



康舒科技
ACBEL POLYTECH INC.

2022

SUSTAINABILITY REPORT

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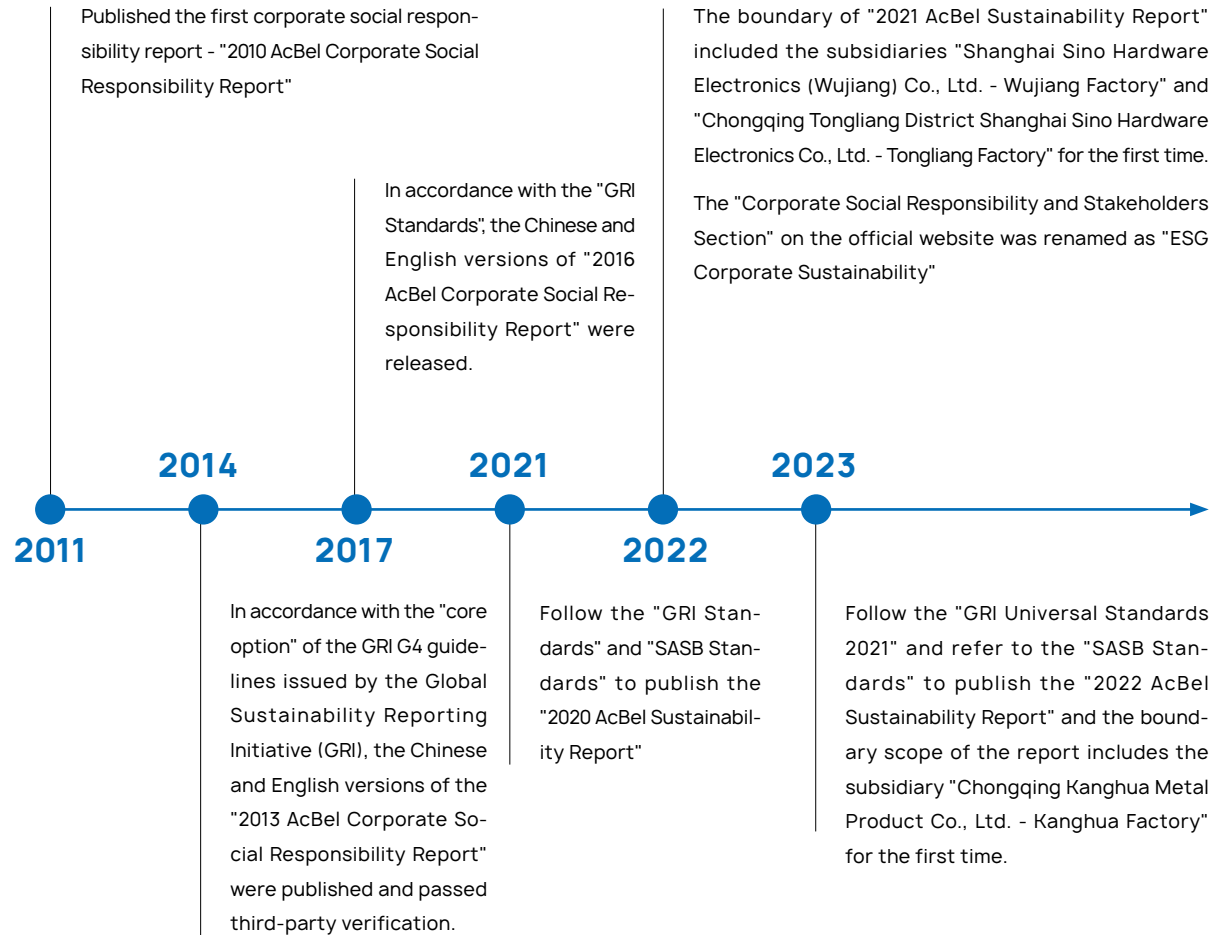
About the Report

AcBel Polytech Inc. (Taiwan Stock Code: 6282, hereinafter referred to as AcBel) is committed to the improvement and promotion of the environment (Environmental), society (Social) and corporate governance (Governance) while continuing to pursue revenue growth and to accomplish sustainable business operation. Since 2010, the "AcBel Corporate Social Responsibility Report" has been published. Since 2013, the English version of the report has been released. In 2020, in order to comply with international trends and government regulations, the name was since then changed to "AcBel Sustainability Report".

"2022 AcBel Sustainability Report" is the 13th sustainability report published by AcBel. The content of the report adopts "UN Sustainable Development Goals (SDGs)", "GRI Standards", "Sustainability Accounting Standards Board (SASB Standards)", "Task Force on Climate-related Financial Disclosures (TCFD)", "Carbon Disclosure Project (CDP)", other international sustainability standards, and government authorities require "listed companies to prepare and submit sustainability reports operating procedures". The report is compiled and aligned with the "Financial Supervisory Commission - Corporate Governance 3.0", "Climate Change Response Act" and "National Development Council - Taiwan's Pathway to Net-Zero Emissions in 2050", etc., and strives to improve the disclosed content.

The content of this report discloses the strategy, management structure, results and financial information of AcBel in terms of economy, society and environment for each major sustainable theme in Chinese and English versions. Through open and diverse communication channels, the report is responsible and is with honest in negotiation with stakeholders. Through information transparency, the report demonstrates the influence of the entire value chain and promotes the company to continue to move towards sustainable development.

Sustainability Report Publication Milestone



AcBel "ESG Corporate Sustainability"
[Sustainability Report Download →](#)

● Scope of the Report

In order to demonstrate AcBel's sustainable development and determination towards the goal of "net-zero emissions", the disclosure scope of this report is consistent with the company's annual financial report, including "AcBel" -Taiwan Headquarters Building, Tamsui Factory, Dongguan Factory, Wuhan Factory and Philippines Factory." At the same time, it covers the subsidiaries "Sino Hardware" - Wujiang Factory, Tongliang Factory, and "Chongqing Kanghua" - Kanghua Factory, a total of one headquarters office building and seven production plants.

In order to let stakeholders understand the company's actions and goals in various aspects of ESG, this report covers important information on corporate sustainable development, management policies and performance from January 1 to December 31, 2022. Some topics are disclosed to present the medium and long-term performance and integrity of the management plan, and its performance covers the performance during 2019-2022. Subsidiaries – Shanghai Sino Hardware and Chongqing Kanghua were included in the report boundary in 2021 and 2022 respectively, so only recent or current information was disclosed.

Publication Time

- Current Version: June 2023
- Previous Version: June 2022
- Next Version: June 2024

Statistical Unit

In order to make the information disclosure consistent and accurate, the financial figures are quoted from the company's financial statements and presented in New Taiwan Dollars. The disclosed financial data not included in the financial report is presented in terms of international exchange rates on December 30, 2022. In order to make the information disclosure consistent and accurate, the financial figures are quoted from the company's financial statements and presented in New Taiwan Dollars. The disclosed financial data not included in the financial report is presented in terms of international exchange rates on December 30, 2022.

Scope of Report

AcBel Polytech Inc.

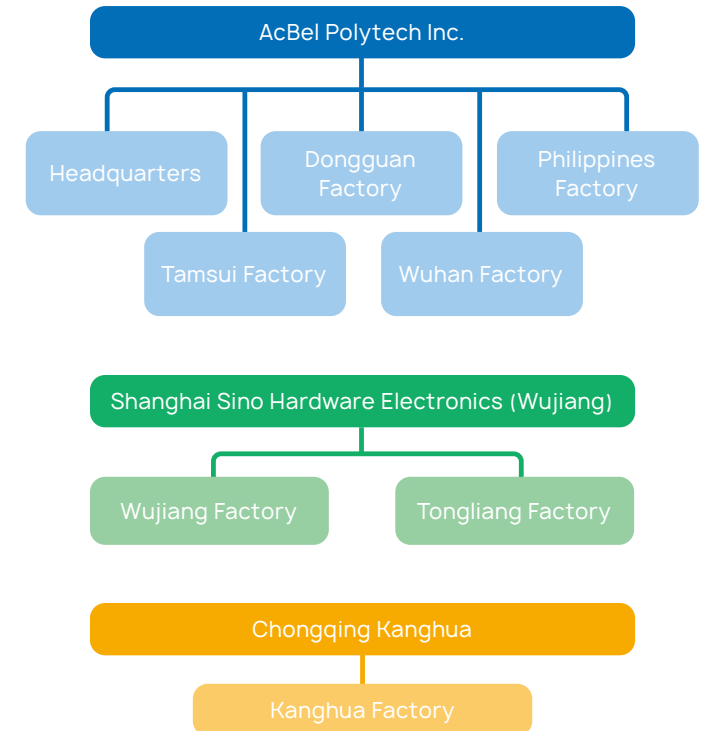
- **Taiwan I**
AcBel Polytech Inc. (Headquarters & Tamsui Factory)
- **China I**
AcBel Electronic (Dong Guan) Co., Ltd. (Dongguan Factory)
AcBel Electronic (Wuhan) Co., Ltd. (Wuhan Factory)
- **Philippines I**
AcBel Polytech Philippines, Inc. (Philippines Factory)

Shanghai Sino Hardware Electronics (SINO)

- **China I**
Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. (Wujiang Factory)
Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd. (Tongliang Factory)

Chongqing Kanghua

- **China I**
Chongqing Kanghua Metal Products Co., Ltd. (Kanghua Factory)



Notes I

1. The content in brackets indicates the factory name when the performance disclosed in the report.
2. For the basic information of AcBel and its subsidiaries, please refer to pages 137-140 of the 2022 annual report

AcBel "ESG Corporate Sustainability"
[2022 AcBel Annual Report →](#)

Editing Principles of the Report

Item	Standards & Guidelines	Issuance Organization
External Principles	Sustainable Development Goals, SDGs	United Nations
	GRI Universal Standards 2021	Global Sustainability Standards Board, GSSB
	Electrical & Electronic Equipment	Sustainability Accounting Standards Board, SASB
	Recommendations of the Task Force on Climate-related Financial Disclosures	Financial Stability Board, FSB
	1.Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies 2.Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	Taiwan Stock Exchange Corporation, TWSE
Internal Principles	Operational Measures for the Preparation and Filing of Sustainability Reports	AcBel Polytech Inc.

Internal Auditing

In accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" stipulated by the respective government authorities, the company's "Operational Measures for the Preparation and Filing of Sustainability Reports" was formulated. Incorporate into the company's internal control system to ensure the compliance and correctness of the disclosure. The Corporate Sustainable Development Office (CSD Office), which is directly under the president's office, is responsible for the collection of various sustainable issues at home and abroad, and uses the negotiation process and analysis to confirm the major topics of concern to all stakeholders. With regard to major sustainable themes, the confirmation of the integrity, the major theme management guidelines and performance information were provided by each department, and the improvement of the compilation of the report has to be simultaneously submitted to the board of directors.

External Assurance

The financial information included in this report is quoted by the accountants of KPMG to verify and sign off on the financial annual report data; all ISO management systems and TCFD performance evaluations are implemented in accordance with relevant standards and have passed the inspection by SGS Taiwan and UL Solutions Taiwan.

The content and information of the sustainability report are guaranteed by SGS Taiwan in accordance with the GRI and SASB two reporting standards and the AA 1000 standard to ensure that the inclusivity, materiality, and responsiveness in line with reporting guidelines, and at the same time meet the quality principles such as accuracy, balance, clarity, comparability and timeliness.

Item	Criteria	Certifying/Verifying Organization
Financial Statistics	<ul style="list-style-type: none"> Regulations Governing Information to be Published in Annual Reports of Public Companies Annual report, financial statements 	KPMG Taiwan
GRI Standards	AA1000 AS v3 Type 2 Moderate Level	SGS Taiwan Ltd.
SASB	Sustainability Accounting Standards Board, SASB	
ISO Management System	Please refer to the list of sustainable management systems on page 26 of this report	
TCFD	Task Force on Climate-related Financial Disclosures, TCFD	

AcBel

[ISO Certificate Download →](#)



Report Management Process

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Stage	Content	Responsible Unit
1. Topic Collection	Confirmation on the use of international standards "GRI Standards 2021" and "SASB Sustainability Accounting Standards" stakeholder Engagement 1. Definition of Stakeholders 2. Collection and Investigation of Sustainable Topics 3. Analysis and Identification of Material Topics	CSD Office
2. Information Collection and Compiling	Management policy and performance collection and compilation	
3. Drafting	Report structure planning, content information compilation	CSD Office/Respective Operational Organization Departments
4. Review and finalization of the Report	Editing and revision of the report, assurance by a third party	Corporate Sustainable Development Committee/Third-Party Verification/Assurance Organization
5. Publication	Submitting to the board of directors, checking through internal control system, and report publication & declaration	Board of Directors/CSD Office/Audit Department

The sustainability report is uploaded to the "[Market Observation Post System](#)" on June 30 every year in accordance with the regulations of the Taiwan Stock Exchange, the respective government authority. The sustainability report is issued in both Chinese and English versions. You are welcome to download from the "AcBel ESG Corporate Sustainability Website" and advices are much appreciated.

Contact Information

Any advice on the "2022 AcBel Sustainability Report" or sustainability issues are welcome and very much appreciated. Contact information is as follows :

Contact Unit

AcBel Polytech Inc. – Corporate Sustainability Development Office

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No. 18, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 11270, Taiwan

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CSD@acbel.com



[AcBel Official Website](#)



[AcBel ESG Corporate Sustainability](#)



[Investor Relations](#)

Contact Information on Operating Locations

Headquarters	Taiwan AcBel Polytech Inc.	No. 18, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 11270, Taiwan (Headquarters) No. 159, Section 3, Danjin Road, Tamsui District, New Taipei City 251, Taiwan (Tamsui Factory)	Tel: 886-2-2621-7672 Email: headquarter@acbel.com
	Subsidiaries	China AcBel Electronics (Dong Guan) Co., Ltd.	No. 17-28, Hong Yeh Rd., Hong Yeh Industrial District, Tang Xia Town, Dong Guan City, Guang Dong Province, 523710, China (Dongguan Factory)
China AcBel Electronics (Wuhan) Co., Ltd.		No. 1 Du Tei North Rd., Economic Development Zone, Xiantao City, Hubei Province, 433000, China (Wuhan Factory)	Tel: 86-728-3900-888
China Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.		No. 300 Ganquan West Road, Wujiang Economic Development Zone, Suzhou City, Jiangsu Province, 215200, China (Wujiang Factory)	Tel: 86-512-63403377
China Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd.		No. 202 Tonghe Avenue, Dongcheng Sub-district Office, Tongliang District, Chongqing, 402560, China (Tongliang Factory)	Tel: 86-23-45616998
China Chongqing Kanghua Metal Products Co., Ltd.		Factory Building No. 1, 2, 3 and 4, Unit 1, Building 1, No. 3 Jujin Avenue, Biquan Street, Bishan District, Chongqing, 402760, China (Kanghua Factory)	Tel: 86-23-41502301
Philippines AcBel Polytech (Philippines) Inc.		No.2, Tagaytay Ridge Drive, Carmelray Industrial Park II, Km 54 National Highway, Calamba City, Laguna, Philippines, 4027 (Philippines Factory)	Tel: 63-49-502-7253

- ★ Award Recipient of the 15th TCSA Taiwan Enterprise Sustainability Award in 2022 "Sustainable Overall Performance - Taiwan Top 100 Sustainability Model Enterprise Award", "Corporate Sustainability Report - Electronic Information Manufacturing Category 1 - Silver Medal Award" and "Permanence Continuation of Single Performance - Innovation Growth Leader Award", and has been recognized by TCSA Sustainability Award for 8 consecutive years.
- ★ Tamsui Factory received "VAP (Validated Audit Process) Platinum Recognition" by RBA (Responsible Business Alliance)
- ★ Dongguan Factory and Philippines Factory obtained RBA "Factory of Choice One-Star Level"
- ★ AcBel was awarded Top 5% Gold Medal by EcoVadis Sustainability Rating
- ★ Participating in "E. SUN ESG Sustainability Initiative"

Chairman Statement

In recent years, with changes in the international landscape and adjustments to supply chains due to the COVID-19 pandemic and geopolitical shifts, global businesses are facing unprecedented challenges and urgency. In addition, with the convening of the 27th United Nations Climate Change Conference (COP 27) in 2022, the issue of net-zero transition has received widespread attention and discussion. This has prompted businesses to contemplate how to address the risks posed by climate change without compromising the resilience of their sustainable operations. Therefore, as AcBel pursues operational growth, it also places equal emphasis on the implementation of ESG (Environmental, Social, and Governance) practices. This commitment is not only to benefit employees, partners, customers, and investors but also to make a greater contribution towards achieving the global net-zero emissions target by 2050.

For a long time, AcBel has received high recognition from various sectors for its performance in ESG areas. In recent years, AcBel has achieved several notable accomplishments, including:

- AcBel achieved a ranking within the TOP 6~20% in the 9th Corporate Governance Evaluation in 2022.
- In 2022, AcBel received a B score (Management level) in the CDP Climate Change Questionnaire. Additionally, the company achieved an A- score (Leadership level) in both the Water Security Questionnaire and the Supply Chain Engagement Rating Report conducted by CDP.
- In 2022, AcBel enormously reduced its greenhouse gas emissions (location-based) by 23.35% compared to its record in the previous year of 2021.
- In 2022, AcBel achieved a waste reduction of 1,791.98 metric tons, a 38.46% less in waste intensity, representing a significant decrease compared to the previous year of 2021.
- In 2023, AcBel successfully passed the Science-Based Targets validation review by Science-Based Targets initiative (SBTi).
- In 2023, the Task Force on Climate-related Financial Disclosures (TCFD) report of AcBel received the highest level of third-party performance assessment, being recognized as a "Pioneer."

While adhering to the highest operational principles of corporate sustainability, AcBel is directing its efforts towards three main areas of development, Advancing Renewable Energy Products, Smart Green Energy Services, and Electric Mobility Solutions. By aligning its business strategy with these three pillars of development, AcBel demonstrates its dedication to contributing to a greener and more sustainable future, while upholding its core principle of corporate sustainability.

Talent Strategy and Digital Transformation; Continuously Adjusting Corporate Structure

AcBel is committed to continuously investing in its human capital by undertaking organizational restructuring and reshaping its cultural foundation. These efforts are aimed at fostering a sense of unity and belonging within the company, creating a secure and fulfilling workplace for its employees. By nurturing a positive and inclusive culture, AcBel aims to enhance employee engagement and productivity. Simultaneously, the company is embracing digital transformation to improve overall operational efficiency. By integrating digital technologies into its processes and systems, AcBel seeks to optimize resource utilization, enhance decision-making, and deliver better customer experiences. In pursuit of its business objectives, AcBel remains dedicated to maintaining a sustainable balance between profitability and revenue generation while also considering the well-being of society, the environment, and other stakeholders.

Collaboration with Value Chain Partners; Offer of Green Transformation Products and Services

Cooperating with customers and partnering with suppliers, AcBel is undertaking an energy transition through its 3 Green Sustainability Action Plans— Green Production for energy-efficient and sustainable manufacturing, Green Energy for renewable and sustainable power supply, and Green Motor for sustainable transportation solutions. By leveraging technological research and development and engaging in cross-domain collaborations, AcBel is actively innovating to develop new products and services. These initiatives aim to provide high-value and diverse sustainable energy solutions, fostering a partnership that collectively creates a sustainable and low-carbon value chain.

Alignment with International Climate Trends; Moving towards Net-Zero Transition

AcBel is committed to implementing climate change risk management measures to reduce operational risks and ensure the continuity of its business. All major production and operational facilities worldwide have completed ISO 14064 greenhouse gas inventory and ISO 14046 water footprint assessment. Furthermore, the company actively participates in the CDP Carbon Disclosure Project using the TCFD framework. Through these initiatives, AcBel responsibly discloses, evaluates, and manages environmental risks and opportunities, enhancing corporate resilience and mitigating environmental impacts.

Leverage Its Influence; Establishment of Climate Resilience in the Supply Chain

As the negative impacts of climate change continue to intensify, AcBel is taking multiple responsive actions and leveraging its influence to assist its supply chain partners in implementing climate risk management and working towards net-zero emissions goals. AcBel is dedicated to establishing a climate-resilient supply chain to effectively address the challenges posed by climate change.

Facing the risks of climate change and the rapidly evolving markets, we have confidence in collaborating with value chain partners. Through long-term planning of overall operational needs, strengthening internal management and communication, formulating relevant governance policies and market strategies, and implementing digitalized intelligent governance models, we can swiftly respond to internal and external changes and shape future sustainable competitiveness. Our ultimate goal is to achieve sustainable development for a happy enterprise.

Chairman **Jerry Hsu**

01

Win-Win · Sustainable Management

As climate change, net-zero carbon emissions, and human rights issues continue to attract attention from all sectors after the global experience of the COVID-19, the operating environment of enterprises has become increasingly difficult. AcBel started from the R&D, design and manufacture of power supplies, and has been in operation for more than 40 years. We uphold our corporate vision and philosophy, outline sustainable concepts, and implement sustainable strategies. With a mindset of sustainable development, we seize business opportunities and prepare for the next 40 years. Incorporating environmental protection, social responsibility, and corporate governance into our business operations strategy, we effectively manage operational risks and extend and amplify our positive impact.

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Highlights

- From 2007 to 2022, AcBel has been profitable for 16 consecutive years. In 2022, the revenue was NT\$ 25.321 billion (an increase of 15.59% compared to 2021), with an earnings per share (EPS) of NT\$ 1.23.
- AcBel has continuously invested to expand its scale. It emphasizes corporate responsibility and sustainable operations, and was the recipient of the "New Taipei City Outstanding Enterprise Award - Investment Contribution Category" from the New Taipei City Government.
- By enhancing its independent disaster prevention capabilities, AcBel was awarded the "New Taipei City Excellent Disaster Prevention Enterprise" from the New Taipei City Government.

About AcBel

AcBel is a member of the Kinpo & Compal Group and was established in Tamsui District in 1981, New Taipei City, Taiwan. It is primarily engaged in the research, development, manufacturing, and sales of power supplies. It is recognized as one of the Top 10 leading manufacturers of switch-mode power supplies globally. In response to the growing concern over global climate change and the challenge of achieving net-zero carbon emissions, AcBel has been actively addressing the issue. Besides continuously improving the energy efficiency of its power products and incorporating the use of renewable materials, AcBel has also expanded its sales offerings in the field of power supplies. Additionally, AcBel has ventured into green energy-related sectors such as electric vehicles, charging stations, and solar power. By doing so, AcBel is contributing to the acceleration of global efforts to achieve the goal of net-zero carbon emissions.

AcBel takes "demonstrating close customer proximity and providing timely services" as the core of its global expansion, and has set up a global R&D center in Taiwan. To stay abreast of market demands, AcBel has also established dedicated research and development teams in China and the USA which allow the company to provide products that meet customer needs. AcBel has manufacturing facilities located in Taiwan, China, and the Philippines in Asia. The company also has sales service centers in the USA, Europe, Taiwan, China, and other Asian regions including Japan. In response to the global climate change and the low-carbon transition trends, AcBel will continue to develop and expand its global presence in line with the overall industry chain and the carbon reduction needs of customers.

About Shanghai Sino Hardware Electronics (SINO)

In the year 2000, recognizing the market potential in the electronic hardware accessories manufacturing sector and supply chain, AcBel made strategic investments and established "Shanghai Sino Electronics (Wujiang) Co., Ltd." in Jiangsu, China. The company primarily focuses on the production of electronic hardware accessories, precision mold design, metal stamping, metal surface treatment, sheet metal cabinet design and manufacturing, as well as related assembly production.

Facing the reorganization of the global trade order, changes in the global supply chain, and the transformation of labor structures in China, Shanghai Sino Electronics proactively introduced automated intelligent production as early as 2014. This initiative aimed to enhance the company's independent intellectual property and capabilities in design and manufacturing processes. In response to the carbon reduction trend among global supply chains, Shanghai Sino Electronics will actively engage in green energy investment and pursue technological and product transformation. It will align with the group's development strategy to assess global deployment, thus accumulating energy for sustainable development.

Company Name	AcBel Polytech Inc.
Date of Establishment	July 29, 1981
HQ Address	No. 18, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 112, Taiwan
Stock Code	Taiwan Stock Exchange Corporation # 6282
Number of Employees	7375
Total Capital Amount	NTD 5.26 Billion
Revenue	NTD 25.321 Billion
Products and Service	The company primarily focuses on the research, development, and sales of power supplies. Additionally, it has expanded its operations to include vehicle power control systems and smart energy aggregation services for solar power.
Management Team	Chairman & President Jerry Hsu
AcBel Official Website	https://www.acbel.com.tw/en
Shanghai Sino Official Website	http://www.huhua-szs.com/

Sustainable Value - Enhancing Our Own Strengths to Achieve A Net-Zero Transition

Given that the global environmental and climate change issues have become increasingly important, such as ongoing global warming and rising sea levels, governments and businesses worldwide have, therefore, deeply recognized the urgent need for sustainable action and its immediate implementation. AcBel adopts a stakeholder perspective and considers issues from the economic, environmental, and social aspects to create a business model guided by sustainable value.

AcBel is committed to working towards the global goal of achieving net-zero carbon emissions by 2050. Starting with its core business in power supplies, AcBel aims to create high-value and highly energy-efficient products. AcBel is actively transforming and investing in the field of automotive power products and renewable energy. AcBel aims to provide customers with comprehensive energy services, including energy creation and energy-saving solutions. AcBel also collaborates with supply chain partners and customers to enhance its influence within the value chain.

SINO enhances process energy efficiency through its advantages in precision molds and automation technology. SINO has also ventured into the production and assembly of smart cabinets. In the future, SINO planned to evaluate investments in solar energy installations to meet the demand for renewable energy usage.

Global Operating Locations

- 4 AcBel Manufacturing Plants
- 2 SINO Manufacturing Plants
- 1 Chongqing Kanghua Manufacturing Plants
- 30 Warehouses
- 12 Offices
- 12 Technical Support and After-sale Service Locations



1.1 Company Overview

Material Topic

Economic Performance

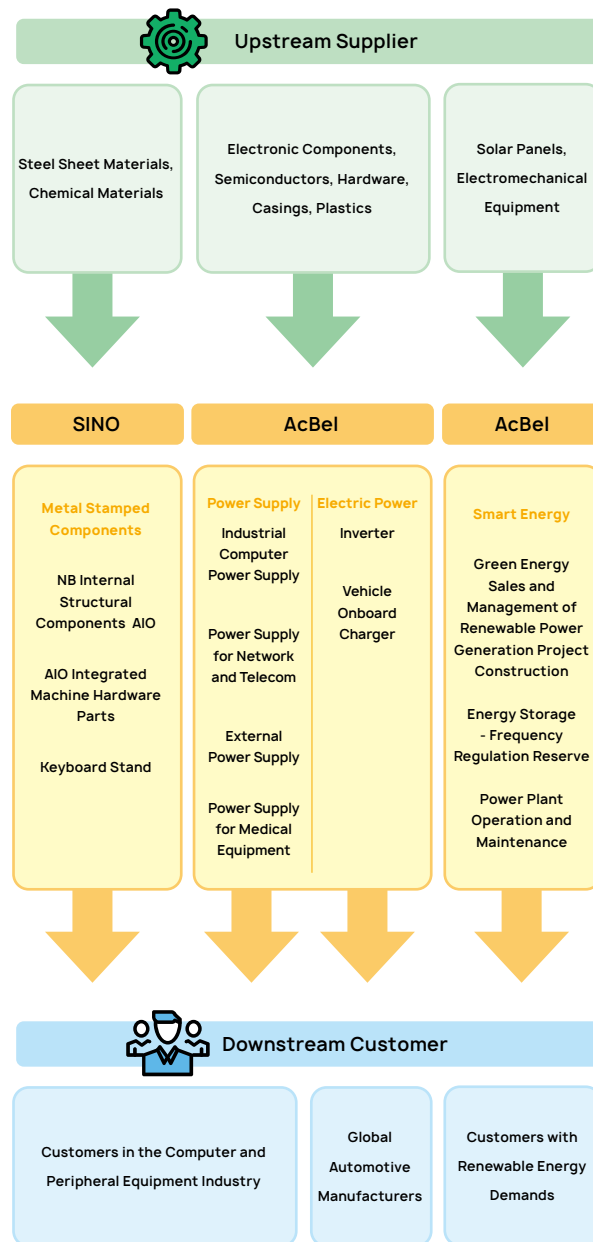
The Importance of Material Topic and Impact Boundary

Business operations prioritize economic performance, and AcBel regards climate change risks and opportunities as catalysts for transformation. AcBel invests in key areas of technology, research, and innovation in power supply, while also strategically positioning itself for green transition in the energy and automotive sectors. This approach drives a new wave of operational growth for the company and brings reasonable profits to investors, aligning with the goal of sustainable corporate development. AcBel collaborates with customers and suppliers to exert positive influence throughout the entire value chain, meeting customers' demand for green products or services. AcBel works in partnership with suppliers to develop recycled, environmentally friendly materials, creating a win-win situation and promoting economic development.

Management Approach and Goals

In the future, there will be a growing demand for stable and efficient power supply to support various technological applications. Developing clean and efficient energy sources and promoting their circular usage present significant business opportunities. AcBel has set the target of achieving net-zero carbon emissions by 2050 as its management policy and goal. AcBel aims to develop innovative technologies that can manufacture high-efficiency, low-pollution products or services. AcBel also expands its market size and generates continuous revenue by pursuing corporate acquisitions to enhance cooperation and achieve complementarity. In the future, AcBel aims not only to pursue revenue growth but also to strengthen cost control in manufacturing, procurement, and other areas to improve profitability. Additionally, AcBel aims to target a gross profit margin of 20% by leveraging the performance of other companies within the group.

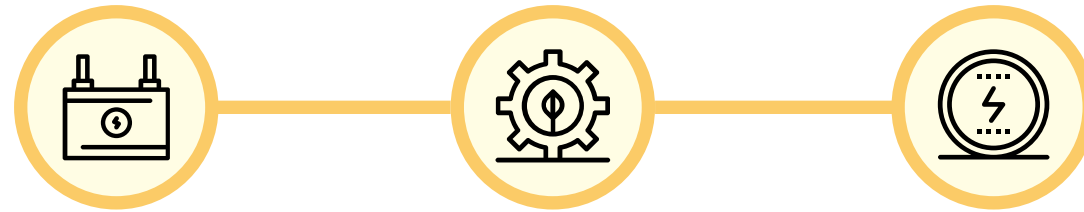
Main Products and Services and Value Chain Roles



14
AcBel achieved a total revenue of NTD 25.321 billion in the year of 2022, with a net profit after tax of NTD 636 million, representing an increase of 15.59% and 5.65% respectively compared to the previous year. The production volume of power supply products in 2022 was approximately 79,430 thousand units, which represents a slight increase of approximately 0.67% compared to the previous year. The shipment quantity of SINO products in 2022 was approximately 225,880 thousand pieces, which represents a decrease of 33.6% compared to the previous year. The majority of these shipments were in the form of metal stamped components, and the primary customer base for these two product categories was computer and peripheral equipment customers.

The year of 2022 was also the first year when AcBel focused on green electricity sales and expanded its efforts in the areas of power generation, energy storage, green electricity sales, and smart energy management systems (EMS). The company aimed to drive economic development through green energy and promote sustainable growth. As of now, the cumulative solar power generation capacity from solar power plants of AcBel has reached 149.49 MW. The green electricity generated amounts to 186.86 million kWh, resulting in a reduction of 96,000 metric tons of carbon dioxide emissions. This reduction is equivalent to the carbon sequestration capacity of 248 Daan Forest Parks (based on an estimate by the Council of Agriculture, which suggests that a forest absorbs 15 metric tons of carbon dioxide per hectare per year). Additionally, the total amount of green electricity supplied to various industries and property management is 6.22 million kWh, catering to the renewable energy needs of these businesses.

In the field of automotive electronics, AcBel primarily supplies electric control-related products, including inverters and onboard chargers. In 2022, AcBel collaborated with the Ministry of Economic Affairs and Industrial Technology Research Institute (ITRI) to integrate industry resources and enter the international automotive market. The company underwent a transformation from being a "vehicle component manufacturer" to an "electric vehicle system provider," aiming to upgrade its capabilities. Furthermore, AcBel expanded its market presence in Asia by strategically expanding its operations in the region. Starting from Q4 2022, AcBel began shipping products to customers in the USA and in 2023, it successfully entered into volume production with Japanese customers. AcBel aims to achieve a target where revenue from automotive electronics accounts for 8% to 10% of its overall revenue within the next three years.



Power Supply Products

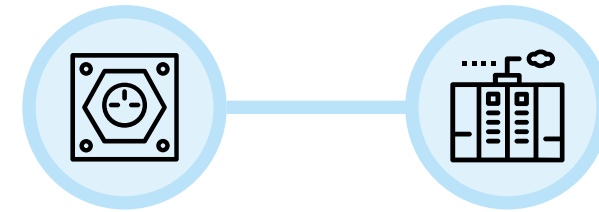
- Industrial Computer Power Supply
- Power Supply for Network and Telecom External Power Supply
- Power Supply for Medical Equipment

Smart Green Energy Services

- T-REC (Trading Renewable Energy Certificates) Green Power Sales and Transfer
- EPCM (Engineering, Procurement, Construction, and Management) power plant construction and management (including AFC energy storage - frequency regulation and backup)
- O&M (Operations and Maintenance) Power Plant Operation and Maintenance

Electric Vehicle (EV) Power

- Electronic Control Products, including inverters and onboard chargers for EVs



Metal Stamped Components

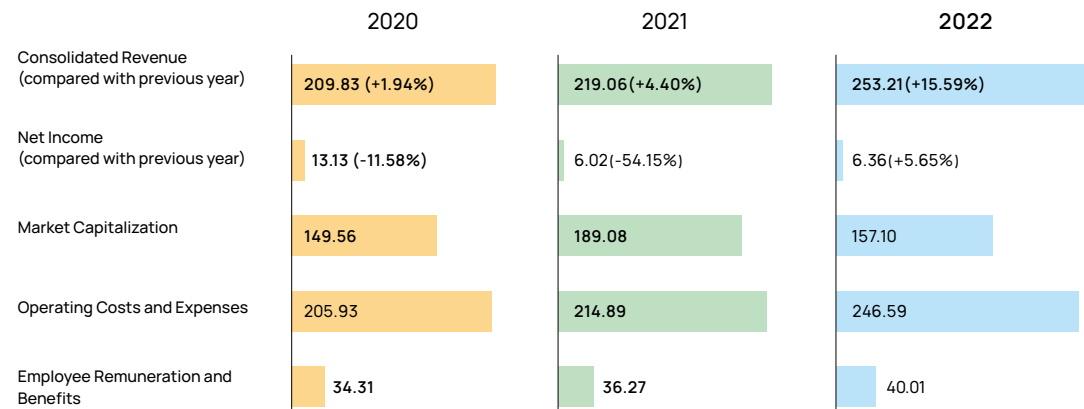
- Internal components for notebooks
- All-in-One (AIO) PC Hardware Components
- Keyboard Stand

Smart Energy Storage Cabinets

- Smart Refrigerators
- Refrigerator Display Cases
- Safe Storage Cabinets
- Item Storage Cabinets

Financial Performance Overview

Unit: 100 Million in NTD

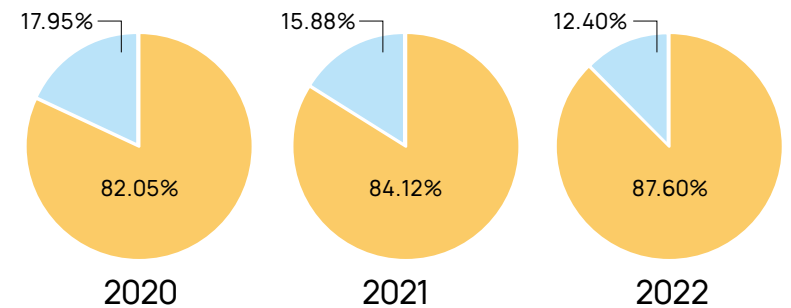


Notes I

- Please refer to p.41 "Dividend Policy" in the report for details of EPS, cash dividend per share, total dividend amount paid to shareholders and other relevant information.
- The calculation of the company's market capitalization = the closing price of the last day of stock trading in the current year x the number of outstanding shares

Percentage of Product Sale

power supply products Non-power supply products

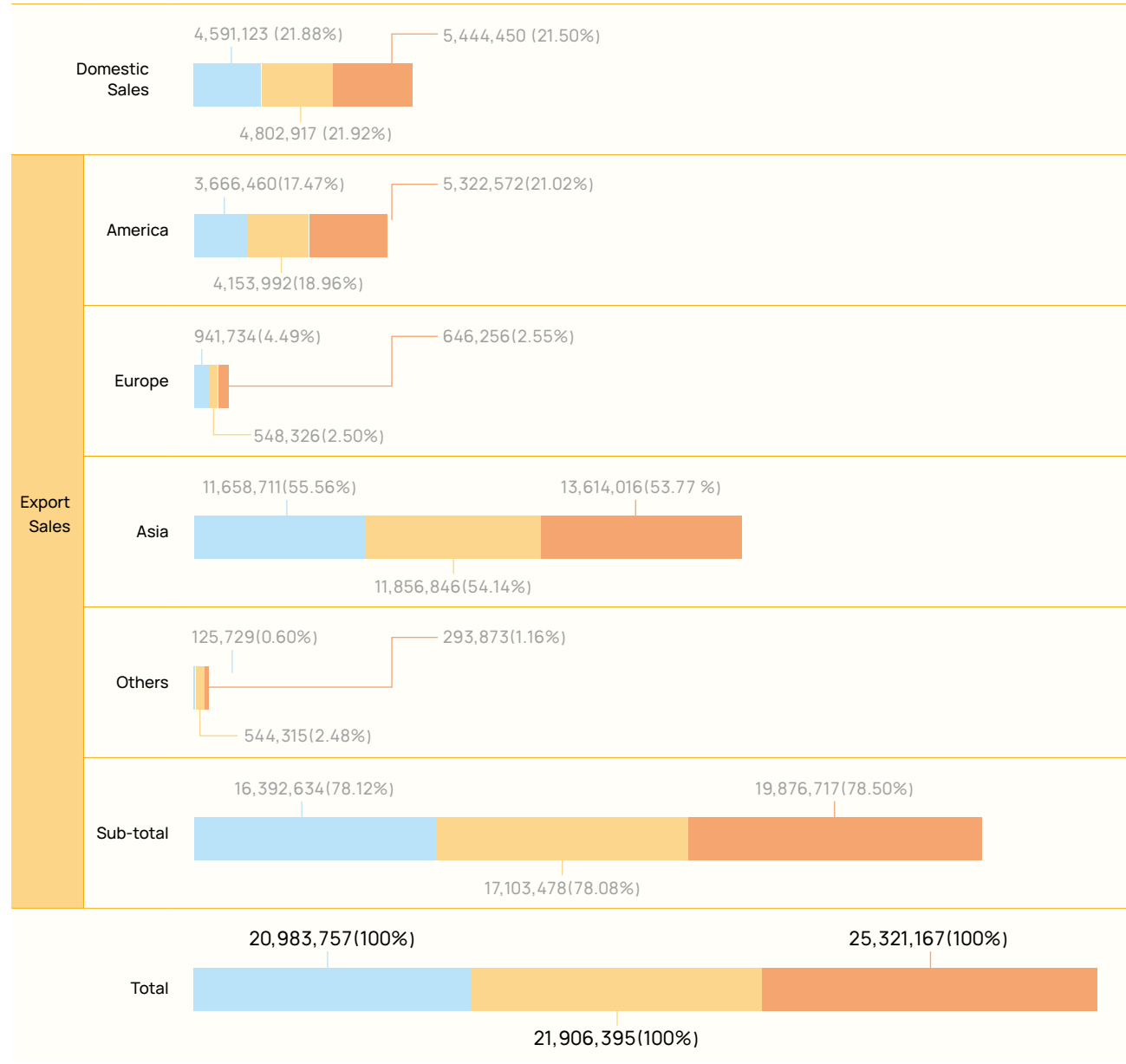


AcBel's revenue in 2022 hit a record high, with an annual increase of 15.59%. If analyzed by product category, the revenue of the power supply business increased by 21% year-on-year, which was higher than the previous average growth rate, mainly due to the strong global demand in the first half of the year. Although consumer demand slowed down in the second half of the year, the demand for servers and data centers continued, resulting in a change in the proportion of annual product sales revenue.

Major Product Distribution Areas

2020 2021 2022

Unit: Unit: NTD Thousand



Tax Policy

AcBel's tax policy follows the regulations of each operating location and emphasizes three key requirements: Compliance Management, Effective Communication, and Transparent Disclosure. Taking into account the impact and risks of business operations and the interests of the company's shareholders, AcBel optimizes its tax operations through a prudent and practical approach to tax matters.

- 1 AcBel adheres to local tax laws and regulations, honestly declares its taxes within the prescribed deadlines, and fulfills its social responsibility as a taxpayer by paying taxes dutifully.
- 2 AcBel discloses tax information in accordance with regulations in its financial statements to ensure transparency of information.
- 3 AcBel does not engage in tax planning with the purpose of tax avoidance by utilizing tax havens or countries with low tax rates.
- 4 Related-party transactions are conducted in accordance with the internationally recognized transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD) and adhere to the principles of normality transactions.
- 5 AcBel establishes a relationship of mutual trust and engage in open and honest communication with tax authorities.
- 6 AcBel considers the tax implications in all significant transactions and decisions.

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[2022 AcBel Annual Report →](#)

Tax Governance Mechanisms

● Risk Management

AcBel implements risk management practices and cultivates talent in the relevant area. It conducts assessments of tax regulations specific to each operating location, ensuring that the relevant departments have a thorough understanding of the content and legislative intent of tax laws. Tax compliance is integrated into the company's operational risk and impact assessments, with the priority of optimizing company interests. The aim is to prevent the occurrence of tax-related risks and mitigate or eliminate potential legal sanctions, financial losses, or reputational damage.

AcBel designates dedicated personnel within the organization to ensure that tax-related tasks are carried out in accordance with internal management processes and legal requirements. Regular third-party external audits and internal audits are conducted to ensure that tax management is compliant with legal regulations and optimized for the company's interests. This ensures that tax calculations, reporting, and payments are done in compliance with applicable laws and regulations.

● Communication and Disclosure

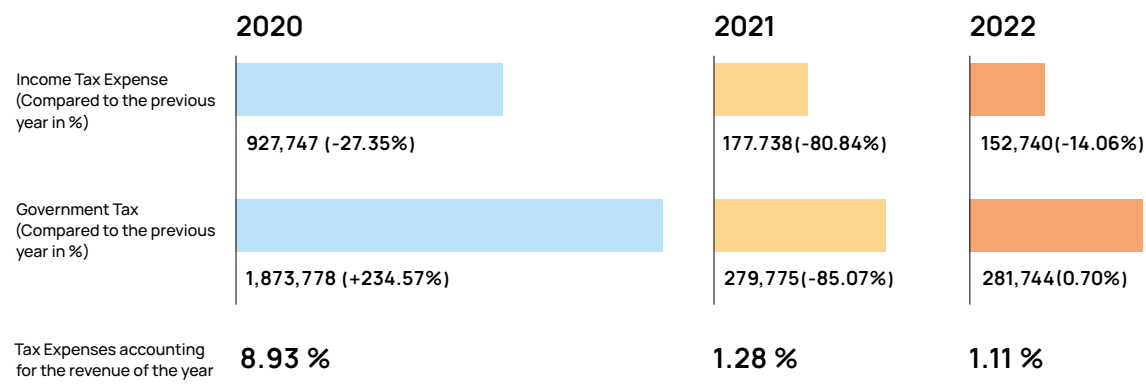
In the event of new tax matters or complex tax situations, such as the introduction of tax policies that encourage business development by the government, AcBel will promptly communicate with the tax authorities in an appropriate manner or engage external professional advisors to seek their opinions. This ensures that AcBel accurately adhere to tax regulations and fulfill our reporting obligations. Additionally, AcBel regularly discloses tax information from financial statements that have been audited by accounting firms through public channels such as AcBel's website and annual reports.

● Whistleblower Mechanisms

AcBel has established an online reporting mailbox, "AcBel Online Whistleblowing System," on its official website as a public channel. This allows stakeholders to report any illegal or unethical tax-related issues they may come across. The reports received through this channel are handled by designated personnel in a confidential and protected manner, ensuring the prevention of any unlawful incidents. No report of any illegal or unethical tax-related activities were received in 2022.

Tax Expenses

Unit : Thousand in NTD



Notes I

1. Based on the information provided in 2020, the company incurred relatively higher tax expenses due to the sale of land in its Chinese factory area.
2. Detailed consolidated financial statements and tax-related information are publicly disclosed on the AcBel's website under the "Investor Relations - Financial Information" section <https://www.acbel.com.tw/financial-reports>.

AcBel

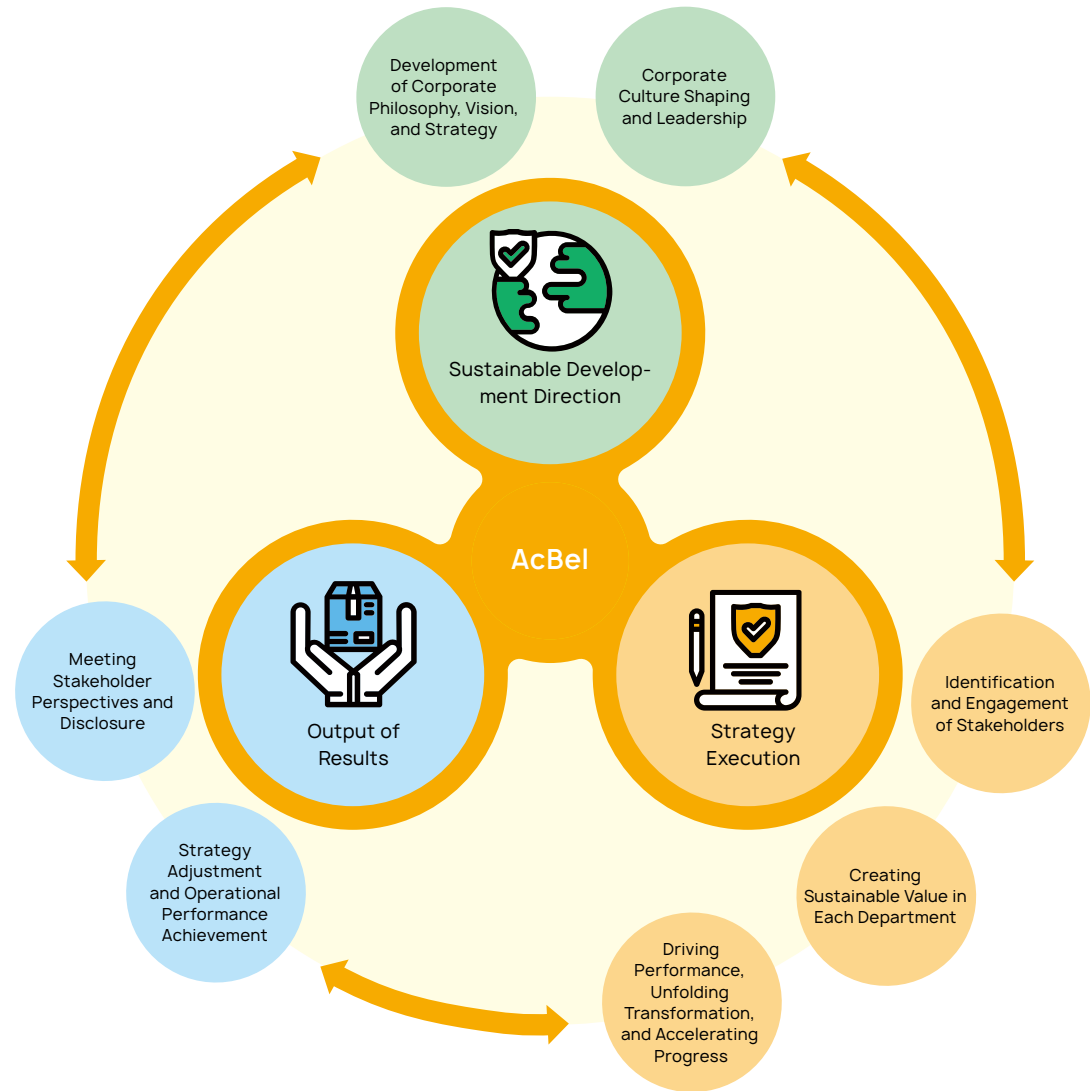
[Financial Reports →](#)



1.2 Commitment for Sustainable Development and Strategies

Sustainability Promotion Strategy

AcBel aligns itself with the United Nations' Sustainable Development Goals (SDGs) and identifies its own strengths from a corporate perspective. With a focus on sustainable development, AcBel engages in dialogue with stakeholders to develop strategies that incorporate the company's mission and vision. Through cultural shaping within the organization and strong leadership, AcBel implements various sustainability strategies. Within the company, each department takes on the responsibility of creating sustainable value and driving towards performance targets. Departmental transformation is carried out as needed to align with sustainability goals. The results are then evaluated from the perspective of stakeholders, and strategies are adjusted if necessary to ensure the achievement of performance targets. AcBel utilizes multiple channels to disclose its sustainability efforts, meeting the expectations and demands of stakeholders. These efforts serve as the driving force for the company's ongoing commitment to sustainability.



● **Corporate Vision**

Providing clean and efficient energy solutions to become a sustainable and circular energy system.

● **Corporate Philosophy**

"Exceeding, Innovation, Harmony" - Continuously surpassing ourselves, fostering an innovative culture, and achieving a harmonious workplace and societal prosperity.

● **Sustainable philosophy**

Leveraging our company's strengths to play a role as a valuable contributor in the value chain, maximizing the overall sustainable value throughout the entire value chain.

● **Sustainable Strategy**

Contribution to the well-being of all humanity, society, and the environment by leveraging innovative technologies to maximize the value and efficiency of resources.

AcBel has been promoting Corporate Social Responsibility (CSR) as a core principle of sustainable business since 2010. We integrate our corporate vision and values, contemplating the meaning and significance of sustainable value. While contributing to economic development, AcBel is committed to upholding ethical standards and improving the well-being of employees and their families, the local community, and society as a whole. Starting from 2020, AcBel has focused on ESG (Environmental, Social, and Governance) indicators as a measure of sustainable operations. This includes environmental protection, social responsibility and corporate governance. By providing quantifiable information, the company aims to enable a better understanding of its ESG contributions among stakeholders, fostering a shared commitment to sustainability.

In addition to leveraging the positive sustainable impact of the company within the value chain, AcBel is guided by the UN SDGs and the government's "2050 Net-Zero Emissions" roadmap. We embrace the Total Quality Management (TQM) principles of "Total Employee Involvement" and "Continuous Improvement" to implement various sustainable initiatives across our operations. By aligning our actions with the SDGs and adopting a comprehensive approach to quality management, we strive to make a meaningful contribution to sustainability.

As a global power supply manufacturer, we believe that integrity is at the core of our business operations and commercial dealings. However, we recognize that ensuring "human rights" within our own operations and throughout the entire value chain is of utmost importance. We understand that prioritizing human rights protection is a prerequisite for effectively implementing sustainability initiatives across various aspects of ESG (Environmental, Social, and Governance). The company adheres to the "Universal Declaration of Human Rights," "International Labor Organization conventions," "UN Guiding Principles on Business and Human Rights," and the "Code of Conduct for Responsible Business Alliance" in formulating its "Human Rights Policy" and "Labor Policy." These policies are endorsed and signed by the Chairman of the company, demonstrating our commitment to their implementation throughout our operations. By integrating ESG considerations into our supply chain management, we aim to maximize the overall value chain impact. This involves collaborating with suppliers to assess and improve their environmental and social performance, promoting responsible sourcing practices, and encouraging sustainable product design and development. Through these efforts, we strive to achieve the highest level of sustainability across the entire value chain, creating positive social and environmental outcomes while driving business success.

As part of our corporate citizenship and responsibility, we are committed to sustainable business practices that consider the principles of ESG framework. We take into account government policies and industry guidelines to establish our own sustainable policies, reflecting our dedication to sustainable operations. Our sustainable policies encompass a wide range of topics to address the concerns and interests of our stakeholders. These include: Global Perspective, Legal Compliance, Corporate Governance, Risk Management, Human Rights Protection, Environmental Protection, Green Products and Innovation, Value Chain Management, Workplace Safety and Social Engagement. We demonstrate our commitment to responsible and accountable business practices and aim to contribute positively to society and the environment.



Cornerstone of Sustainable Development | Human Rights Protection

- UN SDGs
- 2050 Net-Zero Emissions Pathway
- Total Quality Management - All Employees Involvement & Continuous Improvement

Sustainable Policy



Compliance with national laws and regulations and business ethics; alignment with international initiatives and sustainable development trends.



Focusing on transparency of corporate governance; strengthening stakeholder engagement.



Implementing operational risk management; practicing sustainable strategic actions.



Committed to protecting labor human rights; creating a healthy and safe workplace.



Promoting green sustainable supply chain; constructing low-carbon innovation value chain.



Actively engaging in social participation; encouraging the society to contribute to the environment.

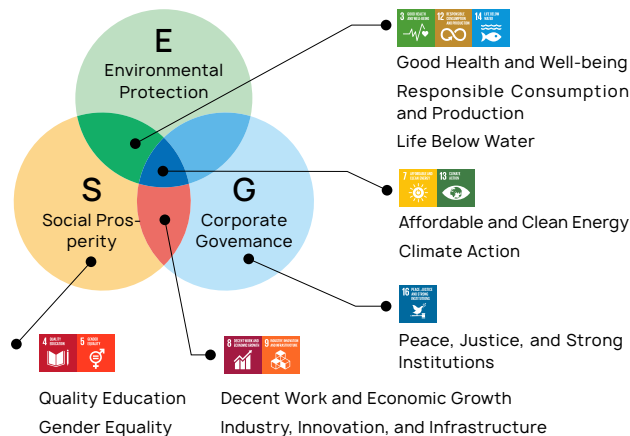


Integrating resources to achieve low-carbon transition; creating corporate sustainable value impact.

AcBel
Policy & Declaration →

Sustainable Development Blueprint and SDGs Goals

ESG Framework	SDGs
E - Environmental Protection S - Social Participation	3. Good Health and Well-being
S - Social Participation	4. Quality Education
S - Social Participation	5. Gender Equality
G - Economic Performance E - Environmental Protection S - Supply Chain Management	7. Affordable and Clean Energy
G - Economic Performance S - Social Participation	8. Decent Work and Economic Growth
G - Economic Performance S - Social Participation	9. Industry, Innovation, and Infrastructure
E - Environmental Protection	12. Responsible Consumption and Production
G - Economic Performance	13. Climate Action
E - Environmental Protection S - Social Participation	14. Life Below Water
G - Corporate Governance	16. Peace, Justice, and Strong Institutions



Dimension	Core Concept	Action Strategy and Goal	Corresponding GRI Topics	Corresponding Chapter
Risk Management	Climate Adaptation	Considering the impacts of climate change, it is important to assess and develop adaptive management strategies that address these challenges. This involves utilizing approaches such as reducing hazard intensity, exposure and vulnerability to minimize or eliminate the probability of disaster risks and enhance the climate resilience of businesses.		Chapter 2
	Risk Management	From the definition, measurement, analysis, assessment, and formulation of response strategies for risks, the aim is to minimize avoidable risks, costs, and losses with minimal use of resources, thus reducing the impact of emergencies on the organization. At the same time, effective risk management is carried out to transform risks into opportunities and enhance operational profitability.	Economic Performance (201) Procurement Practices (204) Anti-Corruption (205) Anti-Competitive Practices (206) Materials (301)	Co-Management Corporate Governance
Low-Carbon Circular Economy	R & D and Innovation	To achieve sustainable low-carbon goals, it is crucial to grasp low-carbon transition strategies. Companies can leverage their advantages in power products or green energy services to incorporate low-carbon circular design principles into product development or service offerings. This can be done through initiatives such as reduction, reuse, and the use of recycled materials.	Energy (302) Water and Effluents (303) Emissions (305) Waste (306) Supplier Environmental Assessment (308)	Chapter 3 Mutual Benefit-R&D and Innovation
	Environmental Protection and Energy Saving	To practice responsible production and reduce environmental impact, companies can focus on increasing the use of renewable energy, adopting efficient and low-carbon production processes, and maximizing the value and utilization of materials and energy. These actions aim to decrease the overall carbon footprint and waste generation while minimizing environmental impact.	Supplier Social Assessment (414) Customer Health and Safety (416) Marketing and Labeling (417) Customer Privacy (418)	Chapter 4 Communion-Environmental Friendliness
	Low-Carbon Value Chain	By utilizing low-carbon circular design and manufacturing, companies can meet customer expectations for sustainable net-zero solutions. By collaborating with supply chain partners, they can achieve low-carbon value creation and ultimately realize the benefits of overall value chain innovation and upgrading.		Chapter 5 Sharing-Partnership
Joyful Workplace	Creating Value	Enhancing the company's human capital is crucial in cultivating sustainable development talent and encouraging continuous learning. By fostering a culture of full employee participation, companies can unlock the potential of their workforce and create a sense of self-value.	Market Presence (202) Employment (401) Labor/Management Relations (402) Occupational Health and Safety (403)	Chapter 6 Harmony- Employee Relationship
	Compliance and Security	Compliance with legal regulations to safeguard human rights and providing welfare benefits that go beyond legal requirements are essential. Establishing diverse communication channels and promoting a positive labor-management relationship are key. Creating a safe & positive work environment that promotes work-life balance.	Training and Education (404) Diversity and Equal Opportunity (405) Non-discrimination (406) Child Labor (408) Forced or Compulsory Labor(409)	Chapter 7 Co-Prosperity- Social Participation
Social Value	Impact Making	In order to ensure that strategies such as community engagement and mutually beneficial supply chain relationships are compatible with economic development, companies play a crucial role in the sustainable value chain. By integrating company resources, they can have a positive impact on social sustainable development and achieve shared goals for the betterment of society.	-	

Risk Governance – Strategic Goal and Action

Short-Term Goal	<p>1.The members of the entire AcBel organization include board members, senior executives, and employees. Ensuring 100% compliance with integrity management, legal awareness training, and the signing of integrity management commitment letters for new employees.</p> <p>2.To continuously enhance the diversity and expertise of board members to demonstrate professionalism, independence, and diversity within the board, and to implement board and functional committee performance evaluations to effectively leverage the director’s functions and enhance corporate governance effectiveness.</p> <p>3.To integrate climate risk management into the traditional enterprise risk management framework, to apply the TCFD framework for climate risk financial disclosures, to effectively implement climate action plans, and to fulfill corporate responsibility in mitigating extreme climate risks associated with global warming.</p>
Action Plan	<p>1.The responsible units regularly conduct integrity management and legal compliance awareness training for all members of the AcBel each year. They also perform regulatory assessments to establish robust operational procedures and management for integrity management, ensuring that the company’s actions comply with legal requirements. Through the company’s independent and rigorous internal audit system, the implementation of integrity management is ensured, achieving the goal of sustainable governance within the company.</p> <p>2.The Board of Directors (BOD) is to increase the number of independent directors, with a priority on the participation of sustainable and professional women, to promote diversity and expertise within the board.</p> <p>3.Based on the four core elements of the TCFD framework - Governance, Strategy, Risk Management, and Metrics and Targets - AcBel integrates climate change factors into its risk management policies. This assists the company in transitioning towards a low-carbon economy and combines financial information to identify potential risks and mitigate them effectively. Additionally, AcBel regularly publishes TCFD reports and undergoes third-party verification to ensure transparency and credibility.</p>
Mid and Long-Term Goal/ Action Plan	<p>1.By deepening the integration of TCFD four core element: Governance, Strategy, Risk Management, Metrics and Targets with the Global Reporting Initiative (GRI) guidelines, the company effectively enhances the disclosure of climate change issues in its sustainability report. This integration showcases the company’s comprehensive risk management thinking and strategies. Additionally, incorporating the SASB standards provide the necessary disclosure of sustainability aspects with significant financial impacts for investors. This approach ensures transparency and quality in ESG information disclosure.</p> <p>2.In line with global initiatives such as the UN Framework Convention on Climate Change, net-zero emissions goals, carbon trading, carbon tariffs and TCFD, AcBel is committed to establishing a robust climate risk management framework. AcBel also aims to develop a low-carbon operational model and leverage its climate influence. These three key directions serve as the foundation for implementing climate action and increasing the company’s climate resilience.</p> <p>3.In response to the Taiwanese government’s renewable energy and green finance policies, the company will collaborate with different industries to invest in the green energy sector. This initiative aims to expand investments in the renewable energy market, providing Taiwan with more green energy sources and contributing to the realization of the “Taiwan’s Pathway to Net-Zero Emissions in 2050” goal.</p>
Results in 2022	<ul style="list-style-type: none"> · AcBel has experienced strong revenue growth, with revenues reaching a record high in recent years. In 2022, AcBel achieved a revenue of NTD 25.321 billion, representing a significant increase of 15.59% compared to the previous year’s revenue of NTD 21.906 billion. This growth indicates AcBel’s successful performance and market expansion. · In the 9th Corporate Governance Evaluation in 2022, the company achieved a ranking within the top 6-20%. · In 2022, the company had no incidents involving human rights violations, labor disputes, or integrity issues. All employees have achieved a 100% completion rate for the relevant training programs. · By the year 2022, the total installed capacity of solar energy reached 149.49 MW, with a grid-connected power generation capacity of 106.31 MWp. Throughout the entire year of 2022, the total electricity generation amounted to 133 million kilowatt-hours (kWh). · As of 2022, the total sale of green electricity has exceeded 360 million kilowatt-hours (kWh), making AcBel the largest green electricity sales provider in the service industry category in Taiwan.

Low-Carbon Circular Economy - Strategic Goal and Action

Short-Term Goal

1. In compliance with the requirements of the regulatory authority's "Sustainable Development Roadmap for Listed Companies," AcBel conducts greenhouse gas (GHG) inventory at its major global production bases. Additionally, AcBel adopts the goals proposed by the Intergovernmental Panel on Climate Change (IPCC) to limit the temperature increase to within 1.5 degrees Celsius and follows the Science Based Targets initiative (SBTi) for scientifically-based emissions reduction targets. These measures serve as AcBel's pathway towards achieving net-zero emissions.
2. In 2023, the company successfully passed the target verification from SBTi. AcBel commits to reduce absolute scope 1 and 2 GHG emissions 45.0% by 2030 from a 2021 base year, and also to reduce scope 3 GHG emissions covering purchased goods and services and use of sold products 51.7% per million NTD value added within the same time frame.
3. By utilizing low-carbon circular economy principles in design and manufacturing, the company aims to provide high-efficiency energy-saving products and services. This approach not only contributes to reducing the overall carbon footprint of the production process and product lifecycle but also minimizes the generation of waste.
4. By acquiring ABB Power Conversion, the company aims to expand its product portfolio and accelerate its research and development speed. This will enable AcBel to provide a complete range of low-carbon products and services, for achieving net-zero emissions and creating value for customers and investors.

Action Plan

1. Each major production base implements ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064 Greenhouse Gas Verification, ISO 14046 Water Footprint Verification, and UL 2799 Zero Waste to Landfill Validation. These certifications effectively control the consumption and emissions of energy resources and manage waste production.
2. AcBel continuously replaces high-energy-consuming equipment to enhance energy efficiency and reduce overall process carbon emissions. Additionally, in accordance with carbon reduction targets and customer requirements for renewable energy use, AcBel plans to procure renewable energy certificates or engage in green energy sourcing to achieve the annual absolute emissions reduction target of 5% as SBT and meet customer expectations.
3. AcBel collaborates with value chain partners to incorporate recycled materials such as metals, plastics, and paper in the use of raw materials and packaging materials. Through value chain cooperation, there is a collective effort to reduce carbon emissions and achieve the goals of low-carbon transition and net-zero emissions.
4. By leveraging AcBel's core strengths in smart manufacturing and ODM (Original Design Manufacturer) fields, along with ABB Power Conversion's advanced technologies in high-end, high-quality products, and system solutions. AcBel will be able to offer a more comprehensive product portfolio and solution through the acquisition. This will also enhance AcBel's contribution to achieving net-zero emissions and carbon reduction goals.

Mid and Long-Term Goal/ Action Plann

1. At the group level, AcBel has set its "Science-Based Target" and aims to achieve them through various means, including the purchase of renewable energy certificates, green energy sourcing, and the development of self-use solar power plants. By adopting a diverse range of approaches, AcBel ensures the attainment of its SBT.
2. Implementing the "Energy Sustainability 2030," AcBel aims to achieve a reduction of 10% to 50% in hazardous waste generation and domestic water consumption by 2030 compared to the baseline year of 2021. Please refer to Chapter 4 for detailed information.
3. By collaborating with value chain partners, AcBel aims to increase the proportion of recycled materials such as metal, plastic, and paper. The goal is to achieve a 50% incorporation of recycled content by 2030, thereby enhancing the overall carbon reduction efforts across the value chain. AcBel also plans to implement ISO 14067 carbon footprint verification, which assesses the carbon emissions throughout the entire lifecycle of a product, including raw material extraction and processing, manufacturing, distribution, product use, and end-of-life disposal.

