# Accton
## Making Partnership Work

2023 **ESG REPORT**

Accton Group
Corporate Sustainability Report

# Contents

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# Message from the Chair of the ESG Committee  GRI102-14 Statement from senior decision-maker

From Corporate Social Responsibility (CSR) to the emergence of ESG (Environment, Social, Governance), it's clear that corporations, as global citizens, are reflecting on and taking action toward their responsibilities. This underscores the necessity for corporations to take tangible steps and fulfill their social duties. Enterprises are comprised of numerous individuals, and the interconnectedness of enterprises forms the backbone of social functions. Therefore, through the implementation of ESG measures, enterprises can harness their influence both internally and externally to deeply embed vital principles such as environmental preservation, social accountability, and corporate governance. This gradual shift in internal corporate culture, decision-making processes, and operational procedures, stemming from a core commitment to environmental and societal well-being, has a ripple effect on other companies, collectives, and individuals.

Accton Technology Corporation aspires for its team to contribute to environmental protection and societal welfare through innovative, collaborative, and enthusiastic actions, aligning with the corporate ethos of "Making Partnership Work," and collaborating with Accton's employees, partners, customers, and all stakeholders.

## Retrospect

Having navigated the profound challenges posed by COVID-19, we extend our gratitude for the teamwork and notable progress achieved across various fronts. We are proud to maintain our position in the FTSE4GOOD TIP Taiwan ESG Index and to have been recognized as one of the "World's Best Companies 2023" by TIME magazine and Statista.

Our employees stand as the cornerstone of our company's success. In fostering a supportive work environment, we have been honored with the "Excellent Health Workplace" for three consecutive years and "Maternal Health Friendly Award" from the Ministry of Health and Welfare affirming our commitment to employee well-being. In addition to conducting annual health assessments for all staff, we actively promote initiatives encouraging healthy lifestyle choices. In 2023, our efforts were recognized with the "National Excellent Health Workplace Evaluation - Nutrition and Health Award" by the Health Promotion Administration, recognizing our endeavors in promoting the physical and mental well-being of our workforce. We were also bestowed with the "SGS 2023 ESG Awards - Talent Development Award" for our commitment to fostering employee career growth.

As a leader in energy conservation and carbon reduction, we persist in promoting energy-efficient manufacturing practices internally, receiving support from the "Subsidy Program for Carbon Reduction and Smart Upgrade Led by Large-Scale Manufacturers" launched by the Ministry of Economic Affairs. Additionally, we have established the "Accton Academy of Sustainability" in collaboration with ten supply chain partners to curb carbon emissions, with a shared goal of achieving decarbonization and net-zero carbon emissions by 2050. In terms of manufacturing operations, our Zhunan Plant's investment in energy-efficient production has been recognized with the "Ministry of Environment and Miaoli County Private Enterprise and Group Green Procurement - Outstanding Achievement Award."

In 2023, the inauguration of our Vietnam plant has diversified our operations from geopolitical risks, bolstered our operational agility, and reaffirmed our commitment to employee welfare by extending the same benefits and development opportunities to local Vietnamese employees. The completion of the Accton Zhubei Plant Green Building, situated in the Zhubei International AI Smart Park, is slated for 2024.

## Outlook

Looking ahead, as a leading provider of network communications products, Accton continues to embody the ethos of "Connecting Everything" in its ESG endeavors, upholding the core values of "Trust, Courage, Passion, Collaboration, and Perfection."

Throughout our journey, inclusivity for stakeholders and transparency in internal and external communications have been paramount. Internally, we foster direct communication between employees and management. Externally, we maintain dedicated channels for engagement with various stakeholders.

"Making Partnership Work" has been our guiding principle since inception. Our stakeholders—employees, customers, suppliers, investors, communities, and charitable organizations—are all integral to our mission. We aspire to cultivate a sustainable ESG ecosystem for continual advancement, inviting more partners to join us in championing environmental preservation, social responsibility, and humanitarian care, for a brighter future for all life forms and future generations on our planet.

Chair of the ESG Committee

**Jackal Lee**

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# About the Report

## The Accton Technology 2023 Corporate Sustainability Report was prepared in accordance with the GRI Standards 2021

Accton Technology has published its Corporate Social Responsibility Report (CSR Report) since 2017 to fulfill our corporate vision of sustainable development. The CSR Report was renamed as the Corporate Sustainability Report in 2021, aiming to disclose operational outcomes beyond financial performance to the public. This report encompasses three major dimensions: corporate governance, environmental aspects, and social and human rights considerations. This Report is published in both Chinese and English versions and made publicly available on the official Company website. This approach aims to ensure that various stakeholders understand Accton's unwavering commitment to sustainable development goals.

## Compilation Principles

Building upon the 20 sustainability issues of stakeholder concern identified in 2022, this Report specifies material issues based on their impact on the economy, environment, and society. These selected issues will be addressed with relevant content accordingly. This report was prepared according to the GRI Standards 2021 released by the Global Reporting Initiative (GRI) to present the corporate sustainability actions taken by the Company in 2023 as per the requirements of the Type 1 moderate-level assurance of the AA1000 Assurance Standard v3 (AA1000ASv3) and the Accountability principle. The content of this Report follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose climate-related risks and opportunities. Additionally, the index tables of the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) indicators are provided in the appendix section.

## Reporting Cycle

Accton annually discloses sustainability information for the previous year and compiles it into a corporate sustainability report. In line with environmental conservation efforts and the promotion of paperless practices, these reports are published in electronic format on Accton's official website. Furthermore, Accton publishes the latest sustainability achievements and progress through its ESG website from time to time. The issuance details of this Report are as follows:

Issue Date: June 2024
Last Issue Date: June 2023
Next Issue Date: Scheduled for June 2025

## Reporting Period and Scope of the Report

This report discloses the measures and comprehensive outcomes of actions taken by Accton in various aspects of corporate sustainability from January 1, 2023, to December 31, 2023. It also highlights sustainability measures related to the official operation of Accton Vietnam during this period. The organizational scale, structure, ownership, and supply chain have not undergone any significant changes.

The operational scope covered in this Report includes:

- Accton Technology Corporation: Hsinchu headquarters, Hsinchu Plant 2, Zhunan Plant
- Accton Technology Corporation: Taipei/Hsinchu/Taichung offices, Tainan Science Park
- Edgecore Networks Corporation, hereinafter known as "Edgecore"
- Joy Technology (Shenzhen) Co., Ltd., hereinafter known as "JoyTech"
- Vietnam Accton Technology Company Limited, hereinafter known as "Vietnam Accton"

The boundary of this Report does not entirely match the affiliated entities listed in Accton Technology's 2023 annual report (accessible at: https://www.accton.com/esg-documents/). This discrepancy is due to the Report's primary focus on Accton Technology as the main reporting entity. To ensure comprehensive and transparent information disclosure, the operational activities of the brand sales subsidiary Edgecore Networks Corporation, as well as the production manufacturing subsidiaries JoyTech and Vietnam Accton, have been included in this Report. Other related entities in the financial report have relatively minor or insignificant impact on the operational activities of Accton Technology and therefore, are not included within the boundary of this Report.

## Assurance of the Report

This Report has been verified by SGS Taiwan, Ltd., in accordance with the GRI 2021 Standards and adopts the AA1000 ASv3 Type 1 Moderate Assurance level. The SGS assurance statement is attached in the appendix of this report.

## Internal Management Processes for the Report

The responsible unit for the Accton Corporate Sustainability Report is the ESG Committee and the ESG Office. The Report is compiled by designated contacts from various functional units, who gather annual ESG performance and implementation content. It undergoes initial internal review by department heads and is then coordinated, planned, edited, and revised by the ESG Office. After compilation, the Report undergoes verification by third-party external organizations to enhance the credibility of information disclosure. It is subsequently reviewed by the Chair of the ESG Committee and reported to and approved by the Board of Directors. The Report is publicly disclosed on the official website every June.

- The ESG Committee sets strategic goals and reviews performance.
- The ESG Office wrote and edited the Report content and ensured the accuracy of data sources.
- The Chair of the ESG Committee reported on material issues from the Report to the Board of Directors.

## External Verification and Data Quality Management

- Financial Data: The financial data is sourced from the audited financial statements as attested by CPAs of Deloitte Taiwan.
- External Assurance: ISO 22301 Business Continuity Management System Certification , RBA Responsible Business Alliance Code of Conduct , ISO 27001:2013 Information Security Management System, ISO 28000:2022 Security Management System Verification, ISO 14001:2015 Environmental Management System , ISO 14064-1:2018 Greenhouse Gas Inventory , ISO 14067 Product Carbon Footprint Inventory , ISO 45001:2018 Occupational Health and Safety Management System , ISO 50001:2018 Energy Management System , IECQ QC080000, HSPM Hazardous Substance Process Management System , ISO 9001:2015 Quality Management System , TL9000 Telecommunications Quality Management System.  For detailed information, please refer to the main text of this report. Any estimations will be noted in the relevant sections.

## Contact Information

If you have any suggestions regarding this Report, please feel free to contact us through the following channels. For ease of reference, we have also published this report on the official Accton website.

**Accton Technology Corporation / ESG Office**

| | |
|---|---|
| Address | No.1, Creation Road 3, Hsinchu Science Park, Hsinchu City 30077, Taiwan |
| Tel | +886-3-5770270 |
| CSR Email | csr@accton.com |
| Corporate website | www.accton.com |
| Corporate website | https://www.accton.com/esg-home/ |

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# Sustainable Management

## Corporate sustainability vision and commitment

Connect people and communities around the globe with our technology.

"Distance is never a problem as long as we are determined." Accton has striven to achieve the goal of corporate sustainability through the Company's core network technologies and partnerships. With the corporate strategy of "solidarity, innovation, cloud convergence, and environmental protection" at the core of our operations, we have persisted in the development of high-quality, reliable, sustainable, and resilient network infrastructure and remain committed to becoming a critical driving force for promoting global ICT access and equality. Connecting the community and the world through partnerships has always been Accton's vision of corporate sustainability.

"Making Partnership Work" demonstrates Accton's commitment to our valued partners. Insistence of our corporate philosophy of integrity and honesty is also our fundamental belief in establishing a long-term partnership, thereby creating the best interests for all our partners.

Our most crucial partners are our employees. Providing everyone with a good job is an indispensable element of corporate sustainability and the foundation for safeguarding labor rights and safety, promoting gender equality, and creating an equal employment environment for different groups. Enabling everyone to obtain better remuneration and benefits is our promise to ourselves and our employees.

Our clients and suppliers play vital roles as partners in our ongoing improvement and growth. Through consistent development and innovation, we've enhanced productivity while reducing the correlation between productivity and energy usage. Over time, we've established a sustainable supply chain strategy with our suppliers, aimed at crafting environmentally responsible products for our clients. This commitment aligns with our vision and underscores our dedication to sustainability.

"Making Partnership Work" is not merely a slogan but the spirit of pursuing corporate sustainability. Our internal and external business philosophy can correspond to Accton's business motto of "trust, passion, courage, collaboration, and perfection." With a passion for the vision, the courage to realize our commitment, and the mutual trust and collaboration with our partners, we can perfectly achieve our established goals, and the motto is our belief in striving toward sustainable management.

## Our sustainability commitment and organizational history

The ESG Committee is the highest corporate social responsibility organization within the Accton Group. It is responsible for coordinating and setting the Company's corporate social responsibility and sustainable development directions. Senior Vice President Mr. Jackal Lee serves as the chair of the Committee and the top-level managers of relevant functional units serve as the members of various committees, including the Corporate Governance Committee, Operating Performance and Customer Relations Committee, Innovative Technology Committee, Green Manufacturing Committee, Supply Chain Management Committee, Environment Committee, Information Security Committee, and Employee Safety and Health Committee. The Corporate Sustainability Committee includes subsidiaries Edgecore Networks Corporation and JoyTech, which are involved in the boundaries of the Report.
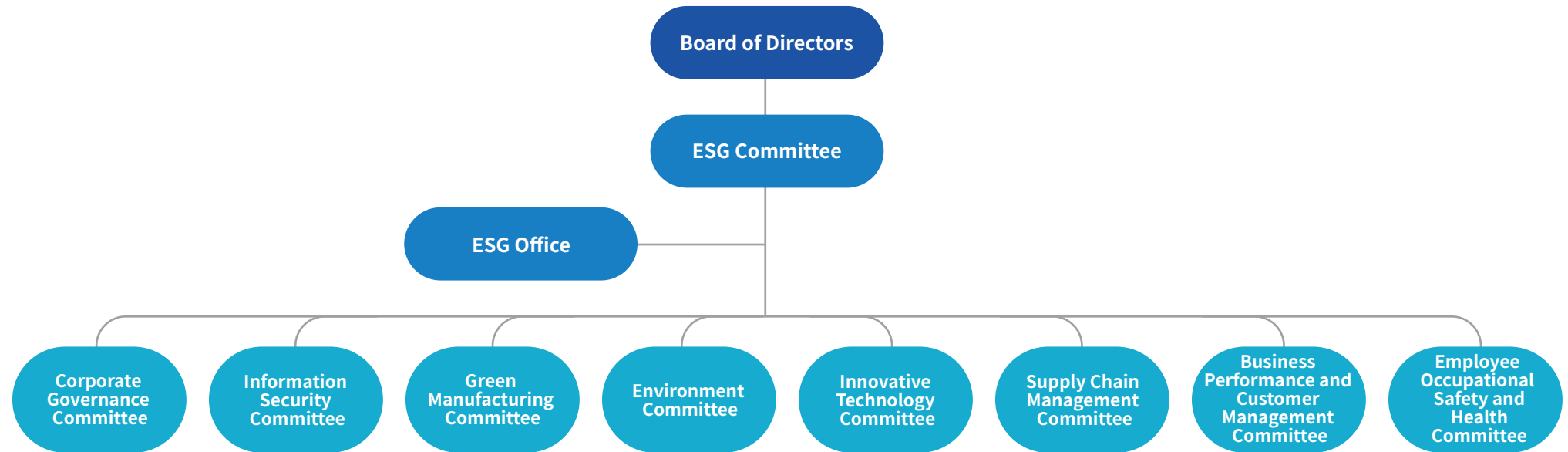
Furthermore, we have formally established the ESG Office, which has validated its implementation strategy and the current status of tasks and goals, set the direction and method of engagement with stakeholders regarding sustainability issues, and regularly reported on the progress of its implementation to the ESG Committee. To enhance the tracking and promotion of initiatives overseen by the ESG Office, at the end of 2023, we hired a full-time specialist dedicated to these tasks.

The ESG Committee was responsible for planning and implementing the project for this Corporate Sustainability Report, while the ESG Office was responsible for preparing and composing this report in detail. This Corporate Sustainability Report is scheduled to be presented to the Board of Directors by the chair of the ESG Committee in May 2024, outlining the execution results and future plans before publication.

| ESG Committee | Governance | | Environment | | Social |
|---|---|---|---|---|---|
| | Corporate Governance Committee<br><br>Information Security Committee<br><br>Business Performance and Customer Management Committee | Innovative Technology Committee | Environment Committee<br><br>Green Manufacturing Committee | Supply Chain Management Committee | Employee Occupational Safety and Health Committee |
| Goals | Ensure excellent performance and client satisfaction<br><br>Reinforce corporate governance and adhere to the principle of integrity | Pursue sustainable innovative technology | Cherish natural resources and support environmental sustainability | Conduct responsible supply chain management | Develop human capital and improve employee care |
| Stakeholders | Shareholders<br>Government agencies<br>Suppliers | | Clients<br>Employees | | |

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## ◆ ESG Committee and ESG Office Organizational Chart

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                        Board of Directors
                              |
                        ESG Committee
                              |
        ESG Office ───────────┤
                              |
  ┌──────┬──────┬──────┬──────┼──────┬──────┬──────┐
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| Corporate Governance Committee | Information Security Committee | Green Manufacturing Committee | Environment Committee | Innovative Technology Committee | Supply Chain Management Committee | Business Performance and Customer Management Committee | Employee Occupational Safety and Health Committee |

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## Accton Sustainable Development Policy and Commitment

**Comply with laws and regulations:** The Company complies with related labor, environmental protection, and safety and health regulations of the local government.

**Support for human rights policies and guidelines:** In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the United Nations Universal Declaration of Human Rights (UDHR), the International Labor Standards (ILO), the Ten Principles of the United Nations Global Compact (UNGC), ILO Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, The Code of Conduct for Responsible Business Alliances (RBA) and other human rights norms, we provide humane treatment and prohibit illegal discrimination and harassment, including but not limited to the prohibition of child labor, no violence against employees, no gender-based violence, no sexual harassment, no sexual abuse, no corporal punishment, no abuse, no mental or physical coercion, no bullying, no public humiliation, and no verbal abuse against employees.

**Ensure freedom of employment:** The Company ensures that all labor services are provided voluntarily and do not involve oppressive or forced labor.

**Ensure reasonable salary, benefits and labor hours:** The Company strictly abides by related regulations of the local government for labor salary and benefits. We also openly and clearly communicate our company's management practices to employees.

**Protect intellectual property rights:** Employees must protect and respect the intellectual property rights of the Company and others. The use of technology, professional skills, and related documents and data must be conducted in a manner that protects intellectual property rights.

**Transparency:** The Company must establish related internal and external communication channels. For internal communication, the Company should encourage direct communication and exchange of ideas between employees and the management; for external communication, the Company welcomes all exchange of information through dedicated emails.

**Uphold ethical management:** The Company shall adopt the highest ethical standards for the Company's operations and the management of employee ethics. The Company prohibits any form of bribery, corruption, fraud, or other unlawful behavior.

**Operate and promote social engagement:** The Company actively evaluates the positive and negative impacts of its operations on vulnerable groups. It comprehensively considers and meticulously plans diverse social initiatives to enhance positive impacts, mitigate negative impacts, or avoid them altogether. Additionally, the Company encourages employees and business partners to jointly promote and participate in relevant actions.

**Responsible mineral sourcing:** In recent years, there have been minerals from mines in conflict areas in the Republic of the Congo, including niobium, tantalum, iron ore, cassiterite, wolframite, and gold. These minerals are converted into tantalum (Ta), tin (Sn), tungsten (W), and gold (Au), resulting in social, environmental, and human rights deterioration. The Company will continue to adopt a conflict-free mineral procurement policy for 3TG, cobalt, mica, and other minerals produced in high-risk areas identified by the OECD and perform due diligence actively. Our due diligence method is in alignment with the OECD's approach and the corresponding due diligence framework, and we support the RBA's strategies for and approaches to conflict minerals and have adopted the Conflict Minerals Reporting Template released by RMI to investigate whether our suppliers comply with the above policies as required. For more information on the RBA, please visit: http://www.responsiblemineralsinitiative.org/

**Risk Management:** Through the implementation of robust risk management measures, the Company has fortified its operations with effective prevention and control mechanisms. We have adeptly identified potential opportunities and seamlessly integrated them into the daily operational framework to realize efficient risk management and control. This steadfast commitment not only amplifies our enterprise value but also underscores its dedication to the interests of all stakeholders.

**Green Products:** In order to reduce the impact on the environment and ecology and fulfill the corporate sustainable responsibility for the environment, low-carbon management, packaging reduction, energy conservation and hazardous substance control are included in product design. We also continue to develop the concept of green design and abide by the environmental laws and regulations of various countries, constantly optimizing to design products in line with sustainability principles.

**Corporate Sustainability Policy and Commitment:**

https://www.accton.com/csr-policy/

**For the Corporate Sustainability Report and relevant documents, please refer to:**

https://www.accton.com/esg-documents/

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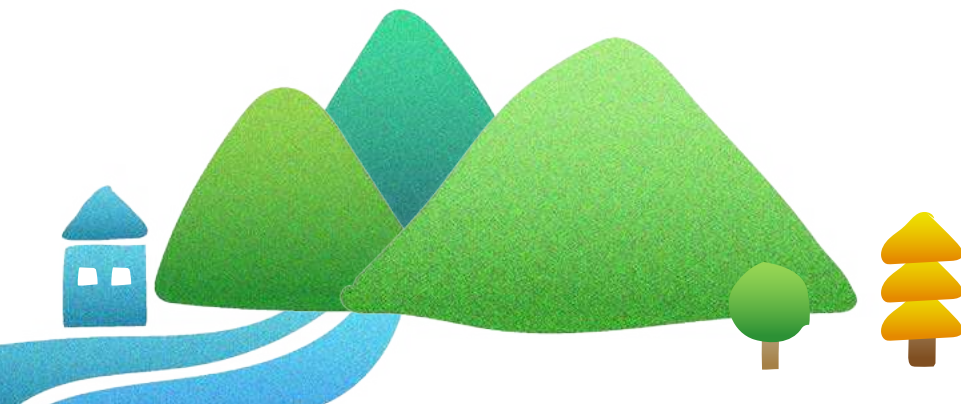
# Sustainability Performance

In 2023, Accton continued its commitment to corporate sustainable development, receiving widespread recognition across social, environmental, and economic aspects.

## ESG Performance

✓ Once again, Accton was included as a constituent stock in the "FTSE4Good TIP Taiwan ESG Index" in 2023.

✓ Listed among "World's Best Companies 2023" by TIME Magazine. The selection, conducted in collaboration with renowned research firm Statista, encompassed criteria such as employee satisfaction, revenue growth, and corporate sustainability. Among 5,000 global companies evaluated, only 750 made the list.

## Social

✓ Received the SGS 2023 ESG Awards - Talent Development Award.

✓ Listed among "World's Best Employers 2023" by Forbes Magazine.

✓ Recognized with the "National Excellent Health Workplace Evaluation - Nutrition and Health Award" by the Health Promotion Administration, MOHW

✓ Awarded the "2023 Happy Enterprise Silver Award" by 1111 Job Bank

✓ Accton Arts Foundation was honored with the Bronze Award of the Ministry of Culture's Arts & Business Awards.

✓ In 2023, Accton Group (including the Accton Arts Foundation) continued its commitment to social responsibility by contributing a total of NT$13,980,000 to various social engagement activities. This contribution encompassed cash donations, material donations, and volunteer services.



▲ Accton Arts Foundation was awarded the Bronze Award of the Ministry of Culture's Arts & Business Awards, with the foundation's CEO, Chi-Ying Li, representing and accepting the award.

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## Environmental

✓ Received the "Subsidy Program for Carbon Reduction and Smart Upgrade Led by Large-Scale Manufacturers" launched by the Ministry of Economic Affairs. Furthermore, Accton has established the "Accton Academy of Sustainability" in collaboration with ten supply chain partners to curb carbon emissions, with a shared goal of achieving decarbonization and net-zero carbon emissions by 2050.

✓ The Zhunan Plant was recognized with the "Ministry of Environment and Miaoli County Private Enterprise and Group Green Procurement - Outstanding Achievement Award."

✓ Participated in the Carbon Disclosure Project (CDP) and received a B grade score.

✓ The overall electricity intensity in 2023 decreased by 20.8% compared to the baseline year of 2021.

✓ The waste wooden pallet reduction project in 2023 achieved a 65% reduction in overall waste, extending the life cycle of wooden pallets through reduction measures both within and outside Accton's factory plant.



▲ The Zhunan Plant was recognized with the "Ministry of Environment and Miaoli County Private Enterprise and Group Green Procurement - Outstanding Achievement Award."

## Economic

✓ Included as a constituent stock in the "FTSE TWSE Taiwan 50 Index".

✓ Grand opening and commencement of production at Vietnam Accton's plant

✓ The topping-out ceremony for the Accton Zhubei Plant AI Smart Park project was held, with operations expected to commence in 2024.

✓ Developed a new product, an 800G switch, to meet the market demands for AI and high-performance computing applications.



▲ Grand opening and commencement of production at Vietnam Accton 's plant.

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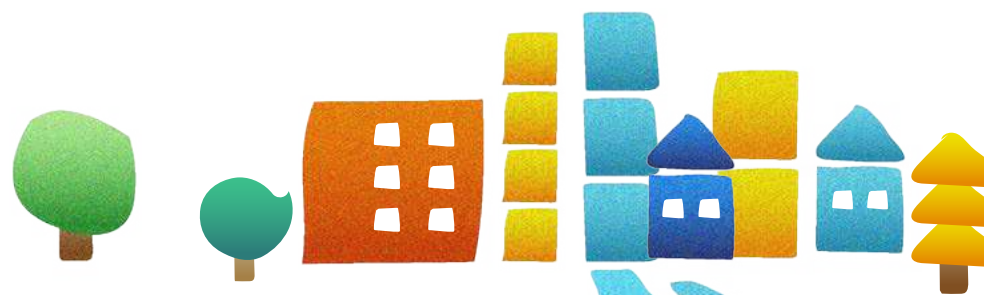
Consolidated revenue, gross profit, and net profit growth chart for Accton over five consecutive years.

◆ **Accton consolidated revenue**

(in NT$ '000)

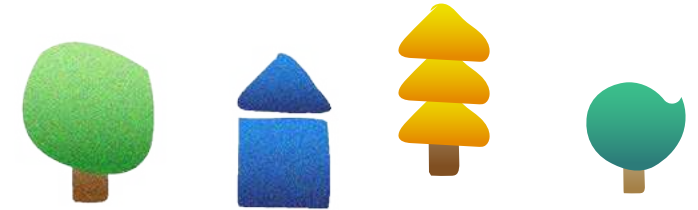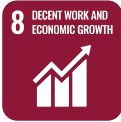| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Revenue** | 55,401,047 | 54,462,872 | 59,598,681 | 77,205,223 | 84,188,426 |
| **Gross profit** | 10,998,762 | 11,554,062 | 11,344,596 | 16,518,262 | 19,262,801 |
| **Net profit** | 6,039,983 | 6,402,66 | 5,440,726 | 9,632,608 | 11,501,097 |
| **Net profit after tax** | 4,950,495 | 5,048,353 | 4,705,059 | 8,165,812 | 8,920,165 |
| **Gross profit margin** | 19.85% | 21.21% | 19.03% | 21.40% | 22.88% |
| **Net profit margin** | 8.94% | 9.27% | 7.89% | 10.58% | 10.60% |

## Corporate governance

✓ Obtained ISO 22301 Business Continuity Management System certification in 2023

✓ Established a permanent organization, the "Risk Management Office"

✓ Corporate governance evaluation: 21%-35%

✓ Clearly defined and promoted the implementation of the "Ethical Corporate Management Best Practice Principles," completed relevant training, and provided comprehensive training to establish ethical and integrity concepts for all employees, starting from the basics. The coverage rate of training for new employees reached 100%

**For more information on Accton's ESG highlights, please visit**

**https://www.accton.com/esg-spotlight/**

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## Response to the United Nations Sustainable Development Goals (SDGs)

Responding to the 17 UN SDGs, Accton has identified and compiled our actions into seven goals with the descriptions as follows:

| Response to SDGs | Action Plan | Implementation results | Corresponding Chapters/ Sections |
|---|---|---|---|
| **3 GOOD HEALTH AND WELL-BEING** | • Accton firmly believes that employees are the most valuable asset of the Company. We embrace a preventive medicine framework structured around the three stages and five levels. Through organizing health check-ups, health management, and health promotion activities, we ensure comprehensive care for the physical, mental, and emotional well-being of our employees. | ★ **Maternity Health Protection Plan**<br>Implemented health protection program for female employees of childbearing age, during pregnancy, and in the postpartum period. In 2021, we were honored with the "Maternal Health Friendly Award" by the Health Promotion Administration of the Ministry of Health and Welfare for our outstanding workplace practices. (SDG 3.4)<br><br>★ **Cardiovascular Disease Monitoring (Overloading Protection Program)**<br>Evaluated the risk of cardiovascular disease and abnormal workloads based on annual employee health examination data. High-risk groups were identified for subsequent protective measures. In 2023, 12 individuals requiring physician interviews and consultations were identified according to regulations, achieving a completion rate of 100%. We were honored with the Health Management Award in 2019.<br><br>★ **New Hire Physical Examination / Special Physical and Health Examinations**<br>Provided physical examinations for new employees, special health examinations for employees engaged in hazardous tasks, and general health examinations. Follow-up assessments by nurses and occupational specialists were conducted to ensure the health and rights of employees.<br><br>★ **Employee Injury and Illness Care**<br>Checked on every employee on sick leave by phone and email to provide health education for their early recovery; analyze and plan health management and health promotion activities as per the International Statistical Classification of Diseases and Related Health Problems 10th Revision; checked upon a total of 2,229 employees. We were honored with the Health Care Award in 2020. (SDG 3.4)<br><br>★ **My New Dietary Proposition**<br>Healthy dietary habits are crucial for preventing chronic diseases. In 2023, we launched the "My Dietary New Proposition" series of activities, focusing on nutrition to create a healthy eating environment. We were honored with the "Excellent Workplace Certification" by the Health Promotion Administration of the Ministry of Health and Welfare, and received the "Nutrition Health Award."<br>This series of activities included four key courses to provide comprehensive dietary education and support, empowering employees to adopt healthier lifestyles. Related achievements:<br>(1)Established a workplace nutrition-friendly environment: Subsidized 1,440 servings of light meals.<br>(2)Conducted online dietary education interactive games - "Magic Nutrition Academy": Achieved a total of 966 participant interactions, with a 17.3% overall increase in nutritional knowledge from pre- to post-test.<br>(3)Organized healthy spring roll factory tours: 180 employees from three factory plants participated.<br>(4)Management of high triglyceride populations: The average triglyceride level of 24 individuals decreased by 22.73%.<br><br>★ **Cancer Screening Subsidies**<br>Given that cancer has been the leading cause of death for 41 consecutive years according to the Ministry of Health and Welfare, the Company organized cancer screenings and provided a 50% subsidy for employees at high risk based on age and gender. Screenings included colonoscopies, thyroid ultrasounds, breast ultrasounds, and low-dose computed tomography. Encouraging early screening for early intervention and treatment. In 2023, a total of 327 individuals participated, with employees exhibiting abnormal test results included in special health management groups and regularly monitored for follow-up visits.<br><br>★ **Influenza Vaccination Drive**<br>Starting in October, during the peak season for influenza, we provided on-site influenza vaccinations to enhance employee resistance and increase vaccination willingness. A total of 225 employees were vaccinated, with a satisfaction rate of 94%. | 4.4 Safeguarding Employee Health |

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| Response to SDGs | Action Plan | Implementation results | Corresponding Chapters/ Sections |
|---|---|---|---|
| **3 GOOD HEALTH AND WELL-BEING** | • The Taiwan Welfare Association focuses on "active aging," catering to the physical and psychological needs of the elderly, and fostering a dignified third phase of life. | ★ **Trendy Seniors On Air" Podcast Channel**<br>In collaboration with the Chiayi City Government, we trained a team of 16 seniors to produce podcasts, showcasing the value of the elderly and enhancing social cohesion. In 2023, 27 podcast episodes were released, accumulating 1,169 downloads.<br>★ **Promote Concept of Self-Support Care**<br>By collaborating with Changtai Senior Academy. We recorded 66 episodes of podcast programs, totaling 15,050 downloads, along with 29 YouTube videos, accumulating 125,004 views. Additionally, we conducted 3 physical seminars with a total of 179 participants.<br>★ **Elderly Care**<br>Supported at-home mobile bath services with a donation of NT$120,000; donated medical equipment to nursing centers, providing caregivers with peace of mind. | 5. Social Charity |
| **4 QUALITY EDUCATION** | • Through educational project collaboration, we accompany education professionals to enhance their teaching capacity and develop child-centered educational environments. | ★ **Education Empowerment**<br>Provided practical support to frontline educators. In 2023, we supported a total of 4 project cooperation initiatives, including:<br>(1)Donated 76 sets of Sustainable Development Goals (SDGs) educational tools developed by the Taiwan Youth Creative Action Association (DFC), allowing frontline teachers to promote sustainability issues on campus. Two online workshops were held, with a total of 56 teachers participating.<br>(2)Collaborated with the Yingguang Education Association on the "Long-Term In-School Companion Program," accompanying 4 rural schools to identify development strengths and revitalize teaching sites.<br>(3)Supported the "Partner Development Program" for two consecutive years for children's libraries in Taitung, improving the overall low salary situation of frontline teachers and supervisors, with an actual number of 32 individuals receiving salary adjustments.<br>(4)Supported the "Wan 8 Program" by the Change Formula Association, providing reasonable working conditions for student counselors to alleviate the care pressure at children's placement institutions. | 5. Social Charity |
| | • Through long-term investment in both hardware and service resources, we aim to ignite the interest of rural children in reading, thereby enhancing their cognitive and emotional development. | ★ **Encouraging Reading Among Rural Pre-School Children**<br>Through long-term investment in both hardware and service resources, we aim to ignite the interest of rural children in reading, thereby enhancing their cognitive and emotional development. Initiatives include:<br>(1) Establishing reading corners in rural waiting areas, providing 2,180 children's books to 19 rural medical units.<br>(2) Collaborating with Dong Hwa University's Social Participation Center, donating 200 books on various topics to kindergartens. We also collaborated with early childhood education and educational potential development departments to promote language-themed courses for early childhood educators.<br>(3) Collaborating with the Ruro Platform to promote reading and writing in rural primary schools. Engaged instructors led four-week reading and writing classes in two rural primary schools in Hsinchu, while also providing training courses for rural teachers.<br>(4) Remote intergenerational reading: In collaboration with the ROR Taiwan, Taipei Medical University physicians, and the Chiayi City Health Bureau, under the guidance of physicians, seniors in Chiayi City engage in remote reading sessions with children from Penghu kindergartens via video conferencing. Increasing preschoolers' verbal participation stimulates the elderly's brains and prevents dementia. Eight remote reading events were held, with a total of 50 elderly participants from Chiayi City. | |

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| Response to SDGs | Action Plan | Implementation results | Corresponding Chapters/ Sections |
|---|---|---|---|
| 4 QUALITY EDUCATION | • Promoting Menstrual Education for a Friendly and Gender Equal Society | ★ **Teacher Training**<br>Continuing the collaboration project with the With Red Foundation from 2022, we held a workshop for primary school teachers in Hsinchu in 2023. This workshop enhanced menstrual education capabilities for 32 primary school teachers from 22 schools in Hsinchu, indirectly benefiting 15,570 students<br>★ **Demonstration Teaching**<br>Conducted menstrual education demonstration teaching in five primary schools in Hsinchu, impacting 194 students with knowledge related to menstruation.<br>★ **Donation of Teaching Materials**<br>Donated 30 sets of menstrual education kits and 750 menstrual education books to schools participating in the workshops and demonstration teaching, addressing the lack of menstrual education materials in current education. | 5. Social Charity |
| | • Taking a sustainable operational perspective, we adopt a "facilitator" role, integrating resources to promote cultural and artistic education | ★ **Establishment of an Artistic Talent Database**<br>We cultivate talent across every aspect of the cultural and arts ecosystem, including arts administration, volunteer partners in arts education promotion, artists, and creators.<br>★ **Artistic Talent Cultivation Program**<br>We provide resources such as funding for creation and materials, exhibition spaces, promotional resources, audio-visual documentation, and talent in arts administration to assist creators in enhancing their competencies. In 2023, we supported a total of 14 individuals from the artistic field, originating from 6 countries, to conduct 12 exhibitions exploring contemporary social issues, attracting a cumulative total of 43,112 visitors.<br>★ **Promotion of Cultural and Artistic Community Development**<br>At the behest of the Hsinchu City Government Cultural Affairs Bureau, we revitalized historical building spaces at the Railway Art Village to promote both the cultivation of artistic talent and arts education. We selected 6-8 Taiwanese and international artists for residency and creation. In 2023, the Railway Art Village was open for 305 days, welcoming a total of 31,822 visitors. We organized 25 exhibitions and 40 workshops (including hosting, co-hosting, and moderating), with a total of 1,124 participants. | 5. Social Charity |
| 5 GENDER EQUALITY | • Recruitment, hiring, development, and compensation of employees are based solely on their work capabilities, without any differentiation based on gender. | ★ At Accton, male and female employees each comprise 50% of the workforce. Female supervisors make up 24.8% of all supervisory roles.<br>★ At Edgecore, male employees constitute 66.2% of the workforce, while female employees account for 33.8%. Female supervisors make up 30.4% of all supervisory roles at Edgecore.<br>★ At JoyTech, male employees constitute 62.7% of the workforce, while female employees account for 37.3%. Female supervisors make up 33% of all supervisory roles at JoyTech.<br>★ At Vietnam Accton, male and female employees each constitute 50% of the workforce. Female supervisors represent 55.0% of all supervisory roles.<br>★ The gender pay gap at Accton is no greater than 0.3%. (SDG5.5) | 4.1 Talent Attraction and Retention |

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| **8 DECENT WORK AND ECONOMIC GROWTH** | • Safeguarding workers' rights, strengthening risk assessment, implementing education and training, expanding audit scope, and promoting workplace safety. | ★ **Strengthen Safe and Secure Working Environment (SDG8.8)** Compared to 2022, in 2023 the frequency of disabling injuries decreased by 15.4%, while the severity of disabling injuries increased by 35.3%. There were 0 major occupational accidents. <br> ★ **Conducted Workplace Risk Identification** Adopting graded management, prevention or reduction of hazards and risks. In 2023, a total of 1,555 risk identifications and assessments were conducted. <br> ★ **Optimizing Emergency Response Training (SDG8.8)** In 2023, emergency response drills involving a total of 10,331 people were conducted, using an electronic evacuation roll call system, which effectively shortened the roll call time. <br> ★ **Inclusion of Migrant Worker Dormitories in Regular Safety Audits (SDG8.8)** Our OSH Department audits migrant worker dormitories monthly, examining six major aspects including "building safety," "electrical safety," "fire evacuation," "food hygiene," "environmental cleanliness," and "epidemic prevention measures." Additionally, we demonstrate a spirit of partnership by providing guidance to improve migrant worker dormitory management companies continuously. | 4.3 Safeguarding Employee Safety |
| | • Enhancing subcontractor management efficiency and supervising construction safety discipline. | ★ **Improving Subcontractor Construction Management Efficiency** Introduced an electronic subcontractor management system. Subcontractors executed a total of 586 projects within the factory premises, achieving a 100% rate for on-site surveys and hazard notification during operations. | |
| **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** | • Develop high-quality, reliable, sustainable, and resilient network infrastructure, promoting global "ICT accessibility equality." | ★ Actively promote open network platforms as a pioneer in Taiwan's network product industry. <br> ★ We serve as a founding member of open network promotion organizations such as OCP, TIP, DENT, and SONiC, contributing to accelerating innovation in core network infrastructure design, reducing network construction costs, and increasing network coverage through the popularization of network technology, promoting affordable quality networks for everyone. (SDG9.1) | Sutainability Performance |
| **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** | • Significantly reduce waste generation through prevention, reduction, recycling, and reuse. | ★ Waste recycling and reuse: The recycling rate increased from 74.57% in 2022 to 81.66% in 2023. <br> ★ There were zero major environmental law violation incidents reported. <br> ★ Optimization of steel plate cleaning processes: In 2023, after optimization, the use of organic solvents decreased by 30% compared to the original usage. <br> ★ Introduction of wood pallet waste reduction plan in 2022, implementing internal and external reuse reduction measures, achieving a 65% reduction in overall waste by 2023. | 3.3 Environmental Management |

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| **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** | • Formulated the "Accton Group Quality Manual" (QMC-QA), and the "Product Hazardous Substance Criteria Management Procedure" (QPC-CE05) as well as other QMS documents as guidelines for implementing the green product system.<br>• Collect customer hazardous substance requirements and international regulations, and manage material hazardous substances through the Accton eGreen system. | ★ Green Product System: Regular internal and external audits of the IECQ QC080000 hazardous substance management system are conducted. The main production bases continue to pass the IECO QC080000 annual certification.<br>★ Through raw material/process hazardous substance reduction and control, investigations of 2,242 product models were completed in 2023, with all models meeting 100% of international hazardous substance regulations/directives and customer requirements. | 3.4 Green Product Management |
| | • Select and purchase environmentally sustainable products to contribute to environmental protection efforts. | ★ **Implementation of green procurement, prioritizing procurement of sustainable and eco-friendly products.**<br>Our Zhunan Plant adheres to the government's green procurement policy, prioritize the purchase of products recognized by the Ministry of Environment's eco labels, including packaging materials, office supplies, office equipment, and electrical appliances, etc. The Accton Zhunan Plant was recognized with the "Miaoli County Private Enterprise and Group Green Procurement - Outstanding Achievement Award," and was recognized by the Ministry of Environment in 2023 | 2.3 Responsible Supply Chain |
| **13 CLIMATE ACTION** | • Mitigate the impact of climate change by regularly conducting greenhouse gas inventory and continuously implementing energy-saving measures. | ★ Completed organizational greenhouse gas inventories for Accton's Hsinchu Headquarter/Plant 2/Zhunan Plant, JoyTech, and Vietnam Accton.<br>★ Participated in the Carbon Disclosure Project (CDP) and included in the B List.<br>★ Energy-saving and Carbon Reduction Measures: Installation of inverters for air conditioning/exhaust equipment, reduction of toilet exhaust operation time, and continuous replacement with LED energy-saving lighting equipment<br>★ Refinement of extreme weather response mechanisms (typhoon warning and response readiness), incorporated into the Company's Business Continuity Plan. (SDG13.3) | 2.1.3 Business Continuity Management<br>2.1.4 Climate Risk Management<br>3.2 Energy Saving and Carbon Reduction |

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## Participation in External Associations to Promote Internet Accessibility

Accton is dedicated to leveraging technology to bridge the gap between urban and rural regions, fostering connections between communities worldwide. This commitment to enhancing global ICT accessibility is demonstrated through active engagement in industry associations and technical alliances both domestically and internationally, fostering enduring relationships with vendors across the supply chain. In 2013, Accton joined the Open Compute Project (OCP) initiated by Meta and contributed multiple hardware platform designs through its brand, Edgecore Networks, becoming one of the pioneers in building an open network architecture. Accton Group participates in the following external organizations:

### ◆ Accton Technology Corp

| | Association Name | Method of Participation |
|---|---|---|
| 1 | Taiwan Association of Information and Communication Standards | Member |
| 2 | Peripheral Component Interconnect Special Interest Group (PCI-SIG) | Member |
| 3 | Taiwan Thermal Management Association | Member |
| 4 | Japan VCCI Council | Member |
| 5 | Wi-Fi Alliance | Member |
| 6 | Optical Internetworking Forum | Member |
| 7 | National Quality & Sustainable Excellence Alliance | Member |
| 8 | PCI Industrial Computer Manufacturers Group (PICMG) | Member |

### ◆ Edgecore Networks

| | Association name | Method of participation |
|---|---|---|
| 1 | Open Compute Project (OCP) Platinum Member | 1.First contributor in the Project with 17 designs certified by the Project.<br>2.Providing innovative hardware solutions for telecom companies.<br>3.Supports all OCP network software |
| 2 | Telecom Infra Project （TIP) | 1.First contributor for the design of the mobile base station cell site gateways<br>2.Developed the Cassini - a 100G optical switch<br>3.Designed and manufactured 400G cell site gateways that meet the TIP Bronze Certification standards. |
| 3 | Distributed Enterprise (DENT) Linux<br>Linux Edge Network Switch Operating System Project | 1.Founding member<br>2.Contributed to Edge - Enterprise solutions |
| 4 | SONiC (Software for Open Networking in the Cloud) | 1.One of the top five contributors in the association<br>2.Provide technical contributions to most SONiC platforms |
| 5 | WI-FI Alliance | Member |
| 6 | Taipei Computer Association member | Member |
| 7 | Taiwan External Trade Development Council | Member |

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# Materiality Analysis

## • Material Topic Identification Process

### I. Collection and Identification of Sustainability Issues

- Based on international sustainability (GRI guidelines, TCFD, SDGs UN SDGs, RBA Code of Conduct, SASB), customer requirements, domestic and international regulations, and recommendations from rating agencies. This information is compiled into a comprehensive list of sustainability issues.
- Convene meetings to review sustainability issues, and confirm whether adjustments are needed.

### II. Material Topic Decision-Making Process
### 1. Impact and Quantification Assessment

- The ESG Office team confirms the assessment processes of material topics
- A meeting for the assessment of material topics is convened. Through surveys and questionnaires, the various ESG committees evaluate the potential positive and negative impacts of each topic. Each issue is scored based on the likelihood of occurrence and the extent of impact.
- An Impact Significance Matrix plotting "Likelihood of Occurrence vs. Impact Degree" is created, with a priority consideration given to the evaluation of negative impacts.

### II. Material Topic Decision-Making Process
### 2. Order by Degree of Impact

- Compile the results of the impact degree and rank them by score.
- To prevent material topics from being biased towards a single aspect, sustainability issues are divided into three dimensions: economic, environmental, and social. Those topics scoring highest within each dimension are provisionally listed as material.
- This process is discussed by the ESG Office team. In addition to score ranking, considerations include operational importance and domestic and international regulations.

### III. Stakeholder Level of Concern Survey

- Collect stakeholder level of concern regarding various sustainability issues via questionnaires.
- After analyzing the survey results, rank the concern scores for each issue.
- Create a matrix diagram of "Impact Degree vs. Level of Concern".
- Feedback from stakeholders is also reported to various departments for understanding and response.

### IV. Confirmation of Material Topics and Information Disclosure

- Integrate the assessment results of impact degree and make reference to the results of the stakeholder concern level questionnaire to finally confirm the material topics.
- In the sustainability report, disclose each material topic and explain changes compared to the previous year. Also disclose descriptions of positive and negative impacts and assessments of substantive potential impacts.
- The report is reviewed by the chair of the ESG Committee and approved by the Board of Directors, and announced in June.

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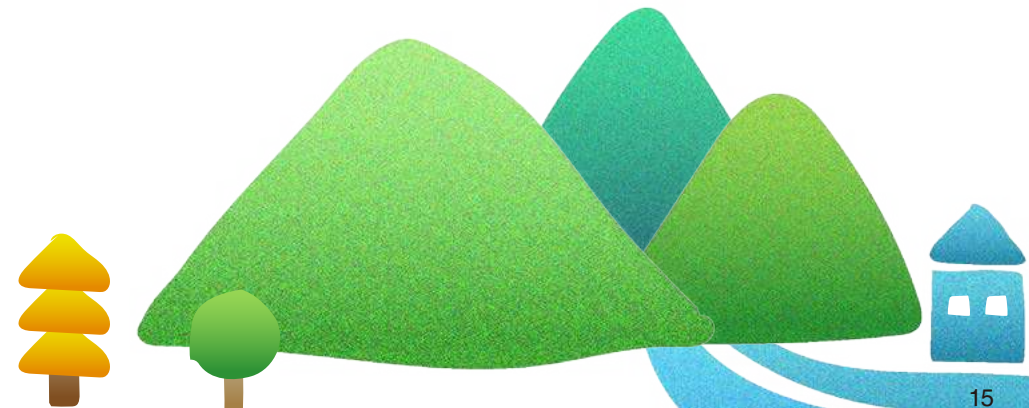
## I. Collection and Identification of Sustainability Issues

Accton reviews international sustainability frameworks (including GRI Standards, TCFD, UN SDGs, RBA Code of Conduct, SASB, etc.) and customer requirements, building on the 20 sustainability issues identified from stakeholder concerns in 2022 as the basis. Based on the "Material Topic Decision-Making Process," the material topics for 2023 are then selected.

◆ **List of 20 Sustainability Issues**

| Governance | Environmental | Social |
|---|---|---|
| Risk Management | Climate Change Response | Occupational Health and Safety |
| Innovation and R&D | Energy Saving and Carbon Reduction | Talent Development |
| Supply Chain Management | Green Products | Remuneration and Benefits |
| Customer Relations | Waste Management | Labor-Management Relations |
| Operational Performance | Water Resource Management | Human Rights |
| Legal Compliance | | Social Welfare |
| Corporate governance | | |
| Information Security Management | | |
| Anti-Corruption | | |

## II. Material Topic Decision-Making Process

### 1. Impact and Quantification Assessment

The decision process for material topics in 2023 primarily references the new guidance from the GRI Standards (2021) on material topics, assessing the positive and negative impact of the aforementioned 20 sustainability issues on "Economy, Environment, and Social (including Human Rights)."

Impact assessments are based on "Likelihood of Occurrence" and "Impact Degree," each scored from 1 to 5. The scores are multiplied to derive a "Significance Degree" score. Through surveys, the chair and vice-chair of ESG Committee, the members of ESG Committee and ESG Office participate in the scoring. The chair, vice-chair, and each committee must each submit a set of results for the significance scoring. Based on the scoring results, a "Likelihood of Occurrence vs. Impact Degree" matrix is drawn, prioritizing the assessment of negative impact.

◆ **Impact Significance Matrix**

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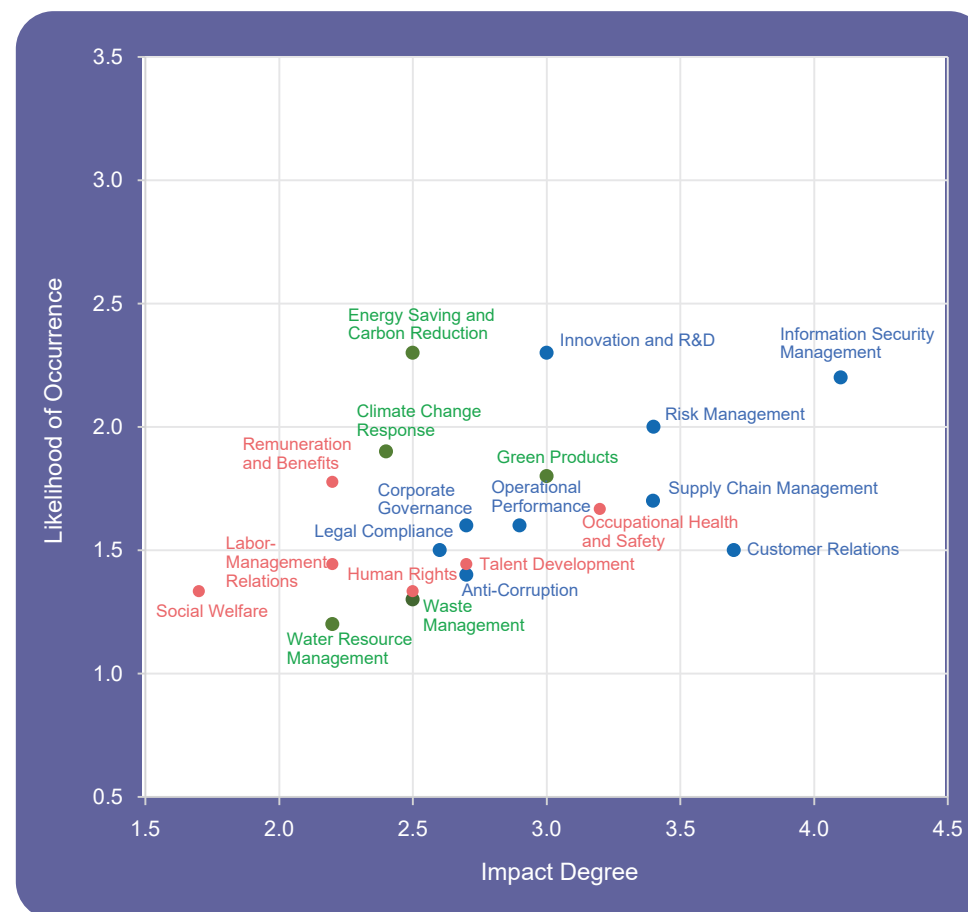
## 2.Order by Significance of Impact

The ESG Office team compiles the significance scoring results, orders them by positive and negative significance, and prioritizes those with higher negative "Significance Degree" scores. This includes a comprehensive consideration of regulatory trends and operational importance, filtering sustainability issues according to the three main categories: economic, environmental, and social. For 2023, a total of 9 material topics were selected.

### ◆ Material Topics and Impact Significance Scoring
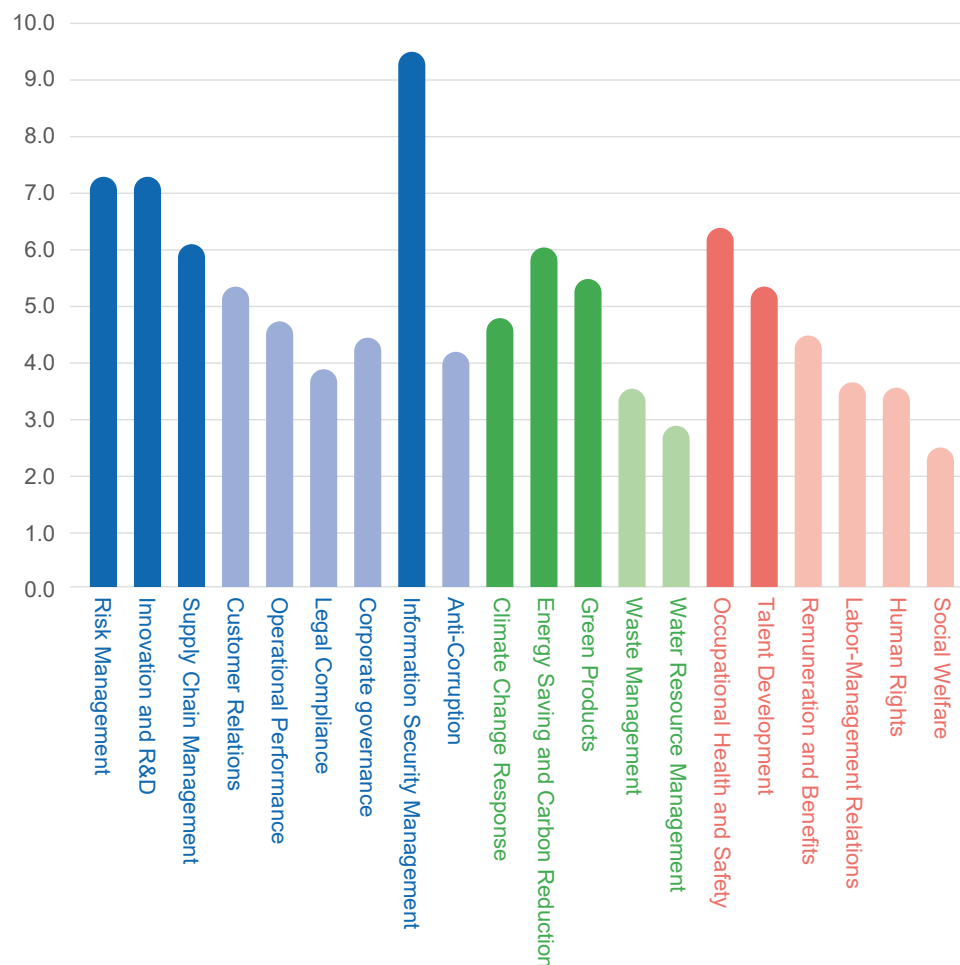


## 3.Stakeholder Level of Concern

We conducted a sustainability issue survey targeting our key stakeholders to continually gauge their interest in various sustainability topics. The survey was designed with a scoring system ranging from 5 (highest concern) to 1 (least concern). In 2023, we collected 485 responses, and the average scores for interest in the 20 sustainability issues ranged from 4.36 to 4.72, indicating no significant issues of no concern. The highest-scoring issue was Information Systems Security Management, while the lowest was Water Resource Management.

### ◆ Stakeholder Concern and Impact Assessment Scatter Plot

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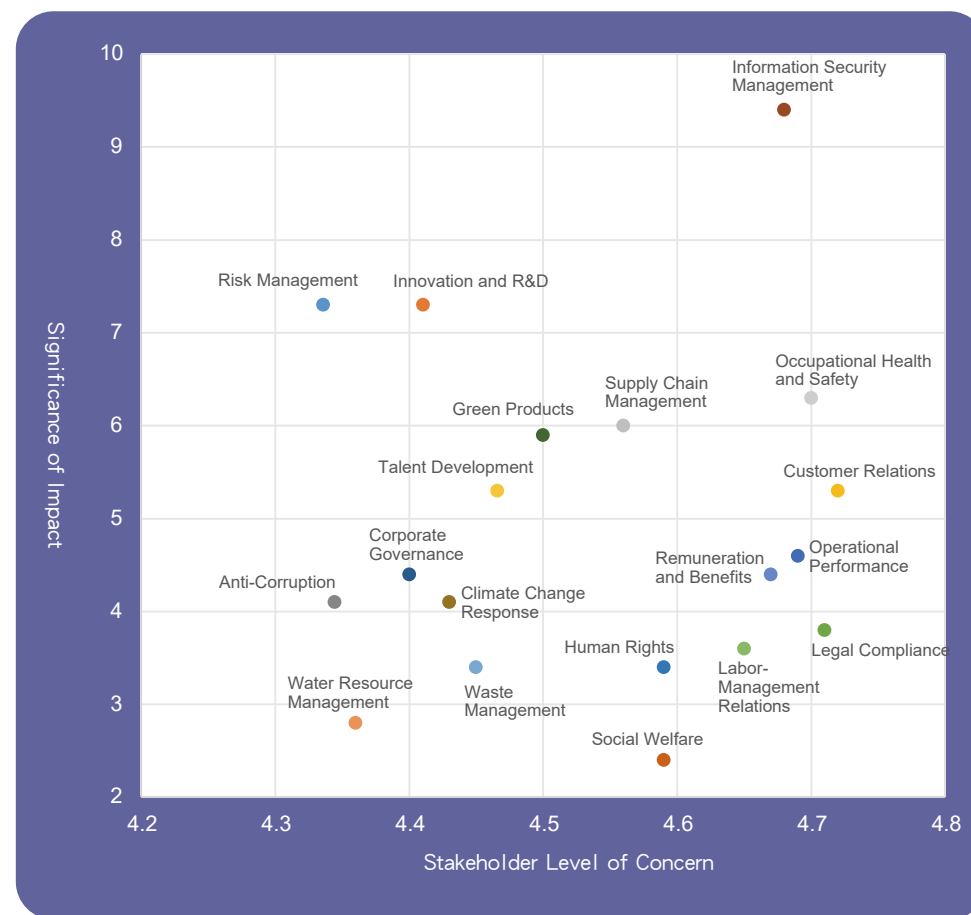
## III. 2023 Material Topics and Change Comparison

After synthesizing the internal impact significance assessments and considering the results of the stakeholder concern survey, we confirmed 9 material topics for 2023 (as indicated below).

Compared to 2022, the material topics for 2023 have been updated to include "Information Systems Security Management," "Climate Change Response," and "Energy Saving and Carbon Reduction," while "Green Production" has been removed. Changes to the material topics are described below.

### ◆ 2023 Material Topics and Change Comparison

| | Governance | Environmental | Social |
|---|---|---|---|
| **2023 Material Topics** | Information Systems Security Management *NEW* | Climate Change Response *NEW* | Occupational Health and Safety |
| | Risk Management | Energy Saving and Carbon Reductio *NEW* | Talent Development |
| | Supply Chain Management | Green Products | |
| | Innovation and R&D | | |
| **2022 Material Topics** | Risk Management | Green Production (Note) | Occupational Health and Safety |
| | Supply Chain Management | Green Products | Talent Development |
| | Innovation and R&D | | |

Note: Green Production includes two sustainability issues, namely "Waste Management" and "Water Resource Management."

### 1. Addition of "Information Systems Security Management"

Accton, as a player in the network communications industry, has identified information systems security management as a material topic due to escalating information system risks and the constant evolution of cyberattack methodologies, which pose substantial risks to both business operations and customer privacy.

### 2.Addition of "Climate Change Response" and "Energy Saving and Carbon Reduction"

In light of the accelerating global climate risks, enterprises are compelled to take more proactive actions in energy saving and carbon reduction to curb the ongoing rise in global temperatures. Accton has adopted the Task Force on Climate-related Financial Disclosures (TCFD) in 2022 to analyze the Company's potential climate risks and opportunities. Following this analysis, Accton has established ambitious targets of reducing carbon emissions by 50% by 2030 and achieving net-zero carbon emissions by 2050. In 2023, Accton further established the "Accton Academy of Sustainability" in collaboration with ten supply chain partners, aiming to progressively implement decarbonization growth and achieve net-zero carbon emissions targets. Therefore, "Climate Change Response" and "Energy Saving and Carbon Reduction" has been elevated to material topics this year, reflecting Accton's determination to reduce carbon emissions and aiding in monitoring the progress towards its carbon reduction goals.

### 3.The previous material topic of "Green Production" has been decomposed into "Water Resource Management" and "Waste Management."

Previously, "Green Production" encompassed both "Water Resource Management" and "Waste Management" as part of its sustainability focus. With this reclassification, although "Water Resource Management" and "Waste Management" are not classified as material topics for 2023, Accton will continue to assess their impact and disclose relevant information. This ongoing disclosure will be included in the "3.3 Environmental Management" section of this Report.

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## 4.Descriptions of Positive and Negative Impacts and Assessments of Actual/Potential Impacts

Note: ( ■ )Actual Impact; ( □ )Potential Impact

| Material Topic | Aspect | Positive Impact | Negative Impact |
|---|---|---|---|
| Risk Management | Economy | Systematic identification and control of various risks, with pre-established scenarios and countermeasures for high-risk situations, regular review of countermeasure effectiveness, and identification of remaining potential issues. ( □ ) | The increasing diversity of business risks, such as geopolitical and economic trade issues in 2024, could rapidly alter risk profiles, challenging the Company if an adequate risk management mechanism is not in place. ( □ ) |
| Information Security Management | | Promote information security policies and initiate training and integration of ISO standards to foster a comprehensive awareness of information security, ensuring the protection of stakeholders' rights without infringement. ( ■ ) | Risks of phishing emails or hacker intrusions affecting customer privacy data and overall corporate reputation. ( □ ) |
| Supply Chain Management | | Implementation of RBA management processes, regular auditing of suppliers, promotion of localized supply chains to enhance supply flexibility, shorten new product development time, reduce unnecessary costs, and decrease carbon emissions within the supply chain, thus building a sustainable supply chain management system. ( ■ ) | The CSR behaviors of suppliers also indirectly impact Accton's intangible reputation or pose a potential risk. ( □ ) |
| Innovation and R&D | | Encourage innovation and the foster a culture of creativity has led to an increase in the total number of global patent applications by Accton over the past three years. Enforcement of intellectual property policies and management systems protects Accton's intellectual properties while respecting the rights of others. ( ■ ) | Diverse customer expectations for products and the challenge of aligning these with goals for low-carbon design pose challenges to innovation and development. ( ■ ) |
| Climate Change Response | Environment | Identify climate risks and opportunities, assess financial impact, and develop response strategies and action plans. ( ■ ) | Assessed scenarios of extreme weather events like torrential rain and floods. However, due to the complex interlinked systems of climate risk, if the damage from weather disasters exceeds natural thresholds, the extent of their impact can be difficult to predict. ( □ ) |
| Energy Saving and Carbon Reduction | | Formulate environmental management policies and promote carbon reduction initiatives. Conduct annual carbon inventory to assess carbon reduction targets and progress, and initiate the implementation of product carbon footprint and platform systems, while also initiating supply chain carbon reduction initiatives. ( ■ ) | With Accton's recent operational growth, the addition of new plants and production equipment may pose challenges in achieving greenhouse gas reductions. ( ■ ) |
| Green Products | | Progressively develop low-carbon, high-efficiency technologies or products to meet customer demands while also considering environmental protection. ( ■ ) | Energy-efficient and low-energy products are increasingly favored. If products fail to keep up with market trends or customer expectations in energy consumption performance or energy-saving design, sales may decline, leading to reduced revenue. ( □ ) |
| Occupational Health and Safety | People | Enforce occupational health and safety management to ensure that employees possess safety and health concepts, fostering a secure work environment. ( ■ ) | With the expansion of the scope of internal and external management and the impact range during the addition of new plants and equipment, a more meticulous risk assessment and awareness building for the occupational health and safety of all employees are required. ( ■ ) |
| Talent Development | | Continue to promote talent development programs and provide diverse and equal learning opportunities, without differentiation based on nationality, race, gender, etc. ( ■ ) | Online learning can enhance learning motivation and improve talent development effectiveness. However, if employees leak or misuse confidential technical materials related to research and development, it may compromise the Company's competitiveness. ( □ ) |

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## IV. Identification of Material Topic Impact Boundaries and Responses

Based on these nine material topics, we identify the impact on key stakeholders and formulate six specific topics and three self-defined topics in accordance with GRI guidelines. For each material topic, data is collected and information is disclosed according to reporting requirements and underlying management policies.

