



20 **ABC-ATEC ELECTRONICS GROUP**
22 SUSTAINABILITY REPORT

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About the Report

Reporting Cycle

Preliminary report release date: September 2022

The next issue is scheduled for: September 2024

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

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

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

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Reporting Period

ABC-ATEC Taiwan Electronics Corp.(Stock Code: 3236, hereinafter referred to as "the Company" or "ABC-ATEC ", 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 factories include Yangmei Factory 1 and Yangmei Factory 2, and the Company has also established manufacturing factories 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-ATEC continued to actively invest in the smart ICT sector, with the completion of the Materials Factory in Taiwan H.Q Building B and the commencement of construction of the Smart Factory in Taiwan H.Q Building C in Taiwan, as well as the groundbreaking ceremony for the expansion of the Guangzhou Factory 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-ATEC 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. We look forward to putting our commitment to sustainability and continuous improvement into practice through the publication of this report.

The period covered by this report: January 1, 2022 to December 31, 2022

Scope of the Report

For the first time, the material topics in this report cover the entire ABC-ATEC Group, including the Yangmei Factory 1, Yangmei Factory 2, Shanghai, Guangzhou, and Malaysia Factory as important manufacturing sites. The financial information is consistent with our consolidated financial statements, and the environmental information includes the performance of ABC-ATEC Group in light of global warming and climate change issues.

Report Preparation Principles

This report was prepared in accordance with the GRI Standards 2021 published by the Global Reporting Initiative (GRI), and in compliance with the requirements of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies." It also aligns with the United Nations Sustainable Development Goals (SDGs) and the AA1000 SES:2015 "Stakeholder Engagement Standard." The accuracy of ESG report disclosure information has been reviewed internally by responsible departments, and a GRI content index is provided in the appendix of this report for reference by stakeholders.

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-ATEC '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

Since the outbreak of the COVID-19 pandemic in 2019, the global economy has been under constant strain. While it was initially expected that the economy would sustainably recover in 2022 as countries gradually lifted their pandemic containment measures, various factors such as the Ukraine-Russia conflict in the first quarter of 2022, which led to soaring energy and food prices, along with record-high inflation rates and climate disasters, have continued to deepen concerns about the global economic outlook. In such a challenging environment and in the face of sustainability challenges, ABC-ATEC embarked on its most transformative year yet. Leveraging our solid corporate foundation built over many years, the Company has demonstrated stellar resilience. In 2022, the entire Group achieved a total revenue of NT\$3.03 billion, a post-tax net profit of NT\$208 million, and earnings per share of NT\$2.24, achieving an impressive cumulative revenue growth rate of 22.38%. This is the third Sustainability Report released by ABC-ATEC. With 44 years of dedication, ABC-ATEC continues to uphold the ideal of "Group entrepreneurship". In 2022, ABC-ATEC was recognized during the 8th National Corporate Governance Evaluation results, ranking in the 36%~50% range among TWSE-listed companies. ABC-ATEC remains committed to advancing sustainable development and strives to move towards becoming one of the world's top passive electronic component manufacturers.

Technology research and innovation are driving forces behind ABC-ATEC's sustainable development. In response to changing customer demands and international market dynamics, ABC-ATEC is actively developing new products and has both medium and long-term plans for product expansion and investment in place. The forward-looking plans also include the establishment of a new factory in Vietnam, aiming to provide professional manufacturing and high-quality service while building "One to One" partnerships with customers. In 2022, ABC-ATEC signed multiple industry-academic cooperation projects with National Taipei University, including projects related to AOI & AI, 5G private networks, Low-Temperature Co-Fired Ceramics (LTCC), Graphene project, and the NTPU X ABC TAIWAN A META_NFT Value-Added Community Proposal. Additionally, ABC-ATEC and National Taipei University have jointly established the "ABC-ATEC National Taipei University Joint Research Center." In the future, the research center will focus on core areas such as basic materials and smart manufacturing processes, with the goal of achieving smart and unmanned factory production. It aims to effectively utilize industry-academic research resources to enhance the alignment between academic research and industry practices. ABC-ATEC also places information security as the highest guiding principle of the Company. The collaboration with National Taipei University on the 5G private network involves the network's independent operation



Chairman

徐明恩
Jen-Hsu

separate from public networks, ensuring that the organization is protected against cybersecurity threats and confidential data leaks. By avoiding reliance on public networks, it guarantees the communication quality of connected sensor devices and ensures the stability of Internet of Things (IoT) applications.

In 2022, as part of the fundraising campaign for the Chiayi Christian Hospital Smart Surgical Building, ABC-ATEC sponsored the acquisition of the fourth-generation Da Vinci Surgical System. This surgical system assists in a wide range of surgical procedures across various medical specialties. Physicians can use a 3D high-resolution variable-focus camera that magnifies up to 15 times to navigate deep within the body, resulting in smaller incisions and reduced bleeding. The introduction of this system also significantly alleviates the surgical burden on surgeons, while also enabling precise and rapid removal of lesions, thereby reducing the postoperative recovery time for patients. ABC-ATEC 's participation in the Smart Surgical Building fundraising program supports the development of Chiayi Christian Hospital into a medical center and enhances the quality of medical care for the people of Yunlin, Chiayi, and Tainan, thereby benefiting more people and fulfilling its corporate social responsibility.

Since 2020, the global automotive industry has faced significant challenges, including the impact of the COVID-19

pandemic. However, one of the most profound and ongoing influences on the industry has been the issue of net-zero carbon emissions. With various countries implementing incentives for electric vehicles and governments worldwide maintaining their net-zero carbon emission targets, the shift from traditional internal combustion engine (ICE) vehicles to electric vehicles (EVs) has become crucial in reducing carbon emissions from the global transportation system. This transition not only has environmental implications but also has far-reaching effects on the global economy as it reshapes the automotive industry and related sectors. All of ABC-ATEC 's factories have successfully obtained the IATF 16949 automotive industry certification. Having cultivated deep collaborations with European automotive manufacturers for many years, ABC-ATEC has recently made significant inroads as a second-tier supplier for Japanese automotive companies. The next strategic step is to actively expand and establish a presence in the American market, ensuring that ABC-ATEC 's product lines are accessible to automotive manufacturers in Europe, the Americas, and Japan. This expansion effort attests to ABC-ATEC 's commitment to serving a global customer base in the automotive industry.

ABC-ATEC is steadfast in its commitment to becoming a diversified and sustainable business. With a vision to "To Create and Develop a premium Inductive Components and

Mechanical Parts Industry through Practical Operation.," the Company aims to expand its operational advantages and enhance its competitiveness. It continues to integrate ESG (Environmental, Social, and Governance) principles into its core business, striving to create new value for customers, shareholders, employees, and society at large. With a shared belief in achieving the goal of "ABC Means Satisfaction," everyone works together with a common purpose to create a sustainable future. This vision reflects ABC-ATEC 's dedication to long-term success and making a positive impact on various stakeholders and the world.

Commitment of the Management

Message from the President

In recent years, the world has been greatly impacted by the COVID-19 pandemic, leading to a global search for innovative opportunities to challenge and overcome the current circumstances. This situation has also sparked a transformative wave of exciting sustainable developments worldwide. ABC-ATEC has been gradually constructing a sustainable blueprint, continuously enhancing its long-term sustainable value. To align with the Financial Supervisory Commission's "Corporate Governance 3.0" requirements and global standards, ABC-ATEC established the "CSR Committee" in 2020.

Which was officially renamed the "ESG Committee" in 2022. In this year's third Sustainability Report, the scope of disclosure encompasses information from across the entire group, achieving the group's ESG goals within three years, covering three major dimensions. This fully attests to ABC-ATEC's commitment to sustainability and responsible corporate practices.

Since 2002, ABC-ATEC has passed ISO 9001, ISO 14001, TS 16949 automotive electronics factory certification, IECQ QC080000 certification, as well as IATF 16949 certifications in 2017. ABC-ATEC's quality management, environmental management, hazardous substance management, and automotive supplier management systems have been fully developed and have reached international standards. ABC-

ATEC is constantly striving for excellence, and it actively involves all employees in the pursuit of the motto "I'm doing the excellent all the time." This commitment to quality is integrated into every department and process, and the Company's efforts and achievements have been recognized. In 2022, ABC-ATEC was awarded the 58th 2-Star Excellence Management Quality Award by the Chinese Society for Quality (CSQ).

ABC-ATEC is steadily advancing in its journey towards sustainable management. To actively align with international standards, the company's 2022 Sustainability Report incorporates a dual framework for disclosing sustainability information, including the TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board). As a key player in the global electronic component supply chain, ABC-ATEC initiated a group-wide greenhouse gas inventory program for its five manufacturing facilities worldwide in 2021. The Company followed the "ISO 14064-1:2018 Organization Level Greenhouse Gas Inventory" guidelines to compile greenhouse gas inventory reports. In 2022, ABC-ATEC successfully completed external verification of its group-wide greenhouse gas emissions, achieving the GHG inventory blueprint set forth by the FSC ahead of schedule, aligning with the FSC's plan for all TWSE/TPEX listed parent companies, as well as domestic and international



President

Francis Fan

subsidiaries to complete greenhouse gas inventories by 2027. In addition to these efforts, ABC-ATEC constructed the new Taiwan H.Q Building C as a green building integrated with smart factory technology, receiving certification as a candidate green building in 2022. This green building is designed with sustainability as its foundation and energy efficiency as its goal and strives for expanded production while supporting the principles of a circular economy. By reducing pollution, conserving resources, and minimizing the environmental impact of its operations, ABC-ATEC is achieving milestones in its commitment to climate change action.

ABC-ATEC also hosts a variety of health promotion activities each year, including mindfulness-based stress reduction and therapy for depression programs. Activities include health seminars on topics such as balanced nutrition and smart eating, providing valuable information to employees about maintaining a healthy diet. Additionally, the company organizes small-scale sports competitions like jump rope and step challenges. Following the receipt of the "Badge of Accredited Healthy Workplace" awarded by the Health Promotion Administration in 2021, we continued to be honored with the "Badge of Accredited Healthy Workplace" in 2022. Furthermore, we rigorously adhere to labor regulations at our operational facilities to safeguard the legitimate rights and interests of our employees. We also adhere to and comply

with the human rights protection principles and guidelines as outlined in various international human rights conventions, and treat all employees equally and with respect.

The mid- and long-term business policy for 2023 is to "upgrade systems, expand product lines, support marketing operations, and strive to reduce costs, improve product competitiveness, and maintain a positive growth of 5% in annual revenue." All efforts within ABC-ATEC Group will be closely aligned with this business policy, as we continue to share the entrepreneurial values with employees, shareholders, and customers, aiming for a brighter future together with all stakeholders.

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 Factory 1 and Yangmei Factory 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-ATEC 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.



ABC-ATEC Electronics Group Introduction Video

Company name	ABC Taiwan Electronics Corp
Chairman	Joseph Hsu
General Manage	Francis Fan
Taiwan HQ	No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City
Yangmei Factory 1	No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City
Yangmei Factory 2	No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City
Shanghai Factory	No. 8130 Jinda Road, Fengxian, Shanghai, China
Guangzhou Factory	No. 25 Shihua Road, Shanmen, Hualong, Panyu, Guangzhou, Guangdong, China
Malaysia Factory	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	1,071 (as of December 31, 2022, Yangmei Factory 1 and Factory 2 in Taiwan: 229, Shanghai Factory: 188, Guangzhou Factory: 372, Malaysia Factory: 282)
Operating Locations	ABC-ATEC 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-ATEC Group is an IATF 16949-certified producer of automotive electronics.

Identification and Engagement with Stakeholders

Communication Channels and Issues of Concern for Stakeholders

2020 was the first year of ABC-ATEC 's Corporate Social Responsibility (CSR) program. The management team has formulated a CSR policy and established a CSR Committee, which was officially renamed the ESG Committee in 2022. We have formulated the "Measures for Identification of Stakeholders and Evaluation of Material Topics in Sustainable Management" to plan and promote various sustainable development policies and systems to ensure the implementation of CSR policies.

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.

Stakeholder Category	Stakeholder Group	Important Concerned Issues		Response Method/Frequency	Communication Channels
Employees	<ul style="list-style-type: none"> Indirect Employees Direct Employees 	<ul style="list-style-type: none"> Labor-Management Relations Employee Benefits and Rights Education, Training and Advancement Occupational Safety and Health Employee Engagement Corporate Sustainability and Vision 	<ul style="list-style-type: none"> Internal Control System Implementation Confidentiality Remuneration and Benefits Labor-Management Harmony Career Development 	<ul style="list-style-type: none"> Employee Welfare Committee (quarterly) Occupational Safety and Health Committee (quarterly) Labor Pension Supervisory Committee (semi-annually) Labor-management Meeting (quarterly) Employee Health Checkup (annually) Education and Training (according to the program) On-site Medical Consultations (monthly) Self-management Activities and Proposal System (annually). Employee Engagement Meetings and Employee Interviews (as required) Job Rotation (as required) 	<p>☎ Contact Window: Human Resources Department: Mr. Lin TEL: 03-4788-188 ext.1662</p>
Suppliers	<ul style="list-style-type: none"> Raw Material Suppliers Outsourced Vendor 	<ul style="list-style-type: none"> Supplier Management Financial Health Ethical Corporate Management Risk Management Operational Performance 	<ul style="list-style-type: none"> Environmental Protection and Waste Reduction Green Products Conflict Metals Supplier Environmental and Hazardous Materials Management 	<ul style="list-style-type: none"> Filling-in of Supplier Information Procurement Contracts Supplier Quality Review Meeting (irregularly) Supplier Visits (irregularly) Supplier Audit (annually) Supplier Evaluation (monthly) Promotion of Green Procurement 	<p>☎ Contact Window: Planning Department: Ms. Lin TEL: 03-4788-188 ext.1710</p> <p>☎ Complaint/suggestion mailbox: atec.suggest@atec-group.com</p>

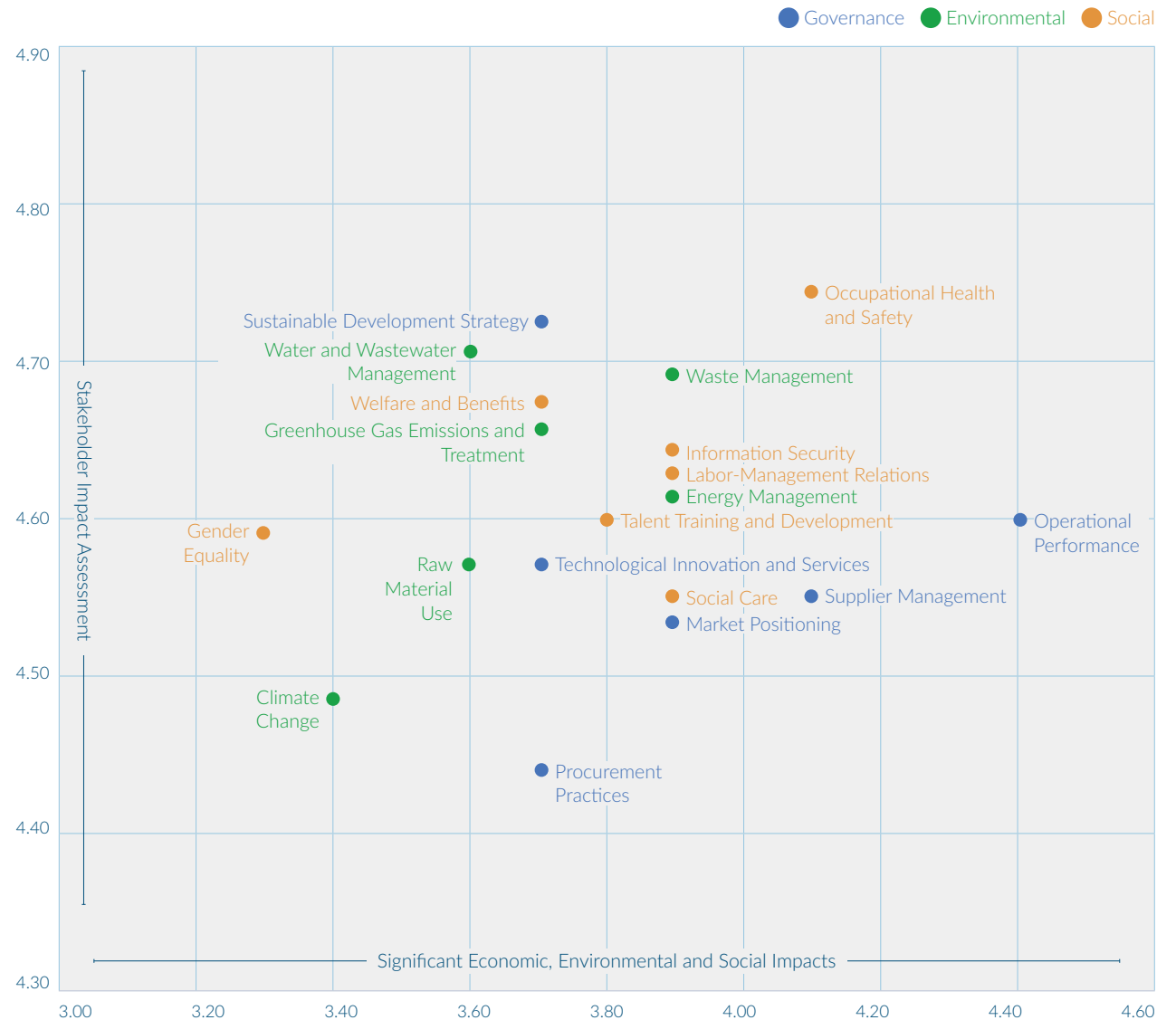
Stakeholder Category	Stakeholder Group	Important Concerned Issues	Response Method/Frequency	Communication Channels
Shareholder/ Investment Agencies	<ul style="list-style-type: none"> • General Shareholders • Corporate Shareholders • Assessment Organizations • Financial and Insurance Institutions 	<ul style="list-style-type: none"> • Operational Performance • Ethical Corporate Management • Business Sustainability • Transparent Information Disclosure 	<ul style="list-style-type: none"> • Convening of Annual General Shareholders' Meetings (annually) • Corporate Governance Evaluation (annually) • Update on MOPs and the Company's official website (irregularly) • Respond to shareholders' questions by phone or letter (irregularly) 	<ul style="list-style-type: none"> ☉ Contact Window: Spokesperson: Hsu, Hsi-Kai TEL: 03-4788-188 ext.1111
Customers	<ul style="list-style-type: none"> • Existing Customers • Prospective Customers 	<ul style="list-style-type: none"> • Provide products and services that meet market trends and customer needs. • Green & Hazardous Material Free Product Management • Professional Technical Support and Services • Customer Service & Supplier Management • Business Integrity & Ethics • Risk Management • Non-Disclosure Agreements • Product Quality • Service Quality 	<ul style="list-style-type: none"> • Business Meetings (irregularly) • Research and Marketing Meetings (monthly) • Regular Customer Visits (3~4 days per week) • Customer Satisfaction Survey (twice a year) • Customer Complaint Management System (irregularly) • Customer Audit Management (irregularly) • Senior Executives / Sales Staff Interviews and Meetings (irregularly) • Website Product Introduction and Service (ad hoc) • Product Presentation Meetings (irregularly) 	<ul style="list-style-type: none"> ☉ Contact Window: Marketing Department: Mr. Lin TEL: 03-4788-188 ext.1225 ☉ Complaint/suggestion mailbox: atec.suggest@atec-group.com
Government Agencies	<ul style="list-style-type: none"> • National Taxation Bureau • Ministry of Economic Affairs 	<ul style="list-style-type: none"> • Transparency • Economic Performance 	<ul style="list-style-type: none"> • Official Correspondence (as required by law) • Regulatory Information Sessions (as required) • Symposiums or Seminars (as required) 	<ul style="list-style-type: none"> ☉ Contact Window: Accounting Department: Ms. Cheng TEL: 03-4788-188 ext.1810
	Competent Securities Authorities	<ul style="list-style-type: none"> • Corporate Governance • Legal Compliance 	<ul style="list-style-type: none"> • Official Correspondence and Material Information (as required) • Regulatory Information Sessions (as required) • Symposiums or Seminars (as required) 	<ul style="list-style-type: none"> ☉ Contact Window: Chairman's Office: Ms. Wang TEL: 03-4788-188 ext.1120
	<ul style="list-style-type: none"> • Occupational Safety and Health Administration • Environmental Protection Administration/ Environmental Protection Bureau 	<ul style="list-style-type: none"> • Waste Management • Water Conservation • Legal Compliance • Carbon Emissions Reduction • Occupational Safety and Health 	<ul style="list-style-type: none"> • Policy Advocacy Meeting by Competent Authorities (irregularly) • Telephone consultation (irregularly) • Official or Written Correspondence (irregularly) 	<ul style="list-style-type: none"> ☉ Contact Window: General Affairs Department: Ms. Chang TEL: 03-4788-188 ext.1610 ☉ Contact Window: Chairman's Office: Ms. Wang TEL: 03-4788-188 ext.1120
	Labor Competent Authorities	<ul style="list-style-type: none"> • Labor-Management Relations • Legal Compliance 	<ul style="list-style-type: none"> • Policy Advocacy Meeting by Competent Authorities (irregularly) • Telephone consultation (irregularly) • Official or Written Correspondence (irregularly) 	<ul style="list-style-type: none"> ☉ Contact Window: Human Resources Department: Mr. Lin TEL: 03-4788-188 ext.1662
Non-Profit Organizations	Culture/Arts and Culture/ Academic Groups	<ul style="list-style-type: none"> • Cultural Development • Arts and Cultural Activities • Industry-Academia Cooperation Projects • Supporting Academic Development 	<ul style="list-style-type: none"> • Information concerning welfare activities disclosed on the Company's website (irregularly) 	<ul style="list-style-type: none"> ☉ Contact Window: Chairman's Office: Ms. Wang TEL: 03-4788-188 ext.1120

Assessment and identification of Significant issues

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

Analysis of Material Topics

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 (3.0,4.3) ~ (4.6,4.9) were shortlisted as material issues, following internal meetings and resolutions, eight material topics have been selected, along with the necessary disclosures related to "Ethical Corporate Management." In total, there are nine material topics identified. Each topic 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.



Note: Because the material topics -Ethical Corporate Management, is a necessity for the ABC-ATEC Group, it was not included in the questionnaire

Based on the above results, the Company's material topics for FY2022 are summarized below:



● Governance

Ethical Corporate Management, Operational Performance, and Supplier Management

● Environmental

Waste Management, Energy Management

● Social

Employment, Occupational Safety and Health, Social Care, and Information Security

Changes in material topics from 2021 are summarized below. For each material topic, the responsible department will propose an implementation plan and short-, medium-, and long-term goals, and will regularly review performance.

✓ Maintain level of concern + Increase in level of concern - Deletion of concern

	2021 Material Topics	2022 Material Topics	Changes	Reasons
Governance	Ethical Corporate Management	Ethical Corporate Management	✓	No change in level of concern
	Legal Compliance	-	-	No change in the level of concern, incorporate into Ethical Corporate Management topics
	Operational Performance	Ethical Corporate Management	✓	No change in level of concern
	Supply chain management	Supply chain management	✓	No change in level of concern
	Technological Innovation and Services	-	-	Decrease in level of concern
Environmental	-	Energy Management	+	Energy issues are a global trend and have a significant impact on carbon emissions
	Climate Change and Energy/ carbon Reduction	-	-	No change in the level of concern, incorporate into Energy Management topics
	Waste Management	Waste Management	✓	No change in level of concern
	Greenhouse Gas Emissions	-	-	No change in the level of concern, incorporate into Energy Management topics
Social	Information Security Management	Information Security	✓	No change in level of concern
	Workplace Health and Safety	Workplace Health and Safety	✓	No change in level of concern
	Benefits and Salary	-	-	Decrease in level of concern
	Employment	Employment	✓	No change in level of concern
	Talent training and development	-	-	Decrease in level of concern
	Service quality and customer satisfaction	-	-	Decrease in level of concern
	Social engagement	Social engagement	✓	No change in level of concern

Impact of Material Topics on **Governance** Impact Boundaries

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.	●	●	●	●	○	○	○
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 factories to promote industry development.	●	●	●	○	○	○	○
Supply Chain Management	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 questionnaire surveys, we tracked the procurement status of our suppliers and assess their impact on the environment and society to ensure that all suppliers we deal with meet ABC-ATEC's requirements.	●	●	●	○	○	○	○

Impact of Material Topics on **Environmental** Impact Boundaries

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				
Energy Management	GRI 302 Energy	ABC-ATEC needs to increase costs to cope with the low-carbon transition, which in turn affects profitability.	Installation of solar panels and purchase of green electricity to achieve CO ₂ emissions reduction through environmental management systems and reduce operating costs.	●	●	●	●	○	○	○
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.	●	●	●	●	●	○	○



Impact of Material Topics on Social Impact Boundaries

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				
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.	○	●	○	●	○	○	○
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.	●	●	●	●	●	○	○
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.	●	●	●	●	○	○	○
Social Engagement (Social Care)	NA	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-ATEC's Sustainability Performance and Short-, Mid- and Long-Term Goals

Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Issues	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years)	Mid- and Long-Term Goals
Governance							
 <p>Goal 16 Peace, Justice, and Strong Institutions</p>	16.5 Substantially reduce corruption and bribery in all its forms	RT-EE-510a.1 RT-EE-510a.2 RT-EE-510a.3	Ethical Corporate Management	GRI 205 Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	<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. Group-wide signing of the "Employee Integrity Pledge": 100% of employees. Training rate of integrity management education training: 100% of employees. Training rate of anti-corruption training program: 60% of employees. Compliance with the anti-corruption management system model, with no corruption incidents. 	<ul style="list-style-type: none"> In compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"; we continuously work to improve areas where the company governance evaluation has not received a satisfactory score. Our aim is to enhance the evaluation results and prevent any instances of corruption within the group. We uphold the principles of integrity in operations and strive for the enhancement of corporate governance.
 <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	RT-EE-250a.1 RT-EE-250a.2 ET-EE-000.A	Operational Performance	GRI 201 Economic Performance	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> Maintain 5% annual revenue growth. 	<ul style="list-style-type: none"> Enhance ABC-ATEC Group's capitalization, expand our production capacity, and grow our global market share in the field of inductors. Our ultimate goal is to challenge the vision of achieving a group revenue of over NT\$10 billion within the next decade.
 <p>Goal 17 Partnerships for the Goal</p>	17.14 Enhance policy coherence for sustainable development.	RT-EE-440a.1	Supply chain management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Supplier anti-corruption awareness campaigns conducted: 80%. Compliance rate of environmental/social assessment of new suppliers: 100%. Audit compliance rate of existing suppliers: 90% or more. Questionnaire response rate for top ten suppliers: 60%. New supplier's conflict-free mineral declaration: 100%. 	<ul style="list-style-type: none"> Ensure that the quality of materials, labor, and services provided by suppliers meet ABC-ATEC's requirements. Choosing suppliers that emphasize corporate social responsibility and consider the environment, human labor rights and ethics, and establishing a co-prosperity relationship with suppliers. There are no conflict minerals throughout the value chain.
 <p>Goal 9 Industry, Innovation, and Infrastructure</p>	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.	NA	Information Security	NA	Specific issues of the Company	<ul style="list-style-type: none"> Establishment of information security policy in compliance with the requirements of the Corporate Governance Assessment. Number of major information security incidents: 0. Systematic disaster drills: 2 times/year. Occasional e-mail notification of recent information security incidents. 	<ul style="list-style-type: none"> Pursue new knowledge and stay ahead of technologies and trends; develop next-generation materials and products; and adopt green and sustainable governance practices that are appropriate in modern times.

Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Issues	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years)	Mid- and Long-Term Goals
Environmental							
 <p>Goal 7 Affordable and Clean Energy</p>	<p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.</p>	RT-EE-130a.1	Energy Management	<p>GRI 302 Energy</p>	<p>302-1 Energy consumption within the organization</p> <p>302-3 Energy intensity</p>	<ul style="list-style-type: none"> Compared to the baseline year of 2021, the entire group achieved a 4% reduction in electricity intensity (electricity consumption/revenue). Compared to the baseline year of 2021, greenhouse gas emissions in Scope 1 and Scope 2 decreased by 4% compared to the previous year. ABC-ATEC Group's renewable energy utilization rate reached over 5%. 	<ul style="list-style-type: none"> We are progressively planning the use of green energy and continuously expanding our solar photovoltaic systems within our facilities. Additionally, we enhance the utilization of renewable energy throughout the group through initiatives such as energy conservation and direct purchase of green energy. This is aimed at reducing ABC-ATEC Group's greenhouse gas emissions and realizing our green energy transformation. With 2021 as the baseline year, ABC-ATEC Group's electricity consumption in 2031 will be 40% less than the base year, an annual reduction of 4%.
 <p>Goal 12 Responsible consumption and production</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>	RT-EE-150a.1 RT-EE-150a.2	Waste Management	<p>GRI 306 Waste</p>	<p>306-1 Waste generation and significant waste-related impacts</p> <p>306-2 Management of significant waste related impacts</p> <p>306-3 Waste Generated</p>	<ul style="list-style-type: none"> Increase the Group's waste recycling rate by 1~5% compared to the previous year. 	<ul style="list-style-type: none"> We are continually improving our waste recycling and reuse efforts while actively working to reduce waste generation. ABC-ATEC is committed to effective waste disposal management to prevent harmful emissions and minimize environmental damage.



Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Issues	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years) → Mid- and Long-Term Goals	
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>	NA	Occupational Health and Safety	Occupational Health and Safety	<p>403-1 Occupational health and safety management system</p> <p>403-2 Hazard identification, risk assessment, and incident investigation</p> <p>403-3 Occupational health services</p> <p>403-4 Worker participation, consultation, and communication on occupational health and safety</p> <p>403-5 Worker training on occupational health and safety</p> <p>403-6 Promotion of worker health</p> <p>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>403-9 Work-related injuries</p>	<ul style="list-style-type: none"> • ABC-ATEC's Taiwan Plants continues to achieve Accredited Healthy Workplace Badge • ABC-ATEC's Taiwan Plants continue to promote 7S activities. • Group-wide occupational safety and health education and training for new employees: 100% • Group-wide occupational safety and health education and training for employees: 1%~5% increase compared to the previous year • Group-wide health promotion activities: 2 times; number of participants: 50 people. 	<ul style="list-style-type: none"> • We are planning to introduce occupational health and safety management system certification in our domestic and overseas factories. This initiative is aimed at establishing a comprehensive working environment across the entire ABC-ATEC Group, reducing the likelihood of occupational accidents, and actively caring for the physical and mental well-being of our employees. We regularly organize various health-related workplace activities throughout the year.
 <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>	RT-EE-000.B	Employment	Employment	<p>401-1 New employee hires and employee turnover</p> <p>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</p> <p>401-3 Parental leave</p>	<ul style="list-style-type: none"> • Group average monthly turnover rate in 2023: 10% for direct employees and 8% for indirect employees. 	<ul style="list-style-type: none"> • Maintain the stability of employee employment, retain suitable talent, provide comprehensive benefit packages, and cultivate a friendly working environment to create a happy workplace.
 <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>	NA	Social engagement	NA	<p>Issue specific to ABC-ATEC</p>	<ul style="list-style-type: none"> • Continuing to support arts and cultural activities. • Continuing to support local cultural development. • Continuous sponsorship of public welfare activities. • Continuous participation in academic seminars. • Continuing to organize industry-academia cooperation projects. 	<ul style="list-style-type: none"> • Continuing to sponsor arts and cultural activities to promote national diplomacy and cultural exchanges • Continuing to organize Hakka culture related activities in schools to cultivate students to recognize and pass on the local culture. • 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 competencies; and aim to achieve mutually beneficial and complementing results.

ESG Highlights for 2022

Governance Highlights

- In 2022, the proportion of female directors reached 20% (which is higher than the national survey data for the Taiwan Stock Exchange. The data indicates that the proportion of female directors in all listed companies in Taiwan was only 14.47%, while for TPEX listed companies, it was 15.48%. This achievement demonstrates ABC-ATEC's commitment to gender diversity and inclusion in corporate leadership roles).
- In FY2022, ABC-ATEC Group's revenue reached a record high of NT\$3,033,092 thousand, representing a 22.38% increase in revenue from the previous year.
- Earnings per share (EPS) grew 120% from FY2021.
- Voluntarily published the third sustainability report in accordance with GRI 2021.
- In 2022, ABC-ATEC was awarded the 58th 2-Star Excellence Management Quality Award by the Chinese Society for Quality (CSQ).
- 2022 ABC-ATEC Sustainability Report disclosed TCFD and SASB governance results for the first time.

Environmental Highlights

- Taiwan H.Q Building C was certified as a Green Building Candidate Certificate.
- ABC-ATEC Group obtained the ISO14064-1 certification.
- ABC-ATEC's carbon intensity decreased by 19.54% compared to the previous year.
- Electricity intensity in 2022 decreased significantly by 13% compared to the previous year.

Social Highlights

- The Company is evaluated as a distinguished corporation in the "2023 Leading Corporation for Sustainable Employment" by the Occupational Safety and Health Administration.
- In 2022, the Information Security Office was established to enhance the Group's awareness of information security.
- The gender ratio of male to female employees was nearly 1:1 in 2022.
- Female executives accounted for 42.7% of all Group executives in 2022, nearly half of the total.
- The proportion of procurements using local suppliers increased by 22.95% from the previous year.
- ABC-ATEC published its first Human Rights Policy in 2022.



CORPORATE GOVERNANCE

- 1.1> Economic Performance
- 1.2> Governing Body
- 1.3> Ethical Corporate Management
- 1.4> Compliance
- 1.5> Risk Management
- 1.6> Associations
- 1.7> Climate-related Disclosures

Management Policy

201 205 Specific issues of the Company

Material Issues

Integrity, Operational Performance, and Information Security

GRI Standards

201 Economic Performance, 205 Anti-Corruption, Company specific issues

Policy

The Company has always adopted the business philosophy of "serviceexcellence through innovation" since it was first incorporated, and managed to create a distinctive set of corporate values that "ABC-AETC Satisfies." Through the implementation of a joint entrepreneurship system, ABC-AETC 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-AETC 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.
- Board of Directors Conference Rules, Shareholder Meeting Conference Rules, Compensation Committee Charter, Director Election Policy, 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) 4788-188 Extension: 1111

2022 Goals/Solutions

2022 Performance Achievements

Whether accomplished

▷ 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	▶ Ranking of Corporate Governance : 51~65% Ranking : Low-Medium	Not accomplished
▷ Signing of the "Employee Integrity Pledge" by all group employees at manager levels and above: 100%	▶ Signing of the "Employee Integrity Pledge" by all group employees at manager levels and above: 100%	✓ Accomplished
▷ Training rate of integrity management education training: 100% of employees	▶ Integrity management education and training rate: 98.25%	✓ Accomplished
▷ Anti-corruption training course participation rate: 90% for Indirect Staff	▶ Anti-corruption training course participation rate: 100%	✓ Accomplished
▷ Compliance with the anti-corruption management system model, with no corruption incidents occurred	▶ No incidents of corruption have occurred	✓ Accomplished
▷ Long-term shareholder value: EPS NT\$1.56	▶ Long-term shareholder value: EPS NT\$2.24	✓ Accomplished
▷ Maintain annual revenue: 20% growth	▶ Maintain annual revenue: 22.38% growth	✓ Accomplished
▷ Smart Factory in Taiwan H.Q Building C: The construction work to be completed in 2022	▶ Smart Factory in Taiwan H.Q Building C: The work to be completed in 2023	Not accomplished
▷ Establishment of information security policy in compliance with the requirements of the Corporate Governance Evaluation	▶ Information security policies in line with the requirements of corporate governance evaluation have been established	✓ Accomplished
▷ Number of major information security incidents: 0	▶ Number of major information security incidents: 0	✓ Accomplished
▷ Systematic disaster drills: 2 twice year	▶ Systematic disaster drills: 2 times/year, 1 time each in the first and second half of the year	✓ Accomplished
▷ Set up spam and email backup system	▶ Spam and email backup system set up completed by May 2022	✓ Accomplished

1.1 Economic Performance

1.1.1 Consolidated Financial Results for FY2022

In FY2022, the Group focused on the following seven key strategies: "Excellent Talents, Smart Information System, Polish the Present, Glory the Future." and "20% Annual Growth, Challenge 50% in ABC-AETC Original Brand" as its operational goals:

- 1 Modular design and process development of 3D structure electronic components, and diversified extension development of CMC products.
- 2 Incubating and maintaining strong relationship with potential customer; promoting product application; developing brand value.
- 3 Analyzing and grasping market transformation; elevating customer satisfaction in delivery time and high quality with AOI+AI intelligent manufacturing automation.
- 4 Leading organization development; AGZ stage II extension and manufacturing zone integration; building product line conducting 10KK economies scale monthly.
- 5 Building supplier consultant and management mechanism; decreasing procurement cost continuously; managing fixed cost accurately; strengthening profitability.
- 6 Improving staff development system; training talents by developing profession, managing knowledge and documenting practical directing.
- 7 The Company implements a friendly, fast, and transparent information network system to improve the quality of analysis and decision-making, thereby fulfilling corporate social responsibility.
- 8 Entered EV-Tear 2 automotive market in China, selected aerosol pelletizing powder partners, and established sample order shipment mechanism.



Despite the global economy continuing to be affected by the COVID-19 pandemic in 2022, 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\$3,033,092 thousand a year, representing a 22.38% growth over 2021, meeting stakeholders' expectations. During the year 2022, ABC-AETC Group did not receive any financial assistance from the government.

Comparative Financial Performance Table for 2020 to 2022

Unit: NT\$ thousand

Year	2020	2021	2022
Operating revenues	2,020,656	2,478,376	3,033,092
Gross profit	405,906	492,296	669,251
Operating profit	101,406	148,335	225,470
Non-operating income and expenses	7,406	-11,691	68,508
Pre-tax profit	108,812	136,644	293,978
Earnings per share	0.79	1.02	2.24

Note: Earnings Per Share: NT\$

1.1.2 Direct Economic Value Generated and Distributed

Unit: NT\$ thousand

Economic Performance	Items	Definition	2022 - actual
Direct economic values produced	Operating revenues	Sales revenues	3,033,092
	Operating costs	Cost of sale	1,939,672
		Operating expenses	196,731
	Employee salary and benefits	Employee salary and benefits	671,219
Economic values distributed	Proceeds paid to capital contributors	Cash dividends distributed in 2021 and 2020	55,753
		Interest expense	10,545
	Proceeds pay to government	Taxation	85,954
		Penalty	0
	Community investments	Donations and sponsorships	3,830
Residual economic value			155,342

Note:

1. Government payments for the current fiscal year will be presented on a group-wide basis and will be differentiated by country in the future.
2. This year's government payments are disclosed based on accrual basis income tax calculation.
3. Conversion Method: Group consolidated information is converted cumulatively using the average exchange rate of Taiwan Bank for each quarter.

1.1.3 Major Local Investments



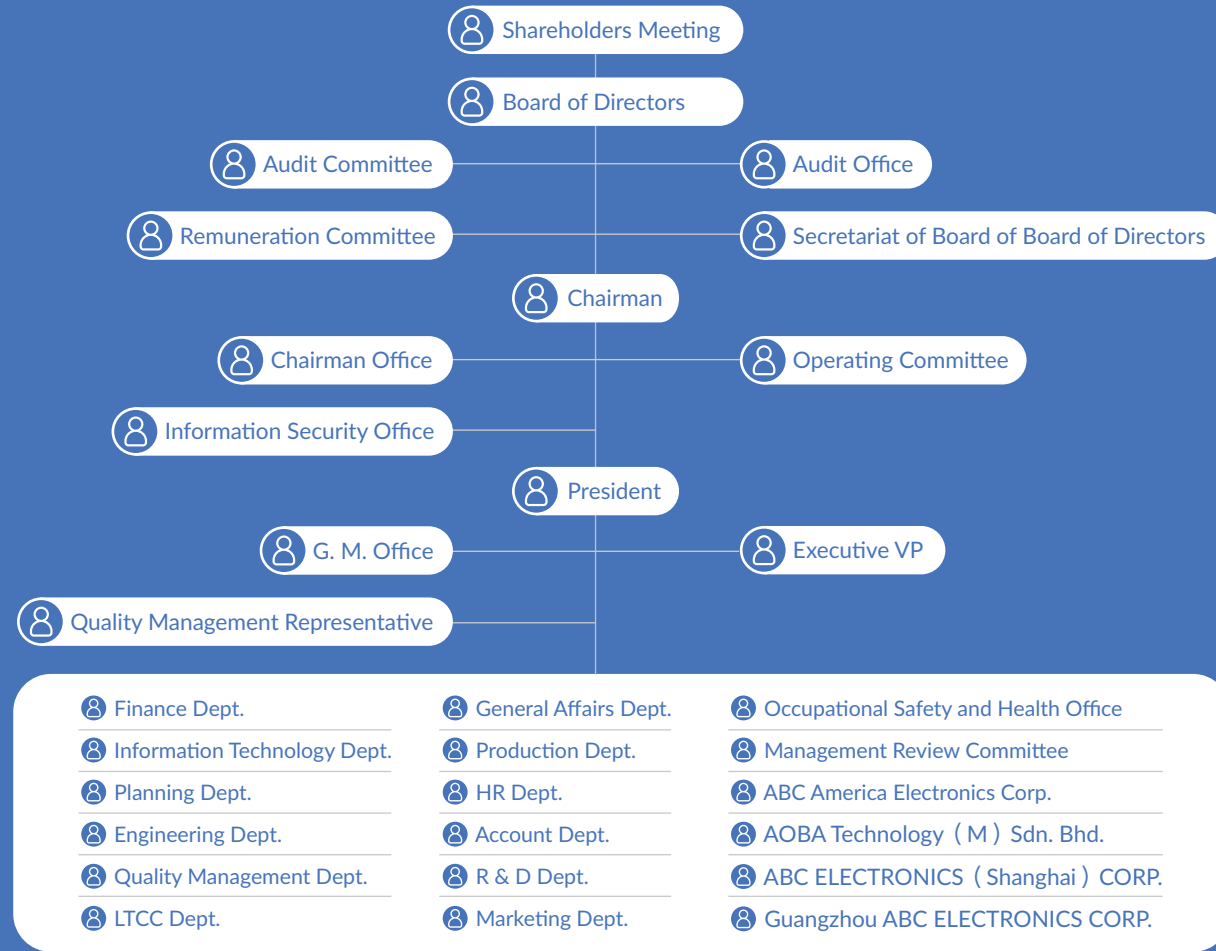
ABC-AETC is a leading brand in the field of passive inductive components in terms of both technology and experience. To meet the expected market demand and expand production capacity, we have constructed a smart technology factory to reduce manufacturing costs. We have also gradually developed a competitive product mid-term plan. In 2021, ABC-AETC 's Taiwan H.Q Building B Building officially commenced operations, using innovative technology to develop metal powder spray pelletizing with water-soluble resin, reducing the occurrence of environmental hazards in the workplace. We have optimized production operations with innovative technology to provide high-quality products.

In 2021, we expanded the Taiwan H.Q Building C to actively follow up on the layout in the field of smart mobile communications. At the same time, to proactively respond to the international trend of achieving net-zero carbon emissions, the new factory building is designed as a green building integrating smart technology. It incorporates artificial intelligence (AI) and automated optical inspection (AOI) into automated inspection systems, process rationalization, and assembly line construction to enhance quality stability and shorten process and delivery times. Currently, Taiwan H.Q Building C has obtained candidate green building certification and will become an officially certified green building after it is put into use, enhancing ABC-AETC's sustainability competitiveness.

1.2 Governing Body

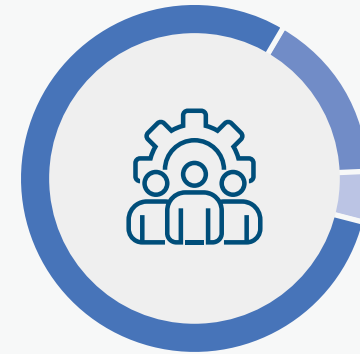
ABC-AETC 's Corporate Governance Evaluation in 2022 was in the 51%-65% range across all listed companies.

1.2.1 Management Organization Structure



1.2.2 Shareholder structure

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



- Domestic natural persons: 79.53%
- Foreign institutions and foreigners: 15.84%
- Other corporate entities: 4.63%

1.2.3 Board of Directors

ABC-AETC 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, 2022; an aggregate 60 hours of education were completed in 2022. The Board of Directors met five times in FY2022 and attendance was as follows:

Title	Name	Actual attendance rate	Concurrently a director of how many other companies	Industry, ESG related background/experience
Chairman	Joseph Hsu	80%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act EMBA, National Central University Department of Business Administration, National Chung Hsing University Manager, TDK Corporation Vice General Manager, General Manager, and Chairman of ABC Taiwan
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Tan-Wei Kuo	100%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Bourns Electronics (Taiwan) Ltd. General Manager
Director	Francis Fan	100%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Ph.D. in Resource Engineering, National Cheng Kung University EMBA, National Tsing Hua University Department of Electronic Engineering, Xinqu University of Technology Assistant General Manager, Vice General Manager and General Manager of the Company
Director	Polter Hong	100%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Master of Business Administration, Tatung University Manager, Vice General Manager, Financial Department, Fan Shaing Electronics Co., Ltd. Special Assistant to General Manager, Vice General Manager of the Company; General Manager of Shanghai Factory
Director	Tommy Hsu	100%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act MBA, University of Missouri Manager, ABC America Electronics Corp. Manager and Vice General Manager of the Company's automotive electronics products; General Manager of Malaysia Factory

Title	Name	Actual attendance rate	Concurrently a director of how many other companies	Industry, ESG related background/experience
Director	Chi-Yung Peng	60%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Sanji High School TDK Corporation General Manager of ABC Electronics (Panyu); Vice General Manager of the Company
Director	Huei-Tsung Hsu Chen	80%	0	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Department of Chinese Literature, Providence University Junior high school teacher
Independent Director	Yung-Cheng Wang	100%	0	A member of the Audit Committee; possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Department of Business Administration, National Chung Hsing University Professor and Dean of General Affairs, College of Business Administration, National Chung Hsing University Professor, Department of Business Administration, National Taipei University
Independent Director	Sen-Tian Wu	100%	0	A member of the Audit Committee; possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Ph.D. in Economics, Princeton University Chair of the Department of Economics, Head of the Institute of Economics, and Dean of Law School, National Chung Hsing University Professor, Department of Economics, National Taipei University Associate Researcher, Taiwan Institute of Economic Research Director, Taiyen Biotech Member of Public Construction Planning Review and Evaluation Task Force for National Development Council, Executive Yuan Professor, Department of International Trade and Dean, College of Management, China University of Technology
Independent Director	Lan-Fen Wang	100%	1	A member of the Audit Committee; possesses work experience required by financial, accounting and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Master of Accounting, National Chengchi University Associate Professor and Professor, National Taipei University

The Company should avoid directly or indirectly causing or facilitating negative impacts on environmental pollution, exacerbating climate change, causing occupational hazards, or violating labor rights for itself, suppliers, or customers through its economic activities (such as purchasing raw materials from suppliers or selling products to customers). Examples of such negative impacts include unrestricted discharge of wastewater, food safety issues, and sweatshop labor. When such negative impacts occur, the Company should use a complaint channel mechanism to report the situation and work toward resolution. These issues should also be reported to the Board of Directors, and decisions should be made and implemented by the relevant departments responsible for addressing the situation.

Director diversity Statistics

Diversity Statistics/Year	2020		2021		2022		
	Number of People	%	Number of People	%	Number of People	%	
Gender	Male	8	80%	8	80%	8	80%
	Female	2	20%	2	20%	2	20%
Age	Under 60 years old	4	40%	4	40%	3	30%
	60-70 years old	1	10%	1	10%	2	20%
	Over 70 years old	5	50%	5	50%	5	50%
Education	Master's Degree	6	60%	6	60%	6	60%
	Bachelor's Degree	3	30%	3	30%	3	30%
	Other	1	10%	1	10%	1	10%

1.2.4 Audit Committee

ABC-AETC 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 FY2022, with 100% attendance.

Audit Committee	Actual attendance rate
Lan-Fen Wang	100%
Yung-Cheng Wang	
Sen-Tian Wu	

1.2.5 Remuneration Committee

The Compensation Committee of ABC-AETC is composed of 3 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 FY2022. 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.

Remuneration Committee Member	Qualifications of Remuneration Committee Member	Actual attendance rate
Yung-Cheng Wang	Professor and Dean of General Affairs, College of Business Administration, National Chung Hsing University; Professor, Department of Business Administration, National Taipei University	100%
Sen-Tian Wu	Chairman of the Department of Applied Economics, Director of the Graduate School of Economics, Dean of the College of Law and Business, National Chung Hsing University; Professor of the Department of Economics, Taipei University; Associate Researcher of the Taiwan Institute of Economic Research; Member of the Governmental Public Construction Program Review and Evaluation Subcommittee of the Council for Economic Planning and Development, Executive Yuan; Professor of the Department of International Business and Dean of the School of Management, China University of Technology.	67%
Lan-Fen Wang	Professor, Department of Accounting, National Taipei University	100%
Tung-Tsun Huang	Professor, Graduate Institute of Human Resource Management, National Central University	100%

1.2.6 Internal Audit

Based on its risk assessment, ABC-AETC 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 2022, 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.

Disclosure of engagement and communication practices with independent directors, internal audit managers, and CPAs for the current year: Independent directors held 5 meetings with internal audit managers. Independent directors held 1 meeting with accountants, attesting to the smooth communication between independent directors, internal audit managers, and accountants.

Purpose of Internal Audits

1

The purpose of establishing internal audit within the Company is to evaluate the effectiveness and compliance of the current control policies and procedures of the internal control system. It also assists the Board of Directors and management in assessing and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. Timely improvement recommendations are provided to ensure the continuous and effective implementation of the internal control system and to serve as a basis for reviewing and amending the internal control system.

Audit Scope

2

The scope of internal audit operations of the Company includes the evaluation and review of the effectiveness of various internal control systems designed and implemented by various units within the company and its subsidiaries.

Audit Subjects

3

The scope of internal audit operations of the company includes all respective responsibilities of various units within the Company and all responsibilities of subsidiaries without dedicated internal audit personnel. If a subsidiary has dedicated internal audit personnel, their audit reports are reviewed, and the improvement of deficiencies and abnormal issues in the internal control system is tracked.

Audit Operational Procedures

4

The Company's internal audit department prepares an audit plan for the next year by the end of each year based on relevant regulations and risk assessment results. The plan is submitted for approval by the Audit Committee and the Board of Directors before execution.

Types of Audit Operations

5

- (1) Routine Audit Operations: Various audit operations are conducted in accordance with the annual audit plan approved by the Board of Directors.
- (2) Regular Internal Audits: Specific audit items are audited based on instructions from the Company's Board of Directors, management, or specific projects or business needs.
- (3) Self-assessment Operations: All units within the company and subsidiaries are encouraged to conduct self-assessment of internal control systems at least once a year, and their self-assessment reports are subsequently reviewed.

Reporting Process of Audit Reports

6

- (1) In addition to thoroughly communicating the audit results of the annual audit items with the audited units, internal auditors should disclose deficiencies and abnormal issues in the internal control system that were discovered during the audit process in the audit report.
- (2) After the audit report and follow-up report are reviewed, they are delivered to independent directors for review at the end of the month following the completion of the audit item.
- (3) If internal auditors discover material violations or potential significant harm to the company, they should report to all members of the Board of Directors in addition to preparing an immediate report for review.
- (4) After approval by the Chairman of the Board, the audit report is sent to relevant units for improvement if necessary.