Results in 2022

- The company received a **B grade** (Management Level) in the CDP Climate Change questionnaire assessment. In addition, it received an **A-** grade (Leadership Level) in the Water Security questionnaire and Supply Chain Engagement assessment.
- A GHG reduction pathway based on the year 2021 has been established, and the science-based targets have been submitted for **SBTi** review.
- 100% compliance with regulations and customer specifications regarding the absence of hazardous substances in our products.
- Dongguan Factory has obtained UL2799 Waste Zero Landfill **Platinum** Certification, achieving a conversion rate of **100%**, with a 5% thermal processing with energy recovery.
- Wuhan Factory and Philippines Factory have obtained **ISO 50001 Energy Management System certification**.
- In 2022, greenhouse gas emissions **decreased by 23.35%** compared to the year 2021.
- From November 2019 to January 2023, a total of 186 lean projects were implemented, resulting in cumulative improvement savings of **NTD 138.9 million**.

Joyful Workplace

- 1.AcBel strictly adheres to legal regulations and international labor rights standards. Through the formulation of human rights policies, public announcements and training, AcBel ensures that every employee, regardless of nationality, race, gender, age, religion, or any other factor, is protected and their human rights are respected. AcBel also provides transparent and diverse channels for employees to voice their concerns and file complaints.
- 2.Through continuous learning and active participation of all employees, we strive to unleash their potential and create value. We encourage employees to engage in self-improvement activities and support their career development. We are committed to implementing four major programs for labor health protection, aiming to establish a healthy and safe workplace with zero pollution, zero occupational injuries, zero occupational accidents, and zero discrimination.
- 3.We aim to maximize profits and share them with our employees by providing benefits that exceed regulatory requirements. We strive to attract and retain talent by offering competitive welfare programs. We believe in establishing diverse communication channels to foster harmonious labor-management relationships.

Short-Term Goal

Social Value

- 1.AcBel provides customers with low-carbon products and services while collaborating with suppliers to offer non-toxic or recycled materials. AcBel implements supplier management mechanisms to enhance the overall value chain's carbon reduction effectiveness and promote sustainable development.
- 2.All production facilities operate in compliance with local labor and environmental regulations. AcBel also provides and encourage employment opportunities for local residents, promoting local economic development.
- 3.AcBel integrates the resources of the Hsu Chau-Ing Social Welfare Charity Foundation and AcBel itself to invest in environmental education and social care activities. AcBel encourages active participation from the community and schools to promote awareness of environmental protection and support vulnerable groups.

Joyful Workplace

- 1.AcBel implements systematic talent specification management, diverse assessment tools, diverse talent recruitment, gender equality in the workplace, and career development training plans. AcBel also provides a variety of open communication channels to assist employees in continuous growth and attract outstanding talents.
- 2.AcBel implements the following four major protection plans to protect the health and well-being of our employees: overload prevention, human factors engineering improvement, maternal health protection, and prevention of unlawful infringement. Additionally, AcBel plans and provides comprehensive employee health and well-being measures, including on-site medical consultations with doctors, annual health check-ups, and the implementation of ISO 45001 Occupational Health and Safety Management System certification. These plans aim to create a safe and healthy workplace that promotes the well-being of our employees both physically and mentally.
- 3.AcBel is committed to sharing profits with our employees and designing competitive salary and benefit packages. AcBel's goal is to ensure that our employees are not only satisfied with their work, but also able to maintain a healthy work-life balance that accommodates their family life.

Action Plan

Social Value

- 1.According to SBT pathway, AcBel is planning and meeting customer requirements for achieving net-zero emissions. This includes incorporating the use of renewable energy sources and providing low-carbon products and services. AcBel is implementing supplier management mechanisms and collaborating to develop various recycled components to further expand the overall carbon reduction benefits.
- 2.AcBel regularly checks regulatory requirements to ensure compliance with legal regulations at each production site. Internally, AcBel strengthens the internal audit operations of various management systems to ensure compliance with all regulations and standards.
- 3.According to the company's operational needs, AcBel continues with investment plans for each production site, providing employment opportunities and promoting local economic prosperity. AcBel also aims to help employees achieve a work-life balance between their professional and personal lives.
- 4.AcBel provides assistance to disadvantaged families, promotes environmental education in elementary schools, and organizes beach adoption and clean-up activities. AcBel is committed to addressing various ecological issues, such as the "One Thing for Tamsui River" initiative and the "Leopard Cat Conservation Support" campaign, as a way to actively care for the community, culture, and environment.

Joyful Workplace, Social Value - Strategic Goal and Action

Mid and Long-Term Goal/ Action Plann

Joyful Workplace

- 1.AcBel seizes low-carbon transition opportunities to increase company profitability, optimizes overall employee remuneration and benefits, and upgrades workplace facilities and equipment. AcBel is committed to demonstrating determination to share the economic results of our operations with our employees.
- 2.AcBel implements departmental KPIs and a performance management system to assist colleagues in achieving their goals and enhancing overall performance. AcBel cultivates a corporate culture rooted in sustainable development, fostering employee engagement and shaping the core competitiveness of the company.

Social Value

- 1.Working towards the global net-zero emissions target by 2050, AcBel collaborates with customers and supplier partners to construct a low-carbon and sustainable value chain, reducing GHG emissions and meeting the expectations and requirements of stakeholders for AcBel's net-zero carbon footprint. AcBel also remains committed to addressing environmental pollution, ecological crises, and sustainable energy use, ensuring that our pursuit of profit is balanced with environmental and energy sustainability.
- 2.Leveraging the corporate influence, AcBel aims to expand our scope of social services. AcBel plans to incorporate the "Social Return on Investment" (SROI) assessment model, which will provide a more scientific representation of the impact of our resource investments, thereby attracting more partners to join our efforts.

Results in 2022

Employees

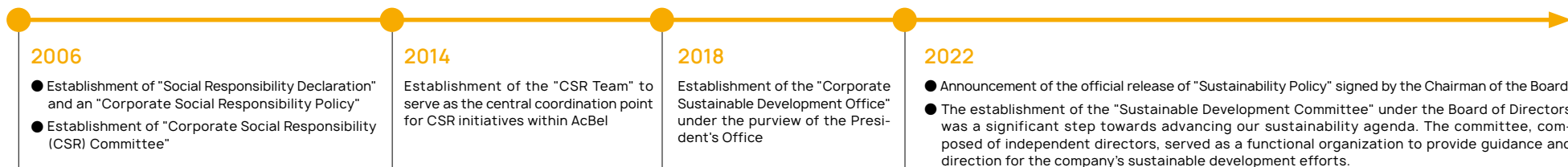
- AcBel conducts regular environmental monitoring and reporting each year. Our work environment is in full compliance with environmental regulations, meeting the required standards.
- The annual free health check-up coverage for all employees in Taiwan reached **96.25%**. The onsite plant medical services provided a total of **201** consultations.
- There were no incidents of gender discrimination or sexual harassment reported in 2022.
- Regular employees in Taiwan received a salary increase of **8.07%**, while employees in managerial positions received a salary increase of **9.23%**.
- AcBel has never had any incidents of hiring or misusing child labor.
- There have been no instances of arranging female employees or young workers to work in hazardous areas.
- Minority ethnic and disabled employees account for **6.10%** of the total workforce.
- The proportion of women in senior management positions is **16.25%** of the total senior management level.
- The retention rate for general employees in Taiwan is **77.78%**, and the retention rate for operators is **86.98%**.
- The employee sustainability strategy leadership development program, "SDGs Sustainability Empowerment Board Game Workshop," had 16 employees participating in it, with a total of 67 employees participating in the training over the past three years.

Supply Chains

- No incidents have occurred regarding product safety, false labeling, violations of regulations, or breaches of customer privacy or confidentiality.
- The overall customer satisfaction rate based on customer surveys is **88%**.
- AcBel has achieved a **100%** green procurement rate in compliance with RoHS regulations, ensuring lead-free and halogen-free components.
- AcBel has assisted **9 key** suppliers in conducting voluntary GHG inventory.

Social Concern

- AcBel has adopted a 600-meter stretch of the "Zhouzi Bay Coastline" in Tam-sui District of New Taipei City. Through the beach cleaning activities from 2021 to 2022, AcBel has successfully collected a total of **478 kg** of waste.
- AcBel has collaborated with the Hsu Chau-Ing Social Welfare Charity Foundation to carry out the "Dream Soaring Project" and "Joint Fundraising Activities." Through these initiatives, AcBel has mobilized a total of **831** employees and raised a donation amount of **NTD 1,634,656**. The funds raised have been used to support underprivileged children in their pursuit of talent and learning activities. Over the years, we have seen an increasing number of participants and a growing amount of funds raised, reflecting the positive response and support from AcBel's employees.



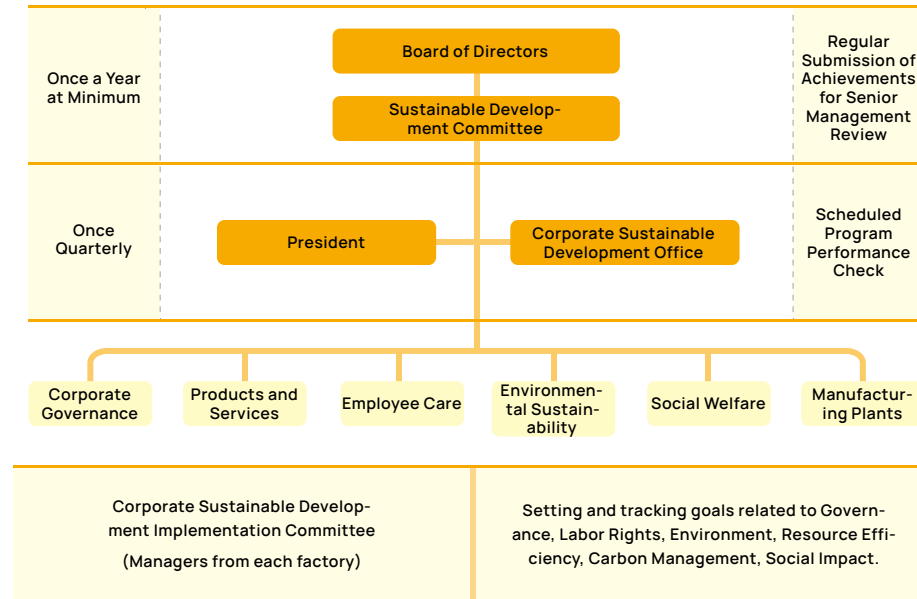
Sustainable Management Organization and Operations

Due to legal requirements and regulatory demands, AcBel has established the "Charter of the Sustainable Development Committee" and formed the "Sustainable Development Committee" under the supervision of the board of directors. The committee is responsible for formulating and overseeing the sustainability direction of the company. AcBel has established the "Corporate Sustainable Development Implementation Committee" within its management hierarchy, consisting of five functional teams. The committee members are senior executives from various departments who combine their departmental responsibilities with the formulation of the company's sustainability strategy and the setting of short, medium, and long-term goals. They integrate sustainability into daily operational management and report on stakeholder communications, ESG sustainability measures, and performance to the board of directors at least once a year (with the latest report being as of November 4, 2022). This ensures the implementation of various sustainability initiatives within the company.

Overview of the Operations of Corporate Sustainable Development Committee

Organization		Meeting Frequency	Contents of Work
Board of Directors		Non-Periodically (7 meetings in 2022)	The BOD regularly provides guidance and oversight on the AcBel's sustainability strategy and performance, in alignment with international sustainability trends and regulatory requirements. This ensures the effective implementation of sustainable development in line with AcBel's current operations and future growth.
Sustainable Development Committee		Once a Year at Minimum	The committee is composed of four independent directors serving as members. It serves as the highest decision-making and executive committee for sustainability initiatives. The BOD is responsible for guiding and overseeing the committee's work to enhance the overall effectiveness of AcBel's sustainability efforts.
Corporate Sustainable Development Implementation Committee		Once Each Quarter	The committee is comprised of senior executives from each production base who, based on their operational status, formulate annual strategic directions and implementation plans in various aspects of ESG, such as governance, human rights, environment, resources, carbon management, and social issues. They track and review performance on a quarterly basis and make improvements as necessary.
Task Force		Non-Periodically	Taking into account international trends, customer requirements, and benchmarking against leading companies, the committee formulates sustainability goals and strategies from a value chain perspective. They consider external environmental factors such as regulatory compliance, market trends, economic development, energy usage, and decarbonization strategies. Additionally, they incorporate internal factors such as the company's vision and development direction to develop comprehensive sustainability objectives and strategies.
Task Force	Corporate Governance	<ul style="list-style-type: none"> Developing action plans to address various ESG and corporate sustainability issues Implementing cross-departmental communication, resource integration, coordination, and collaboration as necessary 	In order to achieve operational goals in a manner that aligns with the company's and shareholders' best interests, aim at operational risk management including risk assessment of climate change. This involves identifying, analyzing, and evaluating opportunities and risks associated with climate change. By doing so, the company can develop strategies to address these risks and capitalize on opportunities, thereby enhancing business resilience and achieving sustainable development objectives.
	Products and Services		By understanding the opportunities presented by climate change and the need for low-carbon transition, the AcBel could make adjustments to its product development and service direction. This may involve incorporating the use of recycled materials to reduce environmental impact and create new business opportunities.
	Employee Care		Implementing human rights protection, ensuring fair treatment, providing a healthy and safe working environment, establishing effective communication channels, and inspiring employees to unleash their full potential
	Environmental Sustainability		By implementing low-carbon circular design, AcBel practices responsible production, optimize the utilization value of energy or materials, and reduce waste generation and carbon emissions.
	Social Welfare		By integrating company resources, AcBel harnesses positive influence and implement various social welfare activities such as environmental education and caring for vulnerable populations.
Corporate Sustainable Development Office		<ul style="list-style-type: none"> Trend Analysis Performance Management Disclosure of Achievements 	As a dedicated unit responsible for promoting the company's sustainable development, the main role is to collect and analyze domestic and international sustainable development trends and customer requirements in the sustainable supply chain. We assist in integrating the overall AcBel's sustainable strategy planning. We compile and report the progress of our initiatives on a quarterly basis. At least once a year, we provide reports on the execution results to the board members and the Sustainable Development Committee. We also engage in information disclosure to our stakeholders.

Sustainability Management Structure



Sustainable Management System and Verification

Category	Standards	AcBel					SINO		Chongqing Kanghua
		HQ	Tamsui Factory	Dongguan Factory	Wuhan Factory	Philippines Factory	Wujiang Factory	Tongliang Factory	Kanghua Factory
Quality	ISO 9001:2015 Quality Management System		●	●	●	●	●	●	●
	IATF 16949:2016 Automotive Industry Quality Management System		●	●					
	ISO 13485:2016 Medical Device Quality Management System		●	●		●			
	ISO 26262:2018 Road Vehicle - Functional Safety Management System		●						
	ISO/IEC 17025:2017 Laboratory Quality Management System		●						
	IIECQ QC 080000:2017 Hazardous Substance Process Management System		●	●	●	●	●	●	●

Category	Standards	AcBel					SINO		Chongqing Kanghua
		HQ	Tamsui Factory	Dongguan Factory	Wuhan Factory	Philippines Factory	Wujiang Factory	Tongliang Factory	Kanghua Factory
Environment	ISO 14001:2015 Environmental Management System		●	●	●	●	●	●	●
	ISO 14064-1:2018 Greenhouse Gas Inventory	●	●	●	●	●	●	●	●
	ISO 14046:2014 Water Footprint Inventory	●	●	●	●	●	●	●	●
	UL 2799 Zero Waste to Landfill			●					
Energy	ISO 50001:2018 Energy Management System		●		●	●			
Occupational Health and Safety Management	ISO 45001:2018 Occupational Health and Safety Management System		●	●	●	●	●	●	●
Supply Chain Security	ISO 28000:2007 Supply Chain Safety Management System		●						
	AEO / Excellent Accredited Corporate		●	●	●				
Labor, Environment, Ethics, Health and Safety, Management Systems	RBA Validated Assessment Program		●	●	●	●			

Notes I

- The aforementioned management systems have all been verified by third-party auditing bodies, and as of now, all management systems remain valid.
- ISO 14001 Certificate Expiry Date: 18 January 2025 (Tamsui, Dongguan and Wuhan Factory, 18 July 2023 (Philippines Factory), 8 June 2024 (Wujiang Factory), 2 January 2026 (Tongliang Factory), 14 January 2024 (Kanghua Factory)
- ISO 50001 Certificate Expiry Date: 27 January 2025 (Tamsui Factory), 6 November 2025 (Wuhan Factory), 13 March 2026 (Philippines Factory)

AcBel

[ISO Certificate Download →](#)



1.3 Stakeholder Identification and Material Topics Analysis

Stakeholder Identification

AcBel refers to the five principles of the AA1000SES (AA1000 Stakeholder Engagement Standard): Responsibility, Influence, Tension, Diverse Perspectives, and Dependency, to identify groups or individuals that may affect or be affected by the company's operations, products, or services. This is done in accordance with Stakeholder theory. The identified stakeholders are categorized into 8 main types based on the degree of relationship, which is consistent with the stakeholder identification conducted in 2021.

Material Topics Analysis

Following the reporting principles of the GRI standards, which include accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability, the identification, prioritization, validation, and review processes are used to assess the impacts that may occur from operational activities. This includes both actual and potential, positive and negative, expected and unexpected impacts. Through systematic analysis, material topics are identified, and due diligence is conducted to address and remedy any negative impacts. The company's operational strategy, management policies, industry characteristics, and stakeholder engagement outcomes serve as the basis for information disclosure in this report, in order to respond to stakeholder expectations.

	1 Identification	2 Prioritization	3 Validation	4 Review
Measures	<ul style="list-style-type: none"> Identification of stakeholder categories Referencing international sustainability norms, standards, and industry guidelines (SDGs, GRI Standards, SASB, TCFD, RBA), as well as considering industry characteristics and developments, we conducted issue collection and consolidation. Additionally, we incorporated sustainable investment assessments such as CDP. 	<ul style="list-style-type: none"> Discuss concern topics with stakeholders and experts Surveys on the level of topic of concern 	<ul style="list-style-type: none"> Identifying on the material, positive/negative impact, and significant of each concerned topics Prioritization on reporting order based on the impacts and identifying material topics 	<ul style="list-style-type: none"> Reviewing sustainable topic disclosure and tracking influence
Contents	<ul style="list-style-type: none"> 8 categories of stakeholder groups (including shareholders/investors, customers, employees, suppliers/contractors, government agencies, local communities, research institutions/academic experts, media) A total of 33 sustainability topics in the GRI standards and company-defined topics, which are combined into 17 sustainability topics for impact identification 	<ul style="list-style-type: none"> 1,867 Stakeholder Surveys to assess level of concern 20 surveys for internal senior executives and external experts to measure the impact of sustainable development 	<ul style="list-style-type: none"> Material topics analyzed and consolidated by the CSD Office, discussed by senior management. Reported to the Sustainable Development Committee and Board Members Reviewing and disclosing response strategies, short-medium-long term goals, performance and achievements, and management policies for each material topic 	<ul style="list-style-type: none"> Publishing the 13th report. Uploading the report to the "Public Information Observation System" of the Taiwan Stock Exchange and disclosing in the company's "ESG Corporate Sustainability" website. Continuously engage in stakeholder communication and consultation to gather opinions from various stakeholders.

Inclusivity

1. Identification Principle	2. Stakeholder Identification
<ul style="list-style-type: none"> Assessment on the level of relationship with internal and external groups or individuals significantly impacted by the company's operations, products, and services. AA1000SES Stakeholder Engagement Principles (Dependency, Responsibility, Tension, Influence, and Diverse of Perspectives) 	<ul style="list-style-type: none"> Shareholders, Investors Customers Employees Suppliers/Contractor Government Agencies Local Communities Research/Academic Experts Media

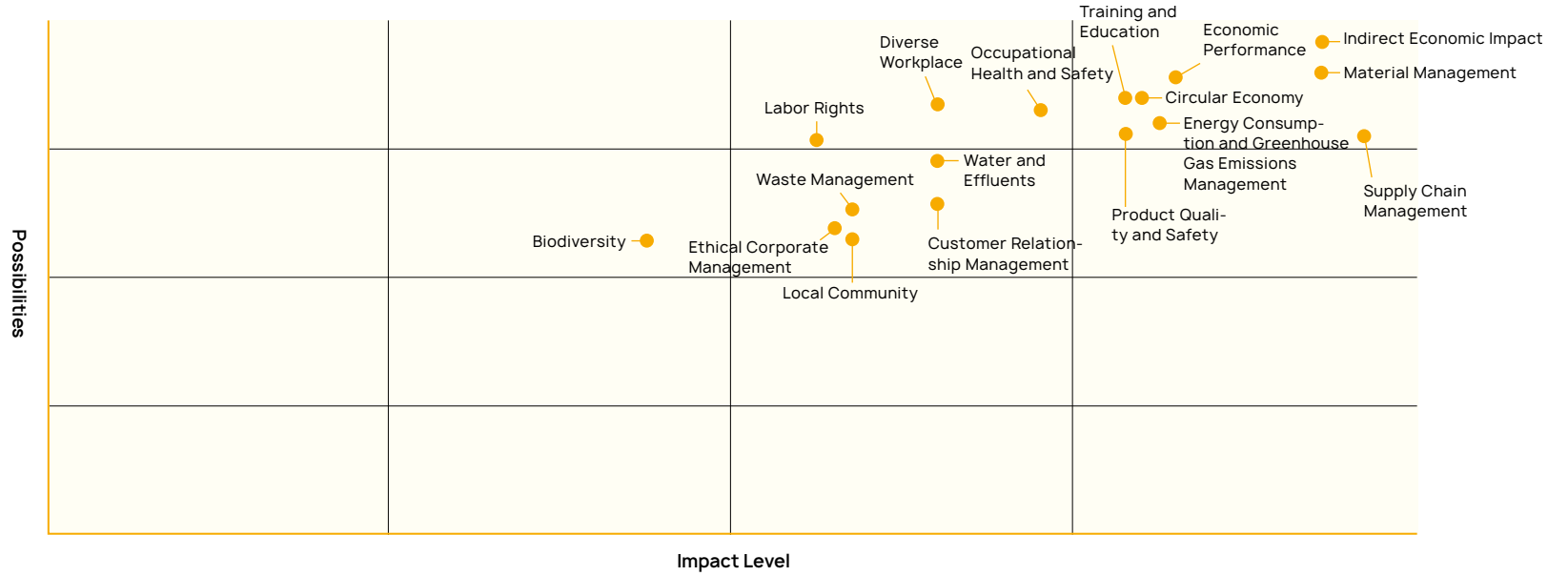
Materiality

Basis for Issue Consideration	1. Topic Collection
<ul style="list-style-type: none"> Legal Regulations and Industry Standards (Laws, Regulations, RBA) International Trends (SDGs, GRI, SASB, TCFD, CDP, etc.) Market Environment Business Operation Strategy Risk and Impact Assessment Customer Strategy Objectives and Requirements 	<ul style="list-style-type: none"> Convening Meetings (Shareholders' Meeting, Board of Directors Meeting, Management Meeting, Supplier Conference, Labor-Management Meeting, Contractor Training, etc.) Internal and External Survey Conducted by the Company Customer Surveys and Requirements Industry Information Gathering (Roundtable Discussions, Publicly Available Information) Interviews (External Experts, Employee Interviews, Management Interviews) Official Website, Suggestion Box/Email, Hotline
2. Materiality Identification and Impact Assessment <ul style="list-style-type: none"> Data Analysis and Identification of Material Topics by the Corporate Sustainable Development Committee, confirming 6 material topics 	

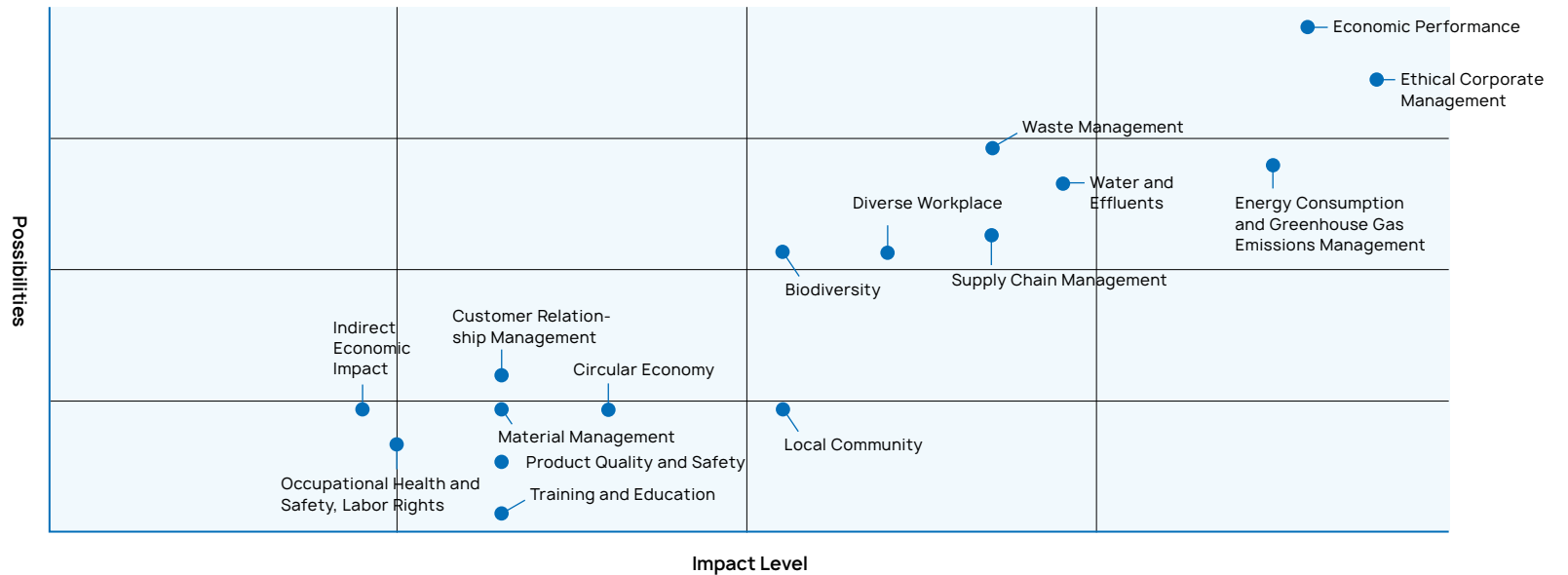
Responsiveness, Influence

1. Responding to Stakeholders	2. Feedback and Continuous Improvement
<ul style="list-style-type: none"> Disclosing information with a responsible attitude to enhance the quality of disclosure by ensuring completeness, accuracy, and comparability Incorporating sustainability management and performance disclosure into the company's annual report, official website, and public information observation system 	<ul style="list-style-type: none"> Engaging in continuous improvement based on feedback and suggestions from stakeholders to earn their trust

2022
Positive Impact
Matrix



2022
Negative Impact
Matrix



Order of Importance in 2022	Order of Importance in 2021	Topic	Significance to the Organization/ Key Risk and Opportunity	Strategy and Goal	Corresponding Chapter
▲ 1	2	GRI 401 Employment	<p>To create value from human capital, to strengthen the sustainable growth momentum of the company</p> <p>The development and cultivation of high-potential talent, creating core competitive advantages and transformative growth for the company, showcasing a diverse, happy, and secure workplace.</p>	<ul style="list-style-type: none"> Implementing labor rights protection, establishing diverse communication channels, and creating a workplace environment that is inclusive, friendly, equitable, and harmonious between labor and management. Designing comprehensive salary and benefits packages, as well as providing resources for professional development, utilizing a human resource management cycle of "recruit, develop, deploy, retain" to foster sustainable talent. 	<p>Chapter 6</p> <p><u>Harmony · Employee Relationship</u></p> <p>6.2 Employee Overview</p> <p>6.4 Remuneration Packages and Benefits</p> <p>6.5 Comprehensive Employee Welfare Initiatives</p>
▲ 2	3	GRI 302 Energy	<p>Promoting the transition to low-carbon energy, enhancing the use of renewable energy, and collaborating with the supply chain to mitigate the impact of resource consumption on energy sustainability.</p> <p>Enhancing preparedness for climate adaptation and resilience, actively promoting low-carbon transition, and simultaneously reducing the environmental and energy footprint of production processes and product life cycles through innovative technology. Strengthening energy management capabilities and creating new business opportunities.</p>	<ul style="list-style-type: none"> Grasping the risks and opportunities of climate change according to the TCFD framework, deploying green technology and energy transition in advance, and optimizing energy utilization efficiency. Implementing ISO 50001 Energy Management System, ISO 14064 Greenhouse Gas Inventory, ISO 14046 Water Footprint Inventory, and UL 2799 Zero Waste to Landfill validation in all factories to effectively manage energy resources. Innovating technological advancements to develop low-carbon products, increasing the utilization of recycled materials, and reducing the environmental impact caused by production process. 	<p>Chapter 4</p> <p><u>Communion · Environmental Friendliness</u></p> <p>4.3 Energy and GHG Management</p>
▲ 3	4	GRI 305 Emissions	<p>Responding to global net-zero initiatives, leveraging influence, and building a low-carbon and sustainable value chain</p> <p>Establishing and passing the Science-Based Targets (SBT) carbon reduction goals validation, strengthening energy management in the supply chain to achieve the net-zero emissions target.</p> <p>Innovating core power technologies, establishing long-term decarbonization strategies, and developing green solutions aligned with corporate values</p> <p>Harnessing positive influence, collaborating with supply chain partners for low-carbon transformation, enhancing and improving the competitiveness of the value chain, and realizing overall sustainable value.</p>	<ul style="list-style-type: none"> Strengthening the disclosure of company management systems, strategies, and performance in response to climate change, based on the framework of the CDP, with the aim of becoming an industry benchmark enterprise. Integrating the concept of circular design to enhance product performance, establish low-carbon manufacturing processes, and transition to sustainable energy usage, thereby reducing energy consumption and GHG emissions. Building a sustainable low-carbon value chain to meet customer demands for low-carbon products. Collaborating with the supply chain to increase the utilization of recycled materials and local procurement, and strengthening cooperation on decarbonization strategies. Expanding overall carbon reduction effectiveness. Responding to SBTi, the SBT is set with the international high-standard 1.5°C (Business Ambition for 1.5°C) scenario and has been recognized, so as to be in line with Taiwan's 2050 net-zero emissions pathway. 	<p>Chapter 4 I</p> <p><u>Communion · Environmental Friendliness</u></p> <p>4.3 Energy and GHG Management</p>
▼ 4	1	GRI 201 Economic Performance	<p>Strategically positioning the company for transformation and expanding economic value by creating optimal profits for shareholders.</p> <p>Implementing corporate risk governance, seizing the low-carbon business opportunities brought about by climate change, innovating low-carbon transition technologies, collaborating with supply chain partners, and providing customers with green and low-carbon solutions to enhance the overall competitiveness of the value chain.</p>	<ul style="list-style-type: none"> Using the TCFD framework to identify and analyze climate risks and potential impacts. Subsequently, developing strategies to address these climate risks, enhancing corporate resilience, and exploring new business opportunities. Seizing the opportunities of low-carbon transition, strategically positioning the company in the electric power and renewable energy sectors. Simultaneously, incorporating innovative low-carbon circular design into products, enhancing the competitiveness of the company's products or services, and generating better profitability for operations. Through merger and acquisition strategies, assisting the company in attaining a leadership position in the power industry, expanding product markets, and increasing the overall revenue of the company. 	<p>Chapter 1</p> <p><u>Win-Win · Sustainable Management</u></p> <p>1.1 Company Overview</p>

Order of Importance in 2022	Order of Importance in 2021	Topic	Significance to the Organization/ Key Risk and Opportunity	Strategy and Goal	Corresponding Chapter
▲ 5	6	GRI 301 Material	<p>Implementing lean management of raw materials to reduce production costs. Increasing the utilization of environmentally friendly recycled materials to promote environmental friendliness.</p> <p>Integrating material management through digitalization to effectively improve inventory turnover and reduce stock levels.</p> <p>Implementing responsible and sustainable supply chain management by ensuring that materials meet the requirements of being non-harmful and environmentally friendly, starting from the procurement source. Leveraging our own influence to drive the sustainable development of the supply chain.</p>	<ul style="list-style-type: none"> Starting from the principles of circular economy, collaborating with value chain partners, and developing low-carbon or recycled materials that comply with international standards in product design. Combining these materials with low-carbon manufacturing processes to provide safe and environmentally friendly products. Simultaneously, achieving the overall value chain's goal of carbon reduction and net-zero emissions. Integrating the company's information systems to ensure the accuracy of material quantities and compliance with quality standards, thereby reducing waste of idle materials and achieving cost reduction objectives. This approach aims to create optimal and reasonable profits for the company. 	<p>Chapter 5 Sharing · Partnership</p> <p>5.3 Responsible Procurement</p>
▲ 6	-	GRI 306 Waste	<p>Reducing waste and ensuring legal disposal, promoting circular design, creating value in the circular economy, and reducing the environmental impact caused by corporate operations.</p> <p>Collaborating with the supply chain to promote sustainable material circulation, optimizing the product life cycle from product design at the source to product disposal and recycling</p>	<ul style="list-style-type: none"> Promoting the circular economy by improving product quality and durability to extend product lifespan. Increasing the waste conversion rate in the production manufacturing process, minimizing resource input during production, and maximizing resource input for recycling and reuse. Ensuring proper waste sorting and disposal in each factory, and implementing the UL2799 Zero Waste to Landfill validation for waste management. Collaborating with customers and suppliers to implement packaging material reduction strategies, increasing the proportion of recycled and recyclable packaging materials, and reducing the environmental impact. 	<p>Chapter 4 Communion · Environmental Friendliness</p> <p>4.5 Waste Management</p>

● Explanation of the material topics in 2022 compared to 2021:

The impact boundary of material topics following the inclusion of Wujiang Factory and Tongliang Factory in 2021, it covered Kanghua Factory for the first time in 2022.

In recent times, the issue of "climate change" has been increasingly recognized and has evolved from a mere global temperature rise to a "climate crisis" that poses a threat to various aspects of human life. Therefore, in addition to focusing on economic performance, the material topics of 2022 continued to prioritize topics such as energy, GHG emissions, and waste management.

(1) In 2022, the topic "GRI 306 Waste" replaced 2021 material topic - "GRI 202 Market Presence" as material topic. The remaining topics did not undergo any major changes. Stakeholders' attention to topics such as "energy management" and "GHG emissions" has been increasing year by year. Based on the identification of material topics, it can also be observed that stakeholders' focus on ESG issues at AcBel follows the order of E (Environment) > S (Social) > G (Governance).



(2) In addition to disclosure the management achievements of the material topics, this report also discloses the management policies, goals, and performance related to issues that stakeholders have relatively high concerns about, such as "Labor/Management Relations, Occupational Health and Safety, Diversity and Equal Opportunity." It provides a multi-dimensional demonstration of AcBel's ESG practices. For the corresponding chapters, please refer to the index table for non-material topics.









1.4 Communication Channels for Stakeholders

AcBel has established diverse communication channels for different stakeholders, accepting and responding to their needs. With a responsible attitude, AcBel communicates and discloses the sustainability initiatives, serving as a practice of sustainable development in the economic, social, and environmental aspects.

Stakeholder Engagement Results on Concerned Topics

Types of Stakeholders	Significance of Stakeholders towards AcBel	Communication Channels and Frequency	The change of Concerned Topics in 2022 Compared to 2021	Chapter for Management Approach	Stakeholder Engagement Result / Key Performance	
 Stockholder/ Investor	<p>Investors are crucial pillars of corporate growth and drivers of sustainable value enhancement. Transparent disclosure and proactive communication of ESG initiatives are essential to garner support from investors.</p>	<ol style="list-style-type: none"> Shareholders Meeting and Investor Conference (held Shareholders Meeting once and Investor Conference twice in 2022) AcBel website - investor relations section (law-abiding / irregularly) AcBel ESG website and report (published each year) Information disclosure on the Public Information Observation System (irregularly) Participation in Forums hosted by Other Entities (irregularly) Dedicated Department Responsible for Investor Relations(irregularly) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> Economic Performance Dividend Policy Industry Competitiveness Business Development and Performance Risk Management <p><u>Environmenta Aspects</u></p> <ul style="list-style-type: none"> Material Management Energy Management Emissions <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> Employment 	<p>While there is no change in the focus on economic topics, there is still a high level of attention to social and environmental topics such as employment, energy management, and GHG emissions.</p>	<p><u>Economic Aspects</u></p> <ol style="list-style-type: none"> Company Overview Operation of Board of Directors Stockholder Communication and Equity Risk Management System <p><u>Environmental Aspects</u></p> <ol style="list-style-type: none"> Energy and GHG Management Responsible Procurement <p><u>Social Aspects</u></p> <ol style="list-style-type: none"> Employee Overview Remuneration Packages and Benefits Comprehensive Employee Welfare Initiatives 	<ul style="list-style-type: none"> The revenue has been consistently growing, reaching NT\$25.321 billion, representing a 15.59% increase compared to 2021. The earnings per share after tax amounted to NT\$1.23. Ranked Top 6-20% in 2022 9th Corporate Governance Evaluation.
 Customer	<p>Customers are important partners in the company's performance growth. Our commitment is to provide satisfactory, trustworthy, and safe green and low-carbon products. Through continuous innovation, we aim to enhance our competitiveness and work together with our customers to realize a sustainable future.</p>	<ol style="list-style-type: none"> Customer Satisfaction Survey (twice a year) Email communications, business meetings, and audits (irregularly) AcBel website (irregularly) AcBel ESG website and Sustainability Report (annually) RBA-Online and EcoVadis platform (irregularly) Customer database platform (irregularly) Customer-hosted training and seminars (irregularly) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> Economic Performance <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> Material Management Energy Management Emissions <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> Employment 	<p>There has been a significant increase in the level of attention to material management, and it aligns closely with the issues of concern for investors. This trend indicates a growing convergence between these two stakeholder groups in terms of their focus on ESG topics within the context of AcBel's operations.</p>	<p><u>Economic Aspects</u></p> <ol style="list-style-type: none"> Company Overview <p><u>Environmental Aspects</u></p> <ol style="list-style-type: none"> Energy and GHG Management Responsible Procurement <p><u>Social Aspects</u></p> <ol style="list-style-type: none"> Employee Overview Remuneration Packages and Benefits Comprehensive Employee Welfare Initiatives 	<ul style="list-style-type: none"> In 2022, no incident related to corruption, bribery, or violations of ethical business practices was received or discovered. In 2022, the overall customer satisfaction rate from the customer satisfaction survey was 88%. A rating of "B" for the CDP Climate Change questionnaire and an "A-" for the CDP Water Security questionnaire. AcBel completed the submission process for our Science-Based Targets (SBTs) for GHG reduction in 2022, and the target validation was completed in 2023. Dongguan and the Philippines factories have achieved the RBA "Factory of Choice One-Star Level"

Types of Stakeholders	Significance of Stakeholders towards AcBel	Communication Channels and Frequency	The change of Concerned Topics in 2022 Compared to 2021	Chapter for Management Approach	Stakeholder Engagement Result / Key Performance
 <p>Employee</p>	<p>Employees are the vital foundation for the sustainable development of a company, as well as an essential driving force for supporting and promoting its sustainability. Establishing a workplace that respects human rights and embraces diversity and inclusion is crucial in creating a happy and fulfilling environment. By meeting the needs of employees in their work and personal lives, we can unlock their full potential and contribute to the company's maximum value.</p>	<ol style="list-style-type: none"> 1. Employee Welfare Committee (quarterly) 2. Labor-Management Meeting (quarterly), Employee Representative Meeting, Labor Safety and Health Committee (irregularly) 3. Electronic signboard (irregularly) 4. Corporate Social Responsibility Training, SDGs Sustainability Workshop (once a year at minimum) 5. EIP Platform (irregularly, 617 pieces of information release in 2022) 6. AcBel ESG website and Sustainability Report (annually) 7. AcBel website, press release, social media (irregularly) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> · Economic Performance · Market Presence <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> · Energy Management <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> · Employment · Occupational Health and Safety 	<p><u>Economic Aspects</u></p> <p>1.1 Company Overview 6.4 Remuneration Packages and Benefits</p> <p><u>Environmental Aspects</u></p> <p>4.3 Energy and GHG Management</p> <p><u>Social Aspects</u></p> <p>6.2 Employee Overview 6.4 Remuneration Packages and Benefits 6.5 Comprehensive Employee Welfare Initiatives 6.6 Safe and Healthy Working Environment</p>	<ul style="list-style-type: none"> · 2022 average employee salary increase in by 8.42% compared to 2021. · In 2022, the salary adjustment rate in Taiwan was the highest in recent years. The general employees received a salary increase of 8.07%, while the managerial staff received a salary increase of 9.23%. · In Taiwan, we held 5 labor-management meetings, and a total of 1,055 employee interviews were conducted in both the Taiwan and China facilities in 2022.
 <p>Supplier/ Contractor</p>	<p>Suppliers/ contractors are important partners in achieving net-zero emissions and developing a low-carbon supply chain. By deepening ESG management practices together, we can construct a responsible and sustainable value chain. Collaborating closely with suppliers and contractors allows us to align our goals and strategies, foster transparency, and promote sustainable practices throughout the supply chain. Together, we can drive positive change and create a more sustainable future.</p>	<ol style="list-style-type: none"> 1. Supplier Code of Conduct 2. Regular evaluation and on-site audits (irregularly) 3. Supplier Conference (annually) 4. Supplier management platform (irregularly) 5. AcBel ESG website and Sustainability Report (annually) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> · Material Management · Emissions · Waste <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> · Employment · Supplier Social Assessment 	<p><u>Economic Aspects</u></p> <p>4.3 Energy and GHG Management 4.5 Waste Management 5.3 Responsible Procurement</p>	<ul style="list-style-type: none"> · In 2022, we achieved a 100% compliance rate for green procurement in accordance with RoHS regulations, ensuring that our purchases were free of lead and halogens.
 <p>Government Agency</p>	<p>AcBel actively cooperates with government policies and regulations, ensuring compliance and contributing to positive developments in our company and industry. AcBel maintains open and proactive communication channels with relevant governmental authorities, seeking to align our strategies and practices with sustainability goals and initiatives. By collaborating with the government, AcBel can work together to achieve sustainable development and create a better future for all stakeholders.</p>	<ol style="list-style-type: none"> 1. Information or report requested by the government (irregularly) 2. Legal regulation check (irregularly) 3. Participation in activities hosted by different organizations or associations (irregularly) 4. AcBel website (irregularly) 5. On-site sampling visits & inspections (irregularly) 6. AcBel ESG website and Sustainability Report (annually) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> · Economic Performance · Market Presence <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> · Biodiversity · Emissions · Supplier Environmental Assessment <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> · Marketing and Labeling 	<p><u>Economic Aspects</u></p> <p>1.1 Company Overview 6.4 Remuneration Packages and Benefits</p> <p><u>Environmental Aspects</u></p> <p>4.1 TCFD and Governance 4.3 Energy and GHG Management 5.2 Sustainable Supply Chain Management</p> <p><u>Social Aspects</u></p> <p>3.3 Green Cycle</p>	<ul style="list-style-type: none"> · There have been no violations of environmental regulations or penalties incurred in the past three years.

Types of Stakeholders	Significance of Stakeholders towards AcBel	Communication Channels and Frequency	The change of Concerned Topics in 2022 Compared to 2021	Chapter for Management Approach	Stakeholder Engagement Result / Key Performance
 <p>Local Community</p>	<p>Local community support is crucial for achieving sustainable value in business. We recognize the importance of engaging with the local community and establishing platforms for communication and dialogue. By actively listening to and addressing the needs and concerns of the community, we strive to create mutually beneficial relationships. We aim to be a responsible corporate citizen by contributing to the development and well-being of the local community. Through collaborative efforts, we can ensure that our business operations align with the interests and aspirations of the community, fostering a sustainable and harmonious coexistence.</p>	<ol style="list-style-type: none"> Email and telephone contact (irregularly) Community charity activity (irregularly) AcBel ESG website and Sustainability Report (annually) AcBel website, press release, social media sites (irregularly) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> Economic performance <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> Energy Management Emissions Waste <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> Employment <p>There has been a long-standing focus on environmental issues such as energy consumption and GHG emissions. In the current year, two additional topics, namely waste management and employment, have been added to the concerned topics.</p>	<p><u>Economic Aspects</u></p> <p>1.1 Company Overview</p> <p><u>Environmental Aspects</u></p> <p>4.3 Energy and GHG Management 4.5 Waste Management</p> <p><u>Social Aspects</u></p> <p>6.2 Employee Overview 6.4 Remuneration Packages and Benefits 6.5 Comprehensive Employee Welfare Initiatives</p>	<ul style="list-style-type: none"> The total greenhouse gas emissions (location-based) have decreased by 23.35% compared to the year 2021. In 2022, AcBel adopted and cleaned a stretch of 600 meters of the Zhouzi Bay in Tamsui.
 <p>Research Institute/Academic Experts</p>	<p>Research institutions and expert scholars provide valuable and objective insights that can guide and enhance a company's ESG management practices. We recognize the importance of engaging with research institutions and experts to stay updated on the latest knowledge and trends in sustainability. By actively seeking dialogue and communication with these stakeholders, we can learn from their expertise and incorporate their recommendations into our strategies and actions. Collaborating with research institutions and experts not only strengthens our understanding of sustainability but also enables us to make informed decisions and have a greater impact on creating a sustainable future.</p>	<ol style="list-style-type: none"> Onsite visit (irregularly) Questionnaire survey (irregularly) AcBel website (irregularly) ESG related seminars (irregularly) AcBel ESG website and Sustainability Report (annually) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> Economic performance <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> Energy Management Emissions Waste <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> Employment <p>There has been a long-standing focus on environmental management performance, and this year, the waste management has been added as a new topic of concern.</p>	<p><u>Economic Aspects</u></p> <p>1.1 Company Overview</p> <p><u>Environmental Aspects</u></p> <p>4.3 Energy and GHG Management 5.2 Sustainable Supply Chain Management 5.3 Responsible Procurement</p> <p><u>Social Aspects</u></p> <p>6.2 Employee Overview 6.4 Remuneration Packages and Benefits 6.5 Comprehensive Employee Welfare Initiatives</p>	<ul style="list-style-type: none"> In 2022, our subsidiary, SINO, has completed the ISO 14046 organizational water footprint inventory for the first time. Wuhan and Philippines factories have successfully completed the ISO 50001 energy management system certification for the first time. Since 2021, AcBel has been collaborating with the National Tsing Hua University Research and Development Center in Taiwan, focusing on the development of electric vehicles and green energy systems.
 <p>Media</p>	<p>The media plays a crucial role as a bridge for communication between us and various stakeholders. They serve as both observers and strategic partners in our journey towards sustainable business practices. Through transparent disclosure of information, we aim to gain the recognition and support of stakeholders while also leveraging the media's positive influence on society. We recognize the importance of engaging with the media to foster understanding, promote dialogue, and create awareness about our sustainability initiatives. By working closely with the media, we can effectively communicate our commitments, achievements, and challenges, thereby fostering a positive impact on society and driving sustainable change.</p>	<ol style="list-style-type: none"> AcBel website, press release, social media sites (irregularly) Media interviews (irregularly) Press conference (irregularly) 	<p><u>Economic Aspects</u></p> <ul style="list-style-type: none"> Economic performance <p><u>Environmental Aspects</u></p> <ul style="list-style-type: none"> Energy Management Emissions <p><u>Social Aspects</u></p> <ul style="list-style-type: none"> Employment Diversity and Equal Opportunity <p>There has been an increased focus on social issues, with the addition of the topic of employee diversity and equal opportunities.</p>	<p><u>Economic Aspects</u></p> <p>1.1 Company Overview</p> <p><u>Environmental Aspects</u></p> <p>4.3 Energy and GHG Management</p> <p><u>Social Aspects</u></p> <p>6.2 Employee Overview 6.4 Remuneration Packages and Benefits 6.5 Comprehensive Employee Welfare Initiatives</p>	<ul style="list-style-type: none"> The total installed capacity of solar energy reached 149.49 MW, and the cumulative amount of green electricity supplied was 6.22 million kWh, resulting in a reduction of 96,000 metric tons of CO2 emissions.

We proactively provide regular reports on our communication with stakeholders and management policies to the Board of Directors (the latest report being dated November 4, 2022). This strengthens our responsiveness to ESG issues and enhances the quality of information disclosure. It also ensures the robust oversight function of the Board and the Sustainable Development Committee.



[AcBel Website](#)



[Shareholder Zone](#)



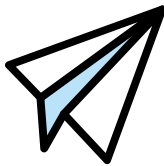
[Financial Report](#)



[Annual Report](#)



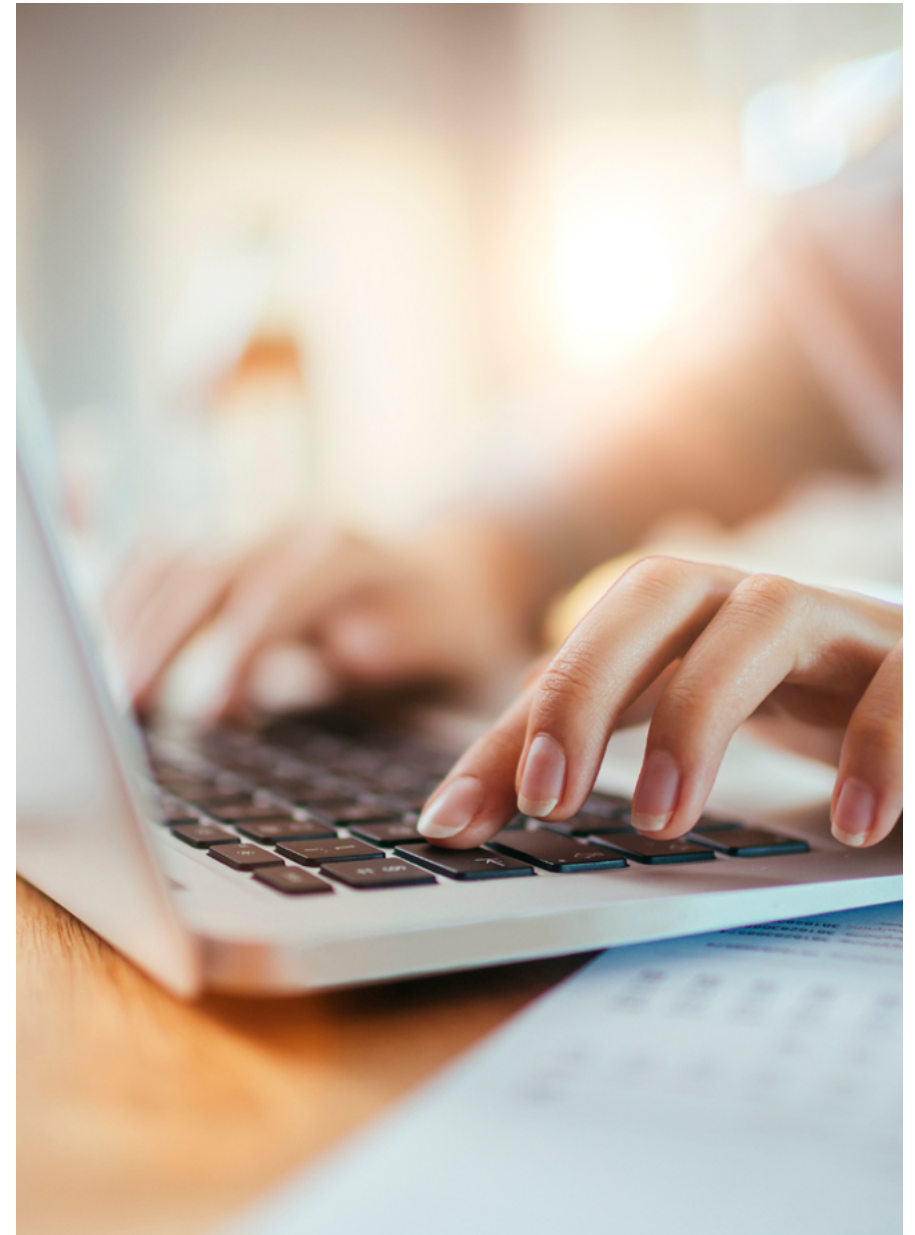
[AcBel ESG Corporate Sustainability Website](#)



[Spokesperson Mailbox](#)

Contact Channels for Stakeholders

Category	Contact Phone Number+886-2-2621-7672	Website
Corporate Governance	ext. 32541	
Corporate Sustainability	ext. 32405	
Reporting Violations	ext. 32606 & 32607	
Shareholder	ext. 32260 & 32541	
Investor	ext. 32133	
Employee	ext. 32939	
Supplier	ext. 30085	
Public Relations	ext. 32885	



02

Co-Management · Corporate Governance

The company's governance operates on the foundation of integrity and fairness, while adhering to industry guidelines such as the Responsible Business Alliance (RBA) Code of Conduct and government regulatory frameworks such as "Corporate Governance 3.0 - Sustainable Development Roadmap." The company deeply cultivates various aspects of corporate sustainability in its actions and practices.

The company implements risk management related to environmental, social, and governance (ESG) factors, strengthens the functions and oversight of the board of directors, identifies potential impacts, assesses their likelihood and magnitude, establishes response mechanisms, and monitors the process to ensure the maximization of company profits and safeguard the rights of all stakeholders.

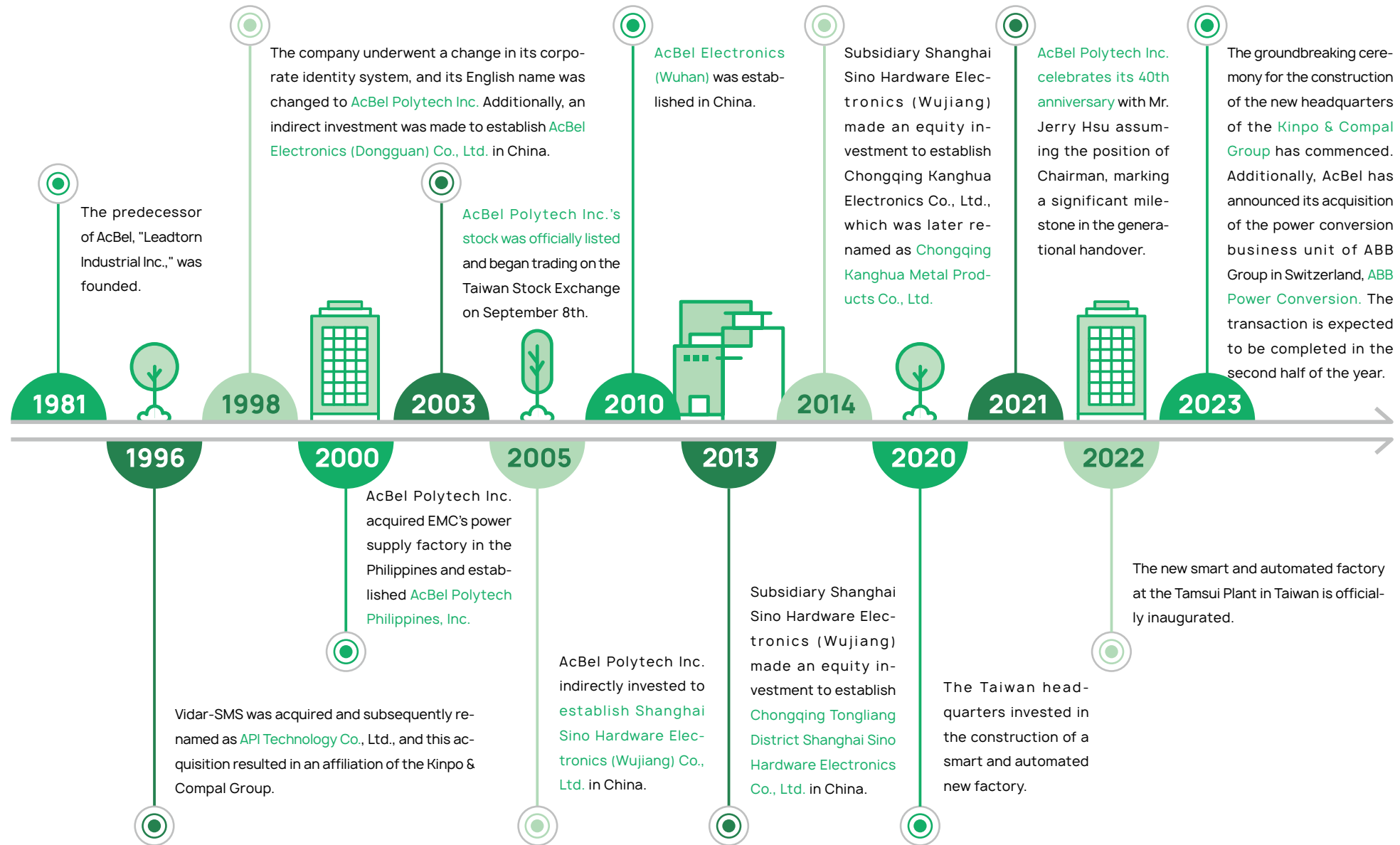


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Highlights

- In 2022, the company underwent the 9th Corporate Governance Evaluation conducted by the Taiwan Stock Exchange and Taipei Exchange. The evaluation results placed AcBel in the top 6-20% in terms of corporate governance performance.
- In the past three years, there have been no significant violations of labor rights regulations, anti-competition, anti-monopoly, or integrity in business matters.
- In 2022, the external performance evaluation of the Board of Directors and individual members was completed, with scores of 4.74/5 and 4.82/5, respectively. The rating falls within the range of excellent to good.

AcBel's Corporate Governance Milestones



2.1 Company Governance Organization

Company Governance

AcBel operates with integrity as its core value and has a robust and efficient board of directors as the foundation of its corporate governance. The company has established a "Corporate Governance Officer" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." This position is held by the senior executive of the company's qualified financial unit and is responsible for overseeing corporate governance-related matters. The responsibilities include facilitating the functioning of various committees, board meetings, and shareholders' meetings in compliance with the law, providing necessary information to the directors for executing their duties, assisting directors in complying with laws and regulations, assisting in director appointments and continuous education, and other related matters.

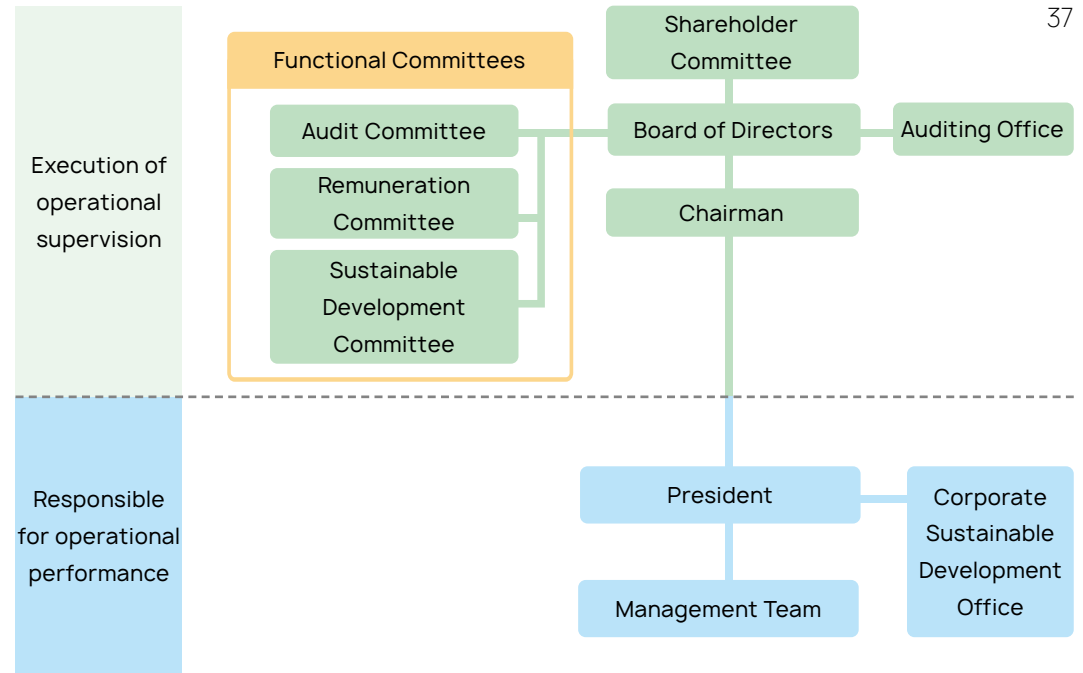
Succession Planning for Key Management Positions

The selection and development of successors for management positions are crucial for the long-term sustainability of the company. The company establishes succession plans for board members or key management positions through systematic assessments and future sustainability strategies. Successors can be sourced from both internal and external candidates, but they must demonstrate exceptional execution capabilities and align with the company's values and desired personality traits.


In addition to seeking relevant professionals from academia and industry, the company also considers internal senior management as potential successors for board positions. By deepening their industry and management experience, the company aims to enrich its pool of potential director candidates.

The development of successors for important management positions focuses on cultivating comprehensive business management skills, professional capabilities, and individual development plans. Through specialized training programs and courses covering various aspects, trainees are equipped to integrate their skills and develop decision-making abilities. Performance and potential are evaluated using standardized criteria based on the company's future development needs, ensuring the continuity of key positions.

Note! The main responsibilities of each department can be found in the 2022 annual report on pages 6-8, while the professional backgrounds of various managers can be found on pages 18-19.



Relevant Charters and Guidelines for Corporate Governance Operations

 <p>Shareholder Meeting</p> <ul style="list-style-type: none"> ● Rules for Shareholder Meetings 	 <p>Company Internal Regulations</p> <ul style="list-style-type: none"> ● Guidelines for the Adoption of Codes of Ethical Conduct ● Employee Code of Conduct ● Internal Control System ● Rules for Financial Transactions and Operations Procedures within Related Parties in the Group ● Procedures for Handling Material Inside Information ● procedure for a Temporary Suspension and Resumption of Trading Operations ● Procedure for Fund Lending ● Procedure for Endorsing Loans ● Procedure for Acquiring or Disposing of Assets ● Audit Process
 <p>Board of Directors/ Functional Committees</p> <ul style="list-style-type: none"> ● Regulations Governing Procedure for Board of Directors Meetings ● Procedure for Director Elections ● Rules and Responsibilities of Independent Directors ● Organizational Regulations of the Remuneration Committee ● Organizational Regulations of the Audit Committee 	

Board of Directors

Responsibilities of the Board of Directors		
<p>The board of directors serves as the highest governing body and the institution responsible for making significant business decisions. It oversees the company's operational performance and ensures compliance with legal and regulatory requirements. Efforts will be made to continuously strengthen the capabilities of board members and enhance the effectiveness of corporate governance.</p>	Members	Meeting Frequency
	<p>There are 12 members on the board of directors, including 4 independent directors. Among them, 11 are male and 1 is female, who also serves as an independent director. In terms of age distribution, 8% of the directors fall into the age range of 30-50, 8% fall into the age range of 51-65, and 83% are 65 years old or above.</p>	<p>In 2022, the board of directors held 7 meetings to discuss company's operational strategies, governance practices, corporate sustainability (ESG), and other relevant topics. The average attendance rate for these meetings was 98.57%.</p>
		<p>The combined total of remuneration, retirement benefits, director's remuneration, and executive expenses accounted for 1.41% of the company's after-tax net income as reported in the financial statements.</p>

The board of directors is the highest governing body of the company, and according to the "Corporate Governance Best Practice Principles" of AcBel, Article 20 states that directors should possess the knowledge, skills, and qualities necessary to perform their duties. Taking into account the company's operational structure, industry development, and future trends, the board of directors comprises members with diversity, including different genders, ages, industry experiences, professional knowledge, and abilities. This diversity strengthens corporate governance and promotes the sound development of the composition and structure of the board of directors.

The nomination and selection of directors in the board of directors adhere to AcBel's "Procedure for Director Elections" and "Corporate Governance Practice Principles." The process follows a candidate nomination system and aims to select directors who possess the necessary capabilities to fulfill their duties. The selection process is conducted openly and transparently. The appointment and supervision of the company's management, oversight of the company's operational performance, prevention of conflicts of interest, and exercising authority in accordance with government regulations and the company's bylaws are among the responsibilities carried out by the board of directors.

The most recent board of directors election took place on May 26, 2023, resulting in the appointment of one director and one

independent director for the 20th board of directors. Currently, the board of directors consists of 12 members with diverse backgrounds, experiences, and expertise from various professional fields. The directors who do not hold executive positions within the company account for more than half of the board seats. Among the board members, there are 4 independent directors who meet the professional qualifications, work experience, restrictions on concurrent independent directorships, and independence criteria outlined in the government regulations on "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

In addition to the aforementioned composition, employees of the company make up 16.67% of the board members, while independent directors account for 33.33% of the board. Among the independent directors, three of them have served for less than three years, while one has served for three years or more. The average age of the directors is 68.6 years, and the average tenure is 2 years.



In the year 2022, the board of directors held 7 meetings to discuss matters related to corporate governance, risk management, compensation, and sustainable ESG practices. If any discussions involved the personal interests of board members, proper procedures were followed for avoiding conflicts of interest, and the details of such discussions and resolutions were disclosed. The

average attendance rate at board meetings was 98.57%, and all directors fulfilled their training requirements according to the regulations, with an average of 8.5 hours of training completed.

Information regarding the educational and professional backgrounds of the directors, their diversity, training records, meeting operations, shareholdings, other company positions, and potential conflicts of interest with spouses or second-degree relatives has been voluntarily disclosed in the company's annual report, official website, and the Taiwan Stock Exchange Market Observation Post System. You can refer to pages 9-21 and 46-47 of the 2022 annual report for the relevant information. For details about meeting discussions and conflicts of interest, please refer to pages 29-33 of the 2022 annual report and AcBel website - Corporate Government section.