The table below illustrates the importance and significance of each material topic to Accton, impact boundaries, and details of management policies, short-medium-long-term indicators for each corresponding chapter. For complete information, please refer to the response chapters of the report.

As the Board of Directors represents the highest level of corporate governance and also serves as the superior unit of the ESG Committee, this report has undergone review by the chairperson of the ESG Committee and is published after approval by the board of directors.

| Material Topic | Operational Significance | Internal Boundaries | External Boundaries | | | | GRI Standards | Corresponding Chapters/Sections |
|---|---|---|---|---|---|---|---|---|
| | | Employees | Suppliers | Clients | Investors | Government agencies | | |
| **Governance** | | | | | | | | |
| **Risk Management** | Comprehensively identify risks and opportunities relevant to Accton, including operational continuity management, product safety, information security, and climate risks. To address the dynamic market environment and regulatory trends, we have established a permanent organization, the "Risk Management Office," to establish management mechanisms for responding to these challenges. | ● | ● | ● | ● | ● | General Disclosures 201 Economic Performance | 2.1 Risk Management |
| **Information Security Management** | To mitigate information security risks and bolster corporate digital resilience, we ensure customer privacy and transaction security, aiming to prevent operational losses and reputation risks resulting from cyber attacks. | ● | ● | ● | ● | ● | Customized topic | 2.1.1 Information Security Management |
| **Supply Chain Management** | We rely on suppliers to provide localized, timely, and stable services to enhance supply chain flexibility and shorten new product development lead time. Collaborating with supplier partners, we aim to reduce supply chain carbon emissions and achieve decarbonized growth together. | ● | ● | ● | ● | ● | 204 Procurement Practices<br>308 Supplier Environmental Assessment<br>414 Supplier Social Assessment | 2.3 Responsible Supply Chain |
| **Innovation and R&D** | Invest in innovative research and development to grasp new-generation network technologies, proactively deploy to maintain a leading market position, and enhance organizational competitiveness. | ● | ● | ● | ● | | Customized topic | 2.2 Innovation and R&D |
| **Environmental** | | | | | | | | |
| **Climate Change Response** | Accton identifies climate risks to address both the risks and opportunities brought about by climate change. | ● | ● | ● | ● | ● | 201 Economic Performance | 3.1 Climate Change Response<br>2.1.4 Climate Risk Management |
| **Energy Saving and Carbon Reduction** | Accton has set carbon reduction goals and is promoting a series of environmental management measures such as greenhouse gas emission management, energy, etc. The Company continues to improve and implement environmental sustainability. | ● | ● | ● | ● | ● | 302 Energy<br>305 Emissions | 3.2 Energy Saving and Carbon Reduction<br>3.3 Environmental Management |
| **Green Products** | In product design, we conduct low-carbon management and hazardous substance control, continuously developing green design concepts and adhering to environmental regulations in various countries where we operate, continuously optimizing product designs to meet environmental sustainability requirements. | | ● | ● | | ● | Customized topic | 3.4 Green Product Management |
| **Social** | | | | | | | | |
| **Occupational Health and Safety** | Accton ensures occupational health and safety for workers through policies and management mechanisms. | ● | | ● | | ● | 403 Occupational Health and Safety | 4.3 Safeguarding Employee Safety<br>4.4 Safeguarding Employee Health |
| **Talent Development** | Talent forms the core foundation of corporate competitiveness. Accton offers diverse courses, establishes an internal instructor system to pass on workers' knowledge and skills, promotes departmental collaboration, and collectively enhances corporate competitiveness. | ● | | ● | | ● | 404 Training and Education | 4.2 Talent Learning and Development |

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# Stakeholder Engagement

## Stakeholder Engagement, Identification, and Selection

The Accton ESG Committee consists of eight committees, namely the Corporate Governance, Information Security, Green Production, Environment, Innovative Technology, Supply Chain Management, Business Performance and Customer Relations, and Employee Safety and Health Committees. Members include representatives from various departments of Accton Technology, Edgecore, and JoyTech. The eight committees and the ESG Office members follow the five principles of the AA1000 SES (Stakeholder Engagement Standard): Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. These principles are applied while considering domestic and international development trends, operational needs, and the eight categories of stakeholders that each committee or subsidiary engages with or influences. Importance ratings are then assigned based on these considerations. Each category of stakeholders receives ten sets of scores, and the top five main stakeholders are identified based on the aggregated scores. They are customers, employees, suppliers, government agencies, and shareholders/investors. The 2023 Report continues to adopt the above 2021 stakeholder identification results, and these five categories of major stakeholders conducted a questionnaire survey on sustainable issues. A total of 485 questionnaires were collected.

## Stakeholder Engagement and Response

Accton communicates with customers, employees, suppliers, government agencies, and shareholders/investors through various channels. Based on the results of the questionnaire survey on sustainability issues, we have listed the major sustainability issues, about which the five major stakeholders are most concerned, the engagement methods, and the methods adopted to respond to each issue below, with a description of the actions we have taken in sustainability management and outcome.

| Clients | | |
|---|---|---|
| **Significance: "Customer first" is a core value that we have long emphasized and actively implemented across various aspects of our business operations, aiming to establish strong partnerships with our customers.** | | |
| **Communication Method/Frequency** | **Issues of Concern** | **Accton's Response and Results** |
| • The Company's ESG Website and ESG Report (annually)<br>• QBR audit and ESG ratings (quarterly or semi-annually)<br>• Regular communication and discussion meetings (as per client needs)<br>• Customer satisfaction surveys (Accton, Edgecore)<br>• Brand newsletter (Edgecore/Monthly)<br>• International physical exhibitions/ seminars (from time to time)<br>• Webinar (from time to time)<br>• The Company's website, LinkedIn, and YouTube (from time to time) | • Supply Chain Management<br>• Human Rights<br>• Energy Saving and Carbon Reduction<br>• Climate Change Response<br>• Information Security Management<br>• Customer Relations | • Through methods such as discussion meetings, correspondence, assessments, and more, we respond to our customers' concerns regarding sustainability issues. Specific Results:<br>  (1)We follow the Responsible Business Alliance (RBA) standards, implementing checks on labor, human rights, ethics, health and safety, environmental management, and other dimensions. We also required our supply chain partners to comply with these standards.<br>  (2)We strengthen supply chain security control by implementing the ISO 28000 Security Management System, earning customer trust, and meeting their requirements for the safety of product sourcing, manufacturing, storage, and transportation from component procurement.<br>  (3)We adhere to the TCFD framework to disclose climate change risks and opportunities, and we have developed an energy-saving and carbon reduction plan accordingly. In 2023, we maintained our participation in the Carbon Disclosure Project (CDP), achieving a B score in their questionnaire assessment.<br>• We conducted regular video conferences with clients at least once a week and made regular visits to ensure strong client engagement.<br>• Under our brand Edgecore, we participated in 6 international physical exhibitions and 3 online seminars to communicate and introduce our latest solutions to clients. |
| ✉ Email: sales@accton.com | | |

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## Employees

**Significance: Our employees are our most valued assets, and excellent talent is a crucial component of sustainable business operations. Therefore, we are committed to providing our employees with a high-quality work environment to attract and retain excellent talent.**

| Communication Method/Frequency | Issues of Concern | Accton's Response and Results |
|---|---|---|
| • Labor-management meeting (quarterly)<br>• Occupational Safety and Health Committee (quarterly)<br>• Employee Welfare Committee (quarterly)<br>• Labor Pension Reserve Committee (quarterly)<br>• Employee briefing session (from time to time)<br>• Hold management meetings and departmental meetings (monthly, from time to time)<br>• Accton Portal (from time to time)<br>• Accton Whisper physical mailbox<br>• Accton Whisper e-mail (from time to time)<br>• Sexual harassment complaint hotline and email<br>• Care for employees' injury or illness | • Information Security Management<br>• Occupational Health and Safety<br>• Social Welfare<br>• Remuneration and Benefits | • We have established various communication channels and mechanisms, including physical mailboxes, HR email, complaint hotlines, Line@ for policy dissemination, and employee feedback channels. We encourage colleagues to provide suggestions on operational or management measures, allowing the voices and expectations of frontline employees to be directly conveyed to senior executives, serving as references for continuous improvement and corporate governance. In 2023, a total of 8 feedback items were received from all employees, with a 100% closure rate. The main topics included: (1) Environmental facilities in the workplace, (2) Equipment used for work, (3) Education training and self-growth, (4) Welfare systems and activities, (5) Healthcare, (6) Internal communication channels, (7) Meals, and (8) Initiatives related to promoting Diversity, Equity, and Inclusion (DEI).<br>• We provide information system security education and training to new employees to establish literacy and awareness regarding information security issues. Information on important security measures is regularly conveyed through letters, internal websites such as Accton Portal, and other means.<br>• To create a healthy and safe workplace environment for employees, we provide education and training for new and existing colleagues, and conduct contingency drills, with the following outcomes:<br>(1) Following the concept of preventive medicine in three stages and five levels, we provide comprehensive health check-up items that are superior to what is required according to regulations. We organize health promotion activities to enhance employee engagement while educating them.<br>(2) Safety education and training cover various topics including general safety and health, hazard awareness, safe equipment operation, kitchen gas safety, and industrial instrument operation. A total of 8,122 training sessions were completed, including annual safety training for contractors. All employees of Accton and contractors have passed safety and health training.<br>(3) In 2023, 10,331 contingency drills were conducted, covering scenarios such as chemical spills, civil defense training, emergency response organization training, fire evacuation drills, and confined space rescue drills.<br>(4) We conducted CPR and Automated External Defibrillator (AED) training for all employees to acquaint them with first aid skills to assist colleagues or family members in need.<br>• Additionally, Accton E-Charity provides information on social welfare groups and public welfare activities from time to time, offering employees direct support and participation channels.<br>• We comply with labor laws and international human rights norms, fostering good labor relations. The number of cases involving unethical conduct is reviewed monthly.<br>• At the quarterly Employee Welfare Committee meetings, updates on previous quarter's tracked items and activity information are provided to committee members, who then disseminate them to various departments, ensuring that employees fully understand welfare measures and related activities. |

✉ Email: hr@accton.com

## Suppliers

**Significance: The supply chain plays a crucial role in Accton's sustainable development. Accton is committed to collaborating with its supply chain partners to promote corporate social responsibility in areas such as economy and governance, environmental protection, and social inclusion. This collaboration aims to enhance ESG competitiveness and pave the way for a sustainable future.**

| Communication Method/Frequency | Issues of Concern | Accton's Response and Results |
|---|---|---|
| • Supplier conference (annually)<br>• Supplier audits: As per the annual list of suppliers to be audited (from time to time)<br>• Telephone/e-mail (daily) | • Supply Chain Management<br>• Green Product Management<br>• Legal Compliance<br>• Anti-Corruption | • In 2023, a total of 193 suppliers completed conflict mineral management and due diligence risk identification and assessment.<br>• Through the eGreen material hazardous substance management system, compliance with international regulatory requirements is ensured.<br>• Established the "WIC-CE05002 Product Hazardous Substance Management Specification" for suppliers to adhere to, exceeding international mandatory legal requirements and covering the international material declaration standard IEC 62474.<br>• To comply with RoHS/REACH hazardous substance requirements, a total of 420 new material reviews and 5,563 component recognitions were completed in 2023, and we requested suppliers to provide inspection reports.<br>• Through raw material/process hazardous substance reduction and control, investigations of 2,242 product models were completed in 2023, with all models meeting 100% of international hazardous substance regulations/directives.<br>• Suppliers signed integrity commitments, with a total of 257 supplier entities signing. |

✉ Email: supplier@accton.com

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## Government Agencies

**Significance: Understanding government policy trends and complying with regulations are fundamental to business operations. Responding promptly with relevant information as required by competent authorities also helps build trust.**

| Communication Method/Frequency | Issues of Concern | Accton's Response and Results |
|---|---|---|
| <ul><li>Official document correspondence and visit (from time to time)</li><li>MOPS (from time to time)</li><li>Company website (from time to time)</li><li>Press releases (from time to time)</li><li>Industry Value Chain Information Platform (from time to time)</li></ul> | <ul><li>Risk Management</li><li>Information Security Management</li><li>Corporate Governance</li><li>Legal Compliance</li></ul> | <ul><li>In accordance with regulatory requirements, we promptly respond to relevant messages and execute necessary measures. In 2023, we established a Risk Management Office to address regulatory demands.</li><li>We ensure compliance with relevant regulations and the ISO 27001 Information Security Management System, continuously enhancing information security education and training to cultivate a culture of information security awareness among all employees.</li><li>We regularly release updates to provide stakeholders with an understanding of the overall status of the Company.</li></ul> |

✉ Email: IR@accton.com

## Shareholders/Investors

**Significance: Shareholders and investors are supporters of corporate operations, providing accurate and transparent information on the Company's business status and sustainable actions to safeguard shareholder interests.**

| Communication Method/Frequency | Issues of Concern | Accton's Response and Results |
|---|---|---|
| <ul><li>The Company's ESG Website and ESG Report (annually)</li><li>Annual general shareholders' meeting (annually)</li><li>Investor conference (annually)</li><li>Annual financial report (monthly and quarterly)</li><li>Investor questionnaire survey (from time to time)</li></ul> | <ul><li>Operational Performance</li><li>Legal Compliance</li><li>Corporate Governance</li><li>Risk Management</li><li>Anti-Corruption</li><li>Supply Chain Management</li></ul> | <ul><li>Release the latest information promptly for shareholders and investors to be informed of the Company's situation as a whole.</li><li>Collaborated with the Financial Supervisory Commission (FSC) to complete the corporate governance evaluation.</li><li>Promptly respond to investors' concerns.</li></ul> |

✉ Financial Information: IR@accton.com
✉ Non-financial Information:csr@accton.com

In 2023, relevant contact windows were established for various stakeholders, as indicated in the table above. To enhance communication between stakeholders and the highest governance unit of the company, starting from 2022, the highest governance unit has appointed a proxy, namely the Chief Corporate Governance Officer. The Chief Corporate Governance Officer consolidates important ESG topics related to stakeholders and reports them to the highest governance unit. The highest governance unit then deliberates each issue to ensure comprehensive communication with stakeholders.

# 1 About Accton

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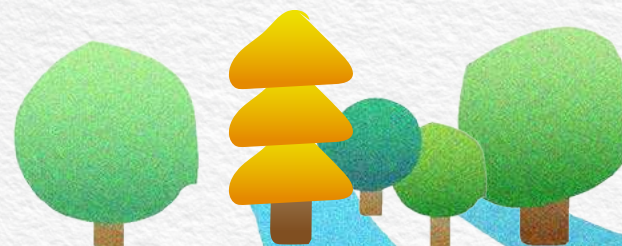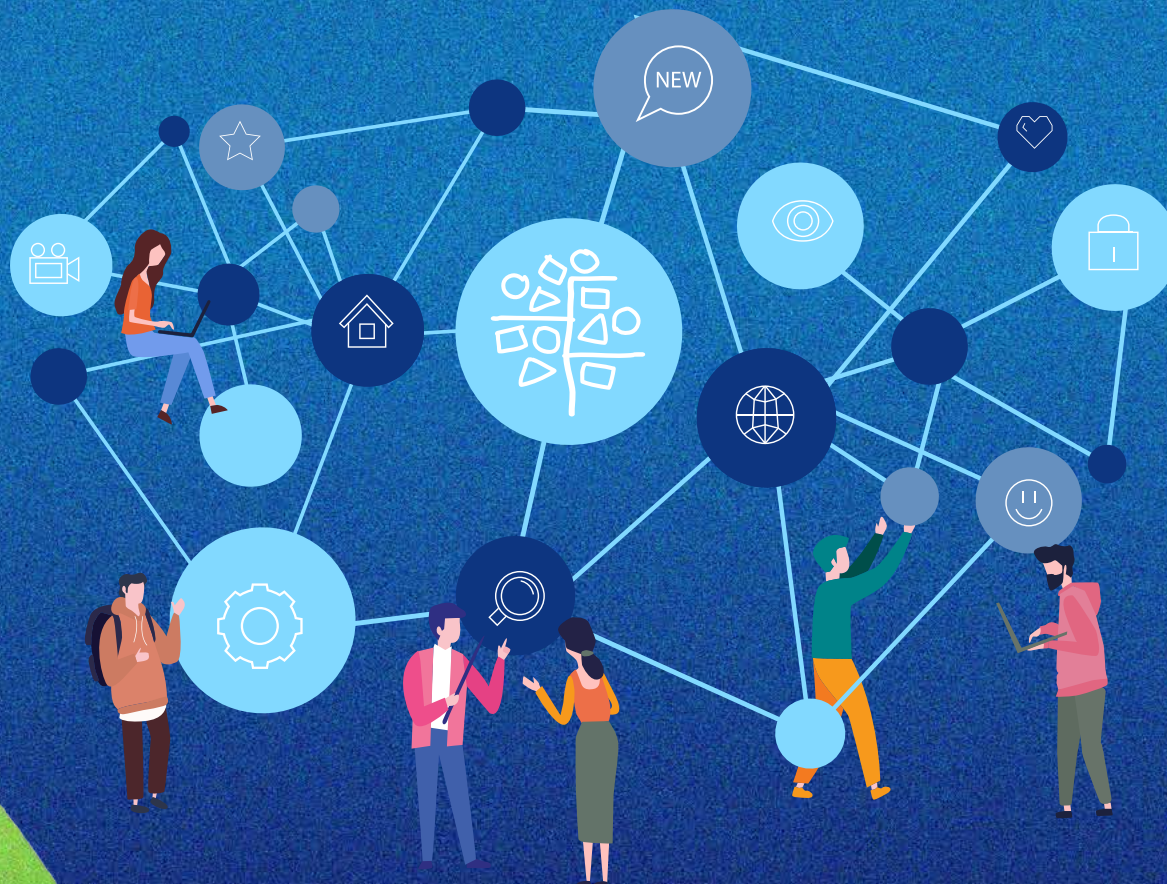
# 1.1 Company Profile

## Accton Technology Corporation

| Date Established | Feb 9, 1988 |
|---|---|
| Headquarters | Taiwan Hsinchu Science Park |
| IPO | Publicly listed on the TWSE in 1995        Stock Code: 2345 |
| Market Capitalization | NT$ 8,800,000,000 |

## Accton Technology Group in 2023

**Global Employees**
5,716

**Consolidated Revenue**
NT$84.188 billion
(＋9.05% YoY)

**Total Shipments**
7.14 million units

**Paid-in Capital**
NT$5,603,563,970

## ◆ Accton Technology Headquarters



With 35 years of experience in the design and development of network products, Accton's professional international team is committed to developing advanced, economic, and reliable products. As a leader in the design of open hardware platforms for data centers, metro Ethernet, telecommunication networks, school/enterprise networks, and software-defined wide area networks (SD-WAN), the Accton Group satisfies client needs around the world for next-generation designs through close long-term partnerships.

From end-users to hyperscale data centers, and telecom network operators, our product portfolio encompasses data center switches, metropolitan and enterprise-grade switches, server switches, smart network interface cards, 5G cell site gateways, telecom core routers, edge computing servers, enterprise wireless access, broadband access and gateways, smart sensors, and more. We continue to provide efficient and complete services to the world's top clients and strive to bridge the gap between urban and rural areas, thereby connecting all communities around the world.

As Accton Technology expands into the Accton Group with multiple affiliate companies, our strong sense of mission and social responsibility ensure that the Group actively participates in activities that give back to society. We have instilled environmental protection awareness in all our designs and manufacturing processes.

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## Group Subsidiaries Value Chain

| R&D and design | Manufacturing | Sales and service |
|---|---|---|

**Accton Technology (ODM)**

**Edgecore Networks**

**Joy Technology (JoyTech)**

**Vietnam Accton**
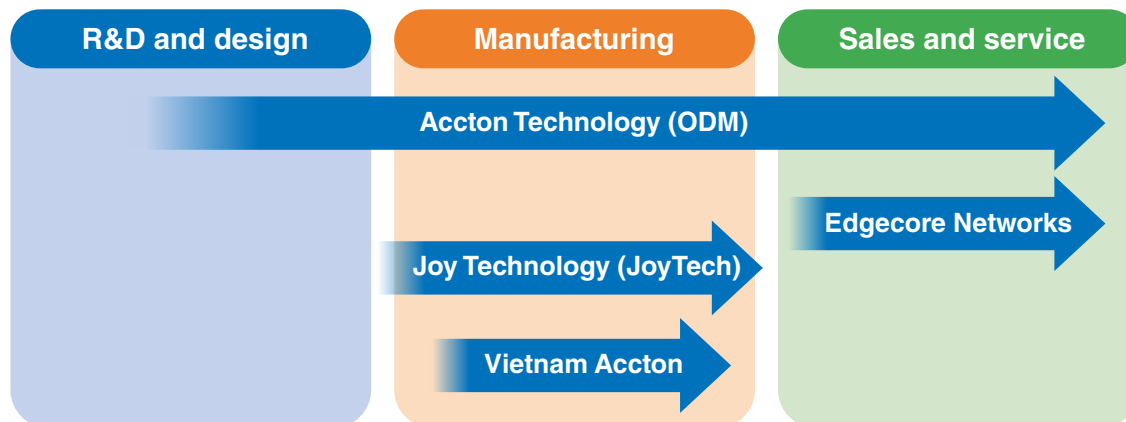
The Accton Group provides customers with a comprehensive range of services, including research and development, design, manufacturing, production, and sales. Through its subsidiary, Edgecore Networks, it promotes and sells proprietary brand products and services. In addition to Accton Taiwan, the group also operates subsidiaries such as Joy Technology in China and Vietnam Accton, offering diverse manufacturing bases. To date, Accton's business footprint spans across 14 locations worldwide, including North America, Europe, and Asia.

Our primary operational hubs are located in Taiwan and China, encompassing both research and development centers as well as production facilities.

- North America: The United States (California) - Sunnyvale, Carson, Irvine.
- Asia: Taiwan - Taipei, Hsinchu, Zhunan, Taichung, Tainan; China- Shenzhen, Shanghai, Nanjing, Xi'an, Wuhan; Vietnam

## ◆ Global Service Centers



Netherlands

China
Taiwan
Vietnam

North America

## Global Service Locations

With the rise of the Internet driving the Company's success, Accton's operational bases have branched out to locations in North America, Europe, and Asia. Our primary operational hubs are located in Taiwan and China, encompassing both R&D centers as well as production bases.

**Asia**

Taiwan Hsinchu HQ
•R&D
•Tech Support
•RMA
•Warehouses

Taiwan Zhubei (Coming 2024)
•Manufacturing
•Tech Support
•RMA
•Warehouses

Taiwan Zhunan
•Manufacturing

China Shanghai
•R&D

China Shenzhan
•Manufacturing
•RMA

Vietnam Vĩnh Phúc
•Manufacturing

**Europe**

Netherlands Eindhoven
•RMA
•Warehouses

**North America**

California Sunnyvale
•R&D
•Tech Support
•RMA
•Warehouses

California Carson
•Manufacturing

California Irvine
•Manufacturing

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# Accton Technology - Design, R&D, Manufacturing, Sales

## An industry leader in advanced technology for hyperscale data centers, AI, and edge computing.

Accton Technology is dedicated to the comprehensive research, design, and manufacturing of Ethernet and wireless equipment. With a diverse and complete product portfolio, outstanding communication technology research capabilities, and close partnerships throughout the global networking industry supply chain, Accton provides diversified network communication equipment and solutions to major network, information, and telecommunications operators. Accton is a primary OEM/ODM partner for leading global brands, renowned for its innovative technology and manufacturing quality. The rise in Internet use has propelled the success of the Company.

Company Introduction Video:
https：//youtu.be/kOoGbnKC2Mk

## Brand Sales - Edgecore Networks

Edgecore Networks is a subsidiary of Accton Technology, established in 2010, responsible for the global brand business. As a trailblazer in the field of open networking, Edgecore offers wired and wireless network solutions and professional services to data centers, service providers, and enterprise customers through global partners and system integrators.

Edgecore offers a full range of open 1G-800G switches, core routers, access routers, terminal network equipment, packet forwarders, and wireless network products, and supports NOS and SDN software to meet various environmental needs. Edgecore has service bases in the United States, Singapore, and India. For more information, please refer to www.edge-core.com

## Industry Chain - JoyTech

JoyTech is the production base of Accton Technology in Shenzhen, China, established in 2005. It has 16 SMT production lines and 22 back-end assembly testing and packaging production lines. JoyTech employs more than 1,800 employees. Through lean management and total quality management (TQM), we provide stable production capacity and excellent quality. JoyTech has successfully obtained TL 9000, ISO 9001, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018, IECQ QC080000:2017, and RBA third-party verification. JoyTech enjoys widespread recognition from international industry partners and has been repeatedly honored with prestigious local government awards for outstanding quality management.

## Industry Chain - Vietnam Accton

Vietnam Accton serves as the production base for Accton Technology in Vĩnh Phúc Province, Vietnam. Established in 2023, it operates with six SMT production lines and five back-end assembly and packaging production lines, employing over 400 employees. Vietnam Accton has successfully obtained ISO 9001, TL 9000, QC 080000, ISO 14001, ISO 45001, ANSI/ESD S20.20 through third-party verification.

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# 1.2 Operating Performance

In 2023, the consolidated revenue of Accton Group amounted to NT$84,188,426,000, representing a year-on-year increase of approximately 9.05% compared to the same period in 2022. Accton Technology and its subsidiary, Edgecore Networks, accounted for 77% of the consolidated revenue in 2023.

Please refer to Accton Technology's 2023 Report for affiliated enterprises (https://www.accton.com/esg-documents/), the boundary of which was different from this Report. In this Report, Accton Technology is the reporting entity. Regarding the operating activities of Accton Technology, the part related to brand sales must be included in the operating activities of Edgecore, while the part related to manufacturing must be included in the operating activities of JoyTech. Other affiliated enterprises in the financial report are not included within the scope of this report because they do not significantly impact the operating activities of Accton Technology.

## ◆ Accton consolidated revenue

(in NT$ '000)

|  | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Revenue | 55,401,047 | 54,462,872 | 59,598,681 | 77,205,223 | 84,188,426 |
| Gross profit | 10,998,762 | 11,554,062 | 11344596 | 16,518,262 | 19,262,801 |
| Net profit | 6,039,983 | 6,402,66 | 5,440,726 | 9,632,608 | 11,501,097 |
| Net profit after tax | 4,950,495 | 5,048,353 | 4,705,059 | 8,165,812 | 8,920,165 |
| Gross profit margin | 19.85% | 21.21% | 19.03% | 21.40% | 22.88% |
| Net profit margin | 8.94% | 9.27% | 7.89% | 10.58% | 10.60% |

## Major Product Sales and Sales Regions

The Company's main products include high-speed Ethernet switches, network access equipment (network appliances such as SmartNIC), and wireless network products/broadband Internet.

| Product Category | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Network Switches | 71% | 63% | 59% | 68% |
| Network Appliances | 14% | 19% | 27% | 23% |
| Network Access Switches | 10% | 12% | 9% | 6% |
| Wireless Network Equipment | 2% | 4% | 4% | 1% |
| Other Network Equipment | 3% | 2% | 1% | 2% |
| Total | 100% | 100% | 100% | 100% |

Exports constituted 99% of overall product sales, and the main sales regions were the Americas, Asia Pacific, and Europe. For the distribution of main product sales regions in the most recent three years, please refer to the "Statistics of Main Sales Regions in 2023."

## ◆ Statistics of Main Sales Regions in 2023

|  | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Americas | 69% | 60% | 66% | 71% |
| Europe | 20% | 21% | 18% | 12% |
| Asia Pacific | 9% | 18% | 15% | 16% |
| Taiwan | 2% | 1% | 1% | 1% |
| Other Countries | 0% | 0% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% |

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## ◆ Government Subsidies

| Government Subsidies Item | Nature of Subsidies | Subsidy Amount (NT$ thousand) |
|---|---|---|
| Executive Yuan Employment Subsidy | Employment Subsidy | 360 |
| Subsidy from the Industrial Development Administration | Subsidy from the Taiwan Industry Innovation Platform | 16,300 |
| Economic Development Bureau, Tainan City Government | Subsidy from the Tainan Special Project | 841 |
| Subsidy from the Industry and Information Bureau | Stable growth and technological transformation | 7,965 |
| Public Employment Service Center | Spring festival employment and return to work subsidy | 2,438 |
| Subsidy from the Social Security Bureau | Employment stabilization and expansion, and maternity | 1,882 |

Exchange rate: Exchange rate of CNY to NTD on December 31, 2023: NT$4.327

## ◆ Payment of Income Tax by Region

Unit: NT$ thousand

| Income tax | 2021 | 2022 | 2023 |
|---|---|---|---|
| Taiwan | 921,446 | 1,944,593 | 2,487,114 |
| China | 82,978 | 143,261 | 290,554 |
| Other regions | 21,668 | 22,257 | 34,628 |
| Total | 1,026,092 | 2,110,111 | 2,812,296 |

## ◆ Employee Benefits by Region

Unit: NT$ thousand

| Employee benefits | 2021 | 2022 | 2023 |
|---|---|---|---|
| Taiwan | 3,905,666 | 4,892,483 | 5,558,098 |
| China | 1,024,053 | 1,152,166 | 1,050,615 |
| Other regions | 234,815 | 286,229 | 398,824 |
| Total | 5,164,535 | 6,330,878 | 7,007,537 |

## ◆ Dividends Distribution over the Years

Unit: NT$ thousand

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Cash dividends | 3,359,576 | 4,201,117 | 5,603,834 |

Note: The profit distribution for FY2023 is expected to be resolved at the annual general shareholder's meeting scheduled for June 13, 2024.

The Company's ownership structure is mainly composed of foreign investors, individual investments, juristic persons, and financial institutions, with government agencies holding a 6.69% stake, which is below 7%.

| Shareholder Structure | Government agencies |
|---|---|
| Number of investors | 103 |
| Shareholdings | 37,484,384 |
| Shareholding ratio (%) | 6.69 |

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# 1.3 Products and Services

Accton's technical team possesses over thirty years of extensive expertise in Ethernet software and hardware research, development, and design. Our R&D members are distributed across Taiwan, China, the United States, and Europe, dedicated to fully investing in next-generation IP technologies and actively tracking the ever-changing industry trends to expand the innovation and development of new technologies.

Thanks to our technical capabilities, Accton provides cost-effective ODM solutions for globally renowned network communication operators, telecom companies, and network service providers. Our solid international partnerships and strategic industry relationships help shorten product development cycles and bring products to market ahead of schedule.

Our services cover end-users to data centers and telecom rooms, providing comprehensive infrastructure solutions for cloud data centers, telecom networks, enterprise networks, edge computing, and campus networks.

By leveraging our core competencies, adopting advanced technology development, optimizing manufacturing processes, and utilizing big data analysis, we establish clear development directions. Combining AI and machine learning application trends, we strive to offer customers more energy-efficient and sustainable innovative products while continually reducing their carbon footprint.

Looking ahead to the next generation of network developments, Accton will continue to integrate the latest technologies into campus, enterprise, metropolitan area access, telecom, and cloud data center networks to provide customers with more advanced and reliable solutions.

◆ **Accton Group's Comprehensive Network Infrastructure Solutions**

## Accton Solutions

We offer the most comprehensive and holistic solutions in network infrastructure

**Accton**

**Edge Computing**

Network Appliance, ex SD-WAN, Edge Router, Edge Server, AI Training/Inferencing

**Campus Network**

Wired, wireless network appliance solutions for the connected campus

**Cloud Data Center**

High-Performance, High Port Density, & Standardized OCP-compliant Platforms

**Telecommunications**

Innovative Carrier Access Platforms and Disaggregated Open Solutions

**Enterprise Network**

Feature Rich, High Value & Best Price-Performance Platforms

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## Accton Group develops, designs, manufactures, and sells the following high-quality products:

- Hyperscale Data Center Switches
- Coherent Optical Packet Transponders
- Hyper Cloud Appliances
- Ethernet BOF (Bunch of Flash) Storage Systems
- Smart Network Interface Cards (Smart NIC)
- Core Routers for Telecom Facilities
- IoT Systems including end hardware, sensors, application software, and hybrid cloud platforms
- Enterprise Network Wired and Wireless Equipment including switches and wireless access points
- Computer Network Systems including hardware, system software, network application software, and network workstations
- Customer Premises Communication Equipment (CPE) including hardware, system software, and application software
- 5G CPEs and enterprise small cell base stations
- Wireless Local Area Network (WLAN)
- Wireless Subscriber Loop Systems
- Millimeter-Wave Base Stations, Bridges, and CPEs
- SD-WAN Gateways, Virtual/Universal Customer Premises Equipment (vCPE/uCPE)
- Optoelectronic Communication Subsystems including fiber optic networks, optoelectronic communication modules, and optical repeaters
- Software-Defined Wide Area Networks (SD-WANs)
- Edge Computing Servers

## Industry Upstream, Midstream, and Downstream Relationships

Accton integrates upstream wired and wireless local area network chip manufacturers, leveraging its own R&D capabilities to provide integrated network platforms and systems that offer optimized network software and hardware to end users.

Accton broadens its range of materials and suppliers to ensure a steady supply of raw materials and maintains strong relationships with leading chip manufacturers. This strategy allows Accton to effectively manage component sources and information, seize market opportunities, and enhance existing collaborations in business, technical R&D, and manufacturing supply chains.

| Upstream | Midstream | Downstream |
|---|---|---|
| CPU Suppliers | Switches | Telecom Operators |
| IC Suppliers | Network Interface Cards | System Integrators |
| PCB Suppliers | Network Operating System | Network Equipment Suppliers |
| Passive Components (Resistors, Capacitors) | Wireless Network Access Points | Enterprise Network Planners |
| Power Supply Unit Suppliers | Network Application Servers | |
| DRAM/SRAM/Flash Memory Suppliers | | |
| Structural/Packaging Material Suppliers | | |

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# 1.4 Exceeding Customer Expectations

The scope primarily covers Accton and its subsidiary, Edgecore, as Accton and Edgecore are responsible for business sales. JoyTech and the Vietnam Accton are involved in manufacturing, so there were no customer satisfaction surveys conducted.

| Item | 2023 Goals | 2023 Results | Short-Term Goals (2024-2025) | Medium-Long-Term Goals (2025-2030) |
|---|---|---|---|---|
| **Accton** | • Customer Feedback Score: 85<br>• Maintain a flexible supply chain system and continue investing in innovative technologies | • Customer Feedback Score: 83<br>• Continue strengthening inventory control system. To reduce production risks for customers, enhance supply chain resilience, we established a manufacturing plant in Vietnam in 2023 to ensure sustainable business value. | • Achieve a customer satisfaction score of 85 or above<br>• Introduce a Cloud Outpost System to integrate the group's information flow<br>• Enhance supply chain production flexibility to mitigate the risk of over-concentration of production capacity | • Achieve a customer satisfaction score of 85 or above<br>• Enhance product technology and invest in innovative technologies to create greater value for customers<br>• Continue global market deployment to provide customers with better products and services |
| **Edgecore** | • Achieve a customer satisfaction score of 86 or above | • Achieve a customer satisfaction score of 86 or above<br>• Improve customer feedback mechanism<br>• Enhance customer service training | • Achieve a customer satisfaction score of 86-89<br>• Optimize processes through data analysis<br>• Predict maintenance needs and establish RMA spare parts inventory<br>• Strengthen maintenance technology training | • Achieve a customer satisfaction score of 90 or above<br>• Customer knowledge sharing platform<br>• Continue improving customer service processes |

## I. Accton Technology - Customer Relationship Management

In 2023, Accton conducted satisfaction surveys with 10 key customers, receiving feedback from 8, with a satisfaction rate of 83%. Customers highly commended our supply chain flexibility and R&D capabilities. We will continue to focus on enhancing product technology in various fields, especially in green energy-saving areas, to create higher value for customers.

Ensuring sustainable business and creating higher value for customers has been a key focus for Accton in recent years. The interplay of key factors such as the tense US-China trade relations, the COVID-19 pandemic, and the Russia-Ukraine conflict led Accton to establish a new manufacturing plant in Vietnam on March 30, 2023, to mitigate production risks for customers. This new factory is part of Accton's strategy in Asia and the global market deployment, marking an important milestone for Accton Group and the beginning of a new cross-regional layout model. In the future, we will continue to increase supply chain production flexibility and continue global market deployment to provide better products and services to customers.

## II. Edgecore - Customer Satisfaction

Improving customer satisfaction has always been our mission, ensuring customer needs are met through regular satisfaction surveys. Over the past five years, we have evaluated various aspects, such as products, technical support, delivery, sales service, RMA processes, and website functions to comprehensively assess customer satisfaction and improve shortcomings.

### ◆ Edgecore's Customer Satisfaction Scores Over the Past Five Years

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Average Score** | 82.6 | 82.4 | 86.4 | 86 | 86 | 86 |

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## Historical Customer Satisfaction Trends:

Performance in products, delivery, and sales staff services was outstanding, while the RMA process and website functionality still have room for improvement. Therefore, we will continue to improve customer satisfaction strategies by proactively communicating, providing innovative solutions, enhancing products and services, ensuring timely updates on RMA progress, and strengthening the environmental characteristics of products with a focus on sustainability. Our goal is to achieve a score of 90 or above.

We believe that by focusing on listening to customers and continuously optimizing with their needs at the core, we can surely earn higher recognition and support from customers. Thank you to the customers and partners who participated in this survey. Your valuable feedback is crucial to our continued growth. Let us work together to continuously improve customer satisfaction and create better opportunities for collaboration.

## III. Participating in International Online Shows and Hosting Online Seminars

Through the brand Edgecore Networks, Accton participates in many renowned overseas IT and telecom exhibitions, directly introducing and showcasing the latest solutions to customers and distributors.

### Physical Exhibitions:

2023/1/25-27：JANOG51, Yamanashi, Japan
2023/2/27-3/2：MWC Barcelona, Spain
2023/10/9-11：Fyuz Summit, Madrid, Spain
2023/10/9-12：WISAPALOOZA, Las Vegas, Spain
2023/10/17-19：OCP Global Summit, San Jose, USA
2023/11/15-17：US Broadband Summit, Washington DC, USA
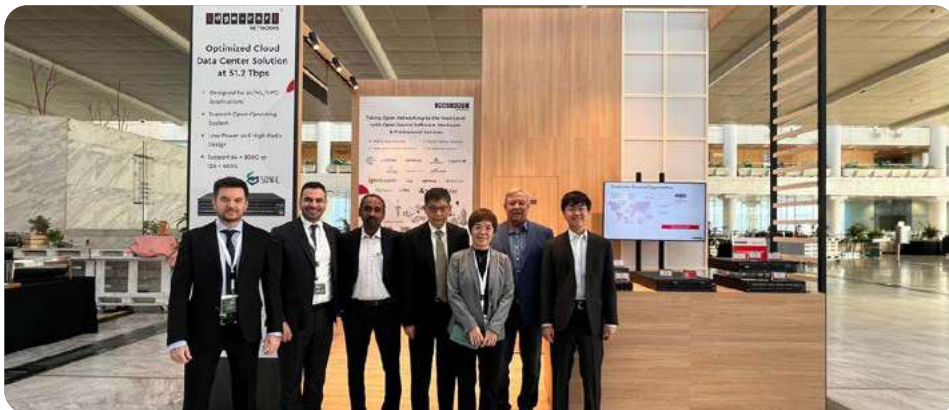


▲ International Exhibitions: Fyuz 2023 in Madrid, Spain

## Online Seminars:

2023/7/27：Comprehensive Networking Solutions for the Telecom and Service Provider Market from Edgecore Networks

2023/9/6：Optimizing Your Business with Cloud Data Center Solution from Edgecore Networks

2023/9/27：SONiC-based solution for Optical Tranponder Use Case from Edgecore and PalC Networks



▲ Online Seminar: SONiC-based solution for Optical Tranponder Use Case from Edgecore and PalC Networks

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## IV. Maintenance and Repair Services: Continuous Improvement, Fast Delivery

### Edgecore

Edgecore Networks provides comprehensive technical support services, specifically covering:

**1. Open Networking Switch, Legacy Switch, WiFi**

Hardware diagnostics, firmware updates, RMA application and return services, hardware failure analysis, and other hardware support.

**2. Software/NOS Developer Hardware Support Services:**

Providing hardware information required for device development, such as BSP (Board Support Package), ECN (Engineering Change Notification), specification documentation, technical support for hardware diagnostics and debug tools, source code data for platform drivers, hardware integration verification testing, and early product hardware issue feedback consultation to achieve early hardware driver development and performance optimization.

**3. EC SONiC Software:**

- For SONiC Software Users: Technical support, SONiC software evaluation, SONiC operation and usage training, SONiC version update services, and SLA services.
- For SONiC Software Developers: SONiC sub-license services, tailored SONiC development, SONiC version upgrade services, and SONiC integration verification testing (software diagnostic).

Edgecore operates a professional global support team that uses a comprehensive ticket system to provide pre-sales and after-sales services, ensuring the success of customers' businesses.

### ◆ Product Technical Services

| Item | 2022 Results | 2023 Goals | 2023 Results | Mid to Long-term Goals |
|---|---|---|---|---|
| Average time for first response: (hours). | 27.5 | < 48 | 27.3 | < 24 |
| Average customer waiting days | 14.0 | < 15 | 17.1 | < 14 |
| Average days to resolve issues | 18.6 | < 22 | 20.3 | < 20 |

**Overall performance:**

Remained stable at 27.3 ~ 27.5 hours.

Increased from 14 days to 17.1 days.

Increased from 18.6 days to 20.3 days.

**Trend Analysis:**

The average time for first response remained unchanged, indicating a relatively stable response speed.

The increase in average customer waiting days and average days to resolve issues suggests potential obstacles in the overall problem resolution process.

**Short-Term Plan:**

- Improve Customer Feedback Mechanism: Establish or improve the customer feedback system to collect customer opinions and complaints more promptly, analyze feedback data regularly, and respond quickly to customer needs.
- Quickly Resolve Common Issues: Analyze common issues from the past year and develop quick response solutions. Enhance the knowledge management system with more self-troubleshooting solutions.
- Enhance Customer Service Training: Improve the technical problem-solving capabilities and service efficiency of the customer service team.

**Medium-Long-Term Strategy:**

- Customer Knowledge Sharing Platform: Establish a platform for customers to share their experiences and solutions.
- Optimize Processes Through Data Analysis: Leverage data analysis tools to optimize technical service processes, establish a data analysis team to continuously monitor and improve technical support processes, and enhance efficiency.
- Continuously Improve Customer Service Processes: Continue to optimize customer service processes to increase overall satisfaction.

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## ◆ Product Repair

| Item | 2022 Results | 2023 Goals | 2023 Results | Mid to Long-term Goals |
|---|---|---|---|---|
| Repair Turnaround Time: (TAT) | 42 | < 45 | 45.66 | < 40 |

### Edgecore Product Repair Department:

We understand that product reliability and after-sales service are critical factors for customers choosing Edgecore. To fully safeguard customer interests, Edgecore provides comprehensive product warranty and RMA policies, along with efficient service processes, to offer dedicated after-sales support. By implementing short-term plans and medium- to long-term strategies, we actively respond to challenges. The intent of these measures is to improve customer satisfaction and ensure that our services exceed customer expectations.

Since 2021, Edgecore's Product Repair Department has been committed to providing efficient and high-quality services. However, in 2023, we faced some challenges, particularly with a decline in our repair turnaround time (TAT) performance. Overall Performance and Trends Over in the Past 3 Years:

2021: Accepted 2,037 RMA applications, with average repair TAT of 41 days.

2022: Accepted 2,315 RMA applications, with average repair TAT of 42 days.

2023: Accepted 2,000 RMA applications, with average repair TAT of 46 days.

### Short-Term Plan:

We have always been committed to exceeding customer expectations, particularly in product repair services. Despite facing supply chain challenges in 2022 and 2023, we have developed the following short-term plans to improve repair efficiency for 2024.

Regional Spare Parts: Establish RMA spare parts inventories to provide timely RMA parts for specific customers and regions, aiming to reduce wait times. The goal is to shorten the average repair turnaround time from 46 days to 45 days (short-term goal). In addition to providing RMA spare parts for specific regions, we continuously optimize the RMA order processing to achieve our medium- to long-term goals.

### Medium-Long-Term Strategy:

• To realize the long-term goal of reducing the average repair turnaround time to less than 40 days, we have initiated the following medium- to long-term plans.
• Predictive Maintenance and Timely RMA Spare Parts: Establish a data analysis team to use big data techniques to analyze past repair data, predict future repair needs, and prepare the necessary spare parts and resources in advance, thereby reducing repair turnaround time.
• Strengthen Technical Training: Enhance global product repair technical training in the mid-term to ensure consistent technical proficiency across different regions, further improving repair efficiency.

## ◆ For more information, please visit the Edgecore online customer service website https://support.edge-core.com/hc/en-us

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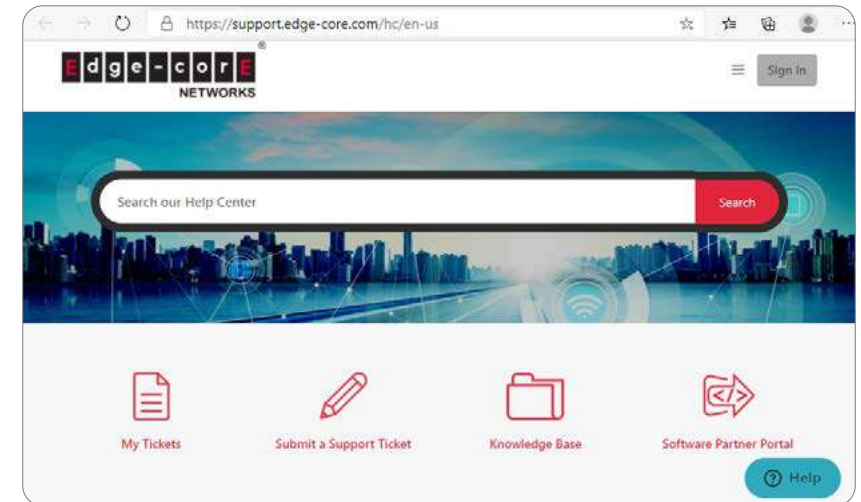
# 1.5 Corporate Governance

**Boundary: Accton**

## I. Corporate Governance Structure



Accton has established a Board of Directors as the highest governance unit, including an Audit Committee and a Remuneration Committee.

The Board of Directors is the superior unit of the ESG Committee. The Board provides advice and guidance on the operation of the ESG Committee, and major proposals must be submitted to the Board for deliberation and approval.

## II. Corporate Governance Goals

Accton's corporate governance emphasizes transparency, foresight, functionality, and internationalization, aiming to maximize the interests of all shareholders.

The decision-making for goals related to business development and strategic vision lies primarily with the Board of Directors, including business plans, profit distribution, approval of important charters and contracts, budget and final accounts review, appointment and dismissal of the President and Vice President(s), and approval of real estate transactions and business investments.

## III. Board of Directors

The Chairman of the Board of Directors, serving as the highest-level manager of the company's operational organization, is appointed from among the directors.

### 1. Maintaining a Majority of Independent Director Seats to Establish an Impartial, Objective, and Detached Internal Control System
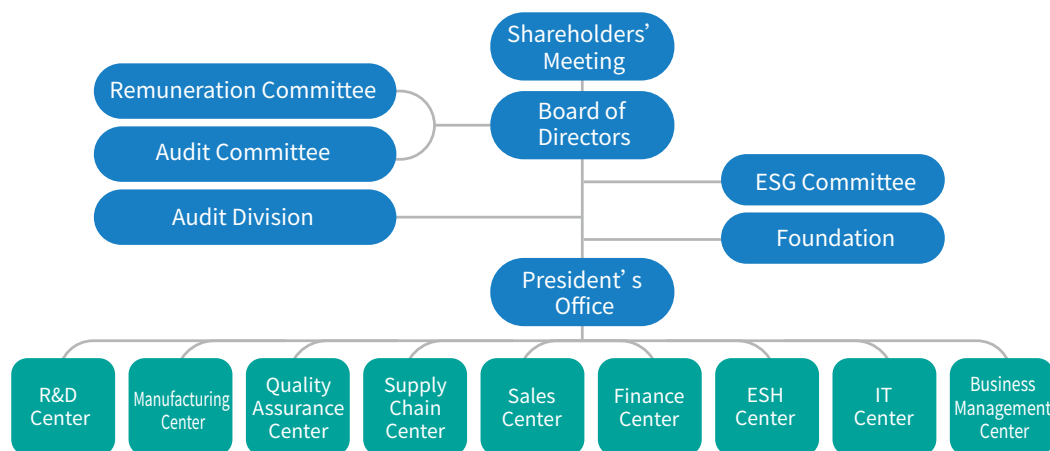
The Company adheres to a policy of having a majority of independent directors and has established the "Regulations Governing the Election of Directors" in accordance with legal regulations. All director appointments are made in compliance with these procedures. The nomination and selection process for director candidates, qualifications of independent directors, restrictions on concurrent positions, and other matters to be observed are all handled in accordance with relevant provisions of Company Act and relevant securities regulations.

The Company places significant emphasis on the independence of its board members, not only by increasing the number of independent director seats but also by adhering to relevant regulations regarding the independence assessment and evaluation of independent directors.

The directors of the Company are individuals with extensive industry experience, high academic standing, and outstanding performance in other professional fields.

### 2. Diversification Policy in Composition of Board Members

To achieve the aforementioned goals and enhance effectiveness, the Company has established a "Policy for Diversified Composition of Board Members," following the guidelines of the "Corporate Governance Best Practice Principles." The composition of the Board of Directors should consider diversity and formulate appropriate diversification policies based on the Company's operations, business model, and development needs. These policies should encompass but are not limited to the following two major aspects:

(1) Basic Conditions and Values: Gender, age, nationality, and culture.

(2) Professional Knowledge and Skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The Company had seven directors in 2023, including four independent directors, accounting for approximately three-fifths of all director seats, or about 57%. These directors were individuals with diverse backgrounds, extensive professional knowledge, experience, exceptional insights, and uphold high ethical standards.

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The independent directors had diverse expertise: two were from Taiwan, with backgrounds in finance, accounting, operations, risk management, administration, operations, and decision-making; one was from India, specializing in industry, operations, and international affairs; and one was from Japan, with expertise in management, leadership, and international affairs.

The 12th Board of Directors exceeded the Financial Supervisory Commission's requirement of three independent directors by appointing Shu-Chieh Huang, Fa-Yauh Lee, Kobayashi Eizo, and Ankur Singla, totaling four independent directors. This move aimed to solidify the professionalization and transparency of corporate governance, with a focus on the interests of all shareholders.

## In 2023, five board meetings were convened, during which proposals and reports covering：

environmental issues (2), social matters (3), and business management (49) were deliberated. All proposals were submitted to the Board of Directors and passed.

| Case \ Category | Environmental | Social | Governance |
|---|---|---|---|
| Proposal | 0 | 3 | 29 |
| Report | 2 | 0 | 20 |
| Total | 2 | 3 | 49 |

### 3. Non-Compete and Conflict of Interest Recusal

3.1 To prevent any potential conflicts of interest that may affect the interests of all shareholders, no member of the Board of Directors serves as a director or is a shareholder of any competing company.

3.2 Our Company's Rules of Procedure for Board of Directors Meetings stipulates that if a director or a juristic person that the director represents is an interested party in relation to an agenda item, and the relationship could potentially compromise the Company's interest, the director shall state the significant aspects of the interested party relationship. At the respective meeting, such director may not partake in the discussion or voting on that agenda item and shall recuse themselves. Further, the director is prohibited from exercising the voting rights of another director in proxy.

### 4. Continuing Education

The rapid advancements in technology necessitate the continuous improvement of directors' skills in industry dynamics and professional management. To this end, the Company organizes training programs related to business management and industry trends, including:

May 2023: Trends in Smart Manufacturing and Application of Digital Technology in Business Management

November 2023: Enhancing Digital Resilience and Developing Cybersecurity Governance Strategies for Public Companies

## IV. Remuneration Committee

The 5th term Remuneration Committee (2021/07/08-2024/07/07) comprises independent directors Fa-Yauh Lee, Shu-Chieh Huang, and Chih-Ping Chang. The Committee convened two meetings in 2023.

### Duties and Responsibilities:

1. Establishment and regular review of the policies, rules, standards, and structure of performance evaluations and remuneration for directors and managerial officers.
2. Ensure that salary and performance are consistent, and that transparency and fairness are upheld to protect the rights and interests of shareholders.

## V. Audit Committee

The 2nd term Audit Committee consists of Independent Directors Shu-Chieh Huang, Fa-Yauh Lee, Kobayashi Eizo, and Ankur Singla. The Committee convened five meetings in 2023.

### Duties and Responsibilities:

1. Fair presentation of the Company's financial reports.
2. Appointment or dismissal of the attesting CPAs, and evaluation of their independence and performance.
3. Effective implementation of the Company's internal control system.
4. Ensure the Company's compliance with relevant regulations and rules.
5. Manage the Company's existing or potential risks.

## VI. Corporate Sustainability Committee (ESG Committee)

A Corporate Sustainability Committee is set up under the Board of Directors and manages the organization's economic, environmental, and human rights impacts.

The Vice President, Jackal Lee, serves as the Chairman of the "Corporate Sustainability Committee." The Committee includes senior management executives of various departments. The Sustainability Committee has an office, whose members are composed of employees from different departments to handle the Committee's substantive work.

The "Corporate Sustainability Committee" annually reports the execution status of significant matters to the highest governing body, the Board of Directors. If there are special matters that need to be reported, they can be presented as proposals during board meetings for discussion and approval.

In 2023, the committee reported its overall operational status and carbon inventory status to the Board of Directors as planned. The board provided guidance and suggestions on the execution status and outcomes of the corporate sustainability operations.

Annual ESG topics and reports are also submitted to the Board of Directors for review and approval.

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# VII. Performance Evaluation

**The Company has completed the performance evaluation report of the Board of Directors and Functional Committees.**

To enhance corporate governance and the functions of the Board of Directors and its functional committees, the Company conducts performance evaluations in accordance with the "Regulations Governing Board of Directors Performance Evaluation."

Evaluation Period: January 1, 2023, to December 31, 2023.

The Board of Directors and the Functional Committees of the Company conduct performance evaluation annually and appoint an external professional independent institution or a team of external experts and scholars to conduct the evaluation at least once every three years. The annual performance evaluation adheres to established evaluation procedures and indicators, with the report being finalized prior to the end of the first quarter of the subsequent year.

The self-evaluation is conducted using a questionnaire divided into five levels: 1: Very Poor (Strongly Disagree); 2: Poor (Disagree); 3: Fair (Neutral); 4: Good (Agree); 5: Excellent (Strongly Agree). The self-evaluation results are scored out of 100 points. The weighted average is calculated to determine the final score: Scores between 100-90 are rated as "Excellent" Scores between 89-80 are rated as "Good" Scores below 79 are rated as "Needs Improvement"

# Evaluation Results

## 1. Board Performance Evaluation

Evaluators: Meen-Ron Lin, Chairperson Heng-Yi Du, Director Kuo-Hsiu Huang, Director Shu-Chieh Huang, Independent Director Fa-Yauh Lee, Independent Director Kobayashi Eizo, Independent Director Ankur Singla, Independent Director, for a total of seven evaluators.

| Evaluation Items | Number of Questions | Total Score | Self-Evaluation Score | Difference | Weight (%) | Final Score |
|---|---|---|---|---|---|---|
| A. Participation in Company Operations | 12 | 420 | 366 | -54 | 26.7% | 23.2 |
| B. Enhancing Board Decision-Making Quality | 12 | 420 | 369 | -51 | 26.7% | 23.4 |
| C. Board Composition and Structure | 7 | 245 | 228 | -17 | 15.6% | 14.5 |
| D. Selection of Directors and Continuing Education | 7 | 245 | 213 | -32 | 15.6% | 13.5 |
| E. Internal Control | 7 | 245 | 226 | -19 | 15.6% | 14.3 |
| Total | 45 | 1575 | 1402 | -173 | 100.0% | 89.0 |

**Rating: Good**

## 2. Board Member Evaluation

Evaluators: Meen-Ron Lin, Chairperson Heng-Yi Du, Director Kuo-Hsiu Huang, Director Shu-Chieh Huang, Independent Director Fa-Yauh Lee, Independent Director Kobayashi Eizo, Independent Director Ankur Singla, Independent Director, for a total of seven evaluators.

| Evaluation Items | Number of Questions | Total Score | Self-Evaluation Score | Difference | Weight (%) | Final Score |
|---|---|---|---|---|---|---|
| A. Grasp of Company Goals and Missions | 3 | 105 | 94 | -11 | 13.0% | 11.7 |
| B. Awareness of Director Responsibilities | 3 | 105 | 101 | -4 | 13.0% | 12.5 |
| C. Participation in Company Operations | 8 | 280 | 251 | -29 | 34.8% | 31.2 |
| D. Management and Communication of Internal Relationships | 3 | 105 | 93 | -12 | 13.0% | 11.6 |
| E. Director's Professionalism and Continuing Education | 3 | 105 | 93 | -12 | 13.0% | 11.6 |
| F. Internal Control | 3 | 105 | 96 | -9 | 13.0% | 11.9 |
| Total | 23 | 805 | 728 | -77 | 100.0% | 90.4 |

**Rating: Excellent**

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## 3. Audit Committee Performance Evaluation

Evaluators: Shu-Chieh Huang, Independent Director, Fa-Yauh Lee, Independent Director, Kobayashi Eizo, Independent Director, Ankur Singla, Independent Director, for a total of four evaluators.

| Evaluation Items | Number of Questions | Total Score | Self-Evaluation Score | Difference | Weight (%) | Final Score |
|---|---|---|---|---|---|---|
| A. Participation in Company Operations | 4 | 80 | 71 | -9 | 18.2% | 16.1 |
| B. Awareness of Audit Committee Responsibilities | 5 | 100 | 88 | -12 | 22.7% | 20.0 |
| C. Enhancing Audit Committee Decision-Making Quality | 7 | 140 | 125 | -15 | 31.8% | 28.4 |
| D. Audit Committee Composition and Member Selection | 3 | 60 | 54 | -6 | 13.6% | 12.3 |
| E. Internal Control | 3 | 60 | 53 | -7 | 13.6% | 12.0 |
| Total | 22 | 440 | 391 | -49 | 100.0% | 88.9 |

**Rating: Good**

## 4. Remuneration Committee Performance Evaluation

Evaluators: Shu-Chieh Huang, Independent Director, Fa-Yauh Lee, Independent Director, Chih-Ping Chang, Director, for a total of 3 evaluators.

| Evaluation Items | Number of Questions | Total Score | Self-Evaluation Score | Difference | Weight (%) | Final Score |
|---|---|---|---|---|---|---|
| A. Participation in Company Operations | 4 | 60 | 58 | -2 | 26.7% | 25.8 |
| B. Awareness of Remuneration Committee Responsibilities | 4 | 60 | 54 | -6 | 26.7% | 24.0 |
| C. Enhancing Remuneration Committee Decision-Making Quality | 5 | 75 | 66 | -9 | 33.3% | 29.3 |
| D. Remuneration Committee Composition and Member Selection | 2 | 30 | 29 | -1 | 13.3% | 12.9 |
| Total | 15 | 225 | 207 | -18 | 100.0% | 92.0 |

**Rating: Excellent**

## Overall Rating

**The overall performance evaluation rating is: Excellent.**

This year's evaluation highlighted a larger discrepancy in the participation in Company operations and the quality of decision-making by the board. This is mainly attributed to the higher number of external board members, who may not have immediate access to the Company's future strategies and development directions. Increased interaction between the management team and board members is recommended to enhance the quality of the board's decision-making.

Overall, the board's operations are functioning well. The Company will continue to strengthen governance based on the results of this performance self-evaluation to further improve corporate governance effectiveness.

## VIII. Corporate Governance Evaluation

The Financial Supervisory Commission's "Blueprint for Strengthening Corporate Governance in Taiwan" includes measures for conducting "Corporate Governance Evaluations" for all listed companies. These evaluations have proven effective in advancing corporate governance practices, aligning rapidly with international standards, and helping investors and companies understand the implementation effectiveness of corporate governance through comprehensive market evaluations.

To continuously deepen corporate governance, enhance sustainable corporate development, and foster a healthy sustainable development ecosystem to strengthen the international competitiveness of the capital market, the FSC launched the "Corporate Governance 3.0 - Sustainable Development Roadmap" in 2020. This initiative encourages companies to promote governance by incorporating corporate governance evaluation indicators.

- On April 28, 2023, the Taiwan Stock Exchange and Taipei Exchange announced the results of the "10th Corporate Governance Evaluation System." Accton ranked in the top 21% to 35% among 1,700 listed companies.

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# 1.6 Ethical Corporate Management

## I. Supply Chain Management

In terms of sustainable supply chain management, Accton demands all its suppliers to operate their business in accordance with the Responsible Business Alliance (RBA). This commitment includes respect for labor rights, health and safety, environment, business ethics, and management systems. Suppliers must also fully comply with the laws and regulations of the country/region in which they operate. Concurrently, Accton requires its suppliers to implement the same standards for their next-level suppliers

## II. Top-Down Approach in the Formulation and Implementation of Ethics and Integrity Policies

The Company has established the "Ethical Corporate Management Best Practice Principles" that were approved by the Board of Directors and disclosed on the Market Observation Post System (MOPS).

The Board of Directors and management strive to implement management policies rooted on integrity and have demonstrated this in the Company's internal management.

The "Ethical Corporate Management Best Practice Principles" and "Supplier Code of Conduct" explicitly forbid bribery, acceptance of bribery, provision of illegal political donations, inappropriate charity donations or sponsorship, providing or accepting unreasonable presents, hospitality or other improper benefits, infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. They also prohibit engaging in unfair competitive practices and causing direct or indirect damage to the rights or interests, health, or safety of consumers or other stakeholders during research and development, procurement, manufacturing, provision, or sale of products and services. The Company has adopted preventive measures and implemented training to uphold the Ethical Management Policy.

## III. Clear Regulations and Multi-Pronged Communication Approach to Drive Communication and Training of "Ethical Business Principles"

The Company delineated clear regulations in the "Employee Professional Ethical Guidelines" and "Ethical Corporate Management Best Practice Principles," which are implemented and published on the Company's internal website for employees to peruse at any time. We also employ training and various other methods to increase employees' awareness of the Company's core values and compliance system. Additionally, we require employees to uphold the critical responsibilities of maintaining high moral standards, the Company's reputation, and compliance with regulations.

## 1.Education Training and Engagement

Establishment of the concept of full-staff integrity from the foundation, and the coverage rate of education and training of new recruits has reached 100%

## 2. Education and Training | Employees and Suppliers

### Taiwan HQ

**New Employees**

The Human Resources unit is responsible for planning and organizing all training programs of the Company. The training and awareness campaigns for integrity and honesty are implemented during orientation training for new employees to ensure that all employees understand the relevant regulations.

| Employee Level | Number of Employees to be Trained | Actually Completed | Percentage |
|---|---|---|---|
| Management | 5 | 5 | 100% |
| Indirect Non-Management | 236 | 236 | 100% |
| Direct Employees | 257 | 257 | 100% |

Note 1: The trainees included full-time and contractual personnel in Accton's Hsinchu HQ, Plant 2, Zhunan Plant, Edgecore, and offices.
Note 2: Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

**Current Employees**

The integrity and anti-corruption training courses for Accton and Edgecore are primarily based on "Responsible Business Alliance (RBA)" training. The content primarily focuses on promoting social responsibilities and achieving market success. Participants and agents must abide by the highest moral standards, uphold ethical management principles, and comply with the "Professional Ethical Management Procedures"

| Employee Level | Course Name | Course Type | Number of Employees to be Trained | Actually Completed | Percentage |
|---|---|---|---|---|---|
| Management | RBA Training | Physical and online | 8 | 8 | 100% |
| Indirect Non-Management | RBA Training | Physical and online | 321 | 321 | 100% |
| Direct Employees | RBA Training | Physical and online | 257 | 257 | 100% |

Note 1: Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

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## JoyTech

### New Employees

The Human Resources unit is responsible for planning and organizing all education and training activities within the Company. Integrity and anti-corruption education and promotion are incorporated into the onboarding training for new employees to ensure that all employees are made fully aware of and understand the relevant regulations.

| Employee Level | Number of Employees to be Trained | Actually Completed | Percentage |
|---|---|---|---|
| Management | 2 | 2 | 100% |
| Indirect Non-Management | 11 | 11 | 100% |
| Direct Employees | 344 | 344 | 100% |

Note 1: Targets of training include both regular employees and contractors.
Note 2: Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

### Current Employees

Accton and Edgecore conducted the annual Responsible Business Alliance (RBA) training in December 2023. The training primarily focused on promoting the fulfillment of social responsibility. To achieve market success, participants and their representatives must adhere to the highest ethical standards, uphold the principles of integrity management, and comply with the "Professional Ethical Management Procedures."

| Employee Level | Course Name | Course Type | Number of Employees to be Trained | Actually Completed | Percentage |
|---|---|---|---|---|---|
| Management | RBA Training | Physical and online | 95 | 95 | 100% |
| Indirect Non-Management | RBA Training | Physical and online | 275 | 275 | 100% |
| Direct Employees | RBA Training | Physical and online | 787 | 787 | 100% |

Note 1: Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

## Vietnam Accton

In 2023, Vietnam Accton subsidiary was established and commenced operations. During the onboarding education and training of new personnel, the policy of integrity management was promoted. We planned to add a chapter on integrity and ethical education and conduct related training in 2024.