Execution Status of Deficiency Improvement Tracking

7

Internal auditors shall prepare follow-up reports at least quarterly for deficiencies and abnormal issues discovered during inspections until appropriate improvement measures have been undertaken to ensure that relevant units have taken timely and appropriate improvement measures.

Information Announcement Reporting Operations

8

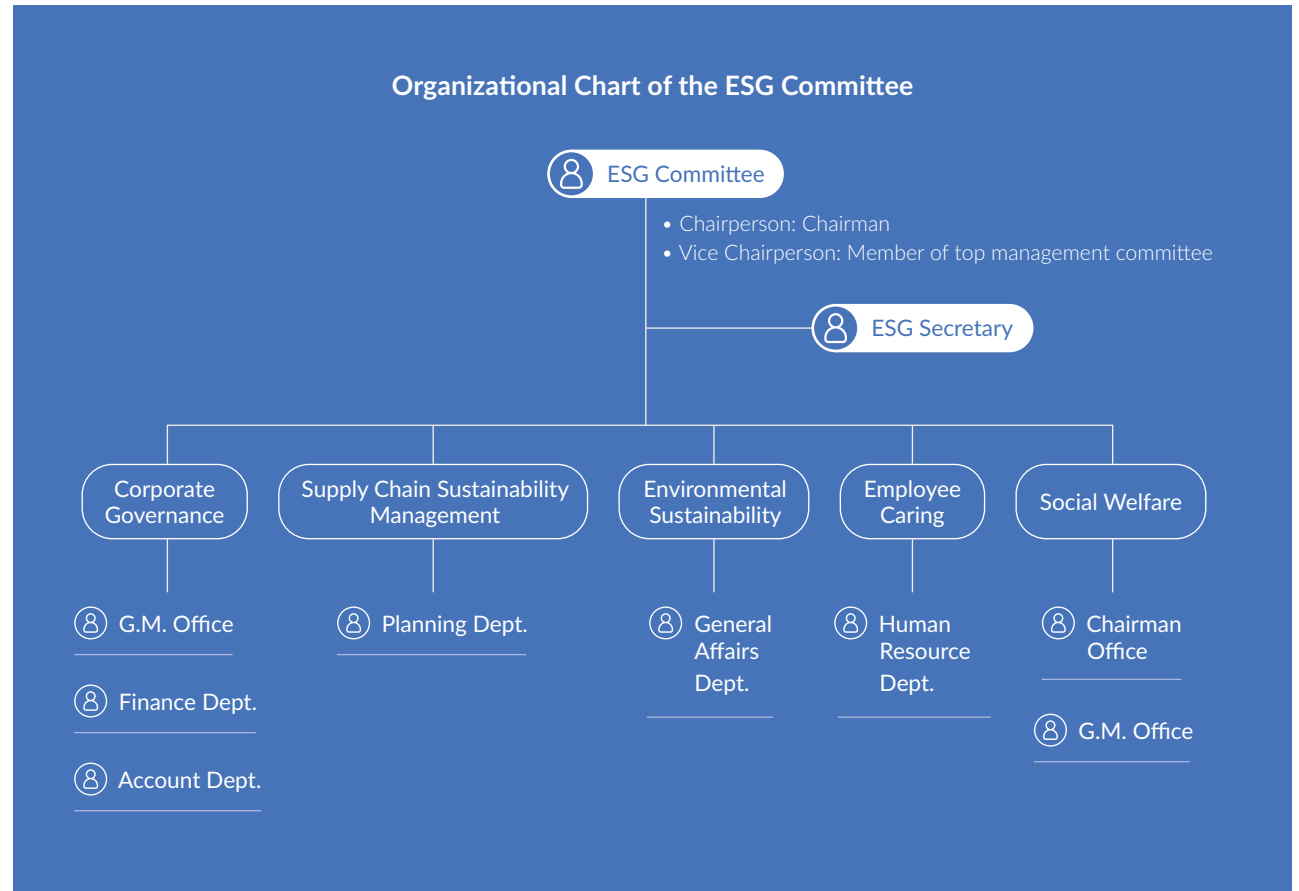
Internal auditors should, within the time frame specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies," complete various reporting operations in the required format through the online information system.

Audit results for 2022	Taiwan Factory	Guangzhou Factory	Shanghai Factory	Malaysia Factory	Group-wide
Total Number of Audit Items for the Current Year	59	46	52	40	197
Number of Audit Deficiencies for the Current Year	8	0	2	0	10
Audit Compliance Rate	86%	100%	96%	100%	96%

Completion rate for all non-compliant items within the specified deadline 100%

1.2.7 ESG Committee

To implement corporate social responsibility, promote economic, social, and environmental sustainability, ABC-AETC established the "CSR Committee" in 2020. Subsequently, in line with the Financial Supervisory Commission's 2021 update of the "Corporate Governance 3.0 -Sustainable Development Roadmap," the "Corporate Social Responsibility (CSR) Report" was renamed as the "Sustainability Report" or "ESG Report" in 2021. Consequently, ABC-AETC's "CSR Committee" was also renamed as the "ESG Committee" on September 30, 2022, with the Chairman of the Board serving as the "Chairman of the ESG Committee," members of the management team as Vice Chairmen of the Committee, and the Chairman's Office as the executive secretary. Five major working groups were established under the committee, with each group consisting of department heads serving as committee members and representatives assigned to serve as executive committee members. These groups are responsible for planning, data collection, goal setting, and other deliberations on various ESG issues.



1.3 Ethical Corporate Management

Whistleblowing system

The board of directors of ABC-AETC 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. ABC-AETC has incorporated ethical operations into its Employee Code of Conduct. In 2022, employees at the managerial level and above were required to sign an "Employee Integrity Pledge," and the completion rate reached 100%.

ABC-AETC 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 2022.

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 2022 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 2022 for which it was penalized.



1.5 Risk management

1.5.1 Risk management

ABC-AETC 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 2022; 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.
Business risks	Business integrity Risks	The Company's operations are prone to worker and morality risks and incidents that may harm its goals, personnel, assets, the environment, and reputation.	▶ The Company's "Business Integrity Code of Conduct" has outlined preventive measures for business activities that are prone to higher risk of dishonesty. Issues that are of concern to internal and stakeholders are subjected to risk assessment at the end of each year to ensure that the system remains effective.
	Supply chain Risks	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 Risks	Abnormal test results in raw materials and improper uses of tools, fixtures, jigs, and auxiliary materials may contaminate the final product.	▶ ABC-AETC 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 Risks	High attrition rate or penalty caused by poor employment relations or failure to comply with regulations.	▶ The Company has implemented and enforced internal policies in accordance with labor regulations on all matters concerning personnel management, such as appointment, dismissal, and retirement of employees. An Employee Welfare Committee has been assembled in accordance with laws to oversee employees' benefits.
	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.	▶ 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.
Financial risks	Interest rate Risks	The Company is exposed to interest rate risks due to capital borrowed at both fixed and floating rates.	▶ In the future, the Company will source capital through a combination of floating rate and fixed rate debts to mitigate the effect of interest rate changes on the Company's profitability.
	Exchange rate Risks	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 Risks	The Company is currently taking debts to expand its operations, and the debt ratio is increasing, resulting in more interest expenses.	▶ 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.
Hazard risks	Environment, safety, and health Risks	Sudden or unexpected occurrence of public health incident, accident, or natural disaster may threaten continuity of the business and cause financial burden or give rise to other risks.	▶ The Company has developed an emergency response plan and a business continuity plan. Regular drills 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.
	Risks of climate change	Risk of natural disaster continues to rise due to climate change.	▶ 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 Risks	The impact of COVID-19 will lead to business and work suspensions.	▶ 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

ABC-AETC has established an effective cybersecurity defense network as part of its vision for information security. Safeguarding customer privacy and confidential information has been a cornerstone of our solid customer relationships over the years, therefore the Group is committed to safeguarding customer information security as one of its top priorities in information security management. We aim to build long-lasting trust with our customers while ensuring the protection of our company's confidential documents to prevent information leaks. In November 2022, ABC-AETC established a Information Security Office to maintain the integrity of the company's confidential information and ensure the security of customer and personal data privacy. Through the implementation of firewalls, we have enhanced the company's network defense capabilities. The following control measures are undertaken to prevent server room interruptions, leakage of confidential information, and hacker intrusions.

Data access control

- 1 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.

Anti-virus software management

- 2
 - ◆ 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 for external storage devices or USB storage devices to ensure appropriate control and management.

Backup Management

- 3 Daily off-site backups are performed, and there are plans to gradually establish more comprehensive off-site backups and redundancy measures for key data. In 2022, the email and junk email backup systems were completed. The email backup system includes backup of email correspondence on LINUX-based mail servers, covering both internal and external communications, to preserve the email correspondence records. The junk email system is designed to isolate network attack emails or scam emails. Both of these systems will undergo annual software renewals and updates to ensure their effectiveness.

Software and hardware maintenance

- 4 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.

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 2022, 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:

- 5
 - ◆ Personnel information security management
 1. All employees shall sign a confidentiality contract and shall not disclose internal confidential information to the outside world.
 2. 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.
 - ◆ Information security awareness training
 1. 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.
 2. 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.
 3. When employees violate information and communication security, disciplinary measures shall be imposed to strengthen their sense of accountability for information security.
 4. The Company incorporates information security requirements into employee manuals and enhances training for IT personnel to enhance information security management capabilities.

Information Security Enhancement Planning

- 6 The IT department will periodically send email notifications regarding recent and frequent information security events, along with relevant news content, to enhance employee information security awareness.

1.5.3 COVID-19 Prevention Measures

When COVID-19 first showed signs of worldwide spread in February 2020, the Chairman of ABC-AETC immediately instructed relevant departments to monitor the situation and implemented a multitude of disease control measures to maintain normal operations of the Company. The epidemic in Taiwan will be slightly less severe in 2022 than in 2021, but we still cannot be too lax in the face of the threat of mutant viruses, the Taiwan factories 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

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.



Highlights of Epidemic Prevention Achievements

In 2022, as the COVID-19 pandemic in Guangzhou was surging, strict lockdown measures and nucleic acid testing were implemented. In response to the need for large-scale nucleic acid testing, ABC-AETC coordinated with the local government to alleviate the inconvenience of employees waiting in line for 2-4 hours for testing. The management department of the Guangzhou Factory and the local government communicated and arranged exclusive testing times for ABC-AETC employees. Employees were scheduled in an organized manner to undergo nucleic acid testing, which was highly efficient (with a waiting time of approximately 30 minutes) and achieved the goal of 100% testing to ensure the health and safety of employees.

In March and July 2022, as the COVID-19 pandemic in Guangzhou became more severe, in order to ensure zero infections among ABC-AETC employees, we secured resources through negotiations with the local government. The government arranged for mobile nucleic acid testing vehicles to enter ABC-AETC 's factory. This allowed company employees to complete nucleic acid testing without leaving the premises, reducing the risk of cross-infection while waiting in line outside.

1.6 Associations





ABC-AETC actively participates in industry associations and contributes to the development of the industry through various conferences. In 2022, ABC-AETC participated in the following associations as general members: Taiwan Electrical and Electronic Manufacturers' Association, National Association of Small and Medium Enterprises, National Award of Outstanding SMEs Friendship Association, Taoyuan City Industrial Association, and Taiwan Climate Partnership.



1.7 Climate-related Disclosures

The increasing frequency of extreme weather in recent years indicates that the crisis brought about by climate change is imminent. As a result, governments around the world are paying more attention to the issue of climate change, and through the enactment of regional laws and regulations in various countries, including the European Union's carbon tax, and the enactment of Taiwan's own Climate Change Response Act, we have been compelled to incorporate the issue of climate change into the management of ABC-AETC's operations. ABC-AETC not only identifies the operational risks associated with climate change but also references the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). We incorporate the four core areas of disclosure – "governance," "strategy," "risk management," and "metrics and targets" – into our operational management. We also disclose our governance performance in our sustainability report. Our aim is to provide stakeholders with insights into how we address the impacts of climate change, related risks, opportunities, and our corresponding mitigation measures.



TCFD Risk Management Flowchart

 Governance	<ol style="list-style-type: none"> When making major decisions, the Board of Directors includes climate change, transformation risks and physical risks as key issues in its annual work objectives and plans short-, medium- and long-term goals, with the heads of each department serving as members of the ESG Committee, which urges each respective department to implement its annual, medium- and long-term sustainability goals, including the three major aspects of environmental, social and governance. Establishing the ESG (Environmental, Social, Governance) Committee as the top-level internal organization for promoting corporate sustainability development.
 Strategies	With reference to the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) in 2017, review and assess the climate change risks and opportunities faced by ABC-AETC, and prepare a plan for the implementation of ESG initiatives. change risks and opportunities that the Company is currently facing, and to formulate corresponding action plans.
 Risk Management	An annual internal assessment is conducted to evaluate and screen ABC-AETC 's exposure to high risks, bringing together the perspectives of ABC-AETC Group's operating locations.
 Metrics and Targets	<p>From 2020 to the present, we will continue to implement measures to conserve energy and water, reduce waste, and adopt green building.</p> <ol style="list-style-type: none"> Compared to the baseline year of 2021, the entire group achieved a 4% reduction in electricity intensity (electricity consumption/revenue). Compared to the baseline year of 2021, greenhouse gas emissions in Scope 1 and Scope 2 decreased by 4% compared to the previous year. ABC-AETC Group's renewable energy utilization rate reached over 5%.

Risk Category	Risk/ Opportunity	Item	Financial Impact Corporate Action Plan
Transformation Risk		Enhanced emissions reporting obligations	In recent years, corporate sustainability development has been receiving increasing attention. Based on past experiences, such as the infamous RCA factory pollution case, it is clear that incidents like these not only result in environmental pollution but also have significant negative impacts on employees, corporate image, and even society as a whole. Therefore, the goal of corporate management should not be solely centered around "profit" but should include building strong communication with stakeholders and ensuring transparency in the company's operations for both investors and the general public to scrutinize. By doing so, a company can not only help identify and strengthen areas of improvement but also leverage its strengths and opportunities. Starting from 2020, ABC-AETC Group has been publishing annual sustainability reports alongside its annual reports to disclose the group's annual operational performance. For ABC-AETC, issuing sustainability reports carries significant financial implications. Firstly, Taiwan's FSC has required all publicly listed companies to issue sustainability reports by 2025, and ABC-AETC has taken proactive steps to prepare and publish these reports. Secondly, sustainability reports can provide insights into the Company's operations, enabling investors to have a more comprehensive understanding of ABC-AETC 's information, thereby increasing stakeholder's willingness to invest and enhancing the company's image. Additionally, it helps maintain positive relationships with employees, and it also addresses the impact of climate change by setting short, medium, and long-term goals for greenhouse gas reduction, contributing to environmental sustainability. The content of this report includes the ESG framework, policies, and action plans, topics of interest to stakeholders, ESG performance assessments, and future improvement directions and goals.
Physical Risk		Increases in average temperature	Since the Industrial Revolution, humanity has rapidly developed new technologies, but this development has also resulted in the emission of significant amounts of greenhouse gases. The accumulation of excessive greenhouse gases in the atmosphere has led to climate change, which has had a major impact on the environment and human life. For businesses, extreme weather events associated with climate change can disrupt operations by causing interruptions in the supply of raw materials and goods transportation or even power outages that prevent factories from operating as usual. This can result in delayed production, failure to meet customer expectations, and reduced profitability, posing significant financial risks to companies like ABC-AETC Group. Currently, Taiwan's primary method of power generation is through thermal power plants, which are one of the major sources of greenhouse gas emissions. To reduce energy consumption and lower greenhouse gas emissions, ABC-AETC Group has implemented various energy-saving measures. These measures include installing cooling and heat dissipation fans in equipment, replacing public lighting with energy-efficient LED lighting in the second factory, using temperature-controlled water dispensers in non-operating areas to reduce energy consumption, and implementing timer switches for nighttime lighting in the factory area to save energy.

Risk Category	Risk/ Opportunity	Item	Financial Impact Corporate Action Plan
Opportunities	Resource Efficiency	Utilizing more efficient production processes	In today's increasingly competitive market, companies face the risk of continuously rising raw material prices. Excessive raw material costs can lead to higher product prices, which may affect customer willingness to purchase and, ultimately, result in lost orders, which poses a significant financial risk to ABC-AETC Group. Finding ways to reduce costs, improve production efficiency, and maintain product quality while facing these challenges is a key concern for ABC-AETC Group. ABC-AETC Group's specific ways to enhance the higher efficiency of the production process include replacing part of the production lines with automated production lines to reduce labor costs and increase production capacity by 150%, using instruments for external inspection to reduce the incidence of misjudgment by personnel and reduce the number of manpower for external inspection by approximately 75%, and introducing multi-functional automated package testing machines to integrate multiple aging production processes into an all-in-one machine for simultaneous production, thereby streamlining the operating procedures.
		Recycling and reuse	The rapid development of human civilization has led to the production of numerous goods that generate recyclable or non-recyclable waste throughout their lifecycle. In Taoyuan City, where ABC-AETC Group is located, business waste disposal methods typically involve incineration at facilities like the Hsing Yung Waste Incineration Plant or transportation to other counties for processing. However, in recent years, Taoyuan City has experienced an increase in waste generation due to population growth, placing a heavy burden on the main waste incineration facilities like Hsing Yung. This increased demand for waste processing could pose challenges in the future. Beyond municipal waste, there is also a concern about hazardous waste and the improper disposal of recyclable waste, which can result in environmental pollution and reduced economic value. Inadequate waste management can erode stakeholder confidence in the Company, tarnish its brand image, and lead to significant financial risks such as order losses. Addressing waste management and promoting recycling and reuse can present new opportunities for ABC-AETC Group. Proper waste recycling not only helps reduce costs but also demonstrates ABC-AETC's commitment to sustainability, attracting the attention of investors and stakeholders. ABC-AETC Group's specific ways to enhance resource efficiency include the digitization of resource requisition processes to reduce paper usage, the replacement of its existing wooden pallets with more durable aluminum pallets (once wooden pallets are retired, they can be repurposed for other uses), the collection and reuse of tin dregs and cardboard waste for further use, minimizing resource wastage and promoting sustainability.
		Switching to more efficient buildings	In order to cope with the impact of climate change, it is difficult for old building models to meet the concept of environmental friendliness. In order to fulfill the spirit of sustainability and reduce the impact on the environment, ABC-AETC initiated an expansion project for Taiwan H.Q Building C headquarters on January 12, 2021. This expansion involved the incorporation of new equipment and technologies aimed at increasing production capacity and developing competitive products within a mid-term plan. For ABC-AETC, transitioning to a more efficient building has significant implications for financial risk; by utilizing more energy-efficient production lines to manufacture more products, ABC-AETC not only meets its delivery deadlines but also incorporates the concept of "energy-saving" into each product, aligning with customer expectations and promoting the spirit of sustainable development. To align with the international trend towards achieving net-zero carbon emissions, the facility was designed as a green building integrated with smart technology. The primary objectives are sustainability and energy efficiency. This facility has already obtained the "Candidate Green Building Certification" issued by the Ministry of the Interior. Upon its official launch in 2023, it will become a certified green building, reflecting ABC-AETC's commitment to environmentally friendly and energy-efficient practices.
		Reducing Water Consumption	In addition to the factories in Taiwan, ABC-AETC Group also operates factory in Shanghai and Guangzhou in China, as well as in Malaysia. Access to clean water is essential for daily life, and under the influence of climate change, different regions will face varying degrees of water resource risks. Saving water resources can not only reduce the group's costs but also mitigate the impact of water resource risks. However, because water consumption in ABC-AETC Group's processes is relatively low and the majority of water usage is related to domestic consumption, the financial risk associated with water is relatively low for ABC-AETC Group. ABC-AETC Group also utilizes recycled water for reuse to reduce water wastage. Specific actions taken by ABC-AETC Group to reduce water consumption include: lowering the pressure of water from taps, reuse of primary recycled water in the production of purified water, reuse of second-stage recycled water in wastewater concentrators, implementation of measures to monitor water resources and introduction of domestic wastewater treatment facilities, which are all multi-pronged measures to reduce the consumption of water resources.

2



INNOVATIVE TECHNOLOGIES AND SERVICES

- 2.1> Industry Supply Chain
- 2.2> Green Supply Chain
- 2.3> Innovative Technologies and R&D
- 2.4> ABC-AETC Satisfies

Management Policy

308 414

Material Issues

Supply chain management

GRI Standards

308 Supplier Environmental Assessment, GRI.

414 Supplier Social Assessment.

Policy

We insist on the spirit of service, innovation and seeking for excellent. Based on the commitment "I am doing the excellent all the time" and participation of everybody. We provide our customers products with best quality, quick delivery and best price.

Commitment

- Service: ABC-AETC 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: Suppliers selected according to environmental and social standards and regular annual supplier audits.

Resources

Supplier Audit

Contact Information

Spokesperson: Mrs. Lin, Planning Department
TEL: (03) 4788-188 ext. 1700

2022 Goals/Solutions

2022 Performance Achievements

Whether accomplished

▷ Conducting anti-corruption awareness for new suppliers: 100%.

▶ Conducted anti-corruption awareness for new suppliers: 100%.

✓ Accomplished

▷ Compliance rate of environmental/social assessment of new suppliers: 100%.

▶ Group-wide actual compliance rate of environmental/social assessment of new suppliers: 100%.

✓ Accomplished

▷ Compliance rate of existing suppliers' audits: 90%.

▶ Group-wide actual compliance rate of existing suppliers' audits: 100%.

✓ Accomplished

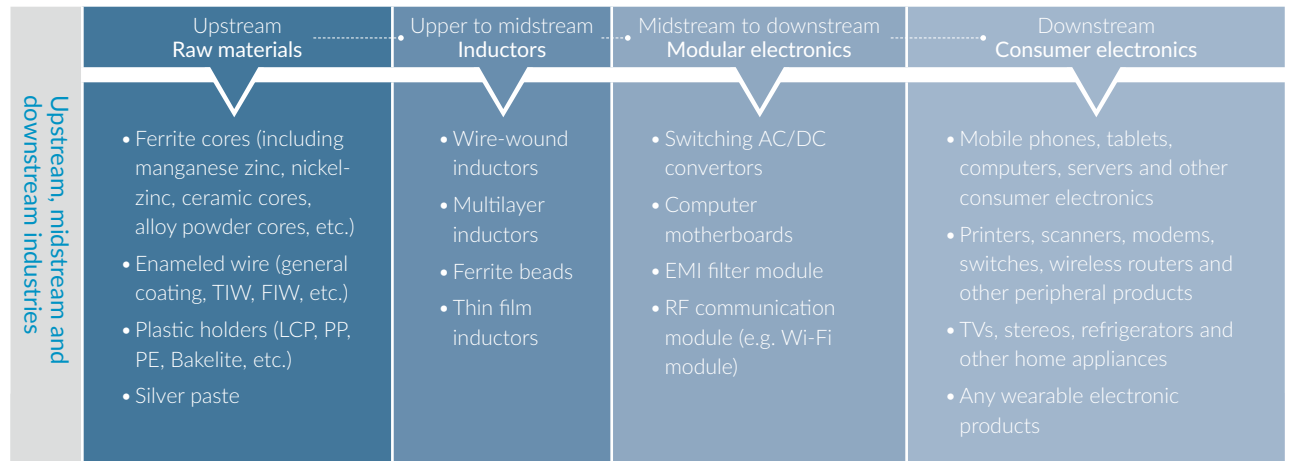
2.1 Industry Supply Chain

ABC-AETC's main business scope includes

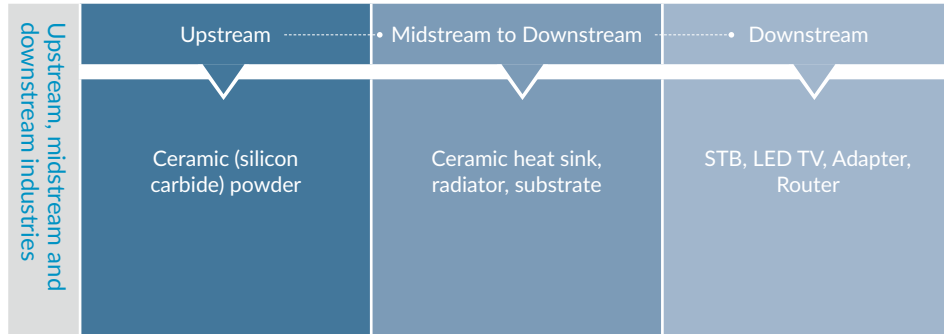
- 1 ABC-AETC manufactures, processes, and sells various noise filters, converters, chip coils, transformers, delay lines, convergence coils, deflection yokes and their magnet cores, and various ferrite cores.
- 2 Manufacture, processing and sales of ceramic heat sinks (devices) with porous structures.
- 3 Stamping, manufacturing, processing and trading of various metal parts.
- 4 Manufacture, processing, and sales of tooling molds and production equipment for various products.
- 5 Import/export trading business.

◆ Inductor components

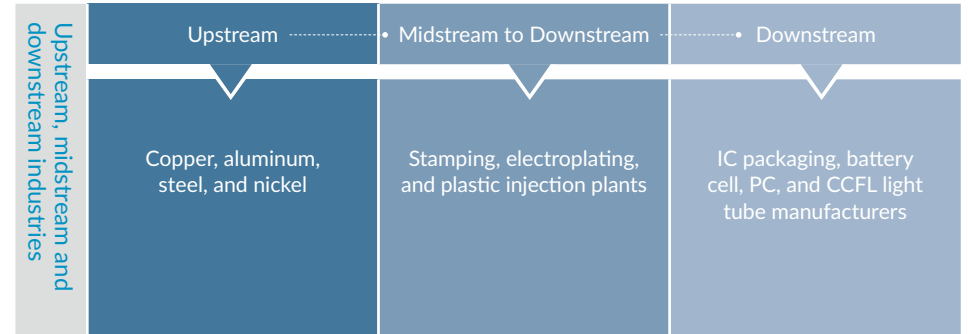
The most upstream products in the electronics industry are the raw materials needed to manufacture inductors, such as ferrite cores, enameled wires, silver paste, and plastic stands. The inductors are in the upper to middle stream of the industry, including wire-wound inductors, multilayer inductors, ferrite beads, and thin-film inductors. The middle to downstream are modular electronic products, such as AC/DC switching converters, motherboards for computers, EMI filtering modules, RF communication modules, etc. Finally, downstream products in the electronics industry includes all end-use electronic products (electronic products for general consumers to use directly), such as mobile phones, computers, servers, printers, TVs, audio speakers, any wearable electronic products, etc.