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Functional Committees

The Board of Directors establishes three functional committees, namely the Audit Committee, Remuneration Committee, and Sustainable Development Committee, to oversee governance practices. These committees are primarily composed of independent directors and assist the Board in fulfilling its responsibilities and enhancing the quality of decision-making. They regularly report their resolutions to the Board, ensuring transparency of operational information and safeguarding shareholder rights.

The functional committees discussed various topics in the year 2022, including financial reporting, audit plans, business expansion, employee compensation, director and executive compensation, and strategies for ESG development. For detailed information and the operational details of the committees, please refer to pages 35-38 and 52-53 of the AcBel 2022 Annual Report.


Performance Evaluation on the Board of Directors

To ensure effective corporate governance and enhance the efficiency of the board of directors, AcBel has established the "Board Performance Evaluation Guidelines." The company conducts regular evaluations, including self-assessments by the board of directors and functional committees, as well as self-performance evaluations by individual directors. Additionally, an external assessment of the board's performance is conducted every three years by an external evaluation organization.

In 2022, AcBel engaged the services of external experts, KPMG, to conduct an external evaluation of the board of directors and its members' performance. The evaluation was aimed at assessing the effectiveness and performance of the board as a whole, as well as the individual directors. The results of this evaluation were included in the board report presented on March 8th and disclosed on the company's official website and the public information observation system.

Notes 1

1. The performance evaluation of the Board of Directors is presented using a 5-level rating scale, where 1 represents poor performance and 5 represents excellent performance. The overall rating falls within the range of "excellent" to "good," indicating a strong performance of the Board.
2. The performance evaluation report can be found on the company's official website under the "Corporate Governance" section - Board of Directors and Functional Committees - Board Performance Evaluation.

Functional Committees	Members	Major Functional Responsibilities	Number of Meetings/ Average Attendance Rate in 2022
Remuneration Committee	 A Total of 4 Independent Directors	The company establishes the policy for evaluating the performance and remuneration of directors and executives. Regular assessments are conducted to evaluate the performance, compensation, bonuses, and rewards of directors, executives, and employees. Recommendations are then presented to the board of directors for discussion and resolution.	4 times / 100%
Audit Committee		The primary responsibilities of the Audit Committee include overseeing the appropriate expression of financial statements, selecting (dismissing) and evaluating the independent auditors for their independence and performance, ensuring the effective implementation of internal controls, monitoring the company's compliance with laws and regulations, and overseeing the identification and management of existing or potential risks within the company.	5 times / 100%
Sustainable Development Committee		The Sustainable Development Committee is responsible for overseeing and advising on various aspects of the company's sustainable development, including ESG and climate change matters. After the approval by the Board of Directors, the committee initiates and drives sustainable development initiatives. It also provides regular updates and reports to the Board of Directors on the progress and effectiveness of these initiatives.	Once / 100% Established in 2022

Assessment Item	Contents of the Assessment	Average Score of the Assessment	Overall Comment
Performance Evaluation on the Board of Directors	1. Participation in Company Operations 2. Enhancement of the Quality of Decision from the Board 3. Composition and Structure of the Board of Directors 4. Selection and Continuous Professional Development of Directors 5. Internal Control 6. Corporate Vision 7. Communication with the Stakeholders	Internal Self-Assessment : 4.81 External Assessment : 4.74	<ul style="list-style-type: none"> ● The diverse professional backgrounds of board members enable them to provide a range of constructive suggestions for sustainable business operations. ● The board members have a strong and positive interaction with the professional management team and internal auditors, facilitating continuous communication through various channels. This enables the board members to stay informed about the company's operations and risk management practices.
Performance Evaluation on the Members of the Board of Directors	1. Understanding of Company Objectives and Mission 2. Awareness of Director Responsibilities 3. Engagement in Company Operations 4. Internal Relationship Building and Communication 5. Director Selection and Continuous Education 6. Internal Control	Internal Self-Assessment : 4.86 External Assessment : 4.82	<ul style="list-style-type: none"> ● The diverse backgrounds of the board members ensure the provision of different perspectives, opinions, and recommendations, thereby enriching the decision-making process. ● The directors' annual continuing education hours comply with legal requirements, and the courses cover a diverse and extensive range of subject areas. This commitment helps enhance the directors' understanding of professional knowledge and market trends, allowing them to stay informed about the latest developments in their respective fields. ● The communication among board members is smooth, and they have a high level of trust in each other. They prioritize maximizing the company's interests when making decisions, which helps establish a consensus on business strategies.
Self-Assessment on the Performance of the Functional Committee	1. Participation in Company Operations 2. Awareness of the Responsibilities of the Functional Committee 3. Enhancement of the Quality of Decision from the Functional Committee 4. Composition and Member Election of the Functional Committee 5. Internal Control	Audit Committee: 5.00 Remuneration Committee: 4.89	<ul style="list-style-type: none"> ● All members of the functional committees are independent directors who actively participate in the company's operations. They engage in direct communication with the company's executive units, allowing them to have a comprehensive understanding of report proposals. By being involved in the early stages of proposal evaluation, they assist the board in making informed decisions regarding the company's strategic direction. ● The members of the functional committees come from diverse backgrounds, representing various fields of expertise. The selection process for committee members is fair and transparent, ensuring a well-rounded composition. The independent directors in the committees communicate smoothly and effectively, facilitating the consensus-building process and enabling them to make optimal decisions. ● The Board of Directors adheres to a strict policy on conflict of interest, ensuring that the decision-making process of the committees is fair and objective. By implementing robust measures to avoid conflicts of interest. Furthermore, the board promotes transparency by promptly disclosing the outcomes of the committee meetings and decisions on the company's website, enhancing information transparency and accountability.

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Director Compensation and Employee Remuneration

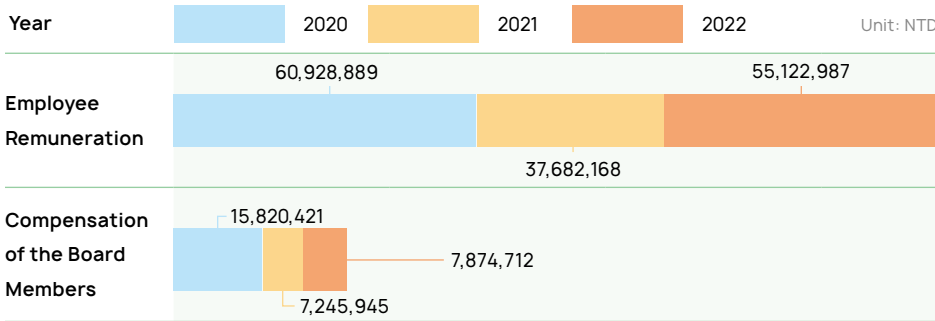
The company has implemented a robust director and executive remuneration system to ensure transparency, fairness, and institutionalization of remuneration. The system establishes a linkage between performance indicators and rewards and incorporates ESG considerations, including economic, environmental, and human rights impacts. The standards and criteria for remuneration are determined by the Remuneration Committee and reviewed periodically to strike a balance between sustainable business operations and risk management. Independent directors also provide recommendations on remuneration allocation based on company performance, future development, industry salary levels, and risk tolerance. These recommendations are approved by the board of directors and reported to shareholders at the general meeting.

The company follows the executive remuneration policy that is based on the company's salary policy, the market salary levels for similar positions in the industry, the scope of responsibilities within the company, and the contribution to the company's operational goals. The remuneration is provided in accordance with government regulations and the company's bylaws. When the company generates profits after deducting employee remuneration and director compensation from the pre-tax profits for the year, it should allocate a minimum of 2% for employee remuneration and a maximum of 2% for director compensation.

In 2022, the ratio between the annual total compensation of the highest-paid individual and the median total compensation of other employees (excluding the highest-paid individual) was 16.03. Additionally, comparing the compensation adjustment of the highest-paid individual between 2022 and 2021 to the median adjustment (excluding the highest-paid individual), the ratio was 4.51.

In 2022, based on the resolution passed by the Board of Directors in March 2023, an amount of NTD 55,122,987 was allocated for employee remuneration and NTD 7,874,712 was allocated for director compensation. Both amounts were disbursed in cash. Detailed information regarding the remuneration will be disclosed regularly in the annual report.

Increase in 2022 compared with 2021 |
Employee Remuneration 46.28% \ Compensation of the Board Members 8.68%

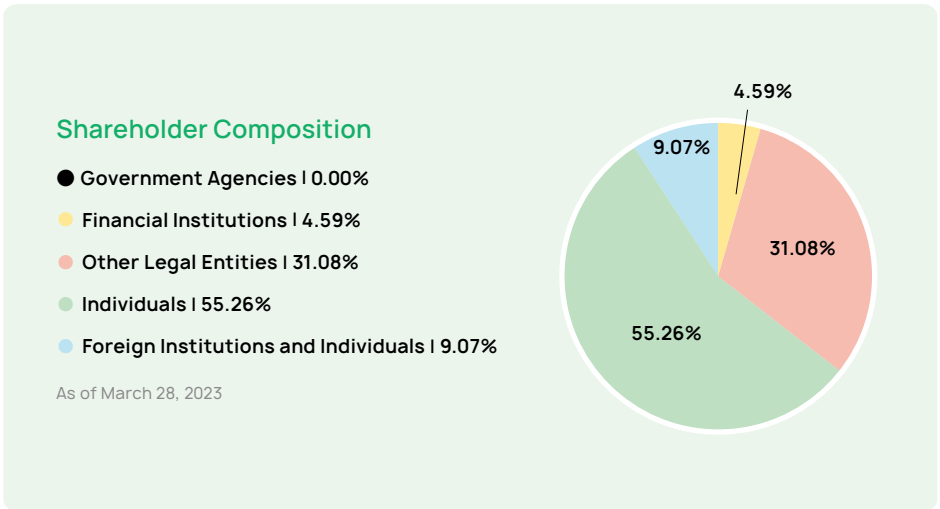


2.3 Shareholder Communication and Equity

Shareholder Meetings

The company regularly convenes shareholder meetings in accordance with legal requirements and encourages shareholders to exercise their rights, actively participate in company affairs, strengthen shareholder activism, and communicate the company's ESG practices to promote sustainable corporate development. Additionally, to ensure equal treatment of investors and create a friendly investment environment, the company annually publishes the "Shareholders' Meeting Handbook and Supplementary Materials," "Shareholders' Meeting Annual Report," and "Annual Financial Report" in both Chinese and English versions. These initiatives aim to enhance the transparency of corporate governance information.

In 2022, the company held 1 shareholder meeting and 2 corporate briefings. Detailed information regarding the major resolutions, post-meeting implementation status, and the list of major shareholders can be found in pages 76, 85-86 of the AcBel 2022 Annual Report and on the AcBel website under the shareholder meeting information section.



The company's shareholder structure is primarily composed of individual shareholders, followed by other legal entities, accounting for a total of 86.34%. The remaining shareholders consist of foreign institutions, foreign individuals, and financial institutions.

Shareholder Equity

AcBel has established a dedicated unit with a designated person responsible for handling shareholder affairs and communication. This ensures that the rights of each shareholder are treated fairly and appropriately. The company actively practices shareholder activism, aiming to share operating profits with shareholders and involve them in company decision-making processes.

To safeguard shareholders' rights, all resolutions, discussions, and elections in the shareholders' meetings are presented and voted upon individually. Electronic voting is also available as one of the methods to exercise voting rights. The results of the voting are promptly disclosed and made publicly available on the company's website, ensuring transparency and allowing stakeholders to stay informed.

Dividend Policy

The company adopts a residual dividend policy, where dividends are distributed in the form of cash or stock. The dividend payment depends on various factors, such as the company's current and future investment environment, funding requirements, market competition, and capital budgeting. The dividend policy also considers shareholder interests, balances dividends with long-term financial planning, and takes into account factors like the company's overall financial position and profitability. Cash dividends shall not be less than 50% of the total dividends distributed in cash and stock for the current year. The company authorizes the board of directors, with the attendance of two-thirds or more of the directors and the affirmative vote of the majority of the attending directors, to distribute all or part of the dividends, capital surplus, or statutory retained earnings through cash payment, and report it to the shareholders' meeting.

During the active transformation phase, AcBel needs to retain funds for its development and strategic positioning. For the fiscal year 2022, the board of directors approved a shareholder dividend of NTD 105,220,259 on March 8, 2023. The entire dividend amount will be distributed in cash, with a cash dividend per share of NTD 0.2, representing an 80% decrease compared to the previous year.


Unit : NTD

Year	2020	2021	2022
Earnings per Share (EPS)	2.54	1.17	1.23
Cash Dividends per Share	1.20	1.00	0.2
Dividend Payout Ratio	47.24%	85.47%	16.26%
Dividend Yield	4.13%	2.91%	0.48%
Cash Dividend Yield	5.11%	3.42%	1.03%
Annual Dividend Distribution to Shareholders (in 100 millions)	6.20	5.17	10.52
Return on Equity (ROE)	13.62%	6.33%	6.36%


Notes |

1. EPS: the profit attributable to the shareholders of the company after deducting taxes and other expenses – preferred stock dividends ÷ weighted average number of shares outstanding
2. Dividend Payout Ratio: Annual Cash Dividends ÷ EPS
3. Cash Dividend Yield: Cash Dividend per Share ÷ Stock's Closing Price
4. ROE: Net Income ÷ Average Total Equity
5. Detailed information on the shareholder structure and dividend policy information mentioned is available on pages 85-88 of the 2022 annual report.
6. The complete content of the "Incorporation Articles of the Company" can be found on the company's website under the "Corporate Governance - Organizational Regulations - Articles of Incorporation" section.

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2.4 Risk Management System

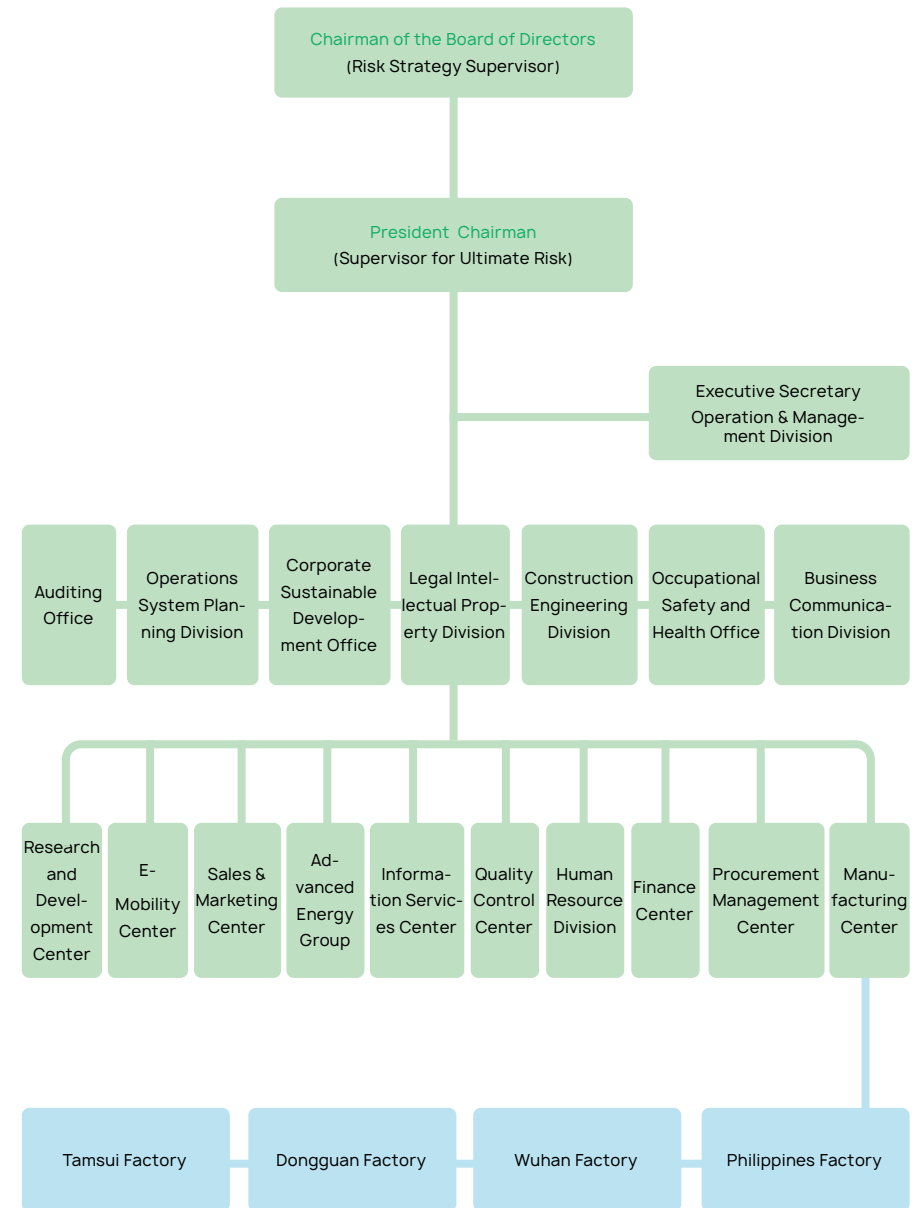
To achieve the goal of minimizing avoidable risks, costs, and damages, AcBel has established a comprehensive corporate governance framework that includes a well-developed risk management organization and system. This framework encompasses the definition, analysis, assessment, and response to risks, aiming to effectively manage and mitigate the impact of risks. The objective is to resolve crises with minimal costs, enhance the resilience of the company, and increase its ability to withstand challenges.

Organization of the Risk Management Committee

AcBel's Board of Directors serves as the highest decision-making body for risk management. They are responsible for approving the risk management policy and framework based on the company's business strategy and changing environment. This ensures the effectiveness of risk management within the organization. The "Risk Management Policy and Procedure" are established as the guiding principles for risk management. The Risk Management Committee is formed by combining relevant departments and units within the company, along with the executive team. The committee is responsible for identifying, analyzing, assessing, monitoring, responding to, and reporting on risks related to the company's operations. It focuses on recognizing the characteristics and impact of potential risks and improving response measures. The committee regularly reports its execution progress to the Board. This ensures that risks are managed effectively, reduces the impact of potential risks, and enables the company to capitalize on opportunities associated with risks.

Organization	Work Content
Board of the Directors	As the supervisor of risk strategy, they approve risk management-related policies and regulations to ensure the effective operation of risk management systems and mechanisms. They regularly review risk management strategies and effectiveness to ensure that operational processes and operational risks are effectively controlled or eliminated.
President	As the ultimate accountable party for risk, the president adheres to the company's risk management policies and procedures. The president has the responsibility for the final review, supervision, and coordination of the risk management committee's assessments and corresponding measures. The president ensures the effective implementation of risk management matters.
Executive Secretary (Operation & Management Division)	The Operation & Management Division is responsible for collecting information on international environmental and industry changes that may pose risks. They assist the departments of authority and responsibility in conducting annual risk occurrence and impact assessments, analyzing the results, and developing management plans. They supervise the implementation of risk management at various production sites and submit the results to the board for review.
Department of Authority and Responsibility	As the accountable party for risk, their department consists of key primary units of the company and senior executives from various production sites. They identify and assess risks that their department may face, develop corresponding management measures, and incorporate them into daily activities and management. They establish a corporate culture with risk management awareness and utilize continuous monitoring to ensure the execution of risk management plans, minimizing company losses.

Organizational Structure of the Risk Management Committee





Risk Assessment and Communication




The company conducts regular risk identification and analysis based on the "Risk Management Policy and Procedure," considering the probability of risk occurrence and the severity of its impact on operational outcomes. Risks are prioritized, and feasible solutions are developed to actively monitor and manage significant risks. The objective is to control risks within acceptable limits or eliminate them directly, aiming to achieve effective risk management and rationalize operational performance.

Various risk issues are included in the monthly internal regular meetings of the company for discussion. This allows for real-time tracking and response to management measures. Annually, risk reports are submitted to the board, communicating the risk management policy and demonstrating its effectiveness. These reports serve as a basis for future business operational decision-making and management.

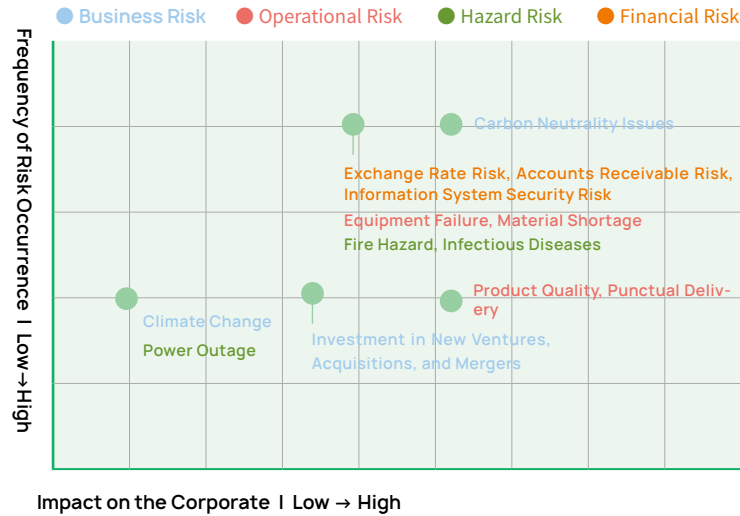
Shanghai Sino Hardware, in accordance with the regulations of the local supervisory authority on "Industrial Enterprise Safety Production Risk Reporting," establishes relevant risk management and control organizations. These organizations are responsible for identifying risks and developing corresponding mitigation or elimination plans. The aim is to enhance the company's risk management capabilities and reduce potential losses and hazards to personnel and property.



Aspect	Risk Type	Impact Influence	Response Strategy	Opportunity
<p>Business Risk</p> <p>The main business risks that company faced can be attributed to external factors or internal management issues. These may include changes in international political and economic landscapes, domestic and international market competition, regulatory policy changes, and the trend towards low-carbon environmental protection, among others.</p> 	<ul style="list-style-type: none"> ○Ethics and Integrity ○Regulatory Compliance ○Regulatory Policy Changes ○Intellectual Property Protection ○Industry Technological Changes and Competition ○Low-Carbon Transition ○Supplier Management Risk ○Information Security ○Community Relations 	<p>When risks occur, they can have various impacts on the company, including company revenue, product delivery, company positioning, supplier and personnel, assets and workplace safety, and sustainable development.</p> <p>When risks occur, they can have various impacts on the company, including company revenue, product delivery, company positioning, supplier and personnel, assets and workplace safety, and sustainable development.</p>	<ol style="list-style-type: none"> 1.Implement legal compliance management to reduce the risk of legal violations. 2.Incorporate a culture of legal compliance into daily company management, strengthen internal auditing and control functions, and prevent human errors that may lead to legal violations. 3.Enhance technological innovation capabilities and explore opportunities in the emerging energy market in response to industry changes and global environmental transformations. 4.Strengthen supplier management to create a low-carbon and sustainable supply chain. 5.Enhance cybersecurity management capabilities and establish off-site backup mechanisms 6.Strictly enforce factory management to prevent accidents that may affect the local community and impact the company's reputation. 7.Actively participate in community service activities to gain positive recognition, which contributes to the company's business positioning and talent attraction. 	<p>By implementing merger and acquisition strategies, we aim to expand our customer base and diversify our product and service offerings. Building upon our existing power technology foundation, we will also venture into the electric mobility sector and renewable energy market.</p> <p>AcBel will join the Science Based Targets initiative (SBTi), an international initiative focused on reducing carbon emissions. Through collaboration with our suppliers, we will enhance the overall value chain's GHG reduction benefits.</p>
<p>Operational Risk</p> <p>The risk of losses resulting from improper and erroneous internal operations, personnel, systems, or other external operations and related events is known as operational risk.</p> 	<ul style="list-style-type: none"> ○Labor Market Supply and Demand ○Employee Health and Safety ○Human Rights Protection ○Forced Labor and Child Labor 		<ol style="list-style-type: none"> 1.Stay updated on labor market changes at all production bases and optimize competitive compensation and benefits systems. 2.Improve workplace environment and create a healthy and safe work environment. 3.Emphasize human rights assessment and management mechanisms to prevent incidents of human rights violations. 4.Incorporate a culture of legal compliance into company management and strengthen internal auditing and control functions. 	<p>Through low-carbon transition, we aim to maximize company profitability while simultaneously enhancing employee compensation and benefits, as well as optimizing the workplace environment.</p>

Aspect	Risk Type	Impact Influence	Response Strategy	Opportunity
<p>Hazard Risk</p> <p>The risk of personnel injury or property loss resulting from external environmental influences or poor internal management practices is often referred to as health and safety risk. This type of risk can arise from various factors, including workplace hazards, inadequate safety protocols, non-compliance with regulations, lack of training, or insufficient maintenance of facilities and equipment.</p> 	<ul style="list-style-type: none"> ⊙ Factory Disasters ⊙ Notifiable Diseases ⊙ Energy Risks 	<p>When risks occur, they can have various impacts on the company, including company revenue, product delivery, company positioning, supplier and personnel, assets and workplace safety, and sustainable development.</p>	<ol style="list-style-type: none"> 1. Strengthen emergency response drills to enhance personnel readiness and preparedness. 2. Implement regular inventory checks of emergency facilities and equipment to ensure a 100% compliance rate. 3. Conduct an inventory of GHG emissions and energy consumption, develop a decarbonization roadmap, and strive to achieve net-zero emissions goals. 	<p>AcBel is accelerating the transition to a low-carbon economy by expanding our presence in the renewable energy and electric vehicle markets.</p> <p>AcBel has implemented ISO 50001 and ISO 14064 management systems to ensure accurate inventorying of greenhouse gas emissions and precise monitoring of energy usage data.</p>
<p>Financial Risk</p> <p>The risk of losses resulting from improper and erroneous internal operations, personnel, systems, or other external operations and related events is known as operational risk.</p> 	<ul style="list-style-type: none"> ⊙ Interest Rate, Exchange Rate, and Inflation Risks ⊙ Risks associated with Company Investments, Acquisitions, and Mergers 	<p>When risks occur, they can have various impacts on the company, including company revenue, product delivery, company positioning, supplier and personnel, assets and workplace safety, and sustainable development.</p>	<ol style="list-style-type: none"> 1. Conducting transactions preferably in US dollars or engaging in hedging activities such as forward foreign exchange contracts and currency swaps to mitigate exchange rate risks. 2. Enhancing core competitiveness with a focus on low-carbon transition evaluating investments based on considerations of technology, manufacturing, business and finance. 	<p>AcBel is implementing financial hedging strategies to avoid profit losses and even increase the company's non-core income. By seizing low-carbon transition investment opportunities, we aim to optimize the company's profitability.</p> <p>AcBel is also introducing external funding by partnering with other companies to invest in the green energy industry. Through a "light asset" business model, we aim to enhance the flexibility of our capital utilization.</p>
<p>Climate Change Risk</p> <p>The risk of losses resulting from improper and erroneous internal operations, personnel, systems, or other external operations and related events is known as operational risk.</p> 	<ul style="list-style-type: none"> ⊙ Impact of Increased Severity and Frequency of Extreme Weather Events on Operations, including Physical and Transition Risks. 	<p>When risks occur, they can have various impacts on the company, including company revenue, product delivery, company positioning, supplier and personnel, assets and workplace safety, and sustainable development.</p>	<ol style="list-style-type: none"> 1. Setting carbon reduction targets under a scenario of global temperature increase limited to 1.5 degrees Celsius, exerting influence to progressively reduce GHG emissions. 2. Enhancing climate resilience and adaptive capacity within the company. 	<p>AcBel is seizing the new green business opportunities arising from climate change and the low-carbon transition.</p>

Note | For detailed climate-related risks and opportunities, please refer to Chapter 4 of this report, which provides recommendations on climate-related financial disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) framework.



AcBel has established a Business Continuity Management (BCM) mechanism to address critical situations arising from natural disasters, accidents, or information system disruptions in the context of hazard risks or operational risks. The company follows four stages of disaster management to quickly restore normal operations, mitigate the impact of disasters and minimize operational downtime, thereby reducing the impact of risks and enhancing competitiveness.

With the premise of protecting the best interests of customers and stakeholders, AcBel has developed emergency response and recovery plans. The company conducts themed exercises annually to continuously improve response procedures and recovery strategies, while enhancing operational resilience. These measures are taken to ensure the optimal protection of customers and stakeholders and to strengthen the overall business operations.

Disaster Management Items

- 1.Natural disasters: these include floods, droughts, hurricanes, earthquakes, and other severe weather events caused by climate change or natural phenomena.
- 2.Man-made disasters: this category encompasses incidents such as chemical spills, fires (including those triggered by natural disasters), and cybersecurity attacks.
- 3.Emerging infectious diseases: COVID-19

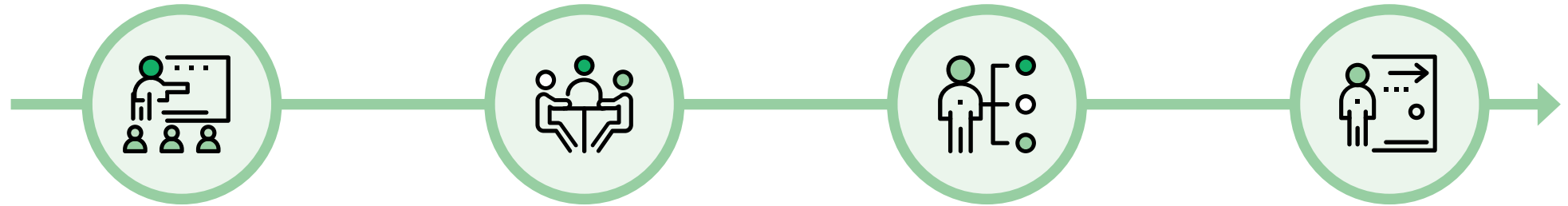


Step 1 | Emergency response plan development and implementation

Step 2 | Establishment and Division of Emergency Response Team

Step 3 | Preparation and Allocation of Disaster Relief and Prevention Supplies

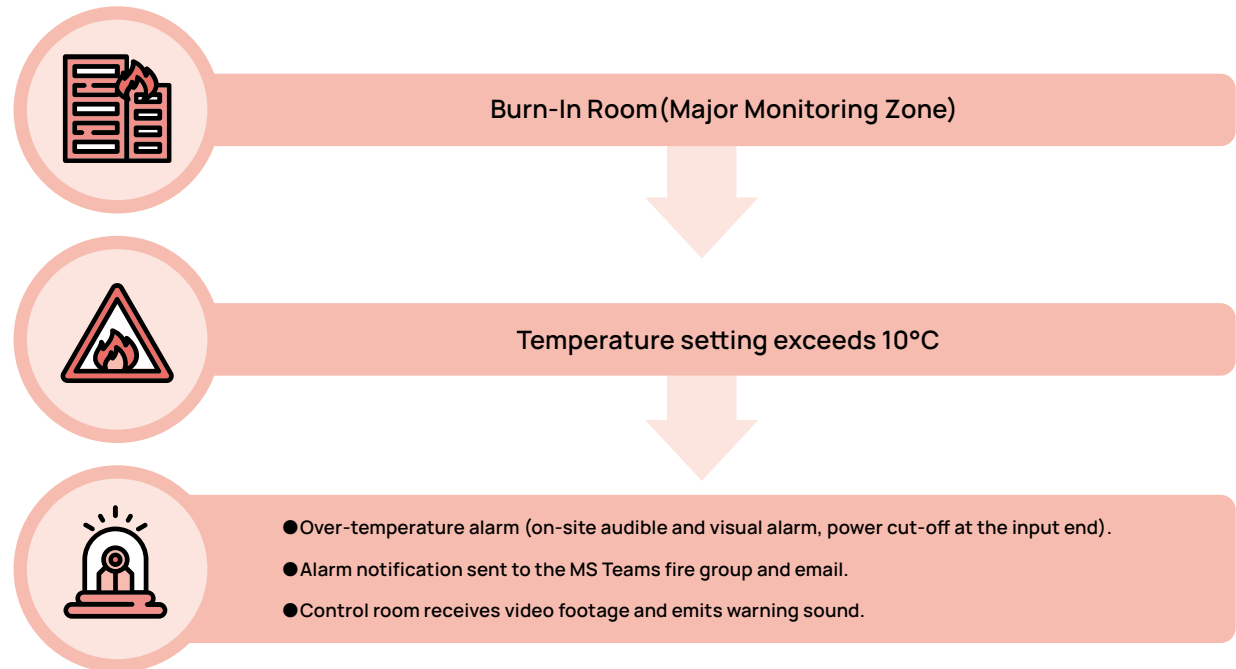
Step 4 | Disaster Awareness and Simulation Drills



AcBel has established the "Disaster Recovery Management Procedure" as guidelines for disaster prevention and response. Each production site has developed corresponding emergency response drill plans based on their geographic location, climate conditions, and supply chain distribution. Through familiarizing themselves with the emergency response procedures during drills, the company aims to minimize operational losses in the event of a disaster. In 2022, all production sites have completed two emergency response drills, and there have been no significant disasters reported across the global production sites.

Disaster Risk Reduction - Smart Fire and Monitoring System

In the production process of power suppliers, the "wave soldering" technique is used, which involves using a reflow oven to achieve the soldering of electronic components onto circuit boards. Additionally, the "Burn-In" aging test is conducted to detect defects in product design or manufacturing processes by subjecting the product to elevated temperatures and input voltages, aiming to evaluate its reliability. The company has implemented a smart fire protection system to monitor the Burn-In Room. Through temperature settings, the system issues alarms in case of overheating, automatically sends messages and images to the fire communication platform, and activates the power cutoff system. By leveraging smart systems, the fire prevention and monitoring capabilities are enhanced, reducing the occurrence of fire risks.

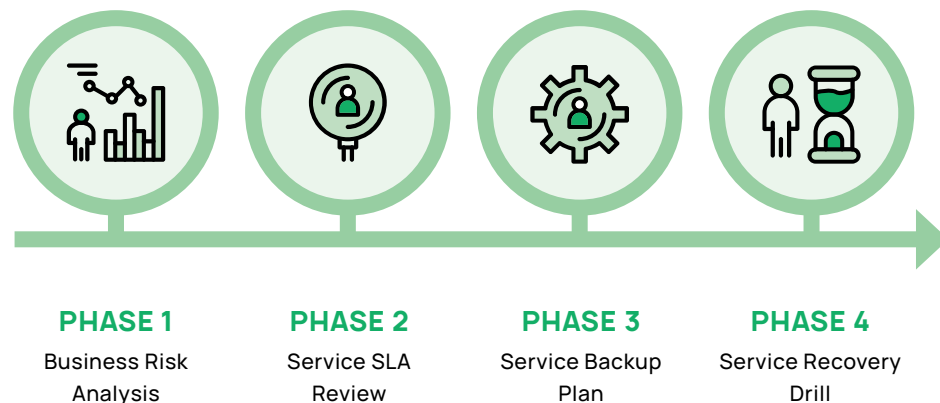


Information Security Management Mechanism - Defense and Early Warning

AcBel has established an "Information Security Management Committee" and formulated an "Information Security Policy" to ensure comprehensive information security governance. Regular information security risk assessments are conducted to enhance the company's IT risk defense capability, resilience, and response capability. We adopt a proactive approach by actively engaging in joint defense efforts, utilizing compartmentalization and integration for rapid response, and defending against internal and external security attacks to mitigate information security threats and risks. The results of information security governance are reported to the Board of Directors on an annual basis. The information security governance status report for the year 2022 was presented to the Board of Directors in November of the same year by the collaboration of the Chief Information Officer and the Cyber Security Director, highlighting the achievements in information security governance.

System category	Information Architecture Software Stage	Focus of improvement	Focus of improvement
NETWORK	Multinational MPLS + SD-WAN	Multi-layer network protection to block attacks more effectively	Block 90% of attacks in advance
SYSTEM	VMware HCI	Application whitelisting to block malicious programs	Control permissions Reduce risk
STORAGE	VMware vSAN	Versatile Endpoint Protection Improves Instant Defense	Horizontal defenses Prevent proliferation

Information Security Policy | Specific Management Plan - Business Continuity



Information Security Defense Management Plan

Stages of Information Security Defense	Specific Management Measures	
 Prevention	Monthly InfoSec. Bulletin	Randomly Phishing Test
 Protection	Remote Access via 2FA	Auto Data Encryption
 Prediction	AI Endpoint Security	Auto Isolation Detection
 BCP	1.Business Risk Analysis 3.Service Backup Plan	2.Service SLA Review 4.Service Recovery Drill

In 2022, AcBel HQ implemented a monthly information security awareness campaign, which involved sending one security awareness email per month to all company employees. Besides that, the company conducted social engineering training, specifically phishing tests, targeting 200 randomly selected employees. A total of 365 employees at AcBel HQ completed a comprehensive information security training program, totaling 467 hours. The training program covered various aspects of information security, including fundamental awareness, data security, system security, network security, and common attack techniques. In 2022, the company did not experience any significant information leaks or fall victim to any network attack incidents.

2.5 Internal Control and Audit System

In order to achieve sustainable business goals, AcBel has implemented corporate governance systems and measures to prevent fraud and corruption incidents. Following the guidelines outlined in the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the company has established an internal control system that serves as the basis for annual audit plans and inspections. The auditing tasks are carried out by the Auditing Office, which includes qualified internal auditors with international certifications. The scope of the audits covers all global production bases of AcBel.

In 2022, a total of 55 internal audit reports were executed, identifying 14 instances of internal control deficiencies and anomalies. These included 6 cases where operational guidelines were not implemented as known by the responsible personnel, 3 cases where actual operations did not align with the described procedures, 1 case of personnel unfamiliarity with operational guidelines/regulations, and 4 cases requiring system optimization.

Communication with the respective operational units was conducted to address these issues, and notifications regarding necessary actions or improvement plans were issued. All audit tracking items were completed, achieving a 100% accomplishment rate for the annual report and a 100% progress tracking rate for improvements. The results were reported to the Board of Directors for their awareness. Furthermore, it was verified that no ethical violations occurred in 2022 that resulted in operational or reputational losses. The external auditors provided unqualified opinions on the effectiveness of internal design and execution for the year 2022, which were disclosed simultaneously in the annual report and the public information platform.

AcBel

[Investor Section - Corporate Governance](#) →



2.6 Integrity Management and Regulation Compliance

"Integrity in Business" is the core value of our company's operations, reflecting our commitment to the highest ethical standards in all commercial activities. The Board of Directors is responsible for overseeing the implementation of integrity policies, guidelines, and procedures, such as the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Guidelines for the Adoption of Codes of Ethical Conduct," and "Procedures for Handling Material Inside Information." These measures aim to establish a robust corporate governance framework. By fostering a culture of corporate integrity and values, and integrating it into our daily internal management, operations, and training, we strengthen the awareness of regulatory compliance among all employees at AcBel. This ensures the effectiveness of our company's commitment to operating with integrity.

To enhance the effectiveness of promoting ethical business operations, the company adopts a cross-departmental approach with designated responsibilities. The "Corporate Sustainable Development Office" serves as the coordinating hub for promoting ethical practices. The "Human Resources Division" and the "Auditing Office" collaborate on training and awareness programs, internal audits, and handling reports of unethical behavior. They assist the board of directors and management in formulating and overseeing the implementation of integrity policies and preventive measures. In addition, they provide regular reports to the board of directors on the execution of ethical business practices every year.





Legal Compliance and Management Actions corresponding to the Stakeholders

Code of Business Ethics

● Established policies and management procedures in accordance with legal regulations and codes of conduct

- Ethics Policy
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Codes of Ethical Conduct

By disclosing through public channels, AcBel ensures that stakeholders are informed and comply.

Stakeholder	Legal Compliance Regulations	Management Measures
 Members of the Board of Directors	<ol style="list-style-type: none"> 1.Regulations Governing Procedure for Board of Directors Meetings 2.Relevant Regulations of the Board of Directors 3.Conflict of Interest 4.Procedures for Handling Material Inside Information 5.Letter of Commitment to Ethical Corporate Management 	<ul style="list-style-type: none"> ● Develop relevant regulations and obtain approval from the Board of Directors. Board members or senior executives may recuse themselves from conflicts of interest in accordance with the law to avoid violating the principles of integrity in business operations. ● 100% of the Board members have signed the Letter of Commitment to Ethical Corporate Management. ● In 2022, there were a total of 13 cases of recusal by directors due to conflicts of interest. Please refer to pages 30-33 of the annual report for details on the implementation of recusals related to stakeholders' matters. ● In 2022, directors and executives purchased liability insurance with a coverage amount of USD 5 million. This was reported to the 20th Board of Directors meeting on August 2nd of that year, aiming to safeguard shareholders' rights and reduce business risks.
 Top Management Level, Middle Management Level, and All Employees	<ol style="list-style-type: none"> 1.Employee Code of Ethics 2.Letter of Commitment to Employee Code of Ethics 3.Labor and Ethical Risk Assessment Management Procedure 	<ul style="list-style-type: none"> ● Detailed regulations are in place regarding fair competition, respect for the environment, intellectual property rights, conflicts of interest, prohibition of improper payments, gifts and entertainment, political donations and activities, etc. ● Violations of the integrity code will be reported and appropriate disciplinary actions will be taken based on the severity of the circumstances. The outcomes of such actions will be disclosed on the internal website. ● Risk assessments are conducted annually based on the "Labor and Ethical Risk Assessment Management Procedure." In 2022, the risk of ethical violations by employees was relatively low. The results of the assessments are reviewed by the auditing office and then reported to the Board of Directors.
 Customers	<ol style="list-style-type: none"> 1.International and Industry Standards 2.Business Contracts 3.Customer Code of Conduct 4.Integrity in Business Commitment Statement 	<ul style="list-style-type: none"> ● The commitment to integrity in business operations is incorporated into the code of conduct for commercial contracts, and AcBel unconditionally accepts customer audits of social responsibility, including integrity in business, on a regular or ad-hoc basis. AcBel conducts self-assessments and proactively manage any risks that may violate business ethics.
 Suppliers/ Contractors	<ol style="list-style-type: none"> 1.Supplier Code of Conduct 2.Confidentiality Agreement 3.Procurement Contracts 4.RBA Code of Conduct 5.Letter of Commitment to Supplier Integrity 6.Letter of Commitment to Social Responsibility 	<ul style="list-style-type: none"> ● We leverage our supply chain influence to require vendors to comply with the integrity in business regulations. ● We have established a "Supplier Code of Conduct" that incorporates the integrity in business policy and commitments into our commercial contract standards. Both suppliers and contractors are required to sign the " Letter of Commitment to Supplier Integrity," and in 2022, 100% of new suppliers and contractors of AcBel have completed the signing process. We regularly conduct supplier audits and investigations on integrity in business risks using the "General Assessment Form for Social Responsibility" to mitigate the risks of non-compliant and unethical behavior. ● We conduct regular integrity in business awareness campaigns through the supplier management platform. We also publicly announce our commitment to ethical business practices during important holidays each year to remind suppliers to adhere to AcBel's business ethics regulations.

Integrity Communication Results in 2022

Group	%	Area	Channels
Board of Directors	100%	Each Operational Location	Board members participated in courses offered by institutions in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."
Employees	70.33%		Employee training program on "Social Responsibility"
Board of Directors, Senior and Middle Management, Employees, Business Partners	100%		Signing the Code of Ethics Commitment Letter
Business Partners	100%		Customers: Accepting customer ethical business program audits
		Suppliers: Conducting regular integrity and business ethics compliance training through the supplier management platform	


Notes |

- 1.All members of the company, including the board of directors, senior and middle management, employees, and business partners, have received training on integrity and business ethics or have signed the Letter of Commitment to Ethical Corporate Management/Letter of Commitment to Employee Code of Ethics/Self-Declaration Statement.
- 2.According to statistics, in 2022, a total of 5,162 employees received physical training courses on integrity and business ethics. Among them, 56.32% were direct employees (who are directly engaged in production), and 43.68% were indirect employees (those who other than direct employees). The total training hours amounted to 12,260 hours, with direct employees accounting for 71.70% and indirect employees accounting for 28.30%.
3. In 2022, a total of 6 members of the Board participated in the courses organized by the institution in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." These courses were related to integrity and business ethics, and the total training hours amounted to 19.5 hours. For the specific names and durations of the courses, please refer to pages 46-47 of the 2022 Annual Report.

Scope	Content	Management Measure	Performance in 2022
Human Rights Protection	<ul style="list-style-type: none"> ◆ Losses incurred due to violations of human rights policy. ◆ Violations of human rights have resulted in the infringement of rights of individuals, including potential loss of life and property. 	Conduct risk assessments to develop human rights mitigation measures or compensation plans, and implement human rights management to prevent incidents that harm human rights from occurring.	
Anti-Corruption, Anti-Bribery	<ul style="list-style-type: none"> ◆ Due to internal incidents of corruption and bribery, the company has incurred losses. ◆ Due to incidents of corruption and non-compliance, the company has experienced the termination of partnerships within its value chain. 	Integrate ethical business practices into daily operations, publicly declare and commit to them, and incorporate them into internal and external contracts and regulations. Utilize internal control and auditing mechanisms, as well as establish a transparent whistleblowing channel, to mitigate the occurrence of corruption and fraud.	<ul style="list-style-type: none"> ◆ No incidents of violating business ethics, engaging in anti-competitive practices, or violating environmental regulations have occurred.
Anti-Competitive Behavior, Anti-Monopoly Behavior	<ul style="list-style-type: none"> ◆ Involvement in anti-competitive practices, antitrust, and monopolistic competition has resulted in unfair business practices. 	Comply with laws regarding anti-competitive practices, anti-trust, and monopolistic competitions, and strengthen the awareness of legal compliance among internal staff. Take preventive measures to mitigate the legal risks and negative impacts that may arise from violating anti-trust and fair competition regulations.	<ul style="list-style-type: none"> ◆ No incidents of discrimination, child labor, forced labor, or violations of labor rights have occurred. ◆ No incidents of violations in product and service labeling, product safety, product marketing, or infringement of customer privacy have occurred.
Environmental Laws and Regulations	<ul style="list-style-type: none"> ◆ Violation of environmental laws and regulations has led to environmental damage and financial losses for the company. 	Regularly conduct regulatory assessments and simultaneously update company policies and procedures, strengthen corporate governance measures, and mitigate the risks of legal violations and financial penalties.	<ul style="list-style-type: none"> ◆ No incidents of corruption or bribery have been received or occurred.
Social and Economic Laws and Regulations	<ul style="list-style-type: none"> ◆ Non-compliance with local laws regarding minimum employment age has resulted in financial losses for the company. 	Regularly conduct regulatory assessments and strengthen the identification and verification process during recruitment and onboarding, promote equal treatment, establish effective communication channels, enhance employees' awareness of their rights, and reduce the occurrence of compliance violations.	<ul style="list-style-type: none"> ◆ One supplier complaint case was received in 2022. After investigation, no evidence was found, and the senior management was informed to monitor the situation.
Prohibition of Child Labor and Forced Labor	<ul style="list-style-type: none"> ◆ Non-compliance with local laws regarding minimum employment age has resulted in financial losses for the company. ◆ Financial losses have been incurred by the company due to forced labor or inhumane treatment of employees. 	Regularly conduct regulatory assessments, strengthen the identification and verification process during recruitment and onboarding, promote equal treatment, establish effective communication channels, enhance employees' awareness of their rights, and reduce the occurrence of compliance violations.	
Privacy Rights and Intellectual Property Rights Protection	<ul style="list-style-type: none"> ◆ The company has incurred losses due to incidents of privacy and intellectual property right infringement caused by human error or hardware/software issues. 	Enhance the company's information security risk management by implementing dedicated management for confidential personal data and sensitive documents. Improve the computer hardware and software protection capabilities, as well as enhance the competencies of the operational staff.	

Online Reporting Portal

- Reporting Violations of Professional Ethics
- Reporting Illegal Conducts
- Consultation on Unlawful Activities or Violations



AcBel has established an online reporting portal on its official website in accordance with its self-defined "Procedures for Ethical Management and Guidelines for Conduct." This portal is available for internal and external stakeholders such as employees, customers, and suppliers to make reports. To ensure the protection of whistleblowers from retaliation, all cases are assigned to dedicated audit departments and personnel who conduct investigations and handle the matters in accordance with strict confidentiality principles.

The investigation results will be submitted to the senior management of the company, who will decide on the final course of action. Only with the explicit consent of the parties involved can disciplinary measures be implemented. If the individuals are not satisfied with the outcome, they can utilize the company's formal grievance channels to file an appeal and ensure that their rights are protected. The dedicated audit department will also report the reported incidents, their handling procedures, and subsequent review and improvement measures to the Board of Directors, thus mitigating the risk of unlawful activities.

Notes |

1. The company incurred losses due to incidents of dishonest business practices, including loss of operating profits, damage to reputation, and fines.
2. In 2022, the company was fined NT\$50,000 in Taiwan for violating Article 32(2) of the Labor Standards Act by exceeding the legally prescribed working hours. The company has implemented stronger management measures to prevent recurrence.
3. Detailed management methods and practices are described in each respective chapter.
4. Integrity and ethical issues can be reported through both internal and external reporting channels: <https://www.acbel.com.tw/en/report-mailbox>

The company is committed to upholding basic human rights and eliminating any acts that violate or infringe upon human rights, ensuring that all individuals are treated fairly and with dignity. We reference the UN Guiding Principles on Business and Human Rights and adhere to the United Nations "Universal Declaration of Human Rights," "Global Compact," "International Labour Organization Conventions," industry codes such as the Responsible Business Alliance (RBA) Code of Conduct, and local laws to ensure the protection of human rights.



In terms of employees, we utilize regular RBA Self-Assessment Questionnaires (SAQs) and Risk SAQs, as well as the Validated Assessment Program and EcoVadis Sustainability Ratings, to

identify potential human rights risks and issues in each operational facility. We develop human rights safeguarding and harm mitigation plans or compensation measures based on local regulations and industry benchmarks. For suppliers, we also reduce the risk of human rights violations through advocacy, self-assessment questionnaires on social responsibility and on-site audits.

Based on our analysis of customer requirements and the RBA Code of Conduct, as well as the consolidation of verification audit results and employee feedback, we have focused our human rights risk management efforts on two categories of stakeholders: employees and suppliers. We have identified seven significant human rights topics and five potential items of harm. We have developed mitigation plans and compensation measures for each of these items.

Notes |

- 1.The human rights risks for both employees and suppliers are aligned, and we mitigate the risk of human rights violations through supplier audits and guidance.
- 2.For details on employee management, occupational health, and supply chain management practices, please refer to Chapters 4 to 6 of this report.

Scope	Material Human Rights Topic	Potential Harmful Item	Mitigation Measures	Compensation Measures
 Employee	<ul style="list-style-type: none"> ● Working Hours 	<ol style="list-style-type: none"> 1. Overtime Work 2. Forced Labor 	<ol style="list-style-type: none"> 1. Adjusting manpower allocation to match production capacity by recruiting sufficient workforce. 2. Establishing work hour control and early warning systems to prevent excessive overtime. 3.Promoting automation in production to reduce reliance on manpower. 4. Implementing rigorous management procedures and communication channels to ensure human rights protection. 	<ol style="list-style-type: none"> 1. Optimizing and providing incentives to enhance productivity. 2.Calculating overtime pay in accordance with local regulations and ensuring timely payment of owed wages to departing employees within the specified timeframe.
	<ul style="list-style-type: none"> ● Freely Chosen Employment ● Salary and Benefits ● Non-discrimination 	<ol style="list-style-type: none"> 1.Non-Voluntary, Exploitation, and Slavery 2.Unfair Treatment 	<ol style="list-style-type: none"> 1.Implementing regular regulatory assessments and updating management procedures and policies to ensure compliance. 2.Strengthening human rights awareness training and ensuring the effectiveness of channels and mechanisms for reporting and addressing discrimination and harassment. 3.Promoting profit-sharing with employees and ensuring equal pay for equal work, as well as making appropriate adjustments to employee compensation and benefits. 	<ol style="list-style-type: none"> 1. Establishing a mechanism for handling and providing support in cases of discrimination and harassment, aiming to prevent such incidents and protect the well-being of all individuals involved. 2. Ensuring fair implementation of the bonus distribution system, rewarding outstanding performance and motivating employees who demonstrate exceptional achievements.
 Health and Safety	<ul style="list-style-type: none"> ● Emergency Preparedness ● Public Health and Accommodation ● Occupational safety 	<p>Workplace and Personal Safety</p>	<ol style="list-style-type: none"> 1. Assessing and identifying potential emergencies and incidents, implementing emergency plans and response procedures to ensure workplace and employee safety. 2. Conducting regular environmental monitoring and inspections to ensure compliance with human rights, health, safety, and hygiene standards. 3. Providing regular training to cultivate employee awareness of occupational health and safety. 	<ol style="list-style-type: none"> 1. Employing on-site occupational physicians to provide health consultation services for employees, ensuring their well-being and addressing any health concerns they may have 2. Facilitating the process of workers' compensation claims or medical assistance applications for employees who sustain work-related injuries, providing necessary support and ensuring their rights are protected. 3. Conducting regular emergency response drills to enhance employees' preparedness and familiarity with emergency procedures, promoting a safe and efficient response in critical situations.

2.7 External Association Participation

Influenced by the global trend of achieving net-zero emissions, AcBel strives to leverage its impact across the entire value chain and identify new business opportunities during the low-carbon transition. By actively participating in various industry associations, nonprofit organizations, and initiatives both domestically and internationally, AcBel promotes discussions and exchanges on topics including corporate sustainability, technological innovation, supply chain management, industry-academia collaboration, and social and cultural issues. Through these engagements, AcBel aims to harness its influence and foster collaboration to accumulate the capacity for sustainable development. In 2022, AcBel participated in a total of 40 domestic and international trade associations, industry alliances, and organizations, with membership fees amounting to approximately NT\$4.1 million and donations and sponsorships totaling around NT\$2.9 million.

External Organizations

Organization	Position	Organization	Position
New Taipei City Culture Foundation	Director	Taipei Computer Association	Member
Epoch Foundation	Director	U.S. Chamber of Commerce	Member
Mount Jade Science and Technology Association of Taiwan	Executive Director	Taipei Measuring Instrument Association	Member
Taiwan-Japan Association for Business Collaboration	Executive Director	Chinese Professional Management Association	Member
Taipei Importers and Exporters Association of Trade	Director	Solar PV Generation System Association of R.O.C.	Member
Cloud Computing & IoT Association in Taiwan	Director	Taiwan Renewable Energy Certification Association	Member
Taiwan Power Electronics Association	Director	Mobility In Harmony Open Electric Vehicle Association	Member
Chinese National Federation of Industries	Director	SEMI	Member
Cross-Straits Industrial Internet Alliance	Director	New Energy Electric Vehicles Industry-Academia Alliance	Member
Taiwan Electrical and Electronic Manufacturers' Association	Executive VP.	Cross-Strait CEO Summit	Member
Taiwan Telecommunication Engineering Industry Association	Member	Responsible Business Alliance	Member
Taiwan Electrical Engineering Contractors Association	Member	Responsible Minerals Initiative	Member
Taiwan Smart Grid Industry Association	Member	National Quality & Sustainable Excellence Alliance	Member
Taiwan Association of Information and Communication Standards	Member	DLMS USER ASSOCIATION (Adopter membership)	Member
Taiwan Power and Energy Engineering Association	Member	Industrial Technology Research Institute - LEO Satellite Industry Association	Member
Taiwan Electric Power Association	Member	Motor Intellectual Property Alliance	Member
Taiwan Chamber of Commerce and Industry	Member	Center for Power Electronics Systems (CPES-VIRGINIA)	Member
Taiwan Fuel Cell Partnership	Member	System Management Interface Forum	Member
New Taipei City Computer Association	Member	Taiwan Accreditation Foundation	Member
Taipei Electrical Appliance Association	Member	New Taipei City Nurse's Association	Member

Year	Initiative
2010	<p>Responsible Business Alliance, RBA) & Responsible Minerals Initiative, RMI)</p> <p>The RBA Code of Conduct establishes a set of standards to ensure that the working conditions and supply chain of the electronics industry, or industries where electronic products are a major component, are safe and secure, and that workers' rights are protected. It also aims to ensure that business operations comply with environmental and safety regulations and adhere to ethical practices. Through the resources of the RMI organization, diligent investigations are conducted in the mineral supply chain to support responsible sourcing.</p>
2010	<p>CDP</p> <p>More than 18,700 companies worldwide report their management practices on climate change, water security, and forests through CDP. Each year, CDP evaluates the information submitted in the annual questionnaires by users and provides scoring based on the responses. Since 2010, AcBel has been reporting the CDP questionnaire annually, making its environmental performance in addressing these issues publicly available for stakeholders to review.</p>
2020	<p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <p>We have signed the support for the Task Force on Climate-related Financial Disclosures (TCFD) and committed to supporting the TCFD initiative. Following the framework of the TCFD recommendations, we disclose climate change information and the associated risks and opportunities.</p>
2021	<p>Science Based Targets initiative (SBTi)</p> <p>We signed the commitment to the Science Based Targets initiative (SBTi) in 2021, pledging to set science-based carbon reduction targets. We have submitted our science-based targets and are currently undergoing the target validation process, which is expected to be completed in 2023. Once the validation process is finalized, we will officially announce our commitment and targets towards reducing carbon emissions.</p>



In 2010, AcBel became a member of the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI). We have signed a statement supporting and adhering to the guidelines and standards set by RBA and RMI. Our company's business activities strictly follow these guidelines and regulations. We also extend these requirements to our suppliers, urging them to comply with the RBA and RMI Code of Conduct (CoC), thereby collectively building a responsible and sustainable supply chain.

Adhering to the RBA CoC means that all business operations of the company must comply with the laws, regulations, and statutes of the countries in which they operate. The RBA CoC are based on the "UN Guiding Principles on Business and Human Rights," which incorporate and align with internationally recognized standards, including the International Labour Organization's (ILO) "Declaration on Fundamental Principles and Rights at Work" and the "UN Universal Declaration of Human Rights." By following these requirements, companies demonstrate their commitment to upholding fundamental human rights and labor principles in their operations.

The RBA Code of Conduct includes 5 sections:

- 1. Labor
- 2. Health & Safety
- 3. Environmental
- 4. Ethics
- 5. Supply Chain

In accordance with the RBA CoC, each of the company's facilities undergoes regular RBA VAP (Validated Audit Process) audits to ensure compliance with the requirements. As of June 2023, the average audit score across all facilities is 181 points, surpassing the RBA Alliance's average audit score of 172 points reported in 2022. The company aims to drive all factories to obtain RBA Factory of Choice recognition in the future, demonstrating their commitment to excellence in supply chain management.

Factory	Factory of Choice	Audit Score	Level of Recognition	Finding	Improvement Measures
Tamsui Factory		200	Platinum	None	Improvement plan has been implemented through project execution.
Dong-guan Factory	●	174.1	Silver	Labor WorkingHour Control Calculation of Labor Insurance	
Wuhan Factory		164.2	Silver	Facility Inspection Labor Working Hour Control Calculation of Labor Insurance Chemical Labeling	
Philippines Factory	●	187	Silver	Facility Inspection	

Notes |

- The explanation of the above-mentioned VAP audit finding is based on the audit results as of June 2023. The maximum score for VAP audit is 200, and there is no Priority finding identified in AcBel.
- To obtain the RBA's Factory of Choice (FoC) recognition, a factory must commit to complying with the RBA CoC and promoting employee engagement. The factory needs to complete the VAP audit without any Priority finding, has Factory Lead Certification by the RBA, and has an employee communication platform and mechanism in place to drive factory policies and procedures.
- According to the RBA CoC, employee's overtime hours should not exceed the limits set by local laws and regulations. However, due to production adjustments in some factories, there have been instances where monthly overtime has exceeded the local legal limits.

RBA
Responsible Business Alliance (RBA) →



03

Mutual Benefit

· R&D and Innovation

AcBel utilizes advanced power research and development technologies, incorporating the concept of a circular economy, to innovate and develop low-carbon products. Our aim is to improve the efficiency of energy utilization and meet the expectations of our customers and consumers while reducing our environmental impact.

We actively develop the solar energy market and provide green energy solutions to businesses with renewable energy demands. Concurrently, we conduct research and development to explore new opportunities and develop related products, aiming to achieve a sustainable balance between people's lives, the environment, and ecology.

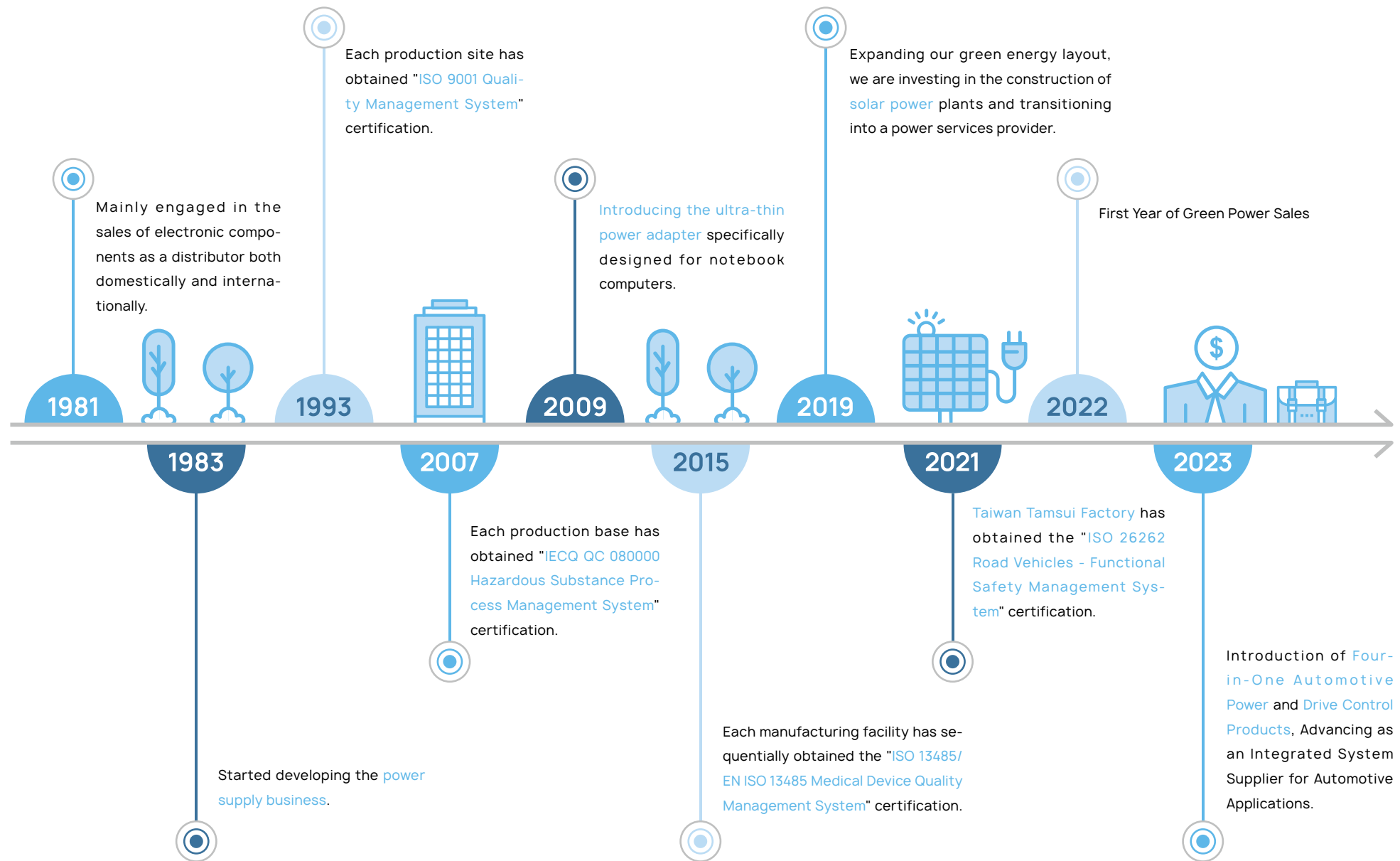


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Highlights

- From 1996 to 2022, a total of 552 patents have been acquired.
- The cumulative capacity of our solar power plants has reached 149.49 MW, generating a total of 6.22 million kilowatt-hours (kWh) of green energy.
- In the past three years, we have had no incidents related to product safety, misleading labeling, violation of regulations, customer privacy infringement, or customer data leaks.
- Our products are 100% compliant with regulations pertaining to harmful substances and meet our customers' specifications.
- We collaborate with our customers to incorporate recycled plastic and metal materials into our products with third-party verification entities.
- Tamsui factory has implemented Manufacturing Execution System (MES), manufacturing management dashboards, and Electrostatic Discharge (ESD) monitoring systems. These technologies enable real-time monitoring and management of production processes, allowing for prompt identification and response to any abnormalities or deviations.

Product Development Milestones

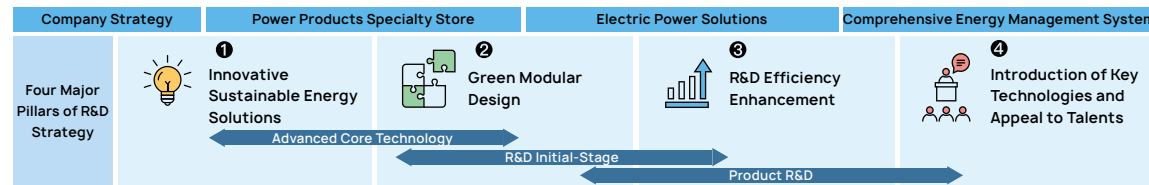


3.1 R&D and Innovation

Research and innovation are crucial strategies for enhancing competitiveness and serving as the core foundation for sustained business development. In response to the global decarbonization trend and the flourishing development of technologies such as 5G, Internet of Things (IoT), low orbit satellite communications, smart manufacturing, smart cities, and electric vehicles, AcBel is capitalizing on mature power core technologies to seize potential business opportunities and transform towards low-carbon technologies. By doing so, AcBel aims to contribute to global net-zero emissions.

