.3	COMPENSATION AND BENEFITS	53
4.4	TALENT TRAINING AND DEVELOPMENT	57



Management Policy 401 405 404

Material Issues 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\$1,161,475

Contact information

Mr. Lin
 Human Resources Department
 TEL: (03) 4788-188 ext. 1662

2021 goals/solutions

- Regular labor-management meetings: once per quarter
- Average monthly turnover rate: 3%
- Maintain the proportion of female supervisors: 20%

- The planning and implementation of education and training by function are as follows:
 1. Total courses of employee training: 118 sessions
 2. Employee course hours: 610 hours
 3. Total cost of employee training: NT\$1,060,300
- Participation in the summer work-study program for young college students in the public sector
- Training of management personnel: Vice President level executives obtained doctoral degrees.

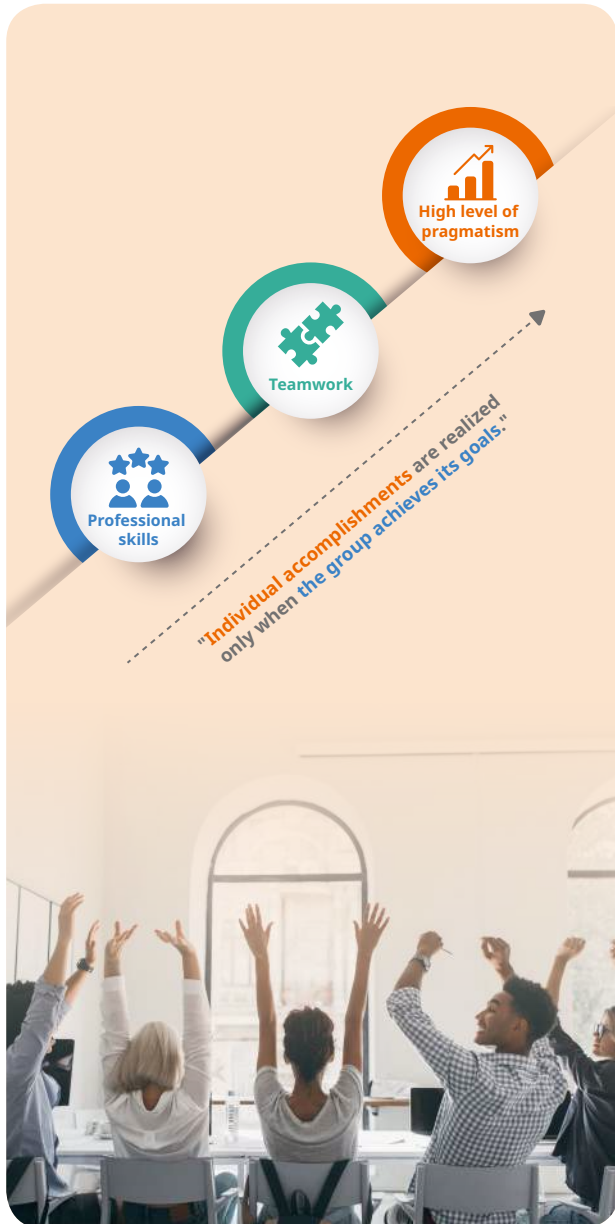
2021 performance

- Regular labor-management meetings: once per quarter
- Average monthly turnover rate: 2.99%
- Percentage of female executives: 44.44%

- The planning and implementation of education and training by function are as follows:
 1. Total number of employee training sessions: 260 sessions
 2. Staff training hours: 655 hours (Total training hours 8,807.5 hours)
 3. Total cost of employee training: NT\$1,161,475
- Participated in the public sector summer work study programs for college students and received a Certificate of Appreciation from the Taoyuan City Government (CAREER Taoyuan)
- General Manager Francis Fan received a doctorate degree

Whether accomplished





4.1 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 embrace the mindset that "individual accomplishments are realized only when the group achieves its goals."

4.2 Human Resource Structure

4.2.1 Workforce by gender and form of employment

ABC had 203 employees in total as of December 31, 2021; all of whom were full-time and there were no part-time workers. Females accounted for 57% of the workforce and there had been no significant change or seasonality compared to the previous year. All employees are hired in Taiwan, and in order to fulfill our corporate social responsibility, a total of 2 employees with physical and mental disabilities were hired at the end of 2021.

Unit: People

Form of employment		2018		2019		2020		2021	
		Male	Female	Male	Female	Male	Female	Male	Female
Total employee count	Direct	19	40	20	35	23	43	27	44
	Indirect	53	54	55	56	63	56	61	71
Subtotal		72	94	75	91	86	99	88	115
Total		166		166		185		203	

Note:

1. Direct personnel refer to those whose job title is a technician; indirect personnel refer to those whose job titles are those other than a technician.
2. The disclosure boundary covers Taiwan Yangmei Plant 1 and Plant 2, and does not include expatriate personnel.

4.2.2 Workforce by gender and employment contract

Unit: People

Form of employment		2018		2019		2020		2021	
		Male	Female	Male	Female	Male	Female	Male	Female
Total employee count	Term	0	0	0	0	0	0	2	3
	Unscheduled	72	94	75	91	86	99	86	112
Subtotal		72	94	75	91	86	99	88	115
Total		166		166		185		203	

Note:

1. Term employees: number of employees who had signed contracts of defined terms.
2. The disclosure boundary covers Taiwan Yangmei Plant 1 and Plant 2, and does not include expatriate personnel.



4.2.3 New recruits and resigned employees by gender and age

ABC complies with the labor conditions set by law. On the day new employees report to work, the Human Resources Department introduces the Company's history, philosophy, vision, organization, products, environment, and employee integrity, and then directs them to their respective departments, where the respective department heads introduce other employees and explain the new employee's job duties. All employees have the right to terminate their employment relationship voluntarily and in accordance with the law due to their personal career planning.

The Company strives to ensure the stability and growth of human resources and retain top talents. A total of 67 permanent employees resigned in 2021, representing an attrition rate of 33% for the year, and an average monthly turnover rate of 2.99%.

Age	2019				2020				2021			
	New employees		Resigned employees		New employees		Resigned employees		New employees		Resigned employees	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Age 30 (inclusive) and below (people)	1	1	2	3	18	8	10	3	28	15	21	6
Proportion	14.28%	14.28%	14.28%	21.43%	37.50%	16.67%	30.30%	9.09%	28.87%	15.46%	31.34%	8.96%
Age 31-50 (inclusive) and below (people)	3	1	5	2	14	7	12	4	36	17	26	11
Proportion	42.86%	14.28%	35.72%	14.28%	29.17%	14.58%	36.36%	12.12%	37.11%	17.53%	38.81%	16.42%
Age 51 (inclusive) and above (people)	0	1	0	2	1	0	2	2	0	1	2	1
Proportion	0%	14.28%	0%	14.28%	2.08%	0%	6.06%	6.06%	0.00%	1.03%	2.99%	1.49%
Subtotal by gender (number of people)	4	3	7	7	33	15	24	9	64	33	49	18
Proportion	57.14%	42.86%	50%	50%	68.75%	31.25%	72.73%	27.27%	65.98%	34.02%	73.13%	26.87%
Total (number of people)	7		14		48		33		97		67	
Proportion	4.22%		8.43%		25.95%		17.84%		47.78%		33.00%	

Note:

1. 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.
2. Percentage of resignations 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.
3. New recruits by age range relative to total: total new recruits for a given age range in the year/total employees at year-end.
4. Resignations by age range relative to total: total resignations for a given age range in the year/total employees at year-end.
5. The disclosure boundary covers Yangmei Plant 1 and Plant 2 in Taiwan, and does not include expatriates.



