

2021 SUSTAINABILITY REPORT





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About the Report

AcBel Polytech Inc. (Stock Code: 6282 and referred to as AcBel hereinafter) has long been committed to promoting environmental, social and corporate governance in order to move towards sustainable development. The company has initiated its publication of Corporate Social Responsibility Report from 2010. Since 2013, the publication of English version of the report has started. The report has been renamed to Sustainability Report since 2020.

2021 AcBel Polytech Inc. Corporate Sustainability Report is the twelfth Sustainability Report AcBel published. This report adopted GRI Standards, Sustainability Accounting Standards Board (SASB) Standards, Task Force on Climate-related Financial Disclosures (TCFD) and was compiled adhering to Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports in response to the request from competent authorities. Furthermore, the report was accomplished with the integration of Sustainable Development Goals (SDGs) by the United Nations, Corporate Governance 3.0 by Financial Supervisory Commission and Taiwan's Pathway to Net-Zero Emissions in 2050 by National Development Council.

AcBel has various public communication channels which respond to stakeholder expectations in a responsible and honest manner. By revealing its strategy, management structure and results on major sustainability topics such as corporate governance, environment and society, AcBel demonstrates its influence in the overall value chain.



Scope of the Report

The disclosure scope of this report is consistent with the financial report, which covers the operational headquarters in Qiqian and Tamsui Plant in Taiwan as well as major manufacturing bases in the Philippines and Dongguan and Wuhan of China. In addition, Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. (Wujiang Plant) & Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd. (Tongliang Plant) in China is also included in the disclosure scope of this report. In total, the information of operational activities and services of 1 operational headquarters building and 6 manufacturing plants were disclosed.

In order to demonstrate AcBel's determination to achieve sustainable development and effective management of the Group's overall "Zero Carbon" goal, the 2021 Sustainability Report includes information about SINO (Wujiang Plant and Tongliang Plant), a subsidiary of AcBel for the first time. The report contains important information, management policies and performance of corporate sustainable development from January 1 to December 31, 2021. Within the report, the content or statistics of certain subjects covers its performance from 2018 to 2021 in order to demonstrate the mid-term to long-term goals and integrity of management scheme. Since the subsidiary, SINO, is first included in the scope of the report in 2021, only its information in the year is disclosed.

Release Time	Current Version: June, 2022 Previous Version: June, 2021 Next Version: June, 2023
Scope of Report	AcBel Taiwan: AcBel Polytech Inc. (QY) Qiqian Office Building AcBel Polytech Inc. (TS) Tamsui Plant China: AcBel Electronic (Dongguan) Co., Ltd. (DG) Dongguan Plant AcBel Electronic (Wuhan) Co., Ltd. (WH) Wuhan Plant Philippines: AcBel Polytech (Philippines) Inc. (PH) Philippines Plant
SINO	China: Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. (WJ) Wujiang Plant Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd.(TL) Tongliang Plant
Statistical Unit	Notes: 1. The content in the parentheses represents the name of the plant disclosed in the report. 2. Please refer to page 135-137 of the annual report in 2021 for the basic information of AcBel and its subsidiaries.
2021 AcBel Annual Report	2021 AcBel Annual Report https://www.acbel.com.tw/en/annual-report 

Editing Principles and Assurance

Writing & Editing Principles of the Report

Item	Issuance Organization	Guidelines
External Principles	The United Nations	Sustainable Development Goals (SDGs)
	Global Sustainability Standards Board (GSSB)	GRI Standards - Core Option
	SASB Sustainability Accounting Standards Board	Operating Standards of Electrical & Electronic Equipment
	Financial Stability Board (FSB)	Recommendations of the Task Force on Climate-related Financial Disclosures
	Taiwan Stock Exchange Corporation (TWSE)	1. Corporate Sustainable Development Implementation Principles for TWSE/GTSM Listed Companies 2. Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
Internal Principle	AcBel Polytech Inc.	Regulations for Compilation and declaration of Sustainability Reports

External Assurance

The financial data and statistics presented in the financial report are audited, signed off and assured by KMPG. Components such as ISO management systems and TCFD performance evaluation are all verified by external third party units including but not limited to: SGS-Taiwan and UL-Taiwan.

Meanwhile, the content and information of this report is ensured by SGS-Taiwan in accordance with GRI and SASB so that the conformity of quality principles such as accuracy, balance, clarity, comparability and timeliness can be ensured.

Item	Criteria	Certifying / Verifying Organization
Financial Statistics	Annual Financial Report	KPMG
GRI Standards	AA1000AS v3 Type 2 Moderate Level	SGS-Taiwan
SASB	Sustainability Accounting Standards Board (SASB)	
ISO Management System	Please refer to "Sustainable Management System Certification" in p.28 of this report.	
TCFD	Task Force on Climate-related Financial Disclosures (TCFD)	

Internal Auditing

AcBel formulated and implemented "Regulations for Compilation and declaration of Sustainability Reports" in accordance with "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" by competent authorities with the resolutions of Board of Directors. The regulations are utilized as working guidelines for compiling and verifying the sustainability report and brought into internal control system so that the correctness of the disclosure in the report can be assured.

The Corporate Sustainable Development Office (CSD Office), which directly reports to the President, is in charge of collecting international and domestic issues concerning sustainability, while gathering issues keen to stakeholders through multiple channels via negotiation and analysis. CSD Office focuses on significant sustainability themes and confirms the completeness of major theme management policies and performance information provided by various departments. The office compiles the report accordingly and submits it to The Committee of Corporate Social Responsibility for auditing and then to the Board of Directors. The report provides stakeholders with an understanding of AcBel's management practices and performance in different aspects of governance such as environment, society, value chain and employees.



ISO Certificate Download Section
<https://www.acbel.com.tw/en/csr-report-download-certificate>

Report Management Process

Phase	Implementation	Responsible Units
1 Topic Collection	1. Definition of stakeholders 2. Collection and investigation of sustainability topics 3. Identification of material topics	CSD Office
2 Information Compiling	Management of Guidelines and performance collection and compilation	
3 Draft Writing	Planning of the framework of the report and Content information compiling/editing	CSD Office/Related Operating Departments
4 Review and Finalization of the Report	Report content review/third-party assurance	CSD Committee / External Third-party Verification & Assurance Units
5 Publication	Report submission to the Board of Directors, report publication and auditing and internal control system inspection	Board of Directors / CSD Office / Auditing Office

This report is also uploaded to "Market Observation Post System" (<http://mops.twse.com.tw>) on June 30 every year in accordance with the regulations of the competent authority, TWSE.

This report is available in both Chinese and English. You are welcome to download the file from the "Sustainability Report Download Section" in our official website and give us your feedback.



Contact Information

If you have any suggestions for "2021 AcBel Polytech Inc. Sustainability Report", please send your valuable comments to us. You can contact us through the following methods.

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Telephone Number: +886-2-2621-7672 Ext. 32405 or 32364

Email : CSD@acbel.com



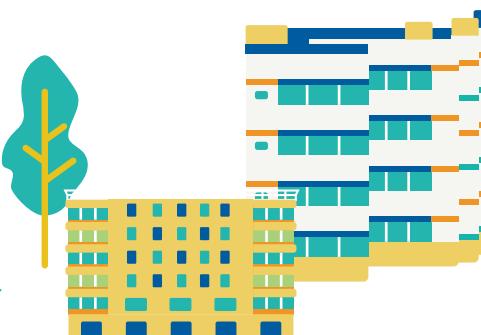
Official Website of AcBel Polytech Inc.
<https://www.acbel.com/en>



Corporate Sustainability Section
<http://www.acbel.com/en/csr>



Investor Relationship Section
<https://www.acbel.com.tw/en/article-page/investor-law>



////// Sustainability Performance in 2021 //////



Economy

- Making profits for 15 consecutive years from 2007 to 2021; revenue of 2021 reached **NTD 21.906 billion**, with a growth rate of **4.40%** comparing to 2020; after-tax earnings per share (EPS) is NTD 1.17.



Corporate Governance

- Ranked **TOP 21-35%** in 2021 Eighth Corporate Governance Evaluation.
- No incidents of major violation of labor human rights laws and regulations and anti-competitive practices has occurred in the past three years.



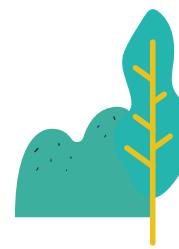
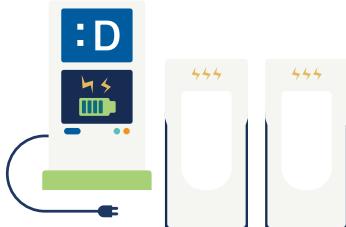
Product Manufacturing

- A total of **537** patents have been obtained from 1996 to 2021.
- The cumulative capacity of the solar power project reached **145MWP** and 91MW was generated.
- Tamsui Plant obtained **ISO 26262:2018** Road Vehicle Functional Safety Management certification.
- No incidents have occurred due to product safety, false product labeling, violation of regulations, leakage of customer privacy or customer information in the past three years.



Environment

- Obtained rank **B (management level)** in the 2020-2021 CDP Climate Change, Water Security Questionnaire and Supplier Engagement Rating Report of Carbon Disclosure Project.
- The TCFD report has been verified by third-party SGS and has been rated as the highest "**Pioneer**" level.
- Awarded the "**3rd National Enterprise Environmental Protection Award— Silver Grade**" by the Environmental Protection Administration, Executive Yuan.
- GHG Scope 1 & 2 Emission Amount of Tamsui Plant in 2021 is **15.44%** lower than 2020.
- Dongguan Plant obtained the highest level, "**Platinum Operations**", of UL 2799 Zero Waste to Landfill.
- No violation of environmental laws has occurred and no fines have been incurred in the past three years.





Labor Rights

- Continue to raise remunerations with an average annual salary increase of **2.70%**.
- Employed physical and/or mental challenged individuals with an over admission rate of **106.25%** in Taiwan.
- No incidents related to child labor employment, forced labor, labor disputes, violations of gender equality and sexual harassment have occurred in the past three years.
- Received "Taiwan i sports" certification from the Sport Administration, Ministry of Education.



Social Welfare

- AcBel sponsored \$3.15 million to government agencies and related cultural foundations for forums and arts and cultural activities.
- Employees in Taiwan spontaneously donated a total of **NTD 1,531,800** for social welfare causes in 2021, **11.58%** higher than 2020.
- A total of 117 employees in Taiwan participated in blood donation activities and donated a total of 196 bags of blood in 2021, 83.18% higher than 2020. A total of **478 bags** of blood have been donated from 2019 to 2021.



Sustainable Honor

- In 2021, AcBel won "The 14th TCSA Taiwan Corporate Sustainability Award 2021", "Sustainable Overall Performance - TOP 50 in Taiwan" and "Corporate Sustainability Report - Electronic Information Manufacturing - Platinum Award". AcBel has been affirmed with Corporate Sustainability Award of Taiwan Corporate Sustainable Awards (TCSA) for **seven** consecutive years.
- AcBel was awarded with the first TCSA "TSAA Taiwan Sustainability Action Award 2021—Silver Award for SDG7 Affordable and Clean Energy".
- AcBel was awarded with "The 110th Annual Buying Power Social Innovation Product and Service Acquisition Award—Support Award" by the Ministry of Economic Affairs.
- AcBel Polytech Inc., AcBel Electronics (Dongguan Plant) and AcBel Electronics (Wuhan Plant) received **Validated Audit Process (VAP) Silver Recognition** by Responsible Business Alliance (RBA).
- AcBel has been awarded a **gold** medal in the EcoVadis sustainability rating.



Contact Information for AcBel Production Bases

- Taiwan / Headquarters / TS Tamsui Plant**
AcBel Polytech Inc.
No. 18, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 112, Taiwan (Qiyan Office)
No. 159, Sec.3, Danjin Road, Tamsui District, New Taipei City, 25144, Taiwan (Factory)
Tel: 886-2-2621-7672
Email: headquarter@acbel.com
- China / DG Dongguan Plant**
AcBel Electronic (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
Tel: 86-769-8791-3815
- China / WH Wuhan Plant**
AcBel Electronic (Wuhan) Co., Ltd.
No.1, DuTai North Road Economic Development Zone, Xiantao City, Hubei Province, 433000, China
Tel: 86-728-3900-888
- Philippines / PH Philippines Plant**
AcBel Polytech (Philippines) Inc.
No.2, Tagaytay Ridge Drive, Carmelray Industrial Park II, Km 54 National Highway, Calamba City, Laguna, Philippines, 4027
Tel: 6349-502-7253



Contact Information for SINO Production Bases

- China / WJ Wujiang Plant**
Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.
No. 300, Ganquan West Road, Wujiang Economic Development Zone, Suzhou City, Jiangsu Province, 215200, China
Tel: 86-512-63403377
- China / TL Tongliang Plant**
Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd.
No. 202, Tonghe Avenue, Dongcheng Subdistrict Office, Tongliang District, Chongqing, 402560, China
Tel: 86-23-45616998

Chairman Statement



The post-pandemic era of 2021 has become a critical juncture and turning point for the entire world. With the continuing impact from COVID-19, people's lifestyles and work patterns have undergone tremendous transformation. The pandemic has also accelerated the pace and demands for digital transformation on both individuals and social enterprises. The 26th United Nations Climate Change Conference of the Parties (COP26) held at 2021 year end reached a consensus on the "Glasgow Climate Pact," which limits global warming rise within the 1.5°C. In light of this, countries all over the world must act swiftly and persistently in reducing global greenhouse gas emissions in order to achieve the goal of "reducing 45% carbon emissions by 2030 compared to 2010 and reaching net-zero emissions by 2050." With a view to promoting the implementation of environmental, social and corporate governance (ESG) initiatives in conjunction with the United Nations Sustainable Development Goals (SDGs), enterprises must invest in multiple dimensions of the company's development so as to forge stronger corporate resilience and sustainability. Despite the unprecedented challenges and urgency facing corporate operations in this era of rapid change, AcBel is firmly convinced that through clearly positioning its role in the power supply industry, we can achieve business growth whilst incorporating initiatives from ESG framework and make more contributions to the welfare of all mankind.

Cooperating with Value Chain Partners to Provide Green Products and Services

As a world-class manufacturer of power supplies and a clean energy provider, AcBel works with our customers and suppliers to transform their energy strategy in three major areas of "Consumer and Industrial Power Supply, New Energy, and e-Mobility Power." In addition, we create a sustainable low-carbon value chain through the 3 Green sustainable action plans of "Green Production-energy conservation, Green Energy-energy sustainability, and Green Motor-energy sustainability." On top of the stable delivery of related high-efficiency power supply products, we have invested in the construction of nearly 150MW of power plants throughout Taiwan, and 91MW of power plants have already been grid-connected. We expect to add another 45MW of grid-connected capacity in Q1 of 2023 so as to reach the target of a cumulative total of 136MW of grid-connected power generation. In the future, AcBel will move towards providing higher value-added and diversified energy solutions and work together with the industry in maximizing our contributions to the sustainable value chain.

Responding to the Goal of Carbon Reduction and Building the Climate Resilience of Enterprises and Supply Chains

In order to mitigate the impact of global warming and climate changes, all of AcBel's production bases have successfully implemented the ISO 14064 greenhouse gas inventory and actively participated in the CDP Carbon Disclosure Project, earning itself B rating (management level) in climate change, water safety questionnaires, and Supplier Engagement Rating. We have also participated in various renewable energy initiatives advocated by our customers and proposed our own Science-Based Targets (SBT) to achieve the target of net zero carbon emissions by 2050. Furthermore, we also assisted our suppliers with introducing carbon management projects through our experiences in carbon reduction to create a climate-resilient supply chain.

Implementing Employee Care and Cultivating Business Partners with Vision for Sustainability and Innovation

Attracting talented people to join AcBel and retaining valuable employees have always been an important strategy in our human resource management. We protect and respect the human rights of labor. In addition to continuously providing reasonable and competitive salaries, planning diversified and flexible employee benefits, and creating a friendly, healthy, and safe workplace, AcBel carries out the transformation of information digitalization within the company, cultivates the vision and skills of sustainable innovation in the workplace and continuously encourages the development of employees' individual potential. With these efforts, we expect that our employees can feel the sense of value and satisfaction from work. Our ultimate goal is to cultivate industry professionals and talented people with innovative ideas and establish a corporate culture with trust, respect as well as vision for sustainable development.

Integrating with the Society and Exerting Positive Corporate Influence

Apart from working with suppliers to meet customers' demands and building a resilient sustainable value chain, AcBel utilizes the concept of environmental sustainability as the basis for promoting energy technology to the community. For example, we have been engaged in promoting environmental education in elementary schools and calling for care on local environment and ecology. The company leads its employees and family members in joining these activities so as to deepen social awareness of environmental sustainability and inclusiveness, facilitate the company's role as a value transmitter and create optimal revenue while exerting positive social influence.

Looking to the Future and AcBel's Prospect

In an era with heightened ESG awareness, communication pattern with key stakeholders regarding business operations has undergone some changes, i.e. from "shareholders" to the current diverse group of "stakeholders." With the official operating of Taiwan-based Tamsui Plant in Q3 of 2022, the company will fully introduce the smart production assembly which is expected to increase revenue and profitability. This will also prompt AcBel's devotion to allocate more resources to the new headquarters building in Beitou Shilin Technology Park, which is expected to be completed and start operating by 2026, also as demonstration of AcBel's determination for pursuing sustainable management. In the future, AcBel will persistently pursue the role as an energy provider, seize the opportunities brought about by the net-zero carbon emissions target and provide more energy transition services with our value chain partners in order to achieve a win-win situation of communion, mutual prosperity and co-sharing with the society.

Chairman Jerry Hsu



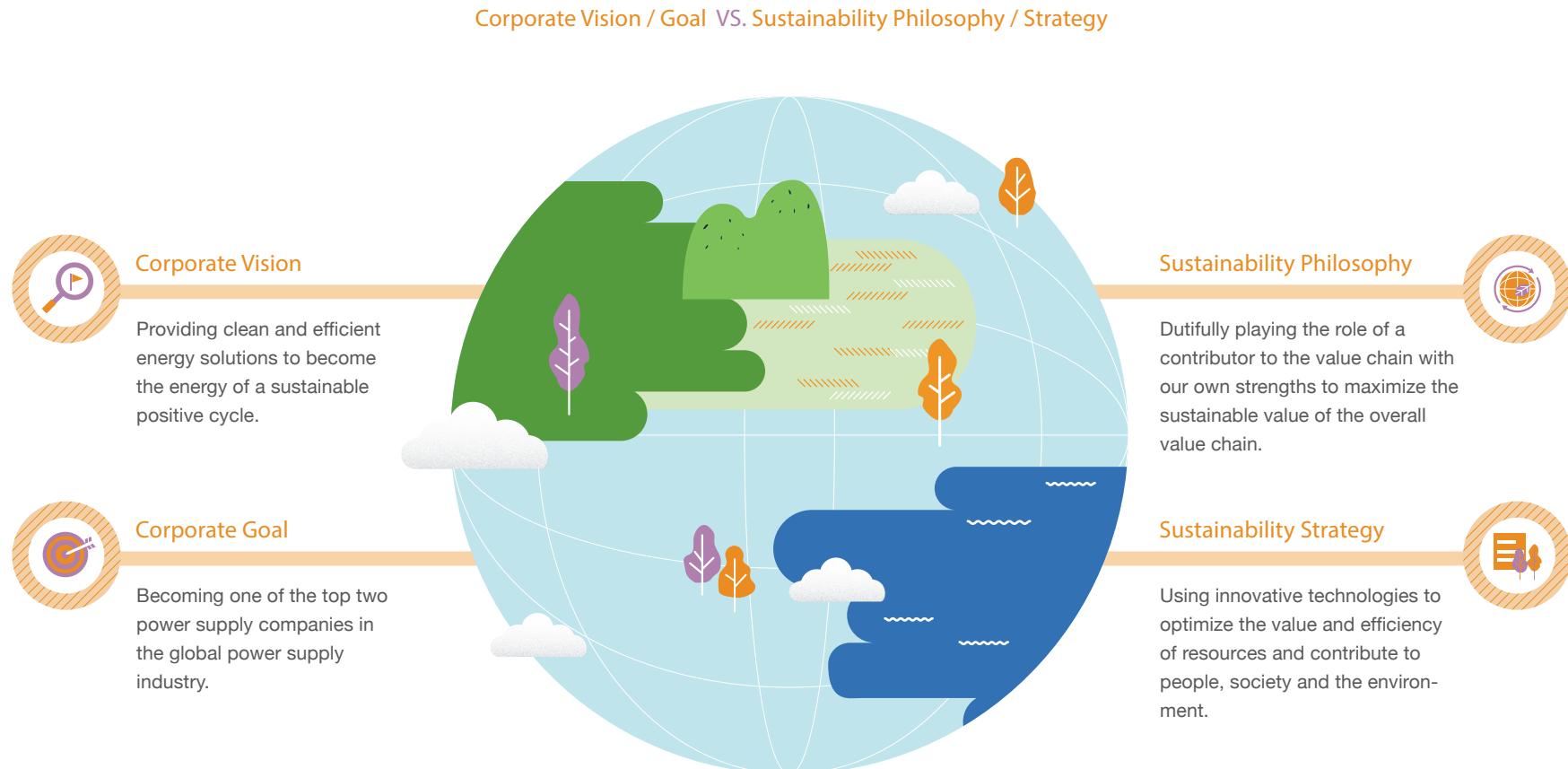
Win-Win · Sustainable Management



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With the momentum of initiatives on international sustainability, ESG has become an assessment indicator for corporate sustainability, and corporate ESG competitiveness has become a central dimension in entering the international supply chain. Despite the ongoing influence of the COVID-19 pandemic in 2021, the global economy, society, and the environment have been affected, changing the way people live and work. However, AcBel's pursuit of sustainable development as an operational strategy remains unchanged. In the meantime, it has accelerated the pace of its

transformation, planning its overall corporate sustainable development strategy from a macro perspective and guiding the company toward a more environmentally friendly and sustainable development path. With the corporate vision of "providing clean and efficient energy solutions to become the energy of a sustainable positive cycle," AcBel internalizes sustainable environmental and social strategies in every decision-making process to ensure the enhancement of sustainable competitiveness.



About AcBel Polytech Inc.

Established in Tamsui District, New Taipei City, Taiwan in 1981, AcBel has been dedicated to research, development, manufacturing and distribution of power supplies for over 40 years. AcBel is currently one of the world top ten manufacturers of switching power supplies. AcBel has set up its global R&D headquarters in Taiwan, and a number of professional R&D teams in China and the USA so as to develop products that suit the need of the market. With manufacturing plants mainly located in Asia—ranging from Taiwan, China, to the Philippines—and widely established branch offices in the USA, Europe, Taiwan, China, and Japan, AcBel demonstrates its operating idea by deploying customer-oriented global service principle and strategy.

In the wave of energy transformation in response to climate change and to seize the global business opportunity of carbon reduction and zero emissions, AcBel, as a power supply company, not only continues to improve the energy efficiency of power supply products, but also enters the solar energy green energy market, becoming an expert in power creation and storage, and actively providing clean and efficient energy solutions. In addition, AcBel is also looking ahead to the automotive power supply field, hoping to provide sustainable energy for the earth by combining renewable energy and high-efficiency power supply based on its profound power technology.

About Shanghai Sino Hardware Electronics Co., Ltd.

In 2000, AcBel entered the electronic hardware parts market and supply chain layout and invested in the establishment of Shanghai Sino Hardware Electronics Co., Ltd. (SINO), which mainly engaged in the production of electronic hardware parts, precision mold design, metal stamping, metal surface treatment, sheet metal cabinet design and manufacturing, and related assembly production.

Facing the challenges of China's labor market structure transformation and market competition, SINO has introduced automated intelligent production since 2014 to facilitate industrial transformation and upgrade, enhance the design and process independent intellectual property rights and capabilities, and accumulate the energy for sustainable development of the company.

Company Name	AcBel Polytech Inc.
Date of Establishment	July 29, 1981
Headquarters	No. 18, Sec. 2, Zhongyang S. Rd., Beitou Dist., Taipei City 112, Taiwan
Stock Code	6282
Number of Employees	9,423
Amount of Capital	NTD 5.17 Billion
Revenue	NTD 21.906 Billion
Product & Service	Focusing on research, development, manufacturing and distribution of power supplies. Also diversified into automotive power supplies and solar energy aggregation services.
Management Team	Chairman & President, Jerry Hsu
Official Website	https://www.acbel.com/en

Sustainable Value – Net-Zero Emissions, Energy Transition

Due to the effects of global warming caused by human activities, climate change has exacerbated the occurrence of extreme climate events such as abnormally high temperatures, droughts, lack of precipitation, etc. Many governments and companies have set net-zero emissions targets to echo the global net-zero trend in order to accelerate the carbon reduction process. AcBel is facing the challenge of tightening international carbon controls in the future, and is making its transformation to net-zero carbon emission in advance. In addition to continuously improving the energy efficiency of our power supply products, we are also actively investing in the automotive power supply and renewable energy fields in order to get a head start on the net-zero energy transition and expand our influence in the value chain.

AcBel - Create High-value Added Products & Strengthen Low-carbon Energy Field

In Q1 2022, Tamsui Plant in Taiwan completed the "Golden Opportunity Project," a 9,000-ft² green building smart manufacturing building, for its investment in plant expansion in Taiwan. All of our plants were also introduced to the Intelligent Automation and Intelligent Industry 4.0, which allow making better decisions on product manufacturing processes through the integration of data collection and data analysis, improving energy efficiency and enhancing manufacturing productivity, flexibility and agility.

Based on the strengths of each plant's process and supply chain, AcBel has implemented a flexible and diversified product line layout to adjust its profit structure in response to industry sector shifts. In addition, we worked on the enhancement of the competitiveness of our products or services, including a wide range of high-to-low-end power supply products, smart meters, automotive power, fuel cells and solar power. In Q2 2022, we will invest NT\$1.63 billion in the development of energy storage systems to enhance the company's growth momentum through resource integration and diversified development, and to create a new low-carbon economic model to drive overall profit growth.

SINO - Automated Upgrade & Effective Production Management

Based on the mature mold design technology, the company has introduced automatic production process, cultivated professional talents, and implemented simultaneous improvement for human and machine to enhance the efficiency of production automation. SINO attaches importance to the cultivation of talents for smart manufacturing applications, and meet customer and market demands through flexible work adjustment and flexible production management. Through streamlining production and strengthening the local supply chain, it is reducing its overall greenhouse gas (GHG) emissions and moving toward the goal of net-zero carbon emissions, while also improving its overall profitability.



Global Operation Bases

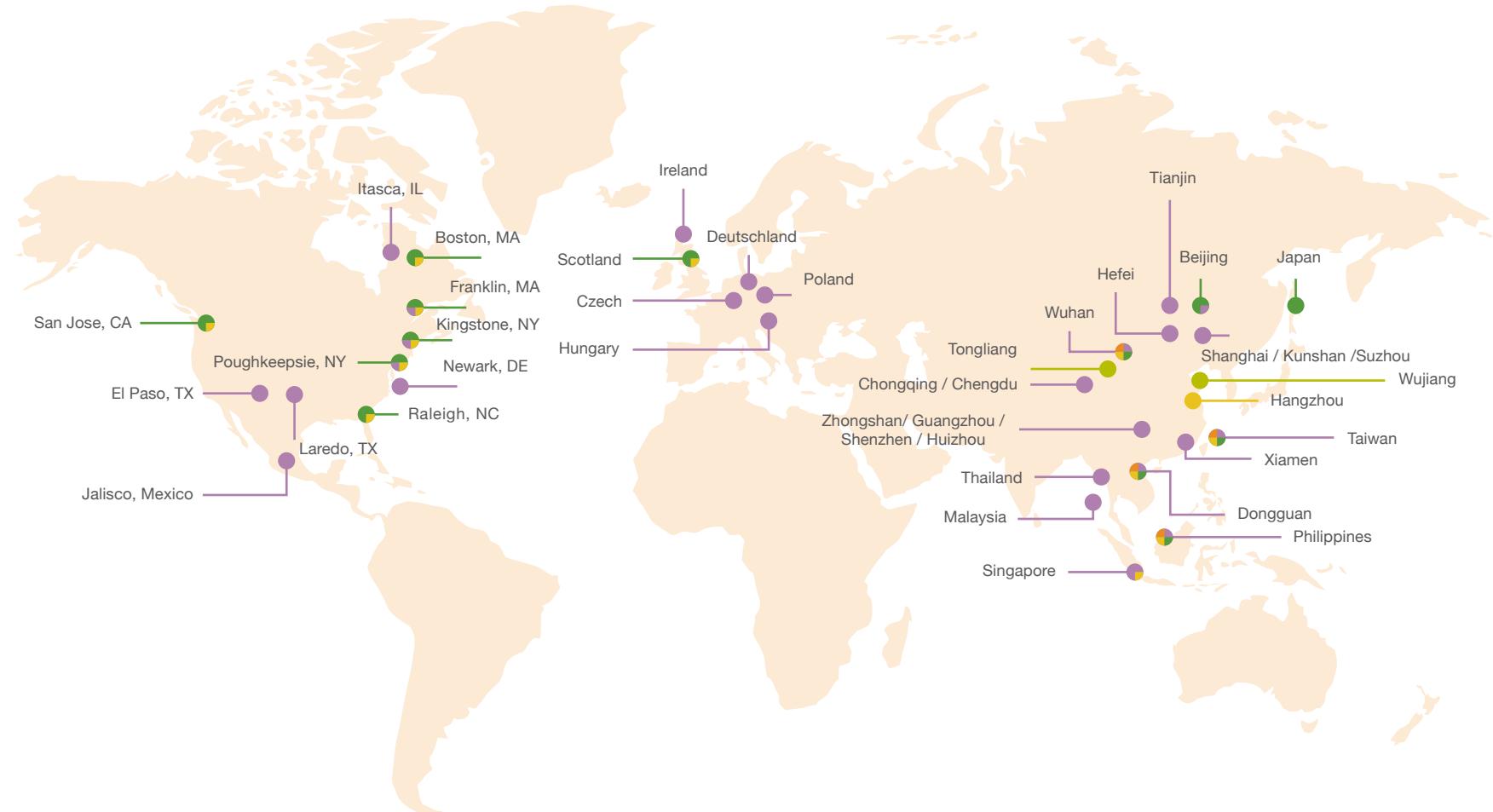
4 AcBel's Manufacturing Plants

30 Warehouses

12 Offices

12 Bases for Technical Support and After-sales Service

2 SINO's Manufacturing Plants



1.1 Business Overview



Material Topic-Economic Performance

The joint fight against climate change crisis has become an important international issue, and the governments of various countries have declared their 2050 net-zero goals. As a power supply manufacturer, AcBel is actively developing its core R&D capabilities and investing in circular economy and low-carbon green business models to promote low-carbon transition of the value chain while pursuing economic performance and promoting sustainable development of the industry.



The Importance of Material Topic and Impact Boundary

In order to effectively reduce the impact of climate risk, and in response to the 2050 net-zero goals announced by governments around the world and the carbon reduction requirements of our customers, AcBel has incorporated net-zero carbon into its overall business objectives with the Scientific Basis Target Initiative (SBTi) of 1.5°C as the goal, and has incorporated the carbon reduction path into the daily management of the group's companies and production sites. While pursuing economic performance, the company will also exert its influence to lead the supply chain and fulfill its responsibility for carbon reduction and environmental protection so as to achieve the goal of sustainability in the overall value chain.



Management Approach and Goals

Under the framework of sustainable development, we focus on low-carbon economy and set net-zero carbon emissions as the management principle and target. Also, we integrate the development and manufacture of high-efficiency and low-pollution power supply products through the advantage of R&D technology. In terms of manufacturing management, we will create and enhance our competitive advantages through standardization, intelligence, digitalization, automation, and refinement. We will expand the green energy industry and the deployment of automotive electronics/ electric vehicle power supply, develop three major fields: power supply, green energy, and electric vehicle power supply, and create a new business model to drive the development of AcBel in the next 40 years and realize our corporate vision of providing clean and efficient energy solutions and becoming a sustainable and positive energy cycle."

In 2021, AcBel's revenue reached NT\$21.906 billion, an increase of 4.4% over the previous year, with net income of NT\$602 million and earnings per share after tax of NT\$1.17. In 2021, the production of power supply products was approximately 78 million units, an increase of approximately 5.2% over the previous year. The company will continue to increase its market share of power supply products, improve the introduction of proprietary technologies and collaborate with major customers on new projects. The company will continue to expand the revenue of power supply products by deepening the market share of power supply products, refining the introduction of patented technologies and collaborating with major customers on new projects. Due to the impact of the pandemic, the completion of the new smart manufacturing plant in Tamsui, Taiwan was originally scheduled to be completed by the end of 2021, and its production will be postponed to the third quarter of 2022. Then, the plant will fully implement the smart production line and related supporting measures. It is expected to contribute \$3.25 billion in production capacity and increase revenue and profitability.

In line with government policies, we continue to develop technologies in the field of smart grid, and have won a total of 700,000 tenders for smart meters, with nearly 600,000 units shipped to date. In the green energy business, the cumulative capacity of the solar power generation site reached 145Mwp, an increase of 5.8% over 2020, and its power generation reached 91Mwp. In the field of

electric vehicle products, we continue to develop motor driver with well-known manufacturers and aim to pass the certification and shipments in 2022. We are also working with well-known electric motorcycle manufacturers to enter the power management system of power exchange stations and expect to become a fully integrated power service company.

The global energy transition is inevitable, and a green industry innovation is underway, including the improvement of energy efficiency of power products, the electrification of transportation, and the increasing demand for low-carbon energy. As a power creator and storage expert, AcBel is actively providing clean and efficient energy solutions, playing the role of a carbon reduction leader, embracing zero-carbon business opportunities in the trend of energy transition and hoping to provide sustainable energy for the planet earth with renewable energy and high efficiency power supply, becoming one of the benchmark companies in the low-carbon power supply industry.

In November 2021, AcBel and Compal Electronics, Inc. established a joint venture, "Kinpo & Compal Group Assets Development Corporation," with a 30% and 70% shareholding respectively, to acquire the land rights of the T16 street profile of the Taipei City Government and complete the contract. The construction of the group's new operational headquarters is expected to be completed by 2026 to meet the space needs of the AcBel's future growth and to demonstrate its determination for sustainable development.

Financial Performances

Item/Year	2019	2020	2021
Consolidated Revenue (compared with previous year)	205.84 (+9.88%)	209.83 (+1.94%)	219.06 (+4.40%)
Net Earning (compared with previous year)	14.85 (+47.76%)	13.13 (-11.58%)	6.02 (-54.15%)
Value in Taiwan	124.76	149.56	189.08
Operating Costs and Expenses	204.96	205.93	214.89
Employee Remuneration and Benefits	33.84	34.31	36.27

Note: 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.

AcBel's Industrial Value Chain

Item/Category	Computer and Peripheral Equipment	Electric Vehicle	Smart Grid	Renewable Energy
AcBel's Role	Upstream	Midstream	Midstream (Smart Meter) Downstream (Energy Management)	Downstream (System Installation and Application)
Major Products	Industrial and consumer electronics products	Battery and motor driver for electric vehicle	Smart meter and the integration of its communication module system	Solar plant installation / application and integral service of smart energy
Customer Type	Computer, network communication, appliances, medical, aerospace, vehicle, etc.	Electric vehicle brands	Power companies and industries which use electricity	Power companies and industries which use electricity

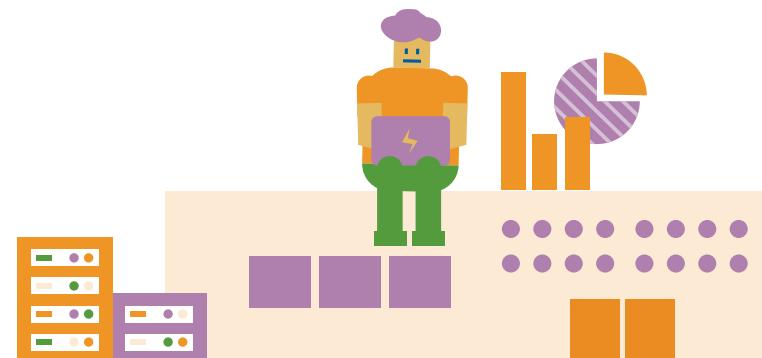
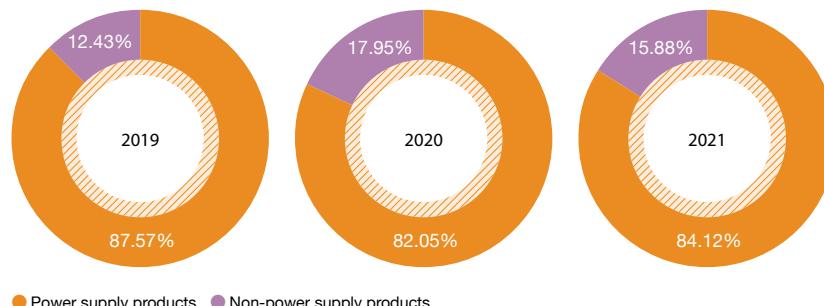
SINO's Industrial Value Chain

Item/Category	Computer and Peripheral Equipment	Electric Machine
SINO's Role	Upstream	Upstream, midstream and downstream
Major Products	Stamping Products	Smart Lockers
Customer Type	Computer and peripheral equipment assembly factories	Retailers and demanded industries

Notes:

1. For detailed industrial value chain introduction, please see the industrial value chain information platform of Taipei Exchange and Taiwan Stock Exchange: <https://ic.tpex.org.tw/index.php>
2. Shanghai Sino Hardware Electronics is not listed on the Taiwan Stock Exchange, and thus its related industry value chain is categorized by AcBel with reference to the Industry Value Chain Information Platform.

Percentage of Product Sales



Products and Services

Item	Power Supply	Smart Grid	Automotive Electronics	Green Energy
Product/Service	<ul style="list-style-type: none"> Power supplies for consumer electronics and their peripheral devices Industrial power supply Power supply for medical equipment Network communication equipment 	Smart Grid	Electric vehicle power converters, chargers and motor driver	Renewable Energy Aggregation Services
Representative Product or Service	<ul style="list-style-type: none"> Power supply for desktop computers Server power supply Power supply for storage devices Adapter/Charger Medical power supply Power supply for Networking and Telecom equipment Power supply for Smart Home Devices Inverter Module/Inverter Shelf 	<ul style="list-style-type: none"> Advanced Metering Infrastructure -Smart Meter Concentrator 	<ul style="list-style-type: none"> High Power & High Efficiency Charger 4-in-1 Motor Driver DC Converter AC/DC Charger 	<ul style="list-style-type: none"> Hybrid Renewable Energy Systems Renewable Energy Sales
Future Plans	<ul style="list-style-type: none"> The products are developed towards high density, high efficiency, high wattage and low power consumption to meet the high efficiency and low carbon specifications of new generation products. Product design continues to move toward digitalization and standardization to reduce time of R&D and standardize parts and procurement so as to facilitate process autonomization, shorten delivery cycles and reduce production costs. 	We continue to optimize the design of AMI smart meters and smart grid installations and extend to provide complete system power solutions.	We are developing the market for electric vehicle products and integrating product development resources with technical maps to develop vehicle-related products, including: in-vehicle power supplies, motor drivers and other products, and gradually expanding our market share.	Grasping the wave of net-zero carbon emissions, we will move toward "Energy Saving" - to optimize energy system management systems, "Energy Storage" - to manage services, and "Energy Creation" - to develop renewable energy sources other than solar power, in order to provide comprehensive energy application services.

Major Product Distribution Areas

Unit: NTD Thousand

Item/Year	2019		2020		2021		
	Amount	%	Amount	%	Amount	%	
Domestic Sale	3,222,564	15.66	4,591,123	21.88	4,599,017	20.99	
Export	America	3,853,396	18.72	3,666,460	17.47	4,153,992	18.96
	Europe	1,313,362	6.38	941,734	4.49	548,326	2.50
	Asia	12,059,921	58.59	11,658,711	55.56	12,534,710	57.22
	Others	134,316	0.65	125,729	0.60	70,350	0.32
	Subtotal	17,360,995	84.34	16,392,634	78.12	17,307,378	79.01
Total	20,583,559	100.00	20,983,757	100.00	21,906,395	100.00	

Source: AcBel 2021 Annual Report, p.103.



AcBel 2021 Annual Report
<https://www.acbel.com.tw/en/annual-report>

Tax Policy

AcBel's tax policy adopts the three requirements of "Compliance Management, Transparency Disclosure, and Effective Communication." AcBel also upholds the principles of professional ethics and honest operation and truly complies with relevant tax laws and regulations to implement the effective operation of the company's tax practices and management mechanism as to demonstrate a commitment to responsible corporate sustainability.

- According to local tax regulations, the company regularly makes honest declaration and pay taxes for fulfilling taxpayer's social responsibility.
- AcBel's financial statements disclose tax information as regulated to make sure information transparency.
- Conducting tax planning without shifting profits to tax haven or low-tax countries for tax avoidance.
- Our related party transaction is based on Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations of Organization for Economic Cooperation and Development (OECD) and abided by principles for regular transaction.
- Building mutual trust and honest communication with tax authorities.
- The company's major transaction and policy-making would take tax impact into consideration.

Tax Management Mechanism

Regulation Compliance

AcBel and its operating bases are fully aware of the tax laws and regulations in the places where they operate. When interpreting the tax laws and regulations, they should consider both the literal meaning and the legislative intent, and comply with all relevant tax laws and regulations in the places where they operate. The tax liability is correctly calculated by the company's internal finance unit and presented through the company's internal auditing processes to ensure that the tax information is reported and paid within the required time frame.

External Communication

AcBel supports the government's initiatives to promote corporate innovation, research and development and economic growth, as well as its rental tax policy. The company is committed to transparency in tax information and to timely and appropriate communication with the tax authorities or appointment or consultation with external professional advisors on new tax matters and complex tax situations to ensure proper compliance with tax regulations and reporting obligations.

Tax information is regularly audited by external professional accountants on a quarterly basis and reviewed and improved at audit meetings. We also regularly disclose the tax information of the financial statements certified by the accounting firm, and compile the tax governance of the company and its operating bases for publication on the company's website and in the annual report of the shareholders' meeting.

Risk Management

Although the uncertainty of tax risk is relatively low due to the complexity of tax regulations and compliance obligations of AcBel and its operating bases, the company will seek advice from outside professional advisors in a timely manner to reduce or eliminate the risk of legal sanctions, financial loss or damage to goodwill due to non-compliance with tax laws and regulations for tax risks of significant uncertainty and high complexity.

AcBel assigns internal personnel to perform tax calculation and payment. Through internal audits, the company ensures compliance with operating procedures and tax regulations, and cooperates with its independent audit unit to perform internal audits and controls on a regular basis to ensure the implementation of tax compliance.

Talent Cultivation

AcBel is committed to enhancing the function of tax professionals to ensure the operational capability of tax-related personnel. The company also invites external accounting firms to hold one to two in-house financial and taxation seminars every year to help our employees understand the changes in relevant regulations and prepare for them in advance to ensure proper compliance with tax regulations and reporting obligations.

Whistle-blowing Mechanism

The company has set up an online whistle-blowing mailbox on its official website, providing stakeholders to report illegal taxation or unethical events, which will be dealt with by dedicated personnel anonymously. In 2021, there is no single event reported.

Tax Expenses

Unit: NTD Thousand

Item/Year	2019	2020	2021
Income Tax (Compared to the previous year)	1,276,950 (+83.45%)	927,747 (-27.35%)	177,738 (-80.84%)
Government Taxes (Compared to previous year)	560,047 (+35.75%)	1,873,778 (+234.57%)	279,775 (-85.07%)
Tax expenses accounting for the revenue of the current year	2.72%	8.93%	1.28%

Notes:

1. The income tax was higher in 2019 and 2020 due to the government taxes in 2020 resulted from the land sale tax of China's plant.
2. Please see the consolidated financial statement and taxes information on Investor Zone-Financial Information on AcBel's website: <https://www.acbel.com.tw/en/financial-reports>

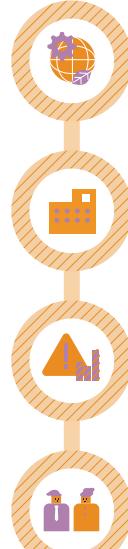


Financial Reports of AcBel
<https://www.acbel.com.tw/en/financial-reports>

1.2 Sustainable Development Commitment and Significance

AcBel is committed to sustainable corporate development, combining the concept of sustainability with corporate vision, playing the role of a contributor to the value chain, and becoming the energy for a positive cycle of sustainability. Under the framework of CSR (Economic, Environmental, and Social), we are dedicated to achieving the ESG (Environment, Social, and Governance), and the "Corporate Commitment" to our employees and value chain, and to demonstrating our commitment to sustainable development in our daily operations.

Sustainability 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.



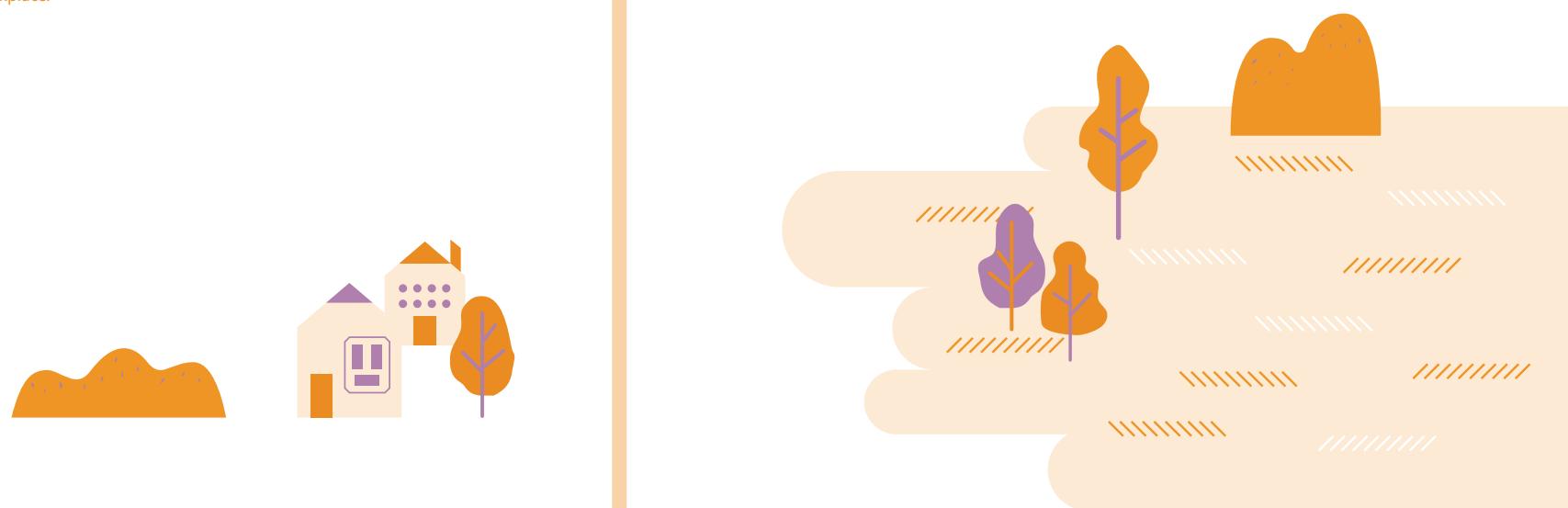
Promoting green sustainable supply chain; constructing low-carbon innovation value chain.



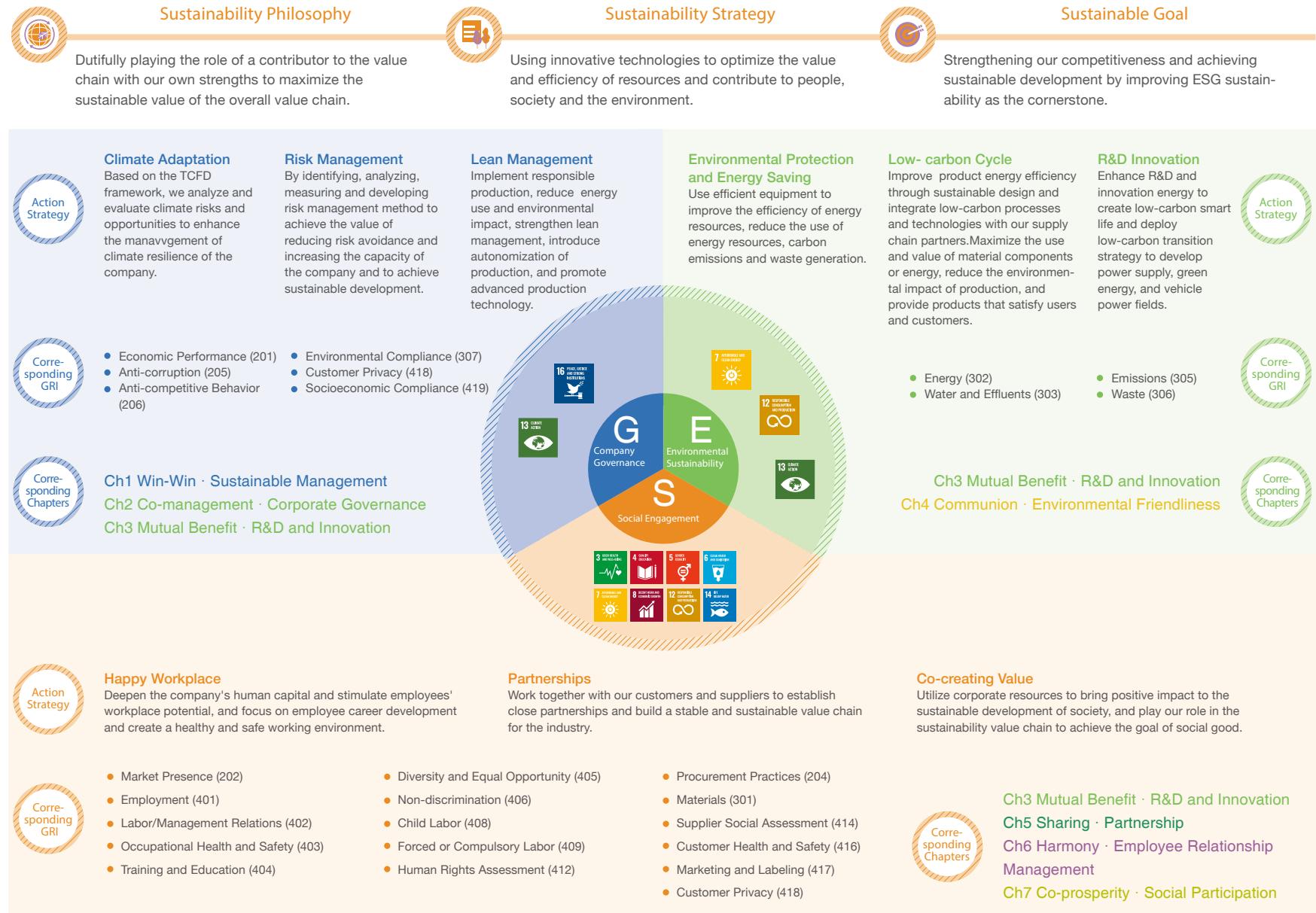
Actively engaging in social participation; encouraging the society to contribute to the environment.



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



AcBel's Sustainable Development Blueprint





Climate Adaptation · Risk Management · Lean Management

Implementing risk management mechanism and strengthening corporate resilience

Since its establishment, AcBel has been operating under the principle of "Integrity and Responsibility," which has been the cornerstone of the company's sustainability. We make necessary operational adjustments to make the company more climate resilient, from complying with government regulations to incorporating the Climate Related Financial Disclosure (TCFD) framework, including the four guiding principles of governance, strategy, risk management indicators and goals, into the established corporate risk management mechanism, identifying climate-related physical and transition risks and climate opportunities.

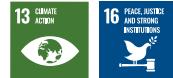
We have introduced "Lean Management" in our operations to optimize our business processes, eliminate unnecessary waste, create the best value, increase the profitability of our operations, and ensure the rights and interests of all stakeholders, including shareholders and investors, and create maximum benefits.

Short-term Goals

- The percentage of signatures of integrity agreement, legal compliance and business integrity awareness training for all employees of the company, including board members and senior management, regardless of rank, is maintained at 100%.
- Risk management is incorporated into the TCFD framework. Through the identification and formulation of corresponding management strategies, we will improve our ability to handle risks and corporate resilience to ensure the company's sustainable development and protect the interests of stakeholders.
- Continuously optimize corporate governance practices in accordance with the requirements of the authorities, and improve the results of the "Corporate Governance Evaluation" by making detailed disclosures in a responsible manner.
- The goal of introducing lean management and automated production system at each production site is to reduce unnecessary waste and improve management and product quality and efficiency. Meanwhile, by diversifying into the field of automotive power supply and expanding into smart aggregation services, as well as deepening into the field of green energy, the company is able to sustain stable growth in profitability through diversified operations.

Action Plan

- In accordance with the requirements of the competent authorities, the company has improved its integrity management procedures and management, and requires 100% of its directors and employees, regardless of their rank, to complete integrity management and legal compliance awareness training and sign the integrity agreement. Through the company's strict internal audit system, we ensure the implementation of honest management and achieve the goal of sustainable corporate governance.
- AcBel incorporates climate change impact factors into corporate risk management policies to understand the risks and opportunities of a company's transition to a low-carbon economy, and to collect financial impact information that is useful for decision-making and forward-looking based on the four core elements of TCFD – Governance, Strategy, Risk Management, and Metrics & Targets. In order to achieve the goal of sustainable corporate governance, we learn the risks and opportunities of the company's transition to a low-carbon economy and collect information on the financial impact of the transition to a low-carbon economy, which is useful for decision-making and forward-looking. The TCFD report is verified by third-party every year from 2020 and onwards.
- The responsible unit will be responsible for the "Corporate Governance Evaluation" by the government authorities to actively strengthen the functions of the board of directors and at the same time review the risks of corporate governance. By doing so, we can draw up plans to improve and enhance governance, to demonstrate the determination of the corporate governance system and shape a good corporate governance culture.
- We introduce lean management projects to reduce unnecessary waste in the company, with new technologies or processes to effectively improve efficiency and increase productivity. We also hold cross-operating bases lean management competitions to promote production wisdom and learning through the competitions to improve the overall effectiveness of lean management.



Strategic Goal and Action Plan

Mid- and Long-term Goal and Action Plan

- Comply with the latest corporate governance law issued by the government and align with the requirements of the international standard of corporate disclosure of sustainable performance to strengthen the content and quality of ESG information disclosure to meet the expectations of stakeholders for sustainable development of the company.
- Using TCFD as a framework, ISO 22301 Business Continuity Management System will be introduced to reduce the risk of continuous operation and increase the climate resilience of the company, and to identify the transformation opportunities of the company and its products and services to strengthen the competitiveness of the company.
- With the goal of "becoming one of the top two power supply companies in the global power supply industry," AcBel will grasp the global trend of carbon reduction, innovate and develop various products and renewable energy services, implement low-carbon transition and green manufacturing cycle, reduce the impact on the environment and society, and steadily increase the profitability of our operations.
- AcBel will expand the deployment of solar plants for green energy, with an estimated capacity of 103MW by the end of 2022 and a target of 500MW of grid-connected power generation by 2024, to meet the demand for green power from a wide range of enterprises. Furthermore, we will converge more types of power generation platforms to form a power generation and sales alliance, so that all kinds of renewable energy power generation and sales become the mainstream power in the green power market.

Achievements in 2021

- The revenues have been growing year on year. In 2021, the revenue was \$21.906 billion, an **increase of 4.40%** over 2020.
- Ranked **top 21%-35%** in 2021 Eighth "Corporate Governance Evaluation."
- No violation of human rights and labor dispute occurred in 2021. Employees **100%** completed related training.
- The 2021 TCFD report was verified by SGS and was rated as the highest level, "**Pioneer**".
- In 2021, the cumulative capacity of the solar power project reached **145MWp** (GW), an **increase of 5.8%** over the previous year, with **91MWp** of electricity generated.





Environmental Sustainability

R&D Innovation · Environmental Protection and Energy Saving · Low-carbon Cycle

Promoting green recycling process and accelerating the transformation to low carbon

We incorporate climate change issues into our daily operational decisions and make use of innovative R&D technologies to promote green manufacturing processes and low-carbon transition. At the same time, we effectively manage and improve the efficiency of energy and resource consumption, promote recycling to reduce waste production, and integrate with value chain partners to move towards net-zero carbon emissions.

In response to the SBTi (Science Based Targets initiative), we've set a 1.5°C warming target as the framework for setting a carbon reduction schedule, and established Science Based Targets (SBTs) to set the relevant carbon reduction paths and strategies to move toward a low-carbon enterprise. In the pursuit of economic development, we will also take up our corporate responsibility for environmental sustainability in order to achieve the goal of net-zero carbon emissions by 2050.

Strategic Goal and Action Plan

Short-term Goals

- AcBel conducts innovative research and development of high-performance low-carbon products, combined with customers and suppliers into the development of the use of recycled materials and follow the use of international environmental requirements of green materials to ensure that 100% of the products comply with the relevant laws and regulations of prohibited use of harmful substances, and through the green production process to produce green products that meet consumer expectations, reducing the impact of the production process on the environment and energy.
- Each operation base implements ISO management system certification for environment, energy, GHG inventory, water inventory, waste, etc. to effectively control all energy consumption and emissions of the company.
- At each operation base we implement lean management to reduce unnecessary waste, and to use energy data collection and analysis to optimize energy usage. Also by promoting intelligent manufacturing, the bases can improve overall operational performance and production efficiency.

Action Plan

- Based on the concept of circular economy, we provide power supply products with low loss, small size, and light weight through innovative design, in line with the development trend of slim and short end products and energy saving and environmental protection. In addition, we introduce green process using halogen-free and lead-free green materials and increase the proportion of recycled materials to provide quality green products by combining with value chain partners.
- All production bases and subsidiaries have implemented ISO 14064 greenhouse gas inventory and ISO 14046 water footprint organizational inventory to identify the hot spots of GHG emissions and to develop corresponding carbon reduction strategies. The strategies include: increasing the proportion of recycled parts and materials used, solar power plant construction, renewable energy use, and purchase of green power certificates.
- ISO 50001 energy management system and UL2799 zero waste to landfill will be gradually extended to each production site, and PDCA (Plan-Do-Check-Action) will be implemented for continuous improvement of energy use and waste management.
- The new intelligent production building in Taiwan is built in accordance with green building standards, with comprehensive and systematic environmental protection design to create energy-saving and emission-reducing sustainable buildings, promote environmental friendliness and effective use of resources, reduce the burden on the environment, and is expected to be put into production in the second quarter of 2022.
- We proactively respond to the Carbon Disclosure Project's Climate Change and Water Safety questionnaires each year to responsibly disclose, evaluate and manage environmental risks and opportunities, build corporate resilience and mitigate environmental impacts.



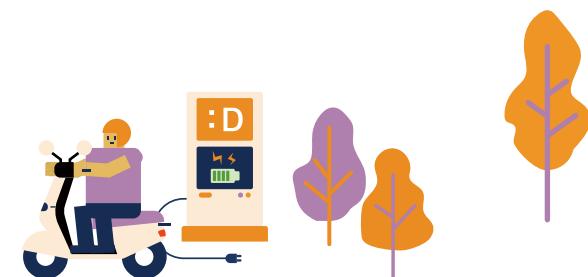
Strategic Goal and Action Plan

Mid- and Long-term Goal and Action Plan

- We continuously optimize the information quality of "Climate Related Financial Disclosure (TCFD)," "Carbon Disclosure Project (CDP)," and respond to the "Science Based Target Initiative (SBTi)," using the temperature control target of 1.5°C as the basis for setting the carbon reduction schedule, setting the group's Science Based Target (SBT), developing relevant carbon reduction paths and strategies, and regularly tracking and revising the results. At the same time, it is in line with the goal of "Taiwan's Pathway to Net-Zero Emissions in 2050" for net-zero transition.
- We deliver the "Energy Sustainability 2030" - hazardous waste generation and domestic water use will be reduced by 35% in 2030 compared to the 2014 base year.
- Promote the sustainable supply chain program, in addition to continuously strengthening green procurement standards and requiring suppliers to meet "energy-saving, recyclable, and non-toxic" specifications, we will work together with suppliers to carry out GHG emission reduction programs to bring the power of the overall value chain into play and jointly develop a low-carbon circular economy.

Achievements in 2021

- Products were 100% met with hazardous substance free regulations and customer specification.
- The Dongguan plant obtained UL2799 Zero Waste to Landfill **Platinum** Operations, 100% diversion, with 8% thermal processing with energy recovery.
- The results of the CDP Climate Change, Water Safety Questionnaires and Supplier Engagement Rating are **B** (management level).
- In 2021, Tamsui Plant's Scope 1 and Scope 2 GHG emissions decreased by **15.44%** compared to the previous year.





Social Engagement

Happy Workplace · Partnerships · Co-creating Value Combining value chain partners to make an impact and promoting a positive cycle of social sustainability

Employees

We give top priority to the care of our employees and their families, and provide a healthy and safe workplace. The company's development goal is to integrate with the needs of employees, understand their motivation and meet their career development needs, provide different incentives and job design, enhance employee satisfaction, dedication and sense of achievement, and further improve work quality and efficiency to achieve a happy enterprise with healthy employees, work-life balance and harmony between employees and employers.

Customers and Suppliers

We are working with key partners in the value chain, including customers and suppliers, to promote low-carbon transition, enhance the performance of net-zero carbon emission pathways, and build a sustainable low-carbon value chain.

Social Caring

Corporate success comes from the support of the society. We turn our corporate profits into care for the society, devote ourselves to the integration of resources and co-creation of value, implement social contribution and care for the disadvantaged, and invest in the promotion of environmental education and concern for environmental pollution and ecological crisis.

Short-term Goals

Strategic Goal and Action Plan

Employees

- Follow the law and international labor human rights regulations to create a workplace with zero pollution, zero work-related injuries, and zero occupational incidents, and ensure the achievement of goals through the PDCA cycle.
- In line with the company's development goals, we construct a talent cultivation system according to different job functions and responsibilities, and create a training map of "common intelligence, common understanding, common work, and common good." In addition, with employee career advancement, we motivate colleagues to improve themselves and satisfy their career development.
- We implement the government's four major programs for labor health protection, prevent occupational injuries and illnesses and improper treatment in the workplace, and take care of the physical and mental health of employees.

Customers and Suppliers

- We focus on centralized supplier management, strengthen the ability to control the risk of parts, and avoid shortage of materials in the supply chain affecting normal production. At the same time, we will improve the supplier evaluation system, incorporate social responsibility, energy saving and carbon reduction management, and cooperate with customers or suppliers to cultivate sustainable energy in the overall value chain.
- We deepen the strategic partnership in the value chain, such as joint research and development, introduction of recycled low-carbon raw materials, development of low-carbon, circular design and production of low-carbon products in order to jointly enhance the overall value chain of low-carbon economic competitiveness.

Social Caring

- We encourage the staff to care about the underprivileged groups in the community and combine the resources of the group's Hsu Chau-ing Social Welfare Charity Foundation to help underprivileged families, increase children's learning opportunities and develop their self-confidence.
- We promote environmental education through the company's energy-saving and carbon-reducing technologies and conduct environmental education learning programs with local schools to cultivate children's concept of environmental sustainability.
- By using corporate resources to participate in social welfare, we give back to the community by co-organizing arts and leisure activities, paying attention to environmental pollution and ecological crises, and increasing the response and participation of local residents to arouse people's concern for the land.



Strategic Goal and Action Plan

Action Plan

Employees

- We implement the four major programs of labor health protection, such as overload prevention, human factors engineering improvement, maternal health protection, and lawlessness prevention, to create a workplace where employees are physically and mentally healthy and safe.
- We plan multi-faceted employee health care measures, such as: health care by resident doctors, free annual health checkups and visually impaired massage therapist, and employee assistance programs (EAP), to emphasize the physical and mental health of employees in their careers and achieve the goal of work-life balance.
- We continuously optimize employee compensation and benefits and create a talent cultivation map for each function and position to meet the needs of employee career development. By recruiting outstanding talents and cultivating and retaining key talents, we can thus improve the sustainable competitiveness of the company.