## IV. Establishment of Diverse Communication Modes, Demonstrating the Resolve to Operate with Integrity and Acknowledging Partners

### Communication | Suppliers

To ensure suppliers understand and comply with the Company's integrity policy, the Company requires new suppliers to sign an Integrity Commitment Statement during the procurement process. This statement confirms their commitment not to engage in illegal practices.

### Communication | Internal and External Communication Channels

The Company has established the "Employee Ethical Conduct Management Procedures" and "Complaint and Report Management Measures." These documents define the ethical standards for employee conduct, encourage the reporting of any illegal or unethical behavior, and outline protections against retaliation. Employees can report to relevant supervisory units via email or a dedicated whistleblowing hotline, which are publicly listed on the internal legal audit information area and the company's website. Upon receiving a report, the relevant units notify the company's audit department to investigate and handle the matter according to the "Complaint and Report Management Measures."

The Company treats all substantiated unethical conduct or violation of professional ethics with the utmost seriousness. Violators face severe disciplinary actions and appropriate legal actions.

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1. The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Supplier Code of Conduct" to ensure that supply chain partners comply with the Company's business integrity regulations.

   When signing a contract with a business partner, the Company shall obtain thorough information about the integrity of the counterpart's ethical management status and include ethical management requirements in the contracts. In case of a violation, the partnership will be terminated immediately, ensuring the procurement of the most reasonable quotations and the best services and quality.

   The Company has established an effective accounting system and internal control system to implement ethical management. Internal auditors prioritize high-risk operations in the annual audit plan based on risk assessment, thereby strengthening preventive measures, and report the actual implementation status of the audit plan to the Board of Directors. The CPA reviews the implementation of the Company's internal control system annually.

   The results of the internal audit and the audit by the CPA this year did not reveal any significant violations of ethical management regulations.

2. Employee training is planned by the human resources unit, while integrity training and signing of the integrity statements by supply chain partners are managed by the procurement unit.

3. The aforementioned educational materials, training resources, and advocacy documents are available in Chinese, Vietnamese, and English, the primary language of our international colleagues, to ensure effective communication of information to all employees.

4. In 2023, there were no complaints or reports related to business integrity that met the criteria for "confirmed corruption incidents." There were no dismissals or disciplinary actions due to corruption, and no contracts with business partners were terminated due to corrupt practices.

   Based on risk control principles, all reported incidents are evaluated for potential risks and preventive measures are initiated to "immediately address negative risks upon discovery and prevent recurrence," while continuously promoting integrity awareness.

## V. Legal Compliance

According to the audit plan approved by the Board of Directors, legal compliance audits were conducted, with no major violations found.

1. The Company requires its internal organizations and colleagues to comply with the laws, regulations, and the Company's policies. The Company requires them to self-assess their compliance through the annual Control Self-Assessment, and they are subjected to audits by the internal audit unit.

2. The main targets for audits on compliance with laws and regulations in the Company's annual internal audit plan include human resources, accounting, and occupational safety and health. According to the results of the annual audit plan, there were no major violations in 2023. Procedural recommendations not involving violations were addressed and improvements were tracked and completed within the planned timeframe.

## VI. Stakeholder Engagement

In accordance with the provisions of listed companies, the Company will convene annual shareholders' meetings to engage directly with stakeholders. The Company's spokesperson serves as the main contact window for communication between the governance unit and the stakeholders. The spokesperson is also responsible for formally disclosing information to the public.
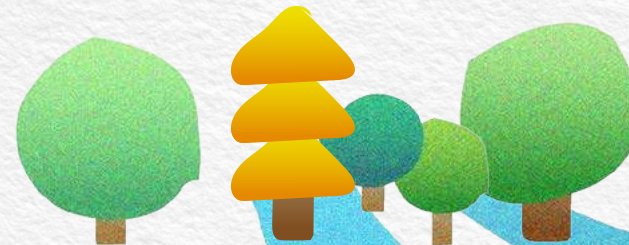
# 2 Corporate Governance

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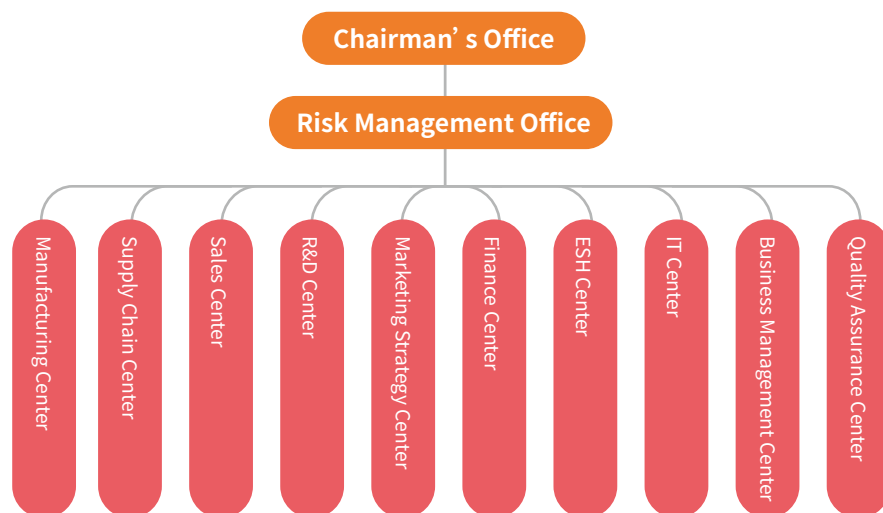
# 2.1 Risk Management

The increasing frequency of extreme climate events, geopolitical instability, key component shortages, and recurrent infectious disease outbreaks are posing significant uncertainty to future corporate operations. In alignment with our commitment to sustainable operations, since 2015, we have implemented the "Emergency Response Management Procedures" to prepare for and respond to emergencies, aiming to mitigate their impact on personnel, property, and the environment.

To further strengthen our commitment to sustainability, we proactively engaged in risk management. In 2023, we partnered with professional organizations to enhance our risk management framework. This initiative involved establishing a comprehensive risk management system, including forming a risk management organization, developing risk management procedures, and utilizing a thorough risk factor database to identify risks. Each relevant department manages these risks according to their respective responsibilities.

## I. Risk Management Organization

The Board of Directors serves as the highest decision-making body for risk management, approving policies and frameworks in line with business strategies and environmental changes to ensure effective risk management. In 2023, Accton established a Risk Management Office to assist in coordinating and implementing the risk management framework. This office is responsible for reviewing and controlling the risk assessments and response actions of various plans and projects initiated by each responsible department.



Chairman's Office — Risk Management Office — Manufacturing Center, Supply Chain Center, Sales Center, R&D Center, Marketing Strategy Center, Finance Center, ESH Center, IT Center, Business Management Center, Quality Assurance Center

## II. Risk Management Procedures

Accton's risk management procedures include risk identification, risk analysis, risk measurement, risk response, and risk monitoring and review. The complete procedures are scheduled to be submitted to the Board of Directors for review in August 2024. The approaches for each stage are described as follows:

### 1. Regular Risk Identification

- The Risk Management Office, according to the risk management schedule, notifies the members of the Risk Management Team to initiate the risk identification process and provides the annual risk assessment questionnaire.
- Analyzing potential risks: Upon receiving the initiation notification, the risk management personnel, together with relevant personnel from various operational units, analyze internal and external information such as internal loss events, sustainability reports, annual reports, external environmental changes, market trends, industry competition, regulatory changes, stakeholders' concerns, and other material risk events. This analysis identifies internal and external risks that could impact sustainable operations and the achievement of performance goals.
- Executing Risk Scenario Identification: Based on pertinent information from the "Risk Knowledge Base" and the analysis results, risk management personnel identify the annual risk items and fill in the corresponding annual risk scenarios in the "Risk Assessment Questionnaire." The completed questionnaire is then submitted to the Risk Management Team members for review. Should members of the Risk Management Team deem changes to be necessary, the questionnaire is returned to the risk management personnel for modification. If no changes are needed, the risk management personnel proceed with risk analysis and assessment.

### 2. Ad Hoc Risk Identification

**Reporting Sudden or Irregular Material Risk Events:**

1. If the Risk Management Office detects a potential event that could significantly impact operational activities during the non-regular risk identification period, and if it meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), the office should notify the Risk Management Team members to assist in completing the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification and, once completed, is submitted to the Risk Management Office for review by the Risk Management Team leader.

2. If Risk Management Team members detect a potential event that could significantly impact operational activities during the non-regular risk identification period, and if it meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), they must first complete the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification and is then submitted to the Risk Management Office for review by the Risk Management Team leader.

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3. If Risk Management Team members detect a potential event that could significantly impact operational activities during the non-regular risk identification period, and if it meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), they must first complete the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification and is then submitted to the Risk Management Office for review by the Risk Management Team leader.

**Reporting Sudden or Irregular Material Risk Events:**

1. If the Risk Management Office detects a potential event that could significantly impact operational activities during the non-regular risk identification period, and if it meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), the office should notify the Risk Management Team members to assist in completing the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification and, once completed, is submitted to the Risk Management Office for review by the Risk Management Team leader.

2. If Risk Management Team members detect a potential event that could significantly impact operational activities during the non-regular risk identification period, and if it meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), they must first complete the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification and is then submitted to the Risk Management Office for review by the Risk Management Team leader.

3. If the responsible risk management personnel detect a potential event during the non-regular risk identification period that could significantly impact operational activities and meets the criteria for initiating ad hoc risk identification (refer to the "Criteria for Initiating Ad Hoc Risk Identification"), they must first complete the "Ad Hoc Risk Identification Application Form." This form is used to apply for ad hoc risk identification. After obtaining approval from the Risk Management Team members, it is then submitted to the Risk Management Office for review by the Risk Management Team leader.

## 3. Risk Analysis and Assessment

- The Risk Management Team members and risk management personnel perform risk analysis and assessment on the identified annual risk scenarios based on the regular Risk Assessment Standards. The results of the analysis and assessment are recorded in the "Risk Assessment Questionnaire."
  1. Conducting Risk Analysis:

  Risk management personnel, along with relevant personnel from various operational units, assess the severity and frequency of impacts of the annual risk scenarios based on the "Risk Assessment Standards."

  2. Conducting Risk Assessment:
  Risk management personnel, together with relevant personnel from various operational units, prioritize risks based on the results of the risk analysis, the vulnerability of existing controls, and the risk appetite and risk levels approved by the Risk Management Committee. This prioritization determines which risks need to be addressed first and serves as a reference for subsequent response measures.

- Reviewing Risk Assessment Results: Completed "Risk Assessment Questionnaires" are submitted by risk management personnel to Risk Management Team members for review. If modifications are deemed necessary, the questionnaires are returned for re-assessment and re-execution of the risk analysis and assessment. If no changes are needed, the risk response process can proceed.

## 4. Risk Responses

- Formulating Risk Response Strategies and Action Plans: Based on the results of risk analysis and assessment, and considering available resources, risk management personnel draft response strategies and action plans, which are then recorded in the "Risk Assessment Questionnaire." Formulating Action Plans: Action plans should be clear and feasible, clearly defining areas for improvement, responsible units/personnel, expected completion dates, required resources, etc. These plans are reviewed by Risk Management Team members. If the Team deems adjustments necessary, the plans are returned for revision. If no changes are necessary, the plans are submitted to the Risk Management Office for further review.

- Approving Risk Assessment Questionnaires: The Risk Management Office reviews the results of the "Risk Assessment Questionnaires" from each responsible unit. If modifications are required, the process returns to "Formulating Risk Response Strategies and Action Plans." If no changes are needed, the questionnaires are submitted to the Risk Management Team leader for review. If the leader requires changes, the process returns to "Formulating Risk Response Strategies and Action Plans." If no changes are needed, the Risk Management Office checks for any new risk items and updates the "Risk Knowledge Base" if necessary.

- Compiling the Risk Mapping: Based on the confirmed and reviewed results of the "Risk Assessment Questionnaires," the Risk Management Office prepares the annual "Risk Map," which is subsequently submitted to the Risk Management Team leader for review.

- Risk Calibration: The Risk Management Committee, together with the Risk Management Team leader, the Risk Management Office, and Risk Management Team members, hold a risk calibration meeting. During the meeting, Risk Management Team members report on the execution of risk management activities. The Risk Management Committee and the Risk Management Team leader perform risk calibration. If the calibrated risk map requires adjustments, the Risk Management Office consolidates the feedback and provides the calibrated results to the Risk Management Team members and risk management personnel for updating the "Risk Assessment Questionnaire". After the updated "Risk Assessment Questionnaire" is reviewed and approved by the Risk Management Team members, risk management personnel can proceed with risk monitoring activities. If not approved, it is returned to the risk management personnel for further updates. The Risk Management Office will adjust the "Risk Map" based on the updated "Risk Assessment Questionnaire" and submit it to the Risk Management Team leader for review. Upon approval, the Risk Management Office can carry out risk reporting and disclosure activities.

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## 5. Risk Monitoring

### 5.1 Execution Procedures

1. Risk Management Team members are responsible for continuously monitoring risks during daily operational activities to ensure effective execution of risk management and related control procedures within their units. They must ensure compliance with the Accton's risk management policies and related procedures. Additionally, they need to monitor the execution of risk management activities and periodically compile and report the results and related information to the Risk Management Office.

2. Risk management personnel assigned by the Risk Management Team members of their respective units will carry out risk response strategies and action plans, ensuring the proper operation of the risk management system within their units. They are also responsible for preparing reports on the execution of risk management activities within their units, which are then submitted to their respective Risk Management Team members for review.

## 6. Risk Reporting and Disclosures

### 6.1 Risk Management Report

- Compilation, Preparation, and Confirmation of the "Annual Risk Management Report": The Risk Management Office compiles the annual risk management results and prepares the "Annual Risk Management Report" accordingly. The "Annual Risk Management Report" prepared by the Risk Management Office must be confirmed by the Risk Management Team members. If modifications are deemed necessary, the Risk Management Office will be notified to make adjustments. If no changes are required, the Risk Management Office submits the report to the Risk Management Team leader for review. If the leader does not accept it, the report is returned to the Risk Management Office for further modification.

### 6.2 Annual Risk Reporting Conference and Risk Management Committee Meeting

- Annual Risk Reporting Conference: The Risk Management Office presents the "Annual Risk Management Report" to the Risk Management Team leader. Upon the leader's confirmation of the report's content, the Risk Management Office adjusts the report based on the meeting outcomes and coordinates with the Risk Management Committee for further review.
- Risk Management Committee Meeting: In this meeting, the Risk Management Team leader reports on the execution of risk management activities to the Risk Management Committee. Additionally, the committee reviews and confirms the "Annual Risk Management Report."

## ◆ Risk Management Flowchart



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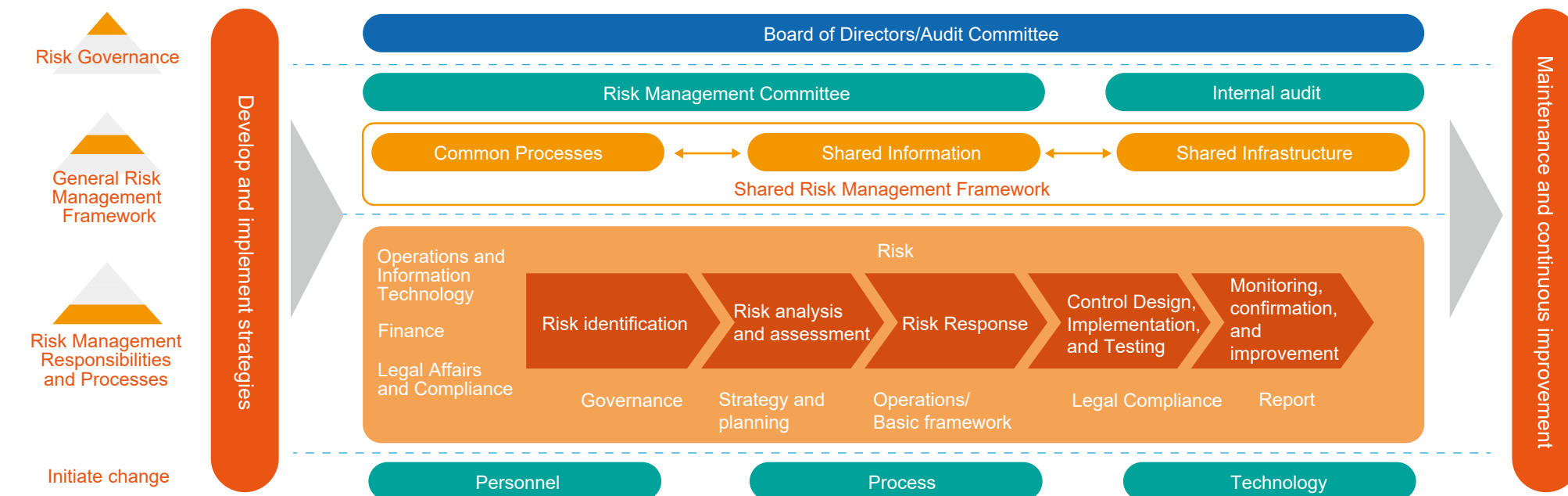
# III. Risk Identification and Assessment

Adopting a comprehensive risk factor database, risks are identified and discussed through internal cross-departmental evaluations. The primary risks are categorized into five main types:

## 1. Strategic Deployment Risks

(1) Technological innovation and industry trends; (2) Market demand changes; (3) Technological R&D progress and competitive landscape; (4) Policy or regulatory changes; (5) Global political and economic developments

## 2. Operational Management Risks

(1) Customer or supplier performance contract; (2) Intellectual property protection and utilization; (3) Talent recruitment and development management;(4) Information security; (5) Corporate overall image

## 3. Financial Operations Risks

(1) Fluctuations in exchange rates, interest rates, taxes, and inflation; (2) Strategic investments; (3) Financial management

## 4. Hazard Event Risks

(1) Sudden natural disasters or climate change; (2) Water and electricity supply; (3) Impact of infectious diseases

## 5. Other Risks

Risks not included in the above categories but which may cause significant losses to the company

In the second quarter of 2023, Accton identified three material risks based on internal and external relevant risk information, analysis, aggregation, and convergence. This process has led to the creation of a focused risk list, based on risks identified in accordance with the Company's risk management procedures. We are progressively implementing relevant improvement plans in 2024.

This report combines sustainability issues with disclosure of significant topics in risk management measures, including: Information security risks, business continuity management, product software development and production safety management, and climate risk management. Details are provided in subsequent chapters.

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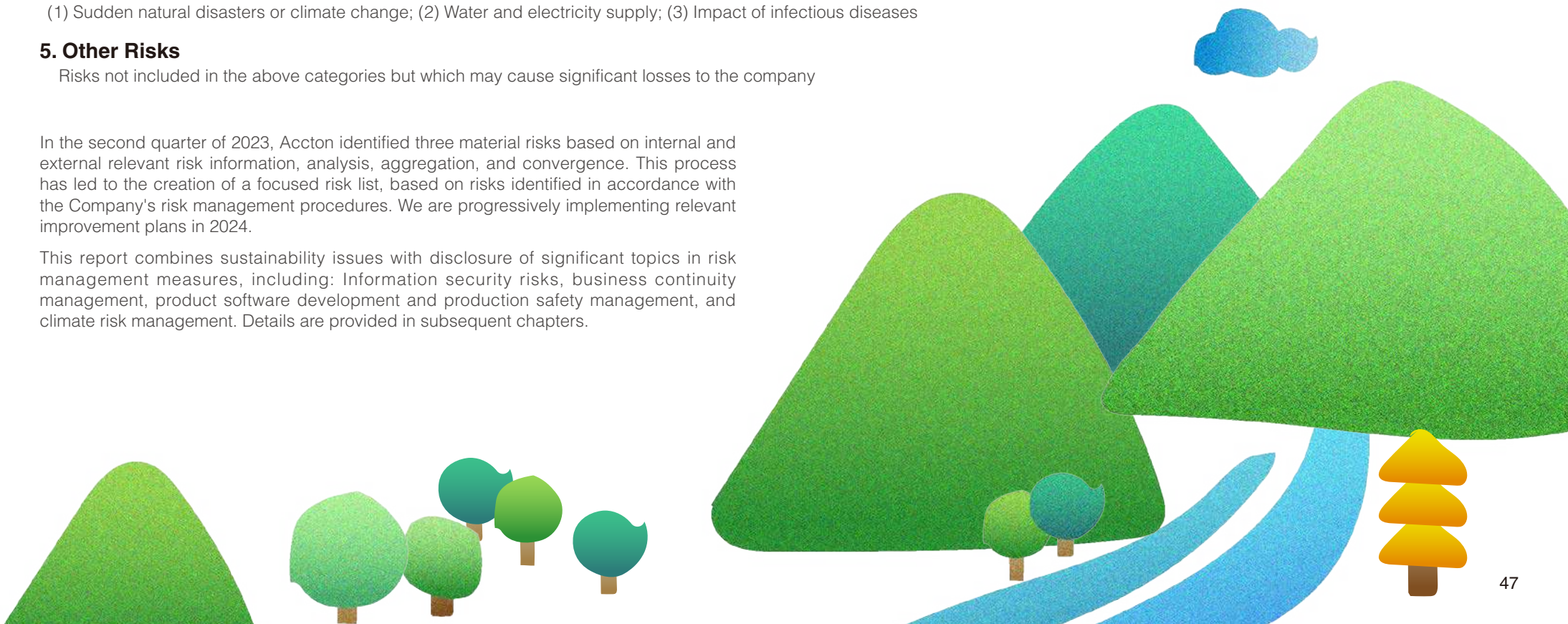
## 2.1.1  Information Security Management

**Boundary: Accton Hsinchu HQ, Hsinchu Plant 2, Zhunan Plant, Edgecore, JoyTech, Vietnam Accton**

### I. Implementing Information Security Risk Assessments and Enhancing Information Security Management

Accton has implemented a Plan-Do-Check-Act (PDCA) cycle in its information security management system. Additionally, the "Information Security Incident Reporting Procedures" has been integrated into Accton's internal risk management system. Quarterly management review meetings are held regularly or when material changes occur in the information operations environment. These meetings independently review information security policies, objectives, procedures, and control measures to prevent potential information security threats and improve information security protection levels, thereby maintaining a consistently high level of service commitment.

### II. Reducing Information Security Risks and Strengthening Corporate Digital Resilience

Accton established its Information Security Promotion Committee in 2016 and obtained ISO27001:2013 international standard certification. In 2023, Accton completed the verification of the co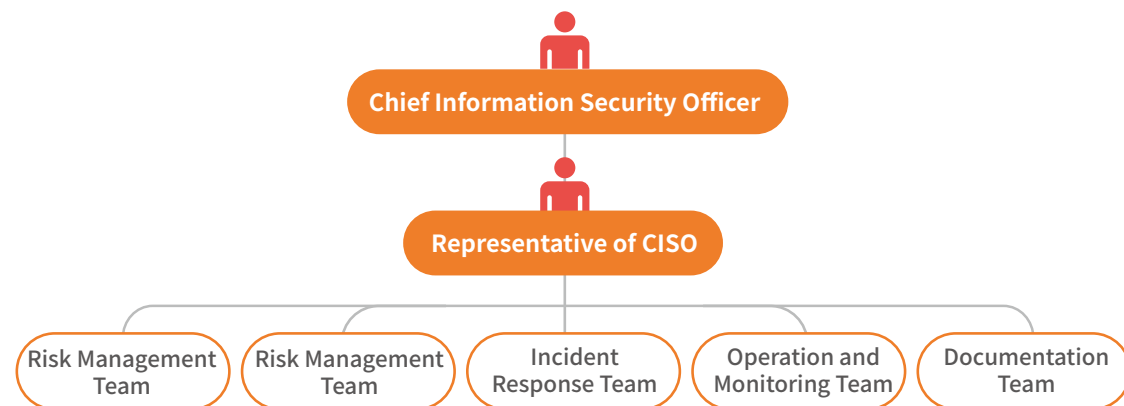ntinued effectiveness of its information security policies and controls to ensure the normal operation of the information security management system, thereby reducing information security risks.

In 2020, Accton established a dedicated information security management organization, the Information Security Department, responsible for network security issues, activities, and threat intelligence within the Group.

The department is tasked with the implementation, planning, monitoring, and management of operations to proactively detect, investigate, and respond to security threats faced by Accton.

### ◆ Organizational chart of the Information Security Promotion Committee



Chief Information Security Officer

Representative of CISO

Risk Management Team | Risk Management Team | Incident Response Team | Operation and Monitoring Team | Documentation Team

### III. Information Security Risk Management Plan, Training, and Advocacy

Accton's Information Security Department is tasked with developing and enforcing information security strategies and control measures. These strategies and measures are designed to manage all information security risks effectively. Our information security risk management plan encompasses standard ISO27001 security controls, incident response, and communication plans, ensuring timely and precise reporting of major security incidents. In 2023, we experienced zero information security incidents affecting operations due to hacker attacks or virus infections.

The primary goal of Accton's information security risk management plan is to safeguard the confidentiality, integrity, and availability of the information we own or manage. Key technical projects include annual third-party red team exercises, penetration testing, security configuration management, extensive compliance monitoring, and testing our disaster recovery capabilities through simulations and scenario drills.

### IV. Operational and Privacy Security

In our daily business operations, Accton is committed to data security and safeguarding the personal information entrusted to us by customers, suppliers, partners, and employees. In 2023, there were zero complaints from third parties or regulatory authorities against Accton for violating customer personal data protection or customer data loss that led to judicial actions.

Our operational security infrastructure continuously manages risks in multiple areas, including:

1. Ensuring the integrity of our product intellectual property.

2. Preventing intrusions and broader backdoor attacks on Company system users.

3. Protecting the production service environment managed by the Company and ensuring the software, firmware, and hardware produced are trustworthy and reliable.

4. Ensuring the availability of critical information systems.

5. Requiring all employees to complete annual cybersecurity awareness training (please see below) and requiring all new employees to complete privacy and trade secrets protection training.

6. Conducting annual regular reviews of the privacy and security controls of major suppliers as part of the supplier compliance process to ensure they meet our basic standards.

## V. Information Security Policies

1. All personnel (including full-time employees or outsourced personnel such as on-site vendors, part-time staff, and consultants) have the responsibility and obligation to protect the information assets related to their respective business areas, ensuring the confidentiality, accuracy, and availability of the group's critical information assets.

2. Employee job functions should be appropriately segregated, and only the necessary permissions and information required to complete the job should be granted.

3. Personnel recruitment should include necessary evaluations and the signing of applicable operational norms. Employees must also engage in information security education and training to recognize that upholding information security is a responsibility for every employee, to be integrated into their daily tasks.

4. A business continuity management mechanism should be established and regularly tested to ensure its applicability.

5. The Group's information security measures adhere to legal regulations and the Group's information security policies. All established or modified information security standards or procedures must comply with and follow the mechanisms of the information security management system.

## VI. Information Security Goals:

1. Compliance with regulatory requirements, competent regulatory authority mandates, and customer contract or professional duty requirements.

2. Protection and preservation of customer data to prevent improper or unlawful situations.

3. Ensuring the continuity and timeliness of services provided.

4. Ensuring the accuracy and integrity of the provided data.

5. Providing appropriate responses and handling when information security incidents occur, compromising the rights and interests of related parties (stakeholders).

| Information Security Training | | Number of Participants | Training Hours |
|---|---|---|---|
| Accton new employees | Information Security Policy and Awareness Training | 330 | 0.5 |
| JoyTech new employees | | 987 | 2 |
| Accton current employees | Information Security Awareness and Trade Secret Protection Training | 1,862 | 0.5 |
| JoyTech current employees | | 1,200 | 2 |
| Accton IT personnel | Professional Skills Training | 77 | 1 |
| Accton IT Supervisor Training | In-service supervisors completed the annual information security in-person training course, which included important topics such as the current state of information security threats to industrial control systems and practical defense measures. | 154 | 1 |

| Information Security Drill | | Time | Participants |
|---|---|---|---|
| Accton Social Engineering Drills | In 2023, we conducted 4 social engineering phishing email drills, involving over 12,000 participants. | Jan-23 | 2,457 |
| | | Apr-23 | 2,562 |
| | | Jul-23 | 2,648 |
| | | Oct-23 | 2,743 |
| JoyTech Social Engineering Drills | | Jan-23 | 580 |
| | | Apr-23 | 580 |
| | | Jul-23 | 573 |
| | | Oct-23 | 560 |

Note: Accton's information security measures also cover its subsidiaries, Edgecore Networks and Accton Vietnam, so their specific goals and data are not separately described.

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## 2.1.2 Product Software Development and Production Safety Managemen

### Security Measures for Product Software Development and Production

### I. Security of Information Systems

All computer and network systems used in product development and production must be under strict security management to ensure that only personnel with appropriate authority can operate them, so as to prevent intrusion, destruction and theft by external malicious parties. Primarily, this is the responsibility of the Information Management Department.

### II. Security in Software Development

#### 1. Security of the Software Development Process

##### 1.1 Version Management

Revisions and distributions of software source code are strictly managed using modern source code management systems, such as Git, which can track all development branches and historical versions. The source code is stored in a well-managed computer system. Each change is stored in the source management system as a new version. The scope of the change is limited to a single feature and the new version must be properly described. In this way, the history of software development can be completely tracked, preventing unauthorized tampering.

##### 1.2 Automated Testing and Release

A corresponding test program is also developed in the software development process. After the completion of a development phase, the automated testing program is activated to perform tests under an automated testing environment. After the testing is completed, a code name is given to the new version, and it is stored in the production system. Every release is subject to comprehensive testing, and the testing process and results can be tracked to ensure quality.

#### 2. Quality Assurance of Software Source Code

If there are lapses in software writing quality, it becomes vulnerable to attacks by malicious entities during execution, potentially leading to product dysfunction, data theft or alteration, or even being used as a tool for further attacks. In addition to testing measures, the quality of source code writing should also be safeguarded.

##### 2.1 Source Code Programming Standard

We established a unified source code programming standard to define unified formatting and naming, typography, etc., and good coding practices. This includes avoiding common error-prone coding methods. These standards facilitate peer reviews among employees and help prevent frequent mistakes and vulnerabilities in the software.

##### 2.2 Compilation

When compiling code, a stricter verification method should be adopted to address and correct all compilation warnings. These checks often help prevent potential program vulnerabilities.

##### 2.3 Static Analysis of the Source Code

We deploy static analysis tools to check the quality of the source code. These tools collect common program development mistakes and poor writing habits from the past, analyze the source code, and provide change suggestions.

#### 3. Quality Control of Software from Other Parties

Software development often involves using third-party source code, from operating systems to functional modules. Sometimes the third-party software forms the core, and our side only performs partial customization. Therefore, it is essential to maintain close cooperation with upstream teams, regularly receive updates on security issues and new releases, and update appropriately to ensure quality and security.

Common software security information is available on public websites and is tracked and resolved by volunteer teams, with the National Vulnerability Database (NVD), maintained by the U.S. National Institute of Standards and Technology, being one of the most notable. It is crucial to regularly check the public security vulnerability information for the software in use, along with the corresponding remedial measures, and to address them promptly to avoid threats.

#### 4. System Testing

Software provided to end users must pass system testing verification. System testing is conducted by an independent testing department, assessing the product's specification requirements from a user perspective, compatibility with other products, saturation capacity, resilience under error inputs and malicious attacks, and performance under simulated real network conditions over extended periods. Issues discovered during testing are categorized by severity and managed through an issue tracking system. After comprehensive testing, a test report is issued. The release of a new software version is contingent upon the number of serious issues being below a predefined standard. The acceptance criteria for each product are jointly determined by the product development and testing departments.

### III. Security in Software Production and Distribution

The object code of a software release must have a corresponding source code version, which can be traced back at any time. The object code is assigned with a version number that conforms to a version specification, which is stored in the production system, with a signature calculated from the full content of the object code stored. The signature can be used to recheck at production or external distribution to ensure that the object code has not been tampered with.

For product security training, see section "4.2 Talent Learning and Development"

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## 2.1.3 Business Continuity Management

### Accton has officially obtained the ISO 22301 Business Continuity Management System (BCMS) certification

**Boundary: Hsinchu HQ, Zhunan Plant**

To enhance Accton's resilience in facing various operational disruptions, improve response capabilities, and expedite response times, we proactively plan response measures and recovery plans to mitigate the risk of supply chain disruptions. This proactive approach aims to ensure timely responses and rapid recovery in the event of operational interruptions, thereby minimizing the extent of damages and safeguarding the interests of key stakeholders. Since May 2022, Accton has initiated the implementation of the ISO 22301 Business Continuity Management System across various functional departments within the Company. These departments encompass sales, supply chain (procurement, production management, warehousing, import/export), research and development, manufacturing, quality assurance, information technology, occupational health and safety, finance, facilities/general affairs, human resources, media relations, and legal affairs. Over the course of approximately one year, these units have collaborated to build and integrate the ISO 22301 Business Continuity Management System. Regarding the process of implementing and establishing the ISO 22301 Business Continuity Management System at Accton, please refer to the 2022 Accton Group Corporate Sustainability Report, Section "2.1.5 Business Continuity Management" (p.46-48). (https://www.accton.com.tw/wp-content/uploads/2023/06/Accton-2022ESG-20230628.pdf) 。

Following system implementation in 2022, we proceeded with the actual documentation execution in the first half of 2023. This documentation exercise included the Business Continuity Management Manual, along with related procedures and specifications. Based on the established "Accton Business Continuity Management Policy," procedural documents, and performance indicators, the system has operated effectively for a year. In June 2023, we successfully passed an external audit conducted by the third-party verification firm SGS. Consequently, by the end of September of the same year, we officially obtained the ISO 22301 Business Continuity Management System certification.

### Business Continuity Management Policy

1. We are committed to the philosophy of "Making Partnership Work", setting operational sustainability goals in accordance with the company's environment and stakeholder expectations, and committing to provide sustainable services to our partners.

2. In order to ensure the effective operation of the BCM system, we flexibly deploy resources to meet system-related requirements and dynamically evaluate and continuously improve it in response to international situations and risks.

3. Our goal is to enhance resilience against operational shocks, prioritize the interests of our customers and stakeholders, and move towards sustainable development and management.



▲ Accton's ISO22301 Certificate

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## 2.1.4 Climate Risk Management

Climate change-induced extreme weather and disasters, such as floods, wildfires, droughts, and windstorms, inevitably impact operations, production, and economic activities, posing significant risks to corporate sustainability. Therefore, enterprises must actively mitigate greenhouse gas emissions and initiate low-carbon transitions to move towards net-zero carbon emissions.

Since 2021, Accton has been following the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to compile climate risks and opportunities in the high-tech electronics and network communications equipment manufacturing sector, and to establish measurement metrics and management objectives.

The Board of Directors is the highest governing body overseeing climate risks at Accton. The Sustainable Development Committee reports to the Board of Directors on operational performance related to climate change at board meetings. The ESG Committee is the highest executive body for managing climate change at Accton. Each year, it identifies climate change risks and opportunities, formulates response strategies, and sets targets for material financial and strategic risks and opportunities. The committee meets regularly to track the progress of these targets and the current status of management performance.

For the complete details and implementation of TCFD in 2023, please refer to section "3.1 Climate Change Response."

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# 2.2 Innovation and R&D

**Boundary: Accton Hsinchu HQ, Hsinchu Plant 2, Zhunan Plant, Edgecore, JoyTech, Vietnam Accton**    ( GRI103 )

## I. Innovation and R&D

In order to ensure the competitiveness of the products, to maintain the healthy growth of the Company's continuous operations, and meet the strong expectations of investors and colleagues, Accton has never slowed its pace in innovative research and development. Taking 2021, 2022, and 2023 as examples, the proportion of investment in product research and development each year is more than 3.5% of the current annual revenue. The Company focuses on a stable practice in the field of communications and the continuous design and development of a marketable and forward-looking product portfolio, and bringing equipment and services in line with the future development of the world.

Meanwhile, the Company has also set up measures and management systems related to intellectual property, implementing the protection of intellectual property rights to protect the technology and knowledge of every output and to enhance the added value of products.

◆ **In addition, the Company's short-term and medium-term goals in terms of intellectual rights and innovative technologies are as follows:**

| 2023 Goals | 2023 Results | Short-Term Goals (2024-2025) | Medium and Long-Term Goals (2026-2028) |
|---|---|---|---|
| • Review R&D achievements and patent portfolio<br>• Ensure R&D investment exceeds 3% of revenue | • Accumulate 1,224 patent applications<br>• Invest 4% of revenue in R&D<br>• Mass production and maintenance of 400Gbps products<br>• Develop 800Gbps products | • Inventory innovation results and transform them into proposals<br>• Ensure R&D investment exceeds 3.5% of revenue | • Carry out the patent portfolio of related technologies in line with the Company's product development direction<br>• Ensure R&D investment exceeds 3.5% of revenue |

## 1. Key Technology Developments and Achievements

In 2022 and 2023, the primary indicators and achievements were the realization of 400Gbps and 800Gbps products, and the development of immersion cooling products to reduce cooling energy consumption.

Autonomous development in CPLD/FPGA programming, automated testing, and controlling product functionality and test completeness. Self-development in optical transceivers, mastering optical and transmission technologies to provide better customer service. Strengthening R&D, material management, and production capabilities across market, technology, production, and supply chain aspects, overcoming related challenges.

## 2. Product Network Security

Accton is committed to addressing current network security issues, focusing on information security at the operational level and system security at the product level. Network cybersecurity issues can directly impact customers' business operations, such as disrupting Internet services or failing to protect personal information and privacy, which could also directly or indirectly affect the company's operations significantly.

Accton addresses product network security by promptly notifying customers of public and disclosed common vulnerabilities and exposures (CVEs), providing relevant firmware solutions to mitigate impact. Security testing agencies conduct security confirmation, using third-party vulnerability scanning tools for assessment and patching before releasing new firmware versions. Accton also implements mechanisms and procedures to ensure firmware security, such as verifying the root of trust security (originating firmware location or geographical location for firmware re-download), providing secure chip usage, secure boot processes, and checking for malicious software intervention from external control centers.

When products leave Accton's controlled environment, such as delivery to clients, Accton offers appropriate features to ensure data security. For example, "secure erasure of solid-state drive data" according to international security standards, completely erasing the operating system and related data to protect end-user privacy and personal information comprehensively.

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## 3. Low Carbon Product Development

In response to the impact of extreme climate change and to ensure sustainable development, Accton has been tirelessly working on the development of green/low-carbon products. In addition to conducting organizational carbon audits from 2019 to 2021, Accton further initiated a carbon footprint inventory and reduction plan for the upstream and downstream of the product chain in the second half of 2021, embarking on a continuous journey towards carbon neutrality. By the end of 2023, two carbon footprint verification projects had been completed.

Through the product carbon footprint inventory, Accton introduces creative approaches in thermal design and material selection to improve the carbon footprint value of products, thereby maintaining our competitiveness.

## II. Intellectual Property

Accton firmly adheres to the principle of continuous innovation and improvement, leveraging the momentum of technology research and development to product development and enhancement. The aim is to continuously provide high-performance, highly stable products and to launch forward-looking products that meet industry needs. The results of product R&D are converted into intellectual property for protection, thereby increasing product value, enhancing our competitiveness, and generating profit for the Company. To effectively manage patents, Accton regularly reviews the application status of patents, understands their practical benefits, and eliminates outdated or non-beneficial patents to maximize the return on patent investments.

### 1. Patent Application and Management

Accton's patent application strategy aims to protect products, create product value, and increase company competitiveness. Based on this strategy, Accton has established patent incentive and management measures to encourage R&D staff to actively innovate and improve during the product development process. These measures also regulate the management of patent assets and the confidentiality of patent information.

To promote a culture of innovation and select technologies that can effectively benefit Company operations, Accton has established an ideation and proposal mechanism before the patent proposal process according to Regulations Governing Patent Incentives and Management. Unlike the patent proposal mechanism, which requires assessing the patentability of the application content, the ideation and proposal process involves simply disclosing a concept and undergoing a review process focused on product benefits to evaluate the technical content. This streamlined procedure, complemented with proposal bonuses, aims to motivate R&D staff to continually think of product improvement solutions. New employees are also educated on the fundamentals of intellectual property rights and the steps for submitting idea proposals, promoting a culture of ongoing innovation and stimulating R&D output.

Once an idea proposal passes the review, it can proceed to the patent proposal process. This includes evaluating the patentability of the proposal and conducting a prior art search to identify existing related patents, thus assessing the necessity of product design modifications to avoid infringement. This step aims to reduce the risk associated with future product sales. Innovations deemed unsuitable for public disclosure are managed as trade secrets to ensure effective protection of the Company's intellectual property.

In addition to the innovation idea and patent proposal process, Accton regularly investigates the application status of patented technologies to manage patent benefits and control costs. The Company reviews the maintenance of patents, phasing out obsolete patents and those with low application opportunities, thus maintaining an economically efficient patent portfolio and ensuring patent quality.

To facilitate the aforementioned proposals and management activities, Accton has independently developed an intellectual property management system. This system encompasses ideation and proposals, patent applications, and a management platform for collaboration across related departments, enabling accurate and efficient execution of management tasks. This system supports the Company's ongoing efforts in the operation and management of intellectual property.

As of the end of 2023, Accton has accumulated a total of 1,224 patent applications worldwide and has been granted 934 patents globally.

### ◆ Status of patent applications over the most recent 3 years



Status of patent applications over the most recent 3 years. Cumulative patent applications filed: 2021: 1178, 2022: 1204, 2023: 1224. Cumulative patents granted: 2021: 900, 2022: 923, 2023: 934.

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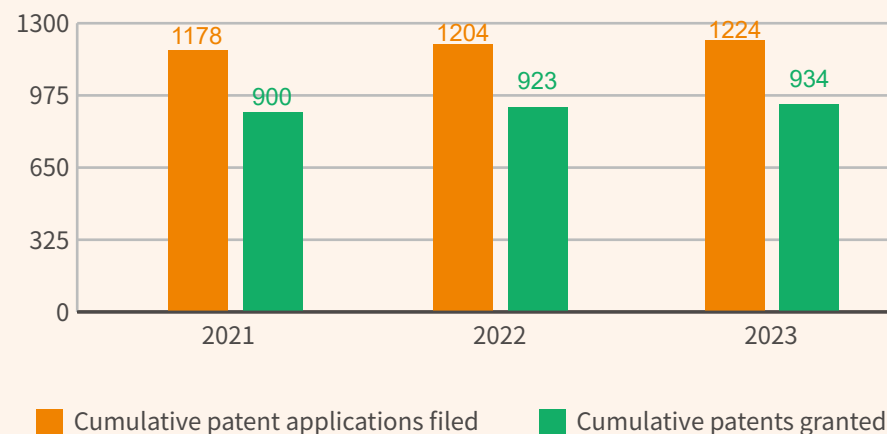
## 2. Patent Infringement Risk Prevention

In addition to protecting its own intellectual property, Accton respects the intellectual property rights of others. During the patent proposal process, Accton proactively investigates the risk of infringement associated with proposed technologies. Furthermore, to support the needs of the R&D units during product development, Accton conducts patent infringement investigations on both self-developed technologies and those provided by suppliers, analyzing the risks of infringement. When concerns on infringement risks are identified, Accton mitigates these risks through design modifications or by obtaining non-infringement guarantees. This proactive approach aims to prevent potential issues early on, thereby mitigating the impact of patent litigation on the company's operations.

## 3. Trademark Application and Management

Accton values its corporate image and reputation. To actively enhance the value of our corporate brand, Accton continues to increase the competitiveness of products and also seeks to protect and enhance the value of the Company and product brands by way of applying for trademarks. We also manage our trademark rights effectively to maximize the benefits of our trademarks.

For new products or services, the Company applies for trademark rights. The application process involves several steps: Assess and confirm the trademark design and its intended application scope. This includes comprehending the design concept and meaning behind the trademark, as well as planning the product and service categories it will cover. This involves identifying the actual and potential product types and the regions where the trademarked product will be used and sold. Evaluate the distinctiveness of the trademark design and the status of existing trademark rights. This includes assessing the feasibility of the trademark application and formulating a strategy to increase the probability of approval and ensure sufficient protection for the products and services. Furthermore, conduct a thorough trademark search to compare and analyze the scope of existing trademark rights. This step aims to eliminate the possibility of infringement and reduce the risks and losses associated with trademark rejection.

To maximize trademark benefits and control holding costs, Accton regularly investigates the usage status of its trademarks. It reviews the maintenance benefits of each trademark and phases out outdated or low-opportunity trademarks in a timely manner. This approach ensures optimal trademark efficiency and maintains the overall quality of the trademark portfolio.

## 4. Protection of Trade Secrets

Accton requires R&D staff to regularly document significant discoveries and results in their daily work. These key findings or inventions are meticulously recorded in R&D logs or idea systems to preserve critical R&D outcomes and technical knowledge.

Trade secrets are valuable assets to the Company, and protecting them is essential for maintaining the Company's technical advantage and ensuring its continuous development. For the protection of trade secrets, Accton implements both software and hardware measures. These measures control the access, download, use, and transmission of internal business information. Additionally, the Company ensures that confidential information received from customers or suppliers is adequately protected, respecting their intellectual property rights.

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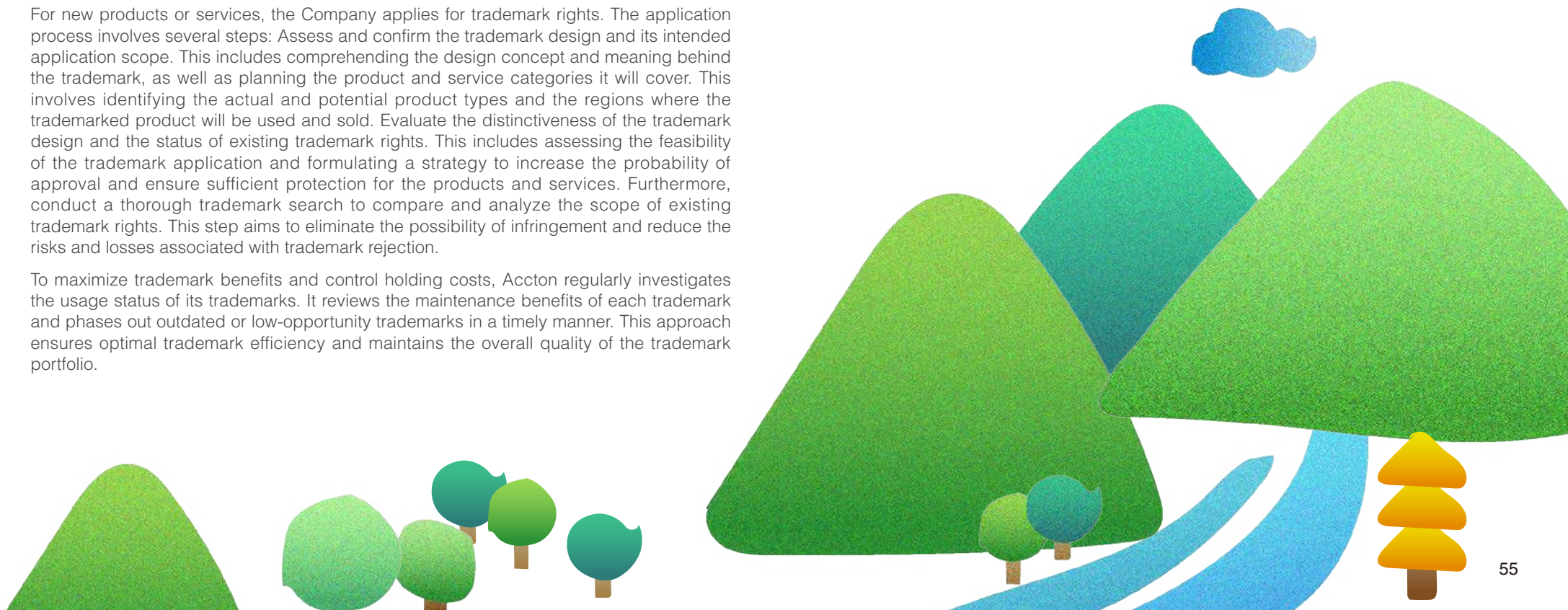
# 2.3 Responsible Supply Chain

## I. Management Approach of a Sustainable Supply Chain

### 1. Accton's Management Strategy for a Sustainable Supply Chain

The products and services provided by suppliers have a direct and tangible impact on Accton's products, services, and operations. In addition, the CSR actions of suppliers also indirectly affects Accton's intangible reputation or becomes a potential risk. As an influential member in the design and manufacturing of network communication industry, Accton always strives for excellence in sustainable supply chain management to maintain an overall competitive advantage for Accton and its suppliers.

Therefore, Accton has formulated responsible production and green products as the strategic axis of sustainable supply chain management. On the basis of supply chain management, Accton follows the relevant laws and regulations at home and abroad, as well as the RBA standards of the electronics industry, to consolidate the sustainable supply chain management framework, and has formulated the sustainable supply chain management policy accordingly. Accton extends its scope of sustainable supply chain management to ESG topics, such as economic and governance, environmental protection and social inclusion, including labor rights and interests, occupational safety and health, business ethics and management systems, all of which are set as the integral evaluation and audit requirements of suppliers, so as to establish risk control items and identify suppliers of high risk. Based on the evaluation results, Accton develops improvement measures and assists suppliers in continuous improvement, aiming to improve the effectiveness of sustainable supply chain management and reducing the risk of supply chain operations, and establishing a partnership for sustainable growth.

**Management Strategy**

1. Enhance Cost Leadership Capability: Integrate Group resources and engage in strategic collaborations to achieve the most competitive supply chain value.
2. Establish Sustainable Supply Chain Capability: Drive suppliers to enhance performance in economic, social, and environmental aspects, fostering their sustainable development.
3. Strengthen Supply Chain Supply Capacity: Continuously support suppliers in diversifying their supply sources and enhancing their local supply capabilities.
4. Build a Green Supply Chain: Promote the transition of suppliers from implementing energy-saving and carbon reduction measures to adopting a circular economy.
5. Prioritize the Environment: Proactively implement green procurement, striving for economic benefits while ensuring environmental friendliness.
6. Non-Compromise on Conflict Minerals: Ensure that products and the supply chain are free from conflict minerals.
7. Implement Sustainable Risk Management: Focus on suppliers' energy resource usage and resource management to respond to the impact of extreme climate change on the supply chain.
8. Focus on Environmental Issues: Enhance waste resource reutilization efforts and commit to reducing environmental pollution impacts.

### 2. Management Objectives of a Sustainable Supply Chain

Accton is committed to establishing a supply chain focused on sustainable development. To ensure a safe working environment, respect for employees, protection of human rights, promotion of environmental protection in supply chain operations, and adherence to business ethics, Accton has established relevant management standards for suppliers. The Company conducts supplier sustainability risk assessments and audits to jointly implement corporate social responsibility and create a sustainable value chain.

Moreover, Accton has developed a supplier code of conduct and a responsible mineral procurement policy to guide suppliers towards sustainable development and fulfill the commitment to responsible production for customers. Suppliers are required to sign an operation and management commitment letter and an integrity commitment letter to ensure compliance with Accton's requirements. In 2023, in line with this sustainable supply chain management approach, Accton set annual objectives and strategic actions to continuously advance supply chain management, achieving these objectives successfully.

### 3. Supply Chain Model and Localized Procurement

Accton's product portfolio is diverse and extremely flexible, with products widely applied in areas such as 5G, communication systems, the Internet of Things, and cloud computing. Consequently, its supply chain is also diverse and closely interconnected. Supply chain raw materials include ICs, PCBs, electronic components, cables, plastic materials, metal parts, and packaging materials, among others.

Accton collaborates with approximately 579 raw material suppliers worldwide. Based on procurement targets, these suppliers are mainly categorized into "direct material suppliers" and "indirect material and service suppliers." Over the years, the procurement amount has been predominantly for direct materials. In 2023, the proportion of direct procurement was 68.2% from abroad and 32.8% domestically. Furthermore, Accton's production bases and supply chain vendors are primarily located in Taiwan, mainland China, and Vietnam. In 2023, Accton continued to overcome the limitations of the pandemic and the sluggish global economy, achieving overall revenue growth. As a result, the total procurement amount, direct procurement amount, and local procurement amount all saw significant jumps compared to 2022.

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| **Vision** | The members of Accton's supply chain are crucial partners for the Company's sustainable growth. These partners are expected to excel in quality, cost efficiency, delivery time, service, management, innovation, and technology. Additionally, Accton aims to collaborate with its supply chain partners to implement ESG-focused corporate social responsibilities, including economic and governance practices, environmental protection, and social inclusion. This collaboration aims to enhance sustainable competitiveness and create a sustainable future. |
|---|---|
| **Strategy** | Identify and manage economic, environmental and social risks in the supply chain and enhance the sustainability of the supply chain.<br><br>Strengthen responsible mineral management, ensuring no use of minerals from unqualified smelters in illegal conflict mining areas, and establish responsible procurement practices.<br><br>Promote a green supply chain, encourage suppliers to reduce the environmental impact in both operations and products, and gradually establish supplier organization for greenhouse gas emissions and product carbon footprint inventory. |

## II. Sustainable Supply Chain Management Framework

Accton divides its sustainable supply chain management into three main axes: sustainability rules, risk identification, and management mechanism. After setting the fundamental sustainability rules for supply chain members to comply with, Accton identifies high risk factors and supplier industries with risk identification tools, and further refines supply chain management with various management mechanisms.

### 1. Supply Chain Management Rules

In terms of sustainable supply chain management, Accton requires all its suppliers to conduct their business in accordance with the Responsible Business Alliance (RBA) and commit to the respect of labor rights, health and safety, environment, business ethics and management systems, and fully comply with the laws and regulations of the country/region in which they operate. Concurrently, Accton requires its suppliers to implement the same standards for their next-level suppliers.

In addition, in terms of ethical corporate management, Accton has also required all suppliers to sign an "Integrity Commitment Letter" since 2020, mandating them not to offer any bribes or provide other improper benefits to Accton's staff for the purpose of transaction or performance of contracts, or directly or indirectly to benefit Accton's staff or their related parties.

In terms of product manufacturing, Accton has established the "QPC-CE05 Product Hazardous Substance Control Procedures" for green products supplied by suppliers. This procedure includes guidelines on prohibited and restricted substances and a responsible minerals management policy. For more details, please refer to the relevant sections.

### Supplier "Operation Management and Commitment Letter"

To be a supplier of Accton, the supplier shall undertake to conduct its business in full compliance with all applicable local laws and regulations. The supplier should further sign this letter to undertake and confirm that it is committed to complying with Accton's Supplier Code of Conduct. This code has been developed on the basis of Responsible Business Alliance (RBA) and in accordance with its five aspects to ensure that suppliers, as members of the supply chain, are able to provide a safe working environment, respect and dignity for their employees, and should undertake environmental responsibility and observe business ethics in their operations, as well as implementing Accton's required standards.

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# 2. Supply Chain Management Mechanism

## 2.1 Supplier Selection and Classification

Accton differentiates and labels suppliers based on their characteristics to facilitate effective management. To ensure efficient supplier management, Accton has established a principle for supplier selection. Beyond the fundamental evaluations of quality, cost, delivery time, service, management, innovation, and technical capability, Accton also incorporates procurement management principles rooted in green supply chain practices and ESG-related sustainable risk considerations. The following are the basic principles for evaluating all suppliers, including new ones:

- Accton's suppliers are required to sign the Integrity Commitment Letter and adhere to Accton's Supplier Code of Conduct.
- Accton's material suppliers must fully comply with relevant local laws and regulations and establish their risk control mechanisms.
- Accton's suppliers must implement a management system for the environment, employee health and safety, and non-hazardous substances.
- Accton's material suppliers must comply with the "Technical Standard for Environmental Control of Hazardous Substances."
- Suppliers must provide appropriate self-declaration or supporting documentation and update it regularly in line with Accton's Restricted Substance Management Plan for Components.
- Suppliers must cooperate with Accton's responsible mineral management policy and complete due diligence.

## 2.2 Key Supplier Identification

To realize effective supplier management, Accton has identified "key suppliers" as the basis for key management. The key principles for identifying key suppliers based on product, process, and sales characteristics in 2023 include the following points:

- Top 75% of the annual procurement amount of direct materials
- Key components
- The only source of supply or irreplaceable

In accordance with these principles, Accton has incorporated the "Accton CSR Code of Conduct," "Accton Supplier Code of Conduct," and the "Supplier Operation and Management Commitment Letter" into the supplier qualification evaluation process and considers them in procurement decision-making to promote continuous improvement. In 2023, 37 new key suppliers were required to respond to the Responsible Business Alliance (RBA) survey.

## 2.3 Accton Supply Chain ESG Sustainability Risk Audit

**Supplier "Human Rights, Environment, Safety, Health, and Management System" Audit Enhancement Plan**

Accton has integrated the "RBA Code of Conduct" into its supply chain to monitor the implementation of labor rights, health and safety, environmental protection, business ethics, and management systems by suppliers. The Company encourages suppliers to develop materials and processes that reduce environmental impact or achieve energy-saving and carbon reduction through process utilities. Environmental issues, including climate change and biodiversity, are given increased attention and management.

To this end, over the years, we have harmonized Accton's supplier audit forms based on RBA requirements, conducting reviews and evaluations of suppliers on corporate social responsibility and ESG sustainability aspects. This audit tool includes stricter scoring methods and more rigorous requirements than in the past. From 2021 to 2023, our objective was to conduct surveys on the RBA Code of Conduct for the top 200 production raw material suppliers by transaction value (i.e., key suppliers). The number of suppliers completing the survey during this period were as follows: 72 suppliers in 2021, increasing to 116 suppliers in 2022, and reaching 153 suppliers in 2023.

◆ **Number of Suppliers Completing the Survey from 2021 to 2023**



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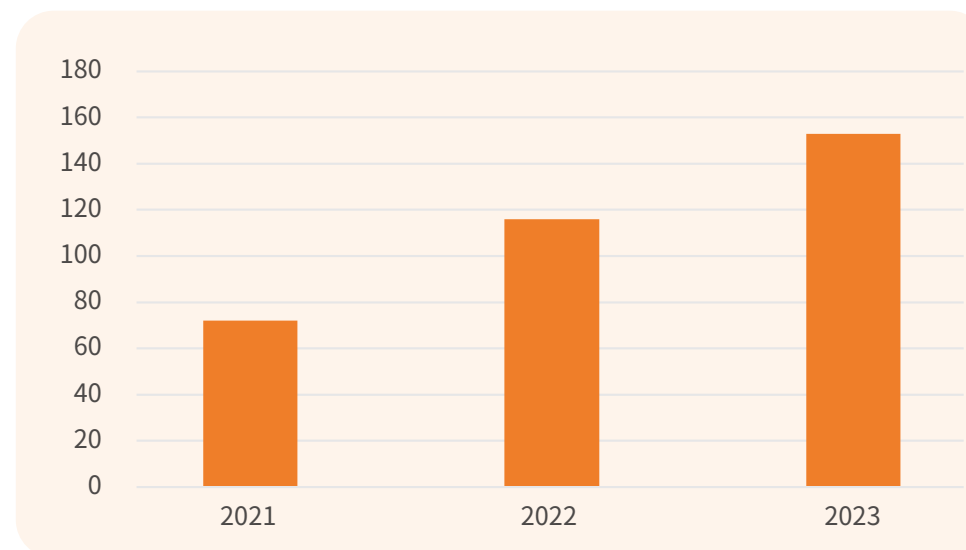
## 2.4 Risk Assessment Process

Accton regards supply chain risk management as a key component of its competitive advantage. Within the industry Accton operates, common risk factors can be briefly categorized across economic, environmental, and social dimensions based on industry characteristics.

### Risk Assessment

Accton conducts risk assessments across three dimensions: economic, environmental, and social. The factors considered in these risk assessments include:

| Economic | Environmental | Social |
|---|---|---|
| • Quality, cost, delivery time, service, innovation, management, and technical capability<br>• Business ethics<br>• Integrity management<br>• Sole or critical supply source<br>• Supplier automation capability | • Compliance with environmental regulations<br>• Environmental management systems<br>• Climate change<br>• Water resource management<br>• Waste and air pollution management | • Employee health and safety<br>• Human rights<br>• Labor practices<br>• Responsible minerals management<br>• Labor working hours |

Based on the aforementioned factors, Accton analyzed the 2023 market conditions and the industries of its suppliers to identify the primary high-risk sustainability factors and high-risk supplier industry categories for the supply chain in 2023. The results are presented in the table below:

| | Economic Risk Factors | Environmental Risk Factors | Social Risk Factors |
|---|---|---|---|
| | • Sole supply source<br>• Supplier automation capability<br>• Integrity management | • Compliance with environmental regulations<br>• Water resource management<br>• Climate change | • Employee health and safety<br>• Labor working hours<br>• COVID-19 |
| **High-Risk Supplier Industry Categories** | **IC** | **PCBs/cables/ enclosures** | **PCBs/power supplies/cables/ enclosures** |

In 2023, Accton harmonized its supplier audit forms based on RBA requirements to review and evaluate suppliers on environmental and social risk factors. No non-compliant suppliers were identified during these assessments.

## III. Launch of the Zero Carbon Chain Project

On April 21, 2023, Accton held a supplier sharing conference for the Zero Carbon Chain Project, specifically choosing the day before Earth Day to emphasize the importance of this initiative. The theme of the conference was "Zero Carbon Chain," aimed at building consensus with supplier partners to jointly develop ESG sustainability and carbon reduction action plans. The event underscored the significance of future carbon reduction and ESG sustainability actions in Accton's overall supply chain management.

### 1. Carbon Reduction Goals

Accton aims to reduce carbon emissions by 50% by 2030 through internal process optimization and product design. In collaboration with supply chain partners, the Zero Carbon Chain Project will be pragmatically advanced, working towards the goal of net zero carbon emissions by 2050. A critical strategy for 2026 includes joint decarbonization growth with upstream and downstream partners.

The implementation steps begin with energy management and continuous energy-saving and carbon reduction mechanisms, progressing through process design, product improvements across the supply chain, and the establishment and procurement of global renewable energy sources.

In September 2023, Accton, in collaboration with 10 supply chain partners, received the "Low Carbon and Smart Manufacturing Upgrade Transformation Subsidy Program" from the Ministry of Economic Affairs Industrial Development Bureau. This initiative, following the "Supply Chain One Leading Ten" model, collectively works towards achieving energy-saving and carbon reduction goals. This Project Has Established Three Major Goals:

- Accton aims to achieve a relative reduction of 20% in carbon emissions while expanding its production capacity.
- Precise carbon footprint calculations, including calculating the carbon footprint from raw material processing by collaborative manufacturers to in-factory processes. This is to prepare for potential future carbon tariff reporting requirements for product exports.
- Suppliers are encouraged to adopt carbon emissions reduction measures and to amplify these effects further.

For this project, Accton collaborates with key suppliers to promote green product design and optimize local supply chains. Additionally, Accton has established the "Accton Academy of Sustainability" to integrate resources, provide educational training, offer energy-saving and carbon reduction tools, and share industry energy-saving experiences. This capacity-building initiative aims to assist supply chain and industry partners in reducing carbon emissions and expanding sustainable impact.