4.2.4 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. With 44.44% of female executive management positions in FY2021, it is clear that the Company is providing a level playing field and implementing gender equality.

4.2.5 Workforce by gender and age

Year	Statistical category	Senior managers		Mid-level managers		General staff	
		Male	Female	Male	Female	Male	Female
2020	Age 30 (inclusive) and below (people)	0	0	0	0	21	11
	Proportion	0.00%	0.00%	0.00%	0.00%	32.31%	11.96%
	Age 31-50 (inclusive) and below (people)	2	0	6	2	41	58
	Proportion	22.22%	0.00%	50.00%	28.57%	63.08%	63.04%
	Age 51 (inclusive) and above (people)	7	0	6	5	3	23
	Proportion	77.78%	0.00%	50.00%	71.43%	4.62%	25.00%
	Total count	9	0	12	7	65	92
2021	Age 30 (inclusive) and below (people)	0	0	0	0	25	17
	Proportion	0.00%	0.00%	0.00%	0.00%	32.05%	15.89%
	Age 31-50 (inclusive) and below (people)	1	0	4	3	50	65
	Proportion	20.00%	0.00%	80.00%	37.50%	64.10%	60.75%
	Age 51 (inclusive) and above (people)	4	0	1	5	3	25
	Proportion	80.00%	0.00%	20.00%	62.50%	3.85%	23.36%
	Total count	5	0	5	8	78	107

Note:

- 1.Senior manager refers to associate manager (inclusive) or above; middle manager refers to manager (inclusive) or below; general employee refers to personnel with non-supervisory roles.
- 2.Age distribution percentage: number of males (females) for a given age range/total employees for the given age range
- 3.The disclosure boundary covers Yangmei Plant 1 and Plant 2 in Taiwan, and does not include expatriates.
- 4.The expatriate supervisors are categorized to the local area, and most of them are male supervisors, so the ratio of female supervisors has increased.

4.3 Compensation and Benefits

4.3.1 Employee salary

A comprehensive salary structure and welfare system are one of important factors in keeping outstanding employees. ABC has specially planned a salary and welfare system in compliance with the highly competitive market. Employee salary and remuneration cover basic salary (including basic pay, food allowance, transportation allowance, and numerous special duty allowances), performance rewards, bonuses, and year-end bonuses. Meanwhile, the Company's HR Department carries out a regular salary review based on related indicators such as market trends and the company's operations in an effort to provide a competitive and attractive salary so that more and more talents are happy to join our big family.

Salaries are determined based on objective factors such as the type of duties, past work experience, and professional capabilities of new employees, and there are no differences in salary standards based on gender, race, religion, political stance, or marital status. The Company supports gender equality and it shows in its salary and remuneration system.

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. The average salary of employees was NT\$685,000 in 2021.

Employee salary by gender - 2021

Grade/Year	2020				2021			
	Basic salary		Average compensation		Basic salary		Average compensation	
	Male	Female	Male	Female	Male	Female	Male	Female
Non-managerial staff	1	0.89	1	1.07	1	0.94	1	0.95
Managerial staff	1	0.76	1	0.87	1	0.84	1	1.00

Note: Base salary refers to approved salary; average salary refers to base salary plus other bonuses.

2021 Full-time General Employee Salary

Year	Average Salary	Median salary
2020	NT\$707 thousand	NT\$526 thousand
2021	NT\$685 thousand	NT\$571 thousand
Difference from the previous year	- NT\$22 thousand	+NT\$45 thousand

4.3.2 Employee welfare measures

ABC is a well-established business with 43 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.



Welfare Committee Allowances

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 2021, a total subsidy of NT\$3,455,430 was provided.



Group Insurance

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.



On-the-job Training

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 2021, a total subsidy of NT\$1,161,475 was provided.



Employees' Health

ABC organizes general health checkups and health checkups for special workplaces on a yearly basis. The checkup coverage rate for Taiwan was reported at 100% in 2021. Because we care about the health of our colleagues, health seminars are arranged and quality of drinking water is checked regularly.



Female Care

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.



Birthday Celebrations for Employees

Birthday is a special day for each person. To allow employees to feel the warmth and well-wishes of everyone at ABC, Chairman Hsu and his wife personally present red envelopes and roses to the birthday boy/girl each month to thank the employees for their long-time contribution to the company. All participants sing a happy birthday song together in the main hall and take a group photo for the memorable occasion. Colleagues treat each other like family, so that the employees can feel the warmth of home and the company's care.



On-The-Job Training and Lifelong Learning



In order to meet the dynamic market and its organizational development needs, ABC not only provides basic training for new recruits, but also plans on-the-job training courses and subsidizes employees' tuition fees to encourage them to develop their own abilities at all stages of their careers. Through this system of on-the-job training, ABC has nurtured many outstanding talents over the past decades, and General Manager Fan received his doctoral degree in July 2021. After the doctoral training, Mr. Fan also plans to systematize the human resources development system and incorporate talent development in next year's management plan, so as to cultivate the second and third expertise of the Company's officers and drive the growth of the Company.

Parental Leave

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	2021
No. of employees qualified for unpaid parental leave in the current year	Male	2	2	9	9
	Female	2	5	8	3
	Total	4	7	17	12
No. of employees applied for unpaid parental leave in the current year	Male	1	1	2	1
	Female	2	2	2	1
	Total	3	3	4	2
No. of people due for reinstatement in the current year (A)	Male	1	1	1	1
	Female	2	0	2	3
	Total	3	1	3	4
No. of people reinstated in the current year (B)	Male	1	1	1	0
	Female	1	0	1	2
	Total	2	1	2	2
Reinstatement rate (B/A)	Male	100%	100%	100%	N/A
	Female	50%	N/A	50%	67%
No. of employees due for reinstatement and restated from unpaid parental leave in the previous year (C)	Male	0	1	1	1
	Female	6	1	0	1
	Total	6	2	1	2
No. of employees having worked for more than 12 months after reinstatement (D)	Male	0	0	0	1
	Female	5	1	0	1
	Total	5	1	0	2
Retention rate (D/C)	Male	N/A	0%	0%	100%
	Female	83.33%	100%	N/A	100%

Note:

- 1.Reinstatement rate = No. of employees having reinstated from unpaid parental leave (B)/No. of employees due for reinstatement from unpaid parental leave (A)* 100%
- 2.Retention rate = No. of employees remained on the 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%
- 3.The disclosure boundary covers Yangmei Plant 1 and Plant 2 in Taiwan, and include expatriates.
- 4.When the denominator of the percentage is 0, it is presented as N/A instead.