Customers and Suppliers

- We strengthen the supplier assessment mechanism, extend the net-zero carbon emission target to the supply chain, gradually require the effectiveness in reducing carbon emissions, expand the overall value chain of energy saving and carbon reduction performance in order to achieve the common goal of international net-zero carbon emissions.
- We develop recycled materials in conjunction with academia, customers and suppliers, and apply them to the recycling design of products to produce environmentally friendly low-carbon products to meet the demand and expectation of consumers in the market for green products.

Social Caring

- We lead the staff and combine the resources of Hsu Chau-ing Social Welfare Charity Foundation to carry out caring activities for children in remote areas or disadvantaged families, such as donations for schooling and material donations. Through the creation of educational and learning opportunities and resources, children will not lose their self-confidence and competitiveness due to their geographical environment or poverty.
- We promote the concept of sustainability to the general public through corporate and social resources, such as supporting sustainability initiatives, arts and leisure activities, and environmental and ecological activities, so that the concept of social and environmental sustainability will gradually take root in people's hearts.

Mid- and Long-term Goal and Action Plan

Employees

- We increase profitability through low-carbon transition of the company, increase the overall compensation and benefit system of employees, optimize workplace facilities and equipment, and share the economic performance results brought by the operation with employees.
- We combine departmental key performance indicators (KPI) and performance management system to cultivate core competencies of employees. Improve overall performance through performance management platform, performance feedback interview and communication improvement, cultivate and develop high talent quality team, and create corporate core competitiveness and corporate culture together.

Customers and Suppliers

- We deepen the concept of workplace risk to suppliers and contractors, and establish and certify the ISO management system to ensure the working environment with zero pollution, zero workplace injury and zero occupational incident to protect the work safety of value chain partners.
- In response to the global trend of net-zero carbon emissions in 2050, we will lead our partners to build a low-carbon sustainability value chain and contribute to the reduction of GHG emissions, in line with the expectations of all stakeholders for net-zero carbon emissions.



Strategic Goal
and
Action Plan

Mid- and Long-term Goal and Action Plan

Social Caring

- We implement the company's corporate philosophy of investing resources to focus on sustainable issues such as environmental pollution, ecological crisis and energy use, with net-zero carbon emissions as the main axis.
- We will continue to cultivate local community relations, combine with charitable organizations to care for the disadvantaged groups, and leverage corporate influence to expand social participation with value chain partners.

Achievements in
2021

Employees

- Annual environmental testing and declaration is conducted on a regular basis and **100%** is in compliance with environmental regulations and standards.
- The health examination rate of employees in Taiwan exceeded **95.72%**, and **129** staff health and medical service consultations were conducted.
- No violations of gender equality or sexual harassment have occurred in 2021.
- The salary of general employees in Taiwan was increased by **2.70%**, and the salary of supervisory employees was increased by **3.70%**.
- No child labor employment in any form has ever occurred.
- Female employees and underage workers are not assigned to work in dangerous areas or perform highly hazardous work.
- Ethnic minorities and disabled employees accounted for **7.57%** of the total employees.
- The proportion of female senior management in total senior management is **17.91%**, which has been increasing in recent years.

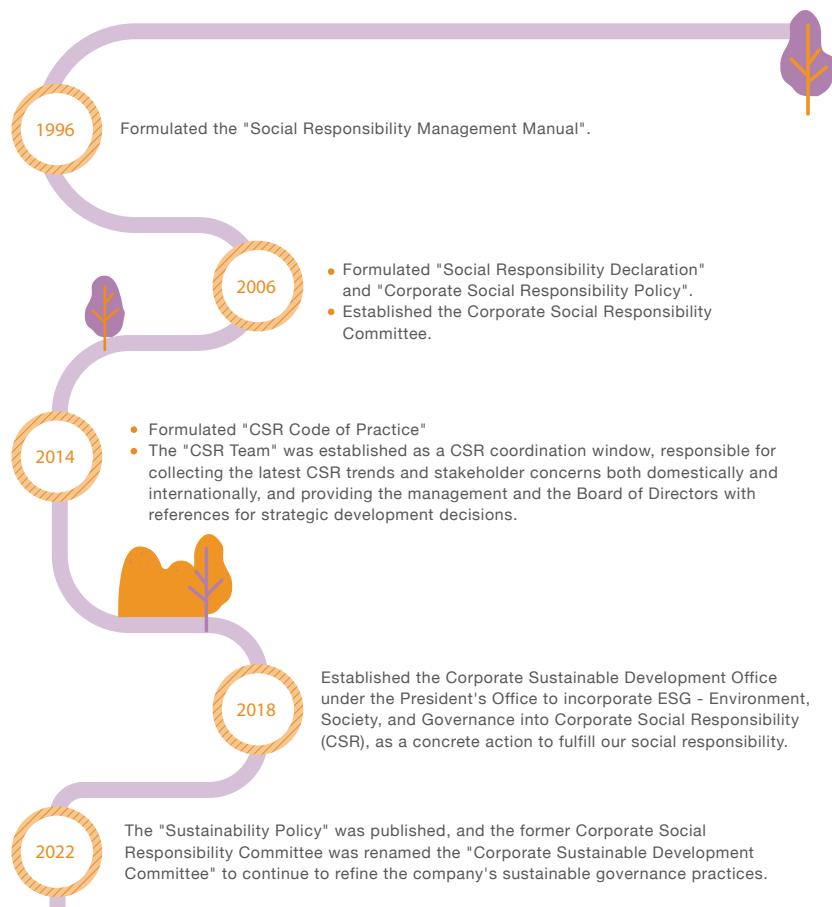
Customers and Suppliers

- There is no violation of product safety, mislabeling, breach of law, revelation of customer privacy or customer data leakage, etc.
- Overall score for customer satisfaction survey is **86%**.
- Compliant to RoHS lead-free and halogen-free and **100%** green procurement.

Social Caring

- Joined beach adoption activity organized by Environmental Protection Administration, Executive Yuan to adopt 450 meter of Zhouzi Bay Coastline, Tamsui District and host beach clean-up activity once with **357 kilograms** of waste collected.
- Cooperating with Hsu Chau-ing Social Welfare Charity Foundation to organize "Flying with Dreams Project" and "Joint Fundraising Campaign," with participation of **761** staff and fundraising of **NTD 1,531,819** to support disadvantaged children learning talents.
- Sponsored the "Tamsui Fisherman's Wharf - Jimmy's Slide Playground" opening event which organized by the New Taipei City Government in 2021.
- We kept sponsoring "New Taipei City - Wind Orchestra Festival in Tamsui" series activity in 2021.

Sustainable Management Milestones



Sustainable Management Structure and Operation

AcBel is committed to maintaining high standards of corporate governance and has established an effective corporate governance structure called the "Corporate Sustainable Development Committee" in compliance with laws and regulations and the requirements of the competent authorities. The Committee consists of five functional groups whose members are senior executives from various departments of the company. They formulate short, medium and long-term goals according to the responsibilities of the department and the company's sustainability strategy, integrate goals into the management and operations of the company. The Committee implements the sustainable development of the company and reports communication situation, ESG sustainability measures and performance to the board members at least once a year (the latest reporting date is May 6, 2022).

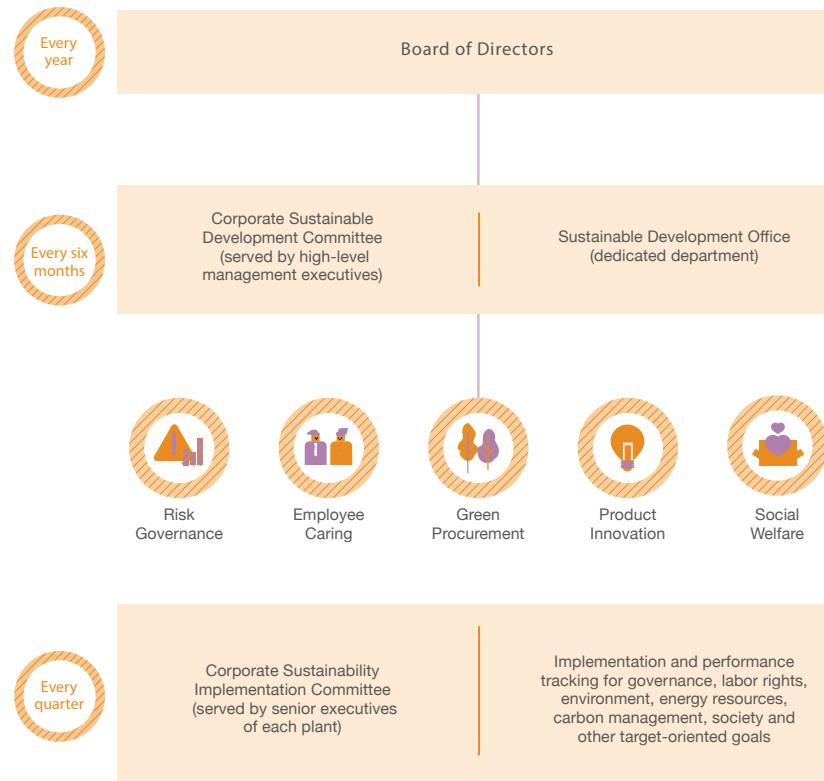
Corporate Sustainable Development Committee Operations Overview

Organization	Meeting Frequency	Work Content
Board of Directors	Occasional (7 times in 2021)	In line with the international trend of sustainability and the current situation and future development of the company's operation, the board members with ESG expertise regularly guide and supervise the corporate sustainability strategy and performance to ensure the implementation of sustainable development.
Corporate Sustainable Development Committee	Every half year	Composed of senior executives from the headquarters and is the highest decision-making executive committee for sustainable development, and is guided and supervised by the Board of Directors to enhance the effectiveness of the implementation of sustainable development.
Corporate Sustainability Implementation Committee	Quarterly	The senior executives of each production site prepare annual strategic directions and implementation plans for governance, labor rights, environment, energy resources, carbon management, and society participation in accordance with each operational goal, and track and review the results on a quarterly basis.

Organization	Meeting Frequency	Work Content
Working Group	Occasional	<p>From the perspective of the overall value chain, the company will combine external environmental factors (e.g. legal compliance, market trends, economic development, energy use, carbon reduction strategies, etc.) and internal conditions (e.g. company vision, development direction, etc.) to formulate appropriate corporate goals and strategies for sustainable development.</p>
Risk Governance		<p>The evaluation of the value chain includes risks such as climate change, regulatory adjustments or changes, and net-zero carbon emissions. Through identification, analysis, and evaluation, the group identifies opportunities and risks, develops corresponding strategies, increases the resilience of the company, and achieves the purpose of hedging the company's operations.</p>
Product Innovation		<ul style="list-style-type: none"> Formulate action plans for various corporate sustainability issues. Implement cross-departmental communication and resource integration and coordination when necessary to ensure sustainability goals are achieved. <p>Evaluate the opportunities brought by climate change and industrial development, and adjust the direction of product development strategy. The group has also introduced circular design to improve energy efficiency and to provide renewable energy services for our power supply products. The company has also entered the automotive electronics industry to develop intelligent production processes to enhance our product competitiveness.</p>
Working Group Green Procurement		<p>The group works with value chain partners to build a low-carbon sustainable supply chain, promotes localized green material procurement, increases the use of recycled materials, reduces the impact on the environment, and expands the benefits of net-zero carbon reduction in the industrial value chain.</p>
Employee Caring		<p>In accordance with international standards and government regulations, the group implements the protection of employee rights and fair treatment to provide a healthy and safe working environment and to optimize the career development system for employees for achieving the goal of a happy workplace.</p>
Social Welfare		<p>By using the company's influence and providing resources to integrate with the local community, the group cares about environmental issues, humanities and arts, and helps the disadvantaged to realize the concept of giving back to society. The group works with the local community, focuses on environmental issues, humanities and arts development, and the rights of disadvantaged groups, and uses resources to leverage corporate influence and realizes the company's philosophy of giving back to society.</p>

Organization	Meeting Frequency	Work Content
Corporate Sustainable Development Office		<ul style="list-style-type: none"> Trend Analysis Performance Management Achievement Disclosure <p>As a dedicated unit to promote corporate sustainable development, the office mainly collects and analyzes domestic and international sustainable development trends and customers' sustainable supply chain requirements to help integrate the company's overall sustainable strategy planning. The office compiles and reports the progress of implementation on a quarterly basis, and reports on the effectiveness of implementation to the members of the Board of Directors and the Corporate Sustainable Development Committee at least once a year, and discloses information to stakeholders.</p>

Organization Structure of Sustainable Management



Sustainable Management System Certification

Category	Standard	Verified Status						
		AcBel				SINO		
		QY Qiyan Office Building	TS Tamsui plant	DG Dongguan Plant	WH Wuhan Plant	PH Philippines Plant	WJ Wujian Plant	TL Tongliang Plant
Quality	ISO 9001:2015 Quality Management System	●	●	●	●	●	●	●
	IATF 16949:2016 Automotive Industry Quality Management System	●	●	●				
	ISO 13485:2016 Medical Devices Quality Management System	●	●			●		
	ISO 26262:2018 Functional Safety Management	●						
	ISO/IEC 17025:2005 Laboratory Quality Management System	●						
Environment	ISO 14001:2015 Environmental Management System	●	●	●	●	●	●	●
	IECQ-QC080000:2017 Hazardous Substance Process Management System	●	●	●	●	●	●	●
	ISO 14064-1:2018 Greenhouse Gas Inventory	●	●	●	●	●	●	●
	ISO 14046 :2014 Water Footprint Inventory	●	●	●	●	●	●	
	UL 2799 Zero Waste to Landfill			●				
Energy	ISO 50001:2011 Energy Management System	●						
Occupational Health and Safe Management	ISO 45001:2018 Occupational Health and Safety Management System	●	●	●	●	●	●	●
Supply Chain Safety	ISO 28000:2007 Supply Chain Safety Management System	●						
Labor, Health and Safety, Environment, Ethics, Management System	AEO Authorized Economic Operator / Excellent Accredited Corporate	●	●	●				
	SA 8000:2014 (Social Accountability 8000 Standard)	●						
	Responsible Business Alliance(RBA) Validated Assessment Program	●	●	●	●	●		

Notes:

- All management systems in the table above are accredited by third parties and are valid at the moment.
- The effective period of ISO 14001 - 18 January 2025 (Tamsui plant, Dongguan Plant and Wuhan Plant), 18 July 2023 (Philippines Plant), 8 June 2024(Wujian Plant)、3 January 2023(Tongliang Plant); effective period of ISO 50001 - 27 January 2025 (Tamsui Plant)



AcBel's Certificate

<https://www.acbel.com.tw/en/csr-report-download-certificate>

1.3 Stakeholder Identification and Material Topics Analysis

Stakeholder Identification

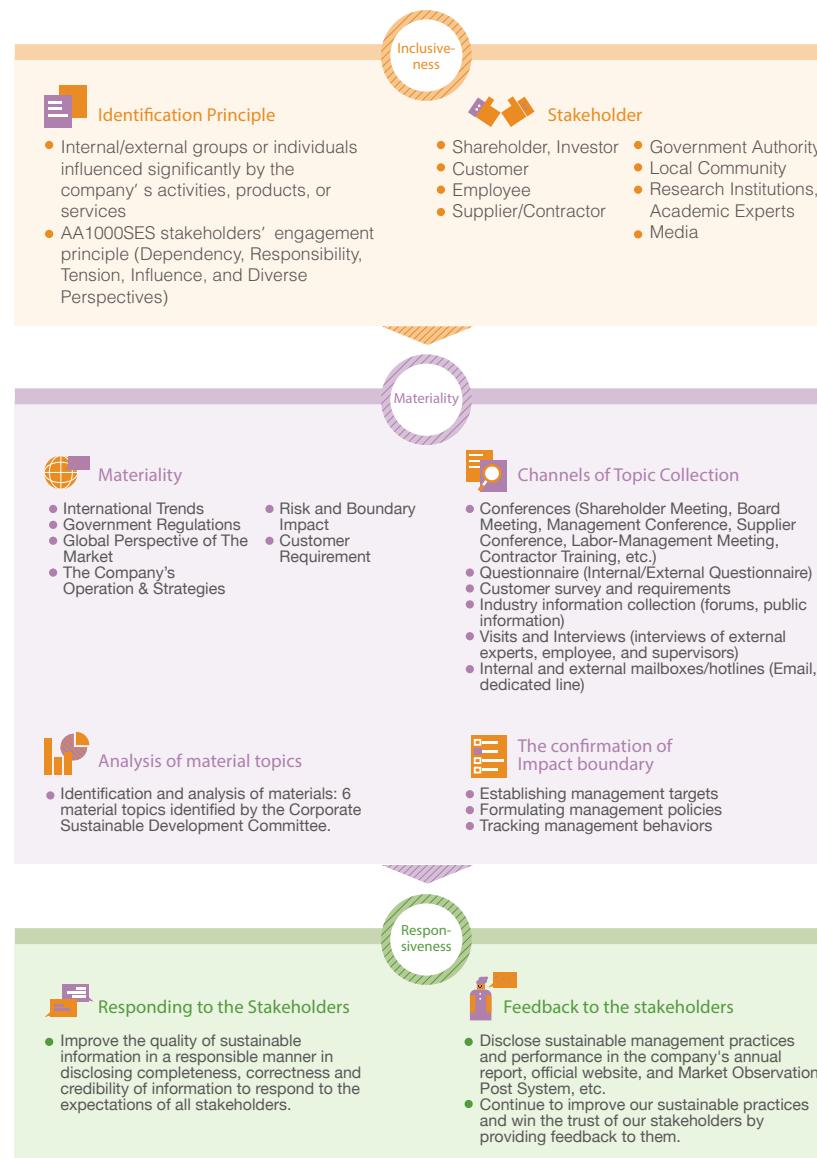
Through Stakeholder theory and the five principles of AA1000 Stakeholder Engagement Standard - dependency, responsibility, tension, influence, and diverse perspectives to define stakeholders as the internal or external groups or individuals in the value chain that will be significantly affected by the enterprise's operational activities, products and services. Eight categories of key stakeholders were identified in 2021, consistent with the identification of stakeholders in 2020.

Material Topics Analysis

We follow the four principles of the GRI Guidelines: inclusiveness, sustainability context, materiality and completeness. Through the four steps of identification, prioritization, validation and review, we systematically analyze the sustainable topics of concern to each stakeholder, and use them as the basis for information disclosure in this report in accordance with the company's development strategy, the characteristics of the industry to which it belongs, and the results of stakeholder discussions, in order to respond to stakeholder expectations.

Stage	Compliance Principles	Measure	Content
Identification	Inclusiveness		<ul style="list-style-type: none"> Define stakeholder type Collect and consolidate different sustainable material topics through different channels <ul style="list-style-type: none"> Eight types of stakeholders 35 sustainable topics
Prioritization	Materiality	Investigation and results analysis based on stakeholder survey	<ul style="list-style-type: none"> 1,284 questionnaires to investigate the level of attention to topics 27 internal questionnaires on evaluating sustainable development impact from top management
Validation	Completeness	Significance of issues of concern and impact boundary assessment and review	<ul style="list-style-type: none"> 6 material topics analyzed and integrated by corporate sustainable development office, and discussed by top management and later reported to Corporate Sustainable Development Committee and board of directors Mapping out coping strategies, performance explanation and management guidelines based on topics
Review	Sustainability Context	Inspect sustainability issues management and track their impact	<ul style="list-style-type: none"> The 12 Sustainability report published and uploaded to the "Market Observation Post System" of the Taiwan Stock Exchange and disclosed on the "Corporate Sustainability" section of the company's website Continuous communication with stakeholders and collecting the opinions of each type of stakeholder

Material Topics Analysis Workflow



2021 Material Topics Matrix



Material Topics in 2021

Priority Level	Topic	Significance to the Company/Key Risk and Opportunity	Strategy and Goal	Corresponding Chapter
1	GRI 201 Economic Performance	<p>Achieve optimal economic returns and maximize profits for shareholders.</p> <p>We implement enterprise risk management, grasp the opportunities brought by climate change, and use R&D technology to provide advanced and complete solutions to our customers. We also work together with our supply chain partners in a spirit of mutual benefit to maximize the positive impact of our value chain.</p>	<p>Implement enterprise risk management and improve climate resilience through TCFD framework analysis and risk identification.</p> <p>Continuously optimize existing power supply products into innovative low-carbon cycle design, and enhance the flexible manufacturing capability of each factory with precise management.</p> <p>By grasping the industry trend, through industry-academia cooperation and cross-industry alliances, we are expanding our business model in the electric vehicle and green energy fields, enhancing our overall profitability, and moving toward sustainable development.</p>	Chapter 1 Win-Win • Sustainable Management 1.1 Business Overview
2	GRI 401 Employment	<p>Strengthen the company's human capital and enhance its core competitiveness.</p> <p>Create a friendly, diversified, happy and safe workplace to support employees' spirit of challenge and innovation, to stimulate their potential and creativity, and at the same time to take care of their families and promote work-life balance.</p>	<p>Create a diversified and inclusive corporate culture, a friendly and equal working environment to strengthen the centripetal force of employees, regardless of gender, race, nationality or physical handicap, to implement the protection of labor rights, to smooth the channel of communication between employers and employees, and to create a harmonious workplace environment.</p> <p>Plan diversified compensation, benefits and career development to encourage employees to develop their potential, motivate high-performing employees, and create high production value for the company.</p>	Chapter 6 Harmony • Employee Relationship Management 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism
3	GRI 302 Energy	<p>Implement energy transition, strengthen energy efficiency management techniques, and mitigate the impact of energy consumption.</p> <p>Support international carbon reduction initiatives and national net-zero policies, identify risks and opportunities arising from climate change, and improve climate resilience preparations. Reduce the environmental impact of production and energy consumption through innovative technology.</p>	<p>Identify and capture the risks and opportunities of climate change to reduce the impact on operations through the TCFD framework.</p> <p>All operation bases implement ISO50001 energy management system, ISO14064 GHG inventory, ISO14046 water footprint inventory and UL2799 zero waste to landfill certification to reduce the impact of our operations on environmental sustainability.</p>	Chapter 4 Communion • Environmental Friendliness 4.3 Energy Management and GHG Emissions
4	GRI 305 Emissions	<p>Meet the global net-zero carbon emissions target and create an energy-saving and low-carbon sustainability value chain.</p> <p>Facing the trend of net-zero carbon emissions, AcBel has set the SBT carbon reduction target. Starting from the core competence of power supply technology, we have established a long-term carbon reduction development strategy and a corporate value-oriented operation resilience/green solution. We are working together with our value chain partners to reduce GHG emissions and shape the competitiveness of our low-carbon value chain.</p>	<p>Through the information disclosure in the Climate Change and Water Security questionnaires of the Carbon Disclosure Project, we review and strengthen the performance of our environmental management system and strategy implementation to meet the challenges of climate change.</p> <p>The product design incorporates the concept of circular design to reduce energy consumption through low carbon manufacturing processes.</p> <p>We work with our supply chain partners to create a sustainable low-carbon supply chain, increase the proportion of recycled materials and local procurement, and expand our overall carbon reduction performance.</p> <p>Proactively responding to the SBTi, we have pledged to reduce GHG emissions by 4.2% annually, with a view to achieving "Taiwan's Pathway to Net-Zero Emissions in 2050."</p>	Chapter 4 Communion • Environmental Friendliness 4.3 Energy Management and GHG Emissions
5	GRI 202 Market Presence	<p>Create a diverse and inclusive corporate culture, provide competitive salaries and benefits, and accumulate the momentum for sustainable development.</p> <p>We integrate the spirit of talent diversity, fairness and inclusiveness into each operating location, cultivate localized talent, and provide employees with a safe working environment and a sound compensation system to create a workplace environment where diverse talent can gather.</p>	<p>We maximize profits, share overall profits with employees, and plan competitive compensation and benefits that are better than regulations to motivate employees' potential and maximize team performance, as well as to meet employees' needs for living and family care.</p> <p>We face all applicants with an open and equal attitude, and recruit and nurture diverse local talents with a tolerant and friendly attitude.</p>	Chapter 6 Harmony • Employee Relationship Management 6.2 Employee Overview 6.4 Salary and Benefits Optimization
6	GRI 301 Materials	<p>Implement material standardization and precise management to enhance the sustainable development of supply chain.</p> <p>We promote responsible and sustainable supply chain management and purchase raw materials that meet the requirements of human health and environmental protection.</p> <p>Through the source of raw materials and quality control, we reduce the energy and environmental impact of the material production process, and drive the sustainable development of the overall value chain in a circular economy.</p>	<p>We work with our value chain partners to find or develop low-carbon materials, and with green process management to achieve the goal of low-carbon cycle in the overall value chain.</p> <p>We promptly collect and pay attention to the latest international material requirements and ask our suppliers to produce raw materials that meet the standards to reduce energy consumption and environmental impact.</p> <p>We have introduced risk classification management in the supply chain to incorporate the requirements of sustainable development in addition to quality, delivery, price and process technology capability, thus driving the positive development of the value chain.</p>	Chapter 5 Sharing • Partnership 5.3 Responsible Procurement

Description of changes in material topics in 2021 compared to 2020:

1. In 2021, the material topic impact boundary includes subsidiaries, Wujiang Plant and Tongliang Plant, for the first time.
2. According to material topics in 2021, except for the previous year's material topic "Occupational Health and Safety" which became a secondary topic, there was no change in the remaining items. In addition, with net-zero carbon emissions becoming the consensus for global climate action, the attention of stakeholders to the topic of "Greenhouse Gas Emissions" has increased this year, and the rank of importance of this "Greenhouse Gas Emissions" is also higher compared to 2020.
3. In addition to material topics, this report also discloses management practices and performance data based on topics of relatively high concern in the evaluation results, such as "Environmental Compliance, Labor/Management Relations, and Occupational Health and Safety," etc. The corresponding chapters can be found in the index table of non-material topics to meet the needs of stakeholders in understanding the company's sustainability context.

1.4 Communication Channels with Stakeholders

AcBel values the opinions of each stakeholder and has established timely and convenient communication channels. We take stakeholder feedback as the basis for the company's sustainable development in economic, social and environmental aspects, respond to stakeholders through two-way communication channels, communicate ESG action strategies and performance, and enhance the interactivity, timeliness and transparency of information disclosure on sustainability issues.

We also regularly report to the Board of Directors on the status of communication and management approaches (the latest reporting date is May 6, 2022) to strengthen the responsiveness and quality of disclosure of ESG engagement and to achieve stakeholders' expectations and sustainable development goals.

Concern Topic Communication Result with Important Stakeholders

Important Stakeholders	The Significance of Stakeholders to the Company	Main Communication Channels and Frequency	The Changes of Concern Topic Comparing to the Previous Year	Chapter for Management Approach	Communication Result/Key Performance Highlight
Shareholders and Investors	Investors are the pillars of stable corporate growth. Through transparent disclosure and proactive communication of ESG practices to gain investor support and enhance corporate sustainable value.	1. Regular Shareholder Meeting and Investor Conference (held shareholder meeting once and twice investor conferences in 2021) 2. AcBel Website – Investor Relationship section (law-abiding / aperiodic) 3. AcBel ESG Website and Report (aperiodic/annual) 4. Market Observation Post System 5. Participation in Forums Hosted by Other Entities (aperiodic) 6. Dedicated Investment Relations Department	Economic Aspect <ul style="list-style-type: none"> • Economic Performance • Dividend Policy • Industry Competition • Business Development and Performance • Risk Management Environment Aspect <ul style="list-style-type: none"> • Materials • Energy • Emissions Social Aspect <ul style="list-style-type: none"> • Employment 	Economic Aspect <ul style="list-style-type: none"> • Compared to the previous year, when investors focused on market presence (salary level), this year's economic issues are much less important. • However, investors are also very concerned about environmental issues such as energy management and carbon emissions. Environment Aspect <ul style="list-style-type: none"> 1.1 Business Overview 2.2 Operation of the Board of Directors 2.3 Shareholder Communication and Rights Social Aspect <ul style="list-style-type: none"> 4.3 Energy Management and GHG Emissions 5.2 Sustainable Supply Chain Management 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism 	<ul style="list-style-type: none"> • Revenue continues to grow higher, reaching NT\$ 21.906 billion, up by 4.40% from previous year, with EPS increased to NT\$ 1.17. • Ranking top 21%-35% in Eighth Corporate Governance Evaluation.

Important Stakeholders	The Significance of Stakeholders to the Company	Main Communication Channels and Frequency	The Changes of Concern Topic Comparing to the Previous Year		Chapter for Management Approach	Communication Result/Key Performance Highlight
 Customer	We provide green and low-carbon products with customer satisfaction, trust and safety. Through continuous innovation, we work together to create a sustainable value chain to meet consumers' expectations for a green and low-carbon brand image.	1. Customer Satisfaction Survey (twice a year) 2. Email, Meeting, QBR and Audit (aperiodic) 3. AcBel Website (aperiodic) 4. AcBel ESG Website and Report (aperiodic/annual) 5. RBA-Online Platform (aperiodic) 6. Customer Database or Platform for Supplier (aperiodic) 7. Customer Audit and Business Meetings (aperiodic) 8. Customer's Social & Environmental Responsibility / Carbon Management Meeting (aperiodic)	Economic Aspect <ul style="list-style-type: none">• Economic Performance• Market Presence Environment Aspect <ul style="list-style-type: none">• Energy• Emissions Social Aspect <ul style="list-style-type: none">• Employment	• On the economic aspect, we have added the topic of market image (salary level); on the environmental side. We are less concerned about water and waste management.	Economic Aspect 1.1 Business Overview 6.4 Salary and Benefits Optimization Environment Aspect 4.3 Energy Management and GHG Emissions Social Aspect 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism	• No corruption case was reported or found in 2021. • Revenue of 2021 reached NT\$ 21.906 billion, up by 4.40% compared with the previous year. • Customer satisfaction improved to 86% in 2021.
 Employee	Employees are the core competitiveness of a company's sustainable development, and they are also an important driving force in supporting and promoting the company's sustainable development. We encourage employees to maximize their value, establish a corporate culture of respect and diversity and innovation, and realize a sustainable and happy workplace.	1. Employee Welfare Committee (quarterly) 2. Labor-Management Meeting (quarterly), Employee Representative Conference, Occupational Health and Safety Committee (aperiodic) 3. Digital Signage (aperiodic) 4. CSR educational training and SDGs workshop (at least once a year) 5. EIP Platform (aperiodic, 428 messages in 2021) 6. AcBel ESG Website and Report (aperiodic/annual) 7. Social Media (aperiodic)	Economic Aspect <ul style="list-style-type: none">• Economic Performance• Market Presence Environment Aspect <ul style="list-style-type: none">• Energy Social Aspect <ul style="list-style-type: none">• Employment• Occupation Health and Safety	• Compared to previous years when the attention to environmental issues was relatively low, this year the attention to energy management issues has increased significantly, indicating that employees have started to actively monitor the performance in environmental friendly actions.	Economic Aspect 1.1 Business Overview 6.4 Salary and Benefits Optimization Environment Aspect 4.3 Energy Management and GHG Emissions Social Aspect 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism 6.6 Safe & Healthy Workplace Environment	• Employees' average salary increased up by 2.64% YoY. • 2.70% salary adjustment for regular employees and 3.70% for management in Taiwan in 2021. • Five times Labor-Management Meetings were held in Taiwan. Taiwan and Dongguan plants completed a total of 870 employee interviews.
 Supplier/Contractor	The suppliers and contractors are important strategic partners in providing high quality and green low-carbon products. Working together to deepen ESG management is an integral part of the sustainability value chain.	1. Supplier Code of Conduct 2. Supplier Assessment and On-site Audit (aperiodic) 3. Supplier Conference (once a year) 4. Supplier Platform (aperiodic) 5. AcBel ESG Website and Report (aperiodic/annual)	Economic Aspect <ul style="list-style-type: none">• Economic Performance• Market Presence Environment Aspect <ul style="list-style-type: none">• Emissions• Supplier Environmental Assessment	In environmental aspect, the new material topic of supplier environment assessment shows that our supplier partners are concerned about the development of AcBel's environmental strategy and are actively involved in collaborating to achieve a low-carbon economy.	Economic Aspect 1.1 Business Overview 6.4 Salary and Benefits Optimization Environment Aspect 4.3 Energy Management and GHG Emissions 5.2 Sustainable Supply Chain Management	• Reach the standard of RoHS with lead-free and halogen-free, and 100% green procurement in 2021. • Completing on-site auditing of 165 suppliers in 2021.
 Government Authority	Follow and actively cooperate with government regulations and policies, and establish cooperation and mutual trust through communication platforms to promote the positive development of our company and industry.	1. Information Requested by the Government (aperiodic) 2. Legal Regulation Check (aperiodic) 3. Social Participation in related Unions/ Associations (aperiodic) 4. AcBel Website (aperiodic) 5. On-site sampling visits (aperiodic) 6. AcBel ESG Website and Report (aperiodic/annual)	Economic Aspect <ul style="list-style-type: none">• Economic Performance• Tax Management Environment Aspect <ul style="list-style-type: none">• Energy• Supplier Environmental Assessment	In contrast to the previous focus on labor-employer relations topics, this year the stakeholder tends to focus on supplier environment assessment and the implementation of tax management.	Economic Aspect 1.1 Business Overview Environment Aspect 4.3 Energy Management and GHG Emissions 5.2 Sustainable Supply Chain Management	No violation of labor and environmental laws has occurred, and no pertinent fines have been incurred in the past three years.

Important Stakeholders	The Significance of Stakeholders to the Company	Main Communication Channels and Frequency	The Changes of Concern Topic Comparing to the Previous Year	Chapter for Management Approach	Communication Result/Key Performance Highlight
 Local Community	The support of local communities is one of the keys to realizing our corporate values. We respect the culture, history and customs of each region, communicate and dialogue with the local community, and combine the strengths of the local community in our commitment to the practice of corporate social value.	1. Email and Telephone Correspondence (aperiodic) 2. Community Charity Activity (aperiodic) 3. AcBel ESG Website and Report (aperiodic/annual) 4. Social Media and Mass Media (aperiodic)	Economic Aspect <ul style="list-style-type: none">• Economic performance• Market Presence• Indirect Economic Impacts Environment Aspect <ul style="list-style-type: none">• Energy• Emissions	Economic Aspect Compared with the previous focus on social topics, the focus has recently shifted to economic and environmental topics. This year, two new topics have been added: economic performance and GHG emissions management. Environment Aspect 4.3 Energy Management and GHG Emissions	<ul style="list-style-type: none">• In the past 10 years, Scope 1 and 2 GHG emissions in Tamsui plant has been decreasing year by year. Compared with 2011, 4,644.75 tons have been reduced in 2021, with a reduction rate of 48.16%.• In 2021, employees and dependents of the group held a beach cleaning activity on the adopted beach of Danshui Zhouzi Bay, and 357 kg of marine waste was removed.
 Research Institute, Academic expert	The professional and objective opinions of research institutions and experts are important guides to improve ESG management of enterprises; active dialogue and communication to establish partnerships in each other's professional fields.	1. On-site visits (aperiodic) 2. Questionnaire (aperiodic) 3. AcBel Website (aperiodic) 4. ESG related seminars (aperiodic) 5. AcBel ESG Website and Report (aperiodic/annual)	Economic Aspect <ul style="list-style-type: none">• Economic Performance Environment Aspect <ul style="list-style-type: none">• Materials• Energy Management• Emissions Social Aspect <ul style="list-style-type: none">• Employment	In addition to the long-term focus on environmental management performance, the stakeholder has recently placed more emphasis on raw materials management and labor relations management strategies. Economic Aspect 1.1 Business Overview Environment Aspect 4.3 Energy Management and GHG Emissions 5.2 Sustainable Supply Chain Management Social Aspect 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism	<ul style="list-style-type: none">• The Philippines Plant obtained ISO 14046 water footprint inventory certificate first time in 2021.• A joint research center with National Tsing Hua University in Taiwan was established to focus on the development of electric vehicles and green energy in 2021.• Co-organized the 20th Anniversary Celebration and Forum of Taiwan Yushan Technology Association with TSMC and Taiwan Yushan Technology Association in 2021.
 Media	The media is one of the mediums of communication with various stakeholders, and is also the supervisor and strategic partner of corporate public relations. Through the media channel, the correct information is conveyed to shape the company's brand identity and expand its social influence.	1. Press Release (aperiodic) 2. Media Interview (aperiodic) 3. Exclusive Interview (Aperiodic) 4. Press Conference (aperiodic)	Economic Aspect <ul style="list-style-type: none">• Economic Performance• Market Presence Environment Aspect <ul style="list-style-type: none">• Energy• Emissions Society aspect <ul style="list-style-type: none">• Employment	The focus on the economic topic has shifted from such as business integrity to economic performance and market presence (salary levels). Economic Aspect 1.1 Business Overview 6.4 Salary and Benefits Optimization Environment Aspect 4.3 Energy Management and GHG Emissions Social Aspect 6.2 Employee Overview 6.4 Salary and Benefits Optimization 6.5 Comprehensive Employee Care Mechanism	<ul style="list-style-type: none">• Advocated to respond to "Do One Thing for Tamsui River" initiative launched by "CSR@CW" in 2021.• Became the first company in Taiwan to respond to "Sea Returning Project 1095" initiative in cooperation with Business Today.

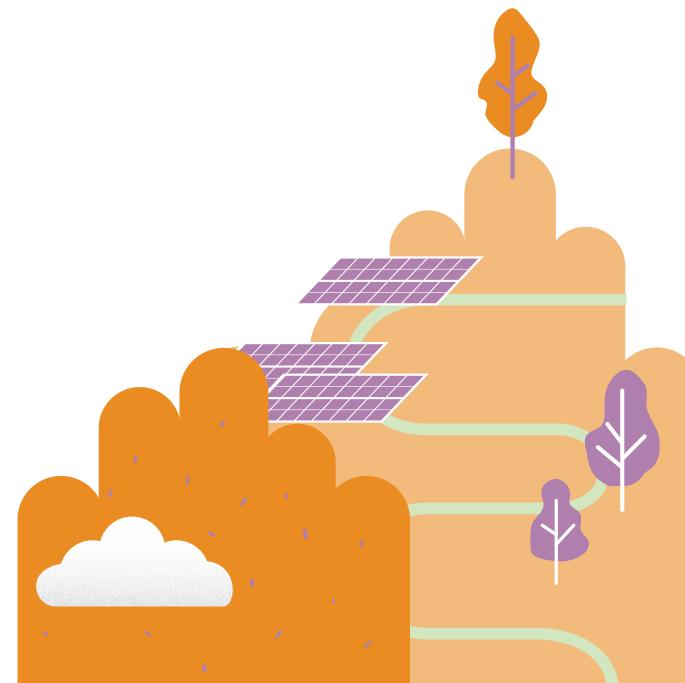
Sustainability Management Information

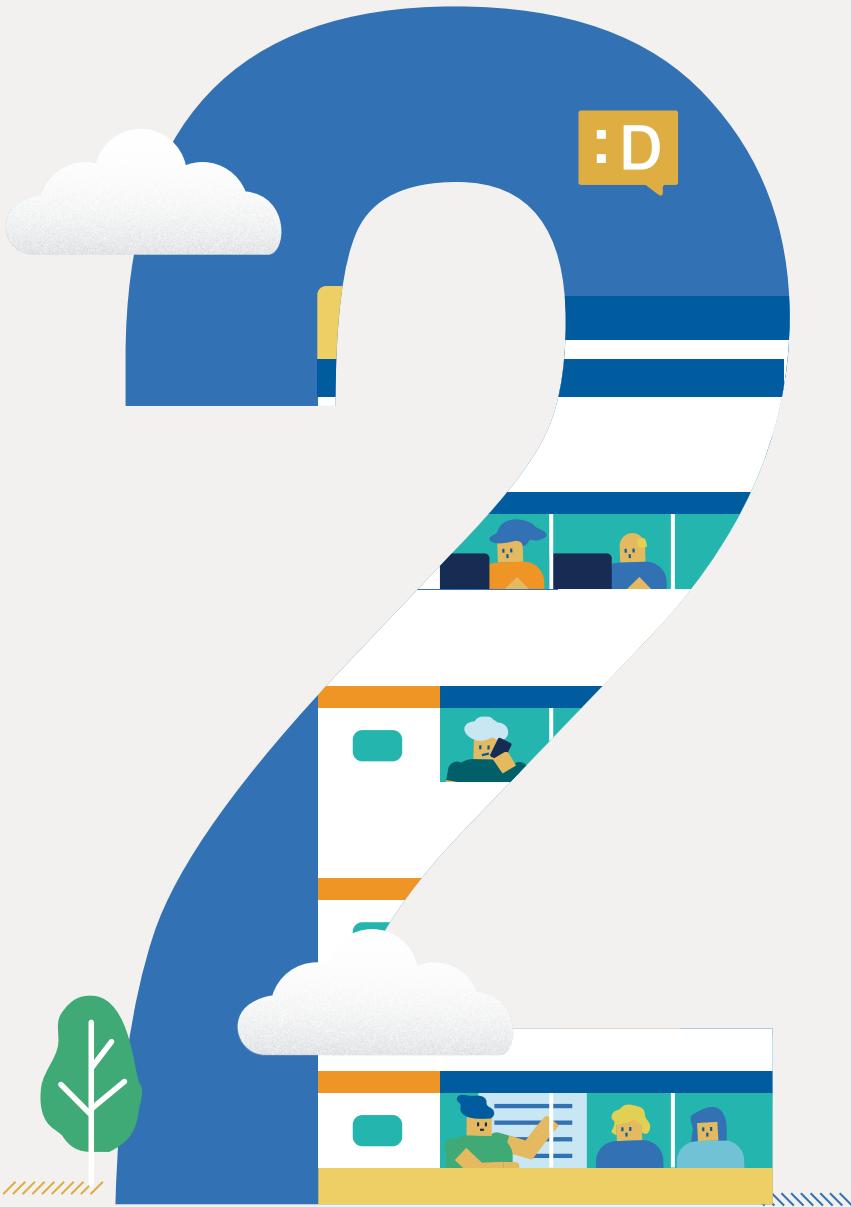


Stakeholder Contact Window and Website

Category	Contact phone number +886-2-2621-7672	Website
Corporate Governance	Ext. 32541 Mr. Yeh (Chief Governance Officer & Deputy Spokesman)	
Corporate Sustainability	Ext. 32405 Mr. Lin (Corporate Sustainable Development Office) Ext. 32364 Mr. Cheng	
Reporting Violations	Ext. 32606 Mr. Zhao (Audit Office) Ext. 32607 Ms. Hsieh	
Shareholder	Ext. 32537 Ms. Hsueh (Spokesperson) Ext. 32541 Mr. Yeh (Deputy Spokesman)	
Investor	Ext. 32133 Ms. Chen (President Office)	
Employee	Ext. 32939 Ms. Lai (HR Dept.)	
Supplier	Ext. 30085 Mr. Li (Procurement Management Center)	
Public Relationship	Ext. 32885 Ms. Huang (President Office)	

<https://www.acbel.com.tw/en/contact>

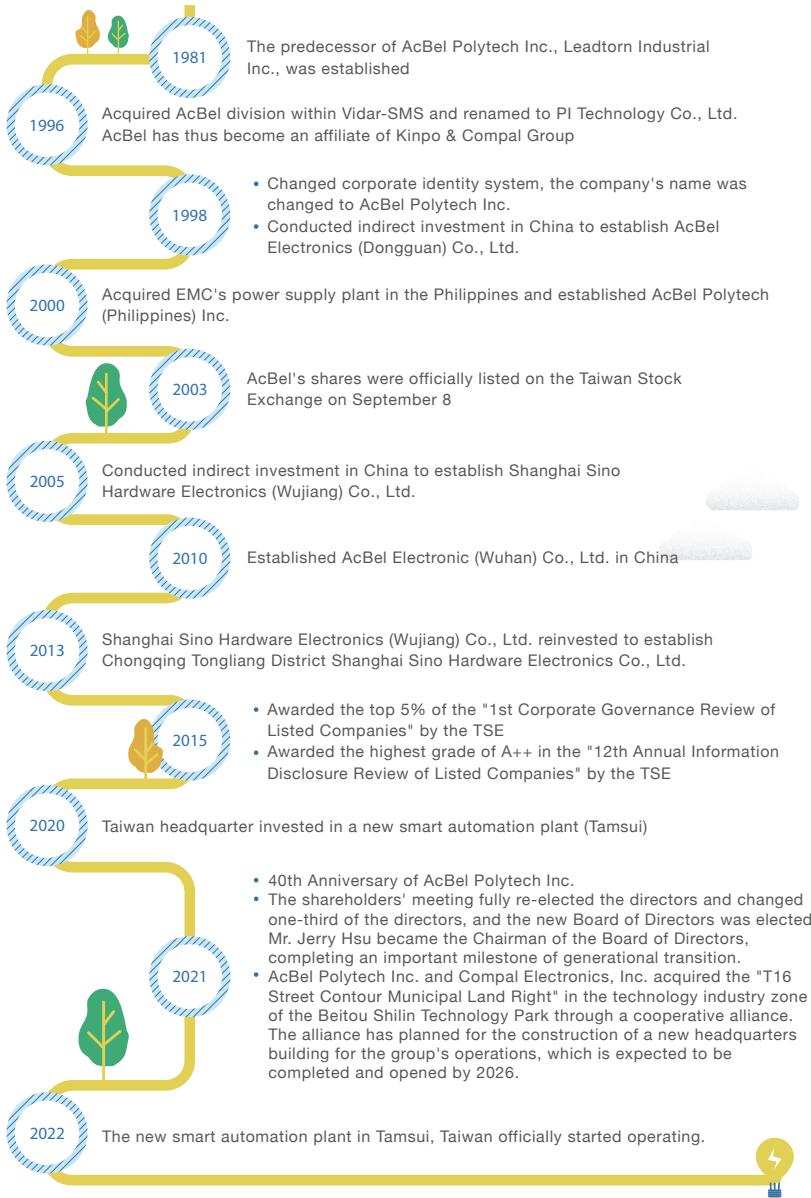




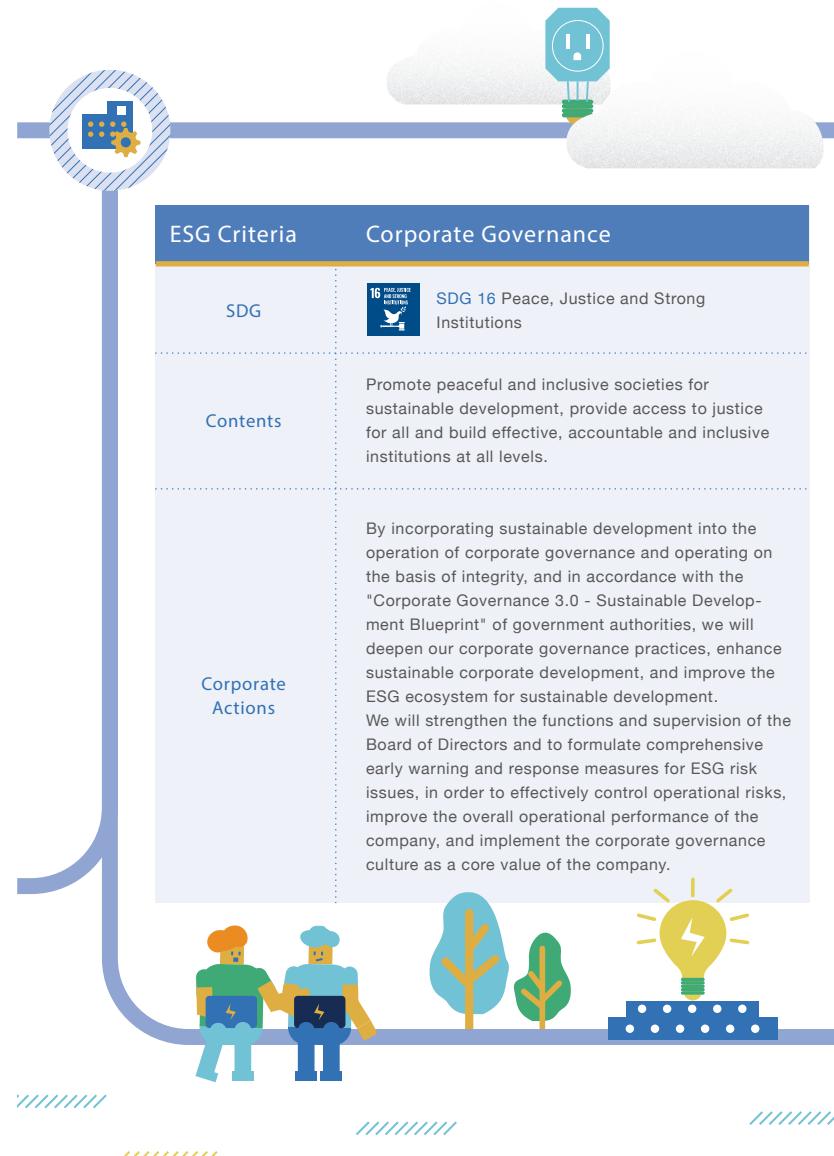
Co-Management · Corporate Governance



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Corporate Governance Milestones



2.1 Company Governance Organization

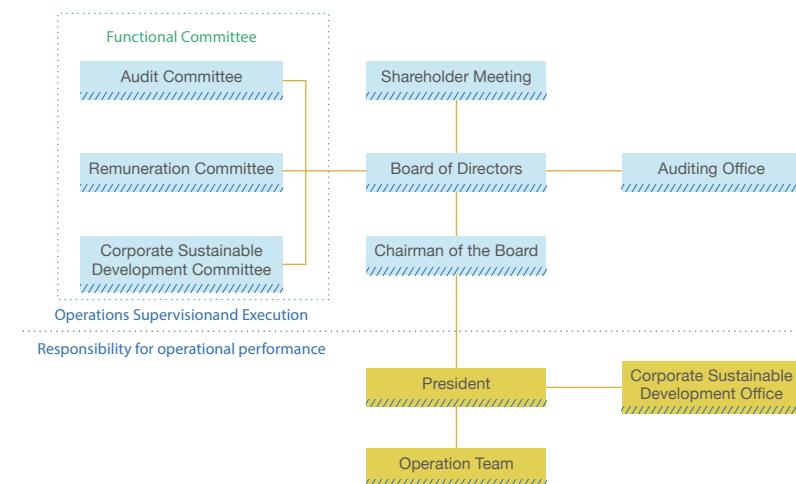
Corporate Governance

The Board of Directors(BOD) is primarily responsible for governance supervision, while the management team is responsible for operational performance, working together in compliance with laws and regulations and international standards to create maximum benefit for investors and move towards sustainable corporate development.

In the meantime, AcBel sets up a position "Director of Corporate Governance," as regulated by pertinent laws. This position is served by the highest-ranking qualified director of related financial departments at AcBel. His or her main responsibilities are to handle matters related to the board of directors' and shareholders' meetings in accordance with the law, to provide information necessary for the directors to perform their business and to collect the latest legal and regulatory developments related to the operation of the company as to assist the directors in complying with the law, and to assist the directors in their appointment and continuing education, etc.

Succession Plan

AcBel prepares succession plans for board members or key management through planned evaluations and future sustainable development strategies. Through systematic and standardized evaluation (including performance, development potential and company development needs), we cultivate and recruit excellent internal and external talents to ensure the continuity of key positions so that the company can maintain continuity in governance and operational management to achieve the goal of sustainable corporate development.



Note: The major responsibilities of each department are explained from page 6 to page 8 of the 2021 Annual Report, and the academic experiences of each professional manager are described from page 18 to page 19 of the report.

Regulations of Corporate Governance & Operation

Shareholder Meeting	BOD/Functional Committee	Company Regulations	
Rules of Procedure for Shareholders Meetings	Regulations of Governing Procedures for Board of Directors Meetings	Articles of the Company	Internal Control System of the Company
	Procedures for Election of Directors	Corporate Governing Organization Structure	Rules of Governing Financial and Business
	Rules of Governing Scope and Powers of Independent Directors	Code of Practice for Corporate Governance	Procedures for Handling Internal Material Events
	Remuneration Committee Charters	Code of Practice for Corporate Social Responsibility	Procedures for Suspending and Resuming Trading
	Audit Committee Charters	Codes of Integrity & Operation	Procedures for Lending Funds to Other Parties
	Procedure & Guidance of Conduct for Integrity & Operation	Procedures for Endorsements and Guarantees	
	Codes of Ethical Conduct	Regulations for Governing Acquisition and Disposal of Assets	
	Codes of Ethical Conduct for Employees	Procedures for Auditing	



2.2 Operation of the Board of Directors

Board of Directors

The Board of Directors of AcBel is the highest governing body of the company and performs its duties in accordance with governmental regulations and the company's articles, including appointing and supervising the Company's management, overseeing the Company's operational performance, preventing conflicts of interest, and exercising its authority by resolution of the shareholders' meeting.

The nomination and selection of directors for the Board of Directors follows the company's "Procedures for Election of Directors" and "Code of Practice for Corporate Governance," and adopts a candidate nomination system to select directors with the ability to perform their duties in an open and transparent manner to facilitate corporate management decisions and medium- and long-term strategic planning. The most recent election was held on August 11, 2021, for the 20th term of the BOD.

The Board of Directors is composed of 11 directors with diverse expertise, experience and backgrounds, and more than one-half of the directors are non-managers. Three of the independent directors meet the requirements of government regulations of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" on professional qualifications, work experience, restrictions on serving as independent directors and independence. In addition, 18.18% of the directors are employees of the company, 27.27% are independent directors, 2 independent directors have less than 3 years of service, 1 independent director has more than 3 years of service. The average age of the directors is 67, and the average length of service is 9 years. The Board of Directors has established an Audit Committee, a Remuneration Committee and a Corporate Sustainable Development Committee, which are chaired by three independent directors to assist the BOD in carrying out relevant duties.

Information of the Directors which may cause conflicts of interest, including academic experience, diversity, further education, meeting operations and shareholdings of the directors, their employment in other companies, and the employment of their spouses or second degree relatives, has been voluntarily published in the company's annual report, the official website and the Market Observation Post System. Further details can be found on pages 9-17 and 45-46 of the 2021 Annual Report.

Considering the fact that AcBel is undergoing low-carbon transformation and generational change period, the positions of Chairman and the President of AcBel are held by the same individual, Mr. Jerry Hsu. This appointment fully complies with the legal requirements of the competent government agencies. Mr. Hsu is adept at professional knowledge in the field of power supply industry, the development of new energy market and the internal governance operation of the company, which overall qualify him to be capable of assisting the company's sustainable development through his professionalism. In the future, we will continue to implement the principle of interest avoidance in

accordance with the law and increase the number of independent directors depending on the operating conditions of the company to ensure the independence and impartiality of corporate governance.

The Board of Directors held 7 meetings in 2021, with an average attendance rate of 97.38% and an average of 9.7 hours of study. Regular meetings are held to discuss corporate governance, risk management, compliance with laws and regulations, remuneration, corporate sustainability and ESG, etc., and the contents of the discussions and resolutions are announced in accordance with the law. To ensure the transparent and fair operation of corporate governance, the internal interest recusal system is followed if the discussion involves the personal interests of the directors. The details of the meetings and the circumstances of the disqualification of interests can be found on pages 30-32 of the 2021 Annual Report and in the Corporate Governance Section on the official website of AcBel.

Board of Directors' Responsibilities

As AcBel's highest governance unit and the body that makes major operational decisions, the Board of Directors oversees the company's operational performance and ensures that corporate governance complies with legal regulations. AcBel will continue to strengthen the functions of the Board of Directors to optimize the effectiveness of corporate governance.

Members

All of the 11 board members (including 3 independent directors) have knowledge, skills and accomplishments in compliance with laws and regulations. All members are male, with 40-50 years old accounted for 9.09%, 51-65 years old accounted for 18.18%, and 65 years old and above accounted for 72.73%.

Meeting Frequency

In 2021, seven board meetings were held to discuss issues on the company's corporate operation strategies, governance operation, corporate sustainability and ESG.

Directors' Remuneration

Four expenses including remuneration, pension, director compensation and business execution costs accounted for 2.36% of net income after tax in the financial report.



2021 AcBel Annual Report
<https://www.acbel.com.tw/en/annual-report>



AcBel Investor Relationship /Corporate Governance Section
<https://www.acbel.com.tw/en/governance>

Functional Committees

In order to make the corporate governance and financial information transparent, timely and fair, to complete and strengthen the mechanism of organizational operation, to perform the functions of the Board of Directors and to improve the quality of the Board's decision making, the Remuneration Committee, the Audit Committee and the Corporate Sustainable Development Committee are established under the BOD according to their duties and functions.

The Functional Committees consists of three independent directors and meets regularly on a quarterly basis to prepare forward-looking, objective and comprehensive proposals based on international trends, laws and regulations, and industry practices, and submits reports to the Board of Directors for full discussion and, if necessary, to the shareholders' meeting to protect the interests of stakeholders.

In 2021, the Functional Committees discussed issues such as financial reporting, audit plans, operation expansion, employee/manager/director remuneration, and ESG development strategies, and their suggestions were adopted by the Board of Directors. More information on its members and their operations can be found on pages 34-37 and 50-51 of AcBel's 2021 Annual Report.

Functional Committee	Remuneration Committee	Audit Committee	Corporate Sustainable Development Committee
Composition	3 independent directors		
Major Function and Responsibility	To assist the BOD in formulating policies and systems for evaluating the performance and remuneration of directors and managers from a professional and objective standpoint. The performance appraisals, salaries, bonuses and rewards of directors, managers and employees are regularly evaluated and approved, and recommendations are submitted to the BOD for discussion and resolution with reference to industry comparisons and market conditions.	To oversee the proper presentation of the company's financial statements, the selection, independence and performance of the certified public accountants, the effective implementation of internal controls, the company's compliance with laws and regulations, and the control of the company's existing or potential risks.	To actively strengthen and promote integrity management, ESG, corporate sustainable development issues, and to supervise all sustainable development-related activities resolved by the Board of Directors.
Meeting Frequency / Attendance Rate in 2021	4 times / 100%	5 times / 100%	N/A (recently established in 2022)



2021 AcBel Annual Report
<https://www.acbel.com.tw/en/annual-report>

Board Performance Evaluation

In order to establish an effective feedback mechanism for directors, implement corporate governance and enhance the efficiency of the board of directors' operations, AcBel regularly conducts annual self-evaluations of the board of directors, functional committees and individual board members' performance evaluations in accordance with the "Board Performance Evaluation Measures." In addition to internal self-evaluation, an external evaluation agency will be engaged at least once every three years to perform the performance evaluation of the BOD. The external performance evaluation of the BOD is expected to be carried out in 2023. The results of the self-evaluation of the overall BOD and functional committees and the self-evaluation of the performance of the members of the BOD for the year 2021 have been presented to the Board of Directors on March 11, 2022 and will serve as a reference for the performance, remuneration and nomination for reappointment of the members of the Board of Directors and functional committees.

Evaluation Items	Performance Evaluation of the BOD	Performance Evaluation of Board Members	Self-Evaluation of Performance Evaluation
Content of Evaluation	<ul style="list-style-type: none"> • Involvement in the operation of the company • Improve the quality of board decisions • Composition and structure of the BOD • Selection and continuing education of directors • Internal control 	<ul style="list-style-type: none"> • Mastery of the company's objectives and tasks • Awareness of directors' responsibilities • Involvement in the company's operation • Internal relationship management and communication • Professional and continuing education of directors • Internal control 	<ul style="list-style-type: none"> • Involvement in the operation of the company • Awareness of functional committee responsibilities • Improvement of the quality of decision making of functional committee • Composition and selection of functional committee members • Internal control
Average Score	4.89 points	4.87 points	Auditing: 4.87 Points Remuneration: 4.89 Points
Overall Evaluation	The BOD has done its responsibilities to guide and supervise the company's strategy, major business and risk management, and establish appropriate internal control and risk management responsibilities. The overall operation is flawless and in line with corporate governance.	The directors have positive comments on the efficiency and effectiveness of each indicator's operation.	The overall operation of the functional committees is flawless, which is in line with corporate governance and effectively enhances the functions of the BOD.

Notes:

1. The results of the Board of Directors' performance evaluation are presented on a 5-point scale, with 1 representing "very poor" and 5 representing "very good."
2. For the evaluation report, please refer to the company's official website → Corporate Governance Section/Board of Directors and Functional Committees/Board Performance Evaluation.



AcBel Investor Relationship /Corporate Governance Section
<https://www.acbel.com.tw/en/governance>

Remuneration of Board Members & Employees

In order to ensure stable development and innovative breakthroughs, we have established a mechanism linking performance indicators and remuneration for board members and managers, and the system and standards are set and reviewed by the Remuneration Committee. The independent directors provide compensation proposals based on the current industry situation, and the Board of Directors meets to review and ensure the competitiveness and reasonableness of compensation, while ensuring that the company's operation process incorporates the ESG aspects of sustainable development.

According to laws, regulations and the company's articles of association, if the company's pre-tax profits of the current year deduct the distribution of employee remuneration and the benefits before the director's remuneration, no less than 2% shall be allocated for employee compensation and no more than 2% for director reward if there is still profit.

In March 2022, the Board of Directors resolved to appropriate \$37,682,168 for employee remuneration and \$7,245,945 for director remuneration, all of which are paid in cash, with details of the remuneration disclosed in the annual report on a regular basis.

2.3 Shareholder Communication and Rights

Shareholders' Meeting

AcBel values having smooth communication with our shareholders. To this end, we have established an effective two-way communication channel, strengthened the exercise of shareholders' rights and convened regular shareholders' meetings in accordance with the law to encourage shareholders' participation in the company's operation. Additionally, we are persistently dedicated to strengthening shareholder activism, and promoting the company's sustainable corporate development through communication with shareholders on ESG actions.

AcBel concurrently issues the English version of "Shareholders' Meeting Manual and Supplementary Information," "Annual Report of Shareholders' Meeting" and "Annual Financial Report" to enhance information transparency, implement the principle of investor equality and create a friendly investment environment.

One shareholders' meeting and two corporate meetings were held in 2021. Please refer to pages 72 and 82 of AcBel's 2021 Annual Report and the shareholders' meeting information on AcBel's official website for the main important resolutions, post-meeting execution and the list of major shareholders.

As of April 24, 2022

Shareholder Composition	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign individuals & Foreign institutions	Total
Shareholding Percentage	0.00%	3.06%	27.95%	60.65%	8.34%	100.00%



Information on AcBel's Shareholder Meeting
<https://www.acbel.com.tw/en/shareholders-meeting>

Shareholders' Rights

In order to enhance the transparency of corporate governance and to achieve the goal of sound corporate governance, AcBel has set up a dedicated unit to handle shareholders' affairs and maintain smooth and effective communication with shareholders. By so doing, we expect to ensure that every shareholder's rights are treated reasonably and to realize shareholders' activism in a proactive manner. Moreover, AcBel is committed to sharing operating profits with our shareholders as well as ensuring shareholders' rights (i.e. the right to vote, the right to convene shareholders' meetings, the right to make shareholder proposals and the right to nominate directors) to participate in various corporate decision-making processes.

All resolutions, discussions and elections at the shareholders' meeting are discussed and voted on with the shareholders' report on a case-by-case basis, and electronic voting is included as one of the voting methods. The voting results will be publicly disclosed immediately, and a record announcement will be made on the Company's official website to protect the rights of shareholders.

Dividend Policy

In order to move toward stable and sustainable development AcBel fully considers the macroeconomic environment, the growth characteristics of the power supply industry and the company's long-term financial planning by adopting a "residual dividend policy." The company's future capital budget plan is used to measure annual capital requirements, and the remaining earnings are distributed in the form of dividends only after retaining the funds needed to finance the earnings.

Dividends are paid in cash or stock, with priority given to cash dividends. The payment of dividends is subject to the company's current and future investment environment, capital requirements, domestic and international market competition and capital budget, as well as consideration of shareholders' interests, balanced dividends and the Company's long-term financial planning. As AcBel is in a stable growth stage, considering the future capital needs and meeting shareholders' demand for cash inflow, the cash dividends to be distributed after the annual accounts shall not be less than 50% of the total amount of cash and stock dividends distributed in the year. The Board of Directors is authorized to distribute dividends and bonuses, capital surplus or legal reserve, in whole or in part, in the form of cash payments, with the presence of at least two-thirds of the directors and the resolution of a majority of the directors present, and to report such distribution to the shareholders' meeting.