With our company’s market positioning strategy, we embark on a path of enhancing customer satisfaction and improving product profitability. Under the goal of “improving customer satisfaction and increasing product profitability,” we have formulated a blueprint for research and innovation strategy. This blueprint creates a positive and continuous momentum, allowing us to attract new strategic customers, strengthen our research and development resources and technical capabilities, and provide environmentally friendly and market-competitive low-carbon products and services. By doing so, we aim to expand our revenue and increase profitability for the company.

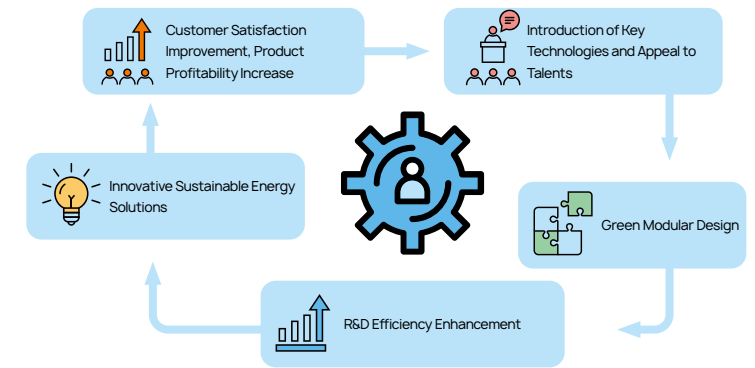
Research and Innovation Strategy Blueprint



Company Strategy	Power Products Specialty Store	Electric Power Solutions	Comprehensive Energy Management System			
Four Major Pillars of R&D Strategy	1 Innovative Sustainable Energy Solutions 	2 Green Modular Design 	3 R&D Efficiency Enhancement 	4 Introduction of Key Technologies and Appeal to Talents 		
	← Advanced Core Technology		← R&D Initial-Stage		← Product R&D	

Major Pillars of Research and Development	Strategy	Measure
Innovative Sustainable Energy Solutions	Become an expert in comprehensive sustainable energy solutions	Integrating the “Three Energy Strategies” to achieve the development of an “Energy Management System” · Energy Efficiency: Introduce a circular design framework and develop high-efficiency clean energy power products · Energy Creation: Develop investments in renewable energy and collaborative platforms · Energy Storage: Research and develop bidirectional energy storage technology and electric vehicle power systems
Green Modular Design	To utilize modular design to reduce development time, to minimize the use of components, and to increase the utilization of renewable materials.	Modular Design: · To accelerate product development time by 50% · To increase the utilization of shared components · To enable shared tooling and modules
R&D Efficiency Enhancement	By implementing standardized design, we aim to increase the coverage of automated design inspections and reduce the number of components.	· Standardized design to reduce the number of parts by 25% · Achievement of an automation coverage rate of over 85% for design inspections
Introduction of Key Technologies and Appeal to Talents	We have established a Core Technology Center to proactively align ourselves with future trends through industry-academia collaborations. This initiative allows us to deepen our research and development capabilities while nurturing talent in relevant fields.	Collaboration with 7 domestic universities for research on new technologies and talent development

Rolling Formula for R&D Innovation



Energy Solution	AcBel Product/Service	Measure	Future Product/Service	AcBel Core Technology
Energy Conservation	Server, Power Supply	Extension	Data Center Cabinet Power System	Power Density Technology
Energy Innovation +Energy Conservation	Solar Power Plant and Solar Power Generation	Integration	Virtual Power Plant Aggregator	Power Plant Construction and Management Technology
Energy Conservation +Energy Storage	Renewable Energy Storage System		Electric Vehicle Onboard Charging System	Energy Storage and Electric Vehicle Charging Station Technology
Energy Innovation + Energy Conservation	Smart Meter		Energy Management System	Smart Meter and Communication Technology

In the global trend of net-zero emissions, carbon reduction technologies are crucial. Leveraging its own core research and development technologies, AcBel extends its products or integrates multiple technologies to identify the next stage of products or services, and to ensure market advantages and to sustain the growth of the company.

3.2 Patent Management

AcBel adopts a patent management policy focused on "protecting research and development achievements and strengthening competitive advantages." As the company annually invests resources and funds in research and innovation, it is essential to ensure legal protection of its technologies in the market, preventing easy imitation or infringement by competitors. Intellectual property strategy plays a critical role in achieving this goal.

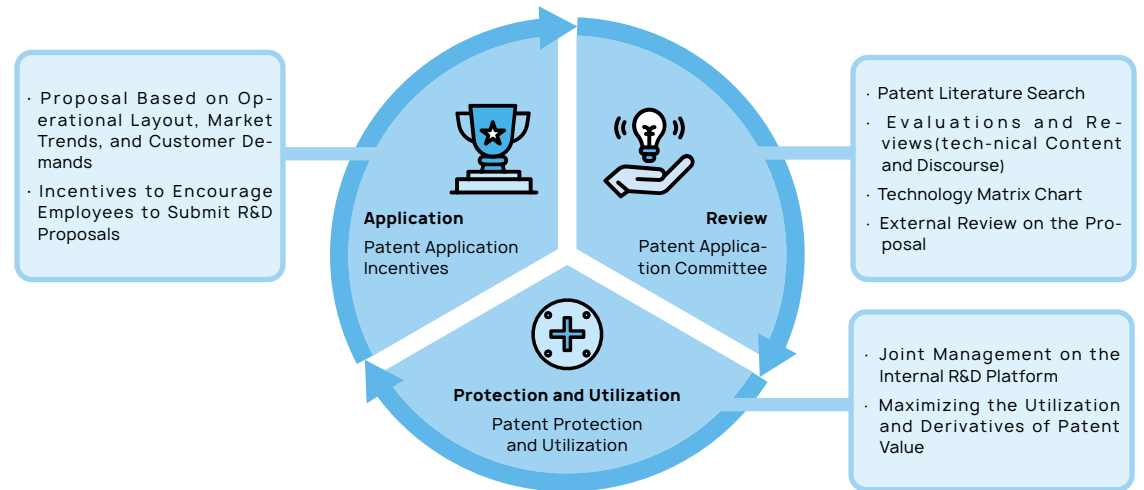
The company has established a dedicated unit called the "Intellectual Property Division" to create a patent map based on the company's future product layout. This division analyzes industry patent application information and develops a technology matrix chart to identify any potential legal infringements and serve as internal references for research and development. It also plays a crucial role in evaluating key technology patents in the future to avoid infringing on others' patent rights, which could lead to losses for the company. Additionally, this approach helps maintain a competitive advantage in the market and enhances the evaluation of intangible assets, thereby increasing the asset value of the company.

The investment of the company in R&D expenses accounts for over 6% of its total revenue each year. In 2022, the R&D and design team at the Taiwan HQ comprised approximately 407 individuals, and 60% of the patents obtained that year were invention patents. The direction of patent layout includes not only the company's core products such as servers and consumer power supplies but also extends to areas such as solar energy, green energy, electric vehicles, and charging stations. This demonstrates the comprehensive and robust intellectual property layout of the company, showcasing its growth potential.

R&D Expenses and the Number of Patents

Unit: NTD Thousand

Year	2020	2021	2022
Amount	1,503,623	1,581,491	1,674,030
Ratio of R&D Expenses to Revenue	7.17%	7.22%	6.61%
Number of Patents Obtained (piece)	13	15	15



Patent Rewards and the Number of Recipients

Unit: NTD Thousand, ppl

Year	2020	2021	2022
Payout Amount of Patent Award	125	160	124
Recipient Number in Patent Reward	14	31	18






Due to the increasing frequency of collaborations with academia for the development of new technology, we will prioritize the clarification of intellectual property rights ownership, guidelines for revenue sharing from technology use, and optimization of patent proposal application management and patent management practices. In addition, we will enhance the awareness and understanding of intellectual property rights among our employees to prevent any inadvertent legal violations.

The status of intellectual property management and execution in 2022 has been reported to the Board of Directors by the responsible department in the fourth quarter of that year. For information regarding our company's intellectual property execution, please refer to our company's website - Investor Relations - Corporate Governance section.

AcBel
[Investor Section - Corporate Governance](#) →

3.3 Green Cycle

AcBel recognizes the importance of energy efficiency and carbon reduction due to limited Earth resources. We have adopted the concept of a circular economy, integrating circular thinking into the product design phase. Following the principles of the 3Rs (Reduce, Reuse, Recycle), we strive for optimal material and energy utilization, emphasizing resource reuse, waste reduction, and minimizing environmental impact throughout the product life cycle. By implementing these measures, we aim to contribute to sustainability and reduce our ecological footprint.

Phase	Strategy Execution
 Product Design Green Design	<ul style="list-style-type: none"> Energy Efficiency Improvement: To reduce energy consumption during the product usage phase. Reducing the number of components and increasing the use of recycled materials: reducing the number of components used, increasing the proportion of recycled materials, and minimizing resource extraction. Durability: Increasing the product's lifespan and reducing the need for replacement Maintainability: Improving the convenience of product replacement or maintenance in the future. Versatility: Consideration of expandability during future product upgrades.
 Parts Procurement Green Procurement	<ul style="list-style-type: none"> Establishing a low-carbon supply chain for recycled materials and collaborating with suppliers to develop recycled materials. To increase the utilization of environmentally friendly materials to minimize their impact on the environment and human health.
 Production Green Production	<ul style="list-style-type: none"> The Ratio in the Use of Renewable Energy: To increase the proportion in the use of renewable energy in manufacturing processes. To improve production efficiency and energy recycling to reduce energy consumption
 Product Transportation Green Transportation	<ul style="list-style-type: none"> Chose Low-carbon Transportation Vehicles Consolidated Shipping to Reduce Empty Vehicle Transportation
 Product Recycle Green Recycle	<ul style="list-style-type: none"> User-friendliness: Easy disassembly and recycling classification at the end of product life cycle. To reduce the use of composite materials and strive to adopt single-component materials to reduce the complexity of recycling and disposal processes.

To ensure that all products manufactured by AcBel do not pollute the environment or harm human health, we adhere to the relevant national or international environmental regulations regarding prohibited or restricted substances. We also comply with customer-specific environmental substance specifications and standards. Through material testing and management procedures, we ensure that all materials meet the required substance management standards right from the source. This approach enables us to maintain a high level of product safety and environmental compliance throughout our manufacturing processes.

AcBel has established its own "Environmental Substance Management Guidelines" as the criteria for selecting product components. The company follows green design principles and chooses materials and components that comply with the EU RoHS (Restriction of Hazardous Substances) requirements. From customer requirements to product design, supply chain management, manufacturing, shipping, and waste disposal/recycling, all processes adhere to the requirements of customers and the respective countries. AcBel ensures that suppliers provide materials that meet the restrictions on hazardous substances, including lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, and four types of phthalates. The content of cadmium should not exceed 0.01wt%, while the other nine substances should not exceed 0.1wt%, as specified in Directive 2011/65/EU and Directive 2015/863/EU.

In response to international environmental regulations and customer requirements, we continuously monitor regulations related to Halogen-Free, EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals), SVHC (Substances of Very High Concern), POPs (Persistent Organic Pollutants), PFAS (Per- and Polyfluoroalkyl Substances), and mineral oil control in packaging materials. We also maintain compliance with the IECQ QC080000 Hazardous Substance Management System certification to ensure the effectiveness of our management system.

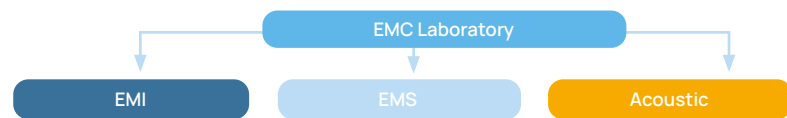
In 2022, power supply products of AcBel fully complied with the substance restrictions of the EU RoHS directive (Directive 2011/65/EU & 2015/863/EU). All of our power supply products fully complied with the requirement of Mandatory Declarable substances in the IEC 62474. The products covered under the IEC 62474 declaration accounted for 87.60% of the total revenue, while the remaining 12.40% of revenue from non-power supply products were not subject to RoHS and IEC 62474 regulations.

Note |
 The important regulations or standards followed by the company for hazardous substance management are as follows:
 (1) European Union: The latest RoHS and REACH regulations, Restriction of Sales and Use of Perfluorooctane Sulfonates (PFOS) Directive 2006/122/EC (30th Amendment to Directive 76/769/EEC), Restriction on the Use of Dimethyl Fumarate (DMF) Directive 2009/251/EC, Restriction of Sales and Use of Azocolourants Directive 2004/21/EC (13th Amendment to Directive 76/769/EEC), Waste Electrical and Electronic Equipment Directive (WEEE), End-of-Life Vehicles (ELV) Directive 2000/53/EC, Persistent Organic Pollutants Regulation (POP Regulation) 2019/1021, and others.
 (2) China: The latest China RoHS regulation, VOCs (Volatile Organic Compounds) regulation, Ionizing Radiation Protection and Radiation Source Safety Basic Standards (GB 18871-2002).
 (3) United States: California Proposition 65, which is the Safe Drinking Water and Toxic Enforcement Act of 1986 in California. Consumer Product Safety Improvement Act (CPSIA) H.R.4040, Toxic Substances Control Act (TSCA), Clean Air Act (CAA) etc.
 (4) Others: Montreal Protocol on Substances that Deplete the Ozone Layer, Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention). Denmark's prohibition of phthalates (BEK nr 1113), IEC 61249-2-21 a standard from the International Electrotechnical Commission (IEC) that specifies requirements for materials used in printed circuit boards and other interconnecting structures, Joint Industry Guide for Material Composition Declaration for Electronics Products (JIG-101), France Circular Economy Act No. 2020-105 a French law that regulates mineral oils in various products to promote circular economy practices, and company-specific environmental material regulations related to domestic and international business transactions.

To ensure the safety of users and maintenance personnel, AcBel places a strong emphasis on incorporating safety considerations during the design and manufacturing stages of our power products. We proactively address potential risks and hazards to prevent any potential dangers that may arise during the use or maintenance of our products.

In order to ensure the safety of our designed and manufactured products, we undergo evaluation based on various international safety certification standards. These evaluations include assessments of structural requirements, electrical characteristics, testing under normal and abnormal operating conditions, potential component damage, and usage instructions. It is essential to obtain certification to confirm compliance before proceeding with mass production of the products. In addition, the international safety certification marks, along with the product's power specifications, are displayed on the power products themselves.

Our Taiwan HQ is equipped with a professional-grade Electromagnetic Compatibility (EMC) laboratory that complies with the "ISO/IEC 17025 General requirements for the competence of testing calibration laboratories." The laboratory is equipped with advanced testing equipment capable of covering electromagnetic interference (EMI), electromagnetic susceptibility (EMS), and acoustic verification testing for products. It is responsible for conducting safety type verification for over 90% of our company's products, ensuring their appropriateness and safety in compliance with international safety certification regulations and standards. This helps to reduce the risk of product failures that may result in loss of life or property. Additionally, it saves the company approximately 9 million NT dollars in external testing costs annually. For special specification products that cannot undergo internal safety verification, they are sent to qualified third-party verification bodies to ensure compliance with safety regulations.



The safety testing laboratory at AcBel has obtained the following certifications and possesses the following testing capabilities:

- TAF ACCREDIATE (IEC/ISO 17025:2017:CNS 17025:2018)
- UL CTDP (Client Test Data Program)
- NEMKO CTF (Customer Testing Facility)
- TUV CTF (Customer Testing Facility)
- EMC and Acoustics Testing
- IEC 62368-1 (Audio/video, information and communication technology equipment: Safety requirements)

● Product Energy Efficiency

The main products of AcBel are power supplies. In the life cycle of power supply products, the energy efficiency during the usage phase has a significant impact on electricity consumption and carbon emissions. Conforming to customer requirements and certifications such as Energy Star or 80PLUS (up to Titanium level) through green design ensures that power supply products meet energy efficiency standards, thereby achieving carbon reduction goals.

Due to certifications such as EPEAT (Electronic Product Environmental Assessment Tool) and Energy Star, the overall energy efficiency certification is based on the end products rather than individual power supply products. While all of our power supply products meet the international energy efficiency standards in 2022, they do not require to obtain the Energy Star certification. In 2022, the total revenue of our main products, including laptop adapters/desktop chargers, all-in-one power supplies, desktop computer power supplies, and wall adapters/chargers, amounted to NTD 13.55 billion, accounting for approximately 53.51% of the total revenue.

Note |

International certification standards and regulations include, but are not limited to, 80 Plus, EU Energy-related Product Directive (ErP), China Energy Conservation Program (CECP) certification, U.S. Department of Energy (DOE) regulations, EU Code of Conduct External Power Supplies, California Energy Commission regulations, Natural Resources Canada (NRCan) regulations, Australian Greenhouse and Energy Minimum Standards, Quebec regulations in Canada, and Ontario Energy and Water Efficiency - Appliances and Products regulations (O. Reg. 509/18) etc.

● Recycled Materials

AcBel collaborates with customers and suppliers to promote the use of recycled materials, with a focus on packaging materials, metals, and plastics. The materials are certified by third-party organizations according to the U.S. Electronic Product Environmental Impact Assessment Tool (EPEAT) specifications and have passed the physical specification standards for recycled materials. Among them, metal materials need to pass the Science Certified System Global Services (SCS) and plastics requirements certified by TUV or UL. Only after the material has passed the test verification (torque, function, appearance, etc.) and is approved by the customer, the company will incorporate it into the power supply product manufacturing process.

AcBel collaborates with customers and suppliers to develop specific projects for the use of recycled materials based on the properties and materials of the original components. The aim is to harness the collective strength of the value chain and increase the proportion of recycled materials in components while ensuring compliance with safety and energy efficiency requirements for power supply products.

Recycled Materials Development Schedule

2022 Status		Goal in 2023	
Material Type	Rate	Material Type	Rate
Plastic	>50%	Plastic	>95%
Copper	>50%	Copper	>95%
Aluminum	>95%	Aluminum	>98%

Recycled Materials Target by Product Category from 2023 to 2030

Product	Item	Recycle Rate of Individual Component	Material	Overall	
				Current Status of Recycled Material Use Rate	Target for Recycled Material Use Rate
Power Supply Unit	Fan	70%	Plastic	≈ 34%	> 56%
	Case	80%	Metal		
	Wire/Cable, Copper, Inductor	95%	Metal		
Adapter	Case	95%	Metal	≈ 38%	> 68%
	Wire/Cable, Copper, Inductor	95%	Metal		

Notes | 1.Power supply units such as all-in-one power supplies and desktop computer power supplies. 2.Adapters such as laptop adapters and desktop chargers. 3.The recycled material rate is calculated based on the total weight of the product.

Green Procurement

All of AcBel's factories have obtained IECQ QC080000 hazardous substance management system certification. We have established an "Environmental Management Substance Specification" as a guideline for the management and material procurement.

Suppliers are required to provide "Material Verification Certificates" or comply with the "Environmental Management Substance Specifications" when delivering materials to AcBel. Our Quality Assurance Center conducts regular audits and material inspections of suppliers to reduce the risk of misusing prohibited, restricted, or limited substances. This helps prevent environmental pollution and ensures the health of our employees and users. In 2022, AcBel achieved a 100% green procurement rate in compliance with RoHS Directive, REACH Directive, and the use of lead-free and halogen-free materials.

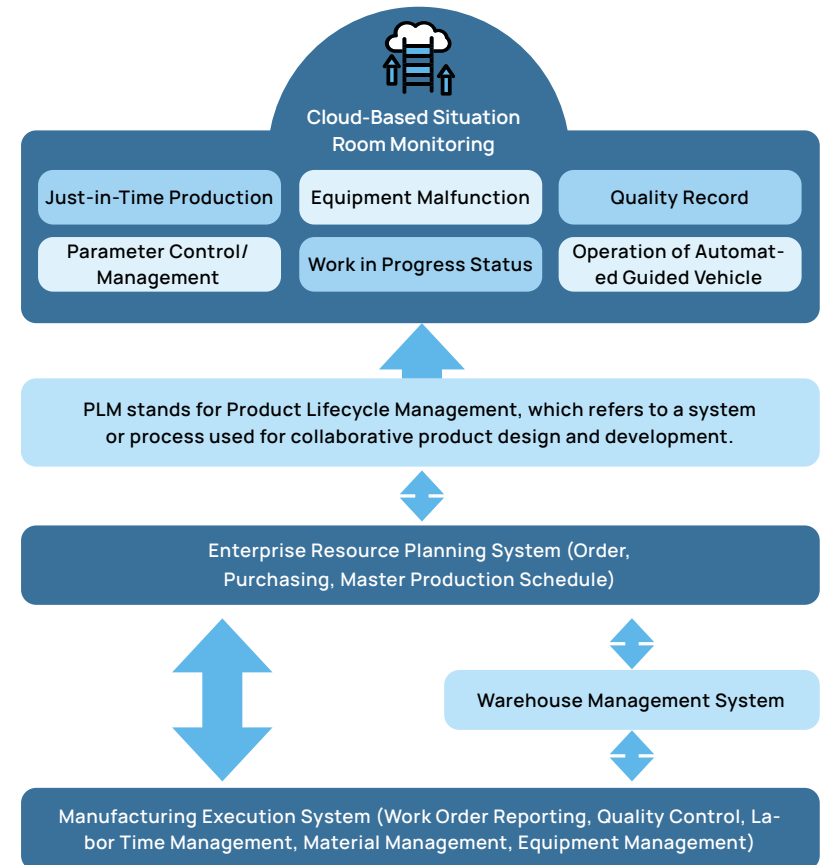
Management Methods and Actions for Controlled Substances

Management Strategy	Project Action
Specific Prohibited Substances to be Used in Product Design	From initial design to material procurement, our products comply with the latest environmental regulations in accordance with international restrictions on the use of hazardous substances.
Assessment on Substitute Material	Regularly, in accordance with the latest international regulations, AcBel conducts the potentially restricted material inventory and develop substitution plans to ensure the implementation of green material procurement requirements.
Procurement Criteria for Materials and Components	AcBel has established the "Environmental Management Substance Specifications" as the standard for material procurement. AcBel regularly requires suppliers to provide evidence that materials do not contain carcinogenic, mutagenic, or teratogenic substances, reducing potential risks to human safety, health and the environment.
Product Safety Testing	AcBel has established a hazardous substance testing process based on risk management principles to ensure that materials comply with standards for lead-free, halogen-free, and EU RoHS restricted substances. This process helps us mitigate potential risks associated with hazardous substances.
Product Labeling	The shipped products are labeled with the usage status and content of hazardous substances, indicating compliance with international standards. This labeling allows customers to easily identify and manage the presence of hazardous substances in the products.

Green Production

"Optimizing production efficiency with minimal resources" is achieved by AcBel through the integration of information systems for real-time monitoring and adjustment of production processes. This ensures that the production processes comply with environmental regulations and employ low or zero pollution green processes. The goals of improving energy efficiency and reducing process waste are achieved, leading to a decreased environmental impact from production activities.

Smart Factory Informatization Framework



Notes |

- 1.Work In Process refers to the products that are currently undergoing various stages of manufacturing or processing.
- 2.Automated Guided Vehicle is an industrial vehicle that operates autonomously or follows pre-determined routes and transport goods. It can also tow or pull trailers or carts to designated locations. AGVs can automatically or manually load and unload cargo.

Energy-saving and efficient IDC

The two data centers in Taiwan HQ Building and in Tamsui Factory are designed as Internet Data Centers (IDCs). To reduce the power consumption of the cooling systems in these data centers, various measures have been implemented such as server virtualization, raised floor air conditioning systems with hot and cold aisles, and constant temperature control. These measures aim to minimize the energy usage of the data centers. The Power Usage Effectiveness (PUE) has been calculated and achieved a Silver-level rating, indicating high energy efficiency.

In the future, there are plans to extend these energy-saving practices to other production factories, contributing further to the company's carbon reduction efforts.

Energy Conservation Action	Content
Server Virtualization	Server virtualization involves consolidating physical servers to reduce the number of physical machines and decrease heat emissions.
Floor-Mounted Air Conditioning Cold and Hot Passage	Implementing hot passage containment and utilizing floor-mounted air conditioning equipment to cool down the environment.
Thermostatic Control	Installing precise temperature control to accurately regulate the temperature in the server room. When the temperature reaches a certain threshold, the air conditioning units automatically stop operating, reducing power consumption.

Notes |

1.Power Usage Effectiveness (PUE) is used to measure the energy efficiency of data centers. The calculation method and efficiency rating are as follows:

$$PUE = \frac{\text{IDC Total Facility Power (Server, Lighting, Air Conditioning, and UPS Losses)}}{\text{IDC Server Power Consumption}}$$

2.Green Grid Association's PUE Evaluation Standards: Platinum Level <1.25, Gold Level 1.25-1.43, Silver Level 1.43-1.67, Bronze Level 1.67-2.00, General Level 2.00-2.50

Green Packaging

AcBel adopts environmentally-friendly packaging for its products, which is safe for both the ecological environment and human health, and can be reused and recycled. Collaborating with customers and suppliers, AcBel ensures that packaging materials, manufacturing processes, and the use of packaging materials comply with the requirements of ecological environmental protection.

The main focus in packaging design is to reduce the usage of packaging materials. Through flexible packaging design specifications, multiple different products can be shipped using the same packaging, minimizing the amount of packaging materials used and achieving the goal of recyclability and reusability. Packaging materials primarily consist of recycled materials, recyclable materials, or materials that can be reused.

● Paper Material	Compliance with the EU Packaging and Packaging Waste Directive (Directive 94/62/EC) includes limiting the total content of four heavy metal materials - lead, cadmium, mercury, and hexavalent chromium - to not exceed 100 ppm and prioritizing the use of recycled materials in paper-based products.
● Plastic Material	AcBel does not use prohibited polyvinyl chloride (PVC) and label our products in compliance with the American Society for Testing and Materials (ASTM) D7611 standard or other international standards for plastic recycling symbols.

By redesigning the packaging materials, we have been able to convert the supply paper boxes into shipping-ready paper boxes, resulting in a reduction of over 50% in packaging material usage. Besides, AcBel uses plastic pallets for consolidated shipments, and upon product delivery, we collect and reuse the pallets. Furthermore, for products that require external testing, AcBel utilizes reusable plastic containers for transportation. Based on shipment data from 2019 to 2022, each plastic container has been reused for over 23 times, significantly reducing the consumption of single-use packaging materials.

Green Transportation

By integrating the customer's shipment area, delivery schedule and transportation requirements, we have planned centralized and shared transportation modes to minimize multiple small-scale shipments and reduce carbon emissions during product transportation. Moreover, we have streamlined component delivery and product shipping by utilizing return trips, thereby reducing the number of empty trips for shipping products. We also collaborate with customers to recycle packaging materials. During the delivery, we collect and recycle reusable packaging materials from customers, preparing the empty vehicles for the next shipment.

3.4 Quality Management

"Pursuing excellence with a zero-defect mindset" is the quality policy of AcBel. It encompasses sales, design and development, manufacturing, customer service, and continuous improvement activities with a strong commitment to quality. In accordance with the five major stages of product manufacturing: Surface Mount Technology (SMT), Loading/Insertion, Assembly, Testing and Packing, we implement quality management and monitoring mechanisms. With the integration of digitalization and information technology, we ensure the quality of every product produced, aiming to achieve complete customer and consumer satisfaction.

Digital Monitoring Mechanisms for Quality Inspection in Five Major Manufacturing Processes

SMT	Loading	Assembly	Test	Packing
<ul style="list-style-type: none"> · First Article Assurance · Equipment Inspection Checklist · Steel Plate Tension · Solder Paste Management · 100% SPI Inspection · Reflow Profile Check · 100% AOI Inspection · Flying Probe Testing · IPQC Sampling Inspection 	<ul style="list-style-type: none"> · First Article Assurance · Equipment Inspection Checklist In-Circuit-Testing · ICT · IPQC Sampling In-spection · W/S Profile Check · Fixture Usage Count 	<ul style="list-style-type: none"> · First Article Assurance · Equipment Inspection Checklist · IPQC Sampling In-spection · Tool Inspection 	<ul style="list-style-type: none"> · First Article Assurance · Hi-Pot Testing · Functional Testing · B/I Testing · Equipment Inspection Checklist · Connector Insertion and Removal Count 	<ul style="list-style-type: none"> · Visual Inspection · OCQ Sampling Inspection · OBA Sampling Inspection

The five major manufacturing processes are being ensured for quality stability and meeting customer requirements through first article assurance, monitoring of key parameters at each process critical workstation, and monitoring of yield at critical testing stations. Quality inspection is being digitally monitored, and it is currently at 54% completion. The goal is to achieve 100% completion by the end of 2023.

Notes |

- 1.Solder paste inspection (SPI) is a process that involves checking the quality of solder paste after the printing process and before component placement or surface mount technology (SMT) assembly to increase the yield percentage of acceptable or usable products.
- 2.Auto Optical Inspection (AOI) are devices that utilize optical imaging to inspect the quality of solder paste printing.
- 3.In Put Process Quality Control (IPQC) is conducted during the production process to prevent the occurrence of non-conforming products and to ensure that such products do not flow into the subsequent processing stages.
- 4.In-Circuit Testing (ICT) is a method used for electrical testing of Printed Circuit Board Assemblies (PCBAs). It can detect any open or short circuits without the need to remove the electronic components from the board.
- 5.Hi-Pot Testing is conducted to verify and test the insulation capability of the device under test by applying a higher voltage. It ensures that the product can withstand the specified voltage levels without breakdown or insulation failure.
- 6.Functional testing is performed to verify that a product's features and operational behaviors meet the design requirements. It involves testing the product's functionality based on its characteristics, operation descriptions, and user scenarios to ensure that it performs as intended.
- 7.B/I Testing is conducted to detect soldering issues such as voids, false joints, and cold joints that may occur during the production process. This testing is performed to ensure the quality of the product before it is shipped.
- 8.Connector testing can be divided into electrical performance testing, mechanical performance testing, environmental performance testing and signal integrity testing.
- 9.Outgoing Quality Control is to ensure the quality of products before they are shipped.
- 10.The purpose of Out of Box Audit is to inspect the product from the customer's perspective upon unboxing to identify any potential quality issues.

To ensure the quality of electronic products, AcBel implements control measures starting from the source of process materials to prevent greater losses in the later stages of production. Starting from the SMT process, real-time ESD (Electrostatic Discharge) monitoring system is introduced to prevent electronic components from being damaged by electrostatic discharge, which could result in defects in the final products. The smart factory in Tamsui started operation in September 2022, also adheres to ISO cleanroom management standards. It focuses on environmental monitoring, including temperature, humidity, cleanliness and other factors to minimize the risk of product defects caused by environmental factors.

There is minimal variation in the main production processes across all of AcBel's manufacturing plants. Through the integration of information platforms, routine meetings, management processes, and knowledge sharing, information is consolidated to achieve a 0% recurrence rate of the same issues across different factories.

Product Compliance

The company ensures product compliance through strict management measures. In 2022, AcBel had no product recalls due to safety issues, and there were no violations of consumer health and safety-related laws, regulations, information, labeling, or penalties related to product compliance.

Product Recall Incident

● Causes and Solutions

In 2022, there were a total of 7 product recall incidents, affecting a combined total of 104,016 units and 172,000 three-phase electric meters. The main reason for these recalls was the failure to pass customer-side testing. To demonstrate AcBel's responsible attitude, the products were recalled. All recall incidents have undergone root cause analysis and preventive improvements.

● Post-Incident Corrective Actions

1. Due to early-stage quality issues with magnetic components, the shipped finished products exhibited abnormal quality, leading to a comprehensive recall of the entire batch of products. Through problem analysis and improvement, the following measures have been implemented to prevent recurrence:

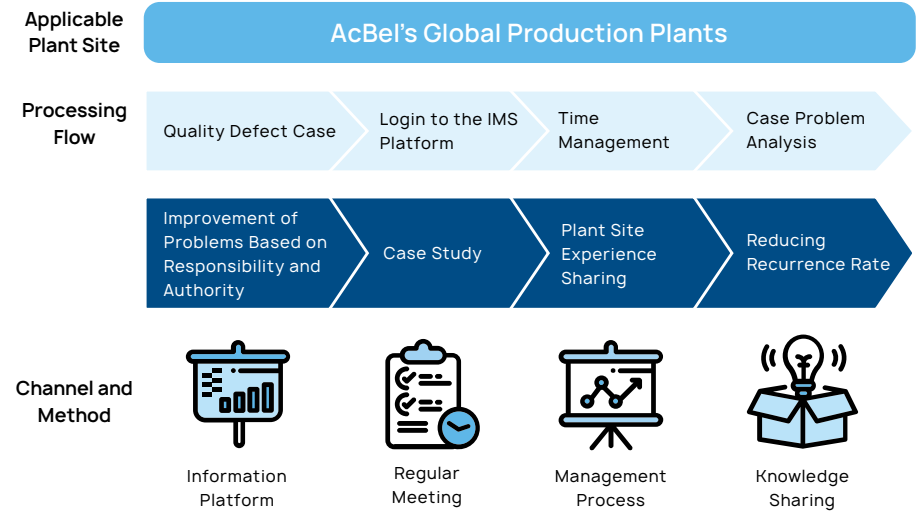
- (1) Implementation of a comprehensive process alarm system for magnetic components to promptly identify and resolve issues.
- (2) Strengthening the management of Process Failure Mode and Effects Analysis (PFMEA) in the PCB manufacturing process.
- (3) Increasing the number of qualified suppliers for key components such as PCBs and enforcing strict quality requirements for incoming materials.

2. Due to non-compliance with customer-specific measurement principles, the delivered smart meters did not meet the customer's firmware requirements. The company resolved the issue by performing firmware updates.

- (1) The issue was resolved by upgrading the firmware to correct the calculation rules of the smart meters. All delivered smart meters were recalled and brought back to the factory for firmware updates.
- (2) Personnel have been assigned to visit customer and perform firmware upgrades for the installed three-phase smart meters.

(3) In the future, firmware upgrades will be performed promptly, and the latest version of the firmware will be implemented in the production of new smart meters to prevent the recurrence of such issues.

Quality Information Control Process - Plant-wide Integrated Preventive Management



04

Communication· Environmental Friendliness

As global climate change intensifies, the frequency, intensity, and likelihood of extreme weather events and associated health risks become increasingly unpredictable, making it more challenging to forecast, prevent, and adapt to these changes. Focusing on energy management as its primary operational direction, AcBel actively works towards mitigating climate impacts by emphasizing technological innovation, reducing carbon emissions, increasing the use of renewable energy, and developing solutions for automotive power systems. AcBel recognizes the need to address climate change risks and is committed to implementing climate adaptation strategies to build a resilient enterprise. By adhering to internationally recognized initiatives and standards, such as Science-Based Target (SBT) validation, GHG and water footprint assessments, and zero waste to landfill practices, AcBel actively collaborates with value chain partners to drive low-carbon transition.

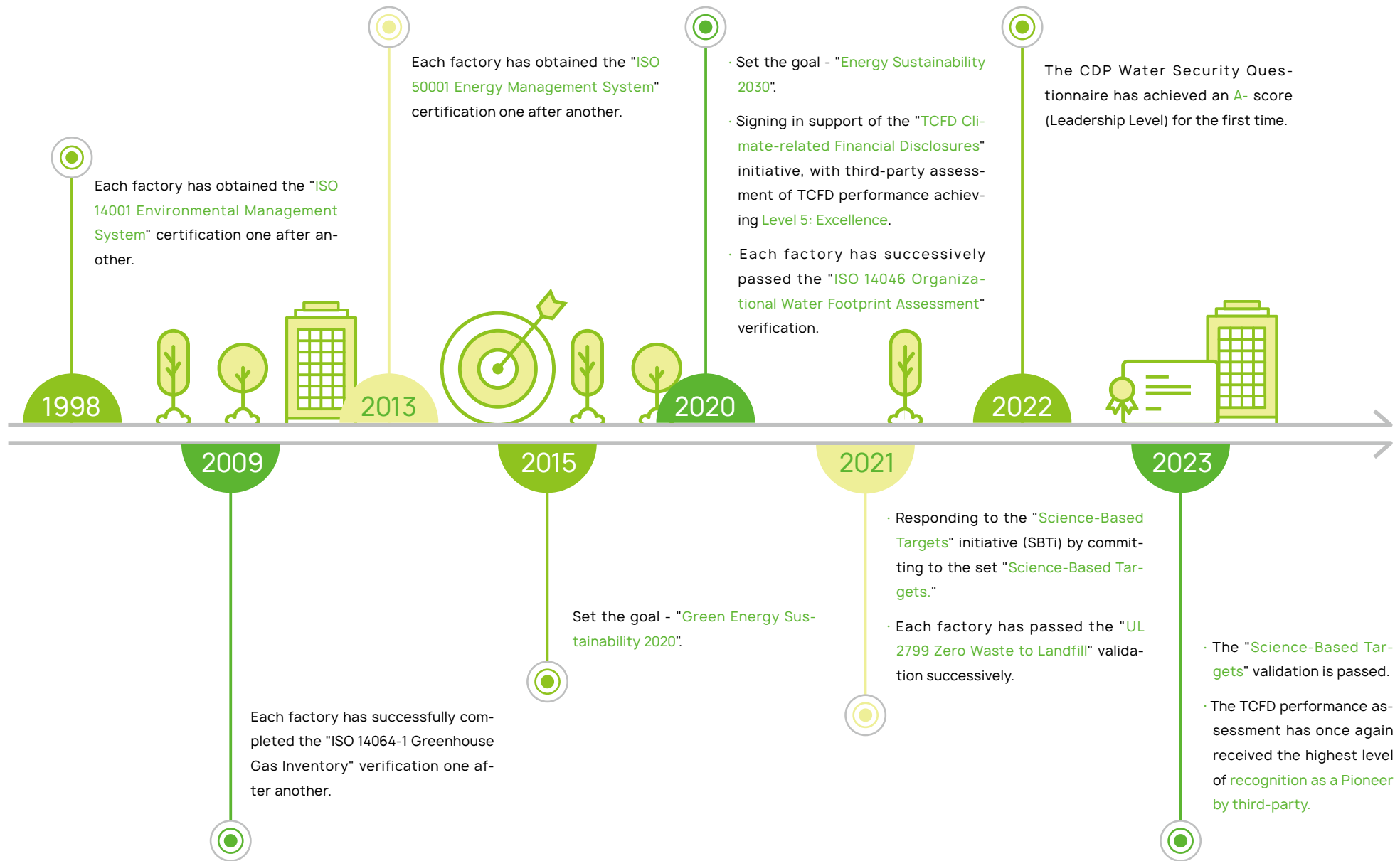


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Highlights

- The 2022 CDP Climate Change questionnaire received a B score (Management level), while the Water Security questionnaire and Supply Chain Engagement evaluation with an A- score (Leadership level) recognition.
- The submission of the SBT validation has been completed, and it has successfully passed the target validation in 2023.
- 2022 GHG emissions (location-based) have decreased by 23.35% compared to the year 2021.
- Waste reduction of 1,791.98 tons was achieved in 2022, resulting in a 38.46% decrease in waste density compared to the previous year.
- Dongguan Factory has achieved UL 2799 Zero Waste to Landfill validation with the highest Platinum rating.
- Wuhan Factory and the Philippines Factory have obtained ISO 50001 energy management system certification.
- Tamsui Factory building obtained green building label - "Gold Level", with a solar power capacity of 99.75KWp.
- No violations of environmental laws and penalties have occurred in the past three years.

Climate Governance Milestones



4.1 Task Force on Climate-related Financial Disclosures (TCFD) and Governance

Climate Risk and Opportunity Management Process

AcBel establishes a comprehensive risk management system from a macro perspective to enhance organizational resilience. However, due to global warming, climate-related risks are increasing. AcBel's Board of Directors has formed a "Sustainable Development Committee" responsible for "Climate Risk Management" matters. The committee holds regular meetings every year to discuss related issues.

The Corporate Sustainable Development Office (CSD Office) serves as the dedicated unit for driving climate governance within the company. Together with the Operation & Management Division, they are responsible for convening and executing the annual identification and assessment of climate-related risks and opportunities. They assist the Board of Directors in overseeing and implementing decisions regarding potential risks, including climate change risks, to ensure effective risk management across operations. They also provide recommendations for improvement.

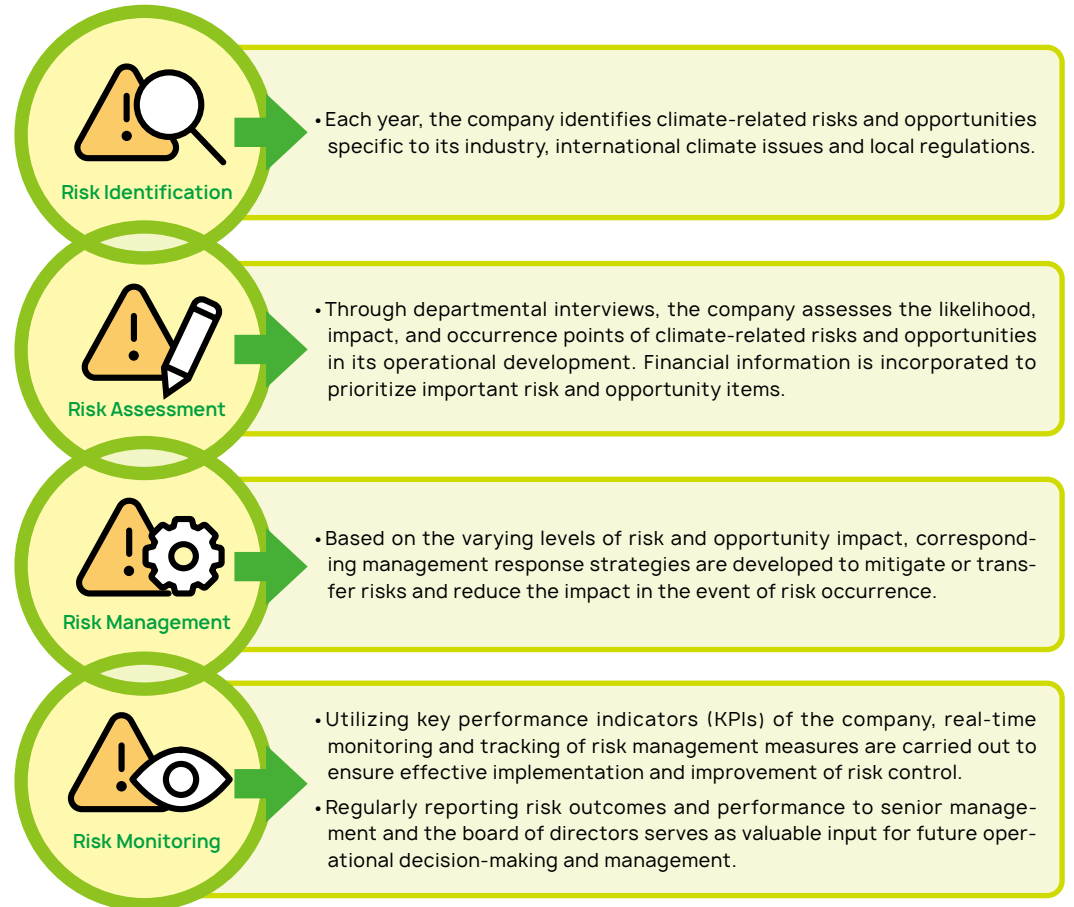
Each department evaluates the likelihood and impact of risk factors based on their responsibilities, manages risks appropriately, and formulates necessary measures to be implemented. In addition, an internal "Corporate Sustainable Development Implementation Committee" is established within the company to track the progress of the goal of "Energy Sustainability 2030" on a quarterly basis. The highest responsible person from each production plant or project confirms the progress and submits the annual implementation results for two-way communication with the Board of Directors.

Each production plant submits monthly reports on the implementation status of climate governance plans. The CSD Office aligns the resource usage and carbon emissions with climate-related indicators and targets, coordinating and analyzing the data to ensure that the execution and outcomes of the plans align with the company's climate change policy direction. Annually, reports including climate change risk identification and carbon management response strategies are submitted to the Board of Directors.

This chapter will outline the company's efforts in "climate risk management" using the TCFD framework.

Climate Risk and Opportunity Assessment and Identification

The company integrates the TCFD framework with its internal risk management processes to conduct identification and assessment of climate-related risks and opportunities. This is done through a four-step process of identification, assessment, management, and monitoring. The company develops strategies and measures to address climate-related risks and opportunities.



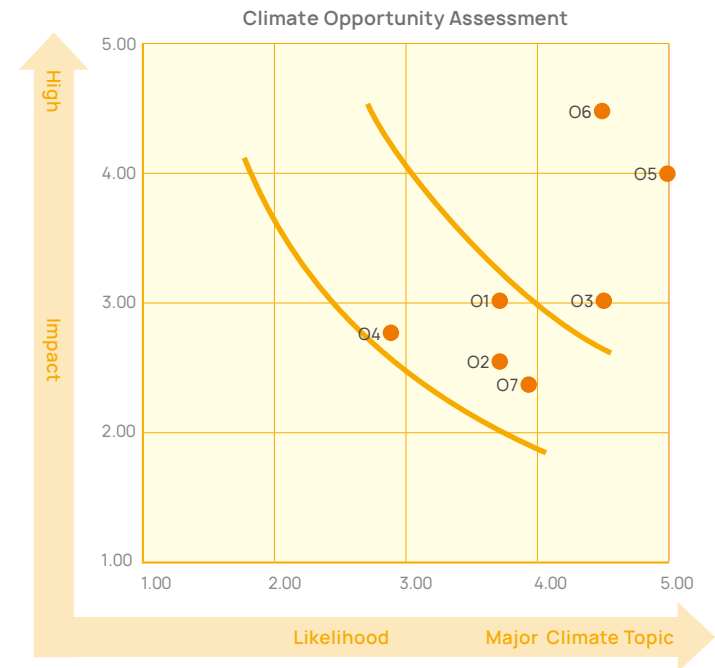
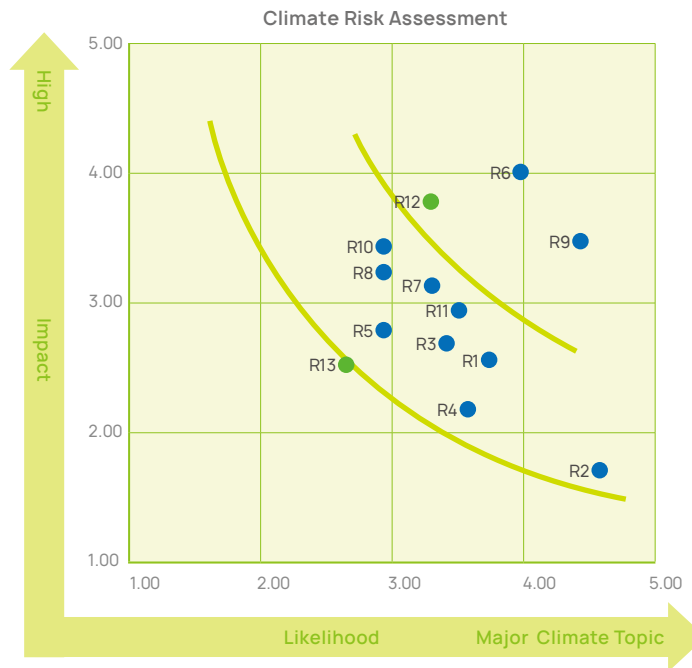
Each department examines the assessed risks and opportunities, and reports to the president and the board of directors for evaluation and review step by step, as a reference for operational decision-making and increase or decrease of financial capital expenditures, and adjusts the short-, medium-, and long-term response strategies for each project to ensure the sustainable resilience of the company.

AcBel's Climate-Related Risk and Opportunity Identification Results

Conforming to the risk management process, AcBel assesses the likelihood and impact of various risks and opportunities. Among the 54 climate-related risks and opportunities identified, 3 type of significant risks and opportunities have been identified:

- ① Transition Risk - Other: ESG Investment Development and Sustainable Financial Regulations (R6), Customer Behavior Changes (R9)
- ② Physical Risk - Increased severity of extreme weather events such as typhoons and floods (R12)
- ③ Opportunity - Transition to More Efficient Buildings (O3), Development or Expansion of Low-Carbon Products and Services (O5), Research and Innovation for Developing New Products and Services (O6)

AcBel Climate Risk and Opportunity Matrix



● **Transition Risk**

- R1 Carbon Pricing Mechanism
- R2 Strengthening Emission Reporting Obligations
- R3 Requirements and Regulations for Existing Products and Services
- R4 Other: Regulations Related to Fuel/Energy Taxation
- R5 Unstable Power Supply Due to Electricity Rationing Policies
- R6 Other: ESG Investment Development and Sustainable Financial Regulations
- R7 Cost of Low-Carbon Technology Transition

● **Physical Risk**

- R8 Products and Services Being Replaced by Low-Carbon Technologies
- R9 Customer Behavior Changes
- R10 Rising Costs of Raw Material
- R11 Consumer Preference Shift
- R12 Increase of Severity of Extreme Weather Events such as Typhoons and Floods
- R13 Changes in Rainfall Patterns and Extreme Variability of Climate Patterns

● **Opportunity**

- O1 Implementation of More Efficient Production and Distribution Processes
- O2 Recycle and Reuse
- O3 Transition to More Energy-Efficient Buildings
- O4 Participation in Carbon Trading Market
- O5 Development or Expanding of Low-Carbon Products and Services
- O6 Research and Innovation in Developing New Products and Services
- O7 Diversification of Business Activities

Risk/Opportunity	Climate Risk/ Opportunity	Impact of issue	Impact Period of Time	Operations	Value Chain Impact	Financial Impact	Mitigation Measures
 Transition Risk	Policy and Legal	Taiwan is planning to start carbon pricing from 2024, and there is a possibility of implementing a carbon trading market (ETS) in the future. In China, the carbon trading market has already been implemented. In response to the global trend of limiting GHG emissions, businesses may need to purchase carbon credits through carbon market trading or pay energy and carbon taxes, leading to increased costs for carbon reduction and energy. Additionally, carbon prices may be continuously on the rise, resulting in operational cost pressures for companies.	Short-term (0-3 Years)			Increase in Operating Costs	1.Regularly assess and analyze carbon pricing, integrating it into the operation of the manufacturing facilities to proactively address carbon reduction measures and minimize the impact of carbon pricing. 2.Continuously monitor the regulations and legislative progress regarding carbon pricing in various countries. 3.Incorporate carbon pricing-related education and training to enhance the company's internal understanding of carbon pricing.
		The Financial Supervisory Commission (FSC) in Taiwan has issued the "Sustainable Development Roadmap for Listed Companies," which requires listed companies to conduct GHG inventory, verification, and reporting for both the parent company and subsidiaries, thereby increasing compliance-related operational expenses. In response to government policies and global decarbonization trends, AcBel conducts GHG inventory internally and among its upstream supply chain vendors, and undergoes The Financial Supervisory Commission (FSC) in Taiwan has issued the "Sustainable Development Roadmap for Listed Companies," which requires listed companies to conduct GHG inventory, verification, and reporting for both the parent company and subsidiaries, thereby increasing compliance-related operational expenses. In response to government policies and global decarbonization trends, AcBel conducts GHG inventory internally and among its upstream supply chain vendors, and undergoes third-party verification.	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants		Increase in Operating Costs	1.The company has established a dedicated department and personnel to conduct GHG inventories and energy management. 2.Regular internal audit training are conducted each year to enhance the capabilities of relevant personnel. 3.Each year, the company follows the ISO management system and sets annual goals to promote energy savings in processes or common facilities.
		The standards or regulations (such as 80 Plus, COC, DOE, ErP, etc.) of the place where the product is sold may become stricter, that impose stricter demands on product performance or labeling. Although AcBel did not receive any notifications regarding the addition of new energy standards or stricter regulations in 2022, the company still needs to proactively research the requirements of relevant technologies and may need to invest in related equipment, leading to increased operational costs.	Medium-term (3-10 Years)		AcBel's Own Operations	Increase in Operating Costs, Increase in Capital Expenditures	1.Continuously develop high-performance, low-carbon, and green products through the concept of a circular economy. 2.Adopt circular manufacturing technologies and utilize recycled materials. 3.Stay updated on market trends and customer demands to drive forward-looking technological development. 4.Implement quality management measures to enhance employee training and awareness regarding product and material quality.
		To comply with regulations set by the countries where our production plants are located regarding energy reduction and equipment energy efficiency, AcBel invests in energy-saving management measures. For example, we upgrade or replace outdated equipment that does not meet the new energy efficiency standards, which may result in increased operating costs.	Short-term (0-3 Years)			Increase in Operating Costs, Increase in Capital Expenditures	1. Continuously implement the "Energy-saving System for burn-in chamber" to effectively recover energy and reduce process energy consumption. 2.Fully adopt management systems such as ISO 50001 Energy Management System, ISO 14064 GHG Inventory, and ISO 14001 Environmental Management System. 3.Set "Energy Sustainability 2030" carbon reduction targets and incorporate them into the KPIs of each production site to drive various energy-saving initiatives. 4.Install renewable energy and smart monitoring systems in each plant to optimize energy utilization.
		Under China's carbon peak and carbon neutrality targets, the implementation of the "dual control of energy consumption" policy has been strengthened. Local governments have implemented power restriction policies, especially during high electricity demand in the summer, which can lead to power shortages. If a company fails to respond to the power restriction policy, it may result in production shutdowns, extended delivery lead times, increased operating costs, and reduced revenue.	Short-term (0-3 Years)	HQ in Taiwan and Production Plants in Tamsui, Wuhan, and Dongguan		Increase in Operating Costs, Increase in Capital Expenditures	1.Coordinate with suppliers to adjust order scheduling and ensure early delivery to maintain sufficient inventory during the period of power shortage. 2.Develop contingency energy plans, such as backup generators or renewable energy systems, to mitigate the impact of potential power restrictions. 3.Establish effective communication and coordination channels with local governments for managing power shortage schedules. This will help optimize production timing and prevent disruptions to manufacturing capacity and shipment timelines.
		The Taiwan Financial Supervisory Commission promotes the "Green Finance Action Plan 3.0" to continue to encourage enterprises to improve their carbon reduction performance through investment and financing funds. If AcBel fails to meet the sustainable finance assessment criteria set by banks, it may not be eligible for preferential interest rates. This could result in increased operating costs and, more significantly, hinder the company's ability to secure sufficient	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants		Increase in Operating Costs	1. Continuously monitor and allocate resources to implement climate transition plans in order to meet the sustainability criteria set by banks in sustainable finance assessments. 2.Engage third-party organizations to assist in the planning of climate-related reports, ensuring that the reports comprehensively cover the topics required by the banks and present tangible sustainability achievements. 3.Maintain effective communication and interaction with partner banks, actively following up on the review and assessment progress of the relevant reports.

Risk/Opportunity		Climate Risk/ Opportunity	Impact of issue	Impact Period of Time	Operations	Value Chain Impact	Financial Impact	Mitigation Measures
 <p>Transition Risk</p>	Technology	Cost of Low-Carbon Technology Transition (R7)	During the transition to a low-carbon economy, AcBel will need to invest in the development and application of various aspects, such as meeting customer demands for low-carbon products, increasing the use of renewable energy, enhancing energy storage technology capabilities, and improving process energy efficiency. These investments may entail costs for AcBel as it adapts its operations to incorporate these changes and advancements.	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants	AcBel's Own Operations	Increase in Operating Costs	<ol style="list-style-type: none"> The R&D center will continue to invest in R&D manpower to enhance technical expertise and capabilities in the field of low-carbon technology. Employee training and education will be provided to enhance knowledge and skills in low-carbon technologies and practices. Continuous collaboration with academic institutions will be fostered to leverage cutting-edge technologies from the academic community and incorporate them into the R&D and production of low-carbon products.
		Products and Services Being Replaced by Low-Carbon Technologies(R8)	If AcBel's R&D of technological innovation fails to keep up with market demand, resulting in its products being replaced by other energy-efficient, environmentally-friendly, or innovative products with higher market acceptance, it may affect the number of orders, market share, and ultimately revenue.		HQ in Taiwan and All Production Plants	AcBel's Own Operations	Decrease in Revenue	<ol style="list-style-type: none"> Research the feasibility of enhancing high-performance products, including product structure, materials, etc. Collaborate with educational institutions to research viable low-carbon technologies and develop feasible low-carbon products or services. Actively invest in the field of renewable energy generation, power generation, conversion, and storage. Expand product applications in the electric mobility and smart grid industry chains. Set the carbon emission reduction targets for product use in accordance with SBT.
	Market	Customer Behavior Changes(R9)	AcBel's main customers are primarily global consumer electronics brands. As awareness of climate change increases, it has driven customers to demand suppliers to adopt initiatives such as SBTs for carbon reduction and disclose sustainability information following the SASB standards. The company needs to invest additional resources in promoting and managing these requirements to ensure compliance with customer demands. Customers, driven by factors such as enhancing brand image and reputation, are gradually increasing their requirements for product energy efficiency, the use of renewable energy, and the adoption of environmentally friendly materials and packaging. To meet these demands, the company proactively conducts research and prepares for the corresponding technological requirements, which may involve additional expenses such as investment in related equipment, leading to increased operating costs. Failure to meet customer standards may also impact stakeholder investment willingness and pose the risk of order cancellations.		HQ in Taiwan and All Production Plants	Upstream Supply Chain, AcBel's Own Operations	Increase in Operating Costs, Increase in Capital Expenditures, Decrease in Revenue	<ol style="list-style-type: none"> Establish renewable energy usage and carbon reduction targets that align with customer requirements. Achieve a 100% utilization rate of green packaging materials. Implement reusable circulation boxes to reduce the use of traditional cardboard boxes. Continuously invest in research and development of high-performance green products. Introduce green circular manufacturing technologies, such as incorporating a certain percentage of post-consumer recycled (PCR) plastic in plastic casings. Collaborate with customers to incorporate various recycled materials into component usage, increasing the utilization of recycled materials. Stay informed about market trends and customer demands to drive proactive technological development.
		Rising Costs of Raw Material(R10)	Conformity to EU and national carbon reduction and energy efficiency policies, as well as supply chain decarbonization efforts, may impact AcBel's operations by increasing the production costs of materials. Additionally, climate-related disasters can lead to elevated transportation costs and a higher risk of supply chain disruptions.		All Production Plants	Upstream Supply Chain	Increase in Operational Costs	<ol style="list-style-type: none"> Compare the advantages and disadvantages of different suppliers to identify the most valuable recycling material suppliers. Update product pricing based on actual circumstances and establish a price adjustment mechanism to transparently pass on related costs.
 <p>Physical Risk</p>	Reputation	Consumer Preference Shift(R11)	As the awareness of climate change grows and the need to mitigate its impacts becomes a trend, customers may demand that their supply chains adhere to ESG-related indicators. There is also increasing external pressure for AcBel to disclose its GHG emissions or publish product carbon footprints. Failing to meet these demands and continuously improve ESG performance may have consequences such as damaging the company's reputation, losing customer orders, impacting investor willingness, and even leading to divestment or a decrease in stock price, all of which can affect the company's operations.	HQ in Taiwan and All Production Plants	Upstream Supply Chain, Customers	Increase in Operating Costs, Increase in Capital Expenditures, Decrease in Revenue	<ol style="list-style-type: none"> Regularly track and update relevant regulations from the European Union. Collaborate with customers and suppliers to proactively anticipate market or consumer demands and provide more competitive products. Establish effective communication channels with stakeholders, including customers, investors, regulatory bodies, and non-governmental organizations, and actively participate in industry and cross-industry initiatives and collaborations. 	
		Acute	Increase of Severity of Extreme Weather Events such as Typhoons and Floods(R12)	The increasing frequency and severity of extreme weather events such as typhoons and heavy rainfall pose risks to facilities and equipment. There is a possibility of factory flooding, damage to equipment and infrastructure due to strong winds and water, which can lead to increased maintenance costs or operational disruptions. As of 2022, there is no record of operational disruptions at AcBel's facilities due to extreme weather events. However, the company continues to invest in relevant disaster prevention equipment for its locations and strengthens its capacity for disaster response and management.	HQ in Taiwan and All Production Plants	AcBel's Own Operations	Increase in Operating Costs, Decrease in Revenue, Asset Loss	<ol style="list-style-type: none"> Continuously invest in disaster prevention equipment and maintain drainage systems. Establish emergency response standard operating procedures. Develop disaster prevention mechanisms and notification systems, establish a crisis management team, and enhance education and training for personnel in handling emergencies caused by disasters. Maintain regular communication with local governments to prioritize strengthening facilities for drainage and flood resistance of factories.
 <p>Physical Risk</p>	Chronic	Changes in Rainfall Patterns and Extreme Variability of Climate Patterns(R13)	Climate change has made the impact of extreme high temperature and dry weather more significant in summer, and the demand for electricity continues to rise. In 2022, the rainfall in Sichuan decreased, resulting in a continuous decline in hydroelectric power generation. If the company fails to respond to the power rationing policy, it will result in suspension of production, extended delivery time, increased operating costs and reduced revenue.	HQ in Taiwan and All Production Plants	AcBel's Own Operations	Increase in Operating Costs, Decrease in Revenue, Asset Loss	<ol style="list-style-type: none"> Install backup power generation equipment and invest in energy storage systems. Optimize production schedules and material management based on power rationing policies and energy supply conditions. Maintain close communication and collaboration with local government authorities to stay informed about power rationing policies, schedules, and energy supply information, in order to adjust production accordingly for optimal operations. 	