### 2. 2023 Project Outcomes

- Continuous optimization of process equipment, anticipated to complete new machine improvements by the first quarter of 2024.
- Assisted 10 suppliers in setting up energy measurement equipment to obtain actual electricity usage data and establish improvement baselines.
- In November 2023, the Accton Academy of Sustainability launched training courses for senior executives to help partners complete and present their "Carbon Reduction Roadmap," clearly defining their carbon reduction timelines and goals based on their company conditions and future plans.
- Assisted supplier partners in optimizing processes, improving yield, and reducing waste production to achieve set carbon reduction goals.

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## 3. Future Plans

- Process Electricity Carbon Reduction Management: Accton will first introduce a real-time electricity information monitoring system and use data management to adjust production schedules, ultimately achieving continuous optimization of low-carbon production lines.
- Upstream and Downstream Collaboration on Product Carbon Footprint: Initially, reduce energy consumption during the product testing phase for downstream customers. Establish a carbon footprint management platform and collaborate with upstream suppliers on carbon reduction projects to achieve estimated carbon reductions. The carbon footprint management platform aims to introduce a carbon pricing management mechanism in future procurement.
- Continued Expansion of Impactful Carbon Reduction Initiatives: Implement Accton's sustainable supply chain management mechanism, aiming to obtain ISO 20400 Sustainable Procurement Guidelines certification. Share various carbon reduction experiences with partners in the Zero Carbon Chain Project. Continue offering Accton's sustainability courses, inviting suppliers to participate and actively promoting energy-saving and carbon reduction concepts and practical methods to expand sustainable impact.

## IV. Environmental Management

Accton Group is committed to implementing Hazardous Substance Free (HSF) management. Our Hsinchu HQ, Zhunan Plant in Taiwan, JoyTech plant in Shenzhen, China, and the recently established factory in Vietnam have all continuously passed the annual certification of the IECQ QC080000 system. All products comply with international environmental regulations (e.g., EU RoHS, REACH directives), aiming to achieve the goal of using environmentally friendly materials through green supply chain management. This allows Accton to produce and provide customers with low-pollution green products that reduce associated harm to humans and the environment.

Accton Group reviews and updates the "QPC-CE05 Product Hazardous Substance Management Procedure" based on international regulations, customer requirements, and green regulatory trends. This procedure fully covers the "IEC 62474 Material Declaration Standards." In 2023, a total of 203 suppliers responded with hazardous substance-related reports, involving 2,242 BOMs. All materials used comply with international standards and customer requirements.

## V. Conflict Minerals

### Supplier Management

### ◆ 1. Accton Group's Responsible Conflict Minerals Development History

**2022~2023**

Increasing awareness of human rights risks in the supply chain has led to more calls for investigations into minerals such as mica. Primarily sourced from India, the mining of mica heavily relies on illegal operations involving child labor. Mica is often used in electronic product coatings. To protect human rights, Accton has initiated due diligence investigations, including the EMRT for mica.

**2021**

Following the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" Accton conducts ongoing CMRT/CRT investigations.

**2013~2019**

Conflict Minerals Reporting Template (CMRT)
Accton has initiated due diligence for cobalt metal using the CRT.

**2013**

Accton has established a management policy and requirements for "Non-use of conflict minerals."

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## ◆ 2. 100% Non-Use of Conflict Minerals in Accton Group Components

**100%**
Completion of CMRT/ EMRT surveys with 193 suppliers.

**100%**
Completion of at least one quarterly audit and implementation of corrective measures.

**100%**
Compliance with customer investigation requirements.

Respecting international human rights and corporate social responsibility, Accton Group avoids using minerals from areas affected by armed conflict and human rights abuses. Through regular due diligence as part of the Responsible Minerals Initiative (RMI), suppliers are required to source raw materials that do not originate from Conflict-Affected and High-Risk Areas (CAHRAs). This is to prevent indirect human rights violations and ensure compliance with national and international laws. For details, please view:

https://www.accton.com/esg-home/topics/governance/conflict-minerals/

Accton Group values the thoughts and opinions of its suppliers and ensures the protection of their legitimate rights and interests. Suppliers can maintain good interaction and provide feedback through the stakeholder section on the company website (https://www.accton.com/interested/)

## ◆ 3. Accton's Responsible Conflict Minerals Management Process

**1 Establishment of Conflict**
· Accton has published its responsible procurement policy on the company website.
· New qualified suppliers are required to sign a "Product Procurement Agreement," guaranteeing that the goods supplied to Accton Group do not contain gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt(Co), mica, or other metal substances that directly or indirectly fund or assist high-risk areas identified by the OECD. Suppliers must implement due diligence on the origin and chain of custody of these materials and provide Accton with their due diligence measures upon request.

**2 Risk Identification and Assessment**
· Accton identifies the scope of suppliers and conducts investigations using the CMRT/EMRT templates.
· Review the surveys completed by suppliers and compile findings into the Accton Group's Conflict Minerals Report (CMRT/EMRT).

**3 Due Diligence**
· Accton only accepts metals from smelters and refiners that are certified through the Responsible Minerals Assurance Process (RMAP) and confirmed by the RMI.

**4 Investigation and Review**
· At least once per quarter, Accton audits the list of completed investigations against the compliance list on the RMI website.

**5 Open disclosures**
· Accton updates its due diligence reports at least once annually, publishes these reports on the company website, and provides the investigation results upon customer request.

## ◆ 4. Distribution and Proportion of Qualified Smelters:

To ensure responsibility for conflict minerals at the source, Accton annually conducts risk assessments to screen suppliers that need further investigation. This process utilizes the CMRT and EMRT templates from the Responsible Minerals Initiative (RMI) and the latest compliant smelter lists published by the RMI to identify overall risks. According to the 2023 survey results, Accton's supply chain used a total of 218 qualified smelters. The distribution of these smelters is primarily in Asia, followed by Europe.

North America
**10.09%**

South America
**6.42%**

Europe
**18.35%**

Africa
**3.21%**

Asia
**61.01%**

Oceania
**0.92%**

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## TUNGSTEN



- South America 4%
- Europe 11%
- North America 14%
- Asia 71%

## GOLD



- South America 2%
- Africa 3%
- Oceania 1%
- North America 11%
- Europe 31%
- Asia 52%

## TANTALUM



- South America 10%
- Europe 13%
- North America 20%
- Asia 57%

## TIN



- North America 6%
- Africa 2%
- Europe 9%
- South America 17%
- Asia 66%

## COBALT



- Oceania 3%
- Europe 10%
- Africa 13%
- Asia 74%

## VI. Zhunan Plant Recognized with Green Procurement Excellence Awards

Accton Technology is committed to achieving sustainable development goals and integrating sustainability actions into its business operations. In 2023, Accton's Zhunan plant actively aligned with the government's green procurement policy, earning recognition from the Ministry of Environment and receiving the "Outstanding Achievement in Green Procurement by Private Enterprises and Groups in Miaoli County - Special Distinction Award."

We profoundly recognize that Earth's resources are limited and aim to achieve environmental protection benefits through concrete green consumption practices. When procuring packaging materials, office supplies, office equipment, and electrical appliances, the Zhunan plant selects products with environmental labels or certifications recognized by the Ministry of Environment, such as FSC, PEFC, Energy Star, Water-saving Label, and Energy-saving Label. This approach reduces energy and resource consumption, fulfilling our corporate responsibility for environmental protection and promoting the development of green industries through green procurement actions.

Receiving this award affirms our environmental efforts. In the future, we will more actively implement environmental protection and management policies, balancing environmental and economic development, fulfilling our corporate social responsibility, and contributing to a sustainable future for the planet and its inhabitants.

# 3 Environmental Sustainability

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# 3.1 Climate Change Response

## I. 2023 Accton Climate Risk and Opportunities

### Risk and Opportunity Matrix

- A compilation of the climate risks and opportunities for high-tech electronics and network communication equipment manufacturing, based on feedback from senior management surveys assessing the likelihood and impact of industry-related risks and opportunities. The resulting Accton risk and opportunity matrix is plotted accordingly.
- Initially, risks are sorted by risk score. Then, considering Accton's current operational status and industry characteristics, these risks and opportunities are filtered and ranked in sequence to determine material climate-related risks and opportunities.



| Major Risks/ Opportunities | Category | Climate Scenario | Time | Financial Impact Type | Financial Impact | Response Strategies |
|---|---|---|---|---|---|---|
| R2 (Policy and Regulations) Enhanced Emission Reporting Obligations | Transition Risk | SSP1 | Medium-term | Cost increase | Estimated annual expenditure of approximately NT$2.5 million (for guidance, audit, verification, reporting, and manpower investment) | 1. Promote ISO 14064-1 GHG inventory at global operational sites<br>2. Engage a professional third party to verify ISO 14064-1 GHG emissions.<br>3. Assign the ESH department to identify regulations at operation locations and conduct inventory and reporting.<br>4. The ESG Committee is responsible for climate change risk management, climate change adaptation, formulating response strategies, setting reduction targets, planning and implementing climate mitigation actions, and reporting to the Board of Directors annually. |
| R4 (Technological Risk) Products and Services Supplanted by Low-Carbon Technologies | Transition Risk | SSP1 | Long-term | Decrease in revenue | Anticipating the low-carbon trend in the market due to climate change, failure to timely respond may lead to a decline in product sales, affecting revenue. Given the multitude of factors involved, the Company will further evaluate the implications. | 1. Continuously increase investment in research and development of key networking equipment (such as network switches, network application equipment, network access equipment, etc.) with low energy consumption and high transmission efficiency technologies.<br>2. Collaborate with major customers:<br>  (1) Develop low energy consumption specifications, low-carbon, and high-efficiency applications.<br>  (2) Promote carbon reduction and net-zero emissions: green manufacturing processes, green factories, introduction of renewable energy, and energy-saving projects to reduce customer Scope 3 emissions.<br>3. Develop patents related to low-carbon, high-efficiency, and carbon-reduction applications.<br>4. Participate in international initiatives. |

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| Major Risks/ Opportunities | Category | Climate Scenario | Time | Financial Impact Type | Financial Impact | Response Strategies |
|---|---|---|---|---|---|---|
| R11 (Acute Physical Risk) Increased Severity of Extreme Weather Events | Physical Risk | SSP5 | Medium-term | Decrease in revenue | It is anticipated that climate change will lead to an increase in the frequency and intensity of extreme weather events, causing potential financial impact on Accton Technology due to operational disruptions, equivalent to approximately 1 to 5 days of revenue. | 1. Implement ISO 22301 Business Continuity Management System and obtain third-party certification. 2. Operate a risk management system. 3. Conduct climate scenario stress tests at operational sites. 4. Promote damage prevention programs at high-risk sites. 5. Increase production sites in different countries. |
| O6 (Products and Services) Develop or Expand Low-Carbon Products and Services | Opportunity | SSP1 | Long-term | Increase in revenue | As the market shifts towards a low-carbon economy due to climate change, Accton anticipates new business opportunities from expanding or developing climate-friendly products and services. This could potentially increase revenue by approximately NT$4-6 billion by 2030. | 1. Continuously collect and track industry trends in energy saving and low-carbon development. 2. Increase R&D investments 3. Proactively communicate and collaborate with customers. 4. Develop patents related to low-carbon, high-efficiency, and carbon-reduction applications. |
| O7 (Products and Services) Capitalize on Carbon Reduction Opportunities | Opportunity | SSP1 | Long-term | Increase in revenue | Consolidate internal resources and provide products and services for carbon reduction or low-carbon applications through R&D and innovation. Empower both new and existing clients in achieving their carbon reduction commitments and goals. Consequently, thus increasing sales of new products and services and boosting corporate revenue. Increase in corporate revenue. | 1. Leverage Accton's expertise and experience in energy-saving technologies and processes. 2. Integrate IoT and AI computing technology. 3. Offer innovative services and penetrate niche markets. |
| O2 (Resource Efficiency) Towards More Efficient Buildings | Opportunity | SSP1 | Medium-term | Cost reduction | Compared to traditional facilities, it is estimated that electricity expenses can be reduced by 10-15%. | 1. Implement green building designs for the new Zhubei plant. 2. Conduct sunlight and ventilation simulations prior to design. 3. Procure high-efficiency facility systems. |

*IPCC AR6 adopts Shared Socioeconomic Pathways (SSPs) to estimate future GHG emission scenarios, including five pathways: very low emissions (SSP1-1.9), low emissions(SSP1-2.6), intermediate emissions (SSP2-4.5), high emissions (SSP3-7.0), and very high emissions (SSP5-8.5).

## Risk Patterns：

**R2 (Policy and Regulations) Enhanced Emission Reporting Obligations：**

1. The Financial Supervisory Commission (FSC) promotes transparency in carbon inventory disclosure for TWSE/TPEx-listed companies, mandating three stages of mandatory disclosure based on industry and capital thresholds.

2. Accton's market capitalization is between NT$5 billion and NT$10 billion, and therefore subject to the second phase of FSC regulations. The primary manufacturing center in Taiwan, located in Zhunan Township, emits approximately 11,000 tons of greenhouse gases annually. According to FSC's schedule, Accton will be included in mandatory inventory reporting by 2025.

3. To comply, Accton must establish a GHG inventory mechanism based on ISO 14064-1. Related investments include external advisory guidance, third-party verification, internal manpower allocation, and relevant departmental inputs, leading to increased operational costs.

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**R4(Technological Risk) Products and Services Supplanted by Low-Carbon Technologies：**

1. Climate change has already resulted in severe global impact, with the global average temperature increase reaching 1.09° C (studies indicate a range of 1.1° C to 1.7° C for 2022-2026).

2. At the 2021 United Nations Climate Change Conference (COP26), a consensus was reached to combat climate change, aiming to limit global warming to 1.5° C by the end of this century. To achieve this challenging goal, many countries have set net-zero emission targets, and industries are transitioning towards lower energy consumption and carbon emissions in their manufacturing processes, products, and services.

3. Accton's primary product, network switches, is essential for building network environments, usually operating 24/7 and significantly impacting electricity costs for data centers or enterprise networks. Recently, low-energy consuming and energy-efficient products have gained popularity. If Accton's network switches do not keep pace with market trends or customer expectations in terms of energy performance or design, sales may decline, leading to reduced revenue.

**R11 (Acute Physical Risk) Increased Severity of Extreme Weather Events:**

1. The United Nations Intergovernmental Panel on Climate Change (IPCC) released the Sixth Assessment Report (AR6) on August 9, 2021, indicating that under the SSP5-8.5 scenario, Taiwan's average annual total rainfall is expected to increase by approximately 13% and 29% by mid-century and late-century, respectively. The average annual maximum 1-day heavy rainstorm intensity is expected to increase by about 22% and 43%, respectively. In the Taoyuan-Hsinchu-Miaoli area, the 24-hour cumulative rainfall is expected to reach 450mm and 600mm.

2. The Zhunan plant and surrounding areas may experience flood heights of 1-2 meters, affecting employee commutes and potentially leading to reduced production capacity due to insufficient manpower.

3. Our main production base in mainland China, JoyTech, located in Bao'an District, Shenzhen, Guangdong Province, has experienced multiple flooding events due to heavy rains in recent years. In 2018, a heavy rainstorm event resulted in 414mm of rainfall within 24 hours. According to IPCC estimates, the 24-hour cumulative rainfall could reach 505mm and 600mm by mid-century and late-century, respectively. Such heavy rains can cause flooding that lasts for several days, disrupting transportation and possibly requiring the local government to initiate resident evacuations. This could result in production disruptions at the JoyTech plant lasting several days or more, impacting shipments and leading to decreased revenue if no alternative solutions are found.

## Opportunity Scenarios:

**O6 (Products and Services) Develop or Expand Low-Carbon Products and Services:**

1. As the global economy transitions towards a zero-carbon economy in response to climate change, the specifications and applications of technology electronic products are evolving towards high efficiency and low carbon emissions.

2. Developing or expanding low-carbon products and services will be pivotal for Accton to capture low-carbon business opportunities, potentially increasing revenue through market expansion.

**O7 (Products and Services) Seizing Carbon Reduction Opportunities: Through R&D and innovation, Accton's provision of products and services for carbon reduction or low-carbon applications will help new and existing customers meet their carbon reduction commitments and targets. This will enhance the sales of new products and services, increasing corporate revenue. This leads to increase in corporate revenue.**

1. Automatically adjust cooling modes based on the environmental and load requirements during product operation. This not only reduces the carbon footprint during the end customer's usage phase but also helps brand customers reduce Scope 3 emissions, decoupling network transmission volume from energy consumption.

2. Leverage Accton's experience and expertise in carbon emissions reduction for business operations, integrate core R&D technologies, optimize the combination of mechanical, electrical, and thermal systems, and utilize IoT and AI applications to offer new products on the market.

**O2 (Resource Efficiency) Towards More Efficient Buildings: Constructing green and sustainable buildings or implementing energy management systems enhances overall resource usage efficiency, reducing resource consumption and pollutant emissions. This leads to reduced direct operational costs for the enterprise.**

1. Green Building Design: The Zhubei plant adopts Green Building Silver Standards, projected to save at least 10-15% in energy compared to traditional plants. The new high-efficiency facility systems include chiller systems, HVAC systems, air compression systems, and energy-saving lighting systems, with an estimated investment of NT$160 million.

2. Implementing Energy Management Systems: Accton's plants in mainland China and the Hsinchu plant have already implemented ISO 50001 Energy Management Systems. The Zhubei plant is expected to implement the system once operations stabilize by 2025. By integrating smart meters and setting up an energy monitoring platform, continuous improvements can be made to reduce energy costs and operational expenses.

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## II. 2023 Accton TCFD Implementation

### ◆ Task Force on Climate-Related Financial Disclosures (TCFD) – Governance

| TCFD Four Core Pillars | | | Current Management Practices at Accton Technology |
|---|---|---|---|
| Governance | Climate Related Risks and Opportunities Governance | Board of Directors Oversee Climate Related Topics | 1. The Board of Directors is the highest supervisory body for climate change at Accton Technology. The ESG Committee regularly reports on climate change management and performance during board meetings.<br>2. The Board of Directors oversees climate change-related management operations at Accton. Their responsibilities include reviewing climate-related strategies, annual targets, action plans, annual budgets, and major financial expenditures. They also track the achievement of the previous year's targets and management performance.<br>3. The Board provides guidance and directions for adjustments and improvements based on the performance and target achievement reports presented by the ESG Committee. |
| | | Management's Assessment and Handling of Climate-Related Issues | 1. The ESG Committee is the highest executive unit for managing climate change at Accton, and chaired by a senior vice president, with the ESG Office acting as the secretary. The ESG Committee annually identifies climate change risks and opportunities, formulates response strategies, and sets targets for material financial and strategic risks and opportunities. The Green Manufacturing Committee under the ESG Committee is responsible for implementing climate change-related action plans and tracking KPI performance.<br>2. The Green Manufacturing and Environment Committee reports the status of target achievement, current KPI status, and action plan performance to the ESG Committee.<br>3. Accton Technology Climate Governance Structure: Board of Directors (climate-related topics supervision, major decision-making) → ESG Committee (climate-related goal setting, strategy development, action plan planning and implementation, and tracking and management). |
| Strategy | | | 1. Accton's Definition of Short-, Medium- and Long-term and Major Climate-related Risks and Opportunities:<br>A. Short term (1-3 years): (physical) Increase in severity of extreme weather events<br>B. Medium term (3-6 years): (Transition) Enhanced reporting obligations for emissions, (Transition) Increased price of greenhouse gas emissions, (Transition) Products and services are supplanted by low-carbon technology, (Transition) increased raw material costs, (Physical) increased severity of extreme weather events, (Transition) increased stakeholder concerns and negative feedback<br>C. Long term (7-10 years): (Transition) Products and services are supplanted by low-carbon technologies, (Transition) raw material costs increase, (Physical) the severity of extreme weather events increases<br>2. Accton identifies material climate-related financial risks and opportunities through four steps: (Compilation) Gather potential climate-related risks and opportunities in the technology and network communications industry. → (Convergence) Assess risks and opportunities based on product and service types, changes in operational climates, regulatory trends in operating and sales markets, major customer climate change strategies, etc. → (Materiality Analysis): Senior management determines risk scores based on the likelihood of climate-related risk and opportunity events occurring and their impact on Accton Technology. → (Strategic Response) Develop strategies to address these risks, (including major investments or expenditures). |

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| TCFD Four Core Pillars | | Current Management Practices at Accton Technology |
|---|---|---|
| **Strategy** | | 1. For material climate-related risks and opportunities, the ESG Committee analyzes the causes and degrees of impact on the organization and proposes response strategies and formulates corresponding action plans. They also assess the resources and costs required by the organization. Once the ESG Committee confirms the direction, it reports to the Board. Any business action plans involving significant resource allocation and expenditures must be approved by the Board before implementation.<br><br>A.In response to future greenhouse gas emission costs and rising carbon prices, the first step in Accton's carbon management strategy defined by the ESG Committee is to set short-to-medium-term reduction targets and long-term net-zero emission goals. The priority is given to organizational reduction initiatives, followed by offsetting remaining emissions through the purchase of green energy certificates and other decarbonization measures.<br>B.To address the risk of products and services being supplanted by low-carbon technologies, and to enhance customer trust and strengthen partnerships, Accton proactively responds to customer expectations for low-carbon products. Without compromising the product specifications and quality requirements, we work with customers on projects to reduce the burn-in time of products during the manufacturing stage, which greatly reduces the electricity required for product manufacturing.<br>2. The climate scenarios considered by Accton Technology include the 1.5°C and 2°C scenarios in which the world is moving towards net-zero and low carbon transition, and the 4°C scenario in which the world is still focusing on accelerating economic growth, using fossil fuels without restrictions, and passively facing the continuous increase in atmospheric $CO_2$ concentration caused by climate change<br><br>3. Our carbon reduction strategy prioritizes carbon reduction in the R&D, design and manufacturing stages.<br>R&D design: After a carbon footprint inventory of products, it was found that the carbon emissions of network communications products during the use phase account for about 90% of the carbon emissions during its entire life cycle. Therefore, we will continue to work with our customers to start from product R&D. This includes the use of high-efficiency chips, low-energy consuming power supplies, new heat dissipation designs, increasing the proportion of recycled materials, and using a product carbon footprint calculation system to understand the improvement of the carbon emissions of each product.<br>Manufacturing Phase:<br>1. Factory construction has commenced incorporating green building design principles, including insulation and natural ventilation design for the building. 2. Facility Systems: Implementation of new high-efficiency plant facilities, including chiller systems, HVAC systems, air compression systems, and energy-saving lighting systems. 3. Installation of photovoltaic solar power systems to increase the proportion of renewable energy usage. 4. Implementation of rainwater harvesting systems to reduce the consumption of raw water. 5. Process Improvement: Collaborate with clients to optimize process parameters while maintaining product reliability, thereby reducing carbon emissions from processes. |
| **Risk Management** | **Identification, Assessment, and Management of Climate Related Risks** | 1. Accton Climate-Related Risk Management Process:<br><br>A.Climate-related risk/opportunity events ① Likelihood of occurrence (1 to 5, from low to high) and the ② impact level on Accton (1 to 5, from low to high).<br>B. ① Likelihood of Occurrence * ② Impact Level = Materiality Score<br>C.Materiality scores are ranked from high to low.<br>D.Materiality rankings are discussed, adjusted, and determined by senior executives, identifying material risks and opportunities for Accton<br>2. Accton has identified transition risks arising from "Taiwan's Pathway to Net-Zero Emissions in 2050" announced in 2022. The primary regulatory transition risk faced by Accton involves the FSC mandating TWSE/TPEx-listed companies to disclose their carbon inventory results in three phases based on specific industry sectors and capital thresholds. Accton, with a market capitalization ranging from NT$5 billion to 10 billion, falls under the second phase of this regulation. By 2025, the Company is required to disclose the results of the greenhouse gas inventory from the previous year in its annual report, covering all global operations directly controlled by Accton.<br>3. Climate-related topics are a primary focus for Accton, overseen by the ESG Committee. The ESG Committee consistently evaluates, assesses, analyzes, and manages risks tied to climate change. They convene quarterly to monitor progress toward objectives and review the status of management effectiveness, reporting their findings to the Board of Directors.<br>4. After identifying material climate-related risks, the ESG Committee evaluates the timing of these risks and their potential financial impacts on Accton. Based on the nature and severity of the risks, the Committee proposes appropriate response strategies. These strategies prioritize mitigation first, followed by control, transferring the risk, and ultimately, acceptance. |

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| TCFD Four Core Pillars | | Current Management Practices at Accton Technology |
|---|---|---|
| **Indicators and Targets** | **Evaluate and manage climate-related risks and opportunities through specific indicators and targets** | 1. Accton's main carbon reduction targets are to reduce carbon emissions by 50% by 2030 and achieve net-zero emissions by 2050.<br>2. In addition to monitoring greenhouse gas emissions, Accton tracks climate change-related performance using other indicators such as energy consumption, electricity intensity, municipal water use, waste output, and recycling rates.<br>3. Accton prioritizes climate change management and fosters innovation among its staff. We have introduced the "Production Nobel Prize" to financially reward employees whose proposals for improving production efficiency or energy conservation are approved.<br>4. Accton is currently formulating an internal carbon pricing strategy, intending to assign carbon emissions to various processes and products based on working hour allocation. The plan is to establish an internal carbon price using shadow pricing within the next two years, which will be an essential tool for managing greenhouse gas emissions. |
| | | 5. Since 2018, Accton has been conducting greenhouse gas inventories according to ISO 14064-1 and the guidelines provided by the Ministry of Environment. The initial scope of these inventories commenced with Accton HQ and JoyTech, expanding by 2021 to include Accton HQ, Plant 2, the Zhunan Factory, Edgecore, Shenzhen JoyTech, and various offices, incorporating Scope 3 (Categories 3 to 6).<br>6. 2023 Greenhouse Gas Inventory Emissions:<br>   A.Scope 1: 722 $tCO_2e$<br>   B.Scope 2: 43,475 $tCO_2e$<br>   C.Scope 3: 39,703 $tCO_2e$ (Category 3 - 6) |

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# 3.2 Energy Saving and Carbon Reduction

## I. Greenhouse Gas Emissions Statistics

Accton is actively responding to international carbon reduction trends by setting 2021 as the baseline year, with goals to reduce carbon emissions by 50% by 2030 and achieve net-zero carbon emissions by 2050. The first phase of carbon reduction involves a comprehensive greenhouse gas inventory.

The boundaries primarily include: Direct greenhouse gas emissions and removals (Category 1) and indirect greenhouse gas emissions from imported energy (Category 2). Other indirect greenhouse gas emission sources (Categories 3 to 6) are considered based on the significance principle by evaluating data sources and quality. Starting from 2022, the calculation scope was expanded to include: 3.1 Emissions from upstream cargo transportation and distribution; 3.3 Emissions from employee commuting; 3.5 Emissions from business travel; 4.1 Emissions from purchased goods; 4.3 emissions from solid and liquid waste disposal.

In 2023, the carbon emissions in Categories 1 and 2 were higher compared to 2022, primarily due to the capacity expansion at Vietnam Accton's and Zhunan plants.

The verification process referenced the ISO 14064-1:2018 standard and the Ministry of Environment's greenhouse gas inventory and registration guidelines.

Unit: $tCO_2e$/year

| Plant | 2020 | | 2021 | | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Category 1 | Category 2 | Category 1 | Category 2 | Category 4 | Category 1 | Category 2 | Category 3 | Category 4 | Category 1 | Category 2 | Category 3 | Category 4 |
| Accton HQ (Taiwan 1) | 255 | 3,836 | 252 | 3,556 | 700 | 251 | 2,899 | 795 | 535 | 286 | 3,006 | 847 | 580 |
| Accton RMA | n/a | 341 | 126 | 306 | 44 | 9 | 307 | 48 | 42 | 9 | 304 | 47 | 42 |
| Zhunan Plant (Taiwan 2) | 120 | 3,252 | 2,215 | 7,721 | 1,401 | 548 | 11,234 | 2,219 | 1,553 | 372 | 13,329 | 36,286 | 1,791 |
| Offices across Taiwan | n/a | 431 | 19 | 305 | - | 22 | 378 | - | 66 | 24 | 405 | - | 72 |
| Edgecore (Taipei/Taichung/Tainan) | n/a | n/a | 18 | 465 | - | 6 | 206 | - | 36 | 6 | 211 | - | 38 |
| Joy Technology (JoyTech) | 40 | 23,790 | 49 | 27,979 | - | 33 | 23,208 | - | - | 25 | 24,074 | - | - |
| Vietnam Accton | - | - | - | - | - | - | - | - | - | 0 | 2,147 | - | - |
| Subtotal | 415 | 31,650 | 2,679 | 40,332 | 2,145 | 869 | 38,232 | 3,062 | 2,232 | 722 | 43,475 | 37,180 | 2,523 |

* Note 1: The emission factor for Taiwan is based on Taipower's 2022 emission factor of 0.495 kg $CO_2e$/kWh. The emission factor for JoyTech is based on China Southern Power Grid's 2023 electricity emission factor of 0.9489 kg $CO_2e$/MWh. The emission factor for Vietnam Accton is based on the grid's emission factor of 0.7221 kg $CO_2e$/kWh.

* Note 2: Accton HQ (Taiwan 2), Accton RMA, and Zhunan Plant engaged in third party verification.

* Note 3: The scope for Hsinchu HQ covers Accton HQ and Edgecore's Hsinchu office.

* Note 4: The carbon emission data for Accton and Edgecore offices (Taipei/Taichung/Tainan offices) as well as Vietnam Accton were self-inventoried.

* Note 5: JoyTech was verified by a third party commissioned by the Shenzhen Municipal Government.

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## ◆ Historical Greenhouse Gas Emissions (Categories 1+2)

Greenhouse Gas Emissions
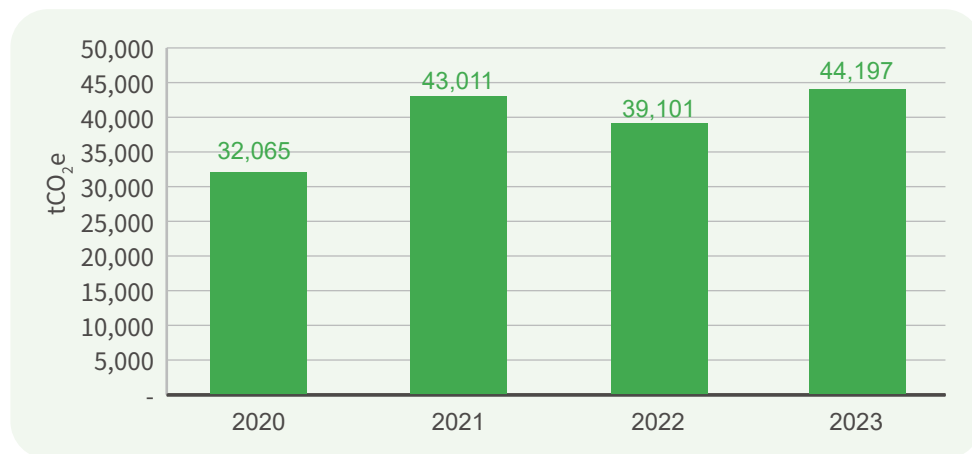


## II. Greenhouse Gas Emission Intensity

In response to international trends, greenhouse gas emission intensity has been added as a management indicator. The table below indicates the relationship between Category 1 and Category 2 data and revenue. Starting from 2022, Categories 3 to 6 data are disclosed according to the significance principle of ISO 14064, revealing related upstream and downstream carbon emissions data.

Greenhouse Gas Emission Intensity
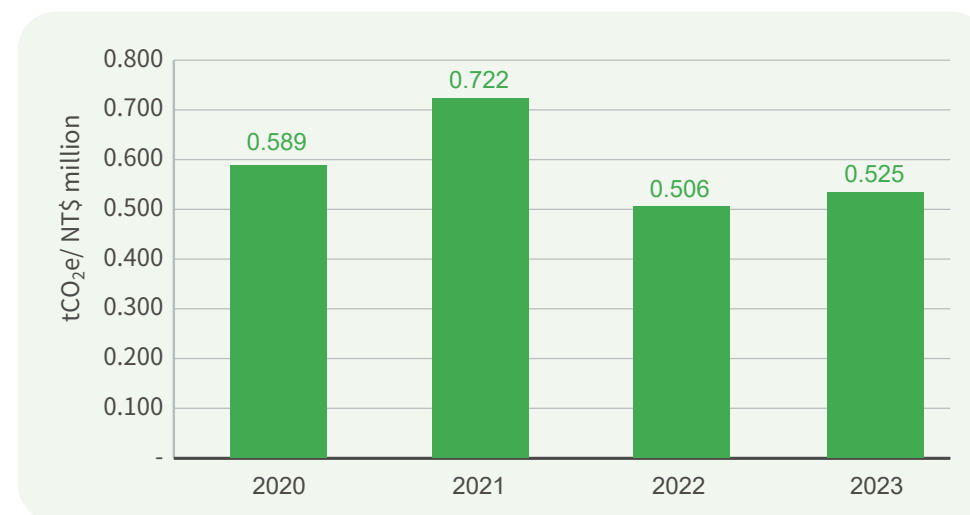


Unit: tCO$_2$e/ NT$ million

| Year | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Greenhouse Gas Emission Intensity | 0.589 | 0.722 | 0.506 | 0.525 |

Note: Greenhouse Gas Emission Intensity = Greenhouse Gas Emissions (tCO$_2$e) / Total Revenue (NT$ million)

Accton scored a D on the International Carbon Disclosure Project (CDP) questionnaire in 2021, improved to a B in 2022, and maintained a B in 2023.

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## III. Energy-Saving Achievements

Since operational electricity consumption is the primary source of the Company's carbon emissions, the following improvement measures have been implemented starting in 2023:

- Accton conducts detailed energy consumption inventory by segregating electricity usage based on the purpose within the plant. Sub-meters have been installed for each area, and the electricity usage data is uploaded to the cloud. This allows for accurate monitoring of electricity consumption and measurement of energy-saving performance.
- Accton has optimized production by analyzing the electricity usage of production machines. By closely monitoring the energy consumption patterns, the Company can identify potential anomalies and detect abnormal energy usage hotspots. Once these hotspots are identified, necessary improvements are made.
- Accton has improved its equipment by evaluating and adjusting the testing methods of high and low-temperature testing equipment within the plant. These adjustments aim to reduce energy consumption during the heating and cooling processes, thereby enhancing overall energy efficiency.

## ◆ Energy Saving Achievements

| Plant | Energy Saving Measures | Implementation |
|---|---|---|
| Hsinchu HQ | Cleaning of Chiller Condensers | **Energy Savings Calculation**<br>In 2022, the total power consumption of the chiller equipment was 830,005 kWh.<br>Condenser Approach Temperature (℃) = Condenser Temperature (℃) — Cooling Water Outlet Temperature (℃)<br>Before improvement: The chiller equipment condenser was dirty, resulting in poor heat exchange with an approach temperature of about 5℃.<br>After improvement: The approach temperature was reduced to 3℃. Lowering the condenser temperature by 1℃ reduces power consumption by approximately 2%.<br>Electricity Savings (kWh/year) = 830,005kWh/year×4% (energy savings rate from reducing approach temperature by 1℃) = 33,200kWh/year<br>Formula: 830,005*4%*8/12 = 22,133.467kWh (Time period: May to December 2023)<br>Total electricity savings: 22,133.467kWh |
| Hsinchu HQ | Changing to High-Efficiency Cooling Water Pumps | **Energy Savings Calculation**<br>Energy consumption before improvement: Horsepower (HP) x0.746 (kW/HP) x Quantity (units) x Usage time(hours/year)/ Motor efficiency before improvement (%).<br>20HP*0.746*2*3,240/0.85=113,743<br>Energy consumption after improvement: Horsepower (HP) x0.746 (kW/HP) x Quantity (units) x Usage time(hours/year)/ Motor efficiency after improvement (%).<br>20HP*0.746*2*3,240/0.93=96,681<br>113,743-96,681=17,061 kWh<br>17,061*7/12=9,952.25 kWh (Time period: June to December 2023)<br>Total electricity savings: 9,952.25kWh |
| Hsinchu HQ | Adjusting Chiller Outlet Water Temperature from 7℃ to 8.5 ℃ | **Energy Savings Calculation**<br>Energy Savings= Chiller Power Consumption × (Chiller Water Temperature After Improvement — Chiller Water Temperature Before Improvement) × 2% /℃ (Each 1℃ increase can reduce the chiller power consumption by approximately 2%) × Non-Summer Operation Time<br>830,003*(8.5-7)*0.02*0.75=18,675<br>18,675*11/12=17,118.75 kWh (Time period: February to December 2023)<br>Total electricity savings: 17,118.75kWh |

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# 3.3 Environmental Management

**Boundary:** Includes manufacturing plants: Accton HQ (Plant 1) and Plant 2 in Hsinchu, Zhunan Plant in Miaoli, offices in Taipei, Taichung, and Tainan, and subsidiaries Edgecore, JoyTech in Shenzhen, China, and Vietnam Accton manufacturing plant. Vietnam Accton manufacturing facility commenced operations in 2023; therefore, there is no relevant data prior to 2022.

## I. Environmental Safety and Health Policy

Accton remains deeply committed to the stewardship of Earth's resources and sustainable development, integrating an environmental safety and health management system throughout our entire management framework. We assess the interrelations between processes, products, and the environment, and identify potential safety risks in our manufacturing activities. To prevent accidents and establish emergency response systems, we commit to maintain and continually improve our environmental safety and health practices, ensuring a safe and healthy workplace to achieve sustainable corporate growth. To effectively drive and manage these initiatives, we pledge to:

1. Comply with domestic occupational safety and health regulations, and effectively implement and continuously improve our safety and health management systems.
2. Actively promote resource recycling and industrial waste reduction.
3. Enhance education for employees and manage suppliers and contractors with rigorous environmental safety and health training and awareness.
4. Proactively eliminate unsafe acts and conditions to prevent accidents.
5. Maintain employee health and achieve zero accidents.

## II. Strategy

To achieve environmental protection and sustainable business operations, we actively set management goals for the use and pollution control of various energy resources and continually improve these processes. Implement environmental management to reduce pollution, enhance resource recycling and waste reduction benefits, balance economic and environmental considerations, and fulfill our corporate social responsibilities. To actualize energy conservation and environmental protection, Accton actively implements various energy-saving initiatives in manufacturing facilities and offices, conducting periodic internal audits and third-party verifications to ensure compliance with ISO 14001, ISO 14064, ISO 50001, and relevant environmental regulations.

Environmental and energy management certifications:
https://www.accton.com/esg-documents/

## III. Management Objectives

| Goals | Short-Term Goals 2022-2023 | 2023 Goals | 2023 Results | Mid to Long-term Goals 2024~2026 |
|---|---|---|---|---|
| **No instances of penalties related to environmental pollution.** | 0 | 0 | 0 | 0 |
| **Waste Recycling Rate (%)** | >78 | 78 | 82 | >80 |
| **Electricity Use Intensity (EUI) (MJ/Revenue)** | Reduce by 1% (Combined reduction target for 2022 and 2023, with 2021 as the baseline year) | 3.30 (2021 as base year, reduce by 1%) | 2.64 (20.8% lower than 2021) | Reduce by 25% (Combined reduction target for 2024 and 2026, with 2021 as the baseline year) |

Waste Recycling Rate: Weight of Recycled Material / Total Weight of Waste

Electricity Use Intensity (EUI): Total Electricity Usage (MJ) / Total revenue in NT$ thousands

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# IV. Environmental Management

## 1. Implementation of the ISO 14001 Environmental Management System

Accton annually evaluates the environmental impact of its production activities, products, and services to identify major environmental considerations and develop its environmental management system. The main production sites in Hsinchu HQ (Plant 1), Plant 2, Zhunan Plant, and JoyTech have all obtained ISO 14001:2015 certification for their environmental management systems.

## 2. Compliance with Environmental Regulations:

Accton regards compliance with environmental regulations as a fundamental requirement, striving to minimize the impact on the local ecology.

Monthly, the Company assesses the applicability and legality of changes in environmental regulations and other requirements related to its operations, products, and services, maintaining up-to-date information to drive the planning of its environmental management system. Specific management actions include:

2.1 Collecting and assessing the applicability and compliance of environmental regulations and other requirements.

2.2 Communicating non-compliance issues to responsible departments.

2.3 Tracking the improvement of non-compliance issues by responsible departments.

## 3. Air Pollution Management

Accton is not classified as a high-pollution industry, and it is not subject to regulation under air pollution laws. Additionally, the company does not use substances that deplete the ozone layer. Despite this, the Company is committed to reducing its environmental impact as part of its responsibility as a global citizen. From 2023, Accton commenced the use of two types of low-pollution chemicals to replace organic solvents.

## 4. Wastewater Management

In accordance with wastewater management procedures, relevant operations are executed to ensure effective collection, treatment, and discharge of the Company's wastewater, thus preventing overflow and environmental pollution. Specific management measures include:

4.1 Implementation of leak prevention measures at chemical storage locations to prevent leakage and water contamination.

4.2 Adoption of separate discharge systems for rainwater and wastewater across the Accton's facilities to ensure effective wastewater treatment.

4.3 Integration of the Hsinchu HQ, Plant 2, and Zhunan Plant into industrial zone wastewater treatment centers for proper treatment and discharge.

4.4 Monitoring of wastewater discharge samples from time to time by local wastewater treatment centers, with notifications for improvement in cases of non-compliance with discharge standards.

## 5. Waste Management

Accton's waste management policy focuses on promoting resource recycling and industrial waste reduction through categorized sorting as well as clearance and disposal by government-approved operators for clearance, processing, and reuse.

Following waste management procedures, Accton continuously promotes waste classification, recycling, and reduction, effectively achieving resource recycling, reuse, and minimizing waste generation, thus contributing to environmental protection on Earth.

Specific measures to comply with legal requirements and ensure effective waste clearance, environmental sanitation improvement, resource utilization, stabilization, harmlessness, and economic benefits include:

5.1 Waste is stored by classification and labeled with names such as "general industrial waste" and "hazardous industrial waste" to facilitate identification and treatment.

5.2 Regular maintenance of clean and intact storage containers or facilities to prevent waste scattering, leakage, ground pollution, or odor emission.

5.3 Separate storage of incompatible waste materials.

5.4 Storage containers should be clearly marked with the code and name of the waste contained, and the label shall be distinguished from the "mark of hazardous industrial waste."

5.5 Waste is contained in fixed packaging materials or containers with a seal, placed in storage facilities, and marked with the code and name of the waste, and the label shall be distinguished from the "mark of hazardous industrial waste."

5.6 Storage containers or packaging materials shall be kept in good condition, and shall be replaced in the case of severe rust, damage, or leakage.

5.7 Regular inspection of waste storage area conditions.

5.8 Carry out an annual audit of partner waste disposal companies on a yearly basis. The audits should cover the verification of permits, loading operations of vehicles used for waste disposal, and an audit of storage and disposal facilities.

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## V. Environmental Management Performance and Energy Resource Management Measures

**1. Accton implements environmental protection control according to the ISO14001 standard and has obtained third-party verification. Continuous updates are conducted annually to ensure compliance with standard specifications. Major Accton plants have received verification. For more information, please visit our website: https://www.accton.com/esg-documents/**

### 1.1 ISO14001:2015 Environmental Management System

Accton's Hsinchu HQ (Plant 1), Plant 2, Zhunan Plant, and JoyTech have all obtained ISO 14001:2015 certification for their environmental management systems. Accton's offices in Taipei, Taichung, and Tainan, and Edgecore are not production sites and were not included in the scope of certification.

### 1.2 ISO 14064-1:2018 Greenhouse Gas Inventory

Accton's Hsinchu HQ, Plant 2, and Zhunan Plant have obtained ISO 14064-1:2018 Greenhouse Gas Inventory certification. JoyTech was certified by a third party entrusted by the Shenzhen Municipal People's Government. Vietnam Accton, which was expanded in 2023 and has been operational for less than one year, along with the Taipei, Taichung, Tainan offices, and Edgecore did not undergo third-party verification for greenhouse gas emissions due to their low carbon emissions. Therefore, the data was self-verified.

### 1.3 1.3. ISO 50001:2018 Energy Management System Certification

Accton's Hsinchu HQ (Plant 1), and JoyTech have obtained the ISO50001:2018 Energy Management System certification

**2. In 2023, Accton, Edgecore, JoyTech, and Vietnam Accton did not violate major environmental laws and regulations. (Definition of the major violation of environmental laws and regulations: The cumulative fine of NT$1 million or more for a single incident is deemed a major environmental violation).**

### 3.Statistics on Domestic Sewage Volume (total water consumption)

No wastewater is produced in Accton's production process, and only sewage of employees is discharged. The water policy is to continuously promote water conservation and cherish water resources.

Water conservation measures include:

3.1 Continuously promote water conservation management programs and promotion.

3.2 Replace with water-saving sensor faucets and reduce the water supply to reduce water consumption.

3.3 In 2023, the domestic sewage volume (total water consumption) increased by 1.82% compared to 2022, mainly due to the expansion of Vietnam Accton.

Unit:m³

| Year | 2020 | 2021 | 2022 | 2023 |
|------|------|------|------|------|
| Total | 185,749 | 200,041 | 198,566 | 202,171 |

Note 1: Sewage discharged in the Taipei and Taichung office is included in the centralized discharge of the commercial buildings and is not included in the statistical data.

### ◆ Domestic Sewage Volume
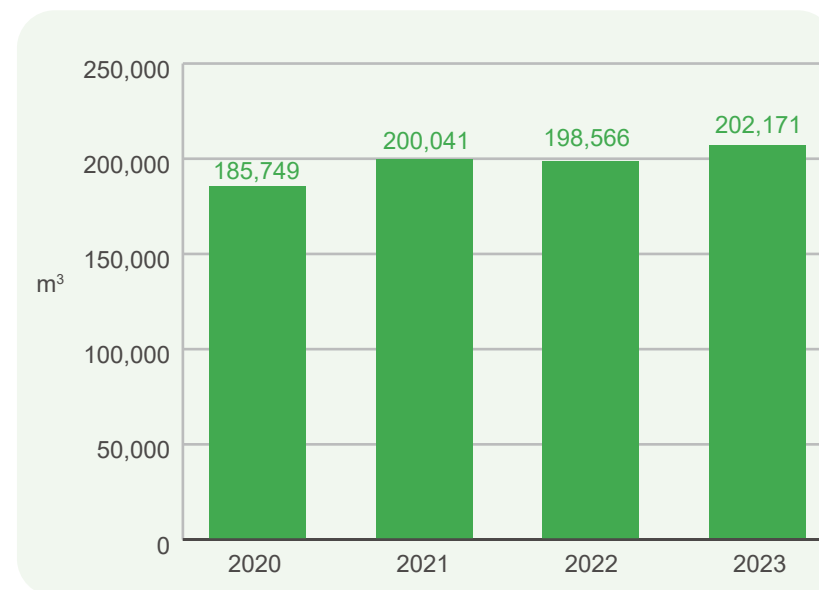


### 4.Waste Generation and Recycling Rate

Waste is mainly divided into non-recyclable and recyclable categories. Non-recyclable waste, such as general garbage, mixed plastic waste, fiber or cloth waste, mixed wood waste, other non-hazardous organic waste liquids or solvents, etc., is processed by qualified disposal plants using incineration or thermal treatment methods. Recyclable waste, such as printed circuit board waste, paper waste, plastic waste, etc., is recycled by qualified vendors.

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## ◆ 2023 Statistics on Waste Treatment Method

Unit: metric tons

| Plant | Incineration | Recycling | Thermal Treatment | Total |
|---|---|---|---|---|
| Hsinchu HQ | 28.3 | 48.7 | - | 77.0 |
| Plant 2 | 9.2 | 68.8 | - | 78.0 |
| Zhunan Plant | 152.556 | 1,915.36 | - | 2,067.8 |
| Edgecore | 1.6 | 0.7 | - | 2.4 |
| Offices | - | - | - | - |
| Joy Technology (JoyTech) | 292.0 | 178.7 | - | 470.7 |
| Vietnam Accton | - | - | - | - |
| Total | 483.7 | 2,212.3 | - | 2,695.9 |

Note 1: Taipei, Taichung, and Tainan office waste is included in the centralized waste disposal of the building, with no related weight records.

Accton continues to promote waste recycling and reuse. The goal is to increase the waste recycling rate to 80% by 2024. Starting from a recycling rate of 78.3% in 2020, through strict waste classification and increasing reuse channels, the recycling rate has been gradually improved, reaching 81.64% in 2023, achieving the expected target one year in advance.

Unit: metric tons

| Year | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Total Waste Output | 1,617 | 1,543 | 2,152 | 2,785 |
| Total Resource Recycling | 1,266 | 1,190 | 1,605 | 2,273 |
| Recycling and Reuse Rate | 78.30% | 77.08% | 74.57% | 81.64% |

## ◆ 2023 Waste Treatment Methods



Thermal Treatment, 0%

Incineration, 483.7 , 18%

Recycling, 2,212.3 , 82%
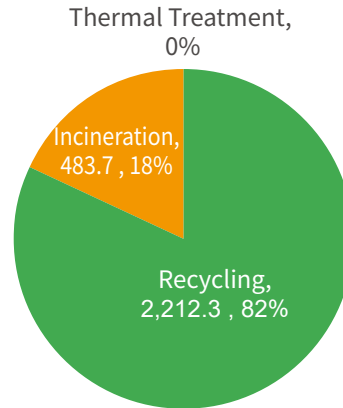
## ◆ Waste Recycling Rate
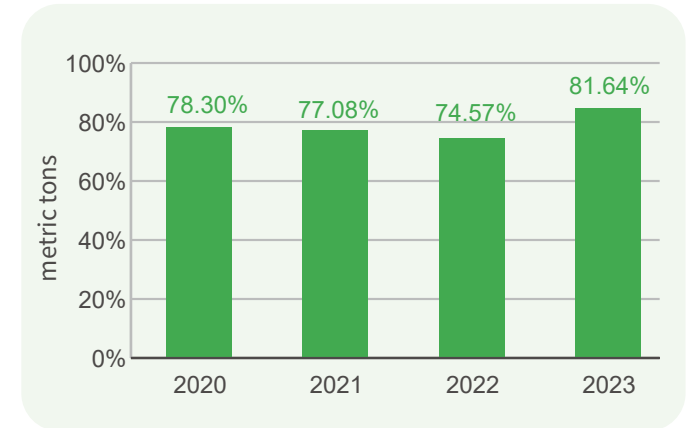


## ◆ Weight of Hazardous Waste

| Plant | Hsinchu HQ | Hsinchu Plant 2 | Zhunan Plant | Joy Technology (JoyTech) | Vietnam Accton |
|---|---|---|---|---|---|
| Weight (metric tons) | 0 | 0 | 3.83 | 2.5 | 0.012 |
| Recycling Rate | - | - | 0 | 0 | 0 |

Due to the inability to fractionate and recycle solvent-type hazardous waste, incineration and thermal treatment methods are adopted.

## ◆ Disclosure of Product Lifecycle Management: Including the Weight of Scrapped Products and Electronic Waste and the Recycling Percentage

| Plant | Hsinchu HQ | Hsinchu Plant 2 | Zhunan Plant | Total |
|---|---|---|---|---|
| Weight (metric tons) | 0.7422 | 5.0724 | 27.935 | 33.7496 |
| Recycling Rate (%) | 100 | 100 | 100 | 100 |

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4.1 Environmental Protection and Public Welfare Go Hand in Hand

After recyclable waste are sorted by category, including tin cans, plastic bottles, glass bottles, paper, etc., are cleaned up in cooperation with charitable organizations (Tzu Chi). In 2023, the overall waste recycling rate reached 81.64%. Food waste and waste cooking oil are commissioned for co-processing and reuse, effectively reducing environmental impact, recycling resources, and supporting charitable activities of public welfare organizations.

## 5. Energy and Water Resource Consumption

5.1 Energy Consumption

The energy used by Accton includes fossil fuels (such as natural gas, diesel, gasoline, liquefied petroleum gas, etc.) and purchased electricity. Fossil fuels are mainly used for emergency generators, lawnmowers, forklifts, official vehicles, and employee cafeterias. Purchased electricity is the largest source of greenhouse gas emissions at Accton's main production sites.

The energy consumption in 2023 was higher than in 2022, due to the expansion of Vietnam Accton and the increase in production capacity at the Zhunan Plant.

Unit: MJ

| Year | 2020 | 2021 | 2022 | 2023 | 2023 Ratio (%) |
|---|---|---|---|---|---|
| Purchased Electricity | 151,163,420 | 198,625,661 | 193,668,973 | 222,256,466 | 99.00 |
| Gasoline | 881,903 | 783,769 | 892,079 | 819,262 | 0.36 |
| Diesel | 901,771 | 999,436 | 1,033,497 | 1,285,628 | 0.57 |
| Liquified Petroleum Gas | 118,979 | 96,117 | 106,701 | 151,370 | 0.07 |
| Total | 153,066,074 | 200,504,982 | 195,701,250 | 224,512,726 | 100% |

Note 1: Data Source: Energy calorific value coefficient data source is the Greenhouse Gas Emissions Factors Management Table Version 6.0.4, gasoline 7,800 kcal/L, diesel 8,400 kcal/L, liquefied petroleum gas 6,635 kcal/m³

Note 2: Taichung office electricity is included in management fees and not calculated separately.

◆ Energy Consumption Statistics
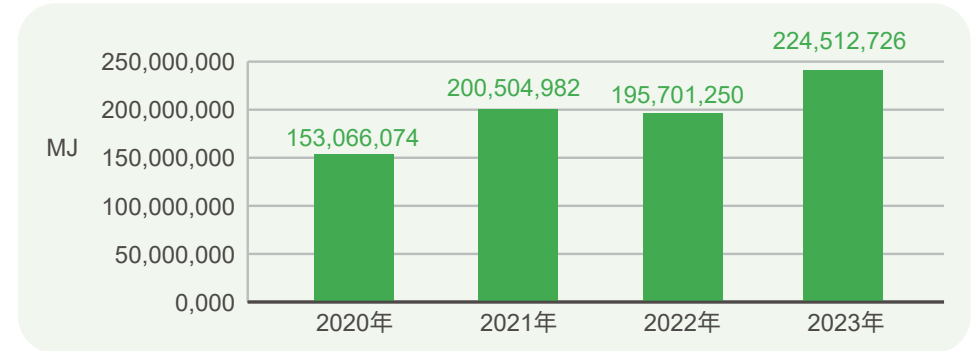


5.2 Electricity Use Intensity (EUI)

Electricity Use Intensity Reduction Targets:

Since 99% of energy consumption is electricity, energy intensity is expressed as electricity intensity. In 2023, the electricity intensity of Accton's main locations, including Hsinchu HQ, Plant 2, Zhunan Plant, Edgecore, Shenzhen JoyTech, and Vietnam Accton, increased by 7.9% compared to 2022. This increase was due to the expansion of Vietnam Accton and increased production capacity at Zhunan Plant.

Electricity Use Intensity Statistics:

◆ Electricity Use Intensity (EUI)
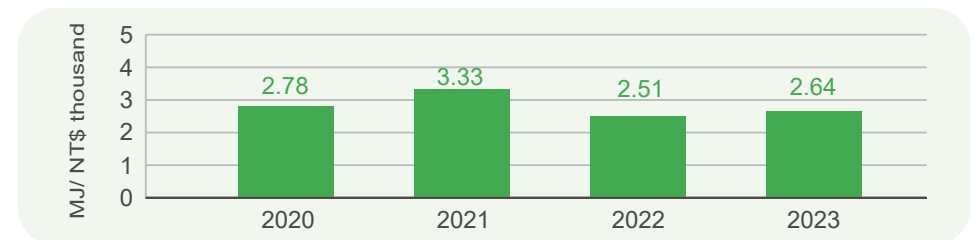


Note: Electricity Use Intensity (EUI): Total Electricity Usage (MJ) / Total revenue in NT$ thousands

Unit: MJ/ NT$ thousand

| Year | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Total | 2.78 | 3.33 | 2.51 | 2.64 |

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5.3 Tap Water Usage (Total Water Withdrawal)

Although production capacity increased in 2023, water usage remained comparable to 2022 levels.

◆ Tap Water Usage
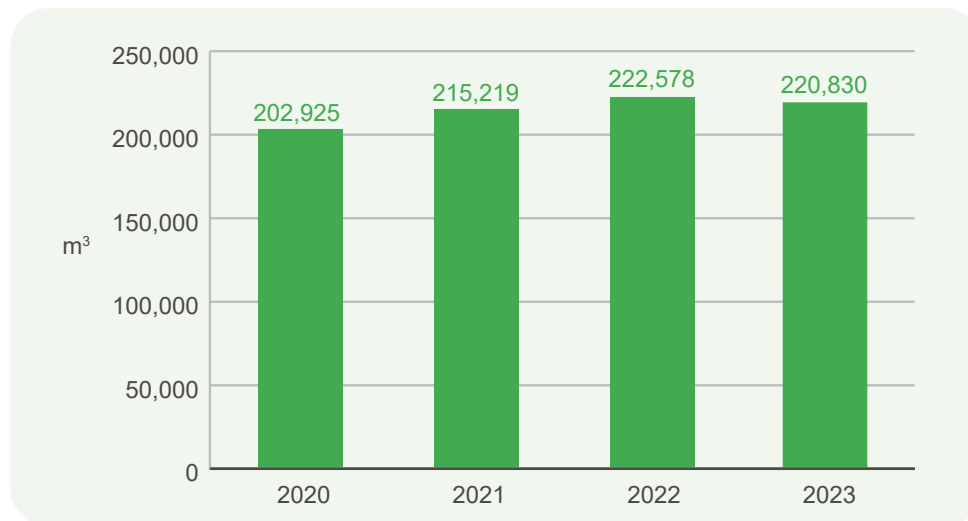


Unit: m³

| Year | 2020 | 2021 | 2022 | 2023 |
|------|------|------|------|------|
| Total | 202,925 | 215,219 | 222,578 | 220,830 |

Note 1: Taipei and Taichung office water consumption is included in the building's total water usage.

5.4 Waste Improvement

Accton is committed to responsible consumption and production. In mid-2022, Accton launched a steel plate cleaning process optimization project. Through continuous testing, this project successfully replaced organic solvent-based cleaning agents with water-based cleaning agents.

By reviewing the 2023 chemical procurement volume, the use of organic solvents in the steel plate cleaning process has been reduced to 30% of the original amount after optimization, while maintaining product quality, achieving environmental protection, and reducing fire risks.

◆ Organic Solvent Usage



● Steel Plate Cleaning Process Organic Solvent Usage (kg/month)
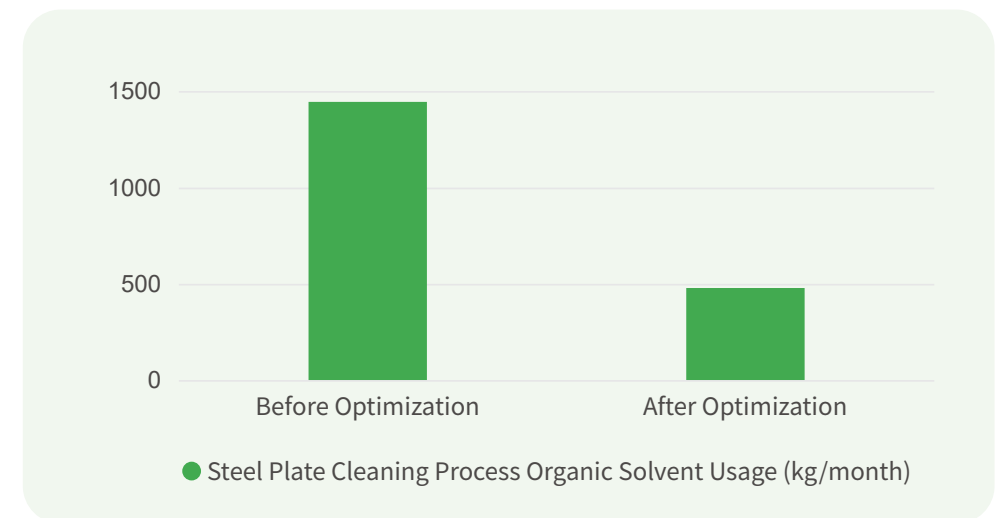
Accton supports sustainable consumption and production models. Since 2022, Accton has implemented a waste wooden pallet reduction project, effectively extending the lifecycle of wooden pallets through internal and external reuse measures. Unusable waste wooden pallets are outsourced to be made into fuel rods for energy recovery, achieving waste reduction.

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In 2023, in our continuation of the 2022 waste wooden pallet reduction project, we have carried out internal and external reuse measures. Overall reduction reached 65%, a 6% improvement over 2022. The internal reuse ratio increased by 8% compared to 2022, and the paid waste disposal decreased by 6%, achieving waste reduction and lower waste disposal costs.
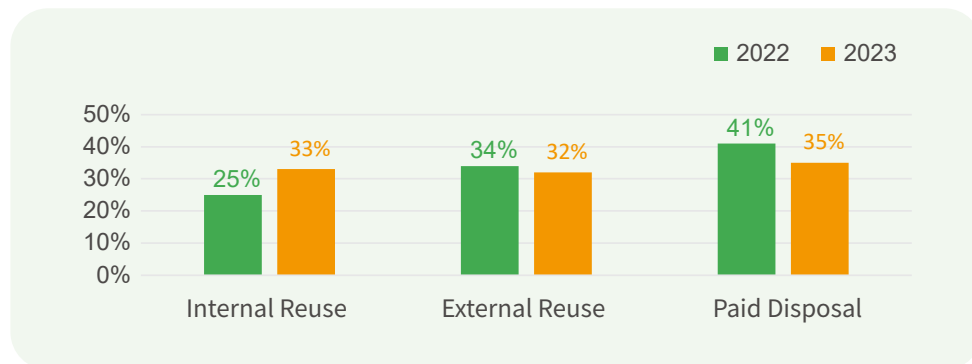


Starting in 2023, Accton also implemented a general industrial waste reduction project. This involves commissioning a waste management company to reprocess part of the high calorific value general industrial waste into fuel rods for energy recovery.

In 2023, the ratio of general industrial waste processed compared to the total factory waste significantly decreased from 10.8% in 2022 to 5.4%, reducing the proportion of waste directly incinerated.
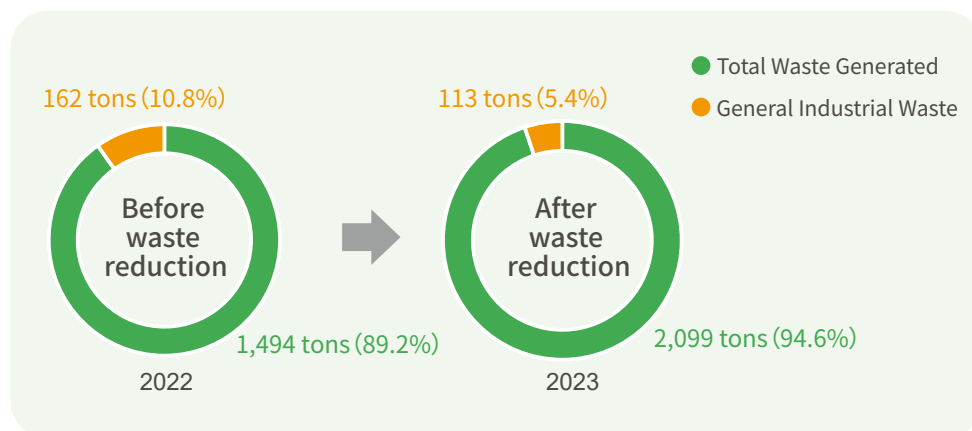


# 3.4 Green Product Management

## I. Commitment to Environmental Sustainability

To align with global trends and the urgent demand for low-carbon products from major industry players, Accton focuses on enhancing product competitiveness and raising environmental sustainability awareness. This involves conducting organizational carbon footprint assessments and emphasizing low-carbon product development. Starting in the second half of 2021, Accton initiated the assessment and verification of product carbon footprints. By the end of 2022-2023, Accton had successfully certified the first two products under ISO 14067 for carbon footprints and plans to systematically extend these assessments across all product lines to carry out carbon emissions reduction planning.

From 2024 onwards, Accton plans to continue utilizing the methodologies established in 2022-2023, combined with IT system enhancements, to automate the carbon footprint assessment process.