◆ Ceramic heat sink



◆ Precision metal parts



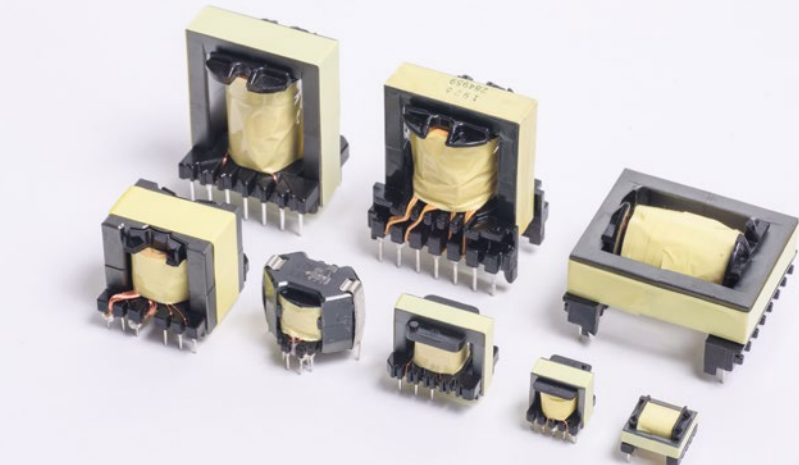
Product advantages and applications

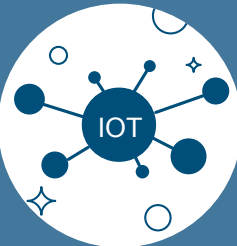




- ✓ Good heat dissipation capabilities
- ✓ Fin type/ flat type
- ✓ No electromagnetic interference
- ✓ Excellent insulating effect

 STB	 Power Adaptor	 Power IC	 NB	 LED TV
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Product advantages and applications



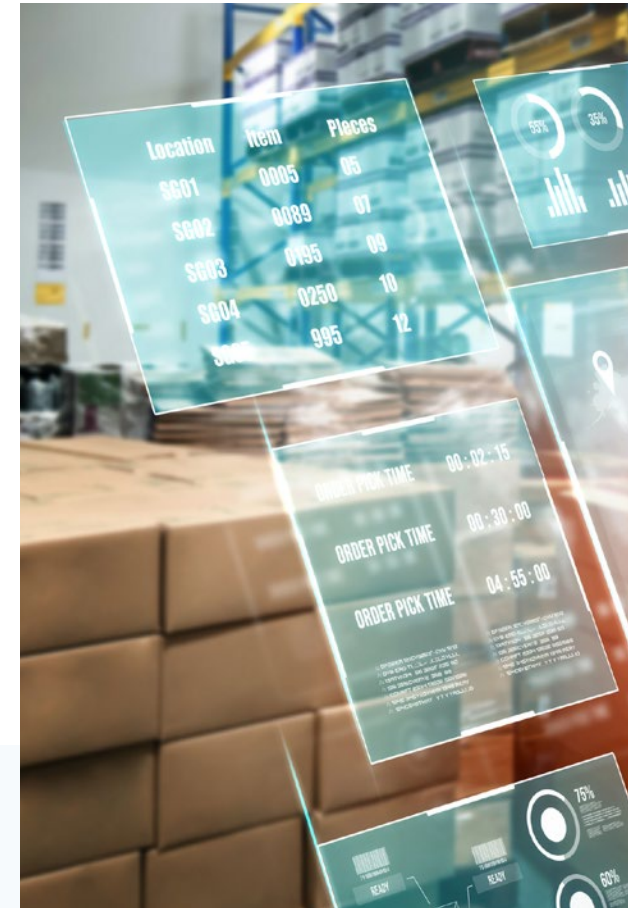
		
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2.2 Green Supply Chain

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.

ABC-AETC Group is committed to treating every employee equally. We base our policies on the principles outlined in international human rights conventions such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, RBA (Responsible Business Alliance) Code of Conduct, and the International Labour Organization (ILO) standards. Our human rights policy prohibits discrimination, child labor, forced labor, and respects the freedom of association of employees. We ensure that employees, customers, suppliers, and partners are respected and protected, and we consider creating a fair, safe, and comfortable workplace environment as our responsibility. We are committed to completely eliminating issues related to bonded labor, underage labor, and overtime work.



New Supplier ESG Audits

Items	2021	2022
Number of Suppliers	3	7
Supplier ESG Self-Evaluations	1	7
Number of ESG On-Site Audits of Suppliers	0	0
Overall Supplier ESG Audit Rate	33.33%	100%



- 1 When selecting new suppliers, we ask them to complete a self-assessment form that includes social and environmental aspects, allowing us to analyze the supplier's background information.
- 2 The metals used by our suppliers must comply with conflict-free mineral principles, and suppliers must provide reports on hazardous substances, safety data sheets, or conflict-free mineral declarations.
- 3 In addition to requiring suppliers to obtain valid certificates for ISO environmental and other management systems, we also assess suppliers through ESG questionnaires, on-site audits, and other methods to ensure that their operations comply with ABC-AETC's supplier management policy.
- 4 In response to the varying impacts of the COVID-19 pandemic in different countries, we have diversified our procurement sources to avoid over-reliance on specific countries or single suppliers

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.



Items		Unit	Taiwan Factory	Guangzhou Factory	Shanghai Factory	Malaysia Factory	Total
New suppliers that were screened using environmental and social criteria	Number of new suppliers	Number of suppliers	3	1	2	1	7
	New suppliers that were screened using environmental criteria	Number of suppliers	3	1	2	1	7
	Percentage of new suppliers screened using environmental criteria	%	100%	100%	100%	100%	100%
	Number of new suppliers screened using social criteria	Number of suppliers	3	1	2	1	7
	Percentage of new suppliers screened using social criteria	%	100%	100%	100%	100%	100%
Ratio of total procurement amount using local suppliers	Total number of suppliers	Number of suppliers	55	77	81	37	250
	Local procurement amount	Local Currency-million	51.40	54.84	98.23	5.99	--
		NT\$-million	51.40	241.73	433.01	40.10	766.24
	Total procurement amount	Local Currency-million	51.40	55.06	99.95	16.39	--
		NT\$-million	51.40	242.70	440.56	109.81	844.46
Local procurement as a percentage of total procurement	%	100%	99.6%	98.3%	36.5%	90.7%	
Supplier Audit	Number of qualified suppliers	Number of suppliers	9	11	12	1	33
	Number of disqualified suppliers	Number of suppliers	0	0	0	0	0
	Number of document audits	Number of suppliers	7	5	12	1	25
	Number of Field Audits	Number of suppliers	2	6	0	0	8

ABC-AETC manages its suppliers using the following approaches:

◆ New Supplier Selection Mechanism

Implementing evaluations on new suppliers, including: including written evaluations and factory 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-AETC's qualified suppliers. "In 2022, there were a total of 3 new suppliers for the Taiwan Factories, 1 new supplier for the Guangzhou Factory, 2 new suppliers for the Shanghai Factory, and 1 new supplier for the Malaysia Factory. The entire group adopted an environmental standard for screening new suppliers, with a rate of 100%. The Taiwan Factory also utilized an environmental and social screening mechanism to assess new suppliers, also achieving a rate of 100%.

◆ 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. 2022 Evaluation Results: All supplier evaluation scores met the standards, and there were no suppliers disqualified in 2022.

◆ Supplier audits

Supplier audits are conducted according to the annual audit plan. In 2022, the annual audit of major raw material suppliers was changed to a documentary format due to the impact of the COVID-19 pandemic. For Taiwan Factories a total of 9 supplier evaluations were conducted, with 2 on-site audits and 7 document audits. In the Guangzhou Factory, there were 11 evaluations,

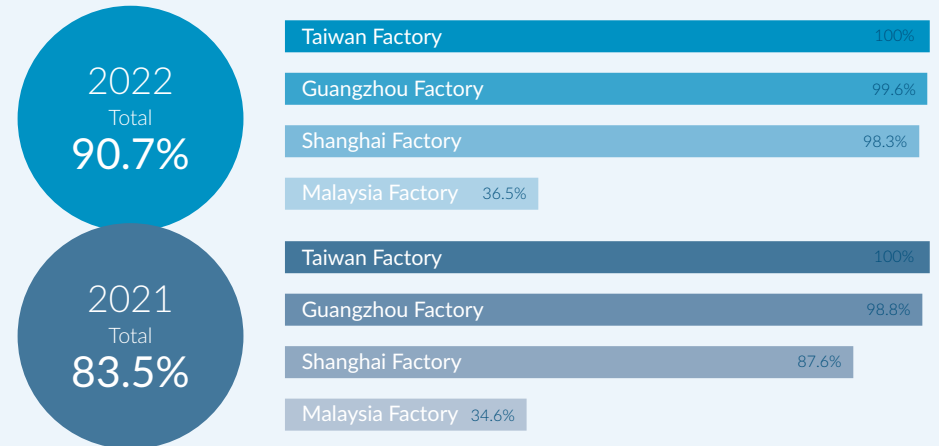
including 6 on-site audits and 5 document audits. The Shanghai Factory conducted a total of 12 document audits. In the Malaysia Factory, there was 1 document audit.

◆ Supplier Guidance and Training

Automotive material suppliers are required to obtain international certifications such as ISO 9001 for quality management systems. Those who have not obtained these certifications must provide an implementation plan to meet the automotive industry's requirements, thereby enhancing the level of their quality management systems (achieving IATF 16949 automotive quality management system certification).

There were no significant changes in the supplier management procedures in 2022 compared to 2021. In 2022, in response to the automotive industry's needs, local procurement amounts increased by 6% compared to 2021. Each factory's local procurement amounts also increased. Localized production reduces transportation costs and carbon dioxide emissions.

The local procurement amounts for 2021 and 2022 are as follows:



Note:

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

2.3 Innovative Technology and R&D

2.3.1 Industry-academia Cooperation between ABC-AETC and National Taipei University

Talent is the foundation of everything. In response to the demand for industry talent, ABC-AETC Group supports the exchange and cooperation between schools and industries. Especially in the rapidly fluctuating passive component market, mastering market dynamics has become a crucial factor for continued survival in the industry. ABC-AETC Group 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 factory production and effective utilization of industry-academia research resources to integrate academic research with practical applications in the industry.

ABC-AETC Group and National Taipei University will jointly implement the "Metaverse Concept Utilization", a five-year industry-academia cooperation program from June 1, 2022 to May 31, 2027. During the program period, both sides will explore the metaverse market and new business opportunities through regular meetings and discussions. Furthermore, external experts will also be invited to give lectures or participate in panel discussions to stimulate diverse discussions and generate new ideas.

ABC-AETC has also partnered with National Taipei University to establish the "ABC-AETC National Taipei University Joint Research Center." The unveiling ceremony took place on June 21, 2023, at National Taipei University's Sanxia Campus. This center will assist the university in deepening its research capabilities while enabling ABC-AETC to strengthen its forward-looking technological layout. It aims to provide customers with more efficient solutions and services. In the future, both parties will maintain a close relationship to jointly promote and implement innovative thinking in technology.



▲ABC-AETC and National Taipei University team in group photo on May 9, 2022



▲ABC-AETC and National Taipei University in group photo during the opening ceremony of the Joint R&D Center

Project 1

Research on Conductive Impedance Characteristics of Graphene

In response to the emerging focus on carbon neutrality issues, the automotive industry is gradually transforming from conventional internal combustion engine (ICE) cars into electric vehicles (EVs). To this regard, heat dissipation technology for EV batteries is particularly important. ABC-AETC and National Taipei University will continue their research in the field of material applications, investigating the use of graphene materials for heat dissipation and electroplating processes. This research aims to address the issue of high temperatures generated during the charging and discharging processes of EVs, which can impact battery performance and lifespan.

Project 2

Computer Vision Artificial Intelligence for Defect Detection in Sensors

AOI is mainly deployed to detect defects in product appearance through high-speed camera lenses and image processing algorithms, while AI technology can further enhance inspection accuracy and intelligent learning, improve production efficiency and judgment accuracy, and reduce human errors and production costs to help ABC-AETC optimize the operational efficiency of automated production lines.

Project 3

Development of Low-Temperature Co-Fired Ceramic (LTCC) RF Components

As ICT technology continues to advance, the applications of high-frequency microwave components is becoming increasingly prevalent. Low-Temperature Co-Fired Ceramic (LTCC) is a multi-layer ceramic process that enables the design of multi-layer, high-density, and high-precision packaging circuit devices. This enhances product performance and reduces product size. ABC-AETC has incorporated LTCC technology into its important technology deployment strategies, with the first LTCC production line expected to be completed in 2023. We will continue to develop new LTCC products using software simulation technology to expand product applications.

Project 4

5G Campus Private Network Deployment Project

Efficiency and security in network transmission have gained significant attention in recent years. The "5G Campus Private Network Deployment Project" incorporates edge computing technology to deploy 5G network computing and storage resources on edge devices. This design not only reduces transmission time and improves network efficiency but also enhances security and privacy protection. This project, combined with ABC-AETC 's ERP SAP upgrade program, will establish a solid foundation for the Company's digital transition.

Project 5

NTPU X ABC TAIWAN A META_NFT Value-Added Community Proposal

As the Metaverse concept continues to gain momentum, National Taipei University's related research covers various aspects, including environmental protection and business operations management. Among them, the "Great Metaverse Value-added Community Research Project" encourages residents of the surrounding communities of Taipei University's Sanxia Campus to actively participate in environmental protection activities, with ABC-AETC providing various incentives to participants, in order to promote environmental protection activities and realize corporate social responsibility and environmental protection goals.

Project 6

Metaverse AI Multimodal Cross-Language Task-Oriented Dialogue System

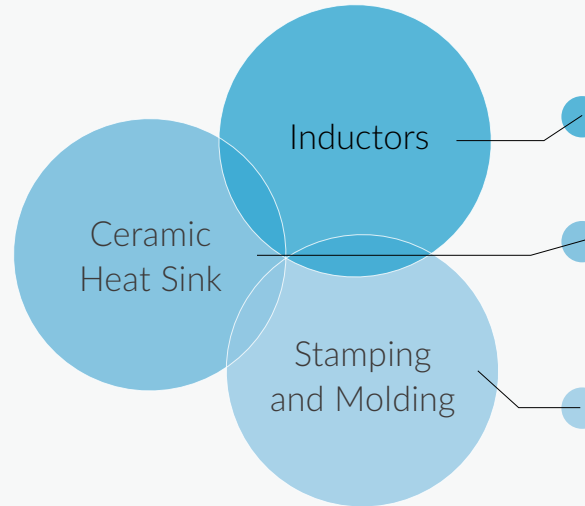
In terms of business operations, ABC-AETC has been actively evaluating new production bases, with Vietnam being the preferred country. However, since Vietnamese is not a common language, ABC-AETC plans to initiate the 'AI Multimodal Cross-Language Task-Oriented Dialogue System for the Metaverse' project. This project utilizes AI, big data, and IoT technologies as a communication medium during the investment and operation of the future factory to provide real-time and convenient communication for personnel.

2.3.2 Main Products and Applications

ABC-AETC Group, upholding the spirit of "Service, Innovation, and Pursuit of Excellence," involves all its employees' participation of "everything that we produce are the most beautiful and the best" in providing products that meet customer requirements in terms of quality, delivery time, and price. In addition to Taiwan, the company has established production bases in Guangzhou and Shanghai, China, as well as Malaysia, employing around a thousand employees. ABC-AETC accurately grasps trends in the electronics industry and develops quality passive component products. As a professional manufacturer of inductive components, it focuses on the research and development of chip inductors, wire-wound inductors, SMD inductors, and more. ABC-AETC has mastered key core technologies of inductive components, including glaze electrode termination technology and low-temperature sintered porous ceramic process. In order to provide customers with a more comprehensive selection of inductive components, ABC-AETC's R&D team has developed a wide range of high-efficiency, high-stability, and reliable inductive components to provide customers with a full range of solutions.

All types of components for electronic products can be broadly categorized into passive components and active components based on their basic characteristics. Passive components are ABC-AETC's main products, and they provide passive functions to complement the operation of electronic active components. These components do not generate electricity but consume, store, or release electricity, such as resistors, capacitors, sensors, etc., and integrated components composed of such products are all passive components.

◆ Main Products and Their Key Applications



Important Applications or Functions

Inductors can be used in Buck DC-DC converter, Boost DC-DC converter, Common-Mode Choke, Filter, Circuit Impedance Matching, EMI Protection and Noise Filtering

High heat dissipation capability: Compared to aluminum heat sinks of the same size, ceramic heat sinks have a porous structure, which results in a larger surface area for heat dissipation through convection in a unit of time, thus enhancing heat dissipation efficiency

Metal components are used in various products such as information technology, communication, consumer electronics, industrial control, medical equipment, automotive electronics, and more. They are composed of stamped parts and will continue to be produced using high-strength, lightweight materials, and high-speed, low-temperature precision molding technology for versatile applications

◆ Products and Revenue Contribution Ratio



◆ New Highlight Products of ABC-AETC Group

Inductors are passive components, and it is expected that the global inductor market will grow larger in 2023 than before due to the trend of miniaturization in 5G and related products, increased demand in IoT, Wi-Fi, and related technologies.

The demand for inductors in 2023 is expected to be higher than ever. MSN4020, a new product developed by ABC-AETC in 2022, underwent reliability testing in high temperatures, steam, and salt spray without any signs of rust. In contrast, competitors' products showed signs of corrosion. Currently, most types of products in the market cannot meet the requirements of automotive regulations and high-reliability experiments; therefore product's standout durability is a significant highlight.

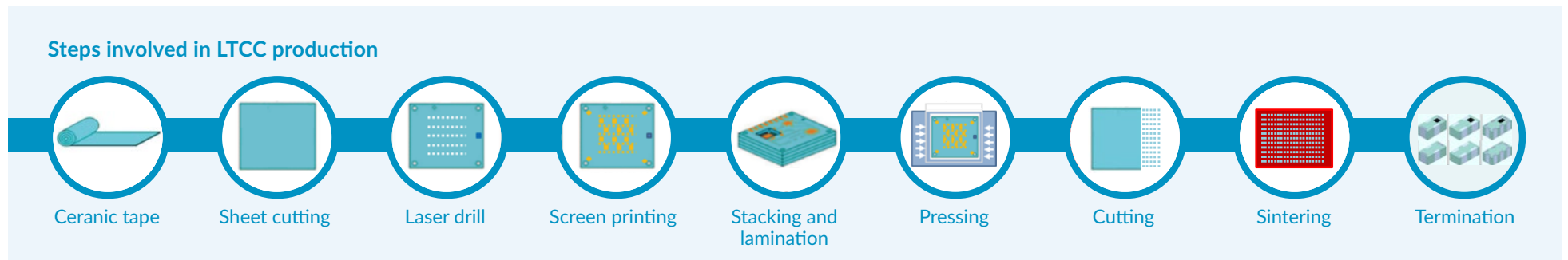
◆ ABC-AETC's New Opportunity - Low Temperature Co-fired Ceramics (LTCC)

LTCC technology was a new material technology introduced in the mid-1980s in the United States. It involves producing precise and dense green tapes using low-temperature sintered ceramic powder in a roll-to-roll technique. After cutting to the appropriate size, the required circuit patterns are created on the green tapes using mechanical or laser perforation, and metal paste is applied to fill holes and print circuits. Multiple passive components (inductors, capacitors, resistors, etc.) are embedded into multi-layer ceramic substrates, which are then stacked together. Sintering at 850~900 °C produces high-density circuits that do not interfere with each other in three-dimensional space, further miniaturizing and increasing the density of circuits. LTCC is particularly suitable for lightweight and thin requirements in consumer electronics. Ceramic materials have excellent high-frequency and high-Q characteristics, making them suitable for high-frequency communication. Their thermal

expansion coefficient is similar to silicon, making them suitable for connecting with IC chips.

As the penetration rate of 5G cell phones increases and the widespread adoption of Wi-Fi, the supply-demand gap for LTCC for RF components continues to grow. With the advent of the 5G era for smartphones, the usage of LTCC components has increased exponentially compared to the 4G era. The number of LTCC components used has risen from approximately three to five components in the 4G era to ten to eighteen components in the 5G era, representing a growth of around 30%. This increase in LTCC component usage is further propelled by the rising demand for communication equipment and base stations, contributing to a substantial increase in LTCC demand. LTCC is used in automotive communications for applications such as autonomous driving and infotainment, including tire pressure monitoring, EV battery status and charging information, keyless vehicle tracking and anti-theft systems, contributing to its increasing surge in demand. Development related to the Metaverse requires high signal transmission of a large amount of data and low latency. Meta and Apple's new products both support Wi-Fi 6E, and Sony's PS5 VR device supports Wi-Fi 6. The use of the latest Wi-Fi standards is a basic requirement for improving the wireless experience of head-mounted displays. New product applications utilize Bluetooth or Wi-Fi communication, such as smart water meters, smart electricity meters, shoes, boxing gloves, and even electronic cigarettes (vapes), all of which can leverage LTCC components to enhance added value.

ABC-AETC has accumulated four major types of LTCC RF products: 1. Filter; 2. Diplexer; 3. Directional Coupler; and 4. Power Divider. This year, ABC-AETC has also decided to invest resources to establish its own production line to further develop materials and processes. Sampling and production will begin in 2024. Expectations are that the new LTCC products will bring another wave of growth to the Company, moving towards its goal of "NT\$10 Billion in Revenue Within the Next Decade."



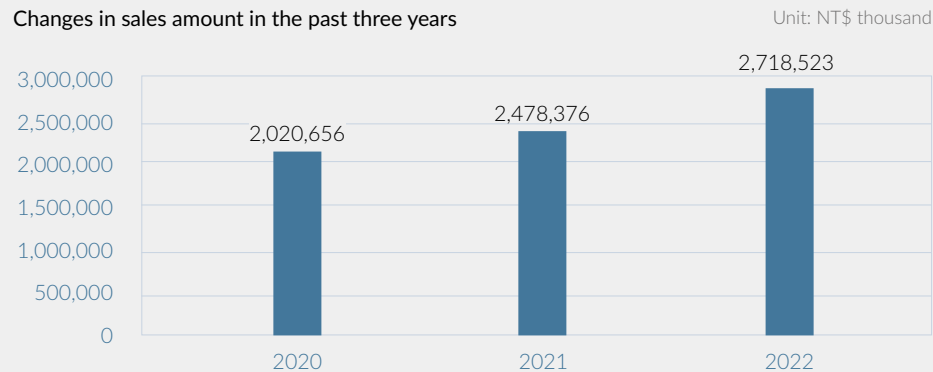
2.3.3 Product Sales Regions

The products produced by the ABC-AETC Group are sold all over the world, including the United States, Germany, China, Hong Kong, and other regions in addition to domestic sales in Taiwan, and the amount of sales has been growing year after year.

Unit: NT\$ thousand

Year		2020		2021		2022	
Area		Amount	%	Amount	%	Amount	%
Domestic sale	Taiwan	115,672	5.72	115,998	4.68	106,834	3.93
Export sale	Germany	448,540	22.2	577,753	23.31	641,674	23.6
	USA	842,787	41.71	1,173,950	47.37	1,500,510	55.2
	Tunisia	60,199	2.98	50,616	2.04	61,871	2.28
	China	409,071	20.24	339,085	13.68	167,549	6.16
	Hong Kong	101,580	5.03	125,788	5.08	114,039	4.19
	Other	42,805	2.12	95,187	3.84	126,046	4.64
	Subtotal	1,904,982	94.28	2,362,378	95.32	2,611,689	96.07
Total		2,020,656	100	2,478,376	100	2,718,523	100

Changes in sales amount in the past three years



2.3.4 Production Volume of Main Products

ABC-AETC mainly produces inductors, heat sinks, precision metal components, and other passive components. Among them, inductors are the primary sales products. Compared to the previous two years, ABC-AETC 's production value has been steadily increasing, reaching NT\$2,324,202 thousand in 2022, representing a 21% increase compared to 2021.

Unit: KPCS; NT\$ thousand

Main products	Production capacity	Production volume	Production value
2020			
Inductors	1,065,531	1,023,216	1,356,697
Ceramic heat sink	33,875	33,875	39,93
Precision metal parts	55,695	55,695	59,767
Total	1,155,101	1,112,786	1,456,394
2021			
Inductors	1,300,893	1,207,207	1,855,578
Ceramic heat sink	95,502	95,502	31,685
Precision metal parts	38,917	38,917	41,277
Total	1,435,313	1,341,627	1,928,540
2022			
Inductors	1,384,608	1,328,899	2,245,957
Ceramic heat sink	156,077	156,077	23,905
Precision metal parts	50,680	50,680	54,339
Total	1,591,364	1,535,655	2,324,202

2.4 ABC means satisfaction

2.4.1 Customer Satisfaction

ABC-AETC '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-AETC Group passed certification for IATF16949. In addition, the Guangzhou Factory also obtained ISO 9002 certification in 1997 and TS16949 certification in 1997. Throughout the years, ABC-AETC has established a good reputation through outstanding product quality and won strong recognition from customers. In 2022, the batch return rate of finished product inspection for automotive products was 5.5%. 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 communication and guidance. This allows us to realize the long-term quality goal of continuously improving product yields and reducing customer complaints, the goal is to have the inspection failure rate of finished vehicle supplies below 3% in 2023.