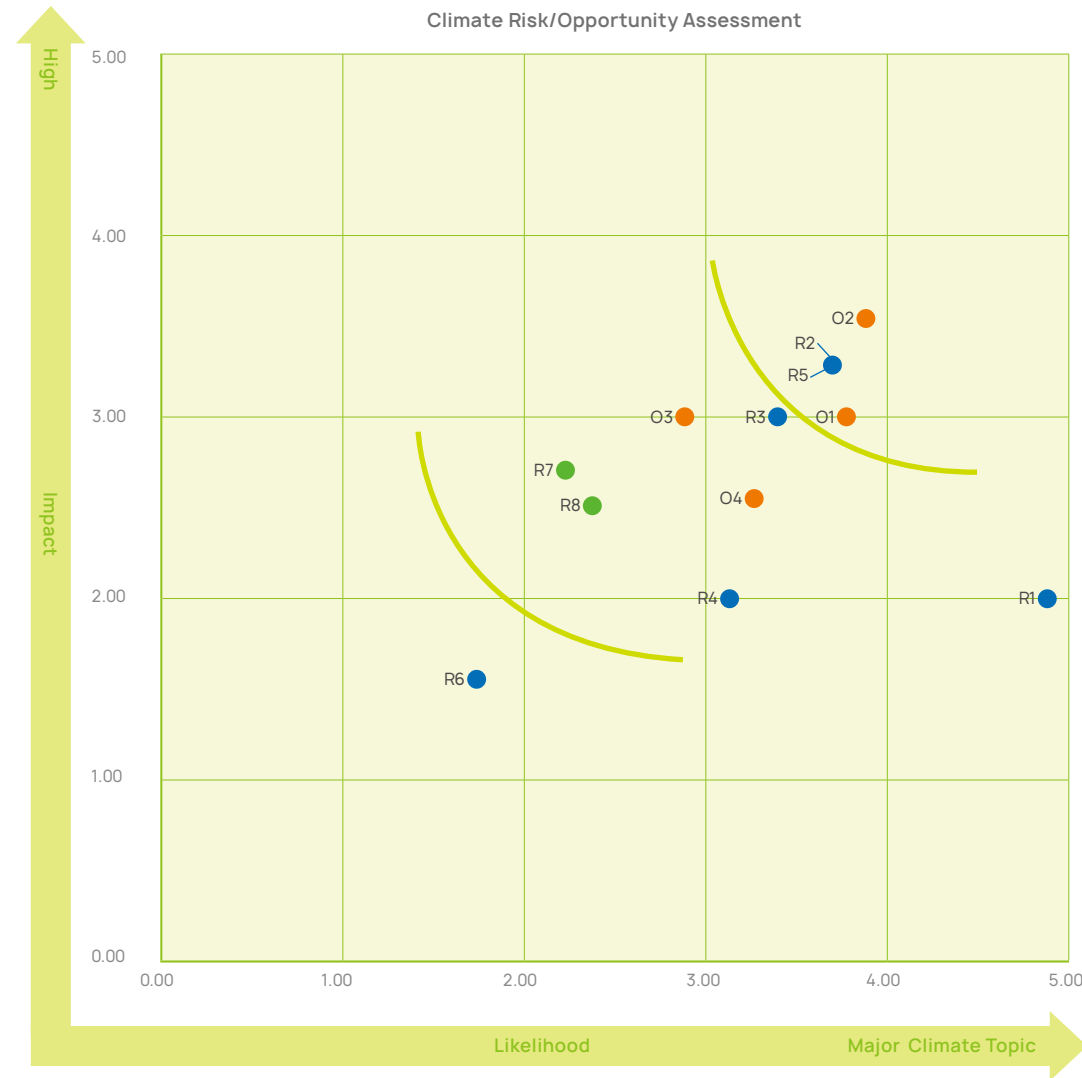
Risk/Opportunity	Climate Risk/ Opportunity	Impact of issue	Impact Period of Time	Operations	Value Chain Impact	Financial Impact	Mitigation Measures	
 Opportunity	Re-source Efficiency	Implementation of More Efficient Production and Distribution Processes(O1)	AcBel utilizes smart production monitoring facilities to enhance product quality, production efficiency, and the efficient use of energy resources, thereby reducing unnecessary waste of energy resources. The company integrates suppliers to increase the proportion of local procurement, reducing transportation costs. It also considers the shipping location within the product manufacturing facility, thereby reducing product shipping costs.	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants	AcBel's Own Operations	Decrease in Operating Costs, Increase in Revenues	1.Establish lean project promotion teams in each plant to optimize production processes. 2.Promote design standardization to facilitate the implementation of automation and continuous introduction of automated equipment in the production process. 3.Strengthen the use of environmentally friendly packaging materials and design for recycling in product packaging. 4.Enhance the power density of power products and reduce the use of components.
		O2 Recycle and Reuse(O2)	AcBel utilizes recyclable materials, implements waste reuse practices, and carries out effective waste resource classification, including plastic boxes, tin slag, and other materials. The Dongguan plant has already obtained the UL2799 Platinum certification. Through strengthening on-site and documentation management measures and collaborating with waste disposal vendors to comply with relevant management regulations. AcBel aims to reduce waste disposal costs and potentially generate additional revenue. By 2023, all factories will fully adopt UL 2799 standards.	Short-term (0-3 Years)	All Production Plants	AcBel's Own Operations	Decrease in Operating Costs, Increase in Asset	1.Evaluate and research the feasibility of incorporating a certain proportion of recycled materials into the product manufacturing process. 2.Strengthen collaboration with customers and supply chain partners to develop recycled components and promote their usage. 3.Continuously increase the procurement rate of environmentally friendly materials. 4.Enhance waste management measures, properly classify and recycle waste, and increase reuse while reducing landfill rate. 5.Maintain close collaboration with value chain partners to improve the recycling of packaging materials and pallets; expand the implementation of reusable transport boxes to enhance efficiency.
		Transition to More Energy-Efficient Buildings(O3)	For new factory constructions, adopting green building designs and smart building technologies can reduce energy and resource consumption, as well as pollution emissions. This not only helps lower operating costs but also increases asset value. In terms of existing facilities, AcBel has also implemented various improvements, such as investing in pollution control facilities, upgrading outdated electromechanical systems, and evaluating renewable energy facilities. These efforts aim to enhance energy efficiency in operations.	Medium-term (3-10 Years)	HQ in Taiwan and All Production Plants	AcBel's Own Operations	Decrease in Operating Costs	1.The new Tamsui factory complies with green building standards and incorporates comprehensive smart production systems, high-energy-efficient equipment, energy usage monitoring systems, and pollution prevention and control facilities. It also includes a solar power generation system. 2.AcBel continues to replace high-energy-consuming equipments and those with high global warming potential in the factories, aiming to improve energy efficiency and mitigate the potential for global warming.
	Energy Source	Participation in Carbon Trading Market(O4)	As the EU prepares to launch the Carbon Border Adjustment Mechanism (CBAM) and implement carbon taxes, Taiwan has established a carbon trading platform as a future trend. With its investment in renewable energy development, including being proactive in capturing opportunities in the long-term carbon trading market, AcBel is poised to gain a competitive advantage.	Medium-term (3-10 Years)	HQ in Taiwan	AcBel's Own Operations	Increase in Revenue	1.Continuously implement ISO systems, report regularly, and monitor GHG emissions to ensure data accuracy and transparency. 2.Stay updated on carbon trading market-related issues and engage in discussions with business units to assess business models and potential collaborations.
	Products/ Services	Development or Expanding of Low-Carbon Products and Services(O5)	In response to the growing trend of carbon reduction, AcBel has ventured into solar energy fields, developed energy storage system power auxiliary services, and entered the bioenergy business. These initiatives aim to address market and customer demands while increasing the company's revenue.	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants	Upstream Suppliers, Customers	Increase in Revenue, Enhancing Reputation and Image	1.Conduct R&D on differentiated products with unique features or high cost-effectiveness. 2.Stay updated on market trends and customer demands to proactively engage in technology development. 3.Align with international trends and government net-zero policies to expand the market for renewable energy services. 4.Actively assess the potential for diversifying renewable energy development through collaborations with other industries. 5.Maintain ongoing research collaborations with colleges and universities to strengthen the company's R&D capabilities.
		Research and Innovation in Developing New Products and Services(O6)	Due to increasingly stringent regional regulations on vehicle carbon emissions, the traditional automotive industry has faced technological bottlenecks and challenges in developing electric vehicles, creating opportunities for cross-industry collaborations. Currently, AcBel has invested in power products for electric vehicles, catering to market demand and increasing the company's revenue.	Short-term (0-3 Years)	HQ in Taiwan and All Production Plants	Customers	Increase in Revenue, Enhancing Reputation and Image	1.Stay updated on market trends and customer demands to drive proactive technological development. Simultaneously, implement patent applications to protect the company's R&D achievements. 2.Foster ongoing collaborations with colleges and universities and establish R&D centers to enhance the company's R&D capabilities. Strategically form alliances and partnerships to enter new markets.
		Diversification of Business Activities(O7)	AcBel is investing in the development of new markets such as solar power generation, energy storage, and electric vehicles. This strategy aims to reduce reliance on a single market and increase operational flexibility, emergency response capabilities and resilience. By diversifying into these new areas, AcBel aims to stabilize company operations and enhance profitability.	Medium-term (3-10 Years)	HQ in Taiwan and All Production Plants	Customers	Increase in Revenue, Enhancing Reputation and Image	1.Continuously assess market potential and regulations, and make rolling adjustments to the company's operational strategy. 2.Promote industry-academia collaboration and establish joint research centers dedicated to improving the performance of power products and conducting R&D of integrated systems for electric vehicles and green energy. 3.Evaluate the use of circular economy concepts to generate energy, such as biomass, and collaborate with different industries to develop new energy sources. Diversifying renewable energy development through collaborations with other industries. 4.Expand product offerings and market presence through acquisitions of complementary companies, with a focus on increasing niche market share and enhancing synergies

SINO's Climate-Related Risk and Opportunity Identification Results



Considering the different nature of AcBel and Shanghai Sino Hardware product manufacturing and their respective geographical locations, climate-related risks and opportunities are identified separately. In 2022, SINO identified two categories of highly significant impact topics from the assessment of 38 climate-related risks and opportunities, based on the evaluation of their likelihood and impact through the risk management process.

- ① Transition Risk - Other: Unstable Power Supply Due to Electricity Rationing Policies (R2), Customer Behavior Changes (R5)
- ② Opportunity - Adopting More Efficient Production and Distribution Processes (O1), Transition to Low-Carbon Energy Sources (O2)

SINO's Risk and Opportunity Matrix



- Transition Risk
 - R1 Carbon Pricing Mechanism
 - R2 Other: Unstable Power Supply Due to Electricity Rationing Policies
 - R3 Requirements and Regulations for Existing Products and Services
 - R4 Cost of Low-Carbon Technology Transition
 - R5 Customer Behavior Changes
 - R6 Increase of Concerns and Negative Feedback from Stakeholders
- Physical Risk
 - R7 Increase of Severity of Extreme Weather Events such as Typhoons and Floods
 - R8 Other: Drought
- Opportunity
 - O1 Implementation of More Efficient Production and Distribution Processes
 - O2 Use of Low-Carbon Energy
 - O3 Development or Expanding of Low-Carbon Products and Services
 - O4 Consumer Preference Shift

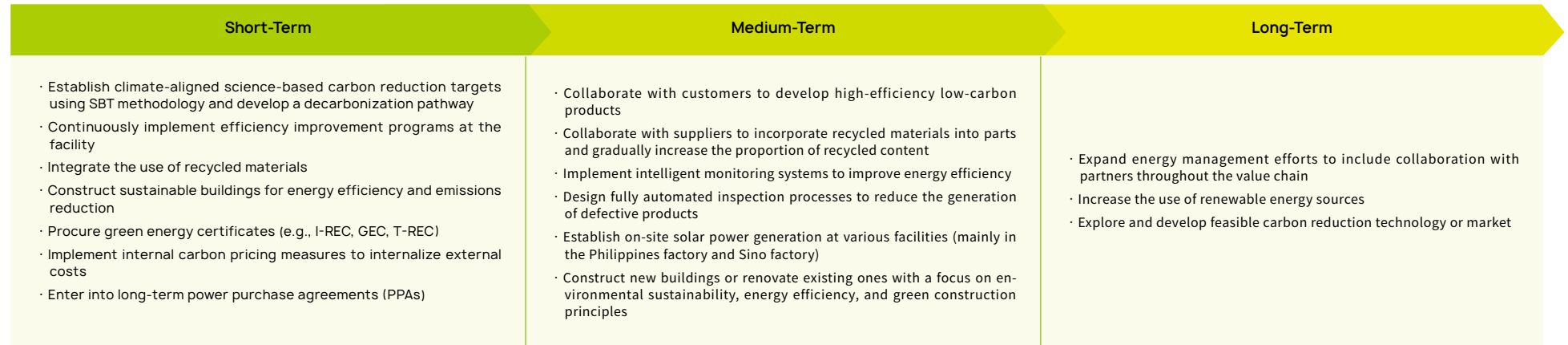
Risk/Opportunity	Climate Risk/ Opportunity	Impact of issue	Impact Period of Time	Operations	Value Chain Impact	Financial Impact	Mitigation Measures
 Transition Risk	Policy and Legal Other: Unstable Power Supply Due to Electricity Rationing Policies(R2)	1.China has set targets to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. This could lead to the implementation of "dual control" policies on energy consumption at Shanghai Sino Hardware's factories. As a result, there may be a risk of power restrictions or blackouts. During periods of high electricity demand, such as summer, there could be a strain on the power supply. If power restrictions occur and the company lacks self-generated electricity capacity, it may lead to delays in mold machining processes and increased production costs, ultimately resulting in a decline in revenue. 2.Wujiang factory has previously been affected by power restrictions, resulting in most of the supply chain being forced to halt operations. The plant has some self-generated power capacity, which has provided temporary relief from power restrictions. However, if power restrictions extend beyond a certain number of hours in the future, it may impact the factory's operations, requiring overtime work or even relocation of production. This could increase operational scheduling costs or lead to a decline in revenue.	Short-term (0-3 Years)	All Production Plants	Policy, Upstream Suppliers, SINO's Own Operations, Downstream Suppliers	Increase in Operating Costs, Increase of Capital Expenditures	1.To address power outages during peak electricity demand, corresponding measures will be developed, such as requesting external collaborating factories to provide data on equipment availability in advance for necessary adjustments. 2.In the case of outsourced mold processing, during the peak electricity demand period in summer, reasonable allocation will be made to different processing factories based on their effective operational capacity. Simultaneously, suppliers will be required to provide weekly reports on actual power outages and plans for comparison in order to proactively respond. 3. Promoting the establishment and utilization of renewable energy and energy storage resources.
	Technology Customer Behavior Changes(R5)	1.SINO's top five customers primarily consist of global consumer electronics brands. In recent years, there has been an increased awareness of climate change, leading to customers' demands for suppliers to adopt initiatives such as SBT and disclose SASB information. Meeting these sustainability requirements requires additional investment in promoting and managing sustainability practices to ensure compliance with customer demands. 2.As part of the low-carbon transition, the Notebook industry emphasizes product lightweight and slimness. This requires SINO to produce thinner stamping parts, reducing the use of raw materials and minimizing waste generation. As a result, there may be increased costs associated with mold development and production. The company also needs to continuously enhance its design and manufacturing technologies to meet the evolving demands of the NB industry.	Short-term (0-3 Years)	Wujiang Factory	Market Needs, Customers, Upstream Suppliers, Own Operations, Downstream Suppliers	Increase in Operating Costs, Increase of Capital Expenditures, Decrease of Business Revenue	1.Monitor the market and customer low-carbon requirements and regularly search for information to stay updated on the latest demands. 2.Maintain ongoing and two-way communication with customers regarding carbon reduction requirements, ensuring effective communication within the company and actively cooperating to achieve them. 3.Obtain ISO system certification and conduct regular annual audits to verify the operation of the system. 4.The Administration Department regularly conducts training on TFCD projects to enhance staff awareness of carbon reduction and develop and promote process energy-saving and emission-reduction projects. 5.With NB industry customers focusing on lightweight products, assess and implement the feasibility of mass production from the early development stage to the final specifications, taking into account the principles of circular economy and implementing corresponding controls.
 Opportunity	Resource Efficiency Implementation of More Efficient Production and Distribution Processes(O1)	1.Currently, the manufacturing facility has implemented automation equipment, and there are plans to further expand automation to achieve efficiency improvements and streamline manpower utilization in the future. 2.In the future, there are plans to integrate information regarding orders, incoming materials, and raw material usage to create production records and achieve true production automation and Internet of Things (IoT) applications.	Short-term (0-3 Years)	All Production Plants	SINO's Own Operations	Increase in Capital Expenditures, Decrease in Operating Costs, Increase in Revenue	1.To improve efficiency and reduce environmental impact during the production manufacturing process: a. Mold development, including continuous molds and engineering molds b. Evaluate the use of wash-free stamping processes for products with a single structure c. Plan the use of UV inkjet processes for product masking 2.To utilize data collection technology to effectively control energy consumption in automated equipment, and to improve production efficiency and to reduce energy consumption.
	Energy Source Use of Low-Carbon Energy(O2)	Wujiang factory plans to build a self-use solar power plant, gradually increasing the proportion of renewable energy usage to offset carbon emissions. This initiative can also attract more attention from investment institutions and attract additional funding. Global energy and electricity prices are trending upwards, and certain provinces in China have proposed raising electricity prices to increase the electricity costs for high-energy-consuming enterprises. Conversely, in recent years, the cost of generating electricity from renewable sources such as solar power has been continuously decreasing. With the ongoing improvement of renewable energy trading mechanisms, solar power generation is expected to have a cost advantage over traditional energy sources, thereby reducing the electricity costs for businesses.	Long-term (More than 10 Years)	Wujiang Factory	SINO's Own Operations	Increase in Capital Expenditures, Decrease in Operating Costs, Enhance Reputation and Image	1.Take inventory of the available roof area for solar panel installation within the factory premises and evaluate the cost of implementing solar power. Currently, the Wujiang factory is planning to install solar power generation facilities, with a projected timeline of implementation within the next 5 years. 2.Understand and gather information on the allocation of renewable energy usage quotas and the green energy certificate purchasing market in various provinces. Plan the implementation of carbon reduction strategies across different factory locations in a diversified manner.

Transitioning Towards Net-Zero

Conforming to the international initiative of SBTi (Science Based Targets initiative), AcBel sets the Net-Zero emissions target based on the 1.5°C scenario, as outlined in the Net-Zero Standard, for the company and its subsidiaries. The commitment to SBTi’s emissions reduction target setting was signed in 2021, followed by the submission of a carbon reduction pathway target review in 2022. In 2023, AcBel successfully passed the validation by SBTi for meeting the criteria of a science-based target.

AcBel has established short-term, medium-term, and long-term carbon reduction measures in accordance with the approved SBTi emissions reduction targets. These measures are aimed at progressively working towards the goal of achieving net-zero emissions by 2050.


Carbon Reduction Strategic Pathway



Value Chain Climate Transition Plan

Role of Value Chain	Upstream Suppliers	AcBel’s Own Operations	Downstream Customers
Initiatives	<ul style="list-style-type: none"> · Continuously assess climate-related risks and opportunities · Conduct a GHG inventory across the supply chain to accurately measure and track carbon emissions · Integrate the recycled materials into the sourcing of materials 	<ul style="list-style-type: none"> · Implement energy-saving and carbon reduction projects · Construct or renovate green buildings with a focus on environmental protection, energy efficiency, and sustainability · Integrate intelligent monitoring systems into production processes · Increase the utilization of renewable energy sources 	<ul style="list-style-type: none"> · Acquire international power supply company to expedite the transition to low-carbon technologies and expand the product portfolio · Collaborate with customers to design, develop, and utilize recycled components based on the concept of a circular economy · Actively invest in the renewable energy and electric vehicle sectors to enhance customer solutions for clean and efficient energy

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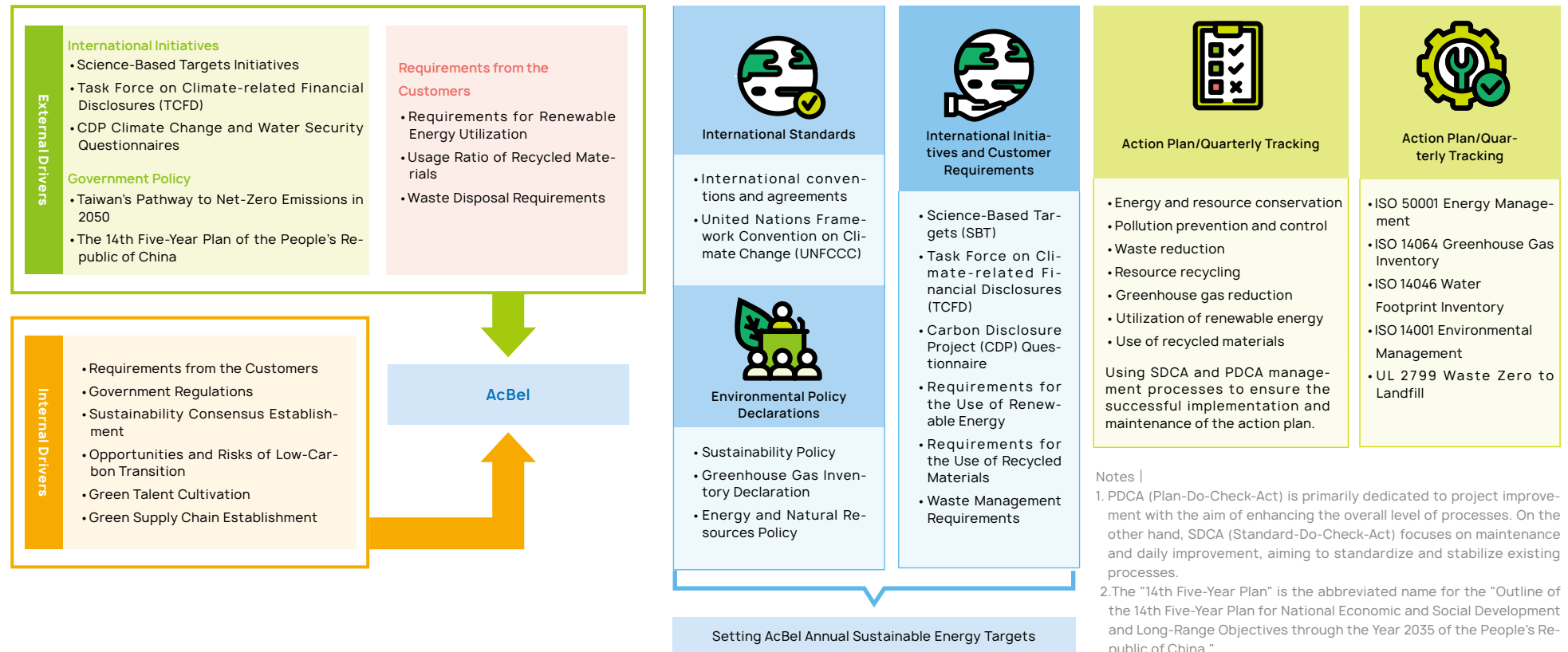
4.2 Environmental Sustainability Management

Environmental Management Strategy

In the operational processes of a company, the use of energy and resources, as well as the generation of waste, can have certain impacts on the environment. AcBel explicitly incorporates net-zero emissions, energy conservation and carbon reduction, and environmental sustainability into its environmental management strategy. Internal management procedures are established, and GHG and waste reduction targets are set to minimize the environmental impact.

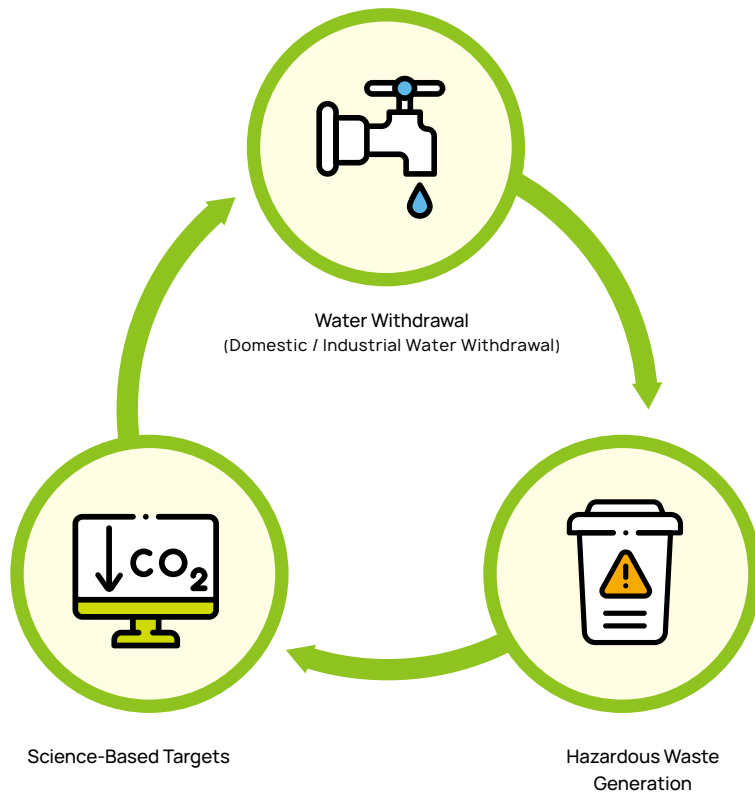
AcBel considers external drivers such as "international trends" and "government regulations" in alignment with its operational context. The company's environmental management is primarily divided into two main themes: "Energy and Resource Management" and "Waste Management." Energy and resource management primarily focus on electricity and water usage and reduction. Waste management primarily deals with business and general waste management. The implementation of ISO systems and verification ensures the effective execution of various initiatives. Additionally, starting from 2022, customer requirements related to renewable energy and recycled materials are also incorporated into the environmental management considerations.

Environmental Management Strategy and Process


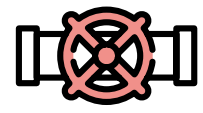




Energy Sustainability Goals

For the three indicators of "Reducing Energy Consumption," "Domestic Water Usage," and "Hazardous Waste Generation," AcBel has set its "Energy Sustainability Goals" for the target year of 2030 based on the base year of 2021. In alignment with the SBT pathway, the reduction in GHG emissions serves as the basis for the energy consumption reduction. Each factory uses the "Energy Sustainability Goals" as the target basis for achieving reductions.




"Energy Sustainability 2030" Goals

Target Year	2030	
Baseline Year	2021	
Scope	AcBel (Taiwan HQ building, Tamsui Factory, Dongguan Factory, Wuhan Factory and Philippines Factory)	Shanghai Sino Hardware (Wujiang Factory, Tongliang Factory and Kanghua Factory)
Goal	 <u>Domestic Water Withdrawal</u> Achieving a 35% Reduction in withdrawal Compared to the Baseline Year	 <u>Domestic/Industrial Water Withdrawal</u> Achieving a 10% Reduction in Water Intensity Compared to the Baseline Year
	 <u>Hazardous Waste Generation</u> Achieving a 50% Reduction in Intensity Compared to the Baseline Year	 <u>Hazardous Waste Generation</u> Achieving a 30% Reduction in Intensity Compared to the Baseline Year
	<u>SBT</u> <ol style="list-style-type: none"> 1. Reducing absolute Scope 1 and Scope 2 GHG emissions 45.0% by 2030 from a 2021 base year. 2. Reducing scope 3 GHG emissions covering purchased goods and services and use of sold products 51.7% per million NTD value added within the same time frame. 	

Notes |

1. Due to the different products and processes of AcBel and Shanghai Sino Hardware, AcBel only has domestic water consumption, while Sino has both domestic and industrial water consumption. Therefore, separate water reduction targets are set for each plant.
2. The scope of SBT includes AcBel's Taiwan headquarters building, Tamsui Factory, Dongguan Factory, Wuhan Factory, Philippines Factory, Shanghai Sino Wujiang Factory, and Tongliang Factory.

Annual Goals for Energy and Resource Consumption Management

Scope	Factory	Item	2020 Outcome	2021 Outcome	2022 Outcome	2022 Target Achievement	2023 Target
 Energy Sustainability	Tamsui Factory	Energy Consumption Reduction	A reduction of 4.89% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.	A reduction of 15.44% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.	A reduction of 32.59% in GHG emissions compared to the previous year.	Target Met	10% reduction in electricity intensity per unit of output compared to 2022.
	Dong-guan Factory		A reduction of 18.39% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.	1. In 2020, the China factories were affected by the pandemic, resulting in a relatively slower production capacity and lower energy consumption. 2. In 2021, due to increased production capacity and the introduction of new products and equipment, energy usage increased, leading to the failure to achieve the annual GHG reduction target.	A reduction of 24.09% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.		10% decrease in energy intensity compared to 2022.
	Wuhan Factory		A reduction of 10.50% in GHG emissions from Scope 1 and Scope 2 compared to the previous year		A reduction of 42.24% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.		1% reduction in electricity consumption compared to 2022.
	Philippines Factory		Due to increased production capacity, GHG increased by 312.91 tons compared to the previous year.	A reduction of 6.41% in GHG emissions compared to the previous year.	5% reduction in electricity consumption compared to the year 2020.		
	Wujiang Factory		-	Due to a 3.5% increase in production volume and the addition of 1,500 m2 of production area, the annual GHG reduction target was not	A reduction of 39.97% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.		Average annual reduction of 10% in electricity consumption for workshop lighting and equipment losses.
	Tong-liang Factory		-	Due to a 39.95% increase in production volume compared to the previous year, the annual GHG reduction target was not achieved.	A reduction of 40.41% in GHG emissions compared to the previous year.		-

Scope	Factory	Item	2020 Outcome	2021 Outcome	2022 Outcome	2022 Target Achievement	2023 Target
 Resource Conservation	Tamsui Factory	Water Consumption Reduction	-	Due to the continuous increase in water demand from the new plant construction, coupled with the simultaneous increase in production capacity and staff numbers, the annual reduction target was not achieved.	A reduction of 41.35% in water consumption compared to the previous year.	Target Met	-
	Dongguan Factory		A reduction of 48.70% compared to the year 2019.	A 12.25% decrease in water consumption compared to the year 2020.	A reduction of 30.45% in water consumption compared to the previous year.		2% reduction in water consumption compared to the year 2020.
	Wuhan Factory		-	1. In 2020, the factory was affected by the pandemic, resulting in a relatively slower production capacity and lower water usage. 2. In 2021, due to increased production capacity and a severe water leakage incident at the Wuhan Water Company, the annual reduction target was not achieved.	A reduction of 30.03% in water consumption compared to the previous year.		A reduction of 2% in water consumption compared to the year 2022.
	Wujiang Factory		-	Due to a 3.5% increase in production volume and the addition of 1,500 m2 of production area, the annual GHG reduction target was not achieved.	A reduction of 39.97% in GHG emissions from Scope 1 and Scope 2 compared to the previous year.		Reducing the total volume of wastewater from the cleaning line to 10,000 tons.
	Tongliang Factory		-	Due to a 39.95% increase in production volume compared to the previous year, the annual GHG reduction target was not achieved.	A reduction of 40.41% in GHG emissions compared to the previous year.		Reducing the total volume of wastewater from the cleaning line to 40,000 tons.
	Kanghua Factory		-	-	An increase of 22.37% in wastewater emissions compared to the previous year		Reducing the wastewater from the cleaning line by 13% to a total volume of 6,000 tons.
 Environmental Protection	Tamsui Factory	Waste Reduction	-	A reduction of 7.71 tons (-19.66%) in hazardous waste compared to the previous year.	The total amount of hazardous waste has decreased by 10.86 tons (-34.45%) compared to 2021, achieving the goal of a 1% reduction in intensity.	Target Met	Decreasing the intensity of hazardous waste by 1% compared to 2022.
	Wuhan Factory		-	Hazardous waste has been reduced by 30% compared to the previous year.	Hazardous waste has been reduced by 24.45% compared to 2021.		Reducing the hazardous waste by 1% compared to the year 2022.
	Philippines Factory		-	-	Hazardous waste has been reduced by 30.26% compared to the previous year.		<ul style="list-style-type: none"> · UL 2799 diversion rate reaches 90%. · Reducing general waste by 5% compared to 2022.

Notes |

1. Due to different operational conditions and resource usage among factories, different "energy management goals" have been established as the primary objectives for reduction management, and the PDCA cycle is implemented to achieve these goals.

2. "-" indicates that the target for this item was not set for the current year. Dongguan factory, Philippines factory, and 3 factories of Sino have not yet established specific goals for reducing hazardous waste, but they still adhere to daily management practices related to waste management.

4.3 Energy Management and GHG Emissions

Material Topics

- Energy Management
- GHG Emissions

Limiting global warming to within 1.5°C and achieving "net-zero emissions" by 2050 has become a mainstream consensus. In response to the global climate governance trend, countries and regions around the world have set their own net-zero targets for 2050. In the face of this challenge, companies cannot remain indifferent. Therefore, in addition to environmental aspects, AcBel's carbon reduction goals have expanded to include product and service offerings as well as energy transition, aiming to build a climate-resilient enterprise.

The Importance of Material Topics and Impact Boundary

AcBel and Shanghai Sino Hardware primarily produce power supplies and hardware components, with electricity being the main source of energy used in the manufacturing processes, which is also the primary contributor to GHG emissions. Improving the energy efficiency of power products can significantly reduce GHG emissions during the product's lifecycle, particularly during the usage phase. Externally, the company utilizes high-energy, low-carbon product research, manufacturing, and renewable energy services to meet government regulations and customers' decarbonization goals. Internally, AcBel and SINO set carbon reduction targets and implement energy management and GHG reduction initiatives to minimize the negative environmental impacts of their operations.

Management Approach and Goals

AcBel aligns itself with the international goal of "limiting global warming to 1.5°C" by setting Science-Based Targets. These targets are established to meet stakeholders' expectations and demands for achieving net-zero emissions. The company has developed the "Energy and Natural Resources Policy" and "Greenhouse Gas Inventory Declaration" as the guiding principles, and has formulated short, medium, and long-term energy management goals and plans. AcBel, as a group, has set GHG reduction targets across various scopes, extending to each factory. This demonstrates the company's commitment to proactive carbon reduction and ensures the achievement of the net-zero emissions goal by 2050.

Under the SBT framework, AcBel ensures the accuracy of its greenhouse gas emissions information by implementing the ISO 14064-1 standard for GHG inventory and the ISO 14046 standard for water footprint inventory across its operational sites. This enables the quantification, monitoring, reporting, and verification of data using consistent standards. Based on the inventory results, AcBel conducts emission hotspot analysis to identify areas with significant emissions. This analysis serves as the basis for implementing reduction plans in various factories, including initiatives to improve energy efficiency, usage, and consumption, as well as the increased utilization of renewable energy. These measures aim to enhance the achievement of the company's resource reduction targets.

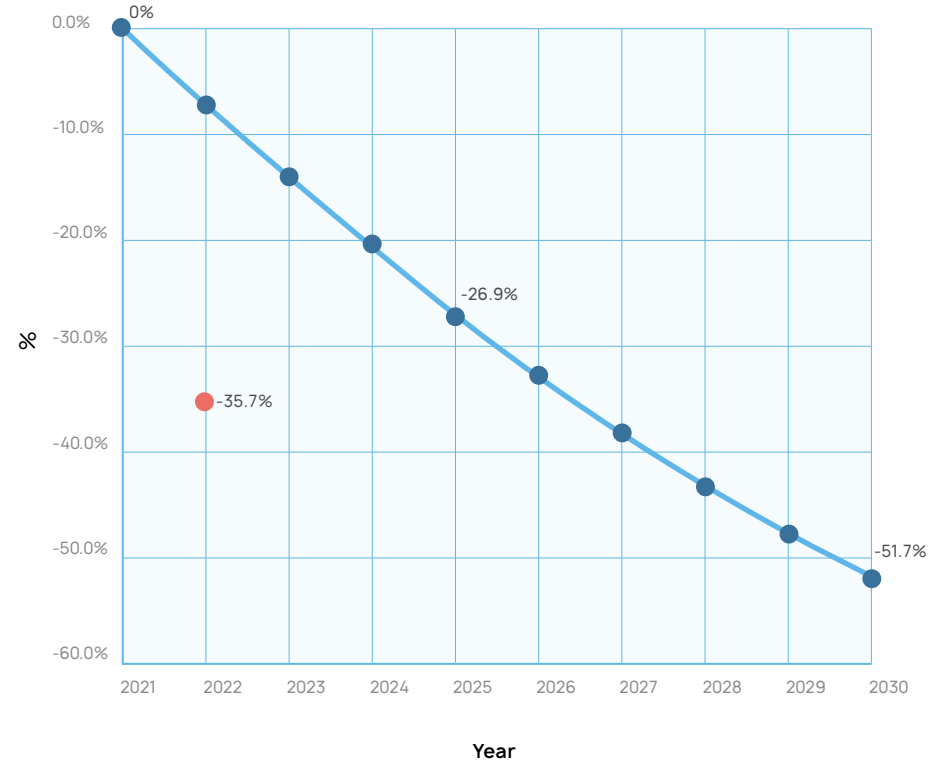
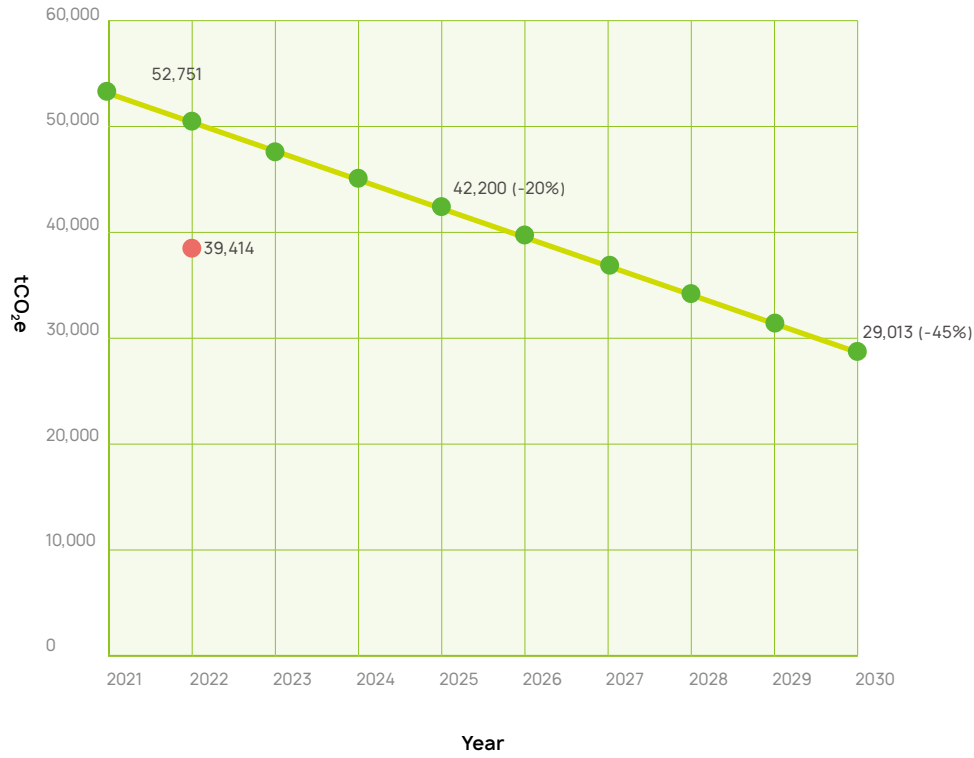
AcBel's Science-Based Targets

Boundary: AcBel – HQ Building, Tamsui Factory, Dongguan Factory, Wuhan Factory and Philippines Factory Shanghai Sino Hardware – Wujiang Factory, Tongliang Factory		
Target: Scope 1 and 2 Scenario: 1.5°C	Absolute Target: Reduce absolute Scope 1 and Scope 2 GHG emissions 45.0% by 2030 from a 2021 base year.	AcBel declares to set an absolute reduction target of 5% annually, aiming to surpass our industry peers and lead in emissions reduction efforts.
Target: Scope 3 Scenario: Well-below 2°C	Intensity Target: Reduce Scope 3 GHG emissions from "Use of sold product" and "Purchased goods and services" 51.7% per million NTD revenue within the same time frame, equivalent to 25.0% in absolute emissions.	Calculating based on a Year-over-Year (YoY) revenue growth rate of 5%

Information on the Scope and Category of GHG

Scope	Category	Remarks
Scope 1: Direct Emissions	Category 1: Direct GHG emissions and removals	Combustion of fossil fuels in stationary or mobile sources, emissions from industrial processes, waste management activities, or emissions from septic tanks.
Scope 2: Indirect Emissions	Category 2: Indirect GHG emissions from imported energy	Generation or production of energy by external sources that are used by the organization, such as electricity, steam or heat
Scope 3: Other Indirect Emissions	Category 3: Indirect GHG emissions from transportation	Upstream and downstream distribution, employee commuting, business travel, customer visits, and other transportation-related activities
	Category 4: Indirect GHG emissions from products used by an organization	Emissions occur during the life cycle of the products or services
	Category 5: Indirect GHG emissions associated with the use of products from the organization	Emissions that result from the use of products manufactured by the organization

SBT Pathway



Scope 1+2 Absolute Emissions Reduction Pathway

Scope 3 Intensity Reduction Pathway



● Absolute Reduction Pathway for Scope 1+2 Emissions ● Actual Emissions (market-based)

● Scope 3 Intensity Reduction Pathway ● Actual Emissions

SBT Progress

2030 Target	<ol style="list-style-type: none"> The absolute emissions from Scope 1 and Scope 2 in 2030 will be reduced by 45% compared to the baseline year of 2021. The emission intensity (tons per million revenue) from Scope 3 for the procurement of goods and services and the use of sold products will be reduced by 51.7% in 2030 compared to the baseline year of 2021.
2022 Outcome	<p>Achieving SBT Interim Annual Targets:</p> <ol style="list-style-type: none"> The absolute emissions from Scope 1 and Scope 2 were reduced by 20.1% (location-based), 25.3% (market-based) compared to the baseline year of 2021. The emission intensity from Scope 3 for the procurement of goods and services and the use of sold products were reduced by 35.7% compared to the baseline year of 2021.
2023 Target	<ol style="list-style-type: none"> The absolute emissions from Scope 1 and Scope 2 will be reduced by at least 10% compared to the baseline year of 2021. The emission intensity from Scope 3 for the procurement of goods and services and the use of sold products will be reduced by at least 14.3% compared to the baseline year of 2021.

Based on the annual GHG inventory, purchased electricity accounted for more than 97% of the total emissions in scope 1 and 2 in 2022. Therefore, AcBel focuses on the monthly reporting of energy resource usage at each production facility and develops energy-saving initiatives related to equipment replacement and optimization to address this significant carbon footprint.

Project	Item	Manufacturing Site	Remarks	Amount of Electricity Saved
 Equipment Replacement	Chiller Replacement	China	Replacing one air conditioning chiller unit results in an energy consumption reduction of approximately 20%.	65,850
	Air Compressor Replacement		Replacing two air compressors results in an energy consumption reduction of approximately 20%.	281,695
	Air Compressor Efficiency Improvement		Replacing one fixed-frequency air compressor with a variable-frequency unit of Level 1 energy efficiency can achieve an energy saving rate of 28.57%.	59,480
 Management Optimization	Tin Furnace Equipment Control	China	Implementing flexible on-off schedules for the 21 production line soldering furnaces, allowing for centralized product manufacturing, can result in an annual electricity reduction of 0.67%.	73,440
	Control and Management of the Temperature and Usage Time of Central Air Conditioning		<ol style="list-style-type: none"> Implementing an early start to employee working hours and utilizing natural ventilation to delay the activation of central air conditioning, along with an early shutdown at the end of the workday, while maintaining adequate insulation to sustain indoor temperatures. This measure can result in an annual electricity reduction of 0.28%. Adjusting the temperature of the air conditioning chillers by increasing it by 1 degree, thereby reducing energy consumption. This can lead to an annual electricity reduction of 0.49%. 	84,160
	Control and Regulation of the Operating Temperature of the Chiller Unit	Taiwan	Effectively control the operation of the chiller plant, in coordination with outdoor temperature variations, to optimize the operation of the chilled water system and reduce energy consumption of the cooling water pumps.	79,600

Note | AcBel responded to the Science Based Targets initiative (SBTi) in 2021 and made a carbon reduction commitment. In June 2023, the company successfully passed a target validation review by SBTi.

The calculated energy savings from the above measures, implemented from the month of completion until the end of the year, account for approximately 1.99% of the overall electricity consumption in the operating plants. This translates to a reduction of approximately 362.5 metric tons of carbon emissions, representing approximately 1.1% of AcBel's Scope 2 carbon emissions across its five operational sites.

Energy Consumption Analysis

Based on the analysis of energy usage and GHG inventory, purchased electricity accounts for the majority of energy consumption, representing approximately 97.82% of the total energy usage. Natural gas is the second-largest energy source, accounting for 1.09%. To mitigate the environmental impact associated with electricity consumption, priority will be given to improving energy efficiency and increasing the utilization of renewable energy sources. The focus will be on enhancing energy efficiency measures and adopting renewable energy solutions to reduce the overall environmental footprint caused by electricity usage.

Energy Usage in 2022

Facility Category	Unit	HQ	Tamsui Factory	Dongguan Factory	Wuhan Factory	Philippines Factory	Wujiang Factory	Tongliang Factory	Kanghua Factory	Proportion of each energy type in total energy consumption
Purchased Electricity	MWh	3,252.24	12,534.40	21,412.23	10,975.11	9,499.21	9,561.32	2,376.90	806.96	97.82%
Gigajoule	GJ	11,707.93	45,123.37	77,084.03	39,510.41	34,197.17	34,420.74	8,556.83	2,905.04	
Natural Gas	m3	0	0	0	36,131	0	32,028	4,094	0	1.09%
Gigajoule	GJ	0	0	0	1,408.09	0	1,248.18	159.55	0	
Diesel	L	802.41	3,524.70	0	51.50	11,743.28	3,262.30	5,213.55	0	0.35%
Gigajoule	GJ	28.21	123.94	0	1.81	435.56	114.94	183.68	0	
Gasoline	L	1,153.92	509.05	37,492.55	1,527.26	0	15,565.34	5,109.23	1.15	0.74%
Gigajoule	GJ	37.68	16.62	1,172.20	47.75	0	486.65	159.74	0.04	
Total Consumption	GJ	11,773.82	45,263.90	78,256.23	40,968.06	34,650.73	36,270.51	9,059.80	2,905.08	100%
Energy Intensity	Tons per million revenue	8.94					27.97			-

Notes |

1. The total energy consumption is 259,148.13 GJ.

2. 100% of the electricity used is sourced from external purchases.

3. In 2022, a total of 4,005 MWh of renewable energy was used, accounting for approximately 5.69% of the total electricity consumption. Of this, 5 MWh of renewable energy was sourced domestically, while 4,000 MWh was sourced from overseas.

Type	Unit	Heating Value(kcal)	2020	2021	2022
Diesel	L	8,400	142	142	802.41
Gasoline	L	7,800	-	-	1,153.92
Purchased Electricity	MWh	860,000	1,118.09	3,239.52	3,252.24
Total Consumption	GJ	/	4,030.11	11,667.14	11,773.82
Change compared to the previous year	%		-	+189.50%	+0.91%

Note | In 2022, there was a slight increase in overall energy consumption due to the resumption of personnel and goods exchange between the HQ and the Tamsui factory, resulting in an increased usage of company vehicles.

Tamsui Factory

Type	Unit	Heating Value(kcal)	2020	2021	2022
Diesel	L	8,400	7,030.62	6,919.83	3,524.70
Gasoline	L	7,800	2,551.92	1,700	509.05
Purchased Electricity	MWh	860,000	11,086	9,404.80	12,534.40
Total Consumption	GJ	/	40,239.69	34,155.73	45,263.90
Change compared to the previous year	%		+1.76%	-15.12%	+32.52%
Energy Intensity (Including HQ Building)	GJ/ Million Revenue		12.33	11.45	12.33

In 2022, the total energy consumption at the Tamsui factory increased by 32.52% due to the completion and use of the smart factory, leading to a significant increase in purchased electricity. As a result, the energy intensity returned to the level of 2020.

Type	Unit	Heating Value(kcal)	2020	2021	2022
Diesel	L	10,200 (kcal/kg)	10,000	9,306	0
Gasoline	L	10,300 (kcal/kg)	35,978.61	33,686.31	37,492.55
Purchased Electricity	MWh	860,000	20,133.34	20,193.49	21,412.23
Total Consumption	GJ	/	73,955.34	74,077.63	78,256.23
Change compared to the previous year	%		-14.54%	+0.07%	+5.64%
Energy Intensity	GJ/Million Revenue		12.39	12.29	9.40

Wuhan Factory

Type	Unit	Heating Value(kcal)	2020	2021	2022
Natural Gas	m3	9,310	52,565.67	41,230	36,131
Liquefied Petroleum Gas (LPG)	kg	12,000	190	215	0
Diesel	L	10,200 (kcal/kg)	171.61	51.5	51.5
Gasoline	L	10,300 (kcal/kg)	2,741.14	1,741.06	1,527.26
Purchased Electricity	MWh	860,000	10,297.50	12,833.62	10,975.11
Total Consumption	GJ	/	39,220.74	47,874.89	40,968.06
Change compared to the previous year	%		-7.84%	+22.07%	-14.43%
Energy Intensity	GJ/Million Revenue		6.83	7.01	5.56

The overall energy consumption of the plants in China in 2022 varied due to changes in product types and production volumes. However, through equipment replacement to improve energy efficiency, the unit energy intensity showed a decreasing trend.

Philippines Factory

Type	Unit	Heating Value(kcal)	2020	2021	2022
Diesel	L	38,623.20	12,991.34	11,263.55	11,743.28
Gasoline	L	35,404.60	501.92	0	0
Purchased Electricity	MWh	3,600,000	6,906.91	7,949.20	9,499.21
Total Consumption	GJ		25,384.41	29,052.15	34,650.73
Change compared to the previous year	%	/	+4.73%	+14.45%	+19.27%
Energy Intensity	GJ/Million Revenue		9.45	11.20	10.57

In the Philippines factory in 2022, the overall energy consumption increased by 19.27% due to capacity expansion and a significant increase in purchased electricity. However, through the implementation of relevant efficiency improvement projects, the unit energy intensity decreased compared to the previous year.

Wujiang Factory

Type	Unit	Heating Value(kcal)	2020	2021	2022
Natural Gas	m ³	9,310	31,206	31,545	32,028
Diesel	L	10,200 (kcal/kg)	5,660.30	5,572.30	3,262.30
Gasoline	L	10,300 (kcal/kg)	23,052.40	24,708.27	15,565.34
Purchased Electricity	MWh	3,600,000	10,102.01	11,521.22	9,561.32
Total Consumption	GJ		38,502.39	43,674.58	36,270.51
Change compared to the previous year	%	/	-	+13.43%	-16.95%

Note |

Heating value data sources: Taiwan - Energy Bureau, Ministry of Economic Affairs, "Heat Content of Energy Products"; China - R.C.P., for 2021-2022, adopt of the "General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)"; for 2019-2020, adopt the GB/T 2589-2008 version; Philippines - Department of Energy Philippines, "GENERAL INSTRUCTIONS & Energy Consumption Report."

Tongliang Factory

Type	Unit	Heating Value(kcal)	2020	2021	2022
Natural Gas	m ³	9,310	4,724	5,143	4,094
Diesel	L	10,200 (kcal/kg)	6,487.50	7,178.88	5,213.55
Gasoline	L	10,300 (kcal/kg)	10,773.50	8,780.74	5,109.23
Purchased Electricity	MWh	3,600,000	2,189.44	2,874.01	2,376.90
Total Consumption	GJ		8,630.78	11,074.31	9,059.80
Change compared to the previous year	%	/	-	+28.31%	-18.19%

In 2022, Wujiang and Tongliang factories reduced their energy consumption in 2022 due to process optimization and promotion, and the overall total consumption decreased compared with 2021.

Kanghua Factory

Type	Unit	Heating Value(kcal)	2022
Gasoline	L	10,300 (kcal/kg)	1.15
Purchased Electricity	MWh	3,600,000	806.96
Total Consumption	GJ	/	2,905.08

Kanghua factory is included in the disclosure scope of the report for the first time, and therefore only the data for 2022 is disclosed. In the future, AcBel will continue to track and disclose the energy usage status, with the aim of optimizing energy consumption.

Energy Intensity of Shanghai Sino Hardware

Unit	2020	2021	2022
GJ / NTD Million of Revenue	17.86	22.32	27.97

Although the total energy consumption of Wujiang and Tongliang plants in 2022 has decreased compared to the previous year, the energy intensity of 3 factories of Shanghai Sino Hardware still shows a gradual increase. We will address this by focusing on design and development improvements, process optimization, and the development of high-value products to reduce the energy intensity.

Over 99% of AcBel's GHG emissions are attributed to CO₂, primarily from electricity use, product procurement, transportation, and product use. The remaining emissions consist of a small portion of methane (CH₄) generated by human activities and hydrofluorocarbons (HFCs) emitted from air conditioning refrigerants.

Proportion of GHG Emissions by Type

Types of Greenhouse Gases	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Total
Proportion of Total Emissions	2022	99.92%	0.05%	0%	0.03%	0%	100%
	2021	99.93%	0.05%	0%	0.02%	0%	100%
	2020	99.91%	0.06%	0%	0.03%	0%	100%

Note | The GHG types include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). CO₂ emissions primarily originate from Scope 2 electricity use and Scope 3 product procurement, transportation, and use.

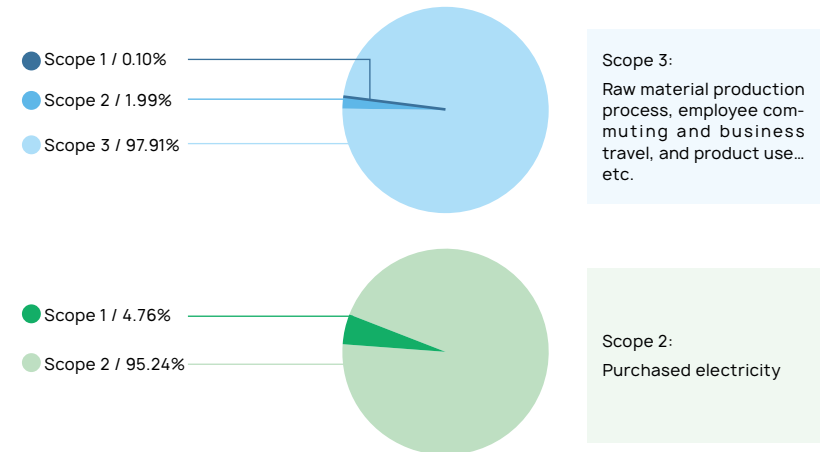
In 2022, the GHG emissions, when combined for Scope 1 and Scope 2, accounted for 4.76% and 95.24% respectively. This is mainly due to the significant reliance on purchased electricity for operational needs. AcBel's primary carbon reduction strategy involves increasing the use of renewable electricity and reducing reliance on purchased electricity.

When considering the combined emissions from Scope 1, Scope 2, and Scope 3, they account for 0.10%, 1.99%, and 97.91% respectively. The main sources of carbon emissions in Scope 3 include upstream material production, employee commuting, business travel, and product usage. The company focuses on collaborating across the entire value chain and implementing two primary carbon reduction strategies: incorporating low-carbon recycled materials and improving the efficiency of electrical products.

Greenhouse Gas Emissions

Unit: t-CO₂e

Year	Site	Scope 1	Scope 2 Location-based	Scope 2 Market-based	Scope 3	Total	Change compared to the previous year	Intensity (CO ₂ e per million revenue)
2022	AcBel	1,745.02	33,271.24	-	1,991,884.70	Location-based: 2,026,900.96	-23.35%	81.30
			-	30,561.796		Market-based: 2,024,191.52		
	SINO	302.17	7,706.14	-	23,793.22	31,801.52		
2021	AcBel	1,765.70	38,949.15	-	2,606,095.92	2,646,810.77	+46.60%	122.60
			SINO	441.81	11,593.87	-		
2020	AcBel	1,614.75	36,079.24	-	1,759,880.13	1,797,574.13	-	87.31
			SINO	402.25	9,881.87	-		



- Notes |
- The boundary of AcBel covers the HQ building and Tamsui Plant in Taiwan, as well as the Dongguan Plant and Wuhan Plant in China, and Philippines Plant. Shanghai Sino Hardware, a subsidiary of AcBel, covers the Wujiang Plant, Tongliang Plant, and Kanghua Plant in Chongqing. Scope 3 emissions had been monitored since 2020, hence the presentation of data for the past three years. The change of GHG annual data and intensity are calculated by market-based emissions for the year 2022.
 - The GHG inventory follows ISO 14064-1:2018, and the emission factors for the 2022 data are sourced from the original coefficients published in the IPCC 2006 report. The emission factors for gasoline, diesel, and natural gas are based on the "GHG Emission Factor Management Table Version 6.0.4" issued by the Environmental Protection Administration of Taiwan. For the China Plant, the emission factors are calculated by multiplying the original IPCC coefficients from the "GHG Emission Factor Management Table Version 6.0.4" by the fuel calorific value announced in the "General rules for calculation of the comprehensive energy consumption" (2020 version). The Global Warming Potential (GWP) values used are based on the latest assessment report (AR6) from IPCC in 2021.
 - 2022 electricity carbon emission factor: for locations in Taiwan, we adopt the latest 2021 electricity emissions coefficient of 0.509 kgCO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs. China plants adopt the 2022 average national grid emission factor 0.5703 tCO₂e/MWh. The Philippines plant adopts the 2015-2017 National Grid Emission Factor 0.7122 tCO₂/MWh announced by the Department of Energy.
 - The GHG emissions data is reported and recorded in accordance with the "Measures for the Management of Greenhouse Gas Emission Amount Verification and Registration" by the Environmental Protection Administration of the Executive Yuan. The data is regularly submitted through online registration and declaration processes.
 - The symbol "-" represents "not applicable."
 - The GHG emissions are independently verified by SGS Taiwan Ltd. in accordance with the ISO 14064-1:2018 standard.
 - The emission factor for Scope 2 indirect emissions can be categorized into market-based and location-based approaches. Market-based: It is based on the GHG emissions associated with the purchased electricity, calculated using emission factors specified in contractual agreements. Location-based: It is based on average emission factors of energy production in specific geographic regions. The factors can be specific to a national level (e.g., Taiwan Power Company's emission factor and the emission factor in Philippines).
 - Please refer to page 147 for the GHG emissions data of each site over the past three years.

In 2022, the overall carbon emissions from Scope 3 decreased by 23.45% compared to the previous year. Among the Scope 3 emission categories, employee travel, downstream transportation and distribution, and capital goods showed positive increases. However, when analyzing the specific carbon emission sources in Scope 3 for 2022, the procurement of goods and services accounted for 42.37%, and the use of sold products accounted for 53.96%, totaling 96.33% of Scope 3 emissions. To address this, AcBel will strengthen supply chain management and improve the efficiency of energy products as the primary carbon reduction strategies.

Scope 3 GHG Emissions

Unit: t-CO₂e


ISO 14064-1:2018 Category	Classification	2020	2021	2022	Difference between 2022 and 2021
Indirect GHG emissions from transportation	Upstream Transportation and Distribution	818.574	1,182.937	981.27	-17.05%
	Business Travel	123.413	16.241	5,220.78	+32045.69%
	Employee Commuting	2,007.446	2,218.705	1,731.03	-21.98%
	Downstream Transportation and Distribution	29,601.261	11,385.268	16,336.44	+43.49%
Indirect GHG emissions from products used by organization	Purchased Goods and Services	838,654.721	1,099,430.401	854,012.49	-22.32%
	Capital Goods	0.765	5.038	18.40	+265.18%
	Waste Generated from Operations	2,753.813	3,172.959	2,898.24	-8.66%
	Fuel- and Energy-Related Activities	-	-	6,654.53	-
Indirect GHG emissions associated with the use of products from the organization	Use of Sold Products	908,995.023	1,514,262.183	1,087,618.15	-28.18%
	End-of-Life Treatment of Sold Products	1,097.584	1,387.026	716.89	-48.31%
	Investments	-	-	39,489.69	-
	Total	1,784,052.60	2,633,060.76	2,015,677.91	-23.45%

Notes |

1.Scope 3 Category such as "Upstream Leased Assets," "Processing of Sold Product," "Downstream Leased Assets," "Franchises," etc., have been assessed according to the significance screening criteria of ISO 14064 standard. It has been determined that these items have a relatively minor impact on AcBel and are not considered significant or applicable to be included in the emissions inventory scope.


2.Starting from 2022, the Scope 3 has been expanded to include the inventory of "Fuel- and Energy-related Activities" and "Investments" as new items.

To achieve the SBT of AcBel and meet the requirements for using renewable energy in various customer product processes, the company implemented a diversified strategy in 2022. This included promoting energy-saving schemes in the manufacturing facilities, purchasing Renewable Energy Certificates, and signing Power Purchase Agreements (PPAs) for the procurement of green energy. These initiatives were undertaken to achieve the annual carbon reduction targets.




On-site solar power generation in the manufacturing site

- Tamsui Factory has achieved an annual electricity generation of 90,000 kWh with an installed capacity of 99 kWp.
- The Philippines Factory is planning for an annual electricity generation of 1,500,000 kWh with an installed capacity of 1,158 kWp. It is expected to be completed in the fourth quarter of 2023.
- Wujiang Factory is planning for an annual electricity generation of 2,200,000 kWh with an installed capacity of 2,028 kWp. The project is scheduled to commence in 2024.



Purchase of Renewable Energy Certificates (RECs) or Green Energy Certificates

- 5 T-RECs (5,000 kWh) for the Tamsui Factory
- 1,000 (1,000,000 kWh) GEC (Green Power Certificate) for the Dongguan Factory
- 3,000 (3,000,000 kWh) I-REC (International Renewable Energy Certificate) for the Philippines Factory
- In 2023, the company plans to purchase 10,200,000 kWh of electricity, accounting for 13% of the company's total electricity consumption.
- In 2024, the company plans to purchase 21,500,000 kWh of electricity, accounting for 26% of the company's total electricity consumption.



Power Purchase Agreement (PPA)

- For the 20-year term of the Power Purchase Agreement (PPA) at the Tamsui Factory, the minimum annual supply of electricity through the PPA is set at 500,000 kilowatt-hours (kWh)



In the future, the company will continue to develop and implement various strategies and initiatives in line with the set SBTs to ensure the achievement of the carbon reduction pathway towards the 2030 targets. The ultimate goal is to work towards achieving global net-zero emissions by 2050.

4.4 Water Resources Management

The company utilizes the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to assess water-related risks and develop adaptation strategies to mitigate operational risks. In addition, AcBel has implemented ISO 14046 for organizational water footprint inventory. This allows for an assessment of water usage at the factory level and enables the development of water conservation strategies. By incorporating this verification process, the company ensures the accuracy of disclosed information regarding water resources.

AcBel primarily focuses on the manufacturing of electrical products, with the main process being the assembly of electronic components. As such, the company does not have significant water usage for industrial purposes. However, Shanghai Sino Hardware, a subsidiary of AcBel, produces stamping products and utilizes process water for metal surface treatment. To address water conservation, AcBel implements employee education programs to raise awareness and promote water-saving practices. Water conservation goals are integrated into the "Energy Sustainability 2030" initiative. The company also introduces water-saving technologies to reduce water consumption and closely monitors water quality. Efforts are made to minimize environmental impact while ensuring compliance with regulations.

In order to protect the safety and health of employees, each of AcBel's operating bases has included "providing 100% of employees with fully functional and safely managed water, sanitation and personal hygiene facilities (WASH)" as a management goal in accordance with international requirements. In 2022, 100% AcBel employees use safely managed drinking water services, and it has been extended to suppliers. At the same time, suppliers are audited to ensure compliance with safe management of washing and sanitation services and wastewater management to prevent water pollution.

 <p>Water Conservation</p>	<ul style="list-style-type: none"> Continuous upgrading of outdated water-consuming equipment and pipelines <p>Through monthly monitoring and analysis of water consumption, anomalies are identified and addressed by replacing or troubleshooting equipment. Such as: replacing water-saving devices, performing maintenance on chiller units to improve efficiency and reduce water usage.</p>
	<ul style="list-style-type: none"> Enhancing water resource recycling <p>(1) Recycling of wastewater from RO water treatment systems, and it will be introduced into the chiller units. (2) Setting up rainwater harvesting facilities for the purpose of irrigating plants within the factory premises.</p>
 <p>Wastewater Treatment and Monitoring</p>	<ul style="list-style-type: none"> Optimizing production facilities <p>Adding an automatic control system to the existing cleaning process, implementing timed and metered water supply to maximize water efficiency.</p>
	<ul style="list-style-type: none"> Separation pipelines for rainwater and wastewater <p>AcBel prevents the contamination of wastewater and rainwater through the installation of rainwater and wastewater separation facilities which connect eventually to the sewage system of local government at the production base.</p>
	<ul style="list-style-type: none"> Regular inspections of the drainage outlets <p>A dedicated unit has been established to regularly sample the water at the drainage outlets in the factory area to ensure that the water quality of all wastewater discharges comply with environmental regulations.</p>
	<ul style="list-style-type: none"> Process Integration <p>To enhance the efficiency and mitigate risks associated with wastewater treatment, the metal surface treatment process for hardware products is integrated within the same manufacturing facility. This integration aims to reduce the potential risks related to wastewater, such as accidental discharge or failure to meet regulatory standards.</p>

Note | In 2022, wastewater discharges from all facilities were in full compliance with local environmental regulations, and there were no incidents or violations related to wastewater treatment or environmental laws.

Considering the differences in products and processes across various manufacturing facilities, a comparable basis for water conservation performance is established by using water withdrawal and water intensity as key metrics. In 2022, both AcBel and SINO had an overall reduction in water consumption by approximately 30%. However, when analyzing water intensity, AcBel achieved a 50% reduction, while SINO maintained the same level. The significant reduction in water withdrawal by AcBel can be attributed to the effective implementation of various water-saving measures at Tamsui smart factory which played a crucial role in optimizing water usage. AcBel aims to introduce additional water optimization initiatives to further enhance the efficient utilization of water resources.

Water Withdrawal

Unit: Water Withdrawal (million liters), Water Intensity (million liters/million dollars)

Year	2020		2021		2022	
	Water Withdrawal	Water Withdrawal Intensity	Water Withdrawal	Water Withdrawal Intensity	Water Withdrawal	Water Withdrawal Intensity
Headquarters	7.81	0.02	11.65	0.02	10.79	0.01
Tamsui Factory	64.50		68.86		36.43	
Dongguan Factory	194.21		170.41		118.53	
Wuhan Factory	117.08		170.28		119.15	
Philippines Factory	32.38		35.48		50.92	
Wujiang Factory			418.12	0.19	281.84	0.19
Tongliang Factory			73.27		34.23	
Kanghua Factory			-		6.89	
Total	415.98		948.08		658.77	

Notes | 1. Wujiang and Tongliang Factories have been implementing ISO 14046 water footprint inventory since 2021, while Kanghua Factory started in 2022.
2. "-" indicates not applicable.

"Energy Sustainability 2030" Achievements

Reduction Item	Goal	2022	2023
Water Resource Withdrawal	AcBel By 2030, the combined use of domestic water for daily living purposes is projected to decrease by 35% compared to the baseline year of 2021.	AcBel The domestic water withdrawal decreased by 26.47% compared to the baseline year of 2021.	AcBel The domestic water withdrawal is projected to decrease by 8% compared to the baseline year of 2021.
	SINO By 2030, the water intensity is expected to decrease by 10% compared to the baseline year of 2021.	SINO The water intensity decreased by 6.55% compared to the baseline year of 2021.	SINO The water intensity is projected to decrease by 2.5% compared to the baseline year of 2021.

In 2022, AcBel successfully achieved its water conservation goals through various water-saving measures. Furthermore, the company has formulated water conservation targets for each plant in 2023 to ensure the optimization of water usage.

4.5 Waste Management

Material Topic

Waste

The Importance of Material Topic and Impact Boundary

Following international standards and local environmental regulations, AcBel adopts a circular economy model throughout the stages of product design, manufacturing, use, and end-of-life, with the aim of reducing waste generation and proper waste management. In addition, AcBel strives to minimize resource consumption and minimize its environmental impact.

Management Approach and Goals

The main types of waste generated by AcBel processes include general waste, industrial waste, and hazardous waste. These can be further classified into categories such as household waste, metal waste, plastic waste, PCB boards, activated carbon, and cleaning agents. AcBel emphasizes proper waste sorting, recycling, and reuse practices to increase waste diversion rates and promote sustainable waste management.

AcBel has dedicated units at each operational site responsible for waste, air emissions, wastewater monitoring and management. With the goal of "Energy Sustainability 2030," AcBel implements waste reduction programs to achieve a waste diversion rate of at least 80% or higher, in compliance with the UL 2799 Zero Waste to Landfill validation standard. AcBel contracts with qualified and legally compliant waste management companies for waste collection and disposal. Through regular on-site audits, AcBel strictly supervises the flow and disposal methods of waste, ensuring that the final waste treatment process maximizes resource or energy recovery, ultimately achieving the goal of zero waste to landfill.