4.4 Talent Training and Development

4.4.1 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 implement a lifelong learning vision for all employees, we set a clear development focus on the core organizational capabilities of each department and key process tasks of each position, as well as the required 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.



In 2021, we conducted 250 employee training sessions, with 655 hours of course time, 203 participants, and accrued a total of 8,807.5 hours of training.

Average training hours per employee, by gender and grade

Year	Items	Gender	Job level			Total
			General staff	Mid-level managers	Senior managers	
2020	Number (People)	Male	65	12	9	86
		Female	92	7	0	99
	Total hours (Hours)	Male	2368.5	450.5	387.5	3206.5
		Female	3583.5	381.5	0	3965.0
	Average hours (Hours/People)	Male	36.4	37.5	43.1	37.3
		Female	39.0	54.5	0	40.1
2021	Number (People)	Male	78	5	5	88
		Female	107	8	0	115
	Total hours (Hours)	Male	3737.5	416.5	277.5	4431.5
		Female	3839.0	537.0	0	4376.0
	Average hours (Hours/People)	Male	47.9	83.3	55.5	50.4
		Female	35.9	67.1	0	38.1

Note:

1. Grade average hours: total training hours for male (female) employees of a given grade/total male (female) employees of the given grade.
2. Grade total average hours: total training hours for employees of a given grade/total employees of the given grade.
3. The disclosure boundary covers Yangmei Plant 1 and Plant 2 in Taiwan, and does not include expatriates.

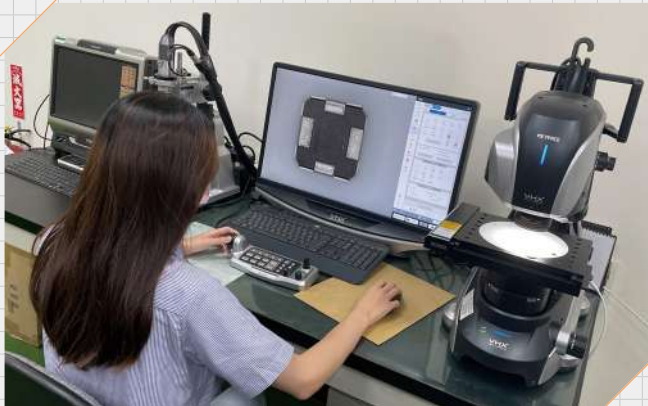
4.4.2 Corporate Internship and Training of Talents

ABC supported the Taoyuan City Government's "2021 Annual Youth Workplace Internship Program" to provide students with internship opportunities to better understand industry trends and dynamics, and to promote the early development of students' employability by connecting them with the industry. In this year's workplace internship program, ABC's interns won recognition for honorable mention by demonstrating the practical action of "learning by doing, doing by learning", combining the school curriculum with practical skills in the industry, and fully preparing for their future formal entry into the workplace, realizing their value step by step. During this difficult period of the COVID-19 epidemic, the internship program allowed students to participate in the daily operations of their assigned departments and gain an in-depth understanding of the company's internal production, sales, and R&D operations, and gives them the opportunity to learn how to apply their knowledge and explore their careers. This allows young people who are about to leave school greater, warmer, and more resolute support for their entry into society.



Intern 01

Pei-Tung, Liao



I entered the QC Department of ABC on July 1, 2021. Before the internship, I was not quite sure what the actual work content of quality control was. I only knew some quality control knowledge and skills taught to us in school. After the careful guidance of the Company's senior employees, in addition to understanding the work content of quality control, I also have a better understanding of how the Company's products are produced, and the quality control techniques I learned in school are also practically applied in the inspection of product characteristics.

Intern 02

Min-Huai, Liao



In my junior year, I took a quality control course, and by chance, I found an internship opportunity in quality control at ABC. I was lucky enough to learn all the quality control procedures at the Company, including all the inspection procedures, such as inbound inspection, process inspection, outbound inspection and finished product inspection, as well as testing for reliability. The seniors also did not hesitate to share techniques and knowledge. While completing the work, I also learned the many methods and techniques for completing my assigned tasks well, which were all realized during the process of working in the Company. In addition, I have gained the ability to analyze and organize data, such as Excel and Minitab, which I have only heard of in school, but I have learned to put them into practice in the Company. During my internship at ABC, I not only learned a lot of knowledge that I couldn't have in class, but also got to know my seniors who are very nice. I have also gained invaluable work experience during this two-month internship program. I believe that after graduation, I will be able to understand more about the skills needed in this field and think about what I can do to perform better.



05 HEALTHY WORKPLACE

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Management Policy 403

Material Issues Occupational Health and Safety

GRI Standards

403 Occupational Health and Safety

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

- Establish the Occupational Health and Safety Committee in accordance with the law and hold at least 1 meeting every 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: Occupational Safety and Health Act, Contractor Safety and Health Management Regulations
- Internal policies: Occupational health and safety management plan

Resources

- Occupational safety training
- Promotion of a healthy workplace

Contact information

Ms. Huang
Occupational Health and Safety Office
TEL: (03) 4788-188 ext. 1616

2021 goals/solutions

- Promote the Badge of Accredited Healthy Workplace
- Regular Occupational Health and Safety Committee meetings: 4 times a year
- Occupational health and safety training: in compliance with legal requirements
- Emergency response drills: 2 times/year
- Promote health promotion activities: 2 times; participant count: 40
- Number of recordable occupational accidents: 0

2021 performance

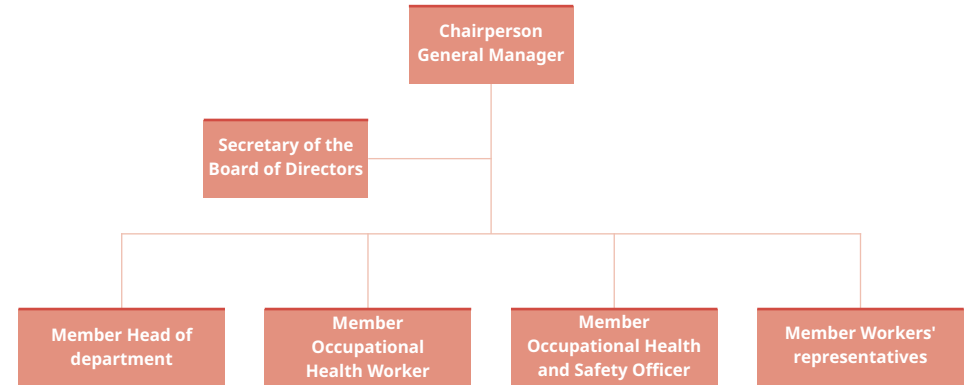
- Passed the Badge of Accredited Healthy Workplace
- Regular Occupational Health and Safety Committee meetings: 4 times a year
- Occupational Health and Safety Education Training: 143 people
- Emergency response drills: 2 times/year
- Health promotion activities: 2 times; participant count: 43
- Number of recordable occupational hazards: 0

Whether accomplished



5.1 Occupational Health and Safety Committee

In accordance with the provisions of relevant regulations, ABC has established an Occupational Health and Safety Committee (OHS Committee), with the Company's general manager as the chairman. The OHS Committee meets every three months and has the following responsibilities:



Internal employees can report occupational health and safety-related opinions to their supervisors and labor representatives, and then submit them to the OHS Committee for discussion; non-workers (contractors) can report occupational health and safety issues to the company's occupational safety contractor through an agreement organization. ABC has not yet obtained certification for occupational safety and health management system. The management team has issued instructions to make ISO 45001 certification as part of its medium and long-term goals, and plans to obtain certification within 2 years.