The goals for product carbon footprint management are structured as follows:

**Boundary: Accton (including Plant 1, Plant 2, and Zhunan Plant) and subsidiaries Edgecore and JoyTech**

| 2022 - 2023 Goals | 2022 - 2023 Results | Short-Term Goals (2024-2025) | Medium and Long-term Goals (2026-2027) |
|---|---|---|---|
| Complete ISO 14067 carbon footprint certification for two products. | Complete ISO 14067 carbon footprint certification for two products. | Implement automated carbon footprint inventory. Initiate energy efficiency improvements in products. | Fully automate the carbon footprint assessment process. |

In the B2C (Business to Customer) calculation process, the usage phase of a product typically results in the highest carbon footprint. Therefore, Accton plans to continuously improve product energy efficiency to reduce carbon emissions. Once the automated product carbon footprint assessment system is fully implemented, it is expected to enable early calculation and consideration of new projects, making this indicator a key focus in product development.

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## II. Product Hazardous Substance Free (HSF) Management

**Accton Group's HSF policy is committed to green design and reducing the environmental impact of products to achieve a goal of zero hazardous substances.**

Accton Group actively promotes HSF management. Facilities including the Hsinchu headquarters and Zhunan Plant in Taiwan, JoyTech in Shenzhen, China, and the new Vietnam Accton plant have all continuously passed the IECQ QC080000 system annual certification. Supplier management is governed by the "WIC-CE05002 Product Hazardous Substance Management Standards," which exceeds international mandatory regulations and covers the international material declaration standard IEC 62474[Note]. This standard is rigorously applied in the management of hazardous substances throughout the production process and the supply chain, ensuring a green product supply chain. Through the eGreen hazardous substance management system, Accton ensures compliance with international regulations (RoHS, REACH, EU Battery Directive, CA Pro 65, U.S. EPA TSCA, PFAS, etc.), customer requirements, and anticipated green regulatory trends. Accton actively collaborates with customers to promote HSF and substitution projects, aiming to mitigate environmental and ecological impacts, fulfill corporate environmental sustainability responsibilities, and meet stakeholder expectations to ensure user health and safety and reduce potential environmental pollution risks.

Note: IEC 62474 is an International Electrotechnical Commission (IEC) standard for the electrical and electronics industry. It uses supply chain material declarations to track material composition information in electrical and electronic products, enhancing data exchange efficiency globally and within the supply chain.

## III. Hazardous Substance Free (HSF) Short-, Medium-, and Long-term Goals

**2023 Goals and Results** ✓ **Achieved**

- Details and achievements of HSF risk management across all phases of product development are documented in" "Risk Management Goals and Results for Hazardous Substance Free (HSF) Across Product Phases"

**Medium- and Long-term Goals (2025-2027)**

- Enhance the automation of the eGreen system to improve the efficiency of hazardous substance assessments.

**Short-term Goals (2024 - 2025)**

- Refine the control of hazardous substances within TCO and EPEAT standards.
- Reduce or eliminate harmful substances such as heavy metals (exceeding standards such as RoHS/ REACH).

# IV. Risk Management Goals and Results for Hazardous Substance Free (HSF) Across Product Phases

| Confirmation rate for customer HSF Standards: 100% | Completion rate for revising risk mitigation measures for material/part selection in hazardous substance identification: 100% | Specification verification/design change/HSF inspection control rate: 100% | Supply chain management / HSF parts / procurement management completion rate: 100% | Parts and component changes / HSF inspection control rate: 100% | Completion rate for green manufacturing control/ HSF inspection control/ indirect material |
|---|---|---|---|---|---|
| **Gate 0** Project Kick-Off | **Gate 1** Preliminary Business Planning Phase | **Gate 2** Engineering Validation Test Phase | **Gate 3** Design Validation Test Phase | **Gate 4** Production Validation Test Phase | **Gate 5** Mass Production to Product End-of-Life |
| · In 2023, identified a total of 14 customer hazardous substance specifications.<br>· Regulatory additions or updates in 2023: Included SVHCs under REACH 12, updates to California Proposition 65, battery regulations, PFAS restrictions proposal, and Annex XVII of EU REACH. | · Before entering the engineering verification testing stage, assessed the entire product lifecycle for direct and indirect hazardous substance risks and opportunities according to the "WIC-QA15001 Product Hazardous Substance Risk Identification Regulations," setting effective corresponding measures with various units. | · Utilized the "WIC-CE05002 Product Hazardous Substance Management Standards" as the guideline for supplier compliance.<br>· Completed compliance investigations for 420 new materials in 2023. | · Conducted audits on 190 suppliers with comprehensive HSF documents to ensure that the raw materials provided do not adversely affect the ability of Accton to continue offering products compliant with HSF requirements. | · In 2023, a total of 203 suppliers completed and provided hazardous substance related surveys.<br>· Accomplished 605 XRF inspections on incoming parts and monthly tin furnace checks in 2023, with a non-conformity rate of 0%. | · Testing of tin furnaces used in the manufacturing process on a weekly/monthly basis to ensure that monthly compositions meet quality standards.<br>· Management of indirect materials /processing tools across various processes, with a total of 97 items effectively controlled.<br>· Completion of hazardous substance compliance surveys for 2242 product models in 2023, with all models achieving 100% compliance with international hazardous substance regulations and customer requirements.<br>· Systematized WEEE testing mechanisms ensure that outsourced tests for subsequent models are thoroughly documented for traceability. |

## Note: Related ISO Standards and Forms

- Hazardous Substance Free Regulatory Control List: FMC-CE05000-10 HSF specification check and identification summary table

- New Supplier Selection and Assessment: FMC-SC02000-02 Vendor Assessment Audit Form

- Annual Evaluation of Qualified Suppliers: FMC-SC02004-01 Supplier Audit Checklist

- HSF Parts Management: FMC-CE05000-03 Accton HSF Products Declaration, FMC-CE05000-04 REACH(SVHC) substance Declaration of Compliance, and FMC-CE05000-02 Accton Green Parts Checking List

- IQA XRF Testing: WIC-CEQC01015 LF/LT Inspection Operation Standard

- Production Process Control: WIC-MT01005 Small Tin Furnace Operation Specification

- Indirect Material/Tool Management: FMC-CE05000-07 Indirect Materials Management Summary Table

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# V. Sustainable Risk Management Effectiveness for Product Hazardous Substance Free (HSF)

## Latest HSF Regulatory Trends Response

In February 2023, ECHA published a PFAS restriction proposal, anticipating most PFAS substances will be banned starting 2026 or 2027.
Measures: Notifications alert relevant units to be vigilant in material specifications; identify and assess replacement of components containing PFAS or TSCA restricted substances.

## International Regulations and Customer Standards Compliance

Products are 100% compliant with international green standards and customer requirements, with no violations recorded.
Fully adheres to the RBA Code of Conduct and completes 100% of conflict mineral due diligence inquiries to customers.

## RoHS Risk Assessment Report

Produced product compliance assessment reports and risk management according to the harmonized standard of EU EN IEC 63000:2018.

## Hazardous Substance Free (HSF) Sustainable Risk Management

## Proactive TSCA Replacement Mechanism:

Upon identifying TSCA restricted substances in components, despite the ban being extended to October 31, 2024, Accton initiated a ban management process to control the risk of non-compliance with hazardous substance regulations.

## Hazardous Substance Reduction Program

Actively assisted clients in reducing the use of SVHC substances at the source and in reviewing the compliance of non-halogenated components.

## Vietnam Accton has successfully obtained IECQ QC 080000:2017 certification

Expanded the scope of hazardous substance management processes, with Vietnam Accton's factory plant also successfully obtaining its first certification under IECQ QC 080000:2017.

# 4 Friendly Work Environment

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# 4.1 Talent Attraction and Retention

**Boundary: Accton, Edgecore, JoyTech, Vietnam Accton**

## Why Is it Important?

Upon employee recruitment, employment, and development, Accton, Edgecore, JoyTech, and Vietnam Accton adopts the competency of employees as the basis and the recruitment procedures are in accordance with the statutory standards. All employees from different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. Accton encourages talent to bring their role into full play and upholds its care for employees and their families as the most important responsibility. We hope to provide a worry-free working environment to help employees devote themselves to their work and increase the Company's competitiveness, creating a solid foundation for sustainable development.

## Management Objectives

At Accton, Edgecore, JoyTech, and Vietnam Accton, we consider our employees to be our most vital asset. We recognize that talent is essential for a company's long-term success. Consequently, we are dedicated to providing high-quality employment opportunities, which include competitive salaries and benefits, opportunities for comprehensive advancement through professional development, and a secure workplace. Moreover, we are committed to fostering a workplace environment that encourages continuous learning and enjoyment, helping us attract and retain skilled employees.

## Policies

In addition to ensuring employees are well-suited to their roles, taking care of employees and their families is a key responsibility for the company. Accton, Edgecore, JoyTech, and Vietnam Accton provide a worry-free work environment that allows employees to concentrate on their work and enjoy their lives, thereby enhancing the company's competitiveness and laying the foundation for sustainable corporate operation and development.

## Goals

We provide diverse communication mechanisms, create happy and friendly workplaces, provide competitive benefits systems to attract and retain key talent, and follow international human rights standards to establish good labor relations. Comply with international human rights standards and establish good labor relations.

## Performance and Adjustments

1. Accton, Edgecore, JoyTech, and Vietnam Accton convene monthly meetings of managers and departments whenever necessary and respond to 100% of employee feedback.

2. Accton's employee turnover rate is 9.6%, Edgecore's turnover rate is 7.6%, JoyTech's turnover rate is 35.2%, and Vietnam Accton's turnover rate is 173.1%.

3. Accton's reinstatement rate after parental leave was 77.8%; Edgecore's was 50%. In 2022, no employees at JoyTech applied for reinstatement after parental leave without pay, so there is no retention rate data available. Due to local regulations, Vietnam Accton has not implemented a parental leave without pay system and currently follows the local government laws.

4. Monthly audits indicate no cases of ethics violations, the annual RBA labor ethics risk assessment is below 5, and the RBA labor ethics training completion rate has reached 100%.

## Evaluation Mechanisms

1. Accton, Edgecore, JoyTech, and Vietnam Accton convene management and department meetings from time to time to facilitate communication between employees and the company, promote labor cooperation, and enhance work efficiency.

2. On the Portal platform, a communication channel called "Employee Exchange" has been established, along with an open comment space, encouraging colleagues to offer suggestions regarding operational or management measures. This allows the voices and expectations of frontline employees to be directly conveyed to senior management, serving as a reference for continuous improvement and corporate governance.

3. We also established an employee complaint hotline: (03) 577- 0270, extension 3119, an email for employee complaints at hr885@accton.com, a company internal physical mailbox, Accton Helper Line@ account, and a QR Code to provide employees with diverse channels for communication. Vietnam Accton provides several channels for employee grievances, including an employee complaints email: AcctonVnHr@accton.com.vn, the Accton Helper Line APP, and an employee union email address: CongdoanATVN@accton.com.vn. Establishment of physical complaint points: Employee Care Office, Union Office, thereby providing employees with diverse channels for voicing concerns.

4. Accton, Edgecore, JoyTech, and Vietnam Accton organize family days, club activities, Accton Talk seminars, and related subsidized activities each year to help employees realize work and life balance.

5. Accton and JoyTech ensure compliance with international human rights standards: Accton and JoyTech maintain an annual RBA labor ethics risk rating of less than 5. We regularly review the number of violations of ethical standards and maintain an RBA labor ethics training completion rate of 100%. (Refer to 1.6 Ethical Management)

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## Brief description of goals and track records:

| 2023 Goals | 2023 Results | Short-Term Goals (2024-2025) | Medium-Long-Term Goals (2026-2028) |
|---|---|---|---|
| **Provide diverse communication mechanisms and complaint channels to promote harmonious labor relations** | 1. Accton, Edgecore, JoyTech, and Vietnam Accton convene monthly meetings of managers and departments whenever necessary.<br>2. 100% completion rate of Accton and Edgecore's labor-management meetings.<br>3. Provided employees with a complaint hotline, internal physical complaints mailbox, Accton Helper Line@, QR Code, union email, and union office to provide diverse channels for communication.<br>4. The feedback closure rate for all employees at Accton and Edgecore is 100%. | 1. Ensures smooth communication channels and promote harmonious labor-management relations.<br>2. 100% completion rate for Accton and Edgecore's labor-management meetings.<br>3. 100% response rate and case closure for employee feedback. | 1. 100% completion rate for Accton and Edgecore's labor-management meetings.<br>2. The feedback closure rate for all employee-related opinions is 100%.<br>3. Establish harmonious labor relations and comprehensive communication channels to prevent labor disputes and illegal infringement in the workplace. |
| **Build a happy and friendly work environment and provide competitive salary and benefits to attract and retain key talent** | 1. The employee turnover rate at Accton was 9.6%.<br>2. The employee turnover rate at Edgecore was 7.6%.<br>3. The employee turnover rate at JoyTech was 35.2%.<br>4. The employee turnover rate at Vietnam Accton was 173.1%.<br>5. Accton's reinstatement rate after parental leave was 77.5%; Edgecore's was 50%. As no JoyTech employees applied for parental leave without pay in 2022, there is no retention rate data available. Due to local regulations, Vietnam Accton has not implemented a parental leave without pay system and currently follows the local government laws.<br>6. Vietnam Accton supports pregnant employees; those who are 7 months pregnant or more receive one hour of paid maternity leave daily until childbirth and are offered 6 months of maternity leave (including time off for prenatal appointments); and provide one hour of paid nursing leave daily upon return to work until the child is one year old.<br>7. Vietnam Accton provides a monthly childcare allowance of 100,000 VND for female employees with children under 6 years old.<br>8. Vietnam Accton encourages learning among employees' children and offers a scholarship of 500,000 VND for outstanding students.<br>9. Vietnam Accton has an emergency assistance mechanism to support employees with severe illnesses or facing life hardships, and provides humanitarian aid to those externally affected by natural disasters who are left destitute.<br>10. There is a cozy "Employee Care Room" within the factory plant, where professional staff provide a private, confidential, warm, and relaxing environment for employees to express and address their emotions. | 1. The employee turnover rate at Accton was 16%.<br>2. Edgecore turnover rate of 10%.<br>3. The employee turnover rate at JoyTech was 37%.<br>4. The employee turnover rate at Vietnam Accton was 15%.<br>5. Accton, Edgecore, JoyTech, and Vietnam Accton organize family days, club activities, Accton Talk seminars, and related subsidized activities each year to make employees feel supported and help them learn, love, and have fun at work to increase employees' solidarity.<br>6. Accton and Edgecore reinstatement rate after parental leave of 88%.<br>7. JoyTech reinstatement rate after parental leave of 100%. | 1. The employee turnover rate at Accton was 14%.<br>2. Edgecore turnover rate of 8%.<br>3. The employee turnover rate at JoyTech was 30%.<br>4. The employee turnover rate at Vietnam Accton was 10%.<br>5. Organize employee activities and subsidized activities to strengthen organizational culture and increase employees' solidarity.<br>6. Attain an overall 90% reinstatement rate after parental leave. |
| **We strictly follow international human rights standards to establish good labor-management relations.** | 1. Number of violations of ethical standards reviewed each month.<br>2. Accton and JoyTech maintain an annual RBA labor ethics risk rating of less than 5.<br>3. 100% RBA labor ethical training completion rate for Accton and JoyTech. | 1. Ensure compliance with international human rights standards.<br>2. The annual RBA labor ethics risk assessment for Accton, JoyTech, and Vietnam Accton is maintained at below 5.<br>3. Regular audits confirm there are no cases of ethical violations.<br>4. 100% RBA labor ethical training completion rate for Accton, JoyTech, and Vietnam Accton. | Regularly review labor regulations and international human rights standards, create harmonious labor relations, and fulfill corporate social responsibilities. |

Note 1: Edgecore complies with RBA Standards. However, as all products are produced by Accton, related certifications are carried out by Accton.

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# I. Labor Resource Structure

Employees are Accton's most valuable asset. Accton has always firmly believed that talent is the most important aspect for sustainability of a company. We are therefore committed to providing employees with high-quality jobs, including offering a competitive salary and benefits, comprehensive advancement with professional development pathways, and a safe workplace. We also establish a workplace environment suitable for continuous learning and fun to attract and retain top talent.

By the end of 2023, Accton employed 3,369 people and 1,649 non-employee workers (such as dispatch, resident staff, cleaners, security, and contractors, who are not included in subsequent manpower statistics), with 98.3% on indefinite contracts and 1.7% on fixed contracts; Edgecore's employee count at the end of 2023 was 157.
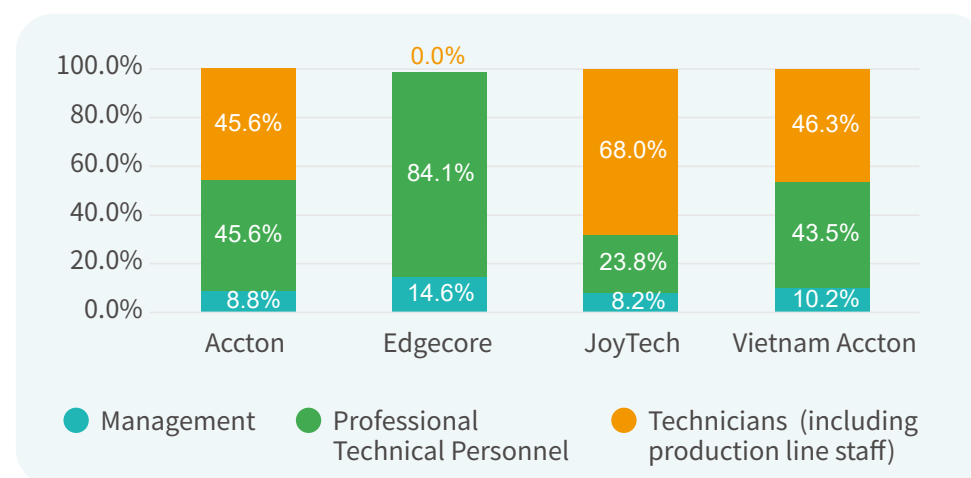
In terms of employment contracts, 98.7% are on indefinite contracts for regular employees and 1.3% on fixed contracts. JoyTech had 1,157 employees, with 67 non-employee workers (such as dispatch, onsite staff, cleaners, security, and contractors, not included in subsequent manpower statistics), where 28.6% are on indefinite contracts and 71.4% on fixed contracts (indefinite contract: according to legal provisions, upon completing 10 years of service or signing a labor contract for the third time; fixed contract explained: according to legal provisions, new employees sign fixed labor contracts based on the stipulated probation period). Vietnam Accton employed a total of 322 employees and 23 non-employee workers (such as resident staff, security, and contractors, not included in subsequent manpower statistics), with 0% on indefinite contracts and 100% on fixed contracts (indefinite contract: according to legal provisions, upon completing 10 years of service or signing a labor contract for the third time; fixed contract explained: according to legal provisions, new employees sign fixed labor contracts based on the stipulated probation period).

When classified according to the type of employees, Accton's professional technical personnel and managerial personnel account for 54.4% of all full-time employees, while technicians (including production line assistants) make up 45.6%, indicating a predominance of professional and managerial personnel. At Edgecore, which does not have production lines, managerial positions constitute 14.6% of the regular workforce, while professional technical personnel make up 84.1%. At JoyTech, professional technical personnel and managerial personnel represent 32% of the regular employees, and technicians (including production line assistants) make up 68%, showing that JoyTech primarily focuses on production and manufacturing. In Vietnam Accton, professional technical personnel and managerial personnel account for 53.7% of Vietnam Accton's regular employees, and technicians (including production line assistants) make up 46.3%, indicating a predominance of professional and managerial personnel in Vietnam Accton.

Looking at the age distribution of employees, Accton's workforce includes 26% of regular employees aged 30 (inclusive) and under, 56% aged 31 to 50, and 19% aged 50 (inclusive) and above, indicating a workforce skewed towards the younger and middle-aged generations. Similarly, Edgecore's age structure also leans towards the younger and

middle-aged generations, with 12.7% of regular employees under 30 (inclusive) years old, 66.9% between 31 and 50, and 19.1% aged 50 (inclusive) and above. JoyTech's workforce is notably younger, with 35.4% of regular employees under 30 (inclusive) years old, 62.6% between 31 and 50, and only 2% aged 50 (inclusive) and above. In contrast, Vietnam Accton shows a significant tilt towards youth, with 82% of regular employees under 30 years old (inclusive), 16.8% between 31 and 50, and just 1.2% aged 50 (inclusive) and above, highlighting a predominantly younger workforce in Vietnam.

## ◆ Employee Category Ratio



| | Accton | Edgecore | JoyTech | Vietnam Accton |
|---|---|---|---|---|
| Technicians (including production line staff) | 45.6% | 0.0% | 68.0% | 46.3% |
| Professional Technical Personnel | 45.6% | 84.1% | 23.8% | 43.5% |
| Management | 8.8% | 14.6% | 8.2% | 10.2% |

● Management    ● Professional Technical Personnel    ● Technicians (including production line staff)

## ◆ Age Ratio



| | Accton | Edgecore | JoyTech | Vietnam Accton |
|---|---|---|---|---|
| 50 years (inclusive) and above | 19.0% | 19.1% | 2.0% | 1.2% |
| 31 to 50 years old | 56.0% | 66.9% | 62.6% | 16.8% |
| 30 years (inclusive) and below | 26.0% | 12.7% | 35.4% | 82.0% |

● 30 years (inclusive) and below    ● 31 to 50 years old    ● 50 years (inclusive) and above

## 1. Recruitment of Local Employees and Management Talent

The Company aims to fulfill social obligations and create job opportunities for local residents. As of the end of 2023, 71.6% of Accton's full-time employees and 96.2% of Edgecore's full-time employees were local hires. In addition, 100% of JoyTech and Vietnam Accton's full-time employees were local hires.

## 2. Distribution of Female Workers

When recruiting, employing, and developing employees, Accton, Edgecore, JoyTech, and Vietnam Accton all base decisions on employees' work capabilities. Gender-wise, Accton has an equal distribution of 50% male and 50% female full-time employees. At Edgecore, 66.2% of full-time employees are male, and 33.8% are female. This distribution is due to Edgecore's focus on technology and R&D, which predominantly attracts male candidates in the job market. JoyTech, which is production and manufacturing technology-oriented, has 62.7% male and 37.3% female full-time employees, while Vietnam Accton has a balanced 50% male and 50% female full-time employee ratio. Additionally, due to the nature of the tech industry and job market factors, Accton's management and professional technical personnel are predominantly male, with 75.2% of management roles and 64.9% of professional technical roles occupied by men. Conversely, technicians (including production line assistants) are predominantly female, accounting for 69.8% of this category. Edgecore's male management accounts for 69.6% of this category and professional technical roles account for 65.2%. At JoyTech, men occupy 67% of management roles and 66.7% of technician roles (including production line assistants), while women hold 50.5% of professional technical roles.

Accton employs meritocracy, treats people equally, and supports gender equality in the workplace. Under the fair promotion system, in 2023, the proportion of females in various management levels was highest at the grassroots level in Accton and Vietnam Accton, at 35.9% and 54.5%, respectively. Edgecore and JoyTech had the highest proportion of females at the middle management level, at 33.3% and 39.3%, respectively. This demonstrates that with the promotion of workplace equality, excellent work capabilities, and comprehensive promotion channels, female employees are encouraged to pursue career and personal growth opportunities.

| Proportion of Female Employees at Different Levels of Management Positions | Accton | Edgecore | Joy Technology (JoyTech) | Vietnam Accton |
|---|---|---|---|---|
| Front-line management positions | 35.9% | 0.0% | 29.9% | 54.5% |
| Mid-level management positions | 14.3% | 33.3% | 39.3% | 0.0% |
| Senior-level management positions | 20.3% | 28.6% | 0.0% | 0.0% |

◆ Gender Ratio
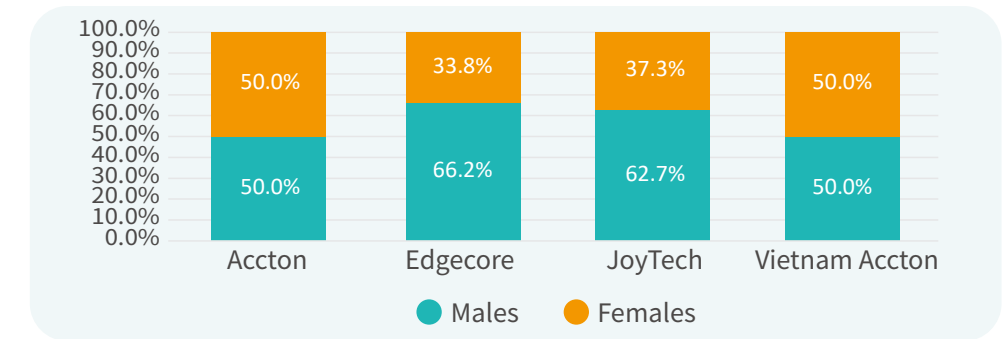


◆ Gender Ratio of Management Employees
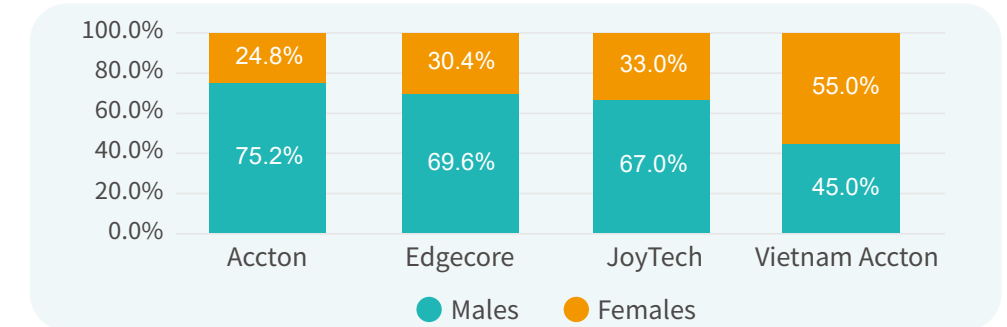


◆ Proportion of Female Employees at Different Levels of Management Positions



87
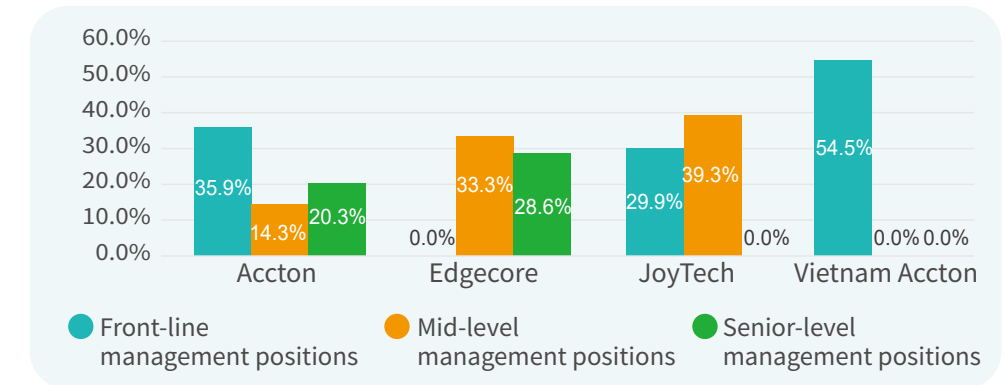
## 3. Diverse Talent Composition and Inclusion

We actively recruit talent in response to global talent requirements and the need to increase innovation and R&D capacity. Accton, Edgecore, JoyTech, and Vietnam Accton have adopted merit-based recruitment and identification of the corporate culture as the core values for talent recruitment. We aim to build professional teams composed of diverse talents, fostering an environment of equal development, respect, and inclusion to enhance team cohesion and provide better products and services. In 2023, Accton employed a total of 956 foreign employees, accounting for 28.4% of full-time employees. Edgecore employed 6 foreign employees, representing 3.8% of full-time employees. JoyTech and Vietnam Accton fully localized their workforce, employing only local hires. The diverse nationalities of our talent pool include employees from the United States, Mexico, the United Kingdom, China, Japan, South Korea, India, the Philippines, Indonesia, Malaysia, Germany, Hong Kong, and Vietnam. Through the recruitment of international talent, we aim to enhance our professional and international capabilities.

## 4. Continued Employment of Persons with Disabilities

Accton and Edgecore have been committed to providing jobs for people with physical and mental disabilities. Accton has employed a total of 15 persons with mild and moderate physical and mental disabilities, and 4 persons with severe or above physical and mental disabilities. Edgecore employed 1 person with severe mental and physical disabilities, achieving a 71.4% increase in the employment rate for persons with disabilities compared to 2022. Due to the nature of Accton's industry and work, the number of applicants with disabilities remains insufficient, and the weighted employment ratio for the year did not reach 1% of the total workforce. Consequently, the Company has paid the required compensation fee as stipulated by law. Accton continues to actively match relevant job vacancies and build an equal, diverse, and inclusive environment, while Edgecore fulfills its full employment obligations.

◆ **Relevant charts/data information:**

| Region | Category | Category | Males | | Females | | Number of Employees | Proportion of Total Employees (%) |
|---|---|---|---|---|---|---|---|---|
| | | | Number of People | Percentage in the Category (%) | Number of People | Percentage in the Category (%) | | |
| Accton | Employment Contract | Full-time Employee - Indefinite Contract | 1,647 | 49.7 | 1,666 | 50.3 | 3,313 | 98.3 |
| | | Full-time Employee - Fixed-term Contract | 38 | 67.9 | 18 | 32.1 | 56 | 1.7 |
| | | Non-employed Workers | 1,471 | 89.2 | 178 | 10.8 | 1,649 | 32.9 |
| | Employment Type | Full-time | 1,669 | 49.8 | 1,684 | 50.2 | 3,353 | 99.5 |
| | | Part-time | 16 | 94.1 | 1 | 5.9 | 17 | 0.5 |
| | Age Distribution | 30 years (inclusive) and below | 374 | 43.5 | 486 | 56.5 | 860 | 26.0 |
| | | 31-50 years | 1,064 | 56.4 | 822 | 43.6 | 1,886 | 56.0 |
| | | 50 years (inclusive) and above | 247 | 39.6 | 377 | 60.4 | 624 | 19.0 |
| | Employee Category | Management | 224 | 75.2 | 74 | 24.8 | 298 | 8.8 |
| | | Non-management roles — Professional Technical Personnel | 998 | 64.9 | 539 | 35.1 | 1,537 | 45.6 |
| | | Non-management roles — Technicians (including production line assistants) | 463 | 30.2 | 1,072 | 69.8 | 1,535 | 45.6 |

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| Region | Category | Category | Males | | Females | | Number of Employees | Proportion of Total Employees (%) |
|---|---|---|---|---|---|---|---|---|
| | | | Number of People | Percentage in the Category (%) | Number of People | Percentage in the Category (%) | | |
| Edgecore | Employment Contract | Full-time Employee - Indefinite Contract | 102 | 65.8 | 53 | 34.2 | 155 | 98.7 |
| | | Full-time Employee - Fixed-term Contract | 2 | 100.0 | 0 | 0.0 | 2 | 1.3 |
| | | Non-employed Workers | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | Employment Type | Full-time | 100 | 65.4 | 53 | 34.6 | 153 | 97.5 |
| | | Part-time | 2 | 0.0 | 0 | 0.0 | 2 | 1.3 |
| | Age Distribution | 30 years (inclusive) and below | 14 | 70.0 | 6 | 30.0 | 20 | 12.7 |
| | | 31-50 years | 69 | 65.7 | 36 | 34.3 | 105 | 66.9 |
| | | 50 years (inclusive) and above | 19 | 63.3 | 11 | 36.7 | 30 | 19.1 |
| | Employee Category | Management | 16 | 69.6 | 7 | 30.4 | 23 | 14.6 |
| | | Non-management roles | Professional Technical Personnel | 86 | 65.2 | 46 | 34.8 | 132 | 84.1 |
| | | | Technicians (including production line assistants) | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Joy Technology (JoyTech) | Employment Contract | Full-time Employee - Indefinite Contract | 198 | 59.8 | 133 | 40.2 | 331 | 28.6 |
| | | Full-time Employee - Fixed-term Contract | 527 | 63.8 | 299 | 36.2 | 826 | 71.4 |
| | | Non-employed Workers | 44 | 0.0 | 23 | 0.0 | 67 | 5.8 |
| | Employment Type | Full-time | 725 | 62.7 | 432 | 37.3 | 1,157 | 100.0 |
| | | Part-time | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | Age Distribution | 30 years (inclusive) and below | 281 | 68.5 | 129 | 31.5 | 410 | 35.4 |
| | | 31-50 years | 428 | 59.1 | 296 | 40.9 | 724 | 62.6 |
| | | 50 years (inclusive) and above | 16 | 69.6 | 7 | 30.4 | 23 | 2.0 |
| | Employee Category | Management | 64 | 67.0 | 31 | 33.0 | 95 | 8.2 |
| | | Non-management roles | Professional Technical Personnel | 136 | 49.5 | 139 | 50.5 | 275 | 23.8 |
| | | | Technicians (including production line assistants) | 525 | 66.7 | 262 | 33.3 | 787 | 68.0 |

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| Region | Category | Category | Males | | Females | | Number of Employees | Proportion of Total Employees (%) |
|---|---|---|---|---|---|---|---|---|
| | | | Number of People | Percentage in the Category (%) | Number of People | Percentage in the Category (%) | | |
| Vietnam Accton | Employment Contract | Full-time Employee - Indefinite Contract | 0 | NA | 0 | NA | 0 | 0.0 |
| | | Full-time Employee - Fixed-term Contract | 161 | 50.0 | 161 | 50.0 | 322 | 100.0 |
| | | Non-employed Workers | 7 | 0.0 | 16 | 0.0 | 23 | 7.1 |
| | Employment Type | Full-time | 161 | 50.0 | 161 | 50.0 | 322 | 100.0 |
| | | Part-time | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | Age Distribution | 30 years (inclusive) and below | 137 | 51.9 | 127 | 48.1 | 264 | 82.0 |
| | | 31-50 years | 24 | 44.4 | 30 | 55.6 | 54 | 16.8 |
| | | 50 years (inclusive) and above | 0 | 0.0 | 4 | 100.0 | 4 | 1.2 |
| | Employee Category | Management | 15 | 45.0 | 18 | 55.0 | 33 | 10.2 |
| | | Non-management roles — Professional Technical Personnel | 67 | 47.9 | 73 | 52.1 | 140 | 43.5 |
| | | Non-management roles — Technicians (including production line assistants) | 79 | 53.0 | 70 | 47.0 | 149 | 46.3 |

Note 1: Full-time employees with indefinite contract: Employees signing an indefinite term contract.

Note 2: Full-time employees with a fixed-term contract: Employees signing a fixed-term contract, such employees with a short-term contract, interns, and student participants.

Note 3: Non-employed workers: Dispatched personnel, resident personnel, flexible labor, cleaning personnel, security personnel, and contractors' onsite personnel.

Note 4: Full-time employees: Employees with regular work hours.

Note 5: Part-time employees: Employees on an hourly salary system with work hours lower than regular work hours, such as employees from indirect units.

Note 6: Definitions of management roles: Employees who are responsible for leading subordinates, such as section chiefs or assistant managers or above.

Note 7: Definitions of technicians (including production line assistants): Personnel directly related to production activities such as technicians, quality management personnel, and warehouse management personnel.

Note 8: Definitions of professional technical personnel: Management specialists or engineers directly related to production activities such as quality management specialists, product management specialists, R&D engineers, sales specialists, and human resources specialists.

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| Region | Nationality | Number of People | Percentage in the Category (%) |
|---|---|---|---|
| Accton | China | 3 | 0.3 |
| | Japan | 3 | 0.3 |
| | Indonesia | 2 | 0.2 |
| | India | 8 | 0.8 |
| | USA | 7 | 0.7 |
| | UK | 1 | 0.1 |
| | Hong Kong | 1 | 0.1 |
| | Malaysia | 7 | 0.7 |
| | Philippines | 921 | 96.3 |
| | Vietnam | 1 | 0.1 |
| | Mexico | 1 | 0.1 |
| | South Korea | 1 | 0.1 |
| | Total | 956 | |
| Edgecore | Malaysia | 2 | 33.3 |
| | Germany | 1 | 16.7 |
| | India | 1 | 16.7 |
| | USA | 1 | 16.7 |
| | Hong Kong | 1 | 16.7 |
| | Total | 6 | |
| Joy Technology (JoyTech) | None | 0 | NA |
| | Total | 0 | NA |
| Vietnam Accton | None | 0 | NA |
| | Total | 0 | NA |

## II. New Employee Hires and Employee Turnover

Upon employee recruitment, employment, and development, Accton, Edgecore, JoyTech, and Vietnam Accton adopts the competency of employees as the basis and the recruitment procedures are in accordance with the statutory standards. All employees from different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. We regularly review and publish human resources reports to promote gender and racial equality and diversity among all employees.

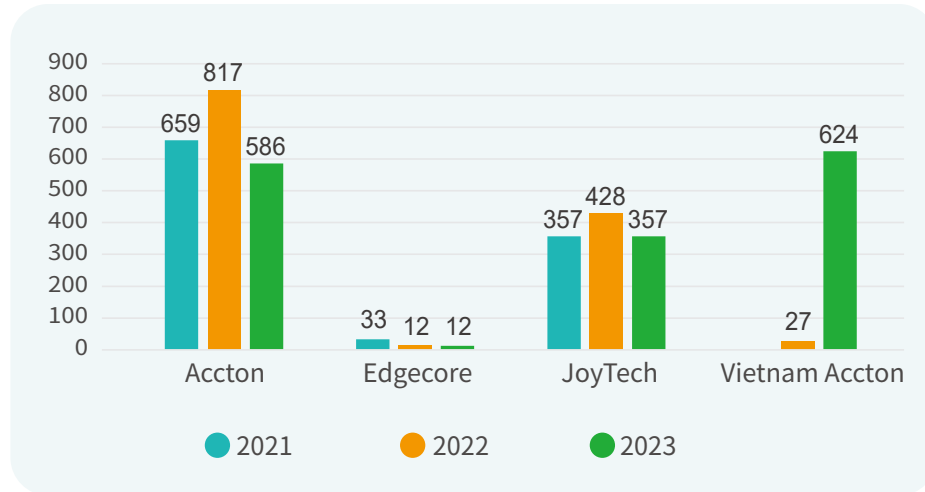### 1.Age and Gender Distribution of New Employees

Accton, Edgecore, JoyTech, and Vietnam Accton actively recruit talent in response to global talent requirements and the need to increase innovation and R&D capacity. We have adopted a merit-based recruitment and identification of the corporate culture as the core values for talent recruitment. All employees of different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status, and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. In 2023, Accton recruited 586 new employees, with a new hire rate of 17.8%. In terms of gender, new male employees accounted for 9.6% of the total full-time workforce, while new female employees accounted for 7.7%. The higher number of new male employees is due to the majority of new hires being R&D technical personnel, predominantly male. Age-wise, 54.8% of new hires were 30 years old or younger, 41.8% were aged 31-50, and 3.4% were over 50.

Edgecore hired 12 new employees in 2023, with a new hire rate of 7.6%. In terms of gender, new male employees accounted for 5.1% of the total full-time workforce, while new female employees accounted for 2.5%. The overall higher number of new male employees is attributed to the technology industry's preference for STEM backgrounds, which tend to be male-dominated. Age-wise, 66.7% of new hires were aged 31-50, while 33.3% were 30 years old or younger, indicating a predominance of young and middle-aged new employees.

JoyTech recruited 357 new employees in 2023, with a new hire rate of 30.1%, showing a decline compared to 2022, mainly due to some production capacity being transferred to Vietnam Accton. In terms of gender, new male employees accounted for 21.2% of the total full-time workforce, while new female employees accounted for 9.7%. Age-wise, 68.6% of new hires were 30 years old or younger, 31.4% were aged 31-50, and there were no new hires over 50, indicating a younger workforce oriented towards production and manufacturing.

Vietnam Accton actively recruited talent to meet production demands in 2023, significantly increasing recruitment. The company hired 624 new employees, with a new hire rate of 357.6%. In terms of gender, new male employees accounted for 87.9% of the total full-time workforce, while new female employees accounted for 105.9%. Age-wise, 78.4% of new hires were 30 years old or younger, 20.8% were aged 31-50, and 0.8% were over 50, indicating a younger workforce oriented towards production and manufacturing.

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## ◆ Number of New Employees



## 2. Diverse Recruitment Channels

To attract outstanding talent in a competitive market, Accton actively employs diverse recruitment channels, including official websites, job banks, campus recruitment, various job fairs, social media, internal referrals, and corporate internships.

## 3. Campus Recruitment Internship Briefing Events

Accton, Edgecore, and Vietnam Accton have actively participated in campus recruitment and internship briefing events in recent years. These activities aim to share the Company's core values and corporate culture with young students, assist them in exploring future careers, and attract outstanding talent through face-to-face interactions. In 2023, we participated in 8 campus recruitment events and partnered with the Hsinchu County Government for the "Digital Innovation Youth Training Program," involving 14 students. This program not only establishes brand image and marketing but also provides diverse internship experiences and reserves outstanding talent. Outstanding interns are given priority for conversion to full-time positions, creating a win-win situation. In 2023, Accton had 53 interns, with 18 converted to full-time positions, achieving a conversion rate of 34%. Edgecore had 2 interns continuing their internship programs. Vietnam Accton participated in 1 campus recruitment event, with 7 interns continuing their internship programs. JoyTech has no relevant information because the local government has not promoted the student internship system.

## ◆ Relevant charts/data information:

| Age/ Gender/ Item | | Number of Full-time Employees 2023 | New employees | | | | | | 30 years (inclusive) and below | | | | 31 to 50 years old | | | | 50 years (inclusive) and above | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Year New Hire Rate (%) | Number of New Employees | Male | Ratio (%) | Female | Ratio (%) | Male | | Female | | Male | | Female | | Male | | Female | |
| | | | | | | | | | Number of People | Ratio (%) | Number of People | Ratio (%) | Number of People | Ratio (%) | Number of People | Ratio (%) | Number of People | Ratio (%) | Number of People | Ratio (%) |
| Region | Accton | 3,369 | 17.8 | 586 | 325 | 9.6 | 261 | 7.7 | 172 | 5.1 | 149 | 4.4 | 139 | 4.1 | 106 | 3.1 | 14 | 0.4 | 6 | 0.2 |
| | Edgecore | 157 | 7.6 | 12 | 8 | 5.1 | 4 | 2.5 | 4 | 2.5 | 0 | 0.0 | 4 | 2.5 | 4 | 2.5 | 0 | 0.0 | 0 | 0.0 |
| | Joy Technology (JoyTech) | 1,157 | 30.1 | 357 | 245 | 21.2 | 112 | 9.7 | 171 | 14.8 | 74 | 6.4 | 74 | 6.4 | 38 | 3.3 | 0 | 0.0 | 0 | 0.0 |
| | Vietnam Accton | 322 | 357.6 | 624 | 283 | 87.9 | 341 | 105.9 | 231 | 71.7 | 258 | 80.1 | 52 | 16.1 | 78 | 24.2 | 0 | 0.0 | 5 | 1.6 |

Ratio of New Employees

Note 1: The annual new hire rate does not include workers not hired by the Company: dispatched personnel, resident personnel, flexible labor, cleaning personnel, security personnel, and contractors' onsite personnel.

Note 2: The annual new hire rate is the total number of new hires/annual average number of employees [(number of workers in service in December of the previous year + number of employees in service at the end of the current year)/2].

Note 3: Male (female) new hire rate: Number of new male (female) full-time employees in the current year/number of full-time employees at the end of the current year.
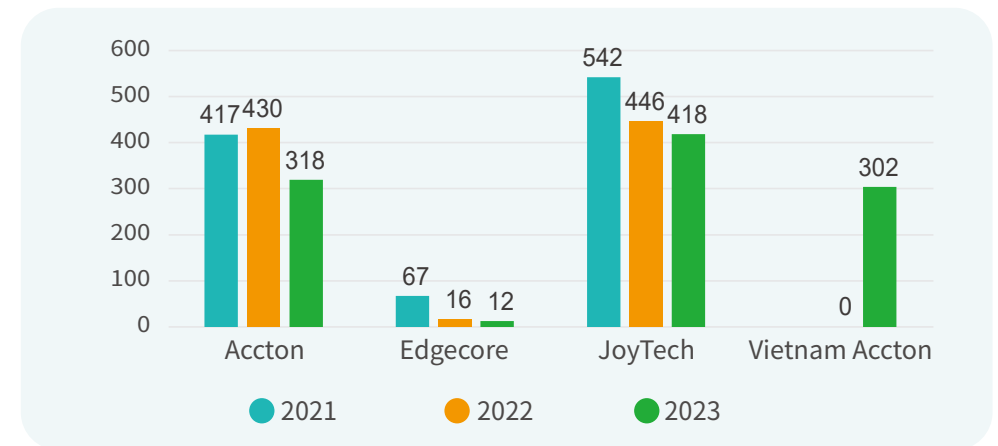
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| New Hire Rate | | | | |
| --- | --- | --- | --- | --- |
| Region | Year | Number of People | New employees | Annual New Hire Rate（%） |
| Accton | 2023 | 3,369 | 586 | 17.8 |
| | 2022 | 3,225 | 817 | 26.4 |
| | 2021 | 2,955 | 659 | 22.6 |
| | 2020 | 2,867 | 763 | 28.2 |
| | 2019 | 2,541 | 1,463 | 70.9 |
| Edgecore | 2023 | 157 | 12 | 7.6 |
| | 2022 | 159 | 12 | 7.2 |
| | 2021 | 174 | 33 | 17.1 |
| | 2020 | 213 | 70 | 38.1 |
| | 2019 | 154 | 37 | 25.0 |
| Joy Technology (JoyTech) | 2023 | 1,157 | 357 | 30.1 |
| | 2022 | 1,218 | 428 | 34.9 |
| | 2021 | 1,236 | 357 | 26.9 |
| | 2020 | 1,421 | 307 | 19.2 |
| | 2019 | 1,770 | 638 | 35.8 |
| Vietnam Accton | 2022 | 27 | 27 | 200.0 |
| | 2023 | 322 | 624 | 357.6 |

## 4. Age and Gender Distribution of Separated Employees

In 2023, Accton's employee turnover rate was 9.6%, a decrease of 4.3% compared to 2022. Edgecore had an employee turnover rate of 7.6%, with both male and female turnover rates at 3.8%. JoyTech's employee turnover rate was 35.2%. Both Accton, Edgecore, and JoyTech achieved their 2022 short-term target turnover rate of 16%, indicating the Company's efforts in valuing, caring for, and retaining talent are gradually paying off, and they are steadily progressing towards their long-term goals. Due to the significant increase in production capacity in Q4 of 2022, Vietnam Accton experienced a substantial rise in talent demand, resulting in a corresponding increase in employee turnover rate to 173.1%, with male and female turnover rates at 37.9% and 55.9%, respectively.

### ◆ Number of Separated Employees



## 5. Exit Interviews

A stable supply of high-quality talent is the foundation of the Company's development. Accton, Edgecore, JoyTech, and Vietnam Accton value the opinions of employees and use employee feedback to continue to review the Company's talent management and talent retention strategy. For separating employees, exit interviews are conducted to understand their reasons for leaving and gather recommendations for the Company. This information serves as an important basis for developing more precise retention strategies in the future. By understanding individual expertise, adjusting job content or location, or providing internal transfer opportunities, the goal is to retain employees. Accton hopes to continuously improve retention policies, thereby retaining and attracting more outstanding talent. Monthly analyses of turnover rates and reasons are conducted, with further tracking and appropriate adjustments made for any abnormal turnover rates, aiming to achieve the retention goal.

## ◆ Relevant charts/data information：

| Age/ Gender/ Item | | Number of Full-time Employees 2023 | Separated Employees — Annual Turnover Rate (%) | Total Separated Employees | Male | Ratio (%) | Female | Ratio (%) | 30 years (inclusive) and below — Male Number of People | Ratio (%) | Female Number of People | Ratio (%) | 31 to 50 years old — Male Number of People | Ratio (%) | Female Number of People | Ratio (%) | 50 years (inclusive) and above — Male Number of People | Ratio (%) | Female Number of People | Ratio (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Region | Accton | 3,369 | 9.6 | 318 | 131 | 3.9 | 187 | 5.6 | 45 | 1.3 | 64 | 1.9 | 77 | 2.3 | 120 | 3.6 | 9 | 0.3 | 3 | 0.1 |
| | Edgecore | 157 | 7.6 | 12 | 6 | 3.8 | 6 | 3.8 | 2 | 1.3 | 0 | 0.0 | 4 | 2.5 | 6 | 3.8 | 0 | 0 | 0 | 0.0 |
| | Joy Technology (JoyTech) | 1,157 | 35.2 | 418 | 286 | 24.5 | 135 | 11.7 | 195 | 16.9 | 82 | 7.1 | 86 | 7.4 | 50 | 4.3 | 2 | 0.2 | 3 | 0.3 |
| | Vietnam Accton | 322 | 173.1 | 302 | 122 | 37.9 | 180 | 55.9 | 94 | 29.2 | 131 | 40.7 | 28 | 8.7 | 48 | 14.9 | 0 | 0 | 1 | 1.3 |

Note 1: The annual turnover rate does not include workers not hired by the Company: dispatched personnel, resident personnel, flexible labor, cleaning personnel, security personnel, and contractors' onsite personnel.

Note 2: Employee turnover statistical data does not cover the following factors: death, retirement, lawful dismissal, layoffs, expiry of the internship, expiry of employment contract, transition from contractual to permanent positions, or internal transfers within the Group.

Note 3: The annual turnover rate is the total employee turnover/annual average number of employees [(number of workers in service in December of the previous year + number of employees in service at the end of the current year)/2].

Note 4: Male (female) turnover rate: Number of male (female) full-time employee turnover in the current year/number of full-time employees at the end of the current year.

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| Employee Turnover Rate | | | |
|---|---|---|---|
| Region | Year | Number of People | Separated Employees | Annual New Hire Rate（%） |
| Accton | 2023 | 3,369 | 318 | 9.6 |
| | 2022 | 3,225 | 430 | 13.9 |
| | 2021 | 2,955 | 415 | 14.3 |
| | 2020 | 2,867 | 316 | 11.7 |
| | 2019 | 2,541 | 505 | 24.5 |
| Edgecore | 2023 | 157 | 12 | 7.6 |
| | 2022 | 159 | 16 | 9.6 |
| | 2021 | 174 | 67 | 34.6 |
| | 2020 | 213 | 13 | 7.1 |
| | 2019 | 154 | 25 | 16.9 |
| Joy Technology (JoyTech) | 2023 | 1,157 | 418 | 35.2 |
| | 2022 | 1,218 | 446 | 36.3 |
| | 2021 | 1,236 | 542 | 40.8 |
| | 2020 | 1,421 | 656 | 41.1 |
| | 2019 | 1,770 | 658 | 37 |
| Vietnam Accton | 2023 | 322 | 302 | 173.1 |
| | 2022 | 27 | 0 | 0 |

# III. Benefits for Full-Time Employees

## 1. Comprehensive Insurance Plans

Employees are Accton, Edgecore, JoyTech, and Vietnam Accton's key to sustainable development. Taking care of employees and providing them with a caring work environment and life are our basic tenets. During their employment, Accton and Edgecore ensure that employees and their families are protected in cases of hospitalization due to illness or injury, and provide financial security in the event of death or disability. This coverage includes six types of insurance: term life insurance, accident insurance, accidental injury medical insurance, hospitalization medical insurance, cancer medical insurance (including initial cancer diagnosis insurance and cancer death insurance), and occupational accident insurance. In addition to coverage for spouses and children, parents are also included under favorable conditions for employees to insure their loved ones. Employees or their spouses can renew their insurance up to the age of 70. If both spouses are employees, each is insured separately under their employee status. Children can be insured up to the age of 25 if unmarried, and can be insured for accident insurance from the age of 15. Parents can be insured up to the age of 85. JoyTech provides five types of social insurance, including retirement pension insurance, medical insurance, work injury insurance, unemployment insurance, and maternity insurance. It also provides employees with commercial critical illness insurance and group employer's liability insurance as supplementary insurance policies. The Company aims to provide employees with financial support in the event of an accident.

Vietnam Accton provides statutory pensions, medical insurance, work injury insurance, maternity insurance, unemployment insurance, and sick leave insurance for employees to take care of sick children.

## 2. Love in Accton - Childbirth Benefits

Employees are crucial for the Company's sustainable development. We must help employees bring their role into full play and uphold the care for employees and their families as the most important responsibility. Accton and Edgecore launched the "marriage allowance" to encourage employees to start families. Company employees that marry each other are entitled to NT$3,000 of allowance per month per person, totaling NT$6,000 for each couple. The program is designed to express Accton and Edgecore's positive support for family values.

To support female employees, the Company has dedicated parking spaces for pregnant mothers and appointed professional nurses to provide health consultation and health education to pregnant employees before, during, and after childbirth. We provide pregnant employees with gifts and encourage them to report their pregnancies. We also provide employees with postpartum care as well as the right to unpaid parental leave in accordance with regulations. Vietnam Accton supports pregnant employees; those who are 7 months (inclusive) pregnant or more receive one hour of paid maternity leave daily until childbirth and are offered 6 months of maternity leave (including time off for prenatal appointments); and provide one hour of paid nursing leave daily upon return to work until the child is one year old.

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## 3. First Accton Kindergarten

In 1997, Accton pioneered the establishment of a kindergarten and daycare center in the Hsinchu Science Park to create a secure, friendly, and happy work environment and to alleviate the burden of commuting for employees. The daycare center accepts children aged two months to six years.

The daycare center accepts babies under two years old and provides meticulous physical care while also addressing "education" and "nurturing" needs to support development at each stage. The center focuses on developing self-care skills and good habits in infants and toddlers.

The kindergarten uses a child-centered teaching model, focusing on providing a comfortable and conducive learning environment, activity content, and emotional management. Based on children's interests, group discussions determine themes, which are then extended to parent-child activities to showcase learning outcomes. The goal is to enhance the relationship between parents and children, improve mutual understanding and trust, help children develop various skills and interests, and boost their social abilities and sense of self-awareness.

Vietnam Accton offers a childcare allowance of 100,000 VND per household for female employees with children under six years old.



## 4. Leave Policies Superior to Statutory Requirements

Since 2022, Accton and Edgecore have provided employees with two days of flexible leave per quarter, exceeding statutory requirements to help achieve a good work-life balance.

Accton and Edgecore are committed to creating a thoughtful and people-oriented organizational culture. If an employee requires long-term leave due to a major injury or illness, the employee may apply for a one- year leave with pay. To support employees' medical treatment, we also provide transportation to and from medical appointments. We understand employees' feelings and needs and we aim to provide them the strongest support and heartwarming care. Additionally, to fulfill corporate social responsibility and encourage community involvement, the Company offers two days (16 hours) of volunteer leave, allowing employees to participate in corporate social activities and demonstrate care for society through concrete actions.

## 5. Diverse Benefits and Subsidies

Accton and Edgecore employees enjoy general benefits such as labor insurance, health insurance, and pension benefits. Additionally, the Company provides extra benefits including group insurance for employees, accident insurance for family members, and major injury and burn insurance. Other benefits include annual holiday bonuses, profit-sharing, employee stock options for long-term employees, emergency aid, marriage and childbirth allowances, hospitalization subsidies, lunch allowances, free dinners, employee dormitories, sexual harassment prevention, health checkups superior to regulatory requirements, health lectures, and various measures to manage employee health.

For Vietnam Accton employees, in addition to social insurance, medical insurance, and pension benefits, free meals (three meals a day and snacks), free health check-ups are provided for new and regular employees, on-site services by certified medical staff (nurses), sexual harassment prevention, and an employee care room to address both physical and mental well-being.

Accton has established an Employee Welfare Committee in accordance with the law, which is committed to balancing employees' work and life, caring for their physical and mental health, financial support for families and living conditions, and offering diverse learning opportunities. We set up annual plans and budgets every year for children's scholarships, bereavement subsidies, gift coupons for festivals and birthdays, movie tickets, group travel subsidies and travel activities for employees, family days, club activities, volunteer activities, ball games or physical endurance competitions, special merchant discounts, private movie screenings, employee care actions, and ESG sustainability activities. In 2023, Accton held a special 35th Anniversary Group Sports Day, with over 3,000 employees and their families participating. The event featured five major athletic competitions, bonus point competitions, parent-child races, fun obstacle courses, a children's play area, and DIY experiences. Each team demonstrated excellent teamwork demonstrating the corporate DNA of bravery, passion, perfection, trust, and collaboration, striving to achieve the best results for their team. Accton hopes that comprehensive welfare measures will help employees relax and maintain a balanced life.

Vietnam Accton has also established a union according to law, aiming to maximize its functions and regularly hold meetings to actively promote labor-management harmony. The union sets an annual budget, planning items such as scholarships for outstanding employees' offspring, holiday bonuses or gifts, funeral subsidies, hospitalization subsidies, maternity allowances, wedding gifts, club activities, sports competitions, club subsidies, emergency aid, and more. These activities aim to foster a sense of learning, recognition, belonging, and happiness among employees and their families, seamlessly integrating these feelings into the Vietnam Accton community.
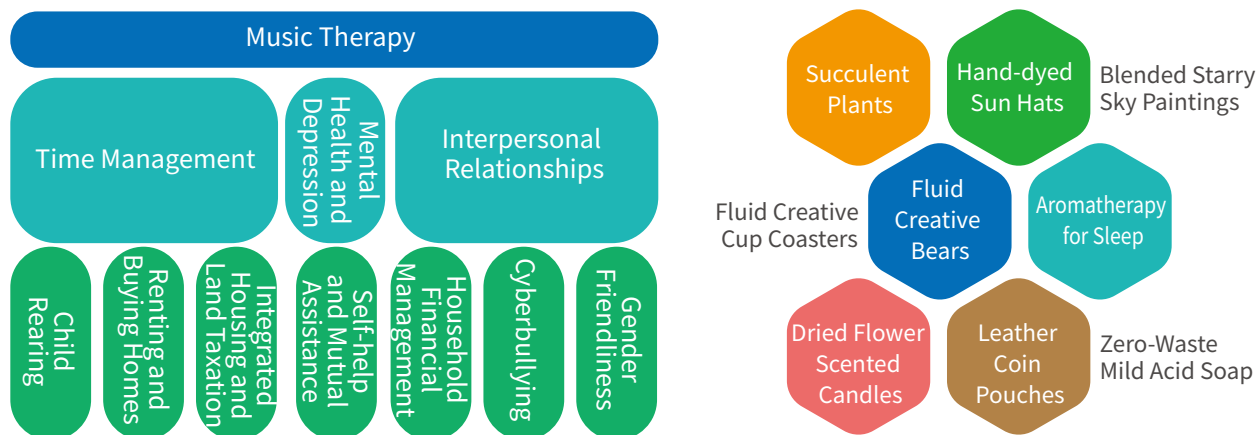
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# IV. Employee Care

## 1. Multifaceted Life and Mental Health Stress Relief Lectures and Handcraft Courses

Accton prioritizes the mental and physical well-being of its employees and their families. In 2023, we maintained our commitment by offering a range of lectures and courses focused on life skills and stress relief for mental health. These initiatives aim to provide employees with diverse learning opportunities, improve their psychological well-being, and bolster their ability to prevent problems before they arise.

The themes covered in 2023 included time management, workplace gender friendliness, interpersonal communication, legal knowledge, family finances, taxes, renting and buying homes, and emotional and mental stress adjustment. Additionally, hands-on courses were offered on topics such as horticultural therapy, zero-waste handmade soap, aromatherapy, painting, and indigo dyeing.

By offering both online lectures and in-person courses, we aim to help employees achieve a better work-life balance while also allowing them to share newly acquired knowledge with their families, thereby fostering better family relationships. A total of 35 sessions were held, with 2,279 participants and 68.5 total class hours.



Music Therapy

Time Management | Mental Health and Depression | Interpersonal Relationships

Child Rearing | Renting and Buying Homes | Integrated Housing and Land Taxation | Self-help and Mutual Assistance | Household Financial Management | Cyberbullying | Gender Friendliness

Succulent Plants | Hand-dyed Sun Hats | Blended Starry Sky Paintings | Fluid Creative Cup Coasters | Fluid Creative Bears | Aromatherapy for Sleep | Dried Flower Scented Candles | Leather Coin Pouches | Zero-Waste Mild Acid Soap

## 2. Employee Care Bulletins

Accton has combined various care themes to create bulletins on topics such as personal growth, current events, health and nutrition, finance, law, light reading, heartwarming quotes, and movie quotes. These bulletins are posted in restrooms, bulletin boards, break rooms, and dining areas, allowing employees to gain new knowledge or relax their minds through brief and engaging content. A total of 42 bilingual (Chinese and English) care bulletins were published, and over 88% of employees reported that these bulletins were very helpful to their mental and physical health. Employees shared that they felt encouraged, had their spirits lifted, could temporarily relieve work stress, and gained inspiration for both work and life. They expressed affirmation of the Company's warmth and care.

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### 3. Accton J!YO! Mental Health Relief YouTube Channel

In addition to in-person lectures, the second half of 2023 saw the establishment of the "Accton J!YO! Mental Health Relief" YouTube channel. Each quarter, the channel features different themed content such as interpersonal relationships, parenting, current events, and emotions. Prior to each episode, employees are invited to submit their questions or thoughts on the topic via an online survey. Psychologists or expert scholars are occasionally invited to join and address these questions. This channel helps employees who cannot attend online lectures or courses due to work commitments gain new knowledge. The channel accumulated a total of 389 views.



## V. Diversity, Equity, and Inclusion (DEI)
## SDGs Goal 10 | Reduce inequality within and among countries
### 1. The Warmth of Coffee - Seeing Infinite Possibilities: Visually Impaired Coffee Train

Accton places great value on professionalism and strives to create diverse, inclusive, and equal opportunities. In March 2023, Accton hired two professional visually impaired baristas to lead a series of inclusive coffee experiences. All proceeds from the coffee sales, after covering costs, are directed to the "Accton Coffee Train" charity fund.

Respect and empathy are fundamental qualities that everyone should cultivate. Accton believes that through firsthand experiences and understanding, employees can naturally integrate a sense of diversity, equity, and inclusion into the workplace. This involves abandoning prejudices and stereotypes, and learning to accept, appreciate, and respect each other. By opening their hearts and minds, employees can engage with different groups and increase their awareness of equality and destigmatization. Through their professional abilities, they can demonstrate the diverse employment opportunities available for people with disabilities.

### 2. Hand-Brewed Coffee Charity Sale

Starting in March, a weekly hand-brewed coffee charity sale was launched in the Taipei office and the Hsinchu headquarters, offering various flavors of coffee for employees to enjoy conveniently. While waiting for their coffee, employees voluntarily assist the baristas by refilling hot water, organizing the workspace, designing coffee cup positioning models, and creating promotional materials, demonstrating empathy and mutual assistance.

### 3. Hand-Brewed Coffee Course

In August, the "Coffee for You - Learning to Become a Coffee Expert" hand-brewed coffee course was launched, taught by visually impaired baristas. They shared their practical experiences and guided employees step by step into the world of coffee. The first step of the course involved blindfolded coffee brewing, encouraging participants to amplify their other senses and understand the challenges faced by visually impaired baristas. Through each session, employees not only gained coffee-making skills but also learned empathy and acceptance, supporting a diverse and inclusive workplace. The course had two sessions with a total of 103 participants.

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# VI. ESG Sustainable Actions
## SDGs Goal 4 ｜ Quality Education
### 1.Diversity and Equality - Weirdo Film Forum

To foster a diverse and equitable workplace, Accton collaborated with the GX Foundation for the "Weirdo Film Series" in the second half of 2023. Four documentaries were selected, and the protagonists were invited to engage in conversations with employees. The themes included "Fatbulous Me" discussing body equality, "Dear Period" on menstrual equality, "Let Kids Be Kids" and "Kites That Cannot Fly Freely" on children's rights, aiming to provide employees with different perspectives and insights. The goal was to help employees learn to appreciate others' values, reduce stigmatization, and lower discrimination, with a total of 175 participants.