The cash dividends from the fiscal year 2021 earnings were approved by the BOD on March 11, 2022 and totaled NT\$516,621,295, all of which was distributed in cash at NT\$1.00 per share.

Item	2019	2020	2021
Earnings per share (EPS)	2.87	2.54	1.17
Dividend per share (DPS)	1.10	1.20	1.00
Dividend Payout Ratio	38.33%	47.24%	85.47%
Dividend Yield	5.37%	4.13%	2.91%
Annual earning distribution to shareholders (one hundred million)	5.68	6.20	5.17
Return On Equity (%)	17.73	13.62	6.33

Notes:

1. Annual dividend yield rate is based on the closing price of the Company's stock on the day before the Board of Directors' meeting of the following year.
2. Please refer to Page 81-84 in 2021 AcBel Annual Report for stakeholder structure and dividend policies.
3. Please refer to AcBel's Official Website → Corporate Governance Section/Organizational Operation Regulations/ Articles of Association for the complete list of our articles of association.



AcBel Investor Relationship /Corporate Governance Section
<https://www.acbel.com.tw/en/governance>

2.4 Risk Management System

In order to realize the concept of sustainable development, AcBel has established a comprehensive risk management organization and system with an integrated corporate management framework to strengthen risk control in various dimensions. By so doing, AcBel looks forward to enhancing its organizational resilience as well as more effectively managing and mitigating the impact of potential risks.

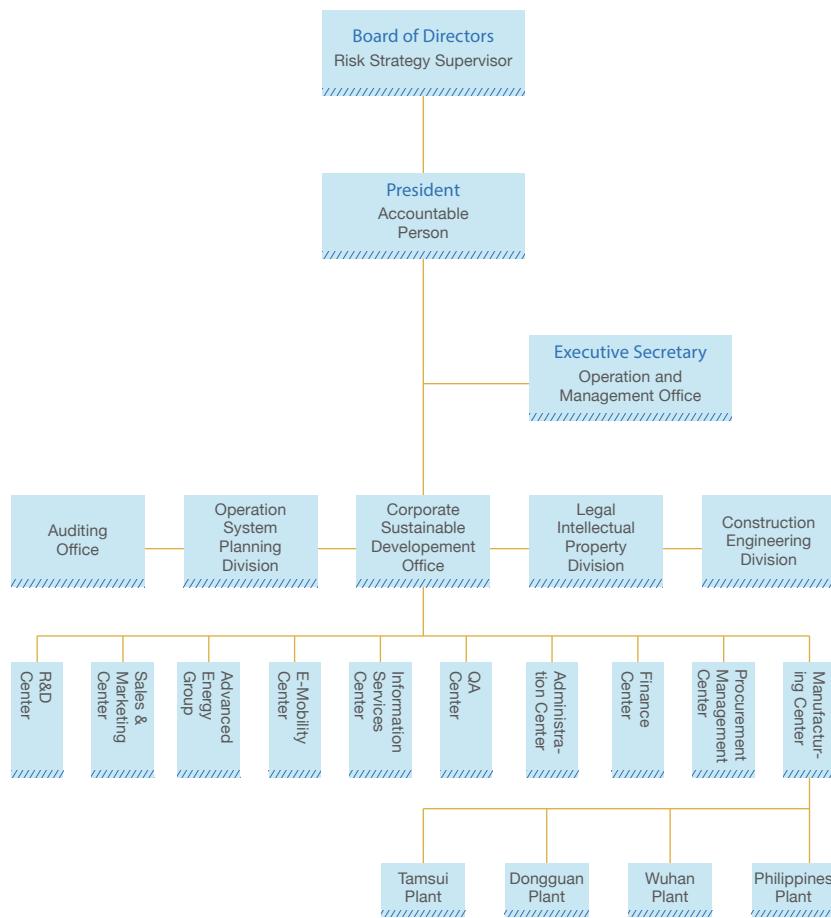
Organization of Risk Management Committee

The Risk Management Committee of AcBel comprises three parts: the Board of Directors, Administration Department, and related corresponding departments. The Committee follows the "Risk Management Policies and Procedures," which was approved by the Board of Directors as the primary guidelines for implementing risk management at AcBel. Specifically, the Committee considers various risk factors in the areas of corporate

strategy, operation, finance, disaster, etc. and adopts qualitative and quantitative methods in evaluating the possibility of occurrences and the severity of the impacts in the aspects of financial performance, personnel safety, and company brand image, etc. AcBel prepares and adopts corresponding risk management plans based on a balance of reasonable risks that the company can bear and prevention costs, regularly reviews the effectiveness of the plan management, requests timely correction, and grasps the opportunities that may be brought in by the risks. The Committee regularly communicates with the Board of Directors on the effectiveness of the company's risk management on an annual basis to facilitate tracking and decision management by the Company's top management.

Organization	Function
Board of Directors	As the risk strategy supervisor, the BOD ensures the effective operation of risk management systems and mechanisms, approves risk management related policies and regulations, and regularly review the company's risk management strategies and effectiveness to ensure that all operational risks are effectively controlled during the company's operations.
President	As the ultimate risk owner, the President follows the Company's risk management policies and procedures and is responsible for the final review, supervision and coordination of all risk management matters in relation to the risk assessment and related response measures discussed by the Risk Management Committee.
Executive Secretary (Operation and Management Office)	Reporting to the company's Operation Management Office, the Executive Secretary is responsible for collecting information on economic, financial, environmental and operational risks arising from changes in the international environment and industry as well as preparing risk management regulations, supervising the implementation of various types of risk management at each production site, holding regular committee meetings and submitting risk management reports to the BOD for approval.
Responsible Departments	The departments in this category are responsible for handling the risk. Members include senior executives from the company's major Tier 1 units and production sites, who identify and assess the potential operational risks faced by their respective departments, formulate possible risk countermeasures, and incorporate them into their daily activities and management. Through meetings and continuous tracking, they ensure the implementation of risk management plans and establish a corporate culture with risk management awareness.

Organization of Risk Management Committee

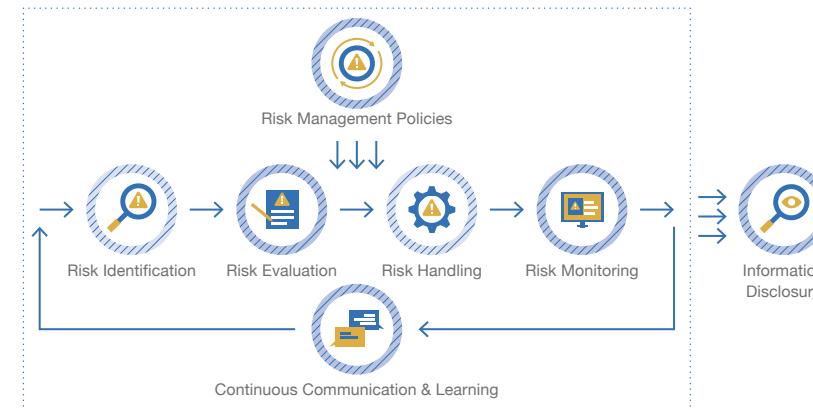


Risk Assessment and Management

AcBel's Risk Management Committee follows the company's risk management policy, identifies and evaluates risks, prioritizes the response and management of major risks to effectively prevent and controls the occurrence of corporate risks, fully implement the daily operations of the company, and maintain the stable and sustainable development of the company through risk monitoring and communication.

The company follows the "Risk Management Policies and Procedures" and regularly identifies possible risks in its operations each year, analyzing them according to their "probability of occurrence" and "severity of impact or influence on operational results." Through systematic evaluation, we rank the risks, develop optimal action plans, and continuously and actively monitor and manage all important risks to keep the possible risks within the company's tolerable range in order to achieve the goal of rationalizing risk management and operational performance.

The company discusses risk issues including management, operation, energy saving, etc. through regular monthly internal meetings, and immediately tracks and responds to each management plan. In addition, we annually submit risk reports to the BOD to communicate risk management policies and risk management effectiveness descriptions for future corporate operation decision management.

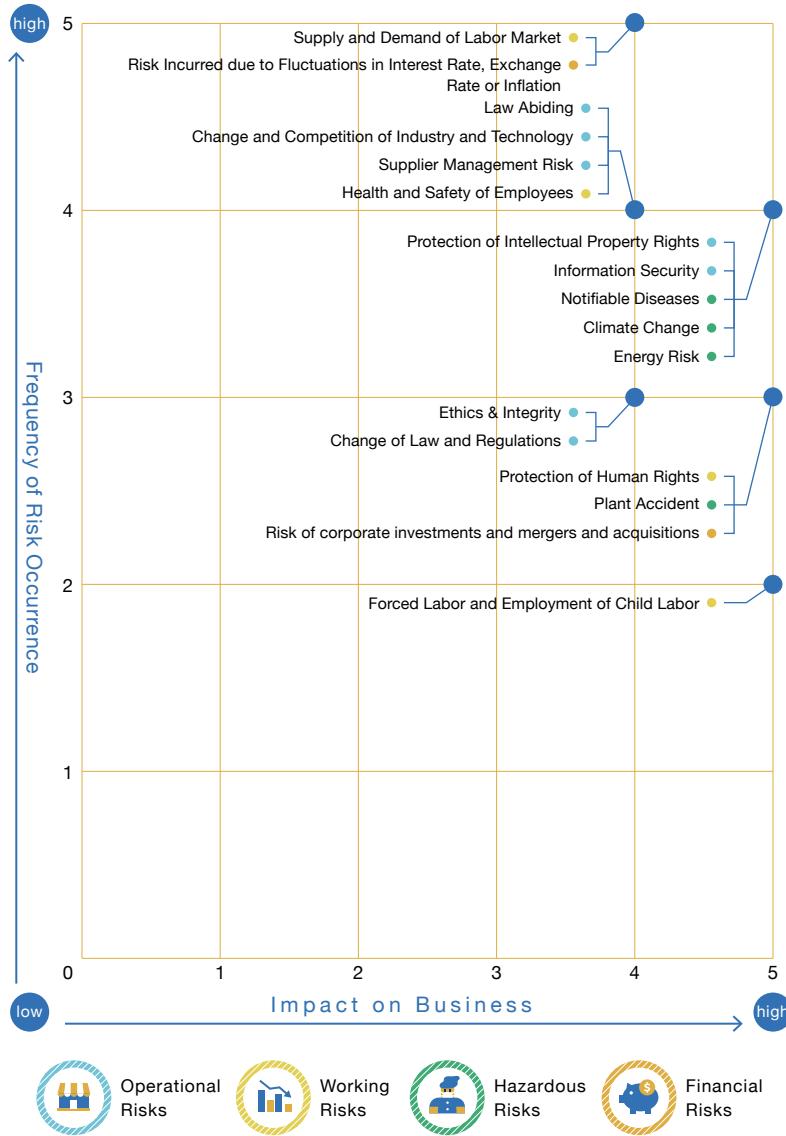


Risk Types

Aspect	Risk Types	Impact	Coping Strategy	Opportunity
Operational Risks Operational risks of the company caused by international political and economic changes, domestic and international market competition, changes in regulations and policies, and low-carbon environmental awareness.	<ul style="list-style-type: none"> • Ethics & Integrity • Change of Law and Regulations • Law Abiding • Protection of Intellectual Property Rights • Change and Competition of Industry and Technology • Supplier Management Risk • Information Security 	When the risks occur, they will cause impact to the company's revenue, product delivery, company's goodwill, global business plan, suppliers' materials and personnel, property and workplace safety. The company will grasp the positive risks (opportunities) while minimizing or eliminating the negative risks within the tolerable range.	<ul style="list-style-type: none"> • Strengthen the identification of laws and regulations to comply with the management and reduce the risk of violations. • Incorporate the awareness of legal compliance into the company's corporate culture and strengthen the internal audit and internal control function. • Layout new energy market and enhance technology innovation capability in response to industry changes and global environmental changes. • Strengthen the management of key suppliers to create a sustainable supply chain. • Strengthen the information security management capability and establish off-site backup mechanism. 	Actively diversify the customer base and product offerings, building on AcBel's existing power supply technology to expand into the electric power products and renewable energy markets.
Working Risks Risks of loss due to improprieties and errors of internal operations, personnel and systems, or other external operations and related events.	<ul style="list-style-type: none"> • Supply and Demand of Labor Market • Health and Safety of Employees • Protection of Human Rights • Forced Labor and Employment of Child Labor 	When the risks occur, they will cause impact to the company's revenue, product delivery, company's goodwill, global business plan, suppliers' materials and personnel, property and workplace safety. The company will grasp the positive risks (opportunities) while minimizing or eliminating the negative risks within the tolerable range.	<ul style="list-style-type: none"> • Keep abreast of the changes in the labor market in each operational base and optimize the competitive compensation and benefit system. • Continuously optimize the workplace environment to build a healthy and safe workplace. • Strengthen the identification of laws and regulations to comply with the management and reduce the risk of violations. • Incorporate legal compliance awareness into the company's corporate culture and strengthen internal audit and internal control functions. 	Through low-carbon transformation, AcBel maximizes profits, enhances employee remuneration and bonuses, and optimizes the workplace environment.
Hazardous Risks The situation or behavior that causes injury or property damage due to external environment or internal mismanagement.	<ul style="list-style-type: none"> • Plant Accident • Notifiable Diseases • Climate Change • Energy Risk 	When the risks occur, they will cause impact to the company's revenue, product delivery, company's goodwill, global business plan, suppliers' materials and personnel, property and workplace safety. The company will grasp the positive risks (opportunities) while minimizing or eliminating the negative risks within the tolerable range.	<ul style="list-style-type: none"> • Strengthen emergency response drills to increase personnel proficiency in responding to emergencies. • Implement daily emergency facility and equipment inventory to ensure a 100% proper rate. • Calculate greenhouse gas emissions and energy use, and develop a carbon reduction path to achieve the goal of net zero carbon emissions. 	Speed up the transformation of low-carbon economy and expand into the renewable energy and electric vehicle markets.
Financial Risks The risk of the financial management process affecting the financial objectives due to factors such as fluctuations in market risk factors.	<ul style="list-style-type: none"> • Risk Incurred due to Fluctuations in Interest Rate, Exchange Rate or Inflation • Risk of corporate investments and mergers and acquisitions 	When the risks occur, they will cause impact to the company's revenue, product delivery, company's goodwill, global business plan, suppliers' materials and personnel, property and workplace safety. The company will grasp the positive risks (opportunities) while minimizing or eliminating the negative risks within the tolerable range.	<ul style="list-style-type: none"> • Transactions are conducted in U.S. dollars as much as possible or engage in hedging derivative operations such as forward exchange and exchange rate swaps to reduce the risk of exchange rate changes. • Increase core competitiveness and low-carbon transformation as the guideline, and evaluate the investment by considering technology, manufacturing, business and finance. 	Implement financial hedging operations to avoid loss of profits and even increase the company's non-business income and optimize the company's profits by grasping low-carbon transformation investment opportunities.

Note: Please refer to Chapter 4 of this report for more details on the climate related risks and opportunities identified in Recommendations of the Task Force on Climate-related Financial Disclosures.

Risk Issues Impact Matrix



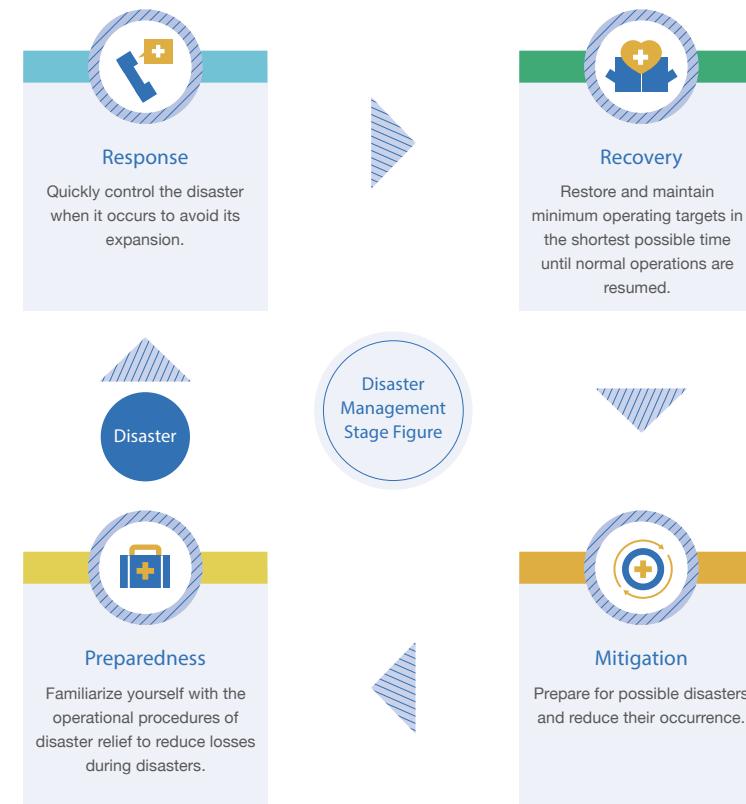
Continuous Operation and Disaster Management

With the globalization of business operations, climate change issues, new infectious diseases, changes in laws and regulations, and other factors, the risks of business operations are becoming more and more significant and complex.

To ensure that the company's operations can continue to operate with minimal impact in the event of a natural disaster or human error, AcBel follows the Business Continuity Management Framework and performs internal capacity and disaster risk assessments. Through the three stages of operational impact analysis, assessment of minimum resource requirements for sustainable operations, and testing exercises, we plan contingency and recovery operations to increase the resilience of our operations.

When a disaster occurs, we take four stages of measures, Response, Mitigation, Preparedness and Recovery, to ensure that we can resume operations in the shortest possible time and achieve the goal of sustainable operations when a disaster occurs.

Phases of Disaster Management



Types of Disasters



Natural disasters: Floods, droughts, typhoons, earthquakes, etc. caused by extreme weather resulted from climate change.



Human errors: chemical leakage, fires (including natural disasters), information security attacks, etc.



Emerging infectious diseases: COVID-19.

Corresponding Procedure

- Drafting and executing an emergency response plan
- Establishing an emergency response team and dividing work
- Preparing epidemic prevention and disaster prevention materials
- Promoting and training for disaster prevention and rescue

AcBel has formulated a "Disaster Recovery Management Procedure" as the primary guidelines for company's disaster prevention and post-disaster recovery, considering the types and impacts of potential disasters according to the geographical location, climatic conditions and supply chain distribution of each operating site. Each plant site stresses implementation of daily drills so that when disasters occur, the loss to the company's operation can be mitigated. In 2021, there were 2 emergency response drills in each plant site. There have been no major disasters at our global manufacturing sites, except for a number of plant personnel nucleic acid testing (RT-PCR) emergencies at the sites in China in response to the local government's policy on COVID-19 prevention.

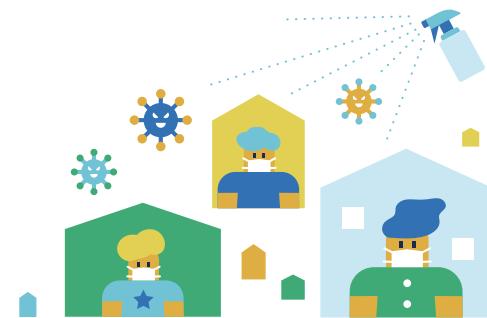
COVID-19 Contingency Measures

As the COVID-19 pandemic continues to spread in 2021, AcBel is following the government's "Guidelines for Continuing Operations of Companies in Response to COVID-19" to promote the following measures to ensure continued operational momentum.

- Pandemic Prevention Task Forcee: The headquarters will be responsible for the pandemic prevention policy and continuous operation guidelines, and the top supervisor of each production base will be responsible for the implementation.
- In addition to maintaining body temperature measurement in the company, strengthening environmental disinfection, personnel access control and registration, the following rules are to be abided:
 - (1) Employees are exempted from unnecessary business trips and meetings, and

remote office software and hardware equipment are optimized to reduce physical contact. In case of urgent business travel, the company will take the initiative to dispense the "pandemic prevention package."

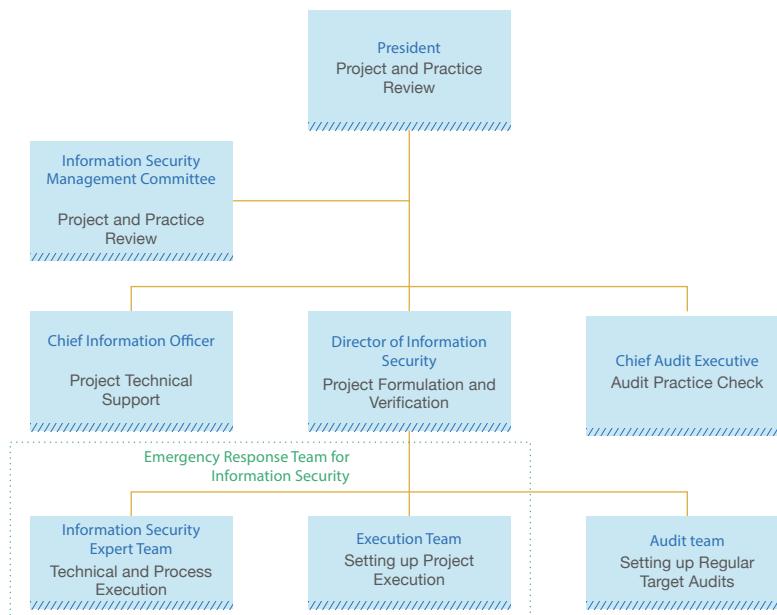
- (2) The company adopts triage, home-based and off-site office to reduce the risk of staff cross-contamination and to maintain normal company operations. Providing there are employees unable to work with diversion, the company provides free fast screening reagents for employees to use regularly to ensure the safety of the workplace. (Taiwan plant)
- (3) The company provides "Family Care Leave" (2 days of which are paid), "Vaccination Isolation Leave, Vaccination Leave, Vaccination Leave" (paid), and "Vaccination Care Leave, Fast Screening Isolation Leave" (unpaid) for employees to use when necessary. (Taiwan plant)
- (4) The company provides foreign employees with free isolation, equipment and meal delivery services to reduce the risk of cross-infection.
- (5) New employees or those who may be at risk of contracting the disease must first pass a quick screening test or provide a health code before they can report to work at the factory.
- (6) A one-time subsidy of \$500 will be provided to employees to buy rapid antigen tests, reducing the economic burden of employees and fulfilling rapid test needs. (Taiwan plant)
- (7) Visitors must have PCR or negative rapid test certificate before they can enter the plant during the pandemic.
- (8) Real-name system and meeting attendance limit are apply for physical meetings.
- For the production process, daily cross-factory senior executive prevention meetings will be held to reduce operational losses by discussing issues such as effective and flexible scheduling of the supply of parts and materials, strict monitoring of product shipments, effective deployment of vehicles or ships with early or concentrated shipments to avoid local closures that result in no shipments. Disinfection is carried out for materials or products entering and leaving to reduce the risk of virus transmission.
- Through immediate cross-factory senior management epidemic prevention meetings to discuss the epidemic prevention measures of each production site and local government regulations, roll adjustments will be made to reduce the risk of epidemic infection of personnel.



Information Security Management Mechanism

Information security is the foundation of normal company operations, and with COVID-19 changing office patterns, the importance of IT maintenance and management is even more pronounced. To ensure the confidentiality, integrity, and availability of important information assets, such as R&D and process technologies, customer information, and personnel information, and to protect them from increasingly serious cyber attacks, AcBel is using digital information legally. By strengthening IT risk resilience, flexibility and responsiveness, AcBel enhances the trust of customers and employees.

AcBel has established an "Information Security Management Committee" and formulated an "Information Security Policy" to conduct information security risk assessment in accordance with laws and regulations and operational objectives, supervise the stability of the company's information security operations, communicate and coordinate internal and external technical resources, and strengthen the functions of information security personnel to enhance the company's information security protection and reduce information security threats and risks, and the results of its information security governance implementation must be reported to the Board of Directors on a regular basis each year. The periodic report on the status of information security governance for fiscal year 2021 was presented to the BOD in November of that year by the Chief Information Officer, in conjunction with the Chief Information Security Officer, on the results of information security governance.



Information Security Policy

AcBel's Information Security Policy adopts the IEC 62443 industrial control system information security management standard as the framework and a reference model to design and build a highly secure, reliable and trustworthy network architecture and information service system to meet customer expectations and legal and regulatory requirements and to ensure the maximum value of the company's information.

Information Security Maintenance & Operation Mechanism

Law Abiding

- Establishing Information Security Organization
- Review and Execution of Information Security Verification

Technology Utilization

- Integration of Information Security Resources
- Internal and External Data Collection
- Threat Prediction through Statistics Analysis

Governance of Information Security

- Strengthening the Awareness of Information Security for the Personnel
- Refining Management System
- Grasping Risks and Strengthening Protection
- Building Joint Information Security Execution System

Information Security Strategies

Continuous Optimization of Information Security Processes

- Continuously Establishing Guides to the Use of Data and Documentation
- Continuously Planning Operational Continuity and Offsite Data Backup
- Optimizing Information Security Evaluation and Execution Process

Strengthening the Information Security Infrastructure

- Establishing Data Leakage Prevention System and Protection Mechanism
- Building Multi-level Zonal Firewall Protection System
- Building Real-time Intrusion Detection and Node Protection System
- Operating System Vulnerability Management and Application Penetration Testing

Raising Awareness of Information Security of the Personnel

- Annual Requisition of All Personnel to Sign an Information Security Declaration
- Annual Performance of Information Security Simulation Exercises and Strengthening Information Security Awareness
- Monthly Informational E-newsletter Providing Information Security Information
- Advising and Supervising the Employees to Follow the Company's Information Security Policy
- Regular Arrangement of Online Information Safety Training for New Employees
- Aperiodic Physical Education Training on Information Security-related Topics

In 2021, eight paragraphs of "Information Security Announcements" were issued in Taiwan Plant through the intranet to promote the latest network security information. AcBel also conducted "Information Security Training" for new employees to provide introductory training or courses regarding basic information security awareness, data security, system security, network security, and common attack techniques, etc. A total of 228 people attended the training with a 100% training completion rate. In addition, an "Introduction to Information Security" online course was organized for the employees to continuously strengthen their awareness of information security, with a training completion rate of 74%. In 2021, there were no major occurrences involving information leaks or cyber attacks on AcBel.

2.5 Internal Control and Audit System

AcBel has established an internal control system in accordance with the "Guidelines for Handling the Establishment of Internal Control System in Public Company," which was approved by the Board of Directors to serve as the basis for audits under the proposed annual audit program. The internal control covers corporate and operational level control practices and standards, with the audit scope covering all the production bases in the world. In the meantime, we have set up an internal audit unit affiliated to the BOD, the "Auditing Office," which is executed by international qualified internal auditors to carry out internal audits so as to improve corporate governance and achieve operational goals.

Internal Audit Purpose	Executive Management Practices
<ul style="list-style-type: none"> Check and evaluate the effectiveness of the internal control system. Measure the efficiency and effectiveness of the company's operations. Report reliable, timely, transparent and in compliance with legal regulations. Provide suggestions for improvement to ensure the continuous effectiveness of the internal control system. 	<ul style="list-style-type: none"> Establish an annual audit plan in accordance with the company's internal control system and perform audit procedures. Implement legal identification, revise the internal control system, audit implementation rules, and annual internal control self-assessment procedures. Issuance of audit reports and continuous tracking of improvement procedures.

In 2021, we analyzed the top 3 high-risk items through the nine cycles of internal control and risk identification: subsidiary supervision, raw material procurement procedures, and management of related party transactions integrating the audit items required by laws and regulations according to the internal audit plan which is formulated and implemented. Meanwhile, the audit office is in charge of reporting to the independent directors monthly regarding the audit results, follow up on subsequent improvements and submit reports to the Audit Committee and the Board of Directors for review on a quarterly basis, which overall serve as foundation for the release of internal control system statement at AcBel.

In 2021, we have completed 61 internal audit reports and found 13 internal control deficiencies and anomalies, including 5 discrepancies between approval authority and execution, 8 discrepancies between actual operations and the description of each operation procedure. Notification of treatment measures or improvement plans were issued; we also have negotiated with operation divisions and completed the audit tracking matters achieving the dual targets of 100% achievement of annual reports and 100% tracking of improvement progress. By so doing, we ensured that there was no occurrence of cases that violated ethics or caused operational loss or damage to business reputation in 2021. In 2021, the certified accountant issued an unqualified report on the internal design and effectiveness of implementation measure of the audit system at AcBel. In addition, the report is simultaneously disclosed in the annual report of AcBel as well as submitted on the MOPS (Market Observation Post System).



AcBel Investor Relationship /Corporate Governance Section
<https://www.acbel.com.tw/en/governance>

2.6 Integrity Management and Legal Compliance

"Integrity Management" is the core value of business operation, and AcBel governs with the highest ethical standard. The Board of Directors has resolved to establish a number of integrity management regulations, standards, operating procedures, conduct guidelines and grievance systems to complement the implementation of management programs and the improvement of internal control systems for the sake of preventing dishonest behavior from occurring. All of the rules and regulations as mentioned above that were stipulated for the sake of integrity management apply to the board of directors at the highest level of governance, senior managers at all operating branch offices as well as all employees at AcBel.

AcBel promotes enterprise integrity through cross-functional cooperation, and has established dedicated department, "Corporate Sustainable Development Office," with the purpose of contact to promote sustainable development and integrity management. Moreover, we consolidate "Human Resource Department" with "Auditing Office" to assist the Board of Directors and management in formulating and supervising the implementation of integrity management policies and prevention schemes based on scopes and duties of work for each division and report to the BOD regularly on a yearly basis.

Integrity Management Systems

Group	Compliance Regulations	Management Conduct
Members of BOD	<ul style="list-style-type: none"> Ethics Policy Code of Integrity Management Integrity management operating procedures and behavior guideline Code of Ethical Conduct Procedures of the Board of Directors Board of Directors Related Regulations Letter of Commitment to the Code of Integrity Management Procedures for handling important internal information 	<ul style="list-style-type: none"> The company formulates relevant regulations to allow board members or senior managers to take the initiative to make statements and avoid interests when conflicts of interest occur, so as to avoid violating the principle of "operation with integrity." All members of BOD are required to sign the "Letter of Commitment for the Code of Integrity Management," with a 100% signing ratio. In 2021, there were 12 cases of BOD's interest avoidance, which can be referred on pages 30-32 of the Annual Report for explaining the implementation of BOD's interest avoidance. In 2021, board directors and managers purchase liability insurance with an insurance amount of US\$5 million to protect the rights and interests of all shareholders and reduce the company's operating risks.
Senior management, general management, all employees	<ul style="list-style-type: none"> Ethics Policy Code of Integrity Management Integrity Management Operating procedures and behavior guideline Code of Ethical Conduct Employees Code of Ethics Employees Code of Ethics Commitment Labor and Ethics Risk Assessment Management Procedure 	<ul style="list-style-type: none"> "Ethics Policy" and "Employee Ethics Management Operating Procedures" were formulated as guidelines for regulating fair competition, respect for the environment, intellectual property rights, conflicts of interest, prohibition of improper payments, gifts and entertainment, political contributions and activities. In case of violation of the integrity management rules, we will impose the punishment according to the severity of the case and reveal the relevant results on our internal website to raise our colleagues' attention. In addition, risk identification is carried out according to the "Labor and Ethical Risk Assessment Management Procedure" on a yearly basis. In 2021, risk assessment conducted on employees showed relatively low rate of ethical violations; after the Audit Office conducted internal audit, the audit results were presented to the Board of Directors.

Group	Compliance Regulations	Management Conduct
Customers	<ul style="list-style-type: none"> International and Industry Standards Commercial Contract Customer Code of Conduct Letter of Commitment to Customer's Honest Business 	<ul style="list-style-type: none"> Incorporating the declaration and commitment of integrity management into the commercial contract specifications; accepting social responsibility audits including regular or irregular integrity management by customers to assess and control any possible business ethical risks.
Suppliers/ Contractors	<ul style="list-style-type: none"> Supplier Code of Conduct Confidentiality Agreement Purchase Contract Responsible Business Alliance Code RBA Letter of Commitment to Supplier Integrity Letter of Commitment to Social Responsibility 	<ul style="list-style-type: none"> To exert the influence of the supply chain and require the manufacturers to comply with the integrity management requirements. Formulating the "Supplier Code of Conduct" to incorporate integrity management policies and commitments into commercial contract specifications; both suppliers and contractors need to sign the "Letter of Commitment to Supplier Integrity." In 2021, all AcBel's new suppliers and contractors signed the aforementioned documents; to address integrity management risk, supplier audit investigations were regularly conducted through the "Social Responsibility Management General Evaluation Form" to reduce the Dishonest Conduct risk. Regularly promoting integrity business norms through the supplier management platform, and sending letters to remind suppliers to follow AcBel's business ethics on major festivals on a yearly basis. Regularly reviewing the content of the "Supplier Code of Conduct"; uploading the updated documents to the supplier management platform as guidelines for suppliers.

Integrity Management Measures

Item	Internal Targeted	External Targeted
Measures	<p>BOD and Senior Management</p> <ul style="list-style-type: none"> Conduct stewardship investigations to ensure that no corruption, bribery or anti-competitive practices may occur. Before the expiration of the Board of Directors' term, nominate and approve the candidates for the next term of directors (including independent directors) and submit to the shareholders' meeting for the purpose of election of directors. 	<p>Customers</p> <ul style="list-style-type: none"> In accordance with the "Credit Management Regulations," the Company conducts credit check to assess the risk of dishonest behavior for customers before starting the transaction; the customers or the business divisions fill in a financial credit form and submit it to the finance division for review. Integrity management will be included in the formal contract content, and if there are relevant doubts as implementing the transaction between both parties, they will also discuss and check with the legal and business divisions if necessary.

Item	Internal Targeted	External Targeted
Measures	<p>Employees</p> <ul style="list-style-type: none"> For particular or sensitive positions, the Human Resource Department conducts reference checks on job applicants before hiring candidates; ensure that the characteristics and past experience of new employees meet the Company's requirements for the position and job description. After being hired, employees sign a "Letter of Commitment of Code of Ethics" and get training to ensure that the corporate culture, integrity, will be fulfilled in daily work. 	<p>Suppliers and Contractors</p> <ul style="list-style-type: none"> Analyze amount of capital, turnover, shareholders and other information through the "Financial Status Questionnaire" before cooperating; the "Supplier Assessment Questionnaire" is also applied to investigate the management status of suppliers in appeal or litigation cases in order to assess whether there is a risk of dishonest conduct. It is required to sign the relevant social responsibility commitment letter and procurement contract to ensure the occurrence of future transaction risks. Ensure the implementation of suppliers' honest management through social responsibility audit and on-site audit.

Integrity Management Communication Results

Group	Percentage	Area	Channels
The Highest Governance Organization	90.91%	All Operating Bases	The board members attended programs organized in line with Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies
Senior and Middle Management	100%		Executive meeting and training propaganda
General Employee	59.26%		Providing employees educational training; signing Letter of Commitment to Ethical Code of Conduct
Board of Directors, Senior and Middle Management, General Employee, Business Partners	100%		Sign the Code of Ethics Commitment Letter
Business Partners	100%		Customers: accepting audit on corporate moral responsibility from customers Suppliers: promoting ethical management regulations regularly through the supplier management platform

Notes:

- AcBel's Board of Directors, senior and middle management, employees, and its business partners have attended related training regarding ethical management or sign the Letter of Ethical Management Commitment, Employee Code of Ethics Pledge and Self-Declaration Form.
- The table above is the training performance data of 2021. Statistics reports demonstrate that a total of 4,704 employees (74% of direct employees and 26% of indirect employees) attended face-to-face training programs regarding ethical management, with a total of 8,219.6 training hours (85.68% of direct employees and 14.32% of indirect employees).
- 10 out of 11 members of the highest governing authority (Board of Directors) participated in programs organized based on Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, accounting for 90.91% of BOD. The total number of hours spent on joining the program was 57 hours. Please refer to pages 45-46 of the 2021 Annual Report for the titles and hours of the courses.

Measures and Effectiveness of Ethical Operation and Management

Scope	Content	Management Measures	Implementation Effectiveness in 2021
Human Rights Protection	<ul style="list-style-type: none"> Loss of company due to violation of human rights policy. Rights of persons involved were infringed and suffered from loss of life and property due to violation of human rights. 	Carry out human rights management through risk assessment, human rights mitigation measures or compensation schemes to avoid the violation of human rights.	<ul style="list-style-type: none"> No violation of integrity, anti-competitive behavior, or environmental laws and regulations. No violation of discrimination, child labor, forced labor or labor human rights.
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> Loss of company due to employee corruption or bribery Termination of cooperation with value chain partners due to corruption 	Incorporate honest management into daily operations; declare and commit publicly and take internal and external contracts and rules into the norms. Lower the occurrence of corruption and fraud through internal control, internal audit methods and publicize company Whistle-blowing channels.	<ul style="list-style-type: none"> No violation of product and service labels, product safety, product marketing, customers' privacy infringement. No corruption or bribery-related incidents have been reported or occurred. There was a complaint case appealed from supplier in 2021. The case was resolved through investigation and coordination with the relevant divisions to clarify the content of the complaint.
Anti-competition conduct and antitrust law	<ul style="list-style-type: none"> Involve anti-competitive, antitrust and monopolistic practices that result in unfair business practices 	Comply with anti-competitive, antitrust and monopoly laws and regulations; strengthen internal staffs' concept of legal compliance. Prevent legal risks and negative impacts that may arise from the violation of antitrust and fair competition.	
Environmental laws and regulations	<ul style="list-style-type: none"> Environmental damage and loss of company due to violation of environmental laws and regulations. 	Regularly implement identification to laws and regulations, simultaneously update company rules and measures, deepen corporate governance, and reduce the risk of violation of laws and the loss of fines.	
Social economic laws and regulations	<ul style="list-style-type: none"> Loss of company due to violation of social and economic laws and regulations. 		
Prohibition of Child Labor and Forced Labor	<ul style="list-style-type: none"> Loss of company due to violation of local regulations governing minimum age employment requirement. Loss of company due to being forced labors or inhuman treatment to employees. 	Regularly identify relevant legislation, enhance recruitment and entry identification check, implement equal treatment, smooth communication channels, strengthen employees' awareness of rights protection and reduce the occurrence of violation risks.	
Privacy and Intellectual Property Rights Protection	<ul style="list-style-type: none"> Loss of company due to the breach of privacy and intellectual property rights caused by human negligence or improper hardware and software. 	Strengthen the Company's information security risk control, personal information confidential documents dedicated management, enhance the computer software and hardware protection capacity and the ability of operators.	

Notes:

1. Dishonest business operations might cause the company's losses in various aspects, including loss of operating profits, damage to business reputation and financial losses incurred through fines, etc.

2. The detailed management methods and practices are illustrated in each chapter.

3. In March 2021, Kinpo Electronics, Inc. (hereinafter referred to as "Kinpo Inc.") passed the proposal for the transfer of treasury shares to its employees. However, relevant contents and procedures regarding this case had led to some disputes and controversies. In March 2022, the legal representative of Kinpo Inc. Chairman Sheng-Hsiung Hsu was penalized NT\$720,000 by the Financial Supervisory Commission. Since AcBel's Chairman, Mr. Jerry Hsu also served as member of the Board of Directors in Kinpo Inc. as well as the Vice President in Cal-Comp Electronics (Thailand) Public Company Limited and the Chief Strategy Officer in Cal-Comp Electronics & Communications Company Limited, AcBel had been fully cooperating with the competent authorities to provide clarifications on the case. In light of this recent episode, in the future AcBel will continue prudently reviewing the company's operation as well as strengthening compliance with relevant laws and regulations on corporate governance



Human Rights Risk Management

AcBel has established human rights policy with reference to the "Universal Declaration of Human Rights," "International Labor Organization Conventions," and RBA Code of Conduct, and follows PDCA cycle to ensure human rights protection for all stakeholders through the process of identification, evaluation, monitoring, and disclosure. AcBel focuses on human rights management: employees and suppliers these two types of stakeholders.

In terms of human rights risk management on employees, we identify potential risks and issues of human rights violations at each operation factories through regular RBA self-assessment questionnaires (SAQ), Validated Assessment Program, and EcoVadis sustainability evaluation; draft human rights protection, damage mitigation programs or compensation measures in accordance with local laws and regulations referred to industry benchmarks.

AcBel has implemented risk analysis and assessment, identified issues with high human rights risks in the industry and formulated countermeasures based on VAP Audit Report of each production base and "RBA Annual Report 2020." The scope of analysis covers a range of issues including working hours, emergency preparedness, public health and accommodation, occupational safety, salary and benefits, freely chosen employment, non-discrimination and other 7 high-risk items. AcBel strives at fulfilling, mitigating or reducing the occurrences of harm human rights violation through the PDCA cycles.

Perspectives	Human Rights Risk Items	Human Rights Infringement Items	Mitigation Schemes	Compensation Measures
Labors	Working hours	<ul style="list-style-type: none"> • Overtime work • Forced labor 	<ul style="list-style-type: none"> • Adjust manpower allocation and recruit sufficient manpower based on production capacity. • Establish working hours control and early warning system to avoid overtime work. • Establish procedure management process and whistle-blowing channels to fulfill human rights protection. <ul style="list-style-type: none"> • Provide incentive bonus to improve production efficiency. • Calculate overtime pay in accordance with local laws and regulations, and pay out the salary to the employees resigning from the company within the stipulated period. 	

Perspectives	Human Rights Risk Items	Human Rights Infringement Items	Mitigation Schemes	Compensation Measures	
Labors	Freely Chosen Employment	<ul style="list-style-type: none"> • Involuntary, Exploitation and Slavery • Unfair Treatment 	<ul style="list-style-type: none"> • Legal identification to ensure legality, and simultaneous revision of management procedures and methods. • Strengthen human rights advocacy training, and establish the integrity of complaint channels and handling mechanisms for discrimination and harassment. • Annual salary survey and make appropriate adjustment of employees salary and benefits. 	<ul style="list-style-type: none"> • Establish mechanisms for handling and counseling discrimination and harassment to avoid the recurrence of related incidents or injury to persons involved. • Carry out bonus systems to encourage employees with excellent performance. 	
	Non-discrimination				
	Salary and Benefits				
Health and Safety	Emergency Preparedness	<ul style="list-style-type: none"> • Assess and identify potential emergencies and incidents, and ensure workplace and employees safety by implementing emergency response plans and procedures. • Perform regular environmental analysis and monitoring in order to provide a healthy, safe and sanitary environment meeting human rights standards. • Conduct regular training to cultivate employees' awareness about occupational health and safety. 	<ul style="list-style-type: none"> • Health consultation with an occupational physician and introducing Employee Assistance Programs (EAP). • Employee compensation for work-related injuries or medical assistance applications • Implement emergency response drills regularly to increase employees' proficiency. 		
	Public Health and Accommodation				
	Occupational Safety				

Notes:

1. The risks of human rights for employees and suppliers should be regarded as consistent. Thus, we are dedicated to lowering the risks of human rights violation through supplier audits or counseling.
2. Please refer to Chapter 5-6 of this report for details related to employee management, occupational health and safety and supply chain management.



Channel for Whistleblowing/Consultation/
Online Appeal
<https://www.acbel.com.tw/en/report-mailbox>

AcBel has set up an online whistleblowing report channel to facilitate employees, customers, suppliers and other stakeholders to reveal illegal practices. All cases are assigned to a dedicated auditing department and personnel to investigate and are handled in accordance with the principle of confidentiality.

The investigation results will be submitted to the company's senior management, and the final disposition will be agreed upon, and only after the person involved has agreed to sign the affidavit will punishment be imposed; if the person involved remains unconvinced, it's available to appeal through the company's formal grievance channel to ensure the rights are not infringed.

2.7 External Association Participation

Under the global trend of "net-zero carbon emissions," AcBel, as a company preliminarily focused on the design and manufacturing of power supply, expects to carry out the influence on overall value chains and seek new opportunities in the process of low-carbon transformation. AcBel have been actively participating in various public associations, domestic and international initiatives and other non-profit organizations with a view to facilitating more active exchange and discussion on topics including corporate sustainability, technology innovation, supply chain management, industry-academia cooperation, and social culture for building a comprehensive cooperative relationship and accumulating the company's capacity for sustainable development. Specifically, in the year 2021, AcBel participated in a total of 36 domestic and foreign trade associations, industry associations and alliance organizations.

Association/Alliance	Position
New Taipei City Culture Foundation	Director
Epoch Foundation	Director
Importers and Exporters Association of Taipei	Director
Cloud Computing & IoT Association in Taiwan	Director
Taiwan Power Electronics Association	Director
Monte Jade Science and Technology Association of Taiwan	Director
Chinese National Federation of Industries	Director
Cross-Straits Industrial Internet Alliance	Director
Taiwan Electrical and Electronic Manufacturers' Association	Vice Chairman
Taiwan Telecommunication Engineering Industry Association	Member
Taiwan Electrical Contractors Association	Member
Taiwan Photovoltaic Industry Association	Member

Association/Alliance	Position
Taiwan Smart Grid Industry Association	Member
Taiwan Association of Information and Communication Standards	Member
Taiwan Power and Energy Engineering Association	Member
Taiwan Electric Power Association	Member
Taiwan Chamber of Commerce & Industry	Member
Taiwan Fuel Cell Partnership	Member
New Taipei City Computer Association	Member
Taipei Electrical Commercial Association	Member
Taipei Computer Association	Member
United States Chamber of Commerce in Taipei	Member
Taipei Measuring Instrument Association	Member
Chinese Professional Management Association	Member
(PVGSA) SOLAR PV GENERATION SYSTEM ASSOCIATION OF R.O.C.	Member
Cross-Strait CEO Summit	Member
Responsible Business Alliance	Member
National Quality & Sustainable Excellence Alliance	Member
DLMS USER ASSOCIATION(Adopter membership)	Member
Industrial Technology Research Institute - LEO Satellite Industry Association	Member
Motor Intellectual Property Alliance	Member
Center for Power Electronics Systems(CPES-VIRGINIA)	Member
System Management Interface Forum	Member
Advanced Power Technology Industry-Academia Alliance	Member
Taiwan Accreditation Foundation	Member
USB Implementers Forum	Member

Responsible Business Alliance, RBA

AcBel joined RBA in 2010 as a member and signed the declaration in support of RBA regulations. The company's global production bases all follow RBA's vision and goals. All suppliers are required to follow RBA requirements as well.



The Code of Conduct of RBA centers on the principles which all business activities shall comply with the laws, legislation and regulations in the country where the company is based at. The Code of Conduct is in line with UN Guiding Principles on Business and Human Rights, in which many regulations are referred from critical international human rights standards, including ILO's Declaration of Fundamental Principles and Rights at Work and UN Universal Declaration of Human Rights.

The Code of Conduct of RBA includes five sections



RBA Validated Audit Process (VAP) is regularly conducted in each plant; the average audit score in each plant in June, 2022 was 182.08, far higher than the annual average score of 169 in 2020.

Since the opening of the new building of Taiwan Tamsui Plant in 2022, pertinent RBA VAP audit of the new building will also be implemented, with the goal of obtaining a silver-level certification or above.

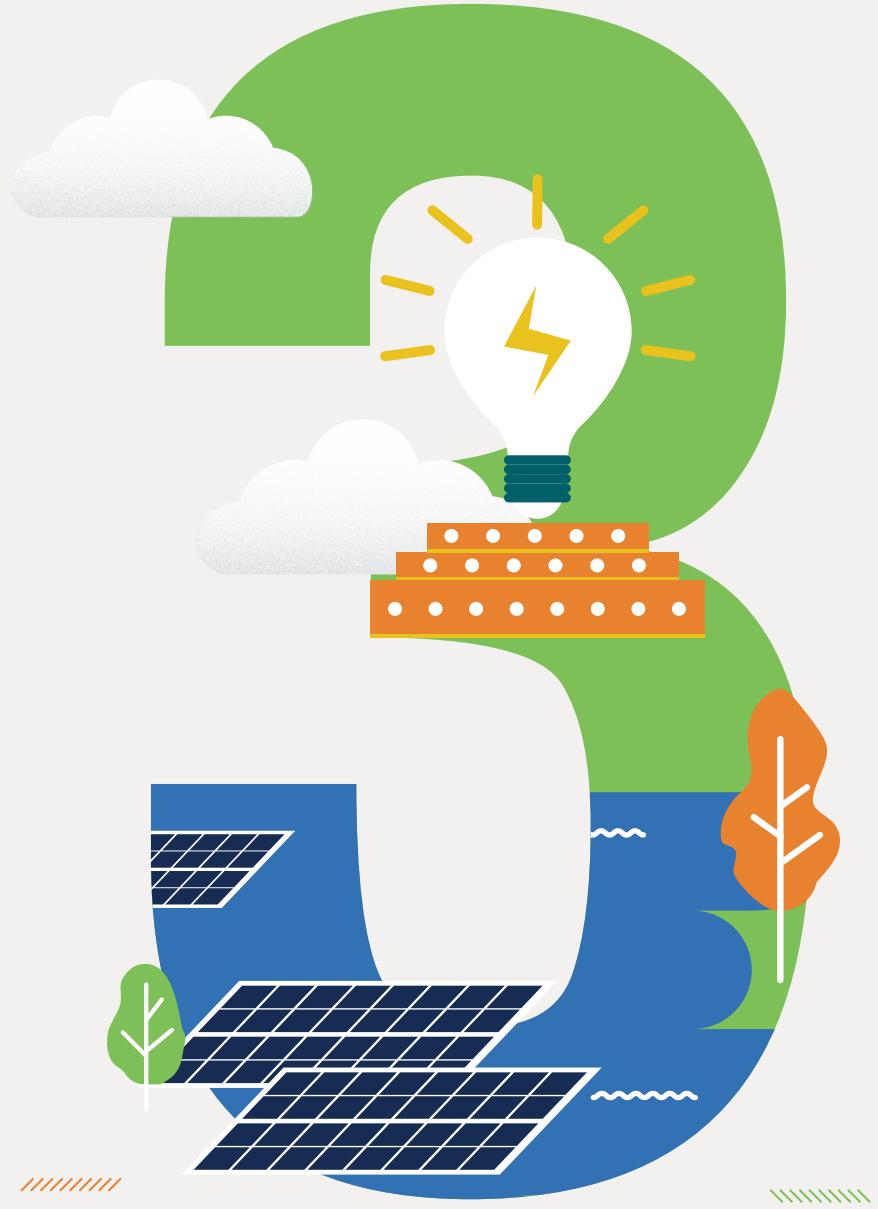


Official website of RBA
<http://www.responsiblebusiness.org/>

Plant	Audit Score	Recognition Level	Finding	Improvement Measures
TS Tamsui Plant	200	Platinum	None	
DG Dongguan Plant	174.1	Silver	Control of labor's working hours Labor insurance calculation Dormitory lightning protection detection	Improvement measures have been implemented through project execution.
WH Wuhan Plant	164.2	Silver	Control of labor's working hours Labor insurance calculation Labeling of Chemicals	
PH Philippines Plant	190	Gold	Labor loan management	

Notes:

- VAP findings would be elaborated based on the audit results as of June, 2022. The total score for VAP is 200, with three levels of audit deficiencies as follows: Priority, Major and Minor.
- RBA code of conduct states that employees overtime hours shall not exceed the hours set in the local regulations. Due to production capacity adjustment in some of the plants, employee working hours exceeded overtime hours in certain months exceed the hours set in the local regulations.



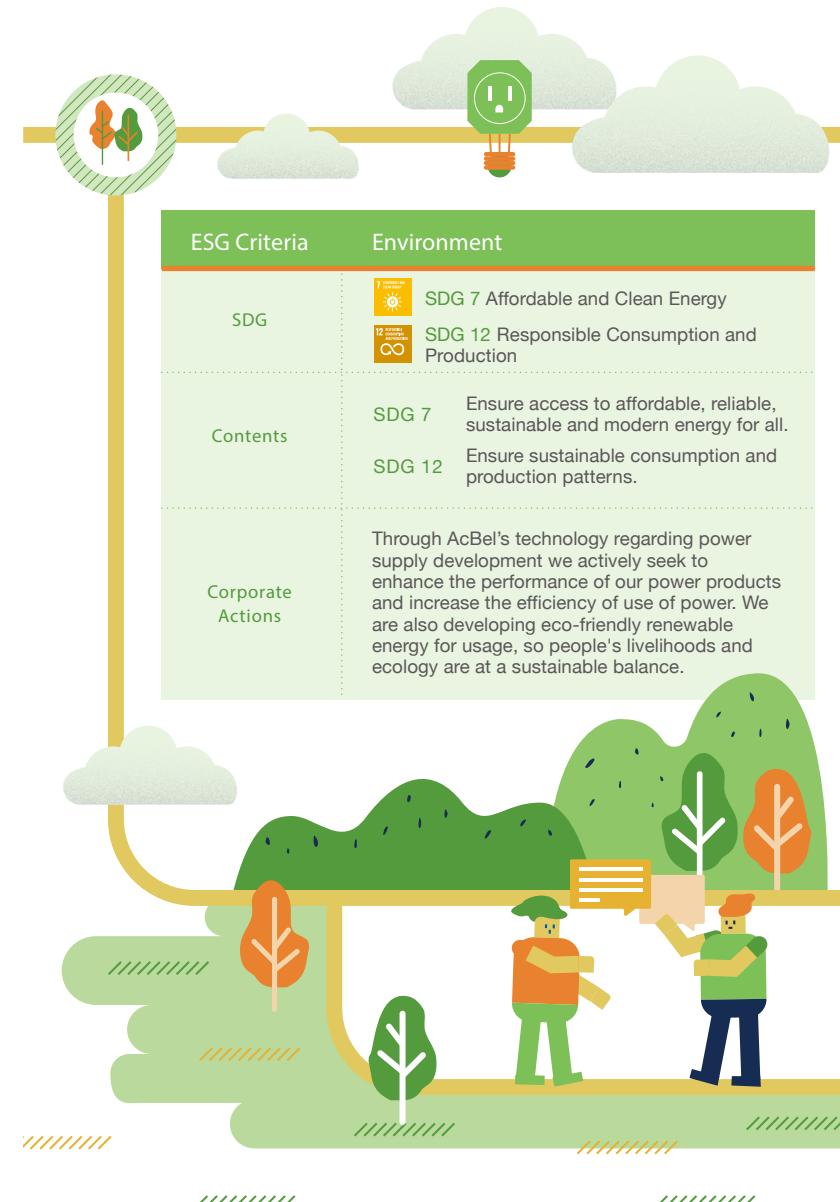
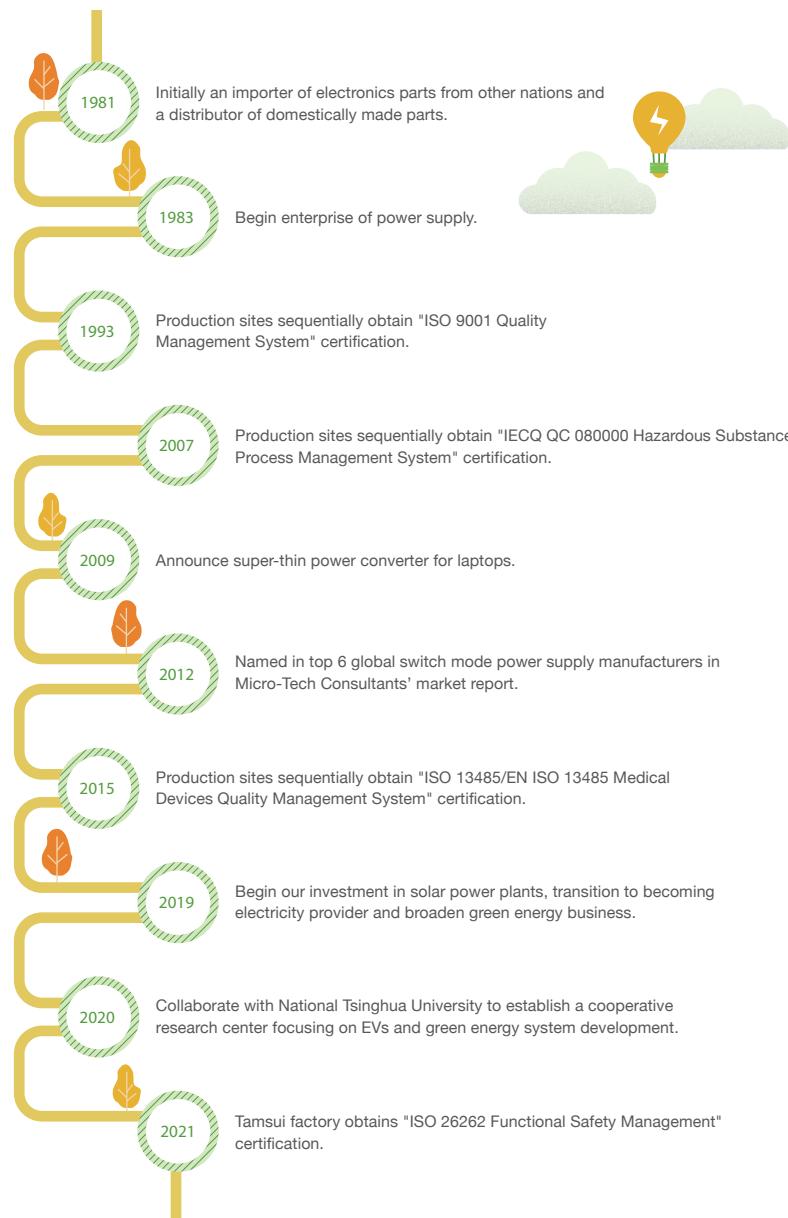
Mutual Benefit · R&D and Innovation



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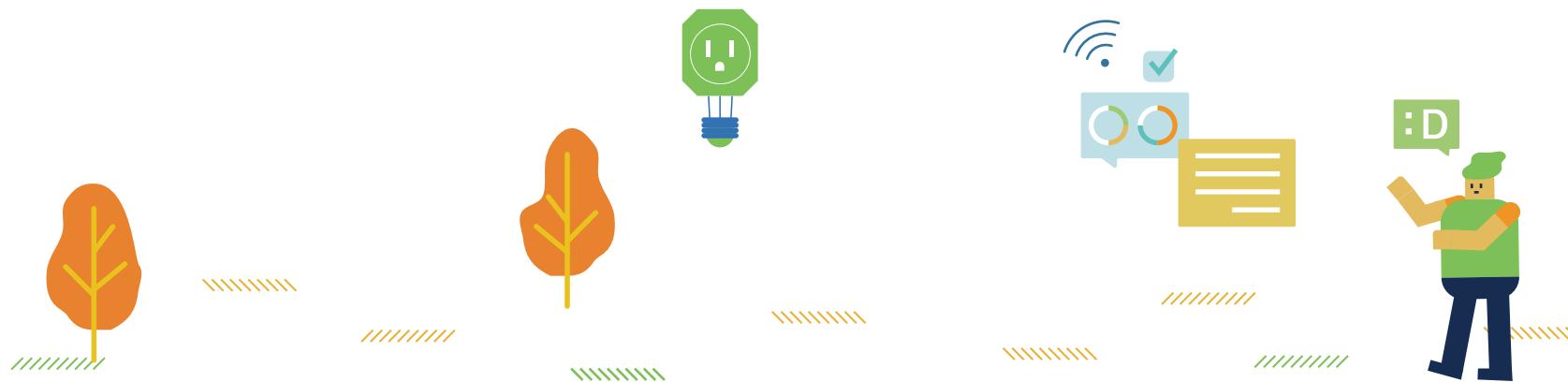
Product Milestones



3.1 R&D and Innovation

With the public's growing attention to Net-Zero Emissions (NZE), the fast 5G network development, the significant advance and commercialization of AI, IoT, EVs and smart manufacturing, we have witnessed a highly integrated trend of information computers, communications, consumer electronics, automotive electronics becoming more multi-functional, lighter and more compact, more efficient and emitting less carbon and energy-efficient than ever before. Through our rich resources and technology and patents obtained, AcBel has been capable of providing competitive core goods and services to satisfy our various clients' different requirements and to facilitate a better and more eco-friendly life for humans as a whole.

AcBel recognizes the capacity to develop technology innovation as the core competitive edge of a corporation. Therefore, AcBel has been working on realizing its corporate vision by providing a cleaner, highly efficient energy solution to drive sustainability indefinitely. Additionally, AcBel constantly implement the key carbon reduction techniques stated in IEA's path prediction analysis report regarding net-zero emissions from worldwide energy systems "Net Zero by 2050: A Roadmap for the Global Energy Sector," as well as referring to recent market trends and also periodically exchanges ideas or has discussion with customers. Through our board meetings we have deliberated key products and/or technology to develop; we have also begun collaborations with research institutions in this field to draft up short-, medium- and long-term company blueprints, our patent acquisition strategies, our knowledge development infrastructure, to reduce the risk of innovation failure and enhance our competitiveness in the market.



IEA Key pillars of decarbonisation	Description	AcBel's products/services	Results of our R&D 2021
Energy efficiency	Increasing energy efficiency can lessen the usage of power and directly lower emissions i.e. increasing the efficiency of industrial processes, increasing the efficiency of home electronics and architectural energy efficiency.	Power supply <ul style="list-style-type: none"> Producing more efficient power products and making them more lightweight Usage of renewable materials in considerable ratios 	Power supply <ul style="list-style-type: none"> Development of digital control (DT & All in One) related power supplies Development of miniaturized and high-density (DT & All in One) related power supplies A new generation of 3,000W/3,000W (>60W/in3) digital control server power supply with high density and low wind resistance Fully-digital 100W and 2400W Titanium server power supply; highest energy-efficient specifications Development of a new generation of high-density micro external power/charger (>1W/CC power density) with 45W~100W supporting USB Type-C with PD function
Renewable	Renewable energy technology is key to reduce emissions from the supplying of power. Similar to other low-carbon energy generation solutions, storage solutions and power grids, distributable energy is key to maintaining electricity safety.	Solar plants/ Electricity converging services <ul style="list-style-type: none"> Renewable energy and power usage management, metering consolidated services including production, conversion, usage and storage 	Hybrid renewable energy system <ul style="list-style-type: none"> 6KW hybrid renewable energy system: Power output is 6000W and the input terminal can be overlapped with solar energy, batteries and mains electricity with an efficiency of over 92%. Smart grid <ul style="list-style-type: none"> Develop single-phase and three-phase bidirectional metering smart meters of 0.5 level in accordance with related specifications of ANSI C12.18, C12.19, C12.21 & IEC62056. It has the ability of remote control to cut power and recover power and provides the mechanism of demand control, time price and bidirectional billing. Develop automatic reading header management and control system platform.
Electrification	The direct use of low - emissions electricity in place of fossil fuels is one of the most important drivers of emissions reductions in the NZE. e.g. EVs replacing fuel-powered cars	EV power/Car products <ul style="list-style-type: none"> EV control parts and components (e.g. car chargers, engine controllers, DC converters) evolving towards an integrated design (multi-in-one EV control products) 	EV power supply <ul style="list-style-type: none"> High-power-output, high-efficiency charger: over 94% efficiency, 1.5W/cm3 power density, IP67 and IP6K9K above protection level, adopting DSP for digital control. High-power-output, high-efficiency DCDC converter : over 95% efficiency, 1.2 W/cm3 power density, IP67 and IP6K9K above protection level. 4-in-1 motor drives <ul style="list-style-type: none"> A multi-functional product that integrates a DCDC converter, PDU and ACDC charger.
Hydrogen and hydrogen-based fuels	The initial focus for hydrogen use in the NZE is the conversion of existing uses of fossil energy to low - carbon hydrogen in ways that do not immediately require new transmission and distribution infrastructure. This includes hydrogen use in industry and in refineries and power plants, and the blending of hydrogen into natural gas for distribution to end - users.	Hydrogen fuel cell power generation system	Optimizing hydrogen fuel cell power generation systems

Future R&D Objectives

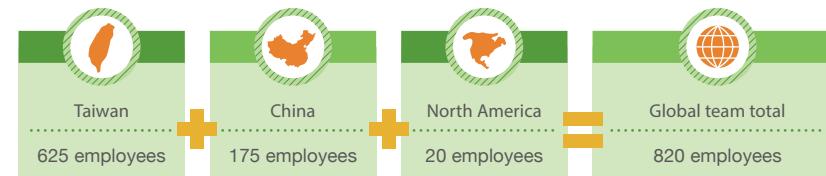
Category	Description	Keys to innovation
High-efficiency server power supply	A new generation of server power supply products with low cost, high-efficiency titanium-gold Intel standard.	Semiconductor material improvement (GaN, SiC), parts integration, magnetic component design, heat dissipation structure design and digital control technology.
High density standard server power supply	Develop new generation of high-power-output, high-density, highly reliable standard server power supply.	New circuit topologic design, magnetic component design, circuit board layout and heat dissipation structure design.
Medical equipment power supply	Development of standard medical power supply series.	Circuit structure and structure design, low energy-consuming and stable, ensuring equipment can be utilized reliably without fault.
Data center server	Develop parallelly-connected hot-plug and AC output transformer module, combine with expandable frame system.	Adopt modular and parallel connection to increase power output, make the operation more flexible, increase system reliability and reduce costs.
On board charger (OBC)	Develop new generation high-power on-board charger.	Enhancement of power semiconductor efficiency (SiC), design of magnetic components and heat dissipation structures, and digital control technology.
2-in-1 electric vehicle power supply	Develop a type of car power supply with both DC converter and car charger.	Enhancement of power semiconductor efficiency (SiC), magnetic component design, heat dissipation structures, and digital control technology. EMC space structure design.
Motor drive	Develop next generation 800V motor drive (250kW).	Enhancement of power semiconductor efficiency (SiC), design of heat dissipation structures, and digital control technology. High/low voltage structure design, EMC anti-crosstalk interference structure.