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 ECQ200 reliability testing equipment at each of our plants to ensure product quality and reliability and to identify potential quality problems.

◆ Business Strategy Aspect

Upgrading the SAP system and expanding its modular usage to enhance the integration of enterprise information, continuously deepening AOI+AI processes to improve customer satisfaction with delivery and high-quality products.

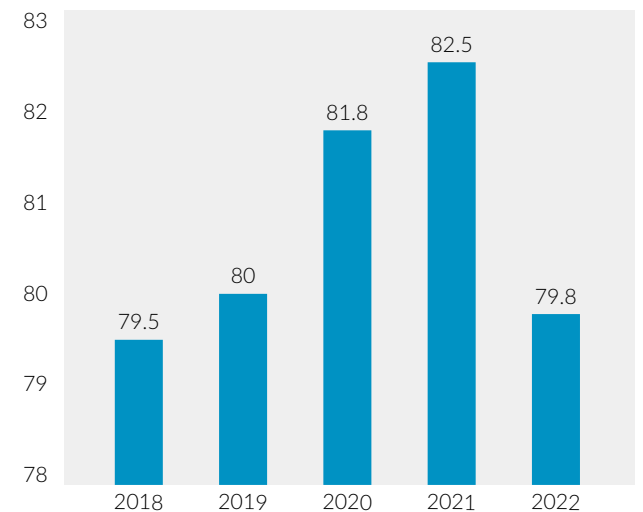
◆ Action Strategy Aspect

1. Expanding automated production lines to strengthen automation and smart production with the aim of increasing production capacity and reducing defect rates.
2. Mastering key material technologies to increase the self-production rate of materials and strengthen market competitiveness.
3. Strengthening industry-academia cooperation to enhance ABC-AETC 's development capabilities.
4. Taiwan H.Q Building B's production facility was put into operation with a new spray granulator manufacturing process in 2022, and Taiwan H.Q Building B's production facility is expected to be completed in 2023. Combined with the expansion of Phase 2 in the Guangzhou Factory, ABC-AETC Group integrates production, establishes efficient and intelligent production lines with high economic scale, aiming to improve customer satisfaction with delivery and high-quality products.

Compared to 2019 to 2022, customer satisfaction has slightly decreased. This is because some customers have higher

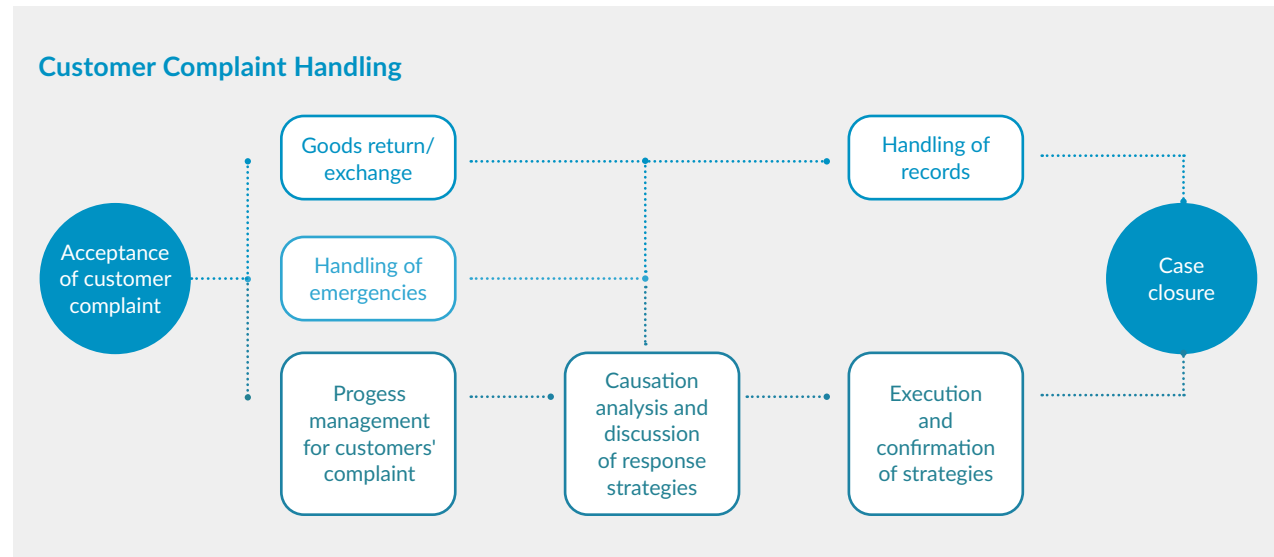
quality expectations for products than before. In order to better understand customer recommendations regarding ABC-AETC's quality, delivery, engineering/research and development capabilities, and services, and to enhance the Company's service quality, an annual "Customer Satisfaction Survey" is conducted. Based on the survey results, ABC-AETC plans to propose operational optimization strategies such as supplementing manpower through multiple channels, smart production, and improving delivery times. The company will also ensure that product quality, delivery, and service meet customer needs and requirements.

Customer Satisfaction Score Trend Chart from 2018 to 2022



2.4.2 Customer Complaint Handling

ABC-AETC 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.



2.4.3 2022 Quality Excellence Award 2022



▲ 2022 Excellence Management Quality Award trophies and certificates

In the year 2022, ABC-AETC Group was honored with the 58th "2-Star Excellence Management Quality Award" by the Chinese Society for Quality (CSQ). This recognition is a testament to the company's commitment to its core values of "Service, innovation and seeking for excellent," as well as its quality policy of delivering products that are the "I am doing the excellent all the time" in quality. The award is based on the evaluation of seven major criteria: leadership, strategic planning and innovation, customer and market focus, resource management, operational management, information and knowledge management, and business performance results. The recognition of this award reflects ABC-AETC's outstanding achievements in promoting comprehensive quality management and pursuing sustainable business practices.

3



SUSTAINABLE ENVIRONMENT

- 3.1→ Environmental Policy
- 3.2→ Energy Resources and Energy Conservation Measures
- 3.3→ Greenhouse Gas Emissions
- 3.4→ Waste Management

Management Policy

302 306

Material Issues

Energy management, Waste management

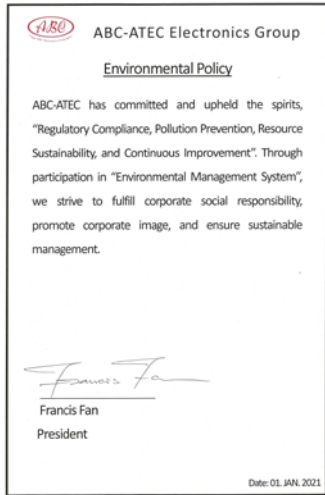
GRI Standards

308 Energy
306 Waste

Policy	ABC-ATEC 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> External Responsibilities: Climate Change Response Act. Internal policies: Environmental management handbook.
Resources	ISO 14001 environmental management systems, ISO 14064-1 greenhouse gas management system.
Contact Information	General Affairs Department: Ms. Chang Tel: (03) 4788-188 ext. 1610

2022 Goals/Solutions	2022 Performance Achievements	Whether accomplished
▶ Group-wide electricity consumption intensity: Electricity consumption/revenue: 5% lower than the previous year.	▶ Actual Group-wide electricity consumption intensity: Electricity consumption/revenue: 13% lower than the previous year.	✓ Accomplished
▶ Adoption of EEWH-GF green building standards for the construction of Taiwan H.Q Building C.	▶ Taiwan H.Q Building C has been certified as a candidate for green building certification.	✓ Accomplished
▶ Increase the recycling rate of waste from ABC-ATEC's Taiwan Factories: 85%.	▶ Actual recycling rate of waste from the ABC-ATEC's Taiwan Factories: 77%.	Not accomplished

3.1 Environmental Policy



▲ABC-ATEC Environmental Policy

ABC-ATEC 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-ATEC 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 Factory 2 was certified by a 3rd party in 2019, the Guangzhou and Malaysia Factory in 2020, and the Shanghai Factory 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 Energy Resources and Energy Conservation Measures

3.2.1 Electricity Intensity at Each Manufacturing Sites

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.

Electricity Consumption of ABC-ATEC Group

Unit: kWh

	Taiwan Factory	Guangzhou Factory	Shanghai Factory	Malaysia Factory	Group-wide
2021	1,801,400	3,997,445	2,661,300	3,835,040	12,295,185
2022	2,134,600	4,902,753	2,064,375	4,058,304	13,160,032

3.2.2 Energy Consumption

In FY2022, the revenue of the Qianru Group grew, and the total energy consumption was 48,077.13 GJ, representing a 5% increase compared to FY2021. The energy consumption includes gasoline and diesel usage in company vehicles, and these are recorded when used by employees. Diesel is also utilized for generators and forklifts, and fuel receipts are used to track the consumption levels. ABC-ATEC Group is committed to continuously optimizing its manufacturing processes for energy efficiency, aiming to achieve high revenue with low energy consumption. In addition to encouraging everyday energy-saving practices among its employees, the company is gradually implementing various energy-saving measures. For example, it is progressively replacing its air conditioning systems with variable frequency models and evaluating the installation of solar power generation equipment to increase the use of green energy sources.

ABC-ATEC Group has set a medium- to long-term target for electricity intensity; with 2021 as the baseline year, ABC-ATEC Group's electricity intensity will be reduced by more than 10% in 2030 compared to the baseline year, with an annual reduction of more than 1%.

Compared to 2021, the total electricity consumption of the entire group increased by 7% in 2022. The reason for this increase is the significant increase in production capacity in 2022, coupled with the addition of automated production lines at the Guangzhou Factory, which led to an increase in electricity usage. However, the electricity intensity in 2022 decreased by 13% compared to 2021, indicating an overall improvement in energy usage efficiency from the previous year.

Total Energy Consumption Table

Year	Gasoline		Diesel		Electricity		Total
	Liter (L)	Gigajoule (GJ)	Liter (L)	Gigajoule (GJ)	kWh	Gigajoule (GJ)	Gigajoule (GJ)
2021	8,580.57	280.22	36,067.69	1,268.47	12,295,185	44,262.67	45,811.35
2022	12,132.55	394.08	7,437.68	306.94	13,160,032	47,376.12	48,077.13

Note:

- The main production factories are Taiwan Headquarters (Factory 2), Taiwan Factory 1, Guangzhou Factory, Shanghai Factory, and Malaysia Factory.
- The conversion factors for calculating fuel heat value and converting electricity heat value are sourced from the Environmental Protection Administration's (EPA) Greenhouse Gas Emission Coefficients Management Table 6.0.4 version. The conversion for electricity heat value is 1 kWh = 0.0036 GJ.
- The electricity emission coefficient is calculated based on the latest announcement from the Bureau of Energy, Ministry of Economic Affairs. Electricity is 3,600KJ/kWh; gasoline is 7,800kcal/L; diesel fuel is 8,400cal/L.

Electricity Consumption Intensity of ABC-ATEC Group

	2021	2022
Gasoline	12,132.55	36,067.69
Gasoline Intensity (Liters/NT\$1,000 Revenue)	0.005	0.012
Diesel	7,437.68	7,437.68
Diesel Intensity (Liters/NT\$1,000 Revenue)	0.003	0.002
Electricity Consumption (kWh)	12,295,185	13,160,032
Electricity Consumption Intensity (kWh/NT\$1,000 Revenue)	4.96	4.34
Revenue (NT\$1,000)	2,478,376	3,033,092

Note:

- The main production factories are Taiwan Headquarters(Factory 2), Taiwan Factory 1, Guangzhou Factory, Shanghai Factory, and Malaysia Factory.

3.2.3 Green Building Energy Conservation

In 2022, ABC-ATEC Group established the Taiwan H.Q Building C Smart Factory. This marks the first factory within the Group designed and constructed according to green building standards. The factory was built with the principles of energy efficiency, resource conservation, and low pollution in mind. In 2022, the Taiwan H.Q Building C Smart Factory was recognized as a candidate for green building certification by the Ministry of the Interior.

ABC-ATEC's Taiwan H.Q Building C to reduce energy consumption and save material usage. It was constructed based on the evaluation of nine major green building indicators. The project excluded biodiversity indicators that did not meet the assessment criteria of one hectare or more. Taiwan H.Q Building C successfully passed a total of five common indicators, including daily energy-saving, water resources, CO₂ reduction, indoor environment, and base water conservation. We aim to utilize existing new technologies and innovative thinking to slow down the depletion of Earth's resources. At the same time, we are committed to continuous metal iron powder recycling, making every effort to protect the environment using all available resources at the disposal of the Company.



▲ Taiwan H.Q Building C Candidate Green Building Certificate



▲ Taiwan H.Q Building C appearance photos

3.3 Greenhouse gas Inventory

3.3.1 Group-wide Greenhouse Gas Inventory Results

Climate change is already a climate emergency, and in order to meet the stakeholders' requirements for carbon disclosure, ABC-ATEC 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.

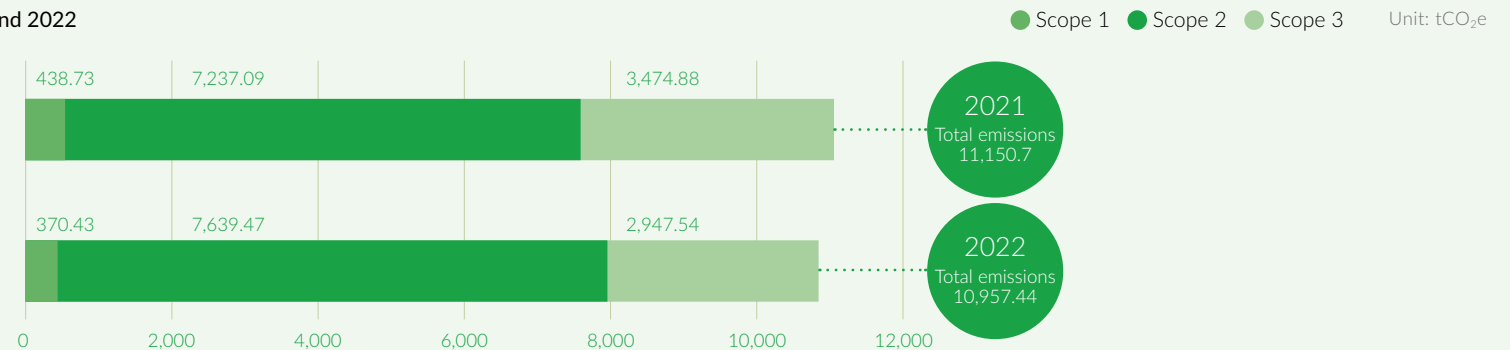
In accordance with ISO 14064-1:2018, the Company adopted the operation control right method and conducted an inventory according to the latest Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR6) of the relevant greenhouse gas inventory (GHC), which includes direct, indirect and other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

In 2021, ABC-ATEC Group completed the greenhouse gas inventory for its Taiwan Factories. In 2022, we took further steps by implementing ISO 14064 at the Shanghai Factory, Guangzhou

Factory, and Malaysia Factory, and successfully passed third-party verifications. We have achieved the target set by the FSC to complete the greenhouse gas inventory for the parent company, domestic, and overseas subsidiaries of all publicly listed companies by 2027. This process helps us identify the main sources of carbon emissions within ABC-ATEC Group. The results of the 2022 Group-wide inventory are as follows. The data was verified externally in June 2023, and Category 2 purchased electricity was identified as the main source of carbon emissions.

Compared to the previous year, emissions decreased by 193 tCO₂e per year in 2022. The reasons for this emission reduction include the cessation of stamping production at our Yangmei Factory 1 in Taiwan in August 2022 and the temporary shutdown of our Shanghai Factory in April and May 2022 (due to COVID-19 lockdown restrictions), resulting in a complete halt in operations, thus contributing to the decrease in carbon emissions.

Carbon Emissions of ABC-ATEC Group in 2021 and 2022



Note:
 1. The calculation method for greenhouse gas emissions is activity data x emission factor x GWP value. The emission factor values for the Taiwan Factories are referenced from the Environmental Protection Administration's Greenhouse Gas Emissions Factor Management Table 6.0.4 version. The emission factor values for the Shanghai and Guangzhou Factory are referenced from the China Electric Power Coefficient (2022) National Grid Emissions Factors and the refrigeration equipment leakage rate is referenced from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. The emissions factor for refrigeration equipment leakage at the Malaysia Factory is also referenced from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. The GWP values are all quoted from the IPCC Sixth Assessment Report.
 2. This table covers CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, but ABC-ATEC Group does not emit PFCs, SF₆, and NF₃ from its operations.

3.3.2 GHG Emissions Intensity

To establish a positive corporate image and attract more investors and partners, ABC-ATEC is highly concerned about its greenhouse gas emissions. In 2022, the greenhouse gas emissions intensity decreased by 19.54% compared to the previous year.

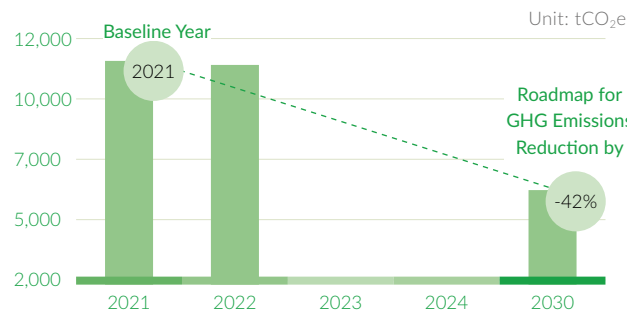
	Greenhouse Gas Emissions (tCO ₂ e)	Revenue (NT\$ million)	GHG Emissions Intensity
2021	11,151	2,478	4.50
2022	10,980	3,033	3.61



3.3.3 ABC-ATEC's Carbon Reduction Roadmap

ABC-ATEC Group has set 2021 as the baseline for greenhouse gas emissions tracking. In the future, we will continue to monitor the emissions from various operational locations, establish carbon reduction goals, and develop corresponding strategies to gradually transition to renewable energy sources. This is aimed at reducing the Group's greenhouse gas emissions and mitigating climate risks. ABC-ATEC Group has established medium to long-term greenhouse gas reduction goals: By 2030, the Group aims to achieve a reduction of over 42% in emissions compared to the baseline year of 2021, with an annual reduction of over 4.2%, expecting to reduce emissions by more than 4,690.42 tCO₂e compared to the baseline year by 2030.

ABC-ATEC Group's Expected Carbon Reduction Roadmap



3.4 Waste Management

1. Waste Management

ABC-ATEC Group's waste management principle is "source reduction and recycling." Since the products ABC-ATEC produces cannot use recycled materials, the focus is on waste management at the end of the product life cycle. The waste generated by ABC-ATEC Group is categorized into three major types: hazardous industrial waste, general industrial waste, and resource recycling waste. Hazardous industrial waste includes items like solvent-containing waste liquids, solvent-containing waste materials, used machine oil, and waste fluorescent lights. General industrial waste comprises general waste generated from business activities, mixed plastic waste, process waste, dry batteries, etc. Resource recycling waste includes items such as beverage cans, PET bottles, waste fluorescent tubes, waste information equipment, dry batteries, wastepaper, waste electronic components, etc.

For the overall disposal of waste, ABC-ATEC follows the Waste Disposal Act's regulations, establishes waste management plans within the organization, collaborates with vendors approved by the competent authorities and signs valid contracts to ensure the legal disposal of waste, with waste classification management implemented in accordance with the "Waste Management Act." Regular inspections and evaluations of business waste treatment facilities are scheduled each year to effectively prevent improper waste disposal. In 2022, there were no incidents of penalties related to waste violations.

2. Environmental Impact Reduction Strategies for Products

The main products of ABC-ATEC 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.

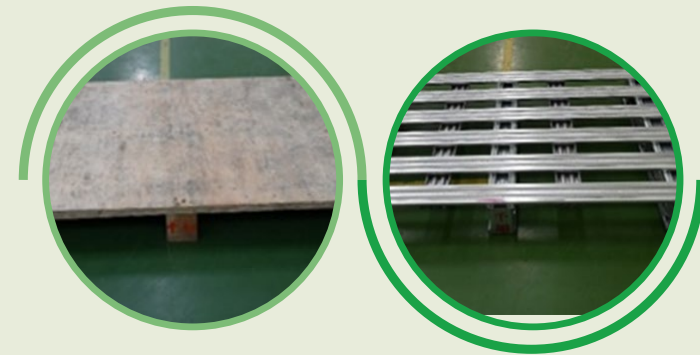
Raw Materials → Manufacturing → Downstream			
Core Focus	Use of locally produced, non-toxic raw materials	No water use, energy-saving and waste minimization processes	Consider impacts down the value chain
Implementation Strategies	Prohibit hazardous materials at the source.	Reduce and recycle at source.	Taiwan Factory No. 2, Taiwan H.Q Building B Material Factory has established a waste recycling mechanism based on circular economy concepts to facilitate waste recycling and wastewater recycling and reuse.
	Prohibit the use of products from conflict mines.	Taiwan Factory No. 2, Taiwan H.Q Building B Material Factory is equipped with a pure water recycling system.	Classification of hazardous waste and recyclable waste in the Guangzhou Factory.
	Prioritize the purchase of environmentally friendly products.	Guangzhou Factory reuses process wastewater and domestic wastewater treated by recycling equipment.	Strengthening the management of waste manufacturers, all manufacturers are required to obtain the registration or license of waste disposal vendors.

3. Achievements in Reducing the Environmental Impact of Products

In the procurement of raw materials, ABC-ATEC Group has banned the use of hazardous substances at the source, prohibited the use of products from conflict mines, and prioritized the procurement of environmentally friendly products.

◆ Wooden pallets have been replaced with aluminum pallets for reuse and recycling

ABC-ATEC's Taiwan Factories have switched from using wooden pallets to lightweight steel pallets. This transition facilitates the circulation of pallets, as they are returned to upstream suppliers for reuse. In 2022, a total of 127 wooden pallets and 90 aluminum pallets, totaling 217, were in circulation between customers and the factory. In the future, when wooden pallets become damaged, durable and recyclable aluminum pallets will be purchased as replacements, gradually phasing out all wooden pallets and reducing the quantity of waste generated from damaged pallets.



▲ ABC-ATEC's Taiwan Factories use aluminum pallet instead of wooden pallet, which is beneficial for resource circulation.

◆ Adding Recycled Materials to Raw Materials

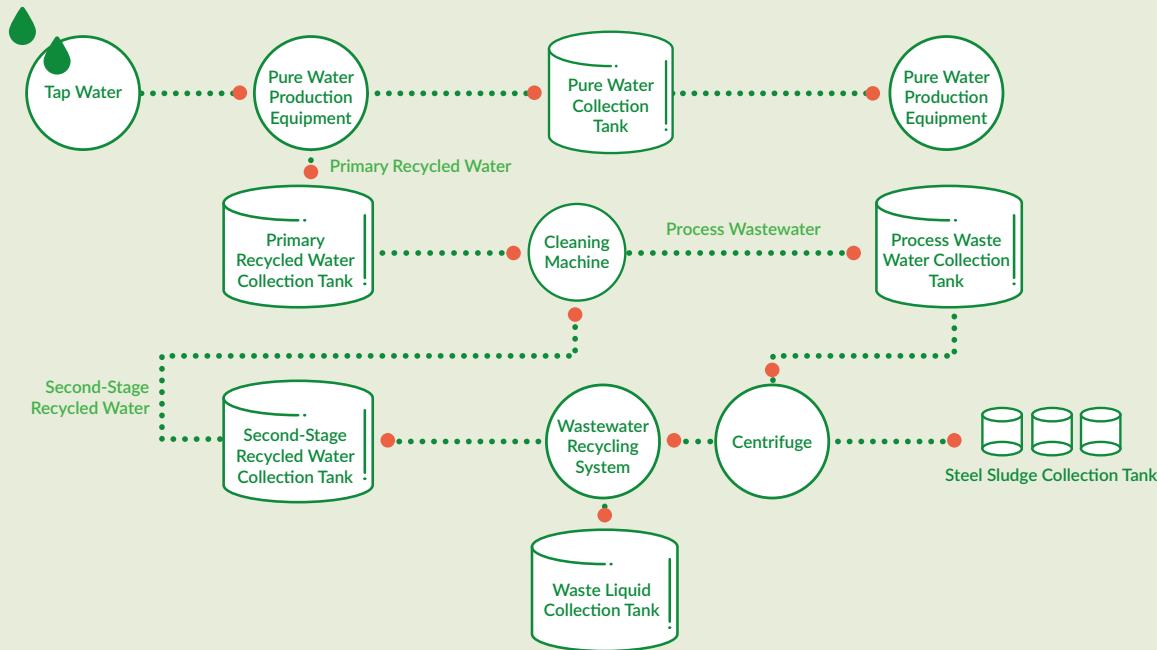
ABC-ATEC Group significantly reduces the use of non-recycled raw materials by incorporating recycled materials. This has a positive impact on the environment, leading to energy savings, reduced greenhouse gas emissions, and a decrease in the generation of hazardous waste. It is an important process for promoting a circular economy within ABC-ATEC Group.

◆ Recycling of Water Resources

In light of the increasing water resource risks due to extreme global weather events in recent years, the Taiwan Yangmei Factory 2, Taiwan H.Q Building B of the Materials Factory has installed a pure water recycling system since 2021. This system operates in two stages, ensuring the efficient management of water resources.

The first stage	In 2022, a total of 48.07 metric tons of primary recycled water were reused to reduce the discharge of treated effluent.
The second stage	The second stage involves the reuse of second-stage recycled water from the wastewater concentrator. In the previous operation method, wastewater from cleaning the spray granulator was used to concentrate waste liquid in the wastewater concentrator. After improvement, the second-stage recycled water produced by the wastewater concentrator is collected in a tank and used for cleaning the spray granulation equipment, eliminating the need for tap water.