Occupational Health and Safety Committee Composition Ratio



5.2 Hazard Identification, Risk Assessment, and Incident Investigation

ABC has established hazard identification and risk assessment management methods with reference to the risk assessment technical guidelines announced by the Occupational Safety and Health Administration of the Ministry of Labor, and proposed improvement or control measures for risks of moderate or above. The personnel in charge of hazard identification and risk opportunity assessment in each unit have received training on risk assessment. 33 high-risk items were identified in 2021, and improvement measures for high-risk activities in the workplace were discussed through the OHS Committee to protect the health and wellbeing of employees. The types of hazards are indicated below:



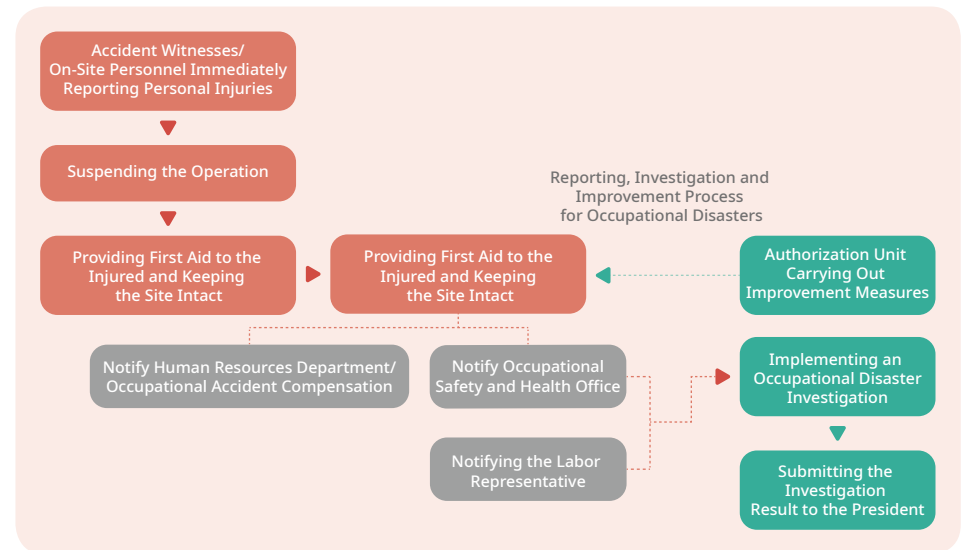
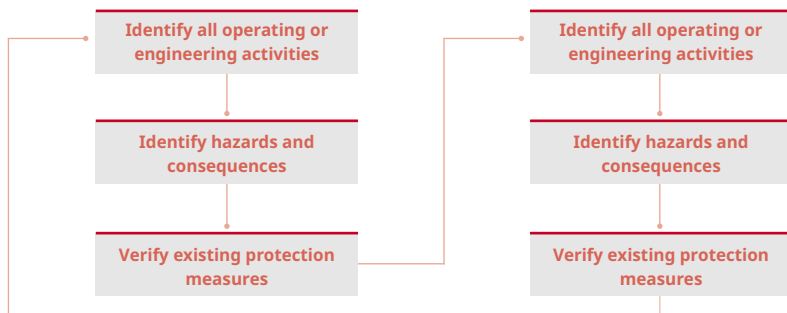
Hazard identification and risk assessment shall be conducted again where new equipment or hazardous chemicals have been added or changed, or where an occupational disaster occurs in the plant. If an employee is faced with an emergency hazard while performing his or her duties, the employee may exercise his or her right to withdraw from work in accordance with the Occupational Safety and Health Act, and the Company protects employees that propose improvements from being penalized.

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 health and safety personnel, alongside labor representatives, carry out an investigation where an occupational disaster occurs, and would follow up on subsequent improvements. The Company reported no occupational accidents in 2021, with 3 recorded minor injuries. Continuous improvement and performance reviews are carried out based on the severity and frequency of occupational disasters.

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



5.2.2 Analysis of Occupational Hazards

Item/ Year	2020		2021	
	Male	Female	Male	Female
Total employees (people)	86	99	88	115
Total work days	18,471	24,238	21,824	28,520
Total work hours	147,504	194,761	174,592	228,160
No. of deaths caused by occupational injury (people)	0	0	0	0
Percentage of deaths caused by occupational injuries	0%	0%	0%	0%
No. of people suffering from severe occupational injuries (people)	0	0	0	0
Percentage of people suffered severe occupational injury	0%	0%	0%	0%
No. of documented occupational injuries	1	0	0	0
Percentage of documented occupational injuries	1.36%	0%	0%	0%

Note:

- Total employees: The number of employees as of December 31 of the same year.
- Total days worked: Total number of days of work performed by employees (total number of employees * number of days worked per year).
- Total hours worked: Total hours of work performed by employees (total number of employees * hours worked per day * days worked per year) %.
- The Executive Yuan approved the calendar of government administrative offices for 2021, with 365 days in a year, 117 days of total holidays, and 248 days of annual working days.
- No. of people suffering from severe occupational injuries: excluding the number of fatalities.
- Percentage of documented occupational injuries = No. of documented occupational injuries / work hours * 200,000%*100%.
- 200,000 hours: the number of occupational injuries per 100 full-time employees in a year, based on an assumption of 50 weeks per year and 40 hours of work per week.
- The number of recordable occupational accidents suffered by employees in 2020 is 1, and the type of occupational accident is cutting injury.
- The number of recordable occupational accidents suffered in 2021 is 0 for non-workers (contractors) who enter the Company's projects to carry out the relevant operation control required by the law according to the Contractor Safety and Health Management Regulations.




5.3 Occupational Health Services

The physical and mental health of employees is one of the crucial indicators of 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, and 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 2021, a total of 137 employees received a general health examination, reaching a 100% rate; a total of 24 employees received a special health examination, reaching a 100% rate.