3.2 Patent Management

To customize power supply solutions to meet customers' needs under the current industry development trend, AcBel has been dedicating expenditure and resources to innovation on an annual basis. Meanwhile, to secure the results of our R&D and to ensure competitive edge in operation, AcBel has drawn up an Intellectual Property management strategy and established "Legal and Intellectual Property Division," which is dedicated to crafting strategic

maps for patent applications on all of our future products. This division is in charge of collecting information on patent application in the industry and has created a technical matrix diagram which clarifies which sections of possible augmentation AcBel will be free from lawsuits due to infringement of property rights for internal reference of our R&D department; this matrix diagram also serves as a reference for assessment for future key technology patents. By so doing, AcBel aims to enhance the quality of patents so as to increase the grant rate of our applications.

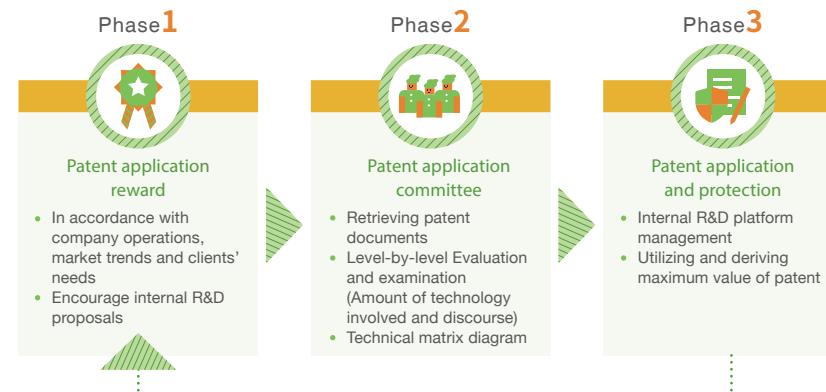
Distribution of R&D Team Staff



R&D Expenditure and Number of Patents

Unit: NT\$ thousand

Year	2019	2020	2021
Amount	1,299,538	1,503,623	1,581,491
Percentage of revenue	6.31%	7.17%	7.22%
Patents obtained	12	13	15



Management and execution of IPR in the fiscal year 2021 was addressed by respective departments in Q4 of 2021 to the board of directors. For more information regarding our execution of IPR, please visit our Investors/Corporate Governance page.



3.3 Green Cycle

"Net-zero emissions" has become a central concern and foundation to a country's and enterprises' development and competitive edge. In the meantime, the end users of a product are becoming increasingly aware of the need for reducing carbon emissions in the atmosphere. Additionally, the industry has also been striving toward the goal of realizing sustainability with less carbon emissions a whole. These endeavors have been ongoing and are best recognized and realized in comprehensive aspects, including design of energy-efficient high performance products and manufacturing process, the usage of renewable materials and the usage of renewable energy. AcBel has formulated a comprehensive carbon reduction strategy for the entire value chain, which serves to regulate the material production process of our upstream suppliers as well as the downstream demand dimension of application markets.

AcBel introduces and fulfills the concept of circular economy by introducing circular design from the preliminary product design stage, whereas giving priority to the principles of attaching importance to resource reuse, reducing waste, and reducing waste. Taking into account the impact an entire life cycle of a product has on the environment, we have drastically increased the ratio of renewable materials and their efficiency in our products. Components and materials can be used recursively as safety conditions have been met to avoid excessive production and lessen emissions.

Phase	Circular Design				Product Delivery (Green Transport)
	R&D design (Green Design)	Parts Procurement (Green Procurement)	Parts Manufacturing (Green Production)	Parts Recycling (Green Cycle)	
Facets of Consideration	<ul style="list-style-type: none"> • Increase product efficiency and reduce energy consumption during use • Use of renewable materials and increase efficiency of usage of materials • Reduce packaging and reuse packaging materials • Incorporate future repair and expandability considerations 	<ul style="list-style-type: none"> • Low-carbon supply chain structuring; cooperation in generating renewable materials • Procurement abides by hazardous materials management, environmental materials and increasing the ratio of procuring locally • Procure elements or easily assembled components and parts, avoiding compound materials to facilitate recycling and reprocessing in the future 	<ul style="list-style-type: none"> • Use smart monitoring to reduce energy and resource consumption • Incorporate energy recycling system to reuse energy from the energy cycle • Use renewable energy to reduce carbon emissions 	<ul style="list-style-type: none"> • Increase eco-friendliness of end-processing of products: easily disassembled and recycled • Reduce environmental pollution and harm to human body 	<ul style="list-style-type: none"> • Effectively integrate product delivery date and regulate shipping routes, and implement centralized shipping and round trip shipping • Utilize low-carbon transport methods to limit unnecessary carbon emissions

 Management Strategy	<p>The energy efficiency of AcBel's products has met all nations' energy standards. We have obtained IECQ QC080000 certification and our adherence to local regulations and standards regarding prohibited and/or restricted substances and substance regulations regarding our customers' environmental management in all our export countries is ensured. We have also taken the necessary steps regarding product design and procurement of parts and components to provide our customers with products that comply with regulations and meet our customers' needs, to fulfill our responsibility of ensuring the health and safety of consumers and also protecting the environment.</p>
 Management Approach	<p>We here at AcBel have drawn up our own "Environmental Management Substance Guidelines" to carry out proceedings with chemical substances contained in our products, ensuring all of our products comply with the latest global regulations and standards, especially the IEC 62474 - Material Declaration for Products of and for the Electrotechnical Industry, and our customers' specific needs. At the same time, we have signed no-harmful-substances-used agreement through our supplier, and also a material confirmation check along with a third-party laboratory test report. We conduct thorough checks of all potentially harmful substances to ensure our products meet the minimum requirements as stated in IEC 62474.</p> <p>In 2021, all of our power supply products fully complied with all EU RoHS substance categories as reviewed by the European Commission and the requirement of Mandatory Declarable substances in the IEC 62474. Products lying within these categories counted for 84.12% of our total revenue; the other 15.88% was derived from our non-power-supply products and thus not subject to RoHS directive restrictions and are exempt from the requirements declared within IEC 62474.</p>

Notes:

Hazardous substance management – key regulations or standards that our products are compliant with are as follows:

- (a) EU : The latest RoHS and REACH regulations, limit the sales and use of PFOS 2006/122/EC Directive (76/769/EEC Directive, 30th revision), 94/62/EC directive and revisions governing Packaging and Packaging Waste, 2009/251/EC directive restricting the use of dimethyl fumarate, 2004/21/EC directive (76/769/EEC directive, 13th revision) restricting the sales and use of azo dyes, the Waste Electrical and Electronic Equipment Directive (WEEE), End-of-life Vehicles Directive (2000/53/EC), etc.
- (b) People's Republic of China : The latest PRC RoHS, VOCs, Protection from Ionizing Radiation and Radiation Source Safety Basic Standard (GB 18871-2002).
- (c) USA : California Proposition 65 : California Safe Drinking Water and Toxic Enforcement Act, Consumer Product Safety Improvement Act (CPSIA) H.R.4040, Toxic Substances Control Act (TSCA), Clean Air Act (CAA) etc.
- (d) Others : Montreal Protocol on Substances That Deplete the Ozone Layer, Convention for the Protection of Marine Environment of the North-East Atlantic (OSPAR), Denmark's Act on the Prohibiting of the Use of Phthalates (BEK nr 1113), IEC61249-2-21(PCBs and other materials for interconnectivity structure), JIG-101 (Joint Industry Guide Materials Composition Declaration for Electrotechnical Products) and the respective guidelines of enterprises and companies that AcBel have dealings with.

Safety Testing Laboratory

AcBel has been focusing on developing and providing reliable power supply solutions, and our factory site in Tamsui in northern Taiwan has an "ISO 17025 Laboratory Accreditation" certified laboratory; we carry our testing on our globally distributed power products at this very laboratory to ensure products meet global safety standards and lower the risk of loss of life or property damage caused by potential malfunctions.

Currently our Tamsui laboratory is responsible for over 90% of our safety checks to ensure our products adhere to safety regulations and assure our customers the suitability and safety of our products. A minority of the goods we provide with more abnormal specifications cannot undergo tests at this laboratory; thus we hand these products over to a third party organization to conduct testing.

Our company's safety regulation laboratory is certified for the following:

- TAF ACCREDITATE (IEC/ISO 17025)
- UL CTDP (Client Test Data Program)
- CSA CPC (Category Program for Certification)
- TUV TMP (Testing at Manufacturer's Premises)
- NEMKO SMT (Supervised Manufacturer's Testing)
- CSA CTF(Customer Testing Facility)
- NEMKO CTF(Customer Testing Facility)
- TUV CTF(Customer Testing Facility)
- IEC 62368-1(Audio/video, information and communication technology equipment: Safety requirements)



Green Design

AcBel has brought the circular economy ideal to the power supply industry. From material safety to the ratio of renewable materials used, the efficiency of use of these materials, maintenance and expandability and recycling and breakdown when our products reach end-of-life. Taking into account the performance of power products in line with Energy Star and 80PLUS certified (up to Titanium grade certification); the design of our products comes with safety in mind and we have always worked on reducing excess and misuse and industrial waste and increasing the effective use of resources to churn out eco-friendly products.

Our power products are customized to meet our customers' needs and comply with international energy efficiency standards. Certain certification programs such as EPEAT (Electronic Product Environmental Tool), Energy Star and some others prefer examining the end product's specs and cannot issue individual certifications for solely power supply products. AcBel's power products are 100% in conformity with global standards although they do not require the issuing of the Energy Star certification. Revenue from sales of our laptop adapters/desktop chargers, all-in-one PC power supplies, desktop PC power supplies, wall-mounted adapters/chargers, Smart Meters and other main products amounted to NTD12.477 billion which in turn amounts to 56.96% of AcBel's total revenue.

Note : International certification standards and regulations include but are not limited to: 80 Plus, EU Energy-related Products eco-design directive (ErP), PRC's Conserving Energy Certification for Products (CECP), US Department of Energy (DOE) regulations, EU Code of Conduct External Power Supplies, California Energy Commission & Natural Resources Canada (NRCan), Australia Greenhouse and Energy Minimum Standards (GEMS), Quebec energy legislation regulations and Ontario O. Reg. 509/18: ENERGY AND WATER EFFICIENCY - APPLIANCES AND PRODUCTS), Canada, among others.

Green Procurement

AcBel has drawn up our in-house "Environmental Management Substance Guidelines" according to IECQ QC080000 Hazardous substances management system as our own reference regarding management and procurement of raw materials. Raw material suppliers must comply with our standards and requirement and provide proof relevant material certification checks, or, data stating that the substances abide by our guidelines. We periodically conduct audits on our suppliers or the substances procured from, to minimize the risk that we happen to obtain or use banned or restricted substances that might pollution so as to simultaneously ensure the health of our employees and consumers of our products alike. AcBel was compliant with the RoHS and REACH directives in the fiscal year 2021; our lead-free, halogen-free green procuring rate was 100%.

Substances Management Methods & Measures

Management Strategy	Proposal/Measures
 Substances prohibited by our in-house Guidelines	From the initial design to raw material procurement AcBel has stayed compliant with global regulations and directives banning specific substances to ensure our products adhere to the latest environmental regulations.
 Assessment of raw material alternatives	AcBel regularly examines international regulations to be up-to-date on legislation and to predict and sift out raw materials that may be banned in the future; at the same time we have also drawn up a raw material alternatives program to ensure implementation of our "green" policy.
 Raw materials and component procurement policy	Procurement source end of our company has drawn up in-house "Environment Management Substances Guidelines" to serve as our de facto standard for raw materials procurement. AcBel periodically requests that our suppliers submit to us proof that their raw materials are non-carcinogenic, non-mutagenic to infants and our reproductive organs, to minimize the risk to safety and health of the human body and also to minimize potentially negative impacts on the environment.
 Product safety testing	AcBel has established a hazardous substances detection routine to ensure all of our procured raw materials are lead-free and halogen-free, complying with EU RoHS and other regulations.
 Product labels	Our shipped products are clearly labeled and state the use and amount of hazardous substances contained within are compliant with international standards to facilitate identification and management by our clients.



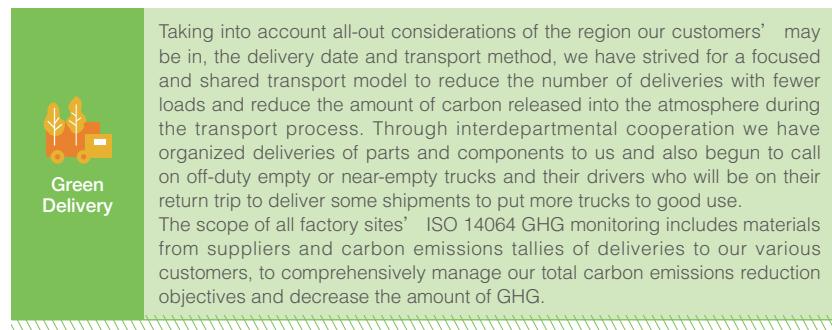
Green Manufacturing

All of our production sites abide by local environmental legislation. AcBel utilizes a "green" (low or zero-pollution-causing) manufacture procedure for all our products. Through lean governance we have reduced misuse and manufacturing waste and increased the efficiency of energy use to achieve our non-hazardous, eco-friendly, energy-efficient green objective. In 2021 our Dongguan site in Guangdong, China successfully obtained "UL 2799 Zero Waste to Landfill, UL ECPV 2799" platinum certification, 100% diversion. We plan on making this the norm at our other production sites to further reduce the industrial waste dumped into landfills. In line with global net-zero emissions and customers' requirements regarding renewable energy, towards the end of 2021 we have initialized assessments on using renewable power (in-house solar plants, procuring green energy etc.) at all our production site to accelerate the speed at which we are reducing carbon emissions from our processes and achieve our corporate carbon objective before 2030. Currently our Tamsui Plant in New Taipei City will be the first site to install solar panels and host solar energy storage, a big step on our route towards net-zero emissions.



Green Packaging

To reduce the usage of packaging materials, before our products are to be shipped, unless necessary we utilize recyclable packaging. Cardboard boxes that our products are packed in must meet targets stated in the European Packaging and Packaging Waste Directive (Directive 94/62/EC): the sum of concentration levels of lead, cadmium, mercury and hexavalent chromium present in packaging or packaging components shall not exceed 100ppm, and plastic forms of packaging shall not include the ubiquitously banned polyvinyl chloride (PVC). Through a redesign of our packaging we reduce use of packaging materials to a minimum to fulfill the objective of recycle and reuse. AcBel has continued to work together with our material suppliers to recycle plastic boxes and paper cartons/boxes used in transporting their materials to us. Upon delivery of parts or components the packaging material is simultaneously recycled and used on the next occasion. We have also gone together and reworked the packaging material with our suppliers to convert the cartons or boxes used to shipped their materials straight into cartons/boxes that our outgoing shipments are packed in; this reduces use of packaging materials by over 50%. Storage-wise by standardizing the size of the boxes and placing a flexible partition inside the cartons or boxes we can reduce the storage size of these materials and more importantly increase the efficiency of the transport of our shipments achieving our objective of centralized transportation.



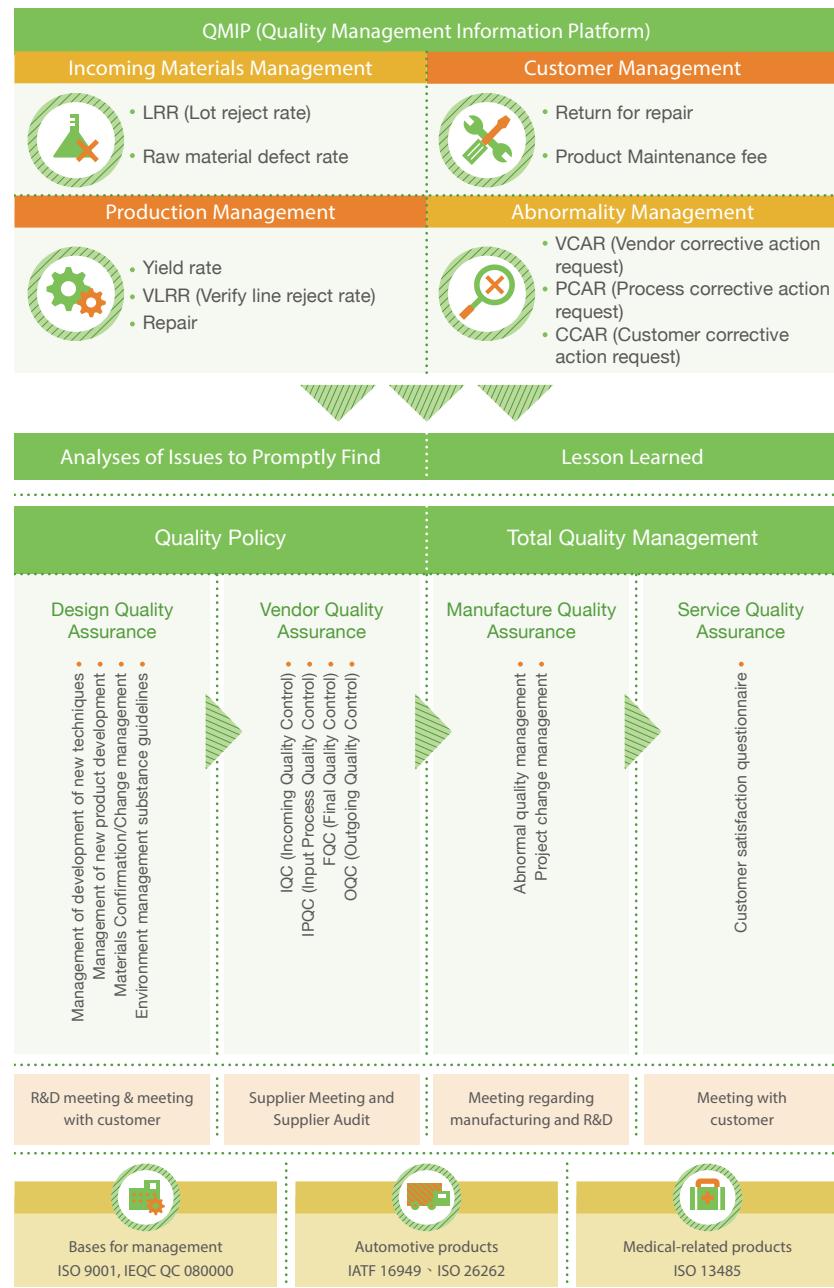
3.4 Quality Management

Our core statement concerning our quality policy is "Zero Defects, in pursuit of outstanding quality." We strive to assure that our customers are satisfied and customers are continually willing to engage in dealings with us; we are in this for the long-run. We aim to increase the overall competitiveness of the value chain.

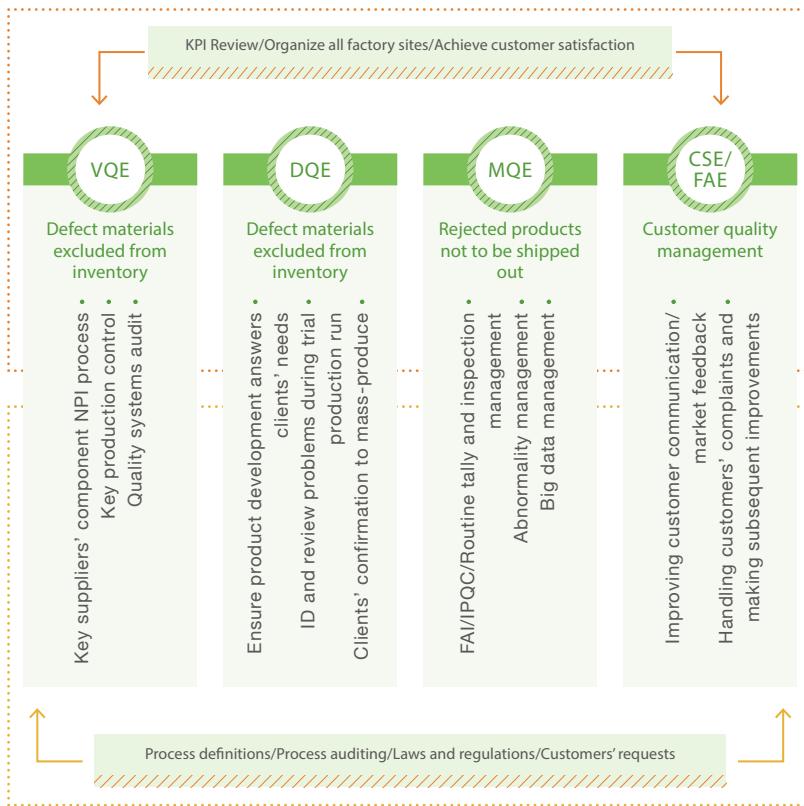


Digitalized Quality Indicators

Four main aspects constitute AcBel's quality management: incoming materials management, production management, customer management and abnormality management. Data is subsequently sorted in a quantifiable manner and can be accessed on our quality management platform. Through quality management analysis we can promptly find issues and potential solutions; this can act as preventative measures for avoiding future reoccurrences and other potential issues or incidents.



Preventive Quality Management



Improving Process/Material Quality Management

In the process of preventive quality management, AcBel reviews and improves the possible quality failures and risks of products through data simulation and process evaluation. AcBel holds the meetings listed above to facilitate discussions about measures for improving processes and preventing unnecessary costs due to quality failure. At the same time QC self-checks continue to be scheduled regularly at each stage of production and a poka-yoke mechanism is implemented to prevent negligence mishaps.

Management-wise we are working on upping our suppliers' quality management capabilities to ensure the quality of incoming materials or product design or applications. We eliminate defect materials before production to minimize the amount of rejected products. We run on-site audits with our suppliers to ensure we practice a sustainable supply chain quality policy and pragmatic management.

Quality Control Strategy

Our QC department here at AcBel has rolled out two "Raising the Bar of Customer Satisfaction" and "Minimizing Quality Cost" quality enhancement programs. The department has proposed short-, medium- and long-term strategies to execute these programs. Through the monthly process of data statistics, analysis, correction, monitoring and implementing relevant preventative measures, AcBel has been striving to ensure continuous quality improvement of our products.

Strategy	Short-term	Mid-term	Long-term
Raise customers' satisfaction & Lower quality cost <ul style="list-style-type: none"> Digital quality management <ul style="list-style-type: none"> Data analysis for prevention and improvement Abnormal quality digital management Connect customer's/supplier's info to deliver visibility of quality information in real-time Smart production <ul style="list-style-type: none"> Increase precision of quality data and reduce number of assembly line personnel through automation in manufacturing 	Total quality management <ul style="list-style-type: none"> Achieve material tracking throughout entire manufacturing process (Suppliers IPQC/IPQC/ OQC/ORT complete data management and application) Factory quality guarantees: Our "three No's" policy and key points of the execution (Defect materials excluded from inventory, Questionable products out of the question, Rejected products not to be shipped out) Enhance quality by means of utilizing source management design method 	Predict quality level achieved <ul style="list-style-type: none"> Monitoring manufacturing through data management and predictions; achieve "Zero Defects" quality delivery objective Consolidate quality culture <ul style="list-style-type: none"> Create a corporate environment of quality culture through the improvement of our quality system 	
Making the structure of our quality systems a robust one	Reinforce preventive quality management	Accomplishing "Zero Defects" quality control	Achieve our Total Quality Management (TQM) objectives

Product Compliance

During the fiscal year 2021, AcBel didn't have any product recalls due to safety issues; there were also no fines incurred due to violations of relevant consumers' health and safety laws and information, incorrect labeling, or any other product-related legislation.

Product recall incident - WJ Wujian Plant

Cause and Handling of Incident

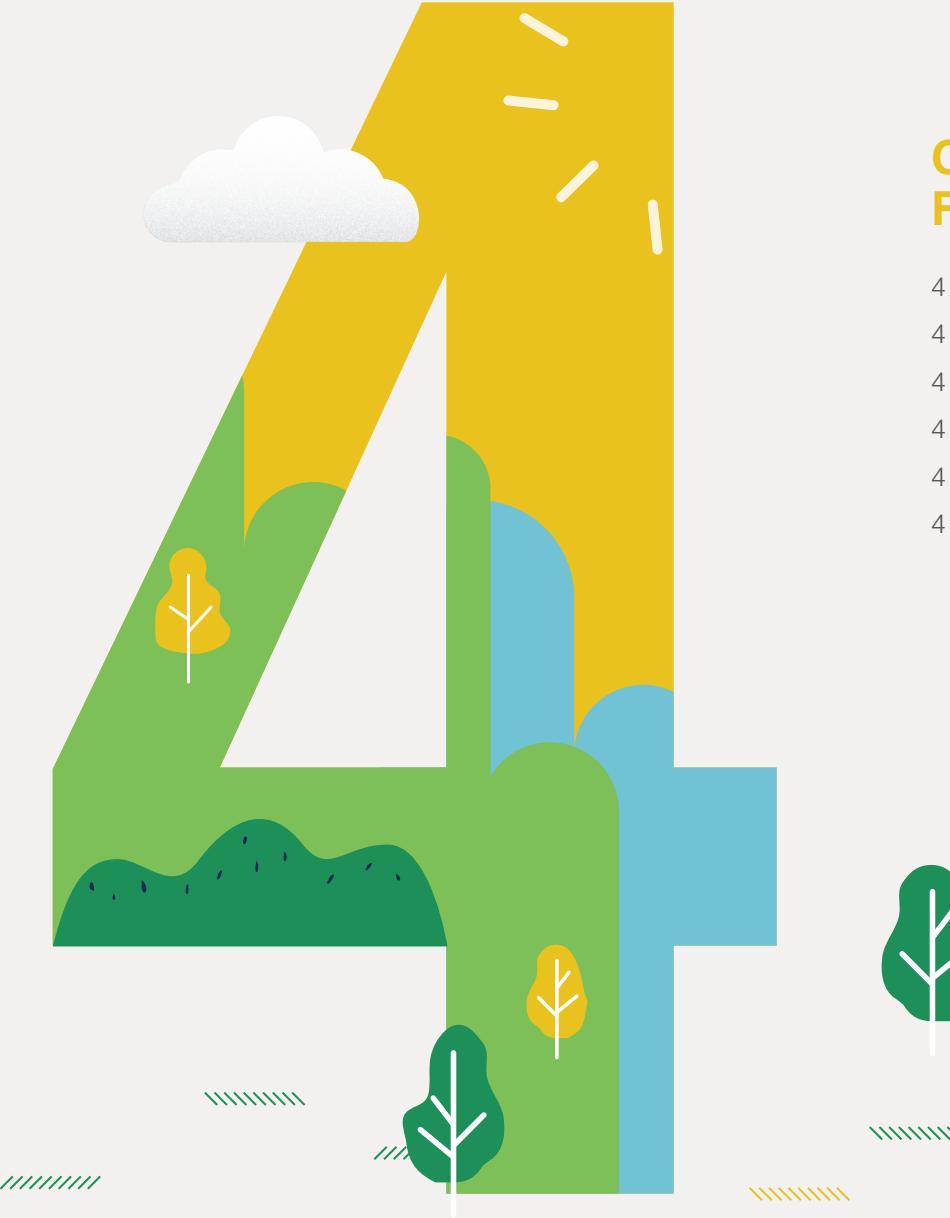
Parts of the die space on the welding plate slightly shifted up due to stud or scraps falling into the mould, resulting in some portions of the stud becoming unable to be fastened, hence products were recalled. Altogether, 2,199 pieces of stamped products were recalled. SINO held themselves accountable for the fault and subsequently handled the situation well; the recalled products had the studs pushed back into place with a simple mould, and inspections were re-conducted to assure customers that their requirements would be met.

Post-incident Corrections

After a review, it was adjudged that the following was added to the process:

1. Adding a blowing device alongside the die space to blow away any foreign objects from the space.
2. Modifying welding stud thrust and torque force control standards: Thrust increased from > 15kgf to > 18kgf; torque increased from 4kg-cm to 5kg-cm.
3. Adding a Charge-coupled device (monitoring equipment) within the mould; devices compares by way of auto-detection. Upon a foreign object falling into the mould, the device stops the mould and launches a quality alert.





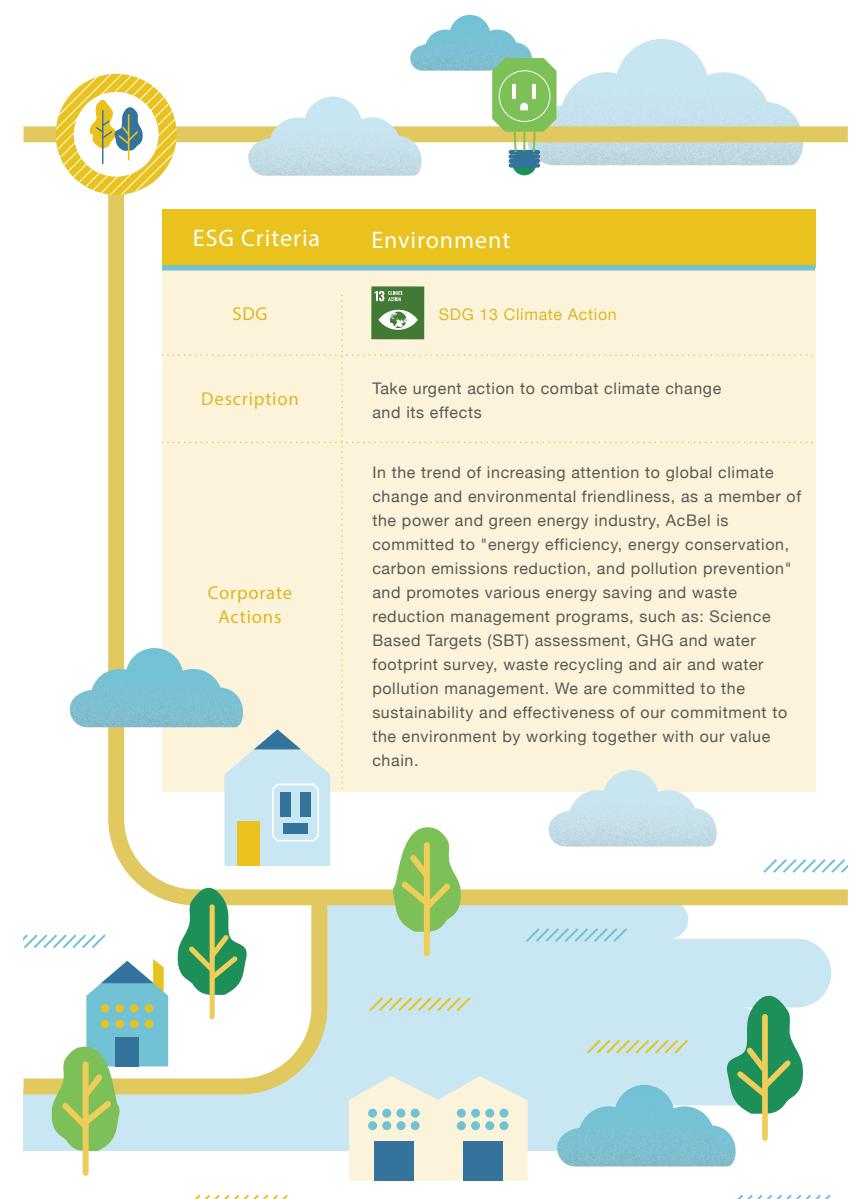
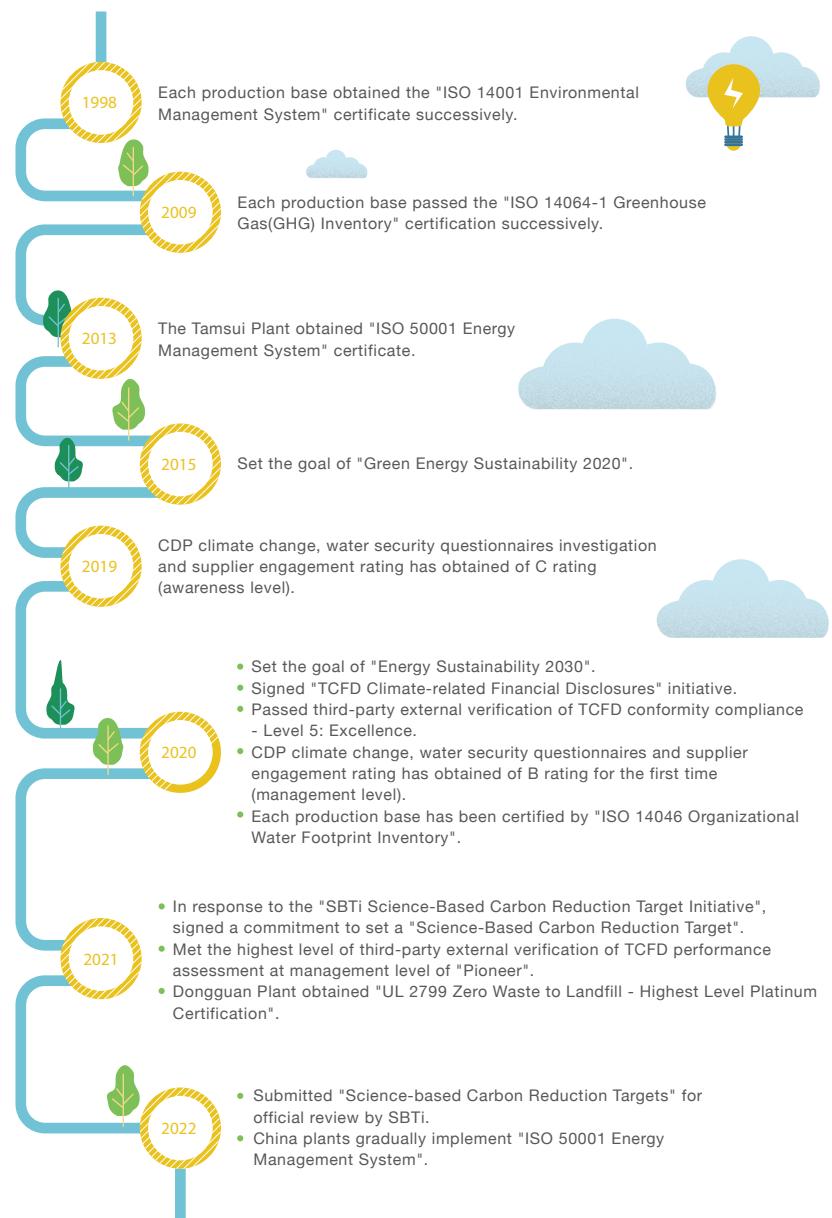
Communion · Environmental Friendliness



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Environmental Management Milestones



4.1 Climate Related Financial Disclosure (TCFD) and Governance

The impact arising from climate changes and the subsequent opportunities for transformation in corporate governance have been more recognizable and significant than ever before. In response to the government's commitment to the 1.5°C target, net-zero transition and negative carbon technology development, as well as to establish the company's climate risk management mechanisms and resilience, AcBel has been following the "Task Force on Climate-related Financial Disclosures" (TCFD) that released by the International Financial Stability Board (FSB) in June 2017, the ISO 14090 Adaptation to Climate Change framework and pertinent literature to develop a five-step cycle to continuously improve our climate risk management process and incorporate climate change risk considerations into our established risk management structure to facilitate long-term tracking and ensure the results of climate change management.

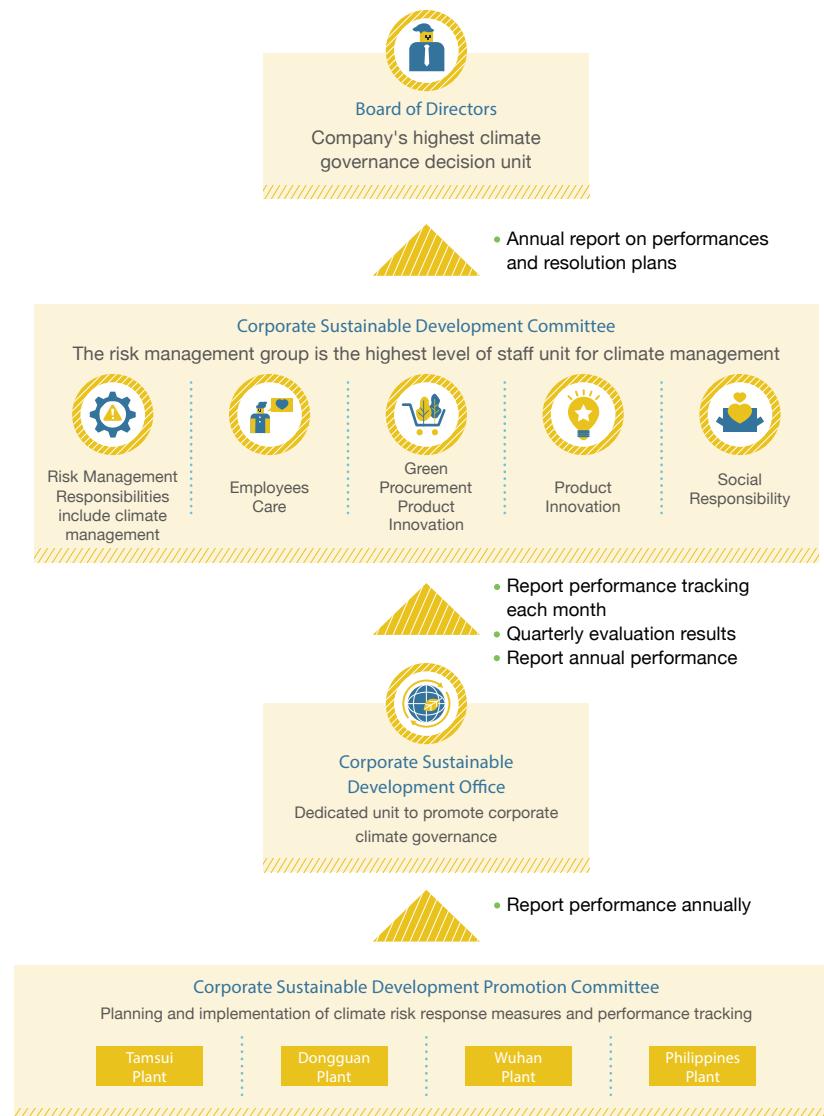
As a pivot in the global power supply industry chain, AcBel plays a critical role in the global low-carbon economy transition, and we have developed a competitive advantage in new energy business.

In 2019, we disclosed climate change impact information according to the framework of "Climate-related Financial Disclosure Recommendations", and helped the company improve climate risk and opportunity management through mechanisms such as identification of climate-related risks and opportunities, and carbon reduction target setting, and continued to respond to governments, customers, investors and the public's concerns and expectations for AcBel's climate governance.

In 2020, we have achieved the "Green Energy Sustainability 2020" milestone and continued to set the "Energy Sustainability 2030" goal for the next challenge. In 2022, we began to set a science-based target and launch a blueprint for our carbon management strategy. We will plan and implement management strategies such as internal carbon pricing (ICP) and performance-based reward mechanisms; the independent directors of the Board of Directors will be responsible for the performance of the company's climate governance and will be included in the Board of Directors' Sustainable Development Committee for monitoring, decision-making and management.



Structure of Climate Governance Organization



Responsibilities of Climate Governance Organization

Organization	Responsibilities
 Board of Directors	<p>The Board of Directors is the company's highest-ranking decision-making unit for climate governance and for monitoring and supervising the performance of company's governance and goal achievement on climate-related issues. We also review quarterly or annual corporate sustainability performance, including the current status of governance and achievement of goals on climate-related issues through regular annual board meetings.</p> <p>In 2021, we have reviewed the climate-related such as energy-saving, carbon-reduction, and water-saving goals. Meanwhile, climate-related issues have been included in its review of the company's major capital expenditures, significant plans for acquisitions and divestitures, risk management policies, annual budgets, business plans, and the setting of business operations.</p>
 Corporate Sustainable Development Committee	<p>The Corporate Sustainable Development Committee is established under the Board of Directors, with senior executives of departments at the head office as members, as the highest guidance unit for the promotion and implementation of sustainable practices. Committee members are responsible for forming team members, the risk management group is responsible for collecting and compiling trends in domestic and international climate issues, implementing and formulating the company's overall climate risk and opportunity management policies and response strategies in order to ensure the appropriateness of the company's climate governance and practices.</p> <p>In 2021, we followed up "Energy Sustainability 2030" goal, the climate issues implementation results, and the net zero emissions reduction action plan quarterly and reported the results to the Board of Directors.</p>
 Corporate Sustainable Development Office	<p>The Corporate Sustainable Development Office is a dedicated unit in charge of promoting sustainable development and coordinating/implementing the identification and evaluation of climate-related risks and opportunities. Furthermore, we conducted monthly analysis of climate-related indicators and targets such as energy use and carbon emissions to help adjust and formulate climate management strategies.</p> <p>In 2021, we reported the impact on production bases that may arise from flooding and the corresponding precautionary measures to be taken to the Corporate Sustainable Development Committee. We have also presented reported regarding the SBT promotion plans and other sustainability implementation results, and disclosed them to stakeholders through various platforms.</p>
 Production Bases	<p>Each production base is responsible for the response and prevention of climate physical risks and transition risks and disasters at operating bases. Reporting and updating information with regards to changes in local climate laws and regulations, corresponding plans and implementation measures against climate risk response, performance tracking, and how AcBel participate in the headquarters' climate governance-related initiatives, such as the LEAN project of saving energy.</p>

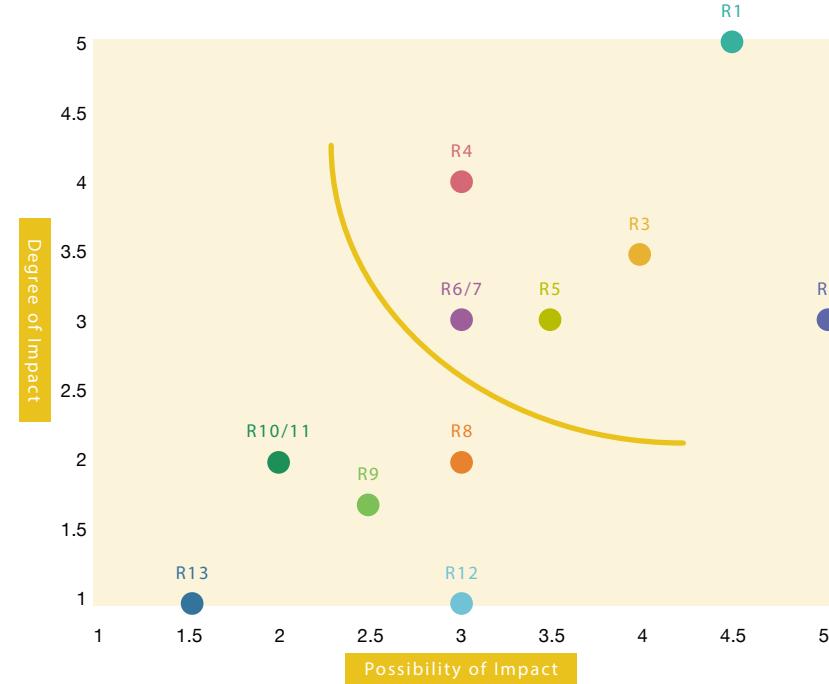
Climate Change Management Strategies, Indicators and Goals

 Climate Strategies	<ul style="list-style-type: none"> AcBel has identified 7 climate risks and 6 opportunities that are highly critical influential on the company's operations from out of 43 climate risks and opportunities through internal climate risk and opportunity management mechanism. Please refer to the "Climate Risk and Opportunity Description and Response Strategy" form for further information. In response to the climate risks caused by carbon emissions, AcBel has started to establish the Science-Based Target (SBT) plans since 2020 and estimate the amount of carbon reduction to be undertaken by the company in the future based on the climate scenarios developed by the International Energy Agency (IEA) within 1.5 °C of global warming. We also planned the carbon reduction strategy to achieve the SBT target.
 Climate Risk Management	<p>AcBel has established a "Risk Management Procedure" to regulate the operational procedures for managing the risks encountered in the process of operations including climate change, application of four processes: identification, assessment, treatment and monitoring to control potential risks. In 2021, the Board of Directors approved the revision of the risk management procedures in response to the latest climate trends.</p> <ul style="list-style-type: none"> Risk identification: In accordance with the official climate risk and opportunity items officially announced by TCFD, we refer to the climate related risk and opportunity items mentioned in the sustainability reports of the industry and value chain partners, and consider the international trend, relevant issues being faced by each division of the company, and compile a list of climate risks and opportunities related to the company's operations and business. Risk assessment: We focus on the relevance and importance between the company's departments and climate change and conduct in-depth personnel interviews; evaluate the impact of each climate risk and opportunity with reference to ISO 31000 Risk Management Guidelines and Risk Management Procedures, and the impact on the department's business development strategies and financial planning which regard as a basis for determining the extent of financial impact. We also consider the possibility of the occurrence of risks and opportunities conducting a matrix analysis of risks and opportunities ranking the significant climate risks and opportunities for the company, as shown in the "Matrix Analysis of Climate Risks and Opportunities." Risk treatment: After identifying significant climate risks and opportunities, the relevant departments will formulate control measures for these items to reduce the possibility of occurrence and the impact on the company. The types of response strategies adopted by the company are (a) risk avoidance: stop engaging in activities that may cause risk; (b) risk reduction: lower the possibility and impact of risk occurrence; (c) risk transfer: pass on the loss in case of risk occurrence; (d) risk acceptance: accept the loss in case of risk occurrence. Please refer to the table of "Climate Risk and Opportunity Description and Response Strategy" for response strategies for risks and opportunities.

 Climate Risk Management	<ul style="list-style-type: none"> Risk monitoring: The company summarizes the contents of the risk identification, the significant risks and opportunities determined by the risk assessment, and the proposed response strategies for risk management, and submits to the Corporate Sustainable Development Committee as the basis for policy development, monitoring indicators and target setting for the company's overall climate risks and opportunities, and submits to the Board of Directors for resolution. After evaluating the company's operations and considering the international climate change trend and the results of the previous year TCFD assessment of major risk issues, we tracked and realized each risk and opportunity in 2021. 2022 annual plan: The risk management concept will be further extended to supply chain management. The carbon issue capacity, GHG emissions and water footprint investigation of supply chain will be conducted by CSD Office to collect energy saving and carbon reduction data and ESG implementation status in order to optimize supply chain management measures and establish corporate sustainable procurement standards.
 Indicators	<ul style="list-style-type: none"> AcBel adopts the SBT's Scope 1, 2, and 3 reduction targets for GHG reduction management, and promotes the management performance of climate issues with reference to GRI and SASB related indicators, including energy resource use, green procurement, and product life cycle, as management indicators to measure the extent of climate risk impact. In order to effectively manage climate indicators and targets, the management performance of the climate related indicators has been included as above mentioned as one of the indicators to be measured in the company's compensation and incentive policy. At the same time, the relevant management indicators are controlled by the top management of each production base, and adjusted at any time through regular quarterly reporting and review to ensure the achievement of targets. Continuously monitoring the direct and indirect greenhouse gas emissions in the scope; gradually expanding the monitoring scope to product GHG emissions management; identification of significant sources of emissions in the value chain and corresponding negotiation. Considering environmental regulations, customer requirements, stakeholder expectations and external initiatives, etc. regularly; senior executives annually review the achievement of various climate-related key indicators, and continuously revise and set corporate goals.

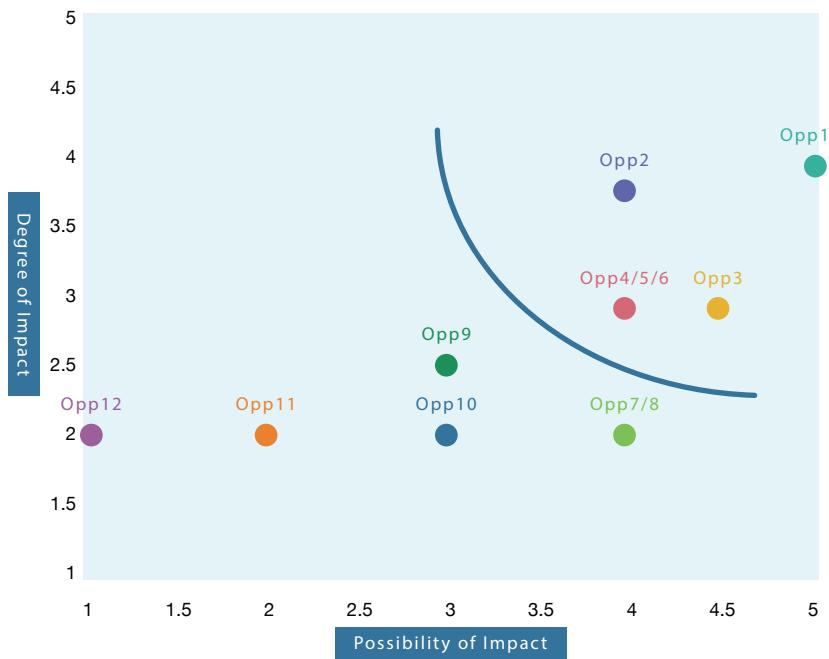
Climate Risk and Opportunity Matrix Analysis Chart

Climate Risks Evaluation

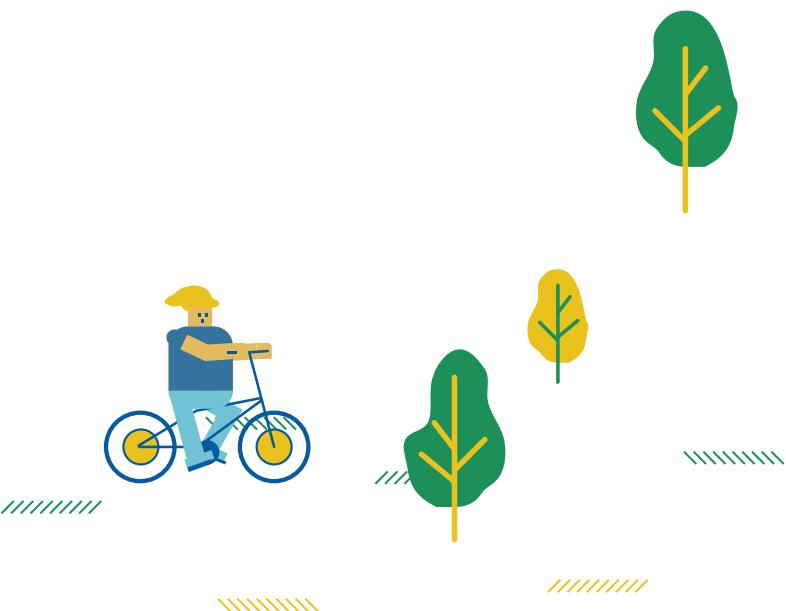


- R1 Customer behavior change
- R2 International norms and initiatives
- R3 Mandatory regulations for products and services
- R4 Products and services replacement by low-carbon technologies
- R5 Increase in the severity of extreme weather events
- R6 Air pollution emissions limit
- R7 Fuel/energy tax regulations
- R8 Failure of new technology investment
- R9 General environmental laws and regulations (including planning laws and regulations)
- R10 Increase in raw material cost
- R11 Transference of consumer/customer preferences
- R12 Increase in average temperature
- R13 Regulations for renewable energy

Climate Opportunities Evaluation



- Opp1 R&D headquarters and innovation of new products and services
- Opp2 Use of more efficient production and distribution processes
- Opp3 Development and/or expansion of low emission goods and services
- Opp4 Use of recycling
- Opp5 Use of new technologies
- Opp6 Move to more efficient buildings
- Opp7 Supportive policy rewards
- Opp8 Use of low-emission energy
- Opp9 Transferring to decentralized energy production
- Opp10 Diversified operation
- Opp11 Reduction of water use
- Opp12 Participation in the carbon trading market



Climate Risk and Opportunity Description and Response Strategy

Climate Risk Management							
Risk Type	Climate Risk	Influence of Issues	Duration	Production Bases	Impact of Value Chain	Impact on Finance	Countermeasure
 Transition Risks	International norms and initiatives (R2)	AcBel's major customers are mainly global consumer electronics brand customers. In recent years, the increasing awareness of climate change has triggered customers to put forward new sustainability requirements in addition to the existing supplier social responsibility RBA and SA8000 certifications, including advocating the science-based target (SBT) and disclosing information on sustainability accounting standards (SASB). AcBel has to introduce different system certifications and invest additional promotion and management costs to ensure achieve customers' requirements.	Short-Term	All Operating Bases	• Market • Supply Chain	• Increase in operating costs	<ul style="list-style-type: none"> Establishing Corporate Sustainable Development Committee and actively promoting ESG. Disclosing and communicating according to SASB Standards Raising the VAP audit score of RBA Advocating SBT In line with the EU (Green Deal), energy-efficient products and processes to introduce the use of recycled materials
	Mandatory regulations for products and services (R3)	More strict standards or regulations for product performance or labeling product may be established by market location (e.g., 80 Plus, COC, DOE, ErP, etc.). In 2021, no new energy standards, specifications, regulatory changes or strict have been notified to market locations; but more and more customers requested the use of eco-friendly materials. AcBel shall need to arrange ahead to study the requirements of the relevant technology and invest in related equipment and other expenses, resulting in higher operating costs.	Short-Term	All Operating Bases	• Plant • Market • Supply Chain	• Increase in operating costs • Increase in capital expenses	<ul style="list-style-type: none"> Continuous development of high performance green products through the concept of circular economy Introducing green manufacturing technology and use of recycled materials Developing prospective technologies to grasp market trends and customer demands Strengthening staff training on the operation of product and material testing equipment to enhance familiarity and accuracy of test results
	Air pollution emissions limit (R6)	The countries where we operate may impose total emissions controls on air pollutants, such as total volatile organic compounds (TVOCs). In 2021, the government hasn't regulated new air pollution emissions in AcBel's operating bases, but we are continuing to invest and introduce air pollution control equipment at manufacturing bases in order to respond stricter emissions regulations in the future, resulting in higher operating costs.	Short-term	• Taiwan • China	• Plant	• Increase in operating costs • Increase in capital expenses	<ul style="list-style-type: none"> Introducing and installing air pollutant environmental monitoring systems and other air pollution prevention facilities at each plant
	Fuel/energy tax regulations (R7)	The countries in which we operate have established regulations on energy use reduction and equipment energy efficiency; AcBel has invested in energy saving and carbon reduction measures to comply with these regulations, such as the replacement of old equipment that does not meet the new energy efficiency regulations, resulting in higher operating costs.	Short-term	• Taiwan • China	• Plant	• Increase in operating costs • Increase in capital expenses	<ul style="list-style-type: none"> Developing and building "Burn-in Room Energy Saving System" to lower process energy consumption. Introducing ISO 50001 energy management system, ISO 14064 greenhouse gas inventory, ISO 14001 environmental management and other management systems Setting the "Energy Sustainability 2030" carbon reduction goal and incorporating it into the KPI of each operating base Installing renewable energy and energy storage devices and smart energy monitoring systems at each plant Introducing smart manufacturing facilities and smart manufacturing buildings Setting carbon reduction KPIs for each manufacturing site and promoting various energy saving programs

Climate Risk Management								
Risk Type	Climate Risk	Influence of Issues	Duration	Production Bases	Impact of Value Chain	Impact on Finance	Countermeasure	
 Transition Risks	Market Risks	Customer behavior change (R1)	In order to enhance brand image and reputation, customers may gradually request the energy efficiency of products or the use of renewable energy, eco-friendly raw materials and packaging materials. In 2021, international brand customers indeed became more aware of environmental requirements, and gradually requested AcBel to fulfill water management, greenhouse gas inventory, ESG and other related verification requirements. Besides, customers also proposed to gradually increase the ratio of Post-Consumer Recycled (PCR) used in products and the use of renewable energy. We will continue to increase initial R&D investment or testing and plan for the use of renewable energy. In addition to increasing operating costs, if it's failure to meet customers' requirements, and it may also affect stakeholders' willingness to invest, resulting in the risk of order cancellation.	Short-Term	All Operating Bases	<ul style="list-style-type: none"> Plant Market Supply Chain 	<ul style="list-style-type: none"> Increase in operating costs Increase in capital expenses 	<ul style="list-style-type: none"> Setting renewable energy use and carbon reduction targets to meet customers' requirements Achieving 100% use rate in Eco-friendly packaging materials Introducing recycled boxes that can be reused to reduce the use of traditional cardboard boxes Investing and developing high performance eco-friendly products Introducing green circular manufacturing technology, such as the use of a certain ratio of recycled materials (PCR plastic) on plastic outer shell Developing perspective technologies to realize market trends and customer needs
	Technology Risks	Products and services replacement by low-carbon technologies (R4)	The market is becoming more stringent in terms of product technology thresholds. If AcBel's R&D technology innovation can't keep up with the pace of market demand and the products are replaced by other ones with higher energy efficiency, lower environmental footprint or innovative technology; the number of orders and market share may be affected.	Short-Term	All Operating Bases	<ul style="list-style-type: none"> Market Supply Chain 	<ul style="list-style-type: none"> Decline in revenue 	<ul style="list-style-type: none"> Researching the feasibility of various types products to increase high efficiency, including product structures and materials Arranging proactively the fields of renewable energy generation, power generation, power creation and storage Expanding product applications in the electric power and smart grid industry chains Setting carbon emissions targets for product use in accordance with SBT
 Physical Risks	Acute Risks	Increase in the severity of extreme weather events (R5)	Extreme weather events such as typhoons, tropical cyclones, and heavy rainstorms become frequent and more severe; the risk of flooding of plant buildings, equipment and facilities damage caused by strong winds and water soaking which may lead to increase maintenance costs or operating interruptions at operating bases. In 2021, there was no record of extreme weather events that forced the interruption of operations at AcBel's operating bases. However, AcBel still continued to invest in disaster prevention equipment and strengthen disaster response capabilities for operating bases.	Long-Term	All Operating Bases	<ul style="list-style-type: none"> Plant 	<ul style="list-style-type: none"> Increase in operating costs Decrease in revenue Loss of assets 	<ul style="list-style-type: none"> Continuous maintenance of disaster prevention equipment and drainage systems Setting up emergency response standards and operating procedures Establishing disaster prevention and notification mechanisms to set up a "Emergency Response Team" Strengthening the education and training of personnel regarding disaster emergency management

Climate Opportunity Management							
Opportunity Type	Climate Opportunity	Influence of Issues	Duratio	Production Bases	Impact of Value Chain	Impact on Finance	Countermeasures
 Resource Efficiency	Use of more efficient production and distribution processes (Opp 2)	We have reduced and lightened the use of packaging materials, and introduced smart production in our plants. At present, all of AcBel's bases have implemented automated process and streamlined projects to reduce unnecessary waste. Through the way of smart manufacturing, we are able to reduce resource consumption and waste generation caused by human errors, while achieving optimal productivity to reduce operating costs and improve productivity.	Short-Term	All Operating Bases	• Plants	• Decrease in operating costs • Increase in revenue	<ul style="list-style-type: none"> Setting up lean project team to optimize the manufacturing process Promoting design standardization to facilitate automation Introducing automated equipment in manufacturing process Enhancing the use of eco-friendly packaging materials and the applications of recycling design
	Use of recycling (Opp4)	AcBel applies recyclable materials, reuse of waste, and arranges waste resources separation, such as plastic boxes and welding slag. In order to meet the demands of brand-name customers in 2021, our Dongguan plant has already achieved UL2799 Platinum certification, and we are working to reduce waste disposal costs and increase revenue by strengthening on-site and document management measures and ask waste disposal vendors to comply with relevant management regulations.	Short-Term	All Operating Bases	• Plants	• Decrease in operating costs • Improve business reputation and image	<ul style="list-style-type: none"> Evaluating and developing product manufacturing processes with a certain ratio of recycled materials Strengthening supply chain cooperation to develop recycled parts Increasing the ratio of eco-friendly materials procurement Enhancing waste management measures to sort and recycle properly and increase reuse and reduce landfill rate Integrating with value chain partners to enhance the recycle of packaging materials and pallets; expanding measures to introduce recycling boxes and improve effectiveness
	Move to more efficient buildings (Opp6)	New constructed plants have adopted green building design and smart building to reduce energy use and pollution emissions which not only reduces operating costs but increases asset value. For the existing plants, AcBel has also made various improvements to the equipment, such as investment in sewage facilities, renovation of old electrical and mechanical facilities, and evaluation of renewable energy facilities. In order to improve the energy efficiency of operations.	Short-Term	• Taiwan	• Plants	• Decrease in operating costs • Increase in asset	<ul style="list-style-type: none"> The new plant in Tamsui meets green building standards and has fully introduced smart manufacturing, high energy efficiency equipment, smart energy use monitoring system and prevention equipment, and solar power generation system. We continue to replace high energy-consuming and high global warming potential equipment in the plant to improve energy efficiency.
 Products and Services	R&D headquarters and innovation of new products and services (Opp 1)	AcBel has been effective in the development of renewable energy, and it is a business opportunity for the company to continue to develop new applications on top of the current technology. Currently, we are focusing on solar energy business as our main development goal. In the future, we will expand our research and development in solar power generation, energy storage systems and electric power systems to meet new markets and new customer demands which will increase our revenue.	Short-Term	All Operating Bases	• Market	• Increase in revenue • Improve business reputation and image	<ul style="list-style-type: none"> Realizing the market trends and customer demands for perspective technology development, and implementing patent application to protect the company's research and development achievements Cooperating with universities and colleges to establish R&D centers for strengthening the company's R&D capability and accessing new markets through strategic alliance and cooperation

Climate Opportunity Management							
Opportunity Type	Climate Opportunity	Influence of Issues	Duration	Production Bases	Impact of Value Chain	Impact on Finance	Countermeasures
	Development and/or expansion of low emission goods and services (Opp3)	In view of the higher demands for low-carbon and high-efficiency products in the power supply market, AcBel's products adopt recycled materials, low-carbon labels or energy-saving labels to enhance product competitiveness, meet the needs of high-end customers; responding to market demands, and increasing the company's revenue. At the same time, in response to the main trend of carbon reduction, AcBel has entered into the solar energy market to provide customers who need renewable energy.	Short-Term	All Operating Bases	• Market • Supply Chain	• Increase in revenue • Improve business reputation and image	<ul style="list-style-type: none"> Developing perspective technologies to grasp and realize market trends and customer needs Researching and developing of differentiated functions or products with high cost-performance ratio Expanding the market for renewable energy services in line with international trends and national net-zero policies Evaluating and deploying more possibility of diversified renewable energy development through cross-industry alliance Cooperating and exchanging with universities and colleges to build up our R&D capability
	Use of new technologies (Opp 5)	Participating in the development of low-carbon technology and investing in renewable energy generation, power generation, power creation and storage, we are able to create and enhance our overall revenue performance and build our brand in line with the expectations of our stakeholders.	Mid-term	All Operating Bases	• Market	• Increase in revenue • Improve business reputation and image	<ul style="list-style-type: none"> Evaluating market potentials and regulations, and making rolling adjustments to the company's operating strategy Promoting industry-academia cooperation to establish joint research centers for technology development and product development in the field of electric vehicles and integrated green energy systems Evaluating the use of circular economy concepts to generate energy (e.g., biomass) and collaborate with different industries to achieve zero waste

Note: Duration: "Short term" : 1-3 years; "mid-term" : 3-10 years; "long term" : 10-30 years.