◆ Waste Generated by ABC-ATEC Group



4. Waste Generated by ABC-ATEC Group

Waste statistics summary				Unit: tons
Factory	Total Weight of Waste	Hazardous Business Waste	General Business Waste	
2021	Taiwan Factory	88.37	6.65	81.72
	Shanghai Factory	19.24	0.94	18.31
	Guangzhou Factory	142.48	42.11	100.36
	Malaysia Factory	120.17	11.89	108.29
2022	Taiwan Factory	79.19	9.28	69.91
	Shanghai Factory	15.91	0.83	15.08
	Guangzhou Factory	132.97	48.46	84.51
	Malaysia Factory	119.17	12.47	106.71

		Metric tons	Waste Items	2021	2022	Disposal method	Off-site/On-site Processing	
Taiwan Factory	Hazardous Business Waste		Electronic Components Waste, Leftover Scraps, and Defective Products	6.50	9.23	Recycling and Reuse	Off-site	
			Waste Printed Circuit Boards	0.14	0.05		Off-site	
	General Business Waste		Domestic Waste	1.94	1.84	Incineration	Off-site	
			Domestic Waste	11.49	14.34		Off-site	
			Mixed Plastic Waste	2.06	2.20		Off-site	
			Scrap Metal	31.36	0.00		Off-site	
			Scrap Copper	2.73	0.00		Off-site	
			PE Film	0.91	1.31		Off-site	
			Waste Paper	17.04	33.53		Recycling and reuse	Off-site
			Tin and Aluminum Cans	0.53	0.34			Off-site
			PE Bottles	0.30	0.43		Off-site	
			Plastic and Rubber	0.00	0.46		Off-site	
		Recycled Steel Goods	13.37	15.46	Off-site			
			Total Weight of Waste	88.37	79.19			
		Recycling and Reuse Rate	82%	77%				
Shanghai Factory	Hazardous Business Waste		Solvent-containing Waste Liquid	0.80	0.76	Incineration		
			Solvent-containing Waste	0.05	0.05			
			Waste Motor Oil	0.08	0.01			
	General Business Waste		Domestic Waste - Other Waste	6.99	5.83	Incineration	Off-site	
			Waste Enameled Wire	1.17	1.16			
			Tin Slag	0.73	0.27	Recycling and Reuse		
			Needle Guide	0.01	0.00			
		Waste Cardboard	9.37	7.81				
		Total Weight of Waste	19.24	15.91				
		Recycling and Reuse Rate	59%	58%				

Note: Recycling and Reuse Rate = Recycling and Reuse / Total Waste Generated Weight * 100%.



Unit: tons

Metric tons	Waste Items	2021	2022	Disposal method	Off-site/On-site Processing
Guangzhou Factory	Solvent-containing Waste Liquid	37.28	42.78	Incineration	Off-site
	Solvent-containing Waste	3.13	3.30		
	Waste Motor Oil	0.01	0.11		
	Waste Glue, Plastic Bottles	0.57	1.28		
	Waste Dry Batteries	0.01	0.00	Warehousing	
	Waste Fluorescent Lights	0.00	0.00		
	Solvent-containing Waste Plastic Drums/ Bottles	0.05	0.17	Incineration	
	Solvent-containing Waste Steel Drums	0.08	0.06		
	Motor Oil Stained Rags	0.02	0.00		
	Waste Activated Carbon	0.94	0.77		
General Business Waste	Domestic Waste - Other Waste	78.84	61.24	Incineration	
	Waste Enameled Wire	0.97	2.21		
	Tin Slag	0.33	0.71	Recycling and reuse	
	Scrapped Magnetic Cores and Defective Products	2.09	4.52		
	Waste Cardboard, Aluminum Cans, Beverage Bottles, Plastic Bags	18.11	15.82		
Total Weight of Waste		142.48	132.97		
Recycling and Reuse Rate		15%	17%		

Note: Recycling and Reuse Rate = Recycling and Reuse / Total Waste Generated Weight * 100%.



Unit: tons

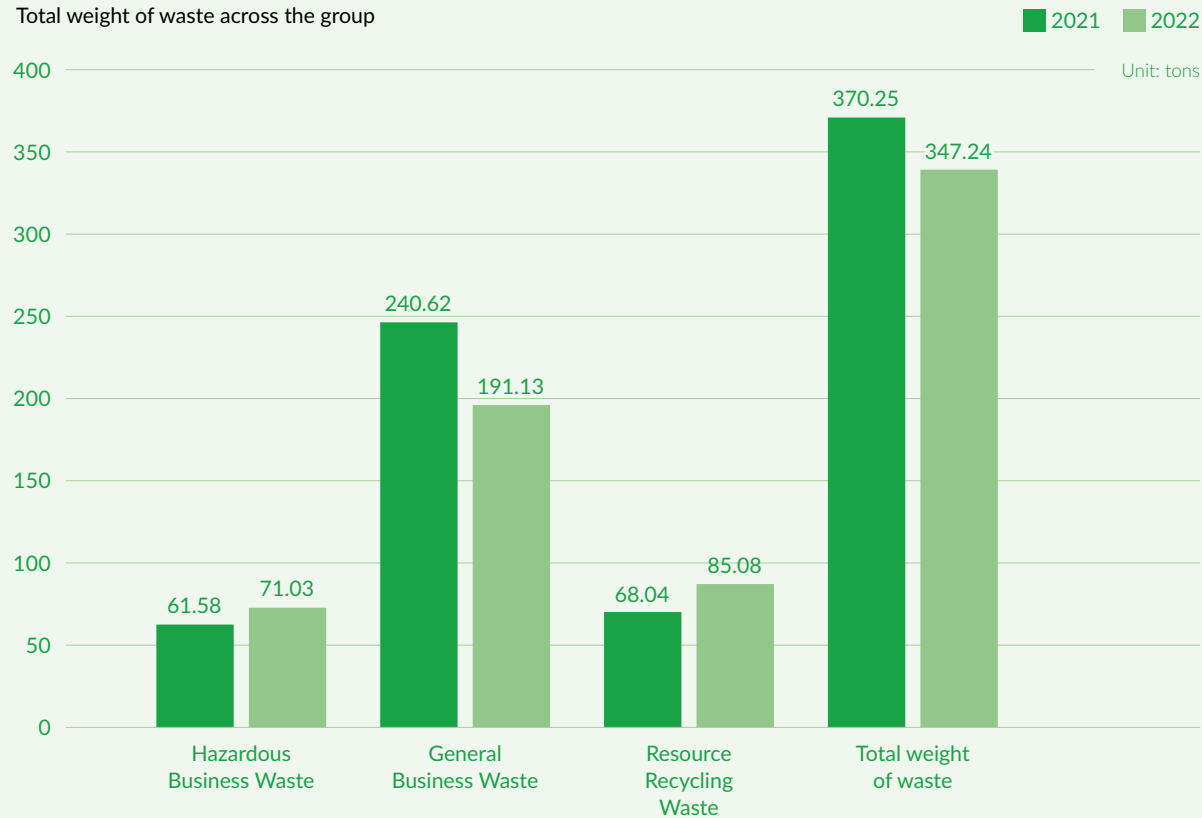
Metric tons	Waste Items	2021	2022	Disposal method	Off-site/On-site Processing	
Malaysia Factory	Solvent-containing Waste Liquid	4.60	4.59	Recycling	Off-site	
	Solvent-containing Waste	1.73	2.52	Recycling		
	Iron Powder	1.16	1.30	Coagulant		
	Paint Sludge	1.49	1.53	Incineration		
	Waste Motor Oil	0.11	0.15	Collected and Recycled by Service Vendors		
	Hazardous Business Waste	Solvent-containing Waste Plastic Drums/ Bottles	0.78	0.81		Recycling
	Solvent-containing Waste Steel Drums	0.04	0.04	Sold to Waste Disposal Contractor for Recycling		
	Waste Tin Slag Scraps	0.40	0.52	Recycling		
	Scrapped Magnetic Cores and Defective Products	1.54	1.00	Recycling		
General Business Waste	Domestic Waste - Other Waste	94.00	93.00	Dumped at Disposal Sites by Contractors and Landfills	Off-site	
	Mixed Plastic Waste	2.35	2.04	Sold to Waste Disposal Contractor for Recycling		
	Scrap Metal	0.87	0.26			
	Waste Enamelled Wire Scraps	1.09	1.08			
	Waste Copper Frames	0.45	0.41			
	Copper Clip Waste Materials	1.11	0.00			
	Waste Cardboard (Waste Cartons)	8.40	9.91			
Total Weight of Waste		120.17	119.17			
Recycling and Reuse Rate		20%	20%			

Note:
1 The disclosure boundary covers ABC-ATEC's Taiwan Yangmei Factories 1 and 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.
2. Recycling rate = Recycling/total weight of waste generated*100%.

5. Waste Volume Trends in 2021 and 2022

In 2022, ABC-ATEC Group generated a slightly higher amount of hazardous industrial waste and recyclable waste compared to 2021. This increase can be attributed to the overall increase in the Group's production capacity in 2022 compared to 2021. However, the general business waste decreased by 35.28 metric tons compared to 2021; the main reasons for this decrease include the closure of the Shanghai Factory in April and May 2022 due to the COVID-19 pandemic lockdown measures, during which the factory was not operational. Additionally, process adjustments at the Taiwan Factory led to a reduction in the production of waste iron and copper, contributing to the decrease in general business waste.

Total weight of waste across the group



4



EMPLOYEE CARE

- 4.1> Human Resource Structure
- 4.2> Compensation and Benefits
- 4.3> Talent Training and Development

Management Policy

401

Material Issues

Employment

GRI Standards

401 Employment

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	<ul style="list-style-type: none"> To offer highly competitive compensations and benefits. Providing various insurance benefits and contributions to retirement funds in accordance with local laws and regulations.
Responsibility	<ul style="list-style-type: none"> External responsibilities: Labor Standards Act and Labor Inspection Act. Internal policies: Compensation Committee, Personnel Evaluation Panel, Performance Evaluation Policy, Employee Transfer Policy, Personnel Recruitment Policy, and Employee Welfare Committee Charter.
Resources	<ul style="list-style-type: none"> Regulations for Labor-Management Meetings. Subsidizing staff to conduct professional training in 2022. In 2022, subsidies included holiday gift vouchers, birthday bonuses, wedding and bereavement benefits, education subsidies, hospitalization support, injury and illness assistance, maternity benefits, and scholarships, among others.
Contact Information	Human Resources Department, Mr. Lin TEL: (03) 4788-188 ext. 1662

2022 Goals/Solutions

2022 Performance Achievements

Whether accomplished

▷ Regular labor-management meetings: once per quarter.

▶ Labor-management meetings held: once per quarter.

✓ **Accomplished**

▷ Average monthly turnover rate: 2%.

▶ Actual average monthly turnover rate: 3.55%.

Not accomplished

4.1 Human Resource Structure

ABC-ATEC believes that employees are a vital asset to the company. We take pride in having creative and proactive employees, and we are proud of our outstanding management team. ABC-ATEC's management team has a long-standing presence in the electronic components industry, possesses an international perspective, and holds ambitious visions. In the future, they will lead ABC-ATEC towards continuous improvement and a better future.

ABC-ATEC 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-ATEC, we embrace the mindset that "individual accomplishments are realized only when the group achieves its goals."

4.1.1 Workforce by Gender and Form of Employment

As of December 31, 2022, ABC-ATEC Group had a total of 1,071 employees. Among them, there were 229 employees in Taiwan, 188 employees in Shanghai, 372 employees in Guangzhou, and 282 employees in Malaysia. All employees in our Taiwan facility are full-time employees, and there are no part-time employees.

Distribution of ABC-ATEC Group's Employees by Employment Type

Units: People

Year	Site	Gender	Total number of employees		Subtotal	Proportion	Subtotal	Total
			Direct	Indirect				
2022	Taiwan Factory	Male	35	80	115	50%	229	1,071
		Female	41	73	114	50%		
	Shanghai Factory	Male	36	22	58	31%	188	
		Female	94	36	130	69%		
	Guangzhou Factory	Male	106	73	179	48%	372	
		Female	106	87	193	52%		
Malaysia Factory	Male	126	48	174	62%	282		
	Female	76	32	108	38%			
2021	Taiwan Factory	Male	27	61	88	43%	203	1,167
		Female	44	71	115	57%		
	Shanghai Factory	Male	41	23	64	33%	196	
		Female	100	32	132	67%		
	Guangzhou Factory	Male	159	72	231	49%	469	
		Female	147	91	238	51%		
Malaysia Factory	Male	141	48	189	63%	299		
	Female	78	32	110	37%			
2020	Taiwan Factory	Male	23	63	86	46%	185	1,017
		Female	43	56	99	54%		
	Shanghai Factory	Male	31	21	52	28%	186	
		Female	102	32	134	72%		
	Guangzhou Factory	Male	71	73	144	41%	347	
		Female	110	93	203	59%		
Malaysia Factory	Male	141	48	189	63%	299		
	Female	78	32	110	37%			

Remarks:

1. Direct personnel refer to those whose job title is a "technician"; indirect personnel refer to those whose job title is other than a "technician".
2. The disclosure boundary covers the entire ABC-ATEC Group, and the number of expatriate employees is statistically attributed to overseas factories.

4.1.2 Distribution of Employees by Gender and Labor Contracts

As of December 31, 2022, ABC-ATEC Group had 563 fixed-term employees and 511 non-fixed term employees, with a higher number of employees signing fixed-term contracts.

Unit: People

Year		2020		2021		2022	
Number of employees		1,017		1,167		1,071	
Form of employment	Gender	Unscheduled	Term	Unscheduled	Term	Unscheduled	Term
		♂M	284	248	368	383	344
♀F	224	261	204	226	271	174	
Region	Taiwan	98	99	100	115	164	59
	Over-seas	410	410	472	480	381	467
Form of employment	Gender	Full time	Part time	Full time	Part time	Full time	Part time
		♂M	439	32	540	32	504
♀F	483	63	532	63	494	51	
Region	Taiwan	197	0	215	0	223	0
	Over-seas	725	95	857	95	775	73

Remarks:

- The disclosure boundary covers the entire Group, and the number of expatriate employees is statistically attributed to the overseas factories.
- Employment contracts are divided into non-fixed-term (regular) and fixed-term (short-term, seasonal, and project-specific; when an employee is on maternity/parental leave and the company hires another employee to act as the employee's substitute until the employee returns to work after the maternity/parental leave).
- Employment types include full-time employees (those whose weekly working hours reach the legal working hour limit) and part-time employees (those whose weekly working hours do not reach the legal working hour limit, and who work only part-time, such as work-study students and hourly-rated employees).

4.1.3 Total Number and Ratio of New/Departed Employees by Gender and Age

ABC-ATEC 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 Taiwan headquarters aims to provide stable and continuously growing talent pool to retain talent. In FY2022, the number of new employees was 781 and the number of departed employees totaled 840, with an average monthly recruitment rate of 2.69% and an average monthly turnover rate of 2.91%. To reduce turnover and prevent talent loss, the Taiwan headquarters conducts one-on-one interviews with departing employees to understand their work situations. The reasons for departure are analyzed and used to propose improvement measures, which are presented at management meetings to reduce turnover rates.

Statistics table of new and resigned employees

Unit: People

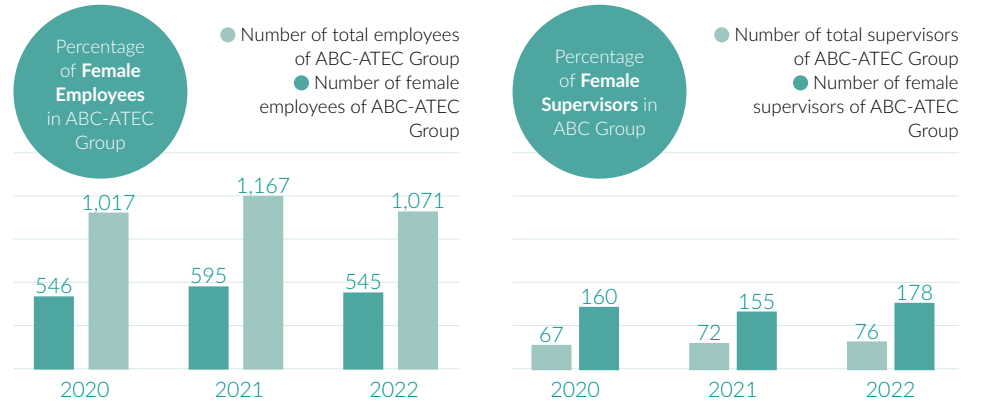
	2020				2021				2022			
	New employees		Resigned employees		New employees		Resigned employees		New employees		Resigned employees	
	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F
Under age 30	207	232	188	223	556	277	520	243	342	198	355	214
Proportion	87.34%	96.27%	79.32%	92.53%	179.35%	117.87%	167.74%	103.40%	113.59%	103.3%	138.67%	111.46%
Age 31-50	63	85	49	73	155	198	137	176	125	110	139	121
Proportion	33.87%	30.69%	26.34%	26.35%	66.52%	62.26%	58.80%	55.35%	51.87%	35.14%	57.68%	38.66%
Age 51 and above	1	0	4	2	0	1	2	3	3	3	3	8
Proportion	2.94%	NA	11.76%	4.76%	NA	2.38%	6.90%	7.14%	10.34%	7.50%	10.34%	10.00%
Subtotal by gender	271	317	241	298	711	476	659	422	470	311	497	343
Proportion	59.30%	56.61%	52.74%	53.21%	124.30%	80%	115.21%	70.92%	89.35%	57.06%	94.49%	62.94%
Total	588		539		1,187		1,081		781		840	
Proportion	2.69%		2.41%		3.69%		3.43%		2.69%		2.91%	

Note:

- Proportion of newcomers in the age range: (males in the age range of the year/female)Number of new recruits/The total number of new entrants in this age range in the year. /100%
- Resignation ratio in age range: (male in this year's age range/female)Number of resigned staff/The total number of new entrants in this age range in the year/100%
- The total ratio of new recruits in the age range: (the total number of new recruits in the age range for the year/Total headcount at the end of the year)/100%
- Average monthly new hire rate: (New employees/(employees at the beginning of the year + new employees this year))/12
- Average monthly turnover rate: (resigned personnel/(personnel at the beginning of the year + new personnel this year))/12
- Total ratio of resignations in the age range: (total number of employees in the age range who resigned in the year/total number of employees in the company at the end of the year)*100%
- The disclosure boundary covers Yangmei Factory 1 and Factory 2 in Taiwan, and does not include expatriates, overseas factories include Taiwanese expatriate.

4.1.4 Ratio of Female Supervisors

ABC-ATEC is actively cultivating female employees and is committed to creating an equal working environment. To provide a comfortable working environment for female employees during and after pregnancy, ABC-ATEC has established lactation rooms to ensure that new mothers can work with peace of mind and retain talented female employees. In addition to this, ABC-ATEC Group adjusts night shift schedules for female employees during their pregnancy period. In ABC-ATEC's Taiwan Factory, dedicated parking spaces for pregnant women are also provided to ensure that employees can commute to work with peace of mind. In 2022, the percentage of female employees in ABC-ATEC was 50.99%, and the proportion of female executives and managers within the entire group was 42.70%. This demonstrates our commitment to providing a fair and competitive workplace and implementing gender equality.



Note: The disclosure boundary covers the entire ABC-ATEC Group, and the number of expatriate employees is statistically attributed to the overseas factories.

4.1.5 Workforce by gender and age

Unit: People

	Taiwan Factory							Shanghai Factory							Guangzhou Factory							Malaysia Factory						
	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total
	M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F	
2020																												
Under age 30	0	0	0	0	21	11	32	0	0	1	5	20	43	69	0	0	3	3	70	95	171	0	0	16	11	107	72	206
Proportion	0%	0%	0%	0%	32.31%	11.96%	17.30%	0%	0%	7.14%	29.41%	55.56%	36.75%	37.10%	0%	0%	17.65%	14.29%	56.00%	52.20%	49.28%	0%	0%	44.44%	0%	70.39%	81.82%	68.90%
Age 31-50	2	0	6	2	41	58	109	0	0	11	10	16	74	111	0	0	12	18	52	86	168	1	0	13	5	43	13	75
Proportion	22.22%	0%	50.00%	28.57%	63.08%	63.04%	58.92%	0%	0%	78.57%	58.82%	44.44%	63.25%	59.68%	0%	0%	70.59%	85.71%	41.60%	47.25%	48.41%	100%	0%	36.11%	22.73%	28.29%	14.77%	25.08%
Over age 51	7	0	6	5	3	23	44	2	0	2	2	0	0	6	2	0	2	0	3	1	8	0	0	7	6	2	3	18
Proportion	77.78%	0%	50.00%	71.43%	4.62%	25.00%	23.78%	100%	0%	14.29%	11.76%	0%	0%	3.23%	100%	0%	11.76%	0%	2.40%	0.55%	2.31%	0%	0%	19.44%	27.27%	1.32%	3.41%	6.02%
Total count	9	0	12	7	65	92	185	2	0	14	17	36	117	186	2	0	17	21	125	182	347	1	0	36	22	152	88	299

	Taiwan Factory								Shanghai Factory								Guangzhou Factory								Malaysia Factory							
	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total	General staff		Mid-level managers		General staff		Total				
	♂M	♀F	♂M	♀F	♂M	♀F		♂M	♀F	♂M	♀F	♂M	♀F		♂M	♀F	♂M	♀F	♂M	♀F		♂M	♀F	♂M	♀F	♂M	♀F					
2021																																
Under age 30	0	0	0	0	25	17	42	0	0	1	3	28	40	72	0	0	1	3	135	92	231	0	0	15	10	105	70	200				
Proportion	0%	0%	0%	0%	32.05%	15.89%	20.69%	0%	0%	5.88%	18.75%	62.22%	34.48%	36.73%	0%	0%	6.67%	11.54%	63.08%	43.40%	49.25%	0%	0%	41.67%	45.45%	69.08%	79.55%	66.89%				
Age 31-50	1	0	4	3	50	65	123	0	0	14	11	17	76	118	0	0	12	23	75	119	229	1	0	14	6	45	15	81				
Proportion	20.00%	0%	80.00%	37.50%	64.10%	60.75%	60.59%	0%	0%	82.35%	68.75%	37.78%	65.52%	60.20%	0%	0%	80.00%	88.46%	35.05%	56.13%	48.83%	100%	0%	38.89%	27.27%	29.61%	17.05%	27.09%				
Over age 51	4	0	1	5	3	25	38	2	0	2	2	0	0	6	2	0	2	0	4	1	9	0	0	7	6	2	3	18				
Proportion	80.00%	0%	20.00%	62.50%	3.85%	23.36%	18.72%	100%	0%	11.76%	12.50%	0%	0%	3.06%	100%	0%	13.33%	0%	1.87%	0.47%	1.92%	0%	0%	19.44%	27.27%	1.32%	3.41%	6.02%				
Total count	5	0	5	8	78	107	203	2	0	17	16	45	116	196	2	0	15	26	214	212	469	1	0	36	22	152	88	299				
2022																																
Under age 30	0	0	0	1	46	12	59	0	0	1	1	23	34	59	0	0	1	2	88	62	153	0	0	15	12	82	68	177				
Proportion	0%	0%	0.00%	7.69%	51.69%	11.88%	25.76%	0%	0%	6.25%	6.67%	57.50%	29.57%	31.38%	0%	0%	5.56%	8.00%	55.35%	36.90%	41.13%	0%	0%	40.54%	52.17%	60.29%	80.00%	62.77%				
Age 31-50	1	0	20	7	41	66	135	0	0	13	12	17	81	123	0	0	15	23	67	106	211	1	0	15	5	51	13	85				
Proportion	25.00%	0%	90.91%	53.85%	46.07%	65.35%	58.95%	0%	0%	81.25%	80.00%	42.50%	70.43%	65.43%	0%	0%	83.33%	92.00%	42.14%	63.10%	56.72%	100%	0%	40.54%	21.74%	37.50%	15.29%	30.14%				
Over age 51	3	0	2	5	2	23	35	2	0	2	2	0	0	6	2	0	2	0	4	0	8	0	0	7	6	3	4	20				
Proportion	75.00%	0%	9.09%	38.46%	2.25%	22.77%	15.28%	100%	0%	12.50%	13.33%	0%	0%	3.19%	100%	0%	11.11%	0%	2.52%	0%	2.15%	0%	0%	18.92%	26.09%	2.21%	4.71%	7.09%				
Total count	4	0	22	13	89	101	229	2	0	16	15	40	115	188	2	0	18	25	159	168	372	1	0	37	23	136	85	282				

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 Factory 1 and Factory 2 in Taiwan, and does not include expatriates, overseas factories include Taiwanese expatriate.

4.2 Employee Benefit Measures

4.2.1 Employee Salary

A comprehensive salary structure and welfare system are one of important factors in keeping outstanding employees. ABC-ATEC 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.

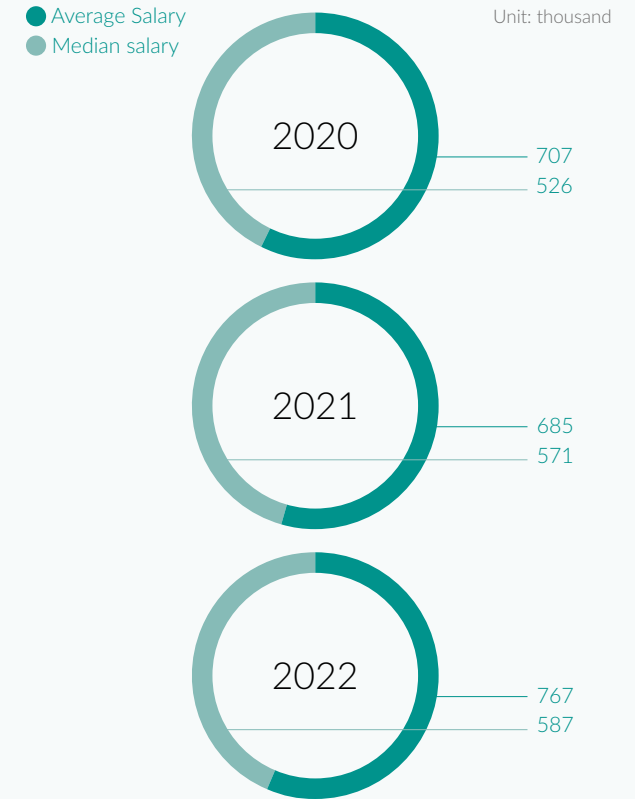
ABC-ATEC Taiwan headquarters strives to appropriately reflect business performance or results in employee remuneration. According to Article 34 of the company's articles of incorporation, a distribution of 12% to 16% of profits is allocated as employee remuneration. This distribution is decided by the Board of Directors and can be in the form of stocks or cash. In 2022, the average employee salary cost was NT\$767 thousand. There is a larger difference in the basic salary and average compensation ratio for managerial executives in 2022. This disparity is primarily due to higher salaries and compensation for high-ranking executive personnel, who are predominantly male, which contributes to the widening of the basic salary and compensation ratio.