### 2. SDGs Knowledge King Challenge

In 2015, the United Nations announced the "2030 Sustainable Development Goals" (SDGs), including 17 goals to address issues like poverty eradication, climate change mitigation, and gender equality. These goals guide global efforts towards sustainability. Accton organized the "SDGs Knowledge King Challenge," allowing employees from the northern, central, southern regions, and production centers to participate through online quizzes, gradually building sustainability awareness. The event saw a total participation of 650 employees.

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## 3. SDGs Accton Reading Initiative

To instill the concept of sustainability from an early age, Accton encourages employees to guide their children in co-reading sessions, fostering sustainability awareness through books. In September, Accton launched the "SDGs Accton Reading Initiative," preparing 17 picture books on SDGs themes, including gender equality, hunger and poverty eradication, reducing inequalities, climate action, good health and well-being, responsible consumption and production, etc., totaling 236 books. Employees were encouraged to share their reading insights, with 482 book borrowings recorded.

JoyTech legally established a labor union and created the "1+1 Emergency Assistance Fund" to promptly aid employees in need. The union also regularly organizes employee activities, club events, and provides year-end bonuses, meal subsidies, employee dormitories, annual health check-ups, and other welfare measures. These efforts aim to provide a sense of belonging and happiness to employees, linking various resources to strengthen corporate culture and stabilize employee relations.

## VII. Workplace Equality

Accton and Edgecore are dedicated to fostering a harmonious balance between work and family life. Alongside adhering to statutory maternity and paternity leave rights, we provide comprehensive leave management systems, enabling employees to utilize flexible leave policies for family care and apply for unpaid leave during maor illnesses or other extended absences. This approach not only aids in attracting and retaining top-tier talent but also elevates employee morale and productivity.

Implemented in accordance with the "Act of Gender Equality in Employment," Accton and Edgecore offer an unpaid parental leave system applicable to both male and female employees. The application criteria include:

(1) The employee must have completed at least six months of employment with the Company.

(2) The youngest child must be under three years old.

(3) Each application for unpaid parental leave must be for a minimum of no less than six months, with a maximum duration of two years per application.

Throughout the unpaid leave period, the Company proactively supports employees and manages matters related to their reinstatement to work, ensuring a seamless transition back to their original positions.

For instance, in 2023, Accton had 33 employees apply for unpaid parental leave, with 22 employees scheduled to return to work during the year. Of these, 18 returned on schedule, resulting in a reinstatement rate of 81.8%. Edgecore had 2 employees apply for unpaid parental leave in 2023, retention rate data is not yet available as their scheduled reinstatement dates had not yet arrived.

The retention rate refers to the proportion of employees who have worked for at least one year after reinstatement from unpaid parental leave. In 2023, Accton's retention rate stood at 77.8%, representing an increase from the 75% retention rate observed in 2022.

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With regard to JoyTech, although the Chinese government has not promoted the parental leave without pay system, the Company is committed to promoting work and family life balance to create a friendly work environment. Therefore, the unpaid parental leave rules specified in its internal regulations allow both male and female employees to apply for leave. The eligibility rules include the following:

(1) Having served for at least one year at the Company.

(2) Having at least Grade B in the performance evaluation in the current year.

(3) Each parental leave application is capped at 1 year.

In 2023, no staff in JoyTech applied for unpaid parental leave, and there was also no information on the reinstatement rate since no one had applied for unpaid parental leave in 2022.

Due to local regulations, Vietnam Accton has not implemented a parental leave without pay system and currently follows the local government laws.

◆ **Relevant charts/data information:**

| Accton - Number of reinstated employees, reinstatement rate, and retention rate after parental leave by gender | | | |
|---|---|---|---|
| **2023** | **Males** | **Females** | **Subtotal** |
| **Number of employees eligible for unpaid parental leave** | 120 | 87 | 207 |
| **Number of applicants for unpaid parental leave in the current year** | 4 | 29 | 33 |
| **Number of employees expected to be reinstated from unpaid parental leave in the current year (A)** | 3 | 19 | 22 |
| **Number of employees reinstated from unpaid parental leave in the current year (B)** | 2 | 16 | 18 |
| **Reinstatement rate (B/A) (%)** | 66.7 | 84.2 | 81.8 |
| **Number of employees reinstated from unpaid parental leave in the previous year (C)** | 4 | 14 | 18 |
| **Number of employees reinstated from unpaid parental leave in the previous year who have continuously worked for more than one year (D)** | 3 | 11 | 14 |
| **Retention rate (D/C) (%)** | 75.0 | 78.6 | 77.8 |

| Edgecore - Number of reinstated employees, reinstatement rate, and retention rate after parental leave by gender | | | |
|---|---|---|---|
| **2023** | **Males** | **Females** | **Subtotal** |
| **Number of employees eligible for unpaid parental leave** | 12 | 10 | 22 |
| **Number of applicants for unpaid parental leave in the current year** | 0 | 2 | 2 |
| **Number of employees expected to be reinstated from unpaid parental leave in the current year (A)** | 0 | 0 | 0 |
| **Number of employees reinstated from unpaid parental leave in the current year (B)** | 0 | 0 | 0 |
| **Reinstatement rate (B/A) (%)** | NA | NA | NA |
| **Number of employees reinstated from unpaid parental leave in the previous year (C)** | 0 | 2 | 2 |
| **Number of employees reinstated from unpaid parental leave in the previous year who have continuously worked for more than one year (D)** | 0 | 1 | 1 |
| **Retention rate (D/C) (%)** | 0.0% | 50.0% | 50.0% |

| JoyTech - Number of reinstated employees, reinstatement rate, and retention rate after parental leave by gender | | | |
|---|---|---|---|
| **2023** | **Males** | **Females** | **Subtotal** |
| **Number of employees eligible for unpaid parental leave** | 46 | 78 | 124 |
| **Number of applicants for unpaid parental leave in the current year** | 0 | 0 | 0 |
| **Number of employees expected to be reinstated from unpaid parental leave in the current year (A)** | 0 | 0 | 0 |
| **Number of employees reinstated from unpaid parental leave in the current year (B)** | 0 | 0 | 0 |
| **Reinstatement rate (B/A) (%)** | NA | NA | NA |
| **Number of employees reinstated from unpaid parental leave in the previous year (C)** | 0 | 0 | 0 |
| **Number of employees reinstated from unpaid parental leave in the previous year who have continuously worked for more than one year (D)** | 0 | 0 | 0 |
| **Retention rate (D/C) (%)** | NA | NA | NA |

Note 1: The number of employees eligible for unpaid parental leave is those who have applied for maternity or paternity leave in the reporting period from January 1, 2021 to December 31, 2023.

Note 2: Reinstatement rate: Number of employees reinstated from unpaid parental leave in the current year/ Number of employees expected to be reinstated from unpaid parental leave in the current year *100%

Note 3: Retention rate: Number of employees reinstated from unpaid parental leave who have continuously worked for more than one year/number of employees reinstated from parental leave *100%.

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## VIII. Minimum Notice Periods Regarding Operational Changes

### Protection of Labor Rights

Since their inception, Accton and Edgecore have empowered talent to fully utilize their roles and have prioritized care for employees and their families as their utmost responsibility. Our aim is to cultivate a worry-free working environment that enables employees to dedicate themselves to their work and enhances the Company's competitiveness. In addition to the active implementation of thoughtful management and various benefit measures, the Company learns about employees' ideas and needs at all times through various channels for the purpose of achieving sufficient communication, solving problems effectively, and promoting harmonious relations between employer and employees.

When significant operational changes occur in the Company that may affect employees' rights and various labor conditions, we comply with Article 16 of the Labor Standards Act. These changes may include:

1. Where the Company suspends or transfers operations
2. Where the Company sustains losses or reduction in business operations.
3. Where work is suspended for more than one month due to force majeure factors.
4. Where the Company changes the nature of its business and it is necessary to reduce the number of workers but has no suitable work for workers.
5. Where an employee is verified as unable to perform tasks required for his/her job.

Notices given based on work experience

1. Where a worker has worked continuously for more than 3 months but less than 1 year, the notice shall be given 10 days in advance.
2. Where a worker has worked continuously for more than 1 year but less than 3 years, the notice shall be given 20 days in advance.
3. Where a worker has worked continuously for more than 3 years, the notice shall be given 30 days in advance.

JoyTech provides a 30-day notice in accordance with Article 26 and Article 27 of the Labor Law of the People's Republic of China.

Accton and Edgecore strive to foster a harmonious atmosphere of mutual trust between labor and management. Various communication channels are utilized regularly to understand employees' satisfaction with management and welfare policies, enhancing conceptual communication and consensus building.

For Accton and Edgecore, a communication channel called "Employee Exchange" has been established on the Accton Portal, along with an open comment space, encouraging colleagues to offer suggestions regarding operational or management measures. This allows the voices and expectations of frontline employees to be directly conveyed to senior management, serving as a reference for continuous improvement and corporate governance.

Employees can also use the employee complaint hotline: (03) 577-0270, EXT 3119, and an email hr885@accton.com and Accton Helper Line@ for employees to provide feedback.

JoyTech set up different communication channels including a QR code, a complaint mailbox, and telephone hotline to encourage employees to provide recommendations which are used for the Company's continuous improvements and exchange of ideas.
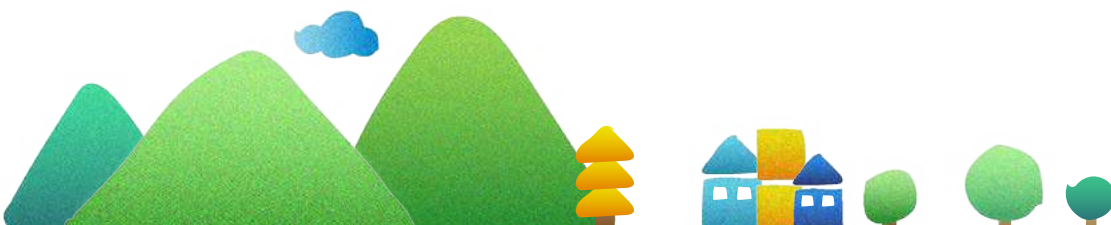
Vietnam Accton also provides an employee complaint email: AcctonVnHr@accton.com.vn, the Accton Line Helper APP, the union email: CongdoanATVN@accton.com.vn, and physical complaint points such as the Employee Care Room and the union office, offering diverse avenues for employees to voice their concerns.

Accton employed 956 foreign employees who account for 28.4% of all full-time employees in Taiwan. Further breakdown shows that Filipino workers make up the majority of foreign employees, with 921 individuals representing 96.3% of the total foreign workforce. Edgecore employs six foreign employees, making up 3.8% of its full-time employees, while JoyTech and Vietnam Accton employ 100% local staff.

Following the GRI Sustainability Reporting Standards, we disclose our human rights practices and achievements for all employees, including:

1. No incidents of discrimination have occurred.
2. No violation of freedom of association and collective bargaining rights.
3. Commitment to maintaining a workplace free of violence, harassment, and intimidation, as well as respect for the privacy and dignity of employees.
4. No hiring of child labor.
5. No incident of forced or compulsory labor.

Starting from a commitment to humane care, Accton implements human rights principles in daily operations, from gender equality to migrant worker rights, providing a work environment that exceeds statutory requirements. We also promote human rights due diligence in the supply chain, adhere to international norms, and fulfill corporate sustainability commitments.

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# IX. All-round Care for Migrant Workers

Ensuring human rights is Accton's responsibility. We support international human rights policies and integrate them into our operations. We treat colleagues from different countries with the same care as family, fostering an inclusive, integrated, professional, and respectful work atmosphere.

## 1. Zero Placement Policy and Human Rights Equality

Accton fully implements the "zero placement" policies, and migrant workers do not have to pay any recruitment fees, such as intermediary fees, application fees, medical examination fees, service fees, etc. Non-discrimination and prohibition of harassment to ensure the migrant workers' freedom of employment and prevention of oppression.

## 2. Homestyle Meals and Accommodations

We provide Filipino-style meals using authentic sauces to ease migrant workers' homesickness. Accommodations include 2-4 person suites to improve living quality. The Company and dormitories have prayer rooms and sports facilities, and we organize festive activities, family days, and sports competitions to enrich migrant workers' lives when off-duty.

## 3. Economic Support and COVID-19 Care

Since the outbreak of COVID-19, Accton has taken responsibility for caring for migrant workers, providing full salary during quarantine periods, covering quarantine hotel and medical expenses, and supplying daily necessities. We arrange employee care to alleviate economic worries and organize new life under the pandemic activities to encourage employees to share their feelings and experiences through words and drawings to relieve psychological stress.

## 4. Maternal Protection and Warm Care

Pregnant migrant workers receive appropriate job adjustments based on their duties and environment, prenatal and postnatal education and care services, and maternity gifts. They also enjoy maternity subsidies and parental leave rights, ensuring the best care for our employees.

## 5. Employee Care and Emergency Assistance

We have established emergency assistance measures to mitigate losses caused by natural disasters. We provide emergency relief funds to help migrant workers rebuild their homes. In 2023, there were no applications for emergency assistance.

## 6. Talent Development and Promotion

We provide equal training and promotion channels. 25 migrant workers were promoted to production line supervisors in 2023. For outstanding employees, the Company proactively recommends them for recognition. Two employees were selected as Model Employees by the Hsinchu City Government, and one received the highest honor as a National Model Worker in 2023.

## 7. Farewell Parties for Senior Migrant Workers

Accton holds farewell parties for senior migrant workers who return home after the conclusion of their employment contracts, presenting them with crystal awards, thank-you cards, bouquets, and albums documenting their life in Taiwan. Supervisors and colleagues are invited to participate, expressing gratitude for their dedication. In 2023, no senior migrant workers returned home.

## 8. Regular Communication Meetings

Monthly communication meetings with dormitory leaders are arranged to discuss issues raised by migrant workers, such as meal supply and living needs. Solutions are provided for discussed problems, and the effectiveness of these solutions is monitored.

## 9. Promoting Sports and Forming Clubs

We encourage migrant workers to enhance their physical fitness and relieve psychological stress through sports, a basketball club was established in the second half of the year. The Employee Welfare Committee assisted in planning and lighting the dormitory basketball court. A basketball tournament was held at the end of the year, promoting a sports culture and fostering camaraderie among dorm mates, building a sense of overall identity.

## 10. Lunar New Year Celebration

Cognizant of the challenges of migrant life in Taiwan, Accton ensures that migrant workers can celebrate Lunar New Year's Eve in their dormitories, enjoying Filipino-style special meals and experiencing Taiwanese festive atmosphere and warmth.

# X. Human Rights Protection

To Accton, human rights protection is not just a policy but an integral part of life. We will continue to minimize human rights risks in our business activities, as protecting human rights is both our responsibility and obligation.

In addition to setting up an employee complaint hotline and email, Accton arranges bilingual professionals to handle daily communication and coordination with foreign employees. In 2023, Accton had 7 labor practice grievances resolved through formal complaint mechanisms, Edgecore had 1, JoyTech had 0, and Vietnam Accton had 15 complaints, all with a 100% resolution rate.

Furthermore, to prevent internal and external workplace violence, Accton has established a workplace violence prevention plan based on the Occupational Safety and Health Act. This plan clarifies the responsibilities of each unit and includes regular assessments and evaluations of prevention measures. The Company explicitly prohibits all forms of physical, verbal, psychological violence, and sexual harassment to ensure the physical and mental health of all employees. In 2023, there were no reported instances of workplace violence complaints.

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# XI. Remuneration

"Gender Equality" and "Anti-Gender Discrimination" are among the most critical social issues today. To promote economic prosperity and harmony in Taiwanese society, enhance the socioeconomic status of women, and ensure equal pay for equal work without gender-based discrimination, Accton is committed to its employees and society. We aim to create a gender-equal workplace environment, fulfill corporate social responsibility, and follow gender equality principles. This includes enhancing female professional development and eliminating gender-based pay disparities for the same work.

## 1. Ratios of Standard Entry-Level Wage by Gender Compared to Local Minimum Wage

Accton rigorously abides by laws and regulations. The standard starting salary (Note 1) of entry-level personnel is superior to the minimum wage announced by the government of Taiwan each year (Note 2). We also adhere to regulations for gender equality and equal pay for work of equal value. There is no gender-based difference in the starting salary for employees.

| Gender/ Region | Taiwan | | Mainland China | Vietnam |
| --- | --- | --- | --- | --- |
| | Accton | Edgecore | Joy Technology (JoyTech) | Vietnam Accton |
| Males | 1.09：1 | 1.17：1 | 1.31：1 | 1.25：1 |
| Females | 1.09：1 | 1.17：1 | 1.31：1 | 1.25：1 |

Note 1: The standard starting salary is the minimum salary specified in the Company's regulations (excluding overtime pay and other position allowances)

Note 2: The minimum salary announced in Taiwan in 2023 was NT$26,400, the minimum salary announced in Mainland China was RMB 2,360, and the minimum salary announced in Vietnam was 4,610,000 VND.

## 2. Ratio of Basic Salary and Remuneration of Women to Men

The salary of Accton's employees is determined in accordance with personal academic records, experience, professional knowledge, market conditions, and internal regulations of the Company. The proportional differences arise due to variations in employee composition within the same level, including diverse educational backgrounds, job duties, nature of work, and number of employees. However, the gender pay ratio difference does not exceed 0.3.

◆ **Taiwan**

| Ratio of basic salary and remuneration of women to men | | Managerial roles | | Non-managerial roles | | Technicians |
| --- | --- | --- | --- | --- | --- | --- |
| | | Accton | Edgecore | Accton | Edgecore | Accton |
| Basic salary (Note 1) | Females | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | Males | 1.12 | 0.96 | 1.28 | 1.28 | 1.01 |
| Total Remuneration (Note 2) | Females | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | Males | 1.02 | 0.89 | 1.30 | 1.22 | 1.06 |

◆ **Mainland China (JoyTech)**

| Ratio of basic salary and remuneration of women to men | | Managerial roles | Non-managerial roles | Technicians |
| --- | --- | --- | --- | --- |
| Basic salary (Note 1) | Females | 1.00 | 1.00 | 1.00 |
| | Males | 1.00 | 1.16 | 1.05 |
| Total Remuneration (Note 2) | Females | 1.00 | 1.00 | 1.00 |
| | Males | 0.97 | 1.15 | 1.03 |

◆ **Vietnam (Vietnam Accton)**

| Ratio of basic salary and remuneration of women to men | | Managerial roles | Non-managerial roles | Technicians |
| --- | --- | --- | --- | --- |
| Basic salary (Note 1) | Females | 1.00 | 1.00 | 1.00 |
| | Males | 0.89 | 1.09 | 1.00 |
| Total Remuneration (Note 2) | Females | 1.00 | 1.00 | 1.00 |
| | Males | 0.87 | 1.26 | 1.00 |

The statistical data range is from 2023/01-2023/12 .

Note 1: The basic salary is calculated based on the "regular salary."

Note 2: The total remuneration is calculated based on the "regular salary plus bonus rewards."

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## 3. Number, Average, and Median Salary of Full-Time Non-managerial Employees

Accton reported (Note 1) "3,106 employees" who were full-time non-managerial employees in 2023, in accordance with regulations of the Taiwan Stock Exchange. The average salary was "NT$1,385 thousand" and the median salary was "NT$982 thousand".

| Reporting Year | Number of full-time Employees | Average Salary (Note 2) | Median Salary (Note 2) |
|---|---|---|---|
| Y2023 | 3,106 | 1,385 | 982 |
| Y2022 | 2,824 | 1,324 | 934 |
| Y2021 | 2,827 | 1,052 | 732 |

Note 1: Statistics for Taiwan only (excluding Edgecore Networks)

Note 2: NT$1,000

## 4. Defined Benefit Plan Obligations and Other Retirement Plans

Accton has established "Employee Retirement Regulations" in accordance with the "Labor Standards Act" and "Labor Pension Act" (Note 1). We also appropriate retirement reserve to the Bank of Taiwan at regular intervals in accordance with regulations. The Supervisory Committee of Retirement Reserve Fund takes charge of management and usage of the funds.

In addition to statutory retirement fund contributions, we conduct actuarial valuations through engagements with professional actuaries annually. As of the end of 2023, the present value of the defined benefit obligation was approximately NT$280 million, with the retirement reserve fund amounting to NT$260 million, ensuring sufficient contributions and a net pension liability of about NT$20 million. Contributions to the new and old systems account for about 3.7% of total salary expenses, ensuring the security of future retirement benefits for employees. The Company offers the "Employee Retirement Plan" (Note 1) superior to statutory requirements and provides employees with different retirement options to help employees arrange their retirement plans with greater flexibility.

All Accton employees enrolled under the old system are included in related calculations and payment principles specified in the "Labor Standards Act."

For employees who opted for the new labor pension system of the "Labor Pension Act" after July 1, 2005 and new employees, the Company allocates an amount equivalent to 6% of each worker's wage to the employees' pension accounts. Employees can also flexibly contribute 0% to 6% of their wages as retirement funds according to their wishes.

Note 1: The "Employee Retirement Plan" applies to Accton and Edgecore but not JoyTech.

# 4.2 Talent Learning and Development

**Boundary: Accton, Edgecore, JoyTech, Vietnam Accton**

## Brief description of targets and track records:

| Region | 2023 Goals | 2023 Results | Short-term goal (2024-2025) | Mid to Long-term Goals (2026-2028) |
|---|---|---|---|---|
| Accton Edgecore | Upgrade the E-learning environment and enhance the employees' motivation to learn independently. | 1. Transitioned to a new Learning Management System (LMS) to achieve compatibility with mobile devices for accessing learning materials. 2. Developed 104 online training courses. | Assist departments in optimizing their learning training roadmap to enhance employee expertise and support corporate operational goals. | Optimize the system mechanisms, design comprehensive systems and methods, and encourage employees to learn on their own to enhance their performance and potential. |
| Joy Technology (JoyTech) | 100% completion rate of training programs in Mainland China in the current year | Actual achievement: 98% | 1. Execute training plans based on employees' skill levels and achieve 100% of the target. 2. Continuously improve the corporate training system and its application. 3. Implement a hybrid blend of online and offline teaching, combining theory with practical application, to cultivate a self-learning mindset among employees and enhance their quality and capabilities. | Establish a digital, smart, and agile training system to facilitate knowledge and upskilling as well as experience transmission. |
| Vietnam Accton | Develop systematic mechanisms and reserved training resources for comprehensive training of Vietnam Accton's supervisors. | Implement a comprehensive development and training system that gradually perfects and enforces professional skills training for specific job positions. | Optimize the training system to foster a culture of self-learning among employees and encouraged autonomous learning. | Establish a training system that allows learners to study anytime anywhere, increasing the average learning hours. |

## Talent Development

Talent is a crucial resource for the Company's sustainable development. Accton's training policy is people-oriented, and we encourage our employees to become active learners. Based on the Company's growth direction, organizational needs, and individual performance requirements, we formulate annual training plans to assist employees in learning and development. Through internal and external training courses and various learning activities, we nurture outstanding employees to enhance corporate operational efficiency. Internal training is divided into six major sectors, including: (N) new recruit orientation training, (E) work efficiency, (P) professional knowledge and skills, (Q) quality management, (H) environmental safety and occupational health, (M) leadership and management; external training is provided to employees in the form of courses or seminars organized by external professional organizations, where necessary. To improve foreign language level, each employee is provided with a fixed amount of subsidy for foreign language training each year to help employees improve their performance at work and team competitiveness. In 2023, Accton was recognized with the SGS 2023 ESG Awards: Talent Development Award.



▲ The globally recognized certification authority SGS held the "SGS 2023 Annual Joint Awards Ceremony," during which Accton Technology was honored with the "SGS 2023 ESG Awards: Talent Development Award." The award was accepted on behalf of the company by Ying-Hui Chiang, the Senior VP of the Business Management Center, who represented Accton at the event.

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# I. Training Framework

## 1. Learning Scope

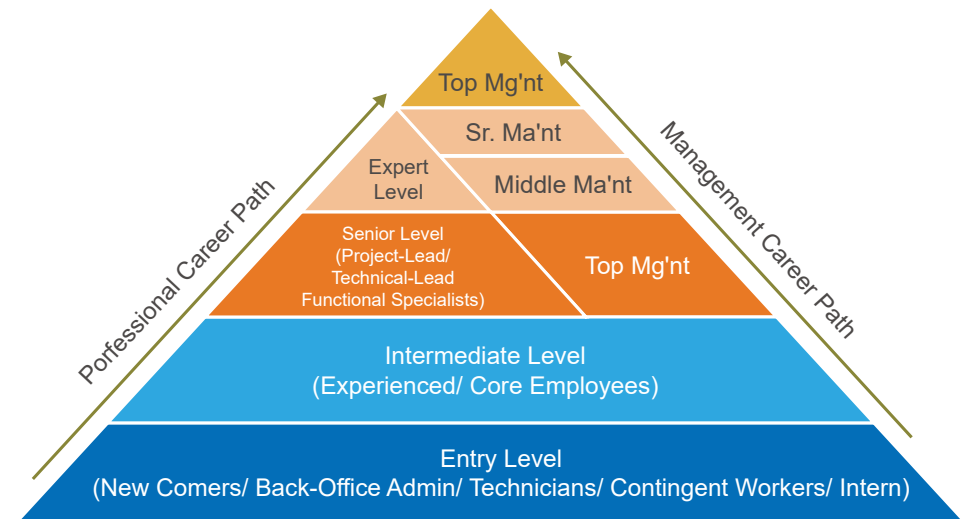| Learning Scope (Taiwan) | Content |
|---|---|
| New Staff Orientation Training | Includes an introduction to the company, corporate culture, rules and regulations, corporate social responsibility, ethical management, anti-corruption, insider trading prohibition, and quality system, which help new recruits understand the company and adapt to the environment. |
| Work Efficiency | Includes courses such as business presentation design, communication, cyber security, document processing, and TTT program to enhance employees' work efficiency. |
| Professional Expertise | Includes courses to enhance domain-specific knowledge, advanced manufacturing processes, and systematic professional knowledge. |
| Quality Management | Includes general knowledge quality courses, such as protection against electrostatic discharge (ESD), problem analysis and problem-solving techniques, QC7, SPC, and PFMEA as well as special ISO courses to ensure that all processes comply with procedures, improve production yields, and meet customer requirements. |
| Environmental Safety and Occupational Health | According to regulatory requirements, new employees shall complete general safety and health training, hazard awareness training, and provide different training courses for general and special operations. |
| Leadership Management | We plan training courses necessary for supervisors based on the roles and functions that correspond to the necessary management skills of each level. Courses include system and regulations, self-management, team management, and business management. |

Accton has created a dedicated training classroom and provided a Learning Management System (LMS) platform for online learning. Employees are provided with a convenient learning system free from time and spatial constraints.

To monitor learning effectiveness and ensure smooth operation of overall learning activities, the training department confirms the schedule for the following month at the end of each month and regularly compiles learning reports. According to a due diligence survey, Accton Group recorded a total of 69,281 training hours in 2023, with 35,828 training instances completed, averaging approximately 13.1 hours of learning per employee.

Total Training Hours
**69,281** hours

Average Training Hours per Employee
**13.1** hours

Number of Employees Trained
**35,828**

Training Satisfaction Score (Out of 100)
**94**

## 2. Talent Development Roadmap

Accton Group adheres to the talent pyramid concept, where employees at all levels undergo extensive training to enhance their professional capabilities. According to their proficiency levels, employees are nurtured either into professional technical roles or management positions. The Company systematically develops managerial talents and encourages professional staff to advance, allowing outstanding individuals to focus on roles suited to their strengths and fully utilize their abilities.

Top Mg'nt
Sr. Ma'nt
Expert Level
Middle Ma'nt
Senior Level (Project-Lead/ Technical-Lead Functional Specialists)
Top Mg'nt
Intermediate Level (Experienced/ Core Employees)
Entry Level (New Comers/ Back-Office Admin/ Technicians/ Contingent Workers/ Intern)

Professional Career Path

Management Career Path

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## ◆ Average Training Hours per Employee by Level



Unit: Hours
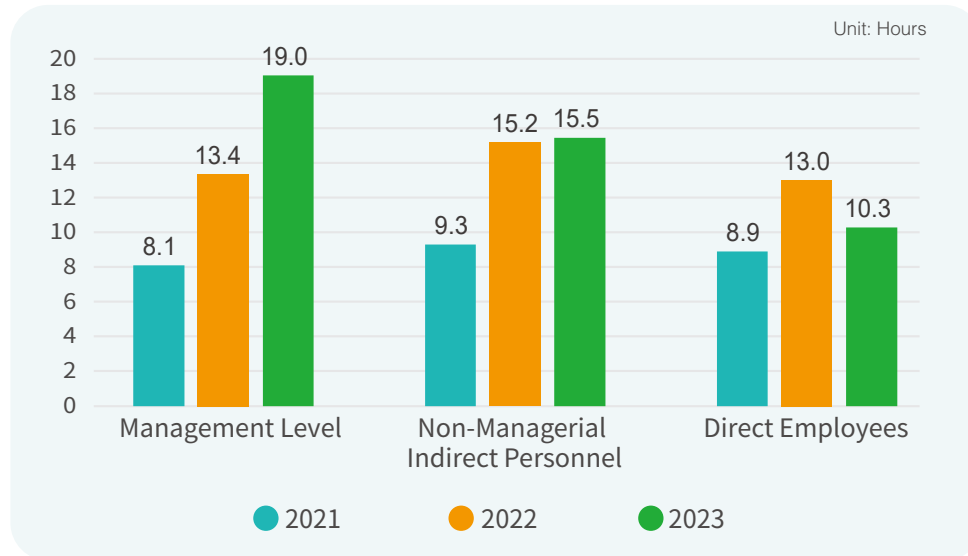
Note 1: Employee numbers are based on the average from January to December 2023, including full-time and contract employees, but excluding temporary workers (whose training hours are calculated separately). JoyTech follows the same basis, which applies to the data indicated below.

Note 2: Data includes Accton, Edgecore Networks, JoyTech, and Vietnam Accton.

Note 3: Calculation formula = Number of training hours per level/ number of employees per level.

Note 4: Management refers to employees who are responsible for leading subordinates, such as section leaders and managers; Indirect personnel refer to non-management personnel. Please refer to 4.1 Talent Attraction and Retention, Diverse Talent Composition and Inclusion for more details.

Note 5: All data below are the same.

In 2023, Accton implemented a digital transformation initiative. The LMS platform supports mobile learning, enabling employees to utilize fragmented time for learning. There were 104 online courses have been developed for supervisors and employees in professional knowledge.

Management at Accton leads by example, with average training hours per managerial staff continuously increasing over the past three years. Due to a reduction in general courses, the training hours for direct personnel saw a slight decrease in 2023.

Accton adopts the four levels of evaluation proposed by Donald Kirkpatrick: Reaction, Learning, Behavior, and Results. In 2023, over 70% of courses in Taiwan underwent reaction evaluations, including aspects such as instructor performance, course content design, material arrangement, administrative services, and overall course effectiveness. The average satisfaction score for course effectiveness was 94 out of 100, with JoyTech achieving a score of 95.

Accton's training programs are not confined to classrooms. Our value proposition is auto-motivate learning. We encourage each employee to actively acquire new skills through projects, work guidance, deputizing, and product development meetings. When there is a need, units are actively encouraged to invite experts to teach and discuss together and accumulate their valuable practical experience from real cases.

## II. DEI Learning Environment

Since Accton was established, we have upheld the spirit of diversity, equity, and inclusion to our employees. We strongly believe that creating a diverse and safe work environment, and respecting and including employees from different backgrounds, allows employees to develop and grow sustainably. This idea aligns with DEI principles, implemented through:

### Institutional Policies

- Inclusive Recruitment: Accton employs inclusive recruitment policies, ensuring a fair and equal hiring process. Our employees come from 13 countries, with 956 foreign employees, including 35 white-collar foreign workers.
- Building a Diverse Team: Accton has an operational presence spanning 13 locations across North America, Europe, and Asia, and establishes diverse work teams across different levels and departments. This includes diversity in terms of gender, race, culture, and other aspects.
- Safe Work Environment: We ensure all employees feel respected and supported, with established grievance reporting mechanisms, regular reviews, and scheduled employee communication activities to create a non-discriminatory work environment.
- Equal Pay: Regular checks on compensation structures are executed to ensure wage equality among employees of different genders and backgrounds in the same positions.
- Flexible Work Arrangements: Accton offers flexible work arrangements to meet the diverse needs of employees, such as remote work and flexible working hours.
- Superior Leave Policies: To help employees balance family, life, and work, Accton provides 8 additional flexible leave days annually, alongside the establishment of the first kindergarten in the Hsinchu Science Park.
- Corporate Social Responsibility: We actively participate in CSR programs, supporting social justice and inclusivity, including the creation of the Accton Arts Foundation and participation in public welfare activities.

For more details, please refer to "4.1 Talent Attraction and Retention."

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## Training

- Empathy Concept Establishment: Accton offers empathy training courses during onboarding to instill respect and understanding in every employee.
- Training and Development: All employees receive training on diversity, inclusion, and equity to promote awareness and understanding. This training helps shift our corporate culture and fosters team collaboration. (Please refer to details below)
- Multifaceted Training Activities: Beyond learning and development, Accton organizes various training activities, including understanding depression and gender equality. (For more details, refer to "4.1 Talent Attraction and Retention.")
- Leadership Involvement: Accton's leadership actively participates in and supports DEI policies. Managers lead by example, regularly promoting these values. The CEO communicates directly with employees through videos, providing contact information to encourage open communication, embedding these values into the corporate culture.

## 1. Diverse and Equal Learning Development

Accton's employee composition is diverse. To accommodate this diversity, training materials are available in English, with online courses also featuring English narration. Internal communications, newsletters, and public information are presented in both Chinese and English. For Filipino employees, native language announcements are provided in dormitories.

Regarding gender equality, Accton offers equal job oppor tunities and training for all roles and necessary skills, without gender bias. Training statistics are as follows:

| Average Training Hours | Biological Male | Biological Female |
|---|---|---|
| Accton | 61% | 39% |
| Edgecore | 49% | 51% |
| Joy Technology (JoyTech) | 52% | 48% |
| Vietnam Accton | 57% | 43% |

Note 1: Average training hours: Total training hours / Total number of employees (rounded).

Note 2: Employee numbers are based on the average from January to December 2023, including full-time and contract employees, but excluding temporary workers. JoyTech and Vietnam Accton follow the same basis, which applies to the data indicated below.

Accton includes R&D and manufacturing, with more males proportionally in R&D roles. The majority of training in 2023 was professional knowledge, aligning training hours with employee proportions. The gender difference in training hours at Edgecore Networks is minimal. At JoyTech and Vietnam Accton, due to industry nature, males predominantly received machinery operation training.

## 2. Talent Development Strategy

To promote talent development, we have adopted the following ways and strategies to help employees grow and develop, while also improving Accton's competitiveness and business performance.

| | |
|---|---|
| **Provide Training and Development Opportunities** | Through internal and external training courses, we offer the necessary skills and knowledge to employees. Additionally, we provide subsidies for learning, such as language and external training subsidies. |
| **Provide Job Rotation Opportunities** | For specific positions and units, we offer rotation opportunities to help employees gain diverse experiences and skills, enhancing job satisfaction, promoting inter-departmental cooperation, and career development. |
| **Giving Feedback and Guidance** | Employees need to know their performance and how to improve. Accton provides regular performance evaluations and feedback from supervisors to help employees improve and motivate them to enhance performance. |
| **Providing Promotion Opportunities** | We offer promotion opportunities for outstanding employees, allowing them to develop their careers within the Company. |
| **Establish Professional Communities** | Accton has various professional communities for employees to learn and exchange ideas. Through these communities, employees can resolve problems together, share best practices and knowledge, and improve their skills and knowledge. |
| **Link Performance with Learning** | By connecting performance and learning, employees can clearly understand the skills and knowledge needed in the Company. New employees must complete mandatory courses to pass their probation, and ongoing employee performance evaluations include learning status as an important criterion. |

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## 3. Internal Instructors

To enhance the transfer of knowledge and experience within the Company and provide a platform for professional talent, Accton has established a Train The Trainer program. The HR department has created an internal instructor system and guidelines, offering training courses for internal instructors. Additionally, various activities such as book clubs, themed luncheons, instructor outings, special events for Teachers' Day, and excellent instructor recognition and award ceremonies are organized. These activities foster a positive atmosphere for internal instructors, creating a culture of sharing and learning.

Through our continuous effort, Accton has cultivated a total of 107 internal instructors. In 2023, these instructors conducted 81 courses (including recording online courses), totaling 13,508 training hours, which accounts for approximately 34% of Accton's total training hours. The post-training satisfaction score was 94 out of 100. JoyTech has 14 certified instructors who conducted 48 sessions, totaling 12,741 training hours, accounting for about 85% of JoyTech's total training hours, with an average post-training satisfaction score of 95 out of 100.

Note 1: Training man-hours: Total number of man-hours of attendees in courses lectured by qualified internal instructors.
Note 2: Employment calculation interval: January 1, 2023 - December 31, 2023.

## Internal Instructor Training and Activity Planning

• Instructor Outings: Engage in outdoor activities such as hiking and seaside trips.

• Year-end Appreciation Events

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## 4. Comprehensive Training

Accton values every talent, offering training activities regardless of age, gender, or position. The training hours and attendance for various age groups in Taiwan, Mainland China, and Vietnam in 2023 are summarized as follows:

| Age Distribution | Accton | | Edgecore | | Joy Technology (JoyTech) | | Vietnam Accton | |
|---|---|---|---|---|---|---|---|---|
| | Training Hours | Number of Participants | Training Hours | Number of Participants | Training Hours | Number of Participants | Training Hours | Number of Participants |
| 29 and below | 11,146 | 6,101 | 100 | 108 | 5,420 | 1,743 | 7,913 | 1,981 |
| 30 to 49 years old | 24,696 | 17,732 | 595 | 545 | 9,274 | 3,177 | 5,341 | 1,129 |
| 50 and above | 4,133 | 3,046 | 235 | 154 | 223 | 81 | 206.5 | 31 |
| Total | 39,975 | 26,879 | 930 | 807 | 14,916 | 5,001 | 13,460 | 3,141 |

In 2022, Accton held a series of seminars in Taiwan (Accton, Edgecore) focused on post-retirement life. These included activities such as experiencing the life of dementia patients, self-care, and caring for individuals with dementia. In 2023, we organized two seminars on financial planning, helping employees build sound financial concepts and start early financial planning. A total of 223 employees participated, accumulating 446 training hours. For more details, please refer to "4.1 Talent Attraction and Retention - Employee Care".

## III. Product Safety Training

### 1. Quality Management

To ensure that Accton's products are in line with the product safety standards of different countries and ensure the safety of users, we have established product safety standard measurement practices and completed relevant training, and have obtained corresponding certification qualifications.

- Product Quality: ISO 9001:2015 Quality Management System, TL 9000-H R6.3/R5.7 Telecom Quality Management System, and IECQ QC080000:2017 HSPM Hazardous Substance Process Management System.
- Occupational Safety and Health Management: ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System, and ISO 14064-1:2018 Greenhouse Gas Inventory.
- Energy Management: ISO 50001:2018 Energy Management System (Accton Headquarters and JoyTech).
- Security Management: AEO (JoyTech) and ISO 28000:2022 Security Management System (Accton Zhunan Plant, Accton Headquarters, Accton RMA Plant).
- Business Continuity: ISO 22301:2019 Business Continuity Management System (Accton Headquarters, Accton Zhunan Plant).

For related certificates, please refer to our official website:

https://www.accton.com/esg-documents/

To further enhance quality awareness, knowledge, skills, and the application of tools, we arrange for external consultants to deliver courses on quality tools. The content includes the application, methods, and timing of five core tools (APQP, PPAP, SPC, MSA, DFMEA, PFMEA). Through case studies, presentations, and consultant guidance, participants understand the essence of these tools and learn to apply them flexibly. Post-training assessments are conducted through tests, and participants are required to submit reports such as DFMEA, guided by consultants to ensure effectiveness.

In 2023, a total of 8,514 participants attended quality management training, accumulating 9,725 training hours. Fifteen in-person courses were held on the five core tools, with 1,104 participants and a total of 6,170 training hours for both in-person and online learning.

### ◆ Course Training and Case Study Discussions

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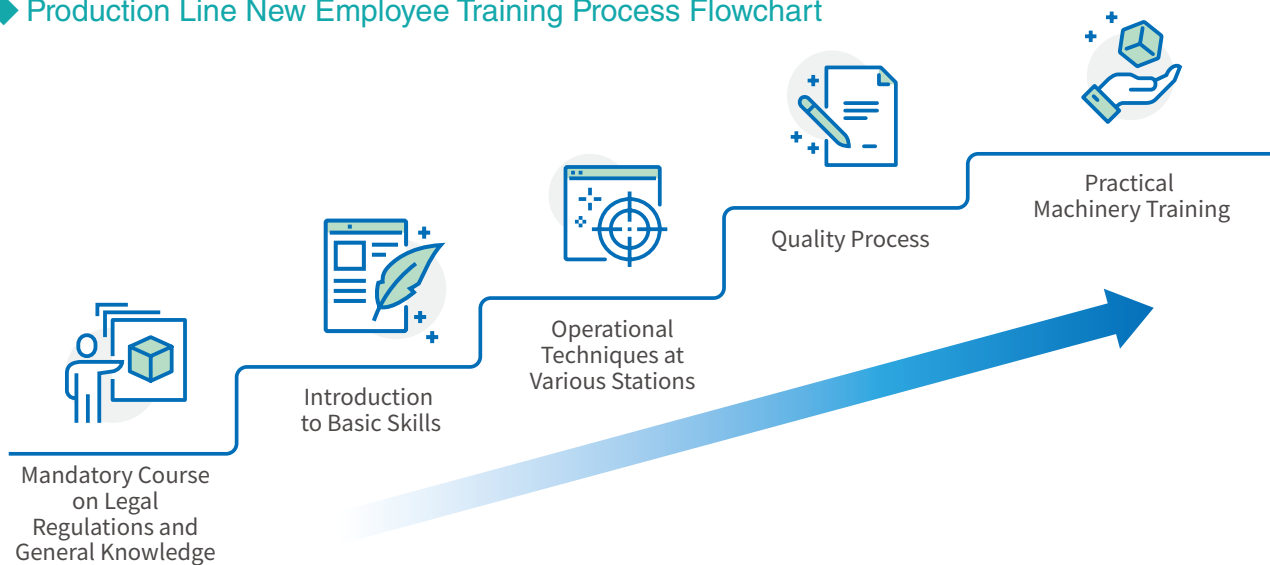
## 2. Production Line Training

To adhere to the principle of "Do the right thing right the first time," Accton has established training classrooms within the production line. New direct employees, including full-time staff, migrant workers, and temporary workers, must undergo a mandatory general training course on their first day and several days simulation production line training courses. The course content includes both foundational theoretical learning (academic) and practical operation courses at each simulation station (technical). Each subject must meet passing standards for certification before proceeding to on-the-job training (OJT). Skilled employees guide new employees through hands-on training at the worksite, and the production line supervisor evaluates the newcomers' learning outcomes to ensure they meet Accton's quality standards before officially starting work. This ensures that quality management begins at the source to prevent quality risks during production caused by inexperienced new employees.

In 2023, a total of 902 new employees completed production line training, accumulating 28,864 training hours, including 645 temporary employees who received 20,640 training hours. JoyTech and Vietnam Accton adhere to the same principles. The supervisors teach newcomers the necessary skills for each station in the classroom, and the department leaders confirm the actual operations at the station before independent work is allowed on the production line. The training is completed within one week.

◆ **Production Line Training**



### ◆ Production Line New Employee Training Process Flowchart



Mandatory Course on Legal Regulations and General Knowledge → Introduction to Basic Skills → Operational Techniques at Various Stations → Quality Process → Practical Machinery Training

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# IV. Regular Performance Evaluations

**Boundary: Accton, Edgecore, JoyTech, Vietnam Accton**

## Brief description of targets and track records:

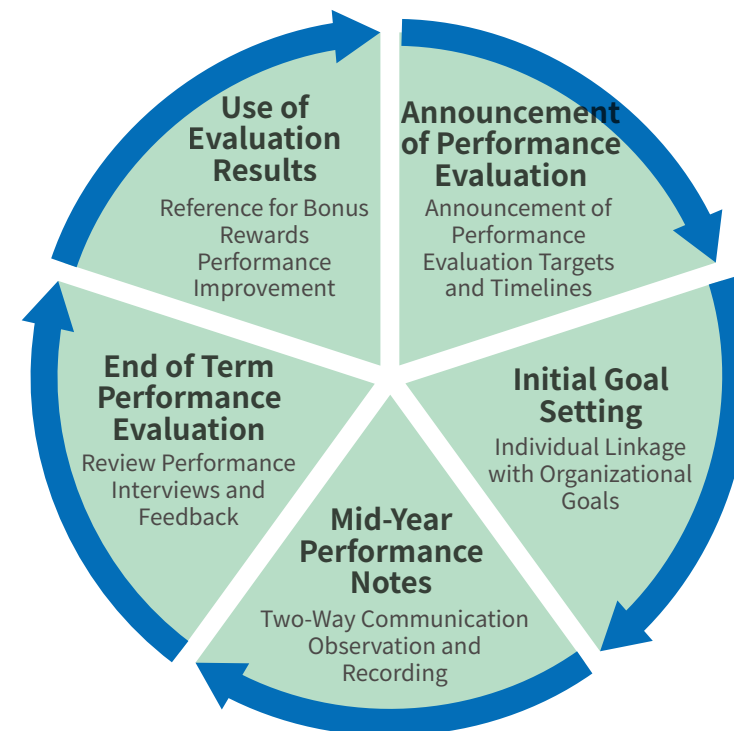| 2023 Goals | 2023 Results | Short-term goal (2024-2025) | Mid to Long-term Goals (2026-2028) |
|---|---|---|---|
| 85% and above of employees receive the annual performance evaluation | 100% of employees received the annual performance evaluation | 90% and above of employees receive the annual performance evaluation | Strengthen the link between evaluation and rewards |
| 85% and above of new employees receive the new employee evaluation | 99.6% of new employees received the new employee evaluation | 90% and above of new employees receive the new employee evaluation | Set up a positive feedback loop module for performance evaluation |

## Regular Performance Evaluation

Since the implementation of the online learning and performance platform in 2014, Accton has made significant strides to promote a regular performance evaluation system. Recognizing the importance of "regular performance evaluations" for personnel development and company growth, Accton reviews the "Performance Management and Evaluation Procedures" every two years. Considering changes in the Company's workforce structure and external trends, and drawing on feedback from internal employees and managerial staff, Accton periodically revises and adjusts operating procedures to maximize the effectiveness of the performance evaluation system. In 2023, employees in Taiwan and China comprised 94% of the Group's workforce. This section focuses on these two regions, including Accton, Edgecore, JoyTech, and Vietnam Accton.

Cybersecurity is not only a concern for suppliers, customers, and investors but also an issue of crucial concern for Accton. With the system software being updated annually, the user interface and information security of the original online platform became outdated. To ensure that every employee has a user-friendly experience and meets internal and external information security requirements, Accton upgraded the online learning and performance platform in the second half of 2022. The goal was to provide a secure environment for online learning and regular performance evaluations.

In 2023, Accton adopted a goal management approach, conducting annual performance evaluations in two phases: the first and second halves of the year. The process included:

1. Initial Phase: Setting individual goals based on organizational objectives. 2. Mid-Year Phase: Recording performance through performance notes, engaging in two-way communication with supervisors, and adjusting goals as necessary. 3. Year-End: Conducting performance interviews and evaluations. 4. Final Phase: Confirming evaluation results and subsequent actions. Continuous, periodic communication, guidance, and goal adjustments ensure that individual work directions align with Company objectives, ensuring shared success. New employees, within two weeks of joining, confirm their goals with their supervisors. They then undergo an evaluation at the end of three months.



**Use of Evaluation Results**
Reference for Bonus Rewards Performance Improvement

**Announcement of Performance Evaluation**
Announcement of Performance Evaluation Targets and Timelines

**Initial Goal Setting**
Individual Linkage with Organizational Goals

**Mid-Year Performance Notes**
Two-Way Communication Observation and Recording

**End of Term Performance Evaluation**
Review Performance Interviews and Feedback

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## The evaluation mechanism is jointly managed and promoted by three parties:

1. The Human Resources Department is responsible for revising policies, ensuring the implementation of processes, and developing subsequent talent development and reward plans based on the results. In 2023, performance bonuses were issued according to evaluation results. In 2024, the "Performance Management and Evaluation Procedures" will be reviewed and revised based on the evaluation results.
2. Senior Decision-Making Group and Unit Managers execute performance management tasks according to relevant regulations. In 2023, based on evaluation results, relevant talent training and development plans, as well as employee performance improvement plans, were implemented.
3. Internal and external IT units assist in data security. In 2022, an online platform upgrade was introduced to meet internal and external information security requirements, ensuring system data security.

The performance evaluation results are linked to the performance bonus reward plan, employee promotions, and talent training development directions. Accton's reward plan is performance-oriented, serving as an incentive for retaining outstanding talent. For employees who do not meet performance standards, improvement goals are set with supervisors, and performance improvement plans are implemented. This approach not only promotes a healthy workforce cycle but also helps employees identify the root causes of poor performance, providing appropriate tools and assistance to enable them to excel and develop in suitable positions.
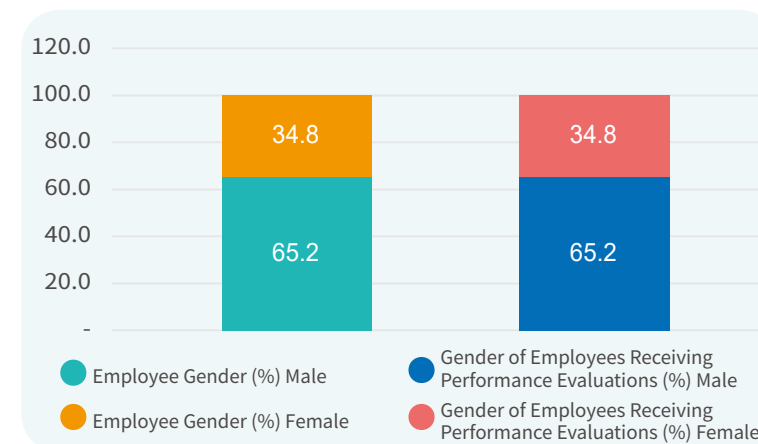
## Description of regular employee performance evaluation data for 2023:

Accton regular indirect employees, excluding senior management above the vice president level, part-time workers, employees who have been approved for employment separation (excluding Group internal transfers), and those who have not passed the new employee evaluation, are required to undergo annual performance evaluations every six months. In 2023, the total number of employees was 3,369. In the first half of 2023, there were 1,711 regular indirect employees, of which 1,568 met the aforementioned criteria and underwent performance evaluations, resulting in a participation rate of 91.6%. In the second half of 2023, there were 1,824 regular indirect employees, of which 1,580 underwent performance evaluations, resulting in a participation rate of 86.6%. Direct employees are evaluated monthly by their respective units after joining the Company, and performance bonuses are awarded based on job performance. Temporary employees undergo evaluations after four months of employment, with the results determining whether they are promoted to regular employee status. In 2023, there were 684 new temporary employees, 32 of whom were promoted to regular employees after evaluation, with a promotion rate of approximately 4.7%.

Edgecore regular indirect employees, excluding senior management above the vice president level, contract employees, employees who have approved for employment separation (excluding Gorup internal transfers), and new employees with less than three months of service, are required to undergo annual performance evaluations every six months. In 2023, the total number of employees was 312. In the first half of 2023, 152 employees met the aforementioned criteria and underwent performance evaluations, resulting in a participation rate of 100%. In the second half of 2023, 150 employees met the criteria and underwent performance evaluations, resulting in a participation rate of 100%.

JoyTech employees, except those who joined in the fourth quarter of the current year, are required to undergo annual performance evaluations every year. In 2023, the total number of employees was 1,157. Of these, 1,113 met the aforementioned criteria and underwent performance evaluations, resulting in a participation rate of 96.2%. Vietnam Accton was established in March 2023 and conducted one performance evaluation in 2023. In 2023, the total number of employees was 106. Of these, 106 met the aforementioned criteria and underwent performance evaluations, resulting in a participation rate of 100%.

## ◆ Gender Ratio for Performance Reviews in 2023



Employee Gender (%) Male ● 　Gender of Employees Receiving Performance Evaluations (%) Male ●
Employee Gender (%) Female ● 　Gender of Employees Receiving Performance Evaluations (%) Female ●

Accton's new formal employees, excluding direct personnel, managers and above, and those transferred within the Group, must undergo a probation evaluation after three months of employment. In 2023, a total of 577 new formal employees joined, of which 251 met the criteria for the probation evaluation, resulting in a participation rate of 43.5%. Edgecore Networks does not conduct probation evaluations. New employees undergo annual performance evaluations after three months of employment. In 2023, a total of 12 new employees joined. JoyTech's new employees must undergo a probation evaluation after three months of employment. In 2023, a total of 359 new employees joined, all of whom met the criteria for the probation evaluation, resulting in a participation rate of 100%. Vietnam Accton has different evaluation regulations for different job categories. Direct employees are evaluated after 6 days of employment, while indirect employees undergo a probation evaluation after three months. Those who pass the evaluation become formal employees. In 2023, a total of 419 new direct employees and 191 new indirect employees joined. Of these, 106 met the criteria for the annual performance evaluation, resulting in a participation rate of 100%.

Accton has been effectively implementing regular performance evaluations for many years. The medium to long-term goal is to strengthen the connection between evaluation results and other functions, allowing high-potential talents to shine and providing sufficient resources and opportunities for underperforming employees to get on track. Through the positive feedback loop module for performance evaluations, we aim to help both employees and the Company achieve outstanding results.

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◆ Relevant charts/data information

| Ratio of Regular Employees Undergoing Performance Evaluation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company | Job Position | | Employees (persons) | | Employees Who Underwent Performance Evaluation (persons) | | Employee Gender (%) | | "Gender Ratio of Employees Who Underwent Performance Evaluation (%)" | | Annual Performance Evaluation Rate (%) | |
| | | | Males | Females | Males | Females | Males | Females | Males | Females | Males | Females |
| Accton | Direct Employees | | - | - | - | - | - | - | - | - | - | - |
| | Indirect Employees | Managerial role | 404 | 141 | 404 | 141 | 74.1 | 25.9 | 74.1 | 25.9 | 100.0 | 100.0 |
| | | Technical role | 1,701 | 902 | 1,701 | 902 | 65.3 | 34.7 | 65.3 | 34.7 | 100.0 | 100.0 |
| | Subtotal | | 2,105 | 1,043 | 2,105 | 1,043 | 66.9 | 33.1 | 66.9 | 33.1 | 100.0 | 100.0 |
| Edgecore | Direct Employees | | - | - | - | - | - | - | - | - | - | - |
| | Indirect Employees | Managerial role | 28 | 13 | 29 | 13 | 68.3 | 31.7 | 69.0 | 31.0 | 103.6 | 100.0 |
| | | Technical role | 168 | 93 | 164 | 93 | 64.4 | 35.6 | 63.8 | 36.2 | 97.6 | 100.0 |
| | Subtotal | | 196 | 106 | 193 | 106 | 64.9 | 35.1 | 64.5 | 35.5 | 98.5 | 100.0 |
| JoyTech | Direct Employees | | 510 | 256 | 510 | 256 | 66.6 | 33.4 | 66.6 | 33.4 | 100.0 | 100.0 |
| | Indirect Employees | Managerial role | 63 | 31 | 63 | 31 | 67.0 | 33.0 | 67.0 | 33.0 | 100.0 | 100.0 |
| | | Technical role | 135 | 138 | 135 | 138 | 49.5 | 50.5 | 49.5 | 50.5 | 100.0 | 100.0 |
| | Subtotal | | 708 | 425 | 708 | 425 | 62.5 | 37.5 | 62.5 | 37.5 | 100.0 | 100.0 |
| Vietnam Accton | Direct Employees | | - | - | - | - | - | - | - | - | - | - |
| | Indirect Employees | Managerial role | - | 6 | - | 6 | - | 100 | - | 100 | - | 100.0 |
| | | Technical role | 49 | 51 | 49 | 51 | 49.0 | 51.0 | 49.0 | 51.0 | 100.0 | 100.0 |
| | Subtotal | | 49 | 57 | 49 | 57 | 46.2 | 53.8 | 46.2 | 53.8 | 100.0 | 100.0 |
| Total | | | 3,058 | 1,631 | 3,055 | 1,631 | 65.2 | 34.8 | 65.2 | 34.8 | 99.9 | 100.0 |

Note 1: Excludes management levels of Vice President and above, and those who have not passed the new employee evaluation, and those who do not meet the qualifications for performance evaluation.
Note 2: Direct employees in Taiwan who undergo regular evaluations by their respective units and are not included in this table.

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| Company | Job Position | | Ration of Regular Employees Who Underwent New Employee Evaluation | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Employees（persons） | | Employees Who Underwent Performance Evaluation (persons) | | Employee Gender (%) | | "Gender Ratio of Employees Who Underwent Performance Evaluation (%)" | | Annual Performance Evaluation Rate (%) | |
| | | | Males | Females | Males | Females | Males | Females | Males | Females | Males | Females |
| Accton | Direct Employees | | - | - | - | - | - | - | - | - | - | - |
| | Indirect Employees | Managerial role | 3 | - | 3 | - | 100.0 | - | 100.0 | - | 100.0 | - |
| | | Technical role | 159 | 112 | 159 | 112 | 58.7 | 41.3 | 58.7 | 41.3 | 100.0 | 100.0 |
| | Subtotal | | 162 | 112 | 162 | 112 | 59.1 | 40.9 | 59.1 | 40.9 | 100.0 | 100.0 |
| Edgecore | Direct Employees | | - | - | - | - | - | - | - | - | - | - |
| | Indirect Employees | Managerial role | - | - | - | - | - | - | - | - | - | - |
| | | Technical role | 8 | 4 | - | - | - | - | - | - | - | - |
| | Subtotal | | 8 | 4 | - | - | - | - | - | - | - | - |
| JoyTech | Direct Employees | | 235 | 112 | 235 | 112 | 67.7 | 32.3 | 67.7 | 32.3 | 100.0 | 100.0 |
| | Indirect Employees | Managerial role | 1 | - | 1 | - | 100.0 | - | 100.0 | - | 100.0 | - |
| | | Technical role | 9 | 2 | 9 | 2 | 81.8 | 18.2 | 81.8 | 18.2 | 100.0 | 100.0 |
| | Subtotal | | 245 | 114 | 245 | 114 | 68.2 | 31.8 | 68.2 | 31.8 | 100.0 | 100.0 |
| Accton Vietnam | Direct Employees | | 193 | 226 | 183 | 200 | 46.1 | 53.9 | 47.8 | 52.2 | 94.8 | 88.5 |
| | Indirect Employees | Managerial role | 2 | 7 | 2 | 7 | 22.2 | 77.8 | 22.2 | 77.8 | 100.0 | 100.0 |
| | | Technical role | 88 | 94 | 88 | 92 | 48.4 | 51.6 | 48.9 | 51.1 | 100.0 | 97.9 |
| | Subtotal | | 283 | 327 | 273 | 299 | 46.4 | 53.6 | 47.7 | 52.3 | 96.5 | 91.4 |
| Total | | | 698 | 557 | 680 | 525 | 55.6 | 44.4 | 56.4 | 43.6 | 97.4 | 94.3 |

Note 1: Excludes intra-Group transferees or those who do not meet the qualifications for new employee evaluation.

Note 2: Direct employees in Taiwan who undergo regular evaluations by their respective units and are not included in this table.

Note 3: Edgecore does not conduct new employee evaluations. New employees undergo annual performance evaluations after three months of employment.

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# V. Volunteering

## SDGs Goal 10 | Reduce inequality within and among countries

### Brief description of goals and track records:

Accton continues to harness the power of its employees, promoting various volunteer initiatives and encouraging employees to engage in different volunteer services. The aim is to enable employees to exert their influence and collectively work towards the goal of diversity and inclusion.

| Region | 2023 Goals | 2023 Results | Short-term goal (2024-2025) | Mid to Long-term Goals (2026-2028) |
|---|---|---|---|---|
| **Accton Edgecore** | 1. Organize at least 4 volunteer activities. <br> 2. The target participation rate is 9% of the total employees, approximately 300 participants. | 1. Organize 7 volunteer activities. <br> 2. The target participation rate is 14% of the total employees, approximately 500 participants. | 1. Organize at least 8 volunteer activities. <br> 2. The target participation rate is 15% of the total employees, approximately 600 participants. | 1. Organize at least 12 volunteer activities. <br> 2. The target participation rate is 800 participants. |
| **Joy Technology (JoyTech)** | 1. Plan to conduct 3 volunteer training sessions with 15 participants, including employees and their families. <br> 2. Promote traffic safety with 25 participants. <br> 3. Organize participation in Tzu Chi Charity Foundation appreciation activities with 30 participants. | 1. Conduct two volunteer training sessions with about 5 family members and over 80 non-employee members of the public participating. <br> 2. Promote traffic safety with a total of 35 participants, accumulating over 120 hours. <br> 3. 24 employees participated in blood donation drives, contributing 9,600ml of blood. <br> 4. One employee participated in the "Bao'an District International Marathon" in Shenzhen, accumulating 9 hours. <br> 5. Hosted a "Fire Safety Knowledge Lecture" with 1 employee participating for 2 hours, serving 40 community members. | 1. Plan to conduct 3 volunteer training sessions with 20 participants, including employees and their families. <br> 2. Promote traffic safety with 30 participants. <br> 3. Organize participation in Tzu Chi Charity Foundation appreciation activities with 30 participants. | 1. Continue to conduct 4 volunteer training sessions. <br> 2. Continue traffic safety promotion with a cumulative total of 80 participants. <br> 3. Organize participation in Tzu Chi Charity Foundation appreciation activities with 60 participants. <br> 4. Focus on the care of underprivileged children in the Shenzhen area. |

## | Accton, Edgecore

### ◆ 8 Major Results in 2023:

### 1. Encouraging employees to "voluntarily engage in public philanthropy" and give back to society.

Accton encourages employees to embrace giving, serve others, and find value and meaning in life. Employees have the option to participate in volunteer activities organized by the Accton Group or external organizations. In 2023, 14 employees contributed a total of 89 volunteer hours. Their service included assisting at elderly care centers, conducting resume clinics, participating in elementary school Christmas charity sales, and providing Mandarin tutoring for children in rural areas.

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## 2. 520 Walk in Support of Those with Disabilities, Striding Towards Health

• The First Step Towards Social Inclusion Begins with Understanding

In May, employees and their families were led to Taitung to visit and accompany Accton's long-term philanthropic partners, "Kids' Book House" and "Jinlun Friendly Workshop." In the morning, we visited the "Black Kid, Black Coffee" training center, where young people are trained before entering the workforce. We learned about the growth journey of these children, who were raised in the Book House, and how they give back to the Taitung community with their skills and expertise in a virtuous cycle. We also visited the "Kids' Book House (Qinglin Bookhouse)," Taiwan's first steel-frame adobe house, built through the combined efforts of children, the community, and the public. This house serves as a place for the Book House children to study, dine, and maintain a self-sufficient vegetable garden.

In the afternoon, members of the Jinlun Friendly Workshop with disabilities demonstrated their skills, leading employees and community residents in hands-on activities. These included making beaded bracelets with Paiwan katakata glass beads, handmade paper, and egg cakes. The meticulous teaching of our disabled friends helped participants create items for charity sales.

On the second day, we participated in the "520 Walk in Support of Those with Disabilities, Striding Towards Health" charity event organized by Jinlun Friendly Workshop. Accton employees accompanied disabled friends with mobility challenges, starting from the Dawu Multi-functional Activity Center in Taitung County. They traversed the beautiful South Link Highway and completed a 5.4-kilometer journey. With the support and encouragement of Accton's employees, the participants successfully reached the final stop - the Heart of Dawu South Link Highway Station.

"Accton with Love, Society without Barriers" Accton Technology and Accton E-Charity (www.17885. com.tw) have always shown great concern for society, continually creating a positive impact. A total of 19 employees and their families participated, contributing a total of 152 volunteer hours.