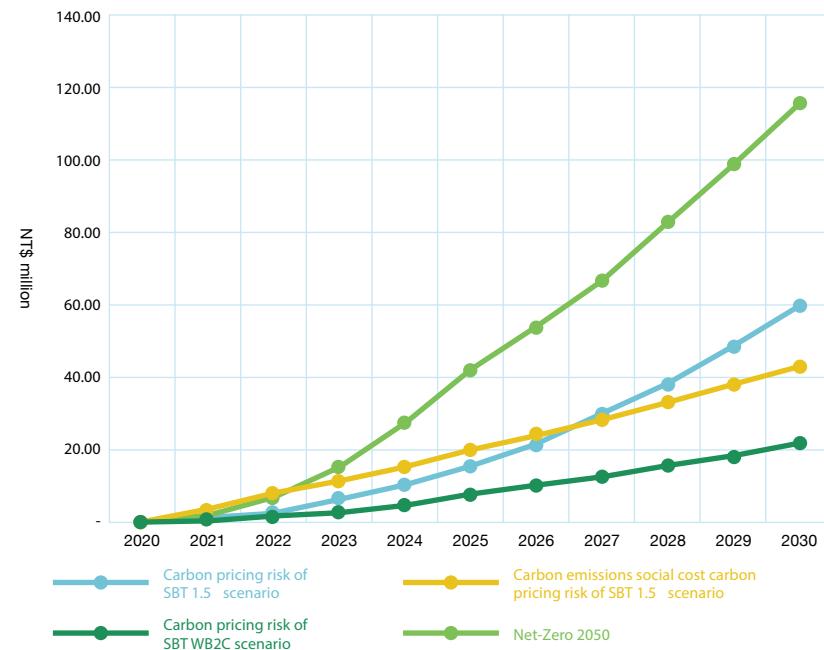
1. "Short term" : 1-3 years; "mid-term" : 3-10 years; "long term" : 10-30 years.

2. The two factories of the subsidiary - SINO have not been included in the scope of climate risk and opportunity analysis, so the climate risk and opportunity management measures in 2021 also do not cover these two factories.

Scenario Analysis of Transition Risks

Transition risk will affect the company's investment and profitability, resulting in financial risk. Governments around the world are revising their policies and laws in response to climate change issues and proposing carbon fees, taxes, and carbon trading mechanisms to regulate carbon emissions; customers are also responding to demands for product performance and carbon emissions control.

AcBel adopts 4 scenarios, the 2050 Net-Zero, WB2C, SBTi 1.5°C , social cost of carbon emissions and carbon price, and evaluates the carbon pricing risk corresponding to the carbon reduction amount in the process of carbon reduction on the basis of scientific; using the different scenarios to estimate the future carbon reduction risk and the impact of operating caused by the expected carbon price increase pressure, as a reference for the company's carbon reduction cost and operating decision in order to plan and construct adaptation strategies as early as possible. In addition, we will mitigate the risk impact through strategies such as operational efficiency improvement, green power procurement evaluation and product design energy efficiency improvement; evaluating and considering new business investment to create negative carbon assets and avoid the impact on assets and revenue due to the impact on productivity and market demands caused by transition risks.

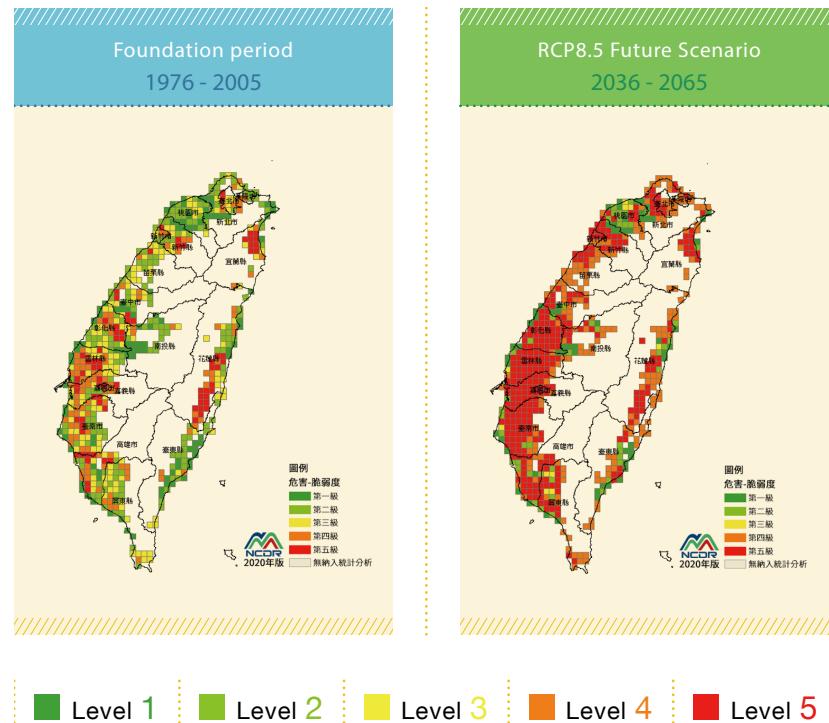


Note: The coefficient used in the social cost of carbon pricing is quoted from Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866- August and estimated the use of an annual inflation rate of 2%; the Net-Zero, WB2C, and 1.5 °C scenarios are derived from the NGFS Scenario Explorer <https://data.ene.iiasa.ac.at/ngfs/#/login?redirect=%>. The net-zero, WB2C, and 1.5-degree C scenarios are derived from the NGFS Scenario Explorer for the result of carbon price evaluation at <https://data.ene.iiasa.ac.at/ngfs/#/login?redirect=%Fworkspaces>.

Scenario Analysis of Physical Risks

Climate temperature variation will lead to long-term change in living conditions, affecting people's health, labor productivity, agriculture, ecosystems and the rise of sea level, as well as changing the frequency and severity of extreme weather events such as heat waves, droughts, wildfires, typhoons and floods.

Global warming will lead to the increase risk of heavy precipitation and flooding at all AcBel operating bases. The Tamsui plant in Taiwan applied the hazard-vulnerability assessment of the Taiwan Climate Change Disaster Risk Adaptation Platform (NCDR) to evaluate the future flood potential under the RCP 8.5 rising 4.3°C scenario (2036-2065) for the base period (1976-2005). According to the analysis, the location of the Tamsui plant is not directly located high hazard vulnerable flooding sites in the base period, but there are the Level 2 of flooding potential sites within 1 km, which will be deteriorated to the Level 4 in after 30 years in the future. Although the local heavy rainfall in 2021 has exceeded the hourly rainfall of the urban drainage systems (design reference value about 75mm/hr), no flooding occurred at the Tamsui plant and caused any operating losses. After evaluating other manufacturing bases, there is no urgent risk, so the current short-term management goal is to implement emergency response, strengthen disaster prevention facilities and insure products.



Source: National Science & Technology Center for Disaster Reduction <https://dra.ncdr.nat.gov.tw/>

Climate Risk Adjustment - New Energy and Electric Power Business Deployment

In 2021, AcBel focused on the development of renewable energy and established a new energy business division with the following four core business:

- (1) **Investment and construction of solar power plants:** We provided turnkey engineering solutions and maintenance services for solar power plants, and all electricity generated from solar power plants had been purchased by Taipower in 2021. Besides, we will replicate our successful experience in overseas manufacturing bases in order to expand our overall revenue and achieve our carbon reduction goals.
- (2) **Renewable Energy - Green Power Sales Service:** In response to the trend of net zero carbon emissions and the significant increase of demands for renewable energy, we will expand the business in green power sales service to increase the profitability of solar energy investment and to satisfy more customers with green power demands.
- (3) **Electricity supportive services for energy storage systems:** Considering the intermittent and unpredictable property of electricity produced by solar energy, energy storage systems and services that can store and regulate electricity supply will be the critical to the future market. We will combine our regular R&D technologies to invest in the research and development of energy storage products and provide peak load shaving energy management services, in order to effectively improve the utilization rate of renewable energy and strengthen the resilience and stability of green energy.
- (4) **Bioenergy business development:** We evaluate the feasibility of solar power plants combined with food waste and other bioenergy development opportunities; expanding the market for renewable power generation and energy storage to access the bioenergy industry through cross-industry alliance.

In addition to the development of renewable energy, AcBel has also been dedicated in the market of electric power systems. Currently, we are focusing on the professional field of vehicle electrification, and our main products include DC/AC converters, motor drivers, 4-in-1 power systems and DC/AC on-board chargers, etc. We contribute to the development of low-carbon vehicles and enhances the new opportunities brought by the adaptation to climate change and increases the resilience of the enterprise. °

Unit: NT\$ thousand

Year	2019	2020	2021
New Energy Business Revenue	34,907	150,980	319,005

In the face of challenges of climate change and the inevitable transition of energy, AcBel's new energy business division is experiencing gradual growth in revenue year by year, with a double of revenue compared to the previous year. Currently, the new energy division accounts for 1% of the total revenue. However, if we check the company's overall product portfolio, green energy products have already accounted for 10% of the company's revenue, and power supply products of electric vehicle are also being shipped and expected to reach at 10% by 2023, with the overall target of 20% for green energy and automotive electronics.

4.2 Environmental Sustainability Management

Environmental Management Strategy

Promoting environmental sustainability is a corporate mission. AcBel identified two major environmental issues that are important and necessary to be managed - "Energy Management" and "Greenhouse Gas emissions" through a major theme analysis. Moreover, we expand and manage environmental issues that affect each other, including water resources, waste recycling management, air emissions and chemical management, etc. with two themes as the core. Establishing and implementing environmental management measures, AcBel faces the opportunities and challenges that may result from climate change and energy management; what's more, we actively move toward low-carbon transition to build up climate resilience, so that corporate sustainability development and environmental sustainability can be implemented at the same time.

Introduction of International Standard Management System

Under the framework of the Group's Science-Based Targets (SBT) for carbon reduction in various Scopes, AcBel has introduced ISO 14064-1 Greenhouse Gas Inventory, ISO 14001 Environmental Management System, ISO 50001 Energy Management System and ISO 14046 Water Footprint Inventory to ensure the achievement of the annual carbon reduction targets at each production base; developing the best energy saving and improvement plans to effectively manage annual energy use and greenhouse gas emissions. We have introduced UL2799 Zero Waste to Landfill certification in waste management to effectively manage waste disposal method, technology, and transportation in order to improve recycling rates. At the same time, AcBel indirectly contributes to GHG emissions reduction through waste recycling for reducing the impact of our operations on the environment.



Environmental Management Strategies and Processes



Note: The full name of the 14th Five-Year Plan is "The 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of the Vision 2035."

Energy Sustainability Goals

In 2014, AcBel set the "Sustainable Green Energy 2020" goal for the period of 2015 to 2020, with the goal of reducing GHG emissions, domestic water consumption, and the reduction of hazardous waste generation by 2% each year compared to the previous year. The implementation period will start from 2021 to 2030. After achieving the sustainability goal in 2020, we will evaluate and set the "Energy Sustainability 2030" goal for the period 2021 to 2030 in order to continue to facilitate our mission of environmental sustainability. The Social Responsibility Management Committee (now called the Corporate Sustainable Development Committee) is responsible for monitoring and managing each production site, reviews and diagnoses the hot spots of plant emissions based on the current situation of the plant; the committee formulates various reduction strategies and action plans focusing on GHG emissions, water usage, and waste generation. Through quarterly tracking and PDCA cycle revision, CSC aims to achieve a 2% of reduction in emissions each year, with a base year of 2014 to an estimated 35% of reduction by 2030, reaching our goals of energy saving and carbon reduction, water consumption reduction and waste reduction.

GHG emissions reduction target as part of the "Energy Sustainability 2030," AcBel has aligned with the commitment to the Science-Based Carbon Reduction Target (SBT), and the GHG reduction target will be revised simultaneously to conform with the SBT commitment after being verified in 2022: 42.0% of reduction in absolute emissions (tons) in Scope 1 and 2 in 2030 compared to the base year of 2020. In order to demonstrate the determination of energy management and GHG reduction, we also takes the initiative to actively seek solutions at each production base, such as: energy saving measures, solar power plant construction, the purchasing of green electricity and other assessments so as to accelerate the achievement of carbon reduction targets.

"Energy Sustainability 2030" Goals



- The "Corporate Sustainable Development Committee" is responsible for supervising the management

Energy Sustainability 2030

- Implementation Schedule**
2021-2030
- Plant Scope**
AcBel's production bases (excluding the subsidiary - SINO)
- Goal**
Reduce emissions/usage by 35% by 2030 compared to the base year 2014.

- Annual action plans are tracked quarterly
- Implement PDCA cycle for continuous improvement



Annual Target of Energy Saving and Emissions Reduction for Each Plant

Scope	Plant	Items	Result in 2020	Goal in 2021	Result in 2021	Goal in 2022
 Energy Sustainability	TS Tamsui Plant	Energy consumption reduction	Scope 1 and Scope 2 GHG emissions decreased by 4.89% compared to the previous year.	Electricity consumption reduced by 1.5% compared to the previous year.	Scope 1 and Scope 2 GHG emissions decreased by 15.44% compared to the previous year.	Electricity consumption reduced by 1.5% compared to the previous year.
	DG Dongguan Plant		Scope 1 and Scope 2 GHG emissions decreased by 18.39% compared to the previous year.	Scope 1 and Scope 2 GHG emissions decreased by 2% compared to the previous year.		Annual carbon emissions reduced by 2% compared to the previous year.
	WH Wuhan Plant		Scope 1 and Scope 2 GHG emissions decreased by 10.50% compared to the previous year.	Natural gas consumption decreased by 5% compared to the previous year.		Reduce electricity consumption per unit of product by 3% compared to 2021.
	PH Philippines Plant		Due to the increase in production capacity, GHG emissions increased by 312.91 tons compared to the previous year.	GHG emissions reduced by 5% compared to the previous year.		Reduce electricity consumption by 5% from the previous year.
	WJ Wujiang Plant		-	10% reduction in annual average electricity consumption for lighting and equipment.	The annual GHG emissions reduction target was not achieved due to a 3.5% increase in total production and the addition of 1,500 m ² of production area compared to the previous year.	10% reduction in annual average electricity consumption for lighting and equipment.
	TL Tongliang Plant		-	Average annual reduction of 10% in electricity consumption for lighting and equipment in vehicle workshops	The annual GHG emissions reduction target was not achieved due to production increase. GHG emissions increased by 39.95% compared to the previous year.	10% reduction in annual average electricity consumption for lighting and equipment.
 Resource Protection	TS Tamsui Plant	Water consumption reduction	-	Water consumption reduced by 1% compared with that in previous year.	Due to the continuous increase in water demand for new plant construction and the number of increase in production capacity and employees, the annual reduction target was not achieved.	2% reduction in water consumption from the previous year.
	DG Dongguan Plant		Decreased by 48.70% compared with that in previous year.	Water consumption decreased by 2% compared with that in previous year.	<ul style="list-style-type: none"> Water consumption decreased by 12.25% compared with that in previous year. 	-
	WH Wuhan Plant		-	Average water consumption per person decreased by 1% compared with that in previous year.	<ul style="list-style-type: none"> In 2020, due to the pandemic, the production capacity of each plant will be slowed down and water consumption will be lower. In 2021, due to the increase in production capacity and a serious water leakage incident occurred in the water supply company at Wuhan plant, the annual reduction target was not achieved. 	Water consumption per unit of product decreased by 2% compared with that in the previous year.
	PH Philippines Plant		1.58% compared with that in previous year.	2.5% reduction from the previous year.		Water consumption decreased by 2.5% compared with that in the previous year.
	WJ Wujiang Plant		-	Total wastewater volume dropped by 20%.	Total wastewater volume decreased by 41.24%.	Total wastewater volume decreased by 12.5%.
	TL Tongliang Plant		-	Total water consumption in the production area decreased by 15%.	Water consumption increased by 55.28% compared with that in the previous year.	Total water consumption in production areas decreased by 9%.
 Environmental Protection	TS Tamsui Plant	Hazardous waste reduction	-	1% reduction from the previous year.	The decrease of 7.71 tons (-19.66%) from the previous year.	1% less than the previous year
	WH Wuhan Plant		-	10% reduction in the liquid waste of cleaning agents compared with that in previous year.	30% reduction in hazardous waste compared with that in previous year.	1% less than the previous year.

Notes:

1. "-" means that no target was set for this item in that year.

2. Dongguan plant, Philippines plant, Wujiang Plant and Tongliang Plant have not yet set targets for Hazardous waste reduction, but the plants still implement daily management practices.

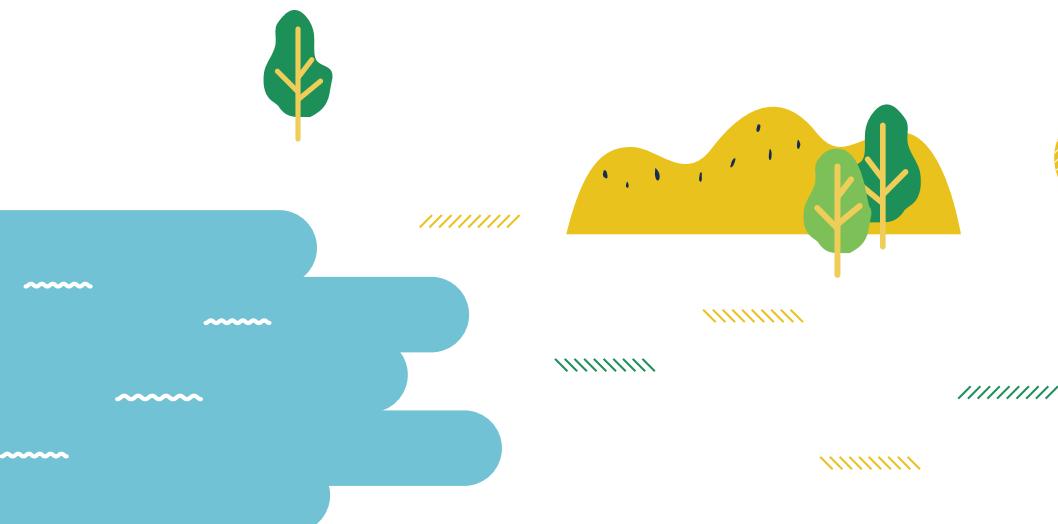
Environmental Protection Expenditure

With the premise of pursuing sustainable business operation and striving for balanced development of energy saving, environment and safety, AcBel invests for the implementation of environmental protection programs annually. These expenses include pollution prevention, energy saving, waste treatment, environmental management and cleaning, recovery energy, resource recovery management fund, environmental tax and management system certification, etc.

In 2021, we invested NT\$60,199,000 for environmental protection to promote the establishment of an autonomous environmental management system, energy and water conservation projects, burn-in room equipment, central air-conditioning system upgrade, smart environmental monitoring system installation, waste management enhancement measures and other environmental recycling projects.

Year	Amount of Environmental Protection Expenditure	Percentage of Annual Revenue
2021	60,199	0.27%
2020	155,265	0.73%
2019	57,283	0.28%

Note: Due to the false alarm of the fire in Tamsui plant in 2019, the update of much environmental protection equipment was completed in 2020 and resulted in the rise of expenditure in environmental protection. However, the expenditure of environmental protection returned to stable status during 2021.



4.3 Energy Management and Greenhouse Gas Emissions



Material Topics

Energy Management /Emissions

According to the conclusion of the 26th United Nations Conference of Parties (COP26) in 2021, countries should phase out coal-based fuels and facilitate the development of clean and green energy in order to increase the ambition of reducing GHG. In the face of the global carbon reduction trends, AcBel is specialized in designing and manufacturing power supply, renewable power to make use of own R&D technology and management strategy to increase contribution to Net-Zero Emissions.



The Importance of Material Topics and Impact Boundary

AcBel is a professional supplier of power supply, developing and manufacturing a wide range of household, industrial and consumer energy-efficient conversion power supply products, as well as providing solar power to those who need it, playing the role of an aggregated energy service provider. By utilizing mature conversion efficiency technology capabilities, we are able to reduce our customers' reliance on fossil fuels and improve energy efficiency through external research and development, manufacturing, and renewable energy services to meet regulations and customers' carbon reduction demands. Internally, AcBel has set carbon reduction goals, cooperated with energy management and GHG reduction measures to reduce the negative impact of company operations on global warming, and built a low-carbon sustainable supply chain to create green value.



Management Approach and Goals

In order to accelerate our own carbon reduction effect and meet the international and customer requirements and expectations for net-zero emissions, AcBel has not only formulated "Energy and Natural Resources Policy" and "Greenhouse Gas Inventory Declaration" as the company's highest guideline for GHG and energy management, but set short, medium and long-term energy management goals and plans to join the Science-Based Carbon Reduction Target Initiative (SBTi) in 2021 with a target commitment of no more than 1.5°C. The Group has set GHG reduction targets in various areas and requested the "Corporate Sustainable Development Committee" of each production base to plan and implement carbon reduction projects in line with the carbon reduction targets. AcBel has set up a low carbon development strategy, introduced the ISO management framework, formulated various management policies, and ensured the achievement of carbon reduction targets through regular PDCA cycle review of project performance and revision of implementation plans. At the same time, we echoed international organizations to expand the influence of the value chain. In order to ensure the achievement of energy resources management and GHG emissions reduction targets, AcBel promoted ISO 14064 greenhouse gas inventory and ISO 50001 energy management system to obtain actual data on greenhouse gas emissions and energy usage in our plants, confirming the implementation of the project and continuously review and propose improvement measures as the basis for the next year's target setting and management actions to achieve the company's carbon reduction goals.

- AcBel implements GHG inventory, analyzes emissions hot spots, and sets up energy-saving and carbon-reduction projects at each production base to ensure compliance with the carbon reduction pathway through tracking and revision.
- In response to international initiatives and act in concert with the requirements of the national carbon reduction policy, the company has set target achievement rate to review the effectiveness of energy and water saving projects. The international initiatives include: Task Force on Climate-related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP) Climate Change and Water Security Questionnaires, Science-Based Carbon Reduction Target Initiative (SBTi), and Taiwan's 2050 Net-Zero Emissions Pathway.

AcBel's (including its subsidiary, Shanghai Sino Hardware Electronics) Science-Based Carbon Reduction Target (SBT)



Commit to a 42.0% of reduction in absolute emissions (tons) in Scope 1 and 2 in 2030 compared to the base year of 2020.

Commit to reduce the emissions intensity (tons per million revenue) from the procurement of goods and services and the sale of products by 53.4% in Scope 3 in 2030 compared to the base year 2020.

According to the results of the GHG emissions inventory, AcBel's main source of carbon emissions comes from Scope 2 power procurement, and effective control of energy use will effectively reduce GHG emissions. We also promoted various energy-saving programs at each production base which can be summarized into four kinds of measures: improve energy efficiency of equipment, replace high energy-consuming equipment. AcBel also introduced energy consumption monitoring systems and the use of energy recovery systems through the PDCA cycle management model to continuously improve the energy-saving performance at each production base.

In accordance with the company's classification standard, there are four types of equipment for energy-saving strategy plans, including power input, lighting, power (including process stages) and air conditioning. AcBel formulated and implemented in alignment with annual energy saving targets through equipment replacement, addition, adjustment, and upgrading. Besides, we also enhanced the awareness of energy saving among employees and internalized the awareness of energy saving into the company's management culture in order to strengthen the effectiveness of carbon reduction through the approach of human and machine control.

Item	Efficiency Improvement Solutions
 Power Input	<p>1. Equipment Replacement Introducing the energy monitoring system - to monitor the electricity consumption by setting up meters for high amperage electricity, and identify the hot spots of high energy-consuming equipment through this energy monitoring to improve and reduce unnecessary electricity consumption.</p> <p>2. Equipment Addition Upgrading the smart energy management system (EMS) and monitoring the electricity consumption of office buildings and factories to correct the electricity usage and avoid or reduce the energy consumption of idling equipment.</p> <p>3. Equipment Adjustment</p> <ul style="list-style-type: none"> (a) Analyzing the high and low peak power consumption of the plant and making process adjustments to improve the efficiency of power usage and submit applications for contract capacity power changes to reduce the company's electricity expenses. (b) The company changed the power input from low voltage to high voltage, and further altered the original high voltage two-stage to three-stage for reducing the power loss and improve the efficiency of power consumption.

Item	Efficiency Improvement Solutions
 Lighting Facilities	<p>1. Equipment Replacement We continuously replace traditional lamps instead of LED lighting equipment. The original LED lighting equipment is also gradually phased out to more efficient or sensor-based lighting equipment.</p> <p>2. Equipment Addition</p> <ul style="list-style-type: none"> (a) The company's original lighting fixtures are equipped with infrared body sensors that automatically turn on and off to avoid unnecessary power consumption. The newly-installed lighting facilities adopt the highest energy-efficient lighting equipment to save energy from the source. (b) The use of area lighting automatic timing switch equipment, lighting equipment power can be automatically turned off at the set time to improve the efficiency of lighting equipment management. <p>3. Equipment Adjustment AcBel continuously adjusts the luminance and appropriately reduces the number of lamps under the consideration of compliance with laws and regulations and employees safety.</p>
 Power Equipment	<p>1. Equipment Replacement The air compressor heat recovery system is built to provide water heating in the bathing area of the staff dormitory and water heating for cleansing the food tray.</p> <p>2. Equipment Adjustment</p> <ul style="list-style-type: none"> (a) Reducing the air supply pressure of the air compressor and cooperating with regular air pipes leakage inspection and repair to avoid wasting electricity by idling the air compressor and improve the efficiency of the air compressor from 75% to 95%. (b) Improving the natural gas boiler equipment of the staff dormitory and maintaining the heating water temperature control to cooperate with the air compressor recycle equipment and reduce energy consumption by 50.1% compared to the previous year. <p>3. Other Management The use of high-power-consuming equipment is arranged to the off-peak electricity price period to reduce electricity expenses through the peak/off-peak electricity price difference.</p>

Item	Efficiency Improvement Solutions
 Air conditioning equipment	<p>1. Equipment Replacement</p> <p>(a) Replacing energy-intensive screw type central air-conditioning machine with high-efficiency maglev air-conditioning machine to reduce the power of the equipment and lower electricity consumption by 22% and improve the efficiency by 30%.</p> <p>(b) Eliminating aged evaporators or improving the efficiency of refrigeration exchange.</p> <p>(c) Replacing the variable frequency cooling water tower equipment to reduce about 50% of the overall cooling water tower power usage.</p> <p>(d) Inspecting the air conditioning equipment in the plant and replacing the power-consuming air ducts and non-inverting air conditioners to achieve power saving.</p> <p>2. Equipment Addition</p> <p>Applying water curtains to cool down the production workshops and adding a small iced water machine to greatly reduce the workshop temperature and lower the energy consumption of air conditioning.</p> <p>3. Other Management</p> <p>(a) Reducing the external air intake during summer period and increasing the external air intake to help cool down the room and reduce the energy consumption load of air conditioners except for summer period.</p> <p>(b) Cleansing and replacing consumables of the cooling water tower in the plant regularly to increase the efficiency of air conditioning operation.</p> <p>(c) Setting the indoor temperature control panel of central air conditioning system at 26-28°C and fulfilling the implement of switch control timer.</p>



Energy Saving and Carbon Reduction Equipment Improvement in 2021

Plant	Item
 Qiyan Office Building	<ul style="list-style-type: none"> Automatic power-off construction for public places Power input adjustment to replace two-stage of high voltage to three-stage for cost reduction Air conditioning energy saving temperature control Replacement of inverter cooling water tower equipment
 Tamsui Plant	<ul style="list-style-type: none"> Air conditioning system power saving improvement Original equipment optimization management improvement Introducing energy monitoring system
 Dongguan Plant	<ul style="list-style-type: none"> Plant lighting saving control Replacement of energy saving central air-conditioning system
 Wuhan Plant	<ul style="list-style-type: none"> Improving natural gas consumption of boilers Air conditioning equipment upgrade Air compressor replacement and upgrade Air compressor heat recovery
 Philippines Plant	<ul style="list-style-type: none"> Air Conditioning and lighting improvement Avoid idling power usage

"Energy Sustainability 2030" Implementation Results

Item	Goal	2019	2020	2021	Performance
Greenhouse Gas Emissions (Scope 1 and 2)	AcBel's annual combined emissions/reduction reduces at least 2% from the previous year. 35% reduction in emissions from 2014 base year by 2030.	Emissions increased by 1.97% from the previous year by 1.97%	Emissions increased by 1.52% compared to the previous year due to the addition of two bases for the inventory.	<ul style="list-style-type: none"> In 2020, the production capacity of the China plant slowed down due to the pandemic and energy use will be lower. In 2021, due to the increase in production capacity and the introduction of new products and equipment, energy use increased, resulting in an 8.01% increase in emissions compared to the previous year. 	In 2021, due to the increase of two bases for the inventory scope compared to the base year 2014, the reduction was 15.95%.

Note: In 2021, AcBel joined the Science-Based Targets Initiative (SBTi) to make a commitment to reduce carbon emissions, so the current year's reduction target is still in line with the "Energy Sustainability 2030." Starting from the year 2022, we will work at achieving the SBT carbon reduction target of "42.0% reduction in absolute emissions (tons) by 2030 compared to the base year 2020."

Energy Consumption Analysis

In 2021, AcBel's overall energy consumption was the highest with 97.33% of purchased electricity, followed by 1.21% of natural gas, 0.88% of gasoline, 0.58% of diesel, and 0.004% of liquefied petroleum gas, which is the lowest with only use at the Wuhan plant. If we look into the energy intensity of the plant (GJ/production (thousand units)), the Tamsui plant is the highest. Although the plant ranks third in terms of total consumption, it has the highest energy intensity. The main reason is that the Tamsui plant produces high-power and high-wattage products and the number of production units is not higher than that of other factories that mainly produce consumer power supply, resulting in the higher energy intensity.

Energy Consumption in 2021

Type \ Plant	Unit	QY Qiyan Office Building	TS Tamsui Plant	DG Dongguan Plant	WH Wuhan Plant	PH Philippines Plant	WU Wujiang Plant	TL Tongliang Plant	Percentage of each energy in total consumption
Purchased Electricity	MWh	3,239.52	9,404.80	20,193.49	12,833.62	7,949.20	11,521.22	2,874.01	97.33%
Gigajoule	GJ	11,662.14	33,856.90	72,696.56	46,201.04	28,617.12	41,476.39	10,346.43	
LPG	kg	0	0	0	215	0	0	0	0.004%
Gigajoule	GJ	0	0	0	10.80	0	0	0	
Natural Gas	m³	0	0	0	41,230	0	31,545.00	5,143	1.21%
Gigajoule	GJ	0	0	0	1,606.80	0	1,229.36	200.43	
Diesel	L	142	6,919.83	9,306	51.50	11,263.55	5,572.30	7,178.88	0.58%
Gigajoule	GJ	4.99	243.32	327.87	1.81	435.03	196.32	252.92	
Gasoline	L	0	1,700	33,686.31	1,741.06	0	24,708.27	8,780.74	0.88%
Gigajoule	GJ	0	55.51	1,053.20	54.43	0	772.50	274.53	
Total	GJ	11,667.14	34,155.73	74,077.63	47,874.89	29,052.15	43,674.58	11,074.31	100%
Energy Intensity	See Note 5 for details	13.91	72.21	5.95	1.29	1.17	0.19	0.10	-

Notes: 1. The total energy consumed by AcBel was 182,829.95 gigajoules (GJ).

2. 100% of the electricity consumed by AcBel came from outsourcing.

3. AcBel did not use renewable energy in 2021.

4. "-" means not applicable.

5. Energy intensity calculation: GJ/employees for Qiyan Office Building, GJ/shipment (thousand pieces) for Wujiang Plant and Tongliang Plant, and GJ/production (thousand units) for other plants.

The main products of SINO - Wujiang Plant and Tongliang Plant are hardware stamping parts with simple manufacturing process, so the energy intensity is lower than that of AcBel, which mainly produces power supplies. The company's main carbon reduction strategy is to improve the energy efficiency of its equipment and optimize the efficiency of electricity usage to achieve the company's SBT carbon reduction goal in a comprehensive approach by combining solar energy construction and green power procurement strategies.

Qiyan Office Building

Qiyan Office Building started operating in July 2020, and the energy usage in 2020 was recorded from July. The total energy consumption increased by 189.5% in 2021 due to the establishment of high power R&D experimental equipment. We are currently promoting the energy smart monitoring systems which will provide more stable and comparable information data in the future.

Tamsui Plant

In 2021, the use of diesel fuel was not significantly different from the previous year, while gasoline and purchased electricity were relatively lower, resulting in a 15.12% decrease in total energy consumption, indicating that the company's energy saving program has been effective. However, we mainly produced industrial power supply products with high complexity and high power, resulting in a 21.13% increase in energy intensity due to the adjustment of the products.

Dongguan Plant

In 2021, the use of gasoline and diesel fuel decreased slightly compared to the previous year, and the use of purchased electricity increased slightly; however, the overall total energy consumption increased slightly by 0.17%. It can be seen that the energy intensity was decreasing year by year, and in 2021, it was lower than the previous year by 15.26% through the optimization of the production process to improve the efficiency of energy use indicating that the energy saving program at the plant continued to be effective.

Type	Unit	Heating Value (kcal)	2020	2021
Diesel	L	8,400	142	142
Purchased Electricity	MWh	860,000	1,118.09	3,239.52
Total	GJ		4,030.11	11,667.14
Changes compared to the previous year	%	-	-	+189.50%
Energy Intensity	GJ / 人		5.10	13.91

Note: The Taiwan Qiyan Office Building started operating in 2020 for office purpose rather than production, so the energy intensity is calculated based on the number of employees. There were 839 employees at Qiyan Office Building in 2021.

Type	Unit	Heating Value (kcal)	2019	2020	2021
Diesel	L	8,400	5,535.90	7,030.62	6,919.83
Gasoline	L	7,800	-	2,551.92	1,700
Purchased Electricity	MWh	860,000	10,930.28	11,086	9,404.80
Total	GJ		39,543.23	40,239.69	34,155.73
Changes compared to the previous year	%	-	-2.34%	+1.76%	-15.12%
Energy Intensity	GJ/output (thousand units)		119.47	59.61	72.21

Type	Unit	Heating Value (kcal)	2019	2020	2021
Natural Gas	m ³	9,310	1,161.40	0	0
Diesel	L	10,200 (kcal/kg)	10,216.58	10,000	9,306
Gasoline	L	10,300 (kcal/kg)	39,992.05	35,978.61	33,686.31
Purchased Electricity	MWh	3,600,000 (kJ/MWh)	23,802.77	20,133.34	20,193.49
Total	GJ		86,536.08	73,955.34	74,077.63
Changes compared to the previous year	%	/	+1.09%	-14.54%	+0.17%
Energy Intensity	GJ/output (thousand units)		7.51	7.01	5.95

WH Wuhan Plant

In 2021, natural gas, diesel fuel and gasoline have been decreased significantly, mainly due to the recovery of heat energy from the air compressor for hot water use in the staff dormitory, reducing the use of natural gas-fired boilers; as for gasoline and diesel fuel, the decrease use of vehicle owning to the pandemic. The increase of purchased electricity by 24.63% mainly due to the reduction of production capacity for 2 months in 2020 resulting from the COVID-19. In 2021, as the pandemic has been ebbing and the plant returned to normal production, electricity demand also returned to normal supply situation simultaneously; energy intensity has been increased by 16.21% because of the introduction of complicated processes and high power products.

Type	Unit	Heating Value (kcal)	2019	2020	2021
Natural Gas	m ³	9,310	72,190	52,565.67	41,230
LPG	kg	12,000	317	190	215
Diesel	L	10,200 (kcal/kg)	319.16	171.61	51.5
Gasoline	L	10,300 (kcal/kg)	3,043.19	2,741.14	1,741.06
Purchased Electricity	MWh	3,600,000 (kJ/MWh)	11,005.56	10,297.50	12,833.62
Total	GJ		42,555.54	39,220.74	47,874.89
Changes compared to the previous year	%	/	+7.38%	-7.84%	+22.07%
Energy Intensity	GJ/output (thousand units)		1.34	1.11	1.29

PH Philippines Plant

In 2021, the use of diesel fuel decreased slightly, and the use of gasoline was zero because of gasoline vehicles scrapped with high fuel consumption; while the demand for purchased electricity increased owing to the increase in production capacity. Overall total energy consumption increased by 14.45% due to the change in product mix.

Type	Unit	Heating Value (kcal)	2019	2020	2021
Diesel	L	38,623.20	10,901.67	12,991.34	11,263.55
Gasoline	L	35,404.60	2,238.02	501.92	0
Purchased Electricity	MWh	3,600,000 (kJ/MWh)	6,594.00	6,906.91	7,949.20
Total	GJ		24,238.69	25,384.41	29,052.15
Changes compared to the previous year	%	/	+11.99%	+4.73%	+14.45%
Energy Intensity	GJ/output (thousand units)		0.98	0.99	1.17

WJ Wujiang Plant

Although Wujiang Plant and Tongliang Plant have already promoted the projects, the upgrade of equipment and the introduction of new processes having not been able to create concrete results because the implementation time was still short. We will continue to track the effectiveness of energy saving to ensure the achievement of the company's carbon reduction goals.

Type	Unit	Heating Value (kcal)	2020	2021
Natural Gas	m ³	9,310	31,206	31,545
Diesel	L	10,200 (kcal/kg)	5,660.30	5,572.30
Gasoline	L	10,300 (kcal/kg)	23,052.40	24,708.27
Purchased Electricity	MWh	3,600,000 (kJ/MWh)	10,102.01	11,521.22
Total	GJ		38,502.39	43,674.58
Changes compared to the previous year	%	/	-	+13.43%
Energy Intensity	GJ/shipment (thousand pieces)			0.19

TL Tongliang Plant

Type	Unit	Heating Value (kcal)	2020	2021
Natural Gas	m ³	9,310	4,724	5,143
Diesel	L	10,200 (kcal/kg)	6,487.50	7,178.88
Gasoline	L	10,300 (kcal/kg)	10,773.50	8,780.74
Purchased Electricity	MWh	3,600,000 (kJ/MWh)	2,189.44	2,874.01
Total	GJ	/	8,630.78	11,074.31
Changes compared to the previous year	%	/	-	+28.31%
Energy Intensity	GJ/shipment (thousand pieces)			0.10

Note: The sources of heating value data were: Taiwan—Heat Content of Energy Products, Bureau of Energy, Ministry of Economic Affairs, R.O.C., China—in 2021, adopt the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589—2020); in 2019-2020, adopt the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589—2008), Philippines—GENERAL INSTRUCTIONS & Energy Consumption Report, Department of Energy, Philippines.

Greenhouse Gas Emissions Inventory

AcBel has introduced ISO 14064 GHG inventory certification since 2009 having adopted the latest ISO 14064 standard and incorporated it into the inventory of the Scope 3 emissions and our subsidiary Shanghai Sino Hardware Electronics — Wujiang Plant and Tongliang Plant, so as to systematize the management of GHG emissions from the group's perspective and serve as an important tool for the company's medium and long-term operational carbon emissions reduction strategy and performance tracking to accelerate the goal of net-zero emissions combined with CDP questionnaire disclosure carbon management mechanism and SBT carbon reduction target commitment.

Percentage of Greenhouse Gas Emissions Type

Types of GHG	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Total	
Percentage of total emissions	Year 2021	99.93%	0.05%	0.00%	0.02%	0%	0%	100%
	Year 2020	99.91%	0.06%	0.00%	0.03%	0%	0%	100%
	Year 2019	97.74%	1.56%	0.01%	0.70%	0%	0%	100%

Note: The types of GHG include CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. The main sources of CO₂ emissions are electricity use in Scope 2 and product procurement, transportation and product use in Scope 3.

AcBel's GHG emissions for each production base in 2021 was 2,207.52 metric tons of CO₂e in Scope 1, 50,543.01 metric tons of CO₂e in Scope 2 and 2,633,060.75 metric tons of CO₂e in Scope 3, for a total of 2,685,811.28 metric tons of CO₂e, accounting for a percentage of Scope 1, 0.08%, 1.88% in Scope 2 and 98.04% in Scope 3, respectively.

Scope 1 and Scope 2 Emissions and Intensity Description

The total GHG emissions from each production base in Scope 1 and Scope 2 were 52,750.53 metric tons of CO₂e, accounting for 1.96% of the total Scope. In terms of total Scope 1 and Scope 2 emissions, indirect energy emissions from purchased electricity accounted for 95.8%, while direct emissions from fuel for the company's utilities accounted for 4.2%.

In order to continue to track the effectiveness of carbon reduction, AcBel regarded the emissions intensity of GHG emissions (metric tons of CO₂e / production (thousand units)) generated from shipments as the main GHG emissions management indicator. In 2021, overall emissions in Scope 1 and Scope 2 increased by 9.95% compared to the previous year, and the emissions intensity also increased by 15.25% compared to the previous year. The main reasons for this increase were the adjustment of product mix and process changes, including the development of high performance products which consumed more electricity for burn-in test, and the introduction of new equipment and processes in the automated process also resulted in an increase in electricity consumption.

AcBel will continue to improve the efficiency of public and process equipment through the ISO 50001 energy management system and optimize energy efficiency through the installation of smart energy monitoring equipment. In addition, we have initiated the evaluation of solar power construction for self-usage power and the procurement of green power at each production base in order to enhance the achievement of carbon reduction goals. Moreover, we expect the new plant in Tamsui to complete the construction of solar power generation and energy storage equipment by 2022, and the renewable power produced will be self-generated and self-consumption to contribute carbon reduction.

Scope 3 Emissions (Other Indirect Emissions Sources) Description

AcBel began to inventory and disclose GHG Scope 3 data from 2020, and conducted GHG emissions inventory in the value chain with reference to the GHG Protocol and ISO 14064-1 standard.

ISO 14064-1:2018 Categories	Indirect GHG emissions from transportation	Indirect GHG emissions from products used by organization	Indirect GHG emissions associated with the use of products from the organization
GHG protocol Categories	Category 4: Upstream Transportation and Distribution	Category 1: Purchased Goods and Services	Category 11: Use of Sold Products
	Category 6: Business Travel	Category 2: Capital Goods	
	Category 7: Employee Commuting		Category 12: End-of-Life Treatment of Sold Products
	Category 9: Downstream Transportation and Distribution	Category 5: Waste Generated in Operations	

In 2021, we completed the inventory of 9 categories of emissions; analyses demonstrated that 57.51% of the emissions were generated from the Use of Sold Products and 41.75% from the Purchased Goods and Services, making a total of 99.26% as the main source of emissions in Scope 3.

- The Use of Sold Products: The top 60% of products produced at each production base were used to calculate the carbon emissions generated during the entire life cycle of the products. Product sales × product wattage × product average energy efficiency loss × product life time × electricity carbon footprint coefficient.

- The Purchased Goods and Services: Calculated by weight of raw materials purchased × corresponding carbon emissions coefficients. The types of carbon emissions coefficients are divided into two categories, "weight" and "quantity." For more than 90% of the raw materials purchased by AcBel, the weight coefficient is used to calculate emissions.

1. Raw material purchase weight × carbon emissions coefficient (kgCO₂/kg)
2. Raw materials purchase quantity × carbon emissions coefficient (kgCO₂/pc)

Compared to 2020, the percentage increase in emissions from capital goods and the use of sold products, upstream raw materials transportation and distribution, and purchased goods and services in 2021 was more obvious. The increase in "capital goods" was due to the purchase of more equipment for the new office building in 2020. Emissions from "upstream transportation and distribution" and "purchased goods and services" also increased owing to the increase in raw materials purchases as a result of the company's operational growth. The increase in emissions from "use of sold products" was mainly due to changes in the number of items shipped for power supply products owing to different market demands. In the future, we will gradually inventory the GHG emissions of supply chain companies and cooperate with suppliers to reduce GHG emissions in order to enhance the intensity of the emissions reduction in Scope 3.

Greenhouse Gas Emissions in 2021

Scope	Unit	QY Qiyan Office Building	TS Tamsui Plant	DG Dongguan Plant	WH Wuhan Plant	PH Philippines Plant	WJ Wujiang Plant	TL Tongliang Plant	Percentage of each scope in total usage
Direct Emissions (Scope 1)	t-CO ₂ e	249.44	278.00	537.67	446.27	254.33	351.33	90.48	0.08%
Indirect Emissions (Scope 2)	t-CO ₂ e	1,626.24	4,721.21	16,239.60	11,020.23	5,341.86	9,125.96	2,467.91	1.88%
Other Indirect Emissions (Scope 3)	t-CO ₂ e	349.75	333,888.10	326,368.13	1,281,523.91	663,966.03	13,287.17	13,677.66	98.04%
Total	t-CO ₂ e	2,225.43	338,887.31	343,145.40	1,292,990.41	669,562.21	22,764.46	16,236.05	100%
Intensity of GHG Emissions	t-CO ₂ e / Output(thousand units)	Year 2020	2.65	355.65	26.92	20.13	21.63	-	-
		Year 2021	1.29	716.46	27.56	34.72	26.90	0.10	0.15

Notes:

1. Greenhouse gas inventory adopting ISO14064-1:2018, 2021 data emission factor was quoted from the IPCC 2006 report announcement of emission factor; we referred to gasoline, diesel and natural gas emissions coefficients according to the "Executive Yuan Environmental Protection Administration Greenhouse Gas Emission Factor Table (version 6.0.4), China plants for reference to the "Greenhouse Gas Emission Factor Table (6.0.4), EPA" of the IPCC emission factor multiplied by the " General rules for calculation of the comprehensive energy consumption" (2020) of fuel heating value. The global warming potential (GWP) values were based on the latest warming potential values from the IPCC 6th Assessment Report in 2021.
2. Electricity carbon emission factor: Taiwan plants adopt the latest 2019 electricity emissions coefficient of 0.509 kg CO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs. China plants adopt the 2019 electricity coefficient of the baseline emissions of the China regional grid. Philippine plants adopt IEA database PHL 2019.
3. Greenhouse gas emissions are classified as:
 - Scope 1 Direct emissions: greenhouse gas emissions which come from owned or controlled sources by the organization.
 - Scope 2 indirect emissions: greenhouse gas emissions which associated with the purchase of electricity, steam, heat, or cooling.
 - Scope 3 Other Indirect emissions: the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary.
4. The company's GHG emissions data have been regularly registered and reported online in accordance with the "Greenhouse Gas Emissions Inventory and Registration Management Measures", the Environmental Protection Administration of the Executive Yuan.
5. Intensity of GHG emissions is calculated on the basis of the amount of Scope 1-3 emissions.
6. "-" means not applicable.
7. The intensity of GHG emissions of Qiyan Office Building is t-CO₂e / number of employees. The intensity of GHG emissions of Shanghai Sino Hardware Electronics is t-CO₂e / production (thousand pieces).

Greenhouse Gas Emissions of Each Plant

QY Qiyan Office Building

Scope	2020	2021
Direct Emissions (Scope 1)	147.83	249.44
Indirect Emissions (Scope 2)	561.28	1,626.24
Other Indirect Emissions (Scope 3)	312.87	349.75
Total	1,021.97	2,225.43
Changes in Scope 1 & 2 from the previous year		+164.51%
Changes in Scope 3 from the previous year	-	+11.79%
Changes in total emissions		+117.76%

TS Tamsui Plant

Scope	2017	2018	2019	2020	2021
Direct Emissions (Scope 1)	283.31	361.66	389.98	346.80	278.00
Indirect Emissions (Scope 2)	6,377.03	6,220.20	5,825.84	5,565.17	4,721.21
Other Indirect Emissions (Scope 3)	-		234,152.67	333,888.10	
Total	6,660.34	6,581.86	6,215.81	240,064.65	338,887.31
Changes in Scope 1 & 2 from the previous year	-6.41%	-1.18%	-5.56%	-4.89%	-15.44%
Changes in Scope 3 from the previous year					+42.59%
Changes in total emissions					+41.17%

DG Dongguan Plant

Scope	2017	2018	2019	2020	2021
Direct Emissions (Scope 1)	844.72	677.84	568.51	524.98	537.67
Indirect Emissions (Scope 2)	22,355.31	19,206.80	19,915.77	16,191.23	16,239.60
Other Indirect Emissions (Scope 3)	-			267,311.91	326,368.13
Total	23,200.03	19,884.65	20,484.28	284,028.12	343,145.40
Changes in Scope 1 & 2 from the previous year	-8.18%	-14.29%	+3.02%	-18.39%	+0.37%
Changes in Scope 3 from the previous year					+22.09%
Changes in total emissions					+20.81%

WH Wuhan Plant

Scope	2017	2018	2019	2020	2021
Direct Emissions (Scope 1)	486.62	423.02	509.42	492.59	446.27
Indirect Emissions (Scope 2)	9,297.51	9,523.85	9,920.41	8,842.46	11,020.23
Other Indirect Emissions (Scope 3)	-			703,892.68	1,281,523.91
Total	9,784.12	9,946.87	10,429.83	713,227.73	1,292,990.41
Changes in Scope 1 & 2 from the previous year	-2.59%	+1.66%	+4.86%	-10.50%	+22.83%
Changes in Scope 3 from the previous year					+82.06%
Changes in total emissions					+81.29%

PH Philippines Plant

Scope	2020	2021
Direct Emissions (Scope 1)	102.56	254.33
Indirect Emissions (Scope 2)	4,919.10	5,341.86
Other Indirect Emissions (Scope 3)	551,088.55	663,966.03
Total	556,110.21	669,562.21
Changes in Scope 1 & 2 from the previous year		+11.44%
Changes in Scope 3 from the previous year	-	+20.48%
Changes in total emissions		+20.40%

WJ Wujiang Plant

Scope	2020	2021
Direct Emissions (Scope 1)	317.75	351.33
Indirect Emissions (Scope 2)	8,001.80	9,125.96
Other Indirect Emissions (Scope 3)	12,134.54	13,287.17
Total	20,454.09	22,764.46
Changes in Scope 1 & 2 from the previous year		+13.92%
Changes in Scope 3 from the previous year	-	+9.50%
Changes in total emissions		+11.30%

TL Tongliang Plant

Scope	2020	2021
Direct Emissions (Scope 1)	84.50	90.48
Indirect Emissions (Scope 2)	1,880.07	2,467.91
Other Indirect Emissions (Scope 3)	12,037.93	13,677.66
Total	14,002.50	16,236.05
Changes in Scope 1 & 2 from the previous year		+30.23%
Changes in Scope 3 from the previous year	-	+13.62%
Changes in total emissions		+15.95%

Notes:

- The four operating bases - Qiyan Office Building, Philippine Plant, Wujiang Plant and Tongliang Plant started to implement ISO 14064 GHG inventory in 2020.
- Qiyan Office Building started in July 2020, and the 2020 GHG inventory data was calculated from July to December this year.
- The 2020 GHG inventory data disclosed in "2020 AcBel Sustainability Report" has been re-inventoried by a third party in 2022 due to an error in the calculation unit. The amount of 2020 GHG emissions and carbon reduction performance were based on the data disclosed in this year's report.

GHG Emissions in Scope 3

Unit: t-CO₂e

ISO 14064-1:2018 Category	Item	2020	2021	YOY difference
Indirect GHG emissions from transportation	Upstream Transportation and Distribution	818.574	1,182.937	+44.51%
	Business Travel	123.413	16.241	-86.84%
	Employee Commuting	2,007.446	2,218.705	+10.52%
	Downstream Transportation and Distribution	29,601.261	11,385.268	-61.54%
Indirect GHG emissions from products used by organization	Purchased Goods and Services	835,533.269	1,099,430.401	+31.58%
	Capital Goods	0.765	5.038	+558.39%
	Waste Generated in Operations	2,753.81	3,172.959	+15.22%
Indirect GHG emissions associated with the use of products from the organization	Use of Sold Products	908,995.023	1,514,262.183	+66.59%
	End-of-Life Treatment of Sold Products	1,097.584	1,387.026	+26.37%

Note: As the categories in Scope 3, "Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2, Upstream Leased Assets, Processing of Sold Products, Downstream Leased Assets, Franchises, and Investment," are not included in the scope of emissions inventory because these are identified as less significant to AcBel after identification according to ISO 14064 standard materiality screening principles.

4.4 Water Resources Management

Global warming has increased the frequency of extreme weather events, resulting in uneven precipitation distribution, including the atmosphere of high intensity rainfall and drought, which not only affects people's livelihoods, but threatens economic development, highlighting the importance of water issues. In order to understand the impact of water resources on its operations, AcBel adopts Task Force on Climate-related Financial Disclosures (TCFD) to assess water resources risks and analyze the results for preparation in advance.

As AcBel's products are mainly assembled with electronic components, only a small amount of water is used in the process of the cleaning of the soldering ovens; and no significant amount of water is consumed for the entire manufacturing process. Therefore, our water management measures are based on the two major concepts of "Zero Pollution of Wastewater Discharge" and "Water Conservation for Equipment and Living."

In terms of "Zero Pollution of Wastewater Discharge," the plant is equipped with rainwater and wastewater sanitary sewer pipes in accordance with the laws, and the plant implements water quality monitoring of domestic wastewater discharge to ensure that the wastewater discharge complies with local laws and regulations in order to reduce the burden on the environment and water resources caused by the company's operations. Under the "Energy Sustainability 2030" water conservation target, we have formulated various water conservation projects according to the current situation and production plans at each plant for the sake of reducing overall water consumption and avoiding unnecessary waste of water resources.

With a view to cherishing water resources and lowering unnecessary wastage, AcBel has adopted a number of strategies to improve the efficiency of using water resources, including new equipment replacement, water consumption data monitoring, enhancing water equipment inspection, leak detection and personnel education.



Item	Strategic Solutions
1. Equipment replacement (a) Continuous replacement of water-saving equipment at each production base. (b) Replace old water pipes and repair leaks of reservoirs. (c) Maintain water-cooled system in burn-in room to improve the efficiency of water circulation.	
2. Equipment addition (a) Installing water recycling filtration equipment to the closed ultrasonic soldering fixture cleaning machine for recycling and reusing the wastewater after cleaning to reduce the amount of water used for cleansing. (b) Heat recovery system of air compressor can be used to heat the water in the bathing area of staff dormitory, and it can also be used to heat the water for plate cleaning, so as to improve the ability of cleaning grease and dirt in staff cafeteria and reduce the amount of water used for cleansing. (c) Adding an anti-fugitive partition device to the central air-conditioning cooling water tower to reduce the frequency of water refilling.	
3. Other management (a) Continuously and regularly inspecting water pipes for leaks, and immediately repairing any anomalies found. (b) Water consumption data is recorded daily and calculated monthly, and any anomalies are checked and disposed of in a timely manner. In 2021, Wuhan plant worked together with the local water company to find water leaking points and repair them in a timely manner to reduce the waste of water resources. (c) Strengthening the awareness of employees' treasure water resources to reduce unnecessary waste.	

Ultrasonic Cleaning Machine for Soldering Oven Carrier

"Solder Fixtures" is a fixture protecting boards and electronic components during soldering. It needs to be cleaned regularly by ultrasonic cleaning machine to remove flux and other residual substances to ensure the quality of the process.

We adopt closed ultrasonic cleaning machine and regularly arrange the cleaning waste to qualified disposal companies to avoid environmental pollution at Tamsui Plant. In addition, we use eco-friendly cleaning agents to lower the frequency of cleaning with water and reduce the overall water consumption. Due to the strict local environmental protection regulations, AcBel has closed ultrasonic cleaning machine with high pressure water column and water circulation system at Wuhan Plant, and stops using detergent and recycles the waste water, and reused the water after filtering through the filtration systems in order to reduce the water consumption of tap water. The liquid sludge produced after cleaning is reduced by more than 50% of the moisture content through drying and concentration process, and is transformed into solid sludge, effectively reducing the volume and number of transportation trips for waste handlers and indirectly reducing the carbon emissions generated by transportation. In the future, it will be introduced to all production bases to maximize the effect of water saving and carbon reduction.

Water Consumption Data Calculation

In 2021, AcBel discovered abnormal water consumption records through the "Monthly Accounting of Daily Water Consumption Data Records" at the Wuhan plant and after verifying the calculations and comparing them with past records, we found that the water consumption was significantly excessive. However, in cooperation with the local water company, we found that the leakage point of the water pipe was outside the plant passed over the company's water meter, and the water company immediately repaired the leakage, which was calculated to reduce the leakage of about 50 tons of water per day. This also became a successful case of local government-enterprise cooperation in water saving.

ISO 14046 Organizational Water Footprint Inventory Implementation

In 2020, each of AcBel's production bases introduced ISO 14046 organizational water footprint inventory to understand water use and discharge status, and reduce unnecessary water consumption and operating costs through water footprint impact analysis. In 2021, each of AcBel has obtained ISO 14046 organizational water footprint inventory certification at each production base. At the same time, we applied the World Resources Institute (WRI) Aqueduct tool to conduct water risk assessments of the top 14 suppliers for raw material procurement and identify suppliers in high-risk fields to facilitate the development of timely and comprehensive countermeasures to ensure the stability of material supply.

"Energy Sustainability 2030" Implementation Results

Item	Goal	2019	2020	2021	Notes
 Water Resources Usage	Reduce annually combined water discharge /use by at least 2% compared to the previous year.	Total reduction of 58.45 million liters, representing a 9.76% reduction from the previous year.	Total reduction of 161.66 million liters, representing a 29.92% reduction from the previous year.	Increased by 9.72% compared to the previous year.	Reduced consumption by 378.00 million liters (-47.63%) compared to the base year 2014.
	Reduce usage by 35% by 2030 compared to the 2014 base year.				

Domestic Water Consumption

Unit: Water Consumption(Million Liters), Water Intensity(Million Liters/Person)

Year Item	2019		2020		2021	
	Consumption	Intensity	Consumption	Intensity	Consumption	Intensity
Qiyan Office Building	-		7.81	0.01	11.65	0.01
Tamsui Plant	25.79	0.02	27.23	0.04	27.71	0.04
Dongguan Plant	378.58	0.13	194.21	0.07	170.41	0.06
Wuhan Plant	103.11	0.06	117.08	0.07	170.28	0.09
Philippines Plant	32.90	0.05	32.38	0.06	35.48	0.06
Wujiang Plant					418.12	1.78
Tongliang Plant					73.27	0.69
Total	540.38		378.72		906.93	

Notes:

- Taiwan Qiyan Office Building started to operate in 2020 and therefore there was no data available for reference in 2019. The "-" means not applicable.
- The intensity of water consumption of AcBel was calculated on the basis of "Water Consumption Intensity (million liters per person)." The intensity of water consumption was calculated based on "million liters per million shipment (million pieces)" because water was used in the production process of our subsidiary, Wujiang Plant and Tongliang Plant.

Wastewater Treatment Measures

All of AcBel's operating bases only discharge domestic wastewater without industrial wastewater. The company proceeds rainfall and wastewater discharges through separate sewage facilities. In accordance with local regulations, we conduct sampling and testing regularly at the effluent to ensure that the sewage and rainfall discharged from the plant meet the effluent standards before being discharged to the river; while the sewage flows to the local sewage treatment plant through the sewage pipeline systems that set up by the government to reduce the impact of domestic sewage on the environment. When anomalies occurred, it's necessary to take emergency response to stop the discharge of polluted water. The wastewater discharged from each of our plant 100% conforming with local environmental laws and regulations, without violation of wastewater treatment and environmental laws occurred in 2021.

Note:

Despite the fact that we have built rainwater and sewage distributary drainage system at new Tamsui plant, pipeline connection can be completed only after the government's sewage pipelines is built around the Tamsui Plant. At present, the domestic sewage discharged from the plant is stored in the raft foundation of the building, and the treatment equipment is set up according to the sewage treatment standard. After being treated, the quality of water is tested to meet the effluent standard discharging to the nearby river. The other of the plants are connected to sewers built up by the government through the plant sewers.

4.5 Waste and Air Emissions Management

Through the structure of circular economy, AcBel reduces the use of raw materials and production waste output from the origin based on product design, process planning and technology improvement for reducing operating costs, energy consumption and environmental impact. We prioritize compliance with local laws and regulations to meet international environmental trends, and integrate with our value chain customers and suppliers to implement various waste management acts.

The majority of waste generated during the production process includes waste hardware, waste plastics, waste wires/cables, waste PCBs, and waste machine cases, etc., we are able to increase the conversion rate of waste by way of proper sorting and recycling. The air emissions are the gas volatilized through the use of chemicals in minor processes and the tin fume generated by the welding process. We lower the impact of air emissions on the working environment through the use of protective equipment and centralized exhaust methods to increase the height of the terminal exhaust outlet and enhance the adsorption capacity of activated carbon; furthermore, we implement air emissions testing regularly to conform with the legal emissions standards.

Management Policy and Strategy

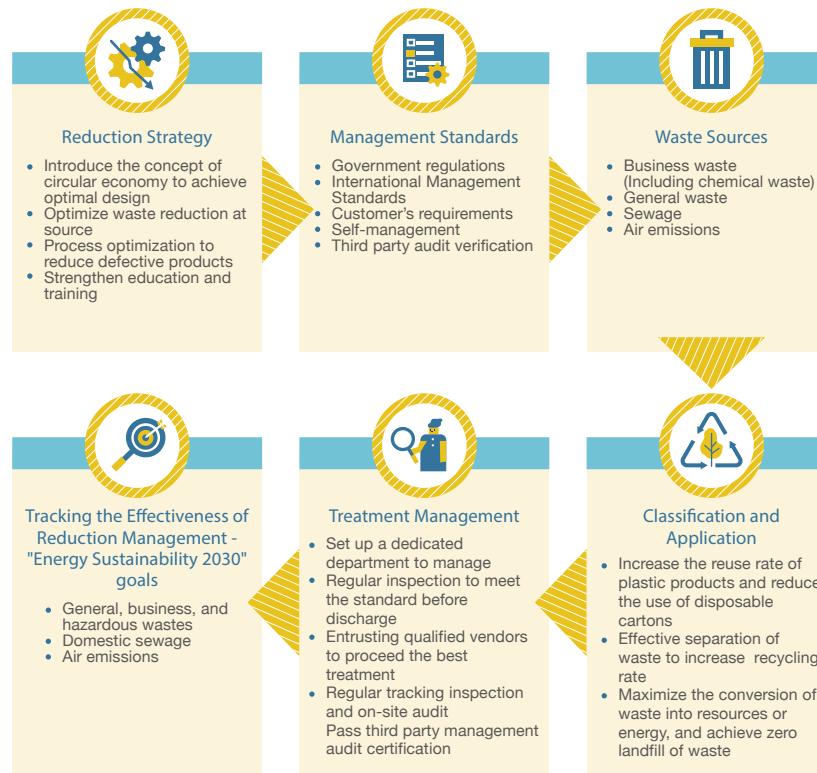
AcBel has set up a dedicated management unit for waste, air emissions, and waste water treatment and monitoring at each operating base. With "Energy Sustainability 2030" as the goal, we have developed schemes for waste and air emissions management, including: general waste, industrial waste, and air emissions monitoring from production. Through effective separation of waste, we can maximize the benefits of recycling and make the overall resource conversion rate of waste reach over 80% and conform with UL 2799 Zero Waste to Landfill certification standard.

The Wuhan plant, for example, has a waste reduction plan that includes improving the efficiency of raw material use, reducing the output of PCB waste by 37.99% through optimum design, and the reduction of 546.17 tons carbon emissions by replacing disposable cartons with reusable plastic boxes. The Dongguan plant has introduced the UL2799 Zero Waste to Landfill project and achieved 100% waste conversion rate with 8% thermal processing with energy recovery. For this, we obtained a Platinum Level Certification as recognition of our efforts.

Through regular on-site audits, AcBel strictly monitors the waste flow and treatment methods to ensure that the final treatment method can maximize the conversion rate of waste into resources or energy to achieve the goal of zero waste burial.