Employee salary by gender - 2020~2022

	2020				2021				2022			
	Basic salary		Average compensation		Basic salary		Average compensation		Basic salary		Average compensation	
	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F	♂M	♀F
Non-managerial staff	1	0.89	1	1.07	1	0.94	1	0.95	1	1.01	1	1
Managerial staff	1	0.76	1	0.87	1	0.84	1	1.00	1	0.26	1	0.22

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

2020~2022 Full-time General Employee Salary



Difference from the previous year
Average Salary 12%
Median salary 2.8%

Note: The information in this table is sourced from the MOPS and was publicly disclosed in early July 2023.

4.2.2 Employee Benefits Measures

ABC-ATEC is a well-established business with 44 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.

Employee Benefit Measures of ABC-ATEC

Welfare Committee Allowances	ABC-ATEC provides various allowances and subsidies for different purposes, including gift vouchers (cash) for the Lunar New Year, birthday gifts, subsidies for weddings, bereavement, celebrations, educational advancement, Women's Day, continuing education, hospitalization, illness, childbirth, scholarships, employee trips, year-end team building activities, year-end benefits, and childbirth incentives. These allowances and subsidies are granted based on actual circumstances, and employees can apply for them accordingly.
Group Insurance	ABC-ATEC fully covers and plans comprehensive employee group insurance, which includes medical insurance, occupational accident insurance, accident insurance, major illness insurance, and cancer insurance.
On-the-job Training	To enhance the qualifications of ABC-ATEC employees and improve the overall corporate structure, we encourage employees to pursue further education in professional knowledge and skills. In our Taiwan operations, we provide subsidies for employees' continuing education programs at universities during each academic year, following the "Regulations Governing the Subsidizing Employees' Continuing Education and Training." Additionally, we offer subsidies to employees for professional knowledge training based on the "Regulations Governing Education and Training Management." For our overseas operations, we have established an "Education and Training Operations Procedure" to provide training to employees, helping them enhance their skills and knowledge.
Employee Health	We hold regular annual health checkups and special workplace hazard health checkups, employee self-health management programs, regular health seminars and drinking water quality inspections, regular annual health checkups for management personnel and occupational disease checkups for employees in hazardous worksites. In 2022, during the spread of the COVID-19 pandemic in Guangzhou, the government conducted large-scale nucleic acid testing to manage the situation. Recognizing the challenges faced by our employees who had to queue for long hours (averaging 2-4 hours) for nucleic acid testing (PCR testing), ABC-ATEC's management department coordinated with the local government to reserve exclusive testing slots for our employees. This initiative aimed to make the testing process more efficient and ensure that no one was missed in the testing efforts. From March to July, as the situation in Guangzhou became more severe, our priority was to protect our employees from infection. To achieve this, we worked with the local government to secure resources and arranged for mobile nucleic acid testing vehicles to enter ABC-ATEC's premises. This allowed our employees to undergo nucleic acid testing without leaving the Company premises, reducing the risk of cross-infection associated with waiting in crowded testing queues outside.
Care for Female Employees	We adjust night shifts for female employees during their pregnancy and apply for exclusive parking spaces for pregnant women. Pregnancy care measures and lactation rooms are provided at our Taiwan Factory with nursing staff stationed. At our Guangzhou factory, we provide lactating female employees with 1 hour of paid breastfeeding leave per day, as mandated by labor regulations. This leave is available until the child reaches one year of age. Employees can request specific time periods for their breastfeeding leave based on their individual needs and circumstances.
Pension System	Pensions are granted in accordance with laws and regulations and are divided into new and old systems. The old system is governed by the Labor Standards Act, while the new system is governed by the Labor Pension Act.



▲ Photos of ABC-ATEC Employee Incentive Travel in 2022



▲ ABC-ATEC's year-end gala dinner in 2022



▲ ABC-ATEC birthday wishes event

◆ **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-ATEC, Chairman Hsu and his wife personally present red envelopes and cake 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-ATEC 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-ATEC has nurtured many outstanding talents over the past decades. In the future, we 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-ATEC 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 (Taiwan Factory)	Gender	2019	2020	2021	2022
No. of employees qualified for unpaid parental leave in the current year	♂ Male	2	9	9	8
	♀ Female	5	8	3	5
	Total	7	17	12	13
No. of employees applied for unpaid parental leave in the current year	♂ Male	1	2	1	1
	♀ Female	2	2	1	1
	Total	3	4	2	2
No. of people due for reinstatement in the current year (A)	♂ Male	1	1	1	1
	♀ Female	0	2	3	2
	Total	1	3	4	3
No. of people reinstated in the current year (B)	♂ Male	1	1	0	1
	♀ Female	0	1	2	1
	Total	1	2	2	2
Reinstatement rate (B/A)	♂ Male	100%	100%	NA	100%
	♀ Female	NA	50%	67%	50%
No. of employees due for reinstatement and restated from unpaid parental leave in the previous year (C)	♂ Male	1	1	1	NA
	♀ Female	1	0	1	2
	Total	2	1	2	NA
No. of employees having worked for more than 12 months after reinstatement (D)	♂ Male	0	0	1	NA
	♀ Female	1	0	1	1
	Total	1	0	2	1
Retention rate (D/C)	♂ Male	0%	0%	100%	NA
	♀ Female	100%	NA	100%	50%

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 Factory 1 and Factory 2 in Taiwan, and include expatriates.
4. When the denominator of the percentage is 0, it is presented as N/A instead.

◆ ABC-ATEC Family Day 2022

ABC-ATEC encourages its employees to connect with nature and prioritize their physical and mental well-being through simple and wholesome activities. We organize family day events to provide employees and their families with enriching Saturday mornings. Amidst the busy work schedules, these events allow employees to cherish quality time with their families. Through photography competitions, ABC-ATEC aims to discover the beauty of the local area in Yangmei, fostering a greater appreciation for the beautiful land we call home.

The Family Day event featured several activities, including a hike along the Xiucai Mountain Trail, a photography competition, and a lucky draw. To commemorate the event, the company provided employees and their families with special polo shirts and sports towels.

The Xiucai Mountain Trail, located in Xiucai Village, Yangmei District, is a picturesque and family-friendly trail consisting of sections through tea plantations, farmlands, and waterfront areas.

The hiking route passed through various scenic spots, including the Chuncao Platform, Autumn Silver Grass Trail, Green Energy Platform, Xiucai Pavilion, and Shulin Station. With an elevation of less than 400 meters, the trail offered diverse and ever-changing natural landscapes, allowing employees and their families to enjoy the beauty of nature. The weather on the day of the event was clear with blue skies, providing the perfect backdrop for families to bond, share stories, and capture the most beautiful and heartwarming moments through photography.

ABC-ATEC, in keeping with its commitment to giving back to society, took practical steps to sponsor the Eden Social Welfare Foundation's MaLL program, which supports the sustainable employment of individuals with disabilities. At the end of the event, ABC-ATEC provided exquisite lunch boxes prepared by the Taoyuan Sheltered Workshop for employees and their families to enjoy. The event also featured a lucky draw and a photography competition, with 23 employees achieving outstanding results in the photography competition.



▲ Pictures of ABC-ATEC Family Day activities

4.3 Talent Training and Development

4.3.1 Talent Training and Development

ABC-ATEC 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-ATEC, we embrace the mindset that "individual accomplishments are realized only when the group achieves its goals."

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.

Average training hours per employee, by gender and grade by 2022

Unit : People

	Taiwan Factory			Shanghai Factory			Guangzhou Factory			Malaysia Factory			
	General staff	Mid-level managers	Senior managers	General staff	Mid-level managers	Senior managers	General staff	Mid-level managers	Senior managers	General staff	Mid-level managers	Senior managers	
Number	Male	89	22	4	40	16	2	159	18	2	136	37	1
	Female	101	13	NA	115	15	NA	168	25	NA	85	23	0
Total hours	Male	2,949.25	1,508.50	104.5	1,108.80	443.52	NA	743	212	32	1,311	314	254
	Female	2,522	739	NA	3,187.80	415.80	NA	695.50	340	NA	532.5	647.5	NA
Average hours	Male	33.14	68.56	26.13	27.72	27.72	NA	4.67	11.77	16.00	9.64	8.48	254
	Female	24.97	56.84	NA	27.72	27.72	NA	4.14	13.6	NA	6.42	28.15	NA

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 Factory 1 and Factory 2 in Taiwan, and does not include expatriates.

4.3.2 Anti-Corruption Training

ABC-ATEC Group is committed to ethical business practices, as outlined in Article 5 of its Code of Conduct: The Company shall operate based on the principles of integrity, transparency, and responsibility. It shall establish policies based on integrity and build a sound corporate governance and risk management mechanism to create a sustainable business environment. To achieve this goal, the ABC-ATEC Group includes anti-corruption education and training as part of the onboarding process for new employees, aiming to enhance their awareness of integrity. In 2022, the anti-corruption training rate for direct employees across the entire ABC-ATEC Group was 47.7%, while for indirect employees, it was 44.8%. Furthermore, there were no incidents of bribery or corruption reported in 2022.

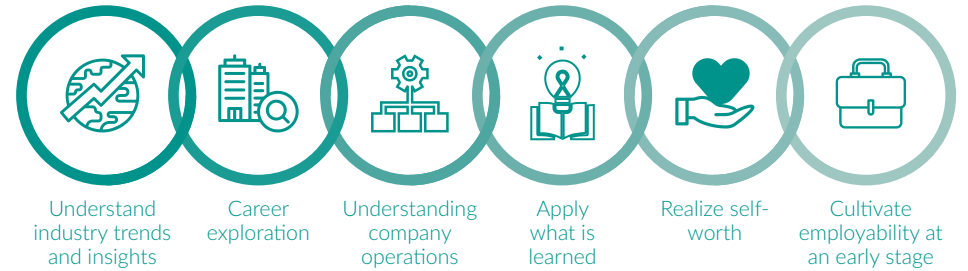
Anti-corruption training has been implemented primarily at the Taiwan headquarters, with plans to expand it to overseas factories. Currently, managerial-level employees and above at overseas factories have signed the Employee Integrity Pledge. Starting in 2023, there will be a gradual rollout of anti-corruption education and training for employees at overseas factories, along with the signing of integrity commitment guarantees. The training materials are initially prepared by the Taiwan headquarters and are later modified to suit local conditions at the overseas factories. The ultimate goal is to ensure that 100% of the Group's employees receive anti-corruption education and training after 2050.

	Taiwan Factory						Shanghai Factory					Guangzhou Factory					Malaysia Factory				
	Job level			Form of employment			Job level			Form of employment		Job level			Form of employment		Job level			Form of employment	
	Governing body	Senior Managers	Mid-level Managers	General staff	Direct	Indirect	Senior Managers	Mid-level Managers	General staff	Direct	Indirect	Senior Managers	Mid-level Managers	General staff	Direct	Indirect	Senior Managers	Mid-level Managers	General staff	Direct	Indirect
2020																					
Number of trainees	1	4	12	80	4	91	0	0	0	0	0	0	18	47	47	18	0	0	33	33	0
Total	10	9	19	157	66	119	2	38	307	181	166	2	31	153	133	53	1	58	240	219	80
Trained ratio	10%	44.44%	63.16%	50.96%	6.06%	76.47%	0%	0%	0%	0%	0%	0%	58.06%	30.72%	35.34%	33.96%	0%	0%	13.75%	15.07%	0%
2021																					
Number of trainees	0	3	12	119	22	112	0	0	0	0	0	0	20	68	68	20	0	8	81	81	8
Total	4	5	13	185	71	132	2	41	426	306	163	2	20	174	141	55	1	58	240	219	80
Trained ratio	0%	60.00%	92.31%	64.32%	30.99%	84.85%	0%	0%	0%	0%	0%	0%	100%	39.08%	48.23%	36.36%	0%	13.79%	33.75%	36.99%	10.00%
2022																					
Number of trainees	2	4	35	186	73	152	0	0	114	91	23	0	19	51	50	20	0	7	82	82	7
Total	10	4	35	190	76	153	2	43	327	212	160	2	19	167	130	58	1	60	221	202	80
Trained ratio	20%	100%	100%	97.89%	96.05%	99.35%	0%	0%	34.86%	42.92%	14.38%	0%	100%	30.54%	38.46%	34.48%	0%	11.67%	37.10%	40.59%	8.75%

Note:
 1. The governing body is the Board of Directors, of which the Chairman, President, and two Vice Presidents are included in the statistics of senior executives.
 2. Senior Executives: Assistant Vice President (inclusive) or above; Mid-level Executives: Manager (included) or below; General Employees: non-supervisory staff.
 3. The disclosure boundary covers the Yangmei Factory 1 and Factory 2 of Taiwan Factories, and includes expatriate employees.

4.3.3 Corporate Internship and Cultivation of Talents

ABC-ATEC has maintained a strong presence on campuses, actively identifying and nurturing talented individuals. ABC -ATEC offers internship opportunities to students, allowing them to gain a deeper understanding of industry trends and dynamics, which helps students develop their employability skills early and aligns them with the industry's needs and expectations. ABC-ATEC actively collaborates with schools to provide internship opportunities, attracting outstanding talents. This allows students to engage in the day-to-day practical operations of different company departments, gaining an in-depth understanding of the Company's internal processes, production, sales, and research, and which provides them with the opportunity to learn how to apply their knowledge in a real-world context and explore potential career paths. For young individuals about to leave school and embark on their first steps into the professional world, ABC-ATEC offers substantial, warm, and steadfast support.



Students' internship experience sharing:



Group photo of the 2022 interns

From student Mr. Zhang:

Although my internship has only been for a little over half a year, during this time, I have gained insights into my role in quality control. From receiving materials to shipping and even the current auditing process, there are many aspects to pay attention to in each department. In addition to following procedures, it requires a high level of focus and attention to detail. One small oversight in spotting defective products can lead to a chain of quality issues downstream. Through this internship, I've also learned that there can be some differences between what's taught in school and what's applied in the industry.

From student Mr. Han:

It's important to have a realistic assessment of one's abilities and to do one's best within those capabilities, avoiding mistakes that may arise from overconfidence. It's essential to anticipate possible scenarios in advance and, when in doubt, ask questions in the moment to be prepared for emergencies. Not everything is as simple as "one plus one equals two"; effective communication is often the best way to solve problems collectively. It's crucial not to rigidly stick to one's own point of view but to be open to accepting others' opinions, as this can lead to breakthroughs.

5



HEALTHY WORKPLACE

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

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

Occupational Health and Safety Office, Mr.Sun
TEL: (03) 4788-188 ext. 1612

2022 Goals/Solutions

2022 Performance Achievements

Whether accomplished

▷ Promote the acquisition of the Badge of Accredited Healthy Workplace.	▶ Obtained	✓ Accomplished
▷ Regular Occupational Health and Safety Committee meetings: 4 times year.	▶ Held 4 times	✓ Accomplished
▷ Occupational Health and Safety Education Training: 100 employees	▶ Occupational Health and Safety Education Training delivered to 443 employees.	✓ Accomplished
▷ Emergency response drills: twice	▶ Two emergency response drills held	✓ Accomplished
▷ Number of recordable occupational accidents: 0	▶ Number of recorded occupational accidents: 0	✓ Accomplished
▷ Health promotion activities: 2 sessions; participant count: 40	▶ Health promotion activities held: 2 sessions; participant count: 76	✓ Accomplished

5.1 Occupational Safety and Health Management

ABC-ATEC Group adheres to Chapter 3 of the Occupational Safety and Health Act, which pertains to safety and health management. It formulates an Occupational Safety and Health Management Plan and establishes safety and health organizations and personnel. ABC-ATEC Group implements safety and health management in accordance with the management approach outlined in ISO 45001:2018 across all its facilities. In Taiwan, ABC-ATEC factory employ a total of 229 managerial staffs and 6 non-employees (security personnel) as part of its occupational safety and health management efforts.

5.1.1 Occupational Health and Safety Committee

In accordance with the provisions of relevant regulations, ABC-ATEC 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:

- | | |
|--|---|
| 1 To make recommendations on occupational health and safety policies to be formulated by the employer. | 7 Examine the self-inspection and occupational health and safety audits of relevant business units. |
| 2 Coordinate and propose occupational health and safety management plans. | 8 Review the preventive measures of machinery, equipment or raw materials and materials hazards. |
| 3 Consider the implementation plan of occupational health and safety education and training. | 9 Examine the investigation report of occupational accidents. |
| 4 Consider the operating environment monitoring plan, monitoring results and measures to be taken. | 10 Examine on-site occupational health and safety management performance. |
| 5 Examine health management, occupational disease prevention and health promotion matters. | 11 Examine occupational health and safety management measures of contractors. |
| 6 Examine the various safety and health proposals. | 12 Other related occupational health and safety management matters. |

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-ATEC has not yet obtained certification for occupational safety and health management system.



5.1.2 Occupational Health and Safety Committee Composition Ratio

To ensure the safety and rights of employees, ABC-ATEC Group has established Occupational Safety and Health Committees in all its factories. These committees consist of representatives from both labor and management; their responsibilities include providing recommendations on occupational safety and health policies proposed by the employer, reviewing, coordinating, and advising on occupational safety and health-related matters, formulating, planning, supervising, and promoting safety and health management, and guiding the relevant departments in implementation.

Occupational Health and Safety Committee Composition Ratio	Taiwan Factory	Guangzhou Factory	Shanghai Factory	Malaysia Factory
Total employee count	229	372	188	282
Total number of the committee members	20	48	8	10
Total number of the labor representatives	6	8	3	4
Ratio (number of labor representative/total number of committee members)	30%	17%	38%	40%
Ratio (labor representative/total number of all employees)	2.62%	2.15%	1.6%	1.42%

Note: The total number of employees is based on the data provided by the Human Resources Department, and the headcount is effective as of December 31.

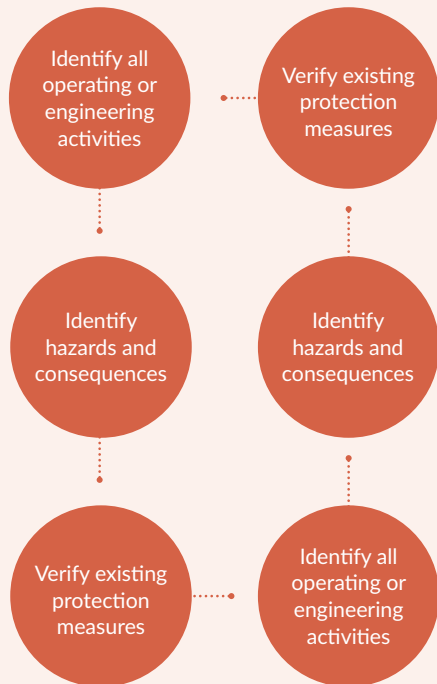
5.2 Hazard Identification, Risk Assessment, and Accident Investigation

ABC-ATEC Group follows the risk assessment technical guidelines announced by the Occupational Safety and Health Administration of the Ministry of Labor. We have established procedures for hazard identification and risk assessment, and it proposes improvement or control measures for risks categorized as moderate or higher. Personnel responsible for hazard identification and risk opportunity assessment in each department have received training in risk assessment. In 2022, a total of 96 hazards were identified, and appropriate management and control measures were implemented for different risks. Currently, there are corresponding procedures to handle occupational diseases, cutting/crushing/impact/rolling, exposure to hazardous substances, electrical hazards, falls, and foreign object entry into the eyes, among others. For example, there are safety operation standards for operating vertical injection molding machines, material handling safety operation standards, and educational training for cutting and inspection of GDD90-75, etc. All identified disaster risks have corresponding measures in place, and discussions within the Occupational Safety and Health Committee are conducted to improve high-risk activities in the workplace, thereby safeguarding the health of employees. The types of hazards are indicated below:

Type of hazard	Taiwan Factory	Guangzhou Factory	Shanghai Factory
Work-related ill health	4	NA	8
Cut/crushing/collision/smashing/jamming	14	10	13
Contact with hazardous substance	5	1	5
Electric shock	7	16	1
Fall	1	5	1
Foreign object in the eye	1	NA	4
Total	32	32	32

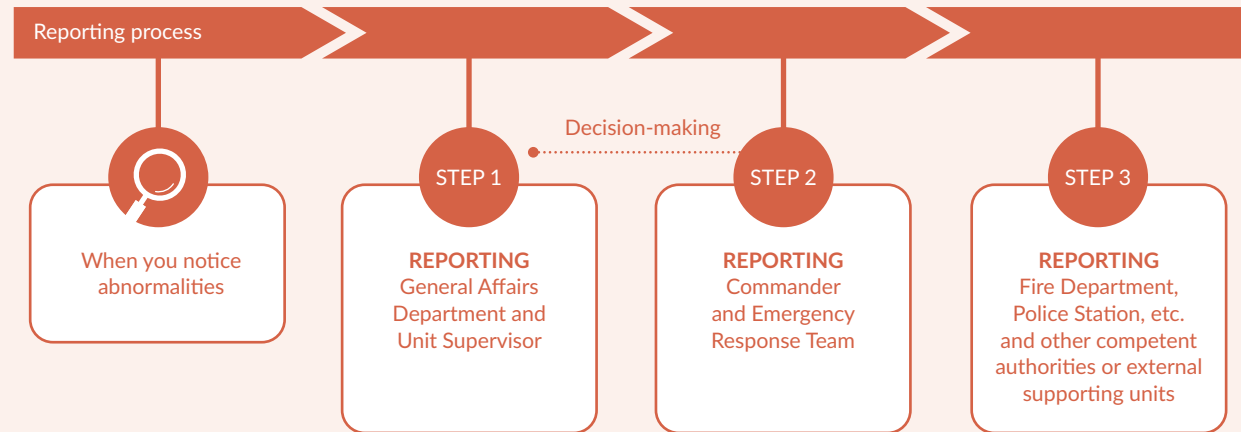
Note: The disclosure boundary covers Taiwan Factory 1 and 2, Shanghai Factory, and Guangzhou Factory.

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



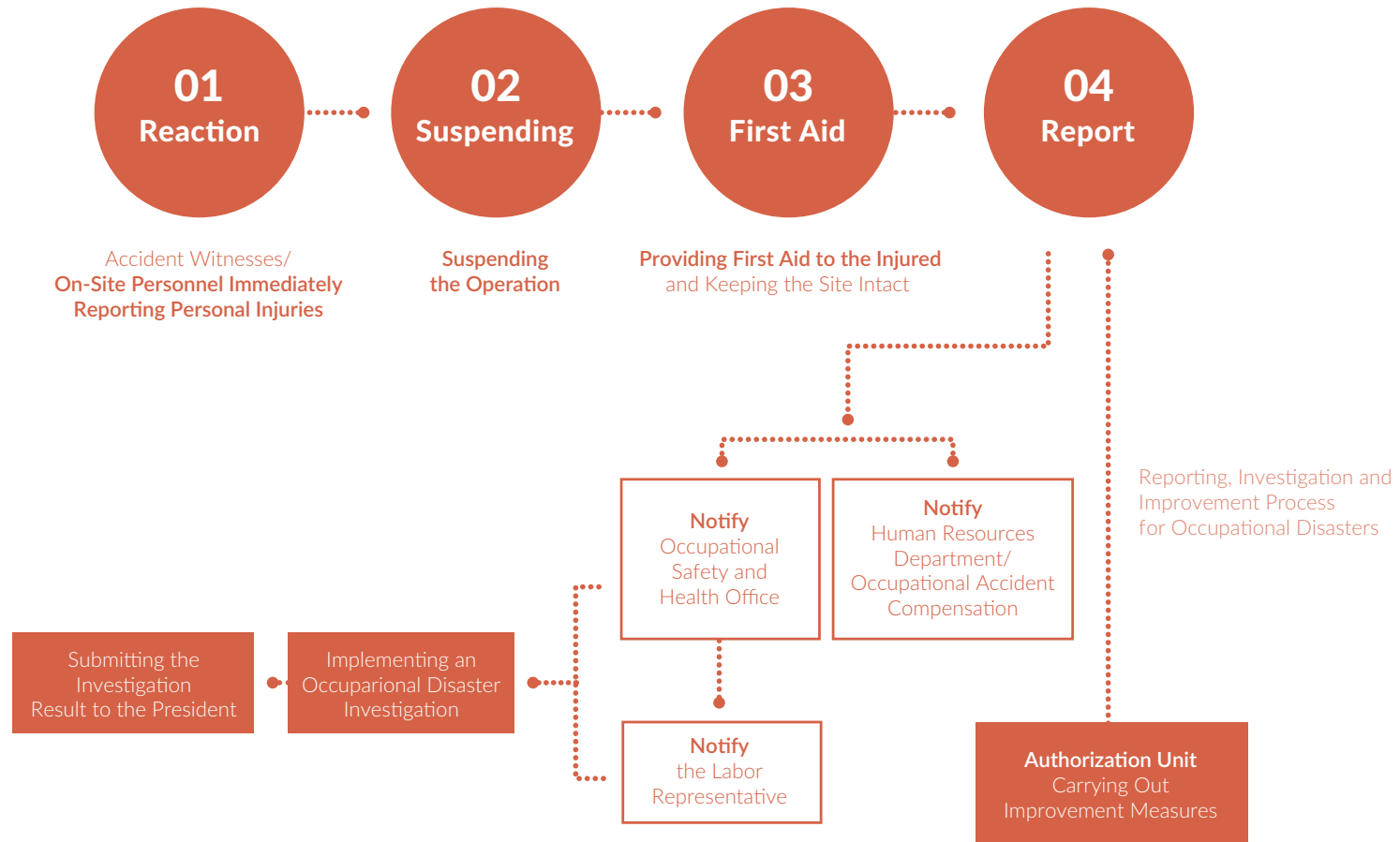
ABC-ATEC classifies each hazard by its work environment and characteristics; this classification provides reference for hazard identification, statistical analysis, and implementation of control measures afterwards. For intolerable hazards, the Company tries to address them through elimination, substitution, 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.