Implementation of Management Systems

AcBel has established the "Environmental, Health and Safety Declaration" and "EHS Policy" as the highest guiding principles for waste management at each operational site. It has also developed the standard operating procedure "Waste Management Operations Procedure" to ensure effective management and waste reduction. Additionally, AcBel has implemented the ISO 14001 Environmental Management System and obtained the UL 2799 Zero Waste to Landfill certification to ensure compliance and achieve waste reduction targets.

1 Reduction	Source Reduction <ul style="list-style-type: none"> · Circular Design for Minimizing Raw Material Consumption · Using Recyclable Containers for Transportation in Each Process · Recycling of Components and Product Packaging 	
2 Management	Waste Classification <ul style="list-style-type: none"> · Business Waste (including Chemical Waste) · General Waste · Wastewater Discharge · Air Emissions 	Management Standards <ul style="list-style-type: none"> · International Management Standards → ISO 14001 Environmental Management System → UL 2799 Zero Waste to Landfill · Government Regulatory Compliance → Waste Disposal Act · Customer Guidelines Requirement → Purchase Contract · Company Procedures → Waste Management Operation Procedure
	Responsibility and Supervision of Authority <ul style="list-style-type: none"> · Designated department and personnel in charge · Regular inspections to monitor and verify emissions and discharges complied with regulatory requirements and identify any potential issues or deviations · Qualified waste treatment providers for proper waste handling and disposal · Regular audits of treatment providers to assess the capabilities and qualifications · Third-party audit and validation · Customer evaluations and inspections related to waste management practices · Transparent disclosure of information 	
3 Tracking	Tracking Reduction Achievements - "Energy Sustainability 2030" Goals <ul style="list-style-type: none"> · General, Business, and Hazardous Waste · Domestic & Industrial Wastewater · Air Emissions 	

"Energy Sustainability 2030" Achievements

Reduction Item	Goal	2022	2023
Reduction on Hazardous Waste	AcBel By 2030, the intensity of hazardous waste generation is targeted to decrease by 50% compared to the baseline year of 2021.	AcBel The intensity of hazardous waste generation decreased by 42.54% compared to the baseline year of 2021.	AcBel The intensity of hazardous waste generation is projected to decrease by at least 11% compared to the baseline year of 2021.
	SINO By 2030, the intensity of hazardous waste generation is targeted to decrease by 30% compared to the baseline year of 2021.	SINO The intensity of hazardous waste generation increased by 22.55% compared to the baseline year of 2021.	SINO The intensity of hazardous waste generation is projected to decrease by at least 7% compared to the baseline year of 2021.

AcBel has implemented various waste reduction initiatives through employee education and training, waste classification, and process improvements. These include replacing paper boxes with reusable plastic crates, reusing metal scraps, and reducing plastic waste. In 2022, the per capita generation of household waste remained stable, but the total waste volume decreased by 31.17% compared to the previous year. Moreover, the intensity of waste and hazardous waste generation decreased by 40.44% and 38.74% respectively.

AcBel and SINO primarily generate hazardous waste in the form of waste fluids from soldering agents and cleaning agents. AcBel achieved a 42.54% reduction in the intensity of hazardous waste generation compared to the previous year. On the other hand, SINO experienced a significant increase of 22.55% due to changes in product processes. We will focus on optimizing raw materials and processes to reduce the intensity of hazardous waste generation.

Total Waste Quantity

Unit: Ton

Item/ Year	2020	2021	2022	Change in percentage between 2021 and 2022
General Waste	638.67	995.45	939.49	-5.62%
Hazardous Waste	75.11	156.25	110.58	-29.23%
Business Waste	1,231.53	4,597.72	2,907.37	-36.76%
Total Waste Quantity	1,945.31	5,749.41	3,957.43	-31.17%
General Waste Generation Per Capita	0.10	0.13	0.13	0.00%
Waste Intensity (ton/million dollars)	0.11	0.26	0.16	-40.44%
Hazardous Waste Intensity (ton/100 million)	0.36	0.71	0.44	-38.74%
Hazardous Waste Intensity - AcBel (ton/100 million)	0.41	0.75	0.43	-42.54%
Hazardous Waste Intensity - SINO (ton/100 million)	-	0.41	0.51	+22.55%

Notes |

- The waste quantity in Taiwan, Dongguan Factory, and the Philippines Factory is measured based on actual weighing, while the estimated weight of general and business waste in other Chinese plants is based on the number of transportation trips. Starting from 2023, the Tamsui, Wuhan, and Philippines factories will implement UL2799, enabling the use of actual weighing statistics in the future.
- Starting from 2022, the waste data includes the subsidiary Chongqing Kanghua Factory. The overall decrease in waste quantity is mainly attributed to the impact of the pandemic, which resulted in reduced operating hours.
- AcBel has never experienced any incidents of hazardous waste leakage.

Waste Disposal Methods in 2022

Location	General Waste	Business Waste	Hazardous Waste
Taiwan	100% Incineration	34% Incineration (as fuel) 66% Recycle	7% High-Temperature Smelting 93% Auxiliary Fuel
Dongguan Factory	46% Incineration (with Energy Recovery) 54% Recycle	1% Incineration (with Energy Recovery) 99% Recycle	99% Incineration (with Energy Recovery) 1% Storage
Wuhan Factory	100% Incineration	100% Recycle	100% Incineration
Philippines Factory	100% Landfill	100% Recycle	73% Recycle 27% Chemical Decomposition
Wujiang Factory	100% Incineration	100% Recycle	100% Incineration
Wujiang Factory	100% Landfill	100% Recycle	100% Storage
Kanghua Factory	100% Landfill	-	92.25% Recycle 7.75% Storage

Item	Recycle	Incineration	Landfill	Other
Hazardous Waste (Ton)	55.53	11.21 (without Energy Recovery)	N/A	Temperature Melting: 1.40 Auxiliary fuel: 19.27 Storage: 0.69 Chemical Decomposition: 19.54
		2.94 (with Energy Recovery)		
Non-Hazardous Waste (on)	2,969.15	296.07 (without Energy Recovery)	118.35	N/A
		463.29 (with Energy Recovery)		

Notes |

- In 2022, no incidents of harmful waste leakage or pollution occurred in any of the factory areas.
- The handling of hazardous waste follows regulations: Taiwan - "Standards for Defining Hazardous Industrial Waste" and "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste"; China Factory - "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"; Philippines Factory - "Ecological Solid Waste Management Act of 2000" and "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990."
- Starting from 2023, all major operating sites of AcBel will implement the validation of UL2799 Zero Waste to Landfill, aiming to achieve a 100% waste diversion rate, including the platinum level of 10% waste-to-energy incineration recovery.

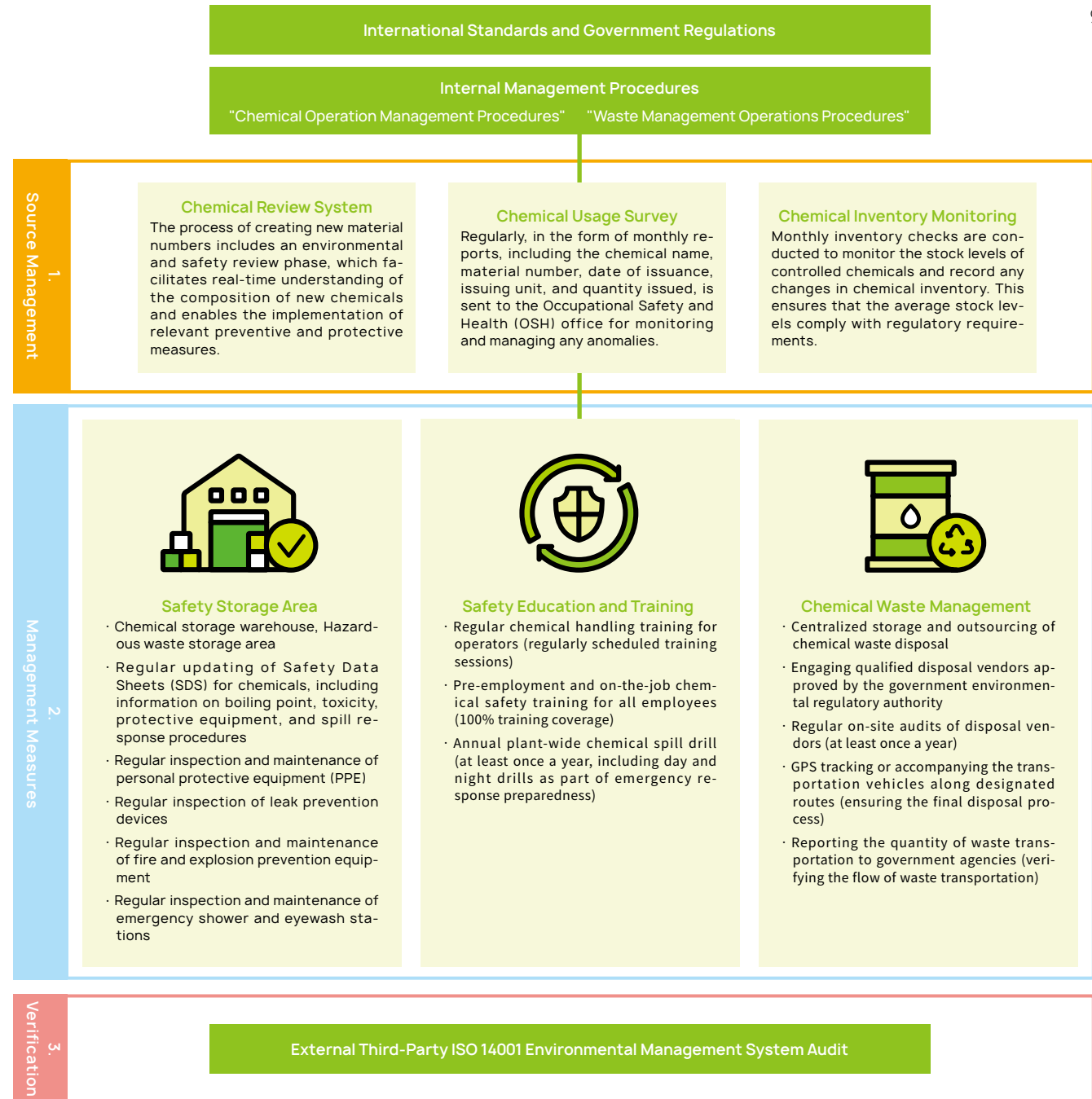
4.6 Chemical Management

The main chemical used by AcBel are soldering flux and cleaning agents, such as the 5252 Cleaner. We prioritize the procurement of chemicals that comply with the EU REACH regulation, aiming to minimize the environmental and human health impacts associated with these substances.

Each production site has established occupational safety and health units, following the "Chemical Operation Management Procedures" for chemical management. Operators are required to possess appropriate certifications and wear protective equipment to the provision of secure storage spaces for chemicals, as well as proper disposal and recycling of waste liquids, measures are in place to ensure the safe use of chemicals.

In 2022, two day-night emergency response drills were conducted at each operational base, covering scenarios such as fire, water damage, and chemical leaks. These drills involved initiating notifications, leak containment, evacuation guidance, safety protection, and first aid response by the self-defense firefighting teams. The purpose was to enhance teamwork among the disaster response teams, strengthen their ability to handle emergencies, and identify and improve any deficiencies in the emergency response plans.

Since the establishment until 2022, no significant chemical or hazardous waste leakage or contamination incidents have occurred at any of the operational bases, resulting in fines from local governments or causing property or personnel losses for the company.



05

Sharing Partnership

AcBel is committed to building a resilient value chain. We collaborate with our value chain partners to jointly assess potential ESG risks and identify optimal solutions, including improving energy efficiency, implementing energy-saving and carbon reduction measures, safeguarding labor rights, and ensuring environmental sustainability. We aim to create shared value while enhancing overall environmental, social, and economic benefits.

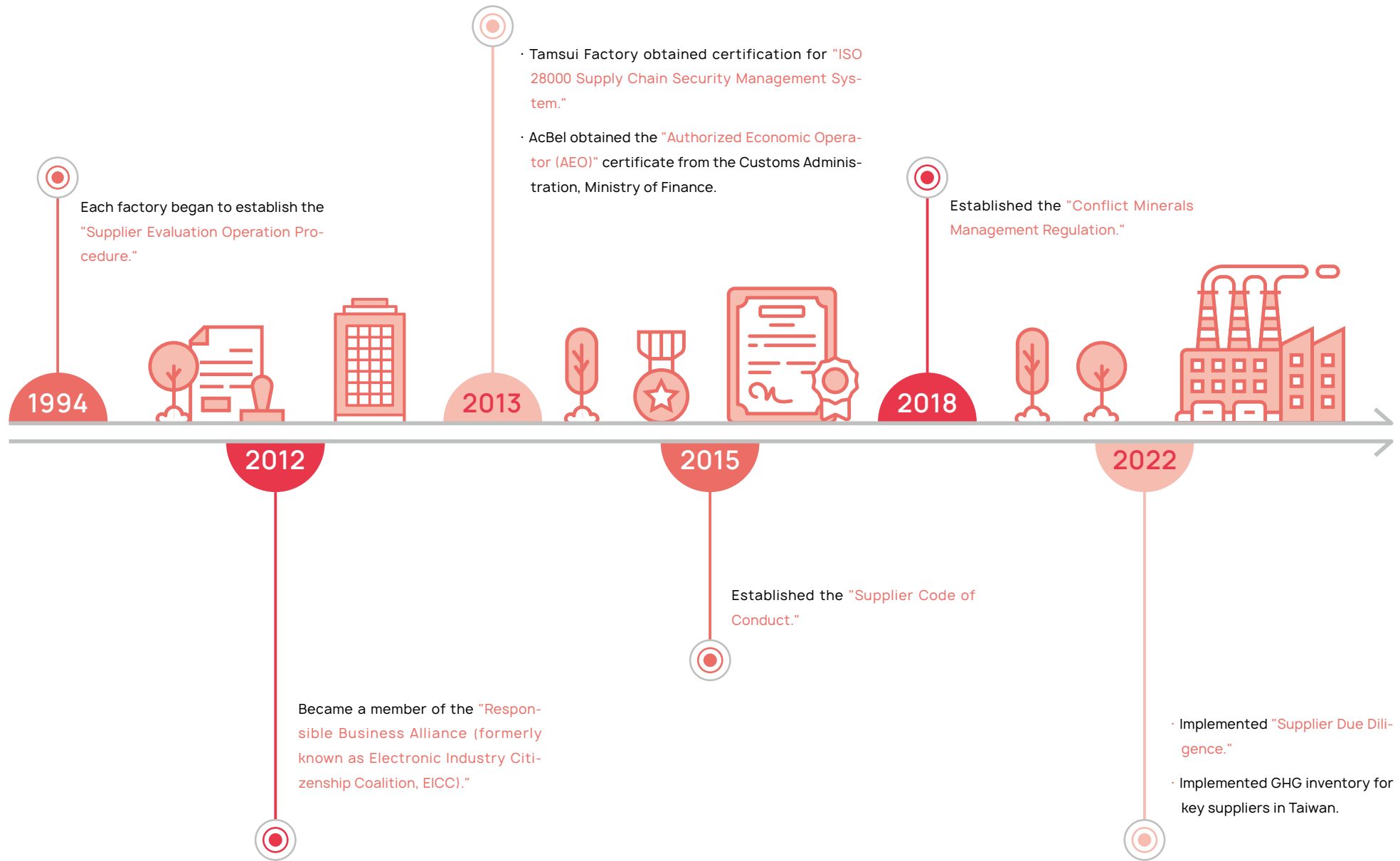


5.1 Customer Communication	93
5.2 Sustainable Supply Chain Management	95
5.3 Responsible Procurement	98

Highlights

- In response to the low yield rate of suppliers' processes, guidance and process monitoring were implemented, resulting in an increase in the yield rate from a minimum of 56% to 91%.

Climate Governance Milestones



The sustainable value chain concept of AcBel combines economic growth, environmental protection, and social responsibility. Through collaboration and innovation with customers and suppliers, AcBel is committed to achieving ESG sustainable development goals in areas such as technological innovation, quality assurance, environmental protection, smart manufacturing, human rights protection, low-carbon environmental protection, and health and safety. This commitment aims to create shared value and benefits.

Sustainable Value Chain Concept of AcBel



5.1 Customer Communication

AcBel considers meeting customer requirements as its core value. By understanding customer needs and providing efficient and energy-saving products that meet market demands, the company engages in two-way communication with customers to adjust its products and services in a timely manner, aligning with their sustainability needs. This approach helps establish long-term partnerships and customer trust, while enhancing the company's competitiveness and brand image.

Management Meeting

The Quarterly Business Review (QBR) conducted on a monthly and quarterly basis is an important activity for AcBel to engage in regular review and communication with its customers. Through these meetings, various aspects of customer suggestions and feedback are collected, including social and environmental responsibility, risk management, product quality, technical support, lead time, pricing, and industry analysis.

AcBel responds to customer suggestions by proposing corresponding process adjustments, design optimizations, and improvements in technical support. Improvement plans are developed and relevant measures are continuously tracked to ensure that customer suggestions are addressed and ongoing improvements are implemented.

Customer-Supplier Meetings

AcBel actively participates in customer-organized supplier meetings or training courses to understand their requirements and expectations regarding RBA regulations, human rights, carbon reduction targets, renewable energy use, recycled materials use, hazardous chemical management, and conflict minerals. AcBel proactively develops response plans in advance to enhance the company's performance in sustainability goals.



Content:Social and Environmental Responsibility, Risk Management, Product Quality, Technical Support, Lead Time and Pricing, as well as Industry Analysis

Objective:Customer Evaluation of AcBel



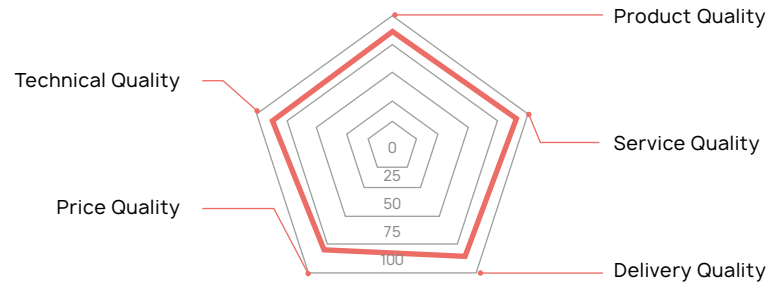
Content:RBA Regulations, Human Rights Issues, Carbon Reduction Goals, Use of Renewable Energy, Use of Recycled Materials, Hazardous Chemical Management, and Conflict Minerals Management

Objective:Customer Requirements and Expectations

Customer Satisfaction Survey

To understand the satisfaction of our customers regarding the quality of products and services provided by AcBel, we regularly conduct customer satisfaction surveys among our key customers. The feedback received from these surveys serves as a crucial reference for continuous improvement of our products and services, ensuring that our customers receive high-quality offerings. It also helps us foster long-term collaborative relationships with our customers.

Customer Satisfaction Survey Results



Customer Satisfaction Survey

Item Year	Product Quality	Service Quality	Delivery Quality	Price Quality	Price Quality	Overall Satisfactory
2022	88	96	86	84	87	88
2021	84	93	86	80	86	85.8
2020	88	95	82	80	82	85.4

2022	Item Factory	Product Quality	Service Quality	Delivery Quality	Technical Competence	Urgent Order Processing	Overall Satisfactory
	Wujiang Factory	10	9	9	9	9	9
	Tongliang Factory	10	10	9.25	9.25	8.75	9.5
	Kanghua Factor	10	10	10	10	10	10

Notes |

- 1.AcBel's customer satisfaction is primarily measured through a comprehensive satisfaction survey conducted at the headquarters. The satisfaction level is calculated using percentile ranking.
- 2.SINO started disclosing customer satisfaction surveys from 2022, and each plant conducts its own surveys. The satisfaction level is calculated using decile ranking.

Over the past three years, customer satisfaction has gradually improved across all evaluation categories. We have also identified items with lower scores in the 2022 customer feedback and have proposed improvement plans for these specific items.

1. Service Quality: Enhance support between production bases to provide customer service in proximity or assign AcBel personnel to be stationed at customer sites, ensuring timely customer assistance and reducing wait times.
2. Material Procurement: Actively develop second suppliers (2nd source) or alternative materials at each operational base to avoid delays in material supply that could impact delivery schedules. This approach can also help reduce material costs, enabling price adjustments and increasing customer satisfaction.
3. Product and Technical Quality: Utilize cross-site technical resources to improve research and development capabilities, shorten development cycles, and strive for customer recognition.

Customer Feedback Analysis

Feedback Item	2020	2021	2022
Material Quality	29%	21%	32%
Process Planning	24%	10%	4%
Process Control	24%	20%	32%
Design Quality	18%	39%	28%
Manufacturing Quality	6%	10%	4%

AcBel has established a dedicated department to handle customer feedback and analysis. In 2022, the top three feedback items were "Material Quality," "Process Control," and "Design Quality," accounting for a total of 92%.

1. Risk Assessment during Trial Production: Strengthen risk assessment during the trial production stage, prior to full-scale manufacturing. Identify potential factors that may impact quality and implement corresponding control measures to mitigate quality risks.
2. Strengthen Process Management Procedures: Establish and implement process management procedures, including standard operating procedures (SOPs) and personnel training, to ensure product consistency and quality control.

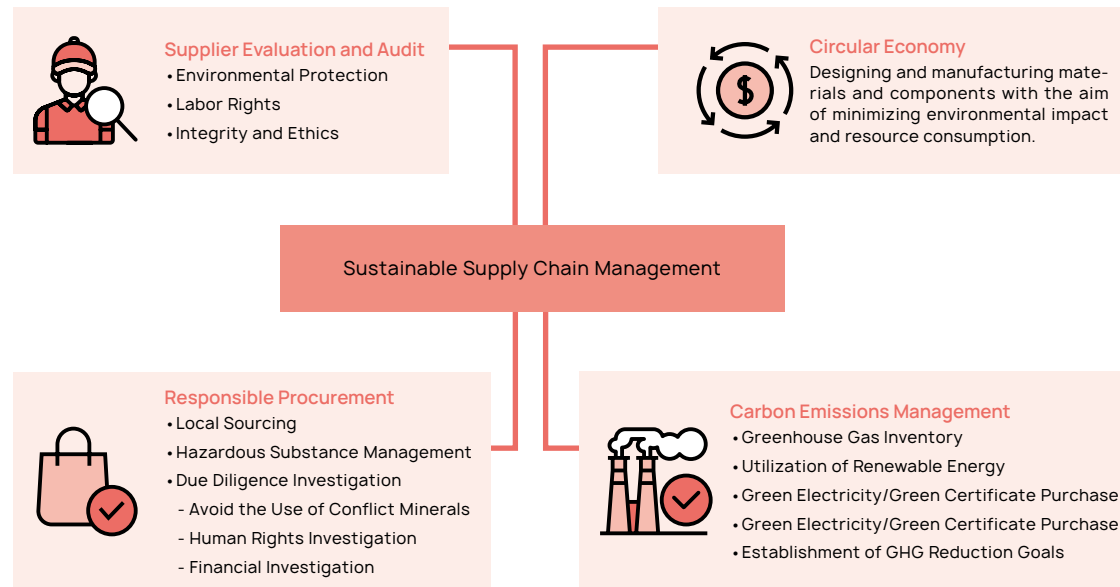
Starting from 2023, AcBel will adjust the customer satisfaction survey to an online questionnaire, providing a more convenient way for customers to participate. This change aims to expand the survey scope and collect more opinions and feedback from customers, effectively increasing the response rate.

AcBel promptly analyzes the issues and demands raised by customers, and requests relevant departments to review and improve accordingly. Improvement action plans are then submitted to address the identified issues for enhancement. This ensures that customer feedback receives appropriate attention and response, ultimately aiming to enhance customer satisfaction.

5.2 Sustainable Supply Chain Management



AcBel actively implements three initiatives under the RBA framework, namely the Responsible Minerals Initiative (RMI), Responsible Labor Initiative (RLI), and Responsible Factory Initiative (RFI), as part of its operational management. These initiatives extend to the management of sustainable supply chains.

We establish long-term partnerships with suppliers to assist them in enhancing their sustainability resilience in environmental, social, and governance aspects. Together, we address the challenges of sustainable development. Through sustainable supply chain management, we strive to achieve a balance between environmental protection, social responsibility, and economic benefits. This approach helps mitigate supply chain risks and enhances the overall resilience of the supply chain. We also develop supplier codes of conduct and conduct audits and assessments to ensure that suppliers meet AcBel's sustainability requirements and standards.



- Notes |
1. Responsible Minerals Initiative (RMI): Ensures that the mineral sources procured by company comply with international standards through promoting transparency, compliance, and due diligence investigations.
 2. Responsible Labor Initiative (RLI): Aims to improve labor conditions in the global supply chain. Its primary objectives include eliminating forced labor, child labor, and other inappropriate labor conditions, and ensuring that workers are treated with dignity and enjoy basic human rights.
 3. Responsible Factory Initiative (RFI): Assists the supply chain in implementing social and environmental aspects such as improving labor rights, environmental management, safety, and health. The initiative focuses on enhancing social and environmental practices in factories.

Supplier Sustainability Management Overview

Aspect	Social Responsibility	Environmental Protection
 Content	<ol style="list-style-type: none"> 1. Adhere to ethical principles and social responsibility, including integrity, transparency, respect for labor rights, prohibition of child labor and forced labor, and ensuring a safe and healthy working environment. 2. Responsible sourcing and manufacturing, avoiding the use of conflict minerals and harmful substances that can endanger human health and the environment. 3. Establish sound labor and human rights management systems and actively engage in community development and charity events. 	<ol style="list-style-type: none"> 1. Comply with environmental laws and standards and continuously improve environmental performance. 2. Promote environmental protection measures such as energy conservation, carbon reduction, waste reduction, and resource recycling. 3. Implement GHG emissions and carbon footprint management. 4. Promote the implementation of energy, resource, and environmental management systems.
 Compliance with Standards and Regulations	<ol style="list-style-type: none"> 1. Responsible Business Alliance (RBA) 2. ISO 45001 Occupational Health and Safety Management System 3. Conflict Minerals Regulations 4. Investigation into Human Trafficking and Anti-Slavery Laws 	<ol style="list-style-type: none"> 1. ISO 14064-1 Greenhouse Gas Inventory 2. ISO 14046 Organization Environmental Water Footprint Inventory 3. ISO 50001 Energy Management System 4. ISO 14001 Environmental Management System 5. IECQ-QC080000 Hazardous Substance Management System and International RoHS and EU REACH Chemicals Management 6. UL2799 Zero Waste to Landfill

The supplier management strategy of AcBel prioritizes the compliance of supply chain partners and works collaboratively with them to achieve resource conservation, reduce carbon emissions, and promote the use of renewable energy. The aim is to ensure the sustainability of the entire supply chain.

Supplier Management Strategy

Short-Term	Medium-Term
<p>1. Compliance with Supplier Code of Conduct:</p> <p>Requires suppliers to adhere to requirements in five key areas: labor rights, health and safety, environmental protection, professional ethics, and management systems. Through supplier self-assessment and on-site audits, compliance with the goals is ensured and 100% achievement is attained.</p>	<p>1. Circular Design and Incorporation of Recycled Materials Usage:</p> <p>Collaborating with suppliers through circular design to enhance the benefits of using recycled materials and reduce resource consumption and waste generation.</p>
<p>2. Carbon Emissions and Water Resources Management</p> <p>Assisting suppliers in implementing GHG and water management, understanding their energy usage, greenhouse gas emissions, and water consumption, developing reduction strategies, and obtaining certifications such as ISO 14064, ISO 14046, and ISO 50001.</p>	<p>2. Identification of Climate Change Risks:</p> <p>Encourage suppliers to incorporate climate change risks and opportunities considerations, participate in CDP questionnaire disclosure, and undergo RBA VAP (Validated Assessment Process) audits. As of now, the number of suppliers joining CDP and RBA VAP accounts for less than 1% of the total number of company suppliers.</p>
<p>3. Supplier Diversification and Decentralized Procurement</p> <p>The principle of supplier diversification is applied to the procurement of primary materials, maintaining at least two or more suppliers and diversifying the sources of procurement. This ensures the stability and reliability of the supply chain. Additionally, a strategy is established for alternative materials to address potential supply disruptions or quality issues.</p>	<p>3. Utilization of Renewable Energy and Setting Carbon Reduction Targets</p> <p>Encourage suppliers to increase the utilization of renewable energy and set Science-Based Targets (SBTs) for carbon reduction, aiming to enhance the overall value chain's net-zero emissions performance.</p>

Starting from establishing long-term partnerships with suppliers, AcBel implements risk and impact assessment measures. Through supplier audit and evaluation, suppliers are incentivized to meet the company's ESG expectations and requirements. Resource sharing and training are also utilized to enhance suppliers' sustainability awareness.

In response to the international decarbonization trend, AcBel will continue to invest in building suppliers' awareness and capabilities in carbon reduction. Suppliers are required to set specific carbon reduction and renewable energy usage targets. Through collaboration, AcBel aims to maintain the competitiveness of the green supply chain and achieve the overall carbon reduction goals of the supply chain.

<p>Supplier Risk/Impact Assessment</p> <p>Based on the supplier's previous "total transaction amount," "total number of transactions," "total number of abnormal cases," and "management system verification," a comprehensive index is used to assess the risk and classify suppliers into four levels: "A - Excellent," "B - Qualified," "C - Observing," and "D - Not Qualified." This helps reduce or avoid the occurrence of risks when collaborating with suppliers.</p>	<p>New Supplier Evaluation</p> <p>New suppliers must undergo company ESG evaluations in "Labor Rights Conditions," "Environmental Criteria Assessment," and "Social Impact Evaluation" to meet the company's sustainability requirements to be qualified as new suppliers.</p>	<p>Supplier On-site Audit</p> <p>Each year, key suppliers undergo on-site audits in two areas: "Product Quality" and "Social Responsibility." These audits ensure that suppliers continue to improve their practices and serve as guidance for both support and elimination of unfit suppliers.</p>
<p>Supplier Evaluation</p> <p>Each month, an evaluation is conducted for the top 15 suppliers based on delivery quality, cost, lead time, cooperation, and social responsibility. This evaluation aims to identify benchmark suppliers for learning, recognize and motivate outstanding suppliers, and provide guidance to underperforming suppliers.</p>	<p>Supplier Education and Awareness Training</p> <p>Regularly collecting international initiatives and regulations, and announcing them through the company's Supplier Management Platform (GSM), to ensure that suppliers are aware of and comply with various international standards.</p>	<p>Supplier Conference</p> <p>Regularly hold supplier conferences to share resources, communicate and share ESG international trend issues, and improve suppliers' sustainable management capabilities.</p>



Notes |

- The new supplier risk assessment process starts with the candidate supplier providing ESG data and signing a commitment letter. An on-site audit and evaluation will be conducted by AcBel. The evaluation is then submitted to the company's supplier review meeting for approval, following which the supplier becomes qualified. Subsequent management is carried out according to the supplier management regulations.
- VLR (Verified Line Reject Rate) is a measure implemented to ensure consistency in the quality of incoming materials and production by setting quality requirements and management standards for suppliers.
- SCAR (Supplier Corrective Action Requests) is a process used to address and prevent the recurrence of deficiency.

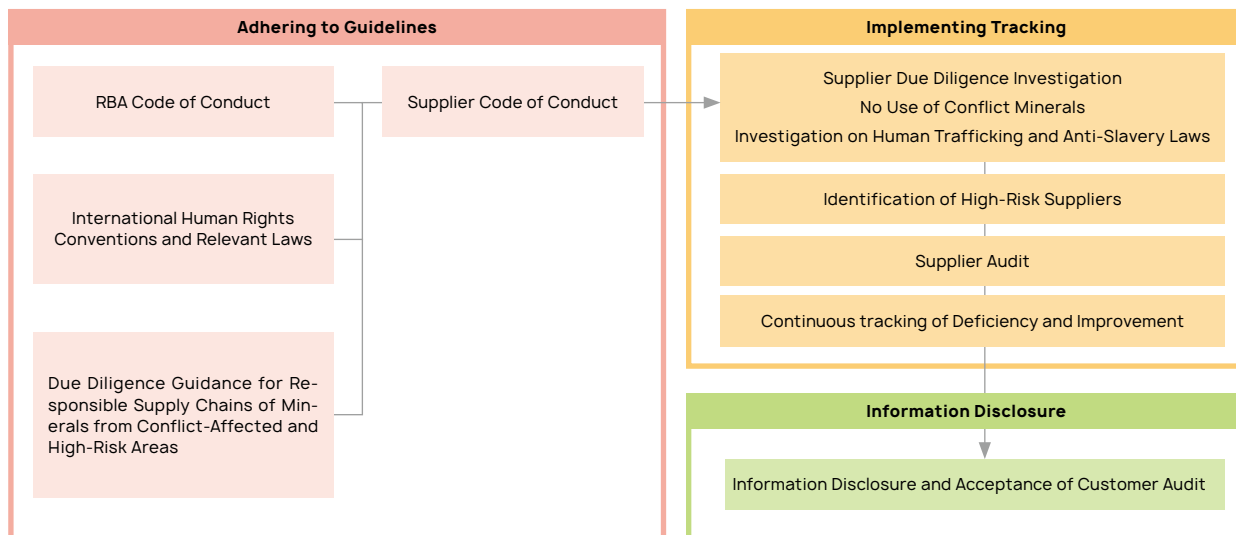
No. of Applicants	Proportion of Compliance with Labor Rights Criteria after Evaluation	Proportion of Compliance with Environmental Criteria after Evaluation	Proportion of Compliance with Social Impact Criteria after Evaluation	No. of Approved New Suppliers	Qualification Rate of New Suppliers
168		100%		168	100%

Due Diligence Investigation on Human Trafficking and Anti-Slavery Laws

AcBel places a strong emphasis on the overall human rights responsibility in its supply chain. Recognizing the increasing global attention to human rights issues, AcBel has initiated an investigation on human trafficking and anti-slavery laws to ensure that suppliers comply with international human rights standards during raw material extraction, production, or manufacturing processes.

Investigation on the Supply Locations of Suppliers	Assessment of Regulatory Compliance Status	Development of Management Regulations	Enhancement of Employees Awareness through Training
<ul style="list-style-type: none"> Tracking and verifying the supply locations of suppliers in order to identify potential areas where human trafficking, modern slavery, and forced labor issues may exist. 	<ul style="list-style-type: none"> Assessment of suppliers' compliance with international and relevant government regulations related to human trafficking, modern slavery, and forced labor. 	<ul style="list-style-type: none"> Explicitly require suppliers to establish corresponding management regulations and comply with human rights-related laws and standards. 	<ul style="list-style-type: none"> Enhancement of Employees Awareness through Training Requesting suppliers to enhance internal employee awareness through training and strengthen their understanding of human rights issues and corresponding compliance measures

In 2022, a total of 711 specific suppliers were sent survey forms, with an overall response rate of 78%. AcBel provided necessary support and assistance to suppliers in meeting the requirements, ensuring that the overall supply chain operates in line with international human rights protection.



Responsible Sourcing of Conflict Minerals

AcBel supports the Responsible Minerals Initiative (RMI) initiated by RBA and GeSI (Global Enabling Sustainability Initiative), which establishes a conflict minerals sourcing policy (including gold, tin, tantalum, tungsten, cobalt, mica, and other materials). AcBel also discloses its sourcing policy and conflict minerals report on its corporate website.

Due Diligence Investigation

AcBel follows the guidelines outlined by the Organization for Economic Cooperation and Development (OECD) in the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas." AcBel requires suppliers to regularly respond to the conflict minerals report templates, namely the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) released by the Responsible Minerals Initiative (RMI). This ensures that the metal materials in our supply chain comply with international standards and are sourced from smelters and refiners certified through the Responsible Minerals Assurance Process (RMAP).

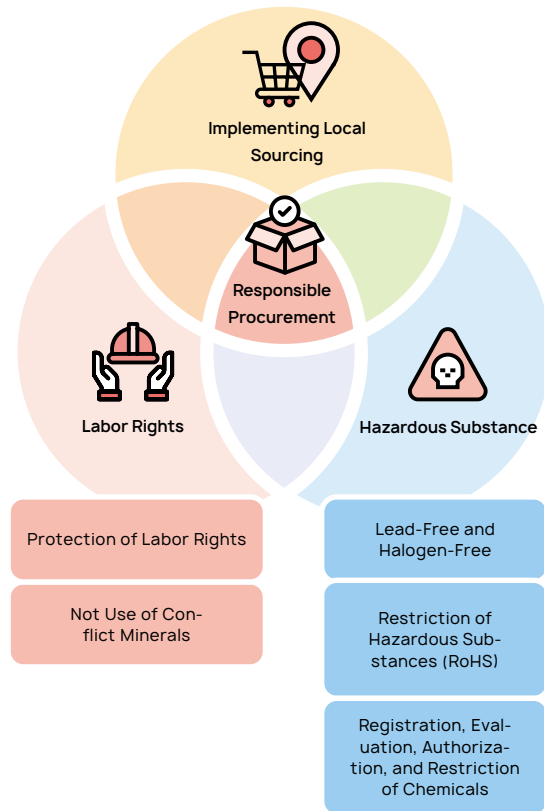
CMRT and EMRT

AcBel requires suppliers whose transactions involved metals to submit the CMRT and EMRT surveys annually. In the most recent survey, a total of 492 manufacturing suppliers, accounting for 73.3%, completed the submission of CMRT and EMRT, and their materials were sourced from qualified smelters. Moreover, approximately 61% of suppliers have signed AcBel's "Declaration of Non-Use of Conflict Minerals," committing to comply with AcBel's conflict minerals policy and accurately disclose the sources of their smelters.

In the third quarter of 2023, AcBel aims to achieve a 100% CMRT and EMRT survey response rate. Additionally, in accordance with international guidelines, starting from 2023, cobalt and mica will be included as declaration items, requiring suppliers to comply with the corresponding requirements.

5.3 Responsible Procurement

AcBel collaborates with its supplier partners to build a low-carbon sustainable supply chain, establishing shared values and consensus to ensure adherence to the same ethical and responsible principles throughout the operational processes. The goal is to avoid the use of any raw materials that violate human rights or harm the environment in any form.



Material Topic

Materials

The selection of raw materials is crucial for product quality, in addition to design capabilities. AcBel is committed to managing the risks associated with the sourcing of materials, minimizing or eliminating risks related to human rights violations, human health hazards, environmental pollution, and other harmful factors. We ensure that the materials used meet high-quality and sustainable standards.

The Importance of Material Topic and Impact Boundary

AcBel has established an internal mechanism for sustainable supply chain risk management, which includes processes for supplier qualification and investigation of raw materials. We ensure that the raw materials provided by suppliers meet international human rights requirements and comply with regulations on prohibited substances, such as lead-free and halogen-free materials, as well as relevant regulations like EU RoHS and REACH. This ensures the compliance of our products, protects the rights of users and customers, and demonstrates our commitment to environmental and social responsibility.

Management Approach and Goals

AcBel has established internal principles for green procurement and a supplier due diligence process to ensure that raw materials comply with international labor rights and environmental management standards. By doing so, we fulfill our corporate social responsibility and meet the expectations of our customers.

Raw Materials Procurement Standards:

- AcBel establishes an internal supplier due diligence process to ensure that raw materials and components are sourced from regions that comply with international human rights standards and norms, and that the manufacturing processes adhere to human rights protections.
- AcBel establishes an "Environmental Substance Management Specification" based on international environmental regulations and customer requirements. This specification serves as a standard for reviewing and screening prohibited or restricted substances, ensuring that the raw materials used meet environmental management requirements and minimize negative impacts on the environment.





Green and Environmentally Friendly Raw Materials:

- Thoroughly reviewing product process changes to avoid the risk of using materials containing hazardous substances.
- Identifying potential future banned substances based on the latest international standards and collaborating with suppliers to find alternative materials, ensuring compliance and safety of the materials.
- Special component materials that are Moisture Sensitivity Level (MSL) and require Electro Static Discharge (ESD) protection are stored in a specialized material warehouse with controlled humidity and temperature, ensuring the stability of material quality and production processes.
- Collaborating with customers and suppliers, we actively develop and utilize solutions for using recycled components, maximizing resource utilization, and reducing the environmental impact of production.

AcBel conducts risk management for key materials through the analysis of "procurement attributes," which include factors such as single sourcing, high technical thresholds, price volatility, vulnerability to supplier labor and capacity issues, etc. This ensures the stability of material supply, reduces risks related to product delivery timeframes and corporate reputation.

In 2022, semiconductor components, printed circuit boards, mechanical hardware components, and magnetic components were identified as higher-risk critical components for the company. Passive electronic components, which were considered high-risk in 2021, have shown reduced risk due to the company's implementation of a diversified supplier strategy.

Critical Materials Risk Management

Critical Materials	Risk Type	Corresponding Strategy Measures
 Semiconductor Components	1. Availability and physical constraints of the supply chain 2. Price volatility risk 3. Risk of patent law violations 4. Increase in GHG Scope 3 emissions	1. Implementation of supplier diversification (Multi-source) 2. Buffer stock strategy 3. Requesting patent certification during procurement to reduce infringement risks 4. Adoption of semiconductor materials with lower global warming potential in the manufacturing process
 Printed Circuit Board (PCB)	1. Availability and physical constraints of the supply chain 2. Price volatility risk 3. Increase in GHG Scope 3 emissions	1. Implementation of supplier diversification (Multi-source) 2. Analyzing and managing material costs based on international price fluctuations of materials 3. Communicating with customers to reasonably reflect costs in product pricing
 Mechanical Hardware Components	1. Availability and physical constraints of the supply chain 2. Price volatility risk 3. Increase in GHG Scope 3 emissions	1. Early-stage capacity planning and allocation (allocation of multiple sets of mold equipment) 2. Establishing cost analysis and strengthening the linkage with international material prices to control material costs 3. Communicating with customers to reasonably reflect costs in product pricing
 Magnetic Components	1. Accessibility and physical limitations of the supply chain 2. Price volatility risk 3. Increase in GHG Scope 3 emissions	1. Implementing supplier diversification (multi-source) 2. Analyzing and managing material costs based on international raw material price fluctuations 3. Communicating with customers to accurately reflect costs in product pricing 4. Ensuring the blending rate of recycled materials for metal raw materials (such as ferrous metals)

Notes |

- To address these key risks including (1) Constrained availability and physical limitations, (2) Price volatility risk, (3) Regulatory risk (patent issues), and (4) Increase in GHG Scope 3 emissions in the management of critical raw materials, AcBel has developed corresponding measures. The primary response is to control costs and reflect them appropriately in the pricing of products.
- Supplier diversification (Multi-source): Shifting from relying on a single supplier to engaging with multiple diversified suppliers, aiming to enhance the resilience of the supply chain.
- Buffer stock strategy: Utilizing production capacity to flexibly schedule the delivery time of raw materials, in order to prevent disruptions in product manufacturing caused by supplier non-delivery.

Supplier Category

AcBel mainly engages in the manufacturing of power supplies, and if we analyze the overall procurement amount, semiconductors account for the highest proportion at 33.8%. In 2022, the main procurement items were semiconductors, hardware components (both large and small), wires, fans, and connectors, which accounted for a total procurement amount of 78.10%. Due to the increased proportion of semiconductor procurement, the proportions of the top few component procurements have slightly increased compared to 2021.

Shanghai Sino Hardware specializes in the production of metal stamping parts, and its main procurement items are metal raw materials, auxiliary materials, and stud bolts. The analysis shows that Wujiang and Tongliang Factories account for 91.95% and 92.56% of the procurement amount, respectively. On the other hand, Kanghua Plant, due to process differences, has the highest proportion of 76% in the procurement of chemical solutions.

Supplier Category Overview

AcBel		Wujiang Factory		Tongliang Factory	Kanghua Factory	
Type	Procurement Rate	Type	Procurement Rate	Procurement Rate	Type	Procurement Rate
Wire, Fan, Connector	14.3%	Raw Material	45.22%	37.93%	Chemical Solution	76.00%
Capacitor	8.0%	Auxiliary Material	31.29%	39.04%	Jig	12.00%
Chemical Material	2.4%	Stud	15.44%	15.59%	Hardware	11.00%
Hardware	15.8%	Packaging/Chemical Material	8.05%	6.48%		
Printed Circuit Board	6.0%	Cleaning Naphtha	-	0.82%		
Packaging Material	1.8%	Hardware	-	0.14%		
Resistor	2.1%					
Magnetic Element	14.2%					
Semiconductor	33.8%		-			
Others	1.7%					

Supplier Locations

In 2022, in terms of supplier locations, for AcBel, the majority of its component supply chain is located in Taiwan and China, accounting for 90.27% of the total. As for SINO's three factories, which focus on hardware components, the suppliers are primarily based in China, considering the transportation of metal materials. The proportion of supplier locations remained relatively stable compared to 2021.

Supplier Locations in 2022

Factory/Location	Taiwan	China	Southeast Asia	USA	Europe	Others	Total
AcBel	39.39%	50.88%	3.41%	2.90%	0.25%	3.16%	100%
Wujiang Factory	-	100%	-	-	-	-	100%
Tongliang Factory	1.69%	98.33%	-	-	-	-	100%
Kanghua Factory	-	100%	-	-	-	-	100%

Notes |

1."Others" refer to Japan, South Korea, India, the Middle East, etc.

2.The proportion is calculated based on the actual number of trading suppliers in 2022. Total suppliers for AcBel is 792, 71 for Shanghai Sino Hardware Wujiang Factory, 60 for Shanghai Sino Tongliang Factory, and 21 for Chongqing Kanghua Factory.

3."-" refers to 0%.

Local Procurement

In 2022, due to the pandemic, many suppliers faced production disruptions, logistics challenges, and labor shortages. To ensure smooth delivery to customers, AcBel prioritized suppliers who were able to provide materials. The adjustment and control of production lines in various factories has resulted in a significant difference in the proportion of local purchasing compared to 2021.

Proportion of Local Procurement Amount

Factory/Year	2020	2021	2022
Tamsui Factory	34.00%	26.65%	2.75%
Dongguan Factory	67.94%	40.50%	17.40%
Wuhan Factory	46.50%	28.65%	37.06%
Philippines Factory	100%	100%	25.81%
Wujiang Factory	-	50.54%	100%
Tongliang Factory	-	83.84%	48.98%
Kanghua Factory	-	-	100%

Notes |

1.The procurement of parts or services by each factory, which does not require the payment of customs duties, is defined as local procurement.

2.The "-" symbol represents that the operational site was not included in the scope of information disclosure for that year.

06

Harmony· Employee Relationship

AcBel regards the talent as our most valuable asset and treats every employee fairly and kindly. We are committed to creating a suitable and safe working environment where individuals can thrive. We have transparent and effective labor-management communication mechanisms, comprehensive remunerations and benefits, robust care measures, and diverse training systems to foster a culture of excellence and happiness within the company.

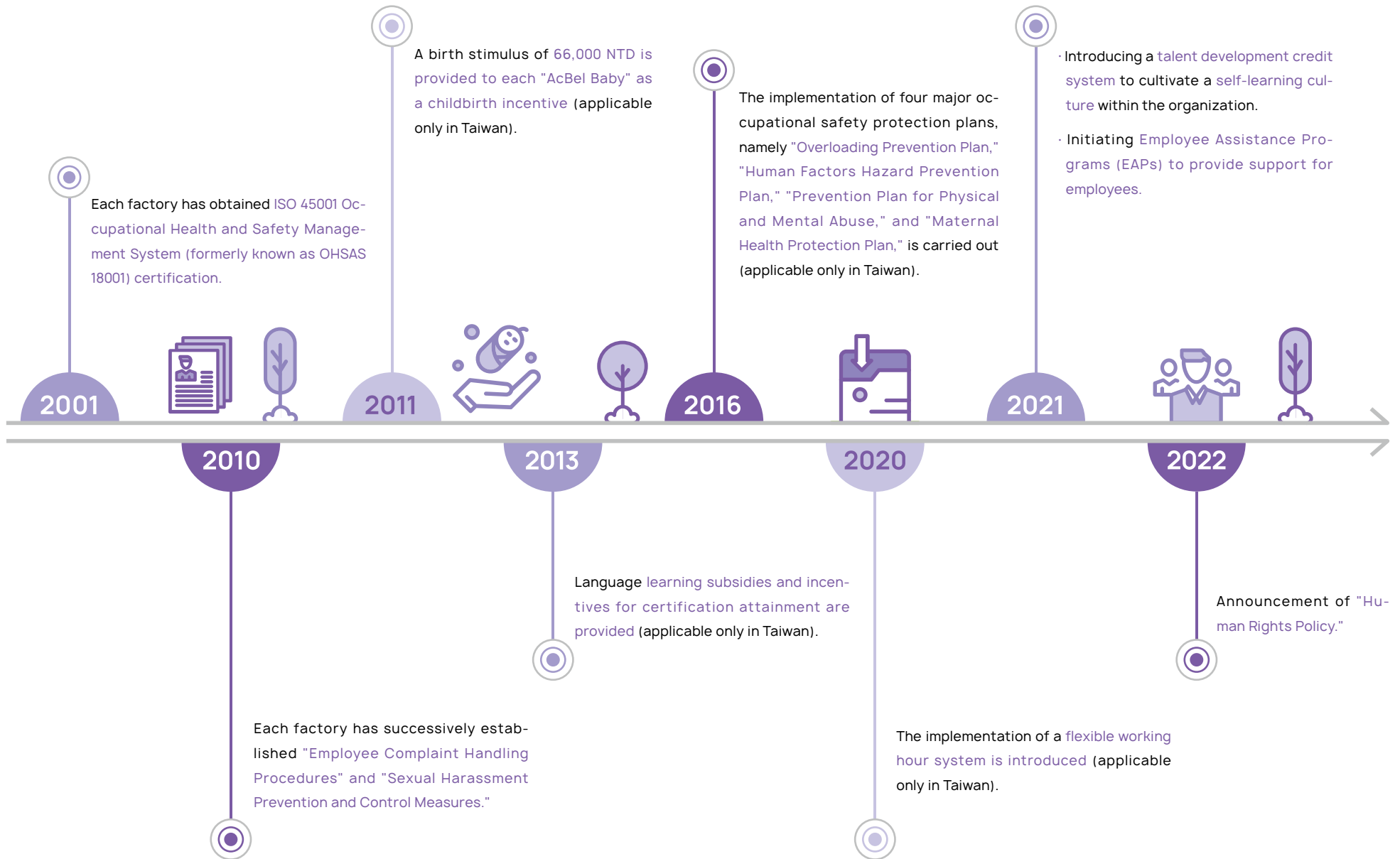


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Highlights

- Annual salary adjustments are conducted, and in 2022, non-managerial employees at AcBel received an average salary increase of 8.07%.
- The average salary in Taiwan increased by 13.26% compared to the previous year, and the median salary increased by 16.30%.
- The quota for hiring employees with disabilities in Taiwan exceeded the requirement at 12%. The return-to-work rate and retention rate for female employees on maternity leave were both 100%.
- The employee satisfaction survey at the Dongguan Factory recorded a score of 3.79 for general employees and 3.21 for production line workers. The average employee satisfaction rate in the Wuhan Factory was approximately 85%.
- No incidents of employing child labor, forced labor, labor disputes, violations of gender equality, or sexual harassment occurred in the past three years.
- AcBel participated in the "Promotion of Employing Sports Instructors by Corporations" program initiated by the Sports Administration and received recognition for "Promoting Employee Sports" efforts.
- Wuhan Factory was awarded the "Outstanding Unit for Safety Production in 2022" by the Longhuashan Office in Xiantao City.

● Creating A Happy Workplace Milestones



6.1 Human Resource Management

Material Topic

● Employment



Conforming to the company's sustainable development needs, AcBel actively recruits global talents for its long-term business strategies. It adheres to international human rights standards and practices diverse and non-discriminatory employment policies. By creating shared value, AcBel aims to attract, motivate, and retain key talents while fostering an equitable, inclusive, and friendly work environment. This approach contributes to the mutual prosperity of both the company and society.

The Importance of Material Topic and Impact Boundary

Effective management and utilization of talent have a significant impact on a company's competitive advantage. AcBel strives to create a safe and happy working environment, also plans various competency learning maps to foster and develop diverse talents. By optimizing competitive salary and benefits packages, AcBel aims to unleash the potential and competitiveness of its employees. This commitment ensures that the company continues to improve and enhance its sustainable development and ongoing growth.

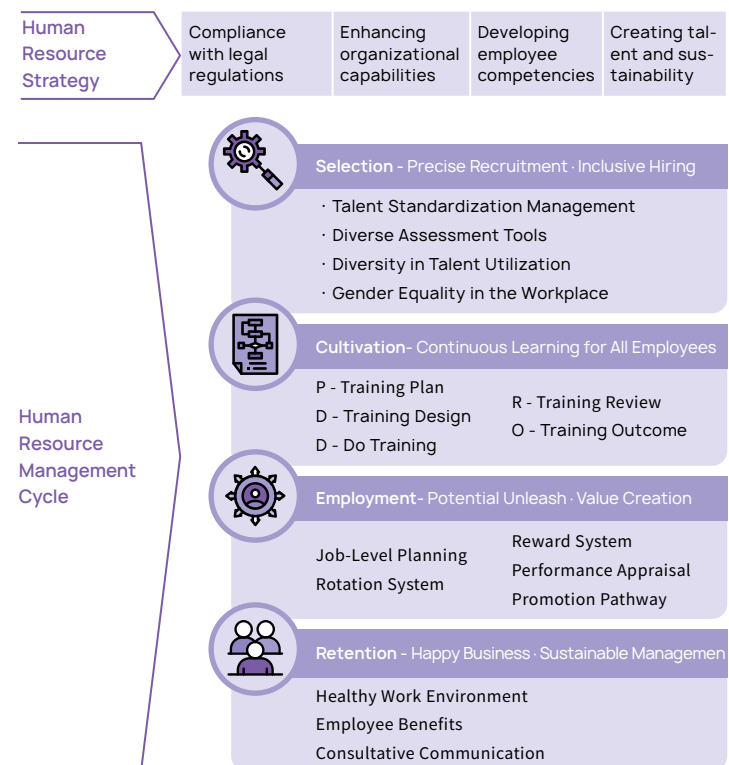
Management Approach and Goals

AcBel adheres to the "UN Guiding Principles on Business and Human Rights" and the Responsible Business Alliance (RBA) Code of Conduct. It has developed "Human Rights Policy" and "Labor Policy" in accordance with these principles. AcBel strictly complies with local laws and regulations in its operational bases. Through effective communication between labor and management, AcBel upholds the principles of "protection" and "respect" to implement various management measures in the company. In case of major changes in corporate operating and work conditions, a labor-management meeting will be held to facilitate communication with employees. In accordance with local government laws and regulations, AcBel gives an early notice period as part of the notification process to ensure the protection of employees' right to work.

 <p>Principle of Protection</p>	 <p>Principle of Respect</p>
<p>AcBel supports international human rights initiatives and complies with the laws and regulations of each operating base to prevent and address misconduct and violations. We are committed to upholding employees' rights and ensuring human rights protection by providing an equal, safe, and trustworthy working environment.</p>	<p>AcBel opposes all forms of discrimination, bullying, and harassment. We prohibit forced labor, do not employ child labor, and do not restrict freedom of association. We respect and safeguard privacy, promote gender equality and cultural diversity, and provide equal employment opportunity.</p>

Human Resource Management Strategy

AcBel implements a human resource management strategy aligned with its corporate vision to effectively nurture, retain, and strategically manage talents. The aim is to maximize employees' potential, attract and retain top talent, and enhance the company's human capital. This strategy ultimately contributes to the achievement of the company's long-term sustainability goals and objectives.



We believe that establishing a healthy and happy workplace, enhancing employee well-being and sense of accomplishment, will significantly impact the success of the company's human resource strategy. Therefore, each operational site can develop corresponding initiatives based on its own circumstances and ensure the achievement of annual objectives under the management unit's execution.

Plant	Tamsui Factory			Dongguan Factory			Wuhan Factory			Philippines Factory	Wujiang Factory	Tongliang Factory	
Item	Improvement on Employee Health	Improvement on Overtime Hours	Advocacy of Employee Code of Conduct	Improvement on Work Related Injuries	Improvement on Overtime Hours	Employee Social Responsibility Training	Improvement on Overtime Hours	Employee Training	Supplier Social Responsibility Audit	Improvement on Employee Benefits	Improvement on Recruitment Quality		
2020 Performance	Activities such as health lectures and preventive inspections were held with a total of 361 participants.	Throughout the year complied with the legal requirements and the RBA requirements regarding the weekly working hours and one day off per seven days.	Eleven ethical trainings were held.	The number of work-related injuries was 50% lower than 2019.	Achieved a proportion of the number of overtime workers <40%.	Achieved 100% compliance with one day off per seven days throughout the entire year.	A total of 6,042 employees participated in the trainings.	Reached the goal of having 62.37% of employees work less than 60 hours per workweek.	A total of 3,522 employees participated in business ethics training.	-	-	-	
2021 Performance	1. Employees with a BMI >27 collectively lost a total of 498.5 kg in weight during the year. 2. The number of participants in health promotion activities reached 11.85% of the total number of employees.	The working hours 100% comply with RBA requirements.	A total of 14 sessions of ethical code of conduct training were organized.	-	The monthly overtime work rate is <40% in terms of the number of employees.	compliance with the one-day off per seven days policy.	A total of 8,218 employees participated in trainings.	Achieved 100% compliance of employees' daily working hours, including overtime, under controlled at less than 12 hours.	Achieved a 100% pass rate in On the Job Training (OJT) performance assessment.	-	Improvement of the welfare benefits of HMO (Health Maintenance Organization) and group insurance packages, such as including dental coverage, annual health check-ups, and the option to add dependents.	-	-
2022 Performance	1. Employees participated in walking activities and resulted in a total of 129,833 kilometers, which is equivalent to 121 laps around Taiwan. 2. The proportion of participants in health promotion activities reached 12% of the total number of employees.		Two sessions of ethical code of conduct training were organized, with a completion rate of 98%.	The number of work-related injuries decreased by 29% compared to the previous year.			A total of 6,994 employees completed training sessions.	Achieved more than 70% of employees' weekly working hours ≤60 hours.	The total training hours for RBA reached 8,291 hours.	On-site CSR audits were completed for a total of five local suppliers.	Additional leave benefits added, including bereavement leave, marriage leave, and work-related injury leave.	The achievement rate for direct recruitment reached 96%.	The achievement rate for direct recruitment reached 97%.
2023 Target	The participation rate in health promotion activities reaches 13% of the total employee population.		Hold at least two sessions of code of conduct training.	-			-	At least a total of 5,000 employees participate in the trainings.	More than 85% of employees have a weekly working hours ≤60 hours.	The average training hours per person for labor rights and business ethics >16hrs.	The improvement rate of findings related to labor and ethical management identified in supplier audits >95%.	Improvement of the salary notification system to ensure that employees understand salary adjustments	The achievement rate for direct recruitment >90%.

Notes |

1. In 2022, two employee walking events were organized, the total number of steps taken by the participating employees is 216,388,000 steps. Each step was calculated as 0.6 meters, equivalent to a total distance of 1,073 kilometers, which is approximately the circumference of Taiwan. References: → <https://www.vedfolnir.com/total-length-of-road-of-travel-around-taiwan-island-27942.html>


→ https://www.bees.pub/a_jiankang/202203/888959.html

→ <https://www.top1health.com/article/34014>

2. In 2022, the annual targets were met. "-" indicates that no target was set for that particular item in the given year.

AcBel

[Recruiting Section →](#)

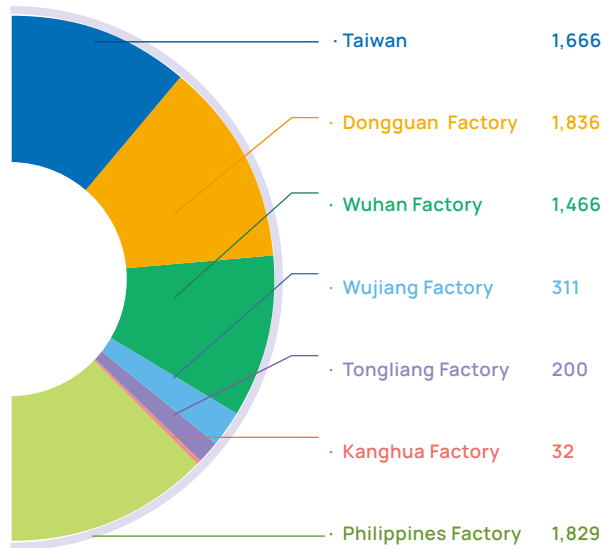


6.2 Employee Overview

Based on the company's development goals, the overall manpower and training needs are planned according to the AcBel framework. The company utilizes job description management systems and application assessment tools to systematically and objectively find suitable talents. After employees join the company, they can enhance their workplace skills through a career development pathway blueprint. The company also utilizes department supervisor interviews and counseling, optimizes salary levels, and improves the overall talent retention rate. Taking the example of the work location in Taiwan, the average employee retention rate has been increased to 81.97% in the past five years, surpassing the industry employment market's 60%-70% reported by 104 Job Bank in 2022.

The total number of employees in the company declined by a slight 7.53% in 2022 compared to 2021, primarily due to a decrease in the number of employees in China. However, the Taiwan and Philippines factories experienced an increase in employee numbers due to the company's development strategy. If we categorize by work location, the top three are: Dongguan Factory, Taiwan (HQ and Tamsui Factory), and Philippines Factory, accounting for a total of 72.63%.

Overview of Employee Headcount



Overview of Employee Headcount

Plant	Plant	China					Philippines Factory	Total	
		Dongguan Factory	Wuhan Factory	Wujiang Factory	Tongliang Factory	Kanghua Factory			
Head-count	2022	1,666	1,836	1,466	311	200	32	1,829	7,340
	2021	1,576	2,965	1,897	657	286	-	557	7,938
	2020	1,540	2,645	1,609	-			554	6,348
Proportion of Employees in 2022 as a Percentage of the Total Headcount		22.70%	25.01%	19.97%	4.24%	2.72%	0.44%	24.92%	-

Notes |

- 1.The total number of employees represents the number of employees within the boundary scope of the report. "-" indicates that the scope was not included in the reporting year.
2. There are a total of 228 people from contracted/on-site service providers stationed at the facility.
3. New employee retention rate: the number of employees who joined during the year and remained employed by the end of year ÷ the total number of new employees who joined during the year × 100%

Types of Labor Employer Contracts at the Factories in China

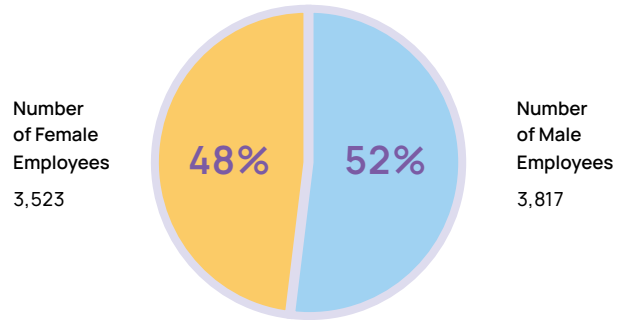


Note |

Labor contracts in China differ from the ones in Taiwan, where fixed-term employment contracts are the norm. Employee sign fixed-term employment contract with a duration of 3 years. When an employee signs two consecutive fixed-term employment contracts (i.e., after 6 years of service), it converts into permanent contract.

Workforce Type Distribution - Gender, Job Position, Nationality

According to the analysis based on gender, the percentage of males in AcBel is slightly higher than that of females by around 4%. However, the proportions of both genders are approaching 50%, indicating a relatively balanced gender distribution within the entire workforce composition.



Based on the analysis of the overall employee proportion, research and development personnel account for the lowest proportion at 7.93%, while production line operators account for the highest proportion at 59.67%. The management level can be divided into senior management, which accounts for 15.54%, and general management, which accounts for the remaining 84.46% as regular employees. In terms of nationality, employees from China make up the highest proportion at 52.06%, followed by the Philippines at 27.26%, and Taiwan at 19.74%. The total adds up to over 99%.

Notes |

1. Research and Development Personnel: Employees involved in product research and development work.
Administrator: Employees responsible for administrative management work.
Operator: Employees engaged in production and assembly work.
2. Top level management refers to employees holding managerial positions at level 8 or above.
Middle & Lower level management refers to employees holding managerial positions below the senior management level.
Non-managerial employees refer to non-supervisory staff members.
3. The nationality category classified as "Others" includes 1 employee from India, 2 employees from France, 2 from Indonesia and 64 employees from Vietnam.

Category	Group	Number of Males	Proportion of the Group	Number of Females	Proportion of the Group	Subtotal Head Count of the Group	Proportion of the Group in the Overall Employee Population
Job Position	Research & Development Personnel	505	13.23%	77	2.19%	582	7.93%
	Administrator	1,434	37.57%	944	26.79%	2,378	32.40%
	Operator	1,878	49.20%	2,502	71.02%	4,380	59.67%
Management Level	Top Level	67	1.75%	13	0.37%	80	1.09%
	Middle & Lower Level	679	17.79%	382	10.84%	1,061	14.45%
	Non-managerial	3,071	80.46%	3,128	88.79%	6,199	84.46%
Nationality	Taiwan	899	23.55%	550	15.61%	1,449	19.74%
	China	2,152	56.38%	1,669	47.38%	3,821	52.06%
	Philippines	732	19.18%	1,269	36.02%	2,001	27.26%
	Others	34	0.89%	35	0.99%	69	0.94%

Workforce Type Distribution - Age, Education, Year of Service

Based on the analysis of the overall employee proportion, the age group of 30-50 years old represents the highest proportion at 59.11%, while the age group of 50 years and above represents the lowest proportion at 8.24%. This indicates that the company has a healthy distribution of employees across different age groups. In terms of education, employees with college or higher education degrees account for 31.01%, primarily working in research, sales, and management positions, while those with high school or vocational education degrees account for 33.15%, and those with junior high school or below education account for 35.84%, mainly working in production line positions. In terms of years of service, employees with less than 5 years of experience account for the highest proportion at 68.08%, those with 5-10 years of experience account for 15.54%, totaling 83.62% for those with less than 10 years of experience. The proportion decreases as the years of service increase. The company aims to actively develop and nurture key talents, with a focus on increasing the proportion of employees with 5-10 years of experience, which will help facilitate knowledge transfer and experience sharing within the company.