Types of Health Examination	Number of people to be checked (people)	Number of people actually checked (people)
General Health Examination	137	137
Health Examination for Dusty Workplaces	20	20
Health Examination for Ionizing Radiation Workplaces	2	2
Health Examination for Noisy Workplaces	2	2
Long-Term Night Shift Workers	137	137

5.3.1 Occupational disease prevention

As a response to rules concerning the prevention of new occupational illnesses stated in the Occupational Safety and Health Act, the Company has implemented new measures accordingly to protect maternity health, prevent physical or mental abuse while performing duty, and prevent illnesses associated with shift, night-time working, long-hour working, and abnormal workload. No incident of occupational illness occurred in 2021. 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.	2
 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.	18
 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.	25

5.4 Health Promotion Activities

ABC provides on-site services by qualified occupational medicine specialists and occupational health nurses to conduct health examination result analysis and health guidance, health education, health consultation and assessment, health promotion, workplace environment assessment and improvement recommendations, and post-injury/illness return to work/worker assessment, regularly report to the employer, and provides recommendations for labor health services.

• Performance Results in 2021

- 28 sessions of health guidance and follow-up management were carried out for those with abnormal health examination results and a total of 117 people took part.
- 2 sessions of health seminars were held and 43 people took part.

• ABC received the "Badge of Accredited Healthy Workplace"

ABC considers health promotion as an integral part of corporate sustainability and adopts guidelines from the "Healthy Workplace Promotion Program" formulated by the Health Promotion Administration. ABC plans several health promotion initiatives to promote health promotion step by step, such as: rope jumping and stepping competitions, weight loss activities, smoking cessation activities, muscle health seminars, Pittsburgh Sleep Quality Index (PSQI) survey, blood donation activity willingness survey, environmental monitoring, on-site health services and health promotion programs to care for employee safety and health. In 2021, we were certified by the Health Promotion Administration as a healthy workplace and awarded the "Badge of Accredited Healthy Workplace".



ABC is committed to creating a better workplace environment and will continue to hold many health promotion activities in 2022 in the hope that our employees will achieve physical and mental health and self-management and build a healthy work environment.

5.5 Occupational Health and Safety Training

In order to raise the correct knowledge of occupational health and safety among employees, ABC held relevant training courses in 2021 in accordance with the Occupational Safety and Health Act. Internal training courses include: occupational health and safety education training for new recruits, on-the-job safety and health education training, hazard awareness training and workplace violence and abuse prevention promotion. The external training courses include: dust hazard prevention training, occupational health and safety education and training for emergency response personnel, occupational health and safety education and training for occupational health

and safety supervisors, radiation protection education and training, education and training for the operation of forklifts with a load of one ton and education and training for fixed lifting cranes with a load of three tons or more. The Company organizes emergency response and fire safety drills every six months to ensure that employees can be quickly mobilized in a time of emergency to correctly and effectively contain hazards and minimize losses.

Education and training conducted in 2021

	Course	Number of trainees (people)	Training hours (hours)	Total hours (hours)
Internal training courses	Safety and health training for new recruits	65	3	195
	On-job safety and health training	27	1	27
	General hazard training	24	3	72
	Workplace violence prevention	26	1	26
External training courses	Dust hazard prevention training	1	18	18
	Emergency response personnel occupational health and safety education training	1	16	16
	Occupational health and safety training for occupational health and safety supervisors	1	18	18
	Radiation protection education and training	2	3	6
	1-ton forklift operation training	3	3	9
	Training on fixed lifting cranes with a load of three tons or more	2	38	76

5.6 Contractor Safety and Health Management

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 awareness 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 before performing work activities on plant premises. 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 premises, audit outcomes, improvement suggestions, and work-related requirements, and thereby prevent accidents and personnel injury. In 2021, the total number of hours worked by the contractors was 5,275.5, and no permanent injuries, partial permanent injuries or temporary injuries occurred during work.

06 SOCIAL CONTRIBUTION

- 6.1 SUPPORT ARTS AND CULTURAL ACTIVITIES 68
- 6.2 CULTIVATE LOCAL CULTURAL DEVELOPMENT 69
- 6.3 SPONSOR PUBLIC WELFARE ACTIVITIES 69
- 6.4 PARTICIPATION IN ACADEMIC SEMINARS 70
- 6.5 IMPLEMENTATION OF INDUSTRY-ACADEMIA COOPERATION PROJECTS 71
- 6.6 ASSIST IN THE FIGHT AGAINST THE EPIDEMIC 72



Management Policy 203

Material Issues Social engagement

GRI Standards

203 Indirect Economic Impacts

Policy

At ABC, we uphold the concept that "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."

Commitment

We continue to promote arts and cultural activities and support local culture, promote the development of Hakka local culture and Hakka language education, and pass it on to the next generation. We actively participate in industry-government-academia cooperation to promote the integration of school and industry trends, in order to nurture industry talents, drive national development, and economic growth, and uphold the value of sustainable development of talents.

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

- Continued support for arts and cultural activities
 1. Seqalu and Hakka Concert
 2. Yoshitomo Nara Exhibition at Tainan Art Museum
 3. Taoyuan City Art Association
- Cultivate local cultural development: Rui-Yuan Junior High School Cultural Heritage and Hakka Language Teaching
- Sponsoring public welfare activities: Taiwan Public Welfare League
- Participation in Academic Seminars
 1. Global Corporate Sustainability Forum (GCSF) academic seminar
 2. ICBA International Conference, Department of Business Administration, National Taipei University
- Implementation of industry-academia cooperation projects:
 1. National Pingtung University of Science and Technology
 2. National Taipei University
- Assist in the fight against epidemics
 1. Contribute resources to the MOHW Taoyuan Hospital to help fight the COVID-19 epidemic
 2. Donated medical-grade masks to Seri Kembangan City Police and Fire Departments, NGOs, and other groups in Malaysia

Contact information

Ms. Sun
CEO Office
TEL: (03) 4788-105 ext. 168

2021 goals/solutions

- Support Arts & Culture Activities
- Cultivate local cultural development
- Sponsor public welfare activities
- Participate in academic seminars
- Implementation of industry-academia cooperation projects
- Assistance in epidemic prevention activities

2021 performance

- Seqalu and Hakka Concert
- Yoshitomo Nara Exhibition at Tainan Art Museum
- Taoyuan City Art Association
- Rui-Yuan Junior High School Cultural Heritage and Hakka Language Teaching
- Taiwan Public Welfare League
- Global Corporate Sustainability Forum (GCSF) academic seminar
- ICBA International Conference, Department of Business Administration, National Taipei University
- National Pingtung University of Science and Technology
- National Taipei University
- Contribute resources to the MOHW Taoyuan Hospital to help fight the COVID-19 epidemic
- Donated medical-grade masks to Seri Kembangan City Police and Fire Departments, NGOs, and other groups in Malaysia

Whether accomplished



6.1 Support Arts and Cultural Activities

Seqalu and Hakka Concert

ABC has long promoted arts and cultural activities. In 2021, we sponsored the Taoyuan New Philharmonic Orchestra to hold the "Seqalu and Hakka Concert", where the most talented musicians from Taiwan sang resonating songs from Seqalu, including songs from the Puyuma, Paiwan, and Hakka peoples, singing the stories of sorrow, happiness, and struggle for survival of the various ethnic groups on the island of Taiwan. Through the rousing music performance, the audience can appreciate the beauty of indigenous music and learn to respect the cultures of different ethnic groups.