ISO Management System Implementation

AcBel has established "Environmental, Health and Safety Declaration" and "EHS Policy" as the highest guideline for waste treatment, and has formulated "Waste Management Procedure" to set up standardized treatment processes. We also have implemented "ISO 14001 Environmental Management System" at all operating bases, and Dongguan Plant acquired "UL 2799 Zero Waste to Landfill" certification, to achieve effective waste management and reduction targets. Furthermore, we will continue to promote various waste reduction programs at all operating bases, introduce UL2799 management certification, facilitate waste data analysis and track waste reduction effectiveness for comparison.



"Energy Sustainability 2030" Implementation Results

Item	Goals	2019	2020	2021	Note
Hazardous waste reduction	<p>Reducing combined waste output at least by 2% compared to the previous year.</p> <p>Reduce output by 35% by 2030 from the 2014 base year.</p>	<p>The output increased by 5.18 tons (+11.64%) compared to the previous year</p>	<p>The output increased by 25.43 tons (+51.19%) compared to the previous year</p>	<p>The output increased by 71.01 tons (+94.54%) compared to the previous year</p>	<p>Due to the increase in production capacity and the adjustment of production projects that have not been stabilized, we saw waste increase by 130.36% (+82.69 tons) in 2021 compared with that in the base year of 2014.</p>

Type & Amount of Waste

Item/Year	2019	2020	2021
General Waste	750.65	638.67	995.45
Hazardous Waste	49.68	75.11	156.25
Business Waste	633.14	1,231.53	4,597.72
Total Waste Generation	1,433.47	1,945.31	5,749.41
General Waste Generation per capital	0.11	0.10	0.13
AcBel's production quantity (million units)	70	72	75
AcBel's Hazardous Waste Intensity (ton/million units)	0.71	1.04	1.95
SINO's Hazardous Waste Intensity (ton/million pieces)	-		0.03

Notes:

1. The amount of waste weight in Taiwan, Dongguan and the Philippines Plants is measured by weighing, while the weight of general waste and business waste at other plants in China are estimated by the number of trucks delivery.
2. The increase of weight/unit output of business waste and hazardous waste in 2021 were mainly due to:
 - (a) We added the weight data of waste from two new plants of Shanghai Sino Hardware Electronics Co., Ltd.
 - (b) The increase of hazardous waste due to MRB (Material Review Board) and production processes to be changed at the Philippines plant.
 - (c) We implemented "UL 2799 Zero Waste to Landfill" and expanded the quantity of waste tracking category, resulting in an increase in general waste volume.
3. "-" means not applicable.

Waste Disposal Methods in 2021

Plant	General Waste	Business Waste	Hazardous Waste
TY & TS Tamsui	100% incineration	31% incineration (as fuel) 69% recycle	12% high-temperature smelting 88% used as auxiliary fuel
DG Dongguan	32% incineration 68% recycle	1% incineration 99% recycle	100% incineration
WH Wuhan	100% incineration	100% recycle	98.82% incineration 1.18% storage
PH Philippines	100% landfill	100% recycle	80% recycle 20% chemically decomposed
WJ Wujiang Plant	100% incineration	100% recycle	100% incineration
TL Tongliang Plant	100% landfill	100% recycle	100% storage

Notes:

1. In 2021, there was no leakage or pollution of hazardous waste at any of our plants.
2. Hazardous wastes are handled in accordance with the following regulations: Taiwan - "Standards for Defining Hazardous Industrial Waste," "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste." China plant - "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", and Philippines plant - "Ecological Solid Waste Management Act of 2000," "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990."



4.6 Chemical Management

The chemicals used by AcBel in the manufacturing process are mainly (Flux/Soldering paste) and cleaner (5252 cleaner), and we purchase eco-friendly or low toxicity, low hazard chemicals that do not increase GHG emissions from the source. We assess the risks and take relevant safety management measures according to the level of health hazards, dispersion and usage.

In addition to complying with local government regulations related to environmental protection and chemicals, the company has established "Chemical Operation Management Procedure" as an implementation guideline, which is supervised by the occupational safety and health department of each production base, and requires on-site operators to undergo regular training and obtain qualified certificates, set up legal and safe chemical storage space, and manage the relevant storage properly to ensure the safety of chemical operations.

In order to enhance the familiarity of each production base with emergency response in hazardous event, AcBel holds two sessions of daytime and nighttime emergency response simulation drills regularly each year, incorporating self-defense and fire-fighting teams for fire, flood, and chemical spill notification, stopping leakage, evacuation guidance, safety protection, and ambulance classes to strengthen disaster response capabilities. Since establishment until the year 2021, no major chemical/hazardous waste spills or contamination incidents have occurred at any of the production bases. AcBel has been abiding by governmental laws and regulations in this regard and therefore no cases of penalties occurred during this period; no relevant cases that caused damage to the company's property or personnel's lives or health have occurred either.





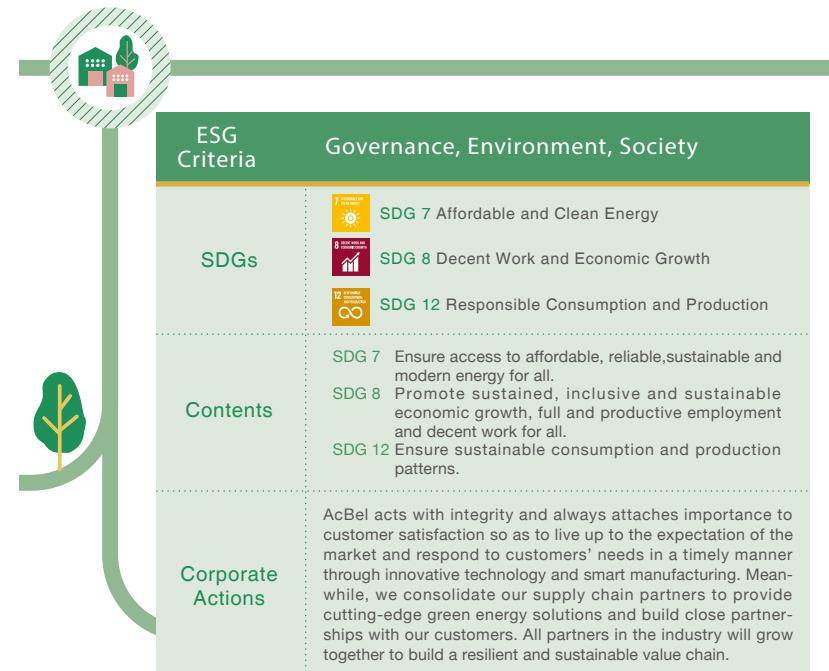
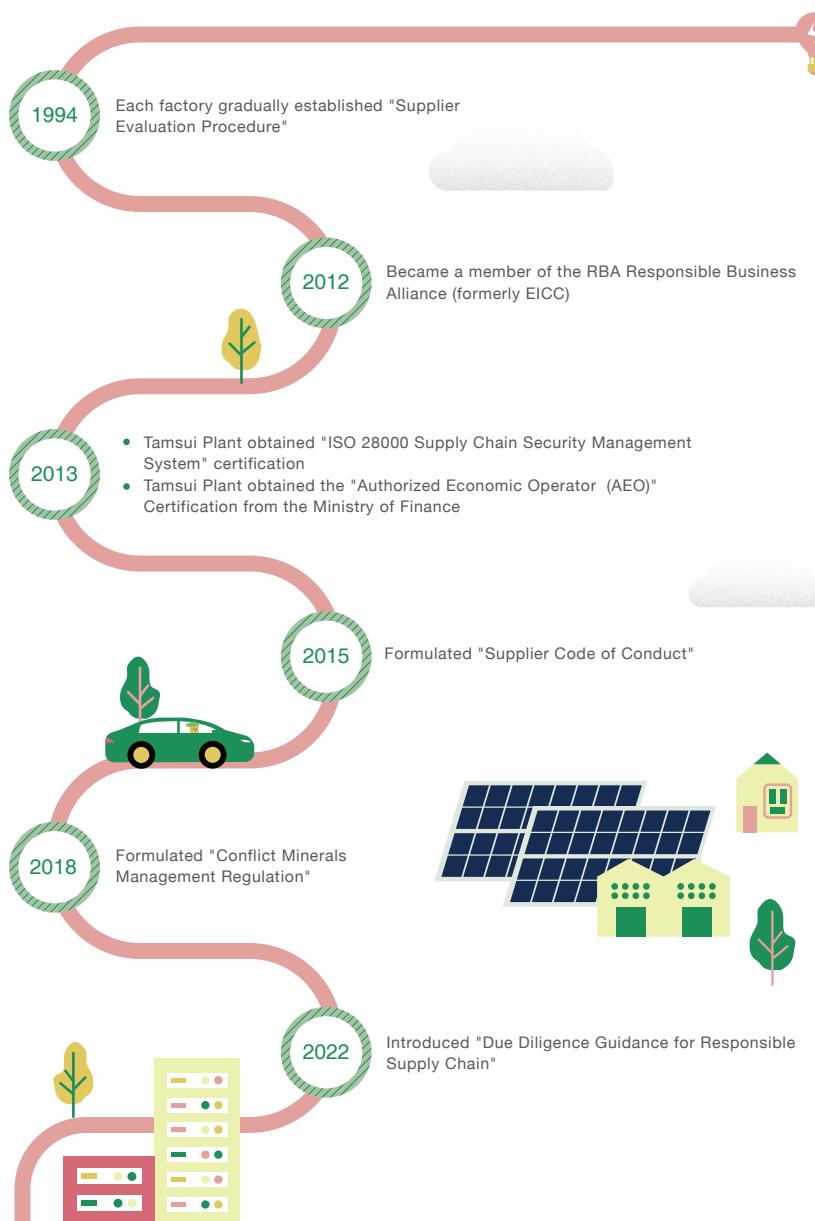
Sharing · Partnership



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Supply Chain Management Milestones



AcBel's Sustainability Value Chain Concept



5.1 Customer Communication

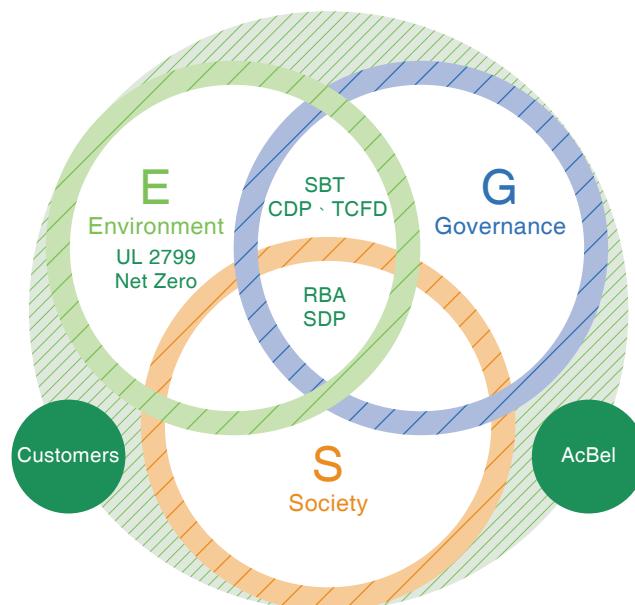
Understanding customers' needs and meeting their high quality standards has been a central concern during AcBel's communication with customers. Through two-way communication, we provide products and services that meet market needs, and we use technology development and manufacturing to meet customers' requirements for energy-efficient and low-carbon products.

Business Review Meeting

As a professional power supply design manufacturer and renewable energy supplier, AcBel communicates with our customers through regular business review meetings to confirm the risks that may occur in product design, quality, process technology, and after-sales information. Recently, due to the growing importance of sustainability topics, we have also incorporated climate change issues and net-zero carbon emissions requirements into our management program.

Through the monthly and quarterly QBR (Quarterly Business Review), we collect customers' suggestions on "Social and Environmental Responsibility," "Risk Management," "Product Quality," "Technical Support," "Delivery Time and Price" and "Peer Evaluation," and the responsible unit will propose corrective measures and improvement plans and continuously track the improvement results to confirm that the customer's concerns have been resolved.

Major Projects



Project	Scope	Content
Responsible Business Alliance Code of Conduct	ESG	Social, environmental and ethical requirements, etc., are enforced to the highest standards of governance to ensure that the company and its suppliers' employees are protected and respected.
Sustainable Development Platform	ESG	Improving and strengthening the management practices of employee care, environmental protection, public safety and environmental sanitation to enhance the overall competitiveness of the company.
Carbon Disclosure Project – Climate Change and Water Security Questionnaires	EG	Disclosing the performance of GHG emissions and water management
Task Force on Climate- Related Financial Disclosure	EG	The four cores of "Governance," "Strategy," "Risk Management" and "Metrics and Targets" are used to manage and disclose climate risks and opportunities.
Science-Based Target	EG	Based on the total carbon emissions that limit global warming to 1.5°C, the science-based reduction targets and pathways for the company's scopes 1, 2 and 3 are calculated.
UL ECV 2799 Zero Waste to Landfill	E	Having wastes go through proper recycling, reuse, conversion and other disposal processes to reduce the rate of landfill disposal.
Net-Zero Carbon Emission Project (Renewable Energy Use, Low-carbon Cycle)	E	Promoting low-carbon cycles and green energy use through value chain partnerships to build a low carbon value chain towards net zero carbon emissions.

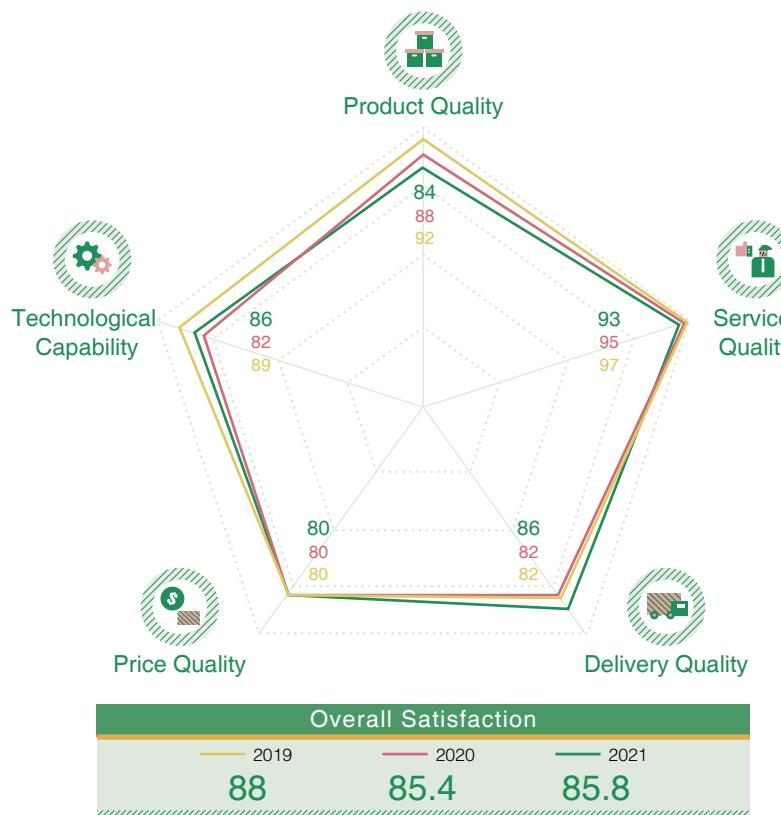
In accordance with international trends, operational strategies, market changes, and internal conditions, AcBel actively participates in our customers' ESG projects, striving to reduce the impact on the environment and society, to fulfill our customers' expectations, to enhance our corporate value and operational performance, and to help build a positive brand image for our customers and AcBel.

Customer Satisfaction Survey

AcBel takes "achieving customer satisfaction" as its primary goal in communicating with customers, and uses customer feedback as an important basis for continuous improvement of products and services. In addition to customer communication through various meetings, customer satisfaction surveys are conducted by the quality service unit on a yearly basis for key customer groups. We use the feedback from the "Supplier Reporting Score Card for External Performance Indicator Evaluation" to understand our customers' relevant needs and satisfaction.

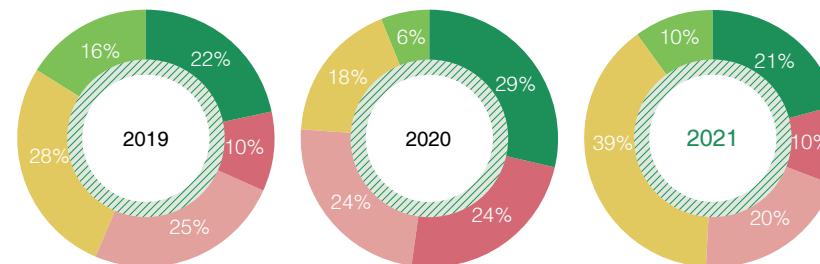
We analyze and identify opportunities for improvement and draw up action plans for necessary improvement items through the results of the evaluation sheet, and use cross-unit cooperation among R&D, manufacturing, and quality to carry out improvements to continuously improve customer satisfaction. Meanwhile, we incorporate product quality, service quality, processing time, and R&D technology into the performance of employees and departments, and regularly review the achievement situation and make adjustments when necessary to continuously improve the positive cycle of overall customer satisfaction.

Customer Satisfaction Survey Results



After analyzing the customer satisfaction scores in 2021, the scores of "product quality" and "service quality" have dropped, mainly due to the impact of the pandemic, which often affects employee attendance and causes unstable supply of materials. In light of this, the inter-departmental improvement team proposed plans to improve the quality and delivery stability of materials supplied by suppliers, to enhance communication with suppliers to discuss the improvement status of material production methods, and to implement improvement plans through supplier auditing measures. In addition, we strengthen training for our employees and continue to improve our operational processes and standards in order to meet the expectations of our customers.

Analysis of Customers' Feedback



Feedback Items:

- Material Quality
- Process Planning
- Process Control
- Design Quality
- Manufacturing Quality

AcBel has established the Issue Management System (IMS) to manage and analyze customer feedback. For recurring problems, the relevant departments conduct in-depth analysis and research, and take effective improvement measures to reduce or minimize the likelihood of recurrence. For occasional problems, we develop and implement relevant management systems and requirements, regularly review the factors that lead to problems, and prevent recurrence of problems through the monitoring process.

In 2021, "design quality," "material quality" and "process control" are the top three issues reported by our customers, accounting for about 80% of the total. We are strengthening the risk assessment of trial production before product design and mass production to minimize the factors affecting quality, and strengthening the process management procedures including SOPs and staff training to ensure that the whole process meets the acceptance standards and regulations.

5.2 Sustainable Supply Chain Management



Supplier Sustainable Management Overview

Core Value	In compliance with international standards and local government decrees, we focus on a circular economy, mutual benefit of resources and value creation to realize the vision of a sustainable supply chain.		
Aspect	Economy	Environment	Society
Compliance Standards	In addition to operating conditions such as product quality, delivery, price, and technical support, we have also followed the quality management system such as ISO 9001, IATF6949, and ISO13485.	Standards such as the ISO 14001 environmental management system, IECQ-QC080000 hazardous substance management system, ISO 14064-1 greenhouse gas inventory, ISO 14046 organizational water footprint inventory, PAS2050/ISO 14067 product carbon footprint, ISO 50001 energy management system and international (including Taiwan) RoHS and EU REACH chemical substance management, as well as the UL2799 waste management.	Responsible Business Alliance (RBA), SA 8000 social accountability standard, ISO 45001 occupational safety and health management system, prohibition of use of conflict minerals, etc. as well as human trafficking and anti-slavery act investigation.
Purpose	Suppliers are required to implement management practices to ensure that the quality of materials meets the safety and non-toxic material standards of AcBel.	We ensure that materials are produced in a way that does not harm people or have a negative impact on the environment, such as reducing GHG emissions, harmful chemical use and hazardous waste generation. In addition, all electronic products are recycled in accordance with the WEEE standard.	Employees are provided with a working environment that meets the requirements of international norms or laws and regulations, such as the protection of labor rights as well as safety and health.

Supplier Management Strategy

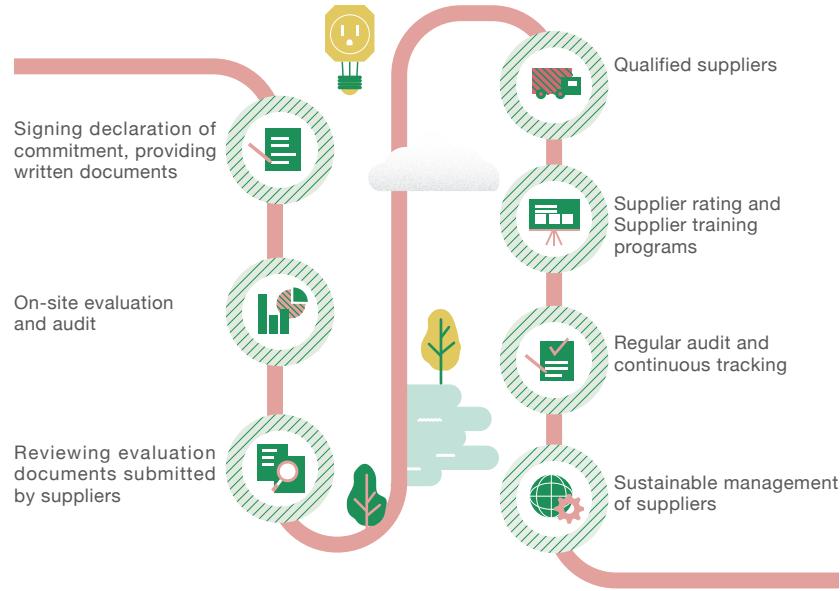
Short-term Strategy	Medium-term and Long-term Strategy
<ul style="list-style-type: none"> • AcBel's suppliers need to abide by the "Supplier Code of Conduct" and to be regulated to fulfill the requirements in five aspects: human rights of labors, health and safety, environmental protection, business integrity and management system and achieve 100 % compliance through audit procedures to obtain certifications of ISO 9001, ISO14001, SA 8000, ISO 45001 and ISO 28000. • Encouraging and assisting suppliers to introduce carbon and water management with ISO 14064, ISO 14046 and ISO 50001 certification as reference for their own energy use, GHG emissions, and water consumption reduction • Implementing the principle of multi-source procurement of main materials to maintain two or more suppliers, decentralizing purchase sources, and establishing a strategy for alternative materials to ensure the stability of the source and quality of various materials. • Integrating science-based reduction target (SBT) into supply chain carbon management as well as encouraging suppliers with self-imposed carbon reduction targets to enhance the overall value chain's net-zero carbon emissions. 	

AcBel has established the "Supplier Code of Conduct" and "Supplier Evaluation Procedure" for evaluation of supplier social responsibility, safety supply chain, and quality on a regular basis with reference to the RBA Code of Conduct. Furthermore, the "Supplier Social Responsibility Management Assessment Form" is used to enable suppliers to conduct self-assessment of risks in the sections of labor, health and safety, environment, ethics, and management systems, followed by on-site audits by suppliers to confirm their compliance with ESG.

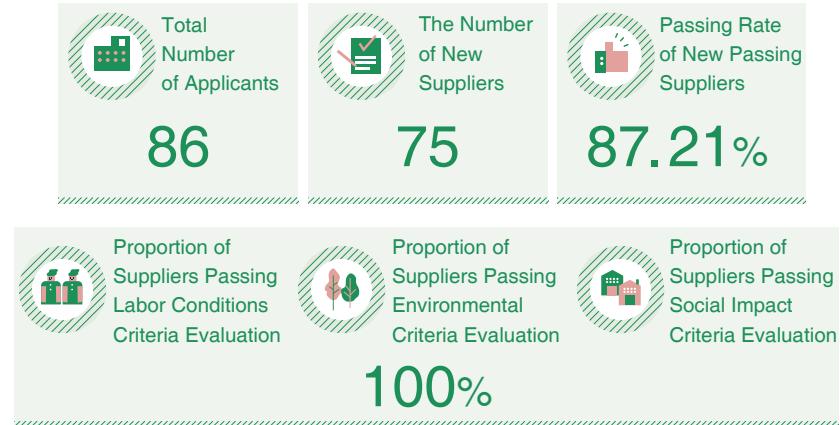
	Supplier Risk / Impact Evaluation	Evaluation on New Supplier	Supplier Audit
Measures	<p>According to the supplier's history index of "total amount of transaction," "transaction frequency," "total number of abnormal cases" and "management system verification," we conduct risk evaluation on our suppliers, and classify them into "A - excellent, B - qualified, C - observation or D - disqualified" in order to effectively monitor the supplier risk.</p> <p>In 2021, we conducted risk/impact evaluations on 6 suppliers with highest indexes, which were classified into "B-qualified."</p>	<p>Applicant suppliers will be assessed in various aspects in alignment with the CSR criteria, including "Labor Rights Conditions," "Environmental Criteria" and "Social Impacts." Through onsite audit, the applicant suppliers will be qualified once meeting the criteria for sustainability and quality of AcBel.</p> <p>In 2021, a total of 86 companies submitted their application assessments, and 75 companies passed CSR assessment and were formally included in the company's supply chain. The passing rate was 87.21%.</p>	<p>On a yearly basis, AcBel conducts key suppliers on-site audit based on the criteria of "product quality" and "social responsibility" to ensure that suppliers comply with all aspects of the sustainable development framework, as well as to eliminate ineligible suppliers.</p>
Achievement			

	Supplier Evaluation	Supplier Training	Supplier Conference
Measures	<p>Monthly evaluation of the top 15 suppliers in terms of quality of goods delivered, cost and delivery, cooperation and social responsibility. We identify suppliers that are worthy of learning from, motivate top-performing suppliers, as well as counsel poor-performing suppliers.</p> <p>In 2021, the QBR meetings were held with a total of 172 key suppliers as a means of ensuring the quality of the supply chain, while in 2021, it is expected that the requirement for suppliers to 100% meet each indicator of QBR requirement will be maintained.</p>	<p>We regularly collect international initiatives and regulations, update our management practices and promote them through our supplier management platform (GSM) so as to meet the requirements of international standards in a timely manner.</p> <p>In 2021, a total of 201 vendors utilized the supplier management platform (GSM), accounting for 28.27% of all vendors. Systematic management of suppliers will be carried out through this platform in near future.</p>	<p>Regular supplier conferences are held for two-way communication on the latest international trends in economy, environment and society for the purpose of enhancing suppliers' sustainability management capabilities.</p> <p>In 2021, a key supplier conference was held to highlight the trend of net-zero carbon, SBT, and propaganda of RBA requirements, with a total of 215 suppliers and 256 representatives attending.</p>
Achievement			

New Supplier Assessment Flowchart



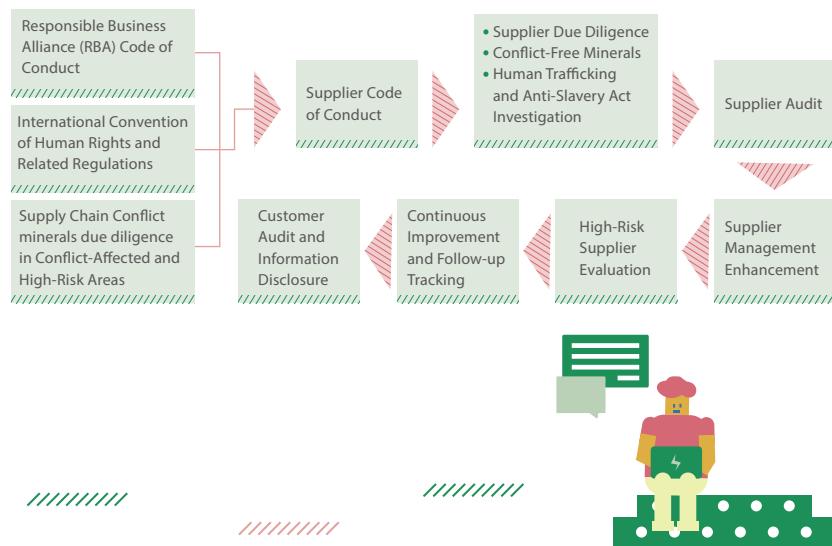
New Suppliers ESG Evaluation Results in 2021



Note: All suppliers are required to undergo AcBel's new supplier evaluation prior to being accredited as a qualified new supplier. In 2021, the major reasons for not passing the new supplier evaluation are explained as follows: failure to meet the requirements of AcBel's contract specifications (e.g., trading conduct); unapproved supplier verification; failure to meeting AcBel's standards for factory production procedure; failure to meet AcBel's requirement for factory operating environment; the quality of parts and materials not being up to standard, etc. These suppliers will be included in the watch list and will be officially listed as suppliers after the re-evaluation is passed.

Human Trafficking and Anti-Slavery Act Investigation

In response to the mounting awareness of human rights among the international community, AcBel also launched the "Human Trafficking and Anti-Slavery Act Investigation" to prevent suppliers from violating international human rights regulations in their raw material procurement, production or manufacturing. Meanwhile, corresponding management systems were established and employee awareness training was strengthened through the supplier management platform with regards to suppliers' supply locations, compliance with international and relevant government regulations as well as laws and regulations related to human trafficking, modern slavery and forced labor.



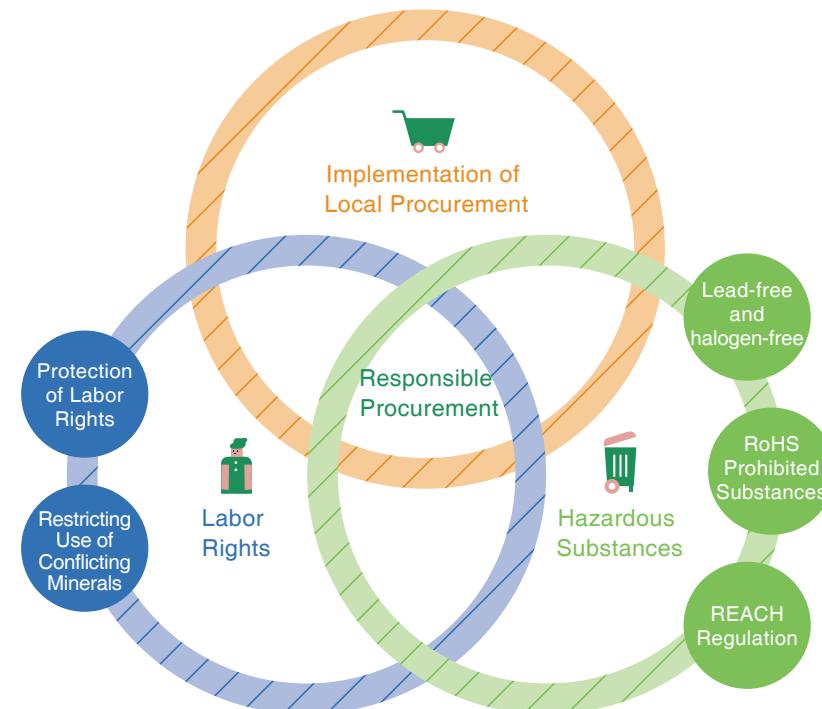
Constraining Use of Conflicting Minerals

In accordance with RBA's "Responsible Sourcing of Minerals" requirements and OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas," AcBel formulated a conflict minerals sourcing policy that bans the use of conflict minerals (gold, tantalum, tin, tungsten, and cobalt), which required suppliers to cooperate and communicate it to their next-tier suppliers. In the meantime, a due diligence program, the Responsible Minerals Initiative (RMI), requires suppliers to respond to the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) on a regular basis. This demonstrates AcBel's support of the 100% conflicting minerals ban policy and is posted on the official company website to ensure that the metal procurement process is in compliance with international standards.

In addition, in the supplier conferences we promote the CMRT and EMRT conflicting minerals investigation and hazardous substances investigation requirements. In 2021, a total of 307 manufacturing suppliers (more than 80% of total transactions) completed signing the declaration of "Restricted Use of Conflict Minerals Commitment" with AcBel. Moreover, a total of 247 suppliers (more than 60% of the total transactions) have completed the submission of CMRT and EMRT declarations. No violations of the policy regarding the use of banned conflicting minerals were found through the investigation.

5.3 Responsible Procurement

AcBel's operations are committed to the highest ethical and responsible practices, as we demand that our suppliers meet the same standards. In addition, we collaborate to avoid using raw materials that infringe on human rights and harm the environment by any means in a joint effort to create a low-carbon sustainable value chain.





Material Topic

Materials

In addition to the quality in product design and manufacturing process, the procurement of materials plays a critical role in defining whether a product can meet the expectations of our customers and market expectation. AcBel adopts risk management at source for material procurement through the prior assessment of the risk of hazards as follows: exclusion of materials that are harmful to human health, polluting the environment, or violating human rights, the introduction of low-carbon and environmentally friendly materials, and reduction of hazards in the production process or use of products.



The Importance of Material Topic and Impact Boundary

Based on the principles of protecting consumer safety and customer rights, AcBel promotes a sustainable supply chain management mechanism, utilizes internal risk management, and establishes an investigation and audit mechanism for suppliers and raw materials. By so doing, we ensure that raw materials provided by suppliers are in compliance with international human rights requirements, lead-free, halogen-free, and EU regulations on banned substances such as RoHS and REACH. It is our corporate value to provide products and services in accordance with international human rights, environmental regulations and directives responsibly.



Management Approach and Goals

We abide by green procurement principles and have established a comprehensive supplier due diligence and hazardous substance testing process that ensures raw materials are in compliance with international labor and human rights and environmental management substance regulations.

Raw Material Procurement Regulations:

- In accordance with international human rights standards and regulations, we have established supplier due diligence procedures to investigate the sources of raw materials and components without human rights violations in order to meet the expectations and requirements of our customers.
- AcBel formulated the "Environmental Management Substance Specifications" in accordance with international environmental regulations and customer requirements as a standard for inspection and screening of banned or restricted substances in the procurement of raw materials and components.

Green Raw Material

- We manage the procurement of raw materials at the source and carefully review the process changes so as to avoid the risk of using raw materials containing harmful substances. Therefore, AcBel is consistently committed to collecting international and local environmental laws and regulations on a regular basis, inventorying substances that may be banned in the future, as well as cooperating with suppliers to find alternative raw materials in response. Early notification of EOL (End-of-life) of raw materials by suppliers and certification of alternative raw materials are provided to customers to initiate the change of materials for parts in advance.
- Special component materials that are moisture sensitive (MSL) and require ESD protection are stored in special material warehouses with constant humidity and temperature, while the storage is controlled by the manufacturing cycle in order to ensure the stable quality of raw materials with the use of an information management system.
- AcBel joins hands in hands with our customers and suppliers to develop the addition of recycled parts for the purpose of reducing unnecessary resource waste, maximizing resource utilization as well as for pursuing environmental friendliness.

Raw Materials Risk Management

In 2021, the shortage of manpower due to the pandemic prevention control and the rising awareness of the carbon reduction issue will affect the demand for raw materials in the renewable energy industry, further aggravating the instability of raw materials supply.

AcBel aims at avoiding factors that may affect product delivery or, in severe cases, corporate goodwill and revenue, including unstable quality in raw materials from suppliers or shortage/breakage in raw materials supply, etc. Therefore, we conduct risk management of key raw materials through "procurement attributes": a single source of procurement, high technology threshold, high price fluctuation, and components that are easily affected by suppliers' manpower and production capacity. In 2021, we identified semiconductor parts, capacitors, printed circuit boards, and magnetic elements as our critical components, with one more item of capacitors than in 2020.

Key Materials	Representative Parts/Details	Risk Types	Countermeasures
Semiconductor Parts	Transistor Switch, ICs, Bridge Rectifier, Diode	<ul style="list-style-type: none"> Physical limitations of accessibility and channels Price fluctuation risk Regulatory risks (patent issues) GHG emissions (scope 3) increase 	<ul style="list-style-type: none"> Introducing multi-source suppliers Adopting buffer stock strategy Requiring patent certificates for lower risk of infringement Employing semiconductor materials with lower global warming potential in the manufacturing process
PCBs	One of the main components of electronic products	<ul style="list-style-type: none"> Physical limitations of accessibility and channels Price fluctuation risk The use of highly toxic chemicals for production 	<ul style="list-style-type: none"> Introducing multi-source suppliers Effectively analyzing the cost of materials according to international raw material price fluctuations Reflecting the cost to the product price through communicating with customers Promote suppliers in switching to green chemicals to reduce safety hazards
Passive Electronic Components	Capacitors	<ul style="list-style-type: none"> Physical limitations of accessibility and channels Price fluctuation risk GHG emissions (scope 3) increase 	<ul style="list-style-type: none"> Introducing multi-source suppliers Proportional allocation of orders Reflecting the cost to the product in a reasonable way through communication with customers Using biomass material or activated carbon material for capacitor material
Magnetic Elements	Voltage Transformers, Choke (electronics)	<ul style="list-style-type: none"> Physical limitations of accessibility and channels Price fluctuation risk Relatively labor-intensive and susceptible to labor turnover supply GHG emissions (scope 3) increase 	<ul style="list-style-type: none"> Introducing multi-source suppliers Effectively analyzing the cost of materials according to international raw material price fluctuations Reflecting the cost to the product in a reasonable way through communication with customers Confirming the blending rate of recycled metal materials (such as iron metal)

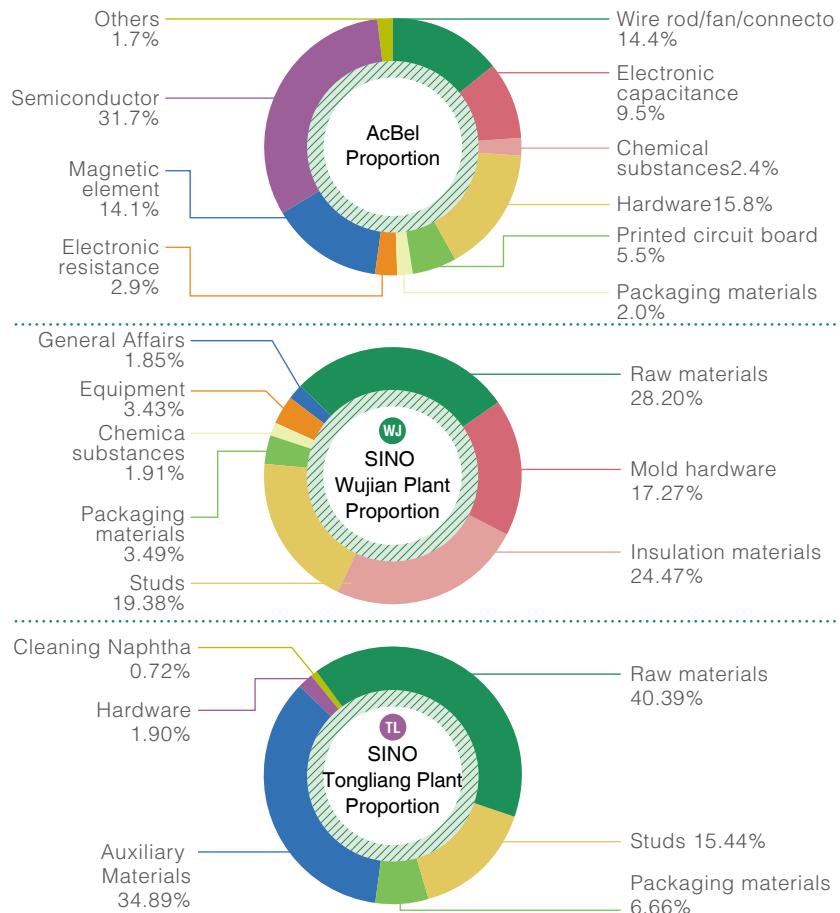
Notes:

1. AcBel uses (a) physical limitations of accessibility and channels, (b) price fluctuation risk, and (c) regulatory risk (patent issues) as the categories of key raw material risk management, and draws up corresponding measures
2. Multi-source Supplier: Shifting from a single supplier to a diversified supplier to increase the resilience of the supply chain
3. Buffer Stock Strategy: Use product capacity to flexibly plan the material delivery time to prevent interruption of product production when suppliers are unable to deliver.

Supplier Category

AcBel is mainly engaged in the manufacture of power supply units. In 2021, according to the ratio of procurement amount, semiconductors account for 31.7% of the total materials, and hardware of all sizes account for 15.8%, while magnetic components, capacitors and wires, fans, as well as connectors, account for 85.50% of the total.

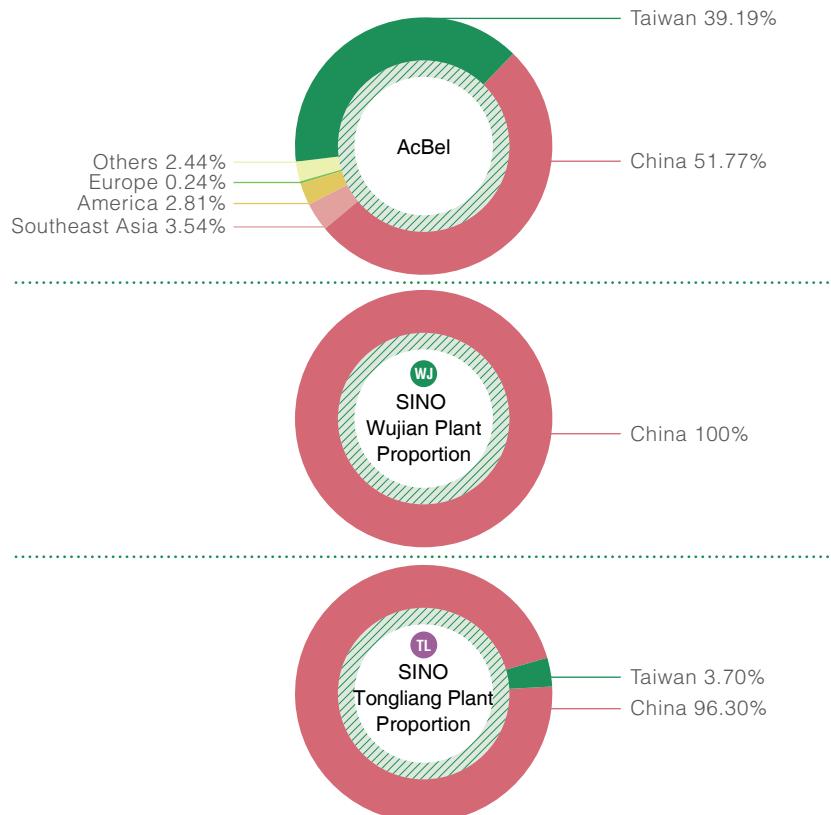
The subsidiary, SINO, is primarily a manufacturer of metal stamping parts. Therefore, raw materials, insulation materials, studs, mold hardware, and auxiliary materials are the top 5 items, and each respectively accounts for 89.32% and 75.28% of the purchase amount according to the plant analysis.

Supplier Category List

Note: "Others" refers to customer supplied materials, semi-finished products, etc.

Supplier Location

In consideration of reducing the carbon footprint of material transportation, delivery speed, and supply chain clustering, AcBel selected local procurement as a priority in its material procurement strategy with the purpose of increasing operational resilience. In 2021, AcBel's main production bases are in Taiwan and China, with 90.96% of local suppliers. In addition, the suppliers of SINO two plants are 100% located in Taiwan and China, while supporting local economic development and boosting employment. Furthermore, the supply chain of the local electronic component manufacturing industry in the Philippines has not yet taken shape, resulting in a low number of suppliers in Southeast Asia.

Supplier Distribution in 2021

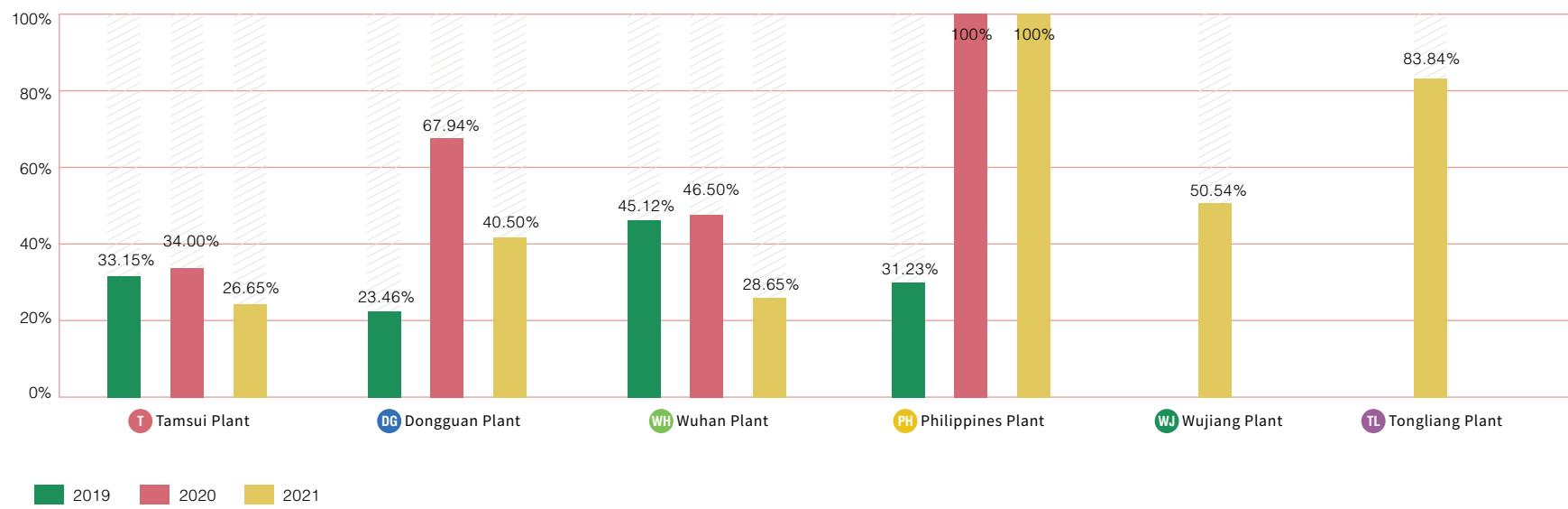
Notes:

1. "Others" refers to Japan, Korea, India, the Middle East, etc.
2. The proportion is calculated based on the total number of actual trading suppliers in 2021, with a total of 819 for AcBel, 115 for SINO - Wujian plant, and 54 for SINO - Tongliang plant.

Local Procurement

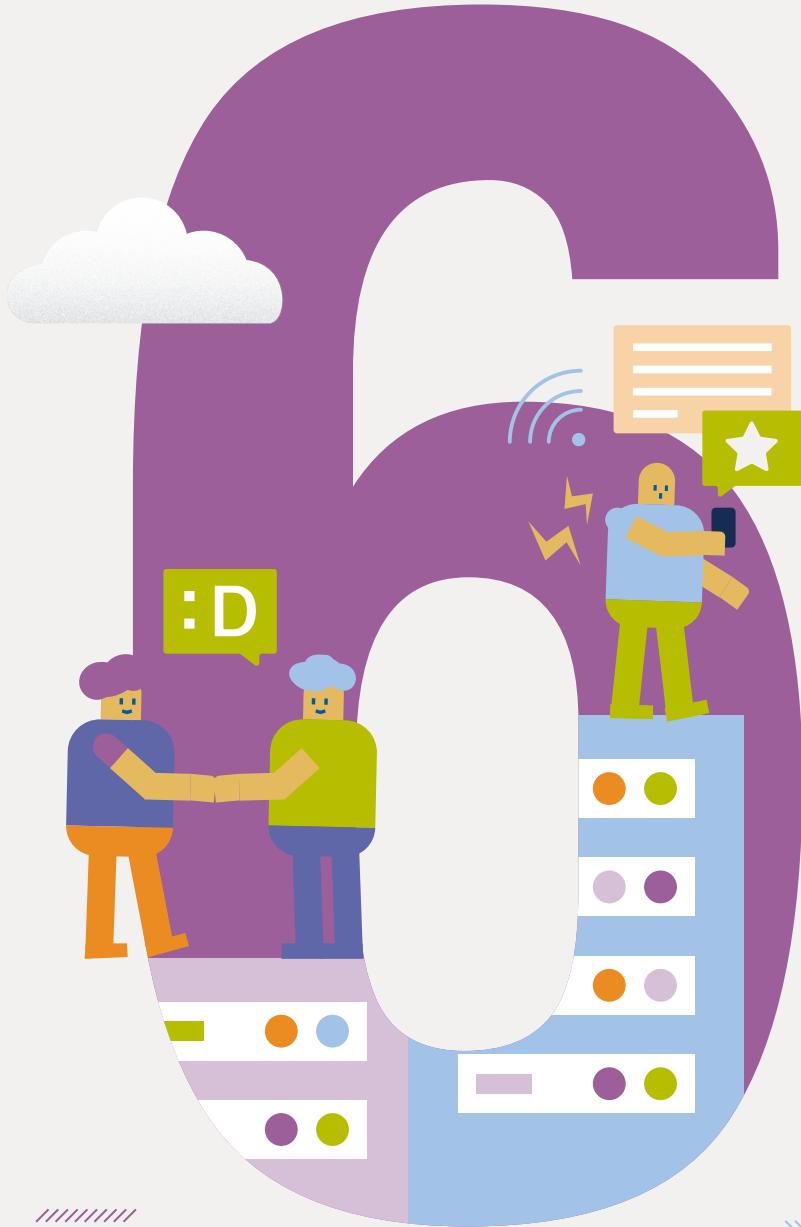
In 2021, given the continued severity of the pandemic and the need to ensure smooth production, AcBel has integrated key suppliers to provide flexible material supply and alternative materials for each production base. Furthermore, we prioritize procurement based on the stability of material supply to ensure smooth production of products and on-time delivery to customers. Therefore, in 2021, the proportion of local procurement in each plant was lower than that in 2020. However, we still achieve the green material procurement target of 100% lead-free and halogen-free and EU RoHS standards.

Local Procurement Percentage



Note: Local procurement refers to the situation when a factory purchases parts or services without tax inclusion.



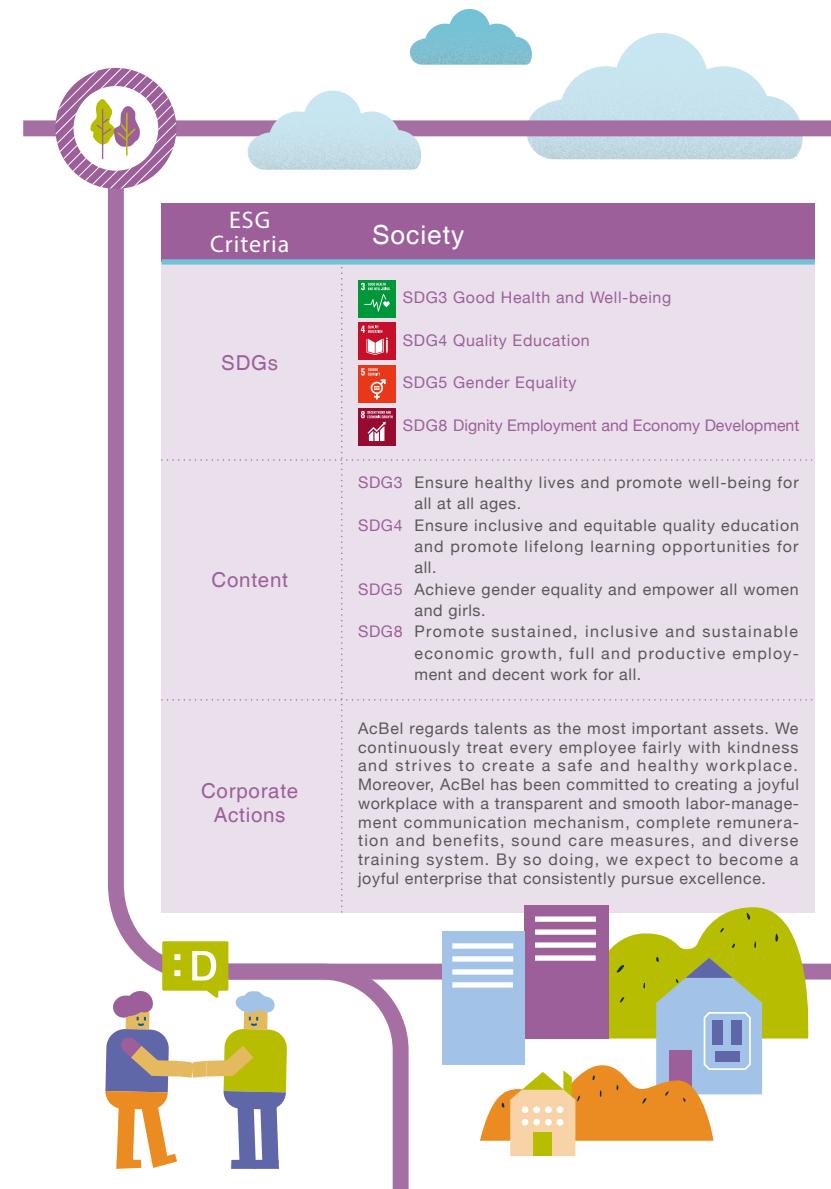
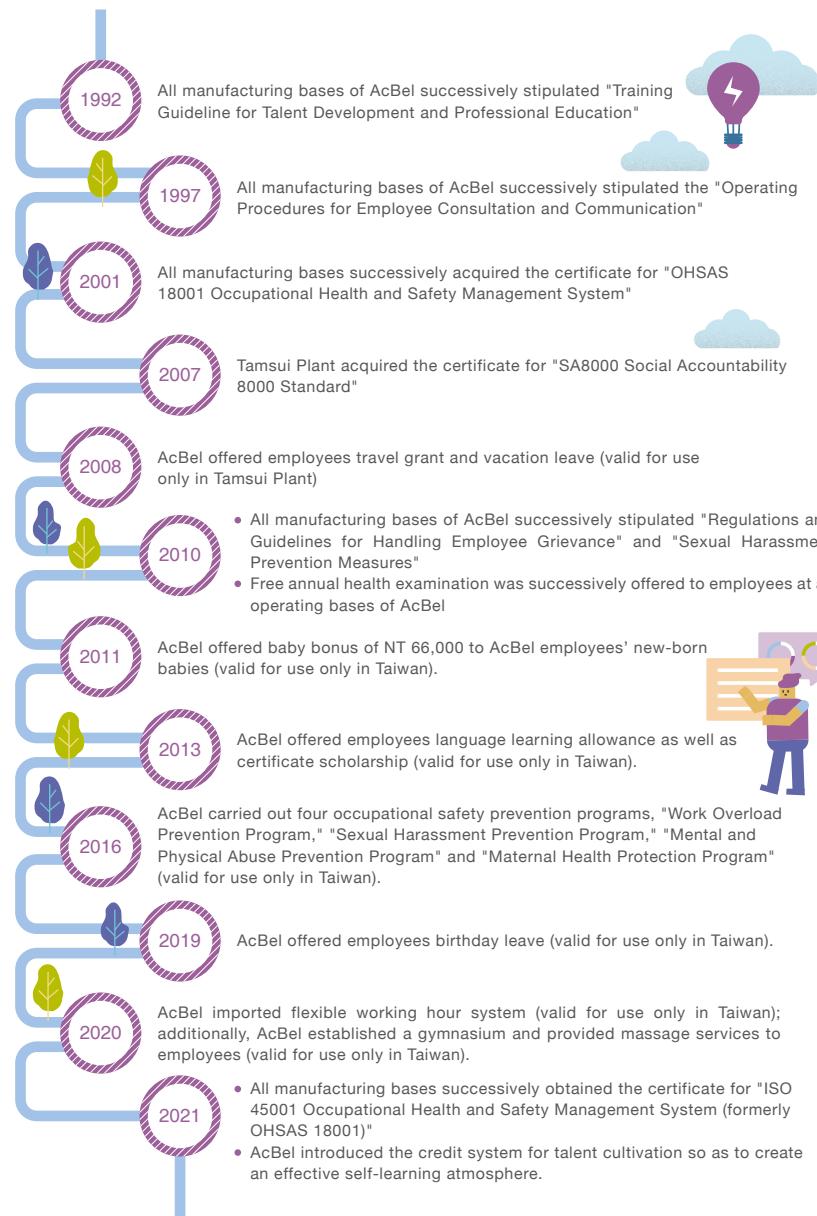


Harmony · Employee Relationship Management

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Enjoyable Workplace Milestones



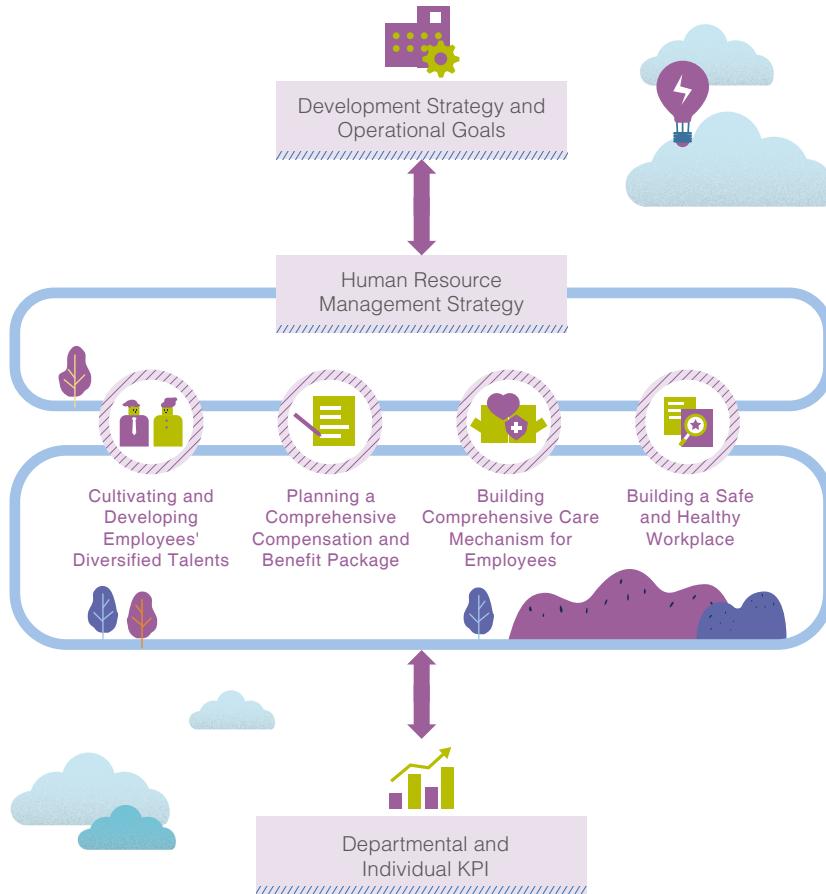
6.1 Human Resource Management

 <p>Material Topic</p>	<p>Employment</p> <p>AcBel recruits employees with vision from all over the world in accordance with its mid-term and long-term corporate operating strategic plan. All production bases comply with the International Human Rights Norms and Local Government Labor Laws and treat each applicant and employee fairly. AcBel implements the company's diversity and non-discrimination policy. AcBel strives to create an equal, inclusive, friendly and diverse workplace environment. In the process of pursuing corporate economic growth and performances, AcBel incorporated the concept of Creating Shared Value, which serves to provide employee with the sense of meaning and satisfaction. We are convinced that these positive elements can help attract, inspire and retain capable employees at AcBel.</p>
 <p>The Importance of Material Topic Boundary</p>	<p>Talented employees are the critical momentum driving an enterprise' development. AcBel adheres to the positive philosophy of "Creating a Family-like Warm and Cozy Workplace, Sacrificing Personal Interest In Pursuit Of The Company' s Greater Development, Beholding the Attitude of Pursuing Excellence, and Always Taking A Positive Stride in Making Contributions." Additionally, AcBel optimizes a complete compensation and benefit package, builds learning maps and improves company communication channels. Moreover, AcBel has been committed to cultivating employees with diverse talents as its primary human resource development strategy and has been exploring the potential and competitiveness of employees so as to create a self-motivating environment.</p>
 <p>Management Approach and Goals</p>	<p>AcBel supports and adheres to international human rights norms and principles. For example, we formulated the "Human Rights Policy" and "Labor Policy" as the principal guideline for personnel management at all operation bases according to "United Nations Guiding Principles on Business and Human Rights." AcBel requests each operation base to implement these guidelines in daily operations of the company. Moreover, AcBel follows the RBA Responsible Business Alliance Code of Conduct and SA8000 Social Responsibility Management System through rigorous management procedures, regular education, and external third-party audit/verification. Through the implementation of these guidelines and management systems, we expect to achieve the two main goals in the framework of human rights management, i.e. "Principles of Protection" and "Principles of Respect." 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> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Principle of Protection</p> <p>In order to provide an equal, safe, fearless workplace, AcBel supports International Human Rights Initiative, follows statute of each operating base, promises and implements employees' rights to work and various human rights protections.</p> </div> <div style="text-align: center;">  <p>Principle of Respect</p> <p>Any discrimination, bullying, harassment, forced labor, child labor, and restricted association are not tolerated. AcBel believes in equal job opportunities, the respect of privacy, cultural diversity and gender equality.</p> </div> </div>

Human Resource Strategy

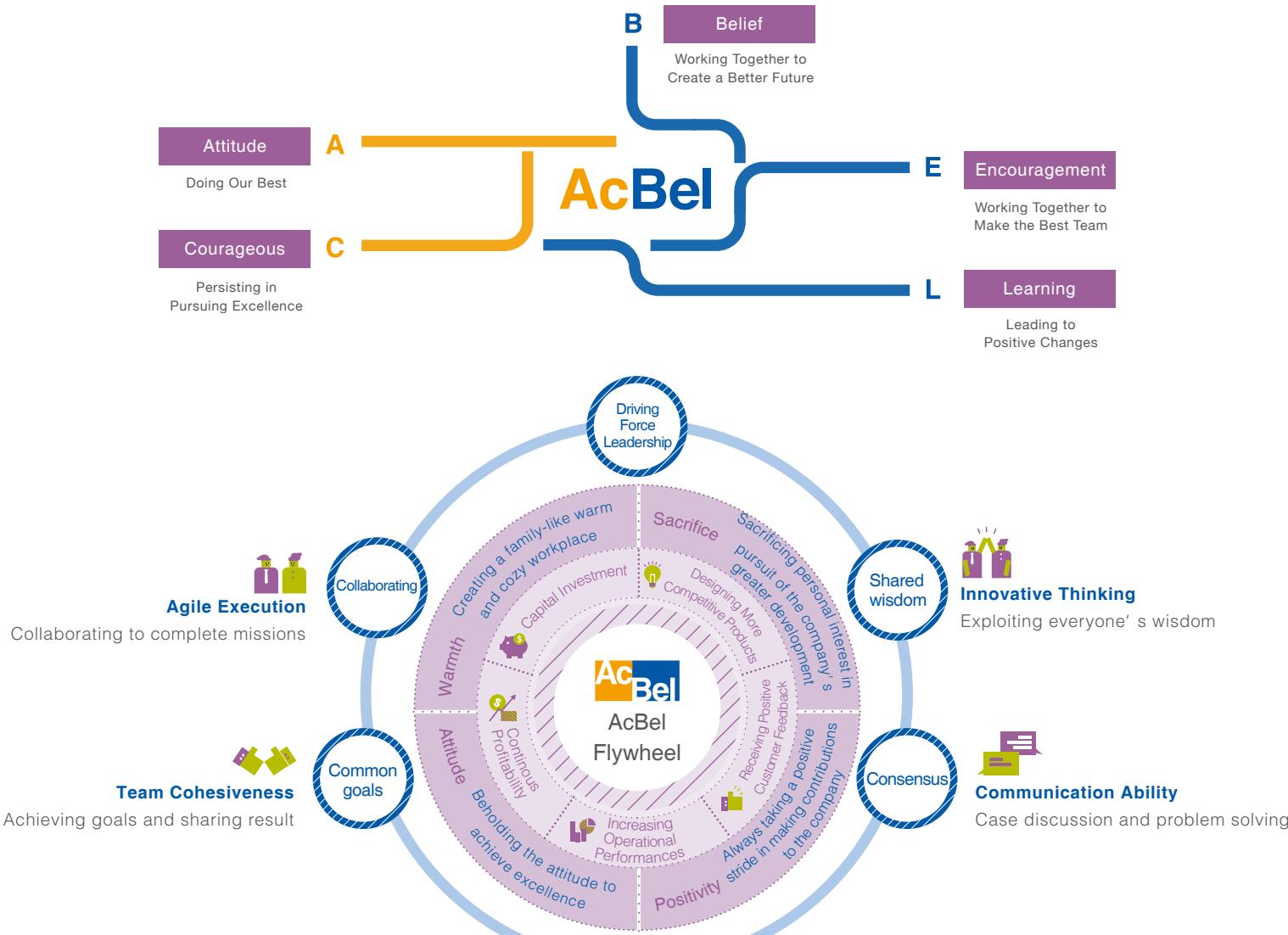
AcBel is convinced that talented employees are important assets, core competitive niche as well as critical cornerstone behind an enterprise' sustainable development. AcBel follows the company' s developmental strategy and operational goals to formulate its human resource management strategy. In addition, we strive to create a pleasant and joyful workplace environment and conditions. Moreover, AcBel designs developmental maps according to different positions in order to maximize each employee' s potential, enhance human capital and achieve the company' s operational goals.