Category	Group	Number of Males	Proportion of the Group	Number of Females	Proportion of the Group	Subtotal Head Count of the Group	Proportion of the Group in the Overall Employee Population
Age	< 30	1,221	31.99%	1,175	33.35%	2,396	32.64%
	30-50	2,235	58.55%	2,104	59.72%	4,339	59.11%
	> 50	361	9.46%	244	6.93%	605	8.24%
Education	PhD	8	0.21%	0	0.00%	8	0.11%
	Master	307	8.04%	57	1.62%	364	4.96%
	Bachelor	738	19.34%	493	13.99%	1,231	16.77%
	Associate Degree	407	10.66%	266	7.55%	673	9.17%
	High School Degree	1,033	27.06%	1,400	39.74%	2,433	33.15%
	Junior High School Diploma	1,324	34.69%	1,307	37.01%	2,631	35.84%
Year of Service	< 5	2,426	63.56%	2,571	72.98%	4,997	68.08%
	5-10	676	17.71%	465	13.20%	1,141	15.54%
	10-15	341	8.93%	233	6.61%	574	7.82%
	15-20	212	5.55%	108	3.07%	320	4.36%
	20-25	108	2.83%	73	2.07%	181	2.47%
	> 25	54	1.41%	73	2.07%	127	1.73%
Total		3,817	52.00%	3,523	48.00%	7,340	100%

Local / Female Employee in Senior Management Positions and Employment of Ethnic Minority and Individual with Disability

The proportion of local personnel in top management positions is highest in Dongguan Factory at 60%, followed by Tongliang Factory at 50%. In Taiwan (HQ and Tamsui Factory), although there are 11 local personnel in managerial positions, the proportion is lower at 23.91% due to a higher number of top management positions.

Analyzing the female representation in top management, only work locations in Taiwan, Dongguan, and the Philippines have women serving as senior executives. The proportion of women in top management positions in these locations is 19.57%, 20.00%, and 12.50% respectively. In the future, there will be plans to continue promoting and appointing outstanding female to top management positions.

Number and Percentage of Local and Female in Senior Management

Location	Number of Senior Executive	Local Senior Executive		Percentage of Local Senior Executives among the Total Workforce of the Location	Female Senior Executive		Percentage of Female Senior Executive among the Total Workforce of the Location
		Headcount	Percentage among Senior Executive		Headcount	Percentage among Senior Executive	
Taiwan	46	11	23.91%	0.66%	9	19.57%	0.54%
Dongguan Factory	15	9	60.00%	0.49%	3	20.00%	0.16%
Wuhan Factory	3	1	33.33%	0.07%	0	0.00%	0.00%
Philippines Factory	8	2	25.00%	0.11%	1	12.50%	0.05%
Wujian Factory	6	0	0.00%	0.00%	0	0.00%	0.00%
Tongliang Factory	2	1	50.00%	1.00%	0	0.00%	0.00%
Kanghua Factory	0	0	0.00%	0.00%	0	0.00%	0.00%

Notes |

1.Senior executives are defined as employees holding managerial positions at job level 8 and above.

2.Local personnel are defined as employees who hold citizenship in the country where the factory is located.

The number of ethnic minority individuals decreased by 154 compared to the previous year in 2022. However, they still account for 5.45% of the total workforce. On the other hand, the number of employees with disabilities increased, resulting in a slight increase in their proportion to 0.65% of the total workforce.

Number and Percentage of Ethnic Minority Employees and Employees with Disabilities

Year	2020	2021	2022
Number of Ethnic Minorities	740	554	400
Number of Individuals with Disabilities	50	47	48
Proportion of Ethnic Minority Individuals in the Total Workforce	11.66%	6.98%	5.45%
Proportion of Individuals with Disabilities in the Total Workforce	0.79%	0.59%	0.65%

Notes |

1. Definition of ethnic minority: In Taiwan, it refers to indigenous people, and in China, it refers to ethnic groups other than the Han Chinese. The Philippines does not have a distinction based on race, so it is not applicable.
2. Definition and calculation of persons with disabilities: In Taiwan, it refers to employees who hold a disability identification card, and the hiring of individuals with severe or higher levels of disabilities shall be counted as 2 persons for each employment. In China, it refers to employees who hold a disability certificate for calculation purposes.

New Hires Overview

Analyzing the average annual employment rate of AcBel in 2022, the percentage of production line operators is 11.33%, with the highest percentage found in the Dongguan Factory. The percentage of general employee is 1.25%, with the highest percentage found in the Philippines. This can be attributed to product line adjustments and expansion requirements.

Annual New Hire Rate

Location	2022	
	Operator	General Employee
Taiwan	3.90%	1.75%
Dongguan Factory	26.65%	1.43%
Wuhan Factory	14.02%	0.07%
Philippines Factory	5.76%	3.22%
Wujiang Factory	12.70%	0.60%
Tongliang Factory	5.75%	0.41%
Kanghua Factory	10.50%	1.30%
Average	11.33%	1.25%

Notes |

1. The new hire rate is calculated as the average number of monthly new hires divided by the average number of employees during the month (average of the beginning and ending employee count) over a twelve-month period.
2. General employee refers to employees other than production line workers.

Analyzing the proportion of new hires to the number of employees at the end of the year, it was observed that in 2022, both Taiwan and the Philippines showed an increase compared to the previous year. However, plants in China experienced a decrease in this proportion due to the easing of pandemic restrictions and increased mobility of personnel. Furthermore, when considering the age distribution, the highest proportion of new hires was observed among individuals aged 30 and below. Additionally, the gender ratio among these new hires tended to be balanced.

Annual New Hires

Location	2020		2021		2022	
	Headcount	As a Percentage of Year-End Employed Personnel	Headcount	As a Percentage of Year-End Employed Personnel	Headcount	As a Percentage of Year-End Employed Personnel
Taiwan	271	17.60%	262	16.62%	371	22.27%
Dongguan Factory	1,117	42.23%	1,703	57.44%	607	33.06%
Wuhan Factory	791	49.16%	1,058	55.77%	520	35.47%
Philippines Factory	33	5.96%	91	16.34%	662	36.19%
Wujiang Factory	-	-	403	61.34%	79	25.40%
Tongliang Factory	-	-	115	40.21%	16	8.00%
Kanghua Factory	-	-	-	-	3	9.38%
Total	2,212	34.85%	3,632	45.75%	2,258	30.76%

Note |

New hires refer to employees who joined the company during a given year and remained employed until the end of that year.

	Group	Male				Female			
		Taiwan	China	Philippines	Total	Taiwan	China	Philippines	Total
New Hires	< 30	92	306	184	582	73	176	335	584
	30-50	111	388	54	553	77	343	86	506
	> 50	16	6	3	25	2	6	0	8
	Percentage of below the age of 30	35.66%	55.84%	44.34%	47.67%	45.63%	65.19%	44.97%	49.07%
	Percentage of aged between 30 -50	17.76%	27.42%	27.69%	24.74%	19.01%	27.20%	19.63%	24.05%
	Percentage of aged 50 and beyond	13.56%	2.74%	12.50%	6.93%	2.00%	4.55%	0.00%	3.28%
Subtotal		219	700	241	1,160	152	525	421	1,098

Employee Turnover Overview

Analyzing the annual turnover rate, the average rate for operators in 2022 was 16.15%, with the highest rate observed in Wujiang Factory. For general employee, the average rate was 1.85%, with the highest rate found in the Philippines which was due to personnel replacements.

Analyzing the annual turnover rate in 2022, the highest turnover rate was observed in the plants in China, primarily among employees aged 30 and below, followed by those aged 30-50. This can be attributed to factors such as the easing of pandemic restrictions leading to increased mobility of individuals, a highly selective job market, and increased job opportunities. These factors have contributed to an upward trend in the turnover rate.

Notes |

- The turnover rate is calculated as the number of employees who left during the month divided by the average of the number of employees at the end of the month and the number of employees who left during the month, over a twelve-month period.
- General employees refers to employees who are defined as employees other than those related to production line operators.

Annual Turnover Rate

Location	2020		2021		2022	
	Operator	General Employee	Operator	General Employee	Operator	General Employee
Taiwan	2.44%	1.08%	1.58%	1.52%	2.34%	1.71%
Dongguan Factory	22.07%	2.10%	27.52%	2.92%	23.98%	1.66%
Wuhan Factory	15.86%	2.97%	24.26%	3.45%	17.62%	1.84%
Philippines Factory	1.63%	1.61%	1.10%	2.64%	6.45%	3.32%
Wujiang Factory	-	-	33.50%	3.20%	33.40%	3.00%
Tongliang Factory	-	-	23.70%	2.10%	10.68%	0.81%
Kanghua Factory	-	-	-	-	18.60%	0.60%
Average	10.50%	1.94%	18.61%	2.64%	16.15%	1.85%

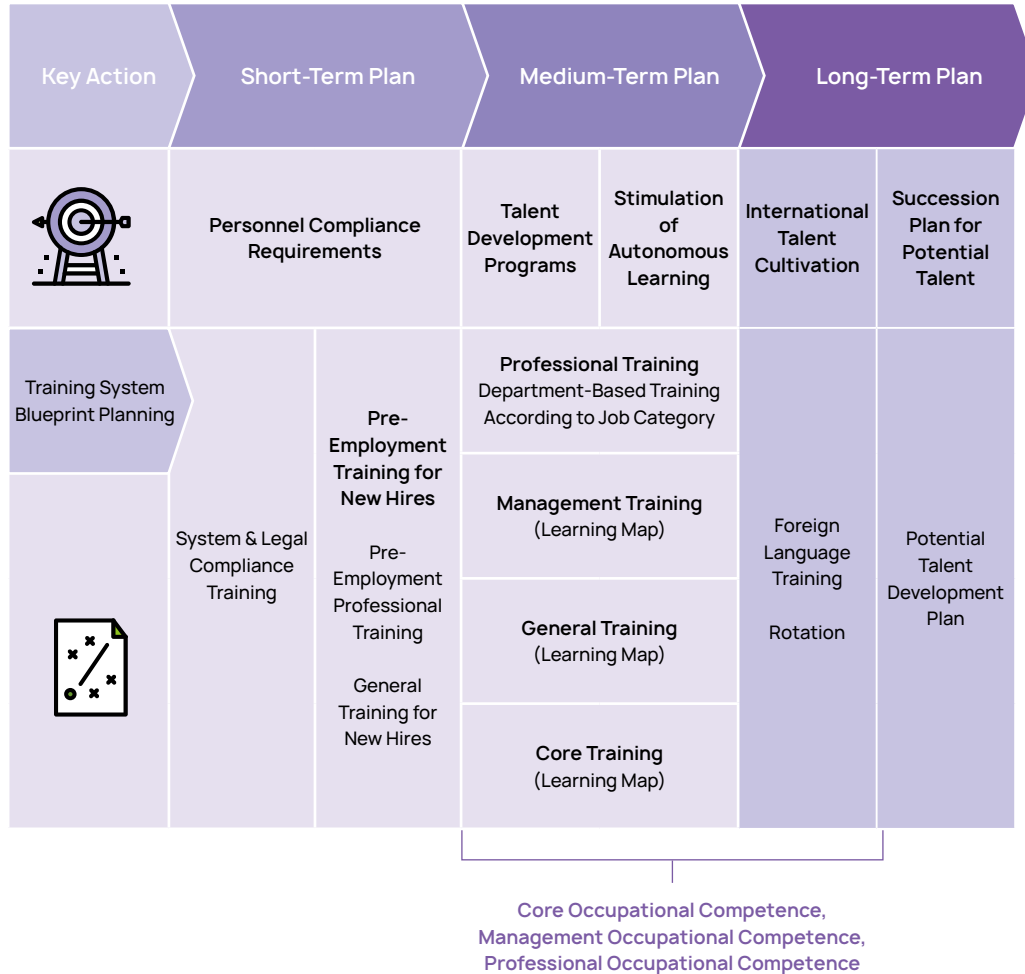
Category	Group	Male				Female			
		Taiwan	China	Philippines	Total	Taiwan	China	Philippines	Total
Departing Employee	< 30	111	5,060	148	5,319	62	2,149	329	2,540
	30-50	101	3,024	48	3,173	76	2,146	131	2,353
	>50	12	67	4	83	11	138	0	149
	Percentage of below the age of 30	43.02%	923.36%	35.66%	435.63%	38.75%	795.93%	44.16%	216.17%
	Percentage of aged between 30 and 50	16.16%	213.71%	24.62%	141.97%	18.77%	170.18%	29.91%	111.83%
	Percentage of aged 50 and beyond	10.17%	30.59%	16.67%	22.99%	11.00%	104.55%	0.00%	61.07%
Subtotal		224	8,151	200	8,575	149	4,433	460	5,042

Note | Departing employees are individuals who have completed the resignation process within the current year.



6.3 Diverse Talents Cultivation and Development

AcBel promotes a talent development program centered on competencies, aiming to accumulate the momentum for transformational growth and ensure the company's sustainable operations and the sustainable development of talents.



Short-Term Plan	Based on the "Compliance Requirements" strategy, system and regulatory training as well as new employee training are designed at the end of each year for implementation in the following year according to the planned schedule.
	System & Legal Compliance Training According to the annual planning of each department, training needs are identified for the employees who require training.
Medium-Term Plan	Pre-Employment Training for New Hires To assist new employees in integrating into the company and understanding its systems, a combination of digital and in-person training is arranged. Digital courses should be completed within one month of joining, while in-person courses should be completed within three months. The content of the new employee training program includes ESG dimensions, labor rights, occupational health and safety, and sustainable development mindset, among others.
	Based on the strategy of "Strengthening Organizational Capabilities and Developing Employee Competencies," key competencies are developed through the implementation of "Talent Development Programs" and "Stimulation of Autonomous Learning" for all employees.
Long-Term Plan	Talent Development Programs - Learning Map Key competencies required for each position are identified, and mandatory courses are planned for employees before their promotion to ensure their competency and readiness for the new position.
	Stimulation of Autonomous Learning - Credit System According to company strategy, elective courses are planned to encourage individuals to earn 24 credits per year, fostering a culture of autonomous learning vibe within the organization.
Long-Term Plan	Based on the strategy of "Strengthening Organizational Capabilities, Developing Employee Competencies, and Fostering Sustainable Talent," we design programs for "International Talent Cultivation" and "Succession Plan."
	International Talent Cultivation → Regular foreign language courses are conducted, and language certification incentives and rewards are provided to encourage employees to participate in language courses and exams autonomously, enhancing their language skills. → Through job rotation or international assignments, we aim to broaden employees' job scope and accumulate cross-functional work experience. This not only cultivates the diverse talent needed for our company's internationalization but also enriches and enhances employees' personal career development opportunities.
	Succession Plan for Potential Talent To cultivate the potential talent required for the future, we have launched a 3-year development plan from 2022 to 2024. This plan includes defining talent specifications, selecting key talents, and implementing a series of development programs and performance evaluations to ensure a prepared succession pathway.

Learning Development Roadmap












● Training Credit System

AcBel establishes a learning and development roadmap for different positions and job levels, which is linked to career progression. It promotes a training credit system where employees can participate in various learning paths based on their individual development needs. In the case of the Taiwan plants, employees are encouraged to accumulate at least 24 credits per year to enhance their core competencies and foster sustainable talents.

● Training Performance Evaluation

AcBel conducts performance analysis and records for each training course to enhance training effectiveness and continuously improve the quality of education and training. These records are archived in the learning system and serve as a basis for future course planning and improvement. Quarterly, the company compiles training performance evaluation reports to provide senior executives with insights into training outcomes and enable them to make informed decisions.

Learning Development Roadmap

	Key Point 1: Credit System									Key Point 2: Learning Development Pathway (Linked to Promotion)	
	New Hire Training		Core Training		Professional Training			General Training		Management Training	
Senior Manager											
Middle Level Manager											
Frontline Supervisor											
Project Manager	Occupational Competence Core Training	Pre-Employment Professional Training	Core Occupational Competence Training	Culture & Legal Compliance Training	Professional Occupational Competence Training	Specialized Personnel Professional Training	Internal Instructor Training	Workplace General Competence	Cross-Domain Trend Knowledge	Managerial Competency Preparatory Training	Language Training
Production Line Supervisor											
General Employee											

● Flexible and Diverse Courses

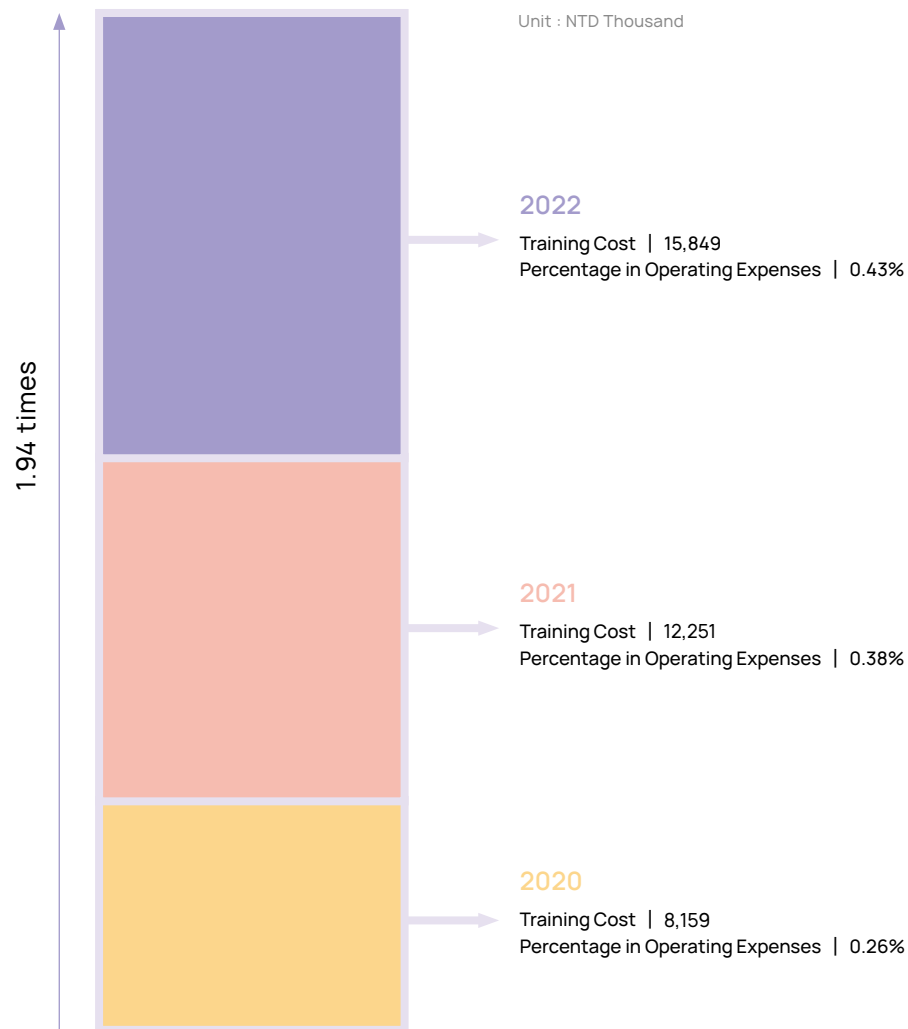
AcBel is committed to providing employees with a better learning environment and continuously invests resources to improve training facilities and learning platform systems. Currently, there are over 120 digital courses available on the internal learning platform, and a mobile learning system in the form of an application has been launched. This allows employees to have more learning options and flexibility.

● Training Effectiveness Evaluation

AcBel ensures the effectiveness of training by implementing a comprehensive evaluation mechanism that includes the levels of reaction, learning, behavior, and results, to ensure the achievement of training objectives. In the case of the work location in Taiwan, training effectiveness is assessed through course satisfaction feedback, trainer observations, and course evaluations. According to the statistics from 2021-2022, the average course satisfaction rating is 3.71 out of 4, indicating a high level of overall satisfaction among participating employees.

In 2022, a total of 21 on-site management courses were conducted in Taiwan, and the post-training action plan implementation rate reached 100%. Participating employees were able to apply what they learned to their practical work. Additionally, 2 courses were scheduled for follow-up training, providing employees with the opportunity for further deepening and improvement.

To sustain AcBel's operations and foster talent development, the investment in employee education and training has consistently increased over the past three years. In 2022, the training expenditure amounted to 15,849 thousand dollars, accounting for 0.43% of the operating expenses. The investment amount has grown by 1.94 times compared to the year 2020.



The total training hours and average training hours per employee in each production plant, categorized by job level and classification are as follows:

Taiwan

Year	2020	2021	2022
Number of Employee	1,540	1,576	1,666
Total Training Hours	15,769.05	45,863.68	54,517.35
Average Training Hours	10.24	29.10	32.72

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	195	47	631	338	175	280	1,001	665
Total Training Hours	10,363.98	2,120.78	25,950.77	14,627.81	485.51	968.50	36,800.26	17,717.09
Average Training Hours	53.15	220.51	41.13	43.28	2.77	3.46	36.76	26.64

Note | General employees refer to non-managerial employees. Supervisory staff is who hold a supervisory title and is classified as job level 5 or above.

In 2022, the average training hours per employee in Taiwan were 32.72, representing a 12.44% increase compared to 2021. When considering the training hours based on job positions, female supervisors had the highest average training hours, which were 4.14 times higher than male supervisory staff. This indicates the effectiveness of the mobile learning system (APP) in facilitating training. On the other hand, male operators had the lowest average training hours, which were only 0.8 times that of female operators. In the future, efforts will be made to encourage employees to participate in educational training programs based on their job functions.

Dongguan Factory

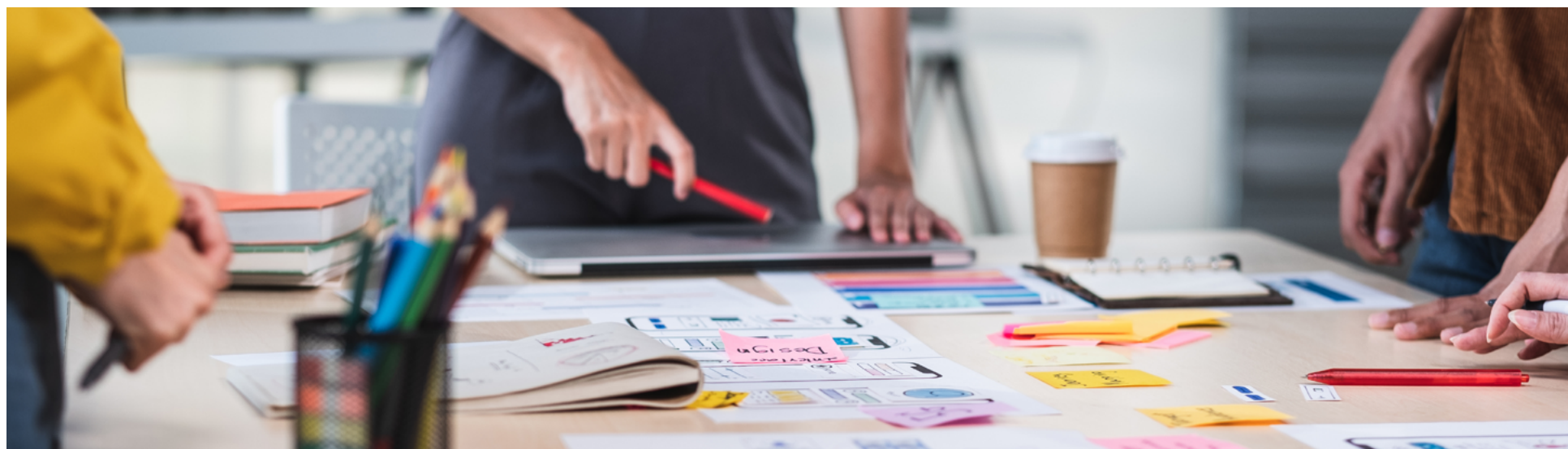
Year	2020	2021	2022
Number of Employee	2,645	2,965	1,836
Total Training Hours	5,300	6,273	8,956.5
Average Training Hours	2.00	2.12	4.88

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	177	131	341	137	591	459	1,109	727
Total Training Hours	1,755	2,075.5	1,309	681	1,603.5	1,532.5	4,667.5	4,289
Average Training Hours	3.03	3.03	1.33	1.42	0.94	0.99	1.43	1.58

Wuhan Factory

Year	2020	2021	2022
Number of Employee	1,609	1,897	1,466
Total Training Hours	24,663	65,614	19,010.5
Average Training Hours	15.33	34.59	12.97

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	34	11	161	81	619	560	814	652
Total Training Hours	2,289	973	4,860.5	2,646.5	4,388.5	3,853	11,538	7,472.5
Average Training Hours	67.32	88.45	30.19	32.67	7.09	6.88	14.17	11.46



Philippines Factory

Year	2020	2021	2022
Number of Employee	554	557	1,829
Total Training Hours	259	249.6	4,841
Average Training Hours	0.47	0.45	2.65

Year 2022	Supervisory Staff		Exempt Employee		Non- Exempt Employee		Direct Labor		Indirect Labor		Total	
	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	17	6	14	18	95	49	352	1,016	156	106	643	1,195
Total Training Hours	417	126	361	272	924	1,024	485	930	116	186	2,303	2,538
Average Training Hours	24.53	21.00	25.79	15.11	9.73	20.90	1.38	0.92	0.74	1.75	3.36	2.12

Wujiang Factory

Year	2021	2022
Number of Employees	657	311
Total Training Hours	6,575.4	2,920
Average Training Hours	10.01	9.39

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	45	12	79	60	41	74	165	146
Total Training Hours	623.80	265.30	1,209.90	765.10	26.90	29.00	1,860.60	1,059.40
Average Training Hours	13.86	22.11	15.32	12.75	0.66	0.39	11.28	7.26



Tongliang Factory

Year	2021	2022
Number of Employees	286	200
Total Training Hours	3,152.5	2,461.5
Average Training Hours	11.02	12.31

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	4	0	40	34	33	89	77	123
Total Training Hours	89	0	788.5	874	255.5	484.5	1,103	1,358.5
Average Training Hours	22.25	-	19.71	25.71	6.83	5.44	14.32	11.04

Notes |

1. Job classification explanation for China sites: Supervisory Staff – supervisors at all level. General Employee – employee with titles such as Manager, Engineer, and other staff and engineering positions. Operator – employee who are included in the above categories.
2. Job classification explanation for the Philippines site: Exempt Employee – employee who is not subject to the overtime pay provisions of the United States Fair Labor Standards Act. Non-Exempt Employee – employee who is subject to the overtime pay provisions of the United States Fair Labor Standards Act. Direct Labor – employee directly involved in the production process. Indirect Labor – employees providing support to the production line personnel.

Kanghua Factory

Year	2022
Number of Employees	32
Total Training Hours	949.5
Average Training Hours	29.67

Year 2022	Supervisory Staff		General Employee		Operator		Total	
	♂	♀	♂	♀	♂	♀	♂	♀
Headcount	3	2	4	4	10	9	17	15
Total Training Hours	124	77.5	160.5	162	250.5	175	535	414.5
Average Training Hours	41.33	38.75	40.13	40.50	25.05	19.44	31.47	27.63


In 2022, the average training hours for employees in China and the Philippines, excluding Taiwan (HQ and Tamsui Factory), were noticeably lower. This can be attributed to the impact of the COVID-19 pandemic, which made it challenging to conduct physical training programs. Additionally, the adoption of the mobile learning system through the APP platform was not widespread. In the future, efforts will be made to expand the successful experience of employee education and training in Taiwan to other plants, aiming to enhance the effectiveness of employee training and accumulate human capital.



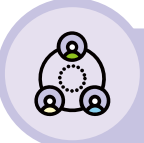
Human Rights Training

To ensure the full protection of human rights at all operational sites and for employees, AcBel takes a proactive approach through risk management to identify and assess human rights risks. The company aims to create a workplace where every employee is treated with respect and fairness. Additionally, AcBel places a strong emphasis on communication with employees, especially during significant operational changes. In compliance with relevant laws and regulations, employees are provided with advance notice to ensure they have sufficient time to adapt to changes or adjust their work arrangements, thereby safeguarding their rights in the workplace.

In 2022, AcBel conducted human rights audits and assessments across all operational sites to ensure 100% protection of employee rights. The company demonstrated its commitment to reducing the risks of human rights violations. Considering the different management approaches at each operational site, some locations provided training specifically targeted at management levels, while general employees received awareness programs. As a result, the proportion of employees receiving training varied across different job positions, with some groups having lower participation rates. Moving forward, AcBel aims to implement a 100% training approach for all employees, regardless of their positions, and extend it to include supply chain partners to ensure the effective implementation of human rights protections.



Human Rights Risk Identification |
Possible human rights risks and issues including possible risks to workers rights within the company and its supply chain



Training and Implementation on the Concept of Human Rights |
Training programs that encompass human rights standards and regulations, racial discrimination, gender equality, labor rights and supply chain management are implemented within the company's daily management.

Human Rights Training in 2022

Location	Headcount	Total Hours	Average Training Hours	Proportion of Employees Receiving Training Relative to the Total Workforce
Taiwan	1,550	879.0	0.57	93.04%
Dongguan Factory	1,280	2,043.5	1.60	69.72%
Wuhan Factory	1,450	8,291.0	5.72	98.91%
Philippines Factory	790	790.0	1.00	43.19%
Wujiang Factory	44	48.0	1.09	14.15%
Tongliang Factory	16	16.0	1.00	8.00%
Kanghua Factory	32	164.5	5.14	100.00%

Notes |

- 1.All employees who have completed the report to work process at each production site will receive in-person training on the concept of human rights within the same year.
- 2.Each year, employees in service will undergo follow up training on the concept of human rights through in-person educational programs or online awareness initiatives.

Incentives for Certifications and Language Learning

Encountering with international competition, AcBel is actively cultivating talents with international perspectives and expertise. The company continues to increase its investment in learning subsidies and certification incentives. Over the past three years, the amount allocated for professional certifications and foreign language proficiency subsidies has consistently risen. Although there was a decrease in the number of applicants and the amount spent on learning subsidies and foreign language examination subsidies in 2022, the overall investment increased slightly by 10.69% due to an increase in the total amount spent on certification incentives. This demonstrates AcBel's commitment to employee development and professional growth, motivating employees to continuously learn and improve, thereby enhancing their value and competitiveness in the workplace.



Professional Certification, Foreign Language Proficiency Enhancement Subsidy, and Incentive (Taiwan)

Year		2020	2021	2022
Total Investment Amount		1,455,600	1,800,053	1,992,527
Incentives for Various Professional Certifications		847,000	1,392,000	1,592,607
Subsidy Amount	Learning Subsidy	544,800	334,503	334,570
	Foreign Language Certification Subsidy	63,800	73,550	65,350
Number of Application	Learning Subsidy	106	46	50
	Foreign Language Certification Subsidy	119	143	124

Colleges and Universities Cooperation

●Target | Introducing key technologies and attracting talent

AcBel establishes long-term partnerships with academia and promotes collaboration with the academic community, aiming to drive technological innovation and research and development projects. This collaboration helps accelerate product development cycles and enables the company to effectively respond to rapid market changes, ensuring its leading position in the industry. Additionally, these partnerships allow the company to proactively engage with the talent market, attracting exceptional academic talent to join the organization and enhance its overall talent pool and competitiveness.

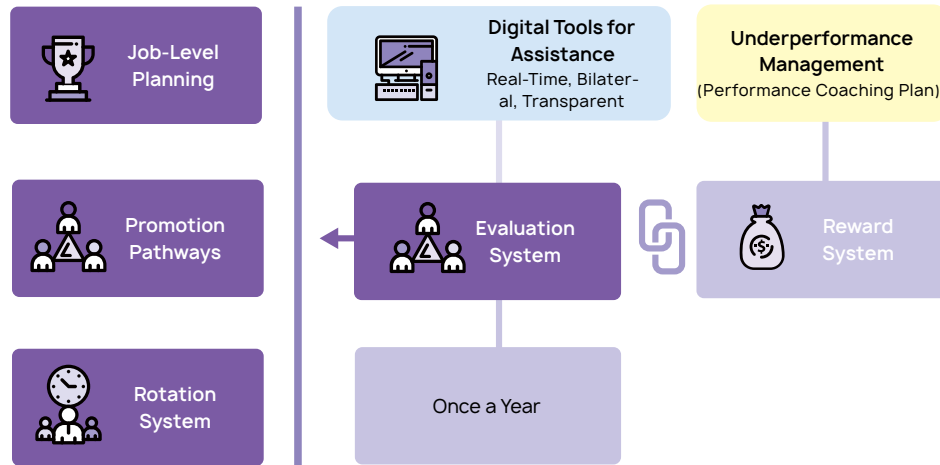
 Collaborative Academia	 Collaboration Item
National Taiwan University	The main categories are: 1. Electronics Industry-Academia Cooperation Development Program 2. Institution-Industry Cooperation Development Program These programs cover various projects such as automotive applications, improvement of power product efficiency, and design optimization.
National Tsing Hua University	
National Yang Ming Chiao Tung University	
National Taiwan University of Science and Technology	
National Taipei University of Technology	
National Formosa University	
Ming Chi University of Technology	

Employee Performance Evaluation, Promotion, and Rotation

AcBel has established a comprehensive job classification and position system, including professional positions (technical personnel, staff), project positions, and supervisory positions. This provides employees with different career paths and options for professional development. Employees can choose to pursue a career in professional positions or supervisory positions based on their individual career plans. Alternatively, they can gain experience in project positions before advancing to supervisory roles.

By cultivating its own supervisors, the company can develop leaders who have a deep understanding of the organizational culture and values. This is beneficial for maintaining organizational consistency and direction. Taking the HQ & Tamsui factory in Taiwan as an example, currently, 70% of the supervisors are internally cultivated by the company, showcasing AcBel's emphasis on internal talent cultivation and promotion opportunities.

In addition, AcBel allows employees to be transferred to different positions based on the operational needs of each department and their own development aspirations. This provides employees with diverse job responsibilities and challenges, which helps cultivate well-rounded skills and enhances the organization's flexibility and innovation capabilities.

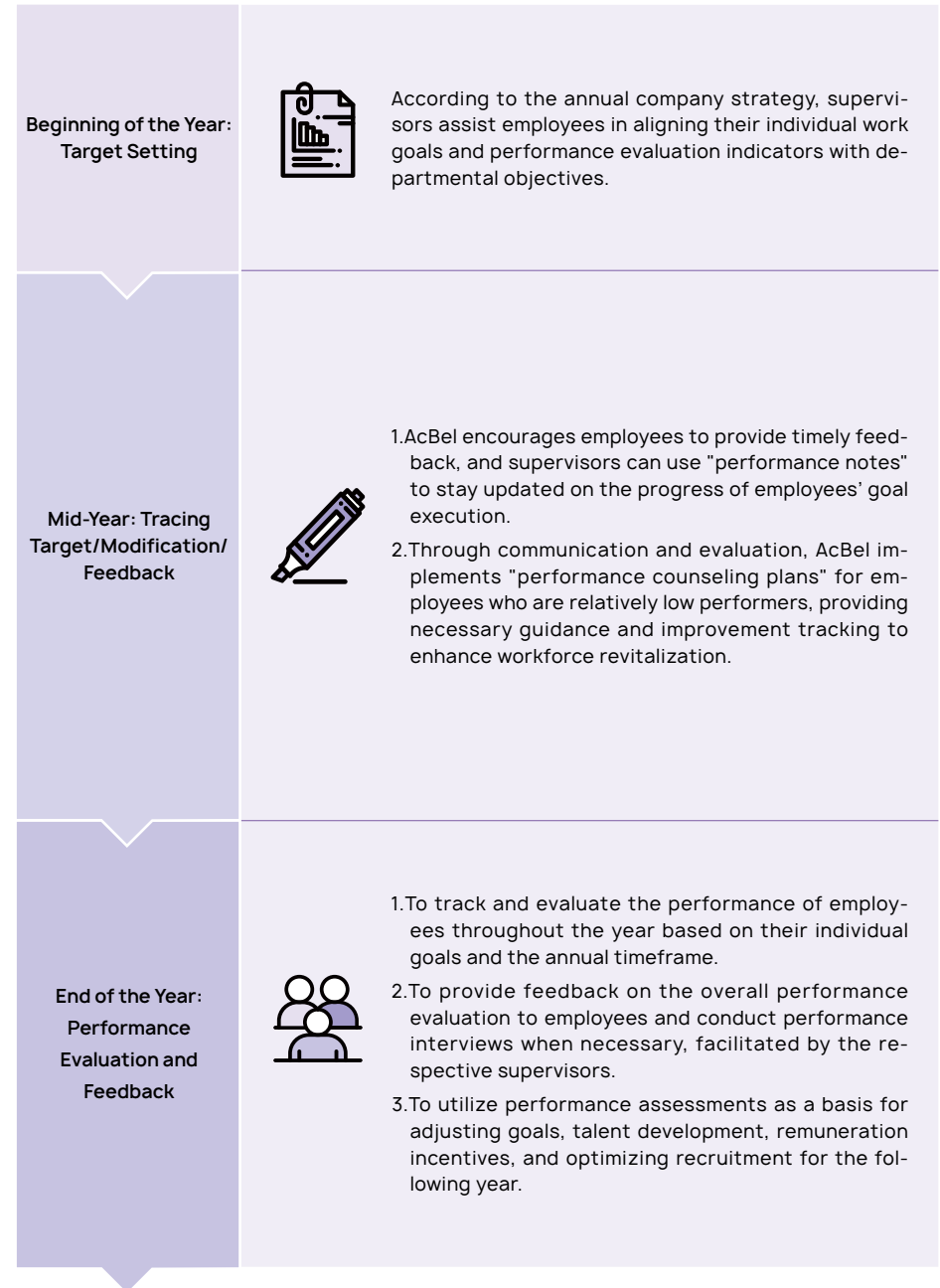


AcBel conducts regular employee performance review each year, utilizing digital tools to facilitate the performance evaluation system. This enables more effective collection of employee performance data and provides objective evaluation criteria. It also helps employees understand their own performance, make timely adjustments to their performance targets, and improve work methods. Real-time feedback promotes smooth communication and exchange, fostering an open and transparent work environment.

When employees fall behind in performance areas, AcBel classifies them as candidates for coaching and improvement in order to assist them in enhancing their job performance. The coaching and improvement plan is implemented by the relevant supervisory personnel, who work together with the employee to devise a customized improvement plan. If the employee fails to meet the improvement standards, appropriate actions such as termination or retirement will be carried out in accordance with local labor laws to ensure that the employee's employment rights are properly protected.

In 2022, all production sites achieved a 100% completion rate for the annual performance evaluation process. The evaluation process involved self-assessment by employees, followed by a review from their supervisors, and final approval from the President. Performance evaluations were directly linked to rewards and promotions, motivating employees to excel and retaining talent for the company's sustainable development. In 2022, a total of 292 employees successfully completed the internal promotion assessment based on their performance, accounting for 3.98% of the total workforce.

Performance Management Process

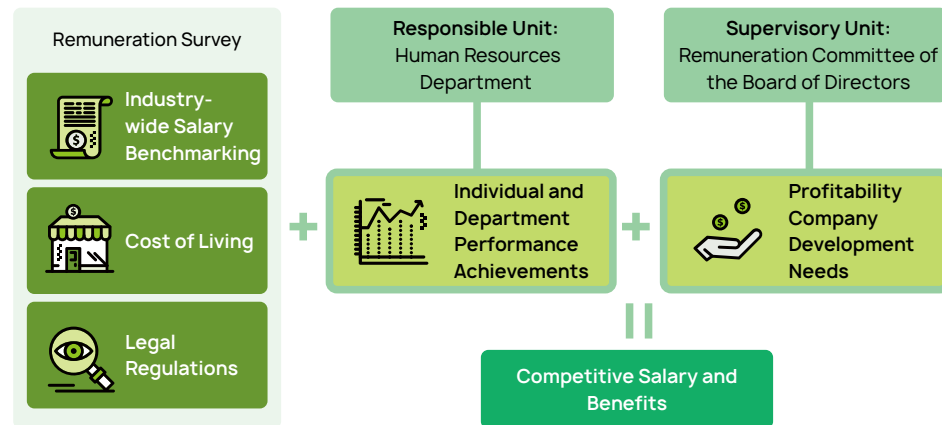


6.4 Remuneration Packages and Benefits

Employee Remunerations

The company regularly conducts remuneration surveys to determine appropriate compensation packages based on industry and regional salary levels. These factors are combined with the cost of living, minimum wage regulations, and social welfare requirements. Additionally, considering the overall profitability of the company, efforts are made to ensure that the remuneration and benefits offered exceed the legal requirements, taking into account the needs of employees and their families. The company also places importance on the development of comprehensive social insurance and retirement systems to ensure that employees receive reasonable retirement benefits and welfare provisions upon retirement.

Remuneration packages at AcBel are designed based on the responsibilities and requirements of different positions, and it does not discriminate based on gender. Regular salary reviews and evaluations are conducted to ensure the reasonableness and fairness of the salary structure. Necessary adjustments are made as needed to address any inequalities and ensure equal treatment.



In response to the increasingly competitive talent market, AcBel continues to enhance employee remunerations and benefits to maintain a competitive advantage. The average salary and employment cost ratio increased from 6.4% in 2020 to 7.3% in 2022.

In each operating location, taking into account the talent market and company profitability, the basic salaries of employees are determined with reference to the local statutory minimum wages. This ensures that employees receive reasonable compensation for their work. In four regions, including Taiwan, Dongguan, Wuhan, and Wujian, the basic salary is higher than the statutory minimum wage.

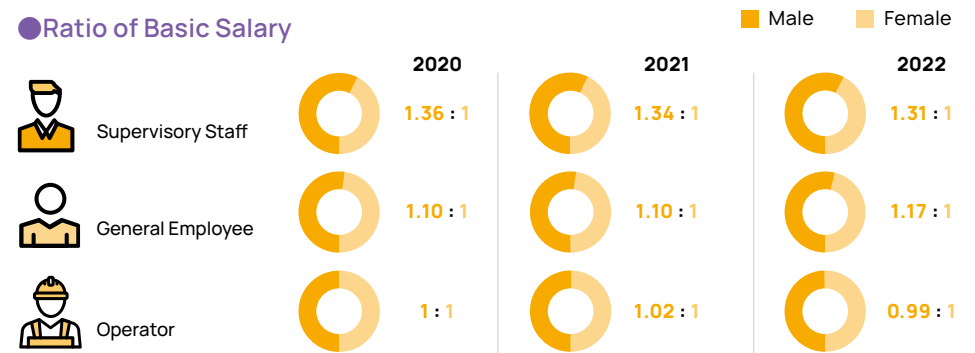
Ratio of Basic Salary for Entry-Level Employee

Location/Item	Taiwan	Dongguan Factory	Wuhan Factory	Philippines Factory	Wujiang Factory	Tongliang Factory	Kanghua Factory
Ratio of the basic salary to the local statutory minimum wage	1.23:1	1.16:1	1.12:1	1:1	1.01:1	1:1	1:1

Note | The statutory minimum wage is based on the announcements of the Ministry of Labor in Taiwan, the Human Resources and Social Security Department of Guangdong Province (Dongguan Factory), the Human Resources and Social Security Department of Wuhan Province (Wuhan Factory), the Department of Labor and Employment in the Republic of the Philippines (Philippines Factory), the Human Resources and Social Security Bureau in Suzhou City (Shanghai Sino Wujiang Factory), and the Human Resources and Social Security Bureau in Chongqing City (Shanghai Sino Tongliang Factory, Chongqing Kanghua Factory)

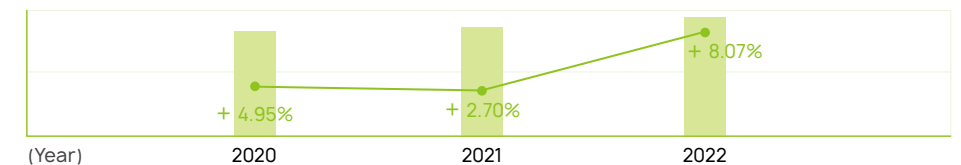
1 Taiwan

Ratio of Basic Salary

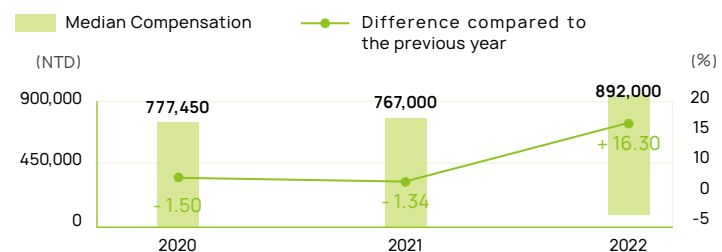
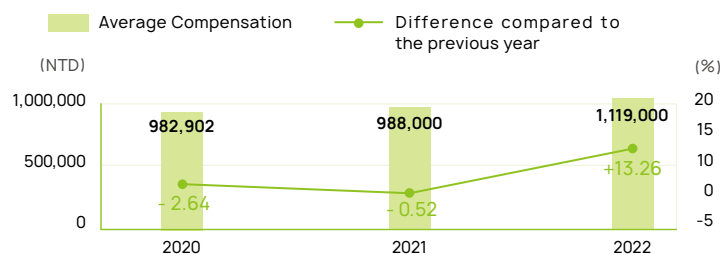
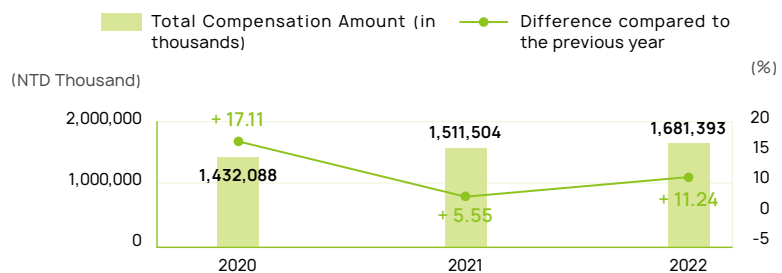
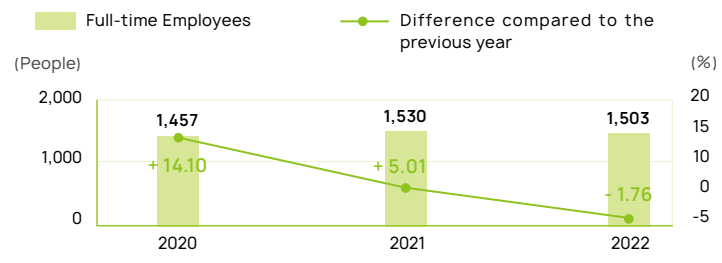


Although the company follows the principle of equal pay for equal work, there is a slight difference in the gender pay ratio due to factors such as job responsibilities and years of experience. This is mainly attributed to the characteristics of the electronics industry, where male employees are more predominant in managerial and research and development roles, which generally come with higher levels of responsibility and experience. As a result, their salaries tend to be higher compared to female employees. On the other hand, female employees are more dominant in operator roles, and they often have more years of experience compared to their male counterparts. Therefore, their salaries may be higher than those of male employees in these positions.

Salary Adjustment for General Employees (Taiwan)



Compensation for Non-executive Positions in Taiwan



In 2022, employee compensation and the average compensation continued to increase for the third consecutive year. The median compensation increased by 16.3% compared to the previous year. When compared to the industry peers, the average compensation for the years 2020 to 2022 outperformed the industry.

Year		2020	2021	2022
Average Compensation	AcBel	982,902	988,000	1,119,000
	Industry Peers	851,000	913,000	-
Difference between AcBel and its industry peers		+15.51%	+8.21%	-

Notes |

1. Non-managerial employees refer to employees who are not directors or managers. The average compensation is calculated based on the overall annual salary. Total salary refers to the total amount of compensation received by employees, including regular monthly salary (including base salary and fixed allowances and incentives paid monthly) and non-regular salary (including overtime pay, year-end bonuses, performance-based bonuses, and full attendance bonuses, among others)

2. The information in the table is sourced from the "Market Observation Post System" (MOPS) at <https://mops.twse.com.tw/mops/web/t100sb15>. As of the time of this report, the "Market Observation Post System" has not disclosed the average salary information for the industry in 2022, therefore no relevant comparative information is available.

2 Other Locations

● Factories in China

The main reasons for the gender wage disparity at our plants in China, similar to Taiwan, are attributed to the higher representation of men in supervisory and research and development roles, as well as the higher seniority of male employees. This leads to differences in the male-to-female wage ratio. In the case of our plant, Shanghai Sino Hardware, as it belongs to the metal stamping industry, the design of molds and operation of stamping machines are predominantly performed by male employees. This occupational segregation contributes to the wage gap, with male employees earning higher wages compared to their female counterparts.

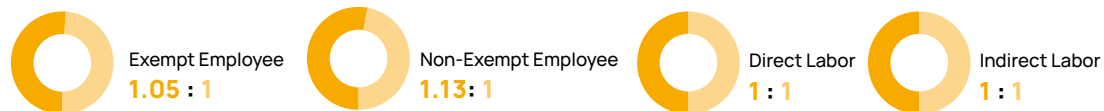
Ratios of Basic Salary in 2022

Job Classification	Gender	Dongguan Factory	Wuhan Factory	Wujiang Factory	Tongliang Factor	Kanghua Factory
Supervisory Staff	♂	1.36	1.06	1.22	1.44	1.51
	♀	1	1	1	1	1
General Employee	♂	1.08	1.06	1.12	1.26	1.18
	♀	1	1	1	1	1
Operator	♂	0.94	0.98	1.34	1.05	1.08
	♀	1	1	1	1	1

● Philippines Factory




The gender wage gap in the Philippines factory is similar to that in Taiwan and China, resulting in higher salaries for men compared to women.

■ Male ■ Female



Note | Job classification in the Philippines factory: Exempt employees are those who are not subject to the overtime pay provisions of the U.S. Fair Labor Standards Act, while non-exempt employees are subject to the overtime pay provisions of the U.S. Fair Labor Standards Act. Direct Labor are directly involved in the production process, while Indirect Labor are employees who provide assistance to the production line personnel.

The welfare plan at AcBel is divided into two categories: statutory and non-statutory. Statutory welfare is designed in accordance with legal regulations and consists of three main areas: "Safety and Health," "Non-attendance Benefits," and "Employee Services," ensuring compliance with legal requirements. Additionally, to attract and retain talent, we optimize company resources based on the specific conditions of each operating base and provide benefits that exceed the statutory requirements to meet the daily needs of our employees.

Item	Statutory Benefit	Non-Statutory Benefit
 Safety and Health	Social insurance, such as National Health Insurance, Labor Insurance, Unemployment Insurance, Retirement Pension, and the mandatory "Five Social Insurances and One Housing Fund," along with Severance Pay, Occupational Injury Compensation, Employee Welfare Fund, Occupational Health Checkups, etc.	Enhanced retirement benefits or severance pay, group insurance, emergency relief fund, holiday gifts and bonuses (for festivals and birthdays), scholarships, childbirth incentives, learning subsidies and incentives, etc.
 Non-Attendance Compensation	Various types of employee leave, such as Regular Leave, Maternity Leave, Parental Leave, Paternity Leave, Menstrual Leave, Family Care Leave, Public Holidays, Personal Leave, Sick Leave, Bereavement Leave, etc.	Birthday leave, community service leave, volunteering leave, vacation leave, family visit leave, etc.
 Employee Service	Services and activities organized by the Employee Welfare Committee.	Optimization of workplace facilities, meal and transportation subsidies, free meals, club subsidies, festive activities, visually impaired massage services, on-site convenience store/welfare shop, shuttle bus service, gym, employee dormitories, etc.

To foster employee motivation and engagement in social service, AcBel provides paid leave and subsidies for public service activities. This allows employees to enjoy paid time off while participating in public service activities and helps alleviate the financial burden associated with such activities.

Additionally, each employee is entitled to 4 hours of paid community service leave per year. This enables employees to flexibly allocate their time and participate in external public service activities according to their personal needs. It also encourages employees' voluntary involvement in community service.



Volunteering Leave



Community Service Leave

<ul style="list-style-type: none"> · Paid · No Limit on Application Hours · Applicable to All Company-Organized Public Service Activities 	<ul style="list-style-type: none"> · Paid · Limited to 4 hours per year · Employees have the freedom to choose from all public service activities
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Workplace Facilities

Item	Applicable Plant	Content
Employee Canteen	All Plants	Providing multiple dining options for employees, including options for meat-based, vegetarian, noodle dishes, and coffee/light snacks.
Medical Care Room		Provided for employees in need (including health consultation, emergency treatment)
Breastfeeding Room		
Convenience Store		Employees can enjoy exclusive discounts for on-site shopping.
Employee Dormitory	All plants excluding Philippines Plant	Except for partial subsidies provided to foreign employees in Taiwan, accommodation is provided free of charge for employees in all other factory areas.
Prayer Room	All plants excluding SINO's three factories	Provided for employees in need.
Fitness Room	Taiwan	Available for free use by employees on working days during work hours.

Item	Applicable Plants	Content
Flexible Working Hours	Taiwan	Employees are allowed to arrange their own working hours within the designated time period.
Profit-Sharing with Employees		The distribution of benefits is based on the company's annual performance and individual performance.
Employee Stock Ownership Certificate		Related benefits are based on individual performance
Maternity Allowance		NTD 1,600 of Maternity Allowance
Baby Bonus		In addition to employees themselves, including employee's children, each newborn is eligible to receive a birth incentive of NTD 66,000.
Club Subsidy		We provide subsidies for club activities upon application.
Scholarship		We offer employees and their dependent education subsidies and scholarships, and provide encouragement to employees who demonstrate outstanding academic performance.
Language Learning Subsidy and Incentive		We provide subsidies for English and Japanese language courses and certifications. Employees who pass the certifications and meet the incentive criteria will be eligible for a one-year incentives.
Retention Incentive System for Indigenous Employees		We offer referral bonuses and semi-annual retention bonuses of NTD 18,000.
Volunteering Leave		If employees participate in company volunteer activities during their vacation period, corresponding vacation hours will be provided based on the number of hours involve
Community Service Leave		Employees can apply for paid public service leave when participating in non-company organized public service events or engaging in voluntary charitable activities.
Birthday Leave		An employee is entitled to one day of paid birthday leave during their birthday month.
Family Care Leave		Out of the total annual 7 days of leave, 2 days are paid leave.
Internship Opportunity for Children of Employee		We offer summer job opportunities for employees' children.
Travel Subsidy		We provide employees with travel subsidies.
Stress Release Massage		We hire visually impaired massage therapists to provide services.
Benefits at Affiliated Stores		Employees can enjoy exclusive discounts and benefits at affiliated stores in the local neighborhood

Item	Applicable Plants	Content
Travel Vacation	Taiwan, Philippines Plant	Paid vacation for employees to enjoy leisure travel
Employee Shuttle Service		Shuttle service for employees' commute, including transportation to and from work as well as for overtime purposes.
Family Day		An annual Employee Family Day to promote interpersonal connections and strengthen family relationships.
Year-End Bonus	All Plants	Calculation based on individual salary scale, performance, and annual tenure ratio.
Holiday and Birthday Bonus		Presenting employees with birthday gifts/cash and holiday gifts/cash during the festive season.
Staff Gathering/Lucky Draw		Spring banquet, year-end banquet, Christmas lucky draw, etc.
Performance Bonus		Distributed based on individual performance evaluations
Annual Health Check-Up	Taiwan, Dongguan Plant, Wuhan Plant, Philippines Plant	Free annual employee health check-up
Employee Referral Bonus	Taiwan, Dongguan Plant, Wuhan Plant, Wujiang Plant	Employees who refer candidates for employment are eligible for a referral bonus.
Medical Subsidy	Wuhan and Wujiang Plant	Providing medical subsidy to employees.
Spring Festival Retention Bonus	Dongguan Plant, Wuhan Plant, Wujiang Plant	Providing incentive bonus to employees who achieve full attendance during the Spring Festival and return to work on time.
New Hire Incentive	Taiwan, Dongguan Plant, Wuhan Plant, Wujiang Plant	Providing new hire incentive for self-applied production line employees.
Lunar New Year Red Envelope		Providing lunar new year red envelope to all employees
Night Shift Allowance	Taiwan and plants in China	Providing night shift allowance.
Full Attendance Bonus	Philippines and plants in China	Encouraging production line employees to achieve full attendance
Return-to-Work Bonus	Wujiang Plant	Offering a returning bonus for former employees

Baby Bonus (Taiwan)

AcBel has been encouraging employees to have children by providing a childbirth incentive since 2011. Employees who become parents or grandparents are eligible to receive a baby bonus of 66,000 NT dollars. As of the end of 2022, a total of 608 AcBel babies have been born, and a total of 40,128,000 NT dollars in bonuses have been distributed.

Year	Number of Subsidized Individual	Bonus Amount (NTD Thousand)
2022	40	2,640
2021	58	3,828
2020	49	3,234

Employee Welfare Committee/ Organization

Conforming to legal regulations, AcBel establishes an Employee Welfare Committee in Taiwan, jointly formed by the company and employees, and allocates monthly employee welfare funds. The Welfare Committee plans and organizes activities throughout the year, aligned with seasons and festivals, offering diverse choices to encourage participation and foster a sense of cooperation. These activities aim to help employees release work-related stress, achieve work-life balance, maintain employee relationships, and cultivate a sense of happiness and cultural identity within the company. In 2022, a total of 3,810 participants joined the online puzzle challenge, singing competition, art festival, and other series of events organized by the Welfare Committee. Additionally, corresponding employee welfare organizations are established in each production base based on specific circumstances. Monthly, 0.05% to 0.15% of the company's turnover is allocated as employee welfare funds to conduct related employee incentive activities, fostering unity and cohesion among all employees.

Investment in Employee Benefits in Taiwan

Unit : NTD Thousand

Item	2020	2021	2022
Maternity Allowance	166	74	45
Travel Subsidy	7,570	8,485	9,528
Club Subsidy	359	172	142
Holiday and Birthday Vouchers	8,481	9,024	8,864
Scholarship for Employees' Children	226	227	231
Event Expenses and Others	17,651	10,302	12,340
Total	27,452	28,284	31,149

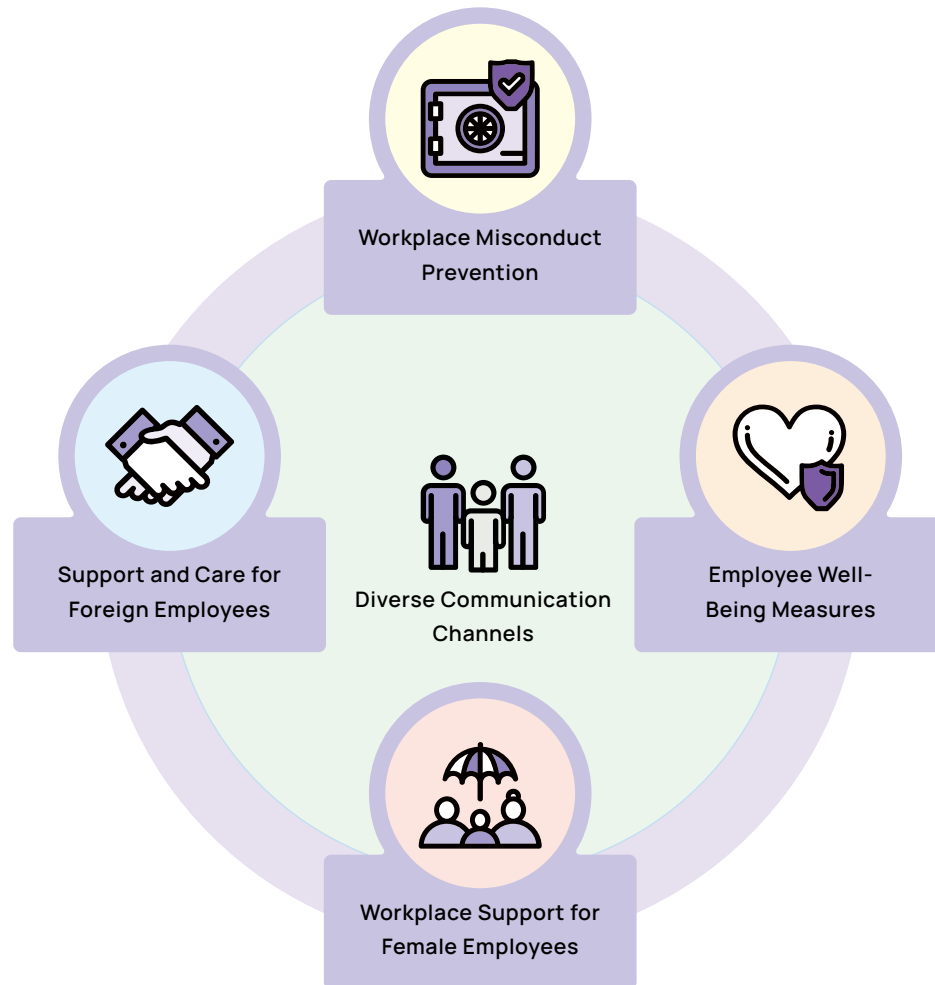
Retirement System and Social Insurance

From the point that employees report to work, AcBel complies with local laws and regulations at each operating base to implement employee retirement plans in order to safeguard their rights and meet their future life needs upon retirement. In 2022, the allocated retirement benefit expenses paid to the Labor Insurance Bureau amounted to 62,844,000 NT dollars. The retirement benefit expenses and basic pension insurance expenses recognized by other subsidiaries included in the consolidated financial statements amounted to 105,513,000 NT dollars.

Location	Content
Taiwan	AcBel complies with the "Labor Pension Act," employee who meets the applicable new system shall be transferred to the Labor Insurance Bureau's labor pension personal special account at a contribution rate of 6% of his monthly salary.
China	According to the provisions of the "Social Insurance Law," a certain percentage of employees' salary is deposited into the government's social insurance account according to the salary of employees for the purpose of retirement when faced with oldness, sickness, disability, unemployment, childbirth, death, disaster and life difficulties.
Philippines	A fixed percentage of the employees' salary is allocated into the compulsory social insurance (Social Security System, SSS), medical insurance (PhilHealth) and housing reserve (Pag-IBIG) each month by the company and its employees in accordance with related laws and regulations.

Note | The company's retirement policies and social insurance coverage apply to all regular employees.

6.5 Comprehensive Employee Welfare Initiatives

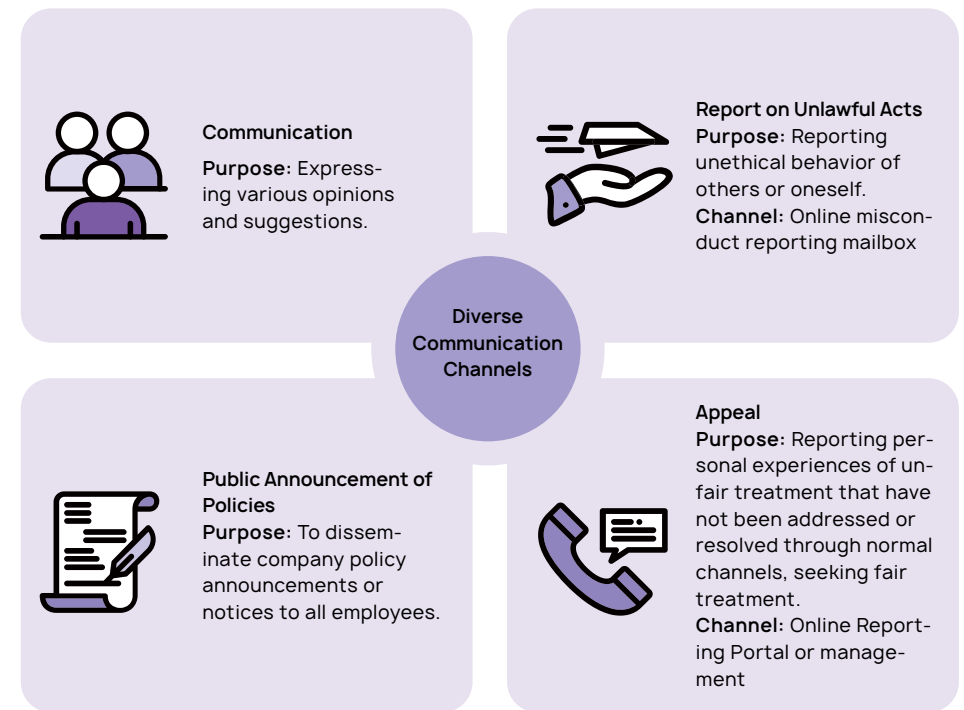


Diverse Communication Channels

AcBel values effective two-way communication between the company and its employees in order to better understand their needs, opinions, and feedback. When necessary, this input is incorporated into the formulation, implementation, and modification of company policies, establishing trust and consensus between labor and management and fostering a friendly work atmosphere.