2021.11.20 Seqalu and Hakka Concert Poster ▶



Taoyuan City Art Association

ABC has long been promoting arts and culture activities. In 2021, we sponsored the annual exhibition held by the Taoyuan City Art Association to promote arts and cultural activities and encourage more people to join the ranks of art creation, realizing "creation in life, a life of creation" by showcasing the creativity and vitality in artworks, integrating the concept of creation into life and inspiring the spirit of humanistic art.

Yoshitomo Nara Exhibition at Tainan Art Museum

Japanese contemporary artist Yoshitomo Nara is grateful to Taiwan for donating masks during the outbreak of the COVID-19 pandemic, and hoped to express his encouragement and confidence in Taiwan's fight against the epidemic through his artworks. ABC sponsored the "Yoshitomo Nara Exhibition" held by Tainan Art Museum. With the support of ABC, we hope to foster the arts and culture scene in Southern Taiwan, and to bring more people in Taiwan to enjoy the exhibition, so that art can become a part of life and continue to bring world-class art to Taiwan.

2021.11.15 Group photo of VIPs at Yoshitomo Nara Exhibition at Tainan Art Museum ▶



6.2 Cultivate Local Cultural Development

ABC supports the heritage of the local culture, and has long been funding the efforts of Rui-Yuan Junior High School in promoting Hakka culture among younger generations, as well as supporting arts and cultural activities in local communities. Through ABC's long-term assistance, the school is imbued with a strong Hakka culture, and the students speak Hakka fluently and confidently; the confidence they gained from winning first place in the drama category of the National Hakka Arts Competition in 2021 has made the students more willing to regard speaking Hakka as an honor and connect with their elders. Chairman Hsu pointed out that Yangmei is a Hakka township and he hopes that all the local people will not give up speaking Hakka and will be proud of speaking Hakka.



▲ 2021.10.28 Rui-Yuan Junior High School Education Radio interview group photo

6.3 Sponsor Public Welfare Activities



According to the Ministry of the Interior and the Ministry of Labor, there are nearly 60,000 visually impaired people in Taiwan, most of whom are engaged in massage and fortune-telling work, while a few are working in government agencies, schools, or working as braille typesetters, while a few are working as street performers. It is estimated that over 60% of people suffering from visual impairment do not hold jobs. The Taiwan Public Welfare League has long been supporting and caring for the physically and mentally challenged, new immigrants, impoverished families and other disadvantaged groups in Taiwan. In 2021, many people around the world lost their jobs and even sacrificed their lives and health due to the ravages of the COVID-19 pandemic. In Taiwan, many companies have downsized their charitable donations due to the pandemic, and the survival of many non-profit organizations and disadvantaged groups has been severely impacted, with many people in danger of going without food. In the most critical moments, ABC supported the "Help the Blind!" project, sponsoring the Taiwan Public Welfare League with practical assistance to help the visually impaired open new horizons and bring new opportunities!

6.4 Participation in Academic Seminars

Global Corporate Sustainability Forum (GCSF)

ABC has long promoted arts and cultural activities. In 2021, we sponsored the Taoyuan New Philharmonic Orchestra to hold the "Seqalu and Hakka Concert", where the most talented musicians from Taiwan sang resonating songs from Seqalu, including songs from the Puyuma, Paiwan, and Hakka peoples, singing the stories of sorrow, happiness, and struggle for survival of the various ethnic groups on the island of Taiwan. Through the rousing music performance, the audience can appreciate the beauty of indigenous music and learn to respect the cultures of different ethnic groups.



▲ 2021.11.18 Group photo of GCSF Seminar

ICBA International Conference, Department of Business Administration, National Taipei University

Joseph Hsu, Chairman of ABC, affirmed the efforts of the College of Business of National Taipei University in promoting the sustainability of enterprises and the sustainable development of the university. Chairman Hsu was invited to be the keynote speaker at the "National Taipei University Department of Business Administration Academic Conference in Spring and Fall 2021". Chairman Joseph Hsu and his wife, Ms. Hui Chung Hsu Chen, participated in the conference. As a distinguished alumnus of National Taipei University, Chairman Hsu maintains his commitment and personal mission to support the sustainable development of National Taipei University and encourages all to value the sustainable development of National Taipei University.



6.5 Implementation of Industry-Academia Cooperation Projects

Talent is the root of all successful businesses. In the face of the demand for industry talents, ABC supports the exchange and cooperation between the school and the industry, especially as the passive components market remains highly dynamic. The insightful grasp of the market pulse has become an important key to survival in the industry. The Company has signed several industry-academia cooperation projects with National Taipei University to conduct industry-academia cooperation in AOI, AI and IM and to promote the "Long-term Technology Talent Cultivation Industry-Academia Cooperation Program", with the goal of smart, unmanned chemical plant production and effective utilization of industry-academia research resources to integrate academic research with practical applications in the industry.

The Company has been working with other universities to develop new materials, new technologies and new products through industry-academia collaborative development projects, deepening research and development of basic materials and process technologies, and establishing new product development capabilities. 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 2021, partners in industry-academia cooperation includes: the National Pingtung University of Science and Technology and National Taipei University, with a total sponsorship amount of NT\$1,979,804. The Company will continue to participate in industry-academia cooperation projects and promote research and cultivate talents in related fields.