Emergency Incident Response Handling



5.2.1 Occupational hazard investigation procedures

ABC-ATEC 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 2022, with 0 recorded minor injuries. Continuous improvement and performance reviews are carried out based on the severity and frequency of occupational disasters.



5.2.2 Analysis of Occupational Hazards

ABC-ATEC Group complies with Article 18 of the Occupational Safety and Health Act. When an employee performing their duties finds that there is an urgent and serious risk to their life or health, and ABC-ATEC pledges not to penalize employees who propose improvements. ABC-ATEC emphasizes the importance of occupational health and safety to employees during new employee training and periodically educates employees to prevent occupational accidents. According to statistics, there were no work-related accidents at ABC-ATEC Group in 2022.

	Taiwan Factory		Guangzhou Factory		Shanghai Factory		Malaysia Factory	
	Male	Female	Male	Female	Male	Female	Male	Female
Total employees (people)	115	114	179	193	58	130	174	108
Total work days	28,635	28,386	44,571	48,057	14,442	32,370	43,326	26,892
Total work hours	229,080	227,088	356,568	384,456	115,536	258,960	346,608	215,136
No. of deaths caused by occupational injury (people)	0	0	0	0	0	0	0	0
Percentage of deaths caused by occupational injuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
No. of people suffering from severe occupational injuries (people)	0	0	0	0	0	0	0	0
Percentage of people suffered severe occupational injury	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
No. of documented occupational injuries	0	0	0	0	0	0	0	0
Percentage of documented occupational injuries	0%	0%	0%	0%	0%	0%	0%	0%

Note:

1. The number of employees as of December 31 of the same year.
2. Total days worked: Total number of days of work performed by employees (total number of employees * number of days worked per year).
3. Total working hours: Total number of hours employees worked (total number of employees * daily working hours * annual working days).
4. The disclosure boundary covers Taiwan Factory 1 and 2, Shanghai Factory, and Guangzhou Factory.

5.3 Occupational Health Services

The physical and mental health of employees is a key indicator of corporate sustainability. ABC-ATEC conducts health checks for new employees, and after one year of employment, employees are scheduled for regular health check-ups, exceeding current regulations. ABC-ATEC 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. ABC-ATEC's occupational doctors and nurses visit the factories in Taiwan headquarters six times a month and arrange at least 2 hours of health-related activities. The content includes the analysis and guidance of health check-up results, health education, health counseling and assessment, health promotion, assessment and improvement suggestions for workplace environment, assessment of resumption of work/transfer after injury or illness, regular reporting to employers, and suggestions for labor health services to maintain employee health. In 2022, the number of general health check-ups was 178, with an achievement rate of 100%. The number of special health check-ups was 39, with an achievement rate of 100%.

Unit: people

Occupational Health Service Examination Personnel Statistics	Number of employees to undergo health examination	Number of employees actually examined
General Health Examination	178	178
Health Examination for Dusty Workplaces	28	28
Health Examination for Ionizing Radiation Workplaces	3	3
Health Examination for Noisy Workplaces	8	8
Long-Term Night Shift Workers	0	0
Other examinations	12	12

Note:

- Other health examinations include that for noisy workplaces, soldering and welding operations, high temperature operations, laser printing operations, and for electrical engineering operations.
- The disclosure boundary covers Taiwan Factory 1 and 2, Shanghai Factory, and Malaysia Factory. ABC-ATEC's Guangzhou Factory did not organize health examinations due to the COVID-19 pandemic.

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 2022. Relevant measures are as follows:

Health Care and Counseling Services Statistical Table

Health Care		
Occupational Health Services	9/22 Health and Diet Seminar: "My Healthy Plate"	56
	10/11 Mental Health Seminar: "Discovering Hidden Factors of Depression"	20
Maternal Health Care		1
Health Counseling Services		
Number of counseling sessions delivered		93

Note: The disclosure boundary covers Taiwan Factory 1 and 2

5.4 Occupational Health Promotion Activities

1. Performance Results in 2022

- ◆ 30 sessions of health guidance and follow-up management were carried out for those with abnormal health examination results and a total of 93 people took part.
- ◆ 2 sessions of health seminars were held and 76 people took part, to a total of 86 hours.

2. ABC-ATEC received the "Badge of Accredited Healthy Workplace"

ABC-ATEC 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-ATEC 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, ABC-ATEC was awarded the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration of the Ministry of Health and Welfare, certifying it as a healthy workplace. This certification is valid for three years, and as a result, there are plans to renew it after 2024.



ABC-ATEC is committed to creating a better workplace environment and will continue to hold many health promotion activities in 2023 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 enhance employees' knowledge of occupational safety and health, ABC-ATEC organized training courses in accordance with the Occupational Safety and Health Act in 2022. The internal and external training courses include: occupational safety and health education and training for new employees, on-the-job safety and health education and training (indirect), hazard education and training, dust hazard prevention training, workplace violence prevention promotion, C-level safety and health business supervisor, fire safety education and training and emergency response drills, on-the-job safety and health education and training (direct).

Statistics of Occupational Safety and Health Training Situation in 2022

		Number of trainees	Training hours	Total hours (hours)
Safety and health training for new recruits	Taiwan	91	3	273
	Guangzhou	519	24	12,456
	Shanghai	51	1	51
	Malaysia	89	2	178
On-job safety and health training (Indirect)	Taiwan	90	3	270
	Guangzhou	4	16	64
	Shanghai	51	1	51
General hazard training	Taiwan	8	3	24
Dust hazard prevention training	Shanghai	3	1	3
Workplace violence prevention	Taiwan	217	1	217
Occupational health and safety training for occupational health and safety supervisors	Taiwan	1	18	18
On-job safety and health training(direct)	Taiwan	36	1	36

Note: The disclosure boundary covers Taiwan Factory 1 and 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.

ABC-ATEC also regularly conducts emergency response and fire drills in each of its factories to enhance the emergency response capability of its employees and to cultivate their knowledge of escape and firefighting, so that they can mobilize and organize their team members and take correct actions to effectively control the disaster and mitigate the damage in the event of an emergency.

5.6 Contractor Occupational Safety and Health Management

ABC-ATEC 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. The total number of hours worked by the contractor in 2022 was 347.5, and there were no incidents of permanent injuries, partial permanent injuries, or temporary injuries during their operations.

Contractor Safety and Health Management



Note: The disclosure boundary covers Taiwan Factory 1 and 2, as well as the Malaysia Factory.



▲ Photo of an evacuation assembly drill.



▲ Demonstration and drill on the use of fire extinguishers.



▲ Tutorial on how to use a fire hydrant.

6



SOCIAL CONTRIBUTION

- 6.1> Support Arts and Cultural Activities
- 6.2> Cultivate Local Cultural Development
- 6.3> Sponsor Public Welfare Activities
- 6.4> Participation in Academic Seminars
- 6.5> Implementation of Industry-Academia
Cooperation Projects

Management Policy

Material Issues

Social Engagement (Social Care)

GRI Standards

Issue specific to ABC-ATEC

Policy

At ABC-ATEC, 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

Continuing to give back to society, promoting cultural and artistic activities, and supporting local culture are important for fostering the development of Hakka local culture and Hakka language education.

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.

Contact

Chairman's Office: Ms. Wang

Information

TEL: (03) 4788-188 ext. 1120



6.1 Support Arts and Cultural Activities

Ghosts and Hells: The underworld in Asian Art

ABC-ATEC has long been actively promoting cultural and artistic activities. In 2022, we sponsored the Tainan Art Museum to organize the "Ghosts and Hells: The underworld in Asian Art." This exhibition extended from traditional cultural artifacts and artworks to the latest creations in popular culture. It aimed to introduce Asia's fears and imagination regarding the unknown world while incorporating a Taiwanese perspective. The exhibition highlighted Taiwanese folklore related to ghosts and spirits, aligning with the local temples and legendary stories in Tainan, and through artistic exhibits, aimed to showcase Taiwan's cultural values.

Persistence/Resistance: Taiwan – Canada Indigenous Art Exhibition

The Canadian Trade Office in Taipei (CTOT) has a long history of collaboration and exchange with Taiwan's indigenous communities. They have decided to introduce the national collection of the Indigenous Art Centre, CIRNAC to Taiwan for sharing. ABC-ATEC sponsored the "Persistence/Resistance: Taiwan – Canada Indigenous Art Exhibition" held at the Tainan Art Museum. With ABC-ATEC's solid support, the exhibition aimed to gather artistic momentum in southern Taiwan and allow the public to gain insights into the development of indigenous art in Taiwan and Canada, showcasing the diverse creativity and vitality of indigenous art through the exhibition experience.

In Remembrance and Gratitude Concert

ABC-ATEC, deeply rooted in Taiwan, sponsored the "In Remembrance and Gratitude Concert" organized by the Taoyuan Philharmonic Orchestra. This event invited the public to commemorate three great figures of Hakka heritage in Taiwan: Chung Chao-cheng, Wei Ting-chao, and Chiu Chwei-liang. Through the beautiful sounds of Hakka music, attendees came together to remember these pioneers of our democratic society. The event also aimed to enhance public understanding of Taiwan's historical development and promote artistic literacy among the people.



▲ Photo of ABC-ATEC's participation in the Persistence/Resistance: Taiwan – Canada Indigenous Art Exhibition

6.2 Cultivate Local Cultural Development

Sponsorship of the Reconstruction of Zhongshan Fude Temple in Zhongshan Village

Zhongshan Fude Temple in Zhongshan Village is dedicated to the Earth God and represents one of the most widespread folk beliefs in Taiwan. Located near ABC-ATEC Taiwan headquarters, the temple required extensive renovation. ABC-ATEC sponsored this local temple and Chairman Hsu attended the beam-raising ceremony. ABC-ATEC hopes that after the completion of the temple, it will contribute to the local development and harmony within the peaceful atmosphere.

Sponsorship of the 48th Graduation Ceremony of Rei Yuan Junior High School

ABC-ATEC supports the inheritance of local indigenous culture, focusing on long-term support for Rei Yuan Junior High School's various activities and Hakka language education. This support aims to enhance the younger generation's understanding of Hakka culture, promote local development, and encourage cultural and artistic activities. In addition, in the year 2022, ABC-ATEC sponsored the 48th graduation ceremony of Rei Yuan Junior High School, providing students with unforgettable graduation memories and contributing to the development of both the Company and the local school.

6.3 Sponsoring Public Welfare Activities

Donating with Love to Help Vulnerable Groups – Taiwan Public Welfare League 2022 Charity Project

Currently, there are 1.2 million people in Taiwan with disabilities, 90,000 children living in remote areas, and 40,000 solitary elderly living alone in Taiwan. Vulnerable groups in society need our assistance in various aspects, such as education, employment, and daily care. ABC-ATEC sponsored the Taiwan Public Welfare League's project "Donating with Love to Help Vulnerable Groups – Taiwan Public Welfare League 2022 Charity Project" This sponsorship entails supporting activities related to the education of visually impaired students, empowering children in remote areas, providing meals and learning opportunities for elderly people in remote areas, supporting vulnerable populations in remote areas, and local revitalization. It also aids in empowering individuals with disabilities and developing the Taiwan Public Welfare League Vocational Development Institute for the Disabled. Through these actions, ABC-ATEC actively responds to the Taiwan Public Welfare League and assists socially vulnerable members in their pursuit of education, employment, and care, helping them rediscover their passion for life and fulfilling the Company's corporate social responsibility.

6.4 Participation in Academic Seminars

2022 ICBA International Conference on Business Administration, Department of Business Administration, National Taipei University

Chairman Hsu, in his capacity as a sponsor, was invited to participate in the "2022 International Conference on Business Administration (ICBA)" held at National Taipei University and delivered an opening address. As an outstanding alumnus of National Taipei University, Chairman Hsu upholds the spirit of giving back to his alma mater, such as by continuing to sponsor academic conferences at the university and collaborate on industry-related research and development projects. This collaboration effectively leverages the resources of academia, industry, and research to enhance academic research and align it with practical industry operations.



▲ ABC-ATEC Chairman Hsu, ABC-ATEC Director Hsu Chen, National Taipei University Vice President Da-hsin Chen, Department of Business Administration Head Mei-Chen Lin, and the winners of the Best Paper Award.

6.5 Other Activities

Memorial Concert for Former Japanese Prime Minister Shinzo Abe

Former Japanese Prime Minister Shinzo Abe passed away suddenly on July 8, 2022. To honor the friendship and support of the Abe government towards Taiwan, ABC-ATEC Group sponsored the "Memorial Concert for Former Japanese Prime Minister Shinzo Abe" organized by the Taiwan Good Association. This event also responded to the "Donation for the [In Memory of Shinzo Abe, Former Prime Minister] Full-page Advertisement Recruitment Campaign" initiated by the Taiwan-Japan Friendship Association for Industrial Economics, allowing people in Taiwan to remember this former prime minister of Japan who had deep connections with Taiwan.

Donation of da Vinci Surgical System to Chiayi Christian Hospital

ABC-ATEC Group participated in the fundraising project for the Smart Surgery Building at Chiayi Christian Hospital. ABC-ATEC assisted the hospital in acquiring the fourth-generation Da Vinci Surgical System. This technology can be applied in urology, gynecology, general surgery, colorectal surgery, cardiovascular surgery, thoracic surgery, and otolaryngology. The system uses a 3D high-resolution variable-focus lens to identify lesions deep inside the body, reducing the burden on surgeons and leaving patients with smaller incisions after surgery. ABC-ATEC Group's support propels Chiayi Christian Hospital to advance to a higher level as a medical center, providing patients with more precise and high-quality surgical treatment options, aligning with ABC-ATEC ' corporate social responsibility philosophy.



▲ ABC-ATEC Group participating in the Memorial Concert for Former Japanese Prime Minister Shinzo Abe



▲ ABC-ATEC's donation to Chiayi Christian Hospital's Smart Surgery Building. ABC Director Hsu Chen (center), is pictured with Chiayi Christian Hospital President Dr. Wei-jen Yao (left) and Vice President Tien-hong Chou (right).

7.1 GRI content index



Topic	Disclosed Item	Item Description	Chapter	Page	Reason for Omission/Required Explanations
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organizational details	0.3 Company Profile	7	
	2-2	Entities included in the organization's sustainability reporting	0.3 Company Profile	7	
	2-3	Reporting period, frequency and contact point	0.1 About the Report	2	
	2-4	Restatements of information	-	-	No relevant matters to report
	2-5	External assurance	0.1 About the Report	2	
Activities and workers	2-6	Activities, value chain and other business relationships	2.1 Industry Supply Chain	37	
	2-7	Employees	4.1.2 Distribution of Employees by Gender and Labor Contracts	65	
	2-8	Workers who are not employees	4.1.2 Distribution of Employees by Gender and Labor Contracts	65	
Governance	2-9	Governance structure and composition	1.2.3 Board of Directors	23	
	2-10	Nomination and selection of the highest governance body	1.2.3 Board of Directors	23	
	2-11	Chair of the highest governance body	1.2.3 Board of Directors	23	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2.3 Board of Directors	23	
	2-13	Senior executives with responsibility for the management of impacts	1.2.7 ESG Committee	27	

Topic	Disclosed Item	Item Description	Chapter	Page	Reason for Omission/Required Explanations
Governance	2-14	Role of the highest governance body in sustainability reporting	1.2.3 Board of Directors	23	
	2-15	Conflicts of interest	1.2.3 Board of Directors	23	
	2-16	Communication of critical concerns	1.3 Ethical Corporate Management	28	
	2-17	Collective knowledge of the highest governance body	1.2.3 Board of Directors	23	
	2-19	Remuneration policies	1.2.5 Remuneration Committee	25	
	2-20	Process to determine remuneration	1.2.5 Remuneration Committee	25	
Strategy, policies and practices	2-22	Sustainable Development Strategy	0.2 Commitment of the Management	3	
	2-23	Policy Commitments	2.2.1 Supplier Sustainability Management	39	
	2-24	Embedding policy commitments	2.2.1 Supplier Sustainability Management	39	
	2-25	Processes to remediate negative impacts	1.5 Risk Management	29	
	2-26	Mechanisms for seeking advice and raising concerns	0.4.1 Communication Channels and Issues of Concern for Stakeholders	8	
	2-27	Compliance with laws and regulations	1.4 Compliance	28	
	2-28	Membership associations	1.6 Associations	32	
Stakeholder engagement	2-29	Approach to stakeholder engagement	0.4.1 Communication Channels and Issues of Concern for Stakeholders	8	
GRI 3: Material Topics 2021					
Material topics	3-1	Process to determine material topics	0.4.2 Assessment and Identification of Material Topics	10	
	3-2	List of material topics	0.4.3 Analysis of Material Topics	10	

Topic		Disclosed Item	Item Description	Chapter	Page	Reason for Omission/Required Explanations	
Economic	Economic Performance	GRI 3 Material Topics 2021	3-3	Management of material topics	1.0.1 Management Approach	19	
		GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1.2 Direct Economic Value Generated and Distributed	21	
			201-2	Financial implications and other risks and opportunities due to climate change	1.7 Climate-related Disclosures	32	
			201-3	Defined benefit plan obligations and other retirement plans	4.2.2 Employee Benefits Measures	69	
	Procurement Practices	GRI 3 Material Topics 2021	3-3	Management of material topics	2.0.1 Management Approach	36	
		GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2.1 Supplier Sustainability Management	39	
	Anti-corruption	GRI 3 Material Topics 2021	3-3	Management of material topics	1.0.1 Management Approach	19	
		GRI 205 Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	4.3.2 Anti-Corruption Training	73	
	Environment	Energy	GRI 3 Material Topics 2021	3-3	Management of material topics	3.0.1 Management Approach	50
GRI 302 Energy 2016			302-1	Energy consumption within the organization	3.2 Energy Resources and Energy Conservation Measures	51	
			302-3	Energy intensity	3.2.1 Electricity Intensity at Each Manufacturing Sites	51	
Emissions		GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.3.1 Group-wide Greenhouse Gas Inventory Results	54	
			305-2	Energy indirect (Scope 2) GHG emissions	3.3.1 Group-wide Greenhouse Gas Inventory Results	54	
			305-3	Other indirect (Scope 3) GHG emissions	3.3.1 Group-wide Greenhouse Gas Inventory Results	54	
			305-4	GHG emissions intensity	3.3.2 GHG Emissions Intensity	55	
			305-5	Greenhouse gas emission reduction	3.3.3 ABC-ATEC's Carbon Reduction Roadmap	55	


		Topic	Disclosed Item	Item Description	Chapter	Page	Reason for Omission/Required Explanations
Environment	Waste	GRI 3 Material Topics 2021	3-3	Management of material topics	3.0.1 Management Approach	50	
		GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Waste Management	55	
			306-2	Management of significant waste-related impacts	3.4 Waste Management	55	
			306-3	Waste generated	3.4 Waste Management	55	
			306-4	Waste diverted from disposal	3.4 Waste Management	55	
			306-5	Waste directed to disposal	3.4 Waste Management	55	
	Supplier Environmental Assessment	GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2.1 Supplier Sustainability Management	39	
			308-2	Negative environmental impacts in the supply chain and actions taken	2.2.1 Supplier Sustainability Management	39	
Social	Employment	GRI 3 Material Topics 2021	3-3	Management of material topics	4.0.1 Management Approach	63	
		GRI 401 Employment 2016	401-1	New employee hires and employee turnover	4.1.3 Total Number and Ratio of New/ Departed Employees by Gender and Age	65	
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.2 Employee Benefits Measures	69	
			401-3	Parental Leave	4.2.2 Employee Benefits Measures	69	
			2-21	The number of full-time employees who are not in supervisory positions, the average and median salary of full-time employees who are not in supervisory positions, and the difference between the first three items and the previous year should be disclosed.	4.2.1 Employee Salary	68	

	Topic	Disclosed Item	Item Description	Chapter	Page	Reason for Omission/Required Explanations
Occupational Health and Safety	[GRI 3] Material Topics 2021	3-3	Management of material topics	5.0.1 Management Approach	76	
	[GRI 403] Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	5.1 Occupational Safety and Health Management	77	
		403-2	Hazard identification, risk assessment, and incident investigation	5.2 Hazard Identification, Risk Assessment, and Accident Investigation	78	
		403-3	Occupational health services	5.3 Occupational Health Services	82	
		403-4	Worker participation, consultation, and communication on occupational health and safety	5.1.1 Occupational Health and Safety Committee 5.1.2 Occupational Health and Safety Committee Composition Ratio	77 78	
			403-5	Worker training on occupational health and safety	5.5 Occupational Health and Safety Training	83
		403-6	Promotion of worker health	5.4 Occupational Health Promotion Activities	83	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.6 Contractor Occupational Safety and Health Management	84	
		403-8	Workers covered by an occupational health and safety management system	5.2 Hazard Identification, Risk Assessment, and Accident Investigation	78	
		403-9	Work-related injuries	5.2.2 Analysis of Occupational Hazards	81	
		403-10	Work-related ill health	5.3.1 Occupational Disease Prevention	82	
Training and Education	[GRI 404] Training and Education 2016	404-1	Average hours of training per year per employee	4.3.1 Talent Training and Development	72	
Diversity and Equal Opportunity	[GRI 405] Employee Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1.5 Workforce by Gender and Age	66	
		405-2	Ratio of basic salary and remuneration of women to men	4.2.1 Employee Salary	68	
Supplier Social Assessment	[GRI 414] Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.2.1 Supplier Sustainability Management	39	
		414-2	Negative social impacts in the supply chain and actions taken	2.2.1 Supplier Sustainability Management	39	
Information Security Management	[GRI 3] Material Topics 2021	3-3	Self-defined material topics	1.0.1 Management Approach	19	
Social engagement	[GRI 3] Material Topics 2021	3-3	Self-defined material topics	6.0.1 Management Approach	86	

7.2 SASB

Topic	Criteria Code	Disclosed Item	Content	Corresponding chapter
Energy Management	RT-EE-130a.1	Total energy consumption (GJ), percentage of purchased electricity (%), Percentage of energy from renewable sources (%)	Total energy consumption: 46,844.61GJ Percentage of purchased electricity: 100% Percentage of energy from renewable sources: 0%	3.2 Energy Resources and Energy Conservation Measures
Hazardous Business Waste	RT-EE-150a.1	Total amount of hazardous waste (tons), recyclable percentage (%)	Total amount of hazardous waste:70 tons Percentage of recyclable waste: 33%	3.4.1 Waste Management
	RT-EE-150a.2	Reportable leakage incidents (case) and amount recovered (KG)	0 case; 0 KG	
Product Safety	RT-EE-250a.1	Total number of product recalls	The total number of product recalls is 2,737,592 pcs	NA
	RT-EE-250a.2	Financial loss due to lawsuits related to product safety	There were no financial losses due to lawsuits related to product safety	1.4 Compliance
Product Lifecycle Management	RT-EE-410a.1	Percentage of revenue from IEC 62474 compliant products (%)	Not compliant with IEC 62474, but compliant with ROHS and REACH requirements	NA
	RT-EE-410a.2	Percentage of revenue from Energy star compliant products (%)	Not applicable	NA
	RT-EE-410a.3	Income from products manufactured from renewable energy sources	Not applicable	NA
Source of Raw Materials	RT-EE-440a.1	Explain the risks associated with raw materials and related strategies	ABC-ATEC 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.	NA
Business Ethics	RT-EE-510a.1	Explain the strategic actions against bribery, corruption and anti-competitive behavior	ABC-ATEC 's "Business Integrity Code of Conduct" has outlined preventive measures for business activities that are prone to higher risk of unethical behavior. 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.	1.3 Ethical Corporate Management
	RT-EE-510a.2	Financial losses resulting from legal proceedings related to corruption and bribery	None	1.4 Compliance
	RT-EE-510a.3	Financial losses resulting from lawsuits related to anti-competitive behavior	None	1.4 Compliance
Activity Metrics	RT-EE-000.A	Production volume by product category	Inductors 1,328,899,000 PCS	2.3.4 Production Volume of Main Products
			Ceramic heat sinks 156,077,000 pcs	
Precision metal parts 50,680,000 pcs				
	RT-EE-000.B	Employees	1,071 employees	4.1 Human Resource Structure

7.3 Third party Verification Report



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABC TAIWAN ELECTRONICS CORPORATION'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ABC TAIWAN ELECTRONICS CORPORATION (hereinafter referred to as ABC-ATEC) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/7/13~2023/8/21) in ABC-ATEC headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and non-material topics and its related performance indicators.

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-ATEC's Stakeholders.

RESPONSIBILITIES
 The information in the ABC-ATEC's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ABC-ATEC. 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-ATEC'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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

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

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

TWLPP 5008 Issue 2305

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (Reference)
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 Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and non-material topics and its related performance indicators 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-ATEC, 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

ASSURANCE/VERIFICATION OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is 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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ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

ABC-ATEC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ABC-ATEC may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

ABC-ATEC has established effective 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-ATEC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ABC-ATEC's Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to ABC-ATEC's contributions to sustainability development. For future reporting, ABC-ATEC is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
08 September, 2023
WWW.SGS.COM



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