## 3. St. Anne's Home X Intelligent Ocean

• Fostering Deeper Connections through Accompaniment

The children with multiple physical and mental disabilities at the Taipei St. Anne's Home had been unable to go outdoors due to the COVID-19 pandemic. After many years, the pandemic restrictions were finally lifted. To help employees better understand and connect with the children, Saint Anne's teachers prepared pairing lists and detailed each child's characteristics and special needs. On June 30, Accton's volunteers took the children to the National Museum of Marine Science and Technology, where they explored various exhibition halls, observed marine life up close, participated in interactive experiences, and assisted the children with meals. After lunch, employees helped the teachers by pushing the children's wheelchairs to the restrooms for diaper changes and comforting the children during the process. The volunteers engaged in simple conversations and listened attentively to the children.

After the event, the employees shared their experiences, noting that although the children's actual ages were older, their eyes and conversations reflected adorable childlike innocence and charm. Despite their physical challenges, the children's smiles were never lost. The hope is that these children will have more opportunities to see the world and that more people will come to know and understand them. This effort aims to remove the stigma of disability and create an environment of understanding, respect, equality, and inclusion. Participants: 14 employees and family members. Total volunteer hours: 98 hours.

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## 4. Accton Arts Foundation: "Nice to Meet You! A Friendly and Equal Art Exhibition Experiment"

In August, the Accton Arts Foundation invited seven major social welfare organizations, namely the Luway Opportunity Center, the Sisters of Our Lady of China Catholic Charity Social Welfare Foundation, the Beunen Foundation, the Abundant Blessings Community Association of Taiwan, the Abao Education Foundation, the Saint Joseph Social Welfare Foundation, and the Ai Heng Training Center for Mental Retardation, to collaborate. Using the openness and experimental nature of art, the themed curation led the service recipients of these institutions to engage with art. Through multifaceted dialogues between artists and friends with disabilities, the exhibition opened up new ways of imagining and creating art, building a platform for both the general public and people with disabilities to participate and interact. During the exhibition, Accton's visually impaired baristas conducted charity coffee sales, supported by six Accton volunteers who helped with exhibition explanations, guiding visitors to interact with the artworks, filling out questionnaires, assisting the visually impaired baristas, and providing support for manual coffee brewing. The aim was to use art to bridge the gap between people with disabilities, artistic creation, and the audience.

## 5. Accton E-Charity's "Podcast New Wave: Trendy Seniors Invite You to Stay Young At Heart!"

Accton E-Charity, in collaboration with the Chiayi City Government Health Bureau, has pioneered the launch of a new wave of senior podcasters. Over two years, they guided Chiayi's trendy seniors to "go on air!" On September 16-17, a results exhibition was held at the "Youth Soul Lab" in Chiayi City.

In 2022, Accton E-Charity successfully launched the "Trendy Seniors on Air" podcast channel.  In 2023, they aimed to evolve this group into a self-sufficient production team through professional training and division of labor, enabling them to continue sharing their life stories through new media. This initiative hopes to inspire all seniors to enjoy and create a unique and vibrant life.

The results exhibition showcased diversity and inclusion, featuring Lin Chia-Chien, an internationally certified visually impaired barista and Accton employee, who shared her coffee brewing experience and life story. Other activities included live storytelling by the seniors, sensory experiences for children, and a charity market.

To allow employees to experience this warm and inclusive event, Accton Group called on its employees to serve as volunteers, providing on-site support for the event. The volunteers assisted with tasks such as providing directions and consultations, guiding tours, managing event check-ins, leading participants, and offering general event assistance. The prompt responses, activity support, and on-the-spot feedback from Accton's volunteers ensured the event ran smoothly and successfully.

Nine employees enthusiastically supported the event, contributing a total of 46 volunteer hours. The two-day event attracted over 100 registered participants and more than 300 visitors. Thanks to the enthusiastic assistance of Accton's volunteers, the inclusive carnival was a resounding success.

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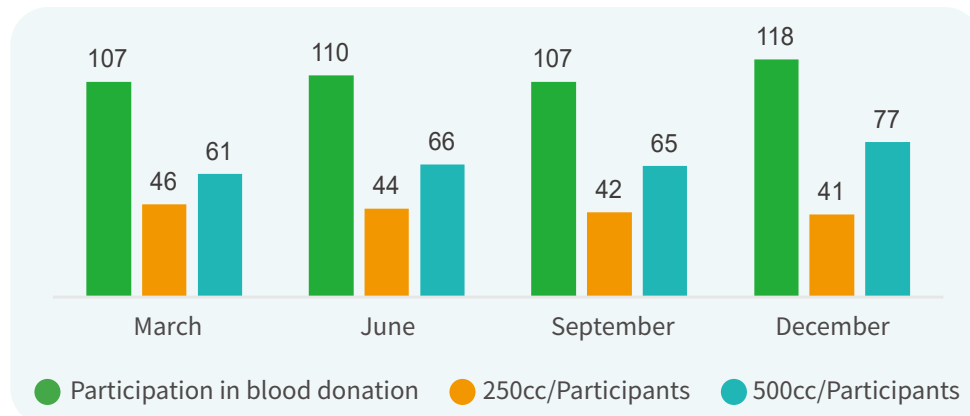
## 6. Eden Social Welfare Foundation

In April and September 2023, Accton employees participated in two volunteer events organized by the Eden Social Welfare Foundation. The events were held in Taichung and Tainan, titled "Children's Rights Adventure Awareness Activity" and the "Barrier-Free Living Festival," respectively. Accton employees assisted the Eden Social Welfare Foundation in helping participants successfully complete children's rights activities and in educating the public on the importance of accessibility and the challenges faced by individuals with disabilities. These efforts aimed to foster greater empathy and friendliness toward the needs of people with disabilities. A total of 12 employees participated in these events, contributing a combined 58 volunteer hours.




## 7. St. Anna's Home Snoopy's Baseball Dream

In April and September 2023, Accton employees participated in two volunteer events organized by the Eden Social Welfare Foundation. The events were held in Taichung and Tainan, titled "Children's Rights Adventure Awareness Activity" and the "Barrier-Free Living Festival," respectively. Accton employees assisted the Eden Social Welfare Foundation in helping participants successfully complete children's rights activities and in educating the public on the importance of accessibility and the challenges faced by individuals with disabilities. These efforts aimed to foster greater empathy and friendliness toward the needs of people with disabilities. A total of 16 employees participated in these events, contributing a combined 112 volunteer hours.





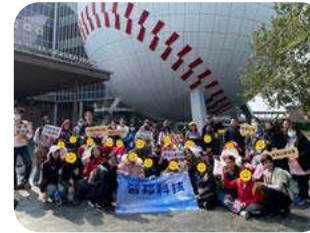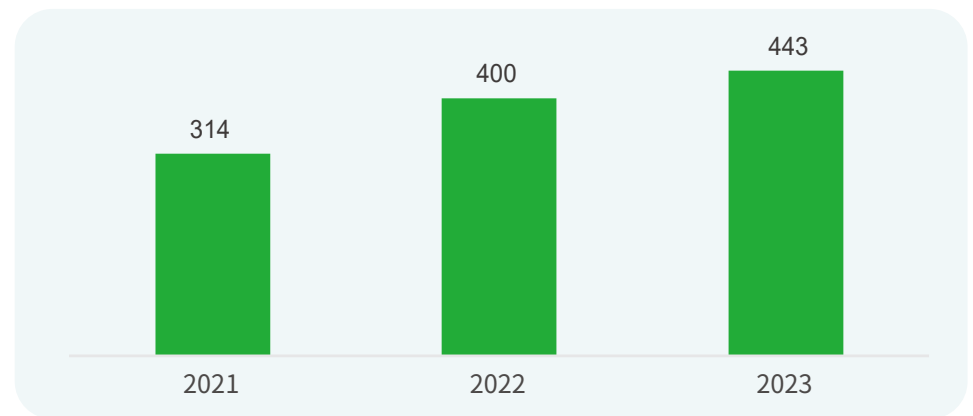## 8. Donate Blood and Save Lives

In line with the spirit of social care and community service, Accton allocates a budget to encourage employees to participate in blood donation drives to help address blood shortages. The Company has collaborated with the Hsinchu Blood Center for over 20 years. In 2023, a total of 443 employees participated in the blood donation drives, with an average of 177 bags of blood donated each quarter, showing a yearly increase in participation.

◆ 2023 Blood Donation Participation



● Participation in blood donation  ● 250cc/Participants  ● 500cc/Participants

| | March | June | September | December |
|---|---|---|---|---|
| Participation in blood donation | 107 | 110 | 107 | 118 |
| 250cc/Participants | 46 | 44 | 42 | 41 |
| 500cc/Participants | 61 | 66 | 65 | 77 |

◆ Participation in blood donation from 2021-2023



| 2021 | 2022 | 2023 |
|---|---|---|
| 314 | 400 | 443 |

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# | JoyTech

## ◆ 5 Major Results in 2023:

1. JoyTech engaged in the Shiyan Street Volunteer Association's volunteer training program, which delved into the origins and essence of volunteering, highlighting its voluntary, unpaid, organized, and public-spirited nature. The program underscored the values of participation, mutual assistance, and dedication, encouraging employees to actively engage in activities and contribute to social development. It also reminded them to give back to society while striving in their personal and professional lives. Employees and their families participated approximately five times, while training community residents, with a total participation of 80 individuals.

2. For traffic safety advocacy, we supported the government in promoting pedestrian and electric vehicle safety to help reduce traffic accidents, while spreading a message of gratitude and social responsibility. A total of 35 employees participated, contributing over 120 hours of service.

3. Emphasizing social responsibility and the importance of blood donation as a humanitarian act and a mark of social progress, JoyTech encouraged employees to donate blood. In this activity, 24 employees donated a total of 9,600 ml of blood out of a spirit of selfless devotion.

4. To support for the Shenzhen Bao'an District International Marathon, we assisted by providing on-site supplies and maintaining order, ensuring the smooth progression of the event. Volunteers received certificates in recognition of their contributions. One employee participated, providing nine hours of volunteering service.

5. For 119 Fire Safety Promotion Day, employees conducted a "Fire Safety Awareness Lecture" in the community, sharing the fire safety knowledge they acquired at the company. The session was attended by 40 community residents. The community residents expressed their gratitude and took photos with the volunteer instructor. One employee participated, contributing two hours of service. In addition, JoyTech partnered with volunteer organizations to establish a "Safety Knowledge Promotion Team," consisting of eight members who organize awareness activities from time to time each year to give back to the community.

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# 4.3 Safeguarding Employee Safety

## Occupational Safety and Health Management

**Boundary: Including manufacturing plants: Accton HQ (Plant 1) and Plant 2 in Hsinchu, Zhunan Plant in Miaoli, offices in Taipei, Taichung, and Tainan, and subsidiaries Edgecore, JoyTech in Shenzhen, China, and Vietnam Accton manufacturing plant.**

Accton values the performance of occupational safety and health management. In addition to providing a good working environment, the company is also committed to establishing a safety culture and reducing occupational health and safety risks. Based on the ISO 45001 management system, Accton has implemented a Plan-Do-Check-Action framework to establish a safety and health management system that is applicable to activities, products, and services across all its facilities.

### I. Environmental Safety and Health Policy

1. Comply with domestic occupational safety and health regulations, and effectively implement and continuously improve our safety and health management systems. Regularly update and analyze employee health examination reports.
2. Actively promote resource recycling and industrial waste reduction.
3. Enhance education for employees and manage suppliers and contractors with rigorous environmental safety and health training and awareness.
4. Proactively eliminate unsafe acts and conditions to prevent accidents.
5. Maintain employee health and achieve zero accidents.

### II. Strategy

Accton has established related procedures and systems in accordance with the characteristics of each unit to prevent, track, manage, and report occupational injuries and diseases and implement routine inspections and audits to ensure the health and safety of employees and the work environment. Annual internal audits and third-party inspections are conducted to ensure compliance with ISO 45001 and related safety and health regulations.

### III. Management Goal: In 2023, Accton, Edgecore, JoyTech, and Vietnam Accton aim for zero major occupational accidents.

| Management Indicators | 2023 Goals | 2023 Results | Short-term Goals (2022-2023) | Mid to Long-term Goals (2024-2026) |
|---|---|---|---|---|
| Number of Major Occupational Accidents | 0 | 0 | 0 | 0 |
| Disabling Injury Frequency Rate (FR) | Reduce by 5% (Compared to the previous year) | Reduce by 26% | Reduce by 5% (Compared to the previous year) | Reduce by 5% (Compared to the previous year) |
| Disabling Injury Severity Rate (SR) | Reduce by 5% (Compared to the previous year) | Increased by 18% | Reduce by 5% (Compared to the previous year) | Reduce by 5% (Compared to the previous year) |

Due to the Disabling Frequency Rate (FR=1.324) in 2022, Accton has implemented the following safety and health measures:

**1. Case studies:** Workplace injury cases are included in the training materials for new recruits and ongoing employee training to ensure both new and seasoned employees understand the causes of accidents and the improvements made to prevent similar incidents. **2. Production line training room:** For example, when learning to drive a machine operation simulation area is set up next to the production line. Before officially operating the machine, the manufacturing department staff will use the simulated production line to familiarize themselves with the operation process and must pass the examination before they can operate the machine. This can ensure that employees not only know how but also can do, and raise safety awareness to reduce the number and severity of workplace injuries.  **3. Adjustments to occupational safety and health refresher training content:** Accident cases are added to on-the-job training materials to give employees a more direct understanding of the causes of accidents and the measures taken to improve safety.

The results for 2023 show a reduction in the FR and an increase in the SR. Accton continues to improve, aiming to reduce the rate by 5% annually (based on the previous year as the baseline).

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## IV. Occupational Safety and Health Management

To prevent hazards associated with operations, activities, services, or facilities from causing safety and health risks to colleagues or financial losses to the Company, Accton maintains an ISO 45001 safety and health management system. This system continuously promotes the identification of safety and health hazards, risk and opportunity assessments, and the implementation of appropriate preventative measures or necessary control methods to keep risks at an acceptable level.

### 1. Occupational Safety and Health Committee

Accton has established an Occupational Safety and Health Committee, chaired by senior executives and plant managers, and meets quarterly. Each factory plant nominates labor representatives exceeding 1/3 of the number of management representatives, complying with regulatory requirements.

The Taipei, Taichung, Tainan offices, and Edgecore hold meetings at Accton's Hsinchu headquarters to review safety inspections, environmental operation testing results, etc. JoyTech also has an Occupational Safety and Health Committee that meets quarterly.

The Occupational Safety and Health Committee convenes quarterly meetings to discuss the following matters:
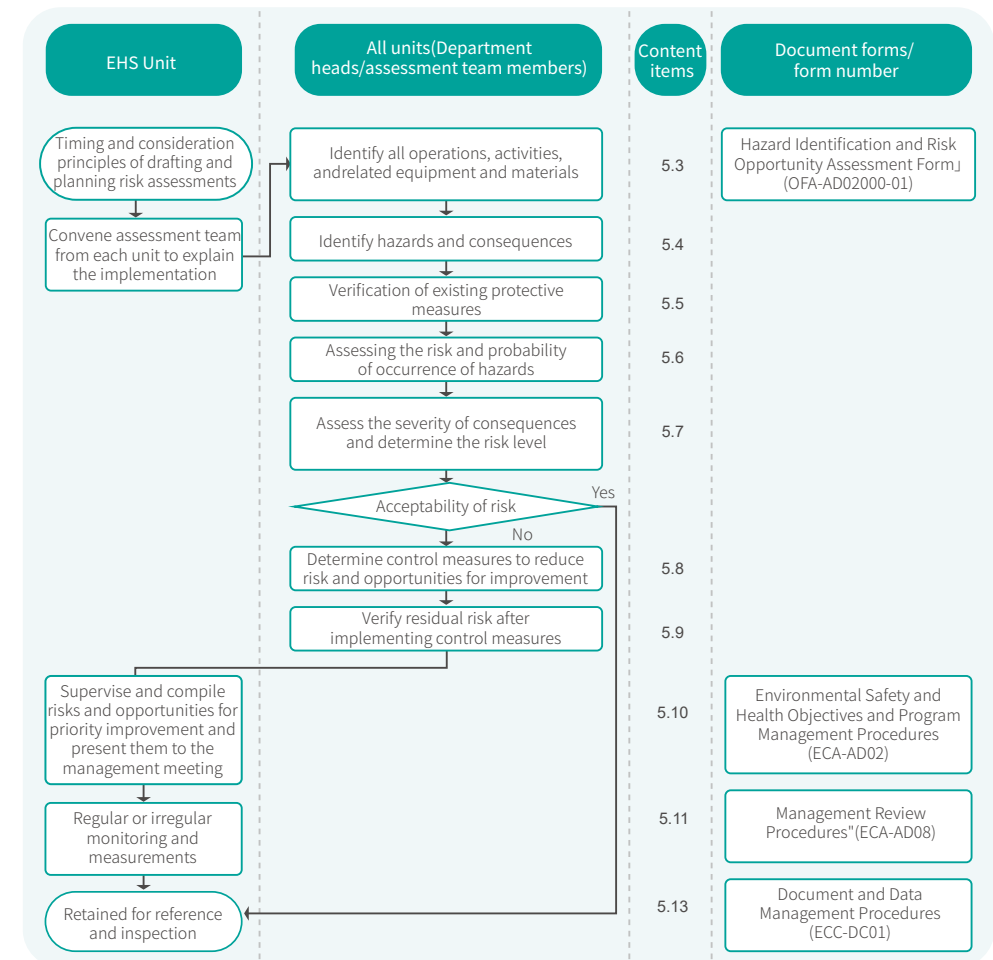
| | | | |
|---|---|---|---|
| A | Formulation of the occupational safety and health policy and recommendations. | G | Business units' automatic inspections and safety and health audit matters. |
| B | Coordination and recommendations of the occupational safety and health management plan. | H | Preventive measures for hazards from machinery, equipment, and materials. |
| C | Safety and health training programs. | I | Occupational injury investigation reports. |
| D | Work environment inspection plans, inspection results, and measures adopted. | J | Evaluation of the performance of onsite safety and health management. |
| E | Health management, occupational disease prevention, and health promotion matters. | K | Managing safety and health in contracted businesses. |
| F | Safety and health proposals. | L | Other occupational safety and health management matters. |

### 2. Hazard Identification and Risk Assessment   GRI 403-2, GRI 403-7

Accton follows the ISO 45001 PDCA management spirit of continuous improvement and has established procedures for hazard identification and risk assessment to control risks to an acceptable level through regular safety and health hazard identification and risk opportunity assessment. The effectiveness of the implementation is submitted to the Occupational Safety and Health Committee for review on a quarterly basis.

Hazard Identification and Risk Assessment Process:

### ◆ Hazard Identification and Risk Opportunity Assessment Implementation Process

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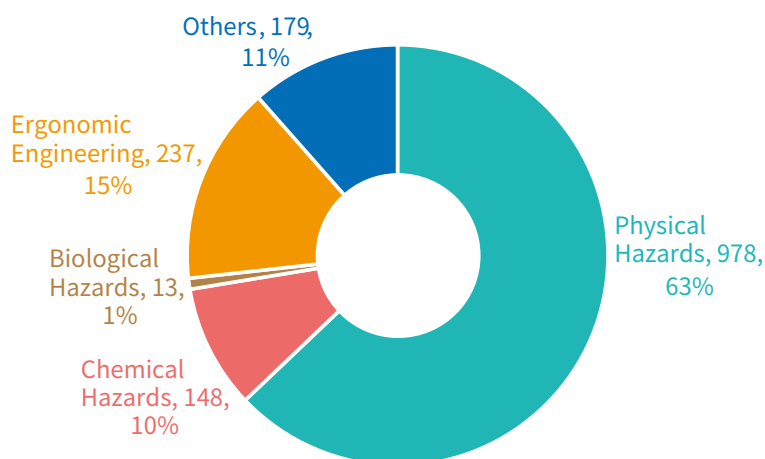
After training, occupational safety and health risk assessment personnel identify hazards and consequences annually based on operational items, determining the type of potential hazards. OSH personnel shall determine the risk level based on the severity of the hazard multiplied by the likelihood of occurrence.

Risks rated level 4 (inclusive) and above are prioritized for improvement by the responsible unit. The priority of control measures are as follows: 1. elimination, 2. replacement, 3. engineering control, 4. management, and 5. personal protective equipment.

Risk Assessment Results:

Accton's main sites, including the Hsinchu headquarters (Plant 1), Hsinchu Plant 2, Zhunan Plant, JoyTech, and Vietnam Accton, are all included in the hazard identification scope, covering employees and contractors controlled by Accton such as security personnel, cleaning staff, and other contractors. In 2023, physical risks were the highest proportion of assessed risks, followed by ergonomic engineering and chemical risks. Among all other categories, traffic accidents have the highest risk assessment ratio.

◆ 2023 Hazard Identification and Risk Opportunity Assessment



Others, 179, 11%
Ergonomic Engineering, 237, 15%
Biological Hazards, 13, 1%
Chemical Hazards, 148, 10%
Physical Hazards, 978, 63%

## A. Physical Hazards

Since the production equipment is mainly automated on assembly lines, it is common to see hazards such as cutting injuries, high and low-temperature contact, and inductive electric shocks. Therefore, a three-stage approach was adopted to reduce the risks. 1. Newly purchased machine safety review: The purchased machinery and equipment should be inspected and qualified by an accredited inspection agency, and the type of certified machinery and equipment apparatus should obtain the TS safety label before use. 2. Hardware safety devices: Accton sets up suitable hardware protection for such risks, such as setting up shields, light grilles, two-hand switches, safety switches, leakage circuit breakers, grounding wires, etc. 3. Safety operation standards: Develop relevant safety procedures and regulations, conduct safety education and training, and provide various personal protective equipment for colleagues to use.

## B. Chemical Hazards

Regular checks of chemical Safety Data Sheets (SDS), implementation of workplace environmental assessments, and risk level evaluations based on the chemical control banding (CCB) and prioritize chemical management procedures. In addition, we carry out related hazard prevention measures, such as using lower hazard chemicals instead of higher hazard chemicals, using chemicals within closed systems, enhancing overall ventilation, installing local exhaust ventilation equipment, wearing personal protective equipment like gloves and masks, and conducting hazard awareness training.
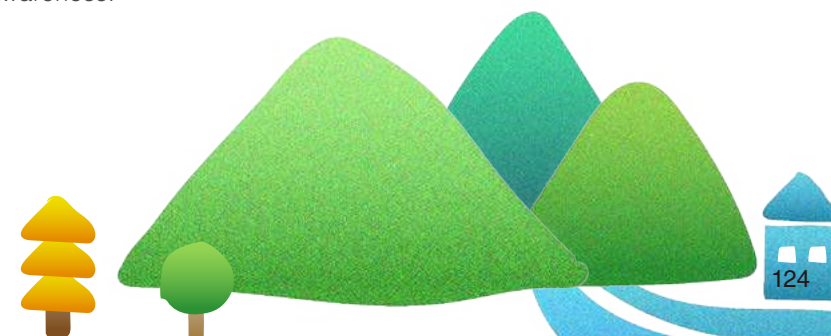
## C. Ergonomic Hazards

Accton has developed an "Ergonomic Hazard Prevention Plan" to avoid musculoskeletal injuries caused by repetitive tasks. Accton's Occupational Safety and Health Department collects signs of ergonomic hazards through various channels such as employee notifications, health examination questionnaires, requests for pain relief patches, medical records, or workstation hazard analysis.

Upon detection, the task is analyzed to assess ergonomic risk factors. Occupational health physicians provide guidance based on the assessment results. Departments are expected to implement improvements in the intensity of efforts, working hours, postures, and frequency of tasks to reduce or eliminate hazard factors.

## D. Traffic Accident Hazards

Accton is committed to preventing and reducing the impact of traffic accidents on employees. This involves continuously enhancing employee knowledge of traffic safety, rules, and defensive driving techniques to increase driving safety awareness.

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## 3. Ongoing Promotion of Safety and Health Initiatives

Accton promotes a people-centered safety culture, manages safety risks, and constructs an inherently safe work environment. Opportunities for improvement are identified during each training session, audit, and drill, with regular monitoring of related safety and health initiatives and execution details as follows:

| Item | Implementation |
|---|---|
| Regulatory Identification | • Accton regularly identifies regulations and tracks compliance across all facilities, with four updates to occupational safety and health-related regulations. |
| Standardized Management Procedures | • Accton's standardized safety and health management procedures were reviewed and 41 documents were revised and updated. |
| Safety and Health Education Training | • Courses: Including general safety and health, hazard awareness training, equipment operation safety, kitchen gas safety, industrial safety equipment operation, and annual contractor safety training for both new and current employees, with a total of 8,122 training sessions completed.<br>• All Accton employees and contractors passed the safety and health training. |
| Risk Identification and Assessment | • Work environment risk identifications were conducted, implementing graded management and hazard reduction measures, with 1,555 risk identifications and assessments performed. |
| Newly Purchased Equipment Safety Management | • Accton assessed 34 pieces of newly purchased equipment for safety reviews, with zero incidents caused by the use of new machinery. |
| Chemical Management | • All chemicals entering Accton facilities must pass a safety review process. Three chemical CCB classification management assessments were completed, with 0 incidents caused by the use of new chemicals. |
| Contractor Management | • Accton contractors conducted 586 operations within the facilities, with a 100% achievement rate in site inspections and hazard communication. |
| Implementation Checks | • Accton's internal audits identified 89 issues, with a 94% improvement rate. |
| Emergency Response Drills | • In 2023, 10,331 participants took part in emergency response drills, including chemical leak, civil defense, response team training, and fire evacuation drills. |
| Occupational Accident Prevention | • In addition to risk assessment, the depth of accident investigation has been refined, and related improvements have been extended to all plants as a level to reduce the number of injury cases. |

## 4. Workplace Environment Monitoring

To maintain a good workplace environment, the Accton plants are regularly monitored by occupational health technicians every six months and JoyTech is monitored annually, and the monitoring results are published. The content of inspections includes (1) environmental measurements of physical factors: noise and lighting; (2) environmental measurements of chemical factors: carbon dioxide, organic solvents, tin, and metal dust. All monitoring results met statutory laws and regulations.

## 5. Exchange of Occupational Safety and Health Information

To enhance the exchange of occupational safety and health information, it is disseminated through the Company's internal website, emails, and bulletin boards periodically. Accton also actively participates in explanatory seminars organized by competent regulatory authorities to keep occupational safety and health information up-to-date. We hope to increase employees' safety awareness and participation through bilateral or multilateral communication channels and increase protection for employees' safety and health.

During safety and health education training for new employees, in addition to informing them about workplace hazard risks, it is particularly emphasized that, according to Article 18 of the Occupational Safety and Health Act and Article 25 of the Enforcement Rules of the Occupational Safety and Health Act regarding "imminent danger," employees are instructed that if they detect any immediate danger during work, they should not only report it immediately but also evacuate to a safe place on their own. Additionally, supervisors and managers may order an evacuation based on the current disaster situation to ensure the safety of all employees. Employees shall immediately report any safety concerns to their supervisors or occupational safety guards during their employment and shall not be subject to disciplinary action for reporting safety concerns.

Other workers such as security personnel, cleaning staff, and contractors agree on the implementation of safety and health management, health management regulations, emergency and incident notification, etc. through the organization of agreements, hazard notification, etc. If there is a risk of danger during the construction process, the contractor will not only request improvement on the spot, but will also provide the relevant records to the contractor and the contractor's responsible window to remind the relevant stakeholders of safety and health awareness.

## 6. Inclusion of migrant worker dormitories in regular safety audits

Accton Technology not only cares about the safety of colleagues at work but also prioritizes the safety of their accommodations. Therefore, the Occupational Safety and Health Department conducts monthly audits of migrant worker dormitories, checking six major aspects: "building safety," "electrical safety," "fire evacuation," "food hygiene," "environmental cleanliness," and "pandemic prevention measures." With the assistance of Accton's occupational safety and health professionals, the dormitory management companies are continuously guided to improve, fostering a cooperative relationship unique to the industry.

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## V. Management Performance (GRI 403-5)

### 1. Five indicators of safety and health management performance

| | Item | 2023 Goals | 2023 Results | Achievement Rate (%) |
|---|---|---|---|---|
| Proactive Performance | Occupational safety and health training (persons) | 8,168 | 8,122 | 99.4 |
| | Participation in emergency drills (persons) | 10,331 | 10,331 | 100 |
| | Educational training for certifications (persons) | 345 | 345 | 100 |
| Reactive Performance | Number of fines (cases) | 0 | 0 | 100 |
| | Completion rate of occupational injury investigations and improvements (%) | 100 | 100 | 100 |

### 2. Occupational Safety and Health Statistics (GRI 403-9)

Accton has established a "Management Procedures for Incident Investigation" applicable to employees and contractors at workplaces, company events, or business-related trips. The health management unit shall provide medical care in accordance with the "Employee Injury and Illness Management Regulations" for injuries to personnel. It shall also notify the environmental safety and health management unit to carry out accident investigation and handling operations. Where the occupational safety and health requirements are not met, improvements must be implemented in accordance with the "Management Procedures for Corrective and Preventive Measures".

During 2023, Accton/Edgecore/JoyTech/Vietnam Accton reported zero fatalities, severe incidents, or occupational diseases (with no occupational disease deaths or confirmed diagnoses of occupational diseases or work-related diseases by occupational medicine specialists in the last three years). There were also no occupational injuries among contractors.

◆ Occupational Injury Statistics (excluding off-site traffic accidents) include:

| Injury Category | 2021 | 2022 | 2023 |
|---|---|---|---|
| Total Recordable Incident Rate | 10 | 12 | 12 |
| Work Hours Lost | 1,432 | 1,256 | 1,520 |
| Work Days Lost | 179 | 157 | 250 |
| Disabling Injury Frequency Rate (FR) (to three decimal places) | 1.050 | 1.324 | 1.120 |
| Disabling Injury Severity Rate (SR) (no decimals) | 19 | 17 | 23 |
| Frequency-Severity Index (FSI) (to two decimal places) | 0.14 | 0.15 | 0.16 |

Note: Disabling Injury Frequency Rate (FR) = (number of people who suffer disabling injuries $\times 10^6$)/total work hours

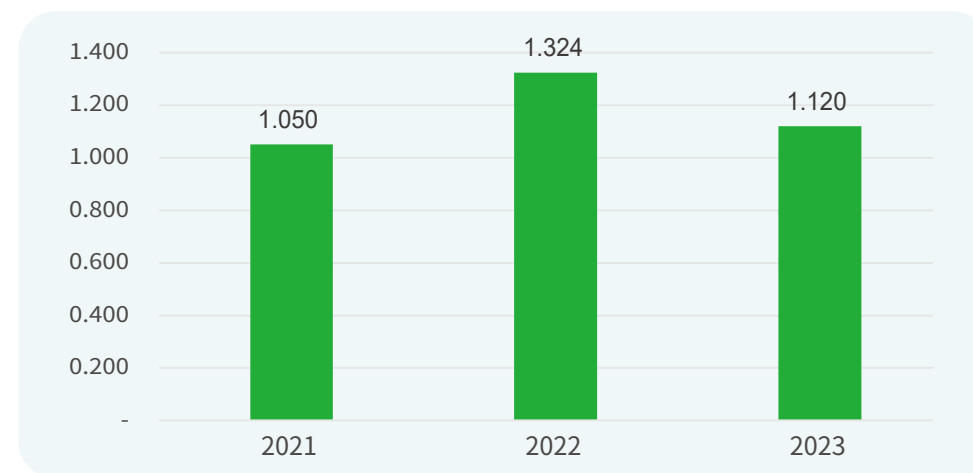Note: Disabling Injury Severity Rate (SR) = (days lost due to disabling injuries $\times 10^6$)/total work hours

Note: Frequency-Severity Index (FSI) = $\sqrt{[(FR \times SR)/1,000]}$

Note: Total hours worked: 8 hours * number of working days per month * number of employees per month, sum annual total (10,713,808 hours).
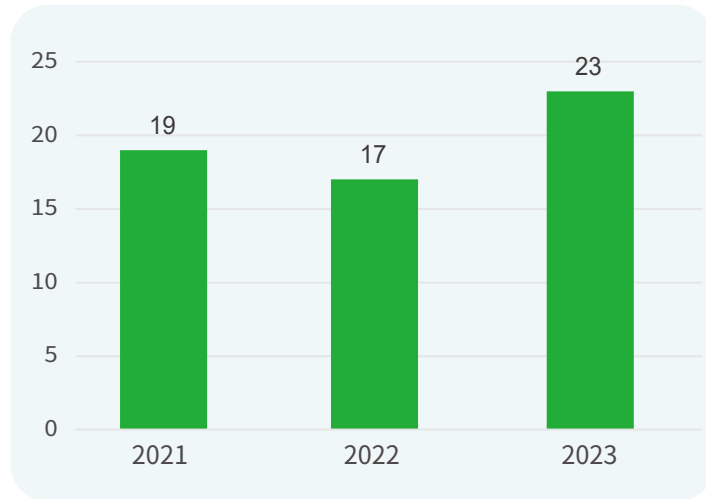
Note: Workers consist of employees and temporary workers of outsourced service providers employed at Accton sites under Accton's management, such as security personnel, cleaning staff, and contractors.

Note: For temporary staff, such as security personnel and cleaning staff, there were no work-related injuries reported in 2023.
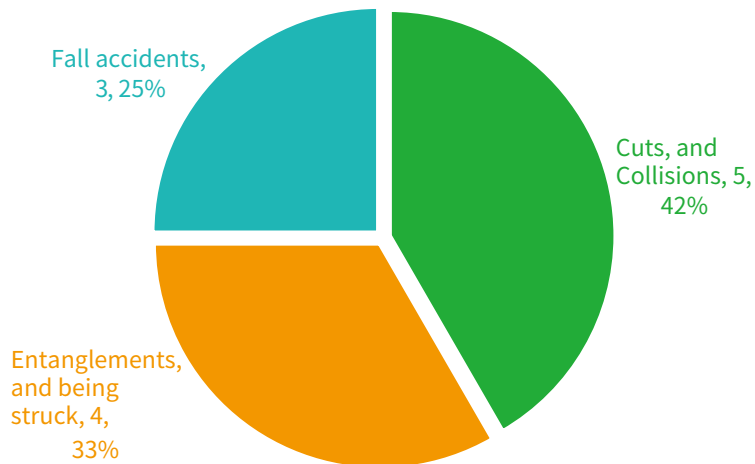
◆ Disabling Injury Frequency Rate (FR)

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## ◆ Disabling Injury Severity Rate (SR)



## ◆ Occupational Accident Category Statistics



Fall accidents, 3, 25%

Cuts, and Collisions, 5, 42%

Entanglements, and being struck, 4, 33%

Cause Analysis and Improvement Measures for Accident Categories in 2023:

The increase in the SR from 17 in 2022 to 23 was primarily due to three accident categories causing relatively significant loss of work hours:

1. Injuries from mobile carts. 2. Injuries from handling goods. 3. Sprain injuries caused by not following designated pathways.

Improvement measures for the aforementioned accident types:

A. Accidents related to machinery and equipment: Injuries included cuts, collisions, entanglements, and being struck. The causes were collision injuries caused by not being aware of surrounding personnel when using hydraulic pallet trucks and racks. Dropping goods during handling. Improvement measures: 1. Add a product mobile cart operation practice station in the production line training room. This station uses physical simulations to teach employees on correct operation techniques and safety precautions before they start working on the line. 2. Mandate the use of hydraulic pallet trucks and forklifts in specific work areas, and require the wearing of safety shoes to reduce injuries caused by improper actions. 3. Implement color coding in work areas to denote safety zones and required personal protective equipment (PPE). 4. Enhance safety awareness by installing digital signboards in the employee rest areas within the plant. These signboards will display occupational safety and health regulations, emergency response procedures, correct operational methods, and safety information to improve safety awareness among plant employees.

B. Fall accidents: These primarily occur due to employees running inside the factory and not following designated pathways. Subsequent improvements: Emphasize the importance of being aware of surroundings and adhering to designated pathways to avoid unsafe behaviors.

C. Sprain accidents: Occurs when personnel do not follow the designated pathways, leading to sprains. Improvement measures: Mandate that all personnel must follow designated pathways when arriving and departing work. During morning meetings, conduct safety announcements to remind colleagues to observe safe behaviors.

## 3. Occupational Safety and Health Management System

To ensure a safe and healthy work environment for all employees, contractors, and visitors during the production process. Accton adheres to the ISO 45001 standard, implementing safety and health controls and achieving third-party certification. Continuously updated each year to ensure compliance with standards. Accton's main facilities are certified, with the occupational safety and health management system and internal and external audits covering all sites, encompassing a total of 3,369 employees and 1,649 other workers, achieving a 100% coverage rate. Accton's offices are managed under the ISO45001 System.

| Plant | Hsinchu HQ | Hsinchu Plant 2 | Zhunan Plant | Joy Technology (JoyTech) | Vietnam Accton |
|---|---|---|---|---|---|
| ISO45001 | V | V | V | V | V |

For detailed information on Accton's ISO certifications, please visit the official company website:
https：//www.accton.com/esg-documents/

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## 4. CPR and AED Emergency Training

Conducting CPR (Cardiopulmonary Resuscitation) and AED (Automated External Defibrillator) emergency training within the Company is crucial as it can save lives in emergency situations. The benefits include:

1. Rapid response to emergency situations: Regardless of the situation, when a sudden loss of vital signs is detected in colleagues or family members, if employees can respond quickly and use appropriate first-aid skills, they may be able to save a life.

2. Increase employee knowledge and confidence in performing first aid: By learning CPR and AED procedures, employees gain knowledge and skills on how to perform first aid. This knowledge and skill can make employees feel more confident, knowing they can assist others in need.

3. Foster a safety culture: Through first aid training, the Company demonstrates its commitment to the safety of its employees and clients. This focus contributes to fostering a safety culture where employees are more conscious of their own and their colleagues' safety and better prepared to handle emergencies.

If everyone could learn CPR and provide first aid within the critical "golden hour" after an emergency, many lives and families could be saved.

Prioritizing employee health and wellbeing, Accton has arranged for employees to participate in first aid training courses to maximize the crucial time for rescuing colleagues in the event of an accident. From 2022 to 2023, the Company has continuously invited Red Cross first aid instructors to conduct hands-on practice drills.

In 2023, based on departmental operational risks across manufacturing plants, Accton conducted emergency response drills for various scenarios, including production equipment fires, abnormal battery charging fires, and facility equipment fires. Through simulations of emergency response drills conducted for daytime, nighttime, and on public holidays, the factory plants' responsiveness is enhanced.

Additionally, with reference to past incidents of fires in waste areas, synchronized fire drills are conducted in the waste storage areas of each factory. Taking the Zhunan Plant as an example, the types of waste produced include foam, pallets, and cardboard, which are stored adjacent to the landlord's waste storage area, posing a potential risk of rapid fire spread.

To address this, joint drills with the landlord are organized to strengthen the notification and response capabilities between the two facilities. The drills utilize the Plan-Do-Check-Act (PDCA) cycle to review and enhance inter-plant communication, equipment support, and personnel coordination, which contributes to improving the disaster response workflows and broadens the scope of disaster reduction efforts.
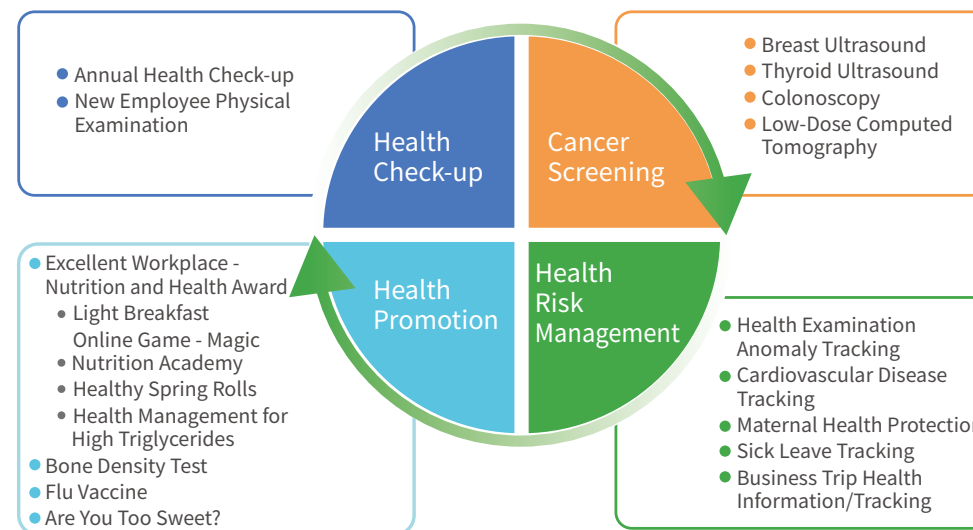
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# 4.4 Safeguarding Employee Health

## Comprehensive Health Management

The Company has always upheld the belief that "employee health is the company's most valuable asset," leading to the establishment of a Health Management Department, staffed by occupational nurses and specialist occupational physicians. Through health promotion, management, and services, the company is committed to creating a professional workplace environment. To this end, a health management system has been set up to timely update and analyze employee health examination reports. Early detection of issues allows for timely intervention. Mechanisms are in place to maintain the confidentiality of personal health information, complying with medical personnel regulations. When collaborating with healthcare service providers, contracts specify mutual confidentiality obligations to ensure data security. In the future, the system will be enhanced to version 2.0 to realize the goal of customized health services for employees. Unique health promotion activities are designed to embody the principle of "prevention is better than cure" and are dedicated to fostering healthy lifestyle habits. The Company will continue to provide professional health support, ensuring that all employees can promote health in a vibrant environment. Comprehensive health management contributes to improving the quality of life and work efficiency of employees, and it also strengthens the commitment to employee health, earning the company a Health Management Award in 2019.
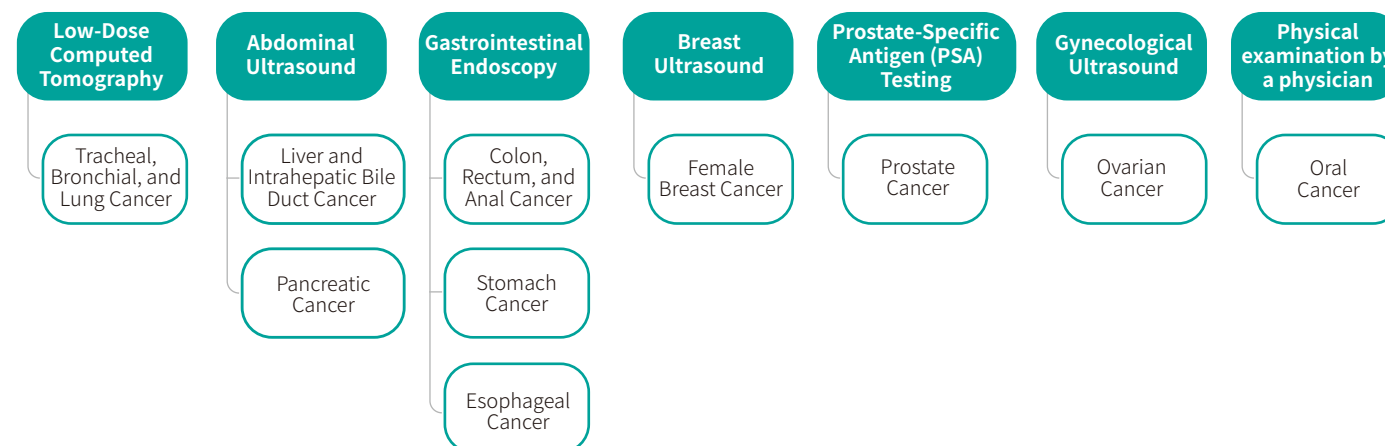
**Health Check-up**
- Annual Health Check-up
- New Employee Physical Examination

**Cancer Screening**
- Breast Ultrasound
- Thyroid Ultrasound
- Colonoscopy
- Low-Dose Computed Tomography

**Health Promotion**
- Excellent Workplace - Nutrition and Health Award
  - Light Breakfast
  - Online Game - Magic
  - Nutrition Academy
  - Healthy Spring Rolls
  - Health Management for High Triglycerides
- Bone Density Test
- Flu Vaccine
- Are You Too Sweet?

**Health Risk Management**
- Health Examination Anomaly Tracking
- Cardiovascular Disease Tracking
- Maternal Health Protection
- Sick Leave Tracking
- Business Trip Health Information/Tracking

## Annual Achievements

Accton participated in an excellent health workplace program and received the Nutrition and Health Award. We will continue to provide precise health management and actively promote various health promotion activities. We hope employees will accumulate health capital from their lives and develop a healthy lifestyle.



## Health Check-ups and Cancer Screenings

In prioritizing employee well-being, we conduct annual health check-ups and cancer screenings that surpass statutory requirements. These screenings encompass cancer types with the highest mortality rates in 2022, urging employees to engage and develop consistent screening routines for early detection and treatment. For those diagnosed with cancer, we provide comprehensive case management support, including monthly treatment monitoring and the provision of timely assistance and care. Honored with a Health Care Award in 2020.

| Low-Dose Computed Tomography | Abdominal Ultrasound | Gastrointestinal Endoscopy | Breast Ultrasound | Prostate-Specific Antigen (PSA) Testing | Gynecological Ultrasound | Physical examination by a physician |
|---|---|---|---|---|---|---|
| Tracheal, Bronchial, and Lung Cancer | Liver and Intrahepatic Bile Duct Cancer | Colon, Rectum, and Anal Cancer | Female Breast Cancer | Prostate Cancer | Ovarian Cancer | Oral Cancer |
| | Pancreatic Cancer | Stomach Cancer | | | | |
| | | Esophageal Cancer | | | | |

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# Health Risk Management

Health risk management aims to effectively manage various risks individuals face concerning their health. The company carries out a systematic approach to track health check-up results, categorizing them into three levels: A, B, and C. Level C necessitates a re-examination within one month, Level B within three to six months, and Level A entails self-directed health management. For employees who needed re-examinations in 2023, efforts are intensified based on the grading system, with additional manpower dedicated to executing these follow-ups. Special attention is given to specific groups such as maternal protection and the prevention and management of neuro cardiovascular diseases, as well as tracking sick leave to ensure employees receive appropriate support under the impact of illnesses. For employees frequently traveling overseas for business, the Company not only provides pre-trip health information but also monitors their condition upon returning to their home country, ensuring their safety and well-being during work assignments. Additionally, the Company carefully plans the "Mom's Appreciation Gift" program, specifically designed for employees in the early stages of pregnancy, a critical period for fetal development. Comprehensive occupational risk assessments and adaptive health protection suggestions are made throughout the pregnancy. The company received the Excellent Breastfeeding Room Certification in 2023 and was awarded the Excellent Workplace - Maternal Health Friendly Award in 2021.



### Health Examination Anomaly Tracking
- The rate of follow-up health examinations increased from 25% to 44%; the rate of non-responses decreased from 67% to 53%.
- Awarded the 2019 Excellent Workplace - Health Management Award

### Cardiovascular Disease Tracking
- Provided a list of employees with medium and high workload to the Employee Care Department.
- Employees with a monthly cardiovascular risk ≥10% are notified by the system, alerting the employee, their supervisor, and the Human Resources Department.
- In compliance with legal standards, 12 doctor consultations were arranged, achieving a 100% completion rate.

### Maternal Health Protection
- Excellent breastfeeding facilities.
- Early pregnancy notifications come with a "Mom's Appreciation Gift" to congratulate the employee on pregnancy.
- Awarded the 2021 Excellent Workplace - Maternal Health Friendly Award.

### Sick Leave Tracking
- Necessary workplace readjustment assessments.
- Arranged doctor consultations based on employee conditions.
- Respiratory infection patients encouraged to receive flu vaccinations.
- Awarded the 2020 Excellent Workplace - Health Care Award.

### Travel Health Tracking
- Provided pre-travel health information and epidemic prevention education about the destination.
- We offer employees a travel medicine clinic and vaccination subsidies.
- Health check abnormalities: Pre-travel doctor interviews.
- 14-day post-return tracking

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# Health Promotion

Accton's annual health promotion planning aims to establish itself as a role model for fostering a healthy workplace, a commitment that has consistently earned it the Nutrition Health Award, including in 2023. Further details can be found on the Health Promotion Administration's Workplace Health website. In addition to disseminating health education information through health check-ups and screening results, specific groups are encouraged to engage in various activities, such as the "My New Dietary Proposition" series, blood glucose testing, and vaccinations. Carefully curated practical gifts are provided to enhance employee participation. To ensure accessibility, relevant information is disseminated not only through Company posters, websites, and leaflets, but also through foreign manpower agencies on social media fan pages and groups, allowing foreign employees to directly access pertinent information.



# Mid- to Long-Term Goals for 2024

The Company will continue to prioritize improving employee health. By actively participating in the national healthy workplace certification and integrating professional medical opinions, we aim to develop a health management model tailored for our employees. In the future, we will strive to progressively win additional health awards, including the Vitality Award, Smoke-Free Health Award, and Healthy Aging Award. We will also continue to host cancer screening and health promotion activities, expanding the scope and timing of screenings to facilitate employee participation. During this period, we will upgrade our customized health management system to version 2.0, enhancing its functionality and providing personalized plans for employees. Additionally, we are launching a new health-themed activity, "Become a Pokémon Trainer: Move for Health," which promotes physical and mental health in a fun and engaging way. This demonstrates our commitment to employee health and aims to create a vibrant work environment.

| Region | 2023 Goals | 2023 Results | Short-Term Goals (2024-2025) | Mid- to Long-Term Goals (2026-2028) |
|---|---|---|---|---|
| Taiwan Accton Group | Participated in the Health Promotion Agency's Excellent Health Workplace Certification and was honored with the "Nutrition and Health Award." | Received the "Nutrition and Health Award" | Receive the "Vitality Award" | Receive the "Smoke-Free Health Award" Receive the "Healthy Aging Award" |

# 5 Social Charity

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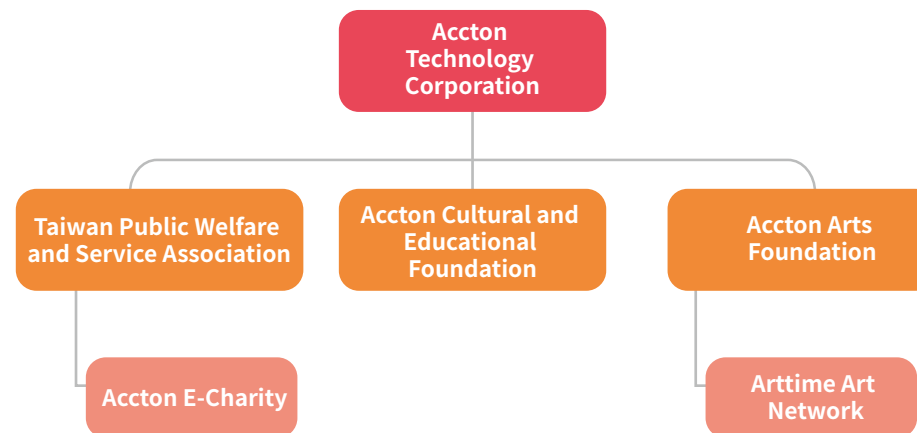
# 5. Commitment to Social Welfare

In 1999, Accton established the "Accton Cultural and Educational Foundation" to provide diverse learning opportunities with the vision of lifelong learning and growth, and the goal of improving the teaching environment, fostering diverse education, and promoting inclusive education. In 2001, drawing on its core ICT and marketing expertise, Accton created the "Accton E-Charity Portal" platform, an open and diverse digital platform designed to help non-profit organizations bridge the digital divide. Through this online platform, Accton connects people, events, and resources, enabling good deeds to be done and encouraging broader participation in charitable endeavors to help those in need. In 2003, recognizing the need to provide immediate support to those facing emergencies or hardships, the "Taiwan Public Welfare and Service Association" was established by individuals enthusiastic about public welfare and Accton employees. The association endeavors to harness goodwill and pool resources from various sectors to maximize its positive impact.

As a leading global provider of network equipment, Accton prioritizes innovation and invests in nurturing future talent through arts education, fostering creative thinking. In 2000, Accton established the "Accton Arts Foundation" and "Arttime Art Network" platform, with the aim of helping the public understand the diversity of art and encouraging sustainable and equal public participation through art as a bridge. Under this overarching vision, the Arts Foundation has undertaken four missions: Promote culture and art education, develop a database of Taiwanese art talent, drive the overall development of culture and art communities, develop cultural, creative and artistic communities, as the focus of the operation, adapt to the changes of the times and continue to provide services.

Beyond local contributions, as a global citizen, Accton's subsidiary Edgecore operates under the name Edgecore America. Since 2019, it has supported the non-profit organization MCDC (Metro Community Development Corporation) for six consecutive years. This non-profit organization provides financial education, one-on-one counseling, tax preparation services, and emergency loans to low-income households in the United States, helping them afford housing and transportation costs to secure their living and employment stability. MCDC has trained 500 professionals to provide effective treatment and home services for individuals with hoarding disorders and offers educational and social welfare resources for new immigrants in Massachusetts. From 2019 to 2023, the cumulative donation amount to this cause has been US$288,000.

◆ Relationship between Accton and its foundations



◆ Our social contributions    Total: NT$16.27million

(Unit: NT$, ten thousands)



Donations, 59% $958
Services provided, 38% $614
Material donations, 3% $54

- Donations
- Material donations
- Services provided
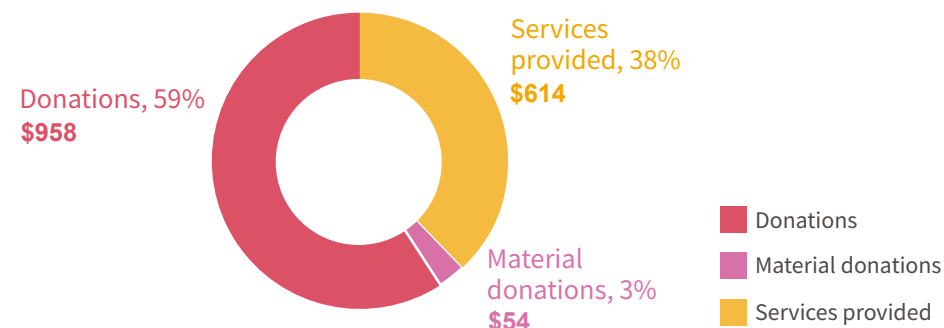
Note: Social contributions include activities related to Accton Technology, Edgecore Networks, Accton Cultural and Educational Foundation, Taiwan Public Welfare and Service Association, Accton Arts Foundation, and donations made by employees of the Accton Group.

Note: Accton has prioritized social welfare and cultural and artistic enhancement as core objectives of its main business. Therefore, from the inception of each unit, it was decided that the related operational costs, including personnel and operational venues, would be funded by Accton. The social contributions mentioned above do not include these operational costs covered by Accton.

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# 5.1 Accton E-Charity

Accton leveraged core competencies in network communications to set up and operate a fundraising platform, Accton E-Charity (www.17885.com.tw), aimed at bridging the digital divide for non-profit organizations. This platform supports social welfare organizations across Taiwan by assisting with online fundraising, event promotion, volunteer recruitment, and the collection of resources.

## Bridging the digital divide for social welfare organizations

### Online Fundraising on the Accton E-Charity Platform

At the end of 2023, Accton E-Charity had 409 public welfare organizations as members and 300,000 individual members. By covering all operational expenses for the platform, Accton ensures that public welfare organizations can utilize the platform without financial burden. Throughout 2023, the platform served as a catalyst for 531 fundraising initiatives, collectively generating NT$25.80 million in support of diverse causes across Taiwan. This platform not only provides more exposure for members but also enhances their connectivity, fostering horizontal communication among organizations. It pushes forward cross-sector and cross-unit projects, focusing not just on individual members but on thematic collaborations that leverage the strengths of various members, thereby enhancing visibility from multiple perspectives.

Accton prioritizes website security by assigning dedicated personnel to oversee the site's operation and monitoring. They promptly address any irregular activities to safeguard donor data effectively. The website employs HTTPS encryption to fortify the security of information transmission. Furthermore, online transactions benefit from SSL certificates, boasting an exceptional security level rated A+. Moreover, the site implements stringent security headers rated A and adheres to TLS 1.2 (or higher) encryption protocols, aligning with international standards for secure Internet transmission.

◆ Amount donated to public welfare organizations across Taiwan via Accton E-Charity

(Unit: NT$, ten thousands)
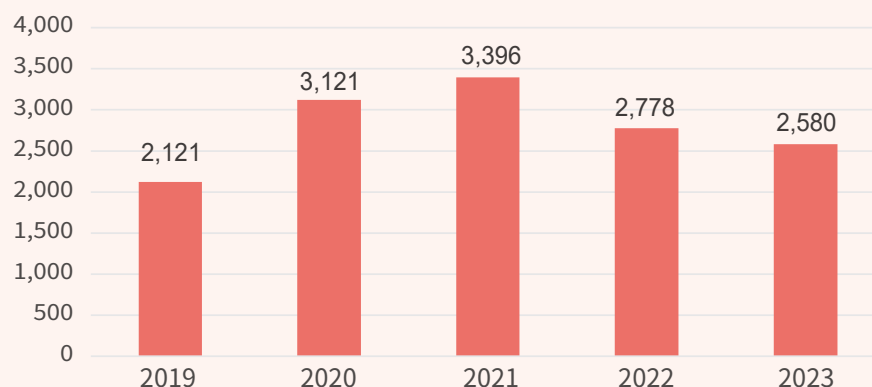


# 5.2 Taiwan Public Welfare and Service Association

Since its inception in 2003, the Taiwan Public Welfare and Service Association has primarily focused on providing emergency relief. In the past five years, in response to social changes and the emergence of new issues, as well as the rise of the social media era, a variety of new and diverse fundraising models have emerged. These changes reflect the evolving ways in which issues are presented and addressed. The association has adapted by embracing diverse fundraising methods and platforms. This adaptability allows for the early identification and prevention of various issues, enhancing the effectiveness of subsequent solutions. Besides caring for the disadvantaged, the association has defined three main areas of focus: "Educational Empowerment," "Aging with Dignity," and "Diversity and Inclusion."

Under the main focus of "Educational Empowerment," the approach is twofold: enhancing the competencies of educators and companions, and promoting reading. In the area of "Aging with Dignity," the focus starts with meeting basic physiological needs and extends to psychological care, aiming to open up a treasure trove of opportunities for seniors, thereby fostering a dignified and independent third stage of life. For "Diversity and Inclusion," different activities are designed to promote integration among various groups, enhancing community harmony and inclusion through diverse interactions.

In 2023, the Taiwan Public Welfare and Service Association's donations included emergency relief and collaboration on public welfare projects, totaling NT$6.94 million.

◆ Sources of donation for Taiwan Public Welfare and Service Association, 2022-2023

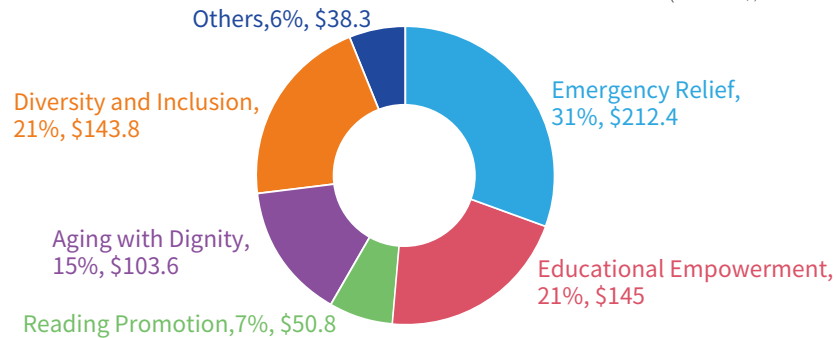(Unit: NT$, ten thousands)

| Source | 2022 | | 2023 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Accton donations | 456 | 67% | 500 | 72% |
| Public donations | 227 | 33% | 194 | 28% |
| Total | 683 | 100% | 694 | 100% |

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◆ In 2023, the Taiwan Public Welfare and Service Association invested a total of NT$6.94 million in various initiatives.

(Unit: NT$, ten thousands)

Others,6%, $38.3
Emergency Relief, 31%, $212.4
Diversity and Inclusion, 21%, $143.8
Aging with Dignity, 15%, $103.6
Educational Empowerment, 21%, $145
Reading Promotion,7%, $50.8

## I. Emergency Relief

### 1. Emergency Relief Reporting

In 2023, the Taiwan Public Welfare and Service Association assisted 181 families in emergency situations, with a total aid amount of NT$1.94 million. This funding was primarily sourced from small donations made by internet users through the Accton E-Charity platform.

◆ Overview of the region, number and amount of emergency relief cases in 2023

**Northern region 81 beneficiaries**

| | |
|---|---|
| Keelung City | 8 |
| Yilan County | 9 |
| Taipei City | 14 |
| New Taipei City | 24 |
| Taoyuan City | 18 |
| Hsinchu County | 3 |
| Hsinchu City | 5 |

**Eastern region 4 beneficiaries**

| | |
|---|---|
| Taitung County | 0 |
| Hualien County | 4 |

**Central region 29 beneficiaries**

| | |
|---|---|
| Miaoli County | 4 |
| Taichung City | 14 |
| Changhua County | 0 |
| Nantou County | 5 |
| Yunlin County | 6 |

**Southern region 67 beneficiaries**

| | |
|---|---|
| Chiayi City | 3 |
| Chiayi County | 0 |
| Tainan City | 15 |
| Kaohsiung City | 29 |
| Pingtung County | 20 |

Total assistance **181** beneficiaries

◆ Appreciation from beneficiaries
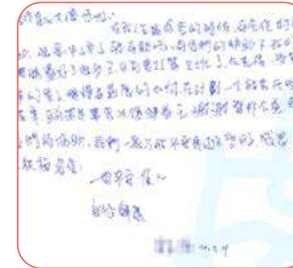
Dear kind-hearted individuals,
At the lowest point in my life, your kind contributions helped ensure that my children had food on the table. Thanks to your support, my knee has improved significantly. I am now planning to return to work, starting with some simple assignments to see how well I adapt. I hope to gradually take on more projects as I focus on rehabilitation. Thank you Accton E-Charity; with your timely assistance, my family has been able to navigate and overcome this challenging period. I am deeply grateful and wish you all peace and blessings.

May you have good health and have every success in your endeavors!
Warmest regards,
[Signature] November 9, 2023

◆ Amount of emergency assistance provided by the Taiwan Public Welfare and Service Association and the number of beneficiary families between 2020 to 2023

| Year | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Donation amount | 348 | 255 | 227 | 194 |
| Number of beneficiaries | 202 | 266 | 235 | 181 |

● Donation amount (Unit: NT$, ten thousands)
● Number of beneficiaries (Unit: household)
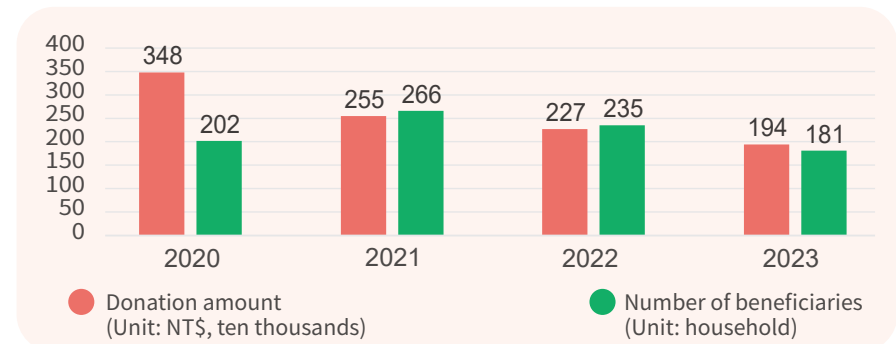
### 2.Emergency and Vulnerable Children Educational Grants

Starting in 2023, the Taiwan Public Welfare and Service Association partnered with the Puren Youth Care Foundation to provide educational grants to junior and senior high school students from economically disadvantaged or vulnerable families who have faced significant challenges within the last six months. This collaboration aims to support students in continuing their education despite financial hardships caused by unforeseen family circumstances. In 2023, the program supported 20 students with a total of NT$180,000 in education grants.

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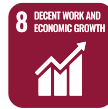
## II. Educational Empowerment

Educational institutions and frontline educators play a pivotal role in learning. The association aims to enhance the teaching capabilities of educators through collaborative educational projects, developing child-centered educational environments. These initiatives not only facilitate students' comprehension of the world around them, but also bridge the gap between theoretical knowledge and practical application in their daily lives. By nurturing problem-solving skills, these efforts prepare students to confront and surmount future challenges with confidence.