▲ 2021.12.14 MOU Signing Ceremony with National Taipei University



Industry-Academia Cooperation

AOI/AI/IM



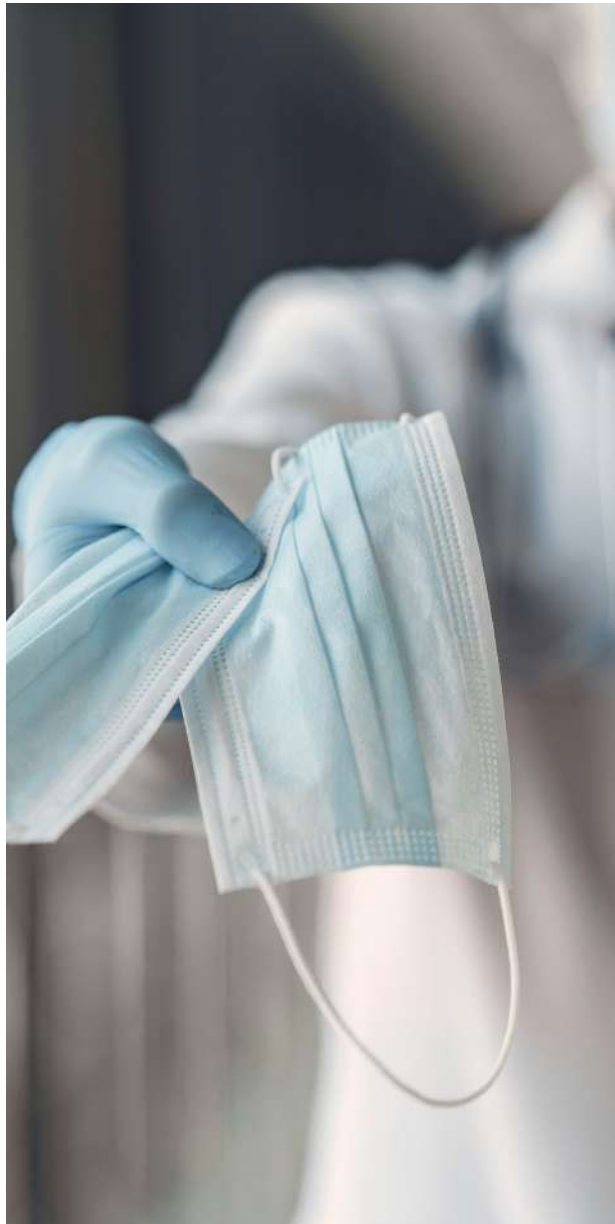
Talent Development Program

"Long-term Technology Talent Cultivation Industry-Academia Cooperation Program"



Goals

- Smart, unmanned chemical plant production
- Value-added to the development of products



6.6 Assist in the fight against the epidemic



▲ 2021.01.30 Mayor Cheng accepted the donation of NT\$1 million on behalf of the city government.

ABC Supports MOHW Taoyuan Hospital, Stands with Taoyuan in Fight Against COVID-19

▲ 2021.01.30 Certificate of Appreciation from the Taoyuan City Government

In January 2021, when the epidemic situation in Taoyuan City became critical, companies responded and showed their support for the MOHW Taoyuan Hospital, and expressed their support through practical actions. Chairman Joseph Hsu personally delivered a check for NT\$1 million to the city government and donated it to the MOHW Taoyuan Hospital for the prevention and control of the COVID-19 epidemic. Chairman Hsu pointed out that after almost a year since the outbreak, the government's effective response, the high execution level of the medical team and the solidarity of all the people of Taiwan have made it possible for Taiwanese people to live a free and unhindered daily life, and for businesses and economic activities to continue to operate and even grow as usual, which is the envy and admiration of many countries. As an enterprise, ABC feels honored and grateful for the combined efforts of all.

Donation of medical masks to Malaysia

2020 has been an especially challenging year, as COVID-19 brought drastic changes to people's lifestyles and work activities. ABC operates a key production facility in Malaysia. When Taiwan headquarters learned that the epidemic situation in Malaysia had escalated and extended lockdown restrictions, in light of the dedication and hard work of frontline health and emergency response workers, the Company donated 100,000 medical masks to the Seri Kembangan City Police and Fire Department to support the frontline heroes who are serving the public during the epidemic.

On January 12, 2021, the general manager of the Malaysia plant, Tommy Hsu, led the company's officers to start the first wave of donations. The first batch of masks were delivered to Seri Kembangan City Police Station and accepted by Tuan Inspector Hanafiah, the director of the station. The Company also later donated masks to the Fire Department, Royal Malaysian Customs Department and various NGOs.

On February 8, 2021, the Group kicked off another donation campaign, which was accepted by President Hsiao of the NCHU and NTPU Alumni Association and other representatives. The donated masks shall be delivered to needy organizations and institutions, including poor communities, churches and schools...etc. When the world struggled against the pesky disease, ABC Group contributed what it could to support policemen, firefighters, and customers 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.



▲ 2021.01.12 Malaysia Plant Factory Manager Mr. Wu and Human Resources Director Mr. Jasni donated medical masks to the fire department.



◀ 2021.01.12 Malaysia Plant General Manager Tommy Hsu and Factory Manager Wu donated medical masks to the local police department.

GRI content index

GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated	
GRI 101: Foundation 2016						
General Disclosures						
Basic profile	GRI 102 General Disclosures 2016	102-1	Name of the organization	Company Profile	6	
		102-2	Activities, brands, products, and services	2.1 Industry Supply Chain 2.3 Innovative Technologies and R&D	32 36	No product or service was prohibited in any market
		102-3	Location of headquarters	Company Profile	6	
		102-4	Location of operational activities	Company Profile - operating locations	6	
		102-5	Ownership and legal form	1.2.2 Shareholder structure	24	
		102-6	Markets served	2.1 Industry Supply Chain 2.3 Innovative Technologies and R&D	32 36	
		102-7	Scale of the organization	Company Profile 2.3.4 Production volume of main products	6 38	
		102-8	Information on employees and other workers	4.2 Human resource structure	50	
		102-9	Supply chain	2.1 Industry Supply Chain	32	
		102-10	Significant changes to the organization and its supply chain	1.1.3 Major local investments 2.1 Industry Supply Chain	23 32	
		102-11	Precautionary Principle or approach	1.5 Risk management	27	
		102-12	External initiatives	-	-	No external initiative was signed
		102-13	Membership of associations	1.6 Associations	29	
		Strategies		102-14	Statement from senior decision-maker	Commitment of the Management
Ethics and integrity		102-16	Values, principles, standards, and norms of conduct	1.3 Ethical Corporate Management	26	
Governance		102-18	Governance Structure	1.2 Governing body	24	

GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated	
GRI 101: Foundation 2016						
General Disclosures						
Stakeholder engagement	102-40	List of stakeholder groups	Identification and communication with stakeholders	8		
	102-41	Collective bargaining agreements	-	-	No collective bargain agreement was signed	
	102-42	Identifying and selecting stakeholders	Identification and communication with stakeholders	8		
	102-43	Approach to stakeholder engagement	Identification and communication with stakeholders 1.2.7 Corporate Social Responsibility Committee	8 25		
	102-44	Key topics and concerns raised	Identification and communication with stakeholders	8		
Reporting practice	GRI 102 General Disclosures 2016	102-45	Entities included in the consolidated financial statements	About the Report	2	
		102-46	Defining report content and topic Boundaries	About the Report-Scope of Report Identification and communication with stakeholders	2 8	
		102-47	List of material topics	Identification and communication with stakeholders	8	
		102-48	Restatements of information	-	-	
		102-49	Changes in reporting	Identification and communication with stakeholders	8	
		102-50	Reporting period	About the Report-Reporting Period	2	
		102-51	Date of most recent report	About the Report-Reporting cycle	2	
		102-52	Reporting cycle	About the Report-Reporting cycle	2	
		102-53	Contact point for questions regarding the report	About the Report-Contact information	2	
		102-54	Claims of reporting in accordance with the GRI Standards	About the Report-Report preparation principles	2	
		102-55	GRI content index	Appendices	74	
		102-56	External assurance	Appendices	81	