In 2022, AcBel received 58 employee feedback regarding company management, primarily related to improving meals, accommodation conditions, and supervisor management styles. We continuously strive for improvement through hardware upgrades and enhanced supervisor training. No reports of unethical behavior were received through any reporting channels.

In 2022, AcBel Taiwan implemented an Enterprise Information Portal (EIP) that serves as an information dissemination system. This allows employees to receive real-time company updates. We plan to expand this system to other locations in the future to enhance communication throughout the company.



Channel	Features of Communication	Communication	Number of Cases		
			2020	2021	2022
Suggestion Box	Physical suggestion boxes have been set up and an email system to facilitate employees in providing real-time feedback on issues. A dedicated department is responsible for handling and providing responses to these feedback.	Anytime	43	10	9
Employee Meeting	Face-to-face meetings between senior executives and employees are conducted to understand the needs of both labor and management.	Monthly	1	0	0
Labor-Management Meeting	AcBel in Taiwan hosts a "labor-management meeting" (replaced by the staff representative meeting in other factory areas) where representatives from both labor and management communicate and discuss various labor conditions, employee benefits, and other related issues.	Quarterly	19	0	4
Employee Interview	We gather insights into employee needs and issues through interviews and we also provide appropriate support and assistance.	Monthly	0	0	6
Grievance Hotline/Email or Management	When employee rights are violated or compromised, they can file complaints through the designated grievance mailbox or directly address their concerns to the management level departments. The responsible department will handle the complaint within a specified timeframe, ensuring confidentiality and providing a response to the involved parties regarding the outcome.	Anytime	0	8	38
Online Reporting/Whistleblowing Portal	When suspected unethical behavior occurs, customers, suppliers, employees, shareholders, and other stakeholders can utilize this channel to report it. The Auditing Office at the HQ is responsible for investigating and providing a response to such reports.	Anytime	0	0	0
WeChat Group	There is a WeChat official account established for the plant locations in China where employees can communicate and provide instant feedback. The responsible units will handle and give the feedback.	Anytime	0	43	1
Management Review Committee	A Management Review Committee is established in accordance with the management system requirements. The committee consists of representatives from both labor and management, who provide reports and feedback on the implementation of the management system.	Quarterly	0	0	0


Notes |

1.If the number of cases through this communication channel is 0, it simply means that no employee feedback has been collected through this channel, but it does not indicate that the meeting has not been held, such as employee meetings or labor-management meetings.

2.AcBel Employee Grievance Hotline: +886-2-26217672 ext. 32939 (Human Resources Department), ext. 32606 (HQ Auditing Office).

AcBel

[Online Reporting Portal →](#)



The Ratio of Labor-Management Meetings and Employee Representative Meetings

Item \ Plant	Taiwan	Dongguan Factory	Wuhan Factory	Philippines Factory
Total Number of Participant	14	11	10	20
Employer Proportion	50.00%	18.18%	10.00%	55.00%
Employee Proportion	50.00%	81.82%	90.00%	45.00%
Gender ratio of Male and Female Employees	4 : 3	5 : 4	5 : 4	5 : 4

Note | The Labor-Management Meetings and Employee Representative Meetings are organized to facilitate coordination and communication on labor-related issues between the employer and employees. The company's "Labor Policy" respects and protects employees' freedom of speech, as well as their rights to freedom of assembly and association in accordance with the law, and establishes channels for employee communication. Wujiang Plant, Tongliang Plant, and Chongqing Kanghua Plant do not have employee representative meetings at the moment.

Workplace Harassment Prevention

AcBel is committed to creating a friendly, equitable, and inclusive workplace environment. The company upholds the principles of equal treatment, diversity and inclusion, and the appropriate placement of employees. Through the establishment of relevant measures and mechanisms, every employee is ensured the opportunity to develop and grow under fair and just conditions, while also receiving full respect and protection.

By strengthening the promotion of measures to prevent workplace bullying and sexual harassment and establishing a robust complaint handling mechanism, employees and supervisors work together to minimize the occurrence of incidents related to workplace misconduct prevention.

Care for Female Employees

AcBel values the care and needs of female employees and strives to enhance their workplace participation rate and retention rate by providing tailored measures and services for female employees, as well as creating a supportive work environment.

1. Breastfeeding Room: In addition to providing unlimited pumping breaks per day, the company has set up breastfeeding rooms that exceed legal requirements, providing a convenient and comfortable environment for breastfeeding mothers.

2. Maternity Leave and Related Benefits: The company offers maternity leave, prenatal check-up leave, paternity leave, and parental leave (child-care break) in accordance with legal requirements to support the needs of female employees during pregnancy and childcare. Female employees can also apply for menstrual leave.

3. Occupational Health Care: The company employs occupational specialists and nurses to provide health care for pregnant and lactating employees.

4. Free Breast Imaging and Pap Smear Tests: In collaboration with local health authorities, AcBel provides free breast imaging and pap smear tests for female employees, ensuring early prevention of related diseases.

Unpaid Parental Leave

Conforming to the law, AcBel provides the rights of parental leave to employees who have the need to care for newborns or infants. This allows employees to have adequate time and space to focus on taking care of and nurturing their children while retaining their positions and related benefits. In 2022, the actual number of employees applying for parental leave doubled compared to the previous year, and both the return to work rate and retention rate reached 100%.

Number of Applications for Parental Leave/Return to Work in Taiwan

Year	2020		2021		2022	
	♂	♀	♂	♀	♂	♀
Number of employees that were entitled to parental leave	114	56	118	61	102	58
Number of employees took parental leave	0	6	0	5	2	9
Number of employees that should return to work in the reporting period	2	5	0	3	1	7
Number of employees that returned to work in the reporting period after parental leave ended	2	5	0	3	0	7
Return to Work Rate	100%	100%	-	100%	0%	100%
Number of employees were still employed 12 months after their return to work	0	2	2	4	0	3
Retention rate	NA	100%	100%	80%	NA	100%

Female employees of China plants are entitled to 98 days of paid maternity leave for their first child, including 14 days of prenatal leave and 84 days of postnatal leave. Additionally, they may be eligible for an additional 80 days of maternity leave as per the government’s maternity leave incentive program. For female employees giving birth to their second child or more, they may be entitled to a longer maternity leave period according to relevant regulations. Furthermore, employees are entitled to 10 days of childcare leave per year until their child reaches the age of 3.

Number of Employees Who Applied for Parental Leave in 2022

Item	Wuhan Factory		Dongguan Factory		Philippines Factory		Wujiang Factory		Tongliang Factory		Kanghua Factory	
	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
Employees who took maternity leave/ parental leave	6	0	22	16	5	17	2	1	1	5	1	0
Number of employees who were expected to return to work in the reporting period	6	0	22	17	5	17	2	1	1	5	1	0
Number of employees who returned to work in the reporting period after parental leave ended	6	-	20	10	5	8	2	1	1	5	1	-
Return to Work Rate	100	-	90.90	58.82	100	47.06	100	100	100	100	100	-
Number of employees were still employed 12 months after their return to work	8	-	8	1	5	9	7	1	3	2	-	1
Retention rate	100	-	57.14	25	62.5	64.29	100	25	100	100	-	100

Notes |
 1."-" indicates not applicable.
 2.The eligibility for maternity leave and parental leave is determined based on the number of employees who have taken maternity leave and parental leave between 2019 and 2022.
 3.Return to Work Rate: The number of employees who returned to work in a specific year divided by the number of employees who were expected to return to work in that year.
 4.Retention rate: The number of employees who continued working for one year after returning to work in the previous year divided by the number of employees who returned to work in the previous year.
 5.All employees in the company are entitled to statutory leaves such as sick leave, maternity leave, parental leave (including nursing leave), prenatal check-up leave, and breastfeeding break, as stipulated by local laws and regulations in each production base.

Care and Assistance for Foreign Employees

In managing foreign workers, AcBel is committed to providing an equal, respectful, and friendly working environment. We ensure that all employees have ample opportunities for integration and development within the company. The relevant measures are explained from the following three perspectives:



Labor Rights Protection

In accordance with domestic regulations and RBA requirements, equal protection of the rights of foreign employees and the implementation of the "Zero Fee for Foreign Workers" policy.



Residential Environment Safety

1. AcBel provides professional counselors for accommodation arrangements, work, life consultation, and medical assistance.
2. The dormitories are cleaned and regularly disinfected by dedicated personnel.
3. Regular inspections of fire safety equipment, and day-to-night dormitory evacuation drills are conducted to ensure residential safety.



Health Promotion Activity

1. Foreign workers are encouraged to participate in various employee activities on an equal basis with local colleagues. Exclusive festive events such as Christmas and birthday celebrations are also organized to foster a sense of belonging.
2. Free annual health check-ups are provided to promote the health of foreign workers.

Employee Clubs/Activities

AcBel values the well-being of its employees' physical and mental health as well as the harmony between work and family life. The company encourages employees to form their own clubs and provides financial support to facilitate the organization of activities. This allows employees to engage in various hobbies and recreational activities outside of work, which helps alleviate stress and fosters camaraderie among colleagues and family relationships.

Up till 2022, in Taiwan, AcBel has 7 clubs in outdoor and cultural categories. Over the past three years, the participation rate in these clubs has accounted for approximately 30% of the total employee population. In China, each plant independently organizes employee birthday celebrations, sports competitions, and special festival events, providing opportunities for employees to relax and unwind. These activities also contribute to strengthening team cohesion and promoting communication and collaboration among employees.

 <p>Outdoors Type</p>	 <p>Arts and Culture Type</p>
<ul style="list-style-type: none"> Softball Club Badminton Club Basketball Club Outdoor Activities Club Cycling Club 	<ul style="list-style-type: none"> Rhythmic Dance Club Wellness Yoga Club

Year	2020	2021	2022
Number of Participants	557	468	520

Family Day Event

Each year, in Taiwan, AcBel organizes a Family Day Event to encourage employees and their families to participate in outdoor recreational activities, showcasing the company's value of work-life balance. In 2022, the Family Day had the theme of "AcBel Wilderness Day - Forest Music Festival" hosted by the chairman and was attended by 1,717 employees and their families. The event featured live music performances and offered various interactive activities, including animal encounters at a farm, team challenges, and do-it-yourself (DIY) workshops. These activities provided opportunities for employees to interact, engage in challenges, and unleash their creativity. Not only did it strengthen the bond among family members, but it also fostered communication and collaboration among colleagues.





Disaster Management

- First Aider Training
- First Aid Equipment Installation
- Pandemic Response Execution and Promotion
- Incident Management
- Emergency Medical Response



Risk Management

- Risk and Hazard Identification
- Regular Inspections
- Emergency Response Planning
- Provision of Personal Protective Equipment (PPE)



Health Workplace

- Legal Compliance
- ISO 45001
- ISO 14001
- Got full score on 2022 RBA VAP



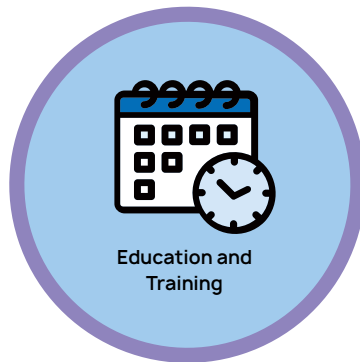
Occupational Disease Prevention and Control

- Work Environment Monitoring
- Implementation of Improvement Measures
- Special Health Examination
- Prevention of Human Factor-Related Hazards
- Prevention of Unlawful Act Injury at Work
- Prevention of Work-Related Diseases Due to Excessive Workload



Health Management and Promotion

- Employee Health Check-Up
- On-Site Services
- Mental Health
- Promotion of a Culture of Exercise
- Health Promotion Activities



Education and Training

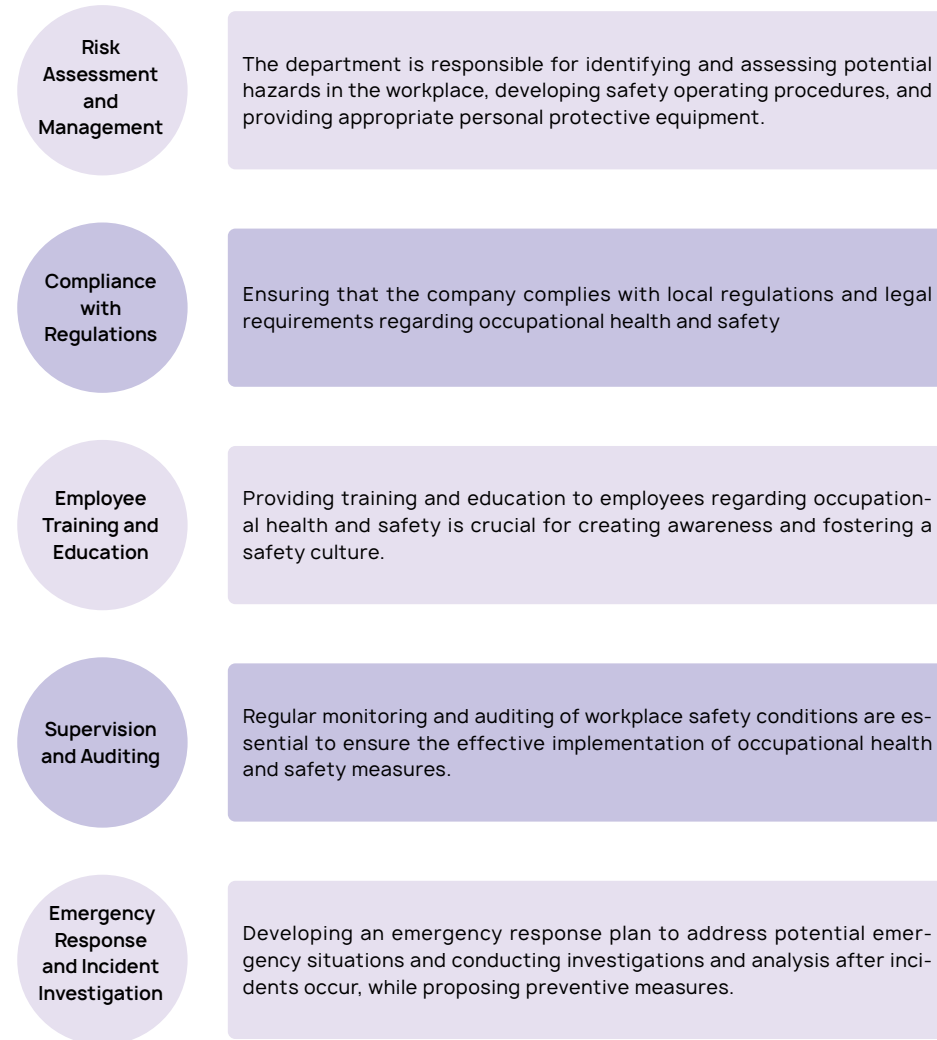
- Orientation and Training for the Newly Employed
- On-the-Job Training
- Hazard Information Notification before Entry
- Training for Contractors

Healthy and Safe Work Environment

Employee health is a top priority and key consideration for AcBel. Creating a safe and healthy work environment that protects employees from potential health and safety hazards is one of the company's core objectives. AcBel focuses on five aspects: "Health Management and Promotion," "Disaster Prevention and Handling," "Occupational Health and Safety Risk Management," "Occupational Health and Safety Education and Training," and "Occupational Disease Prevention and Control." These guidelines aim to build a workplace environment with "Zero Discrimination, Zero Bullying, Zero Work-Related Injuries, Zero Occupational Accidents, and Zero Pollution." This approach ensures that all employees receive comprehensive care for their physical and mental well-being, enhances the overall competitiveness of the company, and also safeguards the well-being of contractors and employees from on-site contractors.

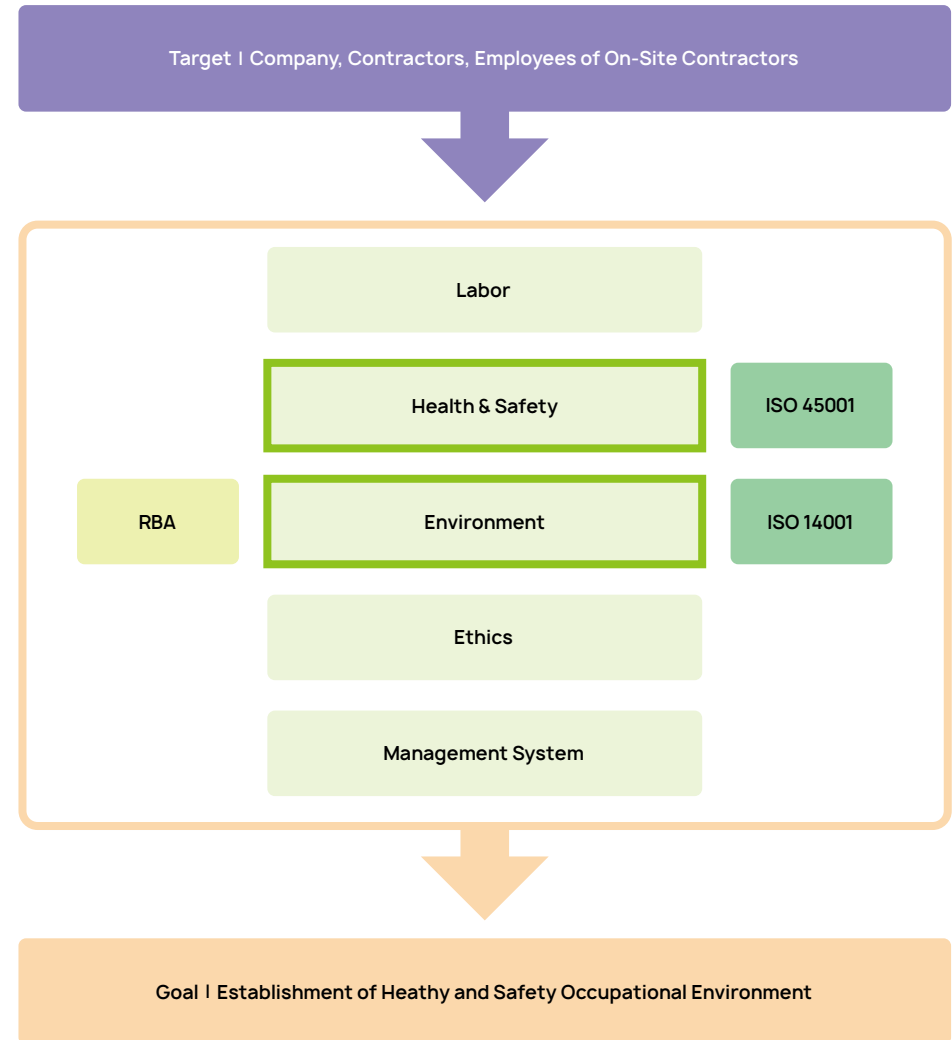
Dedicated Department for Occupational Safety and Health

AcBel has established a dedicated department responsible for occupational health and safety. The department consists of personnel with qualifications and backgrounds in occupational health and safety, on-site practicing physicians, dedicated nurses, sports managers, massage therapists, and other relevant professionals. The primary responsibility of this department is to ensure workplace safety and the physical and mental well-being of employees.



Implementation of ISO Standard Management System

Apart from adhering to the RBA (Responsible Business Alliance) Code of Conduct, AcBel has also implemented ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. By following the regulatory framework, the company identifies hazardous sources, assesses risks, and develops preventive or mitigation plans to enhance employee safety and reduce the occurrence of workplace hazards, thereby creating a better and safer work environment.



International Standards	Content	Key Point	Mechanism	Goal
Responsible Business Alliance	Labor, Health and Safety, Environment, Ethics, Supply Chain Management	Secure labor rights, promote environmental sustainability, and promotion for business ethics	Adhering to industry standards and promoting the implementation of corporate social responsibility through training and audits, while fostering the sustainable development of the global supply chain	Zero Discrimination Zero Bullying Zero Occupational Injury Zero Work-place Incident
ISO 14001 Environmental Management System	Management of air emissions, wastewater, waste, chemicals, and noise control	Management of unwanted outputs in the manufacturing process	3R Principles -Reduce -Reuse -Recycle	Zero Pollution
ISO 45001 Occupational Health and Safety Management System	Employee work safety	Management and reduce of employee hazard risks	Risk Management Mechanism - Risk Identification - Risk Assessment - Mitigation Measures - Review and Tracking - Information Disclosure	Zero Disaster

In 2022, AcBel conducted RBA VAP audits every two years as required in all its factories. AcBel and SINO, each of their production sites, have obtained certifications for international standards such as ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. These certifications cover approximately 87.87% of all employees across the company's production sites. The reason for the lower coverage percentage is that the Taiwan HQ Building, which was established in 2021, has not yet been included in the scope of ISO 45001 certification. It is expected that TOSHMS verification will be promoted in the future.

Occupational Safety and Health Committee

In addition to complying with Taiwanese legal requirements, AcBel goes beyond local regulations at its other production sites. It establishes "Occupational Safety and Health Committees" following the framework of ISO 45001 Occupational Health and Safety Management System, which consists of representatives from both labor and management. These committees are responsible for managing occupational safety and health and employee well-being. Through risk prevention, innovation, and continuous improvement, AcBel aims to reduce operational losses and enhance regulatory compliance, thus improving the organization's resilience. In 2022, there were 211 issues related to occupational safety raised and 926 risk identifications and assessments conducted in Taiwan. Through committee discussions, continuous efforts are made to optimize the workplace environment.



Location/Item	Taiwan	Dongguan Factory	Wuhan Factory	Philippines Factory	Philippines Factory
Number of Committee Member	38	7	25	57	10
Number of Labor Representative	20	5	20	9	6
Percentage of Labor Representatives	52.63%	71.43%	80.00%	15.79%	60.00%

Note | SINO Wujiang Plant and Kanghua Plant currently do not have an Occupational Safety and Health Committee. However, they have appointed 6 and 1 Safety Production Managers, respectively, who are responsible for managing employee safety and health-related matters.

Four Major Protection Plans for Worker Health



AcBel is committed to ensuring the safety, health, and well-being of employees by implementing preventive measures and corresponding actions to reduce workplace risks. It aims to create a work environment that promotes physical and mental well-being.

Item	Internal Measures
Plan for Prevention of Hazards from Human Factors	AcBel provides appropriate work equipment and tools, guidance on proper work posture, regular occupational health check-ups, and relevant training and awareness programs to reduce the risk of injuries that employees may encounter in repetitive work tasks.
Program for Disease Prevention due to Abnormal Workload	AcBel implements appropriate scheduling and rest systems, provides adequate vacation and rest periods, and offers training and counseling on fatigue management and stress handling to ensure the physical and mental well-being of employees in their work.
Workplace Maternal Worker Health Protection Program	AcBel provides appropriate prenatal health guidance to ensure that the work environment for pregnant employees meets safety and health requirements. Additionally, the company offers suitable maternity leave and breastfeeding policies to support female employees in achieving a work-life balance.
Prevention Program for Protection against Unlawful Acts in the Workplace	AcBel establishes safety measures and procedures, including safety patrols and access control, to protect the safety and well-being of employees. Additionally, the company provides training and awareness programs to enhance employees' self-protection skills and their ability to identify potential hazards.

In 2022, interviews were conducted with 85 employees in Taiwan who were engaged in high-risk roles such as night shifts, long working hours, and other abnormal workloads. Follow-up management and improvements were implemented based on the findings. In addition, 15 employees participated in maternal health protection management, which included assessments of their physical and mental well-being as well as their working environment.

Occupational Hazard Prevention

AcBel is committed to improving employees' awareness of environmental safety through training programs. This enables them to better recognize and understand hazards in the workplace and learn appropriate response measures to reduce or eliminate the probability of hazardous incidents occurring.

 <p>New Hires</p>	 <p>Employee in Special Job Position</p>
<p>The newly employed are required to participate in the mandatory "Occupational Safety and Health" course on their first day of employment. The course covers various topics, including identification of hazardous substances, emergency evacuation drills, proper use of personal protective equipment, firefighting training exercises, use of Automated External Defibrillators (AED), and prevention of infectious diseases...etc.</p>	<ol style="list-style-type: none"> 1. Pre-employment, annual, and pre-departure medical examinations: Employees in special or high-risk positions undergo medical examinations at different stages to ensure that their physical condition meets the requirements for performing special tasks. This helps monitor their health status and detect potential occupational disease risks early. 2. Professional training, certification, and proper use of personal protective equipment: Employees in special positions are required to undergo relevant professional training and obtain certification. When performing their duties, they must wear appropriate PPE to protect themselves from potential hazards.

To date, there have been no reported incidents of occupational diseases among employees engaged in special or high-risk positions at any of AcBel's production sites.

Location	Taiwan	China Factories	Philippines Factory
Objectives	<ul style="list-style-type: none"> -Hazardous Operations Supervisor -Medical and First Aid Personnel -Special Operations Personnel -Radiation Operators -High-Pressure Gas Operations Personnel -Occupational Safety and Health Management Personnel/Business Supervisors -Other Certifications 	<ul style="list-style-type: none"> - Hazardous Operations Supervisor - Fire Safety Manager - First Aid Personnel - Special Operations Safety and Health Personnel - Safety Production Manager - Chemical Warehouse Manager - Fire Control Room Operator - Radiation Operator - Occupational Safety and Health Personnel 	Occupational Safety and Health Personnel
Training	<ul style="list-style-type: none"> - Organic Solvent Operations Supervisor Training - Lead Operations Supervisor Training - Dust Operations Supervisor Training - Oxygen Deficiency Operations Supervisor Training - Specific Chemical Substances Operations Supervisor Training - First Aid Personnel Training - Medical and Occupational Health Service Nursing Personnel Training - Forklift Operator Training - Aerial Work Platform Operator Training - X-ray Radiation Equipment Operator Training - High-Pressure Gas Specific Equipment Operator Training - High-Pressure Gas Supply and Consumption Operations Supervisor Training - Class A Occupational Safety and Health Business Supervisor Training - Class B Occupational Safety and Health Management Administrator Training - Class A Occupational Health Management Administrator Training - Class A Occupational Safety Management Administrator Training - Fire Safety Administrator Training - Class B Waste Management Administrator Training - Class B Air Pollution Prevention and Control Specialist Training 	<ul style="list-style-type: none"> - Organic Solvent Operations Supervisor Training - Lead Operations Supervisor Training - Dust Operations Supervisor Training - Fire Safety Manager Training - First Aid Personnel Training - Forklift Operation Certificate Training - Electrician Work Permit Training - Boiler Operation Certificate Training - Pressure Vessel Operation Certificate Training - Hazardous Chemical Operations Training - Key Person in Safety Production Training - Safety Production Management Administrator Training - Fire Control Room Operator Certificate Training - Radiation Safety and Protection Training - Occupational Safety and Health Management Training - HSF Basic Knowledge Training - Winter Enterprise Safety Production Guidelines Training - Radiation Worker Training - Thermal Welding and Thermal Cutting Operations Training 	<ul style="list-style-type: none"> - Basic Occupational Safety and Health Training - Lost Control Management Training - Train the Trainers Training - Emergency Preparedness & Response Training - Work Environment Measurement / Industrial Hygiene Training - Safety Program Audit Training - Construction Occupational Safety Training

Location	Year	Number of Participant	Total Hours
Taiwan	2022	62,628	33,843
	2021	60,819	25,380
	2020	21,478	31,904
Dongguan Factory	2022	7,197	6,995
	2021	14,789	14,979.5
	2020	13,247	8,360
Wuhan Factory	2022	2,500	4,002
	2021	14,702	23,189
	2020	7,251	9,096.5
Philippines Factory	2022	1,681	2,384
	2021	511	427.33
	2020	844	3,369
Wujiang Factory	2022	264	361
	2021	695	1,223.6
Tongliang Factory	2022	2,217	3,146
	2021	451	612
Kanghua Factory	2022	24	92
Total	2022	76,511	50,823
	2021	91,967	65,811.43
	2020	42,820	52,729.5

Environmental Education and Safety Training Results

In 2022, AcBel conducted two annual comprehensive fire drills and one training session for first aid responders across all of our production sites. Additionally, the company organized educational training programs on occupational health and safety. The total number of participants in these training activities reached 76,511 individuals, accumulating a total training duration of 50,823 hours.

AcBel complies with local regulations by facilitating the renewal and certification training for occupational safety-related licenses. This ensures that employees have sufficient knowledge and capabilities to handle occupational safety matters, thereby reducing potential risks and the occurrence of work-related incidents.

In 2022, there were no incidents of occupational fatalities, injuries, or occupational diseases reported at any of AcBel production sites. However, there were nine work-related accidents in Taiwan resulting from commuting traffic accidents. All workplace injury incidents were promptly reported through official channels to the responsible occupational safety and health units in each plant. Proper measures were taken for post-incident handling and improvement planning. Through safety promotion and training, efforts were made to reduce the likelihood of recurring accidents.



Item/ Location	Year	Number of Injuries		Injury Rate(IR)		Number of Loss Days		Lost Day Rate (LDR)		Total Working Hours	
		♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
Taiwan	2020	3	4	0.31	0.68	50	20	5.25	3.41	1,906,000	1,174,000
	2021	10	1	1.05	0.16	54	5	5.68	0.82	1,902,656	1,224,128
	2022	4	5	0.40	0.75	46	128	4.61	19.33	1,993,992	1,324,680
Dongguan Factory	2020	2	3	0.13	0.29	16	266	1.05	25.53	3,057,912	2,083,968
	2021	5	2	0.27	0.18	236	39	12.64	3.55	3,734,000	2,196,000
	2022	4	1	0.36	0.14	76	122	6.88	16.85	2,209,128	1,448,184
Wuhan Factory	2020	3	1	0.39	0.15	58	5	7.68	0.74	1,511,048	1,359,408
	2021	2	3	0.21	0.31	26	90.63	2.77	9.45	1,876,000	1,918,000
	2022	1	1	0.12	0.15	11.5	140	1.42	21.56	1,621,488	1,298,784
Philippines Factory	2020	4	1	1.43	0.27	152	32	54.31	8.61	559,776	743,232
	2021	3	1	1.20	0.33	37	21	14.80	6.84	500,000	614,000
	2022	10	1	1.34	0.07	65	8	8.72	0.57	1,491,168	2,810,640
Wujiang Factory	2021	4	1	0.99	0.39	41.25	3.75	10.24	1.48	806,000	508,000
	2022	0	1	-	0.66	154	14	89.74	9.22	343,200	303,680
Tongliang Factory	2021	5	4	5.15	2.12	1	211	1.03	111.64	194,000	378,000
	2022	0	3	-	2.45	-	262	-	213.86	153,384	245,016
Kanghua Factory	2022	0	0	-	-	-	-	-	-	33,592	29,640

Notes |

1. "-" represents not applicable.
2. Injury Rate (IR) = (Number of disabling injuries / Total working hours) × 200,000
3. Lost Day Rate (LDR) = (Total lost days due to disabling injuries / Total working hours) × 200,000
4. Total Working Hours = Average annual working hours per person × Number of individuals by factory and gender
5. 2022 Close Call: There were a total of 7 incidents in Taiwan, with 3 incidents at Wujiang Factory.

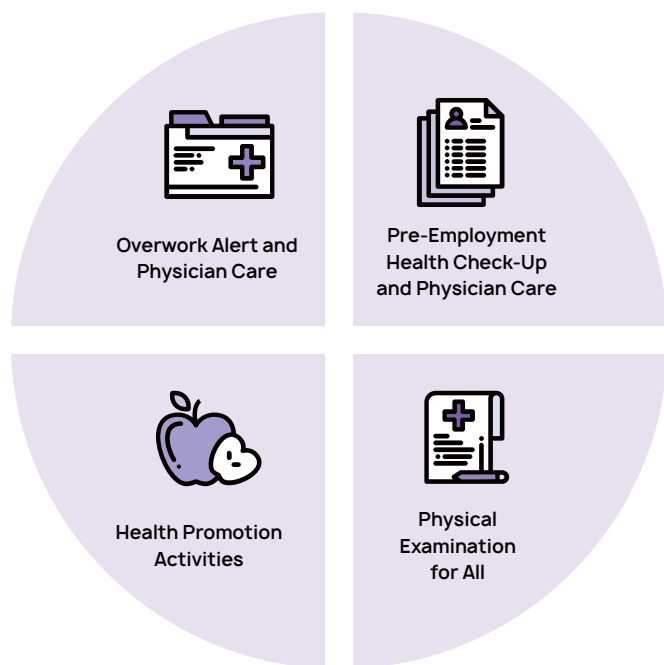
AcBel aims for "Health and Well-being" as the goal of health promotion and has implemented multiple measures in employee health care to ensure their health and well-being.

1.Pre-Employment Health Check and Physician Care : The newly employed are required to submit a health check-up report upon reporting to work, and based on their health status, they are provided with appropriate physician consultation and counseling. This helps in identifying employees' health conditions and providing personalized medical advice and consultation.

2.Physical Examination for All : Each year, AcBel provides free health check-ups for all employees, which helps in early detection of potential health issues and provides relevant health education to ensure the well-being of our employees.

3.Health Promotion Activities : AcBel organizes various health promotion activities, including health education lectures, sports and physical training, nutritional consultations, and more, to enhance employees' awareness of health management.

4.Overwork Alert and Physician Care : AcBel utilizes systematic functions to provide early warnings and monitor employees who are engaged in excessive workloads. We also offer necessary health counseling and support to prevent overwork and related health issues.



In 2022, a total of 1,604 individuals participated in health promotion activities at AcBel in Taiwan. These activities included health education and COVID-19 prevention seminars, weight loss and walking events, as well as physical fitness testing and massage services by visually impaired individuals.

From 2020 to 2022, the participation rate for health check-ups exceeded 95% among employees. A total of 196 colleagues underwent special health examinations, and their health management risk levels were all within the second level of management or below. There were no reported cases of occupational diseases caused by chemical exposure.

Number of Employees Participating in Health Check-Up in Taiwan

Item/Year	Health Check-Up	Mammography	Pap Test	On-Site Health Consultation	Influenza Injection
2022	1,540	Suspended due to Pandemic		201	63
2021	1,545			129	50
2020	1,427	10	25	151	41

Number of Using Massage Service by the Visually Impaired in Taiwan

Year	Number of Employees Using this Service
2022	705
2021	938
2020	922

Number of Employees Participating in Health Check-Up at the Dongguan Factory



Year	Number of Participants
2022	134
2021	461
2020	277

Number of Employees Participating in Health Check-Up at the Philippines Factory



Item/Year	Health Check-Up	Mammography	Examination of the Oral Mucosa	Health Consultation
2022	534	0	0	265
2021	508	0	0	192
2020	529	74	529	854

Note | The annual employee health check-up is a welfare benefit provided by the company, and it is free for employees to participate. Due to the impact of the COVID-19 pandemic in 2020-2022, the regular employee health check-up was not held at the Wuhan Plant.

Contingency Planning in Response to COVID-19

In 2022, as the COVID-19 pandemic continued to impact industries and economies globally, AcBel actively responded to the situation by implementing rolling adjustments to pandemic prevention and control measures, ensuring a sound operation of the company. In Taiwan, the company promptly assessed the high-risk employees who had frequent contact with external individuals during the initial stages of the pandemic and implemented measures such as work-from-home arrangements and the appointment of a substitute.

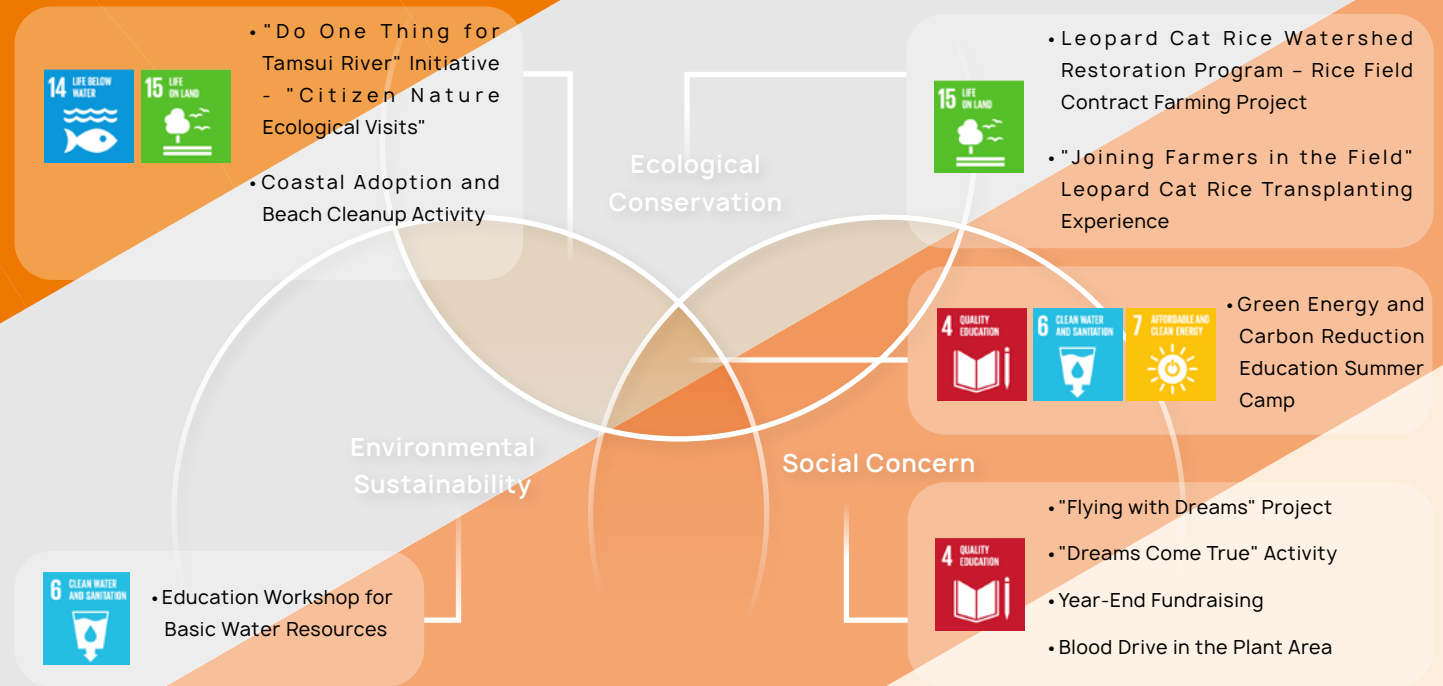
Within the production plant premises, AcBel implemented various pandemic prevention measures, including independent entry and exit, controlled dining arrangements, elevator usage restrictions, and the prohibition of cross-site office visits. The company also continuously improved its reporting system to enable swift identification of confirmed cases among employees, effectively preventing the spread of the virus. Additionally, AcBel provided paid pandemic prevention leave and vaccine-related leave as proactive measures. Throughout 2022, the average weekly number of confirmed cases within the company remained below 2% of the total workforce, with an average of 25 cases per week.



07

Co-Prosperity· Community Participation

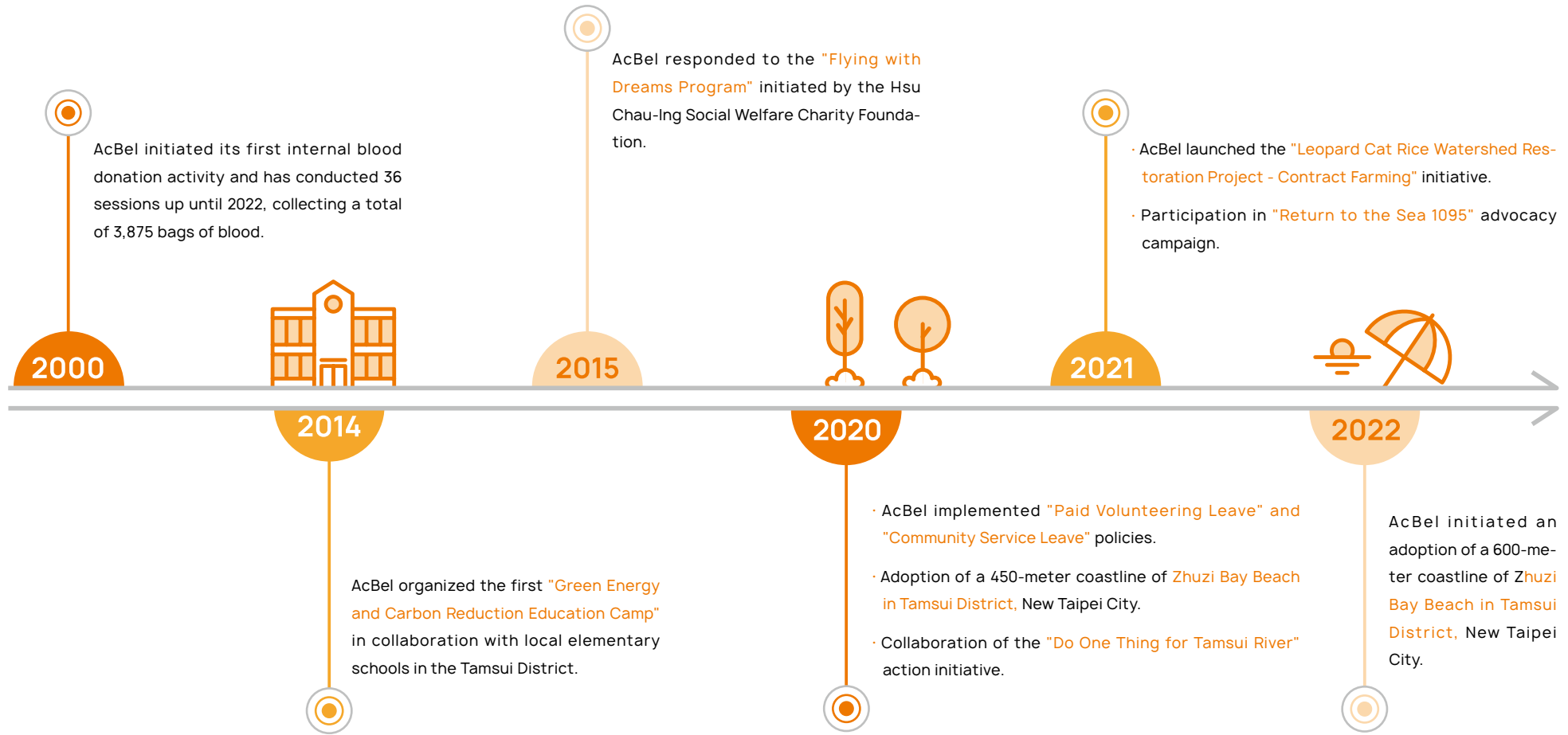
AcBel, starting from its core energy business, combines SDGs goals, exerts a positive impact, integrates stakeholders, and consolidates resources to promote social growth, innovation, and "shared prosperity," contributing to sustainable development and social progress.



Highlights

- Recipient of the "Buying Power - Social Innovation Products and Services Procurement Award - Support Award" from the Ministry of Economic Affairs for two consecutive years in 2021 and 2022.
- Sponsor of NT\$2.3 million to the New Taipei City Cultural Foundation and the New Taipei City Government for public space renovation and cultural activities, aiming to enhance public aesthetics and environmental quality.
- Employees in Taiwan initiated voluntary donations amounting to a total of NT\$1.63 million, showing a 6.72% increase compared to 2021. This marks a continuous three-year growth trend.
- A total of 97 personnel in Taiwan participated in blood donation activities, contributing 158 bags of blood. From 2020 to 2022, a total of 461 bags of blood have been donated.

Community Participation Milestones



AcBel's social engagement has been integrated with environmental sustainability, focusing on "Care for Ecological Environment and Support to Local Underprivileged Communities." Collaborating with supply chains, social welfare organizations, community schools, media platforms, and other partners, AcBel integrates internal and external resources to achieve the goal of mutual progress and prosperity. In addition, AcBel aligns its efforts with the United Nations' Sustainable Development Goals (SDGs) 4, 6, 7, 14, and 15, covering five important aspects of Quality Education, Clean Water and Sanitation, Affordable and Clean Energy, as well as Life below Water and Life on Land.

7.1 Bring Positive Energy into Society

"Education" is an important means to achieve environmental protection and social assistance. Through education, public awareness of environmental protection can be increased, their sense of social responsibility can be nurtured, and the necessary educational support can be provided to underprivileged children to improve their living environment and future. By combining the efforts of employees, their families, community schools, and media platforms, AcBel can create a greater positive impact.

Environmental Sustainability Initiatives

● "Do One Thing for Tamsui River" Initiative

As a local company originating from Tamsui in New Taipei City, AcBel continues the "Do One Thing for Tamsui River" initiative, which was initiated by the Commonwealth magazine in 2020 as part of its CSR@Commonwealth program. In 2022, we organized a "Citizen Nature Ecological Visits" activity aimed at expanding the impact of environmental education and raising awareness about ecological diversity. A total of 25 employees and their family members participated in the visit to Banqiao Xinhai Artificial Wetland in New Taipei City, an important man-made wetland along the Dahan River. During the visit, the participants rediscovered local plants such as water lilies, water hyacinths, and cattails, and actively participated in removing invasive species like water spinach and water lettuce. Through this hands-on experience at the forefront of ecology, our employees and their families deepened their awareness and appreciation for environmental conservation.

Ecological Protection Activity

● "Leopard Cat Watershed Restoration Project - Rice Field Contract Farming"

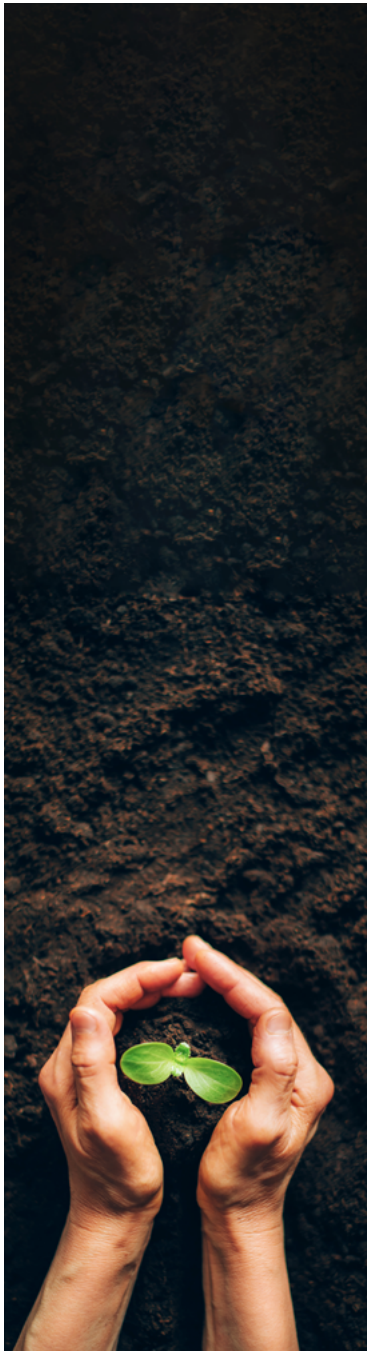
Continuing our support for social enterprise innovation and the conservation of biodiversity, in alignment with the "Leopard Cat Rice Watershed Restoration" initiative in 2020, AcBel actively engaged in environmentally friendly rice cultivation practices to support local farmers in Miaoli County in 2022. We purchased a total of 6,528 catties (approximately 3,826 kilograms) of Leopard Cat Rice. The harvested white rice was distributed to underprivileged families and provided to each employee, aiming to inspire everyone's commitment to ecological sustainability. This project has also received the "Buying Power Social Innovation Product and Service Procurement Award - Support Award" from the Ministry of Economic Affairs for two consecutive years.

● "Joining Farmers in Field" Leopard Cat Rice Transplanting Experience

In order to raise awareness for the protection of the critically endangered Leopard Cats, a native felid species in Taiwan, AcBel collaborated with a social enterprise to organize the "Joining Farmers in Rice Field" Leopard Cat Rice Transplanting Experience. A group of 39 employees and their families were guided through a visit to the Formosan Leopard Cat Rice cultivation area in Miaoli. Through on-site biodiversity tours and informative presentations, participants gained a better understanding of the balanced coexistence between ecosystems and human life.

● Coastal Adoption and Beach Cleanup Activities

Since 2020, AcBel has been participating in the Environmental Protection Administration's "Beach Adoption Program" by adopting a 450-meter stretch of Zhuzi Bay Beach, located near our factory in Tamsui, New Taipei City. In 2022, we extended our adoption to cover a 600-meter length of coastline. We also encouraged our colleagues and their families to join us in marine environmental conservation efforts. Through two beach cleanup activities, we collected a total of 121 kilograms of marine debris, demonstrating our common commitment to protecting the beauty of local rivers and coastline. We also encouraged our employees to enjoy the beauty of the natural environment by visiting this beach with their families during their leisure time.



Environmental Sustainability Education

● Education Workshop for Basic Water Resources

In 2022, AcBel collaborated with Guandu Nature Park to organize the "Project Wet Water Resources Education Workshop." This marked the first time that Guandu Nature Park's team brought water resources curriculum into a corporate setting. The workshop featured curriculum certified by the Project WET Foundation, an American water resources education program. Through relevant teaching materials and strategies, the workshop connected to SDG 6: Clean Water and Sanitation and highlighted the importance of water source protection. A total of 24 employees received certificates of completion jointly awarded by Guandu Nature Park and the Project WET Foundation, becoming seeding teachers in water resources education.

● Green Energy and Carbon Reduction Education Camp

In 2022, AcBel resumed the "Education Camp for Green Energy and Carbon Reduction" and incorporated part-time worker program for the employee's children and the "Education Workshop for Basic Water Resources". This initiative aimed to design environmental education and field trips for students from nearby elementary schools such as Taipei Yu-Ying Elementary School, Zhuwei Elementary School, and Taoyuan Elementary School, deepening their environmental literacy. With a focus on "water resources," we led the students to visit the Taipei Water Department Environmental Education Center, where they had the opportunity to learn about the water treatment process firsthand and understood the impact of individual water usage on water resources through games. From 2018 to 2022, a total of 311 elementary school children from 10 schools participated in this free green education program.

Social Care

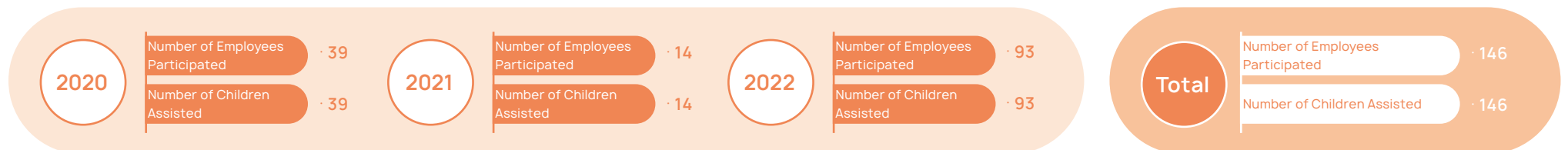
● "Flying with Dreams " Project

AcBel believes in the transformative power of education and, therefore, supports the "Flying with Dreams" project initiated by the Hsu Chau-Ing Social Welfare Charity Foundation. The program aims to provide funding for underprivileged children from disadvantaged families to pursue diverse interests and develop their talents, allowing them to regain confidence and a sense of accomplishment through artistic and skill-based learning. In 2022, a total of 359 employees sponsored the "Flying with Dreams" project, raising 769,290 NT dollars and helping 43 underprivileged children from disadvantaged families realize their dreams of learning and developing their talents according to their individual interests.



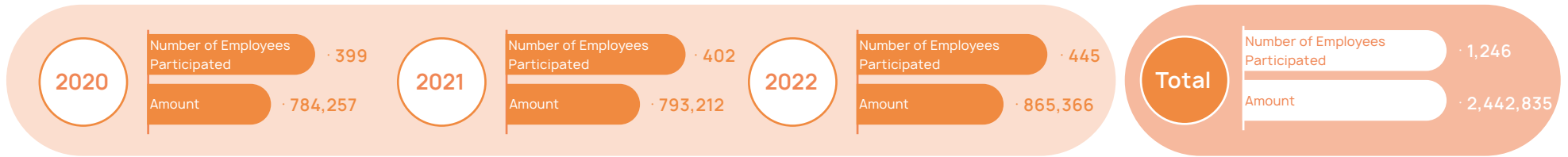
● "Dreams Come True" Activity

Each year, AcBel collaborates with the Hsu Chau-Ing Social Welfare Charity Foundation to organize the "Dreams Come True" gift collection campaign. Through cooperation with rural schools, the campaign collects wish lists from underprivileged children. After matching the wishes with AcBel employees, the gifts are then presented to the children, creating a win-win situation for both the underprivileged children and AcBel employees. In 2022, a total of 93 children had their wishes fulfilled through the "Dreams Come True" campaign, receiving special gifts from AcBel participants and realizing their own gift wishes.



●Year-End Fundraising Campaign

Each year, during the year-end period, the company would lead its employees in initiating a voluntary "Joint Fundraising Campaign" where all proceeds raised are donated to support disadvantaged groups or welfare organizations. In the 2022 "Joint Fundraising Campaign," a total of 445 employees participated and raised NT\$865,366, continuing to promote the positive impact of social care and love.



●Blood Donation in the Plant Area

In 2022, with well-prepared pandemic prevention measures, AcBel continued its collaboration with the Taipei Blood Center to organize two "Love Blood Donation Events" at its plant sites. A total of 97 employees participated, and a remarkable 158 bags, totaling nearly 40,000 cc of blood, were collected. This demonstrated the employees' enthusiastic commitment to helping others in the post-pandemic era.



In the future, we will focus on "biodiversity" and "net-zero emissions" as the main pillars to exert sustainable influence as a company. We will integrate and allocate resources to plan distinctive social and cultural care activities with a focus on environmental and ecological sustainability. This will foster a sense of corporate sustainability citizenship and deepen partnerships within the community. We are committed to actively fulfilling our corporate citizenship responsibilities, exerting a positive impact, and shaping and achieving the goals of a socially beneficial cycle.

Future
Strategic
Goals

- 1

AcBel continuously carries out coastal adoption and beach cleanup activities, along with environmental education experiences, from the perspective of biodiversity conservation, to raise awareness about protecting wildlife and the environment.
- 2

From the perspective of achieving net-zero emissions goals, AcBel has planned environmental education programs focusing on carbon reduction, energy conservation, and renewable energy. Harnessing corporate influence, these programs will help participants understand the importance of climate change and environmental sustainability.
- 3

AcBel collaborates with the "Hsu Chau-Ing Social Welfare Charity Foundation" and other social organizations to promote humanitarian education and care, and assist activities for vulnerable groups. Together, we aim to build a more inclusive and compassionate society.



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ACBEL POLYTECH INC.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by AcBel Polytex Inc. (hereinafter referred to as AcBel) 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 2 moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during on-site verification 2023/03/21-2023/05/22 in AcBel headquarter. The boundary of this report includes AcBel Taiwan and overseas operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. 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 AcBel's Stakeholders.

RESPONSIBILITIES
 The information in the AcBel's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of AcBel. 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 AcBel'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 and Level of Assurance	
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 2 Moderate (AA1000AP Evaluation plus evaluation of Specified Performance Information)

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

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Reporting Criteria Options	
1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)
3	SASB (Resource Transformation Sector- Electrical & Electronic Equipment Industry, Standard Version 2018-10)

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics at a moderate level of scrutiny for AcBel and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.
- evaluate of the report against the SASB Disclosures and Metrics included in the Resource Transformation Sector- Electrical & Electronic Equipment Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability 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 and Task Force on Climate-related Financial Disclosures (TCFD) have 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 AcBel, 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.

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

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

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
 AcBel has demonstrated its commitment to stakeholder inclusivity through formalised commitment from the highest governing body. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

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Materiality
 AcBel 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. It's recommended to use appropriate criteria and thresholds to determine the significance, likelihood, and present and expected future impact of identified material sustainability topics.

Responsiveness
 The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Communications with stakeholders on an ongoing and timely manner are recommended to be delivered reasonable and viable responses.

Impact
 AcBel has performed processes to recognize and manage the organisation's impacts that are applied across the organisation under the governance of senior management. It's recommended to defined methodology to present impacts as quantitative or monetised measurement results.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
 The report, AcBel's Sustainability Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. For future reporting, it is recommended to enhance the disclosure about implementation of due diligence on the identification and the evaluation of its impacts on the economy, environment, people, and human right. Meanwhile it is suggested to get more detailed descriptions about how to communicate and apply the policy commitments of responsible business conduct and human rights to its organization's activities and business relationships.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
 AcBel has referenced with SASB's Standard, RESOURCE TRANSFORMATION SECTOR - ELECTRICAL & ELECTRONIC EQUIPMENT INDUSTRY STANDARD, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in AcBel's audited individual financial statements. AcBel used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. For continuous improvement, it is recommended to implement a gap analysis and comparison of reported issue and benchmark within or across sectors in next report.

Signed:
 For and on behalf of SGS Taiwan Ltd.




Stephen Pao
 Knowledge Deputy General Manager
 Taipei, Taiwan
 26 June, 2023
www.sgs.com

TWLPP5008 Issue 2305

Unit: tCO₂e

Location	Scope	2020	2021	2022
AcBel				
HQ Building	Scope 1	147.83	249.44	185.73
	Scope 2 (location-based)	561.28	1,626.24	1,655.39
	Scope 3	312.87	349.75	40,170.37
Tamsui Factory	Scope 1	346.80	278.00	409.29
	Scope 2 (location-based)	5,565.17	4,721.21	6,380.01
	Scope 2 (market-based)	-	-	6,377.46
	Scope 3	234,145.89	333,888.10	221,654.40
Dongguan Factory	Scope 1	524.98	537.67	523.66
	Scope 2 (location-based)	16,191.23	16,239.60	12,211.39
	Scope 2 (market-based)	-	-	11,641.09
	Scope 3	269,072.05	326,368.13	313,513.69
Wuhan Factory	Scope 1	492.59	446.27	364.02
	Scope 2 (location-based)	8,842.46	11,020.23	6,259.11
	Scope 3	705,260.77	1,281,523.91	796,920.55
Philippines Factory	Scope 1	102.56	254.33	262.32
	Scope 2 (location-based)	4,919.10	5,341.86	6,765.34
	Scope 2 (market-based)	-	-	4,628.74
	Scope 3	551,088.55	663,966.03	619,625.69
SINO				
Wujiang Factory	Scope 1	317.75	351.33	236.64
	Scope 2 (location-based)	8,001.80	9,125.96	5,452.82
	Scope 3	12,134.54	13,287.17	14,871.70
Tongliang Factory	Scope 1	84.50	90.48	62.19
	Scope 2 (location-based)	1,880.07	2,467.91	1,355.54
	Scope 3	12,037.93	13,677.66	8,256.63
Kanghua Factory	Scope 1	-	-	3.34
	Scope 2 (location-based)	-	-	897.77
	Scope 3	-	-	664.89

Scope 1~3 (location-based)	
2020	1,832,030.72
2021	2,685,811.29
2022	2,058,702.48

Scope 1~3 (market-based)	
2022	2,055,993.04

Notes |

- Four operational sites, including the Taiwan HQ building, the Philippines Factory, Wujiang Factory, and Tongliang Factory, have been conducting greenhouse gas inventory based on ISO 14064-1 since 2020. The Kanghua Factory, on the other hand, started implementing ISO 14064-1 in 2022.
- The HQ building commenced operation in July 2020, and the GHG inventory data for the year 2020 was collected for the period from July to December of that year.
- The data for the Tamsui Factory, Dongguan Factory, and Wuhan Factory, disclosed in the "2021 AcBel Sustainability Report" for the year 2020, was found to have calculation unit errors. These data have been re-verified by a third party in 2022. The GHG emissions and carbon reduction performance for the year 2020 should be based on the data disclosed in the 2022 Sustainability Report.

Statement of use
 AcBel Polytech Inc. has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.

GRI 1 used
 GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)
 None

GRI Standard	Disclosure	Location	Omission
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	12	
	2-2 Entities included in the organization's sustainability reporting	5	
	2-3 Reporting period, frequency and contact point	5, 8	
	2-4 Restatements of information	147	
	2-5 External assurance	146	
	2-6 Activities, value chain and other business relationships	14-15	
	2-7 Employees	105	
	2-8 Workers who are not employees	105	
	2-9 Governance structure and composition	37-38	
	2-10 Nomination and selection of the highest governance body	38	
	2-11 Chair of the highest governance body	38	
	2-12 Role of the highest governance body in overseeing the management of impacts	19, 25-26	
	2-13 Delegation of responsibility for managing impacts	25-26	
	2-14 Role of the highest governance body in sustainability reporting	25-26	
	2-15 Conflicts of interest	38	
	2-16 Communication of critical concerns	51	
	2-17 Collective knowledge of the highest governance body	38	
	2-18 Evaluation of the performance of the highest governance body	39	
	2-19 Remuneration policies	40	
	2-20 Process to determine remuneration	39-40	
	2-21 Annual total compensation ratio	40	
	2-22 Statement on sustainable development strategy	18-26	
	2-23 Policy commitments	19	
	2-24 Embedding policy commitments	25	
	2-25 Processes to remediate negative impacts	51	
	2-26 Mechanisms for seeking advice and raising concerns	51	
	2-27 Compliance with laws and regulations	51	
	2-28 Membership associations	53	
	2-29 Approach to stakeholder engagement	27, 31-33	
	2-30 Collective bargaining agreements		

GRI Standard	Disclosure	Location	Omission
General disclosures			
GRI 3:Material Topics 2021	3-1 Process to determine material topics	27-28	
	3-2 List of material topics	29-30	
GRI 201:Economic Performance			
GRI 3:Material Topics 2021	3-3 Management of material topics	14	
GRI 201:Economic Performance 2016	201-1 Direct economic value generated and distributed	15-16	
	201-2 Financial implications and other risks and opportunities due to climate change	67-74	
	201-3 Defined benefit plan obligations and other retirement plans	126	
GRI 301:Materials			
GRI 3:Material Topics 2021	3-3 Management of material topics	98	
GRI 301:Materials 2016	301-3 Reclaimed products and their packaging materials	62	
GRI 302:Energy			
GRI 3:Material Topics 2021	3-3 Management of material topics	79	
GRI 302:Energy 2016	302-1 Energy consumption within the organization	82-84	
	302-2 Energy consumption outside of the organization	82-84	
	302-3 Energy intensity	82-84	
	302-4 Reduction of energy consumption	81	
GRI 305:Emissions			
GRI 3:Material Topics 2021	3-3 Management of material topics	79	
GRI 305:Emissions 2016	305-1 Direct (Scope 1) GHG emissions	85	
	305-2 Energy indirect (Scope 2) GHG emissions	85	
	305-3 Other indirect (Scope 3) GHG emissions	85-86	
	305-4 GHG emissions intensity	85	
	305-5 Reduction of GHG emissions	81	
GRI 306:Waste			
GRI 3:Material Topics 2021	3-3 Management of material topics	88	
GRI 306:Waste 2020	306-1 Waste generation and significant waste-related impacts	88	
	306-2 Management of significant waste-related impacts	88	
	306-3 Waste generated	89	
	306-5 Waste directed to disposal	89	
GRI 401:Employment			
GRI 3:Material Topics 2021	3-3 Management of material topics	103	
GRI 401:Employment 2016	401-1 New employee hires and employee turnover	109-111	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	123-126	
	401-3 Parental leave	129-130	

GRI Standard	Disclosure	Location
GRI 202:Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	121
	202-2 Proportion of senior management hired from the local community	108
GRI 204:Procurement Practices 2016	204-1 Proportion of spending on local suppliers	100
GRI 205:Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	49
	205-2 Communication and training about anti-corruption policies and procedures	50
	205-3 Confirmed incidents of corruption and actions taken	51
GRI 206:Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	51
GRI 303:Water and Effluents 2018	303-3 Water withdrawal	87
GRI 308:Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	97
GRI 402:Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	103
	403-1 Occupational health and safety management system	133
	403-6 Promotion of worker health	135, 139-140
	403-8 Workers covered by an occupational health and safety management system	134
	403-9 Work-related injuries	138
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	135
	404-1 Average hours of training per year per employee	114-117
	404-3 Percentage of employees receiving regular performance and career development reviews	120
	405-1 Diversity of governance bodies and employees	106-109
GRI 405:Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	121-122
	GRI 406:Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken
GRI 408:Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	51
GRI 409:Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	51
GRI 414:Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	97
GRI 416:Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	59-60
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	51
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	61
	417-2 Incidents of non-compliance concerning product and service information and labeling	51
	417-3 Incidents of non-compliance concerning marketing communications	51
GRI 418:Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51

Topic	Code	Category	Accounting Metric	Page
Energy Management	RT-EE-130a.1	Quantitative	(1) Total energy consumed (GJ) (2) Percentage grid electricity (3) Percentage renewable	82
Hazardous Waste Management	RT-EE-150a.1	Quantitative	Amount of hazardous waste generated (T), percentage recycled	89
	RT-EE-150a.2		Number and aggregate quantity of reportable spills (kg), quantity recovered (kg)	89
Product Safety	RT-EE-250a.1	Quantitative	Number of recalls issued, total units recalled	64
	RT-EE-250a.2		Total amount of monetary losses as a result of legal proceedings associated with product safety	64
Product Lifecycle Management	RT-EE-410a.1	Quantitative	Percentage of products by revenue that contain IEC 62474 declarable substances	59
	RT-EE-410a.2		Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	60
	RT-EE-410a.3		Revenue from renewable energy-related and energy efficiency-related products	60
Materials Sourcing	RT-EE-440a.1	Discussion and Analysis	Description of the management of risks associated with the use of critical materials	99
Business Ethics	RT-EE-510a.1	Discussion and Analysis	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	51
	RT-EE-510a.2	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	51
	RT-EE-510a.3		Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	51
Activity Metrics	RT-EE-000.A	Quantitative	Number of units produced by product category	14
	RT-EE-000.B		Number of employees	12, 105



康舒科技

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