### 1. Promotion of SDGs Sustainable Teaching Aids

To encourage teachers to introduce SDGs (Sustainable Development Goals) to students and integrate them into their teaching, the Taiwan Public Welfare and Service Association sponsored 75 sets of teaching aids developed by DFC Taiwan in 2023. The aids, titled "Daily Challenges: Implementing Sustainable Ideas through DFC Learning Methods," were promoted through two online workshops, attracting 56 teachers. This initiative empowers frontline educators seamlessly introduce sustainability topics into their lessons, utilizing the SDGs teaching aids combined with DFC teaching methods, thus integrating sustainable concepts into the curriculum and fostering a culture of sustainability within campuses across the nation.

### 2. Long-Term School Companion Program

The Taiwan Public Welfare and Service Association is collaborating with Education Support for Taiwan Association on a long-term companion program for remote schools. Experienced companion teachers directly engage with schools to identify development strengths, resolve curriculum issues, and rejuvenate teachers' confidence and enthusiasm in their teaching practices through companionship engagements. In 2023, the Taiwan Public Welfare and Service Association supported four rural schools: Yongle Elementary School in Su'ao Township, Yilan County; Daxi Elementary School in Taimali Township, Taitung County; Ren He Junior High School in Taoyuan City; and Hao Shou Elementary School in Beigang Township, Yunlin County.

### 3.Taitung Kids' Book House "Partner Development Program"

To improve the working conditions of frontline childcare workers, the association has continued to support the "Partner Development Program" at the Taitung Kids' Book House for two consecutive years. In 2023, under the designated support of the Taiwan Public Welfare and Service Association, the program addressed the issue of low overall salaries for frontline teachers and supervisors. A total of 32 individuals received salary adjustments, with the majority being frontline service partners, followed by secondary and primary supervisors. The average salary increase was 11.82%. The association also provides transitional dormitories for partners who are in the process of adapting to life in Taitung. The association hopes to revolutionize conventional donation paradigms by implementing systems and benchmarks that enable frontline workers to witness the tangible outcomes of their efforts and receive equitable compensation. This progressive approach seeks to empower these workers to offer consistent and impactful support to children without the burden of financial concerns, thereby fostering a secure environment akin to a stable home for the children under their care.

◆ **"We Support Your Raise! Recognizing the Value of Our Partners: When You Thrive, We All Do"**

Listen to podcast: https：//us.rightplus.org/PD1EP71

### 4. Change Formula Association "Wan 8 Program"

Professional companionship stands at the core of caregiving work, and the starting point for child care is how to provide these professional caregivers with ample support. In 2023, the Taiwan Public Welfare and Service Association supported the Change Formula Association's "Wan 8 Program," aiming to alleviate the caregiving pressure at child care institutions and provide social workers with fairer working conditions, while also hoping that these children have a chance to grow up well and thrive.

### 5. "OPEN Skills to All" WorldSkills Asia Abu Dhabi 2023 Interview Project

Vocational education is crucial for nurturing the country's future technical talent. However, the societal trend has long been "to prioritize academics over vocational training," resulting in a reduction of over 180,000 vocational students over the past decade, leading to a gradual decline of crucial technical talent in Taiwan.

To remove social biases and change the entrenched views on vocational education, the Taiwan Public Welfare and Service Association supported the Skills for U association to head to Abu Dhabi and document the Taiwan team participating in the WorldSkills Asia Abu Dhabi 2023. By filming and sharing the stories of these vocational champions through videos, news media, YouTube, and social media collaborations, the project aims to showcase the professionalism and spirit of technical professionals, encouraging more youth to engage in vocational education. A total of 5 videos were shot and produced, including the opening ceremony, closing ceremony, and competition highlights, attracting over 300,000 views.

• 2023 WorldSkills Asia Abu Dhabi Full Video: https：//shorturl.at/myNW5



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# III. Reading Promotion

## 1. Rural Clinic Waiting Area Reading Corner Setup

To bridge the urban-rural educational resource gap and expand the diversity of preschool education, the Taiwan Public Welfare and Service Association collaborated with Reach Out And Read Taiwan (ROR Taiwan) on a project called "Preschool Children Reading Promotion". This initiative distributed 2,180 children's books to 19 rural medical units' waiting areas. Additionally, a reading space was set up at the Pingxi Health Center in New Taipei City, where medical staff explained and demonstrated to parents the importance and techniques of parent-child co-reading. Through parent-child co-reading sessions, this initiative aims to assist in the mental and cognitive development of young children, reduce the rate of developmental delays among rural children, and enhance emotional bonds and connections among rural families.


▲ A doctor demonstrating co-reading techniques to parents in the waiting area.

## 2. Rural Preschool Reading Promotion Program

In rural areas, preschool education often grapples with hurdles like insufficient reading materials and frequent turnover among educators. In a joint effort with National Dong Hwa University's Social Participation Center, the association contributed 200 children's books covering diverse themes to Fengren Elementary School Kindergarten and Shoufeng Township Kindergarten in Hualien. Leveraging the resources of the university's Social Participation Center, the Department of Early Childhood Education and the Department of Education and Human Potentials Development, this initiative aims to enhance language arts curricula and enrich learning environments. By offering sustained and consistent support to preschool educators, it endeavors to establish long-term stability in these educational settings.

We hope to inspire rural children's interest and curiosity in reading through long-term investment in both physical and digital resources, and enriching books, which will enhance their vocabulary, cognitive, and emotional development.


▲ Kindergarten teachers prepare a special storytelling space for the preschool class.


▲ Children actively interact with the teachers during the story sessions.

## 3. Rural Elementary School Reading and Writing Program

Children who enjoy reading might not necessarily enjoy writing, but those who are fond of writing definitely appreciate reading. In partnership with the Ruro platform, the association invited Atayal literature author Walis Nokan to conduct a four-week reading and writing course at Huayuan Elementary School in Wufeng Township, Hsinchu County, and Klapay Indigenous Experimental Elementary School in Hsinchu County. The program not only offers writing classes to children but also provides training for local teachers, helping them learn how to ignite students' motivation to write, regain their freedom and motivation in writing, and eventually develop a reading and teaching plan tailored to each school.


▲ Reading and writing training courses for teachers

◆ Children's Works

- "The Mountain" by Huang, Grade 6 Class A
The mountain is like a giant green hand, enveloping the entire Garden Village.

- "Rain" by Hsu, Grade 4 Class A
Rain is like a showerhead, cleansing the world.

- "Scissors" by Dai, Grade 6 Class A
Scissors, help me cut away the unhappiness of life.

- "Shoes" by Chen, Grade 3 Class A
Shoes are like cars, taking me to school.

- "Basketball" by Chen, Grade 6 Class A
A basketball is a slimming pill, you'll lose weight once you use it.


▲ Free writing classes for children

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## 4. Remote Video Intergenerational Co-Reading Sessions

Remote intergenerational reading: To promote the development of reading habits among preschool children in rural areas, Taiwan Public Welfare Service Association collaborated with the ROR Taiwan, Taipei Medical University physicians, and the Chiayi City Health Bureau, under the guidance of physicians, seniors in Chiayi City engage in remote reading sessions with children from a kindergarten in Penghu via video conferencing.

The sessions adopted a dialogic reading model to enhance the verbal participation of young children. This approach not only helps preschoolers enhance their vocabulary and cognitive development through interaction and reading, but also stimulates the brains of the elderly, helping to prevent dementia and increasing their sense of achievement and well-being. The selection of picture books also integrates topics related to dementia and sustainability, achieving a triple impact of dementia prevention, intergenerational reading, and deepening sustainability awareness. A total of 8 online reading sessions were conducted, with 50 participations by elders from Chiayi City, accumulating 25 hours of service.

## IV. Aging with Dignity

### 1. Trendy Seniors On Air

In collaboration with the Chiayi City Health Bureau, the Taiwan Public Welfare and Service Association extended the "Trendy Seniors on Air" podcast program in 2023, following training and showcase events in 2022. The program continued to evolve the independence plan for the elderly by involving 16 seniors in a total of 2 general knowledge classes (4 hours) and 8 advanced classes (12 hours). The initiative transformed the elderly from mere podcast participants into a self-operating production team based on their interests and expertise. This approach ensures the continuous creation of quality programs, presenting the value and societal contribution of the elderly, and encouraging them to enjoy and create a distinctive lifestyle for seniors. In 2023, a total of 27 podcast episodes were released, accumulating 1,169 downloads.

### Trendy Seniors On Air Channel:
- https：//reurl.cc/Z1qXzg

### Podcast New Wave: Trendy Seniors Invite You to Stay Young at Heart!
- Youtube video:
  https：//www.youtube.com/watch?v=QMqNGtGgMIk&t=7s

## 2. Promote Concept of Self-supporting Care

"Self-support" has recently become a prominent caregiving concept in Taiwan. However, there is a lack of systematic organization and advocacy for this care method. Therefore, the Taiwan Public Welfare and Service Association has partnered with Chang Tai Old Age Academy to promote self-supporting care through various channels such as podcasts, YouTube, TikTok, and in-person lectures. In 2023, a total of 66 podcast episodes were recorded, accumulating 15,505 downloads in total, with 8,465 unique downloads. Additionally, 29 YouTube videos were uploaded, reaching a cumulative viewership of 125,004 views. Moreover, three physical lectures were organized in Chiayi, Yunlin, and Hsinchu, with a total attendance of 179 participants.

### Ever Healthy Channel
- https：//shorturl.at/hIOUW （Podcast）
- https：//shorturl.at/hsvH5 （Youtube）

## 3. Elderly Care and Support

Home Bathing Mobile Van: In long-term care services, rural families often face significant economic difficulties, making it especially challenging to afford caregiving expenses. In 2023, the Taiwan Public Welfare and Service Association continued to support the Quixotic Implement Foundation by providing professional, safe, and dignified home bathing services for bedridden and mobility-impaired individuals, allocating a total of NT$120,000. This service not only improves the psychological and physical state of the disabled but also enhances their daily quality of life and significantly relieves the pressure on caregivers, offering them solid support.

Donation of Medical Equipment to Nursing Homes: Elderly care is a key concern for the Taiwan Public Welfare and Service Association. In 2023, the association assisted the local Bethany Nursing Home in Hsinchu, providing 6 electric beds, blood pressure monitors, forehead thermometers, and other medical equipment. This support alleviates worries for caregivers and includes a large commercial refrigerator to address the lack of storage space for grocery supplies.

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# V. Diversity and Inclusion

## 1. Achieving Inclusion Through Art Activities:

The association collaborated with the Tainan Luway Opportunity Center on the "Luway Art Creation:  Story Factory" project. This initiative included 9 storytelling workshops tailored to the capabilities and needs of the youth with intellectual disabilities at the Luway Opportunity Center, helping them develop their personal modes of expression through collaborative story discussion and enactment. The program also conducted 12 on-site storytelling and themed art experience events at family centers, museums, and libraries around Tainan.

These activities provided individuals with intellectual disabilities new experiences of interacting with the community, fostering their confidence in public expression. Through these events, the community gained deeper understanding and interaction with individuals with intellectual disabilities, promoting social participation, cultural integration, and the practice of cultural equity.

• Luway Art Creation: Storytelling Time Facebook page:
  https：//www.facebook.com/luwayartcreation

## 2. Achieving Inclusion Through Sports Activities

In 2023, the Taiwan Public Welfare and Service Association continued its cooperation with Special Olympics Chinese Taipei on the "Meet the Angels: Aligning with International Standards" project.

The program was conducted in 20 schools across Hsinchu County, Miaoli County, Nantou County, Chiayi County and City, Tainan City, Kaohsiung City, and Pingtung County. Through various inclusive courses and sports activities, the program enhanced positive interactions between regular students and special education students, increased attention to the diverse career development of individuals with disabilities, and promoted their respect and acceptance by the general public, fostering equality and social participation in a diverse society. The program has estimated the participation of at least 15,000 people.

| List of Schools Supported by Taiwan Public Welfare and Service Association for Inclusive Education ||
|---|---|
| County/City | School Name |
| Hsinchu County | Xinhu Elementary School, Hukou Elementary School, Baoshan Elementary School |
| Miaoli County | Miaoli Junior High School, Chiwen Elementary School |
| Nantou County | Shuili Junior High School, Dacheng Junior High School, National Shuili Vocational High School of Commerce and Industry |
| Chiayi County | Taibao Elementary School, Alishan Junior High School and Elementary School, Jhuci Senior High School Junior High School Division, Suantou Elementary School |
| Chiayi City | Beiyuan Elementary School, Bo'ai Elementary School |
| Tainan City | Datan Elementary School, Chongming Elementary School, Hougang Elementary School |
| Kaohsiung City | Guangwu Elementary School, Zhao Ming Elementary School |
| Pingtung County | Linluo Elementary School |

## 3. Disability Independence

In 2023, due to the full capacity of the original site in Taoyuan District, the Taiwan Happywork Association established a new workshop in Zhongli District, which has the second highest population of disabled individuals in Taoyuan. This new site offers a professional learning environment for people with disabilities, giving them opportunities to learn independent living skills. Initially, as the Zhongli workshop lacked many essential service facilities, the Taiwan Public Welfare and Service Association helped by donating necessary equipment, facilitating 104 home management courses and community adaptation sessions. This not only improves the quality of home management training for the participants, but also enhances their overall learning opportunities.

## 4. Human Rights Pantoh Initiative

The Taiwan Public Welfare and Service Association is committed to promoting social diversity and inclusion, connecting communities to support various minority groups, and fostering dialogue through advocacy. For five consecutive years, it has supported the "Human Rights Pantoh" organized by the Chen Wen-Chen Memorial Foundation, raising public awareness of "political victims," "homeless individuals," and the philosophies of various advocacy groups, with the hope of collectively overcoming current difficulties. In 2023, the association specifically supported a series of lectures as part of the "Human Rights Pantoh" series of activities, including human rights lectures and family events hosted by the Flip Flops Theatre. Through diverse artistic expressions like film, drama, text, and speech, these events promote societal dialogues, striving to achieve the goal of a society without exclusion, focusing only on equality and freedom for all.

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# 5.3 Accton Cultural and Educational Foundation

The Accton Education Foundation, established in 1999 to fulfill corporate social responsibility, contributed NT$1.73 million in 2023 to causes that promote diverse education and improve the educational environment. The foundation aims to cultivate respect for diversity from a young age, establish positive attitudes, develop critical thinking skills, and assist in making thoughtful decisions about social actions, all directed towards achieving social equity and justice.

## Sources of donation for Accton Cultural and Educational Foundation, 2022-2023

(Unit: NT$ ten thousands)

| Source | 2022 | | 2023 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Employee Donations | 135.6 | 69% | 120.5 | 69% |
| Accton Donations | 60.0 | 31% | 53 | 31% |
| Total | 195.6 | 100% | 173.5 | 100% |

◆ Proportion of commitment categories for Accton Cultural and Educational Foundation in 2023

(Unit: NT$ ten thousands)

Support for Sports Activities, 4% $8
Administrative and activities expenses, 12% $20
Education collaboration, 19% $33
Meals and educational supplies support, 65% $113

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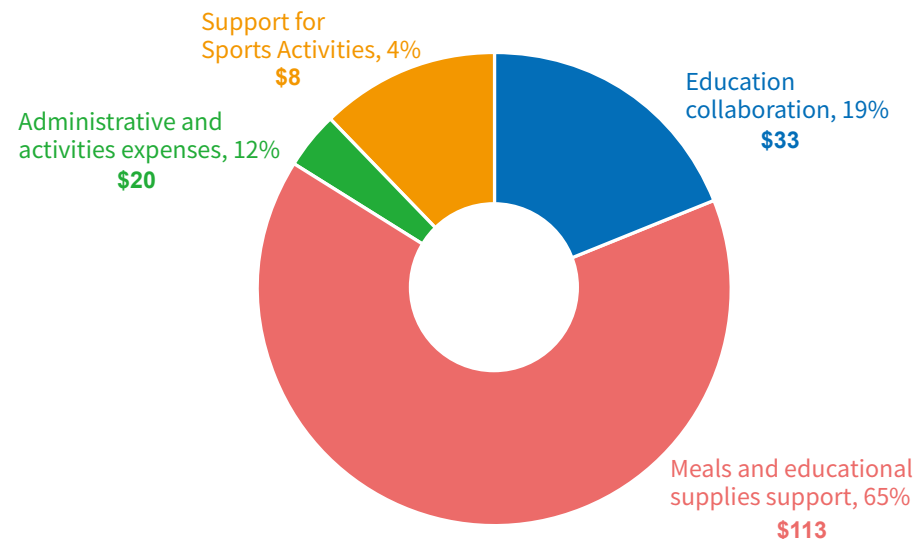
# I. Introducing Diverse Perspectives, Respecting Differences

## Promoting Menstrual Education for a Friendly and Gender Equal Society

Continuing from the 2022 collaboration with the With Red Foundation, in 2023 the Accton Cultural and Educational Foundation hosted a menstrual education workshop for teachers in the Hsinchu area. The event trained 32 elementary school teachers from 22 schools, indirectly benefiting 15,570 students. Additionally, five Hsinchu elementary schools participated in demonstration classes, reaching 194 students with direct teaching about menstruation by 16 trained teachers.

The Accton Cultural and Educational Foundation also donated 30 sets of menstrual education teaching aids and 750 books to the schools involved in the workshop and demonstration classes, addressing the lack of educational materials on menstrual health. This initiative aims to enable teachers to continue promoting menstrual education within their schools. Furthermore, a LINE group for elementary school teachers was established to provide ongoing support, facilitating their implementation of menstrual education and addressing their teaching challenges. Through school education, students are guided from understanding their bodies to gaining knowledge about menstruation, thereby fostering a menstruation-friendly society that supports menstrual equity.

◆ **Feedback from attending teachers of the workshop:**

- Provided concrete and actionable teaching directions and frameworks, with innovative content that greatly aids teaching in practice.
- Group discussions on real cases were helpful, especially in conservative contexts, discussing how to adapt.


▲ Menstrual Education Teachers' Courses

◆ **Feedback from attending students:**

- After the class, I realized how amazing girls are. I think it's important to respect girls and not make fun of them because of menstruation.
- Today's class was extremely meaningful; it taught girls what they can do in the future and showed everyone how hard it is for mothers to give birth!


▲ Menstrual Education Demonstration Teaching

# II. Long-term Assistance for Disadvantaged Children, Enhancing Learning Quality

## 1. Subsidizing Meals for Disadvantaged Children to Improve Learning Focus

Since 2014, Accton has rallied its employees to sponsor a year's worth of nutritious breakfasts for over 1,200 disadvantaged schoolchildren in the Hsinchu area. In 2023, a total of 15,500 nutritious breakfasts were provided to children in 18 elementary and junior high schools. We believe that providing a nutritious breakfast can improve the children's focus in learning and give them an opportunity to change their futures.

Since 2016, employees of Accton Group have been long-term sponsors of dinner costs for after-school tutoring classes for disadvantaged children organized by the Haikou Community Association in Pingtung County.

In 2023, they supported evening meals for 30 children, ensuring they have a balanced diet and are not left to eat irregularly or fill up on high-calorie snacks due to their parents' work schedules, which could lead to nutritional imbalances.

## 2. Hope Project of Education: Reversing the Cycle of Poverty

We provide long-term support for the "Accton Hope Project of Education" at the Hsinchu Family Support Center, focusing on providing necessary educational expenses for students from two junior high schools in Wufeng and Jianshi. In 2023, the project assisted 150 children in overcoming adverse economic conditions, enabling them to attend school with peace of mind. This initiative aims to provide these children with the opportunity to break the cycle of poverty through education.

## 3. Support for Sports Activities

To facilitate athletes' concentration on training and maximizing their potential, the Accton Cultural and Educational Foundation has been backing the archery team of Zai Xi Elementary School in Hsinchu City. This assistance encompasses initiatives such as employee donations, geared towards offering sustained support to gradually fulfill the team's equipment requirements. By ensuring a secure and conducive training environment for these young athletes, the foundation nurtures the unfolding of their potential beyond academic achievements through the promotion of sporting pursuits. In 2023, a total of NT$75,000 was allocated to relieve the athletes of any concerns regarding participation in training and competitions, with the hope that these young athletes might one day reach the pinnacle of sports and bring honor to the nation.

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# 5.4 Accton Arts Foundation

In 2023, the Accton Arts Foundation invested a total of NT$5,308,563, of which NT$4,000,000 was allocated for the operational management of the Art Site of Railway Warehouse under a service contract with the Hsinchu City Government. Drawing on its past experience, the Foundation has translated this into concrete actions, committing to four major missions: promoting cultural and arts education, establishing a database for Taiwanese artistic talent, fostering the development of arts and cultural communities, and building a creative arts community.
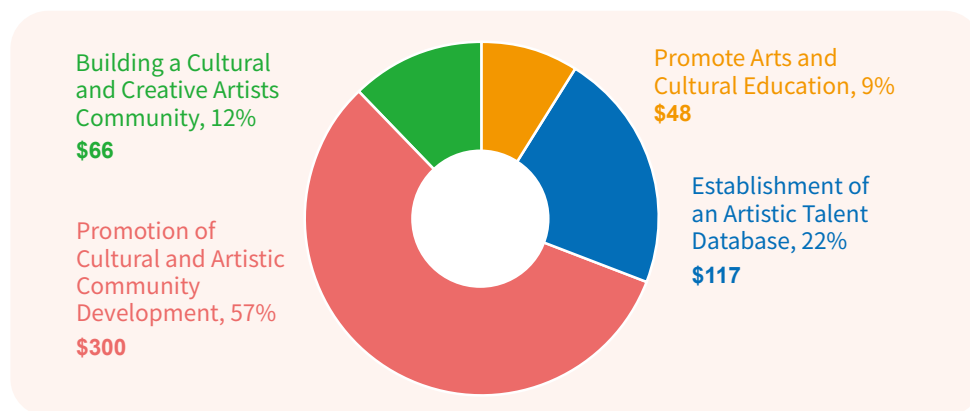
◆ Sources of funding for Accton Arts Foundation, 2022-2023

(Unit: NT$ ten thousands)

| Source | 2022 | | 2023 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Government Grants | 400 | 84% | 400 | 75% |
| Accton Donations | 76 | 16% | 130 | 25% |
| Total | 476 | 100% | 530 | 100% |

◆ Proportion of commitment categories for Accton Arts Foundation in 2023

(Unit: NT$ ten thousands)

Building a Cultural and Creative Artists Community, 12%
**$66**

Promotion of Cultural and Artistic Community Development, 57%
**$300**

Promote Arts and Cultural Education, 9%
**$48**

Establishment of an Artistic Talent Database, 22%
**$117**

# I. Promote Arts and Cultural Education

In 2023, the Accton Arts Foundation focused on promoting cultural and arts education with an emphasis on "holistic education" and "equity and inclusion." Firmly believing in the transformative power of art to foster critical thinking and social inclusion, the foundation views itself as a facilitator, harnessing existing resources to create environments conducive to discussing diverse topics.

## 1. Artful Thinking Education Outreach Program

Since 2021, the foundation has been committed to "promoting cultural and art education" with a focus on fundamentally discussing "how to bring people closer to art" and challenging entrenched perceptions surrounding "art appreciation." Through various interactions, it became evident that the main barrier was not a lack of interest in art but rather a lack of effective methods for engaging with it. Consequently, after researching commonly used methods both domestically and internationally that facilitate the public in viewing art, the foundation has chosen the ""Artful Thinking" concept developed by Harvard University's Graduate School of Education. This concept encompasses six fundamental thinking dispositions: [Questioning and Investigating], [Observing and Describing], [Comparing and Connecting], [Finding Complexity], [Exploring Viewpoints], and [Reasoning]. These allow the foundation to assist viewers in adopting the "SEE THINK WONDER " framework used across various disciplines, gradually developing a method to approach and appreciate art that is tailored to individual needs.

In 2022, the foundation applied the Artful Thinking approach to traditional artifacts, and in 2023, it shifted its focus back to contemporary art. This was integrated with the foundation's current exhibitions. The foundation engaged with visitors using guided methods to encourage the public to observe and experience the exhibitions using different senses, while also practicing how to formulate questions about the exhibitions, the artifacts, display methods, creative concepts, techniques, and artists involved. Practicing questioning enables visitors to transform their observations into inquiries, and then explore answers from those questions. This allows artists to first receive questions from visitors, attempt to answer them, and thereby gain an opportunity to understand visitors' direct impressions and feedback. The promotion of Artful Thinking has created a positive reciprocal learning relationship.



▲ Actual scene of "Encountering Artful Thinking at the Railway feat. He Looks SUPERFLAT - Wu Pu Wei Solo Exhibition"

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▲ Learning worksheet of "Encountering Artful Thinking at the Railway feat. He Looks SUPERFLAT - Wu Pu Wei Solo Exhibition"

## 2.Arts For Everyone Project 1.0

launched in August 2022 with support from the sister foundation Accton Cultural and Educational Foundation and the Luway Opportunity Center, not only fosters a better understanding Taiwan's institutions for individuals with disabilities, but aims to harness the openness and experimental nature of art. Through project collaboration and joint creation by artists and individuals with disabilities, the goal was to construct an exhibition space that service recipients, institutions, artists, and the general public could all participate in. This exhibition was designed not only to facilitate artistic expression but also to enhance mutual understanding among all parties involved through the shared experience of art.

Recognizing the importance of preliminary communication before collaborative involvement from various groups, the Accton Arts Foundation took the lead in engaging in dialogue by inviting different institutions to engage in both online meetings and offline workshops. The aim was to build consensus, exchange experiences, and gradually foster a supportive and cooperative community among the participants. Moreover, for the three participating institutions, the Accton Arts Foundation facilitated partnerships with three artists-in-residence who were interested in the project's themes. This allowed the artists to design participatory art activities after understanding the institutional context and environment. These activities involved collaboration with service recipients, social workers, and educare giver from the institutions, resulting in jointly created artworks.

After nearly a year of preparation, the exhibition opened on August 5, 2023. It featured contributions from eight institutions and three artists, and even included services by visually impaired baristas providing coffee on-site. The 30-day

exhibition attracted 3,394 visitors, with 192 visits by institutions. Additionally, five volunteers from Accton provided assistance at the event.



▲ Left: Service recipients from the participating institutions provide guided tours for visitors.



▲ Right: Visitors listen attentively to the service recipients as they introduce themselves and discuss their self-portraits.

## II. Establishment of an Artistic Talent Database

The composition of the arts ecosystem includes not only a repository of well-known artists and creators, but also arts administrators who handle various tasks behind the scenes to ensure that exhibitions and events run smoothly. It also includes volunteers who maintain artworks at the forefront of display activities and interact with audiences to promote concepts in art education. On this mission, the Accton Arts Foundation adopts a "sustainable operation" approach, combining theory and practice to empower talents at every link of the ecosystem. They encourage lifelong learning and aim to create a relatively conducive environment for the art industry.

### Artistic talent cultivation program

The Accton Arts Foundation adopts an inclusive approach by extending open calls or invitations to creators within the arts community, encouraging them to participate in art residencies and create new works. Through these initiatives, the foundation provides a range of resources to support the creators, including financial assistance for their projects, provision of materials, access to workspace, opportunities for exhibition, promotional assistance, documentation in audiovisual and textual formats, and support with arts administration. This comprehensive support is aimed at nurturing and enhancing the competencies of the creators. Furthermore, the foundation acts as a bridge between these creators and the public, fostering mutual understanding and facilitating opportunities for dialogue. In 2023, the Accton Arts Foundation supported 14 talented artists from various sectors of the arts, hailing from Taiwan, Hong Kong, Germany, Japan, the Philippines, and the UK. These individuals participated in a total of 12 exhibitions that delved into contemporary social issues and phenomena. The exhibitions collectively attracted 43,112 visitors, reflecting the impact and reach of the foundation's initiatives.

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◆ Artists

| | Name | Nationality |
|---|---|---|
| 1 | Peng, Wei | Taiwan |
| 2 | Wu, Pu-Wei | Taiwan |
| 3 | Tsai, Chen-Tse | Taiwan |
| 4 | Kao, An-Bo | Taiwan |
| 5 | Shyu, Hsin | Taiwan |
| 6 | Lu, Wei | Taiwan |
| 7 | Chen, Yen-Wei | Taiwan |
| 8 | 2enter | Taiwan |
| 9 | Antonio Wong | Hong Kong |
| 10 | Mario Winberg | Germany |
| 11 | Sebastian Wickeroth | Germany |
| 12 | Kimiko Suzuki | Japan |
| 13 | Lyra Gracellano | Philippines |
| 14 | Richard Müller | UK |

◆ Exhibition

| | Time | Duration | Exhibition Name | Number of Visitors |
|---|---|---|---|---|
| 1 | 2023/2/11-3/26 | 44 days | Spaces ｜ Peng Wei Solo Exhibition | 4552 visitors |
| 2 | 2023/3/4-3/26 | 23 days | Unknown Unknowns ｜ Sebastian Wickeroth ＆ Mario Weinberg | 2190 visitors |
| 3 | 2023/3/31-5/21 | 52 days | Convergent Space ｜ Richard Müller | 5412 visitors |
| 4 | 2023/4/1-5/28 | 58 days | He Looks SUPERFLAT ｜ Wu Pu-Wei Solo Exhibition | 6260 visitors |
| 5 | 2023/6/3 - 2023/7/16 | 44 days | Spirit of Clay ｜ Antonio Wong and Hsinchu Citizens' Joint Exhibition | 3878 visitors |
| 6 | 2023/6/3 - 2023/7/30 | 58 days | The Past Garden ｜ Tsai Chen-Tse Solo Exhibition | 5358 visitors |
| 7 | 2023/8/12-2023/9/10 | 30 days | Traveling Books ｜ Lu Wei Arts Residency Solo Exhibition | 3150 visitors |
| 8 | 2023/9/16-2023/10/29 | 44 days | Extended Postures ｜ Chen Yen-Wei Solo Exhibition—Body Space: Hsinchu Landscape and Seniors Co-Creation Project | 2914 visitors |
| 9 | 2023/10/7-2023/11/12 | 37 days | The Necessity of Occasional Boredom ｜ A Residency Solo Exhibition by Hsin Shyu | 2922 visitors |
| 10 | 2023/11/19-2023/12/31 | 43 days | Yōu Yōu ｜ Kao An Bo Solo Exhibition | 3780 visitors |
| 11 | 2023/12/1-2023/12/17 | 17 days | STATION 1913 ｜ SUZUKIMI Solo Exhibition | 1514 visitors |
| 14 | 2023/12/23-2023/12/31 | 8 days | Time and Displacement ｜ 2ENTER Residency Solo Exhibition | 1182 visitors |





▲ Left: The opening of the solo exhibition "STATION 19135" by Japanese artist-in-residence, SUZUKIMI, along with representatives from the Accton Arts Foundation, Hsinchu City Cultural Affairs Bureau, friends from the arts world, and visiting public, posing for a commemorative group photo.
Right: British artist-in-residence exploring the man-made landscapes along the riverbanks of Hsinchu City with his artwork.

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## III. Promotion of Cultural and Artistic Community Development

Since 2016, the Accton Arts Foundation has been actively engaged in overseeing the Art Site of Railway Warehouse, rejuvenating the area by preserving the legacy of historic structures and fostering cultural and artistic education in the Hsinchu region. This endeavor has facilitated interactions between domestic and international resident artists and the local community, fostering a mutually beneficial relationship that enriches both culture and economy. This investment has transformed the Art Site of Railway Warehouse into a distinctive cultural and artistic hub within Hsinchu City, covering expenses such as facility upkeep, personnel salaries, utilities, and insurance.

### Art Site of Railway Warehouse Operational Management Project

From 2016, the Accton Arts Foundation has been commissioned by the Hsinchu City Cultural Affairs Bureau to foster artistic talent and promote art education within the venue. Annually, the Art Site of Railway Warehouse selects 6 to 8 artists from Taiwan and abroad for residency programs that are combined with exhibitions, art education activities, and workshops that the public can attend for free. The Art Site of Railway Warehouse not only continues the foundation's mission to promote cultural and artistic education and maintain a talent database, but it has also transformed a former railway warehouse into a dynamic experimental space that serves a broad array of purposes and welcomes the general public. This transformation has further energized the cultural and artistic enclave behind Hsinchu Railway Station, which includes Hsinchu Park, Glass Museum of Hsinchu City, Police Dormitory on Nanda Road, and the UP Gallery. As a result, this area has become a central hub for local cultural information and talent exchange in Hsinchu City.

In 2023, the Art Site of Railway Warehouse operated for 305 days, attracting 31,822 visitors. The Accton Arts Foundation, managing the venue, collaborated with resident artists, local groups, and institutions and schools to share this public space, hosting 25 exhibitions. In addition, they organized 40 workshops, lectures, and activities, engaging 1,124 participants.




▲ Through a variety of activities and workshop designs, engagements with the local community are facilitated, creating new memories and connections with the art village. This engagement helps the public gain a deeper understanding of the space and its surrounding environment, fostering a sense of identification and belonging with the area.

## IV. Building a Cultural and Creative Artists Community

The Accton Arts Foundation has been pivotal in establishing and nurturing diverse cultural and creative communities, which support each other and stimulate innovation within the arts and culture ecosystem.

### The Accton Arts Foundation is involved in maintaining several communities including:

- **Taiwan Art Space Alliance (TASA):** The alliance focuses on artist residency programs, cultivation of artistic talent, promotion of international cultural affairs, and advocacy for cultural space policies.
- **Hsinchu City Museum Cluster:** This group comprises various arts and cultural museums in Hsinchu City, working together to integrate resources, exchange ideas, and facilitate discussions on municipal cultural policies.
- **Living Arts International (also known as Mekong Cultural Hub, MCH) Taiwan Office:** The MCH primarily engages with cultural practitioners from Cambodia, Laos, Myanmar, Taiwan, Thailand, and Vietnam. It focuses on using arts and culture as tools to address social issues, actively involving cultural workers who are committed to societal engagement through artistic expressions. MCH's projects are dedicated to fostering regional cooperation in Asia. The organization's mission is to support a diverse array of cultural workers in realizing their visions for inclusive and sustainable regional development.

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In 2023, the Accton Arts Foundation actively engaged with three communities, participating in ongoing research projects such as "Sustainable Artist Residency" with TASA, utilizing its operational experiences at the Art Site of Railway Warehouse as a key member. The Foundation actively engaged in consensus meetings organized by the Hsinchu City Museum Cluster, aiming to establish connections with local cultural communities and devise strategies for sharing resources. Furthermore, the Foundation collaborated with the MCH (Museum of Contemporary Hsinchu) to facilitate a residency for Filipino artist Lyra Teresa Abueg Garcellano, providing support in accessing local resources in Hsinchu. This collaboration not only facilitated the artist's residency but also enabled the Foundation to interact with cultural practitioners from Southeast Asia. Through these interactions, the Foundation gained valuable insights into the local and regional cultural landscapes, fostering mutual learning and reflection among all participants involved.



▲ Filipino artist Lyra Teresa Abueg Garcellano participated in the MCH professional exchange program, traveling to Hsinchu City. During her stay, she shared her experiences on MCH's website and the online media platform Coverstory.

## Arttime Art Network

Arttime is a website that includes free posting, paid collaboration, and editor-curated content, categorized into five major categories: exhibitions, music, performances, events, and calls for submissions. The website regularly publishes a curated e-newsletter every Monday, crafted by the editorial team. Starting in 2023, Arttime has redefined its focus to serve local cultural museums and alternative art space information sharing, aiming to carve a public service roadmap distinct from mainstream art information platforms like Accupass and OPENTIX. The weekly newsletter published every Monday by Arttime focuses on local and international observances, such as International Day of Persons with Disabilities and Earth Day, shaping the context around these themes. Information on e-newsletter: As of the end of 2023, Arttime has amassed 10,467 free members, 52 fee-paying members, and 25,159 newsletter subscribers.



▲ Arttime's weekly e-newsletter is released every Monday and content is themed around specific local and international observance days, such as International Day of Persons with Disabilities and Earth Day.

# 6 Appendix

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# 6.1 Assurance Statement / SGS Assurance Statement

◆ **Errata of the 2022 ESG Report**

- Chapter/Section: Sustainability Performance / Response to the United Nations Sustainable Development Goals (SDGs)/ P.11
  - SDG12 Performance: Waste recycling rate corrected to 74.57%

- Chapter/Section: Appendix / 6.4 Sustainability Disclosure Indicator - Communication and Network Industry / p.138
  - Indicator: Total energy consumption, percentage of purchased electricity and utilization rate of renewable energy; total energy consumption corrected to 195,701GJ, percentage of purchased electricity corrected to 99.0%
  - Indicator: Weight of generated hazardous waste and recycling percentage; total hazardous waste weights corrected to 6.2 metric tons



**SGS**

**ASSURANCE STATEMENT**

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ACCTON TECHNOLOGY CORPORATION's SUSTAINABILITY REPORT FOR 2023**

**NATURE AND SCOPE OF THE ASSURANCE**
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Accton Technology Corporation (hereinafter referred to as Accton) to conduct an independent assurance of the Corporate Sustainability Report for 2023 (hereinafter referred to as the CSR Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (12/March/2024-16/April/2024) in Accton headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

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 Accton's Stakeholders. (Where relevant - The following stakeholders were consulted about the usefulness of the report and the assurance process. (List))

**RESPONSIBILITIES**
The information in the Accton's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Accton. SGS has not been involved in the preparation of any of the material included in the CSR Report.

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

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

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

| | Reporting Criteria Options |
|---|---|
| 1 | GRI Standards (Reference) |
| 2 | AA1000 Accountability Principles (2018) |

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny nd therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

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

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

Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, for example, non-key-performance information, non-material-issue-related information, or those not clearly marked in the index of the report.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**
The SGS Group of companies is the world leader in inspection, testing and assurance, 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 Accton, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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

**FINDINGS AND CONCLUSIONS**

**ASSURANCE / VERIFICATION OPINION**
On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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**ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)**

**INCLUSIVITY**
Accton has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, it is advised that in future reports, stakeholders' concerns and responses be integrated into relevant policies, operational procedures, systems, and information disclosure. For instance, the alignment between information disclosed in reports such as goals or performance and stakeholders' concerns and responses should be emphasized.

**MATERIALITY**
Accton 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 is recommended to institutionalize the process of conducting significant impact analysis in the sustainability office in the future. Set consistent and clear boundaries for substantive assessments, including defining purposes, time frames, scopes, etc. Through this process, determine various substantive issues that may directly or indirectly, actually or potentially impact entities or situations (locations, periods) in the organization's operations or business activities to ensure alignment with sustainability planning direction.

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

**IMPACT**
Accton has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements. Encourage the integration of identified impacts into key organizational management processes, such as the substantive assessment process, as well as organizational strategies, governance, goal setting, and operations.

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**GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**
The report, Accton's CSR Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to Accton's contributions to sustainability development. For future reporting, Accton is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
25 June, 2024
WWW.SGS.COM

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# 6.2 GRI Index Table

| Statement of Use | The report of Accton Technology was compiled with reference to GRI standards. Information disclosure period: January 1, 2023, to December 31, 2023 |
|---|---|
| GRI 1 Used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standards | N/A |

## Universal Standard

### GRI 2: General Disclosures 2021

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **The organization and its reporting practices** | | | |
| 2-1 | Organizational details | 1.1 Company Profile | 25 |
| 2-2 | Entities included in the organization's sustainability reporting | About the Report | 2 |
| 2-3 | Reporting period, frequency and contact point | About the Report | 2 |
| 2-4 | Restatements of information | 6 Appendix Errata of the 2022 ESG Report | 148 |
| 2-5 | External assurance | About the Report | 2 |
| **Activities and workers** | | | |
| 2-6 | Activities, value chain and other business relationships | 1.1 Company Profile<br>1.3 Products and Services<br>2.3 Responsible Supply Chain | 25-27<br>30-31<br>56-62 |
| 2-7 | Employees | 4.1 Talent Attraction and Retention | 84-105 |
| 2-8 | Workers who are not employees | 4.1 Talent Attraction and Retention | 86, 88-90 |
| **Governance** | | | |
| 2-9 | Governance structure and composition | 1.5 Corporate Governance | 36-37 |

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| 2-10 | Nomination and selection of the highest governance body | 1.5 Corporate Governance | 36 |
| 2-11 | Chair of the highest governance body | 1.5 Corporate Governance | 36 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 1.5 Corporate Governance | 36-37, 44 |
| 2-13 | Delegation of responsibility for managing impacts | 1.5 Corporate Governance | 37, 44 |
| 2-14 | Role of the highest governance body in sustainability reporting | 1.5 Corporate Governance | 2, 15, 37 |
| 2-15 | Conflicts of interest | 1.5 Corporate Governance | 37 |
| 2-16 | Communication of critical concerns | 1.5 Corporate Governance | 37 |
| 2-17 | Collective knowledge of the highest governance body | 1.5 Corporate Governance | 36-37 |
| 2-18 | Evaluation of the performance of the highest governance body | 1.5 Corporate Governance | 38-39 |
| 2-19 | Remuneration policies | 1.5 Corporate Governance For detailed information, please refer to: Remuneration Committee Charter | 37 |
| 2-20 | Process to determine remuneration | 1.5 Corporate Governance 4.1 Talent Attraction and Retention | 37 104-105 |
| **Strategy, policies and practices** | | | |
| 2-22 | Statement on sustainable development strategy | Message from the Chair of the ESG Committee | 1 |
| 2-23 | Policy commitments | Sustainable Management<br>1.6 Ethical Management<br>2.1 Risk Management<br>2.3 Responsible Supply Chain<br>3.4 Green Product Management<br>Please refer to: Accton Sustainable Development Policy and Commitment | 3<br>40<br>44-52<br>56<br>80 |

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| 2-24 | Embedding policy commitments | Sustainable Management | 3-5 |
| 2-25 | Processes to remediate negative impacts | 1.6 Ethical Management<br>4.1 Talent Attraction and Retention | 40-42<br>85 |
| 2-26 | Mechanisms for seeking advice and raising concerns | Stakeholder Engagement<br>1.6 Ethical Management | 21-23<br>40-42 |
| 2-27 | Compliance with laws and regulations | 1.6 Ethical Management<br>2.1 Risk Management<br>2.3 Responsible Supply Chain<br>3.2 Green Product Management | 40-42<br>45<br>57-61<br>79-82 |
| 2-28 | Membership associations | Sustainability Performance | 14 |
| **Stakeholder engagement** | | | |
| 2-29 | Approach to stakeholder engagement | Materiality Analysis<br>Stakeholder Engagement | 15-20<br>21-23 |
| 2-30 | Collective bargaining agreements | The Company has not signed a group agreement but regularly holds labor-management meetings every quarter | 85 |

## Material Topic

## GRI 3: Material Topics 2021

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **GRI 3: Material Topics 2021** | | | |
| 3-1 | Process to determine material topics | Materiality Analysis | 15-20 |
| 3-2 | List of material topics | Materiality Analysis | 17-18 |
| 3-3 | Management of material topics | Materiality Analysis | 20 |

## Topic-specific Standards

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **Risk Management** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 2.1 Risk Management | 44-52 |
| **GRI 201: Economic Performance** | | | |
| 201-1 | Direct economic value generated and distributed | 1.2 Operating Performance | 28-29 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 2.1.4 Climate Risk Management<br>3.1 Climate Change Response | 52<br>64 |
| 201-3 | Defined benefit plan obligations and other retirement plans | 4.1 Talent Attraction and Retention<br>4.2 Talent Learning and Development | 105<br>111 |
| 201-4 | Financial assistance received from government | 1.2 Operating Performance | 29 |
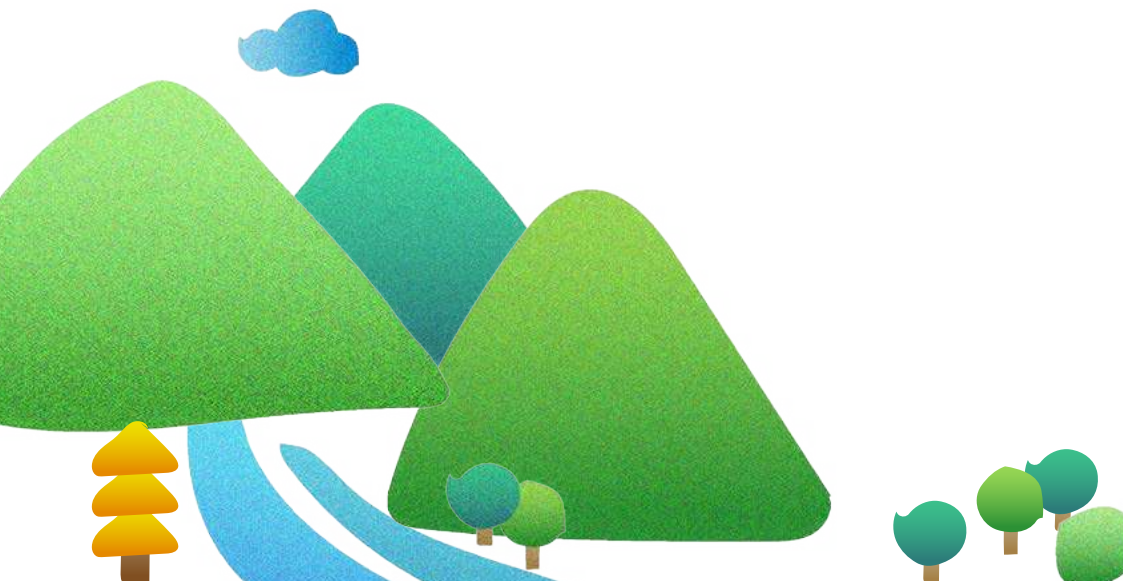
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| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **Supply Chain Management** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 2.3 Responsible Supply Chain | 56-62 |
| **GRI 204: Procurement Practices** | | | |
| 204-1 | Proportion of spending on local suppliers | 2.3 Responsible Supply Chain | 56 |
| **GRI 308: Supplier Environmental Assessment** | | | |
| 308-1 | New suppliers that were screened using environmental criteria | 2.3 Responsible Supply Chain | 57-59 |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | 2.3 Responsible Supply Chain | 60 |
| **GRI 414: Supplier Social Assessment** | | | |
| 414-1 | New suppliers that were screened using social criteria | 2.3 Responsible Supply Chain | 57-59 |
| 414-2 | Negative social impacts in the supply chain and actions taken | 2.3 Responsible Supply Chain | 58-59 60-62 |
| **Climate Change Response** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 3.1 Climate Change Response | 64-69 |
| **GRI 201: Economic Performance** | | | |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 2.1.4 Climate Risk Management 3.1 Climate Change Response | 52 64-66 |

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **Energy Saving and Carbon Reduction** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 3.2 Energy Saving and Carbon Reduction | 70-72 |
| **GRI 302: Energy 2016** | | | |
| 302-1 | Energy consumption within the organization | 3.2 Energy Saving and Carbon Reduction 3.3 Environmental Management | 70-71 77 |
| 302-3 | Energy intensity | 3.2 Energy Saving and Carbon Reduction 3.3 Environmental Management | 70 77 |
| 302-4 | Reduction of energy consumption | 3.2 Energy Saving and Carbon Reduction | 72 |
| **GRI 305: Emissions 2016** | | | |
| 305-1 | Direct (Scope 1) GHG emissions | 3.2 Energy Saving and Carbon Reduction | 70 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 3.2 Energy Saving and Carbon Reduction | 70 |
| 305-3 | Other indirect (Scope 3) GHG emissions | 3.2 Energy Saving and Carbon Reduction | 70 |
| 305-4 | GHG emissions intensity | 3.2 Energy Saving and Carbon Reduction | 71 |
| 305-5 | Reduction of GHG emissions | 3.2 Energy Saving and Carbon Reduction | 72 |
| 305-6 | Emissions of ozone-depleting substances (ODS) | Accton's has no emissions of ozone-depleting substances (ODS) | - |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions | Accton has no such gas emissions | - |

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| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **Occupational Health and Safety** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 4.3 Safeguarding Employee Safety 4.4 Safeguarding Employee Health | 122-131 |
| **GRI 403: Occupational Health and Safety 2018** | | | |
| 403-1 | Occupational Safety and Health Management System | 4.3 Safeguarding Employee Safety | 122-127 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 4.3 Safeguarding Employee Safety | 123-127 |
| 403-3 | Occupational health services | 4.4 Safeguarding Employee Health | 129-131 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 4.3 Safeguarding Employee Safety | 123-128 |
| 403-5 | Worker training on occupational health and safety | 4.3 Safeguarding Employee Safety | 125-128 |
| 403-6 | Promotion of worker health | 4.4 Safeguarding Employee Health | 131 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.3 Safeguarding Employee Safety | 122-128 |
| 403-8 | Workers covered by an occupational health and safety management system | 4.3 Safeguarding Employee Safety | 124 |
| 403-9 | Work-related injuries | 4.3 Safeguarding Employee Safety | 126-127 |
| 403-10 | Work-related ill health | 4.4 Safeguarding Employee Health | 126, 129 |

| GRI Standards | Disclosure Item | Corresponding Chapters/ Sections and Explanations | Page Number |
|---|---|---|---|
| **Talent Development** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 4.2 Talent Learning and Development | 106-121 |
| **GRI 404: Training and Education 2016** | | | |
| 404-1 | Average hours of training per year per employee | 4.2 Talent Learning and Development | 107 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 4.2 Talent Learning and Development | 106 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.2 Talent Learning and Development | 114-115 |
| **Information security** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 2.1.1 Information Security Management | 48-49 |
| **Information security** | | | |
| Customized Topic | Information security | 2.1.1 Information Security Management | 48-49 |
| **Innovation and R&D** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 2.2 Innovation and R&D | 53-55 |
| **Innovation and R&D** | | | |
| Customized Topic | Innovation and R&D | 2.2 Innovation and R&D | 53-55 |
| **Green Products** | | | |
| **GRI 3: Material Topics 2021** | | | |
| 3-3 | Management of material topics | 3.4Green Product Management | 79-82 |
| **Green Products** | | | |
| Customized Topic | Green Products | 3.4 Green Product Management | 79-82 |

# 6.3  SASB

| Topic | No. | Calculation Metrics | Unit of Measurement | Description and Corresponding Chapters |
|---|---|---|---|---|
| Product Information Security | TC-HW-230a.1 | Description of approach to identifying and addressing data security risks in products. | Discussion and Analysis | Please refer to 2.1.1 Information Systems Security Management |
| Employee Diversity and Inclusion | TC-HW-330a.1 | Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees | % | Please refer to 4.1 Talent Attraction and Retention |
| Supply Chain Management | TC-HW-430a.1 | Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities | % | No-high risk facilities (suppliers that have implemented RBA VAP in this written survey have a compliance rate of no less than 80%) |
| | TC-HW-430a.2 | Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances | Rate | In 2023, a total of 153 key suppliers responded to Accton's RBA Standards survey. For details, please refer to 2.3 Responsible Supply Chain |
| Material Procurement | TC-HW-440a.1 | Description of the management of risks associated with the use of critical materials | n/a | In 2023, a total of 193 suppliers completed the conflict minerals management and due diligence risk identification and assessment, with 100% compliance. |

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| Topic | No. | Calculation Metrics | Unit of Measurement | Description and Corresponding Chapters |
|---|---|---|---|---|
| Product Lifecycle Management | TC-HW-410a.1 | Percentage of annual revenue derived from products compliant with IEC 62474 reporting requirements | Quantitative | Accton Group reviews domestic and international regulations on restricted hazardous substances and updates the Accton Group hazardous substances management guidelines to include chemicals of concern covered by the IEC 62474 materials declaration. All set criteria are met. Refer to 3.4 Green Product Management for related management approaches. |
| | TC-HW-410a.2 | Percentage of annual revenue from products compliant with EPEAT criteria or equivalent | Quantitative | Not applicable |
| | TC-HW-410a.3 | Percentage of annual revenue derived from products compliant with energy efficiency certification | Quantitative | Not applicable |
| | TC-HW-410a.4 | Weight of scrapped products and electronic waste recycled, recycling percentage | Quantitative | Weight: 33.7496 metric tons. Recycling percentage: 100%. Since Accton operates in the B2B sector, the disclosure covers the weight of scrapped products and electronic waste at the manufacturing stage. (Same as Indicator 5 of 6.5 Sustainability Disclosure Indicators - Communications and Internet Industry) |

| Activity Indicators | No. | Unit of Measurement | Description and Corresponding Chapters |
|---|---|---|---|
| Number of units produced by product category | TC-HW-000.A | Number | Not applicable to Accton's product type |
| Area of manufacturing facilities | TC-HW-000.B | Square feet (ft²) | Not applicable to Accton's product type |
| Percentage of production from owned facilities | TC-HW-000.C | Percentage (%) | Not applicable to Accton's product type |

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# 6.4 Sustainability Disclosure Indicators - Communication Network Industry

| No. | Indicator | Type of Indicator | Annual Disclosure | Unit | Note |
|---|---|---|---|---|---|
| 1. | Total energy consumption, percentage of purchased electricity, and renewable energy usage rate | Quantitative | Total energy consumption: 224,512.7 GJ, percentage of purchased electricity: 99%, and renewable energy usage rate: 0% | GJ (gigajoules), % | Please refer to 3.3 Environmental Management |
| 2. | Total water withdrawal and total water consumption | Quantitative | Total water withdrawal: 220,830 Total water consumption: 202,171 | $m^3$ | Please refer to 3.3 Environmental Management |
| 3. | Weight of hazardous waste generated and recycling percentage | Quantitative | Total weight of hazardous waste: 6.342 tons, recycling percentage: 0% | Tons (t), % | Due to current waste unable to be separated for recycling, incineration and thermal treatment methods are adopted. |
| 4. | Description of types, numbers, and rates of occupational injuries | Quantitative | Please refer to section 4.2 Safeguarding Employee Safety | %, quantity | |
| 5. | Disclosure of product lifecycle management: including the weight of scrapped products and electronic waste, and recycling percentage (Note 1) | Quantitative | Weight: 33.7496 metric tons. Recycling percentage: 100%. | Tons (t), % | Since Accton operates in the B2B sector, the disclosure covers the weight of scrapped products and electronic waste at the manufacturing stage. |
| 6. | Description of risk management related to the use of critical materials | Qualitative description | According to the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas", CMRT/CRT survey standards for tantalum, tungsten, and cobalt are defined as critical minerals. Management and performance related to these minerals are disclosed in section 2.3 Responsible Supply Chain, "Conflict Minerals." | Not applicable | |
| 7. | Total monetary losses due to legal actions related to anti-competitive behavior | Quantitative | No such losses have occurred in Accton's operational history | Reporting currency | |
| 8. | Output of main products by product type | Quantitative | Please refer to the chart below | Varies by product type | |

Note 1: Includes sales of material leftovers or other recycling processes, relevant explanations should be provided.

◆ Indicator 8: Output of main products by product type

Unit: Thousands/Pcs (EA)

| Year Production Value Main Products (or Department) | 2023 | | |
|---|---|---|---|
| | Capacity | Production | Value |
| Network Switches | 3,888,015 | 3,763,118 | 55,767,200 |
| Network Appliances | 3,402,597 | 3,232,587 | 14,860,702 |
| Network Access Switches | 222,926 | 212,010 | 3,847,503 |
| Wireless Network Equipment | 515,646 | 507,401 | 658,905 |
| Others | — | — | 96,210 |
| Total | 8,029,184 | 7,715,116 | 75,230,520 |

# 6.5 ESG Performance Metrics

| Economic | | Unit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Accton consolidated revenue | Revenue | (in NT$ thousands) | 54,462,872 | 59,598,681 | 77,205,223 | 84,188,426 |
| | Gross profit | (in NT$ thousands) | 11,554,062 | 11,344,596 | 16,518,262 | 19,262,801 |
| | Net profit | (in NT$ thousands) | 6,402,66 | 5,440,726 | 9,632,608 | 11,501,097 |
| | Net profit after tax | (in NT$ thousands) | 5,048,353 | 4,705,059 | 8,165,812 | 8,920,165 |
| | Gross profit margin | % | 21.21% | 19.03% | 21.40% | 22.88% |
| | Net profit margin | % | 9.27% | 7.89% | 10.58% | 10.60% |
| Corporate governance | Independent Director Seats / Total Director Seats | seats/total seats | 5/9 | 5/8 | 5/8 | 4/7 |
| | Corporate Governance Evaluation Ranking | Rank | 21% to 35% | 21% to 35% | 21% to 35% | 21% to 35% |
| Employee benefits | Employee Welfare - Total | (in NT$ thousands) | 4,763,957 | 5,164,535 | 6,330,878 | 7,007,537 |
| Dividend Distribution | Cash dividends (Note) | (in NT$ thousands) | 3,636,538 | 3,359,576 | 4,201,117 | 5,603,834 |

(Note) The annual earnings distribution for 2023 is expected to be resolved at the annual general shareholder's meeting scheduled for June 13, 2024.

| Environmental | | Unit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Greenhouse Gas Emissions | Category 1 | tCO2e/ year | 415 | 2,679 | 869 | 722 |
| | Accton HQ | | 255 | 252 | 251 | 286 |
| | Hshin Chu Plant 2(RMA) | | n/a | 126 | 9 | 9 |
| | Zuhnan Factory | | 120 | 2,215 | 548 | 372 |
| | Local Offices | | n/a | 19 | 22 | 24 |
| | Edgecore | | n/a | 18 | 6 | 6 |
| | JoyTech | | 40 | 49 | 33 | 25 |
| | Vietnam Accton | | n/a | n/a | n/a | 0 |

| Environmental | | Unit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Greenhouse Gas Emissions** | Category 2 | tCO₂e/ year | 31,650 | 40,332 | 38,232 | 43,475 |
| | Accton HQ | | 3,836 | 3,556 | 2,899 | 3,006 |
| | Hshin Chu Plant 2(RMA) | | 341 | 306 | 307 | 304 |
| | Zuhnan Factory | | 3,252 | 7,721 | 11,234 | 13,329 |
| | Local Offices | | 431 | 305 | 378 | 405 |
| | Edgecore | | n/a | 465 | 206 | 211 |
| | JoyTech | | 23,790 | 27,979 | 23,208 | 24,074 |
| | Vietnam Accton | | n/a | n/a | n/a | 2,147 |
| | Scope 1+2 | tCO₂e/ year | 32,065 | 43,011 | 39,101 | 44,197 |
| | Greenhouse Gas Emission Intensity | tCO₂e/ NT$ million revenue | 0.589 | 0.722 | 0.506 | 0.525 |
| **Water Resources** | Domestic Wastewater Volume (total water consumption) | m³ | 185,749 | 200,041 | 198,566 | 202,171 |
| | Tap Water Usage (Total Water Withdrawal) | m³ | 202,925 | 215,219 | 222,578 | 220,830 |
| **Waste** | Total Waste Output | metric tons | 1,617 | 1,543 | 2,152 | 2,785 |
| | Total Resource Recycling | metric tons | 1,266 | 1,190 | 1,605 | 2,273 |
| | Recycling and Reuse Rate | % | 78.30% | 77.08% | 74.57% | 81.62% |
| **Energy Use** | Purchased electricity | MJ | 151,163,420 | 198,625,661 | 193,668,973 | 222,256,466 |
| | Gasoline | MJ | 881,903 | 783,769 | 892,079 | 819,262 |
| | Diesel | MJ | 901,771 | 999,436 | 1,033,497 | 688,522 |
| | Liquified Petroleum Gas | MJ | 118,979 | 96,117 | 106,701 | 151,370 |
| | Electricity Use Intensity (EUI) | MJ/NT$ million revenue | 2.78 | 3.33 | 2.51 | 2.64 |

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| Social | | Unit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Number of Employees | Accton | persons | 2,867 | 2,955 | 3,225 | 3,369 |
| | Edgecore | persons | 213 | 174 | 159 | 157 |
| | JoyTech | persons | 1,421 | 1,236 | 1,218 | 1,157 |
| | Vietnam Accton | persons | -- | -- | -- | 322 |
| Distribution of Female Workers | Accton | % | 52.50% | 52.1% | 52% | 50% |
| | Edgecore | % | 29.10% | 33.3% | 36.5% | 33.80% |
| | JoyTech | % | 37.40% | 37.8% | 37.4% | 37.30% |
| | Vietnam Accton | % | -- | -- | -- | 50% |
| New Hire Rate | Accton | % | 28.2 | 22.6 | 26.4 | 17.8 |
| | Edgecore | % | 38.1 | 17.1 | 7.2 | 7.6 |
| | JoyTech | % | 19.2 | 26.9 | 34.9 | 30.1 |
| | Vietnam Accton | % | -- | -- | 200 | 357.6 |
| Employee Turnover Rate | Accton | % | 11.7 | 14.3 | 13.9 | 9.6 |
| | Edgecore | % | 7.1 | 34.6 | 9.6 | 7.6 |
| | JoyTech | % | 41.1 | 36.3 | 40.8 | 35.2 |
| | Vietnam Accton | % | -- | -- | 0 | 173.1 |
| Number of Full-Time Employees (Non-Managerial) and Salary | Number of full-time Employees | persons | 2,506 | 2,827 | 2,824 | 3,106 |
| | Average Salary | (in NT$ thousands) | 1,030 | 1,052 | 1,324 | 1,385 |
| | Median Salary | (in NT$ thousands) | 665 | 732 | 934 | 982 |

(Note): Statistics for Taiwan only (excluding Edgecore Networks)

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| Social | | Unit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Talent Development | Total Training Hours | Man-hours | 92,621 | 39,439 | 61,955 | 39,975 |
| Work-related injuries | Total recordable incident rate | | 23 | 10 | 12 | 12 |
| | Disability Injury Frequency Rate (FR) | | 2.610 | 1.050 | 1.324 | 1.12 |
| | Disability Injury Severity Rate (SR) | | 30 | 19 | 17 | 23 |
| | Frequency-severity indicator (FSI) | | 0.28 | 0.14 | 0.15 | 0.16 |
| Social Welfare | Amount donated to charities through Accton E-Charity | NT$ ten thousands | 3,121 | 3,396 | 2,778 | 2,580 |
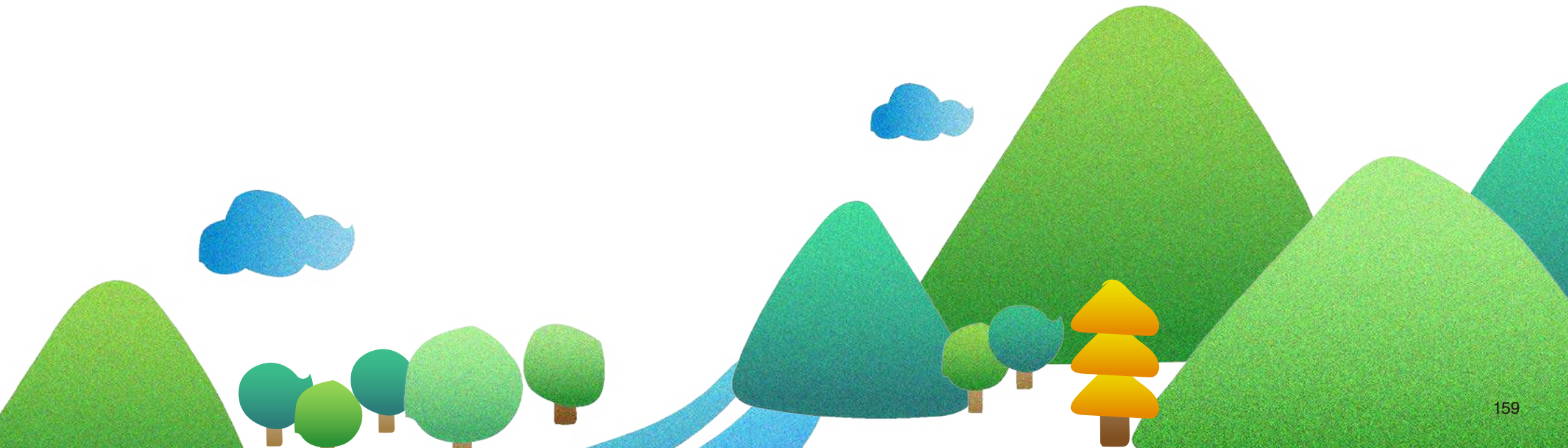
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