Significant Issues	GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Disclosure - governance aspect						
Ethical Corporate Management	Anti-corruption	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and communication with stakeholders	8
			103-2	The management approach and its components	1. Corporate governance	21
			103-3	Evaluation of the management approach	1. Corporate governance	21
	GRI 205 Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	1.3 Ethical Corporate Management 2.2 Green Supply Chain	26 34	
Compliance	Environmental protection and Socioeconomic Compliance	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	1. Corporate governance	21
			103-3	Evaluation of the management approach	1. Corporate governance	21
	GRI 307 Compliance with environmental protection regulations 2016	307-1	Non-compliance with environmental laws and regulations	1.4 Compliance	26	There was no violation of law in 2021
	GRI 419 Socioeconomic Compliance 2016	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	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	1. Corporate governance	21
			103-3	Evaluation of the management approach	1. Corporate governance	21
	GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1 Economic Performance	22	
Supply chain management	Procurement Practices	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	2. Innovative Technologies and Services	31
			103-3	Evaluation of the management approach	2. Innovative Technologies and Services	31
	Supplier Environmental Assessment	GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2 Green Supply Chain	34
	Supplier Social Assessment	GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2 Green Supply Chain	34
	GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.2 Green Supply Chain	34	


Significant Issues	GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated	
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	Identification and Communication with Stakeholders	8	
			103-2	The management approach and its components	3. Sustainable environment	41	
			103-3	Evaluation of the management approach	3. Sustainable environment	41	
	GRI 302 Energy 2016	302-1	Energy consumption within the organization	3.2 Carbon Reduction Measures and Benefits	42		
		302-3	Energy intensity	3.2 Carbon Reduction Measures and Benefits	42		
Greenhouse Gas Emissions	Emissions	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8	
			103-2	The management approach and its components	3. Sustainable environment	41	
			103-3	Evaluation of the management approach	3. Sustainable environment	41	
	GRI 305 Emissions 2016	305-1	Direct (Scope 1) greenhouse gas emissions	3.3 Greenhouse Gas Inventory	43		
		305-2	Indirect greenhouse gas emissions (Scope 2)	3.3 Greenhouse Gas Inventory	43		
		305-3	Indirect (Scope 3) greenhouse gas emissions	3.3 Greenhouse Gas Inventory	43		
Waste Management	Waste	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8	
			103-2	The management approach and its components	3. Sustainable environment	41	
			103-3	Evaluation of the management approach	3. Sustainable environment	41	
		GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Waste Management	44	
			306-2	Management of significant waste-related impacts	3.4 Waste Management	44	
			306-3	the generation of waste	3.4 Waste Management	44	

Significant Issues	GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated		
Disclosure - social aspect								
Workplace Health and Safety	Occupational Health and Safety	GRI 103 Management Approach 2016 GRI 403 Occupational Health and Safety 2018	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8		
			103-2	The management approach and its components	5. Healthy workplace	61		
			103-3	Evaluation of the management approach	5. Healthy workplace	61		
			403-1	Occupational Health and Safety Management System	5.1 Occupational Health and Safety Committee	62		
			403-2	Hazard identification, risk assessment, and incident investigation	5.2 Hazard identification, risk assessment, and incident investigation	63		
			403-3	Occupational health services	5.3 Occupational health services	64		
			403-4	Worker participation, consultation, and communication on occupational health and safety	5.1 Occupational Health and Safety Committee	62		
			403-5	Worker training on occupational health and safety	5.5 Occupational health and safety training	65		
			403-6	Promotion of worker health	5.4 Occupational health promotion activities	65		
			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	63		
	GRI 403 Occupational Health and Safety 2018	403-9	Work-related injuries	5.2.2 Analysis of occupational hazards	64			
Benefits and Salary	Diversity and equal opportunity	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8		
			103-2	The management approach and its components	4. Employee care	49		
			103-3	Evaluation of the management approach	4. Employee care	49		
			GRI 405 Employee Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1.2 Governing body 4.2.5 Workforce by gender and age	24 52	
				405-2	Ratio of basic salary and remuneration of women to men	4.3.1 Employee salary	53	

Significant Issues	GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Disclosure - social aspect						
Employment	Employment	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	4. Employee care	49
			103-3	Evaluation of the management approach	4. Employee care	49
		GRI 401 Employment 2016	401-1	New employee hires and employee turnover	4.2.3 New recruits and resigned employees by gender and age	51
Talent Training and Development	Training and Education	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	4. Employee care	49
			103-3	Evaluation of the management approach	4. Employee care	49
		GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	4.4.1 Talent training and development	57
Social engagement	Indirect economic impact	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	6. Social contribution	67
			103-3	Evaluation of the management approach	6. Social contribution	67
		GRI 203 Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	6.1 Support arts and cultural activities	68
	6.2 Cultivate local cultural development				69	
				6.3 Sponsor public welfare activities	69	
				6.4 Participation in Academic Seminars	70	
				6.5 Implementation of Industry-Academia Cooperation Projects	71	
				6.6 Assist in the fight against the epidemic	72	

Significant Issues	GRI Standards	Disclosure	Chapter	Page	Supplementary explanation	Abbreviated
Disclosure of material issues - specific issues of the Company						
Technological Innovation and Services	Specific issues of the Company	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	2. Innovative Technologies and Services	31
			103-3	Evaluation of the management approach	2. Innovative Technologies and Services	31
		-	-	Technological Innovation and Services	2.3 Innovative Technologies and R&D	36
Information Security	Specific issues of the Company	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	1. Corporate governance	21
			103-3	Evaluation of the management approach	1. Corporate governance	21
		-	-	Information Security	1.5.2 Information Security Management	28
Service quality and customer satisfaction	Specific issues of the Company	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	Identification and Communication with Stakeholders	8
			103-2	The management approach and its components	2. Innovative Technologies and Services	31
			103-3	Evaluation of the management approach	2. Innovative Technologies and Services	31
		-	-	Service quality and customer satisfaction	2.4 ABC Satisfies	39

Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABC TAIWAN ELECTRONICS CORP.'S ESG REPORT FOR 2021

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 ESG Report for 2021 (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 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 ESG Report of 2021 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 and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

TWLPP 5008 Issue 2207

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 Microsoft 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.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**Inclusivity**

ABC has demonstrated 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.

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 ESG Report of 2021, 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. For future reporting, it is recommended to have more descriptions of ABC's actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights for each material topic (103-1), and the efforts given to mitigate these impacts. Approaches used to identify such impacts are also to be described in future reports. TCFD and SASB related disclosures are also recommended for a more comprehensive reporting of ABC's ESG management and performances.

Signed:

For and on behalf of SGS Taiwan Ltd.




Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
31 August, 2022
WWW.SGS.COM



ABC Taiwan Electronics Corp.

 No.98, Ln. 298, Huandong Rd., Yangmei 32665 Taoyuan, Taiwan

 +886-3-478-8188

 abcsa@atec-group.com

 www.atec-group.com