Human Resource Management Framework



AcBel's DNA

AcBel utilizes existing resource to promote the company's faster development. We import the concept of flywheel and regard the growth of the enterprise as a wheel. Through cross-department consensus and collaboration, we can find correct and appropriate point of application, so that each link can be rotated correctly, and become a flywheel that drives the sustainable development of the enterprise for a long time.



Annual Goals of Friendly Workplace

Scope	Plant	Item	Goals achieved in 2020	Goals achieved in 2021	Goals in 2022
 Friendly Workplace	TS Tamsui Plant	Enhancing employees' health conditions	Activities such as health lectures and preventive inspections were held with a total of 361 participants.	<ul style="list-style-type: none"> Helped employees who have BMI higher than 27 lose 498.5 kg of weight in total The percentage of employees participating in various activities reached 11.85% 	The percentage of employees participating in health improvement activities reached 12%.
		Avoiding extending employees' working hours	Employees' weekly working hours and the "one day off per seven days" policy comply with laws and the RBA requirements.		Employees' working hours in 2022 are in compliance with laws and regulations and RBA standards.
		Promotion of work ethics	Eleven ethical promotion/training activities were held.	Fourteen ethical promotion/training activities were held.	Holding at least two ethical promotion/training activities
	DG Dongguan Plant	Lowering the number of work-related injuries	The number of work-related injuries was 50% lower than 2019.	-	The number of work-related injuries is 20% lower than that in 2020.
		Improving overtime hours	Reached the goal of making the number of overtime workers less than 40%.		The percentage of employees working overtime is lower than 40%.
		Employees' social responsibility training	100% of employees got a day off per seven days.		100% of employees get a day off per seven days.
	WH Wuhan Plant	Improving overtime hours	A total of 6,042 employees participated in the trainings.	A total of 8,218 employees participated in the trainings.	At least a total of 5,000 employees participate in the trainings within the year.
		Employee training	Reached the goal of having 62.37% of employees work less than 60 hours per workweek.	100% of employees worked less than twelve hours (including overtime) per workday.	Over 70% of employees work less than 60 hours per workweek.
		Supply social responsibility audit	A total of 3,522 employees participated in business ethics training.	Reached 100% of acceptance rate at On-the-Job Trainings (OJT).	-
	PH Philippines Plant	Improving employees' benefit program	-	Improving the contents of HMO and group insurance packages (i.e. dental check and annual health check; employees' family members included in the package).	Conducting on-site CSR audit on more than 5 local suppliers.

Note: “-” indicates that no target was set during the year.



AcBel Recruiting Section
<https://www.acbel.com.tw/en/article-page/recruiting>

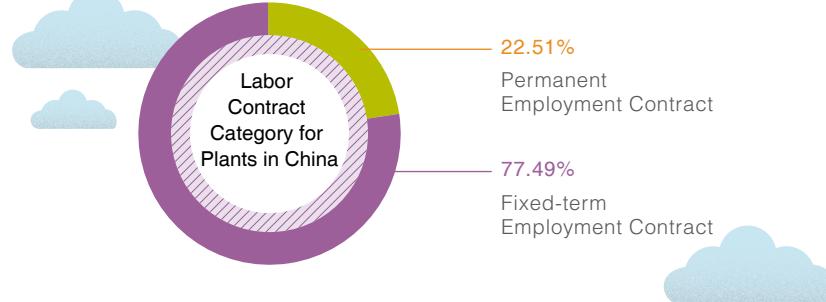
6.2 Employee Overview

Employee Summary

Plant	Number of Employees			2021 Number of Employees in Each Plant as A Percentage of Total Employees (Year 2021)
	2019	2020	2021	
T Taiwan	1,418	1,540	1,576	19.85%
DG Dongguan Plant	2,943	2,645	2,965	7.02%
WH Wuhan Plant	1,589	1,609	1,897	3.60%
WJ Wujiang Plant	-	-	657	8.28%
TL Tongliang Plant	-	-	286	23.90%
PH Philippines Plant	647	554	557	37.35%
Total	6,597	6,348	7,938	

Note: The total number of employees represented the number of employees within the report boundary.

Labor Contract Category for Plants in China



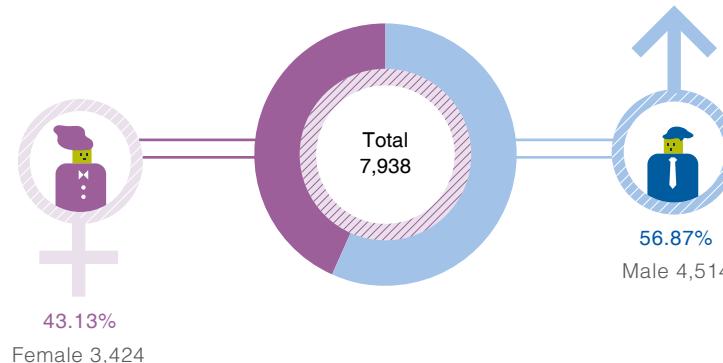
Note: The labor contract signed by Chinese employees is different from that signed by Taiwanese counterparts. In China, the fixed-term labor contract is the standard form of contract signed between Chinese employees and the company. In China, the term of the contract is three years in general. When an employee signs a fixed-term labor contract twice (that is, after 6 years of service), the contract is automatically converted into a non-fixed-term labor contract.

Employees Structure - Gender, Job Position and Nationality

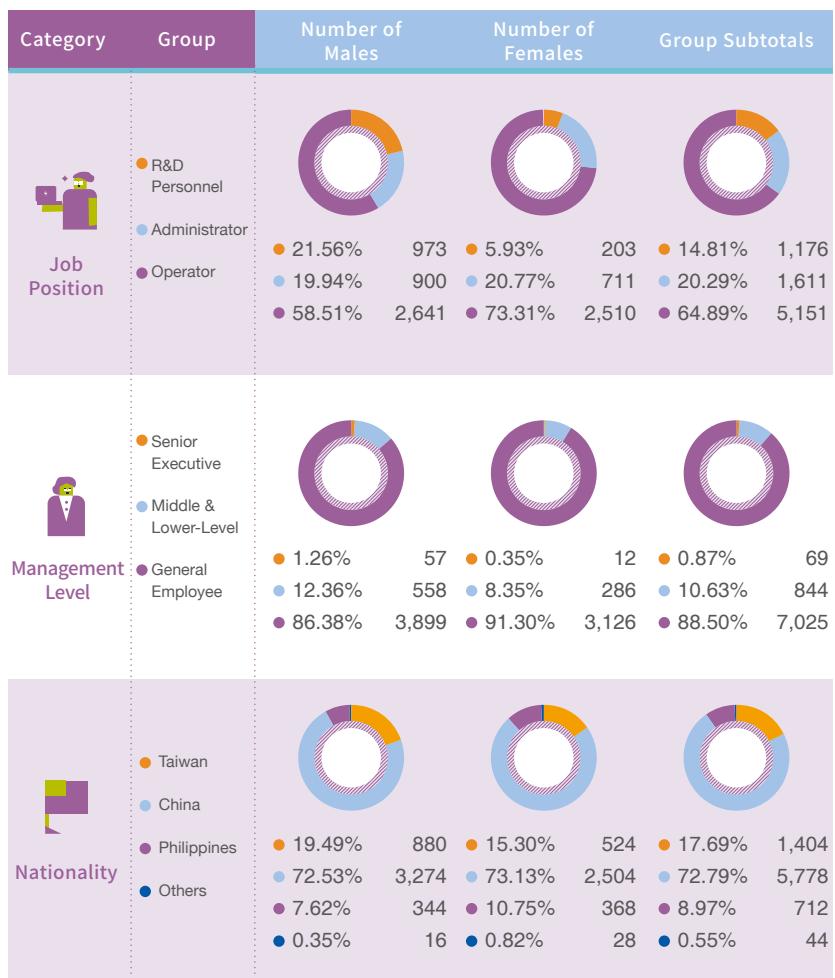
The operating base in Taiwan is the operating headquarters of AcBel. Three other operating bases are set up across Asia. Shanghai Sino Hardware Electronics Co., Ltd, AcBel's subsidiary company, has two operating bases set up in China. The total number of employees in all the operating bases is 7,938, 100% of whom are in formal employment terms.

Analysis on the regional structure demonstrated that the majority of AcBel employees are from China, accounting for 73.13% of total AcBel employees, whereas employees in Taiwan account for 19.85%, and the employees in Philippines account for 7.02%. In terms of gender proportion of employees, 4,514 are male workers (56.87%) while 3,424 were female workers (43.13%). The difference in gender proportion is mainly attributed to the nature of the electronics manufacturing industry. Generally speaking, workers with engineering background in this field are males. In terms of nationality, 17.69% of the employees are Taiwanese, 72.79% are Chinese, while 8.97 % are Philippines and 0.55% are from other countries worldwide.

Employee Structure in 2021 (Gender)



Employee Structure in 2021 (Job Position/Nationality)



Notes:

1. Research & Development personnel: Employees serving as product developers.
Administrator: Employees holding administrative positions
Operator: Employees working in production or assembly lines
2. Senior executive: Employees holding supervisory positions with an official job grade of 8 or above.
Middle & Lower-Level Management: Employees holding supervisory positions other than senior executives.
General Employee: Employees not holding any supervisory positions.
3. "Others" refers to employees from different countries worldwide. 1 from India, 1 from France, 1 from Singapore, 1 from Malaysia, and two from Indonesia as well as 38 from Vietnam.

Employee Structure - Age, Education and Senioryty

Analysis on the age distribution of employees demonstrated that 60.30% of them are within the age range of 30 to 50. The percentage of employees under the age of 30 accounts for 93.37 %. In terms of academic background, 26.24% of the employees have a bachelor's degree and they were mainly in charge of R&D, sales, quality management, material procurement and administration. The other employees without a bachelor's degree or above account for 73.76%. They are mainly in charge of work at product assembly lines, testing and packaging. Furthermore, in terms of seniority, employees with less than 5 years of work experiences account for 70.46% of total employees at AcBel. Specifically, employees in this category are mainly serving as operators at production lines. The rather monotonous work nature of operators has resulted in relatively higher turnover rate and shorter accumulated seniority in this category. Employees with 5-20 years of work experiences at AcBel account for 25.75%. Employees who possess more than 20 years of work experiences and serve positions regarding the company strategic development account for 3.79%.

On-site service providers are hired to provide various general services to meet the operational needs of all plants at AcBel, including security, cleaning, gardening, and restaurant service. In the meantime, we require the contractors to follow pertinent regulations for personnel management. Statistics showed that there are a total of 172 contract personnel, which account for 2.17% of total number of employees at AcBel.

Employment Status of Local Staff/Female Executives/Employees from Ethnic Minorities/Employees with Disabilities

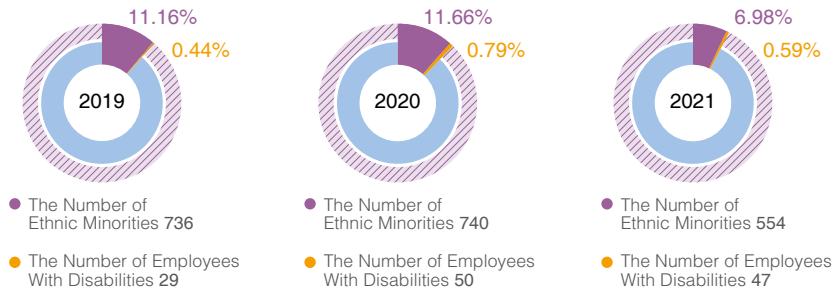
Statistics showed that a total of 12 female employees served as senior executives at AcBel in 2021, which accounted for 17.91% of the company's senior management. We have seen a continuous growth in the number of female executives in recent years. In addition, a total of 601 employees from minority groups and with disabilities were employed, accounting for 7.57% of all employees at AcBel. These numbers are solid proof that AcBel has been committed to building a work environment with equal opportunities, dignity, safety and equality as well as free from discrimination or harassment.

Plant	The Number of Senior Executives	Local Senior Executives		The Number of Local Senior Executives as A Percentage of All Employees in The Plant	Female Senior Executives		The Number of Female Senior Executives as A Percentage of All Employees in The Plant
		Number	Percentage		Number	Percentage	
T Taiwan	40	40	100.00%	2.54%	8	20.00%	0.51%
DG Dongguan Plant	12	7	58.33%	0.24%	3	25.00%	0.10%
WH Wuhan Plant	3	1	33.33%	0.05%	0	0.00%	0.00%
PH Philippines Plant	6	2	33.33%	0.36%	1	16.67%	0.18%
WJ Wujiang Plant	6	0	0.00%	0.91%	0	0.00%	0.00%
TL Tongliang Plant	1	0	0.00%	0.35%	0	0.00%	0.00%

Notes:

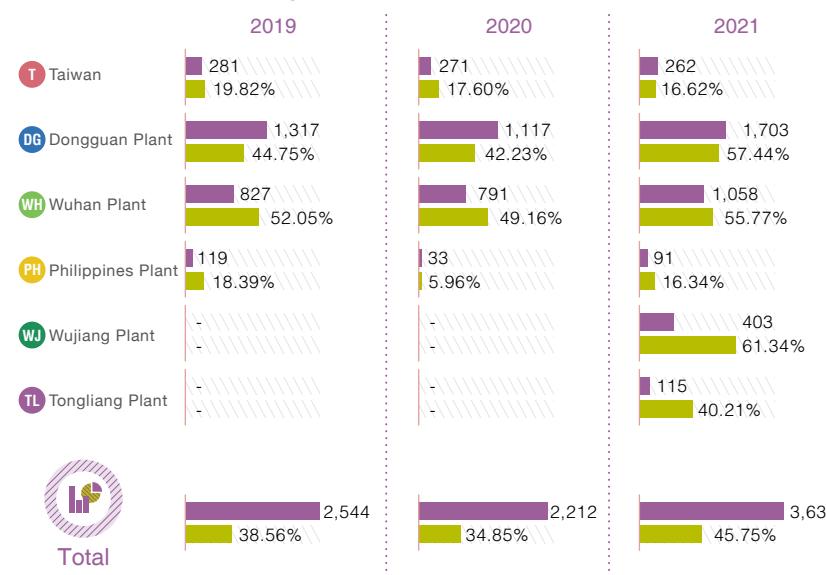
1. Senior executives are employees holding manager-level positions of 8 or above.
2. Local staff are employees holding the nationality of the country where the factories are located.

Number and Percentage of Ethnic Minority Employees and Employees with Disabilities



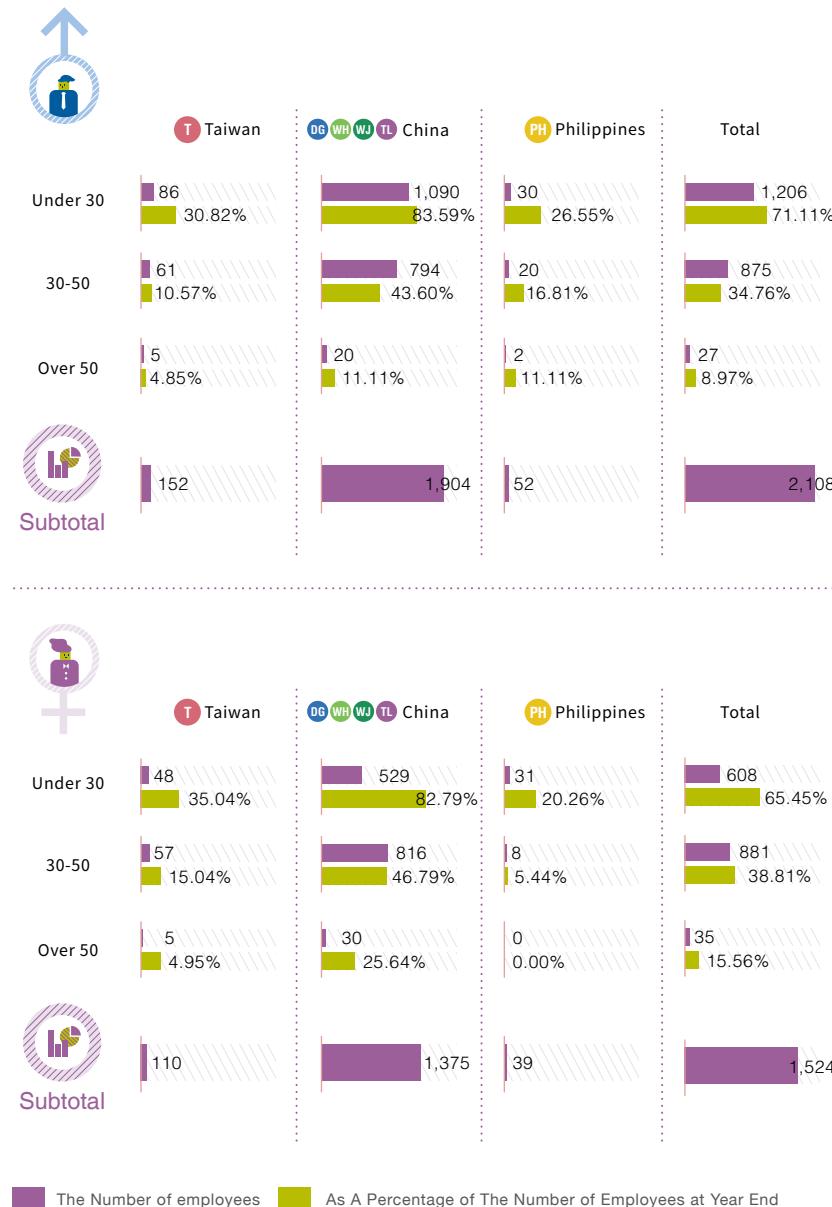
Notes:

1. Definition of ethnic minorities: In Taiwan ethnic minorities refer to the indigenous nationality; in China they refer to ethnic groups other than the Han; the Philippines is not divided ethnically and hence the definition is not applicable.
2. Definition and calculation of employee with disabilities: According to "Protection Act," one severely disabled employee with disability handbook is counted as two people. In China, disabilities with disability is counted.

New Employee Overview
Number of New Employees

Note: New employees are those who have completed the employee registration procedures in that year and are still in position in the end of the year.

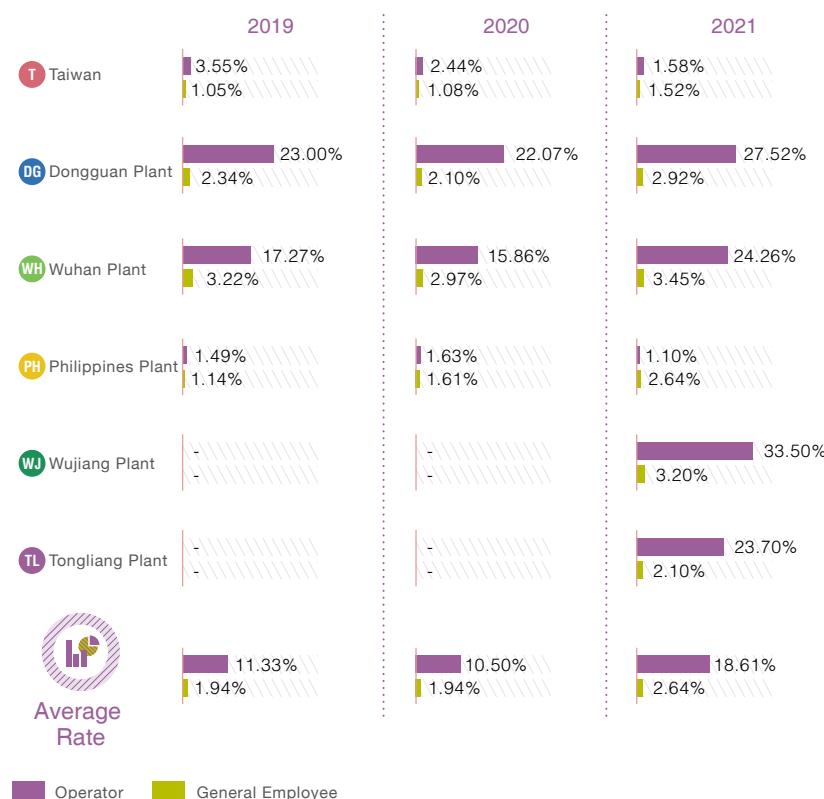
Age Structure of New Employees in 2021



A total of 3,632 employees were recruited in the year 2021, a 64.2 % increase compared to the number of 2,212 in 2020. Analysis showed that the number of new employees in Taiwan and Philippine are relatively moderate as compared with that in China. The difference in statistics can be chiefly attributed to the inclusion of the statistics of the number of new employees from the subsidiary – SINO and the impact of the Covid-19 on plants in China. Due to China's pandemic prevention and control measures, a number of employees in China were unable to go to work and eventually resigned from AcBel. The higher turnover rate of employees in China eventually translated into the increase in the number of new employees in China's plants. In terms of age, the number of employees under the age of 30 increased the most, with 71.11% increase in male category and 65.45% increase in female category (mostly operators). During the registration, AcBel confirmed that 100 % of the new employees chose to work with us out of their own will and by no means under any circumstances of coercion.

Departing Employee Overview

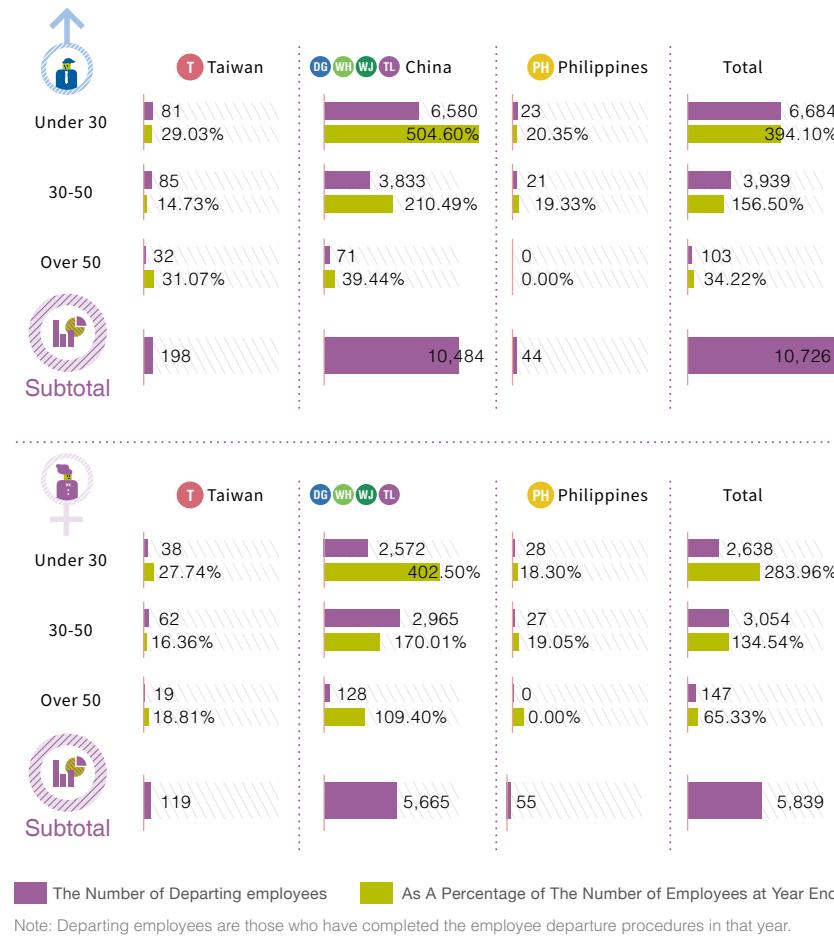
Annual Turnover Rate



Notes:

1. The turnover rate is the 12-month average of (the number of monthly departures) ÷ (number of monthly employees at the end of the period + number of monthly departures).
2. Definition of General Employee: employees other than operators.

Age Structure of Departing Employees in 2021

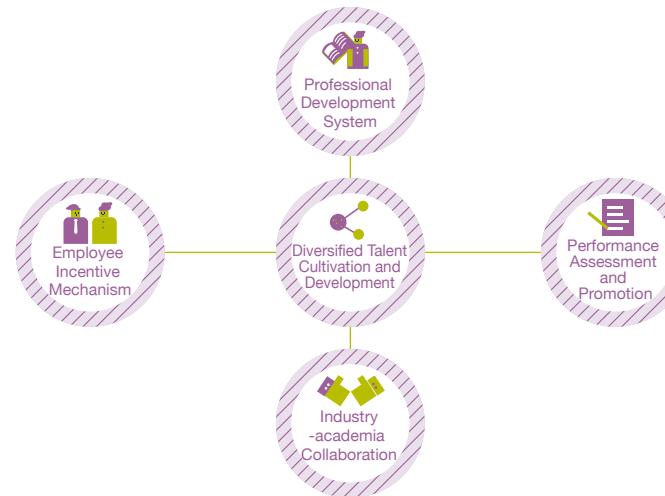


Note: Departing employees are those who have completed the employee departure procedures in that year.

In 2021, A total of 16,565 employees resigned in 2021, a 42.37% increase compared with the number of 9,547 in 2020. Statistics showed that the change in the number of resigned employees in Taiwan and Philippine is relatively moderate as compared with that in China. The difference in statistics can be chiefly attributed to the inclusion of the statistics of the number of new employees from the subsidiary – SINO and the impact of the Covid-19 on plants in China. Due to China's pandemic prevention and control measures, a number of employees in China were unable to go to work and eventually resigned from AcBel. In terms of age, the number of employees under the age of 30 increased the most, with 394.10% in male category and 283.96% in female category (mostly operators).

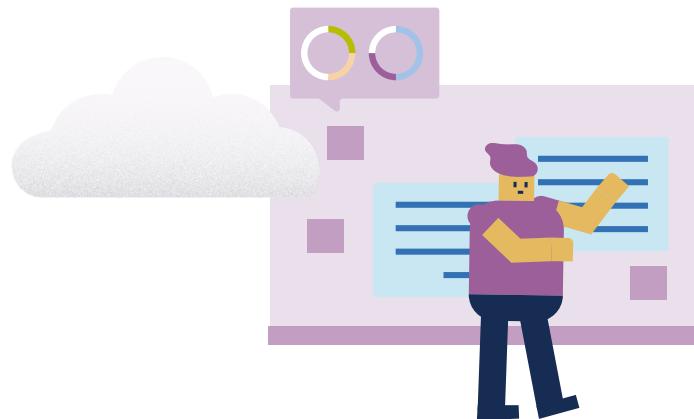
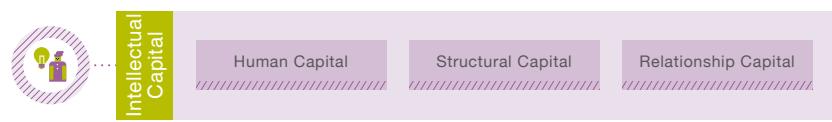
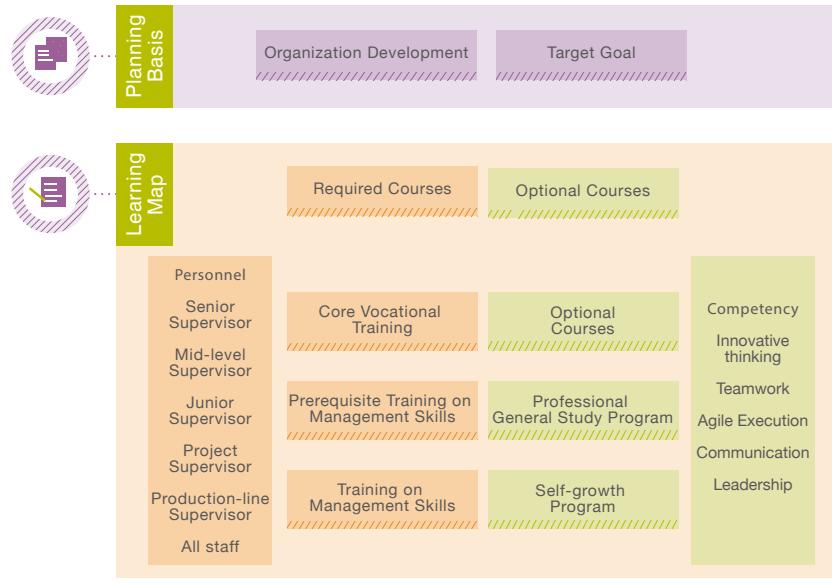
Analysis showed that the higher resignation rate can be mainly attributed to numerous factors, including pandemic prevention and control measures, inability to adapt to production line management, monotonous work nature, etc. In light of this, AcBel started to engage in enhancing executives' management competency, upgrading the equipment at employees' living & recreation spaces as well as optimizing employees' compensation package.

6.3 Diverse Talents Cultivation and Development



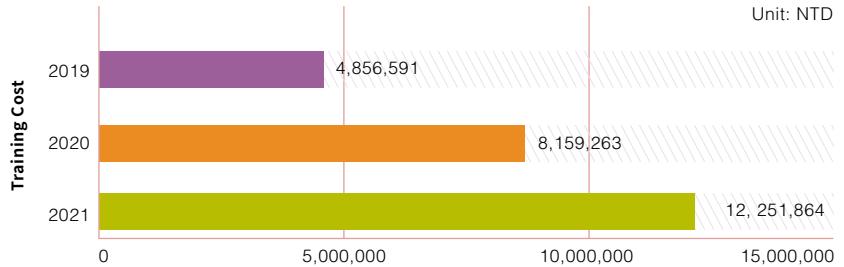
Talent Cultivation System

"Talent" is regarded as the most crucial resource of an enterprise, as well as the creator and implementer of corporate value. Through the construction of learning maps in consideration of business development and employee career development, AcBel devotes sufficient resources to employees of different positions and ranks, from new employee training, on-the-job training, and supervisor training, to cultivating an atmosphere of independent learning for employees. In addition, starting from 2021, AcBel promoted a credit system in which each employee needs to take at least 24 credits of self-learning on an annual basis, which is paired with a promotion assessment system to enhance the accumulation of intellectual capital so as to create momentum for the company's sustainable development.



Employee Training

In order to continue to develop diversified talents, optimize the cultivation system and match the requirements for promotion, the training expenses in 2021 increased by 50.16% compared to the previous year.

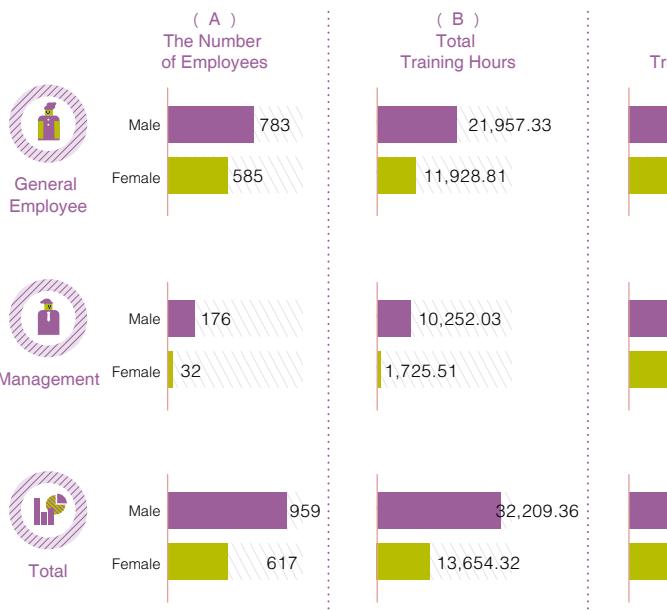


In 2021, in response to the continuing pandemic of COVID-19, we have increased the number of digital courses offered so that employees do not have fewer opportunities to learn due to geographical restrictions. Therefore, the overall training expenses, total training hours and average training hours have increased or maintained. The most significant increases were in Taiwan (Qiyan and Tamusui plants) and Wuhan plant, followed by a slight increase in Dongguan plant and a flat increase in the Philippines plant.

The total training hours and average training hours of employees at each plant in terms of job position and gender are as follows:

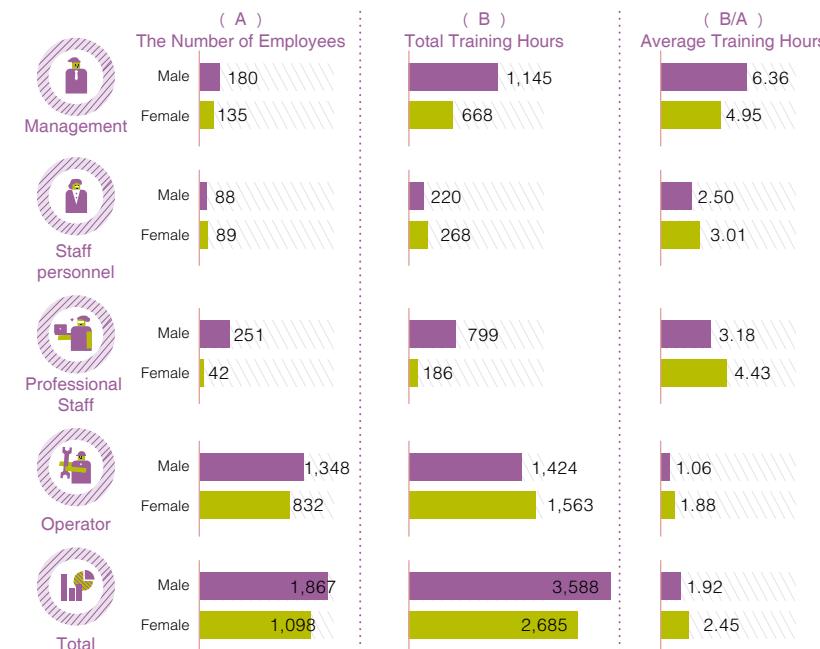


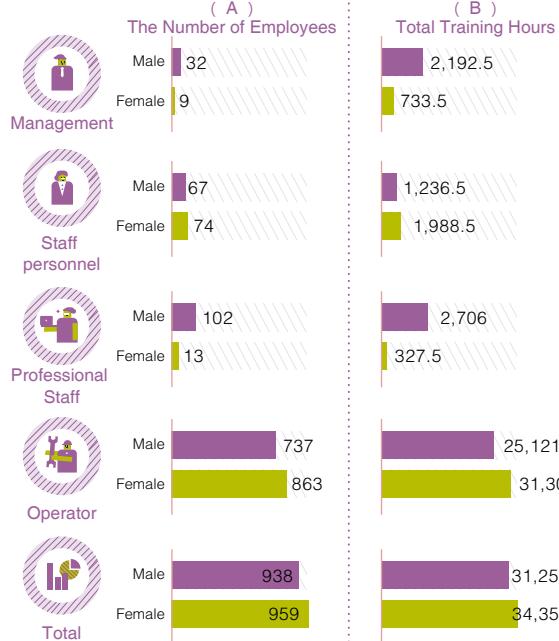
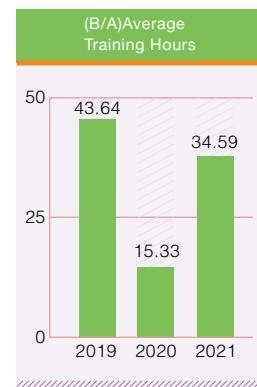
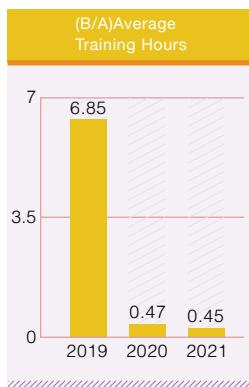
T Taiwan



Note: General employees are employees not holding any supervisory positions; management are employees holding official supervisory positions (grade 5 or above).

DG Dongguan Plant

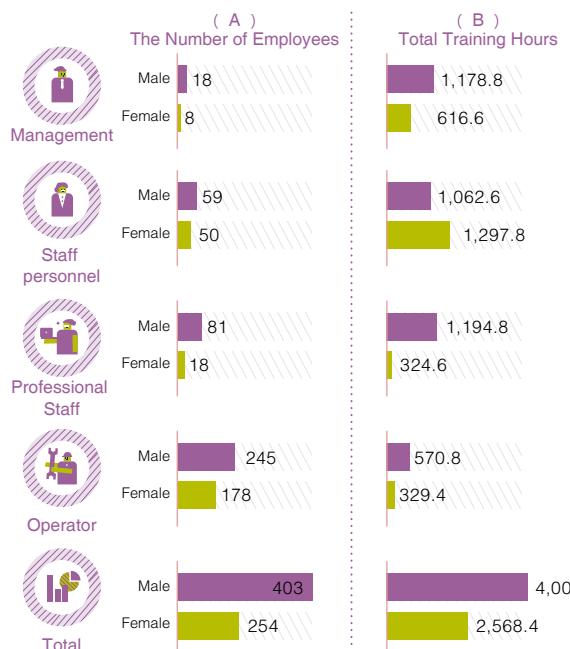


WH Wuhan Plant**PH Philippines Plant**

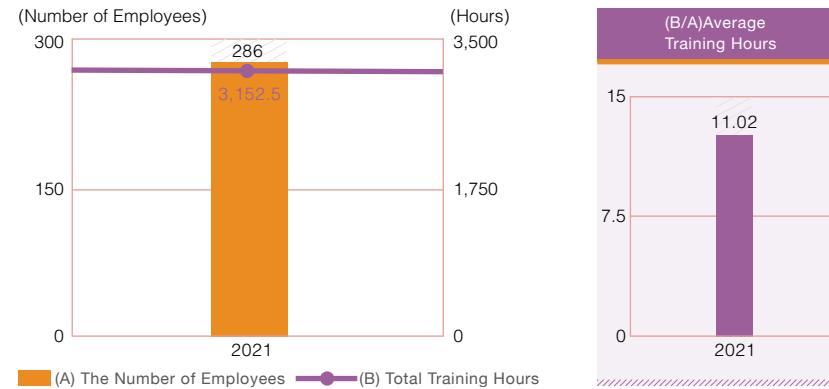
WJ Wujiang Plant



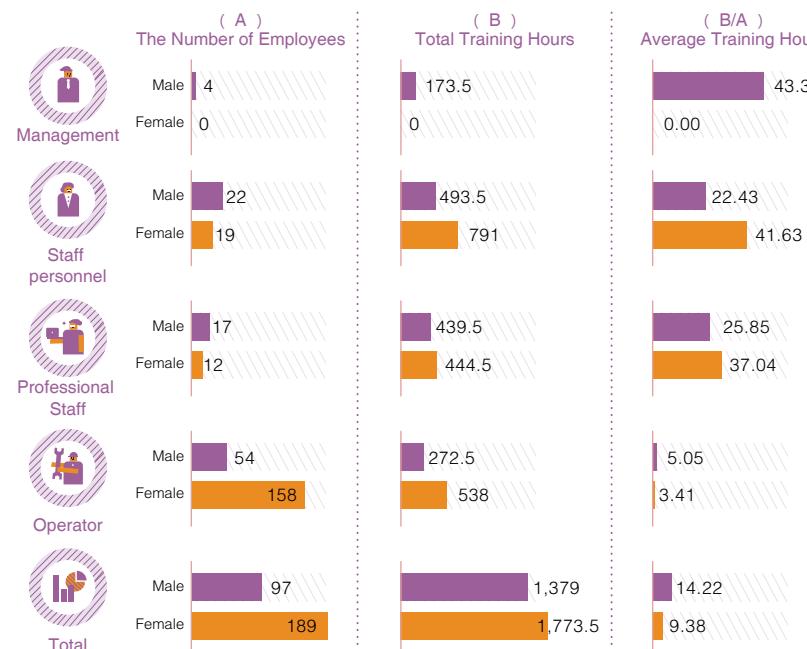
(A) The Number of Employees — (B) Total Training Hours



TL Tongliang Plant



(A) The Number of Employees — (B) Total Training Hours



Note:

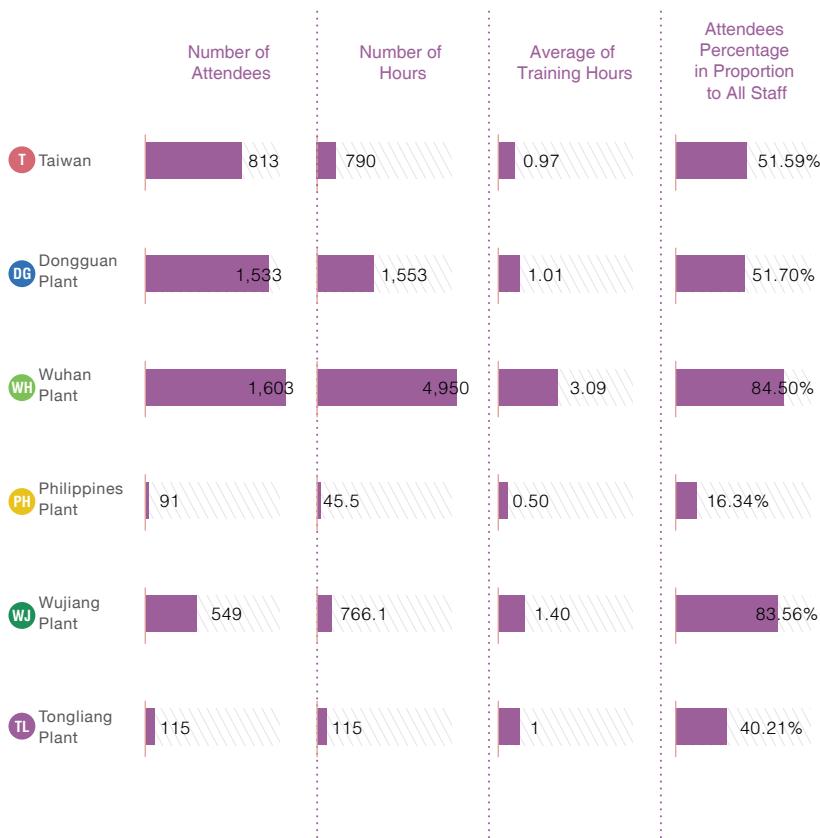
- Categorization of job positions in plants in China is explained as follows: management as supervisors at all levels; staff personnel as general employees at all levels, including specialists and special assistants; professional personnel as engineers and employees who are with project manager titles.
- Categorization of job position in Philippines Plant is explained as follows: exempt employees are those who are not subject to the overtime regulations of the U.S. Fair Labor Standards Act; non-exempt employees are those who are subject to the overtime regulations of the U.S. Fair Labor Standards Act; DL are those who are directly engaged in production and IL is those who assist production line personnel.

Human Rights Training

Through the human rights risk management process, the company conducted risk identification, and by the end of 2021, all of AcBel's operating bases completed human rights assessment. In addition, human rights training has been implemented to ensure that the human rights conditions of all employees at all operating bases are 100% protected and the risk of human rights violations is reduced.

In case of major changes in corporate operating and work conditions, a labor-management consultation meeting will be held to facilitate communication with employees. In accordance with local government laws and regulations, AcBel gives the early notice period as part of the notification process to ensure the protection of employees' right to work.

Human Rights Training in 2021



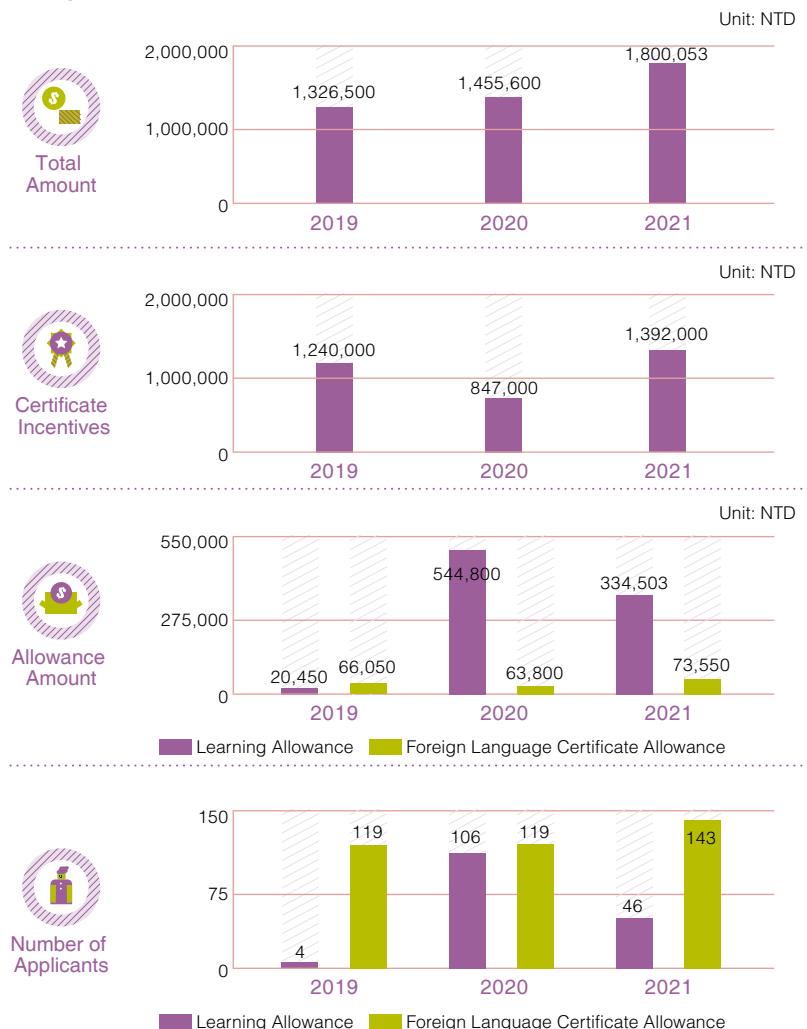
Notes:

- All employees who completed employee registration procedures are required to participate in Human Rights Training.
- All employees are required to participate in human rights training in physical or online courses.

Incentives for Certificates and Language Learning

With the support of internationalization and professionalization policy and the promotion conditions of employees, despite the decrease in the number of applications for Learning Allowance in 2021, the fees for "Total Investment" and "Certificate Incentive" continued to increase, with a slight increase of 23.66% for Total Investment and 64.34% for Certificate Incentive in 2021 compared to 2020.

Incentives and Allowances for Certificates and Foreign Language Ability Improvement (Taiwan)



Industry-academia Cooperation

In the face of diversified consumer demands and tight product development schedules, the company not only cultivates its core internal personnel, but also transforms academic research into industrial momentum through industry-academic cooperation and early deployment of the talent market to enhance its overall competitiveness.

Industrial-Academic Research Center

In 2021, we collaborated with National Tsing Hua University in Taiwan on the "Joint Research and Development Center" to conduct forward-looking technology development and cross-field application research, which covers technology development and product development in the field of electric vehicles and green energy integrated systems.

Talent Pool

Meanwhile, we continue to cooperate with many universities in Taiwan to develop the talent pool. In 2021, there were 8 talents in "Power Electronics Industry Master Classes" from 2 schools and 25 talents from "Corporate Internship" in 6 schools to cultivate talents who are committed to the company and select talents during student internship to ensure the source of key talents. On the other hand, during this period, these students' practical abilities can be cultivated. In the meantime, technical problems or process improvements within the company will be solved, thus achieving a mutually beneficial and win-win situation between the company and the students. In 2021, according to the statistics, there were 7 permanent employees through the industry-academia partnership.

Employee Performance Assessment and Promotion

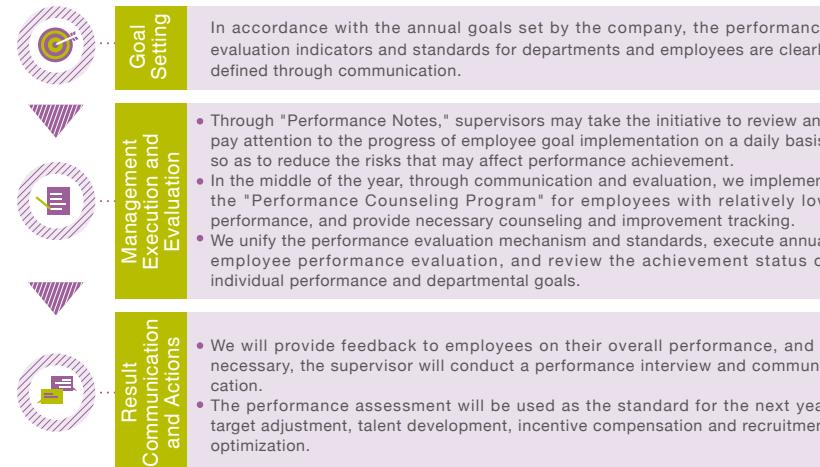
In order to effectively evaluate employee performance and achieve departmental performance goals, AcBel has established a performance management mechanism that allows executives to evaluate employee and departmental performance. This enables them to fully grasp employee performance and provide feedback on performance evaluations, explore employee potential and characteristics, and create a greater sense of job accomplishment and value.

Supervisors can utilize the "Performance Notes" tool to review the progress of their employees' goal implementation simultaneously, proactively grasp and care about employees' performance achievement status or the resources and support they need, as well as give appropriate feedback to their subordinates immediately to create a good interactive communication environment.

In addition to the regular performance assessment of employees as a basis for salary adjustment and job promotion on an annual basis, supervisors can implement a "Performance Counseling Program" for employees with comparatively lower performance or significantly lower work achievement goals in the department from June to the beginning of the year-end performance assessment. By doing so, we expect to enable employees to understand their personal performance in advance and identify problems for timely improvement so as not to affect the annual performance of the department. Through the information-based "Performance Counseling and Reporting Mechanism" system, employees in the department who are evaluated to be unable to achieve their personal goals, whose work progress is obviously lagging behind, and whose work attitude can be further improved, are given assistance with counseling and guidance.

In 2021, 100% of the employees in each production base completed the annual performance evaluation, which was self-evaluated by the employees, then re-evaluated by the upper two levels of supervisors, and finally approved by the president. Through performance evaluation and ranking, we offered rewards and promotions in order to retain talents as a result of company's sustainable development. In 2021, the Company successfully completed an internal promotion evaluation based on employee performance in a fair and transparent manner, with 1,419 employees being promoted, accounting for 17.88% of the total number of employees.

Performance Management Process



Poor Performance Management

In order to revitalize the company's internal talent positive rolling, the employees who have been assessed as lagging behind are listed as the target of counseling and performance improvement plan. Furthermore, supervisor will implement the relevant counseling and improvement plan, and assist in completing the performance improvement or job adjustment within the agreed period between the company and the employees. If the employee does not reach the improvement standard within the agreed period, he/she will be dismissed or retired in accordance with the local government's labor regulations to ensure their employment rights are not affected.

Employee and Team Incentive Mechanism

In addition to motivating employees to improve through compensation and benefits to achieve performance goals, AcBel also uses the positive cycle of flywheel thinking to identify the company's core values, determine goals, and make proper plans. By doing so, the continuous cycle of teamwork leads to compounding the company's growth. AcBel conducts cross-plant and cross-department team and individual competitions, invites external experts and scholars as well as internal senior executives to evaluate the best benchmark learning cases, and gives incentives to employees in the form of prizes, so as to let them learn from each other and accelerate the rotation of AcBel's flywheel.

In 2021, Taiwan held a competition for outstanding teams and employees. There were 5 groups of outstanding teams and 33 outstanding employees selected, and the chairman of the board of directors presented them with awards in a public forum. We also held a cross-plant Lean Management competition from February to August 2021, with a total of 36 projects promoted in which the company saved NT\$29,650.

Lean Management Project

Through discussion, learning, and observation, AcBel has been promoting various projects in all production bases, ranging from product design, materials used, production process, production line planning, and supplier management, with the purpose of reducing unnecessary waste while providing the most streamlined materials, manpower, equipment, and space to meet the immediate needs of production products.

6.4 Salary and Benefits Optimization



Compensation and Benefits
Adjustment & Optimization



Retirement System
and Social Insurance



Material Topic

Market Presence

In order to establish a stronger partnership with customers, AcBel has been consistently adjusting its operation and management strategies through globalization, planning localized management methods that are in line with local people and culture. By doing so, the positive influence of the company is brought into play to meet the expectations of the local community and achieve the needs of customers in order to enhance the company's operational performance.



The Impact of
Material Topic
and Impact Boundary

Under the management policy of globalization and localization of management, AcBel adopts a diversified and inclusive approach to employees from different countries and regions. Through sound labor-management communication, we cultivate local talents to take up the management positions of the company and adapt the management mode in accordance with local conditions and empathy, so as to reduce the risk of daily management of the company.



Management
Approach

AcBel adopts the principle of equal pay for equal work in terms of remuneration and benefits; we establish and optimize the remuneration management system to provide competitive salaries and compensation to attract local talents. In addition, through the employment of local residents as senior management, we can better meet the administrative needs of our employees from a local perspective, and meanwhile, introduce local resources to facilitate the company's deployment in the region and eliminate operational problems.

Employee Compensation

AcBel relies on employee performance orientation to plan fair, complete and comprehensive compensation as well as benefit package designed to stimulate employees' willingness and potential to work, ensure the achievement of employee and departmental performance goals, as well as attract and retain talents. By doing so, AcBel improves the company's operational performances. With reference to the salary survey, the standard of living, the basic wage and social welfare regulations of the law, and the overall profitability of the company's operation, the company sets the salary and benefits in excess of the law. To this end, AcBel consistently takes care of the employees and their families while planning a comprehensive social insurance and retirement system so as to safeguard the employees from the time they join the company to the time they retire.



In recent years, AcBel has made annual salary adjustments to share the profitability of its operations with its employees, satisfy their livelihood, and ensure salary competitiveness. In 2021, the annual salary adjustment is 2.7%, which is lower than that of the previous year. For the primary reason, the company is currently in a growth preparation period and its investments are growing at a higher rate, which will have a relative impact on the rate of salary adjustment for employees. Therefore, it will be an expansion of the company's overall revenue and profitability in preparation for next year's employee salary increase.

Year	2019	2020	2021
Salary Increase (compared to the previous year)	+5.10%	+4.95%	+2.70%

Ratio of Minimum Wage of Company to Local Minimum Wage



Note: Local Minimum Wage are based on the announcements of the Ministry of Labor (Taiwan), the Department of Human Resources and Social Security of Guangdong Province (Dongguan Plant), the Department of Human Resources and Social Security of Wuhan Province (Wuhan Plant), the Department of Labor and Employment, Republic of the Philippines (Philippines Plant), Suzhou Human Resources and Social Security Bureau (Wujiang Plant), and Chongqing City Human Resources and Social Security Bureau (Tongliang Plant).

In accordance with the company's policy of equal pay for equal work, the ratio of basic salary for men to women is 1:1 at each plant in 2021. After taking into account the factor of local living costs, the basic starting salaries of employees at all plants, except for the Philippines and Tongliang plants, are higher than the local statutory basic salary to meet the fundamental needs of employees.

The company designs compensation in accordance with the varying responsibilities of individual positions but with no discrimination based on gender. In consideration of positions and annual salaries, male employees holding executives, consultants or other specialized positions have generally higher salaries than their female counterparts who hold the same positions. The reason for such phenomenon might be that in the power supply industry the majority of the high-level managers and senior employees are males. However, in the positions of staff personnel or operators, the majority of senior employees are females; therefore, the female employees' salary is higher than their male counterparts in these job positions.

T Taiwan

Ratio of Basic Salary of Women to Men



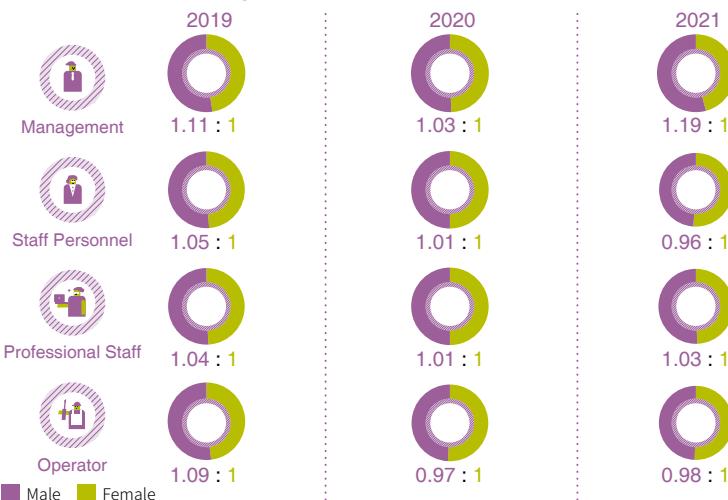


Note: Non-management employee is exclusive of board members and managers. The average salary refers to overall salary per year. Gross income means the total renunciation of monthly regular earnings including base salary and fixed allowance and bonuses a person receives on a monthly basis, and irregular salary including overtime pay, year-end bonus, occasional performance bonus and attendance bonus. The above-mentioned information could be found in the Market Observation Post System. <https://mops.twse.com.tw/mops/web/t100sb15>

DG Dongguan Plant Ratio of Basic Salary of Women to Men

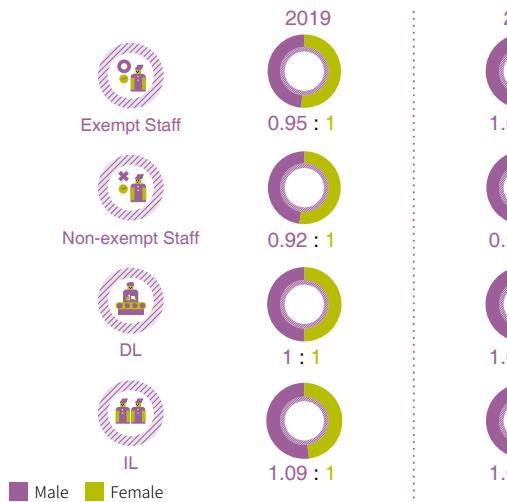


WH Wuhan Plant Ratio of Basic Salary of Women to Men



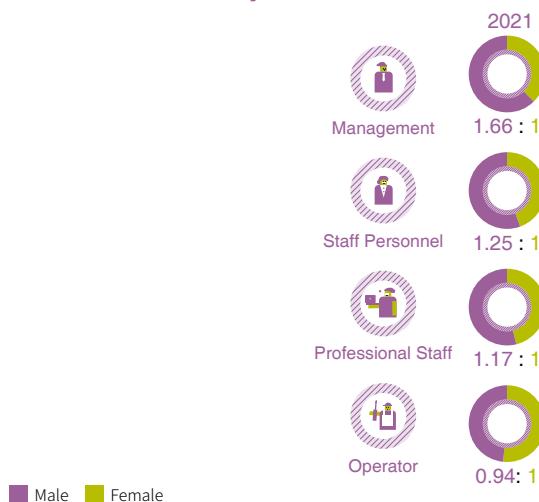
PH Philippines Plant

Ratio of Basic Salary of Women to Men



WJ Wujiang Plant

Ratio of Basic Salary of Women to Men



TL Tongliang Plant

Ratio of Basic Salary of Women to Men



Note:

- Categorization of job position in plants in China is explained as follows: management as supervisors at all levels; staff personnel as general employees at all levels, including specialists and special assistants; professional staff as engineers and employees who are with project manager titles.
- Categorization of job position in Philippines Plant is explained as follows: exempt employees are those who are not subject to the overtime regulations of the U.S. Fair Labor Standards Act; non-exempt employees are those who are subject to the overtime regulations of the U.S. Fair Labor Standards Act; Direct Labors are those who are directly engaged in production and Indirect Labors are those who assist production line personnel.
- The operating bases of SINO was incorporated in the scope of this report since 2021. Therefore, only information of the year 2021 was disclosed in the report. The Tongliang plant is relatively small in size with its main focus on on-site production of hardware, and there are no female supervisors in the plant; therefore, the ratio of female to male supervisors' salaries is not disclosed.

Benefit Package

In addition to providing competitive salaries and rewards, AcBel is committed to implementing management principles such as reasonable fairness, employee needs, and cost control, as well as planning measures beyond salaries and benefits to enhance employees' happiness and sense of identity in the workplace, so as to achieve the goal of profit-sharing for both labor and management.

Item	Legal Benefits	Employee Benefits
	Social insurance (e.g., National Health Insurance, Labor Insurance, Unemployment Insurance, and Pension Contribution in Taiwan), severance pay, occupational disaster compensation, employee bonuses, occupational health checkups, etc.	Pension or severance pay, group insurance, emergency relief, holiday gifts (holiday and birthday bonus), scholarships, baby bonus, study grants and awards, etc., which are better than those provided by law.
	National holiday, annual leave, maternity leave, parental leave, paternity leave, menstrual leave, family care leave, official leave, personal leave, quarantine leave, sick leave, etc.	Birthday leave, charity leave, volunteering leave, and travel vacation.
	Related services provided by Employee Welfare Committee.	Meal subsidies, transportation subsidies, club subsidies, visually impaired massage therapist service, plant convenient store/welfare shop, employee assistance program (EAP), shuttle bus, gym and staff dormitory.

Note: The company's employee welfare policies are adjusted on a rolling basis according to the actual conditions of the operating bases to optimize the company's resources and to meet the daily needs of employees in each region.

Welfare Facilities at Workplace

Item	Plant	Content
Cafeteria		Providing refreshments including but not limited to convenience store snacks, non-vegetarian/vegetarian recipes, noodle recipes, coffee and snack for staff members.
Infirmary	All plants	Available for use for employees who need medical care.
Breastfeeding Room		
Convenience Stores		Providing employees with shopping discounts at plant-based stores.
Employee Dormitory	T Taiwan DG Dongguan WH Wuhan PH Philippines WJ Wujiang TL Tongliang	Apart from subsidiary provided to some foreign employees in Taiwan, free dormitories are offered to employees for the rest of plant areas.
Staff Library	T Taiwan	The latest magazines and books available.
Gym	T Taiwan	Open for employees during workdays.

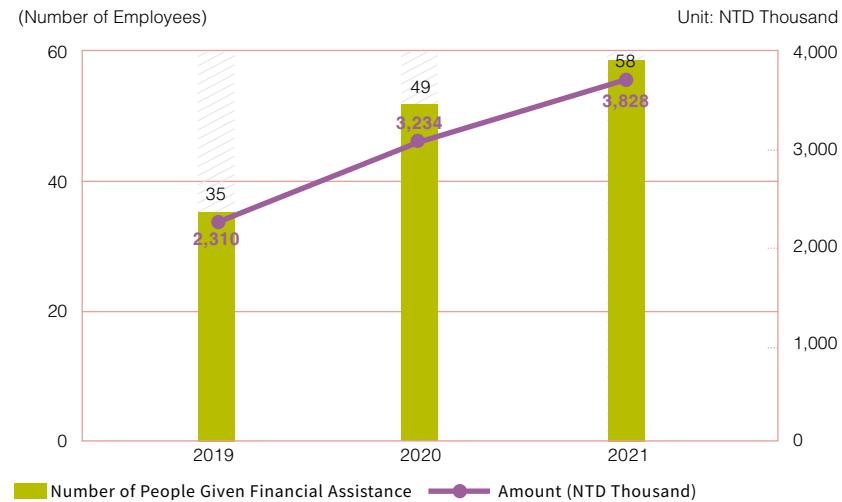
Greater Benefits than Legal Regulation

Item	Plant	Content
Flexible Working Hours		Employees can freely arrange their working hours within the given time frame.
Employee Bonus		Granted based on both company's annual operating situation and individual performance.
Employee Stock Option Certificates		Such rights and benefits are provided based on individual performance.
KPI Performance Bonus		Granted based on personal performance results.
Maternity Allowance		NTD 1,600 for maternity allowances.
Baby Bonus		Employees and their descendants can receive a total of NTD 66,000 for each newborn baby.
Club Grants		Providing assistance for club grant application.
Scholarship Grants		Providing scholarship grants to support the education of employees and their children, with emphasis being placed on encouraging employees whose children have outstanding academic performances.
Allowance and Incentives for Language Learning	T Taiwan	Allowance and scholarship given to employees who participate in English and Japanese courses and sign up for language proficiency tests; those who pass the tests and meet the reward criteria are granted incentive for one year.
Volunteering Leave		If our employees participate in the company's volunteering activities during their time off, corresponding hours of leave will be compensated.
Charity Leave		Participant in charity events outside the company or spontaneous acts of charity could be rewarded with charity leave with pay.
Travel Vacation		Each year, employees receive three days of vacation to travel both locally and abroad. The goal is to relieve employees from the pressure of obligations while strengthening family connections.
Birthday Leave		Employees are given one day off with pay in celebration of their birthday.
Family Care Leave		Providing employees with seven days of family care leave and two days with pay.
Part-time Job Opportunities for Employees' Children		Providing employees' children with summer part-time job opportunity.
Shuttle Bus Service for Employees		Providing shuttle bus service for employees on and off duty or those who work overtime.

Item	Plant	Content
Relieving Massage	T Taiwan	Hiring visually-impaired massage therapists to provide massage service for employees.
Special Store Benefits	T Taiwan	Employees can enjoy shopping discounts at stores that sign contracts with AcBel.
Travel Grants	T Taiwan PH Philippines	Providing travel grants
Year-end Bonus	Applied to all plants areas	Awarded based on employees' basic salary, KPI, seniority, etc.
Holiday and Birthday Bonus		Employees are given presents or gift certificate on their birthday and during the national holidays.
Communal Work Meals And Raffle Prizes		Providing raffle prizes at Christmas and year beginning/year-end parties.
Catering Services		Providing free meal allowances, which employees can use at the company's staff cafeteria and supermarket.
Annual Health Checkup	T Taiwan DG Dongguan WH Wuhan PH Philippines	Free annual health check.
Medicaid Services	DG Dongguan WH Wuhan	Providing employees with medical assistance.
Employee Referral Bonus	DG WH WJ TL	Providing new employees with referral bonus.
Bonus for Employees Who Remain in Office During Chinese New Year	Plant areas in China	Rewards for zero absence and returning to work on time during the Chinese New Year holidays.
Onboarding bonus	DG Dongguan WJ Wujiang	Providing production line workers who apply for work with onboarding bonus.
Night Shift Allowance	DG Dongguan WJ Wujiang TL Tongliang	Providing night shift allowances.
Perfect-attendance Bonus	DG Dongguan	Providing bonus to reward perfect attendance as an incentive.
Rehiring bonus	DG Dongguan	Providing rehiring bonus for former employees.

Baby Bonus (T Taiwan)

With the growing problem of declining birthrate in Taiwan, AcBel has provided employee maternity allowance benefits since 2011 for each newborn baby, applicable to the employees' children as well. The employee will receive NTD 66,000 per new born baby as maternity allowance to increase the willingness to nurture our next generation.

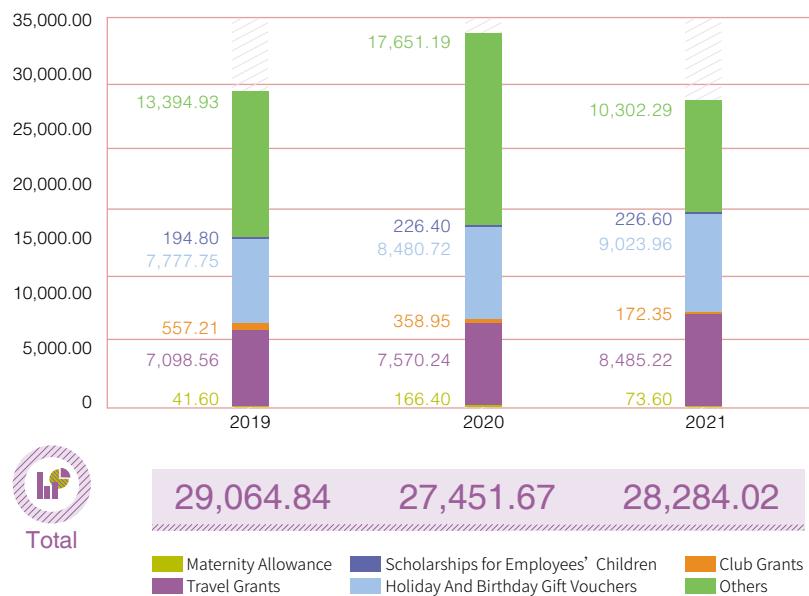


Employee Welfare Committee

AcBel has set up an "Employee Welfare Committee" according to relevant laws and regulations in Taiwan to provide monthly employee grants and make various welfare plans so as to boost employees' morale. Since there are corresponding welfare committees in place and the conditions at each production base are different, relevant activities will be held continuously to increase employees' employee benefits. The company gives 0.05% to 0.15% of the monthly turnover as employee welfare funds.

Amount invested in Benefit Packages for Employees in Taiwan

Unit: NTD Thousand



Note: 99% of the "Others" category are food expenses for employees.

Retirement System And Social Insurance

In accordance with the laws and regulations of the place where we operate, AcBel implements various retirement plans that include pensions to protect the interests of employees from the first day of work.

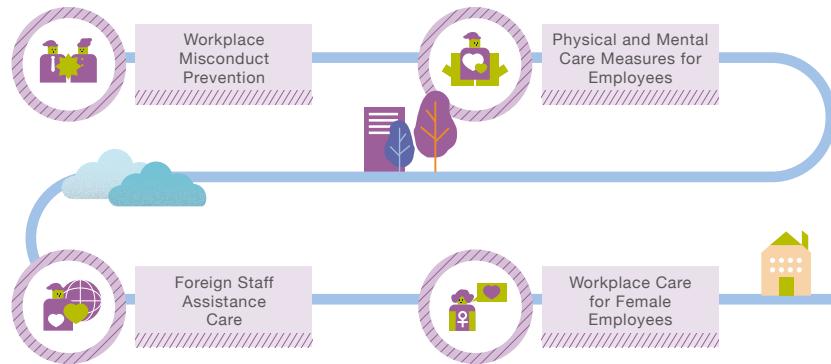
In Taiwan, the company abides by the staff retirement management plan which is applicable to all officially appointed employees. For this, AcBel complies with the "Labor Pension Regulations." Each person to whom this new system applies is required to contribute 6% of their monthly salary to a special labor pension account managed by the Labor Insurance Bureau.

As for the plants in China, 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, childbirth, death, disaster and life difficulties.

As for the plant in the 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.

The pension expenses allocated to the Labor Insurance Bureau in 2021 were NTD 57,035,000 in total. Other pension expenses and basic pension insurance expenses recognized by the subsidiaries included in the preparation of the consolidated financial statements are NTD 94,623,000.

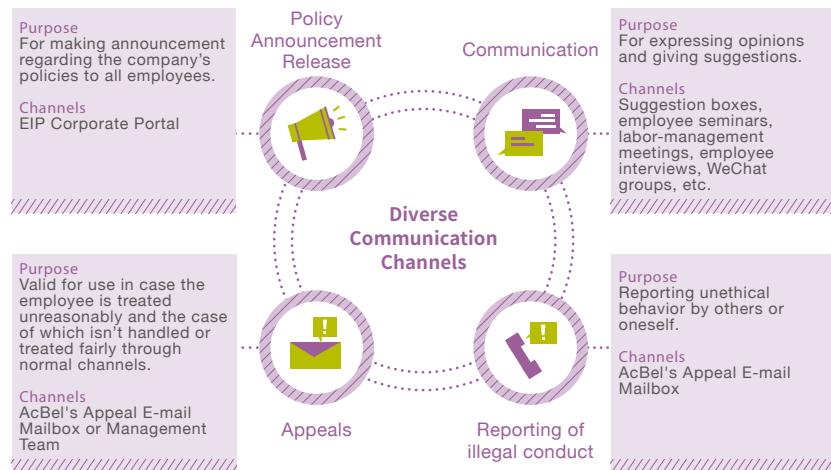
6.5 Comprehensive Employee Care Mechanism



Diversified Communication Channels

AcBel attaches importance to effective two-way communication with employees. We are able to understand the needs and opinions of our employees through two-way communication and feedback from employees, which serve as important reference for the formulation, promotion and modification of corporate policies in the future. Employees can also know the purpose of implementing the company's policies and the results of handling opinions, creating a sense of trust between employers and employees and building internal cohesion within the company to reach a consensus towards the goal of sustainable development.

In 2021, we received a total of 61 employee feedback through the employee feedback communication channel. The feedback mainly consisted of suggestions from employees on the company's management. In light of this, the company assigned a dedicated department to make adjustments to the issues that needed improvement and replied to the employees concerned within the deadline. There were no reports of unethical behavior received by the unlawful report box or the audit office.



Opinion Communication Channel and Number of Reporting Cases

Channel	Communication Features	Frequency of Communication	Cases		
			2019	2020	2021
Suggestion Box	Employees immediately respond to questions via email or a suggestion box. All cases are then collected and filed to the department responsible for handling them.	Any Time	9	43	10
Staff Seminars	Top-level managers and employees jointly hold regular seminars with the purpose of fostering understanding of each other's needs and expectations through face-to-face communication.	Monthly	7	1	0
Labor-Management Meeting	We set up a Labor-Management Meeting system (mainly in Taiwan; other plants having been replaced by a Staff Representatives Meeting) to discuss such issues as the company's operating conditions, working conditions, and employee benefits.	Quarterly	0	19	0
Interview With Employee	The interviews with employees have facilitated better understanding of our employees' lives, family, and work-related needs. These information allows AcBel to give employees appropriate support and assistance.	Monthly	7	0	0
Appeal Mailbox or Supervisors	When their rights and interests are infringed or damaged, employees can file an appeal or report to supervisors. We have a special unit dedicated to handling related cases and replying to reports within the specified deadline. The process of confidentiality is enforced to ensure that the rights and interests of employees are not violated.	Valid for Use Anytime	0	0	8

Channel	Communication Features	Frequency of Communication	Cases		
			2019	2020	2021
Online Whistleblowing/Appeal	When an employee is suspected of unethical behavior, external stakeholders, such as customers, suppliers, employees, shareholders, etc., can use this channel to file reports, and the company's auditing office will be responsible for investigation and taking corresponding measures.	Valid for Use Anytime	0	0	0
WeChat Groups	Plants in China have public WeChat accounts where employees can communicate and give feedback immediately, and then the dedicated unit will be responsible for handling related cases and giving timely feedback.	Valid for Use Anytime	0	0	43
EIP Corporate Portal	Through the EIP Corporate Portal, any information regarding the process of policy implementation, personnel communication results, employee rewards/punishments, and activity arrangement in Taiwan's headquarters is announced by dedicated units to all employees on a timely manner. All the local and foreign employees at AcBel as well as Taiwanese cadres servicing overseas can use the EIP website to receive updates about the aforementioned information immediately.	Valid for Use Anytime	5	9	474

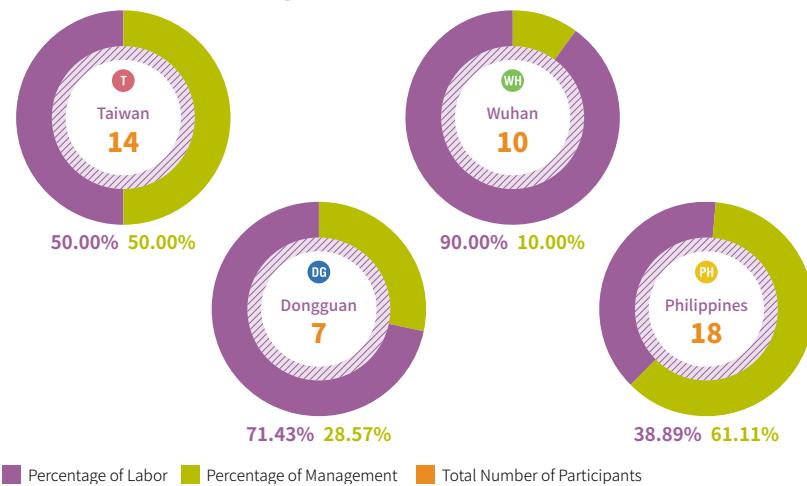
Notes:

1. The data in the column of the EIP corporate portal is the number of communication announcements. The number of announcements is multiplied because the website V2 was only upgraded in January 2021.
2. If the number of communication channels is 0, it only means that no employee opinions are collected from the channel, not that no such meeting is held, e.g., employee seminar, labor-management meeting.
3. AcBel employee appeal number: +886-2-26217672 ext. 32939 (Human Resources Department), ext. 32606 (Auditing Office).



AcBel Online Whistleblowing/Appeals
<https://www.acbel.com.tw/en/report-mailbox>

Labor/Management Percentage of Labor-Management/Staff Representatives Meeting



Note: Labor-Management Meeting and Staff Representatives Meeting are organizations for coordinating and communicating issues between employers and employees. The Company's Labor Policy states that "the Company respects and protects employees' rights of freedom of speech and freedom of assembly and association, and establishes effective communication channels for employees." Wujiang Plant and Tongliang Plant have no staff representatives meeting yet.

Workplace Misconduct Prevention

AcBel adopts the principles of "equal treatment," "diversity and tolerance" and "the right place for the right person" in the management of its employees, and will not affect their employment, compensation or promotion based on differences in sexual orientation, race, nationality, religion, age, physical disability, marital status, etc. In order to demonstrate the company's embracing for diversity and gender equality, we have created a friendly and equal workplace environment. For example, we have set up a multi-faceted and unrestricted sexual harassment, workplace bullying prevention measures and complaint-handling mechanism, and package for female employee care.

Caring for Female Employees

AcBel guarantees gender equality in the right to work. However, due to the changes in labor structure in recent years, women play an important role at workplace. In order to increase the labor force participation rate and retention rates of female employees and to create a workplace-friendly work environment, the company provides various measures or services exclusively for female employees, as follows:

- The company provides breastfeeding rooms and unlimited daily breastfeeding leave that are superior to the regulatory standard.

- Maternity leave, maternity examination leave, paternity leave, unpaid parental leave & parental leave, and menstrual leave (exclusive to Taiwan) are provided in accordance with the laws and regulations.
- In conjunction with the government's "Maternal Worker Health Protection Program", the company's occupational specialists and nurses provide health care for pregnant employees and those with breastfeeding needs.
- Taking into account the physiological needs of women, we provide a comfortable rest area, health education on physiological issues, and consultation with doctors.
- Free mammograms and pap smears (exclusive to Taiwan) are provided in cooperation with local health authorities.

Unpaid Parental Leave

In accordance with Taiwan's "Act of Gender Equality in Employment," all employees, regardless of gender, may apply for parental leave without pay. In 2021, five qualified female employees and no male employees applied for leave. Three female employees were reinstated 100% of the time, and two male employees and four female employees were retained for one year, with retention rates of 100% and 80%, respectively.

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

Year Item	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of employees that were entitled to parental leave	115	57	114	56	118	61
Number of employees took Parental Leave	2	3	0	6	0	5
Number of employees that should return to work in the reporting period	0	4	2	5	0	3
Number of employees that returned to work in the reporting period after parental leave ended	0	2	2	5	0	3
Return to Work Rate	-	50%	100%	100%	-	100%
Number of employees were still employed 12 months after their return to work	1	4	0	2	2	4
Retention Rate	100%	100%	NA	100%	100%	80%

Except for the ones in Taiwan, the rest of the production bases had a total of 40 employees who apply for maternity leave in 2021, and the number of those who should be reinstated in that year was 21, except for three employees in the Philippines who voluntarily left their jobs because they had reached the end of their leave without pay and still had the need to take care of their families. However, the retention rates of employees at the Dongguan and Philippines plants for one year were 31.58% and 30.00%, respectively.

Number of Applications for Maternity Leave in 2021

Items	Plants	WH Wuhan	DG Dongguan	PH Philippines	WJ Wujiang	TL Tongliang
Number of employees applying for maternity leave	0	15	19	4	2	
Number of employees that should return to work in the reporting period	0	4	11	4	2	
Number of employees that returned to work in the reporting period after maternity leave ended	-	4	8	4	2	
Return to Work Rate	-	100%	72.73%	100%	100%	
Number of employees were still employed 12 months after their return to work	-	6	6			
Retention Rate	-	31.58%	30.00%			

Notes:

1. "-" means not applicable.
2. The number of employees that were entitled to parental leave is calculated based on employees who applied for parental leave from 2018-2021.
3. Return to Work Rate: the number of employees reinstated / number of employees to be reinstated.
4. Retention Rate: the number of employees who hadn't been absent at work for over a year after their reinstatement in the previous year / the number of employees reinstated in the previous year.
5. All personnel benefit from menstrual leave, maternity leave, parental leave and nursery leave regulated by local laws of where the plants located.

Physical and Mental Care Measures for Employees

Employee Assistance Programs, EAP

Considering the complexity of work, life and family issues faced by employees, AcBel's operations in Taiwan collaborated with professional organizations in 2021 to provide systematic professional services, planning solutions and resources to prevent and resolve workplace and personal issues that may lead to a decrease in employee productivity at work so that employees can work in a healthy state of mind and body, thus creating a win-win situation for employees, families and the company as a whole.

Care and Assistance for Foreign Employees

In response to operational needs in Taiwan, AcBel has brought in Filipino workers to work in production bases and serve managerial positions. All foreign and local workers enjoy the same salary and benefit package and the company also pays for foreign employees' foreign recruitment fees, brokerage fees, and medical examination fees in Taiwan in accordance with the RBA Code of Conduct, thus implementing the "zero-fee" policy for foreign workers. To help foreign colleagues adapt to the new environment quickly, AcBel provides legal and safe quality dormitories to avoid poor communication and arranges for counselors who are familiar with the local language of the Philippines to help them. Every year, we promote cultural exchange and interaction between local workers and foreign workers through Christmas and Halloween activities and domestic travel in Taiwan.

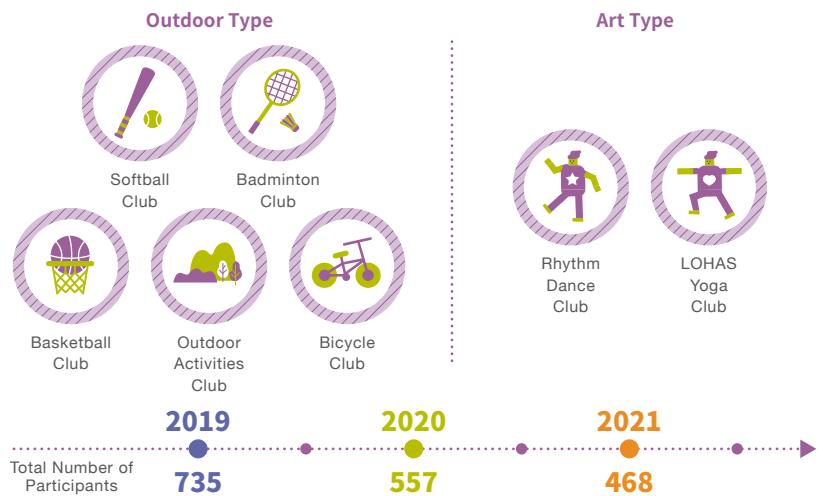
Guarantee for Human Rights of Labor	Safety of Living Environment	Activities to Promote Physical and Mental Health
In accordance with domestic regulations, RBA and SA8000 requirements, we formulate measures for the recruitment, employment, compensation and life management of foreign employees, and protect the rights and interests of foreign employees on an equal basis.	<ul style="list-style-type: none"> • Providing dormitory with professional counselors who offer 24-hour work and life counseling and medical assistance. • The living environment will be cleaned and disinfected regularly to maintain hygiene. • Conducting regular fire safety equipment inspections and daytime/nighttime dormitory fire drills to ensure residential safety. 	<ul style="list-style-type: none"> • In addition to participating in various company activities, we also organize exclusive festivals and events, such as Halloween and celebrations, in order to refresh the mental and physical health of foreign employees. • Providing free annual health checkups and cooperating with government authorities for pandemic prevention and health promotion activities to promote the health of foreign employees.

Employee Clubs

In order to take care of the physical and mental health of employees and promote the harmony of family life, AcBel encourages employees to form their own clubs, and the company subsidizes the activities to encourage employees and their family members to participate together to achieve the three objectives of relieving employees' stress, enhancing the friendship of colleagues, and promoting family relationships. Plants in China also organize monthly employee birthday parties, special festivals such as Dragon Boat Festival and Mid-Autumn Festival, such as Zongzi wrapping experience and singing competitions, so that employees can relax physically and mentally and relieve their work pressure during weekdays.

In 2021, more than 50 families participated in the parent-child tour of the Dongguan plant, which gave employees' children the opportunity to get to know AcBel, experience their parents' workplace life, learn to be tolerant and compassionate, promote family harmony, and foster the establishment of positive psychology among employees.

As of 2021, there are 7 outdoor and artistic societies in Taiwan. The number of societies and the amount of subsidies for the past three years are as follows:



Note: In 2021, due to the seriousness of the COVID-19 pandemic and the government's strict control and prevention, many activities were changed to online or cancelled, resulting in a downward trend in the number of participants and the amount of grants.

6.6 Safe & Healthy Workplace Environment



A Healthy and Safe Workplace Environment

Employee health is a top priority for AcBel. Creating a safe and healthy workplace environment where employees are free from possible health or safety hazards is one of the company's core objectives. We provide a healthy and safe workplace environment with five zeros: zero discrimination, zero bullying, zero workplace injuries, zero occupational accidents, and zero pollution, so that all employees can be well taken care of both physically and psychologically. By so doing, we expect to enhance the overall competitiveness of the company and protect the employees of the contractors working at the factory or the employees of the resident factories.

AcBel has adopted the three main axes of "Introduction of Management System", "Prevention of Occupational Disaster", and "Protection Plans for Labor Health" as the implementation policy to create a healthy and safe workplace environment.

Introduction of International Standard Management System

In addition to following the RBA Code of Conduct, AcBel has also implemented the ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, etc. Under the framework of compliance with regulations, AcBel identifies hazards, evaluates risks, and formulates prevention or reduction plans to improve employee safety, reduce the risk of hazards in the workplace, and create a better and safer workplace environment.



International Standard	Content	Gist	Mechanic	Goal
ISO 14001 Environmental Management System	Management of air emissions, sewage, waste, chemicals, noise related prevention and control	Management of unneeded by-product of the production process	3R Principle: • Reducing • Reusing • Recycling	Zero Pollution
ISO 45001 Occupational Health and Safety Management System	Work Safety of the staff	Managing Workplace Hazard	Risk Management Mechanism: • Risk Identification • Risk Assessment • Countermeasures • Review and Tracking • Information Disclosure	Zero Accidents

In 2021, all production bases of AcBel and SINO obtained ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System, and all plants of AcBel implemented RBA VAP. The Tamsui plant has also obtained SA8000 Social Responsibility Management System Certification.

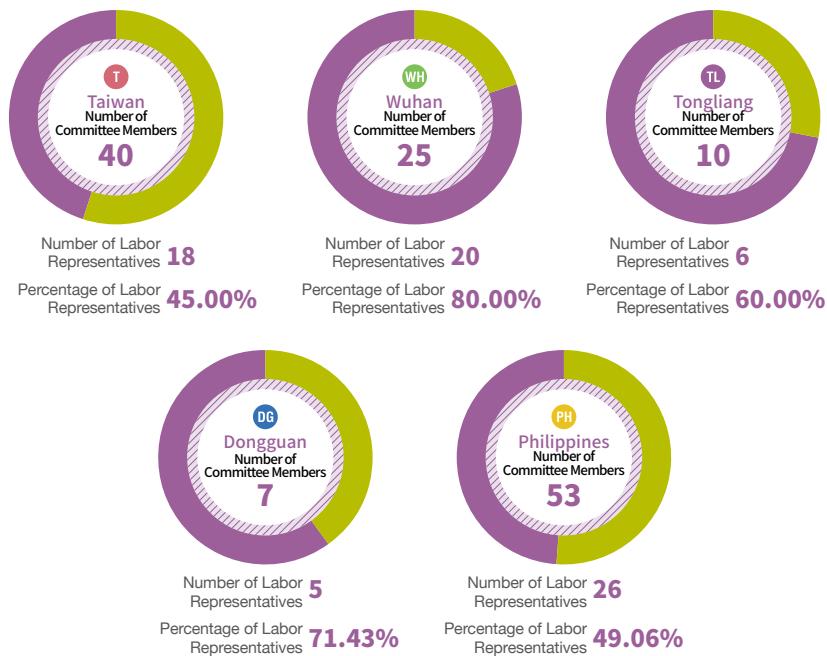
Among them, ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System cover 89.20% of all employees and contractors in each production site of the company. The reason is that the Taiwan Qiyan office was newly set up in 2021 and thus not yet covered by the ISO 45001 certification scope, and is expected to achieve the target of 100% coverage of the certification scope in 2023.

Occupational Safety and Health Committee

In Taiwan, AcBel established the "Occupational Safety and Health Committee" by law, which is composed of representatives from the labor side and the management side, and includes the personnel related to occupational safety and health and employee health work to propose and discuss the improvement of the company's employee safety and health and working environment. Although not required by local government regulations in China and the Philippines, we have established an Occupational Safety and Health Committee in accordance with the standard of ISO 45001 Occupational Health and Safety Management System, and the top management of the plant is responsible for supervising and maintaining the normal operation of the system. Doing so enables all AcBel sites to enhance organizational resilience through risk prevention, innovation and continuous improvement, while reducing operational losses and strengthening regulatory compliance.



Labor Safety and Health Committee



Note: The Wujiang plant has no occupational safety and health committee for the time being due to its relatively small size, but there are three safety production managers and one occupational health and safety representative who are responsible for the management of employee safety and health related matters.

Four Major Protection Plans for Labor Safety

In line with the government's policy on labor care, the issue of maternity care has received more attention in the trend of internationalization, which has brought about major structural changes at workplace, such as shift work, night shift, long working hours, repetitive work nature, unusual workload, fatigue or stress, workplace violence, and the recognition of women's ability to work, and the increasing importance of women in the workplace. AcBel promotes various measures to protect the physical and mental health of workers, including: 1. a program to prevent ergonomic hazards (musculoskeletal diseases caused by repetitive work, etc.), 2. a program to prevent diseases caused by abnormal workloads, 3. a program to protect the health of maternal workers in the workplace, and 4. a program to prevent wrongful acts in the performance of duties. The Occupational Safety and Health Office is responsible for promoting health promotion, health management, occupational disaster prevention and workplace risk reduction activities to ensure the safety, health and well-being of employees and to create a healthy workplace for employees.

Item	Ergonomic Hazard Prevention Plan	Abnormal Workload-induced Disease Prevention Plan	Maternal Labor Health in Workplace Protection Plan	Unlawful Infringement When Performing Duties Prevention Plan
Target / Goal	Preventing all employees from musculoskeletal injuries caused by working environment and procedures	Employees who take shifts, do night work and/or handle heavy workload	Female employees who are pregnant or breastfeeding within 1 year after giving birth	Preventing all employees from being physically or mentally infringed due to the actions of others while on duty
Measures	<ul style="list-style-type: none"> Survey and assessment of employee musculoskeletal symptoms and risk Implementation of hazard control, including management improvement (health guidance) and work improvement (health protection measures) Evaluating overload risk factors by filling in the "Overload Assessment Questionnaire" Combining workload level and cardiovascular disease risk level to determine abnormal workload-induced disease risk grading and category management 	<ul style="list-style-type: none"> Using employees' overtime hours to identify and evaluate high-risk groups Filling in the "Recommendation Form for Health and Work Suitability Assessment for Workers Who Have Pregnancy and Childbirth Within One Year" Health service medical professional counseling with employees 	<ul style="list-style-type: none"> Using management, tracking, care and records to ensure the safety of employees' working environment and protecting their physical and mental health Preventive education and training of illegal infringements in the workplace Encouraging employees to report/ appeal when their rights are infringed by illegal conduct while executing duties at work 	<ul style="list-style-type: none"> Hazard identification and risk assessment for prevention of illegal infringements in the workplace Risk control and improvement when implementing plans Preventive education and training of illegal infringements in the workplace

Occupational Disaster Prevention

New Employees

AcBel complies with the legal requirement to require new employees to attend a mandatory "Occupational Safety and Health" course on the first day of employment, including hazardous substance identification, emergency escape drills, personal protective gear, fire training operations, AED training, infectious disease prevention and control, etc., in order to raise employees' awareness of environmental safety and reduce or eliminate the chance of hazards.

Employees in Special Job Positions

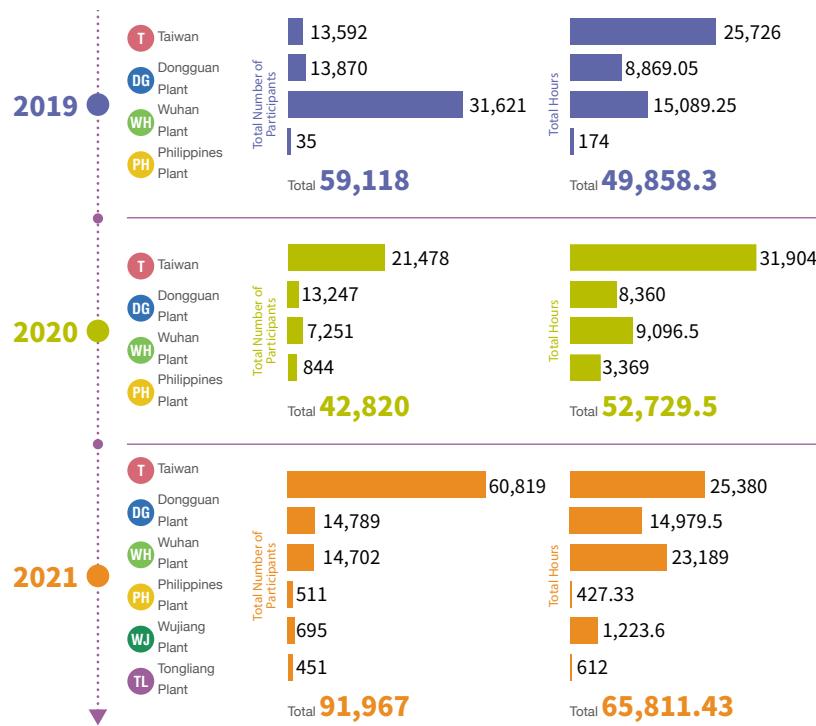
For employees in special or high-risk positions, we implement pre-employment medical examinations, annual in-service medical examinations and post-employment medical examinations to avoid the risk of occupational diseases. All such employees must pass the professional training and obtain the qualified certificate, and must wear the appropriate personal protective equipment to perform the operation of the relevant special operations. In Taiwan, AcBel also provides weekly on-site services by dedicated occupational safety and health physicians to assist employees in diagnosing illnesses or providing medical consultation. In 2021, the service was switched to online service due to the COVID-19 pandemic, and there has been no incident of occupational disease among employees working in special or high-risk positions.

Training Programs for Occupational Safety Related Licenses

Objectives	Training Items
Taiwan <ul style="list-style-type: none"> Harmful Operation Managers Fire Prevention Supervisor First-aid Personnel Personnel for Special Operations and Safety and Health Radiation Operating Personnel Occupational Safety and Health Personnel 	<ul style="list-style-type: none"> Training for supervisor in charge of organic solvent operation Training for supervisor in charge of lead operation Training for supervisor in charge of dust material operation Training for supervisor in charge of fire prevention Training for First-aid Personnel Training for technician in charge of fork lift operation Training for operator in charge of special equipment of high pressure gas Training for operators in charge of non-ionizing radiation On-the-job education and training for class A safety and health business supervisor On-the-job education and training of class B occupational safety and health manager On-the-job education and training for class A occupational safety managers On-the-job education and training for class A occupational health managers

Objectives	Training Items
China <ul style="list-style-type: none"> Hazardous Operation Managers Fire Prevention Supervisor First-aid Personnel Personnel for Special Operations and Safety and Health Safety Production Manager Chemical Warehouse Manager Fire Control Room Operator Radiation Operating Personnel Occupational Safety and Health Personnel 	<ul style="list-style-type: none"> Training for supervisor in charge of organic solvent operation Training for supervisor in charge of lead operation Training for supervisor in charge of dust material operation Training for supervisor in charge of fire prevention Training for First-aid Personnel Training for technician in charge of fork lift operation Training for electrician Training for boiler and pressure vessel equipment Training for pressure vessel operation Training for hazardous chemical operation Training for chief supervisor in charge of safety production Training for operator in charge of safety production Training for fire control room certificate Training for Radiation Safety and Protection Training for occupational safety and health management Training for HSF Basic Knowledge Training for winter enterprise safety production notice Training for radiology workers Training for thermal welding and thermal cutting operations
Philippines <ul style="list-style-type: none"> Occupational Safety and Health Personnel 	<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

Environmental & Safety Training Results



Implementation Results of Disaster Prevention

In 2021, AcBel conducted two annual fire drills and one first-aid training for all production sites (the Philippines plant did not hold emergency drills and first-aid training due to the pandemic), and conducted occupational safety and health education and training for a total of 91,967 attendees, with a total of 65,811.43 hours of training. Occupational safety-related licenses were renewed and training was conducted in accordance with local laws and regulations.

In 2021, there were no occupational injuries or illnesses resulting in the death of employees at any of AcBel's production sites. Three false alarms occurred in Taiwan in 2021, and none occurred at any of the other sites. In Taiwan, there were 11 cases of work-related injuries caused by traffic accidents during commuting. There was one work-related injury at the Dongguan plant. After the employee was involved in a serious car accident on the way to work, the company granted 184 days of work-related injury leave according to the law, which is a serious occupational injury as defined by GRI Standard 403-9. The statistical injury rate (IR) increased in all plants except the Philippines, which is lower than the previous year. All workplace injuries were reported to the occupational

safety and health unit of each plant through official channels, and post-injury handling and improvement operations are carried out to reduce the chance of recurrence through safety promotion and training.

Occupational Hazard Statistics



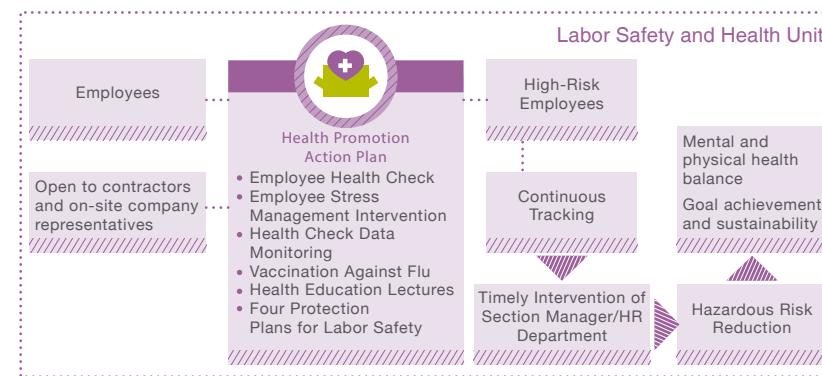
Notes:

1. Injury Rate (IR) = (Number of disabling injuries / Total hours of work) × 200,000
 2. Loss Day Rate(LDR) = (Total days lost due to disabling injuries / total hours of work) × 200,000
 3. Total Working Hours = Hours of work per employee per year × Number of employees of each gender in each plant

Employee Health Promotion

AcBel takes the "physical and mental health" of its employees as the core of its health promotion process, and provides free and non-discriminatory health checkups to its employees every year. The information from the health checkups is analyzed and managed by the labor and safety department in accordance with the principle of data confidentiality, and is combined with the monthly overtime hours and health risk assessment of employees to track their personal health status. In addition, in order to help on early prevention of disease and to reduce the need to travel for employees, AcBel offers free cancer screenings, including oral cancer, colorectal cancer, cervical cancer, and influenza vaccination to reduce the spread of infectious diseases, in cooperation with local government health authorities.

AcBel's annual strategic goal for 2021 is "Health-Building for Wellness". In addition to sending monthly e-newsletters to provide health-related information and remind employees to participate in activities, activities include health education and lectures, new information on epidemic prevention, and a series of health promotion activities such as weight-loss competitions, 10,000-step walk competitions are held in Taiwan to encourage employees to actively participate and reduce the risk of personal health hazards. AcBel also provides employment opportunities for the visually-impaired employees and allow employees to enjoy free massage services offered by visually-impaired massage therapists. The Wuhan plant reinforces quarterly meetings with employees to understand their health and workplace needs and to provide necessary assistance.



Employee Health Check Statistics in Taiwan

Item /Year	Employee Annual Health Check Up	Mammography	Pap Test	Examination of the Oral Cavity	Resident Physicians' Medical Consultations (Number of Participants)	Influenza Vaccination	Examination of Stool Occult Blood
2021	1,545	Unavailable due to the pandemic			129	50	-
2020	1,427	10	25	-	151	41	-
2019	1,271	20	32	-	171	64	5



I Number of Participants Served by Visually Challenged Massage Therapists in Taiwan



DG Employee Health Check Statistics in Dongguan Plant



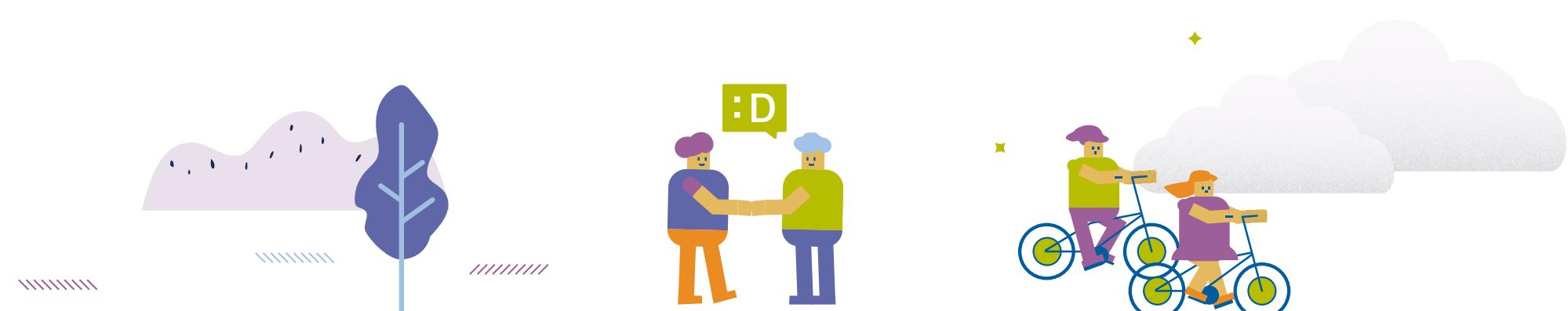
WH Employee Health Check Statistics in Wuhan Plant



Note: Annual employee health check is an employee benefit provided by the company. The employees can participate in the health check freely. However, due to the pandemic, no health check was held in Wuhan in 2020 & 2021.

PH Employee Health Check Statistics in Philippines Plant

	2019	2020	2021
Mammography	0	74	68
Pap Test	0	0	68
Examination of the Oral Cavity	0	529	575
Health Consultation	192	854	920
Influenza Vaccination	0	0	92
Employee Annual Health Check Up	508	529	575



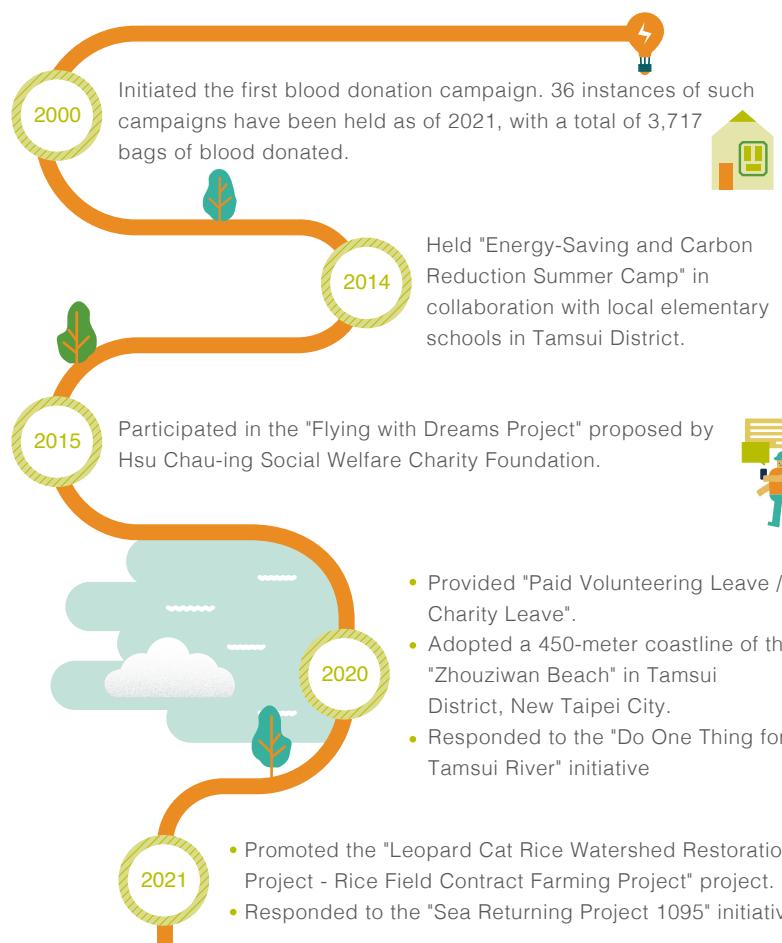


Co-prosperity · Social Participation



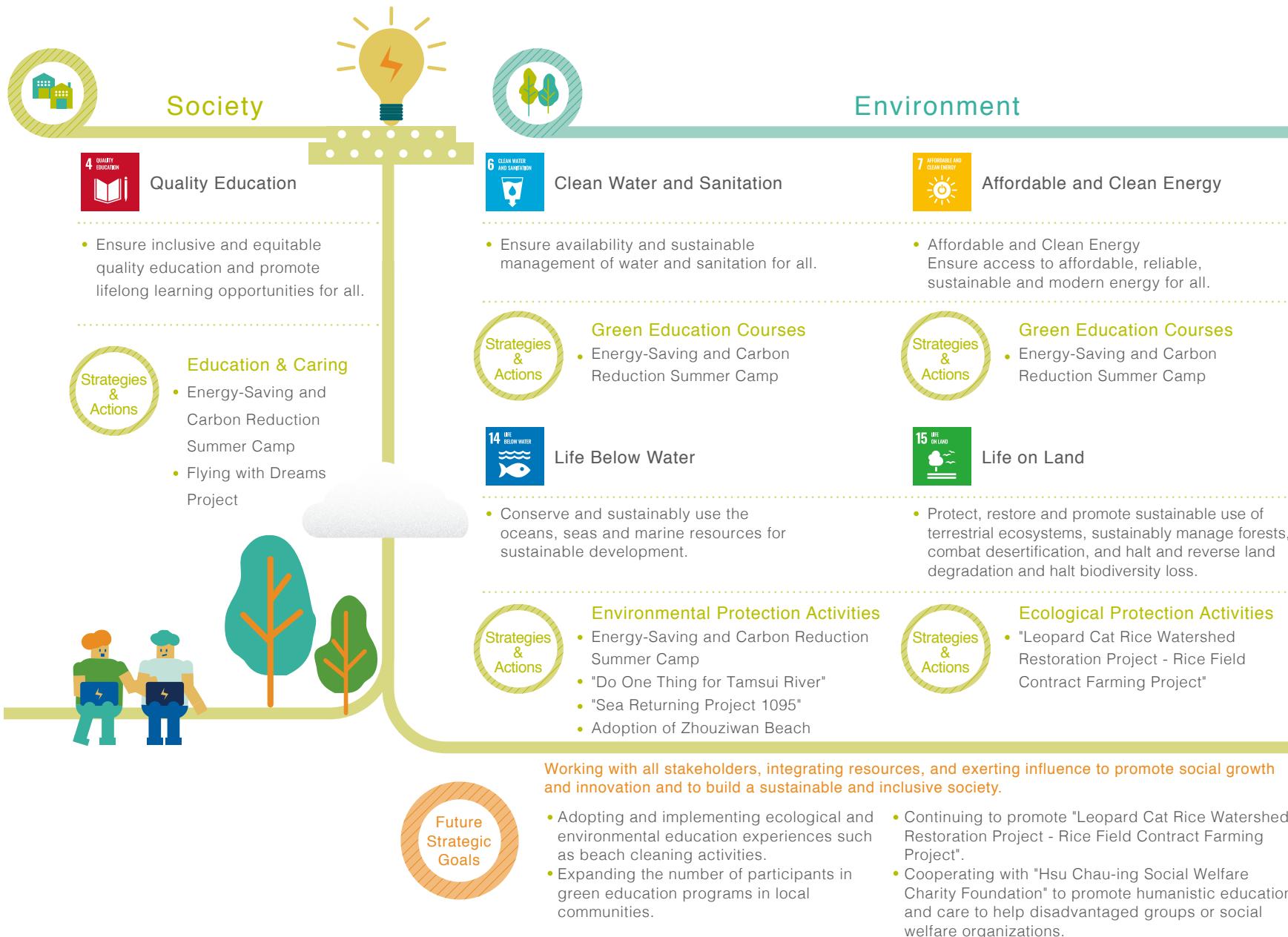
- | | |
|---|-----|
| 7.1 Encouragement of Employees' Participation | 140 |
| 7.2 Participation of Social Organizations | 140 |
| 7.3 Promotion of Public Welfare for Communities | 140 |

Social Participation Milestones



In order to realize the integration of "People" with "Environment" and "Society" and to achieve the vision of "Becoming the Energy of a Sustainable Positive Cycle", AcBel has been focusing on "caring for the environment and ecology and taking care of the disadvantaged in the local community" to exert our influence by leveraging our technological advantage in energy research and development and working with our partners in the supply chain, social welfare organizations, institutions and schools, and media platforms. In the meantime, we echo the SDGs of the United Nations to create a sustainable eco-friendly and co-prosperity future, including SDG 4: Quality Education, SDG 6: Clean Water and Sanitation, SDG 7: Affordable and Clean Energy, SDG 14: Life Below Water, and SDG 15: Life on Land.





AcBel upholds the corporate sustainability philosophy of "Taking from the community, giving back to the community and sharing prosperity with the community," and actively plans and engages in social participation activities by utilizing internal and external resources with the prioritization of company and employees. In order to expand the influence of social participation, we have joined hands with our customers, suppliers and the Group's "Hsu Chau-ing Social Welfare Charity Foundation" in our value chain to maximize the combined effect of social participation and form a positive social circulation force.



7.1 Encouragement of Employees' Participation

Paid Volunteering Leave / Charity Leave

In order to encourage employees to respond to and participate in various social welfare activities, AcBel plans a welfare system such as paid volunteer leave and subsidies for public welfare activities. In this way, employees can participate in the public welfare activities planned by the company while also receiving the corresponding paid leave to increase their motivation to participate.

In addition, we also provide 4 hours of paid charity leave per year to encourage employees to voluntarily devote themselves to social services. The paid charity leave can be used flexibly according to one's personal needs to participate in external charity activities to help the society's corners in need.



- Paid
- No application limits
- Applicable to all charity activities held by AcBel

- Paid
- 4 hours available per year
- Applicable to all charity activities chosen by the employees themselves



A total of **41** employees applied for volunteering and charity leave for **188** hours accumulatively in 2021.

7.2 Participation of Social Organizations

AcBel believes that through joint alliances, its positive influence can be intensified. Currently, AcBel serves as a director of "Monte Jade Science & Technology Association of Taiwan" and a board member of the "Epoch Foundation" and the "New Taipei City Culture Foundation." By giving full play to the company's strengths and combining the strengths of external organizations to contribute to society, AcBel cooperates in activities such as industrial innovation, social education and cultural promotion, jointly injecting the living water of sustainable development into society.



7.3 Promotion of Public Welfare for Communities

We believe that environmental protection and social assistance can start from "education." AcBel promotes education support for disadvantaged children in elementary schools, protection of the local ecological environment, and green education for energy saving and carbon reduction to net zero carbon emissions, etc., to realize the company's determination and influence in social contribution by combining employees and family members with community schools and media platforms.

The impact of the COVID-19 pandemic in 2021 has made the lives of many disadvantaged families even more difficult. We are trying our best to conduct various social welfare activities under the government's epidemic prevention regulations. We hope that through the continual activities, we can fulfill our mission of social care and deepen the DNA of social participation of our employees and their family members, so that they can become energy for life and work, and together we can build a society towards sustainable development.

Environmental Sustainability Initiatives

"Do One Thing for Tamsui River" Initiative

As a local company that started in Tamsui, New Taipei City, we witness that the ecological pollution of the Tamsui River has become more and more serious. From 2020 and onwards, we have been supporting initiative of "Do One Thing for the Tamsui River" initiative launched by "CSR@CW" for three year. By signing Tamsui River Convention as a corporate citizen in the Tamsui River system, we aggregate the strength of various corporations and employees to protect the ecological environment together from the aspect of the responsibility of sustainable environment.

In 2021, AcBel organized "Water System Citizen's Visit on Nature - A Visit to the Daluolan Stream, One of the Upper Reaches of the Nanshi River" to build awareness of protecting precious water sources through environmental education practices. A total of 43 employees and their families participated in the activity. Meanwhile, continuing from last year, the second "SDGs Sustainability Tabletop Workshop" was held in 2021, in which a total of 22 employees participated. The activity allowed our employees to learn more about the impact of climate change on the ecological environment through tabletop games and further internalize the awareness of environmental sustainability in their daily work and life.

"Sea Returning Project 1095" Initiative

In 2021, AcBel actively demonstrated its corporate influence to call for a common concern about water resources, and thus became the first company to respond to Business Today's "Sea Returning Project 1095" initiative. Through the collection of marine waste and handing over the waste to a professional shoe manufacturer, a new value for the waste through plastic recycling technology can be created, thus implementing a circular economy.

The sustainable development connotations of this event, such as circular economy, waste reduction at source, and recycling of marine waste, coincide with AcBel's corporate sustainability philosophy. Through the voluntary participation of our employees and the investment of our company's resources, we hope to call on more enterprises and communities to join the action of ecological conservation and environmental sustainability. By doing so together, we will contribute to the sustainable development of the river area, ecology and environment.



Business Today - "Sea Returning Project 1095" Initiative
<https://esg.businesstoday.com.tw/topic/projectblue1095/>

Ecological Protection Activities

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

In 2020, we continued to support our customer's "Leopard Cat Rice Field Contract Farming Project" campaign, supporting social enterprise innovation and local farmers in Miaoli to cultivate rice in a pesticide-free and land-friendly manner. We strived to maintain the vitality of biodiversity under friendly farming while striking a balance between environmental friendliness and economic development. In 2021, we purchased 6,528 catties of rice, which was not only used as souvenirs for the disadvantaged families and customers but also distributed to each employee to share with their families. In this way, we hope to inspire stakeholders to care about environmental and ecological sustainability and to exert social influence.



Environmental Protection Activities

Beach Adoption & Cleansing

Since 2020, we have participated in Environmental Protection Administration's "Beach Adoption Program" and have adopted 450 meters of coastline at the "Zhouzwan Beach" in Tamsui District, New Taipei City. In 2021, we held a beach cleanup event along with all corporations in the group, resulting in 112 employees and their families' participation with 357 kilograms of marine debris picked up. Through the event, we recognized the importance of ecological conservation of the river and the sea and worked together to protect the beauty of the local river and sea.



Green Education Courses

Energy-Saving and Carbon Reduction Summer Camp

Due to the impact of COVID-19 pandemic in 2021, "Energy-Saving and Carbon Reduction Summer Camp," originally organized every summer in conjunction with the children of our employees and local elementary schools, have been suspended. The purpose of the camp was to promote environmental sustainability awareness through curriculum sharing and field trips to environmental education sites. It is hoped that the program will resume in 2022 when the pandemic subsides. From 2018 to 2020, a total of 250 students from 7 different elementary schools participated in this camp.

Education & Caring

"Flying with Dreams" Project

We believe that "education can turn one's life around", so we participate in the "Flying with Dream" project of Hsu Chau-ing Social Welfare Charity Foundation, which provides financial support to disadvantaged families through voluntary funding from our employees to support talent courses for disadvantaged children, thereby encouraging them to develop their interests and expertise and regain self-confidence. In 2021, a total of 359 employees sponsored the "Flying with Dream" project, raising a total of \$738,607 to help 41 disadvantaged children realize their talent learning dreams.

	Year	2019	2020	2021	Total
Flying with Dream	The number of Employees Participated	282	285	359	926
	Amount	547,256	588,560	738,607	1,874,423
	The number of Children Adopted	30	35	41	106

"Dreams Come True" Activity

An ordinary gift may be the gift that a disadvantaged child is looking forward to. Every year, AcBel and Hsu Chau-ing Social Welfare Charity Foundation organize a gift collection event called "Dreams Come True." Through the collaborated schools, a wish list of gifts from disadvantaged children is compiled, and then the employees will be matched to adopt the gifts from the list to fulfill the children's wishes. A total of 14 children have received presents from their dream lists in 2021.

	Year	2019	2020	2021	Total
Dreams Come True	The number of Employees Participated	77	39	14	130
	The number of Children Assisted	59	39	14	112



"Joint Fundraising Campaign"

At the end of every year, the employees voluntarily initiate a "Joint Fundraising Campaign" with the gratitude to the community and donate all the proceeds from the campaign to social welfare organizations or directly to the disadvantaged groups to help them. In 2021, a total of 402 employees participated in "Joint Fundraising Campaign" and a total of 793,212 dollars were raised with an aim to spread the positive strength of their love.

	Year	2019	2020	2021	Total
Joint Fundraising Campaign	The number of Employees Participated	289	399	402	1,090
	Amount	749,570	784,257	793,212	2,327,039

Supporting Local Arts and Cultural Activities

In 2021, AcBel sponsored the opening event of "Tamsui Fisherman's Wharf - Jimmy's Slide Playground" by the Economic Development Bureau of the New Taipei City Government. This event was a continuation of the Danhai Light Rail's public art installation and children's playground by the author, Jimmy, as the first of its kind in Taiwan. It was expected to become a playground for children and adults of all ages and a public space where art can be integrated into play and become an attractive spot in the city.

AcBel continued to sponsor "Symphonic New Taipei City - Wind Orchestra Festival in Tamsui" series activity as a means to support the Tamsui local school wind orchestra to hold a "Music Feast" event, where students can present their annual learning achievements on stage. Besides, at the same time, the event also allows the community to enjoy high standard music performances nearby for free, enriching local arts and cultural activities.

Blood Donation Activity at Manufacturing Plants

In 2021, with well-rounded preparations for pandemic prevention, AcBel continued to organize two "Heart-Warming Blood Donation" with the Taipei Blood Donation Center. A total of 117 employees participated in the event and 196 bags of blood of 250 CC each collected. The result showed the enthusiasm of our employees to donate blood despite the COVID-19 pandemic.

	Year	2019	2020	2021	Total
Blood Donation Activity	The number of Employees Participated	106	64	117	287
	Bags	175	107	196	478

In the future, AcBel will continue to build a sustainable corporate influence and combine it with environmental sustainability to create social participation activities that feature humanistic social care and sustainable green living. In addition, we also aim to foster sustainable corporate citizenship and community care, actively fulfill corporate civic responsibility, and give full play to positive corporate influence, so that we can form a positive cycle of social good.





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GRI & SASB Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ACBEL POLYTECH INC.'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by AcBel Polytech Inc. (hereinafter referred to as AcBel) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the sampled text, and data in accompanying tables, contained in the report presented during verification (15 Mar 2022– 10 May 2022). 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 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the 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 text, data, graphs and statements 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, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv2 Type 2 Moderate Level (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:

Select specific reporting criteria included in the contract

Reporting Criteria Options

1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)
3. SASB - Resource Transformation Sector- Electrical & Electronic Equipment Industry

- Evaluation of conformity, veracity, of the sustainability performance information based on the materiality, determining at a moderate level of scrutiny for AcBel and moderate level of scrutiny for its 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
- Evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with AA1000ASv2
- 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, CSR Committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Microsoft Teams.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts. Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from 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, SA4000, RBA, QMS, EMS, SMS, GRMS, CFP, WPR, 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.

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. Specific performances for some current disclosures are recommended to be reported in a more balanced way to address stakeholder concerns.

Impact
AcBel has performed processes to understand, measure, evaluate and manage the organisation's impacts that are applied across the organisation under the governance of senior management. Qualitative and quantitative measurements are presented to communicate the specific performances. However, the sustainability context of each impact should be described more clearly to allow a better understanding of the potential direct, indirect, positive and negative impacts.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
The report, AcBel's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. Methods for identifying direct input from stakeholders aiming to understand the full picture of AcBel's significant external impacts on the economy, environment, and society are encouraged. More disclosures on the mechanisms for evaluating the effectiveness of the management approach of the material topic GRI 202 is recommended.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
AcBel has referenced with SASB's Standard, RESOURCE TRANSFORMATION SECTOR - ELECTRICAL & ELECTRONIC EQUIPMENT INDUSTRY STANDARD, VERSION 2018-10. The conclusions, findings and recommendations are aligned with the reporting criteria and the reporting boundaries of the disclosed information correspond to the financial data reported in AcBel's auditor 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 future reports, it is recommended to have more description of the process for the risk management associated with the use of critical materials, such as due diligence.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Hsieh
Senior Director
Taipei, Taiwan
24 June, 2022
WWW.SGS.COM

 AA1000
Licensed Report
000-8/V3-UR176







GRI Standards - Material Topics Index- Core Option

Indicator	Description	Page
GRI 102 : General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	11
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102-3	Location of headquarters	11
102-4	Location of operations	12
102-5	Ownership and legal form	03
102-6	Markets served	12
102-7	Scale of the organization	11-12
102-8	Information on employees and other workers	109
102-9	Supply chain	14
102-10	Significant changes to the organization and its supply chain	03
102-11	Precautionary Principle or approach	42-46
102-12	External initiatives	53, 66
102-13	Membership of associations	52
Strategy		
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102-15	Key impacts, risks, and opportunities	44-45
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102-17	Mechanisms for advice and concerns about ethics	50-51
Governance		
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102-20	Executive-level responsibility for economic, environmental, and social topics	26-27
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102-22	Composition of the highest governance body and its committees	39
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102-25	Conflicts of interest	39
102-26	Role of highest governance body in setting purpose, values, and strategy	26-27

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102-31	Review of economic, environmental, and social topics	26-27, 42-43
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102-33	Communicating critical concerns	48
102-34	Nature and total number of critical concerns	48
102-35	Remuneration policies	41
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102-40	List of stakeholder groups	29
102-41	Collective bargaining agreements	Has no any collective bargaining agreement.
102-42	Identifying and selecting stakeholders	29
102-43	Approach to stakeholder engagement	32-34
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201-2	Financial implications and other risks and opportunities due to climate change	69-74
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305-1	Direct (Scope 1) GHG emissions	86-88
305-2	Energy indirect (Scope 2) GHG emissions	86-88
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	124-125
401-3	Parental leave	128-129

GRI Standards – Topics Index excluding Material Topics

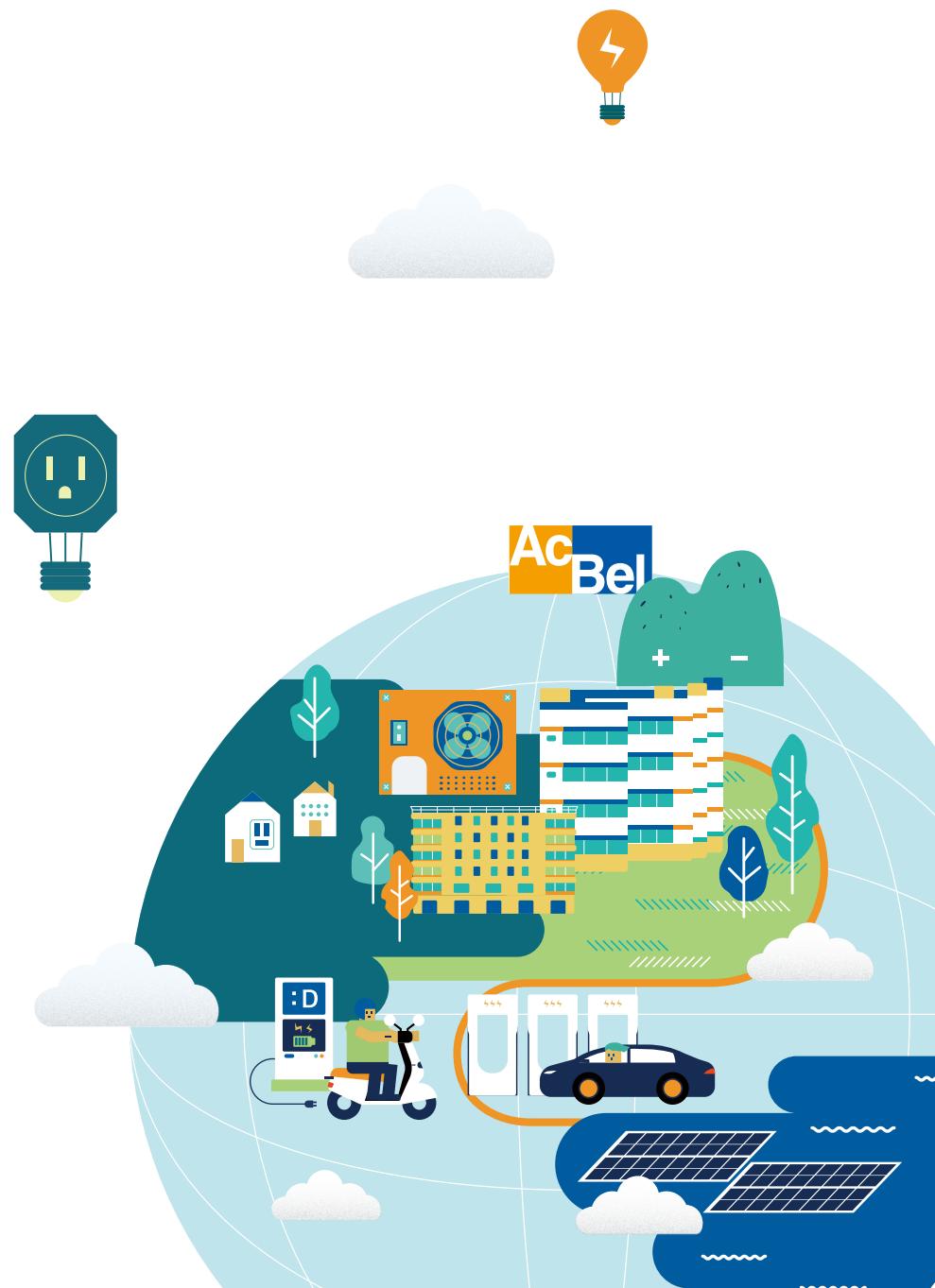
Indicator	Description	Page
	GRI 200 : Topic-specific standards 2016	
Category : Economic		
Topic : Procurement Practices		
204-1	Proportion of spending on local suppliers	103
Topic : Anti-corruption		
205-1	Operations assessed for risks related to corruption	48
205-2	Communication and training about anti-corruption policies and procedures	49
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Indicator	Description	Page
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405-1	Diversity of governance bodies and employees	110-111
405-2	Ratio of basic salary and remuneration of women to men	121-123
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416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	50
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417-1	Requirements for product and service information and labeling	60-61
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Topic : Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	50
Topic : Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	50

SASB Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Category	Accounting Metric	Page
Energy Management	RT-EE-130a.1	Quantitative	<ul style="list-style-type: none"> Total energy consumed (GJ) Percentage grid electricity Percentage renewable 	82
Hazardous Waste Management	RT-EE-150a.1	Quantitative	Amount of hazardous waste generated (T), percentage recycled	92
	RT-EE-150a.2		Number and aggregate quantity of reportable spills (kg), quantity recovered (kg)	92
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	50
Product Lifecycle Management	RT-EE-410a.1	Quantitative	Percentage of products by revenue that contain IEC 62474 declarable substances	60
	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	101
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	50
	RT-EE-510a.2		Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	50
	RT-EE-510a.3		Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	50
Activity Metrics	RT-EE-000.A	Quantitative	Number of units produced by product category	13
	RT-EE-000.B		Number of employees	11, 109





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